



京城機電股份
JINGCHENG MAC

北京京城機電股份有限公司

Beijing Jingcheng Machinery Electric Company Limited

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

(H Share Stock Code: 0187; A Share Stock Code: 600860)



Environmental, Social and Governance Report
2022



氫氣站 Hydrogen Station

H₂

CONTENTS

ABOUT THIS REPORT

Report Description	2
Introduction	2
Reporting Period and Scope	3
Reporting Principles	4
Feedback to this Report	4

MESSAGE FROM THE GENERAL MANAGER

ABOUT BEIJING JINGCHENG

Company Overview	8
Corporate Governance	9
Business Philosophy	10
ESG Management Mechanism	10
Promoting Industry Development	11
Honours and Awards	12

ESG MANAGEMENT APPROACH

Engagement of Stakeholders	13
Fulfilling Green Operational Responsibilities	15
The People-Oriented Principle for Creating Harmonious	
Labour Relations	28
Creating Value and Contributing to Society	38

APPENDIX: CONTENT INDEX TO ESG REPORTING GUIDE

46



ABOUT THIS REPORT



1. Report Description

This report is the Environmental, Social and Governance Report for the year of 2022 issued by Beijing Jingcheng Machinery Electric Company Limited (北京京城機電股份有限公司) (“Beijing Jingcheng”, or the “Company”). The board of directors and all directors of the Company guarantee that there are no false records, misleading statements or material omissions in the contents of this report, and assume individual and joint responsibility for the truthfulness, accuracy and completeness of its contents, and have reviewed and approved this report.

2. Introduction

Beijing Jingcheng Machinery Electric Limited (“Beijing Jingcheng”) is listed on the Shanghai Stock Exchange (the “SSE”) (A shares) and The Stock Exchange of Hong Kong Limited (H shares) with registered capital of RMB542,265,988. Its subsidiaries include Beijing Tianhai Industry Co., Ltd. (北京天海工業有限公司) (“Tianhai Industry”), Qingdao BYTQ United Digital Intelligence Co., Ltd. (“BYTQ”) and Jingcheng Holding (Hong Kong) Company Limited (京城控股(香港)有限公司) (“Jingcheng HK”). The Company is committed to creating a leading enterprise engaged in the manufacturing of gas storage and transportation equipment and provision of services and the overall intelligent manufacturing solutions services provider.

ABOUT THIS REPORT

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG”) set out in the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Board confirms that it has reviewed and approved this report. Beijing Jingcheng has always regarded sustainable development as its long-term development direction. This report aims to present stakeholders with a description of the key issues and the management approach in respect of the environmental, social and governance issues and the Company’s sustainable development, its compliance with the listing rules of the Stock Exchange and the SSE, and the relevant policies, regulations in the environmental, social and governance aspects of its business operations, in order to achieve sustainable development.

3. Reporting Period and Scope

This report covers the 2022 financial year from 1 January 2022 to 31 December 2022.

The scope of this report includes but not limited to the Company and its subsidiaries, being:

- (1) Beijing Jingcheng Machinery Electric Company Limited
- (2) Beijing Tianhai Industry Co., Ltd. (北京天海工業有限公司) (“Beijing Tianhai”)
- (3) Qingdao BYTQ United Digital Intelligence Co., Ltd. (“BYTQ”)
- (4) Tianjin Tianhai High Pressure Container Co., Ltd. (天津天海高壓容器有限責任公司) (“Tianjin Tianhai”)
- (5) Kuancheng Tianhai High Pressure Container Co., Ltd. (寬城天海高壓容器有限公司) (“Kuancheng Tianhai”)
- (6) Shanghai Tianhai Composite Cylinders Co., Ltd. (上海天海複合氣瓶有限公司) (“Shanghai Tianhai”)
- (7) Beijing Tianhai Cryogenic Equipment Co., Ltd. (北京天海低溫設備有限公司) (“Tianhai Cryogenic”)

- (8) Beijing Minghui Tianhai Gas Storage Equipment Sales Co., Ltd. (北京明輝天海氣體儲運裝備銷售有限公司) (“Minghui Tianhai”)
- (9) Beijing Tianhai Hydrogen Energy Equipment Co., Ltd. (北京天海氫能裝備有限公司) (“Tianhai Hydrogen Energy”)
- (10) BTIC America Corporation (天海美洲公司) (“BAC”)
- (11) Jingcheng Holding (Hong Kong) Company Limited (“Jingcheng HK”)
- (12) Beijing Jingcheng Haitong Technology Culture Development Co., Ltd (“Jingcheng Haitong”)

4. Reporting Principles

Materiality:

By gathering the feedback from various stakeholder groups about their concerns, interests and expectations in terms of the Company’s sustainable development, material ESG issues of the Group are identified and endorsed by its senior management for future strategy development.

Quantitative:

The reporting principle of Quantitative was applied and demonstrated through the disclosure of measurable key performance indicators (“KPIs”) under both Environment and Social sections. To ensure that readers can grasp a better understanding of the Group’s sustainability performance, detailed disclosure in measurable format can be found in several performance tables.

Balance:

Upholding the good practice of transparent disclosure, the Group conforms to the principle of Balance when preparing the ESG Report so as to portray and deliver to the readers both the outstanding achievements and room for improvement of the Group’s sustainability performance in FY2022.

5. Feedback to this Report

The interests and needs of different stakeholders have been taken into consideration to the fullest extent possible while preparing this report. The Company will continue to improve the content of future reports. For enquiries and opinions, please contact us at:

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MESSAGE FROM THE GENERAL MANAGER

Dear stakeholders:

We are pleased to present our 2022 Environmental, Social and Governance Report for the year ended 31 December 2022. We regard this report as one of the most important, direct and effective communication channels between the Company and its investors and stakeholders, and use this channel to deliver our ongoing plans and initiatives to our stakeholders every year.

2022 was an extraordinary year, with the changing international situation, the Russo-Ukrainian conflict, energy crisis and high inflation, the domestic economy was “weakly stabilized” under the overlapping of “threefold pressure” and the reoccurrence of the pandemic and other unexpected impacts, and the economic development faced serious challenges. In the face of many unfavorable factors, and under the lead of the Board and the joint efforts of the management, the Company overcame many difficulties and made great efforts for the normal operation of its production and operation, paid close attention to reformation and adjustment, built a firm line of defence against the pandemic, and carried out various tasks in a solid manner to protect the fundamentals of the Company’s operation. The Company always adheres to the enterprise spirit of “integrity, dedication, learning, innovation and determination to be first-class” and implements the operation philosophy of “abiding by laws and regulations, safety and health, and green operation”. We unswervingly promote the sustainable development strategy, actively construct and improve the strategic plan of “high-end, precise and advanced” industrial structure, and advance in the equipment business to the direction of being high-end and intelligent and to solve the core basic technology.

The Company always insisted on being market-oriented, strengthened the construction of products diversification structure, and actively integrated resources to seize the market shares. The Company also made full use of the advantages of the capital market to lay a foundation for the Company’s sustainable and healthy development, to strengthen the optimization and integration of internal management of the Company, to enhance management, to accelerate operational efficiency, to increase business synergy level so as to better complete the annual operation

target. As of the end of the Reporting Period, the Company recorded operating income of approximately RMB1,372,261,200, representing an increase of 16.03% year-on-year. While being committed to developing its main business, the Company has significantly improved various emission, energy conservation and environmental protection indicators, and gradually improved our ESG management standard. We have also actively assumed our social responsibility, better realized the allocation of resources and talents, aiming to comprehensively build the industry-leading position of “world’s leading gas storage and transportation equipment manufacturing and services enterprise and overall intelligent manufacturing solution services provider”.

During the year, the relevant national industrial policies and the strategic plan of Jingcheng Machinery to build a “high-end, precise and advanced” industrial structure have provided a favorable external environment for the Company to advance in the industrial transformation and upgrading, and by grasping such opportunity, the Company actively deployed in the intelligent manufacturing industry and completed the merger and acquisition of BYTQ project. The acquisition enables the Company to make full use of BYTQ’s accumulated technology and advantageous resources in the field of automation system integration, intelligent manufacturing and intelligent factory construction, to strengthen its position in the intelligent manufacturing industry, promote the development of intelligent manufacturing and information technology construction business, accelerate the process of promoting the Company’s business towards “precision and high-tech”, optimize the business structure and expand the business scope and market precision of the Company, helping the Company to form a diversified equipment manufacturing industry and achieve complementary advantages in its business, which will help the Company to accelerate the transformation and upgrade of its business.

In 2022, the Company made great efforts to maintain its operating efficiency. While developing its principal business, we have never forgotten to take into account the Company's impact on the environment, its obligations to the society and its responsibilities to its stakeholders:

1. Focus on high-quality development to build a “high-end, precise and advanced” industry

For the gas storage and transportation business, the Company, oriented by clients, has invested considerable amount of resources in the gas storage and transportation industry. Strived to solve the problems of the industry, the Company is committed to promoting the new energy storage and transportation which is environmental friendly and low carbon, and the Company completed the research and manufacturing of various hydrogen energy products such as type IV cylinder and hydrogen filling stations etc., which significantly increased the work efficiency; Tianjin Tianhai intelligent transformation has completed overall adjustment and the production capacity has been steadily improved, and the production capacity and efficiency have reached the target value.

For the intelligent manufacturing business, the Company's merger and acquisition reorganization project was completed successfully, which realized the Company's new breakthrough in expanding the field of intelligent home appliance production line and made a solid step in the development of robot system integration business. The Company made use of BYTQ's accumulated technology and advantageous resources in the fields of intelligent manufacturing and intelligent factory construction to deploy the intelligent manufacturing industry and form a diversified pattern of equipment manufacturing industry, so as to advance in intelligent manufacturing and information construction, accelerate the Company's direction towards a “high-end, precise and advanced” industry, optimize the industrial structure and promote the industrial transformation and upgrading strategy.

2. Actively assuming social responsibilities and leading in sustainable development of the industry

We unswervingly implement the green development strategy, disseminate advanced new energy ideas to all sectors of society, co-create a green ecosystem, resolutely implement measures to conserve energy and reduce consumption, vigorously apply and promote new technologies and techniques, and constantly eliminate high-energy-consuming and high-emission equipment. The Company has always been in strict compliance with the laws, regulations and industrial standards on environmental protection and pollutant emission relating to the state and the place of business, the characteristics of the filled gases, and has formulated strict internal regulatory documents, and has urged its subsidiaries and branches to accelerate efforts in energy conservation, emission reduction, construction of environmental protection facilities, and green office work. We actively develop and promote green products and provide green services to help build China's ecological civilization.

