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China Resources

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CHINA RESOURCES (HOLDINGS) CO., LTD. SUSTAINABILITY REPORT 2021

China Resources

FORGING AHEAD ON A NEW JOURNEY



# Sustainability Report

Environmental | Social | Governance

# Forging Ahead on a New Journey

This is our 15th corporate social responsibility (CSR) report, and also our first sustainability report.

This year, we have upgraded our CSR report to a sustainability report to explore ESG localization by incorporating ESG indicators while keeping the disclosure of the previous CSR indicators.

We have disclosed our new achievements in CSR management and practice to show our mission and commitment as a state-owned enterprise.

We are committed to kicking off to a good start in the new journey by further enhancing our capabilities on CSR management, continuing to demonstrate our image as a responsible corporate citizen, urging our business units to create greater value, and facilitating their sustainable development.

華潤 China Resources

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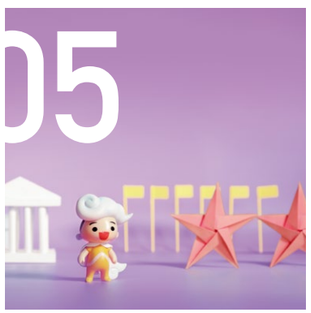

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# Remarks



**Wang Xiangming**

Chairman of China Resources Group

CRH's CSR commitment stems from our glorious mission and revolutionary history. After many years of development, our CSR work has evolved from publishing CSR reports to incorporating CSR as an important management tool to drive sustainable development of the Group. In the opening year of the 14th Five-Year Plan, it is high time we summarize CRH's CSR work, review past achievements and revisit our original aspiration to bring meaning to our history, determine present targets and search for the right future direction; it is high time we study how we can further improve our capabilities for CSR management and thus promote high-quality development for the Group.

During the "13th Five-Year Plan" period, the Group made remarkable achievements in terms of CSR . **The Group's "mission-guided" model for CSR management has gradually improved.** We have prepared social responsibility reports to "enhance our management and then put actions into practice through management for inclusive development". The report has effectively enhanced our management and information disclosure of responsibilities and further promoted the regular implementation of responsibilities. **The Group's disclosure of responsibility information been continuously strengthened.** The CSR report process has involved the Group at all three levels. The number and quality of ESG reports have increased continuously. The responsibility for information disclosure has become a vital source of information for external organizations and stakeholders to evaluate the overall value of the Group and its business units. Such CSR work, which is structured in an organized manner, has also built the Group's CSR management team. **The China Resources CSR Award has become an important driving force helping fulfill its responsibilities.** Since its establishment in 2018 and its inclusion in performance appraisal, the China Resources CSR Award has effectively publicized our CSR achievements and motivated our business units to engage more actively in CSR practices. Our business units have also carried out numerous brand responsibility projects based across industries. **We have a number of accomplishments in terms of CSR research.** We have conducted a number of research projects on responsibility management and responsibility practice and we have completed the compilation of books such as *CR's Mission-geared Social Responsibility Management, Corporate Social Responsibility Textbook, CR's White Book of Rural Revitalization, Targeted Poverty Alleviation Model of Central State-owned Enterprises (Series 1)* and *Blue Book of Rural Revitalization 2020*. A number of theoretical research results have also been selected for an authoritative social responsibility "paper" series effectively enhancing the Group's visibility and reputation within the field.

In view of the excellent performance in CSR management and economic, social and environmental information disclosure, , the Group was topped the CSR Development Index in 2021 and was among China's top 300 enterprises in the *Corporate Social Responsibility Blue Book*, Chinese Academy of Social Sciences, for the fifth consecutive year. Among 19 key industries evaluated by the CSR Development Index, CR Land maintained the No. 1 position within the real estate sector for the eighth consecutive year. Meanwhile, CR Pharmaceutical was ranked No. 1 in the pharmaceutical and biological manufacturing industry, CR Cement was ranked No. 2 in the building materials industry, CR Bank was ranked No. 3 in the banking industry and CR Power was ranked No. 5 in the power industry. Such outstanding achievements in CSR development have received wide attention and recognition across society.

Although we have achieved a lot from previous CSR efforts, we also note that they represent the past and we cannot stick to old ways and remain stagnant. In the new stage to implement a new development concept and a pattern, our business development and CSR work faces new requirements. All six business segments of the Group should bare all obligations, fulfill and assume the necessary responsibilities. The Group's CSR work still needs to be carried out in a standardized, institutionalized, systematized and normalized manner. Here, I would like to put forward several expectations for the CSR work during the 14th Five-Year Plan period.

**First, we should take more social responsibility. I always believe that, in addition to economic and financial indicators, enterprises should pay attention to social benefits and social responsibility.** It is the inevitable pursuit of a great enterprise. In the new historical period, we should study Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era in sufficient depth, fully implement the spirit of the 19th CPC National Congress and each plenary session of the 19th CPC Central Committee and integrate the central government's requirements for enterprises reform and development. As a state-owned enterprise, we should strengthen our major business, work on industry on livelihood and improve the quality of development under the concept of "innovative, collaborative, green, open and shared". Our moves should be directed by the goal of "meeting people's needs for a better life, solving imbalance and inadequacy and promoting high-quality development". We should push ahead with carbon peaking and carbon neutrality initiatives in a proactive and orderly manner and promote green and quality development. We should further strengthen our political compliance, enhance our influence in Hong Kong through political engagements and play a role in promoting the prosperity and stability of Hong Kong and implement the "one country, two systems" principle. We should firmly realize the national strategy in rural revitalization through targeted assistance and counterpart support and upgrade CR Hope Towns in all aspects.

**Second, we should further consolidate basic management of social responsibility.** We have to seize the opportunity of State-owned Assets Supervision and Administration Commission of the State Council (SASAC)'s establishment of the Social Responsibility Unit to promote CSR work in a scientific, standardized and institutionalized way in order to integrate CSR work with the Group's operation and development and improve the Group's CSR management system. We should reflect social responsibility in functional departments and core businesses to maximize the economic, social and environmental value through responsible production and operation. We should continue to prepare and publish well-written CSR reports to effectively respond to the concerns of investors and other stakeholders. We should also manage CSR brands in an integrated manner, innovate channels for responsible communication and make comprehensive use of communication resources to strengthen our CSR communication to enhance CRH's image as a socially responsible brand. By 2025, we aim to build a number of CSR centers focusing on key responsibility issues and construct a CSR brand tree for the Group.

**Third, we should further improve our ESG governance.** In terms of economic responsibility, enterprises can be measured on their balance sheets, cash flow statements, income statements and other financial system indicators. Is there an indicator to evaluate enterprises' social responsibility and benefits? We have been exploring the question for many years and have gone through an evolutionary process from CSR to ESG so that the social responsibility endeavors of corporates can be quantified. ESG is a concrete response to sustainable development at the micro level of enterprises and is an overall evaluation of publicly listed companies as well as an important indicator that can help evaluate the sustainable development and long-term investment value of publicly listed companies in terms of environmental, social and governance aspects. Our publicly listed companies should attach great importance to ESG governance, establish and improve the internal ESG system and management framework and strive to enhance ESG information disclosure.

By the end of the 14th Five-Year Plan period, we will strive to gradually improve our CSR management system, develop the "Responsibility+" framework and further consolidate our leading position in terms of CSR among state-owned enterprises.



# CRH Profile



## Nature of CRH

One of the key state-owned enterprises under the direct supervision of SASAC

An industrial group with diversified business operations closely related to the life of the public

Founded in 1938

## Scale and Strength

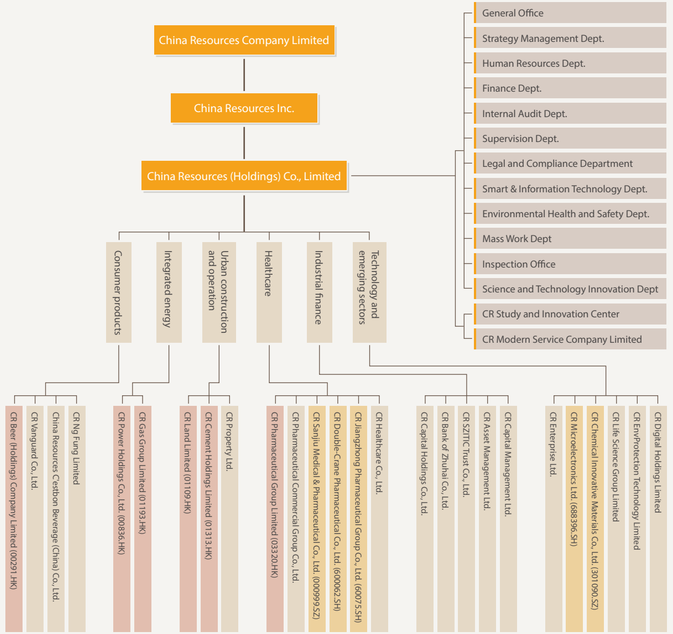
A total asset of RMB 2,021.11 billion

The 69th ranking in 2021 Fortune Global 500 in 2021

8 Hong Kong listed subsidiaries and 7 mainland listed subsidiaries, among which, CR Land Limited is included in Hang Seng Indexes

## Corporate Structure

Our business covers 6 major areas, including consumer products, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors, with 26 business units and two directly-owned subsidiaries.




香港上市公司
内地上市公司

## Our Culture under the "14th Five-Year Plan"




| | | |
|---|---|---|
| DNA | Persist in realizing the great rejuvenation of the Chinese nation | |
| | Pursue creation of a happy life for the people | |
| | Strive for the economic prosperity for the country | |
| Mission | Lead the business progress and build a better life together | |
| Vision | To be a world-class enterprise that is trusted and preferred by the people | |
| Value | Integrity | Performance-Oriented | People-Oriented | Win-Win Collaboration |
| Spirit | Dedicate oneself to the cause of the country | Be the pioneer in innovations |
| | Forge ahead with perseverance | Fight for the better |
| Atmosphere | Sincerity | Solidarity | Open-mindedness | Proactivity |

## Our Development Strategies under the "14th Five-Year Plan"

| | | | | | | |
|---|---|---|---|---|---|---|
| **Mission & Vision** | Lead business growth and build a better life together<br>to become a top-tier enterprise trusted and beloved by the people | | | | | |
| **Strategic Objectives** | To grow and expand existing core businesses, cultivate new businesses and enhances the influence in Hong Kong while building a world-class state-owned capital investment company with CR characteristics, and striving to achieve the goal of "11235". | | | | | |
| **Core Competencies** | Strategic leadership | Resource allocation | Capital operation | Risk management | Collaborative development | |
| **Business Portfolio** | Consumer products | Healthcare | Urban construction and operation | | | |
| | Integrated energy | Industrial finance | Technology and emerging sectors | | | |
| **Strategic Initiatives** | Explore a new path of internationalization with bases in Hong Kong | Carry on technology innovation-driven development, and create a new engine for high-quality development | Grow and expand core businesses while further bolstering our position in the industry | Optimize capital allocation and cultivate strategic emerging businesses | | |
| | Improve intelligent digitalization to empower business transformation and upgrading | Accelerate green and low-carbon transition and promote sustainable development | Enhance management and create a world-class enterprise | | | |
| **Planning and Support** | Follow the footprint of the Party | Deepen reformation | Develop steadily | Acquire talents | Supervise and regulate operation | Foster cultural development |

Brands Showcase

## Consumer Products

- 華潤怡寶 CR C'ESTBON
- 華潤五豐 CR NG FUNG
- 華潤啤酒 CR BEER

## Integrated Energy

- 華潤電力 CR POWER
- 華潤燃氣 CR GAS

## Urban Construction and Operation

- 華潤物業 CR PROPERTY
- 華潤水泥 CR CEMENT
- 華潤置地 CR LAND
- 華潤萬象生活 CR MIXC LIFESTYLE

## Healthcare

- 華潤健康 CR HEALTHCARE
- 華潤醫藥 CR PHARMA
- 華潤醫藥商業 CR PHARMA COMM

## Industrial Finance

- 華潤信託 CR TRUST
- 華潤銀行 CR BANK
- 華潤金融 CR CAPITAL
- 華潤資產 CR ASSET
- 華潤資本 CR CAPITAL MGMT

## Technology and Emerging Sectors

- 華潤微電子 CR MICRO
- 華潤化學材料 CR CHEM-MAT
- 華潤数科 CR DIGITAL
- 華潤創業 CR ENTERPRISE
- 華潤環保 CR ENV PROTECTION
- 華潤生命科學 CR LIFE SCIENCES

# 2021 Highlights

## Ten Major Events

**69th**
CRH ranks 69th in the Fortune Global 500 in 2021.

CRH set up the board office and appointed the first group of outside directors for business units.

CRH managed department management companies by category, and established CR Digital and CR Modern Services Co., Ltd. to make optimization in category and separate management with implementation.

CRH set up the Science and Technology Innovation Board and held the first Science and Technology Innovation Conference.



China Resources Chemical Innovative Materials Co., Ltd. (stock code: 301090) was listed on the Shenzhen Stock Exchange.

CRH released its corporate culture system under the "14th Five-Year Plan".

**11th**
CR's 11th Hope Town in Yan'an was completed.

CRH held the first investor relations conference to implement its "14th Five-Year Plan" on market capitalization management and capital operation.

CR Pharmaceuticals restructured Boya Bio-pharmaceutical, marking its official entrance into the biopharmaceutical industry, and making a breakthrough in blood products.

Cangnan No. 1, CR Power's first offshore wind power project and China's first parity offshore wind power project construction commenced.

## Key Performance

Total asset
**2,021.11**
billion (RMB)
a year-on-year growth of
**12.4**
%

Revenue
**771.47**
billion (RMB)
a year-on-year growth of
**12.4**
%

Total profit
**81.17**
billion (RMB)
a year-on-year growth of
**0.2**
%

Net profit
**60.09**
billion (RMB)
a year-on-year growth of
**1.8**
%

## Achievements and Awards

- CRH has ranked 1st in terms of CSR Development Index among China's top 300 enterprises for 5 consecutive years (including Top 100 SOEs, Top 100 private enterprises and Top 100 foreign enterprises)

  Corporate Social Responsibility Blue Book (2021), Chinese Academy of Social Sciences

- CRH got "good", the highest rank, for the 5th year in a row in the annual assessment of poverty alleviation.

  SASAC Leading Group for Rural Revitalization Central Enterprise Office for Rural Revitalization

- CRH's 2020 CSR Report was given a 5-star rating for 2 consecutive years.

  Chinese Expert Committee on CSR Report Rating

- The "China Resources" brand ranked 70th in the World Brand Lab's Top 500 World Brands and 10th in China Top 500 Valuable Brands.

  World Brand Lab

- CRH won the Grand Prize for 2021 Outstanding Achievements in the Reform and Development.

  China Enterprise Reform and Development Society

- CRH was awarded the Exemplary Enterprise in Corporate Governance of Central Enterprises.

  SASAC

- CRH won the highest award of "Hong Kong Green Awards2021". In particular, CRH won, Gold Award for Green Management Award, Platinum Award for Environmental, Health and Safety Award. and Gold Award for Corporate Green Governance Award. CR Power, CR Gas, CR Property, CR Snow Heilongjiang Plant, etc. also won platinum or gold awards.

  Hong Kong Green Council

- CRH enlisted in the State-owned Assets Supervision and Administration Commission of the State Council's world-class management list with five benchmarks.
  - CR Power, CR Gas and CR Sanjiu were selected as benchmark enterprises
  - "5C Value-based Financial Management System" was selected as the benchmark project
  - "World-class Strategy-Oriented Management Model" is selected as the benchmark model

  SASAC

- CRH was commended by the SASAC as an "advanced worker in legal affairs among central enterprises".

  SASAC

- The "Medicinal substances of Dongqing medicinal plants and bitter tea and their application in cold remedy" jointly submitted by CR Sanjiu and Peking University, Shenzhen University and Beijing University of Chinese Medicine won the First Prize of Scientific and Technological Progress of the Ministry of Education.

  Ministry of Education of the People's Republic of China

Executive editor: Yu Feng Contributors: Yu Feng, Fan Wenwen, Zhen Luyao, Xu Suchen, Liu Chao, Peng Ge





# Economic Responsibilities

Reshape for Far-reaching Impacts



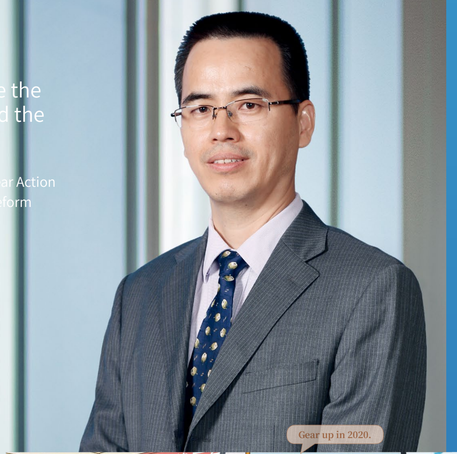
# Economic Responsibilities

Reshape for Far-reaching Impacts

# Story 1

## Here… Where the land ends and the sea begins

—— CRH's Three-Year Action Plan for SOE Reform



**Chen Rong**

General Manager
Strategic Management Department
China Resources Group




In June 2021, 65%; By the end of 2021, 95% .....

CRH's completion rate of its three-year action plan for SOEs reform has increased with time. The three-year action plan for SOE reform, which began in 2020 and closes by the end of 2022 is a difficult proposition within a new era and will help systematically improve the competitiveness, innovation, control, influence and anti-risk capabilities of SOEs. How can an 84-year-old enterprise like CRH reshape and reform in order to produce outstanding results during a difficult time as it approaches the 100-year landmark?

### Taking Effective Measures and Cracking Difficult Cases

To establish high-quality reform, CRH has set up a leading reform group formulated by its management leaders and business units. Aiming to decompose and refine the implementation plan of the reform, more than 1,100 tasks for 26 business units and 12 functional departments on the basis of the Group's 62 tasks were compiled. The Group's departments have been focused on various ways such as reforming state-owned capital investment companies, creating world-class enterprises, modern enterprise systems and a market-oriented operation mechanism vigorously promoting technology innovation and integrating party building and corporate governance. CR Microelectronics and CR Chemical Materials were selected as the pilot enterprises for "Double Hundred Action"; CR Sanjiu, CR Pharmaceutical and CR Jiangzhong were selected as pilot enterprises for "Science Reform Demonstration Action" and CR Vanguard and CR C'estbon were selected as important mixed-ownership reform enterprises. The task initiatives, responsible persons, completion marks and assessment criteria have been clearly defined with each task taken on by members of a leading reform group.

Let's do a quick recap chronologically, In 2020, the year when the three-year action plan commenced, we focused on the organizational leadership of the reformation such as issuing programs, improving mechanisms and promoting implementation. In 2021, the year of a 'sprint finish', we valued the quality and effectiveness of the reform with a focus on tracking and advancing, evaluating and prioritizing, and supervising and rectifying. In 2022, the year of harvesting, we put more efforts in deepening and consolidating the reformation and achieving influential and signature results.

Characterized by its diversified businesses, extensive regional distribution and lateral management, CRH put the reform into practice despite all the challenges. The Group achieved success by adopting a working mechanism with clear accountability. In addition to convening meetings to mobilize, guide and sort out the process, key issues are relayed to the Group's committee leaders as well as the Party committee for discussion and deliberation. We spared no efforts to facilitate the reform regardless of any obstacles.

### Strengthening Competitiveness Through Innovation

With a high degree of marketization, most of CRH's businesses face fierce competition. However, the industry leadership may also bring disadvantages. For instance, entry-level employees lack motivation for reform as they may believe that reform requirements applicable to all SOEs are relatively simple for CRH. Chen Rong, General Manager of CRH's Strategic Management Department, states: "The three-year action plan for SOE reform is a systematic reform with interlocking links. You may think it's easy to tackle one task but you'll know how challenging it is when you complete the whole process."

CRH therefore has been committed to raising the awareness of entry-level employees and enabling them to fully understand the fundamental rationale for national strength improvement behind the reformation. CRH has also guided them to recognize the national mission of state-owned enterprises as market players. "Facing international competition, we aim to stimulate vitality through reform and pursue excellence based on marketization






in order to compete with global leading enterprises. This is our purpose of reforming as well as our rooms for improvement," Chen Rong said.

How can essential business achieve breakthroughs in R&D? This question has been gradually addressed during the reform process. There is huge business potential in key industries such as domestic consumption and innovation for commodities in different areas. For instance, cement manufacturing can seek improvements in technology, product, application as well as the business model. At CRH, more than a dozen business units have already set up research institutes and a group-level Science and Technology Innovation Board was established in 2021 to coordinate R&D within the group to better allocate resources for product R&D while exploring innovation value.

### Attaining Perfections in Both Quantity and Quality

Since November 2020, CR Group has restarted top-level training for the next generation of CRH managers who have been asked to reflect on questions like "Who are we?", "Where are we going?", "How do we grow?" and "How to make good use of our subjective initiative?" in an effort to reshape CRH and maintain sustainable development by reshaping its value, business, organization and spirit.

The top-level training program is a crucial initiative for CRH to benchmark itself against world-class enterprises, explore the pilot reform of state-owned capital investment companies and develop its 14th Five-Year Plan. The program is also a concrete effort in response to the nation's Three-year Action Plan for SOE reform.

Through the training program, CRH has clearly positioned its reformation strategies to become a world-class state-owned investment company based in Hong Kong and to invest in competitive traditional industries and emerging strategic industries. At an industry level, we seek to invent chain length or original technology clarifying the logic behind the selection of targeted industries that need to be reformed. In terms of organizational management, we have deepened parallel management and consolidated the core competencies of different levels so that the organizational system supports the requirements of reform. With respect to company spirit, we have emphasized historical inheritance and CRH's mission and commitment has provided a reliable guarantee for steady progress of reform. Not a mere ledger or a list, the reform process represents a fundamental change in CRH's DNA exemplifying our determination to attain perfection in all aspects=.

### Optimizing Governance and Reducing Hierarchy

Our three-year action plan lays emphasis on modernized enterprise system, states Liu Haiyan, head of Secretariat of CRH's Board of Directors. Firstly, CRH has incorporated the leadership of the Central Committee of the Chinese Communist Party into its corporate governance structure with the Party Committee studying and discussing major business management topics. Secondly, the Board of Directors has clarified their positioning at both the Group level and for individual business units and the Board will help "to determine strategy, make decisions and prevent risks" while strengthening its strategic research capability to improve delegation and decision-making power. Meanwhile, we have established a General Manager's Office to ensure managers perform daily management duties in accordance with the law. With clear decision-making authority and procedures, smooth collaboration and an effective balance of power has been realized across the Party Committee, the Board of Directors and the management.

The construction of the board of directors of its subsidiaries has also witnessed progress. In September 2021, CRH assigned 31 external directors, including Ding Xiaobing, the external director of CR C'estbon, to 22 subsidiaries. Having worked in the front line of Snow Breweries for more than 30 years, Ding Xiaobing felt a great sense of responsibility and has been actively participating in professional training for outside directors to improve his ability while conducting site visits to Changsha, Chengdu, Lhasa and Xining for more than half a year demonstrating strong dedication and helping make precise decisions in response to the markets fulfilling his mission as an outside director.

As for organizational structure, the decision-making chain at CRH Group has been improved by reducing management levels from four to three which includes the capital level i.e. the Group's headquarters dedicated to realizing capital value; the asset level i.e. the business units dedicated to realizing asset value and the operation level i.e. the fundamental production and operation units dedicated to realizing market value. By doing so, we have built a three-tier management model in line with the positioning of state-owned capital investment companies.

### Adopting Differentiated Management to Create Value

The headquarter serves as the "central nerves" and "brain" of the Group. How to build a value-creating headquarter with strategic orientation, scientific management and efficient decision-making? CRH summarizes its way to realize capital value as "leading, developing, serving and supervising". The term "'developing' was initially controversial but we insisted that the headquarters should possess the potential to 'develop', and that managing without 'development' is doomed to fail," adds Liu Haiyan. To 'develop', the headquarters should also monitor the market, observe industry changes and provide support to business units in terms of resource allocation, capital management and talent training. In addition, the headquarters should integrate management with service, empower business units and provide professional support to help solve specific problems in order to facilitate synergies between development strategies within and beyond the Group whether it's with national enterprises or with the CCP.

Based on the shareholding structure of its subsidiaries, CRH headquarters has adopted different management methods and developed a differentiated management model with five dimensions and 14 indicators. Each year, business units are scored according to their performance in corporate governance, internal operational standard, industry maturity, profitability etc. They are then categorized into A, B and C levels according to the scores in which level-A business units are granted the greatest authorization. In this way, a dynamic and efficient differentiated management mechanism has been developed.

By the end of 2021, CRH completed more than 95% of reformation. We have improved the modern corporate governance system and market-oriented operation mechanism while proactively and steadily deepening mixed-ownership reform, optimizing capital allocation and specific reformation projects. Through continuous effort, we have resolved bottlenecks and difficulties to lay a solid foundation for enhancing corporate vitality and sustainable achievements thus creating a world-class enterprise.

"It is high time we integrate our achievements with the '6S', '5C' and other management systems we have fostered over the years to further bring the Group to the next stage," said Chen Rong . "The biggest change brought by the reform to CRH is the engine that drives every organization and person to strive for improvement."

"Here… Where the land ends and the sea begins" comes from a poem quoted by General Secretary Xi Jinping that was written by the Portuguese poet Camões. It means the end of the mainland and the beginning of the sea. CRH's three-year action plan of the SOE reform will soon come to an end but our journey towards a world-class enterprise has just begun.

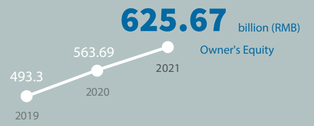




2021

**2,021.11** billion (RMB)

Total Asset




**124.57** billion (RMB)

Total Pre-tax Profit



**ROE**

**10.2%**

**Return on Total Asset**

**4.75%**

## Concept and Vision

Guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era =, CRH has leveraged the opportunities from the 14th Five-Year Plan to reshape the Group, and adhered to the keynote of prioritizing stability while pursuing steady progress. The national Three-year Action Plan of the SOE reform aims at comprehensively enhancing SOE's capability in serving the national strategies. We endeavored to play a vital role as the pillar with great power in advancing stability on the six fronts and security in the six areas and major national strategies, so as to make greater contributions to building a modern socialist China while upgrading CRH to a world-class state-owned capital investment company with unique characteristics, securing another victory and greeting the 20th National Congress with excellent achievements.

SDGs Responses




**HKEX ESG indicators covered in this chapter:**
B7.2, B7.3

**Maintenance and Appreciation Rate of State-Owned Assets**

**112.6%**

**Asset Liability Ratio**

**69%**

**771.47** billion (RMB)

Operating Revenue

**60.09** billion (RMB)

Net Profit



**Total Tax Payable**

**65.32** billion (RMB)

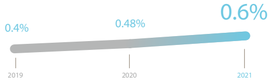
**Operating Profit Ratio**

**10.44%**

Investment in R&D

**4.66**

billion (RMB)




**R&D Investment Intensity**

**81.17** billion (RMB)

Total Profit

**545,000** RMB/person employed

Total Labor Productivity

**A**

**2021 CRH Performance Assessment Results**

# Securing a Decisive Victory in the Three-year Action Plan of the SOEs Reform

The Group has made a great progress in key initiatives under its three-year action plan for SOEs reform. By the end of 2021, over 95% work of the reform has been completed. We further enhanced our management against world-class benchmarks, five of which was included in the list of SASAC's benchmark management action. The study on "CRH's Journey towards a Unique World-Class Super Industry Platform" was successfully concluded, and the overall design plan has been developed.

In June 2022, CRH was officially transformed into a state-owned capital investment company.

Based on the three-year action plan of the SOEs reform, the Group has proactively promoted the implementation of mixed-ownership reform and explored differentiated supervision models, which has effectively stimulated the vitality and efficiency of enterprises.

**CR Microelectronics introduces strategic investors to empower the industry**

In the process of the mixed ownership reform, CR Microelectronics has hit various targets and made huge changes. It introduced well-rounded strategic plan from state-owned enterprises, advanced technology from private enterprises, and employee follow-up investment mechanisms to align their interests to the Company's; established a fund platform to aggregate funds of various parties, and entered the capital market through listing and refinancing, attracting strategic investors, institutional investors, foreign investors and the general retail investors. In 2021, CR Microelectronics, together with China Integrated Circuit Industry Investment Fund and other investors, invested RMB 7.55 billion in 12-inch power semiconductor wafer production line to further enhance its competitiveness in the industry. These initiatives have helped CR Microelectronics to move towards market-oriented operation and promoted its rapid development. Currently, CR Microelectronics has been included in many indices, such as CSI 300, STAR 50 and MSCI China Index, which fully reflects market's recognition to the company.




# Improving Corporate Governance

In the past years, CRH effectively grasped the reform opportunities brought by standardizing the construction of the Board of Directors, developing to a state-owned capital investment company and implementing the Three-year Action Plan for SOEs reform. It goes on to gradually refined its corporate governance system from the core and further consolidated the modern enterprise system with Chinese characteristics. In 2022, the Group was selected by the SASAC as one of the first exemplary enterprises in corporate governance.

## Strengthening the Party's Leadership by Improving Corporate Governance

Aiming to drive the Party's leadership, the Group greatly strengthened its top-level design, continuously optimized the corporate governance structure and institutional system, and systematically institutionalized, standardized and proceduralized the Party's leadership into its corporate governance. In 2021, it formulated the "Implementation on Strengthening the Party's Leadership by Improving Corporate Governance of CRH's Subsidiaries", which required each business unit to accurately determine the functional positioning of the Party Committee, the scope, ways and means of matters to be decided by the Party Committee and matters to be first studied and discussed. It also set clear boundaries of power and responsibility between the Party Committee and other governance bodies, and clarified the role of the Party Committee in the decision-making authorized by the Board of Directors and the General Manager's Office. At present, each business unit has formulated a manual on rights and responsibilities and a list of prioritized business management issues for the Party Committee, and thus, cleared up the decision-making authority and procedures of the Party Committee, the Board, and the management.

## Adopting Scientific in the Operation of the Board of Directors

The Board of Directors of the Group has implemented the decisions of the Central Government and SASAC and functioned to "determine strategies, make decisions and prevent risks".

1

**Continuously improving the operation systems of the Board.** The operation systems of the Board on the Group level include 10 guidelines such as the Articles of Association, Rules of Procedure for the Board and Rules of Procedure for Special Committees. The Group's Board dynamically optimized the list of mandates in 2019, 2020 and 2021, ensuring authorization to be made in a standardized, scientific and appropriate manner.

2

**Functioning to "determine strategies, make decisions and prevent risks".** By "determining strategies", the Board of Directors paid great attention to the overall strategy of the Group and the development plan of each industry and participated in formulating the 14th Five-Year Plan strategy while actively listening to special reports and supporting the management in pushing ahead with corporate reform. Regarding "making decisions", the Board holds 12 to 16 meetings each year to examine approximately 40 proposals, and discusses thoroughly major decisions to be made. As for "preventing risks", the Board reads reports on post-investment evaluation, internal control, internal audit and legal compliance every year, and urges the Group to strictly control, prevent and resolve financial, legal compliance, and Environmental Health and Safety (EHS) risks.

3

**Improving operation mechanism of the Board.** Firstly, the Group has strengthened communications by developing a communication mechanism between the chairman of the Board and outside directors; secondly, it has conducted pre-meeting briefings to improve efficiency of the Board ; thirdly, it has built an information platform for daily communications and research which provides directors with about 300 pieces of information each year on average with all business units covered; fourthly, it has created a reporting and supervision mechanism to promptly follow up and supervise the Board's resolutions.

## Achieving a Staged Breakthrough in Organizational Management

The Group has been working on improving the organizational management model of a state-owned capital investment company. Led by the Board of Directors' Office, the organizational management optimization project of the Group consists of three stages, namely organizational design, rights and responsibilities structure, and system and procedures optimization. At present, the first two stages have been completed, and the third stage has kicked start.

On organizational design, the Group has built a three-level management structure, including "the capital-level group headquarters, the asset-level business units and the operation-level production and operation units". This has helped sort out the value objectives and strategic functions on each level, accelerate structure of business and investment platform, and finetuned the functions of the Group's departments.

On rights and responsibilities structure, the Group has formulated the "CRH's Action Plan of Differentiated Management" on wholly-owned enterprises, relatively- controlling mixed-ownership enterprises and invested enterprises. A maturity evaluation model has been developed to comprehensively evaluate the maturity of business units from 5 dimensions with 14 indicators, and based on the evaluation results, to practice differentiated management on areas such as investment management of business units. The Group regularly evaluates the maturity of business units, the implementation of decentralization and its effectiveness, and adjusts delegation authority according to the results.

**Establishment of CR Corporate Service Limited for the "Separation of Management and Operation"**

To realize the three-year action plan for SOEs reform and build a world-class enterprise, the Group has continued to push forward with the de-institutionalization at headquarters and innovations in management functions and service mechanisms. On 11 June 2021, the Group discussed and reviewed CRH's organizational management optimization plan. By establishing CR Corporate Service Limited, four departmental management companies providing internal shared services in CRH's headquarters were unified for management, thus separating management from operation, which tackled major problems like overlapping functions, unclear division of labor, weak and fragmented efficiency, etc.




## Serving National Strategies

The Group has spared no efforts in realizing the Nation's regional development strategies, the "carbon peaking and carbon neutrality" policy and the revitalization of rural areas, so as to get new market momentum from serving national strategies and to fulfill its mission and responsibility as a central enterprise.

**Setting up an Organizational System to Serve National Strategies**

Led by its chairman, the Group has set up a high-standard leading group of its management team to serve national strategies and synergistic development, coordinating and guiding the synergistic development in each key strategic region of the Group. It has established regional committees in key regions such as Hong Kong, the Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei Area, the Yangtze River Delta, Chengdu-Chongqing Economic Zone. Led by the Group' s party committee, the regional committees consist of CRH' s region chief representatives and leaders of business unit to promote the implementation of major regional strategies and synergistic projects. The Group has also set up offices of regional committees for national strategy and synergistic development to coordinate the day-to-day work of the secretariats in key regions.

**Reshaping Hong Kong Businesses Vigorously**

The Group has established a Hong Kong Business Committee to formulate development strategies and to increase investment in the region. Meanwhile, CR Enterprise has successfully acquired a warehouse property located in the northern metropolitan area and introduced a science and technology investment platform in cooperation with a number of Hong Kong universities. CR Property has significantly increased the scale and influence of its property management business in Hong Kong through acquisitions.

**Making steady Progress in Internationalization**

The Group's existing overseas projects have been operating smoothly and orderly under the pandemic, and Oatly, a project invested by CR Enterprise, has been listed in the USA.

**Putting the National "Carbon Peaking and Carbon Neutrality" Policy into Practice**

The Group has established a leading group and a team to formulate plans for carbon emission management in response to the "carbon peaking and carbon neutrality" policy. In particular, CR Power has completed the first commodity transaction on 100,000 tons of carbon emission allowance in China carbon market.

**Implementing Fully the Nation's Policy on Revitalization of Rural Areas**

The Group has been helping Guangchang and Haiyuan Counties to consolidate and expand the results of poverty alleviation, and has signed the Poverty Alleviation Assistance Program to the Central Revolutionary Bases in Jiangxi with Qingliu County. The Program revitalizes the area and promotes the effective connection of rural revitalization. CR Hope Town Project in Yan'an has been completed as scheduled, and Nanjiang Hope Town has been fully launched.

# Driving High-quality Development

## Focusing on Major Responsibilities and Businesses to Consolidate and Enhance Core Competitiveness

In 2021, the Group overcame the unfavorable factors brought about by the pandemic and the increasingly complex and severe international political and economic environment while maintaining stable supply and growth. We completed the "two profits and four rates" target set by the SASAC, with our revenue and profit hitting a record high again in 2021. The Group continued to make precise efforts to lift the industry status and competitiveness of its main business.

**Consumer Products Segment**

Revenue from the consumer products segment accounted for 17% of the total revenue of the Group. Through the "achieving success in premiumization" strategy, CR Snow optimized and upgraded its product structure, leading to higher revenue and gross margin and substantial growth in profit. By diversifying its product matrix and optimizing its procurement strategy and cost management, CR C'estbon outperformed the industry in terms of sales volume and achieved double-digit growth.



**Urban Construction and Operation Segment**

Revenue from the urban construction and operation segment accounted for 33% of the total revenue of the Group. CR Land continued to maintain its position as one of the top ten real estate enterprises in terms of sales and its liability ratio was among the safest in the industry, while Mixc Lifestyle recorded a spike in market capitalization after its public listing. CR Cement enhanced its core market share and made industry-leading profitability by optimizing product sales structure and strengthening cost control.

**Integrated Energy Segment**

Revenue from the integrated energy segment accounted for 19% of the total revenue of the Group. CR Power yielded positive results in new energy development and resource reserves by vigorous transformation and upgrades. Net profit from new energy increased by nearly 70% year-on-year, unit profit per kilowatt from wind power maintained industry leadership, and revenue grew driven by increased volume and price of the power and heat sales business. CR Gas signed 23 new city-gas contracts, driving significant growth in revenue and double-digit growth in profit by virtue of its scale, and maintained its leading position in the industry in terms of annual gas sales volume and cumulative number of connected users.



**Healthcare Segment**

Revenue from the healthcare segment accounted for 26% of the total revenue of the Group. CR Pharmaceutical ranked third in the industry, and CR Sanjiu maintained No. 1 among over-the-counter drug manufacturers in China, with market share in core self-medication products continuously consolidated and increased. CR Pharma Comm steadily implemented regional development strategies and actively promoted the development of multiple businesses; CR Jiangzhong broke through the growth bottleneck by adding gastrointestinal products through M&A and vigorously cultivating new healthcare business. CR Healthcare and CR Medical further strengthened business integration and refined management, securing growth in both revenue and net profit.

