



CHINA RESOURCES (HOLDINGS) CO., LTD.

SUSTAINABILITY REPORT

2022



85 Years, More Than Just a Companion

This is China Resources (Holdings) Co., Ltd. (CRH)'s 16th social responsibility report since 2006, which marks another step forward in our 85-year history. We have accompanied the birth and growth of the People's Republic of China, and have since progressed towards becoming a world-class company while advocating for the "people's livelihood" and striving to be "the pillar of a great power". We have always believed that it is only through constant companionship, knowledge, and collaboration with our stakeholders in different areas of responsibility that we can bring our strengths into play, meet the needs of the country, and enhance the well-being of the people.

We have disclosed a wider range of social responsibility and ESG issues in our report to respond proactively to public concerns. We will also adopt higher standards, stricter requirements, and more practical measures to fulfill our social responsibility in corporate development.



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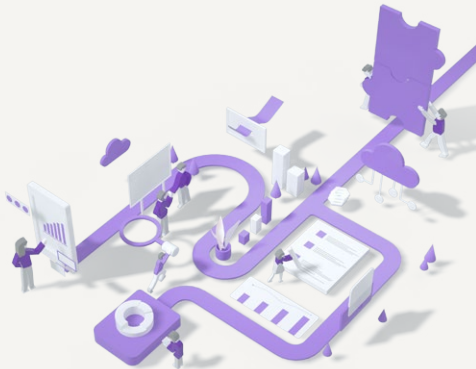
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Message from the Chairman



Wang Xiangming
Chairman of China Resources Group

2022 is a critical year in the history of the Party and the nation. In the face of the mounting challenges posed by shrinking demand, supply shocks, and weakening expectations, CRH has remained resolute in implementing General Secretary Xi Jinping's important vision for the reform and development of state-owned enterprises and Party building. We have comprehensively followed the requirements of "preventing the pandemic, stabilizing the economy, and securing development", and have taken decisive action to put the decisions of the CPC Central Committee and the State Council into practice. Throughout our efforts, we have kept a vigilant eye on both the domestic and international landscape as well as the most important needs of our nation. By actively responding to the three main pressures and confronting these challenges with courage, we have made every effort to stabilize growth, prevent risks, promote reform, and strengthen Party building. As a result, we have contributed to creating a stable and healthy economic environment, a harmonious social environment, and a clean political environment.

Throughout this year, we have prioritized the study and dissemination of the 20th CPC National Congress as our primary Party building task. Our general approach of "maintaining a correct political stance, promoting reform, fostering innovation, seeking development, and opening up new possibilities" has remained consistent with the "Two Consistencies" and aligned with the general requirements of Party building in the new era. As a result, we have achieved remarkable success in carrying out various tasks. For example, we have solidified the normalization and long-term impact of learning and education on Party history while enhancing our Party organizations, leagues, and trade unions. We have also strengthened the supervision of key minority groups, especially leadership. Meanwhile, we have completed internal group-wide inspections and implemented General Secretary Xi Jinping's important instructions to CRH to an even higher standard while reflecting the "Four Awareness", "Four-sphere Confidence", "Two Establishes", and "Two Upholds" principles in our work and actions.

During the year, we made economic stability our top priority and pursued progress while ensuring stability. We have efficiently coordinated pandemic prevention and control measures with business development, and as a result, were able to overcome numerous obstacles

in ways that exceeded expectations. Our efforts have played a key role in stabilizing the overall economy for state-owned and central enterprises. **With respect to stabilizing growth**, the Group's key business indicators hit new record highs, and its ability to preserve and increase the value of state-owned capital has been enhanced further. Net profit amounted to RMB64.1 billion, representing an increase of 6.7% year-on-year, which is 1.7 percentage points higher than the average growth rate of central enterprises and surpassed the budget target.

Throughout this year, we have remained firm in our commitment to our original aspiration, mission, and DNA as a Party-led central enterprise. Our approach to social responsibility has been aligned with our corporate development strategy, enabling us to navigate challenges associated with energy supply, price stability, pandemic prevention and control, and disaster relief with resilience and determination. Additionally, we have fulfilled our responsibilities in areas such as rural revitalization, green environmental protection, technology innovation, and social welfare, underscoring our political nature as a Party-led central enterprise focused on serving the people. **As for ensuring supply**, we intensified our efforts to protect the supply of electricity and gas in the market, reduce the rent of our own properties, assume the responsibility of stabilizing market entities and employment, and ensure the production and supply of medical supplies in various places. Our efforts resulted in outstanding contributions to protecting the lives and health of the public and minimizing the impact of the pandemic on economic and social development. **To promote rural revitalization**, we have coordinated our internal and external resources and established a new working concept of involving investment support and industrial cooperation, complemented by public welfare assistance and social donations. We have also strengthened the effective linkage between poverty alleviation and rural revitalization and achieved new results. Our efforts have resulted in a record number of new sites selected for Hope Town, and we have made significant progress in industrial investments in the counties under paired assistance. **With respect to green and low-carbon development**, we released the Group's "Carbon Peak Action Plan" clarifying the Group's carbon peak work roadmap. We also built several low-carbon and zero-carbon demonstration projects. As a result of our ongoing efforts, our low-energy business has continued to thrive. We have steadily increased the proportion of clean energy in our operations, optimized our industrial and energy structures, and scaled up our

social waste co-disposal initiatives. As a result, we saw continuous improvement in our energy-saving and emission reduction performance indicators.

During the year, we have achieved significant milestones by making key moves that have enhanced our advantages and propelled us towards high-quality development through reform and innovation. Our unwavering commitment to the Three-year Action Plan for SOE Reform resulted in the successful implementation of critical reform measures. Despite the challenges, we persevered and overcame numerous obstacles, including navigating the rough seas of reform, which eventually culminated in the Group's official transformation into a state-owned capital investment company. The Three-year Action Plan for SOE Reform served as an opportunity for us. With that in mind, considering the spirit of the General Secretary's reply letter – the "14th Five-Year Plan" strategy and the series of requirements such as "Reshaping CRH" – we took initiative to make substantial breakthroughs in various areas. These areas included the reform of the three systems, contractual management of the managers, competitive induction and outplacement, last-place adjustment and incompetence exit, medium- and long-term incentives for core talents in key positions, R&D innovation, and development of strategic emerging industries and other bottlenecks that have long plagued our reform and development. These reforms and measures strengthened our modern corporate governance system, promoted our business transformation and upgrade, and stimulated our organizational efficiency and vitality. We also accelerated the research and development of "bottleneck" technologies while leveraging our organizational strengths and collective experience, which ultimately contributed to the power of CRH to win the battle of key core technologies.

Over the past year, we advanced the strategy of serving our nation and demonstrated our commitment to ensure the implementation of major national strategies. **With respect to technology innovation**, we implemented the requirements of "Two Coverage" and "Two Accelerate, Two No-Reduce"; further concentrated our R&D investment, platform construction, talent team and other innovation elements; and undertook more national research projects. Accordingly, the proportion of revenue from technology and emerging industries continued to rise, facilitating our nation's technology independence. **In line with our strategy of serving the nation**, we fully utilized the Group's diverse advantages. We optimized our benefit-sharing

mechanism, acquired development resources, and facilitated industrial restructuring through cooperation with central enterprises and local entities. Additionally, we participated in mixed reforms and established internal and external linkages. As a result, a number of projects were landed in key regions, enhancing value and creating a win-win situation for all parties.

This year, we implemented "four reshapes" to redefine our value role, strategic positioning, business model, organizational control, and cultural system in the new era. We also established the "1246" development model for the state-owned capital investment company to facilitate historical change, systematic reshape, and overall reconstruction of the Group. Consequently, many business units achieved clearer positioning, more well-defined direction, streamlined resource allocation, and improved organizational mechanisms that aligned with strategic development. Additionally, the organization experienced a stronger atmosphere of clean and upright work and entrepreneurship.

Our achievements were made possible by the collective wisdom and efforts of all stakeholders. Crucial to our success was the strong leadership of the Party Central Committee, with Comrade Xi Jinping at the core, and the guidance provided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. The key lies in the fact that the Group's leadership team played a vital role in setting the direction, managing the overall situation, and promoting policy implementation. To enhance the Group's high-quality development, the leadership team adeptly harmonized the spirit of the Central Committee with CRH's reality, effectively translating the Central Government's directives and requirements into specific actions. Our success is a testament to the unwavering commitment of our CRH employees, who have demonstrated exceptional perseverance, courage, and resilience in the face of challenges. Through their engagement in the study and education of the Party's history, they have gained a profound understanding of the importance of adhering to correct political stances and focusing on the overall situation. This has fostered a culture of unity, coherence, and determination, characterized by a relentless fighting spirit. As we look toward the future, we are confident in our ability to face the challenges ahead.

CRH now stands at a new historical starting point. We now shoulder new and greater responsibilities with more and higher expectations. How can we carry out our social responsibility work to a higher standard and with higher quality? In my view, there are six areas we can focus on. First, we will adhere to the Party's leadership and set an appropriate direction. We will implement the Party's overall leadership into the

whole process of corporate social responsibility and ensure that the relevant decisions and directives of the Party Central Committee and the State Council for social responsibilities are put into practice. Second, we will focus on central issues and strive to address the bigger picture. Through closely aligning our corporate social responsibility efforts with our central business development goals, we aim to better fulfill our responsibilities and contribute to the overall stability and progress of the Party and the Country. Third, we will remain firmly committed to comprehensive and organic integration. We will holistically integrate the concept of social responsibility into our corporate strategies, major decisions, daily operations, and supply chain management, and organically integrate all of these elements with our development. Fourth, we will prioritize and highlight key tasks based on our actual situation as a state-owned enterprise, the industry we operate in, and our geographical location. We will emphasize tasks that serve major national strategies and meet the needs of the people for a better life. Fifth, we will demonstrate leadership and serve as a role model. We will encourage qualified business units to fulfill social responsibilities innovatively and share advanced practices and practical case studies. Through this collaborative effort, we aim to improve the Group's overall ability to fulfill its social responsibilities and have a positive impact on society. Sixth, as part of our commitment to social responsibility, we will prioritize highlighting the unique characteristics of CRH and the industry we operate in, while also engaging with the global community. We will learn from international best practices and concepts, and adhere to global information disclosure standards and regulations.

Onward we stride, dreams as our guide. Keys to success, in our hearts they reside. The year 2023 marks the commencement of the comprehensive implementation of the 20th CPC National Congress, a transitional year for the implementation of the 14th Five-Year Plan strategy, and the 15-year countdown to the 100th anniversary of CRH. During this critical period, let us unite more closely around the Party Central Committee with Comrade Xi Jinping at the core. We must make ensuring economic stability our top priority while we pursue progress, while also carrying forward the fine traditions of CRH. Let us strengthen our confidence, rally our energy, excel, and move forward with determination. Looking ahead, our goal is to accelerate the development of a world-class and globally competitive state-owned capital investment company with CRH's unique characteristics. Let us welcome the 85th anniversary of the founding of CR and the 40th anniversary of the establishment of CRH by achieving outstanding performance!

CR 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 2,288.70 billion



The 70th ranking in Fortune Global 500 in 2022

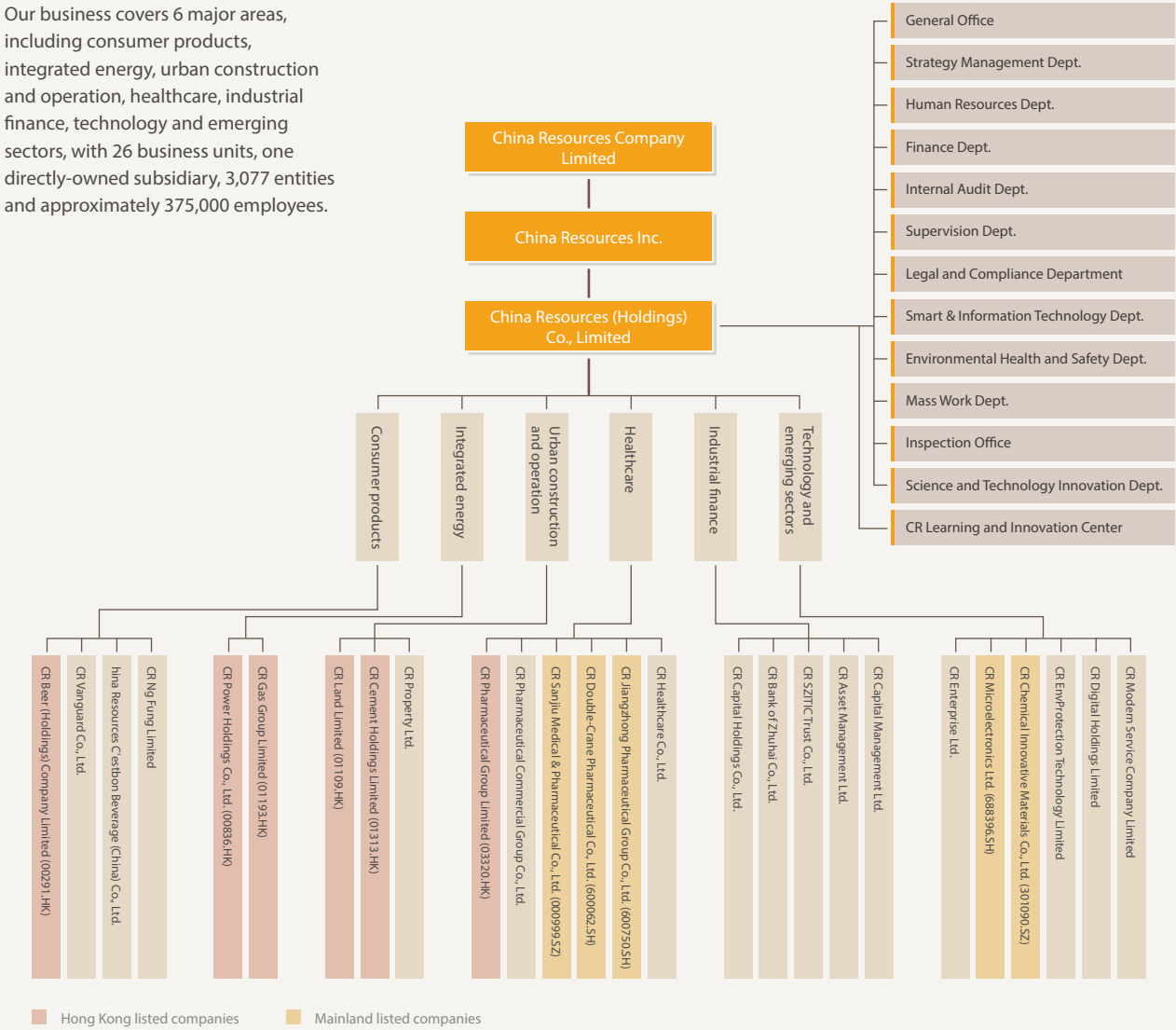


8 Hong Kong listed subsidiaries, among which, CR Land, CR Beer, CR Mixc Lifestyle and CR Power are all Hang Seng Index constituents.



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, one directly-owned subsidiary, 3,077 entities and approximately 375,000 employees.



Governance Structure

8 Hong Kong listed companies

- CR Beer (00291.HK)
- CR Power (00836.HK)
- CR Land (01109.HK)
- CR Cement (01313.HK)
- CR Gas (01193.HK)
- CR Pharma (03320.HK)
- CR Medical (01515.HK)
- CR Mixc Lifestyle (01209.HK)

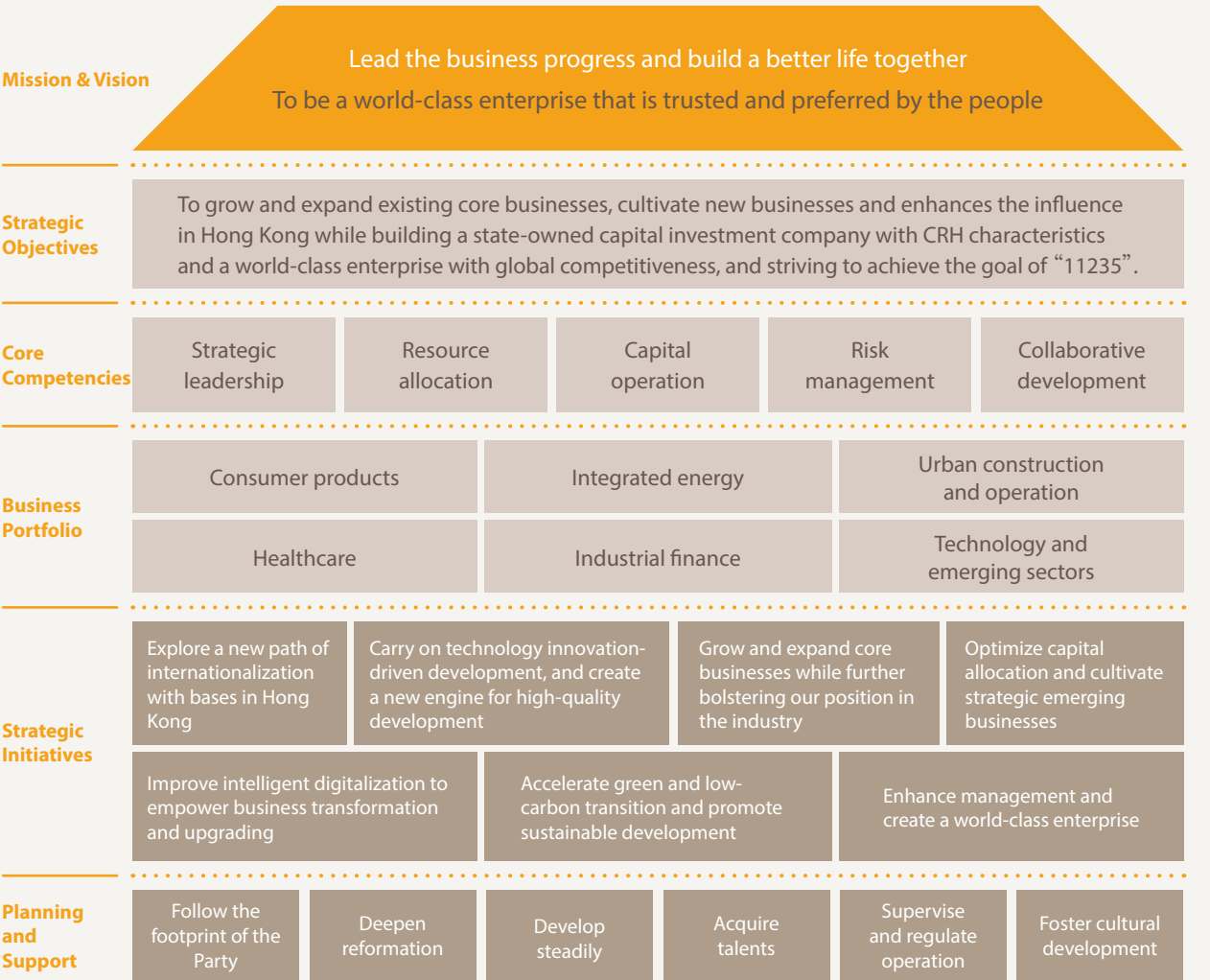
8 Mainland listed companies

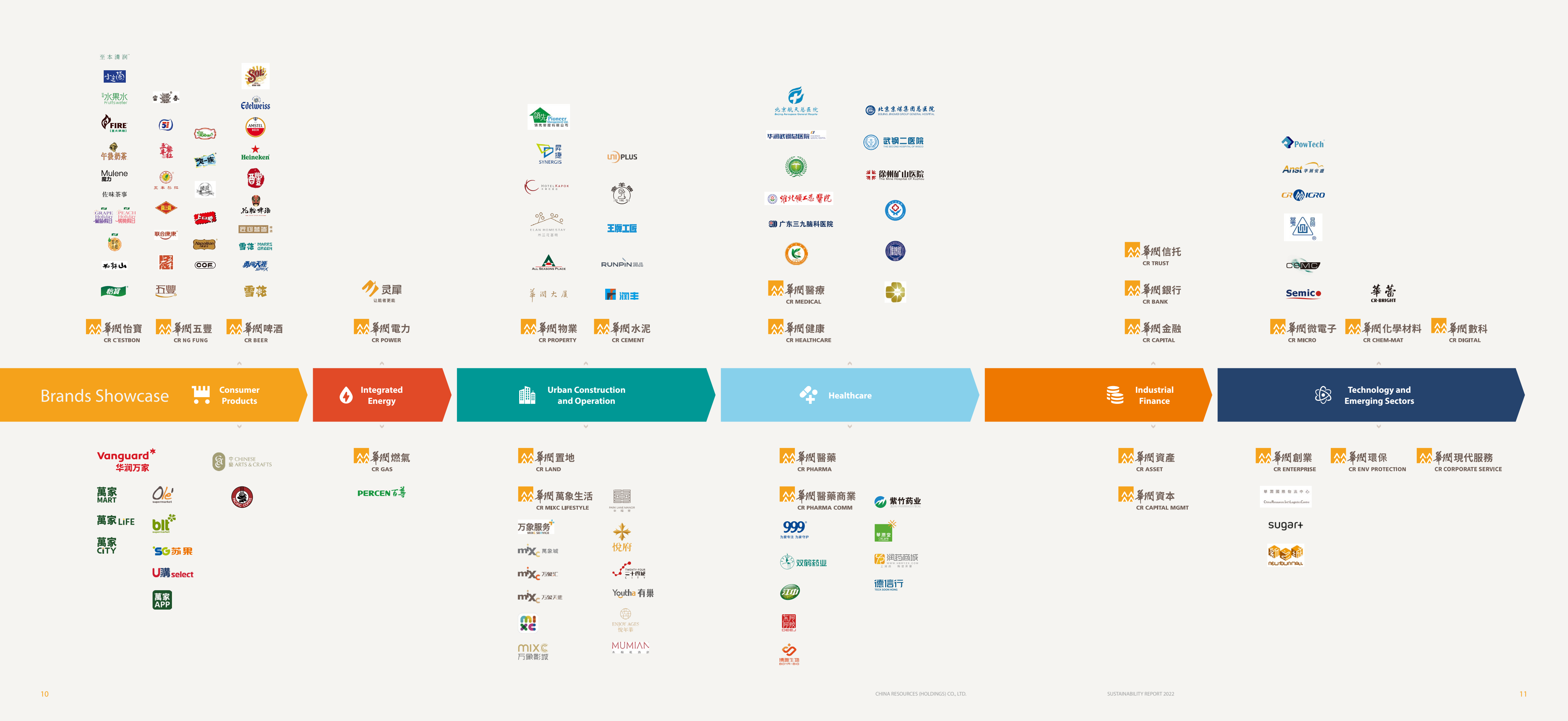
- CR Sanjiu (000999.SZ)
- CR Double-Crane (600062.SH)
- CR Jiangzhong (600750.SH)
- CR Micro (688396.SH)
- CR Chem-Mat (301090.SZ)
- Boya-Bio (300294.SZ)
- Dong-E-E-Jiao (000423.SZ)
- KPC (600422.SH)

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



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





Brands Showcase

Consumer Products

Integrated Energy

Urban Construction and Operation

Healthcare

Industrial Finance

Technology and Emerging Sectors

Vanguard*
华润万家

中 CHINESE
藝 ARTS & CRAFTS

華潤燃氣
CR GAS

PERCEN百尊

華潤置地
CR LAND

華潤萬象生活
CR MIXC LIFESTYLE

万象服务
MIXC SERVICE

mixc 万象城

mixc 万象汇

mixc 万象天地

mi xc

MIXC 万象影城

PAIR LANE MANOR
金 蘭 園

悅府

TWENTY FOUR
CITY

Youtha 有巢

ENJOY AGES
悅年華

MUMIAN
沐 蘭 庭 園

華潤醫藥
CR PHARMA

華潤醫藥商業
CR PHARMA COMM

999®
為家專注 為家守護

雙鶴藥業

江中

東阿
阿膠

博雅生知
BOYAN-SHIZHI

紫竹藥業
ZIZHU PHARMACEUTICAL

華潤堂
HUARUN TANG

潤藥商城
WWW.HUARUN.COM
上 海 潤 藥 商 城

德信行
TECK SOON HONG

華潤資產
CR ASSET

華潤資本
CR CAPITAL MGMT

華潤創業
CR ENTERPRISE

華潤國際物流中心
China Resources Int'l Logistics Centre

sugar+

newtown mall

華潤環保
CR ENV PROTECTION

華潤現代服務
CR CORPORATE SERVICE

2022 Highlights

Ten Major Events



CRH was officially transformed into a state-owned capital investment company.



CRH ranks 70th in the Fortune Global 500 in 2022, 66th in the Brand Global 500 in 2022 and 8th among China's 500 Most Valuable Brands in 2023.



CPC-China Resources Company Limited Party School was officially inaugurated, opening a new starting point for CRH to run, manage and build the Party school.



CRH released its "14th Five-Year Plan" for social responsibility and the "14th Five-Year Implementation Plan" for paired assistance and counterpart support.



To celebrate the 25th anniversary of Hong Kong's return to the motherland, CRH organized more than 60 activities for grassroots communities in Hong Kong.



CRH's 12th Hope Town in Nanjiang was officially completed.



CRH donated RMB 50 million to the Sichuan Charity Federation to support the earthquake relief and post-disaster reconstruction in the earthquake-stricken areas.



CR Power (00836) and CR Mixc Lifestyle (01209.HK) were selected as Hang Seng Index Constituent Stocks.



CR Beer acquired a 55.19% stake in Guizhou Jinsha Brewery at a total price of RMB 12.3 billion.



CR Digital Resolink Industrial Internet Platform was selected as a dual cross-platform of the Ministry of Industry and Information Technology in 2022.

Key Performance



Total asset
2,288.70
billion (RMB)



Revenue
818.26
billion (RMB)



Total profit
83.62
billion (RMB)



Net profit
64.14
billion (RMB)



Total pre-tax profit
132.18
billion (RMB)



Total labor productivity
561,700
(RMB)/person/year



CRH was rated as an
A-rated
enterprise in the SASAC's
business performance
assessment of the heads of
central enterprises for the
year 2022.

Achievements and Awards

- CRH was rated as an A-rated enterprise in the business performance assessment of the heads of central enterprises for the year 2021 and the term of 2019-2021, which is the 16th time that CRH has been rated as an A-rated enterprise in the annual performance assessment.

SASAC

- CRH was rated as an A-rated enterprise in the assessment of key tasks under the three-year action for the reform of central enterprises in 2022.

SASAC

- CRH has ranked 1st in terms of CSR Development Index among China's top 300 enterprises for 6 consecutive years (including Top 100 SOEs, Top 100 private enterprises and Top 100 foreign enterprises).

Corporate Social Responsibility Blue Book (2022),
Chinese Academy of Social Sciences

- CRH got "good", the highest rank, for the 6th year in a row in rural revitalization.

SASAC, The National Rural Revitalization Administration

- CRH and CR Land were awarded the Exemplary Enterprise in Corporate Governance of Central Enterprises (Group Companies) and Central Enterprises (Grassroots Enterprises), respectively.

SASAC

- CRH's 5 subsidiaries were selected in the SASAC's 2022 list of benchmark and excellent enterprises under the special assessment of central enterprises for "Double Top 100 Enterprises" and "Technology Reform Demonstration Enterprises", and the assessment results were significantly improved compared with 2021. Among them, CR Micro and CR Chem-Mat were awarded the benchmark and excellent enterprises under the "Double Top 100 Enterprises", respectively; CR Sanjiu was awarded the benchmark enterprise under the "Technology Reform Demonstration Enterprises", and CR Jiangzhong and CR Pharma were awarded the excellent enterprises under the "Technology Reform Demonstration Enterprises", respectively.

SASAC

- CRH's 2021 Sustainability Report was given a 5-star rating for 3 consecutive years.

Chinese Expert Committee on CSR Report Rating

- CRH's Hope Town project was selected as SASAC's demonstration project for rural revitalization in the Blue Book of Central Enterprises Assisting Rural Revitalization (2022).

SASAC

- CRH's 8 units received 23 awards in the 2022 Hong Kong Green Awards, including 12 awards at the silver level and above. CR Power, CR Gas and CR Property won the Corporate Green Governance Award – Grand Award and – Environmental Monitoring and Reporting, as well as the Environmental, Health and Safety Award (Platinum) and the Green Management Award (Gold), respectively. In addition, CRH's 5 units, including CR Power Cangzhou Yundong Project, CR Land Chengdu Company, Logic Office Furniture (Zhuhai) Ltd., CR Snow Xiaoshan Plant and Liangshan Plant, won the Green Management Award (Silver) and the Environmental, Health and Safety Award (Silver), respectively.

Hong Kong Green Council

- CRH's 5 subsidiaries were awarded the Typical Cases of the Carbon Peak and Carbon Neutrality Initiative 2022 by SASAC. Among them, CR Power Hezhou Company's circular economy and source-network-load-storage integration demonstration project and CR Land's Shenzhen International Low-carbon City Convention and Exhibition Center low-carbon building project won the second prize, and CR Cement Jinsha Company's calcium carbide slag and yellow phosphorus slag compound ingredients carbon and consumption reduction project, CR Power Shenzhen Company's multi-threaded carbon capture test platform demonstration project and CR Capital's green finance-driven carbon peak and carbon neutrality comprehensive practice plan won the third prize.

SASAC

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Economic Responsibility

— More Than Just a Companion:
Empowering World-Class Performance

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Scan the QR Code
to view CRH's economic responsibility
through the VR technology

CRH's Evolution



Wang Xiangming

Chairman of China Resources Group

In April 2023, the kapok trees burst forth in full bloom in Xiaojingwan, Huizhou, painting the landscape with scarlet hues.

Meanwhile, within the halls of the learning and innovation center of a central enterprise, top executives gathered to discuss the present and future of a "new species" – one that shone as brightly as the kapok outside their windows.

This "new species" was none other than CRH, which had been officially transformed from a pilot enterprise to a state-owned capital investment company by SASAC in June 2022.

Since its inception in 1938, CRH has undergone multiple transformations, marking a self-evolving development history. As we enter 2023, we celebrate the 85th anniversary of CRH's establishment and the 40th anniversary of China Resources Group. As we stand at a new historical juncture, CRH is currently undergoing its fourth transformation.

CRH's employees have chosen to respond to changing times and fulfill the national mission by building a state-owned capital investment company with unique CRH characteristics and a world-class enterprise with global competitiveness. This proactive step reflects the commitment of hundreds of thousands of CRH employees to adapt and evolve with the times.

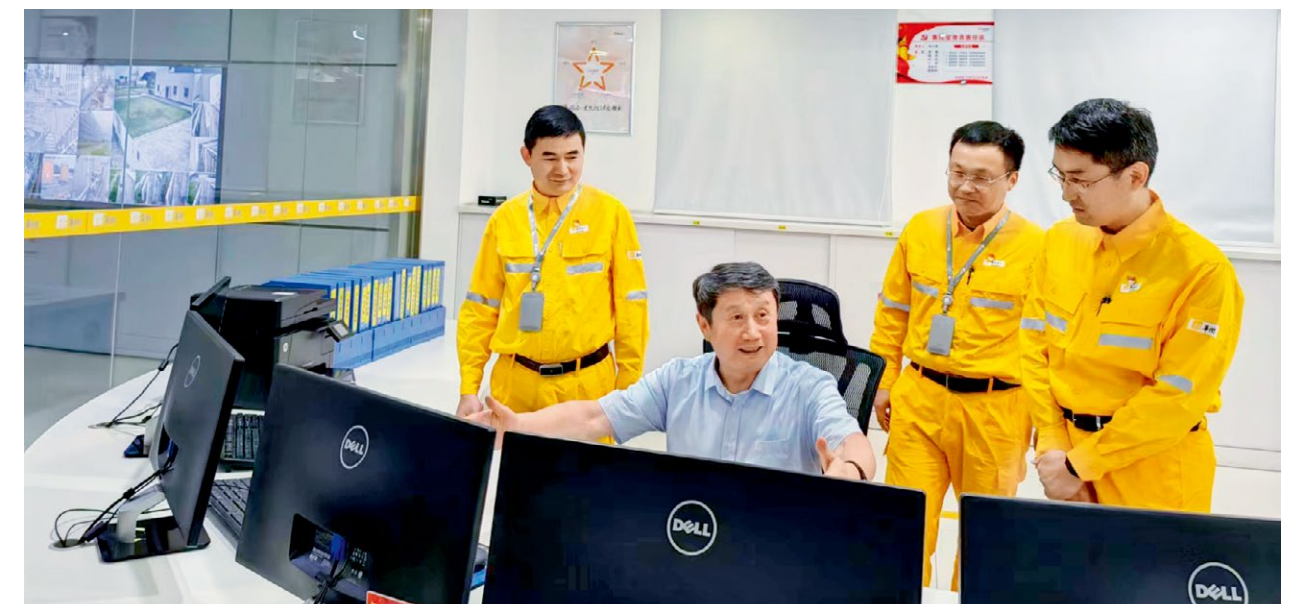
As the currents of history surge forward, we set sail with a powerful momentum, propelled by the winds of change and the spirit of the times.

CRH's Solution to Propositions of This Era

CRH's evolution into a state-owned capital investment company began in 2018. Since that year, CRH, which was established as a pilot state-owned capital investment company, has kicked off an unprecedented organizational transformation.

In 2020, Chairman Wang Xiangming assumed leadership of CRH. Under his guidance, the Group restarted high-level training and engaged in extensive discussions to build consensus and address major issues. Over the course of five training sessions held between 2020 and 2022, CRH gradually developed a new development model for a state-owned capital investment company, known as the "1246 model", which consists of the following goals: **Adhering to one goal:** to build a state-owned capital investment company with CRH characteristics and a world-class enterprise with global competitiveness; **developing towards two directions:** people's livelihood and becoming the pillar of a great power; **implementing four reshapes:** value reshape, business reshape, organizational reshape, and spirit reshape; **reinforcing six capabilities:** fund raising, investment management, industrial development, supervision and management, asset exit, and shared service capabilities.

The "1246 model" clarifies our goal and vision as well as our business structure, tools, methods, and capacity building direction. This model has firmly underpinned CRH's next stage of evolution and offered a solution for the growth of a state-owned capital investment company.



Director Wang Binghua researched at CR Power Haifeng Power Plant.

In the sixth top executives training session in April 2023, Chairman Wang Xiangming put forward new requirements: to raise political awareness, further enrich and improve the "1246 model", and give full play to the function and value of CRH as a state-owned capital investment company in the new journey of Chinese modernization.

Over the past 85 years, CRH's senior management has undergone multiple changes. However, like their predecessors, our current leaders remain committed to developing in line with the times and identifying their mission. They are focused on setting clear directions and identifying key base points, with a keen awareness of China's broader trajectory.

The 20th CPC National Congress established the grand goal of comprehensively promoting the great rejuvenation of the Chinese nation with Chinese modernization. Only by creating many world-class enterprises can we support a modernized economic system, create a new development pattern, and build China into a modernized socialist power with leading comprehensive national strength and international influence.

Chairman Wang Xiangming emphasized that for CRH, "the challenge of modernizing China is both a longstanding aspiration and mission". He further underscored that "the current historical juncture has once again arrived at CRH, and that the responsibility to confront it falls on the shoulders of the current generation of CRH employees".

At the micro-level, CRH has translated the grand goals of our times into concrete actions. How can the Group build a world-class enterprise? What is the path to optimizing its industrial portfolio and emphasizing the "people's livelihood" and "the pillar of a great power" business directions? How can the "four reshapes" become the defining characteristic and methodology for CRH's transformation into a state-owned capital investment company and a world-class enterprise? What steps can be taken to enhance CRH's overall capabilities as a state-owned capital investment company, with "capital management" as its core?

After CRH was transformed into a state-owned capital investment company, its corporate attributes and operations have undergone dramatic changes. These changes improved its operational and allocation efficiency, and stimulated its corporate vitality at all levels. This empowered CRH to move towards the goal of being a world-class enterprise with excellent products, outstanding brands, leading innovation, and modern governance driven by "effectiveness" and "efficiency".

Wang Binghua, who has previously served as the head of several central enterprises, was appointed by SASAC as an external director of CRH for a period of one year. During his tenure, he was struck by the unity and strong consensus among CRH's employees: "The transformation of CRH into a state-owned capital investment company is not merely a matter of adjusting control structures and institutional mechanisms, but rather a significant impetus and opportunity for growth. I am impressed by the strong desire of CRH's employees to seize this historic opportunity and

propel the development of the Group to new heights. The time is ripe, and we cannot afford to let it slip away."

Chairman Wang Xiangming and his team are also keenly aware that this unprecedented transformation in CRH's history is bound to be a long-term and arduous process. "In this process, the task at the group level is to design the overall enterprise, identify key patterns, promote integration, and empower employees," he noted. "At the business unit level, leaders must explore effective paths and methods to enhance the Group's core competitiveness".

With the wisdom and unwavering efforts of all its employees, CRH is contributing its resources to meet the challenges of the times.

Governance Change under Capital Ties

Transformation into a state-owned capital investment company means a deep adjustment of the governance and control model. Liu Haiyan, head of the Board of Directors Secretariat of the CRH Office, said that to become a state-owned capital investment company, CRH needs to transform its industry and business, and its corporate governance mechanism and organizational control model also need to be changed more extensively than ever before.

CRH has enhanced its corporate governance mechanism by placing a strong emphasis on capital management, resulting in the development of a comprehensive set of solutions for capital management.

First, CRH clarified the functional positioning of the Group's headquarters, business units, and production and operation units. The Group's headquarters is the "capital level", which creates capital value through capital operation and strategic control to make CRH "more valuable"; the business units are the "asset level", which creates industrial value through investment management and asset management to make CRH "more profitable"; the grassroots production and operation enterprises are the "operation level", which directly creates market value to make CRH "wealthier".

Secondly, CRH enhanced the board's decision-making ability on the basis of establishing and improving the board of directors of business units. CRH has established a team of 40 full-time directors who are deeply involved in business units' "strategy setting, decision making, and risk prevention". To enhance the duty-performance of full-time directors, CRH drew up different topics every quarter for in-depth discussion, and also invited internal and external experts to conduct occasional training for directors.

In commemoration of the 40th anniversary of the establishment of a modern corporate system, CRH will publish a White Paper on Corporate Governance to the community to summarize its governance experience, establish governance guidelines, and articulate its vision for future governance practices.

In addition, CRH has implemented a differentiated control approach based on the maturity of its different business units.

The Group has established five dimensions and 14 indicators to evaluate 26 business units, and according to the evaluation results, the business units are classified into three categories: A, B, and C. By doing so, the Group can implement differentiated control strategies for business units with different maturity levels, giving full play to the value-creation role of headquarters and the initiative of the individual business units.

Once a corporate governance system is established, it is essential to monitor its effectiveness. To this end, CRH has developed evaluation models that assess the performance of business unit boards of directors on two dimensions: normality and effectiveness. The evaluation of full-time directors is closely linked to the operating performance of the business unit, and the results of the evaluation are used to inform decisions regarding their appointment, removal, and remuneration, ensuring that the goals of dispatched directors align with those of the business unit's management.

By defining, authorizing, controlling, and evaluating the hierarchy according to established rules and regulations, CRH has established clear management boundaries between the headquarters and business units. This ensures moderate control, which guarantees the consistency of the group-wide strategy, controls major risks, and safeguards the interests of shareholders. Moreover, this approach maximizes the enthusiasm of the grassroots employees, laying a solid governance foundation for CRH to become a world-class enterprise.

CR Sanjiu's Innovation under Group Transformation

CRH's profound changes have spurred innovative exploration of business units and brought great opportunities to the development of its subsidiaries.

The "1246 model" has enabled the board of directors of CR Sanjiu to play a more significant role in setting strategy, making decisions, and mitigating risks. The board's structure is now more rational, and directors have been able to perform their duties more effectively, achieving transparency in their statutory powers and responsibilities, promoting coordinated operations, and implementing effective checks and balances.

CR Sanjiu's industrial development has also entered a brand-new phase. CR Sanjiu currently sets two directions: one is consumer health products that provide Chinese consumers with solutions for the whole health management cycle, and the other one is prescription drugs mainly consisting of proprietary Chinese medicines. These two directions involve both "people's livelihood" and pharmaceutical innovation and R&D in line with the "the pillar of a great power" strategy.

As the Group transitions into a state-owned capital investment company, CR Sanjiu aims to accelerate its growth opportunities through mergers, acquisitions, and consolidation. By leveraging additional industrial resources, the Group hopes to promote high-quality development in the innovative traditional Chinese

medicine industry and become an industry leader by the end of the 14th Five-Year Plan period.

In December 2022, CR Sanjiu successfully acquired KPC. This has significantly bolstered its position in the traditional Chinese medicine industry. The acquisition has given CR Sanjiu control over key products, such as Sanqi (Panax ginseng), and the Kunzhongyao 1381 brand, offering a significant advantage to its boutique traditional Chinese medicine business.

CR Sanjiu has prioritized the research and development of innovative drugs, establishing three research institutes for innovative drugs, traditional Chinese medicine, and consumer health products. It has also created the Deep Blue Lab for intelligent pharmaceutical manufacturing, the Fuxi Lab to address the health needs of the aging population, and the Water Drop Lab, which focuses on the industrial design of consumer health products. In 2022, CR Sanjiu invested RMB 700 million in research and development.

Zhou Hui, secretary of the board of directors of CR Sanjiu, said that the changes implemented have been positively received and evaluated in the capital market. This is evidenced by the significant increase in market value for two consecutive years and full realization of CR Sanjiu's corporate value. As deep reforms continue to take place, CR Sanjiu is confident that it will soar to even greater heights.



CR Sanjiu's Management Team.

As China's economy faces critical challenges and uncertainties, CRH remains dedicated to its patriotic mission and historical legacy.

With a long history of standing at the forefront of the times, CRH's people will continue to develop and grow through excellent practices to welcome the Group's centenary anniversary.

Concept and Vision

Under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, we have deeply studied and implemented the spirit of the 20th CPC National Congress. We remain firmly committed to seeking progress while ensuring stability, sparing no efforts to stabilize economic growth and accelerate the construction of a new development pattern. We focus on promoting high-quality development, improving operational efficiency, deepening the reform of state-owned enterprises, advancing technology R&D and digital transformation, enhancing management and operation capabilities, and preventing and diffusing major risks. We strive to build a state-owned capital investment company with CRH characteristics and a world-class enterprise with global competitiveness. We shouldered a major responsibility to improve overall economic operations, effectively enhance quality, and reasonably increase quantity, demonstrating our readiness to face major challenges head-on and show that we are "willing and able to work".

SDGs Responses



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

Results



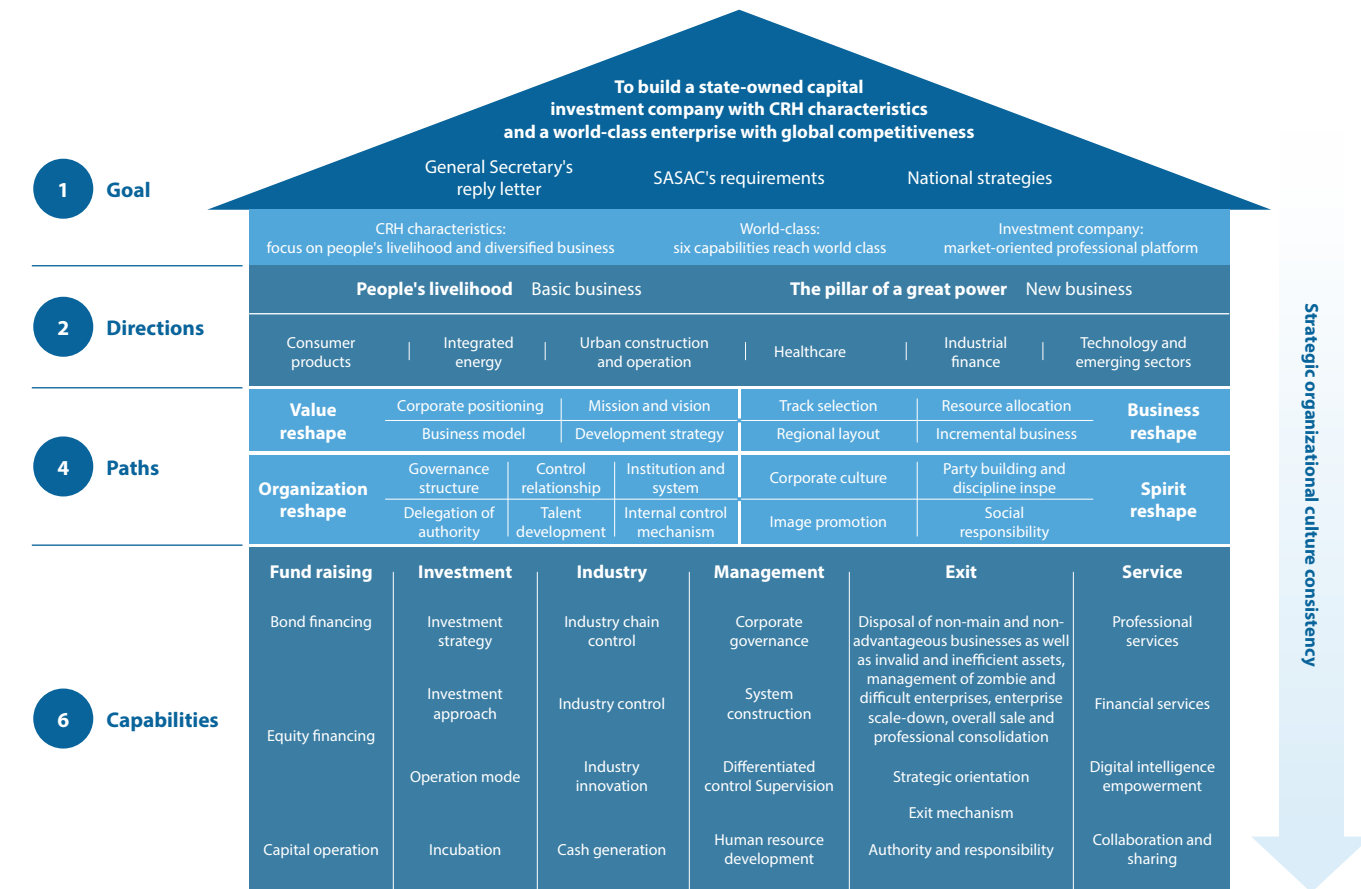
CRH Successfully Completes Three-Year SOE Reform and Becomes State-Owned Capital Investment Company

The Group has achieved remarkable results in the implementation of the three-year action for SOE reform. 62 reform topics and about 1,100 reform tasks have all been completed in compliance with the target. Among these indicators, five reform measures have been ranked first in the state-owned assets system. These measures include improving management standards to meet world-class levels, divesting non-core and non-advantageous businesses, adopting market-oriented employment practices, implementing due diligence, and compliance exemptions.

