

# 2022

## Corporate Social Responsibility Report



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# About the Report

## Report Description

This report is the third corporate social responsibility report (hereinafter referred to as "CSR report" or "the report") issued by LINGYI iTECH (GUANGDONG) COMPANY (hereinafter referred to as "the Company", "Company", "LINGYI iTECH" or "we"). This report is published regularly every year on our philosophies, strategies and practices on corporate social responsibilities, with priorities given to the disclosure of the Company's performance in terms of responsibility control, product quality, innovation and R&D, partnership, talents development, safety production, and health, environmental protection and social feedback.

### 1. Basis of Compilation

This report is prepared as per such relevant social responsibility national standards as Guidance on Social Responsibility (GB/T 36000-2015), Guidance on Social Responsibility Reporting (GB/T 36001-2015), and Guidance on Classifying Social Responsibility Performance (GB/T 36002-2015), the Listing Rules of Shenzhen Stock Exchange Listing Rules, International Organization for Standardization's Guidance on Social Responsibility (ISO 26000) and the Global Reporting Initiative's Uniform Standard for Sustainability Reporting (GRI Standards) (hereinafter referred to as the "Standard" ). Please refer to Appendix 3 hereof for the content index of GRI Standards.

### 2. Range and Boundary of the Report

Unless otherwise specified, the timeframe of the information contained in this report ranges from January 1, 2022, to December 31, 2022 (hereinafter referred to as "this year" or "the reporting period"). Some of the contents related to the previous data and activity descriptions might go beyond the above time range. Unless otherwise specified, This report covers the performance of LINGYI iTECH (GUANGDONG) COMPANY and its subsidiaries in mainland China.

### 3. Information Sources and Reliability Assurance

The data in this report come from the Company's internal information, investigations & interview records, and related files. RMB shall be the unit for the calculation of all types of financial data herein. The financial data in our annual financial statements shall prevail. The Company's Board of Directors promises that this report does not contain any false or misleading information and is accountable for the authenticity, accuracy, and integrity hereof.



## 4. Confirmation and Approval

As confirmed by the Executive Management, the report, containing no false records, misleading statements or major omissions was approved for publishing on April 27, 2023.

## 5. How to Access and Response to This Report

This report is available in simplified Chinese and English for readers' reference. You can browse the electronic version of the report on our official website: <http://www.lingyiitech.com> or download the report from <http://www.cninfo.com.cn/new/index>. If there is a discrepancy between this report's Chinese and English versions, the Chinese version shall prevail.

## 6. Contact

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# Message from the Chairman



2022 marks the 17th year of LING iTECH (GUANGDONG) COMPANY. Over the past years, we have achieved rapid composite development and remarkable results. We continue to combine the concept of sustainable development with LINGYI iTECH's long-term development and actively fulfill our social responsibilities by vigorously carrying out green technology innovation activities, accelerating the transformation of enterprises to clean energy, and constantly striving for sustainable, green, and high-quality economic and social development.

In the past year, we have continued to optimize the Company's governance system and improve governance capabilities. We adhere to compliant and transparent operations, strengthen internal system construction, and fully integrate compliance management into various aspects of Company business development and management. We put people first, care for employees, and initiate a new journey of common prosperity, promoting the development of an employee community that focuses on career development, income growth, protection and experience enhancement, and social responsibility. We take environmental protection as our responsibility and integrate environmental protection requirements into product research and development, manufacturing solutions, and practice green manufacturing and green development. We more actively explore sustainable production and development mode, in order to achieve the unity of economic benefits, social benefits and environmental benefits.

In 2022, the problems brought by energy security and climate change have been highlighted, which has intensified the urgent demand for global energy transformation. In this epoch-making context, LINGYI iTECH actively implements and responds to the domestic and foreign policies on climate change and the call of the national carbon neutral goal, continuously increases the use of clean energy, and accelerates the transformation of the energy structure. In 2022, we purchased clean energy amounted to 392 million KWH, an increase of 12% over the previous year, equivalent to reducing 223,558 tons of carbon dioxide emissions. A number of factories carried out photovoltaic power generation projects using idle roofs, and generated 25.61 million KWH of electricity annually, an increase of 6.6% over the previous year, equivalent to reducing 14,605 tons of carbon dioxide emissions. In the process of business operation, Our Company unswervingly takes the high quality development road of ecological priority, green and low-carbon. Its subsidiaries continue to carry out a number of energy conservation and emission reduction projects to protect the ecological environment, develop business stably, and promote the sustainable development of the industry and even the whole society. It is determined to move forward on the road of implementing the concept of green development.

LINGYI iTECH is a platform organization with an international perspective, international business, and international employees. While developing the economic layout, the Company pays more attention to the development and welfare of employees, focuses on the development of talents, and pays attention to the growth of employees. The company invests in the integration of production and talent, integrates and develops training resources. In 2022, the total investment of the Company in training is about 69.81 million RMB, covering 791,622 person-times of the online and offline training, the training coverage rate reached 96%, and the total training hours reached 3,731,931 hours. In 2022, we launched the LINGYI iTECH UNIVERSITY online learning platform simultaneously to meet the needs of

employees' personalized learning and help them grow. In order to further stimulate the spirit of corporate ownership and performance excellence, we also launch an employee stock ownership scheme to fully mobilize the enthusiasm of talent.

It is the corporate responsibility and mission to contribute sustainable positive value to the social development. LINGYI iTECH has always been actively fulfilling its corporate social responsibility, and dedicating itself to giving back to the society with love. In 2022, we continued to devote ourselves to public welfare activities, launch a special education promotion plan, pay all course fees for key talents with academic qualifications, and help employees to improve their on-the-job education. We also signed a strategic cooperation agreement with Guilin University of Electronic Technology to set up a special education fund, which will provide one million RMB each year to support poor students with excellent quality and academic performance. We always been fulfilling the social responsibility and mission as the leader of the manufacturing industry.

We will continue to actively adjust our corporate operation strategy, manage risks, strive for sustainable development of the enterprise, take care of our employees, and provide our customers and employees with high-quality, fast, efficient product services and a safe working environment. We will promote the coordinated development of the upstream, middle and downstream of the industrial chain, and promote the coordinated development and cooperative promotion mechanism of traditional and emerging businesses, construct a supply chain and industrial chain integration pattern, and from a strategic height, meet the requirements of sustainable development trends, improve our own system and management system, and operate with integrity and compliance.

Looking towards the future, LINGYI iTECH will continue to practice the concept of sustainable development, uphold the spirit of "perseverance leads to success," actively promote the green and sustainable development of the industrial chain, contribute to the value of the enterprise from ourselves, to the industry chain, and to the world, and pursue a symbiotic and win-win relationship between human and nature, and between the enterprise and society. Although the journey may be arduous, it is only after blowing away the sandstorm that the gold can be seen. Faced with new opportunities and challenges in 2023, we are not afraid, we adhere to the sustainable development mission of the enterprise, contribute to the value of ourselves, surroundings, and the world, pursue a symbiotic and win-win relationship between human and nature, and between the enterprise and society.

CEO

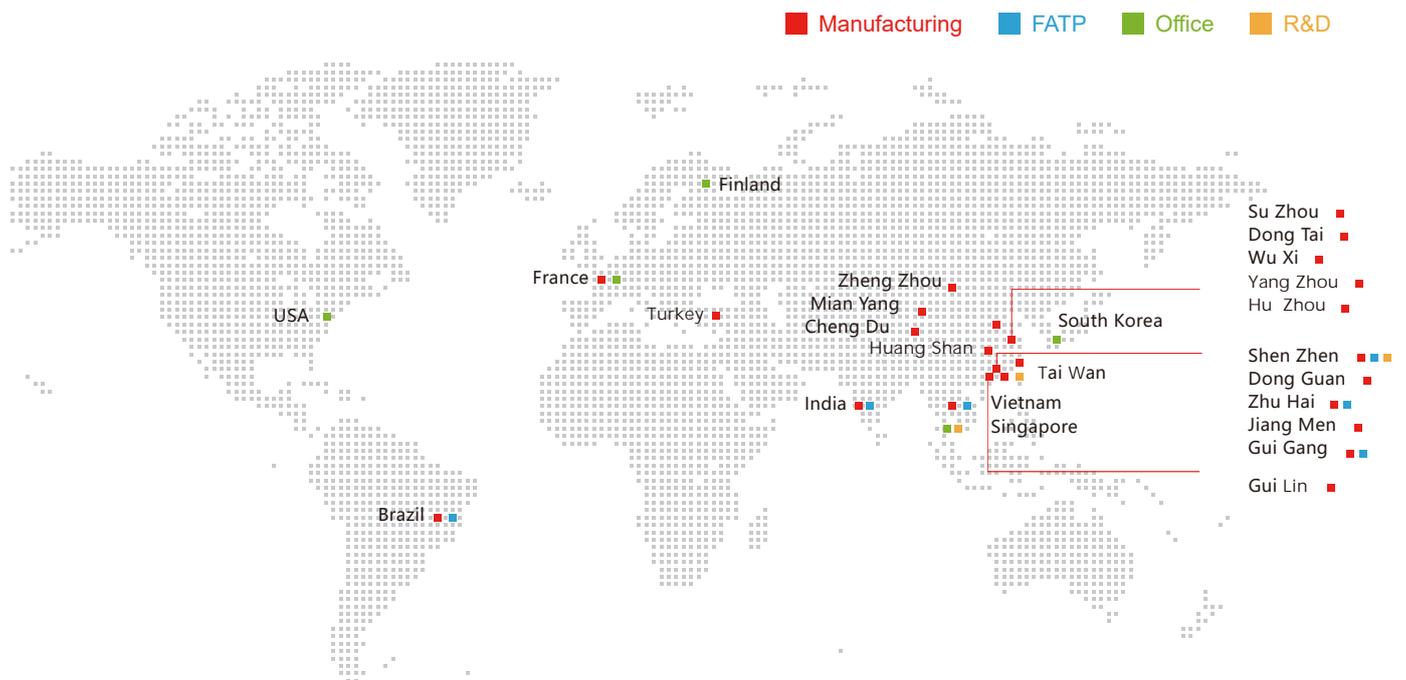
Mrs. Zeng Fang Qin

# About LINGYI iTECH

LINGYI iTECH was established in Shenzhen in 2006, formerly known as Triumph Lead Electronic Technology (Shenzhen) Co., Ltd. In 2018, it was successfully listed on the Shenzhen Stock Exchange (Stock code: 002600) after acquiring 43-year-old JPMF Guangdong Co., Ltd.

As the world's leading intelligent manufacturing platform, the company is committed to providing one-stop intelligent manufacturing services and solutions for global customers. The business covers the whole industrial chain of precision functional components, structural components and high-quality assembly business, involving products used in multiple downstream markets, including consumer electronics, automotive and photovoltaic energy storage and other fields, becoming a global consumer. In addition to consumer electronics, the company's products and services are expanding to communications, IoT and other fields. In the context of the global transition to low carbon energy consumption, the company strategically applies its lean manufacturing capabilities to the rapidly developing new energy vehicles and clean energy sectors.

Based The company adheres to the international development strategy of multi-category and multi-region coordinated development. Through the global network of production and service bases, research and development centers, and sales offices, the company has successfully built a global multi-center system of fast reading and responding to customer needs. Up to now, we have 58 production and service bases and 8 boutique assembly bases around the world. The company relies on scientific research and development system, strong research and development ability to support product and service innovation, consolidated the leading position in the field of intelligent manufacturing.



# 1. Product Solutions



## Midstream Precision Functional Parts

Midstream Precision Functional Parts includes a wide variety of surface treatment processes from stainless steel, aluminum alloy to titanium alloy, from CNC to turning-milling composite processing technology, from sandblasting, polishing to PVD and anodic oxidation and so on. These processes are combined with independently developed automation and visual inspection technology, and aim to provide precise metal parts with stringent requirements on size and appearance to consumer electronics industry.



## Structural Parts

With the intelligent factories as its carrier, structural parts platform makes large-scale investment on the entire process including R&D, mould manufacturing, injection moulding, spraying, CNC processing and assembly. Automatic production equipment has been fully applied and new industrial model based on end-to-end data flow and supported by network interconnection has been fully established. The platform, as the core supplier of world-famous high-end mobile phone brand customers, centers on the intellectualization of key manufacturing process and enhance the competitiveness of core products.



## Module Assembly

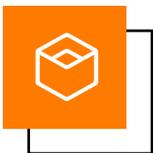
Module assembly platform focuses on the integrated solutions of module assembly in consumer electronics, and have various product lines such as LCD module, capacitive touch screen, wireless charging module, thermal module, backlight module, linear motor module, keyboard module and etc.



## Material

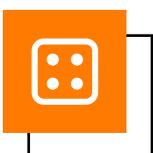
Dedicated to the R&D, production, and sales of ferrite magnetic materials and other new materials, we mainly supply permanent magnetic ferrite elements, soft magnetic ferrite elements, heat dissipating materials, conducting material and relevant functional membrane materials. We have been selling products to Japan, Europe, the USA, China's Hong Kong and China's Taiwan as a trusted supplier of a host of prestigious manufacturers of motors and electronic devices around the world.

# 2. Core Competencies



## Die Cut

With advanced mould and automation technology, we are devoted to providing customers with complete solutions of structure, display, acoustics, waterproof, heat dissipation and packaging. Through flat plate, round knife, laser and other processing technology, we integrate all kinds of cushion seals, pressure sensitive adhesives, hot melt adhesives, protective films, optical films, acoustics screen, waterproof breathable film, ferrite, graphene and nanocrystals and other materials. Besides, we also provide silicone molded parts, coil assembly and various types of printing service to our customers.



## Stamping

With leading mould development and manufacturing capabilities in the precision stamping, stamping platform adopts self-developed automation and inspection technology to achieve efficient multi-process production, and deliver metal structural parts with high requirements on precision and flatness to customers for further application in mobile phone antenna, earphone, linear motor and other products.



## CNC

From stainless steel and aluminum alloy to titanium alloy, from CNC to turn-milling machining, from such finish techniques of sandblasting and polishing to PVD and anodizing, we supply a wide band of metal tiny parts up to the most rigorous demands for size and appearance in the consumer electronics industry with independently developed automation and visual inspection technologies.



## Automation

Automation Business Group plays an important role in supporting the production and detection automation of other business groups. As a wholly-owned subsidiary of the national high-tech enterprise, LingLue Machine has a number of inventions and utility model patents. And it is committed to supporting other BG to improve the level of automation by customizing production equipment, testing equipment and industrial robots. Besides, LingLue Machine also has the patented technology of reducer, the core component of the robot, which makes it become the leader of China's advanced manufacturing.



## R&D Institute

LINGYI iTECH has established R&D Institutes in Shenzhen, Dongguan, Suzhou, Dongtai of China, the USA, and Singapore. By far we have 6,604 R&D technicians, including 8 doctors, 133 masters, and 1,536 bachelors. LINGYI iTECH will build six R&D centers (Heat Dissipation Module R&D Center, Mechanical Engineering R&D Center, Advanced Material R&D Center, Assembly R&D Center, Electromagnetic R&D Center, and Modeling & Simulation Center). We will pool high-end talent to ramp up our technical caliber and the abilities of automation and intelligent manufacturing. By doing this, we could remain a top player in small precision products that strive to achieve independent and updated IP rights on robotics and automation, making LINGYI iTECH a world-leading intelligent precision manufacturer.



## Advanced Management

LINGYI iTECH aspires to turn world-leading technologies into the driving force for intelligent manufacturing in China, leverages the overall industrial solutions from the R&D of AI and robots to automatic production, and integrated them with a dazzling array of self-developed all-purpose numerical control and automatic equipment to build world-class smart production workshops with cutting-edge technical power and effective, updated and intelligent plants. We have intelligentized product manufacturing through real-time monitoring of production equipment operation, automatic fault alarm, and diagnosis & analysis functions provided by MES (Manufacturing Execution System) and QMS (Quality Management System).

### 3. Development History





智造引领世界  
努力成就梦想



## 4. Our Corporate Culture

### Mission

Lead the worldwide intelligent manufacturing, strive to achieve goals

### Vision

Become a world-leading intelligent precision manufacturing company relying on modern management philosophy and unremitting effort to pursue excellence

### Values

- Integrity and Pragmatism: Be realistic and keep our promises
- Respect: Be strict with our-self and treat people in good faith
- Long-termism: Achievements for the present and benefits for the future
- Customer First: Exceed expectations and create value
- Responsibility: Face the problem, take the heavy burden
- Value Symbiosis: Solidarity and mutual benefit, sharing results

### Advantages

- A world-leading all-in-one intelligent manufacturing platform
- A multi-center international presence for global supply
- Empowering product innovation and technological development with strong R&D power
- Building long-term customer relationships to secure sustainable growth
- A learning organization fostered by iteration, innovation, and transformation
- Visionary executive management with an entrepreneurial spirit, insight, and international background

### Strategies

- Expand product portfolio and customer base, and further penetrate emerging end markets
- Optimize operational efficiency and quality control
- Deepen the multi-center global localization strategy to capture overseas growth opportunities
- Keep ramping up R&D input in response to changing industry trends
- Seek strategic partners to build a mutually beneficial, collaborative, and inclusive ecosystem
- Attract, cultivate, and retain talent to promote our culture, principles, and social values

LINGYI iTECH implements the values of "Integrity & Pragmatism, Customer First, Respect, Responsibility, Long-termism and Value Symbiosis", and advocates the vision of "modern management philosophy and unremitting effort to pursue excellence" with advanced technology and outstanding talents, mature international management, sustainable development strategy and other advantages. We keep continuing to expand our scale, enhancing sustainable profitability and anti-risk capabilities, and developing into a global leader in the field of precision manufacturing.

## 5. ESG Highlights



# No.24

2022 Top 100 Private Manufacturers in Guangdong Province



# No.43

2022 Top 100 Private Enterprises in Technological Innovation



# No.46

2022 Top 100 Private Enterprises in Guangdong Province



# No.80

Top 100 ESG Companies of GBA

## | 2022 Award

Time Of Awarding	Winner Unit	Name Of Awards	Awarding Body
July 2022	LINGYI iTECH (GUANGDONG) COMPANY	ESG Competitiveness. Double Carbon Pioneer	Golden Bee CSR Consulting
July 2022	LINGYI iTECH (GUANGDONG) COMPANY	2021 Top 500 Chinese Emerging Enterprises (No. 155)	China Enterprise Evaluation Association
July 2022	LINGYI iTECH (GUANGDONG) COMPANY	Fortune China' s Top 500 (No.397)	Fortune Magazine
August 2022	LINGYI iTECH (GUANGDONG) COMPANY	2022 China's Top 100 Digital Economy Player (No.63)	Forbes China, China Electronic Chamber of Commerce
September 2022	LINGYI iTECH (GUANGDONG) COMPANY	2022 China's Top 500 Private Enterprises (No.399)	All-China Federation of Industry and Commerce
September 2022	LINGYI iTECH (GUANGDONG) COMPANY	2022 China's Top 500 Private Manufacturing Enterprises (No.246)	All-China Federation of Industry and Commerce
November 2022	LINGYI iTECH (GUANGDONG) COMPANY	JINQIAO Prize Outstanding ESG Practice Corporate	Thinking Finance& Investor China
November 2022	LINGYI iTECH (GUANGDONG) COMPANY	2022 Best Corporate Social Responsibility Practices of Chinese Manufacturers	AI International Business Review
December 2022	LINGYI iTECH (GUANGDONG) COMPANY	Golden Responsibility Award Best Corporate Social Responsibility Award	Sina Finance
December 2022	LINGYI iTECH (GUANGDONG) COMPANY	The 6th China Excellent IR "Best ESG Award"	Road Show China
December 2022	LINGYI iTECH (GUANGDONG) COMPANY	The Annual ESG Outstanding Enterprise	HeXun
December 2022	LINGYI iTECH (GUANGDONG) COMPANY	The Best ESG Value Award of the Year	CaiLian Press

Time Of Awarding	Winner Unit	Name Of Awards	Awarding body
December 2022	LINGYI ITECH (GUANGDONG) COMPANY	2022 The Best Growth Public Company of High-end Manufacturing Industry, Chinese Public Reputation List of Listed Companies	NationalBusiness Daily
December 2022	LINGYI ITECH (GUANGDONG) COMPANY	The 16th Crystal Ball Awards for the Best Value Listed Company in 2022	Capital Week
December 2022	LINGYI ITECH (GUANGDONG) COMPANY	2022 Listed Company Investment Value Summit—Golden Buttonwood Awards of the Listed Company with the Best Investor Relationship Management	China Industrial Cooperation Association, TMT post
June 2022	Salcomp (Shenzhen) Co., Ltd.	2020-2021 Top Supplier of Power Adapter in Greater China	Guangdong Magnetic Components Industry Association
July 2022	LY Technology (Suzhou) Co., Ltd.	2022 Top 100 Private Enterprises in Suzhou	Suzhou Federation of Industry and Commerce
August 2022	Salcomp (Guigang) Co., Ltd.	Model Company of Quality Progress in Guangxi Province	Market Supervision and Administration Bureau of Guangxi Zhuang Autonomous Region
September 2022	Zhengzhou LS technology co.,Ltd.	2021 Top 50 Enterprise with Outstanding Area-effectiveness of Zhengzhou City	Zhengzhou Municipal People's Government
September 2022	Ling Sheng City Technology (Jiangsu) Co., Ltd.	2022 Role Model Internet-based Plant of Jiangsu Province	Jiangsu Provincial Department of Industry and Information Technology
October 2022	Chengdu LingYi Technology Co., Ltd	100 top High-growth Enterprises with Scale Merits	Chengdu Steering Team Office of New Economy Development
December 2022	Zhengzhou LS technology co.,Ltd.	Henan Provincial Outstanding Growth & Innovation-Oriented Private Enterprise	Henan Provincial Department of Industry and Information Technology, Henan Federation of Industry and Commerce
December 2022	Dongguan Lingjie Metal Precision Machining Technology Co.,Ltd.	2022 Top 100 Private Manufacturers in Guangdong Province (No.78)	Guangdong Federation of Industry and Commerce (General Chamber of Commerce)
December 2022	Sheng Xiang Precision Metal (Dongguan) Co., Ltd.	2022 Top 100 Private Manufacturers in Guangdong Province (No.90)	Guangdong Federation of Industry and Commerce (General Chamber of Commerce)
December 2022	Dongguan Ling Yi Precision Manufacturing Technology Co., Ltd.	2022 Top 100 Private Manufacturers in Guangdong Province (No.97)	Guangdong Federation of Industry and Commerce (General Chamber of Commerce)
January 2023	Salcomp (Shenzhen) Co., Ltd.	The 16th Award Top 10 Boonish Companies of Shenzhen	Organized by Shenzhen Federation of Trade Unions, Shenzhen Publication & Distribution Group
January 2023	Salcomp (Guigang) Co., Ltd.	2022 Best Industrial Enterprise	CPC Guigang Committee
January 2023	Ling Sheng City Technology (Jiangsu) Co., Ltd.	2022 Star Enterprise of Yancheng City	Dongtai Municipal Committee of CPC, Dongtai Municipal People's Government
January 2023	Ling Sheng City Technology (Jiangsu) Co., Ltd.	2022 Top 10 Manufacturing Developers of Dongtai City	Dongtai Municipal Committee of CPC, Dongtai Municipal People's Government
February 2023	Huangshan Lingyi Communication Technology Co., Ltd.	Top 10 Private Enterprise Tax Payers of Tunxi District	CPC Committee of Tunxi District, Huangshan City, and People's Government of Tunxi District, Huangshan City

## 6. Identification of Material Issues

Committed to the values of "Integrity & Pragmatism, Customer First, Respect, Responsibility, Long-termism and Value Symbiosis", LINGYI iTECH maintains the relationships of honesty and mutual trust with customers, employees, and partners and keeps upgrading the multi-layered and multi-faceted communication channels with such stakeholders as customers, employees, community and partners to gain their trust and support while enhancing our ESG management.

During the reporting period, LINGYI iTECH has identified the relevant stakeholders who have the right to make decisions and influence of our company based on its business range and the nature of its production and operation. The channels that we respond to and communicate their interested topics are displayed as below.

Stakeholders	Expectations and Demands	Responses and Communication Approaches
Shareholders/Investors	<ul style="list-style-type: none"> <li>Steadily growing business performance</li> <li>Impressive market value performance</li> <li>Enhancing company value</li> <li>Open and transparent enterprise information</li> <li>Sustainable development modes</li> </ul>	<ul style="list-style-type: none"> <li>Convening shareholder meetings</li> <li>Issuing company announcements and regular reports</li> <li>Company website and irm.cninfo.com.cn of SZSE</li> <li>Holding communications of investors, performance presentations, and field trips</li> <li>Promptly disclosing material operation information, provisional notices and revealing financial data regularly</li> <li>Responding to the Board of Directors through the Board Office</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employment and protection of rights &amp; interests</li> <li>Employee salary and welfare</li> <li>Clear-cut occupational development</li> <li>Diversified employee training sessions</li> <li>Employee safety and health</li> </ul>	<ul style="list-style-type: none"> <li>Providing hotlines and portals for complaints</li> <li>Launching recreational and sports activities for employees</li> <li>Creating a multidimensional training system</li> <li>Building a smooth promotion pipeline</li> <li>Providing diversified welfare for employees</li> <li>A sound health and safety system</li> </ul>
Customers	<ul style="list-style-type: none"> <li>High-quality products</li> <li>R&amp;D and innovation capability</li> <li>Information security and data protection</li> </ul>	<ul style="list-style-type: none"> <li>Providing hotlines for customer consultation and complaint</li> <li>Customer satisfaction survey and complaint callback</li> <li>Customer requirement surveys and project reports</li> </ul>
Government and Regulatory Bodies	<ul style="list-style-type: none"> <li>Abiding laws and business compliance</li> <li>Accepting supervision and providing data reports promptly</li> <li>Paying tax according to law to spur economic growth</li> </ul>	<ul style="list-style-type: none"> <li>Abiding by laws and rules</li> <li>Cooperating with supervision and inspection</li> <li>Disclosing information on a regular or interim basis</li> <li>Enhancing supervision of clean and honest practice</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Alleviating greenhouse effect</li> <li>Curtailing resource consumption</li> <li>Reducing the environmental impact of operation activities</li> </ul>	<ul style="list-style-type: none"> <li>Building environmental management systems</li> <li>Providing education on environmental protection</li> <li>Governing effluent, waste gases, and industry residues</li> <li>Launching resource-saving campaigns</li> <li>Managing greenhouse gases</li> <li>Saving energy consumption to propel green production</li> </ul>

## Stakeholders

## Expectations and Demands

## Responses and Communication Approaches

Partners	<ul style="list-style-type: none"> <li>• Mutual benefits</li> <li>• Driving the sturdy development of the industry</li> </ul>	<ul style="list-style-type: none"> <li>• Participating in or hosting industry forums and communications</li> <li>• Business negotiation with partners</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Sharing the growth with enterprises</li> <li>• Fair and transparent purchase</li> <li>• Clean and honest purchase</li> </ul>	<ul style="list-style-type: none"> <li>• Issuing notices of invitation for bids to publish the process and results of invitation for bid</li> <li>• Managing suppliers</li> <li>• Selecting suppliers</li> <li>• Responsible purchase</li> <li>• Sunshine Purchase</li> <li>• Creating green purchase chains</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Caring for and supporting community development</li> </ul>	<ul style="list-style-type: none"> <li>• Charity donation</li> <li>• Proving volunteer services for public welfare</li> </ul>

## 7. Analysis of Material Issues

We use a matrix analysis approach to assess the materiality of the Company's ESG issues. We mainly refer to domestic and foreign sustainable development guidelines and peers' ESG issues. We comb out ESG issues in combination with the Company's ESG work and determine the substance from the two dimensions of "Importance to stakeholders" and "Significance to LINGYI iTECH" to ensure the importance and priority of materiality issues.



\*The figure numbers correspond to the text on the right

### Employee Issues

- 01 Employee Salary and Benefit
- 02 Employee Training and Promotion
- 03 Talent Management
- 04 Occupational Safety and Health
- 05 Employee Communication
- 06 Employee Diversity and Equality

### Operation Issues

- 07 Technology and Innovation
- 08 Product and Service Quality
- 09 Social Economic Compliance
- 10 Data Security and Customer Privacy Management
- 11 Customer and Consumers Rights
- 12 Intellectual Property
- 13 Conflict Mineral Management
- 14 Supplier Management
- 15 Green Supply Chain
- 16 Product Sales
- 17 Community Investment

### Environmental Issues

- 18 Environmental Compliance
- 19 Hazardous Waste Management and Reduction
- 20 Waste Gas Management and Reduction
- 21 Sewage Disposal and Reduction
- 22 Water Resource and Saving
- 23 Waste Management and Reduction
- 24 Raw Material Saving and Usage
- 25 Energy Management and Savings
- 26 Coping with Climate Change

### Economic Issues

- 27 Business Ethic and Anti-Fraud
- 28 Economic Performance



# Responsibility And Compliance Management

| Corporate Governance |

| Risk Management |

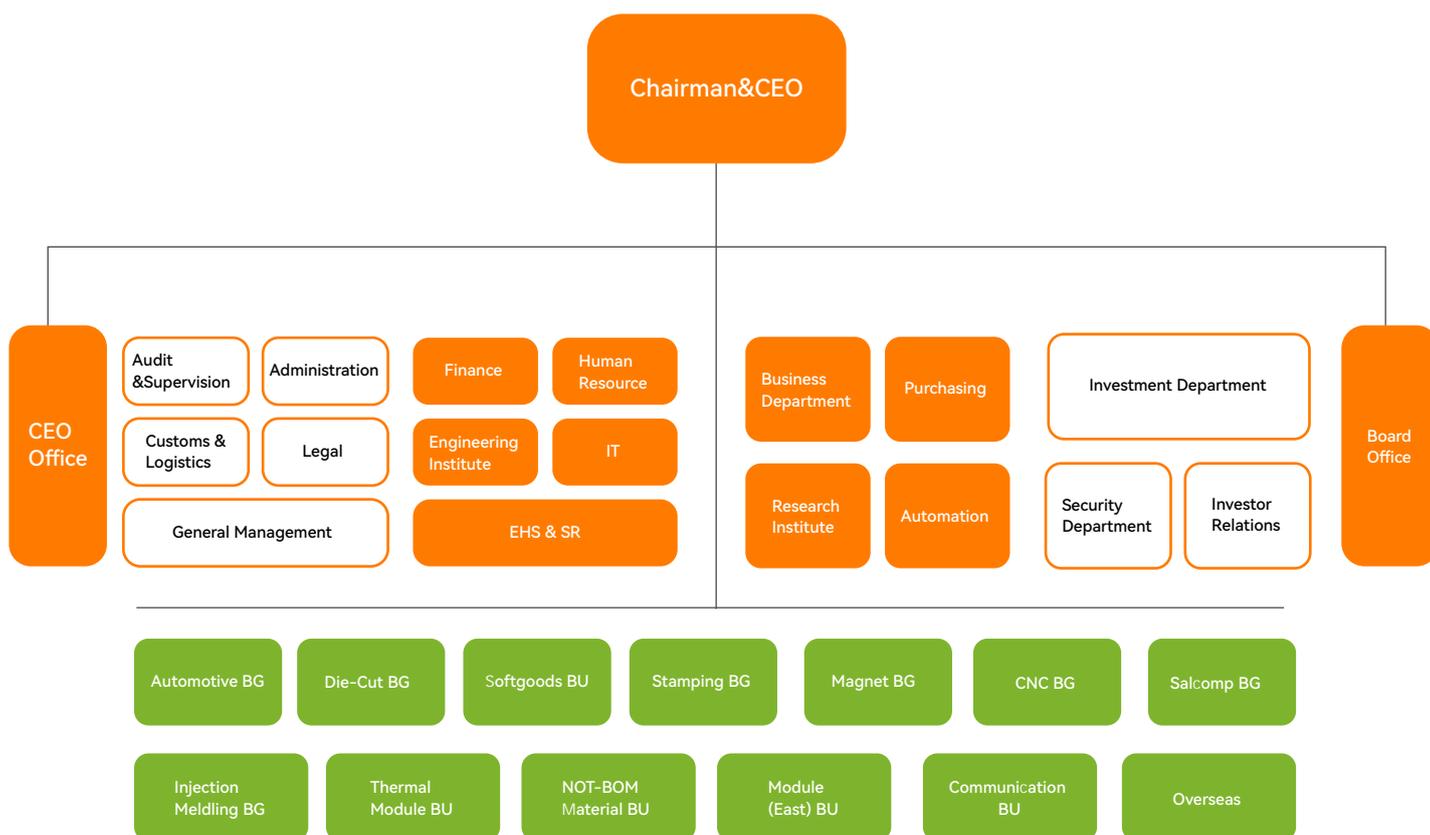
| Business Ethics |

# Corporate Governance

## 1. Corporate Organizational Structure

We have established a system of rules and a governance structure based on the Articles of Association, Rules of Procedure for the General Meeting of Shareholders, Rules of Procedure for the Board of Directors, and Rules of Procedure for the Board of Supervisors to ensure that the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the Executive Management could fulfill their roles properly in accordance with the Articles of Association, rules of procedure, and working instructions correspondingly to meet future challenges.

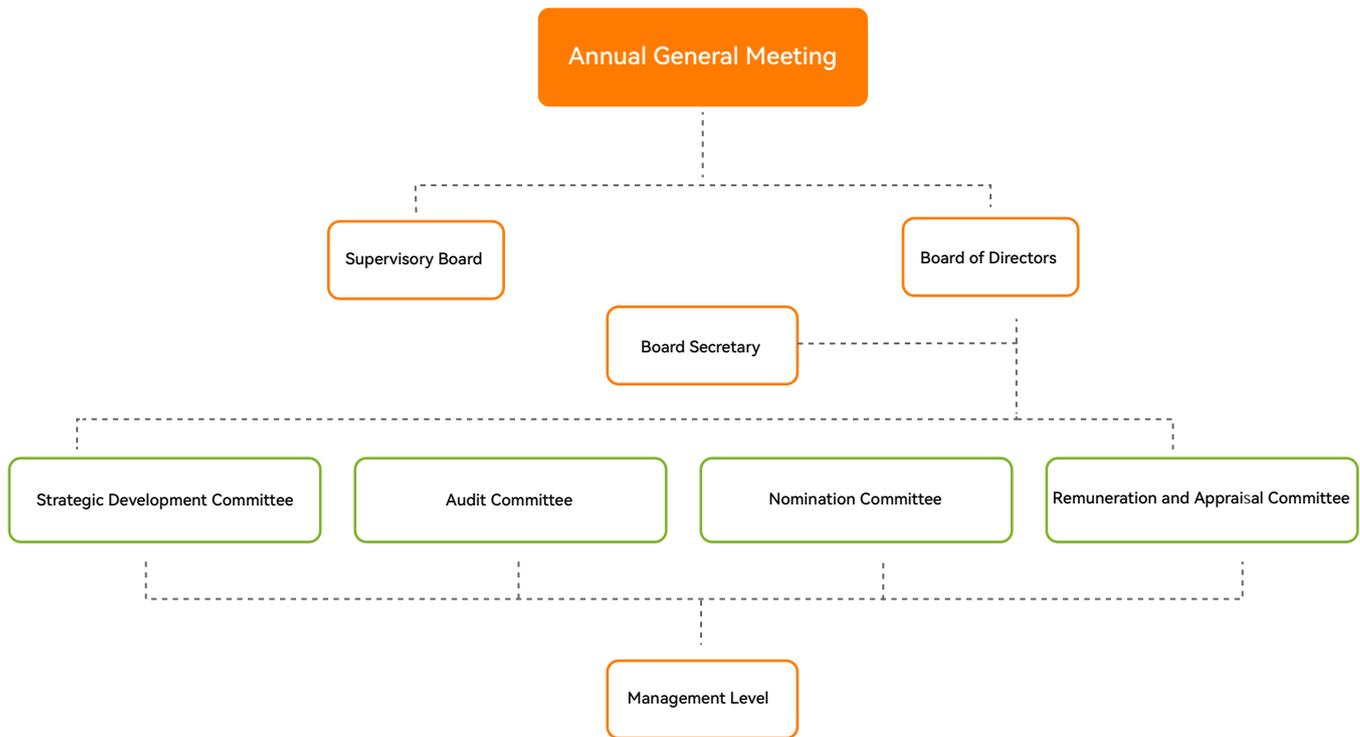
The Board of Directors shall be the supreme governing body of LINGYI ITECH. As required in the Listing Rules of Shenzhen Stock Exchange, Guidelines on Self-Regulation of Shenzhen Stock Exchange Listed Companies No. 1 – Standardized Operation of Mainboard Listed Companies, and other national regulations and policies, we regularly disclose relevant reports and have formulated the Information Disclosure Management Measures to fulfill information disclosure obligations and establish a clear-cut governance structure to cope with internal and external challenges and achieve sustainable development.