3. Developing hand-in-hand for a better future

We always safeguard the legitimate rights and interests of our employees, respect the diversified development needs of our employees, strengthen occupational health management, raise safety awareness, organize skills training and sports and cultural activities, provide care and warmth for our employees in difficulty, and build a broad platform for their career development. We also strengthen supply chain management, promote industrial integration, deepen international cooperation, and work with partners to complement each other in terms of resource advantages and synergistic development. At the same time, to effectively protect the labour rights and interests of employees, the Company regularly organizes welfare activities and cultured functions for employees to enhance the cohesion and centripetal force within the enterprise.

4. Facilitating sustainable operation with integrity and realizing win-win cooperation

We firmly implement the core values of “creating value with responsibility, establishing an image with integrity”, and attaching great importance to the demands of the stakeholders. In 2022, we conducted extensive and in-depth communication with key stakeholders of the Company to further understand the issues and related recommendations they are concerned about, and improve our internal management system with a problem-oriented approach and strive to realize the sharing of development results. Through customer satisfaction surveys, we carefully listened to customers’ voices, formulated and implemented improvement measures, practically guaranteed information security and customer privacy, and continuously improved the level of services; we continued to improve the supplier management system and promote the establishment of good communication mechanisms; we actively participated in the formulation of industry standards in the upstream and downstream of the value chain, and proactively created our proprietary brands to achieve a win-win situation with our partners. In 2022, the Company made certain breakthroughs in the fields of environmental, social and corporate governance while ensuring the development and transformation of its principal businesses. On behalf of the management, I hereby express our sincere gratitude to all stakeholders for their support and trust.

The publication of our ESG Report reviews the Company’s efforts in fulfilling its social responsibilities in 2022, in the hope of arousing enterprises of their social commitments, promoting benefit sharing between the Company and all sectors of the society, especially the stakeholders, enhancing mutual understanding and recognition, and making new and greater contributions to economic and social development through better fulfillment of our social responsibilities.

2023 is a crucial period for the Company’s implementation of “14th Five-Year Plan” strategy. The Company will persevere in focusing on strategic navigation, creating a “new order” for industrial development, hewing out a “new path” for performance growth, and enhancing strategic concentration. The Company will unswervingly practice our social responsibility and continue to improve in the fields of market responsibility, employee responsibility, and the sustainable development of energy conservation and emission reduction. Supported by the stakeholders and government policies, we will continue to take sustainability as our guidance, improving the economic efficiency and accelerating the transformation as our goal, and maintaining harmonious relationship with our staff members as our principle. We will firmly grasp the economic development opportunities brought by the global industrial upgrading, and work with all shareholders and stakeholders against the headwind.

Li Junjie
General Manager
24 April 2023



ABOUT BEIJING JINGCHENG

1. Company Overview

Beijing Jingcheng is listed on the SSE (A shares) and the Stock Exchange (H shares), and completed the restructuring and asset replacement on 31 October 2013, being the only listed company under Beijing Jingcheng Machinery Electric Holding Co., Ltd. (北京京城機電控股有限責任公司). Currently, the abbreviation of H shares of the Company is “JINGCHENG MAC” and A shares is “京城股份”, under the respective stock codes of 0187 and 600860.

Key economic information for 2022:

Revenue:	RMB 1,372,261,232.14
Net profit Attributable to Parent Company:	RMB 19,011,605.47
Net Assets:	RMB 1,072,974,254.17
Total Assets:	RMB 2,434,095,319.76

Gas Storage and transportation segment:

As the Company's important subsidiary in the field of gas storage and transportation, Tianhai Industry is a group company with eight specialized gas storage and transportation equipment production bases (Beijing Tianhai, Minghui Tianhai, Tianhai Cryogenic, Tianjin Tianhai, Shanghai Tianhai, Kuancheng Tianhai, Tianhai Hydrogen Energy, Jiangsu Tianhai) and an American company. The company has the design qualification of A1, A2, C2, C3 class pressure vessels and the manufacturing qualification of A1, A2, B1, B2, B3, C2, C3, D1, D2 class pressure vessels. Now the company can produce more than 800 steel seamless gas cylinders, winding gas cylinders, accumulator housings, asbestos-free filler acetylene bottle, welding insulated gas cylinders, carbon fiber full-winding composite gas cylinders (including car-used models), cryogenic tanks and gas station and other products, which are widely used in automotive, chemical industry, fire-fighting, medicine, petroleum, energy, urban construction, food, metallurgy, machinery, electronics and other industries.

By accurately capturing the clean energy market, Tianhai Industry can provide customers with LNG/CNG system solutions through multi-directional technical integration of vehicle LNG cylinders, CNG cylinders, cryogenic storage tanks, natural gas stations and other aspects of technology. The company can also design and manufacture cryogenic storage tanks, IMO tank container products of different volume and pressure levels according to the Chinese pressure vessel standard, EU ADM and 97/23/EC PED, Australia/New Zealand AS1210 and other standards. For a long time, Tianhai Industry has always adhered to the principles of “developing in line with international standards, producing based on international standards and creating on international first-tier level” in manufacturing technology and scientific management, and it has obtained forty-one international certification, ISO9001:2015, ISO/TS16949:2009 quality management system certification, ISO14001:2015 environmental management system certification, OHSAS18001:2007 occupational health and safety management system certification. After more than 20 years of development, Tianhai Industry has established a complete and efficient product sales network and after-sales service system for gas storage and operation which covers the whole country, and its products have been exported to over 40 countries and regions on five continents.

The Company has established a good reputation with safe, reliable products and quality service. With its increasing core competitiveness and rapidly improving performance, the company has been awarded with many honorary titles such as China's Top 100 Enterprises (中國百強企業), Beijing's Top 10 Foreign-invested Enterprises (北京市十佳外商投資企業), Beijing High-tech Enterprises (北京市高新技術企業), China's Metal Pressure Vessel Manufacturing Industry Leader Enterprises (中國金屬壓力容器製造行業排頭兵企業) and the National “Labour Day” Awards (全國「五一」勞動獎狀).

Intelligent manufacturing segment:

BYTQ is an overall intelligent factory solutions provider which deeply engages in the home appliances industry. With technological innovation as the core, the company provides enterprises with hardware facilities such as cloud-base, algorithm-driven, configurable multi-platform real-time collaborative system with robotic applications, automation equipment and intelligent logistics to help customers in the manufacturing industry in improving their production efficiency, reducing production costs, opening up information silos, and realizing data-driven manufacturing in a light and highly efficient manner, and provides customers with automation and information construction and upgrade of production lines, as well as overall solutions for intelligent factories.

Based on intelligent manufacturing and the deep integration of information and industrial automation, BYTQ's main products include ground conveyance and assembly system products, suspension chain air conveyance system products, robotic integration application and stamping lines products, non-standard automation machine products, and the development of MES system, APS system, PLM system, WMS system, SCADA system, suspension chain scheduling and other systems. Its products cover home appliances, food, consumer electronics and other industries, and customers include domestic and overseas factories of leading home appliance enterprises such as Haier, Aucma, Hisense and Midea, etc and it enjoys a good reputation and influences in the industrial automation industry.

BYTQ has built up comprehensive competitive advantages in technology, products, quality, costs and service surrounding the development trend of the intelligent manufacturing industry and won the honorary title of high-tech enterprise and specialized and specialized and sophisticated enterprise producing new and unique products. By leveraging on the platform of the listed company under Jingcheng Machinery Electric, BYTQ is developing new markets in new fields and aiming to become a leading overall domestic intelligent manufacturing solution service provider and a first-class enterprise in the field of intelligent manufacturing.

2. Corporate Governance

The Company highly values and strives to improve the corporate governance structure established by the general meeting, the Board, the supervisory committee and the management team, thus forming a well balanced and coordinated operation mechanism with clear rights and responsibilities among decision-making rights, supervision rights and management rights, so as to ensure the effective implementation of the decision-making rights of the general meeting and the Board, and the supervision rights of the supervisory committee, as well as effective compliance of the operation and management rights of the management team.

With the continuous enhancement of sustainability being at the core of ESG management, the Company has integrated ESG into routine production and operational practice by reinforcement of corporate governance and innovative implementation. The Company utilizes ESG as a significant element in achieving its strategic objective of “building the world’s leading energy gas storage and transportation equipment manufacturing and service enterprise”.

The Company designs and manufactures in strict compliance with relevant environmental protection and pollutant emission laws, regulations and industry standards of the PRC, of its places of operation, and of the pressure vessel manufacturing industry, including GB/T24001-2016 Environmental Management Systems — Requirements with Guidance for Use and GB/T45001-2020 Occupational Health and Safety Management System Requirements with Guidance for Use. Based on these, the Company has established environmental management systems and procedures such as Environmental and Occupational Health and Safety Management System Procedures, Environmental Factors Identification and Evaluation Form and List of Important Environmental Factors, and Solid Waste List. The Company has also established a Safety and Environmental Protection Department to provide staff training on environmental protection knowledge, enhance awareness of environmental protection, supervise and manage environmental protection-related work, with a focus on saving energy and reducing emissions, and manage environmental factors and pollutants emission, so as to ensure smooth production and operation.



3. Business Philosophy

The Company's spirit of "integrity, dedication, learning, innovation and aiming at first-class" has helped it establish a reputation for safe, reliable products and quality service. With its enhanced core competitiveness and rapidly improving performance, the Company provides high quality products for customers and creates value for society.

By adhering to the concept of green manufacturing, the Company actively promotes energy saving, consumption reduction and comprehensive utilization of resources. Besides, the Company makes great efforts to implement the new strategy of "saving energy, reducing consumption and emissions, and enhancing efficiency", and strives to promote the sustainable development of society while constantly improving our intrinsic value and creating maximum return for shareholders.

4. ESG Management Mechanism

The Board of the Company assumes full liabilities for the management and reporting of the Company in the areas of ESG and is responsible for assessing and identifying the Company's environmental, social and governance risks, and for ensuring that the Company has an appropriate and effective environmental, social and governance risk management and internal control system. The Company's management provides information to the Board to assess the effectiveness of the above systems. Environmental, social and governance requirements contribute to the Company's continued improvement of operation and management.

There are four committees under the Board, namely, the Strategic Committee, the Audit Committee, the Nomination Committee and the Remuneration and Monitoring Committee. In accordance with the division of responsibilities, the Strategic Committee of the Board of the Company shall be responsible for conducting research and making recommendations on the Company's long-term development strategy and major investment decisions, and organizing the policies

and practices of the corporate governance, control system and organizational structure of the Company, including advising the Board on corporate governance guidelines and monitoring the Company's implementation of such policies and guidelines to achieve continuous improvement and optimization. The Audit Committee of the Board shall supervise the internal audit system and its implementation, review the internal control system of the Company and organize internal control inspection, evaluate internal control defects and supervise the relevant rectification, and regularly listen to the reports of the Company's internal control work and determine whether the internal control system is operated effectively on a continuous basis. The Nomination Committee of the Board shall be responsible for selecting and making recommendations on the personnel, selection criteria and procedures in respect of the Company's directors and managers. The Remuneration and Monitoring Committee of the Board shall be responsible for formulating the assessment standards of the directors and managers of the Company and conducting such assessments. The Board of the Company holds regular meetings to listen to reports from the management team on safe production, operations management, internal control, and fulfillment of social responsibilities etc., while supervising and providing guidance.

