

Impro

鷹普精密工業有限公司

Impro Precision Industries Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1286

2020

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT



CONTENTS

About This Report	2
Message from Our Chairman	3
2020 ESG Highlights	4
About Impro	5
Overview of Impro Group	5
Economic Value	7
1. Responsible Enterprise	8
1.1 Responsible Governance	8
1.2 Business Ethics	13
1.3 Communication with Stakeholders	15
1.4 Analysis of Material Issues	16
2. Achieve Excellence through Refinement and Innovation	19
2.1 Quality First	19
2.2 Scientific Research and Innovation	22
2.3 Cooperation for Mutual Benefits	24
3. Green Footprints to Beautiful Ecology	28
3.1 Environmental Management	28
3.2 Energy Saving and Consumption Reduction	29
3.3 Low Carbon and Emission Reduction	32
4. Join Hands Together, Safety First	37
4.1 Equality in Employment	37
4.2 Talent Cultivation	38
4.3 Living in Harmony	42
4.4 Safety Management	46
5. Bring Love to Communities	52
5.1 Community Exchange	52
5.2 Caring About Communities	52
5.3 Support for Anti-pandemic	54
Appendix 1 ESG Content Index	55

About This Report

SCOPE OF THE REPORT

This report is the second Environmental, Social and Governance (“ESG”) Report (the “Report”) issued by Impro Precision Industries Limited (the “Company”, together with its subsidiaries, the “Group” or the “Impro Group”) to focus on the disclosure of the Group’s actions and performance in the aspects of corporate governance, environmental management and social responsibility during the period from 1 January 2020 to 31 December 2020 (the “Reporting Period”) to satisfy the expectations and requirements of the relevant stakeholders of the Group. The relevant policies, representations and information of ESG in this Report cover the Company and its subsidiaries in China, Turkey, Germany, the Czech Republic and Mexico manufacturing facilities, any content with a different scope of coverage will be specified in this Report.

BASIS OF PREPARATION

This Report has been prepared with reference to the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the core option of the GRI Standards issued by the Global Reporting Initiative (the “GRI”) in 2016 and the United Nation’s Sustainable Development Goals (the “SDGs”). The contents of this Report are determined by systematic procedures. The relevant procedures include identifying important stakeholders, and identifying and ranking key issues relevant to ESG, determining the boundary of ESG report, collecting the relevant materials and data, preparing the report based on the data and reviewing the information contained in the Report.

RELEVANT ABBREVIATIONS

For the convenience of representation and reading, references made to the “Group”, “Impro Group” and “we” in this Report shall represent Impro Precision Industries Limited and its subsidiaries.

DATA SOURCE AND RELIABILITY ASSURANCE

The data and cases set out in this Report are mainly from the statistical reports and relevant documents of the Group. The Group undertakes that this Report does not contain any false or misleading statements, and is responsible for the existence, accuracy and completeness of its contents.

CONFIRMATION AND APPROVAL

This Report, after confirmation by the management and reviewed by the Sustainability Committee, has been approved by the Board of Directors (the “Board”) on 4 May 2021 for issuance.

AVAILABILITY AND FEEDBACK OF THIS REPORT

This Report is provided to readers in both traditional Chinese and English version, we recommend the electronic version for reading based on environmental protection considerations, and the electronic version of this Report is made available under the category of “Financial statements/ESG information” of the Group on the Stock Exchange website or on the website of the Group. We highly value the opinions from the relevant stakeholders, and welcome readers to contact us through the following contact methods. Your opinions will assist us to further improve this Report and enhance the overall environmental, social and governance performance of the Group.

Address: Unit 803, 8th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong

Telephone: +852 2572 8628

Facsimile: +852 2572 8638

Email: ir@impro.com.hk

Official website: www.improprecision.com

Message from Our Chairman

As one of the top 10 manufacturers of high-precision, high-complexity and mission-critical casting and machined components of the world, the Group has established strategic and long-term cooperative relationship with global recognized industrial leaders, and has passed their strict certification requirements. Driven by the requirements of various systems, we continue to optimize the quality of products and services with innovative technologies, initiate the creation of green and safe production environment with our sense of responsibility of a social citizen, attract excellent talents with incentive and supportive ideas, and contribute to the community.

In order to promote sustainable business development and achieve long-term growth, the Group formally established the "Sustainability Committee" on 3 July 2020, which includes 2 independent non-executive directors and 3 executive directors, and regularly convenes committee meetings with the management and external consultants of the Group. During the year, the Sustainability Committee established the policies and guidelines of incorporation of "corporate social responsibility" and "sustainability" into the Company, which are mainly divided into good corporate governance and business ethics, safe production and high-quality products, environmental protection, employee care and community participation. By focusing on these five aspects, we integrate corporate social responsibility and sustainability into the daily work of all of our management and employees to build resilience and reduce risk, as well as enhance our social value through sustainable business conduct.

We insist on continuing to improve corporate governance, establish a high-quality and diversified governance structure, which clarify the authorities and responsibilities and decision-making procedures at all levels. All internal approval processes are transparent and electronic. We attach great importance to anti-corruption and compliance operations, and treat high standard of business ethics as self-requirements.

We adhere to the primary goal of "satisfying the quality requirements from top-notch customers of various industries". Through our own strict and continuous quality control work, we continue to improve product quality, go beyond customers' expectations and strive to keep in line with industrial benchmark quality level. We also uphold the core value of "refinement and innovation" to enable industrial development with innovative thoughts.

We firmly believe ecological environmental protection is significant to the long-term growth of the Company. As a result, we adhere to the operating principle of green and low-carbon emissions, strive to minimize the negative impact of every step of our production process on the environment, improve the performance of environmental management continuously, adhere to energy saving and consumption reduction, make reasonable use of resources and make effort to drive our green footprints to build a beautiful ecological environment.

We firmly believe togetherness, high efficiency and innovation plays a critical role in our existence and future development. We take talent development as our strategic focus, and have been making efforts to create a harmonious and friendly working environment that is not only equal and fair, but also healthy and safe, with a view to offering a solid and diversified platform for staff development. At the same time, we put focus on training and get well-prepared for staff's future development, and create corporate culture with sense of belonging.


Our footprints have reached different regions around the world and we bear a social responsibility to create value for the places where we operate. We continue to bring more job opportunities to the local communities and contribute to the local development through continual investment in various plants. Furthermore, we care about the quality of local community life and take the initiative to help and aid local residents through volunteering and community services with an aim to improve their living standards.

In future, the Group will continue to implement the strategy of "Global Footprints" and "Local for Local Manufacturing" and implement the "Twin Growth Engine" strategy combining organic growth and strategic acquisitions, to strengthen its global presence and its leading position in the industry. While carrying out our concept of sustainable development in the management of the Group, we will continue to collaborate with our customers, suppliers and other partners to seize opportunities in the post-epidemic era and build a more sustainable future.


LU Ruibo


Chairman and Chief Executive Officer

2020 ESG Highlights

	49 341 HK\$171 million* 5.9%	New patents registered in the Reporting Period (2019: 37) Registered patents in total (2019: 334) R&D in the Reporting Period (2019: HK\$178 million*) R&D to revenue of the Group in the Reporting Period (2019: 4.9%)
	PRODUCTS AND QUALITY	26,019 747 108

	2.2% 2.3%	Year-on-year decrease in total energy consumption per million unit revenue Year-on-year decrease in emission of greenhouse gases per million unit revenue
	ENVIRONMENT	

	100% 173,672 28.1	Training coverage Training hours Training hours per employee
	EMPLOYEES	0

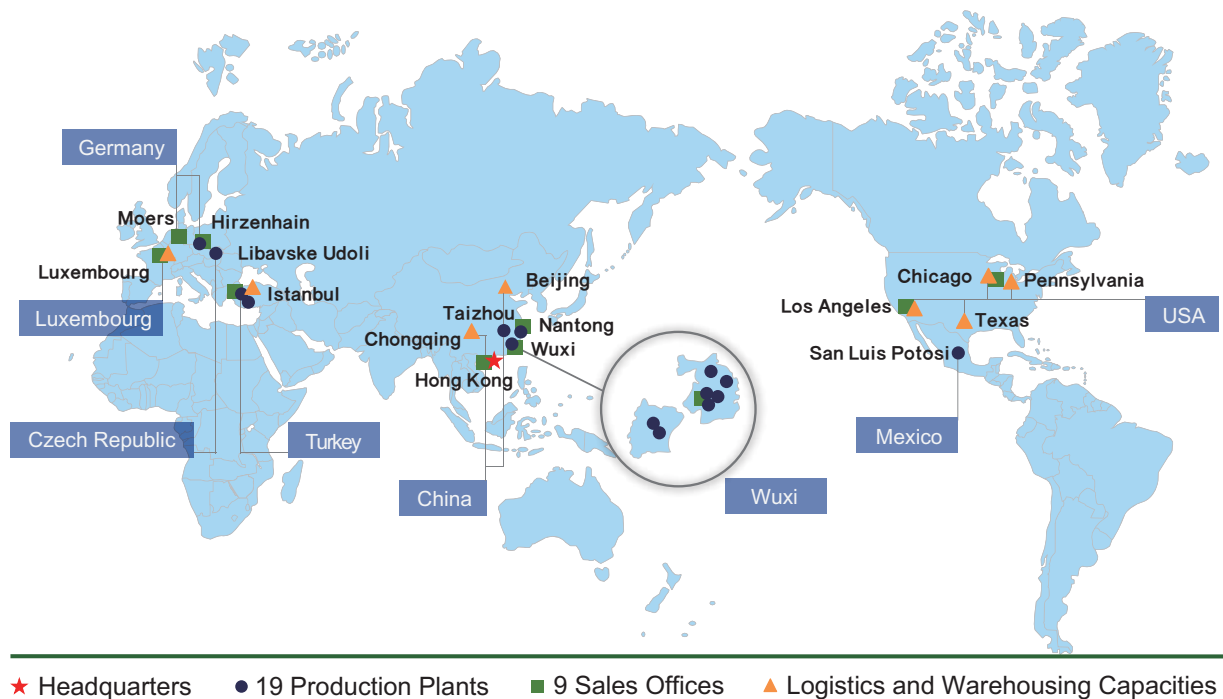
	Launched long-term internship and apprenticeship program in Turkey Won the "Contribution Award for Anti-pandemic and Supply Guarantee in 2020" granted by a customer (Wuxi Cummins)
COMMUNITIES	

* Including R&D expenses and related amortization charges of deferred expenses

OVERVIEW OF IMPRO GROUP

Impro Precision Industries Limited was founded in 1998 in Wuxi City and its global headquarters was moved to Hong Kong in 2011. The Group is a global top 10 manufacturer of high-precision, high-complexity and mission-critical casting and machined components for diverse end-markets. As the world's 7th largest independent manufacturer¹ and China's largest manufacturer of investment castings¹, the Group is also the world's 4th largest precision machining company¹ in the end-markets of automotive, aerospace and hydraulics, and one of the few domestic suppliers offering one-stop solutions, including initial research and development, tooling design and manufacturing, casting, heat treatment, secondary machining and surface treatment.

Impro Group has established global manufacturing layout and comprehensive service network and has 19 production plants (among which, 14 are in operation and 5 are under construction) in China, Turkey, Germany, the Czech Republic and Mexico, which are supported by 9 sales offices in Mainland China, Americas, Luxembourg, Germany, Turkey and Hong Kong as well as warehousing facilities in China, Americas, Luxembourg and Turkey. The Group has established long-term strategic cooperative relationships with a number of globally recognized industry leaders, selling its products to more than 30 countries and regions.



¹ Based on total revenue in 2018 according to the Roland Berger industry report dated 25 April 2019

About Impro

The Group adheres to the corporate core value of “refinement and innovation”, continue to enhance research and development capabilities and upgrade technology, and provide diversified customized products and services. In line with the “Twin Growth Engine” and “Twin Source Production” strategies, the Group expects to grow against the trend, consolidate its leading position in the diversified end-markets, continue to focus on high-precision, high-complexity and performance-critical products and provide one-stop solutions to maintain sound financial position and strive to achieve sustainable profit growth.

OUR MISSION

To be the global leader in high-precision, high complexity, mission-critical components and solutions; and to be a reliable, flexible and global business partner to industry leaders.

OUR VISION

To be an enterprise truly valued by our customers, stockholders, employees and the society at large.

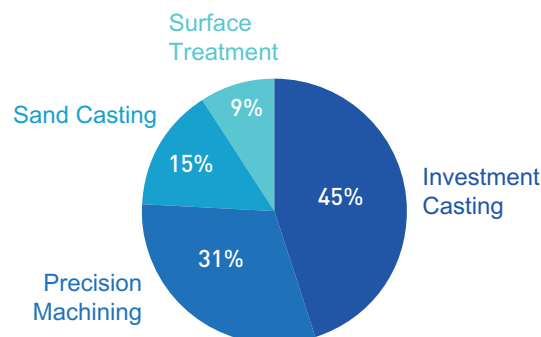


ECONOMIC VALUE

Revenue by Business Segments

During the Reporting Period, our revenue was generated from four business segments, namely investment casting, precision machining, sand casting and surface treatment.

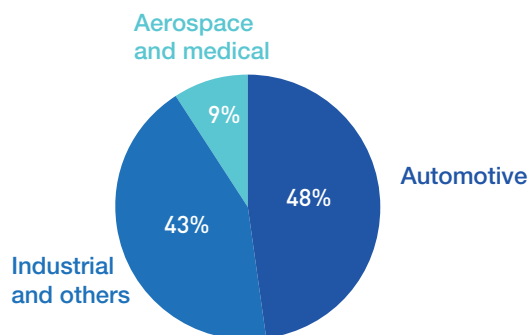
Revenue by Business Segments



Revenue by End-Markets

During the Reporting Period, our products and services are widely applied to various end-markets, including automotive (including passenger cars and commercial vehicles), industrial and others (such as high horsepower engines, hydraulic equipment, construction equipment, recreational boats and vehicles and agricultural equipment, etc.), aerospace and medical end-markets.

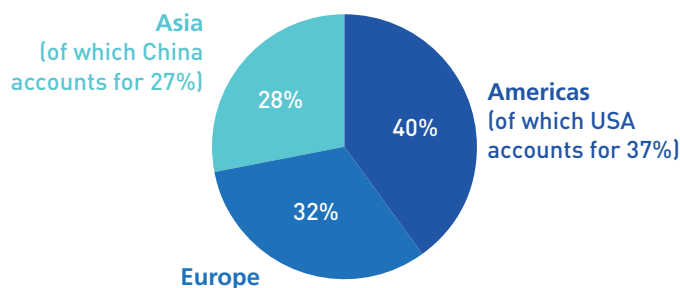
Revenue by End-markets



Revenue by Geographical Markets

During the Reporting Period, our sales are sold to Americas, Europe, China and other Asian countries.

Revenue by Geographical Markets



Economic Performance

During the Reporting Period, the Group recorded revenue of HK\$2,925 million, cost of sales of HK\$2,157 million, operating and other expenses (excluding impairment loss of goodwill and other assets) of HK\$375 million, income tax expenses of HK\$92 million, and made donation of HK\$0.2 million, paid dividend of HK\$105 million. Capital expenditures reached HK\$471 million.

As of the end of the Reporting Period, total global workforce of the Group reached 6,179, in which the Group, during the Reporting Period, put great efforts in developing Mexico SLP Campus and employed 132 full-time employees and 10 interns locally, covering production, safety and quality, human resources and finance departments, and indirectly employed hundreds of Mexican workers to promote local economic development.

