



德銀天下股份有限公司

DEEWIN TIANXIA CO., LTD

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

Stock Code : 2418



2022

Environmental, Social and Governance Report

Contents

1. About the Report	2	4.3 Employee Development and Training	21
1.1 Introduction of Report	2	4.4 Health and Safety	23
1.2 Scope of Report	2	<i>Response to the Coronavirus Epidemic</i>	24
1.3 Reporting Framework	2	5. Operation Practices	25
1.4 Reporting Principles	2	5.1 Supply Chain Management	25
1.5 Board Statement	3	5.2 Product Responsibility	27
1.6 Stakeholder Engagement	3	<i>Product Quality</i>	27
1.7 Materiality Assessment	5	<i>Valuing Customer Feedback and Rights</i>	28
1.8 Information and Feedback	5	<i>Protecting Intellectual Property</i>	29
2. Industry Culture	6	5.3 Anti-corruption	30
3. Environmental Protection	8	6. Community Investment	31
3.1 Emission and Waste Management	9		
<i>Emission of Exhaust Gases</i>	9		
<i>Waste Management</i>	10		
<i>Emission of Greenhouse Gases</i>	11		
3.2 Use of Resources	12		
<i>Energy Management</i>	12		
<i>Water Resources Management</i>	13		
<i>Materials Usage</i>	14		
3.3 Facing Climate Change	15		
4. Employee and Labour Practices	16		
4.1 Employee Rights	16		
<i>Employee Recruitment</i>	17		
<i>Employee Benefits</i>	19		
4.2 Caring for Employees	20		
		CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE	34



About the Report

1. About the Report

1.1. Introduction of Report

Deewin Tianxia co., Ltd (the “Company”) and its subsidiaries (collectively called as “the Group” or “us”) is pleased to release the Environmental, Social and Governance (ESG) Report (“ESG Report”), summarizing the Group’s efforts and achievements in environmental and social aspects throughout the year of 2022.

1.2. Scope of Report

The report focuses on the performance of the Group regarding the environmental management and social responsibility during the period of 1 January 2022 to 31 December 2022 (the “Year”), which includes the Group’s logistics and supply chain services, supply chain financial services, and IoV and Data services in the People’s Republic of China (“PRC”); Whereas the Key Performance Indicators (“KPI”) disclosed in the report will be focusing on the performance of subsidiaries and the Group’s offices, including Shaanxi Tonghui Automobile Logistics Co., Ltd. (“Tonghui logistics”), Shanghai Yuanxing supply chain management (Group) Co., LTD. (“Shanghai Yuanxing”), Deewin Financial Leasing Co., Ltd. (“Deewin Leasing”), Shanghai Deewin Commercial Factoring Co., Ltd. (“Shanghai Factoring”), Shaanxi Tianxingjian Internet of Vehicles Information Technology Co., Ltd. (“Tainxingjian”) located in China, and Shanghai offices. The scope of the report was set by the Group’s operational control rights.

1.3. Reporting Framework

The ESG report was written under Appendix 27 “Environmental, Social and Governance Reporting Guidelines” of The Stock Exchange of Hong Kong Limited Securities Listing Rules, and has obeyed the mandatory disclosure requirements and the “comply or explain” provisions.

1.4. Reporting Principles

Materiality

The content of the ESG report are determined according to the situation and materiality assessment conducted by the stakeholders. The assessment includes the identification of ESG related issues, collecting and examining suggestions from internal management and different stakeholders, evaluating the relevance and importance of company’s issues, and the preparation and confirmation of data reported. The major issues which concerned various stakeholders are also included in the ESG report as well.

Quantitative

ESG report discloses the quantified environmental and social key performance indicators (“KPIs”) to help stakeholders better understanding the Group’s performance in different environmental and social aspects. The relevant calculation standards, methods, references, and data sources of each KPIs have been presented in the appropriate places within the ESG report, together with the conversion factors used for each KPIs.

Consistency

Where feasible, the Group will adopt a consistent reporting format and calculation method, as to facilitate the comparison of ESG performance in future years.

1.5. Board Statement

The Group deeply believes that a comprehensive ESG governance could strengthen the company's adaptability to risks and sustainable development, as such its investment value would increase, and thus bring in long term returns to stakeholders. The Board of Directors ("The Board") has established its responsibility and duties, and are responsible for monitoring the implementation of all the Group's ESG related matters. The Board will oversee the establishment of ESG's overall vision, methods, strategies, and/or initiatives, with regular policy reviews to critique company's overall ESG performance. Besides, the Board of Directors has formulated the Group's overall plan for sustainable development and established communication channels with key stakeholders. Communication channels and ESG issues that stakeholders valued will be reviewed regularly to ensure information flow and performance meet stakeholders' expectations. The Board will be informed with the compliance of ESG-related issues through different board meetings. The Board will also supervise the preparation process of the ESG report, and learn about the Group's annual ESG highlights through the reporting of the ESG report to ensure that the content complies with its requirements.

The Board has established clear criteria and basis, and identified potential ESG-related risks and issues. To assess the materiality of different ESG-related risks or issues, the Board has entrusted an independent consulting firm to conduct materiality assessment, and assist in prioritizing issues according to their importance. The Board also participates in the materiality assessment and provides opinions on the importance of ESG issues as a stakeholder. The Board has reviewed, summarized, and validated the results of the materiality assessment. The Board will continue to review and formulate policies and measures to better respond to the important issues related to ESG.

The Board will be based on its business and stakeholders to formulate and review the most important ESG-related issues to improve ESG management. The Board will review the Group's ESG performance during regular ESG meetings to make sure the company is heading towards the right directions, achieving its ESG goals, and to draw up company's future ESG development blueprints.

1.6. Stakeholder Engagement

The Group understands that stakeholders' opinions are crucial in improving business operations and in formulating both short-term and long-term business development strategies. As such, the Group is dedicated to enhance the effectiveness of communication among stakeholders, establishing numerous communication channels to interact with stakeholders. The Group understands the expectations and concerns that stakeholders had in us in terms of sustainability development and potential business operating risks, so as to generate sustainable development strategy in a targeted manner.

About the Report

The table below listed the requirements and expectations of stakeholders have on the Group, and our corresponding communication methods and responses.

Stakeholders	Requirements & Expectations	Communication & Responses
Government & Regulating Authority	<ul style="list-style-type: none"> Adhering to national policies & regulations Promoting local economic development Leading local employment Timely taxation 	<ul style="list-style-type: none"> Regular reports Regular conversations with regulatory authorities Special report Checkups & monitoring
Shareholders	<ul style="list-style-type: none"> income return Compliance operation Raising company revenue Information transparency and efficient communication 	<ul style="list-style-type: none"> shareholders meeting Group Announcements and Circulars Email, Telephone Communications and Company Website Special report On-site inspections
Partnerships	<ul style="list-style-type: none"> Integrity management Fair competition Perform according to law Mutual benefits 	<ul style="list-style-type: none"> Review and Evaluation Meeting Business communications Exchange seminars Cooperation talks
Clients	<ul style="list-style-type: none"> Quality Products and Services Health & Safety Perform according to law Integrity management 	<ul style="list-style-type: none"> Customer Service Center and Hotline Customer opinion survey Customer communication meeting Social media platform Return visits
Environment	<ul style="list-style-type: none"> Discharge quotas Energy-savings Ecological protection Reasonable water usage 	<ul style="list-style-type: none"> Communicate with local environmental authorities
Industry	<ul style="list-style-type: none"> Industry standard formulation Promoting industry development 	<ul style="list-style-type: none"> Communicate with local labor authorities Participate in industry forums Mutual study tours
Employee	<ul style="list-style-type: none"> Rights protection Occupational health & safety Career development Humanistic care 	<ul style="list-style-type: none"> Employee meetings Company Newsletter and Intranet Staff mailbox Training and Workshop Employee activities Workers Congress Democratic seminars
Community and public	<ul style="list-style-type: none"> Community improvement Participate in public welfare undertakings Open and transparent information 	<ul style="list-style-type: none"> Company website Company Announcement Media interviews Social media platforms

1.7. Materiality Assessment

The Group has carried out several materiality assessments throughout the year, helping us to identify the most crucial ESG issues regarding the company's businesses and its stakeholders. The data will help generate ESG management policy more effectively. This materiality assessment was established based on the results of internal stakeholder surveys, combined with the analysis from other ESG professional organizations and the materiality map¹ provided by a well-known external organization. The results of this evaluation are also used as a reference for the Group to strengthen our internal management.

