



中国建材

**Sinoma** 中国中材国际工程股份有限公司  
SINOMA INTERNATIONAL ENGINEERING CO., LTD.



**Promote green  
and intelligent  
development**

**To serve  
a better world**

**2023**

**Environmental, Social,  
and Governance Report**

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# About this report

## Reporting entity

The reporting entity is Sinoma International Engineering Co., Ltd. (stock code: 600970) and its affiliated enterprises. In this report, for ease of expression and reading, “Sinoma International Engineering Co., Ltd.” is abbreviated by “Sinoma International”, “the Company”, and “we”, and “China National Building Material Group Co., Ltd.” is represented by “the Group”.

## Reporting scope

The report defines the scope of the organization based on the principle of materiality. In February 2023, Hefei Cement Research & Design Institute Co., Ltd. was merged into the Company, so its information is also included in this report. Unless otherwise stated, this report covers the environmental, social, and governance performance of Sinoma International Engineering Co., Ltd. and its affiliated enterprises during the period from January 1 to December 31, 2023. Given the continuity and comparability, certain contents of this report may be extended as necessary.

## Information sources

The information and data in the report are derived from the Company’s official documents or internal statistics. The historical data cited is final statistical data. In case of any discrepancy between the financial data and the annual report, the annual report shall prevail. Unless otherwise stated, all amounts of currency involved in this report are denominated in Renminbi (“RMB”).

## Reporting language

This report is published in both Chinese and English. In case of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

## Reference standards

UN Sustainable Development Goals 2030 (SDGs)

International Standard for Social Responsibilities of International Organization for Standardization ISO 26000

Sustainability Reporting Standards of Global Reporting Initiative

Guidance on Social Responsibility Reporting (GB/T 36001-2015) issued by the Standardization Administration of China

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0) issued by the Chinese Academy of Social Sciences

Guiding Opinions on Performance of Social Responsibility by Central Enterprises, Guiding Opinions on Better Performance of Social Responsibilities by State-owned Enterprises and Reference Indicator System for the ESG Special Report of Listed Companies Controlled by Central Enterprises issued by the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council

Guidelines No. 1 of the Shanghai Stock Exchange for Self-regulation of Listed Companies — Standardized Operation

Appendix C2 Environmental, Social and Governance Reporting Guide of Listing Rules of the Stock Exchange of Hong Kong Limited

Recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”)

# Chairman's speech



**"Green development forges the soul of our enterprise, and social responsibility shines as the beacon of our times."**



**We brave the wind and rain and harvest the fruit.** 2023 is the first year for fully implementing the guiding principles from the 20th National Congress of the Communist Party of China (CPC), and the starting year of a new journey to build a modern socialist country in all respects. Sustainable development has become a global trend as the world undergoes major transformation unseen in a century. With the mission of "promoting green and intelligent development and serving a better world" in mind, Sinoma International has formulated the sustainable development strategy. Guided by "one core, three values, two main lines and four goals", we lay the foundation for our development internally and to serve the industry, society and the world in a sustainable manner externally. Sinoma International embraces the world with an open mind, making progress together with our peers around the world and forging ahead with entrepreneur spirit towards the goal of "world-class service provider in the material industry".

**Looking back to 2023, we forged ahead through the wind and rain and rose to the challenges along the way. We achieved a good operating performance against the trend and wrote a chapter of development with hard work.** Faced with complex and severe external situations and multiple pressures, the Company spared no pains to take on difficult issues. We achieved another new high in operating income, net profit attributable to the parent company, and the total amount of new contracts signed, bringing the cumulative value of

our contracts in hand up to nearly RMB 100 billion. The Company ranked 43rd globally and 11th among Chinese companies on the Engineering News-Record (ENR) list, reaching another record high. The Company had been listed among the "Top 100 Listed Companies in China by Health Index" for two consecutive years, and successfully selected into the "ESG Pioneer 100 Index of Central Enterprises" by the SASAC. The Company also received the Award for NOx Emission Reduction from the World Cement Association (WCA). We had four projects winning the National Excellent Quality Engineering Award for 2022-2023, including SOKOTO3 Project in Nigeria, Wuzhong SAIMA Project in Ningxia, ZAHANA Project in Algeria, and BECHAR in Algeria. Xigaze Yagu New Building Materials Cement Production Line Project was awarded the Guinness World Records title for the "Highest-Altitude Cement Production Line". With these achievements, we further strengthened our global presence as a remarkable brand and improved our competitiveness in the entire industrial chain.

**Looking back to 2023, we made great efforts in tackling key problems and developed with intelligence. We cultivated the low-carbon technology business driver and wrote a chapter of innovation with fast change.** Relying on the world-leading cement technology, equipment and service system, the Company took on the heavy task of green and low-carbon transformation of the cement industry, and pioneered the technological approach to low-carbon development for the whole chain. Following the new trend of integrated development of digital economy and real economy, the Company built smart factories and smart mines incorporating smart equipment, automation control, smart production, smart management and smart ecology, which promoted the digital transformation of intelligent manufacturing in the building materials industry. During the year, the investment in R&D reached RMB 1.842 billion, the Company successfully passed the review of "National-level Enterprise Technology Center", and completed the strategic planning for the second batch of key scientific research projects during the "14th Five-Year Plan" and the inception approval for the first batch of cutting-edge science fund projects. The Company was also granted patents for 131 inventions, approved for national key R&D project "Industry 4.0 Integrated Management Platform for Green Intelligent Cement Factories". Our strength in innovation further built up, delivering increasingly remarkable influence and better empowering the global climate change governance.

**Looking back to 2023, we committed to extensive consultation and joint contribution, as well as coexistence and co-prosperity. We cared for the common destiny of humanity and wrote a love-laden chapter of harmony and mutual assistance.** Adhering to the people-oriented strategy, the Company constantly strengthened team building, improved the quality of its employees and cultivated pillar talents who can play major roles and shoulder heavy responsibilities, so as to promote the sustainable and healthy development of the Company. As one of the first "going global" central enterprises, the Company dared to take the lead and actively implemented the great Belt and Road Initiative. The Company focused on close cooperation at the local level and actively participated in infrastructure construction, charity work, community service and education development in the country where it operates. Through these efforts, the Company brought benefits to the people along the Belt and Road, from the Gobi Desert to the Snowy Plateau, from the Red Sea coast to the land of the Thousand Islands, demonstrating that the Millennium Silk Road was in full swing. In addition, the Company took concrete measures to promote cultural integration and build closer people-to-people ties. Our value of social responsibility was further demonstrated, and we supported the building of a community with a shared future for mankind with the characteristics of The Time.

**"When one's aspiration is boundless, nothing can hinder its endeavors."**

Looking forward to 2024, we will be encouraged by the vibrant force in adhering to innovation and leadership, implementing the "carbon peaking, carbon neutrality" strategy and jointly building the Belt and Road with high quality, with more firm conviction, more pragmatic actions and a more progressive pattern. By doing so, we will make greater contributions to the technological progress in the industry and to the sustainable development of society. Furthermore, we will continue to work hard for the green development of our country and strive for a better world.

Chairman, Sinoma International

# About Sinoma International

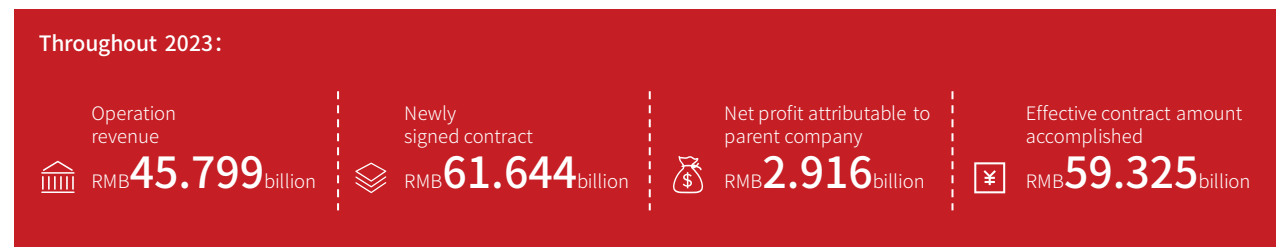
## Company profile

Sinoma International Engineering Co., Ltd. (hereinafter referred to as "Sinoma International") is a key enterprise in the engineering technical and service sector and in international business under the China National Building Material Group Co., Ltd, one of the Fortune Global **500**. It is also the world's leading service provider for cement technology, equipment and engineering system integration, a national technological innovation demonstration enterprise, a single champion demonstration enterprise in the manufacturing industry, a demonstration enterprise for national intellectual property, the "Going Global" benchmark enterprises recognized by the SASAC of the State Council, the pilot enterprise of the "Double Hundred Action" of the SASAC, and a winner of the China Grand Awards for Industry.

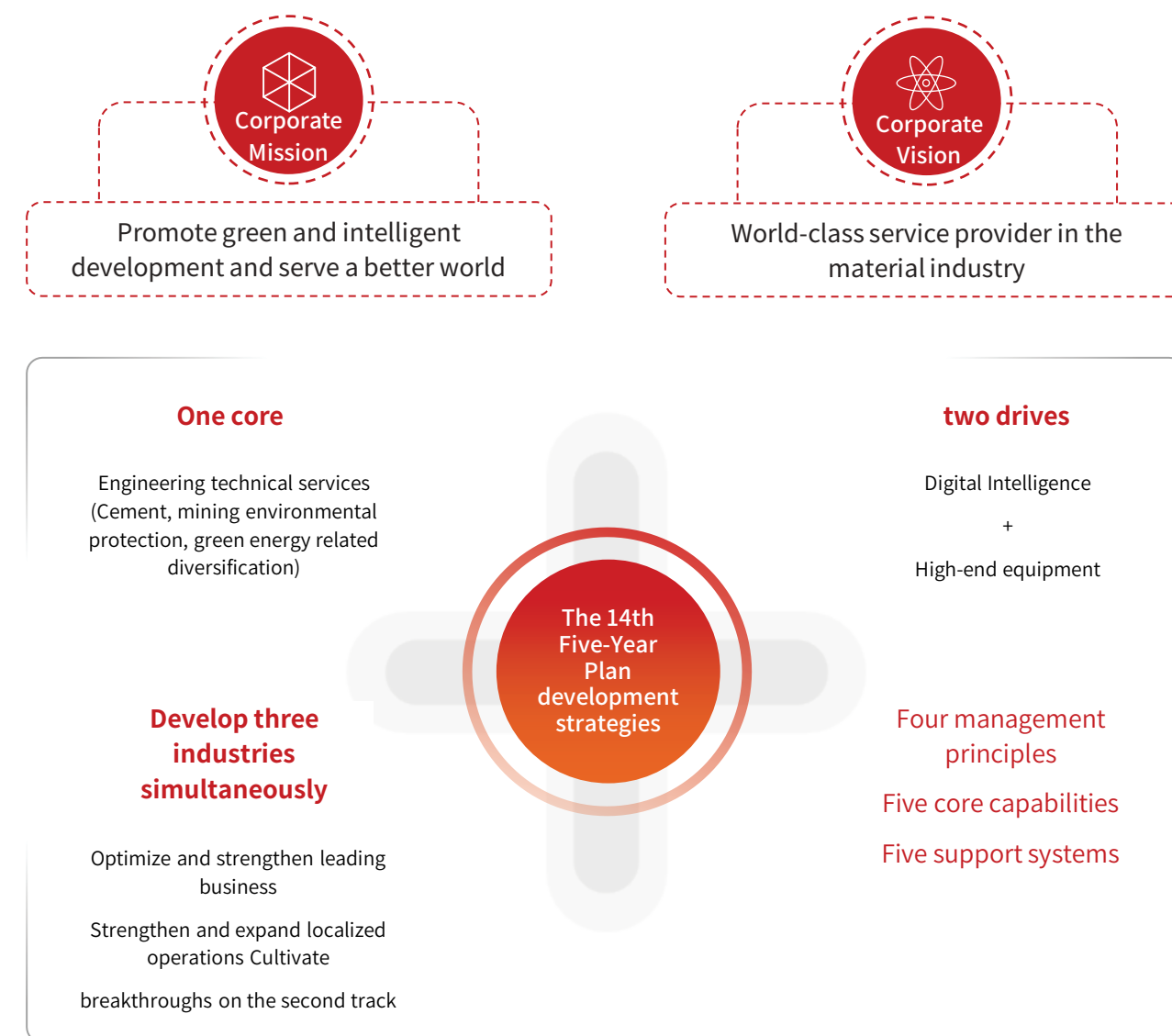
In 2001, Sinoma International was established by integrating high-quality assets of the national cement technology and equipment engineering business. In 2005, it was listed on the Shanghai Stock Exchange (600970.SH). Through technology import, assimilation, and independent innovation, the Company has successively developed and built a series of production lines ranging from China's first **1,000**tpd production line to the world's largest **14,000**tpd production line, and made major breakthroughs that enabled China's transformation from an importer of complete sets of key equipment to full localization and then to an exporter of complete sets, thus making great contributions to China's infrastructure construction and economic development. The company boasts complete industrial chain resources and system solutions ranging from mining services, cement engineering R&D, engineering design, professional equipment manufacturing, engineering construction, equipment installation, and production line commissioning to maintenance and operation management of production lines. It is the only enterprise that owns a complete industrial chain in the international cement technology and equipment engineering market.

Sinoma International relies on internationally leading technologies for new dry-process cement production lines with independent intellectual property rights, and leverages "entire industrial chain" resources covering cement technology, equipment, engineering and service to drive the output of all factors such as Chinese products, technologies, standards, and capital, with international engineering projects as a carrier. It has contracted 332 cement production lines in 88 countries around the world, maintaining the world's No.1 market share for 16 consecutive years, and has won the Luban Award for China Construction Engineering, Gold Award for National High-Quality Engineering and other top honors both at home and abroad repeatedly. It ranked **43th** among ENR's "Top 250 International Contractors" in 2023, and ranked **11th** among Chinese companies on the list. The brand "SINOMA" has become one of the most influential brands in the international building materials and engineering market.

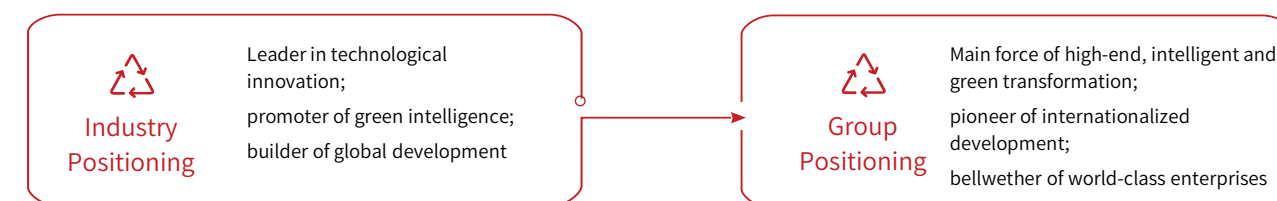
Currently, Sinoma International has grown into an international enterprise with a core competitiveness system featuring "scientific and technological innovations, core equipment, engineering integration, digital intelligence, and global operations". With steady improvement in operation quality and prominent advantages in its corporate value, the Company is moving steadily towards its mission of "promoting green and intelligent development and serving a better world" as well as its vision of becoming a "world-class service provider in the material industry".



## Mission and Vision

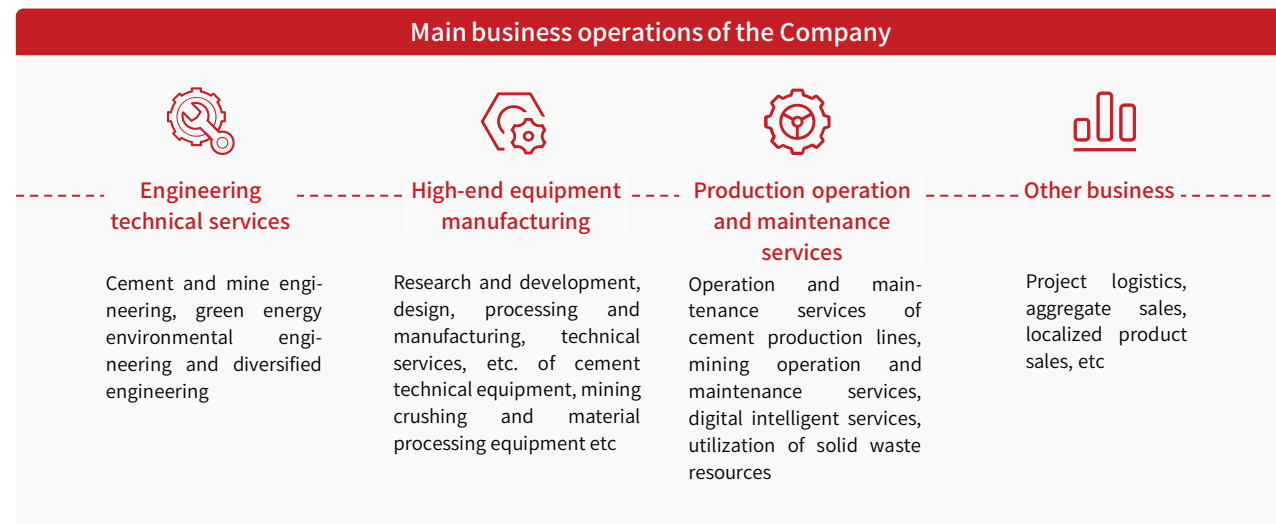


## Development positioning



## Main business segments

Main business segments and affiliated enterprises as at 31 December 2023 are as follows:



Business segment	Affiliated enterprise			
Engineering segment	Sinoma International (Nanjing) Engineering Co., Ltd.	Chengdu Design and Research Institute of Building Materials Industry Co., Ltd	CBMI Construction Co., Ltd.	Beijing Triumph International Engineering Co., Ltd.
	Sinoma (Suzhou) Construction Co., Ltd.	Sinoma (Handan) Construction Co., Ltd.	Sinoma (Zhejiang) Engineering Design & Research Institute Co., Ltd	
Equipment segment	Equipment Group (Tianjin Cement Industry Design & Research Institute Co., Ltd., Hefei Cement Research & Design Institute Co., Ltd., Zhejiang Boyu M&E Industry Co., Ltd., HAZEMAG & EPR GMBH)			
Mining segment	Sinoma Mining Construction Co., Ltd.			
Operation and maintenance services	CNBM Smart Industry Technology Co., Ltd.			
Digital intelligence	Sinoma International Intelligent Technology Co., Ltd.			
Green energy and environmental engineering	Sinoma Overseas Development Co., Ltd.	Sinoma International Environmental Engineering Co., Ltd.	Sinoma International Water Technology (Hefei) Co., Ltd.	
Trade services	Sinoma Technology Services (Beijing) Co., Ltd.			

Note: The environmental and social data disclosed in this report are the sum of the data of the Company and its subsidiary enterprises, irrespective of the Company's share of equity.

## Market distribution



## Honors & Awards



Sinoma International always adheres to the sustainable development strategy, and is recognized by domestic and foreign governments and institutions in various aspects.



In 2023, the Company received a number of honors and awards, including but not limited to:

### ESG Award

“**ESG Pioneer 100** Index of Central Enterprises”

“**ESG Growth 100** Index of Central Enterprises”

International Green Zero Carbon Festival  
**"Green and Sustainable Development Contribution Award"**

“2023 Responsible Top Bull Award - **ESG Dual Carbon Pioneer Award**”

2023 Easy Board ESG+8  
**“Top 100”** List

### ESG Practice Model Award

**Received A** in China Chengxin Green Finance’ s ESG Rating

### Comprehensive Award

**ENR’** s 2023 “Top 250 International Contractors” (**43**rd among global companies and **11**th among Chinese companies on the list)

“Top 100 Listed Companies in China by Health Index” (**41**st in the whole market and top **0.65%** of the industry)

No.**2** in China's “Overseas EPC Turnover of Survey and Design Enterprises” and No.**8** in China's “EPC Turnover of Survey and Design Enterprises” in 2023

“ **Pilot enterprise** ” of the Double Hundred Action of the SASAC

The "**Five-Star Integrity Enterprise**" in 2023 awarded by China Enterprise Reform and Development Society (CERDS)

Two revolutionary results were awarded the First Prize in the Second Practice of Deepening Reform in State Owned Enterprises **5 Outstanding Achievements** in the Second “China's State-owned Enterprises in Deepening Reform and Practice”

**4 Outstanding Achievements** in “China's Enterprise in Reform and Development”

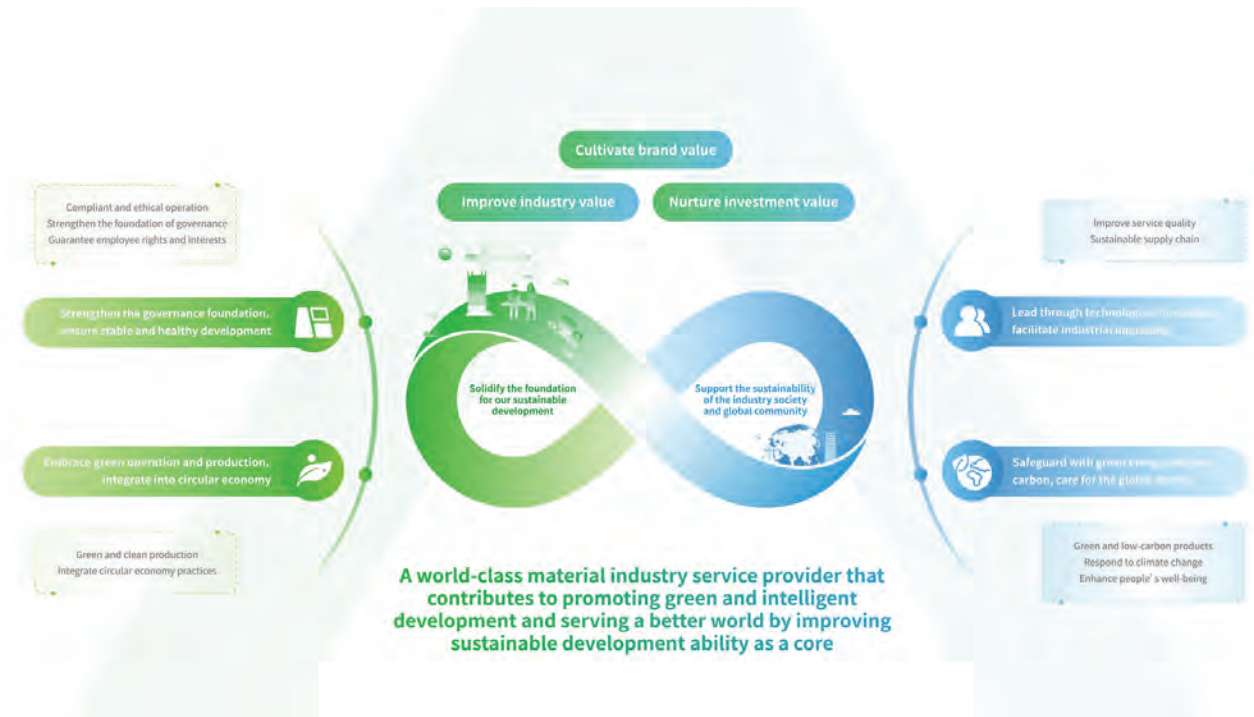
Selected as a **typical case of brand building** in state-owned enterprises by the SASAC

First prize of the Fourth Modern Industrial Enterprise **Party Building Innovation Achievements**

# Sustainable development management

## Sustainability strategies

Sinoma International has formulated the “1324” sustainability strategy. Internally, the Company builds a modernized corporate governance structure, adheres to compliant and clean operation, and strives to protect rights and interests of employees. By maintaining production and operation in a clean, green and recyclable manner, Sinoma International aims **to solidify the foundation of its sustainable development**. Externally, Sinoma International continuously improves the quality of its services, builds a sustainable supply chain, seizes clean technological opportunities, seeks for breakthroughs in the innovation of green and low-carbon products and services, and actively responds to climate changes, thus building a community with a shared future for mankind that **contributes to the sustainability of the industry, the society and the global community**.



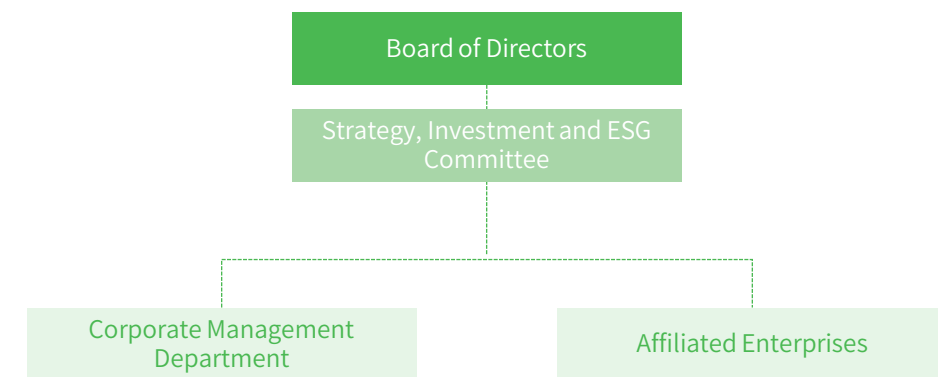
Guided by “one core, three values, two main lines and four goals”, the Company establishes a standardized and transparent governance system, creates an honest and clean business environment, builds a dynamic and capable talent team, and **promotes the healthy and sustainable development of the Company**. The company constructs a clean and environmentally friendly production mode, promotes a low-consumption and recycling operational model, maintains a healthy and harmonious ecological environment, and **drives the green and sustainable development of the Company**. The company breaks through innovative and advanced technological capabilities, leads the intelligent and high-end industrial upgrading, strengthens the partnership of co-construction and win-win outcomes, and **enables the sustainable development of the industrial chain**. The company provides green and low-carbon solutions, cultivates the ability to respond to global climate change, practices the "Belt and Road" initiative of consultation, co-construction, and sharing, promotes the deep integration of global technology, talent, and culture, and **contributes to the harmonious and sustainable development of the world**.

## ESG governance structure

Sinoma International has established an ESG management system in which the Board of Directors takes responsibilities. The system, led by the management and initiated by the mean departments, requires cross-departmental collaboration and involvement from entities at all levels.

The Board of Directors is the highest decision-making body for the Company’s ESG efforts, being responsible for comprehensively guiding the Company’s sustainable development strategy and overseeing, supervising, deliberating, and approving significant ESG-related matters such as the Company’s ESG strategy and annual ESG report. The Strategy, Investment and ESG Committee is set under the Board of Directors, and responsible for researching and formulating the Company’s overall objective and implementation strategies for ESG management, assessing and identifying the Company’s ESG risks and opportunities, and evaluating, prioritizing and managing important ESG-related matters (including waste management and pollutant emission, climate changes, employee safety and health, labor management, business ethics, etc.), and reporting significant matters regarding ESG work to the Board of Directors on a regular basis.

The Company clarifies the ESG management responsibilities of the leading department and each functional management department, establishes and improves ESG management norms and processes. Meanwhile, the Company statistically analyzing ESG related information and data, organizes and carries out ESG practice activities, implements specific objectives and action plans set up by the Company in ESG management, and establishes effective communication with ESG stakeholders. Affiliated enterprises clearly define the ESG main responsible department, to carry out various forms of responsibility fulfillment practices in accordance with local conditions under the unified planning of the Company.



### Relate remuneration of management to ESG performance


In accordance with the Company’s development strategy and annual budget, the Company has clarified the annual business objectives, and the objectives are decomposed and implemented at the three levels of the company’s managers, affiliated enterprises and headquarters departments. The Company has required the signing of the Business Performance Accountability Letter for 2023 and included ESG-related content in assessment indicators, covering safety, environmental protection, energy conservation and consumption reduction, “Dual Carbon”, integrity, privacy protection, staff development, disclosure of ESG information and ESG rating. The “Energy saving and ecological environment protection” indicator accounts for 10% of the Company’s performance, the general manager’s performance and the affiliated enterprises’ performance, and the performance evaluation of manager level of the Company and affiliated enterprises are both relevant to this indicator.



