

# inspur 浪潮

## 浪潮數字企業技術有限公司 INSPUR DIGITAL ENTERPRISE TECHNOLOGY LIMITED

(前稱為Inspur International Limited 浪潮國際有限公司)  
(Formerly known as Inspur International Limited 浪潮國際有限公司)  
(於開曼群島註冊成立的有限公司)  
(Incorporated in the Cayman Islands with limited liability)  
(股份代號 Stock Code : 596)



# 2022

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT  
環境、社會及管治報告

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## SCOPE AND REPORTING PERIOD

This Environmental, Social and Governance (“ESG”) report highlights the ESG performance of Inspur Digital Enterprise Technology Limited (the “Company”, and together with its subsidiaries referred to as the “Group”), with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Main Board Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

The Group engages mainly in software development and provision of cloud services and IoT solutions. The company continues to accelerate its transformation into an enterprise cloud service provider, leveraging its leading edges in full-stack technologies including cloud computing and big data. The Group embraces the idea of platformisation and has developed a range of platform-based products revolving around cloud ERP, so as to drive valuable growth and facilitate the building of smart enterprises. This ESG report summarizes the overall performance of its principal business operations in Jinan and Beijing of the People’s Republic of China (“PRC”) from 1 January 2022 to 31 December 2022 (“Reporting Period”), unless otherwise stated. The main business operations include:

- Shandong Inspur Digital Services Co., Ltd. (“Inspur Services”) in Jinan, Shandong Province, PRC;
- Beijing Tianyuan Network Co., Ltd. (“Tianyuan Network”) in Beijing, PRC;
- Inspur Communication Information System Co., Ltd. (“Communication Information”) in Jinan, Shandong Province, PRC; and
- Inspur Genersoft Co., Ltd (“Inspur Genersoft”) in Jinan, Shandong Province, PRC.

## THE BOARD STATEMENT

In face of the challenges of climate change, the Group believes that effective ESG management is crucial to the current and future development of its business. The Group is committed to establishing an effective ESG management structure to proactively manage environmental and social risks, strengthening the communication and interaction with stakeholders, and raising its ESG management standards in a bid to ensure the sustainable development of its business.

The Group’s Board of Directors (the “Board”) acknowledges that it is fully responsible for ESG-related matters, including the formulation of the Group’s ESG strategies, preparation of annual ESG reports, and identification and assessment of ESG-related risks of its business. The Board reviews the Group’s environmental goals, emission and waste reduction measures, and climate-related risk mitigation measures at the annual meeting to minimize the negative impact of ESG risks on the Group, and to ensure the Group’s compliance with the regulatory requirements set out in Appendix 27 of the Listing Rules. The Group has established the ESG Working Group (“Working Group”) which consists of members of the senior management (“Management”) appointed to oversee ESG-related issues. When any material ESG topics or risks that may have an impact on the Group’s interests are identified, the Working Group will report the issues and recommend countermeasures for these risks. Following the guidelines of the Board, the Working Group formulates and implements ESG strategies, and assists the Board in supervising and managing ESG issues concerning the daily operations of the business.

In order to review and evaluate the progress and effectiveness of ESG-related strategies, the Group engages stakeholders regularly to obtain their feedback and to get a full picture of the major concerns of various stakeholders regarding the company’s ESG matters. The common communication channels include annual employee satisfaction surveys, monthly employee meetings, monthly customer satisfaction interviews, and regular communications with customers and potential talents. The Group also communicates with workgroups and departments on employee welfare and development, customer service, quality assurance and community service.

# STAKEHOLDER ENGAGEMENT AND MATERIALITY

## STAKEHOLDER ENGAGEMENT

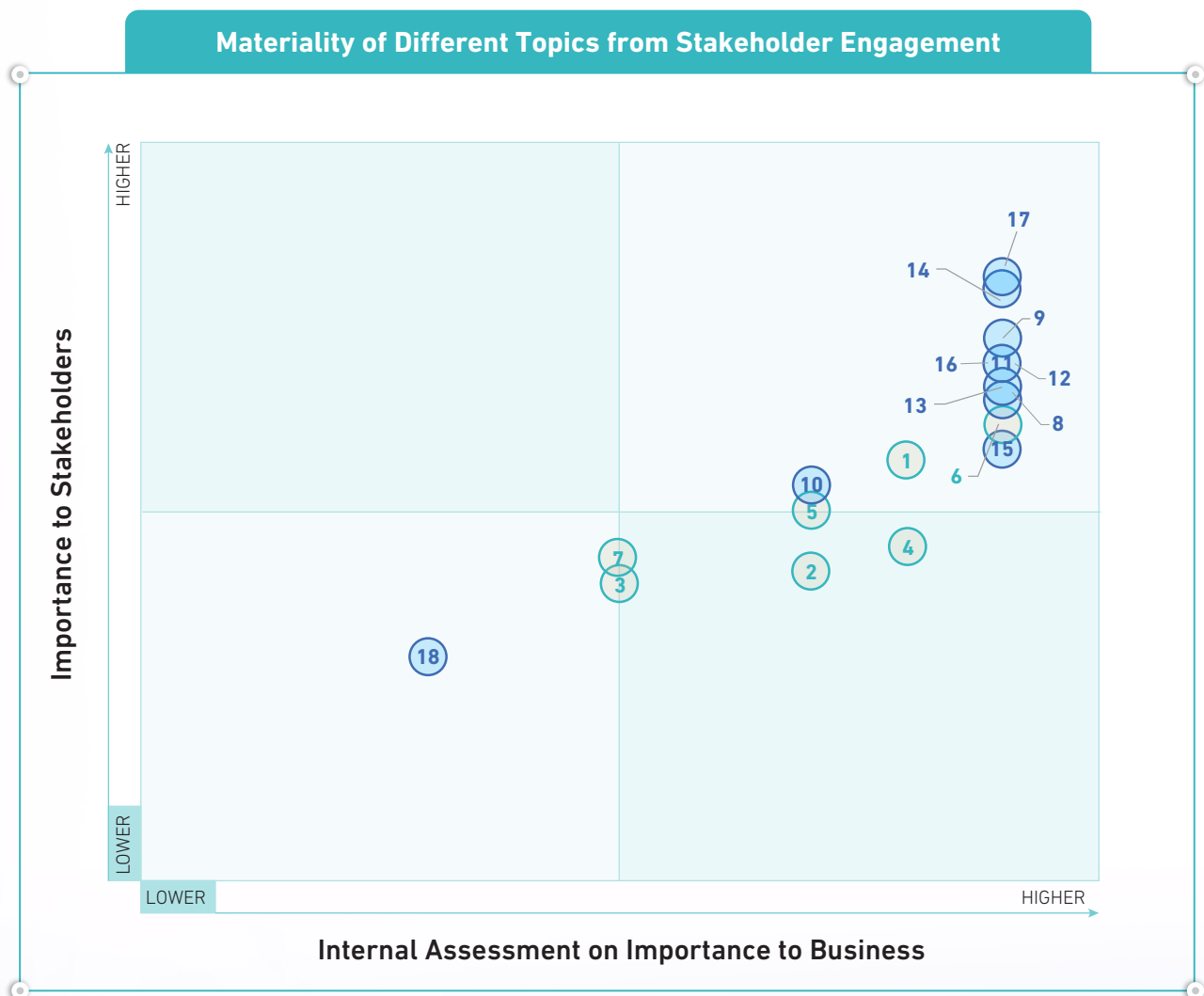
The Group attaches great importance to stakeholder engagement. It regularly communicates with stakeholders of different groups through various channels. The stakeholder engagement does not only allow the Group to gain insight into ESG-related issues but also to identify business growth opportunities and be poised for future challenges.

