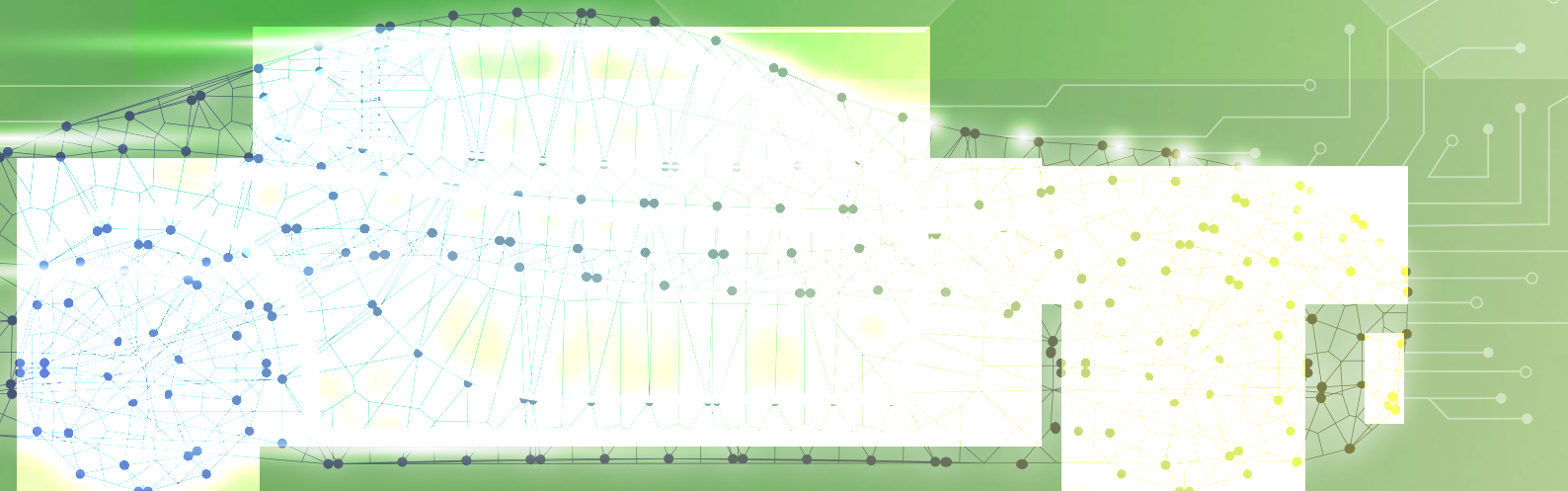




**MINTH GROUP LIMITED**  
**敏實集團有限公司**

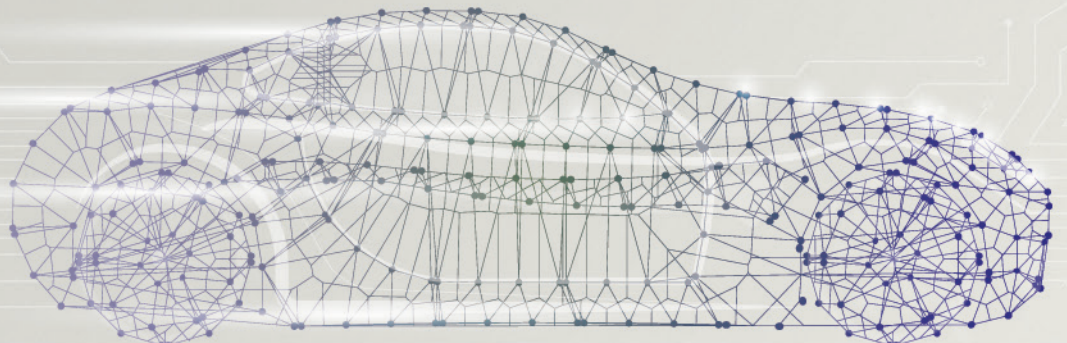
(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 425

**2019**  
ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT



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# ABOUT THIS REPORT

## SCOPE OF THE REPORT

This Environmental, Social and Governance (hereinafter referred to as “ESG”) report of Minth Group Limited, mainly disclosed the Group’s practice and performance in corporate governance, environmental management and social responsibility from 1 January 2019 to 31 December 2019 (hereinafter referred to as the “Reporting Period”) to meet the expectations and requirements of its stakeholders. The ESG related policies, statements, and data in this report involve the Group’s headquarters and the subsidiaries of the Company, and any inconsistency in the scope of disclosure will be explained in the report. If there is no specific explanation, the currency in this Report is RMB.

## REPORTING REFERENCE

This report was prepared with reference to Appendix 27 Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The content of this report was determined according to a set of systematic procedures, including identifying and prioritizing key stakeholders, identifying and prioritizing material ESG issues, deciding on the boundaries of the ESG report, collecting relevant materials and data, compiling the report based on the data, and reviewing the information in the report, etc.

## RELATED ABBREVIATIONS

For the convenience of presentation and reading, Minth Group Limited is referred to as “the Company”, and the Company together with its subsidiaries is collectively referred to as “Minth”, “Minth Group”, “the Group” or “we”.

## SOURCE OF MATERIAL AND ASSURANCE

The information and cases in this report mainly come from the Group’s statistical reports and related documents. The Group hereby affirms that this report does not contain any false records or misleading statements and that the Group is responsible for the authenticity, accuracy and completeness of its contents.

## CONFIRMATION AND APPROVAL

After confirmation by the management, this report was approved by the Board of Directors on 21 July 2020.

## ACCESS AND FEEDBACK TO THE REPORT

This report is available in Traditional Chinese and English. In consideration of environmental protection, we recommend you to read the electronic version of the report. The electronic version can be found on the Group’s website or the Company’s “Financial Statements/ESG Information” on the website of the Stock Exchange. We greatly value the opinions of stakeholders and welcome readers to contact us through the following methods. Your opinions will help us further improve this report and enhance the Group’s overall ESG performance.

Address: **No. 8 Dagang No. 6 Road, Ningbo Economic and Technological Development Zone, Zhejiang Province**

Tel: **86-574-86856322**

Fax: **86-574-86856330**

E-mail: **IR@minthgroup.com**

Website: **www.minthgroup.com**

# MESSAGE FROM THE MANAGEMENT

## Dear Stakeholders:

It is my great honour to share with you the ESG performance of the Group in 2019. As an enterprise with strong corporate social responsibility, we have been attentive to social development and dynamics. Along with the ESG management system, we constantly monitor and review our ESG performance and achievements.

The year 2019 witnessed the downturn of global auto market. In the context of this dire situation of the industry, we have hence placed more emphasis on sustainable development. We have been committed to innovation and empowering our employees, and continue to enhance our sustainable competitiveness to best encounter and seize opportunities in the ever-changing market environment.

Quality of our products is one of the keys to success. We strive to continuously improve the quality management system, promote Group-led quality management, build an intelligent lean system suitable for Minth, and promote a quality-first culture. Based on traditional products, we comprehensively promote research and development (“R&D”) of new products, new technologies and new materials, to lead the market with innovative products, and build the core competitiveness of products with advanced techniques and technologies.

As a production-oriented enterprise, we deeply understand the importance of ecological environmental protection on the long-term development of the enterprise, and we are committed to reducing the harmful impact of production and operations on the surrounding environment. Based on the top-down environmental management system, we have formulated five-year goals and corresponding improvement plans for energy saving and consumption reduction. We have also increased investment in environmental protection, and enthusiastically promoted photovoltaic power generation projects in factories in China and abroad to reduce the carbon footprint in the production process and achieve “green and intelligent manufacturing”.

Production safety underpins our smooth operation. We have established a complete safety management system, strengthened employees’ safety awareness and continuously improved safety facilities. Through advance prevention and safety hazard investigation, we work to reduce the occupational health and safety risks of our employees. Furthermore, we fully perform the responsibilities for safety production and are committed to providing employees with an intrinsically safe working environment.

We are aware that the sustainable development of enterprises depends on the long-lasting competitiveness of talents. We adhere to the principles of diversity, openness and inclusiveness, and implement the “Overall Wellness” system wherein we proactively communicate with employees and pay close attention to the rights and needs of global employees. We also continuously strive to reduce turnover and improve satisfaction of employees. Based on the global talent development plan and differentiated talent development plan, we aim to build a competitive “united team” to support the business development of the Group.

## Message from the Management

Our steady development is inseparable from the cooperation and support of our stakeholders. We strictly regulate the corporate social responsibility management of suppliers, and create a responsible industry value chain; We play an active role in industry communication and exchanges, and participate in R&D cooperation projects and industry standards formulation; and we move forward with partners in charity industry – with the focus on education and elderly care, so as to deliver value for the society.

Facing severe situations and more complicated market conditions in 2020, we will remain true to our original aspiration and spare no effort to make breakthroughs in innovation, enhance the ability of sustainable development and take on a more challenging year.

**Wei Ching Lien**

*Chairperson*

**MINTH GROUP LIMITED**

## 1 RESPONSIBILITY AND PROMISE FOR SUSTAINABLE DEVELOPMENT

In the context of rapidly changing market, the Group has steadily stepped into the global markets while continuously completing its strategic layout in domestic market. We adhere to the Minth culture to lead all employees, maintain and expand the market through a comprehensive strategic layout and constantly optimize the ESG management structure to ramp up the competitiveness of the Group and meet the ever-changing international market environment.

### 1.1 About Minth

The Group is primarily engaged in the design, manufacture and sales of trims, decorative parts, body structural parts, roof racks, battery housing and other related auto parts. The Group's manufacturing bases are principally located in China, the U.S., Mexico, Thailand and Germany, and in Serbia and the U.K. where production plants are under planning and construction. They are complemented by R&D, sales and design centres in China, Germany, the U.S., Japan and Korea in a move to facilitate product development and market expansion by fully leveraging the benefit of geographic proximity. The Group becomes the outstanding supplier of many world-renowned automobile manufactures. The ongoing growth and expansion of the Group has enabled it to serve major automotive markets around the world and to fully understand and fulfil the demand of its customers.

#### *Corporate culture*



## Responsibility and Promise for Sustainable Development

### *Strategic layout*

Aiming to become one of the top 50 global auto parts suppliers in 2025, the Group continues to promote and enhance the strategic layout of globalization, seizes the development trend — especially those highlighting the global production capability and the lightweight, intelligence and electrification of automobiles. During the Reporting Period, the Group stepped forward to integrate the product line, optimize the operation management mode, and upgrade the management platform, and actively deepened the partnership with its customers to realize the modularization of traditional products and the extension of existing technologies. Meanwhile, in combination with related industrial policies on new energy vehicles in the global markets, the Group accelerated the innovation, R&D and promotion of new products (such as battery housing and emblem for adaptive cruise control system (“ACC”), which will help the Group eventually realize balanced development among customers, form large-scale manufacturing advantages and maintain its leading position in the global markets.

#### **Global strategic deployment of products**

Achieve leading position in technology and build core competitiveness of global products to facilitate sustainable development

- Implement organisational transformation by establishing the four product business units (“BUs”), including plastic products, aluminium products, metal and trim products and battery housing, consolidated plants with similar manufacturing processes to enhance its global operational capabilities and ensure the Group's long-term development
- Continue to make improvements to the operational management system and global deployment. By coordinating BUs from the preliminary stages of strategic planning and product deployment, formulation of principles and plans and participation in decision making regarding product R&D, to the latter stages of obtaining and making decisions on business orders, the Group strives for professional and long-term development of its plants and to continue enhancing its global competitiveness
- Integrate the value chains of different modules and product development resources in domestic and overseas markets, to ultimately gain competitive edges and realise global resources sharing

## Responsibility and Promise for Sustainable Development

### Minth Operation Excellence System (MOS)

Achieve operational management changes to pre-emptive mode and promote standardised operations

- Promote the construction of MOS at its domestic and overseas plants in further depth and wider scopes
- Assess the plants in seven dimensions to ensure the effectiveness of MOS implementation at all plants and proper execution at all BUs and plants. Build benchmark plants for each BU to form the prototype MOS with Minth characteristics
- Build benchmark MOS lines for all pillars including workshop, quality, logistics and total productive maintenance in respect of all major products, and award Bronze Level certification to plants that have reached the relevant standards. Train MOS specialists through learning, application, teaching and testing to meet the Group's expected requirements

### ERP System

Develop the data standardisation system, business process system and operational management platform, and support the Group's globalised operation and sustainable outstanding performance

- Form “one uniform business process, one uniform set of data standards, one system platform” by standardising the management control module, and nurture “one professional team”
- Enhance the support for the upgrade of existing plants and formulate a mechanism for standardised management of BUs and quick response to both internal and external customers to assist digitalised operation and intelligent decision-making and to provide IT support for MOS through the integration of the ERP and the manufacturing execution system

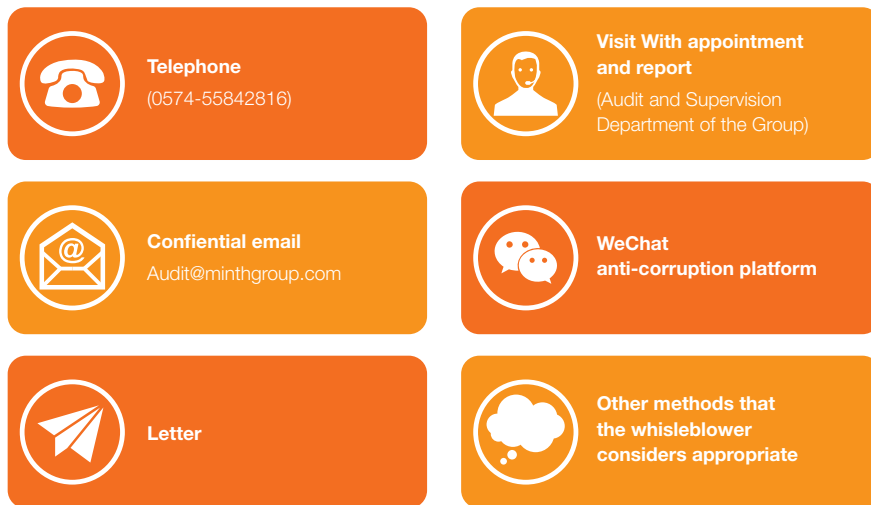
## 1.2 Integrity Operation

The Group is committed to improving the integrity management mechanism and strictly abides by the *Law of the People's Republic of China on Anti Unfair Competition*, the *Law of the People's Republic of China on Anti-money Laundering*, the *Provisional Regulations on the Prohibition of Commercial Bribery* and other laws and regulations governing integrity management. It also constantly optimizes the internal policies such as the *Minth Group Reward and Punishment Measures* and *Supplier Integrity Reward and Punishment Regulations*, under which suppliers are required to sign the *Minth Supplier Integrity Agreement* to regulate the business conduct of the supply chain.



## Responsibility and Promise for Sustainable Development

We also encourage our employees and partners to report corruption incidents through various channels and at the same time, carry out investigation procedures and supervision processes to assure the effective resolution of violations and create a corporate image of integrity.



### Whistleblowing Channels



### Whistleblowing Investigation Procedures

## Responsibility and Promise for Sustainable Development

We investigate the corruption within our Group in accordance with the supervision process for corruption incidents which includes: preparing an investigation report, summarizing the problems found during the investigation and giving suggestions to make a penalty decision. Our penalty decision on internal employees is proposed by the Audit and Supervision Department within 15 working days after the case is closed and submitted to the Human Resources Department for filing and implementation after approval.



### Supervision Process for Corruption Incidents

To reduce the moral hazard in business, all of our Group divisions conduct anti-corruption awareness training for new employees and publicize our “zero-tolerance” attitude towards corruption by sharing negative examples. In addition, the Audit and Supervision Department also carries out anti-corruption campaigns during high-risk period of major festivals (such as the Spring Festival and Mid-Autumn Festival) and will issue warnings to all employees and suppliers in the form of anti-corruption posters, so as to continuously enhance the integrity awareness of all employees and partners.