**Technology and Emerging Sectors Segment**

Revenue from the technology and emerging industries segment accounted for 3% of the total revenue of the Group. CR Microelectronics recorded more-than-budget revenue and doubled the profit, started construction of the 12-inch wafer production line in Chongqing. Meanwhile, it raised RMB 5 billion to build a power packaging base and was recognized as the best MOS transistors in China's semiconductor manufacturing industry while being listed by the SASAC as one of the first original technology curators. CR Chemical Materials was successfully listed on ChiNext on 26 October.

**Industrial Finance Segment**

Revenue from the industrial finance segment accounted for 2% of the total revenue of the Group. CR Bank was among the top of the industry in terms of the size growth. By focusing on industries in the Greater Bay Area, innovating in supply chain products and adhering to the intelligent banking strategy, its asset quality remained stable. CR Trust actively expanded new businesses and accelerated business transformation under the strict regulatory environment. CR Asset accelerated the post-investment integration for Yukang and revitalized existing assets to improve returns. CR Capital advanced its industrial investments in an orderly manner, and made successful exits in the first wind power project of China Resources Innovation Energy Fund with a premium rate of more than 2 times.

## Optimizing Business Layout to Empower Transformation

**Reorganizing Business Segments and Clarifying Development Positioning**

The Group has reorganized its main business into 6 major business segments, clarified their respective development positioning and made technology and emerging sectors the driving force of future development to accelerate the layout of new energy, medicine and medical care, digital technology, professional shared services and other businesses. Besides, the Group has set up a number of industrial funds in the areas of consumer products, healthcare, new energy, biomedicine, etc., and withdrew from coal and textile business, strictly controlled investments in thermal power, and carried out disposals, so that the target set by the SASAC has been exceeded.

**Developing New Industries and Businesses through Investments and M&A**

CR Pharmaceuticals has completed the acquisition of Boya Bio-pharmaceutical, marking its official entrance into the biopharmaceutical industry and achieving a breakthrough in blood products. CR Env Protection has invested in Inner Mongolia Environmental Investment and has commenced the business of intelligent environmental protection monitoring and comprehensive regional environmental management. CR Chemical Materials' high-end nylon materials project has been approved and entered the implementation stage. CR Digital has been officially established with a focus on "3+1" businesses like digital services for governments and enterprises.

**Driving Business Development by Leveraging on Capital's Engine Role**

In terms of equity financing, CR Microelectronics successfully raised RMB 5 billion through private placements to capitalize on the upward cycle of the semiconductor industry. CR Chemical Materials was listed on the ChiNext with RMB 2.32 billion raised, providing sufficient resources for the strategic transformation of new chemical materials. Oatly, a subsidiary of CR Verlinvest, was successfully listed in the United States, raising USD 1.1 billion and becoming the first oat milk stock. CR Microelectronics has introduced strategic investors to empower the industry and invested in wafer production lines. In terms of debt financing, the Group seized the opportunity of monetary easing to raise a total of RMB 214 billion in debt financing by increasing overseas withdrawals, securing domestic low-interest loans, issuing ultra-short term notes and internal capital pooling, driving down the Group's overall financing cost by 40bps year-on-year to 3.5%, a significant decrease for the second consecutive year. RMB internationalization also made progress as the Group's cross-border and offshore RMB settlements are expected to exceed RMB13 billion, representing a year-on-year increase of 48%.

**Promoting the "6+1" Regional Strategy in an Orderly Manner and Deepening the Synergistic Development**

In Hong Kong, CR Enterprise has further enhanced the scale of its warehousing property portfolio, and CR Property has accelerated the layout of modern service industry. The Group has further consolidated its base in the Greater Bay Area, signed cooperation agreements with Shenzhen and its Nanshan District, and has promoted the implementation of major projects such as the 12-inch production line of CR Microelectronics. In the Chengdu-Chongqing region, CR Gas has increased its stake in Chongqing Gas to further rationalize its management rights. The Group has strengthened external cooperation in the Yangtze River Delta region, and facilitated external cooperation in the Yangtze River Delta region and explored cross-border cooperation and innovation with Nio Inc. The Group has been steadily proceeding with key work in Beijing, Tianjin and Hebei, and has coordinated the power and gas to ensure regional energy supply, and it also supported the revitalization of Northeast China and coordinated the power and gas to actively participate in the restructuring of Shengjing Energy.

## Increasing Innovation-driven Efforts to Create a New Engine for Quality Development

The Group has accelerated its technological innovation to comprehensively advance industrial digitalization. CR Power has focused on energy storage technology and energy management and fueled the implementation of 11 integrated energy projects, with a year-on-year increase of 23% in revenue from the integrated energy business. CR Gas has been the first in the industry to develop the 5G+ smart gas application, creating an industry benchmark. CR Land has more than 85% of its operation and marketing business moved online, and fully promoted Xiaorun House Selection to attract online customers, which generated transaction amounts of RMB 6 billion online. CR Pharma Comm expanded its online business by connecting to virtual hospitals and building a new retail operation platform. CR Bank has adhered to its intelligent banking strategy and made efforts in the special industries in the Greater Bay Area. CR Cement, CR Sanjiu, CR Power, CR Jiangzhong, CR Microelectronics and other business units have constantly built intelligent factories, which greatly enhanced their production and operation efficiency, product quality and per capita efficiency.

# Strengthening Anti-corruption and Integrity

The Group continuously strengthened supervision and governance to ensure the 14th Five-Year Plan has been kicked off to a good start. We pursued accountability for illegal operation and investment, and thoroughly rectified corporate corruption. In terms of disciplinary supervision, we continuously strengthened political supervision, refined daily supervision and enhanced supervision and governance, striving to build a system or mechanism that makes sure officials don't dare to, are unable to and have no desire to commit acts of corruption, and further deepen the reform of discipline inspection and supervision system.

## Increasing Disciplinary Reviews to Punish Corruption and Strengthen Deterrence

The Group maintained zero-tolerance to corruption. Any corrupt act, once discovered, will be investigated and punished, so as to reduce existing corruptions and curb new ones. During the year, the number of problematic clues disposed of increased by 45.8%, the number of cases filed increased by 46.9% and the number of punished persons increased by 30.3%. The Group conducted a special rectification for corporate corruption by investigating problem clues for every corrupt practice across the Group, and seriously punished a number of typical cases on corporate corruption. The Group persistently strengthened the construction of work style, precisely addressed the outstanding problems of formalism and bureaucracy, and strictly investigated hedonism and extravagance. By doing so, 73 officials who violated the discipline have been punished.

## Deepening Reform to Make Sure Officials Don't Dare to, are Unable to and Have No Desire to Commit Acts of Corruption. Addressing both the symptoms and the root causes and curb corruption at the source

In addition to increasing punishment, the Group also valued investigating cases, strengthening education, improving systems and promoting governance. In response to the problems found during supervision and inspection and disciplinary review, 280 disciplinary or supervisory recommendations were issued, covering such areas as employment selection, salary management, bidding and procurement, to urge relevant units to implement rectification and improve relevant mechanisms. In conjunction with the management loopholes discovered by case investigation, inspection and internal audit, we have improved the system and mechanism by formulating and issuing the "Internal Control Management System" and revising and improving the "Procurement Management System" and other important systems. By giving full play to the role of the "supervision" system, we have improved the working mechanism, and enhanced our ability to proactively detect problem clues. We have also strengthened the education on ideals and integrity of our employees to consolidate the foundation of "having no desire to commit acts of corruption".

## Implementing Strictly the Eight-point Decision on Improving Party and Government Conduct. Opposing the Practice of Favoring the "Four Malfeasances" and Promoting Integrity

The Group strictly and carefully regulated the treatment of leading officers in performing their duties, timely revised the relevant systems and regulations, and resolutely maintained the seriousness and authority of the system through strict disciplinary review to strictly prevent the "broken windows theory". On the New Year's Day, Spring Festival, Mid-Autumn Festival, National Day and other holidays, we strengthened supervision and inspection not only on typical corruptions such as the purchase of cigarettes and high-grade liquor at corporate funds, and illegal allowances and subsidies, but also on invisible or mutated corruptions such as boss treats or over-reimbursement. As a result, our achievements in work style construction have been consolidated and expanded. We also educated and warned officers with typical cases. For example, we publicly informed the society of the typical cases on over-standard transportation on www.ccdi.gov.cn and through CCTV News Broadcast, and gave a warning through such cases within the Group.

## Insisting on Both Strict Management and Care for Executives, Setting up Guidance and Escorting Their Growth

The Group insisted on both incentive and restraint for employees, formulated and published a list of matters exempted from responsibility for due diligence in operation and investment, gradually developed a positive incentive and restraint mechanism oriented by strategy and performance, and established a distinctive guidance of survival of the fittest. We insisted on the spirit of "learning from past mistakes to avoid future ones, and curing the sickness to save the patient", seriously punished serious violations and suspected crimes, obsession and refusal to rectify according to discipline and law through accurately utilizing the four forms of oversight over discipline compliance, so that the oversight over discipline compliance can be enforced in a more focused, accurate and powerful manner. We also insisted on promoting both clarification and strict punishment of false accusations. We have made public clarifications for inaccurate reports involving 13 persons, and made concluded clarifications for 135 inaccurate reports. For false accusations, rumors, malicious slander and other acts, we have worked on exploring the effective way to investigate the "malicious reporting", so as to further protect employees' passion for work.

Total sessions of integrity education

**7,304**

covering

**441,284**

persons




## Carrying out Integrity Education on a Regular Basis to Build a Defense Line of Thought Against Corruption

In 2021, the Group organized two Group-wide education conferences and reported 47 cases. We conducted education through a video of confessions for the first time, which covered 8,242 persons in key positions. Business units organized 24 education conferences and reported 369 cases, covering 31,488 persons in key positions. According to the actual situation of each unit, industry and region, a total of 7,304 sessions of integrity education were conducted, covering 441,284 persons. To promote integrity education, the Supervision Department of the Group has carried out warning education in CR C'estbon Xuzhou and Ningbo, CR Chemical Materials and Yan'an Hope Town. We also offered integrity courses for the "Future Star" new employee training camp, covering 1,911 new employees.

Help CRH's new employees
**"fasten the first button of their career"**

## Deepening Inspection and Rectification

The Group continued to deepen the central inspection and rectification. We incorporated the remaining 9 rectification initiatives into the three-year action plan for SOE reform and the "14th Five-Year Plan" of the Company to promote the reform and innovation and quality development of the Company by integrating the rectification and reform into daily work and deepening reform. In 2021, the Group organized three rounds of internal inspection, and carried out political supervision of 13 second-tier party organizations, so that the coverage of internal inspection reached 88%. Throughout the year, a total of 291 problems were found and feedback was given around the "four implementations" supervision focus, and 59 clues to issues were handed over. We made efforts to identify and promote the resolution of outstanding problems such as the lack of determination in implementing the new development concept, the lack of implementation of key tasks of SOEs reform, and the lack of innovation-driven development, so as to effectively play the role of supervision to ensure implementation and promote development.

# Strengthening Compliance Information Disclosure to Protect the Rights and Interests of Minority Investors

CRH has always been adhering to the bottom line of information disclosure compliance. We continuously optimized the internal and external information reporting and management mechanism, formulated the Information Disclosure Management System and revised it regularly, and established a diversified investor exchange and interaction platform to fully disclose industry-related performance, so as to improve the transparency and timeliness of information disclosure and protect the legitimate rights and interests of minority investors such as the right to know and the right to vote. Therefore, we maintained a good relationship with investors.

In 2021, the Group established a post of investor relations management at the headquarters, initially set up an integrated management mechanism for investor relations, sorted out the staffing and division of functions of the investor relations teams of its 15 listed companies, and for the first time included investor relations management in the assessment index for the financial management responsibility statement of its listed companies in 2021. The Group also held the first investor relations conference, which effectively promoted communication among listed companies and enhanced the balance of investor relations management of the Group.

### CR Gas

In 2021, CR Gas held more than 180 business roadshows and issued 40 disclosure announcements, with no negative news about selective disclosure and no disciplinary actions by securities regulators for disclosure of information.

### CR Sanjiu

Received an "**A**" (Excellent) rating for information disclosure from the Shenzhen Stock Exchange for the seventh consecutive year

Regular reports
**2**

Temporary announcements
**53**

Reception of investor research
**30+**

Investors covered
**700**
persons

Earnings calls
**4**

Investors' questions replied
**380+**

### CR Pharmaceutical

Communication with investors
**200+**

Pharma industry investment summits
**4**

Roadshows
**34**

Reports, announcements, notices and circulars on the Stock Exchange
**70**

### CR Double Crane

Under the premise of ensuring the normal operation and sustainable development of the company, it adopted a positive profit distribution plan to reward shareholders and investors and enhance investors' confidence. Since its listing in 1997, the company has achieved a total cash dividend of RMB 2.9 billion. It implemented a profit distribution plan to distribute a cash dividend of RMB 4.8 (including tax) for every 10 shares to all shareholders in 2021. In order to promote the establishment of a sound distribution mechanism combining incentives and constraints, the proposal on repurchasing the Company's shares by means of centralized competitive trading was considered and approved at the seventh meeting of the ninth session of the Board of Directors of the Company on December 27, 2021, which agreed to repurchase the issued A shares of the company by means of centralized competitive trading.

**2021 Profit distribution plan to distribute a cash dividend of RMB 4.8 (including tax) for every 10 shares to all shareholders**



# Strengthening Risk Prevention

In response to complex and changing business environment, the Group strengthened its risk prevention system and capacity in the areas of debt, investment, finance, overseas operation and production safety, etc., and kept the bottom line of no major risks.

**In terms of organizational support,** the Group has established a committee for legal governance, risk control and compliance management, and clearly defined the functional departments to provide organizational support for the coordinated management of legal, internal control, risk and compliance.

**As for debt risk management,** the Group strengthened the penetrating management of highly indebted subsidiaries to further reduce leverage and debts.

**Regarding financial risk prevention,** the Group kept a reasonable financing size, sped up disposal of inefficient assets, improved loan quality and prohibited non-compliant loans. We strictly controlled major risks in relation to exchange rates, liquidity and financial counterparties, monitored the domestic and overseas financing of business units, used liquidity support from headquarters to regulate capital efficiency and financing needs, and ensured stable sources and costs of debt financing. We also improved systems and mechanisms to control the Group's investment in and cooperation with low credit-qualified and small-scale financial institutions, strengthened the internal control and management of financial derivative business, and strictly prohibited any financing trade business and false trade business such as "funds circulating within the financial sector without entering the real economy" and "issue receipt/invoices without actual delivery", thereby forming the whole-process management.

**With respect to investment risk prevention,** the Group strictly implemented the financial constraint standards and negative list system, controlled investment in backward production capacity, the real estate debt ratio and overseas investment, and implemented the accountability mechanism for investment losses.

**For internal control system,** the Group improved the "1+N" internal control system, the Articles of Association and decision-making systems and 6S and 5C management systems, and strengthened the management of procurement, investment and asset disposal, realizing the organic combination of risk prevention and internal control management.

**With regard to safety responsibilities,** the Group took concrete measures to prevent and control the pandemic and maintained a stable EHS situation throughout the year.




Executive editor: Yu Feng Contributors: Yu Feng, Liu Haiyan, Liu Chao, Peng Ge, Li Jianan, Guo Biao, Xiao Fangdong, Shang Jian, Qin Longling, Li Cheng, Huang Qingyuan



## Commitment and Its Performance

| Commitment Made in 2021 | Commitment Performed in 2021 | Commitment Made in 2022 |
|---|---|---|
| To improve the supervision system and promote the transformation of "Overall Supervision" from "whether there is" to "whether it works or not"; to follow disciplines and implement accountability, not only to maintain the strong momentum in anti-corruption, but also to protect the entrepreneurial passion of executives and officials; to promote the construction of systems and mechanisms that executives do not dare to, are not able to, and ultimately have no desire to commit acts of corruption, and to give full play to supervision and promote better development; to usher in a new era during which an upright and clean environment will prevail. | The Group strived to build systems and mechanisms that executives do not dare to, are not able to, and ultimately have no desire to commit acts of corruption, and continued to deepen the reform of the discipline inspection and supervision system. The Group has dealt with 73 disciplinary offenders, issued 280 disciplinary or supervisory recommendations for problems found during supervision and disciplinary reviews, and achieved 88% coverage of internal inspections. | The Group is determined to deepen the anti-corruption struggle and maintain the strong momentum in anti-corruption to reduce existing corruptions and curb new ones. The Group will insist on advancing reform with cases and urging relevant responsible departments to improve systems and mechanisms so as to strengthen their implementation. The Group will also further strengthen the warning education and integrity education. |
| The increase in total profit and net profit will match those of the national economy. Operating income and profit will increase steadily, the asset-liability ratio will remain stable, and the ability to maintain and increase the value of state-owned capital will further be improved. | The Group completed the SASAC's "two profits and four rates" target with growth in all key operating indicators. The asset quality was effectively improved, and the tasks of advancing stability on the six fronts and security in the six areas were properly accomplished. | The Group will strive to satisfy the requirement of "two increases, one control and three improvements" for "two profits and four rates" by 2022 as proposed by the SASAC. |
| To increase investment in quality development, efficiency reform and scientific and technological innovation of the traditional business sectors; to enable the transformation and upgrading of traditional business, and constantly consolidate and enhance the core competitiveness of the main businesses; based on the key industries that our country lays importance and provides guidance, and combined with the Group's existing industrial foundation, to focus on the fields of semiconductors, new materials, biomedicine, life sciences, energy conservation and environmental protection, new energy technologies and so on, and to invest more resources and cultivate new growth levels. | The Group reorganized its main business into 6 major business segments, clarified its development position, made technology and emerging sectors the driving force of its future development and accelerated the layout of new energy, medicine and medical care, digital technology, professional shared services and other businesses. We set up a number of industrial funds in consumption, healthcare, new energy, biomedicine, etc., withdrew from coal and textile business, strictly controlled investments in thermal power, and actively carried out the disposal of "two non-s". As a result, the SASAC's target has been exceeded. | The Group will accelerate business transformation, and strive to achieve new business-led growth. Based on the key industries that our country lays importance and provides guidance, and combined with the Group's existing industrial foundation, the Group will increase investment in research and development to cultivate technological advantages. |
| To strengthen the governance of enterprises with long-time losses and large losses; to accelerate the stripping of non-main and non-advantageous businesses that do not have competitive advantages and development potential; to pay close attention to the disposal of invalid and inefficient assets; to strictly implement the three-year work plan to control accounts receivable and inventory, and constantly improve the long-term management mechanism. | The Group effectively promoted the management of loss-making enterprises and the special management of key loss-making subsidiaries, strengthened the management of business at source, insisted that "spending in some areas should be maintained while in others cuts should be made", and achieved the annual control target that the net increase of accounts receivable and inventory shall be lower than the increase of revenue and the turnover efficiency shall be improved. | The Group will continue to control accounts receivable and inventory, accelerate the stripping of non-main and non-advantageous businesses and the disposal of invalid and inefficient assets, and increase efforts in the governance of loss-making enterprises. |
| In accordance with the construction requirements of "Smart CRH 2028" and by full use of the Group's intelligent technology platforms, such as industrial Internet platform, big data platform, artificial intelligence platform, Internet of things platform and blockchain platform, to promote the implementation of digital transformation, and gradually build a new pattern for CRH industrial development with information technology as a new capability and engine. | The Group held a conference on intelligence and digitalization for the establishment of CR Digital, and promoted the application of its various public intelligent technology platforms. Business units rapidly advanced digital upgrade in respect of key business links. | The Group will deepen digital transformation, actively carry out the pilot application of common technology platform, and promote the circulation and sharing of data of the Group. Business units should accelerate the digital upgrade of their own key business links, and deepen the data application and explore the data value around their business scenarios. |
| According to the national regional strategy and combined with the Group's strategic layout in Beijing-Tianjin-Hebei, Yangtze River Delta, Greater Bay Area and Chengdu-Chongqing economic circle, to improve the regional coordination mechanism, expand high-quality assets based on local conditions, and ensure the efficient implementation of regional business layout. | The Group set up a leading group to serve national strategies and collaborative development, formulated and implemented the Group's 6+1 regional development strategy, and established the regional collaboration mechanism. The main battlefield status of the Greater Bay Area, the Yangtze River Delta innovation cooperation, Beijing-Tianjin-Hebei energy supply, Chengdu-Chongqing regional dominance and northeast, northwest regional central-local cooperation have been greatly enhanced. | The Group will promote the synergistic development of key regions. Combined with the Group's strategic layout in Beijing-Tianjin-Hebei, Yangtze River Delta, Greater Bay Area and Chengdu-Chongqing economic circle, the Group will further enhance the functions of key regional information platforms, improve the regional synergy mechanism, strengthen incentives and assessments, and ensure the efficient implementation of regional strategies. |



# Employee Responsibilities

Putting People First
Working Together to Achieve More



# Employee Responsibilities

Putting People First
Working Together to Achieve More



# Story 2

## Sow the Seed of Love to Nourish the Hearts

—— CRH "Runxin Workshop" Employee Care Brand Project



**Lu Yue**

CRH
Human Resources
Department
Professional Director

As a diversified large-scale corporation with over 300,000 employees, CRH must not only focus on benefiting society and people's livelihoods but also pay attention and provide care for its employees as one of its most important social responsibilities in the current context.

### Establishing a Professional Employee Care Team

"I really value my job but I am nervous about receiving complaints. That gives me a lot of pressure," a Hong Kong employee called and told the Runxin Pandemic Volunteer Hotline. After receiving two days of counselling over the weekend, the employee felt much relieved and returned to work at the front line. Such cases happen almost daily over the holidays in the past six months. The emotional and psychological problems of employees have become more obvious. The demand for professional psychological companionship has surged. Lu Yue, the person in charge of employee care at CRH, is taking more responsibilities. "If you continue to passively wait for problems to arise and then solve them, you will sooner or later be overwhelmed as problems will never stop emerging," she realized. "Only by establishing a professional and systematic employee care team which understands the demands of front-line pandemic workers can we cope with all kinds of uncertainties in the future."

In early 2021, an employee care team composed of members from 6 business formats, 19 business units and 66 regions under CRH received professional training marking the establishment of the first batch of 108 "Runxin Ambassadors". In addition to participating in annual hierarchical and classified expertise and skills training, they also needed to improve their capabilities to handle feedback and identify and cope with problems. In the middle of 2021, the "Runxin Long March", a large-scale employee care activity which enabled the team members to "receive training in field practice", was initiated as the CPC celebrated its 100th anniversary. In three months, the team, traveled through 8 provinces and 10 cities following the footsteps of the Central Red Army where employees and business are located and investigated the mental demands of front-line employees forming over 100 management optimization suggestions.

"Runxin Ambassadors" have different roles to play in work. In psychological interviews, they provide a unique internal third-party perspective of "sharing the same CRH values despite the differences in industries, businesses and roles" which helps better focus on solving practical problems. "I will try to guide them to think what has supported them to stay in CRH." As a "Runxin Ambassador", Liu Wei, head of the human resources department from CR Vanguard Ole, often conducts interviews from the perspective of human resources to encourage employees to think more positively.









### Solving Practical Problems at their Posts

After finishing his study and practice, Liu Wei returned to CR Vanguard and began to re-examine the problems encountered in his work. In the CR Vanguard Heart-Warming Campaign, he found that young employees were troubled by the problem of rent. Compared with the "old-fashioned" way of providing employee care, it is only by truly solving the problem of rent can the focus be returned to the employees themselves. With a new perspective, Liu Wei reported his opinion to the headquarters, and , a solution was reached, after several rounds of communication which was to cooperate with long-term rental organizations. "Only by allowing the employees to rent a house at a lower price can we truly send warmth to their hearts."

Similar incidents were not uncommon. With normalized pandemic control, complexities in the external environment, the new positioning of the Group as a "state-owned capital investment company", our businesses are like ships sailing in a vast sea with black clouds and stormy waves looming ahead. In the face of profound changes unseen in a century, it is imminent for businesses to enhance their organizational resilience. Employees are the "smallest unit" in the organizational reform. Once they have negative feelings, inner resistance will make it difficult for a business to conduct reforms. At a time like this, a "Runxin Ambassador" who has completed their study and practice can spread like a spark. After returning to their post, the Runxin Ambassadors have set up "Runxin Workshop Employee Care Service Stations" according to the characteristics of their own departments. Through psychological evaluation and analysis, workplace health training and employee counseling, such stations will help employees prevent and solve various psychological troubles or behavioral problems supporting the sustainable development of businesses.

### Multiple Dimensions to Deal with Collective Problems

During the Covid-19 outbreak in 2020, the medical staff of CRH went to the front line of the fight against the virus. They returned as heroes but with varying degrees of psychological problems. "Runxifang" organized the "Angel's Journey Towards Health" care campaign for pandemic heroes to provide them with psychological intervention and counseling and offer them trauma healing courses. In May 2021, a team of experts was led to local hospitals in Wuhan for return visits carrying out continuous medical care activities with the theme of "Enduring Memories". Targeted psychological consultation, trauma intervention and stress relief activities were also conducted. "Maybe we won't be able to cheer them up quickly but we can at least try to make them less painful," stated Liu Wei. Runxin Workshop cares for employees wholeheartedly. As pandemic controls began to be normalized, the spotlight moved away from frontline pandemic workers. However, CRH continued to pay attention to their needs in order to fulfill the vow to protect people's life and health against all odds.

In recent years, Runxin Workshop has carried out psychological counseling for over 30,000 internal employees. The online service platform has received more than 600,000 annual visits. The online and offline mental health expertise and empowerment training courses have been taken for a total of 1 million sessions. The 45 "Runxin Workshop Employee Care Service Stations" in 25 cities across the country have become important positions for grassroots employee care. The project has successively won the annual "China Health Enterprise 2019" award issued by the International Health Risk Management Association and the 2020 "CRH Social Responsibility Award - Silver".

All the accolades have made Liu Wei enthusiastic. "As more and more aspiring and loving colleagues voluntarily join our employee care team, we should prepare more special campaigns and psychological self-help tools for different groups," he said. "We should benefit more executives and employees, gradually form an innovative employee care service model for diversified business groups and make more efforts for the stable development of the organization."

The employee care project is moving forward in a down-to-earth manner. There is still a long way to go but more people have joined in on the journey.





The total number of CRH employees in 2021

**363,000**

Average age

**38.1**

Proportion of employees aged 40 and below

61.6 %

Proportion of employees with associate degree or above

53.9 %



Paid leave per employee

8 days

## Concept and Vision

CRH adheres to both specialty and humanity, looking for outstanding talents in various professional fields. Our employees have different backgrounds. We have both the "think tanks" with a creative mind, and the "doers" with strong hands-on skills. We bring together talents from all walks of life and respect the efforts of all members in jointly achieving great causes. We pay attention to the long-term development of employees, and are committed to providing employees with a stage to release their potential, realize their values, change the world, and establish themselves in their respective fields. It is such a talented team that gives CRH endless vitality and enables us to scale new heights with our employees.

SDGs Responses




**HKEX ESG indicators covered in this chapter:**

B1.1, B1.2, B2.1, B2.3, B3.1, B3.2, B4.1, B4.2

Number of jobs added in 2021

**80,000** jobs

Proportion of female managers in 2021
(under direct administration of the Group or of affiliated companies)

**16.7** %

Average training time

**19.38** hours




Investment to aid employees with difficulties RMB

**9.2461** million

Total number of people helped

5,057

Employee turnover rate

**24.2** %

Labor contract signing rate

**100** %

Average wage of employees RMB

113,000

Employee training coverage rate

**95.93** %

Per employee training investment

500 RMB/person

Aid to staff 2021

- Investment to aid employees with difficulties RMB 3.9481 million
- Aid to employees with difficulties 1,568 persons
- Investment to visit employees with difficulties RMB 1.6934 million
- Visiting employees with difficulties 2,892 households
- Investment to fund children of employees with difficulties to go to school RMB 514,500
- Funding children of employees with difficulties to go to school 295 persons
- Investment to aid employees with illness RMB 6.0429 million
- Aid to employees with illness 3,898 persons

# Protecting Employees' Rights and Interests in an All-Round Way

CRH supports the Universal Declaration of Human Rights and the International Human Rights Convention, strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China among other laws and regulations, and resolutely opposes forced labor and child labor. We have established a fair, reasonable, performance-oriented salary and welfare system, providing employees with social security and benefits such as the five social insurances and one housing fund and corporate annuities. We have built a variety of democratic communication channels, attached importance to employee privacy protection, and protected employee rights and interests in an all-round way. In 2021, no major labor disputes, child labor, or complaints about human rights issues were noted in CRH.

## Promoting Equal Employment

CRH adheres to an employment policy which does not discriminate against gender, ethnicity, religion, or age. We promise to eliminate all forms of employment discrimination. We clearly uphold the principle of fairness and justice to ensure a compliant and standardized recruitment process using consistent selection criteria.

## Prioritizing the Protection of Rights and Interests of Female Employees

The Group conscientiously implements the Law on the Protection of Women's Rights and Interests among other laws and regulations and strictly implements the provisions on maternity and lactation leave for female employees. We work to ensure that female employees have equal salary and benefits and career development opportunities and provide care for female employees by sympathizing with their actual needs. We strictly abide by relevant national policies and regulations for protecting female employees in the "five phases".

## Adhering to the Management Policy of "Jobs Matched with Responsibilities"

Based on the company's business and human resource planning, current staffing, and guided by its business needs, CRH has established a flexible selection mechanism to ensure that the number, quality, and structure of the company's talent team meet its strategic and business requirements.

## Stabilizing Employment and Creating Jobs

CRH adheres to its social responsibility of stabilizing employment and benefiting people's livelihood, providing a large number of job opportunities for veterans and migrant workers who have difficulty finding a job. We are also cooperating with the State Council to stabilize employment and create jobs. Meanwhile, we provide auxiliary jobs in forms of labor dispatch, outsourcing, and labor outsourcing to provide as many job openings for disadvantaged groups as possible.

**CR Power Providing Jobs for the Disadvantaged**

In order to better serve the strategy of reforming and strengthening the army, CR Power has reserved jobs for veterans over the years. In 2021, it provided jobs for 15 persons. The employers actively participated in the local soldier placement meetings and undertook coordination work according to the requirements of the local retired soldier placement units, in order to do a good job in receiving retired soldiers. At present, 8 retired soldiers have been employed.

Most of the projects in the power industry are located in mountainous and poor areas. Adhering to the concept of social responsibility of stabilizing employment and benefiting people's livelihood, our wind power projects and wind farms provide a large number of auxiliary jobs for local poor migrant workers, focusing on solving their difficulty finding jobs during the pandemic. By the end of 2021, we had employed nearly 10,000 migrant workers.





# Improving the Remuneration and Welfare System

## Strengthening the Construction of the Remuneration and Welfare System

**Continuing to Improve the Incentive and Restraint Mechanism**

Build a differentiated salary distribution system that matches responsibilities and capabilities, corresponds to the business types, takes into account market competition, and relates to business performance; Benchmark performance with salary and the market and fully represent the principle of marketization.

**Strengthening Support for Scientific and Technological Innovation**

Formulate and publish the "CRH Scientific and Technological Innovation Incentive Management Measures", clarify the medium and long-term incentive tools and implementation paths applicable to scientific and technological innovation businesses, and actively support science and technology businesses to establish medium and long-term incentive and restraint mechanisms. Meanwhile, provide strong policy support for scientific and technological innovation in distribution.

**Continuously Optimizing the Distribution Mechanism of Total Wages**

Implement the management of the total wage filing system, strictly follow the requirements of the SASAC on the management of labor costs and total wages, improve the mechanism where total wages are positively related to and vary according to economic benefits, and do a good job of internal distribution.

**Strengthening Welfare Policies**

In terms of statutory welfare management, the Group pays the five social insurances and one housing fund for employees on time and in full and provides maternity support, retainment of jobs, work injury treatment, transfer of insurances, retirement and old-age benefits, etc. In terms of supplementary benefits, employees enjoy group insurance, company annuity, marriage and childbirth bonuses, meal benefits, paid leave, etc. By the end of 2021, the headquarters and the 22 business units had joined the company annuity plan. Around 190,000 individual accounts were opened in the annuity plan with an asset balance of RMB 6.708 billion. Since the investment operation of the Group began on February 14, 2019, the accumulated income has reached 25.18%. The average accumulated amount of individual accounts is RMB 29,600, providing a total of RMB 166 million of benefits for nearly 9,000 employees.

Company annuity balance of assets RMB

6.708

billion

Average accumulation of individual accounts RMB

29,600

**Runaijia Employee Exclusive Insurance**

Based on the needs and pain points of employees, CR Insurance Consultants prepared an exclusive protection product - "Runaijia" for all CRH employees and their families, a rule-breaker in the market. Firstly, it broke the age limit of insurance products in the market, allowing both babies born 28 days and seniors 80 years of age to be insured. Secondly, it broke the restriction on the health status of the insured. In this case, the insured are not required to take a physical examination or health questionnaire when applying for insurance, which simplifies the health requirements and insurance process. Thirdly, it broke the restriction that no payment can be made for past diseases. In this case, only the "serious past diseases" listed will not be paid, and other diseases that are not related to serious past diseases are within the scope of insurance. Lastly, it broke the bottom line of prices, allowing CRH employees to minimize the cost and help their families withstand major risks.




## Establishing Diversified Medium and Long-Term Incentive mechanisms

The Group has taken multiple measures to establish an incentive and restraint mechanism where employees share benefits and risks with the company. The mechanism both motivates the employees and energizes the company, effectively guaranteeing the further growth and development of the company.

**Actively promoting listed companies to carry out equity incentives.** Formulate the "Overall Plan for Full Coverage of Equity Incentives in Eligible Listed Companies". In 2021, four public listed companies, i.e. CR Jiangzhong, CR Microelectronics, CR Sanjiu and CR Double-Crane, implemented equity incentive plans, involving a total of 1,946 executives and key employees. The per capita incentive quota was RMB 368,000. 1,004 key technical employees related to scientific and technological innovation and research and development were involved, accounting for 52% of the total number of employees involved in the plans.

**Prudently carrying out mixed-ownership reform for backbone employees.** CR Biopharmaceuticals completed the implementation of the mixed-ownership employee shareholding plan. 29 backbone employees participated in the subscription, making a total capital contribution of RMB 35.6118 million, accounting for 3% of the Company's total share capital.

**Encouraging employees of companies to be listed to participate in strategic placements.** After CR Chemical Materials was listed on the Growth Enterprise Market, its executives and core employees were simultaneously organized to participate in the strategic placements, involving 118 persons, with an actual subscription amount of RMB153 million.

# Promoting Democratic Management

The Group continues to carry out democratic management in the basic form of the workers' congress. In accordance with the working principles of promoting corporate development and safeguarding the rights and interests of employees, the Group has established a trade union unit and formed certain characteristic practices through exploration and practice in its own development and democratic management.

When various levels of businesses including **CR Snow Breweries and CR Healthcare** formulate rules and regulations or major issues that directly involve the vital interests of employees, such as salary and benefits, attendance and vacation, labor safety, etc., they will convene a workers' congress or trade union meeting to discuss and solicit opinions and suggestions from employees.

Trade unions at all levels of **CR Pharma** have set up labor protection supervision committees or supervisors to strengthen the mediation of labor disputes and safeguard the legitimate rights and interests of employees.




# Creating Equal Job Opportunities

**Providing Employment Support for the Disabled**

As of December 2021, the total number of employees in CRH was 362,706, among which 2,425 have disabilities, including 182 with visual disabilities, 327 with hearing disabilities, 30 with speech disabilities, 1,322 with physical disabilities, 318 with intellectual disabilities, 159 with mental disabilities, and 87 with multiple disabilities, accounting for about 0.67% of the total number of employees. In 2021, the total amount of the Group's residual insurance payment was RMB 165.4396 million.

Through measures such as helping the disabled upgrade skills at work, relieving their difficulties and worries in life, implementing equal pay for equal work, and advocating equality and mutual assistance as part of the corporate culture, the Group has strengthened support for the employment of special groups, so as to help the disabled find jobs, integrate into the society, and continue to make contributions as part of the CRH family.

**Protecting the Rights and Interests of Migrant Workers**

The Group actively implements the real-name management of migrant workers and wage deposit requirements as required by the "Regulations on Guaranteeing the Payment of Migrant Workers' Wages". For migrant workers who directly sign employment contracts, their personal information is managed under the real-name system through the human resources management system, and wages are paid to the employees' personal bank accounts on time through bank transfer. For the management of migrant workers in partner institutions, the partner institutions are required to complete the payment of project funds on time. Secondly, the real-name system for migrant workers is fully implemented. Under such a system, migrant workers must sign contracts first before entering the construction site and the management of wage payment is standardized. Thirdly, the inspection mechanism is actively improved, with random telephone inspections and on-site inquiries held from time to time. The Group has achieved "zero arrears" in the wages of migrant workers throughout the year.

**Pacific Coffee Hong Kong Proactively Offering Jobs to the Mentally Disabled People**

Pacific Coffee Hong Kong, a company under CR Enterprise, provided some job openings in its central kitchen packaging department to the disabled in consideration of its current business operations, in order to solve their employment problems. The job responsibilities involved in packing are simple and require no complicated training. At present, most of the employees in this position are mentally disabled. Each team will also be assigned social workers to be responsible for collaboration. In Pacific Coffee Hong Kong, 15 persons are assigned to be responsible for packaging in central kitchens. In addition, another one person is assigned to be responsible for administrative work in the office, mainly in charge of the daily receipt, distribution and mailing of office documents. One person is arranged in first-line stores to work as a part-time barista.

