创新奇智
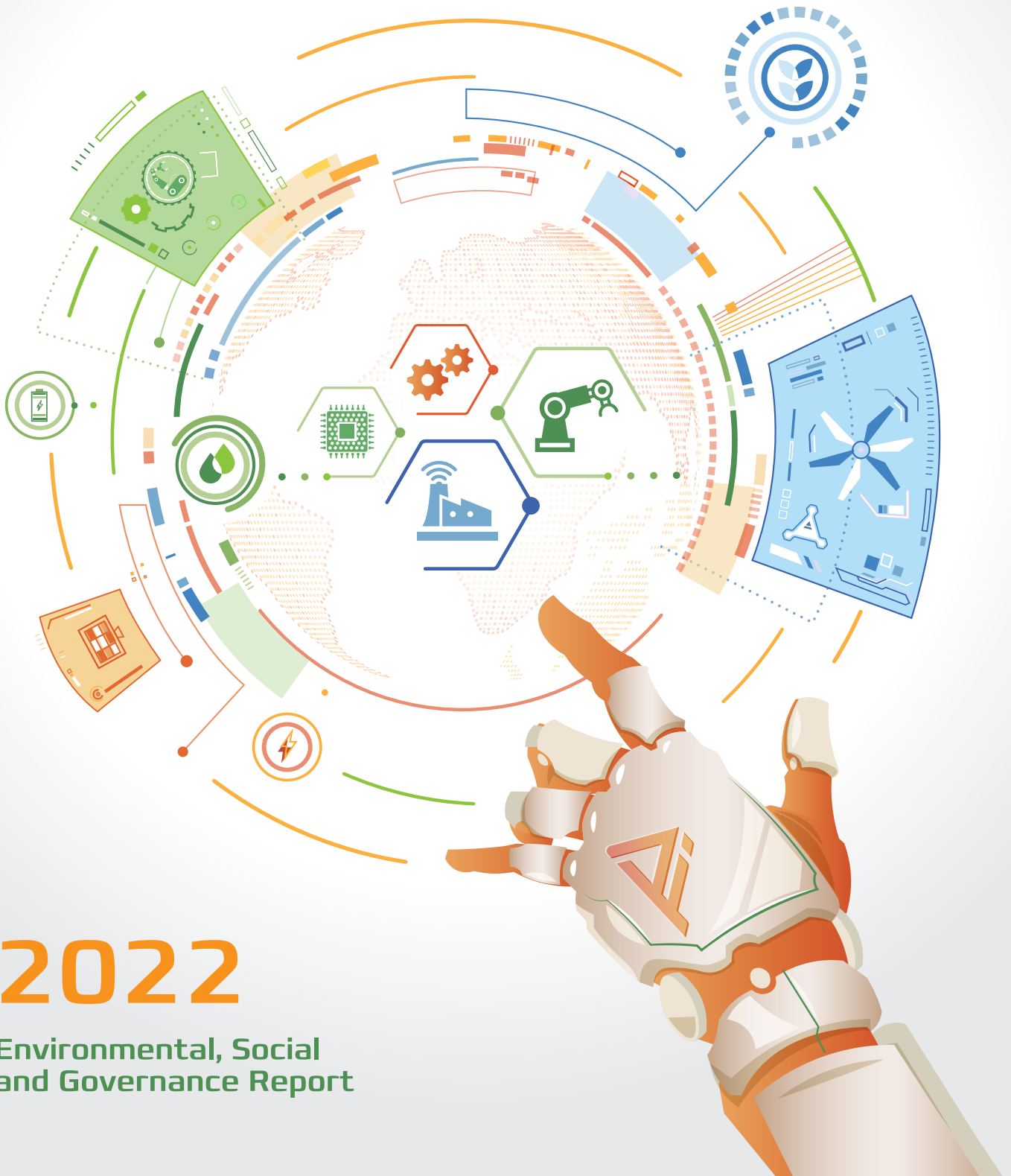## AInnovation

Qingdao AInnovation Technology Group Co., Ltd

(A joint stock company incorporated
in the People's Republic of China with limited liability)
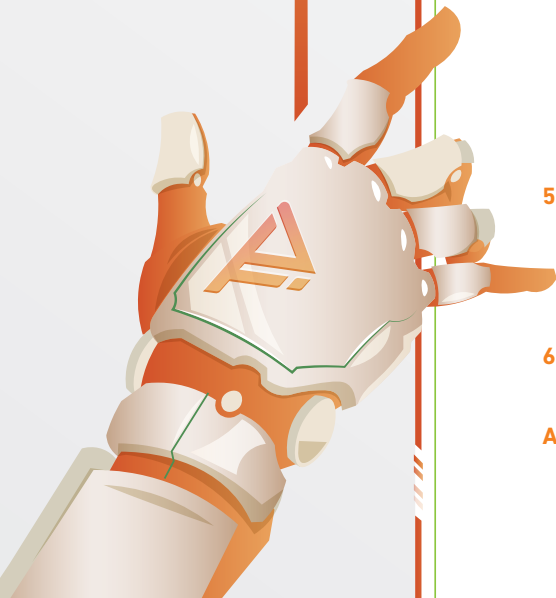
Stock Code: 2121

2022

Environmental, Social and Governance Report

Contents

About the Report

Qingdao AInnovation Technology Group Co., Ltd. ("**the Company**") hereby publishes the 2022 Environmental, Social and Governance (ESG) Report (the "**Report**") to describe the Company's concept, practices and performance in environmental protection, social responsibility and corporate governance. This is the second ESG report released by the Company, and it aims to share with stakeholders the ESG progress and results achieved by AInnovation.

Reporting Standards

This Report is prepared under the *Environmental, Social and Governance Reporting Guide* ("**ESG Reporting Guide**") set out in Appendix 27 to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

Reporting Scope

Unless otherwise specified, the scope of this Report is consistent with the scope of the annual consolidated financial report and covers the period from 1 January 2022 to 31 December 2022 (the "**Reporting Period**"). Certain parts of the Report either date back to previous years or look forward to future years.

Abbreviations

In the Report, the Company and its subsidiaries are collectively referred to as "**AInnovation**", "**the Group**" or "**we**".

Reporting Principles

➤ "Materiality": The Group has identified material ESG issues through stakeholders' engagement and materiality assessment, and made targeted disclosure of these issues in the ESG Report;

➤ "Quantitative": All data used in this Report are from relevant statistical reports and official company documents. Relevant standards and methods adopted in calculation of KPIs have been reported, with a narrative provided to illustrate the purposes and impacts;

➤ "Balance": This Report follows the balance principle to objectively present the Company's ESG performance;

➤ "Consistency": Unless otherwise specified, the statistical methods used for data and disclosed KPIs in this Report are consistent with those of previous years, so as to ensure comparability with historical data.

Report Availability

This Report is published in both Traditional Chinese and English. Should there be any discrepancy between the two versions, the Traditional Chinese version shall prevail. The Report is available for view or download on the HKEXnews website (http://www.hkexnews.hk) and the Group's website (https://www.ainnovation.com/).

Contact

All stakeholders are welcome to give their valuable feedback in relation to this report via

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Tel: (86) 1082169566

1. Corporate Governance

Corporate governance is necessary for an enterprise to grow and healthily improve its business performance. At AInnovation, we highly emphasise standard corporate governance and strictly abide by the *Company Law of the People's Republic of China, the Corporate Governance Code* set out in Appendix 14 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and other relevant laws, regulations and policies. We also continuously improve our governance structure and our overall ESG management capabilities to promote high-quality development.

1.1. Corporate Governance

AInnovation has established a decision-making and operation system comprising the shareholders' general meeting, Board of Directors, Supervisory Committee and senior management. There are three committees under the Board of Directors with clear authorities and responsibilities, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The committees help the Board of Directors better perform its functions. As of the end of the Reporting Period, the Company's Board of directors consists of 7 directors, including 1 executive director, 3 non-executive directors and 3 independent non-executive directors. During the Reporting Period, the Company held 8 board meetings.