During the Year, the Group identified 10 ESG related issues, and will be discussed in each chapter of this report

Corresponding chapter	Important Issues
Environmental Protection	<ul style="list-style-type: none"> Emission of Greenhouse Gases Air Quality
Employee and Labour Practices	<ul style="list-style-type: none"> Employee Health and Safety Protocol Employee Rights and Benefits
Operation Practices	<ul style="list-style-type: none"> Production responsibility Client Health and Safety Protocol Client Management Research and Development Supply Chain Management Information Security

1.8. Information and Feedback

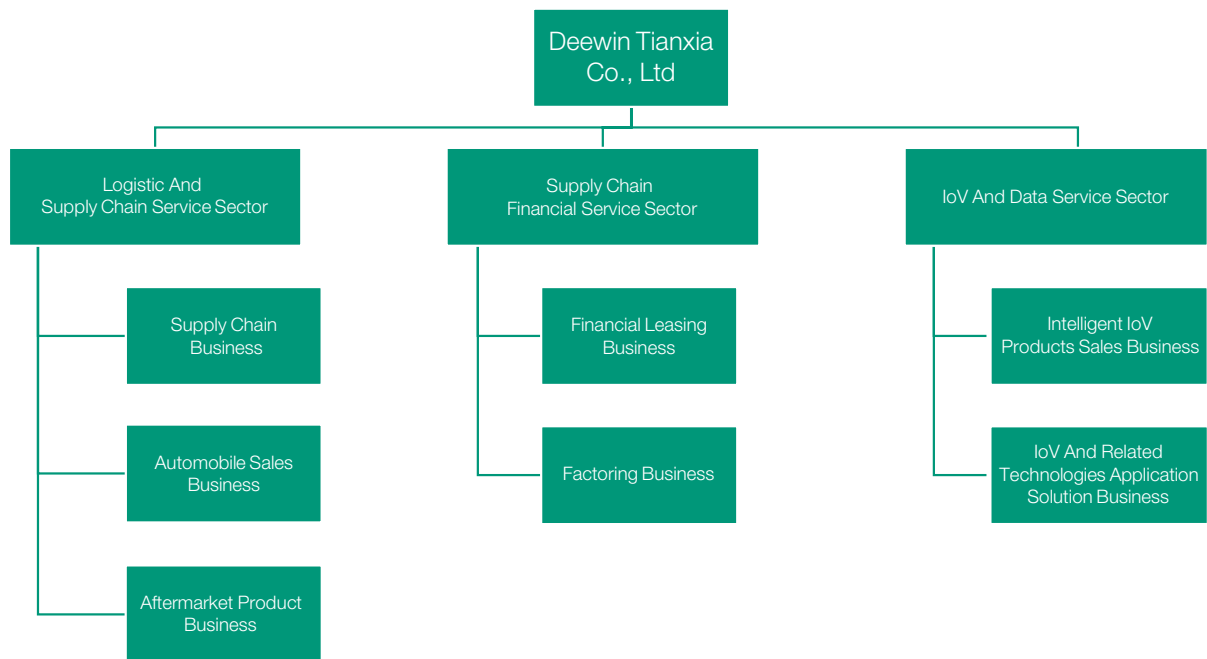
For detailed information on the Group's environmental, social and corporate governance, please refer to the official website of Deewin Tianxia Co., Ltd (www.deewintx.com). Should you have any inquiry and suggestions about this report, feel free to contact us by email: ir@deewinfl.com.

¹ The materiality assessment refers to the ESG industry materiality map provided by Morgan Stanley Capital International (MSCI) and the materiality map provided by the Sustainability Accounting Standards Board (SASB).

Industry Culture

2. Industry Culture

Our company is not merely a commercial vehicles provider, but also one of the very few within the industry that offers and surrounds on commercial vehicles to provide all-in-one solutions for our clients. Our company targets to reform commercial vehicles into a whole new customer-centered business model which covers logistic, capital flow, and information. With hopes of doing so, our company is divided into three business segments namely 1) logistic and supply chain service sector, 2) supply chain financial service sector, and 3) IoV and data service sector.



The Group's philosophy and principles focused on our valued customers and production quality. Encompassing dedication, apprentice, trust, and renovating, we aim to present our clients and shareholders the best and earnest services and products. DeeWin, in Chinese refers to "virtue wins the world; silver leads the future". With that in mind, our company aims to embrace the openness, give back to the community, create wealth for the society, and grow together with our employees and nations in both the present and the future.

Corporate Vision	Business Philosophy
<ul style="list-style-type: none"> ➤ Develop together with clients and employees 	<ul style="list-style-type: none"> ➤ Virtue wins the world, leading with exceptional services, and quality creates the future
Core Values	Management Philosophy
<ul style="list-style-type: none"> ➤ People-oriented, serving the nation with excellence ➤ Pursuit of excellence, strive for premium 	<ul style="list-style-type: none"> ➤ Making communication simple
Enterprise Purpose	Service Concept
<ul style="list-style-type: none"> ➤ Customer-centric 	<ul style="list-style-type: none"> ➤ Heed the market, Connect with clients, Empathic thinking, Sincere services
Corporate Mission	Quality Concept (Double Excellence Ideals)
<ul style="list-style-type: none"> ➤ Provoke more values for the society, Provide better services for clients, Generate greater returns for stakeholders, Present employee with platform for development 	<ul style="list-style-type: none"> ➤ Aspired by clients' satisfaction, Producing the best product and service quality among industry

Environmental protection

3. Environmental Protection

To better respond the nation's carbon neutral and sustainable development goals, the Group is determine to achieve its low carbon operations goals, and will integrate environmental protection principles into Group's sustainable development strategies. The Group has ensured associated departments to adhere and conform to the nation's laws and regulation related to environmental protection, including but not limited to "Environmental Protection Law of the People's Republic of China", "Air Pollution Prevention and Control Law of the People's Republic of China", "Water Pollution Prevention and Control Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", "Energy Conservation Law of the People's Republic of China" and "Cleaner Production Promotion Law of the People's Republic of China". On top of that, the Group will also carry out environmental protection work according to the requirements of ISO 14001: 2015 environment management system.

The Group's Tianxingjian has devised and implemented environmental management system, receiving the certification of ISO 14001: 2015, the scope of certification includes the operation of Tonghui Logistics of the Group. The Group's parent company Shaanxi Automobile Group Co., Ltd had also received certification from ISO 14001: 2015, the scope of certification includes the operation of Tonghui Logistics of the Group. The Group including its subsidiaries has formulated environmental management policies, for instance Tonghui Logistics has established environmental management control procedures to ensure that production and office sites meet environmental management requirements, and set out plans to improve employees' environmental awareness.



The Group has established annual targets and working plans to support the nation's "double carbon" targets, such as implementation of energy saving protocols and waste reduction protocols. The Group established and maintained "Environmental factors and hazard identification, evaluation control procedures", and considered the factors and major effects whilst establishing environmental goals.

The environmental targets set out by the Group throughout the year are as followed:

Environmental areas	Targets
Greenhouse gases	Reduction in greenhouse gases emission, reaching nation's carbon reduction targets by 2030
Energy uses	Replacement of traditional energy with clean alternatives, reducing energy consumption
Water usage	Reduction in water consumption and the practice water recycling
Waste	Reduction in waste emission

3.1. Emission and Waste Management

To reduce the production of emissions and waste, the Group strictly adheres to national laws and regulations namely the "Air Pollution Prevention and Control Law of the People's Republic of China" and "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste". Moreover, the Group also follows the principles of environmental policies such as "preventing environmental pollution by strengthening risk control", and implement various measures to control the emissions of exhaust gases, pollutants, and greenhouse gases.