LINGYI ITECH Organizational Chart

## 2. Operation of Three Boards

The General Meeting of Shareholders, the Board of Directors, and the Board of Supervisors perform their duties with defined power and obligations and mutual restraint for better corporate governance. The Board of Directors, to supervise company affairs and safeguard the rights and interests of shareholders and investors, commands four specialized subsidiary committees: The Audit Committee, the Strategic Development Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. In 2022, the Company convened 34 meetings, laying a solid foundation for sustainable high-quality development in the future.

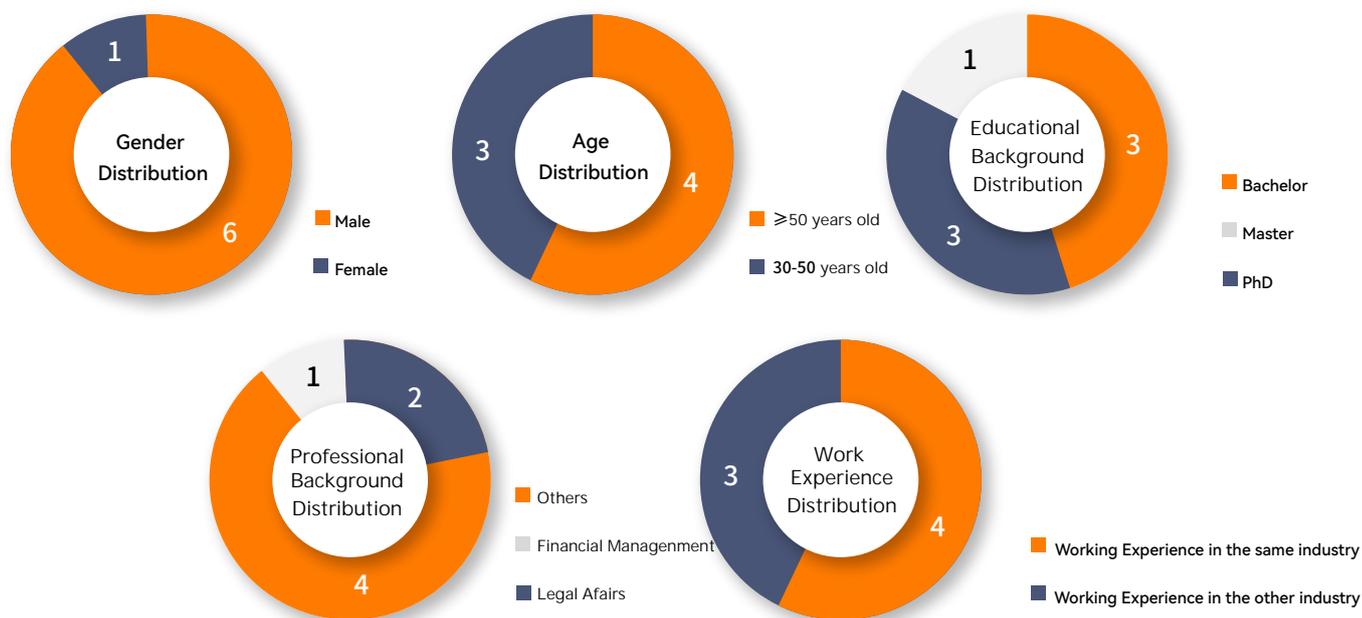


LINGYI iTECH Organization Chart

### (1) Board Diversity

The Company follows the diversity policies of the Board of Directors as per the Articles of Association and other regulations. All appointments by the Board of Directors shall be made in consideration of such factors as work experience and independence to handpick the best candidates for each position based on the principle of diversity. The factors considered shall include but not be limited to age, gender, culture, educational background, work experience, skills, academic background, length of service, and ethnicity to secure well-balanced diversity in skills, experience, and perspectives, thus improving efficiency and maintaining the smooth operation of the Board of Directors. We believe that to realize sustainable and balanced development, we should regard the increasing diversity at the board level as vital to enable the Company to reach strategic goals and sustainable development. A truly diversified Board of Directors should bring together and give full play to the members with a wide band of expertise, skills, regional origin, industry experience, background, gender, and other traits.

By the end of the reporting period, the Company's Board of Directors consisted of 7 members, including 1 female director and 3 independent directors. An independent director works to provide independent and impartial advisory opinions to inform the decision-making of the Board of Directors and safeguard the legal rights and interests of all shareholders. With an average tenure of 3 years, the current directors of the Company all have remarkable proficiency and educational backgrounds, including 3 directors with doctorate degrees. In 2022, the Company convened 10 board meetings and completed the deliberations of 61 resolutions with 100% attendance.



Distribution of the Board of Directors

## (2) Subordinate Committees of the Board of Directors

All the specialized committees fulfill their roles to supervise and audit corporate governance affairs as per the Articles of Association and Detailed Work Rules for Specialized Committees of the Board of Directors. Directors of the Company shall serve as the members of the specialized committees, which are elected by, responsible to, and regularly reporting to the Board of Directors on work.

All the specialized committees performances in 2022

S/N	Name	Duties	2022 Annual Performance
1	The Audit Committee	<p>Independent directors constitute the majority and act as conveners, And at least one independent director is a professional accountant</p> <p>Responsible for the communications, supervision, and verification of internal and external audits</p> <p>Reviewing and voicing out opinions on the financial reports of the Company</p> <p>Supervising and evaluating the internal control of the Company</p>	<p>During the reporting period, the Audit Committee convened 6 meetings with 100% attendance. Auditing the regular financial reports, the utilization of collected funds, justifying the provision for the devaluation of enterprise assets, and changing accounting policy etc.</p>
2	The Nomination Committee	<p>Studying and providing suggestions on the candidates, selection criteria, and procedures of the directors and executives of the Company</p> <p>Investigating and providing suggestions on the candidates of directors (including independent directors) and executives</p> <p>Providing suggestions on the scale and constitution of the Broad of Directors</p>	<p>During the reporting period, the Nomination Committee convened 2 meeting with 100% attendance, where the qualification of candidates of the Board of Directors and the Executive Management was investigated.</p>

S/N	Name	Duties	2022 Annual performance
3	The Strategic Development Committee	Studying and providing suggestions on the strategies and plans for the long-term development of the Company Studying and providing suggestions on major investments and financing plans Studying and providing suggestions on major capital operation and asset operation programs	During the reporting period, the Strategic Development Committee convened 1 meeting with 100% attendance, where discussion and planning about stock ownership incentive and outbound investments were performed.
4	The Remuneration and Appraisal Committee	Determining the criteria of assessment and evaluating the performance of directors and executives of the Company Formulating and reviewing the remuneration policies for directors and executives of the Company Supervising the execution of remuneration policies and providing suggestions on resignation and proposal of recall regarding the violations and inadequate due diligence of directors and executives	During the reporting period, the Remuneration and Appraisal Committee convened 2 meetings with 100% attendance, where how the remuneration policies are implemented for directors, supervisors, and executives of the Company was validated.

### (3) The Board of Supervisors

The Board of Supervisors of the Company elects supervisors in accordance with the Company Law of the People's Republic of China, Listing Rules of Shenzhen Stock Exchange, and Articles of Association. The board of Supervisors consists of 3 supervisors, including 2 shareholders' representatives and 1 employee's representatives. The supervisors serving as shareholders' representatives shall be elected and changed by the General Meeting of Stockholders while those representing employees shall be elected and changed by the staff democratically.

The Board of Supervisors, responsible for all the shareholders of the Company, supervises the financial personnel, directors, managers, and other senior executives on compliance and safeguards the rights and interests of the Company and shareholders as per Articles of Association and Rules of Procedure for the Board of Supervisors. During the period of reporting, the Board of Supervisors convened 6 meetings with 100% attendance, where 32 proposals were passed, including Proposal on the Provision for Assets Devaluation in Q1-3, 2022 and Proposal on Using Part of Idle Funds to Temporarily Replenish Working Capital, involving the key affairs about corporate governance ranging from changes in accounting policies, stock option & restricted stock incentive scheme and profit distribution. Besides, reasonable suggestions and opinions on the work for the Company in 2022 were also proposed.

### (4) General Meeting of Stockholders

The Company convenes General Meetings of Stockholders and regulates the acts of shareholders in strict accordance with relevant laws. During the period of reporting, the Company convened 7 General Meetings of Stockholders with 100% attendance, deliberated on and passed 35 proposals.

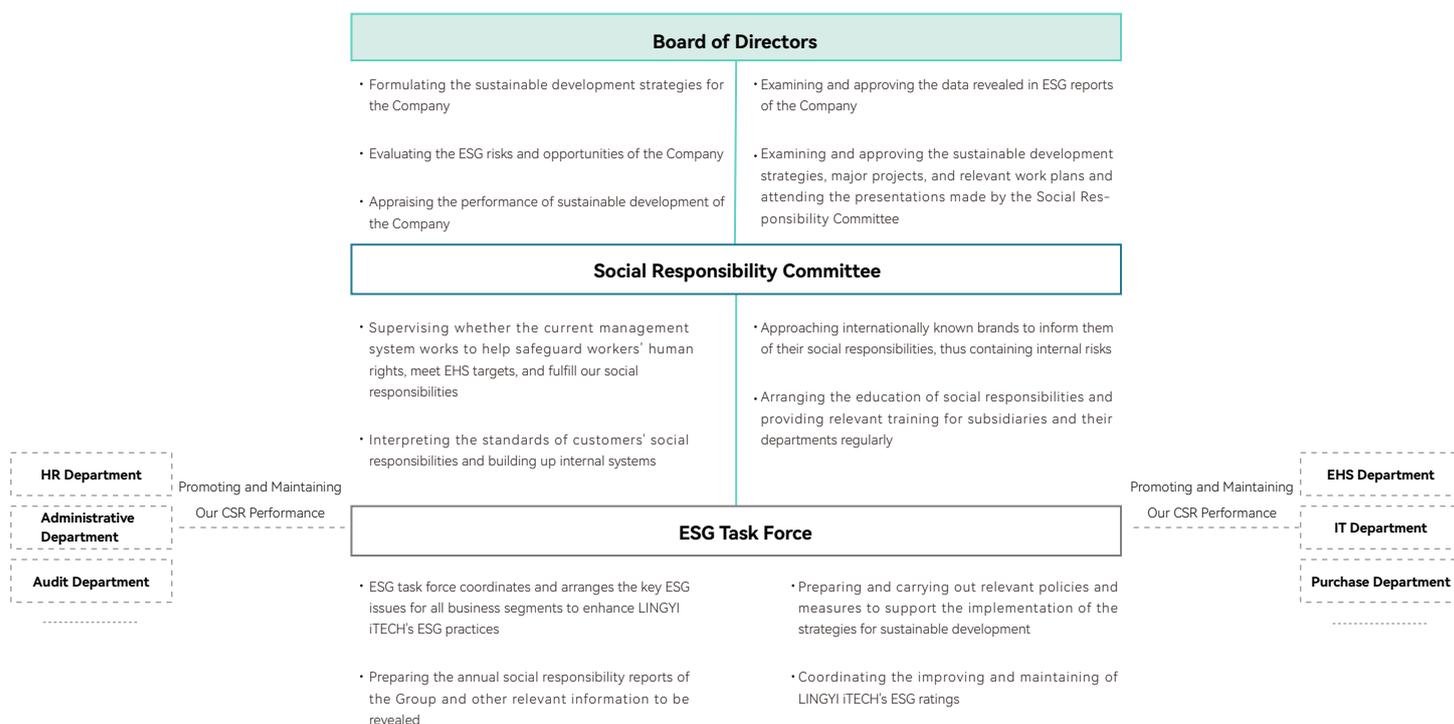
Meanwhile, in accordance with the relevant requirements and provisions of the Articles of Association, during the deliberation by the General Meeting of Stockholders, the Company shall communicate with shareholders through varied channels, especially those small and medium ones (via approaches including but not limited to online voting and attending meetings) to collect their opinions and demands and address their concerns promptly to safeguard their rights to propose, be informed and speak out. The General Meeting of Stockholders shall count the votes of shareholders big and small separately and make sure that related shareholders are withdrawn from the voting on interested issues to safeguard the legal rights and interests of all the shareholders and secure equality between shareholders.

To guarantee the rights and interests of small and medium shareholders of the Company, we implement sustained and steady profit allocation policies, in which a reasonable return on investment is provided to investors and the opinions of independent directors and small and medium shareholders are fully addressed to secure the continuity and stability of the allocation policies implemented while facilitating the sustainable development of the Company.

### 3. Corporate Social Responsibility Management

At LINGYI iTECH, the Social Responsibility Committee consists of the senior executives of Operation Department, HR Department, EHS Department, SR Department and Administrative Department. Committed to the values of "Integrity & Pragmatism, Customer First, Respect, Responsibility, Long-termism and Value Symbiosis", LINGYI iTECH integrates gradually the mindset of sustainable development into daily operation and management and assesses our environmental and social impacts during operation. We shoulder the social responsibilities and contribute to social development while promoting our own sustainable development.

Such departments as HR, Quality, Purchase, Audit, EHS, SR, CEO's Office, Administrative, Legal Affairs and R&D work hand in hand to improve and maintain the CSR performance of the Company. We will keep a critical eye on the CSR performance of LINGYI iTECH and strive to upgrade our CSR governance.



Sustainable Development Framework of LINGYI iTECH

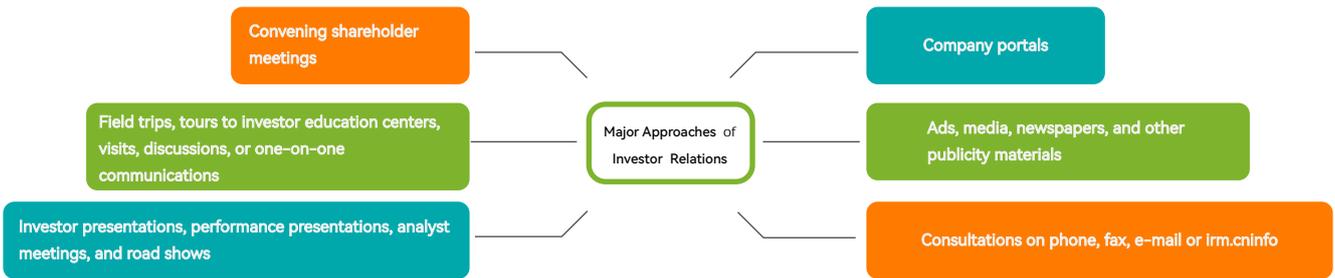
### 4. Management of Investor Relations

We work to build normalized and effective two-way communications with shareholders and investors and have established a sound information revealing system to deliver information to shareholders promptly. Board Secretary is responsible to manage investor relations. Securities Department, a relevant function to work on investor relations, also manages investor relations. Hosting varied investor communication activities as per Management System of Investor Relations to make investors know better of the Company and the data revealed more transparent and open. Enhancing the awareness and recognition of the Company among investors to upgrade the governance and overall value of the Company.

During the period of reporting, 1 online performance presentations were held to fully inform investors of the contents of regular reports. The company played an active role in strategy meetings and road shows and ensured smooth communications with investors via such approaches as telephone, WeChat, and irm.cninfo.com.cn. During the reporting period, the Company convened 4 Online communication conference, 3 offline investor exchanges, 184 inquiries and communications on irm.cninfo.com.cn., contributing to the long-term stable relations between the Company and investors.

EHS: Environment, Health, Safety

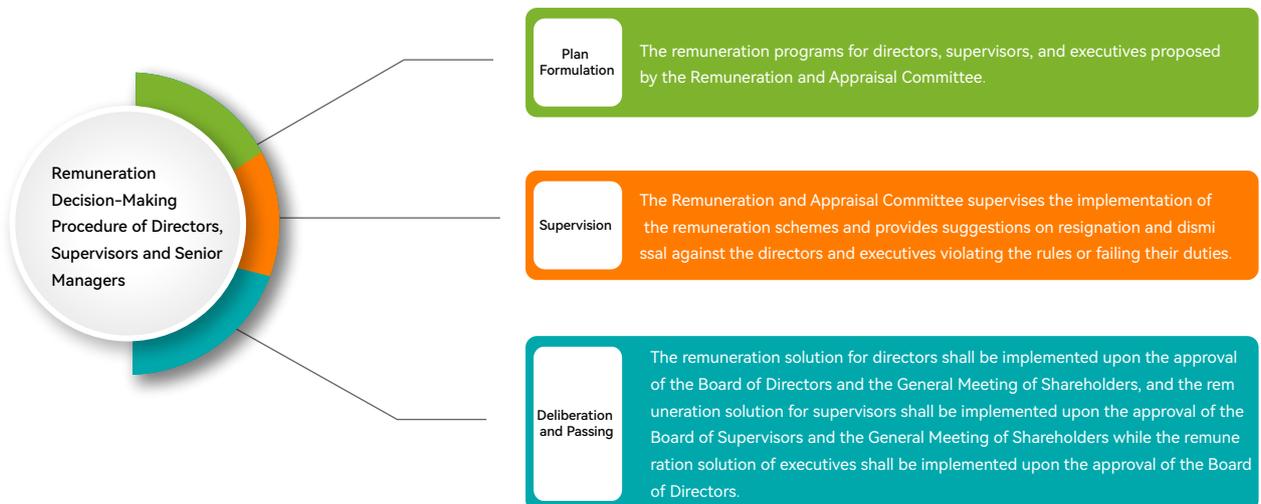
SR: Social Responsibility



## 5. Remuneration System

### (1) Resolution Procedure

LINGYI ITECH abides by the resolution procedure of remuneration strictly and sticks to the workflow of formulation, supervision and deliberation. The pay for directors, supervisors, and executives will be approved and determined by the Board of Directors, the General Meeting of Shareholders and the Board of Supervisors.



## (2) Basis of Determination

Upholding the performance culture oriented to value, we follow the principles of level-to-level administration, unified control, carrot & stick approach, fairness & efficiency, and long-termism to formulate the policies and amount of pay. By doing this, we guide employees how to act and achieve desired results to fulfill our strategic goals.

We implement stock incentive programs to promote the shared sustainable development of the Company and individuals to give full play to the proactivity and creativity of the executives at the middle to high levels and the core technology (business) backbone which has direct influence on the sustainable development of the company. We also strive to attract and retain outstanding managerial talent and business backbones to pool our HR resources and inject new driving forces to spur the growth of the Company. We work to build a sound, long-term, effective incentives and restraint mechanism and keep improving the remuneration and appraisal system, in which the interests of shareholders, the Company and the objects of incentives are interwoven to propel the sustained, steady and rapid growth of the Company.

### Appraisal of Stock Option Exercise of LINGYI ITECH

<b>Assessment Indicators</b>	Performance of the Company and Individuals																		
<b>Exercise Conditions</b>	<p>The performance goals of the Company and personal performance indicators are reached last year. The Company sets or revises the performance assessment indicators of each position annually and determines the weight and value based on the significance of each performance assessment indicator. Moreover, the annual assessment will be performed based on such indicators to measure personal performance. The performance will be graded into five classes (S, A, B, C, D), each linked to the proportions of the stock option exercise as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Performance Grade</th> <th style="text-align: center;">Definition</th> <th style="text-align: center;">Proportions of Stock Option Exercise</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">S</td> <td>Extraordinary: With ability and performance exceeding the expected role</td> <td style="text-align: center;">100%</td> </tr> <tr> <td style="text-align: center;">A</td> <td>Excellent: Fully achieving the expected efficiency and effects of one's role</td> <td style="text-align: center;">100%</td> </tr> <tr> <td style="text-align: center;">B</td> <td>Good: Delivering performance in line with the current requirements for one's role</td> <td style="text-align: center;">100%</td> </tr> <tr> <td style="text-align: center;">C</td> <td>Lackluster: Going with below-average results</td> <td style="text-align: center;">40%</td> </tr> <tr> <td style="text-align: center;">D</td> <td>Failing: Not competent for the current job or to be resigned</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>	Performance Grade	Definition	Proportions of Stock Option Exercise	S	Extraordinary: With ability and performance exceeding the expected role	100%	A	Excellent: Fully achieving the expected efficiency and effects of one's role	100%	B	Good: Delivering performance in line with the current requirements for one's role	100%	C	Lackluster: Going with below-average results	40%	D	Failing: Not competent for the current job or to be resigned	0
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<b>Withdrawal Mechanism</b>	<p>The incentive objects graded as S, A, B, and C are eligible to apply for exercising all or a part of their stock option. The incentive objects graded as C and D shall have all or a part of their stock option yet to be exercised canceled by the Company.</p>																		

# Risk Management

The Company keeps improving its internal control system, building up in-house control schemes and strengthening internal audit supervision. Each department shall formulate relevant management schemes to identify and address risks based on their occupational features, thus ensuring the Company operates with business compliance, grows continuously and steadily, and enhances its overall risk resistance and sustainability.

The Company shall arrange and round off the duties and functions of the Audit Committee of the Board of Directors and internal audit departments to strengthen the supervision power under the leadership of the Board of Directors, thus beefing up the supervision by internal audit departments on how the internal systems are implemented in the Company. Meanwhile, targeted supervision and inspection shall be performed on the key aspects of internal control to improve the internal control evaluation mechanism, spot defects of internal control, propose, and track the measures of rectification to ensure effective internal control.

Risk Categories	Risk Contents	Response Measures
Operational Risks	Risks of Product Quality Management	Managing the quality based on independent and sophisticated business lines and a strict, effective quality supervision system throughout the product life cycle on such links as product R&D, raw product purchase, production, product audit and product distribution to keep product quality risks at bay.
	Supply Chain Risks	Actively identifying the potential risks of the in-house links throughout supply chain management and imposing risks audits for suppliers like on-site review and monthly & annual assessment.
	Climate Change Risks	Identifying and anticipating the possible impacts on the corporate business segments prone to climate changes in the short term (1-2 years), middle term (3-5 years), middle to long term (6-9 years), and long term (10 years and more) following the suggestions of Task Force on Climate-Related Financial Disclosure (TCFD) on physical risks and transformation risks, and actively control.
	Intellectual Property Protection Risks	Establishing intellectual property management bodies to formulate Provisions of Intellectual Property Management to regulate the workflows of the application, maintenance, transfer, technical patent retrieval, and infringement action, and imposing rigorous reviews on the intellectual property applications of business departments.
	Information Security Risk	Building up an emergency response mechanism and regulating the responsive procedures for information security issues to make sure the process can help minimize the impact of any security incident.
	Risks of Epidemic	Proactive and preventive measures are taken by enhancing informatization level, performed online, and remote collaborations with customers, suppliers, and other partners to minimize physical contact.
Compliance Risks	Risks of Business Ethics	Establishing Audit Department to manage commercial activities and business ethics and provide honesty training for employees and fight against embezzlement and corruption with relevant internal supervision and audit.
	Environmental Compliance Risks	Improving existing operation approaches, building up emergency handling mechanisms of accidents, and regulating the emission work to prevent environmental compliance risks.

Risk Categories	Risk Contents	Response Measures
Compliance Risks	Labor Relation Risks	Rounding off the labor-management scheme, keeping smooth communications with employees via varied approaches, and addressing the feedback of employees effectively.
	Health and Safety Risks	Integrating safety, occupational health, and fire control into the range of EHS audit and imposing a tight grip on the work safety and occupational health of the Group and all the subsidiaries to create a safe environment free from occupational injury.
Industry Risks	Technological Innovation Risks	<p>The Company has ramped up its efforts on new energy battery structural parts, AR/VR and carbon fiber. On new energy battery structural parts, we seek to become a leader of this trade by enhancing our competitive edge by improving techniques, developing molds, curtailing raw material waste and slashing costs. Aiming to become a beacon of the industry, we strive for the R&amp;D of AR/VR techniques to cater to the needs of pioneering Metaverse companies and provide quality products and services for customers.</p> <p>We are dedicated to developing thermoplastic carbon fiber products, solving the pain points thereof, reducing the waste of raw materials and increasing material utilization.</p>
	Industry Policy Risks	Keeping updated on industrial policies and adjusting accordingly to fulfill the latest needs of development.

## Business Ethics

Integrity and Pragmatism have always been the Core Values of LINGYI ITECH.

To enhance the quality of internal audit and protect the legal rights and interests of investors, we have formulated Internal Audit System as per the currently applicable Audit Law of the People's Republic of China, Listing Rules of Shenzhen Stock Exchange, Rules of the National Audit Office on Internal Audit Work and Articles of Association, to improve discipline, implement the countermeasures against bribery, corruption and fraud to facilitate the management of business ethics risks with a rigorous and transparent review mechanism. All the issues relevant to business ethics risks of the Company shall be reported to the Board of Directors for supervision.

The Company establishes the Audit Committee under the Board of Directors, of which all the members shall be directors. More than half of the members shall be independent directors and at least one of the independent directors shall be an accounting professional. The Audit Committee, directly responsible to the Board of Directors, shall have an independent director serving as its convener. Under the assistance of the internal and external auditors, we, as per Internal Audit Scheme, annually evaluate the efficacy of internal control and risk management by the departments and holding companies of the Group, the authenticity and integrity of financial information and the efficiency and results of operating activities.

The scheme improves internal audit, boosts audit efficiency, ensures the quality of audit work and defines how to establish, round off and implement the system to guide and supervise internal audit. The Audit Committee convenes meets at least once a quarter and audits the work plans and reports submitted by Audit Department. The Audit Committee reports to the Board of Directors at least once a quarter, on the contents including but not limited to the progress, quality and material problems discovered of internal audit work.

### In 2022, Our Performance:

100%

100% of new employees passed the training on integrity

100%

100% of workers exposed to major risks of corruption are subject to relevant training

7.527 person-times

Audit Department provided 7 hours of training on integrity work, benefiting 527 person-times

100%

100% of complaints on business ethics were properly addressed

## 1. Anti-Corruption

LINGYI ITECH follows the principle of integrity and equity to implement commercial activities and abide by the anti-corruption laws of the areas where our premises are located. Any employee shall not, directly or indirectly, offer, ask for, receive or promise any illegitimate benefits with leaders, colleagues, customers, suppliers, civil servants or other interested parties or commit any illegal actions such as corruption, bribery, theft, blackmail, embezzlement or abuse of power for personal gains. As stipulated in Employee Handbook, the workers with these actions are deemed as violating the management scheme of the Company and the Company shall be entitled to dismiss the labor contract unilaterally. Audit Department shall be responsible for such work of business ethical governance, as anti-corruption and anti-bribery, and report to the board. During the period of reporting, we have completed 7 times internal audits for business ethics. We have not found any significant violations of laws and regulations related to anti-bribery, anti-extortion, anti-fraud, anti-money laundering, and anti-corruption that would have a significant impact on Lingyi iTECH.

## 2. Anti-Bribery

LINGYI ITECH believes in integrity management and promises to abide by any anti-bribery rules and laws at home and abroad. To this end, we have formulated Regulations on Bribery to contain offering or accepting bribes, and perform business work in line with the rules and procedures formulated by the Company to regulate how the work is done at each link to curb illegal operation. We require all our suppliers to sign up Supplier Integrity Agreement to act on any anti-bribery practice or movement. We follow zero-tolerance policies on bribery and say no to any offering or accepting bribes and any other actions to seek illegal income.

Meanwhile, the Company has formulated the Code of Conduct on Integrity to regulate the behaviors of purchasers. We have established the Integrity Inspection Committee to supervise the purchase behaviours throughout business links to prevent and ban commercial bribery via varied channels to secure good discipline of business, and a strong public image of the Company and our purchasers. By following the Code of Conduct on Integrity, we can create an enabling and sound environment for collaboration.

We also perform audits on how the internal standards of business ethics about anti-bribery and anti-corruption are followed. During the period of reporting, the Company completed one audit on business ethical standards and one on anti-corruption policies respectively. We will keep eliminating the flaws spotted to secure the effective implementation of business ethical policies of the Company.

### At LINGYI ITECH, the Following Acts are Prohibited:

- (1) Giving any gift against the applicable laws and regulations;
- (2) Receiving rebates, cash, or other precious gifts in any form;
- (3) Seeking interests for oneself or any particular interested party by any operation of the same trade or related transaction at the advantage of his or her position;
- (4) Obtaining insider information by intervening or disrupting market access, tendering & bidding, and contract signing;
- (5) Making suppliers or other related units pay or reimburse any personal bill to be paid by oneself or the relative thereof at the advantage of one's position;
- (6) Seeking any unjustified interests for oneself or others at the advantage of one's position;
- (7) Bribery in the attempt to shun the compliance management procedures and processes of the Company.

Any proven bribe-taker shall be seized of any illegal gains and subject to the fine of the same amount. The bribe-takers with gross violation or bad attitude shall be fired or transferred to national judicial authority for due punishment. Any customer, supplier, service provider and contractor found to offer bribery shall be dealt with seriously according to relevant regulations of the company. Those suspected of committing crimes shall be transferred to judicial organs for due punishment.

## 3. Integrity Operation



## Fair Competition

In strict accordance with the Law against Unfair Competition of the People's Republic of China, we forbid any employee to obtain competitive intelligence through corporate spying, bribery, theft, or eavesdropping, or viciously spreading any fake information about competitors or their products and services. We play an active role in maintaining sturdy economic growth and fair play against any unfair competition. During the period of reporting, the Group has not filed any lawsuit against the Company or employees due to the violation of anti-unfair competition laws and regulations.



## Anti-Money Laundry

We stick to the Law of the People's Republic of China on Anti-money Laundering and any relevant procedures of the Company. Moreover, we abide by any rules of accounting, book-keeping and financial reports relevant to the cash and payment of transactions and contracts. We also stand fast to the principles and commitments of business collaboration with the customers, consultants and partners running legitimate commercial activities with legitimate sources of funds and good reputations. During the period of reporting, the Group has not filed any lawsuit against the Company or employees due to the violation of anti-money Laundering laws and regulations.



## Intelligent Property Rights

We respect and protect intellectual property and proprietary technology and have formulated Provisions on the Management of Intellectual Property to regulate the control of the intellectual property to ensure that the assets and intellectual properties of customers are protected effectively. We prohibit any infringement of or participation in the infringement of the intellectual properties of the other company or individuals. Meanwhile, the Company will consider the expectations and basic demands of society and industry while protecting our own intellectual properties.



## Advertising

In strict accordance with the Advertisements Law of the People's Republic of China, we have formulated Integrity Compliance Manual to uphold equal-footed consultation and integrity operation, adhere to responsible marketing, strictly prohibit all forms of false propaganda. We are committed to showing the market the service capabilities and competitive advantages of LINGYI iTECH. In other words, we strive to maintain absolute authenticity and objectivity and say no to false advertising. During the period of reporting, the Group found no complaint or lawsuit about misleading publicity or fraudulent advertising.



## Tax Compliance

As a responsible taxpayer, LINGYI iTECH performs its global tax liability as per its mission and values. We has always been committed to complying with the Enterprise Income Tax Law of the People's Republic of China and its implementation Regulations The Provisional Regulations of the People's Republic of China on Value-added Tax and its implementation Rules The Measures of the People's Republic of China for the Administration of Tax collection and other domestic tax laws and regulations and the applicable tax laws and regulations of other jurisdictions in which the enterprise is involved to formulate Tax Management System. By doing this, we act on honesty, legality tax principles in line with business ethics to regulate and instruct the registration, filing, declaration and payment of taxes.

### Our Tax Guidelines:

- Under the supervision of the Board of Directors, LINGYI iTECH implements legitimate tax strategies based on its commercial economic substance
- LINGYI iTECH keeps a frank and open dialogue with tax authorities and tax policy makers
- LINGYI iTECH reports and discloses its tax conditions as per applicable tax laws and rules at home and abroad
- LINGYI iTECH spares no effort to secure the conformity between the taxes paid and its business activities and avoid using the tax structure without commercial substance
- LINGYI iTECH follows the arm's length principle in related-party transactions for transfer pricing in accordance with the Regulations for the Enterprise Income Tax Law of the People's Republic of China and its implementation Regulations
- Every year, with the evaluation and support of external and internal tax experts, we follow national tax laws and regulations to declare tax and fulfill our tax obligations. Each tax plan must comply with sustainable development, corporate responsibility and risk management principles

## 4. Conflict of Interests

As stipulated in the Articles of Association of LINGYI iTECH, the controlling shareholders and actual controllers shall not impair the interests of the Company at the advantage of their connections. The transactions of funds, commodities, services or any other asset between the Company and shareholders or actual controllers shall be made strictly in line with the deliberative procedures of the Board of Directors and the General Meeting of Stockholders based on the policy-making regime relevant to related transactions. The related directors and shareholders shall be withdrawn from the voting. Moreover, the company set up a board of supervisors, the members, including shareholders' representatives and employees' representatives, shall supervise the directors and executives of the Company in their work, review the regular reports prepared by the Board of Directors and obtain internal control audit reports annually through external audits.

## 5. Whistle-blowing Mechanism

We allow and encourage employees and stakeholders to file complaints and reports to their supervisors or the Human Resources Department and Audit Department for behaviors and facts that violate the Employee Handbook, laws and regulations which harm the interests of the Company and employees. We have formulated employee complaints and whistle-blowing management procedures such as the "Grievance and Whistle-blowing Management Regulations". We established special channels including whistle-blowing mailboxes and whistle-blowing telephone and so on. We expressly require that the complaints and whistle-blowers who visit or call shall be received or answered by full-time personnel, and any unrelated personnel shall not receive, listen to, inquire or record. When investigating and verifying the contents of the whistle-blower, we choose a place that is strictly confidential and convenient for time of the whistle-blower. We implement an anonymous reporting system, all complaints and reports are submitted confidentially. We promise to keep all documents confidential to the extent permitted by law and will never tolerate any retaliation against the complainants.



