

# Shinelong Automotive Lightweight Application Limited 勳龍汽車輕量化應用有限公司

(Incorporated in Cayman Islands with limited liability)

Stock Code : 1930



# 2019

Environmental, Social &  
Governance Report

# Contents

About This Report	02
Responsible Operation	03
About Us	03
Compliance Operation	03
ESG Management	03
Intellectual Manufacture	06
Quality Manufacture	06
Product Innovation	07
Customer Service	08
Business Partnership	09
Supplier Management	09
Industry Participation	10
Staff Cohesion	11
Employment Overview	11
Training and Development	12
Communication and Care	13
Health and Safety	15
Green Operation	16
Energy Saving	16
Emission Reduction	17
Social Contributions	18
Applicable Laws and Regulations	20
HKEX ESG Reporting Guide Content Index	21

# About This Report

## OVERVIEW

This report is the first environmental, social and governance report (hereinafter referred to as “ESG” Report) issued by Shinelong Automotive Lightweight Application Limited, which focuses on the disclosure of information on the social and environmental performance of the Company for the period from 1 January 2019 to 31 December 2019 (the “Reporting Period”), and some information is retroactive to 2018 and before.

## BASIS OF PREPARATION

This report is prepared in accordance with the guidelines on Environmental, Social and Governance Reporting Guide of Appendix 27 to the *Listing Rules* of the Stock Exchange of Hong Kong Limited.

The contents of this report are determined based on a set of systematic procedures. Such procedures include: identifying and prioritising key stakeholders and key subjects relating to ESG, determining ESG report boundary, collecting relevant materials and data, compiling data based on information, and reviewing information in the report, for the purpose of ensuring the integrity, substance, authenticity and balance of the report content.

## EXPLANATION FOR REFERENCE

For the convenience of wording and reading, the “Company” or “Shinelong” refers to “Shinelong Automotive Lightweight Application Limited”, and the “Group” refers to Shinelong Automotive Lightweight Application Limited and its subsidiaries. Unless otherwise specified, the monetary figures in this report are denominated in Renminbi (RMB).

## REPORTING SCOPE AND BOUNDARY

The policies, statements, information and data in this report cover all business operations of the Group.

## DATA SOURCE AND RELIABILITY ASSURANCE

The data and information in this report are mainly from the statistic reports and relevant documents of the Group. We undertake that this report contains no false statements or misleading statements, and are responsible for the truthfulness, accuracy and completeness of its contents.

## CONFIRMATION AND APPROVAL

This report was considered and approved by the Board on 26 March 2020 upon confirmation by the management.

## AVAILABILITY OF AND FEEDBACK TO THIS REPORT

This report is available in both Chinese and English versions for readers’ reference. The electronic version of the report is available on the website of the Stock Exchange of Hong Kong Limited (the “HKEX”) (<http://www.hkex.com.hk>) and the website of the Group (<http://www.shinlone.com.cn>).

The Group values the opinions of the stakeholders and welcome readers to contact us through the following contact details. Your opinions will help us further improve our overall ESG performance.

Email: [sophia@shinlone.com.cn](mailto:sophia@shinlone.com.cn)

# Responsible Operation

## ABOUT US

The Group is a developer and major supplier of customised moulds in the People's Republic of China, with a focus on moulds for the production of automotive parts which cater for the growing trend of automotive lightweight application, as well as electrical appliance parts. The Company's shares have been successfully listed on the Main Board of the HKEX on 28 June 2019.

Being a professional "intellectual manufacturer" of moulds for more than 18 years of operation history, the Group adheres to the concept of innovation and development, vigorously expands its business, and successively sets up production plants in Kunshan and Qingdao, China. By virtue of a strong reserve of technical knowledge, the Group further lays its position in the industry by winning the certificates of High Technology Expertise and China's Key Enterprise of Die & Mould Manufacturing Certificated by China Die & Mould Industry Association (CDMIA).

## COMPLIANCE OPERATION

The Group firmly believes that integrity is the foundation of an enterprise and advocates the corporate culture of integrity. In order to create a transparent, fair and honest operation environment, the Group strictly abides by relevant laws and regulations such as the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China* and the *Company Law of the People's Republic of China*, on basis of which it formulates and implements the *Anti-corruption Management Regulations* and the *Whistle-blowing Policy* to define the scope of management, misconducts and frauds, and to standardise the confidentiality and investigation procedures.