**Wage Arrears Eradication Leading Group Set up by CR Land**

CR Land has set up a leading group for the eradication of wage arrears, headed by its COO. Special working groups for the eradication of wage arrears have been set up with the person in charge of each unit as the group leader, the leader in charge of finance and contracting as the deputy group leader, and the persons in charge of contracting, finance, engineering, and law as group members. The special groups comprehensively investigate the wage payment of migrant workers and organize the payment work in an orderly manner, effectively ensuring "zero wage arrears" for migrant workers.

# Attaching Great Importance to the Occupational Health of Employees

The Group has integrated the construction of healthy businesses into its annual key tasks related to occupational health. Special actions were taken to ensure the effective implementation of key work in grass-roots units.

**Carrying out Special Management of Occupational Health Guarantee the Working Environment and Conditions**

The Group has implemented specialized occupational health projects for positions, key links, and main places with serious occupational hazards such as dust, noise, and chemical poisons, and adopted effective measures such as improving production processes, equipment automation, and protective facilities to reduce and eliminate occupational hazards.

**Carrying out Various Forms of Supervision and Inspection Ensuring the Effective Implementation of Occupational Health Work**

Through practice, the Group has formed a supervision and inspection mechanism that combines regular, special, occasional, and daily inspections to promote the continuous and effective development of occupational health work. In 2021, the Group conducted spot checks on 147 grass-roots units to promote the implementation of occupational health management.

**CR Cement** has added 34 automatic loading machines and 24 automatic bag insertion machines to its 26 grass-roots businesses in response to key occupational hazards such as dust in cement packaging and delivery positions, realizing automatic, smart, and dust-free operations in cement bag insertion, packaging and loading systems.

**CR Logic** has implemented the transformation project "Comprehensive Control of Noise and Dust in Production Workshops" for harmful factors such as noise, dust, and chemical poisons at operation sites, significantly controlling and eliminating relevant risks.

**CR Guilin Zizhu Latex Products Ltd.** implemented the "Production Line Noise Reduction Facilities Construction" project to reduce the noise from 108 dB(A) to 80 dB(A) in response to the noise hazards of production lines, which achieved good results.

**CR Vanguard** organized special inspections on the provision of occupational disease protection materials, and the cleaning, maintenance, and replacement of cold-proof clothing, windproof coats, and safety helmets for employees.

By optimizing the Runyoushi smart management and control system and using smart image recognition technology, **CR Power** realized the identification of labor protection products such as tooling, safety helmets, safety belts, goggles, protective gloves, and vibration recognition. The system can also realize the monitoring of physical health indicators, on-site environmental dust concentration monitoring, and noise monitoring, using three-dimensional precise positioning and unmanned smart inspection to solve on-site management problems related to occupational health.

**CR Cement** Headquarters invited experts from the National Health Commission and the CDC to conduct a comprehensive inspection and guidance on its base companies.

**CR Microelectronics** conducted special inspections for occupational health labels, PPE storage, and spot checks.

# Unblocking Career Development Channels

## Implementing the Strategic Measures to Strengthen Talents and Enterprises

The Group has further strengthened the overall planning of talent management, and earnestly studied and understood relevant national work requirements and requirements of superior leading units. In combination with the Group's "14th Five-Year Plan" development strategy and planning, the 14th Five-Year Talent Plan for CRH was formulated. The plan clarifies the guidelines, basic principles, and main goals of the Group's talent work, focusing on the construction of the four (3+1) types of talent teams i.e. scientific and technological talents, business management talents, skilled talents, and Hong Kong talents. It has also formulated 8 major tasks and 25 measures for talent work during the 14th Five-Year Plan in order to accelerate the construction of talent teams in all directions and ensure that there are a sufficient number of teams with good quality, reasonable structures, and good momentum.

The Group has further improved the talent system to provide protection for the construction of scientific and technological and skilled talents. On the one hand, the Group has printed and issued the "CRH Scientific and Technological Talent Identification Measures (Trial)" in December 2021, mainly clarifying the four levels and categories of scientific and technological talents, talent identification procedures, and incentive measures. A hierarchical and classified system has been established for scientific and technological talents, providing a basic systematic protection for the construction of the Group's scientific and technological talent team. On the other hand, in order to strengthen the construction of high-skilled personnel and promote the spirit of professionalism and craftsmanship, the Group has printed and issued the "CRH Outstanding Craftsman Selection Method" in September 2021, mainly clarifying the purpose, scope, conditions, mechanism, commendation and reward of outstanding craftsmen and strengthening the construction of skilled personnel.

## Promoting the Management of Executives and Employees

Focusing on the strategy of "Reshaping CRH", the Group has firstly fully implemented the tenure system and contractual management of managerial members, covering a total of 1,905 managerial members from 1,997 legal entities. Secondly, it has carried out comprehensive assessment and evaluation of the leaderships and directly-managed executives, covering 37 leaderships of secondary units and 253 executives directly managed by the Group. Meanwhile, the cadre and leadership teams have been constantly optimized and adjusted, with full play given to the assessment of timely appointment. Thirdly, the post rank system for executives and employees has been optimized and improved. "The notice on optimizing the post rank system of CRH" was issued and printed to further strengthen the construction of the talent pool, implement flat management, and optimize the growth path of executives and talents. Fourth, the on-the-job exchange of CRH executives has been actively promoted. In 2021, a total of 5 temporary employees were selected and sent to Xiong' An New Area, SASAC, Guangchang (Jiangxi), Haiyuan (Ningxia) for exchange.




From October 22 to 23, 2021, the Group held the first talent meeting with the theme of "Deeply Implementing the Strategy of Developing Businesses by Talent Management in the New Era and Building a High-Land for Talent Management and Innovation for the CR Group". Chairman Wang Xiangming delivered a keynote speech on Attaching Importance to Talents, Making talents, and Creating a New Pattern for Reshaping CR Talents.

## Carrying out Hierarchical and Classified Personnel Training in Order

In 2021, CRH organized its leaders and directly managed executives to participate in the training by superior units. A total of 17 persons received training at the Central Party School (National School of Administration), studying for a total of 800 days or 6,400 credit hours. Internally, the Group focused on its directly managed principal executives, who have completed the four phases of high-level training. We have focused on the directly managed deputy executives, carrying out training projects on business model innovation, digital transformation from the business perspective, and organizational changes. We have also focused on the key training groups, offering special training (second phase) for the Group's outstanding young executives, "the Road of CRH" training program, etc., to improve the overall quality and professional ability of executives.

**In terms of cadre education,** we have implemented the reform of the cadre education management mechanism, and issued the "CRH Cadre Education and Training Management Measures" to achieve the separation of management and improve the effectiveness of cadre education and training. In order to promote the dual integration of training and usage of cadre, promote the construction of learning atmosphere, and referring to the management model of the Central Organization Department and the Central Party School (National School of Administration), we have issued the "CRH Cadre Education Training Follow-up Liaison Staff Management Measures" in August, 2021 through active exploration and practice in terms of both the system and methods. We have implemented liaison staff follow-up management in key training projects, sent liaison officers to participate in key learning activities, and timely grasped the learning and ideological status of executives.

**In terms of young cadre training,** the Group has focused on the four key links, i.e. selection, training, management and appointment, and continued to promote the construction of outstanding young executives in the Group and its various business units. By the end of 2021, the total number of outstanding young executives in the Group was 200, of which 22 were from Hong Kong, accounting for 11%. The average age was 41. There were 161 CPC Party members, accounting for 81%. 99% held a bachelor's degree or above. Female executives accounted for 22%, i.e. 43 persons. The total number of executives who were promoted to be directly managed by the Group was 18, accounting for 9%. In addition, the business units have also successively carried out the selection and training of outstanding young executives in various units.

For the use of outstanding young executives, those who are relatively mature in all aspects are promoted and utilized in time. When there are vacancies in important positions, we have insisted on giving priority to the use of outstanding young executives under the same conditions. We have strengthened the analysis and judgment of any changes on the leadership team, human resource demands, and the reserve of outstanding young executives. We have worked hard to equipped with talented young executives.

We have formed a working mechanism featuring overall planning by the Group, linkage among business units, and sharing of internal practices for the construction of our young cadre team.

"Spring Bamboo" Training Course for New Employees



## Improving the Employee Training System

In combination with the Group's "14th Five-Year Plan" strategic planning and business development needs, the Group launched a multi-level and distinctive talent training project in 2021, further improving the Group's talent reserve.

| | | |
|---|---|---|
| High-level Training Programs | Third and fourth phases of high-level training | More than 50 persons including group leaders and persons in charge of various departments and offices, business units, and directly affiliated institutions participated in the training. The third high-level training focused on the theme of "organizational control" and was committed to building an organizational system featuring "all in one goal and strong implementation". The fourth high-level training discussed the reshaping of the CRH spirit in depth, focusing on the essence and behavior standards of the CRH corporate spirit in the new era and ways to inherit and carry forward the CRH spirit.<br><br>The CRH Learning and Innovation Center organized a training project based on the Group's high-level training results. The trainees included a total of over 800 person-times of the Group's direct managed executives, executives in key positions in the Group's headquarters, and directly managed executives in business units. |
| | Training Courses for Directly Managed Deputy Executives | The project mainly focused on the transfer of high-level training results into strategies and corporate culture. Oriented by business issues, it applied the teaching mode featuring exchange visits, case teaching, and behavior learning and discussion to help business units discuss management issues. The project was divided into business model innovation training courses, digital transformation training courses, and organizational change training courses, participated by a total of 86 trainees. |
| Mid-level Training Projects | Second phase of training for outstanding young executives | The project mainly focused on the "seven abilities" of young executives proposed by General Secretary Xi Jinping. Guided by the strategy of "reshaping values, businesses, organizations, and spirits" and combining the requirements on CRH managers' capabilities and qualities, four modules of training were conducted from April to November 2021 on "political literacy", "strategic thinking", "leadership" and "innovative development". A total of 110 trainees participated in the training. |
| | "The Road of CRH" Training Course 18th Session | The project focused on the transfer of high-level training results and methods, the promotion of CRH spirits and values, and the sharing of management insights and practical experience in all business sectors. It helped the Group conduct regional coordination. Since its inception in 2012, 18 sessions have been held, training a total of 2,171 students. |
| | Strategy Decoding Businesses Catalysts Certification Class | The project adopted a teaching method combining explanation of theories and structured discussions. It focused on helping students master the methods and logic of strategic planning, decoding, and review and enhance strategic their thinking. Over 40 backbone employees and head trainers from CRH departments/offices and strategy departments of business units participated in the training. |

| | | |
|---|---|---|
| Grass-roots Training Programs | "Spring Bamboo" Training Courses for New Employees | The project was themed on CRH's culture, professionalism, business practices, and learning tasks under the "14th Five-Year Plan" business innovation and development campaign. Aiming to train new employees to "identify with CRH, change roles, establish ambitions, and promote career development", the course lasted for 24 days, including a total of 23 online sessions. 56 trainees from 9 business units and CRH departments participated in the training, including 2 Mainland Chinese classes and 5 Hong Kong classes. |
| | "Future Star" New Employee Training Camp | The project lasted for 30 days. Adopting the "1+3" mode (1 week of field practice and 3 weeks of intensive learning), it was carried out in combination with the party history courses for the 100th anniversary of the founding of the CPC, the transfer of the Group's high-level training results, and the strategic planning and learning campaign under the "14th Five-Year Plan". The project mainly included 10 CRH courses as well as specialized courses for various business units. It was organized by the CRH Learning and Innovation Center together with various CRH departments/offices and business units. 9 camps were available nationwide with a total of 1,880 participants. Since 2010, 12 sessions have been held and 25,411 employees have been trained. |
| | Case Teaching Empowerment Classes 2021 | The project aimed to promote the compilation of teaching materials on management practices of CRH, promote the summary of management and business development practices of all CRH units, and collect a number of teaching cases to record the management practices of CRH. |
| Online Course Construction | Online Self-Study Courses | The CRH Learning and Innovation Center launched online courses such as "Behavior Learning Air Classroom", "Summary of Organizational Experience and Development of Cases Scenarios", "Case Development and Teaching for Companies", "Personal Small and Micro Case Compilation" and "Team Role", learned by 145,700+ persons. |
| | Introduction of Quality Courses | Over 100 high-quality online courses at home and abroad were introduced, including innovative courses and leadership courses of Harvard Business School and China Europe Business School. Meanwhile, over 200 audio books were introduced in cooperation with Ximalaya. |



# Caring for Employees

## Promoting Work-Life Balance

CRH cares about the work and life of every employee. We have established staff associations and trade unions to act as bridges among employees. We have carried out multiple forms of activities such as interest groups and team building to help employees relieve their pressure at work, enrich their cultural life, and talk about their feelings, so that they can work and live more happily.

The first "Spring Bamboo Cup" badminton and ping-pong competitions was held by the staff unions of **CRH departments/offices**

**CR Digital** has formed 6 health activity clubs, including "Badminton Club", "Basketball Club", "Football Club", "Dance Club", "Yoga Club", "Running Club", and "Singing Club". The following picture shows the CR Digital Dance Club




**CR Land** has established 171 cultural and sports associations and carried out various self-organized activities, such as football, basketball, badminton, rowing, etc., which greatly enriched employees' life in their spare time.

## Carrying out Mental Health Assistance for Employees

The employee care brand project "Runxinfang", which has long been on the front line of providing employee care, has organized and carried out a series of employee care activities and made full use of the "E-Runxinfang" employee physical and mental health online service platform. The services it provides include professional team training, online and offline psychological consultation, physical and mental health lectures, psychological empowerment training for key employees, psychological interviews for grassroots employees, etc. In 2021, the platform organized and completed more than 7,850 employee psychological interviews and psychological counseling, opened 32 online and on-site workplace physical and mental health courses. The projects was participated by around 420,000 employees and their family members. It transferred 10 patients suffering from moderate/severe depression and anxiety disorders to regular hospitals for treatment and prevented 6 potential suicides.

"Runxinfang" also organized and carried out the "Runxin Long March" large-scale employee care activity under the "Do Good for the Masses" key livelihood project series. The project conducted a total of 2,984 investigations, interviews, and psychological counseling for employees of stationed businesses, 860 psychological empowerment sessions for key employees, and more than 100,000 persons attended the mental health lectures. More than 40,000 effective mental assessment questionnaires were recovered, and 128 common appeals were fed back. 37 "Runxinfang Employee Care Service Stations" were established in 21 cities in 14 provinces.

## Caring for Female Employees

Every year, CR Double-Crane handles the renewal of special illness insurance for qualified female employees. Female employees who suffer from the 12 types of special illnesses insured will be provided financial protection. In the annual employee health examination, special physical examination items are added for female employees to increase their health protection.

CR Vanguard Hunan held a lecture on disease prevention and treatment for female employees, inviting external experts to explain in detail how to prevent and treat high-risk diseases for women from three aspects, i.e. "analysis of female high-risk diseases", "prevention of three major cancers in women" and "comprehensive prevention of major diseases". The lecture also gave an introduction on the HPV vaccine, reminding employees to develop good living and eating habits and improve their health awareness of "early preparation, early detection, early prevention, early intervention, and early cure". The course further enhanced female workers' understanding of disease prevention and treatment so that female diseases can be more effectively prevented and suppressed and the health of female employees can be better protected.




Executive editor: Lai Yue Contributors: Lai Yue, Zhang Caiyu, Li Jun, Yang Xiaohan, Wang Ti, Hao Gengchun



# Commitment and Performance

| Commitment Made in 2021 | Commitment Performed in 2021 | Commitment Made in 2022 |
|---|---|---|
| To continue to promote the reform of equity incentive mechanism of listed subsidiaries. To steadily implement employee stockownership, and to actively promote the development and investment in new industries, new trends and new business models. | The Group has formulated the "Overall plan for the full coverage of equity incentives in eligible listed companies". Four listed companies implemented equity incentive program in 2021 and prudently carried out mixed enterprises to implement stock ownership plan for backbone employees. CR Biopharmaceuticals completed the implementation of the mixed-ownership reform employee shareholding plan, encouraging employees of companies to be listed to participate in strategic placements. CR Chemical Materials organized executives and backbone employees to participate in strategic placements after being listed on the GEM board. | Implement the wage-performance double benchmarking standard, develop medium- and long-term incentives, and flexibly use models such as equity incentives, employee shareholding, follow-up investment, and excess profit sharing to further improve the incentive mechanism. |
| To continue to care for the employees, to expand the scope of psychological assistance appropriately, and to carry out active intervention and offline psychological visits for key groups. | The employee care brand project "Runxin Workshop" has further developed and expanded. The three-month "Runxin Long March" campaign was launched to provide psychological visits to employees in 10 cities in 8 provinces. | Establish and implement a long-term mechanism of "Do Good for the Masses", focus on the "urgent and difficult" problems of the employees and the masses, and strengthen follow-up implementation. |
| To further develop various forms of activities to help the employees effectively strike a balance between life and work. | The Group continued to carry out employee networking activities through various methods such as sports activities, interest groups, and group building activities. | Continue to carry out various forms of employee networking activities. |
| | The Group effectively implemented the strategy of developing businesses by talent management. It formulated the 14th Five-Year Plan of CRH, further improved the talent system, and carried out hierarchical and classified talent training in an orderly manner. | Improve the leaderships at all levels on a selective basis, deepen the building of a high-quality professional team of executives, and continue to promote the training and appointment of outstanding young executives. |



# Customer Responsibility

Deliver extraordinary products with a caring heart



# Customer Responsibility

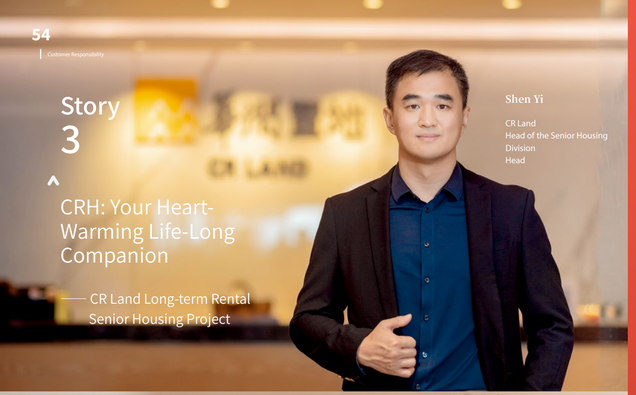
Deliver extraordinary products with a caring heart



Story
3

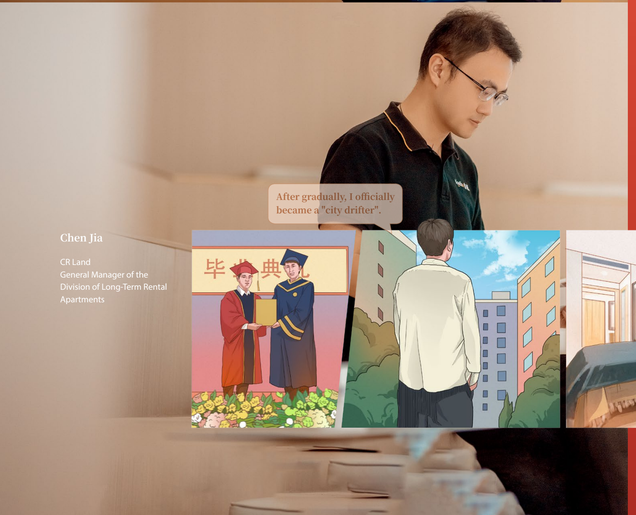
# CRH: Your Heart-Warming Life-Long Companion

CR Land Long-term Rental Senior Housing Project



**Shen Yi**

CR Land
Head of the Senior Housing Division
Head



**Chen Jia**

CR Land
General Manager of the Division of Long-Term Rental Apartments




At CRH, we are working to provide people with a place to live and ensure support for the elderly. With its long-term rental and health care businesses, CRH helps address the urgent needs of the government and people's livelihood just like a good-hearted neighbor. Targeted specially at the young and senior groups, we provide our customers with warmth and lifetime companionship just like their closest family.

**Providing a Place to Live: YOUTHA - Supporting the Youth in Chasing Their Dreams**

In June 2018, a video made by the staff of CR Land was played at the press conference of YOUTHA Apartment showing the confusion and passion of the youth. Led by Chen Jia, head of the Long-Term Rental Apartment Division of CR Land, the CR Land team with an average age of 28 years, extended its long-term rental apartment service to 11 provinces and 15 cities of China in five years.

As a homage to the Youchao, Chinese pioneer of nest residence, YOUTHA echoes to the concepts of "parallel efforts in rental and sales" and "providing a place to live" as currently advocated by the Country.

"Targeting the youth who have just graduated, YOUTHA is providing 55,000 apartments in 15 cities," Chen Jia said in an interview. As an entrepreneurial project within CR Land, the long-term rental apartment business has achieved gratifying results.

YOUTHA uses state-of-the-art materials to ensure the living quality and comfort of the customers. The reasonable and exquisite functional design makes sure that residents can live comfortably in small-sized units of 30 square meters. Its customer-oriented product positioning is tailor-made to address the actual needs of young people. The leisure, fitness and other public spaces it provides help achieve a balance between privacy protection and users' social life.

"YOUTHA adheres to three community concepts i.e. smart tech community, Y.O. partner service community and one-stop life community," Chen Jia said. Smart security is one of the features that sets YOUTHA apart from its peers. Since their establishment, YOUTHA apartments has installed smart water meters, smart locks and 24h seamless monitoring in order to guarantee tenant security.

The YOUTHA Housekeepers are a group of well-trained and energetic youth dedicated to providing the best services. They are responsive as housekeepers and quick-minded as event planners; they create opportunities for young people who live alone to know and communicate with each other. "There is a young couple who live in our apartments in Shanghai," said Chen Jia excitedly. "Their love story began during one of our YOUTHA activities and two rooms have now turned into one room." People have even fallen in love because of YOUTHA.






The one-stop life community makes life much more convenient. The YOUTHA International Apartment Community (Sijing) was equipped with a business center covering various businesses such as supermarkets, convenience stores, and hairdressers in addition to five rental buildings. The Beijing Yinghai project has introduced pet salons especially for the pet-loving youth, which are very popular among the tenants.

Today, the occupancy rate of YOUTHA Apartments has reached about 95%, making tens of thousands of young people feeling secured by providing them with a place to live, supporting them in the pursuit of their dreams.

**Providing Support for the Elderly: Aging with joy and peace**

The year 2009 marked the 10th year of China's effort in alleviating aging population. It was also the year when Shen Yi, Head of Healthcare Department of CR Land, entered the senior housing business. In his 13 years of practice, he has helped the elderly enjoy a peaceful life, including leaders of national ministries and commissions and men on the street.

"We all live in groups throughout our lives no matter which stage we are in, at schools, at work, starting families, or raising children. We are all part of society. When life is over, we no longer have the chance to be part of society and a sense of loneliness starting to sink in." By helping the elderly relieve loneliness and enjoy life in old age, Shen Yi has found his mission and value, which are also where the responsibility and aspiration of the Senior Housing business of CR Land lie.

At the end of 2016, in response to the national policies to address aging population, CR Land established its presence in the senior housing business starting with the Shenyang Run Xin Hui project. In just four years, senior housing business of CR Land has extended to nine cities including Beijing, Guangzhou, Shenzhen, Wuhan, Chengdu, and Nanjing. Eighteen senior housing projects have been carried out, covering four categories including care centers, care communities, rehabilitation hospitals, and vocational schools, providing 6,055 bed vacancies for old-age and medical care.

"The CR Land senior housing business may not be the largest in China, but it is very cost-effective." Shen Yi summed up the core advantages of CR Land's health care business into "cost efficient".

In terms of hardware, CR Land's senior housing business has cooperated with the team of Professor Zhou Yanmian of Tsinghua University to infuse elderly's needs into project design and provide customers with a safe, comfortable, and pleasant healthcare community. The design of Beijing Huangcun Project features large open area and memory gardens for elderly with cognitive disorders to ensure that they have adequate space for activities indoors and outdoors.

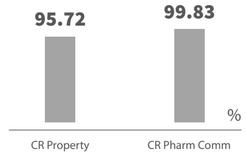
In terms of software, CR Land's senior housing business has developed personalized healthcare programs covering medical treatment, food, housing, nursing, and entertainment for the different needs of self-care and nursing-cared elderly. Seven healthcare service systems have been established to upgrade the quality of old-age life from good to pleasant.

During the pandemic, care institutions are the top priority in pandemic prevention and control. Shen Yi said that in order to ensure elderly health, the Enjoy Ages • Care Center (Nanning) has been under closed management for a long time. Staffs of CR Land are devoted to ensuring a pleasant life for the elderly even at the sacrifice of their own freedom and time.



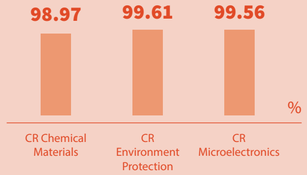


RPQ



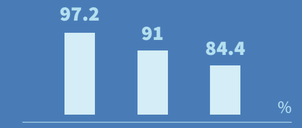



Product qualification passing rate






Customer satisfaction rate




## Concept and Vision

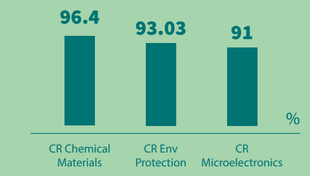
At CRH, we combine innovation and responsibility. In our effort to create world-leading products and services, we give full consideration to every customer's needs and experience, bringing infinite possibilities for each of our clients. All our products and services are supported by a strict quality control management system to make our customers reassured. We have incorporated privacy protection into each section of our production and services to ensure the customers information security while providing them with outstanding experience. Through the use of technology, we endow our products and services with CRH wisdom to help everyone discover and enjoy the beauty of the world.

SDGs Responses




**HKEX ESG indicators covered in this chapter:**
B6.2, B6.4, B6.5

Customer satisfaction rate




Number of new patents added

**693**

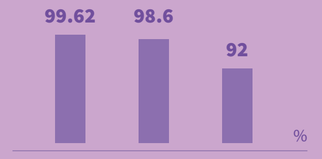
CRH's investment in R&D RMB

**4.66** billion

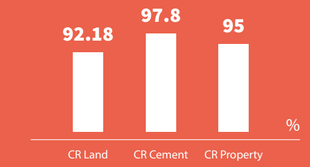
YOY Growth

41.04 %

Customer satisfaction rate




Customer satisfaction rate




(The customer satisfaction rate of CR Land is the average of the customer satisfaction rates of residential and commercial projects)

CRH held a total of 8,568 patents and patent applications

Including 795 international patents

The number of granted patents in force was 5,571

Including 292 international patents in force

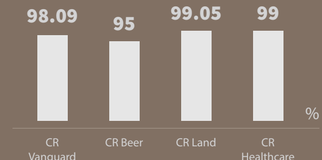
R&D intensity

**0.61** %

YOY Growth

25.78 %

Complaint resolution rate




(The complaint resolution rate of CR Land is the average of the complaint resolution rates of residential and commercial projects)



# Addressing people's needs
# Providing Quality Products and Services for the Public

As a diversified state -owned enterprise in basic industries of people's livelihood, CRH takes providing convenient products and services to the public as both its long-term mission and major task in the new era. In 2021, CRH has continued to enrich its product nature, improve service quality, and ensure the supply of materials and energy, in order to meet the needs of the country and the public.

## Improving Product and Service Accessibility

CRH attaches great importance to the supply of energy and people's livelihood. The Group constantly improves its ability to ensure the supply of electricity, gas, medical care, medicine, and people's livelihood, and guarantee a secure and stable supply of energy and people's livelihood.

### Livelihood

CR Vanguard prioritizes national development, making full efforts to ensure the supply of daily necessities in Nanjing, Xi'an, Shenzhen, and Shanghai among other places affected by the pandemic, as well as regions stricken by natural disasters such as Henan. We have finished the important tasks to guarantee the supply of quality food for the 14th National Games and National Games of Disabled Persons, ensuring zero cases of food security accidents, foodborne stimulant use, food security complaints, and food delivery errors.

**Efforts by CR Suguo**

In July 2021, during the outbreak of Covid-19 in Lukou and Yangzhou, Nanjing, CR Suguo made great efforts to ensure supplies of people's necessities. It increased its inventory and supply of basic necessities (with a daily supply of 500 tons of grain, oil, rice and noodles, 300 tons of fruits, vegetables and meat, 40 tons of eggs, 100 tons of dairy products, 50 tons of convenience food, and 10 tons of disinfectants). It increased the frequency of material delivery and distribution to ensure stable pricing of important daily necessities and that no materials run out of stock. It continued to strengthen its online "no contact delivery service", increasing the number of pickers and deliverymen to quickly respond to online orders and meet the e-shopping needs of residents. The one-hour emergency supply guarantee was launched. Once a community is locked down due to the pandemic, the Suguo stores nearby can distribute daily supplies such as grain, oil, rice and noodles, fruits, vegetables, meat and eggs, convenience food, and drinking water to the designated pick-up point within one hour to ensure that residents' daily life is not affected.

### Market Prices

Since the second half of 2021, influenced by multiple factors, the supply of coal market has been tightened. The price of thermal coal set new highs for a few times, the pressure of coal and electricity supply was huge, and there was difficulty ensuring heating supply for people. CR Power, in quick response to people's needs, set up a special energy supply security team, coordinating various units to guarantee coal supplies, equipment operation and management, and the supply of power and heating, in order to ensure people's livelihood. At the critical time when the national economy and people's livelihood is threatened, CRH stood up to provide electricity and heating support for all households against all odds, receiving praises and letters of appreciation from national ministries and commissions, local governments, and energy administration departments.

### Healthcare

CR Pharmaceutical has built a modern pharmaceutical logistics system to ensure efficient and stable transportation of medicine and devices at the grassroots level and in remote areas, and has improved the accessibility of medicine. It has published videos to promote healthcare knowledge online and organized on-site public health activities to improve the accessibility of health knowledge to the public; In 2021, CR Pharmaceutical actively promoted high-quality products to countries along the Belt and Road area, served customers and patients in over 30 countries or regions, and ensured wide coverage and fair access of medical and health services at home and abroad.

**CR Pharma Comm Self-service Equipment**

CR Pharma Comm is committed to providing customers with quality service. By installing medicine vending machines in fever clinics, patients can take medicine by scanning codes or tapping cards to achieve no-contact automatic prescription and smart medication guidelines. This has greatly improved the efficiency of medicine taking process, reduced the queuing time, and minimized the risk of cross-infection for doctors and patients.

### Finance

CR Finance has continuously optimized small and micro credit business management, ensuring the smoothness of the "last mile" of small and micro financial services. CR Trust is working hard to promote the sustainable development for SMEs. In 2021, it has provided 82 projects totaling RMB 61.9 billion to support over 2,000 SMEs.

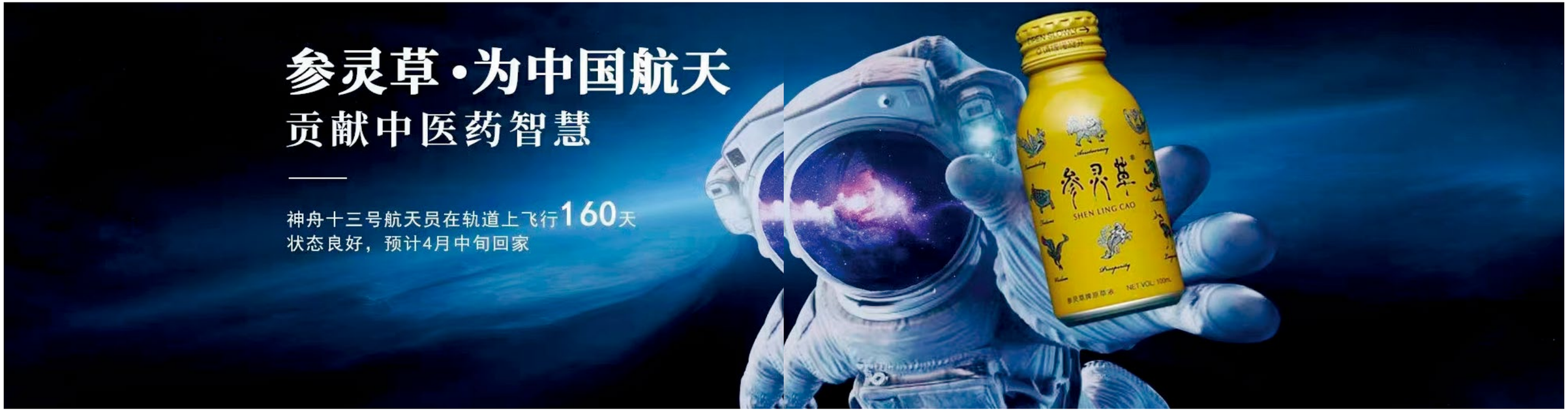
### Science and Technology

CR Microelectronics is one of the few companies in the Chinese semiconductor industry with a full production chain focusing on areas such as analog and power semiconductors, improving the self-sufficiency rate and ensuring the stable supply of chip throughout the industrial chain including wafer production, packaging and testing, mask production, and integrated circuit design.



CR Land focuses on the silver population, providing a variety of healthcare services with premium quality.

## Meeting the Public Demand of a Quality Life




### Livelihood

CR Snow Breweries is the world's top 1 beer brand in terms of single-brand sales. In 2021, CR Snow Breweries implemented the strategy of "achieving success in premiumization" in which the company launched its super-premium new product "Li", premium product "Löwen Fruit Beer" (#485 Rosé)), and carbonated beverage "Snow Xiao Pi Qi". International brands such as "Amstel" and "Edelweiss", etc., are also introduced, so as to constantly enrich its product portfolio and meet the public's demand for mid and high-end beers.

Since CR Land entered the senior housing industry in 2016, it has focused on high-end elderly care complexes and community health care service centers to continuously improve its level of advanced health care services. In 2021, CR Land comprehensively improved its health care business service system. The Enjoy Ages • Care Center (Shenzhen) at Songgang won the CARF International Elderly Care Gold Standard Certificate, with the rate of satisfaction increasing by 20%. The quality services provided were well-recognized by the elderly and their families.

### Medical

CR Healthcare continues to provide innovative and high-quality health products and services and protect public health. Famous brands under the business include CR Sanjiu, Double-Crane, Jiangzhong, Dong-E E-jiao Zizhu, CR Care, Teck Soon Hong, Yuting, and Boya. CR Double-Crane has profound experience in chronic diseases, infusion, pediatrics, and nephrology. In July 2021, it introduced the Fascin protein inhibitors from Novita Pharmaceuticals Inc. in the United States, which can be used as a potential tumor metastasis control oral drug, to provide more and better treatment for tumor patients. CR Jiangzhong is the "pioneer of TCM inheritance and innovation". Its product "Shenlingcao" accompanied Chinese airships into the space for four consecutive times from "Shenzhou X" to "Shenzhou XIII".

### Science and Technology

In 2021, the annual polyester capacity of CR Chemical Materials was 1.6 million tons (excluding the 500,000 tons of production completed in Zhuhai Phase III), and the production capacity of bottle grade polyester chips ranked fourth in China and seventh in the world. The PETG special polyester phase I project was successfully put into production, breaking the monopoly of European and American countries in the field of PETG, a weak line of China's engineering plastics industry. Its self-developed rPETG product was successfully applied in the 2022 Winter Olympics and Paralympics, leading the green development of the industry. The PET foam, as a new type of high performance lightweight green materials, was included in the Catalog of National Weak-link New Materials and applied in areas including architecture, railway traffic, wind power, cars and yachts. In 2021, CR Chemical Materials' high performance PET foam phase I project entered industrialized construction and passed the DNV certification of the wind power industry.



CR Chemical Materials' PET foam production line

# Higher-standard Quality Management System




**Certified**

| | | |
|---|---|---|
| Quality control IOS9001 | Automobile industry quality standards IATF16949 | SONY Green Partner Sony GP |
| Hazardous substance process management QC080000 | Information security management ISO27001 | ESD Protection management ESD20.20 |
| Environmental management ISO14001 | Occupational health and safety management ISO45001 | Energy management ISO50001 |

CR Microelectronics' product and service quality control system has been certified by international and domestic authoritative certification bodies and successfully passed the auditing of 285 key customers, including Samsung, MPS, UAES, BYD, Schneider, and Goer Acoustics.

## Improving the High Standard Quality Control System

During the Covid-19 pandemic, **CR Vanguard** enhanced daily inspection and reviews, strengthened the disinfection of facilities and public areas, and strictly implemented the acceptance check process of fresh commodities, as an effort to ensure "zero infection" and safety of employees and customers;

**CR Land** has improved the CR Land Quality Control System Construction Regulations among hundreds of internal product quality control policies, carrying out ISO9001 and other quality system certification and third-party quality assessment;

**CR Pharmaceutical** has successfully gotten all its pharmaceutical manufacturing businesses obtained GMP certificates while all its pharmaceutical businesses have passed the domestic GSP certification. Businesses such as Dong-E E-jiao, CR Jiangzhong, and CR Sanjiu have passed the ISO9001 quality control system certification. Multiple company laboratories have passed the CNAS certification;

**CR Microelectronics** has set up a quality control system according to ISO9001 and IATF16949 quality control standards to improve the coverage of quality control and capability of implementation;

**CR Chemical Materials** has established and implemented ISO9001: 2015 quality control system to realize the whole process of control and management and to ensure product quality and safety.

