



中國高速傳動設備集團有限公司*
China High Speed Transmission Equipment Group Co., Ltd.

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 658)

2019

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**



* For identification purpose only



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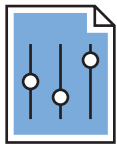
ABOUT THIS REPORT

China High Speed Transmission Equipment Group Co., Ltd. (hereinafter referred to as “China High Speed Transmission” or the “Company”) and its subsidiaries (collectively referred to as the “Group” or “We”) are pleased to present the fourth Environmental, Social and Governance (“ESG”) Report (the “Report”).



Reporting Scope and Year

Unless otherwise stated, this Report covers the sustainable development philosophy, strategy and performance of our major business segments (design, manufacturing and distribution of wind gear transmission equipment and industrial gear transmission equipment) during the period from 1 January 2019 to 31 December 2019 (the “Reporting Period”). Environmental KPI only covers the wind gear transmission equipment segment. For further details regarding the corporate governance of the Group, please refer to the section headed “Corporate Governance Report” in the 2019 annual report of the Group.



Reporting Standards

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) under Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) which is published by The Stock Exchange of Hong Kong Limited (“HKEX”), and complied with the disclosure principles of materiality, quantitative, balance and consistency set out in the ESG Guide.



How to Obtain

The Report is available in both Chinese and English on the HKEX website and website of the Company at www.chste.com.



Feedback

The purpose of this Report is to fulfil the non-financial reporting obligations, and more importantly, to establish a communication platform to strengthen the understanding between us and our stakeholders and provide valuable guidance for the sustainable development of the Group. We welcome opinions from different parties regarding the content and reporting method of this Report and our sustainable development performance by email to ir@chste.com.

ABOUT US



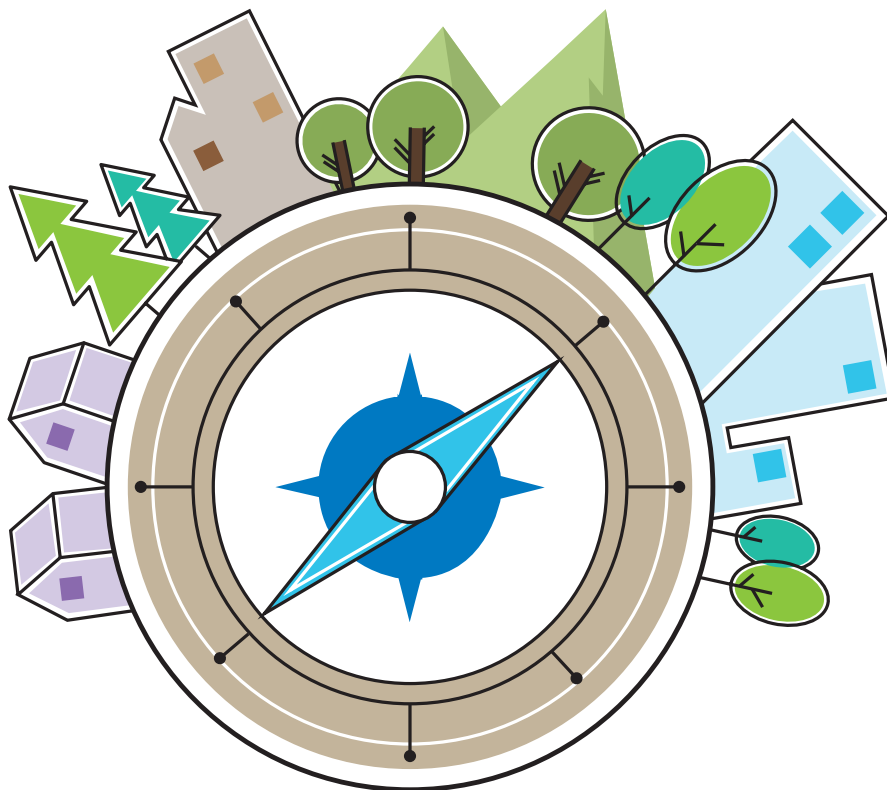
Founded in 1969, the Group has been embracing the mission of “Geared for a Better Future” since then. As an expert of gearbox and transmission technology solution in the world, the Group has been featuring advanced gear manufacturing technologies for half a century and its products have widely been applied to various industries such as wind power, rail vehicles and industrial equipment. We emphasize on continuous innovation, and have been putting great efforts on technological innovation and scientific advancement, and have been a supplier with stable growth, reliable quality and comprehensive services in the global wind power transmission equipment industry. With our national-level technology center, we have been dedicated to several national, foremost and major science and technology projects. We have been also recognized as a Model Enterprise of CIMS Application under the 863 State Plan, a National Innovative Pilot Enterprise and a National Demonstrative Enterprise of Technology Innovation.

We are headquartered in China with a global vision and keep an open mind to implement the strategy of globalized operation. While consolidating its domestic market, the Group has established operation centers and service centers in the Americas, Europe, and Asia-Pacific region, and provides quality products and service for international customers, thereby further improving the Group’s brand influence and achieving global and sustainable development. Under the global strategic framework of focusing on the development of transmission technology, we keep growing at a pace faster than the market average through its visionary market strategy, continuous development in innovation, advanced manufacturing technology, management concept of “zero defects”, high-level investments in human resources and excellent corporate culture, and become stable and sustainable leader of the industry.

SUSTAINABLE DEVELOPMENT MANAGEMENT APPROACHES

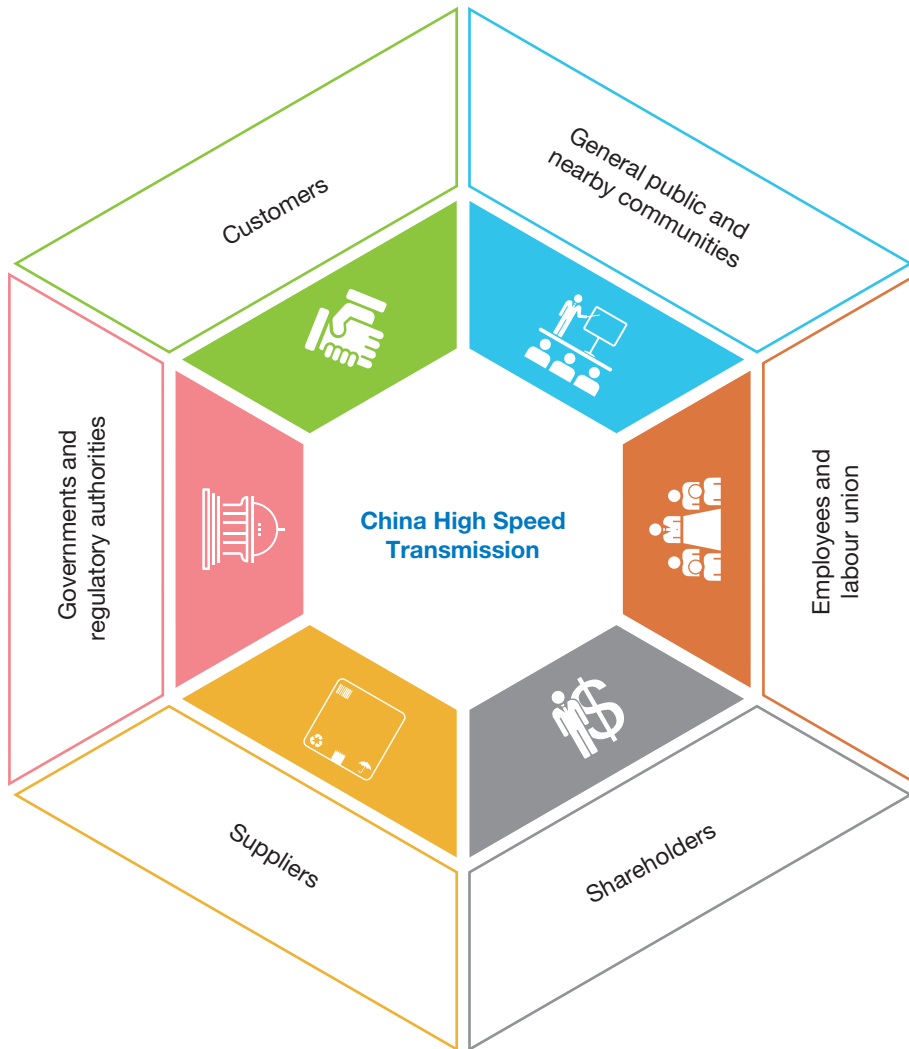
As a responsible corporate citizen, the Group is committed to creating sustained value for stakeholders and promoting the Group's sustainable development by integrating environmental, social and governance considerations in doing business. Sustainability is an essential part of the Group's mission, systems and processes, and is treated holistically in our day-to-day operations and risk management. We believe that sustainability encompasses not only the environmental performance and contribution of the Group to the wider community, but also underpins the Group's core business practices and our relationships with shareholders, employees, customers and suppliers.

To constantly and effectively review and monitor ESG-related risks arising from the Group's development, the Board has formulated relevant risk management policies. The management of the Group is responsible for identifying, evaluating and managing relevant risks, and reporting these risks to the Board at least once a year. The Board formulates risk management measures and targets relating to the environment, society and governance at the beginning of a year and closely monitors the implementation of relevant targets, and the heads of different departments are responsible for risk management. We have also established a safety and environmental department, which is responsible for identifying and managing environmental risks, and an Environmental and Occupational Health and Safety Management System at the subsidiary level. Both of our environmental management system and policy have obtained ISO14001 and OHSAS18001 certificates.