Responsible Enterprise



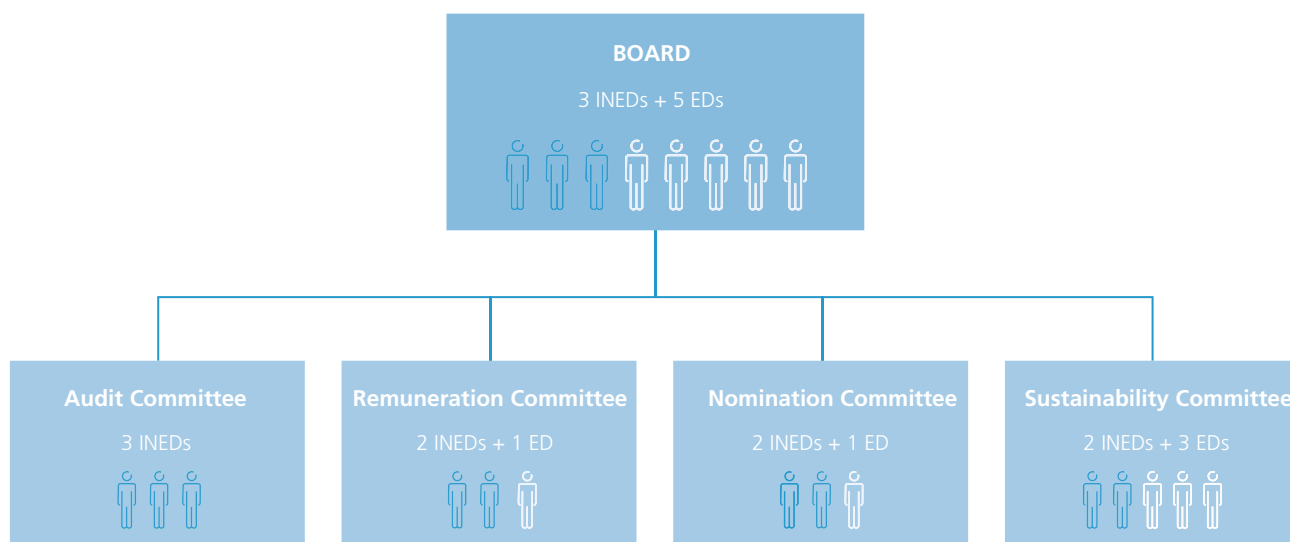
1.1 RESPONSIBLE GOVERNANCE

Impro Group continued to improve its corporate governance by establishing a high-quality and diversified governance structure and defining powers, responsibilities and decision-making procedures at all levels. It attached great importance to anti-corruption and compliance works and took high standards of business ethics as its own requirements. Meanwhile, we continued to develop the concept of sustainable operation, optimize our ESG governance structure, move forward towards the goal of sustainable development, and ensure the efficient and stable operation of the Group, which laid a foundation for the long-term and steady development of the Group.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance. While improving corporate transparency, the Group endeavours to create sustainable value and maximum returns for shareholders, and bring positive impacts to employees, business partners and the society. The Group has strictly complied with the principles and code provisions of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange. We have established a clear and efficient corporate governance structure to promote corporate operation efficiency and management capabilities through the Board by formulating business strategies and management measures to enhance corporate governance level. Our Board has fairly strong independence element with effective check and balance on authority and power for different directors. We also place high importance on diversity and sustainable development at the level of the Board. The Board and the senior management team are composed of high-calibre individuals with extensive experience from different fields, and female members of the Board account for 25%.

The Board of the Group has established four committees: the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee. The Audit Committee is mainly responsible for submitting the Group's financial statements to the Board for approval regularly, reviewing and monitoring the execution of the Group's financial control, internal control and risk management systems in accordance with applicable standards. The Remuneration Committee is mainly responsible for formulating and reviewing the remuneration policy and structure of the relevant Directors and the senior management, and to make recommendations to the Board regarding the remuneration package of individual directors and senior management members. The Nomination Committee is mainly responsible for reviewing the structure, size, composition and diversity of the Board, conducting assessment on the independence of the independent non-executive Directors of the Group, and making recommendations to the Board regarding the appointment or reappointment and succession plans of Directors. The Sustainability Committee is responsible for formulating the strategic framework for sustainable development, and supervising and evaluating the development and implementation of the Group's policies and measures in respect of sustainable development.



(Please refer to the Corporate Governance Report in the 2020 Annual Report of the Group for more details)

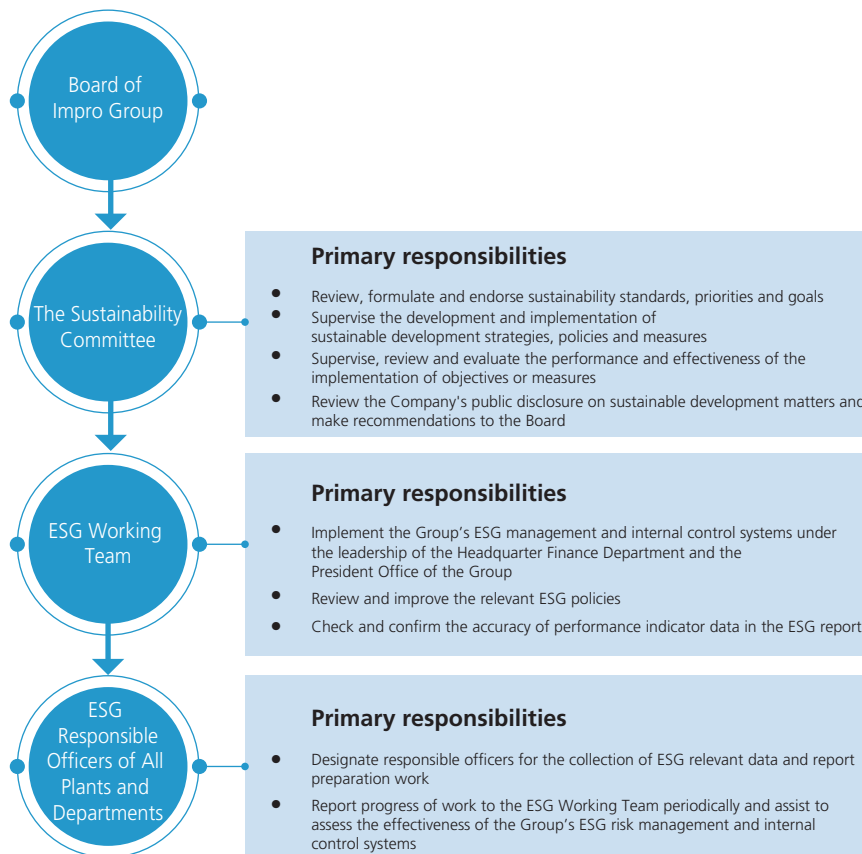
Responsible Enterprise



Sustainable Development Management

In order to promote the sustainable development of business and achieve long-term growth, the Group formally established the “Sustainability Committee” on 3 July 2020, which comprised 2 independent non-executive directors and 3 executive directors. The committee meets regularly with the management and external advisers of the Group to ensure that the management and all employees are engaged in and participate in the sustainable development management of the Group.

At present, the structure of the sustainable development management of the Group is as follows:



As at the end of the Reporting Period, the Sustainability Committee held two meetings to review, formulate and endorse sustainability standards, priorities and goals of the Group, review the web page content on sustainability on the corporate website, and review and advise the Board on the performance on sustainability key performance indicators.

Sustainable Development Goals

The Sustainable Development Goals of the United Nations aims to create multi-disciplinary solutions to cope with development issues from social, economic and environmental perspectives and deal with the challenges of health and over-exploitation of natural resources.

As a responsible corporate citizen, Impro Group takes SDGs-related goals into consideration when formulating sustainable development strategies and directions, and is committed to integrating sustainable development into our daily operations. During the Reporting Period, we identified 9 sustainable development goals closely related to the Group, environment and community.

Responsible Enterprise



SDG Goals	Description of Relevant Goals	Actions of Impro	Our Report
<p>Good health and well-being</p>	<p>To significantly reduce the number of deaths and diseases caused by hazardous chemicals and air, water and soil pollutions by 2030</p> <p>To achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p>	<p>We take necessary measures to protect the health and safety of our employees from the impact of hazardous chemicals and production processes</p> <p>We create occupational health files for staff and arrange them to do body check and occupational health examination, and issue examination reports. At the same time, to ensure staff's entitlements, we provide fringe benefits to staff, including social insurance</p>	<p>4.4 Safety Management</p> <p>4.1 Equality in Employment</p> <p>4.4 Safety Management</p>
<p>Quality education</p>	<p>To significantly increase the number of adolescents and adults with technical and vocational skills by 2030, so as to promote their employment, decent work and entrepreneurship</p> <p>To ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p>	<p>We provide vocational training for employees to enrich their knowledge reserve, not only for their livelihood, but also for their long-term development. In 2020, the total training hours for employees was 173,672 hours, with an average of 28.1 hours per employee</p> <p>We actively promote connection and cooperation with high schools and establish "Young Eagle Plan" training project targeted at graduating students. Apart from providing quality and continuous employment opportunities in China region, we also currently establish school-corporate cooperation with 5 local universities in Mexico in the ways of direct recruitment from cooperative schools and publishing job vacancy on job hunting websites</p> <p>To promote core values and corporate culture among our staff, the Group sets up Impro Academy, focusing on training, assessment and selection of internal employees within the Group, creating a learning environment for our employees to improve their own management capability, business skills and professional qualifications</p>	<p>4.2 Talent Cultivation</p> <p>4.2 Talent Cultivation</p> <p>5.1 Community Exchange</p>
<p>Gender equality</p>	<p>To realize gender equality by empowering women and girls</p> <p>To ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>	<p>We implement an employment policy with gender equality and equal pay for equal work and are committed to creating an inclusive working environment for employees and providing equal opportunities for promotion and career development</p> <p>We highly value diversity and sustainable development on the Board level, in which female Board members account for 25%</p>	<p>4.1 Equality in Employment</p> <p>1.1 Responsible Governance</p>

Responsible Enterprise



SDG Goals	Description of Relevant Goals	Actions of Impro	Our Report
<p>Decent work and economic growth</p>	<p>To focus on high value-added and labour intensive sectors to achieve a higher level of economic production by way of diversification, technical upgrading and innovation</p> <ul style="list-style-type: none"> To take immediate and effective measures to eradicate forced labour, secure the prohibition and elimination of the worst forms of child labour To reduce substantially the proportion of youth not in employment, education or training To protect labour rights and promote safe and secure working environments for all workers 	<p>We introduce advanced manufacturing technologies to increase productivity and continue to expand our business in emerging countries</p> <p>We have put in place strict systems for review and approval in the process of recruitment pursuant to the laws and regulations such as Law of the People's Republic of China on the Protection of Minors and Provisions on Prohibition of Child Labor so as to eradicate the use of child labor and forced labor. In the event that the use of child labor and forced labor is identified, we will take responsive actions in strict compliance with relevant procedures and punish related persons in a severe way</p> <p>We actively promote connection and cooperation with high schools and establish "Young Eagle Plan" training projects targeted at graduating students and training camps with different themes. One of our China plants also establishes project cooperation with Jiangnan University. Apart from providing quality and continuous employment opportunities in China region, through Mexico plant, we also actively cooperate with local high schools to open up talents recruitment channels. We provide employment opportunities for local talents in the forms of direct recruitment from cooperative schools and publishing job vacancy on job hunting websites</p> <p>We adopted effective measures in many aspects, to improve occupational health and safety environment continuously and effectively prevent workplace accidents</p>	<p>2.1 Quality First 2.2 Scientific Research and Innovation 2.3 Cooperation for Mutual Benefits</p> <p>4.1 Equality in Employment</p> <p>2.2 Scientific Research and Innovation 4.2 Talent Cultivation 5.1 Community Exchange</p> <p>4.4 Safety Management</p>
<p>Industry, innovation and infrastructure</p>	<p>To support technology development, research and innovation in developing countries to ensure a favourable policy environment for industrial diversification and adding value to commodities</p> <p>By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes</p>	<p>We are expanding the Group's business coverage to better meet customers' needs, improve the operating efficiency of our plants in developing countries and support the localization of the supply chain</p> <p>We attach great importance to resources conservation, continuously promote works of equipment upgrade, recycle water resources and packaging improvement, and enhance effectiveness of resources and energy utilization in product manufacturing and cleaning process</p>	<p>2.3 Cooperation for Mutual Benefits</p> <p>3.2 Energy Saving and Consumption Reduction</p>

Responsible Enterprise



SDG Goals	Description of Relevant Goals	Actions of Impro	Our Report
<p>Sustainable cities and communities</p>	<p>To reduce urban per capita environmental impact, with a special focus on air quality, municipal and other waste management by 2030</p>	<p>We minimize the impact of our plants on the environment, including air quality, noise and waste management and control, and encourage customers to use energy-saving and long-lasting products in manufacturing, so as to reduce waste</p>	<p>3.1 Environment Management 3.2 Energy Saving and Consumption Reduction 3.3 Low Carbon and Emission Reduction</p>
<p>Responsible consumption and production</p>	<p>To realize the sustainable management and effective utilization of natural resources by 2030</p> <p>By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>To encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	<p>We provide products with lower energy consumption, less emissions, longer service life and reasonable price, and systematically save resources and energy in the course of production</p> <p>We prioritize choosing recyclable packing materials like EPE and VCI bags, and reuse some packing materials. Each plant also further lowers environment pollution brought by waste through waste recycling and revamping production lines</p> <p>We regularly convene meetings with Sustainability Committee, review the Company's performance on sustainable development and publish ESG report annually</p>	<p>3.2 Energy Saving and Consumption Reduction 3.2 Energy Saving and Consumption Reduction 3.3 Low Carbon and Emission Reduction 1.1 Responsible Governance</p>
<p>Climate action</p>	<p>To incorporate climate change measures into national policies, strategies and plans</p>	<p>We are expanding the Group's business coverage to shorten the carbon intensity of our logistics routes and introduce advanced resource-saving manufacturing technologies to our plants</p>	<p>3.3 Low Carbon and Emission Reduction</p>
<p>Partnerships for the goals</p>	<p>To significantly increase the exports of developing countries, especially to double the share of the least developed countries in global exports</p> <p>Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries</p>	<p>We have plants in developing countries and contribute to the exports of China, Mexico and Turkey</p> <p>We formulate global strategic direction, devote to deepen relationships with existing major customers, explore opportunities to cooperate with other global industry-leading customers, and enlarge global footprint to satisfy demand of worldwide customers</p>	<p>5.1 Community Exchange 2.3 Cooperation for Mutual Benefits</p>

Responsible Enterprise



1.2 BUSINESS ETHICS

The Group attaches great importance to the establishment of a business ethics culture, is committed to shaping a corporate image of integrity and credibility, and takes a “zero tolerance” attitude towards all corruption, fraud or any behaviors against the interests of the Group and business ethics. We have strictly complied with laws and regulations, including the Anti-Unfair Competition Law of the People’s Republic of China, the Law of the People’s Republic of China on Anti-Money Laundering and the Interim Provisions on Banning Commercial Bribery, and have formulated a series of internal policies, such as the Reward and Punishment System and the Code of Conduct for Employees. During the Reporting Period, we strengthened the supervision of suppliers’ integrity, requiring all suppliers to sign the “Clean Cooperation Commitment” and the “Supplier Code of Business Principles”. All employees of the Group’s procurement department have signed the “Anti-Commercial Bribery Commitment”, which clarifies the related requirements of honesty and compliance and violation measures, and regulates the commercial behaviors of suppliers and purchasing persons.

We have established various reporting channels for corruption cases, complete reporting and investigation process and the supervision process for corruption cases. During the Reporting Period, we have formulated the “Internal Reporting Management System of Impro Group”, which clearly stipulates the scope, contents and processes of reporting, the protection of whistleblower and the rewards for reporting. The purpose of which is to ensure that the Group’s internal operational defects or misconducts can be reflected and investigated promptly, and that reporting management is carried out in a regulated manner.