# Communication with stakeholders

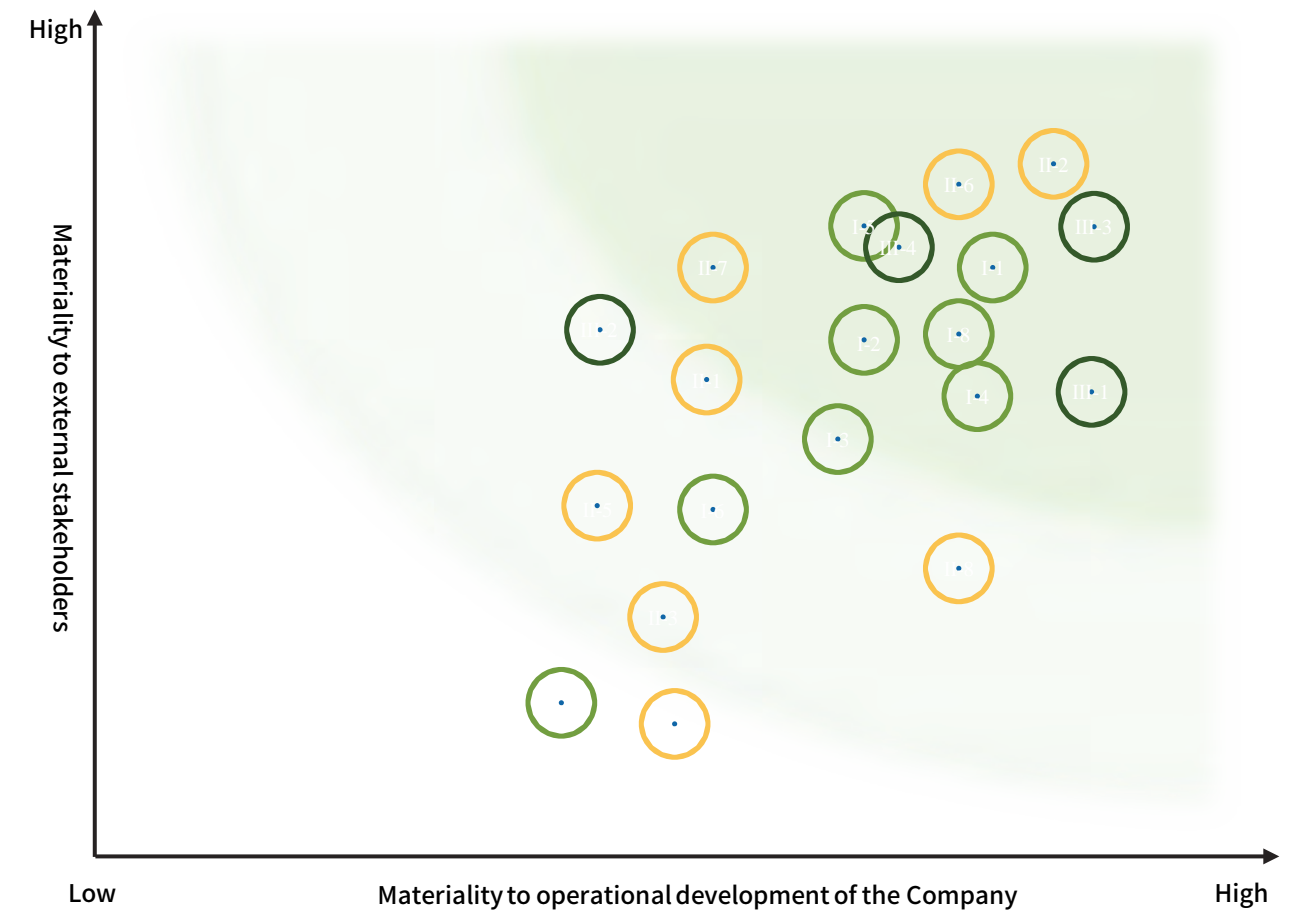
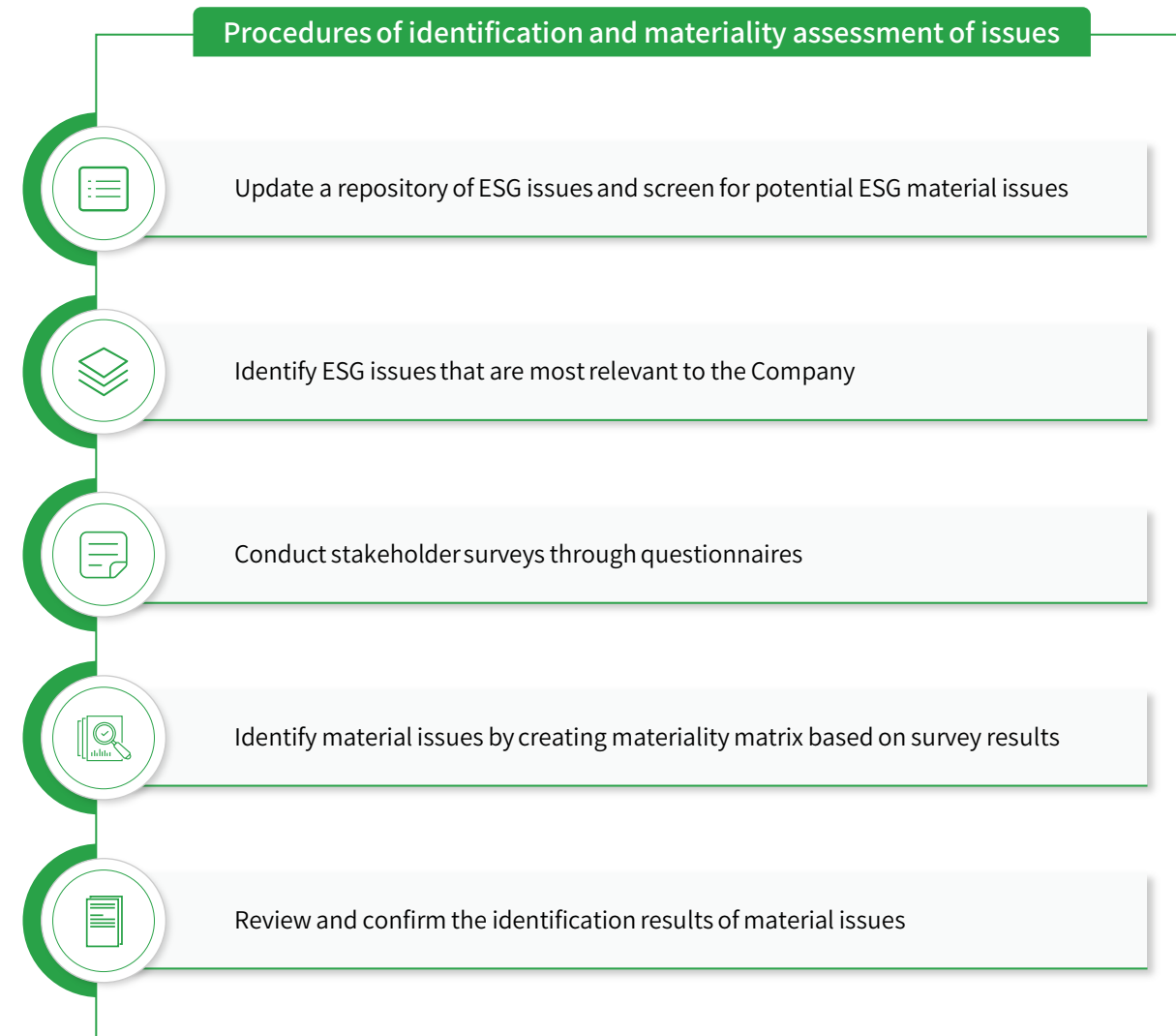
Sinoma International has identified key stakeholders related to our operations and maintain smooth and efficient communication with them. At the same time, we actively understand and respond to stakeholders' expectations and demands, involving them in the ESG decision-making process.

Key stakeholders	Primary communication channels	Expectations and appeals	Communication and response
 <b>Governments and regulatory authorities</b>	<ul style="list-style-type: none"> <li>ESG materiality assessment questionnaires</li> <li>Phones/Emails</li> <li>Conferences and conversations</li> </ul>	<ul style="list-style-type: none"> <li>Implement national policies</li> <li>Support regional development</li> <li>Compliant operations by law</li> </ul>	<ul style="list-style-type: none"> <li>Continuously strengthen compliance management</li> <li>Participate in government related meetings and cooperation</li> <li>Respond to relevant national policies</li> </ul>
 <b>Shareholders/Investors</b>	<ul style="list-style-type: none"> <li>Press releases/Announcements</li> <li>ESG materiality assessment questionnaires</li> <li>Annual/Interim performance release conferences</li> <li>Shareholders' meetings</li> <li>Investor conferences</li> </ul>	<ul style="list-style-type: none"> <li>Create market values</li> <li>Control the operation risk</li> <li>Strengthen information disclosure</li> <li>Develop green technologies</li> <li>Protect the ecological environment</li> </ul>	<ul style="list-style-type: none"> <li>Continuously create business performance</li> <li>Improve corporate governance and risk management</li> <li>Periodically publish reports and promptly disclose information</li> <li>Hold shareholders' meetings to strengthen investor relationship management</li> <li>Strengthen technological R&amp;D for low-carbon industry development</li> <li>Adhere to green production and construction</li> </ul>
 <b>Directors, supervisors and senior management</b>	<ul style="list-style-type: none"> <li>Board meetings</li> <li>Shareholders' meetings</li> <li>Employee meetings/seminars</li> <li>ESG materiality assessment questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>High-quality service</li> <li>Compliant operations by law</li> <li>Intensify innovation efforts</li> <li>Strengthen information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Lean product quality</li> <li>Establish and improve customer service system</li> <li>Continuously strengthen compliance management</li> <li>Strengthen technological R&amp;D</li> <li>Periodically publish reports and promptly disclose information</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>Employee meetings/seminars</li> <li>Employee performance appraisal interviews</li> <li>On-site investigation</li> <li>Employee activities</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration and welfare guarantee</li> <li>Employee growth and development</li> <li>Occupational health and safety</li> <li>Employee care</li> <li>Democratic management</li> </ul>	<ul style="list-style-type: none"> <li>Develop a competitive salary system and welfare guarantee mechanism</li> <li>Organize employee training, improve the promotion mechanism, and build the development platform</li> <li>Improve working conditions and care for employees in difficulties</li> <li>Carry out employee activities and strengthen employee communication</li> </ul>

Key stakeholders	Primary communication channels	Expectations and appeals	Communication and response
 <b>Clients</b>	<ul style="list-style-type: none"> <li>Phones/Emails</li> <li>Conferences and conversations</li> <li>ESG materiality assessment questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>Ensure product quality</li> <li>High-quality service</li> <li>Protect customer rights and interests</li> <li>Develop green technologies</li> <li>Response to climate changes</li> </ul>	<ul style="list-style-type: none"> <li>Lean product quality</li> <li>Establish and improve customer service system</li> <li>Strengthen technological R&amp;D for low-carbon industry development</li> <li>Adhere to green production and construction</li> </ul>
 <b>Suppliers/Contractors</b>	<ul style="list-style-type: none"> <li>Procurement bidding notice</li> <li>Inspection and supervision</li> <li>Supplier/Contractor conferences</li> <li>Phones/Emails</li> <li>Conferences and conversations</li> <li>ESG materiality assessment questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>Practice fair competition</li> <li>Strengthen strategic cooperation</li> <li>Promote industry development</li> </ul>	<ul style="list-style-type: none"> <li>Implement sunshine procurement</li> <li>Create a responsible supply chain</li> <li>Participate in industry organizations and conferences</li> <li>Expand multi-party communication</li> </ul>
 <b>Industry/Business partners</b>	<ul style="list-style-type: none"> <li>Phones/Emails</li> <li>Conferences and conversations</li> <li>ESG materiality assessment questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>Adhere to energy saving and emission reduction</li> <li>Protect the ecological environment</li> <li>Enthusiastic in public welfare and charity</li> <li>Support community construction</li> <li>Response to climate changes</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a healthy market ecosystem</li> <li>Participate in industry organizations and conferences</li> <li>Expand multi-party communication</li> <li>Strengthen technological R&amp;D for low-carbon industry development</li> </ul>
 <b>Community members/Public welfare organizations</b>	<ul style="list-style-type: none"> <li>Phones/Emails</li> <li>Conferences and conversations</li> <li>ESG materiality assessment questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>Adhere to energy saving and emission reduction</li> <li>Protect the ecological environment</li> <li>Enthusiastic in public welfare and charity</li> <li>Support community construction</li> </ul>	<ul style="list-style-type: none"> <li>Adhere to green production and construction</li> <li>Improve energy and resource use efficiency and implement energy conservation and emission reduction</li> <li>Carry out voluntary public welfare activities</li> <li>Assist in rural revitalization</li> <li>Hold enterprise open day activities</li> </ul>
 <b>Media</b>	<ul style="list-style-type: none"> <li>Press releases/Announcements</li> <li>Media interview</li> <li>ESG materiality assessment questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>Maintain good relationships</li> <li>Establish positive interaction</li> </ul>	<ul style="list-style-type: none"> <li>Expand publicity channels</li> <li>Invite stakeholders to visit</li> <li>Communicate with NGOs</li> </ul>

# Materiality assessment

Sinoma International integrates the material issues assessment into the overall risk management process of the Company. In order to identify the ESG issues of most concern to the Company's major stakeholders, during the preparation period of this report, the Company, in combination with the requirements of the Reference Indicator System for the ESG Special Report of Listed Companies Controlled by Central Enterprises, Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited, TCFD recommendations, has actively understood and responded to stakeholders' concerns about ESG issues through questionnaires, review and summary, exchange meetings and other means. At the same time, the Company has adopted the "Dual Materiality" principle that combines financial importance and the impact of its business activities on the environment and society, to assess the materiality of the issues, and has taken it as an important reference for defining the scope and boundary of issue disclosure.



Environmental	Social	Governance
I - 1 Emission management	II - 1 Human resource management	III - 1 Anti-corruption
I - 2 Waste management	<b>II - 2 Occupational health and safety of employees</b>	III - 2 Anti-unfair competition
<b>I - 3 Greenhouse gas emissions and management</b>	II - 3 Career development and training of employees	<b>III - 3 Legal compliance</b>
I - 4 Energy usage and efficiency	II - 4 Child and forced labor	<b>III - 4 Enterprise information disclosure</b>
<b>I - 5 Development of green technologies</b>	II - 5 Environmental and social risks of the supply chain	
I - 6 Water usage and efficiency	<b>II - 6 Product and service quality</b>	
I - 7 Protection of ecological environment and biodiversity	<b>II - 7 Scientific research input and innovation</b>	
<b>I - 8 Response to climate change</b>	II - 8 Community investment and engagement	

Note: Topics marked in red are considered important.

# Hold the pen of “digital intelligence” to write a new chapter of high-quality development

- Effectiveness enhancement: charting the chapters of functional management
- Innovation-driven: depicting the blueprint of business development
- Intelligent leadership: sketching the view of industrial transformation



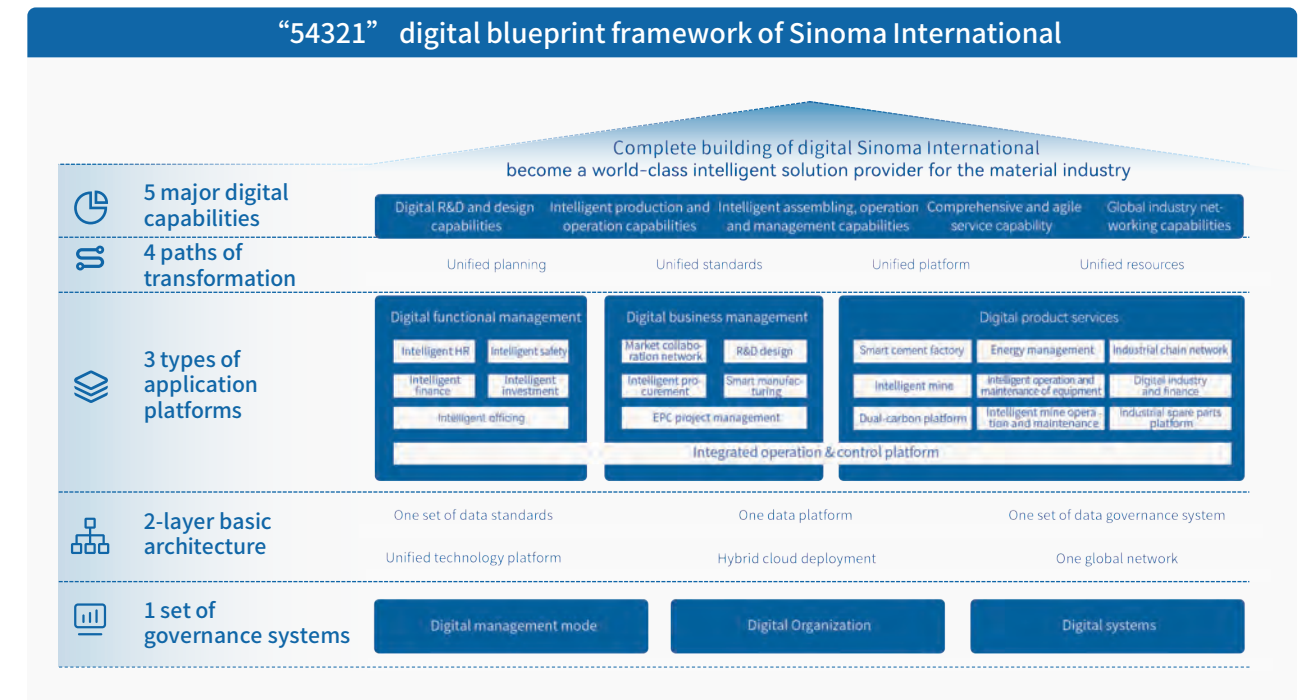
*“The digital economy is a new economic form following the agricultural economy and the industrial economy, and it is an important era background to promote Chinese path to modernization.”*

— Xi Jinping

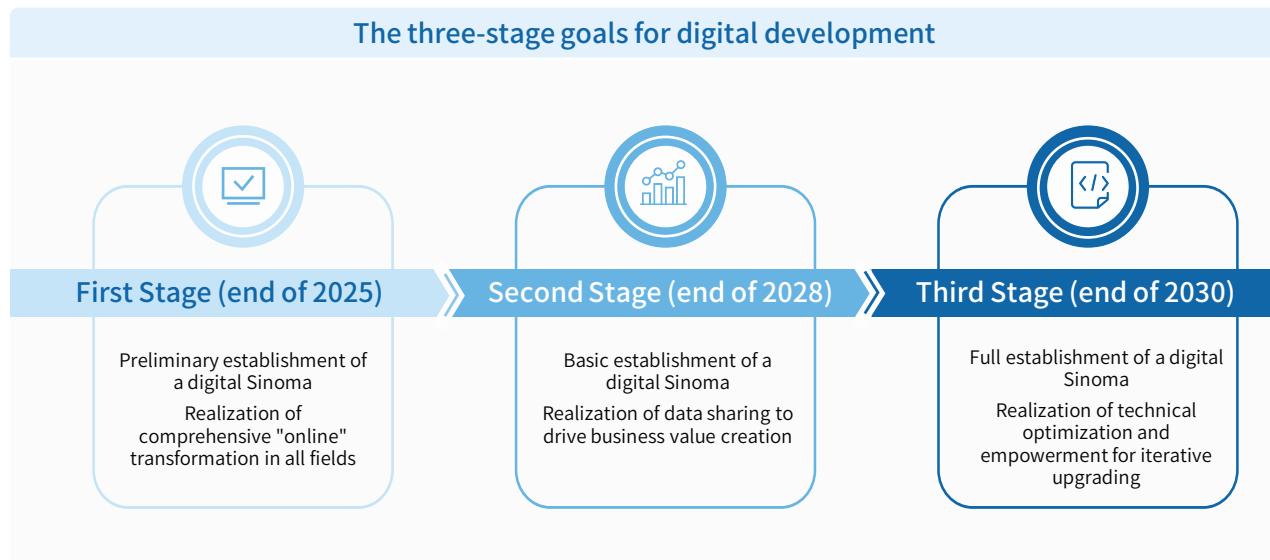


The blueprint has outlined thousands of scenarios, and it is just the right time to sail and break the waves. Sinoma International seizes the new opportunities in the digital era and leverages digital empowerment to drive intelligent manufacturing, cultivates new productive forces, thereby supporting the Company’s high-quality development, and making greater contributions to accelerating the deep integration of the digital economy and the real economy and building a modern industrial system.

Following the national “14th Five-Year Plan”, the “Overall Layout of China Digital Development” and the requirements of 2035 vision of “Accelerate the Development of A Digital Society”, combining with the “Informationization Construction and Digital Transformation Plan” of China National Building Material Group, Sinoma International has accelerated the construction of a “digital intelligence” driving engine in accordance with the Company’s “14th Five-Year Plan” development strategy, released and implemented the “14th Five-Year Plan Digitalization Strategy of Sinoma International”. The Strategy has clarified the digital vision goal of building a fully digital Sinoma International and becoming a world-class provider of intelligent solutions for the materials industry, and set forth the “54321” digital development blueprint.



### The three-stage goals for digital development



Sinoma International is led by the digital development blueprint and the strategic goals of "business-finance integration, intelligent operations, and breakthroughs in intelligent business integration", with a focus on "empowering business and optimizing collaboration", supporting the digitization of research and development design, intelligent production and operation management, agile customer service, and coordinated industrial ecosystem.

In 2023, the Company conducted multiple workshops on digital and intelligent development, including research and development of intelligent mine products, digitalization of factory operation and maintenance business, and is committed to continuously improving its management level internally, optimizing its product and service capabilities externally, and making every effort to build a digital Sinoma International.

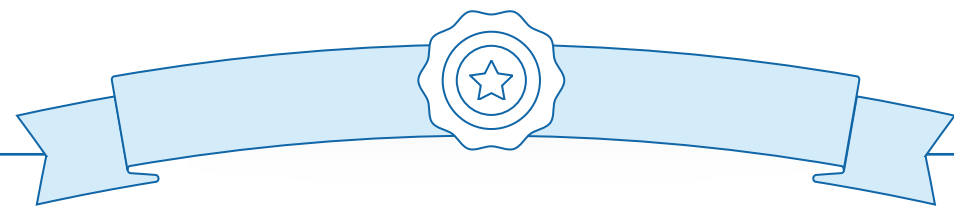


### Improve operation and management in house

- Established **The Business Digital Transformation Committee**, improved the digital governance system, and built a tracking and closed-loop management mechanism for the implementation of digital strategies;
- Established 6 data management systems, conducted the standardization of data governance in the engineering domain and procurement domain, released 23 data standards, to improve the master data management platform;
- Completed the digital base platform, with more than **2T** data entering the data lake;
- Promoted the construction of "one system and one platform", established digital platforms, including the engineering management, market management, procurement management, human resource management and financial management, solidly promoted the integration of multiple platforms, with pilot enterprises leading the way in achieving "integration of business and finance";
- Established and launched a Digital Intelligence construction platform that covered **6** major businesses and **16** subsystems, with a comprehensive EPC business coverage rate of **95%**.

### Optimize products and services at large

- Completed intelligent business reorganization, based on the overall solution service provider of industrial intelligence, established **Sinoma International Intelligent Technology Co., Ltd.**;
- Successfully developed a new generation of intelligent products such as operation collaboration and industry expert collaboration, empowered the industry to accelerate transformation and upgrading;
- Released the Industrial Internet platform and connected lightweight digital twin factories;
- Launched the digital intelligent factory overall solution **2.0**, built 9 digital intelligent factories throughout the year, and created a batch of intelligent benchmark demonstration projects such as the aggregate projects of Hefei South, Yicheng South, CUCC Chuzhou, Shandong Quanxing, and CNBM Chizhou;
- Co-constructed a R&D base together with Xinjiang Tianshan Cement Co., Ltd. and created **22** best practices such as integrated intelligent inspection and online thermal diagnosis;
- Signed contracts for the three-level (headquarters, regional, and factory level) production management information system of Xinjiang Tianshan Cement, covering over **300** production lines, with an automatic production data collection rate of **95%**;
- Established the "**1+1+4+N**" product planning system for intelligent mines, which means "one integrated platform, one set of intelligent equipment, four management centers (technology, control, safety and environmental protection, energy and carbon), multiple application systems" ;
- Completed the construction of **22** digitalized mines, and the independently developed data automatic collection, equipment management, and safety checkpoint inspection systems were applied in **8** projects.



### In 2023, the Company and affiliated enterprises achieved many honors in the field of digitalization and intelligence

- Tianjin Cement Research & Design Institute Co., Ltd. and IVYSTAR in total of **2** companies were selected as the **demonstration list** of the Ministry of Industry and Information Technology for the **integration of new-generation information technology and manufacturing development** in 2023
- Sinoma International (Nanjing), Tianjin Cement Research & Design Institute and its subsidiary Sinoma Shangrao Machinery Co, Ltd, CBMI Construction Co., Ltd., and IVYSTAR in total of **5** companies were selected as **"Pilot Enterprises of Digital Transformation through Standard"**
- CBMI Construction Co., Ltd. was selected as a **"Demonstration Enterprise for the Integration of Informatization and Industrialization in the Building Materials Industry"** and Sinoma International (Nanjing) received **AAA Certificate of Integrated Management System of Informatization and Industrialization**
- The "Integrated Solution of Digital Plant Design and Construction" of Tianjin Cement Industry Design & Research Institute Co., Ltd. was selected as one of the **intelligent manufacturing projects of MIIT**
- Tianjin Cement Industry Design & Research Institute Co., Ltd. have won **1** second prize and **3** third prize, Sinoma International (Nanjing) Engineering Co., Ltd. have won **1** third prize in the Digital Scene Innovation Competition for State-owned Enterprises of SASAC
- Sinoma International (Nanjing) Engineering Co., Ltd., Sinoma (Suzhou) Construction Co., Ltd. and Tianjin Cement Industry Design & Research Institute Co., Ltd. in total of **3** achievements were included in MIIT's 2023 **Typical Cases of Digital Transformation in Intelligent Manufacturing** of the Building Materials Industry
- 3** achievements of Tianjin Cement Industry Design & Research Institute Co., Ltd., and affiliated Sinoma Tangshan and **1** achievements of Hefei Cement Industry Design & Research Institute Co., Ltd. were included in the Ministry of Industry and Information Technology (MIIT)'s 2023 Annual **List of Excellent Intelligent Manufacturing Scenarios**
- IVYSTAR's "Intelligent Equipment Management and Service Solution for the Building Materials Industry" was selected as an **Excellent Industrial Solution of Internet APP** by the MIIT
- The "Building Materials Equipment Shared and Collaborative Manufacturing" of Tianjin Cement Industry Design & Research Institute Co., Ltd. won the **Excellent Award** at the Third **Intelligent Manufacturing Innovation Contest**

## Effectiveness enhancement: charting the chapters of functional management

Sinoma International coordinates the construction of functional management applications such as finance, human resources, market, investment, safety, operation and integrated office. And the Company is continuously improving the practicality of the system, gradually achieving the business-finance integration and comprehensive promotion and optimization, which promotes the development of functional applications from "usable" to "easy to use and user-friendly", and enhances business analysis and control abilities, as well as digital leadership and decision-making from top to bottom.

### Case

#### Building a unified human resource management platform to support human resource development strategies

Since 2017, the Company has been continuously optimizing and constructing its human resources platform, achieving digital management of organizational personnel, absenteeism, and salary performance. In 2023, the Company constructed a human digital functional architecture based on the three stages of human development strategy of "personnel oriented, talent oriented, and strategic oriented". By optimizing the platform's functional modules through data governance, the platform expanded its application scenarios and achieved autonomy, automation, and multi-dimensional analysis of human resource data reports. The Company also built a human resource management cockpit, promoting the effective improvement of human resource management level.

### Case

#### Building a unified market management platform to enhance market operation efficiency

The Company has established a unified market management platform, implemented full level online applications, and built a leadership decision-making cockpit to conduct real-time statistics and effective analysis and display of market operations. At the same time, the Company has promoted the integration and integration of market platforms with master data platforms, financial platforms, engineering platforms, and online procurement platforms, achieve data interconnection, and effectively improved market management efficiency.



## Innovation-driven: depicting the blueprint of business development

Sinoma International focuses on its main business models such as engineering services, high-end equipment, digital intelligence, and local operations. Based on the entire industry chain business process of “research, production, supply, sales, and service”, the Company unifies data standards and creates industry-leading and market-oriented digital intelligent products, to achieve integrated empowerment from design to business management, fully support the Company’s diversified business forms and global business layout, and transform into a digital solution service provider for the materials industry step by step.

### Case Build a multi-level, multi-unit, and full-process engineering management platform

The Company has established a control-oriented engineering management platform with a three-tier architecture of “headquarters, affiliated enterprises and project”, and is advancing the integration of platforms built by the headquarters and subsidiary enterprises, creating a decision-making dashboard for leadership. In 2023, the Company completed the trial operation of Phase I of the platform, which realized the whole-process control of contract performance, standardized progress management, and real-time collection and visualized analysis of costs. The platform enables the coordinated management of the resource line and finance line of subcontractors, and through the integration with the main data platform, financial platform, online procurement platform, and market platform, enables the integration and data interaction of business and financial processes, empowering the refinement of engineering management.



### Case Build an industrial Internet platform for intelligent equipment manufacturing with lifecycle management functions

The Company has built an industrial Internet platform for intelligent equipment manufacturing to connect all business links and upstream and downstream supply chains. A three-dimensional digital model of physics, mechanism and data is adopted to achieve standardized, systematic, visualized and refined management throughout the lifecycle for the building materials and equipment manufacturing industry. In 2023, the platform was fully applied in Sinoma Shangrao, with a total of 3,530 online marketing contracts completed, realizing staff reduction, production improvement and efficiency enhancement, while driving the intelligent upgrading of manufacturing system.



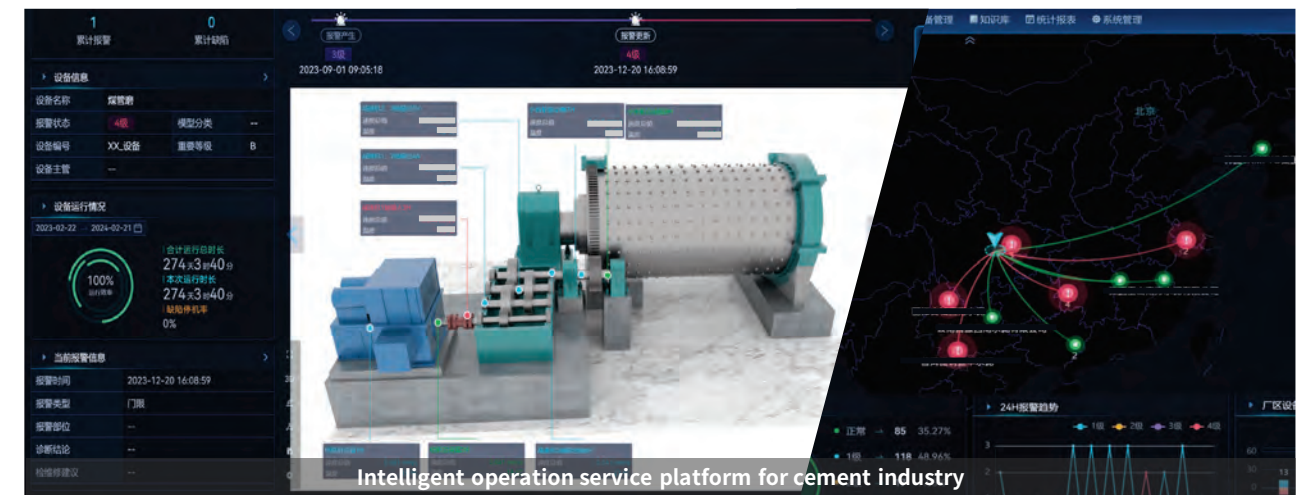
### Case Develop an intelligent optimization control system for the entire cement production process

Sinoma International Intelligent Technology Co., Ltd. has built an intelligent optimization control system for the cement industry. With quality control as the core mission, the system optimizes and controls manufacturing procedures such as raw material preparation, clinker sintering and cement grinding, to keep the production line in optimal condition. Based on the analysis and reasoning techniques of knowledge and models, the system uses big data to analyze complex historical and current data to evaluate and optimize the production conditions in real time, to achieve the goal of energy conservation and the enhancement of quality and efficiency.