Emission of Exhaust Gases

Exhaust gases are emitted by logistics, supply chains, and other daily operations from our company vehicles. We have implemented policies to control exhaust emissions while ensuring vehicles function and operate normally. The Group has established the Work Environment Management Control Program, ensuring the exhaust emissions of stackers and motor vehicles used in the production sites are all in compliance with the emission standards of relevant laws and regulations. The Group will also conduct regular checkups for diesel stacker's emissions, and implement improvement measures should the emissions exceeded the required standard.

Besides, the Group including Tonghui logistics, are conducting regular maintenance to avoid the decline in vehicle performance, which could result in emission of more exhaust gases. In addition, the Group also implemented measures such as maintaining stable tires pressure, avoiding idle engines, and optimize routes for transportation and delivery to reduce emissions from company vehicles.

Environmental protection

Centering major vehicle emissions such as nitrogen oxides, sulfur dioxide, and particulate matter, Tonghui Logistics has institute the “Heavily Polluted Weather Emergency Operation Protocol”, educating their employees on environmental safety, and the potential risk, prevention, and protection against heavily polluted weathers. Also, Tonghui Logistics will conduct on-site inspections and initiate a response mechanism for production lines and traffic control based on the air quality and severity of air pollutions. Tonghui Logistics, will follow the principles of pertinence, effectiveness, operability, assessment, and minimizing the impact had on residents, to implement emergency measures for heavily polluted weather, with hopes of reducing the pollution as much as possible.

Emergency emission reduction measures examine pollutant emissions in material transportation, forklift loading and unloading, equipment maintenance, vehicle restrictions, vehicles service schedule, and overcapacity. At the same time, Tonghui Logistics will also restricts maintenance activities such as electric welding and paint touch-ups until the passing of heavily polluted weather.

During the Year, the Group’s vehicle emissions data are as followed:

Air pollutants (Note 1)	2022
Nitrogen oxides (kg)	26,274
Sulfur dioxide (kg)	80
Particulates (kg)	1,920

Note:

1. Calculated based on the “Land Transportation Enterprises – Greenhouse Gas Emission Accounting Methodology and Reporting Guidelines (Trial)” issued by the National Development and Reform Commission of China and Appendix 2 “Guidelines for Reporting Environmental Key Performance Indicators” issued by the Hong Kong Stock Exchange.

Waste Management

The waste generated by the Group can be divided into non-hazardous waste and hazardous waste, major non-hazardous waste include general waste, plastics, waste paper, wood by-products, and leftovers; whereas hazardous waste includes waste oil, waste coolants, waste lead acid batteries, and other office waste (ink cartridges, printers), etc.

The main treatment for non-hazardous waste is recycling. The Group has set up waste sorting bins throughout the workplace to facilitate and encourage the recycling of different types of waste. In order to reduce the production of non-hazardous waste, the Group will regularly evaluate the amount of materials used to avoid excessive inventory. At the same time, the Group also encourages employees to reduce the use of disposable and non-recyclable products.

As for hazardous waste, the Group has also set up Hazardous Waste Emergency Plan and Hazardous Waste Standardized Management System. In the event of hazardous waste spillage or fire, the emergency plan will be activated to coordinate emergency personnel to prevent the spreading of infected areas and the impact of accident. The Group is equipped with storage facilities to classify and store various hazardous waste. Leakage and incompatible reactions are avoided by using appropriate packaging materials when handling hazardous wastes. After careful handling, all hazardous waste will then be collected and recycled by qualified collectors, suppliers, or businesses. In addition, the Group is also committed to reducing hazardous office wastes by complying with electronics companies to recycle used computers and other electronic wastes, and encourage employees to use rechargeable batteries instead of disposable batteries.

During the Year, the data of waste produced by the Group are as follows:

Waste	2022
Total non-hazardous waste generated (tonnes) (note 1)	9,029
Non-hazardous waste density (tonnes/RMB millions revenue)	3.31
Total hazardous waste generated (tonnes) (note 2)	25
Hazardous waste density (tonnes/RMB millions revenue)	0.01

Notes:

1. According to the statistics of the actual weight of non-hazardous waste generated by the Group.
2. Calculated based on the actual weight of hazardous waste.

Emission of Greenhouse Gases

The Group's greenhouse gas emissions mainly contribute by direct emissions from fossil fuel combustion, indirect energy emissions from purchased electricity, and other indirect emissions such as drinking water and sewage treatment by government departments.

The Group also publicizes and educates different ways to reduce greenhouse gas emissions to employees through media such as emails, posters, and intranet, hoping to enhance employees' awareness for environmental protection. The Group also encourages employees to plant green plants within office area to help lower carbon footprints.

Environmental protection

The Group's greenhouse gas emission data are as follows:

Greenhouse gases (note 1)	2022
Total Greenhouse gases emissions (tons of carbon dioxide equivalent)	14,412
Scope 1-Direct emissions (tons of carbon dioxide equivalent) (Note 1)	13,280
Scope 2-Energy indirect emissions (tons of carbon dioxide equivalent) (Note 2)	1,024
Scope 3-Other indirect emissions (tons of carbon dioxide equivalent) (Note 3)	6
Greenhouse gases emission density (tons of carbon dioxide equivalent/RMB millions revenue)	5.24

Notes:

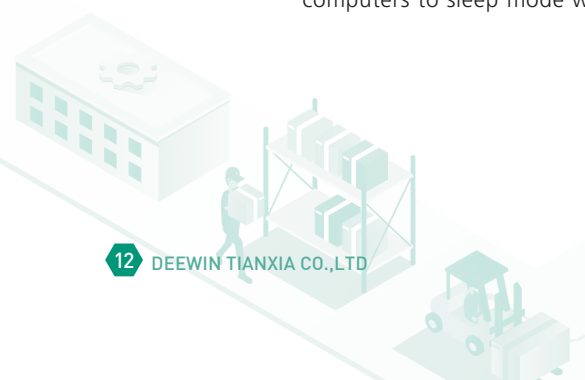
1. The Group's greenhouse gas emissions include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. All are presented in the form of tons of carbon dioxide equivalent.
2. Scope 1 direct emissions include greenhouse gases produced by burning fossil fuels such as gasoline, diesel, and natural gas when using gas stoves and motor vehicles. The data is calculated according to the "Guidelines for Greenhouse Gas Emission Accounting and Reporting" published by the National Development and Reform Commission of China and Appendix 2 "Guidelines for Reporting Environmental Key Performance Indicators" published by the Hong Kong Stock Exchange.
3. Scope 2 energy indirect emissions include indirect greenhouse gas emissions from purchased electricity. The data is calculated based on the "2011 and 2012 Average Carbon Dioxide Emission Factors of China's Regional Power Grids" issued by the National Development and Reform Commission of China.
4. Scope 3 Other indirect emissions covers other indirect emissions outside the Group, including water and sewage treatment. The data are calculated based on "Research on Energy Consumption of Urban Water Supply Systems in China" and "Statistical Analysis and Quantitative Identification of Energy Consumption Laws of Urban Sewage."

3.2. Use of Resources

The Group strictly abides the "Energy Conservation Law of the People's Republic of China" and other national laws and regulations in terms of resource utilization, and adopts various measures to reduce water and electricity usage, rationalize the use of materials, and effectively manage the use of resources and energy. The Group had formulated an energy-saving management system to strengthen energy and water resource management, reduce waste, and encourage the practices of using of resources rationally.

Energy Management

The Group is committed to reduce electricity consumption in the office, and requires employees to "switch on only while using, and switch off when they leave the appliances". The number and power of lights are set reasonably, and employees are required to switch on and off the lighting devices according to their needs, and avoiding switching lights on for overnight. The Group also encourages employees to completely switch off air conditioners, printers, and other electronic equipment during non-working hours, and to set computers to sleep mode when not in use.



The Group also uses virtualized computer equipment to reduce power consumption and hardware installation. These include using a set of infrastructure-as-a-service ("IaaS") or platform-as-a-service ("PaaS") based cloud computing, computing infrastructure, and computing solution platforms. Aiming to avoid the purchase of duplicate hardware and software, and lowering the usage of unnecessary energy.

During hot weather days, the Group will not require employees to wear ties and full suits to reduce the use of air conditioning. At the same time, the Group will conduct electricity statistics and monitor electricity consumption every month in order to make improvement plans effectively. In addition, the Group will also allocate vehicles reasonably and remind drivers the importance of fuel-saving.

