



中國高速傳動設備集團有限公司

China High Speed Transmission Equipment Group Co., Ltd.

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 658)

2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

*For identification purpose only



Contents

About the Report	01
Board Statement	02
About Us	02
Sustainable Development Management	03
Stakeholder Communication and Materiality Assessment	05

1 Corporate Governance

Corporate Governance Framework	08
Anti-corruption and Anti-bribery	09

2 Green and Low-Carbon Development

Environmental Management System	12
Tackling Climate Change	13
Resource Planning and Recycling Measures	15
Air Pollutant, Wastewater and Waste Management	16

3 Product Responsibility

Product Quality and Safety	22
Product R&D and Technological Innovation	24
Customer Service	29

4 Sustainable Supply Chains

Sustainable Supply Chains	32
---------------------------	----

5 Employment Management

Employees' Rights and Benefits	34
Employee Training and Development	36
Health and Safety	38
Caring for Employees	41

6 Public Welfare and Community Engagement

Public Welfare and Community Engagement	43
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KPIs of the HKEX ESG Reporting Guide	44
HKEX ESG Reporting Guide Content Index	49

About the Report

China High Speed Transmission Equipment Group Co., Ltd. (hereinafter referred to as "China High Speed Transmission", "China Transmission" or "the Company") and its subsidiaries (collectively referred to as "the Group" or "We") hereby present the sixth Environmental, Social and Governance ("ESG") Report ("the Report"). For detailed information on corporate governance, it is recommended to read in conjunction with the section "Corporate Governance Report" in the Group's 2021 Annual Report.

Reporting Scope and Period

Unless otherwise stated, this Report covers the sustainable development philosophy, strategy and performance of our major manufacturing business segments in Mainland China (design, manufacturing and distribution of wind gear transmission equipment and industrial gear transmission equipment) during the period from 1 January 2021 to 31 December 2021 ("The Reporting Period"). Compared with the 2020 *Environmental, Social and Governance Report* of the Group, the Report has no major change of the reporting scope.

Reporting Standards

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("the ESG Guide") under Appendix 27 to the Rules Governing the Listing of Securities ("the Listing Rules") published by The Stock Exchange of Hong Kong Limited ("HKEX"), comprising the mandatory disclosure requirements and "comply or explain" provisions. The Report has also complied with the Reporting Principles of Materiality, Quantitative, Balance and Consistency set out in the ESG Guide.

Access to the Report

The Report is available in both Traditional Chinese and English, which can be found on the HKEX's website at www.hkexnews.hk and the website of the Group at www.chste.com. In case of discrepancies between the Traditional Chinese version and the English version, the Traditional Chinese version shall prevail.

Feedback

The purpose of this Report is to fulfil the non-financial reporting obligations, and more importantly, to establish a communication platform to strengthen the understanding between stakeholders and us, and provide valuable guidance for the sustainable development of the Group. We welcome advices from people from all walks of life on the contents and reporting methods of this Report as well as our sustainable development performance via email to ir@chste.com.

Board Statement

The board of directors of the Company ("the Board") has continuously examined Environmental, Social and Governance issues, formulated and improved corresponding management policies and strategies. We commit to promote the Group to better integrate Environmental, Social and Governance into our long-term strategic development and business operations.

The Board encourages the promotion of sustainable transformation and innovation, and holds meetings in order to discuss sustainable development management and responses to climate change. We commit to the concept of green and low-carbon development and put climate change risk and opportunity management on the key agendas of the Board. The strict adherence to ethical standards and the strengthening of compliance in operation have also become the focus of the Board. Through systematic training, publicity and education, the Group promotes integrity in business practices, enhances employees' awareness of business ethics, standardizes employees' behaviour, and prevents the corruption and bribery.

In 2022, the Board will strive to improve the Environmental, Social and Governance framework and system, strengthen the compliance management in, among others, environmental protection, supply chain codes, employees' rights in health and safety, and data security. Also, we will continue to join hands with all stakeholders to tap and secure the multi-dimensional benefits in high-end manufacturing industries, create and share an efficient and sustainable future.

This report has been considered and approved by the Board held on 26 May 2022.

About Us

Company Profile

The Group is principally engaged in the research, design, development, manufacture and distribution of a broad range of mechanical transmission equipment that are used in wind power and a wide range of industrial applications. We have strong technical force, rich production experience and advanced manufacturing technology. By virtue of our long-term technical innovation and technological progress, we have become a leading supplier of gear transmission equipment globally, featuring stable growth, reliable quality and perfect service. As a national-level technology centre, we have undertaken a couple of national frontier technology projects, for which we have been selected as the Model Enterprise of CIMS Application under the 863 Program, the National Innovative Pilot Enterprise and the National Demonstrative Enterprise of Technology Innovation.

Business Distribution

While consolidating the presence in the domestic market in China, the Group has established operation centres and service centres in America, Europe, and the Asia-Pacific regions with an open attitude and a global strategy, by which to provide quality products and service for international customers, thus further improving the Group's brand influence and achieving global and rapid development. Under the global strategic framework of focusing on the development of transmission technology, we keep growing at a pace faster than the market average through our proactive market strategy, continuous development in innovation, advanced manufacturing technologies, management concept of "zero defects", high-level investments in human resources and construction of excellent corporate culture. As a result, we have become a stable and sustainable leader of the industry.

Corporate Culture

The Group always takes "Geared for a Better Future" as its mission, adheres to the quality guideline of "Quality First, Customer Focus, Good Service, Faith as a Base" and practises the corporate spirit of "Climb up the summit step by step, Strive for perfection bit by bit" by which to strive to become the leader in the global transmission equipment industry.

Sustainable Development Management

Taking sustainable development as our long-standing concept, the Group actively responds to the United Nation's Sustainable Development Goals (SDGs), incorporates environmental, social and governance into its corporate governance, and strives to create common value for stakeholders and promote the sustainable development of the Group and society. We believe that sustainable development is reflected not only in good environmental protection or contribution to the wider community, but also in the raising of employees' and business partners' awareness of environmental protection, so as to deepen the sustainable development concept at all levels of our business.

We integrate the concept of sustainable development into the daily operation and management of the Group by combining the expectations of stakeholders such as regulators, stakeholders, employees, customers and suppliers. At the level of the Group, we have formulated and improved relevant risk management policies in accordance with the laws and regulations of the State, local governments and the industry in a bid to effectively examine and monitor the environmental, social and governance risks during the Group's development. The management identifies, evaluates, controls, supervises and manages relevant risks, improves the organization and operation mechanism for risk management, and reports to the Board at least once a year.

The Group has specified the responsibilities of the personnel at all levels for environmental protection, formulated the Emergency Plan for Environmental Emergencies and conducted regular drills. We ensure that all environmental protection systems are put in place through regular inspections by various responsible units during the production process and irregular spot checks in cooperation with relevant regulators. At the level of our subsidiaries, we have established safety and environment departments for implementing ESG management requirements in compliance with the Group's management system. And we established and implemented the Environmental, Occupational Health and Safety (EHS) Management System in the daily operation of subsidiaries. At the beginning of each year, the subsidiaries formulate ESG risk management objectives and measures according to the requirements of the Group, and the heads of departments assume risk management responsibilities and closely supervise the implementation of relevant objectives.

The Group has passed the ISO9001:2015 Quality Management System Certification, ISO14001:2015 Environmental Management System Certification and ISO45001:2018 Occupational Health and Safety Management System Certification. At the same time, we believe that in addition to identifying risks, we should identify potential opportunities, provide reference for the formulation of the Group's annual strategic objectives, and improve the Group's solutions to sustainable development.



Description of Risks and Opportunities

Solutions

Corresponding Sustainable Development Goals

Environment

- To address climate change, an increasing number of countries and enterprises in the same industry have successively committed to "carbon neutrality", which is both a challenge and an opportunity for the Group.
- According to the *Renewables 2020- Analysis and forecast to 2025* published by the International Energy Agency, renewable energy will surpass coal and become the largest source of power generation in the world by 2025.

- The Group is actively building a strategic management system for environmental, social and governance affairs, and exploring new medium and long-term carbon emission reduction targets, meanwhile, we are cooperating with upstream and downstream industry chains to jointly promote the overall green development of the industry.
- The Group has improved energy efficiency through equipment renovation and technology upgrading, and continuously introduced high-efficiency and energy-saving equipment to reduce fossil energy consumption. At the same time, it improves the utilization rate of green electricity, and promotes the realization of energy conservation, environmental protection and sustainable development.
- The Group has set up a guard team for finless porpoise so as to continuously carry out activities for protecting finless porpoise and improve the ecological environment of the Yangtze River, thus protecting the biodiversity there.



Society

- Chinese talents, especially fresh graduates, have changed their career development concept. This, to a certain extent, affects the attractiveness of companies in the manufacturing industry to talents. At the same time, due to the positive impact of the environmental protection policy and the goal of "carbon peak and carbon neutrality" of China, there arise many development opportunities in the wind power enterprises and other industries in the future.
- The Group has domestic and overseas service centers with a large number of employees. And the COVID-19 pandemic since 2020 has posed great challenges to their health and safety management.

- The Group is currently attracting college students to visit the Group by means of such activities as school-enterprise cooperation, title sponsorship for university activities and Open Day, and expanding its influence in the manufacturing industry by launching new media operations.
- To protect the health and safety of employees, the Group has taken a number of protective measures in the workplace, arranges employees to work at home as appropriate and prohibits unnecessary business trips, with a view to maintaining business operation of the Group as usual.



Corporate governance

- Faced with the increasingly complicated political and economic environment at home and abroad, and with the intensification of environmental protection policy, the Group has faced certain challenges regarding the compliance and supervision in the political, economic and environmental domains.







- The Group provides its suppliers with transparent and clear rules, development goals and requirements, and provides product optimization, technical training and other support for them. At the same time, by introducing advanced equipment, we have carried out a couple of measures in waste management and other fields in a bid to ensure that our business operations will meet the requirements of environmental protection-related policies and successfully manage the compliance risks and achieve sustainable development of the Group.



Stakeholder Communication and Materiality Assessment

While pursuing steady business development, we actively fulfill our social responsibilities. We measure business development and the expectations and demands of various stakeholders, and work with stakeholders to jointly build the sustainable development of the Group. Our main stakeholders include customers, suppliers, shareholders, employees, trade unions, government and regulatory agencies, the public and nearby communities.

Continuous and consistent communication with different types of stakeholders is very important for creating a clear and positive mutual understanding and establishing an effective and long-term relationship. Stakeholders' perspectives, priorities and expectations are helpful for us to identify risks and opportunities, balance interests and make informed decisions. We have conducted two-way dialogues with internal and external stakeholders on the potential environmental and social impacts of the Group. We try to connect with stakeholders through various channels, communicate closely with them through daily business exchanges, forums, meetings, shareholders' meetings, trainings, sharing meetings and seminars, etc., and positively understand the ideas, concerns and needs of all parties, so as to protect the interests of stakeholders and uphold the high standards of management and compliance.

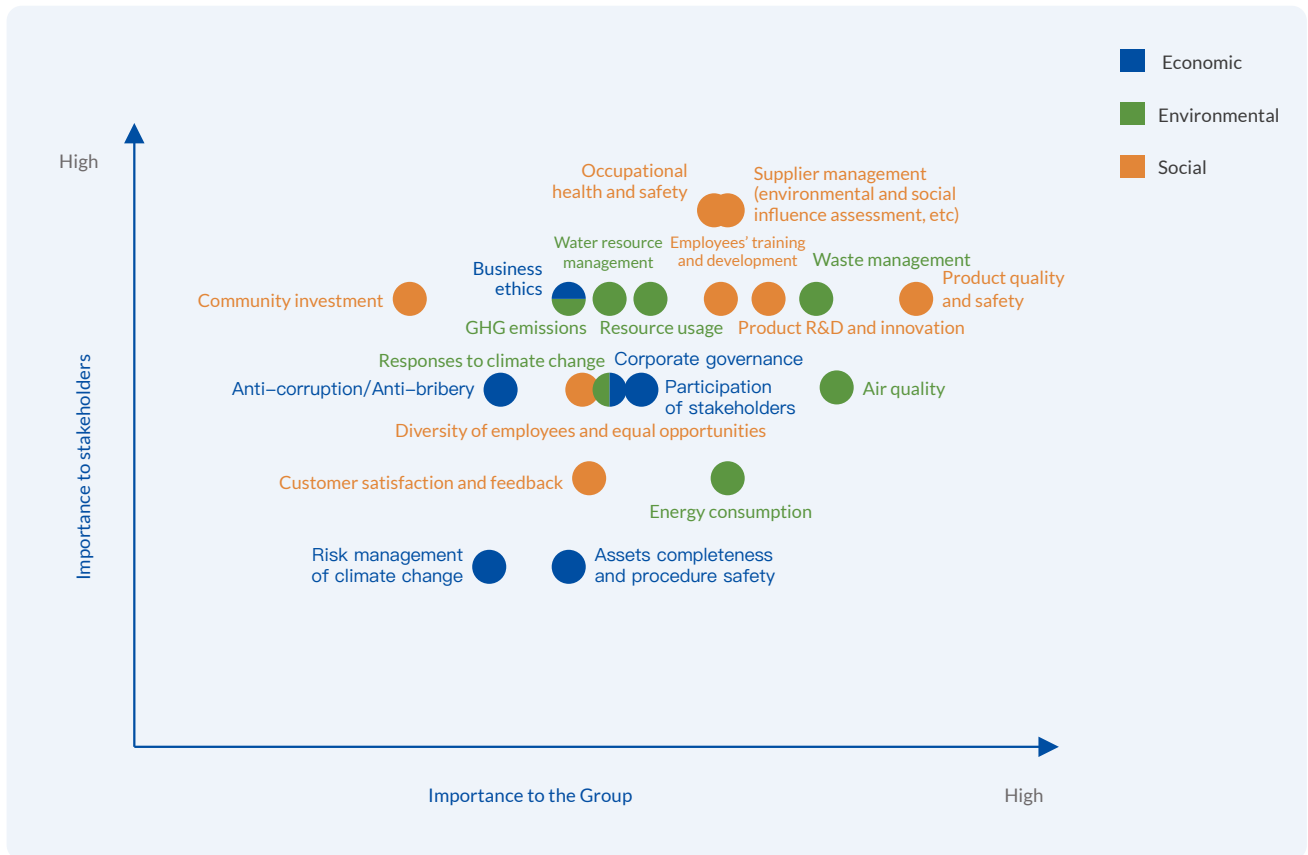
Key stakeholders	Main concerns/Material issues	Ways of communication
 Customers	<ul style="list-style-type: none"> • Responses to climate change/carbon emission reduction • Product responsibility • Circular economy 	<ul style="list-style-type: none"> • Exchange visit with customers and Customers' Day • Official website and official account of social media platforms • Communication via customer's hotline, and meetings with customers • Customer satisfaction survey • Communication of routine business activities
 Suppliers	<ul style="list-style-type: none"> • Fair competition • Training and empowerment • Cooperative supply • Social responsibilities • Energy saving and emission reduction 	<ul style="list-style-type: none"> • Visit to a supplier or a supplier's visit and the meetings of suppliers • Exchange meeting • Official website and official account of a social media platform • Communication of routine business activities
 Shareholders	<ul style="list-style-type: none"> • Open and transparency • Contribution to the economy, society and environment 	<ul style="list-style-type: none"> • General meeting of shareholders • Regular report and company announcement • Exchange meeting • Official website and official account of a social media platform
 Employees and trade union	<ul style="list-style-type: none"> • Occupational health and safety • Salary, welfare and incentives • Employees' training and development • Employee relations and work experience 	<ul style="list-style-type: none"> • Meetings of employee representatives and internal meetings • Email and mailbox for general manager • Internal publications • Official account of a social media platform
 The government and supervisory authority	<ul style="list-style-type: none"> • Compliance management • Employment and value creation 	<ul style="list-style-type: none"> • Policies and guidelines • Meetings of government • Notice of regulation • Site investigation
 General public and nearby communities	<ul style="list-style-type: none"> • Local employment and purchase • Environmental protection • Contribution for communities 	<ul style="list-style-type: none"> • Site visit • Charitable activities • Official website and official account of a social media platform

As the society attaches more importance to sustainable development and concerns more about climate change risks, and stakeholders raise their expectations of the Group, we invite relevant stakeholders to evaluate our performance in the environmental, social and economic fields, provide views on the Group's business and share their challenges encountered during sustainable development.