### Case Establish an intelligent operation and maintenance service platform for the cement industry

Sinoma International Intelligent Technology Co., Ltd. has independently developed an intelligent operation and maintenance service platform for the cement industry by integrating and analyzing data from the entire business chain of cement production. This platform provides intelligent monitoring, prediction, and optimization functions to help enterprises detect potential equipment failures and abnormal situations, timely carry out preventive maintenance, thereby reducing downtime and the incidence of production accidents. It is estimated to reduce operating costs by 10%, labor costs by 5%, and average fault handling time by 20%, helping cement enterprises achieve efficient, safe and sustainable operations.



**Case R&D of Industrial and engineering intelligent designing systematic solution**

Tianjin Cement Industry Design & Research Institute Co., Ltd. (hereinafter referred to as "Tianjin Cement Institute") standardized the design and modelled the knowledge and experience and completed an industrial and engineering intelligent designing systematic solution for the building material industry, which comprises 3D forward collaborative design workflow with full professional participation, industry-level parametric libraries, 3D forward design standard system, hundreds of automated design software with full professional participation, digital design management platform, design sharing platform, and cloud platform for steel rebar processing. Tianjin Cement Institute will explore common application scenarios on the basis of the new business positioning of "Focus on cement, go beyond building materials", to provide a new model for the digital transformation practice of building material industry and other related industries.



**Case R&D breakthroughs in digital intelligent steel reinforcement processing**

Focusing on pain points like difficulty in controlling the quality of manual lofting, low processing efficiency, and high material loss in reinforcement processing projects, Tianjin Cement Industry Design & Research Institute Co., Ltd aims to achieve precise control over the entire business chain of steel bar processing, and has developed an intelligent steel bar processing solution consisting of automatic modeling software, steel bar processing cloud platform, and mobile processing center. This solution has been selected in MIT's 2023 Annual List of Excellent Intelligent Manufacturing Scenarios, and has been applied to many projects in Duyun Shangfeng, Quzhou Jiangshan, CUCC Xuzhou, Mudanjiang North, providing a solid guarantee for the high-quality construction of the company's engineering projects.

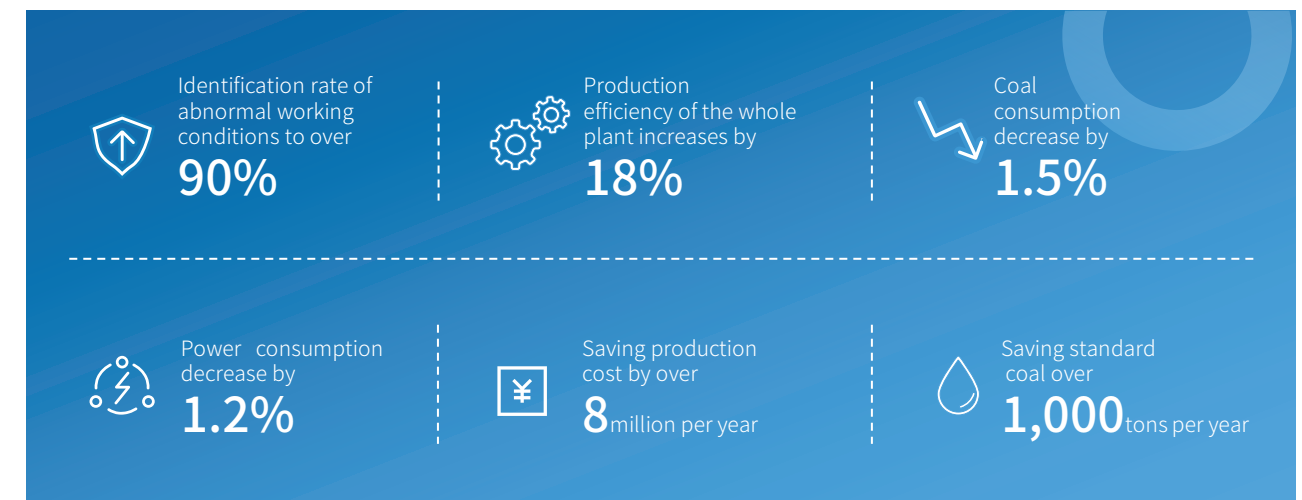


**Intelligent leadership: sketching the view of industrial transformation**

Based on the industrial Internet platform and digital technology, supported by the standard system and security system, Sinoma International builds intelligent factories and intelligent mine from five levels of intelligent equipment, automation control, intelligent production, intelligent management and intelligent ecology, shapes the top intelligent manufacturing brand in the industry, promotes business market integration, assists the coordinated development of the industry, and accelerates the digital and intelligent transformation of intelligent manufacturing in the building materials industry.

**Case Iterative upgrading of the intelligent factory to assist in the new development of "digital+energy-saving" in the industry**

Sinoma International Intelligent Technology Co., Ltd. has completed the upgrade and iteration of the CUCC Taian Intelligent Factory, and fully built five systems including data center platform, production control platform, intelligent control system, full-process quality control platform, 5G wisdom mine, etc. The upgraded intelligent control system improves the identification rate of abnormal working conditions to over 90%, the production efficiency of the whole plant increases by 18%, the coal consumption and power consumption decrease by 1.5% and 1.2% respectively, the production cost is saved by over RMB 8 million per year, and the standard coal is saved by over 1,000 tons per year, setting a new benchmark for the cement industry.



**Case Construct intelligent factories and cultivate new quality productivity**

**In Hunan**

Sinoma International Intelligent Technology Co., Ltd. has contracted to build intelligent factories for Shaofeng South Cement. Based on the Xinjiang Tianshan Cement Intelligent Factory Standard, relying on the industrial Internet platform and driven by data, a production line of a daily output of 8,000 t clinker cement with intelligent system was built to a high standard. Through real-time data collection and analysis and intelligent decision support, Shaofeng South has achieved a high degree of automation and intelligence in the production process, effectively reducing the labor intensity of workers, improving product quality, reducing 1.5% of standard coal consumption and 1% of power consumption, and saving more than RMB 10 million annually.



**In Guangxi**

Chengdu Design and Research Institute of Building Materials Industry Co., Ltd. (hereinafter referred to as “CDI”) has successfully built an intelligent factory for China Resources Wuxuan. Taking into account the overall situation, CDI has established a fully intelligent cement aggregate production base, encompassing areas such as production control, equipment management, and quality control. Additionally, by considering the needs of China Resources Group’s digital management and control, CDI has organically integrated various systems with the China Resources Group platform, thus breaking down “data chimney” and “information silo” to assist China Resources Wuxuan cement production base in achieving digital transformation.



China Resources Wuxuan intelligent factory

**In France**

CBMI Construction Co., Ltd. (hereinafter referred to as “CBMI Construction”) has undertaken the upgrading and reforming project of the MK3 cement production line of LafargeHolcim. CBMI Construction used drones with laser ranging and 3D scanning to complete on-site surveying and mapping, uploaded the collected data to the cloud for 3D design, and delivered a three-dimensional twin digital factory while delivering a physical factory through digital twin technology. In addition, CBMI Construction used animation to simulate the construction site, location, and nodes, accurately calculating the placement of the rotary kiln cylinder, vehicle parking positions, and personnel construction space. With remote control, the lifting of the rotary kiln in the cement kiln was completed in advance in a one-time operation.



**Case** Build intelligent mines and support high-quality development

The Company utilizes methods such as 3D simulation, intelligent mining and selection, automatic ore blending, unmanned driving, and disaster monitoring to implement mechanized personnel replacement and automated personnel reduction, creating a number of safe, efficient, and green intelligent mines. In April 2023, China Building Materials News published an article titled "Tianjin Cement Institute is Fully Promoting the Construction of Smart Mines", which specifically introduced that Tianjin Cement Institute established the "1+3+1" model to promote the construction of smart mines, and built a low-cost, digital, and less human intelligent mining system solution.

**In Zhejiang**

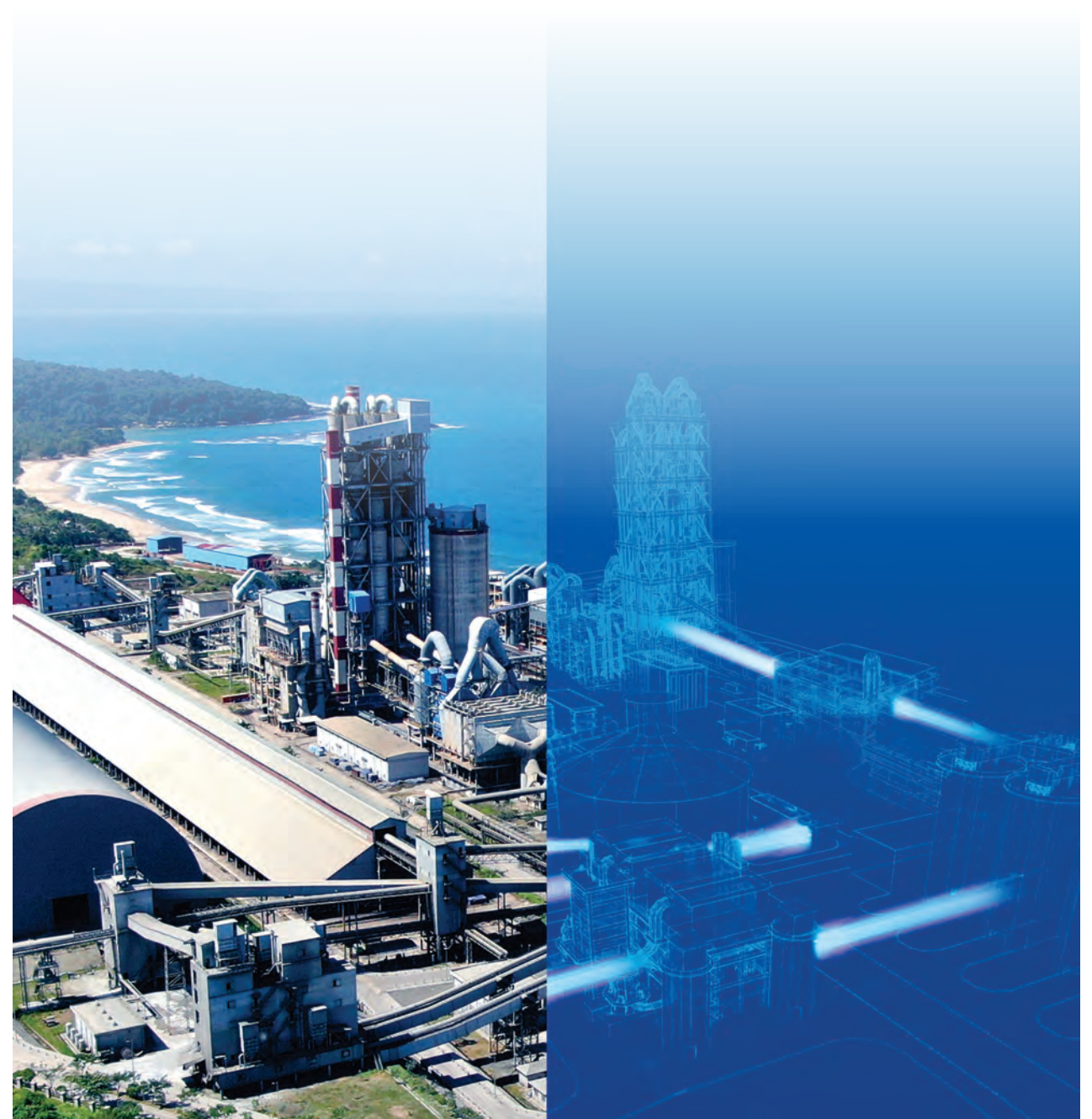
Sinoma Mining Construction Co., Ltd. has completed the Chengyu Digital Mine project, using "cloud" technology to establish a unified digital mining control center, as well as the "intelligent scheduling system, digital mining system, and production execution system" three-dimensional control platform. Through dynamic monitoring of mining environment, intelligent ore matching, intelligent blasting simulation and other applications, the safety of ore mining is effectively guaranteed, the utilization rate of ore resources is improved, and the unity of rational resource extraction and social benefits is achieved.



Zhejiang Chengyu digital mine

Digital transformation is not a "multiple choice" question, but a "must answer" question that concerns the future survival.

In the future, the company will continue to explore the deep integration of AI, machine learning, edge computing, artificial neural network, blockchain and other new generation information communication technologies with the building materials industry, improve new capabilities such as intelligent prediction and analysis, automatic execution, intelligent decision-making and advice, and comprehensively promote the development iteration of intelligent factories and mines as a national platform, and use Digital Sinoma International to help the industry accelerate the formation of new quality productivity.



Solidify the  
foundation for our  
sustainable development



## Strengthen the foundation of governance to secure sustainable operation and development

- Sound corporate governance
- Compliant and ethical operations
- Guarantee employee rights and interests

## Sound corporate governance

Sinoma International continues to optimize corporate governance, standardize the governance structure, deepen ESG governance. These efforts are designed to robustly safeguard shareholders' rights and interests, and improve corporate governance capabilities.



The Company received a series of awards of corporate governance in 2023

- The Special Contribution Award in Corporate Governance of the 18th "Gold Prize of Round Table"
- The Best Practice Case of Listed Company Board Offices in 2023
- The Best Practice Award of Annual Report Performance for Listed Companies
- The Best Practice Case of the Boards of Listed Company in 2023

## Standardize governance structure

In accordance with the requirements of laws, regulations, and normative documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Code of Corporate Governance for Listed Companies, Sinoma International has formulated a relatively complete system for listed company, and established a sound corporate management structure composed of shareholders' meeting, Board of Directors, Board of Supervisors, and management team. Under these policies and the structure, clear powers and responsibilities ensure a scientific, standardized and efficient governance system with mutual balance. This governance approach has led to a continuous improvement in the transparency and effectiveness of corporate governance at Sinoma International.

In 2023, the Company held 5 general meetings of shareholders, 9 board meetings and 7 supervisory board meetings.

**Shareholders' (Generally) Meeting**

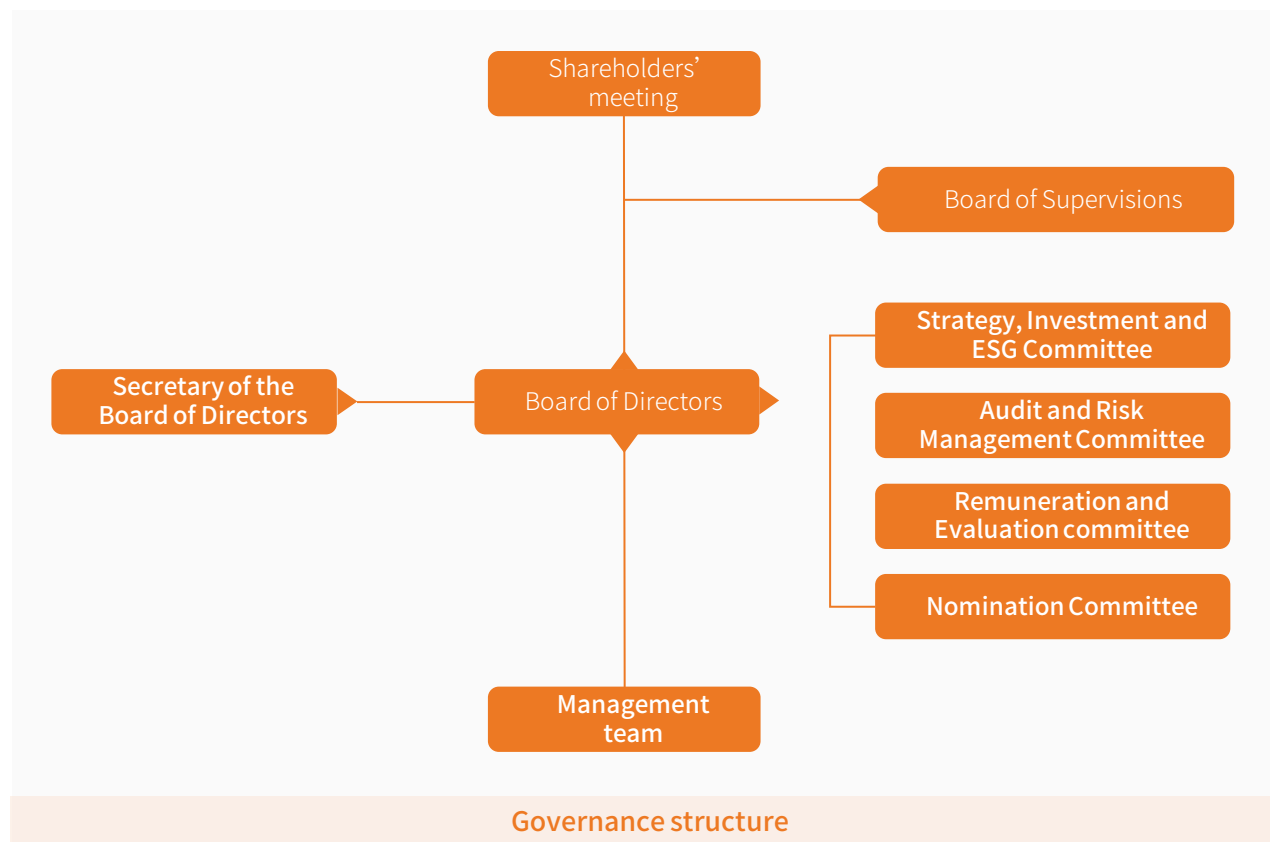
The shareholders' meeting is the highest body of power of the Company. The Company strictly complies with the provisions and requirements of the Rules for the Shareholders' Meeting of Listed Companies and the Articles of Association to gather and convene shareholders' (general) meetings, to ensure that shareholders legally exercise their rights and interests, treat all shareholders equally, and provide convenience for shareholders to participate in the shareholders' (general) meetings as much as possible to enable them to fully exercise their rights.

**Board of Directors**

The Board of Directors of the Company consists of 9 directors, including 6 external directors, with 3 being independent directors. The chairman and the president serve separately, and the Board of Directors of the Company is highly independent. The Board of Directors has four special committees, namely, the Strategy, Investment and ESG Committee, the Audit and Risk Management Committee, the Remuneration and Evaluation Committee, and the Nomination Committee. They have been set up to ensure that the Company's strategies are based on sound decision-making.

**Board of Supervisors**

The Board of Supervisors independently exercises its supervisory authority, supervises the legality and compliance of the performance of the Company's directors and senior management personnel, and is accountable to all shareholders.



## Protect shareholders' rights and interests

Sinoma International attaches great importance to creating shareholder values, adheres to rewarding shareholders, and strengthens management of a proactive investor relationship, which significantly improves the image in the capital market. In addition, the Company has established a shareholder rights and interests protection mechanism, improved communication policies with shareholders, and timely and accurately disclose important business decisions, financial performance, social practice activities, and other corporate information to shareholders, winning the trust and support of shareholders and investors.

### Value creation for shareholders

Sinoma International continues to optimize business management, improve operational quality, and create outstanding and stable value returns for shareholders. In 2023, the Company strived to resist the downward trend and effectively coped with various risks and challenges. Its revenues, total profit, and net profit grew steadily. We shared the development achievements of the Company with investors, continuously enhancing market recognition, and boosting investors' confidence.

### Standard information disclosure

Sinoma International strictly complies with The Measures for the Administration of Information Disclosure by Listed Companies, performs our management obligations for information disclosure, and ensures the authenticity, accuracy, completeness, and timeliness of information disclosure. Our information disclosure, focusing on compliance disclosure, detail quality, content characteristics, and brand building, actively spreads the Company's business philosophy to investors to assist them in value discovery. The Company, strictly implementing the System for Registration and Management of Insiders Who Have Access to Insider Information of Listed Companies, standardizes the reporting, transmission, and confidentiality procedures for significant internal information to ensure information security. This helps shareholders of the Company timely understand and grasp the Company's business dynamics, financial status, and progress of major issues, and effectively protects the legitimate rights and interests of investors. In 2023, the Company disclosed 4 periodic reports and 92 provisional announcements without amendments, supplementary or written inquiries. The Company obtains **A-level** rating on information disclosure issued by Shanghai Stock Exchange for **5 consecutive years**.

### Smooth communication channels

Sinoma International has strengthened the management of the proactive investor relationship, improved investor communication at multiple levels, channels, and forms, and actively communicated with a large number of small and medium-sized shareholders, institutional analysts, researchers, and potential investors via "online + offline" on the Company's business performance, development plans, and important events. Through regular performance briefings, road shows, visual video output and other investment related activities, we promote direct interaction between the Company's management and investors, comprehensively and accurately convey the Company's values, and build a virtuous cycle of business management and value growth.

Since the listing

the Company has implemented cash dividends for **18** consecutive years, with a cumulative cash dividend of nearly RMB **5.3** billion

dividend financing ratio of **12.6** times

In 2022

the cash dividend rate was increased to **36%**

dividend of RMB **793** million

# Compliant and ethical operations

While confronting complicated and severe situations and various risks and challenges, Sinoma International adheres to bottom-line mindset and raises the risk awareness. The Company has established a comprehensive risk management and control mechanism, and strengthened internal control construction. In addition, the Company strictly puts compliance management into practice, and has strengthened the building of a clean and honest Party style and built a strong ideological defense line against corruptions. All these actions can provide a strong guarantee for the sustainable and high-quality development of the Company.

## Adhere to legal compliance

Sinoma International continues to strengthen the compliance system building and improve the compliance management mechanism. The Company also assumes compliance management responsibilities and cultivates a sound compliance culture. In addition, we follow the compliance requirements in all operation management areas and links, and have these requirements run through the whole process of decision-making, implementation and supervision. These efforts are a strong guarantee for the further reform and high-quality development of the Company.



## Improve compliance system

Sinoma International establishes and improves the compliance management system. Enterprises at all levels are required to set their own compliance management committees or legal compliance departments, or designate a department to manage the legal compliance issues and fulfil their respective compliance responsibilities. The Company fully implements the “person of primary responsibility” mechanism for legal construction, and establishes a management system for legal construction, which is led by the person of primary responsibility for legal construction under the overall plan and arrangement by the compliance management committee, and initiated by the legal compliance department under the guidance of the general counsel. The main responsibilities are assumed by all business and functional departments, and the system runs under the supervision of discipline inspection, audit and other departments. We make concerted efforts to promote all compliance management tasks.

In addition, the Company continues to strengthen the guarantee for legal construction by hiring more professional personnel, and keeps building the team of legal compliance professionals, full-time and part-time compliance management personnel. By the end of 2023, the Company and affiliated enterprises had 30 full-time and 360 part-time compliance management personnel.

In 2023, the Company actively evaluated the effectiveness of our compliance management system. First, we required enterprises at all levels to self-assess their compliance management and prepared a compliance management report for the Board of Directors to review. In addition, our compliance management system had been monitored, reviewed and certified by a third-party certification agency, to further streamline and refine our compliance management. Our compliance management work is being advanced in depth.

By the end of 2023



**30** full-time compliance management personnel.

**360** part-time compliance management personnel

In 2023,

the Company passed GB/T 35770—2022/ISO 37301:2021 compliance management system certification, and obtained the “double certification” of compliance management system issued by SGS. This is **the first compliance management system certification issued by SGS to an engineering enterprise**. It marks that our compliance management performance has met the domestic and international requirements and demonstrates our unremitting efforts and considerable progress in strengthening the compliance management system.



“Double certification” of compliance management system

## Enhance compliance rules

Sinoma International implements the Measures for the Compliance Management of Central Enterprises, the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Compliance Management Policy and the Management Guidelines for Overseas Compliant Operations of the Group and the Company. We have also distributed copies of the Overseas Compliant Operation Manual and the Domestic Compliant Operation Manual within the Company and strictly follow the requirements of business ethics including anti-bribery, anti-money laundering and business compliance requirements of trademark and advertising management. In response to risks in contract signing, recovery of accounts receivable, investment and merger and dispute resolution, we have issued the Management Manual for Overseas EPC Project Legal and Contract Risks and the Template of International Project Subcontracts, which comprehensively guide the compliance work for affiliated enterprises.

We pay close attention to regulatory changes and timely conduct compliance checks. In addition, we conduct the work of "abolishment, rectification and initiation" of all rules and systems, and continuously improve our systems and mechanisms, thereby providing a strong guarantee for the compliance management.

## Cultivate compliance culture

### Sinoma International has deepened the culture of integrity and compliance

- Our employees at all levels signed a total of 5,908 copies of the Compliance Commitment throughout the year
- The annual meeting for legal construction and compliance management was held, where we analyzed achievements and deficiencies in the Company's current legal construction and compliance, and set key tasks
- Organized all levels of enterprises to participate in compliance training organized by the SASAC, the Group or China National Building Material Company Limited, covering topics such as anti-monopoly compliance, overseas compliance of enterprises, enterprise intellectual property risk response, cross-border mergers and acquisitions, and independently organized a series of legal compliance trainings, with a total of 19 compliance trainings carried out or participated in throughout the year, covering 2,365 person-times
- Regulatory changes and internal compliance management were promptly communicated to the senior management and department heads through quarterly newsletters
- Affiliated companies were required to timely submit the compliance risk incident repository in the risk control system
- Violations were timely reported to the leadership for review, and accountability actions were taken appropriately



Employees at all levels signed a total of  
**5,908**  
copies of the Compliance Commitment



A total of  
**19** compliance trainings were carried out  
covering **2,365** person-times

### Case: Successful hosting of training session on corporate governance and information disclosure



In December 2023, the training session on corporate governance and information disclosure was successfully held. The training focused on the qualifications, rights, and obligations of the members of the Board of Directors, the Supervisory Board, and Senior Executives in listed companies, including their legal responsibilities, disclosure of information, compliance with shareholding regulations, and confidentiality obligations. During the training, professional lawyers and compliance experts were invited to meet with the managers, heads of departments at the headquarter of the Company, members of the leading bodies of subsidiaries and the heads of relevant business departments, and delivered lessons and training to more than 200 participants, which was of great significance to raising the corporate governance level of sub-enterprises at all levels of the company, standardizing the operation of the board of directors of sub-enterprises at all levels, consolidating the basis for information disclosure, and further enhancing the ability of directors and supervisors of the Company to perform their duties.

## Strengthen internal control

Sinoma International has established a sound internal risk control system and prepared complete manuals. The Company conducts regular internal control evaluations for enterprises at all levels on an annual basis and tracks the progress of corrective actions. We test the effectiveness of key processes and engage an audit firm for our internal control. In addition, we timely disclose the internal control evaluation and auditor's reports and submit them to the Board of Directors for approval, effectively strengthening the governance performance and promoting high-quality development of the Company.

- ◆ In 2023, the Company further strengthened, evaluated and audited the internal control, achieving a full coverage of the internal control system at all levels, and completed **100%** of the correction of internal control deficiencies. We prepared internal control manuals for **14** affiliated companies of **3** subsidiaries newly merged into the Company, established **174** internal control processes in total, and obtained an unqualified internal control audit report issued by the annual review agency for **12** consecutive years.

## Deepen risk management

Sinoma International continues to improve the risk management system at all levels and pays attention to building a risk management culture. The Company focuses on establishing a comprehensive risk prevention and control mechanism that involves all employees throughout the process. In addition, we steadily enhance our risk prevention and resolution capabilities and firmly maintain the bottom line of not incurring major risks.

### Risk identification and assessment

Sinoma International continues to improve the assessment and monitoring performance of major risks, and standardizes processes of identifying, assessing and managing these risks. Every year, we collect risks identified by the main responsible risk departments of the Company and the affiliated companies to set up and update our risk database. In addition, we assess and rate the significance of risks based on their degree of impact and likelihood. The Company prepares an annual risk management report, covering the identification and assessment of major risks, risk management strategies and risk solutions, and submits the report to the special committees of the Board of Directors for review.

In 2023, the Company made solid progress in monitoring and early warning, identification and assessment, research and treatment of all risks, and effectively improved its risk management.



#### Major risk management at the Company level

The top five major risks for the year were identified and assessed; risk prevention and control strategies were discussed and a ledger of response to major risks was established; 18 risk management objectives were clarified, 17 risk response measures were proposed, and 12 milestones were achieved.



#### Risk management of affiliated companies

106 major risks were identified for 19 companies in total this year, and 448 risk response measures were proposed.



#### Risk management of overseas affiliated companies

122 major risks in total were identified for 36 overseas enterprises, 545 risk response measures were proposed, and the effect of risk resolutions were followed up and monitored twice. The risks arising from the environmental protection and energy conservation policies of local governments, the personal safety of overseas employees, and religious and ethnic culture were all given due attention.



### Risk prevention and control mechanism

Relying on a sound coordinated risk prevention and control mechanism and accountability system, Sinoma International has developed a practical solution for major risks with joint forces. We continue to follow up and monitor the effect of the solution on a quarterly basis and promote the closed-loop management of risk prevention and control. In addition, we improve the initiative and accuracy of our risk control to prevent, identify and handle major risks at an early stage.