The energy usage data of the Group are as follows:

Energy use	2022
Total energy consumption (kWh)	52,720
Direct Energy	
Energy consumption from natural gas (kWh) (Note 1)	20
Energy consumption from gasoline (kWh) (Note 2)	2,330
Energy consumption from diesel (kWh) (Note 3)	48,770
Indirect Energy	
Energy consumption from purchased electricity (kWh) (Note 4)	1,600
Energy consumption density (kWh/RMB millions revenue)	19.32

Notes:

1. Calculated based on the "Greenhouse Gas Emissions Accounting Method and Reporting Guidelines" published by the National Development and Reform Commission of China.
2. Calculated based on the Chinese national standard GB17930-2016 "Gasoline for Motor Vehicles" and the "Land Transportation Enterprises – Greenhouse Gas Emission Accounting Method and Reporting Guidelines (Trial)" issued by the National Development and Reform Commission of China.
3. Calculated based on the Chinese national standard GB19147-2016 "Vehicle Diesel" and the "Land Transportation Enterprises – Greenhouse Gas Emission Accounting Method and Reporting Guidelines (Trial)" issued by the National Development and Reform Commission of China.
4. Calculated based on the actual consumption of purchased electricity by the Group.

Water Resources Management

The majority of water usage within the Group comes from office usage. The Group is committed to reduce water consumption, implementing water-saving measures, and encouraging employees to actively lower their water usage. The Group has reminded employees to turn off the taps after using the sink, and posted water-saving reminder stickers at water supply locations and restrooms. The Group will regularly check the readings of the water meters and concealed water leakage. If there is water dripping from the faucet, the Group will immediately arrange for repairs. In addition, the Group will also use toilet equipment with water-saving labels and special water-saving functions, such as dual-flush toilets.

Environmental protection

The water consumption data of the Group are as follows:

Water consumption (Note 1)	2022
Total water consumption (cubic meter)	13,540
Water consumption density (cubic meter/RMB millions revenue)	4.96

Note:

1. Calculated based on the Group's actual water consumption.

Materials Usage

The Group, especially Tonghui Logistics, uses packaging materials in logistics and supply chain services. Tainxingjian requires its suppliers to package their hardware products, and Tonghui Logistics is responsible for delivering the materials and the packaging. The Group expects to join hands with upstream and downstream production to reduce the use of packaging materials in the future and minimize their impact on the environment.

Currently, share-packaging is an important business segment for Tonghui Logistics. Tonghui Logistics has been focusing on standardization, modularization, flexibility, and light and slim design as the criteria in promoting rationalized packaging, coupled with packaging reuse, redesigning idle packaging after product renewal, and promotion of green and recyclable packaging. Adopting standardized packaging could reduce the damage rate of raw materials, reduces equipment and shovel damage, and reduces the demand for packaging accessories. Tonghui Logistics also provides its customers packaging leasing services, where Tonghui Logistics provides packaging equipment and is responsible for maintenance. Such method increases the number of time each materials are being used, thus conducive to environmental protection and low carbonization.

This year, the Group's usage data of packaging materials are as follows:

Packaging material use (Note 1)	2022
Total packaging materials (tonnes)	47
Packaging Material Density (tonnes/RMB millions revenue)	0.01

Note:

1. Calculated based on the actual usage of packaging materials of the Group.



3.3. Facing Climate Change

The Group is well aware of the impact of climate change on its daily operations and is committed to reduce its carbon emissions in the course of business. In terms of operations, extreme weather conditions caused by climate change may affect the stability of operating locations and thus increase operating costs. At the same time, extreme weather conditions (such as typhoons, rainstorms, etc.) will increase the risk of logistics safety, affecting logistics route planning, and the storage and transportation of network planning, all of which will further increase the operation difficulty and cost. In terms of employees, extreme weather conditions may pose a threat to their safety and cause major inconvenience while commuting.

In order to improve the ability to cope with extreme weather, the Group has identified climate-related safety hazards and formulated corresponding work arrangements and prevention measures, which include providing high-temperature subsidies for employees in days with high-temperature, distribute heatstroke prevention and cooling products, high-temperature leave, and stopping open-space/outdoor construction work. The Group will keep abreast of the weather conditions and make reasonable arrangements for various working plans in advance to ensure the safety of employees.

The Group will continue to track climate-related issues, assess and inspect climate-related risks, increase the importance for reporting emissions, and supervise the requirements for existing products and services to optimize and improve management.



Employee and Labour Practices

4. Employee and Labour Practices

The Group always regard employees as important assets, attaches great importance to the development, respects, rights, safety, and health of the employees. The Group has always been adhering to the concept of “people-oriented”, implementing humanized management, and striving to show the best care for employees. The Group believes that the relationship between enterprises and employees is also interdependent, and providing employees with development opportunities is the key to achieving long-term sustainable development.

The Group has published the “Employee Handbook”, which specifies how employees should behave ethically, including but not limited to compliance with various laws and regulations, compliance with company discipline requirements, and compliance with office regulations (including environmental management, confidentiality, and safety management, etc.). The Group does not tolerate any form of discrimination, including gender, sexual orientation, disability, age, race, nationality, family status and/or any other component protected by law. Also, all employees and the entire Group are required to create a harmonious and welcoming working environment, during employee activities, and in manpower resource matters.

4.1. Employee Rights

The Group strictly abides to employment-related laws and regulations such as the “Labor Law of the People’s Republic of China”, “Labor Contract Law of the People’s Republic of China” and “Regulations on the Prohibition of Using Child Labor” to ensure that employees enjoy equal employment and promotion opportunities. The Group’s “Employee Handbook” also clearly explains matters such as employee benefits, performance appraisal, training, and development.

In addition, the Group has formulated the “Labor Contract Management Measures” to regulate the signing and performance of labor contracts between both parties, establishing a harmonious labor relationship, and to protect the rights and interests of employees. The labor contract has also clearly stated the nature of work, working hours, holidays, benefits, and other matters to avoid forced labor.



Employee Recruitment

The Group adheres to the principle of fairness and openness during recruitment and promotion decisions, and will not be affected by factors such as age, gender, physical and mental health, marital and family status, race, skin color, nationality, religious belief, political stance, and sexual orientation. The Group has formulated the “Employee Recruitment Management Measures” to standardize the employee recruitment procedures to ensure a fair and just recruitment process. The method is applicable to the different recruitments approaches, such as internal and external recruitment. The Group will specifies the requirements and procedures for every job recruitment, then determines the interview team, method, time, interviewing questions, and skill assessment based on a structured interviewing model and the characteristics of the hiring position. Interview assessment elements include management ability, professional knowledge, education, training experience etc.

The Group will also conduct background checks on candidates for key positions to verify the authenticity of the information provided, and to understand their educational background, past work performance, and abilities. The Group will conduct recruitment and salary approval for candidates based on interview results and background investigations.

The Group also emphasizes the prohibition of child labor and forced labor. During the recruitment process, the Group will check the applicant’s supporting documents such as ID card, birth certificate, education certificate, etc. to confirm whether their age and identity are identical with the supporting documents provided, so as to avoid the wrongful employment of child labor or forced labor. If in the case where child labor or forced labor has been mistakenly employed, the Group will immediately terminate the contract of the relevant personnel and conduct an investigation to prevent similar incidents from happening again.

In order to help new employees to speedily pick up with the company culture and standardize the management of new employees, the Group has formulated the “New Employee Entry Management Measures” to provide clear guidance on team integration, entry training, entry assessment, and regularization process.

Regarding resignation matters, the Group has formulated the “Employee Resignation Management Measures”, which clearly regulates the company’s employee resignation procedures, so as to protect the legitimate rights and interests of the company, the resigned personnel, and maintain the normal flow of personnel. When an employee requests to leave, the human resources department will conduct an interview with him/her to understand the reasons for their departure.

