



CIMC-TianDa Holdings Company Limited
Environmental, Social & Governance Report

2018

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About the Report

This is the first Environmental, Social and Governance (“ESG”) report of the Group after its acquisition of Pteris Global Limited and after changing its name to CIMC-TianDa Holdings Company Limited, which aims at raising stakeholders’ understanding of the Company’s sustainability strategies and environmental and social performance.

Report Guideline

The report has been prepared in compliance with the Environmental, Social and Governance (“ESG”) Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and based on actual conditions of the Group. This report adheres to the reporting principles of materiality, quantitative, consistency and balance. For corporate governance, please refer to the corporate governance report section in the Group’s annual report.

Reporting Scope

This report discloses the Group’s performance on environmental and social aspects from 1 January 2018 to 31 December 2018. The environmental performance data and social information in the report cover 9 domestic subsidiaries. The Group is constantly improving its data and information collection work and will continue to expand its reporting boundary. For an overview of disclosure of each indicator, please refer to the content index at the end of the report.

Letter to Stakeholders

Dear Stakeholders,

2018 marks an important milestone for implementation of the Group's sustainable development strategy. Through the acquisition of Pteris Global Limited, we introduce Pteris's high-quality airport equipment business (passenger boarding bridge and bridge equipment, ground support equipment (GSE), etc., covering major airports worldwide) under the premise of existing fire protection business. With the strength and advantages of our shareholder – CIMC, we achieve the strategy of rapid development along with the two-pronged approach in urbanization and automation.

While we grasp opportunities of business development, we optimise the management approach of our environmental and social impacts, achieving scientific management and quality growth. During the year, we strengthened internal controls and health, safety and environmental management and satisfied the ESG requirements put forth by the regulator. By improving our organizational structure, we comprehensively upgraded our employees' capability, and enhanced our management and production systems.

To address environmental and safety issues effectively, we have established the Health, Safety and Environmental (HSE) committee. Adhering to the managerial principle of "bearing principal responsibility by segregation of management", we completed system construction and built a detailed work plan during the year, ensuring that our subsidiaries effectively manage their environmental and safety performance.

Talents are crucial capital for the Group's long-term development. We strive to protect our employees' rights and interests, providing them with development and training opportunities. In line with the Group's development needs, we put specific emphasis on managerial talents so as to consistently provide senior management staff to subsidiaries.

Product quality and safety are the cornerstone of our clients' trust. We strive to develop safe products with optimal quality, pushing forward the industry's development. Our subsidiaries have established a holistic quality management system to ensure compliance of national laws and regulations and industry standards and fulfilment of clients' requirements. During the year, we stepped up standardization and modularization of our business, devised relevant work plans and objectives and continued to enhance our products' quality.

Sustainable development is a long journey. We will grasp opportunities of business development, optimize our ESG management approach, create a more friendly environment with all aspects, in order to support and lead our business development. On behalf of the Board and the management team, I thank all stakeholders including our staff, clients, shareholders and partners for their support for our work. We look forward to your continual participation in our journey ahead.

Li Yin Hui
Chairman

27 March 2019

ESG Management Approach

The Group's business focuses on airport equipment, fire and rescue services, automated logistics systems and intelligent parking. We strive to incorporate the principle of sustainable development into our daily operations in order to fulfil our social and environmental responsibility as well as create value for all stakeholders.

In order to effectively manage our ESG performance, the Group has set up an ESG working group. Members of the working group include representatives from management development department, HSE Committee, finance department, technical committee and market committee. During the year, regular meetings were attended by members, who collected information regarding our work on ESG, and reviewed the work performance. We will continue to optimize the workflow of the working group, boosting the Group's ESG performance.

As a subsidiary of China International Marine Containers (Group) Co., Ltd. (abbreviation: CIMC), the Group participated in CIMC's stakeholder engagement activity during the year. Its engagement targets include our stakeholders and the following are the material topics identified in the survey. By analysing high-importance topics and combined with the actual operations of the Group's business, we will strengthen the identification of relevant risks and opportunities and explore any possible room for improvement.

CIMC 2018 Materiality Assessment Results

Importance	Topics		
High	• Compliant operations and risk management	• Product quality and safety	• Employee safety and health
	• Wastewater management	• Probity and integrity	• Waste Management
	• Technological innovation and protection of intellectual property rights	• Protection of employees' rights and interests	• Air pollutants management
	• Customer service and satisfaction	• Corporate social responsibility management	• Water resources management
	• Energy conservation	• Employee salary and benefits	• Noise Management
Medium	• Protection of customer privacy	• Promotion of industry development	• Employee training and team building
	• Green supply chain and green procurement	• Supply chain management	• Green office and promotion of environmental protection
	• Climate change and greenhouse gas emissions	• Employee communication and grievance mechanism	• Economic benefits generated by the company to where it operates
	• Diverse and equal participation	• Localized operations	
Low	• Launching community philanthropy activities		

Bearing Environmental Responsibility

The Group is dedicated to bearing its share of environmental responsibility by implementing various energy saving and emission reduction measures during its operations, as well as actively developing environmentally-friendly products, in order to protect the environment.

Environmental Management

The Group's environmental management is led by the HSE committee. Adhering to the managerial principle of "bearing principal responsibility by segregation of management", we have set up a HSE system and formulated a detailed work plan during the year, ensuring subsidiaries are able to effectively manage their HSE performances. In 2018, the Group's HSE policy included carrying out comprehensive assessment and improving the current situation, mitigating significant HSE compliance risks according to compliance status, as well as launching research on key topics such as environmental compliance and green development.

The Group's subsidiaries have established environmental management systems in accordance with the ISO 14001 standard and three of the manufacturing enterprises have been awarded the certification. To improve resources usage efficiency and reduce emissions, the Group's subsidiaries have formulated an "Environmental Protection and Resources Conservation System" based on national laws and regulations relating to environmental protection and resources conservation, aiming to regulate the Company's environmental protection work and fulfil responsibilities of each department.

Department	Management Responsibility
General manager	<ul style="list-style-type: none"> Formulate the company's environmental protection and resources conservation responsibility system, and clarify the responsibility of individual officers and environmental protection staff Ensure that all production processes comply with environmental laws and regulations and technical standards Establish a comprehensive environmental emergency and risk prevention mechanism to eliminate environmental safety hazards in a timely manner
HSE management office	<ul style="list-style-type: none"> Check and update environmental laws and regulations to ensure that the Company's environmental protection initiatives and their effects comply with laws and regulations Guide all departments to carry out environmental protection and resources conservation system work, including formulation, implementation and evaluation of plans Monitor environmental protection and resources conservation work carried out by different departments Responsible for declaration of pollutants' discharge, application for the relevant permit(s) and the redemption work Regularly organize environmental protection training programmes to raise environmental awareness of employees
Production department	<ul style="list-style-type: none"> Formulate plans for resources consumption in production processes in responsible regions Manage emissions of air pollutants, sewage and waste generated during the production process and ensure legal compliance Monitor environmental equipment Collect, promote and apply energy-saving and environmentally friendly technologies
Administration department	<ul style="list-style-type: none"> Implement environmental protection and resources conservation system in public areas such as office buildings, green belts, restaurants, employees' quarters, etc. Responsible for internal promotion of environmental protection and resources conservation
Finance department	<ul style="list-style-type: none"> Responsible for payment of quarterly environmental taxes
Functional department	<ul style="list-style-type: none"> Strictly comply with environmental protection and resources conservation system Launch training and education activity of environmental protection and resources conservation Monitor and report non-compliant behaviours

For building, rebuilding and expansion projects, we strictly implement the "three simultaneities" system based on the "Building, Rebuilding and Expansion Project Control Procedure", in order to ensure that environmental facilities are designed, built and put into operation simultaneously with the main part of the projects.