The internal opinions collected have been grouped into material issues showing the priority for each material issue given by different stakeholders. Issues in the "high-high" area of the materiality matrix diagram are marked as material issues, while other listed issues will also be discussed. This comprehensive process enables us to identify and address the issues and priorities of common concerns by the Group and stakeholders.

Materiality Matrix

The material issues marked in the "High-High" area of this materiality matrix will be detailed in different sections below.



1



Corporate Governance

Corporate Governance

Corporate governance framework

The Group actively promotes responsible business practices, and has formulated a comprehensive risk organization framework, continuously strengthened compliance, and strictly met regulatory and compliance requirements. We identify and evaluate ESG risks in the process of the Group's operation and development, clarify the strategies of dealing with such risks, and always manage the risks in a perfect and orderly manner. The contents of this section can be referred to in conjunction with the "Corporate Governance Report" section of the Group's 2021 Annual Report.

Internal control compliance and risk management

By adhering to legality and compliance, the Group has built a culture of integrity and honesty, and set up a flexible and efficient compliance system. In accordance with the *Corporate Governance Code* as set out in Appendix 14 to the Listing Rules, the COSO Enterprise Risk Management Framework and the ISO 31000 Standard, and by basing on our own characteristics, the Group has formulated the *Comprehensive Risk Management System* for all employees and set up "Three Defence Lines" for risk management, in a bid to establish a standardized and effective enterprise risk management system within the Group, making it convenient for efficiently achieving the Group's strategic and operational objectives. The specific sample graphs are as follows:



**Organizational framework for risk management
–Three Defence Lines**

We set each operation and management department as the "First Defence Line" for risk management, which is assigned with the direct responsibility for risks and risk management; we set the management departments (including financial control, security control, risk management and compliance inspection) as the "Second Defence Line" for risk management, which shall be responsible for overall examination and supervision on risks; we take the internal audit function as the "Third Defence Line" risk management, which provides comprehensive confirmation services to the corporate governance institutions and the senior management. Among them, the Board and the senior management of the Group are the "stakeholders" of all three defence lines. By setting the corporate strategy, formulating the goal of realizing the strategy, and establishing the governance framework and processes to manage the risks which affect the Group's realization of its business objective, we continually support the three defence lines to operate effectively.

We have developed and continue to optimize a comprehensive risk management organizational framework, which is composed of the Board, audit committee and senior management. The Board is responsible for assessing the nature and extent of risks so as to achieve the Group's strategic objectives; the audit committee is responsible for reviewing and supervising the Group's financial reporting procedures, risk management and internal control system, and providing opinions and suggestions to the Board; and the senior management is responsible for the design, implementation and monitoring of risk management and internal control systems. The senior management identifies, at least annually, the risks that adversely affect the achievement of the Group's objectives; also they shall assess and arrange the priorities of the risks to be identified according to the relevant standards and criterion.

In the field of ESG, we have also conducted in-depth and detailed analyses for internal functional departments, involving environmental protection, EHS risk identification and management, on-site EHS formulas and so on. We describe specific risk contents of different types of risks, and designate relevant responsible departments and their heads for rectification, supervision and following-up of them with an aim to ensure effective risk control.

Given that compliance with local laws and regulations forms the basis for business operations, we always attach importance to internal control compliance and risk management, have built the systematic compliance risk assessment and response mechanism, review, demonstrate and share knowledge on the compliance of the Group's businesses, identify and sort out major compliance risks, and provide the overall plan and implementation plan for the construction of the compliance management system. Through on-site audit, monitoring tools and other management means, we monitor and find the Company's own risks and those of its subsidiaries, proposes the risk items and promotes the rectification of the Company and its subsidiaries. At the same time, we provide risk management training for all employees, effectively extend the risk management concept from the headquarters to the front line of operations, and implement effective risk control "before, during and after an event". In the induction training for new employees and the special training for different levels and functional departments, we attach great importance to the promotion of employees' awareness of risk prevention and control, so as to ensure that the Group and its employees make great commitment on risks control, compliance management and legal interpretation.

Part of Courses of NGC Academy on Risk Management

Series Courses of *Project Risk Management*

Enhanced Practical Project Management: Project Risk Management

An Introduction to Overseas Investment Cases and Relevant Insurance and Financial Products

Discussions and Application of Corporate Operation Risk Management Methods

Risk Management: Hazardous Source Identification

Identification, Risk Assessment and Control of Safety Production Risk Sources

Safety Production Risk Report

EHS Risk and Opportunitites Management and Control Programs

Hazardous Source Identification and Risk Assessment Control Program

Hazardous Source Identification and Risk Management

Anti-corruption and Anti-bribery

Integrity Management System

The Group strictly complies with such laws and regulations as *the Company Law of the People's Republic of China* and *the Anti-Unfair Competition Law of the People's Republic of China*, and leads by example to practice the clean development of the industry. We have set up a top-down integrity supervision framework, coordinated the Group's work processes in all fields, standardized the anti-corruption incident handling processes and responsibilities, and prevented and cracked down on all kinds of corruption. During the Reporting Period, there were no legal proceedings related to unfair competition and monopoly within the Group.

Measures of Anti-corruption and Anti-bribery

The Group strives to prevent occurrence of any illegal behaviours by means of proactive preventive measures as well as clear communication and guidance. We adheres to the corporate ethics of "being responsible to the customer and society means being responsible to ourselves", and we are committed to building a clean and efficient business atmosphere, in a bid to effectively prevent such non-compliant behaviours as corruption and fraud. We strictly comply with *the Anti-Unfair Competition Law* and *the Interim Provisions on Banning Commercial Bribery*. In Hong Kong, we also refer to *the Prevention of Bribery Ordinance* to clarify the definition of internal and external good faith behaviours of the Group, and specify which are unacceptable behaviours and the corresponding punishment measures. According to the contents of *the Comprehensive Risk Management System* and *the Employee Handbook*, we provide directors and employees with acceptable behaviour guidelines, with a view to standardizing employees' behaviours and promote sincere employment.

In respect of internal employee complaints, we set up a thorough reporting system, formulate *the Anti-fraud Reporting Management Procedures* within the Group, provide such reporting channels as reporting telephone, email and on-site communication, and encourage employees, suppliers, partners and other stakeholders to jointly supervise the clean operation of the Group. We constantly improve the feedback channel, enhance the trust of employees, and encourage them to give feedback truthfully. The reporting channel keeps the whistle blower's information strictly confidential, prevents anyone from retaliating against the whistle blower, and requires all organizations to take reasonable measures to protect witnesses and whistle blowers as well as their legitimate rights and interests. During the Reporting Period, there was no report related to anti-corruption and anti-bribery within the Group.

The Group provides stringent anti-corruption and anti-bribery training for the Board and all employees so as to enhance employees' awareness of integrity. We have conducted a series of anti-corruption and anti-fraud training courses in China, ensuring that employees master the key information of the training through after-school examinations. For our overseas branches such as in the United States and Europe, we require new employees to fully read the training materials of *NGC Code of Business Conduct and Ethics* and sign agreements for regulating employees' business practices and preventing any corruption and bribery.



*Commercial Behaviours and Moral Codes of
NGC Academy Platform*

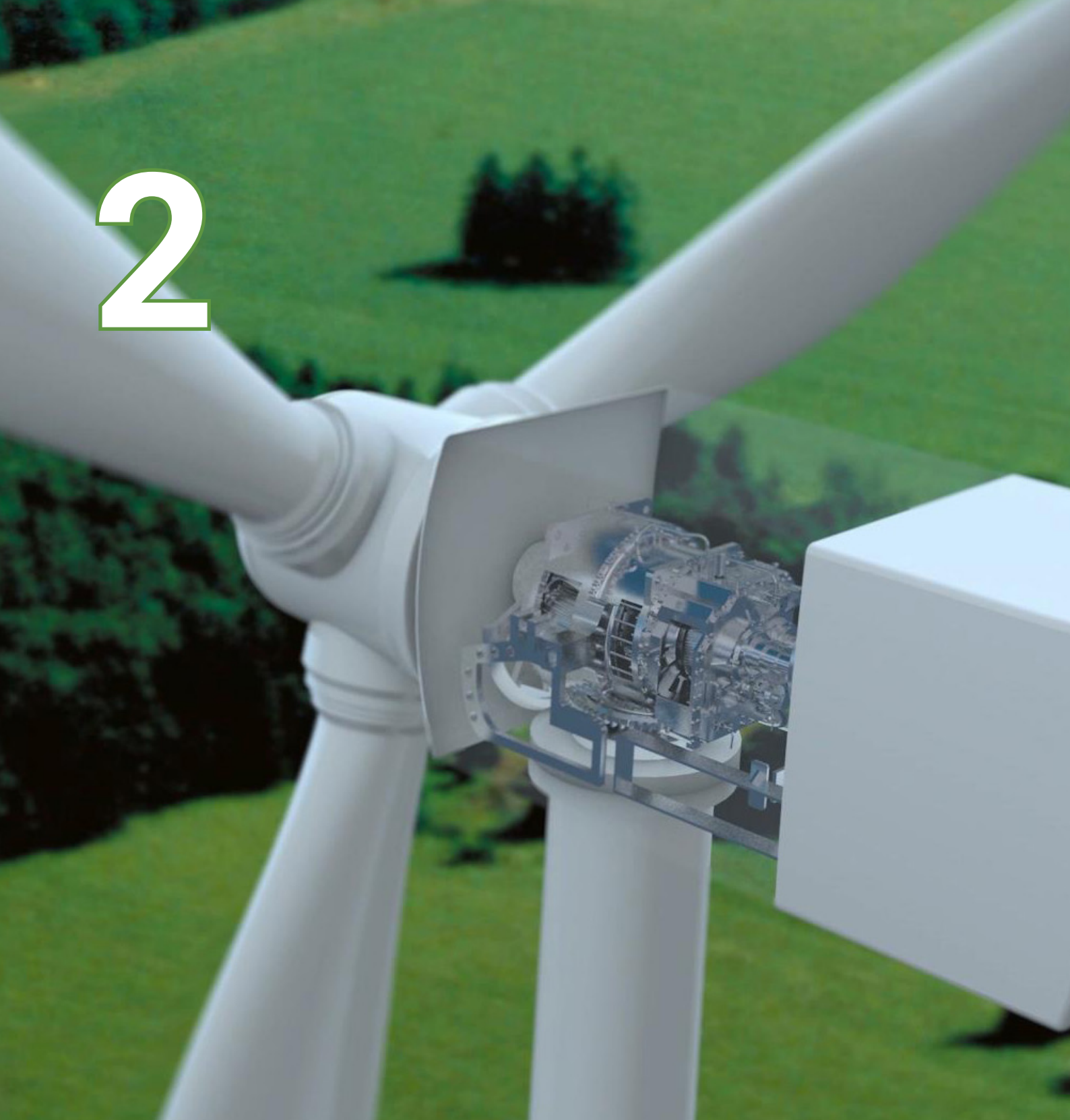


*Anti-corruption and Anti-fraud Procedures Training
in NGC Academy Platform regarding Key
Employees' Commercial Behaviours*

We provide the following reporting channels to employees:

- 01 Direct report to the line manager or the HR commissioner of the corresponding department or the management of the Group
- 02 The reporting telephone for employees
- 03 Complaints mailbox exclusive for employees (including email and physical mailbox)
- 04 Letter or visit for complaints
- 05 Complaints to the trade union of the Group

2



Green and Low-Carbon Development

Green and Low-Carbon Development

"Become the navigator for the sustainable development of the transmission equipment sector!"

In recent years, China has continually strengthened the national goal of carbon peak and carbon neutrality. As a manufacturing enterprise, we positively undertake the responsibility of environmental protection. By establishing a systematic environmental management system, we have strengthened the management of waste gas and wastewater, integrated the concept of environmental protection into our products and services, continuously reduced the environmental impact of daily operations, adopted new standards, materials and designs in project construction, improved employees' awareness of environmental protection, and actively encouraged our business partners to enhance their environmental protection practices. Also, we advocate environmental protection including energy saving, emissions reduction to all levels of our businesses. We strive to promote sustainable development, and help achieve the national goal of carbon peak and carbon neutrality.

Environmental management system

The Group has developed its environmental protection system strictly in accordance with such laws and regulations in respect of environmental protection in China as the *Environmental Protection Law of the People's Republic of China* and the *Cleaner Production Promotion Law of the People's Republic of China*; meanwhile, it implements the ISO14001:2015 Environmental Management System. It regularly submits environmental protection statistics to relevant environmental protection departments, and pays environmental protection taxes and fees in a timely manner. During the Reporting Period, the discharge and disposal of various wastes of the Group met the requirements of local environmental protection departments.

We have been actively seeking environmental protection technologies and equipment which are suitable for our own development, and have continuously been reducing the impact on the air, water and soils. The latest standards with regard to environmental protection of China are adopted in the construction of new, modified and expanded projects. We hired Grade A qualified design institutes, industrial experts, professors from universities or colleges and professional third-party service providers, etc. to design environmental protection schemes, and conscientiously implement the concept of "Three Simultaneities", namely, simultaneous design, simultaneous construction and simultaneous acceptance; furthermore, we adhere to the principle of solving problems immediately, and reduce all unnecessary emissions without delay, repetition or waste. For the past projects, we have invested considerable manpower and material resources in investigation and improvement in association with emissions.

