

2022

Environmental, Social
and Governance Report

Haitian International Holdings Limited

(Incorporated in the Cayman Islands With Limited Liability)
Stock Code: 1882



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About the Report

Haitian International Holdings Limited hereby publishes the Environmental, Social and Governance (ESG) Report (hereinafter the “Report”) for the year 2022 to inform stakeholders of the Group’s management and performance regarding environment and society.

Reporting Scope

Unless otherwise specified, the Report covers the performance of Haitian International Holdings Limited and its subsidiaries (collectively referred to as “Haitian International”, “the Group” or “we”) during the period from 1 January 2022 to 31 December 2022 (“the Reporting Period”). To ensure the integrity of the Report, description in some parts of the Report goes beyond the above scope.

Reporting Standards and Principles

This Report has been prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (《環境、社會及管治報告指引》) (the “ESG Reporting Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). For information on governance, it is recommended to read in conjunction with the *Corporate Governance Report* (《企業管治報告》) in the annual report of the Group published on 24th April 2023. The ESG Report is prepared in accordance with the following reporting principles:

- **Materiality:** In preparation of this Report, the Group has identified main stakeholders and determined material ESG issues based on stakeholder engagement and materiality assessment.
- **Quantitative:** The key performance indicators (“KPIs”) in the environmental and social aspects are disclosed on a quantitative basis, accompanied by a narrative to explain their purposes and impacts, in the Report. Comparative data on KPIs from previous years are also provided in the Report.
- **Balance:** The Report follows the balance principle to objectively present the Group’s ESG performance.
- **Consistency:** Unless otherwise specified, the statistical approaches for relevant disclosures in the Report are consistent with those in the 2021 *Environmental, Social and Governance Report* (《環境、社會及企業管治報告》), and will remain unchanged in subsequent years.

Data Source

The data cited in this Report include the business data and annual financial data from the Group’s actual operations, as well as the data derived from relevant internal statistical reports, administrative documents and other reports. Unless otherwise specified, all currencies in the Report refer to RMB. If there is any inconsistency with the financial report, the financial report shall prevail.

Report Availability

The Report is published in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail. The electronic version of the Report is available for viewing or download on the website of the HKEXnews website (<http://www.hkexnews.hk>) and the website of the Group (<http://haitianinter.com/>).

Chairman's Statements

Dear stakeholders,

On behalf of the Board of Directors (the "Board"), I am delighted to present our ESG Report for the fiscal year 2022, to demonstrate our efforts in undertaking environmental and social responsibilities, cultivating the enterprise's ability to achieve sustainable development and contributing to building a sustainable society.

The year 2022 was undoubtedly challenging. Our industry and society have been continuously affected by the complex and volatile external environment and recurrent outbreaks of COVID-19 in China. In the face of the difficulties, Haitian International actively undertook its responsibilities as an industry-leading enterprise, upheld the corporate mission of "Communication, Innovation, Efficiency", and integrated ESG concepts into all aspects of operation management, R&D and production, sales, customer services and community engagement, so as to create long-term interests for stakeholders including shareholders, customers, employees and partners, etc.

In the past year, our efforts in ESG have been well recognised by the public. Haitian International's MSCI ESG Rating has been upgraded from CCC to BB, and has been awarded Bronze medal from EcoVadis Sustainability Rating. These achievements are the recognition of the Group's effort to adhere to its original aspiration, and further strengthen our commitment to continuously improving ESG performance and practising the sustainable development.

We believe that a sound ESG framework and strategy will contribute to the investment value of the Group and deliver sustainable returns to our shareholders, customers, partners, employees, and other internal and external stakeholders. Therefore, we have established a three-tier ESG governance structure, clarifying management functions and responsibilities at all levels. The Board not only assumes full responsibility for the Group's ESG-related matters, ESG risk assessment and reporting, but also leads and supervises effective implementation of ESG strategy across the Group in a top-down manner. For details, readers shall refer to the "ESG Governance Structure" section in this Report.

We take initiatives to assume the responsibility of environmental management, proactively engaged in building "Zero-Waste Plant", investing in optimising production facilities and processes, and strictly managing waste discharge. We are further increasing our investment in clean technology by introducing rooftop photovoltaic power generation, launching machines dedicated to degradable and recyclable materials, as well as developing the fifth generation (G5) machines that are more energy-efficient to meet the growing market demand for environmentally friendly products. Led by our "people-oriented" management philosophy, we provide a competitive remuneration and performance mechanism to attract and retain talents. We actively participate in various charity and philanthropic activities to promote the sustainable development of the community.

In the future, we will continue to provide cost-effective and green products to our customers, continuously improve our ESG management and performance, creating long-term value and give back to the society. Finally, on behalf of the Board of Haitian International, please allow me to express our sincere gratitude to all stakeholders, partners and friends who have long supported our development.



I. About Haitian International

1. Company Profile

Founded in 1966, Haitian International Holdings Limited is specialised in producing plastic injection moulding machines (PIMM) that are precise, highly-efficient, energy-saving and environment-friendly. With a nationally-recognised enterprise technology centre and a postdoctoral work station, we provide products in every field of the plastics processing industry, under the brand of “Zhafir”, “Haitian”, etc., which are widely applied in various industries including automobile, household appliance, consumer goods, electronics and medical device. Our products are sold to customers over various countries and regions, winning a variety of honours, including “Famous Chinese Brand”, “Major Chinese Brand for Export Sales” and “State Science and Technology Advancement Award”. The Group continuously innovates and improves the product technology, in order to provide customers with better services.

2. Awards and Recognitions in 2022

Entities Rewarded	Title/Award	Awarded by
Haitian International Holdings Limited	MSCI ESG Rating scored BB	MSCI
Haitian International Holdings Limited	EcoVadis Sustainability Rating Bronze Medal	EcoVadis
Haitian Plastics Machinery Group Co., Ltd.	Certificate of the Top 100 China Machinery Industry Company	China Machinery Industry Federation, China Association of Automobile Manufacturers
Haitian Plastics Machinery Group Co., Ltd.	Top 30 Enterprises with Comprehensive Strength of China’s Plastics Machinery Manufacturing Industry in 2022	China Plastics Machinery Industry Association
Haitian Plastics Machinery Group Co., Ltd.	Top 19 Enterprises of China’s Plastic Injection Moulding Machinery Industry in 2022	China Plastics Machinery Industry Association
Haitian Plastics Machinery Group Co., Ltd.	Top 100 Private Enterprises in Zhejiang for R&D Investment in 2022	Zhejiang Federation of Industry and Commerce
Haitian Plastics Machinery Group Co., Ltd.	The 14th among Ningbo’s Top 100 Enterprises in Manufacturing Industry in 2022	Ningbo Enterprise Confederation, Ningbo Entrepreneur Association, Ningbo Industry Economy Federation
Haitian Plastics Machinery Group Co., Ltd.	The 20th among Ningbo’s Top 100 Enterprises with Comprehensive Strengthen in 2022	Ningbo Enterprise Confederation, Ningbo Entrepreneur Association, Ningbo Industry Economy Federation
Haitian Group	The Outstanding Contribution Award by Ningbo Beilun District Charity Federation for the 15th Anniversary in 2022	Ningbo Beilun District Charity Federation

I. About Haitian International

MSCI
ESG RATINGS



CCC | B | **BB** | BBB | A | AA | AAA

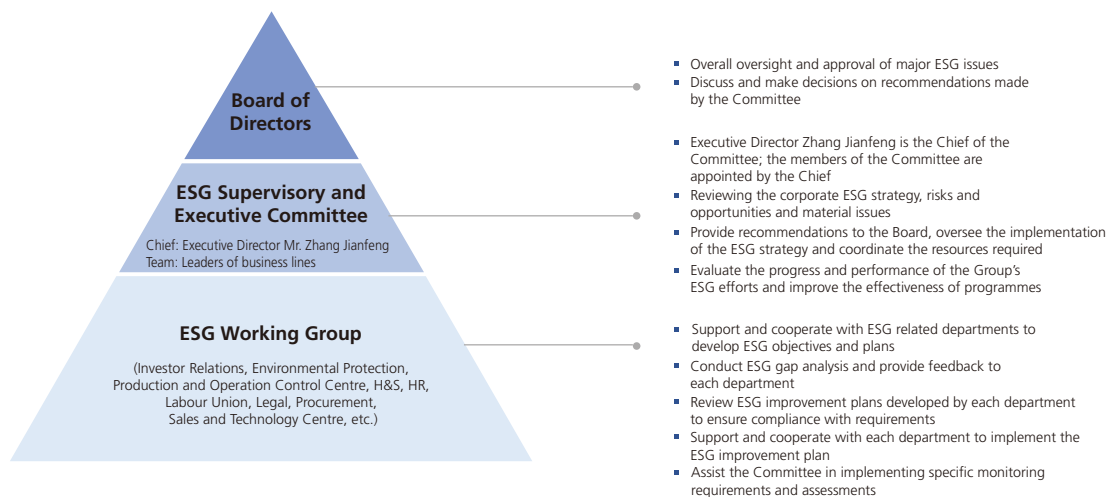
RATING ACTION DATE: January 20, 2023
LAST REPORT UPDATE: January 20, 2023



II. Sophisticated Governance

1. ESG Governance Structure

In compliance with relevant requirements of the Stock Exchange, Haitian International responds positively to the expectations of internal and external stakeholders (e.g., customers, investors and employees), and establishes a top-down three-tier ESG governance structure.



ESG Governance Structure

II. Sophisticated Governance

2. Stakeholder Communication

The Group adheres to sustainable operation, maintains close communication with stakeholders, understands and actively responds to their concerns and expectations, striving to realise mutual benefits for the enterprise and stakeholders. Our stakeholders include governments and regulatory agencies, investors and shareholders, customers, suppliers, employees, and community residents. The main issues of stakeholders' concerns and the communication channels are listed in the table below.

Stakeholders	Issues of Concern	Communication Channels
Governments and regulatory agencies	<ul style="list-style-type: none"> • Compliance with laws and regulations • Tax payment in accordance with law • Production safety • Clean production 	<ul style="list-style-type: none"> • Regular and interim announcements • Supervision and inspection • Communication with regulatory agencies
Investors and shareholders	<ul style="list-style-type: none"> • Return on investment • Compliant operation • Information disclosure • Risk management 	<ul style="list-style-type: none"> • Regular and interim announcements • Shareholders' general meeting and other shareholders' meeting • Activities promoting investor relations • Investor due diligence and visits
Customers	<ul style="list-style-type: none"> • Product quality and safety • Quality service 	<ul style="list-style-type: none"> • Daily communication • Business visit • Conference and exhibition • Sales team • Customer satisfaction survey
Suppliers	<ul style="list-style-type: none"> • Supplier management 	<ul style="list-style-type: none"> • Contract performance • Daily communication • Business visit • On-site due diligence
Employees	<ul style="list-style-type: none"> • Protection of labour rights and interests • Remuneration and benefits • Development and training • Occupational health and safety • Humanistic care 	<ul style="list-style-type: none"> • Employee training • Employee performance appraisal • Employee mailbox • Labour union
Community residents	<ul style="list-style-type: none"> • Environmental protection • Community involvement • Promotion of local employment 	<ul style="list-style-type: none"> • Community activities • Charitable contribution • Local recruitment



