



哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

Stock Code: 1133

2022

Environmental, Social and  
Governance Report

## ABOUT THIS REPORT

This Report is prepared in accordance with the requirements of the “Environmental, Social and Governance Reporting Guide” as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Continuously practising the social responsibility of “Friendly Environment, Warm Home”, Harbin Electric Company Limited (the “Company”) attaches great importance to the harmonious unity of economy and ecology, deeply implements the concept of green development, strictly implements relevant environmental protection policies, vigorously promotes energy conservation and emission reduction, deeply cultivates environmental protection industry, and actively promotes the development of new energy industry. The Company adheres to the people-oriented principle, scientifically builds staff team, protects the rights and interests of employees, and cares for the life of employees. The Company maintains effective communication with suppliers, customers, market investors and other stakeholders, takes into account the interests of stakeholders, creates a mutually beneficial and win-win relationship, and continuously promotes the healthy development of the enterprise. The Company strives to eliminate all forms of corruption, deepens the integrated promotion of the “three non-corruption” and strengthen the prevention and control of integrity risks through various methods. The Company persists in giving back to the society, vigorously supports social public welfare activities, and establishes an accountable and responsible corporate image.

In 2022, the Company conscientiously implemented national energy conservation and environmental protection laws and regulations. Control of pollutant emissions, conservation of resources, and usage of natural resources were in compliance with laws and regulations; the Company adopts people-oriented approach, builds harmonious labor relations and strengthens occupational health protection, so as to fully protect employees’ legitimate rights and interests; it strengthens supply chain management, fulfills product responsibilities, meets customer satisfaction, fulfills social responsibilities and takes into account the interests of all interested parties to the maximum extent. It actively carries out investments in community and anti-corruption to maintain regional stability and promote community harmony. The Company has seriously complied with code provisions set out in the Corporate Governance Code in Appendix 14 of the Listing Rules of the Stock Exchange of Hong Kong Limited and, where appropriate, adopted the recommended best practices as specified therein.

The standards, methods, assumptions and calculation tools used in this report are in accordance with the relevant laws and regulations on environment and safety in China. The statistical methods or key performance indicators are consistent with those in previous years. The scope of the report includes the Company and its subsidiaries.



为世界提供动力  
为人类带来光明

The graphic features the Chinese slogan "为世界提供动力 为人类带来光明" (Provide power for the world, bring light to humanity) in a stylized red font. The background is a blue gradient with a globe on the right side, composed of various images related to energy and technology.

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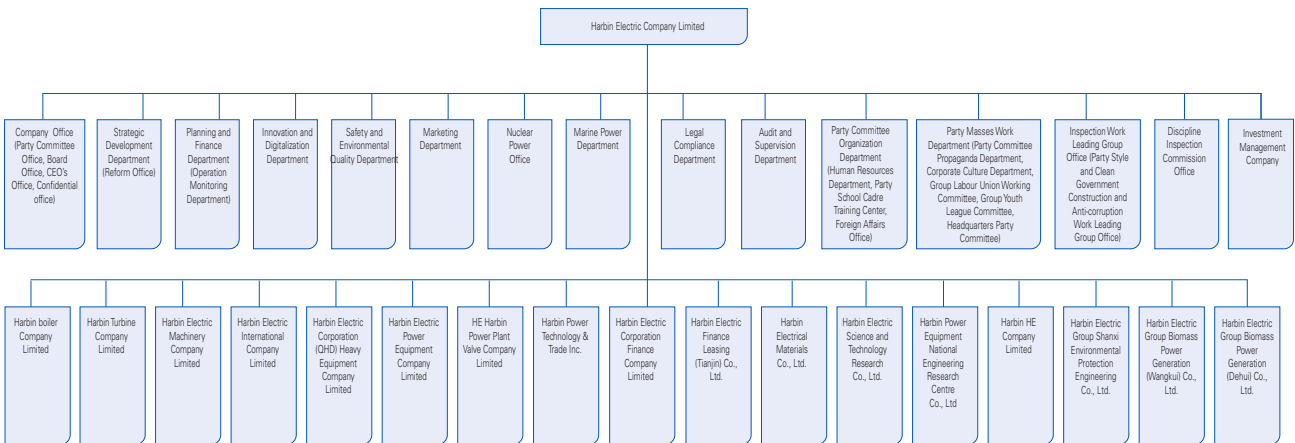
# I. ABOUT THE COMPANY

Harbin Electric Company Limited (the “Company”) together with its subsidiaries is one of the largest power generation equipment manufacturers in China, with more than 13,000 employees in total and an annual production capacity of 30 million kilowatts of power generation equipment.

The Company has been always committed to the revitalization and development of China’s equipment manufacturing industry, and has actively promoted a new leap in China’s power generation equipment manufacturing level and independent innovation capability. Some of its technologies have met the international advanced level. Adhering to the concept of sustainable development, the Company continues to strengthen the development of high-efficiency clean energy and new energy power generation equipment to achieve the coordinated development of enterprise and environmental protection.

Based on the domestic market, the Company actively carries out the “Going Global” strategy, and implements “Belt and Road” initiative. Its products are exported to more than 50 countries and regions such as Asia, Africa, Europe and America.

The Company brings together domestic first-class scientific research, technology and management elites, owns advanced production and scientific research test equipment, and has a perfect quality assurance and quality control system. Its research and development capabilities, manufacturing capabilities and power station construction capabilities rank the top among manufacturers of power plant equipment in the PRC.



## I. ABOUT THE COMPANY

2022 is a key year for the Company to turn around losses and get out of difficulties. All cadres and employees worked together, overcame difficulties, and forged ahead. The Company focused on the “three businesses” development positioning and the “three systems” industry layout, vigorously pushed forward the “three-step” work arrangement and achieved encouraging results in the reform and development of the enterprise, turning losses into gains. During the reporting period, the Company realized operating income of RMB24,643.79 million, representing a year-on-year increase of 16.11%, formal contract signing amount of RMB33.632 billion, representing a year-on-year increase of 17.67%, and net profit attributable to owners of the parent company of RMB98.64 million, representing a year-on-year increase of RMB4,241.09 million.

### OUR VISION

Build a power carrier of equipment manufacturing industry in the world

### OUR MISSION

Bear hopes of the national industry, highlight glamour of China power

### OUR PURPOSE

Provide power for the world and bring brightness to human being

## II. ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT

### (I) MANAGEMENT STRUCTURE

The Board is responsible for the management of the environmental, social and governance work of the Company. The Board conducts a comprehensive review of the Company's environmental, social and governance work every year. Under the leadership of the Board, the managers organize and implement relevant work, establish necessary working organizations, and various professionals continuously provide necessary support for environmental, social and governance work, carry out management research, establish relevant management systems, and formulate work plans and major deployment.