During the period of reporting, our Company Newly established the complaint channels for honesty and integrity issues to deal with the violations of the code of professional ethics and impairments of the Company's interests such as malpractice, falsification and other serious irregularities by employees of LINGYI iTECH and subordinate companies. Following informer confidentiality policies, Audit & Supervision Department, the one and only authorized department at

LINGYI iTECH to investigate corruption issues, reports to Audit Committee directly to secure the independence and objectivity of Whistle-blowing acceptance and investigation. Audit & Supervision Department gives priority to the confidentiality of the reporting cases and strictly keeps the personal information (including individuals, suppliers and other partners) of the informers and all the reporting materials provided thereby secret.

Meanwhile, the informers, in-house or not, will be rewarded with materials or other incentives as per the nature, impact or their collaboration degree as long as the clues are verified and help to recover economic loss for the Company, and strictly confidential .

## In 2022, Our Performance:



### Company Whistle-blowing

We welcome every employee to provide clues about fraud, including but not limited to: Taking bribery or rebate, embezzlement/occupation of the company's assets, colluding with external units to deliver illegal interests, performance fraud, claiming for false expenses and revealing or selling out secrets of the Company. We promise to strictly withhold the information of whistleblowers, who will be rewarded, as soon as the clues about the malpractices are proven, with the amount ranging from RMB 1,000 to RMB 130,000.

#### Whistle-blowing Channels of the Company:



E-mail to report honesty & integrity issues:  
ia@lingyiitech.com



DingTalk ID to report honesty & integrity issues:  
"Hotline to report honesty & integrity issues"



Hotline to report honesty & integrity issues:  
17520165052



Reporting channels of honesty & integrity issues on LINGYI iTECH's portal:  
LINGYI iTECH's Website → About Us → Complaint channels of honesty & integrity issues

## 6. Probity Cultural Construction

### (1) Sign the Letter of Sincerity Commitment

Our staff: **100%** of them signed up Employee Integrity Commitment      Suppliers: **100%** of them signed up Supplier Integrity Agreement

#### On 3·15 Integrity Day, LINGYI iTECH Launched an Event of Signing Employee Integrity Commitment

On March 15, 2022, LINGYI iTECH mobilized all our staff to sign out Employee Integrity Statement in an event themed "Operation with Compliance & Integrity and Promoting the Spirit of Contract".



Upholding Integrity & Pragmatism on the top of our corporate values, LINGYI iTECH hosted a themed online event to celebrate 3·15 Integrity Day at 9:30, March 15. More than 1,200 executives at the medium to high levels and department backbones attended the meeting. Executives shared their opinions about the theme and everyone learned the profound significance of integrity and compliance. Every attendee completed the signing ceremony of the Employee Integrity Commitment online.

### (2) Publicity of Probity Policies

We promoted online and offline honesty policies and relevant requirements via Ding Talk and WeChat official account. During the period of reporting, we have hosted 12 sessions of honesty promotion to enhance employee's awareness to fight malpractices, corruption, and bribery.



# Customer First Innovation And Development

| Quality Management |

| Innovative R&D |

| Responsible Operation |

# Quality Management

## 1. Policies and Measures of Management

We ensure the professionalism of the Company's business through independent and rigorous business lines and strict and effective quality supervision system, and then continue to consolidate the core competitiveness of LINGYI iTECH. In terms of quality control system, we set up a quality department at the group level to coordinate and take charge of the Company's quality control matters. At the level of each subsidiary, it supplements and formulates relevant systems and strengthens quality control according to their respective business characteristics.

We kept ramping up our efforts to pass ISO 9001 certification. During the period of reporting, all the relevant subsidiaries have passed ISO 9001 certification and those subsidiaries producing vehicle-borne products passed IATF 16949 certification as well. We formulated Quality Handbook as per ISO 9001 standards to perform quality management, keep improving product quality management, identify quality problems, and deal with them actively.

In order to avoid product safety problems on the customer staff environment and their own harm and adverse impact, we have improved the regulations on product security requirements and formulated Product Safety Control Procedures to ensure product safety is realized and controlled at all stages of production. Engineering Department, during the planning, development, and production of new products, consider the compliance of the purchased materials to relevant laws and rules and the environmental impact of the relevant chemicals so as to fulfill the demands of the market and environmental protection.

Moreover, the Company provide in-service training for the people in key positions to control product quality and reflect customers' requirements, such as Quality, System, and EHS (including contract workers and agency workers) to make them informed of the relevance and significance of their roles, the aftermath of incompliance to quality management requirements and how to contribute to the quality and the relevant targets. An environment seeking innovation and continuous improvement shall be established to enhance the awareness of quality management and technology innovative in the Company.

To ensure the optimal quality of products and services of the Company and protect the legal rights and interests of customers, we also require our suppliers to pass the third-party quality system certification of ISO 9001.

### Quality Policy:

Centering on customer satisfaction, we give priority to quality.

Taking technological innovation as the core, we stand fast to continuous improvement.

### Notes

We believe in customer-first and strive for victory. Optimal quality is essential for us to survive and thrive. We control the process meticulously in a result-oriented work style.

We make a difference by innovation to provide all-around solutions. In pursuit of perfection, we are aspired to be a world-leading precision manufacturer.

## In 2022, Our Performance:

100%

ISO 9001 and IATF 16949 certification coverage of relevant subsidiaries is 100%

0%

0% of products subject to recall for safety and health reasons

## 2. Product Tracing

To ensure that all the raw materials, semi-finished products and finished products are identified as regulated, the Company has formulated Product Identification and Traceability Procedures to establish clear-cut procedures for product identification and tracking to identify and separate the nonconforming products faster and more accurately. By doing this, we can secure good product quality by preventing confusing the conforming with the nonconforming and those items to be inspected, thus avoiding misuse.

Product State Identification	Definitions
Conforming	A product inspected as Up To Standard shall be marked with a green label or seal
Nonconforming	A product inspected as nonconforming or complained or returned by any customer shall be marked with a red label or seal
Accept on deviation	A product received based on relaxed inspection standards shall be marked with a yellow label
Hold	A product that needs to be suspected from production held for, re-inspection or difficult to determine its quality
Rework & Repair	A label to mark the products to be reworked or repaired or placed in Rework & Repair Zone
To Be Inspected	A label to mark the products or materials to be inspected or placed in To Be Inspected Zone
Scrap	A material screened out in full inspection or the separated materials evaluated as scrapped items shall be marked with a grey label

Product identification system of LINGYI iTech



LINGYI ITECH Products Tracing Information Chain

### 3. Product Audit

We independently evaluate products from the perspective of customers to measure the conformity between the products and technical archives, product drawings, the best practices, standards, laws and the requirements of other customers to avoid defects of products and commodities. To this end, we have formulated Regulations of Product Audit Management to anticipate product quality risks. Based on the communications with Sales Department and Operation Department, we determine the products to be reviewed and have formulated Product Audit Annual Plan to at least cover the audits of all the car-borne products. By principle, each model of the product will be audited once a year. Additional audits shall be considered in case of special circumstances. (For example, customer feedback and special products)

Moreover, we have prepared Laboratory Management Practices, Inspection Control Procedures, and Procedures for Measuring and Monitoring Equipment Control to supervise and measure products to verify their compliance. Based on the existing quality inspection standards and the production procedures programs and arrangements of products, efforts are made to monitor and measure the in-process products and final products as per the inspection programs. By doing this, we strive to determine whether the product quality and HSF requirements fulfill the demands of customers and laws.

To contain nonconformity products, we have formulated Nonconforming Products Control Procedures to prevent unintended use and delivery, ensure reasonable disposal, and solve and correct relevant problems. Our control of nonconforming products (including HSF nonconformity) entails determination, identification, separation, review, disposal, and recording. Quality Department is responsible to identify nonconforming products (including HSF nonconformity) and tracking the processing results. The qualified reviewers shall assess the conditions and Industrial Engineering Department shall organize and take measures to address the issue. Everyone in the Company has the duty to report and deal with the products suspected or proven as nonconforming as per relevant procedures. Meanwhile the relevant departments shall keep and store such products properly.

## 4. Continuous Improvement

The Company has formulated Continuous Improvement Procedures and identified the demands, and opportunities of continuous improvement of the quality management system by means of internal & external audit results, data analysis results, corrective and preventive measures, and outputs of management review activities to keep the quality management system appropriate, sufficient and effective. Meanwhile, the Company launched a host of activities on continuous quality improvement for perfection, improving the continuous improvement of all staff and achieve lean management.

### In 2022, Our Performance:

# 116

volumes

The Group has issued **116 volumes** of quality control facts with quality management approaches and theories ranging from Monte Carlo Simulation, IPD to reliability management.

Monte Carlo Simulation: Also known as random sampling or statistical testing, it works to help people describe complicated interactions in the fields of physics, chemistry, engineering, economy, and environmental dynamics. This approach helps us to deepen our understanding of business procedures and enhance product quality and procedure anticipation, thus reducing the waste of raw materials and human resources.

# 172

courses

# 208.5

hours

# 5,279

person-times

PDT training, covering **172 courses** in **208.5 hours**, has benefited **5,279 person-times**.

To improve the development ability and specialties of PDT (Product Development Team) and hit the goals of smooth development, shorter critical period, and customer satisfaction, R&D Institute worked with HR and IT teams to establish LINGYI iTECH PDT School and provided PDT training sessions.

# 408

people

We cultivated **408 IE talents**. Thanks to the training of continuous improvement provided by IE Institute.

# 594

items

# 316

items

In 2022, our subsidiaries launched **594 items** quality upgrade activities, including QCC (Quality Control Circles) and **316 items** Six Sigma programs.

## “Quality Star” Appraisal

In March 2022, the Company launched the “Quality Star” appraisal activity to realize the strategic goals of high-quality development, support the Company to start up the second business, and create a quality-first culture atmosphere and enhance the quality awareness among employees. To this end, we encouraged employees to take part in quality improvement activities.

7 awards were provided in “Quality Star” Competition: 6 , QCC Star, Improvement Star, Quality Walk Star, Quality Management Star, Role Model Star, and Quality Culture Star. Each winner was awarded bonus, a trophy, and a certificate of merit. In 2022, more than 200 employees from all business divisions were recommended by themselves or others to take part in this event. In the end, 21 winners managed to grab the glory, a catalyst to spark the enthusiasm among the workforce to play an active role in quality upgrades.



## During the Reporting Period, We also Conducted a Series of Lean Improvement Projects:

We have carried out the T6 tool service life improvement project. Compared with the original tool life improvement plan, the service life has been increased by 300%, and the tool sharing cost of a single product has been reduced by 70%.The Times of tool change are reduced by 75%, the single defect rate of transverse tool pattern is reduced, and the working hours of technicians and IPQC are shortened.

We carried out the Charger benchmarking line lean transformation project. Through the automatic improvement of the line body, 17 manpower personnel were reduced per shift, equivalent to 31.5% manpower demand, 161Min of standard working time was reduced per day, and 1054PCS of misjudgment in quality inspection was reduced per day.Unit capacity per hour increased from 1608PCS to 1710PCS, an increase of 6.4%.

We carried out the lean transformation project of die-cut silicone benchmarking workshop, which lasted for 9 months. By optimizing the layout of each process workshop, simplifying the process flow, optimizing the process operation mode, and carrying out automatic transformation and other measures, 67% of the handling work was reduced, the unit capacity per hour was increased by 47.2%, and the utilization rate of some process personnel reached 90%, which increased by 60.6%.

## Dongguan Injection subsidiary won the silver Prize in the quality management competition



The subsidiary of Hengli, Dongguan built its QCC Circle of Excellence Quality Management Team, which brought together the experts of Production, Quality, Engineering Department, and customers and took part in the Excellent Quality Management Team Competition of Shenzhen City and gained the silver prize. During the competition, our team members deciphered the challenge and prepared for the competition carefully, giving full play of their quality, knowledge, and resourcefulness. Finally, they stood out from 315 teams from 86 firms as the final winners.

## 5. Application of Six Sigma Quality Management Method

Six Sigma management method originated from Motorola, which using mathematical statistics methods to pursue process improvement methodology close to zero defect quality level. Through the five stages of Define, Measure, Analyze, Improve, Control (DMAIC), systematical solving process of problems and improving process capabilities to improve product design through Design for Six Sigma (DFSS) to achieve Six Sigma level products or services. In order to strengthen the standardization and standardization of the Company's Six Sigma management, we have formulated the "Six Sigma Management Specification" to ensure the Company's Six Sigma management promotion performance and smooth implementation of projects. We form a corporate culture of continuous improvement and innovation. We have also formed a Six Sigma Management Committee. The members of the committee are composed of the chairman of the board, representatives of quality managers, vice presidents of quality, and heads of relevant business departments. They mainly determine the Company's strategic goals, business priorities. They assess and evaluate the quality school's Six Sigma promotion work status and performance, including Six Sigma activity benefits, talent development, etc.

### In 2022, Our Performance:

**4** Phases      **192** hours      **84** hours

Quality Department provided 4 Phases of complete Six Sigma Green Belt courses in 192 hours and 84 hours of training on quality tools.

**184** sessions      **7,360** person-times

A total of 184 training sessions were held, covering 7,360 person-times.

**316** talents      **110** million RMB

The Quality Management Institute Six Sigma trained 316 talents, continuous improvement project earned 110 million RMB.

### LINGYI ITECH's the 7th Lean Six Sigma Improvement Competition

On September 23, 2022, LINGYI ITECH's 7th Lean Six Sigma Competition was kicked off in 20 branch venues besides the main venue in Dongguan. Nearly 500 people attended the event and 52 reports were evaluated in the competition. In the end, the winners of 1 gold prize, 2 silver prizes and 3 bronze prizes were selected based on four dimensions. This challenge aimed to promote Lean and Six Sigma tools and help slash costs and boost quality through continuous improvement.

# Innovative R&D

## 1. Research and Development

In 2022, LINGYI iTECH research and development special funds have invested 2,126.59 million RMB in special funding to carryout special process, up by 9.76% year on year, research and development in carbon fiber materials, light alloy materials, keyboard modules, motor mod-ules,high-power chargers, powder metall-urgy and other topics. Currently, the above items have mass production capacity.

Pursuing independent R&D and innovation, the Company focuses on product development, mold & techniques, and production automation. LINGYI iTECH attaches priority to the R&D and innovation of new technologies. Boasting a strong technological R&D team and remarkable R&D caliber, we keep upgrading ourselves and process technology to fulfill market demands.

The Company has established a global R&D system that turns world-leading technologies into the driving force of China' s Intelligent manufacturing. We employ the R&D applications of AI and robots in the overall solutions of automatic production and combine them with numerical control and automatic equip-ment with varied categories and functions to build up intelligent production facilities with edgy technical equipment competitive at home and abroad, thus creating effective, updated, and smart plants. The Company, by inputs in self-development automatic equipment, enhanced the automation of a host of links ranging from manufacturing, handling, detection, and packaging, slashed production costs, and made our business more flexible, accurate, and expandible.

By the end of the reporting period, the members of our R&D team have reached 6,604, Staffed with 8 doctors, 133 masters, and 1,536 bachelors, we drive growth with innovation, keep ramping up the applications of innovative R&D and new technologies to upgrade our business development. Meanwhile, the Company beefed up university-industry cooperation by collaborating with higher-education establishments and research institutions such as Shanghai Jiaotong Universi-ty, Fuzhou University, Singapore National Academy of Science, and University of Science and Technology of China. Thanks to such partnerships, we launched a raft of R&D and design programs and realized technological breakthroughs and product development to enhance the power and benefits of technological inno-vation.

The upcoming new era of digitalization imposes new demands on enterprises. Based on the existing IT foundation, the Company embarked on an uphill journey to build digital green low-carbon plans in 2022. Centering production orders, based on big data integration and connectivity, we brought together order demands, material supplies, production, warehouse logistics, and market distribution to accomplish an ecosystem of supply chain management data. In our plants, informatization, and digital management are realized from the source of goods and the integrated applications of SAP, MES, WMS, QMS, and OA, thus monitoring the data and providing warnings & alerts.

We resorted to such advanced technologies as IoT and big data and MES systems to realize state detection, accurate execution, and real-time analysis of production, making our production more efficient, safer in quality, more reliable in process, and more convenient in management. Through such efforts, we could create green low-carbon digitalized plants featuring transparent production, data-based management, and quick tracking just a few clicks away. According to incomplete statistics, from 2021 to 2022, LINGYI iTECH spent nearly RMB 10 million on the progress of IT green paperless production. Thanks to the applications of MES, Digital Intelligence, IoT technology, and OA system, the Company consumed office supplies 20.6% less than in 2020, and managed production simply by tapping keys and buttons. Our remote central control system has been linked to all the facilities of the plant. It means we can dispatch production resources and optimize the resource matching by mobile phone or PC, making everyone an expert in production management.

We will keep ramping up R&D input, strengthen the talent pool, and act on our strategic global layout to fulfill varied customer demands with edgy technologies, quality products and professional services. The Company will ramp up its efforts on new energy battery structural parts, AR/VR, and carbon fiber. On new energy battery structural parts, we seek to become a leader of this trade by enhancing our competitive edge by improving techniques, developing molds, curtailing raw material waste and slashing costs. We strive for R&D of AR/VR techniques to cater to the needs of pioneering Metaverse companies and provide quality prod-ucts and services for customers. We will focus on developing thermoplastic carbon fiber products to solve the pain points of such products, reducing the waste of raw materials and increasing material utilization.

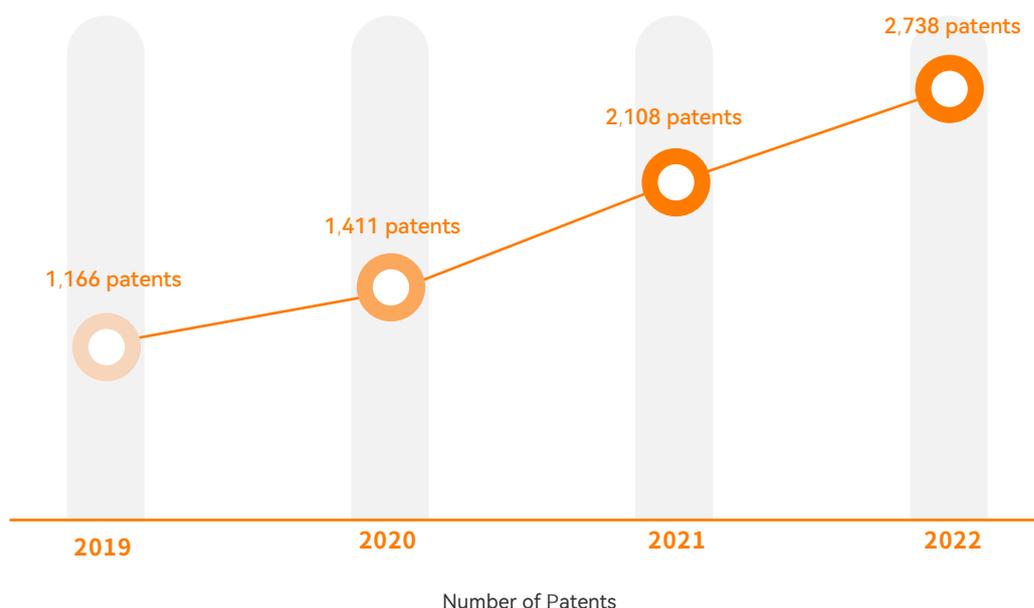
### LINGYI iTECH achieved great success in the Industrial Engineering and Lean Management Innovation Competition of Dongguan

On November 12, 2022, "Based on the double million new starting point, strive for excellence and innovation" ,the 4th Industrial Engineering and Lean Management Innovation Competition of Dongguan City witnessed its final showdown after more than 3 months of elimination series. After fierce competition, two teams of LINGYI iTECH gained Excellence Award, speaking volumes about the extensive application and our strong calibers of industrial engineering and lean production.

## 2. Protect Intellectual Property Rights

In order to strengthen the declaration, management, implementation and protection of the Company's intellectual property rights, regulate intellectual property rights work, encourage the enthusiasm of employees to invent and create, and promote the promotion and application of scientific and technological achievements, according to the "Patent Law of the people's Republic of China", "Trademark Law of the People's Republic of China", "Technology Contract Law of the People's Republic of China", "Copyright Law of the People's Republic of China" and "Anti-Unfair Competition Law of the People's Republic of China" and other relevant national laws and regulations, combined with the Company's actual situation, we have formulated the "Management Regulations of Intellectual Property" which stipulates in detail the new patent application, maintenance, transfer, technology patent searching, infringement litigation, invalidation and other work-flows.

LINGYI iTECH plays an active role in applying for and maintaining patents. By the end of 2022, the Company has obtained 162 patents for inventions, 2,508 patents for utility models, 68 appearance patents, 2,738 patents in total, as well as 219 trademarks.



# Responsible Operation

## 1. Information Security Protection

### (1) Management Policy and System

**Information Security Management Policy:**

Zero loss, zero leakage

**Notes**

1. Protect the security of the Company and customers' information assets in strict accordance with relevant information security laws and regulations and the information security system requirements, Identify the security risks of various information assets and work out measures to control them, prevent the occurrence of major information leakage and information security incidents which may cause losses.
2. Adopt the Plan-Do-Check-Act (P-D-C-A) management model in information security management, with emphasis on prevention and continuous improvement.

Based on the business needs of the Group, we have received or possessed a large amount of customer information and data. We regard the protection of customer information, data and privacy as an important part of operation management, which is also a commitment to every business partner. The Group attaches great importance to the protection of its own information security and customer privacy, and strictly abides by the Cybersecurity Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China and other relevant laws and regulations, as well as the international information security standard ISO/IEC 27001:2013 and other standards and regulations. Keeping a close eye on the information security and data protection work and trends, the Group, based on compliance, gradually improves the information security structure to respond to changeable cyber-attack, identifies, gives an early warning, intercepts and responds to various high-risk information security incidents in a timely manner, and collects and uses the personal information of employees in line with the principles of legality, legitimacy and necessity.

To ensure the effective implementation of information security and data protection, the Company has formulated the Information Security Management Manual, the Management Procedure for Information Security Incidents, the Information Security Specification and Regulations on Punishment against Violations, the Corrective and Preventive Action Control Procedure and the Information Security Documents and Data Control Procedure, and other internal systems, as an important basis for the operation of the Group's information security management system, and has established a reporting, emergency response and handling mechanism for information security accidents, incidents, weak points and failure risk disposal to reduce information security accidents and failures. The Company takes effective corrective and preventive actions, and properly deals with the risks that have been identified through evaluation. Meanwhile, we advance the information security system certification. As of the end of the reporting period, relevant subsidiaries have obtained the ISO 27001 information security management system certification.

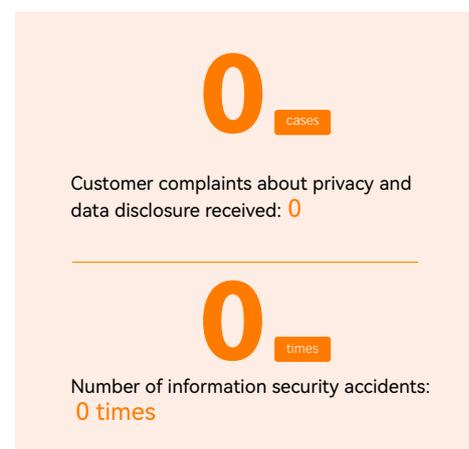
The Group has established an information security management structure, and set up an information security committee, responsible for the supervision of information security management and related issues, to ensure the effective operation of the information security management system. The chairman (and CEO) of the Company is the highest responsible person for information security. Besides, an information security team has been set up as the highest organization of information security management of the Group, responsible for the decision-making and coordination of major issues of the Company's network and information security, and fully responsible for the information security management of the entire Company. The IT Department, as the centralized management department of information security incidents, is mainly responsible for implementing the laws, regulations, standards, rules, systems, and security protection technical measures of the state and higher-level units related to network and information security. The System Department, as the overall management department of information security incidents, is mainly responsible for participating in the investigation of information security incidents together with the IT Department, reporting to customers in a timely manner, and for the regular collection, statistical analysis and reporting of information security work, and organizing education and training on information security.

Furthermore, management reviews are performed on the effectiveness of the information security management system at least once a year under the direction of the chairman, including the review of the scope, policies and objectives of the information security management system and the effectiveness of control measures, taking into account the results of information security audits, events and effectiveness measurement, the suggestions and feedbacks of all relevant parties and improvements, to ensure the effectiveness of the Company's information security management system. The Internal Audit Control Procedure for information security has been formulated, and internal audits of information security are carried out once a year. The internal audit team is responsible for the follow-up and closure of the non-conformities found during the internal audits. The internal audit results will be used as the inputs for management review to promote the continuous improvement of the Company's information security.

## (2) Information Security Objective Management

The Group has set quantitative targets that are adapted to the characteristics and needs of business operations for information security accidents, the rate of timely backup of important information, the completion rate of information security training plan, the completion rate of business continuity drills and the rate of rectified non-conformities of information security accidents, assigned the information security targets to the departments directly responsible for the relevant processes, and developed the target management plan to track the fulfillment of targets regularly. Besides, the Company has set up the Information Security Committee. The head of each department acts as the information security executor, organizes regular information security training for the staff of such department, conveys the information security requirements and customer confidentiality requirements, and supervises the daily work of such department. The HR and Administration Department is responsible for the daily monitoring of physical environment, and the IT Department is responsible for the control and daily monitoring of the permissions for IT equipment to achieve the information security management objective of "zero major information security (incident) accident". During the reporting period, the Company did not have any information security accidents, and the objective was accomplished Successfully.

### In 2022, Our performance:



### (3) Information Security Risk Management

The Company has formulated the Management Procedure for Information Security Risk Assessment to effectively identify and control information security risks, identifies the acceptable level of risks through information security risk assessment, and takes effective measures to reduce the possibility or impact of threats, thereby lowering information security risks to an acceptable level.

The information security team conducts an information security risk assessment every 12 months and in case of major changes or any updates to the ISO/IEC 27001 information security management system standards, and performs risk analysis after risk assessment. To control and manage risks, risks can be handled by their level rated based on the risk assessment results. Risks can be divided into three levels: High, Medium and Low.

A high risk is an unacceptable risk, for which the Information Security Committee makes a risk handling plan. The Information Security Risk Assessment and Handling Plan is formulated, which specifies the responsible department, responsible person, purpose, scope and strategy for risk handling, and implemented by each responsible department. Meanwhile, there are suitable handling options and control measures in place for other risk levels.

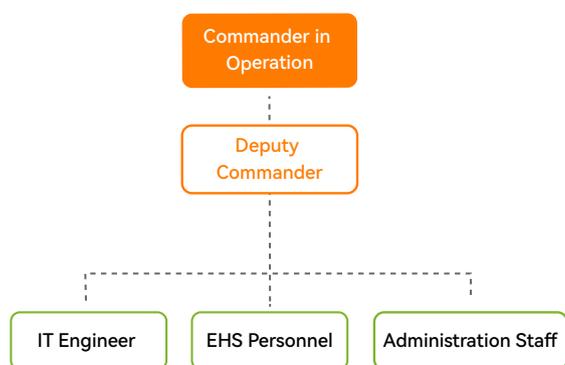
Handling Option	Handling Strategy
Risk Reduction	Reduce the possibility of risk through appropriate control measures. For example, the risk of the system log being altered, making it impossible to trace, can be reduced by regularly reviewing the daily log check record.
Risk Acceptance	If the risk value is not high or the handling cost is higher than the loss caused by the risk, the Company will decide to accept the risk
Risk Avoidance	Decide not to carry out activities that may cause risks, to avoid risks. For example, the risk of a customer's drawing information being leaked due to unauthorized access to the list of composition requirements can be avoided by sharing data, setting access permissions, adopting access control management and other means.
Risk Transfer	Transfer the risk to external organizations by purchasing insurance, outsourcing and other methods. For example, in case of intentional theft of the offers and contracts by others, the risk can be transferred by appointing a specially-assigned person to keep them, or confirming the person responsible for handover of them

Strategies for Handling Information Security Risks

The Information Security Committee performs information security checks and technical supervision of information security from time to time to ensure that the security measures are complied with through the implementation checks of security measures and technical supervision of information security. To provide a more comprehensive analysis of potential defects in information security management, and take suitable preventive actions depending on the severity of potential problems, the Company has developed the Corrective and Preventive Action Control Procedure to mitigate the negative impact of information security risks, and the person in charge of information security management tracks and verifies the reporting of corrective and preventive actions for information security non-conformities of each department to prevent the recurrence of similar events and information security risks.

### (4) Contingency Plan for Information Security Accidents

We have formulated the Emergency Response Procedure for Information Security Accidents, the Management Procedure for Information Security Incidents and the emergency mechanism to standardize the handling of information security incidents. When a security incident occurs, we can handle it by following the procedures as soon as possible, to ensure the normal operation of the Company's business, minimize the impact of the incident, and minimize the resulting damage and loss. Furthermore, during the reporting period, the IT Department organized drills for power outages, data backup and recovery, business continuity, network failure and vulnerability scanning in 2022, which tested the capability of emergency response to information security accidents. During the reporting period, the Company did not have any data leakage incident, or get involved in any legal proceedings against the Company or its employees for information and data security.



Responsibilities of Emergency Staff for Information Security Accidents

#### Commander in Operation

Ensure timely coordination of emergency staff and resources in emergency handling procedures at all times, and fully dispatch response procedures in case of emergency.

#### Deputy Commander

Work under the leadership of the commander-in-operation, perform the duties of the commander-in-operation when he/she is absent, or schedule relevant work by following the procedures for dealing with information security accidents.

#### IT Engineer

Recover hardware and related system failures of IT equipment.

#### EHS Personnel

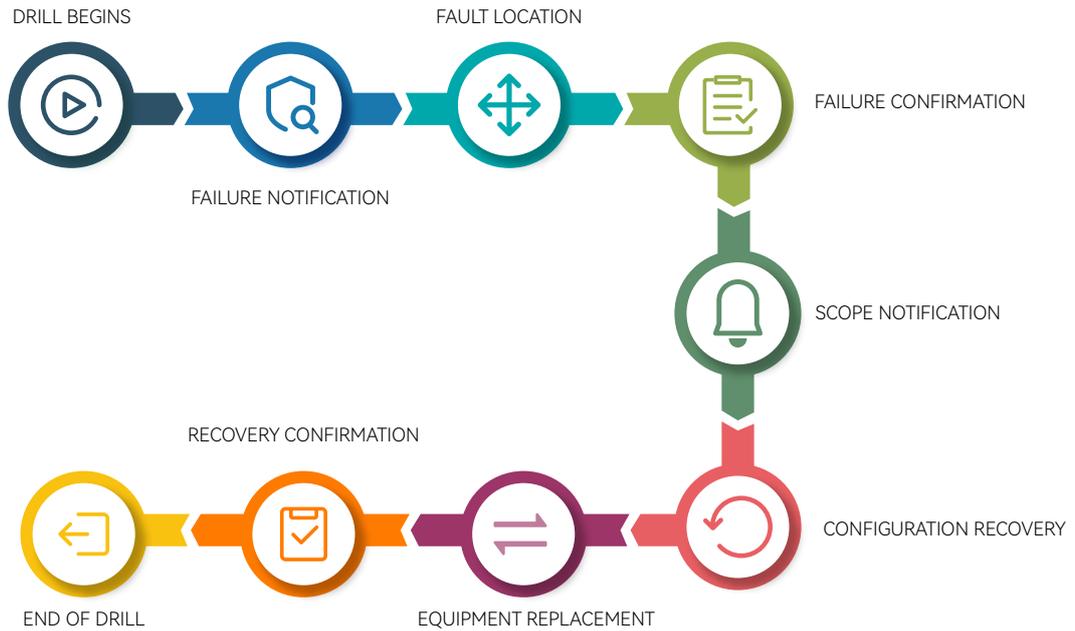
Guide the handling of information security accidents according to procedures, and identify the responsibility for such information security accidents.

#### Administration Staff

Impose punishments on the relevant persons responsible for the information security accidents that have occurred, in accordance with the Company's regulations.

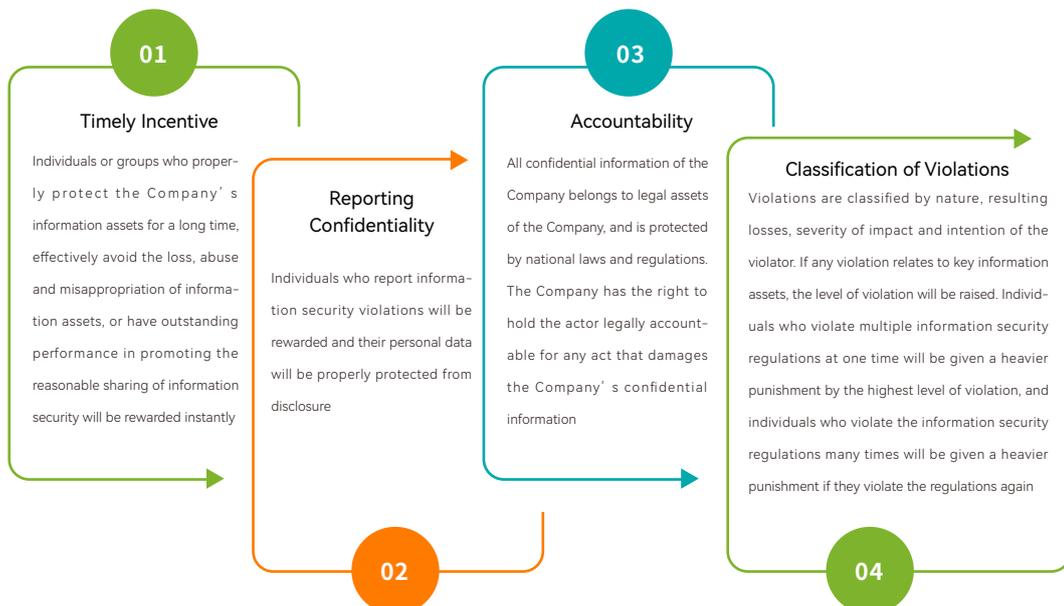
### Drill for Network Device Failure

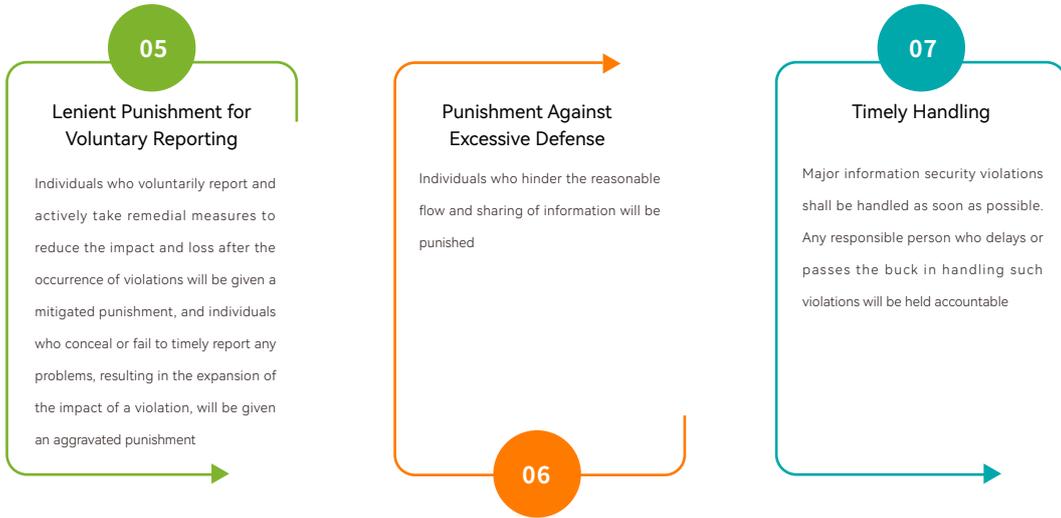
East China subsidiary organized a drill for network device failure, aiming to help the members of the IT Department master the physical environment of the computer room and types of core and network access failures, become familiar with the emergency handling processes for various network failures, thereby improving the capability of emergency response to failures, especially major network failures, and reducing the loss and impact caused by network failures.