II. Sophisticated Governance

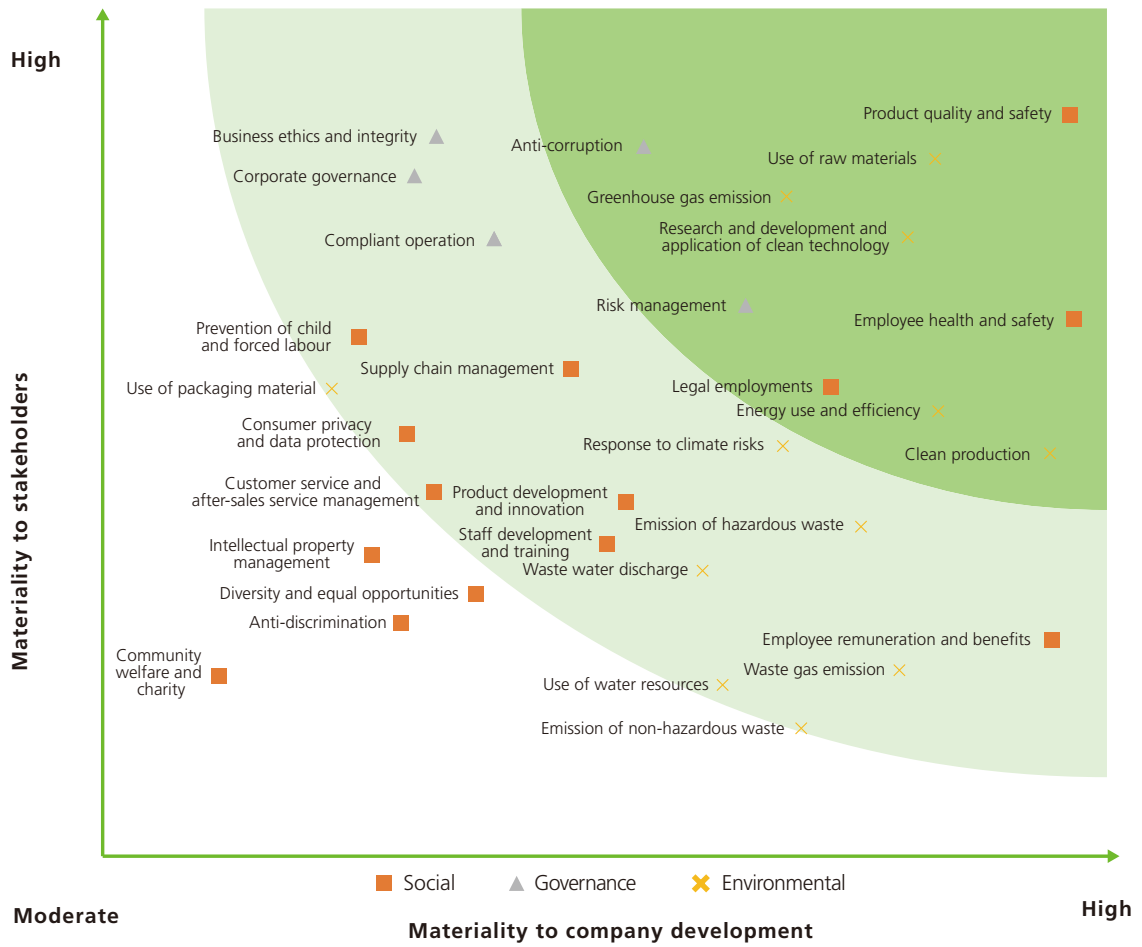
3. Materiality Assessment

To assess material ESG issues related to the Group's business operation, and understand and respond to expectations of stakeholders on the Group's ESG work, we have conducted the materiality assessment through the following steps:

- **Identification of issues:** According to the requirements in the *ESG Reporting Guide*, as well as ESG issues of concern in the capital markets and industry trends, we have sorted out 31 ESG issues, including 12 issues related to environment, 14 to society and 5 to governance.
- **Survey and evaluation:** We identified important internal and external stakeholders of the Group and invited them to evaluate the materiality of the issues through interview and online questionnaire, so as to seek their opinions and suggestions.
- **Confirmation of results:** We analysed the retrieved questionnaires, and then ranked the issues by materiality based on their materiality to company development and to stakeholders. By also considering advice from our management and experts, we formulated the ESG materiality matrix.

In 2022, the Group discussed the results of the materiality assessment. Considering that there were no significant changes in our business and operating environment, the Group decided to adopt the results of the materiality assessment in FY2021. Please see the exhibit below for details. This Report will refer to the results of the materiality assessment, and focus on responding to material ESG issues of medium and high importance.

II. Sophisticated Governance



ESG Materiality Matrix of Haitian International

II. Sophisticated Governance

4. Business Ethics

Strictly following the laws and regulations related to anti-corruption and business ethics, such as the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》), the *Anti-Money Laundering Law of the People's Republic of China* (《中華人民共和國反洗錢法》) and the *Interim Provisions on Banning Commercial Bribery* (《關於禁止商業賄賂行為的暫行規定》), Haitian International has set up a series of regulations to standardise the Group's management mechanism in anti-corruption, anti-bribery, reporting process, whistleblower protection, conflicts of interest, fair trade, and internal control and audit, including the *Social Responsibility System* (《社會責任制度》), the *Statement of Compliance with Provisions on Anti-Money Laundering* (《遵守反洗錢規定的聲明》) and the *Code of Professional Ethics for Employees* (《員工道德準則》). In addition, all directors, employees, suppliers and partners are required to strictly abide by the business ethical standards to the fullest, so as to jointly build a business environment of integrity and compliance.

As the highest responsible body, the Audit Committee under the Board is in charge of the comprehensive oversight and periodic review of the Group's business ethics management. The Internal Control Department is responsible for supervising the implementation of the business ethics management system, and receiving and handling complaints. It is independent from other departments of the Group and reports directly to the Board.

We adopt a zero-tolerance policy on all violations against business ethics, including but not limited to illegal activities such as commercial bribery, embezzlement, fraud, extortion and money laundering in our operation. Any employee involved in such activities will have their employment terminated immediately and relevant acts will be reported to the relevant authorities. The Group has incorporated business ethics matters (e.g., anti-fraud) into corporate risk management system and takes it as the guidance to conduct business audits. All business operations are audited by the Internal Control Department at least once every three years.

We have developed relevant clauses in the supply agreement to make sure that our suppliers are informed of our business ethics and anti-fraud policies, including prohibiting suppliers from engaging in any form of commercial bribery in their business dealings with the Group, and requiring suppliers to establish anti-corruption rules and regulations and take corresponding measures to regulate their employees' business behaviours. Beyond that, we also request our suppliers to sign the *Supplier Integrity Letter* (《供方廉政承諾書》) to confirm that they fully understand our policies and consequences for violation. We will immediately terminate business relationship with any supplier which breaches such integrity clauses.

II. Sophisticated Governance

- **Reporting on Corruption**

The Group encourages employees, suppliers and other stakeholders to promptly report misconduct. A whistleblower can directly contact the supervisor, manager or department head of relevant service. If the matter reported involves the aforesaid personnel, the whistleblower may also choose to report directly to the Internal Control Department. The whistleblower channels set up by the Internal Control Department include telephone reporting channel (0574-86188652), email reporting channel (htlz@mail.haitian.com) and letter reporting channel. A whistleblower can choose to report in real name or anonymously, and we promise that cases received in both ways will be treated equally. In addition, the Group also provides a reporting channel – external independent legal counsel, to whom whistleblowers can report violations via hotline (0574-87193704) or email (lihua.xu@dentons.cn). During the Reporting Period, the Group was not involved in any litigation concerning commercial corruption and bribery. Upon receipt of a report, the Internal Control Department will launch an investigation with relevant responsible departments to confirm the authenticity of the reported matter. Once confirmed, the Internal Control Department will issue an investigation report and put forward handling suggestions. Then, the reported misconduct will be handled by relevant responsible departments and the Human Resources Department according to the results of investigation report and relevant regulations of the Group. The results and execution will be reported across the company by the Internal Control Department or the Human Resources Department. On the other hand, the Group will also take disciplinary actions, including dismissal, against employees who make false and malicious reports.

- **Whistleblower Protection**

The Group will keep the information of the whistleblower and the contents of the report strictly confidential. For real-name reporting, the identity of the whistleblower and the information that could be used to identify the whistleblower would be disclosed to assist with the investigation only with the written consent of the whistleblower and as permitted by law. For the reported content, the Group will restrict access to relevant information and de-identify the information when necessary. The external report recipient will comply with the attorney's obligation of confidentiality stipulated in the *Criminal Procedure Law* (《刑事訴訟法》) and the *Lawyers Law* (《律師法》) to ensure the confidentiality for both the contents of the report and the identity of the whistleblower.

In no event will the Group tolerate any retaliation against whistleblowers with good intention or persons involved in relevant investigation. Whistleblowers who believe they are ill-treated for whistleblowing can immediately report to the Internal Control Department. The Internal Control Department will adopt various approaches to protect whistleblowers' safety and interests, including but not limited to: investigating retaliation, monitoring and regulating other employees' behaviours, allowing the whistleblower to change workplace, giving disciplinary sanctions against retaliators, notifying relevant law enforcement agencies in serious cases, and providing legal support for whistleblowers.



II. Sophisticated Governance

- Culture of Integrity

The Group provides regular integrity education and training to employees and directors every year. We organised online anti-corruption training. The training contained popularisation of laws and regulations on anti-corruption and operation compliance, interpretation of the latest *Corporate Governance Code* (《企業管治守則》) and relevant listing regulations, clarification of the responsibilities of personnel at all levels in anti-corruption efforts, and case analysis. An E-Learning platform has also been set up to provide exercises and tests for employees, and track their completion rate of the training. During the Reporting Period, All employees (including part-time employees) have completed training of anti-corruption and business ethics, and all directors had completed the training regarding anti-corruption and business ethics and signed the declaration on code of business ethics.

II. Sophisticated Governance

5. Business Information Security

Ensuring information security and protecting privacy of the Group and its customers are crucial in building trust between Haitian International and stakeholders. We have developed the *Information Security Management System* (《信息安全管理制 度》) and other policies to continuously improve relevant systems, and also obtained the certification of Multi-level Protection of Information Security (Level 2) assessed by the Ministry of Public Security during the Reporting Period. While observing the *Sinosure Confidentiality Agreement* (《中信保保密協議》) in trade, we also have strict confidentiality clauses in our *Agency Agreement* (《代理協議》), promising not to disclose any information to third parties without permission. During the Reporting Period, there was no information or privacy leakage incident.

At the technical level, we set up a firewall between the server area and the office area to monitor abnormal interactions between office computers and servers. Besides, we also install an access system and desktop management system to prohibit unauthenticated computers from accessing the corporate network. For personnel at certain posts who have access to important information, their use of external devices, such as USB, and their rights to transfer data will be restricted to some extent.

At the operational level, we back up the data on the servers on a daily basis, select certain systems for data recovery drills every year and conduct risk assessments and vulnerability scanning on information systems at regular intervals. Employees can access the Central Apparatus Room (CAR) upon authorisation and detailed registration; some areas can only be entered when accompanied by administrators. The training on Information Security Policies (ISP) has also been incorporated into our employee training programmes. During the Reporting Period, we organised employees at information security related posts to participate in the qualification training of Certified Information Security Professional (CISP) held by Ningbo Computer Information Network Security Association, to help deepen employees' understanding of information security regulations and standards, management methods and relevant technologies.



III. Responsible Operation

Haitian International is committed to upholding the concept of comprehensive quality control, which takes product quality as the core and full employee participation as the foundation, in order to ensure customers enjoying our high-quality products at the best costs. The quality of products and services is under stable control through the lifecycle quality control over design, procurement, manufacture, sales of products and relevant services. During the Reporting Period, in matters regarding health and safety, advertising and labelling of products and services, the Group did not violate any laws or regulations of the PRC and jurisdictions involving overseas operations.

1. Product Quality and Safety

In strict compliance with the *Product Quality Law of the People's Republic of China* (《中華人民共和國產品質量法》) and relevant laws and regulations, the Group has established a comprehensive system for product quality control and obtained ISO 9001 certification. While the chief quality officer is assigned to be in charge of product quality inspection and product recall procedure, special quality control & sales service personnel are arranged to follow up on the processes of parts procurement, processing and assembly, product shipment, finished product testing, and installation and commissioning, so as to ensure that product quality management is effectively implemented.

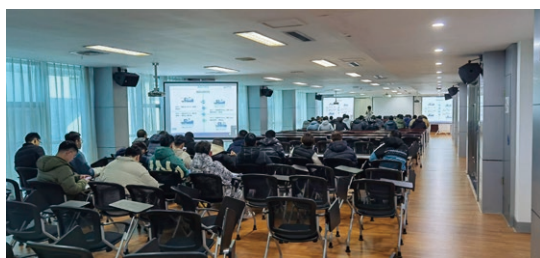


Quality Management System Certification Certificate

III. Responsible Operation

We have formulated the *Inspection and Test Control Procedure* (《檢驗和試驗控制程序》), assigning professional inspectors who have been approved by the Quality Control Centre to monitor and measure product attributes at all stages from raw material procurement, metal processing to finished product shipment, and keep strict records for the related information, to ensure that product manufacturing and delivery meet specifications and requirements. For any exception found in the quality inspection of raw materials, semi-finished products or finished products, we will designate relevant personnel to determine whether the product is qualified in strict accordance with the *Nonconforming Product Control Procedure* (《不合格輸出的控制程序》). If the product is determined as unqualified, we will identify the problematic status according to the *Control Procedure for Product Identification and Traceability* (《標識和可追溯性控制程序》), zoning for separate analysis with detailed records for further tracking. During the Reporting Period, the Group experienced no product recall.

High-standard production cannot be achieved without professional talents, so we provide regular training courses thereon for relevant employees to help them acquire knowledge about product performance, quality control, product application, service FAQ, etc., and ensure that professional technicians keep abreast of the latest technology and knowledge, so as to create quality culture within the Group.



Training Courses for Application Engineers

2. Quality Service

On the basis of continuous supplying of high quality products, the Group continues to improve customer services, and is committed to enhancing customer satisfaction constantly. We have a sound communication and cooperation mechanism with our customers. Through telephone, email, online video conference, offline visits, invitations to negotiation, exhibitions and other online and offline communication mechanisms, we understand customers' expectations on the Group and our products, and solve the problems that customers may encounter when using the products, to ensure the quality and safety of the products sold as well as the services provided. The Group coordinated and integrated internal resources, and set up offices for key domestic/overseas customers. With such offices, we are capable of offering global customers business support and after-sales services in a timely and rapid manner, thereby effectively improving customer satisfaction.