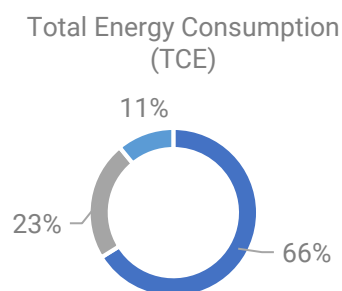
The Group strictly complies with all applicable laws and regulations that have a significant impact on it, relating to environmental protection, including but not limited to the Environmental Protection Law of the PRC, the Water Law of the PRC, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, the Water Pollution Prevention and Control Law of the PRC, the Atmospheric Pollution Prevention and Control Law of the, the Law of the PRC on the Prevention and Control of Environmental Noise Pollution, the Law of the PRC on Appraisal of Environmental Impacts, and the Environmental Protection Tax Law of the PRC.

Resources Consumption

Energy

The major types of energy consumed in the Group's operations are electricity, fuel gas and fuel oil. In 2018, our total energy consumption was 2,220 tonnes of coal equivalent (TCE), of which electricity accounted for the largest proportion, reaching 66%.

The total greenhouse gas (GHG) emissions caused by energy consumption was 12,689 tonnes of carbon dioxide equivalent (tCO₂e).



Water Resources

The types of water resources used by the Group are municipal water, and there is no problem in acquiring suitable water resources. In 2018, the total water consumption was 167,550 tonnes.

Resources Conservation




According to the "Environmental Protection and Resources Conservation System", the Group's subsidiaries have actively implemented a number of energy-saving and water-saving measures in its production plants and offices, aiming to reduce operating costs and resources consumption. Personnel of production department are responsible for formulating the resources consumption plan along with the production plans, tracking implementation of the plan, and supervising rational use of water and electricity to avoid wastage. The Group's products do not involve significant use of packaging materials.

Energy-saving measures

For managing energy use in production plants, personnel of production department arrange production plans reasonably, avoiding production during the peak hours of power consumption. In addition, we eliminate the use of high energy-consuming equipment and actively adopt new technologies and products that are energy-efficient. When the equipment is not used for a long period of time, we turn off the power to prevent long term idling of electric appliances such as electric welders and motors. During the year, the main energy-saving measures implemented included renovation of lighting in sand paint line, modification of sanding and dust removal fans, and retrofit of air compressors. The outcomes of these energy-saving measures are as follows:

Energy-saving Measures	Energy Efficiency (approximate electricity saved per year)
LED renovation project in sand paint line	16,200 kWh
Renovation of sanding and dust removal fans	239,000 kWh
Transformation of air compressors	364,000 kWh

We have also implemented various energy-saving initiatives in the office, encouraging employees to cultivate green habits.

Lighting	Air Conditioning	Office Equipment
		
<ul style="list-style-type: none">•Maximise the use of natural light•Turn off the lighting system during non-working hours or when leaving the meeting room	<ul style="list-style-type: none">•Maintain the indoor temperature at 26°C•Turn off the air conditioning system during non-working hours	<ul style="list-style-type: none">•Turn off office equipment such as computers during non-working hours•The last person who leaves the area should confirm that all electrical equipment are turned off

Water-saving Measures

All departments and employees of the Group have started reusing water, raising the overall recycling rate of water resources and strengthening water conservation. The administration department and the warehouse department are responsible for repairs and maintenance of water related equipment in public areas and production plants respectively, ensuring that all equipment is in good condition.

The Group encourages employees to develop good habits of water conservation. Posters are pasted beside water equipment to remind employees to take action against water leakage, eliminating water wastage or any damage to water equipment.

According to the HSE working plan, the Group has reviewed its water consumption and has formulated and implemented improvement measures which include strengthening water usage monitoring and recording, recycling wastewater, adopting water-saving appliances, applying water-saving irrigation, etc., striving to achieve a water-saving target of 2% in 2019.

Emissions Management

The Group has established the relevant procedures for control of emissions of air pollutants, sewage and waste to ensure compliance. We strictly implement the relevant requirements of the "Management Approach of Pollutant Discharge Permits". The HSE management office is responsible for application and redemption of the discharge permits, ensuring that the types, concentration and number of emission sources of various pollutants are in compliance with the discharge permits. In addition, we have entrusted an accredited third-party to carry out emission monitoring work. When the data is found to be abnormal, we immediately investigate the cause and formulate appropriate rectifications plan in time to ensure emissions are within compliance level.

During the year, the Group was not aware of any violation of relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Shenzhen CIMC-TianDa Airport Support Ltd., a subsidiary of the Group, regularly publishes environmental information on the Company's website in accordance with the "Measures for the Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State (for Trial Implementation)". Overall, we are in a good level in the industry.

Air Emissions

Manufacturing processes of the Group's subsidiaries involve air emissions from sanding, sand cleaning, welding, spraying, backup generators, forklifts, and cooking fumes from canteens, etc. The total amount of volatile organic compounds (VOCs) discharged during the year was 25 tonnes.

Production departments of the Group's subsidiaries are responsible for controlling industrial air emissions from manufacturing plants, and strictly monitoring unorganized emissions of gases. We have set up various exhaust gas treatment facilities in production plants, including paint exhaust gas treatment equipment, welding fume purification equipment and canteen cooking fume purifiers, etc., while the warehouse department is accountable for repairs and maintenance of the exhaust gas treatment system. We set clear targets for VOC emissions and plan to reduce emissions by 2% in 2019. To this end, the subsidiaries carried out a number of exhaust gas control measures during the year, including upgrading exhaust gas treatment devices, improving design and manufacturing process, as well as adopting more environmentally friendly materials. The following table lists the emission reduction measures adopted by the subsidiaries for different exhaust gases:

Exhaust Gas	Emission Reduction Measures
Sanding	Built 2 sets of sanding exhaust gas treatment devices which treat the exhaust gas by means of large cyclone separation, filter cartridge dust removal and spray tower washing
Sand cleaning	Built 1 set of a device for cleaning and treatment of sand exhaust gas which removes the particles and treats the gas through filter layers and filter bags
Spraying	Built 3 sets of spray exhaust gas treatment facilities wherein the exhaust gas is treated by the principle of activated carbon adsorption and desorption catalytic combustion
Welding	Set up 10 mobile welding fume purification devices
Cooking fume	Built 1 set of electrostatic cooking fume purification device
Backup generator	Built 1 set of generator exhaust gas treatment device
Forklift	Installed 10 sets of forklift exhaust gas purification devices

Use Environmentally Friendly Materials – Double-coated Aluminium Plates

During the manufacturing process of fire trucks, we use double-coated aluminium plates to greatly reduce air emissions from spraying process, and at the same time solve the problems of paint off and discoloration to improve product quality.