All levels of the Company clearly define and refine the work objectives, and form a long-term working mechanism, which are widely publicized and implemented in all professions, all levels and posts, realizing the coverage of production and operation system, asset and economic operation management and functional management system.

Through the formulation and implementation of sustainable development strategy, establishment and improvement of stakeholder participation mechanism, construction of social responsibility promotion system, and construction of comprehensive value creation assessment system, the Company shall do a solid job in resource coordination, capacity building, process monitoring, experience summary and improvement, strengthen information disclosure, and provide support for participation of stakeholders, so as to promote the Company to realize the whole process of environmental, social and governance coverage, all-round integration and full participation.

In order to meet the requirements of sustainable development, the Company implements the relevant laws and regulations of the nation, industry and regulatory agencies, implements the Company's the Administrative Measures on Energy Saving and Emission Reduction, the Administrative Regulations on Safety Production and other regulatory provisions, takes the annual business performance assessment results as the guidance, combines with the demands and wishes of stakeholders, identifies environmental, social and governance factors, forming a closed loop through factor identification, plan making, implementation promotion, summary and analysis.

## II. ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT

- 1** Combining the demands and wishes of stakeholders to identify annual responsibility issues in accordance with the sustainable development requirements of the Company
- 2** Decomposition of annual responsibility topics and key tasks to formulate goals and plans
- 3** Summarizing and refining the excellent cases and typical experience in the process of corporate social responsibility implementation, and analyzing the demands and wishes of stakeholders
- 4** Implementing various measures of task decomposition to drive stakeholders to realize social value together

## II. ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT

Centering on reform and development, the Company adheres to the people-oriented principle, adheres to being close to the reality of production, close to life, and close to the spiritual pursuit of employees, builds a corporate culture focusing on cultural connotation, era characteristics, and international vision, and organically integrates the concept of social responsibility with strategy, culture and corporate operation to further enhance the ability to fulfill responsibilities. Under the overall path and framework of “serving national strategies, fulfilling social responsibilities, and pursuing customer satisfaction”, the Company actively fulfills social responsibilities, takes into account the interests of all stakeholders to the greatest extent, and achieves the harmonious coexistence of enterprises, society and nature.

Stakeholders	Expectations and requirements	Communication mode	Responsibility practice
<b>Government</b>	Cooperating with macro control to promote employment Paying taxes according to law Promoting local economic development and operating in accordance with the law	High level meeting Communication meeting Information submission Attending the meeting Company announcement	Providing jobs Paying taxes voluntarily Social wealth creation Promoting the development of local related industries and steady business development
<b>Staff</b>	Occupational health and safety protection Growing together Remuneration and welfare guarantee Humanistic care	Open party affairs Open government affairs Social Responsibility Report	Providing labor protection equipment and facilities, smooth career development channel Providing competitive remuneration and employee care
<b>Customer</b>	Keeping promise Products and services with high quality and low price Smooth communication channels	Business communication meeting Service hotline telephone Business exchange visits	Contract performance Providing high quality products and services Improving the service system
<b>The public</b>	Conserving energy, reducing emissions Resources conservation Environmental protection and public welfare	Strengthening information disclosure Letters and visits Reporting energy conservation and emission reduction information to regulatory authorities on a regular basis	Green environmental management Green products Green projects
<b>Supplier/contractor</b>	Fair competition Honesty and faith Confidentiality of information	Supplier Conference Bidding information disclosure Strategic cooperation and agreement	Equal consultation Abiding by the contract Responsible procurement



## II. ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT

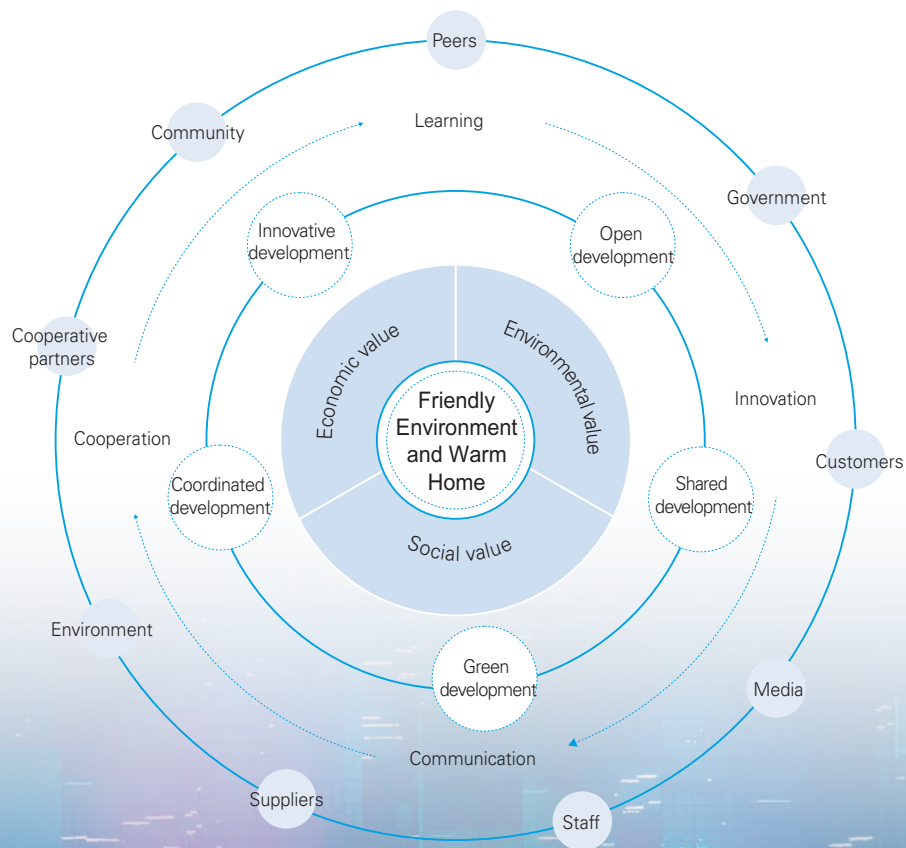
Stakeholders	Expectations and requirements	Communication mode	Responsibility practice
Cooperative partner	Regular communication Long-term stable relationship	High level visits Strategic cooperation	Honest and law-abiding Mutual benefit and win-win
Peer	Fair competition Promoting the development and progress of the industry	Strengthening exchanges with peers Participating in industry forum, conference and visit each other	Maintaining the healthy development of the industry Participating in the formulation of industry standards Promoting industry exchanges and cooperation
Community and NGOs	Improving the community environment Respecting community culture Supporting public welfare undertakings	Community publicity Community public service Forum	Participating in community building and public welfare action
Media	Open and transparent information	Company website Social responsibility report Newspapers and periodicals Interview and press conference	Establishment of a press spokesman Special topic planning Timely information disclosure Holding staff culture and art Festival

## II. ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT

### (II) CONCEPT AND POLICY

Continuously putting into practice the social responsibility of “Friendly Environment, Warm Home”, the Company attaches great importance to the harmonious unity of economy and ecology, deeply implements the concept of green development, strictly implements relevant environmental protection policies, vigorously promotes energy conservation and emission reduction, deeply cultivates environmental protection industry, and actively promotes the development of new energy industry. The Company adheres to the people-oriented principle, scientifically builds staff team, protects the rights and interests of employees, and cares for the life of employees. The Company maintains effective communication with suppliers, customers, market investors and other stakeholders, takes into account the interests of stakeholders, creates a mutually beneficial and win-win relationship, and continuously promotes healthy development of the enterprise. The Company persists in giving back to the society, vigorously supports social public welfare undertakings, and establishes an accountable and responsible corporate image.