The Three-year Action Plan for SOE Reform served as an opportunity for us. With that in mind, considering the spirit of the General Secretary's reply letter – the "14th Five-Year Plan" strategy and the series of requirements such as "Reshaping CRH" – we took initiative to make substantial breakthroughs

in various areas. These areas included the reform of the three systems, contractual management of the managers, competitive induction and outplacement, last-place adjustment and incompetence exit, medium- and long-term incentives for core talents in key positions, R&D innovation, and development of strategic emerging industries and other bottlenecks that have long plagued our reform and development. These reforms and measures strengthened our modern corporate governance system, promoted our business transformation and upgrade, and stimulated our organizational efficiency and vitality.

In June 2022, the Group was officially transformed into a state-owned capital investment company and formed the "1246 model" for the construction of a state-owned capital investment company due to its accurate functional positioning, outstanding capital operation capability, and effective layout restructuring.



CRH's "1246 model" for building a state-owned capital investment company.



From April 15 to 16, 2023, the Group held the sixth top-level training session, which focused on the Group's "1246 model" and the mid-term review of the "14th Five-Year Plan" strategy. During the session, stakeholders and participants discussed how CRH could make greater contributions in the new journey of Chinese modernization.

CR Beer and Heineken joined forces to promote the mixed-ownership reform



investor, and Heineken took a 40% stake in the parent company of CR Beer through a capital increase (equivalent to approximately 20.67% stake in the listed entity). In recent years, CR Beer has implemented the Three-year Action for SOE Reform, established a complete Party organization within its operating entities, developed a list of major business management matters to be pre-discussed by the Party organization, improved major issues, and realized "two-way entry and cross-posting".

At the same time, Heineken was given a seat on the board of directors at the corporate governance level to participate in the company's major business judgments, human rights and allocation decisions, and to play a more effective assessment and supervision role over the management. The mixed-ownership reform has prompted Heineken and CRH to strengthen their long-term strategic cooperation at the shareholder level, laying the foundation for the internationalization of CR Snow. Following the completion of the mixed-ownership reform, CR Beer's market capitalization experienced significant growth, leaping from less than HK\$90 billion to over HK\$200 billion.



Improved Corporate Governance

To build a modern corporate system with Chinese characteristics, the Group has fully completed the revision of business units' articles of association by incorporating the reform requirements, and formulated a differentiated control plan to enhance the scientific and precise nature of its control. The Group has also established a team of professional directors, and all 483 subsidiaries within the scope have appointed directors with external ones as the majority and formulated the management system for board authorization. Besides, the Group has strengthened the board of directors and the team of directors of business units by establishing a quarterly communication mechanism for the construction of the board of directors of business units to enhance the ability of directors to perform their duties. The Group continued to improve the long-term mechanism for the reform of the de-institutionalization of the headquarters by clarifying the functional positioning, streamlining the approval process, optimizing the workflow, improving the style of writing and meeting, and strengthening the sense of service. The Group became the first batch of model enterprises in corporate governance among central enterprises, and the "1246" control model guided the development path and method for the fourth transformation of CRH.

Further Strengthening the Party's Leadership in Improving Corporate Governance

On the one hand, the Group formulated the Implementation Measures on Strengthening Party Leadership in Improving Corporate Governance of CRH's Subsidiaries which organically unifies strengthening Party leadership and improving corporate governance, and all eligible subsidiaries have formulated a manual of powers and responsibilities. On the other hand, the Group guided enterprises at all levels to complete the

incorporation of Party building into the articles of association, compile the standard template for the contents of the articles of association, and standardize subsidiaries at all levels to incorporate the functional role, institutional setting, scope of power and responsibility, and leadership system of the Party organization into the articles of association.

Continuously Strengthening the Board of Directors in an All-round Manner

The board of directors of CRH consists of 8 members, including 3 internal executive directors and 5 external directors. The composition of the board of directors is diversified, and the directors have many years of industry experience in urban construction and operation, energy, technology, risk control, finance and other fields, and are experienced in operation and management. To comprehensively strengthen the board of directors, the Group has continuously 1) improved the corporate governance system, 2) carried out scientific

and prudent decision-making, 3) implemented the working mechanism where managers are accountable to and report to the board of directors, 4) improved the measures for supervising the resolutions of the board of directors by including the implementation of such resolutions as a routine issue in the general manager's meeting and promptly reporting the significant progress or obstacles in the process of implementing such resolutions, and 5) organized external directors to conduct research on business units.



Further Strengthening the Board of Directors of Subsidiaries

Firstly, the Group standardized the operation of the board of directors of its subsidiaries by formulating the Regulations on the Standardized Operation of the Board of Directors of CRH's Subsidiaries and the Evaluation Measures for the Board of Directors of CRH's Business Units, pursuant to which "the board of directors of subsidiaries should be built as much as possible and external directors shall account for the majority" was realized and the evaluation of the board of directors was carried out. Secondly, the Group improved the construction of external directors by appointing 40 full-time external directors in business units and establishing a quarterly communication mechanism for the construction of business units' boards of directors and external directors; we also formulated the Measures for the Management of Directors of CRH's Business Units and the Evaluation Measures for Directors of CRH's Business Units to carry out the evaluation of external directors. Thirdly, the Group promoted the implementation of the powers of the board of directors of significant subsidiaries by clarifying the scope of such important subsidiaries, the content of authorization, progress arrangements, supervision and assessment requirements, and fully implementing the powers of the board of directors in 10 business units including CR Land, and partially implementing the powers of the board of directors in 17 business units.

Implementing Differentiated Control

Through the implementation plan of differentiated control, the Group has clarified the control methods for the Group's holding enterprises, relatively holding enterprises and equity participation enterprises, and improved the scientific and precise control of the Group. Firstly, the Group has developed an innovative differentiated control model to evaluate the maturity of business units with 14 indicators in five dimensions, including external environment, corporate governance, capital structure and business positioning, organizational capability, and corporate competitiveness, and implement categorized authorization for investment and major donations of business units based on the evaluation results. Secondly, according to the business characteristics, the Group has implemented differentiated control in the fields of technology innovation, environmental health and safety, etc. Thirdly, the Group has clarified the important matters that require attention for the differentiated control of mixed-ownership enterprises and equity participation enterprises.

Proactively Serving National Strategies

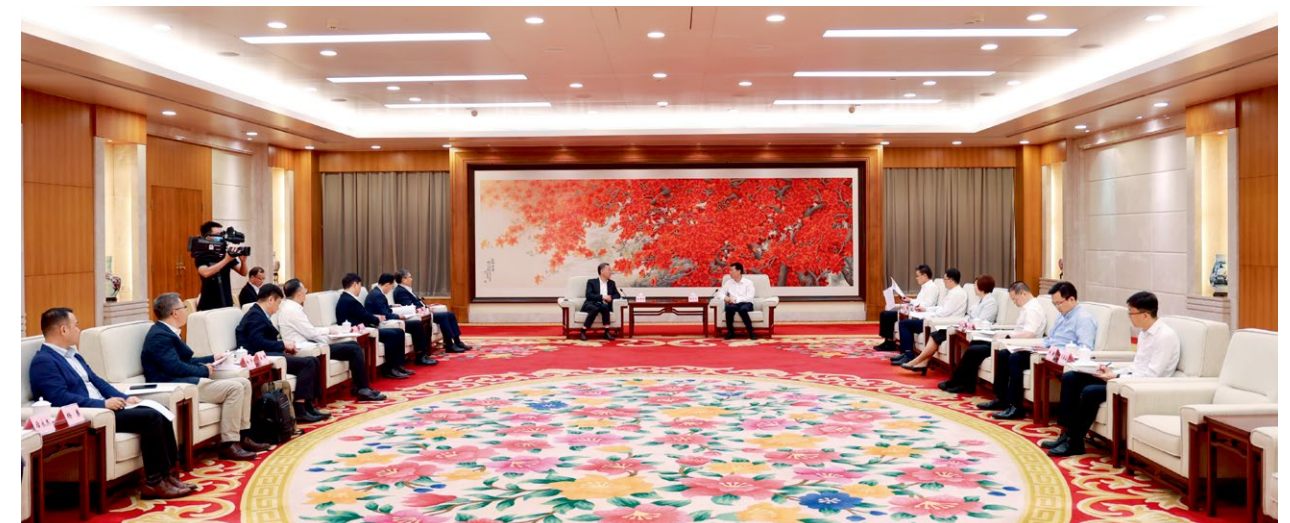
In 2022, the Group proactively worked for a new development pattern and acquired new market opportunities and new momentum in better integration with major national strategies, so as to facilitate the implementation of national strategies.

Proactively Integrating into Major National Regional Strategies

The Group continued to deepen the central-local cooperation, and signed 17 strategic cooperation agreements, including 7 at provincial level and 10 at municipal level. The Group's organizational system for serving national strategies and collaborative development became increasingly sound, and the Group's regional working groups made every effort to promote the implementation of regional priorities, with the share of revenue from the six key regions reaching 69.9%, up 1.7 percentage points year-on-year.

Actively Implementing the "Carbon Peak and Carbon Neutrality" Deployment

The Group compiled and released the CRH Carbon Peak Action Plan, which defined the objectives and strategies, key tasks and major projects of such action, and clarified its timetable and roadmap. The Group promoted the construction of "zero-carbon park" model projects, such as CR Gas Huizhou Daya Bay Zero-carbon Gas Field Station and CR Sanjiu Guanlan Base near zero-carbon park which have been completed successively. The Group continuously optimized the energy structure, with the continuous increase in the installed capacity of CR Power's wind power, photovoltaic and other clean energy operations. The Group also carried out in-depth investigation and treatment of ecological and environmental problems and special investigation and rectification of carbon emission data quality, through which a total of more than 1,000 ecological and environmental problems were investigated and treated, with a completion rate of 92%. Moreover, the Group endeavored to reduce the total emission of major pollutants and the intensity of emission, and completed the transformation projects of cement business with ultra-low emissions, gas boilers with low nitrogen and comprehensive treatment of volatile organic compounds.



On June 9, 2023, Chairman Wang Xiangming and General Manager Wang Cuijun of the Group met with Lin Keqing, Party Committee Secretary of Guangzhou, and Guo Yonghang, Mayor of Guangzhou, and they held talks and exchanges on deepening all-round collaboration and reached a broad consensus.

Contributing to the National Rural Revitalization Strategy

The Group promoted Hope Town to a new stage of development and established a new development model based on investment support and industrial cooperation, supplemented by public welfare assistance and social donations, to enhance the endogenous development momentum of the supported counties and drive rural revitalization with industrial revitalization. Over the past year, the Group has donated RMB 66.17 million and invested over RMB 200 million directly in Guangchang, Haiyuan and Qingliu counties, and signed 19 industrial investment cooperation agreements, which have comprehensively promoted rural economic development. Meanwhile, new Hope Town projects have been accelerated, with Nanjiang Hope Town in Sichuan completed, Hope Towns in Tonghua, Jilin, Kangle, Gansu and Zhangbei, Hebei starting construction, and the site selection of Arshan and Yimeng Hope Towns completed.

Vigorously Promoting Business Development in Hong Kong

Under the extremely difficult market environment in Hong Kong, the Group's key leaders led teams to strengthen exchanges with various sectors in Hong Kong, established a broad base of collaboration and promoted the implementation of a number of major projects, which boosted market confidence. In 2022, the Group invested RMB 9.04 billion in Hong Kong, approximately 2.5 times the investment in Hong Kong in 2021 and accounting for 8.2%, an increase of 3.7 percentage points from 2021, and successfully implemented a number of projects such as the Runfa warehouse. By the end of 2022, the Group has doubled both the size of its assets and the number of employees in Hong Kong.



Beijing Daxing International Airport, known as "the first of the new seven wonders of the world", was also built with the participation of CRH. Beijing Runhang Commercial Development Co., Ltd. jointly established by CR Land and Capital Airports Holdings Limited is responsible for its decoration construction and operation at the late stage.

Robust and High-Quality Development

In 2022, facing multiple pressures and unprecedented difficulties, CRH insisted on seeking progress while ensuring stability, coordinated pandemic prevention and control, business development and work safety, and made every effort to stabilize growth, thus delivering an excellent result of "outperforming the market and growing against the trend" and taking a solid step towards building a state-owned capital investment company with CRH characteristics and a world-class enterprise with global competitiveness.

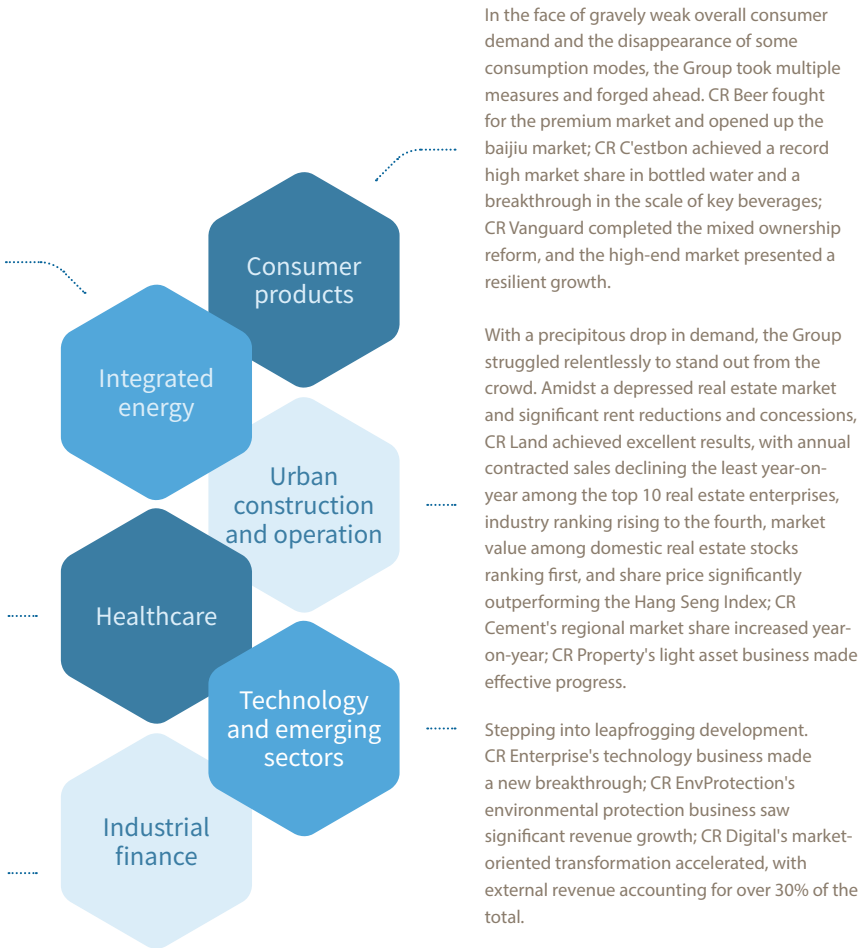
All-out Efforts to Stabilize Growth, Steady Progress in Industrial Development

The Group carried out comprehensive and centralized supervision on "stable growth, risk prevention, reform promotion and Party building", and researched and introduced "stable growth" assessment and incentive programs to fully mobilize the enthusiasm of business units.

Faced with the major challenge of high upstream costs, the Group resolutely took on its responsibility to ensure energy supply. CR Power upgraded its long-agreement coal delivery rate and achieved significant loss reduction in the thermal power business, while the new energy scale continued to grow; CR Gas accelerated project acquisitions and actively expanded innovative businesses such as integrated services and integrated energy.

Its development momentum continued to be positive. CR Sanjiu's self-medication business grew at a high rate, with growth in core categories higher than the industry level; CR Jiangzhong's online business exploration achieved phased results; CR Double-Crane continued to promote operational excellence and achieved positive results in building low-cost advantages in the whole value chain; CR Pharm's Dong-E-E-Jiao and Boya-Bio recorded a significant YoY increase in net profit; CR Pharm's commercial device and retail business scored outstanding growth; the comprehensive growth of CR Health's hospitals ranked among the top state-owned hospitals.

Effectively mitigating market risks and maintaining operational stability. The net profit of CR Capital Holdings' leasing and insurance brokerage business achieved double-digit growth; CR Bank and CR Capital jointly promoted the successful introduction of strategic investors; CR Trust maintained its leading position in the industry; CR Asset's AUM scored double-digit growth.



华润微电子深圳12吋集成电路生产线建设项目启动



华润微电子深圳12吋集成电路生产线建设项目开工活动

Continuously Strengthening Investment Capacity and Optimizing Industrial Structure

The Group continued to increase its investment in people's livelihood and be the pillar of a great power, while resolutely exiting from non-main and non-advantageous businesses as well as invalid and inefficient assets and continuously optimizing the allocation of resources to strengthen principal business. The completion rate of investment in 2022 reached a record high of 70% in the past six years, prompting the implementation of a number of major investment projects, which in turn further consolidated the Group's market position in people's livelihood sector. The share of revenue from strategic emerging sectors increased from 12.2% in 2020 to 15.8% in 2022.

Accelerating the Development of Strategic Emerging Sectors

CRH's strategic emerging sectors mainly include new energy, new generation information technology, bio-industry, related services, energy conservation and environmental protection, new materials and other industries.

In 2022, the Group completed a total investment of RMB 34.63 billion in strategic emerging sectors, representing a year-on-year increase of 4.3% from the RMB 33.19 billion completed in 2021. During the year, the Group invested RMB 20.04 billion in new energy (mainly wind power, photovoltaic, distributed energy and biomass power generation projects), accounting for 57.9% of the total; RMB 6.53 billion in new generation information

technology (mainly semiconductor components and software systems), accounting for 18.9% of the total; RMB 4.88 billion in bio-industry (mainly chemical drugs, proprietary Chinese medicines and biopharmaceuticals), accounting for 14.1% of the total; RMB 1.41 billion in related services (mainly industrial funds), accounting for 4.1% of the total; RMB 1.21 billion in energy conservation and environmental protection (mainly environmental protection projects), accounting for 3.5% of the total; RMB 570 million in new materials (mainly calcium cement-based new materials and special polyester projects), accounting for 1.6% of the total.

Creating a Traditional Chinese Medicine Industry Chain

In 2022, CR Sanjiu promoted the high-quality development of the traditional Chinese medicine industry chain with a focus on its upstream, midstream and downstream based on the idea of "consolidate the chain through fundamentals, complement the chain with technology, strengthen the chain by integration and shape the chain by optimization". The company actively explored the mutually beneficial and win-win ecosystem project of the industry chain by leveraging the advantages of the existing traditional Chinese medicine industrial park in R&D innovation and intelligent manufacturing. It accelerated mergers and acquisitions and reorganization of traditional Chinese medicine enterprises in the industry chain, strengthened its foundation through professional consolidation and integration on the basis of its scale advantages, optimized its own blood-making capacity, and promoted breakthroughs in key common technologies and the transformation and upgrading of digital intelligence, thus optimizing the development pattern of the industry.

Expanding Business in the Greater Bay Area

Since the roll-out of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, CRH has proactively strengthened communication with local governments and enterprises. According to the needs of the region, we use our best efforts to strengthen the allocation of key resources in the Greater Bay Area and further optimize its strategic planning of various industries with a focus on key tasks and major difficulties, by making full use of its comparative advantage in consumer products, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors, and leveraging on industrial clusters and internal and external synergies. We facilitated the implementation of key projects and made great progress.



On May 20, 2023, the Guangdong-Hong Kong-Macao Technology Innovation Development Sub-forum of the 2023 Greater Bay Area Science Forum hosted by CRH was successfully held in Shenzhen. Mr. Leung Chun-ying, Vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), Mr. Bai Chunli, Chairman of the "Belt and Road" Alliance of International Science Organizations (ANSO), Chairman of the Greater Bay Area Science Forum and Academician of the Chinese Academy of Sciences, Mr. Yin Hao, Member of the Party Group and Secretary of the Secretariat of China Association for Science and Technology (CAST) and Director of China Science and Technology Museum and Mr. Qin Weizhong, Deputy Secretary of the Party Committee of Shenzhen Municipality and Mayor of Shenzhen attended the forum and delivered speeches. Mr. John Lee Ka-chiu, Chief Executive of the Hong Kong Special Administrative Region, delivered a video message.

Disposal of Invalid and Inefficient Assets

In 2022, the Group set up a scale-down committee and established a regular mechanism for the divestment of the Group's businesses and assets. Through the divestment of non-main and non-advantageous businesses, three industry categories were narrowed down, completely exiting the

textile business, 27 relevant enterprises were divested, and the business was further focused on the principal business; the asset quality was further improved, and the Group's overall total asset turnover ratio and return on net assets were maintained at a high level.

Remarkable Progress in Digital Intelligence Transformation and Upgrade

The Group's digital intelligence transformation entered a rapid stage, and "Smart CRH" has taken shape. The Group recorded online revenue of over RMB 78.56 billion, reduced costs by RMB 190 million and saved 5,276,000 man-hours per year. Rise in **intelligent manufacturing capability was accelerated**. The Group's industrial internet platform was selected as "2022 cross-discipline and cross-industry platform" by the Ministry of Industry and Information Technology; CR Cement built a fully smart factory in Tianyang which was successfully shortlisted as one of the national smart manufacturing model factories. **Digital technology drove efficient governance**. The Group launched the Treasurer 3.0 System and the strategic coordination information system, significantly improving efficiency in monitoring. **Data application enhanced quality**

and efficiency. CR C'estbon's AI-assisted decision-making in PET procurement and CR Bank's RunSecond Sticker facilitated automatic crediting and credit line approval through big data, realizing data empowerment. **Digitalization boosted the rise of new models and new businesses**. CR Ng Fung Meat Smart Trading Market, CR Pharm-Comm Internet Pharmaceutical Services and CR Land Xiaorunxuanfang created new business opportunities through digital application. **The cyber security foundation was consolidated**. While enhancing cyber security offensive and defensive capabilities, we promoted training through competition and established a cyber-attack team to participate in national network offensive and defensive exercises, where we ranked at the forefront of central enterprises.



CR Cement's fully smart factory in Tianyang.

Effective Supervision on Anti-corruption

The Group's political supervision and governance have become more precise and powerful, effectively ensuring that major policies are met with sufficient follow-up work. The anti-corruption campaign achieved remarkable results, and a number of disciplinary cases were investigated and offenders were punished in compliance with the law. The combined effect of the "three non-corrupt principles" was fully released, and full coverage of internal inspections was historically realized.

Stepping up Efforts to Investigate Corruption Cases

The Group insisted on investigating all cases and punishing all acts of corruption. During the year, the number of leads resolved increased by 18.7%, the number of cases filed increased by 22.4%, the number of persons disciplined by Party and administrative discipline increased by 11%, and 53 persons were referred to local supervisory committees and public security authorities on suspicion of committing offences in office. The Group kept a close eye on the typical problems of violating the spirit of the eight-point decision on improving

Party and government conduct, and increased its investigation and disciplinary efforts. We dealt strictly with cases of collusion of interests and requests for assistance, and 81 persons were investigated throughout the year for violating the spirit of the eight-point decision. The Group insisted on the combination of strict control and kindness, strictly investigated false accusations and frame-ups, and carried out timely clarification. We publicly clear the names of more than 20 cadres who were falsely reported throughout the year, preserving their passion for work.

Executing Punitive and Preventive Measures against Corruption

1	2	3
Imposing stricter requirements for the "not daring to be corrupt" policy	Deepening and expanding the "cannot be corrupt" policy	Consolidating and improving the "not desiring to be corrupt" policy
We closely monitored the "key minorities", intensified disciplinary review, and seriously investigated a number of "big tigers". We focused on systemic, industrial and regional violations, boosted efforts to investigate and handle corruption cases in key areas such as commercial sales, engineering construction, bidding and procurement, investment and mergers and acquisitions, credit and loans, etc., and resolutely investigated and handled a number of "group scale" and "interrelated" cases in the grassroots marketing sector, effectively purifying our political ecology. Under the powerful deterrent effect, six corrupt persons voluntarily surrendered themselves and nine disciplinary offenders explained problems on their own initiative.	In addition to increasing punishment, we insisted on anti-corruption at early stages, deepened governance at source and strengthened the reform of supervisory mechanisms and system construction in key areas. Throughout the year, a total of 109 disciplinary inspections and supervision proposals were issued to make timely recommendations on enhancing system execution, standardizing supplier sourcing procedures and strengthening work safety, and urge relevant units to rectify the situation in a timely manner, so as to close management loopholes at source, prevent corruption risks and compress the space for rent-seeking. We also urged secondary enterprises to adopt Shouzheng electronic bidding platform to cut the chain of interest transfer at source.	We actively innovated on the form and content of warning education. Throughout the year, we organized two warning educational conferences and all secondary enterprises conducted 1,164 warning education sessions, covering more than 160,000 cadres and employees. We filmed and broadcast two warning education films, namely, Anti-Corruption - Always Blowing the Charge and Anti-Corruption - Always on the Way, compiled three case warning books, and informed them on a number of typical cases, with the purpose of generating comprehensive education effect by leveraging on the deterrent effect of such cases. We also gave more than ten integrity lessons for the Group headquarter departments, secondary enterprises and the 2022 "Future Stars" training camp for new employees, which further instilled the concept of "integrity creates value and compliance guards development".



Comprehensively Strengthening the Professional Capacity of Disciplinary Inspection Cadres

The Group established and improved the regular learning mechanism of monthly collective learning, quarterly thematic lectures and annual centralized training for the discipline inspection system. During the year, we conducted 20 collective learning sessions, and held joint learning activities with the disciplinary inspection departments of secondary enterprises and built an exchange platform for mutual learning, resource sharing and complementary advantages. We organized two lectures on promoting anti-corruption mechanism and political supervision, which covered more than 6,100 full-time and part-time discipline inspection cadres and discipline inspection

members of grassroots Party branches throughout the system and deepened the understanding of anti-corruption and political supervision among discipline inspection cadres. We sent 33 cadres to work in the Central Disciplinary Committee of the Communist Party of China and the State Supervision Committee and local disciplinary committees and supervision committees and participate in examination and investigation, and deployed 58 discipline inspection cadres to participate in the compliant-handling cases of the Group's Disciplinary Committee, with an effort to improve their practical experience in supervision and discipline enforcement.

Continued Reinforcement of Inspection and Rectification

In 2022, the Group organized one round of internal inspections, completing regular inspections of four business units and special inspections of one headquarters department, discovering and giving feedback on a total of 202 problems and handing over 75 leads on problems. The Group achieved 100% internal inspection coverage and successfully completed the target of full inspection coverage within one term of the Party Central Committee. Since the 19th CPC National Congress, the Group has organized nine rounds of internal inspections, inspecting 34 Party organizations in headquarters, business units and directly affiliated institutions. We insisted on the general keynote of "seeking progress while ensuring stability", and kept the lifeline of finding out and solving problems.

We discovered and gave feedback on a total of 1,099 problems, handed over 321 leads on problems, and punished 45 persons for Party discipline. Based on regular inspections, we also carried out targeted special inspections, mobile inspections and inspection review to highlight problems in a dynamic manner. Through these efforts, the breadth, strength and depth of our inspections continued to improve, and the penetrating and deterrent effect of our supervision continued to be enhanced, effectively playing the role of supervision to safeguard implementation and promote perfect development.

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

Improving Investor Relations Management

In 2022, the Group initially established an investor relations coordination and liaison mechanism, which, on one hand, docks with SASAC to complete the special tasks of strengthening investor communication and improving the quality of listed companies; and, on the other hand, docks with business units to improve the investor relations coordination and management mechanism, and facilitate synergy and empowerment.

Listed companies under the Group have clearly defined divisions of leadership in investor relations and equipped dedicated IR teams for the progress in internal research work. 15 listed companies have designated members of their management teams as investor relations heads, of which 11 are headed by the CFO and 4 by other company leaders. Going forward, the IR leaders shall promote the establishment of a cross-departmental coordination mechanism by listed companies as required by SASAC to ensure the smooth implementation of investor relations work.

Conducting High-quality Investor Communications

Since 2022, the Group has held high-quality financial results briefing sessions. Firstly, the frequency of meetings has been increased, and all listed companies of the Group have held the annual results briefing sessions; secondly, the executives have been deeply involved. The chairmen and general managers of most listed companies of CRH have attended the annual results briefing sessions, and communicated directly with the capital market. Among them, CR Pharma organized the management of its five A-share subsidiaries, together with CR Pharma-Comm's management, to hold the 2021 annual results briefing session, after which a joint roadshow was held for the first time (a total of 26 occasions) to deepen investors' understanding of segments and form a synergy in the capital market. CR Sanjiu held its performance briefing session for the first time by means of online live broadcasting, with the number of participants increasing significantly from more than 100 to 71,000, and broadcasted a creative microfilm to promote its brand culture at the performance briefing session, which gained 788 pieces of news coverage and republishing and became a hot topic in the market.

In addition, investor communication has become more frequent and the form of activities has become more innovative. 1,499 investor communication activities were organized by the Group's listed companies in the first 10 months of 2022, which exceeded the 1,349 activities held in the whole of last year. Some listed companies explored innovative forms with digital means based on their business characteristics. CR Mixc Lifestyle held a cloud roadshow, where investors visited the Mixc in Shenzhen and other star projects online, and the management exchanged views and interacted with investors through the live broadcasting room; CR Cement held a reverse roadshow on the functional building materials business and broadcasted it live on Futu simultaneously to deepen the investors' understanding of its new materials business; CR Micro planned the "Build New Dynamics Create New Blueprint" investor open day and new product launch to welcome investors and showcase its latest product development progress.

Statistics on the Number of Investor Exchange Activities of Listed Companies Under the Group

Type of Activity	First 10 months of 2022	2021
Performance briefing sessions	45	35
Investor call	905	740
Investment banking strategy session	195	167
Roadshow/ Reverse roadshow	234	283
Reception and research	120	124
Total	1499	1349

The Group's listed companies explored innovative forms for investor communication activities



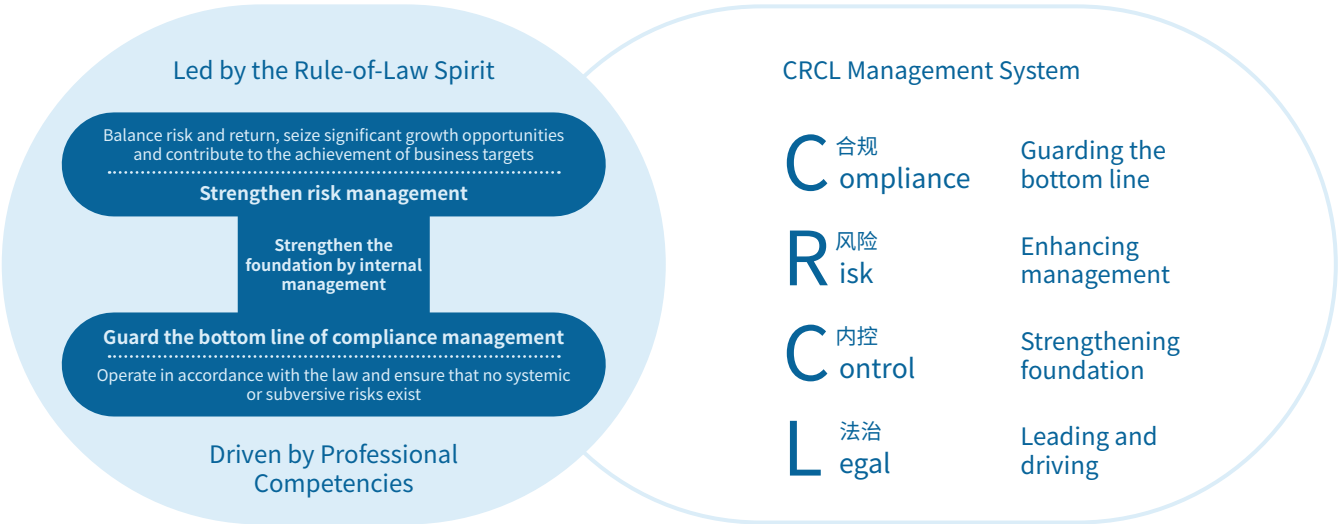
Enhanced Risk Prevention Capabilities

In 2022, CRH implemented SASAC's risk prevention and control objectives of "early warning, precise prevention and control", and continuously explored ways to improve its risk prediction, risk monitoring and assessment, and risk resolution and disposal capabilities in areas of debt, investment, finance, internal control, overseas operations and work safety, so as to prevent any major risks.

The Group's risk prevention system has been more robust. **The Group promoted the implementation of leverage stabilization.** By revitalizing cash balances, strengthening capital coordination and introducing strategic investors, the Group increased its equity by RMB 21.5 billion in 2022 and reduced its liabilities by RMB 55.6 billion, putting its debt risk under control. **The Group strictly controlled all kinds of financial risks.** The Group continued to monitor exchange rate, interest rate, liquidity, financial counterparty and other major risks, and reduce risk exposure and adverse impacts. **The Group efficiently completed SASAC's specialized governance.** The Group's enterprises at all levels sorted out and investigated about 3,500 problems and risks, recovered and reduced losses and risks by more than RMB 500 million, and resolved a number of difficult problems and risks left over from the past. **The Group established a "four-in-one" legal compliance and risk control management system.** The Group set up the Rule by Law, Risk Control and Compliance Management Committee to promote the horizontal synergy and vertical management of

the four functions of law, compliance, risk and internal control. The Group also focused on addressing internal and overseas corruption and has achieved remarkable results. CR Corporate Service launched Shouzheng bidding platform for the Group's bidding business, which covered all business units, all regions, and all businesses of the Group. **The Group strengthened audit quality in an all-round way.** The Group ranked top in the evaluation of internal audit quality of central enterprises.

The Group promoted the successful conclusion of the three-year action for special rectification of work safety. **The Group fully implemented the 15 work safety measures proposed by the Work Safety Committee Office of the State Council** by continuously carrying out safety supervision and inspection, and timely discovering and eliminating accident risks and latent dangers. In 2022, the Group's EHS situation was stable in general, with no EHS systematic risk and no large or above work safety-related, environmental pollution, and food and drug safety-related incidents.



CRH's Legal Compliance and Risk Control Management System.

Executive editor: Yu Feng Contributors: Yu Feng, Liu Pinting, Liu Chao, Peng Ge, Guo Biao, Luo Jinhong, Qin Longling, Xiang Yuting, Gao Fang

Commitment and Performance

Commitment Made in 2022



The Group is determined to deepen its efforts in anti-corruption and maintaining strong momentum in reducing both existing corrupt behaviors and curbing new ones. The Group is committed to promoting anti-corruption reform by pursuing relevant cases and urging responsible departments to improve systems and mechanisms for their effective implementation. Additionally, the Group will enhance warning and integrity education to further strengthen its anti-corruption efforts.

The Group will strive to fulfil the requirement of "two increases, one control, and three improvements" for "two profits and four rates" by 2022 as proposed by the SASAC.

The Group is committed to accelerating its business transformation and achieving new business-led growth. By focusing on key industries prioritized and guided by the country, and leveraging its existing industrial foundation, the Group will increase investment in research and development to cultivate technological advantages.

The Group will continue to focus on managing accounts receivable and inventory, expedite the divestment of non-core and non-advantageous businesses, dispose of invalid and inefficient assets, and enhance efforts in the governance of loss-making enterprises.

The Group is committed to deepening its digital transformation by actively piloting common technology platforms, promoting the circulation and sharing of data within the Group, and facilitating the digital upgrade of business units' key operations. Business units will also deepen their data application by exploring valuable insights from their business scenarios.

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. To achieve this, the Group will enhance the functions of key regional information platforms, improve regional synergy mechanisms, strengthen incentives and assessments, and ensure the efficient implementation of regional strategies.

Commitment Performed in 2022



The Group insisted on investigating all cases and punishing all corruption. During the year, the number of problem clues disposed of increased by 18.7%, the number of cases filed increased by 22.4%, the number of persons punished by Party and administrative discipline increased by 11%, and 53 persons were referred to local supervisory committees and public security bodies on suspicion of committing offences in office. The Group kept a close eye on the typical problems of violating the spirit of the eight-point decision on improving Party and government conduct while strengthening its investigation and disciplinary efforts. We dealt strictly with cases of collusion of interests and requests for assistance, and 81 persons were investigated and dealt with throughout the year for violating the spirit of the eight-point decision.

With profitability being further squeezed, "two profits and four rates" basically satisfied the requirement of "two increases, one control, and three improvements" as set at the beginning of the year.

The Group continued to increase its investment in people's livelihood and being the pillar of a great power, while resolutely exiting from non-main and non-advantageous businesses as well as invalid and inefficient assets while continuously optimizing the allocation of resources to strengthen principal businesses. The completion rate of investment in 2022 reached a record high of 70% in the past six years, prompting the implementation of several major investment projects. The share of revenue from strategic emerging sectors increased from 12.2% in 2020 to 15.8% in 2022.

The Group has established a scale-down committee and a regular mechanism for divesting its non-core businesses and assets. By divesting non-core and non-advantageous businesses, the Group has narrowed down its focus to three key industry categories and fully exited the textile business. In total, 27 concerned enterprises were divested, enabling the Group to further concentrate on its principal business.

The Group's digital intelligence transformation entered the fast lane, and the "Smart CRH" has taken shape. The Group recorded online revenue of over RMB 78.56 billion, reduced costs by RMB 190 million, and saved 5,276,000 man-hours per year. Intelligent manufacturing capabilities were also accelerated. The Group's industrial internet platform was selected as 2022 cross-discipline and cross-industry platform by the Ministry of Industry and Information Technology. Digital technology drove efficient governance.

The Group has established an organizational system to support national strategies and collaborative development, which has become increasingly sound. Additionally, the Group's regional working groups have made significant efforts to promote the implementation of regional priorities. Several key investment projects were implemented across various regions, and the share of revenue from the six key regions reached 69.9%, up 1.7 percentage points year-on-year.

Commitment Made in 2023

The Group will adhere to the strict tone and consistently implement red line and bottom line requirements, so as to fundamentally eliminate internal corruptions; curb the risk of loopholes in investment management; address corruption problems in key areas and key links, such as commercial sales, engineering construction, bidding and procurement, investment and mergers and acquisitions, and credit grant and lending; and guard against micro-corruption and grassroots corruption.

The Group will strive to meet the SASAC's optimization and adjustment of the business indicator system for central enterprises in 2023 by adjusting the "two profits and four rates" to "one profit and five rates", with the overall objective of "one increase, one stability, and four improvements".

The Group will expand effective investment in these two directions and effectively increase the proportion of investment in consumer products, healthcare, technology, and emerging sectors. For investments in people's livelihood, the Group will focus on quality and efficiency; while for investments in being the pillar of a great power, the Group will focus on building core competitiveness.

While accelerating investment, the Group will increase exit efforts. With respect to structural optimization, we will formulate asset disposal management measures, establish exit criteria, improve working mechanisms, accelerate the stripping of non-main and non-advantageous businesses and the disposal of invalid and inefficient assets, and strengthen the supervision and assessment of the project.

The Group is committed to accelerating its Smart CRH strategy by promoting industrial digitalization, digital industrialization, and data factorization. Additionally, the Group will actively participate in the development of the digital economy, leveraging digital intelligence to enhance efficiency and reduce costs.

The Group is committed to strengthening its strategic synergy and regional development information base, and helping enterprises in need of resources to acquire government resources. In acquiring resources and promoting synergistic development, the Group will adopt a market-oriented approach and foster internal synergy through mutually beneficial and win-win business models.



Scan the QR Code
to view CRH's employee responsibility
through the VR technology

Employee Responsibility

— More Than Just a Companion:
Flourishing Together

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IGUOPIN Initiative Building a "Reservoir" of Young Talents



Jian Yi

General Manager of Human Resources Dept,
China Resources Group

On 29 July 2022, CRH and Yangshipin held a "Job Recruitment Live Stream" event at China Resources Tower in Shenzhen.

"The 6-hour live stream offered more than 1,000 jobs from CRH's 21 business units in six sectors," said Jian Yi, General Manager of Human Resources Dept of CRH. This event achieved high-quality results and exceeded the expectations set by the CPC Central Committee and the State Council, which was to promote the employment of college graduates and young individuals. Furthermore, it has comprehensively fulfilled SASAC's goals and objectives regarding the employment of college graduates.

"Employment is a fundamental aspect of people's livelihood. The employment of college graduates is not only essential to their own well-being, but also crucial to the economic development and social stability of China." Jian Yi pointed out that the high-quality recruitment results of CRH not only supports the high-quality development of the Group's strategy and business, but also contributes to the formation of a favorable atmosphere for state-owned and central enterprises to promote employment.

"We encourage business units to make recruitment both online and offline through multiple channels and different forms. This event adopted a way favored by young people, and innovatively introduced live streams, online seminars, live camp visits, and other activities, creating a sound atmosphere." Jian Yi said.

During the live stream, each business unit provided a comprehensive and systematic introduction to the enterprise, covering various dimensions such as the current business situation, job details, working environment, personal development, and remuneration packages. To encourage interaction and idea exchange among young people, we also included a specially designed lucky draw session, which received positive feedback.

Many applicants learned for the first time that various familiar brands, such as C'estbon, Snow, Vanguard, Sanjiu, Double-Crane, and more turned out to be owned by CRH. "This has played a crucial role in enhancing CRH's social influence and establishing its good image to assume social responsibility and support employment," continued Jian Yi.

This event has been broadcasted synchronously across various online platforms, including the live stream on Yangshipin APP and IGUOPIN video account, as well as coverage on 12 self-media platforms, such as Weibo, Zhihu, bilibili, Baidu, TikTok, Kuaishou, Tencent News, among others. Jian Yi said, "These innovative forms and means perfectly presented CRH's development history, corporate culture, talent concept, and training system, and received unexpected results."

The "Future Star" new employee training camp is a traditional, high-quality training program at CRH. For this recruitment, a "live camp visit" session was added to enhance on-site interactivity and provide a better experience for the participants. This session also helped to increase the connection between the company and

Total hits on the live stream page of
Yangshipin reached

13.24

million

Cumulative actual online viewership reached

1.811

million

fresh graduates, leading to a continued positive impact that will continue to grow and develop.

Zhong Weiqi, a post-90s generation Hong Kong employee, joined CR Power a year ago. As a talent development specialist of the Human Resources and Administration Department of CR Power South China, he was invited to participate in the "live camp visit" to talk about how he grew up from a newcomer to become part of the backbone of the Group's young people with his personal experience.

"Within two days, I recorded the Cantonese and Mandarin versions of the video and also completed the English subtitles." Although the task was challenging, Zhong Weiqi was thrilled. "The dissemination effect is fantastic, the 'Job Recruitment Live Stream' attracted 80,000 views on the Guangdong Provincial Youth League Committee's WeChat account as soon as it was launched; the 'live camp visit' on YouTube is also very eye-catching, drawing a lot of fan engagement and praise!"

Jian Yi shared a set of inspiring figures: "The total hits on the live stream page of Yangshipin alone reached 13.24 million, and the cumulative actual online viewership reached 1.811 million, fully reaching key job-seeking groups such as college graduates." He pointed out that the IGUOPIN Initiative not only provided 6,003 families of graduates with basic life protection for their children's employment, but also provided a reserve of talents for the innovative and diversified development of CRH's business.

"This year, the Group has opened up all summer recruitment positions in Guangdong-Hong Kong-Macao Greater Bay Area for college graduates from Hong Kong", said Zhong Weiqi. He hopes to become a bridge between CRH and young people in Hong Kong and Macau, and attract Hong Kong talents to join the CRH family by sharing his career development story and introducing CRH's corporate culture.

Zhong Weiqi was able to join CR Power Hong Kong through the "Spring Shoot Project," launched by CRH headquarters in



On 29 July 2022, the Group hosted a live summer recruitment event at China Resources Tower in Shenzhen in collaboration with Yangshipin.

Hong Kong in 2020. The project aims to provide 2,000 jobs over three years to boost the Hong Kong economy and promote employment. As part of the Career Swap Experience Series, the project promotes cross-business-unit linkages, showcases the Group's diverse business operations to new hires, and offers opportunities to experience different positions. This approach helps participants gain a better understanding of CRH's culture and develop a stronger connection to the company.

"The 'Spring Shoot Project' is one of the flagship training programs launched by our Learning and Innovation Center. In addition, we also have other programs, such as 'Excellent Young Cadre Training Course', 'CRH Philosophy', and 'Excellent Manager Training Course'" said Li Kun, member of the executive committee and provost of the Learning and Innovation Center of CRH. He also said that recruited talents will be assigned to roles that best fit their skills. Historically, the Group's leaders have always attached great importance to talent development. This is why CRH has established a hierarchical and categorized training system, which was especially designed to empower employees' growth and fuel our sustainable development.

"Respect human values, develop human potential, and elevate the human mind" is CRH's concept of talent development. Under the

influence of CRH's corporate culture, Zhong Weiqi submitted an application to join the Party and became a Party activist. He was also selected to serve as CRH's Ambassador. Zhong Weiqi said: "In the future, I hope to combine the Youth League's work with talent cultivation and contribute to the building of CRH's talent system."

According to statistics, in 2022, the "IGUOPIN Initiative" planned by the Human Resources Dept of CRH signed contracts with 6,003 college graduates, which exceeded SASAC's requirements by 581. The actual arrival of graduates to their posts was 5,776, which exceeded SASAC's requirements by 893. This demonstrates that we have not only completed the task to a high standard, but have also exceeded the required amount.