We believe diversity on the Board of Directors is essential to maintaining a competitive advantage. The Group has adopted *Board Diversity Policy*. The Nomination Committee reviews the structure, size and composition of the Board annually and, where appropriate, recommends to the Board changes that complement the Group's corporate strategy and ensure that the Board maintains a balanced and diverse profile. The Nomination Committee is committed to achieving Board diversity at all levels, including but not limited to knowledge, skills, professional experience, gender, age, cultural and educational background, ethnicity, length of service and any other factors that the Board may consider appropriate from time to time taking into account the Company's business model and specific needs.

1.2. ESG Strategy

As an explorer on the road of artificial intelligence products and commercial solutions, AInnovation always adheres to the mission to "Empower Businesses with AI technology". With in-house endeavours to improve our "technology and products" and efforts in digging deeper into external "industry scenarios", we spare no effort to contribute our part in industry development, expand the boundaries for technologies, and create value for all stakeholders. We adhere to the original aspiration of "Getting Technology-empowered for Good and Value Creation", committed to balancing the sound development of environment, society and governance, and continue to fulfil corporate social responsibility. At the same time, we take "talent" as the foundation and "value" as the network, committed to creating a high-performance corporate culture of "Integrity in Values, Efficiency in Execution, Contentment in Success".

1.3. Statement of the Board of Directors

The Board of Directors, serving as AInnovation's top responsible body of ESG management, is responsible for developing ESG management policies and strategies, and guiding and supervising the implementation and progress of ESG issues. The Board of Directors evaluates and prioritises ESG risks regularly and determines ESG objectives and work focuses of the next stage based on the results of communication with stakeholders, study and conclusion by external experts, and the actual operation situation and development strategy of the Company. Please refer to "1.5. Stakeholder communication" and "1.6. Materiality assessment" for more details.

The Board of Directors reviews and supervises ESG-related matters at least once a year to understand the implementation of the Company's ESG work and evaluate its ESG performance against the progress towards ESG goals. Meanwhile, by taking into account industrial benchmarks and analysis of best practices, the Board evaluates AInnovation's ESG performance. The Board of Directors also dynamically adjust the Company's ESG-related measures, so that they could stay in line with the Company's business guidelines and strategies and are of actual meaning. The Audit Committee was authorised to carry out daily ESG supervision and management on behalf of the Board of Directors. The Audit Committee has completed reviewing the progress and ESG-related work against the relevant targets in the Reporting Period. According to the review, our ESG philosophy, policies and strategies achieved their intended outcomes, and steady progress was made towards appropriate targets. Heading forward, we tend to maintain the achievement of the ESG target schedule.

1.4. ESG Governance Structure

To ensure all ESG work is carried out in a orderly manner and maintains a high level of institutionalization and standardization, AInnovation has established a three-tier ESG governance structure, which is composed of the Board of Directors, senior management and the ESG Working Group, and with their functions defined respectively. To consolidate our ESG governance structure, we put efforts into the development of ESG professional knowledge and skills of its members, and invite external organisations to conduct ESG training every year. The ESG training, combined with the members' own ESG experiences, continuously improve the supervision of ESG governance and help us manage ESG issues in a more efficient and targeted manner.

The Board of Directors formulates ESG strategies and objectives, and reviews and confirms the materiality assessment results of ESG issues, to ensure that the Group has an ESG management and supervision system in line with the actual operating conditions. It also reviews the Group's performance against ESG-related objectives periodically: if progress is made as scheduled, the Board accumulates it as an experience for assessment of future development; if not, the Board finds out the cause, and optimises the arrangement through internal discussion. Additionally, the Board of Directors reviews the information disclosed in the Report for its reliability, authenticity, comparability and completeness. The Audit Committee is authorised by the Board of Directors to conduct daily supervision of the ESG work.

Senior Management assesses and identifies ESG risks related to the Group, makes recommendations to the Board of Directors on the development of ESG management strategies and targets, and formulates and promotes the implementation of ESG-related policies. It is also Senior Management's duty to ensure the effective operation of the Group's ESG risk management and internal control system, and report to the Audit Committee. At the same time, Senior Management confirms that the materiality assessment results of ESG issues are consistent with the Company's strategy and business development status, and supervises the information disclosed every year for its reliability, authenticity, comparability and completeness.

The ESG Working Group consists of heads of relevant departments of the Group. It implements ESG management policies, and manages ESG issues in the daily course, including materiality assessment. Reporting the progress of ESG work to the Senior Management regularly, the ESG Working Group follows up, collects and sorts out the annual ESG work progress, and discloses information on ESG issues every year.

1.5. Stakeholder Communication

The Group has identified stakeholders closely related to its business and operations, including government/regulatory authorities, shareholders/investors, employees, customers, business partners and suppliers, environment and community. We attach great importance to communication with stakeholders. Therefore, we have established a corresponding communication mechanism for each stakeholder group to timely and effectively understand their demands and expectations, and seek their opinions and suggestions on the sustainable development strategy and objectives of the Group. Their feedback, in combination with the industry development trend, media reports, and ESG regulatory requirements, help us to determine the focus of the Group's ESG work.

Stakeholders	Expectations and requirements	Communication mechanism
Government/Regulatory authorities	• Compliance with laws and regulations • Tax compliance • Support local development	• Daily management • Meetings • Supervision and inspection
Shareholders/Investors	• Shareholder returns • Information disclosure • Investor relations • Corporate governance • Risk control	• Shareholders' meetings • Information disclosure • Activities promoting investor relations
Employees	• Salaries and welfare • Fair opportunity for promotion and development • Quality workplace and development platform	• Performance appraisal • Talent development • Employee activities • Employee care • Staff meeting • Face-to-face communication • Daily communication
Customers	• Innovative products • Quality services • Information security and privacy protection	• Contract performance • Hotline and e-mail • Customer satisfaction survey • Daily communication
Business partners and suppliers	• Fulfilment of promises • Equal, open and fair procurement • Win-win development	• Compliant procurement • Contract fulfilment • Daily communication
Environment	• Environment protection • Response to climate change	• Green office • Climate risks identification
Communities	• Support for community welfare • Support for youth education	• COVID-19 donation • Youth development • Industry communication

1.6. Materiality Assessment

To identify ESG topics that are important to the Group and our stakeholders, we take the following steps to conduct a materiality assessment of each ESG topic:

❖ **Step 1 — Initial identification of ESG topics:** According to the requirements of the ESG Reporting Guide, we identified 17 ESG topics relevant to the Group based on the Group's actual business and industry characteristics;

❖ **Step 2 — Determination of the materiality of each topic:** Through internal interviews and questionnaire surveys, we conducted our analysis based on two dimensions, namely "Materiality to AInnovation" and "Materiality to Stakeholders", and formed a materiality assessment matrix;

❖ **Step 3 — Validation of matrix evaluation results:** The Group's Board of Directors, senior management and ESG Working Group reviewed and confirmed the results of the materiality assessment.