COMMUNICATION WITH STAKEHOLDERS

Under the ever-changing environment, enterprises are required to continuously improve their effectiveness and efficiency in order to meet various product requirements of major stakeholders. Also, to achieve sustainable corporate development, a socially responsible enterprise shall consider both business development and expectation and requests of stakeholders. Our key stakeholders include customers, suppliers, shareholders, employees and labour union, governments and regulatory authorities, general public and nearby communities etc. The Group communicates closely with our stakeholders mainly through daily operation, forums, meetings, shareholder meetings, trainings, sharing sessions and seminars etc., to actively understand their thoughts, concerns and needs, thereby safeguarding the interests of stakeholders and maintaining high standards of operation and compliance.



SUSTAINABILITY PERFORMANCE SUMMARY¹

Air emissions ²	2019	2018	Unit
Nitrogen Oxides (NO _x)	4,391.93	7,444.61	kg
Sulphur Oxides (SO _x)	12.56	19.85	kg
Particulate Matter (PM)	113.58	187.66	kg
Greenhouse gas (GHG) emissions			
Total GHG emissions	158,913.26	135,464.64	tonnes of CO ₂ e
Direct emissions (Scope 1) ³	5,490.77	5,659.17	tonnes of CO ₂ e
Indirect emissions (Scope 2) ⁴	153,447.37	129,828.75	tonnes of CO ₂ e
GHG removal (Scope 1) (Tree plantation)	24.89	23.28	tonnes of CO ₂ e
GHG emissions intensity	19.43	19.64	kg of CO ₂ e/thousand RMB
Hazardous waste			
Total hazardous waste produced	986.13	756.68	tonnes
Hazardous waste intensity	0.12	0.11	kg/thousand RMB
Non-hazardous waste			
Total non-hazardous waste produced	4,185.40	3,677.88	tonnes
Non-hazardous waste intensity	0.51	0.53	kg/thousand RMB
Energy consumption			
Total energy consumption	240,379.22	206,844.97	kWh
Energy consumption intensity	29.39	32.96	kWh/thousand RMB
Water consumption			
Total water consumption	513,302.00	458,709.00	m ³
Water consumption intensity	0.063	0.067	m ³ /thousand RMB
Packaging material⁵			
Total packaging material	7,019.68	6,519.36	tonnes
Packaging material intensity	0.86	0.95	kg/thousand RMB

1 All intensities disclosed in the Report are calculated by dividing the total air emissions, GHG emissions, waste handled, resource consumption by the Group's revenue in financial year 2018 and 2019.

2 We have been replacing aging diesel-powered and gas-fueled forklifts by electric forklifts gradually, therefore the relevant air emissions reduced.

3 Scope 1 Direct Emissions: In accordance with The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised Edition), published by World Business Council for Sustainable Development and World Resources Institute, direct Emissions are those emissions from operations that are owned or controlled by the company.

4 Scope 2 Indirect Emissions: In accordance with The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised Edition), published by World Business Council for Sustainable Development and World Resources Institute, indirect Emissions are those emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the company.

5 Packaging material covers the wood, metal and plastic used for product package.

ENVIRONMENTAL PROTECTION

“Being the Leader of Sustainable Development in Transmission Area”

To enhance efficiency and reduce use of resources

In recent years, the national government has strengthened its efforts in policies, supervision and law enforcement, and environmental protection. To assume the major responsibilities of environmental protection, we strive to improve our environmental protection approach to minimize the impact of our daily operations on the environment, and integrate the concept of environmental protection into our products and services. Meanwhile, we also hope to enhance the environmental awareness of our business partners and the general public through our influence.

The Group entrusts a qualified third-party testing institution to carry out environmental protection inspection on an annual basis according to relevant laws and regulations, to ensure that emission and waste disposal during the manufacturing process is handled in compliance with the national standards. During the Reporting Period, we were not aware that the Group was involved in any non-compliance with laws and regulations in relation to environmental protection.

Air Emissions and Greenhouse Gas

In order to strengthen the management of exhaust and dust emission, we have formulated the Procedures of Air Pollution Prevention and Control, which sets out the focus and relevant measures of air emission management. We strictly comply with the laws, regulations and standards in relation to air emission, which include but not limited to the Environmental Protection Law of the People’s Republic of China (“PRC”), the Law on Prevention and Control of Air Pollution of the PRC, the Ambient Air Quality Standards, the Emission Control Standards for Industrial Enterprises Volatile Organic Compounds in Tianjin, the Hygienic Standards for the Design of Industrial Enterprises, the Integrated Emission Standards of Air Pollutants and the Emission Standards for Odour Pollutants.





The major sources of air and greenhouse gas emissions from our operations include direct emissions from vehicles and the use of fuels for our stoves in canteens, and also indirect emissions from power consumption. A designated department will carry out routine inspection and repair and maintenance of air emission control devices, and analyse the cause and take corrective measures immediately if the emission exceeds standard.

For air emissions created from the manufacturing processes such as shot blasting dust, air emissions from pickling, fume from quenching, and volatile organic compounds (VOCs) from oil and paint of roll milling, we have installed ventilator and propeller fans at these places. Measures including centralised filtration, scrubbing, electrostatic adsorption are adopted to further facilitate the collection and treatment of unorganised exhaust in the factory and thereby reducing environmental pollution caused by emission. We have also adopted the Legal’s highly efficient odour treatment system imported from abroad for our heat treatment workshop, which can eliminate oil odour substantially. The use of low viscosity cooling oil in grinding and hobbing processes may produce oil mist. To absorb and filter such oil mist, we have installed highly-efficient oil mist purifying devices and set up electrostatic oil mist separators with an accurate airflow to reduce air pollution. In regard to spray painting process, we have added an air emission control system for paint coating lines since 2018 to reduce VOCs emission, thereby collecting air emissions produced from paint coating process, and adopted concentrated incineration measures. Through implementing a wide range of emission control measures, we strive to create a safe and healthful workplace for our employees.

Our performance on air and greenhouse gas emissions in 2018 and during the Reporting Period are as follows:

Air Emissions	2019	2018	Unit
Nitrogen Oxides (NO _x)	4,391.93	7,444.61	kg
Sulphur Oxides (SO _x)	12.56	19.85	kg
Particulate Matter (PM)	113.58	187.66	kg

Greenhouse Gas Emissions	2019	2018	Unit
Total GHG emissions	158,913.26	135,464.64	tonnes of CO ₂ e
Direct emissions (Scope 1)	5,409.77	5,659.17	tonnes of CO ₂ e
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Wastewater

Our wastewater mainly derives from water used for production, canteen and cleaning. We use online sewage monitoring devices with automatic alarming function to monitor the discharge of wastewater. Once alarmed of abnormality, relevant personnel will check and respond immediately to ensure that the discharge is in compliance with the requirements of the Water Pollution Prevention and Control Law of the PRC. In addition to the measure of closely monitoring, we have formulated a “Procedures of Wastewater Control” which sets out the wastewater treatment procedures, and reduce wastewater through diversion of sewage and rainwater. Instead of being directly discharged into the municipal pipeline network, wastewater from production process will go through pre-treatment procedures such as demulsification, flocculation, flotation, fenton oxidation, and sedimentation depending on the nature of wastewater to comply with discharge standards, and then undergo aerobic and anaerobic biological treatment together with domestic sewage, to ensure that the wastewater meets the standards for connecting to the Sewage Treatment Plant. We can control the Chemical Oxygen Demand (CODcr) and Suspended Solid (ss) value of the sewage to the level of 40% or below of the national discharge standard, thereby alleviating the treatment burden of wastewater treatment plant. We also entrust third-party testing institution to carry out seasonal inspection of wastewater in accordance with the Intergrated Wastewater Discharger Standard to ensure all sewage discharge is in compliance with the requirement.



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Solid Wastes

Solid wastes generated by the Group can be divided into hazardous waste, recyclable waste and domestic waste. To comply with the requirements of the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste, we have formulated the Procedures of Solid Waste Control, which will be updated based on the latest requirements of relevant laws and regulations, to provide clear guidance for handling solid waste generated from our daily management, production and services.



Recyclable wastes include metal swarf originated from cutting, wooden pallets from suppliers' packaging and food waste, which will be collected and recycled as many as possible by our warehouse center on a regular basis, and will be sold to qualified recycling companies. We also engage qualified third-party cleaning company to dispose of other domestic waste and non-recyclable solid waste to maintain a hygienic environment.

We handle hazardous waste according to the guidelines of the Standard for Pollution Control on Hazardous Waste Storage, and set up special hazardous waste storage areas to collect, label and store the waste separately and properly and keep relevant records. We also engage qualified third-party waste disposal company to dispose of the waste in accordance with relevant laws and regulations in order to ensure proper handling of hazardous waste.



PROPER STORAGE

We adopt secondary leakage prevention measures and diffusion prevention measures for storage of hazardous waste. For example, hazardous wastes of different types are stored separately and are normally hold in tonne bags and leak-proof trays or containers to prevent secondary pollution.

Gas concentration inspection instruments are also installed in the warehouse. The siren will be sounded when gas concentration exceeds the preset limit, and relevant personnel will be informed for emergency response.



