



南京三寶科技股份有限公司  
NANJING SAMPLE TECHNOLOGY CO.,LTD.\*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
Stock code : 1708



## Environmental, Social and Governance Report 2021

\* for identification purpose only

# CONTENTS

ABOUT THIS REPORT	P <sub>2</sub>
ABOUT SAMPLE TECHNOLOGY	P <sub>3</sub>
ESG SYSTEM	P <sub>4</sub>
ESG Philosophy ESG Governance Framework Stakeholders Materiality Identification	
REPORT ON ENVIRONMENTAL ASPECTS	P <sub>7</sub>
Aspect A1: Emissions Aspect A2: Use of Resource Aspect A3: Environment and Natural Resources Aspect A4: Response to Climate Change	
REPORT ON SOCIAL ASPECTS	P <sub>14</sub>
Employment and Labor Practices Aspect B1: Employment Aspect B2: Health and Safety Aspect B3: Development and Training Aspect B4: Labor Standards  Operating Practice Aspect B5: Supply Chain Management Aspect B6: Product Responsibility Aspect B7: Anti-corruption	
COMMUNITY	P <sub>26</sub>
Aspect B8: Community Investment	
REPORTING GUIDE INDEX	P <sub>27</sub>

# ABOUT THIS REPORT

This report is the sixth environmental, social and governance (“ESG”) report issued by Nanjing Sample Technology Co., Ltd. (the “Company” or together with its subsidiaries, “the Group”). The report covers the achievements of the Group in its ESG objectives in 2021 and provides information on the policies and practices it has implemented.

## Report Scope

The period covered by this report is from 1 January 2021 to 31 December 2021 (the “Reporting Period”). For continuity of the information, this report may contain matters beyond the period covered by it. The scope of disclosure covers the operations of the Company and its 10 subsidiaries (including 2 subsidiaries in Hong Kong).

## Report Guide

This report is prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide of the Listing Rules of The Stock Exchange of Hong Kong Limited (“SEHK”). The same definitions are adopted in this report as that in the Group’s 2021 annual report. Should the data disclosed be different from the 2021 annual report, the annual report shall prevail.

## Reporting principles

This report complies with the principles of materiality, quantitative, balance and consistency under the ESG Reporting Guide.

**Materiality:** The Group defines the content and scope of this report through stakeholders engagement and materiality identification and with reference to the result of such identification.

**Quantitative:** The scope and calculation of the data in this report are specified in this report.

**Balance:** This report discloses objective and true information related to the ESG of the Group and ensures that the ESG performance during the Reporting Period is presented fairly without bias.

**Consistency:** Unless otherwise stated, the statistical methods and criteria used for data disclosure in this Report are consistent with those of previous years.

## Report Access

This report will be published on the website of SEHK and the official website of the Group. It is published in both Chinese and English versions. In case of difference between the two versions, the Chinese version shall prevail.

## Report Feedback

If you have any questions or suggestions about the report, please feel free to contact the Securities Department of the Company:

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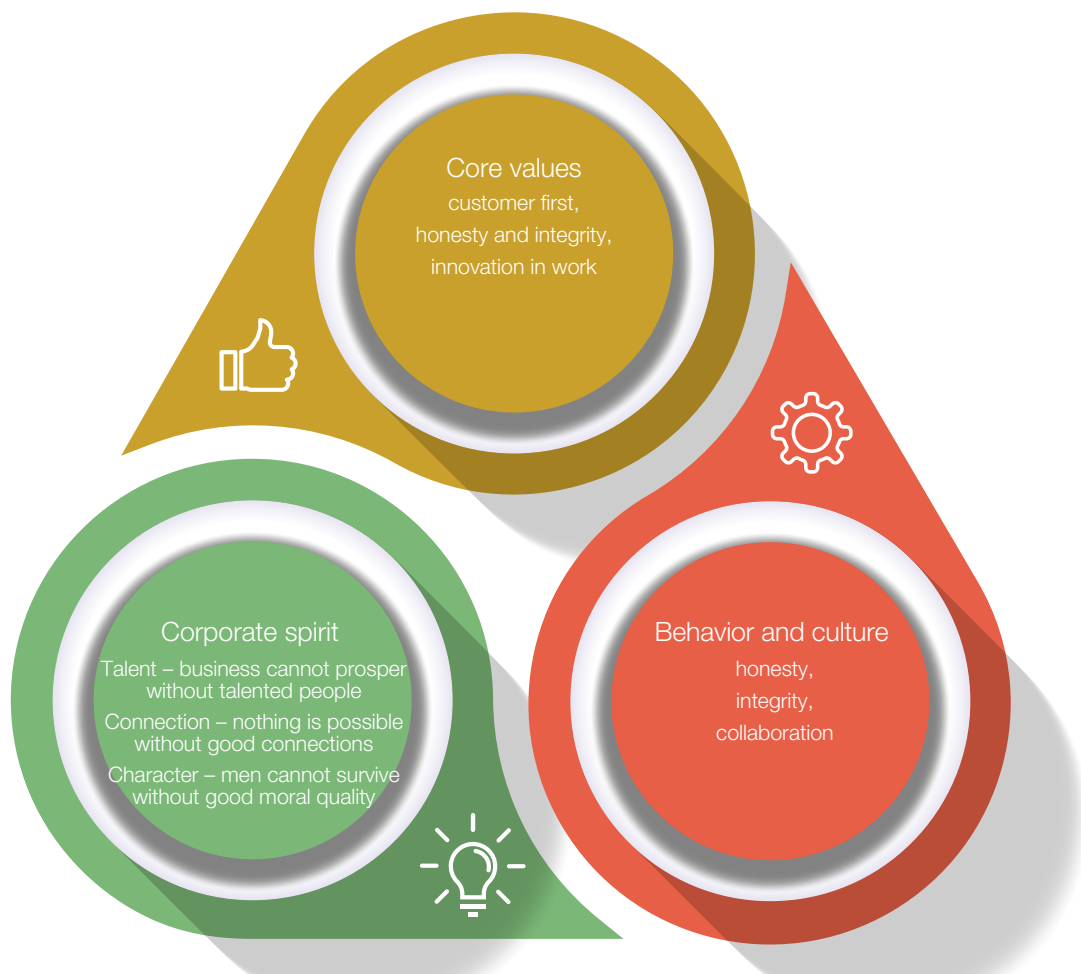
# ABOUT SAMPLE TECHNOLOGY

## Company Overview

The Group was established after the joint-stock reform in 2000 and successfully listed on the Hong Kong Stock Exchange on 9 June 2004. The Group continues to innovate its product solutions, integrating the latest technologies such as 5G, Internet of Things, AI, big data, BIM and CIM to provide integrated solutions for intelligent cities. Based on the accumulation of technology, the Company focuses on the direction of intelligent city development, focusing on intelligent parks, intelligent transportation and urban governance, fully utilising the advantages of governance with data, artificial intelligence and ecological cooperation, with supercomputer as the core, aiming at solving the various problems in the process of urbanisation, providing intelligent products and solutions in the areas of urban governance, industrial transformation and services for people's livelihood, and comprehensively assisting in the intelligent upgrade of digital cities.

## Corporate Values and Culture

Adhering to the core mission of "To create quality life with wisdom", the Group takes creating value for the society and users as its own responsibility. It follows the people-oriented principle and regards "talent, connection and character" as the "Three treasures" of the Company.



In 2021, the Group had a clearer vision, clearer planning and a more enthusiastic attitude towards work, and will remain steadfast in its main business to "achieve steady and exponential growth". In the face of the ever-recurring pandemic, the Group is united in its efforts to cope with the situation without hassle, plan scientifically, overcome difficulties, resume production and minimise losses, continuously improve its work and enhance the operation and sustainability of business, and strive to become an industry benchmark with impact in ESG performance in the near future.