The Group's product promotion channels mainly include online and offline exhibitions, seminars, official websites and WeChat official account. We strictly abide by the *Advertising Law of the People's Republic of China* (《中華人民共和國廣告法》) and other laws and regulations of the place of operation, and have established marketing, advertising and sales-related policies such as the *Incentive Measures for Distributor Marketing Activities* (《銷售商市場推廣活動鼓勵辦法》), as well as a mechanism responsible for reviewing and supervising marketing materials, which clearly stipulates that the relevant contents and methods in distributors' marketing activities must comply with internal corporate policies and be reviewed and approved by authorised personnel, and that marketing activities containing exaggerated, deceptive and false contents are strictly prohibited.

III. Responsible Operation



Plástico Brasil



K 2022 in Düsseldorf, Germany

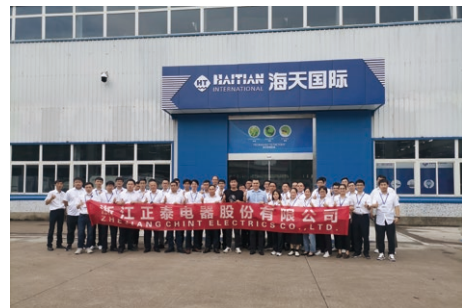


Plast Eurasia Istanbul in Turkey

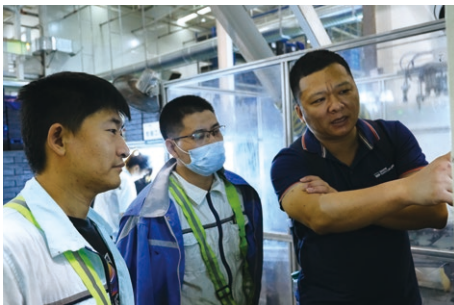
To help customers correctly use and operate products, we also provide technical training services for them, and assign professional technicians to customer companies to explain product functions and impart maintenance knowledge.



*Shentong Technology Group Co., Ltd
– Provide Training at the Client's Plant*



*CHINT in Wenzhou
– Technical Exchange*



*Shenyang Huaxiang Automobile Parts Co., Ltd
– Provide Training at the Client's Plant*



*FAW-Volkswagen
– Provide Training at the Client's Plant*

III. Responsible Operation

We have developed a sound after-sales and complaint handling process along with the *Domestic After-sales Service Management Rules* (《國內售後服務管理規範》) and the *Overseas After-sales Service Management Rules* (《國外售後服務管理規範》). If customers are not satisfied with our products or services, they can give feedback or make complaints through our official complaint hotline. After receiving a customer complaint, the Quality Control Centre will conduct a preliminary investigation and analysis, and then hand it over to the local responsible department, which will carry out a qualitative analysis of the complaint and draw up a response or treatment plan. Also, the staff at the local office will cooperate with distributors, maintenance personnel and relevant service personnel to deal with the issue, and record related treatment process by completing the *Customer Complaint Form* (《客戶投訴處理表》). The Group will also arrange specialists to conduct follow-up investigation to make sure that the problems raised by customers are effectively resolved. During the Reporting Period, the Group received 7 valid complaints in total, all of which were solved.

3. Supply Chain Management

A stable and sustainable supply chain is the basis for the Group to provide high quality products and services for our customers. We have not only formulated relevant management systems, including the *New Supplier Entry Rules* (《新供應商准入規則》) and the *Supplier Evaluation and Assessment Methods* (《供應商評估考核辦法》), but also defined the responsibilities of internal procurement staff, in an effort to reduce and actively manage supply chain risks. For processes outsourced to third party contractors which involve potential pollution to the environment, we request the contractors to obtain relevant license from the environmental protection bureau of the local government to ensure they are qualified to perform the relevant work. In 2022, there were 12 suppliers newly granted access upon assessment, and no suppliers were removed from the supplier list due to poor product quality or safety issues.

We have actively expressed our requirements and expectations for environmental protection and social responsibility to our suppliers and other partners, to promote the sustainable development of supply chain together. In addition to requiring suppliers above certain designated size to sign the standard supplier agreement, we also request them to abide by the *Supplier Administrative Rules for Safety, Environmental Protection and Social Responsibility* (《供應商安全環保與社會責任管理規則》), the *Haitian Group Supplier Safety and Environmental Protection Management Measures* (《海天集團供應商安全環保管理辦法》), the *Notice Regarding Haitian Group Supplier Safety and Environmental Protection Management System* (《海天集團供應商安全環保管理制度告知書》) and the *Haitian Group Plastic Machinery Supplier Social Responsibility Guidelines* (《海天塑機供應商社會責任準則》). Furthermore, we share the industry best practices with them in an endeavour to jointly achieve green development. We require our supplier partners to sign the *Haitian Group Supplier Social Responsibility Commitment Letter* (《海天集團供應商社會責任承諾書》), which specifies detailed requirements on labour rights, child labour, forced labour, health and safety, environmental protection, business ethics and management systems, etc. In addition, we have also formulated the *Supplier Social Responsibility Assessment Form* (《供應商社會責任評估表》), according to which we conduct annual reviews of suppliers' compliance with environmental regulations and safety responsibilities, as well as their fulfilment of social responsibilities. The results will be taken into account in the annual assessment of suppliers.

III. Responsible Operation

For outsourced construction suppliers, we will sign the *Safety Agreement for Commissioned (Outsourced) Construction* (《委外(外協)施工作業安全協議書》) with them to ensure their compliance of regulations on environmental protection, production safety and production site traffic, etc. Based on the agreement, the suppliers must perform adequate analysis for works with safety hazards and provide sufficient protections accordingly, so as to ensure the safety of production environment and project implementation.

Number of suppliers	FY 2022
Suppliers having passed ISO 14001 environmental management system certification	35
Suppliers having signed the <i>Supplier Integrity Letter</i> (《供方廉政承諾書》)	71
Suppliers having signed the <i>Supplier Safety and Environmental Protection Commitment Letter</i> (《供應商安全環保承諾書》)	193
Suppliers having signed the <i>Haitian Group Supplier Social Responsibility Commitment Letter</i> (《海天集團供應商社會責任承諾書》)	201

In 2022, we organised multiple training and exchange sessions for suppliers to build a stable and sustainable supply chain. We presented our suppliers with Corporate Social Responsibility (CSR) related information and standards, covering labour, health and safety, environment, business ethics, the satisfaction of stakeholders, quality, social contribution, etc. In this way, we further enhanced social responsibility management for the suppliers.



Training and Exchange Session on Supplier CSR Sustainability

III. Responsible Operation

4. Intellectual Property Protection

The Group strictly abides by the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》) and relevant laws and regulations, and establishes a number of systems and procedures to standardise intellectual property protection (IPP), such as the *Control Procedures for Intellectual Property Risk Management and Disputes Resolution* (《知識產權風險管理與爭議處理控制程序》), the *Intellectual Property Management Manual* (《知識產權管理工作手冊》), the *Control Procedures for Intellectual Property in Research and Development* (《研發活動知識產權控制程序》), the *Control Procedures for Intellectual Property in Production* (《生產活動知識產權控制程序》), the *Control Procedures for Intellectual Property in Procurement* (《採購活動知識產權控制程序》), the *Control Procedures for Intellectual Property in Sales* (《銷售活動知識產權控制程序》), the *Control Procedures for Intellectual Property in Human Resources* (《人力資源知識產權控制程序》) and the *Control Procedures for Intellectual Property in Financial Operation* (《財務活動知識產權控制程序》).

We are qualified for GB/T 29490 with Certification of Enterprise Intellectual Property Management. We have built a professional team responsible for patent application and maintenance, and have registered our trademarks in over 90 countries to protect our interest in local businesses. Meanwhile, we have engaged third-party professional organisations to regularly supervise and inspect the certification scope, operation status, fulfilment of relevant targets and key indicators, etc. of our intellectual property management system. Also, we carry out re-certification every three years. During the Reporting Period, we were granted 72 patents, 3 software copyrights and 1 registered trademark.



Case: Intellectual Property Training

During the Reporting Period, the Group conducted 5 intellectual property (IP) training sessions for R&D personnel, with a total of 600 employees participating. The training content was divided into basic trainings and thematic patent trainings. Basic trainings involved the popularisation of IP such as patents, trademarks, commercial secrets and copyrights, etc. to help R&D personnel fully understand the importance of IP protection. Thematic patent training focused on the patents related to various parts of plastic injection moulding machines, and provided detailed introduction to the search and reading of patent literature, the correct way to provide technical submission, patent mining and case analysis, etc., with the aim to empower R&D personnel to take the initiative in writing high quality and high value patents, thereby continuously enhancing the Group's innovation competitiveness.



IV. Green Production

Haitian International takes the initiative to assume responsibility for environmental governance. builds an efficient environmental management system, actively promotes innovation in clean technologies, diligently implements energy conservation and emission reduction measures, adheres to the concept of green development, and becomes a contributor and leader in green production.¹

1. Implementation of Green Management

The Group abides by the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國大氣污染防治法》), the *Water Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國水污染防治法》), the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Waste* (《中華人民共和國固體廢物污染環境防治法》), the *Law of the People's Republic of China on Energy Conservation* (《中華人民共和國節約能源法》) and relevant laws and regulations. The Group has developed a series of systems and procedures internally, such as the *Control Procedures for Identification and Evaluation of Environmental Factors* (《環境因素識別與評價控制程序》), the *Operational Planning and Control Procedures for Environmental Processes* (《環境過程運行策劃和控制程序》), the *Provisions on Graded Responsibility for Handling Accidents Concerning Safety and Environmental Protection* (《安全環保事故分級當責處理規定》), the *Control Procedures for Waste Water Discharge* (《污水排放控制程序》), the *Control Procedures for Waste Gas Emission* (《廢氣排放控制程序》), the *Control Procedures for Energy Management* (《能源管理控制程序》), and the *Control Procedures for Noise Discharge* (《噪聲排放控制程序》) and has reviewed and updated them regularly. The Group's environmental management system has been certified with ISO 14001 and has passed annual reviews by a third-party professional organisation since it was certified.



ISO 14001 Certificate

¹ Unless otherwise stated, the contents set out in Section 1, 3, 4 and 5 of this Chapter are applicable to the Group's plants in Ningbo.

IV. Green Production

The Environmental Protection Department of the Group is responsible for identifying and evaluating environmental factors, supervising the environmental performance of all plants and functional departments, setting environmental targets and assessing the achievement of the targets of each department, organising training on environmental protection and providing relevant technical support. Each plant and functional department are equipped with dedicated safety and environmental protection personnel, responsible for checking the department's environmental performance and promoting the rectification of non-conforming items. In daily operation, all departments should ensure the normal operation of environmental protection facilities in their daily operations and keep operation records, regularly check, maintain and promptly repair relevant equipment.

In addition to internal audits and assessments, the Group also engages third-party independent organisations to conduct annual environmental impact audits of all locations of operations. Meanwhile the Group has taken out green insurance, and the insurance company commissions third-party environmental consulting agencies to conduct environmental hazard inspections at each plant twice a year; Annual compliance audits are also conducted for all locations of operations, with reference to the ISO 14001 environmental management system and relevant laws, regulations and standards, covering factors including emissions of waste gas, waste water, toxic substances and waste. During the Reporting Period, the Group did not violate any environmental laws and regulations or receive any penalties from regulatory authorities.

The Group actively takes up its responsibility as an industry leader and continues to promote the reduction of solid waste at source and the utilisation of the solid waste as resources. The Group was among the first batch of companies that were included on the Ecological and Environmental Supervision and Enforcement Positive List in Ningbo in 2022. Moreover, we have successfully created the first batch of "Zero-Waste Plant" in Ningbo. The Group is actively fulfilling its responsibility in environmental governance, served as the vice chairman entity of "Two Mountains" Environmental Protection Foundation in Beilun District, donated to environmental protection public welfare projects for multiple times. and was commended by the "Two Mountains" Environmental Protection Foundation.



Citation for Being Included on the Ecological and Environmental Supervision and Enforcement Positive List in Ningbo



Citation of "Two Mountains" Environmental Protection Foundation

IV. Green Production

We highly value the cultivation of environmental protection culture, closely follow the call of “Zero-Waste City” put forward by the Zhejiang Provincial Government, conduct environmental protection publicity campaigns in each operation area and arrange employee training on a regular basis. During the Reporting Period, we organised 28 internal training sessions on environmental protection for employees, where we popularised environmental laws and regulations, introduced our environmental management system and offered practical training to developing their environmental management skills, enabling employees to acquire necessary environmental knowledge and skills. The cumulative training hours were around 51 hours, and the total number of participants was 447.