STRICT MONITORING

During the Reporting Period, according to the requirements of the Environmental Protection Law of the PRC, we installed the electronic monitoring system which is connected to the local governmental authorities to enable monitoring at all times.



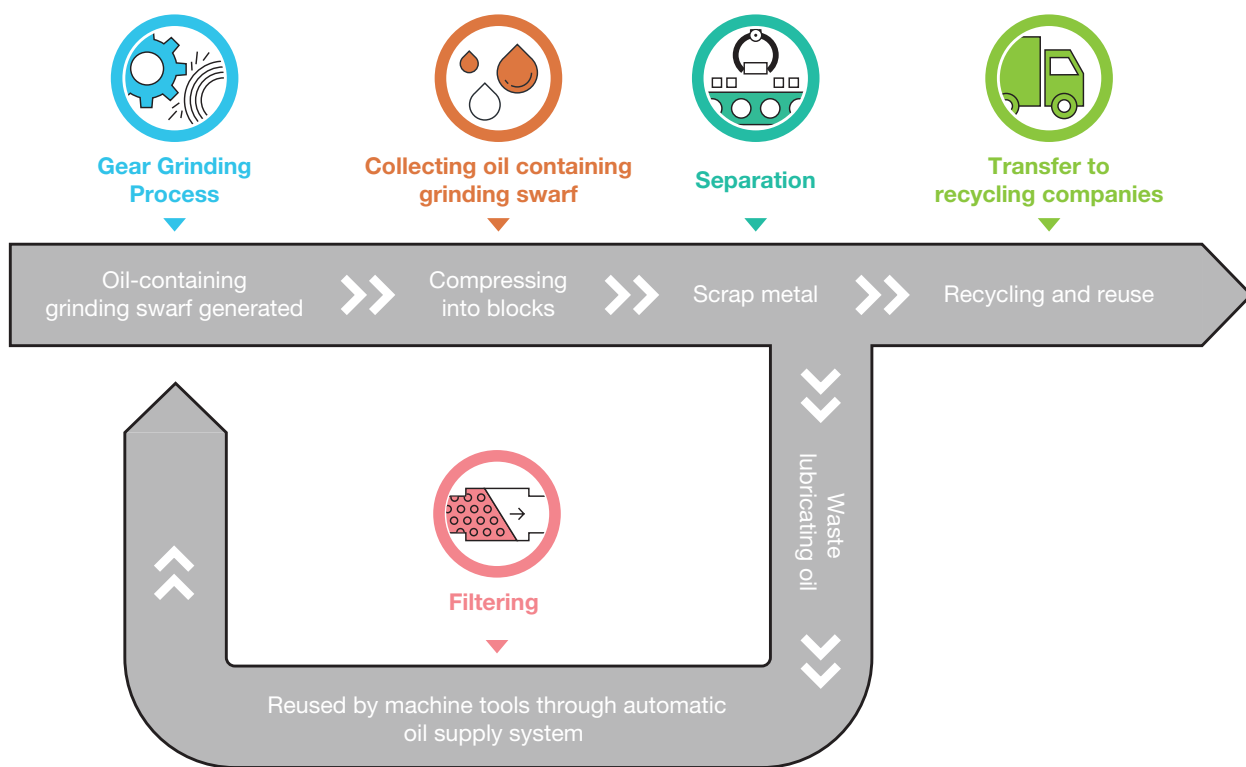


The amount of solid wastes produced and disposed by us in 2018 and the Reporting Period are as follows:

Hazardous waste	2019	2018	Unit
Total hazardous waste produced	986.13	756.68	tonnes
Waste of paint residue	153.68	153.72	tonnes
Waste of lead acid battery	17.05	–	tonnes
Waste oil	164.44	89.61	tonnes
Contaminants	182.45	82.82	tonnes
Washable waste containers	203.83	157.51	tonnes
Waste chemical containers (including waste paint buckets)	56.96	78.78	tonnes
Waste cleaner	79.93	161.58	tonnes
Waste activated carbon	10.80	–	tonnes
Waste quenching oil	34.36	–	tonnes
Dross (including sludge)	79.95	32.66	tonnes
Waste salt	2.68	–	tonnes
Hazardous waste intensity	0.12	0.11	kg/thousand RMB
Non-hazardous waste	2019	2018	Unit
Total non-hazardous waste produced	4,185.40	3,677.88	tonnes
Amount of non-hazardous waste disposed	585.00	507.65	tonnes
Amount of non-hazardous waste recycled	3,600.40	3,170.23	tonnes
Non-hazardous waste intensity	0.51	0.53	kg/thousand RMB

Waste Reduction Measures

In order to reduce waste being generated, we collect the oil-containing grinding swarf generated from the grinding process and compress into blocks, and transfer to qualified recycling companies for recycling and reuse. In addition, the lubricating oil separated from the compressing process will be refined and filtered before being reused by machine tools through automatic oil supply system.



Emission Reduction Measures

In order to minimize our impact on the environment, for construction projects of new building, alteration, expansion, technical modification and introduction, the environmental protection facilities must be designed, constructed and commence operation simultaneously with the main project. During the Reporting Period, we carried out technical modification of our production equipment and facilities such as vertical machine tools and end-face grinders, which were all equipped with relevant pollution prevention and control facilities to protect the natural environment.

RESOURCES CONSUMPTION

“Wise Use of Resources”

To increase enhancing energy efficiency, adopt renewable energy and reduce the use of resources

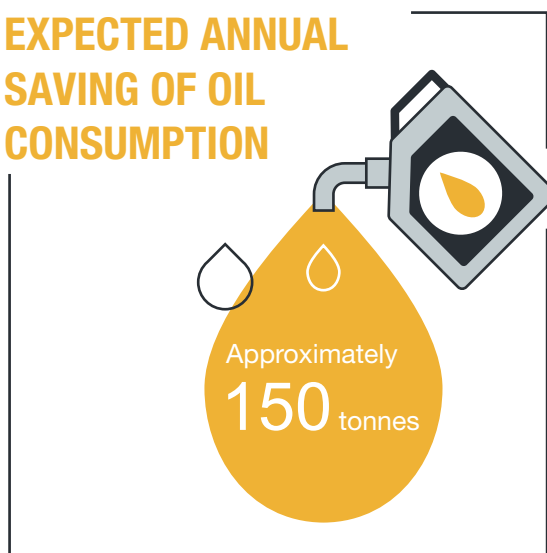
Our energy consumption mainly derives from electricity consumed by machines, heat treatment, manufacturing processes and office activities. As such, we actively utilize renewable energy to reduce the purchase of electricity generated from coal by installing distributed solar power systems on the rooftops of the factories in our production plant sites with an installed capacity of approximately 41,000 kilowatts. The total electricity generation in 2019 is 38,100,000 kWh.

In addition, our vehicles consume diesel and petrol, and the kitchen of our canteen uses fuels such as natural gas and alcohol-based liquid fuel. The following table shows the Group’s energy and packaging material consumption in 2018 and during the Reporting Period:

Energy consumption	2019	2018	Unit
Total energy consumption	240,379.22	206,844.97	MWh
Purchased electricity	218,119.93	184,546.91	MWh
Renewable energy - solar photovoltaic energy	17,529.90	19,158.60	MWh
Liquefied petroleum gas	3,909.67	2,287.00	MWh
Diesel oil	260.20	303.66	MWh
Unleaded petrol	343.25	321.67	MWh
Alcohol-based liquid fuel	215.96	220.84	MWh
Others	0.31	6.29	MWh
Energy consumption intensity	29.39	32.96	kWh/thousand RMB

To reduce energy consumption, we improve the use efficiency of grinding oil, coolant and water by adopting centralized oil supply and centralized fluid delivery system during the Reporting Period.

EXPECTED ANNUAL SAVING OF OIL CONSUMPTION



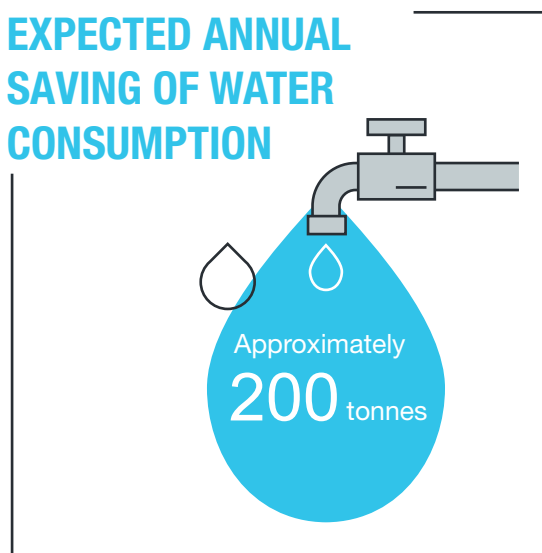
Centralized oil supply system

The oil supply for gear grinding machines and hobbing machines in our factories have been upgraded from manual operation to automatic centralized supply system. After the upgrade, oilers do not need to transfer the oil product manually from oil depot to the site for manual addition. In addition, oil containing iron ashes generated from grinding and the iron scraps are filtrated intelligently instead of going through the traditional procedures of manual collection and simple sedimentation and filtration, which significantly lightens employee workload and reduces the consumption of lubricant, thereby significantly improving employee efficiency, energy efficiency, and so forth.