Employee and Labour Practices

This year, the employment data of the Group are as follows:

Employment indicators	As at 31 December 2022
Total employees	1,722
<i>By gender</i>	
Male	1,133
Female	589
<i>By age groups</i>	
Age <30	456
Age 30-50	1,200
Age <50	66
<i>By employment types</i>	
Part-time	
Full-time	1,722
<i>By location</i>	
Mainland China	1,722
Other	

Employment indicators	Year ended 31 December 2022
Total number of employees turnover	246
Employee turnover rate (%)	14%
<i>By gender</i>	
Male	16%
Female	10%
<i>By age groups</i>	
Age <30	28%
Age 30-50	10%
Age <50	0%
<i>By location</i>	
Mainland China	14%
Other	0%

Employee Benefits

In order to retain talents, in the case where there is a vacancy among the upper ranks, the Group will first consider internal promotion before external recruitment to encourage employees' performance. The Group has formulated promotion management and performance management methods for each rank. Employee performance is assessed through standardized employee assessment, and promotion or annual remuneration adjustments are determined based on the assessment results to ensure all employees enjoy equal opportunities in promotion, and to ensure remunerations are associated with performance. The promotion process is rigorous, based on the core competence, management ability, and professional ability of employees, which is all in line with the Group's fairness policy.

Employee assessment can be divided into three types: monthly assessment, semi-annual assessment, and annual assessment. The annual assessment will be based on the monthly and semi-annual assessment results, and a comprehensive evaluation of employees will be used for salary adjustment. The Group is also committed to motivate employees to create long-term value. The Group has set up an employee incentive plan, and conducts monthly, quarterly and annual selection of outstanding employees every year, and all outstanding employees will receive cash awards.

In terms of benefits, in addition to annual leave and sick leave, our employees are entitled to marriage leave, maternity leaves, funeral leaves, and public holidays and festival leave. Maternity leave includes prenatal leave, maternity leave, breastfeeding leave, and nursing leave. In addition, the Group will provide subsidies such as meals, transportation, condolences, labor protection, tuition reimbursement, etc., as well as holiday benefits.

The Group does not encourage overtime work, but in the case where extra working hours are required, the Group will provide overtime subsidies and transportation expenses, and schedule employees to take time off when feasible.

The Group also pays for employees or jointly pays for various social insurances with employees, including work-related injury, maternity, housing pension, basic medical care, enterprise annuity, unemployment, and other related insurances. In order to effectively protect the interests of retired employees, the Group has formulated "Employee Retirement Management Measures" and "Enterprise Annuity Management Plan" to standardize retirement management procedures. The Group will also organize and invite retired employees to participate in different company activities. Moreover, the Group is committed to understand the needs of retirees and will reach out to care for the health and livelihood of retired employees.



Employee and Labour Practices

4.2. Caring for Employees

The Group actively implements “We do practical things for employees” principle and organized a number of leisure activities throughout the year to maintain a virtuous working atmosphere. During the Year, we have held quarterly employee birthday parties, ball games, e-sports competitions, etc., to increase employees’ sense of belonging and cohesion.

Moreover, the company had distributed festive food to employees during major festivals such as the Spring Festival, Dragon Boat Festival, Mid-Autumn Festival, National Day, and other festivals. Also, other fun and leisure activities such as lantern riddles during the Lantern Festival, flower arrangement class, wagashi making, drawing manga etc., are also being organized for our employees. The Group has always cared for its employees, and often arrange condolence and consolation sessions during festivals and weather changes, bringing coolness in summer and warmth in winter.



Employee birthday parties



Badminton competitions



Intimate service, decompression, decompression and caring for employees



Condolence activities for motorcade drivers

Other than the festival-related and internal activities mentioned above, the Group also organized and distributed gift baskets for Shanghai employees affected by the covid-19 in April. The gift basket included daily necessities such as water, food, species, and face-covering masks. Through this event, the company aimed to further understand the needs and voices of our employees, and hoping to improve company's morale and social engagement.



Distribution of face masks to Shanghai employees



Gift baskets

4.3. Employee Development and Training

The Group focuses on cultivating talents and holding training sessions to increase the competitiveness of the Group and its employees. In order to standardize its rights, obligations, and training procedures related to employee training, the Group has established the "Training Management Measures" specifically to create a learning-oriented working atmosphere and thus improve employees' quality and performance.

The Group's training is divided into internal and external training, with internal training as the main course and external training as supplement. Internal training is mainly courses conducted by internal lecturers, and internal lecturers are selected fairly, justly, openly and objectively within the group, and are determined by factors such as qualifications, teaching plan writing levels, and teaching skills. All internal lecturers are required to pass the annual teaching performance appraisal in order to be remain in their respective posts.

Employee and Labour Practices

In order to cater for the training of different employees development directions, the Group has formulated various types of training, allowing employees to make full use of both working and after-work hours to learn basic knowledge, skills, and advanced expertise, thus improving themselves and learning efficiency. During the Year, the Group had provided job-related trainings for employees such as data analysis, industrial procurement management, business optimization and development, cost analysis, quality system, on-site management, sales, and much more to be listed. In addition, we also provide new introductory trainings for new employees to accelerate the performance of new employees and their business skills set.



Water tank knowledge training



Cab technical training

During the Year, the training data of the employees of the Group are as follows:

Training indicators	2022
Average hours of training for employees (% trained)	60 (96%)
<i>By gender</i>	
Female employee average trained hours (% trained)	60 (96%)
Male employee average trained hours (% trained)	61 (97%)
<i>By employment level</i>	
Average hours of training for senior executives (% trained)	133 (100%)
Average training hours for technical personnel (% trained)	47 (90%)
Average training hours for executives (% trained)	35 (87%)
Average training hours for salespeople (% trained)	38 (91%)
Average training hours for production personnel (% trained)	72 (100%)
Average hours of training for other employees (% trained)	42 (100%)

4.4. Health and Safety

The Group is committed to reduce production safety related accidents such as road transportation. The Group strictly abides by the safety-related laws and regulations namely the “Safety Production Law of the People’s Republic of China” and the “Road Traffic Safety Law of the People’s Republic of China” to protect the health and safety of employees. The Group has formulated a comprehensive occupational health and safety management system, safety production management measures, and implemented different safety-related systems, including safety production and job responsibility system, safety technical operation procedures, accident handling emergency plans, etc. In the event of traffic accidents, electric shocks, fires and other accidents, the Group will activate relevant occupational health and safety emergency plans, and the established emergency rescue team will perform its duties and responsibilities to evacuate personnel effectively and take adequate measures to prevent the spread of the accident. In case of personal injury, the employee must report the accident to their supervisor immediately, so that it can be properly handled as soon as possible, and the accident site should be investigated.

Several safety goals were set to be achieve by the Group this year, which include a 100% coverage and drill rate for production safety accident scenarios, strived to strengthen intrinsically safe management of safe production, implement systematic management of dual prevention mechanisms, and carry out safety publicity, education, and training on a regular basis. In addition, the Group also promotes refined management of occupational health, and organizes occupational hazard testings, and occupational health examinations. The Group also arranges annually physical examinations for employees regularly to strengthen the control and prevention of diseases, ensuring the physical and mental health of the company’s employees.

The Group will adhere to the principle of “No Safety, No Production”, strive to reduce safety risks, and strengthen employees’ safety awareness. The Group implements hierarchical management scale and control on corporate safety risks, and conducts timely investigation for hidden dangers to strengthen supervision. This year, the Group has inspected several potential safety hazards and had implemented rectification measures for the problems identified by the sub-office accordingly. In addition, the Group has also organized a series of safety-related trainings to enhance employees’ safety awareness. This year, the Group has held trainings during safety warning month on topics such as occupational health knowledge, safety of new laborers, and safety standardization.

During the Year, the health and safety data of the Group are as follows:

Health and Safety Indicators	2022	2021	2020
Death incidents (cases)	0	0	0
Work-related fatality rate (%)	0	0	0
2022			
Work accidents (cases)			0
Lost work days due to work injury			0

Response to the Coronavirus Epidemic

During the Year, the global epidemic of novel coronavirus ("COVID-19") remains severe. In order to better prevent and control the new crown virus, and effectively protect the health and safety of employees, the Group has implemented a series of prevention and control measures to improve the Group's epidemic prevention capabilities.