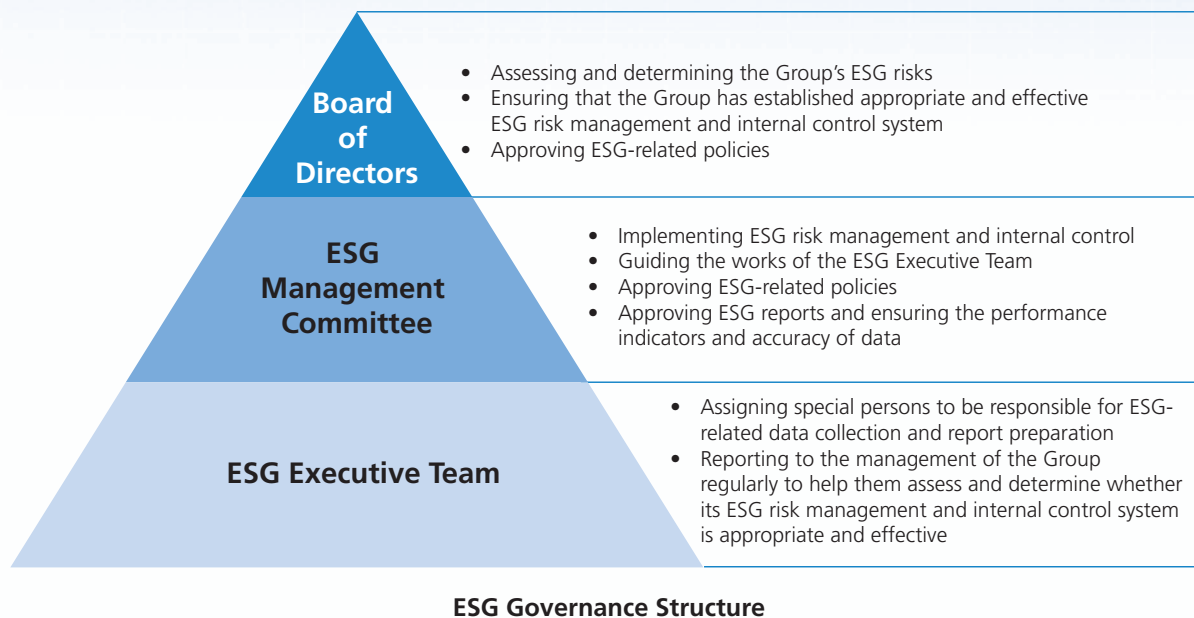
The Group encourages stakeholders to report any suspected misconduct or fraud within the Group, ensuring the reports and feedbacks of stakeholders are handled properly and providing protection and support for them in accordance with the *Whistle-blowing Policy*. The Group receives, retains and deals with the whistle-blowing from stakeholders through the Company Secretary and Internal Audit Office, and promises to give feedback on the whistle-blowing within five working days. The Group prohibits any act of discrimination or retaliation, and any obstruction, intervention or hostile measures against the persons involved in the investigation. The Group will take demerit recording, dismissal, termination of labour contract and other sanctions against the person who divulges the whistle-blower's information in violation of regulations or takes retaliatory actions against the informant. For those who violate the law, the Group will transfer them to relevant government departments or judicial organs according to law.

The Group encourages suppliers to report improper business behaviors to the Senior Management or Internal Audit Office by executing a letter of commitment against commercial bribery with its major suppliers. In addition, the Group incorporates the punishment rules for fraud into the *Code of Conduct*, and organises training on anti-fraud management regulations to improve the awareness on business ethics of its employees. During the Reporting Period, there was no corruption incident within the Group.

## ESG MANAGEMENT

The Group integrates ESG governance into enterprise operation management to effectively implement ESG governance. The Group has formed a top-down ESG management framework consisting of three levels, namely the Board of Directors, ESG Management Committee and ESG Executive Team. All levels are given with clear duties to support the ESG management of the Group.

# Responsible Operation



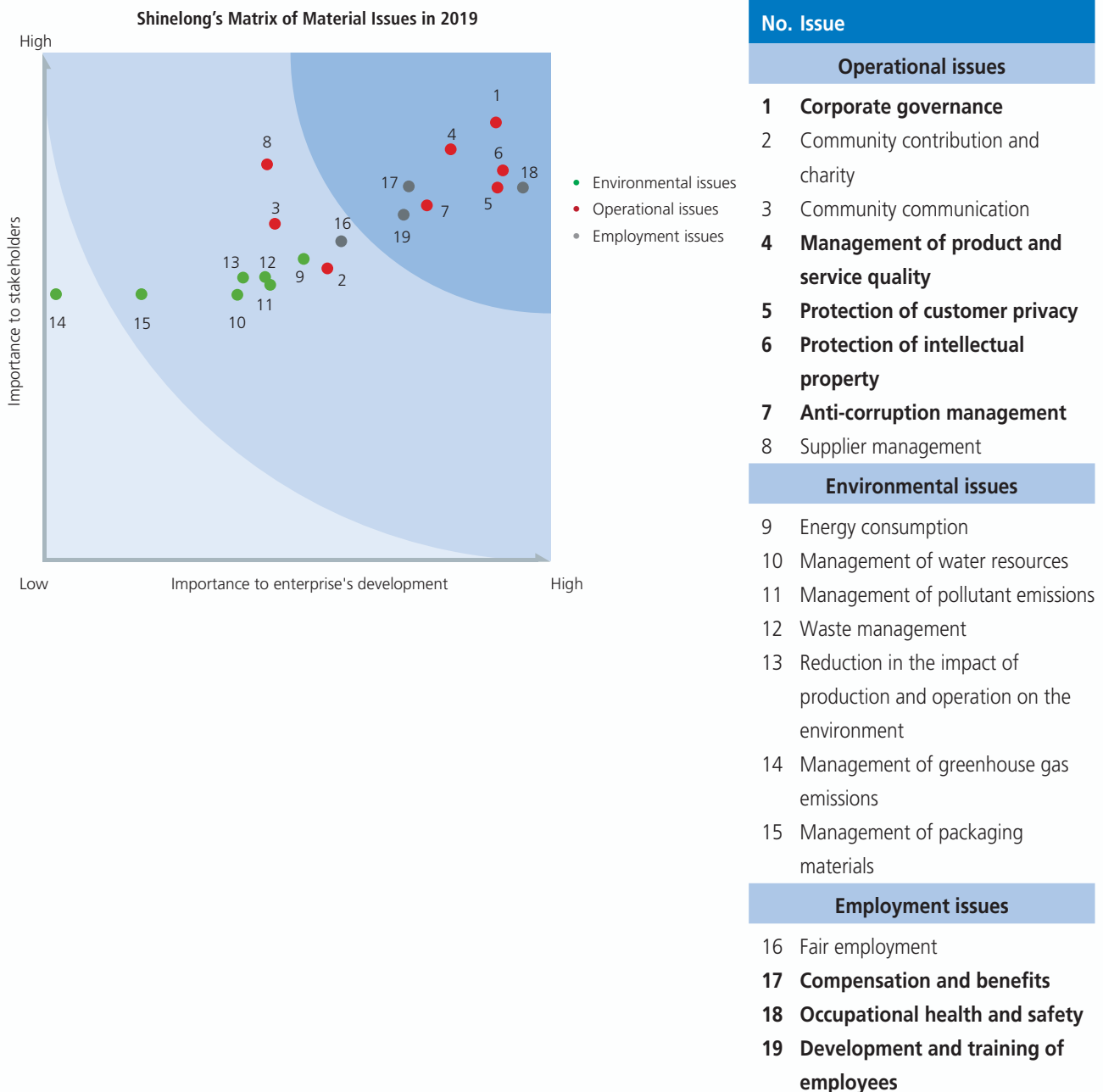
The Group believes that good communication with stakeholders will help to fully evaluate its ESG performance. In 2019, the Group identified the groups of stakeholders that are influential to the Group and set up various communication channels to enhance understanding on the demands of stakeholders. The topics that different stakeholder groups concerned and the methods of communication and response of the Group in the Reporting Period are listed as follows:

Stakeholders	Issues of Concern	Methods of Communication	Frequency
Government and Regulatory Agencies	<ul style="list-style-type: none"> <li>Policy impact</li> <li>Compliance operation</li> <li>Risk control</li> </ul>	<ul style="list-style-type: none"> <li>Policies and regulations</li> <li>Interview</li> <li>Report</li> </ul>	To be conducted on an irregular basis
Shareholders	<ul style="list-style-type: none"> <li>Risk control</li> <li>Compliance operation</li> </ul>	<ul style="list-style-type: none"> <li>General meeting</li> <li>Announcement</li> </ul>	To be conducted on a regular basis
Customers	<ul style="list-style-type: none"> <li>Customer relationship</li> <li>Customer privacy</li> <li>Product and service quality</li> </ul>	<ul style="list-style-type: none"> <li>Customer feedback</li> <li>Company website</li> <li>Visit</li> </ul>	To be conducted on a regular and irregular basis
Suppliers	<ul style="list-style-type: none"> <li>Supply chain management</li> <li>Product quality</li> </ul>	<ul style="list-style-type: none"> <li>Purchasing information and contracts</li> <li>Consultations</li> </ul>	To be conducted on an irregular basis
Employees	<ul style="list-style-type: none"> <li>Employees' rights and interests</li> <li>Staff training and development</li> <li>Health and safety</li> <li>Remuneration and rights of employees</li> </ul>	<ul style="list-style-type: none"> <li>Professional training</li> <li>Employee activities</li> <li>Internal communication</li> </ul>	To be conducted on a regular or irregular basis
Community	<ul style="list-style-type: none"> <li>Charity</li> <li>Maintenance of community relationships</li> </ul>	<ul style="list-style-type: none"> <li>Community activities</li> </ul>	To be conducted on an irregular basis



# Responsible Operation

During the Reporting Period, the Group conducted various communications with stakeholders, including ESG questionnaire survey, interviews with key functional departments and on-site survey, so as to clarify the focus and expectation of each stakeholder on the Group's ESG governance. Based on the feedback from stakeholders, the Group obtained the matrix of material ESG issues in 2019 based on peer benchmarking and media opinions.



Through rigorous assessment procedures, the Group has concluded eight issues of high importance, namely corporate governance, management of product and service quality, protection of customer privacy, protection of intellectual property, anti-corruption management, compensation and benefits, health and safety of employees, and development and training of employees. This Report will introduce the management measures for the above ESG-related issues and report the practical ESG performance to all sectors.

# Intellectual Manufacture

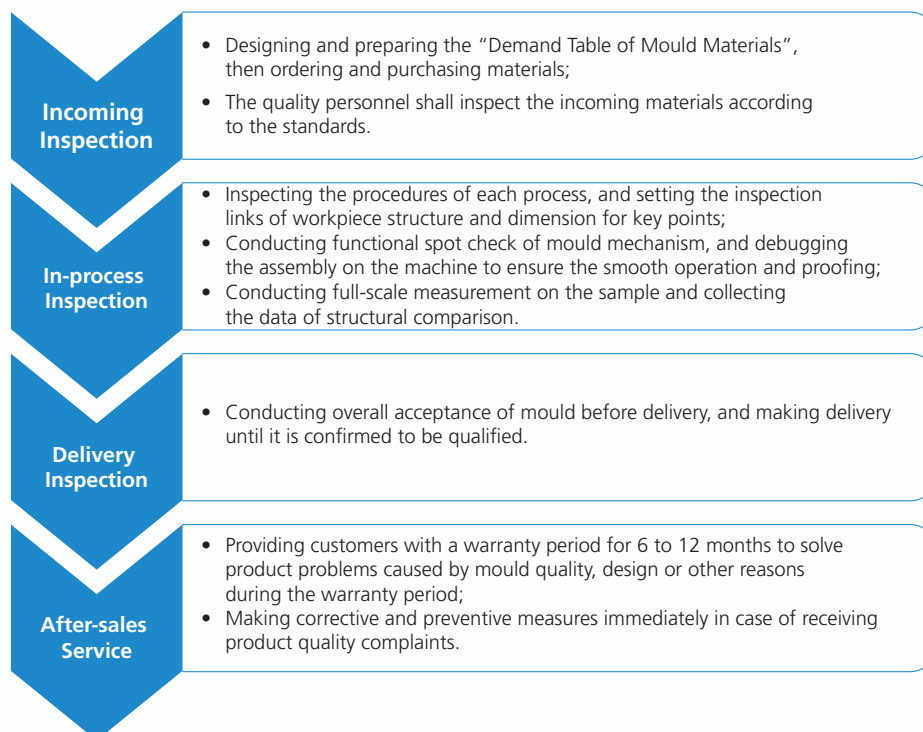
The Group is well aware of the importance of mould stability and reliability in mass production to downstream product quality. Therefore, the Group is committed to bringing the best quality of Shinelong “intellectual manufacture” to customers by strictly controlling product quality and focusing on product innovation.