The Company pursues the harmony and unity of economic value, environmental value and social value, takes “innovation, coordination, green, open and sharing” as the development concept, and constantly summarizes and refines excellent management cases and typical experience of the Company’s environment, society and governance through communication with customers, partners and employees, so as to comprehensively evaluate and identify the importance level of environment, social and governance related issues.



### III. ENVIRONMENTAL PROTECTION

The Company strictly follows the Environmental Protection Law of the People's Republic of China and other national laws and regulations, strictly implements the national environmental protection policy, coordinates the tasks of carbon peaking and carbon neutralization during the "14th Five-Year Plan", always concerns itself with environmental protection and works on energy saving and emission reduction, actively assumes social responsibility and collaborates to promote carbon reduction, pollution reduction, green expansion, and economic growth; actively uses new energy and renewable energy to expand the environmental protection industry, create value, take responsibility, respect the society, develop in an environment-friendly manner, and contribute to building a resource-saving and environment-friendly society.

In 2022, the Company had no violations in environment protection.

Environmental performance indicators	Unit	2022	Changes
Comprehensive energy consumption per RMB10,000 output value	Tonnes of standard coal/ RMB10,000	0.0271	-6.55%
New water consumption per RMB10,000 output value	Tonnes of water/RMB10,000	0.3561	-7.43%
CO2 emissions per RMB10,000 output value	Tonnes of CO2 equivalent/ RMB10,000	0.0988	-5.64%

### III. ENVIRONMENTAL PROTECTION

#### (I) EMISSION REDUCTION

In 2022, the Company put into practice the concept of green development with practical actions, continued to increase the work of energy conservation and emission reduction, invested RMB16.73 million in energy conservation and emission reduction, representing a year-on-year increase of approximately 40%, focused on the application of new technologies and new processes of energy conservation and emission reduction, and promoted the upgrade and transformation of electricity, water and heating.

The main pollutant emissions of the Company have always been controlled at a low level. In 2022, the SO<sub>2</sub> emission was 0.03 tonnes, NO<sub>x</sub> emission was 25 tonnes, COD emission was 20.95 tonnes, NH<sub>3</sub>-N emission was 0.68 tonnes, CO<sub>2</sub> emission was 248,400 tonnes, and the emission of CO<sub>2</sub> per RMB10,000 of output value was 0.0988 tonnes equivalent/RMB10,000, representing a year-on-year decrease of 5.64%.

The Company has rigorously complied with environmental protection regulations regarding the generation declaration, transfer and disposal as well as contingency plan of hazardous wastes. It has standardized and enhanced the environmental management of hazardous wastes by engaging operators holding valid license for processing hazardous wastes and electronic wastes. In 2022, the Company generated 11,000 tonnes of non-hazardous solid waste, and generated a total of 1,700 tonnes of hazardous waste with a 100% disposal rate.

Focusing on the establishment of environmental management system and standardization of the management of hazardous wastes, the Company's subsidiaries firmly deal with and rectify any behavior which is not in compliance with relevant regulations and laws and inspects any potential environmental hazard. It controls the source of pollutant and strengthens the management of major source of pollutant by installing online automatic monitoring the source of water pollutant. Environmental publicity and trainings have been actively carried out to raise the environmental protection awareness of our employees and form a sound atmosphere for protecting the environment.



Boiler Company constructed photovoltaic power generation project

### III. ENVIRONMENTAL PROTECTION

#### (II) ENERGY AND RESOURCES CONSERVATION

The Company strictly abides by the PRC laws and regulations on resource conservation, has established “Energy Management System”, “Rewards and Punishments for Assessment of Single Major Energy Consuming Equipment”, “Measurement Management System”, “Energy Management System for Outer-ring Users”, and strictly implements the above-mentioned measures during our production process.

The major raw materials required by the Company are steels and non-ferrous metals. The utilization rate of materials was promoted through continuous improvement of our designs and techniques. In 2022, the Company’s utilization rate of major raw materials was 80%, and over 3,960 tonnes of packaging materials such as steel, wood, plastic and paper were used.

The Company continues to upgrade high-energy-consuming devices, develop comprehensive energy management and control systems, and construct photovoltaic power generation projects, etc., resulting in a continuous reduction in energy consumption intensity. In 2022, the comprehensive energy consumption of RMB10,000 output value was 0.027 tonnes of standard coal/RMB10,000, representing a year-on-year decrease of 6.55%.