During the Reporting Period, the Group reviewed the ESG issues and their materiality assessment results. To be specific, the Group made comprehensive analyses and judgement on various issues based on internal stakeholder communication, opinions of external experts and other information. The results maintained consistent with those in 2021. The materiality assessment matrix can be found as follow:
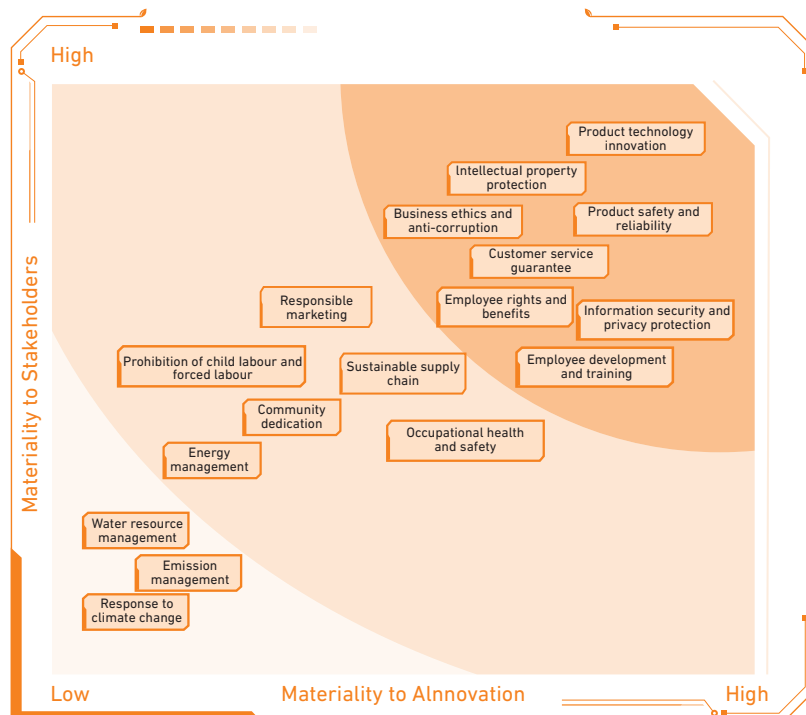
2. Product Responsibility

As a technological enterprise, AInnovation always puts technological innovation in the first place, and regards it as a prerequisite for quality products and excellent services. In this regard, we continue to strengthen our R&D capabilities, while respecting intellectual property rights, encouraging original solutions, and establishing and implementing a quality management system. While constantly improving customer satisfaction, we abide by the principles of data and information security, and help on the building of a more comprehensive industry ecosystem.

2.1. Promoting Technological Innovation

Adhering to the philosophy that technological innovation is the first productive force, AInnovation vigorously promotes R&D activities, and continuously strengthens R&D capacities. The R & D team building and implementation of innovation mechanism lay a good foundation for the Company's technology upgrade and product iteration.

By the end of Reporting Period, we had a total of 425 technical personnel, accounting for 58% of the headcount and representing a 64% year-on-year growth. Meanwhile, we have formulated the *AInnovation Patent Application and Rewarding Standards*, which stipulates that, if a patent application receives authority approval, its inventor will receive additional cash rewards. This rule aims at encouraging employees to bring their initiative and creation to full potential. Additionally, in order to ensure that the Company's R&D projects are properly managed and accurately and effectively implemented, and that relevant documents are legal, standardized, accurate and complete, the Group has formulated and implemented *Management Measures for Research and Development Products*. We have built a clear and comprehensive R&D system, so as to enhance the core competitiveness of the Company.

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Relying on the high-quality talent echelon and R&D mechanism, during the Reporting Period, AInnovation achieved best practice of industrial data AI in multiple subsectors, stood out in terms of technical capability, business performance and future strategy, and received recognition from various organizations. Details can be found as follows:

1	IDC (International Data Corporation)	Leaders Quadrant in Industrial Data Intelligence Companies in China
2	IDC (International Data Corporation)	Computer vision application solution and product provider with the 4th largest market share in China
3	IDC (International Data Corporation)	Machine learning platform developer with the 4th largest market share in China
4	IDC (International Data Corporation)	AI-powered industry quality control solution and product provider with the 2nd largest market share in China
5	Ministry of Industry and Information Technology of the People's Republic of China	National Specialized and Innovative LITTLE GIANT
6	Ministry of Industry and Information Technology of the People's Republic of China	3rd place in "Maker in China" Competition
7	China National Intellectual Property Administration	National Intellectual Property Demonstration Enterprise
8	Department of Industry and Information Technology of Shandong Province	Software Engineering Technology Centre of Shandong Province
9	Forrester	Established AI System and Machine Learning Enterprise in China
10	China Enterprise Evaluation Association	China's Top 100 New Entity Enterprises
11	Qingdao Municipal Committee of the Communist Party of China, Qingdao Municipal Government	Qingdao City AI Industry Leading Company

In addition, we take environmental impact, corporate responsibility and safety into account in all aspects of our product development process, and strive to create products and solutions that have a positive impact on society, so as to help advance the process of sustainable development.

| Project approval ① | System design ② | Design approval ③ | Execution ④ | Conclusion ⑤ | Lifecycle maintenance ⑥ |

Product R&D process of AInnovation

➢ Fulfil Social Responsibilities

Through our innovative products, AInnovation actively undertakes corporate social responsibility and helps achieve sustainable development goals. Our AI products and solutions not only help enterprises control operational costs and increase business value, but also continue to empower their digital, networked and intelligent transformation, while supporting high-quality socio-economic development by advancing the implementation of policy goals such as energy conservation, emission reduction and industrial upgrading.
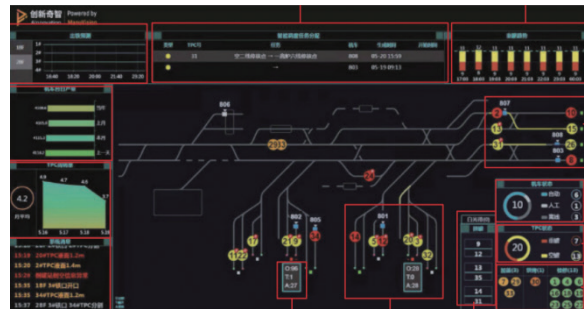
Case: Intelligent Molten Iron Transportation: Fast, Accurate, and Stable for Better Steel Production

In the traditional iron and steel production, molten iron transportation (including route planning and tank allocation) are generally completed manually. Due to the lack of systematic management and control, such process is labour intensive and imposes significant safety risks. On the other hand, information barriers, such as delays and inaccuracy in information, are common issues that affect cost and efficiency.

To address these pain points, AInnovation customised an intelligent molten iron transportation system, which deeply integrates big data and intelligent technology with steel production scenarios. This system is mainly composed of the automated molten iron transportation locomotive and an intelligent dispatching platform. The locomotive, equipped with a full sensing system, including millimetre-wave radar, lidar, laser range finder, can identify various obstacles in transit and when the obstacle appears, automatically stops after measuring the distance in-between. The intelligent dispatching platform can automatically plan the most optimal route of each locomotive and tank, reasonably assign transport tasks, and thus ensure the orderly operation of all vehicles.

Automated molten iron transportation locomotive

User interface of the intelligent dispatching platform

The intelligent molten iron transportation system is fast, accurate and stable. On top of ensuring operational safety, it can help enterprises control operating costs, so as to gain a stronger competitive edge in the market. We cooperated with a large steel enterprise and completed the industry's first unmanned transformation of a domestically produced GK1C industrial and mining internal-combustion locomotive, achieving unmanned molten iron transportation in low-temperature, sandy, long-distance and cross-regional conditions. Such transformation helped the enterprise to improve operational efficiency, and carry out production in a fast, accurate and stable manner, while also lowering the occupational health and safety risks endured by its employees.

Case: Intelligent Automobile Quality Control Solution for Lower Occupational Health Risks of Employees

Gluing is a crucial part of automobile body manufacturing process. Not only does gluing improve vehicles' sealing, waterproof and NVH (Noise, Vibration & Harshness) performance, but it also plays a key role in their weight reduction and energy saving capacity.

The gluing production line, however, generates substances that have a negative impact on human health, such as toluene, ethylbenzene, cyclohexanone and asphalt smoke, along with a large amount of pungent odour. If employees spend long hours in such environment, they will easily feel unwell and face higher occupational health risks.

The intelligent automobile quality control solution of AInnovation deeply integrates the machine vision technology into the traditional manufacturing platform, adding the intelligent quality inspection function to industrial robotic arms. In addition to gluing, this solution can also be used in areas such as core parts assembly quality inspection and vehicle exterior quality inspection, which not only reduces employees' workload and occupational hazard risks, but improves the stability of product quality as well.