Reporting Channels



Reporting phone
+86 13373629686



E-mail
audit@impro.com.cn (China)
audit@impro.com.hk (overseas)

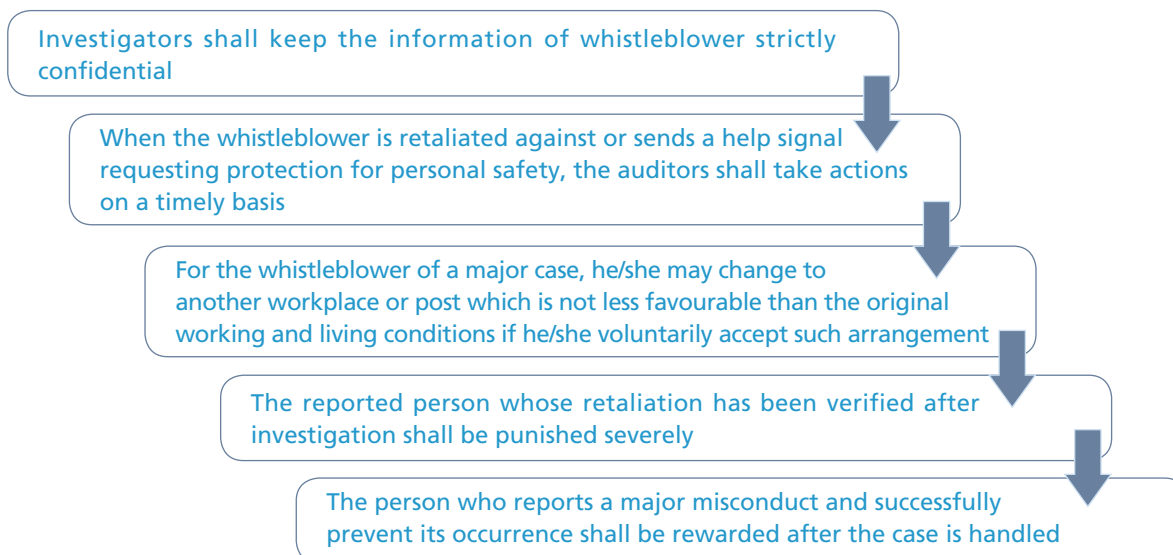


WeChat Account
Impro1998
(You can add it via the reporting phone)



Mailing to:
Impro (China) Limited
Audit and Supervision Office

The protection and reward system for whistleblower

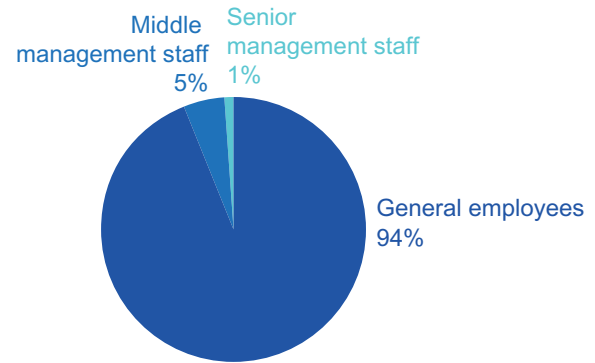


Responsible Enterprise



During the Reporting Period, we have conducted a number of anti-corruption training sessions, reinforced anti-corruption publicity among new recruits, middle and senior management teams, and continuously enhanced the awareness of anti-corruption and anti-bribery among employees.

Percentage of employees participating in anti-corruption training sessions in 2020



Vocational ethics training session for new recruits

On 14 July 2020, the Audit and Supervision Office of Impro Group organized the occupational ethics training session for new recruits, with nearly 50 participants. In addition to publicizing the core corporate values of “Integrity, Credibility, Diligence, Unity, Pragmatism, Efficiency, Refinement and Innovation”, the lecturer adopted the negative case teaching and used the idioms such as “Conceal true intention with disguise (瞞天過海)” and “Making something out of nothing (無中生有)” in the “Thirty-Six Stratagems 《三十六計》” to summarize every kind of conduct which violates occupational ethics. As a result, the new recruits have a deeper understanding of the laws and ethical bottom lines about “what shouldn’t and can’t commit” in the work, and thus uphold good occupational ethics.



“Integrity, Anti-corruption, Credibility and Anti-fraud” – The Integrity and Credibility Training Session for Employees in 2020

The Group regularly organized the middle and senior management teams of various plants in China to carry out the integrity training session, and conducted continuous publicity among grassroots employees at regular team meetings. During the Reporting Period, we organized a centralized training session with the theme of “Integrity, Anti-Corruption, Credibility and Anti-fraud”, which mainly explained the potential corruption risks and cases of the Group, and effectively enhance the awareness of integrity among our management and employees.









During the Reporting Period, the Group was not involved in any corruption litigations.

Responsible Enterprise



1.3 COMMUNICATION WITH STAKEHOLDERS

We always attach great importance to the recommendations and opinions of stakeholders, are committed to establishing effective and diversified communication channels, and actively create a transparent, fair, bilateral and regular communication mechanism. We have identified six categories of major stakeholders who have decision-making power and influence over and are closely related to the Group, adopted relevant communication channels to obtain in-depth understanding on the opinions and expectations of various parties, and in practice responded actively to the opinions and requests of stakeholders. The table below sets forth the communication channels and frequency of different stakeholders during the Reporting Period.

Category of Stakeholders	Communication Channels	Communication Frequency
 Employees	Employee training Employee activities Employee satisfaction survey Employee interview Impro operating system ("IOS") announcement Internal bulletin	Regular/irregular Regular/irregular Regular/irregular Irregular Regular/irregular Regular/irregular
 Shareholders/Investors	General meeting Interim/annual report Results announcement meeting Road show Plant visit Press release	Regular Regular Regular Regular/irregular Regular/irregular Regular/irregular
 Regulators	Press release/announcement Interim/annual report Regular communications	Regular/irregular Regular Regular
 Suppliers	On-site review Assessment of suppliers Technical training Online/offline communication	Regular/irregular Regular Regular/irregular Irregular
 Customers	Customer satisfaction survey Handling complaints from customers On-site visit Online/offline communication	Regular Regular/irregular Regular/irregular Irregular
 Media	Press release/announcement Press reporting Results announcement meeting	Regular/irregular Regular/irregular Regular

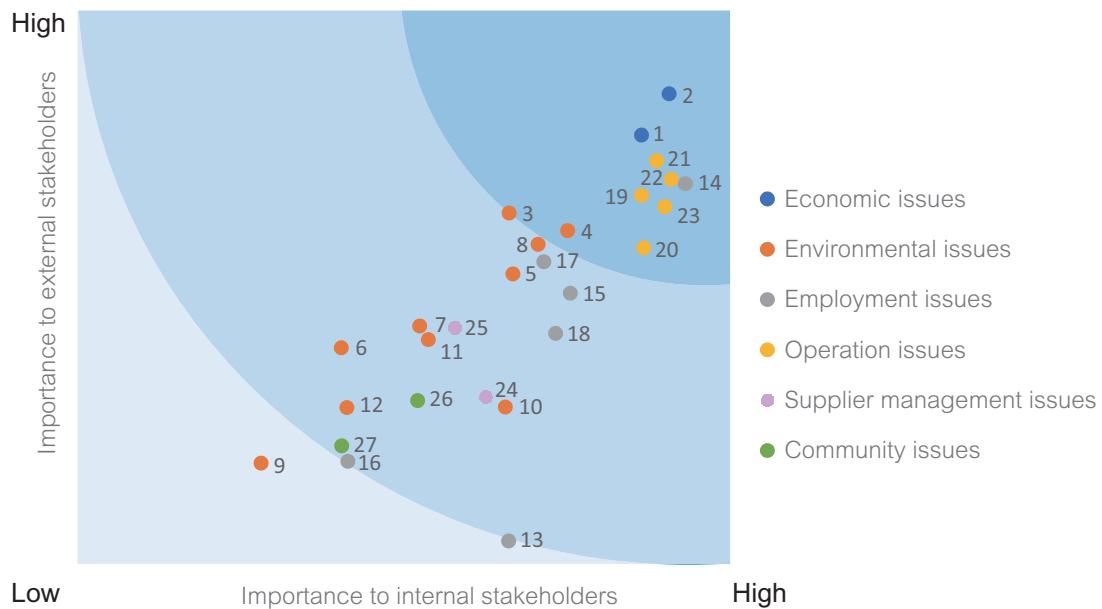
Responsible Enterprise



1.4 ANALYSIS OF MATERIAL ISSUES

During the Reporting Period, we conducted over 20 deep interviews with our internal and external stakeholders. We analyzed important issues with reference to media analysis, industry benchmarking and our own management status and development needs, providing a basis for developing the long-term ESG strategies. We realized that the stakeholders still consider operation as the most important risk issue in production activities. Compared with 2019, the stakeholders have become more concerned about the maintenance of customer relationship and the protection of intellectual property. Our major issues in 2020 include 10 high priority issues, 15 moderate priority issues and 2 low priority issues. For the high priority issues, we will elaborate them in subsequent chapters of this Report.

Matrix of material issues of Impro Precision Industries Limited for 2020



Responsible Enterprise



Economic issues	Environmental issues
<p>1 Financial performance</p> <p>2 Corporate governance</p>	<p>3 Utilization of resources</p> <p>4 Discharge of pollutants</p> <p>5 Environmental impact on soil and ground water</p> <p>6 Emission of greenhouse gases</p> <p>7 Disposal of general solid waste</p> <p>8 Disposal of hazardous waste</p> <p>9 Use of packaging materials</p> <p>10 Noise reduction</p> <p>11 Green design</p> <p>12 Climate change risk and actions</p>
Employment issues	Operation issues
<p>13 Employee remuneration and benefits</p> <p>14 Health and safety management</p> <p>15 Career development and training</p> <p>16 Diversity and equal opportunities</p> <p>17 Protection for human rights</p> <p>18 Employee retention and turnover reduction</p>	<p>19 Product quality assurance</p> <p>20 Customer privacy protection</p> <p>21 Maintenance of customer relationship</p> <p>22 Protection of intellectual property</p> <p>23 Anti-corruption management</p>
Supplier management issues	Community issues
<p>24 Diversification and localization of suppliers</p> <p>25 Management of supplier ESG performance</p>	<p>26 Contribution to community and charity</p> <p>27 Community communication</p>

Responsible Enterprise



The table below sets forth the identified high priority issues together with the disclosure standards of the GRI Sustainable Development Report and the HKEX ESG Report.

Types of Issues	Major Issues	Corresponding HKEX/GRI disclosures
Economic issues	1 Financial performance	GRI 102 General Disclosures
	2 Corporate governance	GRI 102 General Disclosures
Environmental issues	3 Utilization of resources	GRI 302 Energy; A2 Utilization of Resources
	4 Discharge of pollutants	GRI 305 Discharge; A1 Pollutants
Employment issues	14 Health and safety management	GRI 403 Occupational Health and Safety; B2 Health and Safety
Operation issues	19 Product quality assurance	GRI 416 Health and Safety of Customers; B6 Product Responsibility
	20 Customer privacy protection	GRI 418 Customer Privacy; B6 Product Responsibility
	21 Maintenance of customer relationship	B6 Product Responsibility
	22 Protection of intellectual property	B6 Product Responsibility
	23 Anti-corruption management	GRI 205 Anti-corruption; B7 Anti-bribery

Achieve Excellence through Refinement and Innovation



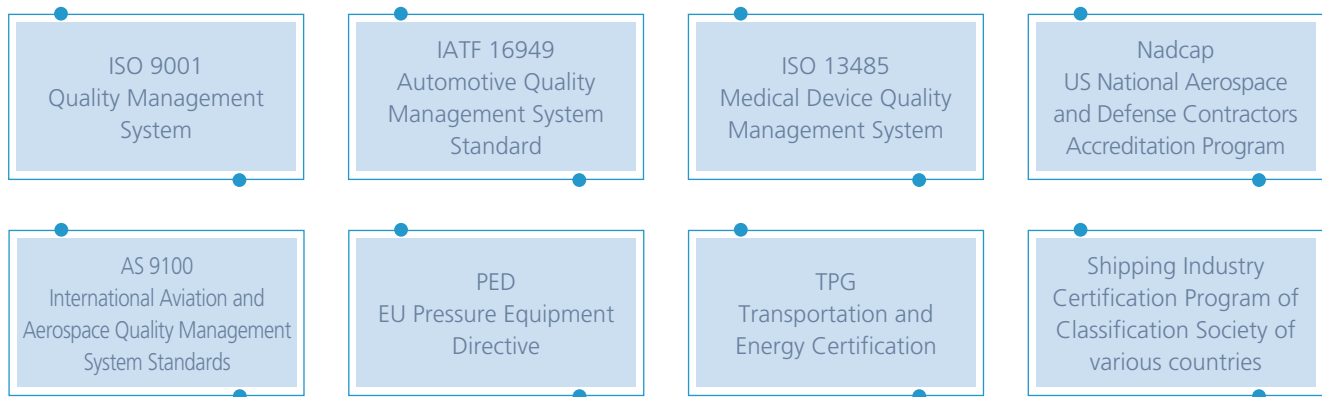
2.1 QUALITY FIRST

The Group regards quality as one of the six essential factors to success, adheres to the primary goal of “satisfying the quality requirements from top-notch customers of various industries”, and strives to continuously surpass customers’ expectations and achieve the industrial benchmark quality level.

Quality Management

We strictly comply with the quality laws, regulations and standards at national level, in the place and industry where we operate, such as the Law of the People’s Republic of China on Product Quality and the Standardization Law of the People’s Republic of China and steadily improve the suitability, adequacy and effectiveness of our quality management system.

The Group has obtained quality system certifications in automobile, aviation and aerospace, medical device, shipping, electric power and other industries. During the Reporting Period, according to AS 9100 International Aviation and Aerospace Quality Management System Standards, ISO 13485 Medical Device Quality Management System and other quality management system requirements, we optimized our “New Products Development and Control Procedures”, “Document Control Procedures”, “Product Requirements Review Procedures”, “Product Identification and Traceability Control Procedures” and other quality management systems, we better integrated our business with our management system requirements.



According to the requirements of our quality system and our group management, all plants carried out internal and external audits actively on quality management. For any non-compliances found in internal audit process, we have completed the rectification of all self-found problems by, among others, optimizing the management process and promoting the formulation and implementation of rectification measures. During the Reporting Period, the factories that have obtained quality management system certifications have completed annual reviews.


Achieve Excellence through Refinement and innovation



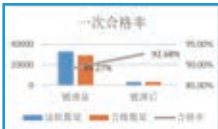
Quality Enhancement

During the Reporting Period, based on the established quality management system, we further enhanced the “hard strengths” and “soft strengths” of the Group in respect of quality assurance by, among others, upgrading equipment, improving process, optimizing process, strengthening the construction of quality management teams and enhancing quality awareness.


Equipment Upgrading and Process Improvement



Impro Aerotek Limited purchased a new automated testing equipment. As a result, the number of staff required by testing was reduced by 80% and the time required by testing was reduced to 1/10 of the original time, which significantly improved work efficiency and product quality



Wuxi Impro-Bees Plating and Painting Co., Ltd. cooperated with Wuxi Impro-Bees Precision Hydraulics Co., Ltd. to improve process and as a result the primary qualification rate of products increased from 89.3% to 92.7%



According to the requirements of Siemens and other European customers, we introduced ultrasonic testing method and related testing instruments, which enriched the diversity of non-destructive testing methods

During the Reporting Period, our plants introduced a variety of testing instruments and took the initiative to optimize process. By strengthening the full-process management on customers’ incoming materials, production process, shipment and sample inspection, various systems and operation specifications were implemented to improve product quality.

Incoming Material Inspection	Process Inspection	Shipment Inspection	Sample Inspection
<ul style="list-style-type: none"> For components with standard quality requirements, arrange standard inspection for incoming materials to reject components with defects Help customers to inspect the quality of incoming components so as to improve quality 	<ul style="list-style-type: none"> Increase the sampling inspection frequency of process inspection Adjust the content and method of sampling inspection in view of the changes in process and production process 	<ul style="list-style-type: none"> Strictly implement review and appraisal system for unqualified products. The warehousing of any product is not allowed until it is confirmed by the person in charge with signature 	<ul style="list-style-type: none"> New samples for customers shall not be released until they are confirmed by quality engineers with signature. The confirmation by quality engineers shall be based on qualified inspection reports

Achieve Excellence through Refinement and Innovation



Team Building and Awareness Enhancement



The plant (the “Mexican plant”) of Impro Industry Mexico S. de R.L. de C.V., a subsidiary of the Group in Mexico, optimized its quality management structure by employing quality system engineers and doubling the number of quality inspectors to avoid human errors to a greater extent and improve product quality



We launched a quality assurance campaign within Impro (China) Limited by rewarding the staff who found unqualified products on their own initiative and educating the staff who violated quality management regulations and had weak quality awareness, with an aim to improve the quality awareness of all staff



Some plants held weekly quality analysis meetings to review their quality performance in the previous week and track the progress and completion status of the quality improvement of key products

In addition, the plants of the Group carried out various forms of quality trainings to enhance the construction of quality culture and create an atmosphere of quality first. During the Reporting Period, the Group conducted 26,019 hours of quality management related trainings with a total of 747 trainees.