#### Anti-corruption education, discussion and training

The Group regularly invites local public security organs to carry out anti-corruption education and training. In October 2019, the aluminium business division of the Group invited relevant leaders of Economic Development Zone Branch of Huai’an Municipal Public Security Bureau, economic investigation team and other experts to conduct business safety and anti-corruption discussion and training for Jiangsu Hexing Automotive Technology Co., Ltd., so as to enhance the employees and management’s awareness of corruption and strengthen anti-corruption measures within the Company.

During the Reporting Period, the Group had no corruption-related litigation cases.

## Responsibility and Promise for Sustainable Development

### 1.3 Corporate Governance

#### *Corporate governance practice*

The Group commits to maintaining and ensuring a high level of corporate governance standards and continuously reviews and improves its corporate governance and internal control practices. Save as disclosed herein, the Company has fully complied with all code provisions set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 of the Listing Rules for the Reporting Period. Set out below are the principles of corporate governance as adopted by the Company during the Reporting Period.

#### *Distinctive roles of chairman, chief executive officer and senior management*

Mr. Chin Jong Hwa (“Mr. Chin”), the Chairman of the Company and CEO during the period from 1 January 2019 to 20 August 2019, was responsible for leading the Board in establishing and monitoring the implementation of strategies and plans to create values for the shareholders of the Company (the “Shareholders”), managing the operations of the Group’s businesses, proposing strategies to the Board and the effective implementation of the strategies and policies adopted by the Board.

With effect from 21 August 2019, Mr. Chin ceased to be the CEO, and Mr. Chen Bin Bo (“Mr. Chen”) was appointed as the CEO. With effect from 25 October 2019, Mr. Chin ceased to be the Chairman of the Company, and Ms. Huang Chiung Hui was appointed as the Chairperson of the Company.

Paragraph A.2.1 of the Code provides that the chairman and CEO should be separate and should not be performed by the same individual. During the period from 1 January 2019 to 20 August 2019 when the Company was in the process of identifying a suitable successor for the position of the Company’s CEO, the Board was of the view that the above arrangement was in the best interest of the Group, with the business of the Group predominantly managed on a daily basis by Mr. Chin. The Board held periodical meetings to consider major matters related to the Group’s operations and believed that such structure will not harm the balance of power and authority between Directors as Mr. Chin was one out of a total of seven Directors during the relevant period. The other executive Directors are designated for different functions, which are supplementary to the role of the chairman and CEO. The Board believes that such structure strengthened leadership and facilitated the effective operation of the Group during the relevant period. This deviation from the Code ceased as the Company appointed Mr. Chen as the new CEO on 21 August 2019, further details of which are set out in the Company’s announcement dated 21 August 2019.

The senior management is delegated to assist the executive Directors with the implementation of business operations and reports to the CEO.

## Responsibility and Promise for Sustainable Development

### *The Board*

As of 31 December 2019, the summary of the Board and its committees is set out as below.

Director	Position	Gender	Age	Time to be appointed as		Nomination Committee	Remuneration Committee
				Director	Audit Committee		
Huang Chiung Hui	Chairperson and Executive Director	Female	48	2016	N/A	N/A	N/A
Chin Chien Ya	Executive Director	Female	31	2016	N/A	N/A	N/A
Wang Ching	Independent Non-executive Director ("INED")	Male	65	2005	Member	Chairperson	Member
Wu Fred Fong	INED	Male	72	2009	Chairperson	Member	Member
Yu Zheng	INED	Female	51	2008	Member	Member	Chairperson

Save for their business relationships as a result of their respective directorships and positions in the Company and what is disclosed in their biographies on page 19 to page 21 of the Company's 2019 annual report, each of the members of the Board, including the Chairman and the CEO, does not have any significant financial, business, family or other material/relevant relationship among one another. The Company has received, from each of the INEDs, a confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs independent. The Board considered that each of the INEDs brings his or her own relevant expertise to the Board and its deliberations.

INEDs are allowed to seek advice from independent professional consultants while performing their responsibilities and the costs are to be borne by the Company. The Board has conducted a review of the effectiveness of the system of internal control of the Group.

Article A.4.1 of the Code stipulates that non-executive directors shall be appointed for a specific term and be subject to re-election. All the INEDs have been appointed for an initial term of one year.

## Responsibility and Promise for Sustainable Development

### *Audit committee*

The Group has established an Audit Committee with written terms of reference as suggested under the Code. Each member can bring to the Audit Committee his or her valuable experience in reviewing financial statements and evaluating significant control and financial issues of the Group who among themselves possess a wealth of management experience in the accounting profession or commercial sectors. The Audit Committee held two meetings during the Reporting Period.



The Audit Committee reviewed the financial statements of the Group for the Reporting Period prior to recommending the financial statements to the Board for approval. The Board was informed that the Audit Committee had conducted a review of the effectiveness of the system of internal control and internal audit function of the Group. The Board has not taken a different view from that of the Audit Committee regarding the selection, resignation or dismissal of the external auditors.

### *Remuneration committee*

The Company established a Remuneration Committee in November 2005. The Remuneration Committee held one meeting during the Reporting Period to discuss remuneration related matters including determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts.

In order to attract, retain, and motivate executives and key employees serving the Group, the Company has adopted a conditional share option scheme (the "2012 Share Option Scheme") on 22 May 2012. The 2012 Share Option Scheme aims at granting share options pursuant to its terms to those qualified persons who have contributed or will contribute to the Group as a reward or incentive.

Details of the number of Directors' emoluments are set out in note 12 to the consolidated financial statements of the Company's 2019 annual report and details of the 2012 Share Option Scheme are set out in the Directors' Report and note 42 to the consolidated financial statements of the Company's 2019 annual report.

## Responsibility and Promise for Sustainable Development

### *Nomination committee*

The Company established the Nomination Committee on 21 March 2012. During the Reporting Period, the Nomination Committee held one meeting to (i) review the structure, size and composition (including the gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board; (ii) assess the independence of INEDs; and (iii) adopt the Board diversity policy.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional knowledge and experience, industry knowledge and experience and technical skills. The Nomination Committee would consider and, where applicable, agree on measurable objectives for achieving diversity on the Board and make recommendation to the Board. During the Reporting Period, the Nomination Committee has not set any measurable objectives for implementing the policy. The Nomination Committee considered the current composition of the Board to be appropriate taking into account of the above.

### *Shareholders' rights*

Shareholders have the right to receive dividends according to the Company's dividend policy. Shareholders have right to raise questions and make suggestions on the business of the Company. All Shareholders shall have equal rights according to their respective shareholding and assume corresponding obligations. Shareholders are entitled to get access to and participate in the material matters of the Company as prescribed by laws, administrative regulations and the Articles.

Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisition(s) himself (themselves) may do so in the same manner.

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong Branch Registrar and Transfer office, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. If the Shareholders and the investors make a request for the Company's information, the Company will only provide such information to the extent that it is practicable to do so and such information is publicly available. Shareholders and the investors may communicate with the Company by mail, telephone, fax and email, details for which are made available on the Company's website.

## Responsibility and Promise for Sustainable Development

### *Director's training and development*

Development and training of Directors is an ongoing process so that they can perform their duties appropriately. The Company regularly circulates details of training courses which may be of interest to Directors. All Directors are encouraged to attend relevant training courses. During the Reporting Period, all Directors have participated in professional trainings to update their knowledge and skills. All Directors have provided the Company with their training records for the year. The Company Secretary has confirmed her attendance of more than 15 hours of professional training during the Reporting Period.

### *Investor relations and communication*

Through its Investor Relations Department, the Company maintains proactive communications with investors, sell-side analysts and other capital market participants so as to enable them to fully understand the operation and development of the Group. The Company's senior management presents in briefings or conference calls for its annual and interim results every year. Through various activities such as analyst meetings and road shows, senior management provides public investors with updates of important information and responds to key questions which are of concerns to the investors. This has helped to reinforce the understanding of the Company's business and the overall development of the industry. The Company holds its annual general meeting ("AGM") in Hong Kong or Mainland China every year. Shareholders are encouraged to attend the AGM, and voice any concerns or suggestions, so as to facilitate the direct communication between the Board and Shareholders.



The Company held its 2018 annual results briefing in Hong Kong in March 2019



The Company held the AGM in Hong Kong in May 2019

## Responsibility and Promise for Sustainable Development

The Group thoroughly maintains and enhances its transparency. Financial reports, public announcements and calendar of events of the Company are available to investors through its website <http://www.minthgroup.com>. The Company attaches great importance to maintaining communications with investors and sell-side analysts. During the Reporting Period, the Company accommodated about 140 visits and conference calls for investors or sell-side analysts, and participated in 16 investment forums, 6 of which were held by Chinese brokers, in order to enhance communication between the Company and investors. With the enrichment of the production footprints and product lines, the Group timely arranges on-site visits to help investors better understand the innovative products, production and operations of the Group. During the Reporting Period, plant tours at the Group's facilities in Ningbo, Huai'an, Jiaxing, Guangzhou, Wuhan and Qingyuan were arranged, during which participants visited the production lines at the Group's R&D Centre, and for the products such as aluminium products, chrome plated and painted products and door frames.

### 1.4 ESG Management

Since its inception, the Group has been adhering to the concept of "creating value for the society". Considering the orientation and operation of the Group, we have been seeking for improvement in product quality, intelligent innovation, green manufacturing, safe production, employee development, public welfare, and other aspects. We have been actively taking on social responsibilities while meeting the internal needs of our own development to achieve balanced development of nature, economy and society.

In order to effectively implement ESG management related work, we have established a top-down ESG management system, which is multi-level and led by the Board, with ESG Executive Committee as the core and ESG working team as the main execution staff, aiming to ensure sound and effective ESG management of the Group.



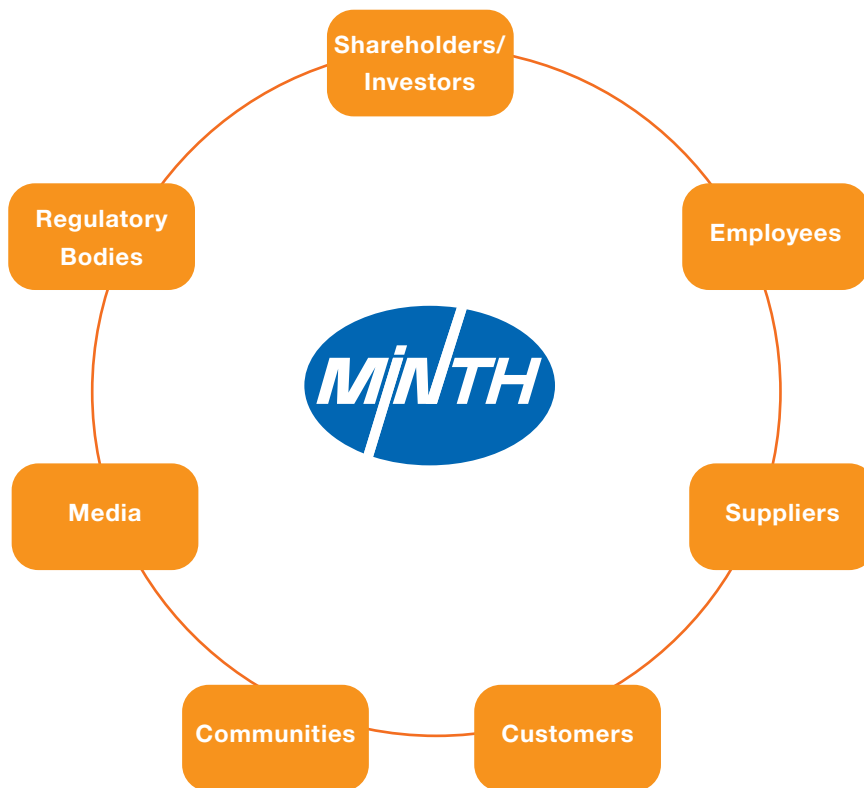
### ESG Governance Structure



## Responsibility and Promise for Sustainable Development

### *Stakeholder Identification and Communication*

The Group attaches great importance to communication with stakeholders and actively communicates with stakeholders in a regular and effective manner to understand their concerns, respond promptly to their requirements, and adjusts our development strategy. We identified the following seven groups of stakeholders who have decision-making power, influence on, and close relationship with us.



## Responsibility and Promise for Sustainable Development

The following table lists the concerned issues and the relevant communication methods for different groups of stakeholders.

Stakeholders	Concerned issues	Channels for communication/ feedback	Frequency/times
<b>Shareholders/ Investors</b>	– Business performance	– General Meeting of Shareholders	– Scheduled
	– ESG governance	– Finance statements	– Scheduled
	– Legal and regulatory compliance	– Results briefing	– Scheduled
		– Announcement	– Scheduled/non-scheduled
		– Roadshow	– Non-scheduled
	– Onsite visit/phone call/ written communication	– Non-scheduled	
<b>Employees</b>	– Compensation and benefits	– Employee training	– Scheduled/non-scheduled
	– Professional development	– Employee meeting	– Scheduled/non-scheduled
	– Health and safety	– Employee activities	– Scheduled/non-scheduled
		– Employee interview	– Non-scheduled
		– Internal journal	– Scheduled
<b>Suppliers</b>	– Supply chain management	– On-site investigation	– Scheduled/Non-scheduled
	– Product responsibility	– Supplier assessment	– Scheduled
	– Anti-corruption	– Communication on quality	– Non-scheduled
		– Phone call/written communication	– Non-scheduled
		– Suppliers conference	– Scheduled

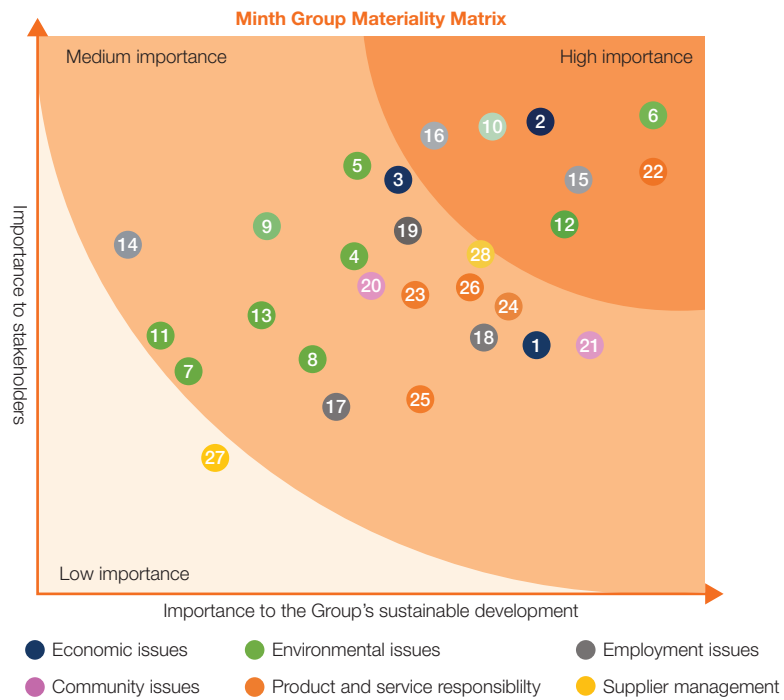
## Responsibility and Promise for Sustainable Development

Stakeholders	Concerned issues	Channels for communication/ feedback	Frequency/times
<b>Customers</b>	– Product responsibility	– Customer hotline	– Non-scheduled
	– R&D and innovation	– Customer satisfaction survey	– Scheduled
	– Information confidentiality	– Customer meeting and visiting	– Scheduled/Non-scheduled
		– Customer complaint settlement	– Non-scheduled
		– E-mail	– Non-scheduled
<b>Community</b>	– Green production	– On-site investigation	– Non-scheduled
	– Community investment	– Meeting	– Non-scheduled
	– Legal and regulatory compliance	– Charity and public services	– Non-scheduled
		– Co-construction of communities	– Non-scheduled
<b>Media</b>	– Community investment	– News release/ announcement	– Scheduled/Non-scheduled
	– Business performance	– Interview	– Scheduled/Non-scheduled
	– Product innovation	– Results briefing	– Scheduled
<b>Regulatory bodies</b>	– Regulatory compliance	– Monthly return	– Scheduled
	– Product responsibility	– News release/ announcement	– Scheduled/Non-scheduled
	– Health and safety	– Annual Report	– Scheduled
	– Green production	– Regular communication	– Scheduled

# Responsibility and Promise for Sustainable Development

## Materiality Analysis

During the Reporting Period, we held more than 10 in-depth interviews with various stakeholders to comprehend all levels of stakeholders' opinions and expectations on the environmental, social and governance issues of the Group. We also reviewed the materiality matrix and included the feedback of stakeholders in the same. As compared with the results from 2018, we noted that there is an increased importance of environmental and social risks in supply chains and professional development and training. In this report, we will elaborate on highly important issues as the focus, so as to inform the public about ESG performance of the Group during the Reporting Period and provide a strong foundation for the Group to develop a long-term strategy.



