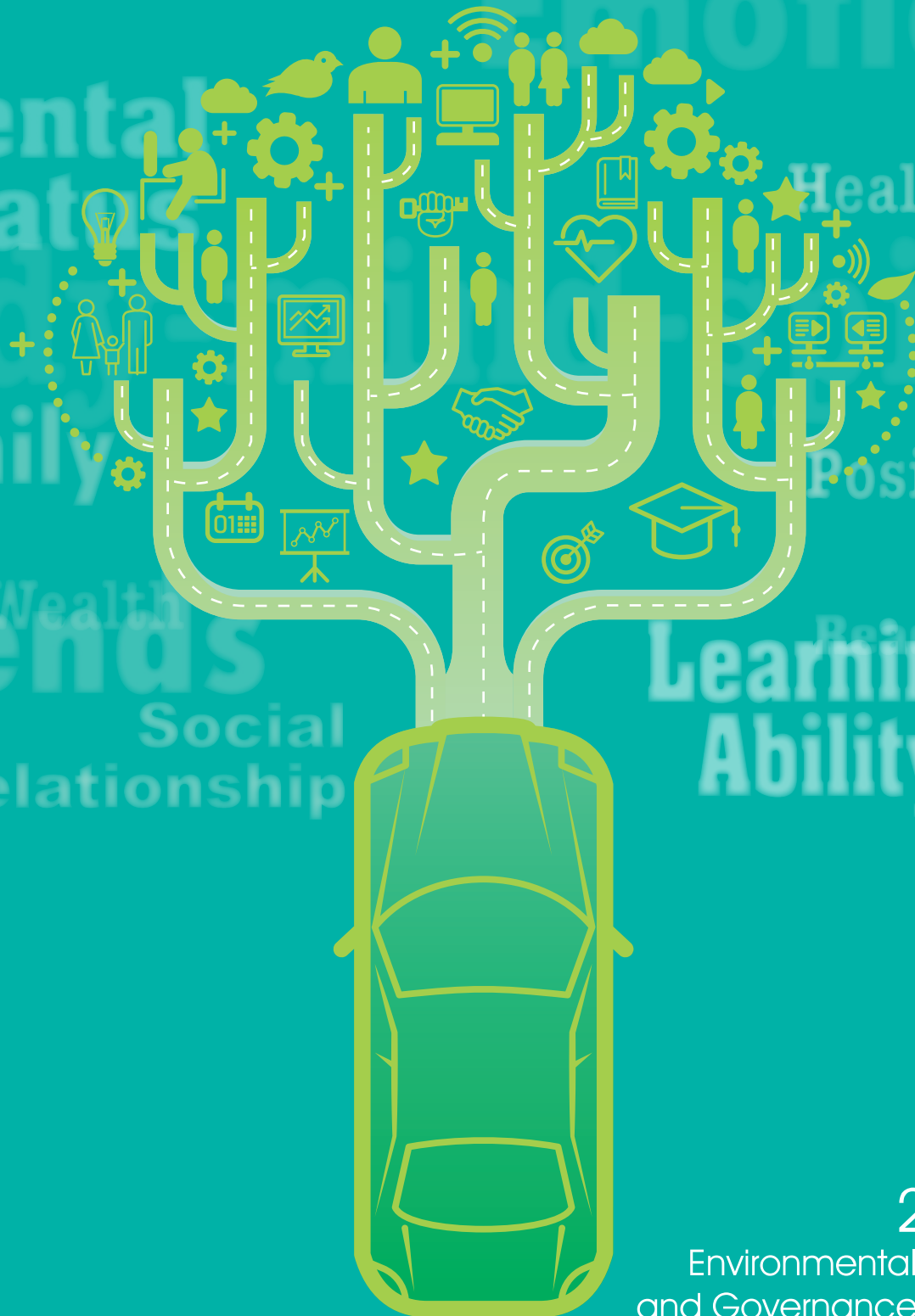




MINTH GROUP LIMITED
敏實集團有限公司

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



2018
Environmental, Social
and Governance Report

Content

2	•	About this Report
3	•	Message from the Management
5	•	Key Performance in 2018
6	•	1. Common Efforts for Achievements
6	•	1.1. About Minth
8	•	1.2. Corporate Governance
12	•	1.3. ESG Governance
18	•	2. To Create Beauty in Motion with Intelligence
18	•	2.1. Lean Management
22	•	2.2. Win-Win Cooperation and Shared Development
24	•	2.3. Dedicated Services
26	•	3. Leader in Environmental Protection
26	•	3.1. Environmental Protection First
30	•	3.2. Energy Saving
33	•	3.3. Low-Carbon and Emission Reduction
39	•	4. Rules: Approach to Safety
39	•	4.1. Safety Management
40	•	4.2. Production Safety
45	•	5. Cohesion: United as One
45	•	5.1. Human-Oriented
48	•	5.2. Employee Development
52	•	5.3. Cultural Consensus
57	•	6. Charity: Hope for Pearl
63	•	Appendix: Content Index of the ESG Reporting Guide

ABOUT THIS REPORT

SCOPE OF THE REPORT

This report is the third Environmental, Social and Governance (hereinafter referred to as “ESG”) report of Minth Group Limited, mainly disclosing the Group’s practice and performance in corporate governance, environmental management and social responsibility from 1 January 2018 to 31 December 2018 (hereinafter referred to as the “Reporting Period”) to meet the expectations and requirements of its stakeholders. The ESG related policies, statements, and data in this report involve the Group’s headquarters and its subsidiaries, and any inconsistency in the scope of disclosure will be explained in the report.

REPORTING REFERENCE

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

RELATED ABBREVIATIONS

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

SOURCE OF MATERIAL AND ASSURANCE

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

CONFIRMATION AND APPROVAL

After confirmation by the management, this report was approved by the Board of Directors on 18 July 2019.

ACCESS AND FEEDBACK TO THE REPORT

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

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

Tel: **86-574-86856322**

Fax: **86-574-86856330**

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

Website: **www.minthgroup.com**

MESSAGE FROM THE MANAGEMENT



Photo credit: *Business Weekly* (Taiwan)

Dear Stakeholders,

It's a great pleasure to share with you the ESG performance of the Group in 2018.

In 2018, the operating environment became sensitive and volatile due to the downturn in the Chinese automobile market and the impact of US-China trade frictions. Faced with adverse conditions, we understand that profit is to an enterprise what water and air are to human beings. However, it does not mean we need to give up the pursuit of our mission, vision and social values while generating profit. Therefore, the internal refinement of the Group has become increasingly important. We are also more convinced that sustainable development and the commitment to create more value for the society will be the cornerstone of our long-term growth and our pursuit of ideals.

Innovation and technology form the core and sustainable competitiveness of a company in the long run. In 2018, we continued to demonstrate our strength in innovation and management, implement values of embracing change, capitalize on core technologies to win the market, and realize the vision of "creating beauty in motion with intelligence". With the support of competitive management capabilities and core technologies, we motivated our overseas factories and helped them continuously improve management capabilities and technology level.

The enduring operation of an enterprise is underpinned by sustainable competitiveness in talents. In 2018, we continued to promote the concept of "overall wellness". We care for the physical and mental health of each employee and support them to grow into a member of Minth family with health, love, experience and influence. We also endeavor to provide a safe, healthy and caring platform for employees to motivate their potential and find their directions, and create a cultural atmosphere of mutual encouragement and support, so as to achieve a win-win outcome between the enterprise and employees.

Environmental protection is indispensable to the sustainable development of a company. In 2018, we strived to reduce the ecological footprint of manufacturing processes and diminish negative impacts on the environment. We continuously improved our environmental management system and management capabilities to implement green production and green office, and ensure reasonable utilization of resources and compliant emission of pollutants. Besides, we actively adopted renewable energy to reduce dependence on fossil fuels and thus lessen carbon footprint.

Message from the Management

Charity and public service have always been an important way for us to repay society. In 2018, we continued our dedication to education to provide more poverty-stricken children with access to quality education. We carried on the “Hope for Pearl” project, organized the “Minth Cup Most Beautiful Teacher” selection, and upgraded the “Children Class Project for the Yi Ethnic Group” into a “Comprehensive School Support” project to further practice our belief in charity — bringing love together and paying it forward. In 2018, we helped over 400 children go back to schools. The “Comprehensive School Support” program also benefitted more than 400 Yi teachers and students.

Looking ahead, we will still spare no effort to improve our sustainable development capabilities and create more value for the society. It is a long and painstaking journey to realize our ideals. However, it will only motivate us to move forward. We hope to join hands with more of our stakeholders to achieve a sustainable and win-win future.

Chin Jong Hwa

Chairman

Minth Group Limited

KEY PERFORMANCE IN 2018

RESPONSIBILITY MANAGEMENT

- 208 authorized patents, including 33 invention patents, which increased by 75% compared to 2017
- 90 persons received a total of RMB820,000 of rewards for patents
- Signed *Supplier Integrity Agreement* with 100% of suppliers

ENVIRONMENT AND SAFETY

- Photovoltaic power generation was 11,127,400 kWh, which is 9 times of the 2017 figure, saving 3,438.36 tonnes of coal for thermal power generation and reducing carbon dioxide emissions by 9,391.50 tonnes
- The comprehensive energy consumption per RMB10,000 of output value was 60.50 kg of standard coal
- The greenhouse gas emissions per RMB10,000 of output value were 0.27 tonnes of CO₂
- The water consumption per RMB10,000 of output value was 4.84 tonnes
- 0 work-related fatality

EMPLOYEES AND COMMUNITY

- The Group had a total of 18,391 employees in 7 countries, which increased by 2,031 compared to 2017
- The Group helped 440 students go back to school
- The Group has set up 45 “Pearl Classes” in 28 schools and helped 1,978 dropout students go back to school in the past ten years
- More than 400 teachers and students benefited from the Comprehensive School Support project for Yi schools

Common Efforts for Achievements

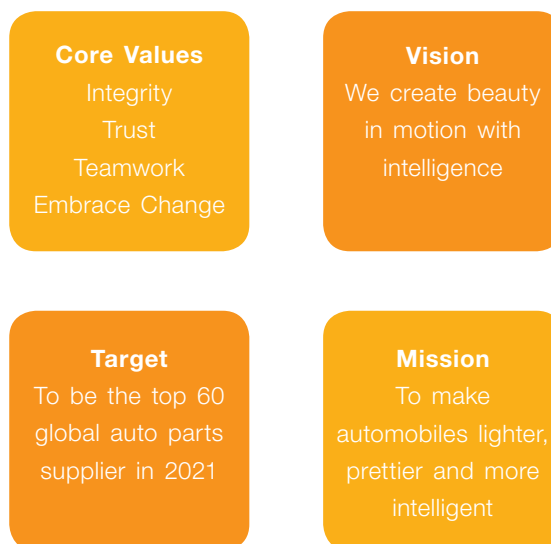
1. COMMON EFFORTS FOR ACHIEVEMENTS

In the backdrop of a volatile operating environment, the Group always guides its employees with its corporate culture, maintains and expands markets through a comprehensive strategic layout, and performs risk control with high-level corporate governance. Meanwhile, the Group establishes and improves its ESG governance structure to ensure sound and effective ESG performance in a top-down manner, and thus make continuous achievements.

1.1. About Minth

Minth Group Limited is primarily engaged in the design, manufacture and sale of trims, decorative parts, body structural parts, roof racks and other related auto parts. The Group was listed on the Stock Exchange (stock code: 0425) on 1 December 2005. Having its manufacturing bases in China, the United States, Mexico, Thailand and Germany, together with its production plants under planning and construction in the United Kingdom and Serbia and its technical centers located in China, Germany, North America and Japan, the Group is able to provide services to the major automotive markets around the world and meet the growing demand of its customers.