Skill Improvement Trainings

In order to improve the inspection skills of front-line industrial machining operators, Impro (China) Limited organized a three-month inspection skill improvement training during the Reporting Period, whereby front-line operators were trained by inspectors one by one on how to do dimension inspection in each process of components processing and quality engineers conducted on-site examinations and tests to ensure that the trained operators were able to complete self-inspection for components correctly and skilfully. As a result, operators’ skills were effectively and quickly improved.

We rejected “classroom style” education and adopted one-to-one targeted training, which helped employees to improve their skills effectively and quickly.



Achieve Excellence through Refinement and innovation



2.2 SCIENTIFIC RESEARCH AND INNOVATION

During the Reporting Period, the Group continued to increase investment on innovation and R&D, actively promoted process of each R&D projects, total R&D investment (including R&D expenses and related amortization of deferred expenses) amounted to HK\$171 million, representing 5.9% of the revenue of the Group in 2020. During the period, numbers of new SKUs that we jointly developed with customers reached a record high of 1,371, representing a year-on-year increase of 38% as compared with the previous Reporting Period. Also, among around 8,000 active SKUs, over 1,000 comes from aerospace end-market.

As the world's leading investment casting component manufacturer, the Group adheres to the core value of "refinement and innovation". We pay careful attention to detail, look for ways to improve on activities done in the past and challenge conventions, think outside of the box in all areas of the business and explore solutions actively.

Enhancing Research and Development Capabilities

In order to consolidate our leading position and competitive advantages in the industry, the Group continued to strengthen its research and development capabilities and enhance its innovative technology level. During the Reporting Period, we increased capital investments in the deployment and construction of research and development bases; actively participated in industry-university-research cooperation and collaborated with colleges and universities to seek technical solutions to solve practical production problems; and explored and established product-oriented mindset to develop products based on customers' demands and achieve the purpose of research.

Develop "China VI" emission standard EGR housing

In accordance with the regulations of the Chinese government, since 1 July 2020, "China VI" emission standard, the national standard of limits for emissions from motor vehicles for the Sixth Stage was implemented nation-wide, and the production of light vehicles under the fifth stage national emission standards will be prohibited, and the imported light vehicles shall meet the sixth stage national emission standards. Through our proprietary precision casting, machined technologies and solutions, we started to jointly develop high precision and high complexity exhaust gas recirculation system EGR housing for commercial heavy duty diesel vehicle with our customer since 2020. The component is the core part of the EGR system, which is controlled by an electronic control system. Combustible exhaust gas can be transmitted to cylinder through opening and closing for continuing the combustion process, which effectively reduces the emission of harmful gases such as nitrogen oxides in the diesel engine.

The commercial heavy duty diesel vehicle equipped with such equipment meets the strictest "China VI" emission standard of China, its emission limits can be controlled to within 60 milligrams of nitrogen oxides per kilometer specified by "China VI", helping China to achieve visionary goals of "carbon peak" and "carbon neutral".

Research into precision parts of electric vehicles

The automotive manufacturing market continues to enter the field of electric vehicles at a rapid pace. Companies all over the world are looking for components and contract manufacturing businesses that can provide high precision components at competitive prices. During the year, we and our key customer jointly and successfully developed a component of motor rotor shaft for electric vehicle. Also, we added a new Aximus V02 machine and MIND-L 1000 tempering system to our self-constructed plant in Mexico. This equipment has up to 3 forming axes, which is able to process high-precision internal and external splines for components with up to 300-400 mm. The new MIND-1000 tempering system provides simultaneous induction tempering, cooling, measurement and other functions for components up to 200mm in diameter and 800mm in length. The final commissioning of the component has been completed, and started to produce precision parts of electric vehicles for key customer in early 2021. Looking forward, we will continue to increase the innovation and adoption of the latest technologies, making us a leader in the electric vehicle components manufacturing business.



Achieve Excellence through Refinement and Innovation



Groundbreaking Ceremony of South District of Impro Xishan Base

In December 2020, the Group acquired a piece of land with area of 96,220 m² at Impro Xishan Base and planned to construct 110,000 square meters of new plants and ancillary facilities, aiming to strengthen our research and development capabilities in respect of aerospace, medical, fluid technology, industrial and automotive components and parts in China, continuously improve our one-stop vertical integration capabilities in aerospace, hydraulic and other end-markets, and lay a solid foundation for achieving the goals of “innovating technologies, optimizing product structure and becoming a world leading manufacturing base of components and parts for aerospace and high-end equipment”.



Cooperation with Jiangnan University

On 1 September 2020, Wuxi Impro-Bees Precision Hydraulics Co., Ltd., a subsidiary of the Group, cooperated with Jiangnan University to carry out a project regarding the “research on the production process of precision components of pressure valves for construction machinery”, which mainly covered research of raw material properties, process principle research and process design, optimization of key parameters, sample trial production and testing results, as well as guidance and assistance to solve the technical problems encountered in the production process. As of 31 December 2020, 3 invention patents and 2 utility model patents involved in this project were declared.

We constantly improve our skills and have gained honours. The super-alloy aero turbine castings developed by us won the “Special Gold Award for Castings at the 18th China International Foundry Expo” in August 2020 by virtue of their outstanding properties, such as complex overall structure, wide wall thickness difference, hollow blade structure, high dimensional precision and non-destructive testing requirements.



Special Gold Award for Castings at the 18th China International Foundry Expo

Safeguarding Intellectual Property Rights

While reinforcing research and development and innovation capabilities, we attach great importance to strengthening the protection of intellectual property. The Group strictly complies with the Patent Law of the People’s Republic of China and the relevant laws, regulations and standards relating to intellectual property in the countries, places and industries where we operate. In addition, we have established the “Intellectual Property Management System” to regulate the application, management, confidentiality, maintenance, reward, punishment and other issues concerning intellectual property, and have made provisions in the confidentiality agreements with suppliers to restrict behaviours relating to intellectual property so as to strengthen the protection on intellectual property for the Group and the relevant parties.

As of 31 December 2020, we had a total of 85 invention patents and 256 utility model patents in China, including 3 invention patents and 46 utility model patents registered during the Reporting Period.

Achieve Excellence through Refinement and innovation



2.3 COOPERATION FOR MUTUAL BENEFITS

The Group strives to keep up closely with the global industrial trend and manufactures products which can satisfy the changing demand and high-quality requirements of customers. We seek collaborative development with the upstream and downstream of the industrial chain to jointly provide high-quality services for the industry’s leading customers and win recognition and trust from customers.

Supply Chain Management

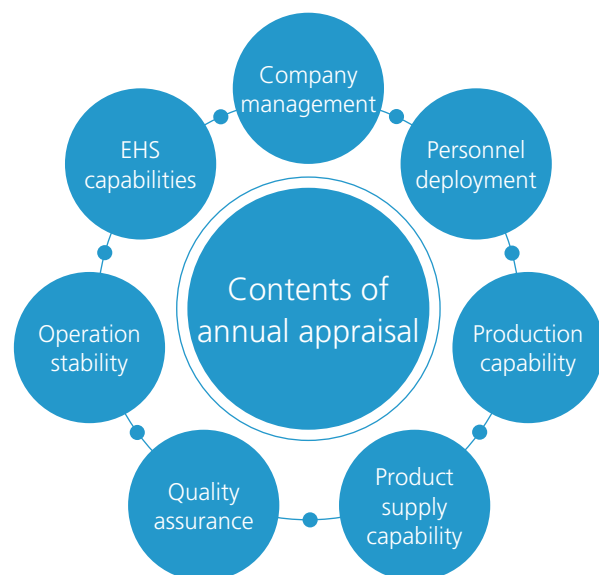
Stable suppliers are the basic foundation for high quality products and services. In accordance with the “Supplier Management Procedure”, the Group adopts classified management for all cooperative suppliers, and makes relevant regulations on the classification requirements for each category of suppliers. We divide suppliers into three categories (production supplier, trade supplier and suppliers of hazardous chemicals) and four grades (premium, qualified, pending and eliminated suppliers). We conduct on-site assessment or document review on suppliers on an annual basis and appraisal is conducted on the aspects of, inter alia, company management, personnel deployment, production capability, product supply capability, quality assurance, operation stability and EHS (environment, health and safety). In addition, we also conduct monthly tracking on the quality passing rate of suppliers, and upgrade or degrade suppliers according to the assessment results.

Classification of Suppliers



In addition, the Group imposes requirements on the code of conduct of suppliers in respect of environmental and social issues in the “Supplier Code of Business Principles”. In respect of environmental issues, we work with suppliers to create healthy and safe working conditions and advocate responsible environmental measures. During the Reporting Period, there were 108 suppliers worldwide that passed the ISO 14001 environmental management system certification. In respect of social responsibility, we suggest suppliers to promote respect to their employees and strengthen supervisions on the honesty and integrity of suppliers. Suppliers are required to sign the “Clean Cooperation Commitment” and the “Supplier Code of Business Principles”, which specify anti-bribery, anti-corruption and other relevant requirements and set forth punishment measures for breach of commitment.

Contents of annual appraisal of suppliers



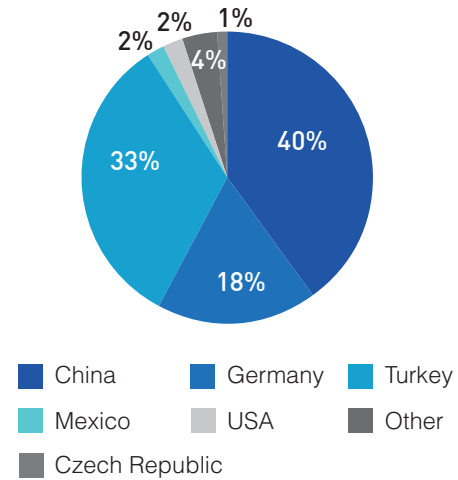
Achieve Excellence through Refinement and Innovation



As of 31 December 2020, the Group had a total of 2,682 suppliers.

The Group actively cooperates with domestic suppliers to make progress and grow together with them. During the period of COVID-19 in 2020, the Group regularly reviewed the production resumption status of suppliers, increased the frequency of communication with overseas suppliers, and ensured the stability of dual stock sources and supply chain by making stock preparations in advance and making early development of new suppliers.

Number of suppliers by geographical region



Cooperation with Suppliers

The Group cooperates with suppliers actively to provide customers with better products. During the Reporting Period, Impro Aerotek Limited and certain suppliers developed fast wax moulding to speed up the development of new casting products. During the Reporting Period, we completed the development of more than 15 fast samples and provided new products to customers, which shortened the development time of new projects for customers.



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Customer Service

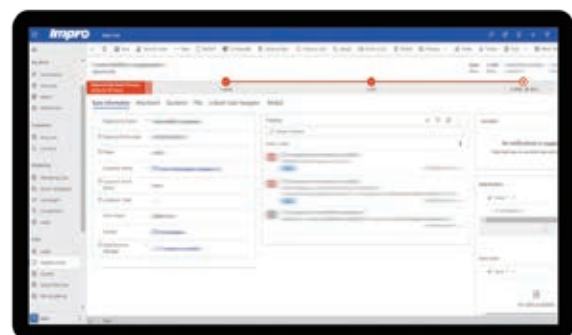
Our business objective is to reinforce our market position as one of the world’s top precision component companies. To achieve this objective, we have developed a global strategic guideline with an aim to deepen relationship with existing major customers, explore cooperation opportunities with other global industry leading customers and enhance our global footprints to meet customers’ needs on a global basis.

Establish Information System	Value Feedbacks from Customers	Enhance Communication with Customers	Promote Customers’ Experience
<ul style="list-style-type: none"> Established Impro global customer relationship management (CRM) system, which helped to improve the management of marketing service significantly and provide customers with more valuable solutions 	<ul style="list-style-type: none"> Formulated the system relating to customer complaints and standardized complaint handling process to handle customer complaints in a timely and effective manner in according with rules Put quality inspection in the front end to find out problems in advance, so as to ensure the delivery of products with higher quality and reduce the occurrence of customer complaints and product returns and replacements 	<ul style="list-style-type: none"> Increased the frequency of teleconference with customers and communicated with customers regularly on quality and delivery issues Organized special trainings on communication with customers 	<ul style="list-style-type: none"> Maintained the stability of supply in the special period by improving the utilization efficiency of human resources and enhancing the flexibility of production

During the Reporting Period, in order to better realize the concept of focusing on customers and providing quality service for customers, we established Impro global customer relationship management (CRM) system, which laid a solid foundation for more efficient and rapid business expansion.

Establishment of Customer Relationship Management System

With close collaboration among the project team and key users and on top of the careful works done in various stages, such as project research, blueprint planning, system development and testing and user training, the blueprint scheme of the Impro global CRM system phase I project, launched on 2 July 2020, was successfully completed. We adopted advanced cloud-based system to conduct development and customization and took full consideration of the global layout of Impro Group and the need of serving industry leading customers on a global basis, covering North America, Europe and Asia. The system is mainly composed of marketing management, business opportunity management, customer management, inquiry and quotation management, sales forecast management and other modules. It can realize refined sales process management and efficient collaboration among sales and service personnel, so as to improve customer satisfaction and help expand sales growth.



Achieve Excellence through Refinement and Innovation



In respect of customer complaints, we have formulated systems, including the “Management Rules for Handling of Customer Complaints” and the “Control Procedure for Customer Communication”, to regulate the complaint handling process for timely and effective treatment of customers’ complaints and questions. In response to customer complaints, we have launched an early quality containment (GP12) program. When new samples are sent or production is restarted after a long time, we will review key problems and customers’ assembly operation and prepare visualized work instructions for GP12 special inspection, analyse the problems found in GP12 and formulate and complete improvement measures. During the Reporting Period, no significant event of products recall had occurred in the Group due to reasons of quality or service.

In respect of communication with customers, we timely collect feedbacks from customers, and endeavour to improve the overall service and communication levels of our teams. During the Reporting Period, the Group organized trainings on professional knowledge, industry trends, key project progress, professional English expression and other subjects for customer service managers and customer service personnel to ensure the quality of communication with customers.

Through comprehensive unremitting efforts, we received a number of excellent supplier awards and won recognition from customers during the Reporting Period.

Awards Received by Impro Group from Customers in 2020



Supplier Quality Award of Excellence presented by GE Aviation Joint Affiliates



Outstanding Supplier Award presented by Sany Heavy Machinery

Progress of the Industry

By leveraging on our expertise, we work with our partners to initiate industrial collaboration and promote the reforms and progress of the industry. Bearing the mission of the industry, we take the initiative to broaden cooperation and feed back to the whole industry with our own advantages.

As of 31 December 2020, the Group has joined the following associations:

China Foundry Association	Jiangsu Province Surface Treatment Association
China Die & Mould Industry Association	China Foundry Association Investment Casting Branch
China Nuclear Energy Association	China Association of Agricultural Machinery Manufacturers
China Association of Automotive Manufacturers	China Construction Machinery Association
China Association for Medical Devices Industry	Jiangsu Province Foundry Association

During the Reporting Period, we actively participated in the activities of a number of industries around the world to promote interactions of the industries and gained industrial recognitions. Impro Industries (Yixing) Co., Ltd. won the Outstanding Contribution Award presented by Jiangsu Province Foundry Association.

Green Footprints to Beautiful Ecology



As a responsible corporate citizen to the society, we take green and low-carbon emissions as our operating principles and strive to minimize the negative impact of every step of our production process on the environment, improve the performance of environmental management continuously, persist in energy saving and consumption reduction, make reasonable utilization of resources and drive our green footprints to build a beautiful ecological environment.

3.1 ENVIRONMENTAL MANAGEMENT

The Group strictly complies with the environmental laws, regulations and standards of the industry in the places where we operate, including the Environmental Protection Law of the People’s Republic of China, Law of the People’s Republic of China on the Promotion of Clean Production, Environmental Law of Turkey and Basic Law of Germany. Our ten factories located in China, Turkey, Germany and the Czech Republic have already passed and obtained the ISO 14001 Environmental Management System Certification and have established their environmental protection management systems on this basis, including the “Environmental Handbook”, and set up annual management plan to promote the improvements in environmental management continuously. During the Reporting Period, Impro Aerotek Limited amended its “Facilities and Environment Control Procedure” in light of its own business characteristics and set new requirements on working environment.