Jian Yi is well aware of the importance of young talents to the country and CRH's development. "We will deeply implement the spirit of General Secretary Xi Jinping's important instructions on the youth's work, the spirit of the Central Talent Work Conference, and the requirements of SASAC's Talent Work Conference. We will also enhance our comprehensive talent system with sufficient talent reserves to build a state-owned capital investment company with CRH characteristics and a world-class enterprise with global competitiveness."

Concept and Vision

We regard our employees as the driving force for our development. We respect the human rights of each employee, value individual growth, and strive to create a positive workplace as best as we can. We are committed to providing a decent and healthy life for each CRH employee while ensuring the balance between their work and family.



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

Results

Total number of employees

2020 | **371,000**
2021 | **363,000**

2022
375,000

Number of new employees hired

2022
69,000

2021 | **80,000**
2020 | **71,000**

Labor contract signing rate

100 %

Coverage of social insurance
100 %

Percentage of female managers (under direct administration of the Group or of affiliated companies)

2022
18.3 %

2021 | **16.7** %
2020 | **16.2** %

Days of per capita average paid leave

8 days

Average salary

2022
RMB
130,400

2021 | RMB **126,100**
2020 | RMB **113,000**

Employee turnover rate (including Vanguard)

2020 | **26.2** %
2021 | **24.2** %

2022
20.1 %

Aid to employees with difficulties

2022
2,862 persons

2021 | **1,568** persons
2020 | **5,308** persons

Investment to aid employees with difficulties

2020 | RMB **8,245,300**
2021 | RMB **3,948,100**

2022
RMB
5,610,700

Visiting employees with difficulties

2020 | **2,137** households
2021 | **2,892** households

2022
4,064 households

Investment to visit employees with difficulties

2022
RMB
2,614,200

2021 | RMB **1,693,400**
2020 | RMB **1,907,300**

Funding children of employees with difficulties to go to school

2020 | **245** persons
2021 | **295** persons

2022
275 persons

Investment to fund children of employees with difficulties to go to school

2022
RMB
361,600

2021 | RMB **514,500**
2020 | RMB **294,600**

Aid to employees with illness

2020 | **1,532** persons
2021 | **3,898** persons

2022
2,779 persons

Investment to aid employees with illness

2022
RMB
7,073,500

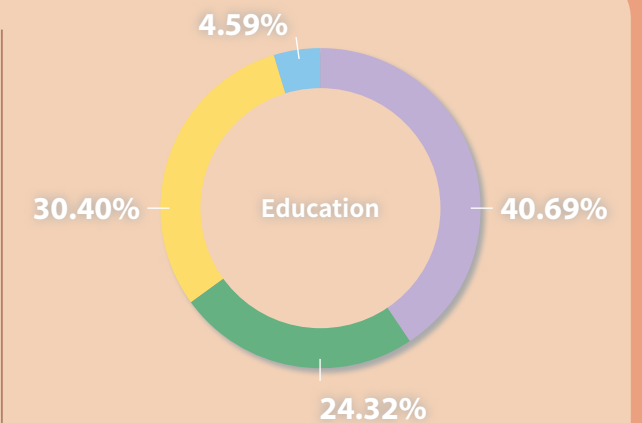
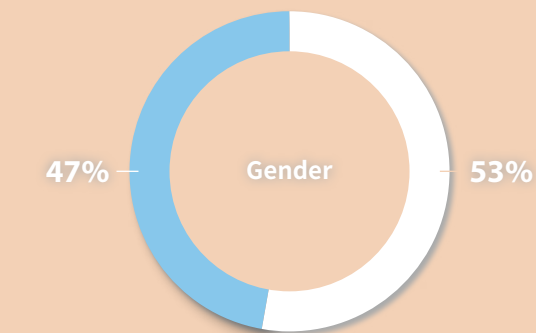
2021 | RMB **6,042,900**
2020 | RMB **6,280,700**

Employee Responsibility Key Indicators 2022

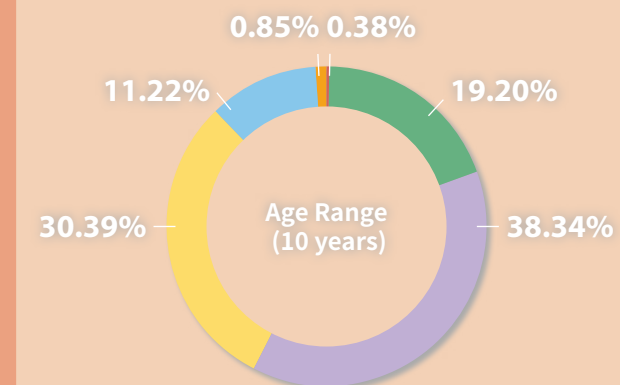
Total number of employees at the end of 2022

375,000

Percentage of males
Percentage of females

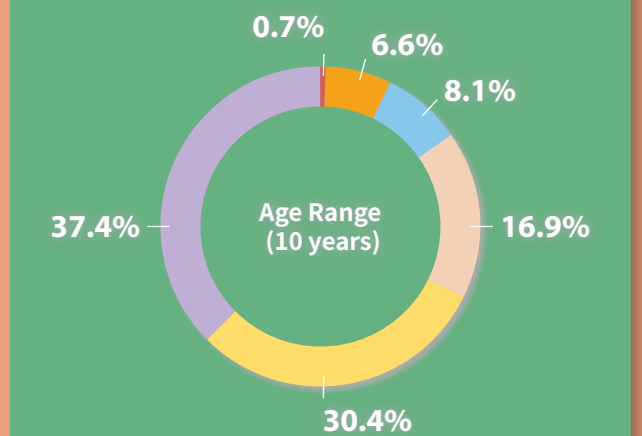


Graduate and above
09-Undergraduate
08-Junior college
High school and below



<20 years old
>=60 years old
50-60 years old
20-30 years old
40-50 years old
30-40 years old

Turnover Rate 2022
CRH's total turnover rate was **20.1%** and voluntary turnover rate was **17.8%**, excluding Vanguard's turnover rate of **16.7%** and voluntary turnover rate of **14.4%**



>=60 years old
<20 years old
50-60 years old
40-50 years old
30-40 years old
20-30 years old

Comprehensive Protection for Employees' Rights and Interests

We strictly abide by laws and regulations including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Law of the People's Republic of China on the Protection of Rights and Interests of Women, the Trade Union Law of the People's Republic of China and the Special Rules on the Labor Protection of Female Employees, and follow internationally recognized human rights policies such as the Universal Declaration of Human Rights and the Declaration on the Protection of Human Rights to eliminate child labor, and oppose forced labor, workplace harassment and workplace bullying. In 2022, the Group did not have any major labor disputes and received no complaints on human rights issues.

Equal Employment Policy

We adhere to the principle of equal employment, establish a fair, just and open mechanism for personnel hiring and placement, and provide equal development opportunities for candidates and employees of different nationalities, races, genders, regions, religious beliefs, cultural backgrounds, disabilities or not. In 2022, our employees came from different parts of the world and

held various nationalities such as Han, Hui, Yao, She, Zhuang, Miao, and Tujia, etc. With 53:47 male to female employees, we have an equal and diversified talent system. We promise that all employees will enjoy equal treatment in terms of recruitment, labor, salary, training, promotion and compensation, and that we will sign labor contracts with 100% of them.

Equal Employment Opportunities

Employment is the most important part of people's livelihood. In 2022, we launched the "IGUOPIN Initiative" and actively promoted the employment of college graduates. Through this event, we signed contracts with 6,003 college graduates, 5,776 of whom are actually at position. We are also committed to providing a good employment ecosystem for groups like female employees and migrant workers.

Supporting the Employment of Female Employees

We are committed to increasing women's activity in the workplace and stimulating the creativity and possibilities of female workers under the premise of creating a more female-friendly environment. In the selection of the Group's technology talents, outstanding craftsmen, and excellent employees in 2022, we increased the proportion of female technology workers to 6.3%, 14.6%, and 12.6%, respectively. In the selection of participants for the Group's first training course for young technology leaders, we increased the proportion of female technology personnel to 19.7%. We guided CR EnvProtection, CR Vanguard, and other business units to set up "Women's Innovation Studios". Through CRH's WeChat account, we widely reported on female technology personnel and publicized their performance in technology research, to inspire more women to realize their career possibilities.



In 2022, CR Micro selected dozens of female workers from different positions and lines such as scientific research and management, and presented their wonderful performance on its publicity platform.

Supporting the Employment of the Disabled

We care about the employment of the disabled and undertake not to belittle or treat disabled employees differently. On the basic principle of equal pay for equal work, we increased our efforts to favor disabled employees and provided them with mentors to better adapt to their positions. We also improved our internal training and skills certification mechanism to help disabled employees improve their skills. We have established a mechanism for regular visits and condolences to understand the family and work difficulties of disabled employees and implement targeted assistance to ensure that they are free from worries.

Supporting the Employment of Migrant Workers

We attach great importance to the work safety of migrant workers and the payment of their wages. In 2022, we set up a task force headed by the general manager of the Group, with the heads of the Group's Human Resources Dept, Finance Dept, Group Labor Dept, Internal Audit Dept, Supervision Dept and other departments and backbone employees as members, to coordinate and improve the channels for safeguarding the rights of migrant workers' wages in arrears, the mechanism for supervising major cases of wages in arrears and the mechanism for emergency response. We also carried out a comprehensive self-inspection of the payment of migrant workers' wages to ensure "zero default" on migrant workers' wages in 2022.

CR Gas actively improved the long-term mechanism for the payment of migrant workers' wages

CR Gas took the initiative to revise the contract templates with engineering suppliers to make it clear that the suppliers can apply for payments for migrant workers' wages according to the work progress. It also opened up channels for migrant workers to protect their rights and established a 1-hour reporting mechanism for migrant workers' rights incidents. According to the reporting mechanism, when a migrant worker's rights incident occurs, it should clarify the details and objectively and truthfully report the rights incident to the CR Gas task force within one hour; it is strictly prohibited from omission, concealment, misrepresentation and delayed reporting; the communication hotlines of the task force are kept open 24 hours a day. For wage-default litigation cases and wage-demand incidents, CR Gas has also set up a supervision and emergency response mechanism, which clarified the responsibilities of each unit, and formulated the handling procedures of "stabilizing the mood and reporting in time; studying the facts and resolving conflicts; formulating policies and disposing of them in a reasonable manner; summarizing and reviewing the situation and preventing rebound", so as to timely resolve the conflicts.

Sound Remuneration and Welfare System

Improving Remuneration Management System

We have formulated the Measures for the Management of Total Wage Filing System of China Resources (Holdings) Co., Ltd., implemented the total wage filing system, and further improved the mechanism of linking the total wage with the economic benefits.

Building a Medium- and Long-Term Incentive Mechanism

By making full use of the reform "toolbox" and "policy package", we have gradually established a diversified medium- and long-term incentive mechanism based on enterprise-specific policies.

Strengthening Employee Pension Security

Enterprise annuity, an integral part of China's efforts to improve the three-pillar pension insurance system, is related to the life quality of employees after retirement. We continued to strengthen the management of enterprise annuities. As at the end of 2022, the Group's 1,414 legal entities including headquarter, business units and directly-affiliated organizations made contributions to the enterprise annuities for their employees, representing an increase of 61 as compared with that of 2021, and the number of individual accounts at the end of the period exceeded 200,000, representing an increase of 11,500 as compared with that of 2021.

In compliance with laws and regulations such as the Social Insurance Law of the People's Republic of China, the Regulations on Paid Annual Leave for Employees and the Regulations on Work-related Injury Insurance, we pay five social insurances and housing provident in full and on time for our mainland employees, and the Mandatory Provident Fund for our Hong Kong employees, and some of our enterprises have purchased commercial insurance and enterprise annuities to enhance risk resilience of their employees.

Strengthening Employee Welfare Policy

We provide our employees with statutory benefits in full and on time by paying five social insurances and housing provident, and handling maternity, stable employment, work injury, off-site transfer, retirement and pension. In addition, we also provide supplementary benefits, including organizing annual medical check-ups for employees, and providing benefits such as group insurance, enterprise annuities, wedding greetings, maternity greetings, funeral benefits, meal benefits and paid holidays.

Enhancing Remuneration Incentives

We insist on "double benchmarking" of performance and remuneration, and strengthen the close linkage between remuneration and our performance. In terms of performance benchmarking, we select the first-class listed companies in the industry as the performance reference, and determine the assessment results based on the comprehensive ranking in the industry every year. Regarding remuneration benchmarking, we clarify the rules for remuneration evaluation, implement a dynamic adjustment system for total remuneration by combining the evaluation results and the remuneration value, and honor the total remuneration strictly in accordance with the agreement. In 2022, we deeply implemented the tenure system and contractual management of managers, and honored managers' performance bonuses for 2021 based on their performance assessment results, which fully triggered their motivation.

Actively promoting listed companies to carry out equity incentives

Four public listed companies, i.e., CR Micro, CR Sanjiu, CR Jiangzhong and CR Double-Crane, completed the grant of restricted shares, and CR Chem-Mat issued an announcement on the implementation plan of restricted share incentives. Through equity incentives, the market value of listed companies such as CR Sanjiu and CR Double-Crane increased significantly, and the turnover rate of core and backbone employees of CR Chem-Mat was significantly reduced.

Completing the icebreaker on dividend incentives for technology enterprises

CR Cement's Technology Research Institute carried out dividend incentives for selected projects to motivate 14 core R&D backbones, boosting its innovation and transformation.

Prudently promoting employee shareholding and follow-on investment

DIS Microelectronics, a subsidiary of CR Micro, implemented mixed-ownership reform and 32 backbone employees completed shareholding; CR Digital's Industrial Internet and Intelligent Manufacturing Project launched follow-on investment with 50 management personnel and core and backbone employees participated, and after the follow-on investment, the project has successfully introduced more than 10 high-end talents.

Exploring the excess profit-sharing mechanism

In 2022, CR Vanguard explored and implemented the excess profit-sharing mechanism, under which it selected 119 core and backbone employees as targets, and extracted a certain amount of net profit in excess of the target as the total amount of incentives, which will be deferred and honored over a period of three years. The implementation of the incentive plan has fully mobilized the work enthusiasm of its core employees.

Open Career Pathways

We practiced the talent strategy, implemented the requirements of building the "3+1" talent team, effectively carried out multi-level cadre training, optimized the talent distribution and incentive mechanism, and established and improved the mechanism for talent service and cultivation.

We formulated the Management Provisions for Cadres under the Direct Management of China Resources Group to further push forward the tenure system and contractual management, and revised the Implementation Opinions on the Tenure System and Contractual Management for Managers of China Resources Group's Subsidiaries, resulting in 100% of enterprises and persons that have signed appointment agreements and performance contracts. We strengthened the application of the comprehensive appraisal results of cadres and completed the application of the comprehensive appraisal results of the tenure of the leadership team and cadres of the secondary enterprises

(2018-2020), motivating cadres to take up their roles with high-quality appraisals. We strengthened the construction of a full-time and part-time director team, and have established a team of 40 full-time and part-time external directors of the Group's secondary enterprises by the end of 2022.

We developed a work plan for the filing of independent evaluation right of titles, and the filing was successfully approved. We formulated the Guidelines for Building of Skilled Talent Teams of China Resources Group, and implemented the identification and standardized management of vocational skills grades. We also strengthened vocational education and training, and organized more than 16,000 vocational skills training sessions throughout the year, covering more than 458,900 person-times and opening up the development channels for industrial workers.

Building of the Group's outstanding young cadre team

We have continuously optimized the selection procedures, training mode and management and supervision measures for the Group's outstanding young cadres to improve their quality. By the end of 2022, the Group had 282 outstanding young cadres, with an average age of 42. Among them, 11% were Hong Kong cadres, 84% were Party members, and 99% held bachelor's degree or above, of which 11% had been promoted to cadres under the direct management of the Group and 32% had been promoted. In addition, each business unit has also carried out the selection and training of outstanding young cadres in an orderly manner, forming a talent pool of outstanding young cadres at the business unit level, with a total of 1,942 cadres in training reserves. All along, we have been systematically putting young cadres into tough positions, increasing their exchange and rotation, and promoting them into the leadership team. As a result, a large number of young cadres have gradually been able to assume main responsibilities, undertake heavy tasks and make new achievements through these practices.



Multi-dimensional Employee Training System

We have upgraded the Group's training center to CRH Learning and Innovation Center (formerly China Resources University), which upholds the talent development principle of "respect human values, develop human potential and enhance human mind", and strives to build an open innovation platform that integrates "industry, university, research institutes and application". In 2022, CRH Learning and Innovation Center promoted the implementation of the Group's "3+1" talent team strategy in accordance with the requirements of the Group's strategic planning, together with the Group's Human Resources Dept, Science and Technology Innovation Dept and all subordinate units.

Party Members' Education and Training

We did what we should do, and held training courses for the secretaries of grassroots Party organizations and Party workers focusing on the spirit of the 20th CPC National Congress and the Party building of state-owned enterprises, which covered more than 6,600 participants. We coordinated the Group's teaching resources, upgraded the online learning platform, and set up a special learning zone for Party members, which was attended by more than 6 million persons.

"3+1" Talent Team Building

Based on the Group's "3+1" talent team strategy, we have conducted the training of management talents by holding training courses for deputy cadres under the direct management of the Group and the Group's outstanding young cadres, and training courses on the "CRH Philosophy"; carried out training for technology talents by holding training courses for the Group's

Building of a Training System that Focuses on Top-level Training

In 2022, we organized the Group's fifth top-level training; developed the Group's "Four Reshapes" teaching materials, with a total of 81 courses and 23 teaching materials, as well as the learning methodology for the "Four Reshapes" action, and held 18 learning projects for 14 business units.

young technology leaders to sort out the Group's key technology road map; supported the training of skilled talents by opening the "Future Star" training camp to follow up on the long-term development of trainees; and organized the "Data Scientist", "Real Estate Technology" and "Navigating New Pharmaceuticals" programs for Hong Kong talents.

^^^ The Group's "Future Star" New Employee Training Camp 2022

The "Future Star" New Employee Training Camp 2022 was jointly hosted by the CRH Learning and Innovation Center and various departments and business units of the Group, with a total of 9 camps and 2,554 trainees. With the goal of "identifying with CRH, transforming roles, establishing ambitions and developing careers", the camp aims to help new employees integrate into CRH, define their development direction, and cultivate and reserve young talents for the Group. Since its inception in 2010, the camp has been successfully held for thirteen sessions, training 27,965 trainees.



^^^ Jointly holding the "Data Scientist" program with the University of Hong Kong

CRH Business School (Hong Kong) has been actively involved in talent development in Hong Kong. In 2022, for the digital technology talents urgently needed, we jointly held the third "Data Scientist Training Program" with the Business School of the University of Hong Kong and the Group's Digital Intelligence Division. The program features group modelling training on data analysis with the combination of industry insight and teaching, and adopts on-site and distance learning modes to train Hong Kong talents.

After the training, the two business projects completed by the trainees, namely "Precision Marketing Modelling Analysis for Commercial Banks Based on Customer Characteristics" and "Foreign Exchange Spot (FX SPOT) Buying and Selling Trend and Risk Modelling Analysis to Identify Customers for Precision Selling", have been recognized and continued to generate business value. In 2022, the "Cultivating 'T-type' Talents in the Digital Era Through Industry-Teaching Integration and School-Enterprise Cooperation - Case of Cultivating Talents of Business Data Analytics by CRH and HKU Business School" submitted by CRH Business School based on the program was selected as a typical case for industry-teaching integration and school-enterprise cooperation openly invited by the Ministry of Education.



Jointly Building and Sharing Training Colleges

In 2022, the training colleges set up by CRH Learning and Innovation Center and business units held six online training camps on the themes of organizational competence, innovation and entrepreneurship, marketing innovation, organizational development and leadership, and human resources, covering

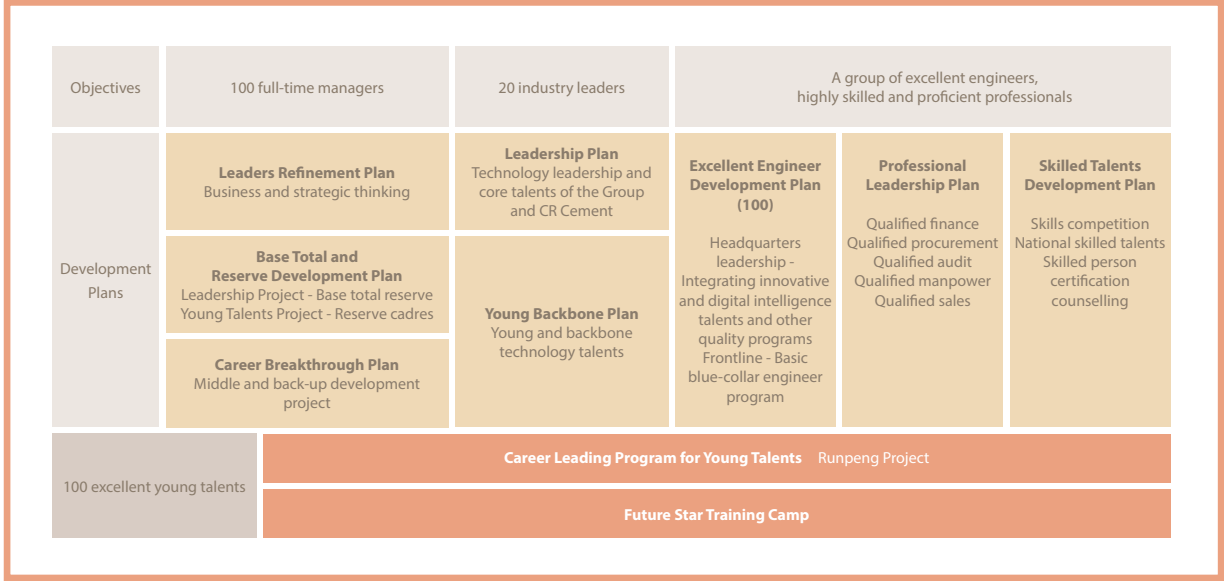
22,166 business backbones of the Group's headquarters and business units. The Group also held the "Reshaping CRH" Knowledge Contest, which ultimately recorded 30,209 answers and 84,578 likes.

Empowering Cadres in Training

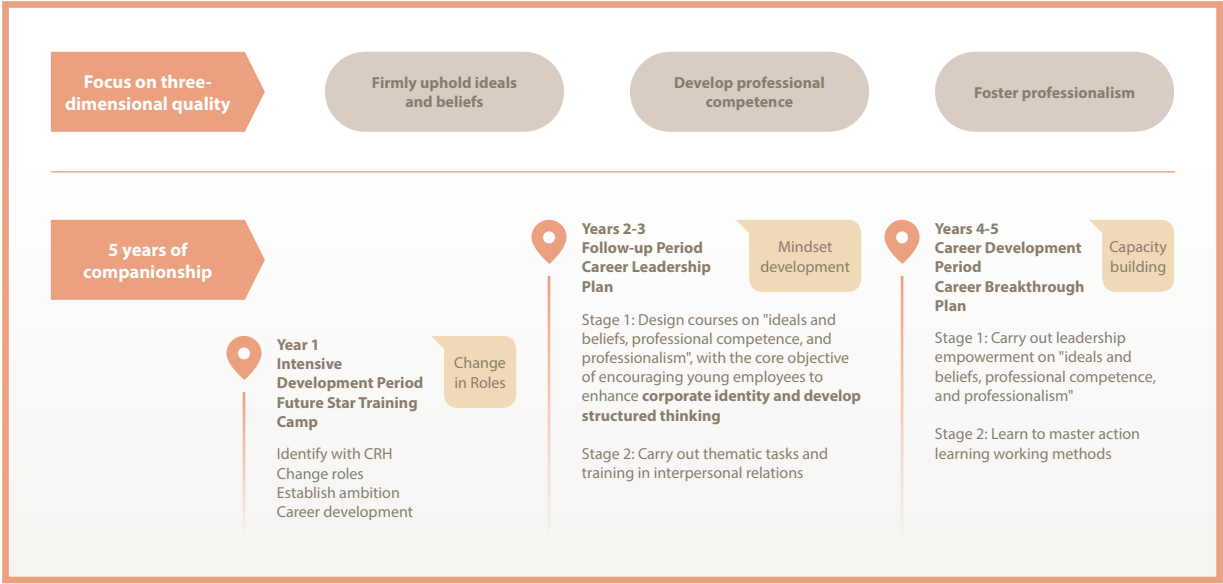
In 2022, we held three empowerment training courses for the Group's cadres in training, with a total of 192 participants. The training courses sorted out the learning chart for training professionals, combined the development of annual teaching

materials of each unit, the implementation of the "Four Reshapes" and the application of talent cultivation projects in each unit, and developed a team of training professionals with solid professionalism and excellent skills.

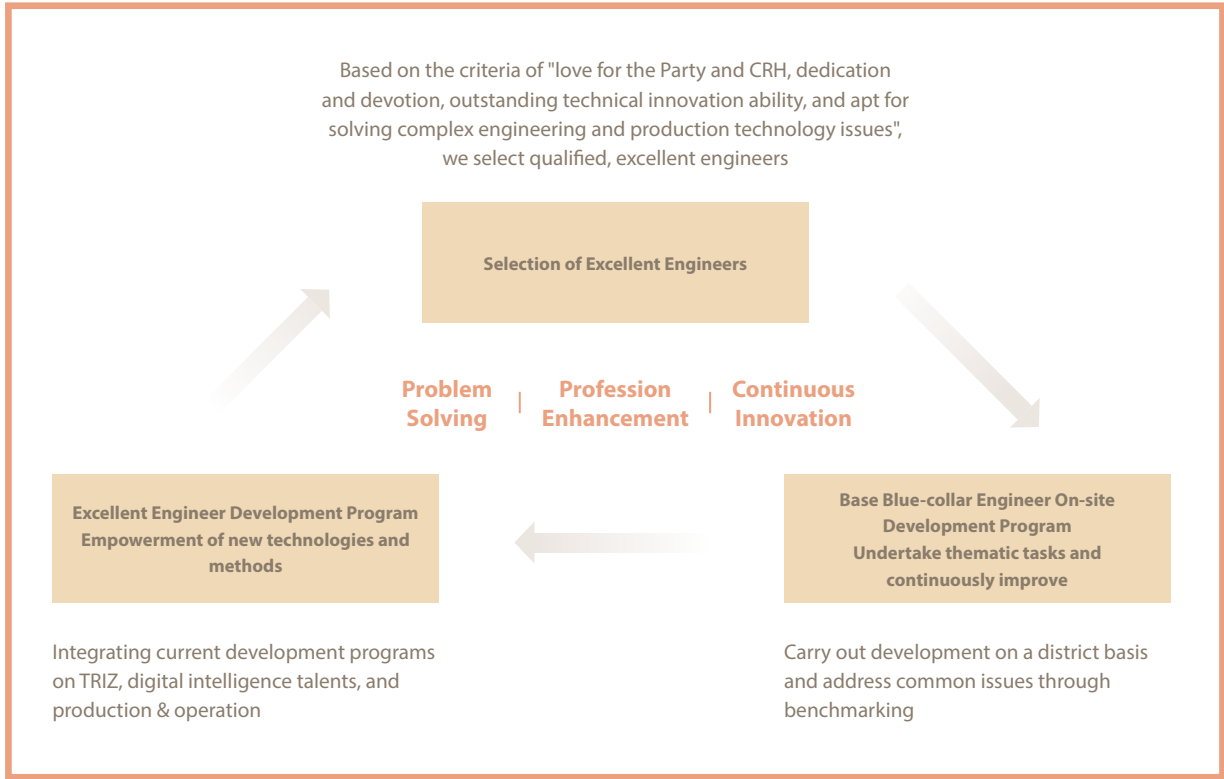
^^^ CR Cement implemented the "14th Five-Year" talent development plan by focusing on the "3+1" talent team, sorting out and determining the "1211" talent development plan, clarifying the growth path of various types of talents, and carrying out special talent development work step by step



^^^ CR Cement's training program for the "Runpeng" Project



^^^ CR Cement's development pathway for excellent engineers



Heart-warming Employee Care Activities

We listen to the needs of employees, pay attention to their physical and mental health, focus on the care of female employees, young employees and employees with family difficulties, and continue to improve the working and living conditions of employees.

Focusing on Employees' Mental Health

We continued to monitor the mental health of our employees. In 2022, Runxinfang, the Group's employee care project, was awarded the national trademark registration right, becoming an employee care brand with industry qualifications and CRH characteristics. We formulated the CRH Employee Psychological Self-help Handbook, and continuously expanded the "Ruxin Volunteers" and emergency rescue team, training nearly 500 emergency rescue talents. Runxinfang employee care service platform provides employees with diversified services such as psychological hotline, on-site consultation, health information, health classroom, psychiatry online, etc., with 1.14 million interactions on the platform annually. In 2022, Runxinfang organized the theme activity of "Heart-to-Heart Guardian U", which covered 8 provinces and cities, and provided services to 15,000 employees in 22 business units, effectively conveying CRH's warmth.

In order to enable employees to express their feelings, vent their emotions, seek help and put forward their opinions and suggestions, we launched the "Employee's Voice" platform and set up 55 "Runxinfang - Employee Care Service Stations" in 28 cities across China to help employees solve their worries and troubles, identify potential risks and resolve conflicts in a timely manner.

Care About Female Employees

We observe the Special Rules on the Labor Protection of Female Employees and continuously improve the working environment of female employees to ensure that they enjoy the rights and interests of breastfeeding leave, maternity leave, maternity check-up leave, Women's Day leave, childcare leave, etc. We also add female health check-ups for female employees to the annual employee health check-up program.

In 2022, in conjunction with the newly revised Law of the People's Republic of China on the Protection of Rights and Interests of Women, we held a lecture on the protection of women's rights and interests, inviting senior lawyers to explain the recent changes in the Law in simple terms, providing detailed explanations on topics such as marital relationships, property distribution, personal rights, and labor rights and interests, which are common issues that arise in our lives and are frequently encountered in our work, through practical cases. The lecture was watched by more than 20,800 employees, effectively enhancing the ability of female employees to protect themselves and safeguard their rights.

Addressing the Rights of Female Workforce

Emphasizing the Well-Being of Female Employees

On the Women's Day, the chairman and general manager, on behalf of the Group's leadership team, sent a message of care to all female employees through the official WeChat account. The Group launched the "Women Care Week", during which we organized a series of lectures on topics such as women care, maternal and child safety, and employee health management, with a total of 80,000 people attending online and offline. CR Capital Mgmt launched the "SHE" brand, aiming to improve the professional competence of female employees (Smart), take care of their physical and mental health (Healthy), and help them grow up and transmit positive energy (Elegant). CR Land Construction Division delivered warmth by sending holiday greetings and benefits to the families of "Backpack Culture Practitioners". CR Vanguard, CR Sanjiu, CR Bank, CR Trust, CR Asset, CR Micro, CR Chem-Mat and other units carried out women's cultural and sports activities including tea parties, outdoor activities, yoga and fitness, handmade crafts and image design to help female employees relieve their moods, cultivate their temperament and show their style.

Focus on Young Employees

We strive to be a carer, helper, and guide for young employees, and provide them with "Heart-warming Accompaniment U" care services. By helping new employees adjust their expectations and organizing activities such as ice sports, we have taken various measures to provide guidance, care and companionship for young employees.

We create innovative employee service systems, implement new-type apprenticeship and modern apprenticeship systems, and systematically promote the "Pathfinder" program to help young employees grow. CR Gas plays the role of model workers and craftsmen where the National May Day Labor Medal winners created a "teacher-takes-an-apprentice" project which has cultivated 2 National May Day Labor Medal winners and 23

provincial and ministerial model workers and skilled workers, and dozens of backbone talents for the enterprise; With the support of six empowerment programs, CR Land selects and sends outstanding college graduates to take up challenging tasks at the front line under the Dunmiao Plan; CR Jiangzhong implements the "dual tutor" system, under which newcomers can be equipped with tutors for both career development and business development. We have established a mechanism of grassroots contact points for Youth League cadres, pursuant to which we organized more than 340 visits by members of the Youth League Committee to the contact points, and established and implemented the "Do Good for Young People" project in response to the urgent and difficult problems of young people.

^^^ CR Capital's "Xiaoyuanrun" helps solve the difficulty of young employees in marriage and dating

To solve the difficulty of young employees in marriage and dating, by leveraging the Group's extensive youth resources, CR Capital innovatively applied the big data dating model, and launched the "Xiaoyuanrun" cloud dating platform in November 2022. Through the online dating activities and the opening of the "Falling Love in Xiaoyuanrun" topic group, 5,217 users have registered, of which 6,700 person-times have been successfully matched and 667 persons have been unavailable, with an unavailability rate of 12.7%, which has opened a new situation for contemporary youth dating.



CR Mixc Lifestyle Chongqing Company carried out a theme-day activity to celebrate the 100th anniversary of the founding of the league in 2022.

Concern for Employees in Difficulty

We care about the life of employees in difficulty. Therefore, we spent RMB 2,614,200 to comfort 4,064 families of employees in difficulty, donated RMB 361,600 to help 275 children of employees in difficulty go to school, and donated RMB 7,073,500 to aid 2,779 employees with illness.

CR Sanjiu actively implemented the management system for "Files of Employees in Difficulty", adhered to the principle of "one person, one file" and dynamic management, timely grasped the family status of employees in difficulty, and helped employees overcome difficulties. In 2022, CR Sanjiu visited, comforted, and assisted 53 employees, of which 32 were in difficulty and 21 were retirees, and approximately RMB 218,500 of condolences was issued.

CR Cement carried out the "Grateful Heart" activity to help employees in difficulty. In 2022, CR Cement's "Grateful Heart Fund" raised RMB 1.506 million in donations from the company and its employees, provided assistance to 31 employees and their immediate family members who were ill or in danger, and distributed RMB 1.501 million in relief funds.

Due to the serious illness of his/her child, an employee of **CR Chem-Mat** needed to take long-term leave to accompany the child to see a doctor, and the treatment cost of more than RMB 200,000 brought a huge burden to the employee's family. The company decided to keep his/her post until the child's condition was basically stable. Besides, he/she was granted RMB 8,000 as condolences, which alleviated his/her worries to a certain extent.

Democratic Management with a People-Focused Approach

We respect employees' freedom of speech, listen to their voices, improve consultation and communication mechanisms and channels, and protect their rights to information, participation, expression, and supervision.

In 2022, we formulated the Implementation Plan on Further Strengthening the Construction of the Group's Trade Unions and Employee Representative Meetings. We systematically advanced the establishment of grassroots trade unions and employee representative meetings. During the year, the number of trade unions increased by 14% from 1,090 to 1,248, and trade union membership grew from 312,000 to 334,000, which means that over 90% of CRH employees are now members of trade unions.

We have issued the Implementation Opinions on Deepening the Demonstration Work by Implementing the Employee Representative Meetings System to further promote the democratic management of enterprises in the basic form of the Employee Representative Meetings and improve the mechanism for employee participation in the development of the company. We have also implemented the Measures for the Administration of the Trade Unions of CRH to give full play to the important role of trade unions in uniting and serving the workers and safeguarding their rights and interests. At the same time, we have tilted towards frontline workers in the selection, evaluation and commendation of representatives and members at various levels of the Group, including Party Congress, Employee Representative Meetings, Trade Union Representative Meetings and Trade Union Committee. This has guided them to participate in grassroots Party building and corporate governance in an orderly manner. By the end of 2022, we had recommended 307 outstanding individuals as representatives to serve in the National, Provincial, Municipal and District People's Congresses, as well as the Chinese People's Political Consultative Conference (CPPCC).

^^^ CR Double-Crane regularly collects advice and suggestions from employees

To foster a strong sense of ownership among employees and encourage their active involvement in the company's growth, CR Double-Crane consistently solicits feedback and suggestions from its workforce. In 2022, during a one-month collection of advice and suggestions from employees, the company received a total of 2,413 suggestions spanning research and development, production, operation, management, and employee welfare. Out of these, 308 were deemed outstanding, and 844 were implemented, resulting in preliminary economic benefits totaling RMB 11.124 million.

^^^ CR Micro establishes a "Daily Talk" platform to listen to employees' voices

CR Micro has established a platform called "Daily Talk" on its official webpage, where employees can post work-life-related queries, suggestions, advice, and hot topics. These posts are then forwarded to the respective departments for responses, improvements, and resolutions through a dedicated representative to enhance communication and coordination between employees and management. Furthermore, CR Micro has also established the Catering Committee and the Dormitory Committee as self-governance organizations for employees to identify problems related to employees' daily lives in a timely manner and make necessary improvements accordingly.

Occupational Health Management with Full Employee Participation

In 2022, we conscientiously implemented the Law on Prevention and Control of Occupational Diseases, the Opinions of the State Council on the Implementation of the Action for a Healthy China, the National Plan for Prevention and Control of Occupational Diseases (2021-2025) and other laws and regulations and work requirements, and continued to strengthen the control of occupational health risks and create a positive health culture, so as to safeguard employees' life, health and safety in an all-round way.

In close adherence to the latest national guidelines on preventing and controlling occupational diseases, we revised the Measures for Supervision and Management of Occupational Health of CRH. This revision involves integrating the concept of occupational health into every aspect of enterprise management and operations. Additionally, we are actively engaged in initiatives aimed at fostering healthy workplaces and becoming "occupational health experts." At present, 54 entities of the Group have been assessed as "healthy enterprises", and 158 people have been recognized as "occupational health experts". We have conducted several training courses for registered occupational hygienists in conjunction with China Occupational Safety and Health Association, and more than 200 employees have passed the examination and certification, while occupational health management personnel at all levels have actively participated in the training courses for occupational health management personnel of central enterprises held by National Health Commission, so as to improve their occupational health management.

Carrying out Special Management of Occupational Disease Hazards

We have endeavored to improve environmental conditions in the workplace. Focusing on key occupational disease hazards such as dust, noise, and chemical poisons, we have reduced and eliminated occupational disease hazards through the application of new technologies, techniques, equipment, and materials.

CR Cement

CR Cement continued to promote the management of key occupational hazards such as dust in the cement packaging and shipping positions, and newly rebuilt and brought on line 22 automatic truck loading machines and 21 automatic bag inserting machines throughout the year to improve the dust-free level of the packaging and shipping positions.

CR Beer

CR Beer implemented a noise monitoring and comprehensive management program to control noise hazards at production sites. The noise management program piloted at CR Beer's Ningbo plant is now being rolled out to other plants across the country.

CR Chem-Mat

CR Chem-Mat carried out process improvement for cleaning positions by using non-toxic water reagent to replace toxic isopropyl alcohol reagent, which effectively improved the on-site environment.



CR Cement held 2023 Shenzhen Headquarters Employee Family Day and Fun Games.

Strengthening Occupational Health Promotion and Education

Taking the opportunity of the Publicity Week for the Law on Prevention and Control of Occupational Diseases, we have conducted an extensive array of activities, including more than 4,600 thematic lectures, more than 2,700 publicity and consultation sessions, more than 1,700 special lectures, about 4,200 warning education activities, distribution of 120,000 publicity materials, production of more than 2,200 publicity videos, nearly 10,000 publicity slogans, 16,000 personnel mobilized for these efforts, and reaching an audience of nearly 500,000 individuals. As a result, a robust atmosphere of concern for occupational health has been fostered among the general population.

CR Health organized a series of training lectures focused on occupational health, specifically addressing the prevention and rehabilitation of musculoskeletal disorders, among other topics. Additionally, CR Cement, CR Micro, CR Chem-Mat, CR Power, CR EnvProtection, CR Beer, CR C’ estbon and other units invited local occupational health experts to carry out specialized training sessions tailored to the unique characteristics of their respective businesses.

Carrying out All-People Involved Health Activities

We advocate for a healthy work lifestyle and consistently engage in comprehensive health activities involving all individuals. We have developed an innovative online application called "Sports and Health", which integrates various functions of step counting, liking, grouping and clocking, etc. CR Double-Crane, CR Beer, CR Cement and other units have organized various health activities on the platform. At present, the platform is used by nearly 200,000 people.

We attach importance to employees' disease prevention and first aid ability. We have developed 16 micro-lessons on health management, including "Don't Panic if Your Joints Feel Unwell, Get Proper Understanding and Seek Medical Treatment", which are available for employees on the internal work platform. We have issued health cards on preventing and controlling of cardiovascular and cerebrovascular diseases to disseminate health knowledge on disease prevention, self-help measures, and guidance on emergency medical treatment. We have also held a number of training courses on "Cardiopulmonary Resuscitation (CPR) Skills and the Use of Automated External Defibrillators (AEDs)", with 340 trainees obtaining "Save Your Heart" basic first aid certificates. All these have effectively encouraged all employees to practice the concept of healthy work and healthy life.

Executive editor: Lu Yue Contributors: Fan Wenwen, Lu Yue, Yang Xiaohan, Jiang Yun, Hao Gengchun

Commitment and Performance

Commitment Made in 2022

To enhance our incentive mechanism, we will implement a wage-performance double benchmarking standard, develop medium- and long-term incentives, and use flexible models such as equity incentives, employee shareholding, follow-up investment, and excess profit sharing.

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.

Continue to carry out various forms of employee networking activities.

We will selectively enhance leadership at all levels, deepen the building of a high-quality professional team of executives, and continue to promote the training and appointment of exceptional young executives.

Commitment Performed in 2022

The Group honored managers' performance bonuses for 2021 based on their performance assessment results, and 66.0% of managers were rewarded with performance bonuses; CR Micro, CR Sanjiu, CR Jiangzhong, and CR Double-Crane implemented equity incentives, while CR Micro promoted shareholding by employees. CR Digital explored employees' follow-on investment, and CR Vanguard attempted to share excess profit and made good use of the "toolbox" and "policy package" of remuneration.

We have established a mechanism of grassroots contact points for Youth League cadres, pursuant to which we organized more than 340 visits by members of the Youth League Committee to the contact points while establishing and implementing the "Do Good for Young People" project in response to the urgent and difficult problems faced by young people.

CR Digital launched the "Xiaoyuanrun" cloud dating platform to build a bridge for young employees to make friends; CR Mixc Lifestyle and CR Double-Crane organized sports games for employees; CR Vanguard, CR Sanjiu, CR Bank, CR Trust, CR Asset, CR Micro, CR Chem-Mat and other units carried out cultural and sports activities including tea parties, outdoor activities, yoga and fitness, and handmade crafts.

We conducted a comprehensive assessment of the leadership teams and cadres of our subordinate enterprises (2018-2020). Of the 28 people who ranked low, they were either withdrawn from cadres, removed from their positions, or transferred to other roles, and an observation period was set up with reminder conversations, in order to further strengthen leadership teams at all levels. Furthermore, 282 exceptional young cadres were identified in the first three phases, with 11% promoted to cadres under the Group's direct management and 32% receiving promotions. Each business unit has established a library of outstanding young cadres, with 1,942 cadres in reserve.

Commitment Made in 2023

Steadily improve the quality of the tenure system and contractual management, build an up-and-down penetrating cadre and personnel system, revise and introduce management measures for CRH cadres, and improve cadre echelon construction, so as to effectively stimulate managers' vitality.

We will strengthen grassroots trade unions and employee representative meetings, enhance our democratic management and collective consultation system, and promote the orderly implementation of employee representative meetings to ensure a positive workplace environment.

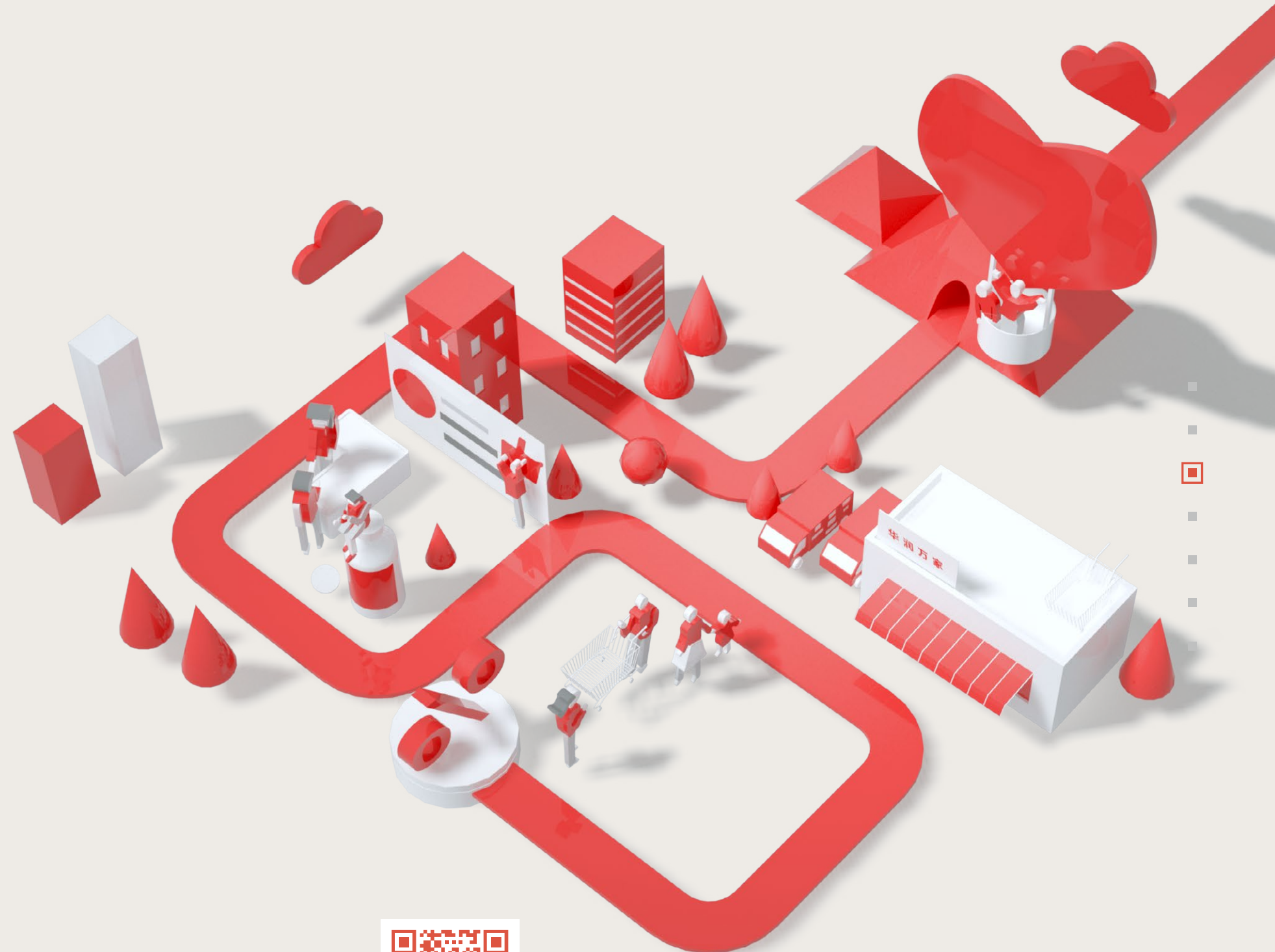
Support the employment of college graduates, the disabled, migrant workers and other groups; carry out a variety of employee care activities and do practical things for employees.