In accordance with the relevant provisions of the *Production Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and the *Environmental Protection Law of the People's Republic of China*, the Group has formulated the *EHS Responsibility Management System* and *EHS Performance Assessment Regulation*, which require the step-by-step implementation of environmental and safety responsibilities, thus forming a closed-loop management. As the EHS responsibility management department, the Safety and Environmental Protection Department is committed to supervise, inspect, review, assess and track the implementation of the EHS responsibility system, and provide training of the EHS responsibility system for the whole management, and all departments and posts of the Group through the HR Department. In daily operation, we also provide training for employees in different positions, including environmental protection laws and regulations, environmental protection case analysis and related management systems, so as to enhance the environmental and safety awareness of all employees.

Major Environmental Management System

Environmental Impact	Environmental Management System
Air Pollutant	Air Pollution Prevention and Control Program
Wastewater	Wastewater Control Program
Waste	Administrative Regulations on Wastes Solid Waste Control Program Pollution Control Standards for Hazardous Waste Storage
Noise	Noise Control Program
Hazardous chemicals	Administrative System for Hazardous Chemicals Hazardous Chemicals Control Program Regulations on Safety Management of Explosion Prone and Poisonous Chemicals

Major Environmental Management Goals in 2022

(Specific measures and cases for each goal are presented in the corresponding sections below)

	Environmental Management Goals in 2022
Air Pollutant	Strengthen the extensive use and maintenance of air pollutant collection and purification equipment. The emission of air pollutant shall reach the secondary standards of <i>the Integrated Emission Standard of Air Pollutants, the Emission Standards for Air Pollutants from Industrial Furnaces, the Emission Standards for Odour Pollutants and the Emission Control Standards for Volatile Organic Compounds from Industrial Enterprises</i> .
Wastewater	The test results of wastewater shall meet the standards. Continuously promote the reconstruction of sewage station and pipeline. Improve the water quality of the total sewage pipeline.
Noise	The noises at factories shall meet the secondary standards of <i>the Emission Standard for Industrial Enterprises Noise at boundary</i> . Continuously implement noise reduction measures such as closed isolation and shock absorbers for some equipment noise sources.
Waste	The collection, storage and transfer of hazardous wastes inside and outside totally meet the compliance requirements. Improve the level of harmless treatment of hazardous waste, and continuously optimize the comprehensive waste management capacity.
Resource Planning and Energy Management	Implement the energy-saving measures, source management, resource transformation and recycle. Continuously improve resource use efficiency, renewable energy usage and clean production standards, and promote paperless office in entirety.

Tackling climate change

In order to tackle climate-related risks and opportunities, we actively respond to peak China's carbon dioxide emissions before 2030 and become carbon-neutral by 2060, and give full play to the development of green and low-carbon wind power, in a bid to promote the national energy transformation. The Group further integrates climate change risks and opportunities into the Group's risk assessment and management, and proactively identifies and responds to physical climate change risks from extreme weather and water use stress on normal production operations. Meanwhile, in line with the energy management and control requirements of local government departments, each business segment and production department formulated emergency plans for electricity consumption during the period of power management and control, adopted partitioned power outages, shutted down non-productive loads. All these measures were made to prioritize the production of work-in-progress; and we used photovoltaic roof system, stored energy during valley period. The Group strives to minimize the adverse impact of transitional types of climate related risks, such as power control or energy control policies, on production operations and customers' products demand.

We mainly use electricity in the process of machining, heat treatment, production and operation, and office activities, while using diesel, gasoline and liquefied petroleum gas in vehicles and some fuel forklifts. Given the Group's energy varieties and energy-using equipment, we invest funds in carrying out energy-saving technical transformation annually, including environmental protection and energy-saving measures such as using magnetic levitation air conditioning units, automatic operation control of air conditioners, recycling metal processing oil (liquid), introducing high-efficiency processing technology and equipment, standardizing operation procedures, and using photovoltaic roof system, which have achieved remarkable results.

Energy-saving measures

Thermal insulation for workshop

- The wall surface of the workshop is made of double-sided colour steel plate with thermal insulation rock wool sandwiched in the middle, and the glass for the workshop is made of 6+12+6 double-layered insulating glass, so as to reduce energy loss through thermal insulation.
- Closely observe the temperature change and automatically adjust the outlet water temperature of the unit to ensure that the field temperature meets the requirements and the power load is reduced at the same time.
- For the logistics channels that are often open, such measures as fast-response auto-induction door and diversion of people and vehicles are adopted to reduce the temperature loss.
- All the eight logistics channels in the whole processing plant have been equipped with air curtain machines, covering the passages in the loading area and the warehouse so as to reduce the loss of cold air.

Efficient motors and equipment

- We improved the access standards for energy efficiency grades of motors supporting the processing equipment and auxiliary equipment by establishing energy efficiency requirements for supporting motors at the beginning of introduction of equipment. The air compressors, air conditioners and distribution transformers meet the first-class standards, while the most advanced numerical control equipment are selected as processing equipment, so as to improve energy utilization efficiency.
- The electrical feedback loading test-bed to be built in the new factory area adopts the most advanced electrical feedback project, thus greatly reducing power consumption.
- We eliminated the old air compressors, introduced the first-class energy-efficient air compressors to replace the third-class energy-efficient air compressors, synchronously employed the real-time monitoring for the remote operation and maintenance system of the air compressors, and make the real-time recording of operating parameters. By combining with the DMAIC analysis method in the Six Sigma management tool, and on the basis of the actual needs of gas equipment at work, we continuously optimized and adjusted the setting of operating parameters of air compressors, synchronously standardized the on-site gas consumption mode, and reduced the energy consumption and gas production of air compressors in normal cubic meter. The comprehensive energy saving of air compressors is about 40tce per year, with the annual carbon dioxide emission reduction of about 220 tons.

Renewable energy application

- We installed a distributed solar power generation system on the roof of the Nanjing production plant, with a total installed capacity of about 41MW. In 2021, the total power generation was about 38 million kWh, equivalent to the emission reduction of 26,733 tons of carbon dioxide equivalent.
- The planned installed capacity of rooftop photovoltaic power in Huai'an factory under construction is 34MW, with the estimated annual power generation of 34 million kWh.

Case

Waste heat recovery of air compressors and combined heat supply by air source heat pump systems

The air compressors used by the Group feature a large consumption of electricity, but the power consumption of producing compressed gas is not high; namely, 80% of the power consumption is converted into heat energy of the air compressors. Generally, such heat energy is wasted directly through the cooling system. In the waste heat recovery of air compressors, the waste heat recovery efficiency is 70%-90%, while 50%-70% of shaft power can be recovered. Therefore, we collect, convert and utilize this part of heat. By means of the analysis and theoretical measurement, as well as the heat matching calculation of the demand-side equipment, we planned to transform the air compressors, add waste heat recovery devices, and then deploy air source heat pumps for heat supplement; afterwards, we generate hot water in a combined way, which is sent to the cleaning machines through the water pump closed-loop for being used as the process heating in the cleaning machine pool, thus reducing the heating energy consumption. It is estimated that 400,000 kWh of electric energy and 50 tons of standard coal will be saved annually.



Waste heat recycling by an air compressor



Air source pumps

Resource Planning and Recycling Measures

"Promote energy efficiency and reuse rate, adopt renewable energy and reduce resource consumption."

Resource Planning

As for rational use of resources, the Group follows the principle of "reduction, reuse and resource recovery". During the Reporting Period, it continuously improved resource use efficiency and cleaner production level by such measures as source control, resource transformation and reuse, while promoting paperless office.

Take multiple measures to improve resource use efficiency

<p>Recycle of cutting oil</p>	<ul style="list-style-type: none"> The cutting oil contained in the grinding wheel ash in the grinding area of the plant is extruded and separated before being centrally filtered and tested before being recycled, thus improving the recycling efficiency of lubricating oil, and the oil recovery rate can reach 95% or higher, thus saving cutting oil of about 480,000 litres every year. We added the automatic briquetting system of grinding wheel ash, which features high efficiency and less manual participation. After being treated by the automatic briquetting machine, the oily grinding wheel ash is converted into non-hazardous wastes (waste grinding metal chips) for disposal, which are safe to store, thus reducing safety risks and environmental pollution risks.
<p>Cooling oil consumption reduced by the micro lubrication system</p>	<ul style="list-style-type: none"> Cutting oil is used by the hobbing machine in use in the factory area to cool, clean, prevent rust on and cool the surfaces of machined workpieces and tools, during which oil smoke will be generated; moreover, it features high oil consumption, high cost and high environmental protection risk. After investigation, we installed a micro lubrication system on the hobbing machine and replaced oil bath lubrication with micro lubrication, consequently reducing the consumption of cooling oil and the amount of oil smoke generated during the processing. It is estimated that the oil consumption of 40 tons and about 56 tons of standard coal will be saved annually.
<p>Green office</p>	<ul style="list-style-type: none"> We introduced such advanced electronic work platforms for human resources management as the E-HR system, NGC Academy (an enterprise E-learning platform), recruitment system and electronic signing system, and comprehensively promoted online services and paperless office. We achieved 100% electronization of human resources data and 100% electronization of human resources management and approval processes, and saved paper used in contracts and agreements.
<p>Recycle of production wastes</p>	<ul style="list-style-type: none"> The iron filings produced in the manufacturing process are sent to the casting and forging plants for closed-loop reuse after precipitation, dewatering, briquetting and packaging, while the waste products and other wastes produced during production are recycled by professional material recycling companies, so as to promote the circular economy.

Water resource management

During the Reporting Period, we purchased tap water from the local municipal water supply agency, during which we did not encounter any problems in obtaining water sources. Nevertheless, we are committed to the principle of resource conservation. The Group uses water-saving sanitary ware, cold source stations and retrofitted cooling towers, recycles condensed water, conducts water balance tests to understand water consumption in the pipe network, analyses unreasonable water use factors, and regularly conducts inspection on and maintenance of water use equipment.

Water-saving Project

Retrofitting of cooling towers	We continuously renovated cooling towers to reduce the floating water in them and save water.
Intelligent centralized supply of liquids	Centralized supply system is also used for coolant replenishment, and single machine processing is usually employed in the traditional gear processing sector; therefore, the corresponding cooling system is also set up by single machine, with a large number of equipment and a large workload of coolant maintenance. Given that the coolant has a high probability of deterioration and failure, it should be frequently replaced, and it costs a lot of labour, materials and water, so we have upgraded the single liquid supply system to an intelligent centralized liquid supply system. By means of automatic operation control, we pump the coolants in the single machine system to the centralized water tank for fine filtration, oil removal and detection. As a result, the service life of coolants is maximized, and the coolant replacement period is extended by more than six times as compared with that of the single machine, thus effectively reducing the water resources consumed by configuring the coolants. About two tons of coolant stock solution will be saved annually, so it is estimated that about 1,800 tons of water will be saved annually.

Air Pollutant, Wastewater and Waste Management

The Group complies with the environmental protection requirements of the State such as *the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic on the Prevention and Control of Atmosphere Pollution, the Comprehensive Emission Standards for Air Pollutants, the Law on Prevention and Control of Environmental Pollution by Solid Waste and the Regulations on Safe Management of Hazardous Chemicals*; and based on its own characteristics, the Group has formulated rules and regulations such as *the EHS Responsibility System, the Hazardous Chemicals Management System and the Hazardous Chemicals Control Procedure* to ensure that waste discharge and management shall comply with such laws and regulations. At the same time, by combining with the environmental protection-related laws, regulations, standards and technologies of the State and the Group, and to deal with the identified environmental impact factors, we have kept optimizing environmental protection-related solutions.

GHG emissions			
	Unit	2021	2020
Total GHG emissions	tCO ₂ e	223,689.74	254,906.62
Direct emission (Scope I)	tCO ₂ e	1,484.36	13,617.64
Indirect emission (Scope II)	tCO ₂ e	222,230.73	241,318.01
GHG removal (Scope I) tree plantation	tCO ₂ e	25.35	29.03
GHG emissions intensity	Kg CO ₂ e/thousand RMB	16.00	19.34

Remarks:

1. GHG emissions mainly comprise the Group's wind power gear transmission equipment business segment and industrial gear transmission equipment business segment.
2. GHG Scope 1 (Direct emissions) includes GHG emissions from operations directly controlled or managed by the Group, while Scope 2 (indirect emissions) includes indirect emissions from purchased electricity outside of the Group.
3. The calculation of greenhouse gas emissions refers to the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Machinery and Equipment Manufacturing Enterprises (Trial)*. The emission coefficients of natural gas and liquefied petroleum gas refer to *Industrial Boiler (Heat Supply) Industry Coefficients Manual*, the sulfur content refers to *Natural Gas (GB 17820-2018)*, and the emission coefficients of gasoline and diesel refer to the HKEX's *How to Prepare Environmental and Social and Governance Report*, and the electricity emission factor refers to the *2012 China Regional Power Grid Average Carbon Dioxide Emission Factor*.

Air Pollutant

The Group has all the time taken environmental protection as its important responsibility. While ensuring production and operation, we actively safeguard the living environment of employees and the communities, and strictly control waste discharge during production. We have continuously invested in comprehensive treatment tools for air pollutant, and adopted all-round treatment measures of "source substitution, process innovation, end treatment and management improvement". During the Reporting Period, we also achieved the goal of "all those in need are collected, treated and deeply managed".

The Group has continuously invested in equipment optimization and practiced green production and operation. It carried out the optimization project of "Waste gas purification system for heat treatment", which collects, purifies and discharges heat treatment waste gas at high altitude through the waste gas treatment devices so as to reduce smoke dust contents and oil mist smell. In addition, the Group uses electrostatic oil mist separator to collect, filter, ionize and adsorb the gas in the cabin, adopts electric forklifts and eliminates diesel forklifts, thus effectively reducing exhaust emissions and making production and operation more environmentally friendly.

Case

Comprehensive treatment project of waste gas

We constantly improve environmental protection equipment, and carry out a number of remediation work for waste gas collection and emission. Before a treatment project was carried out, the waste gas in the oil quenching section of No.3 workshop at the plant adopted electrostatic treatment system. This year, we installed a complete set of treatment equipment at No.3 workshop, significantly improving the waste gas treatment efficiency. At the same time, on the basis of the existing oil mist purifier, we added waste gas collection pipes and terminal treatment facilities to the machining equipment at No.4 workshop, which further improved the waste gas collection efficiency and reduced the waste gas dissipation.