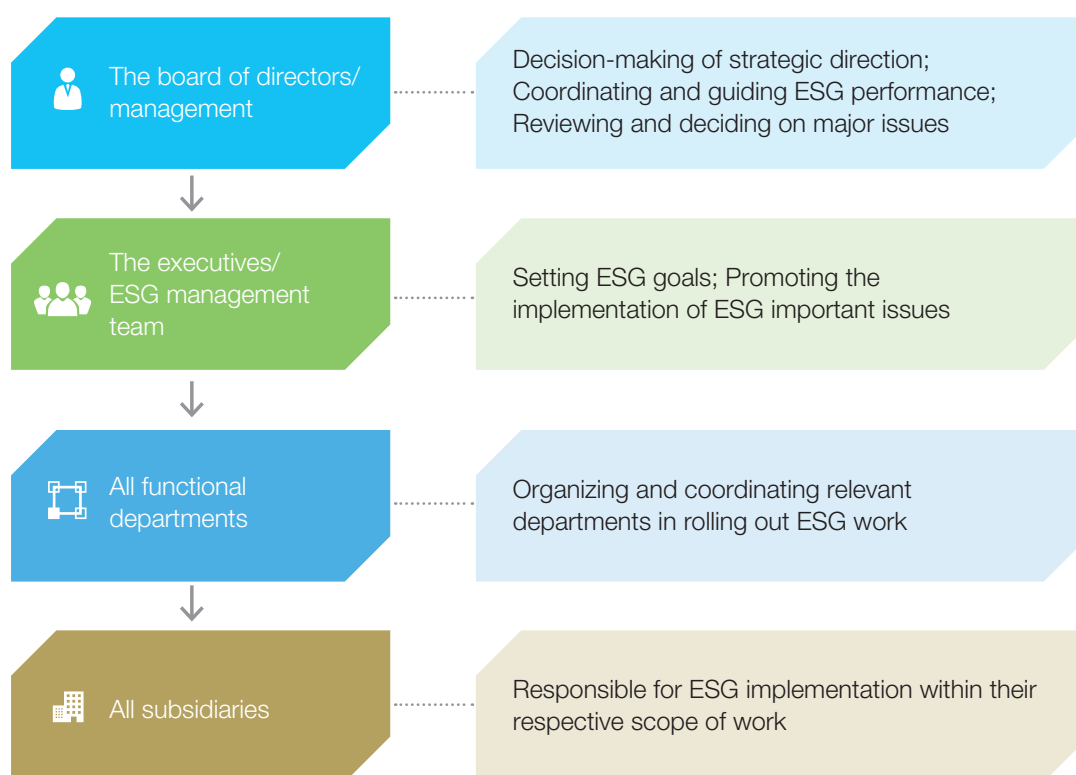
# ESG SYSTEM

## ESG Philosophy

The Group continues to implement the social responsibility concept of “business integrity, continuous innovation, serving and giving back to society”, to actively promote ESG management work and respond to stakeholders’ demands on environmental, social and governance aspects of the Company, comprehensively promote a sustainable operation philosophy of the Company.

## ESG Governance Framework




The Group has established an ESG governance system in which the board of directors/management is held responsible, led by the executives/ESG management team, with cooperation of all functional departments and joint efforts of all subsidiaries. During the Reporting Period, the Company continued to review the Group’s progress on environmental, social and governance issues against its stated objectives and targets, with a view to building more sustainable businesses and bringing wider benefits to society.



The board of directors is responsible for evaluating and monitoring annual ESG performance, taking accountability for ESG strategy and reporting of the Group. The board of the Company reviewed and approved the ESG Report for the year ended 31 December 2021 at the meeting held on 31 March 2022.

## Stakeholders

The Group attaches great importance to the opinions of stakeholders, and improves the diversified, stable and effective communication channels and feedback mechanism with stakeholders from year to year, continues to enhance its risk identification capabilities and strengthen key relationships. The Group communicates with stakeholders through the various channels indicated below.

Stakeholders	Communication Channels	Communication Goals
 Customers	Daily communication, feedback, technical seminars, product exhibitions, customer visits and survey, customer service hotline, customer satisfaction survey, etc.	Product quality, business process, technological innovation, service quality
 Shareholders and Investors	Shareholders' meeting, periodic reports, corporate website, teleconferencing, etc.	Corporate operations, information disclosure, corporate governance, return on investment
 Partners	Daily communication, meetings, strategic cooperation, exchanges and visits, etc.	Fair competition, mutual benefit, lawful operation, mutual development
 Staff	Staff activities, staff training, corporate intranet, WeChat public accounts platform, staff representative meetings and activities, regular survey, symposium, reporting channel, suggestion box	Compensation and benefits, protection of rights and interests, working environment, education and training, career development, physical & mental health and family care
 Government and Regulatory Authorities	Institutional inspection, correspondence, working conference reporting, project cooperation	Compliance-based operation, management transparency, tax-contribution, social benefits, employment protection, resource conservation
 Suppliers	Quality certification, agreement fulfillment, inspection and testing, capacity building	Long-term cooperation, supplier certification, contract fulfillment and honesty, fair procurement, quality management, capacity enhancement
 Community and Public	Community activities, public welfare activities, social support projects, etc.	Community development, social welfare, environmental protection, business integrity

# ESG SYSTEM

## Materiality Identification

The Group places high priority on the identification and management of ESG issues. During the Reporting Period, the Company reviewed the potential ESG issues based on the latest social and economic changes, and identified the degree of influence from and onto the Company among the various stakeholders. Considering the demand and expectations of stakeholders, the effectiveness of our ESG efforts is then identified, assessed and confirmed for revision of the rankings in the materiality matrix.

### Step 1: Identification

Collect ESG-related issues and filter out a series of ESG issues that are closely related to the Company's business based on the importance of each issue to the Group's industry and the views of various departments within the Company.