We will continue to standardize the management of team division of labor; increase our focus on technology innovation, transformation, and incubation; as well as urgent and critical tasks. We will also conduct a comprehensive assessment and evaluation of our leadership teams and cadres, diagnose operational efficiency, and optimize the deployment of cadres to ensure steady progress.

Customer Responsibility

More Than Just a Companion: Striving for Shared Success

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Scan the QR Code
to view CRH's customer responsibility
through the VR technology

All for Health Providing Attentive Services for Patients

Zhang Bing
Director,
General Hospital of Mining Industrial Group Fuxin,
CR Healthcare

As keeping healthy is people's core demand, improving health is one of CRH's key tasks to ensure people's livelihood.

Through eight years' development, CR Healthcare has improved service quality, delivering compassionate services in every section of the hospital.

In November 2021, a rare snowstorm hit Fuxin. The thick snow impeded travel and endangered dialysis patients' lives. In response, our medical staff from the blood purification department of the General Hospital of Mining Industrial Group Fuxin ("Fuxin Hospital") remained at their posts and coordinated with the traffic department and other members of the community to transport over 200 patients to the hospital safely. This truly demonstrated their commitment of "All for Health" and put Director Zhang's "6C" service system to the test.

Sincere Communication

"Walking Miles for Health" is one of early initiatives launched by Fuxin Hospital to build a patient service system. In face of medical scarcity and illness-triggered poverty in rural areas, Fuxin Hospital's medical experts led by Director Zhang Bing have extended their medical services to 36 townships in Fumeng County.

Through sincere and consistent service and communication efforts, Zhang Bing and the medical staff have established strong relationships with villagers, village doctors, and health centers. "Nowadays, villagers have made friends with many of our doctors, which is in stark contrast with their initial suspicion and resistance," Zhang Bing said.

Over the past three years, our free medical services have been normalized. Our medical staff have traversed numerous places such as streets, communities, nursing homes and kindergartens. They overcame challenging travel conditions and bad weather and gave up holidays. All of these were driven by their "desire to do something good for the people".

Whether providing free medical services outside of the hospital or conducting home visits after discharge, Zhang Bing has seen firsthand the helplessness and inconvenience that patients often face when seeking medical care. In the past, patients would have to travel from clinic to clinic and window for various tasks such as payment and consultations. To reduce waiting times and make life easier for them, Zhang Bing launched the "six one-stop" service in 2020.

"In the past, patients had to take round trips for their diagnostic seals, but after the one-stop service center was completed, patients can get everything done at one window." Zhang Bing said, "At the one-stop center, patients can seek assistance with medical insurance, medical services, and any diagnostic issues.

More than 90% of problems can be resolved through this service."

That said, Fuxin Hospital's care for patients goes beyond medical treatment. In 2022, Zhang Bing introduced the "narrative nursing" model and set up a narrative nursing team. "Narrative nursing comes from short essays and psychological communication," Zhang Bing explained. This style of nursing focuses on patients' uniqueness, where we guide patients to talk, and we accompany, support and respect them according to their unique circumstances based on a full understanding of their conditions.

For narrative nursing, Zhang Bing requires "every staff to be a trauma healer." To this end, nursing staff need to identify helpful experiences as patients recall them and rewrite negative parts with positive ones so that patients can reorganize themselves and get confidence and encouragement. "Sincere communication is very important," He emphasized.

"It's a form of psychological communication with patients. Hospitals cannot be a place that only treats diseases," Zhang Bing further explained. For example, the pediatric ward's joyful and vibrant design caters for children's aesthetic and psychological needs, while easing their fear and their parents' anxiety. Therefore, he also leads the medical staff to provide services such as 24-hour Q&A on WeChat, online science popularization, and home visits, ensuring daily communication with patients can be maintained.

Attentive Services

Liaoning Health Industry Group, the parent company of the Fuxin Hospital, was formally merged into CR Healthcare in 2019. Since then, with the support of the Group, Director Zhang Bing has addressed the hospital's challenges in aspects such as finance, talent, and discipline, while gradually establishing and improving its "6C" patient service system (comprehensive coverage, comprehensive radiation, comprehensive promotion, comprehensive empowerment, comprehensive inspection and comprehensive innovation) within three years.

"When I first arrived at the hospital, it was 2019 and online payment was already very popular, but we hadn't implemented it yet," Zhang Bing recalled. "Patients had to pay in cash for registration, even if it was just RMB 8.30 or RMB 8.10. Seeing the anxiety this caused for patients in emergency situations, I was determined to make a change." Within a week, Zhang Bing introduced online payment for all services.

In 2020, Zhang Bing traveled to Shenyang to study emergency center development, despite the challenging weather conditions of strong winds and heavy snow. Despite having malfunctioning windshield wipers during his journey, he continued after getting them repaired at a service area, leaving a strong impression on the director of the Shenyang Emergency Center.

Thanks to Zhang Bing's tireless efforts, Fuxin Hospital established the Emergency Center, Stroke Center, Wound Trauma Center, and Endoscopy Center in the first quarter of this year alone. Such settings enabled Fuxin Hospital to maintain an industry-leading success rate for emergency treatment in the city despite the fivefold increase in patients' volume at the peak of the pandemic. After the rehabilitation ward was established, it was even more difficult to find an available bed, with the bed utilization rate of 116% in the month.

"Without good word-of-mouth, disciplinary development will be questioned; when discipline develops, the patient service system will develop with it. This process drives the hospital's development," Zhang Bing explained. Disciplinary development is a pivotal part in building the "6C" system, and complements patient services.

In 2021, the Fuxin Hospital established the first 24-hour health service hotline in Fuxin city. Every day at 8:10 a.m., Zhang Bing, in the meeting room, attentively listens to the work report from the on-duty staff and addresses any daily complaints. Arrangements are immediately made to solve any problems cited. By serving as a bridge that connects people's hearts, the service hotline has significantly improved people's happiness and safety. Along with the hospital's warm lighting project, it has become a nighttime landmark in Fuxin.

"We have achieved our targets through three years of hard work, starting with healing in 2020, followed by recovery in 2021, and finally growth in 2022," exclaimed Zhang Bing. "We made it!"

According to Zhang Bing, with each new stage of growth, the hospital faces a new set of challenges that must be addressed step by step. These problems include disciplinary development, WeChat payment, air-conditioner installation, energy saving measures, and designing small windows at children's height on the doors of the children's ward. All of these reflect CRH's warmth in building its patient service system.

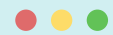
After three years' development under his leadership, the hospital's outpatient capacity has reached nearly 3,000 from less than 1,000, and patient satisfaction has risen from 70-80% to nearly 100%.

"We hope the patient service system can really help patients both physically and psychologically," said Zhang Bing. "It is our mission that drives us to do so. Despite some daily and ordinary routines feeling mundane, our medical staff has continued to portray a warm and friendly image through their professional treatment and sincere services. This paints a clear picture where CR Healthcare can practice its mission of 'All for Health'."



Concept and Vision

Enhancing people's livelihood and becoming the pillar of a great power forms our strategic foundation and principle for resource allocation. These guide us in bolstering, refining, and expanding state-owned capital, and in our endeavor to construct a world-class enterprise. Our values are rooted in addressing public hardships and resolving points of distress, as well as fulfilling people's aspirations for an improved quality of life. These values serve national strategies and harness our unique strengths. Meanwhile, we remain committed to optimizing our product mix, cultivating our branded products, and strengthening our quality management system. We also prioritize creating new service scenarios, offering quality services, and enhancing the overall service experience. Through our relentless pursuit of technological innovation, we continuously upgrade our digital intelligence management system to position ourselves as a world-class enterprise that is trusted and preferred by the people.



SDGs Responses



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

Results

CRH's investment in R&D reached

RMB **6.543** billion

YOY Growth

40.8 %

Newly filed and granted domestic patents

2,880

YOY Growth

45.1 %

New

national standards, industry standards and group standards formulated (revised)

55

YOY Growth **13.3**%

Including

14 national standards
15 industry standards

New

technology rewards

49

YOY Growth **20.1**%

Including

1 national patent award of excellence
9 provincial and ministerial technology awards

New

research platforms

16

Including

1 national platform
8 provincial and ministerial platforms

By the end of 2022

The Group held **193,332** registered trademarks

including **25** well-known trademarks

10,817 patents (including applications)

including **7,249** active patents

Customer Complaint Resolution Rate

		2020	2021	2022
CR Ng Fung	%	100	100	100
CR Gas	%	100	100	100
CR Cement	%	100	100	100
CR Property	%	100	100	100
CR Pharma	%	100	100	100
CR Chem-Mat	%	100	100	100

Customer Satisfaction Rate

		2020	2021	2022
CR Ng Fung	%	100	100	100
CR Power (Electricity Sales)	%	95.8	97.2	94.1
CR Gas	score	94	91	95.66
CR Land Residential Area	%	86.23	85.46	88.67
CR Land Shopping Center (Consumer)	score	99.20	98.70	97.30
CR Land Shopping Center (Tenant)	score	99.30	98.90	98.70
CR Cement	%	96.5	97.8	97.6
CR Property	%	92	94.5	95
CR Pharma (Customer Compliant Satisfaction Rate)	%	100	100	100
CR Chem-Mat	%	95.6	96.4	94.6

Product Qualification Rate

		2020	2021	2022
CR Ng Fung (Ready-for-delivery Products)	%	100	100	100
CR Gas (PERCEN) (Ready-for-delivery Products)	%	100	100	100
CR Cement	%	100	100	100
CR Property (Initial Inspection)	%	96.61	95.72	97.26

Excellence in Products and Services

The majority of CRH's operations are closely tied to people's livelihood. By leveraging this characteristic and strength, we supplement governmental efforts in improving the public's quality of life through market-oriented approaches. We take on a significant role in addressing challenges related to employment, healthcare, elderly care, housing, education, and providing aid to those in distress. This approach allows a wider spectrum of consumers from various strata of the society to experience the superior quality of our products and services. This in turn enhances the public's sense of achievement and satisfaction, contributing to shared prosperity.

Leveraging the Strengths in "People's Livelihood" to Improve Product and Service Accessibility

For CRH, enhancing accessibility entails utilizing its unique strengths to help alleviate people's challenges and pain points in areas such as housing, healthcare, and pensions — all integral to people's lives. This involves ensuring a consistent supply and safe operations across public utilities and services, including medical supplies, electricity, and gas. It is our constant endeavor to offer superior products and services that fulfill people's aspirations for a more fulfilling life.

Ensuring Supply

Maintaining the supply and price of key commodities is crucial to people's livelihood, which is also the responsibility and mission of CRH. We made every effort to ensure the supply of electricity and gas in the market, regardless of the cost and conditions; we stepped up our efforts to reduce and waive rents for our own properties, with a total of RMB 3.3 billion in rent reductions and waivers in 2022, which ranked No. 1 among central enterprises; we took on the responsibility of stabilizing market entities and employment by leveraging our advantages in the healthcare segment to open up the channels of purchasing medicines and treatments, so as to ensure the market's demands and the supply of medical supplies to the local communities. By doing so, we have made outstanding contributions to protecting the lives and health of the public and minimizing the impact of the pandemic on economic and social development.

Rent reductions and waivers in 2022

RMB **3.3** billion

Ranking

No. 1 among central enterprises



CRH leveraged its advantages in consumer products sector to ensure the supply of fruits and vegetables, rice, flour, grain, oil, meat and other livelihood products.



People's Livelihood

^^^ Chongqing Gas Resolutely Fulfilled the Task of Ensuring Natural Gas Supply

In 2022, Chongqing Gas assumed the main responsibility of ensuring the city-gas supply and safety, coordinated with the upstream gas supplier for resources, and expanded new gas source channels with 4 new gas source channels expanded and new shale gas scattered wells added, providing strong support to guarantee the supply of natural gas in Chongqing.

The company improved the transmission and distribution pipeline network in all aspects, promoted transmission and distribution system renovation projects such as pipeline network interconnection and bottleneck pipeline network rectification, and accelerated the improvement of "the city's one network". We newly built a total of 380 kilometers of new pipelines, completed the wire-connection of the Jiangjinzhipingmen station and the operation of backbone gas transmission network pipeline in central districts of Chongqing, and completed key projects such as the technology transformation of gas source reverse transmission function in the Yanjia station and the adaptive transformation of the bottleneck pipelines in the Huangjia Dock area of the Jiulongpo District, which increased its interconnection of pipeline networks and its ability to ensure the supply of gas. It has provided high-quality and reliable natural gas supply services to more than 5.6 million customers in Chongqing.

^^^ CR Land Further Contributed to the Construction of Affordable Rental Housing

In 2022, CR Land launched 6 long-term rental apartment projects, started the construction of 160,000 square meters of new affordable housing and completed 320,000 square meters of new housing; by the end of 2022, Youtha Housing Leasing had entered the market of 15 cities, with 34 projects with 25,000 rooms in operation, and 21 projects with 31,000 rooms in reserve.

Adhering to the positioning of "houses are for living in and not for speculative investment", CR Land has accelerated the development of long-term rental business, including affordable rental housing, and developed various product lines such as large-scale rental communities, high-end serviced apartments and youth apartments, to address the rental needs of new citizens and young people. The headquarter base shop of Youtha International Apartment Community was awarded as "Quality Project of Affordable Rental Housing in 2022" by www.cnr.cn, and Youtha Shanghai Sijing Project, Youtha Eastern Economic Development Zone Project, Jingbaotai, Beijing Yinghai, Tianjin Eyes and other projects were the first local projects awarded for affordable rental housing. On 9 December 2022, "Huaxia Fund CR Youtha Rental Housing Closed-end Infrastructure Securities Investment Fund", the industry's first affordable rental housing REIT operated by a market-oriented institution, was officially listed.

^^^ CR Gas Wuxi Accelerated the "Bottle-to-Pipeline" Revocation in Old Communities

At the end of July 2022, CR Gas Wuxi received feedback from users of Xuehongyuan Community on the platform "Mayor Online – People's Voice Message Board" that the community was still using bottled liquefied petroleum gas (LPG), and hoped that piped natural gas could be installed as soon as possible. Built in the early 1990s, Xuehongyuan Community is a typical old district with no location reserved for the installation of piped gas. The building plans of the community are missing, it is far away from the gas source point, its pipelines are intricate, and it is difficult to excavate and lay the pipelines.

After receiving the news, the company attached great importance and immediately set up a project team, which together with the streets, communities and city management personnel, went to the site several times for investigation. After iterative optimization, the best construction solution was confirmed. On August 20, Xuehongyuan Community's "bottle-to-pipeline" project officially started. In the construction process, the staff overcame difficulties and worked overtime to be on schedule. They carried out excavation and backfill operations quickly and adopted manual and mechanical methods in parallel to ensure civilized and safe construction while not affecting the commute of the public. Ultimately, the project was successfully completed on September 24. On September 27, CR Gas Wuxi set up a service point in front of the community to process gas connection formalities for the residents. The project was awarded the "Mayor Online – People's Voice Message Board" Top 10 Excellent Cases. It allows the residents to use gas more safely and conveniently, and gives the general public in Wuxi a greater sense of gain, happiness and security.

Medical Care

^^^ Internet+ Innovative Service Model was Recognized and Building a Digital Retail Pharmacy

CR Pharma-Comm and Beijing Children's Hospital jointly established the "E Pharmacy", which undertakes the supply and distribution of medicines, effectively relieves the outpatient pressure of the Children's Hospital, and realizes the principle of "seeking medical advice online, and delivering medicines to the door offline". The company launched four categories of and 49 drugs, stocked more than 65,000 boxes just for the period from 15 December to 20 December 2022, and issued 14,718 prescriptions through Internet clinics, all of which have been packed, collected and delivered on the same day. CR Pharma-Comm's Internet+ innovative model has enabled online diagnosis of Beijing Children's Hospital, drastically alleviating the problem of strained medical resources. At present, the model has been submitted to the Beijing Committee of the Communist Party of China and the People's Government of Beijing Municipality, and has the opportunity to be widely copied, promoted and continuously optimized.

In order to break the time and space limitations of the physical retail pharmacy and extend the limited-service distance of the self-operated pharmacy, the company launched the online and offline retail model of "physical retail pharmacy + digital retail pharmacy", and opened the online supply channels of Runyao Selection (the self-operated platform of CR Pharma-Comm), Jingdong, Meituan, and commercial insurers, etc. The digital retail pharmacy uses Beijing Medical Insurance as its carrier, and its business covers Beijing, Guangdong, Shanghai, Jiangxi, Guangxi, Henan, Hebei, Inner Mongolia, and other provinces, cities, and autonomous regions. As of 6 January 2023, the digital retail pharmacy received a total of 12,337 orders and delivered 12,135 express orders, effectively alleviating the pressure of self-operated pharmacies on-site.

Finance

In March 2022, CR Insurance Brokers held emergency negotiations with more than 40 insurance companies to increase the insurance liability coverage of the COVID-19 insurance for the employees of 25 business units free of charge on the premise of not raising the premium, with a total newly insured amount of more than RMB 30 billion. Under the coordination and facilitation of CR Financial Holdings, three grades of insurance policies were designed to cover more than 60,000 frontline employees of the Group's business units who participated in the prevention and control of the pandemic, with a cumulative insured amount of approximately RMB 6 billion.

Exploring the Value of "The Pillar of a Great Power" and Playing the Role of a State-owned Enterprise

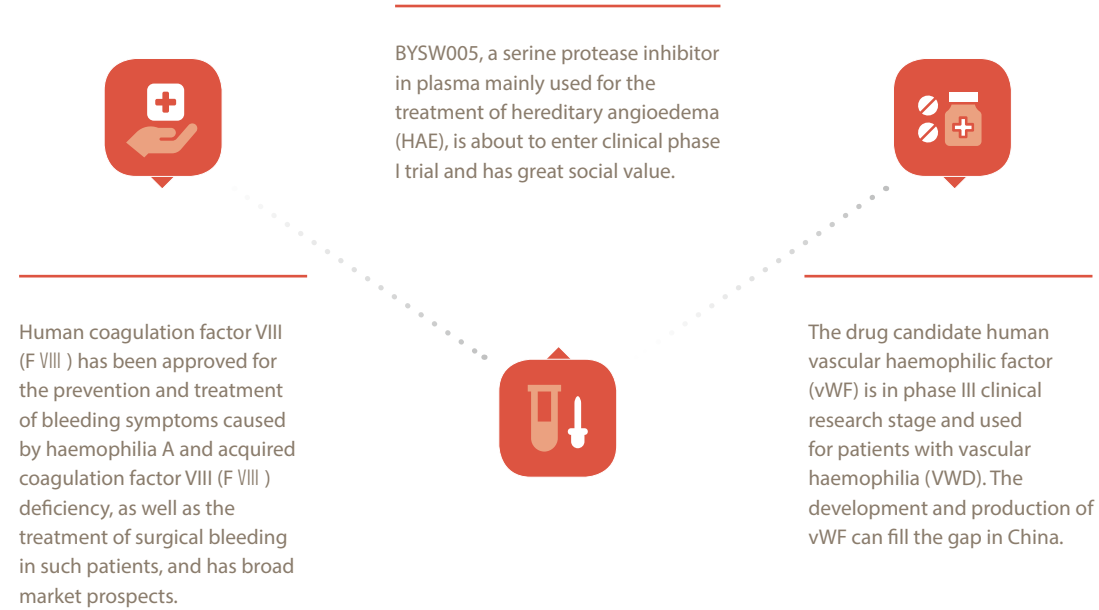
In 2022, the Group increased its R&D investment and technology research efforts in microelectronics, new materials, biomedicine and other sectors, and strived to create a "cradle" for original technologies and become a "leader" of the modern industrial chain.



CRH's Healthcare Sector Conducts Exploratory Research to Provide Consumers around the World with Affordable Health Products

CR Pharma has joined China Alliance for Rare Disease to synergize and innovate in rare disease clinics, research and orphan drug development. As approved by the Medical Authority of the National Health Commission and co-sponsored by Peking Union Medical College Hospital, China Pharmaceutical Innovation and Research Development Association, Chinese Hospital Association and Chinese Research Hospital Association, the Alliance is jointly constituted by more than 50 medical institutions, colleges and universities, scientific research institutes and enterprises with specialties related to rare diseases, with the aim of facilitating major breakthroughs of medical science in the research of rare diseases and upgrading the measures in prevention, treatment and safeguard of rare diseases.

CR Pharma-Comm has entered into cooperative purchasing agreements with overseas manufacturers such as Hong Kong Winhealth Pharma Group Co, Ltd., J&J McConnell, iX Biopharma Ltd., Daiichi Sankyo Company Limited, Kyowa Kirin Co., Ltd., Elekta and Integra LifeSciences Corporation, to explore the international market. The company broadened the scope of product development and production by increasing support for research in emerging sectors and prevention and treatment R&D, contributing to benefiting more patients. It included the following:



CR Micro's Digital Twin System

CR Micro Manufacturing Center has successfully created the digital twin system. In the microelectronics business, the film process is one of the four main processes in wafer processing and manufacturing. To improve efficiency, CR Micro, in collaboration with the manufacturing, film and other departments, created a film "dark" process. The project realizes scheduling command reception, route optimization, intelligent transportation and other actions through industrial robots by use of six-axis robotic arms, high-precision force sensors, AI simulation transport, machine deep network neural learning and other technologies. In the operation area where industrial robots are deployed, the digital twin application scenario can be constructed through 3D digital modeling upon access to complete operation information of MES / EAP. Under the twin simulation technology, the project can reproduce the whole process of production operation scenario in a 3D mode by use of historical production data, thus enabling the control of the whole production process.



"Digital twin" technology is a simulation process that integrates multi-discipline, multi-physical quantities, multi-scale and multi-probability by the use of physical model, sensor updates, operation history and other data. It completes the mapping in the virtual space to reflect the whole life cycle process of the corresponding physical equipment. The picture shows the digital twin system of CR Micro.

CR Chem-Mat as Leader in High-End Polyester Materials

As a leading polyester materials company, CR Chem-Mat and CR Snow jointly set up the "Green High-performance PET Beer Packaging Innovation Consortium". CR Chem-Mat is responsible for the development of high-barrier materials and injection molding technology and CR Snow is responsible for the development of beer bottle blowing and filling technology. At present, it has developed 1.6L large-capacity single-layer high-barrier PET beer bottles with performance similar to that of an imported beer and active and passive barrier functions combined, whose core component high-barrier masterbatch has broken the monopoly of foreign companies. The product has now entered the 6-month tracking test stage and is expected to realize the replacement of beer bottles with domestic PET ones.

- Solving the pain point of PET material which is difficult to meet the high barrier performance requirements of the beer industry
- Shelf life of PET bottles has increased from 7-15 days to over 3-6 months
- The effect is comparable to that of glass bottles, making it possible to use PET in pasteurized beer packaging
- The weight of the bottle is only 1/8 of the glass bottle, and the cost is only 50% of the same type of products
- The raw materials used and production processes are non-toxic and non-harmful, generating no environmental pollution and can be recycled
- Greenhouse gas emissions are only 50% of those of glass bottles

High-standard Quality Management System

The Group's business segments have strictly implemented China's industry policies and regulations, continuously improved the high-standard quality management system, carried out quality management empowerment, and effectively enhanced quality management standard.

Quality management policies and systems		Quality management performance
Consumer products	CR Ng Fung	In conjunction with its "14th Five-Year Plan", the company has formulated and implemented the "Three-Year Action Plan for Quality Improvement", which details the objectives and tasks for each stage in terms of system implementation, risk control, project promotion and culture shaping.
	CAC	All gemmologists of CAC (Hong Kong) Gems Laboratory Limited ("CAC") hold HOKLAS and ISO 17025 accredited qualifications. All jewelry and jade products sold under the CAC brand are required to pass CAC's qualification tests before they are allowed to be procured and displayed for sale in shops.
Integrated energy	CR Gas	In terms of construction quality and control, the company has established the organizational structure of the quality assurance system and compiled internal documents such as Provisions on Quality and Safety Awards and Punishments, Operational Guidelines for Pressure Piping Installation Quality Assurance System, and Case Collection of Common Engineering Quality Problems of CR Gas (CRCGAS GC 23502-2015).
		Regarding sound safety management system, the company has compiled and released the CR Gas EHS Management System, which includes 1 management manual and 60 system standards, incorporating domestic and international standards such as ISO 45001, ISO 14001, ISO 9001, and work safety standardization, and has actively carried out certification of the occupational health management system.
Urban construction and operation	CR Land	The company has established a comprehensive quality management system since 2016. It has formulated and issued hundreds of internal product quality management policies, including the Provisions on the Construction of the Quality Management System of CR Land; and has actively carried out the ISO9001 quality system certification. Each region of CR Land has declared for review on an annual basis to ensure the continuous validity of certification, and has improved the mechanism for the management of safety hazards by holding quality control and safety training for employees and regularly carrying out hidden danger inspections. Products would be recalled at once if any hidden safety hazards were discovered.
	CR Cement	The company has strictly observed the requirements of the Product Quality Law of the People's Republic of China and CR Cement Management Manual (Quality Management), established quality standards covering materials, coal, raw materials and clinker, formulated Measures for the Management of the Production Process of Basic Building Materials and Management Specification for Grinding Aid (Fueling) Agents, and formed a whole-process quality control system covering raw materials, process control, product delivery and after-sales service, which strictly implements the standards for raw materials and auxiliary materials, process, semi-finished products, finished products, packaging, inspection, etc., and supervises and inspects the whole process of production.

Quality management policies and systems		Quality management performance
Healthcare	CR Pharma	The company adheres to the Drug Administration Law of the People's Republic of China, Good Manufacturing Practice (2010 Revision), Good Supply Practice and other laws and regulations, established a quality management system in line with WHO/ USP/EU and other national standards, carried out management system certifications, audits and internal and external sampling on a regular basis, and strengthened product quality control and quality training and guidance to suppliers, so that it can achieve a quality management that covers the whole life-cycle of raw material acquisition, product research and development, registration, testing and production, etc.
	CR Pharma-Comm	Always regarding quality as its lifeblood, the company has established and improved the quality management organization and quality management system which is suitable for the whole process of operation and production and covers the entire group. According to the series of regulations promulgated by the National Medical Products Administration for the management of pharmaceutical and equipment products in 2022, the company has comprehensively revised and sorted out 27 quality management documents, including Measures for the Management of Quality Information, Measures for the Management of Quality Supervision and Inspection, Measures for the Quality Management of Wholesale Operation of Medical Devices, Management Guidelines for the Construction of Quality Management Organizations and Systems and Management Guidelines for Quality Education and Training, further perfecting its system building and standardizing the operation procedures for quality standards.
Industrial finance	CR Bank	Its 70 traditional banking outlets provide services in compliance with GB/T 32320-2015 Basic Requirements for the Service of Banking Outlets, GB/T 32318-2015 Implementation Rules for the Certification of the Service of Banking Outlets V6.1 and other relevant requirements.
Technology and emerging sectors	CR Chem-Mat	The company organizes a review of the operation of the quality management system in the past years, and determines the quality objectives and improvement projects in 2022. The completion rate for rectification of quality management system reaches 100%. Through the establishment, implementation and effective operation of ISO9001-2015 quality management system, the company has achieved the whole process control and management of the selection and management of raw material suppliers, raw material procurement and acceptance, production process control, product quality control, storage, transport, product delivery and after-sales service.

Regular Sustainable Consumption

As an advocate and practitioner of sustainable development strategies, **CR Vanguard** has long been committed to promoting the healthy development of green consumption and ecological environment, and proactively fulfilling its environmental protection responsibilities at the supply, operation and consumption sections. As early as 2020, Olé, a high-end boutique supermarket under CR Vanguard, launched a long-term environmental protection project with the theme of "For Nature To Future" under the concept of "Sustainable Life". In 2022, Olé became "Green Partners" with suppliers, associations and partners, and launched a number of thematic activities that attracted more than 100 Green Partners and the participation of more than 2 million members, encouraging more consumers to participate in and practice low-carbon and recyclable lifestyles. In 2023, Olé launched "Sustainable Life", a series of nature education activities, which led families to establish connections with the nature, spread the spirit of nature and the beauty of life, and advocate and influence more groups to pay attention to the natural environment and protect nature. The "For Nature To Future" project was awarded as the best practice case in 2022 by the Good Food Fund of China Biodiversity Conservation and Green Development Foundation, and was selected as an excellent case in the 2022 Green Brand Development and Trend Report by winshang.com.



Pacific Coffee PCC Guangdong shops have provided coffee grounds for free, which can be used as fertilizer for planting; encouraged the reduction of disposable paper cups, and offered RMB 4 off for bringing one's own cups. Some of PCC's directly-operated shops in Shanghai have begun to pilot the use of biodegradable consumables since the second half of 2022, including Hongqiao Airport Shop 4, Hongqiao Airport Shop 5, Hongqiao Airport Shop 6, and HSBC Bank Shop. As of December 2022, the company has assisted shops in purchasing 3 SKUs of biodegradable materials, totaling 82,000 units, with a total purchase amount of RMB 37,240.

CR Ng Fung has thoroughly implemented the requirements of the Notice on Further Strengthening the Remediation of Excessive Packaging of Commodities issued by the General Office of the State Council, and carried out self-inspection on 1,328 packages of its in-house brand products from four aspects, namely "the number of packaging layers/void rate/packaging cost/used materials". After completion of the rectification, the compliance rate of various indicators reached 100%.

By replacing the transport mode of "Bulk Bag" with "tanker trucks", **CR Chem-Mat** has saved energy and reduced emissions for customers by reducing the consumption of packaging bags. For example, we saved up to 90,000 bags per year and about 10% of electricity costs and increased orders by 34.91% year-on-year for Nongfu Spring, a key customer of the company. While improving operational efficiency and reducing costs, it also helps customers expand their brand and market advantages.

Active Protection for Consumers' Rights and Interests

The Group attaches great importance to the reasonable needs of customers, minimizes the communication and consumption costs of customers within its capacity, and strictly implements the consumer privacy protection system, so as to build a solid "firewall" for consumers' rights and interests.

False or Misleading Publicity is Strictly Prohibited

Pacific Coffee Guangdong Company focuses on the origin of raw materials and the authenticity of awards in its product literature. For example, it strictly checks and verifies the award information for the "Golden Award Beans", and updates and replaces the corresponding promotional materials in a timely manner according to different batches of awards. As for potential risk warning, there are indications on the posters of the added raw materials such as alcohol and allergy that consumers are concerned about. For example, the Ice series is clearly labelled as containing a small amount of alcohol on the product posters, and the Chocolate series is labelled as non-alcoholic on the posters; the mooncake packaging is printed with the reminders of the allergens: this product contains textured grains and their products, soya beans and their by-products.



Actively Handling to Consumer Complaints

CR Pharma-Comm has set up clear systems and regulations on the departments, positions and authorities responsible for complaint handling. Complaint handling measures have been gradually optimized according to complaint reception, complaint handling, complaint reporting, complaint remedy and follow-up, and customer satisfaction survey. First of all, we ask the internal affairs department for the "quality complaint reporting record", and verify the content of the complaint one by one to initially determine whether it is serious. If it is initially determined to be a problem of product quality, we first withhold the inventory, and then arrange for verification and investigation. The verification process includes the checking of purchasing record, acceptance record and sales record of the medical devices concerned in the complaint. Then we check the quality status of medical devices, and examine the stock of

medical devices of the same and adjacent batch numbers to confirm the quality status. We may send samples to the medical device inspection agency for inspection if necessary. If on-site verification is required, we send quality inspection personnel for on-site verification within 2 working days for customers in the same city and within 7 days for customers in other cities. Then we notify the purchaser to contact the supplier, inform the customer of the overview of the situation, and enquire on the cause of the quality problem. If necessary, a written statement may be issued by the manufacturer and further measures may be taken depending on the situation. At the same time, the company's warehouse will also increase the sampling of the species to ensure the quality of products shipping out of the warehouse.

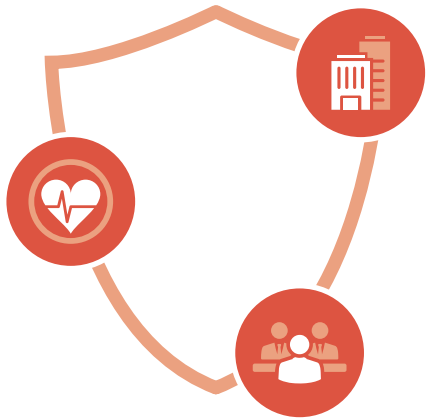
Fair Transaction

Adhering to the principles of equality, voluntariness, equal price and compensation, **CR Land** has made clear requirements for sales price and discounts in accordance with the Regulations on the Management of Sales Price (Discounts), Contracting and Payment of Commodity Properties of CR Land, Documents for Public Announcement on Sales Sites and the local government's policy on filed prices, and made public announcements accordingly and all the unfavorable factors of the project on the sales sites, striving to create a just, open and fair business environment.

CR Insurance Brokers actively protects insurance consumers' appropriateness, right to know and right of independent choice. The protection of appropriateness is mainly embodied in recommending suitable insurance products to consumers, including: A. Evaluating the risk and professional complexity of insurance products and services and implementing grading dynamic management, improving the assessment system for insurance consumers' risk preference, risk perception and risk tolerance, and then providing suitable insurance products and services to the right insurance consumers. B. For universal internet insurance products, establishing and improving the rules for the assessment of risk tolerance of policyholders and sales management, categorizing customers, grading insurance products, and providing customers with proper risk reminders.

Customer Information Protection

CR Healthcare fully respects patients' right to privacy and confidentiality of medical care and information, and has enabled this right to be effectively implemented in the process of providing medical services by developing and implementing the Patient Privacy Protection System. This includes the following: requiring the Medical Section and the Nursing Department to develop a patient privacy protection system; conducting training for medical and nursing staff, and other related parties; and managing the use of the hospital's information system with role privileges. The Information Section has been required to implement information database protection measures, such as user-level permissions, and to strengthen user account password management.



Attaching great importance to the protection of customer information throughout its life cycle, **CR Land** has strictly implemented the normative and mandatory requirements of the CR Land CRM Customer Information Extraction Management Standards and the Confidentiality Regulations of the CR Land Employee Handbook, and strengthened employees' awareness of confidentiality through publicity and education. In 2022, the company did not receive any complaints arising from the violation of the regulations on the protection of consumer data and privacy (including complaints filed by third parties or regulatory bodies).

All customer information of **CR Property** has been managed by specialized personnel. It is stipulated that the personal information of commercial office tenants shall only be used to deal with tenant-related business, and in all other cases, it is required to be kept strictly confidential. With an emphasis on protecting employees' legal awareness, the company has conducted regular training for employees, stressing that employees have the responsibility and obligation to protect the privacy of guests, and has constantly strengthened the process of keeping customer information to improve employees' awareness and ability to protect the privacy of guests. Since 2009, China Resources Property Management Limited has been awarded ISO 10002 Complaint Handling Management System Certification by the Hong Kong Quality Assurance Agency for 14 consecutive years.

Proactive Customer Satisfaction Management

Product Knowledge Universalization and Customer Training

CR Gas has actively attempted universalized the knowledge of products and gas usage among customers. Through product knowledge training for customers, it has promoted the safety and security knowledge of gas appliances and long-life hoses, enabled customers to have a deeper understanding of product performance and characteristics, and cultivated the use safety behavior of customers. Through gas safety training for customers, the company has popularized basic knowledge of gas usage, promoted gas conservation, guided customers to conserve resources, and promoted the concept of green, low-carbon and environmental protection.

In 2022, the Group further improved its customer relationship management system, optimized the surveying method of customer satisfaction, enhanced its data analysis capabilities, and carried out closed-loop management of customer relationships, effectively enhancing customer satisfaction.



CR Gas Qingzhou Company carried out gas safety publicity and education activities in the Qingzhou Qicheng School.

Proactive After-sales Service System

CR Property attaches great importance to customer relationship management, and each of its business divisions has established a comprehensive customer relationship management system and proactively carried out after-sales services through proactive visits, quick response to customer opinions and other measures to effectively maintain good relationships with customers. The Customer Service Department of the Hong Kong Property Division focuses on the collection and handling of customers' opinions. It has classified and analyzed customers' opinions to explore the genuine needs behind and provide positive feedback beyond customers' expectations. In 2022, the Hong Kong Property Division received a total of 13 letters of commendation from customers. The Customer Service Department of Thailand Changchun Land Division has conducted monthly tenant visits by telephone to keep abreast of customer needs and enhance the relationship with customers. It has focused on improving areas where customers are not satisfied with to boost customer satisfaction. It visited a total of 193 tenants in 2022.



CR Land has strengthened the whole-process service system. After the property owners move in, the preliminary service housekeeper has been transformed into a life housekeeper, who continues to help owners handle their life matters, and provide owners with basic services such as letters to family, holiday greetings, housing maintenance and community renewal, as well as value-added services such as lease and sale, renovation, moving in, housekeeping and space operation. Taking community operation as a contact point and community space as a carrier, "Mixc Service", its property management service brand, has provided property owners with heart-warming and attentive services and built a membership system to enable the "points pass" and diversify the customers' rights and interests, so as to build a unique life experience for property owners.



Customer Satisfaction

CR Land has enhanced customer service experience and improved customer satisfaction by building full-cycle customer relationship and improving all-round services.

Basic Property Services

We have revised the standards for residential office building business, preliminary services and daily operations, formulated SOP manuals for residential positions and four working guidelines for new businesses, revised 112 business system documents, passed five management system certifications, initiated property benchmarking projects, and carried out renewal actions to consolidate our standardized, high-efficiency and high-satisfaction basic property services.

Commercial Services

We have released the Commercial Member Center Service Standards of CR Mixc Lifestyle and implemented the "Star Customer Service" system, thus creating the Care by MIXC service system and distinctive member centers. We have developed the Customer Service Standards SOP for Stores of Commercial Projects in Operation of CR Mixc Lifestyle for 10 types of businesses, established the basic operation and management system for tenants' customer services, and compiled the Mixc Cinema Operation and Management Handbook and the Guidelines for Management of Cinema Benchmarking Stores of the Cinema Management Department, so as to improve customers' consumption experience.



CR Mixc Lifestyle's "Care by MIXC" has been launched

39

MIXC shopping centers nationwide

CR Mixc Lifestyle's "Care by MIXC", which is divided into new services such as kids care, lady care, pets care, papa care and senior care, has been launched at 39 MIXC shopping centers nationwide. Among them, the mama care service system was launched with mother and baby customers as the first group, and has precipitated more than 100 requirements on the construction of facilities and service quality, consistently showcasing heart-warming service. It is worth mentioning that CR Mixc Lifestyle selects "Mixc Star Customer Service" every year through its commercial customer service certification system, and there are more than 80 certified star customer service agents allocated in each project of Mixc. CR Mixc Lifestyle has also set up service stations such as "Consumer Rights Protection Station" and "Consumer Rights Protection Service Liaison Station", so that each project can solve customers' problems more efficiently and accurately.

Advanced Development Engine Driven by Innovation

With the strategic goal of reshaping CRH, technology innovation is an inevitable choice as it's what CRH relies on to cultivate incremental business for new growth drivers and consolidate existing business for competitive advantages. In 2022, we were committed to exerting our advantages, exploring our experience and contributing our strength to help the nation solve bottlenecks and win the battle of key core technologies.

CRH's investment in R&D reached RMB 6.543 billion, up 40.8% year-on-year; R&D investment intensity increased 33% year-on-year to 0.8%. We strived to lead the development of new dynamics through technology innovation.

Innovative Systems and Initiatives

In 2022, the Group formulated and issued four systems including the Implementation Measures for the Transformation of Scientific and Technological Achievements, initially completing CRH's technology innovation system; revised and issued the Articles of Association of Science and Technology of the Group, and absorbed a number of business units as members of the Association, further improving the organizational system of the Association; held the first training course for young technological leaders of the Group, which invited three academicians and several well-known industry experts to train 66 young technological leaders, facilitating continuous growth of the technological talent team. The Group has carried out the selection of Technology Innovation Achievement Award for 6 consecutive years, which aims to commend and reward the outstanding projects, to stimulate their enthusiasm for innovation and accelerate transformation of achievements. It also invited 6 academicians to hold "Technology Lectures", explaining the cutting-edge technology and expanding the vision of technology; held the first Technology Innovation Achievement Exhibition of the Group, which displayed the technological innovation achievements of each business unit under CRH since the "13th Five-Year Plan", creating a sound atmosphere for innovation; and released the first version of CRH's key technology mapping to continuously enhance its independent innovation capability.

New Progress in Technology Innovation

Breakthroughs have been made in the construction of original technology curators and industry chain leaders. We have formulated a work program for original technology curators. Focusing on the core links of the traditional Chinese medicine industry chain, a number of important achievements have been made in the research and construction of seedling bases, the construction of national traditional Chinese medicine innovation platforms, the research of classic traditional Chinese medicine prescriptions and the intelligent manufacturing of traditional Chinese medicine.

Important technological platforms have been built at an accelerated pace. At present, there are 112 scientific research platforms, including 9 national ones, 63 provincial ones, 18 municipal ones and 22 CRH's internal ones, as well as 206 key technology research and development projects. In 2022, 16 new scientific research platforms, including 1 national one and 8 provincial and ministerial ones, and 13 post-doctoral scientific research stations were built. In addition, the research of major technological projects has been promoted at full speed. The Group newly launched 74 key projects, a year-on-year increase of 23%, including 8 national ones and 12 provincial and ministerial ones.

CR Pharma's R&D capability has been enhanced, with four clinical approvals for Class 1 new drugs.

CR Enterprise and the Learning and Innovation Center have actively expanded cooperation with external universities and research institutions, and deepened communication with external technology projects.

We have had fruitful results in the construction of a technological talent team. We have set up a system for recognizing technological talents in different levels and categories. Up to now, we have more than 7,100 technological talents, with a year-on-year increase of 20.5%.

A number of units such as CR Micro, CR Pharma, CR Cement and CR Double-Crane have successfully introduced high-level technological talents.

Accelerated Industrialization of Technological Achievements

In 2022, CRH improved the mechanism for selecting and implementing R&D projects and built its technology innovation highland based on major projects and platforms.

Innovative Drugs

In recent years, China's innovative drugs have accelerated. CRH's pharmaceutical enterprises have also constantly improved their R&D capabilities to enhance their core competitiveness through the combination of innovation and imitation. The treatment of idiopathic pulmonary fibrosis has always been a research hotspot and difficult point in the domestic and international medical community, and its risk of death is even higher than that of certain cancers. NIP292 is the first Class 1 chemical innovative drug project of CR Pharma with independent innovation and global intellectual property rights, whose main target indication is idiopathic pulmonary fibrosis.

Based on new targets and new therapeutic strategies, the NIP292 project has independently designed and developed novel ROCK inhibitors with global intellectual property rights. The representative compound NIP292 has shown comparable or even better efficacy than commercially available drugs, as an international leader in lower starting dose and significant advantages in efficacy, pharmacokinetics and safety.

In addition, NIP292 has been granted clinical trial license and orphan drug qualification by FDA, and has applied for three invention patents. Currently, this project is carrying out clinical phase I study in the U.S. After completing the clinical phase I, it is expected to carry out global, multi-center clinical phase II study for IPF in China and the U.S., to provide a safer and more effective therapeutic drug for the vast number of IPF patients, and to alleviate the patients' burden of disease and economic burden.

IGBT Wafers

CR Micro has driven the development with technology innovation. It increased R&D investment, deepened the industry-university-research institute cooperation, and strengthened the construction of technology innovation talent team, realizing the high-quality development of its technology innovation. "Advanced IGBT technology platform development and product development and industrialization", one of the key projects of CR Micro, developed IGBT, an internationally advanced insulated gate bipolar transistor, by adopting a new process platform and device design concept, and improved the product yield and performance by upgrading the preparation process platform of IGBT.

The advanced manufacturing of IGBT wafers has laid the foundation for the subsequent IGBT product industrialization and packaging modularity of CR Micro, breaking the monopoly in the real sense and taking an important step towards localization and substitution.

At the same time, CR Micro's R&D team has also pioneered the floating-substrate, high-voltage and low-voltage compatible BCD process platform based on P-type substrate and P-type epitaxial layer, breaking the international monopoly in the field of high-voltage BCD process, and its technological achievements are at the advanced level in the international arena, which provides process technology support for mass-production of various types of high-intelligence power IC chips. Also, the team has already provided manufacturing services for a number of domestic and foreign well-known design companies.

PETG Materials

CR Chem-Mat has realized the independent research and development and production of PETG products through continuous research and development of new products and accumulation of new technologies, breaking the monopoly of imports, relieving the stranglehold on the development of core technologies, and revitalize the polyester industry chain. Besides, the project boasts broad application prospects, and its products have been applied innovatively in household chemicals, medical packaging materials, home decoration and building materials and other fields.