Stakeholder groups	Regular engagement channels
Employees	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Intranet platform</li> <li>• WeChat groups</li> <li>• Training courses and talent development programmes</li> <li>• Employee engagement activities</li> </ul>
Customers and business partners	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Salons</li> <li>• After-sales services</li> <li>• Customer service hotlines</li> <li>• Customer satisfaction surveys</li> <li>• Product training courses</li> <li>• Site visits by quality control technicians</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Tendering processes</li> <li>• Audits and performance reviews</li> <li>• Site visits</li> <li>• Telephone and email communications</li> <li>• Annual and interim reports</li> <li>• Company website</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Annual general meetings</li> <li>• Annual and interim reports</li> <li>• Roadshows</li> <li>• Company website</li> <li>• Annual and interim results announcements</li> </ul>
Government bodies	<ul style="list-style-type: none"> <li>• Visits to the government</li> <li>• Seminars</li> </ul>
Industry	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• Seminars</li> <li>• Annual and interim reports</li> <li>• Company website</li> </ul>
Local community	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Email</li> <li>• Community events</li> </ul>

## MATERIALITY ASSESSMENT

Both internal and external stakeholders, namely the Board, shareholders, senior management, frontline staff, customers, suppliers and business partners, were engaged in the materiality assessment process to identify and prioritize ESG material issues that were crucial for the Group's sustainable development. Stakeholders were asked to rate against a list of 18 ESG topics in terms of their relevance and importance to the Group's business development and sustainability, as well as to the wider community. Results of the materiality assessment and the consolidated list of ESG material aspects are shown in the following matrix and table respectively.

## MATERIALITY MATRIX



Environmental			
1	Energy	10	Development and Training
2	Water	11	Labour Standards
3	Air Emission	12	Supplier Management
4	Waste and Effluent	13	Intellectual Property Rights
5	Other Raw Materials Consumption	14	Data Protection
6	Environmental Protection Policies	15	Customer Service
7	Climate Change	16	Product/Service Quality
Social			
8	Employment	17	Anti-corruption
9	Occupational Health and Safety	18	Community Investment

The following environmental and social topics are identified as the most material issues to the stakeholders:

1. Anti-corruption;
2. Data Protection;
3. Occupational Health and Safety;
4. Labour Standards;
5. Supplier Management; and
6. Product/Service Quality.

The above aspects have been stringently managed through the Group’s policies and guidelines. Management of the aspects is described in the corresponding sections below. The Group closely communicates with its stakeholders and continues to improve its ESG performance and management of ESG-related risks for future business development.

## STAKEHOLDERS’ FEEDBACK

The Group welcomes stakeholders’ feedback on its ESG approach and performance. Please give your suggestions or share your views with the Group via email at [zoubo@inspur.com](mailto:zoubo@inspur.com).

# AWARDS, CERTIFICATIONS AND CORPORATE MEMBERSHIPS

During the Reporting Period, the Group's business operations obtained the following awards, certifications, and corporate memberships.

Business operations	Awards, certifications, and corporate memberships
Inspur Services	<p>Awards:</p> <ul style="list-style-type: none"><li>• The first group of innovative enterprises</li><li>• Officially recognized as Famous Trademark in China by the State Trademark Office</li></ul>
Tianyuan Network	<p>Awards:</p> <ul style="list-style-type: none"><li>– 1 National Science and Technology Progress Award</li><li>– 2 Provincial Science and Technology Progress Awards</li></ul> <p>Membership:</p> <ul style="list-style-type: none"><li>– China Communication Standards Association</li><li>– China Association for Standardization</li><li>– Zhongguancun High Technology Enterprise Association</li></ul> <p>Certification:</p> <ul style="list-style-type: none"><li>– ISO 9000</li></ul>
Communication Information	<p>Membership:</p> <ul style="list-style-type: none"><li>– China Security and Protection Industry Association</li><li>– Tele Management Forum – Member Organization</li><li>– Member of CCSA TC610 SDN/NFV/AI Standards and Industry Promotion Committee</li></ul>

**Business operations**      **Awards, certifications, and corporate memberships**

Certification:

- ISO 9001 Quality Control System Certification
- ISO 45001 Occupational Health Complete Management System Certificate
- ISO 20000 Information Technology Service Management System Certification
- ISO 27001 Information Security Management System Certification
- CCRC Safety Integration Level 1 Certificate
- CCRC Certificate III in Risk Assessment
- CCRC Software Security Development Level 2 Certificate
- CCRC Security Operation and Maintenance Level 2 Certificate

Awards and Honour:

- The Best Innovative Enterprise in Computing and Network Convergence
- The Best Innovative Operating System Award
- Product/Service Brand of Innovative Achievement in Shandong Province 2022 – Innovation Second Prize
- 5A Certification for Energy-saving Technical Services and Green Data Center Infrastructure Construction and Maintenance Services
- A remarkable case of international cooperation in the software industry of SCO countries
- “Mobile Cloud Cup” Computing Network Application Innovation Competition 2022 – Third Prize in Finals
- “Science and Technology China” Pioneer Technology List 2022
- Participated in the drafting of the white paper on the Autonomous Networks
- Outstanding Catalyst – Social and Sustainable Development Impact Award
- Participated in the drafting and publication of the technology standards and white paper of Autonomous Networks
- The 5th “Blooming Cup” 5G Application Solicitation Contest: Topics on 5G Enhanced Technology – First Prize
- Provincial Kunpeng Application Innovation Competition – First Prize
- National Kunpeng Application Innovation Competition – Second Prize
- Shortlisted Cases of Innovative Achievement in Energy Enterprise Informatization and Practices 2022



## Business operations

Inspur Genersoft

## Awards, certifications, and corporate memberships

Membership:

- China Enterprise Confederation
- China Association of Chief Financial Officers
- China Software Industry Association
- Chinese Medical Accounting Society
- Industrial Technology Software Industry Alliance
- Storage Branch of Chinese Cereals and Oils Association

Awards:

- "Management Science Award" awarded by Chinese Society of Management Science
- Inspur GS Cloud has awarded the Excellent Software Product, and Inspur inBuilder has awarded the Excellent Product Award of China's Low Code Platform (China Software Industry Association)
- China's SaaS market, aPaaS market leader group,
- The smart manufacturing solution was selected as the "Major Manufacturer" quadrant of the digital factory (IDC International Data Corporation)
- Ranked first in comprehensive competitiveness of China's PaaS market and aPaaS market, and has obtained the first in user satisfaction (CCW Information)
- Inspur GS Cloud and Inspur inSuite were appraised as Shandong Famous Brands (Shandong Brand Construction Promotion Association)

Business operations	Awards, certifications, and corporate memberships
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Certification:

- ISO9001 Quality Management System
- ISO20000 IT Service Management System
- ISO27001 Information Security Management System
- ISO14001 Environmental Management System
- ISO45001 Occupational Health and Safety Management System
- CCRC level 2 Information Security Service qualification certificate
- CCRC Information System Software security development
- CCRC information system security operation and maintenance
- Electronic and intelligent engineering professional contracting qualification (level 2)
- ITSS Operation Maintenance Level 2
- Registered License (Level 2) for Design and Engineering of Security and Precaution Systems in Shandong Province

# A. ENVIRONMENT

## A1. EMISSIONS

The Group strives to abide by the national laws and regulations in relation to environmental protection as set out in the PRC, including but not limited to:

- Environmental Protection Law of the PRC;
- the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste;
- the Law of the PRC on the Prevention and Control of Atmospheric Pollution;
- the Law of the PRC on the Prevention and Control of Water Pollution;

As a software and solution provider, the Group and its daily operations have minor impacts on the natural environment. While the Group has not yet formulated an environmental policy, it is responsible for the environmental impacts caused by its operations of Enterprise Resource Planning (“ERP”) solutions and enterprise cloud service businesses.

No non-compliance with relevant laws and regulations that have a significant impact on the Group in relation to air and greenhouse gas (“GHG”) emissions, discharges into water and land, and generation of hazardous and non-hazardous waste had been identified during the Reporting Period.

### A1.1. Air Emissions

During the Reporting Period, air emissions were mainly from petrol-fuelled passenger cars owned by Tianyuan Network, contributing to the emission of nitrogen oxides, sulphur oxides, and respiratory suspended particles.