## QUALITY MANUFACTURE

At present, Shinelong Intellectual Manufacture Precision Applied Materials (Suzhou) Company Limited of the Group has attained the certification of ISO 9001 quality management system. The Group strives to ensure the control of the whole process from raw materials to finished products through the quality control covering multiple processes such as incoming inspection, in-process inspection, delivery inspection and after-sales service, so as to continuously improve product quality and customer satisfaction as well as market competitiveness. In order to constantly improve quality management, the Group has developed and implemented a series of process documents, such as the *Quality Manual*, *Management Measures for Incoming Inspection*, *Operation Instruction for Incoming Inspection*, *Operation Instruction for In-process Inspection* and *Standards for Delivery Inspection*.



Certificate of ISO 9001 Quality Management System



# Intellectual Manufacture

## PRODUCT INNOVATION

Research and Development (“R&D”) and innovation are the core competitiveness of an enterprise. The Group has always adhered to the R&D concept of “Daring to innovate, continuing to surpass (勇於創新, 持續超越)”, constantly explored innovative technologies in the fields of automobile lightweight technology as well as mould R&D and design, and upgraded the mould manufacturing process and procedures. In 2018, the Group won the certificate of “High Technology Enterprise” jointly issued by Jiangsu Provincial Department of Science and Technology, Department of Finance and Tax Bureau, and won the title of “China’s Key Enterprise of Die & Mould Manufacturing” certificated by CDMIA. During the Reporting Period, the Group invested RMB7.67 million in R&D.



Certificate of “High Technology Enterprise”



Certificate of “China’s Key Enterprise of Die & Mould Manufacturing”

The Group attaches great importance to the protection of intellectual property, strictly abides by relevant national laws and regulations on intellectual property, and formulates a sound management system for intellectual property. As of 31 December 2019, the Group had 67 authorised patents, including 19 invention patents, 47 utility model patents and 1 design patent.

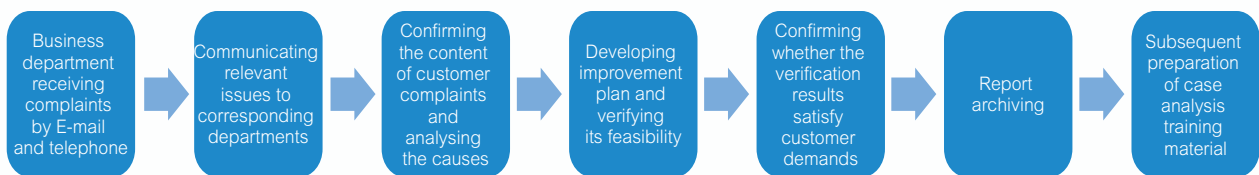


# Intellectual Manufacture

## CUSTOMER SERVICE

The Group continuously optimises customer service and communication mechanism to improve service quality. In the middle of each year, the Group conducts satisfaction survey on customers in different fields, such as automobile mould and electrical appliances moulds, and obtains customers' opinions and feedback on various aspects including product delivery date, product quality, packaging quality, attitude of business personnel, coordination and cooperation, after-sales service and overall impression of the Group.

Attaching great importance to customers' opinions and suggestions, the Group constantly improves complaints and feedback channels and relevant management systems to ensure that customers' feedback and complaints are handled properly in a timely manner.



**Customer Complaint Handling Procedures**

The Group keeps the privacy of customers strictly confidential and executes confidentiality agreements with customers. In addition, the Group executes confidentiality agreements with all employees when they are employed to prevent the disclosure of confidential documents and information of the Company and protect the privacy and interests of the Group and its customers. The Group provides institutional and technical guarantee for important information of customers by continuously strengthening information storage and management.