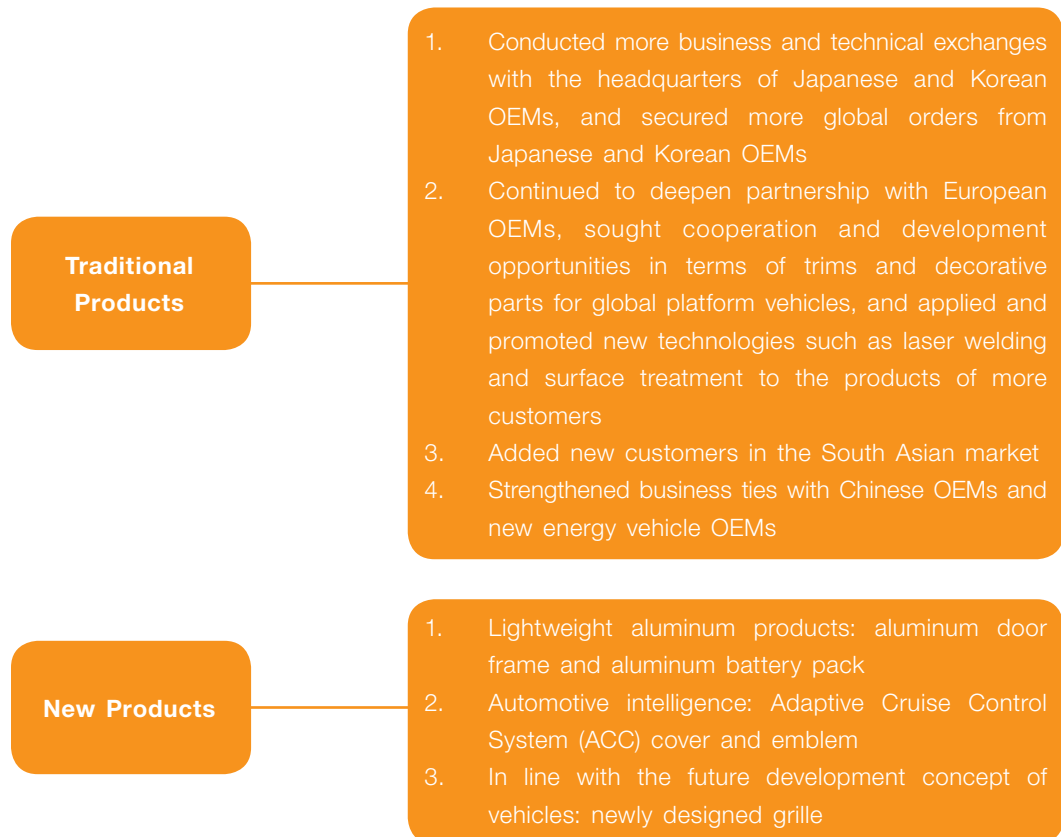
- **Corporate Culture**



- **Strategic Layout**

During the Reporting Period, the Group made favourable achievements in new business intake against market downturn. As we steadily improved the market coverage of our traditional products, we also made multiple breakthroughs with our new product offerings.

Common Efforts for Achievements



The Group is committed to globalized operation and strives to be a quality supplier to its customers during their global development. During the Reporting Period, the Group planned and built the production base for aluminum products in Serbia, and also planned and built production lines for aluminum door frame and battery pack in various locations in Britain, the US and China, in order to meet the local supply requirements of its global customers, and to further improve its global competitiveness and global footprint of its aluminum products. In addition, the Group continued its visionary planning for the production layout of major production facilities, and expanded and optimized the capacity of its major plants located in China, the US, Mexico, Thailand and Germany to facilitate the development and mass production of products for its new business intake, thus better catering to the needs of its global customers in product development and mass production.

Common Efforts for Achievements

1.2. Corporate Governance

The Group strictly abides by the Corporate Governance Code in Appendix 14 in the Listing Rules, and improves its corporate governance and internal control practice through continuous review to ensure high corporate governance standards. The Board of Directors regularly reviews the risk management system and internal control system to ensure effective governance and achievement of the Group's strategic objectives.

- **Risk Control**

We set up three lines of defense for risk management and internal control. While fulfilling risk management and internal control responsibilities, the Group convenes special meetings when necessary where participants at all levels put forward quick cross-functional response and effective countermeasures towards the identified potential high-risk issues.

First Line of Defense

- Identification, evaluation and acknowledgement of risks and critical control points during the operating process by different levels of management from each functional unit, with internal controls by means such as verification of authorization, physical control and separation of duties.

Second Line of Defense

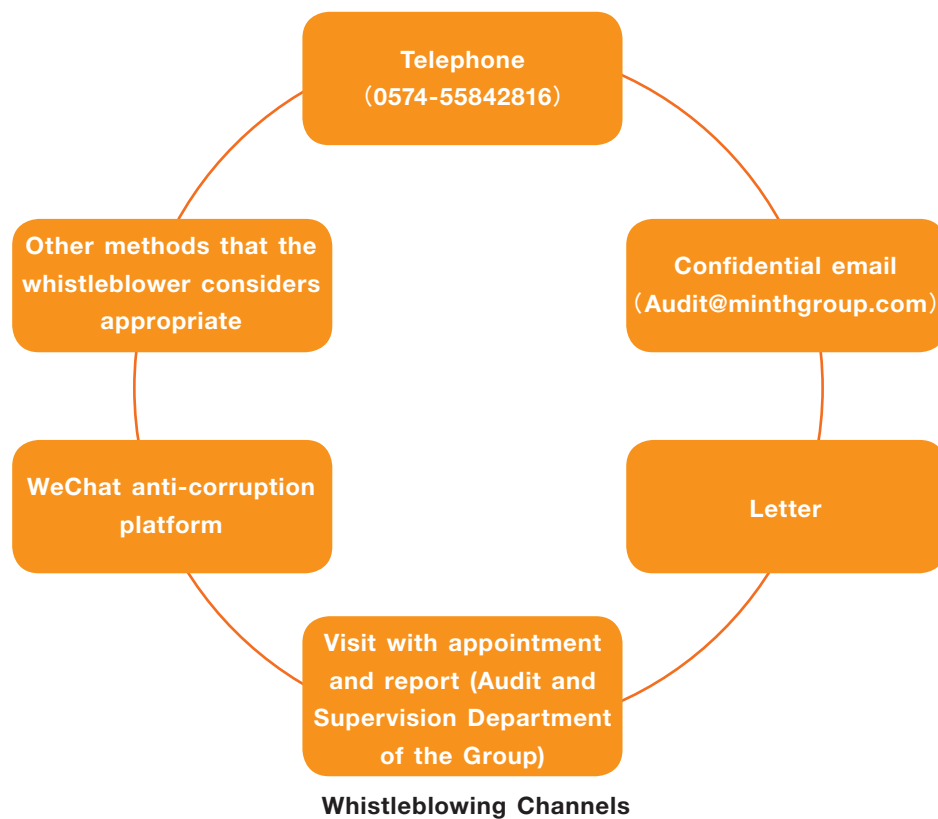
- Each functional unit and department conducts internal review.
- Regular internal review in respects of human rights, financial rights and related procedures is conducted by departments of the Group headquarters, such as Human Resources Department and Finance Department, to ensure the compliance with laws and regulations and requirements of the Stock Exchange, as well as the accuracy and fairness of the financial statements.
- Due diligence are established in every functional unit to conduct self-review and evaluation.

Third Line of Defense

- The Group has established an Audit and Supervision Department, which is independent of the business operation for the Group, to conduct random internal reviews over every system and subsidiaries or departments. In the case of material risks and loophole of internal control, the Audit and Supervision Department will expand its coverage of auditing and report to the Audit Committee in a timely manner. Apart from sufficient allocation of resources, the Group ensures that the internal audit team can get access to all business filings, accounting records and related staff, so as to guarantee the effectiveness of its internal audit function.

- **Anti-Corruption Management**

In strict accordance with laws and regulations against corruption including the *Anti-Unfair Competition Law of the People's Republic of China*, *Anti-Money Laundering Law of the People's Republic of China*, and *Provisional Regulations on the Prohibition of Commercial Bribery*, we developed internal policies such as *Minth Group Reward and Punishment Measures and Supplier Integrity Reward and Punishment Regulations*, set up multiple whistleblowing channels against corruption and improve whistleblowing investigation procedures and corruption incident monitoring procedures to well manage the business practices of us and our partners, and to establish a corporate image of integrity. In the meantime, the Group signed the *Supplier Integrity Agreement* with 100% of suppliers to establish long-term healthy partnerships.

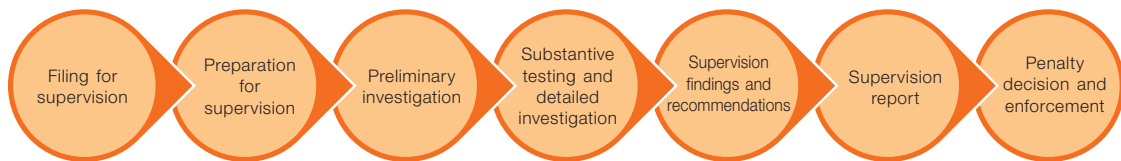


Common Efforts for Achievements



Whistleblowing Investigation Procedures

In addition to whistleblowing, the Group also has a corruption incident monitoring process. The penalty decision on internal employees of the Group will be proposed by the Audit and Supervision Department within 15 working days after the closing of the case. After approval, a penalty proposal will be issued and submitted to the Human Resources Department for enforcement in accordance with the *Minth Group Reward and Punishment Measures*.



Corruption Incident Handling Process and Methods of Supervision

During the Reporting Period, we put up anti-corruption posters within the Group and participated in activities and events on anti-corruption to create a clean and honest working environment and enhance the integrity awareness of all employees.



Anti-corruption Poster within the Group

The Group joined the Enterprise Anti-Fraud Alliance



The Enterprise Anti-Fraud Alliance aims to help enterprises implement anti-fraud measures and develop anti-fraud systems, promote resource sharing and information sharing, offer a platform for enterprises to exchange anti-fraud experience and jointly build a clean business environment through innovation and cooperation. The Alliance includes more than 400 well-known companies from different industries such as Alibaba, Country Garden, Midea, SF Express, Vanke, Fosun, Shimao, and CIMC, and is still expanding.

The Group carried out exchanges on anti-corruption with the Economic Development Zone Branch of Huai'an Municipal Public Security Bureau



In December 2018, management team of the Group's Huai'an plant exchanged ideas with the leadership of the Economic Development Zone Branch of Huai'an Municipal Public Security Bureau on how to combat corruption, how to carry out anti-corruption education, and how to establish a corporate culture of integrity, reaching consensus with the Branch on subsequent cooperation on anti-corruption.

During the Reporting Period, the Group witnessed one corruption incident in total, which had been transferred to competent judicial authorities. After the incident, we strengthened our efforts to form an anti-corruption culture, invited experts from public security organs, procuratorial organs and people's court to give lectures and promote knowledge about the law, and improved our internal control procedures to raise the anti-corruption awareness of all employees.

Common Efforts for Achievements

1.3. ESG Governance

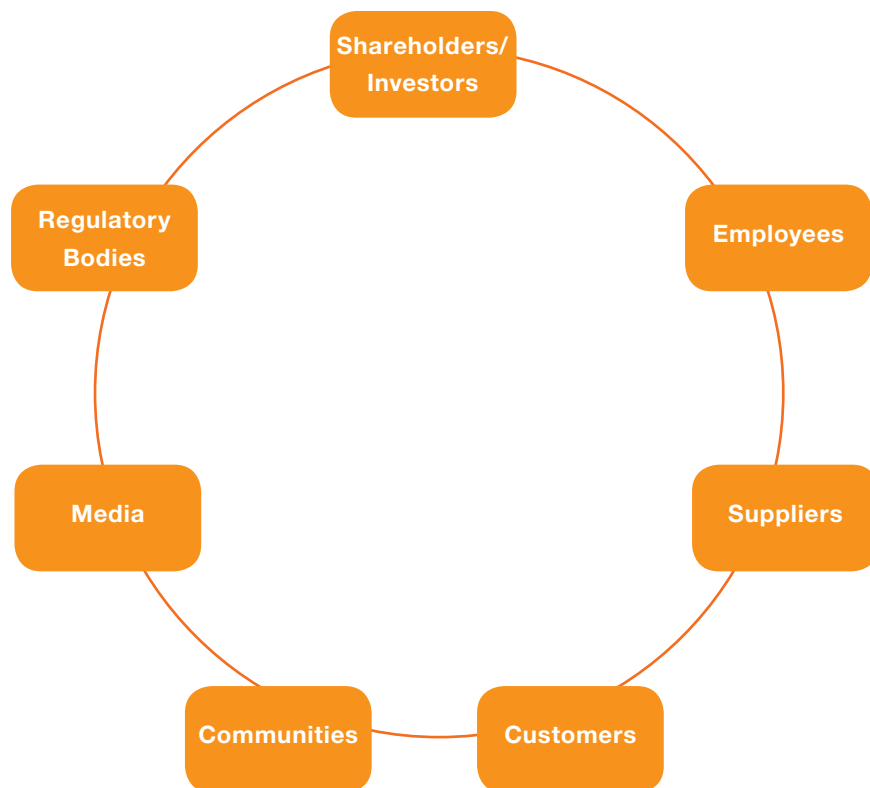
Since its inception, the Group has been adhering to the concept of “creating value for the society”. Considering the orientation and operation of the Group, we have been striving to explore and improve product quality, intelligent innovation, green manufacturing, safe production, employee development,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

In order to effectively implement ESG governance related work, we have established a top-down ESG management system. It is a multi-level internal ESG management structure led by the Board of Directors with ESG Executive Committee as the core and ESG Working Team as the main actor, aiming to ensure sound and effective ESG governance of the Group.