Gluing in automobile manufacturing

User interface of intelligent automobile parts manufacturing solution

Case: AI Helps Promote Financial Industry by Improving Data Centre Operation and Maintenance Efficiency

In the financial industry, we focus on smart computing centre solutions, providing customers with operational and management tools to help them improve data centre operation and maintenance efficiency, and thus achieve the goal of cost reduction. The Orion Platform, which enables flexible scheduling of heterogeneous computing resources and optimizes the efficiency of large-scale parallel computing, is capable of meeting customers' multi-scene and multi-process needs. Driven by AI technology, our data centre energy efficiency management solution precisely controls equipment usage based on machine learning features, and creates green and low-carbon data centres by raising management efficiency. We will continue to solidify our AIOps intelligent operation and maintenance solution, and further enhance data centre efficiency by detecting abnormalities in advance, swiftly locating problems, providing suggested solutions and reducing manual intervention. We continue to explore financial scenarios and develop AI products for scenarios such as intelligent underwriting and financial automation, empowering customers who are undergoing the process of digital transformation.

2.2. Protecting Intellectual Property Rights

The Group fully understands that intellectual property rights protection, which is to protect innovation, is the key to corporate core competitiveness. Strictly abiding by the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other relevant laws and regulations, we have established a complete intellectual property management system. The headquarter uniformly supervises our subsidiaries and branch companies, and arranges dedicated personnel to keep abreast of the updates of relevant laws and regulations and to synchronise relevant internal policies in a timely manner. In particular, we also set up a technical review committee to help companies review their intellectual property and ensure the quality of intellectual property declaration.

Case: Intellectual property training in 2022

During the Reporting Period, we engaged an external professional team to conduct several targeted intellectual property training sessions in stages according to demands. The training provided employees with detailed information on the basic knowledge, principle exploring and review elements of patents, as well as disclosure writing skills, key technical ideas and technical difficulties.

Intellectual property training site

During the Reporting Period, we continued to declare the intellectual property-related qualifications, and successfully maintained the Corporate Standard Certification of the Intellectual Property Management System. As of 31 December 2022, the Group had applied for a total of 1,064 AI-related patents, and 80% of them were invention patents, with 361 successfully registered, of which 237 patents were newly added in 2022. In addition, during the Reporting Period, the Group newly registered 52 trademarks and 231 copyrights.

Benefited by the excellent performance in patents, during the Reporting Period, we were awarded the "National Intellectual Property Advantage Enterprise" by the China National Intellectual Property Administration. The "National Intellectual Property Advantage Enterprise" is a key project carried out by the China National Intellectual Property Administration to cultivate Chinese intellectual property leaders with independent intellectual property rights, well-known brands and international competitive advantages in the key industrial fields of national development.

2.3. Advocating Quality Management and Control

The AI product and solution industry develops rapidly under fierce competition. As such, AInnovation is committed to providing products and services with the best quality and highest level, so as to continuously consolidate the customer base and market position. We strictly adhere to the *Product Quality Law of the People's Republic of China* and have established an internal quality management system to clarify the responsibilities of all departments in each process. We formulate the *Project Management Process Standards* to continuously improve our products and process, while closely monitoring the quality management procedures and measures to ensure the system is implemented in a proper manner. The Company is certified with CMMI Level 3 and ISO9001 Quality Management System Certification, and did not involve any product recall due to safety or quality issues in the Reporting Period.

ISO9001 Quality Management System Certification   **CMMI Level 3**

➢ Software, Hardware and Services Procurement

We produce software, hardware and data labelling services used in our product and solution development process only from approved suppliers. All approved suppliers are managed by our Centre of Excellence ("COE"), which conducts supplier qualification evaluation on shortlisted suppliers and examines their technological expertise. Furthermore, we also conduct site visits to our suppliers of hardware components to examine their product samples with respect to the relevant technical requirements, and manufacturing capacity. We conduct thorough examinations of product samples and each of their components at the product testing stage to make sure they satisfy the relevant technical requirements. With respect to our existing hardware products, our quality control team establishes, communicates and monitors quality standards by product category.

➢ Installation and Maintenance

As hardware components are delivered to project sites for assembly, we typically conduct our testing on site before project handover to our customers. Given the highly customized nature of our projects, we do not have a one-for-all quality control policy, but rather manage and continuously optimize our designs and implementation plans by reviewing them beforehand, controlling them during the process and reviewing them afterwards. Meanwhile, we continuously improve our team's expertise, which is important to ensure quality delivery. We also offer warranties for both software and hardware products, allowing us to be more flexible in meeting customers' quality requirement.

2.4. Enhancing Customer Service

Regarding customer as the basis of our business, we are committed to creating high values and high-quality services for our customers, improving customers' satisfaction and trust, achieving win-win results. We develop and implement the *After-Sale Service Management System* to standardize the workflow of sales, pre-sale, project management, technical research and development, and after-sale services related personnel when leading or participating in after-sale service. The Group's customer service team provides remote customer services on a 24-hour real-time basis, and our engineers also provide remote and on-site technical support depending on customers' requirement. We also provide system maintenance services for all cloud-based solutions and following the principle of incident importance and urgency, we stipulate the response time regarding failure events at all levels in the service. At the completion of after-sale services, we conduct customer satisfaction surveys though phone and invite customers to rate their experiences, so as to ensure and continuously optimize our customer service quality.

We put detailed after-sale service procedures in place to help customer service staff conduct standardised after-sale service and to ensure the efficiency and timeliness of our service. Moreover, we continuously optimise our customer feedback channels and complaint procedures, and promptly determine the responsible department for complaint handling, ensuring that our customers' complaints are handled in a timely and proper manner. By the end of the Reporting Period, we had not received any complaints relating to our products or services.

After-sale flow chart

400 Warranty Claim Request from Customer

Agents record repairing request reasons and customer basic information

Agents check item information (warranty information, after-sale responsible personnel)

Agents dispatch customer support tickets

To after-sale front - line leader

| Front-line agents reach out to customer for basic troubleshooting | Unsolved | Transfer tickets (Describe the resolution progress and unsolved issues) | | The second line process further troubleshooting based on feedback | Unsolved | Issues transferred to tech leader (the resolution progress and unsolved issues) | | Coordinate people to solve issues together |

Issue Solved

Issue Solved

Issue Solved

The ticket closed

Consumer satisfactional research

AInnovation's after-sale service procedures

2.5. Safeguarding Information Security

Information Security Policy

• Focus on appropriate protection and prevention. Equal emphasis on management and technology. Comprehensive prevention.

The Group has a comprehensive and systematic information security management structure. The Information Security Committee acts as the highest decision-making body for information security management, and is responsible for supervising information security and data protection. We strictly comply with laws and regulations relating to information security, including but not limited to the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*. In accordance with relevant standards such as the *Information Security Technology – Information System Security Management Requirements (GB/T20269-2006)* and the *Information Security Technology – Baseline for Classified Protection of Cybersecurity（GB/T 22239-2019）*, we have developed the *Information Security Management Policy*, the *Compliance and Legal Guidelines for Data Access and Services of AInnovation* and other internal policies, to ensure compliance in data collection and use, improve information security standards and reduce information security risks.

Information Security Management
System Certification

To strengthen and improve the protection of information security, the Group manages confidential information at different levels, and only provide designated personnel with access to data storage systems such as servers, information systems and databases. We install professional firewalls at the entry and exit of public cloud and Internet Data Centre (IDC) to protect against various malicious attacks on information systems. We also engage external consultants to advise on our data security protection and regularly update relevant internal policies and procedures according to the advice. The Group has obtained the ISO27001 Information Security Management System certification, which is not only a recognition of the systematic information security of AInnovation, but also a result of the Group's enhancement of professional management capability. During the Reporting Period, we continued to carry out information security management work and maintain the Company's sound information security assurance system in accordance with the system standards.