Flexible Cement

As a new type of building decoration material, inorganic agglomerated stone is eco-friendly, non-toxic, beautiful and weather resistant, but also has some defects, such as low bending strength, easy to crack by external forces, and color differences in the surface. In view of these defects, CR Cement's "key preparation technologies and applications of high-quality, green inorganic agglomerated stones" project has made a breakthrough in the full-chain research and development of the material system and the core technology and equipment. As appraised by China Building Materials Federation, the relevant results of the project have reached the internationally advanced level. Such results include the development of the key production technology of products with high strength, low water absorption and low-linear thermal expansion coefficient, which solved the color difference and porosity, ensured the stability of product quality, and enabled green, intelligent production process. Meanwhile, we have invented and produced inorganic agglomerated stone panels with different characteristics such as stain resistance, ultraviolet resistance and high hydrophobicity, which have been successfully applied in a number of key projects, including Xi'an "three centers", Shenzhen Metro Line 4 and Shenzhen Metro Line 10, with the area of more than 100,000 square meters.



- 1. IGBT wafers manufactured by CR Micro.
- 2. CR Chem-Mat's PETG materials. PETG, a transparent amorphous co-polyester, is a high-tech, high-value-added, multi-purpose product and is highly dependent on imports.
- 3. Along the River During the Qingming Festival made with flexible cement from CR Cement.

Executive editor: Yu Feng Contributors: Yu Feng, Liu Chao, Qin Longling, Xu Jiuli, Jiang Jing, Gao Fang, Wang Wenjian

Commitment and Performance

Commitment Made in 2022



The Group would intensively promote scientific and technological R&D and digital transformation, unswervingly increase R&D investment, actively improve R&D capabilities, and create scientific and technological innovation systems and mechanisms.

The Group would actively carry out pilot application of common technology platform to facilitate data circulation and sharing within the Group; Subsidiary business units will accelerate the digital upgrade and coverage of key businesses, widen data application, explore the value of data around business scenarios, and set up benchmarks for the smart and digital transformation.

The Group would continue to carry out various forms of customer satisfaction survey and improve the after-sales service system.

The Group would try to ensure the supply of energy and essential materials for people and enrich the product and service portfolio.

Commitment Performed in 2022



The Group's investment in R&D reached RMB 6.543 billion, up 40.8% year-on-year; R&D investment intensity increased 33% year-on-year to 0.8%. The Group formulated and issued four systems, including the Implementation Measures for the Transformation of Scientific and Technological Achievements, initially completing CRH's technology innovation system; revised and issued the Articles of Association of Science and Technology of the Group, and absorbed a number of business units as members of the Association, further improving the organizational system of the Association; and released the first version of CRH's key technology mapping to continuously enhance its independent innovation capability.

The Group's digital intelligence transformation entered the fast lane, and the "Smart CRH" has taken shape. Intelligent manufacturing capability was accelerated; digital technology drove efficient governance; data application enhanced industry quality and efficiency; and digitalization boosted new models and new businesses.

The Group's business segments have strictly implemented China's industry policies and regulations, continuously improved the high-standard quality management system and carried out quality management including after-sale services. In addition, the Group has further improved its customer relationship management system and endlessly enhanced customer satisfaction by building full-cycle relationship with customers.

The Group made every effort to ensure the supply of electricity and gas to the market, and stepped up efforts to reduce and waive rents for its own properties, with a total of RMB 3.3 billion in rent concessions and waivers in 2022, which ranked No. 1 among central enterprises. We took on the responsibility of stabilizing market and employment. We leveraged our advantage in the healthcare segment to open up the channels of purchasing medicines and receiving treatments, so as to protect the market's demands and ensure the supply of medical supplies for the local communities.

Commitment Made in 2023

We will significantly increase investment in R&D, increase innovation around our main responsibility and main business, accelerate the introduction and use of technological talents, increase R&D incentives and tolerance for errors, accelerate the construction of R&D platforms, cooperate closely in exchanges, catalyze the formation, transformation and utilization of R&D achievements, and improve the technological management system.

We will fully utilize our advantage in the development of digital economy, and promote organizational change through digital intelligence technology to meet the requirements of the development of platform economy. We will make full use of the characteristics of the platform economy and strengthen research and exploration to create new business models, reduce system costs, break through organizational barriers, acquire new energy for development, and push our scale strength to a new level.

We will continue to build full-cycle relationship with customers and enhance customer service experience to improve customer satisfaction.

We will further study risks and challenges, calmly cope with difficulties and pressures, strive to seize development opportunities, and resolutely carry out our responsibilities as a central enterprise in stabilizing the market, ensuring the supply of energy and helping enterprises alleviate their difficulties.



Scan the QR Code
to view CRH's environmental responsibility
through the VR technology

Environmental Responsibility

— More Than Just a Companion:
Protecting What Matters

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Green Development in Haiyuan From Ecological Imbalance to Desert Oasis

Li Xiaojun

Safety Supervision Manager, EHS Department,
CR Power Ningxia Company



Ren Kaigui, Chief Civil Engineer, Engineering Department, CR Power Ningxia Company.

During the spring of 2016, CR Power's employees were working tirelessly on the construction of the Xihuashan wind farm in Haiyuan. This marked the launch of CR Power's first wind power project in Haiyuan, Ningxia. At the time, Haiyuan was frequently besieged by sandstorms during the spring months. The site workers would often return from the mountains with their eyes, noses, ears, and mouths filled with sand and dust, jokingly referring to it as a "sand bath."

Today, this rarely happens. In the seven years since CR Power arrived in Haiyuan, the county has transformed from an ecologically unbalanced area to a flourishing desert oasis.

Protecting Ecology and Coexisting with Nature

Haiyuan, under the jurisdiction of Zhongwei City in Ningxia Hui Autonomous Region, is located in the Xihaigu area, known as "the most barren area in the world". It was once evaluated by the Food Development Programme of the United Nations as "one of the most unsuitable areas for human survival" globally. For a long time, Haiyuan has been hit by frequent droughts and then fallen into the vicious cycle of "population increase – land reclamation – ecological destruction – poverty – population increase", triggering serious ecological problems.

"At the beginning of 2015, we just came to Haiyuan. Back then, we could not even find an office," recalled Ren Kaigui, Chief Civil Engineer of Ningxia Company's engineering department. "Tap water was limited and there were only dry toilets. On top of that, there were no train stations or highways in the county – the only way in was via two roads."

The harsh natural environment and unfavorable transportation conditions presented a significant challenge during the construction of local wind power projects. To ensure construction

progress during the winter, Ren Kaigui's team constructed greenhouses with 20-meter diameters around each wind turbine and made fires to keep them warm. Due to the low temperatures, the concrete used in construction had to be transported while wrapped in quilts, and once poured, it was kept warm using electric blankets and quilts.

Despite facing severe weather conditions such as cold temperatures, sandstorms, and blizzards, the Xihuashan Wind Farm, CR Power's first wind power project in Haiyuan, has emerged as one of CR Power's top five most profitable projects. Along with the later-constructed Guaguashan Wind Farm, it has set a benchmark for the development of clean energy, with reasonable utilization hours exceeding the industry's minimum of 1,800 hours and reaching over 3,000 hours. Presently, Ningxia Company operates six wind power projects with an installed capacity of 760,000 kilowatts.

"How windy was it here? In the past, we had to close our doors and windows during windy days, otherwise, dust would float into our bowls," a local resident explained. "Now, annoying winds like that have become a rare phenomenon."

Following the first phase of the Xihuashan Project, CR Power decided to revert to traditional methods of "horse transportation and manual digging" in wind power projects to minimize the damage of new energy projects to the local ecological environment. Li Xiaojun, the Safety Supervision Manager of Ningxia Company's EHS department, explained, "After adopting horse transport, we didn't extensively excavate roads and change the original landform. Similarly, the excavation area will be expanded if mechanical excavation is used, while manual excavation can reduce our damage to the vegetation."

Despite the extended construction period of over five months, the use of horses to transport construction materials up the mountain left almost no traces. CR Power Ningxia Company remains committed to using this method in the subsequent construction of new energy projects. This decision is aimed at breaking the vicious cycle of Haiyuan's ecology and promoting the coordinated development of the area's economy and ecology.

By 2022, CR Power has donated to Haiyuan County a total of

RMB **28.40** million

and planted

1,686 mu

of ecological charity forests



CR Power's Guaguashan 200MW Wind Farm in Haiyuan, Ningxia has achieved remarkable results in greening.

Planting Trees to Benefit the People

In 2016 when the Xihuashan wind power project in Haiyuan commenced, CR Power donated RMB 12 million for targeted assistance to the 1,500-mu expansion project of Pailushan Forest Park in Haiyuan County. In this project, a large area of hickory peaches, hickory apricots, broadleaf forests, and coniferous forests were planted. "The local people come and watch flowers in spring, pick some fruits in summer, and enjoy the beautiful scenery in fall," Li Xiaojun proudly said. Nowadays, Pailushan Forest Park has become a popular scenic spot in Haiyuan.

This is one of the significant poverty alleviation tasks through public welfare outlined in the CRH's Five-Year Plan (2014-2018) for Targeted Assistance to Haiyuan County. In this regard, CR Power pledged to donate RMB 2 million to the county government for the construction of ecological charity forests for each 50 MW new energy project it constructed in Haiyuan. As of 2022, CR Power has donated a total of RMB 28.4 million to Haiyuan County, resulting in the planting of 1,686 mu of ecological charity forests.

In 2020, CR Power Ningxia Company initiated the "Greening

Campaign" to improve the land surrounding nine wind farms. Ren Kaigui was also designated as the person in charge of this project. Guided by the local government, he led the team to plant trees and grasses, such as peach trees, apricot trees, spruce, ice grass and alfalfa, in accordance with local conditions.

The three-year campaign aims to attain over 90% vegetation cover in the area. "We are sowing grass seeds to ensure the survival rate of plants on all land near the roads," noted Ren Kaigui. "Currently, more than 6,000 trees have survived."

A veteran employee who participated in the wind power project of Ningxia Company remarked, "In the past, sand and stones would fly around on windy days, but now the spring breeze blows gently. Today, when you drive around Haiyuan, you can see green plants growing under the huge wind turbines."

Local residents have also engaged in vegetation restoration and greening. Ren Kaigui's team even adopted their opinions and revised its design plan in time. "They have lived in this land for a lifetime, so they know how to plant (trees) effectively and they also have some experience. This is the village where they live, and is also their home", explained Ren Kaigui.

The photovoltaic power plant has not only generated electricity but also changed the exposure of the previously barren land to direct sunlight, creating favorable environmental conditions for the growth of vegetation. As a result, in the same year that the campaign was launched, CR Power Ningxia Company began exploring a new model of "mushroom-photovoltaic complementation and agriculture-photovoltaic complementation" in Xianghe Village, Xinghai Town, Dawukou District. With the shade provided by the photovoltaic panels, it has become possible to cultivate drought-resistant herbs such as mushrooms and honeysuckle.

"It provides a broader income source for the local people," pointed out Li Xiaojun. At present, nearly 6,500 persons have benefited from mushroom-photovoltaic complementation, and their annual income has reached RMB 3 to 4 million.

As CR Power continues to integrate poverty alleviation and rural revitalization efforts, projects and models such as greening and agriculture-photovoltaic complementation are being further promoted. According to Li Xiaojun, "We hope to promote the replication of the industrial model of ecological charity forests and form a new model of 'ecological restoration + photovoltaic governance'. This will help advance work on water conservation, windbreaks, sand fixing, and mine restoration."

"Our aim in every photovoltaic project is to create a power station that is both efficient and beautiful," remarked Ren Kaigui.

Concept and Vision

We remain steadfast in enriching our understanding, directing our actions, and advancing our work with Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era. As staunch believers and diligent practitioners of Xi Jinping's thought on ecological civilization, we adhere to the management concept of "prioritizing life and health, and pursuing green and high-quality development". We establish and refine our management systems to align with the construction of a state-owned capital investment company bearing CRH characteristics and a world-class enterprise with global competitiveness. Our goal is to become a leader in the creation of green, low-carbon enterprises.

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

Results

In 2022, the Group continued to improve its energy-saving and emission reduction indicators, and accomplished its annual assessment target of energy-saving and emission reduction for the term of 2022-2024 (the seventh term) of the heads of central enterprises.



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

3.17 %

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

6.06 %



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

2.61 %

CO₂ emissions of the production value (business revenue) YOY (every RMB10,000) lowering

4.85 %



SO₂ emissions YOY reduced by

2.02 %

NO_x emissions YOY reduced by

2.83 %

COD emissions YOY reduced by

26.55 %

Water productivity YOY increased by

1.17 %



Total investment in environmental protection

3.097 billion (RMB)

YOY growth of

18.21 %



A number of business units such as CR Power, CR Gas and CR Property and their subsidiaries have won

23

Hong Kong Green Awards

including

12

awards at the silver level and above



CR Jiangzhong Pharmaceutical Group Co., Ltd.

was honored with the 11th "China Environment Award" - Excellence



CR Beer Wuhan Plant, CR Cement Anshun Plant, Sanjiu Ya'an and Beijing CR Gaoke

were honored as national "Green Plants"



CR Beer Wuhan Plant

was awarded the

2022 Water Efficiency Leader Enterprise

by four ministries including the Ministry of Industry and Information Technology and the Development and Reform Commission

Improved Environmental Management System

Holding the EHS Annual Working Conference

On 24 February 2022, Chairman Wang Xiangming presided over the annual EHS working conference of the Group in 2022 in Shenzhen. The EHS leaders of the Group, the members of EHS Committee of the Group, the key persons in charge of each Group department and directly subordinate organization, the key persons in charge of each business unit and its regions and grassroots enterprises, EHS leaders, and the EHS functional staff attended the conference. The conference laid down the requirements from the higher level and informed the main work carried out in 2021, and CR Gas, CR Land and CR Vanguard shared their experiences and reflected on the problems. Chairman Wang Xiangming put forward specific requirements for the implementation of regulations, standards and superior requirements, strengthening the implementation of responsibilities, carrying out ecological environmental protection investigation and governance, and carrying out the work on carbon peaking and carbon neutrality.



2022 EHS Working Conference of the Group

Improving Rules and Regulations

In 2022, we revised and issued the Supervision and Management Measures for Energy Conservation and Ecological Environmental Protection of CRH, which covers 28 management elements, including organizational building, target responsibility, energy management, ecological environmental protection management, equipment and facilities and pollutant discharge management, supervision and inspection, emergency response and incident management, statistics, monitoring and reporting, training and publicity, and appraisal and rewards and punishments, etc., which further standardizes and strengthens the Group's work on energy conservation and ecological environmental protection and ensures the effective operation of the management system.

Carrying out the Investigation, Governance and Supervision and Inspection of Ecological Environment

Enterprises at all levels of the Group routinely carry out the investigation and governance of ecological environmental protection problems. In 2022, nearly 1,000 problems such as the lack of implementation of sewage permit declaration, non-standardized self-monitoring of pollutant discharge, and imperfect solid waste and hazardous waste storage facilities were identified and conscientiously rectified.

We have established a special inspection team for ecological environmental protection, which carries out special supervision and inspection of more than 20 units, including CR Beer Dongguan Company, CR Cement Fengkai Company, Dongguan Company and Zhangping Company, CR Power Nanjing Thermal Power, CR Micro headquarters and subordinate grassroots enterprises, by using data access, interviews, site visits and other methods, to help them identify problems and promote ecological environmental protection in a more detailed and practical way.



The Group carried out special inspection of ecological environmental protection in Nanre, Jiangsu

Implementing Energy Saving and Emission Reduction Projects

Attaching importance to investment in environmental protection, enterprises at all levels of the Group has actively implemented renovations on energy-saving and emission reduction projects, with a cumulative investment in environmental protection of RMB 2.133 billion and energy-saving investment of RMB 964 million in 2022.

CR Power's coal-fired unit denitrification efficiency enhancement project, by use of the cross, zoned coupled precision ammonia spraying technology for denitrification, can precisely regulate and control the ammonia spraying for denitrification under the unit's off-design conditions and non-uniform flow conditions, significantly reduce the denitrification ammonia escape rate and improve the efficiency of denitrification, with the denitrification operating efficiency of up to 95% and denitrification ammonia escape rate controlled at the rate of 3ppm or less for a long time.



CR Power Jiaozuo Power Plant's Denitrification Efficiency Improvement Project.

CR Sanjiu has introduced MVR evaporation and concentration system to save steam energy consumption. CR Sanjiu Zaozhuang, Chenzhou, Benxi Sanyao and other units have actively promoted energy-saving transformation by introducing MVR evaporation and concentration system for the concentration of extracts. As compared to conventional double-effect concentration, MVR equipment can significantly save steam energy and reduce the use of natural gas and other energy sources.



CR Chem-Mat Changzhou Plant's Waste Heat Power Generation Project.

The steam at the top of the craft tower of production facilities of **CR Chem-Mat** contains a large amount of energy, and steam cooling requires energy consumption. By installing a steam waste heat power generation device, the energy in the steam can be recovered and used for power generation, and the steam cooling device can be shut down to effectively save energy. The installed capacity of the power generation device is 3,000kW, and the annual power generation capacity can reach 15 million kWh, reducing carbon by about 10,000 tons per year. In 2022, the cumulative net power generated by the waste heat power generation was 9,889,600 kWh, which reduced production costs while improving the efficiency of energy use.

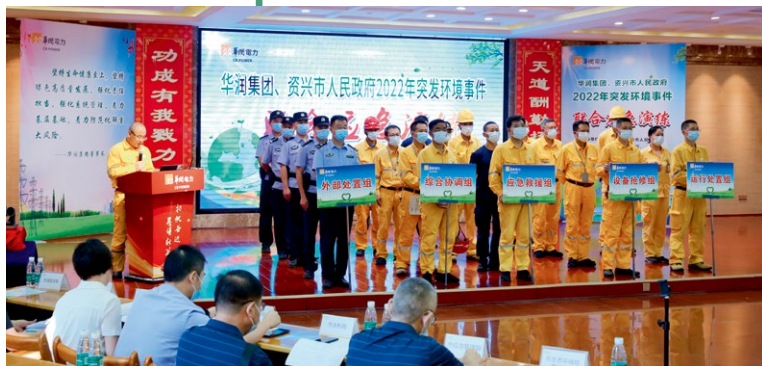
CR Cement completed the promotion and application of 20 large-scale high-efficiency fan technologies in 2022, which can reduce electricity consumption by more than 34 million kWh per year and save costs by more than RMB 17 million per year; promoted the promotion and application of 28 high-efficiency and energy-saving air compressors and 45 oil-less screw blowers, which can reduce electricity consumption by about 10.94 million kWh per year and save costs by about RMB 5.47 million per year; and reduced energy consumption by upgrading firing system through the increase of raw material grinding aids and coal-saving agents, and the use of alternative fuels.

Environmental Emergency Response Mechanism

In accordance with the Comprehensive Emergency Response Plan on Environmental Emergencies of China Resources (Holdings) Company Limited revised and issued by the Group in 2021, relevant enterprises of the Group revised their comprehensive emergency response plans, special plans and on-site disposal plans on environmental emergencies in light of their own environmental risks and carried out drills to enhance their emergency response capabilities for environmental emergencies.

^^^ CR Power Chenzhou Company Conducted 2022 Environmental Emergency Response Drill

On July 28, Chenzhou Company organized the 2022 Environmental Emergency Response Drill. With the leakage of diesel fuel from the Liyujiang Power Plant and its expansion to the external environment as the simulation scenario, the drill was attended by eight departments such as Zixing Branch of Zixing Municipal Ecology and Environment Bureau and the Military Section of Municipal People's Armed Forces Department, which achieved good results.



Training and Education on Environmental Protection

Enterprises at all levels of the Group have actively carried out training and educational activities on environmental protection and compliance management to enhance environmental awareness and professional competence.

The Group organized training for eco-environmental protection inspectors and empowerment training for energy conservation and environmental protection managers, focusing on the Group's supervision and management requirements for energy conservation and eco-environmental protection, key points of pollutant discharge compliance management, statistical and monitoring data analysis and summary report preparation methods for energy conservation and environmental protection, and sharing the environmental protection management experience of CR Jiangzhong's Wanli Manufacturing Base.

CR Power has organized environmental protection training activities such as training on eco-environmental protection laws and regulations, standards and norms, thematic training on environmental protection and typical case studies on eco-environmental law enforcement, and has actively participated in eco-environmental protection thematic training organized by local environmental protection departments, so as to

improve the employees' capabilities and standards for energy conservation and eco-environmental protection.

China Resources Building Hong Kong, in collaboration with the Hong Kong Environmental Protection Department and the World Green Organization, has organized the "Mobile Environmental Education Program" to help tenants understand the importance of a green and low-carbon lifestyle and work together to reduce carbon dioxide emission in their daily lives, with the goal of achieving "Carbon Neutrality".



Scientific Industrial Structure and Capacity Distribution

In strict compliance with national policies and in accordance with its "14th Five-Year" strategic plan, the Group has strictly controlled the investment and construction of high-energy-consuming and high-polluting projects and resolutely curbed blind development, and vigorously developed low energy-consuming businesses such as gas, property, pharmaceuticals and medical services, 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 to accelerate green low-carbon transformation.

The share of output value of low-energy-consuming businesses such as pharmaceuticals, finance, property and gas increased by 4 percentage points in 2022 compared with 2021.

CR Cement accelerated aggregates development, steadily advanced and expanded assembly-type building projects, and made new breakthroughs in artificial stone, tile adhesive and other businesses.

Enhanced Pollution Prevention and Control

Enterprises at all levels of the Group have conscientiously fulfilled their main responsibilities for pollution prevention and control, insisted on controlling pollution in a precise, scientific and law-abiding manner, focused on source management, systematic and comprehensive management, strengthened their efforts in controlling the production of pollutants such as waste gas, waste water and solid waste, and implemented measures for the management of new pollutants, in a bid to consolidate its effectiveness in pollution control and contribute to the protection of our blue skies, lucid water and clean soil at a higher standard.

Strengthening the Prevention and Control of Waste Gas Pollution

The Group's thermal power and cement businesses are the major emitters of waste gas, with sulfur dioxide and nitrogen oxides accounting for 99.60% and 99.56% of its total emissions respectively. Through the implementation of ultra-low emission renovation of cement kilns, strengthening the operation and maintenance management of environmental protection facilities, and raising emission standards and the quality of fuels and raw materials, the emissions of sulfur dioxide and nitrogen oxides have continued to decline.

CR Sanjiu strengthened the comprehensive management of VOCs waste gas to reduce its impact on the environment. For example, Shenyang Sanjiu eliminated the original drenching + regenerative activated carbon absorption process equipment and exhaust, built new VOCs waste gas comprehensive management facilities in plants, and installed waste gas online monitoring equipment in the discharge port to monitor the concentration of pollutants in real time, effectively reducing the concentration of pollutants.

Reducing the Discharge of Wastewater

Enterprises at all levels of the Group placed importance on the use of water and the prevention and treatment of wastewater. They strengthened the treatment of production and domestic wastewater, carried out real-time monitoring of all aspects of water use and increased the proportion of water reuse to minimize the consumption and waste of water.

CR Jiangzhong's Wanli Manufacturing Base has a sewage treatment station with a daily treatment capacity of 3,000 tons and a water reuse system with a daily treatment capacity of 1,000 tons, which is used for ecological water replenishment in landscape wetlands and watering of greenery. In 2022, the total annual discharge of sewage was 262,800 tons, and the water reuse was 177,300 tons, accounting for a high percentage of 67%.

Strengthening the Prevention and Control of Solid Waste Pollution

Enterprises at all levels of the Group have promoted clean production and recycling in the course of production and operation. They upheld the principles of waste minimization, resourcefulness and harmlessness, and explored eco-friendly ways of solid waste disposal to reduce resource consumption and waste generation. The comprehensive utilization rate of our general solid waste reached 84% and the processing rate of hazardous wastes reached 98%.

CR Sanjiu attaches importance to the use of resources. It promoted the recycling of industrial materials through technological transformation, and continued to advance the reasonable use of traditional Chinese medicine's dregs, so as to improve the utilization rate of production resources.

CR Cement adopted a no-waste or less-waste process to comprehensively utilize all non-hazardous wastes such as stripped soil, entrained stone and waste slag, thus realizing zero emission of waste slag. By the end of 2022, the comprehensive utilization of its industrial waste residues reached 18.15 million tons (including gangue, waste rock, desulfurization gypsum, fly ash, blast furnace slag, etc.). For waste materials with reuse value such as waste iron and waste belts, the manufacturer has contacted qualified third parties to recycle.

Co-processing Social Wastes

The Group explored the use of cement kilns and coal-fired boilers for co-process of social wastes such as urban and rural domestic rubbish, municipal sludge and industrial hazardous wastes, realizing the disposal of wastes in a "harmless, reduced and resourceful" manner, and promoting harmonious symbiosis between enterprises and cities. At present, 24 co-processing projects have been built and put into operation, such as Guangxi Binyang Cement, Hepu Cement, Yunnan Midu Cement, Guangdong Haifeng Power Plant, Jiangsu Changshu Power Plant, etc., which disposed of more than 1.8 million tons of waste in 2022. For example, 26,539.76 tons of drug residue waste were burnt in the Gucheng project of CR Power, and 143,595.34 tons of marble slurry were comprehensively utilized in the Hezhou project of CR Power.

Effective Biodiversity Conservation

With a high emphasis on biodiversity conservation, enterprises at all levels of the Group have been cautious about protecting local ecological environment and habitats of animals and plants when developing, constructing and operating projects. Our enterprises strictly implemented the requirements of 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, and took environmental restoration measures to minimize the impact of production and operation on the surrounding ecological environment to ensure the harmonious coexistence between corporate development and ecological environment.

CR Power has carried out environmental impact assessment for its newly-invested projects at the development stage. It has identified qualified third-party organizations to carry out community impact assessment as well as biodiversity and neighboring ecological environmental impact assessment of its proposed plant site. During the assessment, it has sought opinions from community residents that may be affected as well as environmental protection, land, forestry and agriculture sectors to avoid the communities, rare plants and animals that may be affected by its new projects.

CR Cement's mine re-greening area has reached 3.16 million square meters by the end of 2022, with about 320,000 square meters of new re-greening area. A total of 25 mines have been awarded green mines at the provincial level and above, of which 10 mines have been listed as national green mines.



CR Cement Nanning Plant's Mine Crushing and Aggregate Production Site.

CR Land has expanded urban green space through low-impact development techniques such as rooftop greening and vertical greening, and utilized and protected the existing green vegetation within the construction site to provide habitats for birds, insects and other urban organisms; it has taken into full consideration the safety of the use of herbicides to animals and plants, and has executed route avoidance and protection to the national second-grade protected animals observed during the project implementation.

CR Jiangzhong's Wanli Manufacturing Base has boosted investment to protect the wetlands, which attracted wild ducks and waterfowls, creating a good production environment. This showed a sound philosophy of reverence for nature, respect for nature, adaptability to nature and protection of nature, and presented a vivid picture of harmonious coexistence between man and nature with fish in the water, snipe on the water surface, rabbits in the grass, roe deer in the forest and heron in the air.

^^^ Creating an Ecological Lake with "Water in the Lake, Fish in the Water Plants and Harmony Between Human and Water"



The total area of the landscape lake of CR Land Foshan Shunde Landmark Project is about 8,000 square meters, and the water ecological restoration area is about 5,441 square meters. Focusing on "water quality, water scenery, water ecology and water shoreline", the project makes the landscape water meet the requirements of Category 3 water through the water and grass-type ecosystem (substrate improvement project, submerged plant community construction project, zooplankton community construction project, fish community construction project, benthic animal construction project, water quality control project, fish control - killing - snail extermination project), creating excellent water quality, reconstructed ecology and wonderful landscape.



CR Jiangzhong's Wanli Manufacturing Base won the China Environment Award 2022.

Scaled-up Environmental Industry Development



Developing the environmental protection industry is an important part of the development of China's ecological civilization, a key support for sustainable development, and a new growth point of the national economy under the new normal. The Group has strongly supported the development of environmental protection industry in active response to the national strategic plan of green and high-quality development.

Chinese Research Academy of Environmental Sciences (CAS) and IMEPI Group Co., Ltd., a subsidiary of CR EnvProtection, have jointly established the Key Laboratory for Identification and Risk Control of Hazardous Wastes. With CAS's scientific research strength and by making full use of IMEI's advantages in location and R&D and transformation resources, they cooperated to carry out ecological environment-related technology research and its application promotion, striving to reach the international first-class level in the field of hazardous waste identification and risk control technology research, and become a national hazardous waste environmental management think tank, so as to make positive contributions to building the ecological security barrier of the northern border of the motherland, implementing the national strategy of ecological protection and high-quality development of the Yellow River Basin, practicing the construction of national ecological civilization, and improving the quality of ecological environment.

By harnessing our capital advantage, we supported environmental protection companies with advanced technology, and expanded the scale of environmental protection industry to cultivate new momentum in energy-saving and environmental protection industry. CR Trust vigorously developed green asset securitization business. In 2022, the balance of green financial asset securitization and equity service trusts reached RMB 2 billion, with 11 existing projects, and the funds have been invested in green environmental protection sectors such as carbon neutrality, wind power, photovoltaic and hydropower.



Complete Green Supply Chain

Enterprises at all levels of the Group promoted the concepts of green procurement, green packaging and green transport, conveyed the values of green environmental protection and sustainable development to suppliers, and motivated partners to jointly fulfill their responsibilities for eco-environmental protection.

CR Land has revised and upgraded its supply chain management system to improve green and low-carbon requirements. Green and low-carbon requirements have been embedded in the front-end category research, supplier sourcing, pre-screening of qualification and incorporating green and low-carbon requirement in the bidding process, and the Guidelines for Collective Procurement and Bidding Work of CR Land Headquarters have been improved.

CR Property has clearly stipulated the environmental procurement policy in the Supplier and Contractor Evaluation Procedures and set up environmental protection assessment items. Each business division has evaluated the products and services provided by existing suppliers, screened the suppliers that meet the requirements of the green supply chain, given priority to eco-friendly labelled products, and transmitted the concepts of green environmental protection and the values of sustainable development to the supply chain partners.

CR Sanjiu Jinchan Company has formulated a green supply chain management plan and continuously improved and perfected the green procurement standards and system, so that green procurement is carried out throughout the whole process of procurement of materials, products and services. It has also promoted the typical model of circular economy and set up a closed-loop green industrial chain integrating "production, recycling, and re-production" of production waste and waste products with raw material suppliers, forming a purely green closed-loop of material recycling and utilization, and achieving a 100% recycling rate of packaging materials.

CR Vanguard has created green and low-carbon consumption scenarios and guided consumers to green and low-carbon consumption by establishing a special zone for green and low-carbon commodities, promoting trade-in marketing services, and advancing convenient commodity leasing services.



Active Environmental Protection Charity Activities

Enterprises at all levels of the Group have actively carried out distinctive environmental protection public welfare activities and are committed to raising public awareness of environmental protection.

During the World Environment Day, National Energy Conservation Awareness Week and National Low Carbon Day, **enterprises at all levels of the Group** has carried out activities around relevant themes, guiding employees to participate in actions to protect the environment, save energy and reduce carbon emission, and spreading a green and low-carbon lifestyle.

CR EnvProtection created the "Run Smart Collection" platform to recycle waste textiles. Focusing on the integration of Party building with environmental protection and low carbon, Run Smart Collection has joined hands with CR Vanguard, CR Cement, CR Land, CR Gas, CR Snow and other business units to practice the concept of green zero carbon. By the end of 2022, a total of 62 online and offline activities had been carried out, affecting 50,000 families and recycling more than 50 tons of waste textiles.



Through initiatives such as voluntary tree planting, community clean-up, waste segregation awareness, and participation in Earth Hour, **CR Vanguard** has actualized the concept of "Harmonious coexistence between human beings and nature", fostering the growth of an ecological civilization. Since 2022, CR Vanguard's Olé has been organizing the "For Nature To Future" educational activities. These activities encompass a range of interactive classroom experiences, including outdoor nature education, sensory experiences, nature note-taking, and creating nature-based handicrafts. These activities enable parent-child families to explore nature from various perspectives such as environment, birds, plants, and insects, establishing a connection with nature. More than 60 species of natural plants and animals are explored, encouraging and influencing a wider group of people to take note of the natural environment and champion its protection.

CR Chem-Mat has vigorously carried out publicity and education on coping with climate change and protecting the ecological environment, advocating the consumption of green and low-carbon products and the development of green and low-carbon behavior.



CR Healthcare's Beijing Jiangong Hospital held a voluntary tree planting event to create a special herb garden.



Proactive Green Office

Enterprises at all levels of the Group have implemented green office, promoted paperless office and remote video conferencing, and advocated electricity and water conservation to improve efficiency and conserve resources and energy, as well as reduce office costs.

We deepened the application of RunWork instant communication, cloud documentation, email, approval, signing platform, Runjuan and other online office tools. In 2022, on the **RunWork platform**, users created 1.77 million cloud documents, reproduced 28,960 approval documents, remotely signed 645,000 contracts, created 1.51 million online questionnaires, received and sent 150 million e-mails and communicated via 1.3 billion messages, drastically reducing paper printing and faxing, and hence reducing paper consumption and carbon emission.

CR Finance issued an initiative to all employees, calling on them to actively participate in the green and low-carbon governance of the society and advocate green, low-carbon, recycling and sustainable production and living styles. Yuanta Fund issued a notice advocating "green office and safe office", which includes advocating bringing one's own cup to reduce the use of bottled water, caring for facilities and equipment and timely turning off the power supply, advocating multiple use of paper to execute paperless office, advocating green and low-carbon travelling on public transport, and strengthening information and security management to ensure the confidentiality of documents.

CR Digital's cloud video conferencing system — Rmeet has facilitated green office within the Group. The Rmeet cloud video conferencing system is highly compatible, stable and with a wide range of features, supports multi-scenario use, and provides the Group's entire workforce and all walks of life with more efficient, convenient, and cost-effective remote video conferencing services to save commuting time and travel costs. In 2022, the Group held a total of 865,100 meetings using the Rmeet cloud video conferencing system, with a total meeting duration of 567 million minutes and 10.008 million participants.



CR Digital's self-developed product Rmeet audio/video system supported the successful convention of the symposium of National Hong Kong and Macau Research Association.

Carbon Management

In 2021, the Group basically completed its annual assessment target of energy-saving and emission reduction for the term of 2022-2024 (the seventh term) of the heads of central enterprises.



CO₂ emissions of the production value (business revenue) YOY (every RMB10,000) lowering

4.85
%

CO₂ Emissions of the Group

Types of emissions	Emissions (10,000 tCO ₂)
Direct emissions (Scope I)	19914.1
Indirect emissions (Scope II)	604.8
Total emissions	20518.9
Emission intensity (tCO ₂ /RMB10,000)	4,163

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	Supplementary Data Sheet to the Greenhouse Gas Emissions Report
	Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Power Producers in China (Trial)	
CR Cement	Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Cement Producers in China (Trial)	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

5

CRH cases



won awards in the Collection and Selection of Typical Cases for Carbon Peaking and Carbon Neutrality Actions in 2022 organized by China Business Executives Academy, Dalian



Circular Economy and Source-Network-Load-Storage Integration Demonstration Project of CR Power Hezhou Company

Low Carbon Building Project for Shenzhen International Low Carbon City Expo Center of CR Land

won 2nd prize



Calcium Carbide Slag and Yellow Phosphorus Slag Composite Ingredients Carbon and Consumption Reduction Project of CR Cement Jinsha Company

Multi-threaded Carbon Capture Test Platform Demonstration Project of CR Power Shenzhen Company

Green Finance-Empowered Comprehensive Practice Program for Carbon Peaking and Carbon Neutrality of CR Finance

won 3rd prize



► In 2022, CRH released its first Carbon Peaking Action Plan.

Green Management

Preparing and Issuing the Carbon Peaking Action Plan

To implement the major decisions and deployments of the Party Central Committee and the State Council on carbon peaking and carbon neutrality, and promote its work on carbon peaking and carbon neutrality in an orderly manner, the Group prepared and issued the CRH Carbon Peaking Action Plan, which defines its main objectives, strategic routes, key tasks and major projects of carbon peaking, and draws up the timetable and roadmap for its completion of such target. The Plan was formally released in August 2022. In accordance with the Plan, CRH's business units such as CR Power, CR Cement, CR Land, CR Gas, CR Beer and CR Pharma have formulated their own carbon peaking action plans or green and low-carbon work plans based on their business characteristics.

Establishing and Improving the Carbon Emission Management System

The Group has compiled and released the Measures for the Carbon Emission Management of CRH, which propose to classify its grassroots enterprises into key, concern and general categories for management, and regulated and strengthened the management of carbon emissions of key emitting enterprises; it has also optimized the indicators and algorithms of carbon emission data in the Group's EHS information system. Our business units such as CR Power and CR Cement refined and formulated norms and guidelines such as the Guidelines for the Management of Carbon Emission Data of CR Cement and the Rules for the Management of Coal Samples for Furnace Coal Carbon Element Test of CR Power to further standardize the management of monitoring, statistics, accounting and reporting of their carbon emission data. According to these management requirements, our business units such as CR Snow, CR Power and CR Cement carried out a mapping of carbon emission data of each grassroots enterprise and established a ledger for the management of their carbon emission data.

Carrying out Special Inspections of Carbon Emission Management

The Group prepared a special inspection program for carbon emission management of thermal power plants, under which four inspection teams have been established to carry out full-coverage on-site special inspections of carbon emission management for 33 thermal power enterprises, aiming to help the enterprises identify and sort out the problems in carbon emission management, put forward opinions on improvement, and help the carbon emission management personnel of the enterprises master the standards, methods and requirements for accounting of carbon emission data. It also organized special spot checks on the carbon emission management of six clinker production enterprises of CR Cement located in Guangdong, Guangxi and Fujian, and some grassroots enterprises such as CR Snow and CR Chem-Mat, to help them analyze and find out the problems of carbon emission management and put forward opinions on rectification. Through these inspections, it hopes to enhance enterprises' carbon emission management.

Holding Training on Carbon Peaking and Carbon Neutrality

The Group held a special meeting to focus on studying General Secretary Xi Jinping's speech on striving to achieve the goal of carbon peaking and carbon neutrality during the 36th collective study session of the Politburo of the Central Committee. The Group developed a series of training courses on carbon peaking and carbon neutrality, which were released and organized through its EHS management system and the CRH Learning and Innovation Center. By the end of 2022, more than 90,000 persons had participated in the courses, which further enhanced the knowledge and understanding of our employees on the policy and standards of carbon peaking and carbon neutrality, carbon asset management, and green and low-carbon technologies. The Group also organized technology lectures, inviting academicians of the Chinese Academy of Engineering, university professors and other experts and scholars to give lectures on topics such as "New Energy Development and Technology Trends" and "Development of Civil Engineering Materials under the Dual Carbon Goal" to help our employees understand the new development trends of dual carbon technology.



► The Group organized a special spot check on the carbon emission management of CR Cement Yongding Plant.

Green Operation

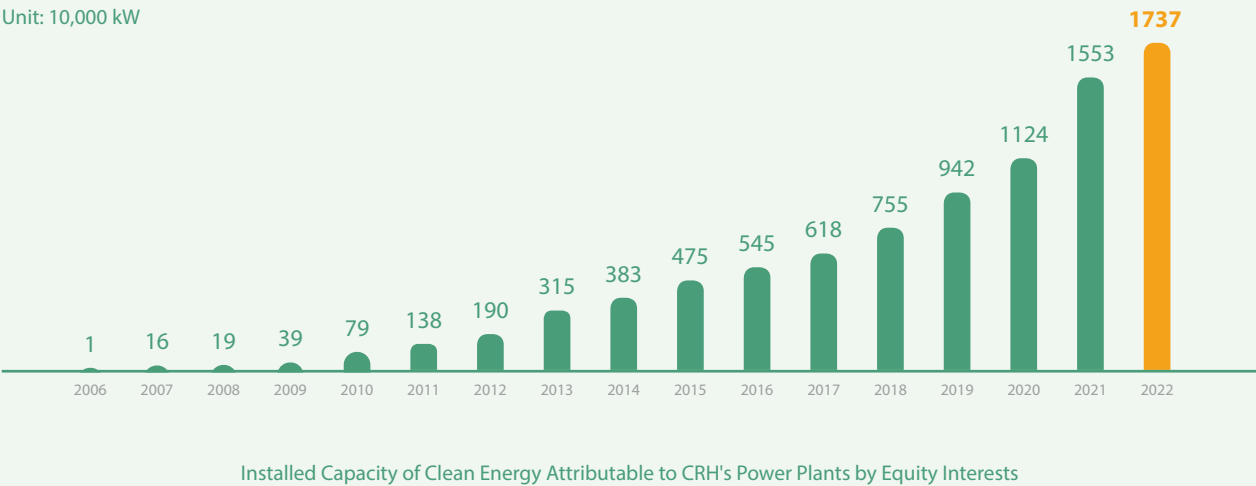
Optimizing Industrial Structure and Capacity Distribution

The Group has strictly controlled the investment and construction of high-energy-consuming and high-polluting projects and resolutely curbed their blind development, and vigorously developed low-energy-consuming businesses such as gas, property, pharmaceuticals and medical services, 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 and low-carbon transition. In 2022, CR Beer shut down its plants of high energy-consuming production capacity in Tieling, Huludao, Fujian, Deyang and Fuxin to further optimize its capacity distribution and improve quality and efficiency.

Developing Clean Energy

The Group has increased its investment in wind and solar power generation and developed both centralized and distributed power generation businesses, 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 and photovoltaic projects, with emphasis on enhancing the installed capacity of clean energy power generation projects and stepping up the low-carbon transition of the energy structure. The installed capacity of renewable energy by equity interests has increased from 4.54 million kW in 2015 to 17.55 million kW in 2022, representing a growth rate of 287%. As of the end of 2022, the installed capacity attributable to the Group's power plants by operating equity interests has totaled 52.58 million kW, including 15.51 million kW attributable to wind power plants, 1.21 million kW attributable to photovoltaic power plants and 0.28 million kW attributable to hydropower plants, which together accounted for 32.3% of the total.



For the cement, gas, beer, pharmaceuticals, retail and other businesses, the Group developed distributed photovoltaic projects according to local conditions by utilizing plants' rooftops and idle vacant land, and increased the proportion of the use of renewable energy. CR Cement has completed and put into operation distributed photovoltaic projects with a total installed capacity of 28.74MW in four plants in Fengkai, Luoding, Jiangmen in Guangdong and Fuchuan in Guangxi, generating a total of 4.93 million kW of electricity in 2022. CR Vanguard, CR Double-Crane and CR Pharma-Comm completed and put into operation rooftop photovoltaic projects with installed capacity of 2.5MW, 1.3MW and 1.14MW in Fenggang Logistics Center of Dongguan, Guangdong, the plant of Hainan Company, and the warehouse of Henan Company, respectively.

CR Power's Riyao 350MW Fishery-Solar Hybrid Photovoltaic Power Generation Project in Chibi, Hubei

On 18 March 2022, the construction of CR Power's Riyao 350MW Fishery-Solar Hybrid Photovoltaic Power Generation Project in the Million Base of Rural Revitalization Demonstration Area in Chibi, Hubei commenced, and the first batch of photovoltaic modules was connected to the grid on 23 December 2022. The project, with a total investment of about RMB 2 billion, can generate 393 million kW of electricity annually after it is fully completed and put into operation. As the first "photovoltaic +" project combining "photovoltaic + water system management + eco-farming + eco-restoration + eco-agriculture" of CR Power, it is a brand-new exploration and pilot of CR Power in the field of "photovoltaic +" and rural revitalization.

Riyao 350MW Fishery-Solar Hybrid Photovoltaic Power Generation Project in Chibi, Hubei

Implementing Energy Saving and Carbon Reduction Projects

^^^ CR Sanjiu's Near-Zero Carbon Park Project in Guanlan Base, Shenzhen



The project has implemented 10 energy-saving and low-carbon measures, including the construction of a 1.26MWp rooftop distributed photovoltaic (PV) system, which generates about 1.5 million kW of electricity annually; the construction of water storage and cooling facilities as the park photovoltaic power generation storage unit to reduce electricity costs by the use of valley power; the implementation of the central air-conditioning and air pressure station energy-efficient renovation, which can save about 380,000 kW of electricity annually; the replacement of all 78 250W traditional street lamps in the plant with solar street lamps, which can save about 70,000 kW of electricity annually; the implementation of the low-nitrogen boiler renovation, which reduced the concentration of nitrogen oxide emissions and the energy consumption of steam production by 80% and more than 17% respectively; the construction of new energy vehicle charging piles to encourage the purchase and use of new energy vehicles by employees; and the construction of a carbon emission management system to enhance carbon emissions management and control. The project was also selected for the second batch of Shenzhen's Near-Zero Carbon Park Pilot Project Library.

▶ Rooftop Photovoltaic at CR Sanjiu's Guanlan Base in Shenzhen



▶ Magnetic Levitation Chiller Unit of Air-conditioning System at CR Sanjiu's Guanlan Base in Shenzhen.



▶ Low-NOx Boilers at CR Sanjiu's Guanlan Base in Shenzhen.

Enterprises at all levels of the Group have increased capital investment to promote the application of new energy-saving and carbon-reducing technologies, equipment, materials and processes, eliminated outdated production capacity, and continued to implement the optimization of production processes and high-efficiency energy-saving renovation of equipment and facilities, in an effort to improve energy utilization efficiency and reduce carbon dioxide emissions.

Developing Green Building

^^^ CR Bank Headquarter Building, An Ultra-Low -Energy-Consuming Building



CR Bank Headquarter Building under construction, with an office floor area of 45,000 square meters, is designed to be an ultra-low-energy-consuming and low-carbon building. Passive techniques such as high-performance enclosure structures and building shading have been used to reduce the building's energy consumption; active technologies such as high-efficiency cooling stations, high-efficiency equipment, intelligent lighting, and group intelligent control technologies have been used to improve the system efficiency; and renewable energy technologies such as BIPV have been used in a large area to increase the proportion of the use of renewable energy, reduce the carbon emission in the operation phase, and enhance the user's comfort and happiness.



▶ Rendering of CR Bank Headquarter Building.