Meanwhile, we have established the implementation team for environmental protection management, which is responsible for identifying factors in the production process that may have environmental impact and setting up preventive measures. The team is also responsible for professional treatment of waste, closely monitoring changes in the local environmental laws and regulations, and updating the internal production requirements accordingly. During the Reporting Period, our efforts in environmental protection management received respective recognition. The corporate environmental credit rating of Impro’s subsidiaries in China was “blue” and all such subsidiaries passed the clean production audit.

In 2020, the Group’s capital expenditures reached HK\$471 million, part of the capital expenditures were used in upgrading equipment for energy conservation and emission reduction. The Group also received Certificate of Participation for “Sustainable Financing Programme” from HSBC, in recognition of the Group’s adoption of machinery and equipment with better energy-saving and emission during the period.



HSBC granted “2021 Sustainable Financing Programme Certificate of Participation” to Impro

To ensure our effective utilization of resources and reduce the adverse impact on environment, we actively prepare for the global environmental protection target and strive to set up and implement the annual environmental target and management plan in 2021, so as to ensure the continuous improvements of the environmental management systems.

To support World Green Organization’s mission to promote sustainable development, Impro International Limited, Hong Kong office of the Group, has met the criteria and indicators to improve the environment performance, such as energy conservation, water and waste emission, green procurement and paperless, and thus we have been awarded the Green Office and Eco – healthy Workplace labels.



Green Footprints to Beautiful Ecology



3.2 ENERGY SAVING AND CONSUMPTION REDUCTION

The Group attaches great importance to the utilization of resources and constantly promotes the upgrading of equipment, the recycling of water resources and the improvement of packaging methods, with an aim to improve the utilization efficiency of resources and energy and mitigate the impact on natural resources.

Energy Management

We insist on utilizing energy rationally in the product manufacturing and cleaning process, and perform regular tracking on the allocation of energy utilization on a monthly basis to ensure that energy resources used for production and operation are safeguarded. Meanwhile, we attach great importance to enhancing the energy saving awareness of our employees. During the Reporting Period, we established an energy consumption assessment mechanism to link energy consumption with employees' performance and motivate all employees to reduce energy utilization as much as possible in daily works. In addition, our Turkish plants publicized our energy saving concept to employees by various means with an aim to strengthen the awareness of employees at all levels on energy saving.

Enhance awareness	Pay more attention	Enhance publicity
<ul style="list-style-type: none"> • Present video pieces themed on energy saving in canteens • Add contents relating to natural resources consumption to new staff trainings 	<ul style="list-style-type: none"> • Summarize and analyse energy consumption monthly and report to the general manager of the plant 	<ul style="list-style-type: none"> • Promote energy saving concept in festivals relating to environmental protection, such as the World Environment Day

In respect of electricity saving, during the Reporting Period, the Turkish plants replaced and eliminated high energy-consuming motors with low energy-consuming motors and realized remote control over electrical equipment in the plant, which effectively reduced electricity waste. In addition, our plants in China continued to carry out lighting renovation works to replace old-fashioned light bulbs with LED bulbs, which effectively improved the efficiency of electricity utilization.

In respect of steam consumption, we adopted the following measures to reduce steam consumption:

1. Improve production efficiency by improving the equipment of hanging products
2. Renovation of dewaxing equipment: change the heating method of dewaxing equipment from steam heating to electric heating to reduce steam consumption



Training session organized by the Turkish plants to enhance awareness on energy saving

Green Footprints to Beautiful Ecology



During the Reporting Period, the energy consumption of the Group was as follows:

Energy Consumption	Consumption in 2020	Consumption in 2019	Unit
Direct energy consumption	6,421	6,761	Tonne of standard coal
– Natural gas	415	441	10,000 m ³
– Diesel	518	527	Tonne
– Gasoline	96	87	Tonne
Indirect energy consumption	33,434	37,098	Tonne of standard coal
– Purchased electricity	20,913	22,721	10,000 kWh
– Purchased steam	60,125	71,342	Tonne
Total energy consumption	39,855	43,859	Tonne of standard coal
Total energy consumption per unit revenue			
– China Region and Turkey company	13.1	13.4	Tonne of standard coal/HK\$ million
– the Group	13.6	N/A	Tonne of standard coal/HK\$ million

Water Resources Management

We have been adjusting the composition of water utilization continuously, improving the water utilization approach, and adopting water conservation technology actively to increase the utilization efficiency scientifically and avoid wastage of water resources. During the Reporting Period, our plants took various measures to save water resources and actively explored ways for water resources recycling.



- Replace barrelled purified water with self-produced purified water
- Recycle water resources at the end of cleaning process



- Reform the treatment method of concentrated water by using concentrated water for flushing toilets, dosage recycled water and etc., in addition to the original usages of flushing ground and cleaning main outlets
- Save water by prolonging the time of the workpiece staying above the sink and testing water inflow

Green Footprints to Beautiful Ecology



During the Reporting Period, the status of water resources consumption of the Group was as follows:

Type	Consumption in 2020	Consumption in 2019	Unit
Fresh water consumption ¹	1,275,469	1,371,618	Tonne
Water consumption per unit revenue			
– China Region and Turkey company	467.4*	420.0	Tonne/HK\$ million
– the Group	436.1	N/A	Tonne/HK\$ million

* In 2020, increase in the water consumption per unit revenue of China Region and Turkey company was mainly due to a mild increase in water consumption of Nantong Shenhai Science and Industrial Technology Co., Ltd. in China Region amid decrease in revenue for the year as affected by fluctuations in market demand.

Packaging Materials Management

The packaging materials used by the Group in the production process include corrugated carton, foam paper, blister boxes, packing bags and wrapping films, etc. During the Reporting Period, we took a series of measures to reduce the consumption of packaging materials. We gave priority to recyclable packaging materials such as pearl cotton and antirust bags, and recycled some packaging materials. For example, packaging paperboards were transferred to the blank packing area to isolate blanks, and clean bubble papers were reused to protect semi-finished components in the circulation process.

Packaging Improvement Measures of Impro Industries (Yixing) Co., Ltd.

During the Reporting Period, Impro Industries (Yixing) Co., Ltd. optimized and upgraded its packaging methods of products. By changing the carton size and replacing bubble films with grilles, the usage of bubble films was reduced. Meanwhile, the packaging cost was reduced by 14.9% and the packaging efficiency was increased by 45.0%.



¹ Fresh water came from municipal pipe networks and natural water body.

Green Footprints to Beautiful Ecology



During the Reporting Period, we selected seven kinds of packaging materials with the largest storage volumes in the plants in China to measure consumption, including four kinds of PE plastic bags and two kinds of gaskets with different specifications and cartons. The consumption of main packaging materials of the Group is as follows:

Packaging materials consumption	Consumption	Unit
Packaging materials consumption ²	304	Tonne
Packaging materials consumption per unit revenue – the Group	0.104	Tonne/HK\$ million

3.3 LOW CARBON AND EMISSION REDUCTION

The Group cares about emission in the process of operation and strives to reduce emissions and pursue low-carbon operation. The Group's factories around the globe are subject to environmental audits by local authorities on an annual basis and the Group's emissions of wastes and waste gas are in compliance with national and local standards of the places where we operate.

Carbon Emission Management

As global climate change intensifies, the frequency and intensity of extreme weather events continue to increase. We try our best to reduce carbon emissions at all stages of product design, manufacturing and materials recycling. The details are as follows:

1. Adjust the time for adding recarburizers in the steel smelting process to reduce carbon burning loss and carbon emission
2. Optimize melting and casting process to reduce consumption of raw materials, avoid energy consumption in the dewaxing and mold shell roasting process and reduce carbon emissions
3. Eliminate materials consumption and energy consumption in the cutting process to reduce carbon emissions indirectly

We reduce carbon emission through conservation of energy and reduction in consumption. During the Reporting Period, the emission of greenhouse gases by the Group was as follows:

Greenhouse gases emission	Emission in 2020	Emission in 2019	Unit
Scope 1 greenhouse gas emission	10,683	11,456	Tonne of carbon dioxide equivalent
Scope 2 greenhouse gas emission	156,619	176,595	Tonne of carbon dioxide equivalent
Total greenhouse gas emission	167,301	188,051	Tonne of carbon dioxide equivalent
Greenhouse gas emission per unit revenue			Tonne of carbon dioxide equivalent/ HK\$ million
– China Region and Turkey company	56.3	57.6	Tonne of carbon dioxide equivalent/ HK\$ million
– the Group	57.2	N/A	Tonne of carbon dioxide equivalent/ HK\$ million

² Statistics data is newly added in 2020, so there is no year-on-year data in 2019.

Green Footprints to Beautiful Ecology



During the Reporting Period, the Group, for the first time, referred to the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) established by the Financial Stability Council to plan the works related to climate change risks from the perspectives of governance, strategy, risk management and indicator targets. We believe that climate change will not only pose risks to the Group’s business, but also create opportunities. We plan to deal with the financial impact brought by relevant climate change risks through sound enterprise risk management and strategic plans in the future, and take corresponding measures actively to seize opportunities brought by such climate change risks.

Waste Management

The Group complied with the Law on the Prevention and Control of Environmental Pollution Caused by Solid Waste, the Regulation on the Safety Management of Hazardous Chemicals and other laws and regulations and formulated the “Solid Waste Management Rules” to classify all production wastes, among which hazardous wastes were collected and disposed of by approved third party contractors to effectively avoid pollution of hazardous wastes. In addition, our factories in China standardized the storage and management requirements for paint residue and paint barrels in accordance with the newly issued legal requirements relating to solid wastes and the standards for controlling unorganized emission of volatile organic compounds. Overseas factories also actively responded to the Group’s requirements on waste management and took a number of measures:



In addition, during the Reporting Period, our plants further reduced the environmental pollution caused by wastes by recycling wastes and setting up production lines.

Green Footprints to Beautiful Ecology



Impro Industries (Yixing) Co., Ltd. completed a cutting fluid recovery project

We minimized the generation volume of hazardous waste by equipping a cutting fluid recovery system. During the Reporting Period, Impro Industries (Yixing) Co., Ltd. completed a cutting fluid recovery project to reduce the discharge of waste cutting fluid through a vacuum distillation device. The project ultimately achieved the recovery rate of remaining cutting fluid from the tracks of chip removal machines and the iron dust at over 95%, and also reduced a series of pollution brought by waste cutting fluid storage and cutting fluid to lower the risk of environmental protection while recycling waste.

Nantong Shenhai Science and Industrial Technology Co., Ltd. set up a new non-cyanide alkaline copper plating line

Although the cyanide copper plating process has been widely used for many years, the cyanide in the plating solution is a highly toxic product and toxic exhaust gas can be produced in the production process, therefore there is a certain risk to health and safety of operators. In July 2020, in active response to the national call, Nantong Shenhai Science and Industrial Technology Co., Ltd. invested in setting up a new non-cyanide alkaline copper plating line, which was put into operation, to avoid the use of cyanide in the electroplating solution and to generate no harmful waste in the production process, therefore greatly reducing the pollution to the environment.



Green Footprints to Beautiful Ecology



During the Reporting Period, the table below sets out waste disposal of the Group:

Wastes	Disposal volume in 2020	Disposal volume in 2019	Unit
Hazardous waste	2,709	2,423	Tonne
Non-hazardous solid waste	35,177	39,432	Tonne
Total volume of waste disposal	37,886	41,855	Tonne
Hazardous waste per unit revenue			
– China Region and Turkey company	0.91*	0.74	Tonne/HK\$ million
– the Group	0.93	N/A	Tonne/HK\$ million
Non-hazardous solid waste per unit revenue			
– China Region and Turkey company	12.42	12.07	Tonne/HK\$ million
– the Group	12.03	N/A	Tonne/HK\$ million

* In 2020, the hazardous waste per unit revenue of China Region and Turkey company increased considerably, mainly due to Nantong Shenhai Science and Industrial Technology Co., Ltd. in China Region which disposed hazardous waste stored in an old plant previously acquired on one-off basis during the year.

Pollutants Discharge Management

Exhaust emissions are mainly generated from the processes such as core manufacturing, shaping, sand shakeout, shot blasting, shell making, calcination, smelting and surface treatment in the production and operation of the Group, while our discharged waste water is mainly generated from dewaxing, surface treatment and cleansing in the production process. We comply with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, follow the Integrated Emission Standards of Atmospheric Pollutants and the Integrated Waste Water Discharge Standard, formulate the Exhaust Emission Administration Regulations and Waste Water Discharge Administration Regulations, and regularly monitor, measure and analyze the emission of exhaust gas and waste water to ensure emission on standard. During the Reporting Period, the Group's various factories carried out a variety of measures to reduce the generation of pollutants such as exhaust gas and waste water, and established emergency teams at each plant to organize regular drills to prevent the occurrence of environmental accidents.

During the Reporting Period, the Turkish plants newly installed smog-hog filters for exhaust emissions, to effectively provide clean air with the ability to monitor emissions. Wuxi Impro-Bees Plating and Painting Co., Ltd. optimized the operation and management of the exhaust gas tower by adding a start-up linkage control device between the exhaust gas tower and the production line to improve the efficiency of exhaust gas treatment.



Smog-hog filters system in the Turkish Plants

Green Footprints to Beautiful Ecology



Impro Aerotek Limited installed an oil mist collector device and introduced the imported mold shell pre-calcination equipment

Oil mist and wax smoke are harmful substances in pollutants. In 2020, Impro Aerotek Limited installed an oil mist collector device to efficiently filter traces of fumes produced in collection and processing, and introduced imported mold shell pre-calcination equipment to reburn the underburned wax fumes by adding oxygen in order to make the discharged air cleaner and effectively reduce the emission of harmful pollutants.

For waste water management, the Group is equipped with a world-class waste water treatment and recovery system for classification and treatment of waste water at different stages of the manufacturing process. The Turkish plants treats waste water by way of chemical and biological treatment and water quality is analysed every three years by local environmental regulatory authorities. Nantong Shenhai Science and Industrial Technology Co., Ltd. has newly constructed a zinc-nickel waste water adsorption system for mostly treating heavy metal ions and chemical oxygen demand (COD), which can effectively solve problems such as more sludge and unstable discharge. Currently, the system has been in stable operation, reducing the discharge of sludge by 0.5 tonnes per day and cutting the actual discharge of heavy metal ions by 60% as compared to standard discharge.



Zinc-nickel waste water adsorption system in Nantong Shenhai

During the Reporting Period, the pollutants discharged by the Group were as follows:

Pollutant Discharge	Discharged volume in 2020	Discharged volume in 2019	Unit
Exhaust emission			
Nitrogen oxide			
– China Region and Turkey company	764	810	kg
– The Group	1,301	N/A	kg
Sulphur dioxide			
– China Region and Turkey company	1,866	2,869	kg
– The Group	1,866	N/A	kg
Particulates			
– China Region and Turkey company	26,139	23,063	kg
– The Group	26,945	N/A	kg
Waste water discharge			
Total waste water			
– China Region and Turkey company	777,298	742,668	Tonne
– The Group	780,546	N/A	Tonne
Chemical oxygen demand			
– China Region and Turkey company	54	39	Tonne
– The Group	54	N/A	Tonne
Ammonia-nitrogen			
– China Region and Turkey company	897	2,564	kg
– The Group	898	N/A	kg

Join Hands Together, Safety First



Impro Group firmly believes that a united, efficient and innovative team is the foothold of the enterprise and the fundamental element for its development. In order to achieve long-term and stable development, the Group regards talent development as its strategic focus, constantly strives to create a fair and just, healthy and safe, harmonious and friendly work environment, improves the training and promotion system, while protecting the occupational health and safety of employees, and is committed to providing a good and stable development platform for our employees.