Mobile fuel source	Air emissions (non-GHG) from the vehicle operations		
	NOx (kg)	RSP (kg)	SOx (kg)
Petrol	24.22	1.12	0.02

## A1.2. Greenhouse Gas (“GHG”) Emissions

Throughout the Reporting Period, the Group’s business operations contributed to GHG emissions of 3,000.07 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq.), mainly carbon dioxide, methane, and nitrous oxide. The overall intensity of the GHG emissions of the Group was 0.10 (last year: 0.094) tCO<sub>2</sub>eq./m<sup>2</sup> with reference to the total floor area of the Group’s business operations, or 0.37 (last year: 0.60) tCO<sub>2</sub>eq. per employee, with reference to the total number of employees. As a high-tech product and service provider, the Group consumed a significant amount of purchased electricity for its daily operations, which accounted for 60% (last year: 67%) of its total GHG emission.

Scope of Greenhouse Gas Emissions	Emission Sources	GHG Emission (in tCO <sub>2</sub> eq.)	Total GHG Emission (in percentage)
<b>Scope 1 Direct Emission</b>			
Combustion of fuels in mobile sources	Petrol	2.79	<1%
<b>Scope 2 Energy Indirect Emission</b>			
Purchased electricity		1,786.31	60%
<b>Scope 3 Other Indirect Emission</b>			
Paper Waste disposal at landfills		0.14	40%
Electricity used for freshwater treatment		22.06	
Electricity used for wastewater treatment		10.82	
Business air travel		1,177.95	
<b>TOTAL</b>		<b>3,000.07</b>	<b>100%</b>

Note 1: Emission factors were made by reference to Appendix 27 to the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

Note 2: The national grid emission factor of 0.581tCO<sub>2</sub>/MWh was used for the calculation of purchased electricity.

Note 3: The GHG emissions of Scope 3 were calculated based on available emission factors in Appendix 27 of the Listing Rules and its references.

## A1.3. Hazardous Waste

During the Reporting Period, the Group did not generate any hazardous waste.

## A1.4. Non-hazardous Waste

The Group generated a total of 164.49 (last year: 152.76) tonnes of non-hazardous waste during the Reporting Period, which contributed to an overall intensity of 5.72 kg/m<sup>2</sup> and 20.18 kg per employee. The domestic waste from its offices was the major source of its non-hazardous waste. Based on multiple rounds of sampling, it is estimated that an average of 0.5 kg of non-hazardous waste was generated per employee per day. Of the non-hazardous waste generated, there were 0.874 tonnes of office waste paper, and 152.75 tonnes of miscellaneous waste comprising metal, glass, plastic waste, and non-office waste paper.

Note 4: It is estimated that the amount of waste paper was equivalent to 2% of the amount of paper purchased by the Group.

## A1.5. Measures to Mitigate Emissions

### *Road Transport Source*

The Group regulates the use of its vehicles through a stringent approval process. Employees are encouraged to commute by public transport. Electric vehicle ("EV") charging stations have been set up in the Group's car parks in response to the surge in the number of electric vehicles.

The use of public transport for short-haul travel is encouraged. Having liaised with the bus service provider, the Industrial Park, where the Group's operations are located, is covered with an extensive bus route network and plentiful bus stops to facilitate commuting by public transport. At the same time, the Group only provides taxi fare reimbursement for travelling beyond 9 pm in order to limit the time allowed for riding taxis. When it comes to vehicle renting, energy-efficient, low-emission vehicles are preferred. Virtual online meetings are also encouraged, if possible, to reduce emissions from business travelling. The Group has issued a notice on "Further Saving in Energy and Reduction in Consumption at Work". Also, the "Energy Conservation and Emission Reduction Program for All" was published on the Group's intranet to share with employees the methods to reduce emissions in the workplace and at home. Employees are also encouraged to use as much natural lighting in daily operations as possible. A power-saving reminder is stuck on each power switch.

### *Business Air Travel and Business Travel Policies*

Business trips for the Group are sensibly arranged and priorities are given to low-carbon transportation such as high-speed trains. In addition, the Group encourages employees to take public transport and shuttle bus services are arranged to reduce greenhouse gas emissions from commuting by private cars. In terms of business air travel, the Group has policies to regulate the frequency of business air travel. Only senior management personnel are allowed to travel by first class, as stipulated by the Financial Department. Videoconferencing is encouraged to reduce the number of face-to-face meetings in a bid to reduce the carbon footprint arising from air travel. Due to its business nature, technical staff must make on-site visits to customers for product training and technical support. As the impact of the COVID-19 pandemic on flights in 2022 has been reduced, and various businesses have gradually resumed, the GHG emissions from business air travel increased by 50.6% during the Reporting Period.

The Group aims to reduce GHG emissions intensity by 10% within 10 years, with 2021 as the base year. Compared with the previous reporting year, the GHG emissions intensity in tCO<sub>2</sub>e/employee in this Reporting Period decreased by 8%. The Group will review its measures for GHG emission reduction continuously in order to achieve the target.

## A1.6. Waste Handling and Reduction Initiatives

The Group's operations generate minimal amounts of hazardous waste. Hazardous waste such as used computers, batteries, and toner cartridges are collected for recycling and stored in a designated area in warehouses for handling by designated personnel. The Group uses refillable cartridges whenever possible to reduce the generation of hazardous waste.

Non-hazardous waste is regularly collected by external cleaning companies for disposal. The Group actively promotes the use of electronic communications and electronic documents for a paperless office. When printing of documents is necessary, double-sided printing and the reuse of paper are highly recommended. There are paper recycling bins on every office floor. With the above measures, the Group has recycled 1.152 tonnes of waste paper. To achieve the goal of reducing waste, notices are posted in toilets and near printers to promote water and paper conservation.

The Group promotes green office and carbon management and encourages employees to observe green initiatives. Offices are equipped with electric appliances such as microwave ovens and refrigerators to encourage employees to bring meals to work or dine in at canteens, thereby minimizing the generation of packaging waste. Food waste is properly handled by outsourced cleaning companies for waste collection and disposal. Water dispensers are also in place to reduce the consumption of disposable water bottles.

The Group aims to reduce waste generation intensity in kg/the total number of employees by 5% within 10 years, with 2022 as the base year. The Group will continue to review its waste reduction measures to achieve the target.

## A2. USE OF RESOURCES

While the policies on the efficient use of resources are yet to be established, the Group is committed to promoting observance of resource conservation practices for environmental conservation and operational efficiency. Offices are checked daily at 8:30 pm to ensure that the environmental protection practices are observed, and reminders will be given if necessary.

## A2.1. Energy Consumption

The energy consumption of the Group's business operations includes electricity and petrol. During the Reporting Period, the total energy consumption of the Group was 3,083,841.55 kWh, with an overall energy intensity of 107.17 kWh/m<sup>2</sup>, and 378.25 kWh per employee.

Energy Consumption Sources	Consumption (in respective unit)	Consumption (in kWh)	Energy Intensity (kWh/m <sup>2</sup> ) (kWh/employee)	
Electricity	3,074,536 kWh	3,074,536	106.84	377.10
Petrol	1,050 Litres	9,305	0.32	1.14
Total energy consumption		3,083,841	107.17	378.25

## A2.2. Water Consumption

During the Reporting Period, the total water consumption of the Group was 51,543.8 m<sup>3</sup>, with water consumption intensity of 1.79 m<sup>3</sup>/m<sup>2</sup> and 6.32m<sup>3</sup>/employee.

## A2.3. Energy Use Efficiency Initiatives

As the Group's GHG emissions are positively correlated to electricity consumption, it actively implements green management in its offices. Energy Conservation and Efficiency Programme as well as General Energy Saving and Carbon Emission Reduction Measures detailing energy saving methods have been launched by the Group in a bid to create a green working environment. The Group has worked out a detailed energy-saving plan for a green office. The performance of the green office operation is subject to regular monitoring and review of the Group. The Group also has implemented the following initiatives in reducing electricity consumption, including but not limited to:

- Setting air conditioners' temperature at 27 °C or above to save energy;
- Switching off air conditioners when the outdoor temperature is under 20 °C;
- Setting computer monitors to switch to the sleeping mode when idled;
- Installing lighting controls and making use of natural daylight whenever possible to avoid unnecessary lighting; and
- Switching off unused electronic appliances and devices after office hours.

The Group has set a target to reduce energy consumption intensity by 10% within 10 years, with 2021 as the base year. Compared with the previous reporting year, the energy consumption intensity in kWh/employee during this Reporting Period decreased by 13%. The Group will continue to review its energy-saving measures to achieve the target.