## (5) Rewards and Punishments for Information Security

To motivate the employees to enhance their awareness of information security, the Company has formulated the Information Security Specification and Regulations on Punishment against Violations applicable to all employees, setting out the information security specifications, principles of reward and punishment for violations and the information security responsibilities of each department, to strengthen information security management, and effectively guarantee the implementation of the Company's information security system.





## (6) Information Security Training

Information security training is offered in three ways. DingTalk notification is used to cover all employees of the Company, educational videos for information security are played at the front desk of each subsidiary, and irregular on-site information security training is held, to improve the information security awareness and capability of all employees.

### In 2022, Our performance:

**28** hours

28 hours of information security training

**22,409** person-times

Offline and online information security training covered 22,409 person-times

**19** times

19 times information security training

Offer training to the whole staff on anti-phishing mail and information security awareness



On May 25, 2022, Shenzhen Pinghu subsidiary provided information security training for the heads of all departments on the definition, objectives and importance of information security, information security management measures, information confidentiality requirements and management requirements, information security management standards and personal obligations and other contents, to effectively guarantee its information security and stability.



## 2. Privacy Protection

LINGYI ITECH attaches great importance to protecting the personal information and privacy of employees, customers, suppliers and related personnel. LINGYI ITECH has formulated the Personal Information Management Regulations in accordance with the Personal Information Protection Law of the People’s Republic of China and other applicable privacy laws and regulations, to respect and protect the privacy of employees, and ensure that the purpose of processing, using and utilizing personal information is consistent with the intention of personal information subjects, and the personal and private information of various stakeholders will not be processed and used beyond the intended purpose and scope. The Company does everything to protect privacy and personal information to safeguard the rights and interests of personal information owners. Meanwhile, it is emphasized in the Employee Handbook emphasizes that employees shall not disclose the corporate secrets or customer information exposed to them at work to third-party companies or individuals, and shall not divulge the privacy and information of customers, suppliers and other partners at will. The Company is committed to protecting the privacy of each business partner.

For the personal information collected, processed and used by the Company, the personal information owner has the power to query or read, copy, supplement or correct the incomplete or incorrect personal information, request the Company to stop collecting, processing and using the personal information of employees, delete or destroy personal information, or reject the Company’s use of personal information for marketing and other purposes. The Company adopts a “zero tolerance policy” towards violations of privacy and personal information protection. If an investigation reveals any violation of the policy or applicable laws and regulations concerning privacy and personal information protection, the Company will immediately review and improve management measures, and punish the violators in accordance with the relevant rules in the Employee Handbook.

## 3. Customer Service

### (1) Customer Satisfaction Feedback

We attach great importance to customer satisfaction. In addition to daily communication with customers, we also follow the Customer Satisfaction Monitoring Procedure, measure and evaluate customer satisfaction to keep abreast of the current status and trend of customer satisfaction, and provide a basis for LINGYI ITECH to effectuate business plan and keep improving our management system process performance, in an endeavor to gradually exceed customer expectations. The Customer Service Management (CSM) division of the Sales Department conducts a customer satisfaction survey every six months, covering all customers that are cooperating with the Company, and then collects, aggregates and analyzes the Customer Satisfaction Survey Analysis Report. If the survey result is below the target, the Company should take corrective actions in accordance with the Corrective and Preventive Action Control Procedure, transmit the improvement measures to the customer, collect customer suggestions and internal feedback, to constantly improve customer satisfaction, and serve as a basis for continuous improvement. Relevant personnel track the effectiveness of improvement. If the requirements are not satisfied, another Corrective and Preventive Action Report will be issued, and the responsible department required to improve again until satisfactory results are obtained.

Workflow	Content
Confirmation of Satisfaction Survey Planning and Program	<ul style="list-style-type: none"> <li>• The Sales Department must conduct a customer satisfaction survey every six months, covering all customers who have received deliverables formally from the Company’s existing projects</li> <li>• The List for Customer Satisfaction Survey shall be approved by the manager of the Sales Department or above</li> <li>• The customer satisfaction survey includes: technical capability; product quality (appearance, function and performance, packaging, HSF control ability and performance); timeliness of delivery; satisfaction on handling of customer complaints about quality handling; mode of transport; sales service; customer service</li> </ul>
Distribution of Questionnaires	<p>The Sales Department distributes the Customer Satisfaction Questionnaire to each customer included in the List for Customer Satisfaction Survey, and explains to each customer the purpose of the survey, completion requirements and response deadline</p>
Collection of Questionnaires	<ul style="list-style-type: none"> <li>• The Sales Department collects the Customer Satisfaction Questionnaire and timely communicates with customers who have not responded to it so that questionnaires are collected as soon as possible</li> <li>• For customers of vehicle-mounted products, the customer score in the Statistics of Internal Performance in Customer Satisfaction should be additionally tallied to demonstrate compliance with customer requirements for product quality and process efficiency</li> <li>• Validity assurance of customer satisfaction statistics: Questionnaires not sent back are not included in the statistics, and the required collection rate of all customer questionnaires distributed is: customers of off-vehicle products ≥ 80%, customers of vehicle-mounted products 100%</li> </ul>

Workflow	Content
<b>Statistical Analysis of Survey Results</b>	<ul style="list-style-type: none"> <li>• There are five levels of customer satisfaction: Very Satisfied (90-100 points); Satisfied (80-89 points); Moderately Satisfied (60-79 points); Dissatisfied (40-59 points); Very Dissatisfied (&lt;40 points)</li> <li>• The Sales Department logs in to the online portal at a frequency (every month/quarter/six months/year) specified by the customer, records the customer evaluation results in the Statistics of Customer Portals, and informs the project team members concerned of the results. The Sales Department makes a statistical analysis of the final survey scoring results and forms the Analysis Report on Customer Satisfaction Survey</li> </ul>
	
<b>Improvement Tracking</b>	<p>The Sales Department tracks the effectiveness of improvement. If the requirements are not satisfied, another Corrective and Preventive Action Report shall be issued, and the responsible department required to improve again until satisfactory results are obtained</p>

## (2) Handling Customer Complaints

We actively communicate with customers to understand and deal with their complaints. LINGYI iTECH ensures that customer suggestions and complaints can be effectively fed back to relevant business departments through telephone, email, fax, DingTalk, WeChat and other channels, and handled in a timely manner. To ensure that customer complaints are handled in a timely and effective manner, we take suitable corrective and preventive actions to eliminate the causes of defective products or services and prevent their recurrence. We have formulated the Customer Complaint Handling Procedure, the Management Regulations for Handling Customer Returns, and the Work Instructions for Rework and Repair. The Company manages the handling of customer complaints through the QMS system, which enables timely feedback and quick handling of customer complaints.

### In 2022, Our performance:



Workflow	Content
<b>Receive and Confirm Customer Complaint Information</b>	<ul style="list-style-type: none"> <li>• The relevant personnel of the Business Department or the Quality Department feed back the customer complaint information to the Production Department (PD), Manufacturing Engineer (ME), Quality Engineering Department (QE) or Customer Quality Engineer (CQE) in the factory within one hour of receipt of a customer complaint, and QE leads the efforts to handle the customer complaint</li> <li>• CQE confirms the integrity of the information. If the customer complaint information is incomplete, confirm the missing information with the corresponding customer or salesperson</li> <li>• QE, PD or ME determines whether the customer complaint is reasonable; if it is not, notify the Business Department and give a reasonable explanation; when there is a dispute or upon request of a customer, the Quality Department shall send personnel to the customer's site for confirmation</li> </ul>
	
<b>Take Emergency Measures</b>	<ul style="list-style-type: none"> <li>• PQE or DQE organizes relevant departments to take emergency measures within four hours and check materials under different conditions (such as raw materials, work in process, goods on hand, goods in transit, or goods at the customer's premises)</li> <li>• Based on the preliminary checking results, gather the engineering, production and other departments to discuss the plan for handling goods on hand, for example, taking emergency containment measures in the factory, including measures such as isolation of defective products and production adjustment, and notify the relevant departments</li> <li>• If the customer production is affected, the Sales Department, Customer Service and Quality Department shall discuss temporary measures with customers</li> </ul>
	
<b>Cause Analysis and Countermeasures</b>	<ul style="list-style-type: none"> <li>• PQE or DQE leads relevant departments to analyze the causes, determine the root causes, and develop short-term and long-term improvement measures</li> <li>• For any defect caused by outsourcing or raw materials, the supplier or subcontractor shall provide emergency measures within four hours and the handling report within two working days</li> </ul>

Workflow	Content
<p>Provide Customer Complaint Report</p> 	<ul style="list-style-type: none"><li>• CQE shall provide the formal customer complaint report within five days after confirmation of the customer complaint information</li><li>• If the handling period is exceeded under special circumstances, an explanation shall be given to the customer</li></ul>
<p>Track the effectiveness</p> 	<ul style="list-style-type: none"><li>• CQE and QS tracks the implementation of improvement measures and closes the customer complaint after confirming the effectiveness of the measures</li><li>• If no complaint is made for three consecutive batches of deliveries with the same part number or upon expiry of two months after delivery, the measures are considered effective</li><li>• The quality manager makes a final confirmation on the closure of each customer complaint</li></ul>
<p>Perform Regular Analysis</p>	<ul style="list-style-type: none"><li>• Quality manager regularly collects customer complaints, performs comprehensive analysis, conducts a horizontal analysis of similar products, sums up experiences and lessons, and optimizes relevant procedures and documents accordingly</li><li>• Customer complaint information will be included as one of the inputs for the monthly directors' meeting and management review meeting</li></ul>



# Respect Yourself And Others Cultivate Talents

- | Equal Employment | | Employee Salary and Benefits | | Occupational Health |
- | Staff Development | | Talent Retention |
- | Recruitment | | Employee Communication |

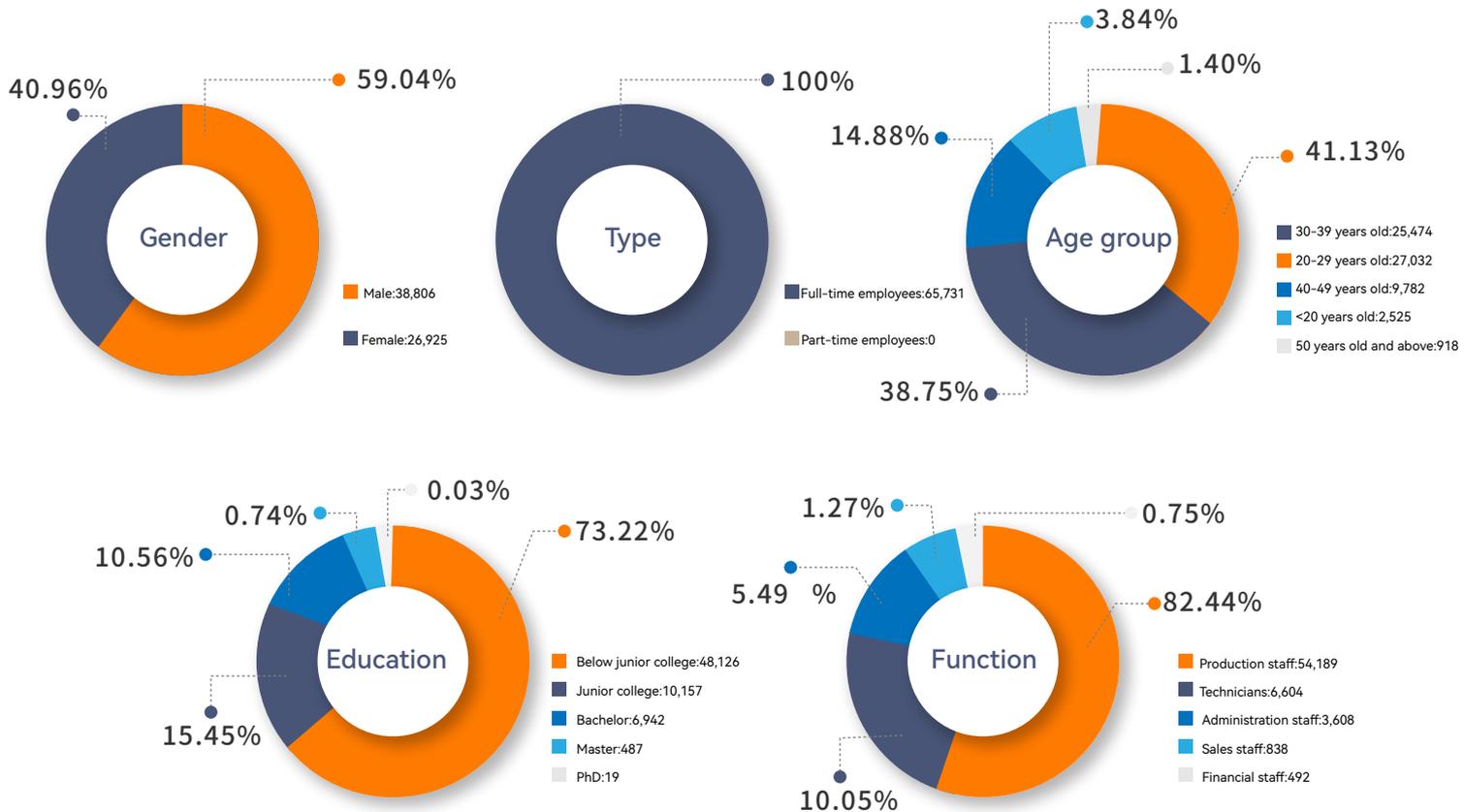
# Equal Employment

## 1. Diversified Employment

We have always insisted on creating a diverse and inclusive working environment, and continue to build a diverse and diversified workforce.

By the end of 2022, we had 65,731 employees, The number of employees was counted by gender, function, education, age, etc. to achieve fine management. During the reporting period, we had not experienced any strikes.

We actively provide vocational skills training for serving disabled and veteran employees to help them adapt to and cope with work as soon as possible. During the reporting period, We conducted 14,969 hours of skills training for disabled and veterans, covering 14,580 person-times.



## 2. Protection of Human Rights

We strictly implement national labor laws and regulations, and establish legal, compliant and harmonious labor relations with our employees. We recognize, respect and abide by the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization Convention, the Universal Declaration of Human Rights, Social Accountability 8000 (SA8000), the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, the Employment Services and Employment Management Regulations, and other applicable laws and regulations of the places of business at home and abroad. We review labor rights based on the requirements of the Code of Conduct of the Responsible Business Association (RBA), and monitor the effective implementation of human rights policy, including the rights and interests of laborers, occupational health and safety and other social responsibility risks, so that we can implement the corrective action plan in a timely and effective manner. In 2022, all subsidiaries of LINGYI ITECH actively conducted internal and external audits of social responsibility, we conducted 100% correction and improvement on all discovered problems.

We published the human rights policy applicable to LINGYI iTECH and its subsidiaries, and the implementation of the human rights policy is supervised by the Board of Directors. The Company attaches importance to and respects the fundamental human rights of all employees, and undertakes not to infringe upon human rights. The Company has formulated a series of labor and human rights protection systems, including the Employee Handbook, the Management Regulations for the Protection of Underage Workers and the Prohibition of Child Labor, the Management Regulations for the Prohibition of Forced Labor, the Management Measures for Collective Negotiation and Freedom of Association, the Management Measures for the Prohibition of Discrimination, the Management Regulations for the Labor Protection of Women Workers, the Management Regulations for the Employment of the Disabled, and the Salary and Benefits Management Procedure. By adopting a series of management systems and measures, the Company strictly prohibits the use of child labor and forced labor, guarantees the rights of freedom of job choice, freedom of association and collective negotiation of employees, and resolutely opposes any form of discrimination and harassment, to protect the legitimate rights and interests of employees.

Furthermore, to cultivate and heighten the awareness of LINGYI iTECH employees to actively protect their rights, the Company provides a series of human rights training, led by the CSR (corporate social responsibility) department. In addition, each subsidiary will organize personnel to deliver social responsibility training according to their needs. During the reporting period, the CSR department of the Group offered 13 training programs composed of 106 sessions relating to standards for human rights, awareness of social responsibility management, and enhancement of social responsibility skills, covering 26 subsidiaries and the total number of participants covered 7840 person-times, 9 training sessions were held for members of the social responsibility department on professional skills, comprehensive ability enhancement and other aspects, covering 187 person-times, contributing to the improved overall strength of the CSR team, and the effective implementation of human rights policy.

**2022 SR Basic Knowledge Training Program**

To raise the compliance awareness of all employees, the SR Department organized the Basic SR Knowledge Training Program, through offline, DingTalk - cloud classroom online push, video playing on the digital screen of the front desk in subsidiaries, covering all employees, to train employees at different levels on applicable basic SR knowledge and management awareness, including staff above the manager level, low-level managers (at the supervisor level), new managers, and first-line operators. The employees of the Group actively participated in the training and finished the test, and the overall awareness of social responsibility of the employees was enhanced.



Dimension	Internal Systems and Measures
<p><b>Advocate Freedom of Association</b></p>	<p>We respect the freedom of association, and protect the rights and interests of laborers. Based on compliance with the laws and regulations of each place of business, we have formulated the Management Measures for Collective Negotiation and Freedom of Association to better safeguard the legitimate rights and interests of employees, build a bridge and establish a link for effective communication between employees and the Company, and cultivate harmonious employer-employee relations. Employees have the right to organize groups in accordance with the law and have the freedom to participate in groups and become members of groups. Employees can express their concerns about the factory's actions to managers, select employee representatives within the organization, check working conditions, talk with managers, and carry out other activities that do not interfere with the Company's production. All subsidiaries actively organized trade unions, with a total number of 7,211 participants, representing coverage of 13%</p> <p>The Company respects the right of employees to establish and join organizations of their own will, and cannot interfere with the right of employees to establish, organize and join associations of their own choice, and the Company warrants that employees can exercise their right to associate without violence, pressure, intimidation and threat</p>
<p><b>Respect and Support Collective Bargaining</b></p>	<p>By formulating the Management Measures for Collective Negotiation and Freedom of Association, the Company recognizes and respects the right of employees to form an association for consultations and negotiations, and it is agreed that both parties shall hold consultations on an equal footing with regard to labor contract, wage adjustment, insurance benefits, labor safety and health, special protection of women workers and other matters related to the vital interests of employees according to the actual situation of the Company on the basis of mutual respect and friendly cooperation</p>

Dimension	Internal Systems and Measures
<p><b>Prohibition of Forced Labour</b></p>	<p>We have formulated the Management Measures for the Prohibition of Forced Labor to protect the personal freedom of employees and ensure that employees are employed and work voluntarily</p> <p>All forms of forced labor are prohibited, including indentured labor, bonded labor, labor under threat of punishment, compulsory labor, or involuntary labor</p> <p>It is strictly forbidden for any department or person to force employees to work by means of violence, threat or illegal restriction of personal freedom</p> <p>If an employee is subjected to compulsory or involuntary labor, it can be reported to the Human Resources Department in real time or sent to the "Complaint Box" by a letter, which will be investigated and handled by the Human Resources Department</p>
<p><b>Prohibition of Child Labour</b></p>	<p>The Company undertakes to strictly implement the laws and regulations of the place where it operates, and has formulated the Management Regulations for the Prohibition of the Use of Child Labor, the Management Regulations for Student Workers, Interns and Apprentices, the Employee Handbook, and other applicable policies and procedures, which are implemented in various ways in the employee recruitment, entry approval, entry registration and other aspects</p> <p>For an interview, the Company's personnel must strictly check and verify the ID card and other documents of applicants, and allow applicants to enter the Company only after confirming the authenticity of the photos, age and other information. An internal identity check and inspection of the factory is carried out at least once a year to eliminate the potential use of Child labor</p> <p>Once the wrongful recruitment of child Labour is found, a child Labour rescue plan shall be launched in accordance with local laws and regulations and corresponding remedial measures shall be taken:</p> <ul style="list-style-type: none"> <li>• Immediately stop their work and inform relevant parties (including schools, governments, customers, suppliers, ect)</li> <li>• Provide health checks, treat those who are sick, and ensure that their health is not affected by work</li> <li>• The Company dispatches a car to bring them back to school or home safely, or has their guardians bring them back, and the guardians need to sign the letter of acceptance</li> <li>• The Company offers necessary tuition and other miscellaneous fees (such as fees for books and school supplies, basic living expenses) to such employees</li> <li>• When such employees reach working age, the Company will provide them with a job paid not less than the original wage if they are willing to accept it</li> </ul>
<p><b>Anti-Discrimination</b></p>	<p>The Company resolutely opposes employment discrimination. Having formulated the Management Regulations for the Prohibition of Discrimination, the Company treats every employee equally, and does not discriminate against employees in their employment, salary or promotion due to their social identity such as ethnic group, race, nationality, gender, religion, age, sexual orientation, political affiliation or marital status</p>
<p><b>Protection of Underage Workers</b></p>	<p>The Company undertakes to strictly abide by the Regulations for Special Protection of Underage Workers, and the laws and regulations of the place where it operates, and has formulated the Management Regulations for Student Workers, Interns and Apprentices, setting stricter rules on the working hours of underage workers, subject to which it is not allowed to arrange underage workers to work overtime or work at night; it is not allowed to arrange underage workers to work in toxic and harmful positions; and underage workers who have been working in the Company for one year shall be arranged to have a health check. The tracking record for suggestions is created to track the post distribution, working hours, health check and other conditions of underage workers, and regularly updated</p>
<p><b>Anti-Harassment and Abuse</b></p>	<p>The Company is committed to maintaining a working environment free of harassment and abuse, and shall not threaten employees or subject them to harsh and inhumane treatment, including but not limited to verbal abuse and harassment, psychological harassment, mental and physical coercion, and sexual harassment. The Company has formulated the Anti-harassment and Abuse Management Regulations, providing for the process and procedures of complaints against harassment and abuse. For any acts of harassment and abuse detected, the persons involved and the corresponding managers will be punished and correction made in accordance with the management system, and the information of whistleblowers shall be protected to prevent retaliation against them, to ensure that all employees are respected and enjoy being respected</p>
<p><b>Equal Pay for Equal Work</b></p>	<p>The Company has formulated the Salary and Benefits Management Procedure to attract, incentivize and retain talents with fair and competitive salary and benefits. Salary is determined mainly based on job responsibilities and value creation, taking into account the experience, competence, potential and performance of employees, with due consideration given to internal and external fairness</p>

Dimension	Internal Systems and Measures
<p><b>Working Hour Policy</b></p>	<p>The Company has formulated the Employee Handbook, the Attendance Management Regulations and the Management Measures for the Prohibition of Forced Labor, strictly controls the working hours of employees, prohibits forced overtime, and eliminates excessive overtime</p> <p>To standardize the management and avoid overtime in case of urgent order requests, the factory supervisor shall check and adjust the production plan in advance, and make an advance application in strict accordance with the Company's overtime application regulations</p> <p>If any non-conformity with the working hour management regulations is detected, a report must be submitted to the relevant personnel and units, approved by the top-level executive of the business division, and submitted to the customer and the SR committee for monitoring, and regularly reporting to the management is required for timely correction and improvement</p>
<p><b>Compensation and Welfare</b></p>	<p>The Company has formulated the Salary Calculation Management Regulations, specifying that the standard wage of employees consists of basic wage, job allowance, performance-based pay, skills allowance and others, among which basic wage is the local standard starting salary, thus protecting the right of employees to the minimum living wage, and providing employees with competitive Compensation and benefits</p> <p>Furthermore, to encourage the employment of the disabled and protect the legitimate rights and interests of the disabled employees, the Company has formulated the Disabled Workers Management Regulations, which emphasizes that the disabled and non-disabled employees are treated equally in terms of recruitment, employment, becoming a full member, promotion, labor compensation, living benefits, etc. Disabled employees who come up against problems that are difficult to solve by themselves can request help from their superiors or the Administration Department, and the department receiving the request will actively respond and give a reply</p>
<p><b>Overtime Compensation</b></p>	<p>The Company complies with the requirements and provisions on overtime pay in the Attendance Management Regulations. The amount of extended working hours of employees beyond normal working hours is overtime. The rules for the payment of overtime pay are as follows:</p> <ul style="list-style-type: none"> <li>• Overtime on working days: Hourly overtime pay = not less than hourly wage during normal working hours × 150%</li> <li>• Overtime on rest days: Hourly overtime pay = not less than hourly wage during normal working hours × 200%</li> <li>• Overtime on statutory holidays: Hourly overtime pay = not less than hourly wage during normal working hours × 300%</li> </ul>
<p><b>Maternity Protection</b></p>	<p>The Company strictly abides by the Special Provisions for the Labor Protection of Women Workers and the local laws and regulations of the place where it operates. Having formulated the Management Regulations for the Labor Protection of Women Workers, the Company safeguards the legitimate rights and interests of women workers, reduces and solves the difficulties caused by the physiological characteristics of women workers in labor and work, and safeguards their health. Besides, the Company protects pregnant, childbearing and nursing women workers, and the equal rights of women workers:</p> <ul style="list-style-type: none"> <li>• Pregnant women workers: Prenatal check-up leave shall be paid; working in toxic and harmful positions is not allowed; overtime or night shift after seven months of pregnancy is not allowed</li> <li>• Childbirth women workers: The length of maternity leave is 98 days (paid leave), and incentive maternity leave (subject to local policies)</li> <li>• Nursing women workers: Before the child reaches the age of one, women workers shall have one hour of breastfeeding leave every day (for each additional baby, the time shall be increased by one hour every day), and shall not be arranged to work overtime, at night, or in toxic and harmful positions during the breastfeeding period</li> </ul> <p>The persons in charge and persons directly responsible for violating the labor protection rights of women workers shall be given an administrative punishment by the competent department of the Company depending on the seriousness of the case, and the Company shall provide reasonable financial compensation. If it constitutes a crime, such persons will be investigated by the judicial organ for criminal responsibility according to the law</p>
<p><b>Protection of Foreign Workers</b></p>	<p>The Company undertakes not to discriminate against any worker in the recruitment and other employment activities due to age, disability, ethnic group, gender, marital status, nationality, political affiliation, race, religion, sexual orientation, gender identity, membership of a trade union or any other status protected by applicable national or local laws, to guarantee the access of each employee and job seeker to equal employment opportunities and treatment</p>

**In 2022, Our Performance:**

0 cases

0 cases discrimination event reported and confirmed during the reporting period

0 cases

0 cases human rights violation reported and confirmed during the reporting period

100%

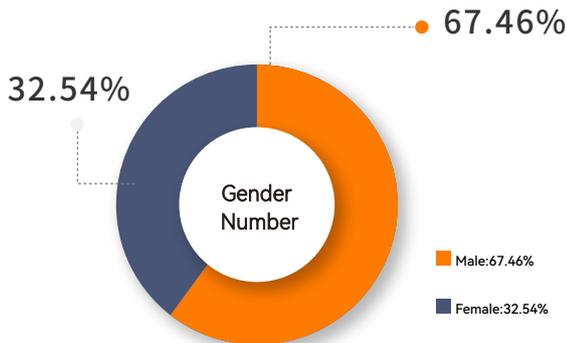
100% of security officers are trained in human rights policy

# Staff Development

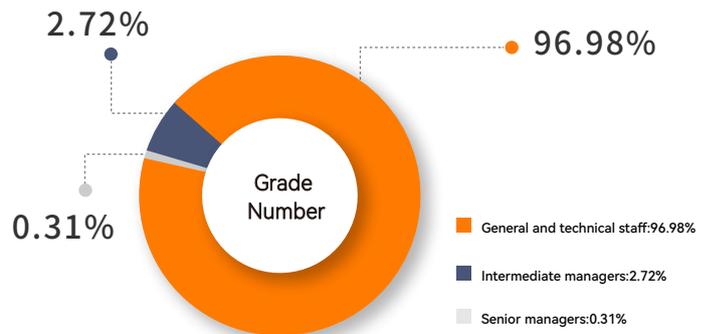
## 1. Staff Training System

The Company attaches great importance to talent development and reserve, continues to improve the training management system and organizational structure, and establishes a training system covering entry of new employees, onboarding, in-service and job transfer of employees, and external training. The Company has formulated a series of training-related management systems such as the Work Instructions for Training Management System, Work Instructions for Induction Training, the Work Instructions for Orientation Training, and Work Instructions for External Training. To enable precise empowerment, the Company offers a wide range of abundant training resources to employees, and provides professional talents for its stable, long-term and sustainable development and intellectual support and talent guarantee for its strategic development.

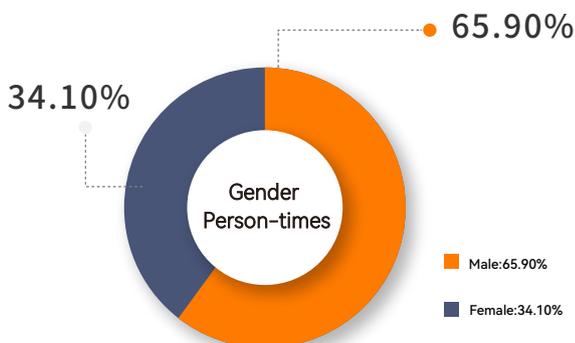
Meanwhile, the Company has invested heavily in the integration of production and talents, and consolidates and develops training resources. In 2022, the Group invested about RMB 69.81 million in training. Online and offline training benefited 791,622 person-times, representing coverage of 96%. A total of 3,731,931 hours of training were delivered.



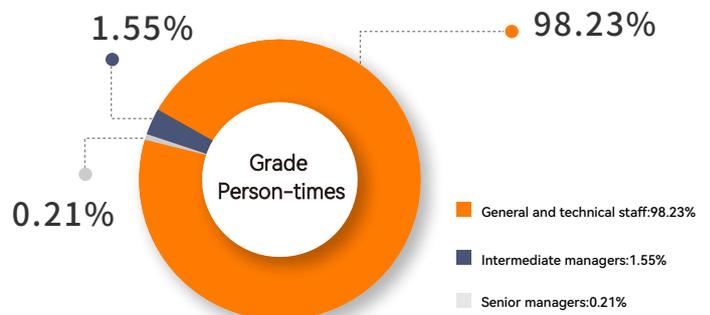
Percentage of trained employees by gender



Percentage of trained employees by Grade



Percentage of training person-times for trained employees by gender



Percentage of training person-times for trained employees by grade

Total Training Input = Direct Training Input + Indirect Training Input

Direct Training Input: the cost of training materials, the tuition paid by the staff external training, the cost of purchasing training courses, etc.

Indirect Training Input: travel expenses for staff external training, wages, bonuses and allowances during training, depreciation and allocation for fixed assets such as training sites and equipment, development, maintenance and operation expenses of internal and external online training systems

The training data covers LINGYI iTECH (GUANGDONG) COMPANY and its subsidiaries at home and abroad



### Green Orange Plan for Youth Talent Development

The Green Orange Plan for Youth Talent Development of LINGYI iTECH is a talent cultivation program designed to rapidly enhance the individual professional and technical capability, project management ability and specific problem-solving ability of high-potential, outstanding and young backbone talents and train a team of young backbone technical and management talents for the Company. With a training period of six months, the Green Orange Plan focuses on self-management, problem solving, communication and influence, team business, business reporting and other topics, and is delivered in various forms such as online courses, offline teaching and co-creative learning. At present, 82 employees have participated in the Green Orange Plan.



### “Future Star” Management Trainees Program

The “Future Star” Management Trainees Program is a full-cycle development training program targeting the management trainees hired by LINGYI iTECH through on-campus recruitment, which helps the management trainees successfully turn into professionals from students, rapidly become the backbone for supporting corporate development through systematic and professional training schemes, to provide talent guarantee for the corporate development strategy, and assist the Group in “starting a new undertaking” and achieving high-quality development.

On July 9-10, 2022, 535 management trainees reported their arrival at eight campsites in Dongguan Huangjiang, Dongguan Hengli, Shenzhen, Suzhou Dongtai and Chengdu, and received the 2022 “Future Star” management trainee training from July 11. They received professional culture quality training in the classroom, and experienced practical training in the front line, to dig deeper into LINGYI iTECH from different perspectives, know their occupation, and integrate into the Company.



### Spark Program - Automated Apprenticeship Program

To meet the needs of automation, Dongguan Hengli subsidiary trains talents in the field of automation equipment, Optimize the labor cost structure, improve efficiency, accelerates the realization of technological breakthroughs, and puts the automation equipment into production stably and reliably. It has developed an automation apprentice training scheme to train competent automation apprentices. The Spark Plan has a training period of six months, and the training content includes the assembly of glue spraying, testing equipment, programming and other courses. Employees who pass the examination can get a promotion and pay increase.

## Engineer Training Camp Program

The South China CNC Business Division has made a plan to carry out the Engineer Training Camp Program, to provide a platform for the growth and development of employees, balance the needs of the Company's technical jobs and the career planning of employees, enhance the cohesion and solidarity, build a talent team for the Company, and achieve the long-term goal of the Company's technical personnel training and organizational development. The program has 150 class hours, and is attended by 30 participants, which helps enhance the technical literacy and professional competence of the employees.



## 2. Online Training Platform



In April 2022, the online learning platform "LY iTech UNIVERSITY" provided by the Group for employees was officially launched. LY iTech UNIVERSITY is a learning platform that accompanies the growth of employees, with five major features: online learning, online examination, offline training, live training and learning competition. More than 3,000 external courses and 300 internal professional knowledge courses are available on the platform, and new courses are continuously being developed to help employees continuously improve their professional accomplishment, expand their professional competence, and meet their personal learning needs, making it convenient for employees to learn at any time and anywhere, thus helping employees grow.

## 3. Internal Trainer Team Building

The Company provides excellent teachers for staff training, and places special emphasis on the cultivation of internal trainers. A team of internal trainers has been formed in accordance with the Work Instructions for Internal Trainer Management, to share knowledge at all levels of the Company, help employees improve work performance, establish a learning enterprise, and enhance the Company's core competitiveness. We have established a team of internal trainers.