This is the first time for us to adopt new materials, which is also the first case in the industry. The application of the double-coated aluminium plate can reduce the spraying cost of the trucks, as it about 30% less of paint is used and organic gas emissions decline, yielding satisfactory economic and environmental benefits.



Upgrade VOC Treatment Facilities

In view of the failure of the original exhaust gas treatment facility of the production plant in meeting the local environmental requirements, we adopted new technologies such as fixed filtration system and activated carbon adsorption and concentrated catalytic combustion to upgrade the treatment facilities, effectively mitigating VOC emissions.



Before



After

Wastewater

Operations of the Group's subsidiaries generate domestic sewage and production wastewater and the total discharge volume during the year was 135,628 tonnes.

To ensure emissions are in compliance with laws, domestic sewage is discharged into the municipal pipeline after being treated by a septic tank. Canteen sewage is pre-treated by grease traps; all of the production wastewater is reused after being treated by the recycling and purification system to achieve zero discharge. We require all departments to strictly control water consumption and strengthen reuse of domestic sewage and production wastewater, aiming to reduce wastage and relieve the pressure of sewage treatment.

Production Wastewater Treatment

For the wastewater from the spraying process, we regularly put in flocculants to condense the paint mist in sewage into paint residue and salvage it in time. After the salvage, the paint residue is filtered and treated by a qualified hazardous waste treatment unit. The sewage is properly treated and reused after regulation, electrolysis, sedimentation, air flotation, filtration, etc., to achieve zero discharge of sewage.

Waste

The Group's operations generate hazardous waste such as waste paint, spray paint wastewater treatment sludge, waste sealant, waste lubricating oil, waste lamps, etc., as well as non-hazardous waste which include scrap steel, waste wood, domestic garbage and food waste. During the year, the total amount of hazardous and non-hazardous waste generated by the Group was 311 tonnes and 2,116 tonnes respectively.

The HSE management office is responsible for tracking and management of hazardous waste, and assisting hazardous waste generating departments in collection, storage, transfer and disposal of waste. We place hazardous waste at a specific hazardous waste storage point, and then transfer it to a qualified environmental company for unified transfer and handling. We also record the work of treatment.

Regarding non-hazardous waste, the administration department sets up collection boxes within the Company to recycle solid waste; non-recyclable solid waste is handled by the local sanitation department. We classify and store solid wastes properly, and strictly forbid mixing of different types of waste.

Reduce Hazardous Waste

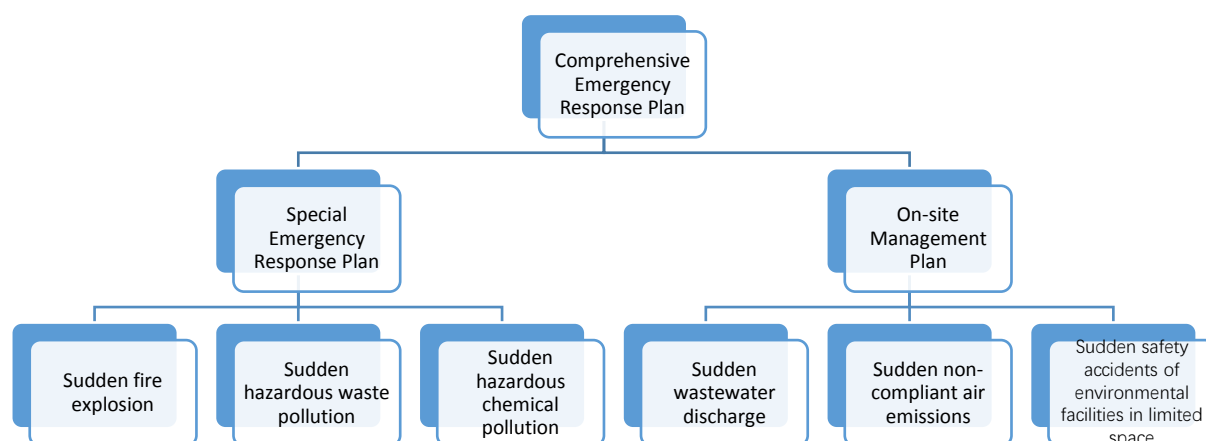
During the process of paint spraying, the original high-pressure spray gun had problems of excessive paint mist and wastage of paint. In view of this, we use electrostatic spray guns to effectively improve the adhesion rate of paint, reducing the wastage of paint during the spraying process and generation of paint mist. During the year, the amount of paint mist was reduced by approximately 20 tonnes year-on-year.



Emergency Response Plan for Environmental Incidents

To actively respond to various types of environmental incidents, the Group's subsidiaries have formulated the "Emergency Response Plan for Environmental Incidents" according to the Emergency Response Law of the PRC and the Measures for the Administration of Emergency Response Plans. Emergency response mechanism is in place to deal with environmental incidents in a timely and orderly manner.

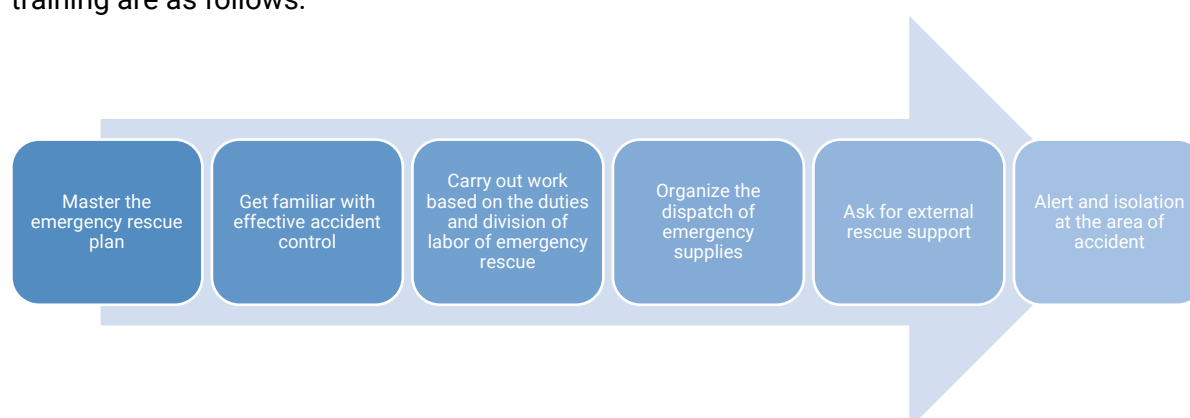
Our environmental emergency plan is divided into three levels, namely, comprehensive environmental emergency response plan, special emergency response plan and on-site management plan. The comprehensive environmental emergency plan lists the emergency organization command system and its responsibilities, as well as the prevention and warning mechanism; the special emergency response plan and the on-site management plan are prepared to cope with different environmental incidents.



Environmental Emergency Plan System

Training and Drills

We conduct training and drills on accident emergency rescue and environmental pollution incident management, so that relevant employees can get familiar with the use of on-site equipment and facilities to effectively respond to accidents. The contents of emergency training are as follows:



Green Products

Striving to achieve a “Green Future”, the Group continues to develop energy-saving and emission mitigation products and promote green development of the industry.