After evaluation by a third-party professional organization and based on the results of on-site sampling and experimental analysis, the expert group reached a consensus that the total amount and intensity of pollutant emissions had been further decreased, the surrounding environment quality and residents' satisfaction had improved, and the expected governance goals had been achieved.

In this comprehensive waste gas treatment project, equipment upgrading and transformation projects include:

1. Added collecting cover, pipeline spraying device and a complete set of processing equipment to the quenching oil tank;
2. Installed the induction quenching and closed collection device and added a complete set of treatment processing equipment;
3. Added a complete set of processing equipment to the hobbing and milling workshop;
4. Built a new cleaning room in the painting line, and replaced all solvent-based cleaning agents with high-pressure water;
5. Installed the retrofitted equipment for centralized oil supply and replaced to use environmentally-friendly oil products.



Wastewater

In the production process, the Group strictly controls the concentration of water pollutants, so that its wastewater discharge is superior to the standards set by the State and the Group. At the same time, a series of measures are taken to improve production equipment, enhance the recycling efficiency of resources, and reduce the generation and discharge of wastewater.

In 2021, the Group's projects and main measures in wastewater treatment, equipment and material upgrading include:

Project name	Major measures	Expected results
Reconstruction of sewage pipeline	Underground sewage pipes may have problems such as water leakage that cannot be repaired. If sewage leaks, it will directly pollute soil. In this sewage pipeline reconstruction, the original underground pipe network was abolished and changed into above-ground open pipes, while remote pumping was realized through electronic control chains.	Solved the problem in sewage transportation on terminal equipment such as heat treatment, and avoid the problem of soil pollution caused by underground pipeline leakage.
Cutting oil replacement	The Group adjusted the mode of independent addition by operators to centralized liquid supply, so as to prevent leakage and carry out regular inspection to ensure the recycling of resources.	Reduced the overall consumption and deterioration replacement cycle, as well as the generation of wastewater.
Upgrading of cutting oil	For the cutting oil used in the cutting process, the Group specially invested funds in joint development with suppliers to upgrade the cutting oil formula for environmental protection.	The cutting oil (liquid) is an environment-friendly product with low VOCs and COD, and without sulfur, phosphorus, chlorine and formaldehyde, thus reducing pollutants from the source, lessening the difficulty in treatment and purifying the environment of workshops.

Hazardous Chemicals

Any fire, explosion, poisoning or other accident occurring in the process of storage, transportation and use of hazardous chemicals will often cause great personal injury and serious economic losses. In order to eliminate these risks initially, meet the internal requirements of the Group for the procurement, storage, warehousing, collection, on-site temporary storage and use management of hazardous chemicals, the Group strictly complies with the relevant rules and regulations of the State such as *the Regulations on Safety Management of Hazardous Chemicals*, *the General Rules for Classification and Publicity of Hazardous Chemicals*; and based on its internal situation, the Group has developed such rules and regulations as *the Hazardous Chemicals Management System* and *the Hazardous Chemicals Control Procedures* to standardize the approaches and methods of handling and storage of hazardous chemicals, and strictly ensures that the use and management of hazardous chemicals should comply with relevant laws and regulations.

In 2021, the Group introduced the legal standards of the State and formulated relevant internal policies

Introduction of the laws and regulations	Relevant internal policies of the Group (part)
<p><i>Regulations on Safety Management of Hazardous Chemicals</i></p> <p><i>Rules for Fire Safety Management of Warehouses</i></p> <p><i>General Rules for Classification and Publicity of Hazardous Chemicals</i></p> <p><i>General Rules for Storage of Commonly Used Hazardous Chemicals</i></p> <p><i>Requirements for the Compilation of Chemical Safety Labels</i></p> <p><i>Technical Specifications of Contents and Project Sequence of Chemical Safety</i></p>	<p><i>Emergency Plan for Production Safety Accidents</i></p> <p><i>Hazardous Chemicals Management System</i></p> <p><i>Regulations on Safety Management of Explosion Prone and Poisonous Chemicals</i></p> <p><i>Hazardous Chemicals Control Procedures</i></p> <p><i>Emergency Response and Ready Control Program</i></p> <p><i>On-site Disposal Plan for Poisoning and Asphyxiation Accidents</i></p> <p><i>On-site Disposal Plan for Container Explosion Accidents</i></p> <p><i>On-site Treatment Plan for Burn Accidents</i></p> <p><i>List of Hazardous Chemicals</i></p>

Waste Management

Hazardous wastes

The Group strictly complies with the relevant requirements of the *Law on the Prevention and Control of Environmental Pollution by Solid Wastes* of the State, continuously improves, optimizes and supervises the management measures of solid wastes, and ensures that the discharge and management of such wastes meet the laws and regulations of the State and the Group. During the Reporting Period, the discharge and disposal of various wastes of the Group met the requirements of local environmental protection departments.

Regarding the specific measures, the Group carried out the comprehensive improvement project of source substitution, which mainly involved the innovation of paint technology, the introduction of single-layer paint technology and the adoption of high-solids paint. In addition, the sewage treatment station was renovated, added with a new cleaning room, and all solvent-based cleaning agents were replaced with high-pressure water containing 4% water-soluble cleaning agents. Comprehensive improvement projects have improved the Group's technological level, ensured the recycling of resources, reduced hazardous wastes generated in the production process, and thus better practicing the corporate social responsibility.

In order to enhance employees' awareness of and responsibilities for waste management, the Group has provided hazardous waste management training to all employees, and monitored the learning progress and achievements in real time on the online learning platform NGC Academy to ensure that the employees will fully master hazardous waste management skills and avoid risks and losses caused by improper operation.

Discharge of hazardous wastes

	Unit	2021
Total amount of hazardous wastes	Ton	1,613.48
Intensity of hazardous wastes	Kg/thousand RMB	0.12

Case

Oily rag treatment

In the past, a large number of oily rags were produced in the production process of heavy-duty factories, which resulted in high treatment cost and pollution risk. To reduce the waste, the Group has adjusted the equipment by means of cleaning and recycling. On the whole, the Group planned the cleaning scheme and process formulation, deployed professional cleaning equipment and promoted the implementation, which can clean and reuse rags for many times and thus greatly reduce the generation of oily wastes.

Non-hazardous wastes

The non-hazardous wastes generated by the company in production and operation are mainly non-hazardous wastes such as waste grinding metal chips and wood. We strictly follow the requirements of *the Law on the Prevention and Control of Environmental Pollution by Solid Waste*, properly dispose of waste, and monitor the amount of waste in the production and recycling of various facilities. And we entrust a qualified recycling company to clean and transport. At the same time, we entrust a qualified cleaning company to properly dispose domestic waste to ensure environmental hygiene.

Discharge of non-hazardous wastes

	Unit	2021	2020
Total amount of non-hazardous wastes	Ton	6,985.10	13,056.32
Intensity of non-hazardous wastes	Kg/thousand RMB	0.50	0.99

Remark: Domestic waste is not included in the total non-hazardous waste of the Group.

Case

Automatic briquetting system of grinding wheel ash

There were lots of oily grinding wheel ashes produced by gear grinding machine in heavy equipment factories, so the original treatment method features complicated operation steps, high labour intensity, low efficiency and little oil recovery. A large amount of oily grinding wheel ashes were treated according to the treatment process of hazardous wastes. After investigation, the Group added an automatic briquetting system for grinding wheel ashes, which reduced the degree of manual participation and thus greatly improved the operation efficiency. After being treated by an automatic briquetting machine, oil-bearing grinding wheel ashes are converted into non-hazardous wastes (waste grinding metal chips) for disposal, thus greatly reducing the amount of hazardous waste treatment.



A close-up photograph of a dental machine's laser tip, which is a thin black rod with a small red laser point at the end. The machine is silver and blue. In the background, a dentist with blonde hair and a blue cap is blurred. A large white number '3' is overlaid on the left side of the image.

3

Product Responsibility

Product Responsibility

Product Quality and Safety

"Ensuring good quality based on honesty."

Serving as the quality benchmark for the industry and strive for product safety and stable operation.

The Group strictly implements the quality concept of "upholding super craftsmanship and leading the quality benchmark", makes progress in product quality monitoring, and strives to achieve the goal of "Zero Defects".

The Group has always adhered to the overall sustainable business development strategy, and established a medium and long-term strategic plan based on management improvement and technological progress to improve product and service quality, enhance customer satisfaction, and establish and maintain long-term and stable partnership with customers. During the Reporting Period, the Group did not find any material breach of laws and regulations related to product responsibility; also we complied with all applicable rules and regulations, including but not limited to, *the Product Quality Law of the People's Republic of China*.

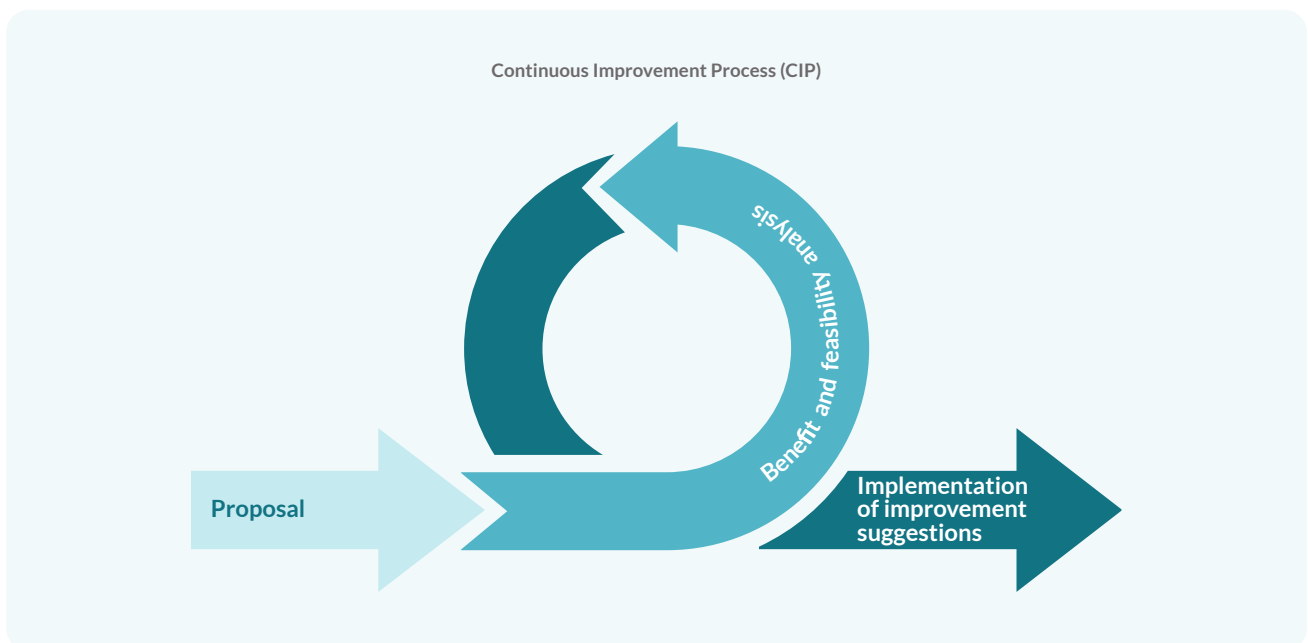
Product Management System

We have always adhered to the quality policy of "Quality First, Customer First, Excellent Quality Service and Honesty". We have passed the ISO 9001:2015, Jiangsu Quality Credit AAA Certification and GB/T23001-2017 Integration of Informationization and Industrialization Management System Certificate, and have established a standardized and scientific management system.

The Group has successively introduced advanced concepts and tools such as "Zero Defects Management", "Failure Mode Effect Analysis(FMEA)", "Six Sigma Management", "VDA6.3 Process Audit" and "RCA Quality Closed-loop Management". Gradually, it has formed the NGCQS, an excellent customer-centered quality management system, to protect the development of the enterprise from five dimensions: product reliability design, architecture and talent cultivation, customer-focused concept, quality control in the whole manufacturing process and supplier quality management; besides, its quality management meets the level of prevention and assurance. At the same time, we have established the perfect customer quality service channels and networks, built an IoT cloud platform for monitoring and diagnosing the healthy operation of GearSight gearboxes, and realized the closed-loop management of high quality in the whole life cycle of products.

We conducted in-depth investigation and analysis of defect products, made timely correction and improvement, pooled the wisdom and innovation of all employees, and encouraged them to put forward suggestions on improving daily operation and product quality. Employees can provide opinions or suggestions on optimizing products and production processes through the internal office system, while all information will be returned to relevant departments for consideration on its benefits and feasibility.

Continuous improvement mechanism for product quality



In 2021, the Group launched the Quality Month activity of "ensuring good quality by means of careful, meticulous and concerted efforts as well as original inspirations". It introduced the excellent performance management mode, set up an excellent company-level performance leading group and a functional group; moreover, starting from its strategy, the Group transformed its strategic objectives into implementation plans and related key performance indicators, applied excellent performance mode diagnosis, and improved quality management day by day.

By virtue of electronic platforms, the Group realized paperless publicity of quality culture and enhanced employees' quality awareness. It organized the training camp for internal auditors for the quality management system, improved their overall audit ability, and built an excellent internal and external quality audit team. The Quality Department and the HR Department launched an online quality answering activity on NGC Academy with a view to popularizing theoretical knowledge of quality.

Test Equipment

A good management system should be matched with a complete quality inspection and verification system. We carry out full-scale inspection and process capability evaluation, etc., and conduct multi-step quality evaluation on raw materials, semi-finished products and finished products, including no-load test, load test, highly accelerated life service test and anti-corrosion performance inspection.

Our laboratory has obtained the ISO/IEC17025 National Laboratory Accreditation Certificate and adopted advanced inspection equipment, including trolley spectrum analyzer, carbon and sulfur analyzer, nitrogen, hydrogen and oxygen gas analyzer, upright metallographic microscope, grinding and polishing machine, mosaic machine, magnetic particle flaw detector and semi-automatic fluorescent magnetic particle flaw detector; we have also obtained the measurement guarantee system certification of Jiangsu Computing Association, so as to ensure that the finished products of each program can meet the appropriate quality indexes, and that relevant testing personnel will not perform relevant duties until they have obtained the qualification through training and assessment.