Common Efforts for Achievements

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



Common Efforts for Achievements

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

Stakeholders	Concerned issues	Channels for communication/ feedback	Frequency/times
Shareholders/ investors	<ul style="list-style-type: none"> • Business performance • ESG governance • Legal and regulatory compliance 	– General meeting of shareholders	– Scheduled
		– Financial statements	– Scheduled
		– Results briefing	– Scheduled
		– Announcement	– Scheduled/non-scheduled
		– Roadshow	– Non-scheduled
Employees	<ul style="list-style-type: none"> • Compensation and benefits • Professional development • Health and safety 	– Employee training	– Scheduled/non-scheduled
		– Employee meeting	– Scheduled/non-scheduled
		– Employee activities	– Scheduled/non-scheduled
		– Employee interview	– Non-scheduled
		– Internal journal	– Scheduled
Suppliers	<ul style="list-style-type: none"> • Supply chain management • Product responsibility • Anti-corruption 	– On-site investigation	– Scheduled/non-scheduled
		– Supplier assessment	– Scheduled
		– Communication on quality	– Non-scheduled
		– Phone call/written communication	– Non-scheduled
		– Suppliers conference	– Scheduled
Customers	<ul style="list-style-type: none"> • Product responsibility • R&D and innovation • Information confidentiality 	– Customer hotline	– Non-scheduled
		– Customer satisfaction survey	– Scheduled
		– Customer meeting and visiting	– Scheduled/non-scheduled
		– Customer complaint settlement	– Non-scheduled
		– E-mail	– Non-scheduled

Common Efforts for Achievements

Stakeholders	Concerned issues	Channels for communication/ feedback	Frequency/times
Communities	• Green production	– On-site investigation	– Non-scheduled
	• Community investment	– Meeting	– Non-scheduled
	• Legal and regulatory compliance	– Charity and public services	– Non-scheduled
		– Co-construction of communities	– Non-scheduled
Media	• Community investment	– News release/ announcement	– Scheduled/non-scheduled
	• Business performance	– Interview	– Scheduled/non-scheduled
	• Product innovation	– Results briefing	– Scheduled
Regulatory bodies	• Regulatory compliance	– Monthly return	– Scheduled
	• Product responsibility	– News release/ announcement	– Scheduled/non-scheduled
	• Health and safety	– Annual/interim report	– Scheduled
	• Green production	– Regular communication	– Scheduled

• *Investor Relations and Communication*

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

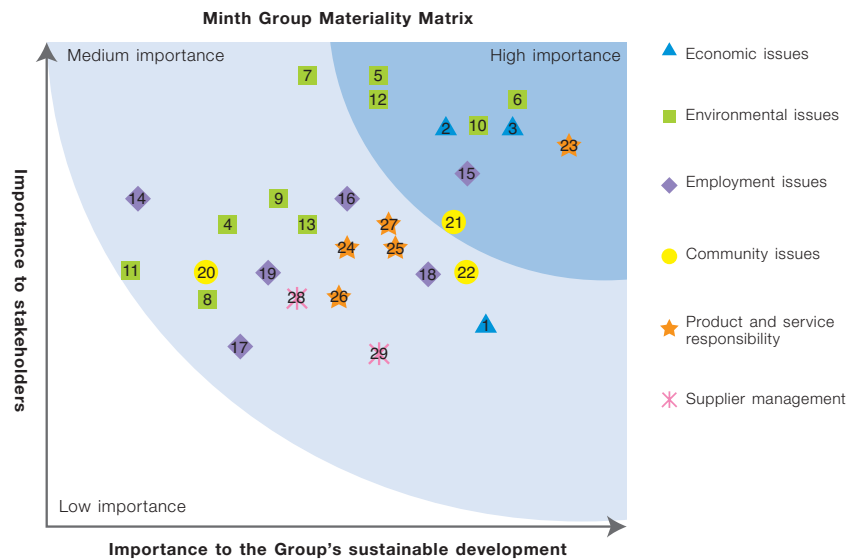
Common Efforts for Achievements

The Group thoroughly maintains and enhances its transparency. Financial reports, public announcements and calendar of events of the Company are available to investors through its website <http://www.minthgroup.com>. The Company attaches great importance to maintaining daily communications with investors and analysts. During the Reporting Period, the Company accommodated over 150 visits and conference calls for investors or analysts, and participated in 10 investment forums, 4 of which were held by Chinese brokers so as to enhance communication between the Company and Southbound Mainland Chinese investors. The Company held a reverse roadshow together with its 2018 AGM in its production facilities located in Jiaying China to help investors better understand the products, production and operations of the Group, and it hosted about 150 participants from the investment community. The representatives were invited to visit the Group's production lines for surface treatment processes, which covered the products such as decorative parts, aluminum products and ACC emblems. In addition, plant tours at the Group's facilities in Ningbo, Huai'an, Guangzhou and Tianjin were also arranged during the Reporting Period.

The Company was awarded as "Most Honored Companies" by the *Institutional Investor* during its 2018 All-Asia Executive Team survey.

- **Materiality Analysis**

During the Reporting Period, the Group demonstrated sound development and there was no material change in its businesses. Through in-depth communication, we learned the opinions and expectations of stakeholders of all groups on the environmental, social and governance issues of the Group. According to the feedback of stakeholders, we reviewed the materiality matrix and incorporated their opinions into the following materiality matrix. During the Reporting Period, stakeholders showed significantly increased attention to the quality and safety of our products and services when compared to 2017. In this report, we will make thorough disclosures on these issues to report the Group's ESG performance during the Reporting Period to all parties concerned and provide a strong basis for the Group to formulate long-term strategies.



Economic issues		Community issues	
1	Business performance and economic achievement	20	Maintenance of relations with community and local government
2	Corporate governance	21	Compliance with local regulations
3	Concept of sustainable development	22	Participating in charity and public service
Environmental issues		Product and service responsibility	
4	Energy consumption	23	Ensuring the quality and safety of products and services
5	Water use	24	Protecting customer privacy
6	Pollutant emissions	25	Customer satisfaction and complaint handling
7	Effect of production activities on soil and groundwater	26	Product or service quality verification and recall
8	Greenhouse gas emissions	27	Protection of intellectual property rights
9	Generation and disposal of general solid waste		
10	Generation and disposal of hazardous waste		
11	Use of packaging materials		
12	Energy saving and emission reduction measures		
13	Measures to reduce noise during production		
Employment issues		Supplier management	
14	Compensation and benefits	28	Supplier diversification and localization
15	Health and safety	29	Environmental and social risks in supply chains
16	Professional development and training		
17	Employee diversity and equal opportunities		
18	Human rights protection		
19	Employee satisfaction		

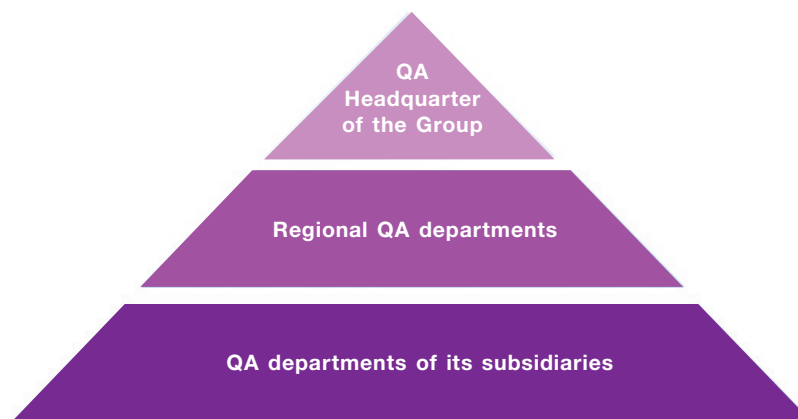
2. TO CREATE BEAUTY IN MOTION WITH INTELLIGENCE

As a globalized automotive parts supplier, the Group is committed to becoming a benchmark in the manufacturing industry of China. We strictly control product quality, focus on innovation and R&D, and build the core competitiveness of our products through the most advanced production technologies and processes. We are dedicated to creating beauty in motion with intelligence and providing the best experience for our customers with the finest products and services.

2.1. Lean Management

- *Quality Control*

Quality is the lifeblood of the manufacturing industry. The Group always puts emphasis on quality management improvement. The Group continuously improved its quality management system based on the requirements of the IATF 16949:2006 and ISO 9001:2005 quality management systems for the automotive industry. So far, we have a three-tier quality management structure where the Group's Quality Assurance (QA) Headquarter is the core, regional QA departments are supplement, and QA departments of each subsidiary ensure their own product quality. Guided by the goal of "zero defect", we formulated the quality guideline of "doing things right the first time". We also set annual quality goals based on customers' requirements and the framework provided by quality policies. Meanwhile, we manage all aspects of the quality management system to continuously improve customer satisfaction and product quality.



Three-tier Management Structure

We regularly audit and verify our quality management to ensure its effectiveness and continuously improve our quality management capabilities. During the Reporting Period, in order to evaluate the quality management capabilities and current quality level of the production lines of different factories of the Group, we conducted unannounced audit and validation audit of 27 factories in China. We summarized and analyzed the quality management issues after the audit and worked out action plans to tackle these issues.

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

Assisting overseas factories to improve quality management

During the Reporting Period, the QA Headquarter of the Group continued quality control support for the Group's overseas operations. Employees were assigned in batches to factories in Mexico, Thailand and the United States to help local staff in various aspects such as the establishment of quality control system, delivery of the customers' special requirements, application of tools for quality analysis and quality issue solving, customer review preparation, and continuous quality control improvement, and as a result, improved the quality control, production and operation of overseas factories. Promoting management methods and experience that proved to be effective in China to overseas factories effectively enhanced the quality control level of overseas factories.



To Create Beauty in Motion with Intelligence

- **Quality Culture**

The Group takes active steps to incorporate quality as part of the corporate culture and implants it in various aspects of the Group, instills all employees with a common understanding of quality, and aims for “zero defect”. The *Quality Manual* developed by the Group serves as the cornerstone of our quality management system, and it enables all employees to comprehend our quality management system, which forms the basis of our quality culture.

We continued to strengthen the quality awareness of employees, cultivate potential quality talents, and organize diversified quality improvement activities. During the Reporting Period, we held the third term of Potential Quality Talent Development Program which includes over 200 hours’ training of professional skills and soft skills. The program cultivated 16 persons with Six Sigma¹ green belt and 6 persons with Six Sigma black belt. At the same time, we continued to conduct Quality Control Circle (QCC) and Six Sigma quality improvement activities.

QCC quality improvement event

During the Reporting Period, 20 circle teams from East China Region I, Central China Region, Huai’an Region, North China Region, and South China Region participated in the QCC quality improvement activity. All circle teams actively participated in the activity which includes subject selection, activity plan development, survey of current situation, target setting, cause analysis, implementation of countermeasures, confirmation of effects, standardization, application, summary and analysis methodology and presentation. The Group’s management spoke high of this event and rewarded teams with excellent performance.