We strictly adhere to the terms of authorisation and scope of application as set out in the customer agreement to analyse and process customer data. In our contracts with partners, we make detailed provisions on data protection to ensure the effective implementation of data security as well. We require third parties to sign a security responsibility provision or confidentiality agreement and obtain approval of written application before providing access to any information systems for them.

In addition to strengthening information security of AInnovation, we continuously raise employee awareness of information security by incorporating relevant topics in the induction training for new recruitments. Furthermore, the Information Security Committee also provides regular trainings for all employees. During the Reporting Period, AInnovation particularly invited professional external lawyers to give a special lecture on "Network and Data Security Protection from the Perspective of the AI Industry", which explained data security related regulations, key points of network data security supervision, algorithm governance and other hot topics in detail, further emphasising the importance of data and privacy protection to all employees.

3. Responsible Operation

The Group is well aware that the sustainable development of an enterprise requires not only its own responsible operation, but also the collaboration and support of all stakeholders. Therefore, we are committed to building a harmonious, sustained, incorruptible, honest, fair and impartial business relationship and working with our partners to promote the progress and growth of the whole supply chain.

3.1. Adhering to Business Ethics

We strictly abide by the *Anti-Unfair Competition Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China* and other related laws and regulations, and formulated *Anti-fraud Management Policy* and *Internal Control Policy for Anti-Money Laundering and Counter-Terrorist Financing*. The Company has built an Anti-Fraud Management Office which is responsible for taking full charge of related tasks, including the establishment and maintenance of the anti-fraud system as well as publicity and education on the importance of anti-fraud, and strictly prohibiting acts that violate relevant legal provisions and professional ethics, including abuse of power for personal gain and bribery. In addition, management above L8, personnel in charge of regional companies below L8, and personnel who meet the aforementioned scope after new employment or position change during the performance of their duties, sign the *Performance Confirmation Letter* on a quarterly basis, and promise not to commit any illegal or unlawful acts that infringe the rights and interests of the Company in the course of business activities, such as bribery, corruption and embezzlement.

We encourage employees to report any violation of business ethics to the Company. Employees can report to the Company's Anti-Fraud Management Office either by email or by letter. We will strictly protect the information of whistle-blowers and prohibit any discrimination or retaliation. Severe penalties will be imposed on those who violate the regulation by leaking the information of whistle-blowers or retaliating against whistle-blowers, and those who are suspected of violating laws will be transferred to the judicial authorities. During the Reporting Period, there were no corruption lawsuits filed, pending, or concluded against the Group or the Group's employees.

➢ Reporting mail:jubao@ainnovation.com
➢ Reporting acceptance address:Floor 8, Building A, No. 3 Haidian Avenue, Haidian District, Beijing
➢ Responsible department:Anti-fraud Management Office

During the Reporting Period, the Group conducted various training sessions on business ethics to help the Board of Directors and new recruitments put the concept of integrity and self-discipline into action during the course of operation and management of the Company. In the business ethics training for the Board of Directors, we incorporated directors' integrity responsibilities, anti-corruption obligations and summarised regulations of the Stock Exchange. The orientation training for new recruitments included anti-corruption, anti-bribery, etc., to enhance their legal concept and foster their awareness of rule of law.

3.2. Ensuring Marketing Compliance

The Group highly values marketing compliance and by means of publicity and training, creates a culture of marketing compliance in daily work and raises awareness of compliance among employees. We provide training sessions regarding marketing compliance on an ad hoc basis, covering confidentiality requirements of internal business information, technical information and R&D records, as well as business contract risk alerts. Our orientation training also includes marketing compliance contents to ensure that new recruitments are fully aware of and meet relevant requirements in their work.

In addition, the *AInnovation Brand Management Policy* was formulated by the Group to clearly specify the form, scope of use and authorisation of AInnovation brand and trademarks, and maintain a good brand image in the market. In our contracts with business partners, we also put in place provisions on the protection of trade secrets to safeguard the legitimate interests of all parties.

3.3. Responsible Supply Chain

As the management department for suppliers, the Group's Centre of Excellence is responsible for suppliers' qualification collection, review, follow-up evaluation, grading and management. We formulate and strictly abide by the *Supplier Management Policy*, the *Supplier Management Implementation Rules* and other guiding documents to manage procurement.

AInnovation scores and screens new suppliers in terms of business qualification, product service and financial status, and requires them to provide certificates from the International Organisation for Standardisation (ISO). For suppliers already selected, we conduct annual assessment in terms of quality, cost, delivery, service and technology, and promptly remove those with low comprehensive scores or discipline violations.

Details of AInnovation's supplier management process can be found as follows:

Supplier selection

• Investigate suppliers before including them into the pool to ensure that they meet the Group's basic requirements for supplier qualification (registered for more than 2 years with registered capital of more than RMB 2 million); issue the *Supplier Qualification Investigation Registration Form* to suppliers and obtain relevant information; include suppliers into the pool only after submitted information is reviewed;

Supplier management

• Regularly maintain and update the information of suppliers in the pool;

Supplier assessment and review

• Conduct annual year-end assessment of suppliers in terms of quality, cost, delivery, service and technology. If the comprehensive score of a supplier is lower than 60, it is considered ineligible, and will not be allowed to bid for any project within 2 years. In the event of a material breach of discipline (e.g. bribery, malicious abandonment of bid, etc.), the corresponding supplier will be blacklisted and never be selected again;

Inactive or removed suppliers

• Suppliers will be classed as removed if they have no cooperation with the Group within 2 years or fail to meet the selection requirements when their statuses are updated; those who need to be re-used will be re-included in the pool after the latest materials are reviewed. Suppliers with complete materials but have no cooperation with the Group within 2 years will be marked as inactive.

The Group always upholds a transparent and incorruptible business philosophy in all business dealings and regards business ethics in cooperation with stakeholders as a prerequisite for long-term sustainable development of an enterprise. Provisions on anti-commercial bribery are explicitly stipulated in our contracts with suppliers, prohibiting any form of commercial bribery to safeguard the legitimate interests of both parties.

By analysing the nature of purchased materials and the potential ESG risks, we assess the impact of ESG risks in the supply chain on business operations, identify environmental and social risks in the Group's supply chain, and urge suppliers to focus on the prevention and response to relevant risks. To promote green operation in the supply chain, we give priority to suppliers with a sense of social responsibility and environmental awareness to becoming our business partners.

2022 Environmental, Social and Governance Report

During the Reporting Period, the Company had a total of 730 suppliers. The number of suppliers by geographical region is as follows:

Number of suppliers by regions

Region	Number
North China	213
East China	194
South China	152
Southwest China	103
Northwest China	34
Central China	22
Northeast China	8
HK, Macau, Taiwan and overseas	4
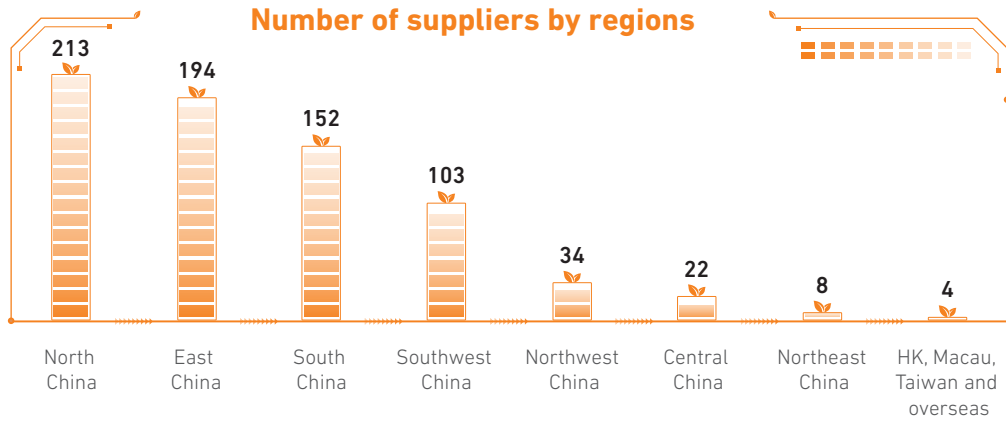
Note:

North China includes: Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia; East China includes: Shanghai, Jiangsu, Zhejiang, Shandong, Anhui; Northeast China includes: Liaoning, Jilin, Heilongjiang; Central China includes: Hunan, Hubei, Henan, Jiangxi; South China includes: Guangdong, Guangxi, Hainan, Fujian; Southwest China includes: Sichuan, Chongqing, Guizhou, Yunnan, Tibet; Northwest China includes: Shaanxi, Gansu, Xinjiang, Qinghai, and Ningxia.