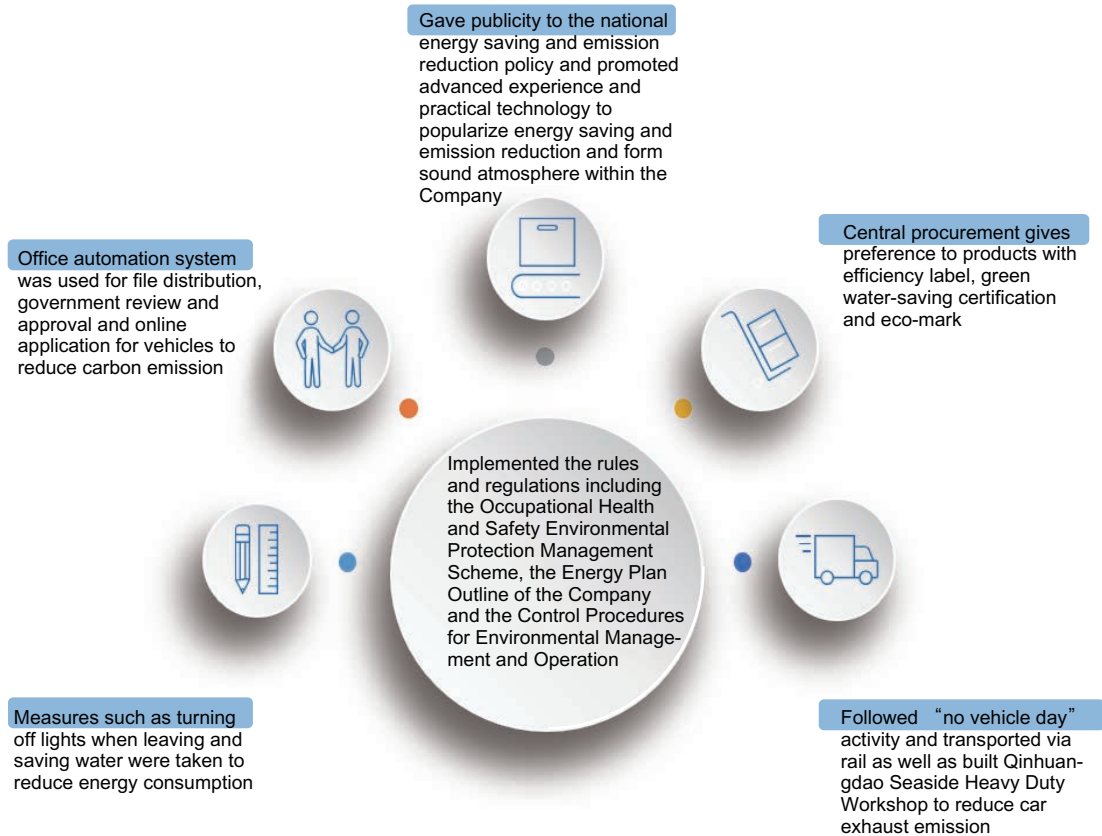
In 2022, the total energy consumption was 58,800 tonnes of standard coal, of which 139.13 million kWh of electricity, 14.09 million m<sup>3</sup> of natural gas, 264 tonnes of petroleum and 0.68 million GJ of heating power.



There are no water sourcing issues as the water and resources used by the Company are industrial finished products and there is no significant influence on the natural resources. The Company continues to increase its sewage treatment efforts, adopts physical and chemical technologies to treat sewage, and adopts sewage online monitoring methods to ensure that pollutants meet the standards and are discharged into the municipal pipe network. In 2022, the consumption of new water for industrial use was 0.895 million tonnes and the wastewater emission was 0.706 million tonnes.

### III. ENVIRONMENTAL PROTECTION

As headquarter is located in Harbin, the Company has access to abundant water and energy resources. Subject to energy saving and emission reduction as well as water saving, there are no other restrictions on the use of water and energy resources.



In 2023, the Company will aim to continuously improve the level of green manufacturing, strengthen the awareness of the red line and bottom line of energy conservation and environmental protection, strengthen source governance, improve the management system and mechanism, promote the application of energy-saving and emission-reduction technologies, effectively control the total amount of pollutants and environmental risks, prevent large and above sudden environmental pollution incidents, and strive to become a resource-saving and environment-friendly enterprise.

### III. ENVIRONMENTAL PROTECTION

#### (III) DEEPLY CULTIVATING ENVIRONMENTAL PROTECTION INDUSTRY

At present, China has accelerated the implementation of the “dual carbon” goal, and accelerating the clean and low-carbon transformation of energy is the only way to achieve the “dual carbon” goal.

The Company focused on the establishment of a comprehensive and scientific research system and put more efforts into the implementation of scientific technology and a series of energy conservation and emission reduction policies and measures by advocating green technology and energy conservation philosophy, so as to strengthen the construction of low carbon industrial chain and promote its sound and sustainable development.



In May 2022, the Jintan salt cavern compressed air energy storage national test demonstration project developed by the Company as a partner successfully completed continuous full-load energy storage-power generation trial operation and was successfully put into operation, marking the world's first non-supplemental combustion compressed air energy storage power station officially connected to the grid for power generation.



In December 2022, the last unit of Baihetan Hydropower Station on the Jinsha River developed by the Company was put into commercial operation with high quality, marking that all units of Baihetan Hydropower Station on the Jinsha River, with the world's largest single-unit capacity, the world's largest scale under construction, and the world's second largest installed capacity, were put into operation for power generation.

### III. ENVIRONMENTAL PROTECTION

The Company has been committed to the application of advanced process technology and equipment and the elimination of backward production capacity. Meanwhile, it has optimized its product structure, actively developed high-efficiency clean, energy-saving and environment-friendly power generation equipment, and vigorously developed clean energy such as hydropower and nuclear power.

On 12 September 2022, the unit of the 1×40MW Biomass Electricity and Heat Cogeneration Project in Dehui Economic and Technological Development Zone successfully passed the “72+24” hours full-load trial operation assessment. The parameters of the unit are normal, the equipment is running stably, and it is fully ready for commercial operation. After the commencement of operation, the annual consumption of straw was approximately 0.241 million tonnes, and the annual production of green electricity was 0.26 billion kWh. It increased the employment of over 300 farmers in the fuel collection, storage and transportation business every year.



On 28 August 2022, Unit 4 of the Zhouning Pumped Storage Power Station independently developed by the Company successfully passed the 15-day trial operation and was officially put into commercial operation. Zhouning Pump and Energy Storage Power Station installed a total of 4 pump and energy storage units with a single capacity of 300 MW, all supplied by Machinery Company. Since the Zhouning Pump and Energy Storage Power Station was put into operation, it has generated a total of 785 million kW, providing green kinetic energy for local economic and social development and ensuring energy supply during peak summer.



## IV. CONTRIBUTING TO THE COMMUNITY

The Company actively practices social responsibilities, creates more jobs, and realizes corporate social value. Focusing on the core values of “Concerted efforts, dedicated services”, the Company adopts people-oriented approach, builds harmonious labor relations, strengthens occupational health protection and continuously improves salary distribution system, so as to fully protect employees’ legitimate rights and interests. It strengthens supply chain management, fulfills product responsibilities, promotes the sustainable and healthy development of the enterprise by fulfilling social responsibilities and meeting customer satisfaction, and takes into account the interests of all interested parties to the maximum extent. It actively carries out investments in community and anti-corruption to maintain regional stability and promote community harmony.

Social Performance Indicators	2022
Tax payment (RMB0,000)	93,516
Total number of employees (no. of persons)	13,500
Labor contract coverage (%)	100%
Social security rate (%)	100%
Total amount of staff training (RMB0,000)	818.9
Number of occupational diseases (no. of persons)	0
Turnover (no. of persons)	358
Additional postgraduate education or above (no. of persons)	93

### (I) EMPLOYMENT POLICY

The Company implemented a working system of five days a week and eight hours a day. Staff are entitled to all holidays prescribed by the nation and local governments and are entitled to paid leaves ranging from 5 to 15 days depending on their years of service. Staff of the Company are entitled to “5 Insurances and 1 Pension” and other benefits. The Company has also established the corporate pension scheme to provide better guarantee for our staff.