#### A2.4. Water Use Efficiency Initiatives

During the Reporting Period, the Group did not encounter any issues in sourcing water for its daily operations. The Group treasures water resources and avoids water wastage as much as possible. To improve the efficiency in the use of water resources, the Group has formulated internal guidelines in a bid to change employees' water use behaviour, including but not limited to:

- Putting up posters in prominent areas to promote water conservation;
- Conducting leakage tests on water taps and washers regularly;
- Fixing dripping taps and defects in the water supply system to avoid water leakage;
- Improving inspection and maintenance of water taps, water pipelines, and water tanks; and
- Installing automatic sensor faucets and motion flushing sensors in the toilet.

Through the measures mentioned above, the Group targets to reduce water consumption intensity by 5% within 10 years, with 2021 as the base year. Compared with the previous reporting year, the water consumption intensity in m<sup>3</sup>/employee during the Reporting Period has reduced by 30%. The Group will continue to review its water conservation measures to maintain water use efficiency.

#### A2.5. Packaging Materials

The Group did not consume any packaging materials during the Reporting Period. Hence, no such information is presented in this report.



## A3. THE ENVIRONMENT AND NATURAL RESOURCES

### A3.1. Significant Impacts of Activities on the Environment

The Group's business operations are office-based, with significant emissions mainly from electricity consumption and business air travel. As an enterprise cloud service provider, the Group believes that its operation does not cause significant environmental pollution and poses minimal impacts on the environment. Nevertheless, the Group has established a set of guidelines detailing environmental initiatives on energy and water use and promoting low-carbon living, aiming to raise employees' awareness of carbon and waste reduction. By creating an eco-friendly culture in the workplace, the Group believes its business is moving towards a more sustainable development model.

## A4. CLIMATE CHANGE

The risks brought about by global warming to businesses are extensive, including supply chain disruptions, rising insurance costs, and workforce losses. The heightening threats of climate change and its associated physical damage to businesses, change in market perception and public preference for environmentally friendly products and services have exacerbated climate-related financial, reputational, and strategic risks. In the foreseeable future, climate change will undoubtedly be a growing concern for the Group and various industries. The Group has identified the following risks arising from climate change.

Climate-related risks	Timeframe	Potential financial impacts	Risk level	Trend
		<b>Physical Risks</b>		
<b>Extreme weather</b>	Short term	<ul style="list-style-type: none"> <li>Extreme weather events, such as typhoons, storm surges, and rainstorms, may cause physical damage to infrastructure and operations, and failure of technology and equipment incur costs on recovery and repair. Recovery and repair can take months or even years.</li> <li>Extreme weather may also affect logistics operations, which may in turn cause delays in suppliers' delivery of goods and put our operations at risk.</li> <li>Customers may be affected by extreme weather and postpone plans, or even stop operations, which may cause a direct financial impact on the Group.</li> </ul>	Low	Increase
	Long term			

Climate-related risks	Timeframe	Potential financial impacts	Risk level	Trend
<b>Transition Risks</b>				
<b>Tightening of climate-related policies</b>	Short term	<ul style="list-style-type: none"> <li>Costs may incur for fulfilling the requirements of the tightened environmental policies. It might also raise operating costs, insurance costs, and penalties for noncompliance.</li> <li>In addition to the expense on energy, the Group and its clients may be required to support carbon neutrality by paying carbon taxes or carbon credits. Our data centres may also be charged for excessive electricity consumption.</li> </ul>	Low	Increase
<b>Costs for transition to low-emission technologies</b>	Medium term	<ul style="list-style-type: none"> <li>Replacing existing technology and equipment with low-emission or resource-efficient solutions to meet new energy and sustainability standards entails investment and maintenance costs.</li> </ul>	Low	Increase
<b>Change in customers' behaviour</b>	Long term	<ul style="list-style-type: none"> <li>Customer or user behaviour and preference are changing. Failure to meet stakeholders' expectations for climate risk management and targets can lead to loss of customers and revenue.</li> </ul>	Low	Increase
<b>Reputational risks</b>	Long term	<ul style="list-style-type: none"> <li>Due to changes in customer or user preferences, there may be more negative feedback from stakeholders on logistics services, which may affect the Group's reputation.</li> <li>The Group's clients may face a more severe transitional impact or reputational impact. For example, clients from petroleum or oil service companies are inevitably subject to national carbon-neutral requirements. They not only have to undergo a business transformation but also face reputational loss during the transformation. Under financial pressure, it's likely for them to postpone the management system updates and upgrades, or even more seriously, to cease to be our customers due to operational difficulties.</li> </ul>	Low	Increase

### *Opportunities*

The Group engages principally in cloud computing and ERP system management, which enable the provision of a virtual working environment anytime, anywhere. While the physical risks of climate change may have impacts on us, we believe that the opportunities brought about by climate change are far greater than the risks. When an extreme weather event, or even a plague, occurs, our management system can ensure the normal operations of most enterprises. For any large enterprise in need of collaboration, our cloud management system is an excellent choice.

Take the COVID-19 pandemic as an example. When people could not go to work as usual and offices could not function properly, the cloud computing and ERP management system played a much bigger than usual role to enable the proper collaboration of all employees of an enterprise. During this extraordinary period, cloud computing and ERP management systems were vital to some very important industries such as logistics and e-commerce too. Similarly, when people of all businesses realize that employees cannot go to work as usual under extreme weather, the general demand for cloud computing and ERP management systems is deemed to increase as businesses strive to maintain business continuity under extreme weather.

### *Material Climate-Related Issues That Have Impacts on the Group and Actions Taken*

Given the heightening climate threats, the Group has proactively identified corresponding risks that may have impacts on the Group's operations. The Group has policies in place to ensure the safety of all employees during extreme weather. Employees are allowed to work from home under certain weather conditions so as to mitigate the impacts of increasingly severe and frequent natural disasters on the company's daily operations.

## B. SOCIAL

### 1. EMPLOYMENT AND LABOUR PRACTICES

#### B1. Employment

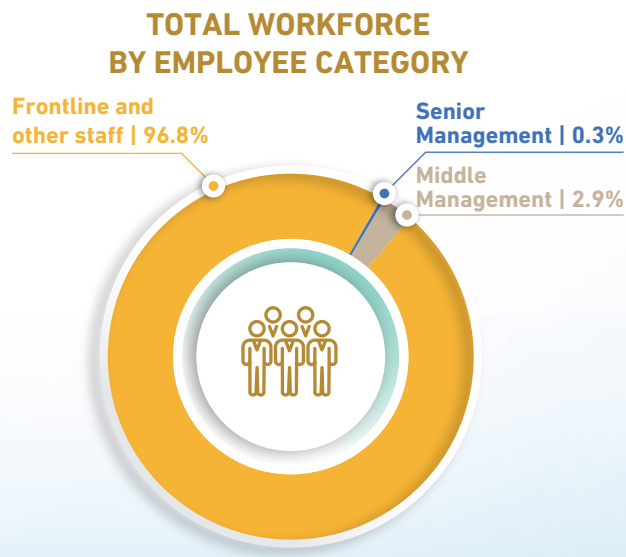
The Group strictly abides by laws, rules, and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, other benefits and welfare, including but not limited to:

- Labour Law of the PRC;
- Labour Contract Law of the PRC;
- Social Insurance Law of the PRC;
- Provisions on the Prohibition of Using Child Labour of the PRC; and
- Law of the PRC on the Protection of Minors.

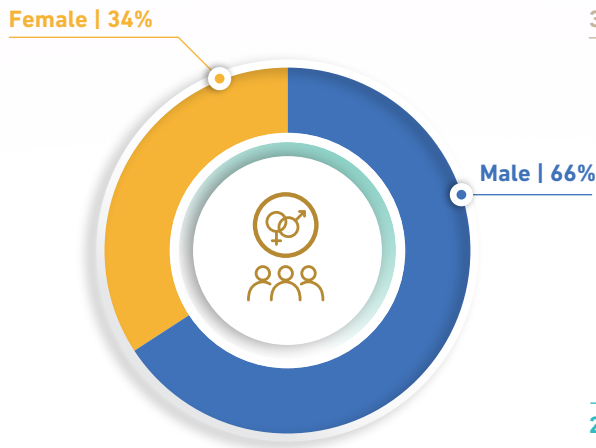
No non-compliance with relevant laws and regulations that have a significant impact on the Group in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare were identified during the Reporting Period.