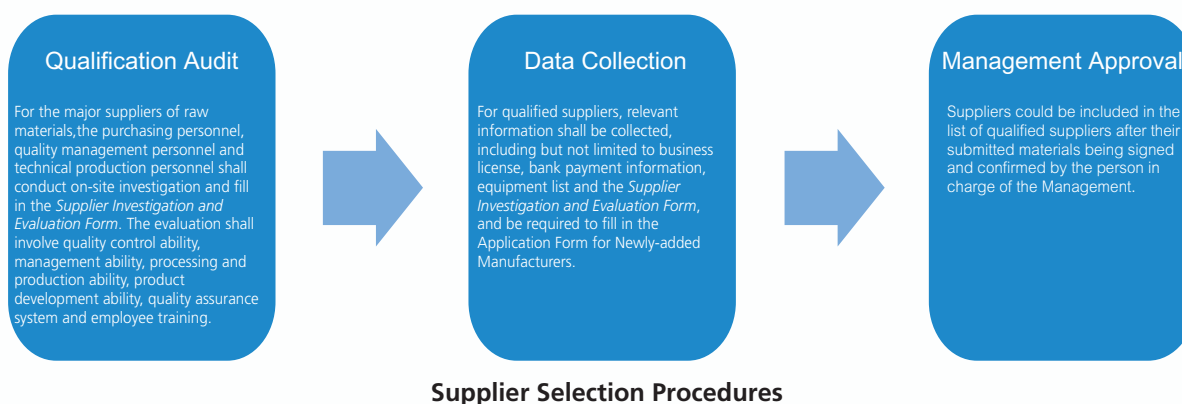
Information storage	Information management
<ul style="list-style-type: none"><li>Order information will be encrypted into specific numbers once obtained from customers to ensure the confidentiality of the important information</li><li>Relevant drawings and data of customers are stored in the internal server of the Company, and those non-related personnel could not read and obtain such information</li></ul>	<ul style="list-style-type: none"><li>Hierarchical management of permissions is adopted in the storage server to classify the data, and those not concerned could not access to such information</li><li>The server is equipped with a message login record, which can provide information about who logged in and what content has been accessed</li><li>All important personnel concerned shall sign a non-competition agreement</li></ul>

## Business Partnership

The Group continues to give full play to its technical and experience advantages, and promotes the upstream and downstream supply chain cooperation as well as the healthy development of the industry by helping suppliers improve their management performance and promote responsible procurement.

### SUPPLIER MANAGEMENT

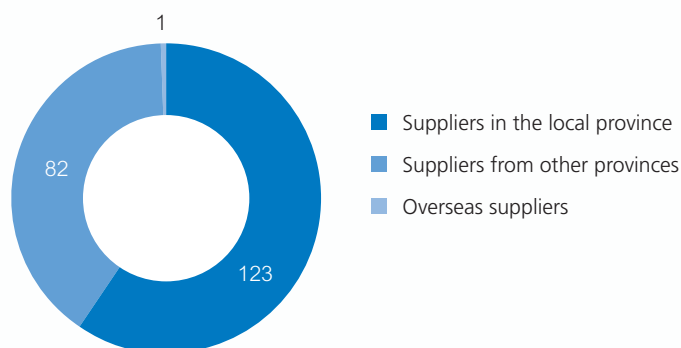
The stable quality of suppliers is the basic guarantee of the Group's product quality. In order to ensure the quality of suppliers' products, the Group has formulated audit documents such as the *Procurement Control Procedures* and the *Supplier Investigation and Evaluation Form*, which are used to investigate and evaluate the quality control ability, management ability, processing and production ability, product development ability, quality assurance system and employee training of suppliers.



In order to better control the risk of supply chain, the Group conducts quarterly and annual audits by selecting a certain proportion of suppliers for on-site visits, and classifies suppliers into four levels (A/B/C/D) with three review dimensions by delivery date, service and quality. Among them, D suppliers will be eliminated; C suppliers shall make rectifications as required, and the cooperation will be continuing only after they are qualified in the re-evaluation. At the same time, the Group attaches great importance to the communication and interaction with suppliers. We maintain efficient and timely multi-channel communication with suppliers in all processes of quotation, ordering and delivery, and negotiate and communicate in person with suppliers in case of important issues.

During the Reporting Period, the Group had 206 suppliers in total, of which 59.71% are suppliers in the local province. The distribution of suppliers is shown as follows:

Number of Suppliers by Region



# Business Partnership

## INDUSTRY PARTICIPATION

While focusing on the development of itself, the upstream and downstream of the supply chain, the Group has studied and overcome the technical difficulties of the industry, and brought benefits to automobile lightweight through R&D innovation such as composite process technology.

The Group attaches great importance to industry cooperation and collaborative development, actively participates in industry activities at home and abroad, and conducts in-depth exchanges with peers on industry development and innovation technology. In August 2019, the Group was invited to participate in the Hot Stamping Industry Conference. More than 300 guests and 30 enterprises from over 10 countries have made 33 keynote speeches and 46 one-on-one precise docking talks. In October 2019, the Group sent its employees to Dusseldorf, Germany, to participate in the Plastics and Rubber Exhibition, at which they learnt and observed the advanced products and technologies in the industry, and conducted product and technology exchanges with our peers.

## Staff Cohesion

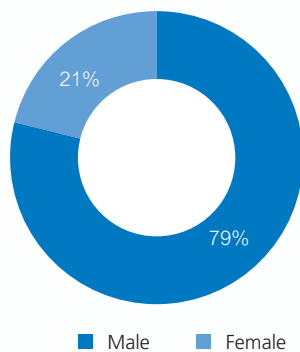
Employees are not only the cornerstone for the development of the Group, but also the greatest wealth. The Group adheres to “people-oriented” principle, respects the rights and interests of employees, and attaches importance to personnel training. The Group strives to create a fair, just and open working and development environment for our employees.

### EMPLOYMENT OVERVIEW

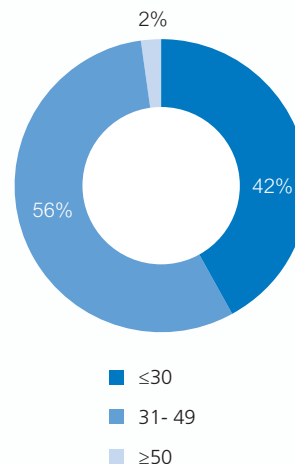
Strictly abiding by the *Labour Law of the People’s Republic of China*, the *Labour Contract Law of the People’s Republic of China* and other laws and regulations, the Group has formulated and implemented the *Human Resource Management Regulations* and *Code of Conduct* to standardise the employee management. The Group puts an end to discrimination on race, nationality, religion and gender, and prohibits the child labour and forced labour. In the recruitment process, the Group carefully reviews the information of job seekers to avoid the recruitment of underage candidates. The Group will deal with it in strict accordance with legal procedures once there is any child labour or forced labour. During the Reporting Period, there was no child labour or forced labour within the Group.