¹ Six Sigma is a set of techniques and tools that improves an enterprise’s in-process quality management. In the pursuit of “zero defect” commercially, it drastically reduces the cost of quality and eventually improves the enterprise’s financial effectiveness and competitiveness.

• **Social Recognition**

During the Reporting Period, multiple subsidiaries of the Company were recognized by customers as before. Some of the awards are as follows:

Winner	Award
Wuhan Minhui Automobile Parts Co., Ltd.	<ul style="list-style-type: none"> • Excellent Supplier Award by Dongfeng Honda • Capacity Guarantee Award by SAIC GM Wuhan Branch • 2018 NHC Gold Award and Bronze Award by Dongfeng Honda • Quality Response Award by Dongfeng Nissan
Wuhan Tokai Minth Automotive Parts Co., Ltd.	<ul style="list-style-type: none"> • 2018 NHC Bronze Award by Dongfeng Honda
Ningbo Shintai Machines Co., Ltd.	<ul style="list-style-type: none"> • Excellent Supplier Award by Dongfeng Nissan
Guangzhou Minth Automotive Parts Co., Ltd.	<ul style="list-style-type: none"> • Toyota Parts Supply Improvement Award by GAC Toyota • QCC Second Prize by China Machine Building Quality Management Association of Guangdong
Qingyuan Minhui Automotive Parts Co., Ltd.	<ul style="list-style-type: none"> • GAC Toyota Inspection Tour “Two Circles” Award by GAC Toyoda • Qingyuan Minhui’s new project received overall commendation from FAW-Volkswagen (Foshan Branch)
Guangzhou Minhui Automobile Parts Co., Ltd.	<ul style="list-style-type: none"> • QCC Third Prize by GAC Honda • Excellent Environmental Performance Supplier by GAC Honda • Excellent After-sales Service Technician by GAC Honda • Excellent Supplier Resident by GAC Honda • Excellent Supplier Resident Model by GAC Honda
Jiaxing Minsheng Automotive Parts Co., Ltd.	<ul style="list-style-type: none"> • Quality Improvement Award by Nissan (China) Investment Co., Ltd. (NCIC)
Jiaxing Minth Machines Co., Ltd.	<ul style="list-style-type: none"> • Quality Improvement Award by Mazda

2.2. Win-Win Cooperation and Shared Development

- **Supplier Management**

The quality of the supplier is closely related to the quality of the Group's products. We pay serious attention to the quality of suppliers and always impose high requirements. We developed a series of rules and regulations such as the *General Rules for Procurement*, *Supplier Classification Management*, *Guidelines on Evaluation Management of New Suppliers Introduction*, and *Supplier Performance Management*, which clearly define procedures for procurement, supplier performance management, supplier assessment, etc. We strictly select suppliers and regularly evaluate their performance.

In addition, the Group attaches great importance to communication and interaction with suppliers. Every year, we strengthen effective communication with suppliers through supplier conferences and on-site assessments. Besides, we provide suppliers with targeted training and education to improve their production management level as well as supply capability, and thus control the risks of the supply chain.

South China Region of the Group held a meeting of core suppliers

During the Reporting Period, South China Region of the Group held a meeting of its core suppliers, with the theme of "Joining Hands to Grasp the Nettle" ("聚力同行, 挑战寒冬"). At the conference, we summarized the quality performance of suppliers and rewarded excellent suppliers as encouragement. At the same time, we took this opportunity to strengthen production safety training and education for suppliers in hopes of that they would further improve their safety management level.



As of 31 December 2018, the Group had a total of 3,681 suppliers, 319 of which were certified by the ISO 14001 environmental management system. The number of suppliers by region is shown in the following table:

Region	Number
Asia	3,600
Europe	64
America	16
Oceania	1

Supplier ESG Management

The Group improved its supplier ESG management level step by step and continuously raised the requirements for suppliers' ESG performance. We signed a *Supplier Integrity Agreement* with all suppliers to encourage both parties to act in accordance with strict business ethic standards. We elaborate our ESG concept to the suppliers and encourage them to improve their ESG management level and performance and join hands with us to achieve sustainable development and win-win outcomes.

The Group continued to upgrade EHS management requirements for suppliers

During the Reporting Period, we revised the *Guidelines on Evaluation Management of New Suppliers Introduction*, and added Environmental, Health and Safety (EHS) information as a compulsory item to supplier's background survey. Suppliers will not be considered for further assessment before they meet the requirements listed in the EHS assessment form. Besides, we developed the *Supplier EHS Management Guide A01* to improve suppliers' EHS management.

Supply Chain Intellectual Property Rights Protection

The Group places great importance on the protection of intellectual property rights for the customers and itself. We signed a *Technology Confidentiality Agreement* with all customers and suppliers, which clearly defines the content and scope of confidential information and the rights and obligations of both parties, and effectively guarantees the orderly implementation of intellectual property protection work.

- **Industry Participation**

The Group attaches great importance to the positive development of the industry and actively participates in the development of industry standards. During the Reporting Period, we participated in the formulation of four industry standards:

1. The Group participated in the formulation of the "National Standards for Coating Performance of Magnesium and Magnesium Alloys";
2. The Group played a leading role in developing the T/CSAE standard "Technical Conditions for PVD (Physical Vapor Deposition) Coatings for Automotive Exteriors";
3. The Group participated in the development of the T/CSAE standard "Accelerated Corrosion Test and Evaluation Method for Aluminum Alloy Chassis Parts";
4. The Group participated in the development of the T/CSAE standard "General Technical Requirements for Electroplating and Coating Laboratories".

- **Innovation and R&D**

Innovation capability plays a critical role for a company to maintain its competitiveness. The Group continuously optimizes its R&D organizational structure, sets up the Institute of Production Technology, and established five platforms, including the standardized production process R&D platform for innovative products, the manufacturing technology R&D platform, and the manufacturing equipment R&D platform. At the same time, we introduce technical experts to cultivate and reserve a global R&D team consisting of core technological talents and management teams to further enhance our innovation and R&D capabilities.

To Create Beauty in Motion with Intelligence

During the Reporting Period, the Group increased investment in innovation and R&D and continued to focus on key R&D areas such as lightweight, intelligent and autonomous driving technologies, leading the market with innovative products and building core competitiveness of our products through the most advanced production technologies. We have secured multiple orders of lightweight and intelligent products, gained the recognition of major clients, made important breakthroughs in various technologies, and continued to lead the industry.

During the Reporting Period, we filed 237 patent applications, and 208 patents were authorized, 16% of which were patents for invention. We provide rewards to encourage innovation and R&D. During the Reporting Period, 90 people were rewarded for patents, receiving a total of RMB820,000.

At the same time, the Group actively cooperates with research institutes, universities, equipment suppliers and other partners both in China and abroad to carry out cooperative R&D projects.

- We established a joint laboratory with Shanghai Jiaotong University and formed long-term strategic cooperation;
- We established partnership with Ningbo University, Zhejiang University, and Ningbo Institute of Materials Technology & Engineering, CAS (CNITECH) for project research;
- We worked with CNITECH to establish a research center for the visual inspection technology of auto parts, building a platform for visual inspection technologies;
- We established close ties with Harbin Institute of Technology, Donghua University, and Beihang University in innovation and R&D;
- We established welding laboratories jointly with some of the world's top equipment suppliers to provide platforms for welding technology research.

2.3. Dedicated Services

- ***Customer Communication***

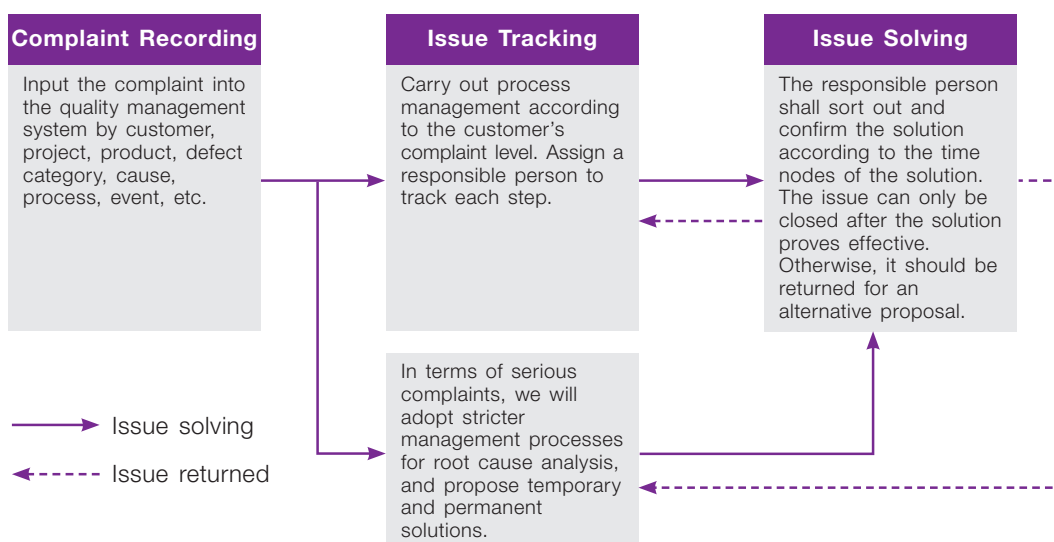
The Group makes much account of the communication with customers. Good and continuous customer communication is an important way for us to improve our products and services.

Customer satisfaction survey

The Group conducts customer satisfaction surveys on a regular basis to keep abreast of customer opinions on our products and services. Our customer satisfaction survey covers aspects including product quality, service, delivery, price, and technical support, and applies to the products and customers of all subsidiaries of the Group. Then, we carry out countermeasure analysis and track the implementation status. During the Reporting Period, the Group was awarded "Excellent Supplier", "Excellent After-sales Technical Support", "Best Quality Improvement", etc. which shows customers' recognition of our products and services.

Customer complaint management

The Group takes customer complaints seriously and makes continuous efforts to improve customer complaint channels. Customers can directly report the problem to the person in charge of the relevant subsidiary by telephone or email. We will properly handle customer complaints in accordance with procedures such as *Guidelines for Customer Complaint Management*, *Procedures for Management of Problem Solving* and *Improving and Handling of Escalated Matters for Problem Solving*.



Customer Complaint Handling Procedures

During the Reporting Period, the Group received a total of 504 customer complaints, of which 4 were service related and 500 were product quality related. Over 95% of the complaints were responded and initially processed within 24 hours, and we ensure that all complaints were properly resolved.

- **Customer Privacy Protection**

The Group strictly protects the confidentiality of customer information, categorizing and classifying customer information for standardized management. We established a Customer Information White Paper to classify and manage the information for different customers. In the business management system and project management system, we defined different access and approval authority for different information and data of customers. Moreover, we developed *Guidelines for the Management of Confidential Documents*, which provides detailed provisions for customer information protection. For prototypes, samples, drawings and other information provided by customers are classified and then stored at the Design Center. Before customers officially release the model, the Group shall not disclose any information on the model or parts in any public occasion or report.

3. LEADER IN ENVIRONMENTAL PROTECTION

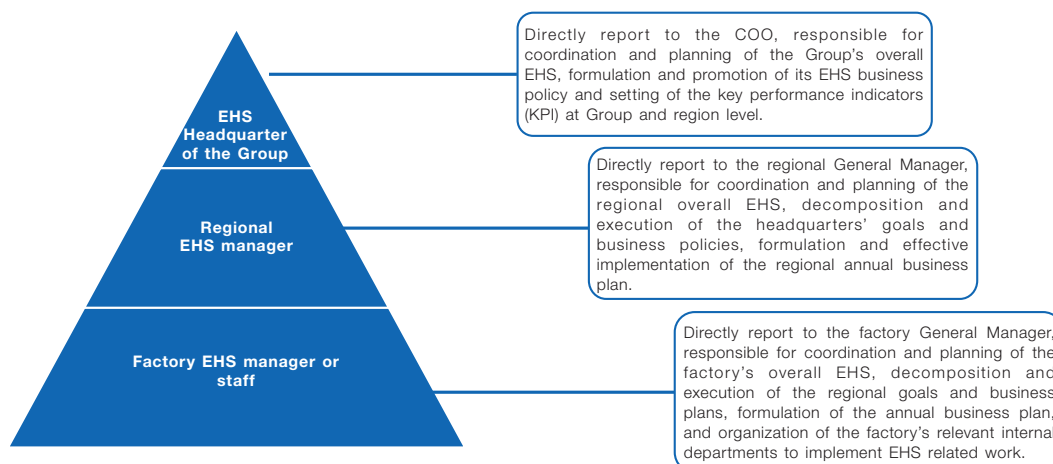
While maintaining superior quality and leading technological innovation, the Group pays great attention to the impacts of the manufacturing process to the environment. We strictly control emissions and resource consumption in the manufacturing process through a well-established environment management system. We promote green office in daily operation, bringing a green touch to the “Beautiful Minth” and contributing to a harmonious and beautiful ecological environment.