The Group has established an emergency plan for the prevention and control of the new crown epidemic virus. Also establishing an epidemic prevention and control team to assist in the coordination and arrangement of supplies and personnel, with aims to guide the epidemic prevention and control work, to carry out disinfection in public areas, and the distribution of epidemic prevention materials. The Group also implements arrangements on employee management, requiring employees and visitors to hold a negative nucleic acid test certificate within 48 hours or a negative antigen test certificate within 24 hours when entering the workplace. A body temperature detection point and code scanning flow adjustment station are also set up at office entrance to conduct temperature detection and code scanning for workers when entering the office.

The Group also arranges for disinfection of office aisles, and have cleaners to fill in the disinfection record mandatory after cleaning and disinfecting the office area completely. In addition, the Group had also adjusted the arrangements, frequency, and time scale of meetings, and uses online methods such as video and telephone to hold meetings as much as possible, thus lowering the risk of cross infection.



5. Operation Practices

5.1. Supply Chain Management

The Group strictly abides by the “Civil Code of the People’s Republic of China” and other laws and regulations related to supply chain management, have formulates supplier access management measures, and clearly state out the supplier qualification requirements. The Group requires suppliers to have a sound quality assurance system, a well-established environmental and social risk management, and should have passed ISO 9001 and/or other quality assurance system certifications. The products supplied by the supplier must be within the business scope of the business license of that enterprise, and the products that belong to the state franchise must have a business license. In addition, the compulsory product certifications required by the nation must be certified by a nationally recognized testing agency, and have compulsory testing reports, certifications, and required marks. As for other products, it must be supplied with all required product testing report or certificate in order to be accepted.

The Group has formulated procurement management regulations for the selection of suppliers, standardization of supplier access standards, and confirmation procedures, thus to reduce supply chain management risks. Suppliers are required to have long-term stability, stable supply capabilities, and have a good reputation in fulfilling contracts. That is to say, suppliers should have no record of contract breach. Based on factors such as the stability of the supplier team, product supply capabilities, and after-sales recovery, the Group will select primary suppliers that meet the requirements with combination of environmental, health and safety performance.

When determining the primary suppliers, the Group will give priority first to internationally and domestically well-known and leading suppliers, then suppliers with localized factories, and last other potential suppliers. Afterwards, the Group will review and evaluate the prioritized suppliers, and conduct on-site evaluations as needed. Based on the results of the review and evaluation, the Group will prepare a list of suggested suppliers, then will approve and confirm whether if the suggested suppliers met the qualifications or not. The Group has signed commercial confidentiality agreements with its suppliers, requiring suppliers to keep information such as design, technology, customer list, and procurement information confidential. Suppliers shall provide services and products based on the principle of mutually benefits and equal negotiation. If the supplier violates the supplier management regulations, the supplier will be disqualified.

Operation Practices

The Group has formulated risk decision-making management measures, and regularly identifies, evaluates, manages, and monitors environmental and social risks within the supply chain, and reviews the risk list to strengthen the management of suppliers. The Group will give priority to suppliers with sound systems in employment, health and safety, development and training, supply chain management, product liability, and anti-corruption. At the same time, the Group also gives priority to environmental friendly suppliers such as those with ISO 50001 energy management system certification, ISO 14001 environmental management system certification, low-carbon product certification, etc. The Group will require suppliers to sign a safety and environmental protection notice, agreeing to follow the principles of safety and environmental protection throughout the whole working process, to ensure the quality, safety, and environmental protection standards of the Group's products. Suppliers need to classify and store the waste generated during the work process and have qualified processors to disposal wastes properly to avoid any potential harm to the environment. Suppliers also need to abide by the national labor and employment system, provide employees with a healthy and safe working environment and establish employee health records.

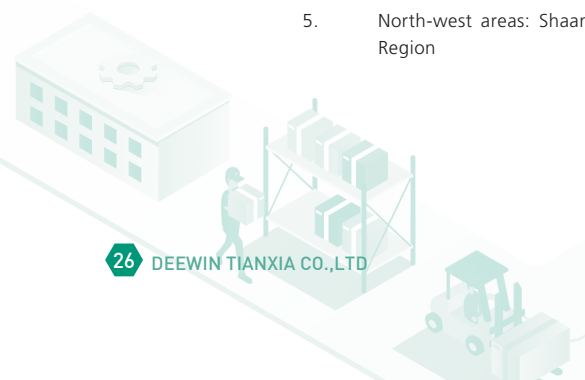
The Group is committed to environmentally friendly procurement, targeting to purchase and selected products and services that have the least impact on the environment, and requires suppliers to provide environmentally friendly products according to different business needs. The products purchased by the Group should have energy and water efficiency labels, coupled with a have high recycling efficiency. Moreover, the Group will give priority to suppliers with closer geographical distance or more convenient transportation routes in hopes of reducing carbon footprint.

During the year, the Group had a total of 276 supplies and are distributed of suppliers as follows:

Supplier distribution	2022
Northern	28
Central	12
Eastern	50
Southern	20
North-west	166

Notes:

1. Northern areas: Beijing, Tianjin, Hebei Province, Shanxi Province, Shandong Province, Inner Mongolia (excluding Chifeng, Tongliao, Hulunbuir, and Hung Yen)
2. Central areas: Ha Nam Province, Hubei Province, Hunan Province, Jiangxi Province, Sichuan Province, Chongqin City
3. Eastern areas: Shanghai, Jiangsu Province, Zhejiang Province, Anhui Province, Fujian Province
4. Southern areas: Guangdong Province, Guangxi Autonomous Region, Yunnan Province, Huizhou Province, Hainan Province
5. North-west areas: Shaanxi Province, Gansu Province, Qinghai Province, Nigxia Autonomous Region, Xinjiang Autonomous Region



5.2. Product Responsibility

Product Quality

The group adheres to the business philosophy of “virtue wins the world, leading with exceptional services, and quality creates the future”. With that in mind, the Group follows strict requirements regarding both product and service quality and control. Guided by the management model of “Three Completes” (a.k.a. full participation, whole-process control, and whole-system management quality), the Group conducts various tasks ranging from customer demand identification, product development and verification, parts procurement, manufacturing, logistics and distribution sales services with precise control from start to the end.

The Group strictly abides by the “Product Quality Law of the People’s Republic of China” and other laws and regulations related to product quality, formulates different quality control systems, with aims to perfecting the quality assurance systems, design quality, and service quality to ensure product quality and safety. The Group has formulated a quality manual and quality assurance control procedures to standardize quality assurance work, generate quality assurance plans, implement quality inspections, and carry out rectification and tracking of non-conforming items.

The Group’s Tainxingjian, Shanghai Yuanxing and Tonghui Logistics have all obtained ISO 9001:2015 quality management system certification. Besides, the Group signs contracts with its suppliers and customers to ensure that the products and services provided by suppliers or by the Group meet the quality standards set out by the nation and the Group. During the year, the percentage of the Group’s total products sold or shipped that were subject to recall for safety and health reasons was 0%, with no turnover rate.

In order to further standardize the quality of purchased products, the Group has established inspection procedures for purchased products. The Group will inspect the purchased products, if it is judged as unqualified, the product will then be passed to the non-conforming product control procedure, which is then reviewed in warehouse, reworked, repaired, or returned. The supplier’s quality control department needs to analyze the causes of unqualified products being returned to the factory, and formulate corrective measures and provide a report on the analysis of defective products. The Group’s quality control personnel will be responsible for supervising and implementing suppliers’ corrective measures.

In addition, in order to ensure timely after-sales service, Tainxingjian has set up “Tianxingjian Special Service Stations” in areas with intensive traffic. Tianxingjian special service station will inspect and cooperate with service providers and maintenance factories to provide maintenance services for our customers. Tainxingjian has formulated management regulations, set the site selection criteria, and approval process to ensure service quality. This year, Tainxingjian has obtained the after-sales service certification, and was rated as a five-star service provider, meeting the national’s best standard in “Commodity After-sales Service Evaluation System”.

Regarding advertisements and product labels, all public product sales and market information of the Group must be reviewed to ensure that they comply with legal requirements and are not misleading. The Group will monitor the content of advertisements and product labels to ensure that the content is clear and true.

Valuing Customer Feedback and Rights

The Group respects the opinions of customers and strives to improve customer satisfaction. The Group has established customer satisfaction survey procedures to collect customer feedbacks and suggestions on services and products in order to improve its services and products. The research procedures formulated by the Group will be reviewed internally, and then the research and analysis will be carried out in groups, and the improvement progress will be tracked. At the same time, the Group also regulates the process and standards of after-sales service, and formulates after-sales service control procedures to further improve customer satisfaction.