Intelligent Centralized Fluid Delivery System

In addition to lubricating oil supply, centralize supply system is also used for coolant replenishment. Traditionally, machine tools for gear and cooling system are stand-alone devices. The large number of devices create heavy workload of maintenance work related to coolant. As such, we improve the fluid delivery process from stand-alone devices to intelligent centralized fluid delivery system, which uses liquid level control to pump the coolant in all standalone devices to the centralized water tank for filtration, de-oil and inspection, thereby lengthening the lifespan of the coolant. Moreover, the coolant change interval has been extended to 4 times longer than that of the traditional method, which effectively reduces the water consumption relating to coolant supply system.

EXPECTED ANNUAL SAVING OF WATER CONSUMPTION





Water Resources Management

During the Reporting Period, we did not encounter any issues in sourcing water as we purchased water from the local municipal water suppliers. Nevertheless, we are committed to the principle of conservation. The Group uses water-saving sanitary wares and modifies the cooling source station and cooling tower to recycle and reuse the condensed water. We also carry out water balance tests to understand the water consumption of our pipe network, analyze various factors that lead to unreasonable water consumption, and carry out regular inspection and maintenance of water consumption equipment.

Our water consumption in 2018 and the Reporting Period are listed below:

Water consumption	2019	2018	Unit
Total water consumption	513,302.00	458,709.00	m ³
Water consumption intensity	0.063	0.067	m ³ /thousand RMB

PRODUCT LIABILITY

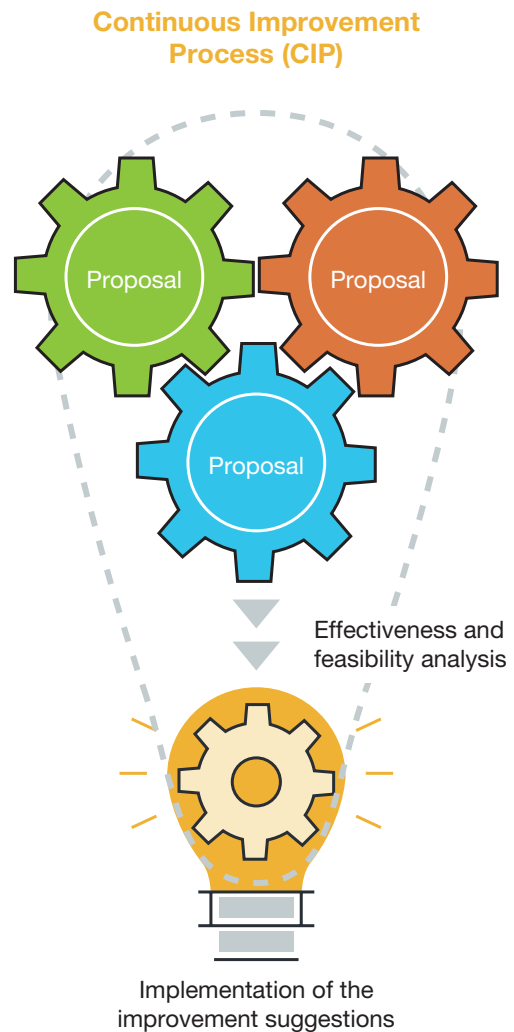
“Ensuring the Quality with Honesty Ranking First”

To ensure safe and stable operation of products by setting the industry standard for quality

Given that our products are generally applied to large-scale infrastructure, such as wind power equipment and industrial equipment, our requirements for safety, reliability, quality and accuracy are relatively high. As one false step will make a great difference, we dedicate to advancement in quality control to achieve the goal of “zero defects”. The Group has been adhering to the concept of corporate sustainability strategy, and established medium-term and long-term strategic plans based on the two pillars of management improvement and technological advancement. We strive to improve the product quality and service standard, achieve customer satisfaction, and build and retain stable and long-term relationships with customers. During the Reporting Period, the Group was not aware of any non-compliance of laws and regulations related to product liability, including but not limited to the Product Quality Law of the PRC.

Management System

We obtained ISO9001 Quality Management System Certification and established a standardized management system as early as 1997. We always adhere to the quality policy of “providing high quality services with integrity under the principles of quality and customer come first”. We maintain product quality at a high level by adopting management models such as VDA6.3 Process Audit, Root Cause Analysis (RCA) closed-loop quality management and Failure Modes and Effects Analysis (FMEA) of the German Association of the Automotive Industry. Investigations are carried out based on the previous undesirable incidents, and corrections and continuous improvements are made on a timely basis. We also continued to improve our corporate culture and encouraged employees to make suggestions for improvement in daily operations and product quality, to gather the wisdom and innovation from all staff. Employees can make comments or suggestions with regards to product and manufacturing process improvement via the internal office system (OA system), and all information collected will be sent to the relevant departments to consider their effectiveness and feasibility. If the opinions of the same employee are rejected on multiple occasions, an arbitration mechanism will be launched to ensure that the voice of each employee can be treated fairly.





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Detection Equipment

A good management system can only work well with a complete quality inspection and verification system, including full size inspection and process capability assessment. We also perform multi-step quality assessment on the raw materials, semi-finished products and finished products, and carry out no-load test, load test, highly accelerated lifetime test and anti-corrosion performance test, etc. Our laboratory has obtained ISO/IEC 17025 National Laboratory Accreditation Certificate, which uses advanced detection equipment, including trolley spectrum analyzer, carbon and sulphur analyzer, nitrogen and oxygen gas analysis, upright metallographic microscope, grinding and polishing machine, inlaying machine, magnetic particle inspection equipment and semi-automatic fluorescent magnetic particle inspection equipment, etc. We have also obtained the measurement assurance system certification issued by Jiangsu Computing Association to ensure that the finished products of each program can meet the appropriate quality standard.

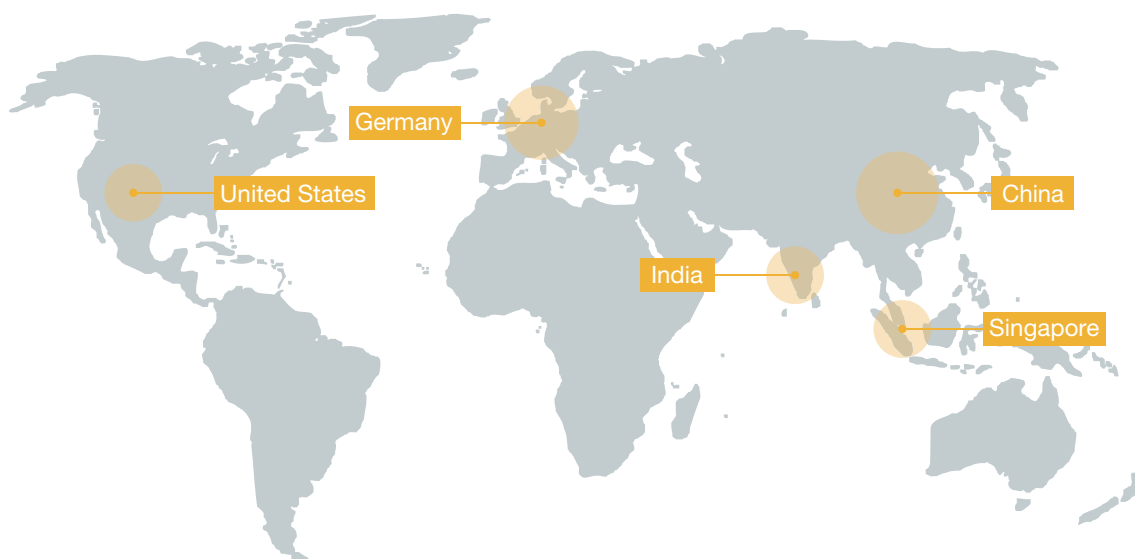
Product Certification

The business of the Group has high entry barriers and requires specific technical know-how. The Group enhances corporate growth by introducing new products and new technology. Various products have made their debuts in the domestic market under the Group’s on-going innovation of products and technology. Leveraging its innovative technology and premium quality, the Group has obtained over 100 national, provincial and municipal technology advancement awards, outstanding new products awards, certification for new products, certification for high and new tech products and certification of high and new tech enterprise. The Group was the first producer to adopt ISO1328 and ISO06336 international standards. It was nominated as an enterprise for the 863 State Plan and a Computer Integrated Manufacturing System (CIMS) Application Model Enterprise by the Ministry of Science and Technology of the PRC. Until now, we passed ISO9001:2015 quality management system certification, Jiangsu Province Quality and Credit Graded AA certification. Wind power transmission gear products have obtained certifications from China Classification Society (CCS), China General Certification Center (CGC), China Quality Certification Centre (CQC), Technische Überwachungs-Verein (TÜV), DNV GL, UL, European Union’s CE and ETL; industrial transmission gear products have been certified with the European Union’s CE certificate, American Petroleum Institute (API) Specification IIE and Mining Products Safety Approval and Certification Center Co., Ltd. (MA); rail transportation products have obtained ISO/TS 22163 Certificate for the Quality Management System of International Railway Industry.