## Responsibility and Promise for Sustainable Development

Economic issues		Community issues	
1	Business performance and economic achievement	20	Maintenance of relation with community and local government
2	Corporate governance	21	Participating in charity and public service
3	Concept of sustainable development		
Environmental issues		Product and service responsibility	
4	Energy consumption	22	Ensuring the quality and safety of products and services
5	Water use	23	Protecting customer privacy
6	Pollutant emissions	24	Customer satisfaction and compliant handling
7	Effect of production activities on soil and groundwater	25	Product or service quality verification and recall
8	Greenhouse gas emissions	26	Innovative R&D
9	Generation and disposal of general solid waste		
10	Generation and disposal of hazardous waste		
11	Use of packaging materials		
12	Energy saving and emission reduction measures		
13	Measures to reduce noise during production		
Employment issues		Supplier management	
14	Compensation and benefits	27	Supplier diversification and localization
15	Health and safety	28	Environmental and social risks in supply chains
16	Professional development and training		
17	Employee diversity and equal opportunities		
18	Human rights protection		
19	Employee satisfaction		

## 2 CREATING BEAUTY OF INTELLIGENT MANUFACTURING WITH LEAN PRODUCTION

The Group implements its quality management system through sticking to a “zero defect” quality culture and practicing the concept of “do things right at the first time”. The Group focuses on continuous technological and product innovation and offers products and services beyond customer expectations, in order to ensure its long-term development and provide strong support to “adjusting structure and promoting development” of the automobile industry.

### 2.1 Excellent Quality

#### *Quality system*

To maintain the Group’s core competitiveness based on quality, we adopt the requirements of IATF16949:2016 (Automotive Quality Management System Standard) system within the whole Group and continue to implement internal audit, management review and third-party audit on the quality system. During the Reporting Period, the Group conducted audits on 28 factories in China and 6 overseas factories on the basis of the IATF 16949 automotive quality management system, with an 100% pass rate. At the same time, we revised the system documents for 21 times and compiled 8 new process documents. Catering to the Group’s development needs, we also started to make quality system documents available to all global operations, which is expected to be completed in 2020.

During the Reporting Period, we adopted the system of “five horizontal and five vertical” to promote the transformation and upgrade of the quality team to eventually strengthen quality management.

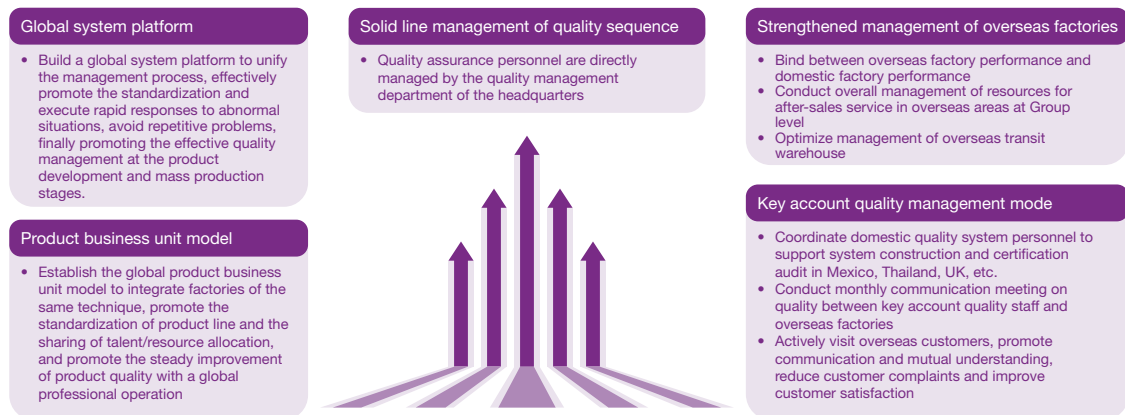


**Five horizontal and five vertical system**

## Creating Beauty of Intelligent Manufacturing with Lean Production

### Quality management

As to our actions in further promotion of the globalization of quality management, we have established a product business unit model, built a global system platform, carried out solid line management of quality assurance team, reinforced the management of overseas factories and adopted the key account quality management mode to strengthen quality management within the Group to guarantee the quality standard of the whole Group.



### Quality Management of the Group

#### MOS (Mint Operation Excellence System) helps to ensure excellent quality

During the Reporting Period, we carried out the Mint Operation Excellence System to audit each factory and comprehensively scored them in terms of quality, production, operation and other dimensions, so as to effectively improve lean production. The Group will continue to promote MOS in China and overseas factories with systematization and standardization to set up a MOS promotion organization with product line as its kernel and build up MOS expert teams focusing on each product line. Further, through learning from and duplication of best practices within the same product line or cross product line, the Group aims to rapidly enhance the capability of factory operation. We will also build an intelligent lean system with Mint characteristics with the support of SAP (enterprise management solutions) and MES (manufacturing execution system).



## Creating Beauty of Intelligent Manufacturing with Lean Production

During the Reporting Period, to strengthen the quality management of safety parts, the Group established a *Safety Parts Management Guide* — a document stipulates all aspects of safety parts management:

- By sorting out the requirements of traceability management, the Group further refines and differentiates the traceability levels into four levels: accurate traceability, important traceability, batch traceability, and general traceability to carry out traceability management applicable to various kinds of products and implement it in combination with SAP system
- The Group prepares the product sampling inspection plan. Towards products of different importance, the Group specifies the sampling inspection measures at all phases including incoming inspection, manufacturing process and shipment, and implements it in combination with SAP system

During the Reporting Period, the Group also took the following quality management measures to further improve the product quality:

### **Quality management measures**

Promoted automatic detection — including laser scanning, CCD (sensor) detection, etc.

Held weekly and monthly quality meetings in collaboration with the quality management team from the development centre, the factory and the quality department of the headquarters, aiming to implement quality management throughout the whole life cycle of the products

Evaluated quality management, promoted factory activities, and incorporated scores into performance appraisal

Formulated the after-sales field failure analysis (FFA) management guide, and standardized the management by setting budget objectives

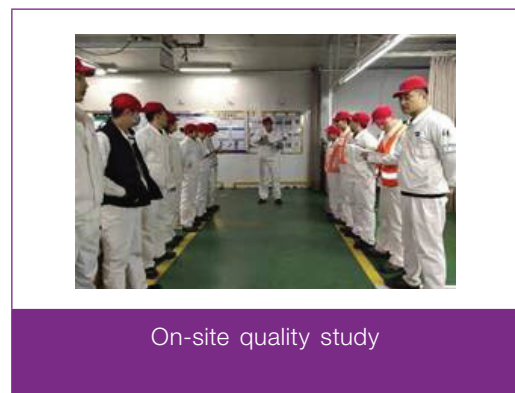
During the Reporting Period, there was no product recall of the Group.



## Creating Beauty of Intelligent Manufacturing with Lean Production

### Quality culture

The Group not only produces high-quality products underpinned by the quality management throughout the whole life cycle of the product, but also pays attention to the construction and implementation of quality culture and promotes the sharing and communication of quality management between domestic and overseas factories while continuously strengthening the quality awareness and skills of employees.



## Creating Beauty of Intelligent Manufacturing with Lean Production

### 2.2 Innovation and R&D

To effectively manage the innovation and R&D, the Group set up an R&D Centre integrating innovative product R&D and traditional product design, which is based in Zhejiang, China and complemented by a global presence to quickly respond to growing demand of its customers. During the Reporting Period, the Group intensified its R&D efforts and thoroughly promoted the development of new products, new technologies and new materials based on its traditional products. We established a material R&D centre and specified the application direction of high molecular materials. Our competitiveness in new products dramatically increased with the successful independent development of materials. In addition, we integrated global advanced technology resources, and constantly made breakthroughs in the fields of lightweight, intelligence, and electrification. Furthermore, we led the market with innovative products and built the core competitiveness of products with advanced techniques and technology. We continued to increase investment in innovation and R&D with RMB656 million R&D expenditure during the Reporting Period.

Innovation in the development and techniques of the products	Innovation in technology
<ul style="list-style-type: none"><li>• Developed innovative products towards modularization</li><li>• Consolidated the advantages of aluminium door frame, battery housing, ACC emblem, active grill shutter, plastic tailgate and other core products</li><li>• Strengthened R&amp;D in new areas such as intelligent exteriors and composite structural parts</li><li>• Continued R&amp;D of products such as plastic tailgate and lightweight door system, and improved the comprehensive deployment in patent application</li><li>• Continued to lead the R&amp;D of water-assisted injection moulded roof rack and laser-welded door frame in the industry</li></ul>	<ul style="list-style-type: none"><li>• Comprehensively optimized metal forming process, high molecular moulding process, and bonding process</li><li>• Independently developed the internationally leading battery housing process technology to ensure the mass production quality of battery housing and lead the development direction of battery housing process technology</li><li>• Additionally, established joint laboratories with a number of world's top-tier equipment suppliers to give full play to the advantages of internal and external resources to achieve efficient innovation and win-win cooperation</li></ul>

## Creating Beauty of Intelligent Manufacturing with Lean Production

### R&D achievements in 2019

During the Reporting Period, the Group won the following honours and awards in R&D:

Awards	Awards Issuer	Time
Zhejiang industrial Design Centre	Economic and Information Technology Department of Zhejiang	January 2019
National enterprise with an advantage in IPRs	National Intellectual Property Administration	February 2019
Zhejiang corporate research institute of intelligent production line of automobile parts	High and New Technology Division of Zhejiang Provincial Department of Science and Technology	February 2019
Ningbo high value patent portfolio of decorative sealing strip for high-end automobiles	Ningbo Intellectual Property Office	March 2019
Beilun innovation team of lightweight structural auto parts	Ningbo Science and Technology Bureau	August 2019
National Integration (Industrialization and Informationization) and Standardization Enterprise	Ministry of Industry and Information Technology	August 2019
Zhejiang patent Award	Zhejiang Intellectual Property Office	September 2019
Ningbo 2025 major project of forming and manufacturing technology of thermoplastic composites for automobiles	Ningbo Science and Technology Bureau	October 2019

## Creating Beauty of Intelligent Manufacturing with Lean Production

### *Intellectual property management*

The Group continues to put more effort in the management of intellectual property rights. During the Reporting Period, the Group issued the *Guidelines for the Management of Patent Retrieval and Analysis*, the *Guidelines for the Patent Management of New Product R&D* and optimized the *Guidelines for the Management of Patent Applications* and the *Guidelines for the Management of Patent Awards*. Among them, according to the *Guidelines for the Management of Patent Awards*, we increased the incentive amount for new product patents and introduced incentives for international patent application and authorization to encourage employees to work toward high-quality patents. The Group also tried hard to apply for international patents to support its strategic layout in globalization.

During the Reporting Period, 217 patent applications were filed for approval, among which 90 applications were related to invention patents. Furthermore, we encourage innovation and R&D by way of awards and in the Reporting Period, we awarded 102 employees for patents with a total award amount of RMB860,000.

#### Intellectual Property Month

In order to encourage employees to invent and create new ideas, the R&D Centre of the Group held a series of activities named Intellectual Property Month which included training, senior management interview, summit forum, award-winning quiz and acknowledgment of outstanding intellectual property contributors, with the accumulative participants reached over 1,000 person-times. This activity enabled the staff to better understand and master the knowledge of intellectual property, improved their awareness of intellectual property protection, created a good atmosphere to encourage innovation and protect intellectual property, and played a positive role in promoting the Group's intellectual property strategy in the future.



## 2.3 Dedicated Service

### *Customer communication*

Through regular visits and communication, regular customer satisfaction survey and other means, we continuously understand the needs of customers, and timely include their feedback in our works, so as to render products and services with high quality. During the Reporting Period, we actively solicited customer needs and developed corresponding projects for quality improvement internally to take real-time and effective response on customer demands.

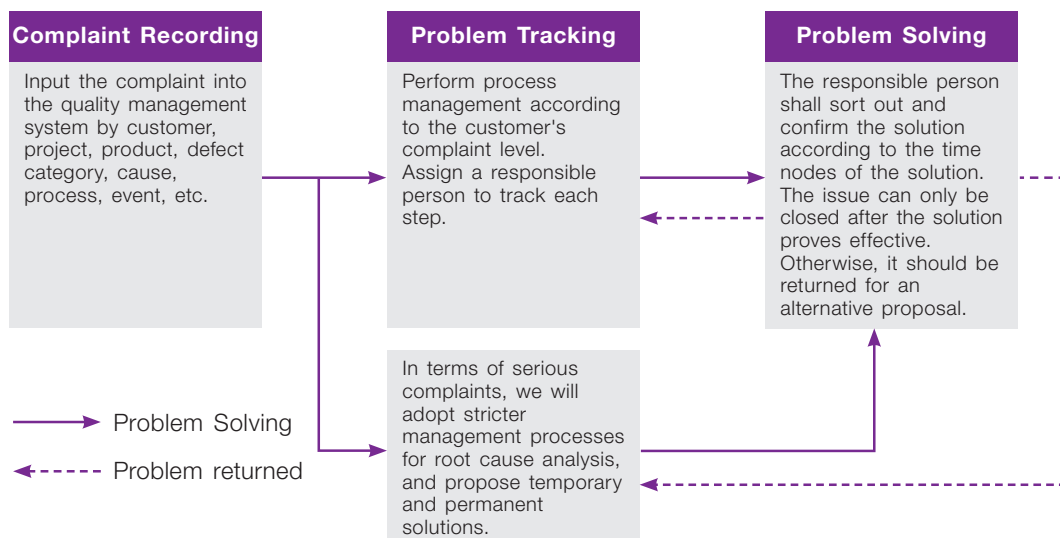
## Creating Beauty of Intelligent Manufacturing with Lean Production

### Customer satisfaction survey

Every January, each regional business team of the Group, based on the products and customers of their respective factory, conduct customer satisfaction survey of the previous year in terms of product quality, service, delivery, price, technical support, etc. and complete the customer satisfaction survey report as well as countermeasure analysis for tracking and implementation. During the Reporting Period, the Group performed well in product quality, on-site service and prompt response to problems. We also took timely measures to reinforce and improve the internal management regarding the survey results.

### Customer complaint management

The Group has formulated the *Guidelines for Customer Complaint Management*, the *Procedures for Management of Problem Solving and Improving* and *Handling of Escalated Matters for Problem Solving*. Customers can directly report the problem to the relevant responsible person at a subsidiary via phone calls or emails.