Since 2014, the Group's subsidiaries have recognized the market demand and began to deploy new energy products and has launched a new energy strategy. We first realized electrification of a full series of shuttle buses and gradually developed and laid out electrification of other products, striving to improve energy efficiency of products and achieve zero emissions. We have included the R&D project for green products in the TOP10 key action plan of the enterprise business plan. The R&D department also incorporates the development of new energy products into its key work to maintain pace with leading technologies.

During the year, we completed the design and development of the "Two-way Electric Airport Shuttle Bus", "High Energy 202Ah Battery - Electric Airport Shuttle Bus" and "271Ah Electric Airport Shuttle Bus" and obtained certification from the China National Construction Machinery Quality Supervision Testing Center. During the year, we produced 12 environmentally-friendly shuttle buses, which were put into use at Shijiazhuang Zhengding International Airport, Hohhot Baita International Airport and Hangzhou Xiaoshan International Airport. These are expected to reduce carbon emissions by 245 tonnes per year.



Two-way Electric Airport Shuttle Bus

Looking forward, we will actively follow the national policy to develop diversified new energy products. In 2019, we hope to realize the planning of electric vehicles for aviation food delivery and freight platforms and complete the application of Internet of Things (IoT) to motorized products.

Environmental Performance Data Summary

The following table is a summary of the Group's 2018 environmental performance data. This year environmental data covers 9 of the Group's subsidiaries, accounting for about 90% of the Group's total revenue. The Group will continue to expand its data boundary in the future.

	Unit	2018
Environmental Investment	Million RMB	4.62
Total Resources Consumption		
Total Energy Consumption	Thousand TCE	2.220
Electricity	Thousand TCE	1.468
Fuel gas	Thousand TCE	0.508
Fuel oil	Thousand TCE	0.243
Water Consumption	Thousand tonnes	167.5
Emissions		
Air Pollutants		
VOCs	Thousand tonnes	0.025
Solid Waste		
Hazardous waste	Thousand tonnes	0.311
Non-hazardous waste	Thousand tonnes	2.116
Sewage	Thousand tonnes	135.6
GHG	Thousand tCO ₂ e	12.7

Maintaining a Safe and Healthy Workplace

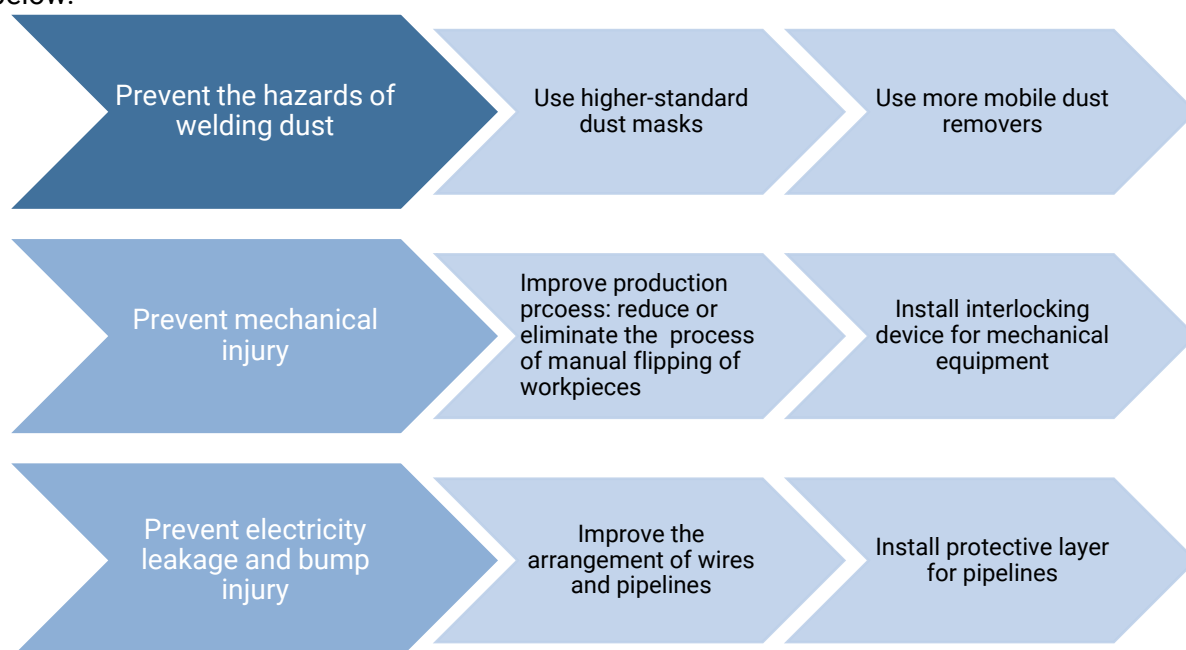
The Group attaches great importance to occupational health and safety (OHS) and has implemented a top-down management approach to provide a safe and healthy workplace for its employees.

The Group upholds the principle of “safety first” in every operations activity. We have established a management system focusing on the prevention and control of safety risks, and continuously improve our safety management system and its construction. At present, three manufacturing enterprises of the Group have obtained the OHSAS 18001 Occupational Health and Safety Management System certification.

We strive for continuous improvement in our working environment and aim at zero occurrence of occupational injuries. We comply with the laws and regulations related to safety in regions where we operate, including but not limited to the Production Safety Law of the PRC and the Law of the PRC on the Prevention and Control of Occupational Diseases. During the year, we were not aware of any violation of relevant laws and regulations that have a significant impact on the Group relating to OHS.

Safety Management

The HSE committee is responsible for the Group’s safety management. Similar to environmental management, we fully evaluated HSE performances of the Group’s subsidiaries during the year in accordance with the relevant laws and regulations and the Company’s HSE standards, and have made improvements on issues with high HSE risks. During the year, we adopted a series of improvement measures in workplace and part of the measures are listed below:



In addition, our senior managers have received HSE trainings and have incorporated OHS performance indicators into our performance assessment and major issues accountability system. During the year, we developed initially open and transparent HSE performance indicators, and an information sharing platform, which include functions such as best practices, laws and regulations, ESG data input, professional resources and discussion forum.

The Group's subsidiaries have formulated safety practices specifications in accordance with their manufacturing processes, and have required strict compliance from employees, so as to ensure that all employees possess knowledge of relevant safety practices and safeguard their health and safety. The Group has implemented a safe production review system to ensure that each unit has strictly implemented the specified standards. The production zones of the manufacturing plants undergo safety production check on a monthly or quarterly basis, and before and after holidays. The implementation status of each safety standard is checked and potential risks are mitigated. We have also formulated detailed guidelines for safety inspection of different departments, based on which specified personnel conduct regular inspections.

Regarding projects outside of our production base, we have formulated the off-site project on-site inspection and audit approach, which requires each project to have one or two on site inspector(s) to conduct on-site safety inspection. We have also formulated a target management and scoring system to ensure that all teams have clear understanding of their respective safety responsibilities and monitor their OHS performances.

Safeguarding Occupational Health

We have established a management system for personal protective equipment (PPE), to ensure the quality of such equipment and its appropriate distribution to the workers. It is required that all staff entering the manufacturing plant should wear helmets and other corresponding PPE, in order to prevent work injury and occupational disease.