In order to ensure that the ESG Reporting Guide of the Stock Exchange ("ESG Reporting Guide") is effectively implemented, the Company has set up an ESG work management mechanism, of which the Secretary of the Board of the Company shall be responsible for coordination, communicating ESG disclosure requirements with department heads. Meanwhile, each department shall be responsible for the assignment of relevant personnel for the implementation of the specific ESG work. The ESG work management mechanism embodies the work model of ESG management with the leadership of the Company's Board and the joint engagement of the management and multiple departments of the Company, which fully guarantees the effectiveness and applicability of its ESG management.

5. Promoting Industry Development

Over the years, the Company has been devoted to promote sustainable industrial development by taking an active lead in improving a series of national industry standards and refining product-related laws and regulations. The Company has participated in the following industry organizations:

Organization	Membership
Beijing Association of Mechanical and Electrical Industries (北京機電行業協會)	Deputy-director
China Industrial Gases Industry Association (中國工業氣體工業協會)	Member
Natural Gas Vehicles and Ships Branch of the China Communications and Transportation Association (交通運輸協會天然氣車船分會)	Director
Beijing Association of Automobile Manufacturers (北京汽車行業協會)	Director
Beijing Mechanical Engineering Society (北京機械工程學會)	Member
Henan Industrial Gases Industry Association (河南工業氣體協會)	Member
China Federation of Logistics & Purchasing Hazardous Chemicals Logistics Sub-branch (中國物流採購聯合會危化品物流分會)	Member
Hebei Industrial Gases Industry Association (河北工業氣體協會)	Director
Zhongguan Village Hydrogen Energy and Fuel Cell Technology Innovation Industry Association (中關村氫能與燃料電池技術創新產業聯盟)	Deputy-director
Beijing Federation of Industrial Economics (北京工業經濟聯合會)	Member



6. Honours and Awards

In 2022, with its competitive strengths in the industry and outstanding management results, the Company has been continuously recognized by the Government, various industry associations and authoritative certification bodies. Some honours and awards obtained by the Company and its subsidiaries in recent years are as follows:



High Tech Enterprise of Zhongguan Village



Specialized and New "Small Giant" Enterprise Certificate



Qingdao City Specialized and New Small and Medium-sized Enterprises



High Tech Enterprise

ESG MANAGEMENT APPROACH

As a responsible manufacturing enterprise, and in response to the call of the national clean energy policies, the Company incorporates the concept of green development into every step of its routine production and operations. Through continuous enhancement of emissions treatment, energy savings and emissions reduction, construction and operation of environmental protection facilities and green offices, and other efforts, the Company strives to coordinate the development of production and operations with environmental protection, and to make positive contribution to saving energy, reducing emissions, and the development of China's environmental protection industry.

1

氫氣站 Hydrogen Station

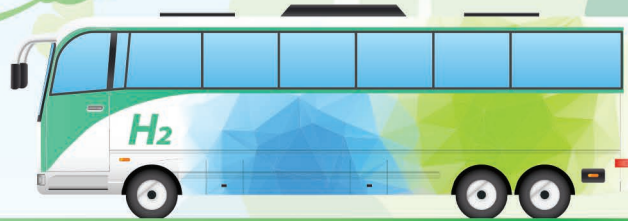
Engagement
of Stakeholders

ESG MANAGEMENT APPROACH

We highly value our communications with each stakeholder, and strive constantly to improve our stakeholder engagement mechanism, enhance operational transparency, disseminate the concept of corporate social responsibility through multiple channels, understand and actively respond to stakeholders' needs, and make progress in partnership with stakeholders.

Stakeholders	Expectations and Demands	Communication and Response
Government and regulatory authorities	<ul style="list-style-type: none"> ▶ Compliance with laws and regulations ▶ Payment of taxes ▶ Support for economic development ▶ Creation of job opportunities 	<ul style="list-style-type: none"> ▶ Conducting business in compliance with relevant laws and regulations ▶ Regular communication with regulatory authorities ▶ Pay taxes according to law
Investors	<ul style="list-style-type: none"> ▶ Return on investment ▶ Risk management ▶ Safe production 	<ul style="list-style-type: none"> ▶ Regular disclosure of operating information ▶ Investor meetings ▶ On-site inspection
Customers and business partners	<ul style="list-style-type: none"> ▶ Good faith and truthful performance of the agreement ▶ Fair, just and open procurement ▶ High-quality products ▶ High-quality services ▶ Fulfilment of the diverse needs of customers and creation of value for them 	<ul style="list-style-type: none"> ▶ Business communications and contracts ▶ Open tendering and price comparison ▶ Assurance of product quality ▶ Customer satisfaction surveys
Employees	<ul style="list-style-type: none"> ▶ Occupational health ▶ Remuneration and benefits ▶ Career development ▶ Employee caring 	<ul style="list-style-type: none"> ▶ Occupational health examination ▶ Provision of satisfying remuneration and benefits ▶ Provision of training ▶ Workers Congress, staff forums, suggestion box and recreational activities
Environment	<ul style="list-style-type: none"> ▶ Energy savings and emissions reduction ▶ Ecological protection 	<ul style="list-style-type: none"> ▶ Communications with local regulatory authorities and residents ▶ Managing emissions and enhancing efficient use of resources and energy
Industry	<ul style="list-style-type: none"> ▶ Development of industry standards ▶ Promotion of industry development 	<ul style="list-style-type: none"> ▶ Involvement in development of industry standards ▶ Attending industry forums ▶ Visits and inspections with industry peers
Community and the public	<ul style="list-style-type: none"> ▶ Engagement in community development ▶ Support for charitable activities 	<ul style="list-style-type: none"> ▶ Public welfare undertakings ▶ Volunteer services

2



Fulfilling Green
Operational
Responsibilities

“Innovation, coordination, green, openness, and sharing” are China’s five major development concepts. The Chinese government has made addressing climate change a major strategy for national economic and social development, further promoted the construction of ecological civilization, and developed a green economy, making the active promotion of various emission reduction measures as the core of policies to address climate change.

The Company actively responds to the call of the national clean energy policy by incorporating the concept of green development into every step of its routine production and operations. Through continuous enhancement of emissions treatment, garbage classification, energy savings and emissions reduction, construction and operation of environmental protection facilities and green offices and other efforts, the Company strives to coordinate the development of production and operations with environmental protection, and to make positive contribution to saving energy, reducing emissions, and developing China’s environmental protection industry.

In order to continuously reduce energy consumption, reduce carbon dioxide emissions, improve energy utilization, and achieve the goal of comprehensive and sustainable development, the Company established and implemented a management system according to the specific requirements of “Energy Management System Requirements” (GB/T23331) and DB44/T1944-2016 “Carbon Emission Management System Requirements”.

The Company has always insisted on promoting the concept of rational water use and water conservation, and has continuously strengthen water resource management. The water supply of the Company is mostly municipal. In order to further improve the efficiency of water resources, we have set up some water efficiency targets and are constantly reviewing and tracking the achievement of these targets. On the foundation of meeting the laws and regulations of the locations in which the Company operates and to obtain the corresponding compliance documents, the Company’s production sites mostly use industrial water for equipment cooling, and have increased the number of looped water pipes and cooling facilities to satisfy the process production while saving water resources. At the same time, we emphasize the rational use of water resources in the production process and strengthen the assessment on management of water resources of our subsidiaries to prohibit the waste of water resources.

(1) Emissions

As a manufacturing enterprise, the Company designs and manufactures in strict compliance with relevant environmental protection and pollutant emissions laws and regulations and industry standards of the PRC and of its places of operation, and of the pressure vessel manufacturing industry, including GB/T24001-2016 “The Requirements of Environmental Management System and User’s Guide”, GB/T45001-2020 “The Requirement of Occupational Health and Safety Management System and Guide for Use”, etc. Based on these, the Company has established environmental management systems and procedures such as the “Environmental and Occupational Health and Safety Management System Procedures Document”. The Company has also established a Safety and Environmental Department and formed a leading group of energy saving and emission reduction to supervise and manage environmental protection-related work with a focus on energy savings and emissions reduction. The Company identifies environmental factors annually and develop protection measures accordingly. To this end, the Company established the “Environmental Factors Identification and Evaluation Form and List of Important Environmental Factors” with reference to the “State’s Solid Waste List” to increase its effective management of environmental factors, waste disposal etc.

ESG MANAGEMENT APPROACH

Waste generated by the Company's production is treated in full compliance with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and other relevant environmental protection laws and regulations, as well as local governments' administrative measures for solid waste. The waste is classified for collection and treatment within the Company. Domestic waste is transferred to municipal departments for treatment, while treatment of hazardous waste is entrusted to qualified and permitted units from governmental environmental departments, after classification is done. The Company issued the "Notice on Strengthening Environmental Protection Work" which requires different sections of the Company including technical, supply, sales, equipment and production to formulate standards, enhance communication and reduce hazardous waste from their respective sources. The Company provides staff training on environmental protection knowledge to raise environmental awareness. Meanwhile, an environmental production management system was formulated and implemented to penalize and educate departments that cause environmental damage. The Company has also established a specialized department to supervise safe production and environmental protection, and ensure the coordinated development of production and operations and environmental protection.

The construction projects of the Company are carried out in strict accordance with the requirements of the "three simultaneities", and we actively participate in the accident rescue mission organized by the Municipal Emergency Bureau, fulfilling our corporate social responsibilities. The emission data of major subsidiaries is as follows:

A. Measures for reduction of exhaust gas emission:

Implementer	Emission reduction measures
The Company and its subsidiaries	To regularly maintain the exhaust gas treatment facilities and change dustproof bag, as well as activated carbon
Tianjin Tianhai	To choose low VOC materials and emit after the exhaust gas is treated in environmental protection facilities
Minhui Tianhai	To regularly examine, regularly replace the lanca, bag filter and activated carbon to meet the emission standard
Kuancheng Tianhai	To lightweight the product design
Tianhai Hydrogen Energy	To renovate the VOC collection hoods and install VOC collection port in the pre-curing oven and curing oven
Tianhai Cryogenic	To regularly examine, regularly replace the lanca, bag filter and activated carbon to meet the emission standard

The emission data is as follows:

Greenhouse gas	Emission data
Sulfur dioxide	Approximately 0.319 ton
Nitrous oxide (oxynitride)	Approximately 12.16 tons
Carbon dioxide	Approximately 12,768.28 tons
Total	Approximately 12,780.759 tons

Note: Except for the aforesaid greenhouse gas, the Company does not generate other greenhouse gas such as methane, hydrogen carbon compounds etc. The emission concentration of various facilities of the Company meets the requirements of relevant department.