3.1. Environmental Protection First

- *Environmental protection management*

Along with the increasing management and control on environmental protection globally, the Group constantly strengthens the management level of environmental protection. We strictly comply with the environmental protection laws, regulations and standards at national level or of operation location and industry, such as *Environmental Protection Law of the People’s Republic of China, Energy Conservation Law of the People’s Republic of China, Emission Standard of Pollutants from Electroplating, General Law on Ecological Equilibrium and Environmental Protection of Mexico, Enhancement and Conservation of National Environmental and Quality Act of Thailand, Act on Nature Conservation and Landscape Management of Germany, National Environmental Policy Act of the United States*. We also compile *Environmental Management Manual* based on *GB/T24001–2016 Environmental Management Systems – Requirements with Guidance for Use*. During the Reporting period, we regularly collated the latest list of laws and regulations on environmental protection, and improved the internal environmental management mechanism based on the latest requirements, strengthening the compliance of environmental protection management.

We establish three-level EHS management organization at Group, region and factory level based on the environmental management system. The system is supervised by the Group, managed by regions, and implemented by each factory, strengthening the “human-oriented” management idea and formulating the EHS management mode which is suitable for the actual situation of the Group.



Leader in Environmental Protection

During the Reporting period, the Group's EHS Headquarter put forward the annual environmental protection policy of "promoting the digitization process of environmental protection facilities, normalizing the environmental protection compliance procedures, and reducing environmental protection operating costs", formulated and realized the following annual environmental protection business objectives:

1. Reduce wastewater discharge by 200,000 tonnes/year.
2. Reduce the generation of hazardous waste by 1,300 tonnes/year.

To implement this environmental protection policy and realize the above environmental protection business objectives, the Group's EHS Headquarter, regional EHS managers and the factory EHS staff made corresponding plans of action respectively. During the Reporting period, the Group adopted the SWOT (Strength, Weakness, Opportunity and Threats) analysis to analyze the current situation of EHS, completed the construction of EHS pillar of Minth Operation Excellence System (MOS), planned and constructed a seven-step circuit diagram for environmental control, and targetted to fully use the environmental management system (EMS) in 2023 to build a model factory with excellent environmental protection performance.

The Group's newly launched environmental management system

During the Reporting Period, the Group established an environmental protection management system on the internal network Sharepoint to centralize the management of environmental protection. We sorted out the EHS compliance control list, pollutant discharge management list and the list of environmental protection equipment and its operation management, requiring each region or factory to fill up the corresponding information, so as to help related managers better track the current status of environmental protection management of each region or factory.

政府许可项目	合规现状	工作进度	计划完成时间	具体进度说明	责任人	附件	
环保	环境影响评价报告						
	环评批复						
	排污许可						
	验收监测						
	验收批复						
	年度监测						
	其他						
	废水	排放指标					
		总量控制					
		在线监测运维					
	废气	排放指标					
		总量控制					
	其他	取水证					
		土壤监测					
		地下水监测					
	危险废物	危废设施					
		危废联单					
		危废处置合同					
		危废台账					
	环境应急	应急预案					
应急预案备案							

Leader in Environmental Protection

- **Environmental protection culture**

Based on the complete environmental management mechanism, we believe that spreading the culture of environmental protection in all aspects of production and operation will effectively improve the environmental protection awareness of the employees. During the Reporting Period, we continued to promote environmental culture internally through holding activities related to environmental protection.

Environmental knowledge publicity activity in Huai'an Region of the Group

During the Reporting Period, Huai 'an Region of the Group conducted environmental protection knowledge publicity activities to advocate saving resources and harmonious development between human beings and nature to employees.



The Group builds Garden of Eden ecological agrotourism project in Qingyuan

From the perspective of focusing on overall wellness of the employees, the Group sets up the Garden of Eden agrotourism project in Qingyuan which integrates green organic farm, idyllic characteristic restaurant, training base and leisure vacation villa. The organic farm provides green fruits and vegetables for the company's canteen, conveying the group's care for employees.

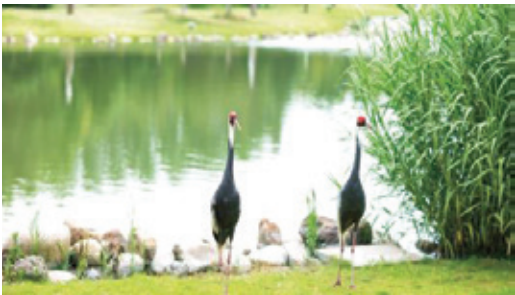
Qingyuan Garden of Eden agrotourism project always aims at protecting the green ecological environment that does not change the natural environment and insists on green production. In the future, the Garden of Eden project will be planned towards the ecological comprehensive site, involving catering, leisure vacation, high-end training etc., becoming a comprehensive ecological agrotourism project integrating food, accommodation, travel, entertainment and pleasure.



Leader in Environmental Protection

- **Green office**

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

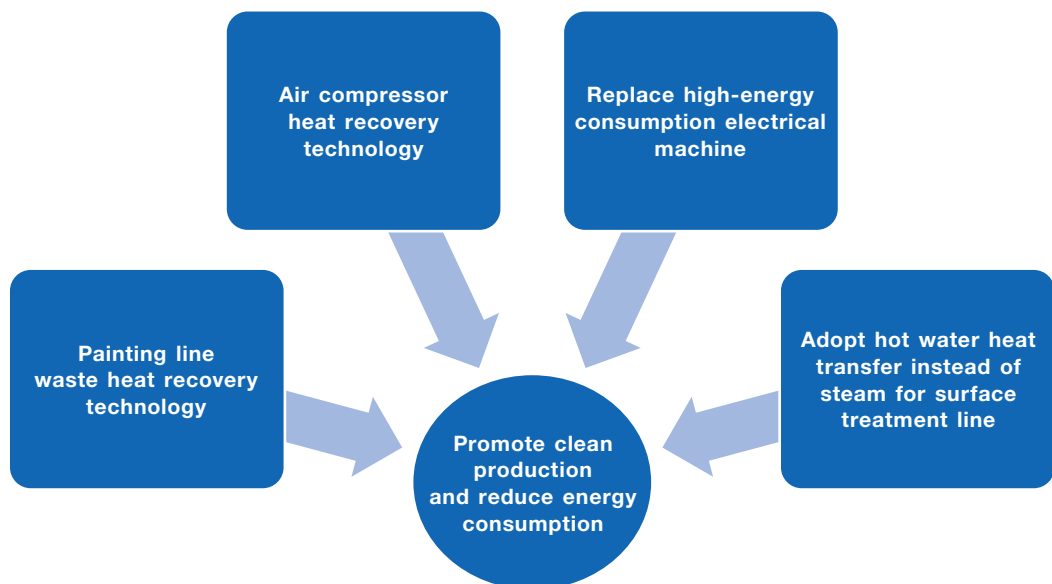


3.2. Energy Saving

Based on our increasingly complete environmental management mechanism, the Group set up energy saving and consumption reduction team during the Reporting Period, continuously promoting the equipment energy saving modification and process optimization, conducting high-frequency screening on equipment with “leakage and venting” and carrying out resource recycling projects to increase resource and energy utilization efficiency and strive to create a resource-saving production factory.

- **Energy management**

Based on the *Guidelines for Energy Management* of the Group, we strictly control all types of energy, and adopt different management methods for the use of electricity for production, officing, lighting and equipment. During the Reporting Period, the Group established the energy saving and consumption reduction team led by EHS Headquarter to collect and analyze the energy consumption and output ratio of the factories in each region, and conduct classification management for BUs (Business Units) based on their different technological characteristics. All BUs compete and learn mutually in terms of the technology and management methods regarding energy saving and consumption reduction, based on which high-quality energy-saving and consumption reduction projects are horizontally promoted.



Jiaxing Minsheng Automotive Parts Co., Ltd. conducts 4 energy-saving improvement projects

During the Reporting Period, Jiaxing Minsheng Automotive Parts Co., Ltd. conducted 4 energy-saving improvement projects:

- (1) “0” steam plan: completed the goal of cancelling steam heating of each production line by December 2018, saving energy consumption by RMB600,000 in the Reporting Period;
- (2) Heat recovery: centralize collection of the waste heat from the thermal recuperative oxidizer (TNV) and the direct fired thermal oxidizer (DTO) for water heating. After the transformation, we can save natural gas consumption by 20~40 cubic meters per hour;
- (3) Centralize supply of ice water: except summer, we only run one ice water machine for the west factory;
- (4) Reduce basic electric charge: we can save RMB110,000 per month after paying basic charge according to need after stopping running C7 transformer.

“0” steam plan

Heat recovery

Centralize supply of ice water

Reduce basic electric charge

During the Reporting Period, the energy consumption of subsidiaries of the Group in China is shown in the table below. We will gradually expand the collection range of energy consumption data in the future:

Energy consumption		
Type	Consumption	Unit
Purchased electricity	38,287	Ten thousand kWh
Natural gas	1,182	Ten thousand N/m ³
Diesel	414	Tonne
Gasoline	205	Tonne
Direct energy consumption ²	16,431	Tonnes of standard coal
Indirect energy consumption ³	47,055	Tonnes of standard coal
Comprehensive energy consumption	63,486	Tonnes of standard coal
Comprehensive energy consumption per RMB ten thousand of output value	60.50	kg standard coal/RMB10,000

• **Water resource management**

The Group fully realizes that water is the source of life. Water resource is not only the foundation of production and manufacturing, but also the key factor of keeping a harmonious ecological environment. Each subsidiary of the Group has formulated the *Guidelines for Water Management* suitable for its own production process, adopting different management methods for water consumption in life, production, equipment maintenance and etc. to regulate water consumption behavior and improve the utilization efficiency of water resources. We established a planned water use system, selected water-saving equipment and appliances, and installed water-saving and anti-overflow devices. We continued actively adopting advanced water-saving technologies during the Reporting Period, trying to reduce water consumption and improve its re-use rate.

² Direct energy consumption includes natural gas, diesel and gasoline consumption.

³ Indirect energy consumption refers to electricity consumption (Purchased electricity).

Leader in Environmental Protection

During the Reporting Period, Huai'an Region of the Group conducted the projects of water reuse in oxidation line and water recycling in coating line

We collected the clean water from washing water in the anodizing line and recycled it in the production line after treatment, with a recycling rate of 20%.



We recycled the painting water curtain in the coating line to reduce both water consumption and pollutant emission.



During the Reporting Period, the consumption of water resource by the subsidiaries of the Group in China is shown in the following table. We will gradually expand the collection range of water consumption data in the future:

Water resource consumption		
Type	Consumption	Unit
Fresh water consumption ⁴	5,081,130	Tonne
Water consumption per RMB10,000 output value	4.84	Tonne/RMB10,000

- **Packaging material management**

During the production and operation, the Group continuously carries out the normalized management of packaging materials, vigorously promotes the improvement of the efficient use of packaging materials. The packaging materials used by the Group during production are mainly paper, plastic, wood and metals. During the Reporting Period, the consumption of packaging materials by the subsidiaries of the Group in China is shown in the following table. We will gradually expand the collection range of data on packaging material consumption in the future:

Packing material consumption		
Type	Consumption	Unit
Packaging material consumption	9,271	Tonne
Packaging material consumption per RMB10,000 output value	8.84	kg/RMB10,000

⁴ The fresh water is from municipal pipe network and natural water.