### Risk management culture building

With a commitment to create a risk management environment to ensure that all employees pay attention to risks, Sinoma International requires all departments to assign risk management personnel and affiliated companies to assign risk contact persons. The Company also strengthens the risk management publicity and training, and promotes risk culture building. In 2023, the Company publicized the Notice on Related Matters of Effectively Predicting and Assessing Major Operation Risks of Enterprises in 2024 of the Group, and instructed matters regarding the reporting of major risks. In addition, the Company provided regular and irregular risk management training to all directors through the opportunity of training meetings on corporate governance and disclosure, and special training on reform of the independent director system organized by China Association for Public Companies (CAPCO).

## Promote fair competition

Sinoma International prohibits unfair competition and implements the Measures for Accountability of Illegal Operation and Investment and follows requirements in the Company's domestic and overseas compliant manual regarding trade secrets protection, anti-commercial bribery, anti-monopoly, prohibition of the abuse of dominant market position, anti-unfair competition. The Company did not engage in any unfair competition including abuse of dominant market position for the purpose of competition, confusion, commercial bribery, fake advertising, infringement of trade secrets and fake prize-giving sales throughout this year.

## Stick to the bottom line of integrity

In strict accordance with anti-corruption policies and regulations, Sinoma International improves policies, prevention and early warning, supervision and discipline enforcement and other links under the integrity management systems. The Company has taken multiple measures to carry out anti-corruption cultural activities, and has played a role in providing basic education on integrity, steadfastly advancing the construction of Party conduct and anti-corruption efforts in depth, providing strong guarantees for the high-quality development of the Company.

### Uphold the integrity norms

Sinoma International seriously complies with policies and regulations such as the Regulations on the Executives of State-owned Enterprises for Performing Management Duties with Integrity, the Code of Integrity and Self-discipline of the CPC, the Working Rules of the CPC Discipline Inspection Organ on Supervision and Discipline Enforcement, and the Regulations of the CPC on Disciplinary Punishment. At the same time, the Company implements the Provisions on the Prohibition of Business Relationships with Enterprises of the Group by Relatives of Leaders of Enterprises and Persons with Other Specific Relationships Running Businesses of the Group and has issued policies such as the Opinions of the Discipline Inspection Commission on Fulfilling Supervision Responsibility on the Construction of the Party Conduct and Upholding Integrity. The affiliated enterprises are required to develop integrity risk control manuals and notices and clarify the anti-corruption responsibilities and requirements.

### Build a strong defense line against corruption

Sinoma International strengthens the Party working style, and has established a punishment and corruption prevention mechanism, which is regularly maintained, to build a strong ideological defense line against corruption.

Guarantee of integrity responsibility fulfilment

Principals of the Company, and department heads of headquarters and subsidiaries have signed the Letter of Responsibility for the Party Conduct and Integrity Building. Additionally, middle-level leaders and staff in key positions have been organized to sign the Letter of Commitment to Integrity and Self-discipline, consolidating the primary responsibility for building a clean and honest Party and enhancing their awareness of self-discipline and integrity.

Smooth reporting channels

The Company has established email reporting channels for whistle-blowing through discipline inspection commissions at all levels. Once a petition report is submitted, the respective commission will investigate according to the Working Rules of the CPC Discipline Inspection Organ on Supervision and Discipline Enforcement and the Discipline Inspection Manual. The investigation will be conducted in accordance with the disciplinary workflow. Then the results will be escalated after the investigation. Meanwhile, disciplinary inspection personnel at all levels are prohibited from privately retaining, disclosing, or disseminating the content of the problem clues, the progress of clue investigation, the parties involved in the clues, the whistle-blowers, and other relevant information in any form, thereby strictly protecting whistle-blowers.

Clear reward and punishment mechanism

The Company will punish staff who violate the integrity requirements according to the circumstances in forms including warning, removal from the original position, demotion, dismissal and disciplinary punishment within the Party, as well as reducing or withholding all performance pay and bonuses in the current year. The Company links remuneration and performance evaluation of employees with their integrity behaviors, and requires that integrity and discipline carry a certain weight in the performance evaluation form.

Digital integrity building

The Company implements integrity-related policies, provisions and standards in the approval processes of digital businesses, so as to realize system functions such as automatic verification of invoices, digital identification of reimbursement, and offer online warnings and reminders of integrity risks.

Anti-commercial bribery

The Company has set up an entertainment expense reporting rule to supervise the expenses and reduce commercial bribery. The Company proactively signs the Integrity Commitment Letter in external bidding and unifiedly issues "Procurement Subcontracting Integrity Agreement Template", requiring all units to be attached to the tender document and procurement subcontract, to prevent commercial bribery.

Interest avoidance

In strict accordance with the Provisions on Prohibiting the Business Transactions between Enterprises Owned or Operated by Relatives or Other Specific Associates of Leaders and the Group's Companies, the Company organizes middle-level and above leaders, staff in key positions and project managers to complete and file the self-investigation form for future reference. Through these efforts, we ensure that all suspected violations are investigated and reported.

Fraud audit

The Company engages an audit firm to perform an annual audit on internal controls, focusing on the risk of material misstatement due to fraud and management override controls.



## Uphold a culture of integrity and probity

Sinoma International integrates the enhancement of a clean and honest Party style, along with anti-corruption efforts, into the overall plan for the enterprise's high-quality development. The Party Committee Inspection Office of the Company carries out special work once a year to achieve full coverage of the anti-corruption inspection of its enterprises, and regularly carries out inspections to achieve full coverage of affiliated enterprises on matters of Party style and integrity at least once within five years. The Commission for Discipline Inspection of the Company organizes special control inspection each year, and has achieved full coverage of its enterprises. Enterprises at all levels are required to self-check and correct themselves, to leverage the collective power of supervision, and elevate the quality and effectiveness of its oversight efforts.

The Company regularly organizes meetings of the leading group and coordination group meetings for the building of Party style and integrity and anti-corruption work, and annually holds Party style and integrity conference covering all the affiliated enterprises. In the monthly business analysis meeting, the “monthly discourse with the Secretary of Discipline Inspection Commission of the Party on Party Integrity Building” was specifically tailored for middle-level leaders, related employees, and heads of affiliated enterprises.

Targeting all employees and Board members, the Company compiles educational materials on anti-corruption and integrity advocacy, as well as a monthly magazine of discipline inspection. We subscribe to books promoting business ethics, push “Legal Knowledge” online lectures twice weekly, organize the viewing of integrity education videos, and hold education of clean practices presenting real-life examples of impropriety. Furthermore, we conduct pre-holiday warning education sessions and invite the Secretary of Discipline Inspection Commission to deliver Party lectures. Moreover, the Company oversees the execution of distinctive integrity culture awareness programs at its affiliated companies, contributing to the brand building of the Company’s integrity culture.



## Guarantee employee rights and interests

Sinoma International adheres to the people-orientated principle, fully respects and protects the basic rights and interests of employees, strives to build a sound talent cultivation mechanism, and offers greater care for employees to make progress and grow together with employees.

### Enhance rights and interests protection

Sinoma International strictly abides by 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 Protection of Minors, the Law of the People’s Republic of China on the Protection of Rights and Interests of Women, the Provisions on Prohibition of Child Labor, the Special Rules on the Labor Protection of Female Employees, the Regulation on Ensuring Wage Payment to Migrant Workers, and other laws and regulations. Furthermore, the Company has developed the Management Measures for Recruitment and the Management Measures for Labor Contracts to regulate the labor employment practices.

The Company adheres to the principles of openness, fairness, and impartiality in recruitment and signs labor contracts with employees according to the law, eliminating illegal employment. During this reporting period, the Company did not engage in child labor employment or forced labor violations, and the labor contract signing rate was 100%. Over the past three years, no labor arbitration or other disputes occurred. For any such disputes, our labor union will promptly intervene and ensure that the legitimate rights and interests of our employees are safeguarded.

## Uphold equal human rights

Sinoma International promotes equal employment, combats any form of workplace harassment, opposes discrimination, and avoids differential employment based on differences in age, gender, nationality, ethnicity, religious beliefs, and health status. We follow the principle of equal pay for equal work and promote the fair employment. The Company regularly organizes training for employees related to anti-discrimination and anti-harassment, conducts self-checking and evaluation activities on human rights risks at all levels of affiliated enterprises, including self-checking and self-correction on the timely payment of wages to migrant workers. In the current year, no potential human rights problems were identified, and there were no violations of equal opportunities, diversification, anti-discrimination and other requirements.

Based on the characteristics of the Company's high proportion of overseas business, the Company and its affiliated enterprises formulate human resources management regulations, incentive and protection, performance appraisal and compensation management for overseas employees, and other relevant systems according to local conditions. This approach allows us to attract a diverse range of talents, spanning various nationalities, races, educational backgrounds, work experiences, and professional expertise, so as to cultivate an international and diverse talent pool.

The Company ensures the rights of female employees. Through various means such as organizing symposiums for female colleagues and establishing female employee committees, the voices and suggestions of the female employees are heard. We strive to offer equal opportunities for promotion and growth, thereby protecting women's entitlement to equal employment rights in a tangible manner.

## Optimize the salary and working hours mechanism

Sinoma International implements standard working hours and formulates relevant systems on working hours, leave and remuneration management, to regulate employees' working hours, rest, and vacation schedules. A standard salary system has been established, encompassing a clear payment process and dynamic adjustment rules to ensure that "there is a basis for salary payment and any adjustment is perceivable".

- We implement a basic salary system including basic wage, post wage, and allowance. We also provide various social insurance, housing fund for all the employees and enterprise annuity for **60%** of all the employees.
- A dual-track increasing salary system is adopted, integrating position and level to determine post-specific wages and performance-based bonuses;
- A multi-dimensional performance evaluation is carried out on a regular basis, with performance appraisal and career path design covering all employees.
- We formulate a performance evaluation framework that aligns employee performance with overall benefits of the Company. The floating part of wages of senior management at all levels takes over **60%**, while the proportion for the middle-class management at the headquarters is **30%-50%** and general staff below **30%**.
- We implement a restricted stock incentive program covering directors, senior management, core management and business and technical backbone of the Company. Performance evaluation indicators are set at the company level, the affiliated enterprises level and the individual level. For Sinoma CEO, for instance, the factors that affect the incentive mainly include the economic indicators such as return on net assets and the composite growth rate of net profit.
- We further promote the construction of the medium and long-term incentive mechanism for the three-level entities, i.e., Sinoma International, affiliated enterprises and engineering projects, and effectively use **six types of incentive tools**, including excess profit sharing, virtual equity and employee stock ownership.
- We conduct regular assessments to ensure that our employees' income meets their living needs. Upon evaluation, the salaries of all employees at all levels exceeded the local social average.
- The tenure system and contract signing rate of all-level sub-managerial members, party committee deputy secretaries and discipline inspection committee secretaries was **100%**, and **100%** of newly appointed management personnel competed for their appointment.
- We set up a salary recovery system. Management members who violate relevant laws and regulations of the state, or who lose assets due to failure to perform or perform their duties properly, will be subject to a corresponding reduction in their current performance annual salaries, or recovery of part or all of their paid performance annual salaries and medium and long-term incentive earnings.

By the end of 2023



a total of **264** individuals at all levels received restricted stock incentive

employee shareholding in total share capital

**2.13%**



There were

**2,468**

employees who enjoy medium and long-term incentives

accounting for **16%** of the total number of employees

## Improve democratic management

Sinoma International strictly abides by the Trade Union Law of the People's Republic of China, the Constitution of All-China Trade Union, the Regulations on the Representative Meetings of Grassroots Trade Union Members, the Regulations on the Election of Grassroots Trade Union Organizations, and other laws and regulations, and promotes the democratic management system based on the employee congress. The Company pays close attention to major reforms and important systems that involve the vital interests of employees. It ensures that medium- and long-term incentive plans, corporate annual leave schemes, and other measures shall be implemented after reviewed by the Workers' Congress, so as to safeguard the employees' Right to Know, Right to Participate, Right to Express, and Right to Supervise in accordance with the law. By the end of 2023, the Company had a total of **136** employee representatives, and the proportion of employees joining the trade union was **100%**.

The Company deeply values employees' opinions and suggestions, and has opened multiple channels to hear their voice, including employee suggestion boxes, the employee congress, feedback from trade union, and employee symposium. Every year, some employees are randomly selected to conduct a satisfaction survey. The Company hosts regular "Lunch with the Chairman" events, inviting frontline employees to enjoy a meal and have in-depth exchanges with the Chairman. These events are open to both targeted invitation and voluntary application. In 2023, the Company launched the "Suggestions and Opinions" campaign, gathering **455** insightful proposals, of which **124** were implemented. The satisfaction survey covers **11%** of the Company's employees, with a satisfaction rate of **90%** for employees categorized by gender, race, employee category, and age group.



The third session of the second Workers' Congress

## Facilitate employee growth

Sinoma International attaches great importance to the employees growth. With the focus on “optimizing talent working mechanism, improving talent development environment, and motivating talent innovation ability”, we continuously establish and improve the entire chain management mechanism for talent selection, cultivation, and usage. This mechanism is designed to foster three major systems, namely, a dual channel system for management and specialties, a job qualification system, and a rank promotion certifying system, to systematically promote and continuously carry out the “five key talents” cultivation project: talents of finance and economics, talents of science and technology, talents of internationalization, talents of operation and maintenance and talents of outstanding young leaders. Efforts are made to improve employees' competence and quality, maintain a reliable development ladder, and achieve a synergistic development between the enterprise and employees.

Internal posts rotation and exchange

The Company carries out internal posts rotation and communication sessions among employees to enhance their understanding of the Company's overall business and their abilities to solve practical business problems.

Qualification certificates acquisition

The Company encourages employees to acquire registered qualification certificates and offers partial subsidies and reimbursement to support their efforts.

Diversified training systems

The Company organizes targeted training courses for all employees, including onboard training, and dual-mentorship systems-on-site mentors and headquarters mentors-for frontline employees, thus giving full play to the role of business backbones as mentors.



Mentors from Sinoma (Suzhou) Construction Co., Ltd. signed training responsibility letter with new employees

Locally-hired talent development

The Company promotes the management model of “localized employment and localized resources”, and strengthens the cultivation and introduction of locally-hired talents. We also employ high-end local talents regarding business, legal affairs, and tax, while recruiting local university graduates as fresh blood to provide human resources support for the long-term development in the local area and contribute to local employment. Meanwhile, the Company also establishes a localized human resource management and training system aligned with local laws and regulations to help local employees grow from grassroots workers to the management and high-end technical professionals.



Local welder skills competition

Science and technology talents cultivation

The Company has built a pool of science and technology backbone and high-skill talent-114 people with all kinds of technology and skills; established a "one-to-one" liaison mechanism between the leading bodies of Sinoma International and its affiliated enterprises and the scientific and technological talent, with 205 leaders and the scientific and technological personnel at all levels engaged; Over 640 scientific and technological talents, accounting for 27% of the total number, were granted medium- and long-term incentives.



Talent pool of **114** people with all kinds of technology and skills



**205** leaders and the scientific and technological personnel at all levels engaged in “one-to-one” liaison



Over **640** scientific and technological talents were granted medium- and long-term incentives, accounting for **27%**



**Case: Strengthen the training of leaders and build up robust talent base**

The Company attaches importance to the development of management capabilities. In 2023, the Company held two training sessions on political attainment and management improvement of middle-aged and young leaders, and 87 trainees at all levels attended the training. The political quality and management ability of middle-aged and young leaders were comprehensively enhanced. In 2023, the Company launched a training for leadership team members to attend Huawei Digital Seminar in two batches, to promote the implementation of the "talent to strengthen the enterprise" strategy.



中国中材国际工程股份有限公司  
敬启者：贵院承办的第三期青年干部政治素养暨管理能力提升培训班 (BMT)，于2023年5月10日圆满结业。此次培训内容丰富、形式多样、注重实效，为参训学员提供了宝贵的学习机会和成长平台。学员们通过系统的理论学习和实践锻炼，进一步提升了政治素养和管理能力，为公司的可持续发展奠定了坚实基础。在此，谨向贵院及授课老师致以诚挚的感谢！

**Case: Front-line technical training to improve professional skills**

In 2023, the Company organized targeted vocational training for front-line skilled workers, including fitters, electricians, and engineering surveyors, significantly elevating their overall proficiency. Furthermore, the Company arranged a series of special training courses for technical personnel, covering progress management, quality assurance, and construction techniques. With approximately 1,650 participants, such training comprehensively enhanced the professional capabilities of the technical staff.



**Case: Locally-hired talents development to upgrade individual professional standards**

The "Chinese Language + Vocational Skills" online training program, jointly developed by CBMI Nigerian subsidiary and Jiangxi College of Applied Technology, has been running steadily for more than one year. The high-quality training courses include the Chinese language, logistics clearance, business negotiations, civil engineering construction, mechanical lathe operation, electronics and electrical work, engineering cost management, geological survey, and prospecting, all in line with the Company's development needs. In 2023, 132 local employees in Nigeria participated in the course, with a total of 228 participants across 6 sessions. The training program has significantly improved the local employees' Chinese language proficiency and skills, effectively promoting their personal career development. They are important local talent support for the Company's long-term sustainable and healthy development.



## Promote employee care

Sinoma International continuously improves the welfare security system, develops relevant welfare management systems such as the Employee Leave Management Measures and the Youth Talent Apartment and Subsidy Measures. This approach fully implements employee care during the full-time career cycle, fostering a strong sense of belonging and team cohesion. In 2023, the Company became the “Communications Winner” at the 6th “Duty of Care Summit & Awards” issued by the International SOS Foundation.

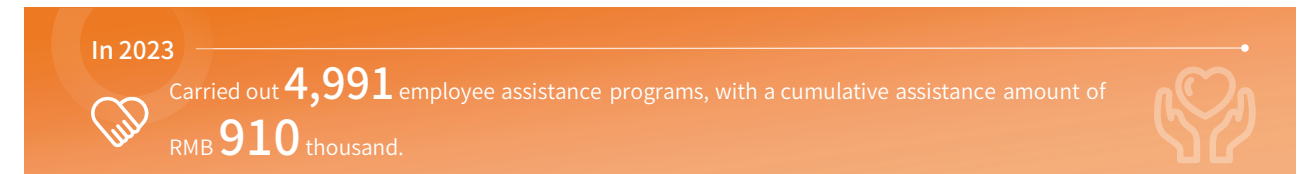
### Help and comfort the people in need

- ◆ To show our care for employees in different regions, we planned festival caring activities in various forms, including the Chairman kindly extending his care to frontline employees abroad. For instance, the affiliated localized that are set in South Africa, Nigeria, Cameroon, etc., distributed household supplies and festival gifts to narrow the cultural gap between Chinese and foreign employees.



- ◆ We deliver festive greetings during holidays such as the Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival. Additionally, the employees receive a birthday cake card at his/her birthday month as a token of our appreciation and care.
- ◆ We pay prompt visit to employees who are hospitalized, we visit retired employees from time to time, and assist them in addressing any urgent issues and difficulties in their daily lives.
- ◆ The Company continued to explore the mechanism of support for overseas employees, and issued the Implementation Measures for Support and Assistance for Overseas Employees, which was thoroughly tested in Nigeria. The Company has set up special assistance fund. At present, **17 foreign employees** have been given warmth and care.

- ◆ Relying on the Group's Love and Public Welfare Assistance Fund, we provide assistance to special employees and employees in difficulties, and build a security line for the Company's employees to resist risks. In 2023, we carried out 4,991 employee assistance programs, with a cumulative assistance amount of RMB 910 thousand.



### Continuously care for physical and mental health

Sinoma International deeply cares about the well-being of its employees and always adheres to humanistic care. We provide flexible working hours for employees, offer “working from home” alternatives for employees in special conditions, and allow employees to work off-peak in case of extreme weather. We regularly arrange complimentary health examination, engage doctors for tailored health consultations, and provide psychological support to employees. Sinoma (Suzhou) Construction Co., Ltd. has established an exclusive online channel to provide free treatment consultation for employees, fostering a sense of security and happiness within the workforce.

The Company has established a fitness center within its office premises and offers professional sports venues. Besides, we organize a diverse array of cultural and sports events, including basketball game, badminton competition, table tennis match, and fun sports game. These initiatives aim to enrich our employees' spare-time lives and foster their physical and mental well-being.

Case: Start a new era, thrive in a new journey



In 2023, CBMI Construction Co., Ltd. held the first employee sports meeting "Start a New Era, Thrive in a New Journey", launching a range of individual and group competitive events such as running, long jump, solid ball, tug-of-war. Employees showed the sportsmanship of courageous struggle and the tenacious fighting spirit of never giving up. It promoted the improvement of physical health of employees, enriched their cultural life, and gathered joint strength for work and entrepreneurship.



CBMI first employee sports meeting in 2023

Case: Typhoid vaccination for overseas employees provides comprehensive health protection



To protect the health of overseas employees, CBMI Construction Co., Ltd. engaged Abuja medical institutions to give typhoid vaccination for our employees at the Nigerian KOGI Project Department in 2023. Professional doctors were then sent to the site to carry out the vaccination for a total of more than 150 overseas employees and subcontractors' employees, providing a more comprehensive health protection for all the employees of the project department.



Typhoid vaccination at the Nigerian KOGI Project Department

## Care for female employees

Sinoma International deeply cares about its female employees' difficulties and special needs in the workplace. We take tangible and warm actions to create a favorable working environment for them.

### Theme activities for fun

- The trade union at all levels of the Company organized a series of celebrations for the International Women's Day. The headquarters of the Company held a baking activity under the theme of "Warm March for Ingenious Goddess". CBMI Nigerian organized a celebration of Women's Day gathering 27 Chinese and Nigerian female employees, where foreign female colleagues shared their heartfelt impressions of Chinese culture.

### Maternal and infant care

- The Company extends exceptional support and attention to "novice mothers". Tianjin Cement Industry Design & Research Institute Co., Ltd. has established a nurturing "Mommy's Home" within its office premises. This special space is equipped with independent rooms, disinfection cabinets, cozy sofas, televisions, and cabinet, providing a serene and comfortable rest area for pregnant and nursing female employees during their workdays.



Baking activity under the theme of "Warm March for Ingenious Goddess"

## Practice the commitment to safety

Sinoma International firmly adheres to the concept of a safe development and rigorously enforces safety responsibilities. We put great efforts in management systems refining, prevention of safety risks, management of related parties, and employee health services. Furthermore, we reinforce the promotion of production safety awareness, fostering a holistic safety management framework that encompasses comprehensive management, whole process control, and the active engagement of all employees. This comprehensive approach aims to cultivate a secure and stable environment conducive to the Company's high-quality development.

### Implement safety management

Sinoma International and its affiliated enterprises have formulated an environmental, occupational health and safety management system based on ISO serial standards. We continuously improve and optimize the norms and standards of HSE management, and develop a comprehensive institutional framework that includes the HSE Management Manual and the Compilation for HSE Management System. Leveraging our robust organizational coordination capabilities and pragmatic work ethos, we have diligently implemented safety management measures, successfully achieved our annual safety objectives and maintained a stable and secure operational environment.

Guided by the “Four Zero” goals, the Company continuously implemented production safety work.:

- ◆ Zero production safety incident
- ◆ Zero emergency with major impact
- ◆ Zero traffic or fire accident during the production process
- ◆ Zero new occupational case of illness

In 2023, successfully achieved

“Four Zero”



In 2023, the Company continued to strengthen resource support and implement production safety measures:

Over RMB **475** million invested in safety and health

A total of **1,757** emergency drills involving **59,350** person-times

A total of **174.59** million safe working hours

A total of **51,196** cases of inspection on potential risks, with a **100%** rectification completion rate

A total of **19,960** safety and environmental protection cases of inspection

Inspections led by executives **3,473**

A total of **48,149** production safety responsibility letters signed at all levels

**100%** Signing rate

Among the enterprises at all levels, **45** have obtained the ISO45001 Certification

**2** new enterprises satisfying the condition of standardization.

The Company integrates the safety management of subcontractors and labor teams into its comprehensive safety framework, and supervises and guides them to establish robust safety management systems. Unauthorized subcontractors are prohibited, while any violations, including work against regulations, illegal directives, and labor discipline breaches, are promptly identified and corrected. Besides, we avoid over-reliance on subcontractors and penalties in safety management.



## Guard occupational health

Sinoma International conscientiously implements the call on the “Health China”, strictly abides by the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Regulations on Work-Related Injury Insurance, and other laws and regulations. The Company conducts occupational health and safety risk and hazard assessment, ranking the above risks in materiality order, and formulating various contingency plans. In addition, we conscientiously assume the main responsibilities for prevention and control of occupational diseases, and carry out activities such as regularly organizing staff for physical examinations, giving lectures of knowledge popularization, and offering psychological health care for employees, so as to effectively protect the health and safety of employees.

In 2023, third-party service providers were engaged to offer medical and occupational health and safety services to employees at home and abroad. Specialized training sessions on safety and occupational diseases were conducted for overseas employees, thereby bolstering their awareness of safety and infectious disease protection. During the reporting period, the individual protection rate at hazardous work sites of the Company was 100%, and the occupational health examination rate of employees was 100%.



## Build safety culture

Sinoma International places emphasis on safety education and training, diligently improving the professional expertise of its dedicated safety and environmental management team. The Company actively arranges multiple production safety activities, thereby enhancing the safety awareness and emergency response capabilities of its workforce across the board.

In 2023, we conducted multiple specialized training sessions, including the “Promotion and Training Session on Safety Production Responsibility for All Staff”, “HSE System Promotion and Training Session”, “Training Session of Energy Conservation and Emission Reduction Statistics”, and the “Training Session of Overseas Occupational Health and Overseas Employee Safety Emergency”. These sessions reached a total of 869 person-times across the headquarters and affiliated enterprises. Guided by the three-level safety and environmental protection education, our affiliated enterprises and project departments conducted a total of 27,746 safety education and training sessions in various means, including induction training, specialized workshops, experiential safety exercises, and accident case studies. This comprehensive approach ensured that 807,436 employees were trained, resulting in a remarkable 100% training coverage rate of employees from the Company and its contractors.



### Case: Foster a culture of safety where “Every Individual Embraces Safety” and ensures “Everyone is Equipped with Capability of Emergency Handling”

Focusing on the “Every Individual Embraces Safety, and Everyone is Equipped with Capability of Emergency Handling,” the Company enthusiastically has carried out the “Safe Production Month” and “Thousand-Mile Safe Production Journey” activities. Each affiliated enterprise diligently has developed activity proposals and organized diversified events including safe production knowledge competitions, special inspections, and emergency drills. These concerted efforts aim to foster a robust safety culture and cultivate a profound atmosphere of safety awareness.



### Case: Abundant activities improve safety awareness, and collaborative learning solidifies safety consensus

The Company has organized diverse activities to promote safety awareness, including the fifth safety-themed short video contest, safety lectures given by leadership, safety quiz with prizes, safety dress code competitions, “Safety Dialogue” essays, speeches, and fun safety sports. Special safety columns have been launched on websites, mobile apps, WeChat, and Weibo to strengthen warning education and enhance safety awareness.



Adhere to the green concept to ensure environmental friendly development

- Green and clean production
- Integration into the circular economy

## Green and clean production

Attaching great importance to green development, Sinoma International fully implements the requirements of “understanding the new stage of development, applying the new development philosophy, and creating a new development dynamic” and closely follows the national “Dual Carbon” targets. It persistently carries out clean production and integrates into circular economy to build a more green and low-carbon energy structure and improve the ecological environment, painting the brightest background for high-quality development.

### Deepen environmental management

Strictly complying with the ecological and environmental laws and regulations of China, Sinoma International builds its environmental management systems and mechanisms. Through management and control over environmental risks, as well as inspection and supervision on environmental protection, it strictly implements environmental protection policies in various business sectors.

### Establish an organizational structure

In terms of governance, the Board of Directors of Sinoma International is responsible for establishing and improving the Company’s Environmental, Social, and Governance (ESG) management system. The Strategy, Investment, and ESG Committee is responsible for assessing the Company’s environmental management performance, identifying risks and opportunities, formulating and reviewing the Company’s environmental management vision, goals and strategies, and reporting major issues to the Board. In terms of management and execution, the Company has established an Ecological and Environmental Protection Leadership Group, co-chaired by the Chairman and President, with members consisting of the Company’s leadership team, heads of directly managed units, and department heads at the headquarters. This group takes the overall leadership of the Company’s ecological civilization, and organizes activities related to environmental protection, energy conservation, and emission reduction.

### Improve the organizational system

Sinoma International strictly complies with the national environmental protection laws and regulations such as the Environmental Protection Law of the People’s Republic of China, scientifically plans and formulates a series of environmental protection systems such as the Responsibility System for Ecological Environmental Protection Management, Management System for Environmental Impact Assessment of Construction Projects, the Management Measures for Clean Production, Energy Conservation and Emission Reduction and the Special Environmental Protection Management System for Overseas Institutions (Projects), covering all aspects including production and operation, engineering and construction, and contracting and subcontracting.

The Company strictly implements the ISO14001 environmental standard and focuses on building a green and sustainable environmental management system to effectively control environmental risks. By the end of 2023, 46 affiliated enterprises passed the certification for GB/T24001-2016/ISO14001:2005 environmental management system, and 3 affiliated enterprises had passed the certification for GB/T2331-2020/ISO50001:2018/RB/T119-2015 energy management system, and their environmental management capabilities have continued to enhance.

 **46** affiliated enterprises passed the certification for environmental management system

 **3** affiliated enterprises had passed the certification for energy management system

## Refine the management mechanism

Sinoma International strengthens environmental risk management and control, establishes environmental early warning and emergency mechanisms, dynamically carries out risk identification and hierarchical control, and strengthens monitoring of links, processes, equipment and facilities with high environmental risks to strengthen source control. In 2023, the Company invested RMB 110 million in environmental protection, and completed 6,857 inspections of environmental risk hazards. A total of 6,012 environmental risk hazards were identified, with a rectification rate of 100%.