#### *Workforce*

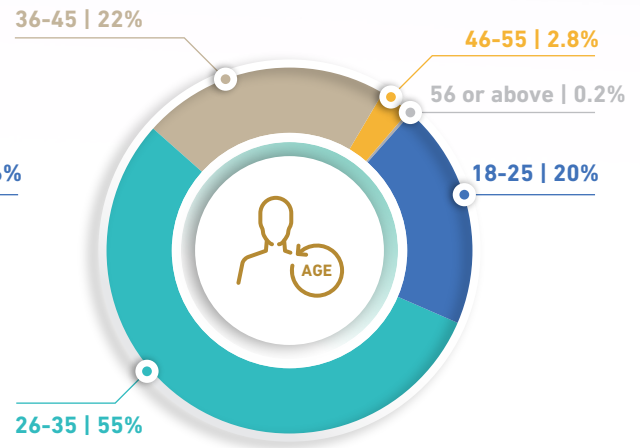
The Group had a total of 7,713 employees (2021: 6,347) as of 31 December 2022. All of them were full-time employees. The Group has attracted elites from around the world. Among them, 99.57% were from mainland China, 0.34% from the United States, 0.09% from Japan. The total workforce distributions categorized by gender, age group, employee category, and geographical area during the Reporting Period are shown below.



### TOTAL WORKFORCE BY GENDER



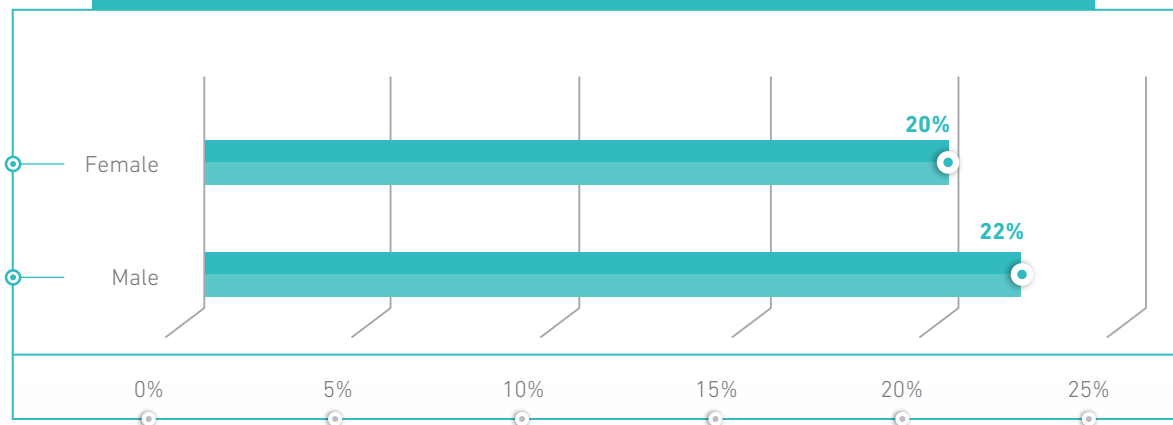
### TOTAL WORKFORCE BY AGE GROUP

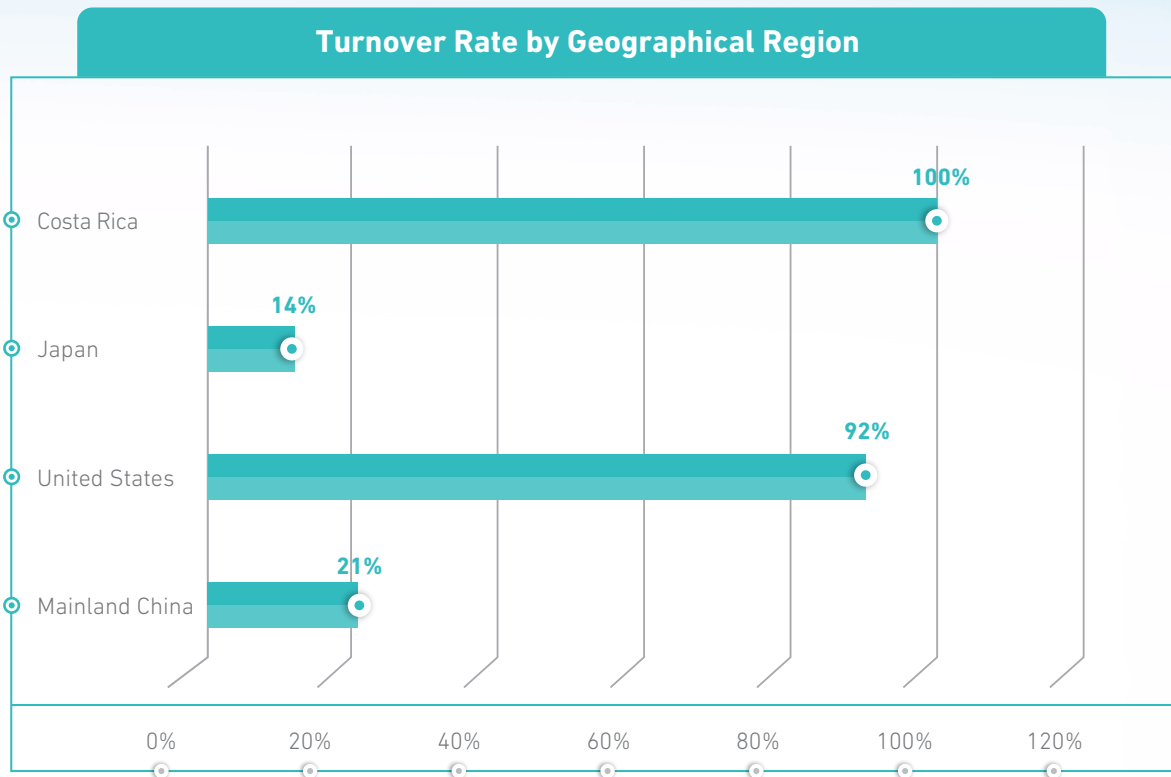


### Turnover Rate

During the Reporting Period, a total of 1,620 employees left the Group, with an overall turnover rate of 21%. The Group offers competitive salary packages to retain high-calibre employees and to reduce employee turnover. The turnover rate categorized by gender, age group, and geographical area during the Reporting Period is shown below.

### TURNOVER RATE - BY GENDER (PERCENTAGE)





*Competitive Compensation and Benefit Package*

The Group values talents, who are regarded as the key success driver of the Group. It recruits employees based on applicants’ capabilities, performance, and relevancies of their experiences. To attract a high-calibre workforce, the Group actively participates in on-campus career fairs and offers competitive remuneration and benefits based on employee performance, educational background, professional qualifications, and experiences. The Group takes reference from the market pay trends and average pay levels to ensure that its employees are offered with reasonable salary packages based on market rates.

As stated in the Employees’ Leave and Attendance Regulations, employees are entitled to sick leave, personal leave, marriage leave, maternity leave, paid annual leave, and statutory holidays. The Group regulates employees’ working hours and offers overtime compensation for employees who work exceeding the statutory working hours. The Group also provides a range of fringe benefits and welfare measures to its employees. The fringe benefits include the mandatory provident fund, insurance schemes, and housing fund. The Group has centralized canteens and rest areas where maternity priority seats are available for pregnant employees. Leisure facilities such as tennis courts, basketball courts, and football practice fields are also available.

### *Equal Opportunity*

The Group envisions a work environment free from discrimination. As an equal opportunity employer, the Group upholds the principles of fairness, openness, objectivity, diversity and non-discrimination throughout the selection processes, in terms of employee recruitment, promotion, transferral and other business operation activities. Assessment of eligibility is based on attributes relevant to the job requirements, such as qualifications, knowledge, work experience, skills and competency. Through the zero-discrimination, open and inclusive recruitment process, talents from different regions, and of different nationalities and religious beliefs are drawn to the Group. In addition, the Group cares for disadvantaged groups. It has cooperated with third-party non-government organizations to create an Employment Assistance Base for the Disabled to promote the employment of persons with disabilities. Also, the Group has barrier-free passages and mothers' rooms, catering to the needs of different people.