Hazardous waste	Emission data
Benzene	Approximately 0.008 tons
Benzene series	Approximately 1.071 tons
Non-methane hydrocarbon	Approximately 1.172 tons
Particle	Approximately 1.547 tons
Dust emission of shot blasting process	Approximately 2.935 tons
Total	Approximately 6.733 tons

Note: The emissions concentration of various facilities of the Company meets the requirements of relevant departments.

B. Measures for reduction of waste water discharge:

Implementer	Discharge reduction measures
Kuancheng Tianhai	The production waste water flows to the waste water treatment facility through the sewage pipe of the plant, the domestic waste water flows to the Kuancheng county sewage treatment plant through the municipal sewage pipe network
Tianhai Cryogenic	To regularly test, increase the usage of circulating water, strictly control the work and discharge of the sewage treatment station to meet the discharge standard

ESG MANAGEMENT APPROACH

The emission data is as follows:

Total amount of industrial waste water produced		174888.095 tons
of which	Emission	Emission data
1	Chemical oxygen demand (COD)	Approximately 12.883 tons
2	Ammonia nitrogen	Approximately 0.87 ton
3	Suspended solids	Approximately 3.55 tons
4	Total phosphorus	Approximately 0.071 ton
5	Flora and fauna	Approximately 0.063 ton
6	Petroleum	Approximately 0.021 ton
	Total	Approximately 17.458 tons

Note: The emissions concentration of various facilities of the Company meets the requirements of relevant departments.

C. Measures for waste reduction:

Implementer	Waste reduction measures
The Company and its subsidiaries	<p>In order to protect the ecology and reduce the pollution of waste to the surrounding ecology, the Company resolves to effectively control all types of wastes discarded, classify the domestic wastes and the non-metallic wastes generated in the course of production and process them separately.</p> <p>of which</p> <ol style="list-style-type: none"> 1. Hazardous waste: viscous oil waste, spray paint waste, etc. are collected by the entities with waste disposal qualifications certified by the environmental protection bureau for recycling 2. Non-hazardous recyclable waste: scrap metal materials and parts, non-hazardous packages are collected by the waste recycling company 3. Other general waste: household waste is disposed by the municipal government
Tianjin Tianhai	Customized procurement of pipes to reduce the production of general solid waste
Tianhai Hydrogen Energy	To replace acetone with B-35 detergent and avoid producing hazardous waste

In order to effectively control the waste generated from production, office and domestic waste and to better meet the requirements of laws and regulations while fulfilling the responsibilities of state-owned enterprises, so as to achieve the goal of environmental protection, the Company will set the following measures and targets to reduce waste emissions.

1. Optimize craftsmanship to achieve the waste reduction target from the technical perspective. The subsidiaries reduce the wastes (scrap) by reducing the consumption of fixed amount of products through the customization of raw materials and the renovation of the heating and processing process.
2. Manage details to achieve the waste reduction target from the lean production perspective. The Company strengthens the management and regulates the operation to avoid the occurrence of rushing, seeping, dropping and leaking (跑、冒、滴、漏) and strengthens the maintenance and repair of equipment and facilities, so as to maintain their normal working condition and keep control on the discharge of waste.
3. Conduct quantitative control to achieve the waste reduction target from the conservation perspective. For office consumables, such as lights, light tubes (bulbs), waste paper, waste oil, the departments which use them will send the discarded parts to the competent department to exchange for new ones. For labour protective equipment such as gloves, protective glasses and masks, they are collected by the department which uses them and reported to the safety and environmental protection department for replacement with new ones. Used labour protective equipment are collected for centralized treatment by the safety and environmental protection department in accordance with the requirements of toxic and hazardous/dangerous wastes.
4. Advocating electronic office
The Company encourages employees to use electronic office, implements electronic documents and information and strives to promote paperless office to reduce the use of paper as much as possible. At the same time, the Company requires employees to reuse paper and print on both sides of the paper, except for confidential documents which must be kept by the Company.

D. Management of non-hazardous waste

The Company generates non-hazardous recyclable waste in its business operations such as scrap metal materials and parts and non-hazardous packages. During the reporting period, the total generated amount was approximately 1,208 tons which were collected by recycling companies, and small amount of other wastes such as domestic waste generated were collected by the municipal government for disposal.

Packaging materials consumption of the Company in 2022:

Packaging box	Approximately 150 tons
Foamed plastics	Approximately 10 tons
Total	Approximately 160 tons

While strictly complying with relevant laws and regulations such as the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes”, the Company took strong measures to ensure the safe and effective disposal of hazardous waste, at the same time, promoted the efficient recycling of non-hazardous waste to reduce the environmental impact caused by the waste generated from production and operation, and promote the environmental protection and waste reduction work of the enterprise. For hazardous waste, each company regularly entrusted qualified units to dispose of hazardous waste in accordance with the requirements of hazardous waste management, and did a good job in controlling the corresponding processes of storage, import and export, and transfer.



ESG MANAGEMENT APPROACH

(2) Use of resources

The Group adheres to the principle of promoting the efficient use of resources and continues to make efforts to optimize the use of resources. The Group advocates green office and low carbon living to create an energy-saving and emission-reducing office and operating environment, and continues to introduce and improve resource efficiency and environmental protection measures for the Group. In order to implement the basic national policy of resource conservation and environmental protection, the Group has established a set of management systems and implemented effective incentive policies. The Group has identified and formulated relevant energy saving measures to ensure the reduction of energy consumption. The Group has also formulated relevant code of conduct for energy saving and emission reduction to strengthen energy saving management and reduce energy consumption of office equipment so that all employees should bear the responsibility. At the same time, a regular inspection and reporting mechanism has been established to track energy consumption on a regular basis to ensure the effective implementation of energy saving and emission reduction work.

In 2022, the Company continued to regard energy conservation and low carbon as its key focus of the year and consider that the key is to strengthen leadership, and clear lines of accountability is the guarantee, and the formation of self-awareness is the fundamental. Since the Company started to save energy and reduce consumption, it has effectively stimulated saving and restrained waste through the system, continuously optimized the external and internal environment of the Company, thus forming a long-term mechanism for energy conservation to ensure the ongoing success of the energy conservation and emission reduction work.

In 2022, the Company's energy-saving team has achieved remarkable results. It has set up nearly 10 energy saving and emission reduction projects throughout the year, such as the energy saving of low air compressors, solar power generation, water purification and utilization of sprayed loop water of water-based paint, water pressure process renovation and power distribution house renovation, which significantly improved the Company's energy utilization rate. The leading group and other dedicated personnel of energy management have formulated specific measures to strengthen responsibilities and made great efforts in implementation. The Company and its subsidiaries have assigned responsibilities for overseeing various equipment, power sources, and water sources, so that clear lines of responsibility were set for proper management. The Company also regularly revised and improved the energy management system and formed an effective supervision system to respond to the national energy saving and emission reduction requirements, made records for energy assessment indicators, and completed the government assessment on the Company's energy saving indicators. In response to the national energy saving and emission reduction requirements, the Company collected, summarized, analyzed and evaluated energy source data every month, calculated energy consumption per RMB10,000 output, and conducted regular inspections to ensure that all energy saving measures were carried out effectively. Meanwhile, the Company and its subsidiaries conducted green office work, formulated energy-saving and low-carbon behavior norms to reduce daily energy consumption and encouraged employees to live a low-carbon life. In terms of electricity, the Company turned off office equipment when leaving the office for a long period of time so as to prevent the phenomenon of "lights keeping on" ("長明燈") by turning off lights while leaving, continued to implement paperless office by giving priority to the use of environmental friendly and energy-saving appliances and equipment to reduce energy consumption and set up recycle bins to recycle waste paper in accordance with the relevant requirements for garbage classification.

Energy consumption (including natural gas, water, electricity, etc.) of the Company and its major subsidiaries in 2022:

No.	Energy	Measuring unit	Total consumption for 2022	Energy consumption per RMB10,000 output
1	Natural gas	0'000 cubic meters	715.438	0.005
2	Petrol, diesel	Ton	68.8172	0.0005
3	Heat	Million kJ	28,839.48	0.210
4	Electricity	0'000 kWh	138,788.5958	1.011
5	Water consumption	Cubic meters	252,837.55	1.842

Climate change

The Company actively responds to the “dual carbon” strategy and thoroughly studies the “Opinions of the CPC Central Committee and the State Council on the Complete, Accurate and Comprehensive Implementation of the New Development Concept to Achieve Carbon Peaking and Carbon Neutrality”, “Carbon Peaking Action Plan before 2030” and other related guidelines or policies. In response to the global energy transformation trend, the Company has incorporated green and low carbon into its strategic plan, actively explored the road of product technology transformation and upgrading, and systematically planned the energy supply reformation to help the country achieve the “dual carbon” goal.

Climate-related issues

The Company recognizes the importance of identifying and mitigating significant climate-related issues; therefore, the Company is committed to managing potential climate-related risks that may affect the Company’s business activities. The Company also incorporates climate risk into its enterprise risk management to identify and mitigate different climate-related risks. In 2022, we launched climate risk identification work to proactively identify the physical risk and transformation risk brought by climate change during the Company’s production and operation process, so as to lay a solid foundation for the Company to better mitigate the impact brought from climate risk and further enhance the Company’s ability to adapt to climate change.

Policy and regulatory risk

Supervision organization and capital market rating index have been increasing their requirements for corporate environmental information disclosure. If the Company fails to disclose environmental information as required, it may face compliance risks.



ESG MANAGEMENT APPROACH

Physical risks

An increase in the frequency and severity of extreme weather events, such as flooding caused by typhoons, storms and heavy rainfall, could cause damage to infrastructures, which could lead to disruption of the Company's business operations and disruption and injury to employees. Such events could disrupt supply chains, interrupt business operations and damage the Company's assets. In response, the Company identifies these risks and prioritizes those that have a significant impact in order to take the first precautionary steps, while the Company explores ways in which business model changes can mitigate or avoid these significant impacts on business operations.

Transition risks

The Company strictly complies with climate laws and regulations to support a global vision of carbon neutrality. If the Company fails to comply with the laws and regulations applicable to its business from time to time, its business operations could be materially and adversely affected. Negative publicity may also arise if the Company fails to comply with climate change compliance requirements. The Company's related capital investments and compliance costs may also increase as a result. To address policy and legal risks as well as reputational risks, the Company regularly monitors existing and emerging trends, policies and regulations relevant to climate and be prepared to alert top management when necessary to avoid cost increments, non-compliance fines or reputational risks due to delayed response.