4. The People-oriented Approach

Talents are one of the core competitive advantages of AInnovation. We advocate the people-oriented approach and implement a humanised management system. In addition to protecting employees' basic rights and interests, we offer competitive remuneration and benefits, extensive training opportunities, and a clear and transparent promotion policy. While exploring employees' potential and supporting their growth, we hope to motivate corporate vitality and strive to achieve common progress.

4.1. Protection of Employee Rights and Interests

We strictly abide by laws and regulations such as the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Provisions on the Prohibition of Using Child Labour*. Moreover, we earnestly respect the rights and interests of employees, provide a fair working environment, and offer decent salaries and benefits to ensure each individual's healthy development.

➢ **Fair Employment Principle**

AInnovation implements the principle of fair employment. In the recruitment, employment, training, compensation, promotion and transfer of employees, we promise to follow and only follow the guide of meeting the requirements of the Company and the position, and will not restrict the career development of any employee due to ethnicity, race, gender, colour, age, family background, religious belief, physical fitness and original nationality.

We adopt a "zero tolerance" attitude towards child and forced labour. We require new joiners to provide personal documents and academic certificates to prevent the recruitment of child labour by mistake; if child labour is identified, we immediately terminate the employment contract and take relevant personnel to their legal guardians. In addition, the Group strictly follows the statutory working hours to guarantee the balance between employees' personal life and work. In occurrence of forced labour, employees can report the case to local labour supervision team, and we will take immediate action to stop relevant acts and investigate reasons to prevent the recurrence of a similar situation. During the Reporting Period, the Group had no child or forced labour violations.

➢ **Remuneration and Benefits**

AInnovation develops a reasonable performance-oriented compensation system for employees based on the industry and market remuneration standards. Before his or her onboarding, we determine an employee's compensation plan based on job category, level and the personnel's competence. The compensation plan consists of two parts, namely basic salary and performance bonuses. In addition, we evaluate employees' remuneration on an annual basis, and formulate adjustment strategies according to the employee's performance the Company's profitability, thus ensuring a competitive compensation in the industry.

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During the Reporting Period, we drew up an assessment plan for employees following the *AInnovation Performance Appraisal and Management Policy* and the *2022 Performance Appraisal Plan*, and adopted the OKRs (Objectives and Key Results) performance management tool. Each department sets seasonal targets for employees in terms of business performance, business management and team management, and conducts a performance assessment at the end of each season according to the actual situation, scientifically and rationally evaluating employees' working achievements and abilities.

The paid annual leave we provide for employees consists of statutory annual leave and company benefits annual leave. Employees are entitled to sick leave, marriage and bereavement leave, maternity leave, breastfeeding leave, injury leave and other leave following relevant laws and regulations. We also provide parental leave and nursing leave, as appropriate, to enhance the work-family balance and well-being of employees. Furthermore, the Group provides social insurance and commercial insurance for employees, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund, to better guarantee employees' life and work.

➢ **Employees Situation**

As of the end of the Report Period, the Group had 728 employees, all working fulltime. The details of the employee structure and employee turnover rate are as follows:

Category		Number of Employees	Employee Turnover Rate
Gender	Male	535	27%
	Female	193	25%
Age	Aged under 30	269	25%
	Aged 30 to 40	372	26%
	Aged above 40	87	31%
Area	Beijing	145	28%
	Shanghai	219	27%
	Chongqing	124	23%
	Qingdao	130	20%
	Others	110	33%
Educational Background	PhD and above	12	—
	Master's degree	120	—
	Bachelor's degree	520	—
	Below Bachelor's degree	76	—

Note: Employee turnover rate = Annual cumulative number of resignations in this category/(annual final number of employees in this category + annual cumulative number of resignations in this category) *100%

4.2. Talent Development and Cultivation

AInnovation emphasises talent development, talent pool building and employee career growth. We encourage employees to continuously improve their professional quality, vocational skills and knowledge, and provide diversified career development channels to stimulate organisational vitality and talent potential and promote the development of employees and the Company.

The Group has established a complete system of promotion channels, and defined each talent development path in the *Employee Handbook*. According to the business characteristics and the nature of the position, we divided positions into technical series (T series), business series (B series) and management series (M series) horizontally, and we classified each series into 13 levels vertically according to employees' experience and competence. The evaluation criteria for each series vary. For example, the T series mainly considers employees' R&D capability, while the M series focuses on all-around management ability. According to their personality traits and capability backgrounds, employees can freely choose development channels.

Technical series (T series)

- Including positions relating to technology R&D, products, pre-sale and engineering operations

Business series (B series)

- Including sales, functional departments and other non-management positions

Management series (M series)

- Management positions with management roles

AInnovation's system of promotion channel

At the beginning of 2022, we developed a personalised IDP (Individual Development Plan) training program. We collected competency-based training needs from all employees via questionnaire and analysed their needs based on the T, B and M series, respectively. According to the analysis results, we provided targeted training courses for the 3 series, help employees to improve their business management ability, team management ability, leadership and professional skills, and other abilities they see as necessary. Other featured courses included the "Workplace Elite Training Camp", focusing on general capabilities, and the "A+ Manager Workshop", targeting middle management in particular. All training materials have been uploaded to the online learning platform in the ERP (Enterprise Resource Planning) system. Employees can review them anytime, anywhere, so as to better understand and master relevant knowledge.

A+ Manager Workshop

- We engaged external professionals to provide training on team management ability for the Company's middle management through online livestreaming and offline intensified training, intending to improve employees' capabilities relating to target management, planning and coordination, team coordination and team motivation.

Workplace Elite Training Camp

- The course focused on general capabilities training and aims to improve employees' collaboration, self-motivation and communication capabilities. To provide employees with a more professional and comprehensive training system and help them make progress in the workplace, we included three sections in the training, namely the *High EQ Communication*, the *How to Communicate Effectively Across Departments*, and the *Learning + Execution, Solve Problems*, during the Reporting Period.

An overview of some featured courses

A+ Manager workshop site

During the Reporting Period, the total training time of the Group's employees counted 11,998 hours. The specific training percentage and average training hours of employees are shown in the following table:

Category		Percentage of trained employees	Average hours of training for employees
Gender	Male	73%	17
	Female	27%	16
Class of Position	Management staff (Level 8 and above)	6%	34
	Junior staff (below Level 8)	94%	15

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4.3. Employee Care and Welfare

We offer a variety of care programmes and benefit packages to our employees. To create a pleasant workplace, the Group regularly organises various activities. The activities organised during the Reporting Period included flower delivery on International Women's Day, an online competition for making Zongzi on the Dragon Boat Festival, traditional food tasting on the Mid-Autumn Festival, afternoon tea and free shoulder and neck massage on the Programmer's Day, etc. These activities helped employees balance work and life with a positive attitude, and promoted smoother communication and closer distance between colleagues, thus facilitating collaboration among all departments.