## Empowering Quality Control

CRH has encouraged all staffs to acquire new skills as well as laws and regulations on food and drugs by holding various competitions on quality check, technology, and essay solicitation, and promoting quality control practice through internal electronic publication EHS Information and the official website, creating an enabling environment for strong quality control. In 2021, the Group held two training sessions for internal auditors of the EHS management system, which systematically improved the internal audit capability of the Group's EHS management system.

**Vertical Quality Control Training and Competition**

In a quality control knowledge contest for state-owned enterprises organized by SASAC, a total of 306,000 CRH employees participated, accounting for 76.5% of total number of employees. Among them, the participation rate of nine business units was 100%, and multiple business units had a participation of more than 10,000 persons. This was a testament to the enthusiasm of the Group's staff about the contest and their willingness to enhance quality control. In 2021, CR Healthcare organized 52 training sessions on quality management covering core systems, clinical nursing skills, legal practice, management tools, and pandemic prevention and control. CR Cement Foshan carried out special trainings on production and quality control for laboratory technicians to learn the quality control requirements on concrete products and raw materials in national standards, industry norms, and management manuals, to improve the professional technology and capability of the personnel in each position.

## Improving Quality Control Levels

The Group has continued to carry out lean management through the implementation of tools such as 5S management and minor improvement. We encourage entry-level employees to actively find problems based on their jobs, eliminate on-site quality and safety risks, and continue to implement refined quality control. Focusing on the weaknesses and difficulties of quality control, we have carried out extensive improvement activities, summarized and shard common improvement experience within the Group, and improved the quality of corporate management. According to the industry characteristics of each business unit under the Group, we focus on businesses in old revolutionary base areas, minority areas, remote areas, and new areas or those with quality issues and high-risk products, and provide quality supervision and support to achieve good quality control.

**CR Snow Breweries** has organized each factory to check the problems and risks in the management of quality and safety accidents, quality complaints, traceability and recall, compliance, etc. by referring to the EHS management rules of the Group and the 24 SnowMS•QFS key factors. It has formulated effective control measures to ensure that the problems and risks are effectively solved and controlled.

**CR Vanguard** has continued to improve its fresh goods quick inspection laboratory, equipped with full-time testing personnel and professional testing equipment to conduct special testing on meat, fruits and vegetables using the grading control mode for high-risk and regular single products. In 2021, 11 fresh goods distribution centers conducted agricultural residue testing on 823,000 batches of products, a year-on-year growth of 41.99%.

**CR Ng Fung** Hong Kong Meat Business Division has used an APP and a POS machine to upgrade and improve its existing delivery system, reducing the error rate of manual operation.

**CR Jiangzhong** Wanli Manufacturing Base organized and carried out special research on the quality problems of Hualian aluminum machines such as drug leakage and skipping due to camera system failure, as a way to solve the phenomenon of packaging cavity of the 20-plate indigestion tablets and improve the product's packaging quality.



CR Double-Crane's soft bag infusion automatic production line implements strict quality control in every section.

## Stricter Anti-counterfeit Publicity and Potential Risk Warning

CRH respects and strictly implements the requirements of the Advertising Law of the People's Republic of China, the Law on the Protection of the Rights and Interests of Consumers, the Law Against Unfair Competition among other laws and regulations. Regulating the characteristics, pricing, and quality of products and services within the scope of its activities, the Group's continuously conducts fair marketing, carefully chooses the terms used in advertisements, and resolutely opposes false advertising.

**CR Gas** has intensified its standard of the legitimacy and compliance of publicity plans and promotional documents, formulated conduct norms for the marketing personnel in the advertising and launching, product sales, and contract signing, and prohibited the dissemination of misleading product information and overcommitment.

**CR Property** has provided authentic and accurate promotional information for its products and services. Its affiliated hotels have regularly conducted compliance checks on the room prices and room descriptions through online channels, and have strictly reviewed the activity rules to ensure the authenticity of online information.

**CR Microelectronics** has carried out responsible marketing activities, strictly prohibited false or misleading publicity, and protected the legitimate rights and interests of customers by enriching potential risk warning channels.

## Fair Trading

Adhering to the principles of voluntariness, fairness, compensation of equal value, and integrity, CRH provides goods and services with quality assurance, reasonable pricing, and correct measurement. The Group firmly refuses market monopoly and price pushing to safeguard consumers' right to choose products and services freely;

Adhering to the principle of voluntary and fair trading, **CR Gas** is committed to maintaining the market trading order and pursuing win-win cooperation among customers, the company, and the society;

**CR Pharma** has promoted all companies to develop systems including the Drug Instruction and Label Management Rules and Management of Packaging Materials for Production. It has strengthened the drug packaging labeling review, clarified the adverse reactions that may occur to some patients during medication, and standardized the procedures of product packaging design, advertising, trademark application and use, to ensure fair information and protect customer rights and interests;

Based on customer demands, **CR Asset** insists on providing customers with true and fair product and service information. It has publicized asset disposal transactions by listing and adopts opening bidding to dispose property assets, to ensure the transparency and fairness of the transaction process;

When establishing entrusting relationships with clients, **CR Insurance Brokers** formulates a power of attorney or an entrustment agreement and notifies clients of relevant information and customer rights and interests; Service consultation calls, complaint hotline, and "anti-money laundering" monitoring have been established to protect clients from being misled and to prevent illegal sales such as forced sales and tied sales.

## Customer Information Protection

CRH attaches great importance to customer information management. It has organized all employees to sign confidentiality agreements and highlighted to them the importance of confidential work. It has formulated and implemented Confidentiality Management Methods and Classified Personnel Management Methods. It has defined the scope of confidential information and management of confidential work, and carried out cybersecurity education and skills training. Over 740,000 employees of the Group participated in the activities throughout the year, with their understanding of cybersecurity greatly improved. Priority was also given to strengthening data security and customer privacy protection, with data security compliance inspection carried out for units with large customer information. Common risks were summed up and improvement plans were formulated; To promote the research and development of cybersecurity products and the transformation of achievements, CRH has independently developed a "three-smarts" management platform for management, monitoring, early warning, response, and collaborative automation on cybersecurity, and built a cybersecurity operation system based on security command, situation analysis, and security linkage, acting as a solid defense line for customer information protection.

**Dedicated Efforts of CR Finance to Protect Information Security**

CR Finance has formulated customer privacy protection standards and set up a series of physical, electronic, and procedural preventive measures to ensure that customer information is highly confidential.

CR Trust has established Guidelines for the Protection of Personal Information of Financial Consumers, clarifying the requirements for the collection, use, and preservation of personal information, and taking measures such as systematic authority management, file management, borrowing and reading management to strengthen the protection of customer information. It is expressly forbidden to tamper with or illegally use personal information, or provide personal financial information to a third party in violation of laws and regulations, the company's system, or without customer's authorization or consent; The investigation and improvement of system information security has been completed. Anti-leak terminals have been installed to protect data of all staff and effectively implemented the standard requirements of personal information security management. In 2021, the company did not have any information security incident.

CR Asset has fully implemented the "four defenses", i.e. "human defense, control defense, technical defense, and physical defense". Investment in information security infrastructure construction has been enhanced, and information system operation and maintenance management has been strengthened; Information security training has been provided for staffs to improve their overall capability of ensuring data security.

# Product Knowledge Promotion

In 2021, CRH carried out product knowledge training and publicity activities for consumers to communicate product knowledge, improve consumers' understanding of CRH products and services, provide training to business partners, and empower customers with high-quality development.

**CR Snow Breweries** held the "Fire Pistol" project for major customers across the country, providing a platform for empowerment, interaction, and information sharing for 500 dealers to improve their management.

**CR Gas** customized training programs for specific customers to regulate their behaviors in the safe use of products and improve their awareness of safe use of gas, so as to protect the life and property of the public;

**CR Pharma Comm** continued to publicize drug and medical knowledge through medication consultation, chronic disease awareness campaigns, and patient education by experts and professors.

**CR Sanjiu** held six public welfare lectures for consumers throughout the year to promote the awareness of nutrition and health, and to communicate the knowledge on scientific and rational drug use.

**CR Zizhu** carried out adolescent health knowledge campaigns in 30 colleges and universities in 6 cities across the country. Nearly 70,000 college students participated in the lectures and campus events as a way to build a correct understanding of physical and mental health.

CRH held adolescent health knowledge lectures into the popular science activities on campus which attracted nearly

**70,000** college students

# Smarter After-sales Service

## Active After-sales Service System

In 2021, the businesses under CRH carried out after-sales services to improve customer satisfaction.

**CR Gas** established a standardized one-stop service system to actively provide customers with after-sale services such as door-to-door meter reading, gas safety inspection, and emergency maintenance. It provides customers with a variety of online payment methods for users to choose from according to their needs.

**CR MIXC Lifestyle** opened complaint channels on multiple platforms as a way to communicate with consumers, respond to their demands in a timely manner, and improve the efficiency of handling customer complaints.

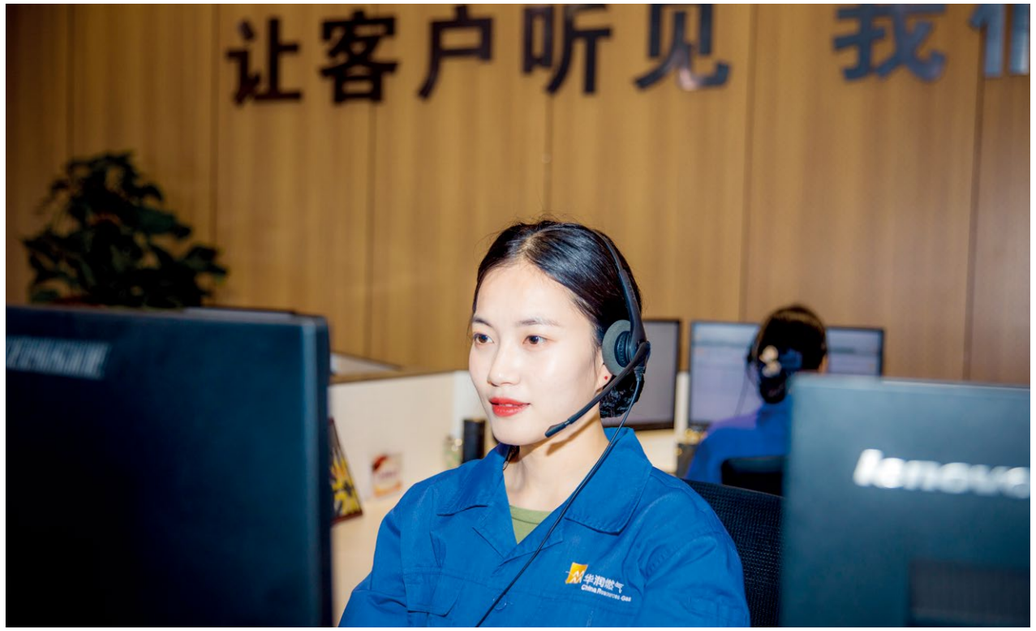
In 2021, **CR Property's** Customer Service Department of Thailand Changchun Land visited 81 tenants to understand their needs and make improvements in time. Throughout the year, CR Property received 15 letters of appreciation;

**CR Life** improved the 7-day return and exchange regulations and after-sales services system of its member mall, set up online customer services and 400 remote staffs to answer customers' questions on purchase and after-sales services in time.

## Responding to Consumer Complaints Actively

CRH has flexibly utilized the Internet to facilitate and standardize the process of making complaints and improve its complaint handling capacity. In 2021, the Group's average complaint resolution rate reached 99.41%.

**CR Land** formulated a graded and classified complaint handling mechanism for different business formats such as residential projects, commercial projects, hotels, and filmmakers to improve the efficiency of handling customer complaints. It promoted online complaint channels as well as the customer service hotline 4001099888 and "CR Service" applet to handle customer complaints at any time while realizing online tracking of the reporting and repair process; Progress of complaint handling was followed up through return visits of customers and daily spot checks to improve efficiency of the customer services team. A special follow-up mechanism was established for major customer complaints; CR Land also assigned customer service personnel based on natures of complaints to make sure that customers are responded to within 30 minutes and a first reply with possible solutions is received within 48 hours. In 2021, CR Land received 29,773 customer complaints in residential projects nationwide, with a complaint closure rate of 99.39%.




CR Gas extended staffs working hour to answer consumer inquiries with patience, assign complaints received and protect consumers' legitimate rights and interests.

**CR Vanguard** set up a professional customer service center, and formulated Operation Guidelines on CR Vanguard National Customer Service Center Service, Regulations on CR Vanguard Stores Customer Complaints Handling, CR Vanguard Major Operational Incident Feedback Mechanism. These systems standardized how the national customer service center accept and handle customer consultation and complaints, guaranteeing customers with timely handling of complaints, shorter processing time and greater satisfaction. In 2021, CR Vanguard received 50,118 customer complaints and 49,160 of which were completed , with a resolution rate of 98.09%.

**CR Ng Fung Shanghai Co., Ltd.** created an online "product quality feedback" group based on the existing telephone complaints system. The new practice allows salesman to act as an bridge to learn customers' needs and to provide initial suggestions as well as to make timely adjustments and improvements on products and services.

**CR Cement Yuede Co., Ltd.** collected customer feedback on products during customer visits and answered common questions they encountered in terms of product usage to build customer confidence.

**CR Jiangzhong Sanghai Co., Ltd.** sorted out and optimized its quality complaint handling process and established a WeChat Group for market feedback to handle consumer complaints in time. **Jisheng Co., Ltd.** assigned specialist to monitor complaints and public opinions, strengthened the construction of complaint channels, and improved the efficiency of handling customer complaints.

## Loss Stop and Compensation

In 2021, CR Gas introduced industrial and commercial gas insurance products to ensure customers' gas safety and cooperated with insurance companies to provide users with an extra RMB 200,000 dollars of Covid-19 insurance to ensure their personal safety. In the same year, CR Gas settled more than 1,200 customer claims through insurance companies, recovering more than RMB 2.2 million of property losses and providing safety insurance services for 2.7 million households.

Claims settled by CR Gas through insurance companies exceed

**1,200** customer claims

Amount recovered property losses exceed RMB

**2.2** million

Safety insurance services provided by CR Gas mounted up to

**2.7** million households

# Advocating Sustainable Consumption

**CR C'estbon** encouraged direct distribution to customers to reduce logistics costs including electricity and gasoline consumed during by product transition. It carried out cardboard boxes recycling and "cardboard boxes for water" activities nationwide to support economic circulation and sustainable consumption.

**CR Cement** recycled recyclable materials and products and continuously reduced the consumption of natural resources in material use and product manufacturing. It improved product technology while producing and selling products in a green and environmentally friendly way to realize sustainable consumption.

**CR Property** advocates employees and tenants to incorporate the concept of sustainable consumption into their daily life through external publicity and internal education every year. All subsidiary hotels provide rooms with environmental protection cards, which encourage guests to reduce the use of hotel disposables and wash of bedding.

**Dong-E E-jiao** formulated a Management over Quota of Packaging Materials to strictly control consumption of packaging materials and reduce scrap losses.







CR Property Chinese Arts & Crafts Division was awarded the "2021 Service Retailer of the Year Award (Elegant and Fashionable Lifestyle) " by the Hong Kong Retail Management Association.

# Improving Customer Satisfaction

In 2021, CRH keep improving the customer relationship management system, fine-tuning customer satisfaction survey cannels, enhanced data analysis while, at the same time, carrying out closed-loop management of customer relationships and boosting customer satisfaction.

**CR Gas** brushed up customer relationship management policies and system, clarified business goals and targeted satisfaction indices of the year, as well as carried out cross-checks on customer satisfaction to equip employees with more mature customer service abilities. Meanwhile, it promoted their excellent service concept and management .In 2021, third-party customer satisfaction survey of CR Gas received18,660 valid samples, ranking in the top 1% with a score 91 marks which is 30% higher than the average for public utilities.

**CR Property** Chinese Arts & Crafts Division scored 95.31 points in the 2021 "Mysterious Shopper Program", and was awarded the "2021 Service Retailer of the Year Award (Elegant and Fashionable Lifestyle)" by the Hong Kong Retail Management Association, in recognition of its outstanding performance in customer service.

**CR Life Sciences** carried out field visits to eights on-campus enterprises. The overall customer satisfaction was 100%.

**CR Digital** regularly analyzed user feedback and constantly optimized its service proposals according to the results of the user satisfaction survey.. In 2021, the customer satisfaction score of its subsidiary, Runlian Technology, was 84.4% and the user satisfaction score was 83.6%. The customer satisfaction score of online experience was 92.7% and the user satisfaction score was 91%. Its scores in the two indices are on steady rise year by year.



# Driven by Innovation, Empowering a Better Life

In 2021, CRH sped up the entire process of technological innovations by pumping RMB 4.66 billion for annual R&D investment with a year-to-year increase of 41.04%. while R&D work intensified by 25.78%, empowering a better life for the public by achieving innovation.

## Innovate Systems and Measures

In 2021, CRH established a sound innovation mechanism, established and refined the Scientific and Technological Innovations Committee and a Scientific and Technological Innovations Department. It also issued the CRH Guidelines on Scientific and Technological Innovation, and came up with special plannings on the area during the 14th five-year plan, developed systems such as the Management Regulations on Scientific and Technological Innovations. Moreover, it held the first Scientific and Technological Innovations Conference. Such efforts have sped up the building of the scientific and technological talent team covering “four layers and four categories”.

### Consumer Products

CRH has leveraged new technologies, new materials and new craftmanship to green, healthy, safe and quality products. In particular, CR Snow has strengthened researches on biochemical and packaging technology, and explored new raw materials. CR C'estbon has carried on low sugar and low fat technology; Ng Fung has focused on upgrading formula and craftmanship for constant development of new products.

### Healthcare

In the pharmaceutical sector, greater efforts have been made in the technology and product innovation in the fields of branded drugs, generic drugs, and new formulations. CR Healthcare has worked hard on developing its advantageous disciplines and clinical trials of drugs and devices. CR Pharma Comm has focused on the digital upgrade of supply chains, construction of smart cloud warehouses, and building of a service platform.

### Integrated Energy

CR Power has increased research and application of new technologies such as energy storage, hydrogen energy, and carbon capture and utilization. CR Gas has focused on the research, development, and application of clean energy technologies and products, and strengthened efforts in the research and application of the urban gas pipe network simulation system.

### Industrial Finance

To build an "Industrial Chain + Finance + Internet" ecology, subsidiaries including CR Bank, CR Trust, CR Asset, and CR Capital Management have focused on product innovation and systematic digital transformation.

### Urban Construction and Operation

With primary focus on smart cities and innovation incubation, CR Land has launched research on key topics namely resilient cities, low-carbon cities, and BIM; CR Cement has conducted targeted research on development of quality materials with low energy consumption and emission; CR Property has actively explored new technology application in the property service scenarios.

### Technology and Emerging Sectors

CR Microelectronics has given full play to its advantages in filling up the technological shortcomings and market gaps of the country, and speeding up the replacement by home-made facilities; CR Chemical Materials has been making breakthroughs in the field of high performance polymers and high performance fiber with polyester as foundation; CR Env Protection has focused on water and solid waste, and has launched R&D on low-carbon and energy-saving sewage treatment and utilization technology while developing core technologies and smart equipment for solid waste treatment and disposal.

## Stepping up the Industrialization of Technological Products

In 2021, CRH improved mechanisms for R&D projects selection and landing in order to build a highland for scientific and technological innovations based on major projects and platforms.

**CR Power** has focused on the emerging markets of energy storage technology and energy use management. Through innovative R&D practice and project promotion, it has promoted the implementation of 11 new energy projects, with a cumulative contract value exceeding RMB 100 million.

**CR Gas** has built an internal innovation ecosystem through scientific and technological projects, making full use of funds and other financial technology means to rapidly realize its industrial layout. In 2021, its transformation of scientific and technological achievements reached RMB 76.2592 million.

**CR Digital** has launched the Runlian Industrial Internet platform and IT innovation cloud platform. It has also created SmartSeco, a cybersecurity management and operation technology intelligence platform based on human bionics, and Runshujin, a big data platform, exporting a series of standardized and benchmark products.

Number of new energy projects launched by CR Power

**11**

In 2021, scientific and technological achievements generated RMB

**76.2592** million

## Promoting Digital Transformation

In 2021, the Group held the Intelligent and Digital Conference, where CR Digital was established. Continuous efforts have then been made to promote and apply multiple public smart technology platforms such as industrial Internet, AI, data centers, and data banks in order to promote the digital upgrade and coverage of key business links in all companies under the Group.

In 2021, CRH's industrial Internet platform was built and put online, piloted by seven subsidiaries in nine application scenarios with 18 industry APPs developed. The Group has also launched its AI platform, piloted by more than 5 units in over 15 scenarios.

In 2021, CRH deepened the application of data around its business scenarios, profoundly exploring the value of data to continuously set up the benchmark for smart and digital transformation.

**CR Snow Breweries** as carried out the pilot construction of the industrial Internet. The efficiency of work order handling in the piloting factories increased by 89%, with paperless rate reaching 100%, and the quality traceability rate reaching nearly 100%.

**CR Vanguard** recorded 5 times higher average performance of common functions of the financial accounting system after adopting "Cloud" technologies, and the efficiency of general ledger reporting engine has increased by nearly 8 times.

**CR Land** used technologies such as the Internet of Things and big data to reduce on-site inspection frequency and work order entry operations for project personnel, saving about 20% of workload.

### Consolidating the Foundation for Digital Transformation, Building a Shared Digital Platform

#### Online Working Platform

- Promoting capability upgrade of the platform V2.0
- Promoting pilot application and large-scale promotion of the platform

The industrial Internet platform is the new infrastructure of China's "digital economy", providing the methodology and important foundation needed for the digital and smart transformation of the Group during the 14th five-year plan.

#### CR Cloud

- All units adopting and adapting into cloud technologies
- Relocating the Group's disaster recovery center and constructing cloud disaster recovery center
- Improving the PaaS capability and service quality of the cloud platform

CR Cloud provides a unified digital base for the Group's digital transformation, and reduces the threshold of technology use and IT resource costs for the Group and all units by providing IaaS, PaaS and SaaS services.

#### AI Platform

- Promoting the in-depth exploration of AI application scenarios in business units and the construction of demonstration projects; expanding the piloting scope of AI technologies and platforms
- Continuing to improve the functions of AI platform and enriching its basic algorithms and modelling

AI technology is key to driving digital transformation. In the exploration of technology application and transformation, the Group is required to coordinate the progress by providing platform services and launching demonstration projects, so as to reduce the threshold of technology application.

#### Digital Technology Platform

- Reducing repeated construction of applications and waste of resources by upgrading and maintaining the common capabilities of the digital technology platform

As an important development platform for common digital transformation technologies of the Group, it reduces repeated construction of application modules through unified construction of technology bases and component reuse, laying a solid cornerstone for system interconnectivity.

#### Data Platform

- Upgrading capabilities of the Group's data center, data governance platform, and common data sharing and exchange platform
- Exploring the privacy computing platform, reducing application costs of business unit data, and providing better data sharing and supporting applications for the Group

The common data platform provides services such as data collection, storage, processing, analysis and presentation, management and control for the Group as well as support for data interconnectivity.

## Receiving New Patents and Major Innovation Awards

**CR Power** has continued to make great efforts in traditional fields of innovation such as network source coordination and energy saving technology. It has also increased investment in new fields such as digitalization and intelligence. It has won 22 provincial and ministerial science and technology achievement awards, including 5 provincial science and technology progress awards, 16 power industry achievement awards, and one Best Science and Technology Innovation Award of CRH.

**CR Gas** has obtained 2 new authorized invention patents and 76 new authorized utility models, won 12 science and technology achievement awards, led or participated in the compilation of 5 standards, and undertaken the provincial major special project "5G + smart gas".

**CR Life Sciences** of have obtained 12 software copyrights with 8 R&D cooperative projects and applied for 13 patents, of which 2 have entered the substantive review. One new technology on animal model has been formed, and several papers have been published in journals.

**CR Env Protection** has launched research projects on digital carbon markets and carbon peaking and carbon neutrality paths. 13 new patents have been applied and 4 utility model patents have been authorized.

**CR Digital** has 67 products included on patent lists and 13 patents have been authorized. The Runlian software, CR Cloud project, and the "Snow Breweries Production Data Collection APP" have all won major innovation awards or benchmark cases within the industry.



CR Microelectronics was listed among the first batch of original technology source bases by SASAC.

Executive editor: Yu Feng Contributors: Fan Wenwen, Liu Chao, Shang Jian, Qin Longling, Cheng Xiao, Hong Gengbiao, Gao Fang, Wang Wenjian



## Commitment and Its Performance

| Commitment Made in 2021 | Commitment Performed in 2021 | Commitment Made in 2022 |
|---|---|---|
| To respond to national strategies and related policies, keeping a close eye on people's livelihood, and making full use of the Group's smart technology platforms, to carry out more forward-looking explorations around the Group's business. | The Group took science and technology and emerging industries as the driving force for future development. It accelerated the development of businesses such as new energy, medicine and medical care, digital technology, professional sharing services, etc. CR Microelectronics has filled up the national technology shortcomings and market gaps of the country and sped up the replacement by home-made facilities, CR Chemical Materials made breakthroughs in high-performance polymers and high-performance fibers; CR Env Protection focused on water and solid waste, and developed core technologies and smart equipment for the treatment and disposal of solid waste. | |
| To further increase the Group's overall R&D investment, focusing on improving the R&D level of core technologies, to provide stronger organizational guarantee, and perfect innovation mechanism. | In 2021, the Group's overall R&D investment was RMB 4.66 billion, with an increase of 41.04% compared with the same period last year. Meanwhile, R&D efforts intensified by 25.78%. The Group also established the Science and Technology Innovations Committee and the Science and Technology Innovations Department, issued the CRH Guidelines on Scientific and Technological Innovation, formulated special plannings on scientific and technological innovation during the 14th Five-Year Plan while developing systems such as the Management Regulations on Scientific and Technological Innovation for the Group, in order to identify the platforms and carriers of R&D and innovation. | The Group will intensively promoting scientific and technological R&D and digital transformation, unswervingly increase R&D investment, actively improve R&D capabilities, and make innovations in scientific and technological innovation systems and mechanisms.<br><br>The Group will actively carry out pilot application of common technology platform to promote data circulation and sharing within the Group; Subsidiary business units will try actively to accelerate the digital upgrade and coverage of key links, deepen data application, explore the value of data around business scenarios, and set up benchmarks for the smart and digital transformation. |
| To take full advantages of smart technology platforms, such as industrial Internet, big data, artificial intelligence, Internet of Things, and blockchain, so as to explore new modes and incubate new business relying on the Group's data bank. | In 2021, the industrial Internet platform of the Group was completed and put online, piloted by seven subsidiaries in nine application scenarios with 18 industry APPs developed.; The Group also launched its AI platform, piloted by more than 5 units in over 15 scenarios. | |
| To continue with targeted customer satisfaction surveys, and to improve customer training, after-sales service systems, and complaint dispute handling mechanisms based on the survey results. | CRH flexibly used Internet tools to facilitate and standardize the process of making complaints and improve its complaint handling capacity. In 2021, the Group's subsidiaries maintained a high level of customer satisfaction. The average resolution rate of complaints reached 99.41%. | The Group will continue to carry out various forms of customer satisfaction survey and improve the after-sales service system. |
| | The Group constantly improved its ability to supply power, gas, medical, medical and daily necessities, making continuous efforts to provide quality products and services. | The Group will try to ensure the supply of energy and materials for people's wellbeing and enrich the product and service portfolio. |



# Environmental Responsibilities

## Care for and Protect the Earth



# Environmental Responsibilities

Care for and Protect the Earth





# Story 4

## Green Development, the Password to Resolve the "Carbon Peaking and Carbon Neutrality" Dilemma

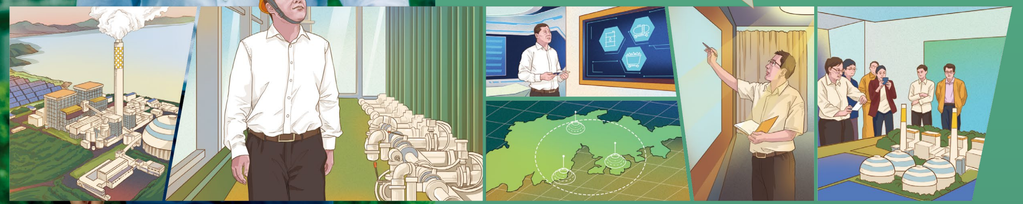
### — CR Power's CCUS Demonstration Project

CR Shenzhen Power Plant located in the Shen-Shan Special Cooperation Zone has been working on $CO_2$ emission reduction technology for many years and has built the world's third and Asia's first multi-threaded $CO_2$ capture technology test platform based on supercritical thermal power plants. As the only CCUS demonstration unit in Guangdong Province, this project is a successful example of CR Power practicing the concept of green development.

It's essential for CR Power, a major carbon emitter, to reduce carbon emissions.

**Hu Liming**

Head of Low-carbon Business Department of China Resources Power (Shenzhen) Company Limited and Head of Operation of Guangdong Runtan Technology Co., Ltd.



In 2019, the world's third and Asia's first CCUS test platform was completed at the Shenzhen Power Plant thanks to the combined efforts of many committed individuals.

Hu Liming is in charge of the one-million-ton CCUS project of CR Shenzhen Power Plant and is fully engaged in the research and development of a new amine solvent system and energy-saving process package for carbon capture which will strongly contribute to the realization of the Group's low-carbon transformation goals. Having worked in CR Power for nearly a decade, Hu Liming deeply feels that green and low-carbon development is a key purpose for CR Power as a state-owned energy enterprise. "CR Power deeply practices the carbon peaking and carbon neutrality strategy, puts long-term social value above short-term economic benefits and takes the promotion of national ecological civilization as its corporate responsibility and commitment."

**Developing CCUS Network to Support "Carbon Peaking and Carbon Neutrality" Strategic Goal**

According to a report, it is expected that about 20% of China's fossil energy consumption will be carbon neutral only through carbon capture by 2060 . "Carbon Capture, Utilization and Storage (CCUS) is an important emission reduction technology to address climate change and a basic technology to achieve carbon neutrality," said Hu Liming.

With the support of government departments and CRH, CR Shenzhen Power Plant decided to invest RMB100 million in the CCUS demonstration project in Guangdong Province as early as 2017 beginning the necessary preparations. In 2019, CR Shenzhen Power Plant began operations in what was Asia's first multi-threaded carbon capture test platform which was used for the testing, verification, promotion, application and scientific research of the latest CCUS technology. In 2022, CR Power invested more to upgrade CCUS layout and built the first testing platform for small, medium and large laddering research and development in China exploring a new path to promote the localization and technological progress of carbon capture technology.

According to Hu Liming, CR Power has captured more than 30,000 tons of carbon dioxide through this platform by 2022 which is equivalent to the amount of carbon dioxide absorbed by more than 1,600 trees based on 18.3 tons of carbon dioxide absorbed by one tree per year. Therefore, the platform has significant social and environmental value.

The high cost and low efficiency of CCUS has always been a common problem in the industry and is also a key difficulty that needed to be overcome by Hu Liming and his colleagues at CR Power. The key to the solution rested on the effective use of captured $CO_2$. After comprehensive research and long-term testing during the research and development phase, CR Power employees zoned in on microalgae-based emission reduction and dry ice conversion technology. With the help of Zhejiang University and after repeated innovative experiments and debugging, they finally turned a large-scale, efficient and low-cost microalgae carbon sequestration process into reality. Compared with the traditional process, the column-type microalgae photosynthesis reactor developed by CR Power can increase the yield of microalgae and fixed carbon dioxide per mu by 5 times greatly reducing the floor space of microalgae carbon sequestration equipment. "This project provides economically feasible technology for the large-scale industrialization of flue gas carbon dioxide emission reduction in China." Cheng Jun, leader of the national key R&D project "CO2 flue gas microalgae emission reduction technology" and a professor at Chongqing University, gave high praise to the project: "Despite difficulties and challenges encountered in the technological innovation and business development process, CR Power colleagues have been struggling day and night to reach carbon peaking and carbon neutrality goals and it's commendable."



Shenzhen Power Plant has become a CCUS talent training base hosting more than 6,000 people for research activities.

With leading CCUS technology in China, we trained a CCUS service team for low carbon transformation.




Looking back on the development process, Hu Liming was full of emotions. "Although the performance of Shenzhen Power Plant was not satisfactory in the past two years due to high coal prices, technology innovation has not halted but sped up thanks to the strong support from our company," he said.

In 2021, CR Power took a big step forward in $CO_2$ utilization. China's first column-type microalgae photosynthesis reactor project and the dry ice conversion project were completed in CR Shenzhen Power Plant. These two projects can not only effectively reduce the total carbon emissions of society but also generate high input-output benefits and realize the commercial operation of $CO_2$ emission reduction. Once the technology is perfected with research and development, both projects can be rapidly extended to other related enterprises and power plants owned by CR Power to empower the "carbon peaking and carbon neutrality" strategy and achieve both economic benefits and social value.

In addition, CR Power has built the first CCUS international exchange exhibition hall in China in the spirit of openness and sharing based on the carbon capture test platform which has received more than 6,000 visitors and it has cooperated with research institutes such as Hong Kong Polytechnic University and Zhejiang University to popularize CCUS technology, train professionals and disseminate low-carbon emission reduction concepts which have enhanced public recognition of CRH's active fulfillment of social responsibility and demonstrated the importance of the green and low-carbon concept at CRH.

Hu Liming emphasized, "We do not aim to make a profit but to advance CCUS technology in China. As long as we adhere to the spirit of openness and sharing, the carbon capture test platform in Guangdong will become a well-known CCUS R&D and test center in the Guangdong-Hong Kong-Macao Greater Bay Area."

**Practicing Green Development and Fulfilling the Responsibilities of a State-owned Enterprise**

China advocates green development and CR Power also takes it as a direction for its social responsibility strategy. During the "13th Five-Year Plan" period, CR Power made active explorations for the development of green and low-carbon energy economy in response to the national energy strategy which has effectively safeguarded national energy security.

From 2015 to 2021, CR Power delivered excellent results helping reduce pollution and emissions. NOx emissions decreased by 20,600 tons or 48.4% year-on-year and $SO_2$ emissions decreased by 21,400 tons or 63.5% year-on-year. From 2013 to 2021, CR Power's comprehensive water consumption for power generation decreased by 79,429,600 tons or 28.92% year-on-year.

During the same period, CR Power developed the integrated energy business with gusto and achieved remarkable achievements. In 2017, CR Power tapped international capital markets by acquiring a 12% stake in the Dudgeon offshore wind farm in the UK. In May 2019, the world's third and Asia's first multi-threaded carbon capture test platform was commissioned. In August 2019, CR Shenzhen Power Plant's 30MW/15MWh-battery-capacity energy storage and frequency regulation project, one of the National Energy Administration's first batch of pilot demonstration projects on science and technology innovation (energy storage), came into operation. In October 2019, Cangnan No. 1 offshore wind power project in Zhejiang was approved and became the first parity offshore wind power project in China. In 2020, the world's largest sludge blending and full volume disposal project was put into operation at CR Shenzhen Power Plant. In 2021, the microalgae carbon sequestration and dry ice conversion project was completed and put into operation in CR Shenzhen Power Plant. By the end of 2021, CR Power operated an installed capacity of 60,465MW with a 32.2% share from renewable energy operations.

CR Power achieved results in green and low-carbon transformation and fully demonstrated its responsibility and commitment as a central energy enterprise. In July 2021, China Resources Power Shenzhen Co., Ltd. was awarded the title of "Outstanding Contributor to Pollution and Carbon Reduction" by the People's Government of Guangdong Province becoming the first power enterprise in Guangdong to receive the award. During the "14th Five-Year Plan" period, CR Power has positioned itself as a "clean energy supplier" and an "integrated energy service provider" and will strive to double the use of renewable energy and accelerate the green and low-carbon transformation with the ultimate goal of building a world-class clean energy enterprise with global competitiveness.

CR Power has never stopped pursuing lucid water, blue sky and clean soil. Guided by the carbon peaking and carbon neutrality strategy, CR Power will fulfil its social responsibility and commitment as a central enterprise and accelerate energy transformation to protect the water and sky through green development and promote the development for the new era in a low-carbon and innovative way in order to contribute to "carbon peaking and carbon neutrality" and the global low-carbon economy.





## Exceeded Our Target

In 2021, the Group has exceeded the target and task of energy saving and emission reduction assessment for the 2019-2021 term (the sixth term) of the head of the central enterprise.



Sulfur dioxide emissions reduced by

**11.28** %

NOx emissions reduced by

**8.50** %



$CO_2$ emissions of the production value YOY (every RMB10,000) lowering

**12.61** %

## Concept and Vision

CRH deeply understands Xi Jinping thought on ecological civilization. During the "14th Five-Year Plan" period, China has entered a critical period in ecological civilization construction with a focus on carbon reduction, synergy between pollution reduction and carbon reduction, green transformation of economic and social development, and qualitative improvement for ecological and environmental quality. During this extraordinary year, we have integrated green and low-carbon into our development plan, and we aimed to promote green and high-quality development and benefit people's life by adjusting and optimizing industrial structure and energy structure, innovating and applying advanced energy-saving and low-carbon technologies, and strengthening environmental protection and energy-saving and low-carbon management.