Training in Environmental Protection



Training in Standardised Solid Waste Management



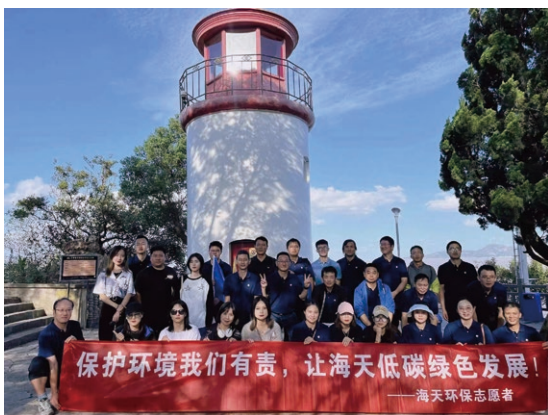
Practical Training in Waste Gas Treatment



Practical Training in Waste Water Treatment

IV. Green Production

In addition, we also focus on the overall environmental management of the company's surroundings and communication with relevant parties. We actively organise volunteers to carry out activities such as community environmental protection campaigns and protection of the Xiaojia River; We also communicate with environmental authorities and other enterprises to keep abreast of latest environmental regulatory requirements and trends in environmental protection in the industry, strengthening green supply chain management and promoting legal compliance in both upstream and downstream supply chains. During the Reporting Period, we have carried out around 120-hour external communication and training sessions.



Environmental Protection Awareness Campaign Organised by Volunteers

- **Environmental target**

The Group has set 2022/2025 targets* in 2021 centred around carbon emissions, energy consumption and hazardous waste emissions, including:

Target in 2022

A year-on-year decrease by 2% in carbon emissions per RMB10,000 revenue
 A year-on-year decrease by 2% in energy consumption per RMB10,000 revenue
 A year-on-year decrease by 2% in total hazardous wastes

Target in 2025

A decrease by 7.5% in carbon emissions per RMB10,000 revenue on basis of 2021
 A decrease by 7.5% in energy consumption per RMB10,000 revenue on basis of 2021
 A decrease by 7.5% in total hazardous wastes on basis of 2021

* The fiscal year 2021 is regarded as the base year. The above-mentioned environmental targets cover the Group's plants in Ningbo, and exclude the Wuxi Plant, South China Plant (partly under construction), and overseas plants

IV. Green Production

During the Reporting Period, the Group actively promoted waste management optimisation and carried out the construction of photovoltaic projects. In 2022, the Group achieved a reduction in the total carbon emissions, energy consumption and hazardous waste emissions. The Group achieved a 6.4% reduction in carbon emissions per RMB10,000 revenue and a 13.9% reduction in total hazardous waste, all of which met the 2022 target. The new processes adopted by the Group involved the use of natural gas, resulting in a slight increase in energy consumption per RMB10,000 revenue.

In 2023, we will continue to do our utmost to control our environmental impact and aim to maintain carbon emissions, energy consumption and hazardous waste emissions at current levels, while improving economic performance including revenue, in order to meet our 2025 targets.

The achievement of the above-mentioned environmental targets is planned to be linked with the performance assessment of departments and persons in charge. Meanwhile, any negative incidents related to environmental pollution will affect the annual variable compensation of persons in charge. We reward entities, departments/teams and individuals that have succeed in the effective improvement of energy conservation, emission reduction and pollution prevention, while penalising those that fail to satisfy the environmental protection requirements.

IV. Green Production

2. Clean Technology Innovation

In response to the national strategy of “carbon peak in 2030 and carbon neutrality in 2060”, as well as to meet the growing demand for environmentally friendly products from our customers, we have set clean technology as one of our core product strategies. We will further increase investment in clean technology, continuously develop energy saving technologies, reduce energy consumption of products and expand solutions for degradable and recyclable materials, leading the industry toward a greener and cleaner future while achieving sustainable corporate development.

During the Reporting Period, our fully electric VE5500III plastic injection moulding machine (PIMM) was listed in the National Catalogue for the Recommendation on Industrial Energy-Saving Technology and Equipment (《國家工業和信息化領域節能技術裝備推薦目錄》), and our HA series PIMMs were certified as the “Key Energy-Saving Products for Promotion in Ningbo” following our MA, JU, VE, ZE and JE series PIMMs. Revenue from the above-mentioned products accounted for approximately 98% of the total revenue. Meanwhile, all products developed by the Group use rare earth permanent-magnet three-phase synchronous motors shortlisted in the national “People-Benefit Project of Energy-Saving Products” promotion catalogue for high-efficiency motors, achieving average energy savings of 50% compared to PIMMs with asynchronous motors.

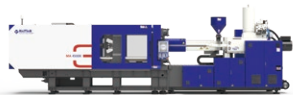


Certificate of Key Energy-Saving Products for Promotion in Ningbo for HA series

IV. Green Production

Case: Green solutions presented at K 2022

In October 2022, Haitian International presented 5 low-energy-consumption, high-output and sustainable application solutions, under the theme of "Smart, Flexible and Sustainable", at the K 2022 exhibition in Germany. Among others, MA/K ultra-high speed PIMM made its debut in Europe and showcased thin wall moulding applications for the 100% degradable material PLA, which can meet the demands of customers in the packaging industry for the maximum utilisation of materials as well as material saving. It also uses quartz superconducting heating technology for precise temperature control, enabling it to reduce energy consumption by 10% to 30% compared to servo PIMMs. The third generation JU series (JUIII series) PIMMs are made with a two-platen design and are equipped with more energy-efficient servo drives, making the whole machine compact and lean, and more reliable and durable in operation. At the exhibition, this machine demonstrated an automated solution for the production of logistics fruit baskets using a mix of high density polyethylene (HDPE) and Tetra Pak recyclable materials, offering more possibilities for the storage, packaging and logistics industries to improve transport efficiency and expand the sustainable development of the industry.



Haitian MA/K Series Ultra-high Injection Speed Solutions for Thin-walled Packaging



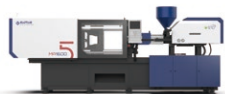
Two-platen Compact Technology for Haitian JUIII Series PIMMs

IV. Green Production

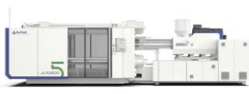
Case: Focus on the next generation of models to accelerate energy saving and intelligent innovation

With the goal of making our products more energy efficient and intelligent, Haitian International has developed the fifth generation (G5) machines by applying clean technologies to reduce the energy consumption, improve the operating efficiency and reduce the residue of harmful substances, enabling the overall operating energy consumption of the G5 hydraulic machines to be reduced by more than 20% compared with the corresponding third generation models.

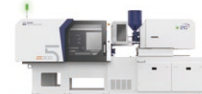
- In order to reduce energy consumption, we have optimised the hydraulic transmission system of the G5 hydraulic machine and improved its transmission efficiency, with mathematical modelling, overall simulation as well as adoption of digital twin technology in designing powertrains and precision transmission mechanisms.
- Some of the key motion actuators are utilising “electric instead of liquid” as standard, which significantly improves the energy efficiency of the G5 hydraulic machines.
- The G5 hydraulic machines are equipped with energy-saving water valves and quick-release insulation devices, which also further exploit the energy-saving potential in the heating and cooling phases.
- The energy management module, which is the standard configuration on all G5 models, continuously monitors and records the energy consumption data for the whole machine, individual parts and individual production stages, providing users with the most detailed basis for energy management and optimisation decisions.
- In terms of execution efficiency optimisation, all G5 models are equipped with reinforced plasticising components as standard, reducing machine running time and increasing operational efficiency. The bimetallic reinforced structure has more than doubled the effective life of the plasticising unit compared to the previous generation models, extending the machine’s trouble-free running time and thus improving the yield.
- Intelligent lubrication based on predictive maintenance control is standard across all G5 models, effectively preventing damage to the machinery, reducing the generation of waste fluids, and reducing the probability of unscheduled machine downtime.
- Energy saving water valves for the hydraulic system are also equipped as standard, which further reduce the demand for the total amount of cooling water of the customer’s fleet of G5 hydraulic machines and optimise the utilisation of the customer’s water circulation system in the plant.



MA Series G5 Machine



JU Series G5 Machine



ZE Series G5 Machine

IV. Green Production

3. Strict Control over Discharge and Emissions

- Waste Discharge

The Group strictly abides by the laws and regulations on waste discharge management, the *Procedures for the Control over Solid Waste Discharge* (《固體廢物排放控制程序》), and the *Management Requirements for Environmental Protection against Solid Waste* (《固體廢物環保管理要求》) to achieve effective control over the collection and disposal of solid waste. Among our wastes, hazardous wastes mainly include sludges, waste emulsified mixture, paint residues, waste mineral oil, oily wastes, waste oil barrels, waste hydrochloric acid, waste carbon-based catalysts and waste filters, which will be handled by qualified contractors for harmless disposal. Non-hazardous wastes include packaging materials, metal scraps and other domestic garbage, among which, recyclable solid waste will be handled by waste recyclers with professional qualification, and other domestic garbage will be regularly handled by the sanitation department.

We closely follow the call of “Zero-Waste City” put forward by the Zhejiang Provincial Government and endeavour to make each of our plants a “Zero-Waste Plant”. We encourage all plants and functional departments to reduce the waste generation at source, actively explore solutions for waste recycling, and formulate plans for waste reduction, recycling and harmless disposal. During the Reporting Period, the total amount of hazardous waste was 1,391.31 tonnes, decreased by 224.9 tonnes compared with 2021, representing a year-on-year decrease of 13.9%.

Case: Tongtu Road “Zero-Waste Plant”

The Group’s Tongtu Road Plant has made remarkable achievements in transforming itself into a “Zero-Waste Plant”. Specifically, the plant has established a general ledger of industrial solid waste, requiring employees to record, in detail, the sources of solid waste generated, their categories, quantities, destinations and methods of utilisation and disposal. thus strictly regulates the collection and storage of the waste. Also, the plant is densely furnished with sorting and storage facilities for solid waste, all of which are clearly labelled to help the employees to manage solid waste more easily and, in the process, build up their awareness of environmental protection.



Tongtu Road Zero-Waste Plant

IV. Green Production

- Waste Gas Emissions

In strict accordance with the laws and regulations on air pollution in the regions where we operate, we have formulated the *Procedures for the Control over Waste Gas Emissions* (《廢氣排放控制程序》), ensuring that the waste gas is qualified for emission standard after pollutants are treated by treatment facilities with process of capture and purification. For various waste gas emissions from operation, we take the following treatment measures:

Category	Measures
Volatile Organic Compounds (VOCs) from painting	We use filters or hydro-spin to filter overspray, with filters replaced and paint residue removed from waste water containing overspray at regular intervals. In addition, we use carbon-based catalyst tanks to adsorb the filtered waste gases to meet the emission standard, and then emit them through an exhaust funnel with specified height. Saturated carbon-based catalyst will be desorbed at regular intervals, and pollutants desorbed will be discharged upon catalytic combustion.
Nitrogen oxides and particulate matters (PMs) from natural gas combustion	We use low-nitrogen combustors and collect the combustion exhaust for high-altitude emission, satisfying the emission standard.
Dust from powdering process	We adopt two-layer treatment through cyclone precipitator and bag precipitator for standardised emission.
PMs from polishing and shot blasting	We collect PMs through suspended hoods, and then treat them through cyclone precipitator and bag precipitator or Venturi scrubbers for standardised emission.
Chromic acid mist from electroplating	We use acid mist inhibitors to reduce the generation of chromic acid mist at source, and collect the mist produced through indraft for treatment with mesh chromic acid mist purifiers and pure water spraying. The treated waste gases are emitted through a 25m exhaust funnel.

Case: Transformation of oil-based paint into water-based paint

In response to the national policy for the prevention and control of increasingly serious VOCs pollution, we have initiated the transformation of oil-based paint into water-based paint in the plants located in Ningbo since 2021, where we replaced traditional oil-based paint with water-based paint with lower VOCs in the painting process. During the Reporting Period, the transformation plan was also gradually put forward in South China and Wuxi plants. During the Reporting Period, the overall replacement rate of water-based paint in the Group is over 50%, and the replacement rate of water-based paint in some plants has exceeded 80%. At the same time, the original waste gas treatment facilities are still retained in normal operation to ensure that the waste gas collection rate is no less than 90% and the pollutant removal rate is no less than 80%.

IV. Green Production

Case: Replace spray painting with printing

During the Reporting Period, we have completely changed the logo coating on PIMMs from screen spraying to ultraviolet (UV) printing to achieve better colour effect and gloss. This approach can also reduce the annual emissions of VOCs by 10 kg and hazardous waste by 100 kg, while significantly reduce the operating and maintenance costs of the waste gas treatment facility.