(3) Safe production

In 2022, the Company conscientiously implemented the spirit of safe and stable work of Beijing municipal government, City State-owned Assets Supervision and Administration Commission and Beijing Jingcheng Machinery Electric Holding Co., Ltd., solidified the red line awareness that development must not come at the expense of security, and adhered to safety first, prevention-oriented combined with comprehensive management approach. With the goal of preventing all kinds of safety accidents, the main direction is to formulate dual prevention mechanism and guarantee the relief, rectification and promotion, and to focus on the safe production supervision and inspection as well as the comprehensive assessment and inspection, so as to deepen the implementation of the responsibility as a safe production entity, continue to perform well on the training of safety education and improve the emergency management mechanism. It has provided a strong guarantee for the Company's "four tough battles" so as to realize safe operation.

1) System and process improvement

Based on the people-oriented principle, the Company strictly implemented the “Safe Production Law of the PRC”, the “Safe Production Regulations” of local governments, and specific requirements for safe production. The Company has established 45 safety-related rules and regulations under the “Safe Production Management System and Safe Production Contingency Plan” and implement systems in practical work. In keeping with “Single Position, Double Responsibilities, the Party and the Government are Both Responsible” for safe production, the Company has established the safe production responsibility systems for staff members at all levels and positions. The Company signs a Letter of Safe Production Responsibility at the beginning of each year, which serves as a reminder that responsibility for safety falls on every individual. In compliance with safety governance standardization requirements, the Company undertakes to self-examine and rectify as needed matters pertaining to production safety, and the headquarters of the Company obtained the certificate of “Beijing Safety Culture Demonstration Enterprise” and has subsequently obtained (along with its subsidiaries) Level 2 to Level 3 certificates of Safety Standardization to further promote safe production. As a preventive measure, the Company annually formulates a list of EHS team members, re-identifies potential sources of danger and environmental factors and formulates specific measures to identify and evaluate the laws and regulations which are applicable to the Company in accordance with GB/T24001-2016 “The Requirements of Environment Management System and Guide for Use” and GB/T45001-2020 “The Requirements of Occupational Health and Safety Management System and Guide for Use”. In accordance with “One Enterprise One Standard, One Position One List”, the Company also investigates and manages potential safety risks, carries out monthly summary and analysis, and implements any needed rectification work. The Company organizes staff activities such as “Safety Month” and “119” emergency plan drills and carries out emergency drills for X-rays leakage and confined space to reinforce their ability to cope with emergencies, avoid serious injuries or above level accidents and eliminate the occurrence of minor injuries.



1. X-ray anti-misillumination drill



2. Confined space drills



3. Fire drills

ESG MANAGEMENT APPROACH

2) Safety, environmental protection knowledge and legal education, operational procedure training

The Company provides new staff members with company-level, factory-level and team-level safety education. Staff members are only regarded as qualified to work after examinations have been passed. All new construction personnel coming to the Company from outside units are provided with safe production, security and fire safety education and training. All staff are also provided with fire safety and traffic safety education and training. The Company also organizes training for all employees in the Tianhai Cloud School (天海雲學堂) on site on environment, electricity, safety, environmental protection, and fire safety regulations, and organizes training for team leaders on the prevention system of safe production incidents, risk management and evaluation of enterprise safety, employee behavior safety management, theory and practice of team safety culture construction, and the establishment of a comprehensive emergency response system. The Company organized specialized training held by higher-level departments and government organizations for the main responsible personnel and specialized safety officers of Beijing Tianhai, Minghui Tianhai, Tianhai Hydrogen Energy and Tianhai Cryogenic to take part in and obtain certificates. Government regulations and company systems are correctly communicated to and led by employees to improve their protection capabilities. The Company organizes training on occupational disease protection for employees in occupational hazard positions to raise their awareness of complying with regulations and requirements. Lectures on the use and inspection of fire extinguishers and fire hydrants are organized for representatives from various departments and workshop personnel of the Company, and drills on the use of fire hydrant and fire extinguisher as well as company-level fire emergency drill are also organized. According to the “Suggested List of Safety Risks Identification for Industrial Enterprises in Beijing”, the Company carried out comprehensive safety risk identification and assessment, formulated a safety risk assessment report to define the list of risk sources and control measures, and set up emergency rescue teams and emergency equipment to ensure effective and rapid risk management and control. Each department of the Company carried out the activity of identifying risk factors for all employees in their positions, and implemented systematic and dynamic management of the identified hazards and risk factors to make a clear bottom line and description of situation for improvement of the control and guarantee measures.



Regular safety inspection

3) Bases of relevant policies and data of precautionary measures

Monitoring locations of hazards	Frequency	Points	Qualified points	Unqualified points
	1	381	330	51
Occupational health checks	Frequency	Pre-job health check	On-the-job health check	Post-job health check
	1	75	511	16
Local laws, regulations and requirements	GBZ/T189.8-2007 “Measurement of Physical Agents in Workplace Part 8: Noise”; GBZ/T189.8-2007 “Measurement of Physical Agents in Workplace Part 7: High Temperature”; GBZ/T192.1-2007 “Monitoring of Dust in Workplace Part 1: Total Dust Concentration”; GBZ159-2004 “Sample Specification of Hazardous Substances Monitoring in Workplace”; GBZ2.1-2019 “Occupational Exposure Limit of Hazards in Workplace Part 1: Chemical Hazards”; GBZ2.2-2007 “Occupational Exposure Limit of Hazards in Workplace Part 2: Physical Agents, the Law on the Prevention and Control” of Occupational Diseases.			

ESG MANAGEMENT APPROACH

4) Data and measures of safe production management

Production safety	Number of work-related injuries	Year	Total	Death	Serious injury	Minor injury	Near misses
		2022	3	1	0	2	0
		2021	3	0	0	3	0
		2020	3	0	0	3	0
	Loss days	110					
	Safety investment	Cryogenic invested RMB1,534,538, Kuancheng invested RMB1,484,337.74, Minghui invested RMB1,010,073.06, Hydrogen Energy invested RMB939,851, Shanghai invested RMB183,755, Tianjin invested RMB1,816,332.93, Beijing invested RMB617,786.9, BYTQ invested RMB129,325.98. The total amount is RMB7,716,000.61.					
	Fire prevention measures	<ol style="list-style-type: none"> 1. Establish responsibility system of fire prevention post and management system of fire safety; 2. Organize fire examination regularly; 3. Organize fire drill, strength fire prevention training and publicity; 4. Equip with fire-fighting apparatus and fire prevention facilities; 5. Increase the escape indication signals and upgrade the main control device of the central control room. 					
	Safety measures	<ol style="list-style-type: none"> 1. Enhance identification and management of production safety risks and control of production safety risk levels, identification of risk factors and risk control. Strengthen the safety education training and emergency drill; 2. Strengthen the implementation of responsibility system of production safety and the prevention, supervision, reward and punishment of responsibility system. Execute safety commitment agreements, establish safe production targets, manage the systems, establish and improve the safety responsibility; 3. Strengthen the management of dangerous goods, strengthen operational safety procedures, occupational health checks and training, relevant parties management, labour protection supplies management and the implementation of responsibility system of inspection and supervision; 4. Set out specifications based on the safety measures required by the “three simultaneities” and install safety facilities. Establish safety management organizations, assign safety management personnel and formulate safety management requirements, provide regular safety education training to personnel and require the special workers to report duty with certificate based on the safety management system of Beijing Tianhai. According to the requirements of No.2 order of Hebei province, establish a double prevention mechanism of risk control and identification of risks. Upgrade the explosion-related dust treatment facilities in accordance with the new standards and pass the expert acceptance. 					
	Regulatory methods	Establish a dual-base system for risk grading control and hidden danger investigation and governance, clarify responsibilities and implement safety education, safety inspection at each level and safety reward and penalties.					

3

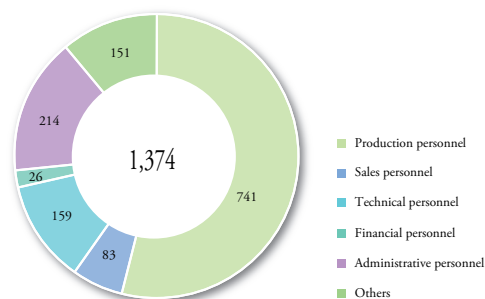
The People-Oriented
Principle for
Creating Harmonious
Labour Relations

ESG MANAGEMENT APPROACH

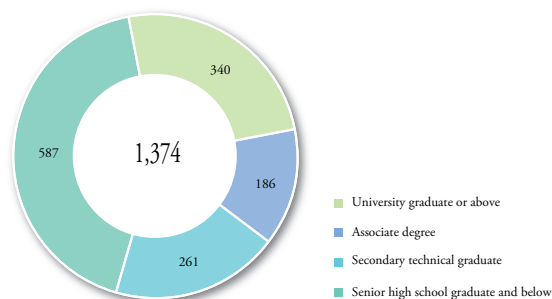
The Company regards its employees as the cornerstone of growth. We cherish their hard work and regard them as the Company’s precious wealth. Not only is the Company committed to creating a safe working environment and a smooth career development path for employees, but also safeguarding the labour rights and interests of employees, providing them with generous benefits, improving the training system, carrying out rich cultural activities, and cultivating employees’ sense of belonging in the factory, so as to stimulate the enthusiasm and creativity of employees, and enhance the cohesion and centripetal force within the enterprise.

(1) Management of employees

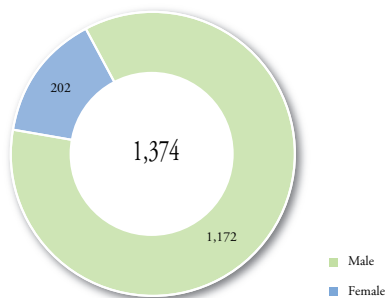
The Company embraces and values the diversity of employees, and pay efforts to gather talents from different cultures and social backgrounds in order to fully utilise talents. Following on from strategic requirements of “transforming from manufacturing to service-oriented manufacturing business” and “marching towards high-end brand from mid-to-low end brand”, the Company strives to enhance the quality and efficiency of employees’ work by establishing production and work procedures which fully utilize their enthusiasm, initiative and creativity. In this way, our employees contribute to achieving the Company’s aim of becoming a first-class, internationally competitive enterprise.