The Company insists on preventing and defusing major security risks from the source and truly resolving problems at the early stage and before they escalate. Continuous efforts are made to strengthen emergency management, dynamically assess risks and conduct monitoring and early warning. Attaching importance to emergency preparedness, the Company keeps improving the emergency response system, clarifies the emergency response process and practices the responsibility and measures at all stages, so that it could respond to environmental emergencies in a rapid and orderly manner. In 2023, no major environmental emergency incident occurred across the Company.

The Company strengthened the environmental protection responsibility at all levels and organized the signing of 46,791 copies of environmental protection responsibility statements by employees at all levels in 2023. While completing the rectification tasks of the central environmental protection inspection on time, the Company implemented a top-down environmental protection inspection mechanism internally, which covers all its affiliated companies every year.



### The Company integrates environmental management mechanisms into business cooperation.



**Logistics and transportation:** In accordance with the Management Measures for the Acceptance of Safety Materials, the Company requires suppliers to comply with relevant laws and regulations on environmental protection for the logistics services provided and take necessary measures to avoid environmental pollution. Transport vehicles are strictly required to prevent scattering, leakage and fire hazards, ensure safety, and prohibit oil leakage.



**EPC services:** The Company includes subcontractors in unified management. On signing subcontracting contracts, it defines the safety and environmental responsibilities, obligations, and rights of both parties, and specifies the safety and environmental access requirements for equipment, facilities, and construction machinery. It also provides subcontractors with environmental training and awareness enhancement opportunities to help them understand the Company's environmental management policies and requirements, as well as how to practice environmental-friendly behaviors in their work.



**Investment and M&A:** The Company implements the Management System for the Safety and Environmental Protection Due Diligence for Mergers and Acquisitions, and formulates due diligence list guidelines in the four areas of business, finance, law and safety and environmental protection. It also engages third parties to conduct safety and environmental due diligence on the investment targets.

## Raise environmental awareness

Sinoma International actively promotes green office and video conferencing, enables electronic office operation through the OA system, reduces use of paper, prioritizes the purchase of environmental-friendly paper and pens with replaceable pen refills, and extends the service life of printing and lighting equipment through repair and recycling. The Company organizes Environmental Protection Day activities and training, and calls on its employees to start with daily behaviors such as saving water and electricity, sorting waste and traveling in environmental friendly ways and contribute to the sustainable development of the Group.

The Company actively implements the green and environmental concept and organizes various activities such as tree planting, factory afforestation, forum meetings, etc., to help create an ecological friendly and healthy environment for employees, the industry and the society. In 2023, CBMI Construction Co., Ltd. co-sponsored the International Carbon Emissions Reduction Forum of Building Materials Industry, which gathered nearly 400 representatives from government, industry associations, enterprises and public institutions from the global building materials field. The forum demonstrated to the industry the important progress and achievements of CBMI in the low carbon field, and advocated green development of the entire industry.

## Carry out green production

Sinoma International strictly abides by laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, as well as policies for energy conservation and emission reduction. In alignment with world-class environmental protection initiatives, the Company promotes clean production and green construction, identifies, evaluates, and controls the environmental factors involved in productions, engineering construction processes, and management activities, and assumes the main responsibilities for environmental protection, energy conservation, and emission reduction. The efforts aim to prevent and reduce the adverse impact of production and operations activities on the environment, promote the intensified and economical utilization of resources, control emissions within the limits and continuously improve the production environment, thereby building an environment-friendly enterprise

## Reduce pollution

During the construction of projects, Sinoma International strictly complies with laws and regulations such as the Land Management Law of the People's Republic of China, the Water and Soil Conservation Law of the People's Republic of China and the Regulations on the Administration of Environmental Protection for Construction Projects. At the same time, relevant environmental protection systems are formulated and implemented on the project site, and the "six hundred-percent" management requirements are strictly implemented.

### "Six hundred-percent"

- ◆ 100% enclosure around the construction site
- ◆ 100% coverage of bare soil
- ◆ 100% coverage of materials stacked
- ◆ 100% wet operation at demolition site
- ◆ 100% washing of in-and-out vehicles
- ◆ 100% closed transportation of soil slag by vehicles



**Air pollution management**

- We strictly comply with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and implement national standards such as the Integrated Emission Standard of Air Pollutants, the Ambient Air Quality Standard and the Emission Standard of Air Pollutants for Cement Industry to strictly control atmospheric pollution emissions.
- We give priority to materials that do not generate atmospheric pollutants and low-emission equipment to reduce pollution at the source.
- We formulate scientific construction plans and adopt enclosed construction, installation of dust-proof nets and other measures to reduce dust and exhaust gas emissions.
- We take effective measures to control the exhaust gas. For example, we install exhaust gas treatment equipment and innovatively apply integrated drilling machine, water bag blasting technology and fog cannon machine for wet dust removal. Besides, we install intelligent spraying systems on both sides of the roads within the factory, which automatically activates the spraying mode to suppress dust when the PM2.5 value exceeds the set threshold.
- We strengthen the management of transport vehicles to ensure that they meet emission standards. Corresponding measures such as covering, cleaning and watering in the transport process are taken to reduce dust emission.
- In the process of production and construction, we perform environmental inspection to ensure compliance in atmospheric pollutant emissions.

**Waste management**

- **Classified collection and proper disposition:** Hazardous wastes are collected and stored by their characteristics; scraps are recycled at designated locations; solid wastes are stacked at different areas designated for gold, wood, soil and rubber storage; and primary soil and sandstone are handled separately.
- **Standardized storage and legal transportation:** We set up appropriate waste storage facilities and locations according to regulations, clearly mark the type and danger of waste in the storage area, and ensure that waste transportation complies with relevant laws and regulations. We strictly implement the transfer plan approval and the duplicate form system for hazardous waste, and select qualified transportation companies for waste transportation.
- **Tailored approaches for compliant disposal:** In light of the nature of waste and the legal requirements, we entrust qualified specialized companies to handle the waste on a regular schedule and select appropriate disposal methods such as incineration, landfilling and recycling. In 2023, **100%** hazardous wastes of the Company were disposed.
- **Strict record-keeping and full-process supervision:** We establish a system for recording and reporting waste disposal, which includes information on the quantity of waste generated, disposal methods and locations for disposal. We regularly supervise and inspect the compliance of waste disposal to ensure adherence to relevant regulations and standards.

**Sewage discharge management**

- We strictly implement national standards such as the Discharge Standard of Pollutants for Municipal Sewage Disposal Plants and the Integrated Wastewater Discharge Standard.
- We set up wastewater treatment facilities and strengthen the monitoring and management of wastewater discharge to ensure compliance with wastewater treatment standards. A classified wastewater drainage method is in place for different types of wastewater to promote water reuse.
- When constructing camps for projects overseas, we focus on the design of the sewage treatment system and adopt facilities such as sewage collection tanks, sedimentation tanks and septic tanks. We engage local qualified sewage treatment companies to centrally extract and treat wastewater, in a bid to ensure compliance with local discharge standards.

**Case: Dust-free eco-friendly mining for full-process intelligent and clean production**



Tianjin Mining Engineering Co., Ltd. Longmen Branch, affiliated to Sinoma Mining Construction Co. Ltd., has completed the construction of "5G Intelligent Spraying System for Dust Suppression" to ensure the dust suppression effect of wet operation in each part of the mine site. It has set up "Car Washing Platform" and "Wheel Washing Tank", requiring all operating vehicles to be dust-free on the road. Additionally, measures such as greening or dust-proof net covering for exposed mine slopes have been taken to further reduce dust dispersion. TSP online monitoring equipment has been installed at the mine entrances and exits to monitor dust emissions in a real-time manner, ensuring compliance with environmental protection standards. The company strives to create a "dust-free" and eco-friendly mining process, realizing clean production across all processes, elements and scenarios.



"5G Intelligent Spraying System for Dust Suppression" of Tianjin Mining Engineering Co., Ltd. Longmen Branch, affiliated to Sinoma Mining Construction Co. Ltd.





Affiliates of Sinoma International Environmental Engineering Co., Ltd., including Huainan CNBM Tengfeng Environmental Protection Technology Co., Ltd., Linyi Guojian Environmental Technology Co., Ltd. and Zhongtian Gongkang Environmental Protection Technology Co., Ltd., were listed as major pollutant dischargers by local ecological environment authorities.

The main pollutants of the dischargers include particulate matters, nitrogen oxides, carbon monoxide, sulfur dioxide, volatile organic compounds, hydrogen sulfide, ammonia, non-methane hydrocarbons, hydrogen chloride, etc. Air emission denitrification devices and VOCs recycling and treatment facilities are used for the pollutant disposal.

All the major dischargers of the Company set up emission outlets in the designated area of the plant in accordance with the environmental impact assessment document, and carry out emission monitoring on a regular basis. A total of 5 exhaust gas outlets are placed, mainly distributed in the incineration workshops, the emergency exhaust gas treatment devices and the kiln inlets.

All the major dischargers of the Company have actively responded to the regulation, and developed the environmental self-monitoring schemes in accordance with the requirements of laws and regulations such as the Measures for Self-monitoring and Information Disclosure of Key Enterprises Subject to Monitoring and the Technical Guidelines for Self-monitoring of Pollutant Discharge Units. They also configured monitoring systems based on their main pollutant categories and actual emissions to conduct real-time monitoring. Moreover, they prepared contingency plans for environmental emergencies and submitted them to the relevant departments of the local governments for filing as required.

The pollutant emission values of the major dischargers of the Company are subject to the disclosure of the local ecological environment authorities, The pollutant emission information disclosure websites are as follows:



- Huainan CNBM Tengfeng Environmental Protection Technology Co., Ltd.:  
[http://39.145.0.253:8081/gfwry/gfwryindex?wework\\_cfm\\_code](http://39.145.0.253:8081/gfwry/gfwryindex?wework_cfm_code)
- Huainan CNBM Tengfeng Environmental Protection Technology Co., Ltd. (self-monitoring):  
<https://wryjc.cnemc.cn/gkpt/mainZxjc/340000>
- Linyi Guojian Environmental Technology Co., Ltd.:  
<http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&id=91371324MA3NFBN36X>
- Zhongtian Gongkang Environmental Protection Technology Co., Ltd.:  
<http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js>

## Optimize the energy consumption structure

Sinoma International vigorously promotes energy-saving technological transformation to reduce energy consumption during production and engineering construction. Meanwhile, through the active promotion and application of clean energy equipment, the Company gradually reduces dependence on traditional energy sources for low-carbon and green transformation.

### Case: Develop electric mobile machineries to reduce carbon emissions of mining



Sinoma Mining Construction Co. Ltd. actively promoted electric new-energy vehicles and non-road mobile machinery, and put **177** new-energy transport vehicles into operation, reducing CO<sub>2</sub> emission by nearly **20,000** tons a year. Sinoma Yanzhou deployed a total of 20 self-operating electric mining vehicles at Fushan Mine in Zoucheng, resulting in a carbon emission reduction of 2,055 tons. In addition, Nanjing Ruichang Branch and some other locations set up electric air compressor stations, reducing CO<sub>2</sub> emissions by 4,500 tons and promoting efficient energy utilization and low-carbon and clean production.

### Case: Promote clean energy transformation and application to lead the green energy transition



In June 2023, the 300 kW photovoltaic power generation and 1,200 kWh energy storage microgrid system of CBMI KOGI Project in Nigeria was officially put into operation. The power station is designed with a rated photovoltaic power output of 300 kW. Under good sunshine conditions, it can generate over 2,100 kWh electricity per day, thus forming a power supply mode of mainly using photovoltaic power and using generators as supplement. The temporary electricity demand of the project's living area and some construction areas is secured. This setup saves more than **700 liters** of diesel daily and establishes itself as a flagship example of local clean energy development.

Sinoma Overseas Development Co., Ltd. provided 1 MW distributed photovoltaic power generation system for the YAMAMA 10,000tpd cement production line relocation and upgradation project in Saudi Arabia, which is used to meet the temporary power demand of the project construction. The system can reduce carbon dioxide emissions by **5,100 tons** over the entire construction period and save construction electricity costs by RMB **2 million**.



Photovoltaic Energy Storage Plant for the Nigerian KOGI Project

## Ecosystem protection

Sinoma International rigorously adheres to relevant laws and regulations of local areas where it operates. It commits to not crossing the red line for ecological protection and staying clear of fragile areas in biodiversity for its own project development and operations. It consistently organizes and carries out ecological protection for new, renovated and expanded projects in accordance with the requirements of the “Three lines and One Permit (i.e. a red line for ecological conservation, a bottom line for environmental quality, an upper-limit line for resource use, and a list of environmental permits for human activities)” .

The Company implements stringent ecological protection measures. When selecting project sites in early project stage, it analyzes animal migration routes and considers the habitat conditions of terrestrial, aquatic and marine life to ensure that the factory site is away from their habitats. In addition, it continuously monitors the impact of projects on the surrounding ecological environment to ensure that the ecosystem and biodiversity are conserved. The MK3 project of CBMI Construction adopted a super inclined pipe belt in the design phase, reducing the site area, avoiding bird protection areas, strengthening the prevention and control of important migration channels for migratory birds, and greatly reducing new land occupation, which had positive significance for environmental protection, ecological development, and biodiversity conservation.

### Forest conservation

Wood is necessary for our engineering construction projects, so we prioritize the protection of forest resources and sustainable development throughout our business activities. We take numerous measures to avoid damage to forest resources, reduce land exposure and prevent soil erosion.

- ◆ **Compliance with laws and regulations:** We comply with all applicable laws and regulations related to forest resources protection to ensure that our business operations meet legal requirements.
- ◆ **Sustainable procurement policies:** We develop sustainable procurement policies and require suppliers to provide wood and forest products from legal sources and obtain relevant forest certifications. Suppliers are encouraged to utilize forest resources managed in a sustainable manner.
- ◆ **Supplier compliance review:** We conduct online or offline supplier review procedures to ensure they adhere to environmental and social responsibility requirements, and implement relevant measures to prevent the destruction of forest resources.
- ◆ **Wood materials replacement:** We consider using steel or aluminium alloy formworks to replace wooden ones, or select high-quality wooden formworks to increase utilization rate, thus avoiding excessive use of wood.
- ◆ **Forest resource restoration:** We carry out environmental protection actions such as factory greening and reforestation in mines to protect forest resources and improve the ecological environment.

## Build green mines

Sinoma International adheres to the concept of green production, and proactively promotes the construction of green mines by focusing on “mining area environment, resource development methods, comprehensive utilization of resources, energy saving and emission reduction, scientific and technological innovation and digital mining, as well as enterprise management and corporate image” . We continuously optimize the drilling, blasting, excavation and transportation processes, research and apply new technologies for dust suppression, and implement greening projects for slopes, roads, waste dumps and living areas, so as to foster a mine environment that boasts abundant vegetation and lively creatures, and achieve harmonious coexistence of human and nature.

The Company explores new paths during the ecological restoration and governance of mines. We carry out upgrade for larger-scale, specialized, branded, and new energy-driven equipment, in an attempt to reduce carbon emissions and electricity consumption. We vigorously promote the pilot project of the “zero-electricity mine” and explore new business patterns for green development. As of the end of 2023, Sinoma International had built a total of **131** green mines, including **48** national green mines and **83** provincial green mines.



Environment restoration and governance at the Quarry of Yulong Tongli Cement Plant in Queshan, Henan

Aerial view of the Quarry of Qilianshan Cement in Chengxian, Gansu



### Target 2025:

The biodiversity risk assessment rate of the Company's new investment projects will reach **100%**



Case: CUCC Chuzhou explores new business patterns for green development in its green mine

The Company is committed to creating true green mines through standardized management, comprehensive resource utilization, technological innovation, energy saving and emission reduction, and environmental protection. The mines feature an eco-friendly mine environment, scientific mining methods, efficient resource utilization, digitalized information management and a harmonious mining community.

In the national green mine selection, CUCC Chuzhou mine constructed by Sinoma Construction Yanzhou Co., Ltd. **won the first place**. The mine has in place an advanced 5G intelligent mining system that dynamically monitors the production process in real-time manner, accurately identifies the ore grade of the blast pile, and intelligently matches ores. This greatly improves the utilization rate of ores and reduces resource waste. By using green technology and implementing environmental protection measures, the Company ensures minimal environmental impact while achieving efficient production in the mine, thereby promoting the green transition of the industry.



Green Mine of CUCC Chuzhou

## Practice green concept

Sinoma International practices the environmental protection culture with actions, and vigorously promotes video conferencing, paperless office, double-sided printing, water and electricity conservation, and green travel for low-carbon office. We carry out Environment Day activities and organize environmental protection training, etc., to enhance the environmental awareness of the entire staff.

### Green office measures

- ◆ Install energy-efficient lighting equipment such as LED lights and smart lighting systems.
- ◆ Set water dispensers, computers, printers, copiers, and fax machines to power-saving mode periodically.
- ◆ Set the air conditioning temperature no lower than 26°C in summer and no higher than 24°C in winter, and ensure doors and windows are closed when the air conditioning is on.
- ◆ For unoccupied offices and meeting rooms, maintain the lighting facilities in the off position by following the principle of "lights off when vacated, devices off when vacated."
- ◆ Strictly enforce waste classification requirements, standardize the placement of garbage bins, and widely promote the concept of waste classification.
- ◆ Launch paperless conference systems and collaborative office systems to promote paperless office work.

Case: Guide employees to develop green and eco-friendly habits through environmental protection campaigns

In 2023, to thoroughly implement the concepts of green office and environmental protection, CNBM Equipment Group carried out a series of special environmental protection activities on the occasions of "June 5th World Environment Day", "Energy Saving Week", and "National Low-carbon Day", and organized environmental protection themed education and training. Besides, an online quiz event "Save Energy, Reduce Carbon - Low-carbon Knowledge Challenge" was organized to help employees to learn about low-carbon knowledge in a fun and relaxing way. By watching the documentary "State-owned Enterprises Walking Towards a Greener Future", employees gained a vivid understanding of the Company's efforts and achievements in environmental protection, and had their awareness raised on "proactive environmental protection".



"Energy Saving Week" activity



# Integration into the circular economy

Striving to integrate into the circular economy, Sinoma International actively explores ways to recycle resources, and deepens its green development concept in all aspects.

## Recycling and conservation of water

Sinoma International systematically tracks and monitors the availability of water sources at the operating locations, keeps abreast of real-time changes in the regulation of water harvesting sites and changes in water charges, assesses the risk of water shortage and policy fluctuations, and adjusts the Company's water strategy in due course. The Company has formulated a number of water conservation measures to ensure the rational and effective use of water resources. The Company clarifies water-saving responsibilities and strengthens supervision and inspection. In the process of engineering design and construction, the Company installs water-saving devices such as low-flow faucets, flushing systems and showerheads, and builds rainwater collection tanks to recycle rainwater and reduce the consumption of construction water. In addition, to avoid water waste, the Company installs water meters and monitoring facilities to continuously monitor water consumption and promptly detects and repairs water leakage.

In terms of water resource recycling, the Company separates rainwater from wastewater and recycles mine wastewater. After being sedimented in grit chamber, the mine wastewater is used for sprinkling in mining areas and on roads, dust suppression, and vegetation conservation, thereby achieving 100% reuse of mine wastewater and effective reduction of freshwater consumption. In 2023, the Company built advanced water treatment facilities at the CUCC Chuzhou Mine, saving 200,000 cubic meters of water throughout the year.

Achieving **100%** reuse of mine wastewater

Saving **200** thousand cubic meters of water throughout the year

### Case: Enable a warm camp with solar energy

A solar water heating system is applied at CBMI's SC3 project in Senegal. With the solar radiation energy absorbed by the solar collectors, the pump unit of the system transfers the purified cold water to a heat collecting pipe coated with heat absorbing material for heating. Then, the water is circulated to an insulated hot water tank and supplied to the dormitories through a booster pump unit to ensure a 24-hour supply of hot water to employees.



Solar Water Heating System of CBMI's SC3 Project in Senegal

## Resource recycling

By standardizing waste disposal, intensifying efforts in resource recycling, and promoting the reuse of waste, the Company provides the industry with sustainable raw material sources to enhance the circular economy of the industry. In 2023, the research results of Chengdu Design and Research Institute of Building Materials Industry Co., Ltd. in construction waste coupling for utilization as building materials were applied to Hebei Qingfeng Green Energy Project, realizing **100%** resource utilization of construction waste and zero emission of pollution in the whole process.

- ◆ The waste ores and tailings produced during the mining process are treated and converted into building materials, road paving materials, or other valuable resources.
- ◆ Building materials and equipment are repeatedly and efficiently used to extend the life cycle of materials and products.
- ◆ Priority is given to the use of recyclable or reusable materials at the design stage of buildings to ensure that they can be easily dismantled and reused. Waste and unnecessary consumption are reduced by optimizing the construction process and material management.

## Simplification and reduction of packaging materials

Sinoma International promotes simpler and less use of packaging materials to reduce resource consumption.

- ◆ During the shipment of equipment products, the Company adopts a packaging strategy aiming at lightweight, minimalist, and circular packaging to optimize space utilization and to reduce energy consumption during transportation.
- ◆ Recyclable metal materials are used for packaging in international engineering projects, and are subsequently recycled as auxiliary materials for engineering construction.
- ◆ Suppliers are supported in recycling their delivery packaging, which improves the efficiency of package utilization and reduces waste generation, thereby promoting the green development throughout the industrial chain.

### Case: Optimized package usage contributes to sustainable development goals

Tangshan Heavy Machinery Co., Ltd., a subsidiary of CNBM Equipment Group, has actively taken measures to optimize packaging. In the container shipping process, the company simplified the original model of "ordinary packaging + container pallet" to container pallets only, which significantly reduced the usage of packaging materials under the premise of ensured safety of goods transportation. The weight proportion of packaging materials was reduced from 8% to **5%**, contributing to the company's sustainable development goal of improving the resource utilization efficiency.

Support the  
sustainability of the  
industry, society and  
global community





## Guide progress of the industry to enhance overall value for win-win results

- Improve service quality
- Sustainable supply chain

## Improve service quality

Sinoma International is committed to building a world-class enterprise boasting premium products, outstanding brands, leading innovation and modern governance. We prioritize quality assurance to fortify our brand, ensure customer-centric brand development, and empower brand building through technological innovation. Leveraging our role of leadership and influence in the industry, we strive to solidify and elevate the global status of the SINOMA brand.

## Leverage integrated advantages

Sinoma International is actively advancing the structural adjustment of state-owned enterprises. This includes completing the restructuring of the equipment business sector, establishing the CNBM Equipment Group, founding the CNBM Equipment Research Institute, and cultivating a to drive the development of high-end equipment-driven engine.

The CNBM Equipment Group integrates the industry's top-notch equipment, technology research and development and R&D teams, and is dedicated to fundamental research, forward-looking technology research, and research in key core, and industry-common technology industrial generic technologies research. It strives to build an innovatively leading, world-leading class new-type research and development institution, creating and create several world-class single-item champions or hidden champions with outstanding products and remarkable brands. The aim is to truly achieve the transformation from "Made in China" to "Created in China," from "Chinese speed" to "Chinese quality," and from "Chinese products" to "Chinese brands."

The CNBM Equipment Group serves as a crucial driver in the Company's strategy to become a "technologically strong enterprise", laying a solid foundation for enhancing the competitiveness of the entire industry chain through strengthening and complementing the supply chain. Leveraging the robust research and development capabilities and integrated resources of the CNBM Equipment Group, the Company will further enhance the independent innovation capability, promote the integration of production, academia education, and research, fully leverage the advantages of industrial integration, and propel the green and low-carbon development as well as the industrial upgrading of the basic building materials industry.



## Create excellent products

Sinoma International carries forward the spirit of "pursuing excellence and creating classics", focuses on high-quality projects in the process of "building a global brand", and effectively leads the development of the industry. In China, the Company has undertaken the construction of a majority of cement capacity. Outside China, it has constructed nearly 332 cement production lines in 88 countries and regions and completed a range of high-quality projects, winning widespread praise among clients. In 2023, the entire staff sincerely kept their promises and fulfilled their obligations, promoted high-quality construction of overseas projects, ensured the timely performance of 214 projects overseas and the started of 20 projects. A total of 32 PAC certificates and 12 FAC certificates were issued, guaranteeing the stable progress as scheduled and high quality of the projects.



### In 2023, the Company won a number of engineering and technical service awards

- The ZAHANA project in Algeria, BECHAR project in Algeria, and SOKOTO3 project in Nigeria undertaken by CBMI Construction Co., Ltd., as well as the industry poverty alleviation resource comprehensive utilization and environmental protection demonstration project of Ningxia Building Materials undertaken by Sinoma (Suzhou) Construction Co., Ltd., in total of **4 projects** have won the **National Quality Engineering Award for 2022-2023**
- **6 projects** by Tianjin Cement Industry Design & Research Institute Co., Ltd. and **2 projects** by Beijing Triumph International Engineering Co., Ltd. have won **the Excellent Engineering EPC Project Achievement Award** in Building Material Industry of China Building Materials Engineering Association
- **4 projects** by Sinoma International (Nanjing) Engineering Co., Ltd. and **6 projects** by Tianjin Cement Industry Design & Research Institute have won **the Excellent Engineering Design Award** in the Building Materials Industry granted by China Building Materials Engineering Association
- **2 projects** by Hefei Cement Research & Design Institute and Sinoma International Intelligent Technology Co., Ltd. were recognized as **the Best Innovative Design Achievement** (Factory) in the first industrial design innovation event of the building materials industry
- **2 projects** by Chengdu Design and Research Institute of Building Materials Industry were recognized as **Excellent Innovative Design Achievement** (Factory) in the first industrial design innovation event of the building materials industry
- **1 project** by Beijing Triumph International Engineering Co., Ltd. have won the **Outstanding Design Award for Engineering and Construction Projects** of China Association of Construction Enterprise Management
- The Pakistan Fauji project have won the **“Overseas Wonderful Moments of Central Enterprises in 2023”**

Case: Implement the three refined management to forge high-quality projects



The Nigeria SOKOTO3 6,000t/d clinker cement production project practiced the Company's philosophy of refined management for "refined organization, refined management and refined operation". This project was launched to promote digitalization and intelligent construction, and to explore measures to achieve production safety, control costs, localize management and maintain customer relations. With all these efforts, the project was awarded the National Excellent Quality Engineering Award for 2022-2023. Upon operation, the project effectively alleviated the cement shortage in northwestern Nigeria and neighboring countries. It turned out an example of cooperation along the "Belt and Road" and demonstrated the Company's craftsman spirit.



SOKOTO3 6,000t/d clinker cement production line in Nigeria

The Company places a high premium on quality control. To improve the overall production quality, the Company strives to achieve a regulated and well-organized business process by strengthening institutional building, process control and basic management. In 2023, CNBM Steel Structure Company, a subsidiary of CNBM Equipment Group, won the authoritative **CE certification** in Europe; the DAKAR-QC work group of CBMI was named the national excellent quality management team in the building materials industry.



Based on the serial ISO standards, the Company has established and implemented internal systems such as the Management Manual for Quality, Environment, Occupational Health and Safety Systems, Compilation for Quality, Environment, Occupational Health and Safety Management System Procedures, and Identification and Evaluation of Laws and Regulations and Control Procedures for Technical Regulations / Standards. It continues to optimize the quality management system. In 2023, another **7** enterprises affiliated to the Company passed the ISO9001 quality system certification, bringing the total number to **46**.

Case: The world's first clay calcination project starts industrialized operation



The world's first clay calcined cement production line, the SPL project of HOLCIM Group in France, which was contracted by CBMI Construction Co., Ltd., has officially started industrial operation. Exploring local resources in great depth, the project introduces multiple localized teams in civil engineering, furnace building, electrical engineering, fire protection, etc., uses all-major and full-process digital design, and realizes full-process visualized construction. The project produces high-quality LC3 cement (Limestone Calcined Clay Cement) through clay calcination. It can reduce carbon dioxide emissions by **100 thousand tons** per year, equivalent to creating an annual carbon reduction income of **8.5 million euros**. This once again marks a new milestone for the Company's application of low-carbon, environmental-friendly, energy-saving and emission reduction technologies in the cement industry.



The Company integrates the concept of risk management into every stage of product manufacturing and service provision. We closely follow the latest environmental protection standards of the industry, and have in place a comprehensive environmental factor management system. Scientific methods such as data collection and analysis, expert consulting, and report compilation and evaluation are employed to identify influences and risks in production and utilization, covering such aspects as energy consumption, resource utilization, waste discharge, carbon emissions, labor rights and interests, health and safety, and social responsibility. We formulate corresponding improvement measures to deliver high-quality and low-risk products and services.



The panoramic view of the SPL project

HOLCIM management team visits the site to witness the project's operation

HOLCIM LAUNCHES EUROPE'S FIRST CALCINED CLAY LOW-CARBON CEMENT OPERATION

- Proprietary technology enables low-carbon cement with 50% less CO<sub>2</sub>
- Delivering up to 500,000 tons of ECOPlanet cement per year
- Sustainable operation to run with 100% biomass and waste heat recovery system

Holcim launches Europe's first calcined clay cement operation in its Saint-Pierre-la-Cour plant in France to deliver ECOPlanet green cement with 50% lower CO<sub>2</sub> footprint compared to standard cement (CEM I). This advanced production line, a world's first, running on Holcim's proprietary technology proimA Tech, will produce up to 500,000 tons of low-carbon cement per year. Its sustainable operations are powered with 100% biomass-based alternative fuels and waste heat recovery systems, making the manufacturing of calcined clay nearly carbon free and ultra-efficient.

Miljan Gutovic, Region Head Europe: "The opening of the first calcined clay cement production line in Europe is another milestone in our mission to decarbonize building. We are scaling up our calcined clay cements across all regions by 2025, to advance our ECOPlanet range of low-carbon cement, making low-carbon construction possible at scale."