Regarding the property business, the Group has proactively advanced the application of green construction techniques and green and low-carbon building materials, vigorously promoted green buildings, and carried out the construction of demonstration projects for ultra-low-energy, near-zero-energy and low-carbon buildings. In 2022, 12 CR Land projects were certified as green buildings, equivalent to a construction area of 1.88 million square meters. As of the end of 2022, 359 CR Land projects were certified as green buildings, with a total certified area of 54.68 million square meters. Both the total number of green certified projects and high-star green building projects were among the top in the industry.

For the property business, the Group has vigorously developed green buildings by incorporating its green, environmental protection and energy conservation concepts into its business segments and the entire life cycle of projects.

In 2022, 12 CR Land projects were certified as green buildings, equivalent to a construction area of 1,884,800 square meters. As of the end of 2022, 359 CR Land projects were certified as green buildings, with a total certified area of 54,683,500 square meters.

CR Land made research on construction industrialization technologies in cooperation with Tsinghua University and China Academy of Building Research, and completed the formulation of six technical standards, including the High Quality Standard for Assembly-Type Building Projects of CR Land and the Guidelines for the Splicing and Gluing Construction of Assembly-Type Exterior Walls. As of the end of December 2022, CR Land had deployed 260 assembly-type building projects nationwide, with a total area of 43,483,400 square meters.

Carrying Out Carbon Emission Trading

The Group has continued to strengthen its capability to manage carbon assets, vigorously carried out carbon emissions quota compliance and actively participated in building the national carbon market. CR Power formulated the Carbon Asset Management Measures, clarifying the carbon asset management structure and business processes, and built a carbon asset management system to enhance information management of carbon assets. It also actively participated in the national carbon market trading and green power trading, with 1.6 million tons of surplus carbon quotas sold in 2022, realizing a gain of RMB 92 million, and carried out green power trading in regions such as Fujian, Jiangsu, Ningxia, Guangdong and Shandong, with a total of 1.35 billion kW of green electricity traded by the end of 2022. All eight plants in Guangdong and five plants in Fujian of CR Cement have completed payments for carbon emission quotas in 2021, with a performance rate of 100%.

Strengthening Publicity and Communication on Energy Saving and Carbon Reduction

Enterprises at all levels of the Group have carried out publicity and education on coping with climate change and protecting the ecological environment. They organized a variety of science popularization activities, took part in disseminating the Group's green development concepts and the effectiveness of energy conservation and low-carbon emission, and actively participated in external exchanges to enhance the awareness of all employees for energy conservation and low-carbon emission. In 2022, the Group carried out a series of energy conservation and environment protection activities such as the World Environment Day, the National Energy Conservation Awareness Week, and the Low Carbon Day, to encourage employees to embrace a simple, moderate, eco-friendly, and low-carbon work and lifestyle, and become advocates, practitioners and demonstrators of conservation and green environmental protection.



Beijing Miyun MIXC.

Executive editor: Yu Bolin Contributors: Yu Bolin, Gu Jun

Commitment and Performance

Commitment Made in 2022

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.

Continue to expand social waste co-processing, improve local ecological environment, and promote harmonious coexistence and co-development of enterprises and cities.

Increase investment in energy conservation and ecological environment 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.

To push ahead with the efforts on carbon peaking and carbon neutrality, 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 pathways based on industry benchmark, and continuously reduce the carbon emission intensity in production and operation.

Commitment Performed in 2022

In 2022, the installed capacity of clean energy, such as wind power, hydropower and photovoltaic, attributable to the Group by operating equity interests totaled 17.37 million kW, accounting for 33.04% of the total, an increase of 7.14 percentage points from the end of 2020. CR Cement, CR Gas, CR Beer, CR Pharma and other business units have developed, built and used distributed photovoltaics by utilizing plants' rooftops and idle vacant land to increase the use of clean energy.

As of December 2022, the Group's power and cement businesses have completed and put into operation 24 waste co-processing projects, disposing of more than 1.8 million tons of waste throughout the year.

The Group has invested more than RMB 3 billion in energy conservation and ecological environment protection, and proactively implemented the revamp of energy-saving and emission reduction projects, improved resource and energy utilization efficiency and pollutant emissions.

The Group has prepared and issued the CRH Carbon Peaking Action Plan. In accordance with the Plan, CR Power and CR Cement have refined and formulated their own carbon peaking action plans based on their industry characteristics, which defined the main objectives, strategic routes, key tasks and major projects of carbon peaking. In 2022, the carbon emission of CR Power was 680.3 g/kWh, down 1.69% year-on-year; and the carbon emission of CR Cement was 831.3 kg/t clinker, down 1.85% year-on-year.

Commitment Made in 2023

Speed up the development of clean energy and continue to increase the installed capacity of clean energy.

Continue to expand the scale and quantity of co-processed social waste, reduce the processing pressure of the Government, improve human's living environment and promote harmonious coexistence of human beings and nature.

Increase investment in energy conservation and ecological environment protection, raise the energy saving and emission reduction benchmarks, and ensure the Group's completion of the annual targets designated by the SASAC.

Promote the implementation of the Group's Carbon Peaking Action Plan in an orderly manner.

Establish a number of high-quality low-carbon model projects.

Carry out special inspections on ecological environment protection to help grassroots units identify existing problems and shortcomings in eco-environmental protection , propose recommendations on improvement, and promote strong compliance management of frame numbers.

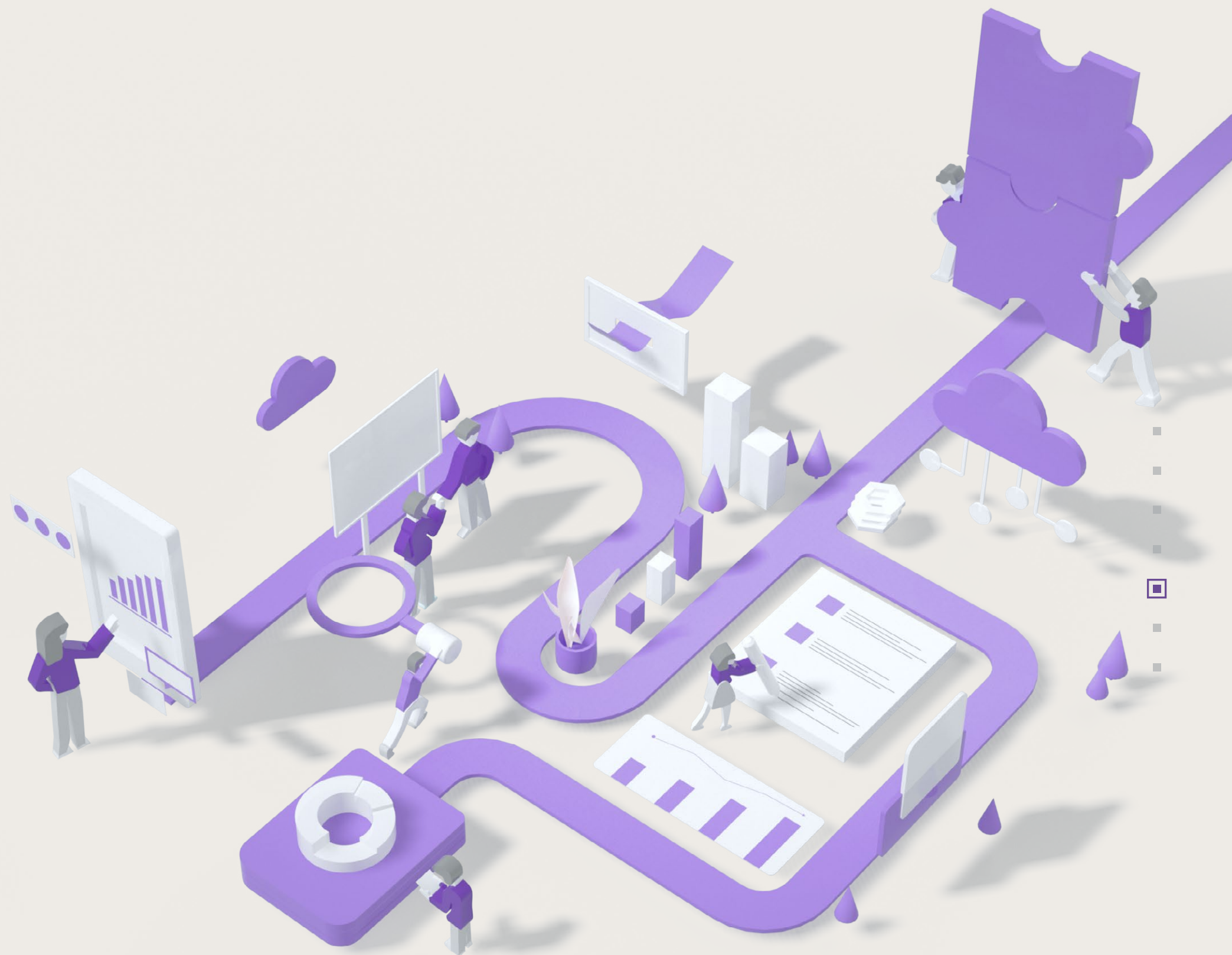
Partner Responsibility

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Scan the QR Code
to view CRH's partner responsibility
through the VR technology



CR Land Forging Quality with One Heart



Li Hui

General Manager,
Market and Client Department,
3rd Construction Co., Ltd
of China Construction 5th Engineering Bureau

Upon entering the headquarter of 3rd Construction Co., Ltd of China Construction 5th Engineering Bureau ("CC5EB-3") in Longhua District, Shenzhen, a row of golden "Luban Award" is captures immediate attention. The Luban Award, which is known as the "Oscar" in the construction industry, has witnessed CC5EB-3's achievements and its mutual growth with CR Land.

"In the last 10 years, we have completed a dozen large-scale projects with CR Land across the country, including commercial complexes and super high-rise residential buildings. They are all landmarks, such as Mixc Commercial Center in Changsha, China Resources International Culture and Business Center in Xi'an, and China Resources Future City in Chengdu," said Li Hui, General Manager of Market and Client Department of CC5EB-3. He has been working in CC5EB-3 since he graduated, and has been cooperating with CR Land for a long time.

With strong comprehensive strength, CC5EB-3 stands as the sole legal entity within China Construction 5th Engineering Bureau to possess the esteemed "Double Special-Grade and Grade-A" qualifications. This distinction encompasses the special grade of general contracting for construction works (Grade A in design) and the special grade of general contracting for municipal public works (Grade A in design).

"It's not easy for CC5EB-3's Southwest Company and Northwest Company to win two A ratings in CR Land's supplier ratings for the West China Region in 2022," said Qiu Zhonggui, head of the Engineering Management Department of CR Land's headquarters. The selection process was very competitive. Jurors examine and select quality suppliers across six dimensions, including project quality, progress, safety, settlements, claims, and performance evaluation. Those rated with A and B are considered quality suppliers, and will be given priority for next project bidding and granted a 2% performance bonus after winning the bid.

CR Land always attaches importance to high-quality construction. It has established a "selection, training, and retention" lifecycle management system to select high-quality partners. It is also committed to building a green and healthy supply chain ecology. According to Qiu Zhonggui, they adopted the BTLIM model for selecting partners – that is to inspect the counterparty's boss, team, labor, investment, and management. He said, "Only a rigorous selection process can support our future strategy of win-win cooperation."



➤ Rendering of CR Land International Culture and Business Center constructed by CC5EB-3.

"To create more bidding opportunities, CR Land renews high-performing suppliers every year. As their success probability increases, our cooperative projects' quality has been guaranteed as well," noted Qiu Zhonggui. He also stated that CR Land's goal is to reach "60, 40" by the end of the 14th Five-Year Plan period, i.e., 60% of its business will be undertaken by 40% of its premium suppliers. He explained, "In the future, we may reach '70, 30', that is, 30% of our excellent suppliers will undertake 70% of our tasks. As a result, CR Land's projects will increase in quality."

High-quality management is a two-way empowerment process. During the past 10 years, CC5EB-3 has trained 28 qualified and loyal project managers and numerous experienced deputy managers and employees through cooperation with CR Land. It has developed a professional, high-standard and excellent team.

"To create win-win cooperation, we have developed two benchmarking training plans, namely the 'Excellence Plan' and the 'Partner Plan', to ensure mutual growth," said Li Hui. CR Land has developed a multi-faceted training program, including regular professional training, management training, and high-quality cultural training. As a result, its employees are able to recognize and execute its corporate culture to a high degree. CR Land also carried out project manager certification activities and organized visits to learn from the experience of excellent projects. "The cooperation process is actually an 'empowerment' process," Li Hui further explained. Such empowerment has been reflected in all aspects. During this 10-year period, our cooperative landmark projects have utilized green and low-carbon construction technology and promoted assembly-type construction technology. Therefore, we have accumulated abundant experience in this area. Qiu Zhonggui held this achievement in high regard and said, "Promoting the application of new processes and technologies through discussions with technically strong and experienced suppliers has guaranteed further improvement in quality and efficiency."

Due to long cycles, large-scale projects require good communication and precise control at each delivery stage before, during, and after the project. Large-scale projects also require systematic assessment mechanisms. To this end, CR Land has formulated assessment criteria for high-quality projects during the bidding stage, developed a database of past defective cases, and required its partners to conduct road shows and defenses in quality control. During construction, CR Land also assessed the project quality for key and difficult sections on a monthly basis. To ensure high-quality delivery, CR Land identified delivery risks through third-party assessments and required three final rounds of inspections before delivery from itself (CR Land), the property company, and the client before delivery.

"CRH has a manufacturing app that is an engineering informatization platform and contains modules such as quality management training and a case library," said Qiu Zhonggui. Materials and sample rooms can be accepted online, and whether the process on the construction site is qualified can also be confirmed on the platform.

"Efficient communication underpins high-quality production," said Li Hui. When performing a project, both parties need to communicate on the basis of mutual trust for a win-win purpose.

As he said, their efficient communication was due to an established communication system at all levels, i.e., a region-to-region, city-to-city, and project-to-project, which facilitated smooth contract performance. "Our communication is not just pragmatic, but also highly practical," stated Li Hui. "We aim to inform our partners about their evaluations and ensure they align with our milestone targets. It's a two-way communication process where both parties can provide feedback for improvement."

With respect to future collaboration, both parties share the common goal of engaging in broad-ranging services with a specific focus on three key areas. Firstly, there is a strong emphasis on promoting the utilization of assembly-type buildings and green, low-carbon construction technologies. Secondly, there is a drive to leverage new technologies, processes, and materials, with the aim of advancing the implementation of an industrialized construction system through technological upgrades. Lastly, there is a mutual desire to explore the application of construction standards upheld by leading global enterprises, propelling quality management and technological innovation through the implementation of high-quality construction practices, lean management principles, and project information technology platforms.

With people's growing demand for a better life, Qiu Zhonggui said, "We will shoulder the leading role in improving project quality in the supply chain, further strengthen cooperation with industry benchmarks including China State Construction, carry out more extensive and in-depth exchanges, set benchmarks for construction standards in line with the world's first-class enterprises, and join hands to promote high-quality development."

Concept and Vision

Every decision we make reflects CRH's values, from manufacturing to service and from products we make to our production methods. We are committed to creating a supply chain that enables our partners to work with peace of mind, dignity, and respect. We are also committed to forging partnerships that enable collaboration to accelerate global development. Based on the values of dialogue, transparency, and mutual respect, we respond flexibly to changes in the global supply chain and promote win-win situations by adhering to our original aspirations for compliance and mutual benefit.

SDGs Responses



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

Results



Group visits
in 2022

44

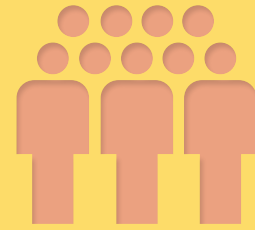


Covering

17

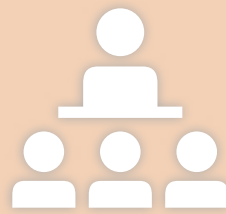
provinces,
autonomous regions
and municipalities
directly under the
Central Government

In 2022,
the Group received



51

visiting delegations



In 2022,
the Group
participated in

16
exhibitions



In 2022,
the Group signed

17

strategic cooperation
agreements

including

7

province-level ones



10

municipal-level ones



In 2022, information related to the
Group on the domestic and international
information platforms was approximately

1,116,000

articles

a YOY increase of

36

%



Strengthening Strategic Cooperation and Sharing the Fruits of Development

In 2022, based on "what the government needs and what CRH can do", we integrated our development into national-regional strategies and regional coordination strategies. We enhanced our coordination capability, optimized the benefit-sharing mechanism, and strengthened central-local and central-central cooperation through "internal guidance and external cooperation", thus promoting industrial prosperity and stability, enhancing our value and achieving win-win situation for all parties.

Further Promoting Central-Local Cooperation

In 2022, we strengthened central-local cooperation and signed 17 central-local strategic cooperation agreements throughout the year, including 7 provincial-level and 10 municipal-level ones. Our organizational system to serve national strategies and collaborative development has become more comprehensive and the 6+1 regional working group set up by the Group has made every effort to promote the implementation of key tasks in the region. The revenue from the six key regions accounted for 69.9% of the Group's revenue.

On 15 November 2022, Chairman Wang Xiangming presided over a working meeting on serving national strategies and collaborative development.



In 2022, we also built an information base on the Group's strategic synergy and regional development, so as to improve the regional synergy and strategic sharing mechanism with local governments by comprehensively analyzing information on regional development policies, the Group's investment and operation profile, the assessment of the regional investment environment, and the implementation of strategic cooperation agreements.

We successfully completed our service support for the Beijing Olympic and Paralympics Winter Games, and constructed Xiongan Green Building Exhibition Center at a high standard, creating CRH's model project.

Beijing-Tianjin-Hebei Area

Guangdong-Hong Kong-Macao Greater Bay Area

We focused on strategic emerging sectors, increased investment in semiconductor and chemical materials, and steadily promoted the construction of Shenzhen Baoan Yanluo integrated industrial platform project.



On 25 November 2022, General Manager Wang Cuijun chaired a meeting of the working group for the Beijing-Tianjin-Hebei Area.

On 7 November 2022, Deputy General Manager Wang Chuandong chaired a meeting of the working group for the Yangtze River Delta Region.



We focused on the opportunities of the local state-owned capital's mixed-ownership reform and implemented Chengxing Petrochemical and Hefei Gas projects.

On 28 November 2022, Deputy General Manager Chen Xiaojun chaired a meeting of the working group for the Chengdu-Chongqing Economic Circle.



We focused on consolidating and enhancing the status of existing industries, promoting the reorganization of Chongqing Energy Project and acquiring 3 million kilowatts of new energy resources in Liangshan Prefecture.

Yangtze River Delta Region

Chengdu-Chongqing Region

Northeast Region

Shengjing Energy Restructuring Project was implemented, the cooperation with Anshan Gas was reached, and CR Power-CR Sanjiu-CR Beer Synergy Project was implemented.



On 5 May 2023, our Chief Accountant Quan Huaqiang chaired a meeting of the working group for the Northeast Region.

Northwest Region

We promoted the large-scale development of new energy and the integration of high-quality medical resources in the region.



On 18 January 2022, Deputy General Manager Han Yuewei chaired a meeting of the working group for the Northeast and Northwest Regions.

Broader Cooperation with Central Enterprises

In 2022, taking CRH's own advantageous industries as a traction, we united the upstream and downstream of the industry chain, and cooperated with different market players to build an industrial co-construction and sharing ecosystem. We signed strategic cooperation agreements with 13 central enterprises, including China Telecom, Sinochem, CRRC, Baowu and COFCO, to share resources and project information, thus making steady progress jointly with our partners with great sincerity. Substantial progress has been made in medical technology cooperation projects with CASC and Baowu, and the specialized integration of central enterprises has achieved remarkable results. We carried out business cooperation and exchanges with China South Power Grid, CITIC Group, China State Construction and other groups to deeply match our cooperation demand and explore win-win development.

Closer Industrial Cooperation

As a diversified industrial group engaged in the sectors of consumer products, integrated energy, urban construction and operation, healthcare, industrial finance and technology and emerging sectors, we participated in the revision of industry standards and systems, contributing to the standardization of the industry; we attended industry forums and released industry initiatives; we also deepened industry exchanges and cooperation to promote industrial high-quality development.



In 2022, the Group formulated (amended) 55 national, industry and group standards, including 14 national ones and 15 industry ones. **CR Gas** shoulders the responsibility of drafting national standards and policy documents, including the Measures for the Administration of Gas Operation Licenses and the Counter-Terrorism Standards for City Gas. **CR Sanjiu** continuously promotes the formulation of new industry standards to improve the quality and efficiency of industry operations. It participated in the preparation of national standards such as Cefotaxime Sodium for Injection and local standards such as Silymarin Formula Granules, and jointly issued the group standard General Rules on Technical Practice for Cooking of Food Nutritious and Medicinal Meals with China Association Of Health-Protection Food. GB/T 23011-2022 Information Technology and Industrialization Integration Management System Digital Transformation Value Benefit Reference Model and GB/T 38664.4-2022 Information Technology Big Data Open Sharing of Government Data Part 4: Sharing Evaluation, compiled by experts selected by **CR Digital**, were formally released.

In 2022, **CR Snow Breweries** formulated (amended) 55 national, industry and group standards, including 14 national and 15 industry ones. As an industry leader, CR Snow Breweries, in cooperation with China Alcoholic Drinks Association, organized joint discussions with upstream and downstream enterprises of the industrial chain and scientific research institutes to solve the imported malt crisis and revitalize our domestic beer barley industry.

CR Vanguard participated in a wide range of industry exchanges to create an industry environment of resource sharing, complementary advantages and synergistic development. In 2022, **CR Vanguard** served in 37 national or regional associations related to retailing, chain stores, food and drug, and distribution, providing solutions for the development of the retail industry and facilitating the progress of the industry. **CR Pharma** maintained close communication with governments, institutions and universities, and participated in important industry forums to stimulate the endogenous momentum of industry development through cutting-edge theoretical studies and enhanced communication with research centers and institutions.

CR Sanjiu launched public welfare funds to build "Healthy China"

In 2014, CR Sanjiu and the Emergency Doctor Association of China Medical Doctor Association jointly launched "Peking Union Medical Foundation – Rui E Emergency Medicine Research Fund", the first open and charity research fund in the field of emergency medicine. Over the past nine years, Rui E Fund has supported 238 research projects, and has become the most influential charity fund in the field of emergency medicine. In 2019, CR Sanjiu exclusively contributed to establish the Wu Jieping Medical Foundation's Critical Care Runze Fund, which has supported 30 research projects over the past three years and made an important contribution to the subsequent clinical promotion and construction of the expert network.

More Efficient Industry-University-Research Platform

In 2022, we established 16 new scientific research platforms, including 1 national platform and 8 provincial and ministerial platforms, and undertook 8 new national scientific research projects, contributing to the solution of the "bottlenecks". We have sorted out and released the first version of key technology map, continued to enhance our independent innovation capability, and shared our innovation achievements with all parties by strengthening the construction of industry-university-research platforms.

China Resources Research Institute of Science and Technology continued to expand cooperation with external research and development institutions, and together with CR Sanjiu and Shenzhen Bay Laboratory, jointly built the CR Sanjiu- Shenzhen Bay Laboratory Research Center to explore the establishment of innovative drug research and development platforms; it jointly promoted the R&D cooperation between CR Jiangzhong and

Hong Kong Baptist University on the "Study on the Efficacy and Mechanism of Ginseng Lingzhao in the Treatment of Chronic Fatigue Syndrome of Long-term COVID-19"; it also reached systematic scientific research cooperation intentions with Tsinghua Shenzhen International Graduate School, Shenzhen University, Shenzhen Institute of Advanced Technology, Chinese Academy of Sciences and other universities and research institutes. China Resources - Research Institute of Tsinghua University in Shenzhen jointly set up the "Run UV" Intelligent Safety Laboratory with CR Power, which aims to promote the safe production of power generation enterprises with digital technology through the development of intelligent safety control and intelligent inspection. CRH's Carbon Neutrality Institute has successfully issued the Constitution of the CRH's Carbon Neutrality Institute, laying a foundation for promoting carbon neutrality technology research and development cooperation among business units.

Supporting Fair Trade and Promoting Sustainable Development

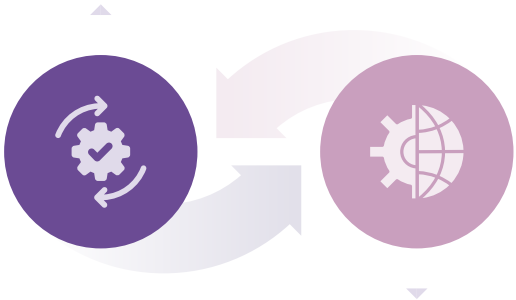
We treat all parties fairly, strictly comply with the Anti-Monopoly Law, the Anti-Unfair Competition Law and other laws and regulations in dealing with customers and suppliers, adhere to the principle of fair trade, and continuously strengthen our internal governance to support the rights and interests of all parties. In 2022, the Group implemented the "Transparent Procurement", with 100% of its suppliers signing the Transparency Declaration.

Carrying out the "Double Anti" Work to Create an Atmosphere of Fair Competition

We guided our units to compete and operate in compliance with the law. While conveying to the society the determination of compliance management of anti-monopoly and anti-unfair competition ("Double Anti"), we also called on the industry to jointly create a sound ecosystem for fair competition.

Promoting the "Double Anti" Work

We took "Double Anti" as one of our basic functions in legal compliance management. 2022 saw the promulgation and implementation of the new Anti-Monopoly Law, to which we attached great importance and organized studies by all our employees at all levels to raise their awareness of anti-monopoly. At the same time, we extended the supervision of fair competition from post-correction to pre-compliance, actively participated in the construction of a fair competition management system, and fostered and advocated a culture of fair competition. As one of the more than 30 sponsors, we participated in the formulation of the group standard for the Construction of Fair Competition Compliance Management System for Operators, endeavoring to find the "greatest common denominator" of fair competition compliance management for enterprises of different industries, ownership systems and scales.



Conducting Overseas Anti-Commercial Bribery Management

The Group promulgated and implemented the overseas anti-commercial bribery compliance management system and guidelines in 2021, and further promoted such compliance management in 2022. In 2022, the Group was uniformly responsible for the anti-commercial bribery compliance audits of overseas investment projects of its subsidiaries, and only those overseas investment projects that had passed the audits were allowed to enter into the relevant binding investment agreements. In addition, the Legal Compliance Department of the Group has also provided professional guidance in the overseas anti-commercial bribery compliance for units such as CR Ng Fung, CR Capital Mgmt and CR Mixc Lifestyle.

Strengthening Procurement Management and Supporting the Balanced Development of Partners

In 2022, the total procurement amount of 25 business units under the Group exceeded RMB 350 billion (excluding trade-based procurement). For the large-scale procurement of subsidiaries, we advocate a transparent and honest attitude towards procurement, emphasize on responsible procurement and strive to create a fair atmosphere.

In light of the tight global supply chain and unstable procurement environment in certain industries, we need to adopt more flexible and industry-compliant procurement strategies. Therefore, we revised and released our procurement management system in 2022, focusing on adjusting the hierarchical management model and dynamic supervision during the process. Our procurement management function also initiated the supervision and inspection of procurement, so as to respond to changes in the management environment with a more flexible procurement system.

On top of strengthening system construction, we integrated delegation and control, establishing a horizontal and vertical procurement management mechanism with the "Group Headquarters - Group Procurement Platform - Business Units" as the fulcrum. We built a unified Shouzheng Electronic Tendering and Procurement Platform ("Shouzheng Platform"), which is currently connected to the China Tendering and Bidding Public Service Platform and the procurement subsystem of the State-owned Capital and State-owned Enterprises Online Management System, so that all procurement was made through the Shouzheng Platform on a voluntary basis. In addition, the Group empowered the Shouzheng Platform to carry out real-time dynamic self-disciplinary supervision of transaction activities, and improved its supplier management credit system by restraining the behaviors of all parties involved in the transaction, including purchasers, suppliers, agents and partners, in order to improve procurement standardization, informatization and synergism and develop an integrated pattern.



CR Gas Carries out Anti-monopoly Risk Alert

Gas, as a livelihood industry, has a monopoly attribute due to the franchising model. In 2022, CR Gas issued risk alerts such as the Compliance Risk Alert Letter on Bundled Sales of Gas Insurance, Notice on Self-Investigation and Self-Correction of Illegal Charges, and Notice on Recent Anti-monopoly Penalty Cases and Reminder to Attach Great Importance to Anti-monopoly Compliance in terms of monopoly agreements, illegal charges, bundled sales, unreasonable pricing and other irregularities, requiring its subsidiaries to strengthen internal publicity and carry out self-investigation and self-correction.



► In 2023, the Group held an Intellectual Property Week under the theme of "Strengthening the Protection and Application of Intellectual Property Rights and Strongly Supporting the Group's Technology Innovation".

Respecting and Protecting Intellectual Property Rights

Protecting intellectual property rights and patents is the foundation for developing a century-old brand. In our daily work, we advocate for establishing and refining self-regulatory mechanisms for intellectual property rights, prohibit the use of unauthorized pictures, texts, trademarks, software, programs, source codes and others' intellectual property rights, and proactively purchase documents such as character and picture libraries for use in business activities.

We also improve our intellectual property protection system and combat infringement. In 2022, we held Intellectual Property Day to publicize and display the central government's policy requirements for intellectual property work, the "14th Five-Year" Intellectual Property Strategy of CRH and the Group's

intellectual property work, and create a cultural atmosphere of respect for intellectual property rights among all employees. Throughout the year, we filed 97 lawsuits and dealt with 256 infringing entities by ways of negotiation and complaint, with more than 3,300 entities units dealt with. Among them, "Sichuan Huarun Lighting Case" was selected as one of the top 50 typical cases of the Supreme Court in 2021, "Xianglong Mixc Case" was selected as one of the top 10 intellectual property cases of Shandong Court in 2021, and "Guizhou Huarunda Case" was selected as a typical intellectual property case for defending business environment of Guizhou High Court. We value the brand name of "China Resources", expand the protection scope for such brand name, and carry out daily monitoring of enterprises using such brand name in Hong Kong.

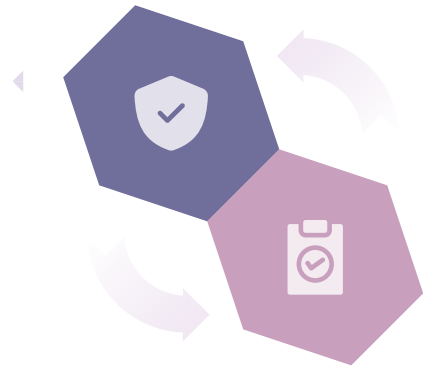
Focusing on Supply Chain Responsibility and Co-creating a Better Ecosystem

We absolutely do not merely aspire for the maximization of profits. In the management of supply chain, we hold the compliance with law as the precondition, and consider contributing to society in every detail, and serve the overall well-being of the supply chain.

Daily Management of the Supply Chain

Protection for the Rights and Interests of Suppliers

We have stipulated the rights and obligations of the platform and suppliers in the Registration Agreement of the Shouzheng Platform, and updated the Privacy Policy of the Shouzheng Platform based on the Personal Information Protection Law and relevant data and cyber security laws and regulations newly issued by the State, so as to explicitly inform the suppliers of the whole life cycle of their information flow and processing on the platform, and protect the suppliers' right to know. In specific scenarios, if it is necessary to obtain the information of suppliers, we will also separately apply for their authorization and consent. We continue to improve the mechanism for handling bid objections and complaints, and have set up a new complaint channel on the platform, where the Group's Legal Compliance Department accepts complaints on procurement business and legal compliance issues, so as to ensure that suppliers participate in the competition on an equal footing.



Supplier Review Process and Communication

The Shouzheng Platform has formulated standards for supplier management, stipulating supplier development, registration, access, selection, evaluation, elimination, dishonesty, and withdrawal. We are highly concerned about suppliers' integrity. For those with material misconducts, we have implemented joint disciplinary actions within the Group through the "blacklist management" and "joint disciplinary actions" mechanisms of the platform, and have clarified the time and scope of their disablement on a graded basis, so as to further regulate the self-discipline of suppliers. This further regulates the self-discipline of suppliers. The platform has also set up 24-hour intelligent online customer service and telephone customer service to ensure smooth communication channels for suppliers.

Supplier Access Review of CR Snow Breweries

CR Snow Breweries continued to conduct supplier quality audits. In 2022, it completed 275 such audits, identified 1,710 problems and pushed suppliers to make corrections to ensure food safety and hygiene.

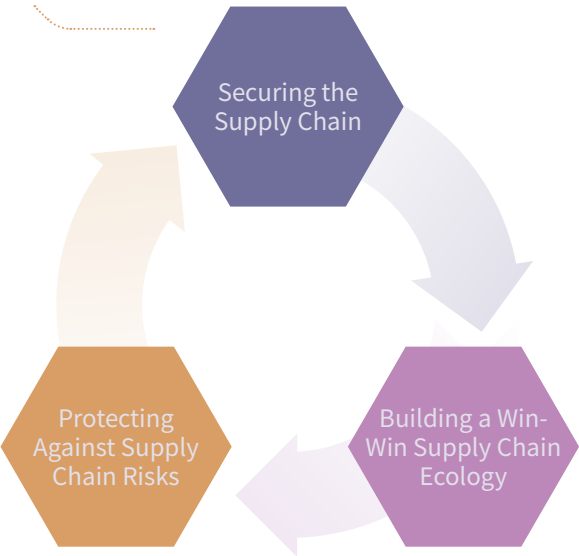
To fulfill CR Snow Breweries' commitment to social responsibility in supply chain management and strengthen the inspection and management of suppliers' environmental, social and governance work, CR Snow Breweries has specified environmental protection items in the selection and certification criteria for suppliers from 2020 onwards, which include emission permits; environmental assessment reports; quarterly environmental monitoring reports; and wastewater/gas treatment facilities. In addition, CR Snow Breweries requires all suppliers to sign a "Supplier Commitment", which covers the following requirements: efficient use of available resources and minimization of adverse impact on the environment during production and supply chain processes; promotion of responsibility for environmental protection and the development and promotion of eco-friendly technological applications; strict adherence to all applicable national laws and regulations; and the conduct of a supplier compliance knowledge test to emphasize their social responsibilities and obligations, such as cleanliness and self-discipline.

Maintaining the Security and Stability of the Supply Chain

Given the complex and grave international situation, we have guided enterprises to accelerate the building of a multi-center, multi-node parallel supply network, so as to maintain the security and stability of the supply chain.

To solve the "strangled" product technology, CR Boya-Bio formulated the "Procurement Program for Replacing Imported Materials with Domestic Alternatives", and now the imported double-layer PES cartridges and deep filter cartridges have been locally procured. Faced with the rapid rise in the price of imported barley caused by the Russian-Ukrainian war, Australian wheat anti-dumping and countervailing, and Canadian wheat production cuts, CR Beer opened up barley import channels, tried reserved Russian and Kazakhstani malt, and guided the procurement of domestic barley, hence maintaining the security of the supply chain through multiple channels.

CR Micro analyzed the procurement and supply risks such as sanction restrictions, single-source, safety stock, etc. Based on the quantity of materials and spare parts purchased from Wuxi and Chongqing plants, the company formulated procurement countermeasures, i.e., short-term delivery guarantees, medium-term locking and storage, and long-term domestic substitution, to enhance the resilience of the supply chain and improve its ability to prevent risks.



Facing the crisis of PV module price hike and supply cut-off, CR Power guided the upstream leading silicon enterprises to produce modules via OEM, which promoted reasonable competition among suppliers while guaranteeing supply. CR Gas and downstream suppliers jointly managed inventory, optimized and reduced the overall inventory in the supply chain, and revitalized the backlog of about RMB 70 million, building a sound ecology in the supply chain.

Conducting Supply Chain Audits

In 2022, we expanded the audit coverage of domestic and overseas procurement projects, and revealed the risks of supply chain in depth with greater procurement audit efforts. We continued to include engineering construction, marketing promotion, technology research and development, logistics and transportation into the scope of regular audit supervision, focusing on auditing procurement matters such as engineering construction under the integrated energy and urban construction and operation segments, commodities and marketing promotion under the consumer products segment, technology research and development and logistics services under the healthcare segment, system construction under the industrial finance segment, and engineering construction under the technology and emerging sectors segment, with a contract value of over RMB 180 billion. In 2022, we further explored the mechanism of auditing important projects led by members of the Group's leadership team to enhance subsidiaries' emphasis on audit results and rectification and better complete the transformation and application of the audit results. Throughout the year, the Group reviewed the procurement rectification of six units and issued a supervisory notice to one unit for inadequate rectification in procurement.

^^^ The Group's Audit Rectification for Procurement Management Achieved Remarkable Results

In 2022, the Group followed up on 46 procurement management problems, involving non-compliance in procurement methods, laxity in qualification examination and bid evaluation, and non-compliance in the approval of contract signing. It facilitated 14 units to improve their procurement management systems, promoted the use of the Shouzheng platform, increased the proportion of centralized procurement in the headquarters, and strengthened the grading management and dynamic assessment of suppliers. Some of the units involved in the clues of violations of laws and regulations were transferred to disciplinary inspection and accountability institutions, and 22 relevant responsible individuals were held accountable and dealt with. CR Jiangzhong and CR Healthcare saved about RMB 17.47 million in procurement costs during the year by increasing the proportion of centralized procurement.

Facilitating Suppliers' Growth

Conduct Training to Empower Suppliers

In 2022, in order to help suppliers familiarize themselves with the functions and operation of the Shouzheng Platform and improve the success rate of quotations, the Shouzheng Platform organized four operation training, with more than 5,000 participants. In addition, the platform also set up a help center with special areas for process guidelines, platform manuals, tool downloading and operation videos to provide suppliers with all-round assistance. Among the Group's subsidiaries, **CR C'estbon** conducted six supplier exchange training sessions throughout the year, covering more than 900 people, with the supplier assessment rate hitting a record high of 96.67% and the quality pass rate reaching 99.74%. **CR Land** developed the "peer partner" course system, cultivated "CRH" project managers on a regular basis, and provided EHS training and quality training for key positions of relevant parties. In 2022, CR Land achieved a 77% supplier training rate. **CR Beer** emphasizes the comprehensive operation ability of small and medium-sized distributors, and has assisted them in upgrading their management by assessing their five dimensions, namely, sales, warehouse and logistics, finance, personnel and company management, customizing special enhancement plans, and organizing training such as the Huojianqiang Project, the Sailing Plan and the Channel Partners Empowerment Conference.

Alleviating Difficulties Through Various Measures to Facilitate Suppliers' Development

In order to alleviate SMEs' difficulties and reduce bidders' bidding costs, **the Shouzheng Platform** has innovatively provided procurement supply chain financial services. In July 2022, it formally launched the Electronic Bid Guarantee. In the past 9 months since its launch, more than 2,900 electronic bid guarantees have been issued for suppliers through Run Guarantee. Such electronic bid guarantees have substituted for cash deposits by more than RMB 860 million, which effectively solved the difficulties of SMEs in obtaining credits, financing and guarantee.

CR Enterprise has formulated the Task List of CR Enterprise to Alleviate SMEs' Difficulties and Promote their Synergistic Development, which encourages all units to purchase high-quality products and services from SMEs during their procurement activities, and urges them not to set unreasonable conditions to restrict or exclude the participation of SMEs.



Enhancing Media Relations and Reinforcing Public Communication

Consolidating Basic Management to Enhance Brand Influence

In 2022, we unveiled systems such as the Measures for the Management of Brand Building of China Resources Group and the Measures for the Management of New Media of China Resources Group (2022 Edition), identifying and avoiding brand risks and regulating brand expression. We carried out special inspection and research on the Group's brand management and corporate image to understand the current situation of brand building at the front line, and put forward management suggestions on the problems identified, so as to penetrate brand management into grassroots enterprises. We aimed to maintain consistency in the exposure of corporate image, and the department responsible for the brand management function of the Group unanimously validated the brand management system and visual identification system of the subsidiaries. We also carried out centralized governance of new media platforms to enhance the Group's new media operations. By strengthening the basic construction of brand management, we have gradually enhanced the influence of the "China Resources" brand.

Strengthening Positive Communication to Enhance Public Perception

We maintain regular communication with central media, mainstream media, financial media, professional media and We Media, and carry out a series of publicity reports on various news platforms to enhance the public's perception of the "China Resources" brand while increasing its influence. In 2022, the Group released a new image poster titled with "We are a company, but also a kind of companionship", further explaining the brand proposition of "What a Wonderful Life".

Planning a Series of Thematic Activities to Convey CRH's Care

On the occasion of the 25th anniversary of Hong Kong's return to China, the Group planned a series of features, with a cumulative broadcast volume of nearly 700,000 times; and became the chief sponsor of People's Daily's documentary "Hello, Hong Kong" and TVB's "Walking with the Motherland" on the celebration of the return of Hong Kong, showcasing CRH's sentiments and commitment to growing up with Hong Kong and gaining enthusiastic response from Hong Kong citizens. During the Chinese New Year in 2023, we also planned a series of features that align with the year-end and Spring Festival through online and offline channels to encourage the public to move forward in the coming year and effectively extend CRH's care to all sectors of the community.

Planning Interviews with Senior Executives to Demonstrate CRH's Spirit

In July 2022, People's Daily published a front-page article entitled "China Resources Group: Striving to Show Greater Performance in Integrating into the New Development Pattern". At different points in time, we planned a series of interviews with senior executives, including an interview with Chairman Wang Xiangming by China Entrepreneur, a signed article by the Chairman of the Group published in Bauhinia Magazine and China SOE Management, as well as a "General Knowledge Course on Central Enterprises" given by the Chairman of the Group, in a bid to demonstrate CRH's spirit to the community.



Strengthening Public Opinion Management to Enhance Corporate Risk Control

We have been collecting negative information through our public opinion monitoring system, analyzing CRH's shortcomings in fulfilling its responsibilities, turning them into core social responsibility issues and including them as priorities for improvement. In 2022, the Group held a meeting on the management of online public opinion, and issued a series of documents, including the Circular on Increasing the Attention to Public Opinion and Improving the Management of Public Opinion, the Circular on the Self-inspection and Rectification of Online Public Opinion Management and the Circular on Strictly Controlling the Caliber and Tone of External Communications, to comprehensively identify the risks. For the year, the number of articles regarding information related to the Group on



the domestic and international information platforms was approximately 1,116,000, representing an increase of 36.0% as compared with 821,000 articles last year. Among them, there were 15,000 negative articles, representing a decrease of approximately 50% as compared with 34,000 articles last year, and their proportion decreased to 1.4% as compared with 4.2% last year. In contrast to the short-term adverse impact caused by individual negative public opinion incidents, the sporadic complaint information and violation notifications in daily life have generated a "long-tail" effect on the Group. We have made operation compliance, safety risk control and emergency response a key focus of the Group in risk control to effectively enhance our risk control capability.

Sponsoring Hong Kong Programs to Amplify CRH's Voice

Through multi-format and multi-angle sponsorship of programs that Hong Kong citizens love, want and can easily watch, we strived to transmit the stories of CRH's endeavors in the new era and enhance our communications in Hong Kong. In 2022, we strengthened our cooperation with Television Broadcasts Limited (TVB) by sponsoring a series of programs on the 2022 Beijing Winter Olympics as well as A Treasure Trove, the sister program of No Poverty Land. The program incorporated the co-processing of urban and rural domestic waste by CR Binyang Cement Kilns, demonstrating CRH's efforts to protect the environment, and recorded 9 million views. IFENG Focus sponsored by the Group significantly increased our exposure and effectively communicated CRH's brand story.

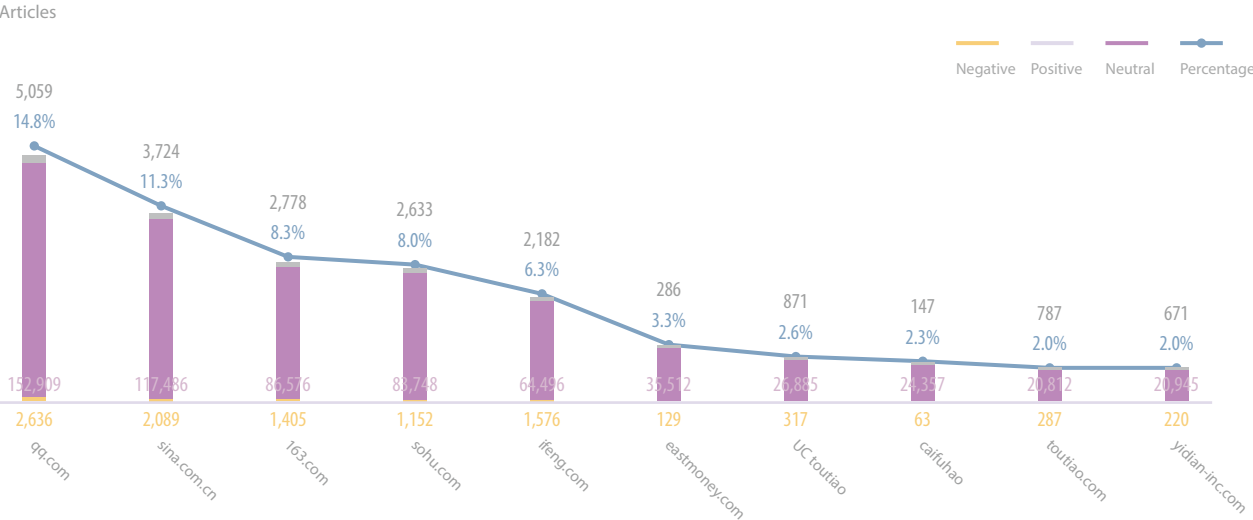


CR Snow Breweries Liaocheng Company was Fined RMB 240,000 for Excessive Emissions

In April 2022, Liaocheng Municipal Ecology and Environment Bureau released Liao Huan Fa [2022] No. 001 administrative penalty decision on its official website, stating that CR Snow Breweries Liaocheng Company was fined RMB 240,000 on the grounds that its wastewater Chemical Oxygen Demand (COD) exceeded the standard limit. According to the relevant circular, CR Snow Breweries Liaocheng Company filed a complaint against the penalty on the grounds that "high-concentration organic wastewater can be 'turned into treasure' ... discharged wastewater exceeding the standard is occasional ... As it is a listed company of the central enterprise, any penalty will seriously affect the operation of the Group, and there has never been the case that discharged wastewater exceeded the standard over the past decade and this is the first offence. It hereby applies for exemption from penalty or mitigation of penalty". Liaocheng Municipal Ecology and Environment Bureau rejected it after consideration.