The Group strives to select the right personnel to make the best of their talents for the role, and to achieve the matching of “people” and “role”. The Group recruits talents according to business needs, and constantly expands the talent team through new media, human resource market, campus recruitment and internal recommendation. As of 31 December 2019, the Group had 358 employees, and the employee distributions by gender, age and function are shown as follows:

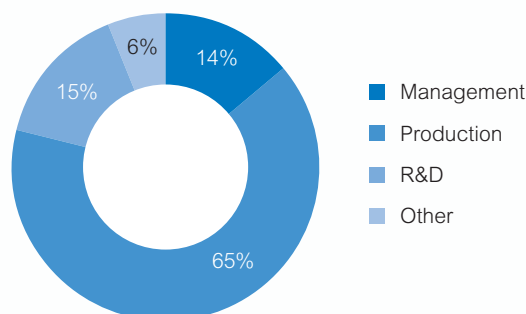
Employee distribution by gender (%)



Employee distribution by age (%)



Employee distribution by function (%)



# Staff Cohesion

## TRAINING AND DEVELOPMENT

In order to satisfy the long-term development of the Group and its employees, the Group provides pre-service training, in-service training and training on job transfer and professional technology for employees to help them understand the Company's rules and regulations, safety education, ISO 9001 quality management system, and master the professional skills of the post. Each department shall fill in the Demand Form of Education and Training every year as required. For internal training, the leading unit or department shall prepare teaching materials. For external training, administrative management centre shall select appropriate training institutions to implement the training.

In order to ensure that the employees have the ability required by the post, the Group assesses the attitude, quality, skills and learning ability of new employees through probation. The employees with excellent performance are allowed to apply for formal employment in advance, and for those with poor probation results, the probation time will be extended as the case may be or adjusted to other departments for probation or fired. In order to facilitate the continuous learning and promotion of employees, the Group conducts annual assessment on officially employed employees with respect to their work efficiency, attitude, knowledge and ability.

"Reading culture" is an important part of the Group's corporate culture. The meeting of the book club is held twice a month, the middle and senior management will share their reading experience and explore suggestions and solutions for internal improvement.

### The Book Club

The Book Club encourages the core cadres of all departments to give their sharing for 5–10 minutes each so that to summarise and share their learning experience in management, sales, history, philosophy, economy and professional technology and thus improve their learning enthusiasm and expression ability.





## Staff Cohesion

In addition, the Group also provides employees with featured training on classic studies of Chinese ancient civilisation, workplace communication and other aspects, to help employees expand their horizons.

### Featured Training on “Emotional Intelligence Determining Height, Communication Creating Future (《情商决定高度·沟通共创未来》)”

On 10 September 2019, the Group provided staff with featured training on interpersonal communication, expressions and emotional management in Kunshan, with an aim to cultivate positive attitude of the participants, to express their ideas confidently and effectively, and to get the trust, support and recognition of their colleagues, thus better embodying their values in the team.

## COMMUNICATION AND CARE

The Group knows well that employees are the core force for the development of an enterprise, and values their efforts in work. The Group provides employees with all kinds of benefits, such as annual health examination, birthday greetings and gifts on Women’s Day. The Group attaches great importance to the health and life quality of its employees, strives to provide full support for employees, and regularly organises a series of activities with the theme of “work-life balance”, such as year-end party and employee dinner, so as to help employees reduce pressure, maintain work enthusiasm, and let them feel the warmth of home in busy work.

### 2019 Year-end Party

The Group holds annual party before the Spring Festival every year, including dinner party, performance, lottery, game and other activities. It is aimed to summarise the past and look forward to the future, and take this opportunity to thank all employees, cooperative factories and suppliers for their hard work throughout the year, as well as customers’ trust on and recognition of the Group. At the same time, the Group awards “Touching Shinelong (感動勳龍)” trophies and gifts to employees who have served in the Group for 10 years and 15 years in return for their continuous efforts.



## Staff Cohesion

The Group values the opinions and suggestions of employees, and tries to understand employees' views on the current management situation of the Group and suggestions for future development through irregular employee interviews. For the resigned employees, the Group also tries to understand the reasons for their resignation through interviews, so that to create a "home-like" working environment for its employees by understanding their inner thoughts.

"Running culture" is also one of the corporate cultures of the Group. The Group has set up "Shinelong Running Team" to take part in various running activities during holidays and encourage employees to maintain good physical and mental health. Since 2014, the Group has started to hold or participate in two marathons every year to promote all members to experience the spirit of sports and enhance their vitality and cohesion. In 2019, there were more than 200 employees participated in both spring and autumn marathon, being the largest number of participants for years.

### Mount Mogan International Bamboo Sea Marathon (莫干山國際竹海馬拉松)

On 15 December 2019, "Shinelong Running Team" took part in the Zhejiang Deqing Mount Mogan International Bamboo Sea Marathon, which is also the last station of the "Shinelong Running Team" in 2019.