This project is part of Holcim's European roadmap to decarbonize construction with a broad range of low-carbon solutions, from calcined clay to green cement, to support the transition to a low-carbon future.

Report on the production of the SPL project in France at the Holcim website



The Company continues to the "Five Star Project" program and actively created "Five Star Projects" with high-level performance ability, fast-growth economic benefits, efficient management level, high-standard safety engineering, and comprehensive support by Party building. It has established a project management expert database, continuously improved the evaluation index system consisting of **48** evaluation indicators in five categories. In 2023, the Company organized the first "Five Star Project" interim on-site inspection and the first exchange meeting, which have set a model for building high-quality and benchmark projects in the Company.

Case: Quality, the lifeline of projects

KILIS cement production line in Turkey is the second 5,000tpd cement clinker production line undertaken by Sinoma Overseas Development Co., Ltd. in Turkey, a country along the Belt and Road, under the "financing" mode. In February 2023, a 7.8 magnitude earthquake hit southern Turkey. The main structure and equipment of the KILIS project remained intact in safe and stable operation after the strong earthquake, demonstrating the excellent ability and ensured quality of engineering construction of the Company, and setting a quality benchmark for the international cement industry.



KILIS cement production line in Turkey

## Cooperation for mutual benefit and win-win situation results

Committed to collaboration, sharing and win-win cooperation, Sinoma International extensively engages in comprehensive, multi-disciplinary, and in-depth strategic cooperation with domestic and foreign government, large enterprises, colleges and universities, well-known financial institutions, and industrial associations. In doing so, it builds a strategic cooperation ecosystem and continuously enhances the brand value of SINOMA.

### Create customer value

Sinoma International continues to widen and deepen its market coverage and customer service. It has set up 36 localized institutions across 5 continents, and established long-term partnership with international cement giants such as Holcim and Heidelberg, as well as local influential enterprises such as Dangote. By doing so, it continuously creates customer value and establishes deep bond with clients.

Set up **36** local agencies



In 2023, the Company won wide praise from partners around the world for its excellent project construction and operation quality. Partners such as Uzbekistan UCG Group, Saudi Arabian YAMAMA Cement Company, Philippine SHERA Group, Ningxia Tianyuan Building Materials, West International Holding and China-Africa Building Materials Niger Co., Ltd., as well as government organs such as the Chilchik District Government of Uzbekistan and the Chinese Embassy in Dominica have sent letters of thanks to the Company, fully recognizing and highly praising the Company for its high-quality and efficient performance and active fulfillment of responsibility.



Signing of a comprehensive strategic cooperation agreement with MANGAL Group in Nigeria



Thank-you letter from Uzbekistan UCG Group



Thank-you letter from Chirchiq Government of Uzbekistan



Thank-you letter from SHERA Group in the Philippines



Thank-you letter from YAMAMA Cement in Saudi Arabia



Thank-you letter from the Chinese Embassy in Dominica



Signing the Strategic Cooperation Agreement with Hainan International Carbon Emissions Exchange and CNBM Green Energy

## Play a leading role

As the pioneer in the international development of China National Building Material Group Co., Ltd., Sinoma International actively exerts its advantages in internationalization, and joins forces with the six advantageous industries (products) of CNBM Group in aggregate, gypsum boards, calcium silicate plates, wind blade turbines, battery separators and overseas warehousing to go global. New opportunities for win-win development overseas have been constantly opened. As a benchmark enterprise of the State owned Assets Supervision and Administration Commission of the State Council's "going global" initiative, the Company actively plays a "leading role and leads more than **6,000** upstream and downstream Chinese enterprises in the industrial chain to go global, enabling Chinese enterprises to take root abroad.

In 2023, the Company explored international cooperation with 14 central and state-owned enterprises or industry-leading enterprises. It further implemented the business cooperation with central enterprises such as Hainan International Carbon Emissions Exchange, China Export & Credit Insurance Corporation, China Communications Exchange and COFCO Corporation, and promoted strategic cooperation with China Railway Construction Co., Ltd, China Energy Engineering Group Co., Ltd, Genertec Xinxing and China National Chemical Engineering Group Corporation Ltd . etc. The "friends for going global together" have been further expanded.

## Deepen communication and cooperation

Sinoma International attaches great importance to external cooperation and communication, especially with the government, colleges and universities, and international and domestic partners. It deepens collaboration with industry, universities and research institutes, strengthens regional synergy, and continuously expands the "friends circle", opening up a "new chapter" for the external environment. In 2023, the Company and its affiliated enterprises signed 36 strategic cooperation agreements with local governments, enterprises, and universities.

In 2023



The Company and its enterprises signed **36** strategic cooperation agreements with local governments, enterprises, and universities



Signing the Strategic Cooperation Agreement with Tencent Cloud



Signing 4 cooperation agreements at the 6th Link-China-Nigeria Special Supply Chain Forum



Signing the Strategic Cooperation Agreement with ABB (China) Limited



Signing a framework agreement with the University of Settif in Algeria to jointly build a Sino-Arab "Belt and Road" joint materials laboratory

### Industry cooperation and communication

- Introduced and promoted the latest technological results at a series of international well-known conferences such as the GCCA CEO Annual Conference, WCA 2023 Annual Conference and ICC 2023;
- Invited GCCA to China for technical exchange; hosted one parallel forum of the 7th World Intelligence Congress – Digital Empowered Manufacturing Summit and the 1st Sinoma Cement Green & Intelligence Summit ; released the latest digital intelligence achievement of Tianjin Cement Industry Design & Research Institute Co., Ltd. – Digital Processing Platform Shared for Equipment Manufacturing;
- Attended the 2023 China Brand Day events, the 6th China Import and Export Fair, the 20th China International Cement Technology and Equipment Exhibition, and the 2nd China Industrial Exposition;
- Organized a series of exchange activities for the 10th anniversary of the Belt and Road Initiative, and had talks with Kazakhstan's Deputy Prime Minister, Zimbabwe's Minister of Transport and Infrastructure Development, Djibouti's Minister of Economy and Finance, Ethiopia's Minister of Industry and their delegations;
- Advanced the building of Sino-French Carbon Neutrality Center, and signed the Memorandum of Cooperation on carbon neutrality with Lafarge France. Jointly established a national laboratory with the University of Abuja in Nigeria, to promote the establishment of a global innovation consortium.



### Provide dedicated and credible services

Sinoma International is committed to providing customers with high-quality services. To meet clients' lifecycle production needs, we integrate capabilities in scientific research and development, design, manufacturing, construction, operation and maintenance, and after-sales support and establish communication mechanisms, with strategic partners including Holcim, CRH, Heidelberg, InterCement, Goodfound Cement, EPCC, and YAMAMA. We strive to build a premium brand image known for integrity, capability and superior service.

#### Focus on customer needs

The Company conducts monthly, quarterly and annual tracking of contract performance quality and service progress. Regular satisfaction surveys are carried out through customer questionnaires, regular return visits to important customers, phone calls and face-to-face communication to understand customer satisfaction and related needs regarding products, services, prices and delivery time. In addition, a coordinated after-sales service system is established to optimize service quality and continuously improve customer satisfaction. In 2023, **75%** of the Company's customers participated in the satisfaction survey, reporting a satisfaction rate of **97%**.

#### Respond to customer complaints

The Company has set up a smooth and efficient complaint handling mechanism and diversified communication channels, customizing solutions to meet different customer needs. We have established an efficient customer complaint handling system that integrates the functions of classification, investigation and verification, planning, and follow-up and feedback. Significant quality issues are followed up on a regular basis and major customer complaints are promptly addressed to coordinate solutions for quality issues.



#### Target 2025

**90%** of the Company's important or long-term clients participate in the satisfaction surveys

The satisfaction rate remains above **97%**

**Protect customer privacy**

**Guarantee information security**

The Company places great importance on the protection of internal and customer privacy. To prevent the risk of private data leakage, we have taken measures such as system access control, user logs, employee confidentiality clauses/agreements and privacy policy education. In addition, we have clearly outlined confidentiality obligations in our contracts with suppliers, defining responsibilities for confidentiality and for breach.

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The Company has set up a leading group on network security, with the Chairman and President as members, and formulated the Rules of Implementation for Network Security at the Sinoma International Headquarters, clarifying the reporting and management of information system security incidents. Measures such as awareness development, systems and measures improvement, and risk assessment are adopted to consolidate the information security foundation. Information security activities and information trainings are held on the occasion of the National Network Security Week, to ensure the continued effectiveness of network and information security management.

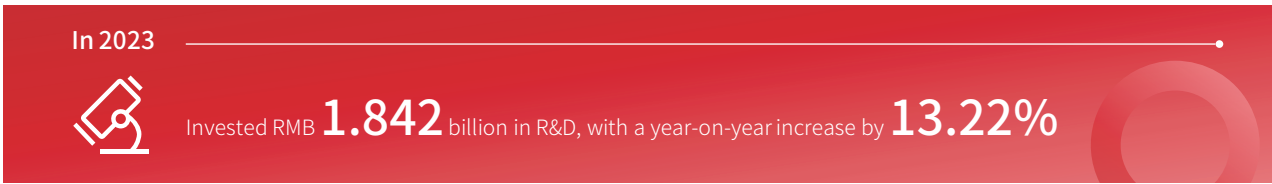
The Company's portal system and the Internet procurement platform have been certified for National Cybersecurity Classified Protection (Level 3). Its official website has been certified for National Cybersecurity Classified Protection (Level 2). The third-party vulnerability scanning and hacker attacks simulation are carried out every 1-2 years and upon the launch of new systems. The Information System Security Emergency Plan is formulated to strengthen protection to avoid major information security incidents. The mechanism of linkage with suppliers is strengthened to find the management loopholes and process gaps after detection of problems as soon as possible. Those who violate the information security system are held accountable to prevent disturbance of business operations by information security incidents.

## Lead the industry innovation

Always taking technological innovation as the main driving force, Sinoma International actively develops the innovative management system, strengthens the construction of innovation platforms, and vigorously promotes the improvement of independent innovation capabilities.

### Improve the innovation management mechanism

Guided by its technological development plan, Sinoma International pushes forward the implementation of the "open competition to select the best" incentive mechanism. In active response to the national strategy of innovation-driven development, it advances the first batch of key scientific research projects and the first batch of technological innovation projects in the field of equipment manufacturing on schedule, and arranges for the second batch of key research projects and the first batch of cutting-edge science fund projects during the 14th Five-Year Plan period. In 2023, **4** R&D teams of Sinoma International, Tianjin Cement Industry Design & Research Institute and its affiliated Engineering Research Center and Sinoma International Intelligent Technology successfully competed for the third batch of national major scientific and technological research projects in architectural material industry. Besides, the integrated solution of digital plant design and construction independently completed by Tianjin Cement Industry Design & Research Institute was selected as one of **the intelligent manufacturing projects** of the Ministry of Industry and Information Technology.



In 2023, the Company Actively implement incentives for scientific and technological achievements, implement a policy of treating research and development expenses as profits, and provide special rewards for the company's science and technology awards and innovation awards, as well as 111 authorized invention patents, won in the previous year. Additionally, special performance rewards will be given to the implementation teams of key projects, with an additional total salary.

The Company strictly complies with relevant laws and regulations including the Patent Law of the People's Republic of China and Copyright Law of the People's Republic of China. Efforts have been made to implement the national strategy for innovation-driven development by increasing investment in R&D and innovation, actively protecting intellectual property rights, establishing innovation platforms, and continuously cultivating new development drivers, carried out the "Intellectual Property Day" activity to raise employees' awareness of protecting intellectual property rights and to put into play the important role of intellectual property rights in supporting innovation and high-quality development.

### Strengthen the construction of innovation platforms

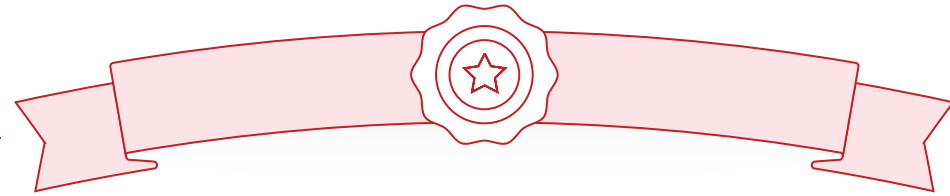
Sinoma International strengthens the building capacity of the qualified platforms. In 2023, 10 more high-tech enterprises were recognized, bringing the total number to 39, and 10 more provincial and ministerial level innovation platforms identified, with the total number reaching 27. In addition, its national enterprise technology center successfully passed the evaluation. Five affiliated enterprises were named "SRDI", one of which was awarded at the national level. A total of 17 affiliated enterprises have been awarded the title.



In 2023, Tianjin Cement Industry Design & Research Institute was recognized as a national technological innovation demonstration enterprise, a national intellectual property rights demonstration enterprise, an excellent enterprise in the special assessment of scientific and technological reform demonstration enterprises, and also one of the fourth batch of national service-oriented manufacturing demonstration enterprises. Hefei Cement Research & Design Institute was named the outstanding enterprise in the "Double Hundred Enterprises" special assessment; its Key Laboratory of Anhui Province for Green and Low-Carbon Technology for Cement Manufacturing was successfully approved as the first provincial-level key laboratory in the field of cement manufacturing in Anhui Province.

### Promote breakthroughs in innovative research and development

Guided by the innovation-driven development strategy, Sinoma International strives to solve relevant scientific and technological challenges, break through key core technologies, and develop independent core innovation capabilities, in a bid to support the high-quality development of the Company with scientific and technological innovation achievements.



**In 2023, the Company and its subsidiaries won a series of awards for innovation and R&D**

- "Development and Application of Digital Intelligent Design System for Cement Engineering" by Tianjin Cement Industry Design & Research Institute Co., Ltd. and "Process Research and Equipment Development for Preparation of Powdered Lime by Suspension Calcination" by Hefei Cement Research & Design Institute Co., Ltd were awarded **the second and third prizes** for Technological Progress in the Building Materials Industry respectively.
- "Research on Key Technical Standards to Support the Control of Total Energy Consumption and Intensity in the Cement Industry" of Tianjin Cement Industry Design & Research Institute Co., Ltd. won **the second prize** for Science and Technology Public Welfare of the Building Materials Industry.
- The "Key Technology and Application of Low Carbon Preparation of Sulfur-Aluminum/Ferrous Cementitious Materials from Multi-Source Solid Waste" by Tianjin Cement Industry Design & Research Institute Co., Ltd. was awarded **the second prize** of Technical Invention in Outstanding Scientific Research Achievement of Higher Education Institutions.
- The "Intelligent Operation and Maintenance Mode of Cement Enterprise Equipment based on IOT" project of Tianjin Cement Industry Design & Research Institute Co., Ltd. was selected as **the "Benchmark Project of Intelligent Operation and Maintenance of Equipment"** by China Association of Plant Engineering in 2023.
- The "Future Cement Factory" project of Sinoma International Engineering Co., Ltd. was awarded **the Best Creative Design Achievement** in the 1st Building Materials Industrial Design Innovation Activity.
- The Engineering Research Center affiliated to Tianjin Cement Industry Design & Research Institute Co., Ltd., was awarded **the national prize for excellence** at the 8th "Maker in China" National Finals.
- The Engineering Research Center of Tianjin Cement Industry Design & Research Institute Co., Ltd. won **the first prize** of the 12th China Innovation and Entrepreneurship Competition (Tianjin Region).
- 18 affiliated enterprises won awards in the Chinese building materials and machinery industry in 2023, including **3** second prizes and **7** third prizes of science and technology awards, **4** first prizes, **5** second prizes, and **7** third prizes of technological innovation awards, as well as **1** excellent practice case for green and low-carbon development.
- Nanjing Mining, a subsidiary of Sinoma Mining Construction Co., Ltd., won **the first prize** of Science and Technology Progress Award of China Society of Explosives and Blasting in 2023.

In 2023, 99 standard projects were in execution, including 2 in international standards and 44 in national standards. It published **1** international standard Smart City Infrastructure - Guidance for the Development of Smart Building Information Systems and **2** national standards Tube Mill Equipment for Cement Industry (English Version) and Rotary Kiln for Cement Industry (English Version). Moreover, the Company participated in the compilation of the Code for Construction Operation of Cement Production Line Construction Projects, which filled the gap in the domestic cement engineering construction standards. Additionally, the second batch of major scientific and technological projects under the "open competition to select the best" program and the first batch of cutting-edge science fund projects were successfully signed. The low-carbon, energy-saving integrated technology for the cement clinker pyro-system and its applications independently developed by the Company were selected as one of the **"2023 Top 20 Advanced and Applicable Low-carbon Technologies in the Raw Materials Industry"** at the 2023 Industry Green Development Conference.



**Case: Lead the "Dual Carbon" development of the industry by applying alternative fuel technologies**

The Company has achieved precise management and control of cement kiln use of alternative fuels from multiple sources with alternative fuel technologies, and developed a complete set of integrated technical solutions for the cement kiln use of alternative fuels applicable to different regions in China. The goal is to achieve a fuel substitution rate of 30% to 80%, a decrease in clinker capacity and an increase in pyro-system heat consumption of no more than **3%**, and a reduction in carbon emissions of more than **10%**, truly achieving "simultaneous carbon and pollution reduction".

The Company has applied this technology in the Taiwan Cement project, which uses 100,000 tons of biomass fuel per year, with a fuel substitution rate of 39%. This results in a reduction of carbon dioxide emissions by **103,000 tons per year**, or **14.5%**. The "Co-processing of Multi-source Solid Waste Technology and Equipment by Cement Kilns" submitted by the Company was successfully included in the **Catalog of Industrial Foundation Innovation and Development** of the Chinese Academy of Engineering.



Cement kiln use of alternative fuel project of Taiwan Cement in Guigang, Guangxi



Case: Empower energy-efficient equipment through mechanism model innovation in vertical slag mills

The Company has developed a mechanism model for vertical slag mills that improves the prediction accuracy of milling process through theoretical analysis, experimental research and numerical simulation. It has worked out optimization solutions based on various factors and objectives, thus providing technological support for more energy-efficient production. In 2023, the Company put 14 slag mills into use, producing 9 million tons of slag powder per year. This was expected to reduce electricity consumption by **35,460 MWh** and carbon dioxide emissions by about **30 thousand** tons from cement production lines each year



## Sustainable supply chain

Sinoma International plays the leading role in promoting the modernization of supply chains and common development of the industrial chain. The Company has established a transparent, dynamic and traceable supply chain system. With the concept of responsible procurement in mind, it has taken measures to manage suppliers and control risks. Attention was paid to green procurement and sustainable performance of suppliers and long-term, stable and sustainable partnership with them to achieve sustainable and win-win cooperation.

### Improve supply chain management

Sinoma International and its subsidiaries comply with the Supplier Management Measures, the Procurement Management System and other internal regulations. Moreover, the Company implements a strict hierarchical system to manage suppliers by classifying them into qualified suppliers, potential suppliers and unqualified ones.

#### Supplier access

Sinoma International has a strict assessment and selection process for suppliers. For instance, suppliers are required to submit the Supplier Information Registration Form. Additionally, it has in place an overall investigation, assessment and rating process for suppliers through its online procurement platform and third-party professional platforms. Suppliers with a lower rating are subject to a detailed investigation and review to reduce cooperation risks.

## Supplier management

Sinoma International actively provides support for suppliers, and helps them understand the technical requirements of related projects and improve their expertise by organizing technical exchanges and meetings. At the same time, the Company communicates to suppliers about its future plans and turnover levels, and enters into strategic and framework agreements with high quality suppliers that can supply on a long-term basis, to facilitate their better development.

### Supplier evaluation

The Company manages suppliers in an organized way. An evaluation review is conducted annually for all registered suppliers. Among them, information review and on-site review are conducted for suppliers that perform during the year, covering price, product quality, environmental performance, production safety, and human rights protection. Corresponding measures are then taken according to the results.

### Supplier support

The Company maintains close communication and cooperation with suppliers. It conducts communication and training to suppliers in accordance with the Company's annual planning, development direction and project requirements. Also, it organizes technical exchanges on ESG topics such as "Dual Carbon" goals, health and safety management, and labor risk management to share best practices and promote continuous improvement.

### Supplier phase-out

The Company has established a supplier selection and phase-out mechanism. We pay close attention to situations involving quality issues, disputes over payment, employment risks, and non-compliance with energy conservation and environmental protection standards that may have a significant impact, and put forward rectification requirements for suppliers identified. For suppliers that refuse to rectify or perform poorly, we put them on the warning list to ensure the supply chain stability.



## Reduce supply chain risks

Sinoma International actively identifies environmental and social risks in the supply chain and pays attention to the ESG performance of suppliers throughout the duration of cooperation. It integrates ESG requirements to the supplier access mechanism, and evaluates suppliers' environmental and social risks to reduce supply chain risks and build a long-term and stable procurement system.

Green, low-carbon and eco-friendly products and services are prioritized for procurement. At the bidding stage of projects, the Company assesses the suppliers' environmental policies, environmental management systems and their management level in resource use efficiency and waste management, takes environmental labeling and certification system as important criteria, and requires suppliers to meet corresponding environmental and emission indicators and energy efficiency levels. Besides, we pay great attention to product materials and production processes, organizing expert groups to carry out strict technical evaluation. The aim is to ensure that the selected products are environmental-friendly, low in consumption and low in pollution during production. At the stage of evaluation on cooperation, the Company regularly supervises and reviews the environmental performance of service providers and contractors to ensure their compliance with contract requirements and environmental laws and regulations and to jointly solve environmental management issues.

The Company strengthens the regulation of supplier integrity from the source, and focuses on preventive measures by requiring all suppliers to submit a commitment to integrity when accessing Sinoma International's online procurement platform. It establishes a parallel mechanism of requesting suppliers to sign both the procurement contract and the Procurement and Subcontracting Integrity Agreement and provides supervision and reporting channels to restrict procurement behaviors. In 2023, the Company achieves **100%** coverage of suppliers for issuing integrity notification letters or signing integrity agreements. Through regular telephone interviews and other channels, it reviews the procurement and outsourcing business of affiliated enterprises to strengthen the integrity supervision and supply chain management. The Company conducts integrity talks with procurement personnel at key positions, organizes procurement compliance management and integrity risk alert meetings for key projects, regularly carries out education and warning education on integrity, and urges key staff to perform their duties and responsibilities.

## Ensure the supply chain stability

Sinoma International attaches great importance to the security and stability of the supply chain, and maintains constant attention to external factors such as wars, geopolitics, international relations and sanctions.

- ◆ Include clauses for foreign suppliers who may be affected by the situation or other force majeure in the procurement contract to protect against potential losses arising from such risks;
- ◆ Actively expand supplier base every year and establish a multi-warehouse management system to prevent the risk of supply disruption and ensure the continuity of supply;
- ◆ Adopt the backup strategy to manage suppliers of key goods and pay close attention to market changes to avoid the risk of supply chain disruption;

- ◆ Make comprehensive arrangements for delivery dates. We formulate detailed delivery plans for projects in key regions, maintain communication with suppliers, freight forwarders, ports, shipping companies and other relevant parties, keep track of shipping routes and other transportation risks, and prepare various delivery channels to ensure that the goods can reach the designated locations in a timely and safe manner.

### Case: Stabilize transportation and the supply chain to fully support the post-earthquake reconstruction in Turkey

In 2023, in the face of the sudden earthquake in Turkey, Grinding Technology & Equipment Company, Tianjin Cement Industry Design & Research Institute Co., Ltd. took the initiative to contact the local client, and got updated of the site situation in details. Despite such adverse factors as damaged ports and handling problems for heavy equipment, the company mobilized multiple forces to solve these problems and fulfilled the equipment supply for the 600 thousand tons per year cement grinding station project in Turkey one month ahead of schedule, which strongly supported local post-disaster reconstruction.



Supply for the cement grinding station project in Turkey

Shoulder the mission of the times in pursuit of global development

- Green and low-carbon products
- Respond to climate change
- Promote people's well-being

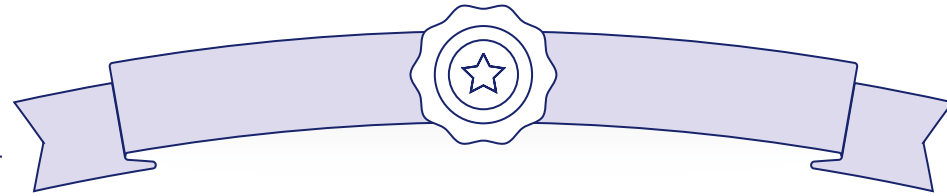
## Green and low-carbon products

As a global leader in cement engineering, Sinoma International assumes the responsibility of leading the cement industry's transition to green and low-carbon development under the dual pressure of carbon and emission reduction and supply guarantee. The Company is committed to providing owners with green, environmentally friendly, and high-quality products and services. Leveraging its independently developed and globally leading cement technology and equipment service system, the Company actively formulates low-carbon development technology routes for the entire cement industrial chain to help customers continuously improve carbon reduction benefits and lead the industry to make continuous progress in environmental protection.

In 2023, the Company's products that can promote the green development of society will bring in revenue of 2.104 billion, and is expected to increase by 50% in 2025.

In 2023, the Company's green R&D investment will reach RMB 1.842 billion. In 2024, the Company will continue to seize the opportunities of clean technology, and plans to invest RMB 179 million for the construction of alternative fuel processing center project, disposal and comprehensive utilization projects for domestic waste, sludge, contaminated soil, decoration waste, organic solvents and other waste, as well as wind power blade manufacturing projects, to serve the green and low-carbon development of society.





### In 2023, the Company and its subsidiaries were recognized in the field of "Dual Carbon"

- Tianjin Cement Industry Design & Research Institute's "Low carbon and energy-saving integrated technology and application of cement clinker firing system " as **"Top 20 Advanced and Applicable Low-carbon Technologies in Raw Material Industry 2023"**
- The "Research on Key Technical Standards to Support Dual Control of Total Energy Consumption and Intensity in the Cement Industry" conducted by Tianjin Cement Industry Design & Research Institute won **the second prize** in the category of scientific and technological public welfare
- The Plant Carbon Emission Assessment Platform of Tianjin Cement Industry Design & Research Institute was selected as an industrial internet platform **innovation pilot application case** by the Ministry of Industry and Information Technology (MIIT)
- The regional energy and carbon dual-control platform of Tianjin Cement Industry Design & Research Institute won **the Excellence in Application Award** of Intelligent Supervision and Innovation Activity of the State-owned Assets Supervision and Administration Commission (SASAC)
- Tianjin Cement Industry Design & Research Institute's Hangzhou Shanya Nanfang Project was awarded **the 2023 Model Plant Award**
- The Lafarge-holcim MAL01 project undertaken by Sinoma International Intelligent Technology Co., Ltd. is the world's first clinker production line using 90% alternative fuels, and was selected as a **"Presenting Best Practices of China-EU Green and Low-carbon Development Cooperation in 2023"**
- Tianjin Cement Industry Design & Research Institute was awarded **the NOx Emission Reduction Commendation Award** by the World Cement Association (WCA) at its annual general meeting
- Tianjin Cement Industry Design & Research Institute completed the hydrogen coupling alternative fuel technology route, realizing the maximum hydrogen fuel substitution of **36%**
- Sinoma International (Nanjing)'s "Green and Low-carbon Cement Plant Digital Design and Construction Technology and Application" reached **the world advanced level** as evaluated by industrial professionals
- Sinoma International, Sinoma International (Nanjing) Engineering Co., Ltd., Tianjin Cement Institute Design & Research Institute, Hefei Cement Institute and Chengdu Design and Research Institute of Building Materials Industry Co., Ltd. were awarded as **"Key Support Units for Peak Carbon Achievement in Building Materials Industry"**
- The National Key R&D Program "Common Key Technology and Demonstration of Carbon Capture in Combustion of Typical Industrial Processes" that Beijing Triumph International Engineering Co., Ltd. participated in, has been successfully implemented

## R&D of low-carbon emission equipment

Sinoma International accelerates green innovation and has made breakthrough in the R&D and manufacturing of low-carbon emission equipment by developing key technologies, enhancing product performance, and promoting the application of low-carbon and ultra-low emission technologies in cement production processes. The Company is committed to promoting the construction of a full-lifecycle green supply chain. In 2023, the Company's grate cooler above 10,000 tons was successfully applied in projects in Saudi Arabia and India. Domestic cement ball mill system successfully entered the U.S. market, and the vertical roller mill was applied in the field of new materials with more than 100 units, creating green value for customers in an all-round way.

Through collaboration with external resources, carbon management system, and digital transformation, the Company reduces carbon emissions from equipment production. At the same time, the Company actively participates in low-carbon product certification and improves the transparency of the carbon footprint evaluation on its products to help customers better understand the carbon emission status of its products. All this helps the Company adapt to the domestic and international "Dual Carbon" policies and green trade mechanism, and promote green, intelligent, and efficient equipment manufacturing.

### Case: Sinoma Shangrao low-carbon equipment enables the green development of the industry



Sinoma Shangrao deeply implements the "green, low-carbon, digital and intelligent" development strategy, with an ultimate attempt to build a "six-zero" factory (i.e., a factory with zero purchased electricity, zero fossil energy, zero primary energy, zero carbon emission, zero waste and zero employee). Taking the digital transformation as an opportunity, Sinoma Shangrao carries out energy-saving and low-carbon renovation in all processes of production. With the existing digital manufacturing technologies, the SCD1200\*107076mm clinker conveyor developed and manufactured by Sinoma Shangrao can reduce power consumption by **12,000 kWh** and carbon dioxide emissions by **11.96 tons**, and has been awarded the Product Carbon Label Evaluation Certificate.

## Exploration of low-carbon technologies

researched and applied carbon reduction technologies, and developed carbon capture and utilization technologies. The Company strives for breakthroughs in energy conservation and carbon reduction technologies with respect to "alternative fuels", "clay calcination", and "oxy-fuel combustion", constructing a solid technical foundation for the low-carbon development of the cement industry.