The Company has revised the occupational-disease-inductive management system according to law and organized employees to carry out occupational health examinations. At the same time, the Company paid attention to fostering healthy models and behaviors of employees.

The Company adheres to its “people-oriented” development concept, strictly abides by laws and regulations such as the Labor Law and the Labor Contract Law, emphasizes staff management, enters into labor contracts with employees in accordance with the law, pays social insurance in full, and focuses on protecting personal information of our employees. It endeavors to create better working environment for its staff, and at the same time reduces exposure to labor employment risks, as well as efficiently eliminates the use of child and forced labor.

In 2022, the Company did not employ child labor and forced labor.

## IV. CONTRIBUTING TO THE COMMUNITY

### LABOR STANDARDS



#### Remuneration

The Company will establish a performance-based remuneration mechanism, provide competitive remuneration to employees; and pay for the personnel of all kinds of endowment, medical treatment, occupational injury, childbirth and unemployment, being five social insurances. The social insurance coverage reaches 100%.



#### Democratic Management

The Company will adhere to the promotion of democratic management and advances the disclosure of information; the proportion of enterprises participating in union employees is 100%, the Company will convene staff representative meeting.



#### Leave and Holiday Policies

According to the state regulations, the Company will implement paid leave related policies to encourage employees to take paid leave, and protect the special rights and interests of female employees.



#### Equal Employment

The Company will adhere to the employment policy of equality of men and women and national equality; standardize the management of labor dispatch personnel in accordance with the law and insist on equal pay for equal work.

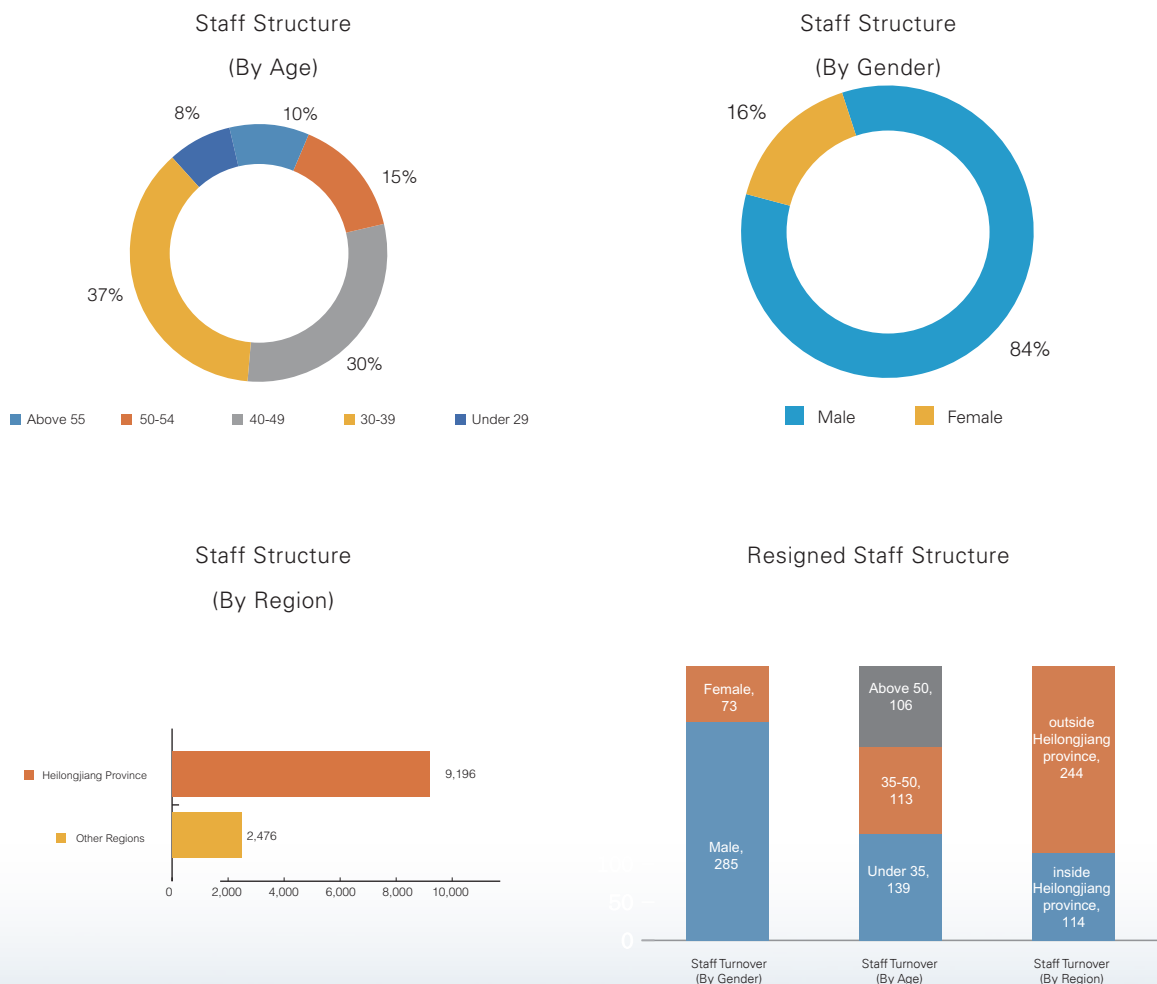
The employees of the Company participate in the government-established and state-managed retirement benefits schemes of the PRC. At the same time, the Company has adopted an enterprise annuity system in accordance with the relevant regulations, and the Company was required to contribute a certain percentage of its employees' remuneration to the retirement benefits scheme. No forfeited contributions (if any) may be used by the Company to reduce the existing level of contributions and no contributions to the retirement benefits scheme were forfeited by the Company during the year ended 31 December 2022.

In 2022, the total remuneration of the Company is RMB1,657.52 million, and the average remuneration of employees is higher than the social average remuneration in its region where the Company is located.

## IV. CONTRIBUTING TO THE COMMUNITY

### (II) STAFF STRUCTURE

As of 31 December 2022, the total number of employees in the Company was 13,500, including 11,672 employees at work, 1,916 female employees, accounting for 16.42% of the total. The number of the employees aged over 55 was 1,112, accounting for 9.52%; aged 50 -54 was 1,731, accounting for 14.83%; aged 40 -49 was 3,560, accounting for 30.50%; aged 30 -39 was 4,314, accounting for 36.96%; aged under 29 was 955, accounting for 8.18%. The number of the employees in Heilongjiang province was 9,196, accounting for 78.79%; the number of employees in other regions was 2,476, accounting for 21.21%.



In 2022, there were 358 employees who resigned from the Company.