- Waste Water Discharge

We have formulated the *Procedures for the Control over Waste Water Discharge* (《污水排放控制程序》), and built an in-plant waste water treatment station to treat the following production waste water by category: waste water from hydro-spin for paint overspray removing, waste water from the phosphating process, waste water from pre-treatment of the powdering process, waste water from site cleaning, as well as waste water from the electroplating process. The treatment station is equipped with an online monitoring system for waste water discharge, responsible for monitoring the quantity of waste water discharge, pH, chemical oxygen demand, the concentration of ammonia nitrogen, and others in real time. Waste water is discharged into the municipal waste water network after meeting the discharge standard. Domestic waste water from business activities is also discharged in compliance.



Rooftop Treatment Tank of the Waste Water Treatment Station



Waste Water Treatment and Reuse Control System



Waste Water Treatment in Action



Data Monitoring

IV. Green Production

4. Energy Management

We have formulated the *Procedures for the Energy Management and Control* (《能源管理管制程序》) to systematically achieve targets in energy conservation and consumption reduction. Our direct energy use mainly includes natural gas and liquefied petroleum gas, etc. used by drying process after painting and powdering as well as the canteen stoves, and gasoline used by commercial vehicles. Our indirect energy use mainly includes purchased electricity and heating used in our plants and offices.

The Plastics Machinery Management Centre of the Group (“Plastics Machinery Centre”) is responsible for the statistics and analysis of energy consumption, and for the formulation of annual energy control indicators and energy reduction targets. The Environmental Protection Department is responsible for regularly supervising, inspecting and assessing the energy consumption of all functional departments and plants. Each department is responsible for the energy control and management in production, and for collecting energy consumption data and reporting to the Plastics Machinery Centre as required, and achieving energy assessment criteria. To achieve the purpose of energy saving, each equipment management department deploys personnel to inspect and maintain equipment regularly so that the equipment stays in optimum condition. Additionally, production is scheduled reasonably to reduce the idling time of equipment or to provide appropriate downtime for the equipment.

Case: Rooftop photovoltaic installations

The Group actively promotes the construction of clean energy projects and is committed to gradually reducing its own operational carbon emissions. In September 2022, as the Group’s first clean energy project, the rooftop photovoltaic (PV) project at Tongtu Road Plant was officially integrated into the power grid. The project covers a rooftop area of 140,600 m² with a total installed capacity of 22,698 kW. By December 2022, the project had generated a total of 5,775 MWh of electricity, of which 4,471 MWh were consumed by Tongtu Road Plant, accounted for 25.25% of its total electricity consumption from September to December. In addition, the South China Plant has included rooftop PV in its construction plan and the first project was completed at the end of 2022, with a total installed capacity of 6,200 kW and an installed area of 36,000 m².



IV. Green Production

5. Water Management

We highlight the rational use of water resources in production and daily operations. The water we use comes from municipal water supply, which is mainly used for surface treatment of parts in production, including painting, powdering, cleaning, and for domestic water in offices and dormitories. The Group did not experience any difficulties in securing appropriate water supplies.

We will carefully consider the water conservation and water pollution prevention when formulating a plan for the production process, give priority to the mature and water-saving technology and environment-friendly products, and reasonably plan the best pipeline network for water supply based on production demands. We install precise water metres at each water consumption point to control the water consumption in real time. All plants and functional departments regularly inspect water consumption equipment and water supply systems to ensure normal operation. Meanwhile, we actively carry out water saving publicity campaigns to employees, and encourage all departments to take measures to enhance the water recycling and the reuse of reclaimed water. Our waste water treatment station is equipped with the reclaimed water reuse facility. In 2022, the amount of condensed reuse water was 10,384 tonnes.

IV. Green Production

6. Climate Change

Climate change has become one of major challenges for the development of human society. The Group has established a greenhouse gases (GHG) Control Leading Group, with the President of the Group as the leader, the key department heads as the deputy leaders. The GHG Control Leading Group is responsible for implementing laws, regulations, guidelines, policies and standards relating to GHG emissions at the national and local levels, organising the formulation of corporate GHG control plan, deploying and coordinating GHG control initiatives, and reviewing the fulfilment of relevant performance target. We actively identify risks and opportunities related to climate change and develop actions to address the identified risks.

Risk type	Potential impacts	Our responses
Physical risk	<ul style="list-style-type: none"> • Extreme weather, such as rainstorms, typhoons and floods, are becoming more frequent and more unpredictable, which will threaten the safety of employees, disrupt the normal supply of electricity and water, damage business assets, and interrupt the continuity of the supply chain. • In the long term, global warming will put more requirements on both cooling the equipment to prevent overheating and cooling the working environment, which in turn will lead to higher electricity costs. Higher temperatures will expose employees to heat-related health risk, which will directly affect the labour productivity. 	<ul style="list-style-type: none"> • We have prepared contingency plans for emergencies, including special contingency plans for extreme weather such as typhoons, rainstorms and floods. • We will track changing weather and modify our operation procedures as appropriate to incorporate climate risk into our risk management and strategic planning.
Transition risk	<ul style="list-style-type: none"> • The laws and regulations on limiting carbon emissions and carbon tax policies may increase our expenditures. • More stringent product energy efficiency standards will increase R&D expenditures. • Both market demands and requirements for clean technology rise, and existing products may no longer meet customer needs, leading to a reduction in sales. • Investors and the public put forward higher requirements for us in active response to climate change, and any omission may have a negative impact on our performance in the capital markets and on our public image. 	<ul style="list-style-type: none"> • We timely understand the latest laws, regulations and standards in the regions where we operate, and continuously improve our environmental management systems to ensure the implementation and follow-up supervision of relevant energy-saving and emission-reducing measures. • We proactively explore market needs, actively invest in and develop clean technology, and prioritise the purchase of environment-friendly raw materials. • We disclose information in strict accordance with relevant standards, and actively communicate with stakeholders to promote multi-cooperation and enhance our reputation.



V. Employees' Rights and Interests

We regard highly qualified talents as the core driver of Haitian International's long-term development. Adhering to the "people-oriented" management philosophy, we are committed to creating a working environment of harmonious development, practicality, creativity, solidarity, and progress. Under "institutionalised human-centric management", we treat each employee with equality and respect, provide competitive compensation and benefits, continuously develop their skills and expertise, and guarantee occupational safety and health, to create a better future with employees.

1. Legal Employment

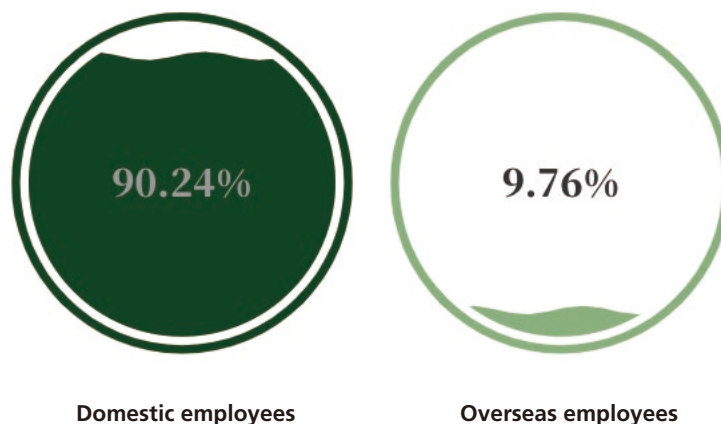
In strict accordance with the *Labour Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》) and other relevant laws and regulations, we have formulated the *Employee Manual* (《員工手冊》), *Regulations of Haitian Group on the Management of Attendance and Leave* (《海天集團考勤休假管理制度》) and other rules and regulations on employee benefits, career development, employee training, production safety, occupational health etc., to protect the legitimate rights and interests of employees in a comprehensive manner.

In addition, the Group promises to fully respect human rights and have formulated institutional norms on safeguarding human rights, such as the *Statement of Haitian International on Human Rights Policy* (《海天國際人權政策聲明》) and the *Social Responsibility Management Manual* (《社會責任管理手冊》). We, by law, prohibit any form of child labour and forced labour, provide an equal and fair working environment, establish a harmonious communication mechanism, provide a channel for employee feedback, respect human rights, and prohibit any form of harassment, abuse and humiliation. Meanwhile, we are committed to following the principle of fairness and equality in terms of recruitment, compensation, benefits, training, promotion, dismissal, etc. We are determined to eliminate discrimination in race, nationality, religion, disability, gender, age and educational background, etc.

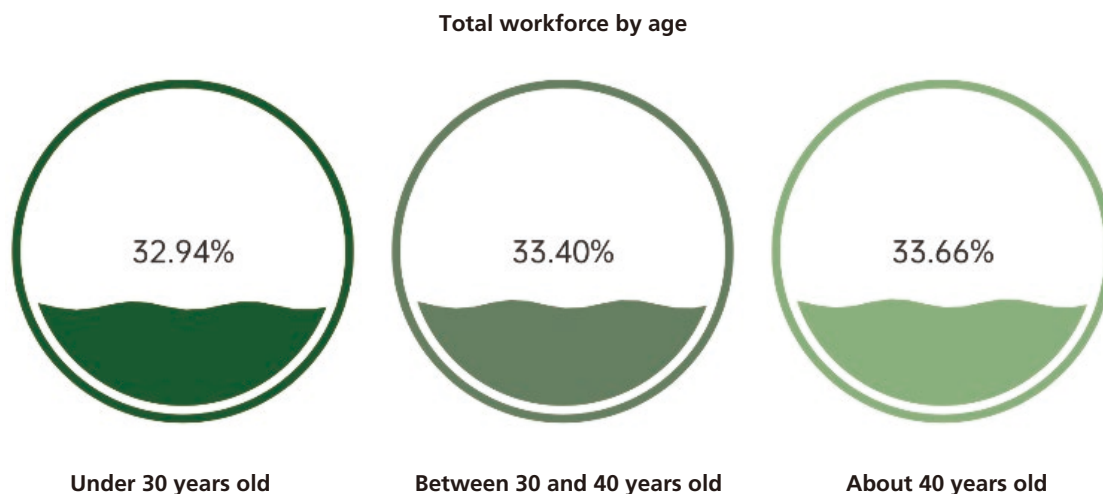
We attach great importance to collaboration between labour and management, and advocate the freedom of association and the collective bargaining right of employees. The labour union signed a collective contract with the Chairman of the Group on behalf of the whole staff to protect rights and interests of each employee.

As of 31 December 2022, the total workforce of the Group was 7,159, of which 776 are female employees. During the Reporting Period, the Group was not subject to any legal procedures due to the violation of labour practices.

Total workforce by geographical region



V. Employees' Rights and Interests



2. Remuneration and Benefits

Sticking to the principle of “fairness and timely adjustment”, and in accordance with the regulations such as the *Statement of Haitian International on Human Rights Policy* (《海天國際人權政策聲明》) and the *Social Responsibility Management Manual* (《社會責任管理手冊》), we are committed to the reasonable arrangement of the work-rest cycle for employees, and the provision of competitive salaries and benefits. Therefore, we offer competitive salaries to attract and retain employees internally, while collecting industry compensation data in the labour market externally, to establish a fair, reasonable, and competitive compensation system.

We have established an employee stock ownership plan, covering the mid-level and senior management and core technicians to motivate and retain high-quality talents and core employees, and achieve a win-win situation in terms of employee accomplishments and corporate development.

We have developed a democratic and fair performance assessment system. The variable compensation is contained in all employees' compensation and is linked with their performance assessment to fully motivate working enthusiasm. We, on an annual basis, calculate and distribute variable compensation to all employees based on our performance assessment plans.

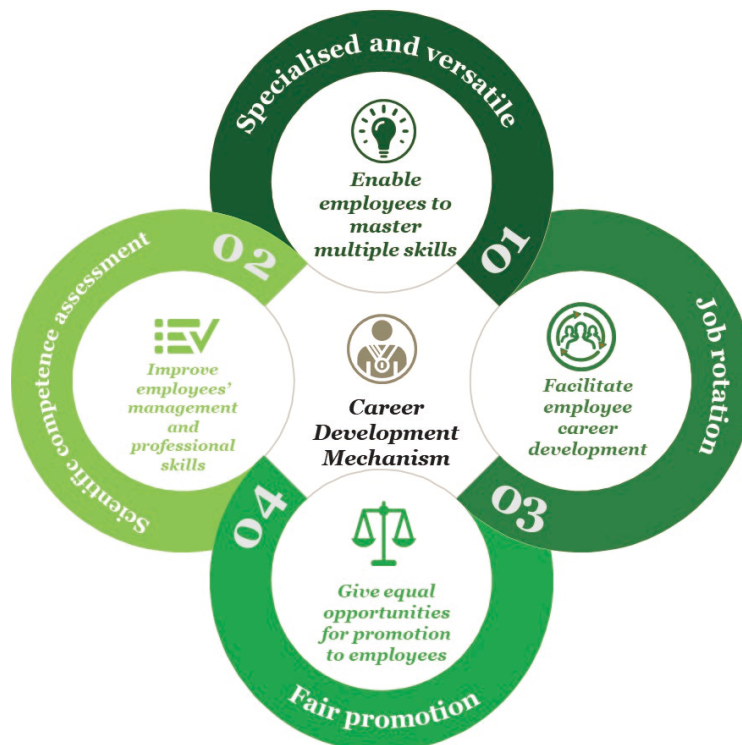
In terms of employee benefits, we offer a wide range of non-compensation benefits to all employees in accordance with the laws and regulations. All employees are entitled to statutory holidays, statutory pension and others benefits, such as five major social insurance programs and housing provident fund. In addition, we provide additional benefits to our employees, such as paid annual leave, working meals, working uniforms, shuttle buses, dormitories for single employees, affordable housing, public rental housing, monthly sanitation fee, financial aids from the labour union, and regular health check-ups. We also present gifts and benefits to our employees during traditional holidays, especially to those who stay on their posts during the holidays.