For frequently-asked-questions in after-sales service, after-sales service personnel will contact customers directly to solve their enquiry, and record the solution process and results. The Group will calculate the up-to-standard value of the performance indicators of after-sales service personnel based on the collected statistics. The performance indicators include the completion rate of after-sales problems and the time frame used to solve common inquiries. Those who fail to meet the standards will be assessed. For the handling of special problems, the Group will assess the responsible department or person in accordance with the specified time. If the handling of special problems is not completed within the specified time without justified reasons, the relevant personnel will be punished with negative incentives to ensure that customer feedback is dealt with in a timely manner.

Tonghui Logistics focus on customer satisfaction and continuous improvements as the principle of quality control policy, and strives to improve service quality beyond customers' expectations. Tonghui Logistics has implemented the three-guarantee management policy when dealing with spare parts – "return, replacement and repair", and handles the repair and maintenance of the vehicle parts that have failed to perform due to quality-related issues, ensuring the best efforts in protecting users rights and interests. When the claim is approved, the old part will be returned directly to the supplier involved. The returned parts will be preserved and all the returning information will be indicated on the label.

In addition, the Group attaches huge attention to customer privacy management, strictly abides by the "Network Security Law of the People's Republic of China", and strives to prevent customers' property from being illegally infringed or leaked, aiming to protect customer rights. The Group has informed its employees about the proper handling of customer information. Employees must have a fair reason to obtain customer information. The Group has also adopted data security measures and organized employee training about customer privacy to promote privacy awareness and ensure customer information are secured.



The Group has set up different complaint channels, such as WeChat official account, email, and telephone to allow customers submit their valued opinions and complaints. When a customer complaint is being reviewed, we will arrange relevant personnel to take measures to correct it and prevent it from happening again. The Group will conduct statistical analysis on customer opinions, rectifications, and treatments every six months, summarizing the areas needed to be improved for customer satisfactions during the half-year period, and formulate a follow-up plan to better handle future complaints.

For customer complaints, the Group will, in principle, accept and review the complaint within 3 working days. Every accepted complaint will be sort within 30 business days. During the Year, the Group received a total of 6 complaints, all of which were resolved in a timely manner.



End User Satisfaction Survey

Protecting Intellectual Property

The Group strictly abides by laws and regulations related to intellectual property such as the “Patent Law of the People’s Republic of China”, “Trademark Law of the People’s Republic of China”, and “Enterprise Intellectual Property Management Regulations”. By promoting technological innovation and production technology progress, the Group aims to improve the company’s market competitiveness and economic gains.

The Group has formulated a patent management system and a trademark management system, and is committed to standardizing the company’s trademark and patent management, establishing and maintaining corporate reputation, protecting trademark exclusive rights, enhancing employees’ awareness of legal protection of intellectual property rights, and improving corporate efficiency.

The Group regards intellectual property rights as intangible assets that affects the Group’s reputation and customer recognition. The Group has established an emergency management system for intellectual property rights to protect the rights and interests of the Group. When patents, trademarks, or copyrights are found to be infringed and/or accusations of infringement are encountered, the Group will initiate an emergency management system for emergency treatment. The Group’s Operations Management Department will take the lead in arranging an emergency team to discuss countermeasures, including but not limited to requesting administrative agencies to investigate and deal with, filing infringement lawsuits with the people’s courts, and requesting the signing of trademark licensing or transfer contracts.

Operation Practices

During the Year, the Group has provided relevant employees with training on the basic knowledge of intellectual property rights to understand the role and importance of intellectual property rights, as well as the method of determining patent infringement. The Group has also established an intellectual property risk avoidance plan, and will conduct regular intellectual property risk control to avoid infringement. For example, the Group conducts software inspections every six months to avoid piracy and infringement of office software, conducts intellectual property evaluations when new products are produced, and conducts intellectual property inspections of promotional materials before sales promotions.

5.3. Anti-corruption

The Group has always adhered to integrity management, and strictly abides by the “Criminal Law of the People’s Republic of China”, “Anti-Unfair Competition Law of the People’s Republic of China” and other laws and regulations related to anti-corruption and anti-bribery, and advocates a corporate culture of honesty and integrity. The employee handbook established by the Group sets out the rules and regulations for conflicts of interest and due diligence, and clearly stipulates the ethical conduct that employees should maintain. Any employee who commits corruption, bribery, or fraud will be terminated unconditionally and immediately.

The Group prohibits all employees from seeking personal benefits or seeking benefits for others in any name and form. Employees should also take the initiative to avoid conflicts of interest, and must not engage in commercial activities with units that have engaged in an interest relationship. The Group encourages employees and related parties to report any internal violations of discipline, law, fraud, and behaviors that damage the group’s interests and image in an orderly manner. Thus, reporting management measures are formulated to establish and improve reporting channels and mechanisms. The Group has established different reporting channels, including reporting hotlines and complaint reporting rooms. The Group also take measures to ensure the identity of the whistleblower are confidential to protect employee rights. During the year, the Group did not have any legal proceedings against the Group or employees related to corruption.

During the year, the Group organized a meeting on the coordinating mechanism for building a clean and honest government and anti-corruption work model. The model conducted self-examination of various issues reported, made immediate changes, and established a long-term mechanism to effectively prevent risks. The Group also coordinates with each member and unit to strengthen the supervision and inspection of the performance in supervisory duties and business areas. The Group is focusing on discover the causes, urging relevant units to implement rectification on responsibilities, promoting the resolution of hidden problems and dangers, improving corporate governance efficiency, and is building a clean risk prevention and control system.

In order to ace in the education of honesty and anti-corruption, the Group emphasizes on organizing anti-corruption training and moral education for employees, and uses materials such as warnings, education films, and typical cases to strengthen the discipline awareness, bottom-line thinking, and review the rules for all party members and leading cadres.



Community Investment

6. Community Investment

The Group recognises the importance of giving back to the community and actively fulfils its corporate social responsibility by paying attention to the needs of the underprivileged and different minority groups in the society. Sparing no effort to help the community in order to give back to the society. The Group encourages its staff to participate in community activities and events in various ways, so as to contribute to a harmonious and sustainable society. Looking ahead, the Group will continue to focus on community care and staff development, and aim to improve society through participation in different meaningful community activities.

Combating the COVID-19

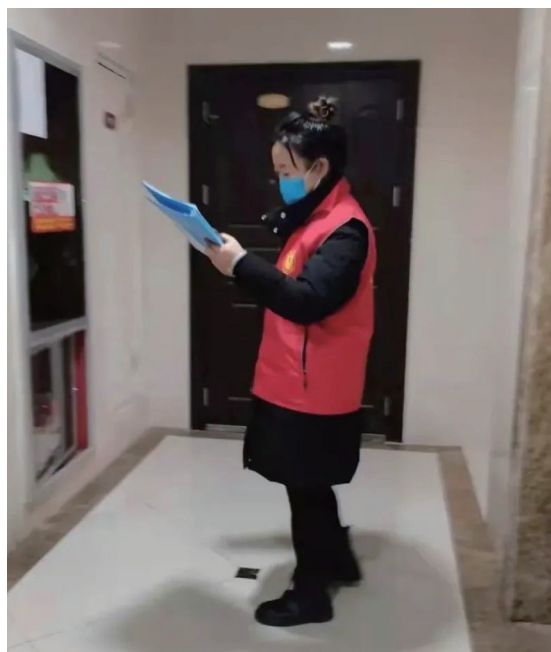
Since the covid-19 pandemic, the Group had organized various donations and social engagement events to support the fight against the pandemic. Knowing the impact of pandemic and pandemic protocols have on different social groups, the Group has actively participated in different relief events, including:

1) Community anti-epidemic and volunteer activity

The Group organised a large-scale community campaign to combat the epidemic earlier this year. Other than delivering supplies, medicines, and food to the needy and elderly, the Group's staff are encouraged to participate in door-to-door visits. Thereby to further understand and care for the needs and concerns of different communities, and thus achieving the goal of working together to fight the epidemic and community improvement.