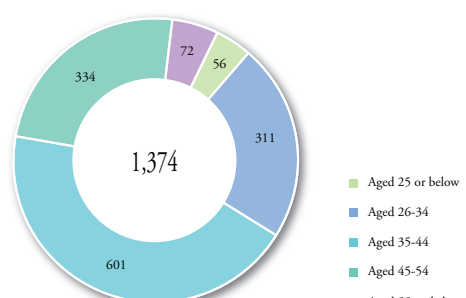
Picture: Employee by profession



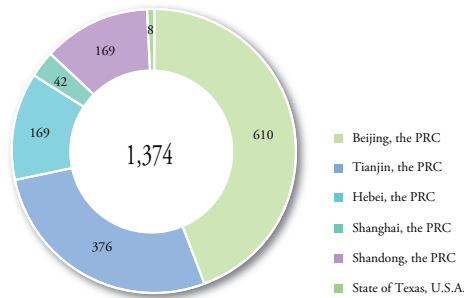
Picture: Employee by education level



Picture: Employee by gender



Picture: Employee by age



Picture: Employees by region

(2) Employment policy

The Company insists on the principle of equal employment, actively creates a diverse and inclusive work environment, prohibits employment discrimination, respects and treats employees of different nationalities, genders, ages, academic qualifications, races, religious beliefs and cultural backgrounds fairly, and provides equal employment opportunities for employees. The Company also follows relevant laws and regulations of the countries where our overseas projects are located.

The Company values and protects the legal rights of all employees according to the law and maintains strict compliance with the “Labour Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China”, and relevant local laws and regulations. The Company strictly complies with the “Law of the People’s Republic of China on the Protection of Minors”, strictly prohibits the use of child labour and have in place a strict recruitment review mechanism to regularly examine the recruitment procedure and the employment information to ensure employment compliance. If any non-compliance is found, we will promptly contact and report to relevant department and terminate the employment contract. The Company sets out strict regulations on the working hours, rest days and vacations of employees in accordance with The “Labour Law of the People’s Republic of China” to eliminate the occurrence of forced labour and other acts.

The Company organizes personnel recruitment annually based on operational plans and the number of employees consequently required for various positions. Recruitment targets fresh graduates and general public in order to encompass people from all walks of life and classes. The Company upholds a “people-oriented” principle, with emphasis on the basic human rights of employees and prevention of any discrimination based on gender, age, nationality, religion, marital status, disability etc., with regards to recruitment, determination of salaries, promotions and training. The Company ensures that all employees enjoy fair, equal and open job opportunities. It offers suitable positions to disabled employees and implements “equal pay for equal work”. At the same time, it strictly protects employees’ personal information and prevents the leakage of such information. All these policies show the concern of the Company to every employee, and foster employees’ sense of belonging.

ESG MANAGEMENT APPROACH

Step	Item	Content
1	Human resources requirements	All departments and branches of the Company put forward employment requirements in strict accordance with rules and regulations;
2	Formulate plans	The Company prepares recruitment information according to the summarized needs, and formulates detailed recruitment plans to ensure the maximum utilization of human resources;
3	Implement recruitment	The Company releases recruitment information through various ways including online release, offline campus recruitment and internal competing products to ensure the diversification of talent sources;
4	Organize interviews	After the selection and confirmation of candidates, the Company will regularly or irregularly organize interviews to have a comprehensive understanding of candidates;
5	Complete enrollment procedures	The Company performs the enrollment formalities for selected and determined personnel, signs legal labour contracts, provides induction training and completes the enrollment procedures.

(3) Employment promotion, remuneration and incentive policies

To provide employees with a broad development platform, the Company has formulated the “Middle-level Leading Cadre Selection and Appointment Processes and Operational Procedures”. This standardizes the administrative measures and selection and appointment procedures for middle-level leading cadre, and specifies the processes and operational procedures for organizational selection, internal recruitment and open selection (social recruitment). Regarding promotion, we offer fair opportunities to each employee, maintaining an impartial attitude and issuing announcements for staff promotion to ensure the fairness and openness of the process, and that our staff enjoys fair remuneration and benefits.

The Company adopts a performance-based diversified remuneration system with job performance as its primary basis for determination of salary. Based on fixed job positions, the job performance salary determines the relative value of the position through evaluation, and determines the salary level with reference to labour market price levels, to ensure both the internal and external fairness of remuneration. On this basis, the Company has developed the “Administrative Measures for Core Talents”, which entitles engineering and technical staff at technical grade upon appraisal to the corresponding executive-level remuneration, and offers technology innovation incentives to employees of technology innovation. For marketing staff and basic production workers, the “Annual Assessment Approach for the Sales Department” and the “Annual Assessment Approach for Piece-rate Wage” are implemented respectively. An annual salary system applies to senior management in accordance with “Administrative Measures for Performance Appraisal of Senior Management”. We implement a diversified remuneration policy with hierarchical classification in accordance with differences in work nature.

To enhance the staff’s zeal for work and creativity, the Company has established a diversified incentive mechanism. Meanwhile, in order to actively build a platform for realizing employees’ own value, the Company organizes and carries out evaluation activities for a number of staff positions and departments.

ESG MANAGEMENT APPROACH



Activity	Content of activity	Result of activity
Labour competition	The Company carried out labour competition to motivate employees to contribute to the transformation and development of the Company and quality improvement and increase efficiency with practical actions	The Company commended six major projects which have made significant contribution to the production and operation work and the subsequent development of the enterprise. The Company selected and commended 10 model pacesetters, 10 experts on their position, 10 advanced groups and 10 excellent projects of reducing cost and increasing efficiency
Promotion and refund and strive to be the best sales person	The Company carried out labour competition in sales system to encourage sales team and employees to make continuous effort in market competition, strive to develop new market and improve the core competitiveness of the enterprise	The Company selected and commended a total of 16 “Top sales”, “Sales experts” and excellent sales persons
Winter Olympics summary and commendation	The Company summarized the achievements, commended the advanced and promoted spiritual strength after studying in-depth and implementing the spirit of the important speech of General Secretary Xi Jinping at the summary and commendation of the Beijing Winter Olympics and the Winter Paralympic Games	The Company commended 2 excellent projects “Development of the hydrogen supply system for the Winter Olympics cauldron”, “Research and development of hydrogen storage system for 70MPa hydrogen-fueled vehicles for Winter Olympics” as well as 9 advanced persons for their outstanding contribution to the service and security work of the 2022 Beijing Winter Olympics
“Ankang Cup” & Safe production model team	In conjunction with the Company’s “Safety into communities, into Rural Areas, into the Public Places, into the Nature and into the Internet” & “Safe Month” safety promotion activities, the Company carried out a series of competition activities of the “Safety and Health Cup” with the theme of “Identification and rectification of safety hazards and acceleration of the development of safety and health”	The Company carried out a “Lecture” on safe production, safety knowledge competition and the appraisal activity of production safety model team
Proposals of rationalization and small reform activities	The Company continued to carry out the “Proposals of Rationalization and Small Reforms” activities and employees gave full play to the spirit of being a master and actively offered ideas and suggestions on the production and operation of the Company to inject power and vitality for the high-quality development of the enterprise	In 2022, 54 items of “Proposals of Rationalization and Small Reforms” were solicited, and 52 items were adopted and implemented after review

ESG MANAGEMENT APPROACH

Activity	Content of activity	Result of activity
Care for model worker	The Company vigorously promoted the deeds of model workers, labour spirit and craftsmanship, extensively carried out the advance commendation of model workers and created a favorable atmosphere for studying model workers	The Company selected 1 “National expert in machinery, metallurgy and building materials industry”, 2 “Model workers in Jingcheng Machinery Electric”, 1 “Excellent advanced group in Jingcheng Machinery Electric” and 1 “Excellent advanced person in Jingcheng Machinery Electric”
Establish innovation office	The machinery employees’ innovative workshop actively carried out technical breakthroughs, technical innovation and inventions creation activities and organized the participation on the national and Beijing staff innovation commendations to stimulate employees’ passion at work and vitality in innovation and creativity.	The compound gas cylinder innovative workshop considered that the “research and development of hydrogen storage system for 70MPa hydrogen-fueled vehicles for the 2022 Beijing Winter Olympics” project of the 2021 “Beijing municipal innovative workshop” won the second prize of the Capital Workers’ Independent Innovation Achievement Award and the second prize of the National Machinery, Metallurgical and Building Material Workers’ Innovation Achievement Award; the “research and development of 20Mpa-160L type IV cylinder product” of the type IV cylinder innovation workshop and the “research and development of domestic carbon fiber full-winding hydrogen storage cylinder for 213L large volume vehicles” of the compound gas cylinder innovation workshop won the “2022 outstanding projects of Jingcheng Machinery Electric workers Innovation workshop”

(4) Labour standards

All work at the Company is voluntary, with no forced, indebted, contract-bound or involuntary prison labour used. All employees are entitled to resign freely upon providing reasonable notice to the Company. The Company does not allow child labour in any of its workplaces. “Child labour” refers to labourers who are under the age of 16 (or the age prohibited by law). The number of working hours shall not exceed the maximum hours stipulated by local laws, so that our employees can get enough rest. Employees are also entitled to leave for reasons of marriage, maternity, bereavement, paternity, breastfeeding and others, in addition to paid annual leave.

(5) Talent cultivation

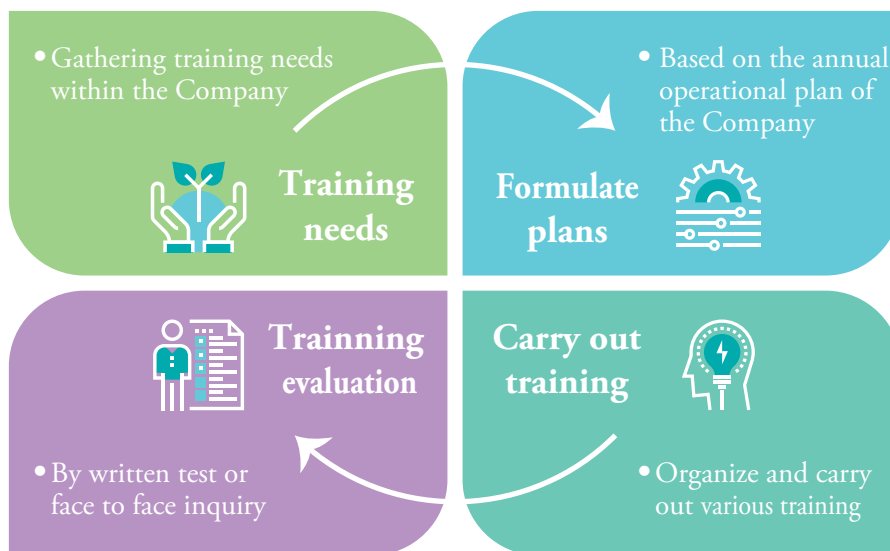
The Company provides systematic training to employees according to its business development strategy. By encouraging their use of spare time for learning, employees’ knowledge, skills and quality are improved and their personal development needs are fulfilled, enabling them to better meet the Company’s operational needs. To this end, training conducted by the Company focuses on the five big areas of common sense, job skills, emergency response, production safety, and anti-corruption and integrity. Incentives are also provided to employees in accordance with Company policy.

According to the “2022 Training Plan”, the Company completed a total of 33,249 hours of training, involving a total of 6,616 training participants, with an average training time per person of 24.2 hours, of which training time for male employees was 23.0 hours per person and training time for female employees was 31.1 hours per person, and the training ratio was 100%.