During the reporting period, we improved our professional position and rank system, sorted out the qualifications of 13 specialty groups and 161 professional posts, and established a scientific certification and promotion system. By developing talent standards, we helped employees find the correct career positioning, career development direction and development path. Furthermore, to build a learning and growing organization, the Company stipulates in the Management Regulations for Certification of Professional Qualifications that training courses or sharing class hours are one of the thresholds for rank certification application. The Group also organized TTT (Training the Trainer to Train) empowerment training from time to time, focusing on the construction of a team of internal trainers from four aspects - "1234" teaching method, four manners of trainers, Q&A, and crowd control, allowing the trainees to apply and practice what had been learned on site, and combine the theory and practice. Since August 2022, the Human Resources Department of the Group carried out touring TTT Empowerment Training in Shenzhen, Dongguan, Chengdu, Dongtai, Suzhou and other places. With 22 training sessions completed, 352 participants attended the training. The purpose of carrying out TTT training is to support the implementation of the position and rank system, improve the professional teaching proficiency of internal trainers of LINGYI ITECH, and provide high-quality talents for the Company. During the reporting period, we trained 114 internal trainers. At the end of the report, there were 193 lecturers in the company's internal lecturers database.

### The First Gold Trainer Competition of LINGYI iTECH

To further intensify the efforts to build the internal trainer team, continuously improve the teaching skills of the internal trainer team, and increase the size and improve the quality of the internal trainer team, the Company launched the First Gold Trainer Competition for all the staff of LINGYI iTECH in August 2022 to carry forward the Company's people-centered culture and accelerate talent training. Through the competition, the Gold Trainer, Popular Trainer, Excellent Trainer, and Best Unit Cultivating Internal Trainers were selected, and awarded certificates, prize money and gift packages.

After the competition kicked off, each business division organized the preliminary competition actively, attended by 79 competitors. The Human Resources Department of the Group organized the selection of popular trainers, with more than 49,000 people voting. Finally, five gold trainers, three popular trainers and two excellent units were selected.

This Gold Trainer Competition is just a start. The Human Resources Department of the Group will continue to assist the internal trainers in improving the course materials, create high-quality content, and provide the internal trainers with a stage to show themselves. The Group will also empower more internal trainers. It is hoped that through the internal trainer proscenium, everyone can make their elegant appearance, and the corporate knowledge, culture and experience can be conveyed to more people.



## 4. Leadership Leaps

In terms of leadership development, the Group constructs "Leadership Competency Models" at the manager, director and president level, conducts leadership evaluation and talent review for current managers, and successively introduces a series of leadership courses to create learning opportunities combining theory with practice for managers at all levels, enrich management knowledge and continuously improve leadership. During the reporting period, 63 in-service new managers were trained on leadership and their IDP behavior transformation was tracked.

### Special Program for Training and Development of Elite Team Leaders

To ensure the core productivity of mass production ramp-up and upgrade the front-line management competence, select a group of high-potential team leaders based on the internal identification of team leaders' qualifications for specific empowerment, and reserve front-line management personnel, the [2022 Special Program for Identification and Development of Elite Team Leaders of South China Stamping Business Division] was carried out. The program had 270 participants. After the assessment, training and other processes, 46 of them passed the examination and were included in the talent team management. Being included in the talent pool of reserved supervisors, they have the priority of promotion, and are entitled to the performance bonus on the basis of the original performance appraisal.



## 5. On-the-job Academic Qualifications Improvement

We have formulated the Work Instructions for the Management of On-the-job Education and Student Assistance and the Management Measures for Key Talents, which are applicable to the on-the-job education support for all employees provided by LINGYI iTECH and its subsidiaries, and offer on-the-job training for academic qualifications improvement and classes for vocational skills to internal employees by cooperating with external colleges or institutions as the circumstances may require. Furthermore, financial aid is provided to employees of the Company to help them complete their studies. In 2022, the number of employees who have completed their studies has reached 682 through grants provided by the company.

The Company supports employees to pursue further studies and obtain certificates, and provides support to all certified employees in the form of reimbursement of training fees. The Company increases the support for the improvement of their academic qualifications and skills, and encourages employees to improve their personal abilities and achieve better professional performance. The Company supports the application by all employees for academic qualifications improvement programs based on their educational background to receive on-the-job academic education.

### Special Academic Qualifications Improvement Program of Guilin University of Electronic Technology



LINGYI iTECH regards talents as an important asset. We, together with Guilin University of Electronic Technology, provide a special program for our employees to improve their academic qualifications, and the program fees will be reimbursed by the Company to further improve the academic qualifications and abilities of employees. This promotion plan covers employees at all levels of the company, and 150 of them have been successfully recruited. In the future, we will continue to help more employees improve their academic qualifications and strengthen the human capital strength of the company.

## 6. Participation in External Training

We have formulated the Work Instructions for External Training to support employees' participation in external training courses. Based on the principle of impartiality, fairness and openness, all employees can make an application, competing by giving explanations and describing personal advantages. Furthermore, the Company will invite experts or trainers appointed by external specialist agencies to deliver lectures in the Company from time to time according to actual needs.

### Media Public Opinion Environment And Crisis Response

To strengthen the understanding of media and lower the risk of public opinion response, LINGYI iTECH invited expert guests to give lectures to the staff about the response to "media public opinion environment and crisis". offering a presentation and training on four aspects around the topic of "media public opinion environment and crisis response", i.e., "introduction to media environment", "public opinions of listed companies", "media relations management", and "reputation management strategy". This initiative has improved the awareness and expertness of participants in crisis response, and makes the Company professionally competent in risk prevention and control.



## 7. Clear and Diversified Promotion Channels

We have formulated the Promotion Management Regulations and the Staff Motivation System to further provide system guidance and a basis for the promotion management of all departments and subsidiaries, standardize the promotion management process and improve management efficiency. The person in charge of the human resources business conducts evaluation and assessment of personnel promotion qualifications. The manager of each department trains and develops the capabilities of its employees and provides outstanding talents. The Human Resources Department of each subsidiary submits a promotion report, and conducts qualification and process reviews. After getting promoted, employees will have new responsibilities and expectations. Supervisors will communicate with employees to develop new work plans and allow them to participate in relevant training courses to better adapt to their positions and give full play to their strengths. The Company advocates a fair and equal personal development plan, and makes decisions on recruitment, promotion, salary adjustment and other aspects that affect the employment terms and conditions based on the performance of personnel, regardless of race, color, gender, age, religion, nationality, disability, sexual orientation, gender identity, marital status, retirement status or other legally protected status. As of the end of the reporting period, there are 347 women holding management positions (manager level and above).

During the reporting period, the Company optimized the position and rank system, established three career development channels of LINGYI iTECH, namely, management channel, specialty channel and operation channel, and defined the development space of each position. At the end of July, the Human Resources Department of the Group issued the Position Management Regulations and the Management Regulations for Certification of Professional Qualifications to standardize the control of position, rank, title and promotion, and specified the promotion process of each channel.



In 2022, the Company further improved its organizational structure and performance management system, established a strategic guidance and organization synergy system for business, R&D, operation and functional departments, and formed a matrix management mechanism for the Group, business divisions and regions. Moreover, the Company reformed its performance management and incentive system. Through the reform, the high-performance teams and excellent employees of the Company can gain more timely recognition and incentive, thus stimulating the vitality of employees and organizations.

The Company attaches great importance to talent reserve and motivation, builds up a key talent pool, and promotes the AB roles and successor plan for key management positions. More relevant resources are allocated to key talents in terms of equity-based incentives, performance bonuses, staff benefits and development opportunities, i.e. using the best resources where they are needed most, so that this can be felt by key talents and spark their willingness to stay with the Company for long-term development.

# Staff Recruitment

To satisfy the demand of the Company for talents in its rapid development, standardize the recruitment process and improve the talent selection mechanism, the Company strictly adheres to the requirements of the Labor Law, the Labor Contract Law and other laws and regulations, in accordance with the Recruitment Guide, continues to hire outstanding talents in a fair and transparent manner through diverse channels such as on-campus recruitment, online recruitment, social recruitment, employee recommendation, and internal competition, in an attempt to maintain equal and diversified employment opportunities. The Company provides highly competitive salary and benefits and a fair and impartial competition environment to attract talents and seek common development.

Adhering to the principle of “openness, fairness and justness” , the Company establishes a diversified selection and employment mechanism by adopting open recruitment, equal competition and merit-based selection practices, ensures the implementation of the “voluntary employment” principle, and treats all employees equally in the recruitment and promotion, regardless of their age, gender, race, nationality, disability or religious belief. The Company attracts talents through diversified recruitment channels, and strictly prohibits forced labor and bonded labor in recruitment, to ensure that recruitment proceeds in an orderly fashion. Each department draws up a talent demand plan at the end of each year based on the development strategy of the Company and staffing of the department, and submits the Personnel Supplement Application Form to the Human Resources Department. Considering various factors and balancing its own needs according to the business, the Human Resources Department reviews the form and develops the Annual Recruitment Plan to provide effective guidance for recruitment. We adopt multi-channel and diversified strategies to recruit and attract talents, and proactively recruit from different types of talents. In 2022, the Company’s labor contract signing rate and social insurance payment rate were both 100%.

Internal Recruitment	Extensive External Recruitment	School-Enterprise Cooperation
<ul style="list-style-type: none"> <li>• Principle of Internal Precedence</li> <li>• Open and Fair Competition</li> <li>• Multi-channel Information Release</li> <li>• Comprehensive Evaluation</li> <li>• Internal Recommendation and Encouragement Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Online Recruitment</li> <li>• On-site Recruitment</li> <li>• Headhunter Recruitment</li> <li>• Talent Market Recommendation</li> <li>• Campus Recruitment</li> </ul>	<ul style="list-style-type: none"> <li>• "Customized" Talent Cultivation Mode</li> <li>• Proactively Identify Suitable Colleges and Universities</li> <li>• Colleges and Universities Have in-depth Knowledge of Field Trips</li> <li>• Work with Institutions to Develop Study Plans</li> </ul>

The Company follows a strict recruitment process, interviews managers or personnel at higher levels using the Personnel Decision Matrix, updates the data and information of the talent pool in real time, and regularly or irregularly contacts the reserve personnel in the talent pool to maintain good communication with them, for the purpose of promoting the sound development of the Company’s talent management.

# Employee Compensation and Benefits

## 1. Employee Compensation

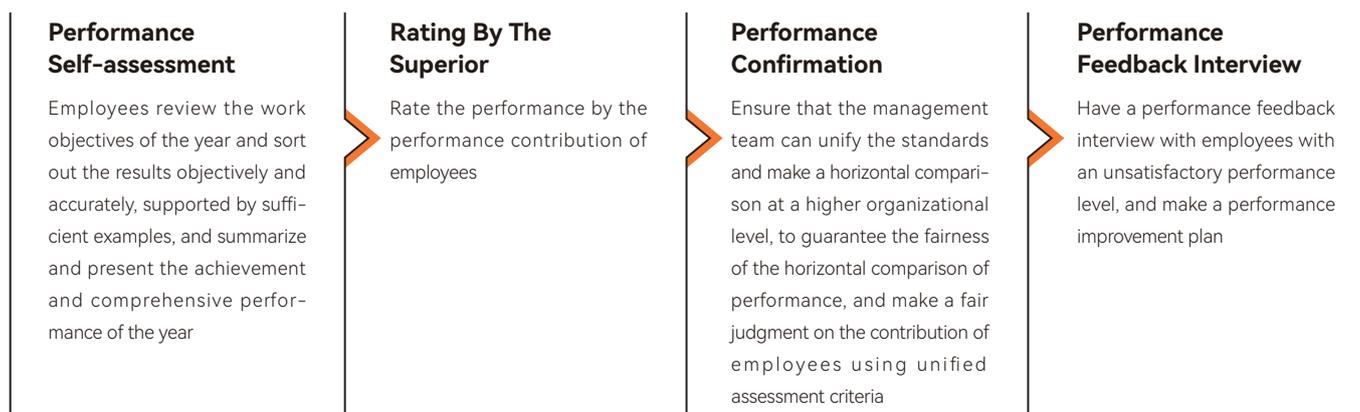
We provide all employees with compensation and benefits including wage, bonus, social insurance and humanized paid vacation. The Company observes the principle of “equal pay for equal work” , and the salary proportion of male and female employees is close to 1:1. The Compensation and Benefits Management Procedure covering all employees has been formulated, forming a complete compensation and benefits management system. To improve the Company’ s compensation and benefits management, we adhere to the principle of equality and non-discrimination, implement the established rules only based on different job functions and ranks, and ensure that the rights and benefits of all employees are equally respected and protected, regardless of their gender, physical fitness/intelligence, race, age, nationality, belief, family situation, and other factors. Our philosophy of compensation payment is result oriented on basis of performance, and behavior oriented on basis of culture. We adopt a variable pay mechanism based on performance.



## 2. Performance Appraisal

In 2022, the Company optimized and improved the performance assessment and incentive mechanism, and facilitate the vision construction based on development goals. The Company puts in place a powerful performance incentive salary system covering all employees, and follows the core philosophy for performance assessment and year-end bonus distribution “generous reward for excellent work, generous compensation for excellent performance; continuous feedback, and common growth” . Through performance assessment, the efforts of each employee can be objectively and fairly evaluated, and managers can look more closely at the growth and development of each employee, provide objective and sufficient feedback, help employees better understand their strengths and weaknesses, gain a clear insight into the improvement direction of future work, thus providing a basis for promotion and year-end bonus distribution.

### Performance Appraisal Procedure:



## 3. Employee Benefits

With a firm belief that building a diverse team can help us hire outstanding talents to better address the needs of our global customer base, the Company abides by the principle of equal pay for equal work and provides relevant benefits covering all employees to support a diversified working environment, including housing, communication, meal, working environment, professional title and other welfare subsidies, flexible working hours, full-paid sick leave above the statutory minimum standard. We also offer additional commercial insurance for certain staff. For livelihood welfare, the Company creates convenience for employees in housing, household registration, nursing and other aspects.

Standard Wage	Work Allowance	Work Subsidies	Bonus	Statutory Benefits
<ul style="list-style-type: none"> <li>Basic Wage</li> <li>Job Allowance</li> <li>Performance Salary</li> <li>Skills Allowance</li> </ul>	<ul style="list-style-type: none"> <li>Overtime Allowance</li> <li>Night-shift Allowance</li> <li>Full-attendance Bonus</li> <li>Performance Bonus</li> </ul>	<ul style="list-style-type: none"> <li>High-temperature Subsidy</li> <li>Meal Subsidy</li> <li>Accommodation Subsidy</li> <li>Transportation Subsidy</li> <li>Travel Subsidy</li> <li>Health Check Subsidy</li> </ul>	<ul style="list-style-type: none"> <li>Year-end bonus</li> <li>Project Bonus</li> <li>Recommendation Bonus</li> <li>Retention Bonus</li> </ul>	<ul style="list-style-type: none"> <li>Five Social Insurance and One Housing Fund</li> <li>Statutory Holidays</li> </ul>

In order to further stimulate employees' spirit of corporate ownership responsibility and excellent performance, share the rewards brought by business growth, we have formulated a long-term equity incentive plan and employee stock ownership plan to fully motivate talents and promote the common development and benefit sharing between the Company and employees. Since 2018, LINGYI iTECH has launched several employee incentive plans. On September 15, 2022, the Company held the fifth Extraordinary General Meeting of Shareholders in 2022, deliberated and adopted the Proposal on the 2022 Employee Stock Ownership Plan (Draft) and Its Summary of LINGYI iTECH (Guangdong) Company, the Proposal on the Management Measures for the 2022 Employee Stock Ownership Plan of Guangdong Lingyi iTECH Manufacturing Co., Ltd., and other proposals. The total number of employees participating in this ESOP can be up to 530, including 6 directors, supervisors and senior managers of the Company. The subscription shares of The employee stock ownership plan is capped at 108.56 million shares this time, and the price for the Company to repurchase shares is 2.36 yuan/share.

## In 2022, Our Performance:



### Maternity Leave (Paternity Leave) Provided by the Company:

	Female	Male	Total
Number of employees having taken maternity/paternity leave in 2022	718	461	1,179
Number of employees who should return to work after taking maternity/paternity leave	668	194	862
Actual number of employees returning to work during the reporting period after taking maternity/paternity leave	668	194	862
Return Rate	100%	100%	100%

### Sending Drinks during Mass Production

In the summer of 2022, the temperature hit a new high, and the heat wave hit, bringing us a “baking” experience. In the hottest time, the Suzhou Die Cutting & Stamping Business Division sent drinks to the workshop, putting them in refrigerators and distributing refreshing ice-cold drinks, so that everyone could feel the warmth and care of LINGYI iTECH.



### Hold birthday parties for employees



### LINGYI iTECH Vietnam Celebrating “Women’s Day”

October 20 is the Vietnamese Women’s Day. On October 20, 1930, the Vietnam Anti-imperialism Women’s Union (now known as the Vietnam Women’s Union) was established, and played an important role in the strive for women’s cause and struggle against colonialism. On this day, LINGYI iTECH Vietnam subsidiary furnished holiday gifts for all women workers and the wives or mothers of male employees to convey a caring attitude.



### Salcomp India Celebrating “Ayudha Pooja” Festival

October 4 is the Ayudha Pooja Festival in India. On this day, the tools are placed on the designated platform and dressed up in flowers to pay tribute to the righteous God of Hinduism who defeated the evil god with tools. This process is called the Pooja ceremony. Salcomp India subsidiary held a ceremony to celebrate the festival and gave out holiday gifts to employees.



### Salcomp Shenzhen Celebrating the New Year's Day

On December 30, Salcomp Shenzhen held the "Welcoming Spring, Thank You All" themed special activity to celebrate New Year's Day, aiming to create an enthusiastic festive atmosphere through the interactive experience of game competitions, allowing employees to welcome the New Year with great joy. A wild excitement was flaring up at the site. The total number of participants was about 300 and the number of prizes awarded was about 420.



### Set up a Reading Corner for "Joyful Reading, Sharing and Success"

Subsidiaries facilitate the construction of Worker Bookhouse, carry out rich and varied staff reading activities, actively advocate for the staff to develop an idea of lifelong learning, and energetically promote nationwide reading. On January 11, 2023, at the awarding ceremony of the 2022 "Worker Bookhouse" Brand Program of Shenzhen Federation of Trade Unions themed "Joyful Reading, Sharing and Success", sponsored by the Shenzhen Federation of Trade Unions and organized by Shenzhen Publishing Group Co., Ltd., Subsidiary Salcomp Technology (Shenzhen) Co., Ltd. won the honor of the 16th "Shenzhen Top Ten Scholarly Enterprises".



### Some Subsidiaries of the Group Set up "Baby Care Rooms"

Subsidiaries such as Shenzhen Serkang and Dongguan Hengli have set up safe and comfortable "baby care rooms" with complete facilities to provide convenience for lactating female workers.



### The Fourth "TUO JING Cup" Basketball Game of Subsidiary Dongguan LINGYI

On October 11, the whistle was blown for the opening match of the Fourth "TUO JING Cup" Basketball Game of Subsidiary Dongguan LINGYI, and the basketball players competed fiercely at the site. Eight teams from South China were gaining momentum.



### Colorful Association Activities

The subsidiaries of the Group actively form associations. At present, 27 associations have been formed, attracting 1,635 participants. The establishment of associations adds to the variety of cultural activities and creates a communication platform for employees.



Fun Running Association



English Corner Association



Dancing Association



Badminton Association

### “Refreshing Midsummer, Inspire Vitality” Arena of Valor Quarterly Championship

To relieve the pressure and enrich the spare time of employees, the East China Corporate Culture Team organized the Arena of Valor Quarterly Championship in Suzhou in September. Eight teams launched a fierce competition. “Rally in Arena of Valor, Gather in LINGYI ITECH”, the spirit of unremitting self-improvement finds an expression in each participant.



### Shenzhen Pinghu Subsidiary’s “Benefit+” Competition Ended Successfully

On November 9, the opening ceremony of Shenzhen Pinghu subsidiary’s “Benefit+” Competition kicked off in the training center. The competition was divided into two parts: individual competition and team competition. Individual events include badminton, table tennis, chess, gobang and e-sports, attended by 135 participants. Team events included basketball and electronic sports. A total of 8 basketball teams and 16 e-sports teams were formed, and 204 participants signed up for the competition.



### Highlights of Enterprise Staff Activities



Parent-child Activity for Mid-Autumn



Zhaoyang Cup Basketball Game



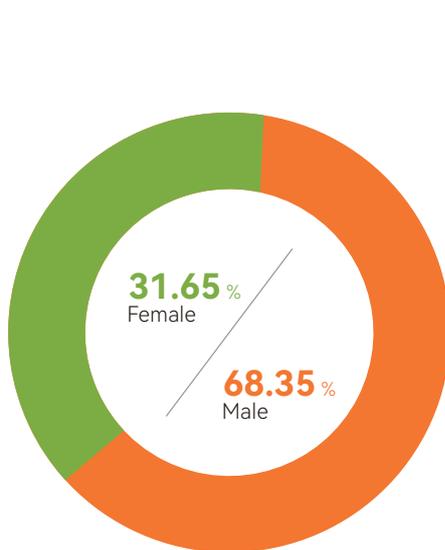
Women's Day Activity



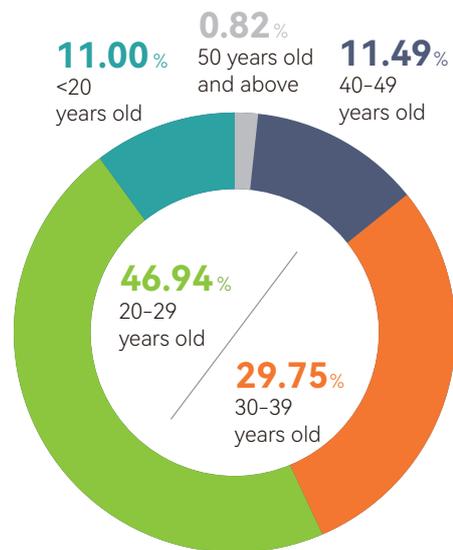
Guessing Riddles

# Talent Retention

We attach importance to the retention of talents and are committed to maintaining a healthy talent flow to meet the Company's long-term development needs. To reduce staff turnover, we continue to carry out the talent retention plan, provide competitive salaries and benefits, set incentive bonuses based on job characteristics, identify high-potential and key talents, and give them appropriate support in promotion and other aspects. Moreover, we hold employee exchange meetings and forums from time to time, actively organize exit interviews with outgoing employees, and optimize and improve the management of employee retention in a targeted manner by listening to the suggestions of current employees, analyzing and summarizing the reasons for employee resignation. We dig deeper into, analyze and summarize the reasons for employees' departure, regularly feed back the employee turnover rate, and provide suggestions for subsequent employee development and retention. During the reporting period, the turnover rate was 68.3% for male employees and 31.7% for female employees. The average length of employment of the Company's employees is 2.5 years. No events affecting most employees due to major mergers/acquisitions have occurred in the Group in the past three years.



Employee Turnover Rate by Gender



Employee Turnover Rate by Age Group

To improve the stability of the Company's employees, the Company regularly holds employee forums, actively communicates with employees, mobilizes employees to participate in project decision-making, keeps employees fully informed of the objectives and current status of the corporate development, encourages employees to widely voice their opinions and suggestions, and actively adopts the suggestions of employees, to enhance employee satisfaction, and build a good communication bridge. The Company improves employee retention rate, stabilizes the staff team, and reduces employee turnover to a certain extent. During the reporting period, all subsidiaries of the Company organized 89 employee forum sessions, covering 34,233 people.



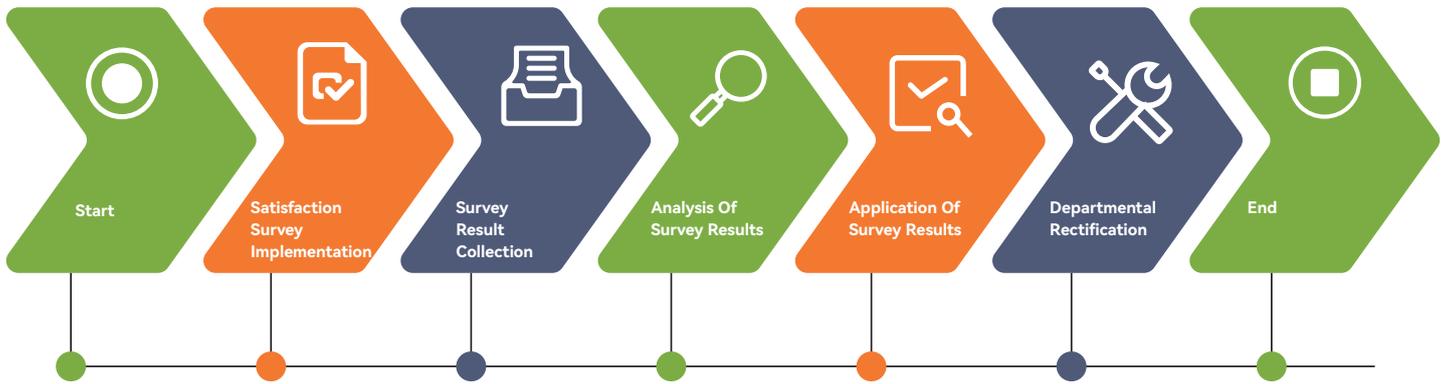
Each subsidiary of the Group holds employee forums from time to time, actively communicates with employees, listens to their opinions, makes improvements, and builds a good communication bridge to identify their needs in time, thus improving their stability.

## Employee Communication

LINGYI ITECH adheres to the core value of “putting people first” and attaches importance to communication with employees, especially focusing on the opinions and feedback received from employees. We provide a variety of communication channels for employees, including holding forums and related cultural and sports activities from time to time.

In addition, we have formulated the Employee Satisfaction Management Procedure and adopted appropriate employee satisfaction surveys, analysis and management methods to improve employee satisfaction with our work, and the loyalty, work enthusiasm and work efficiency of employees, thus promoting sustainable development. Employee satisfaction surveys are conducted through questionnaire surveys, telephone interviews, information collection from the Complaint Box, and the results will be reflected in the form of an Employee Satisfaction Questionnaire. The Human Resources Department is responsible for organizing and conducting the employee satisfaction surveys, collecting, analyzing and managing the survey results, and other relevant departments are responsible for cooperating with the Human Resources Department to complete the employee satisfaction surveys, and formulating and implementing the improvement plan, in a joint effort to facilitate the improvement of employee satisfaction. We identify the reasons and responsible departments for the survey items with negative results, urge relevant responsible departments to give improvement measures, and supervise them to complete the rectification within the specified time. During the reporting period, all subsidiaries of the Company carried out 59 employee satisfaction surveys.

### Flow Chart of Employee Satisfaction Survey



### Employee satisfaction survey of Subsidiary LY Technology (Suzhou)

We carry out an annual or quarterly employee satisfaction survey on each subsidiary according to the actual situation, and evaluate employee satisfaction from five aspects - complaint reporting mechanism, salary and benefits, health and safety management, convenience facilities and employee stability. We propose improvement measures based on the survey results, understand the needs of our employees, identify and improve management problems. From May 17, 2022 to May 30, 2022, LY Technology (Suzhou) Co., Ltd. carried out an employee satisfaction survey, scoring 9.0 points for the complaint reporting mechanism, 8.0 points for salary and benefits, 8.6 points for health and safety management, 6.2 points for convenience facilities, and 7.5 points for employee stability. We will take suitable measures to continuously improve employee satisfaction, reduce employee turnover rate and improve corporate economic performance.

Employees want to have sufficient channels to give feedback and express their feelings, while the management wants to fully understand employees' demands and efficiently solve management problems. The Group Compliant and Whistleblowing Management Regulations establish and improve the complaint and whistleblowing mechanism and channels, standardize the process of reporting acceptance, investigation, implementation and feedback, specify the powers of relevant departments, guide and protect the whistleblowers. We effectively investigate and punish illegal and disciplinary acts, and prevent operational risks, to safeguard the interests of the Company and employees. Employees can complain about or report any misconduct in the Group through telephone, interview, written documents, email, trade union and satisfaction questionnaire. The Human Resources Department is responsible for collecting and investigating the complaint and reporting information of employees and interested parties, or feeding it back to the Audit Department and the review team to follow up on the reported case. The complaint acceptor shall feed back the handling progress or results to the complainant within one week after receiving the report.

At the beginning of 2022, the Company opened the "Compliant Express" to listen to front-line employees, enhance employee satisfaction and fuel management improvement. In 2022, the Group received 6,581 employee complaints, of which 6,515 were resolved through coordination, representing a closing rate of 98.9%. The average number of complaints handled per day was 17.8, and the fastest closing time was 2 minutes and 40 seconds. The Company spares no effort to protect the legitimate rights and interests of every employee from basic necessities of life to the safety of life and property. When receiving feedback from employees on the "Complaint Express", The Human Resources Department of the Group will organize the investigation and verification, and actively coordinate the required resources as soon as possible, in a bid to solve the problems efficiently and completely.

# Occupational Health

## 1. Management Procedures and Systems

LINGYI iTECH strictly adheres to the Work Safety Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China, the Labor Law of the People's Republic of China, and other relevant laws and regulations of the country and region where it operates about Environment, Occupational Health, Safety, and establishes EHS management of modern enterprises and supervision system to ensure the work safety and occupational health of employees as required by such laws and regulations. We have included environmental protection, work safety, occupational health, fire safety and other aspects into the scope of EHS audits, and the top management is subject to the supervision of directors. We exercise strict control of the environmental protection, work safety and occupational health of the Group and its subsidiaries, and provide a safe working environment for employees to protect them from occupational injuries.

The Company pursues the goal of 0 penalty for environmental pollution, 0 fire, 0 serious injury, 0 death, and 0 occupational disease. Through EHS management innovation and continuous improvement, the production, operation and services are conducted in accordance with systems, procedures and standards, to continuously improve the Company's environmental, health and safety management performance and build a harmonious and compliance business environment.

We give top priority to the occupational health of employees and the safety management of the workplace, and improve the work safety risk management and responsibility system through continuous optimization of management practices. We have formulated the Health and Safety Management Procedure, the Equipment Preventive and Predictive Maintenance Procedure, the Incident Reporting, Investigation and Handling Management Procedure, the Personal Protective Equipment Management Procedure, the Work-related Injury Management Procedure, Fire Safety Management Procedure, and other work safety rules and regulations, incorporating safety management structure and rules of procedure, contingency plans, assessment methods and accountability methods. Relevant subsidiaries of LINGYI ITECH further reinforce the safety management objectives at all levels and implement the work safety management requirements. As of the end of the reporting period, our investment in work environmental protection, occupational health, safety rectification amounted to RMB 9.98 million, issued 824,098 copies labor safety protect product.

We are keen to learn and absorb advanced, scientific and practical management experience, and encourage all bases and subsidiaries to push ahead with the system certification related to occupational health and safety. As of the end of the reporting period, relevant subsidiaries have obtained the ISO 45001 occupational health and safety management system certification.

### Brazil "Pink October" Safety Lecture

Brazil holds the "Pink October" public benefit activity every year, the theme of which is to care for women's health and increase the attention of the whole society to women's disease prevention. Salcomp Brazil distributed women's health brochures to all women workers and held lectures on disease self-inspection and other topics.



### Brazil "Blue November" Safety Lecture

The Brazilian people participate in the "Blue November" activity every November, which aims to raise people's awareness of male diseases and attention to preventive examinations. Salcomp Brazil distributed men's health brochures to all workers and held lectures on disease self-inspection and other topics.

In October, Brazil Salcomp established the Internal Commission on Accident Prevention (CIPA), consisting of representatives of the company and employees. It aims to assist the OHS department to identify safety risks in the working environment, take measures to reduce and eliminate risks, and achieve the goal of preventing accidents and occupational diseases. In November, CIPA held the first session of occupational health training to improve employees' safety awareness.



## 2. Health and Safety Risk Assessment

The Company carries out various inspections and audits, monitors occupational safety and healthy performance indicators, prevents and controls the incidence of occupational health and safety accidents, and introduces a series of measures such as safety culture education to put work safety risks under control, build a safe working environment, and guarantee the occupational safety and health of employees.

The Company puts in place a comprehensive hazard and risk identification plan to evaluate the activities and items in the whole operation process. To ensure effective identification and evaluation of the occupational health and safety hazards in the Company's production and operation activities, and full implementation of the occupational health and safety risk control, the Company has formulated the Hazard Identification, Evaluation and Control Procedure to identify the health and safety risks and their related impact, and identify six types of health and safety factors, including physical hazards, chemical hazards, biological hazards, psychological and physiological hazards, behavioral hazards, and other hazards. Corrective actions are taken, and necessary solutions are tracked.

Moreover, in case of any potential new businesses, or changes, addition, alteration and expansion of projects, activities, products and services, or investment into new materials, new processes and new equipment, or changes in laws, regulations and other requirements, relevant departments of Company must identify and evaluate the important occupational health and safety factors, major risks and opportunities again as required. The Company reviews the internal and external occupational health and safety factors at least once a year, and updates the review results as soon as possible, with emphasis put on the control of identified risks.

Meanwhile, the Company has formulated the EHS Inspection Management Procedure. Regular inspections, random inspections and special inspections are conducted, including but not limited to special inspection on environmental protection discharge, special inspection on chemicals, special inspection on electrical safety, canteen safety inspection, fire safety inspection, chemical safety inspection, personal protective equipment inspection, electrical equipment safety inspection and other environmental and occupational health and safety inspections. Based on the inspection results, the responsible departments are required to improve within the specified time, which will be tracked, and whoever delays in improving or refuses to improve the problems raised will be given minor demerits according to the employee rewards and punishment management measures, to reduce and avoid work safety accidents.

## 3. Health and Safety Risk Mitigation

To ensure the work safety and physical and mental health of employees, improve the effect and efficiency of employee activities and work, and mitigate the safety risks in the operation sites, we have developed the Ergonomic Risk Identification and Management Procedure to actively control the ergonomic hazards and biomechanical injuries in the Company's production activities. When purchasing mechanical equipment, the Procurement Department looks for qualified enterprises to purchase qualified products. All equipment, tools and workbenches will be subject to man-machine evaluation before being put into service. Each quarter, the EHS and Equipment Department/PD Department will generally identify and evaluate each subsidiary by different positions, types of work, working frequency and number of employees, evaluate the workstations from six aspects such as manual labor tools, working posture and working hours, and divide the occupational disease hazards into three levels, take different mitigation measures for different levels, and fill in the Human Factors Engineering Investigation and Evaluation Form. The evaluation effect will be reviewed and checked at the site.