Furthermore, we are committed to making our employees live and work in peace and contentment. Since 1998, we have been building talent apartments and public rental housing, with the aim to solve the housing problem of our employees, reduce their living costs and hence improve their living quality. As of 31 December 2022, we have cumulatively provided more than 6,300 units of talent apartments and public rental housing for our employees.

V. Employees' Rights and Interests

3. Development and Training

We highlight the cultivation and development of diversified talents and have established a scientific career development mechanism of employee skill training, job rotation development, competency assessment and fair promotion.



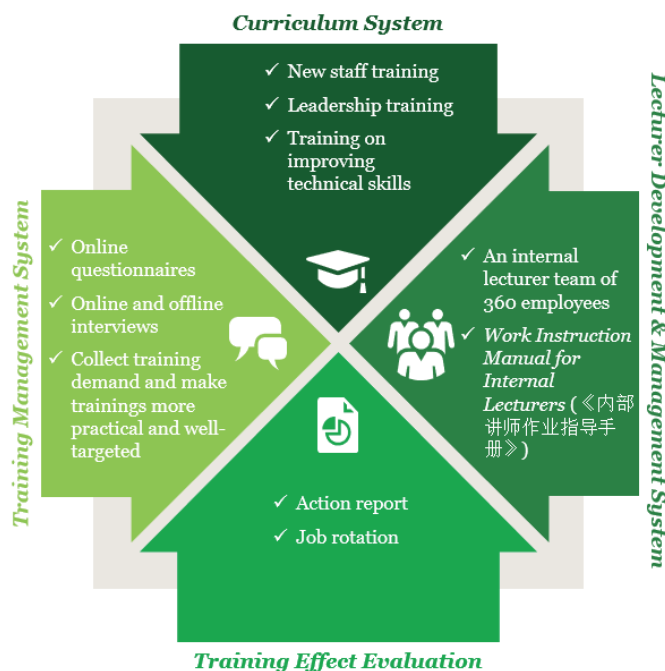
Haitian International Career Development Mechanism

We, based on job responsibilities of each post, have established a career development system with IT, PMC, finance, technology, production, after-sales, administration, application, marketing, manufacturing technology and quality control as the core, providing a balanced and sustainable career development path and growth platform for our employees in different posts.

In addition, in terms of career development, we provide four promotion channels, namely, technology, specialisation, operation and administration, to meet the multidimensional development demands of each employee. Meanwhile, we have established a systematic review mechanism based on the annual contribution and performance to ensure fair and open promotion and development. We have also formulated the *Planning for Talent Cultivation through Job Rotation* (《人才輪崗培養規劃專案》) to encourage and support our employees to involve in internal job rotation and transfer for development in line with the corporate development demands and the individual development path, and to find a career path truly suitable for themselves.

V. Employees' Rights and Interests

We have developed a sound employee training system in accordance with the *Employee Manual* (《員工手冊》) to fully secure and support employee development. Our four major training systems are as follows:



Haitian International Four Major Training Systems

In addition, we have launched numerous programmes to cultivate talents at different levels, such as the Spring Buds Programme, the Eyas Programme, the Eagle Programme, the Flying Programme, the Pilot Programme, and the Class for the Young and the Middle-aged. On an annual basis, we carry out all-round and systematic training on thought and leadership, etc. for these talents, and conduct team building at regular intervals to meet the demands for improving employee skills and promoting corporate development. During the Reporting Period, we conducted a total of 1,254 internal training sessions and 42 training sessions with external lecturers, covering all the employees. The courses covered six categories: General Knowledge, Self-Development, Quality Control and Work Safety, Supply Chain, Professional and Technical Skills, and Management Skills. In addition, the Group further promotes the Group's knowledge succession and knowledge management among all employees, activates the organisation's internal dynamics, helps employees grow themselves and builds a learning organisation with Haitian characteristics. In 2022, the Group implemented a credit hour system, which allows employees to grasp learning progress effectively and stimulates the learning enthusiasm.

V. Employees' Rights and Interests

Case: "Frontline Leadership and Coaching Techniques" programme

The Group conducts the training course of frontline leadership and coaching techniques, mainly for junior-level team managers, to help team leaders fully understand themselves and master core lean management skills and team maintenance techniques, thereby improving their own capabilities and corporate productivity. In addition, the programme provides a dynamic team communication platform for frontline managers, facilitating the flow of resources and complementarity among teams within the Group. During the Reporting Period, the Group provided leadership training to a total of 176 frontline managers.



Case: The Pyramid Principle programme

For college graduates who are just entering the workplace, the Group conducted a training course on Pyramid Principle, covering a total of 480 newly hired college graduates, to help newcomers achieve quick transition from university to the workplace. The course covered how to report to leaders at work, how to write official documents, etc., which enables the graduates to exercise the logic of thinking, expressing and solving problems.



Case: E-learning platform

During the Reporting Period, we upgraded the E-learning platform to version 2.0. The total number of courses available on the platform is 1,979, including 1,512 external courses and 467 internal courses. The course content covers 19 major categories and 145 sub-categories. The Group encourages employees to actively participate in the creation of micro-lectures, to jointly enrich lecture resources on the platform, to improve the knowledge system of the platform, and to enjoy the Group's diverse course development incentive policies.



V. Employees' Rights and Interests

4. Health and Safety

With the occupational health and safety of employees as our top priority, we have kept strict compliance with the *Work Safety Law of the People's Republic of China* (《中華人民共和國安全生產法》), the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》) and other laws and regulations, and have formulated and adopted the *General Rules and Regulations for Work Safety* (《安全生產規章制度總則》), the *Rules and Regulations for Occupational Safety and Health* (《職業安全健康規章制度》), the *Procedures for Hazard Identification, Risk Evaluation and Risk Control Measures* (《危險源辨識、風險評價和控制措施確定程序》), the *Management Procedures for Hazardous Chemicals* (《危險化學品管理程序》), the *Control Procedures for Emergency Preparedness and Response* (《應急準備和響應控制程序》) and other safety management related policies in accordance with relevant laws and regulations. In addition, keeping in mind the "all-staff, whole-process, all-round and all-day" safety management principle, we have spared no effort to protect the health and safety of employees on all fronts. We have also established an organisational structure for work safety management, under which management and employees at each level clearly understand their safety ranks and responsibilities and strictly perform their duties in compliance with relevant work safety policies.

The Group's occupational health and safety management system has obtained the ISO45001 certification, and is regularly audited and monitored by a third-party professional organisations.



Haitian International Occupational Health and Safety Management System Certification Certificate (ISO 45001)

V. Employees' Rights and Interests

Meanwhile, we have drawn up medium and long-term development plans for health and safety and set corresponding quantitative objectives and assessment indicators to navigate our development direction in occupational health and safety on a scientific basis.



Development Plans for Health and Safety of Haitian International (3 to 5 Years)

We practice the principles of “safety first, prevention beforehand, comprehensive management” and “safety management going hand in hand with production management”. In order to enhance our ability of accident prevention and pre-control, and avoid work-related accidents, we have formulated the *Management System for “Five Principles of Simultaneity” in Production Safety* (《安全生「五同时」管理制度》). In other words, efforts to plan, arrange, inspect, conclude and evaluate production are also needed for safety in the same way, at the same time. In addition, we have adopted 6S management principles on all fronts so as to effectively manage production factors in production areas such as people, machinery, materials, methods and environment. During the Reporting Period, to enhance our health and safety management level on an ongoing basis, we continued to increase investment in health and safety, and strengthen the deployment and establishment of safety teams. To be specific, we newly recruited 3 nationally certified safety engineers, and we currently have 105 full-time or part-time safety management personnel and 57 certified Red Cross rescuers in service. Moreover, we set up a micro fire station equipped with 10 volunteer fire fighters, and launched the safety hazard detection and management system.

V. Employees' Rights and Interests

Always keeping in mind the fire safety principle of "prevention first, prevention and elimination combined", we conduct regular fire safety emergency drills for all employees in accordance with the *Emergency Response Plan* (《應急救援預案》), the *Emergency Rescue Plan for Chemical Leakage* (《化學品泄漏應急救援預案》) and other policies, and have set up the fire emergency headquarters and related subordinate groups (including the evacuation group, firefighting group, rescue group, guarding group and supply group) to realise a rational division of labour in emergency response actions in the case of accidents. Specifically, the headquarters is responsible for leading and coordinating each group, the evacuation group for personnel evacuation, the firefighting group for controlling the spread of the fire, the rescue group for providing emergency aid to the injured, the guarding group for preventing the accident area from outsiders entering, and the supply group for logistical support. Additionally, after each emergency drill, the leading group will evaluate the results and put forward improvement plans for problems.

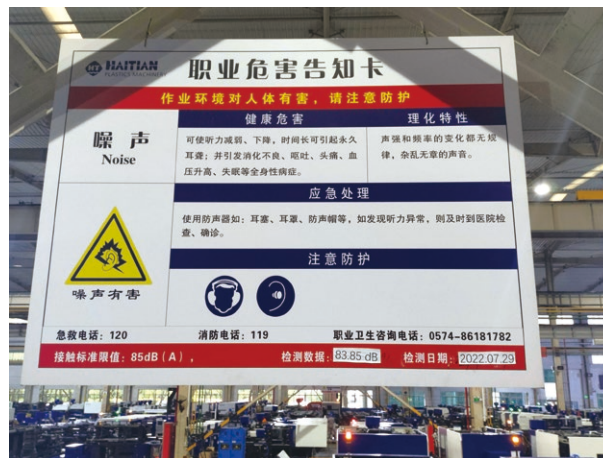
Case: Huayuan Plant emergency drill

In order to enhance employees' ability to escape and self-rescue during emergency situations, test the operation of fire-fighting facilities and equipment, improve the company's emergency rescue capability and prevent safety accidents, during the Reporting Period, the Group organised an emergency drill for the hazardous waste warehouse of Huayuan Plant, with 32 participants. All participants were expected to respond quickly and effectively, make clear of their duties and get familiar with evacuation routes and means of escape through the drill. The drill covered workshop fire drills, training of the micro fire station members, firefighting practice, rescue of trapped personnel, emergency medical aid, etc. The drill was well attended, well organised and achieved the expected results.



V. Employees' Rights and Interests

We follow the *Safety Management System of "Three Principles of Simultaneity"* (《「三同时」安全管理制度》), the *Occupational Diseases Prevention and Management System* (《職業病預防管理制度》), the *Management System for Safety Protection Equipment* (《安全防護設備管理制度》), the *Management System for Dust and Gas Prevention Facilities* (《防塵防毒設施管理制度》), the *Management System for Labour Protection Equipment* (《勞動防護用品管理制度》) and other systems or policies, and arrange annual health check-ups covering all the employees. Also, we organise regular occupational health check-ups for employees frequently exposed to a hazardous environment. In addition, the *Occupational Hazard Notification* (《職業危害告知卡》) has been posted in each workshop to remind employees exposed to occupational hazard factors to keep compliance with the *Code of Occupational Diseases Prevention* (《職業病防護法》). According to the protection requirements for different positions, we provide employees with protective articles that are in line with the safety protection requirements on a regular basis, such as helmets, goggles, masks, ear protectors, protective gloves, protective footwear and protection suits, and supervise the correct wearing of protection articles. Employees who do not wear labour protection articles properly as required will be disciplined and educated in accordance with the *Work Safety Rules* (《安全生產條例》). During the Reporting Period, there was no occupational disease reported in the Group.



Occupational Hazard Notification

V. Employees' Rights and Interests

In addition, the Group is regularly reviewed by professional occupational health detection institutions to strengthen external supervision. These professional institutions detect the occupational hazard factors in our workplace (e.g., workshops), check the set-up and operation of occupational disease prevention devices and the supply of personal occupational disease prevention articles. Accordingly, they will issue an evaluation report and propose suggestions for rectification and continuous improvement.



Detection Report on Occupational Hazard Factors

Safety training is of great importance to a safe working environment and employees' occupational health. Therefore, we organise health and safety training in a planned way to explain our corporate policies to employees and improve their awareness of occupational health and safety. During the Reporting Period, we carried out safety training in each plant following the Group's "Safety College Plan", with 5,491 people trained and a training coverage rate of 95.8%. The training is given through classroom teaching and multimedia instructions, covering regular training, occupational health and hygiene training, fire safety training and transportation safety training designated with different focuses according to the production process and actual situation, followed by assessments. We also stipulate that employees engaged in special operation shall receive special safety training before setting out to work.