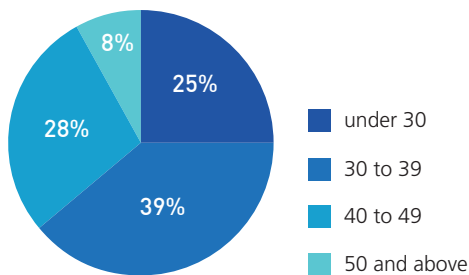
4.1 EQUALITY IN EMPLOYMENT

The Group adheres to the principle of "people-oriented", strictly complies with the national and local laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Labor Law of Germany, the Labor Law of Turkey, and the Federal Labor Law of Mexico, and has formulated relevant procedures and policies on its human resources management such as the Entry Rules, Attendance Measures, and Overtime Working Policies. We have also put in place strict procedures for review and approval in the process of recruitment pursuant to the Law of the People's Republic of China on the Protection of Minors and Provisions on Prohibition of Child Labor as well as other laws and regulations so as to eradicate the use of child labor and forced labor. As soon as the use of child labor or forced labor is identified, we will take decisive actions in strict compliance with relevant procedures and punish related persons in a severe way. During the Reporting Period, no abovementioned events have been discovered.

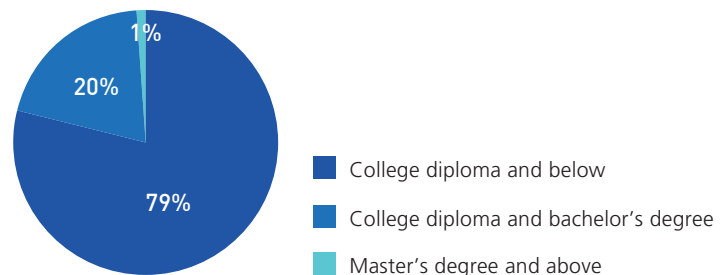
We are committed to providing fair working conditions and setting working hours in accordance with applicable local laws and labor contracts. We are committed to providing a diverse work environment in which we respect the differences in gender, age, race, and culture background of our candidates and continue to focus on women's rights, protect the rights of people with disabilities and other disadvantaged groups, and oppose to any form of discrimination and unfair competition.

As of 31 December 2020, the Group had a total of 6,179 employees worldwide, with male and female employees accounting for 57% and 43%, respectively.

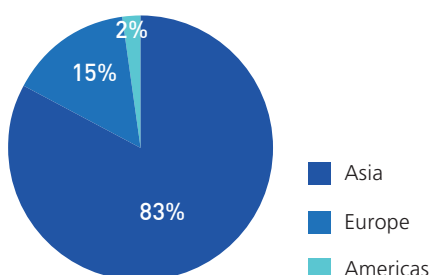
Employee number by age



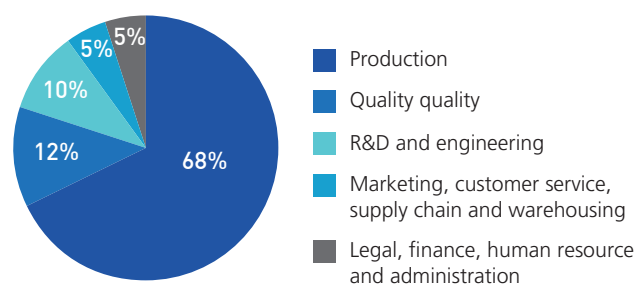
Employee number by educational degree



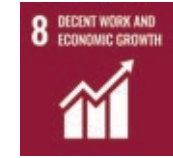
Employee number by region



Employee number by function

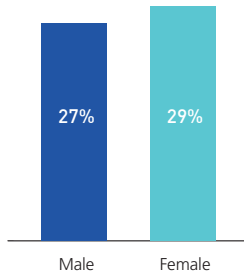


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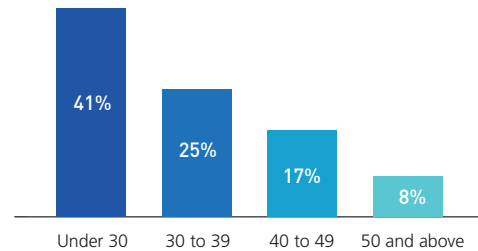


The Group values talents and review regularly staff turnover to retain talents. During the Reporting Period, staff turnover rates* by gender and by age as follows:

Staff turnover rates by gender



Staff turnover rates by age



* turnover rates (%) = number of turnover staff in the reporting year / (number of staff on the first day of the reporting year + new recruits during the year) × 100%

Remuneration and Benefits

In order to attract and retain talents, we offer competitive welfare packages in the effective management of remuneration and benefits of our employees in compliance with laws. In particular, the Group has clearly set forth relevant provisions under Company Welfare System, Company Remuneration System and Reward and Punishment System, that employee’s remuneration shall be determined by taking into account a combination of the employee’s ranking, professional skills, innovation and contribution and other indicators. Provided that our employees’ lawful benefits are fully guaranteed, we also make additional efforts to offer more quality benefits and create better working conditions for our employees through more constant and effective communication with them while addressing their needs.

During the Reporting Period, the outbreak of COVID-19 exposed the Company and our employees to severe challenges. In order to motivate our on-duty employees in special occasions, we have formulated and published the Incentive Scheme for On-duty Employees during the COVID-19 Period, pursuant to which, each on-duty employee in the Company in China Region between 30 January and 29 February shall be awarded a special perfect attendance bonus with the accumulative total amount of RMB3.8 million.

4.2 TALENT CULTIVATION

Training Development

One who wins talents wins the world. Human resources have turned out to be the fundamental elements and the No. 1 driving force for the development of the enterprise. Choosing, using and cultivating talents is one of primary strategic tasks for the Group. We attach great importance to talent introduction, actively promote the liaison and cooperation with universities and colleges, promote high-quality graduates to choose a job, and establish a “Young Eagle Plan” training program for fresh graduates. During the Reporting Period, the Group launched the “Eagle Soaring in the Sky to Seek After Dreams” — a college-student-themed training camp to help college students complete their transition from campus to career. We also actively recruit management talents from all walks of life. During the Reporting Period, we introduced two business management senior talents who were selected by the local government as “Taihu Talents”. We continue to innovate our staff training and learning programs by establishing Impro Academy. We provide comprehensive training for our talents, improve our staff skills, strive to achieve talent-post matching and make full use of our talents, and help our employees achieve their career development goals and objectives to give full play of their values at the positions that seem tailored for them. Each of the plants, companies and operating agencies under the Group actively carry out training with their respective characteristics. During the COVID-19 Period, we have promoted a combination of online and offline training to ensure smooth training progress. During the Reporting Period, the number of employees participating in training reached 6,179 with the coverage rate of 100% and the average training hours for each participant was 28.1 hours.



Staff Training hour coverage

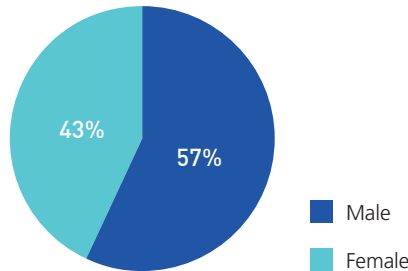
A total of **173,672** training hours and average training hours for each participant of **28.1** hours



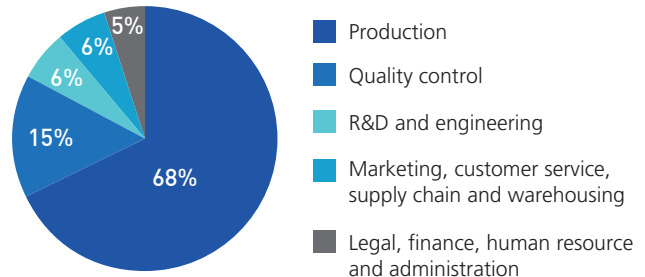
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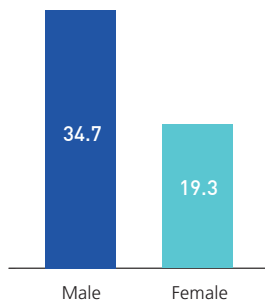
Percentage of Trained Employees by Gender



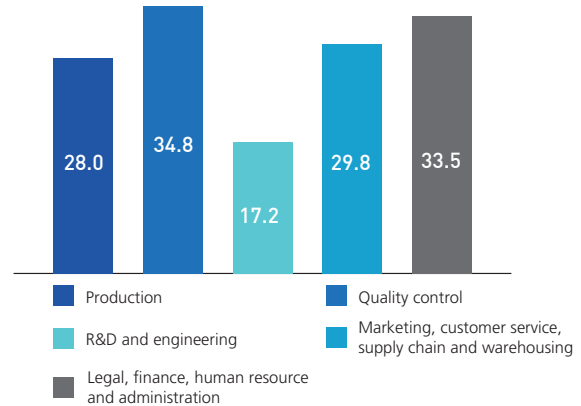
Percentage of Trained Employees by Function



Training Hours for Each Employee by Gender



Training Hours for Various Types of Employees by Function



“Eagle Soaring in the Sky to Seek After Dreams” — a college-student-themed training camp

On 13 July 2020, the Group launched a “Eagle Soaring in the Sky to Seek After Dreams” – a college-student-themed training camp in the PRC, in which 50 outstanding fresh graduates of 2020 participated. In order to successfully build a talents team for the enterprise, help college students better understand our corporate culture, change their mentality, explore their potentials and integrate into the team, we tailored a system of training programs for our students to help them actively adapt to the transition from campus to career and quickly integrate into corporate culture, laying a solid foundation for taking up new positions and inspiring new talents to contribute to the future development of Impro Group.



Impro Academy

Impro Academy is established by the Group to spread core values and corporate culture among our employees, and to develop management and technology talents of high professional and international standard. It is targeted at the Group’s internal employees for training, assessment and selection for promotion to create a learning environment for our employees to improve their own management capability, business skills and professional qualifications in addressing their need for continuous learning. During the Reporting Period, Impro Academy held 20 trainings in total with approximately 150 participants. Main subjects under those trainings are managerial skills, production management, project management, EHS, professional skills, technical skills and qualifications, English language training of machinery-related jargon, etc.

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Promotion Channels

The Group is committed to creating fair and diversified career development paths for our employees. We attach great importance to improve our employees' comprehensive capabilities and professional skills, and have put in place a clear and diverse system for assessment, promotion and reward and punishment so as to assist our employees to achieve career development and personal growth. Leveraging on our talent promotion channels, an employee after probation may well grow from the starting position to engineer, executive, manager and become a member of senior management based on personal performance and assessment result. Meanwhile, we started the "Elite Talents" Program and "Star Mechanician and Star Technician" Program in 2012 and 2015, respectively, to select the management and technical talents with excellent professional qualities for the Group to be motivated and be preferentially trained.

Elite Talents Program

Impro "Elite Talents Program" was launched in 2012 with the objective of developing elite talents who came from selected employees undertaking Impro's career development path based in the PRC with excellent professional qualification and outstanding professional capability. Over eight years, we have selected and developed more than 60 elite talents from our various plants located in the PRC and also from the Group's different function departments. They are placed in various fields of the Group, such as product R&D, engineer technology, production and business with an average service life of more than 10 years, and 40% of them play important roles in senior management of the Group. The Group will continue to optimize Elite Talents Program, to promote fast growth of the talents, so as to boost the long-term development of the Group.



"Star Mechanician and Star Technician" Program

The assessment and incentive program of "Star Mechanician and Star Technician" was initiated since 2015, with an aim to encourage front-line workers who work on a piecework basis to make continuous progress and self-improvement and to build a spirit of craftsmanship that focuses on job skill improvement, connects theory and practice, and constantly strives for perfection. During the Reporting Period, a total of 106 star technicians were selected, including five 8-star technicians, 47 7-star technicians, 54 6-star technicians and 1,750 star mechanicians. Meanwhile, the Group also increased the relevant skills subsidy by 60-80% to encourage more front-line staff to participate actively in the selection and learning of "Star Mechanician and Star Technician".

A number of characteristic staff training programs in the Turkish Plants

During the Reporting Period, the Turkish Plants carried out a number of characteristic training programs, including leadership improvement and enhancement of international competitiveness:

- **Leadership Development Program**

We have launched a "Leadership Development Program" for talent pools, including young talents, elite talents and department managers. Starting from a six-day training program, the program aims to improve leadership skills by constantly arranging individual tutoring sessions for each participant. The goal of our long-term training and development program is to tap internal potential, identify requirements to be effective leaders, achieve self-reinforcement and improvement, provide activity and stability, and translate potentials into effective performance.

- **Developing International Competitiveness**

In 2020, we participated in a transformation program supported by the Ministry of Labor in Turkey. The program aims to enhance competitiveness and includes a lean management and implementation module from the value chain mapping to time management. The program has nearly 15 training sessions and 30 implementation days. We have created six themed pilot projects.

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Staff Incentives

The Group encourages our employees to discover the merits of themselves and their colleagues. Through a series of incentives, the Group promotes employees' innovation and progress to create a positive, healthy and harmonious corporate culture by incorporating the mindsets of hard working, dedication, appreciation and team working into our enterprise. Since 2013, we have adopted the "Cloud-based Incentive – Employee Points Program" for all employees of the Group. Centred on the six elements of success and based on the development strategy of the Group, we set up reward behavior sets on the cloud-based incentive platform. Different points are set for each reward behavior. We evaluate the reward behavior on a bi-annual basis to determine the employee's accumulated points and establish employee points records for redeeming points for prizes and drawing grand prizes.



Implementation process of Cloud-based Incentive Scheme

Innovation platform

In order to encourage staff to cultivate innovative spirit, Impro Group has established an Innovation platform to carry out a series of innovative campaigns such as "innovative proposals", "3C" and "brilliant thoughts". Innovation means to invent novelty in terms of new products, craftworks, techniques, services and management approach through creating, transforming, introducing new techniques, knowledge, concepts, creativity and methods and apply it in the operation and management of the Company so as to realise its values. The Group has set up "Innovation Committee" to provide support, guidance, and motivation to staff's innovative campaigns by managing various components ranging from the launch of innovation campaigns, implementation and facilitation, evaluation as well as yields forecast and estimation. With the hard work accumulated over several years, the Innovation Platform has created values for the co-development of the Company and staff and made the innovative spirit an important element for Impro Group.

During the Reporting Period, there were 84 projects launched and reported under "3C" projects, mainly on improving craftworks, better product quality, higher efficiency, cutting emissions as well as lowering costs and enhancing performance.

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4.3 LIVING IN HARMONY

Employee Communication

The Group believes that active and effective communication mechanisms are an integral part of our business management and diverse employee communication mechanisms enable us to create a more efficient work environment. We adopt a “10 (days) + 10 (weeks) + 10 (months)” reporting mode for our newly recruited management staff and fresh graduates and continue to focus on their feedback and advice as we give new employees induction. We conduct regular employee satisfaction surveys, value each piece of advice made by our staff and actively promote the implementation of valuable proposals. In addition, our internal magazine – Impro Today regularly publishes the Group’s latest developments and development directions to facilitate our employees understand, so that we can promote the communication and corporate value among our employees worldwide.

Satisfaction survey of plant canteens in the PRC

We strictly implement our canteen management system and adhere to the principles of food safety and hygiene to ensure the richness and safety of our staff’s meals. We pay attention to our employees’ satisfaction with the canteens, and conduct satisfaction surveys and scoring in terms of variety, taste, quantity and freshness of dishes, and hygiene condition and service attitude of our canteen and service personnel on a quarterly basis, and the results are publicized to promote the improvement and enhancement of operation quality of the canteens so as to better serve the lives of the staff. During the Reporting Period, Impro Xishan Base, Wuxi Impro-Bees Precision Hydraulics Co., Ltd., Impro Industries (Yixing) Co., Ltd., Impro Industrial (Taizhou) Co., Ltd. and Nantong Shenhai Science and Industrial Co., Ltd. carried out a quarterly canteen satisfaction survey, and the average survey result is “basically satisfactory”. According to the suggestions put forward by the employees, the factories canteens are also in the process of optimization and improvement.

Staff Caring and Activities

By upholding the healthy concept of “Work Life Balance”, we encourage our employees to work hard, actively participate and innovate, and pay more attention to their life quality and work-life balance. To this end, taking into account their living and social needs, we provide our employees with different forms of caring by founding a labor union home, a maternity room and other event venues in the Company; setting up canteens in our plants in the PRC to respond to their food and beverage needs; and organizing a variety of staff activities, such as caring for female staff on Women’s Day, canteen satisfaction surveys, parent-child BBQ team building activities, and the 22nd anniversary theme events, etc.