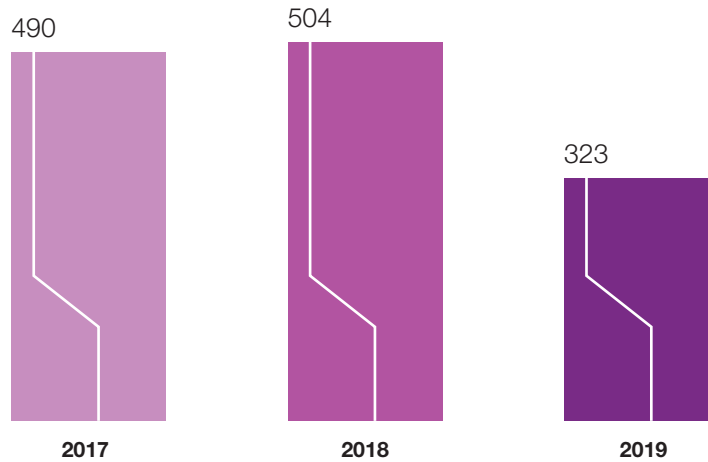


### Customer Complaint Handling Procedures

During the Reporting Period, we assigned key account quality management personnel to pay non-scheduled visits, reported customer complaints to the responsible engineer as quickly as practicable and held weekly risk meetings between the Group's senior management and key customers to further standardize the customer complaint management process and reduce customer complaints. Through our improvement in quality management and customer service, the Group received 323 customer complaints in total during the Reporting Period, which was about 36% lower than that in the same period last year.

## Creating Beauty of Intelligent Manufacturing with Lean Production

### Number of customer complaints



### Privacy protection

The Group emphasizes customer privacy protection and enhances information security management by establishing the following regulations:

- The Design Centre keeps the samples and drawings provided by the customer according to the customer category
- The information of models and parts of the customers are not allowed to be disclosed in any public report or document before the official release of vehicle models by customers
- In the business management system and project management system, different access and approval authorities are set for different customer data and information, which should be only available to the specific responsible person
- Set up white paper database for customers and carry out the data standardization management of different customers
- The *Technical Confidentiality Agreement* should be signed with all customers and suppliers, which shall clearly stipulate the scope of confidentiality and the rights and obligations of both parties

## Creating Beauty of Intelligent Manufacturing with Lean Production

### *Customer recognition*

During the Reporting Period, many of the Company's subsidiaries received recognition from their respective customers and some of the awards are as follows:

Awarded entities	Awards
Wuhan Minhui Automobile Parts Co., Ltd.	"Excellent Tier-1 Supplier" by Dongfeng Honda "2019 Central China NHC Gold Award" for twice by Dongfeng Honda "2019 Central China NHC Bronze Award" by Dongfeng Honda "2019 China NHC Silver Award" by Dongfeng Honda "Excellent Project Management Team Award" by SAIC GM
Wuhan Tokai Minth Automotive Parts Co., Ltd.	"2019 NHC Gold Award" by Dongfeng Honda "2019 Excellent Supplier of Dongfeng Honda" "2019 Tokai Kogyo QCC Gold Award"
Beijing Minth Automotive Parts Co., Ltd.	"Excellent Supplier" by Beijing Chang'an Automobile
Shenyang Minth Automotive Parts Co., Ltd.	"Excellent New Project Launch Team Award" by SAIC GM (Shenyang GM Beisheng Automobile Co., Ltd.) "Quality Improvement Award" by SAIC GM (Shenyang GM Beisheng Automobile Co., Ltd.)
Changchun Minth Automotive Parts Co., Ltd.	"Overcoming Difficulties in Product Quality Award" by FAW Hongqi
Guangzhou Tokai Minth Automotive Parts Co., Ltd.	"Quality Cooperation Award" by GAC Toyota

## Creating Beauty of Intelligent Manufacturing with Lean Production

Awarded entities	Awards
Guangzhou Minhui Automobile Parts Co., Ltd.	“Excellent Supplier Award” by Honda Motor (China) Co., Ltd
Jiangsu Hexing Automotive Technology Co., Ltd.	“Quality Progress Award” by FAW Volkswagen “Best Quality Award” by General Motors “Best in My Eyes” by BMW Brilliance
Jiaxing Minhui Automotive Parts Co., Ltd.	“JLR Cooperation Award” by Jaguar Land Rover
Jiaxing Minth Machines Co., Ltd.	“Excellent Cooperative Supplier” by Chang’an Mazda “Best in My Eyes” by BMW Brilliance



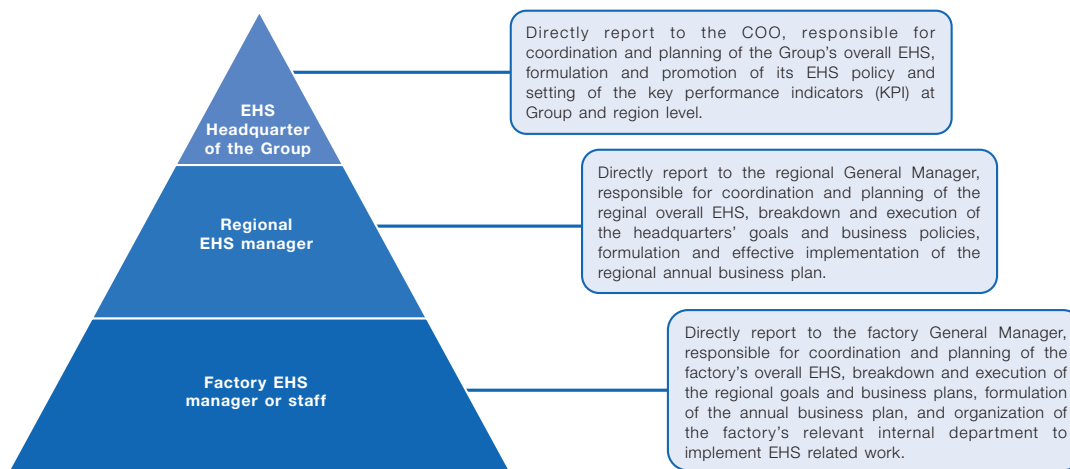
### 3 IMPROVING ENVIRONMENTAL PROTECTION THROUGH GREEN MANUFACTURING

The Group is deeply aware of its responsibilities in ecological environment protection and contribution to environmentally friendly society. We have aligned with the concept – “beautiful Minh”, constantly drive the process improvement to achieve energy conservation and emission reduction, and promote the use of environmentally friendly raw materials. We are committed to building a green factory with low pollution, low energy consumption and high efficiency. At the same time, we also penetrate green culture into daily operations and foster green awareness of employees.

#### 3.1 Environmental Management

The Group continues to improve the environmental protection management and strictly complies with laws, regulations and standards in countries, operating areas and industry such as the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *General Law on Ecological Equilibrium and Environmental Protection in Mexico*, the *Enhancement and Conservation of the National Environmental Quality Act* in Thailand, the *Environmental Impact Assessment Act* in Germany, the *Environmental Impact Assessment Act* in U.S.A. We also compile Environmental Management Manual, regularly collate the latest list of laws and regulations on environmental protection and improve the internal environmental management mechanism based on the latest requirements, ensuring the compliance of environmental protection management.

We have fully evaluated the operation characteristics of the Group and established an environmental management framework wherein the Group's environment, safety and occupational health (EHS) Headquarters is responsible for supervision, regional EHS managers are responsible for management, and factory EHS managers or staff are responsible for the implementation, to guarantee the effective practice of the environmental management system.



**Three-level EHS management**

## Improving Environmental Protection through Green Manufacturing

To establish a solid foundation in internal management for the sake of the Group's global strategic development, we continued to advocate the establishment of the environmental management system among overseas factories and further enhanced their environmental management capability. During the Reporting Period, one of the Group's factories in Mexico obtained ISO 14001 environmental management system certification.



In addition to operation in strict accordance with the requirements of various management systems, we also encouraged all subsidiaries to proactively carry out energy-saving projects and reduce the consumption of energy, water and other resources through process optimization and source control. We also managed the waste discharge in the production process, so as to decrease the impact of business activities on the environment.

During the Reporting Period, in order to effectively manage the Group's work in environmental protection, we formulated the five-year target of energy conservation and consumption reduction. We further broke it down into the annual goals, covering the use of energy and resources, exhaust gas discharge, wastewater discharge and solid waste discharge. Every year, we review where our goals stand and adjust our work plan for the next year. During the Reporting Period, we invested a total of RMB39 million in process transformation and equipment upgrading to ensure efficient environmental protection practices.

## Improving Environmental Protection through Green Manufacturing

### *Environmental protection culture*

Our environmental protection action cannot do without the participation of employees. In order to help employees deeply understand the significance and importance of environmental protection to the Group and its surrounding environment, we vigorously carry out environmental protection training and issue monthly EHS operation report to enable employees to understand the current EHS performance of the Group, encourage them to save resources, enhance their environmental awareness and reduce the overall impact on the environment.

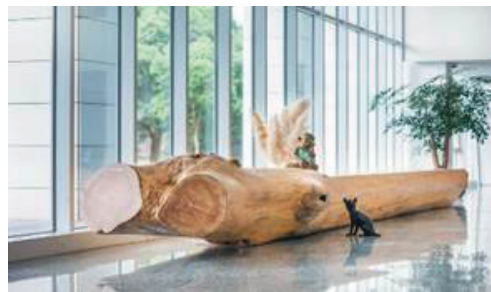
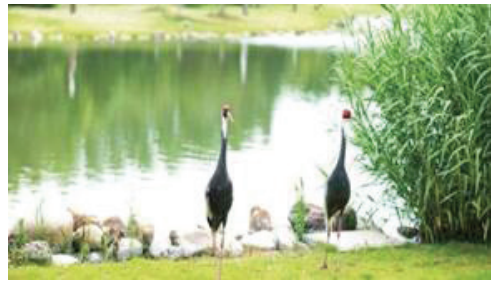
#### **Electronic signature**

We need to sign a large number of contracts every year during daily operations of the Group. In the process, we found that a total of 300,000 sheets of paper were required to sign 20,000 contracts, equivalent to 7,185 kg of CO<sub>2</sub>-equivalent<sup>1</sup>. In order to reduce the use of paper as well as Group's carbon emissions, we began to implement the electronic signature process for contract signing starting from the Reporting Period, cancelling the traditional contract stamping process, and reducing the printing and offline transmission of paper contracts.

<sup>1</sup> Calculated according to the emission factor in the Appendix 2 Reporting Guidance on Environmental KPIs of How to prepare an ESG Report published by the Stock Exchange. Energy consumption data for the Reporting Period covers both Chinese and overseas subsidiaries of the Company.

## Improving Environmental Protection through Green Manufacturing

The headquarter of the Group in Jiaxing combines a large area of green land and water, creating a green and healthy site, so that employees can stroll in a pleasant natural environment during break time, relax both physically and mentally, breathe fresh air and improve their work efficiency. Moreover, we arrange various green plants in the office building to purify indoor air and set up large area of French windows or skylights to enhance natural lighting and reduce office area electricity consumption.



## Improving Environmental Protection through Green Manufacturing

### 3.2 Saving Resources

The Group attaches great importance to the conservation of resources and continuously promotes process transformation and equipment upgrading. During the Reporting Period, the Group implemented a number of energy-saving process optimization, resource recycling, thus improving the overall efficiency of resource and energy use. We also strived to build a green factory to reduce our impact on natural resources.

#### *Energy management*

We earnestly follow the national policy on energy conservation and consumption reduction. On the basis of the Group's Energy Management Guidelines, we strictly control and monitor the energy use of each subsidiary. In the phase of project development and procurement, we identified energy consumption as an important index to strengthen energy conservation assessment. Meanwhile, our organization of energy conservation and consumption reduction actively promotes the effective implementation of the Group's energy-saving projects by analysing the energy consumption and output ratio of each regional factory, managing the factories by category, and sharing energy-saving technologies and management methods among all factories.

#### Energy-saving equipment transformation

- Conduct frequency conversion on a number of equipment, and manage the equipment operation through intelligent adjustment
- Conduct frequency adjustment on the motor according to the workload change of the air compressor, which improves the energy efficiency by 30%
- Adopt water temperature control in the circulating water system to turn on and off the water pump and fan according to the temperature, which is expected to save 20% of energy use
- Conduct energy-saving transformation of exhaust air frequency conversion on certain injection moulding machines to realize the control of air volume during discharge of materials and normal production to achieve energy saving effect
- Changed from steam heating into heat pump heating for hot water used in dormitories to reduce heat loss
- Add temperature detection module inside the power distribution box. The fan can be automatically turned on only when the temperature reaches the preset temperature to reduce unnecessary energy consumption. The annual energy saving is expected to be 64,800 kWh

## Improving Environmental Protection through Green Manufacturing

### Energy saving in Mexican Factory

We keep an eye on the energy use in production and operation and reduce energy consumption as much as possible by enhancing the energy-saving awareness of employees. In the Mexican factory, we set up an energy management and control team to track energy consumption in real time. We also offered energy-saving training and posted slogans to require employees to turn off all power after work before leaving and cut off the main switch before holidays.



The energy consumption of the Group during the Reporting Period was as follows:

Energy consumption			
Category	2019 <sup>2</sup>	2018 <sup>3</sup>	Unit
Purchased electricity	46,907	38,287	Ten thousand KWh
Natural gas	1,363	1,182	Ten thousand N/m <sup>3</sup>
Diesel oil	224	414	Tonne
Gasoline	167	205	Tonne
Direct energy consumption <sup>4</sup>	18,702	16,431	Tonnes of standard coal
Indirect energy consumption <sup>5</sup>	57,649	47,055	Tonnes of standard coal
Comprehensive energy consumption	76,351	63,486	Tonnes of standard coal
Comprehensive energy consumption per RMB ten thousand of output value	57.85	60.50	kg standard coal/RMB10,000

<sup>2</sup> The energy consumption data in 2019 covers both Chinese and overseas subsidiaries of the Company.

<sup>3</sup> The energy consumption data in 2018 only covers the Company's subsidiaries in China.

<sup>4</sup> Direct energy consumption includes natural gas, diesel and gasoline consumption.

<sup>5</sup> Indirect energy consumption refers to purchased electricity.

## Improving Environmental Protection through Green Manufacturing

### *Water resources management*

Water is an indispensable resource in our manufacturing and production. In order to systematically manage the use of water resources, each subsidiary of the Company has prepared a *Water Management Guide* suitable for its production process to standardize water use in living quarters, production, equipment maintenance and other aspects. During the Reporting Period, we adopted an array of water-saving and circulating water technologies, and continuously upgraded and transformed the water-saving facilities to improve the utilization efficiency of water resources.

#### Reducing water use by upgrading equipment

During the Reporting Period, the Group's factory in East China Region I introduced circulating water treatment equipment to reuse the wastewater for production process after treatment. We have added 7 sets of reclaimed water recycling equipment along the electroplating line of Minhui No. 1 Factory to reuse reclaimed water. In Minhui No. 2 Factory, we replaced fresh water with treated wastewater previously used by the anodizing line when supplying water for the electro-polishing cascade rinse tank; when supplying water for the dedusting tower, we replaced fresh water with the RO concentrated water, a by-product of pure water production. The circulating water greatly reduces the consumption of fresh water and decrease overall water consumption. In Jiaxing Minth Machines Co., Ltd., we adopted dissolved air flotation and biochemical processes for our water treatment process and added the MBR system to re-purify the discharged water. Purified water is used in pure water equipment to reduce the consumption of fresh water.