Product Certification, Awards and Recognition

Given that the Group's business belongs to a professional and technical industry with a high threshold, we have promoted our development with new products and technologies, constantly innovated products and technologies, and filled the domestic gaps with many products. With innovative technology and high quality, the Group has won more than 100 national, provincial and municipal science and technology progress awards, excellent new product awards, new product certificates, high-tech product certification and high-tech enterprise certification, among others. The Group is the first manufacturer in China to adopt the ISO1328 and ISO06336 international standards, and has been selected as a national 863 program and a computer integrated manufacturing system (CIMS) application demonstration enterprise by the Ministry of Science and Technology. As of 31 December 2021, many special processes of heat treatment of the Group have passed the TPG Special Process Certification; its wind power gear transmission equipment has passed the certification of China Classification Society (CCS), China General Certification Center (CGC), China Quality Certification Center (CQC), Technische Überwachungsvereine (TÜV), DET NORSKE VERITAS (DNV GL), UL, European Union CE and ETL; its industrial gear transmission equipment has passed the European Union CE, American Petroleum Institute (API)'s Specification IIE and AnBiao National Center for Mining Products Safety Sign (MA); and its rail transit products have passed the certification of ISO/TS 22163:2017 and CRCC Certification for Railway Products.



Product R&D and Technological Innovation

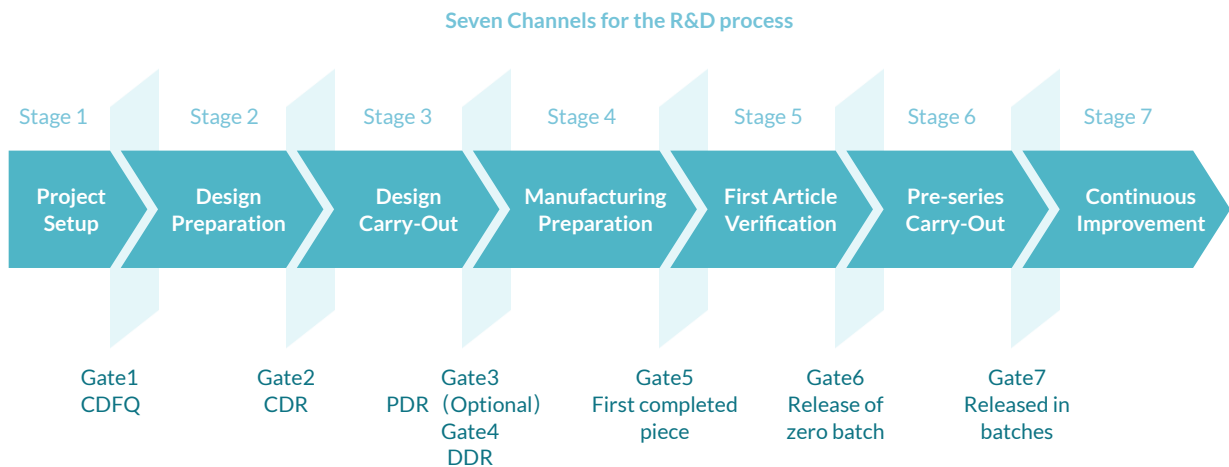
"Riding the east wind to achieve the strategic transformation and the goal of carbon peak and carbon neutrality"

Positively develop new products of high quality

The Group is primarily engaged in research, design, development, manufacture and distribution of mechanical transmission equipment of all kinds which is widely used in wind power generation and industrial applications. As a global expert in technical solutions for gear transmission equipment, the Group has been deeply developing transmission technology for more than 50 years, and its product technology has reached the internationally-leading level, thus winning unanimous praises from customers at home and abroad.

R&D system

The Group has applied advanced project management concepts, combined with VDA6.3, TS16949 and ISO9001 systems, and established a R&D system suitable for itself. It has compiled the *Project Management Manual* (Technical Research and Product Development), *Gearbox Product Development Process Description* and *Product Design Control Procedure*, among others. By using TC management software, it has set up seven channels for seven major processes: establishment of design and development projects, preparation for design, design implementation, preparation for manufacturing process, verification, confirmation and continuous improvement; namely, it controls them in the whole process to ensure that the product quality meets the requirements.



R&D Innovation

Innovation is an inexhaustible driving force for the sustainable development of an enterprise. The Group focuses on continuous innovation and investment in clean energy which features low consumption and high efficiency. Under the background of the national goal of carbon peak and carbon neutrality, we adhere to the "three kinds of transmission" featuring serialization, modularization and standardization as well as the promotion by means of integration, intelligence and digitalization. On the basis of ensuring the high reliability of products, we have extended the previous simple transmission solution to the driving solution, and developed the high-efficiency products which feature hydraulic drive, electric drive and semi-direct drive for different industries as to wind power, construction machinery, petrochemical, metallurgy and building materials.



The Group has developed a new mechatronic product-MGDS permanent magnet-gear drive system, fully played the advantages of permanent magnet motors featuring high efficiency, high torque density ratio of gear transmission and intelligent control of frequency conversion system. At the same time, it is characterized with small vibration, light weight, good multi-drive load sharing, and simple installation and use, thus avoiding the transmission loss of coupling and saving tedious regular shafting adjustment and maintenance work.

While improving our independent innovation and R&D capability, we also hope to make use of our own technological advantages to jointly research and develop with upstream and downstream industrial chain partners such as bearing factory, motor factory and main engine factory, and develop general-purpose products that match their designs, so as to promote and lead the technological progress of the industry. Based on the unique operation logic and the gearbox control logic of each customer's host, our R&D team's early participation can better understand its operation and transmission logic, and then design the gear control logic suitable for customers to improve the efficiency of product research and development.

Lead the intelligent drive to assist the digital transformation and high-quality development of customers in the mining industry

Intelligent mining solutions	After the promulgation of the 14th Five-year Plan of the State, the Group followed the new trend of building intelligent mines in an all-round way. According to the application characteristics of different mining equipment, a series of reduction gears have been developed to match them, which better meet the requirements of harsh fields and other environments, and help the mining equipment to develop towards large-scale, high-efficiency and intelligence.
Efficient mineral processing solutions	The Group has developed MPG and MPT series products for high-pressure roller mills and tower mills in the mining industry, especially in terms of improving mechanical efficiency, saving energy and reducing consumption. This is more suitable for the development needs of large-scale and high-efficiency grinding equipment.
Gear-Sight smart products and platform service	The Group has launched the Gear-Sight smart products and platform services, including monitoring systems, cloud platforms and diagnostic expert database as well as predictive maintenance services. Based on multi-dimension monitoring technology and the Internet of Things technology, the product can realize remote accurate fault diagnosis and accurate remaining life assessment of transmission equipment, formulate and implement maintenance plans for customers, and realize predictive maintenance.

Integration of Industry, Education and Research

We have a team of nearly 800 engineers, in which graduate students and doctors account for more than 25%. At the same time, through cooperation with well-known enterprises at home and abroad, as well as such research institutes as Aachen University of Technology, Technical University of Munich, Shanghai Jiaotong University, Southeast University, Chongqing University, Dalian University of Technology, Northwestern Polytechnical University and Beijing Jiaotong University, we have gradually applied advanced technological achievements in product development so as to achieve win-win cooperation.

Construction of scientific research platforms

As a national and provincial enterprise technology center, the Group takes the promotion of industrial technological innovation and product upgrading as its own responsibility, actively builds scientific research platforms, and continuously assists in enhancing Jiangsu's industrial technological innovation capability and market competitiveness. During the Reporting Period, Jiangsu Industrial Gear Technology Research Center at Nanjing High Precision Gear Group Co., Ltd., a subsidiary of the Group, successfully passed the acceptance, and Jiangsu Industrial High Speed Precision Gear Transmission Engineering Research Center was approved for construction. In addition, the project of Jiangsu Rail Transit Transmission Engineering Technology Research Center of Nanjing High Speed & Accurate Rail Transportation Equipment Co., Ltd, a subsidiary of the Group, was successfully selected as "the Provincial Engineering Technology Research Center to be Built in 2021" by virtue of its outstanding product quality and superb technical strength in the field of rail transit transmission.

Cooperation between universities and scientific research institutes

While focusing on improving the ability of R&D and innovation, we are constantly seeking more in-depth cooperation with major universities in project research and personnel training, so as to provide a development platform for students majoring in machinery in study and practice. The Group always insists on cooperating with universities and research institutes, and solves the problems encountered in the process of new product development with the help of cutting-edge scientific research strength, thus effectively improving the scientific research ability of the Group. The related achievements of cooperation with universities and research institutes are also gradually applied to products as technical reserves. In the improvement of the high-tech content of products, the mode of school-enterprise cooperation is conducive to the long-term development of both the Group and the schools. It provides theoretical assurance for the rapid and high-quality development of the Group, realizes technological innovation through close cooperation, and is more conducive to enhancing our technological innovation and R&D capabilities.

Join hands with universities and colleges to facilitate the projects of making technological breakthroughs

Aachen University of Technology	Application of sliding bearing and induction quenching
The Gear Research Center of Technical University of Munich	Fatigue strength test of FZG gear
East China Branch of Beijing General Iron&Steel Research Institute	Numerical simulation analysis and prediction of continuous billet casting quality of gear parts
Shanghai Jiaotong University	Virtual heat treatment
Chongqing University and Dalian University of Technology	National key R&D plan-key technologies and industrial test platform of large wind power gear transmission system
Henan University of Science and Technology, Nanjing Tech University and Luoyang Bearing Research Institute Co., Ltd., etc.	National key R&D plan-key technology and industrial verification platform of high-power wind power spindle and speed increase box bearing
Northwestern Polytechnical University	Research on shock absorption and noise reduction technology of high-speed gear transmission system
Nanjing University of Aeronautics and Astronautics and Southeast University	Technical research on multi-source signal feature fusion, fault prediction and life prediction
Southeast University, Shanghai Jiaotong University, Chongqing University and Nanjing University of Aeronautics and Astronautics	Research on key technologies of high linear speed lightweight gear transmission system



Kick-off meeting of "the Key Technologies of High Linear Speed and Lightweight Gear Transmission System"-a national key R&D plan



The Group and the International MBA Sino-Dutch International Business Program jointly undertake social responsibilities and make outstanding contributions to the Sino-Dutch case teaching, and win the Best Partner Award of the Program.



The Group successfully held the second "NGC Cup" CAD Application Skills Competition, and three universities of Nanjing University of Aeronautics and Astronautics, Nanjing Forestry University and Nanjing University of Technology have completed the competition.

Industrial Exchange

In order to integrate industry resources and enhance our brand influence, we will also carry out product publicity and promotion, and participate in international and domestic exhibitions and industry forums from time to time. The Group brought its products to the 2021 Beijing International Wind Power Conference and Exhibition, the 19th China International Coal Mining Technology Exchange and Equipment Exhibition and the 2021 Asia International Power Transmission and Control Technology Exhibition, among others, exhibited the latest products to international and domestic customers, conducted business exchanges, and accepted interviews from magazines, online media and other medias. While promoting its products, the Group strictly complies with the laws and regulations related to advertising and product labelling, and all applicable rules and regulations, including but not limited to, *the Advertising Law of the People's Republic of China*.



The Group was invited to attend the Beijing International Wind Energy Conference and Exhibition Summit Forum to discuss with representatives of well-known wind power enterprises and industry experts on the development trend and future of the wind power industry under "the dual carbon goals".



The Group exhibited dozens of different types of gearboxes and related products at the 2021 PTC ASIA.

Intellectual Property Rights Protection

The Group has always tried its best to protect the rights and interests of customers and intellectual property rights. By entering into confidentiality agreements with customers, both parties are not allowed to disclose any information to any third-party manufacturers without the authorization of the information provider. The Group attaches great importance to strengthening its own patent protection and application, regularly conducts training in patent application, writing and excavating to improve the patent writing quality of R&D personnel, and invests resources in protecting intellectual property rights. At present, we have set up our own patent database to strengthen R&D management and innovation management. In addition, to protect third-party patents and avoid any legal risks that may infringe patent rights. R&D personnel must check the protection scope of relevant existing invention patents before production and sales process, and determine whether the technical contents to be implemented are included in the said protection scope. Also, they must estimate whether there is any infringement against related technologies based on the results, and avoid such infringement in design process. As of 31 December 2021, the Group has obtained 668 patents authorized by the State, while 386 patents have been submitted for examination and approval.

Take multiple measures to improve resource use efficiency

Professional database guarantee	<ul style="list-style-type: none"> We cooperated with domestic database companies to use commercial patent database to facilitate global patent data retrieval and patent analysis of related product technologies, providing data guarantee for technological innovation and patent risk avoidance in product research and development.
Intellectual property rights management system	<ul style="list-style-type: none"> We established a patent team, organized monthly patent meetings, and established and improved the management system of intellectual property rights organizations. In order to ensure that employees at all levels are included in the Group's intellectual property rights management system, we have formulated comprehensive intellectual property rights management systems such as <i>the General Principles of Intellectual Property Rights Management, Patent Management System, Copyright Management System, Intellectual Property Rights Confidentiality System, Technology Contract Management System and Infringement Retrieval Process Management Regulations</i>.
Development and construction of intellectual property rights	<ul style="list-style-type: none"> We strive to boost the development and construction of intellectual property rights. We cooperated with Nanjing Ruihong Patent and Trademark Office to build a high-value patent cultivation demonstration center, targeting to become a patent creation highland with important influence in the field of high-reliability wind power gearbox technology research, a R&D base for key technologies and a leader for regional innovation and development, furthermore, cultivating a number of high-value patents for wind power gearbox technology and products.
Patent application layout	<ul style="list-style-type: none"> We strengthened the forward-looking layout of patent technology, and the patent management in the process of research and development. By establishing a pre-examination mechanism of patent application, we identify patent risk items, cultivate patent layout awareness, improve the post-tracking of patent application and expand the scope of patent protection as per the process of compilation-retrieval and sci-tech novelty retrieval-review. Up to now, we have applied for seven PCT international patents, and completed the patent application arrangement in Europe, the United States, India, Brazil and other countries and regions through PCT and the Paris Convention.

The Group has completed the construction of the central organizational framework, formulated various business management systems for the whole process of high-value patents, and finished the construction of intellectual property rights information platform. With regard to R&D work, we have prepared the industry development trend and technical feasibility study report to determined and improve the R&D plan of product technology. For the patent work, we have built the functional framework of product intellectual property rights information platform, the patent analysis and layout of the product production process and manufacturing technology. We have promoted and conducted the application for a number of core product patents and peripheral defence patents. In 2021, we were authorized as the Nanjing High-value Patent Cultivation Center.

Customer Service

The Group is committed to establishing and maintaining long-term and stable partnership with customers and striving to provide customers with high-quality products and after-sales service. We are the service supplier in the global gear transmission equipment industry with stable growth, reliable quality and comprehensive service.