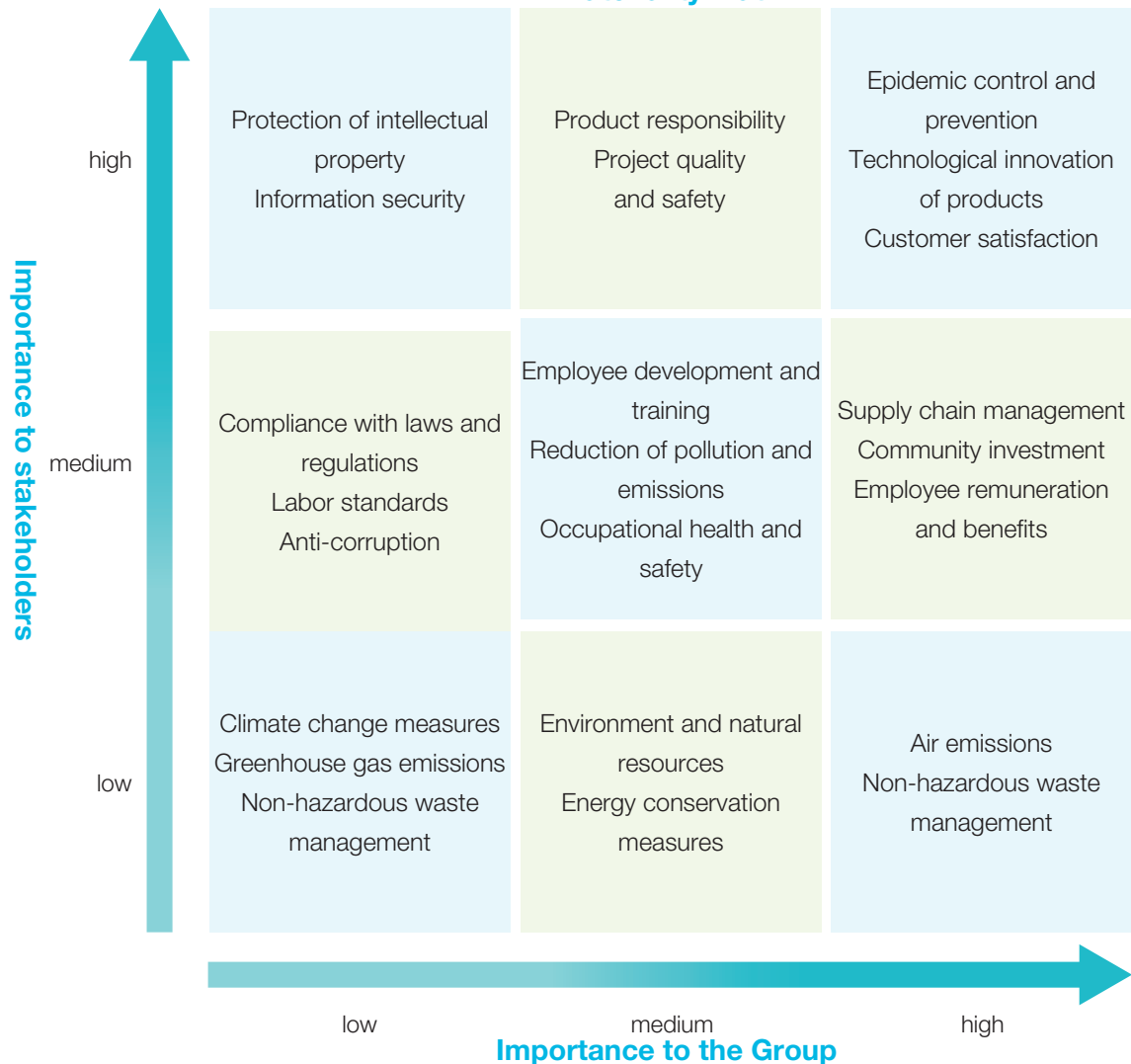
### Step 2: Assessment

Collect stakeholder views on the importance of each issue to understand the impact of each issue on the stakeholders themselves and the importance of the issue to the Group's sustainable development. Assess the relevance and importance of each issue with reference to the identification of substantive issues by peers and the current state of the Group's management.

### Step 3: Confirmation

Taking into account the results of the stakeholder survey and peer group analysis, substantive ESG issues are identified and validated by the Group's ESG management team to ensure that the assessment results were in line with the Company's business characteristics and development status.

## Materiality matrix





## REPORT ON ENVIRONMENTAL ASPECTS

The Group strictly abides by various national and local laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Solid Waste Pollution Prevention and Control Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China, and continues to establish a sound environmental management system, focusing on emissions reduction and integrating the concept of green and sustainable development into all aspects of our business operations.

The Group is engaged in an industrial form in which value and profit are obtained primarily through knowledge innovation and intellectual labour, and the nature of the Group's business does not involve industrial production nor directly generates large amounts of waste. During the Reporting Period, the Group had not received any complaints or penalties for violations against environmental protection, and had no material environmental pollution incidents incurred.

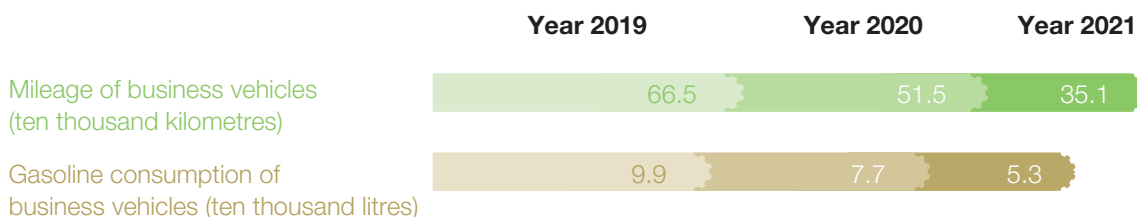


# REPORT ON ENVIRONMENTAL ASPECTS

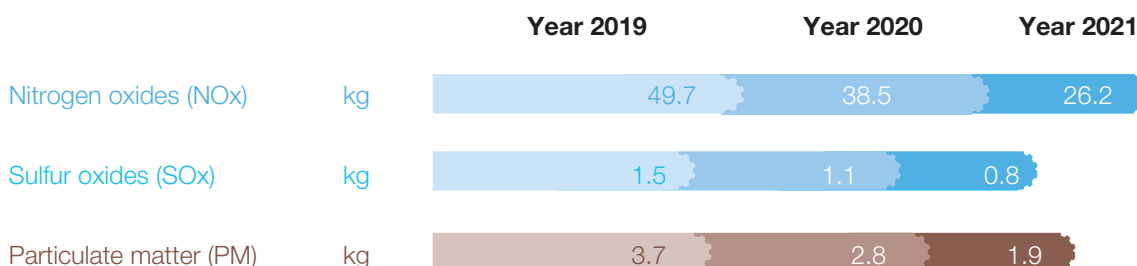
## Aspect A1: Emissions

### Air Emissions

The Group's direct air emissions mainly come from the fuel used by the Company's business vehicles in the course of operation.



During the Reporting Period, the key types of the Group's air emissions and related emission data are as follows:



Note: The calculation of air emissions was based on the conversion factor provided by the Reporting Guidance on Environmental KPIs published by SEHK.

During the Reporting Period, the Group continued to formulate work plans to reduce costs and increase efficiency, strictly control the use of business vehicles, improve the efficiency of use and reduce the frequency of use, continuously enhance the rational use of facilities such as air-conditioning, heating equipment and electricity in office areas, reduce pollution and carbon emissions in daily office work, and collaborate to increase efficiency.

# REPORT ON ENVIRONMENTAL ASPECTS

## Greenhouse Gas Emission

The Group's greenhouse gas emissions mainly come from the fuel used by the Company's business vehicles in the course of operation and the electricity consumed in our office premises. During the Reporting Period, the direct and indirect total greenhouse gas emissions generated by the Group and their intensity (as calculated based on the area of the Group's office of around 19,863 m<sup>2</sup>) were as follows:

### Scope of greenhouse gas emission and improvement measures

Scope-1 Direct emissions (kg): Fuel combustion of mobile source directly generated by business owned or controlled by the Group



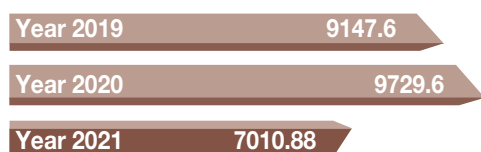
**CO<sub>2</sub>** In the operation, the direct emissions generated by the Group mainly come from the fuel consumption by the Company's business vehicles and minivans. The Group will strengthen the management of the monthly usage of all vehicles to optimise efficiency.

Scope-2 Indirect emissions (kg): Indirect emissions caused by electricity consumption within the Group



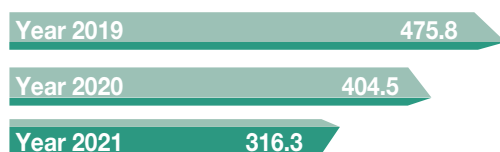
**⚡** In the operation, indirect emissions mainly come from the electricity consumption in office parks. The Group is committed to finding more new ways to reduce energy consumption. The power grid and central air conditioner in the office park are overhauled from time to time to minimise energy consumption.