In Guangzhou Tokai Minth Automotive Parts Co., Ltd. in South China Region, we have carried out the hydraulic transformation on 20 sets of equipment. After the transformation, the efficiency of water resources has been improved, and it is estimated that 500 tons of water resources can be reduced every year.



## Improving Environmental Protection through Green Manufacturing

During the Reporting Period, the consumption of water resources of the Group was as follows:

Water consumption			
Category	2019 <sup>6</sup>	2018 <sup>7</sup>	Unit
Fresh water consumption <sup>8</sup>	5,046,965	5,081,130	Tonne
Water consumption per RMB ten thousand of output value	3.82	4.84	Tonne/RMB10,000

### *Packaging material management*

The Group strives to standardize the management of packaging materials during the production and operation process and continues to improve the efficiency of packaging materials. The packaging materials used by the Group in the production process are mainly paper, plastic, wood and metal. During the Reporting Period, the consumption of packaging materials of the Group was as follows:

Packaging material consumption			
Category	2019 <sup>9</sup>	2018 <sup>10</sup>	Unit
Packaging materials consumption	11,624	9,271	Tonne
Packaging materials consumption per RMB ten thousand of output value	8.81	8.84	Kg/RMB10,000

<sup>6</sup> The water consumption data in 2019 covers both Chinese and overseas subsidiaries of the Company.

<sup>7</sup> The water consumption data in 2018 only covers the Company's subsidiaries in China.

<sup>8</sup> The fresh water comes from the municipal pipe network and natural water bodies.

<sup>9</sup> The packaging consumption data in 2019 covers both Chinese and overseas subsidiaries of the Company.

<sup>10</sup> The packaging consumption data in 2018 only covers the Company's subsidiaries in China.

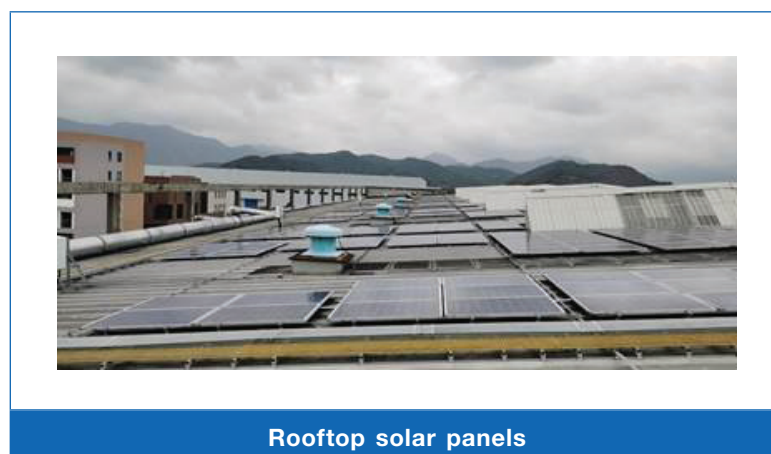


## Improving Environmental Protection through Green Manufacturing

### 3.3 Low-Carbon and Emission Reduction

#### *Carbon emission management*

As the global temperature keeps rising, we are more mindful of the importance of greenhouse gas emission reduction. Hence, the Group proactively promotes the use of clean energy during the production and operation of factories around the world. It has carried out photovoltaic power generation projects in East China Region I, East China Region II and Huai'an Region, and plans to start photovoltaic power generation projects in Mexico factories in 2020. During the Reporting Period, our photovoltaic power generation reached 8.1288 million KWh, equivalent to the saving of 2,500 tons of standard coal and reduction of 4,812 tonnes<sup>11</sup> of CO<sub>2</sub> emission. Furthermore, we have also utilized other solar energy, including solar cells for roadway lighting, and solar water heating systems.



During the Reporting Period, the greenhouse gas emissions of the Group were as follows:

Greenhouse gas emissions			
Category	2019 <sup>12</sup>	2018 <sup>13</sup>	Unit
Scope 1 greenhouse gas emissions	30,529	27,330	Tonnes of CO <sub>2</sub> e
Scope 2 greenhouse gas emissions	312,662	259,595	Tonnes of CO <sub>2</sub> e
Total greenhouse gas emissions	343,191	286,925	Tonnes of CO <sub>2</sub> e
Greenhouse gas emission per RMB ten thousand output value	0.26	0.27	Tonnes of CO <sub>2</sub> e/RMB10,000

<sup>11</sup> It is calculated based on the average coal consumption of the standard power supply and the carbon dioxide emissions per unit of electricity generated in the *China Power Industry Annual Development Report 2019*.

<sup>12</sup> The greenhouse gas emissions in 2019 covers both Chinese and overseas subsidiaries of the Company.

<sup>13</sup> The greenhouse gas emissions in 2018 only covers the Company's subsidiaries in China.

## Improving Environmental Protection through Green Manufacturing

### *Pollutant discharge management*

The Group is highly concerned about the emission of pollutants generated in the process of production and operation. In accordance with the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution from Solid Waste* in China; the *Clean Water Act*, the *Clean Air Act*, and the *Solid Waste Management Act* in the U.S.A.; and the *National Water Resources Law of Mexico and Waste Prevention Rule* in Mexico; the *Enhancement and Conservation of National Environmental Quality Act* in Thailand and *Emission Control Law* in Germany and other laws and regulations, we have formulated internal standardized control measures for pollutant treatment, such as the *Three Wastes Treatment Standardization – Electroplating Wastewater*, the *Three wastes Treatment Manual – Coating Wastewater Treatment*, *Standardization of Polishing Dust Treatment*, to optimize the pollution management and control level. We actively transformed and upgraded various processes and treatment facilities to control pollutants from the source and minimize the impact on the ecological environment.

## Improving Environmental Protection through Green Manufacturing

For the waste gas and dust particles generated in the operation process, we have installed water mist dedusting towers, the regenerative thermal oxidizer (RTO), thermal recuperative oxidizer (TNV) and other waste gas treatment facilities to effectively control waste gas emission, so as to ensure the emission of air pollutants up to standard.

### Treatment measures of volatile organic compounds (VOC)

VOC, classified as substances that have serious impact on human health, are mainly coming from coatings, paints and adhesives that are used in production. In order to manage VOC emission, during the Reporting Period, the Group's factory at Huai'an Region upgraded its facilities and invested more than RMB5 million to add a set of RTO waste gas treatment equipment for catalytic incineration. The Group also installed RTO online monitoring equipment to monitor VOC emission in real time.



Tianjin Shintai Automotive Parts Co., Ltd. in North China Region of the Group also upgraded VOC treatment from the original UV photocatalysis system to the alkaline scrubber + UV photocatalysis + activated carbon system, thereby adequately improving the production and operational environment to meet discharge requirements.



In Guangzhou Minhui Automobile Parts Co., Ltd. in South China Region of the Group, we upgraded air emission management equipment from the activated carbon adsorption to absorb VOC to the multi-layer absorption system of alkaline scrubber + UV photocatalysis + activated carbon, which increased the VOC absorption rate to about 82%, and reduced the VOC emission by 1,985.3 kg annually.



## Improving Environmental Protection through Green Manufacturing

### NOx emission management of Zhengzhou Minhui Automotive Parts Co., Ltd.

In an effort to reduce the emission of nitrogen oxides and control from the source, Zhengzhou Minhui Automotive Parts Co., Ltd. in Central China Region employed the boiler equipment of low nitrogen gas to replace coal as the energy source, which greatly reduces the emission of nitrogen oxides.



The wastewater is mainly generated from the manufacturing process and canteen. In order to ensure the discharge of all sewage up to the standard, we have taken a series of measures by using circulating water treatment equipment, installing wastewater online monitoring devices, and employing wastewater pre-treatment systems to manage the wastewater discharge.

#### Circulating water treatment equipment

- Jiaxing Minhui No. 2 Factory used the waste sulfuric acid generated from the sink of anodizing line instead of industrial sulfuric acid and supplied to the wastewater station, saving sulfuric acid and lye
- Ningbo Taiyong Automotive Parts Co., Ltd. transformed circulating water of the vacuum system, which effectively reduced the discharge of wastewater

#### Technique transformation

- The R&D Center carried out technique transformation on the machine tool of the machining center, and transformed from cooling by saponified lye to cooling by air blowing, which is expected to reduce 6.2 tons of wastewater annually

## Improving Environmental Protection through Green Manufacturing

Pollutant Emissions			
Category	2019 <sup>14</sup>	2018 <sup>15</sup>	Unit
<b>Exhaust emission</b>			
Nitrogen oxide	72	17	Tonne
Sulfur dioxide	6.7	1.0	Tonne
<b>Wastewater discharge</b>			
Industrial wastewater	3,469,527	2,111,322	Tonne
Chemical oxygen demand	981	137	Tonne
Ammonia nitrogen	19.7	3.4	Tonne

### *Waste Management*

To reduce the environmental impact of waste generated during the production and operation activities, we have formulated the *Waste Resource Management Guide* pursuant to the production process and relevant local laws, regulations and standards to guide employees to sort out, collect, store, transfer and treat the wastes, so as to ensure the compliant disposal of all kinds of wastes.

Our treatment methods vary from the type of waste generated, including recyclable waste, non-recyclable waste and hazardous waste. During the Reporting Period, in order to promote the efficient implementation of waste classification and respond to the call of the local government, Guangzhou Tokai Minth Automotive Parts Co., Ltd. and Beijing Minth Automotive Parts Co., Ltd. carried out waste classification management and control within the factory. As a part of this initiative, we publicized the ideas of waste classification to all employees and posted classification labels to ensure that employees correctly classify and recycle wastes.

<sup>14</sup> The pollutant emissions in 2019 covers both Chinese and overseas subsidiaries of the Company.

<sup>15</sup> The pollutant emissions in 2018 only covers the Company's subsidiaries in China.

## Improving Environmental Protection through Green Manufacturing

### Waste reduction measures

In Guangzhou Tokai Minth Automotive Parts Co., Ltd. in South China Region, we use the flocking recycling machine to achieve zero-emission of fluff.



In Beijing Minth Automotive Parts Co., Ltd. in North China Region, we develop a hazardous waste management plan to reduce the use of saponified lye through process transformation, so as to reduce the generation of hazardous waste.



In Zhengzhou Minhui Automotive Parts Co., Ltd., in Central China Region, we install waste recycling equipment to crush injection granulates and recycle them as raw materials.



During the Reporting Period, solid waste disposal of the Group was as follows:

Waste disposal			
Category	2019 <sup>16</sup>	2018 <sup>17</sup>	Unit
Hazardous waste	21,989	18,092	Tonne
Hazardous waste per RMB ten thousand of output value	16.66	17.24	Kg/RMB10,000
Non-hazardous waste	33,544	21,862	Tonne
Non-hazardous waste per RMB ten thousand of output value	25.42	20.83	Kg/RMB10,000

<sup>16</sup> The waste disposal in 2019 covers both Chinese and overseas subsidiaries of the Company.

<sup>17</sup> The waste disposal in 2018 only covers the Company's subsidiaries in China.

## Improving Environmental Protection through Green Manufacturing

### *Noise management*

The Group attaches great importance to the potential impact of the equipment noise on our surrounding environment and communities. We hence regularly monitor the noise in the factory to ensure that it complies with the requirements of relevant laws and regulations. Besides, we continue to implement noise reduction measures and actively carry out noise reduction transformation to minimize the impact on the surrounding environment.

#### Noise Control Measures

- Place fans in sound-insulating rooms with sound-absorbing cotton in the walls to reduce noise diffusion;
- Equip machines in the workshop with protective covers with sound-absorbing cotton attached inside to reduce the negative impact of noise on line workers.

## 4 ENSURING INTRINSIC SAFETY FOR OVERALL WELLNESS

Production safety is the cornerstone for our smooth operation, we strive to provide a safe workplace for employees and establish a three-level EHS management structure in order to implement safety management policies, increase employees' safety awareness and strengthen the control over health and safety risks through performance appraisal, regular special safety inspections and safety education activities.

### 4.1 Safety Management

The Group is in strict accordance with national, regional and industry laws, regulations and standards on occupational health and safety, including the *Production Safety Law of the People's Republic of China*, *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, *Occupational Safety and Health Act* in the U.S.A., and continuously pushes the transition from the OHSAS 18001 Occupational Health and Safety Management System to ISO45001 standard according to the requirements of occupational health and safety management system and the actual operation of the Group, and it continues to optimize the *Manual for Occupational Health and Safety/Environment Management*. During the Reporting Period, Changchun Minth Automotive Parts Co., Ltd. acquired ISO 45001 Certificate on occupational health and safety management systems.



**Certificate on occupational health and safety management systems for Changchun Minth Automotive Parts Co., Ltd.**

During the Reporting Period, we made a Three-Year EHS Plan for 2019–2021 with the aim of reducing the safety risk during operation so as to further elevate the management level of production safety. Upon our request, all suppliers must sign the *Safety Responsibility Agreement* before entering the construction workplace and we also provide safety training for constructors. Before the operation, the contractors must finish the *Risk Assessment Table for Contractors' Operations*. They are not allowed to implement hazardous operations until they are approved to do so. Simultaneously, we arrange on-site supervisors and EHS managers to conduct non-scheduled inspections during the construction process to ensure construction safety.

During the Reporting Period, the Group found no work-related fatality, and the hours lost due to work-related injuries was 7,479 work-hours in total.



## Ensuring Intrinsic Safety for Overall Wellness

### 4.2 Production Safety

In order to accomplish the annual goals of safety operation set by the subsidiaries of the Company, we have formulated internal systems such as the *Emergency Preparedness and Response Management Procedures*, *Contingency and Disposal Plan for Chemical Leakage*, *Emergency Preparedness and Corresponding Management Procedures* for common safety incidents, which can help us effectively respond to emergencies and reduce the impact of incidents as much as possible. During the Reporting Period, we added an incident record system on the basis of the existing safety risk improvement system under which the management team lead safety hazard identification, conduct routine safety education and emergency drills to ensure the safe and stable operation of the Group.

With internal safety management systems and standards, including the safety hazard system, the record system of work-related injuries and newly-added incident record system in 2019, the Group timely responded to incidents, punished incident-related personnel, made optimization according to the characteristics of different processes, and managed and controlled safety incidents happening in the production process to prevent incidents.

#### The newly-added incident record system

During the Reporting Period, we added an incident record system on the basis of the existing safety hazard improvement system and a record system of work-related injuries. We required responsible personnel to conduct investigations and upload the results to the system within two days after the incidents happened so that the EHS managers could intuitively learn the cause of the safety incidents and control the process.

#### Safety hazard identification at Jiaxing Minth Machines Co., Ltd.

To strengthen safety management, we focused on the quality management of production safety at Jiaxing Minth Machines Co., Ltd. during the Reporting Period. We also asked its General Manager to lead the team to identify potential safety hazards every week, make improvements toward the safety hazards detected on the site in the same week, and submit the monthly summary to the Group's safety hazard improvement system. Besides, each department of the factory assigned a part-time safety manager to assist the department to carry out internal safety management. The recordable DIFR (disabling incident frequency rate) per million working hours in the Reporting Period was 1.5 PPM (parts per million), lower than 3.7 PPM in the same period last year.

**The Group carried out emergency drills in several subsidiaries**

In June 2019, Tianjin Shintai Automotive Parts Co., Ltd. in North China Region of the Group organized all employees to carry out the annual “fire drill”, which included emergency escape, assembly and report, evacuation and emergency treatment, fire extinguishers and fire hydrants practices, and fire extinguishing system activation. Also, firefighters were invited to explain the correct usage of fire extinguishers, fire hydrants and respirators to enhance the emergency escape ability of all employees.



In the R&D Centre, we cooperated with the street-specific fire squadron, hospital and other organizations to hold a joint fire drill in the plant. A total of about 500 people participated in this fire drill, including evacuation, emergency treatment, equipment operation and other steps. After the drill, we invited the fire squadron to train employees on firefighting practice to improve their firefighting skills.