International Women's Day activity

Cooking competition entries on the Dragon Boat Festival

Gift packages on the Mid-Autumn Festival

Mid-Autumn Festival activity in Chongqing

Afternoon tea on the Programmer's Day

Shoulder and neck massage on the Programmer's Day

AInnovation festival activities in 2022

In addition, to facilitate smooth communication between the Company and employees, we hold All Hands Meetings every season as an essential channel for employee communication. Before the meeting, we specially roll out "Question Collection" module in the ERP system, the most concerned questions of which are to be responded by participating executives. At the meeting, employees can obtain the latest information on the phased business summary, internal reports on major matters, future business strategies of the Company and other aspects. They can also provide their views and suggestions to management through the on-site exchange, give full play to their subjective initiative, and participate in corporate development.

All Hands Meeting

4.4. Occupational Health and Safety

AInnovation understands that occupational health and safety are vital to the Company's business. We attach great importance to the health and safety of our employees and strictly comply with 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* and other relevant laws and regulations. At the same time, we have passed the ISO45001 Occupational Health and Safety Management System Certification, which enables us to protect employees' occupational health and safety in a more scientific and effective way. We provide onboarding medical examinations for new joiners and annual health checks for in-service employees.

The Group is also committed to creating a healthy and safe working environment for employees. We set up special areas for fitness activities in the office with professional equipment to encourage employees to take proper rest from work. During the novel coronavirus pandemic (hereinafter "COVID-19 pandemic" or "pandemic"), we engaged a professional team to conduct regular disinfection at our offices so as to maximise workplace safety.
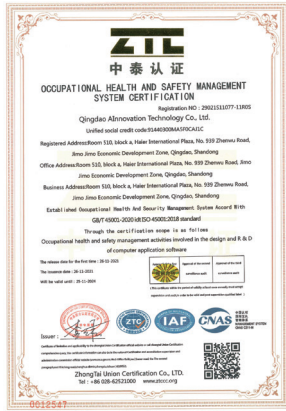
AInnovation ISO45001 Occupational Health and Safety Management System Certification

Office fitness area

Case: Combating the COVID-19 pandemic and building a secure workplace

During the COVID-19 pandemic, following the latest pandemic prevention policies, we informed employees of the latest policy measures and safety precautions through WeChat groups in a timely manner. We arranged professional teams to conduct regular office disinfection and strengthen workplace inspections to improve workplace safety. Meanwhile, our employees were encouraged to adopt a flexible working schedule, minimising unnecessary contact through remote working. We also procured antigen kits, ibuprofen, amoxicillin, honeysuckle oral liquid and other medicines and pandemic prevention materials to ensure the supply of drugs for employees and thus protect their health.

Professional team conducted office disinfection

Procurement of antigen reagents

In addition, we actively prevent all kinds of accidents that may occur in our offices through drills and training, and we continuously improve employees' awareness of safety and their emergency response capabilities. For example, during the Reporting Period, we organised employees of the Beijing subsidiary to participate in fire drills to help them acquire basic fire protection knowledge. In the past three years, the Group had no work-related fatalities. During the Reporting Period, no working days were lost due to work injuries.

Case: The fire safety drill activity

In June 2022, to enhance the fire safety awareness of our employees, our subsidiary in Beijing actively participated in the fire drill organised by local property management. The event introduced effective coping methods in the face of a minor fire and put emphasis on the use of fire extinguishers. By raising the fire safety awareness of entire staff, such activity protected employees' occupational health and safety.

The fire safety drill activity

◀ ◀ ◀ ◀ ◀ ◀ ◀ ◀ ◀ ◀

5. Green Operation

AInnovation actively fulfils its responsibility for environmental protection and strictly complies with relevant laws, regulations and institutional requirements such as the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Water Law of the People's Republic of China* in its operation activities. Certified with ISO14001 Environmental Management System Certification, the Company is encouraged to continuously reduce its business's impact on the environment. In daily office work, we adopt various energy saving measures to enhance our environmental performance. We also realize and actively respond to the challenges posed by climate change.

ISO14001 Environmental Management System Certification

5.1. Promoting Green Office

Due to the characteristics of AI industry, AInnovation barely generates typical industrial wastewater, exhaust gas, or waste in the course of operation. Indirect GHG emission from electricity consumption is our primary impact on the environment. According to the materiality assessment, environment-related issues are not highly ranked in importance to the Group, yet we insist on promoting the green office concept. In pursuit of environmental protection, energy saving, emission reduction, and water conservation, we encourage all employees to actively participate and make contribution.

We install LED energy-saving lamps in the office and keep them off during non-working hours to save electricity for lighting. We also set constant temperature for the central air-conditioning in the office to make sure it works in low-power mode. Moreover, we post environmental protection notices across the office to help employees build the awareness of resource conservation, while setting up sorting bins to facilitate the recycling of resources.

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Electricity saving notice at office

Sorting bins

Water conservation notice in restroom

Below are our key environmental performance indicators (KPIs) for the Reporting Period. Unless otherwise stated, such key performance indicators cover the Group's offices in Beijing, Xi'an, Chongqing, Chengdu, Jiaxing, Nanjing, Qingdao, Hefei, Guangzhou, Shenzhen and Shanghai. As a result of its rapid expansion, the Group's total GHG emissions, total energy consumption and total water consumption showed year-on-year increase in 2022. However, its GHG emission intensity, energy intensity and water consumption intensity remained unchanged from 2021.

KPI	2022	2021
Total GHG emissions (tons of CO_2 equivalent)	**715.27**	**533.30**
Including: Indirect GHG emissions from energy consumption (Scope 2) (tons of CO_2 equivalent)	**715.27**	**533.30**
GHG emission intensity (tons of CO_2 equivalent per m²)	**0.03**	**0.03**
Total energy consumption (MWh)	**1,029.03**	**775.61**
Including: Total indirect energy consumption (MWh)	**1,029.03**	**775.61**
Energy intensity (MWh per m²)	**0.04**	**0.04**
Total water consumption (tons)	**2,016**	**1,335**
Water consumption intensity (tons per m²)	**0.08**	**0.08**

Note:

1. Based on the operational characteristics, our greenhouse gas emissions mainly come from indirect GHG emissions of purchased electricity (Scope 2). Greenhouse gas emissions are presented as CO_2e and accounted for according to the *Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Public Building Operators* (for Trial Implementation) issued by the National Development and Reform Commission.

2. Emissions produced in our operation mainly include a small amount of domestic wastewater. Such wastewater has no material impact as they are disposed by municipal pipelines. Therefore, KPI A1.1 (Emissions' category and corresponding data) is not disclosed in the Report.

3. Hazardous waste generated in our operations mainly consists of small amounts of used toner cartridges and ink cartridges produced by office printing equipment, which are recycled and disposed of by the suppliers without any material impact. Therefore, KPI A1.3 (total hazardous waste produced and intensity) is not disclosed in the Report.

4. The non-hazardous waste generated in our operations is small amounts of office waste. The office waste is handed over to the property management company for disposal and has no material impact, therefore, KPI A1.4 (total non-hazardous waste produced and intensity) is not disclosed in the Report.

5. A3 (Environmental and natural resources) and A3.1 (Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them) is not applicable as we do not use other environmental and natural resources during operation, thus such information is not disclosed in the Report.

6. We use water from municipal tap water, so we have no problem in obtaining suitable water. The above total water consumption only covers offices in Xi'an, Chongqing, Qingdao, Hefei and Guangzhou. Water consumption of other offices is borne by property management companies and cannot be measured separately.

7. As we do not use packaging materials in our operation, the KPI A2.5 (Total packaging materials used for finished products and per unit produced) is not applicable.

5.2. Tackling Climate Change

Climate change and the higher frequency of associated extreme weather events have become a common challenge for all humanity. As a responsible enterprise, AInnovation takes climate change seriously and keeps attentive to our exposure to climate risks. We are keenly aware of potential adverse impact of extreme weather events (such as rainstorms, snowstorms, typhoons, etc.) on employee safety and system services of the Company. At occurrence of such events, we issue alerts to our employees and advise them of the appropriate precautions and protective measures, so as to minimise the risks they are exposed to. We also formulate appropriate response measures to ensure steady operation of the Company's business in the face of extreme weather events.