Scope-3 Other indirect emissions (carbon dioxide equivalent/kg)

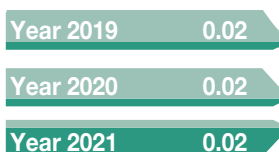


**♻️** Other greenhouse gas emissions generated by the Group mainly come from solid waste dumping.

Total carbon dioxide emission (Ton)



Carbon dioxide emission intensity (ton carbon dioxide equivalent/ m<sup>2</sup>)

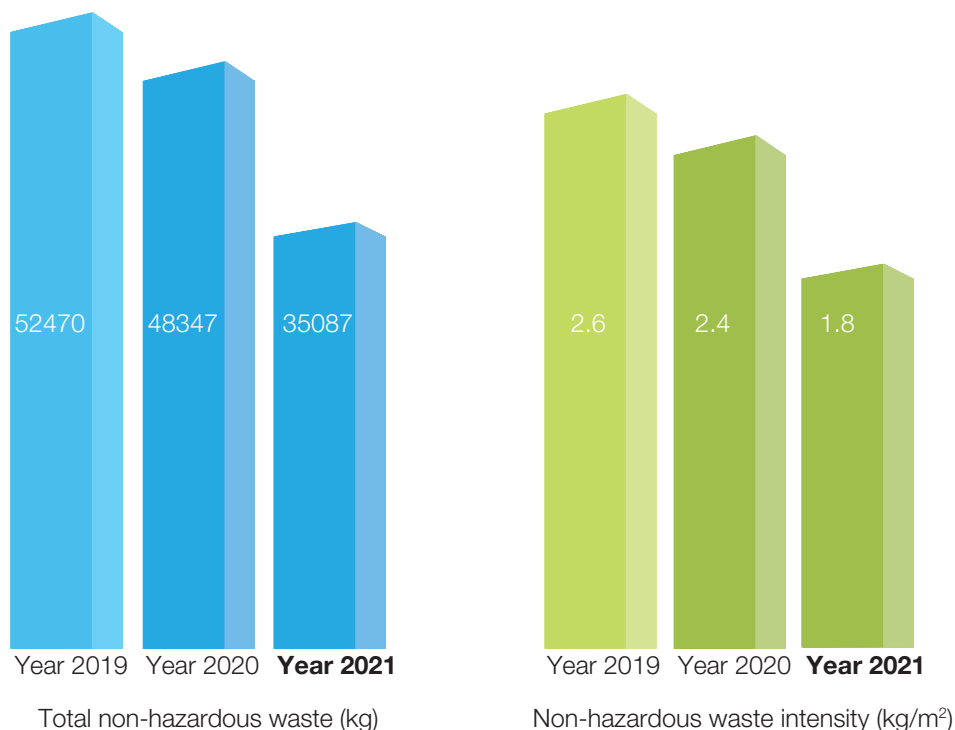


Note: The calculation of CO<sub>2</sub> equivalent is based on the scope of emission and emission factor provided by the Reporting Guidance on Environmental KPIs published by the SEHK.

# REPORT ON ENVIRONMENTAL ASPECTS

## Waste Management

The Group's business activities have no significant impact on the environment and natural resources. Non-hazardous waste mainly comes from office supplies such as toner cartridges, ink cartridges, paper, domestic waste and general waste, which are properly disposed of by the property management company. During the Reporting Period, the total non-hazardous waste and the intensity generated by the Group (as calculated based on the area of the Group's office of around 19,863 m<sup>2</sup>) were as follows:



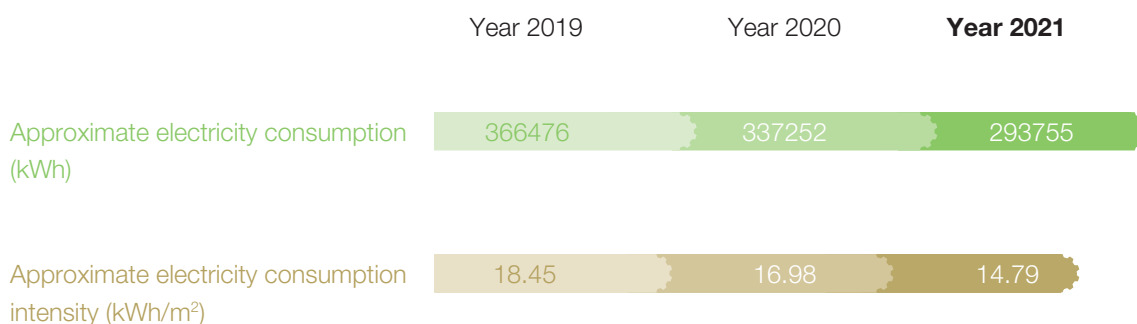
In order to minimise the generation of non-hazardous waste, the Group encourages the use of digital documents and double-sided printing and copying to improve the utilisation of office supplies; provides recycling areas at prominent locations in office areas to facilitate effective recycling of paper, and continuously promotes intelligent and paperless offices. In order to enhance the efficiency of waste recycling and the use of resources, the Group continues to promote the construction and renovation of waste separation facilities in the office park and implements waste separation management to prevent pollution of the surrounding environment due to indiscriminate dumping of waste. The Company also promotes environmental protection policies from time to time to enhance staff awareness of waste separation.

The Group strictly complies with the laws and regulations such as the Solid Waste Pollution Prevention and Control Law of the People's Republic of China. At present, the Group is not involved in the discharge of hazardous waste in its daily operation activities. As the Company's business continues to grow and expand, in the event that hazardous waste is generated in the future, the Group will strictly comply with all laws and regulations and will handle hazardous waste in full compliance with the law. During the Reporting Period, the Group was not aware of any violations of laws and regulations relating to hazardous waste and discharge to land.

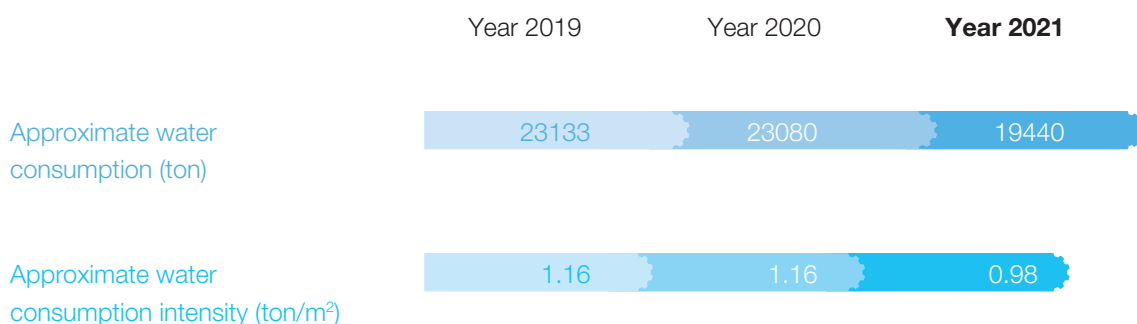
# REPORT ON ENVIRONMENTAL ASPECTS

## Aspect A2: Use of Resource

The Group rigorously implements the Energy Conservation Law of the People's Republic of China, the Water Law of the People's Republic of China, the Soil Pollution Prevention and Control Law of the People's Republic of China, the Cleaner Production Promotion Law of the People's Republic of China and other relevant policies, regulations and standards issued by national, local and industrial authorities. A number of policies are implemented for higher efficiency of use of energy and water resources for long-term sustainable development. In the Reporting Period, the electricity and water consumption and the consumption intensities (as calculated based on the area of the Group's office of around 19,863 m<sup>2</sup>) are as follows:



During the Reporting Period, electricity consumption of the Group decreased, which was mainly attributable to the significant result of the continuous implementation of environmental protection measures and promotion of an energy conservation working environment by the Group. The Company has set control on the range of air-conditioning temperature in its office to reduce the energy consumption of air-conditioning, and requires its employees to reduce the time of putting electronic and electrical office equipment in standby mode, and eliminate the wastage of energy in lighting by switching off unnecessary lights. The Company encourages employees to develop work habits that save energy and reduce consumption, and create a green and low-carbon office environment.



During the Reporting Period, water consumption of the Group decreased, which was mainly due to the result of the Group's continuous implementation of environmental protection measures and enhancing employees' awareness of resource conservation. The Company regularly maintains and inspects water flow devices and timely replaces aging components to avoid waste due to leakage.



# REPORT ON ENVIRONMENTAL ASPECTS

## Aspect A3: Environment and Natural Resources

The Group protects and improves the environment and natural resources and protects public health in strict compliance with the requirements of relevant laws and regulations, including the Environmental Protection Law of the People's Republic of China and the Land and Resources Protection Law of the People's Republic of China, and joins hands with all stakeholders, including suppliers, customers and all employees, to contribute to the building of a resource-saving and environment-friendly society.