SDGs Responses




**HKEX ESG indicators covered in this chapter:**
A1.1, A1.2, A1.3, A1.4, A1.5, A1.6, A2.1, A2.2, A2.3, A2.4, A3.1, A4.1



Comprehensive energy consumption of the production value YOY (every RMB10,000) lowering

**2.34** %

Comprehensive energy consumption of the business revenue YOY (every RMB10,000) lowering

**2.94** %

COD emissions reduced by

**47.44** %

Annual water consumption of the production value (business revenue) YOY (every RMB10,000) lowering

**9.41** %

Comprehensive energy consumption of the added value YOY (every RMB10,000) lowering

**1.37** %



Total investment in environmental protection

**2.62** billion (RMB)

YOY growth of

**12.4** %

# Improving the Environmental Management System

The Group has studied and implemented Xi Jinping thought on ecological civilization. We have integrated green and low-carbon into our development plan, and we aimed to promote green and high-quality development by adjusting and optimizing industrial structure and energy structure, innovating and applying advanced energy-saving and low-carbon technologies, and strengthening environmental protection and energy-saving and low-carbon management.

## Strengthening Planning Guidance

The Group has incorporated green and low-carbon into its corporate development strategy. We prepared and released the "14th Five-Year Plan" on EHS management, which clarifies the concept, mission, strategy and objectives for the management of energy conservation and environmental protection, and specifies the main tasks and safeguard measures of the Group to implement the "carbon peaking and carbon neutrality" strategy, work on ecological and environmental protection, and strengthen the management of energy conservation and environmental protection system in the "14th Five-Year Plan" period, thereby setting a direction for the Group to achieve green and low-carbon development during the "14th Five-Year Plan" period.

**Main Targets of the Group for Energy Conservation and Environmental Protection in the "14th Five-Year Plan" Period**

| | |
|---|---|
| As compared to the end of 2020, comprehensive energy consumption of the production value (business revenue) for every RMB10,000 (tons of standard coal / RMB10,000) reduced by | +13.5 % |
| As compared to the end of 2020, comprehensive energy consumption of the added value for every RMB10,000 (tons of standard coal / RMB10,000) reduced by | +10 % |
| As compared to the end of 2020, total NOx emissions (tons) reduced by | +15 % |
| As compared to the end of 2020, $CO_2$ emission intensity (tons / RMB10,000) reduced by | +18 % |
| As compared to the end of 2020, coal consumption (grams of standard coal/kWh) for electricity supply reduced by | +0.8 % |
| As compared to the end of 2020, comprehensive energy consumption per ton of clinker (kg of standard coal per ton of clinker) reduced by | +8 % |

## Troubleshooting and Managing Environmental Problems

Combined with the typical and common problems found in environmental inspections in recent years, the Group prepared and released the "General Inspection Points of CRH for Environmental Protection", which clarifies the general inspection contents on environmental protection for each business unit from aspects of compliance management, supervision and inspection, pollutant prevention and control, and emergency response, and provides guidance for all units of the Group to carry out daily work on environmental protection and troubleshoot and manage environmental problems. Each business unit has further refined their respective industry inspection contents based on industry characteristics, and has troubleshot and managed environmental problems on a regular basis to effectively prevent ecological and environmental risks.

## Development and Application of Environmental Technology

**Key Environmental Improvement Projects of the Group in 2021**

| Project Name | Unit | Category | New technologies, techniques and equipment applied | Results |
|---|---|---|---|---|
| Cement Kiln Nitrogen Oxide Ultra-Low Emission Transformation Project | China Resources Cement (Huizhou) Co., Ltd. | Air pollution prevention and control | Applied graded combustion and intelligent and efficient SNCR denitrification technology at the end of cement kiln to reduce NOx emissions in flue gas | Nitrogen oxides achieved stable ultra-low emissions (below 100mg/m$^3$) |
| Volatile Organic Compounds Integrated Management Project | China Resources Sanjiu (Zaozhuang) Medical & Pharmaceutical Co., Ltd. | Air pollution prevention and control | Applied the combined technology of "bio-scrubber + bio-absorption tower" and "composite photocatalysis + activated carbon adsorption" to collect and treat odor and waste gas from wastewater treatment stations and laboratories | Hydrogen sulfide, non-methane total hydrocarbons and other pollutants all met the organized emission standards |
| Gas Boiler Low-Nox Renovation Project | China Resources Chemical Innovative Materials Co., Ltd. Changzhou Company | Air pollution prevention and control | Applied coupled graded combustion technology and flue gas recirculation technology to effectively control thermal NOx | Gas-fired boiler NOx emissions met industry ultra-low emission standards (50mg/m$^3$ or less) |
| Wastewater Treatment Improvement Project | China Resources Double-crane Pharmaceutical Co., Ltd. Cangzhou Company | Water pollution prevention and control | Applied the combined process of "hydrolysis acidification + UASB + A/O + secondary hydrolysis acidification + A/O + ozone oxidation" to improve the wastewater treatment system's ability to remove nitrogen from wastewater | The removal rate of total nitrogen index reached over 90% |
| Wastewater Recycling Project | China Resources Cement (Shangsi) Co., Ltd. | Water pollution prevention and control | Treated and reused wastewater by building collection ponds, filtration ponds and applying RO membrane reverse osmosis units | More than 500,000 cubic meters of water consumption was saved each year, and the "zero-discharge" of wastewater was realized. |
| Industrial Sludge Bio-Resourceful Disposal Project | Jiangzhong Pharmaceutical Co., Ltd. | Solid waste pollution prevention and control | Treated sludge in an eco-friendly way by using cultured earthworms. The sludge digested by earthworms is odorless and tasteless, and can be used for soil improvement, etc. | Industrial sludge can be treated in a reduced, harmless and resourceful manner |
| Construction Noise Pollution Prevention and Control Project | Projects under development of China Resources Land Ltd. | Noise pollution prevention and control | Adopted management and technical measures such as installing sound-absorbing screen enclosures, applying movable sound insulation sheds and enclosures, setting up noise monitoring systems, optimizing construction processes, etc. to reduce the impact of noise from excavation, steel processing, concrete pouring and stone cutting on the surrounding environment during construction | Noise emissions were reduced by about 10 dB compared to the pre-project level |

## Environmental Emergency Response Mechanism

In light of the new situation and requirements on environmental protection, the Group has revised and released the "Comprehensive Emergency Response Plan on Environmental Emergencies of China Resources (Holdings) Company Limited (2021 Edition)", which optimizes the Group's emergency response organizer, division of responsibilities and response mechanism of environmental emergencies, and guides its units at all levels to effectively deal with environmental emergencies. Our power, cement, beer and pharmaceutical businesses have established their environmental emergency plan systems which contain comprehensive plans, special plans and on-site disposal plans for environmental emergencies, taking into account their own environmental risk characteristics, and have regularly conducted emergency drills to test and improve their emergency response capability.



CR Power Chenzhou Company organized the "Liquid Ammonia Leakage Emergency Drill" in 2021

## Training and Education on Environmental Protection

The Group has invited external experts to conduct training sessions on carbon peaking and carbon neutrality for Group leaders, external directors, main heads of departments and business units, and professional managers, to raise their awareness of the importance of such carbon work. The Group has also held training sessions on EHS management system for auditors, which introduced laws and regulations related to energy saving and environmental protection, system audit techniques, verification standards, etc., striving to build a high-quality, professional internal audit team for CRH's EHS management system.



The Group organized the training sessions on elemental management system for auditors

## Developing Clean Energy

The Group has increased the investment in wind and solar power generation and developed both centralized and distributed power generation business, in an effort to build a clean, low-carbon, safe and efficient power supply structure at a faster pace.

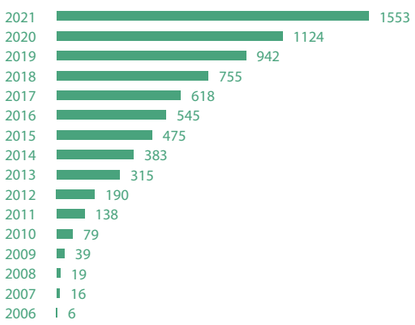
**For the power business,** the Group has focused on developing clean energy projects, mainly wind power projects, with emphasis on the construction of onshore wind power projects and the preliminary development and reserve of offshore wind power projects, to step up the low-carbon transformation of the energy structure. The installed capacity of renewable energy by equity interests has increased from 4,535,000 kW in 2015 to 15,441,000 kW in 2021, representing a growth rate of 240.5%. As of the end of 2021, the installed capacity attributable to the Group's power plants by operating equity interests has totaled 47,953,000 kW, including 14,337,000 kW attributable to wind power plants, 815,000 kW attributable to photovoltaic power plants and 288,000 kW attributable to hydropower plants, which together accounted for 32.2% of the total.

**CR Cement** has pushed ahead with pilot distributed photovoltaic projects at its cement production bases in Fengkai and Luoding in Guangdong, as well as Wuxuan, Tianyang, Luchuan and Pingnan in Guangxi, and gradually extended them to other production bases.

**The beer and pharmaceutical businesses** increased the use of clean energy by utilizing the rooftop photovoltaic and other distributed energy resources. The rooftop photovoltaic power generation project of CR Beer Xiaoshan Plant has generated a total of 4.42 million kW of electricity in 2021, accounting for 14% of the plant's total electricity consumption.

**Installed Capacity of Clean Energy Attributable to CR Power by Equity Interests**

10,000 kW




Installed capacity of wind power attributable to CR Power by equity interests

**14,337,000** kW

Installed capacity of photovoltaic attributable to CR Power by equity interests

**815,000** kW

Installed capacity of hydropower attributable to CR Power by equity interests

**288,000** kW

**CR Power's First Domestic Offshore Wind Power Project Started Construction**

On December 16, 2021, Cangnan No. 1, CR Power's first domestic offshore wind power project, commenced construction in Cangnan, Zhejiang Province, with a planned installed capacity of 400 MW, and is scheduled to be commissioned in December 2022. Its annual on-grid power supply was 1.35 billion kW, which can save 420,000 tons of standard coal and 4 million cubic meters of fresh water per year compared with conventional coal-fired thermal power plants of the same capacity.



The construction locating platform of Cangnan No. 1, CR Power's first domestic offshore wind power project, was working.

## Optimizing Industrial Structure and Capacity Distribution

The Group strictly controlled the investment and construction of high-energy-consuming and high-pollution projects and resolutely curbed their blind development, and vigorously developed low-energy-consuming businesses such as gas, real estate, pharmaceutical and medical care, as well as new businesses such as green building materials. The Group continued to eliminate high-energy-consuming and high-emission production lines, outdated processes and equipment, and shut down and exit from outdated production capacity, so as to accelerate the green low-carbon transformation.

**CR Power** continuously improved its thermal power generators structure, by obsoleting small units of high-energy-consuming and heavy pollution units, to introduce larger and clean ones. As of the end of 2021, 1000 MW-level generators represented over 32%, while those below 300 MW were less than 2%.

**CR Cement** accelerated aggregates development, steadily advanced and expanded assembly-type building projects, and made new breakthroughs in artificial stone, tile adhesive and white cement, which further consolidated its core competitiveness.

In 2021, **CR Beer** shut down its plants located in Huludao, Deyang, Quanzhou, Huaibei and Wuxi to optimize its production capacity and improve quality and efficiency.

CR Sanjiu Benxi Company, CR Pharmaceutical Zizhu Company and CR Cement Changzhi Company, Hongshuihe Company, Fuchuan Company and Jinsha Company

were awarded the national "Green Factory" title by the Ministry of Industry and Information Technology

# Decreasing the Discharge of Three Wastes

The Group conscientiously fulfilled its main responsibility for pollution prevention and control, insisted on controlling pollution in a precise, scientific and law-abiding manner, and increased its efforts in controlling pollutants such as waste gas, waste water and solid waste, in a bid to consolidate its effectiveness in pollution control and contribute to the protection of our blue skies, lucid water and clean soil.

## Strengthening the Prevention and Control of Waste Gas Pollution

Through process improvement, process control and terminal management, the Group's power, cement and pharmaceutical business units strengthened the control over air pollutants such as sulfur dioxide, nitrogen oxides and volatile organic compounds to ensure that their emissions meet the requirements of regulations and standards. In 2021, the Group's sulfur dioxide emissions decreased by 11.28% and nitrogen oxide emissions decreased by 8.50% year-on-year. By 2021, all 76 coal power units with an installed capacity of 36.94 million kW operated under the Group's power business have achieved ultra-low emissions, which significantly reduced emissions of sulfur dioxide, nitrogen oxides, fumes and dust, etc. The cement business has implemented ultra-low emissions improvements at its plants in Jinsha, Pingnan, Fengkai and Huizhou, with nitrogen oxide emissions steadily controlled below 100mg/m$^3$.

**Upgrade of Waste Treatment Facilities of Wuxi Microelectronics**

Wuxi CR Huajing Microelectronics Company upgraded its organic waste gas treatment facilities from a single activated carbon adsorption process to two sets of "zeolite rotor + CO" and two sets of "zeolite rotor + TO" treatment facilities. Such upgraded facilities sharply reduced emissions, with VOC emissions reduced by 43.34 tons in 2021 as compared to 2020.

## Reducing the Discharge of Wastewater

Enterprises at all levels of the Group attached great importance to the conservation and comprehensive utilization of water resources. They enhanced the utilization efficiency of water resources, reduced water consumption and wastewater discharge by seeking for alternative water sources, carrying out water recycling and strengthening wastewater treatment, etc. In 2021, the annual water consumption of the Group's production value (business revenue) for every RMB10,000 decreased by 9.41% and COD discharge decreased by 47.44% year on year.

**CR Power** Xuzhou Power Plant, Tangshan Power Plant and Nanjing Chemical Park Power Plant implemented comprehensive renovation for wastewater gradient utilization, which reduced the amount of fresh water intake and realized the comprehensive utilization of wastewater;

**CR Cement** (Shangsi) Co., Ltd. implemented the renovation for zero wastewater discharge in the whole plant, which can save 510,000 cubic meters of fresh water per year.

**CR Snow Breweries** strengthened water management and promoted water-saving technologies and techniques. In 2021, the total water consumption of CR Snow Breweries amounted to 2.743 tons per kiloliter, a leading position in the industry in China.



VOC zeolite rotor treatment facilities of Wuxi CR Huajing Microelectronics Company

## Strengthening the Prevention and Control of Solid Waste Pollution

Enterprises at all levels of the Group upheld the principles of waste minimization, resourcefulness and harmlessness, improved internal management systems and procedures, and standardized the collection, storage, transportation, utilization and processing of general industrial solid waste and hazardous waste. By 2021, the comprehensive utilization rate of the Group's general solid waste reached 92% and the processing rate of hazardous waste reached 100%.

Comprehensive utilization rate of the Group's general solid waste

**92** %

Processing rate of hazardous waste

**100** %

**CR Jiangzhong Processed Sludge into Bio-resources**

CR Jiangzhong Wanli Manufacturing Base implemented a bio-resource processing project for industrial sludge, which introduced earthworms into the processing of pharmaceutical sludge. The sludge can be processed into resources and directly used as organic fertilizer for agriculture and flower cultivation. Over 800 tons of sludge was processed in 2021.



Bio-resource Processing Project for Industrial Sludge of CR Jiangzhong Wanli Manufacturing Base

## Co-processing Social Waste

The Group assumed social responsibility and strove to co-process social waste by use of coal-fired boilers and cement kilns in a harmless, reduced and resourceful way, so as to reduce environmental load and create an "urban symbiosis". CR Power explored the application and promotion of technologies such as municipal waste sludge blending and coupled biomass power generation. As of the end of 2021, CR Power's 13 power plants in Jiangsu, Guangdong, Guangxi and Henan have co-processed municipal sludge and Chinese medicine sludge respectively, with a total of 1.06 million tons of municipal sludge and 44,000 tons of medicine sludge processed in 2021. With technological advantages, CR Cement promoted co-processing projects in municipal solid waste, municipal sludge, and hazardous industrial waste. In 2021, the co-processing projects in Shangsi, Guangxi, and Yanshi, Fujian, and the construction waste processing project of Changjiang Company were completed and put into production one after another. CR Cement has established 10 waste co-processing projects as of the end of 2021, which processed 183,100 tons of domestic waste, 528,000 tons of municipal sludge and 6,100 tons of hazardous waste in 2021.

In December 2021, CR Cement Changjiang Company completed and put into operation a construction waste processing project, which is designed to process about 250,000 tons of construction waste annually. This project can improve the local urban environment by reducing and recycling construction waste, thus contributing to the construction of Hainan's free trade port and national ecological civilization pilot zone.



Construction waste processing project of CR Cement Changjiang Company

# Implementing the "Carbon Peaking and Carbon Neutrality" Strategy

## Strengthening Carbon Emission Management

The Group has implemented the national carbon strategy and related major decisions and deployments. We set up a carbon peaking and carbon neutrality leading group headed by the chairman, and clearly identified the main responsible departments and managers for carbon management in each business unit. We established China Resources Carbon Neutrality Research Institute and set up a scientific research management platform to coordinate internal and external resources of the Group to advance the research and application of cutting-edge carbon neutrality technologies. We took the lead in researching carbon peaking and carbon neutrality issues in the field of financial investment of central enterprises, and participated in such research in the field of construction of central enterprises, with an aim to exploring the paths and measures to push ahead with carbon peaking and carbon neutrality in those fields of central enterprises. We also conducted research on the Group's pathway of carbon peaking and carbon neutrality, and proposed the main initiatives and technical pathways for the Group's major businesses to achieve carbon peaking and carbon neutrality. In response to the industry requirements and initiatives for carbon peaking and carbon neutrality, CR Power, CR Cement and other major business units researched and compiled action plans on peaking carbon emissions to promote the green, low-carbon and sustainable development of their businesses.




Inauguration of China Resources Carbon Neutrality Research Institute

**$CO_2$ Emissions of the Group**

| | |
|---|---|
| Direct emissions (Scope I) | 208,031,000 $tCO_2$ |
| Indirect emissions (Scope II) | 7,100,000 $tCO_2$ |
| Total emissions | 215,131,000 $tCO_2$ |
| Emission intensity (tCO2/ RMB10,000) | 43,699 $tCO_2$ |

**Carbon Accounting and Electricity Emission Factor Sources**

| Units | Basis of accounting | Electricity emission factor sources |
|---|---|---|
| CR Power | "Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines - Power Generation Facilities"<br>"Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Power Producers in China (Trial)" | "Supplementary Data Sheet to the Greenhouse Gas Emissions Report" |
| CR Cement | "Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Cement Producers in China (Trial)"<br>"Supplementary Data Sheet to the Greenhouse Gas Emissions Report" | "Supplementary Data Sheet to the Greenhouse Gas Emissions Report" |
| Other business units | "Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Enterprises in Other Industries (Trial)" | "Supplementary Data Sheet to the Greenhouse Gas Emissions Report" |

## Implementing Energy Saving and Carbon Reduction Projects

Enterprises at all levels of the Group increased capital investment to promote the application of new materials, technologies, equipment and processes, implement energy-saving and carbon-reduction renovations, and carry out low-carbon, zero-carbon and carbon-negative research and technology applications in an effort to improve energy utilization efficiency and reduce carbon dioxide emissions.

**CR Power's CCUS Demonstration Project**

In 2021, CR Power Shenzhen Power Plant upgraded the world's third and Asia's first multi-threaded, multi-technology carbon dioxide capture technology (CCUS) test platform based on supercritical thermal power plants to improve the quality of test data and operational stability, striving to build the world's leading CCUS technology verification platform. It endeavored to explore the application of microalgae carbon sequestration and dry ice conversion technologies. It invested RMB5 million to implement a 300$m^2$ microalgae carbon sequestration project and established the first demonstration project on converting flue gas $CO_2$ in coal-fired power plants with the column-type microalgae photosynthesis reactor in China. It also built a 1t/h dry ice conversion system, which successfully produced the first dry ice block on August 12, 2021. Through all these actions, the whole industrial chain from carbon capture to carbon utilization has been connected.





1. Carbon capture test platform of CR Power Shenzhen Company
2. Sunroom of microalgae carbon sequestration project of CR Power Shenzhen Company

## Carrying Out Carbon Emissions Trading

The Group has been fully engaged in building the national carbon market. We have organized carbon asset inventory and carbon trading and strived to enhance our capability to manage carbon assets. CR Cement participated in the pilot carbon market, with all eight plants in Guangdong Province and five plants in Fujian Province completing the payment of carbon emission allowances in 2020, achieving a compliance rate of 100%. CR Power explored CCER (China Certified Emission Reductions) replacement performance and completed payments for 2019-2020 on time and by volume. On the official launch of the national carbon emission trading market on July 16, CR Power was invited to attend the launch ceremony of the national carbon market, and completed the first bulk transaction of 100,000 tons of carbon credits with Sinopec, fully supporting the growth and expansion of the national carbon trading market.




CR Power participated in the first-day carbon trading in the national carbon market



Shenzhen International
Low Carbon City



Pavilions A and B of Shenzhen International Low Carbon City were certified as zero-energy buildings and Pavilion C was certified as the near-zero-energy building

## Developing Green Building

Regarding the real estate business, the Group incorporated its green, environmental protection and energy conservation concepts into its business segments and the entire life cycle of projects by advancing the application of new products and technologies to pursue high-quality and green products. In 2021, 66 CR Land projects were certified as green buildings, equivalent to a construction area of 9.44 million square meters, including 62 projects with high-star rating (2-star rating and above) which accounted for 94% of the total. As of the end of 2021, 347 CR Land projects were certified as green buildings, with a total certified area of 52.8 million square meters. Both the total number of green certified projects and high-star green building projects were among the top in the industry.

By making plans on design, construction, operation and maintenance, and management, and focusing on renewable energy utilization, green construction, low-carbon operation, maintenance and management, CR Land built the first zero-energy + near-zero-energy building complex in Shenzhen, the first zero-energy venue-type building demonstration in China, and the demonstration center for future advanced application of emission reductions, through more than 120 low-carbon technology measures, which ensured the successful opening of the 2021 Carbon Peaking and Carbon Neutrality Forum and the 9th Shenzhen International Low Carbon City Forum.





Green Mine Construction of CR Cement Pingnan Company



Lingnan Chinese Herbal Seeds and Seedlings Breeding Base

## Protecting Biodiversity

Enterprises at all levels of the Group have been cautious on protecting the local ecological environment and the habitats of animals and plants in developing, constructing and operating projects. They strictly complied with the ecological protection red line, the environmental quality bottom line, the resource utilization upper line and the ecological access list, as well as the environmental protection systems. They took environmental restoration measures to minimize the impact of production and operation on the surrounding ecological environment, so as to maintain the local biodiversity and ensure the harmonious coexistence of corporate development and ecological environment.

CR Power Yungui Company revegetated lower slopes during the construction of the wind power project by spraying mixed grass seeds according to different seasons to ensure that the wind turbine platform and the slope would be green in all seasons, which was highly recognized by the Water Resources Department and the Energy Administration of Yunnan Province.

CR Cement Pingnan Company restored the mine with hanging nets and vine plants surrounding the quarry, and independently built ecological parks, central gardens, peach gardens, artificial lakes and other green sites despite the complex local natural conditions, with more than 700 trillium trees, 3,000 mango trees and yellow fruit trees planted, and about 50 mu of citrus forests jointly planted, achieving 96% green coverage. It was awarded the title of "Green Mine" by the Department of Natural Resources of Guangxi Zhuang Autonomous Region in 2021.

CR Sanjiu built the Lingnan Chinese herbal seeds and seedlings breeding base in Yunfu, Guangdong Province to collect, research and protect the germplasm resources of southern medicine while cultivating high-quality herbs. The base is designed to be a national base integrating the preservation of germplasm resources of southern medicine, scientific research, breeding demonstration, technology promotion, ecological tourism and humanistic education.




CR Environmental Protection and State-owned Assets Supervision and Administration Commission of Inner Mongolia Autonomous Region signed a strategic restructuring framework agreement

CR Double-Crane and China Resources Sanjiu Anhui Jinchan Pharmaceutical Co., Ltd.

were awarded the title of "Green Supply Chain Management Enterprise" by the Ministry of Industry and Information Technology







CR Cement Friendship Association launched a "Beach Clean-up" activity.



Charity Forest of CR Power in Haiyuan, Ningxia

## Growing the Scale of Environmental Protection Industries

The Group grew the scale of environmental protection industries by supporting technology-advanced environmental protection companies with its capital strength, so as to foster new momentum for this sector. CR Environmental Protection strategically restructured IMEPI Group Co., Ltd. to serve the national strategy of ecological protection and high-quality development of the Yellow River Basin by leveraging on CRH's advantages in capital, management and scientific research and IMEPI Group's expertise in environmental management technology. CR Bank established and improved green financial policy mechanisms such as credit policy, incentive mechanism and green evaluation, increased support for green financial services, and steered financial resources towards green and low-carbon projects. CR Trust vigorously developed green asset securitization business. In 2021, the balance of green finance was RMB15.1 billion and 15 projects were ongoing. All funds have flowed into carbon neutrality, wind power, photovoltaic and other green environmental protection sectors.

## Building a Green Supply Chain

Enterprises at all levels of the Group promoted green procurement, green packing and green transportation, and shared its value of green and sustainable development with suppliers to bring along partners to participate in ecological environmental protection.

China Resources Sanjiu Anhui Jinchan Pharmaceutical Co., Ltd. jointly built a packaging recycling system with upstream and downstream companies in the supply chain to jointly create a pure green closed loop of Chinese medicine production and recycling. The recycling rates of package materials and drug residue reached 100% and more than 90% respectively. The company was awarded the title of national green supply chain management enterprise.

## Carrying Out Environmental Protection Public Welfare Activities

With the concept of "lucid waters and green mountains are invaluable assets", enterprises at all levels of the Group organized public welfare activities such as tree planting and beach clean-up to enhance the public's awareness of environmental protection and contribute to the construction of a beautiful China.

CR Power built "CR Charity Forests", mainly economic forests, in Yishui, Shandong Province and Haiyuan, Ningxia Province, to reduce local soil erosion and improve the ecological environment. As of the end of 2021, CR Power has donated RMB20 million to Haiyuan County for ecological charity forest projects, contributing to build a new rural area with lucid waters and green mountains.

CR Enterprise and CR Property organized the Hong Kong International Coastal Cleanup Campaign to clean up garbage at beaches in Sai Kung and Stanley, and promoted the marine environmental protection through posters and brochures to raise public awareness of environmental protection in Hong Kong.

Donations made by CR Power to Haiyuan County for ecological charity forest projects were RMB

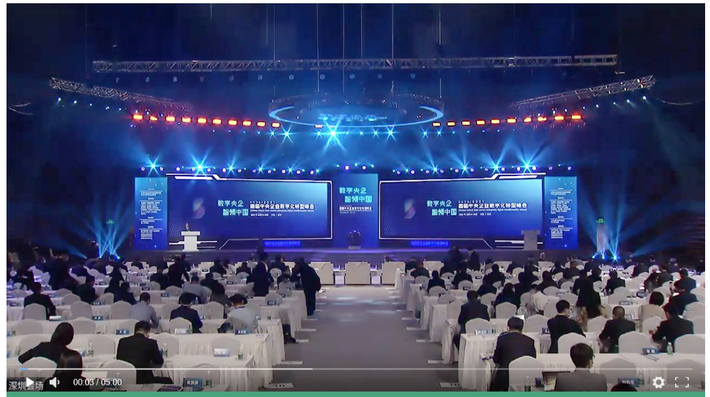
**20** million

## Promoting Green Office

Enterprises at all levels of the Group practiced the concept of green office by implementing paperless office, remote video conferencing and other work modes to effectively save office costs and improve work efficiency, creating a sound atmosphere of green office. CR Digital optimized the Rmeet cloud video conferencing system launched during the 2020 epidemic. The system, with strong compatibility, high stability and rich features and supporting multiple scenarios, can provide efficient, convenient and economical remote video conferencing services for all employees of the Group and all sectors of society, enabling employees to communicate and collaborate without geographical and time constraints, and saving commuting time and costs. In 2021, through the Rmeet system, the Group held an accumulated 480,000 cloud video conferences, with a total of 350 million minutes and 5.86 million participants.

Accumulated cloud video conferences were

**480,000**




The First Digital Transformation Summit for Central Enterprises was held through the Rmeet cloud video conferencing system

Executive editor: Wang Minglei Contributors: Wang Minglei, Liu Dongmei, Wang WenjianWenjian



## Commitment and Its Performance

| Commitment Made in 2021 | Commitment Performed in 2021 | Commitment Made in 2022 |
|---|---|---|
| To speed up the increase in the proportion of clean energy. | In 2021, the installed capacity of wind power, hydropower and photovoltaic attributable to the Group by operating equity interests totaled 15.53 million kW, accounting for 29.4% of the total, an increase of 6 percentage points from the end of 2020;<br>CR Cement promoted pilot distributed photovoltaic projects in cement production bases such as Fengkai in Guangdong; the beer and pharmaceutical businesses increased the use of clean energy by utilizing distributed energy such as rooftop photovoltaic. | Increase the opening-up of clean energy, optimize the energy structure, and build a clean, low-carbon, safe and efficient energy system at a faster pace. |
| To continue to expand waste co-processing projects, to ease the pressure on urban environmental governance, and help the Group's regional development. | In 2021, CR Power's 13 power plants co-processed 1.06 million tons of municipal sludge and 44,000 tons of medicine sludge;<br>CR Cement's 10 waste co-processing projects processed 183,100 tons of domestic waste, 528,000 tons of municipal sludge and 6,100 tons of hazardous waste. | Continue to expand social waste co-processing, improve the local ecological environment, and promote the harmonious coexistence and common development of enterprises and cities. |
| To further enhance investment and extend projects in energy conservation and ecological environmental protection, and to improve the efficiency of utilizing resources. | In 2021, the Group's total investment in environmental protection rose by 12.4% year-on-year, exceeding the target of energy saving and emission reduction assessment for the 2019-2021 term (the sixth term) of the head of the central enterprises. | Increase investment in energy conservation and ecological environmental protection, promote the application of new technologies, processes and materials to implement energy conservation and environmental protection transformation, and continue to improve the efficiency of utilizing resources and reduce pollutant emissions. |
| | The Group set up a leading group and a working group on carbon peaking and carbon neutrality, and formulated an overall work plan on carbon emission management. CR Power completed the first bulk transaction of 100,000 tons of carbon quota in the national carbon market. | To push ahead with the carbon peaking and carbon neutrality work, and formulate the action plan on carbon peaking as early as possible. The power and cement businesses should clarify their emission reduction targets, tasks and transformation paths based on industry benchmark, and continuously reduce the carbon emission intensity of production and operation. |



# Partner Responsibility

## Stabilize Supply Chain for a Brighter Future



# Partner Responsibility

## Stabilize Supply Chain for a Brighter Future



Story
5

# From the Northeast China to the World

## —— CR Capital Empowers Dirui for Future Development

Dirui Industrial Co., Ltd. ("Dirui"), headquartered in Changchun, Jilin Province, has been engaged in in-vitro diagnostics (IVD) for nearly 30 years. On November 26, 2020, CRH indirectly controlled Dirui through a fund embarking on a new development journey.

An Guozhu, Secretary to the Board of Directors of Dirui, is preparing for the investor meeting. He recognizes that close cooperation between new and old shareholders and board members is essential for Dirui to seize the opportunity for rapid development.

**An Guozhu**

Secretary to the Board
Dirui Industrial Co., Ltd.




**Partnerships Cannot Be Established without Trust and Respect**

As a medical company in the old industrial base in Northeast China, Dirui is simple in shareholder structure and prudent in financial strategy and business policy. Therefore, it's imminent for it to introduce renowned investment institutions for synergy purposes and utilize new shareholders' resources and capabilities to sustain its long-term, healthy development in the capital market.

In selecting investors, Dirui needs to take a comprehensive consideration of companies' cultural compatibility, spirit of cooperation, brand awareness, capital empowerment and long-term viability. As An Guozhu states, "CR Capital is market-oriented and innovative in all its sectors and is inclusive of different opinions. It also can provide professional advice to Dirui." Dirui's original shareholders believe that cooperation with CRH can generate capital and industry synergies and empower management capability thus boosting Dirui's development.

CRH favors Dirui's comprehensive laboratory products and standardized corporate governance since its listing as well as a long-term and high-proportional investment in product research and development and the synergy with CRH's upstream and downstream industries. Therefore, acquiring Dirui will expand CRH's strategic footprints in medical devices.

To maintain Dirui's vitality, CR Medical has adopted an innovative model to acquire Dirui's equity through a fund. This model can keep Dirui's flexibility in management and incentive mechanisms while leveraging CRH's resources and management capabilities in the healthcare industry accelerating Dirui's development through their industrial synergies to create greater value and return for shareholders.

**Empowerment and Integration Between Partners**

As partners, it's crucial for both parties to accelerate their integration in acquisition. CRH recognizes Dirui's management. Upon completing the acquisition of Dirui, CRH has focused on activating the existing management team's enthusiasm and cohesion by delegating power and authority under the guidance of its existing assessment system. Since CRH took ownership of Dirui, its senior management has largely remained unchanged while ample talent has been made available to ensure sound development.






However, CRH also noted that Dirui's founder was a research and development professional and lacked market perception and knowledge of marketing system development. Therefore, Dirui's awareness in China and its distribution system needed to be enhanced. "Upon acquiring Dirui, CRH firstly reorganized and reshaped its corporate strategy and clarified its development strategy for the next five years," An Guozhu said.

CRH empowered Dirui in various aspects such as its management system, marketing model and employee incentives. By doing so, Dirui has changed its original genes and gradually made up for its shortcomings. Guided by the new development strategy, Dirui completed a strategic transition from R&D-oriented to sales-oriented with more resources invested in the marketing system.

Dirui also maintained sound partnerships with CR Healthcare, CR Pharmaceuticals and CR Pharma Comm. They worked closely through various ways to broaden domestic direct sales channels and develop new market space.

An Guozhu emphasized, "Under the support and guidance of CRH, we carried out party building and strengthened the control over investment risks and capital operation risks. We established an audit committee to raise the awareness of corporate compliance and became a model unit of corporate governance and information disclosure in Jilin. As a result, we enhanced the regulation, robustness and sustainability of Dirui's development."

**Further Enhancement and Development Through Partnership**

Dirui is one of the earliest companies in China to achieve IVD internationalization. Taking the responsibility of revitalizing the national medical industry, Dirui's IVD products can benefit the general public with little need for imports and expenditure totaling millions of dollars in order to purchase new equipment.

In November 2021, Qin Feng, General Manager of CR Capital, said: "The Group has clarified the development objectives of the medical device segment during the "14th Five-Year Plan" period. Dirui, as the only medical device company in CRH's healthcare sector and the first company in the IVD field, was qualified for the Group's development plan on science and technology innovation and carries an important mission for the Group's development."

With the support of CRH, Dirui strengthened its global market position and brand influence through a "business + capital" model. It established a wholly-owned trading company in Hong Kong and a subsidiary in Russia, completed a management overhaul in the Netherlands and began efforts to explore the EU market. Nearly 1,700 people are fighting for the same goal - to become a global provider of comprehensive laboratory solutions to better serve people and bring China's IVD industry to the world.





In 2021, the leaders of CRH received

**79**

visiting delegations

**18**

of which are from national and provincial ministries or commissions

**35**

of which are from municipal-level bureaus





## Concept and Vision

CRH endeavors to safeguard the safety of supply chain partners and ensure that they are treated with dignity and respect. We are also committed to promoting fair trading throughout the chain of "making" products and services, to stabilize the chain and protect the planet. This means that our responsibility is not only to ensure compliance, but also to work with our partners to always adhere to high standards, always listen, learn and share, strive to do better, and grow with our partners.

SDGs Responses

**HKEX ESG indicators covered in this chapter:**
B5.1, B5.2, B5.3, B5.4, B6.3

CRH's senior management made

**26**

visits or investigations

involving

**16** provinces

**24** municipalities or cities

**8**

province-level strategic cooperation agreements were signed

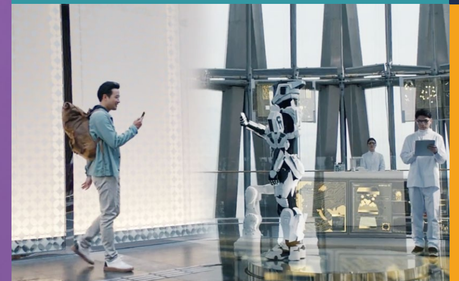
**9**

municipal-level strategic cooperation agreements were signed

**2**

county-level strategic cooperation agreements were signed





Nearly

**1,257,000**

online articles or news reports about CRH were found during 2021

a YOY increase of

**22.6** %



# Consolidating Strategic Sharing Platforms

## Cooperation with Governments

In 2021, CRH accelerated regional strategic synergies. We established a leading group to serve national strategies and collaborative development, formulated and implemented the 6+1 regional development strategies for the Greater Bay Area, Hong Kong, Beijing-Tianjin-Hebei, Yangtze River Delta, Chengdu-Chongqing Economic Circle, Northeast China and Northwest China, and increased investment in key regions. In 2021, the Group signed 8 provincial-level strategic cooperation agreements (with Shanxi, Ningxia, Jiangxi, Hainan, Gansu, Hunan, Shaanxi and Tianjin), 9 municipal-level ones (with Jiamusi, Anshan, Yantai, Suzhou, Huaian, Shenzhen, Shantou, Lanzhou and Kunming) and 2 county-level ones. We strived to improve our communication mechanism with local governments. After signing the strategic cooperation agreements, the Group's office was responsible for transforming such agreements into projects that can be tracked and implemented, and promoting their implementation.

In 2021, the Group continued to build a senior-level alliance with different provinces and cities, and deepen cooperation between the central government and local governments. Throughout the year, our key leaders built a senior-level alliance with and attended important events in 16 provinces and 24 cities, and received 79 visiting delegations from national ministries and commissions, provinces, autonomous regions, municipalities, departments and central enterprises. Through such efforts, we made further plans on the collaborative development on new sectors and promoted the implementation of key projects.