Customer Satisfaction

The Group is committed to providing customers with excellent products and after-sales services. Our global service network based in China, the United States, Germany and Singapore provides complete solutions and real-time support services to our global partners. We believe that the real challenge of customer service begins with the delivery of products and technical solutions. Facing the diverse needs of customers, we have a sound and complete service system and a global service network in place to follow up throughout the process, helping customers achieve high availability and low operating costs of transmission systems. Customer satisfaction surveys are conducted annually. Our customer satisfaction reached 88 % in 2019, which well exceeded our annual goal. For this year, we conducted online surveys instead of the previous way of letter enquiry to improve the response rate and contribute to environmental protection. When a customer complaint is received, we will first conduct a preliminary assessment of all the materials received. A local third-party agent will then be commissioned to inspect the site to perform analysis and improvement if necessary.

Global service locations



Awards and Recognitions

“State-Certified Enterprise Technology Center” recognised by the National Development and Reform Commission



MP-series rolling machine gearbox development project was awarded **the Third Prize of Science and Technology in Building Materials Machinery Industry in 2019** by the China Building Material Machinery Association



“Industrial Enterprise with AA Level Quality and Credit in Jiangsu Province in 2019” awarded by the Jiangsu Provincial Administration for Market Regulation

Jiangsu Provincial Enterprise Technology Center

3.X MW platform products were awarded the title of **“Top Ten Outstanding Product”**; Nanjing High Accurate Drive Equipment Manufacturing Group Co. Ltd. was awarded **Top Ten Outstanding Enterprise of the Award** for the Top 50 of China Wind Power Industry 2019



“National Advanced Company in the Machinery Industry” awarded by the China Machinery Industry Federation and the Ministry of Human Resources and Social Security of the PRC



“National Model Enterprise of Technology Innovation” recognised by The Ministry of Industry and Information Technology of the PRC



INNOVATING ACHIEVEMENTS

“Taking Advantage of National Strategy for Transformation”

To develop new products with good “quality” proactively

We have our own an in-house research team of nearly 800 engineering personnel. Over 25% of them have post-graduate degrees or doctor of philosophy (PhD) degrees. We have 10 cooperation projects with external cooperation units, including RWTH Aachen University, Shanghai Jiao Tong University, Beijing Jiaotong University, Chongqing University, Dalian University of Technology, Nanjing Institute of Technology and I-DEW SYSTEM. Relevant technological improvement results will be gradually applied to our products. We also pay high attention to technological innovation. We have been granted 90 national patents during Reporting Period, which mainly involve design of power gearbox stability technology, lubrication and sealing technology, key component optimisation, technology of stimulation and calculation, heat treatment technology, manufacturing technology, etc. The stability and advancement of gearbox are safeguarded and boosted by the continuous research and innovation on these self-developed core technologies. Thanks to the new breakthroughs in the development of large megawatt wind power gearboxes, we managed to develop and deliver a new generation of 3.X MW, 4.X MW, and 5.X MW series products, of which 4.X MW and 5.X MW platform gearboxes have been widely utilised in the field of offshore wind power. Our development of larger megawatt gearboxes, such as large-scale structural optimisation design and large-scale parts heat treatment control technology, is highly recognized by the grants of patents and has laid the foundation for the development of larger megawatt offshore wind power gearbox. In addition, 304 national patent applications have been submitted and pending for approval, including 165 invention patents.



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Another great achievement is that the Group has successfully applied for the national scientific and technological support for key R&D project of the “Key Technologies and Industrial Test Platforms for Large-scale Wind Power Gear Transmission Systems” and led the research works of “Development of industrial verification platform and comprehensive performance evaluation technology for large-scale wind power gearboxes”, in order to realize the research of wind power gearboxes with “high efficiency, high power density, low vibration and noise, and strong adaptability to complex working conditions”.

In order to integrate the extensive resources of the industry and market of finished products, enhance the corporate image, and promote the sales of products, we conduct product publicity and promotion activities, and participate in various international exhibitions from time to time, such as the German Hannover Industrial Exhibition, American Wind Energy Exhibition, Beijing Wind Energy Exhibition, Asia International Power Transmission and Control Technology Exhibition, Beijing Coal Machinery and Equipment Exhibition, etc., to show customers our latest products and conduct business exchanges. We also make press releases in different media, including magazines and online media. Meanwhile, the Group has strictly complied with laws and regulations related to advertising and product labelling, including but not limited to the Advertising Law of the PRC.

In 2019, we were proud to be interviewed by the program “Quality” 《品質》 produced by the CCTV Discovery Tour, to introduce our business development process. “Quality” is the first large-scale TV documentary program in China with the theme of documenting product quality and brand building. The interviewees are all innovative and influential enterprises engaged in rapid development and high-quality products. This interview is definitely a recognition and support for the achievements of the Group.





Intellectual Property Rights

We always dedicate ourselves to protect the interests and intellectual property rights of our customers. We enter into confidentiality agreements with customers to ensure that no information provided by both parties shall be disclosed to any third-party without the authorization of the information provider. The Group attaches great importance on strengthening the protection and application of its own patents. We provide training of applying, writing and exploring patents on a regular basis, to improve the quality of patent writing of our research personnel, and continue to increase investment in the intellectual property. At present, we have set up our own patent database to strengthen our R&D and innovation management. In order to ensure that employees at all levels are covered by the intellectual property right management system of the Company, we have formulated the General Principles of Intellectual Property Management, the Patent Management System, the Copyright Management System, the Intellectual Property Confidentiality System, and the Technology Contract Management System and other comprehensive intellectual property management systems.

We put more effort on building a High Value Patent Cultivation Center in cooperation with Nanjing Ruihong Patent and Trademark Office, with the aim of becoming a patent creation high ground with great influence in the area of the R&D of highly reliable wind power gearbox technology, a R&D base with key technologies and leading position in the regional innovative development, thereby cultivating high-value patents of wind power gearbox technology and products. As of the end of 2019, in terms of the construction of the center, we have formulated a construction and operation system for the organization structure of the center, completed various business management systems for the entire process of high-value patents, and debugged the intellectual property information platform; in terms of R&D, we have prepared the industry development trend and technology feasibility study report, confirmed and improved the R&D plan of “wind power gearbox” product technology; in terms of patent works, we have built a functional framework of the intellectual property information platform for the wind power gearbox products, completed patent analysis and layout of production process and manufacturing technology for wind power gearbox products and applied for numerous core product patents and peripheral defense patents.

SUPPLIER MANAGEMENT

“Each Gear Complements and Integrates with the Others”

To develop a sustainable world with collaboration

We categorize and manage suppliers by the importance of their products to our business, duration of supply, and their performance scores. The supplier performance is evaluated based on the quality, cost, logistics and other metrics. Monthly and annual assessments are conducted to determine the overall grade for competent suppliers. In addition, concerning the dispute risks in the mining industry, we request suppliers to avoid using metals (including tin, molybdenum, tungsten, gold, etc.) from the mining industry in such region when seeking new suppliers and implement such measures during the process of delivering parts.

It is the belief of the Group that a quality supply chain is essential to sustain a business ecosystem. We always start our cooperation with suppliers with the right policies. Therefore, while committing to fulfilling our corporate responsibilities, we request suppliers to comply with the Environment and Safety Notice Commitment, in order to deliver our environment and safety principles and relevant requirements. We conduct our procurement based on the Regulations on the EHS Management of Suppliers, which clearly states the government environmental protection requirements, safety permits, fire permits, occupational disease protection permits, and environmental, health and safety (EHS) management systems involved with suppliers. We will conduct risk assessment based on five aspects, i.e. the products and technologies provided by the supplier, nature of the enterprise, EHS performance, and its resources and purchase volume. The frequency of assessment depends on the risk level. If any major incidents or other non-compliances of suppliers are identified, more review and assessment will be conducted and the assessment results will be given to the relevant suppliers. They are expected to formulate a rectification plan and the need for an on-site review will be determined based on their rectification. As of 31 December, 2019, the Group has 154 major suppliers which are all located in China.

2019 CHINA WIND POWER SUPPLY CHAIN FORUM

In September 2019, we held the China Wind Power Supply Chain Forum in Chengdu, Sichuan, with the title of “Talking about Wind Power to Drive the Future”, with the aim of creating a platform for the wind power companies of China to actively discuss the topics on the innovation, quality and service of the wind power industry. People from wind power manufacturers, large component suppliers, wind power developers, and industry experts participated in the event.