### Environmental protection measures implemented



# REPORT ON ENVIRONMENTAL ASPECTS

## Aspect A4: Response to Climate Change

The Group complies with the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Comprehensive Work Plan for Saving and Emission Reduction of the 14th Five-Year Plan and other major laws and regulations, actively responding to the Party's and the State's call for "Carbon Peak and Carbon Neutrality". In October 2021, the Information Office of the State Council issued a white paper entitled "China's Policies and Actions to Address Climate Change", which further clarified China's philosophy, strategic planning and governance system to address climate change, and the Group actively responded to the government's actions to address climate change by establishing a responsibility mechanism and accountability system for the protection of the ecological environment, and adopted an environmental emergency management plan to ensure the safety of personnel and property under special circumstances.

The Company has been improving its environmental management system, formulating green office policies, launching green office operations, upgrading energy and water saving facilities and improving the efficiency of resource use; actively promoting the concept of green and low-carbon travel and strictly monitoring the use and disposal of business vehicles; taking active measures to reduce waste generation and environmental risks, and fully integrating environmental protection concepts into the management process. We will also draw up future action plans to accelerate low-carbon and cleaner production, support high quality and green economic development, and speed up the introduction of low energy consumption and cleaner equipment.

## Target Management Outlook

In accordance with the Opinions of CPC Central Committee and State Council on the Complete and Accurate Implementation of the New Development Philosophy to Work Well on Carbon Peak and Carbon Neutrality and the "2030 Carbon Peak Action Plan" and other relevant policies, the Group has formulated an environmental indicator outlook for Year 2021 to 2025 in terms of pollution prevention and control, energy saving and emission reduction in accordance with the requirements of the latest ESG guidelines of the Hong Kong Stock Exchange and its own operational reality. The Board of the Company has empowered the management team to make sustainable contributions by more closely reviewing and approving the required budgets, targets and indicators, and the Company's ESG management team regularly reviews and monitors the progress of indicator management.

The Company has developed a five-year outlook for indicators, drawing on historical data analysis, internal operational reviews, peer benchmarking and external environmental reviews:

Indicator Content		Target Management Outlook (Year 2022, based on Year 2020)	Target Management Outlook (Year 2025, based on Year 2020)
<b>Resource conservation</b>	Total combined energy consumption	▼ Down <b>6%</b> to <b>8%</b>	▼ Down <b>18%</b>
	Total water consumption	▼ Down <b>12%</b> to <b>15%</b>	▼ Down <b>20%</b>
<b>Air emissions</b>	Total air emission	▼ Down <b>3%</b> to <b>5%</b>	▼ Down <b>15%</b>
<b>Carbon emissions</b>	Total carbon emission	▼ Down <b>12%</b> to <b>18%</b>	▼ Down <b>25%</b>
<b>Solid waste disposal</b>	Hazardous waste treatment rate	<b>100%</b>	<b>100%</b>
	Non-hazardous waste treatment rate	<b>100%</b>	<b>100%</b>

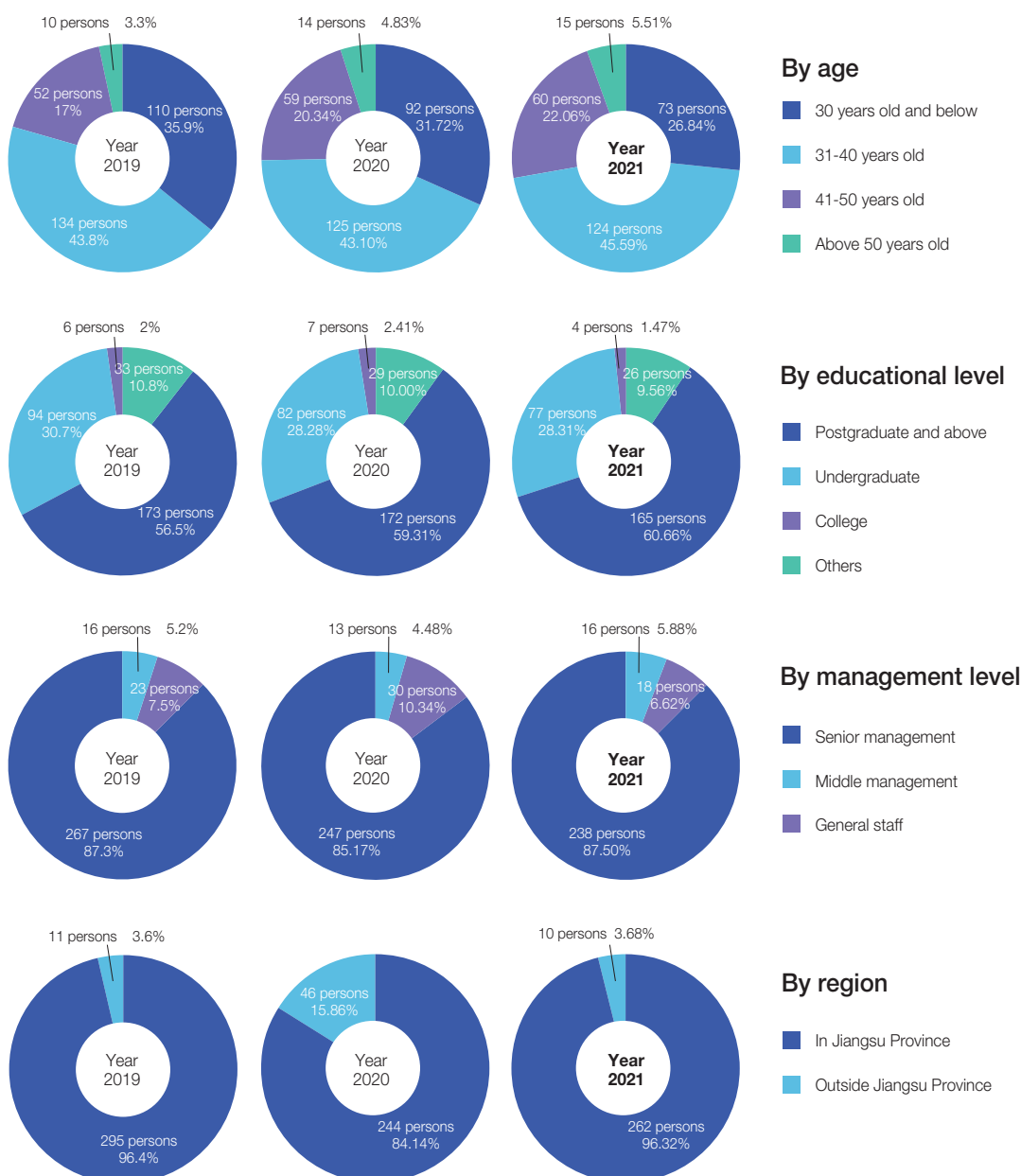
# REPORT ON SOCIAL ASPECTS

## Employment and Labor Practices

The sustainable and healthy development of our business relies on the full contribution and support of all staff. During the Reporting Period, the Group continued to establish a professional and effective talent cultivation mechanism, continuously optimised the performance-based remuneration management system, protected the rights and interests of employees in accordance with the law, facilitated the career development of employees, comprehensively built a win-win labour relationship between the Company and its employees, and continuously enhanced the happiness and satisfaction of employees.









### Aspect B1: Employment

In the Reporting Period, the total number of employees of the Group was 272, of whom 74 were women and 198 were men.



# REPORT ON SOCIAL ASPECTS

In the Reporting Period, the total number of staff turnover of the Group was 94, of which 26 were women and 68 were men.