At the Mexican factory, we held training on firefighting, search and rescue, and emergency treatment to improve employees' ability to respond to fires and emergencies.



## Ensuring Intrinsic Safety for Overall Wellness

### 4.3 Occupational Health

To ensure the health and safety of employees, we make efforts in improving workplace safety in terms of noise, dust, health check-ups and installation of safety equipment, and providing employees with a healthy and safe working environment.

#### Facility and equipment upgrade for occupational health

During the Reporting Period, in order to reduce the noise in the workshop, Guangzhou Tokai Minh Automotive Parts Co., Ltd. placed booster pumps of 6 production lines together and installed silencing equipment to reduce the impact of the noise generated by the booster pump on employees. At the same time, we have also applied silencing covers to the water sink for 9 production lines to reduce the noise generated by production equipment.



The Group has upgraded and remoulded the dust removal system in its Huai'an Region to reduce the harm caused by dust to employees' health. During the Reporting Period, C5 polishing workshop was equipped with 5 sets of wet dust removal systems to optimize the working environment in the workshop; we renovated and maintained the existing ventilation and dust removal systems to increase ventilation and strengthen the dust removing capacity; and we increased automatic robotic arms for polishing process gradually in replacement of certain manually polishing posts to reduce the number of people exposed to dust.



Wet dust removal



Remodeling and maintenance of ventilation systems



Automatic robotic arms for polishing process

**Facility and equipment upgrade for occupational health**

At the R&D Centre, the fixed dust collectors was replaced by dust collection devices with exhaust system for laser welding line of roll-forming door frames. Compared with the fixed dust collector, the latter one can quickly deal with the hazards caused by smokes from the laser welding and reduce the hidden danger of smouldering in the fixed dust collector. Additionally, the dust collection devises with exhaust system can reduce the blowing noise. According to actual measurement, the noise before installation of the device was 120 decibels while that after the installation was reduced to be below 80 decibels.



At the beginning of 2020, the COVID-19 began to break out. To ensure the safety of employees, we made quick responses by taking various protective measures to reduce the risk of employees being infected with the coronavirus.

## Ensuring Intrinsic Safety for Overall Wellness

### Measures for Epidemic Prevention

- Senior management held epidemic management meeting at scheduled time every morning and made promptly responses according to actual situations of the government and factories.
- Set up regional epidemic prevention groups, and assigned personnel from EHS, HR, PR and other departments as epidemic prevention contact persons to coordinate with local government, so as to receive, deliver and implement the government's requirements over epidemic prevention at the earliest time. The HR Department used various online tools to promptly capture and track important data of employees, including their health conditions, movements, and information of return trips, and promptly reported those data following the requirements of governments and the Company.
- Based on the requirements of governments, we have made further efforts to put measures for epidemic prevention measures into force, such as implementing isolation management between factories and the headquarter offices, specifying an area for dining in batches, and the HR and EHS Departments issuing passes to employees who were allowed to enter plant areas only after their movement trajectories were checked. We measured all personnel' temperature and checked their qualifications for work resumption before they went to work, distributed masks for coronavirus prevention, and disinfected the workplace every day.
- We have purchased a large number of supplies including masks, disinfectant fluids, and thermometers, and the Chief Operating Officer took charge of the allocation of epidemic prevention materials within the whole Group in person to ensure the reasonable use of protective facilities and the health of employees.
- After obtaining the qualification for work resumption, we organized the return of employees in strict accordance with the requirements of epidemic prevention. We specified certain areas such as Pearls' Homes, employees' dormitories, and hotels to quarantine employees in batches before they returned to work, we required the HR Department and logistic employees to pay close attention to return trip plans and quarantine management of employees, took their daily temperature and serve meals, and recorded when they are quarantined and released. Each employee with the flu-like symptoms during the quarantine would be tracked by the HR Department on a one-on-one basis.
- In order to ensure safety of return trips of employees, we arranged special vehicles in some areas to pick up employees who return to the city for work after the approval of government authorities. At the same time, we worked closely with the governments to enable employees back to work through "special trains" and "special planes" arranged by the governments.

#### 4.4 Safety Culture

The Group is committed to creating a safe production environment and also actively improving the safety awareness of employees inside and outside the factory through various safety activities and trainings. During the Reporting Period, we carried out many educational activities for production safety, such as safety knowledge contest and production safety training. Every year, we develop an annual training plan for production safety and continuously add new elements to the training contents according to customers' requirements.

Since 2019, we have strengthened the management of safety training and required each subsidiary to organize a half-hour seminar for promoting safety awareness every day as well as a formal safety training once a week. Meanwhile, we also invited governmental experts and external consulting companies to conduct safety training for our employees. In addition, we also warned and called on employees to keep cautious of incidents at morning meetings to effectively enhance their safety awareness.



Production safety training in Huai'an region

## Ensuring Intrinsic Safety for Overall Wellness

### Trainings on safety knowledge were held in certain subsidiaries of the Company

During the Reporting Period, Changchun Minth Automotive Parts Co., Ltd. in the North China Region arranged over 30 safety trainings for employees and contractors, involving over 800 person times in total, which not only enhanced the safety awareness of internal employees but also further educated contractors with our safety standards and our emphasis on safety. While reducing our safety incidents, the training also helped contractors lower their incident rate.



Guangzhou Minhui Automobile Parts Co., Ltd. in the South China Region provided training on chemicals and emergency treatment knowledge for middle-level and grass-root managers to strengthen them in the use of chemicals and master of knowledge of emergency treatment. This training enabled managers to properly deal with safety incidents when it occurs and take appropriate measures to reduce human injuries and property losses.



During the Reporting Period, the R&D Centre of the Group held activities including emergency treatment training, lectures on safety knowledge, and traffic safety training, and invited subsidiaries in Huai'an Region and East China Region I to join to the training online.



安全大讲堂					
课程名称	讲师	培训时间	培训对象	参训人数	平均成绩
电气安全	郑鹏达	7/17	电气装配、维修人员及其主管	20	92.4
仓储安全	向群龙	7/25	仓储房区域相关工作人员	9	90.1
合绿化学品安全	赵飞	小课 7/30	合绿人员及其主管	5	79.0
实验室设备化学品安全	黄桂萍 李新航	7/25	实验室设备、化学品使用人员	53	87.0
厨房燃气安全	张幸丰	7/25	厨房全体工作人员	13	-

## Ensuring Intrinsic Safety for Overall Wellness

Moreover, we also organized a variety of safety knowledge contests and publicity activities to increase employees' engagement and their attention to safety through competitive and interesting activities, so as to create a culture of production safety and enhance employees' safety awareness.

### Safety knowledge contest

On 29 October, 2019, the Operation Management Department and the Labour Union at the R&D Centre held the Fifth Safety Knowledge Contest at the office building (headquarter) of the Group. Functional units under the R&D Centre delegated 7 teams with 21 players in total to participate in the final round which was witnessed by 289 employees present. This activity encouraged employees to deeper their understanding of safety knowledge in a competitive and interesting way and carried forward the concept of safe production.



The Fifth Safety Knowledge Contest

Jiaying Minsheng Automotive Parts Co., Ltd. in East China Region I carried out a series of knockout activities under the “taking safety as the priority, you can always return home safely” initiative as the theme to promote safety knowledge. Meanwhile, it also held stories sharing activities wherein an employee was selected to tell about his own experience of the safety incident each day. This move enhanced their vigilance against safety hazards and the ability to deal with hazardous situations by learning about safety incidents that happened to their colleagues and how they overcame it in addition to the precautionary measures to avoid such circumstances in the future.



## Ensuring Intrinsic Safety for Overall Wellness

### Safety knowledge contest

Wuhan Tokai Minth Automotive Parts Co., Ltd. in the Central China Region also organized safety activities, including the knowledge contest of “fighting to the end for safety” and special inspections of power distribution cabinets, which enhanced employees’ participation in such contests in an interesting way and improved their safety management skills.



“Fighting to the end for safety”



Special inspections of power distribution cabinets

Furthermore, the Group’s factories in East China Region I launched interesting safety activities to enhance employees’ participation in safe production. Through activities such as sports games for safety, 8-episode WeChat quiz, Who’s the Detective for Safety Hazard, safety knowledge contest, and Safety Star Team, which helped to change employees’ attitude toward boring impression on production safety knowledge and improve their understanding of it.



## Ensuring Intrinsic Safety for Overall Wellness

### Publicity of traffic safety for our commuters

During the Reporting Period, the Group launched a campaign with the theme of “who is responsible for the safety of riders” in its East China Region I, aiming to improve the safety awareness of employees who commute by electric bicycles. We conducted safety education on various occasions such as daily morning meeting, meeting of each production group and WeChat group; electric bicycle riders are required to wear safety helmets, never to drive the electric bicycles which are not in accordance with national regulations or unlicensed, never to drive against the traffic or give rides to other people during commuting. We also invited the traffic police brigade to hold on-site training and promote the importance of travel safety.



### Safety publicity campaign through comic exhibition

During the Reporting Period, the Group’s factory in Huai’an Region organized a comic exhibition about safety. They invited employees’ children to express their blessings to employees through comics and postcards. While employees were touched, their sense of responsibility for safety is also enhanced. This activity helps to spread the culture of “production safety”.

## 5 REACHING A CULTURAL CONSENSUS, BUILDING A UNITED TEAM

A united team is critical for us to embrace change and achieve rosy prospects with “intelligence”. We believe that unity begins with trust while trust starts by establishing connections with each other. We are hence committed to creating an atmosphere with care, recognition, positivity and appreciation where we constantly discover the strong points of our employees and pay attention to the progress and growth of each employee.

### 5.1 People-oriented

#### *Employee introduction*

In strict accordance with laws and regulations as well as policies issued by labour authorities in our areas of operation, including the *Labour Law of the People’s Republic of China*, *Labour Contract Law of the People’s Republic of China*, *Trade Union Law of the People’s Republic of China*, *Labour Laws of Mexico*, *Labour Laws of Germany*, *Labour Relations Act of Thailand*, *Labour Protection Act of Thailand*, and *Labour Laws of the United States*, we continuously review and improve our human resources management policies. During the Reporting Period, the Group revised six policies for human resource management to fully protect the legitimate rights and interests of employees worldwide. Based on the *Internal Control and Approval Policy of Human Resources*, every year we arrange trained and certified internal controllers to visit the headquarter of the Group and factories at different regions to audit the execution of the policies. Besides, we also request relevant factories to make timely rectification based on the audit results to ensure that each policy is well implemented.

The Group strictly abides by laws and regulations including the *Law of the People’s Republic of China on the Protection of Minors* and *Provisions on the Prohibition of Using Child Labour* and undertakes not to use child labour or forced labour. We carefully verify the information of applicants during the recruitment process to avoid hiring underage candidates who submit false credentials. Once the use of child labour or forced labour is identified, we will handle the matter in strict accordance with relevant procedures and deal with the relevant persons. During the Reporting Period, there was no violation of laws and regulations related to child labour or forced labour.

## Reaching a Cultural Consensus, Building a United Team

Upholding the recruitment principle of diversity, openness and inclusiveness, we continuously expand talent recruitment channels and resolutely oppose any form of discrimination. Both candidates and employees are treated equally irrespective of gender, age, race and religious faith. During the Reporting Period, based on the Group's strategic needs, we reserved talents to satisfy the growing demand of the Group in the next 5 years in advance through campus recruitment and school-enterprise cooperation.

### School-enterprise cooperation for white collars

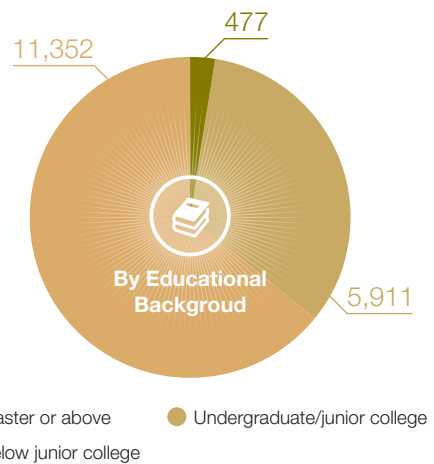
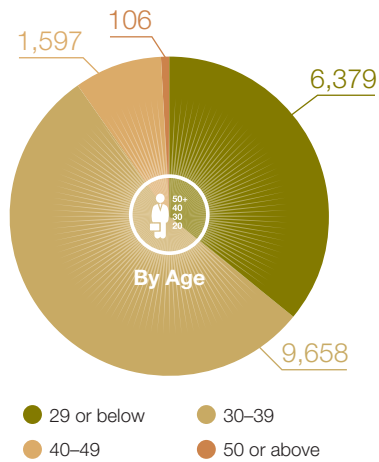
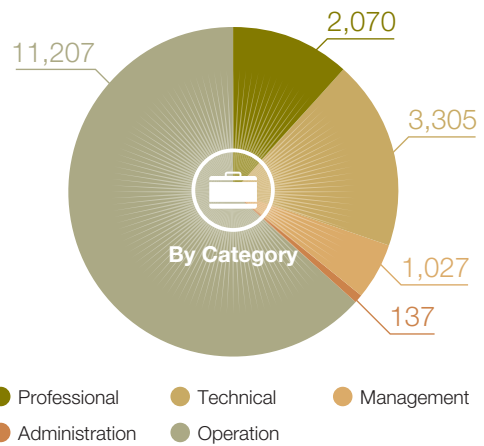
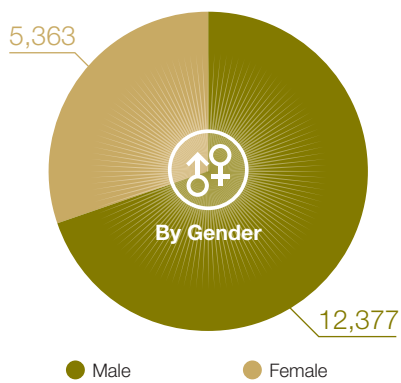
We have furthered the in-depth cooperation with Ningbo University, Hubei University of Technology and other universities. On the basis of strategic cooperation with Ningbo University, we sponsored the 2020 Zhejiang Mechanical Design Contest, scouted outstanding talents through the high-level competition and promoted the employer brand of Minth Group.

### School-enterprise cooperation for blue collars

- We have established a school-enterprise cooperation model with nearly 50 domestic junior colleges and special secondary schools, recruiting blue-collar interns for the Company
- With in-depth cooperation with 10 domestic junior colleges and special secondary schools, and through participating in curriculum development via the mode of order-intaking training class and integration of production and education, we work with schools to cultivate talents with manufacturing techniques that meet needs of the enterprise

## Reaching a Cultural Consensus, Building a United Team

As of 31 December, 2019, the Group had a total of 17,740 employees. Employee distribution is as follows:



## Reaching a Cultural Consensus, Building a United Team

Attaching great importance to the retention of employees, the Group formulated and improved the *Minth Group Retention Policy for Technical Talents with International Backgrounds*. During the Reporting Period, in Huai'an Region and East China Region I, we conducted employee retention workshops, prepared turnover rate analysis reports, gave suggestions on management improvement, and tracked the improvement status in engagement survey results, aiming at reducing employee turnover rates. During the Reporting Period, the Group's employee turnover rate by gender and age are as follows:

Employee turnover rate by gender	
Male	18.1%
Female	7.2%
Employee turnover rate by age	
29 or below	8.7%
30-39	9.9%
40-49	1.2%
50 or above	0.2%

\* The turnover rate (%) = the number of employees who resigned during the reporting year/(the number of employees on the first day during the reporting year + the number of newly recruited employees during the reporting year)\* 100%

The Group is highly recognized and commended by third-party human resource agencies every year in terms of its human resources management and employer brand awareness.