### In 2023, the Company launched the project of "Carbon Peaking and Carbon Neutrality Public Service Platform for Key Raw Material Industries"

- ◆ The Company has carried out research on carbon capture technologies, advanced grinding technologies, alternative fuels to produce cement clinker and oxy-fuel combustion technologies in the cement industry, put forward verification methods for 5 low-carbon technologies in the cement production process, and formulated the evaluation criteria.
- ◆ Through extensive research on the status quo of mainstream technology application in the main production process of cement, technology development trend, as well as the investment cost, operation and energy consumption of major technologies and equipment, 5 research reports on cement carbon emission and carbon reduction technology paths have been formed.
- ◆ The Company has calculated the equipment investment cost, operation and energy consumption of 10 cement enterprises, carried out free low-carbon diagnosis, provided green and low-carbon technology services or solutions, and carried out 5 sessions of technical standard exchanges in the cement industry.

**Four research results of the Company obtained scientific and technological achievements appraisal certificate**

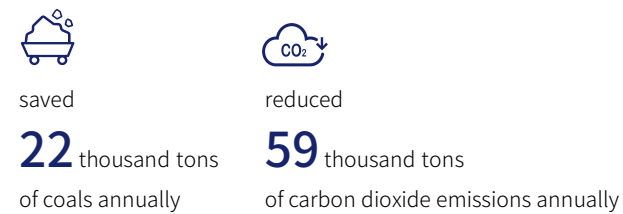
- The achievement of “R&D and application of roller press combined grinding system with an annual production capability of 2 million tons”, “Key technologies and applications of low-carbon cement sintering under the background of ‘carbon peak and carbon neutrality’”, and “Key technology development and industry applications of high efficiency and low resistance catalytic denitration system for cement kiln” have reached the international leading level.
- “Key technologies and engineering applications for desulfurization, decarbonization and quality enhancement in the cement industry” has reached the international leading level.

**Case: The innovation of oxygen-fuel combustion benchmarks the low-energy carbon capture technology**

The China United Cement Qingzhou Co., Ltd.’s Annual CO<sub>2</sub> output 200 thousand tons oxygen-fuel combustion and enrichment and purification project is a CO<sub>2</sub> capture and utilization project that **has the largest scale in the world’s cement industry’s oxygen-fuel combustion coupling carbon capture technology field**. The project opens the domain for Shandong Province, and is the first carbon capture and utilization project of the cement section of China National Building Material Group. The project uses the cement kiln oxygen-fuel combustion technology developed by Tianjin Cement Industry Design & Research Institute Co., Ltd. to effectively increase the concentration of CO<sub>2</sub> contained in the fume released by preheater system and significantly decrease the processing capacity of fume capture. Compared with conventional post-capture technology, the energy consumption and operating cost for the preparation of unit carbon dioxide can **be reduced by more than 25%**. It represents a revolutionary innovation in the theoretical and practical aspects of **low-carbon and green building material production technology and designing in both theoretical and practical perspectives**, playing an essential part for the realization of “Dual Carbon” goal.

**Case: Energy-saving transformation of pyro-system promotes the low-carbon upgrading of production line**

Hefei Cement Institute adopted six-stage pre-decomposition patent technology, low-resistance and high-efficiency cyclone and CFD simulation to optimize the performance of the decomposing furnace in the pyro-system of cement clinker production line for the Ningxia Tianyuan 4,500t/d clinker production line energy saving and environmental transform project, which significantly improved the energy-saving and low-carbon performance of the cement clinker production line. In particular, it increased the decomposition rate of the kiln materials from 90% to **more than 95%**; **reduced the heat consumption of clinker by 17.6%**; saved 22 thousand tons of coals annually; and reduced 59 thousand tons of carbon dioxide emissions.



**Case: Independent research and development of low-carbon technologies promote the industry's energy efficiency upgrading**

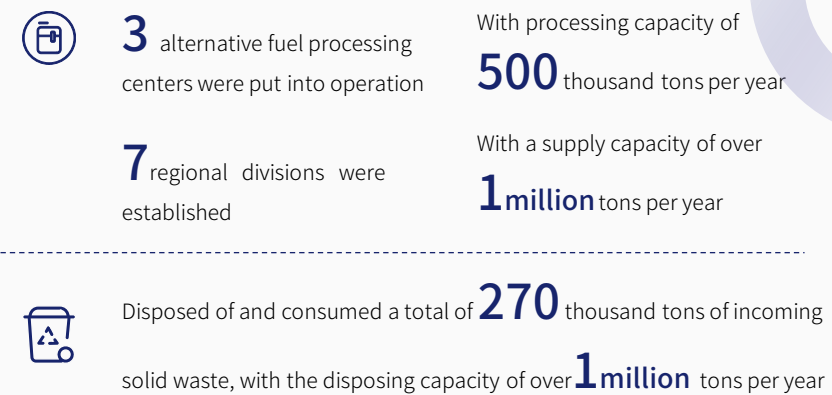
In June 2023, the 2023 Industrial Green Development Conference released "20 Advanced and Applicable Low-carbon Technologies in Raw Material Industry in 2023", and "Low-carbon and Energy-saving Integrated Technology and Application of Cement Clinker Firing System" independently researched and developed by Tianjin Cement Industry Design & Research Institute Co., Ltd. was successfully selected. In response to the pain point of large carbon emission and high dependence on fossil fuels in the cement industry, this technology puts forward key technologies and equipment such as multi-stage combined reconstructed cyclone preheater, gradient combustion self-denitrification decomposition furnace, and high-efficiency travelling grate cooler with new type of centric roller crusher. The technology builds up a new type of low-carbon and energy-saving suspension preheating and pre-decomposition system. According to the "Guidelines for Energy Conservation and Carbon Reduction Technology in the Cement Industry", a new production capacity of 200 million tons with energy efficiency better than the benchmark level will be formed by replacing the current low energy efficiency production capacity in the cement industry. After the application, the comprehensive coal consumption of clinker unit product is **below 94kgce/t.cl**, and **the carbon dioxide emission can be reduced by about 22.48 million tons**.

## Creation of low-carbon services

With its low-carbon technology advantages, Sinoma International innovatively builds green factories, aiming to provide global owners with high-quality green and low-carbon engineering services to help them accelerate the decarbonization process and cope with the globally increasing pressure of energy conservation and carbon reduction. In 2023, the Company created a **customized service solution for smart microgrids in cement factories, with a contracted installed capacity of 110 MW, and the first demonstration project was successfully connected to the grid**.

Sinoma International Environmental Engineering Co., Ltd. actively implements the alternative fuel business strategy. Foreign hazardous waste, domestic garbage, waste textiles and waste tires are processed into alternative fuels for the cement production line, bringing significant carbon reduction benefits to the industry chain. In 2023, three alternative fuel processing centers of Sinoma International Environmental Engineering Co., Ltd. were put into operation, with processing capacity of 500 thousand tons per year. Moreover, 7 regional divisions were established with an average annual supply capacity of over 1 million tons per year of alternative fuels. This year, the Company disposed of and consumed a total of 270 thousand tons of incoming solid waste, with the disposing capacity of million tons. By 2025, the company plans to achieve a capacity of 2.35 million tons per year for incoming solid waste consumption and disposal.

**In 2023**



**Target 2025**



Case: Research and application of oxy-fuel combustion promotes the low-carbon upgrading of the industry

For many years, CBMI has been committed to researching carbon emission reduction technologies in the cement industry. In February 2023, CBMI signed a contract for the K6 oxy-combustion project in France. Based on the existing two wet kiln production lines, CBMI planned to invest in a new 3,500TPD dry clinker production line (EPC project) to integrate the industrial carbon capture system and the air separation system for oxy-combustion. After the project is put into operation, it is expected to reduce 8.1 million tons of carbon dioxide emissions into the atmosphere within ten years, contributing to the relief of global climate change.



Expected to reduce **8.1** million tons of carbon dioxide emissions into the atmosphere within ten years

Case: Innovation of alternative fuel technologies creates a model for upgrading cement plants

The MK3 project of CBMI in Toulouse, France has achieved remarkable results in exploring and practicing innovative applications of alternative fuels. The energy structure has been optimized, and the energy efficiency has been improved. In this project, with more than **ten kinds of alternative fuels used**, including shredded tires, shredded wood and animal meat, the Company achieved a **fuel heat replacement rate of 85% and reduced carbon emissions by 200 thousand tons annually**. At the same time, the application of this technology can also convert urban waste into usable fuel, providing a model for upgrading traditional cement plants.

Case: Digital carbon emission evaluation platform promotes energy saving for cement industry

Tianjin Cement Industry Design & Research Institute Co., Ltd. leverages digital means to build a one-stop service system which achieves quality management, accurate calculation, authoritative assessment and professional improvement. Based on the PDCA carbon management concept of "one model throughout", it developed the digital carbon emission evaluation platform for factories, an efficient tool for the calculation of carbon emissions across the lifecycle of the production, which helps realize the fine calculation and dynamic monitor of carbon emissions from different types of buildings in the cement factories, promote decarbonization in factory building and operation and maintenance, provide technological support for carbon trade and carbon tax, and facilitate environmental development. The research result participated the Digital China Exhibition for times, **won the 3rd class prize in the Industry Leading Group of raw material industry** in China Industrial Internet Contest, as well as **the award for Outstanding Project Award in the BRICS Industrial Innovation Contest**.



# Respond to climate change

Sinoma International actively responds to the national "14th Five-Year Plan", the "Dual Carbon" goal and the Implementation Plan for Carbon Peak in Building Material Industry, and follows its Comprehensive Risk Management System. With reference to the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), Sinoma International proactively identifies operational risks that may arise from climate changes and actively carries out green innovation research and development, so as to provide professional support for the industry to cope with climate risks and help the society to carry out low-carbon transformation.

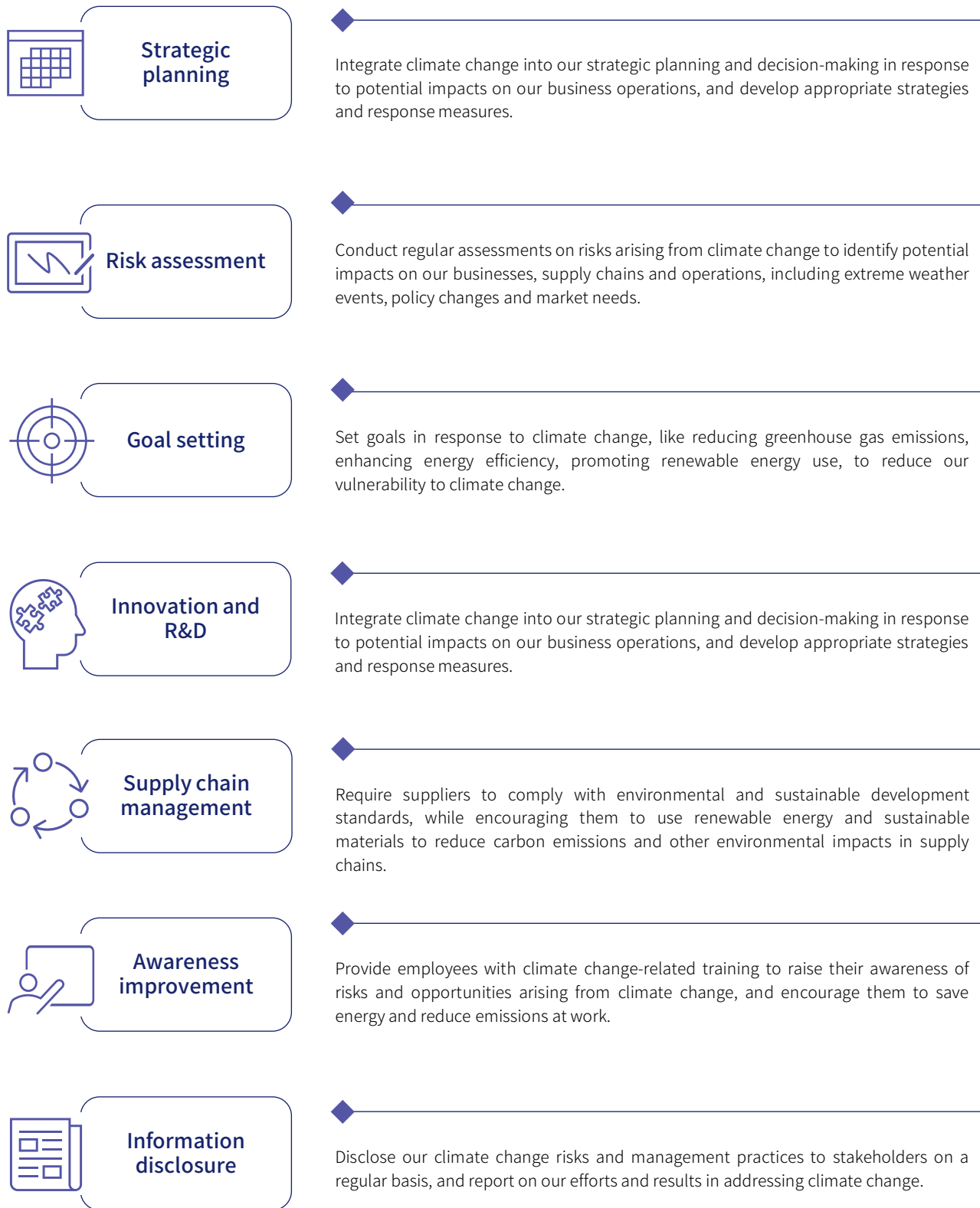
## Climate change governance

Sinoma International formulates and further implements the Implementation Rules of the Strategy, Investment and ESG Committee of the Board of Directors of the Company, and determines the supervision and management responsibilities of climate-related matters. The Strategy, Investment and ESG Committee is generally responsible for the climate change-related matters of the Company, including monitoring of climate risks and opportunities, formulation and review of the Company's sustainable development vision, and supervision on the implementation of goals and strategies. The committee also reports major issues to climate change to the Board of Directors.

The Ecological and Environmental Protection Leadership Group, chaired by the Chairman and President, is responsible for overseeing the comprehensive development of the Company's ecological civilization. It organizes and implements various tasks related to peaking carbon emissions and achieving carbon neutrality. In the process of strategy formulation, enterprise development and project execution, the leading group always pays attention to the risks and opportunities brought by climate change. Under the leadership of the Company, each affiliated enterprise has set up a leading group to respond to climate change issues across disciplines. For example, the Ecological and Environmental Protection Leading Group discusses ESG-related issues such as climate change every quarter, strives to develop the green energy industry, and actively practices the mission of "promoting green intelligence and serving a better world".

## Climate active strategies

Sinoma International takes climate change as an important issue, and integrates it into the Company's sustainable development strategy. Climate change-related matters are also embedded into all aspects of the Company's overall decision-making, production and daily operation, which helps alleviate global warming and achieve the "Dual Carbon" goal as scheduled.



In 2023, pursuant to the Guiding Opinions on Promoting the High-quality Development of Central Enterprises to Achieve Carbon Peaking and Carbon Neutrality issued by the State-Owned Assets Supervision and Administration Commission of the State Council, the Group's targets and indicators for second-level enterprises specified in the Implementation Plan for Carbon Peaking and Carbon Neutrality issued by China National Building Material Company Limited and our "14th Five-Year" Strategic Development Plan, we have launched the development of the action plan for "Dual Carbon" and clarified two main measures to reduce carbon emissions, namely, "accelerating the electrification of mining equipment and facilities" and "accelerating the transformation of production and life energy structure". Simultaneously, the Company is also committed to providing customers with green, environmentally friendly, superior quality products and services, contributing to increasing carbon reduction benefits for the industry.

**Accelerate the electrification of mining equipment and facilities**  
We stick to the "four modernizations of equipment" strategy, which includes large-scale, professional, new energy, and intelligent equipment, and orderly promote energy optimization and efficient utilization. We actively promote the electrification of new energy mining vehicles and non-road mobile machines. Additionally, we analyze the cost-benefit and carbon-reduction performance of using new energy vehicles compared to fuel vehicles, seeking to achieve both economic and environmental benefits.

**Accelerate the transformation of production and life energy structure**  
To achieve efficient energy management and low-carbon operations, we continuously improve energy structure and increase energy efficiency by promoting the use of clean energy such as solar energy and photovoltaic energy to reduce greenhouse gas emissions. By the end of 2023, our buildings had installed **2.64MW** of photovoltaic capacity.

**Help the industry continuously improve carbon reduction benefits**  
We research, develop, and manufacture low-carbon equipment, promote the application of low-carbon and ultra-low-emission technologies in cement production, develop carbon capture and utilization technologies. Focusing on energy-saving and carbon-reducing technology research in three directions of "alternative fuels", "clay calcination" and "oxyfuel combustion", we create green factories with innovation, provide green and low-carbon engineering services with high quality for global customers, and help them accelerate the decarbonization process.

## Climate risk management

Sinoma International attaches great importance to climate risk management, and identifies and assesses risks and opportunities arising from climate change through the following processes, which serves as a reference for the Company's strategic planning and business development.

- Build a risk information base that includes climate risks and opportunities, considering business and product characteristics, including the impacts on the Company's finances, production, assets, supply chain and staff.
- Complete the Major Risk Assessment Results Table by identifying and evaluating climate change-related risks in terms of both risk impact and likelihood, and analyzing the level of these risks associated with climate change.
- Combine the results of the identification and assessment to draw a risk coordinate map with the impact and likelihood as the axes, and clarify the corresponding control measures according to the different areas in the risk coordinate map, so as to strive for the stable resolution of risks arising from climate change.
- Fill in the major risk control interconnection form, define the main and assisting departments responsible for major risks, formulate risk management strategies and solutions, and submit them to the person in charge for approval.

### Classification of climate change risks with Sinoma Mining

- Led by the Safety and Environmental Protection Department and in collaboration with other functional departments, Sinoma Mining classifies climate change risks into three levels: operational risk (level 1), project management risk (level 2), and climate change risk (level 3). The Company is engaged in green mine construction, where the survival rate of vegetation is closely related to the climate at the mine sites, so there might be a risk that the plants selected may not be compatible with the climate at the mine sites.

During the reporting period, Sinoma International conducted an identification and assessment analysis of various risks and opportunities arising from climate change to gain a more comprehensive understanding of potential risks and opportunities. Details of climate risk and opportunity identification are set out below:

Risks arising from climate change			
Risk categories	Risks arising from climate change	Potential impacts on the Company	Time horizon
<b>Transformation risk</b>			
<b>Policies and laws</b>	Stricter regulatory compliance requirements	<ul style="list-style-type: none"> <li>Non-standard information disclosure will result in higher compliance penalties from the government or regulators</li> </ul>	Medium term
<b>Market</b>	Industry transformation trends	<ul style="list-style-type: none"> <li>Affected by the international carbon reduction situation, the cement industry is facing transformation pressure and restrictive policies</li> </ul>	Medium term
	Emerging low-carbon technologies	<ul style="list-style-type: none"> <li>Newcomers to the market have increased the Company's competition pressure in technology</li> </ul>	Medium term
	Shortage of raw materials and energy	<ul style="list-style-type: none"> <li>Water scarcity makes it difficult to obtain water, increasing the Company's water costs</li> <li>Swelling fuel prices bring about higher project costs and lower cost effectiveness</li> </ul>	Medium term
<b>Technology</b>	More stringent environmental standards	<ul style="list-style-type: none"> <li>Increasing investment in clean technology leads to higher operating costs</li> </ul>	Short term
<b>Physical risks</b>			
<b>Acute risks</b>	Extreme weather events	<ul style="list-style-type: none"> <li>Strong winds, high temperature, extreme cold, land subsidence and other extreme weather events affect the construction schedules, construction safety and asset safety</li> </ul>	Long term
<b>Chronic risks</b>	Increasing hot and cold weather	<ul style="list-style-type: none"> <li>Increasing safety hazards in the work environment require more investment in securing employees' health and safety</li> <li>Decreased stability of energy supply impels the Company to optimize energy structure</li> <li>Incompatibility of the selected plants with the climate at the mine sites results in higher operating costs</li> </ul>	Long term

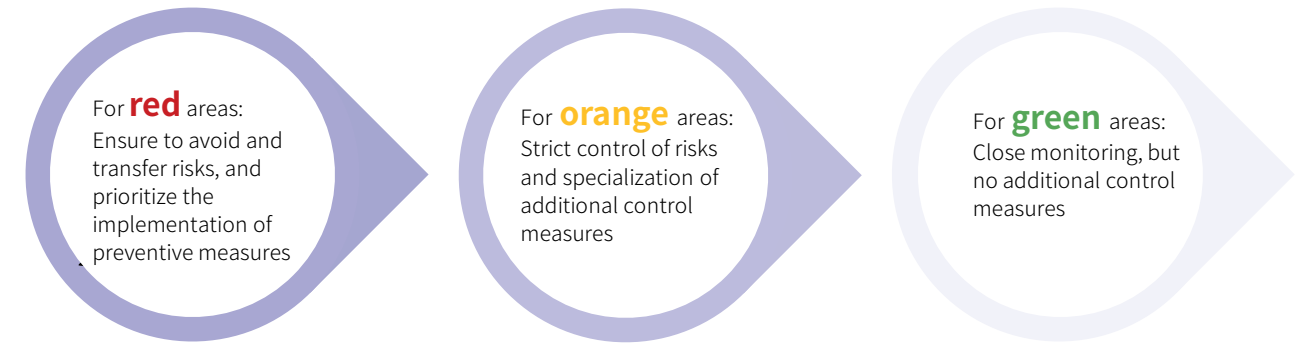
Opportunities arising from climate change			
Opportunity categories	Opportunities arising from climate change	Possible opportunities for the Company	Time horizon
<b>Products and services</b>	Innovation and technology development	<ul style="list-style-type: none"> <li>Respond to the market by developing technologies such as renewable energy and carbon capture to enhance the Company's resilience and competitiveness</li> </ul>	Medium term
	More low-emission products and services	<ul style="list-style-type: none"> <li>Increase revenue by providing low-carbon products or services</li> </ul>	Medium term
<b>Energy sources</b>	Use of low-emission or renewable energy	<ul style="list-style-type: none"> <li>Lower operating costs</li> <li>Tap into green services to increase operating income</li> </ul>	Long term



Sinoma International has prioritized risks based on the impact and likelihood to review internal risk management, and has formulated effective response measures.

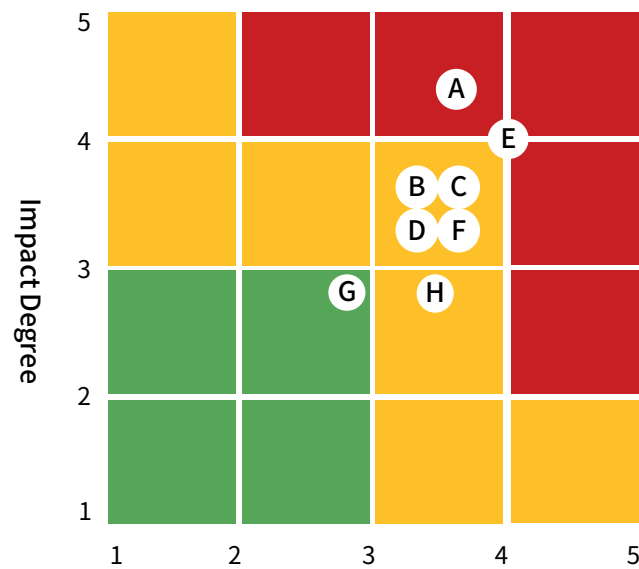
Risks arising from climate change		
Risk categories	Risks arising from climate change	Response measures
Transformation risk		
Policies and laws	Stricter regulatory compliance requirements	The Company pays close attention to the latest laws and regulations, governmental requirements and targets, and formulates plans and measures in accordance with the newly introduced or updated requirements and targets.
Market	Industry transformation trends	The Company focuses on the industry trend and analyzes the advantages and disadvantages of emerging technologies brought by new entrants, and the substitution risks for current products and technologies. The Company also applies environmental protection technologies, including waste heat recovery power generation, comprehensive technical upgrading in energy conservation and consumption reduction, and the use of clean energy.
	Emerging low-carbon technologies	
	Shortage of raw materials and energy	
Technology	More stringent environmental standards	The Company actively promotes the construction of green factories and green mines, and expands the R&D and application of green and clean technologies.
Physical risks		
Acute risks	Extreme weather events	The Company analyzed typically good responses to extreme weather events in recent years. In 2023, three of the company's 14 equipment manufacturing plants have emergency plans to deal with extreme weather
Chronic risks	Increasing hot and cold weather	The Company constantly monitors related climate change to make timely adjustment to work plans and reduce safety hazards in the work environment.

In the climate risk matrix above, different colors represent different levels of climate risk, and risks located in areas with different colors will be subject to different levels of control.



## Climate-related indicators and targets

In accordance with relevant guidelines of TCFD, Sinoma International, during the reporting period, has set environmental targets related to climate change to manage climate-related risks and opportunities on all fronts, after considering material issues and stakeholders' opinions as well as the Company's business operations.



- A: Stricter regulatory compliance requirements
- B: Industry transformation trends
- C: Emerging low-carbon technologies
- D: Fluctuations in Carbon Market Prices
- E: Shortage of raw materials and energy
- F: More stringent environmental standards
- G: Extreme weather events
- H: Increasing frequent hot and cold weather

### Targets

**By 2025**

- Compared to 2023, the carbon emissions intensity including Scope 1 and Scope 2 will be reduced by **2%**
- Energy consumption per RMB 10,000 revenue will be reduced by **2%**
- The penetration rate of renewable fuels for new construction vehicles purchased by mining enterprises will reach **40%**
- investment in green and low-carbon technology research will account for **3.60%** of the output value

**By 2030**

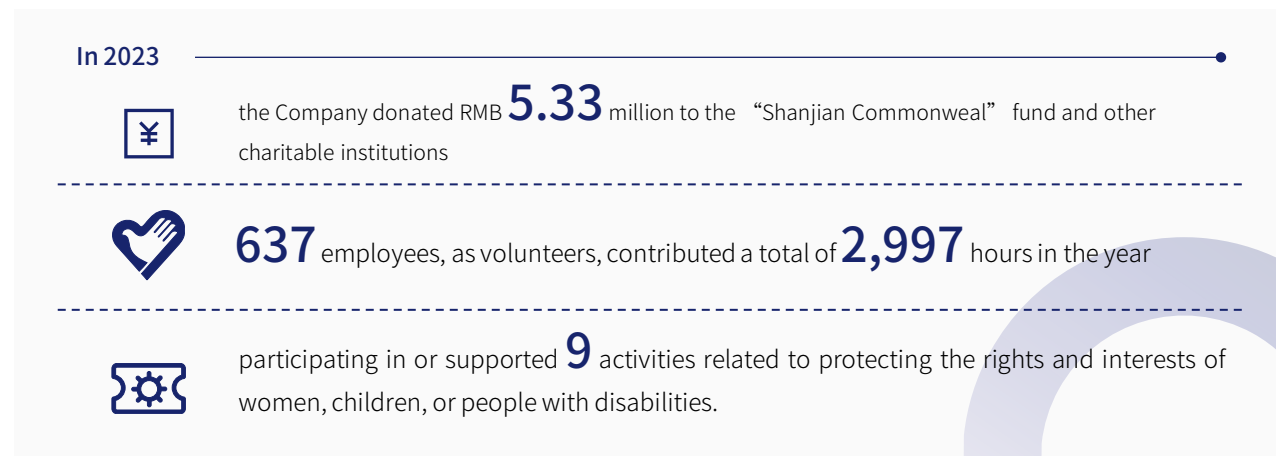
- 100%** of the production enterprises and newly invested production and operation projects will have emergency plans to deal with extreme weather
- The Company will provide the customers with "zero emission mining and zero emission cement<sup>1</sup>" solution.

<sup>1</sup> "zero emission" refers to zero purchased electricity, zero fossil fuels, zero primary resources, zero carbon emissions, and zero waste emissions.

## Promote people's well-being

Sinoma International has developed a global vision and showcased the perspective of central enterprise. We paid back to society by concrete efforts such as providing public welfare and charity services, actively supporting rural revitalization and continuously delivering foreign aid, helping to build a community with a shared future for mankind.

In 2023, the Company donated RMB 5.33 million to the "Shanjian Commonweal" fund and other charitable institutions. 637 employees, as volunteers, contributed a total of 2,997 hours in the year, participating in or supported 9 activities related to protecting the rights and interests of women, children, or people with disabilities.



## Active in public welfare and charity activities

Sinoma International is enthusiastic about social and public welfare undertakings and contributes to society with concrete efforts. We actively donate to the Group's "Shanjian Commonweal" fund, encourage our employees to volunteer, and regularly carry out charitable donations, disaster relief and emergency relief, project assistance and other activities.

### Case: Sinoma Overseas Development Co., Ltd. provided post-earthquake relief in Turkey

After Turkey was hit by the earthquake in 2023, Sinoma Overseas Development Co., Ltd. Turkey Representative Office took immediate responses and on-site disposal actions according to the emergency plans to fully ensure employee safety and production safety. At the same time, the Representative Office actively responded to the call of the Embassy of the People's Republic of China in Turkey and the General Chamber of Commerce of Chinese Enterprises in Turkey, and coordinated efforts to support local earthquake relief by donating various living supplies in several batches through the Disaster and Emergency Management Authority, so that the affected people could feel China's kindness and care.



the Turkish subsidiary Sinoma Overseas Development Co., Ltd. participated in the local earthquake relief operation and donated daily necessities

## Supportive to rural revitalization

Under the guidance of the Measures for the Implementation of the Rural Revitalization Accountability System, we are fulfilling our social responsibilities as a central enterprise in support of the Group's contribution to rural revitalization. We have established a rural revitalization support team to coordinate and integrate efforts in rural revitalization, industrial development, project construction, social livelihood, consumer assistance and other relief measures. We are also strengthening the supervision and management of completed supporting projects and those in progress. In addition, we helped Yongshan County in Yunnan, where we have designated assistance, to consolidate and expand what it has achieved in poverty alleviation and rural revitalization.