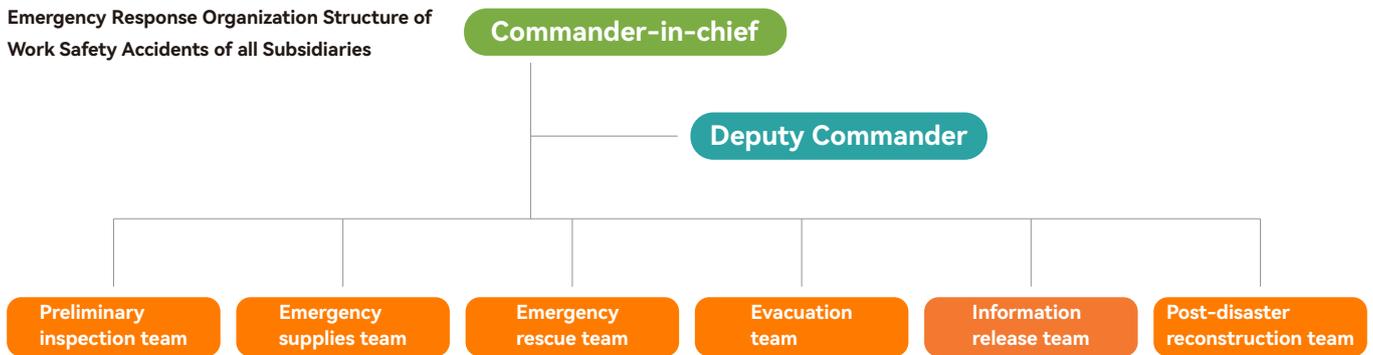


Several subsidiaries announce and regularly update the health and safety risks, potential accidents and accident cases, and disseminate health and safety risks through the bulletin board, to improve employees' awareness of safety and working in accordance with standards.

## 4. Emergency Response, Investigation and Correction of Health and Safety Accidents

The Company is committed to building and maintaining a safe, stable and harmonious workplace free of accidents and injuries. Besides, we have formulated such health and safety procedures as the Incident Reporting, Investigation and Handling Management Procedure, the SOP for Emergency Preparedness and Response Management, the Work Injury Management Procedure, the SOP for High-temperature Emergency Response, the SOP for Natural Disaster Emergency Response, and the SOP for Emergency Response to Sudden Public Health Events, and introduce suitable solutions for different levels of accidents at the work site. In case of any work-related injury, disease or near accident, the on-site personnel must immediately report to the on-site person in charge and the EHS Department of the subsidiary. After receiving the incident report, the on-site person in charge and the manager of the department where the incident occurs shall quickly investigate the relevant incident, analyze the root causes, develop a corrective action plan, and follow up on the solution until the end of the incident. Relevant responsible departments should carefully learn from the accident, and take corrective and preventive actions to prevent its recurrence, improve awareness and reduce the recurrence of similar incidents. During the reporting period, we conducted 198 EHS emergency drills of various types, covering 86,413 person-times.

Emergency Response Organization Structure of Work Safety Accidents of all Subsidiaries



Management Role	Management Responsibilities
Commander in Operation	Organize and direct the emergency rescue efforts of the whole factory
Deputy Commander	Assist the commander in operation in directing the emergency rescue
Preliminary Inspection Team	Organize regular inspections to identify and eliminate potential safety hazards in time, reduce and avoid work safety accidents, personnel injuries and property losses of the Company
Emergency Supplies Team	Provide daily necessary rescue supplies, such as fire extinguisher, safety rope, explosion-proof flashlight, first-aid medicine, first-aid refrigerator, heat-insulated clothing, fire self-rescue mask, and rescue baton
Emergency Rescue Team	Rescue the injured in the accident, evacuate them from the accident site, give first-aid to them before the arrival of medical staff, and call for rescue
Evacuation Team	Evacuate personnel and materials immediately in case of an accident
Information Release Team	For release of safety accident information, the notice is given internally by EHS, and the progress of an emergency is announced externally by the General Manager's Office as the spokesman
Recovery and Reconstruction Team	Restore the site after the emergency response is terminated and the cause of the accident is investigated, and work together with relevant departments to work out a production recovery plan

In addition, the Company continues to improve the health and safety governance performance, and communicates the continuous improvement results with relevant employees and employee representatives through the Control Procedure for EHS Corrective and Preventive Actions. The Company continues to perfect its occupational health and safety management system through continuous improvement of products and services, management system and activities. The Company has formulated the Control Procedure for Goal Indicators and Management Plans has been prepared, and keeps improving the suitability, adequacy and effectiveness of the management system by selecting improvement opportunities based on the occupational health and safety policy, environment/occupational health and safety objectives, audit results, data analysis, corrective and preventive actions, management review and other activities, to prevent the occurrence of incidents and nonconformities, disseminate a positive occupational health and safety culture, and improve occupational health and safety performance.



Emergency Drill



Chemical Leakage Drill

### Fire Safety Drill

To enhance employees' awareness of occupational safety and health, in addition to occupational safety and health training, we regularly hold fire drills and chemical leakage accident drills to enhance employees' awareness of prevention.

## In 2022, Our Performance

**0** employees

Number of occupational diseases:

**0** cases

Number of fatal accidents due to work:

**2.51** hours/person

Average number of hours lost due to work-related injuries:

## 5. Fire Safety

The Company abides by the fire safety laws and regulations in the country/region where it operates, and has formulated the Fire Safety Management Procedure to improve the fire safety management, standardize the fire safety management process, improve the fire safety management level, and minimize the fire safety risk facing the Company. The Company also emphasizes training and education on fire awareness, self-rescue awareness, and the use of fire-fighting equipment for employees, and tightens the control of fire safety from the source. A fire drill is carried out every six months, covering all personnel on the day and night shifts, to improve the emergency handling ability of all personnel in case of a fire accident.

### Fire Safety Month Campaign

With the theme of “taking fire safety seriously, ensuring high-quality development”, LINGYI iTECH takes November as “Fire Safety Month”. A variety of activities were carried out, including fire control publicity, fire knowledge competition, emergency handling ability training for personnel in key areas, field training of emergency response capability for members of micro fire stations, and special fire drill, to ensure the safety and stability of production and office areas. LINGYI iTECH subsidiaries were responsive to the Fire Safety Month Campaign, and 35 subsidiaries carried out 157 fire safety month activities.



## 6. Continuing Care

We attach great importance to the physical and mental health of employees and relieve their work pressure through a series of measures. To enrich the spare time of employees, we have set up leisure and entertainment spaces such as the employee activity center, football field, basketball court, badminton court, table tennis room, gym and lounge. Under the premise of complying with the COVID-19 containment policies of local governments, we held various cultural and sports activities in our subsidiaries, such as basketball, badminton and table tennis games.

Badminton Court



Basketball Gym



Fitness Equipment





# Value Symbiosis And Social Contribution

| Sustainable Supply Chain |

| Concern about Biodiversity |

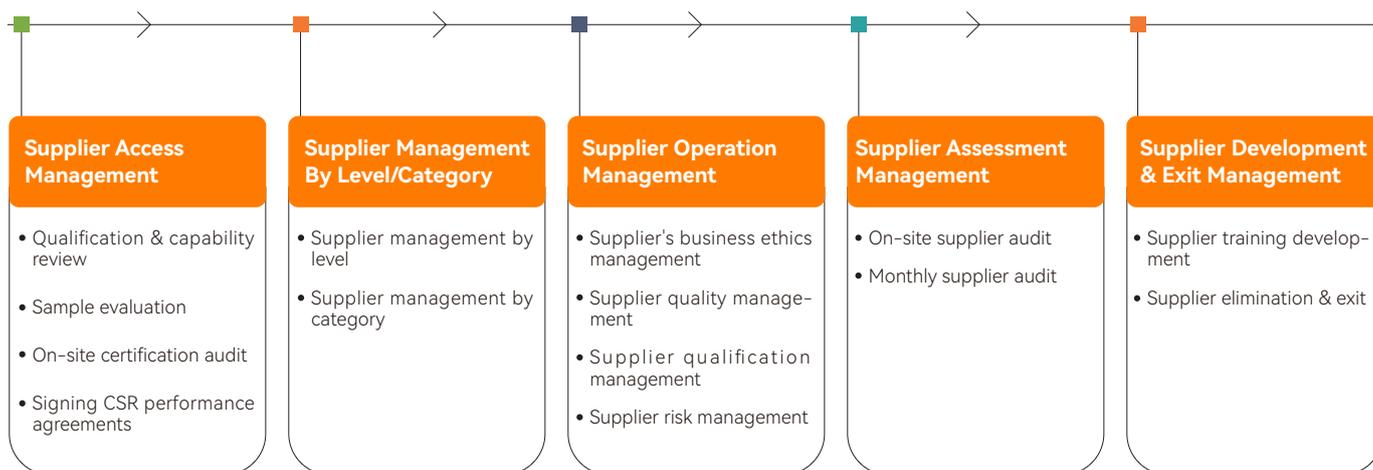
| Green Supply Chain |

| Caring for the Society |

# Sustainable Supply Chain

We are eager to create a sustainable, inclusive and technology-driven supply chain model. To this end, we have always concentrated on establishing a two-way and transparent communication mechanism. Based on the concept of corporate sustainable development, we have formulated the Supplier Management Procedure, the Procurement Control Procedure, the Green Product Management Procedure and other internal management systems to standardize supply chain management, continuously optimize our supplier management methods, and interact with suppliers in a more systematic way. We are committed to boosting responsible procurement and creating a responsible supply chain through cooperation with our supplier partners. We require suppliers to fulfill their corporate social responsibilities and environmental protection responsibilities.

## LINGYI iTECH's Supplier Management System:



## 1. Supplier Admittance

To standardize the supplier access process, a multi-level review is required for the introduction and selection of suppliers. Suppliers are selected from the qualifications, compliance, sample quality, RoHS/HF/REACH environmental protection requirements, main sources of raw materials and other aspects through a self-assessment questionnaire - Supplier Evaluation Questionnaire to be completed by suppliers, on-site review and other means.

According to the characteristics of suppliers, we have set different requirements. All manufacturers are required to obtain the ISO9001 quality system certificate issued by a third-party certification authority and undertake to fulfill the social responsibility requirements of SA8000, and Suppliers of new automotive products must also be audited by IATF16949. In addition, for the core material suppliers of vehicle-mounted products, we carry out a two-party audit according to the process approach of the automotive industry, where qualified employees audit the suppliers, form an audit report and a list of problems, and require the suppliers to complete the improvement within three months.

When new suppliers are introduced, they are required to sign several agreements, such as the Environmental Protection Agreement, the Supply Quality Assurance Agreement, the Supplier Integrity Agreement, the Letter of Commitment for Social Responsibility Performance by Supplier, the REACH SVHC Substance Questionnaire, the List of Environment and Substance Control Standards, the Notice of Supplier's Operational Risk Management Requirements, the Statement of Product Environmental Compliance, the Honesty Statement, the Conflict Minerals Questionnaire, and the Letter Commitment for Non-conflict Minerals, including the commitment to business ethics, green products and non-use of conflict minerals and hazardous substances, thus clearly emphasizing the duty of suppliers to fulfill corporate social responsibilities and comply with laws and regulations. After being approved level by level, such suppliers can become our qualified suppliers and be included in the List of Qualified Suppliers.

RoHS: The Restriction of the use of certain Hazardous substances in Electrical and Electronic Equipment

HF: Halogen Free

REACH: Registration, Evaluation, Authorization and Restriction of Chemicals

## In 2022, Our Performance:

**1,200**

Number of suppliers by region: Guangdong Province

**1,500**

Other regions except for Guangdong Province

**100%**

of suppliers were included in the List of Qualified Suppliers

**100%**

The proportion of non-conflict mineral commitment letter signed by qualified suppliers is

We expect our suppliers to share the values of LINGYI iTECH and adopt principles similar to LINGYI iTECH in their responsibilities to stakeholders including:

- Comply with all applicable laws.
- Respect the basic human rights of employees.
- Comply with laws prohibiting the use of child labor.
- Take responsibility for the health and safety of employees.
- Commit to clean and honest operation.
- Ensure that the supply of raw and auxiliary materials conforming to the EU REACH standard
- .Commit not to use conflict minerals.
- Comply with the relevant regulations and measures of LINGYI iTECH on suppliers.

## 2. Supplier Management by Level/Category

During the reporting period, to perform well in the classification, maintenance, risk assessment and annual evaluation management of its suppliers, and improve the management efficiency of performing suppliers, the Group has formulated the Supplier Management Procedure and the Supplier Level Management Regulations to manage its suppliers by category and level. According to the comprehensive factors such as the supplier's qualification, integrity, performance, quality risk and material compliance, the supplier is divided into five categories of strategic priority, optional limit, selection and elimination, a total of 14 levels of management, and the supplier qualification list is updated according to the monthly or annual review of suppliers.

At the same time, according to the requirements of the supplier grade management standard, in order to ensure the stability of the supply chain and avoid the risk of supply shortage, the group will adopt graded and classified management for suppliers of different levels, conduct promotion and downgrade evaluation on suppliers, timely adjust the procurement strategy, and better meet the needs of operations and customers. The dimensions of supplier promotion and downgrade evaluation include but are not limited to: supplier qualification financial condition, business environment, service condition, product quality, raw materials, source, transportation distance, etc., will be upgraded and downgraded only after meeting the corresponding grade requirements and passing the corresponding approval, standardize the management of group suppliers, and strive to reduce supply risks.

### 3. Supplier Audit

We advocate fair and open competition and build long-term relationships based on mutual trust. We ensure that all parties participate in the procurement process fairly, honestly and in good faith. We confirm that compliance with the principle of competition is the key to maintaining the integrity of the procurement process. To maintain the supply chain stability and continuity, we require suppliers to pass the revised Supplier System Audit Form, and check their compliance with environmental protection, safety and social responsibility requirements.



A monthly comprehensive evaluation is conducted by four departments, namely the Procurement Department, SQE, Engineering Department and IQC on the quality, cost, delivery time, service and environmental protection requirements of suppliers. Each department is directed to score and rate suppliers in accordance with the Detailed Rules for Supplier Scoring, and the suppliers are divided into four levels: A-D. An annual audit will be conducted on the suppliers temporarily rated as C and D with a low monthly rating score and a large purchasing quantity. The annual audit takes the form of self-assessment and on-site audit, and is designed to comprehensively evaluate the supplier’s quality management system, training management, development and design, hazardous substance management, corporate social responsibility and process control. Underperforming suppliers are required to provide improvement measures within a week and complete the improvement within a month.

**Monthly scoring standard for LINGYI iTECH’s suppliers:**



- Level A: Give preference to purchasing materials from these suppliers, give preference to these suppliers upon the development of new projects, increase the amount of cooperation
- Level B: Continue to purchase materials from these suppliers in the original purchase amount
- Level C: These suppliers are required to carry out rectification, and re-evaluated after the improvement is made within one month. If they are still rated Level C, the purchase amount will be reduced, and they will be directly eliminated if they are rated Level D. If the rectification is completed, the original purchase amount remains unchanged
- Level D: No purchase will be made from these suppliers. A comprehensive evaluation will be conducted again after the improvement is made within one month. If they are rated Level D again, they will be directly eliminated. If the rectification is completed, continue to purchase from them in a lower purchase amount

IQC: Incoming Quality Control  
 SQE: Supplier Quality Engineer

01

**Engineering Department**

Engineering technology R&D capability, technical support and other capabilities of suppliers

02

**IQC**

Incoming lot qualification rate and lot reject rate of suppliers

03

**Purchase Department**

Product price, service, delivery quality, defective product handling, delivery time, product packaging, after-sales service cooperation, etc. of suppliers

04

**SQE**

Environmental protection, service improvement, problem handling cooperation, repetition of abnormalities, customer complaints about incoming materials, etc. of suppliers

During the reporting period, the Company offered **323** supplier training sessions including training on product standards, traceability requirements, social responsibility, environmental protection, safety and other related contents

More than **100** environmental protection training sessions

**828** Families

Number of suppliers audited during the reporting period

**783** Families

Including: Number of suppliers passing the audit

**45** Families

Number of suppliers failing to pass the audit

**10** Families

Number of suppliers that fail to pass the audit but make improvement within the specified time

**35** Families

Number of suppliers that fail to pass the audit, with which the cooperation is terminated

## 4. Conflict Minerals Management

In order to maintain mutually beneficial and win-win cooperation with suppliers, in addition to ensuring that raw materials are legal and compliance, we also sign agreements with suppliers that promising not to use conflict minerals and clearly emphasizing suppliers' responsibilities for fulfilling corporate social responsibilities and complying with laws and regulations. For conflict minerals, we have formulated relevant management systems and abide by the provisions of RMI, the United Nations and the "OECD Due Diligence Guidelines for Responsible Supply Chains of Minerals in Conflict-Affected Areas and High-Risk Areas", it strictly prohibits the use of conflict minerals and requires Suppliers to provide "Supplier Conflict Minerals Questionnaire" and "Supplier Non-Conflict Minerals Commitment". We fill in the Conflict Minerals Reporting Template(CMRT) and cooperate with clients to conduct audits.We participate in conflict minerals training including conflict minerals training organized by clients and Downstream Audit Program (DAP) training provided by the Responsible Minerals Initiative (RMI).

We have also formulated the Conflict Minerals Management Procedure, requiring the Company not to purchase and not support the use of any conflict minerals that directly or indirectly finance or support the areas affected by armed conflict, and ensure that 100% of suppliers adopt a responsible approach when purchasing minerals. To ensure the traceability of supply chain products, we have constructed a new batch traceability system for raw materials, which generates flow labels according to the production process flow from the supplier's raw materials to each working procedure. The flow labels generate shipping labels, and the source of raw materials of products can be queried through the batch number of the shipping labels. The system can be used to trace the source of gold, tantalum, tungsten, tin and cobalt contained in all products of LINGYI iTECH, and cooperate with the due diligence of suppliers. During the reporting period, our raw materials were 100% free of conflict minerals.

Every year, our main production plants conduct a conflict minerals survey through the Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative (RMI) to grasp the names and locations of all smelters which manufacture products using raw materials containing tin, tantalum, tungsten and gold. Suppliers of relevant minerals used and purchased must be certified or reviewed by an approved third party. During the reporting period, the proportion of products with the traceable origin of raw materials of the Company was 100%.

## 5. Supply Chain Stability/Risk Management

To ensure business continuity, the Company also attaches great importance to the stability and continuity of the supply chain. Having established a risk assessment process and formulated the Risk and Opportunity Control Procedure, the Company actively identifies the possible risks in each process of its supply chain management, including risks in the procurement and supplier management, covering the supplier's product quality, environmental protection compliance, supplier development, and other aspects. The Company exercises risk control, and lays down suitable response measures and principles to effectively manage risks.

During the introduction of suppliers, the Company requires suppliers to sign the Notice for Supplier's Operational Risk Management Requirements. When any supplier faces operational risks in terms of reputation, strategy and operation management that affect normal operation, it should notify us within four hours, provide us with a plan to resume production, and set up a task force to deal with the crisis and resume production. Besides, the Company regularly conducts business continuity drills, and performs situational simulation drills for possible events that may cause supply chain disruption, allowing it to recognize the deficiencies in the implementation process through the drills, analyze the problems in the drills and follow up on improvement.

We also pay attention to the environmental and social risk management of the supply chain. In the monthly assessment of suppliers, we ask suppliers to fill in the Supplier System Audit Form for self-inspection to control the risk of violations in the quality system, hazardous substance management, corporate social responsibility, information security and other aspects. Based on the risk assessment results, if the audit finds any serious violation of fundamental human rights, use of child labor, forced or prison labor, honesty and integrity incident, environmental pollution, or other events, it will be determined as a major problem or intolerable red line problem, and the suppliers are required to develop corrective and preventive actions and follow up on the progress.

## 6. Honesty Supply Chain Construction

The Company attaches great importance to Procurement Integrity and exercises strict control over supplier access standards. Upon being introduced, all new suppliers are required to sign integrity-related agreements and commitments such as the Supplier Integrity Agreement, the Letter of Commitment for Social Responsibility Performance by Supplier, and the Honesty Statement. We freeze the suppliers who commit commercial fraud and have integrity problems during cooperation, cancel the frozen suppliers from the List of Qualified Suppliers, and suspend their supply qualification in the system, blacklist and never cooperate with them, and include them in the Supplier Blacklist for management.

To ensure the legal, orderly, fair and standard business operation of the Company, we have formulated the Management Regulations for Giving or Receiving Bribes and the Code of Business Conduct and Ethics, governing all customers (including foreign/overseas customers), suppliers, service providers and contractors who have business relations with the Company. Any form of commercial bribery of suppliers in business activities will be eliminated.

Eligible suppliers Supplier Integrity Agreement signing ratio

100%

# Green Supply Chain

## Green Procurement Policy

The products offered by suppliers must comply with our requirements for environmental protection, such as RoHS Directive, halogen and Reach requirements, and can pass our assessment of their RoHS/HF/Reach compliance. New suppliers shall provide us with the material composition sheet, and submit the environmental protection documents such as the test report on the hazardous substance content of materials at an interval required by us. The Group has formulated the Control Standards for Hazardous Substances in Green Products to provide a basis for the prohibition, restriction and management of regulated environmental substances for products, raw materials, parts and components, semi-finished products, finished products, packaging materials and auxiliary materials provided internally and by its suppliers (subcontractors), to comply with the customer requirements and laws and regulations, thereby reducing the impact of regulated environmental substances on the ecosystem.

Suppliers must understand and implement the company's environmental substance control standards, and provide the required MSDS, material certificate, and third-party test reports. The testing organizations must have the testing qualifications recognized by the China National Accreditation Service for Conformity Assessment (CNAS), and those located in other countries or regions must have the testing qualifications recognized by laboratory accreditation agencies in the countries or regions where they are located. Furthermore, all suppliers must sign the Environmental Protection Agreement, the REACH SVHC Substance Questionnaire, the Conflict Minerals Questionnaire, the Statement of Product Environmental Compliance, and other documents provided by us. When providing new materials (materials that have never been recognized), suppliers shall conduct an XRF test at least once at each stage before they are recognized by us.

In addition, suppliers shall develop and implement the second-tier supplier management mechanism, determine the quality control mechanism for their key raw materials through the quality certification system or other methods, and communicate our quality, environmental protection and other relevant requirements to the second-tier suppliers, and sign an effective management and control agreement with them.

# Caring for the Society

As an integral part of society, it is the responsibility and mission of enterprises to contribute sustainable positive value to social development. Bearing its mission to improve public welfare, LINGYI iTECH continues to discharge its corporate social responsibility as always, relying on its resources and advantages. During the reporting period, the Group actively carried out programs for public good, and was committed to rural revitalization, care for vulnerable groups, fight against the COVID-19 pandemic and disaster relief, and assistance to employees in difficulties, in pursuit of coexistence and win-win results between man and nature, and between enterprise and society. The Company continues to fulfill its social responsibilities in poverty alleviation and public welfare services, to improve corporate value, and promote the coordinated development of the Company and the whole society.

### Voluntary Blood Donation Activity

Life calls for blood, and love needs dedication. To alleviate the pressure of the national blood bank, and encourage more people to donate blood for free, LINGYI iTECH actively responded to the call for voluntary blood donation as in previous years, and the subsidiaries actively organized voluntary blood donation activities, and encouraged active participation by all employees. On June 6, 2022, Dongtai subsidiary organized a voluntary blood donation activity, participated by more than 100 employees, donating 33,500 ml of blood, contributing LINGYI iTECH's share to social welfare.



### Education Aid

To cover the tuition fees for impoverished students and support the development of local education, we have endowed a "LINGYI iTECH Scholarship" fund amounting to RMB 1 million at Guilin University of Electronic Technology. Each year, we plan to support 120 undergraduate students and 60 full-time graduate students from poor families who are excellent in both character and learning.



## Concern about Biodiversity

Biodiversity is the condition for human existence and the basis for sustainable socio-economic development. Concerned about ecological protection and biodiversity protection, LINGYI iTECH does not have its offices, business sites and production sites set in the national nature reserves. Adhering to the principle of sustainable development, LINGYI iTECH tries its best to reduce the discharge of waste, wastewater and air pollutants, and seek opportunities to recycle waste, reduce the water use intensity and improve water efficiency, to minimize the adverse impact of business operations on biodiversity and ecosystems.

**Meanwhile,  
LINGYI iTECH calls on every employee to:**

- Turn off the lights for saving energy
- Choose low-carbon transportation means, such as bus, walking, and bike
- Promote cleaner production to facilitate energy conservation and emission reduction
- Only turn on air conditioners when the room temperature is above 25°C without opening windows
- Sort garbage for resources recycling
- Save paper and water, and protect natural resources
- Protect biodiversity, and prohibit eating wild animals



# Long-Termism And Sustainable Development

| Construction of Environmental Management System |

| Coping with Climate Change |

| Carbon Management |

| Chemicals Management |

| Resource Use Management |

| Clean Technology Opportunities |

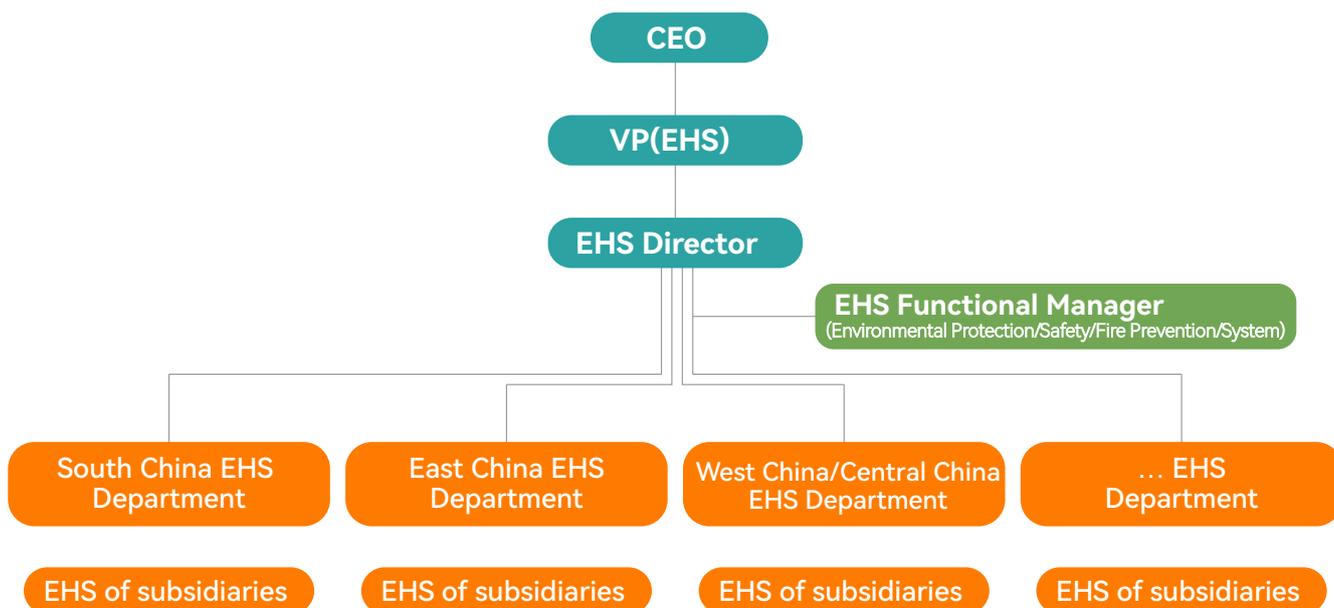
# Construction of Environmental Management System

## 1. Environmental Management

We are concerned about our environmental performance and committed to continuously reducing the environmental impact of our operations. We strictly abide by the Environmental Protection Law of the People’s Republic of China, the Energy Conservation Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Water Pollution, the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution, the Law of the People’s Republic of China on the Prevention and Control of Soil Pollution, and the Law of the People’s Republic of China on the Prevention and Control of Ambient Noise Pollution, and other laws, regulations and industry standards concerning environmental protection. We have formulated the EHS Management Manual to ensure group-level environmental standardization management and compliance operations, implementation of various energy-saving and carbon reduction projects, and the smooth achievement of emission reduction targets.

We set up the EHS department to coordinate the Company’s environmental protection, health and occupational safety work, with the chairman (and CEO) of the Group as the highest responsible person. The EHS organizational structure is established in the principle of overall supervision by the Group and supervision of implementation by the EHS department of all subsidiaries, and a mechanism of production and operation unit responsibility, employee participation, government supervision, industry self-regulation and social supervision is established. To clarify the EHS organizational structure of each subsidiary of the Group and determine the job responsibilities of the EHS managers, we formulated the EHS Management Organization Structure and Job Responsibilities during the reporting period to better serve the EHS management of each subsidiary.

### Organizational structure of LINGYI iTECH’ s EHS Department



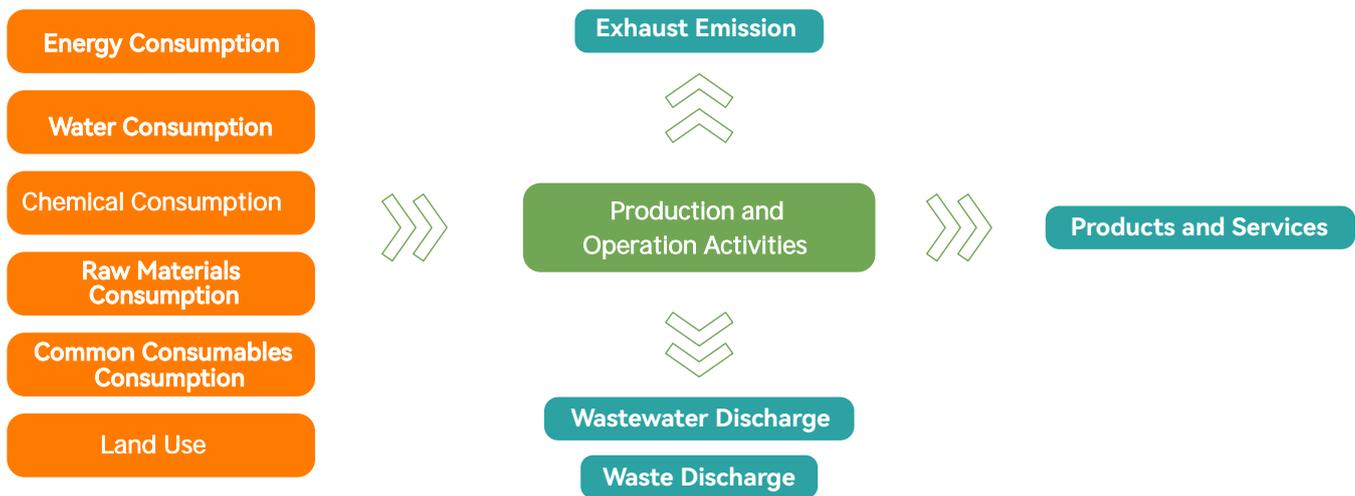
Meanwhile, we are keen to learn and absorb advanced, scientific and practical management experience, and encourage all bases and subsidiaries to push ahead with the environment-related system certification. As of the end of the reporting period, relevant subsidiaries have obtained the ISO 14001 environmental management system certification.

## 2. Environmental Risk Control

### ( 1 ) Identifying Important Environmental Factors

To protect and improve the environment, we have formulated the Management Procedure for Identification, Assessment and Control of Environmental Factors to identify the environmental factors which we can control and exert influence in our activities, products and services, and ensure that the environmental factors are effectively controlled. Each department is responsible for identifying and checking its environmental factors, filling in the environmental factor identification and evaluation checklist, and the EHS department is responsible for collecting and reviewing the environmental factors. Identification and evaluation of environmental factors shall be conducted once a year. For construction projects, the environmental factors are also required to be identified and evaluated before they are commenced and put into operation, to continuously identify, control and reduce the negative environmental impact posed by our operation.

#### Environmental Factor Identification Flow Chart



For environmental factor evaluation, the cumulative score of the frequency of occurrence, time span of impact, scope of impact, and severity of impact provides the basis for determining the degree and importance of environmental impact of environmental factors. Each department offers an employee training on the identified environmental impact factors, and ensure the compliance of environmental impact factors through daily EHS checks. The important environmental factors that have been determined are controlled by setting specific environmental objectives, indicators and environmental management plans, and their management status is regularly tracked to mitigate environmental risks and prevent environmental risk events.

### ( 2 ) Specific Control Measures

#### a. Carrying out Environmental Monitoring Regularly

The subsidiaries of the Group regularly carry out environmental monitoring in accordance with the requirements of the Administrative Regulations on Pollutant Discharge Permits, the Self-monitoring Technology Guidelines for Pollutant Dischargers - General Rules, and other relevant laws and regulations of the place where they operate, based on their actual conditions, effectively monitor the discharge of pollutants, timely announce the environmental monitoring results, and accept the review of regulatory authorities and public supervision. The Company has set up special testing laboratories for environmental projects in South China, East China and West China, which basically meet the daily monitoring needs. As a complementary measure, the Company engages a qualified third-party firm to maintain the online environmental testing devices to ensure the timely and effective data acquisition. Additionally, the third-party testing firms also regularly participate in the Company's environmental protection monitoring and testing projects.

#### b. Carrying out Environmental Protection Training

In order to standardize the company's environmental education and training work and improve the employees' environmental awareness and skills, we require the company's employees in relevant position to be trained and qualified before starting work. In 2022, 217,954 employees received EHS training including environment management training, with a total of 533,694 hours of training.

### c. Continuing to Invest in Environmental Protection

The Group prevents the decline in environmental quality caused by pollution from water, air, solid waste and noise pollution prevention and control. To further improve environmental performance, the Group continues to invest in environmental protection, upgrade and transform waste gas and wastewater treatment facilities and solid waste storage, and carry out energy-saving reconstruction projects. During the reporting period, we invested RMB 31.74 million in environmental protection.

### d. Improving Emergency Handling Capability

Each subsidiary of the Group makes plans and programs for professional training and emergency exercises according to their actual environmental risks, to ensure that all emergency operations can be started and work quickly in case of emergency environmental events, and enhance their capability of emergency response to a crisis.

## Coping with Climate Change

LINGYI ITECH understands that climate change has a significant impact on business operations, and recognizes that climate change poses physical and transition risks to its business operations, and that enterprises, as the main participants in market economic activities and the main undertakers of social production and services, also play a crucial part in coping with climate change. Coping with climate change is the common cause of all mankind, and it can be fundamentally resolved only by overall planning within the framework of sustainable development. As a supporter of sustainable development, LINGYI ITECH firmly supports the State Council's policy of "doing a solid job of carbon peaking and carbon neutrality", advocates green, low-carbon, recycling and sustainable production and working methods, promotes cleaner production, and incorporates climate change response into its overall development plan.

During the reporting period, the Company and its subordinate production enterprises made a comprehensive assessment of the climate risks and opportunities facing them by referring to TCFD recommendations, and formulated and deployed specific plans and comprehensive work to address climate change and reduce greenhouse gas (GHG) emissions. The climate risk assessment and specific response measures of the Group are detailed below:

## 1. Identifying Climate Risks

From the physical risks and transition risks, we have identified the possible impact of climate change on our business sections in the short term (1-2 years), medium term (3-5 years), medium and long term (6-9 years) and long term (10 years and above).