Handing out daily necessities



Door-to-door visits

Community Investment

2) “Lei-Fung” Month

With hopes of promoting the “Lei-Fung ideals” and volunteering rates, the Group had organized and implemented various activities surrounding the theme of “Lei-Fung Month”. With meticulous planning and management, the staff members practiced and applied the “Lei-Fung” ideals in number of activities such as volunteering, theme party, community cleaning, etc.

As volunteers, the staff actively engage in cleaning up the community and the buildings along it, aiming to provide a clean and comfortable environment for the public and its residents.

In addition, the Group also organised free haircuts for the elderly, conducted legal education for the elderly, and taught the elderly to use smartphones for pension and old age allowance applications. Through such activities, the elderly can apply for basic social security services more conveniently and avoid unnecessary travels.



Community cleaning



Teaching elderly to better use their devices

3) Donation of anti-pandemic supplies

In April 2022, the Group organised the donation of protective and epidemic prevention materials (including medicine and masks and other essential items) to the Shanghai Railway Public Security Bureau. By doing so, the Group demonstrates the responsibility of a state-owned enterprise through practical actions. In the midst of the epidemic, the Group hoped to do its part to improve and give back to the as best as we could.



Distribution of emergency supplies by our logistic team

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG KPIs	Description	Chapter
Environment		
Aspect A1: Emissions	General disclosure Regarding waste gas and greenhouse gas emissions, discharge to water and land, generation of hazardous and non-hazardous waste, etc.: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Environmental protection Emission and waste management
KPI A1.1	Types of emissions and related emissions data.	Environmental protection Emissions and Waste Management • Exhaust Emission
KPI A1.2	Direct (Scope 1) and Energy Indirect (Scope 2) GHG emissions and intensity.	Environmental protection Emissions and Waste Management • Greenhouse Emission
KPI A1.3	Total amount and density of hazardous waste generated.	Environmental protection Emissions and Waste Management • Waste Management
KPI A1.4	Total amount and density of non-hazardous waste generated	Environmental protection Emissions and Waste Management • Waste Management
KPI A1.5	Description of the emissions targets set and the steps taken to achieve them.	Environmental protection Emissions and Waste Management • Greenhouse Emissions
KPI A1.6	Description of the methods for handling hazardous and non-hazardous waste, and describe the waste reduction goals set and steps taken to achieve these goals.	Environmental protection Emissions and Waste Management • Waste management

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG KPIs	Description	Chapter
Aspect A2: Use of resource	General disclosure Policies for the efficient use of resources, including energy, water and other raw materials.	Environmental protection Resource Use
KPI A2.1	Total direct and/or indirect energy consumption and intensity by type.	Environmental protection Resource use • Energy management
KPI A2.2	Total water consumption and density.	Environmental protection Resource use • Water resources management
KPI A2.3	Description of the energy efficiency goals set and the steps taken to achieve them.	Environmental protection Resource use • Energy management
KPI A2.4	Description of any problems in obtaining suitable water sources, the water efficiency goals established and the steps taken to achieve these goals.	Environmental protection Resource use • Water resource management
KPI A2.5	The total amount of packaging material used for the finished product.	Environmental protection Resource use • Materials Use
Aspect A3: Environment & natural resources	General disclosure Policies to minimize the issuer's significant impact on the environment and natural resources.	Environmental protection Emissions and Waste Management Resource Use Facing climate change
KPI A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage those impacts.	Environmental protection Emissions and Waste Management Resource Use Facing climate change
Aspect A4: Climate change	General disclosure Policies for identifying and addressing material climate-related issues that have and may have an impact on the issuer.	Environmental protection Facing climate change
KPI A4.1	Description of the major climate-related issues that have and may have an impact on the issuer, and the corresponding actions.	Environmental protection Facing climate change

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG KPIs	Description	Chapter
Community		
Employment and Labor Practices		
Aspect B1: Employment	General disclosure Regarding compensation and termination, recruitment and promotion, hours of work, vacation, equal opportunity, diversity, anti-discrimination, and other benefits and benefits: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Employment and Labor Practices Employee Rights Caring for Employees
KPI B1.1	Total number of employees by gender, employment type, age group and region.	Employment and Labor Practices Employee Rights • Employee Recruitment
KPI B1.2	Employee turnover rates by gender, age group and region.	Employment and Labor Practices Employee Rights • Employee Recruitment
Aspect B2: Health & Safety	General disclosure Regarding providing a safe working environment and protecting employees from occupational hazards: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Employment and Labor Practices Health & Safety
KPI B2.1	The number and rate of work-related fatalities in each of the past three years (including the reporting year).	Employment and Labor Practices Health & Safety
KPI B2.2	Lost work days due to work-related injuries.	Employment and Labor Practices Health & Safety
KPI B2.3	Description of the occupational health and safety measures adopted, and how they are implemented and monitored.	Employment and Labor Practices Health & Safety



CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG KPIs	Description	Chapter
Aspect B3: Development & training	General disclosure Policies on enhancing the knowledge and skills of employees to perform job duties. Describe training activities.	Employment and Labor Practices Employee Development & Training
KPI B3.1	Percentage of trained employees by gender and employee category.	Employment and Labor Practices Employee Development & Training
KPI B3.2	The average number of hours of training completed by each employee, by gender and employee category.	Employment and Labor Practices Employee Development & Training
Aspect B4: Labor standards	General disclosure Regarding the prevention of child labor or forced labor: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Employment and Labor Practices Employee Rights
KPI B4.1	Description of measures to review recruitment practices to avoid child and forced labor.	Employment and Labor Practices Employee Rights
KPI B4.2	Description of the steps taken to eliminate the situation when a violation was discovered.	Employment and Labor Practices Employee Rights
Operating Practices		
Aspect B5: Supply chain management	General disclosure Environmental and social risk policies for managing supply chains.	Operation Practices Supply Chain Management
KPI B5.1	Number of suppliers by region.	Operation Practices Supply Chain Management
KPI B5.2	Description of the practices related to engaging suppliers, the number of suppliers to whom the practices are enforced, and how they are enforced and monitored.	Operation Practices Supply Chain Management
KPI B5.3	Description of the practice of identifying environmental and social risks in each link of the supply chain, and the related implementation and monitoring methods.	Operation Practices Supply Chain Management
KPI B5.4	Describe the practice of promoting the use of environmentally friendly products and services in supplier selection, as well as related implementation and monitoring methods.	Operation Practices Supply Chain Management

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG KPIs	Description	Chapter
Aspect B6: Product responsibility	General disclosure Health and safety, advertising, labeling and privacy matters and remedies for products and services offered: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Operation Practices Product Responsibility
KPI B6.1	Percentage of total product sold or shipped that is subject to recall for safety and health reasons.	Operation Practices Product Responsibility • Product Quality
KPI B6.2	The number of complaints received about products and services and how to deal with them.	Operation practices Product responsibility • Valuing Customer Feedback and Rights
KPI B6.3	Description of practices related to the maintenance and protection of intellectual property rights.	Operation Practices Product Responsibility • Protecting Intellectual Property
KPI B6.4	Description of the quality verification process and product recall procedures.	Operation Practices Product Responsibility • Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are enforced and monitored.	Operation Practices Product Responsibility • Valuing Customer Feedback and Rights



CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG KPIs	Description	Chapter
Aspect B7: Anti-corruption	General closure Regarding the prevention of bribery, extortion, fraud and money laundering: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Operation practices Anti-corruption
KPI B7.1	The number and outcome of concluded corruption litigation cases brought against the issuer or its employees during the reporting period.	Operation practices Anti-corruption
KPI B7.2	Description of preventive measures and reporting procedures, as well as related implementation and monitoring methods.	Operation practices Anti-corruption
KPI B7.3	Description of the anti-corruption training provided to directors and employees.	Operation practices Anti-corruption
Community		
Aspect B8: community investment	General disclosure Policies on community engagement to understand the needs of the communities in which it operates and to ensure that its business activities take into account the interests of the communities.	Community investment
KPI B8.1	Focus on areas of contribution.	Community investment
KPI B8.2	Resources used in areas of focus.	Community investment



德銀天下股份有限公司
DEEWIN TIANXIA CO.,LTD