### *Appraisal System*

The Group has established a comprehensive performance appraisal system and a fair promotion system to assess employees' work performance. On top of basic salaries, discretionary bonuses and share options would be granted to eligible employees with reference to the Group's and employees' performances. The Group has an official dismissal mechanism, and an appeal system is also in place for dismissed staff to appeal.

### *Activities for Employees*

To promote communication among employees and a sense of belonging towards the workplace and to create a more harmonious working environment, the Group organized the following activities during the Reporting Period:

- Orientations and induction training for new employees;
- Celebration for festivals such as Mid-Autumn Festival and Dragon Boat Festival;
- Engineers' Cultural Festival;
- Departmental team building activities;
- Activities for Women's Day
- Activities for Teacher's Day
- Cultural and sports activities.

*Response to COVID-19 Pandemic*

The Group has not made any layoffs or salary cuts due to the COVID-19 pandemic. It is committed to safeguarding the rights and interests of employees.

**B2. Employee Health and Safety**

The Group strictly abides by laws and regulations in relation to occupational health and safety, including but not limited to:

- Work Safety Law of the PRC;
- Law of the PRC on the Prevention and Control of Occupational Diseases; and
- Regulation on Work-Related Injury Insurance.

The Group cares about the health of its employees and promotes work-life balance by setting appropriate working hours. Employees are entitled to regular health examinations. To promote a healthy lifestyle, the Group organises various recreational activities such as Bi-Annual Sports Day. The Group also provides official nap time in the afternoon to ensure that employees have sufficient rest to recharge themselves. With regular maintenance of air conditioners and water purifiers, there are no complaints about the work environment from employees.

The Group strives to create a safe working environment for its employees. Adequate fire facilities including fire extinguishers and fire alarms are properly installed in office areas and well maintained. Clear fire safety signages indicating emergency escape routes are in place. The Group conducts fire drills annually or participates in fire drills organized by property management to let employees familiarize themselves with the emergency procedures and to enhance their safety awareness.

No non-compliance with relevant laws and regulations that have a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards had been identified during the Reporting Period. In the past three years, including the Reporting Period, the Group had no work-related fatalities.

	2022	2021	2020
Work-related fatalities	0	0	0
Work-related fatality rate	0%	0%	0%
Total days lost due to work-related injuries	0	0	0



### *Preventive Measures against COVID-19*

In response to the outbreak of the COVID-19 pandemic, the Group has implemented the following preventive measures to reduce the risks of infection:

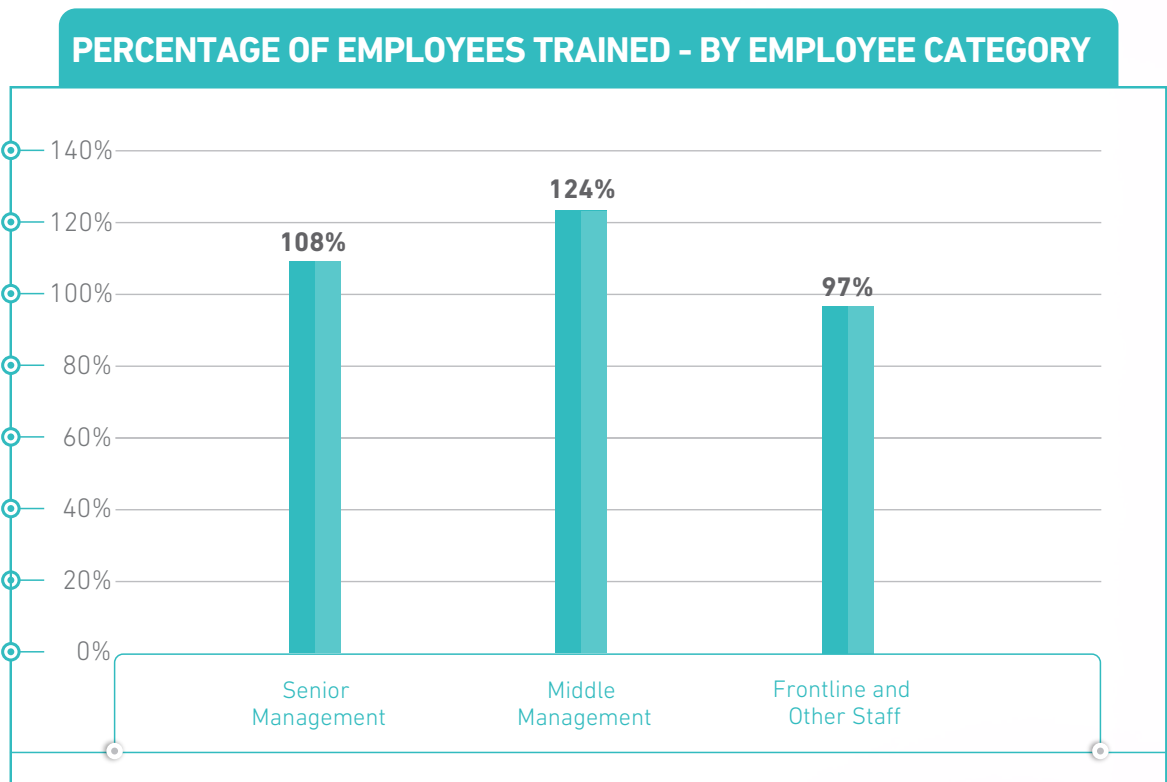
- Arrange nucleic acid tests for employees;
- Require all employees to wear masks;
- Purchase body temperature measuring devices to measure employees' body temperature on a daily basis;
- Segregate workstations and arrange staggered meal times
- Establish a mechanism for reporting COVID-19 cases and information and quarantine is arranged promptly;
- Set up an emergency team to provide supplies to employees in other places;
- Arrange employees to work from home according to the government's epidemic prevention policy, arrange employees who have taken business trips to work at hotels, and reduce business travel; and
- Distribute anti-epidemic supplies, such as masks and disinfectants, regularly to employees after resuming work.

### **B3. Development and Training**

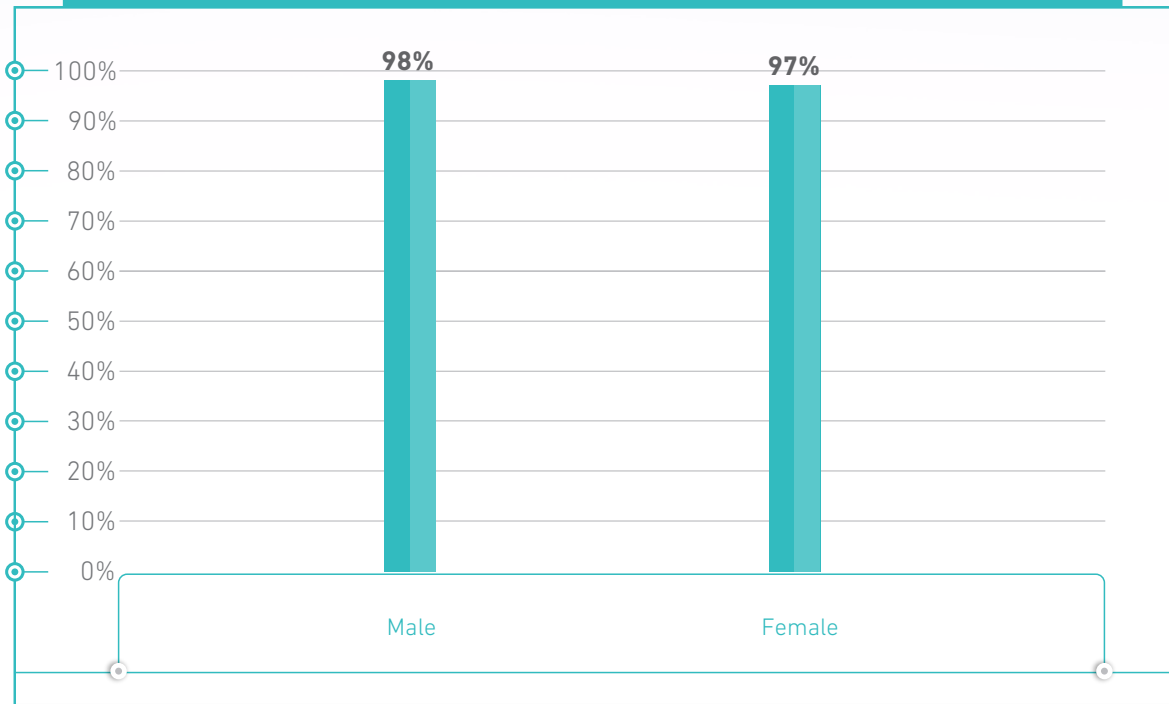
The Group attaches great importance to building a team of high-calibre, well-trained and responsible professionals that ultimately contributes to the growth of the Group and keep it ahead of the market. The group has established an internal training organization, which is actively developing a long-term training strategy to provide training in various forms to improve employees' skills and competencies and to encourage continued education and lifelong learning. Courses such as Inspur International Training Management Method (2021 edition), Inspur International Employees' Certificates Management Method (2021 edition), Inspur International's Management Methods for R&D Professional Rank Certification, Inspur International's Management Method for Pre-Sales Professional Rank Certification, Inspur International's Management Method for Implementation Professional Rank Certification, Inspur International's Management Method for Customer Service Professional Rank Certification, and Inspur International Credit Management Method are provided to employees. Employees' needs are identified through various surveys. The Group ensures that the training objectives are achieved through training and assessments. Learning credits are given to ensure that all employees have fulfilled the learning hour requirement. Employees' improvement over time is tracked.