## IV. CONTRIBUTING TO THE COMMUNITY

### (III) HEALTH AND SAFETY OF EMPLOYEES

The Company attaches great importance to the health and safety of our staff members. Each subsidiary has set up a regulatory system for production safety and occupational diseases prevention and control. Specific department is assigned to oversee the safety in production, striving to create a safe working environment for the Company's staff members and keep them out of occupational health hazard.

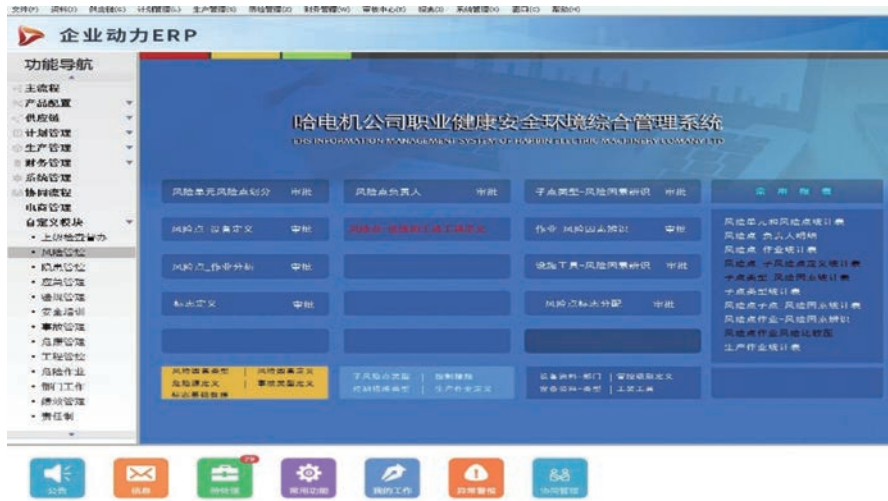
The Company effectively operates the Occupational Health and Safety Management System (GB/T45001-2020/ISO45001:2018) and Environmental Management System (GB/T24001-2016/ISO14001:2015). Insisting on the policy of "placing safety on top of the priority list, taking precaution as the main task and providing comprehensive treatment", we continue to deepen major responsibilities in ensuring production safety, and extensively commence promotion, education and training on production safety, while safety education will be provided to new employees once they join our Company. We continued to work on meeting the targets of production safety standardization and established sound mechanism on contingency and reaction for overseas safety issues for overseas investment cooperation.

Large-scale inspections on production safety are performed regularly to eliminate any potential hazards in a timely manner. Generally, the Company arranges regular medical checkups for staff members once every year. For those who work under poor environment, the items checked and frequency of checkups will be increased accordingly and treatment are regularly organized to minimize occupational threat to their health, enhancing our level of occupational health and safety and environmental management.

In 2022, the Company inspected a total of more than 2,800 potential safety hazards with a rectification rate of 99%, conducted more than 300 emergency drills with more than 12,000 attendances, invested more than RMB50 million in production safety, and held more than 300 training sessions on production safety attended by 90,000 persons. Throughout the year, there were no accidents with serious injuries and no fatal incidents, and there were 6 minor accidents with 6 employees suffering from slight injuries. Rate of work injury involving a thousand workers was 0.4%, and the lost time due to work injury was 6,097 hours.

In 2022, the Company continued to strengthen the concept of safety development and red line awareness, laid a solid foundation for work safety and environmental protection, earnestly carried out the centralized work of safety production, paid close attention to the implementation of the responsibility system for work safety, and continuously promoted the construction of risk prevention and hidden danger investigation and management, production safety standardization and dual prevention mechanism, so as to ensure the safety of employees.

## IV. CONTRIBUTING TO THE COMMUNITY



Occupational Health, Safety and Environment Comprehensive Management Information System Developed by Subsidiaries

Special Charging Piles for Lithium Battery Forklifts to Prevent Fires Caused by Lithium Battery Charging Built by Subsidiaries



## IV. CONTRIBUTING TO THE COMMUNITY

### (IV) DEVELOPMENT AND TRAINING OF EMPLOYEES

In order to strengthen the construction of core talents team, the Company released a series of documents related to talents to guide and motivate the personnel development through dual channels including talents and official career, gradually improving the core talent system of the Company. The Company attached great importance to the construction of employees' career development channels and formulated the guidance on unifying the management of employees' career development channels. It has realized the "four-unified" channel construction of unified development sequence, rank setting, assessment management and incentive methods for all employees, and established promotion channels for the corresponding levels of cadre grades, technical grades, management grades and skill grades, which further removed the obstacles to the talent mobility, stimulated the vitality of talents, innovated the talent mechanism, and provided strong support for the Company's high-quality development.



The Company held the 2022 training class for outstanding young leaders

In 2022, the Company continued to focus on building a high quality, high technology and skilled talent team, which organized a total of 847 training sessions and carried out various training for 46,300 persons.

Employees trained	By gender		By position level		
	Male	Female	Senior management	Mid-level management	General staff
Percentage of trainees	98%	97%	100%	100%	97%
Average training hours	38	38	110	100	50

## IV. CONTRIBUTING TO THE COMMUNITY

### (V) SUPPLY CHAIN MANAGEMENT

The supply chain management of the Company adopts a centralized and decentralized mode of operation. Some of the materials are purchased by the subsidiaries in accordance with the bidding and procurement procedures, respectively. Some of the materials are purchased by the Company and gradually expanded to the proportion of centralized purchasing. At the same time, innovating the supply chain management system and mechanism, the Safety, Environmental Protection and Quality Department has assumed the supply chain management responsibility, and a new company called Harbin Electric Materials Co., Ltd. has been established to further rationalize the centralized tendering business, establish and improve the supply chain system, and gradually expand the scope of the tender, standardize management and improve efficiency.

The Company standardizes supplier management, adopts strict credit approval process, and implements procurement tender transparency management. The engagement of suppliers strictly fulfills the following processes:

- (1) To strictly review the nominated suppliers' quality assurance capacity, technical level, commercial qualification and other aspects according to the Supplier Qualification Management Approach and include those passing the review in the list of qualified suppliers.
- (2) To select the qualified suppliers to purchase materials in the list of qualified suppliers, fulfill the tender procedures, issue a bidding invitation document to more than three qualified suppliers, preliminarily evaluate the organizational documents, conduct tender review, and ultimately determine the supplier based on the comprehensive review results and sign a procurement contract.