**8**
province-level strategic cooperation agreements were signed

**9**
municipal-level strategic cooperation agreements were signed

**2**
county-level strategic cooperation agreements were signed

In 2021, CRH provided sponsorship for local governments to organize investment and entrepreneur meetings, and shared platform benefits with local governments and partners for mutual development, with its resource advantages as a diversified central enterprise.

Sichuan Industry Cooperation (Guangdong) Investment Conference

2021 Guangxi-the Greater Bay Area Meeting for Key Nodes and Hubs on Jointly Building Domestic and International Cycles

Shaanxi-the Greater Bay Area Entrepreneurs Symposium

Jiangxi-the Greater Bay Area Investment Cooperation Conference

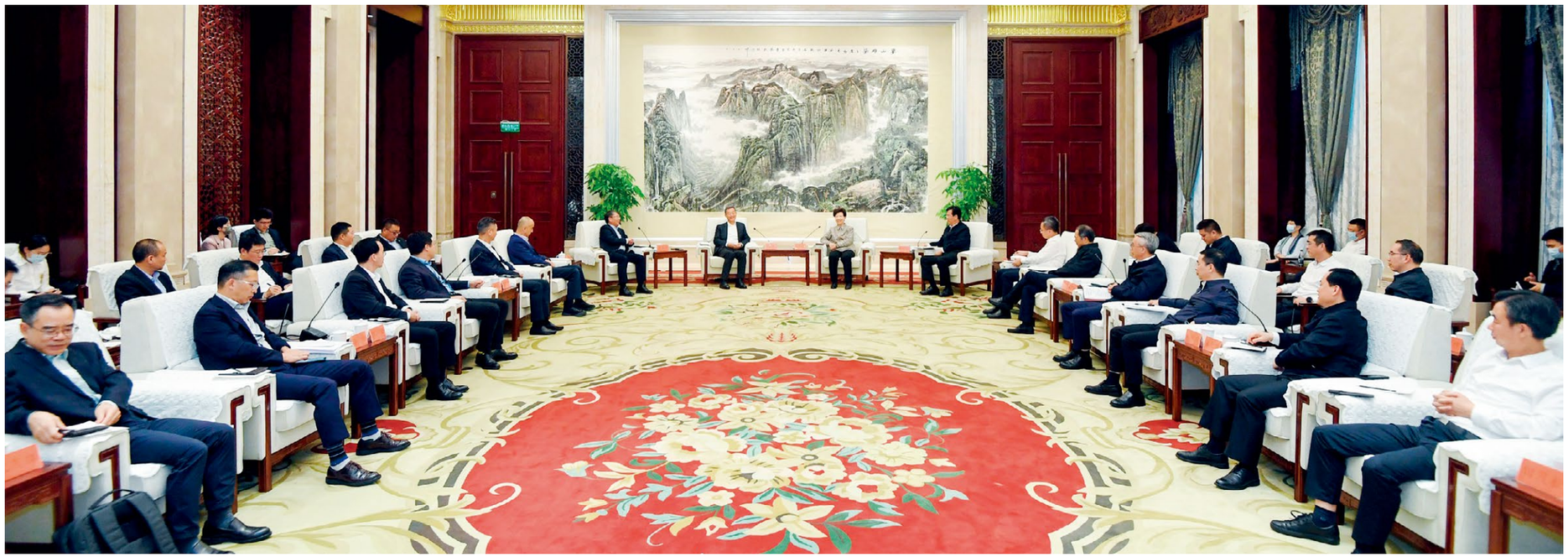
China (Hunan) Pilot Free Trade Zone Conference

The Third Global Investment Conference in Shenzhen

Kunming-the Greater Bay Area Enterprises Communication Conference

2021 Wuxi-the Greater Bay Area Investment Cooperation Conference

China Chamber of International Commerce Vice President Unit (Shenzhen) Meeting



On June 16, 2022, Chairman Wang Xiangming and General Manager Wang Cuijun paid a visit to Secretary Chen Yiqin and Governor Li Bingjun of Guizhou Province in Guiyang to discuss and exchange views on further deepening the strategic cooperation of the "14th Five-Year Plan", and reached a broad consensus.

## Driving the Development of the Industry

In 2021, CRH supported its subsidiaries to participate in the development of industry standards and norms, participated in industry organizations, launched industry initiatives, promoted industry information sharing, resource sharing and advantage complementation, and explored new paths for the development of various industries.

**CR Vanguard**

has attended China International Import Expo for 4 consecutive years. In 2021, CR Vanguard served 40 national or regional associations related to retail, chain, food and drug, and distribution. In August 2021, CR Vanguard was awarded the "2020-2021 Contribution Award for Supporting Industry Development" by Shenzhen Smart Retail Association, Shenzhen Retail Business Association and Shenzhen Chain Store Association.

**CR Pharmaceutical**

has served as an expert in various segments to promote the development of industry standards and contribute to the sustainable and healthy development of the pharmaceutical industry. In 2021, CR Sanjiu participated in the annual national drug standards revision project and the construction and comprehensive evaluation of the international standard system for the quality of Guangdong's special herbal medicines, and was qualified for 11 national standards for formula granules, 34 provincial standards for formula granules and 13 standards for Chinese herbal medicines and seeds throughout the year.

**CR Land**

is the benchmark of central enterprises in the real estate industry. In 2021, CR Land joined the International Association of Exhibitions and Events (IAEE) and the Union of International Associations (UIA), and participated in the preparation of industry standards such as the "Technical Guide for Commissioning of Mechanical and Electrical Systems in Public Buildings" (T/CECS764). The Guide has been approved and officially released by the China Association for Engineering Construction Standardization.

**CR Gas**

participated in the development of industry standards, and was invited to assign experts to participate in the preparation of many standards and regulations in the city-gas industry and distributed energy, including the national standard GB/T39779-2021 "Design Guidelines for Distributed Energy System of Combined Cooling, Heating and Power", which has been officially released and came into effect on October 1, 2021.

**CR Capital**

has integrated its own development into the development of the industry. CR Yukang hosted a seminar on the construction of AMC intelligent system, CR Finance Lease joined Shenzhen Green Finance Association, and CR Trust attended the "Ocean Talk: Charitable Trust Taxation Forum" to discuss the taxation issues and solutions faced by the charitable trust industry.

**CR Chemical Materials**

attended the industry conferences held by the China Chemical Fibers Association and other industry organizations, and participated in the development of standards for PET green plants and standards related to the application of rPET in food packaging materials.

## Accelerating the Construction of Industry-university-research Cooperation Platform

Guided by national needs and market demands, CRH established a platform for "industry-university-research" cooperation to benefit universities, enterprises and governments. In 2021, the Group defined the carrier for the R&D and innovation platform, identified life science, microelectronics, environmental protection technology and chemical materials as emerging sectors for future development, established the CR Land - Tsinghua Shenzhen Technology Innovation Institute and CRH - BYD Power Energy Storage Laboratory and promoted the construction of the "Guangdong-Hong Kong-Macao Greater Bay Area - National Technology Innovation Center - Hong Kong Center". Since the establishment of the joint research institute with Research Institute of Tsinghua University in Shenzhen in 2019, six laboratories have been established and have commenced achievement transformation. In addition, CR Pharmaceutical and the Global Health Drug Discovery Institute have jointly established the CR Pharmaceutical- Health Drug Joint Research and Development Center to explore the cooperation and development in the field of biopharmaceuticals. The Group also established the China Resources Carbon Neutrality Research Institute, which, as a think tank for green and low-carbon development, will work with all sectors to develop and apply carbon neutrality technologies.




On November 5, 2021, based on the CRH's "14th Five-Year Plan" on Technology Innovation, China Resources Chemical Innovative Materials Co., Ltd., China Resources Research Institute of Science and Technology and the Institute of Low-dimensional Materials Genetic Engineering of Shenzhen University signed a cooperation agreement to set up a joint research center for high performance fibers and advanced composite materials. The joint research center is engaged in the research on basic and applied technologies of high-performance fibers and advanced composite materials.

On May 19, 2021, Runcheng New Industry, a new member company of CR Land, was officially established to build a "government-industry-university-research" eco-alliance with the People's Government of Zengcheng District of Guangzhou, Foshan Sanlongwan Management Committee, Shenzhen Bao'an Industry Investment Group, CASIC Maglev and Electromagnetic Propulsion Technology Headquarter, Shenzhen University and Tsinghua & Sp@ce Joint Research Center for Intelligent Manufacturing. With a focus on industries that are favored by governments and policies, the eco-alliance is aimed at creating a bridge and link between governments, enterprises, universities and research institutions based on the needs of enterprises' technology innovation and universities' research results transformation.

To serve the transformation and upgrading of China Manufacturing and provide professional industrial operation services, Runcheng New Industry vigorously developed vertical intelligent manufacturing, life and health, smart city and Beidou industry in the intelligence and healthcare sectors. Based on the core demands of "technology curation, supply-demand interconnection, cluster development and city-industry integration" which are concerned in industrial development and regional transformation and upgrading, Runcheng New Industry provided 8 industrial services and built a unique "1248" service system. It also set up an innovation and entrepreneurship service platform with CR Runners to facilitate industry-university-research cooperation and accelerate the growth of innovative enterprises, an industrial investment platform with CR Capital to provide special services for enterprises in the park, a technology transfer service platform based on CAS Longgang Technology Transfer Center to connect research institutions and enterprises, and an international cooperation and exchange platform via ITTN (International Technology Transfer Network) and Tsinghua Kewei to spur independent innovation by integrating, coordinating and utilizing global technology resources.




In 2021, CR Land's Runcheng New Industry officially launched the "government-industry-university-research" eco-alliance

# Promoting Fair Trade

## Integrity Management

CRH strictly complied with the "Anti-Monopoly Law of the People's Republic of China" and the "Anti-Unfair Competition Law of the People's Republic of China", and formulated and implemented the "Code of Business Conduct of China Resources Group, to regulate its business practices. In 2021, CRH focused on strengthening its compliance on anti-monopoly and anti-unfair competition. We promulgated the "Management System for Overseas Anti-Bribery Compliance of China Resources (Holdings) Company Limited" and issued the "Anti-monopoly Compliance Manual of China Resources Group (2021 Edition)" to the entire Group to strengthen the awareness of compliance. Through all these actions, we created an open and transparent business environment, and won the trust of the market with integrity.

**CR Ng Fung** strictly prohibited any involvement of its business units in anti-competition. It conducted a comprehensive review of distribution contracts, sales contracts, agency contracts, etc., and conducted checks on clauses related to restrictions on sales prices, resale prices and supply channels. It completed the revision of about 30 contract templates for business units in 2021;

**CR Power** conducted special training on business ethics such as anti-commercial bribery and anti-money laundering, to enhance the awareness of all employees for business ethics;

**CR Cement** continue to optimize its information-based procurement system, improved the proportion of procurement through bidding and enhanced the capacity of the procurement team, to ensure the compliance and fairness of the whole process, all elements and all aspects of project procurement, and achieve fair competition among suppliers;

**CR Pharmaceutical's** Corporate Governance Committee is responsible for monitoring business ethics. It issued the "Anti-monopoly Compliance Alert Letter for Pharmaceutical Companies", organized exchange meetings on preventing anti-monopoly risks, and disclosed the "Reporting Policy" on its website to encourage customers, employees, suppliers and others to report misconduct to the Integrity Commissioner by email, letter or in person.

## Fair Competition

The Group carried out bidding and procurement via CR Shouzheng Bidding Company Limited, the bidding and procurement center of the Group. On the one hand, the platform shared procurement information with China Tendering And Bidding Public Service Platform by timely pushing tendering announcements, winning results and other information, which expanded the channels for suppliers to obtain procurement news and participate in procurement projects; on the other hand, the platform launched an online supervision system to form a closed loop of supervision and management and regulate the behavior of tenders, bidders, evaluation experts and other related parties, which effectively maintained a fair and competitive market order.

In 2021, 25 business units of the Group adopted the Shouzheng platform, completing more than 5,600 tendering projects and nearly 30,000 non-tendering projects annually. Shouzheng also conducted 5 training sessions for suppliers to help them familiarize with the functions and operations of the platform, and opened up channels for objections and complaints to ensure fair competition among suppliers.

## Respecting and Protecting Intellectual Property Rights (IPR)

CRH established and improved the "Intellectual Property System of China Resources Group". In 2021, we jointly organized the "Intellectual Property Forum for Central Enterprises in the Greater Bay Area" with seven central enterprises in the Greater Bay Area, and issued the "Joint Declaration on Intellectual Property of Central Enterprises in the Greater Bay Area". In December 2021, the Group issued the "14th Five-Year Plan on Intellectual Property of China Resources Group", with a special section on "Respecting the Intellectual Property Rights of Others", which stipulates that the Group shall not use unauthorized pictures, texts, trademarks, software, programs, source codes and other IPRs, and shall obtain them through legal means if they are needed in business activities, so as to create a IPR culture that respects knowledge and innovation.

The Group respected IPRs in its daily management. We established the "New Media Guidelines of China Resources Group", requiring the Group and each unit to establish awareness of copyright protection, avoid using unlicensed and unpurchased content in new media dissemination, ensure compliance with the IPR laws and regulations of the place where it operates, and obtain the authorization and consent of the original unit when reproducing content on new media accounts; The Group continued to enhance awareness and education on software licensing. We urged our units to check whether the genuine software was adopted, and make rectification if not, and strengthened the control of genuine software by piloting the use of technical means through a software asset management platform.

In 2021, the Group paid attention to protecting its core IPRs, focusing on clearing infringements in the areas of consumer products, real estate and health, which are closely related to the lives of the public, and combating counterfeit infringements to protect the lives and properties of the public. The Group gave priority to negotiation or complaints against units with low maliciousness and infringement, and successfully handled nearly 100 cases throughout the year. We strongly cracked down on malicious infringement and initiated more than 50 lawsuits throughout the year. We promoted the judicial recognition of "China Resources" trademark as a well-known trademark four times, and the judicial recognition of "Mixc" trademark as an unregistered well-known trademark for the first time. The case on Sichuan China Resources Lighting won a retrial in the Supreme People's Court, resolving a judicial disagreement over brand protection in the wholesale and retail industry for over 20 years.

## Strengthening the Management of Software Licensing



**Raising Awareness and Clarifying Requirements**

- Organized a group-wide awareness-raising meeting on software licensing
- Published a monthly newsletter on software licensing
- Issued paper documents to specify management requirements for software licensing



**Implementing Supervision and Promoting Rectification**

- Urged units to carry out self-examination and rectification in terms of system construction, responsibility implementation and use management of genuine software
- Sorted out and promoted the use of commercial software and its open-source alternatives
- Unified the genuine software ledger model and urged units to update their software ledger



**Building a Platform to Strengthen Control**

- Built a software asset management platform (including software authorization application function) in the headquarters, which can manage the terminal software assets and control the use of non-compliant software in a timely manner

# Promoting Responsibility Fulfillment on the Supply Chain

## Improving the Responsibility Fulfillment Policy for Suppliers

In 2021, **CR Power** revised its "Supplier Management Measures" to clarify the criteria for supplier selection, access and assessment, and to set requirements for suppliers in terms of environmental protection, employee health and safety, and labor standards, in an effort to minimize environmental, social and governance risks in the supply chain.

**CR Property** improved the supplier management system and the access mechanism for qualified suppliers. It managed suppliers by classification and grade with reference to their qualification, financial capability, reputation, service, project experience and previous cooperation.

**CR Sanjiu** improved the supplier access and dynamic management system. It selected high-quality suppliers by identifying risks through access audits, urged qualified suppliers to improve their quality management system through regular audits and dynamic management, and assessed procurement suppliers on a quarterly basis to eliminate unqualified suppliers in a timely manner.

**CR Chemical Materials** formulated the "Supplier Management Measures" and devised separate management guidelines for different categories of suppliers.

## Improving the Management Mechanism for Daily Responsibilities of Suppliers

**Supply Chain Supervision**

Through the "mutual evaluation" system, **CR Gas** organized suppliers to evaluate and supervise its member companies, and CR Gas headquarters urged the contract performance of member companies based on the feedback from the mutual evaluation.

**CR Cement** formulated the "Procurement Management System", the "Supplier Management Measures and the Contract Management System" to regulate the development, selection, cooperation and evaluation of suppliers.

**CR Healthcare** signed an integrity pact with its suppliers to regulate the marketing practices of suppliers and their business personnel, and set up open channels for complaints and reporting. In 2021, CR Healthcare signed integrity pacts with 1,021 suppliers.

**Supply Chain Training**

**CR Cement** attached great importance to share values with partners, and enhance their awareness of compliance and social responsibility through training on laws, regulations and systems, so as to strengthen its competitiveness in the supply chain.

**CR Pharmaceutical** conducted 52 training sessions on supplier quality management throughout the year.

**CR Healthcare** conducted extensive training programs for suppliers. More than 50 training sessions on the compliance and risk of suppliers were conducted in 2021.

**CR Microelectronics** carried out 21 on-site quality and technical communications with suppliers, provided on-site audits to 66 suppliers (including outsourcers) by the engineering department led by the company's quality team, and made suggestions for improvement.




## Supply Chain Assessment and Communication

**CR Power** dynamically managed shortlisted suppliers and formulated the "Management Process for the Application of Supplier with Misconducts" to control quality through on-site inspection and third-party inspection. It organized regular supplier evaluation in terms of contract performance, service quality, service responsiveness, safety control and other dimensions, and implemented measures such as imposing procurement restrictions and withdrawal procedures for suppliers with misconducts.

**CR Sanjiu** determined suppliers' ratings based on their response to social responsibilities to encourage them to fulfill their social responsibilities. In 2021, it organized on-site audits for 42 suppliers, including access audits for 30 suppliers with 3 eliminated, and regular audits for 12 suppliers. All of them passed the audits, with a 100% completion rate.

**CR Chemical Materials** comprehensively evaluated suppliers' qualification, quality, safety and integrity before their access, and made exception evaluation, on-site audit and performance assessment in procurement activities. In 2021, CR Chemical Materials audited 500 suppliers, with an assessment coverage rate of 100% and a pass rate of 100%. The assessment results were reported to the company's procurement committee for review and approval.

In 2021, **CR C'estbon** identified 52 risks of upstream suppliers' packaging materials and 340 risks of factories, conducted compliance audits on 811 product labels with 56 problems found, and discovered 16 problems in the supervision for market quality risks, all of which were followed up and solved to ensure 100% quality and safety compliance. No OEM factories were eliminated due to quality problems in 2021.

In 2021, **CR Healthcare** reviewed 540 drug suppliers and discontinued 77 of them. Now, it has 416 qualified suppliers and 1,125 qualified products.

## Supply Chain Audit and Control Optimization

In 2021, the Group continued to include all types of procurement business, such as engineering construction, commodities and materials, and marketing and promotion, into the scope of daily audit and supervision. We focused on the audits on the procurement for engineering construction under the integrated energy and urban construction and operation segments, procurement for commodities and marketing and promotion under the consumer products segment, procurement for pharmaceuticals and logistics services under the healthcare segment, procurement for system construction under the industrial finance segment, procurement for engineering construction and major equipment under the technology and emerging sectors segment, involving procurement contracts worth over RMB200 billion, and revealed the problems and risks in the setting of procurement agencies, selection of procurement methods, bid evaluation management, contract signing and execution of related projects. The Group established a mechanism for sharing audit findings, including sharing important audit findings through communication meetings, and sending issues revealed in audit reports to the Group's counterparts in a timely manner, to review and improve its procurement management system. The Group also issued the "System for the Management of Audit Rectification".

**CR Land Maintained Sound Interaction with Supplier Conferences**

CR Land West China Region held the annual supplier conference with 201 suppliers attended. The conference clarified the principle of supplier control, which is to implement "strict shortlisting" in the selection of suppliers, strengthen pre-bid delivery, share project information with suppliers, and exchange requirements for project management, striving to achieve the goal of low development cost, good product quality and excellent supplier quality. In 2021, CR Land offered 218 suppliers and 551 project managers with "Partner" courses.

# Enhancing Media Relations

## Brand Management, to Clarify the Direction of Brand Building and Strengthen Management of Functional Lines

In 2021, CRH further deepened its brand building with a focus on promoting brand enhancement, improving brand system construction, increasing brand investment, strengthening management of functional lines, and enhancing corporate brand image, etc. In 2021, the Group held a conference on corporate culture and brand management to clarify the CRH's focus on brand building during the "14th Five-Year Plan" period, which laid the foundation for the Group to promote the top-level integration of culture, brand and social responsibility.

## Strengthening Positive Communication to Enhance Brand Influence

In 2021, the Group was involved in "Party Finance, Centennial Token", which was launched by the News Center of the State-owned Assets Supervision and Administration Commission (SASAC) in cooperation with CCTV's "Dialogue" program, and Chairman Wang Xiangming told a story of "The Valuable Vest". The Group released "The Valuable Vest" on its official video account, promoted it with internal resources and integrated it into the Party history education. As of the end of 2021, "The Valuable Vest" received 1.193 million views. In 2021, the Group's official WeChat account and video account also planned several issues to report learning, education and thematic activities on Party history.

In 2021, CRH participated in the production of "Hundred Years of Exploration", a series of micro-documentaries to commemorate the centenary of the Communist Party of China. Through 100 precious historical moments, the documentary documented the 100-year journey of our Party, allowing the general public to understand the history of the Party and the history of New China with vivid characters, touching stories and glorious history. The documentary was serialized on xuexi.cn from July 1 to October 8, 2021 and has been broadcast on the official website of Party History Learning and Education, the electronic newspaper column of People's Daily, People's Daily Online, peopledigital.com.cn, china.org.cn and other platforms.

In 2021, CRH's official WeChat account, video account, overseas social media and other official platforms planned a number of issues on the "14th Five-Year Plan", the three-year reform of state-owned enterprises, senior management training, Qianhai planning, business development and performance release of its subsidiaries, the Global Fortune 500, rural revitalization, the National Games, supply assurance, disaster relief and other contents, through innovative forms, and made special reports to strengthen the guidance for hot issues, so as to enhance information transparency. In 2021, our official WeChat account received 2.45 million views and 74 tweets attracted over 10,000 viewers; our official video account was broadcasted 9.61 million times a year. The content exposure at the CRH's official Facebook and Instagram totaled over 13 million times, with an effective reach of over 6.9 million times; Facebook content coverage totaled over 4.23 million times, with over 450,000 interactions and fans from as many as 45 countries. According to the characteristics of platforms, CRH has told stories mainly in English from the perspectives of business operation, business development, recruitment in Hong Kong, the National Games, overseas business, social responsibility and so on. All of these have effectively disseminated the content of CRH and the story of China and established a good image of CRH to the world.




In 2021, "No Poverty Land", a documentary on the history of poverty eradication titled by CRH and produced by Hong Kong TVB, was highly acclaimed upon its broadcast, generating much discussion online and offline. "No Poverty" refers to the eradication of poverty, and also means the endless journey to alleviate poverty. "No Poverty Land" documented the results of poverty eradication in Hainan, Guangxi, Guizhou, Yunnan, Sichuan and Ningxia, and told the Hong Kong public about the miracle of poverty alleviation in China, with over 10 million people watching the program.




The "Party Finance, Centennial Token" was jointly launched by the SASAC News Center and CCTV's "Dialogue" program, which told the stories behind the "tokens" of state-owned enterprises with special significance in the history of the Party. The team chose the special vest worn by the CRH founder, Yang Lian'an, when escorting funds in 1942 as the "centennial token" of CRH.

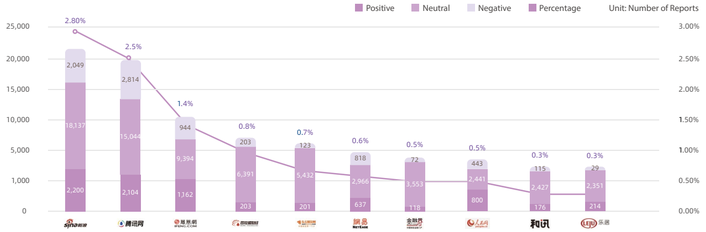



In November 2021, CRH released and promoted its new corporate image film "Journey Forward" themed with "What a Wonderful Life by China Resources", in an effort to demonstrate its strength and commitment as well as ideals and beliefs, and enhance the reputation and goodwill of its brand. The Group promoted the film through various types and perspectives, with a total exposure of over 81 million times and a total interaction of about 960,000 times.

## Interacting with Media through Interviews with Senior Management

In 2021, the Group planned special features and interviews with senior management. In the "Visiting Central Enterprises in the Opening Year " Series, CCTV-2 interviewed Chairman Wang Xiangming and talked about CRH's "14th Five-Year Plan". In June, Chairman Wang published a signed article entitled "Promoting High-Quality Development of Enterprises in the New Development Stage" in People's Daily, which conveyed CRH's voice from aspects of its transformation and upgrading, technology innovation and economic trends. In 2021, the Group interacted with media by attending "rural revitalization forums" to enhance the media's understanding of CRH's fulfillment of social responsibility and rural revitalization, and organizing the central and mainstream media to visit its Hope Town in Yan'an and the newly-launched Hope Town in Nanjiang.

### Distribution of Information Sources of CRH in 2021




## Stable Public Opinion Climate and Response to Social Concerns

In 2021, information involving the Group and its business units from domestic and overseas information platforms showed an obvious rise compared to last year, with the amount of negative reports marking 34,000, accounting for 4.2% in 2021, down from 5.3% in 2020. Negative public opinion has a certain negative impact on the Group's reputation, and also reflects loopholes in the internal security and compliance management of some enterprises. Generally speaking, CRH's public opinions were positive in 2021, with a significant rise in the amount of positive reports.

The Group continued to take public opinion monitoring as the guide to improve its ability to fulfill responsibilities and governance. This year, the Group newly built the PC and mobile terminals of the public opinion monitoring platform, optimized and improved the functions of the monitoring system, and updated the public opinion monitoring and early warning system. Besides, the Group continued to guide business units in public opinion management with the New Media Guidelines, and held public opinion management training sessions in due course to analyze and judge the current trend of new media, improve the new media literacy of its brand team and enhance its ability to respond to public opinions.

**CR Gas's Natural Gas Leakage in Handan Killed 3 People**

In the second half of 2021, the intensive occurrence of accidents such as the Shiyan gas explosion in Hubei caused a great deal of concern for gas safety across the country. In the sensitive public opinion environment, in mid-October, the official WeChat account of the Congtai District of Handan City, Hebei Province, issued a notice that a natural gas leakage occurred during a valve replacement operation by a CR Gas's maintenance crew in Handan, resulting in the death of three people. The report was quickly reproduced in 1,336 articles by mainstream media and we-media accounts, including CCTV.com, ChinaNews.com, huanqiu.com, The Beijing News, Hebei Daily, takungpao.com and Hong Kong Commercial Daily, mainly as an objective reproduction of the accident report, with numerous references to "CR Gas", which had a negative impact on the company's image.

After investigation and verification, the gas pipeline in question was indeed within the scope of CR Gas' business, and the casualties were employees of a third-party construction unit. After the accident, CR Gas immediately contacted the local government, set up an emergency response team, cooperated with the government and relevant departments in the investigation, and arranged a dedicated person to contact the family and make proper arrangements for the aftermath of the accident, while conducting a comprehensive safety hazard investigation. The public opinion about the incident quickly subsided within 24 hours.

Executive editor: Yu Feng Contributors: Fan Wenwen, Zhen Luyao, Mao Jingbo, Xu Suchen, Guo Biao, Shang Jian, Qin Longling, Gao Fang, Zhang Naiyuan



## Commitment and Its Performance

| Commitment Made in 2021 | Commitment Performed in 2021 | Commitment Made in 2022 |
|---|---|---|
| To strengthen the awareness as an innovator, and to enhance the overall planning at the Group level. | In 2021, the Group clarified the carrier for the R&D and innovation platform, established CR Land - Tsinghua Shenzhen Technology Innovation Institute and CR - BYD Power Energy Storage Laboratory and promoted the construction of "Guangdong-Hong Kong-Macao Greater Bay Area - National Technology Innovation Center - Hong Kong Center ". China Resources Research Institute of Science and Technology – Research Institute of Tsinghua University in Shenzhen Joint Research Institute has established 6 laboratories and commenced achievement transformation. | Accelerate the construction of national research platform and strive to establish national key laboratories. |
| To conduct more internal and external cooperation, integrating the Group's internal and external forces, and industries and funds, to strengthen cooperation with external professional resources. | In 2021, the Group set up a number of industrial funds in the fields of consumer products, healthcare, new energy and biomedicine, etc., and CR Microelectronics Runke Fund completed the acceptance of four national projects. | Establish and improve the mechanism for selecting and implementing R&D projects, and to create a highland of industry-university-research based on major projects and platforms. |
| To continue to reduce commercial corruption and bribery in procurement, and to lower operational risks found in supply chains. | The Group promoted the use of Shouzheng Platform, its e-procurement platform. In 2021, 25 business units of the Group adopted the Shouzheng Platform to promote procurement compliance and transparency. The Group also promoted the implementation of the overseas anti-bribery compliance management system in its business units. | Increase centralized procurement efforts to prevent commercial corruption in procurement, and to strengthen supply chain management and grow together with supply chain partners. |
| To optimize the public opinion management system, and to strengthen the guidance and supervision of functional lines; to take public opinion monitoring as the guide, to improve the ability to perform responsibility and governance. | The Group newly built the PC and mobile terminals of the public opinion monitoring platform, optimized and improved the functions of the monitoring system and updated the public opinion monitoring and early warning system. The Group continued to guide business units in public opinion management with the New Media Guidelines, and held public opinion management training sessions in due course to enhance its ability to respond to public opinions. | Strengthen the guidance for public opinion, and continue to consolidate and enhance the corporate image through brand management. |



# Public Responsibility

Bringing Positive Changes to the Community



# Public Responsibility

## Bringing Positive Changes to the Community



Story
6

# Efficient AidOffering Heart-warming Support for Crises in Four Seasons

## —— CCR C'estbon Public Welfare Rapid Response Mechanism for Disaster ReliefPu




**Kou Shaohang**

CR C'estbon
Sales Manager of Traditional Urban Channels, Xi'an, Shanxi

On December 24, 2021, 330 locally acquired COVID-19 cases were reported in Xi'an. Facing a severe pandemic, Xi'an decided to close down the city. It meant that thousands of medical workers, community workers and volunteers would go to the front line of pandemic control and water supply was a key link of material support. On the same day, CR C'estbon initiated the Public Welfare Rapid Response Mechanism for Disaster Relief. In response, Kou Shaohang, sales manager of CR C'estbon in Xi'an, Shanxi, volunteered to deliver supplies to frontline workers and people in locked-down communities. In the following week, he worked with 13 individuals to deliver more than 100 tons of water to all regions of Xi'an.

CR C'estbon has been providing disaster relief support since 2008 beginning with the Wenchuan Earthquake on May 12, 2008. It has also offered support during the Dali earthquake in Yunnan Province in 2021 and the torrential rain and floods in Henan Province in 2021 alongside COVID-19 relief in 2020 which continues even today. CR C'estbon has constantly improved its disaster relief mechanism turning its mature nationwide commercial network into an emergency supply network and providing a wide range of emergency supplies to disaster-stricken areas or closed-off communities at the earliest time. Having dedicated itself to public welfare for 15 years, CR C'estbon has formed a corporate social responsibility system featuring bilateral linkages between local divisions and headquarters and active response units establishing a drinking water supply network to bolster disaster and pandemic relief efforts.

### Leading a Team of Fourteen Volunteers Towards the Front Line of Pandemic Control

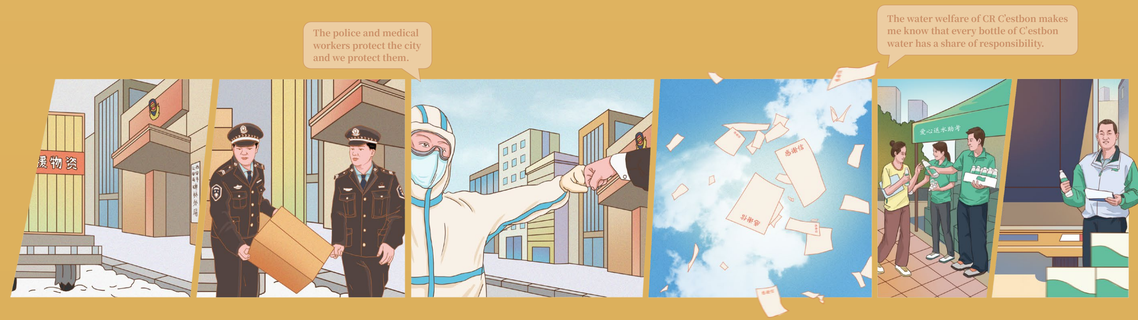
On the day of lockdown, the streets of Xi'an were filled with people wearing masks busy shopping for supplies. Kou Shaohang realized that Xi'an was fighting an uphill battle against the pandemic. "My hometown is sick and we need to do something about it," he said.

When he saw the Company's call for donations, more than 70 people in Xi'an had already participated . In the end, a team of fourteen healthy and strong volunteers with eligible passes were formed to deliver supplies to Xi'an. As the only person with a cross-border pass, Kou Shaohang was responsible for personnel and supply coordination shuttling between different regions for seven consecutive days despite the risks of COVID-19 infection.

On December 25, 2021, the temperature in Xi'an plummeted with heavy snow making it difficult to work outdoors. Thinking of the thousands of medical workers struggling to "race" against the virus, Kou and his colleagues still rushed to deliver purified water to pandemic-stricken regions against all odds despite the difficult traffic and poor visibility on snowy days with -6 °C weather (there was not even hot water available to make instant noodles so Kou Shaohang and his colleagues had to bring packaged food supplies during the process).

When they arrived at the Xi'an Pandemic Prevention and Control Command Center, the staff went to the front line completing the loading and unloading of purified water by themselves. A total of 1,000 boxes of purified water were loaded and unloaded by six people in three hours. "My arms were sore and my masks were soaked with sweat," he said.






### Tiding Over Difficulties Together Under the Severe Cold

With nearly twenty centimeters of snow covering the ground, Kou Shaohang and his colleagues would get their shoes and socks soaked every time they went out. In order to prevent frostbite, they warmed themselves up before going out. In the cold, they faced a surprising emergency: When they arrived at Beilin Sub-bureau, Xi'an Public Security Bureau, their van broke down at the gate while they were several metres away from the warehouse.

When they were puzzled about what to do, the public security officers who had just finished their shifts came to help with the loading as soon as they saw the scene. "It was tiring but also heartwarming." During the volunteering work, Kou Shaohang was praised by frontline pandemic prevention workers. "They would bump fists with us to send us greetings." And each thank-you letter CR C'estbon received was a recognition of the company's disaster response mechanism. In the end, they delivered 195,600 bottles of C'estbon purified water in 8,000 boxes over seven days.

### Three-way Coordination to Enable Round-the-clock Monitoring and Prompt and Efficient Assistance

How can supplies from remote warehouses be delivered to the front line the day right after the lockdown? It has everything to do with the "headquarters - regional divisions - distributors" three-way coordination mechanism of C'estbon.

The "Public Welfare Rapid Response Mechanism for Disaster Relief" of CR C'estbon was established in 2008. After 15 years of development, frontline employees in various regions have been incorporated into the system. After receiving professional training, the employees were able to follow local dynamics closely and report abnormalities immediately forming a "7*24 hours" monitoring system to guarantee that no disaster-related information is missing. In case of natural disasters, the CR C'estbon districts, regions and factories can respond at the earliest time coordinating the local business team and dealers to allocate materials and contacting relevant government departments and public welfare organizations to ensure efficient assistance during the golden time for disaster relief.

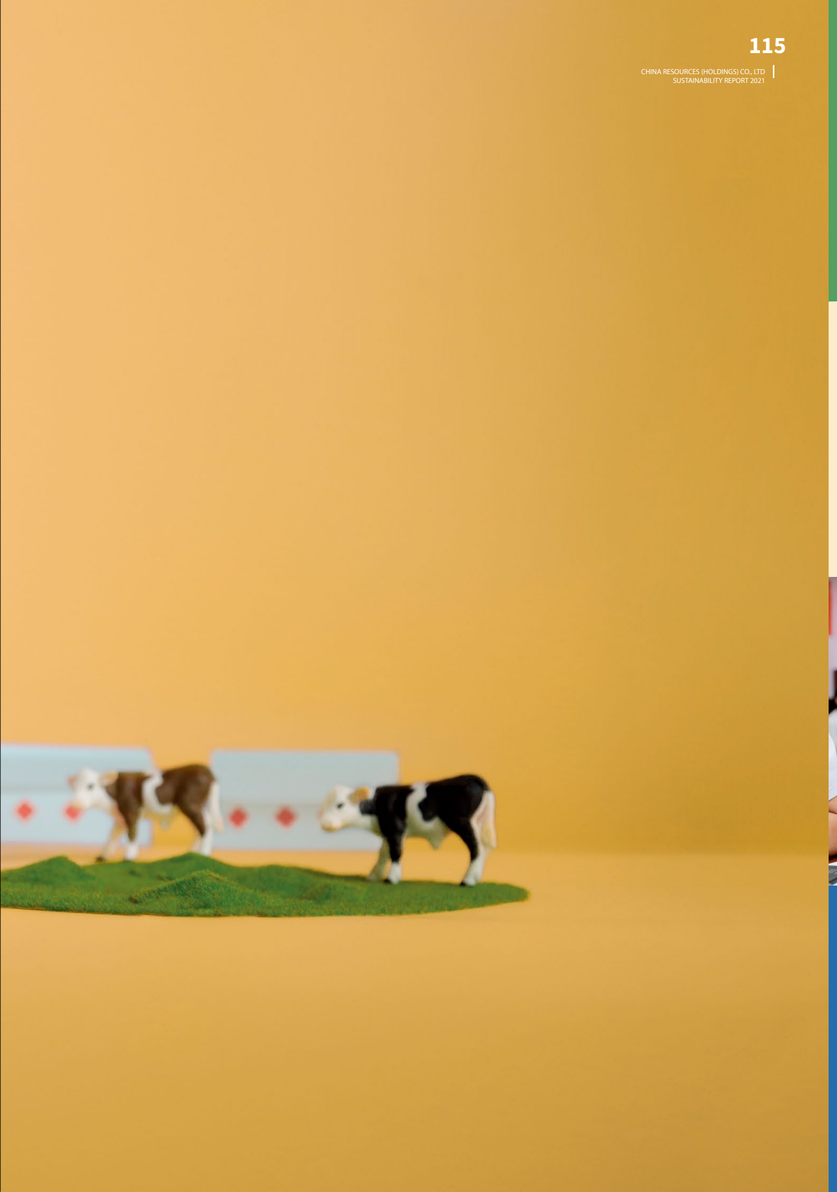
### Constant support for disaster relief, pandemic control and public welfare activities

CR C'estbon has been involved in major public welfare disaster relief activities in China. In 2021, a year that saw frequent natural disasters, the company delivered water supply to the front line of disaster relief as soon as possible during incidents such as the earthquake in Dali in Yunnan, the heavy rainfall in Baohong in Sichuan and the heavy rainstorm in Henan etc. With its quick response mechanism, CR C'estbon has made continuous efforts to ensure that safe and pure drinking water can be delivered to people in disaster-stricken areas as soon as possible.