3.3. Low-Carbon and Emission Reduction

- *Carbon emission management*

To effectively reduce greenhouse gas emissions and proactively respond to global warming, we actively explore and support the use of clean energy. Photovoltaic power generation projects have been launched in East China Region I, East China Region II, and the Huai’an Region. During the Reporting Period, the Group’s photovoltaic power generation reached 11,127.4 thousand kWh, as saving 3,438.36 tonnes of coal for thermal power generation and reducing carbon dioxide emissions by 9,391.50 tonnes.



During the Reporting Period, the greenhouse gas emissions of the Group’s subsidiaries in China are shown in the table below. We will gradually expand the scope of data collection on greenhouse gas emissions in the future.

Greenhouse Gas Emissions		
Category	Consumption	Unit
Scope 1 greenhouse gas emissions	27,330	Tonnes of CO ₂
Scope 2 greenhouse gas emissions	259,595	Tonnes of CO ₂
Total greenhouse gas emissions	286,925	Tonnes of CO ₂
Greenhouse gas emissions per RMB10,000 of output value	0.27	Tonnes of CO ₂ /RMB10,000

Leader in Environmental Protection

- **Pollutant Discharge Management**

To improve environmental compliance and achieve our 2018 environment management goals, the Group took active steps to explore effective measures for emission compliance. In accordance with laws, regulations, and standards including the *Water Pollution Prevention and Control Law of the People's Republic of China*, and *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, and in light of our production processes, we developed a series of internal standardized control measures for pollutant including the *Three Wastes Treatment Standardization – Electroplating Wastewater*, *Three Wastes Treatment Manual – Coating Wastewater Treatment*, and *Standardization of Polishing Dust Treatment* to strengthen the internal control of pollutants and minimize environmental pollution.

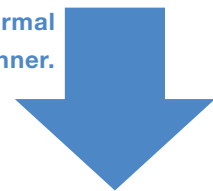
Wastewater Discharge

We have taken a series of measures to treat wastewater. Treated wastewater that does not satisfy relevant standards will be treated again to ensure that all pollutant discharge is complied with relevant standards. During the Reporting Period, we not only optimized the wastewater treatment technology in East China Region I, but also sent personnel of EHS Headquarter to our Mexican plants for EHS support, with a focus on wastewater treatment issues.



Employ an advanced, electrochemical technology-based wastewater treatment system that keeps the indicators of harmful substances in the treated wastewater far below the national standards.

Establish a water treatment laboratory to monitor relevant indicators in real time and analyze abnormal conditions in a timely manner.



Wastewater Treatment Measures

East China Region I factory improved wastewater processing techniques

During the Reporting Period, Jiaxing Minhui Automotive Parts Co., Ltd. learned from Qingyuan Minhui Automotive Parts Co., Ltd., and reformed its electroplating line wastewater recycling technology reducing wastewater generation by 60,000 tonnes/year, saving water consumption by 100,000 tonnes/year, with annualized benefits of RMB2.4 million.



Jiaxing Minth Machines Co., Ltd. launched deepening wastewater treatment and back-end recycling projects, saving water by 200,000 tons each year and generating benefits of RMB1 million each year.



Jiaxing Minsheng Automotive Parts Co., Ltd. built a new wastewater recycling system. Wastewater generated in the plant was recycled after internal purification, which reduced the amount of wastewater discharge.



The EHS Headquarter of the Group assisted Minth Mexico Coating, S.A. de C.V. (MMC plant) in improving wastewater treatment capabilities

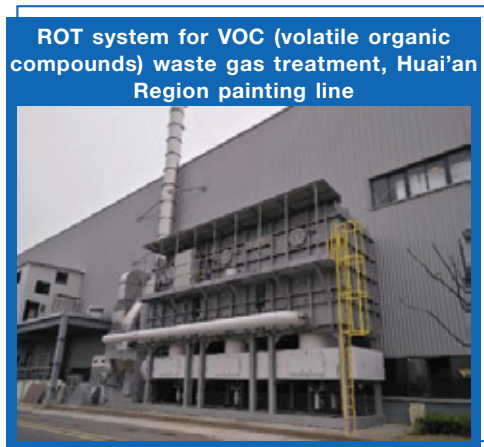


Staff of the EHS Headquarter of the Group spent two months in Mexico to help the MMC plant improve its environmental management level. During their stay, staff of the EHS Headquarter installed a hot water tank recycling device for wastewater treatment, and adjusted the wastewater treatment process to cope with the water supply and drainage of the factory in a more stable way. In addition, staff of the EHS Headquarter reorganized the water balance of the MMC plant, and restructured its water supply and drainage systems respectively, reducing the tap water consumption of the plant.

Leader in Environmental Protection

Exhaust emissions

In terms of exhaust gas and particulate matter generated during operation, we installed advanced treatment facilities such as water mist dedusting tower, regenerative thermal oxidizer (RTO), and TNV to effectively control waste gas and ensure that air pollutants discharge is complied with relevant standards. At the same time, we employed the anodizing process and the chrome plating process to achieve zero emission of chromium, controlling pollutants from the source.



During the Reporting Period, the pollutant emissions of the Group’s subsidiaries in China are shown in the table below. We will gradually expand the scope of data collection on pollutant emissions in the future.

Pollutant Emissions		
Category	Emissions	Unit
<i>Exhaust Emissions</i>		
NOx	17	Tonne
SO2	1,006	kg
<i>Wastewater Discharge</i>		
Industrial wastewater	2,111,322	Tonne
Chemical oxygen demand	137	Tonne
NH3-N	3.4	Tonne

- **Solid Waste Management**

In order to control all kinds of waste generated in production and operation activities, we developed the *Guidelines for Waste Resources Management* based on our production process and relevant local laws, regulations and standards, specifying the Group’s requirements for waste classification, collection, storage, transfer, and disposal to reduce impact on the environment. We classify waste into recyclable, non-recyclable and hazardous waste, each requiring different treatment methods.

New sewage sludge drying equipment in the Huai’an Region

During the Reporting Period, the Huai’an Region introduced four sets of sewage sludge drying equipment. The equipment heats gas to a medium temperature (about 55°C) and sends it to the drying oven with a fan to rapidly evaporate water in the sludge. After the gas becomes warm and humid, it is condensed into liquid water in the condenser and then removed. The energy-efficient equipment uses high-temperature gaseous refrigerant to heat the gas, so it does not require any additional heat source. At the same time, it prevents gas leak and there will be no secondary pollution such as malodor. After the drying treatment, sewage sludge is reduced in volume and thus easier for transportation. The treatment facilitates the utilization and final treatment of sludge, such as construction material or fertilizer.



Leader in Environmental Protection

During the Reporting Period, the waste treatment results of the Group's subsidiaries in China are shown in the table below. We will gradually expand the scope of data collection on waste treatment in the future.

Waste Disposal		
Category	Volume of disposal	Unit
Hazardous waste	18,092	Tonne
Volume of hazardous waste produced per RMB10,000 of output value	17.24	kg/RMB10,000
Non-hazardous waste	21,862	Tonne
Volume of non-hazardous waste produced per RMB10,000 of output value	20.83	kg/RMB10,000

- **Noise Control**

During the Reporting Period, the Group regularly tested noise in plant areas to ensure that the noise complies with relevant regulations. In addition, we continued to implement noise reduction measures and carry out noise reduction renovations to better the working environment of employees and reduce the impact on the surrounding environment.

Noise Control Measures

Place fans in sound-insulating rooms with sound-absorbing cotton in the walls to reduce noise diffusion;

Equip machines in the workshop with protective covers with sound-absorbing cotton attached inside to reduce the negative impact of noise on people.

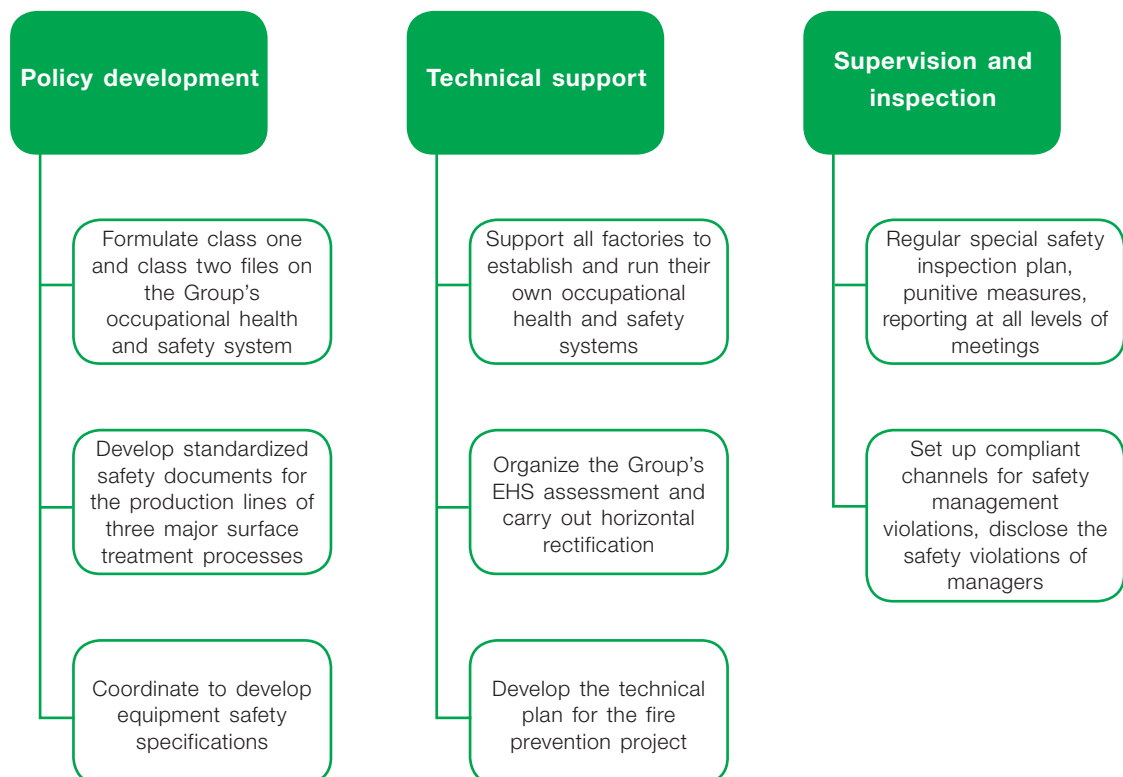
4. RULES: APPROACH TO SAFETY

“Safety First” is not just a slogan. It spells responsibility in the daily work of all Minth people. In order to reduce workplace health and safety risks, especially potential dangers in the production process, we control production safety risks through three-level EHS management structure, incorporate EHS indicators into performance assessment, perform special safety inspections regularly, carry out safety publicity and education activities and ensure the safety and health of employees through real-time monitoring and improvement in occupational safety awareness.

4.1. Safety Management

In strict accordance with national, regional and industry laws, regulations and standards on occupational health and safety, including the *Production Safety Law of the People’s Republic of China*, *Law of the People’s Republic of China on Prevention and Control of Occupational Diseases*, and *GB/T28001–2011 Occupational Health and Safety Management System – Requirements*, in light of the actual operation of the Group, we continuously implemented the OHSAS18001 Occupational Health and Safety Management System and developed the *Manual for Occupational Health and Safety/Environment Management*.

The Group follows a three-level EHS management structure (headquarter, regional and factory) based on the occupational health and safety system, which is the same as its environment management structure. The EHS Headquarter of the Group is mainly responsible for policy development, technical support, and supervision and inspection to reduce operational risks.



Rules: Approach to Safety

During the Reporting Period, the Group's EHS Headquarters proposed the safety policy of the year, i.e. focusing on safety risks, improving fire prevention facilities, eliminating hidden risk of accident and reducing work-related accidents. It also set the safety management objective for 2018: keeping the rate of work-related injury per one million man hours under 2.5 PPM (times per million).

As of 31 December 2018, the Group's rate of work-related injury per one million man hours was 2.45 PPM, which achieved the safety management objective and performance appraisal indicator for the year.