The Company cares for the health of its employees. In addition to providing medical check-ups, the human resources department (HR department) explains the relevant OHS issues to new employees. We arrange annual medical check-ups for employees with high risk of occupational disease, so that they can be aware of their health conditions from time to time. According to the medical check-up results, we consider transferring the concerned staff to other positions.

Safety Education and Training

We have devised safety training programmes to enhance employees' awareness and abilities and have implemented the safety education management system to ensure efficiency of safety education and training. The Group provides new employees with three-level safety education and they are qualified to work only after passing the examination. According to the training needs, we have developed various training methods, including internal training, external training, seminars, drills, etc.

During the year, we implemented several safety training activities, including HSE seminar, "Safety 100" activity, and Safety Month activity. We also provided a range of specific training on occupational hygiene, heat stroke prevention, hazardous chemicals handling, safety in limited operations space, lifting work, and firefighting practice, etc.



"Safety 100" Activity



HSE Seminar



Safety Month Activity – HSE Online Competition

Promoting Employee Development

The Group values every single employee and recognises the rights to salary, welfare and equal opportunities. Through capability building, we achieve co-development with our employees.

Safeguarding Employee Rights and Interests

The Group strictly complies with relevant labour laws and regulations in regions where it operates and that have a significant impact on the Group, including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, and the Provisions on the Prohibition of Using Child Labour. Our employee manual and recruitment management system stipulate relevant labour laws and regulations, ensuring that legitimate rights of employees are not violated. During the year, the Group was not aware of any reports regarding violation of employees' basic rights, or the use of child labour or forced labour.

Recruitment

We value talents and recruit them via community recruitment and college recruitment. During the recruitment process, we uphold the principles of fairness, openness, and justice, and avoid all kinds of discrimination. In our work, we respect the difference between different countries, nationalities, culture and colours, ensuring that each employee can enjoy equal development opportunity. After a three-to-six-month probation period, new employees can formally become regular employees. The Group does not send out any executive to the foreign registered subsidiaries, the local employees are mainly managed and hired by the local personnel.

Remuneration and Benefits

The Group provides reasonable remuneration and benefits to employees, including but not limited to wages, bonus, social insurance and paid leave in accordance with relevant laws and regulations. We insist on equal pay for equal work and adopt the incentive compensation mechanism. According to internal and external environmental changes, wages are adjusted annually, in order to ensure that the overall wage level of the Group is at the middle-high level of the industry. Meanwhile, we offer welfare beyond the laws and regulations, such as holiday bonus, parent Chinese New Year bonus, annual health check-up, accommodation, and shuttle bus service. We have also established relevant approaches to provide financial aid to employees in their hours of need, for family or personal reasons.

In order to motivate well-performing employees for further development, we have developed a share incentive mechanism. Employees with excellence performance receive the Group's stocks and options, and also the Group's annual bonus. We have established a business community to accelerate the joint development of employees and the Group.

Employee Engagement

To establish a harmonious relationship between employees and the Group, we actively communicate with our employees, listening and responding to employees through multiple communication channels including opinion box, online e-mail and irregular communication meetings. We have established a sound employee performance appraisal and grievance mechanism, requiring one-to-one communication and feedback on all employee performance results. The Group organizes employee representative meetings from time to time, encourages all employees to participate in democratic management through a well-functioning trade union, and safeguards the legitimate rights and interests of employees.

We share a corporate value of “Happy Work, Healthy Life” with our employees, and fund and support different kinds of employee activities. We organize annual activities such as basketball, badminton, and football competitions, New Year Gathering, and a series of healthy camping activities. These activities are able to enrich the lives of our employees, relieve their work stress, and foster the sense of belonging to the Group.



Comprehensive Health Camp



2018 Football Friendly Competition



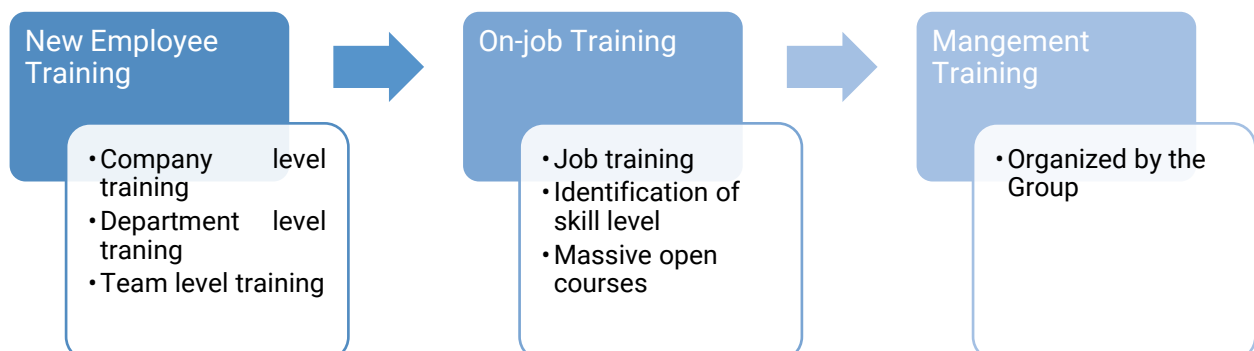
New Year Gathering

Training and Development

The Group attaches great importance to employee development opportunities. We have established a training management system to support employees' training rights with concrete policy.

For talents of our subsidiaries, we are committed to developing a clear and comprehensive training system for employees in different positions having different professional backgrounds. We value the training of senior managers, and have put forward the development plan of "Setting Sail, Voyage, Pilot". We train reserve talents for the Group's management at all levels, in order to promote continuous growth of business and enhance organizational competitiveness.

We value on-the-job training of new employees and other non-management staff. We provide them with a variety of in-house courses, including service, technology, marketing and functional development, in line with their daily business needs. At the same time, in order to meet the diverse needs of employees, we subsidize part of the external training costs to further enhance their capabilities.



Employees' training and development begin on the day they join the Group. We provide new employees with training at Company level, department level and team level, in order to facilitate quick adaption to the new working environment. For fresh graduates, we implement an unified fresh graduate training camp, in an effort to help them in adaptation, transformation, shaping and upgradation.



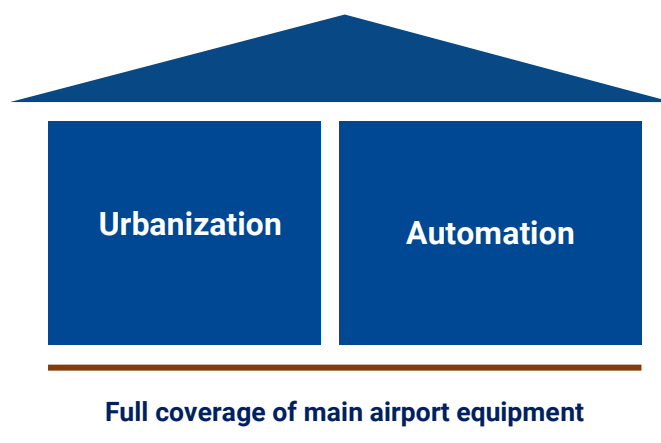
For general employees, we provide training programmes which include massive open courses, identification of skill level, and job training. Meanwhile, employees are encouraged to join external courses, seminars and forums to upgrade themselves, for which we provide policy support.