**Figure: Identification Matrix of Climate Risks**

Type	Climate Risk Factors	Risk Classification	Description	Time Dimension	Business Section Involved	Impact Intensity
Physical Risks	Heat Wave	Acute Operational Risk	During a heat wave, employees may be unable to work due to heat exhaustion, heatstroke or other health ailments caused by extremely hot weather, and production machines may be shut down due to overheating, resulting in higher operating costs.	Long-term	Group Wide	High
	Flood	Acute Operational Risk	During the rainy season, the increased frequency of flooding may result in the closure of business due to property or equipment damage, and/or employees may be unable to work.	Long-term	Group Wide	High
	Earthquake	Acute Operational Risk	Since the Company's factories are mainly located in Guangdong Province, Chengdu, Zhengzhou, Suzhou, Dongtai, Wuxi and other places and their geographical location is not in the earthquake zone of China; only Mianyang is an earthquake-affected area and is not in the earthquake zone, so the earthquake risk is relatively low.	Long-term	Group Wide	Low

Type	Climate Risk Factors	Risk Classification	Description	Time Dimension	Business Section Involved	Impact Intensity
Physical Risks	Typhoon	Acute Operational Risk	As the Company's manufacturing plant is located in Dongguan and its geographical location is a typhoon-prone area, an increase in the frequency of typhoons may result in the closure of business due to property or equipment damage, and/or employees may be unable to work, which directly leads to a loss of revenue.	Long-term	Group Wide	High
	Mosquito Breeding	Chronic Operational Risk	Rising temperatures and increased precipitation lead to mosquito breeding, thus increasing the risk of mosquito-borne disease transmission.	Long-term	Group Wide	Low
	Sea Level Rise	Chronic Operational Risk	Dongguan is a low-lying coastal city, and the rising sea level poses bring a direct flood risk. Flooding at the production base may result in immediate production stoppage or reduction in production, directly leading to a loss of revenue.	Long-term	Group Wide	High

Type	Climate Risk Factors	Risk Classification	Description	Time Dimension	Business Section Involved	Impact Intensity
Transition Risks	Energy Pressure	Policy and Legal Risk	Due to the power rationing policy of the local government, the production sector directly suspends or reduces production. The power rationing will also affect the upstream supply chain, thereby increasing production costs and directly causing a loss of revenue.	Short-term	Production Department	High
	Pressure on Water Resources	Policy and Legal Risk	As the Company's production plants are located in Guangdong Province, Chengdu, Mianyang, Zhengzhou, Suzhou, Dongtai, Wuxi, etc., and their operations do not involve a large amount of water, so the risk of water shortage is low.	Short-term	Production Department	Low
	New Policies for Low-carbon Economy Transformation	Market and Technology Risk	China has committed to the "3060" dual-carbon goal, and the government has introduced new policies to support the low-carbon transition. High-emission economic activities will be under pressure, thus increasing the research and development costs of green production.	Long-term	Group Wide	High
	Energy Transition Policy	Market and Technology Risk	Due to more stringent emission reduction policies issued by the government, the Company needs lower-emission green energy to replace the existing high-emission energy, which increases the cost of transitioning to lower-emission technologies.	Mid-long term	Production Department	Medium
	Carbon Market Price Volatility	Market and Technology Risk	As the government introduces more stringent carbon emission policies, the Company's cash flow will be affected by price fluctuations in the carbon market.	Mid-long term	Group Wide	High
	Regulatory Mandatory Disclosure	Market and Technology Risk	The quality of disclosure is affected by regulatory mandatory disclosure of climate-related financial information, lack of historical data and accurate accounting methods.	Short-term	Group Wide	Low
	Tightening Environmental Standards	Market and Technology Risk	Due to the more stringent environmental protection policies issued by the government, the Company needs to improve production processes to comply with the energy-saving and low-emission standards of laws and regulations, and may increase its R&D investment to transform production equipment or increase energy-saving and environmental protection measures.	Long-term	Group Wide	High

We have analyzed the mitigation measures or the identified risks related to climate change to make us more resilient to climate change risks.

**Figure: Addressing Risks Associated with Climate Change**

Type	Climate Risk Factors	Risk Classification	Description	Suggestion of Mitigation Measures
Physical Risks	Heat Wave	Acute Operational Risk	During a heat wave, employees may be unable to work due to heat exhaustion, heatstroke or other health ailments caused by extremely hot weather, resulting in higher operating costs. Production machines may be shut down due to overheating, resulting in shortened service life. The two situations may lead to a loss of revenue.	<ul style="list-style-type: none"> <li>• Provide cooling measures, such as providing employees with electric fans, rest areas and sufficient water to combat the rising temperatures and re-arrange the work schedule.</li> <li>• Optimize the heat dissipation performance of production machines, increase the frequency of routine inspection and maintenance, and maintain the service life.</li> </ul>
	Flood	Acute Operational Risk	During the rainy season, the increased frequency of flooding may result in the closure of business due to property or equipment damage, and/or employees may be unable to work. This may result in increased operating costs and equipment depreciation.	<ul style="list-style-type: none"> <li>• Develop and implement emergency plans for extreme weather events.</li> <li>• Increase the number of training sessions and drills, to strengthen the staff's awareness of prevention.</li> </ul>
	Earthquake	Acute Operational Risk	As the Company's manufacturing plant is located in Dongguan and its geographical location is not an earthquake-prone area, so the earthquake risk is low.	<ul style="list-style-type: none"> <li>• Develop and implement emergency plans for extreme weather events.</li> </ul>
	Hurricane	Acute Operational Risk	As the Company's manufacturing plant is located in Dongguan and its geographical location is a typhoon-prone area, the progress of production may be adversely affected. An increased frequency of typhoons may result in closure the of business due to property or equipment damage, and/or employees may be unable to work. This may lead to direct shutdown or reduction of production in the production sector, affecting the upstream supply chain, thereby increasing production and operating costs, and directly leading to a loss of revenue. The typhoon may cause flooding in the indoor area and damage to the machinery, resulting in increased repair costs and equipment depreciation.	<ul style="list-style-type: none"> <li>• Develop and implement emergency plans for extreme weather events.</li> <li>• Increase the number of training sessions and drills, to strengthen the staff's awareness of prevention.</li> <li>• Add waterproof devices to production machines or hurricane prevention to plant areas.</li> </ul>
	Mosquito Breeding	Chronic Operational Risk	Rising temperatures and increased precipitation lead to mosquito breeding, thus increasing the risk of mosquito-borne disease transmission.	<p>Implement stricter measures:</p> <ul style="list-style-type: none"> <li>• Clean the workshop frequently to avoid water accumulation;</li> <li>• Install insect killers;</li> <li>• Encourage workers to wear loose-fitting, light-colored long-sleeved tops and trousers, and insect-repellent clothing when working.</li> </ul>
	Sea Level Rise	Chronic Operational Risk	Dongguan is a low-lying coastal city, and the rising sea level poses bring a direct flood risk. Flooding at the production base may result in immediate production stoppage or reduction in production, and income loss, causing rectification to be required and additional costs and time to be incurred.	<ul style="list-style-type: none"> <li>• Establish an environmental monitoring team to continuously monitor and report the sea water levels.</li> <li>• When selecting new sites for expansion, avoid choosing a coastal or low-lying area.</li> </ul>

Type	Climate Risk Factors	Risk Classification	Description	Suggestion of Mitigation Measures
Transition Risks	Energy Pressure	Policy and Legal risk	Due to the power rationing policy of the local government, the production sector directly suspends or reduces production. The power rationing will also affect the upstream supply chain, thereby increasing production costs.	<ul style="list-style-type: none"> <li>Properly arrange production and operation plans, such as off-peak production plans and process optimization</li> </ul>
	Pressure on Water Resources	Policy and Legal risk	As the Company's production plant is located in Dongguan, and its operations do not involve a large amount of water, so the risk of water shortage is low.	<ul style="list-style-type: none"> <li>Propose water conservation commitments and policies.</li> <li>Install water-saving measures or wastewater recycling systems.</li> <li>Provide regular environmental protection training for employees.</li> </ul>
	New Policies for Low-carbon Economy Transformation	Market and Technology Risk	China has committed to the "3060" dual-carbon goal, and the government has introduced new policies to support the low-carbon transition. High-emission economic activities will be under pressure, thus increasing the research and development costs of green production.	<ul style="list-style-type: none"> <li>Set emission reduction targets, make low carbon commitments, and formulate relevant internal policies</li> <li>Increase the greening rate of subsidiaries</li> <li>Expand the use of low-carbon energy to replace fossil energy, such as the replacement of fuel vehicles with electric vehicles</li> <li>Develop low-carbon and low-emission processes</li> </ul>
	Energy Transition Policy	Market and Technology Risk	Due to more stringent emission reduction policies issued by the government, the Company needs lower-emission green energy to replace the existing high-emission energy, which increases the cost of transitioning to lower-emission technologies.	<ul style="list-style-type: none"> <li>Energy structure transformation</li> <li>Autonomous renewable energy system (photovoltaic system, energy storage system)</li> <li>Not rely on the external purchase of electricity</li> <li>Purchase external green energy</li> </ul>
	Carbon Market Price Volatility	Market and Reputational Risk	As the government introduces more stringent carbon emission policies, the Company's cash flow will be affected by price fluctuations in the carbon market.	<ul style="list-style-type: none"> <li>Form relevant teams or appoint external experts to regularly report on the carbon market and relevant national carbon trading policies, and evaluate the financial impact of the latest policies on the Company.</li> </ul>
	Regulatory Mandatory Disclosure	Operational and Reputational Risk	The quality of disclosure is affected by regulatory mandatory disclosure of climate-related financial information, lack of historical data and accurate accounting methods.	<ul style="list-style-type: none"> <li>Form relevant teams or appoint external experts to regularly report the latest disclosure standards of relevant regulators to ensure the quality of information disclosure.</li> </ul>
	Tightening Environmental Standards	Market and Technology Risk	Due to the more stringent environmental protection policies issued by the government, the Company needs to improve production processes to comply with the energy-saving and low-emission standards of laws and regulations, and may increase its R&D investment to transform production equipment or increase energy-saving and environmental protection measures.	<ul style="list-style-type: none"> <li>Form relevant teams or appoint external experts to regularly report the latest environmental protection policies of the local government to avoid increasing operating costs due to environmental protection laws and regulations.</li> </ul>

## 2. Opportunities Related to Climate Risk

### Reducing the Use and Consumption of Fossil Fuels

In view of the increasing awareness of sustainable development and green energy, we fully implement cleaner production. We install solar panels on idle roofs and actively purchase clean electricity to reduce the dependence on purchased energy and the use of traditional fossil energy. We have developed a sound management process to reduce the negative impact of our operation on the environment, and vigorously promote the application of green technology in production and manufacturing, and continue to promote the development of green and low-carbon industries.

### National "Dual Carbon" Strategic Goal

The "3060 dual carbon" goal proposed by China in 2020 has been upgraded to a national strategy, and a number of policies have been introduced to encourage enterprises that reduce emissions. Our subsidiary, Salcomp (Guigang) Co., Ltd., joined the Science-Based Targets Initiative (SBTi) in 2021, and promised to reduce carbon emissions by 25% in Scope 1 and Scope 2 and by 12.3% in Scope 3 by 2030. We believe that through a cleaner production strategy, waste management and efforts to reduce the carbon footprint of products, we can establish a positive environmentally conscious brand to attract new business opportunities, such as environmental tax relief, lower operating costs and increased external investor confidence to gain more financing opportunities.

### Reducing Costs Through Green Production Technology

As more stringent climate-related policies lead to increased compliance costs such as emissions fees, we believe that to improve R&D capabilities can help promote cleaner production, thereby reducing compliance costs and increasing profits. We successfully improved our mold technology in 2019, significantly reducing the generation of plastic waste and reducing the cost of processing plastic waste.

### Opportunities for Clean Energy Demand

With the reduction of fossil fuels and the improvement of environmental awareness, clean energy such as solar energy, geothermal energy and wind energy has developed rapidly, and will become the main energy sources in the future. Among them, solar energy is widely regarded as one of the most promising clean energy sources due to its low cost and convenience. Soft magnetic ferrite materials and amorphous magnetic materials are the main raw materials for various magnetic components in solar inverters because of their excellent physical properties. We believe that with the future development of the global solar photovoltaic industry, our magnetic materials are expected to meet its huge market demand.

### The Vigorous Development of the New Energy Vehicle Market

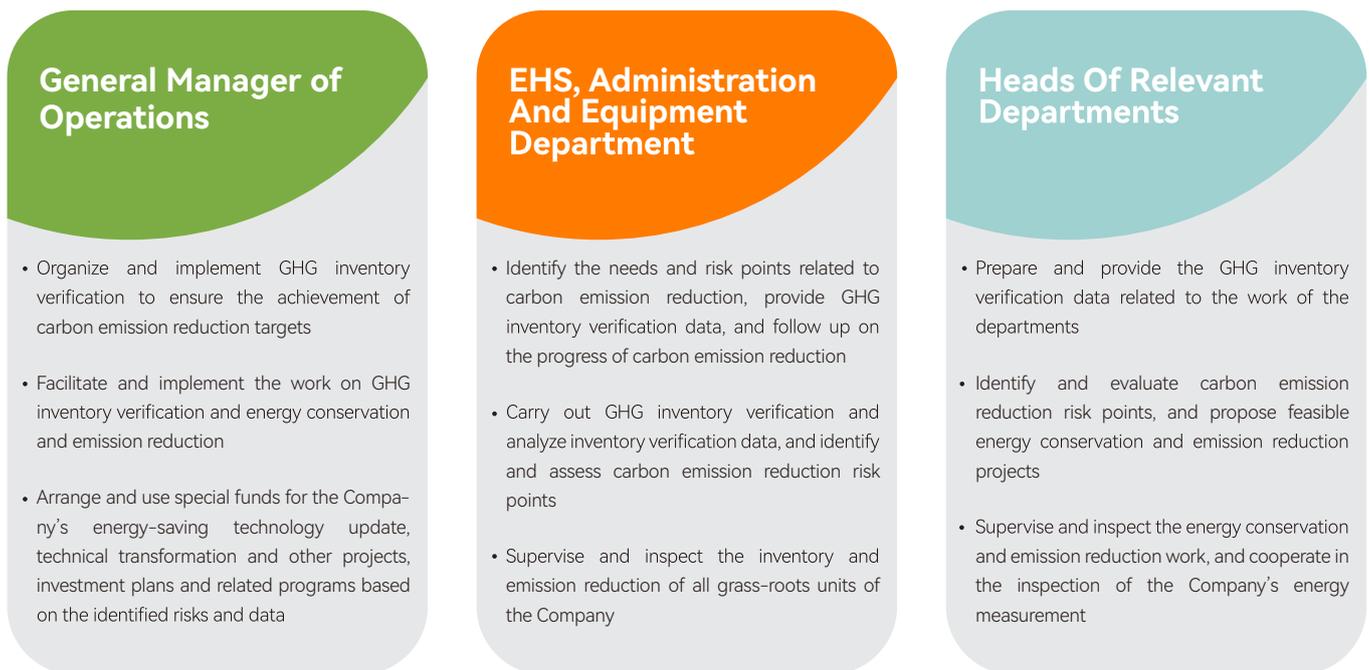
Encouraged by the policies of various governments, the new energy vehicle market is entering a period of vigorous development. In the future, the performance optimization and production cost reduction of new energy vehicles, as well as the improvement of environmental awareness and acceptance of new energy vehicles, will continue to drive the development of the new energy vehicle market. The annual continuous increasing volume and sales of global new energy vehicles will continue to drive the rapid growth of demand for corresponding functional and structural parts. We will be able to grasp the sources of new project business opportunities and the development needs of the new energy vehicle market.

# Carbon Management

## 1. Carbon Management System

To ensure that the Company can improve its competitiveness in the industry and achieve its development goals during the development of low-carbon economy, and the carbon emission reduction targets, plans and GHG inventory verification management and report conform to the principles of relevance, consistency, integrity, accuracy and transparency, we have developed the Greenhouse Gas Inventory Verification Procedure, and the General Manager of Operations is responsible for establishing and improving the Company's energy conservation and emission reduction and GHG management system, and for facilitating and implementing the work on GHG inventory verification and energy conservation and emission reduction, to ensure the achievement of carbon emission reduction targets. The Company has set up a GHG Inventory verification and Emission Reduction Project Team, with the General Manager of Operations acting as the team leader, responsible for supervising and providing human resources support for the implementation of GHG inventory verification and emission reduction projects. The team members propose feasible energy conservation and emission reduction projects, and are responsible for supervising the energy conservation and emission reduction of grass-roots units, and cooperating with the inspection of the Company's energy measurement.

### GHG Management Framework:



## 2. Carbon Emission Risk Management

To timely identify the potential risks related to the Company's carbon emissions and ensure the smooth achievement of the carbon emission reduction targets, the Greenhouse Gas Inventory Verification Procedure also specifies the principles of carbon emission risk identification, assessment and management, and the scope of risk identification covers all departments of the Company and their activities, products and services. The risk identification is carried out from the following four aspects:

Carbon Emission	Risk Description	Risk Description
Actions and Strategies Adopted	The state introduces policies and laws to control carbon emissions, resulting in regulatory risk and energy cost risk of carbon emissions	<ul style="list-style-type: none"> <li>• Step up technical innovation, improve the corporate production process, increase energy efficiency, reduce carbon emissions in the consumption of fossil fuels, and mitigate regulatory risk. During the reporting period, the subsidiaries of the Group continued to carry out energy-saving transformation, energy-saving and environmental protection projects, etc.</li> <li>• Seize the opportunity brought by the third global energy structure adjustment, vigorously develop natural gas, solar energy and other efficient energy, increase the proportion of clean energy use, and promote cleaner production</li> </ul>
Economic Risk	The adjustment of economic policy and economic structure causes the energy cost risk in carbon emissions	
Technical Risk	Increased investment in carbon emission technologies, causing energy cost risk in carbon emissions	
Social and Cultural Risk	There may be consumer preference risk and reputational risk in carbon emissions under the environment of low-carbon economy and culture	

Each department shall thoroughly identify the carbon emission risk factors which it can control and exert influence depending on the energy use in its activities, products and services, and summarize the identified risks into the identification and evaluation form for carbon emission risk sources. The identification and evaluation of carbon emission risk factors will be carried out once a year. The identified risks are evaluated from the frequency of occurrence, duration of impact, scope of impact, and severity of impact. The risk factors that reach a certain threshold are determined as important risk sources which will be put under key control. Moreover, based on the risk assessment results, different risk management strategies will be adopted to optimize the energy structure, reduce carbon emissions, and mitigate risks of concern.

### 3. Environmental Performance

Our GHG emissions mainly come from direct emissions (Scope 1) of natural gas, diesel and gasoline consumed in production, transportation of goods and offices and indirect emissions (Scope 2) from the use of purchased electricity.

#### Our performance in 2022:

<p><b>457,979.39</b> tons of carbon dioxide equivalent</p> <p>Total Greenhouse Gas Emissions (Scopes 1 and 2):</p>	<p><b>9,178.07</b> tons of carbon dioxide equivalent</p> <p>Direct Greenhouse Gas Emissions(Scope 1):</p>
<p><b>448,801.33</b> tons of carbon dioxide equivalent</p> <p>Indirect Greenhouse Gas Emissions(Scope 2):</p>	<p><b>0.41</b> tons of carbon dioxide equivalent per 10,000 RMB revenue</p> <p>Greenhouse Gas Emission Density (Scopes 1 and 2):</p>

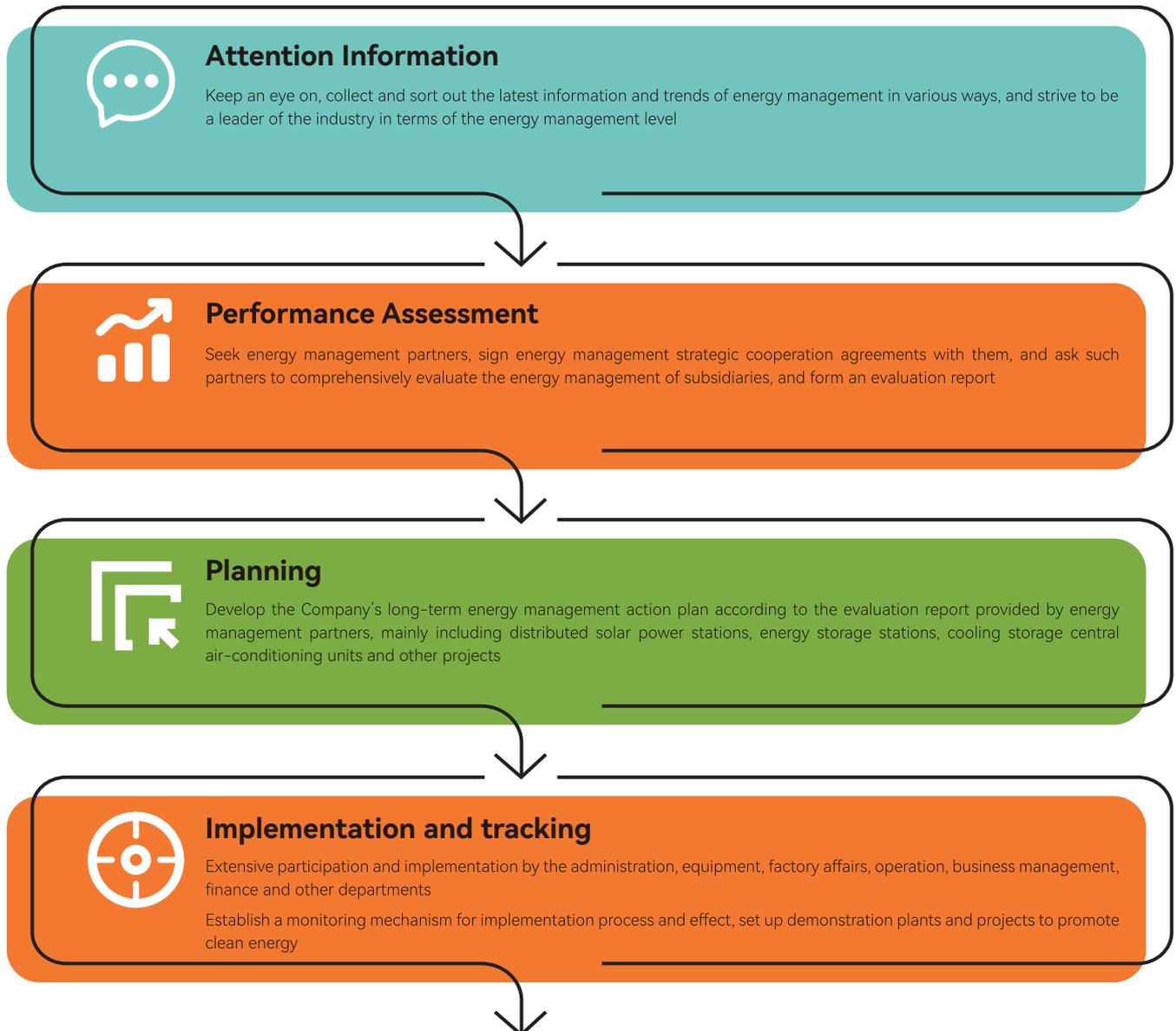
Guigang and Dongguan two subsidiaries actively responded to the CDP Climate Change Questionnaire, and disclosed environmental information from four aspects: governance, strategy, risk management, indicators and targets, to provide detailed disclosure of the subsidiaries' measures in response to climate change and emission reduction.

# Resource Use Management

## 1. Energy Management

We have been committed to continuously optimizing the energy structure and improving energy efficiency. The energy sources consumed in our daily operations include gasoline, diesel, natural gas, liquefied petroleum gas and purchased electricity. The Group has formulated the Energy and Resources Management Procedure to promote various effective measures to save energy and resources, improve energy efficiency and reduce environmental load. Through management improvement and technological innovation, we vigorously promote energy management and use clean energy, strive to increase the proportion of clean energy use, and comprehensively improve the use efficiency of energy and resources.

### Clean Energy Management Plan:



Furthermore, to better manage their energy consumption and control energy intensity, some subsidiaries have successively set energy targets, actively carried out environmental protection actions and projects such as photovoltaic power generation, technological transformation, equipment replacement, energy management, and manufacturing process improvement, improved energy conservation in a targeted manner, and reduced energy use, which help improve the overall energy use efficiency of the Group.

### Zhengzhou LS technology co., LTD Set Energy Conservation Target

Zhengzhou LS subsidiary set an energy saving target of power consumption  $\leq 8,000$  kWh per million yuan output in 2022, and successfully achieved its energy saving target by a series of measures and approaches, for example, implementing the zoned power consumption responsibility system, linking the power consumption control with the salary and performance of the responsible person, arranging security offers' patrol to turn off the lights, and turning on the central air conditioning unit by the administration staff to reduce waste.

### Photovoltaic Power Generation Project of Salcomp (Guigang) Co., Ltd.

Our subsidiary, Salcomp (Guigang), began to erect the photovoltaic power generation project in 2022, which was connected to the grid in August. By the end of 2022, it had generated 1,364,800 KWH, equivalent to reducing CO2 emissions by 778.34 tons, and the carbon intensity per million yuan of its sales revenue in 2022 was 36.54% lower than that in 2021.



### Photovoltaic Power Generation Project of Dongguan Lingyi Precision Manufacturing Technology Co., Ltd.

Dongguan LINGYI subsidiary commenced a photovoltaic power generation project during the reporting period, which was officially connected to the grid in December 2022. The first phase installed 1,850 KWp of photovoltaic power, with an estimated annual power generation of 2.6 million kWh, equivalent to reducing CO2 emissions by 1,483 tons/year. The second phase is planned to be connected to the grid in June 2023, and install 1,770KWp of photovoltaic power, with an estimated annual power generation of 2.53 million kilowatt-hours, equivalent to reducing CO2 emissions by 1,443 tons/year. 71,678 kWh of electricity was generated in 2022, equivalent to reducing CO2 emissions by 41 tons.



### Air-source Heat Pump Project of Shenzhen Pinghu Subsidiary

Shenzhen Pinghu subsidiary replaced electric heating with air-source heat pumps. By the end of 2022, the subsidiary has installed 16 air-source heat pumps, which can save 2,626,600 kWh of electricity annually, equivalent to reducing CO2 emissions by 1,497.95 tons/year. Besides, the subsidiary purchased low-energy air-conditioning installations to replace high-energy ones in 2022, saving 1,017,000 kWh of electricity annually, equivalent to reducing carbon emissions by 580 tons/year.



### Energy Saving Transformation Project for Grinding Machine of Dongguan Shengxiang Precision Metal Co., Ltd. (Changping Branch)

Dongguan Changping subsidiary retrofitted the grinding machine with an interval timer. After it is started, it will automatically stop every ten minutes without any operation, thus saving electricity. At present, nine grinding machines have been retrofitted, and the transformation is horizontally carried out in the company. After transformation, each grinding machine can save 4 kWh of electricity per day, and nine grinding machines can save 12,960 kWh of electricity per year, equivalent to reducing CO2 emissions by 7.39 tons/year.



### Energy Saving and Consumption Reduction Project of Dongguan Lingjie Precision Machining Technology Co., Ltd.

Before sewage treatment, Dongguan Lingjie uses an agitator to stir the agents. This method will not only generate large noise, but also consume electricity, and the agitator can be easily damaged. Later, the subsidiary switched to aeration to stir the agents, which can save about 120,000 kWh of electricity per year, equivalent to reducing CO2 emissions by about 68.44 tons/year. In combination with other power-saving measures, its electricity consumption per million yuan of revenue in 2022 decreased by 8.07% compared with the previous year.



Through our efforts, our energy performance in 2022 was as follows:

**2,960,048.29** GJ

Total Energy Consumption:

**127,004.68** GJ

Direct Energy Consumption:

**2,833,043.61** GJ

Indirect Energy Consumption:

**2.66** GJ/10,000 yuan revenue

Energy Consumption Intensity:

**25,609,381.95** kWh of photovoltaic power

the Group generate

**14,605** tons

equivalent to reducing CO2 emissions by

**392** million kWh of clean electricity

and purchased

**12%** over the previous year

an increase of

**223,558** tons

equivalent to reducing CO2 emissions by

## 2. Water Resource Management

We care about water consumption in our production activities, and are committed to reducing the dependence and adverse impact of our operations on water resources. The Energy and Resources Management Procedure formulated by the Group includes relevant provisions for production and domestic water, to ensure rational utilization of water resources in our daily operations. The water consumed by the Group is taken from the municipal water supply system, mainly used as domestic water and production water for cooling towers, boilers, steam and other auxiliary facilities in the production and manufacturing of products. Meanwhile, the administration and other departments educate employees about water conservation to improve and enhance their awareness of saving water.

As of the end of the reporting period, we had six subsidiaries participating in the clean water project; two subsidiaries, Salcomp (Guigang) Co., Ltd. and Dongguan Lingyi Precision Manufacturing Technology Co., Ltd., actively responded to the CDP Water Questionnaire, to gain an insight into the risks, strengthen water use management, reduce water use and promote water circulation. We evaluated the water use management, water use, water pressure and water balance of subsidiaries. Through the clean water project, we can better understand the current water resource management performance and identify improvements.

### The Group has adopted a series of targeted control measures, including

#### Setting Water Use Targets

Some of our subsidiaries set annual water use targets based on their operations, strictly control the use of water resources, and actively advocate for employees to save water, etc.

#### Promoting Water Recycling

Some of our subsidiaries actively advance wastewater recycling and reclaimed water and concentrated water reuse projects to minimize water consumption.

#### Building Energy Conservation And Environmental Protection System

Ensure that the environmental protection facilities run normally and the water drainage complies with the laws. Carry out production using clean energy, and reduce unnecessary waste of water resources.

#### Wastewater Discharge Control

Eliminate evaporating, emitting, dripping and leakage; the equipment, administration and EHS departments conduct regular inspections, and timely rectify the problems of evaporating, emitting, dripping and leakage; discharge the wastewater generated into the downstream wastewater treatment after being treated by the internal wastewater treatment station or other measures to an acceptable standard.

#### Water Quality Safety Control

Some of our subsidiaries use purified water systems to ensure the quality and safety of production water, enhance monitoring, and regularly test the quality of domestic water and drinking water.

#### Emergency Plan Management

In response to the river flood risk, the Rainwater Management Procedure has been formulated, and inspection is strengthened in the surrounding area during the rainy season to deal with any danger in a timely manner. The factory sets up a special stormwater network to collect and discharge rainwater, implement rainwater and sewage diversion, and reduce the wastewater treatment capacity of the wastewater station to ensure that the wastewater discharge is up to the standard.

#### Supervision And Inspection

Actively cooperate with the inspection of local regulatory authorities, strictly follow the wastewater discharge standard, keep the information open, timely update the environmental protection laws and regulations, carry out production in accordance with laws and regulations, strengthen daily inspection, identify and rectify hidden dangers in a timely manner, and strengthen the upgrading of the eco-friendly treatment system.

**In 2022**

**6,584,104.91** tons  
our total water consumption was

**5.92** tonnes per  
10,000 RMB revenue  
and the water consumption intensity was

**Water Conservation Projects:**

**Concentrated Water Reuse Project of  
Ling Sheng City Technology (Jiangsu) Co., Ltd.**

Dongtai Ling Sheng uses concentrated water for toilet flushing and chemical preparation. In 2022, about 46,692 tons of concentrated water was reused, accounting for 6.7% of the fresh water consumption.



Concentrated Water Reused for Toilet Flushing



EDI Concentrated Water Reused in Production Line



Concentrated Water Reused for Chemical Preparation

**Sewage Reuse Project of Dongguan Lingjie  
Precision Machining Technology Co., Ltd.**

Dongguan Lingjie feeds the sewage treated to an acceptable standard into the recycling system for treatment and then supply it to the workshop for reuse, and collect the water from the rinsing tank of the washing machine for use in the flat grinding workshop. In 2022, its water consumption per million yuan of revenue decreased by 2.19% compared with the previous year.



**Sewage Treatment Facility Improvement Project of Zhejiang Jintai  
Electronic Co., Ltd.**

The triple-effect evaporator was added to the sewage treatment facility of Zhejiang Jintai subsidiary. After the improvement, the wastewater reuse rate is 41%, 7% higher than that before the improvement. It is estimated that it can save water by 380 tons/year.



**3. Use Management of Packaging Materials and Raw Materials**

The main packaging materials consumed by us come from paper, plastic and others. Based on the principles of environmental protection and economy, we are committed to the philosophy of reducing resource consumption and pollutant emissions from the source. We optimize the use of packaging materials from the product packaging design to minimize excessive and ineffective packaging. Detailed packaging consumption data during the reporting period:



# Chemical Management

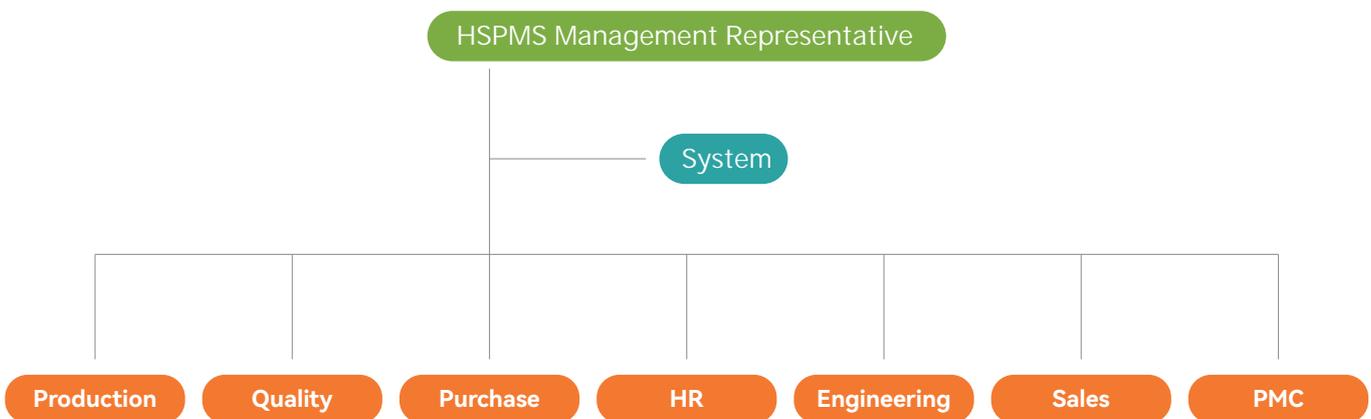
## 1. Chemical Management Procedure

In the daily production and operation process, LINGYI iTECH will use many kinds of chemicals with different properties. We strictly abide by the laws and regulations and customer requirements concerning the registration, use, disclosure and management of chemicals, and are committed to the safety management of chemicals and providing customers with green products. As of the end of the reporting period, relevant subsidiaries have obtained the QC 080000 management system certification.

To standardize the procurement, storage, use, waste disposal and emergency disposal of chemicals used by the Company, with reference to the Regulations on the Safety Management of Chemicals, the European Union Restriction of Hazardous Substances (RoHS), the European Union Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), and other conventions and laws and regulations of the place where it operates, the Group has formulated the Chemical Management Procedure, the Green Product Management Procedure and the Control Standards for Hazardous Substances in Green Products to ensure compliance of the chemical management with laws and regulations, and minimize and eliminate the adverse effects of chemicals on product quality, employee safety and the environment. EHS organizes and conducts chemical training twice a year, which will be participated by the procurement, production, warehousing, administration, security and other departments, covering chemical compatibility, restricted substances, site management, etc.