	Year 2019	Year 2020	Year 2021
Overall turnover rate	33.48%	25.34%	24.23%
Means the number of employees in a category who left the Company voluntarily or due to retirement or dismissal during the Reporting Period, divided by the total number of employees in that category.			
<hr/>			
By gender			
 Male	29.65%	25.36%	24.11%
 Female	41.96%	25.26%	24.53%
<hr/>			
By age			
 30 years old and below	42.41%	33.33%	32.17%
 31-40 years old	33.99%	26.75%	21.55%
 41-50 years old	5.45%	10.77%	23.38%
 Above 50 years old	9.09%	0.00%	0.00%
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By region			
 In Jiangsu Province	32.80%	23.20%	27.88%
 Outside Jiangsu Province	47.62%	38.46%	3.45%

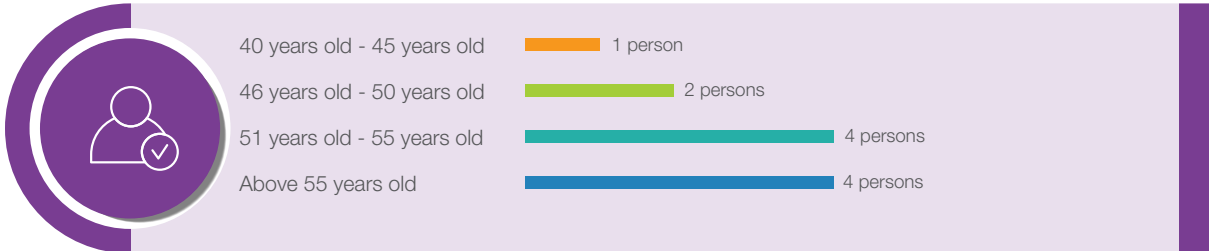
Note: Staff turnover rate = the number of staff turnover/(the number of staff at the beginning + the number of staff added in the period) \*100%



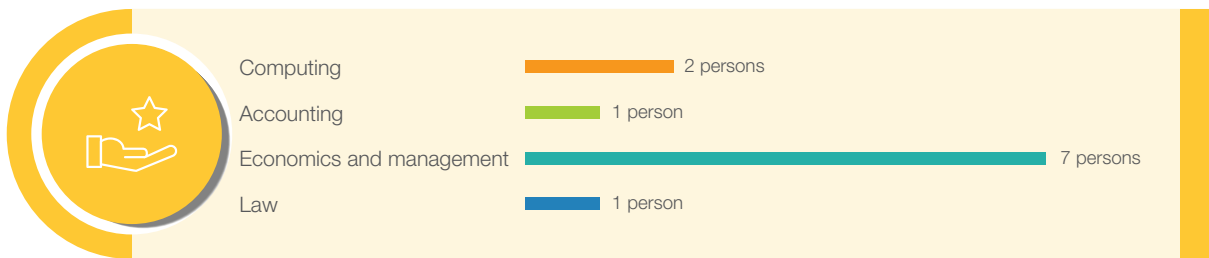
# REPORT ON SOCIAL ASPECTS

In the Reporting Period, the Group had 7 directors, 3 supervisors and 1 senior executive, with a male-female ratio of 11:0.

## By age group



## By profession



Note: Please refer to the 2021 Annual Report for the information of directors, supervisors and senior executives of the Group.

# REPORT ON SOCIAL ASPECTS

## Aspect B2: Health and Safety

The Group strictly complies with relevant laws and regulations such as the Work Safety Law of the People's Republic of China, Fire Protection Law of the People's Republic of China and Company Law of the People's Republic of China, and incorporated health and safety standards into its Sample Technology Work Safety Responsibility Management Measures. In order to protect the health and safety of our employees, the Group continuously implements and adopts preventive measures. All staff are encouraged to participate in fire drills, inspect regularly for any unsafe elements and make timely corrections, and smoking is strictly prohibited in office areas to reduce potential safety risks in office.

In response to the unexpected pandemic, the Group strictly complies with the epidemic prevention and control requirements and firmly "holds the lives and health of the employees in top priority" by encouraging and urging staff to actively participate in community nucleic acid testing. Thorough cleaning and disinfection of common areas such as lifts and toilets are carried out. All personnel entering the premises are required to wear masks, have their Jiangsu Health Code checked and their body temperature measured, and visitors are required to register relevant information. The restaurant and other crowded places implement a staggered peak measures, with one person per table to avoid conversations and actively create a safe, secured and comfortable operating environment.

In the Reporting Period, the number of working days lost due to work injury of all employees of the Group was zero, and the Group did not violate or fail to comply with laws and regulations on occupational health and safety.

### Number and rate of work-related fatalities in the past three years

Year	Number of fatalities	Rate
2019	0	0
2020	0	0
2021	0	0



# REPORT ON SOCIAL ASPECTS

## Aspect B3: Development and Training

In the Reporting Period, the Group provided training courses of around 95 times or 6,887.5 hours in total, and the average training hours per employee were approximately 33.6 hours. (For 2020, training courses of around 86 times or 3,784 hours in total, and average training hours per employee of approximately 17.4 hours.)

### Average training hours per employee and percentage of employees received training (%)

	Year 2020		Year 2021	
<b>By Gender</b>				
Male	14.6 hours	78.2%	27.4 hours	78.8%
Female	26 hours	67.1%	53.3 hours	66.2%
<b>By Employee Category</b>				
Senior management	43 hours	92.3%	43.2 hours	68.7%
Middle management	33.1 hours	86.7%	89.1 hours	88.9%
General staff	11.4 hours	85.4%	24.7 hours	84.8%

# REPORT ON SOCIAL ASPECTS

The Group values the career development of employees and formulates personal development plan and customizes training for each employee. To ensure the staff have promotion opportunities, it introduces three different channels of career development including functional management, technological innovation and integrated production, enabling employees to align their own professional advancement path to the Company's development plan.