On-job Training

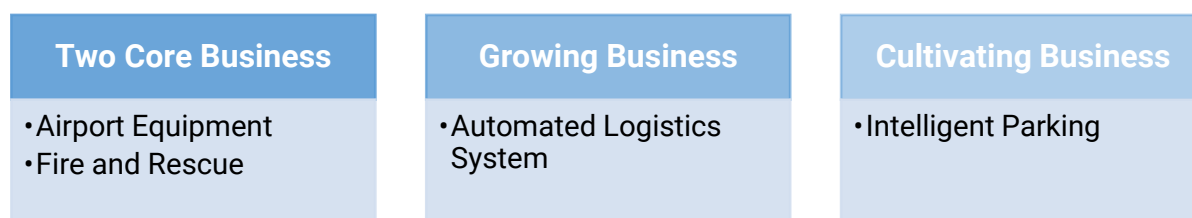
Pursuing Operational Excellence

Through the acquisition of Pteris Global Limited, the Group has introduced airport equipment business (passenger boarding bridge and bridge equipment, ground support equipment (GSE), etc., covering major airports worldwide). Developing along the two main lines of urbanization and automation, we strive to develop safe and quality products, respect intellectual property rights and maintain a sustainable supply chain to satisfy customer needs.



Product Responsibility

Driven by the ongoing nationwide urbanization and automation, we strive to make the city life better, create smoother travelling conditions, safer life and faster logistics through its four major strategic businesses of airport equipment, fire and rescue services, automated logistics systems and intelligent parking.



Research and Development

The Group's subsidiaries focus on R&D, and actively strengthen their capability of technological innovation and developing independent intellectual property rights (IPR). We optimize our IPR system based on the Group's strategic development and business layout to support knowledge sharing of the entire Group and promote technological innovation in each business.

The Group's IPR matters are managed by the Technical Committee. Our subsidiaries have established R&D or Technology centers to improve the organizational system of basic research and technical management. They have also compiled a number of R&D system documents and procedures to standardize product design and development as well as technical document management.



We apply for patents for technical solutions formed during the R&D process. For domestic patents, we use the Patent Law of the PRC, the Detailed Rules for the Implementation of the Patent Law of the PRC and the Guidelines for Patent Examination as the basis for implementation. Foreign patents are based on the Patent Cooperation Treaty (PCT) and the Detailed Rules for Implementing the Patent Cooperation Treaty. By the end of 2018, subsidiaries within the report boundary had obtained 306 authorized and valid patents, including innovation patents, utility model patents and appearance patents.



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国知发管函字〔2018〕158号

国家知识产权局关于确定 2015 年度国家知识产权示范企业和优势企业通过复核企业及 2018 年度国家知识产权示范企业和优势企业的通知

各省、自治区、直辖市、计划单列市、新疆生产建设兵团知识产权局：

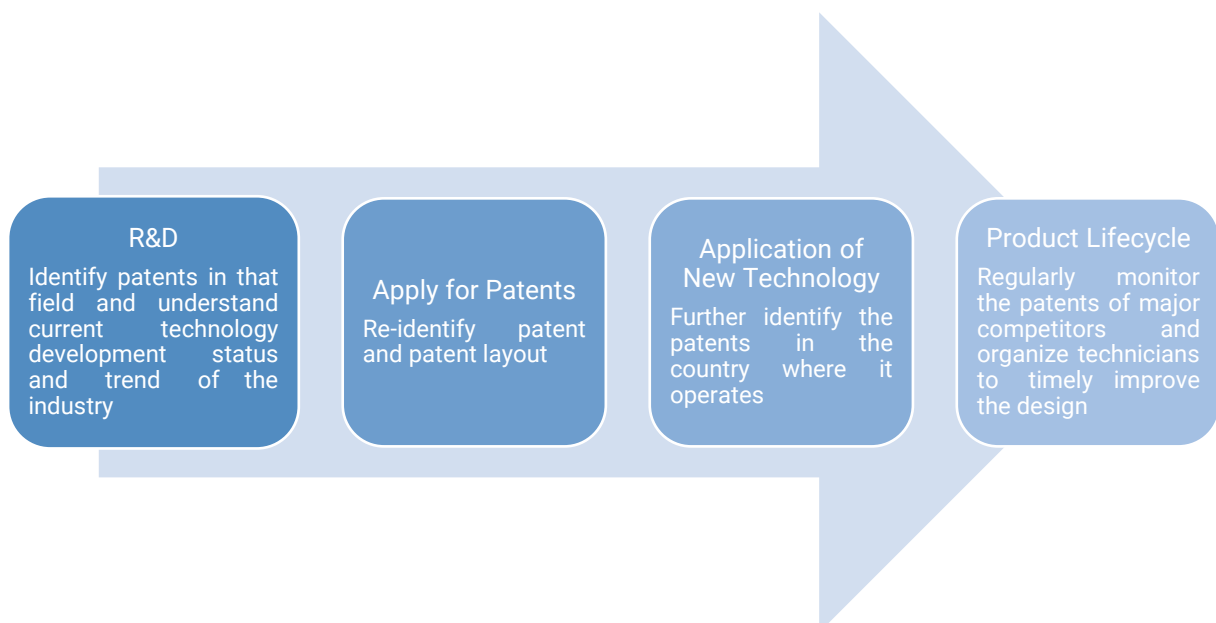
根据《国家知识产权局办公室关于开展 2018 年度国家知识产权示范企业和优势企业考核复核申报工作的通知》（国知办函管字〔2018〕190 号）要求，经企业申报、各省、自治区、直辖市、计划单列市、新疆生产建设兵团知识产权局（以下简称“省市区市局”）推荐，我局审核，并经社会公示，确定中国铁路建筑有限公司等 56 家 2015 年度国家知识产权示范企业通过复

R&D of Intelligent Passenger Boarding Bridge

CIMC Tianda cooperates with the Capital Airport to design a remote control intelligent passenger boarding bridge to achieve centralized remote control, improve airport operational efficiency, significantly reduce airport operating costs, improve aircraft docking efficiency, and enhance passenger experience.



During our operations, the Group promises not to engage in any activities that infringe IPRs of others. To avoid patent infringement, we proactively identify the risks of IPR by monitoring patents held by competitors at multiple stages. During the year, the Group strictly abided by national laws and regulations related to intellectual property rights and was not aware of any IPR infringement incidents.



Product Quality and Safety

We are committed to developing safe and quality products to promote healthy development of the industry. The Group's subsidiaries have established a sound quality management system according to the ISO 9001 standard, in order to define the functional distribution of each department, set up quality objectives and guidelines, and unify the operations procedures. We have also formulated a series of system documents to standardize the manufacturing process, process control, procedure verification and non-conforming product control procedures to ensure that product quality meets industry standards and customer requirements. In 2018, we further promoted standardization and modularization of each business, and set up corresponding work plans and goals to continuously improve product quality.



Product Realization Process

Smart Vehicle Management System

In order to help our customers and us to carry out a good lifecycle management of fire trucks, we have installed vehicle network management system on the fire trucks that were manufactured in the second half of 2018 with the help of big data and R&D. The real-time dynamic data of the vehicle is stored in a telematics module in the vehicle and transmitted to the data server via the IoT. The customer and after-sales service department are able to know the location, and operational status of the vehicle at any time in the background software, and communicate with us in time through the system to achieve efficient management of the fire trucks.