Relevant circular has been republished for 1,873 times by chinanews.com.cn, finance.ce.cn, China.com.cn, caijing.com.cn, nbd.com.cn, gzdaily.dayoo.com, sznews.com, zzwz.zynews.cn and other media and We Media, and Weibo hashtag #CR Snow Breweries was fined RMB 240,000 for its sewage discharge exceeding the standard limit # once made the top of the hot search list. The incident was originally an ordinary notification of administrative penalty, but due to the improper expression in the complaint material disclosed by CR Snow Breweries Liaocheng Company, it was interpreted and questioned by the media. Instead of calming down, the negative public opinion continued to ferment. The Group promptly assisted CR Snow Breweries in conducting public opinion research and judgment and providing guidance on response, and the favor of public opinion quickly subsided.

Distribution of Information Sources of CRH in 2022



Source: CNS Public Opinion Monitoring and Analysis Office as of January 2023

Utilizing Communication Platforms to Tell CRH's Stories

In terms of new media publicity, the Group and its subsidiaries opened more than 1,500 accounts on domestic and overseas new media platforms to convey a good corporate image around business dynamics, product information, brand marketing, corporate culture and social responsibility, with an annual reading volume of more than 100 million across all platforms. In 2022, the Group's official new media platforms such as CRH official WeChat account, video account, Instagram and Facebook strengthened planning and innovated in forms for the 20th CPC National Congress, the 25th anniversary of Hong Kong's return to China, high-level training, rural revitalization, earthquake relief efforts and other themes, which received sustained coverage by mainstream media both at home and abroad, and established a responsible image. In 2022, the total reading volume of CRH official WeChat account exceeded 3.4 million times, the annual broadcast volume of its official video account exceeded 2 million, its posts on Instagram exceeded 490, the total number of people covered was nearly 24.4 million and the total number of fans on its Facebook account reached 150,000. Through all of these efforts, we have disseminated CRH's stories to the international and domestic communities, and further strengthened our influence and reputation.

Commitment and Performance

Commitment Made in 2022

Promote the collaborative development of key regions, further enhance the functions of the information platforms in key regions and improve the regional synergistic mechanism in conjunction with the Group's strategic layout in Beijing-Tianjin-Hebei Region, Yangtze River Delta Region, the Greater Bay Area and Chengdu-Chongqing Economic Circle, so as to safeguard the efficient implementation of regional strategies.

Accelerate the construction of national research platform and strive to establish national key laboratories.

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.

Increase centralized procurement efforts to prevent commercial corruption in procurement, and to strengthen supply chain management and grow together with supply chain partners.

Strengthen the guidance for public opinion, and continue to consolidate and enhance the corporate image through brand management.

Commitment Performed in 2022

The Group continued to strengthen central-local cooperation and signed 17 central-local strategic cooperation agreements throughout the year, including 7 provincial-level and 10 municipal-level ones. The 6+1 regional working group set up by the Group has made every effort to promote the implementation of key work in the region. The revenue from the six key regions accounted for 69.9% of the Group's revenue.

The Group established 16 new scientific research platforms, including 1 national, 8 provincial and ministerial platforms, and 13 post-doctoral scientific research stations, undertook 8 new national scientific research projects, sorted out and released the first version of key technology map, and continued to enhance its independent innovation capability.

The Group newly launched 74 key projects, including 8 national, 12 provincial and ministerial ones; issued four systems, including the Implementation Measures for the Transformation of Scientific and Technological Achievements, initially completing CRH's technology innovation system; issued the Articles of Association of Science and Technology of the Group, improving the organizational system of the Association; and carried out the selection of Technology Innovation Achievement Award for 6 consecutive years, stimulating the enthusiasm for innovation and accelerating transformation of achievements.

In 2022, the Group's average centralized procurement rate was 78.32%, the open procurement rate was 75.26%, and the e-tendering rate was 92.38%; the Group completed the monthly self-inspection and self-correction for risk prevention in bidding procurement, followed up on special rectification of rent-seeking and rent-setting, and urged secondary enterprises to use the Shouzheng Platform to cut off the chain of benefit transfer at the source; each unit carried out various supplier training and assistance initiatives.

The Group's units have opened more than 1,500 accounts on domestic and overseas new media platforms, conveying a good corporate image around business dynamics, product information, brand marketing, corporate culture and social responsibility, with an annual reading volume of more than 100 million across all platforms. Through establishing and improving the system, and planning a series of interviews, the Group pays prudent attention to public opinion information and continuously strengthens public communication.

Commitment Made in 2023

Strengthen the Group's strategic synergy and regional development information base to collect policy information on regional development, reflect local investment and operation, assess the regional investment environment, track the implementation of strategic cooperation agreements, and share resources and project information.

Step up efforts to build industry-university-research platforms, facilitate the progress of R&D of key projects, fight the battle of key core technologies, and promote the transformation and utilization of more R&D results.

Strictly comply with the Anti-Monopoly Law and the Anti-unfair Competition Law, continuously strengthen internal governance and support the rights and interests of all parties; continue to sign the Transparency Declaration, implement responsible procurement, regulate the integrity of the procurement business and promote fair trade.

Actively respond to the complex international situation and accurately study the procurement environment to ensure balanced supply and reliable quality; strengthen the daily management of the supply chain; provide more support for small and medium-sized suppliers and distributors to facilitate the win-win situation among partners.

Strengthen public opinion management and continuously improve the professional ability of the publicity team; standardize the Group's brand building and tell CRH's stories from multiple platforms, angles and facets to enhance the influence and reputation of the "China Resources" brand.



Public Responsibility

— More Than Just a Companion:
The Power of Positive Change

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Scan the QR Code
to view CRH's public responsibility
through the VR technology

Guarding the "Food Supply" for Hong Kong Citizens



Dai He'en

Deputy General Manager of CR Ng Fung Hong Kong Division and General Manager of Sheung Shui Slaughterhouse

Sheung Shui Slaughterhouse, as an integral part of CR Ng Fung and a crucial entity representing CRH in Hong Kong, holds significant relevance to the lives of the local populace and garners considerable attention from various sectors within society. Dai He'en, Deputy General Manager of CR Ng Fung Hong Kong Division and General Manager of Sheung Shui Slaughterhouse, checks the sales volume and selling price of fresh food supplied to Hong Kong every day. In his view, this data matters for the operation of the company as well as the food supply for Hong Kong citizens.

Hong Kong is a densely populated city with a shortage of resources. For a long time, the 7.1 million Hong Kong residents have been relying on the Mainland for the supply of basic necessities such as vegetables, meat, and poultry. Since 1962, CR Ng Fung and its predecessor "Ng Fung Hong", where Dai He'en worked, have been undertaking the task of supplying fresh and frozen food from the Mainland to Hong Kong. The historical "three express trains", which have been running for decades without interruption, have ensured a stable supply to the Hong Kong market.

Dai He'en recognizes that deeply engaging in the livelihood sector in Hong Kong is a fundamental pillar for the development of CR Ng Fung. "Once we joined, we were taught to take keeping the food supply stability of Hong Kong as a mission," he explained. In 1996, Dai He'en, aged 34, joined "Ng Fung Hong" in Hong Kong. Shortly after his joining, he was fortunate enough to witness the historic moment of Hong Kong's return to the motherland in 1997, and participated in many celebrations organized by local chambers of commerce and organizations. "At that time, I could strongly feel that all sectors of the Hong Kong community were looking forward to the return of Hong Kong to the motherland," he added.

Throughout the years, Dai He'en has held various roles within the company, starting as a grassroots salesman and eventually ascending to management. This journey has granted him firsthand experience in every facet of food distribution to Hong Kong, allowing him to witness the deep affection the Mainland holds for compatriots in Hong Kong. Given that the sources of foodstuffs supplied to Hong Kong are dispersed across numerous regions in the country, ensuring a consistent year-round supply poses a considerable challenge. He explained, "In the event of natural disasters and other special circumstances in the Mainland, such as the snowstorm in the South in 2008, the supply will be greatly affected. In times like those, we have to go to the source and help set up green transportation channels." Whenever the supply of foodstuffs to Hong Kong encountered major difficulties, the relevant departments of the central government and local governments have coordinated to resolve the issues, with the central government providing protection where required.

In early 2022, the fifth wave of the COVID-19 pandemic in Hong Kong led to the temporary suspension of operations at Sheung Shui Slaughterhouse, significantly impacting the supply of fresh

meat to the local market. To stabilize the livelihood market and immediately address the situation, the Group swiftly established a leadership and coordination mechanism to support Hong Kong, which was activated quickly. The leadership and coordination team comprised 38 skilled slaughtering professionals from various locations, who ensured the food supply to Hong Kong remained uninterrupted.

"It took only one week for the task force to arrive in Hong Kong," Dai He'en said. Its members came from all over the country and the branches they worked at deployed their best manpower to support such assistance. "The task force worked in Hong Kong for two months. During this period, they ensured the normal production and operation of Sheung Shui Slaughterhouse, protected the normal supply of fresh meat to the Hong Kong market, and met the life needs of Hong Kong citizens," Dai He'en explained.

Hu Changhang, a 26-year-old employee of China Resources Ng Fung Shanghai Food Co., Ltd., joined the company in April 2021, taking on the responsibilities of slaughtering and modified atmosphere packaging. When he learned about the opportunity to assist in the company's relief efforts in February 2022, this determined young man from Jiangxi promptly applied. "The company seeks capable, responsible, and diligent employees and manages them in a meticulous manner," Hu Changhang expressed. Meeting all of these criteria, he confidently fulfilled the assigned tasks with both quality and quantity.

Before departure, the task force members collectively studied the basic laws of Hong Kong and developed a basic understanding of Sheung Shui Slaughterhouse. "After arriving in Hong Kong on 2 March, we immediately began to familiarize ourselves with the operation of new machinery and equipment, and learn the safety requirements," Hu Changhang said. "In the early hours of 8 March, we started work without a moment's delay."

Upon joining the task force, Hu Changhang experienced a fast-paced environment, high standards, tight deadlines, and immense



CR Ng Fung's task force entered Sheung Shui Slaughterhouse for production.

pressure. He learned that Hong Kong citizens have stringent demands for food quality, and pork must be sold on the same day it is slaughtered, necessitating night-time operations at the slaughterhouses. Furthermore, there are variations in eating habits, such as the avoidance of animal offal by Hong Kong citizens. Consequently, special precautions were taken to handle offal carefully, ensuring it did not come into contact with fresh pork to avoid any contamination.

One of the major challenges Hu Changhang faced was going from day shift to the night shift. He admits that it was difficult to get used to at first: "We usually start at midnight and work until 7 a.m. My biggest challenge is to adjust my biological clock as soon as possible so that I can rest well during the day and work efficiently at night."

As Dai He'en said, to successfully complete the task, they implemented local and closed-loop management of employees from the residence to the factory, and also set the "double-zero targets", that is, to ensure "zero infection and zero work-related injuries" among employees supporting Hong Kong. Fixed vehicles and drivers were arranged to transport employees from hotels to work sites, maintaining ongoing sanitization of both individuals and objects. The working area was subjected to closed management, with meticulous records maintained for vehicle and personnel access control. Strict monitoring of personnel temperature upon entering the premises was conducted, and additional provisions such as temporary special channels, dressing rooms, rest areas, restrooms, and isolation rooms were set up. Moreover, employees were offered online psychological counseling through the Group's "e-Runxinfang" platform, providing a means to alleviate stress and seek support.

Hu Changhang vividly remembered the first gift package he got when he arrived at work, which included Yunnan Baiyao spray. "The muscles in your hands will be sore at every point of force if you are engaged in long hours of intense physical labor on assembly line machines. Therefore, the sprays prepared by colleagues in the Logistics Department were helpful enough to relieve pain and reduce the risk of injuries."

What impressed him most was that on the day of his arrival, the Hong Kong citizens stretched red banners on the roadside to welcome the team, and the leaders of Hong Kong's Food and Environmental Hygiene Department came to offer their support and send N95 masks, face masks, disinfectant spray, and other supplies. These heart-warming scenes have warmed the hearts of Hu Changhang and his teammates, giving them a lot of energy.

Since the launch of CR Ng Fung's task force to support Hong Kong, the Hong Kong community has maintained a high degree of concern for the task force. Hong Kong's media have also conducted publicity reports on the task force, which fully recognized its contribution to the supply of Hong Kong's fresh and live food. They believe that this reflects the Central Government's

strong support for the HKSAR Government and its care for Hong Kong citizens.

Dai He'en recalled that Sheung Shui Slaughterhouse had resumed full-scale operations since the early hours of 8 March, and the supply of fresh meat to the Hong Kong market had remained consistent with the levels before the pandemic. As of 28 April, the task force has supported Hong Kong for 58 days. During this period, it slaughtered 66,344 live pigs, accounting for about 40% of the total fresh meat supply in Hong Kong, and assisted in slaughtering 1,677 live cattle. Through these efforts, the task force safeguarded the supply of fresh meat to the Hong Kong market, maintained social stability and people's well-being in Hong Kong, and accomplished the task with "zero infection and zero injury" for all workers.

It is the mission and responsibility of CRH to "be rooted in Hong Kong, rely on the Mainland, open up to the world, promote the integration of Hong Kong and the Mainland, and maintain the long-term prosperity and stability of Hong Kong". In this regard, Dai He'en has a deep sense of identity. He said, during his 27 years of work in Hong Kong, regardless of his changing roles and work environments, he has always regarded maintaining Hong Kong's economic prosperity and social stability and protecting the community's livelihood demands as his goal. "In this new era, it is even more important for us to guard the 'food supply' of Hong Kong citizens and work together to love and build this wonderful city," Dai He'en said.

As of 28 April, the task force has supported Hong Kong for

58
days

Slaughtering a total of

66,344
live pigs

Slaughtering capacity accounted for about

40
% of the total fresh meat supply in Hong Kong

Assisted in slaughtering a total of

1,677
live cattle

Concept and Vision

As we strive to promote the prosperity of Hong Kong, we also dedicate ourselves to revitalizing the countryside. Our care extends to all individuals connected to CRH, regardless of their proximity to us. Embracing the mission of "Leading the business progress and building a better life together", we attentively listen to the aspirations of the public, actively engage in community building, explore innovative approaches to reward sharing, address public concerns, and harness the transformative power of positive change to drive societal development.

SDGs Responses



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

Results

Total donations of the Group

2020 | RMB **234,082,300**
2021 | RMB **146,631,500**

2022
RMB **275,768,600**

Funding for safety in 2022

RMB **1,914** million

2021 | RMB **1,779** million
2020 | RMB **1,305** million



Safety training • Employee training

2020 | **5,557,400** persons per hour
2021 | **5,837,300** persons per hour

2022
5,395,400 persons per hour

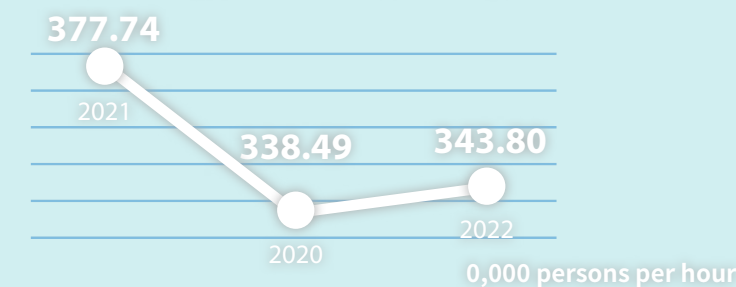
Funding for rural revitalization in 2022

RMB **239,858,200**

2021 | RMB **108,304,500**
2020 | RMB **234,082,300**



Safety training • Relevant party training



2021 | **37,675**
2020 | **35,202**

Emergency drills in 2022

38,997

Fatality rate per 1,000 employees in 2022

0.0027 ‰
2022 | **0.0027** ‰
2021 | **0.0024** ‰
2020 | **0.0027** ‰

Loving Hong Kong and Supporting its Development

2022 marks the 25th anniversary of Hong Kong's return to the motherland, and our story with Hong Kong began in 1938. Looking back on more than 80 years, we have been deeply involved in people's lives and accompanied them in their daily lives. In this special year, we endeavored to create a beautiful story of mutual support with Hong Kong.

Investing in Business to Facilitate Hong Kong's Economic Development

Over the past few years, the market environment in Hong Kong has been extremely difficult under the impact of multiple factors. As a central enterprise rooted in Hong Kong, we have promoted major projects in Hong Kong to boost market confidence. As the main platform of the Group's business in Hong Kong, CR Enterprise has promoted the acquisition of projects on warehouse, logistics, livelihood and products, and the development of technology industries; CR Land has signed strategic cooperation agreements with four leading real estate companies in Hong Kong, and applied for membership in the Real Estate Developers Association of Hong Kong, so as to comprehensively enhance the development intensity of projects in Hong Kong; CR Capital Mgmt has successfully acquired City'Super, a well-known high-end supermarket retailer in Hong Kong. As of the end of 2022, the Group's assets in Hong Kong have increased to RMB 86.4 billion and the number of employees in Hong Kong has reached 12,568, both reached the target of doubling.

CR Enterprise

signed cooperation agreements with universities such as the Chinese University of Hong Kong, City University of Hong Kong and Baptist University, and Hong Kong Science and Technology Parks in relation to setting up a technology investment platform in Hong Kong to accelerate the transformation of technology achievements in the frontier areas of life science and health, biomedicine and materials science;

China Resources Enterprise Property Investment Company Limited

signed a contract to acquire the Wan Tau Tong Square shopping mall project in Tai Po for a consideration of HK\$1.36 billion;

CR Logistics

acquired East Asia Yarn Factory Industrial Building in Tuen Mun and Veng Lai Lung Center in Fanling within the planning area of the Northern Metro Area of Hong Kong for a consideration of HK\$2.94 billion, and acquired two warehouses in Shatin and Chai Wan under Kerry Properties for a consideration of HK\$4.62 billion;

CR Property

signed a sale and purchase agreement with Synergis Holdings Limited to acquire its property and facility management business for a consideration of HK\$540 million, significantly enhancing the scale and influence of its property management business in Hong Kong; signed a merger and acquisition agreement for a leading property management project in Hong Kong, serving more than 200,000 grassroots citizens in Hong Kong.



CR Ng Fung's task force for supporting Hong Kong and ensuring supplies was going through customs to Hong Kong.

Strengthening Exchanges to Support the Administration of the Hong Kong Government

Chairman Wang Xiangming conducted 25 internal and external surveys in the HKSAR Government, political groups and associations, the business sector, universities and research institutes, and visited a number of Hong Kong's key figures to discuss the steady and sustained execution of "one country, two systems" and build a better tomorrow for Hong Kong. In Hong Kong, we have resolutely implemented the requirement of "patriots governing Hong Kong", and have built a strong framework of cadres for the participation in the deliberation and administration of state affairs by showing concern in ideology, trust in politics and support in resources. In the 2022 elections of the Election Committee and the Legislative Council of the HKSAR Government, many of our employees were elected, making a historic breakthrough in CRH's participation in the deliberation and administration of Hong Kong's affairs.

Ensuring Supply and Stabilizing Prices to Safeguard Hong Kong's Livelihood Needs

During the fifth wave of the pandemic in Hong Kong in 2022, we quickly set up the "Material Security Center of the Central Government's Support Project for Hong Kong", and pushed our Hong Kong units to protect the supply of materials and food in Hong Kong, ensuring that the supply of basic necessities was sufficient, prices did not rise, and venues did not close. CR Ng Fung set up a "task force to assist Hong Kong", supporting the supply of 70% of the fresh meat in the Hong Kong market. CR Cement participated in the construction of quarantine facilities and the cabin hospital project, solving the problems of raw material supply and transportation. CR Vanguard, CR Care, CR Logistics and other units in Hong Kong did everything possible to ensure supply and stabilize prices. The Group and its subsidiaries donated materials worth more than HK\$11.61 million to various sectors in Hong Kong to meet the needs of the Hong Kong community.

Developing Talents to Contribute to the Development of Young People in Hong Kong

We care about the development of young people in Hong Kong, and have proactively helped resolving young people's problems in "education, employment, entrepreneurship and home ownership". In 2022, the Group set up the Hong Kong Spring Bamboo Shoots Youth Fellowship Branch, organized numerous youth sharing sessions, took the initiative to participate in Hong Kong talent programs such as the "Greater Bay Area Youth Employment Scheme" and "Sailing Program", and carried out internship programs such as the "Hong Kong Youth Vocational Training and Equipment Experience Program" and the "Youth Pre-employment Training Program" to further strengthen the vocational training for young students in Hong Kong.

Carrying out Innovative Public Welfare Services to Drive Community Services in Hong Kong

We actively fulfilled our social responsibilities in Hong Kong by launching volunteer initiatives and promoting services in the community. Throughout the year, we conducted 95 community activities, benefiting the elderly, grassroots, schoolchildren and other disadvantaged groups. CR Property built the "Love Together" community service platform and set up 200 community service points to provide public welfare services such as household cleaning and maintenance. During the fifth wave of the pandemic in Hong Kong, the Group's business units in Hong Kong mobilized their employees to participate in volunteer work to combat the pandemic, with a total of more than 20 volunteer activities, 483 volunteers and 2,214 hours of service. The Smart & Information Technology Department of CRH, together with the Mass Work Department, set up the "China Resources Digital Intelligence Volunteer Team" in collaboration with its enterprises in Hong Kong, which provided such services as computer donations, computer testing, hazard detection, troubleshooting and operating guidelines to communities, schools, and other organizations and individuals in need, in a bid to provide more support to grassroots families in Hong Kong and facilitate the growth of Hong Kong's young people.

On 22 April 2023, Mr. John Lee Ka-chiu, the Chief Executive of Hong Kong, led a delegation of the HKSAR Government and the Legislative Council for the Greater Bay Area to visit Shenzhen. During the visit, the Chief Executive exchanged views with Max (right of Lee) and Lokyi (left of Lee), two Hong Kong youths from the winning team of the first phase of CR Enterprise's "Pursuing Dreams" project, and cheered them on.

CR Enterprise Stepped up Efforts on the "Education, Employment and Entrepreneurship" of Young People in Hong Kong

CR Enterprise further strengthened its responsibility fulfilment system for "education, employment and entrepreneurship" and created three major brand projects, namely "Creating Dreams with One Heart", "Equipping for Career and Learning" and "Pursuing Dreams". The "Creating Dreams with One Heart" project brought children in Hong Kong to appreciate the 5,000 years of Chinese culture, and cultivate their love for their families and country; the "Equipping for Career and Learning" project broadened the horizons of grassroots young people and equipped themselves in advance; the "Pursuing Dreams" project helped two Hong Kong entrepreneurial youth teams settle in Qianhai, Shenzhen, and open the coffee shop of their dreams.

In 2022, the "Creating Dreams with One Heart" drawing competition received more than 3,000 entries from 300 primary and secondary schools; the "Celebrating Hong Kong's Return - Starting a New Chapter" photo exhibition covered 30 primary and secondary schools and was viewed by 27,000 teachers and students; the "Vocational Learning Equipment" project successfully matched 66 young people for short-term internships at CRH; and the first phase of the "Pursuing Dreams" Innovation and Entrepreneurship Training Project incubated two specialty coffee shops jointly developed by Hong Kong youths and Pacific Coffee, and the second phase of the project is in progress.



Coordinating Public Welfare Resources and Being an Excellent Corporate Citizen

We insist on giving back to the society in multiple ways. In 2022, the Group donated more than RMB 275 million in areas of disaster relief, rural revitalization, medical assistance, student sponsorship, assistance to the disabled and environmental protection, focusing on supporting the post-disaster reconstruction of major natural disasters such as the Luding Earthquake in Ganzi Prefecture of Sichuan Province and the hill fire in Chongqing, as well as construction in rural revitalization.

Doing the "Right Thing" and Completing Support Activities

In 2002, we first received the paired assistance task and entered into a friendship with Guangchang County; in 2012, we were delegated to assist Haiyuan County in Ningxia; and in 2021, we formally stepped into the ranks of "2+1", and started to provide paired assistance to Qingliu County in Fujian Province on the basis of our paired assistance to Guangchang and Haiyuan Counties. Such assistance is an earnest request, but also an honorable mission. In 2022, taking "investment support and industrial cooperation, supplemented by benevolent assistance and social donation" as our new working concept, we, based on CRH's advantages in industrial resources, helped the counties under our paired assistance cultivate and develop advantageous industries by identifying their characteristic resources, solving their "blood-making" problem, enhancing their endogenous development power, and then driving rural revitalization in all aspects.

Paired Assistance for Guangchang County

In 2022, we invested RMB 13,196,000 in Guangchang County for non-reimbursable assistance and RMB 2,216,000 for reimbursable assistance, introduced RMB 3,000,000 for reimbursable assistance, and attracted RMB 72,588,100 for investment.



Revitalization of industries

We supported the development of industries such as white lotus, Chinese herbal medicine and new materials in Guangchang. We provided consumption assistance to help sell white lotus, tea tree mushrooms and other special agricultural products amounting to RMB12 million in 2022; CR Power invested in photovoltaic power generation projects in Guangchang County with an investment amount of about RMB1.2 billion; and CR Chem-Mat prioritized the supply of 292.6 tons of polyester bottles and chips to Changsheng New Materials in Guangchang County in the premise of raw materials in short supply to help the development of its new material leading enterprise.

Revitalization of talents

We helped Guangchang County complete the training of 32 grassroots cadres and 50 technicians.

Revitalization of culture

We donated RMB 500,000 to Guangchang County for the conservation and inheritance of "Meng Opera", and RMB 1 million to support Guangchang County to hold the "China Resources - Guangchang Rural Revitalization Cup" National Youth Football Invitation Tournament.

Revitalization of ecology

We donated RMB 10.65 million to build the "China Resources Hope Village" project.



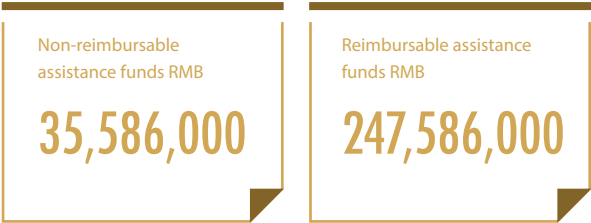
CR Vanguard Helped Sell White Lotus in Guangchang under the Rural Renewal Program.

China Resources Group Supported the Response to Luding Earthquake in Ganzi Prefecture

At 12:52 on 5 September 2022, the 6.8 magnitude earthquake in Luding County, Ganzi Prefecture, Sichuan Province touched the hearts of people all over the country. We responded swiftly and took practical actions to participate in the important task of epidemic prevention and supply assurance and earthquake relief. On the next day after the disaster, the Group donated RMB 50 million to Sichuan Charity Federation through CR Charitable Fund to support earthquake relief and post-disaster reconstruction in the earthquake-stricken areas. CR C'estbon quickly launched the "Disaster Relief Rapid Response Mechanism", transforming its sales network into a network for supplying relief materials to quickly meet the needs of the local government, with tents, umbrellas and 2,000 boxes of C'estbon water sent to the Luding earthquake-stricken area in a rapid manner. CR Power Sichuan Company organized the project personnel in the vicinity to quickly carry out the examination of damage to structures while preventing landslides. The power stations in Sichuan generated 1.24 million kWh of electricity throughout the day, providing a safe and reliable power supply for disaster relief. CR Gas set up a special team, focusing on checking the gas pipeline network, storage and distribution stations, gas refueling stations and other facilities and equipment and monitoring the gas operating pressure, and sent more than 280,000 reminders on gas facilities self-inspection and post-earthquake safety and protection to gas users to ensure a safe and smooth supply of gas to the gas supply area. CR Pharma Comm issued an initiative letter to the third-party logistics partners to distribute medicines in emergency and make concerted efforts to ensure the supply of medicines and equipment in Sichuan, so as to ensure the efficient operation of the medical industry. More than 900,000 boxes of medicines for emergency were distributed, and 2,391 pieces of medical equipment were shipped out of its warehouses in Sichuan.

Paired Assistance for Haiyuan County

In 2022, we invested RMB 35,586,000 in Haiyuan County for non-reimbursable assistance and RMB 247,586,000 for reimbursable assistance, introduced RMB 3 million for reimbursable assistance, and attracted RMB 8.24 million for investment.



Revitalization of industries

We focused on supporting the construction of beef cattle breeding, clean energy and wolfberry industries in Haiyuan County. We donated RMB 27 million to support the development of beef cattle breeding industry, CR Power introduced Tianjin Jintong Steel Tower Co., Ltd to help Haiyuan build a clean energy industry chain, and CR Sanjiu built a 1,546-mu high-quality wolfberry production base in Haiyuan County.

Revitalization of culture

We donated RMB 850,000 to help Caowa Township renovate the central elementary school, and build a mass education base and a central elementary school library.

Revitalization of talents

We conducted talent training at all levels, training 104 grassroots cadres, 109 paper-cutting and embroidery talents, and 677 beef cattle breeding and sales technicians. We donated RMB 564,000 to poor college students of Haiyuan nationality to solve their living problems during their school years.

Revitalization of ecology

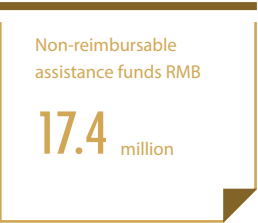
We donated RMB 7.07 million to help complete the demolition of 33 old houses and the renovation of 55 houses, install 60 sets of solar streetlights, build 130 new standardized beef cattle breeding sheds and one flush toilet, renovate 35 sanitary toilets, and provide 65 various types of garbage bins and garbage cans and 10 electric garbage trucks.



➤ In March 2023, CR Vanguard's "Beautiful Mobile Classroom" rural beauty education volunteer teachers team carried out teaching activities in Caowa Township Central Elementary School in Haiyuan County.

Paired Assistance for Qingliu County

In 2022, we donated RMB 17.4 million to Qingliu County for the construction of rural revitalization projects.



Revitalization of industries

We focused on supporting the development of rural tourism in Qingliu County and donated a CR Milanhua Hotel; CR Cement planned to invest a total of RMB 6 billion to build a calcium-based, silicon-based project base; CR Sanjiu and CR Jiangzhong constructed the planting base of Gangmei and Grass Coral in Qingliu.

Revitalization of culture

We donated RMB 630,000 to support Qingliu County in building the Fengzhan Red Flag Pavilion, the Red Culture Party Building Bookstore and the Live Broadcasting Room for Assisting Farmers.

Revitalization of talents

We will help Linshe Township complete the renovation of Linshe Central School.

Revitalization of ecology

We donated RMB 16.75 million to build the China Resources Hope Village Project, renovating 239 houses.

Revitalization of organizations

^^^ Training Course for Cadres of Counties under Paired Assistance



Since 2022, we have organized three training courses for aid cadres, providing professional training for more than 160 cadres in Guangchang, Haiyuan and Qingliu counties. In the curriculum of the training courses for cadres, we systematically sorted out the business thinking and successful cases accumulated in the course of CRH's business development, carefully summed up the practical experience, and explored a new model of "revitalization of talents + revitalization of organizations" empowering "revitalization of rural industries" in view of the industrial development dilemma faced by the three counties in rural revitalization work, effectively broadening the thinking of cadres in solving problems, and training and enhancing the cadres' ability in rural governance and industrial planning.



➤ Chairman Wang Xiangming unveiled the plaque for the joint venture between CR Cement and the Government of Qingliu County.

Empowering Rural Revitalization with Innovative "Optional Actions"

Ensuring a Sound Management and Operation, with One-to-one Assistance for Completed Hope Towns

At present, the 11 Hope Towns we built in Baise, Jinzhai, Yan'an and other places have been completely handed over to the relevant local departments. In order to ensure a sound management and operation during the transition period and maintain solid and sustainable construction results, we innovatively put forward a new mode of one-to-one assistance for hope towns by business units, and selected and assigned 12 business backbones from 11 excellent subsidiaries as "rotating mayors" to inject new momentum into grassroots governance and industrial development of hope towns.

Creating a New Mode of Construction, with Six CR Hope Towns Opened Together

In 2022, CR Hope Town in Nanjiang, Sichuan was basically completed, CR Hope Town in Tonghua, Jilin was officially started, the planning and design of CR Hope Town in Kangle, Gansu and Zhangbei, Hebei were completed, and the site selection of CR Hope Town in Arshan and Yimeng was completed.

CR Hope Town in Nanjiang, located in Longquan Village 4, Changchi Town, Nanjiang County, Bazhong City, Sichuan Province, covers a total area of about 619 acres within the red line, benefiting 132 households with 411 people, with 44 new residential houses built, 66 residential houses renovated, and new public facilities such as the Milanhua Hotel, the Craft Beer Workshop, the Hope Tea Villa, the Party Service Center, the Villagers' Activity Center, the Longquan Academy, the Countryside Dining Room, the Agricultural Culture and Art Museum and the Youth Hostel constructed. Upon the completion of construction, CR Hope Town in Nanjiang with complete infrastructure and public facilities has become a rural revitalization demonstration site with unique characteristics of Northeast Sichuan.

CR Hope Town is our branded public welfare project we launched by leveraging our strengths to participate in poverty alleviation and rural revitalization. Since 2008 when we started the construction of the first CR Hope Town in Baise, we have worked tirelessly for 15 years and completed the construction of 12 CR Hope Towns nationwide, with another 5 Hope Towns under planning. In 2022, we held a symposium on CR Hope Towns, clarifying the attributes of Hope Towns as political, public welfare, and non-commercial modes, and started a new exploration of the construction, management, and operation of Hope Towns.

^^^ "Red Butler" Opens a New Chapter in Rural Governance

To assist the construction of CR Hope Town and innovate on the form of village assistance, CR Land and CR Mixc Lifestyle introduced the "Red Butler" according to their own property management resources and urban community service experience. Based on the grid-based management of the village committee, the "Red Butler" participated in the daily management of villages by mobilizing party members and villagers to play a leading role and adopting the "1+1+N" property management structure and an operation mechanism with joint organizational building, joint risk prevention and joint development promotion for common environmental governance, common cultural development, common consultation, information sharing and win-win cooperation. The "Red Butler" has significantly improved the town's capacity for environmental and order governance, effectively enriched the spiritual life of villagers in the town, and promoted the long-term development of the town.



▾ In June 2022, the Red Stewards of Yan'an CR Hope Town invited villagers' representatives to celebrate the first anniversary of their move-in.



2022 marks the 20th anniversary of our friendship with Guangchang County, during which we constantly consolidated our friendship through innovative ways of assistance.



Set up a working group on paired assistance headed by posted cadres.



Sponsor the "China Resources - Guangchang Rural Revitalization Cup" National Youth Football Invitation Tournament.



The people of Guangchang wrote and performed Meng opera to tell the touching story of CRH's assistance to Guangchang.



Chairman Wang Xiangming attended the symposium on the 20th anniversary of China Resources Group's paired assistance to Guangchang County.



Local villagers spontaneously built a CR Pavilion as a memorial to CRH's assistance to Guangchang County in building a dike project in Zhangshu Village, Ganzhu Township.



Surveyed the "China Resources Hope Village (Lianxin - Yaoxi)" project.



2022 also marks the 10th anniversary and the 1st anniversary of our paired assistance for Haiyuan County and Qingliu County, during which we continuously explored to help revitalize five businesses.



Chairman Wang Xiangming attended the symposium on China Resources Group's paired assistance for Qingliu County.



Leaders of China Resources Group, Sanming City and Qingliu County laid the cornerstone for the Milanhua Hotel in Qingliu.



China Resources Group and Qingliu County signed an agreement on industrial investment cooperation and assistance.



In May 2022, China Resources Group held the first training course for cadres who provide assistance.



In November 2022, China Resources Group held the second training course for cadres who provide assistance.



In May 2023, China Resources Group held the third training course for cadres who provide assistance.



General Manager Wang Cuijun attended the video research symposium on the 10th anniversary of the paired assistance for Haiyuan County and witnessed the signing ceremony of the agreement on deepening cooperation.



General Manager Wang Cuijun attended the opening ceremony of the first training course for cadres under CRH's paired assistance and delivered a speech.



Director Pan Fu investigated the development of beef cattle breeding industry in Haiyuan County.

Responding to Community Needs and Supporting Community Development

Caring About the Standard of Primary Health Care in the Community

Rural healthcare plays an important role in rural revitalization. Since September 2020, CR Pharma and China Women's Development Foundation have launched the "CR Healthy Village" public welfare project, focusing on the needs of grassroots healthcare and setting up the "Five Ones" strategic goal. By the end of 2022, a total of RMB 23.6 million had been invested in the program and RMB 8.05 million in supplies, covering 17 provinces and municipalities, including Hubei and Gansu, and bringing peace and health to tens of thousands of rural people.

CR Pharma Comm

Focused on community health concerns such as the recovery of expired medicines and the popularization of health knowledge, coordinated resources through the community and guided attention to special groups to ensure the safety of public medication. In 2022, CR Pharma Comm carried out expired medicine recovery services through the "RUN-YAO Action" in 71 sites nationwide, including Beijing, Zhengzhou and Foshan, and collected 4,164 boxes and nearly 689 kilograms of medicines, effectively reducing the risk of recirculation of expired medicines.

CR Sanjiu

participated in a campaign with Jingdong Health to donate medicines to children in rural areas. It donated OTC medicines and medical devices such as 999 pediatric aminophenol to 365 elementary schools in Jingyuan and Luqu counties in Gansu Province and Maerkang City in Sichuan Province, which alleviated the inconvenience of purchasing medicines for children in rural areas and the scarcity of medicines, and safeguarded the health of children in rural areas.

We fully understand the expectation and aspiration of the people in the community, paying particular attention to the disadvantaged, marginalized and under-represented groups, and encourage and support our employees to devote themselves to community volunteerism and promote community development.

Assistance to County Hospitals	<ul style="list-style-type: none">Assisted the key departments of 6 county hospitals in Haiyuan, Huguang and other places with the expert resources from Beijing's Grade III -class A hospitals; provided 26 places for further training of doctors.Conducted more than 20 remote guidance sessions and 229 online courses on the online learning platform of CR Healthy Village, with more than 4.3 million doctors participating in online training.
Assistance to Rural Doctors	<ul style="list-style-type: none">Cooperated with the National Health Commission in the training program for general practitioner exams of rural assistants, and organized training courses on appropriate TCM technologies.Carried out 6 volunteer clinics and teaching activities in Jianhe, Guangchang, Sanming, etc., trained more than 400 rural doctors in the field, and empowered more than 20 appropriate TCM technologies and skills in depth.
Assistance to Primary Care Doctors	<ul style="list-style-type: none">Set up eight specialist committees to enhance the capacity of primary care doctors, and appointed three national medical masters/Qihuang scholars.Developed three sets of customized specialty course materials for primary care doctors, covering nine specialty areas, and conducted 291 online course training sessions.
Health Literacy Enhancement	<ul style="list-style-type: none">Improved the health literacy of the entire population, jointly carried out the "Training of Village Health Mutual Aid Organizations" and Health Lecture activities, and guided the formation of healthy lifestyles in which villagers are autonomous and self-disciplined.Conducted research on villagers' health management in Qingliu, Haiyuan and Zhouqu, and launched a pilot program in Guanqiao Village of Haiyuan, where 1,000 villagers were screened for health literacy enhancement.
Assistance and Donation	<ul style="list-style-type: none">Organized more than 3,200 visits to villagers to solve urgent problems such as lack of medical care and medication.Assisted in building 21 village health centers in Jiangxi, Gansu, Fujian and Shanxi and promoted the construction of 7 centers.Donated "Runxin Healthy Packs", benefiting more than 25,000 families in 13 provinces.

Focusing on Community Education

CR Double-Crane

adhered to the "Lighting Up Micro-Wishes" voluntary service program. In 2022, book bags, books and other learning materials were donated to rural left-behind children and those in difficult circumstances, with a view to caring for the growth of young people.



CR Gas "Little Orange Lantern" Matching Assistance Program.

CR Cement

The Federation sponsored the publication of the National Security Education Picture Book and donated the book to kindergartens in Hong Kong. The National Security Education Picture Book teaches children about the motherland, the national anthem and flag, national honor and national security in the form of cartoons, and through innovative educational contents and forms, fosters the spirit of patriotism education in kindergartens in Hong Kong, and jointly safeguards national security.

CR Gas

East China Region signed a joint construction agreement with CR Hope Primary School in Jinzhai, donated office, learning and sports supplies to the school, and released the "Little Orange Lantern" public welfare platform, on which employees can log in to adopt the students' micro-wishes and realize their wishes. Up to now, more than 3,000 employees of CR Gas have participated in the program and raised more than 500 pieces of learning materials valued at more than RMB 50,000.

Caring for Minorities and People Living in Hardship in the Community

Caring for the Elderly Living Alone

In 2022, **CR Property** established the "Love Together" community service platform. With the aim of "professional service, caring for people's livelihoods" and focusing on the elderly living alone and other people with difficulties in their daily lives, the platform has provided services such as maintenance, cleaning and handrail installation to more than 3,500 households in eight districts, including the Central and Western District and the Kowloon City District in Hong Kong, as well as security services for three large-scale events, benefiting more than 12,000 grassroots citizens in Hong Kong.

Caring for the People with Special Diseases

CR Boya-Bio took the lead in initiating and has carried out the "Yellow Handkerchief" care program for a long period of time. The program stepped up clinical research on vascular hemophilic factor (vWF), provided patients with medication guidance, rehabilitation advice, and financial and pharmaceutical assistance through charitable organizations, federations of the handicapped, and hemophilia associations across the country, organized more than 30 donation activities for hemophiliacs, and donated more than 200,000 packs of hemophilia care kits. **CR Tai' an Pharmaceutical** opened up the "Love Makes You Beautiful" direct delivery channel to deliver peritoneal dialysis solution to patients' homes at the earliest, contributing to meeting the demand of renal failure and renal necrosis patients for peritoneal dialysis solution.

Caring for the People Living in Hardship

In the Chef Polar charity sale organized by City Super and Food Angel, all proceeds from the sale were used to support Food Angel and the people in need in the community. In 2022, the Group donated food to various organizations and recycled safe leftover food for free distribution to families in need. We recycled a total of more than 184 tons of safe leftover food and produced more than 281,000 food containers for people in need.

Conducting Community Voluntary Services

Based on the "City of Volunteers" in Shenzhen and advocating the industry culture of "Finance for Good", **CR Trust**, in cooperation with Shenzhen Voluntary Service Foundation, set up "Shenzhen Volunteer Red Charitable Trust", the first charitable trust focusing on the development of volunteer services in China. The first phase of the trust has raised RMB 5 million, which were used for professional training, protection of rights and interests and courtesy programs of volunteers in Shenzhen, as well as public welfare service projects such as "assistance to the poor and weak, orphans and the disabled, teaching and education".



Relying on the philanthropic brand of "CR Land Volunteers Association", **CR Land** mobilized its employees to carry out voluntary services, promoted the spirit of volunteerism, developed five public welfare service modules, namely Assistance to Farmers, Assistance to Schools, Respect for the Elderly, Enhancing Literature and Mutual Aid, and carried out various charitable activities, such as blood and material donation. In 2022, CR Land sent more than 200 Party member teams and youth teams and more than 10,000 volunteers to participate in the anti-epidemic activities in the local communities, and the Youth League Committee of CR Land was awarded the "May 4 Red Flag Youth League Committee" (specializing in the war against epidemics) in Shenzhen. Over the past 14 years since its establishment, **CR Sanjiu's** 999 Love Angel Care Platform has been adhering to the concepts of public welfare and spreading love, and has continued to carry out activities such as "Caring for Medical Volunteers", "Watching out for Each Other and Dedication to Love" and "Million Parade for Charities" in Guizhou, Tibet, Qinghai and other regions, providing various health assistance services to the disadvantaged groups. In 2022, 54 voluntary activities were conducted, with 1,137 participants.

Voluntary Assistance to Farmers

Fangshan County, Lvliang City, Shanxi Province, was once a state-designated poverty-stricken county. Due to its remote location and weak channel resources, the popularity of its products is rather low. In September 2022, **CR Enterprise's** Intelligent Technology Department set up a rural revitalization task force, which rapidly launched the e-commerce platform mini app – "Fangshan Specialty Shop" relying on its own digital marketing platform and technological advantages. Immediately after the launch of the app, more than 2,000 orders were sold and the total sales exceeded RMB 200,000, bringing more possibilities for the sales of local agricultural products.

Voluntary Blood Donation

In 2022, **CR Finance**, together with the Youth League Committee of **CR Bank**, organized the first "Donate Blood, Follow the Party, Volunteer for the Future" blood donation event in the nine cities in the Greater Bay Area. On the day of the event, nearly 300 employees donated a total of more than 90,000 milliliters of blood. The Shenzhen Blood Center specially issued a "Certificate of Appreciation" to commend the love, courage and the sense of social responsibility of CRH's employees.

Public welfare activities

In 2022, the Sichuan and Chongqing regions were confronted with "extreme heat", but the "workers in heat" still remained firm on duty for the operation of the cities. **CR C'estbon** carried out the "Cooling Program" public welfare activities in various cities including Neijiang and Chengdu to bring coolness to the city heroes who insisted on working under the high temperature.

CR Insurance Brokers set up a youth volunteer service team, which regularly carried out "United Party, United League and United Workers" activities, and provided the public with services such as delivering health care services at the workplace – TCM doctor's voluntary services, interpretation of the national insurance-related policies, social security policies, insurances' characteristics and practice on their use.

More than 250 persons of **CR Digital** participated in voluntary activities throughout the year, including taking part in the "Shenzhen Dandelion Plan for Public Education on Garbage Classification" and providing voluntary services for behavioral guidance on garbage classification.



CR C'estbon's Cooling Program brought a touch of coolness to city workers under the high temperature.



Focusing on Work Safety and Safeguarding the Public

In 2022, we adhered to the "people-oriented" principle, focused on the safety of the public, and successfully completed the three-year action for special rectification of work safety. During the year, the Group did not have any large-scale accidents, and the number of both accidents and casualties decreased.