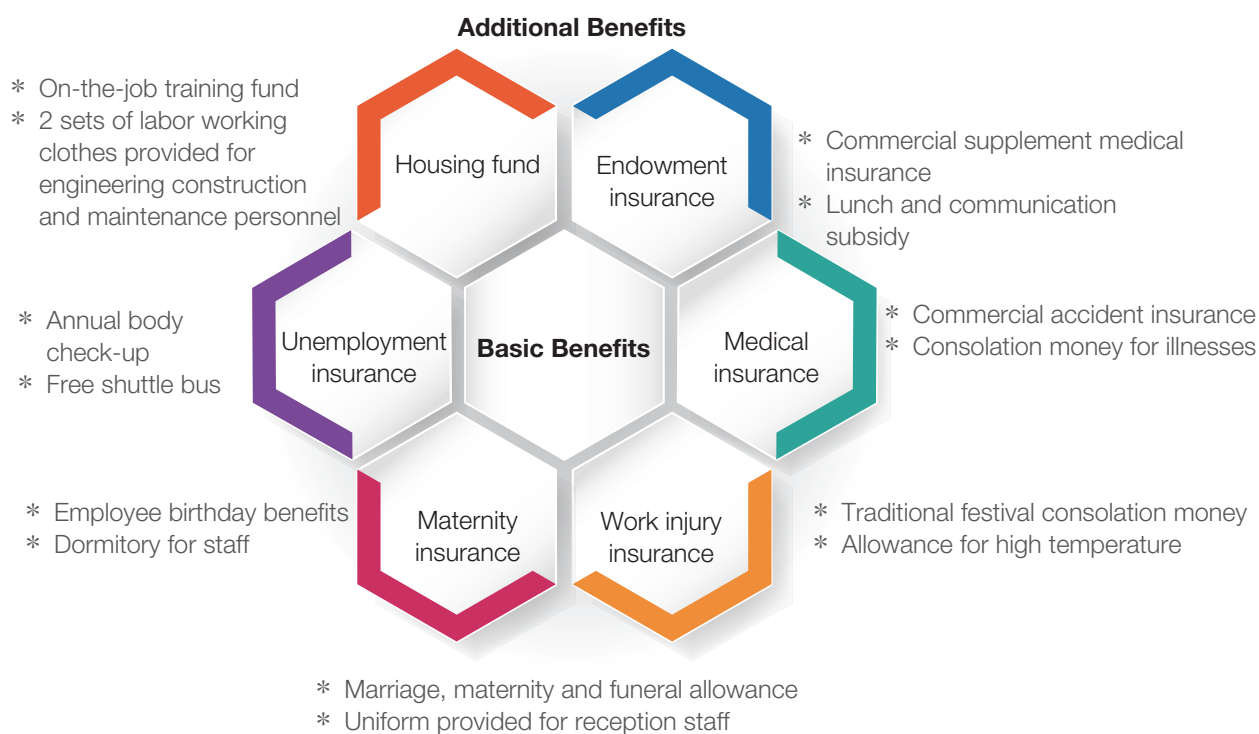


# REPORT ON SOCIAL ASPECTS

## Aspect B4: Labor Standards

The Group has always persevered in the recruitment policy of two-way selection objectives, possessing of talent with integrity and hire people on merit. All applicants regardless of gender, race, religion and age have equal opportunity to be employed. The Group provides employees with competitive compensation and benefits, continuously constructs a healthy and safe working environment, and actively perfects the promotion channel and training system. It rigorously abides by the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Regulation on Work-Related Injury Insurance and other relevant laws and regulations as well as national policies on the procedures of recruitment, promotion, employment, compensation and benefits. In the Reporting Period, the Group did not commit any violation of employment, child labor and forced labor laws.

The Group will timely adjust the level and structure of compensation based on the local economic development, business situation and value orientation. In addition to linking compensation to the employee's performance, academic qualifications, workload, position and responsibilities, it also offers additional benefits to the employees as part of a satisfactory compensation package.



# REPORT ON SOCIAL ASPECTS

## Operating Practice

The Group strictly abides by the Work Safety Law of the People's Republic of China, the Product Quality Law of the People's Republic of China and laws and regulations related to the health and safety of products and services in various businesses. The Company's management has continued to focus on the four aspects of strategic planning, organisational structure, core system and performance system, strengthening its technological innovation capability, enhancing the level of refinement and management, and actively promoted sustainable development.

In the Reporting Period, the Group did not violate any of these laws and regulations and did not receive any complaints about its products and services.

## Aspect B5: Supply Chain Management

The Group strictly complies with relevant laws and regulations such as the Tender Law of the People's Republic of China, the Regulations on the Implementation of the Tender Law of the People's Republic of China, the Procurement Law of the People's Republic of China, the Contract Law of the People's Republic of China and the Company Law of the People's Republic of China, formulated internal regulations such as the Tender Management Regulations, the Provisional Regulations on Contract Management and the Supplier Management Regulations, and continuously promotes the orderly operation of the supply chain management system with improved workflow on procurement management. The Company has also established a dynamic supply chain management system for its subsidiaries taking into consideration of their actual situations, strictly controlling the entry standards of suppliers and normal management, and striving to ensure the orderly operation of the supply chain management system.

### Principles

- Co-ordination, hierarchical management, enhanced supervision and efficiency

### Objectives

- To encourage suppliers and contractors to adopt sustainable practices
- To maintain a stable supply chain
- Zero bribery and corruption

### Approach

- Group procurement policies and principles
- Internal requirements for supplier management
- Regular supplier inspections and performance evaluation
- Quality management system of ISO standard

# REPORT ON SOCIAL ASPECTS

During the Reporting Period, the Group conducted an annual review of all suppliers it worked with. There were approximately 500 suppliers of engineering raw materials and engineering service providers and contractors, and 304 suppliers, with long-term cooperation all of whom were located in Mainland China.

Region	Number of suppliers in 2020	Number of suppliers in 2021
North China	17	27
Northeast region	1	3
East China	166	146
Central China	1	26
Northwest region	4	11
South China	26	24
Southwest region	1	67

## Aspect B6: Product Responsibility

Resolutely following the Work Safety Law of the People's Republic of China and other relevant laws and regulations, the Group has compiled internal system documents such as the Production Safety Management Regulations and Comprehensive Emergency Plan for Safety Incidents. In this way, the production safety system of the Company is further perfected, and forms the guiding rules for the subsidiaries to follow, and offers solid protection for our provision of top-notch services.

## Quality Management Systems

The Group has established a quality system in respect of its operating segments, such as corporate management, product design and development, marketing services, quality of works and supplier purchasing strictly in accordance with the GB/T19000-ISO9000 quality management and quality assurance standards. With the implementation of the "Substandard Product Control Procedures", the Group can identify the root causes for the occurrence of substandard products through systematic data analysis of the various work processes and prevent the occurrence or recurrence of substandard products in accordance with the rectification or preventive measures. The Group carries out standardised handling for the control and disposal of substandard products, so as to reduce the failure rate of the production and operation segments and achieve the objective of reducing material consumption and costs.

In the Reporting Period, the acceptance rate of project in progress and passing rate of equipment and products of the Group were all 100%, and there was no sold/shipped products that had to be recalled due to safety and health reasons, and no complaints were received about violations of product and service safety.

# REPORT ON SOCIAL ASPECTS

## Technology and Innovation Capability

The Group has always made “technological innovation” the driving force of its corporate development, and has continuously and intensively implemented the innovation-driven development strategy, strengthened the construction of its technological talent team, and enhanced its brand value and market competitiveness through quality, innovation and service.

During the Reporting Period, the Company was awarded the second class prize of the 2020 CEC Science and Technology Progress Award for “Ubiquitous IoT-based multi-mode sensing technology for customs logistics and cold chain transportation and its application (基於泛在物聯網多模式感知的海關物流與冷鏈運輸技術及其應用)”;



was successfully selected as a pilot unit for the building of a powerful transportation country with big data for integrated transportation project; was included in the key projects of the “Intergovernmental International Cooperation on Science and Technology Innovation” National Key R&D Programme for 2021; and its subsidiary was awarded the CMMI 5 qualification certificate. These many awards are recognition and encouragement of the Company’s innovation and research capabilities. It also demonstrates the Company’s ability to provide effective and quality services in response to the challenging market and customer expectations.



# REPORT ON SOCIAL ASPECTS

## Customer Satisfaction

The Group always focuses on the needs of our customers, and regularly seeks to understand the operation of the system and the service needs of the system. We have set up various online and offline complaint channels, and established a customer complaint management system for recording each complaint case and tracking the entire process. When a customer raises complaint, the business department will collect and record the complaint, assist in investigating the cause of the complaint, reply to the complainant on the investigation process, follow up with the handling method and result, ensure customer satisfaction and maintain that the complaint handling process is fair, equitable and open. We constantly improve our customer service management methods, guiding our after-sales staff on how to confirm the information reflected by customers during customer maintenance and inspections, negotiate with customers on maintenance solutions, on-site inspections, fault handling, customer confirmation of results and a series of other activities, so that our service work is standardised, scientific and traceable.

The Company verifies customer satisfaction through various means such as customer satisfaction survey questionnaires, telephone callbacks and on-site customer visits to grasp information on customer needs and provide comprehensive services in a timely manner, so as to continuously enhance the Company's reputation and improve and refine its quality management system.

During the Reporting Period, the Group was not aware of any violations of laws and regulations relating to product health and safety, and service complaints.

## Information Security



Stringently abiding by the Cybersecurity Law of the People's Republic of China, and the Administrative Measures for the Graded Protection of Information Security and other relevant laws and regulations, the Group carries out data management in accordance with national ministry and commission requirements and national standards such as the Guidelines for the Administration of Big Data Security and the Guidelines for the Implementation of Big Data Risk Control. It aims to further upgrade the maintenance of information security and prevent and deal with various information security risks.