In 2023, Sinoma International totally invested RMB 5.02 million in rural revitalization.



Records of assistance provided by Sinoma International in Yongshan County

- ◆ **Education:** In August 2023, we successfully held the second "Good Learning Elite" summer camp, which was attended by 19 teachers and students from Yongshan County, Yunnan Province. Through rich cultural experience, courses and research activities, students appreciated the humanistic style, experienced the Chinese culture, learned about modern science and technology in practice. This motivated them to grow into talents in the great New Era and fulfill their beautiful dreams. We also held the "Shan Jian" Colorful Class activity, where we provided cultural courses, handicraft classes, and painting courses to fulfill the children's summer vacation.
- ◆ **E-commerce:** We have gradually built a cooperation bridge between the excellent enterprises and cooperatives in Yongshan County and the "He Bao Dan" platform, the Group's online purchase platform for poverty relief. We selected enterprises and cooperatives with good reputation to join the platform, where they can sell their high-quality local agricultural products to promoting farmers' income.
- ◆ **Talent:** Sinoma International referred one young cadre from Yongshan County to participate in the training course for young and middle-aged cadres held by Sinoma International in Dalian Senior Management College, continuously improving the ability and level of party members and cadres at all levels in the county to work in party building, rural revitalization, talent recruitment and intelligence introduction and servicing people, and provide intellectual support for Yongshan County to consolidate the achievements of poverty alleviation, continue rural revitalization and achieve high-quality green development.



Case: "Good Learning Elite" summer camp to promote rural revitalization with the power of the youth

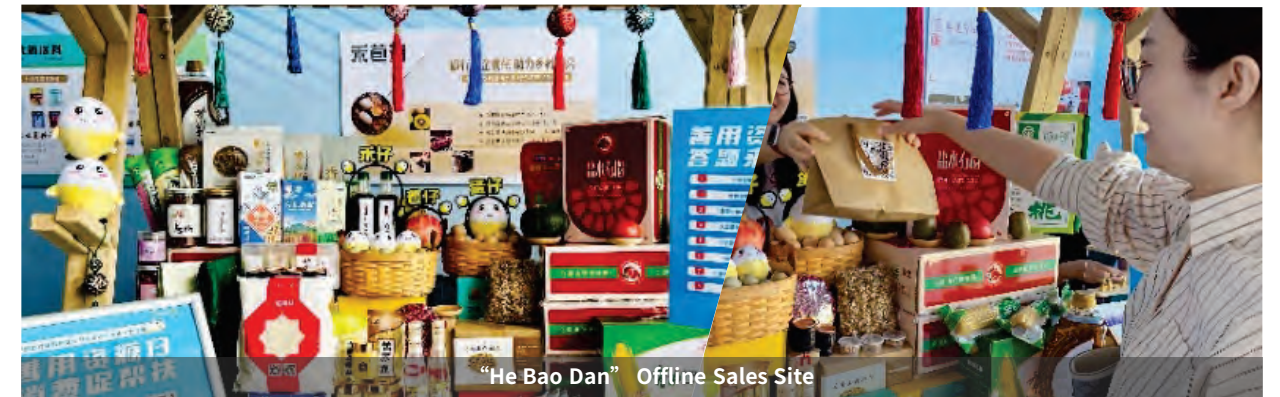
In 2023, the Company held the second "Good Learning Elite" summer camp, providing 19 teachers and students from Yongshan County with a rich research program. Our aim is to help the students expand their knowledge, build their confidence and fulfill their dreams.



"Good Learning Elite" Summer Camp

Case: Build the "He Bao Dan" cooperation platform to capitalize agricultural and related products

In 2023, the sales of agricultural specialty products in Yongshan County on the "Hebao Dan" platform exceeded 1.2 million yuan. Sinoma International actively carries out consumer assistance, and all levels of enterprises purchase agricultural products worth over 1 million yuan through the "Hebao Dan" platform, helping impoverished people increase their income and making positive contributions to rural revitalization.



"He Bao Dan" Offline Sales Site



Case: New generation of digital intelligent cement factory to create a model of poverty alleviation

The Ningxia Building Materials Industry Poverty Alleviation Resource Comprehensive Utilization and Environmental Protection Demonstration Line adopts the internationally advanced "second generation of new dry process technology", builds a new generation of digital intelligent cement factory with high standards and a high starting point, and has been awarded the National Quality Engineering Award. The project construction site is the main battlefield of the national large-scale water conservancy project - Ningxia Poverty Alleviation and Yanghuang Irrigation Project, and is the largest ecological poverty alleviation migration concentration area in the country. After the completion of the project, it has greatly promoted the development of local related industries, and has been praised as "a model of poverty alleviation, a bridge of national unity, and a demonstration of green development".



Panorama of Ningxia Building Materials Industry Poverty Alleviation Resource Comprehensive Utilization and Environmental Protection Demonstration Line



## Deepen overseas responsibility fulfilment

Sinoma International continues to promote coordinated regional development. We have implemented the “Belt and Road” Initiative, followed the approach of consultation and collaboration for shared benefits, and adhered to the principles of “making contributions to the local economy, cooperating with local enterprises, and serving the local people”. We have promoted the integration of global technologies, talents and culture, supported the economic and social development of the project site, and contributed our efforts to build a community with a shared future for mankind.



Sinoma International successfully hosted the Group's fourth **"Resource Utilization Day"**, which was broadcasted live in 45 countries and regions, including Zambia, Nigeria and Papua New Guinea, with a total of 856 thousand viewers.



The Argentine subsidiary of Sinoma Overseas Development Co., Ltd. won the award of **"Safe Development Belt and Road Cooperation"** jointly issued by the Chinese Embassy in Argentina and the China Chamber of Commerce.



Short video works of Sinoma International **"What A Beautiful Jasmine"** was awarded **The Silk Road Popularity Award of the "Belt and Road"**.

### Case: A bridge flies over the Asian and African continents, and the construction of the "Belt and Road" is shining

In 2023, Chengdu Building Materials Institute successfully completed the construction task of the EL-Ferran Bridge project of the Suez Canal in Egypt and successfully complete the project handover. The bridge **ranks first in the world in terms of span diameter and carrying weight, and is the first railway bridge connecting the Asian and African continents**. The successful completion and upgrading of the project effectively promotes the construction of the Suez Canal Economic Belt and the connection between Asia and Africa, and make Sinoma International's high-quality projects shine in the "Belt and Road".



Suez Canal EL-Ferran Bridge

## Reach out to community

Sinoma International regularly communicates with the local community to understand the needs of the community, and takes targeted measures to support local development and to help improve the quality of life of the community residents.

### Case: In-depth exchanges and targeted assistance to address core community issues

The Company's Ogun Industrial Park in Nigeria regularly communicates with local community representatives to understand the needs of the community and provide targeted assistance. In 2023, the community representatives pointed out that there were no adequate deep wells in residential areas, and the water quality and quantity could not meet the daily needs of local residents. To this end, our representatives developed targeted assistance plans, such as digging a deep well every two years for the community to ensure water quality and improve the living standards of the community.



Nigeria Community Assistance

### Case: Donation helps the local police station to build a safe and harmonious community

The Nigerian KOGI Project Department carried out the public welfare donation activity of “Contribute to Local Development and Charity Donation”, and donated office supplies including printers, A4 paper, TVs and other office supplies to the town police station and the Kaba City Police Station to help the police station improve work efficiency and build a solid community security barrier.



CBMI Nigerian KOGI Project donated to the local police station

## Promote cultural integration

Sinoma International fully supports local cultural development and is committed to promoting traditional Chinese culture. We have established a benchmark project of cross-cultural integration between the State-owned Assets Supervision and Administration Commission of the State Council and Nigeria. We held the first “Cross-cultural Integration Exchange Meeting”, and selected the first Sinoma International “Sino-foreign cultural exchange representative”.

### Case: Exchange of traditional culture and friendship between the two countries

To celebrate the 2024 New Year and the deep friendship between the people of China and Nigeria, the “Sinoma with Nigeria” Costume Culture Show hosted by the China Cultural Center in Nigeria and CBMI Nigerian was grandly held at the China Cultural Center. During the event, more than 30 people from China and Nigeria displayed traditional Chinese and Nigerian costumes and performed unique cultural dances, effectively promoting cultural exchanges between the two countries, stimulating cultural integration, as well as supporting, strengthening and developing the local garment industry, and better benefiting the local people.



CBMI Nigerian undertook the "Sinoma with Nigeria" traditional costume show

### Case: Celebrate traditional festivals and promote cultural integration

Nigeria subsidiary of Sinoma Cargo held the activity of “Celebrating the Chinese Mid-Autumn Festival”. The company held a warm Christmas tea party on Christmas Eve, and celebrated the traditional festival with local middle school students of APAPA, so that more local residents can participate in cultural interactions for further cultural exchanges.



Sinoma Cargo Nigeria subsidiary held the activity of "Welcoming the Mid-Autumn Festival and Experiencing the Chinese Mid-Autumn Festival Culture"

### Case: Corporate “Open Day” activity to promote cross-cultural exchange

CBMI Nigerian believes that Chinese and Nigerian employees are members of one and the same family, and should forge ahead on a new journey. To accelerate the integrated local business development in Nigeria, the subsidiary organized the “2023 China-Nigeria Intercultural Integration Open Day” activity, and invited local media, employees, and family representatives, which effectively enhanced the communication between Chinese and Nigerian employees, and promoted the cross-cultural integration between China and Nigeria.



CBMI Nigerian organized the China-Nigeria Intercultural Integration Open Day

## Support local education

Sinoma International fully supports and encourages the development of local education and contributes to educational equality.

### Case: Campus donations to build a better future for students

CBMI Philippines held a donation activity with the theme of “Let’s Build the Future Together” at the Mariveles Port International High School, and donated a large number of stationery supplies such as notebooks, pens, A4 printing paper and printer ink, which was highly appreciated by the school, the surrounding community and the public.



CBMI Philippines carried out donation activities in the local area

Case: Integrate into the local community and help underprivileged students achieve their dreams



CBMI Nigerian EDO3 Project donated bursaries to the OKPELLA Community Student Association, aiming to provide strong support for poor students in the OKPELLA community, so that they can overcome financial difficulties and continue to receive high-quality education, which will help improve the overall education level of the local community and lay a solid foundation for the future of students.



CBMI Nigerian EDO3 Project Donation Community Student Bursary Ceremony

## Increase local employment

While providing high-quality engineering and technical services for the owners, Sinoma International is committed to providing employment opportunities for local people and promoting local economic development.

The Company encourages local employment, with overseas local employees at all levels accounting for more than 50%. Specifically, local employees account for 84% in Chengdu Design and Research Institute of Building Materials Industry Co., Ltd..

- Nanjing Branch Nigeria Ogun Industrial Park provides a large number of employment opportunities and learning and training programs for surrounding residents, with nearly 500 workforce in the park, including **95%** of the local employees.
- At the Brochem CISA project site run by CBMI South Africa, **100%** of the general workers are from the local community.

Case: Create job opportunities and promote industrial development



Sinoma Overseas Development Co., Ltd. Argentina L' Amali 5,800t/d clinker cement production line 2 project has created more than **1,700** jobs for the local community, which has stimulated the development of the industrial chain, and won the company the "Corporate Honor" prize from the Aulla Municipal Government. The Argentinean Building Workers Union (UOCRA) awarded Sinoma Overseas Development Co., Ltd. Argentina with the honorable mention of "Sino-Argentina Trade Union Cooperation Model".



Sinoma Overseas Development Co., Ltd. Argentina L'Amali Line #2 project

Case: Establish international talent centers and strengthen expand local talent



Chengdu Design and Research Institute of Building Materials Industry Co., Ltd. (hereinafter referred to as "CDI") has established international talent centers in four regions including Egypt, the Middle East, Pakistan and Uzbekistan, and employed foreign staff in many key roles, such as contract management, legal affairs, financial and tax planning, human resources, technical management, and project management. The talent centers carry out skills training for local employees through skill competitions and on-the-job training, providing them with advanced construction technology and management experience. In this way, they aim to continuously improve the skills of local employees, and provide solid talent support for the implementation of projects in local or neighboring countries.



The Egyptian area of CDI held a welder skills competition



CDI 2023 Foreign Staff Training

# Outlook



**"Be aware of responsibilities in the heart, take responsibilities on the body, and fulfill responsibilities in actions."**

2024 is a crucial year for achieving the goals and tasks of the 14th Five-Year Plan, as well as the year for Sinoma International to tackle the implementation of its "1236" strategy, with arduous and burdensome tasks, challenges and opportunities coexist. Guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, we will strive to excel in our core business, strengthen our two drivers, and focus on the six strategic key projects of "improving the quality of the main business", "manufacturing heavy equipment", "digital and intelligent transformation", "scientific and technological innovation", "deepening reform", and "rebuilding overseas". We will work hard to promote the deepening and improvement of reform and achieve new achievements in party building work. With concerted efforts, we will create a new situation for the high-quality development of the enterprise, and steadily and far-sightedly advance on the path of building a world-class service provider in the materials industry, promoting the harmonious and sustainable development of the Company, industrial chain, and the globe.

## Six strategic key projects to be tackled in 2024



**Improving the Quality of the Main Business**  
Optimize and strengthen the core main business



**Manufacturing Heavy Equipment**  
Achieve breakthroughs in high-end equipment business



**Digital and Intelligent Transformation**  
Fully empower digital intelligence



**Scientific and Technological Innovation**  
Lead capabilities continue to improve



**Deepening Reform**  
Constantly stimulate endogenous motivation



**Rebuilding Overseas**  
Collaborate and go abroad with courage and responsibility

# Appendix

## ESG key performance

### Environmental data

Key performance indicators	Unit	2023
Total emission of nitrogen oxides (NOx)	tons	0.27
Total emission of sulphur dioxide (SO <sub>2</sub> )	tons	0.11
Emissions of industrial particulate matter <sup>2</sup>	tons	4.00
Total greenhouse gas emissions <sup>3</sup>	10,000 tons	74.3
Direct greenhouse gas emissions (Scope 1)	10,000 tons	53.6
Indirect greenhouse gas emissions (Scope 2)	10,000 tons	20.7
Greenhouse gas emissions from engineering services	10,000 tons	3.1
Greenhouse gas emissions from equipment manufacturing operations	10,000 tons	2.6
Greenhouse gas emissions from operation and maintenance services	10,000 tons	66.1
Greenhouse gas emissions from other operations	10,000 tons	2.6
Greenhouse gas emissions intensity <sup>3</sup>	tons/million yuan (revenue)	29.2
Total amount of incoming solid waste consumption and disposal	10,000 tons	27.22
Industrial waste	10,000 tons	16.62
Household waste	10,000 tons	0.25
hazardous waste	10,000 tons	5.08

<sup>2</sup>The statistical scope of industrial particulate matter emissions for this year includes both industrial dust and smoke (while the statistical scope for the year 2022 only included industrial dust).

<sup>3</sup>The greenhouse gas data only includes emissions generated from the Company's operations within China, and the revenue data used for calculating intensity is the Company's domestic revenue. The calculation of greenhouse gas data refers to a series of guidelines such as the Guidance on Accounting Methods and Reporting of Greenhouse Gas Emissions from Other Industries in the Industrial Sector issued by the National Development and Reform Commission, depending on the industry of the company, as well as the relevant conversion factors provided in the Notice on Improving the Reporting and Verification of Greenhouse Gas Emissions from Some Key Industries in 2023-2025. All measurements are in tons of carbon dioxide.

Key performance indicators	Unit	2023
Other <sup>4</sup>	10,000 tons	5.27
Total amount of timber used in the construction process	10,000 m <sup>3</sup>	3.3
Among them: the proportion of recycled wood <sup>5</sup>	%	2.4
Total amount of steel used in the construction process	10,000 tons	54.6
Among them: the proportion of recycled steel <sup>6</sup>	%	5.7
Total amount of concrete used in the construction process	10,000 m <sup>3</sup>	181.8
Total amount of aggregate used in the construction process	10,000 m <sup>3</sup>	90.9
Total amount of asphalt used in the construction process	10,000 tons	1.2
Total amount of cement used in the construction process	10,000 tons	72.7
Among them: the proportion of recycled cement <sup>7</sup>	%	2.5
Direct energy consumption <sup>8</sup>	MW·h	2,019,207
Natural gas consumption	MW·h	9,432
Other energy consumption <sup>9</sup>	MW·h	2,009,775
Indirect energy consumption	MW·h	367,044
Purchased heat consumption	MW·h	14,329
Purchased electricity consumption	MW·h	352,715
Comprehensive energy consumption <sup>10</sup>	MW·h	2,386,251
Comprehensive energy consumption intensity <sup>10</sup>	MW·h/million yuan (revenue)	93.6
Energy-related expenditures	RMB 10,000	101,352
Water withdrawal <sup>11</sup>	tons	1,422,396
Tap water	tons	742,045

<sup>4</sup>Refers to alternative fuels derived from industrial waste, municipal waste, and agricultural and forestry waste with calorific value (combustibility) that are not within the scope of the above three types of waste. These fuels are widely used in water mud kilns and thermal power plants (biomass power plants) to replace fossil fuels (coal) and reduce carbon emissions and the use of fossil fuels.

<sup>5</sup>Recycled wood refers to recycled wooden packaging materials used for transportation of equipment and materials and recycled wooden formwork and wooden squares used during construction.

<sup>6</sup>Recycled steel refers to recycled edges and corners of on-site fabricated steel structures, non-standard and off-standard equipment, etc., steel packaging materials used for the transportation of equipment and materials, and recycled steel scaffolding and steel templates used in the construction process.

<sup>7</sup>Recyclable cement refers to cement made from recyclable materials as an alternative raw material.

<sup>8</sup>Calculated according to General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020).

<sup>9</sup>The statistical scope of other energy consumption this year includes diesel, gasoline, liquefied natural gas, and liquefied petroleum gas (last year only included diesel and gasoline).

<sup>10</sup>The energy consumption data only includes the energy consumption generated by the Company within China, and the operating revenue data used to calculate intensity is the Company's domestic revenue.

<sup>11</sup>The water resource consumption data only includes the water consumption generated by the Company within China, and the operating revenue data used to calculate intensity is the Company's domestic revenue.



Key performance indicators	Unit	2023
Ground water	tons	618,450
Surface water	tons	29,545
Others	tons	32,356
Water withdrawal intensity <sup>11</sup>	tons/million yuan (revenue)	55.8
Water-related capital expenditures	RMB 10,000	269
Water-related operating expenditures	RMB 10,000	2,725
Environmental protection investment	RMB 10,000	11,150
Number of companies and branches at all levels	unit	120
Among them: number of ISO14001 certifications	unit	46
Among them: number of ISO50001 certifications	unit	3
Operating income from products that can promote social green development <sup>12</sup>	RMB 10,000	210,442
Number of national green mines	unit	48
Number of provincial green mines	unit	83
Number of equipment manufacturing plants at all levels	unit	14
Among them: number of facilities that have climate risk response/adaptation plans in place (e.g., extreme weather contingency plans).	unit	3

## Social data

Key performance indicators	Unit	2023
Total number of employees	person	15,194
Total number of employees by gender	Male	12,124
	Female	3,070
	Female in STEM work	595

<sup>12</sup>It refers to the business revenue from green energy and environmental protection initiatives across the Company.

Key performance indicators	Unit	2023	
Total number of employees by ethnic group	Han employees	person	14,432
	Minority employees	person	762
Total number of employees by job level	Senior	person	263
	Number of female	person	42
	Number of female in operation field	person	6
	Number of minority	person	5
Total number of employees by employment type	Middle-level	person	1,664
	Number of female	person	642
	Number of female in operation field	person	281
	Number of minority	person	15
Total number of employees by age	General employees	person	13,267
	Long-term	person	14,246
Total number of employees by region	Short-term <sup>13</sup>	person	948
	Under 30 years old	person	3,218
	30 to 50 years old	person	9,257
Employee turnover rate by gender <sup>14</sup>	Over 50 years old	person	2,719
	The Chinese mainland	person	13,391
Employee turnover rate by gender <sup>14</sup>	Overseas	person	1,803
	Male	%	4.97
Employee turnover rate by gender <sup>14</sup>	Female	%	4.17

<sup>13</sup> Due to short-term employment in some projects this year, the number of short-term employees has increased.

<sup>14</sup> The calculation of turnover rate takes into account retired personnel. The voluntary turnover rates by gender, age or region for the year were all equal to the corresponding overall turnover rates. Voluntary turnover refers to the termination of employment contracts by agreement with the Company without labor disputes or litigation.

Key performance indicators		Unit	2023
Employee turnover rate by age	Under 30 years old	%	6.99
	30 to 50 years old	%	2.73
	Over 50 years old	%	9.27
Employee turnover rate by region	The Chinese mainland	%	5.07
	Overseas	%	1.76
Number of internal transfers or internal recruitment		person	721
Number of newly hired employees		person	1,002
Received complaints on violations of employees' legitimate rights and interests		case	0
Received complaints on discrimination against applicants and employees		case	0
Comforting special employees and helping employees with difficulties		person -times	4,991
Helping employees with critical diseases		person -times	64
Total expense on comforting special employees and helping employees with difficulties		RMB 10,000	92
Total expense on offering grants to the children of employees with difficulties to go to school or rewarding the children of employees to go to school		RMB 10,000	29
Total expense on helping employees with critical diseases		RMB 10,000	54
Number of times employee activities held and organized		-	1,219
Number of times participated in various activities organized by relevant industry associations (above the provincial level)		-	5,264
Employees participated in various activities		person -times	70,265
Total number of employees participating in satisfaction survey		person	1,731
Total number of employees participating in satisfaction survey by gender	Percentage of male participating in satisfaction survey	%	10.9
	Percentage of female participating in satisfaction survey	%	13.5
Total number of employees participating in satisfaction survey by ethnic group	Percentage of Han participating in satisfaction survey	%	11.6
	Percentage of minority participating in satisfaction survey	%	7.0
Total number of employees participating in satisfaction survey by job level	Percentage of total number of senior employees	%	12.6
	Percentage of total number of middle-level employees	%	11.8
	Percentage of total number of general employees	%	11.3

Key performance indicators		Unit	2023
Total number of employees participating in satisfaction survey by age	Percentage of total number of employees under 30 years old	%	7.8
	Percentage of total number of employees aged 30-50	%	12.7
	Percentage of total number of employees over 50 years old	%	11.3
Number of employees for whom the Company contributes an enterprise annuity		person	9,092
Number of employees for whom the Company pays supplementary medical insurance and other types of insurance other than five insurances		person	9,067
Number of employees of the Company joining the labor union		person	15,194
Percentage of employees of the Company joining the labor union		%	100
Percentage of employees signing collective agreements		%	100
Work-related fatalities		person	0
Death rate per thousand		‰	0
Number of zero-work fatalities project		-	490
Percentage of zero-work fatalities project		%	100
Number of employees participated in occupational health and safety training		person-times	704,388
Number of safety inspections conducted in the year		-	19,960
Number of hidden danger investigation		-	51,196
Rectification rate of hidden danger investigation		%	100
Number of participants in emergency drills, fire drills and other drills		-	1,757
Amount of investment related to safety and health		RMB 10,000	47,461
Number of companies and branches at all levels		unit	120
Among them: Number of factories at safety standardization level II		unit	11
Among them: Number of factories at safety standardization level III		unit	8
Among them: Number of factories with ISO45001 Certification		unit	45
Training rate of employees in trainings (all types of training)	Male	%	83.1
	Female	%	80.8
	Under 30 years old	%	82.8

Key performance indicators	Unit	2023	
Training rate of employees in trainings (all types of training)	30 to 50 years old	%	85.9
	Over 50 years old	%	71.6
	Han	%	81.4
	Minority	%	65.9
	Senior	%	97.0
	Middle-level	%	92.3
	General	%	81.2
Training rate of employees in safety and environmental training	Senior	%	63.1
	Middle-level	%	45.8
	General	%	55.1
Training rate of employees in skills and business training	Senior	%	50.6
	Middle-level	%	40.8
	General	%	50.2
Training rate of employees in management training (including compliance training)	Senior	%	95.8
	Middle-level	%	65.2
	General	%	42.4
Total number of hours spent in all types of training	hour	266,929	
Total number of hours of training by category of personnel	Male	hour	199,283
	Female	hour	67,646
	Under 30 years old	hour	63,123
	30 to 50 years old	hour	167,287
	Over 50 years old	hour	36,519
	Han	hour	254,814
	Minority	hour	12,115

Key performance indicators	Unit	2023	
Total number of hours of training by category of personnel	Senior	hour	9,278
	Middle-level	hour	58,532
	General	hour	199,118
Total number of hours of training by training category	Safety and Environmental	hour	93,541
	Skills and Business	hour	88,265
	Management	hour	85,123
Training hours per capita by category of personnel (all types of training)	Male	hour	20
	Female	hour	27
	Under 30 years old	hour	24
	30 to 50 years old	hour	21
	Over 50 years old	hour	19
	Han	hour	22
	Minority	hour	24
	Senior	hour	36
	Middle-level	hour	38
	General	hour	18
Training hours per capita (all types of training)	hour	21	
Total cost of employee training	RMB 10,000	1,423	
Number of cases involving suspected child labor and forced labor	case	0	
Number of suppliers who have established long-term cooperation with the Company	The Chinese mainland	unit	5,463
	Hong Kong, Macau and Taiwan	unit	2
	Overseas	unit	358
	Total	unit	5,823
Expenses incurred on the above suppliers	RMB 10,000	1,693,708	

Key performance indicators		Unit	2023
Among them, the number of suppliers screened and controlled by the Company's environmental and social risks protocol	The Chinese mainland	unit	4,094
	Hong Kong, Macau and Taiwan	unit	2
	Overseas	unit	211
	Total	unit	4,307
Expenses incurred on the above suppliers	RMB 10,000		1,473,526
Among the long-term cooperative suppliers that have been screened and controlled by environmental and social risks protocol, the number of suppliers who are considered to have significant negative impacts by evaluation	unit		40
Among them: the number of suppliers with whom a corrective action/improvement plan has been agreed	unit		11
Among them: the number of suppliers that were phased out	unit		24
Number of suppliers who have established long-term cooperation with the Company and participated in supplier training and capacity improvement	unit		1,033
Among them: the number of suppliers who have been screened and controlled by the Company's environmental and social risks protocol	unit		593
Number of suppliers who are not long-term partners	unit		1,101
Among them: the number of suppliers who have been screened and controlled by the Company's environmental and social risks protocol	unit		826
The number of suppliers certified by systems such as quality, occupational health and safety, environment or energy management	unit		3,932
Percentage of products that need to be recalled for safety and health reasons	%		0
Litigation cases involving the safety and health of products and services	case		0
Number of significant complaints received about products and services	case		0
Proportion of complaints properly replied and handled	%		-
Number of patents	Number of annual patent applications	-	565
	Among them: invention patents	-	317
	Number of annual authorized patents	-	403
	Among them: invention patents	-	131
	Cumulative number of valid patents	-	2,803
	Among them: invention patents	-	617

Key performance indicators		Unit	2023
Number of patents	Cumulative number of successful registrations of software copyright	-	733
Number of cases of suspected infringement of intellectual property rights by products and services	case		0
Comprehensive product qualification rate	%		100
Number of complaints due to disclosure of customer information	case		0
Total number of important or long-serving customers	-		244
Number of customers who participated in the satisfaction survey	-		183
Percentage of customers who participate in satisfaction surveys	%		75
Percentage of satisfied customers who were surveyed	%		97
R&D expenditure	RMB 10,000		184,154
Percentage of R&D expenditure against revenue	%		4.0
Number of R&D Personnel	person		2,925
Number of corruption litigations against employee and the Company that are raised and concluded	case		0
Number of times anti-corruption training sessions held and organized	-		316
Coverage of director in anti-corruption training	%		100
Coverage of employee in anti-corruption training	%		100
Number of all employees of the Company and all subsidiaries who have participated in anti-corruption training	person-times		27,470
Number of all directors of the Company and all subsidiaries who have participated in anti-corruption training	Person-times		440
Number of all other employees other than directors of the Company and all subsidiaries who have participated in anti-corruption training	Person-times		27,030
Number of cases in which employees violated the Company's Code of Conduct	Corruption or bribery	case	0
	Discrimination or harassment	case	0
	Customer privacy data	case	0
	Conflict of interest	case	0
	Money laundering or insider trading	case	0

Key performance indicators	Unit	2023
Amount of taxes paid	RMB 10,000	178,940
Amount of public charity contribution (including in-kind donations)	RMB 10,000	533.3
Donations to targeted poverty alleviation areas	RMB 10,000	502.1
Donations to the construction of public facilities	RMB 10,000	10.0
Donations to education	RMB 10,000	3.0
Donations to disabled	RMB 10,000	3.7
Donations to other public welfare, relief, and public benefit causes	RMB 10,000	14.6
Number of supportive projects	-	1
Number of entrepreneurial internship bases	-	10
Internship provided to undergraduates	-	201
Number of established volunteer organizations or groups	-	18
Number of volunteers among employees	person	637

## Indicator indexes

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Table of Content	Sustainability Reporting Standards (GRI Standards)	Environmental, Social and Governance Reporting Guide (HKEX ESG Guide)	Reference Indicator System for the ESG Special Report of Listed SOEs Controlled by Central Government
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Feedback form	/	/	

# Feedback form

Dear readers,

Thank you very much for reading this report. Your opinions and suggestions are an important basis for us to continuously promote the ESG governance, practice, and reporting. We look forward to your reply!

## Selective questions (please tick at the appropriate location)

1. Please evaluate the degree of impact of Sinoma International on the economy, society, and environment reflected in this report:

Very good  Good  General  Poor

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