2019 Zhejiang Innovation and Extraordinary Employer Award by Liepin.com



2019 China Best Employer (Ningbo region) by Zhaopin.com

## Reaching a Cultural Consensus, Building a United Team

### *Communications with employees*

We believe that a positive and effective communication mechanism can help create an efficient working environment. The Group has set up channels such as General Manager Mailbox, Mailbox for Problem Solving, and Direct Communication Channel to Senior Management to promote communication between management and grass-root employees; the Group has created channels such as employee magazine (*Discover MINTH*), employee internal website, employee internal communication platforms, and “employee care hotline” to keep employees updated of information, answer their questions and promote communications. In order to achieve more efficient communications and respond to employees’ needs more quickly, we launched the WeChat corporate directory management during the Reporting Period to facilitate employees to search for information, speed up feedback management and promote the one-on-one communication with employees.

During the Reporting Period, in order to timely understand the opinions and suggestions of employees in life and work and improve their experience at work, Huai’an Region and the R&D Centre of the Group conducted research and analysis on employee engagement, and provided improvement suggestions and corresponding action plans based on the analysis results. Compared with the results in 2018, the overall satisfaction score in Huai’an Region increased by 13.5% and the overall engagement score of the R&D Centre increased by 2%.

### *Compensations and benefits*

The Group keeps communication with employees to understand their needs on compensations and benefits, aspires to provide them with various benefits and earnestly cares about every employee so as to create a good working environment. In its China operations, the Group strictly abides by relevant laws and regulations of protecting employees’ compensations and benefits, such as the *Labour Contract Law of the People’s Republic of China* and the *Minimum Wage Regulations of the People’s Republic of China*, and has formulated the *Minth Group (China) Benefit Policy* which provides the statutory common benefits and other supplementary benefits enjoyed by all regular employees. All these are intended to provide employees with a competitive compensation and benefits system in the industry, and constantly attract high-quality talents.

## Reaching a Cultural Consensus, Building a United Team

### Common Benefits

- ✓ Social insurance
- ✓ Housing provident fund
- ✓ Statutory holidays
- ✓ Pay annual leave

### Supplementary Benefits

- ✓ Sick leave, maternity leave, marriage leave, personal leave and others
- ✓ Flexible working hours
- ✓ Free physical examination
- ✓ Birthday gifts, maternity gifts, wedding gifts, funeral condolence and others
- ✓ Minth Scholarship, Minth Retention Fund, Minth Pension and Minth Loan Fund
- ✓ Providing globalized technical talents with loans or housing subsidies for their first-time housing purchase or improvement of existing housing

During the Reporting Period, the Group introduced the concept of “the bonus packet”. Each team set up its own “bonus packet”, and the total bonus of all team members should not exceed the limit of the “bonus packet”. Department directors can adjust the corresponding incentives of employees – up or down – in the payment proportion of the year-end bonus stipulated by the unified performance level.

### *Employee care*

Every employee is our precious asset. The Group not only provides attractive compensation and benefits for employees but also cares about employees in difficulties and look after employees with special needs, aiming to solve problems and provide support for them.

The Group has launched the “Emergency Relief Project” since 2005 to help Minth employees and their immediate family members who are experiencing severe emergencies due to illness, natural or man-made disasters. During the Reporting Period, the Employee Emergency Relief Fund assisted 39 employees and their immediate family members in difficulties. The fund has financed a total of 487 people. For female employees, we not only establish female lactation rooms for new mothers in the workplace but also regularly organize various theme activities to care about both the physical and mental health of female employees.



## Reaching a Cultural Consensus, Building a United Team



At Minth, we proactively pay attention to overall wellness and pursue holistic development. In terms of wellness management, we make unremitting efforts to serve every employee and his or her family. We advocate to pursue more diversified values and attribute employee's happiness and quality life to physical health, learning ability, happy family, and social networking, etc. During the Reporting Period, all regions proactively used mobile communication tools and online platforms to, from time to time, launch various training courses involving humanities, psychology, emotional intelligence, and parent-child education so as to meet employees' demands of overall wellness beyond work.



**Minth Overall Wellness System**

## Reaching a Cultural Consensus, Building a United Team



In order to better help employees achieve overall wellness and fit in the Minth culture, we regularly organize various activities to help them achieve work-life balance.



## Reaching a Cultural Consensus, Building a United Team

### 5.2 Team Building

#### *Employee promotion*

The sustainable development of an enterprise depends on the long-lasting competitiveness of its talent reserves. We care about people, help them with their development and achievements, and expect to work with them to create the future and enhance the comprehensive soft power of talents.

We have developed a fair and impartial *Employee Promotion Policy*, which comprehensively evaluates an employee's performance in terms of leadership, professional competence, experience, professional dedication, self improvement and pursuit, and mobility as the main basis for his/her promotion. In addition, we provide a two-tier promotion channel for white collars and a ladder-style promotion channel for blue collars. Also, to accurately assess the professional competence of technical employees, the Group actively introduces the structure of technology research and development system, unifies general standards across all technical sequences, improves the technical review processes and responsibilities, and develops measurable and reviewable promotion evaluation standards. During the Reporting Period, the Group optimized the promotion mechanism for senior management and included the work report, the holistic leadership report and senior-management guidance as the important factors for promotion consideration.

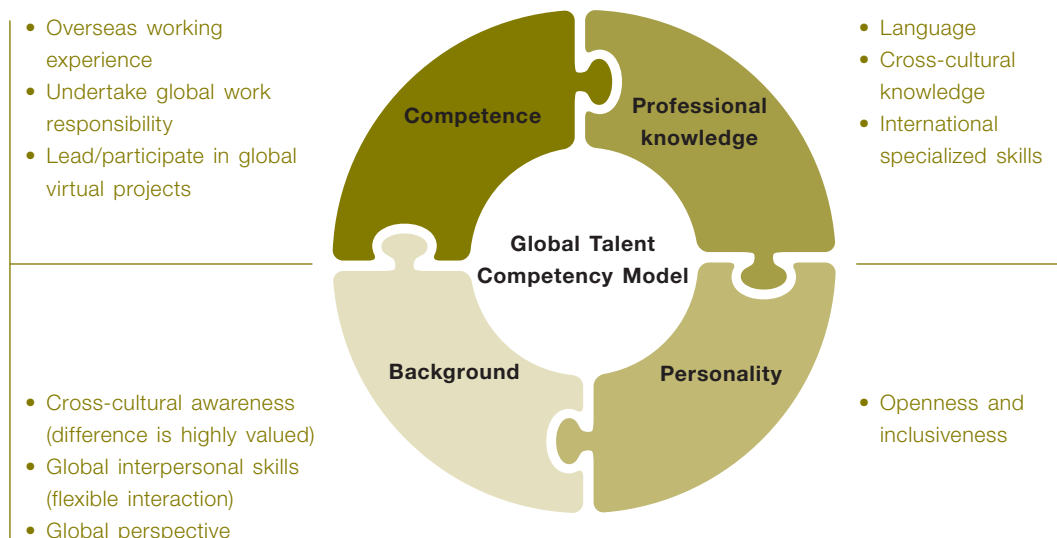
Through the performance management system emphasizing both performance and development, the Group constantly challenges higher goals while enhancing employees' capabilities. During the Reporting Period, we prompted more frequent daily feedback between employees and their supervisors through SuccessFactors system, and additionally, we also introduced GROW, a performance guidance tool, to improve supervisors' ability to coach subordinates and better help employees achieve high performance.

#### *Employee cultivation*

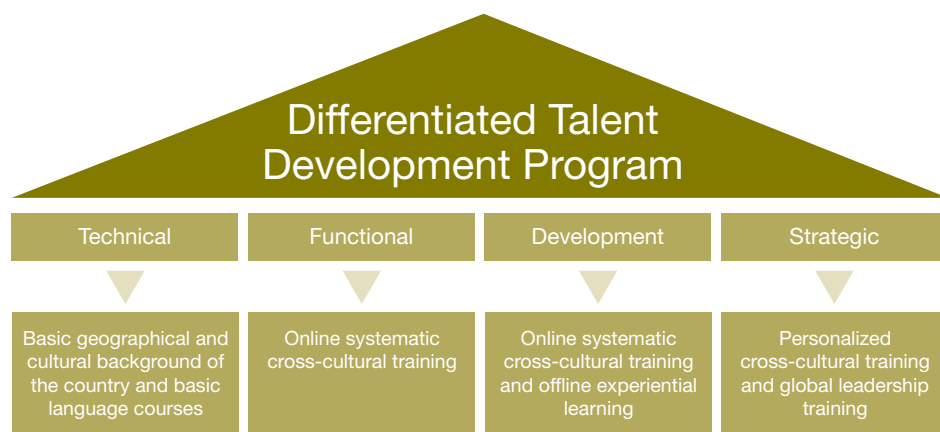
The Group has formulated the *Minth Group Staff Training Policy* and continuously provided targeted training for employees through the Global Talent Development Program and the Differentiated Talent Development Program to help them realize their self-value.

Based on the Global Talent Development Program, the Group has established the "Global Talent Competency Model" to define and guide the cultivation of globalized talents from a professional perspective, and made globalization and mobility basic requirements for middle-level management and higher positions.

## Reaching a Cultural Consensus, Building a United Team



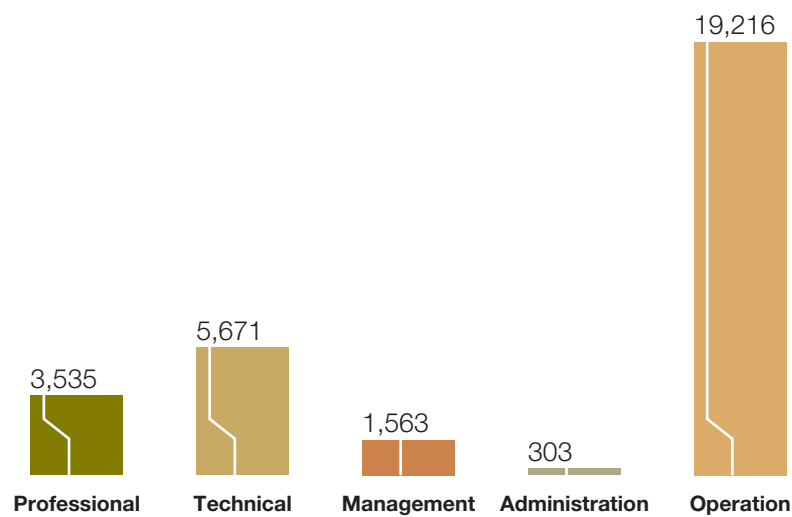
The Differentiated Talent Development Program provides employees at different posts with a wide selection of training courses and development programs, including the HR High-potential Talent Training Program, Training Program for Potential Talent from Quality Team, Production Management Talent Training Program, MTP (Manager Training Program), SMTP (Senior Manager Training Program), GMTP (General Manager Training Program), General Manager Leadership Program, Overseas General Manager Training Program, etc.



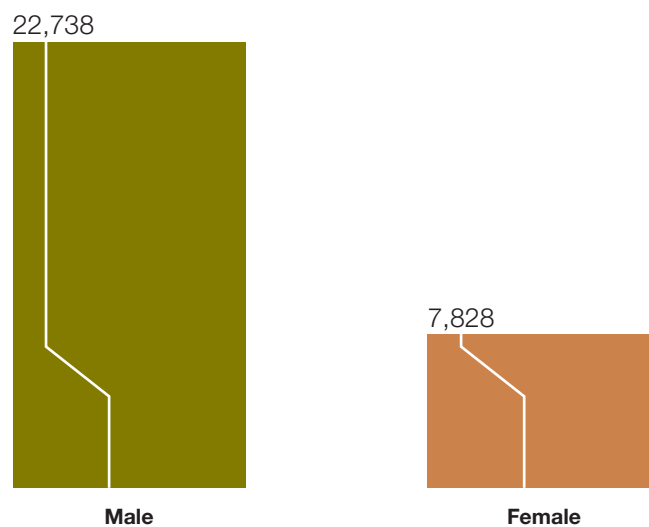
## Reaching a Cultural Consensus, Building a United Team

During the Reporting Period, the Group arranged 30,188 person-times of training for its employees, and the average time of training for each employee is 20.3 hours. The distribution of trained employees by person-time and classification is as follows:

**The number of person-time of trained employees  
classified by category**



**The number of person-time of trained employees  
classified by gender**



Highlights of training activities in 2019

**Project for general managers in overseas factories**

This project was intended to build a complete and efficient talent pipeline of overseas operation general managers by selecting outstanding managers as well as senior managers of the factory at level-7 or above who have been with the Company for more than one year. The requirements of the project include, global mobility, daily communication skills in an international environment, high personal performance score over the past two years and passing assessments of language, comprehensive capabilities and overall wellness. In the process of the project, we arranged senior executives with rich overseas experience as the tutor of the trainees, required the candidates to undertake job rotation at home and abroad, and also developed a one-to-one growth tracking plan. Each trainee was supposed to make a personal growth report. The trainees studied and practiced overseas operation management, individual global mindset and language skills with various training and symposiums online or offline.



**Project for management trainees**

This project was intended to select high-level potential management trainees and groom future leaders for international platforms. After the international talent assessment, character leadership assessment and logical thinking assessment, the project scouted a group of future leaders up to the requirements and enhanced the comprehensive capabilities of all learners in an all-round way through job rotation and course training related to customers, technologies and operation in combination with a humanistic curriculum such as the charitable teaching activity.



**Minth Academy**

Minth Academy offers 82 Chinese and English courses, covering a pandemic prevention theme as well as courses of humanities faculty, leadership faculty, manufacturing technology faculty, and professional faculty. Along with various training, the platform also provides learning communities for different projects and faculties in different regions to perform a learning exchange. In Minth Academy, employees can sign up for themselves or their team members for internal courses and also set up test papers for internal employee testing. In 2020, the platform will focus on innovative digital training methods and developing multilingual courses.

## Creating Value, Embracing Change

### 6 CREATING VALUE, EMBRACING CHANGE

The sustainable development of the Group is inseparable from the support of various stakeholders in the industry and society. We work together with upstream and downstream partners involved in the industry, universities and research institutions, surrounding communities and other groups to share the cutting-edge technological achievements, create social values, and embrace change in the development of the entire industry.

#### 6.1 Win-win Sharing

##### *Supply chain management*

The stable and good supply quality of suppliers is an important basis for us to provide customers with quality product. We formulate and continuously update a series of rules and regulations such as the *General Rules for Procurement*, *Supplier Classification Management*, *Guidelines for the Introduction and Evaluation of New Suppliers*, and *Supplier Performance Management*, which clearly define management procedures of procurement, performance management, and assessment, etc. for suppliers. We strictly select suppliers and regularly evaluate their performance.

Targeting at assisting mutual development and exchange of ideas between the Group and its suppliers, the Group holds seminars on technical solutions, quality improvement events for suppliers, and supplier conferences with the goal of strengthening smooth communication with suppliers. Furthermore, the Group also provides targeted training and guidance for its suppliers. We keep committed to improving their production and operational level, as well as supply capability, through abnormal situation management and performance improvement towards the suppliers, effectively controlling the Group's supply chain risks.