Customer Satisfaction

We strive to improve our products and services to enhance the customer satisfaction. Faced with the diverse needs of customers, we have set up a sound and thorough service system and a global service network with a view to providing customers with transmission system of high reliability and low operating cost. We follow up product performance closely throughout the whole process. We have conducted annual customer satisfaction surveys for more than ten years in which to invite respondents to score from such aspects as product quality, service quality, cost performance, brand image and product expectation, etc.. Since 2019, we have changed from the previous letter survey to online research, thus improving the questionnaire collection rate, making the survey more environmentally friendly, and extending the survey to end users. The survey results of customer satisfaction over the past years show that the Group's products and services have been unanimously recognized and highly praised by customers, earning us the trust of customers by virtue of our good brand image. The satisfaction, perceived value and loyalty of our customers all rank at the forefront of the industry.

As for customer complaints, we would launch investigation after receiving them. If necessary, we will entrust a local third-party agent to investigate and collect evidence on site, conduct analysis and improve work quality. Then, we would contact and give feedback to customers in a timely manner after completing the investigation. If the problem is caused by customers' improper use, our marketing service department would firstly help find out the problem, check their use environment and methods before correctly guiding customers, and carrying out on-site repair. If the product quality were involved, we would solve the problems promptly and improve the quality in a closed loop.

We are committed to providing customers with high-quality products and professional services, and accelerating the global business strategy, while consolidating our share in the Chinese market. We have also established a global after-sales service system. With the operation and maintenance centers and service organizations in China, the United States, Germany, Singapore and India, we try our best to provide a complete set of solutions and efficient supports for global partners, provide our customers with transmission systems of high reliability and low operating cost, fully meet the diversified needs of customers, further enhance brand influence and global service quality, and realize the sustainable development. Furthermore, we hold customers' days and participate in international and domestic exhibitions to promote new products, strengthen technical communication and business exchanges with customers, in the meantime, we strive to produce better products and provide more professional services to customers. By such can we build a long-term, stable and close cooperation relationship with customers.

Global Service Network



To further integrate the product development system, improve the participation and support of customers and suppliers, and to promote the cooperation of project teams within the Group, enable all parties to share the same goal to ensure the delivery of quality projects and improve customer satisfaction, Nanjing High Speed Gear Manufacturing Co., Ltd. has introduced APQP4WIND into the current quality management system, and officially became a member of APQP4WIND in 2021.



We won the Excellence Award of the "Sany Renewable Energy" Supplier Quality Month Activity. To deal with the NCR and complaints of customer bases, we hold a special meeting every month to give feedback of problems to the Group. At the same time, we follow up the corrective measures to ensure the effective settlement of problems in a closed loop, and prevent the problems from happening again, so as to improve customers' satisfaction and loyalty.



The first XCMG Basic Customer Activity Day was successfully held, at which we made or met friends through the basket matches, discussed common development goals and held seminars. Also, we discussed current situation as well as breakthroughs and achievements of the Group in the field of the reduction gears for the construction machinery from four dimensions: product R&D project, product test and monitoring, quality system and major customer service team.

Customers' Privacy Protection

In the era of big data, though the Internet facilitates development, it has brought about new challenges for privacy protection. The Group attaches great importance to customer privacy and data security. We have carried out a series of privacy protection and data security activities regarding system, technology and training. We entered into confidentiality agreements with all customers and promised to keep confidential the non-public information in written, oral or other forms during the agreement period, as well as all data that shall not be known by or received from any third parties or those are reasonably regarded as confidential. In addition, we strengthened the protection of our network and systems, provided technical control means such as data encryption and decryption, data leakage prevention, etc., and monitored and protected system security and external attacks in an all-around manner. At the same time, we carried out data security and information security awareness training for all employees to constantly improve their senses and behavioural norms.

4



Subsustainable Supply Chains

Subsustainable Supply Chains

By adhering to the concept of "Coordination, Pragmatism, Pioneering and Innovation," the Group insists on working hand in hand with suppliers. Through continuous improvement of supply chain management, encouraging suppliers and partners to actively fulfil their responsibilities, so that products and services meet the requirements of sustainable development. Together, we build a green, open, transparent and harmonious industrial ecosystem.

The Group strictly complies with such laws and regulations as *the Safety Production Law of the People's Republic of China* and *the Environmental Protection Law of the People's Republic of China*. We optimize the supplier management system, and conduct cooperative partnership with suppliers in a responsible manner. In order to prevent possible commercial bribery, environmental pollution, damage to labour rights a or interests, we signed *the Commitment Letter on Compliance for NGC Suppliers*, *the Agreement on Environment, Occupational Health and Safety*, and *the Declaration on Non-use of Hazardous Substances*, among others, with our cooperative suppliers to convey our principles and policies in the fields of business ethics, environment and safety management, and encourage them to use more environmentally friendly products and services. Among them, the Declaration of Non-use of Hazardous Substances requires suppliers to prohibit the use of hazardous substances that endanger human health and the environment. It specifies relevant punishment measures for violation of regulations, so as to prevent harmful substances from spreading to the surrounding environment. The Group manages and assesses environmental and social risks at all levels of business and at all stages of the supply chain.

As for procurement, the Group pays close attention to the compliance and sustainability of the supply chain. We require suppliers to abide by the laws, regulations and codes of conduct, and guide them to fulfil their social responsibilities. Prospective suppliers must be in alignment with the Group's environmental protection vision. We have established a systematic supplier management plan in accordance with *the Supplier EHS Management Code* and customer requirements, clearly specified the government's requirements for environmental protection, safety and fire protection permits, occupational disease prevention and EHS management system. Based on the above principles, we identified 322 major suppliers based in China and 16 major overseas suppliers through thorough supplier screening, access, evaluation and violation mechanisms during the Reporting Period.

We manage suppliers according to their business importance, supply period and performance evaluation. We examine the quality, cost, logistics and service of suppliers, and determine the grade of qualified suppliers through monthly and annually comprehensive evaluation. At the same time, we carry out risk assessment on suppliers from the dimensions of products and technologies, enterprise nature, EHS performance, supplier resources and purchase volume, and adjust the audit dates according to the risk level. If major accidents or other irregularities were found in suppliers, we would appropriately increase the audit frequency, put forward recertification plans for suppliers based on the audit results and conduct real-time supervision, so as to help them optimize and improve their business level. Meanwhile, these efforts enhance their social responsibility awareness and ability. We strive to maintain close communication with suppliers, discuss the future cooperation with representatives from different countries or regions by means of exchange visits, supplier conferences, large-scale exhibitions and exchange meetings, and explore the possibility of business upgrading and further cooperation so as to achieve win-win results in the long term.



5



Employment Management

Employment Management

"Climb up the summit step by step, Strive for perfection bit by bit"

It is an important mission of the Group to continuously cultivate a team of professional managers with high professional standards, enthusiasm and sense of responsibility.

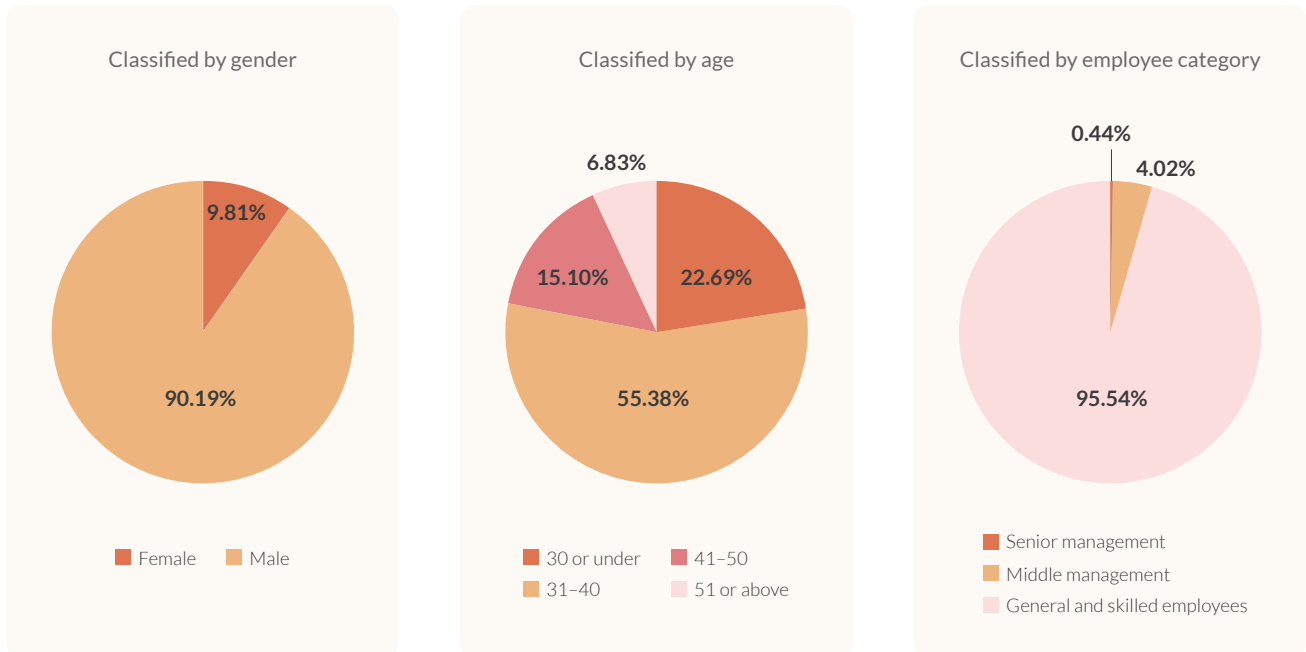
Employees' Rights and Benefits

Recruitment

The Group has always adhered to the principle of fairness and merit-based recruitment policy. All candidates will be given the equal opportunity to be recruited and paid regardless of gender, belief or race. At the same time, we also employ disabled people to let their talents to be fully played by assigning to them suitable jobs. All applicants must go through the interview and selection process. During the recruitment, applicants' personal data, identity certificates and ages must be strictly checked to ensure that the minimum legal working age requirement is met. The candidates who are confirmed before employment shall undergo corresponding physical check, and shall sign a labour contract with the Group voluntarily before commencing work. Relevant clauses such as work content, place, time and probation period shall be clearly stipulated in the labour contract. We use a variety of recruitment channels, including recruitment websites, social media and official websites to advertise jobs. We also cooperate with more than 40 institutions of higher learning to organize campus job fairs, internship programs and visits, so as to lay the foundation for future talent competition and recruit diversified talents.

General Conditions of Employees

As of 31 December 2021, the Group has 6,163 employees.



Remarks:

1. The employee-related data of 2021 cover more than 95% of the Group's employees in the Mainland China, i.e. 5,690 employees. The calculation method refers to the calculation instructions of social key performance indicators as specified in How to Prepare An ESG Report.
2. The difference in gender ratio is mainly due to the industry factor, and does not deviate from the Group's principle of equal employment (including recruitment, promotion and training).

We are well aware that employees are important assets of an enterprise, so that we strive to attract and retain all kinds of talents to promote our sustainable development. According to the *Guide to Salary Trends of Key Industries in 2022* issued by CIIC, the average voluntary turnover rate of manufacturing employees in 2021 was 18.5%. During the Reporting Period, the voluntary turnover rate of the Group's employees registered 6.4%, far lower than the average rate of the manufacturing industry and indirectly reflecting the high sense of belonging of the employees to the Group.

In Hong Kong, we comply with all applicable rules and regulations, such as the *Sex Discrimination Ordinance*, *Race Discrimination Ordinance*, *Disability Discrimination Ordinance* and *Family Status Discrimination Ordinance*, while in Mainland China, we are subject to applicable employment regulations, such as the *Labour Law of the People's Republic of China* and the *Labour Contract Law of the People's Republic of China*. During the year ended 31 December 2021, the Board did not find any breach of relevant standards, rules and regulations by the Group and its employees, which had material impact on the Group.

Codes of Labour

The Group has zero tolerance for child labour and forced labour. If any violations are found, we will deal with them as soon as possible according to the relevant emergency plans formulated by the Group to protect the child labours or forced workers, and notify the trade unions or local labour welfare departments. During the Reporting Period, we did not find that the Group was involved in any major violations of laws or regulations related to child labour and forced labour, including but not limited to, the *Labour Law of the People's Republic of China* and the *Provisions of Child Labour and the Law on the Protection of Minors*.

In consideration of the nature of work and posts, we divide working hours into regular and flexible working hours. The regular working system is applicable to production-related personnel and office staff, while the flexible working system covers middle-level and above management positions and salesmen, etc. We do not advocate overtime work, but employees can be arranged to work overtime voluntarily subject to the confirmation of the person in charge in case of the actual production and business needs. The overtime pay shall be reissued in compliance with the laws and regulations of the State.

Equal Opportunities

We respect the rights and freedom of all employees. In accordance with the relevant provisions of the *Labour Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, we issued a statement in the *Employee Handbook* on protecting employees from discrimination, harassment and freedom of association, stating that all employees must not be discriminated against due to their nationality, gender, religious belief, etc., and never do we tolerate any form of discrimination. The Group also does not allow any harassment of customers, suppliers and employees. The freedom of belief of all employees is also respected. If the legitimate rights and interests of employees are infringed, they can report and complain through the complaint procedures.

Remuneration Management

The employees of the Group are one of our important stakeholders. We provide good working environment for our employees, including a working space free from discrimination and harassment. We also provide fair opportunities and competitive remuneration for all employees. We strive to implement salary management with the four principles of "Legality, Rationality, Marketization and Business consistency". In order to standardize salary management and provide employees with fair and reasonable labour remuneration, we have specially formulated the *Salary Management System*, which sets salary scales according to employees' ranks, and specific salary amounts according to their personal capability, quality and performance, determines their performance bonuses and year-end bonuses according to their performance evaluation results, and reflects salary differences fairly and reasonably. Furthermore, we determine salary standards with reference to the local labour market and the industry salary levels.