While the Company is conducting comprehensive training, it also offers special training for different types of employees and carries out trainings on professional knowledge and skills and other areas such as technical, sales, administrative, financial and production in order to enhance the professional skills of professional staff and cultivate their talents.

ESG MANAGEMENT APPROACH

Types of employees	Total training hours	Training hours per person	Percentage of employees participating in training
Technical personnel	5,135.2	32.3	100%
Sales personnel	1,840.8	22.2	100%
Administrative personnel	7,196	30.6	100%
Financial personnel	413	15.9	100%
Production personnel	18,758	21.5	100%



Picture: the training system of the Company

According to the content of the Company's annual training plan, the Company organized and completed training courses such as "Training on Compliance Management System Process", "Confidentiality Training for Confidential Personnel", "Training on Finite Element Analysis Software", "Training on Pandemic Prevention and Control", "Internal Auditor Capacity Enhancement Training", "SPC&MSA", "Safety Education Training" etc..



Photo: (SPC&MSA) training

(6) Care for employees

A. Employees' welfare

The Company takes care of the living of its staff to create an harmonious atmosphere. The Company has good knowledge of its employees and listens to their voices to understand their living and help them solve their practical problems. The Company also carries out activities such as home visits, subsidy granting, mutual assistance and convenience services.



ESG MANAGEMENT APPROACH

The Company actively supports employees who are in difficulties. We applied for the Jingcheng Machinery Warmth Fund for the in-service and retired employees who are in difficulty. 2 employees of the Company's system of whom their spouses were seriously ill and faced difficulties in their living. The Company understood the actual difficulties of the employees and gave subsidies in accordance with the relevant subsidy regulations. The Company actively communicated with the superior labour union about the difficult situation of Lu Jinshan's family, and applied from the Jingcheng Machinery Warmth Fund for major illness relief. At the same time, the labour union members called for all staff to actively donate through the Shuidichu fundraising platform to help their colleagues overcome difficulties. During the summer dog days, we continued to carry out the cool summer activity and sent cool gifts to the front-line employees. The Company's labour union sent cool drinks to the front-line employees as much as possible in high temperature, and equipped mobile thermal boxes for the after-sales service staffs who work outdoors for long period of time. The Company organized the "Golden Autumn learning assistance" event to assist high school and college entrance examinations during the pandemic and issued "warm-hearted exam packs" to 26 employees and applied for grants for 1 employee with difficulties and 7 employees whose children started to study in University. We also distributed stationaries such as school bag and pencil case to 17 employees who have children admitted to primary school from kindergarten. The Company expressed its regards of maternity care and distributed birth allowances to 11 employees (12 times). We organized convenient service activities such as blood pressure measurement, blood glucose measurement, key distribution, sewing, and mobile phone screen protection installation on National Day. The Company purchased annual tickets of theme parks for the employees. In order to better meet the diverse needs of employees for birthday gifts, a wide range of birthday gifts with the Company's logo have been carefully customized to further enhance employees' sense of belonging and promote the construction of corporate culture.

B. Cultural and sports activities to boost employees' vitality

Since the beginning of 2022, the Company has continued to conduct the construction of employee culture and actively organized and carried out cultural and sports activities that employees would be pleased to participate in, so as to further meet the spiritual and cultural needs of employees. During the Chinese New Year and the Winter Olympics, the Company organized activities like the "Snowy Winter Olympics and Happy Chinese New Year" online Winter Olympics knowledge quiz, "Cloud Blessing Chinese New Year" mini-video and photograph collection to create a unified, harmonious, friendly and peaceful atmosphere in the year of the Tiger with wishes in the year of the Tiger, prospect on the Company's blueprint and blessings for the Beijing Winter Olympics. On the Women's Day on 8 March, the Company organized a collection activity on works with femininity and employees participated enthusiastically. The outstanding short videos, texts and photographs collected during the activity were displayed on our Wechat official account. While remaining vigilant in adopting epidemic prevention and control measures, the Company carried out a series of colorful celebrations, such as fun activities, bags DIY and Winter Olympics talent shows, which fully demonstrated the healthy, beautiful and striving to improve characteristics of the females in the Company, and reflected the concern and attention of trade unions at all levels of the Company to the female employees. On the eve of Tanabata, the Company organized single employees in the Company's system to participate the "Tanabata Waiting for You" single workers' social gathering in Kuo town to build a social platform for single employees to get to know each other. On the eve of the 20th Party Congress, the Company launched a series of "Convening of the 20th Party Congress to Build a New Era" cultural activities and collected works of staffs singing and flash mobbing, calligraphy, painting, photography and short video, and the outstanding works were displayed on our WeChat public account to demonstrate the main trend of the new era. The Company's employees teamed up and participated in the "Convening of the 20th Party Congress to Build a New Era" badminton tournament in September and won the fourth place. The Company set up a basketball team and a soccer team for trainings. On weekdays, various interest clubs of the labour union carried out small and diversified sports and cultural activities such as table tennis, billiards, badminton and walking.

4

Creating Value
& Contributing to
Society

(1) Strictly governing the enterprise according to law

The Company regulates its positioning of rights and responsibilities and the way of exercise in strict accordance with laws and regulations such as the “Company Law of the People’s Republic of China” and the “Law of the People’s Republic of China on State-owned Assets of Enterprises” (《中華人民共和國企業國有資法》), under the guidance of the Company’s articles of association. The Company also strengthens its management of legal issues and continues to optimize the audit for contracts, rules and regulations and major decisions, and carries out in-depth legal literacy campaigns and trainings to enhance all employees’ awareness on rules of laws and risks to improve the Company’s rule of law and risk management and improves the audit system, conducts internal audit, enhances audit supervision, deepen the application of audit results and supervise the rectification of audit problems. The Company continues to optimize its systems and processes and compiles the “Compliance and Internal Control Management Manual” to look into business risks and offer control measures in a direct and systematic manner, clarify the duties and authorities, and strengthen its operation in compliance with the laws and regulations.



Picture: Convening the conference on "Interconnection of Policies Between Jingcheng Holdings and Its Subsidiaries"

(2) Promoting corruption-free operation

In order to improve the supervision and management of the Company's business ethics and anti-corruption practices, we continue to optimize relevant management rules and organizational structure to enhance management standards.

We strictly comply to the "Anti-Unfair Competition Law of the People's Republic of China", the "Criminal Law of the People's Republic of China", the "Anti-Monopoly Law of the People's Republic of China" and relevant laws and regulations of the countries where our overseas projects are located, and insists on operating in compliance with the law and consciously maintain a fair and just market order. The Company has a clear integrity discipline, and prohibits corruption, fraud, money laundering, extortion, deception, improper transfer of benefits and other acts in violation of law. The Company has set up an internal disciplinary office and selected employees to form a top-down management system of the Company's Disciplinary Inspection Commission to optimize the management structure, integrate resources of disciplinary forces and continuously strengthen internal supervision so as to deeply promote the construction of an organization with integrity, raise the awareness of all employees, suppliers and customers on corruption-free operation, and build a clean corporate culture. During the reporting period, the Company did not have any litigation related to corruption, bribery and improper competition.

The Company insists on the building of the anti-corruption culture as an important element to promote the construction of an organization with integrity. The Company also attaches importance to integrity and probity education and carries out anti-corruption and corruption-free training for employees. All employees of the Company's Disciplinary Inspection Commission watched educational films; organized the convenance of meetings of disciplinary inspection committee and training for disciplinary inspection committee members of primary party organization; organized a series of integrity education and training for leaders, directors and supervisors of the Company on topics such as integrity and style building; issued integrity education documents in conjunction with festivals such as Chinese New Year. Following the Xi Jinping thought on Socialism with Chinese Characteristics for a New Era as guidance, the Company insists on governing the enterprise according to the rules and regulations and discipline, vigorously promotes the anti-corruption culture and puts forward the clean concept deep into every employee's mind so as to create a clean corporate atmosphere and provide a strong guarantee for the sustainable and healthy development of the Company and its direct subordinate units.

To strengthen the supervision of important sections and key areas of corruption-free operation, the Company has carried out special supervision on issues such as transparent procurement, review of "Special rectification on performance of duties and remuneration, business expenditure and reimbursement for business trips" and "Taking immediate action on receiving complaints". The Company also pays close attention to major projects, key areas, key posts and important works, strengthens the supervision of departments with concentrated power, intensified capital and rich resources as well as the responsibility of leaders. We have effectively prevented the occurrence of corruption, negligence of duty and malpractice. The Company launched an education campaign on clean and honest practice lasting for a month under the theme of "Strengthening Integrity Awareness, Spreading Positive Energy to Welcome the 20th National Congress" to integrate integrity education into daily life, conduct frequent inspection and strictly observe the anti-corruption rules in our normal operation so as to enhance the integrity awareness and bottom-line thinking of all party members and cadres.

ESG MANAGEMENT APPROACH

The Company's Disciplinary Inspection Commission can receive various report through various whistle-blowing communication channels such as communication report phone call, email and mail. In accepting communication report and handling report and accusation and problems and clues, the Company implements issues set out in the "Management Measures on the Acceptance of Communication Reports and Handling of Reports and Accusation and Problems and Clues by Reports Disciplinary inspection and Supervision Organization" of Beijing Jingcheng Machinery Electric Holding Co., Ltd. In order to improve the management of business ethics supervision and whistle-blowing, the Company has standardized the whistle-blowing channels and procedures to ensure that complaints and reports are handled in a timely and effective manner. We have established an open channel with diversified means to report corruption concerns, which allows whistleblowers to make relevant anti-corruption reports through various channels. To protect the basic rights of whistleblowers, the Company maintains strict confidentiality of the whistleblower's identity and the content of the whistle-blowing matter, and retaliation against the whistleblower in any form is strictly prohibited.



Photo: Detering education conference about "learning from cases and promoting reform with cases"

(3) Protection of intellectual property

The Company implements comprehensive management of the management, use and risk prevention and control of intellectual property rights, and strictly abides by the “Patent Law of the People’s Republic of China”, the “Trademark Law of the People’s Republic of China”, etc. in its production and operation activities and passed the effective implementation of intellectual property management system documents.

The Company has incorporated the strengthening of protection of intellectual property rights into its management work, and through the establishment of a series of knowledge management systems, provides guidance to the Company’s intellectual property rights management activities, handles patent applications, trademark maintenance, and avoids infringement of intellectual property rights and patented technologies to maintain the Company’s brand image.

To protect its own innovative technologies and brand, the Company has applied for a number of patented technology and trademark registrations in China and overseas. In China, we have obtained 18 technology patents, 30 utility model patent technologies and 12 patents pending for registration. Meanwhile, the Company has registered the trademarks of JP, BTIC, BYTQ etc. in 19 countries, including the European Union, Canada, the United States and Singapore; and trademarks for self-owned brand names of JP, BTIC, Tianhai Gas Cylinder, BYTQ etc. at the Trademark Office of the State Administration for Industry & Commerce of the PRC.