In order to improve product quality of the industry, the Group actively participates in the formulation of national industry standards. Over the years, the Group has initiated and participated in drafting and revision of a number of national standards and industry standards, including "Standards for Aerobridge", standard series of "Fire Trucks" and "Mechanical Parking Systems Use and Operational Safety Requirement". These standards set clear requirements and specifications of equipment production, inspection and installation. We value the safety designs and develop relevant safety design standards for products such as shuttle buses, food trucks and boarding bridges.

Safety Design for Shuttle Bus

- Adopt anti-pinch system to prevent people from being pinched
- Use environmentally friendly materials for vehicles' interior design
- The vehicle is not allowed to drive without closing the door
- The door is not allowed to be opened during driving

Safety Design Food Truck

- With maintenance poles to prevent maintenance personnel from being crushed and injured
- With guardrails to prevent falling

Safety Design for Passenger Boarding Bridge

- The channel has anti-shear and floor rubber anti-slip function to prevent it from causing damage to people, such as pinching, slipping, etc.
- Passenger boarding bridge has walking retainer to ensure the safety of personnel on ground
- The docking port has transmission failure protection function and fall protection mechanism to effectively increase the safety and reliability of pick-up

In 2018, the Group's subsidiaries won a number of honors in product quality, including "2018 Manufacturing Individual Product Champion", "2017 Beijing New Technology and New Product (Service) Certificate" and "2018 Excellent Supplier of Home Furnishing Supply Chain and Smart Logistics".



The Group strictly abides by the laws and regulations related to product quality, including but not limited to the Product Quality Law of the PRC, the Motor Vehicles Compulsory Certification Implementation Rules (Fire Trucks), and the Ministry of Commerce Order No. 16 of 2005 Automobile Trade Policy announcement. During the year, we revised the propaganda language on the Company's website according to the requirements of Shenzhen Nanshan Market Supervision Administration, ensuring compliance with the relevant laws and regulations such as the Advertising Law of the PRC. In addition, the Group was not aware of any violation of relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Quality Customer Service

The Group has established a comprehensive customer service system, standardized procedures of service management, after-sales services and satisfaction survey, and is committed to providing customers with the best quality service. We maintain close communication with our customers throughout the sales process to understand customer needs.

In case of a customer complaint, after-sales personnel resolve the problem immediately according to the after-sales service management regulations. After-sales personnel need to fill out the product quality feedback form with detailed information on the product model, problem and on-site photos and submit the same to the quality control department for follow-up. The quality control department analyses the causes and formulates corrective and preventive measures and long-term solutions.

We actively collect customer opinions and provide timely feedback to maintain the Group's reputation and product competitiveness. The Group's subsidiaries have established customer satisfaction management regulations that stipulate guidelines for collection, organization, analysis and response to customer opinion feedback. The marketing department is responsible to collect customer satisfaction evaluation after completion of product delivery and collect customer satisfaction information through regular visits and analysis of product market share; while the quality department is responsible for collecting feedback on after-sales quality issues and regularly summarize statistics to monitor customer satisfaction.

We are also committed to protecting the safety of customer information and has adopted a series of technical measures to control the risk of customer information leakage. Relevant technical personnel shall sign a confidentiality agreement and strictly control the permission of back-end database to prevent any person from modifying or extracting customer information without permission. Suppliers of the confidentiality system are also required to sign a contract with data breach protection provisions. If the leakage of customer information leads to loss, the Group will pursue its legal responsibility. In addition, we provide training for customers to log in to the Company's information system, require customers to periodically renew their login password, and ensure the security of customer information for the core system through SMS password or encryption certificate.

In 2018, the Group obtained service honor certificates and thank-you letters from a number of customers to thank for the excellent products and our employees for their professional attitude. The service honor certificates include the 2018 Outsourcing Service Winner certificate from the Electromechanical Information Security Department of Shanghai International Airport Company Limited and 2018 Excellent Outsourcing Contractor certificate from the Hangzhou Xiaoshan International Airport, etc.



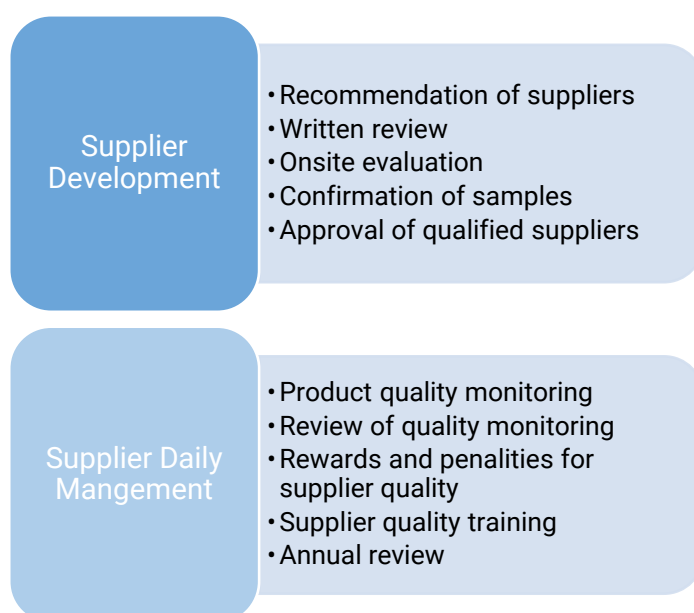
Electromechanical Information Security Department
of Shanghai International Airport Company Limited –
2018 Outsourcing Service Winner



Hangzhou Xiaoshan International Airport –
2018 Excellent Outsourcing Contractor

Supply Chain Management

The types of suppliers involved in the Group's business mainly include steel, coatings, machining, steel structures, mechanical components, mechanical equipment, electrical components and electrical equipment. We strictly manage suppliers and have formulated supplier management and control procedures with standardized supplier selection, evaluation and regulatory processes so as to ensure product quality and safety. We classify suppliers according to factors such as the materiality, technical content and quality risk of the materials supplied. Each type of supplier needs to carry out the corresponding management process. Our supplier quality management consists of two major processes: supplier development and supplier daily management. The image on the right shows the details of the supplier quality management.



The Group requires its suppliers to fulfil their social and environmental responsibilities and sign the "HSE Agreement" to strengthen cooperation in OHS and environmental protection, achieving continuous improvement on pollution prevention, production safety and HSE risk management. For suppliers involved in safety or environmental issues, we require them to complete self-assessments and provide related environmental impact assessment (EIA) report or emission permits for review.

Items	Requirements
Environmental Protection	<ul style="list-style-type: none"> • Comply with environmental laws and regulations • Ensure pollutants emissions meet local or national standards • Actively introduce the ISO 14001 Environmental Management System • Give priority to non-polluting, safe and effective production processes, and adopt emission reduction measures during construction • Incorporate environmental concepts into the control activities of business management and encourage employees and contractors to participate
Occupational Health and Safety	<ul style="list-style-type: none"> • Comply with OHS laws and regulations • Develop effective procedures to improve OHS management • Actively introduce OHSAS 18001 Occupational Health and Safety Management System • Take measures to ensure employee safety and reduce occupational hazards • Incorporate OHS concepts into the control activities of business management and encourage employees and contractors to participate • Raise OHS awareness of employees through promotion and training • Identify and control OHS risks and provide employees with appropriate health and safety protection

In addition to the “HSE Agreement”, we have also signed the “Honesty and Integrity Agreement” with all suppliers to create a healthy business environment and establish a normal and compliant business partnership. The “Honesty and Integrity Agreement” sets out our business ethics and employment requirements for suppliers, including prohibiting commercial bribery, reporting conflicts of interest, complying with relevant labour laws and regulations, and providing statutory benefits to employees. If there is any supplier violating the agreement during our cooperation, the Group will take sanctions on a case-by-case basis.