HUMAN RESOURCES

“Moving Ahead in Pursuit of Excellence”

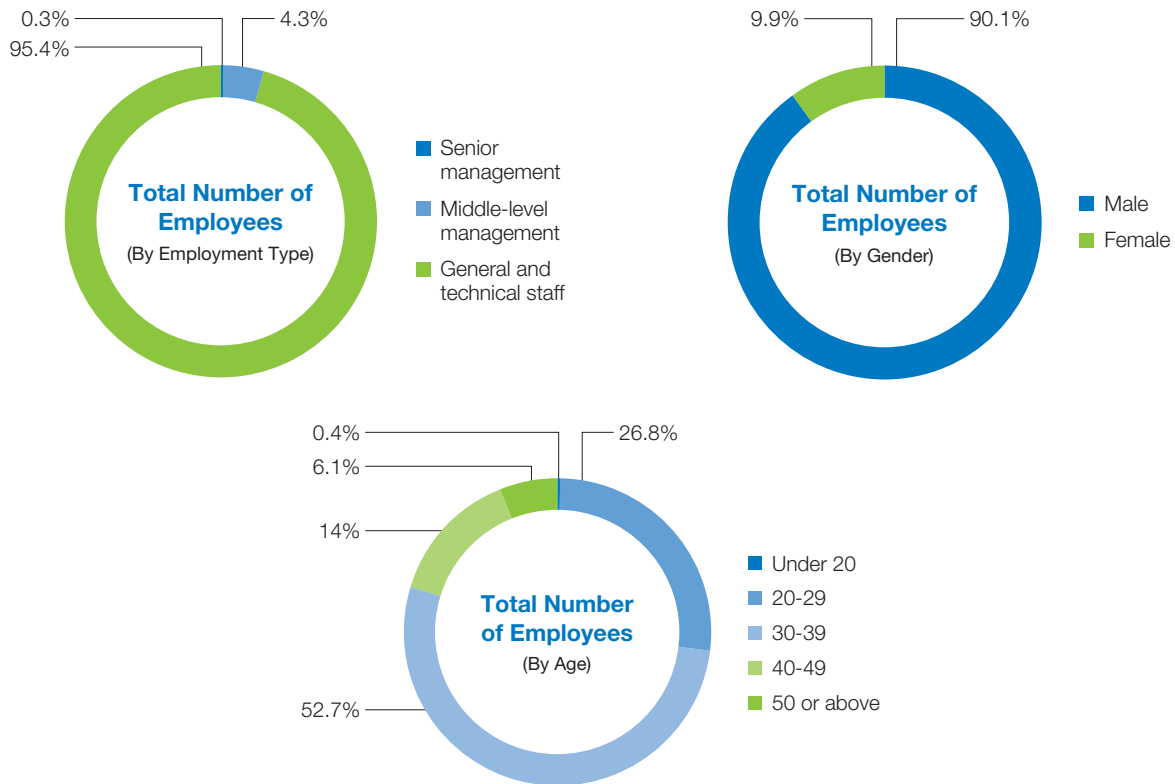
To view the continuous training of professional manager team with high level of professionalism, enthusiasm and responsibility as an important mission of our development

Recruitment

The Group has always adopted the principle of fairness as a guideline for recruiting talents. All candidates shall have the same opportunity to be hired and paid accordingly, regardless of their gender, religion or race. Meanwhile we employ people with disabilities because we believe that by arranging them in the right position, they can all exert their talents. All candidates must pass the interview and the selection process. Our human resources department will strictly check the personal information, identification and age of applicants during recruitment. No one under the age of 18 will be recruited. Applicants confirmed with offers are required to undergo a corresponding physical examination prior to the employment. Applicants must also sign a labour contract with us voluntarily when they join the Group. Related terms such as the job information, location, working hours, probation period, etc. will be clearly stipulated in the labour contract. We recruit talents through different channels, including recruitment websites, social media, and job placement advertisements on our official websites. We also organize campus recruitment, internship programs, and touring activities with 40 tertiary institutions, which lay the foundation for us to compete for and recruit the best and suitable talents in the future. It is clearly stated in our Employee Handbook that in the event of any material non-compliance of our employee, we have the right to terminate the labour contract with such employee at any time.

Employee Overview

As of 31 December 2019, we have in total 5,479 full-time employees.⁶



⁶ Workforce data in year 2019 cover over 90% of the Group’s full-time employees in Mainland China. As of 31 December 2019, the corresponding number of employees is 5,479 people in total.



Labor Standards

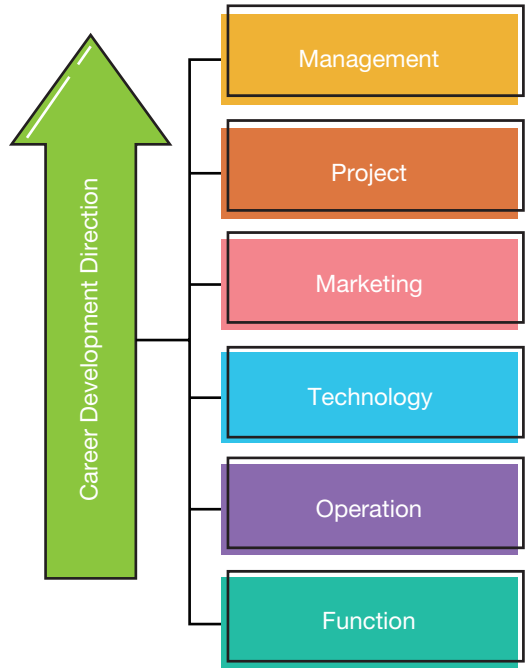
The Group adopts a zero tolerance attitude towards child labour and forced labour. In case of any violations, we will properly deal with the issue as soon as possible in accordance with the relevant emergency plans formulated by the Group, protect the relevant child labour or forced labour, and notify the labour union or local labour welfare department. During the Reporting Period, we were not aware that the Group was involved in any violation of laws and regulations related to the child labour and forced labour, including but not limited to the Labor Law of the PRC, Provisions on Prohibition of Child Labour, and the Law on the Protection of Minors of the PRC.

Salary Management

We strictly comply with the national laws and regulations related to labour, including but not limited to the Labour Law of the PRC and the Labour Contract Law of the PRC. In order to standardize the salary management and provide employees with a fair and reasonable labour compensation, we have specially formulated the Remuneration Management System to set salary grades based on the ranks. Specific salary amounts are set based on the personal abilities, qualities, and performance, and the performance bonuses and the year-end bonus are determined based on the performance evaluation results, which shall reflect the salary difference fairly and reasonably. The salary standard is reasonably determined with reference to the salary level of local labour market and the industry, in order to implement the salary management based on the four principles of legality, rationality, marketization and business consistency.

Career Development

We attach great importance on the development of each employee, set up a clear position hierarchy, and provide different career development directions. We provide professional training and development courses specific to each career development direction for outstanding employees. Meanwhile, the superiors of employees have the responsibility to support the career development of their subordinates, and conduct career development interviews and performance evaluations with their subordinates at least once a year, provide direction guidelines and recommendations, as well as provide them with corresponding development opportunities, which could help cultivate the departmental talent reserve.





Working Hours and Holidays

We divide working hours into scheduled and non-scheduled working hours according to the nature of the work and position. The scheduled working system is generally applicable to the production-related staff and office employees, while the non-scheduled working system covers the middle-level and higher management positions, salespersons, etc. We do not encourage overtime working, but if it is necessary due to the production needs, we can arrange employees to work overtime on the condition that the employee voluntarily agrees to such arrangement and confirmation is obtained from the person-in-charge, and we must ensure that employees have one day off every week. Under normal circumstances, employees' overtime hours must not exceed three hours per day and 36 hours per month, and overtime payment will be reimbursed in accordance with national regulations.

Equal Opportunity

We respect the rights and freedoms of each employee. According to the relevant provisions of the Labour Law of the PRC and the Law of the PRC on the Protection of Women's Rights and Interests, we solemnly make a statement in the Employee Handbook to protect employees from discrimination, harassment and their freedom of association, explaining that all employees should not be discriminated on the ground of their ethnicity, gender or religion. We do not tolerate any form of discrimination. The Group also does not tolerate any harassment towards customers, suppliers or employees. The freedom of belief of all employees is also respected. If the legitimate rights and interests of employees are infringed, they can report and complain through the complaint process.

Employee Benefits

Employees are essential to the success of business. Therefore, we provide employees with competitive compensation and benefits, and strive to retain talent and reduce employee turnover. Qualified employees are entitled to statutory benefits, including pension insurance, unemployment insurance, work injury insurance, maternity insurance, medical insurance, etc. Meanwhile, the Group also provides employees with additional subsidies and allowances, including transportation subsidies, rental subsidies, meals, etc., as well as festival gifts during the special festivals, to create a caring working environment. Eligible employees are also entitled to legal holidays, sick leave, wedding leave, funeral leave, maternity leave, paternity leave, etc. Moreover, we also attach great importance to the health of employees, and regularly arrange employees to conduct medical examinations at the expense of the Company.