On-the-job training is provided to both general staff and management personnel. The training covers policies and regulations, business and industry knowledge, updates of product knowledge, professional technologies, integrated management knowledge, etc. Orientation camps are organised for new employees to provide an introduction to corporate culture, management system, job requirements, assessments, etc. Training corresponding to their job nature are arranged for new hires to equip themselves with the necessary knowledge and skills.

During the Reporting Period, 98% of employees received training; the total training hours and the average training hours per employee were 506,862 hours and 66 hours per employee respectively.

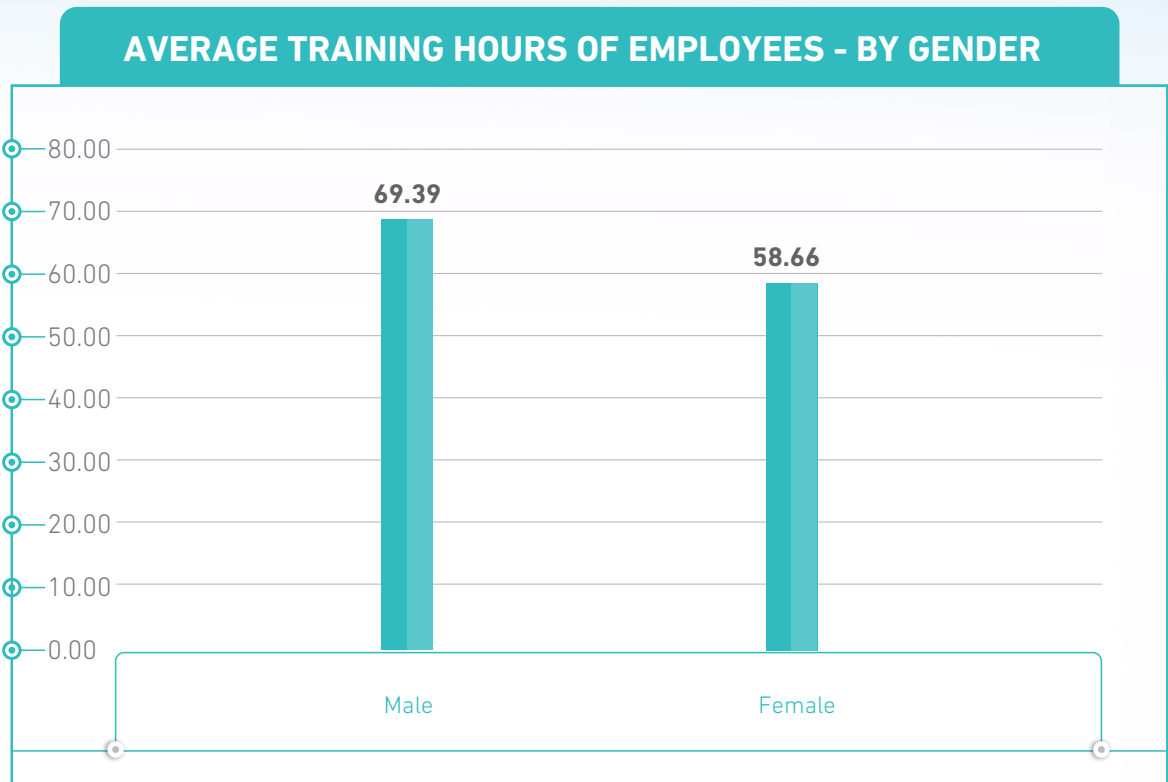


## PERCENTAGE OF EMPLOYEES TRAINED - BY GENDER



## AVERAGE TRAINING HOURS OF EMPLOYEES - BY EMPLOYEE CATEGORY





**B4. Labour Standards**

The Group strictly abides by laws and regulations related to the prevention of child labour or forced labour, including but not limited to:

- Labour Law of the PRC; and
- Provisions on the Prohibition of Using Child Labour of the PRC

There was no child labour or forced labour in the Group’s operations. The Human Resource Department has established codes to prevent child labour and forced labour. New employees are required to submit personal information for verification upon onboarding and such information will be kept at the Human Resources Shared Services Centre. In case of suspected fraud, the Group will reject the candidate’s application. Employees who are found to have provided false information after onboarding will be terminated immediately. Additionally, the identity information, credentials, and employment background of candidates are carefully reviewed during the recruitment process to prevent using child labour.

No non-compliance with relevant laws and regulations that have a significant impact on the Group in relation to child and forced labour had been identified during the Reporting Period. No related incidents were reported during the year.

## 2. OPERATION PRACTICES

### B5. Supply Chain Management

During the Reporting Period, the Group engaged 2,121 suppliers from the mainland China and United States. They provide equipment and raw materials, technical services, network equipment, construction-related service providers and service providers.

Region	No. of suppliers	Main business type of suppliers
Mainland China	2,120	<ul style="list-style-type: none"><li>• Equipment suppliers</li><li>• Raw material suppliers</li><li>• Technical service providers</li><li>• Network Equipment suppliers</li><li>• Construction-related service providers</li><li>• Service providers</li></ul>
The United States	1	<ul style="list-style-type: none"><li>• Raw material suppliers</li></ul>
<b>Total no. of suppliers</b>	<b>2,121</b>	

The Group has established standardized operating procedures to ensure the objectivity and measurability of supplier selection and evaluation, and to optimize the daily management and assessment of suppliers, in a bid to establish a stable, win-win partnership. The Group regularly inspects and assesses these procedures to regulate supplier management for control and assurance of product and service quality.

In terms of supplier selection, the Group mainly considers suppliers' credit rating, qualifications, product sources, and product quality assurance. Priorities are given to suppliers with reliable quality, good reputations, and excellent performance in environmental and social aspects. During the selection process, the Group will conduct qualification verification, check for product certifications and review suppliers' risks in relation to industrial and commercial operations, legal aspects, and trade controls and compliance. To meet the requirements, suppliers must provide information related to the environmental impact and management system of their products, and to their social responsibilities. The Group's commercial procurement is mainly for computers and electronic products. Electronic products are power-consuming by nature, and will eventually cause secondary pollution. When sourcing any product or service, priorities are given to eco-friendly products or services. The environmental-friendliness of the materials used and the energy efficiency of a product is the most important criteria for our procurement.

The Group signs official contracts with qualified suppliers and sets out rules that suppliers have to observe and additional requirements related to sustainable development and anti-commercial bribery. In addition, the Group closely monitors suppliers' performance in relation to material social and environmental issues. Corresponding departments conduct comprehensive assessments of the quality of the deliverables of suppliers and business cooperation on a regular basis. If there is room for improvement, the Group will urge the respective supplier to rectify the problems.