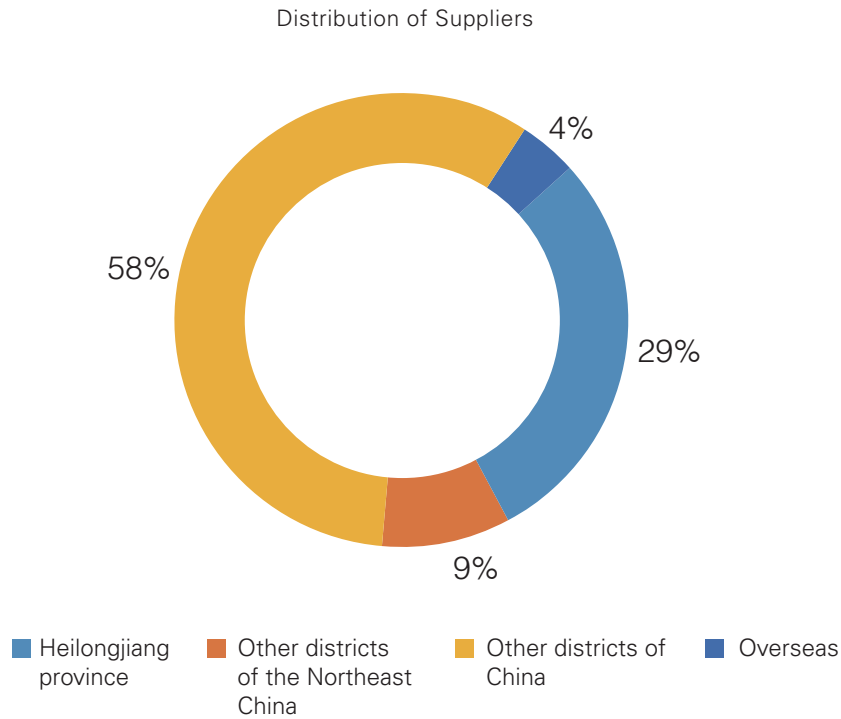
For some suppliers, the Company will review relevant information on its environmental and social responsibility. The review process is as follows:

- (1) It is necessary to provide the corresponding documents within one to three days in advance to review the requirements for the review of environmental management operations control procedures, social responsibility reports and their supporting documents. Those who fail to pass environmental certification or have no social responsibility report are required to provide relevant documents on environmental management and social responsibility.
- (2) Persons with environmental system qualification and business management experience are appointed to conduct on-site audits based on the documents provided.

## IV. CONTRIBUTING TO THE COMMUNITY

In 2022, the Company reviewed a total of 688 new suppliers.

As at 31 December 2022, the Company had 5,187 qualified suppliers. Private enterprises account for the majority of the Company's suppliers, and the Company pays the purchase price in time during the procurement to support the development of private enterprises.





## IV. CONTRIBUTING TO THE COMMUNITY

### (VI) PRODUCT LIABILITY

The Company has established the concept of “community of interest”. With the purpose of serving customers, facilitating customers, and meeting customer needs, we sincerely treat customers and partners, and establish a complete customer relationship management system. We treat customers as long-term strategic partners, going forward and backward together, jointly discovering business opportunities in the market, carrying out business development, and sharing development results. We timely and accurately resolve problems in project execution. There was no negative information on partner responsibility in 2022.

The Company always adheres to being considerate and responsible for the users, and to the improvement of the overall product quality and service quality. The Company always adheres to the quality concept of “exquisite design, superb craftsmanship, fine manufacturing and excellent project” to create well-recognised brands that are highly regarded and trusted by users all over the world, continuously strengthens project management to maximise the needs of users, create more value for users and establish a trustworthy corporate image.

In 2022, the total investment in technology was RMB1.269 billion, and the investment intensity in R&D was 5.20%	The Baihetan 1000MW hydroelectric turbine generating unit won the Gold Award of China Best Design awarded by Innovation Design Industry Strategic Alliance of China and Chinese Mechanical Engineering Society
Completed 345 research projects and developed 166 new products	“Research on the Safety and Reliability of Steam Turbine with High Position Layout” won the Special Prize of Achievements of Innovation of National Electric Power Industry Equipment Management (Project Technology Field) of 2021 awarded by China Electric Power Equipment Management Association
Received 26 technology awards above provincial level	High-temperature gas-cooled reactor steam generator manufacturing technology research and engineering application won the First Prize of Science and Technology of China Nuclear Energy Industry Association
Completed 409 patent licenses, including 125 invention patents	The research and application of key technologies for the safe, economical and flexible operation of coal-fired units under the dual-carbon background won the First Prize of the China Electric Power Science and Technology Progress Award

## IV. CONTRIBUTING TO THE COMMUNITY

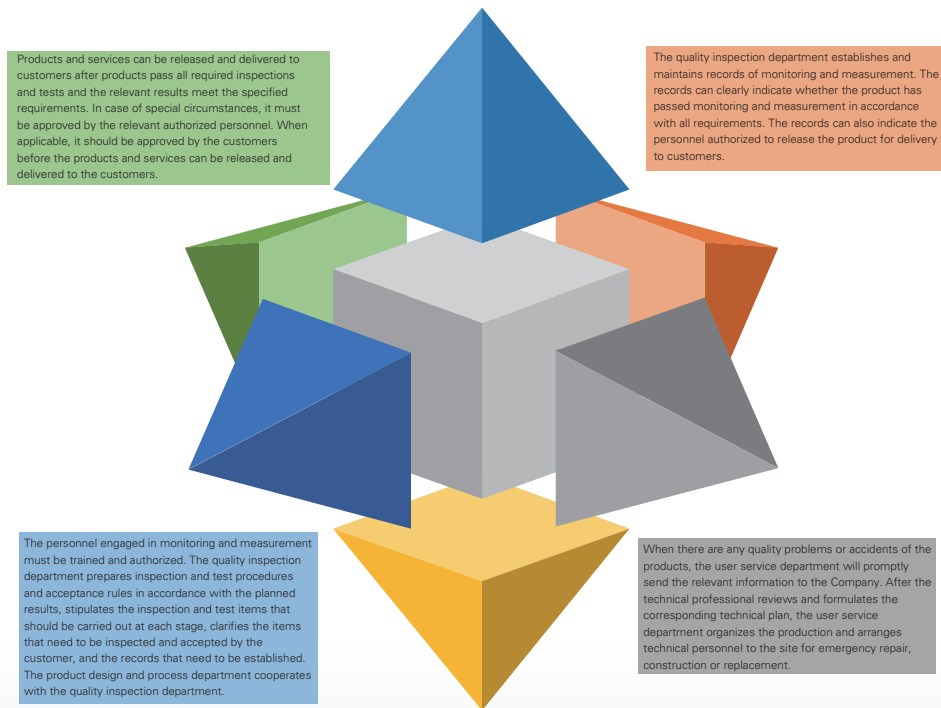
The Company has established relevant procedures, such as the “Administrative Measures for Work on Patent-Related Issues”, to safeguard and protect intellectual property rights.

Based on the requirements of ISO9001 quality management system and the actual situation of their products and the market, the subsidiaries of the Company have formed an effective quality control model.