The Group has established a well-planned, purposeful and well-organised information security management system in accordance with GB/T22080-2016/ISO/IEC 27001: 2013 international standards and was awarded the information security management system certification. The Company's information security management has achieved a dynamic, systematic, full participation, institutionalised and prevention-based approach to information security management to ensure a reasonable level of information security, thereby ensuring the effectiveness and continuity of its business. During the Reporting Period, the Group did not receive any complaints of divulgence of customers' privacy by the Company.

## Protection of Intellectual Property Rights

In the course of developing its main business, the Group also attaches great importance to the protection of intellectual property rights and manages intellectual property owned and used in the related projects in strict accordance with laws, regulations and rules such as the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, and the Copyright Law of the People's Republic of China.



During the Reporting Period, the Company successfully passed the “On-site Supervision Audit on Intellectual Property Rights”, which indicates that the objectives, management system and system documents relating to the Group’s work on intellectual property rights continue to operate effectively and in compliance with the standards. The Company will continue to optimise its intellectual property management system, further strengthen its patent strategy, enhance intellectual property protection, promote the upgrading of intellectual property creation and application to effectively enhance its core competitiveness. In accordance with the requirements of the “Guidance Notes on the Cultivation of Nanjing Demonstration Enterprises of Intellectual Property Rights”, the Company was recognised as the fifth batch of Nanjing Demonstration Enterprises of Intellectual Property Rights. In the future, the Company will continue to improve its ability to transform its innovation success into intellectual property rights and promote the development of its own intellectual property rights.

During the Reporting Period, the Group has been adhering to the GB/T29490-2013 intellectual property management system to continuously improve the Company’s management ability of the acquisition, maintenance, application and protection of intellectual property rights. There were no disputes relating to intellectual property infringement during the period.

## Aspect B7: Anti-corruption

The Group is convinced that fairness, honesty and integrity are important business assets. Adhering to professionalism and ethic integrity, it does not tolerate any form of bribery, extortion, fraud and money laundering. The Company is adamant in cracking down corruption, and calls for honesty, with zero tolerance of illegitimate behavior. All employees and the management are required to abide by the relevant legal norms and ethical standards of laws and regulations such as the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and the Code of Integrity and Self-discipline of the Communist Party of China. It also regulates the code of conduct for employees in the Employee Manual, so as to collectively prevent commercial bribery, safeguard the legitimate rights and interests and maintain good business discipline.

The Group actively guides employees to identify relevant risks in business and take preventive measures. All business partners are prohibited from bribing employees of the Company in any way. Simultaneously, employees are encouraged to timely report is any suspected violation of regulations or unethical business behaviors. The Group provides clear reporting channels such as e-mail, telephone and mailbox, and has an Audit Department to supervise the compliance record management. The Company is committed to promptly investigate and follow-up with the most rigorous attitude to safeguard the integrity and image of the enterprise.

During the Reporting Period, the Group’s anti-corruption training was carried out in accordance with its annual training plan, and integrity education activities were continuously enhanced in the daily management and operation of the Group’s business. Six anti-corruption related training sessions were held for the Board and staff, with a total of over 300 participants. The Company and its employees were not involved in any corruption, bribery, extortion, money laundering and fraud cases.

# COMMUNITY

## Aspect B8: Community Investment

In support of the epidemic prevention measures, the Group closely follows the Government guidelines on social distancing and no major community events were held during the Reporting Period to minimise face-to-face contact. After the epidemic situation has improved and restrictions are lifted, the Group will uphold an attitude of gratitude, take initiative to give back and actively participate in various social welfare projects. We plan to actively fulfill our social responsibility and contribute to building a better community through activities such as epidemic prevention and control, voluntary services, public welfare donations and blood donation without compensation.

## Future outlook

Looking back into 2021, the Group continued to focus on its two core businesses of intelligent transportation and intelligent logistics in accordance with its established strategy. It will always insist on being customer-centric and market-driven, and achieve product and solution innovation driven by technology catered for specific scenarios. Led by both technological innovation and business model innovation, the Group is keen to build a intelligent city ecosystem with the Internet of Things, Internet+ and other information technologies as the core.

In the future, the Group will continue to promote the development of the core industries of intelligent transportation and intelligent logistics, and try to expand into new business areas such as low-carbon parks and intelligent energy, etc. Based on the new starting point, the Company will rely on its core technologies and solutions in the fields of intelligent transportation, intelligent logistics and intelligent cities to grasp the opportunities in the industry and actively meet the challenges brought about by the new market environment, and develop new business segments such as big data and new energy.

The journey ahead is long, but we must strive for it. The Group will insist on the four main directions of strategy, market, value and target, highlight the two main lines of high-quality development and scientific management, continue to optimize its production capacity and business planning, market and regional network, resources and capital deployment, and systematically build up our strategic leadership, institutional vitality, and dynamics, cultural synergy, drive for innovation, capital and information acceleration, and organizational leadership, and strives to build the Group into a first-class IoT information service solution provider and make every effort to promote the harmonious and sustainable development of the economy, environment and society, and join hands with all stakeholders to create a better new era.

# REPORTING GUIDE INDEX

A. Environmental			
General Disclosures and KPIs	Description		Relevant Chapter
<b>Aspect A1: Emissions</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Reporting on Environmental Aspects
KPI	A1.1	The types of emissions and respective emissions data.	Reporting on Environmental Aspects Aspect A1: Emissions
	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).	
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Reporting on Environmental Aspects Target Management Outlook
	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.	



## REPORTING GUIDE INDEX

Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.		Reporting on Environmental Aspects Aspect A2: Use of Resources
KPI	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh) and intensity (e.g. per unit of production volume, per facility).	Reporting on Environmental Aspects Aspect A2: Use of Resources
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Reporting on Environmental Aspects Aspect A2: Use of Resources
	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.	
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The nature of our business does not involve packaging materials used in the manufacture of finished goods.
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.		Reporting on Environmental Aspects Aspect A1: Emissions Aspect A2: Use of Resources Aspect A3: The Environment and Natural Resources
KPI	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
Aspect 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.		Reporting on Environmental Aspects Aspect A4: Response to Climate Change
KPI	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.	

# REPORTING GUIDE INDEX

B Social			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Reporting on Social Aspects Employment and Labour Practices
KPI	B1.1	Total workforce by gender, employment type (full time or part time), age group and geographical region.	Reporting on Social Aspects Aspect B1 : Employees
	B1.2	Employee turnover rate by gender, age group and geographical region.	
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards		Reporting on Social Aspects Aspect B2 : Health and Safety
KPI	B2.1	Number of work-related fatalities occurred in each of the past three years including the reporting year.	Reporting on Social Aspects Aspect B2 : Health and Safety
	B2.2	Lost days due to work injury.	
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Reporting on Social Aspects Aspect B3 : Development and Training
KPI	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Reporting on Social Aspects Aspect B3 : Development and Training
	B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Reporting on Social Aspects Aspect B4 : Labour Standards
KPI	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Reporting on Social Aspects Aspect B4 : Labour Standards
	B4.2	Description of steps taken to eliminate such practices when discovered.	

# REPORTING GUIDE INDEX

Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.		Reporting on Social Aspects Aspect B5 : Supply Chain Management
KPI	B5.1	Number of suppliers by geographical region.	Reporting on Social Aspects Aspect B5 : Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Reporting on Social Aspects Operating Practice
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Reporting on Social Aspects Aspect B6 : Product Responsibility
KPI	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Reporting on Social Aspects Aspect B6 : Product Responsibility Quality Management System Technology Innovation Capability Customer Satisfaction Information Security Intellectual Property Protection
	B6.2	Number of products and service-related complaints received and how they are dealt with.	
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	
	B6.4	Description of quality assurance process and recall procedures.	
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Reporting on Social Aspects Aspect B7: Anti-corruption
KPI	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	
	B7.3	Description of anti-corruption training provided to directors and staff.	

## REPORTING GUIDE INDEX

Aspect B8 : Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	
KPI	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sports).
	B8.2	Resources contributed (e.g. money or time) to the focus area.
		Reporting on Social Aspects Aspect B8 : Community Investment





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