# Staff Cohesion

## HEALTH AND SAFETY

The Group strictly abides by the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*, the *Production Safety Law of the People's Republic of China* and other laws, as well as various safety and health rules and regulations in the place where the Group operates, and establishes the standardised system and responsibility system of work safety. In addition, the Group formulates the *Safe Operation Specification* to assess the wearing of labour protection appliances and the safety and sanitary conditions of the workplace and ensure the standard operation with the management personnel at all levels earnestly fulfilling their safe production responsibilities.

The Group provides employees with a healthy and safe working environment by providing occupational health examination for employees being exposed to potential occupational hazards, inviting the third party to carry out detection and evaluation of occupational hazards, posting notification in the workplace with potential occupational hazards, and providing corresponding labour protection wear for employees, with an aim to provide healthy and safe work environment. The Group earnestly supervises and checks the implementation of safe production. During the Reporting Period, there was no work-related fatality in the Group.

The Group actively carries out safety drills, and popularises the safety knowledge and emergency response ability required in the workplace to employees through safety training and training on fire fighting knowledge.



Safety training



Fire fighting training



Fire drill

## Green Operation

The Group strictly abides by the *Environmental Protection Law of the People's Republic of China* and other laws and regulations, and formulates the *Management Regulations on Environmental Protection* to strictly control the pollutant discharge and resource use in production and manufacturing. The Group implements the concept of green office in its daily business operation, and calls on all employees to jointly save energy and reduce emissions together, so as to contribute to building a harmonious and beautiful ecological environment.

### ENERGY SAVING

In terms of product design, the Group carries out design in a rigorous and scientific manner and claims to reduce unnecessary waste of resources. In production and manufacturing, it continuously improves the energy-saving management by improving production technology, process and equipment. In daily operation, it advocates simplicity, moderation, green and low-carbon concept, and improves the energy-saving awareness of its employees by posting environmental protection notices. The products of the Group are mostly customised, so some packaging materials are also customised by the shape and size of such products. The Group's packaging materials mainly include wooden cases, films and bubble films.

In 2019, the Group reduced energy consumption by replacing energy-saving lamps and upgrading energy-saving equipment. In addition, the administrative management center of the Group regularly organised environmental protection training to promote the concept of clean production, energy conservation and water conservation to employees. During the Reporting Period, the resource usage of the Group is shown as follows:

Indicator		Unit	Total volume in 2019
Energy consumption	Gasoline	tonne	15.05
	Diesel	tonne	9.61
	Purchased electricity	10,000 kWh	446.93
	Direct energy consumption	tonne of standard coal	36.15
	Indirect energy consumption	tonne of standard coal	549.27
	Comprehensive energy consumption	tonne of standard coal	585.42
	Intensity of comprehensive energy consumption	tonne of standard coal/ RMB10,000 revenue	0.03
Water consumption	Total water consumption	m <sup>3</sup>	20,577
	Intensity of water consumption	m <sup>3</sup> /RMB10,000 revenue	0.89

# Green Operation

## EMISSION REDUCTION

The Group actively explores effective measures for stable compliance discharges, and strictly abides by the red line of environmental protection and controls pollutant discharges in accordance with the requirements of relevant laws, regulations and standards such as the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*.

The industrial wastes generated in the production process are stored and disposed. The hazardous wastes, such as waste cutting fluid, cutting oil, waste machine oil and grinding mud, are collected by each workshop and stored in the Company's "warehouse for hazardous wastes" and recorded for regular disposal management. The cutting fluid is separated and recycled to reduce its replacement frequency and generation of waste cutting fluid. The Group entrusts qualified companies to dispose of hazardous wastes, and reduces the amount of wastes through process transformation and optimisation of management.

During the Reporting Period, the Group's pollutant discharges are shown as follows:

Indicator		Unit	Total in 2019
Hazardous waste	Total hazardous waste	tonne	16.80
	Intensity of hazardous waste	kg/RMB10,000 revenue	0.73
Greenhouse gas emissions	Scope 1 greenhouse gas emission <sup>1</sup>	tonne of carbon dioxide equivalence	73.77
	Scope 2 greenhouse gas emission <sup>2</sup>	tonne of carbon dioxide equivalence	3,204.95
	Total greenhouse gas emissions	tonne of carbon dioxide equivalence	3,278.72
	Emission intensity of greenhouse gas	tonne of carbon dioxide equivalence/RMB10,000 revenue	0.14

<sup>1</sup> Greenhouse Gas Scope 1: Covering greenhouse gas emissions produced by gasoline and diesel combustion, and being accounted in accordance with "General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for the Industrial Enterprise (Trial)" published by National Development and Reform Commission in 2015.

<sup>2</sup> Greenhouse Gas Scope 2: Covering greenhouse gas emissions indirectly produced by the use of purchased electricity, and being accounted in accordance with "General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for the Industrial Enterprise (Trial)" published by National Development and Reform Commission in 2015.



## Social Contributions

While vigorously developing its own business, the Group actively supports the community and returns to the society. In addition, the Group is committed to becoming a responsible corporate citizen by actively performing corporate social responsibilities in various fields, such as environmental protection, youth education and targeted poverty alleviation.

### Charity Day — Love in Lucheng (慈善一日暖鹿城)

Adhering to the goodwill of responsibility and care, the Group pays attention to the livelihood of the community, and actively participates in the public welfare undertakings to help vulnerable groups. During the Reporting Period, the Group donated RMB50,000 to Kunshan Charity Foundation for the welfare project of “Love in Lucheng (情暖鹿城)”, helping to solve the urgent needs of the deprived citizens, and contributing to the community construction.