“Mysterious Gifts for Women’s Day” – caring activities for female employees on Women’s Day



Mysterious Gifts for Women’s Day

We care for female employees very much. At Women’s Day on 8 March, each plant in the PRC distributes mysterious gifts for Women’s Day to each female employee – a rose, a chocolate and a shopping card, and sends an E-card for Women’s day to the Impro worldwide synchronously.

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Impro sales and customer service team “Parent-child BBQ Team Building Activities”

On 14 November 2020, a total of over 60 people including the employees from sales and the customer service center in Impro China and the employees from sales and customer service department in Impro Aerospace Technology with their children held a warm and funny parent-child BBQ team building activity at Wuxi Longsi Ecological Park. Adults and kids played together and had a barbecue, enjoying a wonderful family time. This activity has brought the relationship between the family members of the employees and the Company closer, promoted the mutual understanding and support between the employees, family members and the Company, and facilitated the communication and collaboration between different teams within the department to enhance team cohesion.

Theme activities for the 22nd anniversary of Impro Group

- **Improvement of meals in canteen & exquisite cupcakes**

15 September 2020 is the 22nd anniversary of the founding of Impro, on which, the China plants prepared an exquisite cupcake for each employee synchronously, sharing the joy of the Company's growth with the employees. On the same day, the logistic staff of the canteen at the plants in the PRC carefully prepared a sumptuous delicacies for the employees to celebrate the 22nd anniversary of the founding of the Company.



- **Manuscripts solicitation activities to celebrate the 22nd anniversary of Impro Group**

From 14 August to 10 September 2020, in order to celebrate the 22nd anniversary of the founding of Impro Group, the Group solicited celebration manuscripts from the employees at the plants in the PRC and their families, in order to keep everyone in mind the hardship of the development and the joy of sharing the growth of the Group. At the same time, we promote the core value of Impro and enhance team cohesion.

- **The Group's 22nd anniversary dynamic E-Card sending**

On 15 September 2020, the Group sent an e-card through IOS and the Group's mailboxes to express its gratitude to all its staff for the 22nd anniversary of the founding of Impro Group.

Turkish Plants launched caring activities for employees and their families

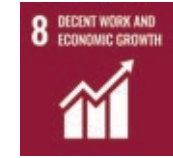
- **“The First Step to Your Career” – a series of lectures on career development for the employees' children at the Turkish Plants**

From 4 November to 6 November 2020, the Turkish plants organized a series of lectures entitled “The First Step to Your Career” for the employees' children, who were approaching graduation from the university. Human resources managers and experts provided them with special training programs to help them better start their careers. These programs include body language training, how to write a letter of job application, job hunting, interview skills, workplace life, and so on.

- **A lecture on “How Children Adapt to New School-family Relationship During the COVID-19 Period” at the Turkish Plants**

On 17 September 2020, the Turkish plants invited a psychological counselor to give a lecture on “How Children Adapt to New School-family Relationship During the COVID-19 Period” for all staff to better assist them in getting along with their children during the COVID-19 Period and had a harmonious family life.

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Epidemic Protection and Caring

Since the outbreak of COVID-19, the Group has attached great importance to the epidemic prevention and protection of our employees, and has actively cooperated with the local government in implementing epidemic prevention and control measures and taking a series of steps and measures to actively resume work and production.

In terms of employee protection, plants in the PRC have adopted comprehensive and meticulous epidemic protection measures, such as commuting to and from work, plant disinfection, daily monitoring, dining in canteens, distribution and disposal of masks, and have publicized epidemic prevention knowledge through bulletin boards, billboards, posters, internal magazine and other carriers to enhance employees' awareness of epidemic prevention and control.

Epidemic Prevention and Protection Measures	
1	Unified pick-up and quarantine: At the initial stage of work resumption, we arrange a bus to pick up and drop off our employees and conduct community quarantine upon the government's request
2	Temperature measurement: Employees are required to pass the temperature test when taking the shuttle bus and entering the plant region, and each on-duty employee is required to take daily morning and afternoon temperature
3	Mask distribution, wearing and disposal: Each employee is distributed 2 masks a day with one for every half a day. We set up a special trash can for discarded masks, and uniformly collect discarded masks
4	Separate dining at the canteen: Ensure the employees' safety by setting up isolation boards, separate tables and so on
5	Sterilization and ventilation: We regularly sterilize each area of the plant every day and sterilize and ventilate the conference room after use
6	Avoiding direct contact in public areas: We provide disposable disinfectant solution in public area such as shuttle buses, conference rooms and canteens, and disposable paper towels in elevators to avoid direct contact in public areas
7	Publicity of prevention and control awareness: We place rollers and posters in prominent positions in public areas such as the Company's plant entrance, canteen entrance, toilet sink and other public areas to enhance our employees' knowledge and awareness of epidemic prevention and control
8	Popular science of epidemic prevention knowledge: A column is set up in the internal magazine Impro Today to publicize COVID-19-related knowledge and enhance employees' awareness of self-prevention and control

Measures for Employee Protection and Safeguard during the Epidemic by Plants in the China Region



Epidemic Prevention Guide



Workplace disinfection



Disperse dining in canteens

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Our Turkish plants had also quickly adopted strict and effective anti-epidemic measures to protect the health and safety of plant employees, including:

- initiating the screening procedure for potentially infected persons and the epidemic risk assessment
- appointing the onsite doctors in the plant to provide trainings on epidemic prevention and control knowledge for employees when the epidemic began to spread
- sharing information and materials on how to exercise human body functions and work efficiently for its employees during working at home period to help the employees work efficiently and live a healthy life at home
- installing TV sets in the staff canteen to broadcast epidemic prevention and control regulations and health and safety lecture slides at any time
- collecting discarded masks, gloves, etc. with special garbage bins
- implementing services such as online meetings and contactless dining
- conducting strict disinfection of workplaces, public facilities, transportation, etc. every day



Epidemic prevention and control propaganda in the staff canteens



Special garbage bin for discarded masks and gloves

In addition to the epidemic prevention measures and material guarantees, we also organized a series of epidemic-themed care activities for employees, including theme photography and essay solicitation activities, aiming to bring warmth and caring to employees and their families who had kept sticking to their positions and working hard during the epidemic.



Excellent works of "My Family's Anti-epidemic Life" Parent-child Painting Activity

Join Hands Together, Safety First



4.4 SAFETY MANAGEMENT

Viewing safety as one of the six essential factors of achieving success, the Group has established a specialized occupational health and safety committee. We continue the 7S management concept of Impro, realize fundamental safety through technical advancement, and enhance the sense of production safety among employees in order to prevent workplace accidents.

Safety Management System

The Group strictly complies with the laws, regulations and standards relating to occupational health and safety at national, regional and industrial level, including the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Occupational Safety Law of Germany (《德國職業安全法》), the Regulations on Safety, Health and Working Environment of the United Mexican States (《墨西哥聯邦安全、衛生和工作環境法規》) and the Law on Occupational Health and Safety of Turkey (《土耳其職業健康安全法》). We keep on promoting the ISO 45001 occupational health and safety management system in all the factories. During the Reporting Period, Wuxi Impro-Bees Precision Hydraulics Co., Ltd and the Turkish plants had both passed ISO 45001:2018 certification. Based on the above-mentioned management system, we have formulated the EHS Control Framework for the China Region of Impro to perform the stringent safety policy consistently in the production process. We have dedicated full-time internal occupational safety officers in most of our production plants as well as full-time or part-time safety management officers in all the production plants.

The Turkish Plants ISO45001 Standard Guidelines and Internal Audit Training

Before the transition from OHSAS 18001 to ISO 45001 occupational health and safety standards, we provided standard guidelines and internal audit training for process managers (including department managers and internal auditors). As a legal obligation, we completed this training to meet the new standards.




The Group has promoted the 7S management concepts throughout the entire process of business operation. These management concepts are based on the widely accepted 5S workplace organization methodology, namely, Sort (Seiri), Set in Order (Seiton), Shine (Seiso), Standardize (Seiketsu) and Sustain (Shitsuke). We have further expanded the 5S method by including Safety and Saving in order to provide a safe, comfortable and bright working environment for employees.

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Safety Management Measures

The Group attaches great importance to employees' occupational health protection. We have taken effective measures in various aspects to improve the occupational health and safety environment continuously, and have effectively prevented workplace accidents.

- 
 - Establish employee occupational health files, arrange employees to undergo health checkups and occupational health checks every year, and issue check reports
- 
 - Develop labor protection appliances wearing standards for each position, distribute international top brand personal protective equipment to employees, and establish a personal protective equipment (PPE) management and inspection system
- 
 - By installing central air-conditioning equipment and making noise improvement in our workshops, we are committed to providing employees with a safe and comfortable working environment
- 
 - Carry out hazard inspections for workplace regularly, issue inspection reports and establish occupational hazard bulletin boards
- 
 - Provide new employees with safety handbook and additional training on occupational safety and health, and they may only enter the workplace after completion of training
- 
 - Prepare emergency plan for safety incidents and conduct emergency drills

Measures to safeguard occupational health and safety



Employee labor protection appliances wearing regulations

Join Hands Together, Safety First



Workplace Improvement Measures for Plants in the China Region and Turkey

Central air conditioning equipment had been installed in the workshops of the fourth machining plant of Impro Industries (Yixing) Co., Ltd. to prevent employees from heatstroke due to high temperatures.



Wuxi Impro-Bees Precision Hydraulics Co., Ltd had launched a noise improvement plan to reduce the working time of high-noise sandblasting positions, and its employees were mandatorily required to wear earplugs and earmuffs. Plunger cleaning ultrasonic machines had been effectively separated to separate the operators from the operating equipment.



Nantong Shenhai Science and Industrial Technology Co., Ltd. had applied noise reduction technology to install soft plates in the feeding mechanism, install soft leathers in the blanking mechanism, and use baffles in the material frame during blanking to reduce noise, which had greatly improved the noise environment.

The Turkish plants had regularly conducted noise detection in the workplace and drawn a noise map. Employees could use the map to know the workplaces with noise exceeding the limit and earplugs had been distributed. At the same time, it had regularly inspected air quality, dust, lighting, and oil vapor escape in the workplaces to ensure that it would be below the legal value. In addition, all the basements of the CMTR-1 plant had been equipped with ventilation devices to ensure the air circulation in the underground working environment.



Ventilation devices in the basements of the CMTR-1 plant

Join Hands Together, Safety First



The Group believes that “preventing problems before they occur” is an important way to reduce safety incidents. We insist on implementing every safety hazard investigation and carefully conducting every safety drill. Each plant of the Group has formulated a detailed safety inspection plan to gradually investigate potential safety hazards through internal self-inspection or hiring third-party organizations or persons to assist in the inspection based on the frequency of monthly, quarterly or holiday. After each inspection, a rectification plan is formulated, and relevant departments and responsible persons are urged to implement the plan and make rectification. The results of potential hazard investigation and rectification will be reported online. We encourage all the employees to actively participate in safety production management. The potential safety hazards that the employees have actively detected would be verified by the safety management department, and corresponding material rewards would be given according to the size of the potential hazards. Such measures would improve the safety awareness of employees, eliminate possible safety accidents and create a good atmosphere of “everyone investigates potential hazards, and everyone protects safety”.

In addition, each plant has carried out safety emergency drills to enable relevant plant staff to have a deeper understanding of accident emergency response, discover and solve problems from the drills, and accumulate experience for responding to various safety emergencies in the future.

Safety Emergency Drill for Plants in the China Region

During the Reporting Period, the plants in the China Region had carried out various emergency drills and practices including fire safety drills, chemical leakage emergency drills, first aid drills for heatstroke, emergency drills in limited space, special equipment (crane) incident.



Fire safety drill



Chemical leakage emergency drill



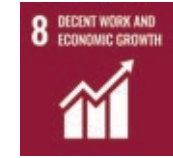
Emergency evacuation drill



Emergency drill in limited space



Join Hands Together, Safety First



During the Reporting Period, there was no occurrence of work-related fatalities in the Group, but there was a total of 98 work-related accidents and approximately 920 lost days of work due to workplace injuries happened. After occurrence of a work-related injury, the department concerned immediately reported the case to the head of the EHS department, and submitted a written investigation and analysis report on the accident. After that, the EHS department presented a briefing on the accident, and was in charge of tracking the progress of completing the rectification measures, and prepared a full report.



The Group's Safety Accident Response Process

Safety Culture

The Group attaches great importance to the construction of safety culture, and strengthens safety awareness and safety skills of its employees through safety training and a series of safety propagandas and activities; we have formulated and utilized the ASSETS model to promote fundamental safety, aiming at "zero accident".



ASSETS model of Impro Group

Each plant formulates a detailed safety training plan every year and carries out a variety of safety training courses. The training courses for plants in the China Region include 3D safety training for employees, EHS knowledge and skills lectures, fire safety training, heatstroke prevention knowledge lectures and safety administrator training. In addition, some factories hold the "Safety Production Activity Month" event, organize all employees to learn about safety knowledge and take relevant tests on their mobile phones, and set up a point reward system, whereby the top three employees in points can get rewards.

Join Hands Together, Safety First



New employees, management trainees and apprentices in the Turkish plants will receive occupational health and safety training, and be provided with environmental and occupational health and safety regulation cards; customers, visitors and suppliers should be clearly informed of the occupational health and safety regulations of the Company, and when visitors come to visit, in addition to plant passes, we will also distribute “visitor health cards” to them to ensure that the visitors are fully informed of the safety system and safety risks.

In addition, the Turkish, German and Mexican plants have also carried out safety training and activity projects with local characteristics based on their geographical attributes and occupational health and safety risks.

Safety Training in the Mexican plant

Impro Mexican plant has carried out a wide range of safety training courses, including safety risk analysis, human body function, “5S” workplace organization methodology, first-aid team training, dangerous physical condition treatment and other courses. At the same time, it carries out “5 minutes talk on safety” with different themes every day, introducing health and safety knowledge and first aid knowledge. We have also launched a series of “healthy living actions”, such as coping with obesity.

Lectures on the Health and Safety for Employees of the Turkish plants

Smoking cessation training

On 10 February 2020, when the World No Tobacco Day was approaching, we organized a “smoking cessation” training for white-collar employees, which was provided by YEILAY (Green Crescent Foundation (綠新月基金會)), for the purpose of caring for the health of employees with smoking habits and helping them quit smoking.

Earthquake awareness training

On 21 February 2020, we held an “Earthquake Awareness Training” provided by AKUT (a search and rescue association) during the Earthquake Week to popularize earthquake knowledge and anti-seismic measures to employees so that they can protect themselves in the event of an earthquake.

Lecture on “Alert: Don’t Be Late for Breast Cancer Awareness”

On 20 October 2020, we organized the lecture on “Alert: Don’t Be Late for Breast Cancer Awareness” made by surgeons of local hospitals for female employees on the online platform, aiming to strengthen female employees’ awareness of breast cancer and care for the health of female employees.

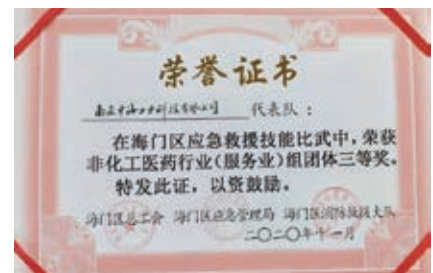
The Group has also strengthened its safety guidance for employees through onsite publicity of job safety, security risk bulletin boards, posting onsite safety signs and occupational health and safety protective equipment tours. During the Reporting Period, the Security Office of Nantong Shenhai Science and Industrial Technology Co., Ltd. sent a team to participate in the fifth “Emergency Rescue Skills Competition in Haimen District” hosted by the Haimen District Federation of Trade Unions, the Haimen District Emergency Management Bureau and the Haimen District Fire Rescue Brigade in 2020, and won the third prize of the non-chemical and pharmaceutical industry group.



Security risk bulletin board

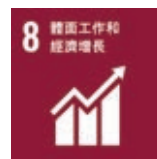


Onsite publicity of job safety



Nantong Shenhai Science and Industrial Technology Co., Ltd. won the third prize of the non-chemical and pharmaceutical industry (service industry) group in the Emergency Rescue Skills Competition in Haimen District

Bring Love to Communities



5.1 COMMUNITY EXCHANGE

We actively carried out continual investment in various plants, being committed to bringing more employment opportunities to communities where we operate, and contributing to local education and talent development.