Since 2020, CR C'estbon has made continuous efforts in the "Water Public welfare" project according to the latest development of pandemic prevention and control. When COVID-19 broke out in Wuhan, CR C'estbon issued a quick response donating nearly 40,000 boxes of C'estbon purified water and beverages to local pandemic control institutions in Wuhan including 280 hospitals and the Red Cross Society. Whenever there were recurring pandemic outbreaks from May 2021 to April 2022 in China, CR C'estbon kept a close eye on the COVID-19 situation in various regions and provided drinking water and beverages to ensure a comfortable work environment for front-line pandemic control personnel.

A key reason why CR C'estbon has been dedicated to its public welfare undertakings for 15 years is that the Company has kept its purpose pure and simple. CR C'estbon has gradually established a systematized mechanism through routine tasks and a quick disaster response. Its efforts have extended to a series of annual social responsibility public welfare activities such as the "Water Donation to Examination Site" for university entrance exam students, "Bringing Coolness in the Hot Summer" campaign for outdoor workers such as front-line traffic police and sanitation workers and the "A Bottle of Water on the Journey home" for the spring festival travel rush.

To forge ahead into the future, CR C'estbon recalls the Company's beginnings. CR C'estbon has always devoted itself to public welfare and has practiced social responsibility as an inner driver of sustainable development. The Company has continued to incorporate social responsibility in its corporate strategy and decision-making, daily business operations and functional management. Sustainable public welfare projects have helped CR C'estbon promote long-term development of social responsibility work.





Total Pre-Tax Profits RMB

**124.57** billion



Safety training: Employee training

**5,847,300**

persons per hour



Safety training: Relevant party training

**3,384,900**

persons per hour

## Concept and Vision

With the mission of "leading business progress and creating a better life for all", CRH has been advocating a culture of contributing. The Company hopes to keep our promise to the public with concrete efforts in carrying out conversations, witnessing, sharing, and development. CRH believes that every time the Company explores and gives, it brings more warmth to the community, greater shared results to the public, and clearer positive changes to social development.

SDGs Responses




**HKEX ESG indicators covered in this chapter:**
B8.1, B8.2

Temporary executives appointed

**5** persons

**1** first secretary of the village



Funding for rural revitalization RMB

**108.3045** million

Statistics on Safe Production

| Crude death rate | Safety production input RMB | Number of emergency drills | Number of certified safety engineers |
|---|---|---|---|
| **0.0024** ‰ | **1.779** billion | **37,675** | **2,181** |

Total donation RMB

**146.6315** million



Newly created jobs

**80,000**



# Fulfilling the Mission as a Central Enterprise Based in Hong Kong Growing with Hong Kong

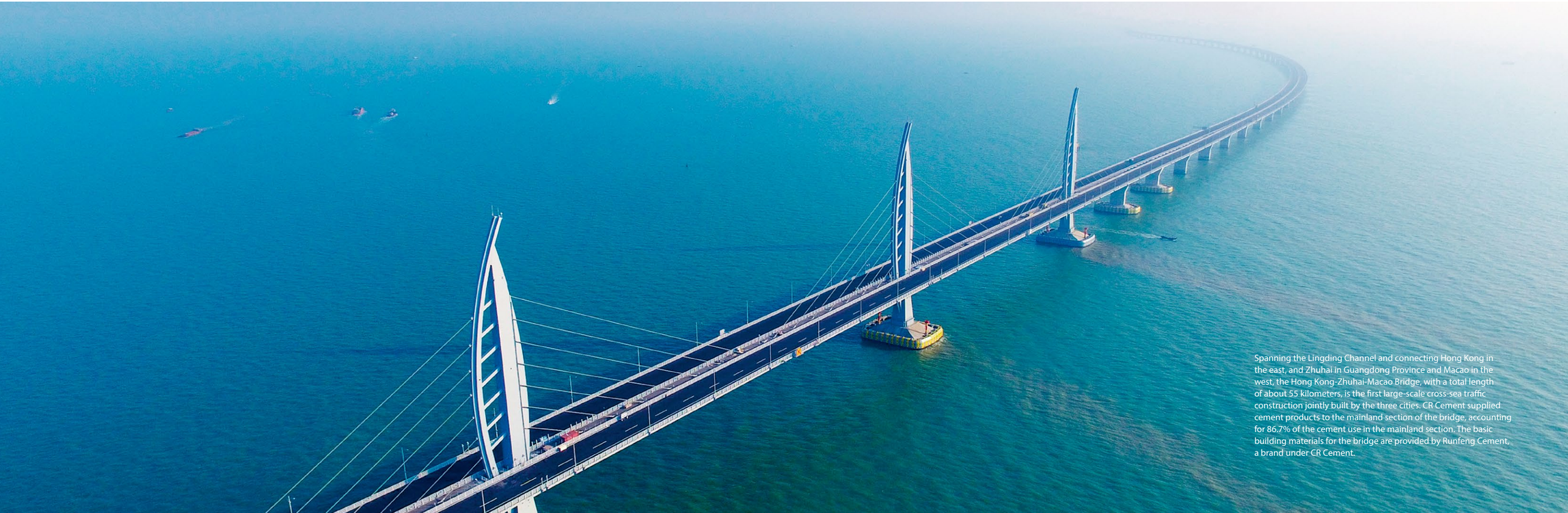
With 84 years of presence in Hong Kong, CRH has long been scaling new heights and actively fulfilling its mission as a central enterprise. With the support of the government, CRH has worked with all walks of life in Hong Kong to solve social contradictions and problems , promote economic development, and improve people's livelihood, in order to contribute its fair share in realizing the "one country, two systems" principle. CRH has been incorporating Hong Kong into China's development landscape, and maintaining the city's long-term prosperity and stability.

## Reshaping Hong Kong Business

In 2021, CRH vigorously promoted the reshaping of its Hong Kong business. The Company established a Hong Kong working committee, formulated a Hong Kong business development strategy, and increased investment in the city. CRH held the Hong Kong Economy and People's Livelihood Forum and set up a platform for information exchange. The Company explored new opportunities brought by the development of modern service industry and expansion of domestic demand, and strengthened cooperation in scientific and technological research and development and achievement transformation. CR Logistics acquired East Asia Industrial Building in Tuen Mun and Mineron Center in Fanling. The two buildings locate inside the northern metropolitan area of Hong Kong which help to enhance the scale of storage property in the region; In cooperation with the Chinese University of Hong Kong, City University of Hong Kong, and Baptist University among others, CR Enterprise set up a science and innovation investment platform to accelerate the transformation of science and innovation achievements in life science and health, biomedicine, and other cutting-edge fields. CR Property acquired the property and facility management business of Hong Kong Sing Chit Limited to accelerate the layout of the city's modern service industry.

**CRH’ s business in Hong Kong** mainly involves basic industries of people's livelihood such as retail, warehousing and logistics, property management, medicine and real estate, among which live pig, cattle and sheep supply to Hong Kong ranks the top in the industry, cold storage and coffee ranks second, and supermarkets ranks third.

- CR Vanguard is the third largest supermarket chain retailer in Hong Kong. It operates three businesses in Hong Kong, namely, CR Vanguard Supermarket, VanGO convenience stores, and U Select.
- CR Ng Fung focuses on the supply of living livestock from Mainland China to Hong Kong, slaughterhouse operation, and fresh and frozen meat distribution to ensure the meat supply to Hong Kong.
- Pacific Coffee is the second largest coffee brand in Hong Kong and one of the most influential among the industry.
- CR Care is a brand under CR Pharmaceutical which provides health products and services to Hong Kong citizens.
- Chinese Arts & Crafts is a retailer of medium to luxury-level arts and crafts, focusing on jade, jewelry and other medium to luxury-level arts and Chinese clothing retail.
- CR Land has residential projects in Hong Kong such as the Chancery Lane Project in Central, Shouson Hill Project, Kai Tak Project, Wah Tung Godown Building in Yau Tong, and Cheung Sha Wan.
- CR Property manages several assets in Hong Kong including the China Resources Building, Causeway Centre, St. Regis Hotels and Resorts, and mansions at the Peak.
- CR Enterprise mainly focus on retail property leasing in Hong Kong, while the business of CR Logistics mainly focuses on warehousing and distribution. The company owns room temperature warehouses, frozen warehouses, and the city's first midstream operation wharf.
- Redland Concrete Ltd is one of the major suppliers of ready-mixed concrete to the construction industry in Hong Kong.



Spanning the Lingding Channel and connecting Hong Kong in the east, and Zhuhai in Guangdong Province and Macao in the west, the Hong Kong-Zhuhai-Macao Bridge, with a total length of about 55 kilometers, is the first large-scale cross-sea traffic construction jointly built by the three cities. CR Cement supplied cement products to the mainland section of the bridge, accounting for 86.7% of the cement use in the mainland section. The basic building materials for the bridge are provided by Runfeng Cement, a brand under CR Cement.

## Strengthening Talent Development for the Hong Kong Team

In 2021, eight CRH employees were elected to the Hong Kong SAR Election Committee. Among them, one was elected as a Legislative Council member. The Group has taken an active part in Hong Kong's talent cultivating projects such as the "Four Hundreds of Thousands" project, "Greater Bay Area Youth Employment Scheme", "Hong Kong Internship Program", and the "Navigation Scheme" , providing 4,145 internships and 5,958 Mainland exchange opportunities for Hong Kong youth. Nearly 1,000 of them have been employed, covering jobs of entry-level, professional management, political personnel reserve candidates, etc. Since 2020, the "Spring Bamboo" program specially designed by CRH has created 2,000 jobs for Hong Kong graduates and Hong Kong residents in three years, relieving employment pressure and serving the development strategy of the city and the Greater Bay Area.




Dr. Lee Hoey Simon, Chief Strategy Officer of CRH in the Greater Bay Area, was successfully elected to the Election Committee, receiving 1,308, or 92% of votes, and finishing eighth out of 51 candidates. Dr. Lee Hoey Simon is one of the first members of the Legislative Council of Hong Kong Special Administrative Region elected after the enhancement of the Hong Kong's electoral system. He is also the first CRH employee ever to serve in the Legislative Council of Hong Kong SAR.

## Helping Hong Kong Fight Against the Pandemic

At the beginning of 2022, the fifth wave of COVID-19 in Hong Kong dealt a severe blow to the city and brought difficulty to pandemic prevention and control. The Group and its subsidiaries made every effort to ensure the supply of materials, health of employees, pandemic prevention and control in the community.

In March 2022, **CRH** donated 1,000 professional medical beds to the Hong Kong SAR government to alleviate the shortage of medical resources. CR Logistics, a subsidiary of **CR Enterprise**, provided the government with about 100,000 square feet of storage space in the Tuen Mun District to store 100 million sets of rapid antigen testing kits purchased by the Hong Kong government. **CR Ng Fung** Sheung Shui Slaughterhouse recruited 38 mainlanders to set up a special group to ensure fresh meat supply to the Hong Kong market. **CR Vanguard** ensured the normal supply of vegetables, meat, rice, oil and other basic necessities in Hong Kong, and maintained stable prices. CR Care, a subsidiary of **CR Pharmaceutical**, made a solemn commitment to society that they would not raise prices or cut supplies in any of their branches to fully satisfy the needs of the public. **CR Land** Hong Kong Platform donated 1,000 boxes of Lianhua Qingwen, 1,900 protective suits, and 1,000 nucleic acid testing kits to communities hardest hit by the pandemic. **CR Power** distributed 1,000 rapid testing kits and alcohol hand sanitizers to KMB drivers for daily health monitoring. **CR Capital** distributed free medical sets, masks, disinfection supplies among other pandemic prevention materials to the citizens. Redland Concrete Co., Ltd., a subsidiary of **CR Cement**, was committed to ensuring the supply of concrete and assisting the construction of the temporary hospital at Kai Tak Cruise Terminal in Hong Kong. **CR Digital** carried out pandemic prevention and control on the cloud, providing continuous services in Hong Kong. In 2021, it supported 35 seminars of various types and held more than 600 video conferences in Hong Kong.

# Coordinating Public Welfare Resources

## Public Welfare

CRH actively undertakes the assistance and partner support tasks assigned by the state and actively gives full play to its resource advantages. It has built the CR Hope Town, setting a role model for national rural revitalization. In addition, the Group has also carried out extensive public welfare activities in the fields of pandemic prevention and control, disaster relief, education promotion, and environmental protection.

## Public Welfare Management

In 2021, the Group further improved the organizational structure of the special leading group of rural vitalization Work and working office, both led by the chairman of the Group in coordinating resources and assisting rural revitalization. The Group takes the CR Charity Fund and Hong Kong CR Charity Fund Co., Ltd. as platforms to coordinate and manage charitable projects in Mainland Chinese and Hong Kong.



CR Power has built and put into operation a 760,000 kW wind power project and a 490,000 kW photo-voltaic (PV) project in Haiyuan County, and introduced CRRC Zhuzhou Institute Co., Ltd. to build a fan manufacturing base, promoting the development of Haixing Development Zone in Haiyuan County.

## Combined Efforts to Boost Rural Revitalization

**Regular Action: Assistance and Support**

In 2021, CRH provided targeted assistance to Guangchang County (Jiangxi) and Haiyuan County (Ningxia)and provide partner support for Qingliu County in Fujian Province. In May 2022, the Administrative Measures on Designated Assistance and Partner Support and the Implementation Plan of the 14th Five-Year Plan were officially issued to provide organizational guarantee for the implementation of assistance and support work of CRH during the 14th Five-Year Plan. During the 14th Five-Year Plan, the Group will implement the "Four Don'ts" in poverty alleviation and adopt investment support, industrial cooperation, public support, and social donation as its work principles. The Group will sign five-year assistance agreements with Guangchang, Haiyuan, and Qingliu in five fields of revitalization, i.e. industry, talents, culture, ecology, and organization, helping the three counties consolidate crucial results of poverty alleviation and achieve high quality development of rural revitalization.

### Guangchang, Jiangxi

In 2021, CRH launched the "Lianxin Yaoxi" Soviet area revitalization project in Yaoxi Village, Yiqian Town, Guangchang, to help local people develop homestays and farmhouse entertainment. The annual sales of Guangchang Bailian exceeded RMB 10 million from 750 CR Vanguard stores nationwide. CR Chemical Materials and Guangchang Changsheng New Materials regularly carried out exchange visits, industry information sharing, and technical guidance to promote the development of the new materials industry in Guangchang.

### Haiyuan, Ningxia

CRH provided designated assistance for Haiyuan County from four aspects: industrial, investment, public welfare, and talents. In 2021, CRH donated RMB20 million to help Haiyuan County build a beef cattle slaughterhouse, primarily establishing the whole industrial chain of beef cattle breeding in Haiyuan County. CR Power invested more than RMB6.4 billion in Haiyuan County to support its local employment and tax revenue. The Group completed 7 "one-to-one" partner support activities to help impoverished college students in Haiyuan County, donating RMB3.928 million and subsidizing 1,964 impoverished college students. In 2021, the Group donated RMB480,000 to Guanqiao Town, Haiyuan County, to build the Guanqiao Town Exhibition Hall of Poverty Alleviation, which has now become a platform for Guanqiao Town to display its achievements of poverty alleviation and rural culture.

### Qingliu, Fujian

In April 2021, CRH forged ties with Qingliu, Fujian, signing a partner support framework agreement with the county in October. By April 2022, CRH had donated RMB800,000 to Qingliu County for the construction of the "Red Flag Pavilion" and two CR C'estbon libraries. It purchased RMB840,000 and helped sell RMB2.18 million of local agricultural products. CRH developed the CR health rural public welfare project in Qingliu County, organizing 4,125 village doctors to participate in online training and providing in-depth offline training for more than 50 rural doctors. Three village doctors were selected to go to the CR Sanjiu Brain Hospital for free study. Three rural clinics were established, effectively improving the medical conditions of local villagers.

**Optional Actions: Hope Towns**

In 2008, CRH first proposed the idea of using corporate and employee donations to build CR hope towns in poor areas and old revolutionary base areas. Over the past ten years, CRH has donated more than RMB1 billion in total, and built 11 hope towns nationwide, including in Baise in Guangxi Province, Jinggangshan in Jiangxi Province, and Yan'an in Shaanxi Province, with the four visions of "environmental transformation, industrial support, and organizational reconstruction, and spirit reshaping". In 2021, the Yan'an Hope Town in Shaanxi Province was officially completed. The Nanjiang Hope Town in Sichuan Province started construction. The Kailang Hope Town in Gansu Province, Tonghua Hope Town in Jilin Province, and Zhangbei Hope Town in Hebei Province started planning. The hope towns directly benefited 12,460 farmers from 3,381 households, improving lives for 100,000 people in the surrounding areas.

### Upholding Mission: CR Yan'an Hope Town Officially Completed

Yan'an Hope Town is located in Mafang Village, Nanniwan Town, Baota District, Yan'an, Shaanxi, with a planning area of about 270 mu (or 0.18 km2). Upon completion, 19 houses were built and 104 houses were renovated. New basic facilities such as the Party and Mass Service Center, Hotel Elan, and Nanniwan No. 1 Boutique B&B were built or renovated. Public facilities such as the roads and solar streetlights were improved, bringing a thorough upgrade to the town's living environment. In the process of environmental renovation, CRH carefully created different levels of accommodation products, developed hiking routes to the surroundings, provided tourists with rural tourism service packages such as red training and rural experience to develop the tourism industry in rural area. CRH introduced CR MIXC Lifestyle to Yan'an Hope Town to create a "red butler" for the property management of Hope Towns and to fuel more efficient rural governance of Mafang Village. In Yan'an, CRH also paid great attention to the exploration and protection of local traditional culture and rebuilt the Mafang Stage, transforming Mafang Temple Fair into a platform for carrying out cultural activities in the countryside, adding vitality to the construction of civilization in Mafang village.



Residents of CR Yan'an Hope Town were watching the temple fair at a the renovated Mafang Stage

# Strengthening Community Communication

## Local Recruitment

In 2021, CRH made full use of the online recruitment platform, actively absorbing local students to effectively boost local recruitment with a number of 363,000 employees maintained throughout the year. The local employment rate was 99.9% in the CRH Mainland , 95.8% in Hong Kong, and 97.7% in Thailand, creating many jobs for the local people.

## Supporting the Development of Community Public Health Services

Relying on its medical and pharmaceutical resources, CRH continues to carry out free community medical services and health education activities to improve public health awareness and promote community public health.

For four years in a row, CR Pharma Comm has launched the "Run-YAO Action", holding 2,041 events participated by more than 6,000 employees and providing nearly 30,000 hours of service.

CR Double-Crane launched the "Crane Bone Campaign" in Chamdo, Tibet and served more than 5,000 patients with Kashin-Beck disease by carrying out medicine delivery, case diagnosis, and return visits. Meanwhile, the "Rainbow Plan" telemedicine project has been launched. Ninety-two regional support activities and 232 on-site lectures and case discussions were conducted in 325 county-level hospitals in 25 provinces, benefiting more than 3,000 pediatricians and neonatal patients, helping to improve diagnosis and treatment at the community level.

For five years in a row, CR Jiangzhong has launched the public welfare campaign for health of digestive system in China, holding 15 health lectures and online live broadcasts by expert, arousing awareness 15 million people's awareness to intestinal health.

CR Health brought the exciting possibility of a healthy lifestyle to people across the country through voluntary clinic activities. In 2021, it organized 820 community voluntary clinic activities, benefiting 72,418 people. Huaibei Miners General Hospital conducted remote consultation, public education and trainings, and sent experts to Duji People's Hospital for medical services. In 2021, it treated more than 3,300 outpatients and 850 inpatients, carried out more than 20 surgeries, 60 consultations, held 6 expert lectures, and trained more than 100 medical staff.

### CR Pharmaceutical Healthy Village Program

Cooperating with China Women's Development Foundation, CR Pharmaceutical launched the Healthy Village Program with the theme of "Boosting Primary-Level Medical Services and Supporting Rural Revitalization". Diversified education methods both online and offline, hardware and software construction were applied to consolidate progress on health and poverty alleviation centering around the "five-sphere integrated" strategic goal, strategic targets, serving as an important driver of the "Healthy China" rural revitalization strategy.

#### Setting Up an Expert Training Team to Guide Primary Doctors

The team consists of well-known experts and academic leaders in China, including 15 chairmen/vice chairmen and more than 70 members of national academic associations.

#### Developing a Systematic Training Program for Rural Primary Doctors

Standard training courses catering primary doctors were developed, and 197 online training sessions were conducted, benefiting more than 2.3 million primary doctors.

#### Building an Interconnected and Sustainable Learning Platform

The CR Healthy Village Learning Platform was set up to promote the development of "Internet + Healthcare" by information-based means.

#### Developing a Series of Practical Technical Training Models for Rural Doctors

In Ningxia, Yunnan, Shaanxi and Fujian, four sessions of free clinical consultation training for rural doctors were carried out, involving more than 200 village doctors and 2,500 villagers.

Under CR Pharmaceutical's support, 13 village clinics were established in Hubei, Guizhou, Ningxia, Shaanxi, Fujian; Ninghua; and Gansu.

Rounds of medicine and equipment donations took place in 17 counties and cities, including Hong'an, Hubei; Zunyi, Guizhou; Qingliu, Mingxi, Taining, Fujian; Zhengzhou, Henan; with a total value of more than RMB 4.55 million.

#### Exploring a "One-to-One" Support Model for County-level Hospitals

CR Pharmaceutical provided in-depth assistance for medical centers such as Fuwai Hospital of Chinese Academy of Medical Sciences, Beijing Chaoyang Hospital affiliated to Capital Medical University, and Beijing Obstetrics and Gynecology Hospital affiliated to Capital Medical University; and provincial hospitals such as CR Wugang General Hospital and Ningxia People's Hospital; county-level hospitals such as Hong'an County Soviet Area Hospital, Haiyuan County People's Hospital, and Qingliu County People's Hospital.

## Supporting the Development of Community Education

In 2021, CR C'estbon donated 5 rural public libraries in Bijie (Guizhou), Guangchang (Jiangxi), Qingliu (Fujian), and Zhangbei (Hebei), with a total donation of more than 6,500 books, benefiting more than 3,500 rural children.

### "One Hundred Library Project" Return Visits

In July 2021, on the occasion of the 100th anniversary of the founding of the Communist Party of China, representatives of CR C'estbon employees gathered from all over the country to the CR Hope Town in Haiyuan (Ningxia), to jointly carry out the "One Hundred Library Project" return visits. During the activity, C'estbon donated learning supplies to dozens of children in kindergartens, including 100 customized schoolbags, nearly 100 children's books themed on CPC history, and dozens of sets of sports equipment, etc. to promote the all-round development of children.

CR Vanguard launched the "Beautiful Mobile Classroom" project to introduce modern art education into rural campuses through standardized and systematic rural aesthetic education actions. By the end of 2021, 8 art classrooms have been donated in rural schools in Longlin (Guangxi), Nyingchi (Tibet); and Bijie (Guizhou).

Vanguard team of the CR Gas' party members mobilized their members to make donations to support education and provide psychological counseling for young people, providing young people with assistance in career planning and solving their practical difficulties.

The year 2021 was the 24th year for CR Sanjiu Ya'an to carry out educational assistance. The company has donated a total of 8 Sanjiu Hope Primary Schools and offered RMB 200,000 of scholarships every year, benefiting more than 30,000 teachers and students.

In 2021, CR Cement held the second "Runxin Children's Walk Competition" charity cloud race. 2,900 employees participated in the event and donated RMB 100,000 to underprivileged primary schools to buy smart blackboards and school uniforms for students.

CR Chemical Materials encouraged its employees to participate in educational activities. Since 2015, Xutang Middle School in Xinbei District of Changzhou has established a scholarship, which has helped 236 underprivileged students complete their studies for 6 years. In 2021, it donated RMB10,000 of scholarship to help 40 students.



CR Vanguard "Beautiful Mobile Classroom" volunteers teaching in schools

## Supporting the Overall Revitalization of Communities

CRH and its subordinate units took multiple measures to support communities and industries to revitalize talents, culture and ecology.

**Industry and Talent Revitalization for Communities:**
By improving the job skills of residents and creating job opportunities for the communities, CR Pharma helped the residents find jobs locally or in nearby regions. In 2021, through the "company + cooperative + farmer" mode, CR Sanjiu taught the local people the planting technology of TCM herbs. A total area of 60,000 mu TCM herbs were planted, the value of which exceeded RMB 100 million, increasing income of 2,000 farmers. CR Jiangzhong provided designated assistance for Baidu Village in Liangfang Town, Lianhua County, and formulated the 2021-2023 Rural Revitalization Plan of Baidu Village. It donated RMB 800,000 to help the village develop medicinal herb planting, infrastructure construction, and agricultural and sideline product sales, so as to promote the village's collective economic income and drive industry and talent revitalization.

**Cultural Revitalization for Communities:**
In 2021, CR Bank pioneered the "Sports + Finance" community culture model, sponsoring Zhuhai CR Bank Cup Gateball Competition and square dance charity training to help revitalize community culture. More than 1,500 square dance fans participated in the CR Bank Cup 2021 - "Join in on the square dance with CRH". At the end, 15 teams of more than 200 participants qualified for the finals, promoting the concept of national fitness in Zhuhai.

**Ecological Revitalization for Communities:**
The local Chen family were born in the Yuxi Village in Longtan Town, Yongding District, Longyan, Fujian. There were more than 10 aggregated Fujian tulou (a local traditional building) in the village with a history of more than 100 years, most of which were in disrepair. After learning about the situation, Yongding Cement took the initiative to protect these world's cultural treasures after communicating with the local government. It systematically analyzed the damage of more than 10 tulous and carried out repairment step by step, which greatly improved the local environment.



修缮后的永定区龙潭镇虞溪村土楼

## Launching Community Volunteer Activities

In 2021, the Group and its subsidiaries formulated 17 and implemented 2,517 key livelihood projects, with total number of participants exceeding 30,000.

CR Gas "Niushifu" service has been providing "one-to-one" paired support for communities during holidays. In 2021, the Niushifu service team went into communities for 76 times, serving more than 48,900 users, maintaining 2,968 sets of gas appliances, conducting free security checks on 8,775 households, and investigating and solving more than 16,000 hidden dangers.

In 2020, the CRB Volunteer Team served 2,339 hours in total, and in 2021, it was awarded the Gold Award for Volunteer Service (Organization) by the Hong Kong Social Welfare Department for the second consecutive year.

In 2021, CR Trust officially established the "CR Trust Future" youth volunteer service team of121 registered members, carrying out more than 40 volunteer activities to serve more than 100,000 people. The team contributed two community health centers, one centralized vaccination site, and four nucleic acid testing sites to more than 50,000 people in the communities.

Food Angelis the first food recycling and assistance program launched by Book Charity Foundation with the mission of "Waste Not, Hunger Not, With Love". Donors of the program include CR Vanguard, City'super and Pacific Coffee. In August 2021, staff of CR Capital Hong Kong volunteered in the program to prepare 1,640 meal boxes which were then distributed free of charge to the elderly, low-income families and homeless people in need of food assistance.

CR Chemical Materials also took the initiative to serve the local community. In 2021, the company carried out 28 voluntary services such as the "A Clean Home and Caring Culture" learning-from-Lei Feng activity, nursing home visits, and blood donation to bring warmth to communities.




CR Capital Hong Kong staff actively volunteered in making meal boxes



# Improving the Capacity of Safe Production Management

CRH adheres to the principle of "people first, life first" and firmly established its idea of safety development, carrying out special campaigns to solve safe production issues, laying a solid foundation to ensure the overall stability of safe production for the Group throughout the year.

## Improving the Safe Production System

The Group continued to improve the safe production responsibility system, implementing new safe production laws, corporate safe production responsibility mechanisms, and the "five implementation and five in-place" requirements into the system to promote safety responsibility of all staff. A two-way incentive mechanism for safe production was in place to conduct accident accountability and interview, while, at the same time, commending outstanding organizations and individuals in safe production. In 2021, the Group awarded 21 units the Outstanding Safe Production Management Award, 30 units the Safe Production Project Achievement Award, and 24 employees the title of Star for Contribution to Safe Production.

Awarded the Outstanding Safe Production Management Award

**21**

Awarded the Safe Production Project Achievement Award

**30**

Awarded Star for Contribution to Safe Production

**24**

## Carrying Out Special Campaigns for Safe Production

The year 2021 was the year in which the Group carried out special campaigns for safe production. The Group initiated special campaigns, regular safety inspections and special inspections for hazardous chemicals, old facilities and other potential safety risks. The Group organized a total of 42 random inspection teams throughout the year, conducted supervision and inspections on 147 grass-roots enterprises, and provided assistance to units with relatively weak safety management systems, so as to maintain the bottom line of safe development. All subsidiaries of the Group actively explored smart security and smart construction sites to aid safe production.

CR Ng Fung shut down Nanning Ng Fung ammonia refrigeration system to eliminate major sources of danger; CR Pharma Comm invested a special fund of RMB 135 million to the rectification of fire prevention in logistics warehouses; CR Gas carried out renovations of old pipe networks and the construction of smart gas, replacing a total of 3,450 kilometers of cast iron pipes while launching the IGIS and EIS on the cloud. In 2021, 303 companies in 75 regions were launched and promoted. CR Land completed the construction of 117 smart sites, built the smart site safety management platform covering 6 categories and 18 functional modules, realized the four-level smart control mode of "headquarters - region - city - project", built a fire control platform with four functions, and promoted the application of the platform in 12 projects, in order to realize smart supervision.

## Carrying Out EHS Education, Training, and Publicity

In 2021, the Group provided employee safety training of nearly 5.84 million people per hour, and safety training for related parties of 3.39 million people per hour. An EHS website was launched internally, continuously publicizing General Secretary Xi Jinping's important discourse on safe production and the Group's EHS dynamics; Externally, a WeChat public account was established to demonstrate the results of safe production of the Group; Special issues on safety information were regularly published. The Group also actively participated in national, industrial and organizational safety knowledge contests and deployed and carried out various safety publicity activities, creating an atmosphere where everyone in the Group values safe production.

> In 2021, the Group held special training courses on the new "Safe Production Law", with a total of more than 20,000 participants; training sessions on special production safety rectification and on-site safety management experience sharing, with more than 16,000 participants; two sessions of internal auditor training, where a total of 124 persons passed the examination to qualify as internal auditors; and special lectures on transportation safety, attended by 89,300 people.

## Organizing Emergency Drills

In 2021, the Group carried out tabletop emergency drills for sudden major gas leakage and explosion accidents, demonstrating accident reporting and handling, emergency response, after-treatment and so on. Through review, the safety awareness and emergency handling ability of all staff were effectively improved.

**Companies at All Levels of the Group Actively Carried Out Emergency Drills.**

In 2021, all CRH units carried out emergency drills for a total of 37,675 times, with 1,275,928 participants.

CR Snow Breweries organized 340 emergency drills for vehicle injury, mechanical injury and other accidents, with 4,600 participants;

CR Power organized 1,628 actual combat drills for typhoon and flood prevention, firefighting and liquid ammonia leakage, with 26,188 participants;

CR Gas organized 3,647 emergency drills for accidents including gas leakage, LNG tanker and third-party damage to the gas pipeline network, with 43,845 participants;

CR Land organized 794 emergency drills for earthquakes, hoisting operations, falling from height, firefighting and other accidents, with 36,580 participants;

CR Cement organized 310 emergency drills for mine blasting, landslide and object strike, with 5,813 participants;

CR Sanjiu organized 291 emergency drills for electrical fires and confined spaces, with 12,156 participants;

CR Jiangzhong organized 58 emergency drills for firefighting, hazardous chemical leakage, transportation safety, gas leakage and other accidents, with 3,000 participants.



In 2021, CR Gas organized joint emergency drills for the leakage of liquefied natural gas during unloading.

Executive editor: Yu Feng Contributors: Fan Wenwen, Zhou Jianzhang, Fan Lele, Liu Chao, Lai Yue, Zhang Caiyu, Xu Jifeng, Yang Xiaohan



# Commitment and Performance

| Commitment Made in 2021 | Commitment Performed in 2021 | Commitment Made in 2022 |
|---|---|---|
| To increase penetration into basic industries of people's livelihood, such as public utilities; to accelerate development in the modern service industry, and to step up the introduction of world-class talents. | CR Logistics acquired Tuen Mun East Asia Industrial Building and Fanling Mineron Center. CR Enterprise set up a science and innovation investment platform in Hong Kong to accelerate the transformation of science and innovation achievements in life science and health, biomedicine, and other cutting-edge fields. CR Property acquired the property and facility management business of Hong Kong Sing Chit Limited to expand the scale and influence of the Group's property management business in Hong Kong and accelerate the layout of Hong Kong's modern service industry. | To further enhance the Group's presence in Hong Kong; do a good job in carrying out social welfare projects in Hong Kong; enhance the Group's awareness in the city ; continue to expand the scale of key businesses in Hong Kong to provide strategic support for Hong Kong's high-quality development. |
| To promote Hong Kong's integration into the development and construction of the Greater Bay Area, through actions in cross-border finance, medical care, old-age care, and education; and to follow the flowing trends of domestic markets, talents, capital, and consumption power to central cities, metropolitan circles, and urban agglomerations, business distribution focuses to be laid out in high-energy regions, such as the Greater Bay Area, Beijing-Tianjin Hebei, the Yangtze River Delta, and the Chengdu Chongqing twin-city economic circle, etc. | A Leading Group on Serving National Strategy and Collaborative Development was set up to formulate and implement the Group's 6+1 regional development strategy. A regional synergy mechanism was established to increase investment in key regions. A Hong Kong working committee was set up, with development strategies formulated for Hong Kong business to increase investment. | To do a good job in the coordinated development of key regions; combined with the Group' s strategic layout in the Beijing-Tianjin-Hebei, Yangtze River Delta, Greater Bay Area, and Chengdu-Chongqing twin-city economic circle, further enhance the functions of key regional information platforms, improve regional coordination mechanisms, and ensure the efficient implementation of regional strategies. |
| To continue to organize activities for Hong Kong youth to identify their motherland; and to continue to develop the "Spring Bamboo Project", recruiting patriotic Hong Kong talents. | Eight CRH employees were elected to the Hong Kong SAR election committee. Among them, one was elected as a legislator. The Group has taken an active role in talent projects of Hong Kong such as the "Four Hundreds of Thousands" project, "Greater Bay Area Youth Employment Scheme", "Hong Kong Intern Project", and the "New Graduates-New Opportunities Scheme", providing 4,145 internships and 5,958 Mainland exchange opportunities for Hong Kong youth, hiring nearly 1,000 persons. | To continue to provide job opportunities for young people, carefully train and recruit talents, and actively build an exchange platform in Hong Kong. |
| To establish long-term cooperation with Hong Kong government agencies, local charity organizations, and social groups, to address the pains and difficulties in Hong Kong society, create distinctive and bright public welfare projects, and enhance the Group's influence in Hong Kong. | In 2021, more than 30,000 employees of the Group and its business units participated volunteer services. CR Land, C'estbon, Chemical Materials, Trust, and Gas organized volunteer activities to serve the community. CR Pharma, Double Crane, Sanjiu, and Healthcare organized activities such as free diagnosis and health knowledge promotion. | To coordinate the Group's public welfare efforts to grow together with the communities and improve health, ecological protection, education equality, and cultural development in the communities. |
| To focus on building Guangchang's "Soviet Area Revitalization" project; to help the beef cattle deep processing project Haiyuan be right on track; to put Yan'an CR Hope Town into completion and Nanjiang's kicking-of. | The first phase of the Soviet Area Revitalization Project of Yiqian Town in Guangchang was completed. RMB 20 million was donated to Haiyuan County to support the construction of beef cattle slaughterhouses. The construction of the whole industrial chain of beef cattle breeding was completed. The Yan'an Hope Town was officially completed. The Nanjiang Hope Town started operation. The site selection was completed for the CR Hope Towns in Kangle, Tonghua and Zhangbei. | To sign five-year assistance agreements with Guangchang, Haiyuan, and Qingliu focusing mainly on investment support and industrial cooperation as well as public welfare support and social donations; provide designated assistance for Guangchang and Haiyuan Counties and partner support for Qingliu County; The construction of the CR Hope Town in Nanjiang, Sichuan has been basically completed, and the construction of three CR Hope towns in Kangle, Tonghua and Zhangbei, has started. |

# Responsibility Management



Responsibility Stems from Missions
Responsibility Leads to the Future





CRH has marched through 84 years of glory and dreams, and fulfilling social responsibilities is a mission deep-rooted in its "gene". With its expanding business scale and mounting performance, the social responsibilities shouldered by CRH has raised to a higher level. Facing the new opportunities and challenges, CRH has upgraded its social responsibility work with a consistent sense of responsibility to further improve its social responsibility ecosystem and facilitate its high-quality and sustainable development.