Meanwhile, the Company has established the hazardous substances process management system (HSPMS) to create an organizational structure for green products. The Company clarifies the customer's environmental protection requirements, eliminates and reduces related hazardous substances in a planned way, and prevents the related hazardous substances from being mixed into customer products. The chairman of the Group is ultimately responsible for the HSPMS, and develops green product policies and supervises the management review of the green product management system.

Green Product Organization Chart:



Packaging Materials: Disclose the 3 statistical units with the highest consumption.

### Division of Responsibilities

General Manager	<ul style="list-style-type: none"> <li>Provide the personnel and resources required for the operation of the green product management system, and lead the management review of the green product management system</li> </ul>
Management Representative	<ul style="list-style-type: none"> <li>Set the HSPM management objectives;</li> <li>Organize, plan, promote and implement the requirements of the HSPM management system;</li> <li>Regularly carry out internal audits and management audits to determine the achievement of environmental protection goals;</li> <li>Report the fulfillment of the HSPM system performance to the top management.</li> </ul>
System	<ul style="list-style-type: none"> <li>Assist in planning and organizing the implementation of the HSPM management system;</li> <li>Collect the latest environmental laws and regulations and changes in customer requirements, regularly update and communicate internally environmental protection standards;</li> <li>Carry out the internal audit and management audit of the HSPM system, and follow up on the improvement and closure of non-conformities;</li> <li>Establish, revise and improve documents related to hazardous substances;</li> <li>Lead the response to the HSPM system audit by the second and third-party organizations, and follow up on the improvement and closure of non-conformities</li> </ul>
Production	<ul style="list-style-type: none"> <li>Produce green products that meet customer requirements, and ensure that the materials used in the production are environmentally friendly;</li> <li>Educate and train employees on the required green product-related knowledge.</li> </ul>
Quality	<ul style="list-style-type: none"> <li>Assist in risk assessment of finished products, and develop a spot testing plan for internal finished products;</li> <li>Investigate, evaluate and confirm the information (chemical composition) specified by the customer's hazardous substance management requirements;</li> <li>Test the hazardous substances in the incoming materials/processes/finished products according to the XRF testing plan, and analyze and deal with HSF abnormalities;</li> <li>Review the compliance of the third-party hazardous substance testing report submitted by suppliers;</li> <li>Audit the supplier's hazardous material management system, and follow up on the improvement and closure of non-conformities.</li> </ul>
Purchasing	<ul style="list-style-type: none"> <li>Communicate the Company's requirements for green products to suppliers and the information on suppliers' environmental protection non-conformities;</li> <li>Request environmental protection information on relevant projects from suppliers;</li> <li>Sign an environmental protection agreement with suppliers, and investigate the processed products of suppliers;</li> <li>Plan the annual audit of the supplier's HSPM system.</li> </ul>
HR	<ul style="list-style-type: none"> <li>Advocate the internal green product management policies, and develop and supervise the implementation of annual training plans related to green products.</li> </ul>
Engineering	<ul style="list-style-type: none"> <li>Design green product introduction;</li> <li>Implement the part approval process for green products, and confirm the conformity of the components in hazardous chemicals;</li> <li>Carry out engineering change management and compliance assessment of green products.</li> </ul>
Sales	<ul style="list-style-type: none"> <li>Obtain the relevant requirements for or changes of customers' green products, and timely notify relevant departments of the factory;</li> <li>Lead the review of environmental protection agreements with customers.</li> </ul>
PMC/Warehousing	<ul style="list-style-type: none"> <li>Store, identify and plan green products and their raw and auxiliary materials, and manage green products on a first-in-first-out basis.</li> </ul>

## 2. Chemical Lifecycle Management

To fully identify the chemical content in the products and ensure the comprehensive control of hazardous substances, each department of the Company performs its duties, and carries out the lifecycle management covering the procurement, evaluation, use, disposal, emergency response and other aspects of chemicals from the development of new products to the procurement of materials, incoming materials, process, finished products, storage and other production procedures, to ensure the use safety of chemicals in all aspects.



### Chemicals Procurement

- ▶ When purchasing chemicals, according to the Group's Chemical Management Procedure, the supplier shall present the qualification documents, the Material Safety Data Sheet (MSDS), Technical Data Sheet (TDS) and labeling specifications of the chemicals, operation and transportation qualification documents, and third-party test report of hazardous substances, and sign environmental protection agreement; the chemicals shall be classified and evaluated, and purchase can be made only after the review result is acceptable
- ▶ Relevant test reports shall be provided for chemicals containing cadmium (Cd), lead (Pb), mercury (Hg), hexavalent chromium (Cr6+), polybrominated biphenyls (PBB), polybrominated biphenyl ethers (PBDEs), phthalate esters (DEHP/DBP/BBP/DIBP) and other substances to demonstrate their compliance

### Chemicals Evaluation

- ▶ For the introduction of new chemicals, the user department needs to apply to EHS for evaluation in advance, and the evaluation contents include the possible risks of chemicals to job safety, employee health and the environment, and the suitability of chemical storage conditions. If process change is involved, risk control measures must be taken through the management of change (MOC)
- ▶ To make clear the chemical verification process and improve the efficiency and quality of verification, the Group has formulated the Chemical Verification Management Regulations. Each relevant department will be responsible for the upstream, midstream and downstream processes of chemical verification and confirm that each process is traceable. Efforts are intensified to standardize the source inspection of chemicals to ensure that the chemicals we use conform to laws and regulations, and comply with RoHS/HF/Reach and other environmental requirements

### Chemicals Use

- ▶ When using chemicals, we label all products, services and chemicals involved in activities. Special personnel must be assigned to be responsible for the requisition of chemicals, and the quantity of chemicals requisitioned each time may not exceed the quantity of chemicals used for the shift
- ▶ The Material Safety Data Sheet (MSDS) must be kept at the site of chemical use, and its requirements shall be followed. Labor protection shall be provided for the chemical users according to the "Exposure Controls/Personal Protection" section of the MSDS, and the labor protection status shall be checked regularly during the use of chemicals
- ▶ It is stipulated that the user department must set up a temporary storage area for chemicals at the work site and put up eye-catching signs. The chemicals temporarily not in use or the remaining chemicals must be placed in the temporary storage area for chemicals, and may not be placed on the outdoor land

## Chemicals Waste

- ▶ Waste chemicals and their pollutants include: expired chemicals, chemicals whose labels are lost and cannot be identified, chemical residues, waste containers, waste cleaning cloth, etc
- ▶ The hazardous waste produced from waste chemicals and their pollutants shall be uniformly recycled and disposed by EHS, and the recycling shall be registered. The hazardous waste shall be placed in a fixed place, clearly labelled and managed by a specially-assigned person. Each department of the Group shall properly classify waste chemicals and their pollutants and may not throw them away

## Chemicals Accidental release measures

- ▶ The Group has formulated the Emergency Preparedness and Response Management Procedure and the Work Instructions for Emergency Response to Chemical Spills, and applicable standard operating procedures and emergency plans or site handling plans for different chemicals, and quickly deals with the occurring in each process of the chemical lifecycle through operation management and on-site engineering control, to ensure the health and safety of employees, and minimize losses and harm

Furthermore, the Company has formulated the New Product Development Procedure, incorporating risk control standards and environmental impact assessment and confirmation process into the new product development. In the new product design, the PM organizes PMT to analyze project risks and product risks in advance (including environmental compliance risk assessment), and offer risk reduction plans to determine whether the new product meets environmental protection requirements. In the sample making of new products, the Quality Department is responsible for testing, assessing and confirming the environmental impact of the new product samples, performing necessary tests and evaluations including the testing of environmentally hazardous substances, and providing environmental protection documents of the raw materials of new products, to fully ensure the design quality of new products, and compliance of their performance, suitability and environmental impact with relevant requirements.

## 3. Chemical Restriction and Elimination Plan

To reduce and eliminate the harmful substances in our products in a planned way, based on the requirements of domestic and foreign laws and regulations including RoHS5 and REACH6, and the customer's special requirements, we have formulated the Control Standards for Hazardous Substances in Green Products and the List of Environment and Substance Control Standards, and update the list each quarter. For the materials of the products made by the Company, including raw materials, parts and components, semi-finished products, finished products, packaging materials and auxiliary materials purchased by the Company, 129 restricted and prohibited hazardous substances are specified. In addition, eight hazardous substances are restricted and prohibited in the production process.



### Description

- Prohibited by laws and regulations

### Response

- Stop using immediately



### Description

- Existing laws and regulations stipulate the period of prohibition
- The customer requests restricted or prohibited use
- The Company actively pushes for the prohibition of use

### Response

- Restrict the use
- Actively push for the prohibition of use

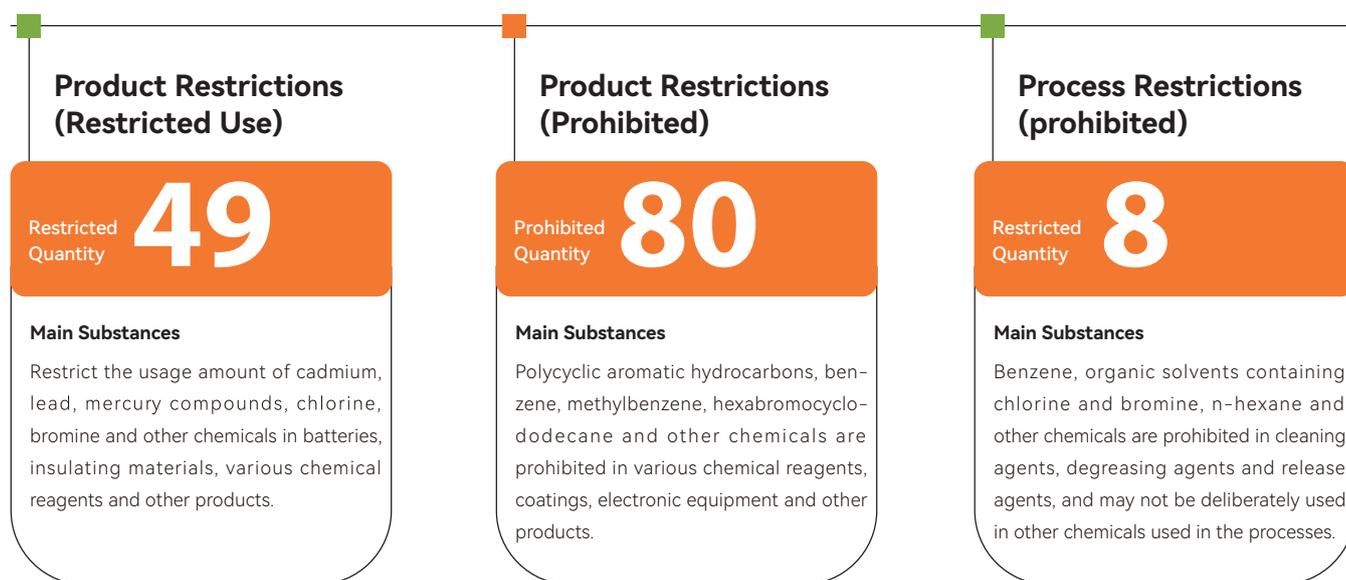


### Description

- May be prohibited or restricted by future laws

### Response

- Minimize use



During the reporting period, our subordinate factories cooperated with customers to advance the audits of Chemical Safety Disclosure (CSD) and volatile organic compound (VOC) materials to ensure that the raw and auxiliary materials used are green and environmentally friendly, and meet the requirements of laws and regulations. In accordance with the VOC Management Regulations, we manage chemicals by level depending on the usage amount and VOC content, and cooperate with suppliers to give priority to the development and verification of alternatives to chemicals with a large usage amount and high VOC content. Meanwhile, we have established an elimination plan for some hazardous substances, for example, replacing solvent-based ink with water-based ink with a low VOC content, which is not only more environmentally friendly, but also helps reduce the risk of occupational harm.

## Pollutant Prevention and Control

Adhering to relevant laws and regulations on pollutant prevention and control, the Group strictly controls waste gas, wastewater, solid waste, soil pollution hazard investigation, noise and other aspects to ensure that all pollutants are treated in compliance with regulations and discharged in accordance with standards. To protect the environment, reduce the pollution of waste to environment and standardize the classification, collection and transfer of internal waste to comply with the relevant national laws and regulations, the Company has formulated the Management Procedure for Environmental Protection Discharge to standardize the wastewater, waste gas and noise handling in the production and life, and ensure the discharge of wastewater, waste gas and noise as required. In accordance with the Administrative Regulations on Pollutant Discharge Permits and the Self-monitoring Technology Guidelines for Pollutant Dischargers - General Rules, the Company requires its subsidiaries to regularly engage qualified third-party testing organizations to carry out self-monitoring, timely announce the environmental monitoring information, and accept the review of regulatory authorities and public supervision.

### 1. Waste Management

The hazardous and non-hazardous wastes generated by our business operations mainly include chemicals, organic waste, waste liquids, paper, plastic, office waste, electronic waste, etc. The amount of waste generated varies depending on the business that each production chain focuses on. With close attention paid to the generation and treatment of these wastes, we have formulated the Waste Management Instructions to specify the waste classification, recycling, storage, and transportation procedures, assign special personnel to manage the wastes, store the wastes in a special warehouse, and regularly handed them over to professional institutions for treatment.

Besides, we have established a waste management data statistics mechanism, and update the list of wastes every quarter, and the EHS (Environmental, Health and Safety) Department is responsible for collection, verification and on-site confirmation. We manage the general solid waste generated throughout the process, and pollution must be prevented in the management of collection, identification, weighing, storage and disposal. For example, when storing the treated waste materials, the materials shall be put into the designated waste material transfer channel; When they are stored outside the subsidiary, they shall be placed in a designated temporary storage location, and clean management and protection shall be properly carried out.

Having always adhered to the green production philosophy of zero waste to landfilling, we reduce the generation of waste from the root cause by recycling and reducing waste, and reduce the amount of landfilled waste outside the plant through recycling, power generation, anaerobic digestion, biofuel, composting and other conversion methods, to make full use of the residual value of waste from materials and energy. Six of our subsidiaries have participated in the ZWP program. Among them, Dongguan, Wuxi and Shenzhen subsidiaries have achieved remarkable results in the ZWP, and obtained UL2799 Platinum certification by the percentage of solid waste not landfilled.

### In 2022, Our performance:

**12,635.47** tons  
Total amount of hazardous waste:

**9,652.84** tons  
Total amount of non-hazardous waste:

**0.01** t/10,000  
yuan revenue  
Hazardous waste intensity:

**0.0009** t/10,000  
yuan revenue  
Non-hazardous waste intensity:

#### Waste Improvement Project of Zhengzhou LS technology co.,LTD

Zhengzhou LS replaces manual operation with automation equipment to save the use of release agents for release agent posts with high frequency of use. At the same time, some products are cleaned with detergent water instead of release agents. In 2022, the quantity of empty release agent bottles was 1.9 tons, a decrease of 34% over the previous year, and the amount of hazardous waste produced was 4.881 tons, representing 0.008 tons of hazardous waste produced per million yuan output.

#### Wastewater Station and Sewage Treatment Process Optimization Project of Dongguan Lingjie Precision Machining Technology Co., Ltd.

The wastewater station of Dongguan Lingjie adopts an oil mist purification system. Through multi-stage mechanical filtration and high-voltage static electricity, the mist droplets are bonded in the filter screen, condensed to form large oil droplets, and recycled into the oil trap for reuse by the lathe in the workshop. In 2022, the amount of waste cutting oil transferred was 0, a decrease of 109.07 tons compared with the previous year.

In addition, by optimizing the sewage treatment process, the subsidiary reduced the use of chemicals and the production of sludge. From May to December 2022, the amount of sludge transferred was 265.43 tons, a decrease of about 48.76% over the same period last year.



### Waste Reduction Action of Dongguan Futai Subsidiary

Dongguan Futai subsidiary enhanced production management, strictly controlled the storage and use of raw and auxiliary materials, and reduced the waste of raw and auxiliary materials and the scrap caused by the expiration of raw and auxiliary materials. At the same time, by adding a filtration device, the service life of the emulsion was extended and the generation of waste cutting fluid was reduced. In 2022, the amount of waste cutting fluid generated was 13.89 tons, a decrease of about 25% compared with the previous year.

### Cleaning Agent Recycling Project of Dongguan Lingjie Precision Machining Technology Co., Ltd.

Dongguan Lingjie added a cleaning agent concentration and recycling device to treat the used cleaning agent for reuse, thus reducing the consumption of cleaning agents. It was estimated that 65 tons of cleaning agents were saved in 2022.



## 2. Waste Gas Management

The Group abides by the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and other relevant laws and regulations, and formulates the Management Procedure for Environmental Protection Discharge, the Work Instructions for Waste Gas Treatment, and the Management Instructions for Waste Gas Pollution Control, as the management regulations of the Group to prevent waste gas pollution, and all subsidiaries of the Group are required to strictly comply with them, thereby reducing the adverse impact of waste gas emissions on the environment and the health of employees.

We equip the production plant with suitable ventilation facilities in accordance with regulations, properly treat the waste gas generated in the production, and discharge it only after being treated by the waste gas treatment equipment to reach the standard. It is strictly prohibited to directly discharge to the environment waste gas that does not meet the standard. R&D and production work involving volatile organic compounds shall be carried out in a fume hood or exhaust hood with local ventilation. For new construction projects, we provide reasonable treatment processes and technicians, and comply with the requirements of the local government to do a good job of monitoring.

### In 2022, Our performance:

**25.38** tons

Volatile Organic Compounds (VOCs) Emissions:

**35.60** tons

Particulate Matter (PM) Emissions:

**3.56** tons

Nitrogen Oxide Emissions:

**1.67** tons

Sulfur Oxide Emissions:

**12.49** tons

Emissions of Other Exhaust Pollutants (xylene, sulfuric acid mist, etc.):



By strictly controlling the VOC content in materials and erecting waste gas treatment facilities, Dongguan Lingbo subsidiary is estimated to reduce VOC emissions by 0.005 tons/year.



Based on the original activated carbon adsorption process, Salcomp Shenzhen has added a water spraying treatment process. At present, the VOC treatment efficiency is up to 95%, 5% higher than that before the transformation. It is estimated that the VOC emissions can be reduced by 0.234 tons/year.



By adding two sets of activated carbon adsorption and treatment devices, Dongguan Changping has improved the treatment standard of VOC waste gas. It is estimated that VOC emissions can be reduced by 0.06 tons/year, an decrease of 35% over the previous year.

### 3. Wastewater Management

The wastewater we produce includes domestic sewage and industrial wastewater from production. We guarantee the compliance of sewage discharge, comply with the environmental regulations of the place of our production and operation, and have formulated the Work Instructions for Sewage Treatment and the Management Procedure for Environmental Protection Discharge, clearly defining the wastewater discharge management procedures, and stipulating that the wastewater discharge list shall be regularly updated by the environmental protection engineer to identify the type of wastewater discharge. The EHS Department implements the Control Procedure for EHS Corrective and Preventive Actions to control the potential risks in its wastewater discharge. In 2022, we strengthened the management of wastewater discharge, the discharge concentration, rate, total amount of each emission factor and the operating time of treatment facilities.

#### In 2022, Our performance:

**814,783.02** m<sup>3</sup>

Amount of production wastewater discharged:

**52.46** tons

Amount of COD discharged in wastewater:

**5.28** tons

Amount of ammonia-nitrogen discharged in wastewater:

**6.13** tons

Amount of other wastewater pollutants discharged (total phosphorus, petroleum, suspended solids, etc.):

## 4. Noise Management

The Company abides by the Law of the People's Republic of China on the Prevention and Control of Ambient Noise Pollution, the Emission Standard for Industrial Enterprises Noise at Boundary, and other laws and regulations of the place where it operates. The Company requests the relevant environmental monitoring department to detect the noise within the factory boundary every year. If the noise exceeds the permitted level, the noise will be silenced and isolated until it reaches the standard. In addition, the Company puts the noisy machinery under protection, takes sound insulation measures, enhances the self-protection awareness of employees, asks them to wear personal protective equipment such as earplugs, and continues to carry out noise control work.

# Clean Technology Opportunities

Aware of the huge opportunities presented by the carbon neutrality market, we need to increase our investment in carbon neutrality technologies and products, and actively seize the opportunities of the third global energy structure adjustment to vigorously develop clean technology-related businesses, increase the share of clean energy use, optimize the energy structure, reduce carbon emissions, and mitigate the risks brought by energy regulation.

## 1. Clean Business Development Plan

We will move forward with the concept of green development and fully uncover new energy business opportunities. In 2022, we actively explore the opportunities in clean technology to shape a sustainable future of smart manufacturing. In the future, the company will continue to increase investment in clean technology business research and development, and continue to play the driving ability of new energy business.

### Our performance in 2022:

#### 1. New Energy Battery:

We increased the R&D investment in the new energy battery structural parts, and reduced the waste of raw materials through process improvement and mold R&D, thereby lowering costs and enhancing our competitiveness, aiming to become a leader in the new energy battery structural parts industry.

#### 2. Photovoltaic Inverter:

The photovoltaic inverter is one of the important balances of system (BOS) in the photovoltaic array system. We also invested R&D resources in the field of photovoltaic inverter.

#### 3. Energy Storage Power Supply:

In We invested in the development of portable energy storage devices. In 203, our company will continue to invest in the research and development of household energy storage products, in order to realize the combination of high efficiency photovoltaic investors can provide compete clean energy.

## 2. Green Products

Taking environmental factors into consideration, we consider environmental factors in the process of product research and development. It is clearly stipulated that environmental factors must be taken into account in the process of research and development and design of new products. All products must meet RoHS or other environmental protection requirements. We are committed to reducing emissions and resource consumption in the life cycle of our products, and creating greener environmental products.

Field	Products Introduction
 <p data-bbox="175 426 375 485">Recyclable Material Utilization</p>	<ul style="list-style-type: none"> <li>One of our camera brackets uses 7-series recycled aluminum. In 2022, the total consumption of recycled aluminum was 1,531.5 tons, equivalent to reducing the CO2 emissions generated in the smelting of approximately 25,269 tons of aluminum. In addition, recycled cleaning agents were used for the cleaning stations, reducing the consumption of cleaning agents by 30%.</li> <li>The application of recycled PC materials in our chargers and AR/VR projects can help reduce carbon emissions by 30% compared with ordinary plastics.</li> </ul>
 <p data-bbox="159 707 391 733">High Efficiency Charger</p>	<ul style="list-style-type: none"> <li>The dual-port charger designed by us can charge two kinds of electrical appliances simultaneously, which can eliminate the use of an additional charger.</li> <li>The charger with high conversion efficiency developed by us, higher than the standard required by DOE, can reduce the waste of electric energy by 10%-15%.</li> <li>We have developed a gallium nitride charger, with a size smaller than ordinary chargers by 30%, thereby saving raw materials and reducing the use of packaging materials.</li> </ul>

In addition, when establishing a product development project, we will confirm whether the production of the product contains high-energy consumption processes, choose cold forging, stamping, and one-step forming technologies, if possible, and strictly keep the proportion of products manufactured by high-energy consumption processes within 5% of the total number of products.

### 3. Clean Technology R&D

We have developed and applied for several clean technology patents to support cleaner production with technology:

- 

#### >> Prolonged Product Service Life

  - VR Glasses with Retractable Twisted FPC:**  
 Avoid movement noise and stress, enhance the stability and prolong the service life of the product.
  - Sliding Ground Plug:**  
 The pin structure is of high strength, and the sliding pin does not produce serious deformation, fracture and other undesirable phenomena, thus improving the stability and reliability and prolonging the service life of the product.
  - A Corrosion-resistant Lithium Battery Structure:**  
 Lower the possibility of electrolyte corroding the device and external machine, and prolong the service life of lithium battery.
- 

#### >> Reduced Energy Consumption

  - A Method of Manufacturing Strontium Ferrite Magnet:**  
 The manufacturing method shortens sintering time, increases production efficiency and reduces energy consumption. It is a simple process and will not cause pollution to the environment.
  - An Air Washing Tool:**  
 The air washing tool can generate strong air pressure through the rotation of the fan blade, to quickly and efficiently dry the oil mist on the fixtures and products with reduced air blowing, thus lowering the load of the air compressor and saving electric energy.
  - A High-frequency Smelting Furnace Structure:**  
 The combination of high-frequency heating devices and heat-insulating devices can improve thermal efficiency, and heat-insulating devices can prevent heat loss, thus saving energy.



## >> Saving Resources

- **A Recycling Device for Waste Gas Treatment Liquid of Enameled wire:**

The device first adsorbs and purifies the waste gas, and then recycles the return treatment liquid from the spray purification tank through the recovery tank. As the discharged treatment liquid still maintains a certain activity, its reuse will significantly reduce the consumption of tap water and reduce the cost. This method is more energy-saving and environmentally friendly.

- **A TPU Punching Asynchronous Device:s**

The TPU punching asynchronous device uses the pin-hole asynchronous sleeve cutting process, saving more than 40% of materials

To keep enhancing our competitiveness and better seize the market opportunities of clean technology, we will make sustained efforts in the new energy battery structural parts, AR/VR, carbon fiber and other segments.

1. Reduce the cost of new energy battery structural parts through process improvement and mold R&D.
2. Develop ARVR technology and cooperate with the leading metaverse companies to provide customers with high-quality products and services, with the goal of becoming an industry benchmark.
3. We are dedicated to developing thermoplastic carbon fiber products, solving the pain points thereof, reducing the waste of raw materials and increasing material utilization.

# Appendix 1: Data Performance Table

Category	Unit	2021	2022
<b>Environment</b>			
<b>Energy consumption</b>			
Electricity	KWH	749,108,677.23	786,956,558.15
Electricity Consumption Intensity	KWH/per 10,000 RMB revenue	628.66	707.88
Outsourced Steam	J	Not Applicable	12,781.61
Solar Power	KWH	24,014,729.20	25,609,381.95
Natural Gas	m3	3,526,323.00	3,634,506.00
Natural Gas Consumption Density	m3/per 10,000 RMB revenue	2.96	3.27
Gasoline	Liter	270,148.17	203,523.55
Diesel Oil	Liter	1,184,069.23	1,014,058.12
Liquefied Natural Gas	m3	8,622.00	8,446.80
<b>Greenhouse Gases</b>			
Scope 1 Emissions	tCO2eqv	10,580.93	9,178.07
Scope 1 Emissions Density	tCO2eqv per 10,000 RMB revenue	0.01	0.008
Scope 2 Emissions	tCO2eqv	435,232.14	448,801.32
Scope 2 Emissions Density	tCO2eqv per 10,000 RMB revenue	0.36	0.40
Total	tCO2eqv	445,813.07	457,979.39
Total Emissions Intensity	tCO2eqv per 10,000 RMB revenue	0.37	0.41
<b>Refrigerants</b>			
R404a	KG	110.00	30.00
R134a	KG	221.42	191.70
R410A	KG	554.27	204.95
R-22	KG	1,630.64	304.99
R-32	KG	650.19	438.71
R-12	KG	Not Applicable	37.50
R407C	KG	Not Applicable	60.50
<b>Waste</b>			
Hazardous Waste	tonnes	14,384.24	12,635.47
Hazardous Waste Intensity	tonnes per 10,000 RMB revenue	0.01	0.01
Non-Hazardous Waste	tonnes	26,470.12	9,652.84
Non-Hazardous Waste Intensity	tonnes per 10,000 RMB revenue	0.02	0.009
Total Waste Amount	tonnes	40,854.36	22,288.31
Waste Intensity	tonnes per 10,000 RMB revenue	0.03	0.02

Note: Electricity consumption data in 2021 is revised from 616,348,407.01 KWH to 749,108,677.23 KWH; At the same time, the greenhouse gas carbon emission data of electricity intensity were revised accordingly.

Category	Unit	2021	2022	
<b>General Waste</b>				
Domestic Waste Production	tonnes	13,300.34	11,359.50	
Recycled Domestic Waste	tonnes	1,013.69	8,545.49	
Industrial Waste Production	tonnes	58,663.88	54,501.26	
Recycled Industrial Waste	tonnes	44,482.10	47,662.44	
<b>Hazardous Waste</b>				
Total Amount of Hazardous Waste	tonnes	14,384.24	12,635.47	
Sludge	tonnes	6,282.96	5,474.25	
Waste Cutting Fluid	tonnes	1,748.45	652.78	
Oil-containing Washing Wastewater	tonnes	1,754.88	1,763.50	
Waste Organic Solvents	tonnes	591.29	496.14	
Waste Mineral Oil	tonnes	295.80	150.64	
Waste Packaging Containers/Barrels	tonnes	357.15	338.46	
Used Battery	tonnes	1.21	0.00	
Waste Activated Carbon	tonnes	63.77	66.22	
Others	tonnes	3,288.74	3,693.48	
<b>Wastewater</b>				
Wastewater Discharge	tonnes	498,542.00	814,783.02	
Amount of COD Discharged in Wastewater	tonnes	52.45	52.46	
Amount of Ammonia-nitrogen Discharged in Wastewater	tonnes	2.94	5.28	
Amount of Other Wastewater Pollutants Discharged (Total Phosphorus, Petroleum, Suspended Solids, etc.):	tonnes	Not Applicable	6.13	
<b>Water Usage</b>				
Water Use in Production and Office Work	tonnes	6,468,435.28	6,584,104.91	
Water Use Intensity in Production and Office Work	tonnes per 10,000 RMB revenue	5.43	5.92	
<b>Packaging Materials</b>				
Paper	Set	343,990	Tons	1,860
	KM	13,798	Set	16,229,347
	Kilo PCS	681,329	Kilo Pieces	300,876
Plastic	Tons	20,518	Tons	1,921
	KM	151,300	KM	153,995
	Kilo PCS	432,637	Kilo pieces	573,805
Others	Tons	4,165	Tons	3,055
	ML	3500	KM	13,849
	Kilo PCS	25,161	Kilo pieces	169,381

Disclose the 3 statistical units with the highest consumption.

Category	Unit	2021	2022
<b>Waste Gas</b>			
Nitrogen Oxide Emissions	tonnes	5.97	3.56
Sulfur Oxide Emissions	tonnes	2.09	1.67
Suspended PM Emissions	tonnes	19.59	35.60
VOC Emissions	tonnes	44.99	25.38
Emissions of Other Exhaust Pollutants	tonnes	Not Applicable	12.49

(xylene, sulfuric acid mist, etc.):

## Social

<b>Employee Structure</b>			
Number of Employees	Total	79,892	65,731
Gender	Male	48,081	38,806
	Female	31,811	26,925
Age Group	<20 years old	6,717	2,525
	220-29 years old	32,829	27,032
	30-39 years old	29,048	25,474
	40-49 years old	10,335	9,782
	50 years old and above	963	918
Education	PhD	20	19
	Master	481	487
	Bachelor	6,231	6,942
	Junior college	10,244	10,157
	Below junior college	62,916	48,126
Employment Type	Full-time	79,892	65,731
	Part-time	0	0
Function	Production Staff	67,874	54,189
	Sales Staff	817	838
	Technicians	6,542	6,604
	Financial Staff	402	492
	Administration Staff	4,257	3,608
Rank	Female Management (Manager Level and Above)	Not Applicable	347
	Management (Manager Level and Above)	Not Applicable	1813
	Percentage of Female Management	Not Applicable	19.14%

## Number and Rate of Work-related Deaths

Number of Work-related Deaths	Total	0	0
Rate of Work-related Deaths	Ratio	0	0

## Product Responsibility

Recalls Due to Safety and Health	PCS	0	0
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# Appendix 2: List of Main Applicable Laws and Regulations

This part mainly lists the main laws and rules applicable to the Group by ESG indicators in accordance with the requirements of “Relevant laws and rules that have a material influence on the issuer” in the “General disclosure” of the Guidelines of the Stock Exchange of Hong Kong.

Category	Name of Laws and Regulations
<b>Environmental Protection</b>	Environmental Protection Law of the People’s Republic of China
	Environmental Protection Tax Law of the People’s Republic of China
	Water Law of the People’s Republic of China
	Law of the People’s Republic of China on the Prevention and Control of Water Pollution
	Law of the People’s Republic of China on the Prevention and Control of Ambient Noise Pollution
	Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution
	Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution
	Environmental Impact Assessment Law of the People’s Republic of China
	Law of the People’s Republic of China on the Promotion of Cleaner Production
	Law of the People’s Republic of China on the Promotion of Circular Economy
	Integrated Emission Standard of Air Pollutants
	Integrated Wastewater Discharge Standard
	Emission Standards for Odor Pollutants
<b>Labor</b>	Labor Law of the People’s Republic of China
	Labor Contract Law of the People’s Republic of China
	Work Safety Law of the People’s Republic of China
	Special Equipment Safety Law of the People’s Republic of China
	Law of the People’s Republic of China on the Protection of Women’s Rights and Interests
	Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases
	Social Insurance Law of the People’s Republic of China
	Trade Union Law of the People’s Republic of China
	Regulations on Work-Related Injury Insurance
	Regulations on Emergency Response to Work Safety Accidents
Provisions on the Prohibition of Using Child Labor	
<b>Product Responsibility</b>	Trademark Law of the People’s Republic of China
	Patent Law of the People’s Republic of China
	Anti-unfair Competition Law of the People’s Republic of China

Category	Name of Laws and Regulations
<b>Anti-corruption And Corporate Governance</b>	Anti-unfair Competition Law of the People's Republic of China
	Anti-money Laundering Law of the People's Republic of China
	Anti-monopoly Law of the People's Republic of China
	Company Law of the People's Republic of China
	Securities Law of the People's Republic of China
	Interim Regulations on Prohibiting Commercial Bribery
	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
	Code of Corporate Governance for Listed Companies
	Basic Rules for Enterprise Internal Control
	Trade Union Law of the People's Republic of China
	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

## Appendix 3: Content Index of GRI Standards

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# Appendix 4: Reader's Feedback Form

We anticipate your opinions and suggestions to continuously improve our ESG efforts, as well as our competence in ESG management.

We hope you could complete the questions in the feedback form below, and send it back to us in the following methods.

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Address: No. 8, Longwan Road, Pengjiang District, Jiangmen City, Guangdong Province

Tel: +86 (0) 750-3506-078

E-mail: IR@lingyiitech.com

Fax: +86 (0) 750-3506-111

Postcode: 529000

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## Your Information

Name	
Employer	
Tel:	
Email	
Opinions & Suggestions	

1. What's your overall impression on our ESG report?

Excellent     Good     Average

2. Do you think this report has presented the significant impact of our ESG issues?

Excellent     Average     Not Know

3. How do you rate the clarity, accuracy and completeness of the information, data and indicators disclosed in this report?

Very High     High     Average     Poor     Very Poor

4. Which aspect of this report are you most satisfied with?

5. What kind of information do you want to learn more about?

6. Do you have any suggestions for the ESG reports to be released in the future?



# 2022

## Corporate Social Responsibility Report

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