In order to protect the legitimate rights and interests of suppliers, we adhere to a fair and open procurement strategy and provide suppliers with a good and fair competitive environment through bidding. We focus on the quality, efficiency, service, and integrity of suppliers. Suppliers who do not meet the requirements of the Group are blacklisted.

The Group focuses on the common growth of suppliers and the Group. Through joint R&D, experience sharing and benefit sharing, we promote the improvement of suppliers. We provide irregular training for suppliers, including quality, technical and process requirements. During the year, we arranged internal excellent technicians to provide training for suppliers to ensure the quality of their products and provided our suppliers with training grounds for training.

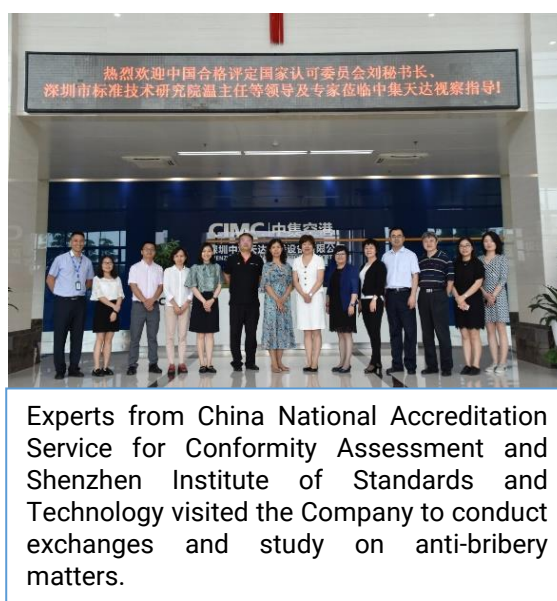
Anti-corruption

Integrity and self-discipline are the core values of the Group. We are committed to encouraging employees to comply with the Group’s Code of Conduct and relevant anti-corruption policies. We also encourage stakeholders to understand and participate in our legally compliant operations.

The Group’s anti-corruption management system is ISO 37001 certified. In order to improve our operational efficiency and effectiveness, we have developed an internal control manual based on Basic Norms for Enterprise Internal Controls and Enterprise Internal Control Guidelines to standardize the internal control system and its management.

We have set up whistleblowing channels for employees to report any incidents involving misconduct, immorality or unfair treatment. All complaints are investigated with seriousness. Anyone who violates the Company’s Code of Conduct or anti-corruption policy is referred to the regulator or the enforcement agency. During the reporting year, the Group was not aware of any violations of relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering. The Group was not involved in any corruption cases.

During the year, we continued to promote integrity and anti-corruption policies and implemented training programs. Experts from China National Accreditation Service for Conformity Assessment and Shenzhen Institute of Standards and Technology visited the Company during the year to conduct exchanges and study on anti-bribery matters.



The Group strictly abides by relevant regulations of The Stock Exchange of Hong Kong Limited. We implement risk management and internal control systems, which are supervised by the Board; the audit department is responsible for supervising the construction, implementation and monitoring of the Company's control system. The Group also conducts an effective review of the system. The annual review process includes system construction supervision, audit, monitoring and complaint handling.

Community Investment

The Group strives to offer better lives to users of its products by creating smoother travelling, safer life and faster logistics through its four major strategic businesses of airport equipment, fire and rescue service, automated logistics system and intelligent parking.

We believe there is a purpose beyond business. Committing to bring positive impact to local communities, we take into consideration community interests, supporting activities valued by local communities, respecting local culture and values, and encouraging employees to participate in community activities.

Support the Chinese Government in Sending the Papua New Guinea Vehicle Project

In response to the Chinese government's assistance to the Papua New Guinea vehicle project, Sichuan Chuanxiao Fire Trucks Manufacturing Co., Ltd., a subsidiary of the Group, donated 9 CIMC brand fire trucks to Papua New Guinea during the year and played an important role in the Asia-Pacific Economic Cooperation Leadership Meeting held in November. The donated vehicles will be used for urban transportation and firefighting to benefit the Papua New Guinea nationals.



Charity Marathon

The Group's employees participated in the marathon for the donation of sneakers to the children in Ethiopia of Africa.



Voluntary Teaching in Tibet Deqing Primary School

The Company's leader, Ms. Chan, provided voluntary teaching service and donated books in Tibet.



Content Index

KPIs	HKEX ESG Reporting Guide Requirements	Section / Remarks
A. Environmental		
Aspect 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.	Bearing Environmental Responsibility Environmental Management, Emissions Management -
	KPI A1.1 The types of emissions and respective emissions data.	Bearing Environmental Responsibility Emissions Management -
	KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Bearing Environmental Responsibility Resources Consumption -
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Bearing Environmental Responsibility Emissions Management -
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Bearing Environmental Responsibility Emissions Management -
	KPI A1.5 Description of measures to mitigate emissions and results achieved.	Bearing Environmental Responsibility Emissions Management -
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Bearing Environmental Responsibility Emissions Management -
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Bearing Environmental Responsibility Environmental Management, Resources Conservation -
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Bearing Environmental Responsibility Resources Consumption -
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Bearing Environmental Responsibility -

			Resources Consumption
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Bearing Environmental Responsibility - Resources Conservation
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Bearing Environmental Responsibility - Resources Conservation
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's operations do not involve significant use of packaging material
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimizing the issuers' significant impact on the environment and natural resources.		Bearing Environmental Responsibility - Emergency Response Plan for Environmental Incidents
	KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Bearing Environmental Responsibility - Emergency Response Plan for Environmental Incidents, Green Products

B. Social			
Aspect 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 related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Promoting Employee Development - Safeguarding Employee Rights and Interests	
Aspect 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.	Maintaining a Safe and Healthy Workplace	
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Maintaining a Safe and Healthy Workplace	
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Promoting Employee Development - Training and Development	
Aspect 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 or forced labour.	Promoting Employee Development - Safeguarding Employee Rights and Interests	
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Promoting Employee Development - Safeguarding Employee Rights and Interests	
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Pursuing Operational Excellence - Supply Chain Management	
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Pursuing Operational Excellence - Supply Chain Management	
Aspect 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.	Pursuing Operational Excellence - Product Responsibility	
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Pursuing Operational Excellence - Product Responsibility	
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Pursuing Operational Excellence - Product Responsibility	

	KPI B6.4	Description of quality assurance process and recall procedures.	Pursuing Operational Excellence - Product Responsibility
Aspect 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.		Pursuing Operational Excellence – Anti-corruption
	KPI 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.	During the year, the Group was not involve in any corruption cases
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Pursuing Operational Excellence – Anti-corruption
Aspect 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.		Pursuing Operational Excellence – Community Investment