"Safety College Plan" Training

V. Employees' Rights and Interests

Case: The first micro-lecture competition on safety and environmental protection

To implement the spirit of the Month of Safety and Environmental Protection, build a professional safety training team and improve safety and environmental protection management, the Group held the first micro-lecture competition on safety and environmental protection. Jointly organised by Haitian University, the Security Department and the Environmental Protection Department of the Group, the competition was in two parts – online video and offline speech – with a number of middle-level, junior and trainee lecturers selected. The number of participants on site was 16, and the participating employees interpreted the importance of safety and environmental protection in relation to their own job experience, working methods and management skills.

In the future, the team of safety lecturers will continue to conduct safety training in the frontline and engage in the filming of practical and useful safety micro-lecture videos to offer position-specific guidance, thereby heightening awareness of work safety throughout the Group.



V. Employees' Rights and Interests

- Reflections on the incident

On 18 April 2022, an employee of the Group's subsidiary, Ningbo Beilun Haitao Machinery Co., Ltd, violated the safety operation procedures while working with a laser cutting machine, resulting in a mechanical injury accident which caused 1 death. The Group has profoundly learnt from the accident, demoted the relevant responsible persons and imposed performance penalties; compensated the employee's family in strict accordance with Ningbo City's compensation standards for work-related injuries, offered additional humanitarian compensation, and paid condolences to the family multiple times. In order to truly learn from the mistakes and implement rectification work, the Group reviewed the cause of the incident and contacted the equipment manufacturer to carry out a comprehensive safety maintenance on all laser cutting machines; installed a software programme to implement safety interlocking of the equipment, which will stop the operation immediately when a person is detected entering the cabin; in addition, prohibited employees from unlocking the equipment themselves, and they must obtain authorisation from the responsible persons if unlocking is necessary, so as to avoid safety violations. We strictly carried out safety training and education for staff of relevant positions, continuously improved staff awareness and job operation skills, focused on the psychological health of other operators in the same position of the machine involved, and carried out certain psychological guidance and intervention in a timely manner. We also carried out in-depth risk identification of safety hazards for equipment using safety interlocks throughout the plant, established a sound safety risk control mechanism, conscientiously implemented hidden danger investigation and management, and strictly prevented similar accidents from happening again.

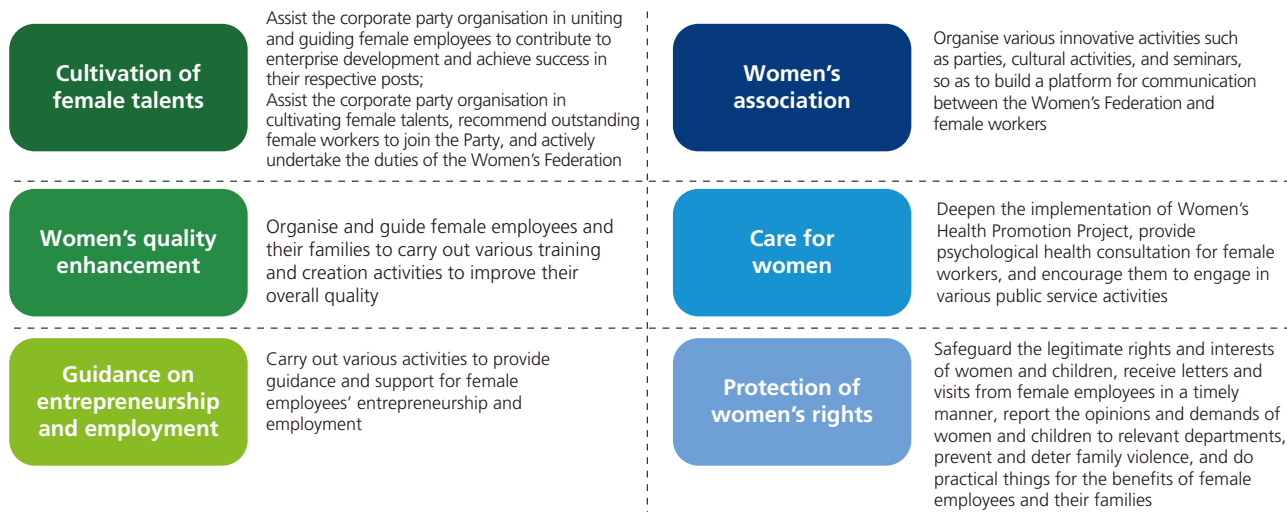
5. Staff Care

We maintain smooth communication and close contact with our employees. We have established various communication channels according to the *Employee Complaint Management System* (《員工申訴管理制度》) to help employees solve practical difficulties in a timely manner. During the Reporting Period, the "Staff Voice" system was implemented in the Group's labour union and extended to sub-labour unions. We have also set up a "Voice Group" to give full play to the role of the labour union group and further improve the mechanism for expressing and coordinating the interests of employees. In the "Staff Voice" office, employees may talk about and express their demands, discuss issues on labour relations, discuss psychological needs and offer good suggestions for the Group's development. We were accredited as the pilot entity for improving the quality of life of employees in Zhejiang Province in 2022. In the future, the labour union of the Group will promote the inspection and evaluation of "Staff Voice", taking the evaluation results as the basis for the assessment of labour unions at all levels and the evaluation of managements, to further enhance the ability of primary-level labour unions to maintain and develop harmonious labour relations.

At the same time, we conduct regular employee satisfaction surveys to collect and understand employees' satisfaction level and demands in terms of the Group's management and system, working environment and atmosphere as well as remuneration and benefits, and find out the reasons for dissatisfaction and take timely rectification measures. In 2022, our employee satisfaction rate was 89.9%.

V. Employees' Rights and Interests

The Group is committed to protecting the rights and interests of female employees. To this end, we set up a women's association at the Group level to earnestly perform our duties of organising, guiding, serving and safeguarding the legitimate rights and interests of female employees. During the Reporting Period, the women's association actively organised care activities for female employees, regularly distributed gifts and presents, and was awarded as the Model New Field Women's Association Organisation in Zhejiang Province.



"Six Responsibilities" of the Women's Association under Haitian International

Case: HPV vaccination

In order to promote the awareness of women's health and help employees properly understand HPV and HPV vaccines, the labour union of Haitian Group cooperated with Ji Rui Health Organisation to obtain price discount for a batch of 9-valent HPV vaccines for female employees and their family members, who can use medical insurance balance to pay for vaccination at nearby facilities. This solves the issues of the scarcity and high price of HPV vaccination. Altogether, nearly 300 eligible female employees and their family members were vaccinated with this special offer.



V. Employees' Rights and Interests

Case: Leisure trip for retired employees

The Group has organised many caring activities for retired employees to express our appreciation for their hard work. We organised a three-day leisure trip from 12 to 14 October 2022 to Cixi and Hangzhou Bay for 120 retirees, which strengthened the connection and communication between the Group and the retirees and allow them to feel the care and love of the Group. The labour union of the Group will continue to explore innovative ways to effectively provide more elaborate and caring services for retirees.



Case: Caring for the mental health of employees

We invite experienced psychological counsellors to be stationed in the "Staff Voice" office, sub-labour unions and the service stations of the frontline teams to provide psychological counselling and psychological knowledge popularisation for staff, and regularly conduct thematic psychological salons and group counselling activities to fully protect the mental health of staff.



V. Employees' Rights and Interests

Case: Labour Union benefits

To encourage and comfort the staff for their hard work, the labour union strengthened communication with the administration department to ensure that the staff were better nourished in the post-pandemic period, with milk and fruit distributed to the whole staff as a token of care.



VI. Public Welfare

To make contributions to society, we actively fulfil our social responsibilities and support charity by utilising our advantages and resources. We set up Zhejiang Haitian Charity Foundation in 2013 and keep it operating ever since. The foundation makes donations and carries out public welfare projects every year to help vulnerable groups such as people in poverty, uneducated children, orphans, widows, people with illnesses and disabilities, as well as employees in difficulty. Zhejiang Haitian Charity Foundation was rated as a “4A” Chinese social organisation by Zhejiang Civil Affairs Bureau, strongly demonstrating the Group’s high regard for giving back to society and its fruitful results in fulfilling social responsibilities. The certificate is shown below.



Zhejiang Haitian Charity Foundation was Rated as an AAAA Social Organisation



Haitian Plastics Machinery Group Co., Ltd. was Evaluated as “Excellent” in Taking Corporate Social Responsibilities in Ningbo

Always adhering to the spirit of humanistic care, we are committed to helping people in need from all walks of life and warming every corner of society with our own strength. We’ve made contributions to education, culture, sports, health and other fields.

VI. Public Welfare

- Promoting Youth Education

Case: Endeavour scholarships for colleges and universities

During the Reporting Period, we cooperated with 19 higher vocational colleges in and outside Zhejiang Province to provide scholarship assistance for students from poor families, who are well-rounded and excellent in both character and study. During the Reporting Period, we have invested RMB1,606,000 in “Endeavour Scholarships for Colleges and Universities”, benefiting hundreds of students.



Case: Care and assistance for teenagers

In July 2022, we joined hands with the Women’s Association of Xiaogang Street to provide care and support for teenagers in need of help, helping 45 teenagers in difficulty by providing scholarships of RMB90,000.

VI. Public Welfare

- **Helping families and children in difficulty**

Case: Help for people in difficulty

We continue to help families in need. Upholding the spirit of poverty alleviation and being benevolent, we helped families in difficulty due to disasters, accidents or treatment of serious illness and provided relief to people suffering from particularly serious diseases whose family cannot afford medical treatment, in accordance with the aid application rules of the Foundation. During the Reporting Period, the Group's Foundation helped 347 families in difficulty, with an expenditure of RMB815,000; and helped 68 retired employees in difficulty, with an expenditure of RMB959,000.



VI. Public Welfare

Donations to the construction of the Minors Protection Centre in Beilun District

We are dedicated to creating a better environment for the growth of children in need. After consultation with Beilun District Civil Affairs Bureau, during the Reporting Period, we set up a Minors Protection Centre on the 5th floor of Changren Building of Beilun District Center Welfare House to provide relief services for street children and minors who suffer from infringement of guardians or have no guardianship temporarily. According to the District Civil Affairs Bureau, the cost of the second phase includes the purchase of various types of furniture for the public areas, reading rooms, children's play areas, boys' and girls' bedrooms and other functional rooms, with an expenditure of RMB199,700, benefiting hundreds of children.



VI. Public Welfare

• Staff Volunteer Activities

Case: Voluntary blood donation

To promote positive social energy, on 17 June 2022, under the organisation of the Group's labour union, we carried out a voluntary blood donation for employees, demonstrating the responsibility and commitment of Haitian employees. A total of 204 employees donated blood on the day of the donation, with the total blood donation of 72,900 millilitre. During the Reporting Period, there were two occasions when employees of the Group were hospitalised due to serious injuries arising from non-work-related accidents and sudden illnesses that required blood urgently. The labour union appealed to all employees to donate blood for the seriously injured employees to get through the dangerous period, and actively applied for various subsidies and condolence payments, taking into account the financial pressure of the employees' families. At present, one employee is discharged from hospital and recovering at home, and another colleague is out of danger and in a stable condition.

爱心献血倡议书

创建人：朱丹妮 创建部门：集团工会 发布日期：2022-08-26

各位海天同仁，

2022年8月14日，我司员工倪铮铮因意外重伤住院，颅脑损伤、全身多处骨折，已于8月22日进行了一次手术，期间因血库告急，手术过程中只完成一半输血，于次日才调到足够的血液完成输血。术后倪铮铮同事持续伴有高热，目前仍在重症监护室治疗，意识尚未恢复。因伤势严重，他须于8月29日（下周一）再次进行手术。近期宁波市A型血液库存仍存在暂时性紧缺的状况，由于手术需要的血量较大，如无法调集足够血液，手术排期将会受到影响，其后续的治疗以及恢复也将受到严重影响，情况非常危急！

倪铮铮同事入职公司25年，兢兢业业，工作表现优异，待人亲切友善。面对长期与我们朝夕相处的同事生命垂危，我们无法漠然视之。在此，我们呼吁广大海天员工行动起来，尽己所能，以献血的方式挽救这个宝贵的生命，帮助倪铮铮同事脱离危险，共度难关！

生命只有一次，每个生命背后都是整个家庭的希望。如果您是A型血，您有一颗挽救同事生命的大爱之心，符合献血标准，请迅速行动起来，尽快于8月27日—8月28日（本周六、周日）前往附近的爱心献血屋参与献血，加入到这场生命的接力中。

期待您伸出手臂，捐献点热血，让生命得以延续！

一、献血时间

8月27日（星期六）-8月28日（星期日）

VI. Public Welfare

Case: Visit to the elderly in the communities

The Honglian Community is a typical urban old community, with many elderly groups and many people in difficulties living in the jurisdiction. To meet the needs of the disadvantaged groups and improve the lives of the residents, the community actively seeks the help of caring enterprises, and Haitian is one of the caring enterprises working with the community. On 2 June 2022, volunteers from the Honglian Community Charity Workstation and Haitian's labour union paid a visit to the district, sending holiday gifts and blessings to the unaccompanied elderly, the disabled and the underprivileged. The volunteers gave away festive gifts including rice, cooking oil and dumplings to those in difficulty, and expressed concerns about their health, the current situation of their families and the difficulties they encountered.