Each subsidiary of the Company has set up a special quality inspection department, which is responsible for the final monitoring and measurement of incoming materials, process rooms, and products (both including monitoring and measurement at the supplier).

In 2022, zero quality accident occurred in the Company. No product was recovered for safety and health reasons. No complaint relating to product and service was received.

Our customers are mainly power generation enterprises. The Company’s products generally go through 168-hour trial operation after installation is completed in the power plant, and put into commercial operation after being qualified. During the period of commercial operation, the Company will generally offer one-year quality guarantee period to customers.



## IV. CONTRIBUTING TO THE COMMUNITY

In providing users with products that meet their needs, the Company is also committed to offering timely, effective service to users, with 100% coverage rate of leading product service business.

Strengthen Publicity	Information Protection	Platform Support	Smooth Communication
<p>Actively organized user seminars, lectures and other activities, and widely invited customer representatives and industry experts and scholars to participate in the activities. Product and service knowledge promotion enabled customers to have a more comprehensive and in-depth understanding of the Company's products.</p>	<p>Focused on customer information protection and strengthened project personnel training and management. Established a customer information management system, stipulating that the acquired private customer information shall not be provided to third parties without the customer's permission.</p>	<p>Launched a power station service platform to provide domestic and foreign customers with product technical consultation, installation and commissioning, overhaul and maintenance, upgrade and transformation, online monitoring, remote diagnosis and other services, throughout the product development, installation, operation and other life cycles.</p>	<p>Set up window for after-sales consultation, problem feedback and customer complaints, established channels for problem communication and resolution, and improved the efficiency and quality of problem solving through online communication and video conference interaction.</p>

## IV. CONTRIBUTING TO THE COMMUNITY

### (VII) ANTI-CORRUPTION

The Company adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly studies and implements the spirit of the 20th National Congress of the Chinese Communist Party and the 6th Plenary Session of the 19th CPC Central Committee, and strictly implements the work requirements of the 6th Plenary Session of the 19th Central Commission for Discipline Inspection, deeply understands the decisive meaning of “two establishments”, and voluntarily accepts the dispatched supervision. It will strengthen the Party’s main responsibilities and supervisory responsibilities, continue to strengthen the political supervision, innovate the daily supervision, focus on supervision and coordination, and endeavor to establish a unified supervision and coordination structure.

The Company adheres to the tone of “strictness”, and deepens the integrated promotion of the “three non-corruption”:

Demonstrate the deterrent of “dare not corrupt”. The Company severely investigates and deals with typical cases such as “relying on enterprises to realize his/her own selfish interests” and violating the spirit of the Eight Provisions of the Central Government and the implementation rules;

Strengthen the binding force of “no corruption”, the Company revises the working rules of the coordination group for party integrity construction and anti-corruption work, continues to strengthen the coordination of various supervisions, and further strengthens the prevention and control of corruption risks through various methods;

Release the appeal of “unwilling to corrupt”, the Company organizes to watch warning education films, issues warning records of “relying on enterprises to realize his/her own selfish interests” cases, hold a warning education conference, and the Party members and cadres were alerted by such real cases.

In 2022, there were zero cases of corruption in the Company.

## IV. CONTRIBUTING TO THE COMMUNITY

### (VIII) COMMUNITY CONTRIBUTION

The Company strived to maintain community stability and promoted community harmony. The Company had no negative publicity regarding social community in 2022.

The Company actively carried out corporate reforms, which maintained the stability of the enterprise and the place in which it operates; pushed forward the construction and operation of labour union mutual funds and charity funds from Party members and encouraged our employees to participate in public welfare activities and contribute to the society; we have also driven harmonious and sound development of the community through voluntary activities such as kindergarten education, medical service and aiding the poor, and actively carried out targeted poverty alleviation; the Company actively cooperated with the military and civilian development work of Harbin, Heilongjiang Province and strived for contributing to regional military and civilian development; we actively carried out anti-epidemic work and contributed to the national and local fight against the epidemic.

Employees of the Company conducted voluntary nucleic acid testing services to contribute to the fight against the pandemic



In June 2022, 1,504 persons of the Company and its subsidiaries voluntarily donated 360,000 ml of blood

## IV. CONTRIBUTING TO THE COMMUNITY



The Company conducted community service and other public welfare activities

## IV. CONTRIBUTING TO THE COMMUNITY

### (IX) RURAL REVITALIZATION

In 2022, guided by the spirit of General Secretary Xi Jinping's important speech, the Company will focus on the arrangements made by the CPC Central Committee and the State Council to comprehensively promote the rural revitalization, overcome its own difficulties, and help achieve new progresses in various assistance undertakings with practical actions.

The Company conducted multiple measures to promote the rural revitalization, continued to expand capital investment channels, invested RMB7,311,900 in free assistance funds, introduced free assistance funds of RMB200,000, organized to carry out 4 rural revitalization training classes throughout the year, and continued to train 175 rural grassroots cadres, 272 rural revitalization leaders, and 34 professional and technical personnel through the method of "sending education to the door". The Company and the Wenshan Youth League Committee continued to carry out the activity of "Micro-Public Welfare of Dedicating Love, Micro-Wishes of Realizing Dreams", and received a total of RMB118,600 of dream-realizing funds from more than 4,000 youth league members. The Company completed the purchase of characteristic agricultural products in Wenshan area of RMB8,260,000, helping sales of RMB220,000.



Cao Zhi'an, Chairman of the Company, went to Wenshan City for investigation



The Company selected and designated temporary cadres to the front line of rural revitalization

## V. CORPORATE GOVERNANCE

The Company has been actively enhancing its corporate governance structure and standardizing its operations through strictly complying with relevant provisions such as the Company Law of the People's Republic of China and the Securities Law of the People's Republic of China. The Board of the Company is committed to maintaining a high standard of corporate governance, and believes that good corporate governance practices are crucial to the success and sustainable development of the Company's business in the long run.

In 2022, the Company has fully complied with all code provisions set out in the Corporate Governance Code in Appendix 14 of the Listing Rules of the Stock Exchange of Hong Kong and, where appropriate, adopted the recommended best practices as specified therein.

The Board of the Company is responsible for the fulfillment of the corporate governance functions. In 2022, the Board of the Company has strictly observed the policies and practices in compliance with laws and regulatory requirement, and also formulated and amended its regulations with reference to those policies and practices, with an aim to perfect our corporate governance policies and practices. The Company continues to focus on the training and continuing professional development of directors and senior management, and actively carries out internal review and rectification work to improve the level of the Company's governance.

Details of Corporate Governance are published under the section headed "Corporate Governance Report" in the 2022 annual report of the Company.





哈尔滨电气股份有限公司  
HARBIN ELECTRIC COMPANY LIMITED