4.2. Production Safety

For common safety incidents, the Group developed internal policies such as the *Emergency Preparedness and Response Management Procedure*, *Chemical Spill Emergency Response Plan*, and *Emergency Preparedness and Corresponding Management Procedure*. During the Reporting Period, to achieve the safety management objectives of the year, we launched a system to rectify potential safety hazards on the smartphone, upgraded our equipment, carried out safety education and emergency drills and improved production safety level in an all-round way to eliminate hidden dangers in the embryonic stage.

The Group's newly launched safety hazard rectification system

During the Reporting Period, we developed a smartphone-based hidden safety hazard entry system in addition to the original PC software. The smartphone app is easy to use. Users can take photos and upload at any time. The whole process, including identification of hidden danger (taking photo and uploading), rectification (notification sent to the responsible party by the system automatically), and verification (rectification results returned to the reporter), allows EHS management staff to quickly and effectively control the entire process. During the Reporting Period, all regions and subsidiaries were encouraged to complete a total of 41,344 hidden danger investigations and 97% of them were rectified.



New fire emergency equipment installed by the Huai'an Region of the Group



Fire warning and automatic fire extinguishing devices



Infrared thermal imaging cameras and current monitoring system

During the Reporting Period, the Huai'an Region of the Group installed fire warning and automatic fire extinguishing devices on the coating line, and installed infrared thermal imaging cameras and current monitoring system on the anodizing line to improve the fire prevention level of the factory and reduce the probability of fire accidents.

The EHS Headquarter of the Group assisted the MMC plant to improve production safety capabilities

The Group's EHS personnel comprehensively promoted the EHS process management and on-site risk identification and rectification of the MMC plant in Mexico with a focus on rectifying the aluminum polishing working area and the anodizing line.

- Aluminum polishing working area: develop routine safety management standards for the polishing area, verify the effectiveness of dust removal equipment maintenance standards, and revise the polishing and dust removal system to reduce the safety risks of aluminum polishing;
- Anodizing line: assess the safety risk of the anodizing line, compile the a list of material risks, and organize relevant departments to rectify within given time frames. At the same time, develop and promote anodizing line maintenance standards to ensure the safety of the operation of the anodizing line.



Rules: Approach to Safety

- **Safety Culture**

During the Reporting Period, we carried out a variety of publicity and education activities on production safety, such as production safety training, production safety knowledge contest, etc., to enhance the safety awareness of all employees.



Work collections in the Safety Theme Painting Competition held by Guangzhou Minth Automotive Parts Co., Ltd.

In addition to ensuring production safety through enhancing the safety awareness of employees, we also organized various drills that simulate real-world accidents to cultivate employees' ability to respond to emergencies, and to reduce the negative impact of safety accidents.



During the Reporting Period, the Group had no work-related fatality. However, 93 work-related accidents occurred in our Chinese factories. To further improve production safety level, the Group formulated the EHS plan for 2019-2021 from the aspects of accident prevention, system standardization, production safety competitiveness and production safety capability and awareness, aiming at making production safety being part of our corporate culture other than a custom in the future. In addition, Jiaying Minhui Automotive Parts Co., Ltd. had one fire accident during the Reporting Period. We took the following countermeasures and preventive measures immediately after the accident.

Rules: Approach to Safety



5. COHESION: UNITED AS ONE

The Group always believes that a company's core competitiveness depends on a united and efficient team and competitive talents in addition to strong technology and innovative thinking. Therefore, we have been striving to create a mutually learning, fair and just environment for employees, provide them with extensive opportunities and colorful cultural activities and events. This is not only conducive to the unity and sustainable development of the existing team but also to attracting more talents to join the Group, and thus laying a solid foundation for further development in the future.

5.1. Human-Oriented

- *Overview of Employees*

In strict accordance with laws and regulations as well as policies issued by labour authorities in the areas of operation, including the *Labour Law of the People's Republic of China*, *Labour Contract Law of the People's Republic of China*, *Trade Union Law of the People's Republic of China*, *Labour Laws of Mexico*, *Labour Laws of Germany*, *Labour Laws of Japan*, *Labour Contracts Act of Japan*, *Labour Relations Act of Thailand*, *Labour Protection Act of Thailand*, and *Labour Laws of the United States*, we continuously review and improve our human resources management policies. During the Reporting Period, the Group revised eight policies and set forth four new policies. By now, we have 31 policies to fully protect the legitimate rights and interests of the employees globally.

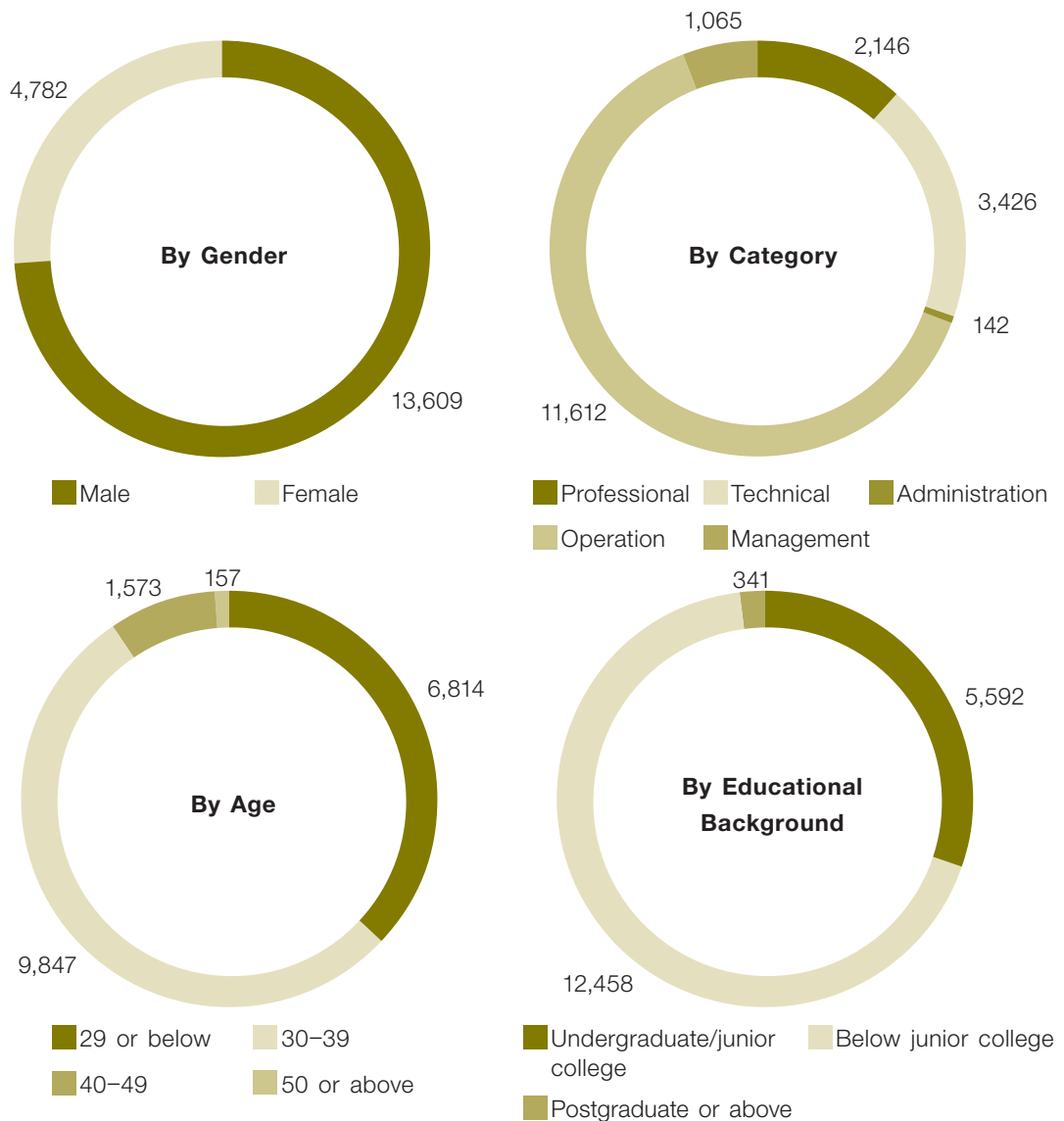
The Group encourages fair competition. We defined procedures for demand application, release channel, and interview for internal and external recruitment in a detailed manner in policies such as *Internal Selection Policy of Minth Group*, *Recruitment and Selection Policy of Minth Group*, and *Internal Referral Policy and Instructions*. Internal and external candidates have equal opportunities. We assess candidates in a comprehensive way and select the best match for a given position. We resolutely oppose discrimination and treat internal and external candidates equally regardless of gender, age, race, belief, etc.

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

To ensure that all policies can be effectively implemented, we also formulated the *Human Resources Internal Control and Approval Policy*, and send trained and certified internal control officers to the headquarters of the Group and factories in different regions to check the implementation of policies on an annual basis. The factories will be required to develop a detailed action plan based on the internal control results and rectify themselves.

Cohesion: United as One

As of 31 December, 2018, the Group had a total of 18,391 employees. Employee distribution is as follows:



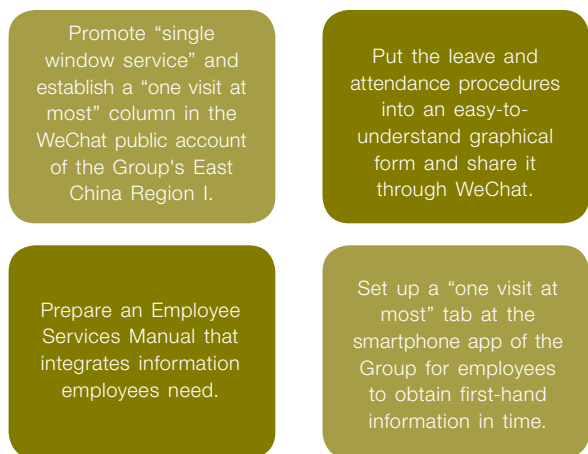
The Group has been highly recognized by a number of human resources organizations thanks to continuous efforts in human resources management. The fact that we stood out fully demonstrates our competitiveness in talent attraction, employer brand reputation, and talent development.



• **Employee Communication**

The Group fully acknowledges the importance of internal communication to corporate management and has established effective mechanisms for employee communication. We encourage grassroots employees to exchange thoughts with management through channels such as General Manager’s Mailbox, Mailboxes for problem solving, and Direct Communication Channel to Senior Management. Moreover, we set up internal platforms such as employee magazine (*Discover Minth*) and internal website for employees to follow the latest news of the Group and for factories and employees at home and abroad to exchange with each other. In addition, to offer timely care for employees, we set up an “Employee Care Hotline”. New employees are informed of this hotline when joining the Group. They can call the hotline for any question they may have during work or in life.

In order to further improve the efficiency of personnel services and enhance employee satisfaction, the Group responded to the “one visit at most” initiative of the People’s Government of Zhejiang Province to integrate multiple departments and promote the “one visit at most” concept in a systematic manner since March 2018. We took a series of measures and established the “one visit at most” employee service hall to build an effective and united team. During the Reporting Period, the cumulative time saved after the implementation of the project was more than 42,000 hours.



“One Visit at Most” Measures

The Group has always paid attention to the work experience of employees. During the Reporting Period, the Group's headquarter and regional subsidiaries conducted dedication and satisfaction surveys in various forms according to the specific situation. We carried out a survey and analysis of employee dedication through the Research and Development Center (RDC), using anonymous questionnaires to investigate actual professional dedication and satisfaction from nine dimensions of engagement-driven, including people, work, opportunities, quality of life, regulations, and overall benefits. Subjects of the survey scored 4.85 out of 6 in terms of professional dedication. The results of the survey confirmed our confidence in continuing to strengthen human resource management and tap the potential of employees.