VI. Public Welfare

Community convenience services

We set up a charity volunteer group to carry out occasional charity services during weekends since 2013. During the Reporting Period, there were 10 volunteer groups and 74 registered charity volunteers. The services include repairing bicycles and electric vehicles, applying cell phone screen protectors, repairing household appliances, providing networking and support, donating books, medical care, little reading camp, counselling, old clothes donation, and book exchange, etc., benefiting nearly 1,000 people.



VI. Public Welfare

- Upholding the Tradition of Charitable Activities

Haitian Charity Day

As of 31 December 2022, we have held twelve “Haitian Charity Day” activities in a row, aiming to provide a variety of community services for the convenience of residents. Our employees provided services to community residents, such as photographing, hairdressing, measuring blood pressure and blood glucose, as well as repairing household appliances, and held activities such as donating clothes, shoes and books, providing networking and support, making handmade reusable bags and promoting waste sorting and recycling knowledge, serving more than 1,000 people in total, with an expenditure of RMB26,400.



ESG Reporting Guide Index

Topic	Disclosures	Location in report
A. Environmental		
Aspect A1	Emissions	
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	Green Production – Implementation of Green Management, Strict Control over Discharge and Emissions
A1.1	The types of emissions and respective emissions data	Green Production – Strict Control over Discharge and Emissions, ESG Performance Data
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Production – Energy Management, ESG Performance Data
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Production – Strict Control over Discharge and Emissions, ESG Performance Data
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Production – Strict Control over Discharge and Emissions, ESG Performance Data
A1.5	Description of emission target(s) set and steps taken to achieve them	Green Production – Implementation of Green Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets(s) set and steps taken to achieve them	Green Production – Strict Control over Discharge and Emissions



ESG Reporting Guide Index

Topic	Disclosures	Location in report
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Green Production – Implementation of Green Management, Energy Management, Water Management
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)	Green Production – Energy Management, ESG Performance Data
A2.2	Total water consumption and intensity (e.g. per unit of production volume, per facility)	Green Production – Water Management, ESG Performance Data
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Green Production – Implementation of Green Management
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Green Production – Implementation of Green Management
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable, because the Group's main business is not resource intensive for packaging materials
Aspect A3	Environment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	Green Production – Implementation of Green Management
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Not applicable, because the Group's activities have no significant impact on the environment
Aspect A4	Climate Change	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Green Production – Implementation of Green Management
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Green Production – Climate Change

ESG Reporting Guide Index

Topic	Disclosures	Location in report
B. Social		
Aspect B1	Employment	
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	Employees' Rights and Interests – Legal Employment/Remuneration and Benefits
B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region	ESG Performance Data
B1.2	Employee turnover rate by gender, age group and geographical region	ESG Performance Data
Aspect B2	Health and Safety	
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Employees' Rights and Interests – Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Employees' Rights and Interests – Health and Safety, ESG Performance Data
B2.2	Lost days due to work injury	Employees' Rights and Interests – ESG Performance Data
B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored	Employees' Rights and Interests – Health and Safety



ESG Reporting Guide Index

Topic	Disclosures	Location in report
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employees' Rights and Interests – Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	ESG Performance Data
B3.2	The average training hours completed per employee by gender and employee category	ESG Performance Data
Aspect B4	Labour Standards	
General Disclosure	Information on:	Employees' Rights and Interests – Legal Employment
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to preventing child and forced labour.	
B4.1	Description of measures to review employment practices to avoid child and forced labour	Employees' Rights and Interests – Legal Employment
B4.2	Description of steps taken to eliminate such practices when discovered	Employees' Rights and Interests – Legal Employment
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain	Responsible Operation – Supply Chain Management
B5.1	Number of suppliers by geographical region	ESG Performance Data
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Responsible Operation – Supply Chain Management, ESG Performance Data
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Responsible Operation – Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Responsible Operation – Supply Chain Management

ESG Reporting Guide Index

Topic	Disclosures	Location in report
Aspect B6	Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible Operation
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Responsible Operation – Product Quality and Safety
B6.2	Number of products and services related complaints received and how they are dealt with	Responsible Operation – Quality Service
B6.3	Description of practices relating to observing and protecting intellectual property rights	Responsible Operation – Intellectual Property Protection
B6.4	Description of quality assurance process and recall procedures	Responsible Operation – Product Quality and Safety
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Sophisticated Governance – Business Information Security
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.	Sophisticated Governance – Business Ethics
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	Sophisticated Governance – Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Sophisticated Governance – Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff	Sophisticated Governance – Business Ethics
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	Public Welfare
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Public Welfare
B8.2	Resources contributed (e.g. money or time) to the focus area	Public Welfare



ESG Performance Data

Environment¹

Emissions ¹	Unit	FY 2022
Direct greenhouse gas emissions ²	tCO ₂ e	3,196.09
Indirect greenhouse gas emissions ²	tCO ₂ e	72,048.70
Total greenhouse gas emissions ²	tCO ₂ e	75,244.79
Greenhouse gas emission intensity ²	tCO ₂ e/Output per RMB10,000 revenue	0.0611
NO _x	kg	697.44
So _x	kg	217.09
PMs	kg	2,099.73
VOC/Non-methane hydrocarbon ³	kg	40,104.69
Others (chromic acid mist)	kg	0.03
Waste water	Tonne	65,134.00
Waste water intensity	Tonne/Output per RMB10,000 revenue	0.05
Waste mineral oil ⁴	Tonne	229.58
Waste emulsified mixture	Tonne	292.89
Waste carbon-based catalyst	Tonne	6.58
Waste filter	Tonne	9.80
Paint residue	Tonne	167.00
Waste oil barrel	Tonne	45.32
Sludge	Tonne	469.80
Oily wastes	Tonne	106.49
Waste hydrochloric acid	Tonne	35.35
Others ⁴	Tonne	28.49
Total hazardous wastes	Tonne	1,391.31
Hazardous waste intensity	Tonne/Output per RMB10,000 revenue	0.0011
Total non-hazardous wastes	Tonne	25,445.45
Non-hazardous waste intensity	Tonne/Output per RMB10,000 revenue	0.0207

ESG Performance Data

Use of Resources ¹	Unit	FY 2022
Gasoline	Tonne	315.72
Natural gas ⁵	Cubic metre	704,001.00
Liquefied petroleum gas (LPG) ⁵	Tonne	61.96
Diesel	Tonne	180.32
Total direct energy consumption	MWh	14,390.45
Purchased electricity	MWh	108,546.93
Steam	Tonne	29,502.17
Total indirect energy consumption	MWh	131,231.11
Total energy consumption	MWh	145,621.56
Energy consumption intensity	MWh/Output per RMB10,000 revenue	0.1183
Total water consumption	Tonne	323,161.00
Water consumption intensity	Tonne/Output per RMB10,000 revenue	0.2626

Society

Employment	Unit	FY 2022
Total workforce	Person	7,159
Male employees	Person	6,383
Female employees	Person	776
Full-time employees	Person	7,082
Part-time employees	Person	77
Under 30 years old	Person	2,358
30 to 40 years old	Person	2,391
Over 40 years old	Person	2,410
Mainland China	Person	6,460
Overseas	Person	699



ESG Performance Data

Turnover rate	Unit	FY 2022
Male employees	Person	503
Female employees	Person	128
Employees under 30 years old	Person	339
Employees within 30 to 40 years old	Person	90
Employees over 40 years old	Person	202
Mainland China	Person	524
Overseas	Person	107
Total turnover rate	%	8.81
Male employees	%	7.88
Female employees	%	16.49
Employees under 30 years old	%	14.38
Employees within 30 to 40 years old	%	3.76
Employees over 40 years old	%	8.38
Mainland China	%	8.11
Overseas	%	15.31

Health and Safety	Unit	FY 2022
Number of work-related fatalities ⁶	Person	1
Rate of work-related fatalities ⁶	%	0.014
Lost working days	Day	0

Proportion of trainees by employee category	Unit	FY 2022
Total number of trainees	Person	7,159
Senior management	Person	42
Middle management	Person	236
Junior employees	Person	6,881
Male trainees	Person	6,383
Female trainees	Person	776
Senior management	%	1
Middle management	%	3
Junior employees	%	96
Male trainees	%	89
Female trainees	%	11

ESG Performance Data

Average training hours by employee category	Unit	FY 2022
Senior management	Hour	25
Middle management	Hour	40
Junior employees	Hour	18
Male employees	Hour	19
Female employees	Hour	18

Supply Chain Management ⁷	Unit	FY 2022
China	/	263
Other countries	/	7
New suppliers under access assessment in the current year	/	12
Suppliers eliminated due to product quality and safety issues	/	0
Suppliers certified by ISO 14001	/	35
Suppliers signing the Letter of Commitment to Integrity	/	71
Suppliers signing the Management Measures for Safety and Environmental Protection	/	193
Suppliers signing the Code of Social Responsibility	/	201

Note 1: Data only covers the plants in Ningbo, excluding the Wuxi Plant, South China Plant (partly under construction), and overseas plants; the intensity is calculated by the output per RMB10,000 revenue. Certain density indicators have increased slightly due to the impact of changes in revenue during the fiscal year.

Note 2: GHG emissions are mainly from the use of gasoline and natural gas during the production (Scope 1), and from the purchased electricity and steam (Scope 2). GHG emissions are presented as CO₂ equivalent (CO₂e), with the calculation method and conversion factors in line with the Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Other Industrial Enterprises (《工業其他行業企業溫室氣體排放核算方法與報告指南》) issued by the National Development and Reform Commission and the Guidelines on Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Power Generation Facilities (2022 Revision) (《企業溫室氣體排放核算方法與報告指南 發電設施(2022年修訂版)》) issued by the Ministry of Ecology and Environment.

Note 3: During the Reporting Period, the change from outsourcing to self-production of some parts of the plastic injection moulding machine and the expansion of workshop capacity led to an increase in the amount of paint used and consequently in VOC emissions.

Note 4: During the Reporting Period, the one-off increase in emissions, including waste mineral oil and other hazardous waste, due to the relocation and renovation of the wastewater station was occasional.

Note 5: During the Reporting Period, the Group's new production processes involved the use of natural gas, and the heat source of some existing processes has been replaced with natural gas from LPG, hence there was an increase in the use of natural gas in 2022 and a corresponding decrease in the use of LPG in 2022.

Note 6: The Group had 1 work-related fatality in 2022, which is detailed in the Report; there were no work-related fatalities in 2021 or 2020.

Note 7: Data on supply chain management covers production procurement suppliers for the plants in Ningbo, Wuxi Plant and South China Plant (partly under construction), excluding administrative procurement suppliers and suppliers for overseas plants.

Feedback from Readers

Dear readers:

Thank you for reading our 2022 Environmental, Social and Governance Report (《2022年環境、社會及管治報告》). In order to provide stakeholders with valuable information and improve our ability and performance in fulfilment of social responsibility, we are sincerely expecting your valuable opinions and suggestions.

You can fill in the feedback form and return it to us in the following ways:

Address: No. 1688 Haitian Road, Xiaogang, Beilun District, Ningbo City, Zhejiang Province

Tel (mainland China): 86-574-86182786

Tel (Hong Kong): 852-24282999

Postcode: 315801

Email: wangjihui@mail.haitian.com; yxj0199@mail.haitian.com

1. Your overall rating for the Group's Environmental, Social and Governance Report:

Outstanding Satisfactory Unsatisfactory Poor

2. Your rating for the Group's fulfilment of economic, social and environmental responsibility:

Environmental responsibility	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Unsatisfactory	<input type="checkbox"/> Poor
Social responsibility	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Unsatisfactory	<input type="checkbox"/> Poor
Economic responsibility	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Unsatisfactory	<input type="checkbox"/> Poor

3. How the Report reflects the impact of the Group's ESG responsibility practice on economy, society and environment?

Very good Good Fair Poor Very poor

4. What do you think about the clarity, accuracy and completeness of the information and data disclosed in the Report?

Clarity	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Unsatisfactory	<input type="checkbox"/> Poor
Accuracy	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Unsatisfactory	<input type="checkbox"/> Poor
Completeness	<input type="checkbox"/> Outstanding	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Unsatisfactory	<input type="checkbox"/> Poor

5. Are the content structure and layout design convenient for you to read?

Yes Fair No

6. Other opinions or suggestions about the Group's ESG work and the Report:



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