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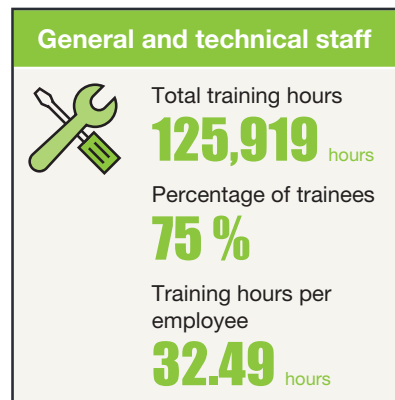
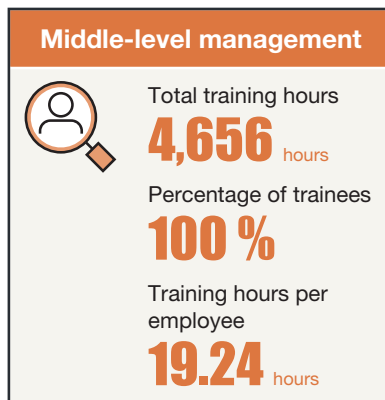
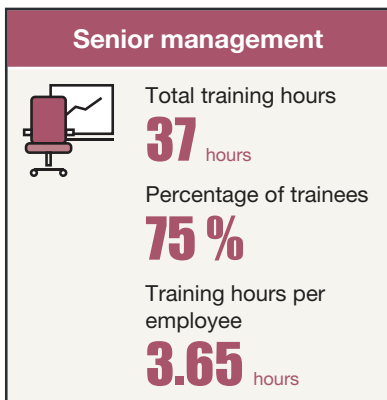
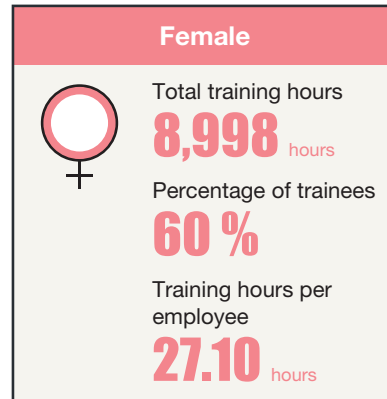
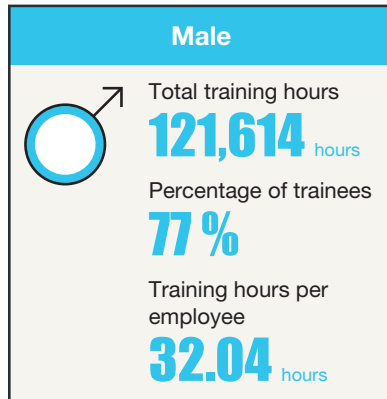
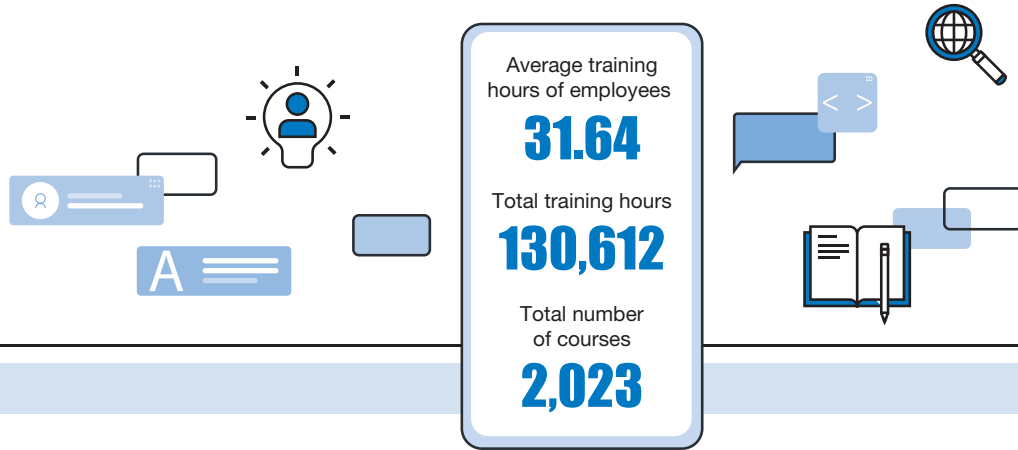


Development and Training

Training is one of the main ways of human resource development of the Group, and it is an important measure to improve the quality, technical level and management level of employees. We are committed to improving the requisite knowledge and skills for employees to be competent for their positions, in order to improve the working efficiency of the employees. We particularly provide career development training for outstanding employees. We hope that employees will be better qualified for their works and accelerate their career development through learning and mastering technical knowledge and professional skills. Based on the needs of various departments, we formulate an annual training plan every year, planning various training courses for different levels and positions. The types of courses can be categorized into the management training, on-the-job training, general training, orientation training for new employees, etc. In addition, the human resources department launched an online school application, “NGC Academy”, in the second half of year 2019, to facilitate employees who cannot attend on-site training due to the nature of their work to learn online and receive adequate training in a timely manner. Employees can sign up for training courses according to their personal interests or needs, and conduct online learning via mobile phones or computers. Supervisors can also dispatch training tasks on the application, which greatly improves the efficiency in terms of management and the time management of staff.



STATISTICS ON EMPLOYEE TRAINING AND DEVELOPMENT IN 2019





Employment communications

The Group cares for the overall wellbeing of our employees, and is open to employees' suggestions, opinions or complaints. We actively conduct employee satisfaction surveys every year, and incorporate the collected opinions into future improvement measures. We have implemented a new OA system internally. Employees can submit comments and complete employee satisfaction surveys at any time via mobile phones or computers. The line manager of employees or the human resources officer of each department is responsible for handling feedback and appeals. If the line manager or human resources officer cannot resolve the employee's complaint, the employee can then report to his/her supervisor and reflect to the management layer by layer. Employees can also appeal to the chairman of the trade union. In addition to the OA system, we also have a mailbox for the general manager and an email in place. Employees can send suggestions or comments directly to the management, and the general manager will reply and handle correspondingly. Meanwhile, we have established a corporate Wechat account – the "NGC's home", which is used to keep employees up-to-date with the latest news and important information of the Company. Employees can interact with the Company by sharing their views and suggestions freely through this channel. We proactively encourage and support our employees to participate in employee activities organized by the Company, including reading activities, film appreciations, fishing, badminton games, poker tournaments, act performances, etc., to strengthen internal cohesion.



OCCUPATIONAL HEALTH AND SAFETY

“Prioritizing Life Safety and Conducting Safe Development”

To ensure the personal and property safety of our staff based on the principles of “prevention and self-rescue as primary, centralized directives and division of responsibilities”

Sound management

As an internationally oriented manufacturing company, we understand that occupational health and safety is vital to maintaining the well-being, morale, corporate image and efficiency of employees. We started to obtain OHSAS 18001: 2007 occupational health and safety management system certification in 2010. We have formulated the Occupational Health and Safety Management Manual in accordance with the standards, laying a solid foundation for establishing a good management system. We carry out annual monitoring of occupational disease hazards in the workplace in accordance with laws and regulations. We also arrange dedicated personnel to conduct safety education and training for each factory to strengthen the employees’ awareness of production safety in order to reduce the occurrence of safety accidents. We evaluate the status of occupational disease hazards every three years to ensure the effective operation of occupational disease protection facilities, and employees’ protective measures are implemented in accordance with laws and regulations. The specialized department regularly inspects the factory sites, including inspections before and after the holiday and weekly inspections. We submit a safety committee report every quarter to report to the management any safety incidents, hidden safety hazards discovered, the progress of rectification works, safety training programme, etc.

On-site Safety Measures

- ✓ Electrical equipment used in fire and explosion hazardous locations must meet the corresponding explosion-proof grades and be implemented in accordance with relevant standards;
- ✓ Setting up safety signs and alarm devices in accident-prone locations;
- ✓ Carrying out regular inspection of occupational hazards in the workplace and set up notice cards of safety precaution in eye-catching locations;
- ✓ Persons who may be exposed to the power-frequency electric fields are equipped with insulated shoes, insulated gloves and working uniform to prevent related accidents;
- ✓ Persons who may come into contact with chemicals are equipped with rubber gloves, protective glasses, acid- and alkali-resistant protective clothing and masks;
- ✓ Persons who may be exposed to noise are equipped with earplugs and/or earmuffs;
- ✓ Setting up eye washers near cleaning posts, freezers, test bench and test posts;
- ✓ Adding mechanical ventilation facilities in cold source stations;
- ✓ Installation of ventilation facilities and fire alarms in the hazardous waste storage area

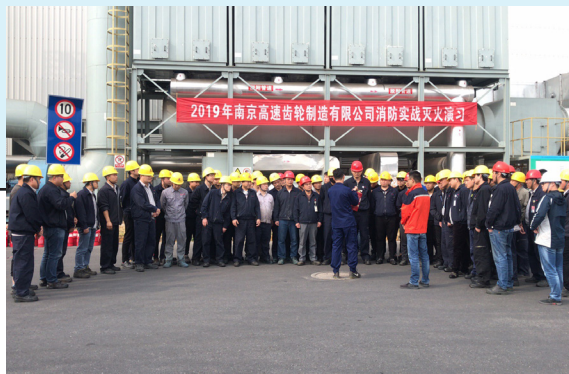
During the Reporting Period, the Group was not aware of any non-compliance of relevant laws and regulations on occupational health and safety, including but not limited to the Law of the PRC on the Prevention and Control of Occupational Diseases, the Fire Protection Law of the PRC, the Regulations on Safety Production Licensing (Revision), the Hygienic Standards for the Design of Industrial Enterprises, Code of Practice for the Selection of Individual Protection Equipment, Warning Signs for Occupational Hazards in the Workplace, etc.

Emergency response plan

In accordance with the Production Safety Law of the PRC and with reference to the Guidelines for Enterprises to Develop Emergency Response Plans for Workplace Accidents, we have formulated the Emergency Response Plan for Production Safety Incidents to conduct regular emergency drills to improve the capability on handling emergency and disaster prevention awareness of our employees. We have also established an emergency rescue group, which is mainly responsible for organizing, leading and directing rescue work after a major incident, to ensure the personal and property safety of our staff.

FIRE EVACUATION DRILL

All employees of the three plant areas (322 acres, 400 acres, and 410 acres) conducted fire evacuation drills respectively. We also conducted a practical fire drill for employees working in key fire prevention locations and voluntary firemen in a 400-acre area next to the Donglihua Building. We aim to enhance employees' awareness of fire safety and further improve our employees' capability on handling emergency, rapid response, and coordination and rescue ability via the drills, to ensure safe evacuation, firefighting and rescue can be conducted as soon as possible in the event of fire to reduce personnel and property loss.