Employee Communication

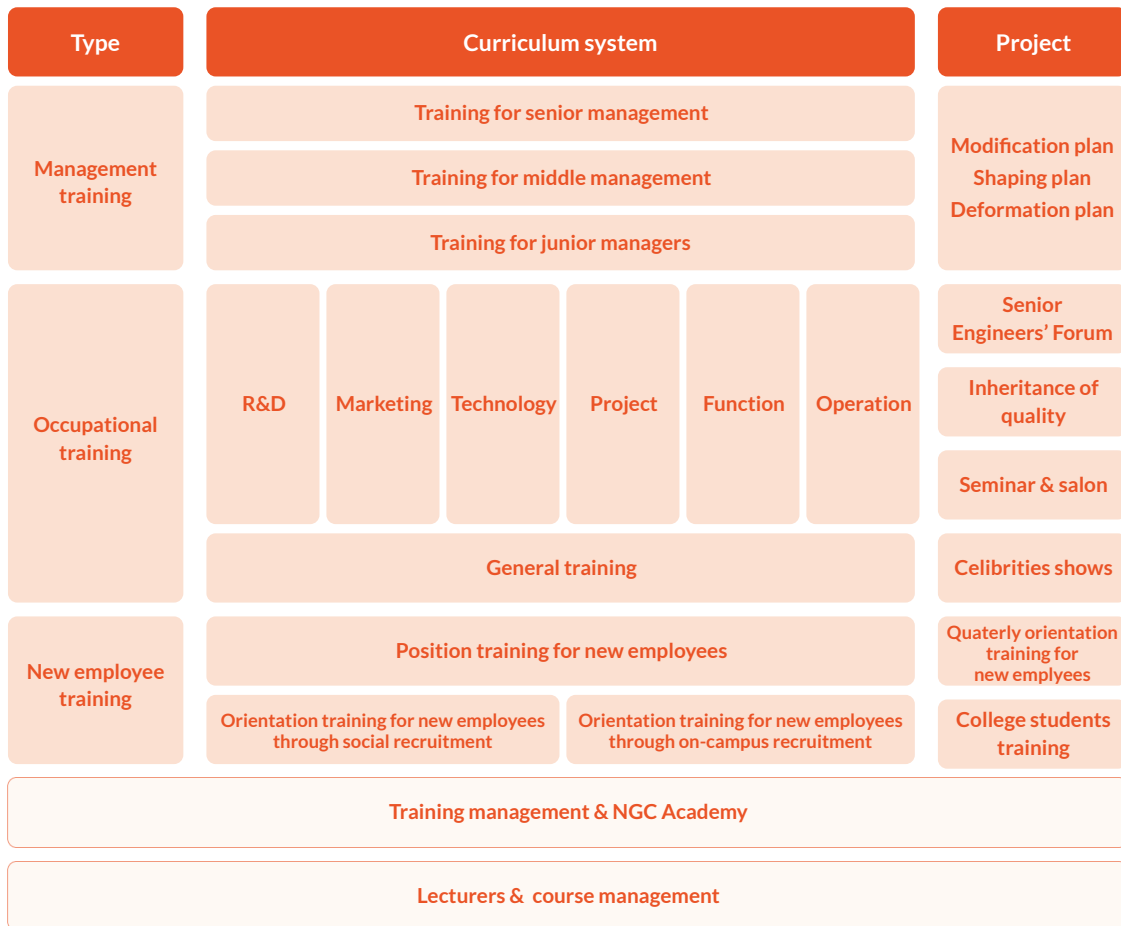
The Group pays close attention to the physical and mental health of its employees and listens carefully to the opinions or complaints of each employee. We actively conduct employee satisfaction surveys every year, and take the collected opinions into account in future improvement measures. We have implemented a new OA system internally. Employees can submit comments and complete employee satisfaction surveys at any time through mobile phones or computers. The employee's immediate manager or HR specialist of each department is responsible for handling feedback or complaints. If they can't be solved, the employees can report them to their superior supervisors, and then to the management of the Group layer by layer, or complain to the chairman of the trade union. In addition to the OA system, we also provide a general manager's physical mailbox and email mailbox, via which the employees can send suggestions or opinions directly to the management, and the general manager will answer and handle them. Meanwhile, we have established the enterprise WeChat NGC Home to share the latest trends and important information of the Group with employees. Through the enterprise WeChat, the employees can freely express their opinions and suggestions and thus realizing interaction with the Group.

Employee Training and Development

Training is one of the main ways of human resources development of the Group and an important measure to improve the quality, professional skills and management level of employees. We have attached importance to the development of each employee, set up a clear employee category, and provided different career development directions as well as professional training and development courses for outstanding employees. Meanwhile, employees' superiors are assigned with the responsibility to support their subordinates' career development, conduct regular career development interviews and performance evaluation on their subordinates, guide directions and provide suggestions, render them corresponding development opportunities, and cultivate reserve forces for departments.

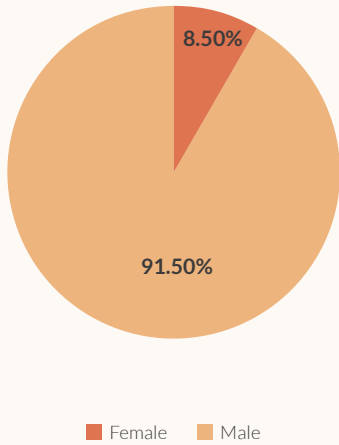
To meet the needs of departments, we have made an annual training plan, organized training courses for different levels and job types, and designed courses from the perspective of business ability and career development, which are divided into management training, vocational training and new employee training, etc. We have also established the NGC Academy, an E-learning online learning platform, for employees. In order to create an immersed learning atmosphere and assist employees to learn enterprise knowledge. The Group has specially built an internal lecturer team to provide rich courses for the management, professionals, ordinary and new employees. We have delivered more than 200 lectures and provided employees with more than 700 online and offline courses, thus improving their knowledge and skills, making them competent for their posts and facilitating their career development.

Vocational development training system

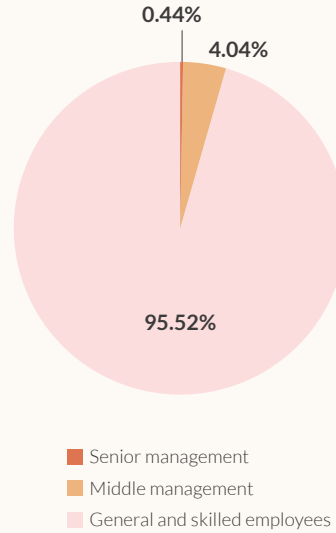


In 2021, the Group provided the training of a total of 97,742 hours for employees, with an average training time of 17.24 hours and a total of 2,252 courses.

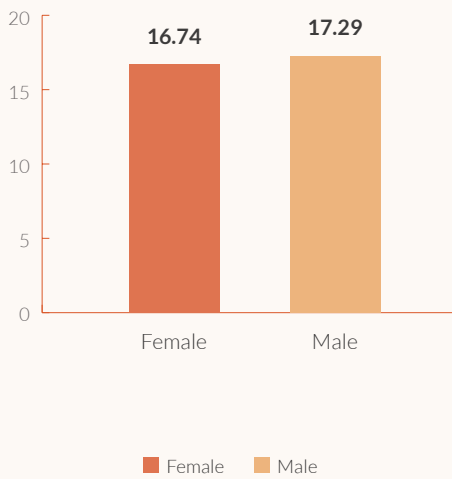
Percentage of trainees classified by gender



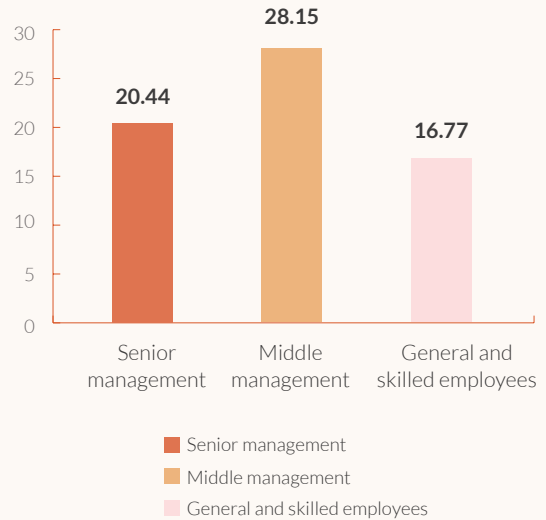
Percentage of trainees classified as per employee category



Average training hours for trainees classified as per gender(hour/person)



Average training hours for trainees classified as per employee category (hour/person)



Remarks:

Very few employees were unable to attend this year's training due to other matters.

Health and Safety

"Life is a top priority in the safe development."

We ensure the personal and property safety of employees in accordance with the principle of "Taking prevention and self-help as the primary goal, unifying command and dividing labour with individual responsibilities."

Health and Safety Management System

As a manufacturer serving international market, we understand that occupational health and safety are essential for safeguarding employees' well-being, morale, corporate image and efficiency. The Group has obtained the new standard ISO45001:2018 Certification for the occupational health and safety management system. In accordance with relevant laws and regulations, we carry out annual monitoring of occupational hazards in the workplace, and arrange special personnel to deliver safety education and training for each plant to strengthen employees' awareness on safety production, so as to reduce the incidence of safety accidents. We conduct an assessment of occupational hazards every three years to ensure the effective operation of occupational disease prevention facilities and the implementation of protective measures for employees in accordance with laws and regulations. Specialized departments will conduct regular inspections at the factory site, including before-and after-holiday and weekly inspections. We submit quarterly reports to the Safety Committee and then to the management all safety incidents, potential safety hazards, rectification progress and completion of safety training plans.

During the Reporting Period, the Group did not find any material violation of laws and regulations related to occupational health and safety, including but not limited to, *the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Fire Protection Law of the People's Republic of China, Regulations on Safety Production License(Revised), Hygienic Standards for Industrial Enterprises, Specifications for Personal Protective Equipment Selection, and Warning Signs for Occupational Hazards in Workplaces*. Over the past three years, the Group registered no death due to work-related injuries.

Statistical table of deaths due to work-related injuries

Deaths due to work-related injuries	Unit	2021	2020	2019
Male	Person	0	0	0
Female	Person	0	0	0
Total	Person	0	0	0

On-site safety measures

- The electrical equipment used at the sites exposed to fire or explosion risks must be in compliance with the corresponding explosion-prevention grades and relevant standards.
- Safety signs and alarm devices shall be set up at the sites where incidents are prone to occur.
- The occupational hazards at the operation sites shall be inspected regularly, and safety or protection cards shall be set up at conspicuous places.
- All personnel of contacting power frequency electric field shall be provided with insulated shoes, gloves and work clothes to prevent relevant accidents.
- All personnel of contacting chemical substances shall be provided with rubber gloves, goggles, acid and alkali-resistant protection suits and facial masks.
- All personnel of contacting noises shall be provided with ear plugs and ear shields.
- Showers and eyewash equipment shall be installed near the positions for cleaning, freezing or and testing.
- Ventilation equipment shall be added at the cold source stations.
- Ventilation equipment and automatic fire warning devices shall be added at the sites of piling hazardous wastes.

Emergency Plans

In accordance with the *Safety Production Law of the People's Republic of China* and by referring to the *Guidelines for Compiling Emergency Plans of Production Safety Accidents for Production and Business Units*, we have formulated the *Emergency Plans for Production Safety Accidents*, and regularly conducted emergency drills to improve employees' emergency response ability and disaster prevention awareness. We have also set up an emergency rescue organization, which is mainly responsible for organizing, leading and directing the rescue work after major accidents to ensure the personal and property safety of employees. In response to the outbreak of the COVID-19 epidemic, we have optimized the emergency plan in a timely manner, and added the emergency plan for dealing with epidemic diseases with unknown causes in preparation for possible occasions.

In order to strengthen employees' urgent evacuation and fire-fighting ability, the Group continued to conduct fire evacuation drills and "fire-fighting drills" for employees in key fire-prevention areas and new employees and volunteer firefighters to enhance their awareness of fire safety in the Reporting Period. The exercise further improved the employees' ability of emergency response, rapid response and cooperative combat and rescue. It ensured that communication, evacuation, fire-fighting and rescue would be carried out immediately in case of fire accidents, thus reducing personnel injury and property loss.



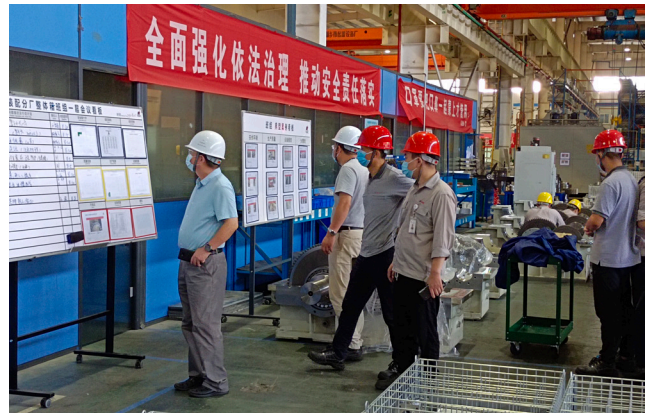
Evacuation and gathering at office areas and workshops



Volunteer firefighters, employees in key areas, new employees and security personnel conduct fire-fighting drills.

Pandemic Prevention and Control

Given the needs for preventing and controlling the COVID-19 pandemic and protecting the health and safety of employees, the Group has implemented a number of health and safety measures in the workplace to reduce the impact of the epidemic on employees. In Hong Kong, we comply with the provisions of the *Prevention and Control of Disease Ordinance (Chapter 599 of the Laws of Hong Kong)*, require employees to wear masks in the workplace, reduce the population density and widen the social distance in the workplace. During the epidemic prevention and control period in Mainland China, we advocated that some employees worked at home and prohibited unnecessary business trips. Meanwhile, we provided corresponding technical support and used remote control and electronic office systems to ensure the smooth business operation of the Group.



In order to ensure the health of employees and the timely completion of the Group's productive tasks, the safety management personnel of the Group, under the leadership of the competent leader of the Safety, Environment and Security Department, carried out a special inspection activity for safety production within the whole Group with the theme of "preventing the COVID-19 epidemic, overcoming high temperature and keeping safety production in mind."

The factory director (manager) and safety officer of each workshop cooperated with each other to sort out potential safety hazards, guide the rectification of potential hazards, and review the rectification of potential safety hazards.

In recent years, the COVID-19 pandemic has been spreading all over the world, posing a great challenge to the health and safety of employees. To cope with it, the Group fully responded to the government's call for epidemic prevention and control, actively cooperated with local communities, street offices and industrial parks to arrange multiple rounds of nucleic acid detection for all its employees, eased the difficulty in the community epidemic prevention and control through efficient and precise organization, and provided more convenience and guarantee for employees. The leading group for epidemic prevention and control of the Group has carried out emergency communication with the epidemic-related working groups of industrial parks for many times, arranged all-day-available nucleic acid detection in the factory areas, and implemented specific prevention and control measures.



The Group carried out multiple rounds of nucleic acid detection within the Group.

Caring for Employees

The Group could not achieve such success without diligent work and creativity of each employee. In addition to the statutory pension insurance, unemployment insurance, industrial injury insurance, maternity insurance and medical insurance, we provide employees with additional subsidies and allowances, including transportation subsidies, rental subsidies and meals. We prepare gifts on special holidays to make them feel the care from the Group. Besides the holidays indicated in the *Employment Ordinance of Hong Kong*, eligible employees are entitled to other statutory holidays and rest, such as sick leave, marriage leave, funeral leave, maternity leave and pending maternity leave. Meanwhile, we pay attention to the health of employees and arrange free physical checks for them.

We actively encourage employees to participate in such interesting activities as reading seminar, angling, badminton match, mountaineering competition and photography, so as to strengthen the cohesion of the employees of the Group.