(4) Protect Information Security and Privacy

The Company attaches great importance to information security, strictly protects the customer privacy and employee privacy. In order to standardize information security work and internal employee behavior, the Company carried out the following five aspects of work: Firstly, the Company formulated more than ten systems such as the “Network Information Security Management System” and “Information System Project Management System” relating to security and informatization to further improve the network information security system documents. Secondly, the Company regularly conducted evaluation on relevant systems and continued to rectify problems identified so as to improve the network security in accordance with the requirements of the “Internet Security Law”. Thirdly, the Company signed the Network and Information Security Commitment (《網絡與信息安全承諾書》) with all employees to improve their awareness of information security and privacy protection. Fourthly, the Company further strengthened the management of the local area network safety, enhanced anti-intrusion, anti-tampering and other security protection capability and continuously upgraded anti-virus system to ensure the safe operation of our server and the computers of our clients through enhancement of relevant hardware facilities. Fifthly, the Company strengthened the contingency plan practice to ensure the effectiveness and timeliness of data backup and ensure that the system can be put back into use more quickly when run into system anomalies.

(5) Customer Services

To enhance its connection with customers and understanding of their needs, the Company has established an extensive after-sales system and an after-sales department to provide services in the areas of packaging guidance, repair, information consultation, complaints, and others. On receiving calls from customers, the after-sales department records the customer's information and then determines a preliminary approach to their issue based on the content of the complaint. Simple guidance on repair can be provided over the phone. Cases which cannot be dealt with over the phone are handled with the corresponding procedures in accordance with Company regulations. After completion of each after-sales case, the problem situation, results, responsible department and person, preventive and corrective measures, etc. are all recorded. In 2022, the Company received a total of 268 calls, including 106 for consultations and inquiries, 162 for handling of after-sales services.

The Company makes all practical efforts to correct product defects in a timely manner. In the unlikely event that a product has to be recalled, it will be handled in accordance with the "Procedures for Handling and Control of Returned Products". The quality of the Company's products, which are related to vehicle parts and components, is of crucial importance to the consumer safety. Therefore, we are committed to product quality and we assume full responsibility for accidents arising from the failure of our products. Upon receiving a customer complaint, we will establish a task force in accordance with the global 8D problem-solving methodology to give a prompt response, investigate the reasons for the issue, and develop an improvement plan to avoid similar incidents.

(6) Quality assurance

The Group has established stringent processes and systems to ensure that all its products and services comply with all the relevant laws and regulations, as well as internal rules including (but not limited to) the "Product Quality Law". The Group's quality policies are: To implement a zero-defect quality management strategy; maintain continuous innovation and improvement; observe laws and regulations, enhance customer satisfaction; provide environmental-friendly, safe, high-quality products and services. The Group has formulated a quality management system for its manufacturing facilities and obtained ISO9001 and IATF16949 certifications.

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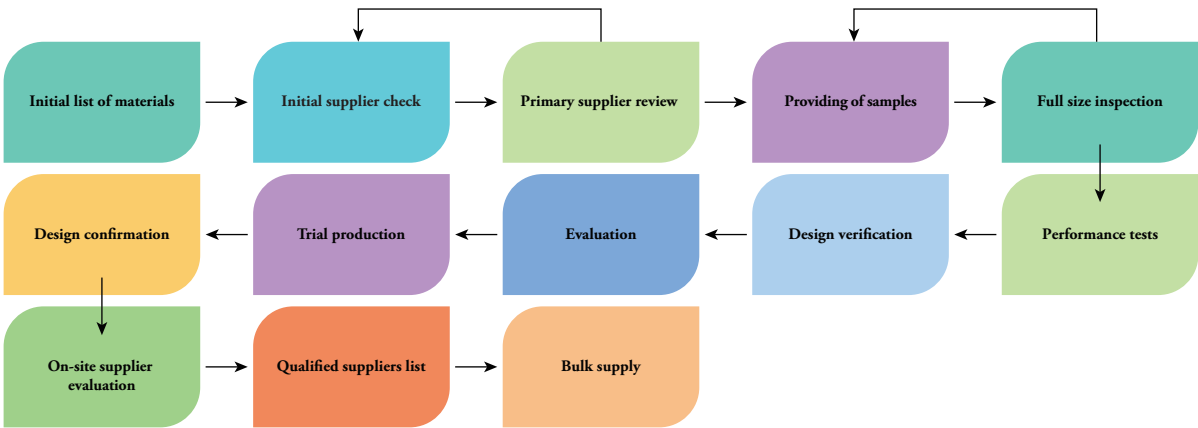
(7) Supply chain management

The Company conducts annual evaluation for suppliers to ensure the quality of suppliers. The Company may reduce the size of our business dealing with sub-standard suppliers or even remove them from the Qualified Suppliers List.

To ensure the fairness of the selection and evaluation of the Group’s suppliers, strengthen the daily management and quality assessment of the Group’s suppliers, standardize the behavior standards of suppliers, we have established the “Materials Procurement Management System”, “Control Procedures for Supplier Development and Evaluation” and “Supplier Evaluation Rules” and other systems. For the Group’s 237 Class A material suppliers, we have performed supplier surveys, small batch trial production of samples, on-site evaluation of suppliers and application and approval by the Procurement Management Committee to manage the selection of suppliers. The Group may sign formal contracts with its suppliers to avoid risks and conduct regular evaluation and monitoring of their performance, in case any problems found during cooperation, the supplier concerned is urged to make improvements in a timely manner.

In terms of supply chain management, the Group implements a centralized procurement model for bulk supplies and general supplies for its subsidiaries and communicates with the suppliers on environmental and safety issues, at the same time, monitors their social responsibility obligations in a timely manner in accordance with relevant national policies, thereby effectively manage and control environmental and social risks of the supply chain.

The Group’s production and equipment materials are procured through the Transparent Procurement Platform, enquiries are make online while approval is performed offline, and the offline approval process and the procurement process are reviewed and feedbacks invited through the Transparent Procurement Platform to ensure the procurement process is transparent and fair. In the procurement process of raw materials, the Company implements green procurement and priority will be given to products with low carbon and environmental protection in the production process.



(8) Social contributions

The Company actively fulfills and assumes its social responsibilities, attaches great importance to and actively gives back to the society. In 2022, it organized employees, party members and young party members on a wide scale to provide volunteer services.

A good social environment is the soil for the survival and development of an enterprise. The Company takes the initiative to fulfill and assume its social responsibilities, attaches great importance to and actively gives back to the society. In 2022, we intensified our efforts to help target poverty alleviation areas and organize various poverty alleviation activities. In response to the requirements of the “Garbage Classification Regulations”, the Company strengthened the garbage classification work; actively responded to the government’s call, quickly organized manpower and material resources, and invested in the national pandemic prevention work;

a. Targeted poverty alleviation

The Company insisted on sharing development results with the society, ensuring people’s livelihood, as well as enhancing people’s livelihood and well-being during development. We have stepped up efforts to help target poverty alleviation areas, implemented a variety of effective poverty alleviation projects, and concentrated our efforts to win the battle against poverty. We actively participated in community communication, organized various poverty alleviation activities, and actively gave back to the society.

The Company continued to help fight the battle against poverty by conducting consumer poverty alleviation and target poverty assistance. The total purchase of poverty alleviation products of our canteens amounted to RMB676,692.8 and the total purchase of labour unions amounted to approximately RMB577,900.

In 2022, under the same conditions, the Company determined and reserved over 30% of the total amount of agricultural and sideline products purchased by the Company’s canteen for targeted procurement of poverty alleviation agricultural and sideline products from Beijing’s poverty alleviation cooperation poverty-stricken areas and the Beijing Consumer Poverty Alleviation Industry Double Innovation Center. The person-in-charge of the canteen determined the place of purchase that meets the requirements through on-site visits. In order to implement the instructions and requirements of the superiors, the Company purchased poverty alleviation products as much as possible. The total purchase of poverty alleviation products in the canteen amounted to RMB676,692.8.

The Company also mobilized the labour unions under the Group to purchase poverty alleviation consumer products designated by Beijing under the same conditions in accordance with relevant regulations for union welfare, employee holiday regards, and so far the employee holiday condolences purchased by the labour union were all poverty alleviation products, and the cumulative amount was RMB577,900.

b. Garbage classification

The Company actively responded to the call of the municipal government according to the requirements under the “Garbage Classification Regulations” to strengthen garbage classification, save resources, create a good living environment, formulate relevant rules, place four types of garbage bins for kitchen waste, other garbage, discarded masks, and recyclable garbage in public areas, set up a special team for garbage classification, and arrange personnel on duty to supervise by random inspection and access to monitors, etc.

The Company organized its employees to participate in garbage classification learning session, organized knowledge lectures, knowledge competitions, and implemented the “dual registration” mechanism according to the requirements of the Party Committee Organization Department, requiring party members and employees to participate in community-organized garbage classification activities every month, and no less than 2 hours each time.

APPENDIX: CONTENT INDEX TO ESG REPORTING GUIDE

A. Environmental			
A1	Emissions	<p>General disclosure Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste 	Fulfilling Green Operational Responsibilities
A2	Use of resources	<p>General disclosure Policies on the efficient use of resources, including energy, water and other raw materials</p>	Fulfilling Green Operational Responsibilities
A3	The environment and natural resources	<p>General disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources</p>	Fulfilling Green Operational Responsibilities
A4	Climate change	<p>General disclosure Description on significant climate-related issues that have and will have an impact on the issuer, and actions to address them.</p>	Fulfilling Green Operational Responsibilities

APPENDIX: CONTENT INDEX TO ESG REPORTING GUIDE

B. Social			
B1	Employment	<p>General disclosure Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare 	The People-Oriented Principle for Creating Harmonious Labour Relations
B2	Health and safety	<p>General disclosure Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards 	Fulfilling Green Operational Responsibilities
B3	Development and training	<p>General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities</p>	The People-Oriented Principle for Creating Harmonious Labour Relations
B4	Labour standards	<p>General disclosure Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour 	The People-Oriented Principle for Creating Harmonious Labour Relations
B5	Supply chain management	<p>General disclosure Policies on managing environmental and social risks of the supply chain</p>	Creating Value and Contributing to Society

APPENDIX: CONTENT INDEX TO ESG REPORTING GUIDE



B. Social			
B6	Product responsibility	<p>General disclosure Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress 	Creating Value and Contributing to Society
B7	Anti-corruption	<p>General disclosure Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering 	Creating Value and Contributing to Society
B8	Community investment	<p>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</p>	Creating Value and Contributing to Society