ANTI-CORRUPTION

“Achieving Mutual Benefits with Honesty and Integrity”

To create a culture of high integrity and maintain sound commercial operation

We take a zero-tolerance attitude towards any corruption crimes such as bribery, extortion, fraud, and money laundering. It is stated in the “Employees Handbook” that the above acts are serious disciplinary violations. The Group will investigate the acts in accordance with law and have the right to dismiss the relevant employee immediately. In addition, we have formulated the “Procurement Compliance and Management System” for the procurement and other high-risk departments. We adhere to the principles of fairness and impartiality in selecting our suppliers and require employees of relevant departments to commit to refuse accepting any improper advantages given in any forms. The human resources department also provides compliance trainings for relevant employees and incorporates their performances into the appraisal scope. We provide trainings on the code of business conduct and ethics for new employees and employees in overseas divisions. Middle-level management, senior management, senior engineers are also provided with online anti-corruption trainings and tests on an annual basis. In addition to internal control, we require our suppliers to comply with the Supplier Compliance Commitment, to make our greatest impact on prompting them to promise not to provide any form of improper advantages. In the event of any intention from our employees who are trying to obstruct, we will actively report and assist in investigations, to make a concerted effort on stopping commercial non-compliance.

Whistleblowing policy

We have formulated the Anti-Fraud Whistleblowing Management Procedures, which elaborates the scope of whistleblowing, to fully protect the rights of employees or other stakeholders. We also establish diversified whistleblowing channels, including reporting hotline, email, mailbox or in-person, etc., and post information on reporting channel at prominent locations in the workplace to improve transparency. All relevant reporting information will be handled with care and confidentiality, to protect the rights and interests of the whistle-blowers, encourage employees to come forward to make a report, and build a fair and just business ecosystem. The Group strictly follows the Anti-Unfair Competition Law of the PRC, the Anti-Money Laundering Law of the PRC and the Interim Provisions on Banning Commercial Bribery issued by the State Administration of Industry and Commerce. During the Reporting Period, we were not aware of any non-compliance of laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering of the Group.

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COMMUNITY INVESTMENT

“Giving a Helping Hand to poverty-stricken children and the Nature”

To build a better world with care and love

Based on the previous charitable focus of “education”, our concern was expanded to the issues of poverty-stricken children and environmental protection in 2019 by offering help to those children and contributing actively towards a better environment. During the Reporting Period, we continued to cooperate with the YongPing Red Cross Society in Dali Bai Autonomous Prefecture in Yunnan Province and donated RMB50,000 to the Red Cross Society, to support the disadvantaged students with excellent academic performance to complete their education. We also expanded our public welfare activities to environmental protection-related areas for the first time during the Reporting Period. We participated in the “Saving the Yangtze Finless Porpoise” project, which was initiated by the Amity Foundation and the Nanjing Yangtze Finless Porpoise Conservation Association. Aiming to increase the food of the Yangtze finless porpoise, the event protected biodiversity by scientifically releasing native species source, restore fishery resources. It also saved the Yangtze finless porpoises by improving the ecological environment of waters. In the future, the Group will continue to embrace the mission of “Geared for a Better Future” and the goal of achieving sustainable development, and strive to make more contributions to the sustainable social development.

WARMING WINTER WITH LOVING QUILTS

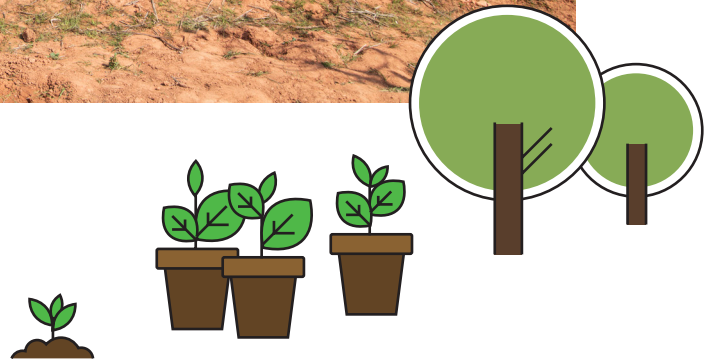


The Group has been an active initiator and practitioner of putting the social responsibility into practice with social welfare activities. During the Reporting Period, we care about the children who are living in low-income household or growing up in poor living condition in mountainous regions. Before the cold winter came, the Group donated 200 quilts to Badong Village, Sanmeng Town, Luchun County, Honghe Hani and Yi Autonomous Prefecture, Yunnan Province, and entrusted the local village committee to deliver the quilts to the villagers. We knew that most of the people in the mountainous regions were suffering from severe cold because of poverty and lack of supplies, hence we hoped that the quilts would deliver warmth to their bodies and hearts.



PROTECTING THE ECOLOGY WITH AFFORESTATION

We held a tree planting festival in Fangshan, Jiangning on the theme of “Protecting the Ecology with Afforestation and Driving the Future with Green Power”. The leaders of the Group and the chairman of the trade union were also invited to join the activity. All the participants swayed their shovels and planted saplings under the warm sun and in the breeze of springtime, and hung up a commemorative card printed with the Group’s logo, afforestation slogan, name of sapling planter and timing of afforestation on each sapling. Although the tree planting activity is over, we believe that the concept of protecting the environment will be widely disseminated, and actions to protect the environment will continue to be carried out. We also hope that our green power can drive the future and deliver green energy to every corner of the world.





SAVING THE YANGTZE FINLESS PORPOISE

The number of Yangtze finless porpoises is decreasing year by year. As of 2018, There are less than 1,012 left. Human activities have caused ecological damage to the Yangtze river. The rapid economic development in the Yangtze river basin has caused a large number of natural wetlands along the coast to disappear, which has led to the shrinking of living space of fish. In addition, the overfishing of the fishing industry has overstretched the fishery resources of the Yangtze river. Finless porpoises are on the brink of extinction due to the lack of food.

In order to restore the Ecological Environment of the Yangtze River in the Nanjing section and make Yangtze River sufficient in food for finless porpoises, more than 100 volunteer representatives of the Group and citizen representatives scientifically released a total of more than 70,000 fry to Yangtze river. The fish species were released in accordance with the provisions on the propagation and release of aquatic organisms this time. We carefully selected the Yangtze river native fish fry supplied by the breeding grounds that have the qualifications for artificially propagated and released species, mainly including the “Four Major Fish” such as mackerel, grass carp, chub and bighead carp, to ensure that fry were free of banned drug residues, disease-free and qualified after inspection and quarantine. We promoted the restoration and growth of fish resources in the Yangtze river through the release, aiming to offer a home with sufficient food and good environment for the finless porpoises in Nanjing section, and bring hope to the Yangtze river and its biological chain. The staff of the Yangtze finless porpoise conservation association also carried out a brief popularization of the scientific knowledge of Yangtze finless porpoise, and worked with the volunteer team to clean up the garbage on the River bank.



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Subject Areas, Aspects, General Disclosure and KPIs		Chapter/Disclosure	Page
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Aspect A1: Emissions			
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KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection	7-16
KPI A1.2	Greenhouse gas emissions in total and where appropriate, intensity.	Environmental Protection	8
KPI A1.3	Total hazardous waste produced and where appropriate, intensity.	Environmental Protection	12
KPI A1.4	Total non-hazardous waste produced and where appropriate, intensity.	Environmental Protection	12
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection	7-16
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection	11-13
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Environmental Protection	14-16
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Environmental Protection	14
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KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection	14-15
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Protection	16
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced.	Sustainability Performance Summary	6



Subject Areas, Aspects, General Disclosure and KPIs		Chapter/Disclosure	Page
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Our business activities have no significant negative impact on the environment and natural resources.	N/A
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our business activities have no significant negative impact on the environment and natural resources.	N/A
B. Social			
<i>Employment and Labour Practices</i>			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Human Resources	25-31
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Human Resources	25
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Within the Reporting Period, we updated the workforce data collection system. Thus, employee turnover rate is not disclosed.	N/A



Subject Areas, Aspects, General Disclosure and KPIs		Chapter/Disclosure	Page
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety	32-33
KPI B2.1	Number and rate of work-related fatalities.	No work-related death incident occurs during the Reporting Period.	N/A
KPI B2.2	Lost days due to work injury.	Not disclosed during the Reporting Period	N/A
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety	32-33
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Human Resources	29-30
KPI B3.1	The percentage of employees trained by gender and employee category.	Human Resources	30
KPI B3.2	The average training hours completed per employee by gender and employee category.	Human Resources	30
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Human Resources	26
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Human Resources	26
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Human Resources	26



Subject Areas, Aspects, General Disclosure and KPIs		Chapter/Disclosure	Page
<i>Operating Practices</i>			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supplier Management	24
KPI B5.1	Number of suppliers by geographical region.	Supplier Management	24
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supplier Management	24
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Liability; Innovating Achievement	17-23
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not disclosed during the Reporting Period	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Not disclosed during the Reporting Period	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovating Achievement	23
KPI B6.4	Description of quality assurance process and recall procedures.	Not disclosed during the Reporting Period	N/A
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Our business does not involve any consumer privacy data.	N/A



Subject Areas, Aspects, General Disclosure and KPIs		Chapter/Disclosure	Page
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption	34
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	During the Reporting Period, no corruption lawsuit against the Company or the Company's employees occurs.	N/A
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-Corruption	34
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	35-37
KPI B8.1	Focus areas of contribution.	Community Investment	35-37
KPI B8.2	Resources contributed to the focus area.	Community Investment	35-37