Seminars on technical solutions of suppliers



Supplier quality improvement event held in Central China Region



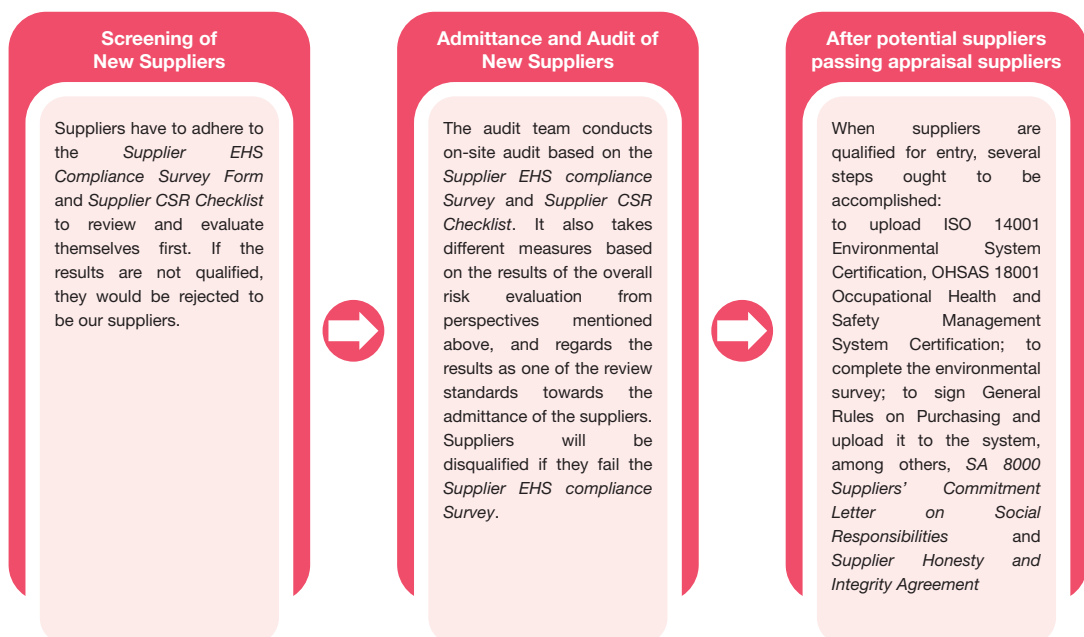
Supplier conference held in North China Region

As of 31 December 2019, there were a total of 3,458 suppliers for the Group's operations in China, 501 of which were certified by the ISO 14001 environmental management system. The number of suppliers by region is shown in the following table:

Region	Unit	Number
Asia	firm	3,359
Europe	firm	83
America	firm	15
Oceania	firm	1

**Supplier responsibility management**

To raise the sustainable development level of suppliers and ensure the benign progress of the supply chain, the Group continuously strengthen the requirements for suppliers to adhere to codes of Corporate Social Responsibility (CSR) performance and is dedicated to working together to promote the sustainable development level of the industry. During the Reporting Period, we released the *CSR Guidelines for Suppliers* and strictly regulated the suppliers' CSR management of the whole process from the following aspects:





*The development of the industry*

We are devoted to promoting the healthy and positive development of the industry by carrying out innovative R&D cooperation projects and participating in the build-up of industry standards. The Group has established extensive collaborations combining production, teaching and research with 22 universities and institutions, including Chinese Academy of Sciences, Ningbo Institute of Materials Technology and Engineering, Ningbo Branch of Chinese Academy of Ordnance Science, Ningbo University, Harbin Institute of Technology, Zhengzhou University, and Donghua University, etc. Through technology sharing and academic exchange of achievements, the cooperation is targeting to facilitate the industry innovation while promoting the progress of both parties. During the Reporting Period, we conducted a total of 9 projects combining production, teaching and research, and established a joint laboratory for surface treatment technology innovation of auto parts with the Yangtze River Delta Development Research Academy for Nano Science and Technology Industry.

**Shanghai Jiao Tong University-Minth Group Joint Laboratory of Lightweight of Auto Parts**

Minth Group and Shanghai Jiao Tong University built a joint laboratory for lightweight automotive parts. During the Reporting Period, the joint laboratory conducted a number of R&D cooperation projects including heated ACC emblem. It also conducted and offered diversified collaborations such as government program applications, talent exchanges and forum exchanges, making Shanghai Jiao Tong University our important partner in collaborations combining production, teaching and research.



During the Reporting Period, the Group led the formulation of three standards and participated in the development of the other three, with details as follows:

Titles	Classification of Standards	Qualification
National Standard for Magnesium and Magnesium Alloy Coating Performance	China's National Standard	Co-editor
Performance Specification of Aluminium Battery Housing	Industrial Standard in Zhejiang Province	Editor-in-chief
Performance Specification of Aluminium Door and Window Frames for Automobiles	Industrial Standard in Zhejiang Province	Editor-in-chief
PVD <sup>18</sup> Coating Technology for Automotive Exterior Products	China-Society of Automotive Engineers (SAE) Standard	Editor-in-chief
Accelerated Corrosion Test and Evaluation Method of Aluminium Alloy Chassis Parts	China-SAE Standard	Co-editor
General Technical Requirements for Chrome Plating and Coating Laboratories	China-SAE Standard	Co-editor

<sup>18</sup> PVD: Physical Vapor Deposition

## 6.2 Care for Community

The Group has for years adhered to the tenet of “bringing love together and paying it forward” and advocated the concept of “creating value for society”, gathered the strength of itself and all sectors of society, focused on our dedication to the value in aiding students and the elderly, and assisted the development of the philanthropy at home and abroad. In 2005, the Group proposed and set up the Minth Charity Fund. In 2013, the Group founded the Zhejiang Minth Foundation (the “Foundation”), which was awarded a 4A social organization in 2018.

### Aid for education

#### Hope for Pearl Project

There is a large proportion of children in rural areas of China dropping out of school because of poverty. We pay special attention to children who are unable to receive regular education due to uneven distribution of education resources or education injustice caused by poverty, We regard these children as lost “pearls”, In this context, Zhejiang Xinhua Compassion Education Foundation (“XHEF”) launched the “Hope for Pearl” project, aiming at helping impoverished dropout “pearls” with excellent school record complete high school studies and go to college. The Foundation’s supports for the “Hope for Pearl” project, which now has covered 14 provinces and cities accumulatively. Through this, the Foundation has established 51 Pearl Classes and financed a total of 2,211 “Pearl Students”. In addition to the existing grant offered by the “Hope for Pearl Project”, the Foundation also provides lump-sum financial assistance to “Pearl Students” for major emergencies or difficulties.

During the Reporting Period, through the launching of online and offline “Donate Together” activities on the 99 Charity Day, we participated in the 1:10 matching donation to support the “Hope for Pearl” project launched by XHEF. The Group made 385,343 person-time donations which ranked the third in the corporate donation record.



### Minth Children Class Project

From 2016 to 2019, the Foundation continued to make donations to XHEF, which financed 50 pupils' tuition and living expenses for their 6 years' studies at Bu'er Centre School in Butuo County. This donation has also helped them build good living habits. In addition, the Foundation also hired living assistants for guidance in their daily activities.



### Xinhua Primary School Project

From 2018 to 2019, the Foundation continued to work with XHEF on "Comprehensive school support" project, which is dedicated to rebuilding the infrastructure of the school, enhancing the teaching quality, helping build good behaviour, and cultivate the wholesome personality of Yi-nationality children.



### Education Fund for the Teachers and Students in Anji County

To help the children from underprivileged families enjoy the right to study and receive education, and also to encourage the penniless teachers to continue to take on their sacred educational roles, from 2018 to 2020, the Foundation made an educational donation to Anji County which supported teachers and students in need and awarded outstanding teachers and students. On 10 September 2019, on the award ceremony of the “Minth Cup Most Beautiful Teacher” to celebrate the 34th Teacher’s Day in Anji, the Most Beautiful Teacher Prize was awarded. A total of 709 teachers across the county received the honour.



### The Student Financial-Aid Program for the underprivileged Junior Middle School Students in Xiuzhou District of Jiaxing City

In order to promote traditional Chinese virtues of helping the poor and those in need, and facilitate the development of the philanthropy causes in Xiuzhou District, the Foundation (between 2017 and 2019) made donations to the Charity Federation in Xiuzhou District, Jiaxing City. The funds raised were mainly used for giving financial-aid to junior middle school students from underprivileged families in Xiuzhou District. In 2019, a total of 25 students received the aid.

### Education Fund for the Teachers and Students in Anji County

#### Nanhu-Zoigê Education Aiding Project

From 2019 to 2021, in an effort to further boost the cooperation between the East and the West region to ensure the common progress among different regions, the Foundation, along with the Civil Affairs Bureau of Nanhu District and the Civil Affairs Bureau of Zoigê County, Sichuan has donated money targeting to train 20 outstanding teachers per annum from Zoigê County in Nanhu District, Jiaxing. In 2019, a total of 21 teachers from Zoigê County were trained at Jiaxing Pearl House.



#### School-Enterprise Education Cooperation Project

In order to further facilitate the school-enterprise education cooperation in the South China Region, serve the construction of the Guangdong-Hong Kong-Macao Greater Bay Area through coordinative innovation and development, the Foundation made donations to Guangzhou Experimental School of Beijing Normal University in 2019. The funds were mainly used to help enhance school facilities and purchase of musical instruments for students with special educational needs.

## Creating Value, Embracing Change

### *Help and respect the elderly*

During the Reporting Period, the Group cooperated with the surrounding communities to carry out governance and rectification projects in response to the difficulties among the elderly residents in communities to sensitize the people around and build a culture of helping and respecting the elderly.

#### Reforming of the communities in Nanhu District of Jiaxing City

##### **The “Building Civilized Corridors” campaign for the Fengnan Community in Xinfeng Town**

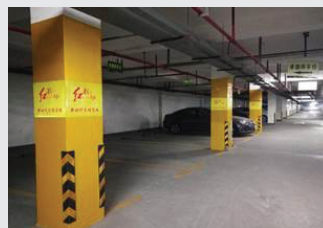
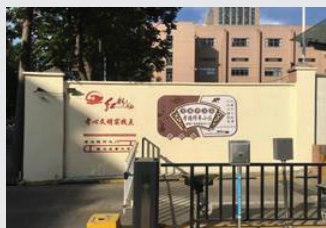
With the community, corridors, and families as the focuses, the “Building Civilized Corridor” campaign was piloted in the Yucuihuayuan Community. The campaign made evaluation according to the standard of “Neatness, Beautifulness, Harmony, and Safety” and three-star, four-star, and five-star awards were granted on the basis of the total score. And this activity was aimed at developing “Featured Corridor Culture” and building “Featured Civilized Corridors” with the theme of “filial piety, commitment, integrity, mutual help among neighbours, environmental protection, and volunteering. At the same time, “Star Civilized Households”, “Outstanding Corridor Chief” and other selection activities were carried out to encourage more families to participate in building civilization and achieving social civilization through family principle.

##### **“Old Lane, New Look, Deep Love” in Hongqiao Community, Jiefang Street**

Hongqiao New Village, where the elderly are relatively concentrated, was adopted as a guide to solving the problems of old housing, such as the phenomenon of unruly pulling clothesline to hang wet clothes in public areas, and the lack of recreational space for the elderly.

##### **“Filial Piety Parking” in Xiuyun Community, Xinxing Street**

The Xiuyun community has carried out a micro project of filial piety parking to make “return home to visit elderly parents” a routine for children. This project aims to advocate and encourage children to go back home and pay more visits to their elderly parents who live alone, and spend more time with them, in addition to strengthening the sense of responsibility of the residents in the practice of “filial piety” and implant the “filial piety” culture in their mind to form the good atmosphere of “not forgetting the elderly, accompanying the elderly, and caring for the elderly”.



**“Visiting the nursing home” charity activity of Minth Thailand**

In May 2019, Minth Thailand launched a charity event to visit the nursing home, cleaned the living environment, performed shows for the elderly, and spread Minth Group’s culture of love to its overseas regions.



*Fighting against the COVID-19 with love and compassion*

**Minth Group fighting against the COVID-19 pandemic with love and compassion**

Since the outbreak of the COVID-19 pandemic, Minth Group has made proactive arrangement in prevention and control of the pandemic and organized the disinfection and epidemic prevention work in no time to make adequate preparations for the Group to resume production.

Moreover, we have actively taken on our social responsibilities and fought against the pandemic together. The Foundation purchased 300,000 masks and 300 forehead thermometers in Japan to support the fight against the pandemic in Nanhu District, Jiaxing, Zhejiang, and donated to the First Hospital of Jiaxing City and the Second Hospital of Jiaxing City through the Red Cross of Nanhu District, Jiaxing, for epidemic prevention and control in Jiaxing.

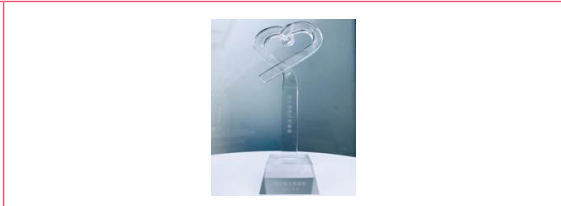


*Recognition from the society*

Our philanthropic dedications have also been widely acknowledged by society while spreading warmth to all the aided groups and deeply touching them.



Minth Group was honoured the “Nanhu District Charity and Donation Award” by People’s Government of Nanhu District of Jiaxing City



Minth Group was honoured the “Zhejiang Province Charity Award” by People’s Government of Zhejiang Province



## Appendix — ESG Content Index

### 7 APPENDIX — ESG CONTENT INDEX

#### HKEX ESG Reporting Guide Content Index

Indicator	Description	Chapter/Section	Comment
<b>A. Environmental</b>			
<b>Aspect A1: Emissions</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.1 Environmental Management 3.3 Low-Carbon and Emission Reduction	
KPI A1.1	The types of emissions and respective emissions data.	3.3 Low-Carbon and Emission Reduction	
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3 Low-Carbon and Emission Reduction	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3 Low-Carbon and Emission Reduction	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3 Low-Carbon and Emission Reduction	
KPI A1.5	Description of measures to mitigate emissions and results achieved.	3.3 Low-Carbon and Emission Reduction	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.3 Low-Carbon and Emission Reduction	
<b>Aspect A2: Use of Resources</b>			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2 Saving Resources	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	3.2 Saving Resources	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.2 Saving Resources	
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	3.2 Saving Resources	

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Indicator	Description	Chapter/Section	Comment
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.		There is no issue in sourcing water for the Group.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.2 Saving Resources	

### Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	3.	Improving Environmental Protection through Green Manufacturing
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.	Improving Environmental Protection through Green Manufacturing

## B. Society

### Aspect B1: Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	5.	Reaching a Cultural Consensus, Building a United Team
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1	People-oriented
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	5.1	People-oriented

### Aspect B2: Health and Safety

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.4	Occupational Health
KPI B2.1	Number and rate of work-related fatalities.	4.1	Safety Management
KPI B2.2	Lost days due to work injury.	4.1	Safety Management
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.4	Occupational Health

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Indicator	Description	Chapter/Section	Comment
<b>Aspect B3: Development and Training</b>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.2 Team Building	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.2 Team Building	
KPI B3.2	The average training hours completed per employee by gender and employee category.	5.2 Team Building	
<b>Aspect B4: Labor Standards</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5.1 People-oriented	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	5.1 People-oriented	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 People-oriented	
<b>Aspect B5: Supply Chain Management</b>			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.1 Win-win Sharing	
KPI B5.1	Number of suppliers by geographical region.	6.1 Win-win Sharing	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	6.1 Win-win Sharing	
<b>Aspect B6: Product Responsibility</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2. Creating Beauty of Intelligent Manufacturing with Lean Production	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.1 Excellent Quality	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.3 Dedicated Service	

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Indicator	Description	Chapter/Section	Comment
KPI B6.3	Description of methods relating to observing and protecting intellectual property rights.	2.2 Innovation and R&D	
KPI B6.4	Description of quality assurance process and recall procedures.	2.1 Excellent Quality	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.3 Dedicated Service	

### Aspect B7: Anti-corruption

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.2 Integrity Operation	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	1.2 Integrity Operation	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.2 Integrity Operation	

### Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6.2 Care for Community	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6.2 Care for Community	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6.2 Care for Community	