## Responsibility Concept

Led by its corporate missions, CRH defined six areas for fulfilling social responsibilities based on the expectations and demands of stakeholders closely related to business development, and then developed the social responsibility concept.

| | |
|---|---|
| Be responsible to shareholders | To fulfill economic responsibility, to kick off a new start in CRH's value creation, and to march towards a world-class enterprise. |
| Be responsible to employees | To fulfill employer responsibility, To kick off a new start to build a people-oriented CRH, and to achieve continued growth. |
| Be responsible to customers | To fulfill customer responsibility, to kick off new start to serve for customer's satisfaction and trust, and to win it with full heart. |
| Be responsible to environment | To fulfill environmental responsibility, to kick off a new start to deliver a green CRH, and to construct a green ecological civilization. |
| Be responsible to partners | To fulfill partner responsibility, to kick off a new start to achieve win-win cooperation, and to make new grounds for common development. |
| Be responsible to the public | To fulfill public responsibility, to kick off a new start to foster a harmonious CRH, and to boost a coordinated society. |

# Responsibility Strategy

## Strategic Objectives of "14th Five-Year Plan" on Social Responsibility

By the end of the "14th Five-Year Plan" period, CRH improved its social responsibility management system with the "Responsibility+" work pattern basically formed, and further consolidated its leading position in fulfilling social responsibilities by central enterprises, which has become its business card. With the upgrade of Hope Towns, paired assistance and charity undertakings in Hong Kong, the Group has become a model for initiatively performing responsibilities, for consolidating the achievements of poverty alleviation and rural revitalization for central enterprises, and for carrying out charitable activities for Chinese enterprises in Hong Kong. The Group has implemented the responsibilities it's obligated to implement, fulfilled the responsibilities it should fulfill and assumed the responsibilities it's willing to assume, for its six business sectors.

### Performing "Three Responsibilities" by Business Units

**Implementing the responsibilities it's obligated to implement**
According to the general requirements of economic and social development and policy orientation, refer to the new ESG regulations, national policies, local requirements, industry standards and other mandatory requirements to be implemented.

**Fulfilling the responsibilities it should fulfill**
Identify key issues of concern to stakeholders and meet their expectations and demands as much as possible.

**Assuming the responsibilities it's willing to assume**
Voluntarily carry out initiatives that are conducive to the development of the industry and to the enhancement of economic, social and environmental values based on the characteristics of enterprises and resource endowment.

### Making "Four Upgrades" at the Group Level

#### Upgrade of Social Responsibility Management

We comprehensively upgraded the social responsibility management by consolidating the basic management of social responsibility, improving ESG governance, promoting the integration of responsibility and perfecting responsibility communication.

#### Comprehensive Upgrade of Hope Towns

Adhering to the management and operation principles of construction-oriented and valuing both construction and management, we comprehensively upgraded Hope Towns by adopting policies tailed for each city, optimizing the management methods and models of Hope Towns, and strengthening the brand building of these towns.

#### Upgrade of Paired Assistance Model

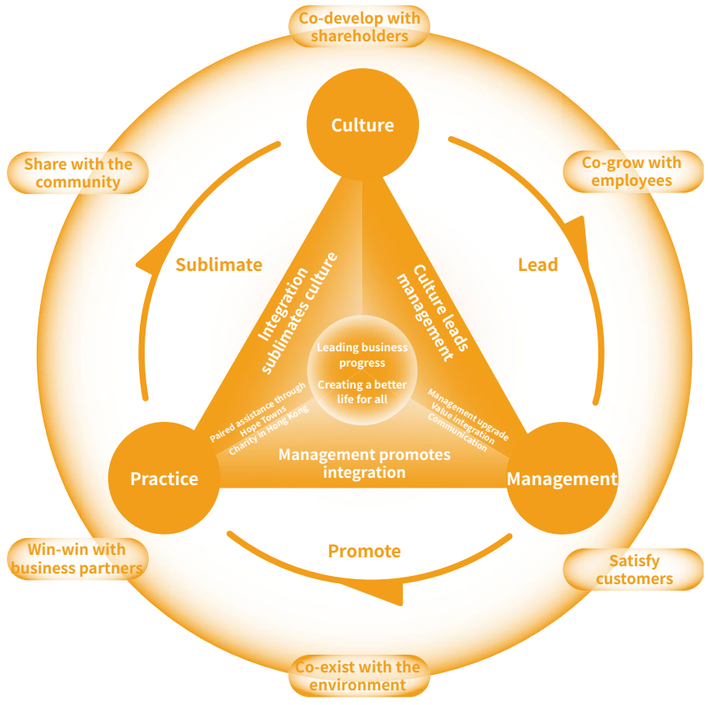
Taking industrial cooperation as the core and led by the "China Resources Hope Village" projects, we upgraded the leadership and management model of paired assistance with a focus on cultivating and growing special industries, so as to contribute to the rural revitalization of Guangchang County and Haiyuan County, and help Qingliu County become a demonstration zone for high-quality development in the old revolutionary area of Sanming.

#### Upgrade of Charity Undertakings in Hong Kong

We strived to develop charity undertakings in Hong Kong in all aspects to serve our business and brand presence in Hong Kong by establishing and improving charity funds, charity platform and charity brand, taking advantage of the Legislative Council, arts and culture promotion and youth exchange and education and focusing on helping the needy, youth growth, stable employment of young people, cultivation of outstanding talents and improvement of living environment.

# Responsibility Model

On the basis of "Mission-led Social Responsibility Management Model 1.0", the Group has upgraded the key areas, key tasks and implementation paths, and formed the "Mission-led Social Responsibility Management Model 2.0" model with the framework of "responsibility culture, responsibility management and responsibility practice".




Mission-led Social Responsibility Management Model 2.0

**Middle Circle**

We established the framework of "responsibility culture, responsibility management and responsibility practice" whose implementation was driven by "culture leads management, management promotes integration and integration sublimates culture", proposed 4 key tasks, namely responsible management, Hope Towns, paired assistance and charity undertakings in Hong Kong, and clearly defined the key areas of social responsibility and management mechanism.

**Inner Circle**

We led the direction of social responsibility work with the corporate mission of "Leading business progress, and creating a better life for all" at the core.

**External Circle**

We clarified our objectives for social responsibility management by following the path of "developing with shareholders, growing with employees, satisfying customers, coexisting with the environment, creating a win-win situation with partners and sharing with the public".

# Establishing Responsibility Organizations

## Social Responsibility Leading Organization and Working Mechanism

The Group further strengthened its social responsibility management organizational structure and the up-and-down linkage work system, i.e. a social responsibility management organizational structure with its General Office as the governor, the Social Responsibility Department of the Office as the daily coordinator, and all other departments as implementer in professional fields, and created a social responsibility team for the Group, by supervising and guiding business units to prepare social responsibility reports/sustainability reports, organizing the selection of the Group's social responsibility awards, and participating in social responsibility theoretical research and industry exchanges with business units, etc. Meanwhile, these initiatives urged each department to clarify its own key responsibility issues and each business unit to clarify its own responsibility objectives.

## Social Responsibility Management Organizational Structure of the Group

| | | | |
|---|---|---|---|
| **Governor** | General Office of CRH | | |
| **Daily coordinator** | Social Responsibility Department of the Office | | |
| **Implementer** | Strategic Management Dept. | Human Resources Dept. | Finance Dept. |
| | Internal Audit Dept. | Supervision Dept. | Legal and Compliance Dept. |
| | Smart & Information Technology Dept. | Environmental Health and Safety Dept. | Mass Work Dept. |
| | Inspection Office | Technology Innovation Dept. | CR Learning and Innovation Center |
| **Function matching** | Consumer products | Integrated energy | Urban construction and operation |
| | Healthcare | Industrial finance | Technology and emerging sectors |

## Promotional Efforts from Senior Management

The Board of Directors and members of the leadership team of CRH attach great importance to the social responsibility work. The members of the Group's Rural Revitalization Leading Group and Rural Revitalization Office have visited the designated support and counterpart counties and Hope Towns for many times.



In October 2021, Chairman Wang Xiangming and his delegation conducted field research in Guangchang County, Jiangxi Province.

## Responsibility Integration

Taking fulfilling social responsibilities as the internal driving force for sustainable development, CRH further strengthened its social responsibility management organizational structure and the up-and-down linkage work system and initially promoted the inward integration of social responsibility work, by supervising and guiding the Group and its business units to prepare social responsibility reports/sustainability reports, organizing the selection of the Group's social responsibility awards, and participating in social responsibility theoretical research and industry exchanges with business units, etc.

On this basis, CRH has integrated social responsibility into its brand and culture, achieving the top-level integration of social responsibility with corporate culture and corporate brand. We also improved the social responsibility indicator system and integrated responsibility indicators into functional management, integrating the responsibility management processes.

# Developing Responsibility Capacity

## Organizing Social Responsibility Training



**Social Responsibility Work Conference and CR Hope Town Symposium**

On May 13, 2022, the Group held the social responsibility work conference and CR Hope Town symposium. Mr. Li Jun, Director of the Social Responsibility Bureau of SASAC, attended the conference in Beijing, while the Group leaders, including Mr. Wang Xiangming, Mr. Wang Cuijun, Mr. Pan Fu, Mr. Wang Chuandong, Mr. Wang Chuncheng and Mr. Han Yuewei, as well as external directors, and the heads of departments, business units and subordinate organizations of the Group attended the conference in Huizhou and Hong Kong, with the persons in charge of social responsibility work of all units attending the conference online.

At the conference, Peng Huagang, member of the Party Committee and Secretary General of SASAC, fully affirmed the effectiveness of the Group's social responsibility work in recent years in his video message and put forward four new requirements for CRH's social responsibility. Li Jun, Director of SASAC, hoped that CRH would take this conference as a new starting point and continue to deepen and improve its work. The conference announced and deployed CRH's "14th Five-Year Plan" on social responsibility and put forward clear requirements for ESG work in six major business areas of the Group. It also explained the management methods and implementation focus of the "14th Five-Year Plan" for CRH's paired assistance and counterpart support, summarized the construction status and experience of CRH Hope Towns in the past 14 years, and proposed the construction ideas and upgrading direction of CRH Hope Towns in the "14th Five-Year Plan" period.

The conference further clarified the key work of CSR management and practice upgrade during the 14th Five-Year Plan period and unified the understanding of each unit on the new stage of social responsibility work, which laid the foundation for the Group to upgrade social responsibility management, Hope Towns, paired assistance model, and charity undertakings in Hong Kong.

**Social Responsibility Training Session of the Group**

On March 23, 2022, the Group held a social responsibility training session, which was attended by social responsibility heads of all departments, business units and subordinate organizations of the Group. The session explained the policy interpretation and requirements of SASAC, analyzed how to integrate CSR and ESG work, and explained the key points and indicators for the preparation of this year's sustainability report.

## Enriching Research on Responsibility Theory

In 2021, the Group participated in a number of social responsibility researches conducted by the SASAC, the Chinese Academy of Social Sciences (CASS), and GoldenBee (Beijing) Management Consulting Co., Ltd.

The Group participated in the "Research on Social Responsibility in 2021" organized by the former Science and Innovation Bureau of the SASAC and submitted the relevant results; the Group and its business units participated in the selection of excellent cases in the "Blue Book on Social Responsibility of Central Enterprises (2021)" organized by the former Science and Innovation Bureau of the SASAC, and the Group's "Building Hope Towns and Contributing to Rural Revitalization" was selected as an excellent case in the "Blue Book on Social Responsibility of Central Enterprises (2021)". CR Power's "Exploring a New Model of Wind Power to Alleviate Poverty and Creating a New Model of Rural Revitalization", CR Gas's "Preventing the Pandemic and Ensuring Supply", and CR Land's "Practicing "Lucid Waters and Green Mountains are Invaluable Assets" and Creating a Model of Sustainable Urban Development" were selected in the "Blue Book on Environment, Society and Governance (ESG) of Listed Companies of Central Enterprises"; the Group participated in the symposium titled "Recommendations for Central Enterprises to Consolidate and Expand the Achievements of Poverty Alleviation and Rural Revitalization" of the Science and Technology Bureau of SASAC, and CRH's practices in rural revitalization and paired assistance were selected as research topics; the Group participated in the "Collection of Typical Cases of Central Enterprises Helping to Consolidate the Achievements of Poverty Eradication And Rural Revitalization" of the Science and Innovation Bureau of SASAC, and the relevant cases were selected.

Many of the Group's achievements in social responsibility management and practice have been recognized by SASAC and other higher-level authorities as well as authoritative social responsibility research institutions, which effectively enhanced its visibility and reputation in the field of social responsibility.



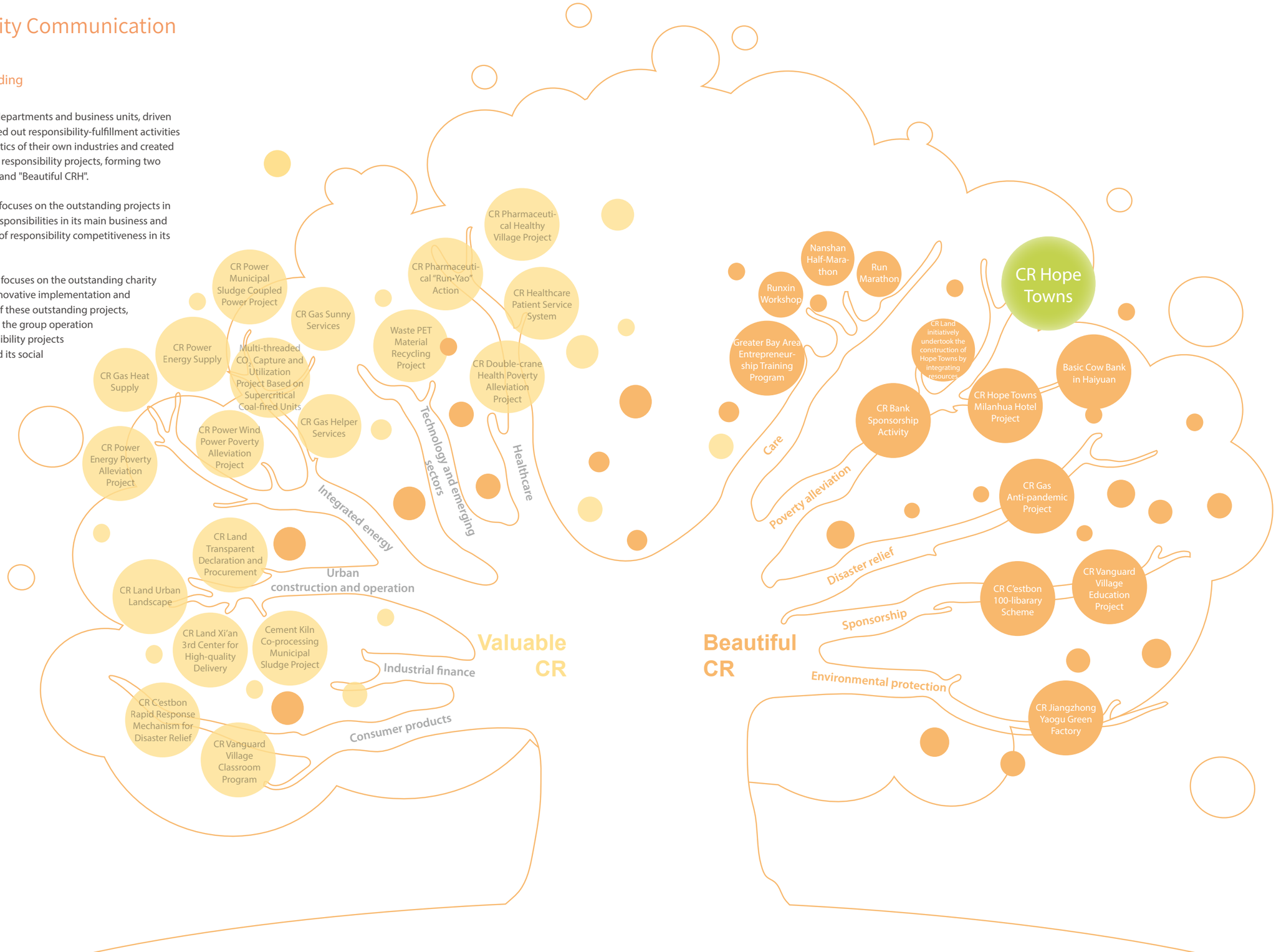
# Responsibility Communication

## Responsibility Branding

In recent years, various departments and business units, driven by the Group, have carried out responsibility-fulfillment activities based on the characteristics of their own industries and created a large number of brand responsibility projects, forming two series of "Valuable CRH" and "Beautiful CRH".

The Valuable CRH series focuses on the outstanding projects in relation to fulfilling its responsibilities in its main business and integrating the concept of responsibility competitiveness in its business management.

The Beautiful CRH series focuses on the outstanding charity projects. Through the innovative implementation and effective management of these outstanding projects, the Group has advanced the group operation and branding of responsibility projects and effectively enhanced its social responsibility influence.



## Communication on Responsibilities

In 2021, the Group took part in exchanges and sharing activities on social responsibilities organized by higher-level authorities such as SASAC, authoritative research institutions such as CASS, and mainstream media, and conducted exchanges with well-known enterprises, including participating in the "Social Value Forum of State-owned Enterprises and Social Responsibility Symposium of Central Enterprises in the Greater Bay Area" hosted by SASAC, the symposium titled "Recommendations for Central Enterprises to Consolidate and Expand the Achievements of Poverty Alleviation and Rural Revitalization", research on social responsibility of central enterprises, and the launch of the "Blue Book on Corporate Social Responsibility (2021)" hosted by CASS, and sharing its views, and receiving visits and exchanges from well-known enterprises such as China Merchants Bank on social responsibility work. The Group effectively conveyed its concept and value on social responsibility through proactive communication with opinion leaders.




# Responsibility Assessment

The Group mainly assessed the social responsibility work of business units from two aspects: the preparation of CSR reports and the CSR practice.

**As for the preparation of CSR reports,** we systematically summarized and assessed the preparation of CSR reports of business units in accordance with the "six" criteria of the China CSR Report Rating Expert Committee (materiality, completeness, balance, comparability, readability and innovation), so as to facilitate each unit to identify problems, make suggestions and urge them to rectify.

**In terms of CSR practice,** we focused on organizing the Group's Social Responsibility Award to assess the CSR practice projects of each unit in four aspects: strategy, effectiveness, innovation and extensibility. Since the Group set up this award in 2018, it has encouraged more and more business units to carry out CSR practices based on their own business characteristics, and created a large number of brand responsibility projects. In 2021, we received a total of 45 cases submitted by 24 units, an increase of about 60% compared with the previous year.

As compared to the previous year, the cases on CSR fulfillment submitted by the Group in 2021 increased by

60 %

# Identifying Responsibility Issues and Responding to the Demands of Stakeholders

To effectively respond to the demands of the community and better fulfill its social responsibility, CRH identified and managed material CSR issues on a regular basis.

Interviews on Responsibilities

21

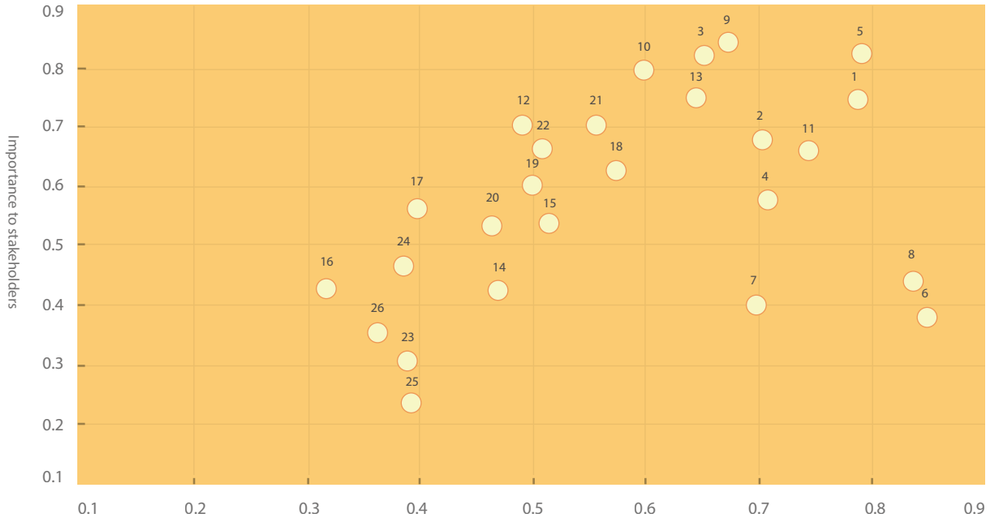
## Conducting Interviews with High-level Executives

To systematically review the current status and future development of the Group's social responsibility work and draw up a blueprint for the Group's social responsibility in the "14th Five-Year" Plan, the CSR Department under the Office of the Group organized a total of 21 interviews with 25 management team members from 9 functional departments and 12 business units in 2021. The interviews covered shareholder responsibility, employee responsibility, customer responsibility, environmental responsibility, partner responsibility, and public responsibility. Through the high-level interviews, we comprehensively incorporated the diverse interests of the Group's functional departments and business units, laying a good foundation for the preparation of the plan and the formation of the "Responsibility +" pattern during the "14th Five-Year Plan" period.




The CSR Department under the Office of the Group conducted a high-level interview on the preparation of the "14th Five Year" Plan on CSR.

## Material Issues in CRH's 2021 Sustainability Report




1 Serving national strategies
2 Improving corporate governance
3 Practicing integrity and compliance
4 Deepening SOE reforms
5 Driving high-quality development
6 Improving the remuneration and benefit system
7 Unblocking career development channels
8 Care for employees
9 Providing high-quality products/services
10 Enhancing the availability of products/services
11 Leading industrial development
12 Promoting responsible consumption
13 Innovating in products and services
14 Expanding international market
15 Strengthening the construction of cooperation platforms
16 Promoting responsibility fulfillment by the supply chain
17 Working on responsibility communication
18 Creating responsibility brands
19 Participating in rural vitalization
20 Conducting public welfare and charity
21 Highlighting safe production
22 Processing energy conservation and emission reduction
23 Enhancing corporate's Party construction activities
24 Regular coordination to the prevention and control of the COVID-19
25 Supporting the development of the Greater Bay Area
26 Taking part in the building of Belt and Road Initiative

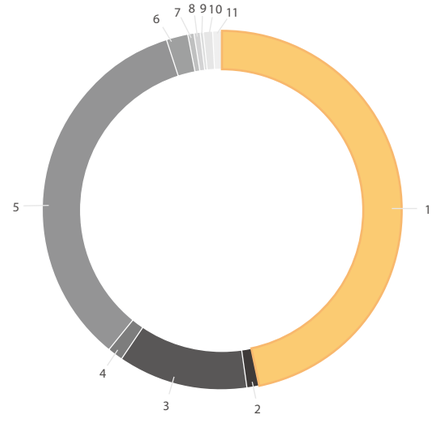
## Stakeholders' Future Concerns




1 Supporting the development of national regional strategies (developing the Greater Bay Area and promoting the integration between the Mainland China and Hong Kong)
2 Taking part in the building of Belt and Road Initiative
3 Trial reforms in state capital investment
4 Upgrading the consumption of the livelihood services
5 Enhancing technology innovation
6 Participating in the "carbon peaking and carbon neutrality" initiative
7 Supporting rural revitalization
8 Talent team building
9 Regular coordination to the prevention and control of the COVID-19
10 Protecting biodiversity

### The Composition of Respondents

| | | |
|---|---|---|
| 1 | Customers | 46.83% |
| 2 | Management staff (including the Group's HQs and the subordinate companies) | 1.12% |
| 3 | Employees (including the Group's HQs and the subordinate companies) | 11.57% |
| 4 | Business partners | 1.49% |
| 5 | Community residents | 34.23% |
| 6 | Government officials | 1.72% |
| 7 | Media | 0.80% |
| 8 | CSR Experts | 0.14% |
| 9 | NGO Experts | 0.16% |
| 10 | Peer companies | 0.90% |
| 11 | Others | 0.76% |




Executive editor: Yu Feng Contributors: Yu Feng

# Appendix

**About the Report**

The Report is the 15th annual CSR report and the first sustainability report published by China Resources (Holdings) Co., Ltd. The Report incorporates ESG indicators. In the spirit of being objective, standardized, transparent and comprehensive, the Report details the highlights of our efforts to carry out CSR management and fulfill its responsibilities for the economy, employees, customers, environmental protection, partners and the public in 2021. The Report is published in both Chinese and English. In case of slight differences in content, the Chinese version shall prevail.

**Reliability Guarantee**

The Company promises that the Report contains no false information, misleading statements or major loopholes and is thus responsible for the facticity, accuracy and comprehensiveness of the Report.

**Time Span**

The time period of the data used in this Report lasts from January 1 to December 31, 2021. Some contents may be beyond this time frame.

**Issue Cycle**

The Report is an annual report that is released in June or July every year.

**Explanation of the Data**

The data used in the Report come from the Company's internal documents and the information & statistics system (unless otherwise specified, the type and amount of currency involved in the Report are measured in RMB).

**Reference**

The *Directive Suggestions on the Fulfillment of Social Responsibilities by Central Enterprises* issued by the Stated-owned Assets Supervision and Administration Commission of the State Council; the *China Guidelines for Corporate Social Responsibility Reports* (CASS-CSR4.0) issued by the Chinese Academy of Social Sciences; the Sustainable Reporting Guidelines (G4) issued by the Global Reporting Initiative (GRI); Sustainable Development Goals (SDGs) by the United Nation; the Environmental, Social and Governance Reporting Guide of Appendix 27 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited; and the Regulations on the Management of Social Responsibilities of China Resources (Holdings) Co., Ltd. (2019 Revised).

**Special Notes**

In the Report, China Resources (Holdings) Co., Ltd. is referred to as "CRH", "the Group", or "we/us".

**Access to the Report**

The Report is available both in print or digital version. If you need a printed edition, please send e-mail to crc02gw@crc.com.hk; or call us at 00852-28797888 (Hong Kong) / 86-755-82668888 (Shenzhen). It is also available for free download on our website (http://www.crc.com.hk/responsibility/report/) (To reduce the use of paper, please choose the e-version. Thank you!)

Chief editor: Lan Yi  Associate Editor: Yang Yong
Leader of the Editor Team: Yu Feng  Team members: Fan Wenwen



# Key Performance Indicators (KPI) for 2019-2021

| | | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| **Environmental** | Comparing with the previous year, the comprehensive energy consumption for every RMB10,000 production value at comparable prices decreased by | Ton of standard coal/ RMB10,000 | 0.025 | 0.036 | 0.042 |
| | Comparing with the previous year, the comprehensive energy consumption for every RMB10,000 business income at comparable prices decreased by | Ton of standard coal/ RMB10,000 | 0.058 | 0.025 | 0.165 |
| | Comparing with the previous year, the comprehensive energy consumption for every RMB10,000 added value at comparable prices decreased by | Ton of standard coal/ RMB10,000 | 0.053 | 0.054 | 0.126 |
| | Comparing with the previous year, $CO_2$ emissions decreased by | Ton | 0.156 | 0.113 | 0.022 |
| | Comparing with the previous year, nitrogen oxide emissions decreased by | Ton | 0.108 | 0.085 | 0.039 |
| | Comparing with the previous year, COD emissions decreased by | Ton | 0.122 | 0.474 | 0.403 |
| | Total investment in environmental protection | 100 million (RMB) | 27.5 | 23 | 26.2 |
| **Social** | Total number of employees | 10,000 people | 39.6 | 37.1 | 36.3 |
| | Newly created jobs | 10,000 people | 11.4 | 7.1 | 8 |
| | Total pre-tax profits | 100 million (RMB) | 1010 | 1,247.20 | 1,245.70 |
| | Charity donations | 100 million (RMB) | 1.71 | 2.34 | 1.46 |
| | Labor contract signing rate | % | 99 | 99 | 99 |
| | Coverage of social insurance | % | 99 | 99 | 99 |
| | Percentage of female managers (under direct administration of the Group or of affiliated companies) | % | 17.7 | 16.2 | 16.7 |
| | Days of per capita average paid leave | days | 8 | 8 | 8 |
| | Average salary | RMB10,000 | 10.4 | 11.3 | 12.61 |
| | Employee turnover rate (including Vanguard) | % | 30.68 | 26.22 | 24.2 |
| | R&D investment | % | 23.32 | 37.48 | 46.6 |
| | Number of patents acquired and under application | % | 6199 | 7222 | 8568 |
| | Employee safety training | hours for 10,000 people | 569.3 | 555.74 | 583.73 |
| | Related parties safety training | hours for 10,000 people | 293.7 | 377.74 | 338.49 |
| | Crude death rate | ‰ | 0.0095 | 0.0027 | 0.0024 |
| | Safe production input | 100 million (RMB) | 13.5 | 13.05 | 17.79 |
| | Number of emergency drills | number | 34067 | 35202 | 37675 |
| | Number of certified safety engineers | number | 1711 | 1872 | 2181 |
| **Governance** | Total revenues | 100 million (RMB) | 6,546.00 | 6,861.2 | 7,714.7 |
| | Total profits | 100 million (RMB) | 726 | 809.7 | 811.7 |
| | Net profits | 100 million (RMB) | 511 | 590.4 | 600.9 |
| | Total assets | 100 million (RMB) | 16,180.00 | 17,988.9 | 20,211.1 |
| | ROE | % | 11.6 | 11.2 | 10.2 |
| | ROA | % | 5.41 | 5.28 | 4.75 |
| | Rate of maintenance and appreciation of state-owned assets | % | 123.4 | 115.3 | 112.6 |
| | Rank in Fortune Global 500 | rank | 80 | 79 | 69 |

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# ESG Report Index

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Note: As CRH is engaged in different industries and it's not scientific to consolidate data from different industries, indicators A2.5, B2.2, B6.1 and B7.1 were regarded as "not applicable" when considering materiality issues.



# Report Rating

Rating Report on 2021 Sustainability Report of China Resources (Holdings) Co., Ltd.

Upon the request of China Resources (Holdings) Co., Ltd., the China Corporate Social Responsibility Report Rating Expert Committee invited experts to form a rating team, to rate the *2021 Sustainability Report of China Resources (Holdings) Co., Ltd.* (hereinafter referred to as "the Report").

I. Rating Criteria

The *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises* (CASS-CSR 4.0) by the Chinese Academy of Social Sciences, and the *Rating Standard on Corporate Social Responsibility Reporting for Chinese Enterprises (2020)* by China Corporate Social Responsibility Report Rating Expert Committee.

II. Rating Process

1. The rating group reviews the *Confirmation on the Materials Related to the Preparation Process of Sustainability Report* and other supporting materials submitted by the Report's preparation group;
2. The rating group draws up the rating report based on its appraisal of the preparation process and the content of the Report;
3. The rating report is signed by both the vice chairman of the Expert Committee, and experts together with the head of the rating group.

III. Conclusion

Process Management ( ★★★★★ )

CRH's General Office took the lead in setting up the report preparation team, with the Director of the Office as the chief editor, responsible for coordination and final approval, and the Vice Director of the Rural Revitalization Office as the vice chief editor, responsible for managing key procedures. The positioning of the Report's function and value is clear: an important tool to improve social responsibility management, promote the integration of social responsibility, advocate social responsibility concepts, and strengthen communication with stakeholders. CRH identified material issues according to national policies, domestic and international social responsibility standards, annual social responsibility hotspots, major matters of the Company, and questionnaires to stakeholders. All three-level units of the Group have prepared social responsibility reports for the fourth consecutive year, and the Group analyzed and reviewed the social responsibility reports of 32 affiliated units, improving the disclosure quality of social responsibility information. The Group intends to hold a special press conference to issue the Report, which will be presented in print, digital and bilingual versions (Chinese and English), achieving outstanding performance in process management.

Materiality ( ★★★★★ )

The Report has systematically disclosed key industrial issues relating to product quality management, product innovation, occupational health management, employee rights and benefits protection, safe production, R&D and application of environmental technologies and equipment, energy and resource saving, reducing emissions of Three Wastes, governance of ecological environment, etc. The information is adequate and detailed, achieving outstanding performance in materiality.

Completeness ( ★★★★★ )

The Report systematically disclosed 93.03% of the Group's core indicators, from responsibilities of economy, employees, customers, environmental protection, partners, and the public, achieving excellent performance in completeness.

Balance ( ★★★★★ )

The Report disclosed negative data or information such as employee turnover rate, death rate per thousand people, number of major labor disputes, number of child laborers, and number of disciplinary actions, and outlined the measures taken to deal with the gas leak of CR Gas in Handan. All these delivered an outstanding performance in balance.

Comparability ( ★★★★★ )

Through a comparative analysis, the Report disclosed 35 key indicators of 3 consecutive years of the Group, including total profits, total assets, charity donations, safe production input, comparing with the previous year, the comprehensive energy consumption for every RMB10,000 production value at comparable prices decreased by, total investment in environmental protection, etc. It also conducted horizontal comparison through No.1 on the list of China's top 300 enterprises in the Blue Book on Corporate Social Responsibility of CASS, achieving outstanding performance in comparability.

Readability ( ★★★★★ )

With "Forging Ahead on A New Journey" as its theme, the Report systematically explained the Group's annual progresses in fulfilling its responsibilities for the economy, employees, customers, environment, partners, and communities, demonstrating its understanding to social responsibilities. The cover design flexibly embeds the brand IP elements of the Group and business units, echoing with the theme of unity and progress of the CRH, and enhancing the recognition and affinity of the Report. In the Report, the 2021 Highlights special section focuses on CRH's annual practice and effectiveness in the fulfillment of responsibilities, making it easy for readers to quickly grasp the key information. Generally, cases are abundant and accurate, with pictures and descriptions well-matched, achieving outstanding performance in readability.

Innovation ( ★★★★★ )

Each chapter of the Report opened with a "Story", which vividly told the responsibility practice in a story style, and started with "Concept and Vision" and key performance, which enhanced the communication value of the Report.
Each chapter ended with "Commitments and Performance", which, through a comparative analysis of "Commitment Made in 2021 - Commitment Performed in 2021 - Commitment Made in 2022", presented the practice, progress and pursuit of our fulfillment of responsibilities, highlighting our responsibility and commitment as a central enterprise. We released the "14th Five-Year" Plan on Social Responsibility, further clarifying the requirements for disclosure of responsibility information and strengthening the vertical integration of social responsibility. We also innovatively upgraded the CSR report to a sustainability report, explored the ESG localization and strived to build the "2021 Combined CSR and ESG Indicator Table of the Group", which demonstrated our responsibility vision and value pursuit and boosted an outstanding performance in innovation.

Overall Rating （★★★★★ +）

According to the assessment of the rating group, the *Rating Report on 2021 Sustainability Report of China Resources (Holdings) Co., Ltd.* was rated as 5-star in its process management, materiality, completeness, balance, comparability, readability and innovation, and as "five-star plus" in overall performance, setting an example for CSR reports.

CRH's CSR report was rated as 5-star for the fifth consecutive year, and as "five-star plus" for the third consecutive year.

IV. Suggestions

The disclosure of industrial core indicators shall be increased, to make the report more complete.

中国企业社会责任报告
评级专家委员会
Chinese Expert Committee on CSR Report Rating

Vice Chairman of the Rating Expert Committee

Head of the Rating Group

Experts of the Rating Group

Issued on June 28, 2022

Scan the QR code to view CRH's rating files

# Readers' Feedback

Dear readers,
Greetings!

Thank you for taking the time to read the Report. To improve our preparation of the Report and enhance our ability to fulfill responsibilities, we would like to hear your valuable comments and suggestions.

1. Please identify your stakeholder category

☐ Government employee ☐ Regulatory authorities ☐ Shareholder and investor
☐ Employee ☐ Customer ☐ Suppliers and partners
☐ Community residents ☐ CSR expert ☐ Industrial peers
☐ Others

2. What's your overall evaluation of the Report?

☐ 5 ☐ 4 ☐ 3 ☐ 2 ☐ 1

3. What's your overall evaluation of information disclosure of the Report?

☐ 5 ☐ 4 ☐ 3 ☐ 2 ☐ 1

4. What's your overall evaluation of the structure of the Report?

☐ 5 ☐ 4 ☐ 3 ☐ 2 ☐ 1

5. What's your overall evaluation of the format and design of the Report?

☐ 5 ☐ 4 ☐ 3 ☐ 2 ☐ 1

6. What's your overall evaluation of the readability of the Report?

☐ 5 ☐ 4 ☐ 3 ☐ 2 ☐ 1

7. What comments and suggestions do you have for CRH, in terms of its efforts on social responsibility fulfillment and the Report? If any, please put them down here:

Scan the QR code to feedback your comments and suggestions. Your sincere suggestions is the driving force of our continuous development.

China Resources (Holdings) Co., Ltd.