Our Plant Internship Program in Mexico

Our Mexican plant actively cooperated with local universities to exploit talent recruitment channels and promote localized employment. By recruiting directly from partner schools and posting job vacancies on job search websites, we provided employment opportunities for local outstanding talents. At present, our Mexican plant has started school-enterprise cooperation with 5 local universities.

Our Plant-Campus Exchange Program in Turkey

Our Turkish plants has long carried out internship and apprenticeship programs. 15 apprentices and 22 interns from vocational schools have joined the Company through the program to receive further training on vocational skills. On 5 March 2020, we visited İzmit Technical and Vocational High School, where our HR manager, R&D engineers, repairing engineers and others from our Turkish plants gave lectures on corporate profile, vocational career, and technical issues of R&D and repairing for 19 students.

5.2 CARING ABOUT COMMUNITIES

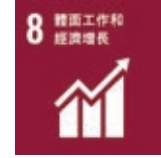
We paid attention to the quality of life in communities, and cared about communities with donations and spiritual supports, doing our part for a healthy and happy life in communities through caring activities or public welfare lectures. We also carried out a series of donation activities, hoping to provide our supports to those who need care and help, so that they could get more warmth and love.

“Smell of Donated Books Overflows in Bookstore” – Book Donation of Impro-Bees Hydraulics and the Unveiling Ceremony of Impro-Bees Bookstore

On 10 November 2020, “Smell of Donated Books Overflows in Bookstore” – Book Donation of Impro-Bees Hydraulics and the Unveiling Ceremony of Impro-Bees Bookstore was held in Wenlin Central Primary School. For more than two decades, Wuxi Impro-Bees Precision Hydraulics Co., Ltd has successively made donations to Wenlin Primary School: Impro-Bees Electronic Reading Room, Impro-Bees Recording and Broadcasting Classroom, Impro-Bees Playground, with a total donation of more than RMB1 million. In this activity, with our deep affection to support educational development, and our deep care for the growth of next generation, we once again donated 3,600 books worth RMB50,000 to Wenlin Central Primary School.



Bring Love to Communities



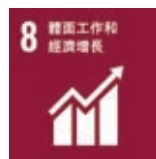
Our German plant's Caring activity for Disabled Persons

There is a small metal processing factory founded by a disabled person near our German plant, where the workers inside have different degrees of physical disabilities. In order to help people there to work better, and in response to the local government's encouragement to purchase products from the factory, we handed over part of the processing work to the processing factory, which increased the revenue of the processing factory and created more employment opportunities for more disabled persons.

During the Reporting Period, Impro International Limited ("IMHK"), Hong Kong Office of the Group, has been awarded the "Caring Company" award by the Hong Kong Council of Social Service in recognition of its commitment to the caring of community, staff members and the environment. IMHK has also been awarded the "Social Capital Builder" by the Community Investment & Inclusion Fund under Hong Kong Labor and Welfare Bureau in recognition of our involvement of volunteering and social service activities. We also participated the "Say Yes to Breastfeeding" campaign during the year as initiated by the Hong Kong Committee for UNICEF (UNICEF HK), in collaboration with the Food and Health Bureau, Department of Health.



Bring Love to Communities



5.3 SUPPORT FOR ANTI-PANDEMIC

During the COVID-19 pandemic, the Group cared about the society while making its efforts in epidemic prevention, and joined hands with all walks of life to fight the pandemic using its own resources and advantages in the form of assistance.

Donating money and goods to fight the pandemic

During the pandemic, the Group actively took advantage of the reliable and flexible global supply chain system and purchased more than 1 million masks from Europe. In addition to distributing masks to employees and customers, the Group also made 14 donations to hospitals, communities, schools and government agencies, in which we donated approximately 130,000 masks.

On 6 November 2020, in response to the call of local government, our Turkish plants made donation to the neighborhood public security agency, in an effort to ensure the safety of the neighborhood community during the pandemic.

Impross Impeller (Yixing) Co., Ltd. won the “Contribution Award for Anti-pandemic and Supply Guarantee in 2020” from Cummins

On 7 January 2021, at the online supplier communication meeting organized by Cummins ABO, Impross Impeller (Yixing) Co., Ltd., as a supplier of Wuxi Cummins Turbocharging Technology Co., Ltd. (無錫康明斯渦輪增壓技術有限公司), was awarded the “Contribution Award for Anti-pandemic and Supply Guarantee in 2020”. Cummins saw huge increase in market demand in the third and fourth quarters of 2020, resulting in a surge in its purchase from the Company. Impro delivered the increased purchase and its monthly quality and delivery performance scores were all A (four levels in total, namely A, B, C and D), thus ensuring the stability of Cummins’ supply chain.



The Contribution Award for Anti-pandemic and Supply Guarantee in 2020

Appendix 1 ESG Content Index

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE STOCK EXCHANGE

Indicators	Details	Disclosures	Remarks
<i>A. Environmental</i>			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.1 Environmental Management 3.3 Low Carbon and Emission Reduction	
KPI A1.1	The types of emissions and respective emissions data.	3.3 Low Carbon and Emission Reduction	
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3 Low Carbon and Emission Reduction	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3 Low Carbon and Emission Reduction	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3 Low Carbon and Emission Reduction	
KPI A1.5	Description of measures to mitigate emissions and results achieved.	3.3 Low Carbon and Emission Reduction	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.3 Low Carbon and Emission Reduction	
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2 Energy Saving and Consumption Reduction	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.2 Energy Saving and Consumption Reduction	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.2 Energy Saving and Consumption Reduction	
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	3.2 Energy Saving and Consumption Reduction	

Appendix 1 ESG Content Index

Indicators	Details	Disclosures	Remarks
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.2 Energy Saving and Consumption Reduction	Water resources of the Group are sourced from municipal pipe network, and there is no difficulty in sourcing water.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.2 Energy Saving and Consumption Reduction	
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	3.1 Environmental Management	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1 Environmental Management	
<i>B. Social</i>			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	4.1 Equality in Employment	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1 Equality in Employment	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Equality in Employment	
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.4 Safety Management	
KPI B2.1	Number and rate of work-related fatalities.	4.4 Safety Management	
KPI B2.2	Lost days due to work injury.	4.4 Safety Management	

Appendix 1 ESG Content Index

Indicators	Details	Disclosures	Remarks
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.4 Safety Management	
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.2 Talents Development	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.2 Talents Development	
KPI B3.2	The average training hours completed per employee by gender and employee category.	4.2 Talents Development	
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1 Equality in Employment	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Equality in Employment	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Equality in Employment	
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.3 Cooperation for Mutual Benefits	
KPI B5.1	Number of suppliers by geographical region.	2.3 Cooperation for Mutual Benefits	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2.3 Cooperation for Mutual Benefits	
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1 Quality First 2.2 Scientific Research and Innovation	

Appendix 1 ESG Content Index

Indicators	Details	Disclosures	Remarks
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.1 Quality First	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.3 Cooperation for Mutual Benefits	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.2 Scientific Research and Innovation	
KPI B6.4	Description of quality assurance process and recall procedures.	2.1 Quality First	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.3 Cooperation for Mutual Benefits	
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Ethics	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business Ethics	
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5. Social Responsibility	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.1 Community Exchange 5.2 Caring About Environment	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	5.3 Support for Anti-pandemic	

Appendix 1 ESG Content Index

CORE CONTENT INDEX OF “GRI STANDARD”

Disclosure Issue/Item	Headline of Disclosure Item	Chapter
GRI 101: Foundation 2016		Overview of Impro Group
GRI 102: General Disclosures 2016		
Organization Profile		
102-1	Name of Organization	Overview of Impro Group
102-2	Activities, Brands, Products and Services	Overview of Impro Group
102-3	Location of Headquarters	Overview of Impro Group
102-4	Location of Operations	Overview of Impro Group
102-5	Ownership and Legal Form	Overview of Impro Group
102-6	Markets Served	Overview of Impro Group
102-7	Scale of Organization	Overview of Impro Group
102-8	Information on Employees and Other Workers	4.1 Equality in Employment
102-9	Supply Chain	2.3 Cooperation for Mutual Benefits
Strategy		
102-14	Statement from Senior Decision-makers	Message from Our Management
102-15	Key Impacts, Risks and Opportunities	Overview of Impro Group
Ethics and Integrity		
102-16	Values, Principles, Standards and Code of Conduct	Overview of Impro Group
102-17	Mechanisms for Ethical Advice and Concerns About Ethics	1.2 Business Ethics
Governance		
102-18	Governance Structure	1.1 Responsible Governance
102-20	Responsibilities of Executive Management for Economic, Environmental and Social Issues	1.1 Responsible Governance
102-21	Consultation with Stakeholders on Economic, Environmental and Social Issues	1.1 Responsible Governance
102-22	Composition of the Highest Governance Body and Its Committees	1.1 Responsible Governance
102-23	Chairman of the Highest Governance Body	1.1 Responsible Governance

Appendix 1 ESG Content Index

Disclosure Issue/Item	Headline of Disclosure Item	Chapter
102-24	Nomination and Selection of the Highest Governance Body	1.1 Responsible Governance
102-25	Conflict of Interest	1.2 Business Ethics
102-26	Role of the Highest Governance Body in Formulating Purpose, Value Concept and Strategies	1.1 Responsible Governance
102-29	Identification and Management of Economic, Environmental and Social Impacts	1.1 Responsible Governance
102-31	Review of Economic, Environmental and Social Issues	1.1 Responsible Governance
102-32	Role of the Highest Governance Body in Sustainable Development Report	About This Report 1.1 Responsible Governance
102-33	Communication of Important Concerns	Reporting Method
102-34	Nature and Total Number of Important Concerns	1.4 Analysis of Material Issues
Stakeholder Engagement		
102-40	List of Stakeholders	1.3 Communication with Stakeholders
102-42	Identification and Selection of Stakeholders	1.3 Communication with Stakeholders
102-43	Stakeholder Engagement Policy	1.3 Communication with Stakeholders
102-44	Major Issues Raised and Concerns	1.4 Analysis of Material Issues
Reporting Practice		
102-45	Entities Covered in Combined Financial Statements	About This Report
102-46	Definition of Report Contents and Issue Boundaries	About This Report
102-47	List of Substantive Issues	1.4 Analysis of Material Issues
102-48	Information Restatement	About This Report
102-49	Report Changes	About This Report
102-50	Reporting Period	About This Report
102-51	Latest Reporting Date	About This Report
102-52	Reporting Cycle	About This Report
102-53	Contact Information for Issues Related to This Report	About This Report
102-54	Statement of Reporting in Compliance with GRI Standards	About This Report

Appendix 1 ESG Content Index

Disclosure Issue/Item	Headline of Disclosure Item	Chapter
102-55	GRI Content Index	Appendix 1: ESG Content Index
GRI 103: Management Measures 2016		
General Requirements for Report Management Methods		
103-1	Explanation of Substantive Issues and Their Boundaries	1.4 Analysis of Material Issues
103-2	Management Method and Its Components	
103-3	Evaluation of Management Methods	
Economy		
GRI 201: Economic Performance 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	About Impro
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
201-1	Economic Value Directly Generated and Distributed	Economic Value
201-2	Financial Impact Brought About by Climate Changes and Other Risks and Opportunities	3.3 Low Carbon and Emission Reduction
201-3	Compulsory Fixed Benefit Plan and Other Retirement Plans	4.1 Equality in Employment
GRI 205: Anti-Corruption 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	1.2 Business Ethics
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
205-1	Operation Points Which Have Been Assessed for Corruption Risk	1.2 Business Ethics
205-2	Communication and Training of Anti-Corruption Policies and Procedures	1.2 Business Ethics
205-3	Confirmed Corruption Incidents and Actions Taken	1.2 Business Ethics

Appendix 1 ESG Content Index

Disclosure Issue/Item	Headline of Disclosure Item	Chapter
Environment		
GRI 301: Materials 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	3.1 Environmental Management
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
301-1	Weight or Volume of Materials Used	3.2 Energy Saving and Consumption Reduction
301-2	Use of Recycled Materials	3.2 Energy Saving and Consumption Reduction
GRI 302: Energy 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	3.1 Environmental Management
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
302-1	Energy Consumption Within Organization	3.2 Energy Saving and Consumption Reduction
302-2	Energy Consumption Outside Organization	3.2 Energy Saving and Consumption Reduction
302-3	Energy Intensity	3.2 Energy Saving and Consumption Reduction
302-4	Reductions in Energy Consumption	3.2 Energy Saving and Consumption Reduction
302-5	Reductions in Energy Demand for Products and Services	3.2 Energy Saving and Consumption Reduction
GRI 303: Water Resources 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	3.1 Environmental Management
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
303-3	Water Recycling and Reuse	3.2 Energy Saving and Consumption Reduction
GRI 305: Emissions 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	3.1 Environmental Management
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	

Appendix 1 ESG Content Index

Disclosure Issue/Item	Headline of Disclosure Item	Chapter
305-1	Direct (Scope 1) Greenhouse Gas Emissions	3.3 Low Carbon and Emission Reduction
305-2	Indirect (Scope 2) Greenhouse Gas Emissions Related to Energy	3.3 Low Carbon and Emission Reduction
305-4	Greenhouse Gas Emission Intensity	3.3 Low Carbon and Emission Reduction
305-5	Reductions in Greenhouse Gas Emissions	3.3 Low Carbon and Emission Reduction
305-7	Emissions of Nitrogen Oxides (NO _x), Sulfur Oxides (SO _x) and Other Major Gas	3.3 Low Carbon and Emission Reduction
GRI 306: Wastewater and Wastes 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	3.1 Environmental Management
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
306-1	Total Amount of Water Discharge by Water Quality and Discharge Destination	3.3 Low Carbon and Emission Reduction
306-2	Total Amount of Wastes by Type and Treatment Method	3.3 Low Carbon and Emission Reduction
GRI 307: Environmental Compliance 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	3.1 Environmental Management
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
307-1	Non-compliance with Environmental Laws and Regulations	3.1 Environmental Management
GRI 308: Supplier Environmental Assessment 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	2.3 Cooperation for Mutual Benefits
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
308-1	New Suppliers Selected Using Environmental Standards	2.3 Cooperation for Mutual Benefits

Appendix 1 ESG Content Index

Disclosure Issue/Item	Headline of Disclosure Item	Chapter
Society		
GRI 401: Employment 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	4.1 Equality in Employment
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
401-2	Benefits Provided to Full-time Employees (Excluding Temporary or Part-Time Employees)	4.1 Equality in Employment
GRI 403: Occupational Health and Safety 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	4.4 Safety Management
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
403-1	Worker Representatives in the Labour/Management Joint Health and Safety Committee	4.4 Safety Management
403-2	Types of Work-Related Injuries, and Rates of Work-Related Injuries, Occupational Diseases and Lost Working Days, Absence	4.4 Safety Management
GRI 404: Training and Education 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	4.2 Talent Development
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
404-1	Average Training Hours of Each Employee Each Year	4.2 Talent Development
404-2	Employee Skill Improvement Plan and Transition Assistance Plan	4.2 Talent Development
GRI 405: Diversity and Equal Opportunity 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	4.1 Equality in Employment
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
405-1	Diversity of Governance Institutions and Employees	1.1 Responsible Governance

Appendix 1 ESG Content Index

Disclosure Issue/Item	Headline of Disclosure Item	Chapter
GRI 408: Child Labor 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	4.1 Equality in Employment
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
408-1	Operation Sites and Suppliers with Significant Risk of Child Labor Incidents	4.1 Equality in Employment
GRI 409: Forced or Compulsory Labor 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	4.1 Equality in Employment
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
409-1	Operation Sites and Suppliers with Significant Risks of Forced or Compulsory Labor Incidents	4.1 Equality in Employment
GRI 413: Local Community 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	5. Social Responsibility
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
413-1	Operation Point with Local Community Participation, Impact Assessment and Development Plan	5.1 Community Exchange
GRI 414: Supplier Assessment for Impacts on Society 2016		
GRI 103: Management Measures 2016	103-1 Explanation of Substantive Issues and Their Boundaries	2.3 Cooperation for Mutual Benefits
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	
414-1	New Suppliers Selected Using Social Standards	2.3 Cooperation for Mutual Benefits
	103-2 Management Method and Its Components	
	103-3 Evaluation of Management Methods	

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鷹普精密工業有限公司
Impro Precision Industries Limited