## B6. Product Responsibility

The Group is dedicated to delivering good quality, in-trend and innovative products and solutions through technological advancement. During the Reporting Period, the company continued to enhance products' functional modules, accelerated the upgrade of cloud service products, improved the operation service system, continued to increase investment in R&D, and upgraded cloud services from a product-based model to a platform-based service model. The company has obtained certifications in CCRC Secure Information System Software Development and CCRC Secure Information System Operation and Maintenance. The company's main products have passed the Information Security Classified Protection (Level 3) Certification.

The Group's software testing procedure document outlines the procedures for individual, group and system testing to ensure high product quality. The Group has passed ISO27001 information security management system certification, ISO27701 personal data privacy information management system and EAL3+ information security certification. An Expert Team on Product Safety has been set up to respond to emergencies. The Group has also developed a system for information security management, including "Data Privacy Management Methods", "Data Safety Management Methods", "Information Systems Management Systems", etc. Product design is also developed in accordance with Secure Development Lifecycle and information security requirements.

### *Product Recall*

The Group's product development process is CMMI5 certified for standardized quality control and assurance. During the process of product development, the Group conducts product quality control with clear quality standards and a complete testing process, which mainly includes: a test plan, test case design, test execution and test report.

Product quality and after-sale service are key concerns of customers. Therefore, the Group has established the Technical and Quality Management Department and Operation and Maintenance Department for product quality assurance, and provision of instant response and assistance for inquiries relating to product quality and after-sale support and maintenance. There were no recalls of products sold due to safety and health reasons during the Reporting Period.

No cases of material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided had been identified during the Reporting Period.

### *Customer Service*

The Group is committed to providing quality service to businesses of all sizes in quest of management software and digital transformation. Adhering to the 'customer-first' business philosophy, the Group places customer satisfaction at the core of each of its business decision.

To ensure customer satisfaction, the Group actively maintains close communication with customers to fully understand their requirements in the early planning stage of projects. Communication meetings, salons and telephone interviews are conducted regularly to review the service performance of the Group.

No product- and service-related complaints were received during the Reporting Period.

### *Intellectual Property Rights*

The Group respects the values and rights of customers' information assets. The Group strictly abides by relevant national laws and regulations concerning intellectual property rights, including but not limited to:

- Patent Law of the PRC; and
- Trademark Law of the PRC.

The Group encourages technological innovation and continuously improves its Intellectual Property ("IP") management system to protect the IP rights of the Group and its clients. The Group has formulated IP Management Methods and established a dedicated IP department to ensure that its IP rights are not infringed. If our IP rights are found to be illegally used, a warning letter will be immediately issued to the party concerned to claim license fees. In order to strengthen the effective management of IP rights, the Group provides regular training in relation to IP rights for the IP Management Department.

In terms of the protection of external parties' IP rights, we have implemented the Computer System Security Management System (Trial Version), which stipulates that computer terminals are to be purchased and distributed centrally, and should be installed with unified legitimate software. Installation of illegitimate software is prohibited. The terminals should be added to the Group's domain controller and managed centrally.

The Group has registered 216 trademarks and patents in the PRC. The Group strictly prohibits the use of cracked software and illegal copies of copyrighted documents. Employees in violation of the policy will be subject to disciplinary action or civil sanctions. No cases of material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to IP rights had been identified in the Reporting Period.

### *Data Protection*

Data protection was considered by stakeholders as the most material topic. The Group strictly observes the Cybersecurity Law of the PRC as well as the internal policies on data protection. Employees are subject to confidentiality undertakings to the Group and the Group's clients pursuant to their employment agreements. Access to confidential information and internal systems is restricted. Such confidential information and internal systems are password-protected, encrypted, or only accessible with the authorization of management personnel.

The group has passed the certification audits of the ISO 27001 information security management system and ISO 27701 privacy information management system. According to the Data Privacy Management Methods, Network Access Control Management System and Information Security Management System issued by the group, email correspondences have to be encrypted and digitally signed. Only users with authenticated identities can connect and access the company's internal network. In addition, the Group has issued the Information Assets Security Management System. The Group- or company-related information is protected by the Document Security Management System through encryption based on the user's identity and the confidentiality level of the information. The internal public information of the Group or Company is only available to users after authentication.

No non-compliance with relevant laws and regulations that have a significant impact on the Group in relation to data protection and privacy had been identified during the Reporting Period.

## **B7. Anti-corruption**

The Group regards honesty, integrity and fair play as its core values. The Anti-Corruption Policy has been established in accordance with the following rules and regulations, including but not limited to:

- Criminal Law of the PRC;
- Anti-unfair Competition Law of the PRC; and
- Anti-Money Laundering Law of the PRC.

The Group complies with all applicable laws on prohibiting bribery, extortion, fraud and money laundering of the PRC. No concluded legal case regarding corrupt practices brought against the Group or its employees had been identified during the Reporting Period.



The Group's Anti-Corruption Policy sets out the code of conduct for employees and the appropriate handling procedures for various situations in business dealings. In order to prevent bribery in procurement, an integrity clause and the corresponding breach of contract penalty are included in the contracts and tender documents. If any fraud, corruption, irregular transactions, or breach of ethics is found, the Group will deal with it seriously.

#### *Ethics and Compliance Committee and Whistle-blowing Policy*

The Group has set up the Ethics and Compliance Committee, which is responsible for formulating a clear anti-corruption management system and promoting ethical work conduct to ensure the Group's compliant operations. Employees are encouraged to report suspected cases of misconduct or malfeasance to the Group via various reporting channels (including e-mails or hotlines). Upon receipt of a complaint, the manager and Ethics and Compliance Committee will investigate and respond to the incident in a neutral manner. Remedial measures shall be implemented. The Ethics and Compliance Committee will investigate the incident in strict confidence to protect the whistle-blower from harassment and retaliation.

#### *Conflicts of Interest*

In order to prevent potential conflicts of interest at work and to maintain internal fairness, the Ethics and Compliance Committee has stipulated the Employee Conflict of Interest Management Methods. The Audit and Evaluation Department and HR Department of the Group conduct regular internal investigations and analyses on incidents relating to conflict of interest. Employees should truthfully declare the conflicts of interest that may occur in any business or other organisations of which the Group has business dealings as stipulated in the management system. They shall notify the relevant departments of any conflicts of interest that have occurred or are foreseen to occur.

#### *Anti-corruption Training for Directors and Staff*

The audit department of the Group is responsible for organizing anti-corruption training for directors and staff of the Group. During the reporting year, the Group organized the following anti-corruption training:

- In September 2022, Communications and Information organized the Month of Integrity Building of the Party. Through the convening of the conference on fostering integrity within the Party and the viewing of a documentary film on the integrity of the Party, employees learned the Regulations on Letters and Visits. In addition, the Group launched the Party's Integrity Theme Day. On that day, employees received training on the Integrity of the Party and signed an undertaking to maintain integrity and self-discipline. The event features an exchange of views on honesty and integrity. More than 200 personnel, including managers, senior executives, department heads and deputy heads and party members, received training on Party's integrity education and anti-corruption awareness.
- On November 8, 2022, 18 young cadres from the Communications and Information Organization in Jinan Science and Technology Park, including the middle management and members of the Disciplinary Committee of Party Branches, watched the educational feature film "Shishou de Qingchun" (Unruly Youth), to further strengthen their sense of integrity and self-discipline.

## B8. Community Investment

The Group is fully aware of its responsibility for community investment and community participation. The Group has devoted time and efforts to pay back to the community in the Reporting Period. It encouraged employees to participate in volunteer work.

- In March 2022, the COVID-19 pandemic broke out in Shanghai, and employees participated in the voluntary services of pandemic prevention and control.
- In February 2022, the Group's party committee and Shunwang Community launched the National Anti-Fraud Centre application to promote and publicise related voluntary service activities, and further enhanced the anti-fraud awareness throughout the community.
- In March 2022, the Group organized blood donation activities, and all employees participated actively.
- According to the initiative of the Shandong Provincial Charity Federation, the Group actively organized the "One-Day Donation with Kindness" activity, with a total donation of RMB 122,000.

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