In addition to proactively addressing the challenges posed by climate change, we have also responded to the call of "Carbon Peak, Carbon Neutrality", using AI technology to help enterprises save energy and reduce emissions. In the energy and power sector, we continue to improve the standardization level and functional richness of power plant intelligent solutions, and based on MMOC platform, we have independently developed peak-shaving and reheating renovation and safety monitoring system for thermal power plants. Through Orion Distributed Machine Learning Platform and MatrixVision intelligent edge analysis, the system can achieve real-time safety management and control of the entire unit, and ensure flexible peaking and low-pollution operation in a safe condition. At the same time, the system helps to improve thermal power units' in-depth peaking operation, solving their key technical problem of continuous production under the spot trading electricity market. In addition, we also provide support for a variety of renewable energy scenarios, such as solar and wind power, lowering their carbon emission from operation and maintenance.

6. Empowerment in Community Development

With advanced AI technology and accumulated industrial experience, AInnovation actively undertakes corporate social responsibility and fully empowers community development. We popularised artificial intelligence expertise and introduced the trend of cutting-edge technology to small and medium-sized enterprises (SMEs) and students, so as to better promote the digital and intelligent transformation of various industries. We also took advantage of AI skills in the field of public health, having newly launched an intelligent prevention and control solution for the COVID-19 pandemic and donated a number of related equipment. By serving the community and the public, the Group earnestly implements the initial aspiration of "Getting Technology-empowered for Good and Value Creation", contributing to sustainable development.

➢ **Popularisation of AI Industry Education**

Case: Exchange activities for private SMEs

On 5th September 2022, in cooperation with Qingdao Civil Economic Development Bureau, AInnovation launched the activity of "2022 SMEs Exchanges on Collaborative Innovation and Visits to Artificial Intelligence Exemplary Enterprises", with 48 enterprises participating. We invited the enterprises to visit the AInnovation Centre of AI Innovation and Empowerment, and shared the experience and practices of intelligent manufacturing with private SMEs in Qingdao through "AI + Manufacturing" case studies, thus promoting the digital and intelligent transformation of private SMEs.

2022 SMEs Exchanges on Collaborative Innovation and Visits to Artificial Intelligence Exemplary Enterprises

Case: Academic activities of Zaoshan Elementary School

On 24th July 2022, all students in the second grade of the Zaoshan Elementary School of Qingdao participated in academic activities at the AInnovation Exhibition Centre of AI Innovation and Empowerment. As an innovation and creation centre for youngsters, this Exhibition Centre has an exhibition space of over 1,500 square metres. We demonstrated the most advanced AI technology to youngsters, as well as actual cases of AI empowerment in manufacturing and financial service industries, actively participating in AI awareness campaigns.

**Students from Zaoshan Elementary School visited the Exhibition
Centre of Innovation and Empowerment**

➢ **Supporting Pandemic Prevention and Control**

To help the COVID-19 pandemic prevention, the Group proposed an intelligent solution for pandemic prevention and control in 2022, and donated relevant equipment to the Novel Coronavirus Pneumonia Prevention and Control Command of Jimo District in Qingdao as pandemic prevention and control materials. As a one-stop solution to "temperature registration + mobile sampling + laser disinfection", it is comprised of 3 components, namely AI temperature access guard, mobile nucleic acid sampling booths, and deep-UV super-speed laser air sterilizers. Specifically, managed through the epidemic prevention cloud platform, the AI temperature access guard uses AI to verify identity information and achieve non-contact temperature measurement. By completing relevant work without contact, it helps to cut off potential virus transmission routes.

Case: AInnovative helped Jimo to combat the pandemic

The year 2022 witnessed the volatility and complexity of the COVID-19 pandemic. All sectors of society, especially medical institutions, were under tremendous pressure and shock. Medical personnel had no choice but to face the challenges of high-intensity work, shortage of protective supplies, and harsh working conditions.

Considering the pandemic situation and social needs, we donated a number of pandemic prevention materials to the Novel Coronavirus Pneumonia Prevention and Control Command of Jimo District in Qingdao, mainly including two sets of intelligent pandemic prevention and control solution, which could help medical personnel conduct non-contact nucleic acid testing in a rapid, safe, and effective manner, and therefore optimise their working conditions. In addition, we donated 3,000 pieces of protective clothing, 10,200 N95 masks, 3,000 protective masks and 24,000 sterile masks to create safer working conditions for medical staff and protect the workers on the front line. The total value of the above donated materials is about RMB 164,800.

Donating masks and other anti-pandemic materials
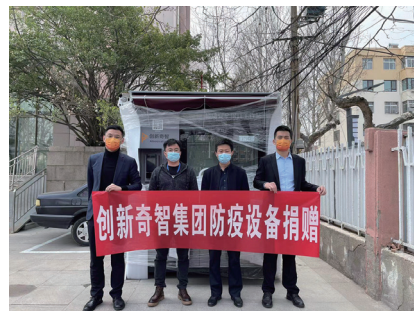
Donating mobile temperature measuring and sampling booths + all-in-one AI temperature measuring machines

Appendix: ESG Guide Index

Aspects	Descriptions	Chapter
A1	**Emissions**	
General Disclosure	Information on the policies and 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.	5.Green Operation
A1.1	The types of emissions and respective emissions data.	5.1.Promoting Green Office
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1.Promoting Green Office
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1.Promoting Green Office
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1.Promoting Green Office
A1.5	Description of measures to mitigate emissions and results achieved.	5.1.Promoting Green Office
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	5.1.Promoting Green Office
A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5.1.Promoting Green Office
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).	5.1.Promoting Green Office
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.1.Promoting Green Office
A2.3	Description of energy use efficiency initiatives and results achieved.	5.1.Promoting Green Office
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	5.1.Promoting Green Office
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable

Aspects	Descriptions	Chapter
A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Not applicable
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not applicable
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.	5.2.Tackling Climate Change
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.	5.2.Tackling Climate Change
B1	**Employment**	
General Disclosure	Information on the policies and 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.	4.The People-oriented Approach
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	4.1.Protection of Employee Rights and Interests
B1.2	Employee turnover rate by gender, age group and geographical region.	4.1.Protection of Employee Rights and Interests
B2	**Health and Safety**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.4.Occupational Health and Safety
B2.1	Humber and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.4.Occupational Health and Safety
B2.2	Lost days due to work injury.	4.4.Occupational Health and Safety
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.4.Occupational Health and Safety

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Aspects	Descriptions	Chapter
B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.2.Talent Development and Cultivation
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.2.Talent Development and Cultivation
B3.2	The average training hours completed per employee by gender and employee category.	4.2.Talent Development and Cultivation
B4	**Labour Standards**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1.Protection of Employee Rights and Interests
B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1.Protection of Employee Rights and Interests
B4.2	Description of steps taken to eliminate such practices when discovered.	4.1.Protection of Employee Rights and Interests
B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.3. Responsible Supply Chain
B5.1	Number of suppliers by geographical region.	3.3. Responsible Supply Chain
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.	3.3. Responsible Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.3. Responsible Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.3. Responsible Supply Chain

Aspects	Descriptions	Chapter
B6	**Product Responsibility**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.Product Responsbility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.3.Advancing Quality Management and Control
B6.2	Number of products and service related complaints received and how they are dealt with.	2.4.Enhancing Customer Service
B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.2.Protecting Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	2.4.Enhancing Customer Service
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.5.Safeguarding Information Security
B7	**Anti-corruption**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	3.1.Adhering to Business Ethics
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.	3.1.Adhering to Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	3.1.Adhering to Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	3.1.Adhering to Business Ethics
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.	6.Empowerment in Community Development
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6.Empowerment in Community Development
B8.2	Resources contributed (e.g. money or time) to the focus area.	6.Empowerment in Community Development

创新奇智
AInnovation

人工智能
賦能商業價值
Empower Businesses
with AI Technology