### 定向捐赠协议

甲方：勋龙智造精密应用材料（苏州）股份有限公司（以下简称甲方）

乙方：昆山市慈善基金会（以下简称乙方）

为弘扬扶贫济困精神，支持慈善公益事业，甲方愿意向乙方捐赠人民币伍万圆整（大写），用于援助“情暖鹿城”救灾项目（此处如没有具体用途填写“慈善事业”；如有具体用途则按实填写）。乙方欢迎甲方的慈心善举，愿为甲方认真做好公益代理服务。现就有关事项协议如下：



## Social Contributions

The Group encourages employees to actively participate in various volunteer activities, so as to transfer the concept of public welfare to more people.

### Parent-child Activity of Picking and Jogging (拾荒慢跑親子行)

The Group actively advocates a green, low-carbon and motional healthy lifestyle. The Group organised the volunteer action of “picking and jogging” to clean up the wastes around the Company’s plant area and reduce the impact on the community ecological environment. At the same time, the Group encouraged parents and children to join hands in the public welfare action of picking, and pass on the idea of continuous improvement of ecological environment to the next generation by carrying forward the spirit of volunteers through practice.



With the belief of knowledge changes destiny, the Group focuses on the development of teenagers and children, and gives full play to its influence on education cause.

### Great Walker for Greater Good in Education (善行徒步助教育)

In 2019, the Group participated in the Great Walker Fundraising Trekking Event (善行者)” for the sixth consecutive year. While enhancing team cohesion, the Group joined hands with China Foundation for Poverty Alleviation to help children in poor areas developing in an all-round way.



# Applicable Laws and Regulations

## **Laws and Regulations:**

Anti-Money Laundering Law of the People's Republic of China  
The Anti-unfair Competition Law of the People's Republic of China  
Company Law of the People's Republic of China  
Labour Law of the People's Republic of China  
Labour Contract Law of the People's Republic of China  
Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases  
Production Safety Law of the People's Republic of China  
Environmental Protection Law of the People's Republic of China  
Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution

## **Internal policies:**

Anti-corruption Management Regulations  
Whistle-blowing Policy  
Quality Manual  
Management Measures for Incoming Inspection  
Operation Instruction for In-process Inspection  
Standards Delivery Inspection  
Procurement Control Procedures  
Human Resource Management Regulations  
Code of Conduct  
Safety Operation Specification  
Management Regulations on Environmental Protection

# HKEX ESG Reporting Guide Content Index

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators			Referred Section
<b>Environmental</b>			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operation
	A1.1	The types of emissions and respective emissions data	There is no significant exhaust emission in the manufacturing process of the Group.
	A1.2	Greenhouse gas emissions in total and, where appropriate intensity	Emission Reduction
	A1.3	Total hazardous waste produced and, where appropriate intensity	Emission Reduction
	A1.4	Total non-hazardous waste produced and, where appropriate intensity	The Group's non-hazardous waste is domestic waste and is produced in a limited amount, and no statistics was conducted during the Reporting Period. The Group will carry out refined statistics and make disclosure in the next year.
	A1.5	Description of measures to mitigate emissions and results achieved	Emission Reduction
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Emission Reduction

# HKEX ESG Reporting Guide Content Index

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators			Referred Section
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Saving
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity	Energy Saving
	A2.2	Water consumption in total and intensity	Energy Saving
	A2.3	Description of energy use efficiency initiatives and results achieved	Energy Saving
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	The water resource consumption of the Group is mainly domestic water from municipal network, so there is no issue in sourcing water.
	A2.5	Total packaging material used for finished products and with reference to per unit produced	As the Group's use of packaging materials is not a topic of high concern to stakeholders, no disclosure was made during the Reporting Period. The Group plans to make a disclosure in the future.
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Energy Saving
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Group's business does not involve any link that has a significant impact on the environment or natural resources.



# HKEX ESG Reporting Guide Content Index

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators			Referred Section
<b>Social</b>			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Staff Cohesion
	B1.1	Total workforce by gender, employment type, age group and geographical region	Employment Overview
	B1.2	Employee turnover rate by gender, age group and geographical region	/
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
	B2.1	Number and rate of work-related fatalities	Health and Safety
	B2.2	Lost days due to work injury	/
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety

# HKEX ESG Reporting Guide Content Index

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators			Referred Section
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
	B3.1	The percentage of employees trained by gender and employee category	/
	B3.2	The average training hours completed per employee by gender and employee category	/
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment Overview
	B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment Overview
	B4.2	Description of steps taken to eliminate such practices when discovered	Employment Overview
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Business Partnership
	B5.1	Number of suppliers by geographical region	Business Partnership
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Business Partnership

# HKEX ESG Reporting Guide Content Index

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators			Referred Section
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of remedy.	Intellectual Manufacture
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	The Group's business does not involve any product recall. If there is any problem in product processing or design, the Group will assist the customer in correcting it in a timely manner.
	B6.2	Number of complaints received in relation to products and service and solutions	/
	B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Innovation
	B6.4	Description of quality assurance process and recall procedures	Intellectual Manufacture
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Customer Service

# HKEX ESG Reporting Guide Content Index

Environmental, Social and Governance Areas, General Disclosures and Key Performance Indicators			Referred Section
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Compliance Operation
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Compliance Operation
	B7.2	Description of preventive measures and whistle-blowing procedures and how they are implemented and monitored	Compliance Operation
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Contributions
	B8.1	Focus areas of contribution	Social Contributions
	B8.2	Resources contributed to the focus areas	Social Contributions