The Group invested in work safety RMB

1,914.38 million

CR Gas invested in work safety RMB

813.3 million

CR Land invested in work safety RMB

335.1 million

CR Power invested in work safety RMB

286.54 million

CR Cement invested in work safety RMB

230 million

Optimizing the Work Safety Management System

In 2022, we issued systems such as the "EHS Responsibility Management Measures of China Resources Group" and the "EHS Annual Assessment and Evaluation Measures of China Resources Group", built a horizontal and vertical all-employee management pattern of work safety, and basically developed the elemental management system for work safety. In 2022, we also established a safety risk database and helped employees improve their ability to recognize and control work safety risks through internal and external expert training.

Increasing Investment in Work Safety

In 2022, we invested a total of RMB 1,914.38 million in work safety, offering a strong guarantee for public safety. Among them, CR Gas invested RMB 813.3 million for pipeline network maintenance and rectification, and maintenance of safety protection devices, which was recognized by the Ministry of Housing and Urban-Rural Development and the Ministry of Emergency Management of the PRC; CR Land invested RMB 335.1 million in the renovation and maintenance of safety protection facilities and equipment, and safety education and training; CR Power invested RMB 286.54 million for testing and assessment of major sources of danger, and safety inspection and assessment; CR Cement invested RMB 230 million for improving, renovating and maintaining safety protection equipment and facilities, and occupational hazards management.

Implementing Major National Security Operations

In 2022, we organized seven major safety operations, including the Year of Safety Enhancement Action, the Examination and Rectification of Work Safety and the Group's Three-year Action for Special Rectification of Work Safety, and deployed special actions such as concentrated management of safety risks of hazardous chemicals, gas safety investigation and rectification, building (structure) safety rectification, and firearms and explosives work safety rectification, based on the characteristics of our business, which yielded good results.

Facilitating Safety Supervision and Inspection and Tackling Hidden Dangers

In 2022, the Group dispatched a total of 49 inspection teams to carry out safety supervision and inspection of 171 grassroots units, and identified a total of 988,649 hidden dangers, of which 980,411 have been rectified, with a rectification rate of 99.2%, and 704 major and significant safety dangers have been all rectified. Through safety supervision and inspection and hidden dangers tackling, we reduced the number of both accidents and casualties and effectively protected the lives of the general public.

Conducting Education and Training on Work Safety

In 2022, we promoted the organization of examination and certification, curriculum development, professional training, and education platform construction to continuously improve the safety literacy and skills of all employees. By organizing enterprise leaders to take safety exams, we promote learning through examination and encourage leaders at all levels to strengthen their awareness of the red line of safety. We have organized 2,800 employees to take the examination for registered safety engineers to enhance their safety knowledge and competence. We have also built an information management platform for education and training to facilitate employees' safety learning anytime, anywhere. By the end of 2022, 1,896 courses had been published on the platform, 129,000 exams had been taken, and 477,000 courses had been conducted.

In 2022, we carried out a total of 38,997 multi-level emergency response drills with 1,153,265 persons involved, comprehensively assessed the emergency response personnel, technology, materials and equipment, and carried out drills and training for emergency response plans of accidents.



Courses published on the platform

1,896

Persons taking exams on the platform

12.9

Courses studied

477,000

Emergency drills organized

38,997

Persons participating in drills

1,153,265

Heightening Safety Publicity to Create a Cultural Atmosphere of "Safety for All"

In 2022, we actively carried out activities such as work safety lectures and accident case warning education. We continued to advance regular publicity such as Work Safety Month, Fire Safety Month and Traffic Safety Week, carried out special activities such as Work Safety Lectures in due course, and conducted accident warning education in conjunction with the Party building joint learning and co-construction, so as to create a cultural atmosphere of "I want safety".

Commitment and Performance

Commitment Made in 2022 ▶▶▶

To further enhance the Group's presence in Hong Kong; excel at philanthropic projects in Hong Kong; enhance the Group's influence 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 continue to provide job opportunities for young people, carefully train and recruit talents, and proactively build an exchange platform in Hong Kong.

To coordinate the Group's philanthropic efforts to grow together with the communities and improve health, ecological protection, education equality, and cultural development in the communities.

To sign five-year assistance agreements with Guangchang, Haiyuan, and Qingliu governments focusing mainly on investment support and industrial collaboration as well as public welfare support and donation to the society; 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.

Commitment Performed in 2022 ▶▶▶

The Group continued to expand its key businesses in Hong Kong. With concerted efforts of CR Enterprise, CR Property and CR Land, the Group's assets in Hong Kong have increased to RMB 86.4 billion and the number of employees in Hong Kong has reached 12,568 by the end of 2022. We developed a series of benevolent programs centered around the education, employment, entrepreneurship and career development of Hong Kong young people, and donated a total of more than HK\$11.6 million worth of materials to various sectors in Hong Kong to safeguard the people's livelihood needs of the community.

The Group set up the Hong Kong Spring Bamboo Shoots Youth Fellowship Branch, organized numerous youth sharing sessions to solve the problems of young people in education, employment, entrepreneurship and home ownership, participated in Hong Kong talent programs such as the "Greater Bay Area Youth Employment Scheme" and "Sailing Program", and carried out internship programs such as the "Hong Kong Youth Vocational Training and Equipment Experience Program" and the "Youth Pre-employment Training Program" to further strengthen the attention and training for young students in Hong Kong.

The Group enhanced community health through continuous training of rural doctors, health knowledge promotion and other activities; supported the development of community education through donation of books and libraries and student sponsorship to the community; carried out volunteering activities; and paid attention to the disadvantaged groups and provided customized heart-warming services.

The Group invested RMB 66.17 million for non-reimbursable assistance and RMB 249.802 million for reimbursable assistance to revitalize Guangchang, Haiyuan and Qingliu counties. The main body of CR Hope Town in Nanjiang was completed, the construction of CR Hope Towns in Kangle, Tonghua and Zhangbei started, and the site selection of CR Hope Towns in Arshan and Yimeng was completed.

Commitment Made in 2023

Implement the implementation plan of General Secretary Xi Jinping's speech on 1 July in Hong Kong and focus on promoting the reshaping of our business in Hong Kong; increase investment in Hong Kong, strengthen our advantageous businesses by utilizing the capital market, and accelerate the construction of our Hong Kong business platforms and R&D platforms, so as to integrate into the development of the Greater Bay Area.

Increase efforts in training talents for the governance of Hong Kong and introducing high-caliber talents, and strengthen communication with various sectors and engagement with the community. Implement various plans and attain a number of milestone achievements, develop landmark and model projects.

Effectively manage the Group's external donation, coordinate the Group's public welfare strength, respond to the national call for disaster relief, rural revitalization, ecological and environmental protection, and community development, and take the initiative to utilize CRH's advantages in diversification to facilitate the harmonious development of the economy and society.

Build a number of rural revitalization demonstration models in Guangchang, Haiyuan and Qingliu counties, and help them carry out actions to enhance vocational skills; complete CR Hope Town in Nanjiang, Sichuan Province, and build the Hope Towns in Tonghua, Zhangbei, Kangle, Arshan and Yimeng in an orderly manner.

Responsibility Management

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CRH is a diversified industrial group with a strong focus on improving people's livelihoods. As a Chinese enterprise in Hong Kong with a unique mission, it stands as one of the first state-owned capital investment companies established during the reform of state-owned enterprises. Throughout its journey, CRH has remained dedicated to assuming a leading role in safeguarding and enhancing the value of state-owned assets, fulfilling social responsibilities, and promoting harmonious societal development. This commitment is not only an essential choice in navigating market competition and ensuring our sustainable growth but also an effective means of meeting the expectations of the state, society, and the public towards central enterprises. It strengthens our overall capabilities and propels us towards the pursuit of becoming a world-class enterprise. Through extensive exploration and practical experience, we have developed a distinctive "mission-led" social responsibility management model, characterized by continuous innovation and an unwavering commitment to keeping pace with the changing times.

Responsibility Concept

Guided by its corporate missions, CRH has consistently identified six key areas for fulfilling social responsibilities, taking into account the expectations and demands of stakeholders closely associated with business development. Building upon this foundation, CRH has developed a comprehensive social responsibility concept that serves as a guiding principle for its work.

Economic responsibility	.....	To fulfill economic responsibility, to maximize corporate value for shareholders, and to create a valuable CRH
Employee responsibility	.....	To fulfill employee responsibility, to build an excellent growth platform for employees, and to create a people-oriented CRH
Customer responsibility	.....	To fulfill customer responsibility, to provide customers with quality products and services, and to create a satisfactory CRH
Environmental responsibility	.....	To fulfill environmental responsibility, to explore the path of sustainable development, and to create a green CRH
Partner responsibility	.....	To fulfill partner responsibility, to create mutually beneficial environment for partners, and to create a win-win situation for CRH
Public responsibility	.....	To fulfill public responsibility, to share the rewards of corporate development with the public, and to create a harmonious CRH

Responsibility Strategy

Reviewing the Plan on a Regular Basis

In 2022, the Group formulated and unveiled the 14th Five-Year Plan for Social Responsibility of China Resources Group, which serves as an action program to guide the Group's top-down social responsibility work. The Plan specifies "one strategic objective", "one model upgrade" and "four key tasks upgrade" for the Group to fulfill its social responsibility during the 14th Five-Year Plan period, as well as "the responsibility fulfillment objectives of the Group in its six business areas" under the framework of the new ESG regulations, with an aim to promote the further standardized, institutionalized, systematized and normalized development of the Group's work on social responsibility.

Key highlights include the iterative upgrading of the work that had been achieved during the 13th Five-Year Plan period and still needs to be carried out during the 14th Five-Year Plan period, such as upgrading and forming the 2.0 version of the Group's "mission-led" social responsibility management model, further strengthening the CSR/ESG information disclosure, and, in particular, in terms of the formulation of indicator standards, researching and formulating the 1+N responsibility indicator system with characteristics of CRH (further integrating the key indicators of CSR and ESG, and forming a pool of "general + personalized" indicators). We made breakthroughs and innovations in work that had not yet been carried out during the 13th Five-Year Plan period, but were in line with the general trend and conducive to the improvement of the Group's management, such as creating the "Group's Social Responsibility Brand Tree" to further empower the "China Resources" brand; planning a social responsibility demonstration base to further lead the Group to standardize the development of its social responsibility practice projects; and building a digital social responsibility platform of the Group to realize the systematic statistics and intelligent display of social responsibility data.



In June 2023, the Group reviewed the implementation of its "14th Five-Year Plan" on social responsibility, summarized and reflected on the shortcomings, and clarified the key work for the next step.

Focus of the "14th Five-Year Plan" on Social Responsibility

Strategic Objective

By the end of the "14th Five-Year Plan" period, the social responsibility management system of China Resources Group has been gradually improved, the fundamentals of the "Responsibility +" work pattern have been developed, and its leading position in the social responsibility work of central enterprises has been further consolidated.

Work Tasks

A Business Card

Fulfillment of social responsibility has become the business card of China Resources Group

Three Models

- 1. CR Hope Town has become a model for self-developed responsibility fulfillment projects
- 2. Targeted assistance and paired assistance have become a model for central enterprises to consolidate and expand the achievements of poverty eradication and rural revitalization
- 3. Hong Kong Philanthropy has become a model for Chinese enterprises in Hong Kong to carry out philanthropic work

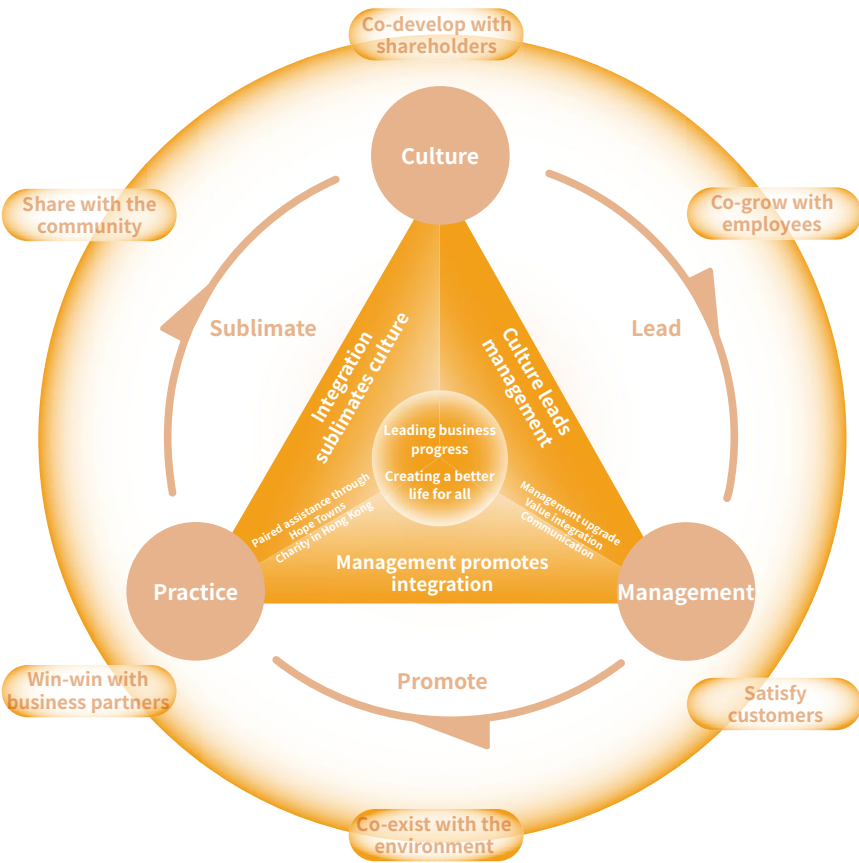
Three Levels of Responsibility

Six Business Areas

- Implementing responsibilities that must be fulfilled by CRH
- Fulfilling responsibilities that should be fulfilled by CRH
- Fulfilling responsibilities that CRH is willing to fulfill

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

Inner Circle

We led the direction of social responsibility work with the corporate mission of "Leading the business progress and building a better life together" at the core.

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.

External Circle

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

Establishing Responsibility Organizations

Consolidating and Improving the Leading Organization and Working Mechanism for Social Responsibility, and Promoting "Responsibility +" at the Organizational Level

The Group further strengthened its social responsibility management organizational structure and up-and-down linkage work system, i.e. a social responsibility management organizational structure "with its Group 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, and created a social responsibility team for the Group. Meanwhile, these initiatives urged each department to clarify its own key responsibility issues and each business unit to clarify its own responsibility objectives.

In this way, we advanced the Group's overall social responsibility work by following the logic of penetrating "the Group + business units + business units' subsidiaries" step by step.

Governor	General Office of CRH		
Daily coordinator	Social Responsibility and Public Relations Department of the Office		
Implementer	Strategy 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

Social Responsibility Management Organizational Structure of the Group

Driving the High-Quality Development of Social Responsibility Work by Senior Management

The members of the leadership team of China Resources Group have made several field trips to counties under targeted and paired assistance and Hope Towns for many times.

Date	Location	Project	Leaders
27 June 2023	Nanjiang County, Bazhong City, Sichuan Province	CR Hope Town in Nanjiang	Group Chairman Wang Xiangming, Director Pan Fu, Chief Accountant Quan Huaqiang, Deputy General Manager Lan Yi
3 April 2023	Haiyuan County, Zhongwei City, Ningxia Hui Autonomous Region, China	CR Hope Town in Haiyuan, CR Ng Feng's Caowa Beef Cattle Breeding Base	Lan Yi, Deputy General Manager of the Group
25-26 September 2022	Qingliu County, Sanming City, Fujian Province	"China Resources Hope Village - Shixia" Rural Revitalization Demonstration Project	Group Chairman Wang Xiangming
10-11 August 2022	Guangchang County, Fuzhou City, Jiangxi Province	Participation in the series of activities for the 20th anniversary of the paired assistance to Guangchang	Group Chairman Wang Xiangming
6-7 July 2022	Guangchang County, Fuzhou City, Jiangxi Province	Pengtian Village and Gangmei Planting Base, Xujiang Town, "China Resources Hope Village - Lianxin Yaoxi" Project	Han Yuewei, Deputy General Manager of the Group
17 June 2022	Jianhe County, Qiandongnan Prefecture, Guizhou Province	CR Hope Town in Jianhe	Group leaders Wang Xiangming, Wang Cuijun, Pan Fu, Wang Chuandong, Han Yuewei, etc.



Chairman Wang Xiangming and his delegation inspected the forest plantation of agricultural products in Guangchang, Jiangxi Province.



On 16 June 2023, the Group held the 2023 Social Responsibility Work Conference and Social Responsibility Training Conference.

Developing Responsibility Capacity

Regularly Organizing the Social Responsibility Work Conference and Training

On 13 May 2022, the Group held the social responsibility work conference and CR Hope Town symposium. Li Jun, Director of the Social Responsibility Bureau of SASAC, attended the conference at the Beijing venue. Group leaders such as Wang Xiangming, Wang Cuijun, Pan Fu, Wang Chuandong, Wang Chuncheng and Han Yuewei, along with external directors and heads of departments and offices of the Group's headquarter, business units and directly affiliated organizations attended the conference at the Huizhou and Hong Kong venues. The people in charge of social responsibility work from all units participated in the conference online.

On 16 June 2023, the Group organized the 2023 Social Responsibility Work Conference and Social Responsibility Training Conference at CR Hope Town in Nanjiang, Sichuan. Zhang Xiaosong, Director of the Social Responsibility

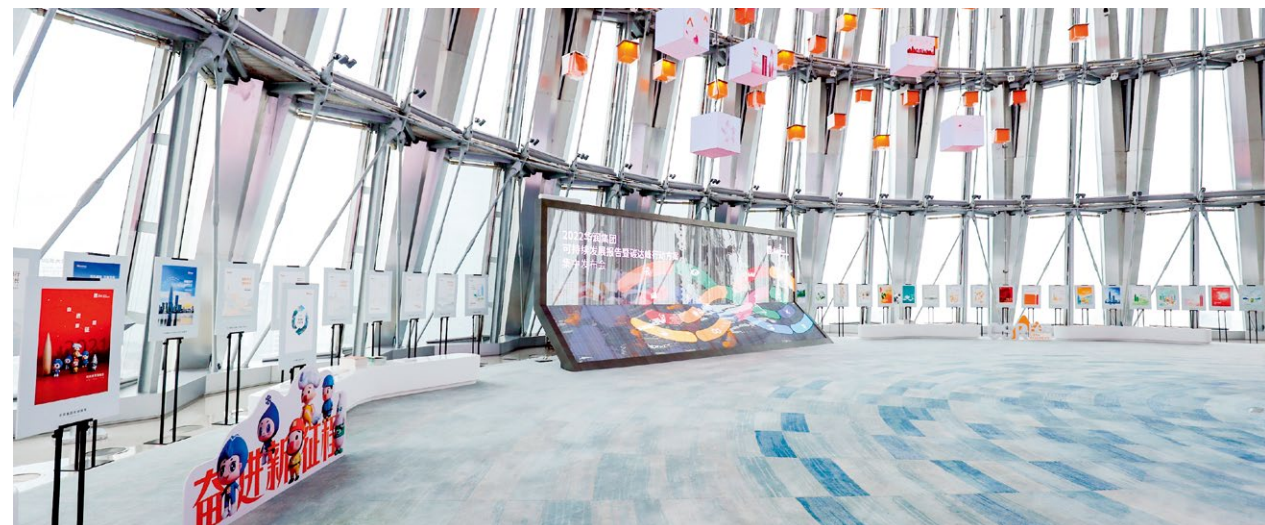
Department of the Social Responsibility Bureau of SASAC, attended the conference, while Lan Yi, Deputy General Manager of the Group, and nearly 100 department heads from the Group's departments, business units, and directly affiliated organizations also participated. During the conference, the Group released "Assume Responsibility and Dream for Good", the first social responsibility video. The Group Office provided updates on the implementation of CRH's "14th Five-Year Plan" on social responsibility, reflecting on past shortcomings, and clarifying key steps for the future. CR Power and CR Land as excellent units for fulfilling responsibilities shared their social responsibility cases and management experience. Experts from Chinese Academy of Social Sciences (CASS), AEGON-INDUSTRIAL Fund, MSC consulting organization, SR Cloud and other industry think tanks delivered lectures sharing their insights on topics such as ESG design, operation, and social responsibility projects.

Taking the Initiative and Actively Participating in Theoretical Research on Social Responsibilities

The Group further focused on ESG work. Firstly, we proactively developed ESG standards, participated in the development of the group standard "Corporate ESG Evaluation System" initiated by China Enterprise Reform and Development Society, as well as the "Corporate ESG Management System Requirements" and "Corporate ESG Evaluation Guidelines" initiated by China Association for Quality. Secondly, we collaborated with authoritative research institutes to carry out a research project on the ESG management system of China Resources Group. We developed the "1+N" ESG indicator system with CRH characteristics (i.e., developing a set of "general + industry-specific" indicators by effectively integrating the key indicators of CSR and ESG based on CRH's diversification characteristics), and formulated a guidebook for the construction of CRH's Social Responsibility Demonstration Base. In addition, we have participated in the research of SASAC's social responsibility issues and authored a book series on typical cases.

Developing the Digital Social Responsibility Platform, a Featured Management Tool of the Group

The platform includes a charitable donation data reporting platform, a social responsibility report information sharing platform, a data reporting platform for the Group's targeted and paired assistance, a data reporting platform for CR Hope Towns, a responsibility case library, a responsibility image library, and a responsibility honor library. This platform further enhances the precision and efficiency of collecting and accessing information on the fulfillment of responsibilities, enabling the systematic statistics, intelligent processing and display of the relevant data, while accumulating the basic data on social responsibility management in a standardized manner, and providing data support for the Group's management decision-making on sustainable development.



➤ On 8 August 2022, the Group held the first launch of its Sustainability Report and Carbon Peaking Action Plan.

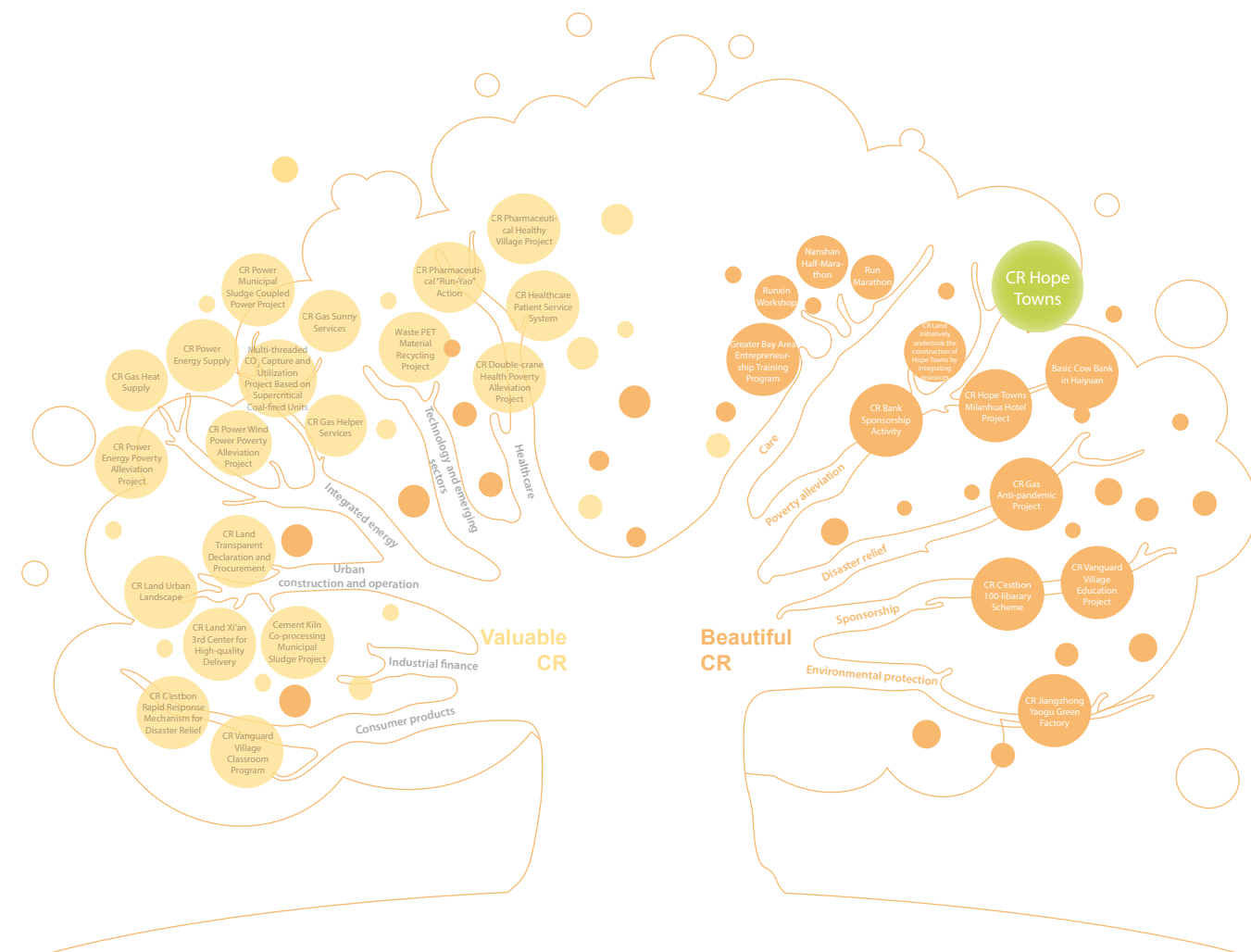
Developing Courseware for the Management and Practice of Social Responsibility

In response to the training needs of CRH's employees at senior, middle and grassroots levels, such as training courses for outstanding young managers, training courses for outstanding managers, training courses for targeted and paired assistance, and training camps for new employees, the Group has further developed teaching materials on social responsibility management and practice, and delivered on-site lectures to promote such training.

Deepening Responsible Communication and Building Responsible Brands

Creating and Launching the Group's Social Responsibility Brand Tree

series, i.e., "Valuable CR" and "Beautiful CR". They refer to the outstanding practice projects on responsibility fulfillment within main business and commendable initiatives in social public welfare, which aims to further promote responsibility fulfillment practices among different units of the Group, taking into account their industry characteristics and available resources. This effort ensures that all projects fulfill their responsibilities and contribute to building a responsible brand. Business units undertake or participate in responsibility fulfillment projects according to their own actual situation, striving to advance these projects, form brand synergy and empower the value of the "China Resources" brand.



Improving Social Responsibility Publicity and Communication Platform and Carrying out Integrated Media Communication

We integrated and enhanced our internal resources, including the corporate responsibility section of the Group's official website, the official website and official WeChat account of the CR Charitable Fund, and endeavored to build our own social responsibility communication platform. Furthermore, we have expanded our efforts by developing audio-video, AR, VR and other integrated media works to disseminate CRH's responsibility concept, promote outstanding social responsibility practices and cultivate a positive brand image of responsibility among all employees and key stakeholders.

Holding the First Launch of the Group's Sustainability Report

On 8 August 2022, the Group held a launch on the 2022 Sustainability Report and Carbon Peaking Action Plan of China Resources Group at China Resources Tower in Shenzhen, with 60 persons attended, including social responsibility leaders from various departments, business units and directly affiliated organizations of the Group, as well as journalists from Phoenix TV and other media. During the launch, a total of 41 responsibility reports compiled by 37 units of the Group were centrally displayed. These reports encompassed a diverse range of categories, including 26 sustainability reports, 9 social responsibility reports, 5 ESG reports and 1 Carbon Peaking Action Plan from almost all headquarters, business units, and subsidiaries of the Group. The launch highlighted CRH's commitment to fulfilling responsibilities across different business areas, showcasing the overall responsibility image of CRH in a comprehensive and multi-dimensional manner.

Responsibility Assessment

The Group primarily evaluated the social responsibility efforts of business units based on two aspects: the preparation of CSR reports and the implementation of CSR practices.

We conducted ongoing assessments of the CSR reports submitted by business units. Following the "six" criteria established by the China CSR Report Rating Expert Committee (materiality, completeness, balance, comparability, readability, and innovation), we systematically reviewed and evaluated the preparation of CSR reports from each business unit to help identify any issues, offer suggestions, and encourage units to rectify shortcomings while harnessing the report's potential to promote effective management practices.

We continued to conduct the selection process for the Group's Social Responsibility Award. Through the selection of this award, we evaluated the CSR projects of each unit on four key aspects: strategy, effectiveness, innovation and scalability. The winning projects and their teams will be recognized at the Group's honorary ceremony, while their respective units will be given additional points in their annual performance contracts. Since the establishment of this award in 2017, we have received a total of 202 cases of CSR practices from various departments and subsidiaries within the Group, creating positive incentives for business units and effectively encouraging them to carry out CSR practices that align with their own business characteristics.

Identifying Responsibility Issues and Responding to the Demands of Stakeholders

Identifying Material CSR Issues

Report, and further focused on significant material responsibility issues through questionnaire surveys and incorporated them in the sustainability report as a response to the demands of stakeholders. The target respondents of the questionnaire included the management, employees, customers and business partners of the Group's headquarters and subsidiaries, community residents, government officials, media practitioners, CSR practitioners, NGO practitioners, and similar enterprises. A total of 5,804 valid questionnaires were received in response.

Valid questionnaires returned for the survey on the Material Topics for the Group's 2022 sustainability report

5,804

202

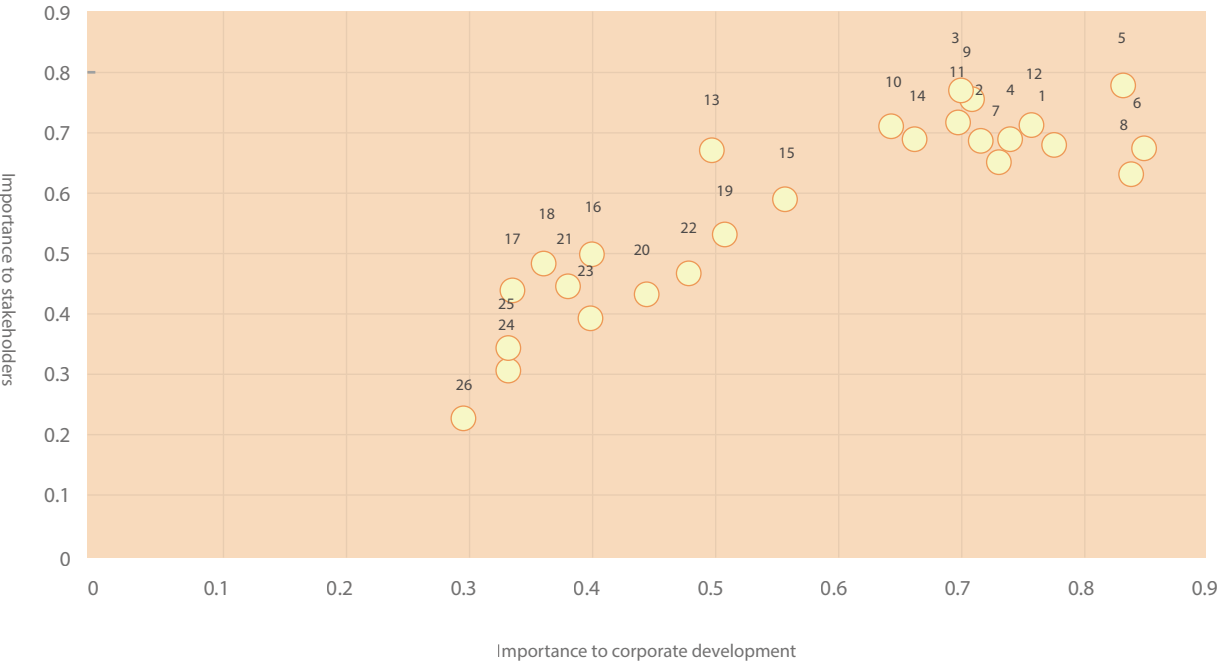
cases of CSR practices were received from the Group's departments and subsidiaries



2022 年度集团社会责任获奖项目

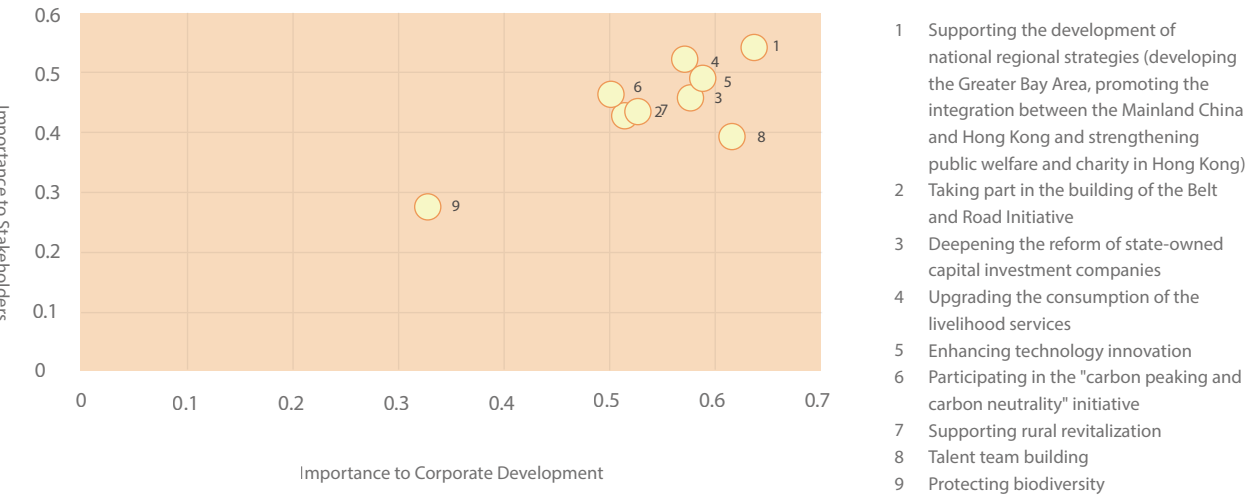
Award	Winner	Winning Project
Golden	CR Ng Feng	The task force assisted Hong Kong and ensured stable supply of fresh meat in Hong Kong
	CR Land	CR Land's "Red Butler" settled in CR Hope Towns for rural revitalization
Silver	CR Power	Green Responsibility – CR Ecological Charity Forest Project in Haiyuan
	Group EHS Department & CR Cement	Build a whole-process intelligent cement factory and accelerate green and low-carbon transformation
Bronze	CR EnvProtection	"Runzhishou" Project
	Group Human Resources Department	IGUOPIN Recruitment Initiative
	CR Bank	Project on Financial Assistance for High-Quality Development of the Real Economy

Material Topics in CRH's 2022 Sustainability Report



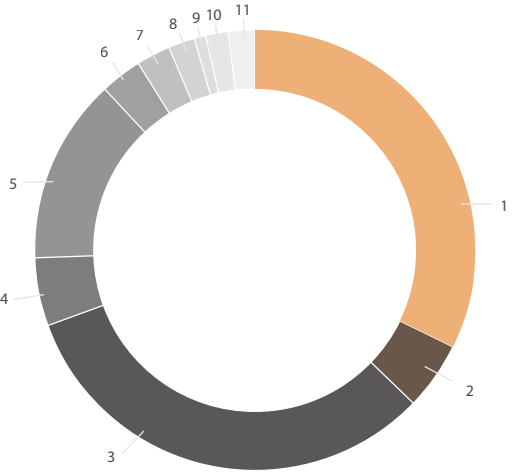
- | | |
|--|--|
| 1 Serving national strategies | 14 Innovating in products and services |
| 2 Improving corporate governance | 15 Expanding international market |
| 3 Practicing integrity and compliance | 16 Strengthening the construction of cooperation platforms |
| 4 Deepening SOE reforms | 17 Promoting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

Stakeholders' Future Concerns



The Composition of Respondents

1	Customers	32.43%
2	Management (including the Group's HQs and subsidiaries)	4.90%
3	Employees (including the Group's HQs and subsidiaries)	32.18%
4	Business partners	5.17%
5	Community residents	13.38%
6	Government officials	3.14%
7	Media	2.43%
8	CSR/ESG practitioners	1.93%
9	NGO practitioners	0.86%
10	personnel from peer companies	1.71%
11	Others	1.86%



Executive editor: Yu Feng Contributor: Yu Feng

Appendix

About the Report

The Report represents the 16th annual sustainability publication from China Resources (Holdings) Co., Ltd. With a commitment to objectivity, standardization, transparency, and completeness, this Report outlines the key aspects of our endeavors to implement CSR management and fulfill our responsibilities in areas such as the economy, employees, customers, environmental protection, partners, and the public during 2022. The Report is available in both Chinese and English languages. 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 assures that the Report is devoid of any false information, misleading statements, or significant omissions, and is therefore accountable for the authenticity, accuracy, and completeness of the Report.

Time Span

The data contained within the Report pertains to the time frame spanning from 1 January to 31 December 2022. Certain contents may extend beyond this period.

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 is sourced from the Company's internal documents and the information & statistics system (unless otherwise specified, the type and amount of currency presented in the Report are denominated 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/CASS-ESG5.0) 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; *How to Prepare an Environmental, Social and Governance Report* issued by The Stock Exchange of Hong Kong Limited; and the Regulations on the Management of Social Responsibilities of China Resources (Holdings) Co., Ltd.

Special Notes

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

Access to the Report

The Report is available both in print and digital formats. If you need a printed edition, please send an e-mail to crc02gw@crc.com.hk; or call us at 00852-28797888 (Hong Kong)/0755-82668888 (Shenzhen). It is also available for free download from our website (<http://www.crc.com.hk/responsibility/report/>) (To minimize paper consumption, please consider selecting the e-version. Thank you!)

Key Performance Indicators (KPI) for 2020-2022

		Unit	2020	2021	2022
Environmental	Comparing with the previous year, the comprehensive energy consumption for every RMB10,000 production value at comparable prices decreased by	%	3.57	4.18	3.17
	Comparing with the previous year, the comprehensive energy consumption for every RMB10,000 business income at comparable prices decreased by	%	2.47	16.46	6.06
	Comparing with the previous year, the comprehensive energy consumption for every RMB10,000 added value at comparable prices decreased by	%	5.38	12.60	2.61
	Comparing with the previous year, CO ₂ emissions decreased by	%	11.28	2.23	2.06
	Comparing with the previous year, nitrogen oxide emissions decreased by	%	8.50	3.87	2.83
	Comparing with the previous year, COD emissions decreased by	%	47.44	40.34	28.67
	Total investment in environmental protection	100 million (RMB)	23.0	26.2	31.0
Social	Total number of employees	10,000 people	37.1	36.3	37.5
	Newly created jobs	10,000 people	7.1	8	6.9
	Total pre-tax profits	100 million (RMB)	1,247.20	1,245.70	1,321.8
	Charity donations	100 million (RMB)	2.34	1.46	2.75
	Labor contract signing rate	%	100	100	100
	Coverage of social insurance	%	100	100	100
	Percentage of female managers (under direct administration of the Group or affiliated companies)	%	16.2	16.7	18.3
	Days of per capita average paid leave	days	8	8	8
	Average salary	RMB10,000	11.3	12.61	13.04
	Employee turnover rate (including Vanguard)	%	26.22	24.2	20.1
	R&D investment	100 million (RMB)	37.48	46.6	65.43
	Number of patents acquired and under application	pieces	7,222	8,568	10,817
	Employee safety training	hours for 10,000 people	555.74	583.73	539.54
	Related parties safety training	hours for 10,000 people	377.74	338.49	343.8
	Fatality rate per 1,000 employees	‰	0.0027	0.0024	0.0027
	Investment in work safety	100 million (RMB)	13.05	17.79	19.14
Governance	Number of emergency drills	number	35,202	37,675	38,997
	Total revenue	100 million (RMB)	6,861.2	7,714.7	8,182.6
	Total profit	100 million (RMB)	809.7	811.7	836.2
	Net profit	100 million (RMB)	590.4	600.9	641.4
	Total assets	100 million (RMB)	17,988.9	20,211.1	22,887.0
	ROE	%	11.2	10.2	9.54
	ROA	%	5.28	4.75	4.41
	Rate of maintenance and appreciation of state-owned assets	%	115.3	112.6	112.2
	Rank in Fortune Global 500	rank	79	69	70

CSR Key Indicators Index

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ESG Key Indicators Index

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Environmental	A1.1	The types of emissions and respective emissions data	Environmental Responsibility
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environmental Responsibility
	A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environmental Responsibility
	A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environmental Responsibility
	A1.5	Description of emissions target(s) set and steps taken to achieve them	Environmental Responsibility
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Environmental Responsibility
	A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility)	Environmental Responsibility
	A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility)	Environmental Responsibility
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Environmental Responsibility
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Environmental Responsibility
	A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced	N/A
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental Responsibility
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Environmental Responsibility
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Employee Responsibility
	B1.2	Employee turnover rate by gender, age group and geographical region	Employee Responsibility
Social	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Employee Responsibility and Appendix
	B2.2	Lost days due to work injury	N/A
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Employee Responsibility

Contents	ESG Scope, General Disclosures and KPIs	Page
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	B3.2 The average training hours completed per employee by gender and employee category	Employee Responsibility
	B4.1 Description of measures to review employment practices to avoid child and forced labor	Employee Responsibility
	B4.2 Description of steps taken to eliminate such practices when discovered	Employee Responsibility
	B5.1 Number of suppliers by geographical region	Partner Responsibility
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Partner Responsibility
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Partner Responsibility
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Partner Responsibility
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A
	B6.2 Number of products and service related complaints received and how they are dealt with	Customer Responsibility
	B6.3 Description of practices relating to observing and protecting intellectual property rights	Customer Responsibility
	B6.4 Description of quality assurance process and recall procedures	Customer Responsibility
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored	Customer Responsibility
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	N/A
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Economic Responsibility
	B7.3 Description of anti-corruption training provided to directors and staff	Economic Responsibility
	B8.1 Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport)	Public Responsibility
	B8.2 Resources contributed (e.g., money or time) to the focus area	Public Responsibility and Appendix

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 "N/A" when considering material topics.

Social

Rating Report

Rating Report on 2022 Sustainability Report of China Resources (Holdings) Co., Ltd.
Upon the request of China Resources (Holdings) Co., Ltd., the Chinese Expert Committee on CSR Report Rating invited experts to form a rating group, to rate the *2022 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 Vice President of the Group as the chief editor, responsible for coordination and final approval, and the Director of the Office as the executive editor and the Deputy Director of the Office as the deputy chief editor, guiding the execution of the specific work. The positioning of the Report's function and value is clear: an important tool to improve the information disclosure mechanism, advocate social responsibility concepts, strengthen communication with stakeholders and enhance social responsibility management. CRH identified Material Topics 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 5th consecutive year, and the Group analyzed and reviewed the social responsibility reports of 35 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, work safety, 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 94.38% 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 such as employee turnover rate, fatality rate per 1,000 employees, number of major labor disputes, human rights complaints, migrant workers' wages in arrears, and EHS systemic risks, and disclosed the negative public opinion incident of CR Snow Breweries Liaocheng Company. All these delivered an outstanding performance in balance.

Comparability (★★★★★)

Through a comparative analysis, the Report disclosed 70 key indicators of 3 consecutive years of the Group, including total revenue, total assets, charity donations, R&D investment, 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 and ranking 66th in the Top 500 World Brands, achieving outstanding performance in comparability.

Readability (★★★★★)

With "More Than Just a Companion" as its theme and stakeholders' theory as its basis, the Report systematically explained the Group's annual progresses in fulfilling its responsibilities for the economy, employees, customers, environment, partners, and the public, demonstrating its understanding to social responsibilities. The cover design utilizes the elements of the Group's main business and shapes different "companionship" scenarios with three-dimensional modeling, which enhances the recognizability and affinity of the Report; 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. Generally, cases and performances are abundant and accurate, with pictures and descriptions well-matched, achieving outstanding performance in readability.

Innovation (★★★★★)

The Report has set up VR in each chapter to expand the reading of corporate responsibility practices, which strengthens the dissemination and communication of the Report; 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 held a launch and invited experts to make in-depth analysis and comments on the reports of the Group and its subsidiaries to improve the preparation of the reports by its subsidiaries. These presented an outstanding performance in innovation.

Overall Rating (★★★★★+)

According to the assessment of the rating group, the Rating Report on 2022 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 fourth consecutive year.

IV. Suggestions

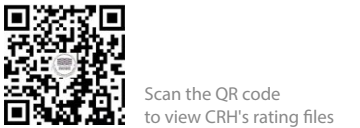
Consider augmenting the disclosure of core industry indicators to enhance the comprehensiveness of the Report.


Vice Chairman of the Rating Expert Committee


Head of the Rating Group


Expert of the Rating Group

Issued on 30 June 2023



Readers' Feedback

Dear readers,
Greetings!

Thank you for your time devoted to reading the Report. In our ongoing pursuit of excellence in preparing the Report and commitment to fulfilling our responsibilities, we kindly invite your valuable comments and suggestions.

1. Please indicate your stakeholder category

☐ Government employee

☐ Employee

☐ Community residents

☐ Others

☐ Regulatory authorities

☐ Customer

☐ CSR practitioners

☐ Shareholder and investor

☐ Suppliers and partners

☐ Industrial peers

2. What is your overall evaluation of the Report?

☐ 5

☐ 4

☐ 3

☐ 2

☐ 1

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

☐ 5

☐ 4

☐ 3

☐ 2

☐ 1

4. What is your overall evaluation of the structure of the Report?

☐ 5

☐ 4

☐ 3

☐ 2

☐ 1

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

☐ 5

☐ 4

☐ 3

☐ 2

☐ 1

6. What is your overall evaluation of the readability of the Report?

☐ 5

☐ 4

☐ 3

☐ 2

☐ 1

7. Do you have any comments or suggestions for CRH regarding its efforts in social responsibility fulfillment and the Report? If yes, please provide them below:



Scan the QR code to share your comments and suggestions. Your sincere suggestion serves as the catalyst for our ongoing advancement.

China Resources (Holdings) Co., Ltd.



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to access the e-version
of the Report



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