The trade union of the Group held a symposium for the women workers' committee on 8 March 2021, the Women's Day, by which the participants learned that "the enterprises guarantee that women workers enjoy equal rights as men to receive education and training in accordance with laws and that female employees are entitled to special labour protection, their rights to health protection are safeguarded, and the enterprises shall give special protection to female employees during menstruation, pregnancy, childbirth and lactation."



The dragon boat team of the Group participated in the "Pilot Cup" Dragon Boat Race sponsored by Nanjing Enterprise Federation and Nanjing Entrepreneur Association in 2021 and reaped good results.



The trade union of the Group organized a series of activities of "Sending coolness in hot summer and refreshing people with enthusiasm".



The Group's "Reading and Appreciation" Association held an autumn gathering activity with the theme of "Welcoming the golden autumn by reading good books" at Shecun, Jiangning, providing a good platform for employees of the Group to learn, exchange and enhance friendship after busy work.

6



Public Welfare and Community Engagement

Public Welfare and Community Engagement

By assuming the mission of "Delivering the driving force of progress for human civilization," the Group takes sustainable development as its goal, actively undertakes social responsibility, solves practical problems for people in difficulties, and strives to be a trustworthy corporate citizen with a strong sense of social responsibility. We assist the youth in their development and help disabled people, so as to promote social inclusion and cohesion.

The total expenditure of the Group on charitable donations over the past two years registered RMB 14,367,800 and the cases of participating in voluntary projects during the Reporting Period are listed as follows:

Case

Assist in rescuing finless porpoises in the Yangtze River

Finless porpoises have been living in the Yangtze River basin for more than 25 million years, but have now become an extremely endangered species. This population status represents the most objective health indicator of the Yangtze River, the mother river of China. Due to a lack of food and habitat destruction, there are now only about 1,000 wild finless porpoises left, and about 50 finless porpoises in the Nanjing section, which are found from the Yangtze River Bridge to the junction of Nanjing and Ma'anshan. Also this river section has been selected as the nature reserve for finless porpoises in Jiangsu Province, while Nanjing is the only city where this animal can be seen in the urban area.

In June 2021, the Group once again followed the finless porpoise guards to the riverside to participate in the finless porpoise protection activity, and released a large number of native fish into the Yangtze River, such as mullets, channel catfish, bighead carp and grass carp. This not only provided food totalling RMB 30,000 to the lovely finless porpoises, but made contributions to the protection of biodiversity in the Yangtze River basin as well.



The finless porpoise guards of the Group



Some employees of the Group visit the exhibition hall of finless porpoises from the Nanjing Yangtze River section.

Case

"Shell Breaking Action", a project of aiding children to access school education

The big educational gap between urban and rural areas renders rural education a weak part of the Chinese education. The full tuition, residence and living expenses for high school education constitute a big burden for many families in financial difficulties in rural areas. Amity Foundation's "Shell Breaking Action" project helps poverty-stricken high school students in rural areas to relieve economic pressure, so as to help them concentrate on study.

In 2021, the Group joined hands with Amity Foundation and local education departments to set up the "Shell Breaking Action" project, a three-year student aid program. In this project, 15 poor senior high school students in Gaochun High School of Jiangsu Province were given an annual grant of RMB 3,300 each, thus releasing them from the financial difficulties and helping them realize the dream of further schooling.



The donation ceremony of the "Shell Breaking Action" project

KPIs of The HKEX ESG Reporting Guide

Environmental KPIs

KPIs	Unit	2021	2020
Emission of nitrous oxides (NOX)	Kg	1,269.21	5,077.30
Emission of sulphur oxides (SOX)	Kg	12.24	13.16
Emission of particulate matter	Kg	23.57	166.31
Emission intensity of GHG	Kg CO ₂ e/thousand RMB	16.00	19.34
Total emission of GHG^{3,4}	tCO₂e	223,689.74	254,906.62
Direct emissions (Scope 1)	tCO ₂ e	1,484.36	13,617.64
Indirect emissions (Scope 2)	tCO ₂ e	222,230.73	241,318.01
GHG removal (Scope 1) Tree plantation	tCO ₂ e	25.35	29.03
Intensity of hazardous wastes	Kg/thousand RMB	0.12	0.10
Total hazardous wastes	Ton	1,613.48	1,301.85
Waste of paint residue	Ton	203.21	175.40
Waste of lead acid battery	Ton	64.47	9.16
Waste oil	Ton	142.31	127.51
Contaminants	Ton	359.30	83.02
Washable waste containers	Ton	132.40	257.57
Waste chemical containers (including waste paint buckets)	Ton	105.79	39.60
Waste cleaner	Ton	20.63	-
Waste activated carbon	Ton	117.92	30.48
Waste quenching oil	Ton	82.42	24.08
Dross (including sludge)	Ton	170.43	29.25
Waste salt	Ton	2.88	-
Waste rust preventive oil	Ton	8.16	13.15
Waste quenching fluid ⁵	Ton	-	179.04

Environmental KPIs

KPIs	Unit	2021	2020
Oily waste	Ton	203.57	333.59
Intensity of non-hazardous wastes	Kg/thousand RMB	0.50	0.99
Total non-hazardous wastes⁶	Ton	6,985.10	13,056.32
Intensity of energy consumption	kWh/thousand RMB	25.38	25.49
Total energy consumption⁴	MWh	354,865.75	335,946.99
Purchased electricity	MWh	315,893.00	299,922.96
Renewable energy (solar photovoltaic energy)	MWh	32,294.00	31,429.20
Natural gas	MWh	1390.71	-
LPG	MWh	4,324.91	3,041.71
Diesel	MWh	508.19	720.54
Gasoline	MWh	454.94	832.58
Intensity of water consumption	m³/thousand RMB	0.05	0.45
Total water consumption	m³	699,110.00	600,353.00
Total sewage discharge	m³	230,054.00	180,840.00
Intensity of packaging material used	Kg/thousand RMB	0.67	0.72
Total packaging material used⁷	Ton	9,304.87	9,513.50

Remarks:

1. Environmental performance data mainly include the Group's wind power gear transmission equipment business segment and industrial gear transmission equipment business segment.
2. The intensity set out in this Report is measured by dividing the total amount of exhaust emissions, greenhouse gas emissions, hazardous wastes, non-hazardous wastes or resource consumption by the sales revenue of the Group's wind power gear transmission equipment business segment and industrial gear transmission equipment business segment in the corresponding year.
3. GHG Scope 1 (Direct emissions) includes GHG emissions from operations directly controlled or managed by the Group, while Scope 2 (indirect emissions) includes indirect emissions from purchased electricity outside of the Group.
4. The calculation of greenhouse gas emissions refers to the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Machinery and Equipment Manufacturing Enterprises (Trial)*. The emission coefficients of natural gas and liquefied petroleum gas refer to *Industrial Boiler (Heat Supply) Industry Coefficients Manual*, the sulfur content refers to *Natural Gas (GB 17820-2018)*, and the emission coefficients of gasoline and diesel refer to the HKEX's *How to Prepare Environmental and Social and Governance Report*, and the electricity emission factor refers to the *2012 China Regional Power Grid Average Carbon Dioxide Emission Factor*.
5. Waste quenching liquid was produced once in the technical transformation in 2020, but no waste quenching liquid was produced in other production activities, thus, there was no data for 2021.
6. Domestic waste is not included in the total non-hazardous waste of the Group.
7. Packaging materials include wood, steel and plastics used in the sales and transportation of products by the Group.

Social KPIs

KPIs	Unit	2021	2020
Total employees¹	Person	6,163	6,025
Classified by gender			
Female	Person	558	557
Male	Person	5,132	5,077
Classified by age			
≤ 30	Person	1,291	1,315
31-40	Person	3,151	3,067
41-50	Person	859	854
≥51	Person	389	398
Classified by employment type			
Full-time	Person	5,690	5,634
Part-time	Person	0	0
Classified by employee category			
Senior management	Person	25	16
Middle management	Person	229	243
General and skilled employees	Person	5,436	5,375
Classified by geographical region			
Mainland China	Person	5,690	5,634
Hong Kong, China	Person	0	0
Other countries or regions	Person	0	0
Employee turnover rate			
Employee turnover rate by gender –female	%	6.81%	2.51%
Employee turnover rate by gender –male	%	6.35%	5.52%
Employee turnover rate by age –≤30 years old	%	9.99%	11.71%
Employee turnover rate by age –31-50 years old	%	4.71%	3.34%
Employee turnover rate by age –≥51 years old	%	11.83%	2.26%
Employee turnover rate by region –Mainland China	%	6.40%	5.22%
Employee turnover rate by region –Hong Kong, China	%	N/A	N/A
Employee turnover rate by region –others	%	N/A	N/A

Social KPIs

KPIs	Unit	2021	2020
Number of deaths related to work –total number	Person	0	0
Number of deaths related to work –female employees	Person	0	0
Number of deaths related to work –male employees	Person	0	0
Working days lost due to injury related to work –total number	Person	1,291	703
Working days lost due to injury related to work –female employees	Person	0	0
Working days lost due to injury related to work –male employees	Person	1,291	703
Number of injuries due to work –total number	Person	30	18
Number of injuries due to work –female employees	Person	0	0
Number of injuries due to work –male employees	Person	30	18
Total trainees ²	Person	5,669	5,490
Number of trainees–female employees	Person	482	494
Number of trainees–male employees	Person	5,187	4,996
Number of trainees–senior management	Person	25	16
Number of trainees–middle management	Person	229	243
Number of trainees–General and skilled employees	Person	5,415	5,231
Total training hours	Hour	97,742	89,064
Total training hours–female employees	Hour	8,070	8,607
Total training hours–male employees	Hour	89,672	80,457
Total training hours–senior management	Hour	511	80
Total training hours–middle management	Hour	6,447	7,776
Total training hours–General and skilled employees	Hour	90,784	81,208
Average training hours	Hour/person	17	15
Total number of courses	Course	2,252	2,022
Total number of suppliers	Number	631	496
Total number of suppliers –Mainland China	Number	614	496
Total number of suppliers –Hong Kong, China	Number	1	0
Total number of suppliers –other countries or regions	Number	16	0

Social KPIs

KPIs	Unit	2021	2020
The number of products receiving complaints	Number	0	0
The number of products which must be recalled due to safety and health reasons among the total sold or delivered products	Piece	0	0
The number of products receiving complaints –Related to the health and safety of products	Number	0	0
The number of products receiving complaints –Related to customer privacy	Number	0	0
Number of lawsuits concluded in association with the Group or the bribery of its employees	Number	0	0
Person-time of participating in the volunteer activities	Person	82	230
Person-time of participating in the volunteer activities –the employees of the Group	Person	22	30
Person-time of participating in the volunteer activities –employees outside the Group	Person	60	200
Total hours of participating in the volunteer activities	Hour	84	116
Expenditure in donations	RMB	80,000	14,287,800

Remarks:

1. The total number of employees in 2021 and 2020 includes all employees of the Group, while other employee-related data cover more than 95% of the employees of the Group in the Mainland China.
2. Very few employees were unable to attend this year's training due to other matters.

HKEX ESG Reporting Guide Content Index

This Report complies with the "Comply or explain" provisions set out in *the Environmental, Social and Governance Reporting Guide*.

Environmental

Aspect	Indicator number	Indicator contents	Chapter	Page
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 wastes.	Green and low-carbon development	p12-20
	A1.1	The types of emissions and respective emissions data.	Green and low-carbon development <i>KPIs of the HKEX ESG Reporting Guide</i>	p16-20 P44-45
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green and low-carbon development <i>KPIs of the HKEX ESG Reporting Guide</i>	p16, p44
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green and low-carbon development <i>KPIs of the HKEX ESG Reporting Guide</i>	p19, p44
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green and low-carbon development <i>KPIs of the HKEX ESG Reporting Guide</i>	p20, p45
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Green and low-carbon development	p13-20
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green and low-carbon development	P19-20
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green and low-carbon development	P12-20
	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).	<i>KPIs of the HKEX ESG Reporting Guide</i>	P45
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	<i>KPIs of the HKEX ESG Reporting Guide</i>	P45
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green and low-carbon development	p13-15
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green and low-carbon development	p15-16
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	<i>KPIs of the HKEX ESG Reporting Guide</i>	p45
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Green and low-carbon development	p12-20
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Sustainable development management Green and low-carbon development	p3, p12-13
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Board Statement Sustainable development management Green and low-carbon development	p2, p3, p13
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Sustainable development management Green and low-carbon development	p3, p13

Social

Aspect	Indicator number	Indicator contents	Chapter	Page
B1: Employment and Labour Practices	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment management	p34-41
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment management <i>KPIs of the HKEX ESG Reporting Guide</i>	p34, p46
	B1.2	Employee turnover rate by gender, age group and geographical region.	Employment management <i>KPIs of the HKEX ESG Reporting Guide</i>	p35, p46
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.	Employment management	p38-40
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employment management <i>KPIs of the HKEX ESG Reporting Guide</i>	p38, p47
	B2.2	Lost days due to work injury.	<i>KPIs of the HKEX ESG Reporting Guide</i>	p47
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employment management	p38-40
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment management	p36-37
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employment management <i>KPIs of the HKEX ESG Reporting Guide</i>	p37, p47
	B3.2	The average training hours completed per employee by gender and employee category.	Employment management <i>KPIs of the HKEX ESG Reporting Guide</i>	p37, p47
B4: Labor 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 Labor.	Employment management	p34-35
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment management	p34-35
	B4.2	Description of steps taken to eliminate such practices when discovered.	Employment management	p35
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable supply chain	p32
	B5.1	Number of suppliers by geographical region.	<i>KPIs of the HKEX ESG Reporting Guide</i>	p47
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sustainable supply chain	p32
	B5.3	Description of practices used to identify the environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable supply chain	p32
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable supply chain	p32

Social

Aspect	Indicator number	Indicator contents	Chapter	Page
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.	Product responsibility	p22–30
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<i>KPIs of the HKEX ESG Reporting Guide</i>	p46
	B6.2	Number of products and services related complaints received and how they are dealt with.	Product responsibility <i>KPIs of the HKEX ESG Reporting Guide</i>	p29–30, p48
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product responsibility	p28
	B6.4	Description of quality assurance process and recall procedures.	Product responsibility	p22–23, p29
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product responsibility	p30
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.	Corporate governance	p8–10
	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.	Corporate governance <i>KPIs of the HKEX ESG Reporting Guide</i>	p9, p48
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate governance	p8–9
	B7.3	Description of anti-corruption training provided to directors and staff.	Corporate governance	p9–10
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.	Public welfare and community engagement	p43
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Public welfare and community engagement	p43
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Public welfare and community engagement <i>KPIs of the HKEX ESG Reporting Guide</i>	p43, p48



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