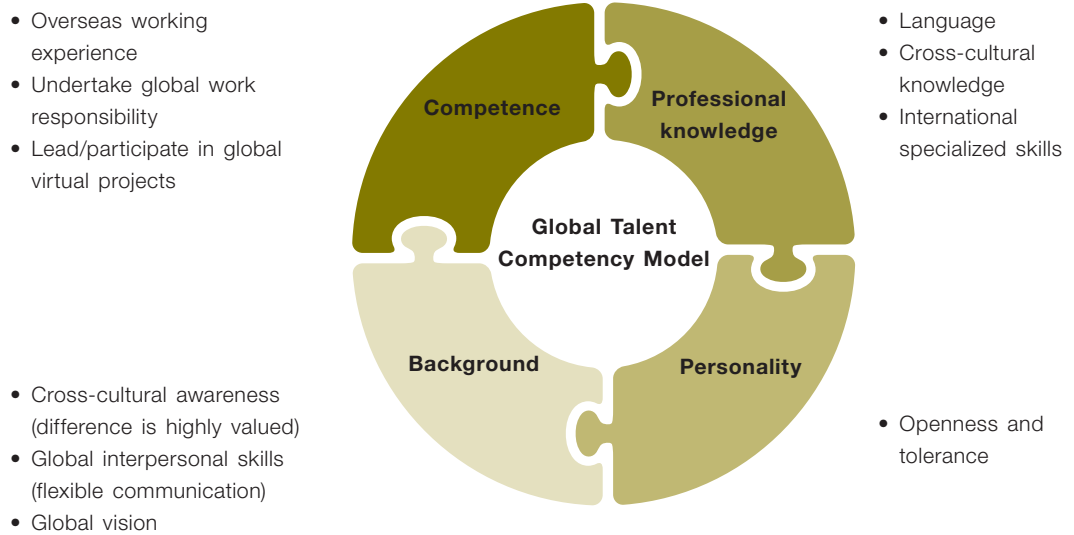
5.2. Employee Development

- *Employee Cultivation*

We understand that employees are the cornerstone of a company's development. Therefore, we have been actively cultivating employees with training courses of various kinds. The *Minth Group Staff Training Policy* defined training need research, project approval, training implementation, result assessment, and data recording and filing in a detailed manner. We provide targeted training for employees through the Global Talent Development Program and the Personalized Talent Development Program to help them realize their self-worth. During the Reporting Period, the Group arranged 27,444 person-time training in total.

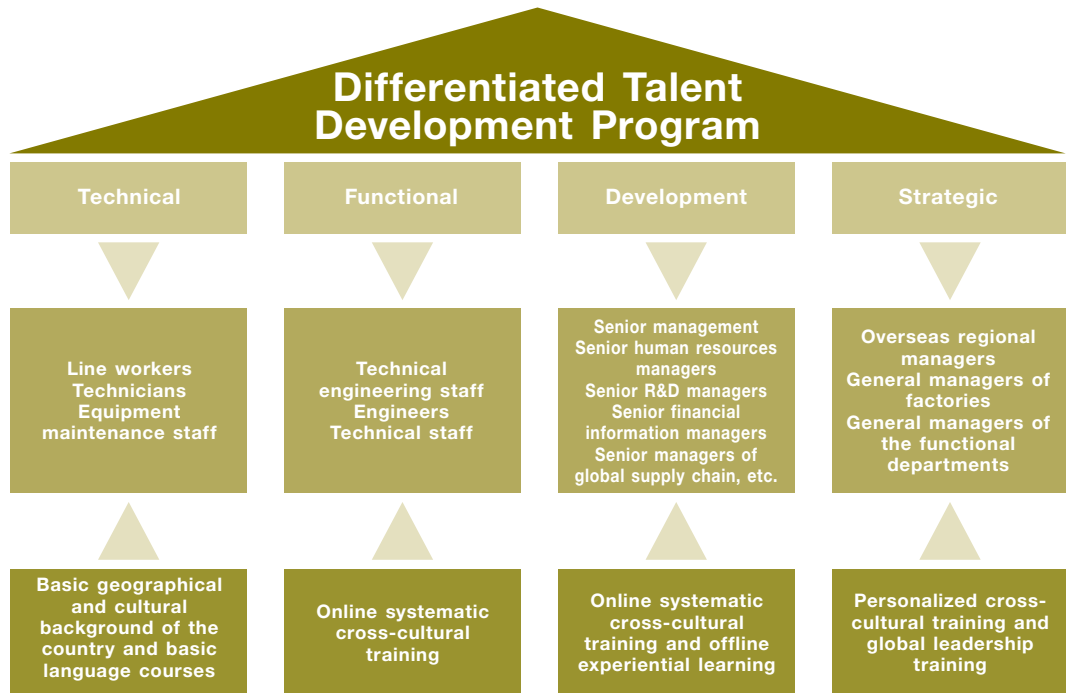
Global Talent Development Program

As we proceed with our overseas business development, our demand for globalized talents is also growing. Accordingly, the Group launched a Global Talent Development Program and specifically established the "Global Talent Competency Model" to define and guide the cultivation of global talents from a professional perspective, and made globalization and mobility basic requirements of middle management and higher positions. Moreover, the Group developed a master plan for global talent development, which includes all aspects of global talent mobility, such as selection, pre-assignment, during assignment and post-assignment, arrangements, to cultivate global talents and improve the professional competence of the staff who are dispatched to overseas locations.



Differentiated Talent Development Program

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



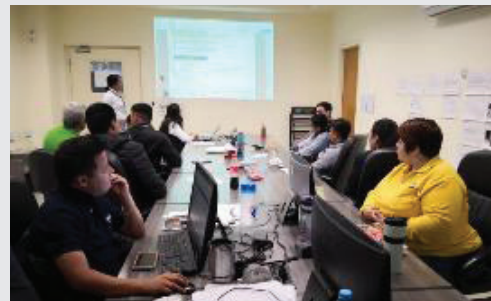
MTP (Manager Training Program)

The MTP is designed for newly recruited, newly promoted managers within six months as well as employees with managerial potential. We aim to help these employees quickly become competent managers and transform from the roles of individual contributors to excellent team leaders through a dedicated training program. Leadership is the core of the MTP. It focuses on training in four aspects, i.e. all-round thinking, team management, management results and self-growth. Participants acquire knowledge through a combination of lecture, group study, micro-presentation, flip classroom, etc., and are guided to discuss problems and cases on their own. Therefore, they will be able to apply theory to practice and transform knowledge into action. During the Reporting Period, the MTP trained 60 competent managers for the Group. The program has cultivated more than 200 employees in total.



Staff Training in Mexico

The Group also designed training courses which met local conditions for employees at overseas factories to improve their skills and broaden their development channels. Under the cooperation of human resources department, production department, quality department and IT Department, the MMC plant in Mexico designed a Production Line Leader Certification Training Program and conducted training for the targeted production line leaders on production techniques, quality standards, system operation, etc. During the Reporting Period, more than 20 production line leader candidates passed the examination and became frontline managers, meeting the needs of rapidly growing local businesses.



- **Employee Promotion**

The Group attaches great importance to the development of employees and is committed to providing broad prospects for employees. We have developed a fair and impartial *Employee Promotion Policy*, which provided for a comprehensive evaluation of six aspects of leadership, professional competence, experience, dedication, self-development and pursuit, and mobility as the main basis for employee promotion. In addition, we provide a two-tier promotion channel for white-collar workers and a ladder-style promotion channel for blue-collar employees.



In addition, to accurately evaluate the professional competence of technical staff, the Group actively introduced the Research Development Center (RDC) to unify common standards among technical sequences and improve the procedure and responsibility of technical evaluation, and formed measurable and inspectable promotion evaluation standards. Through the establishment of a T-class Blue Collar Skills Certification and Technology Development Committee, The North China Region of the Group provided detailed and standardized skills certification for technical employees to realize the inheritance, standardization, and empowerment of technology, and thus made development channels of technical staff clear and definite.

5.3. Cultural Consensus

- **Employee Care**

In line with human-oriented management, the Group respects employees and cherishes the value employees bring to the Group, and cares for the employees globally. The *Minth Group (China Region) Welfare Policy* defines employee welfare management policies, which stipulates that all formal employees are entitled to statutory benefits and other supplementary benefits in addition to normal labour remuneration.

Regular Benefits

- ✓ Social insurance
- ✓ Housing Provident Fund
- ✓ Public holidays
- ✓ Annual leave with pay

Additional Benefits

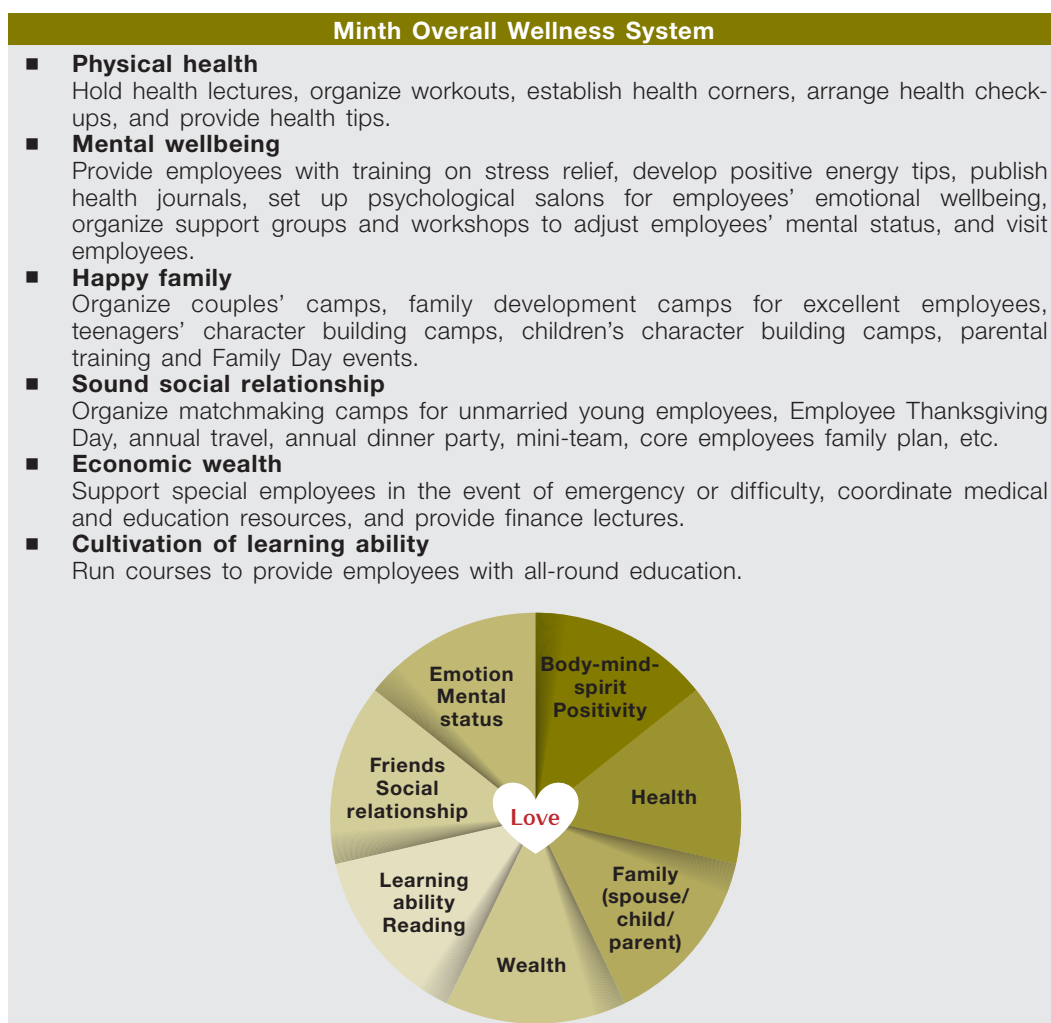
- ✓ Sick leave, maternity leave, marriage leave, personal leave, etc.
- ✓ Flexible working hours
- ✓ Free physical examination
- ✓ Birthday gifts, maternity gifts, wedding and funeral gifts, etc.

Based on the distinct characteristics of different regions and the needs and opinions of employees, the Group designs different employee retention policies to fit different regions and offers competitive benefits to specific talents. For example, in order to cooperate with the implementation of globalisation strategy, retain existing international technical talents and attract more external talents to our talent pool, we provide loans or housing subsidies to employees who have global technical advantages and act in accordance with our values if they hope to buy their first housing or improve their current housing. We also offer employees with “Minth Scholarship”, “Minth Retention Bonus”, “Minth Birthday Bonus”, and “Minth Loan” as retention measures to help employees in trouble and attract high-quality talents.

In addition, the Group carries forward its original intention of delivering love and cares for employees in trouble. If an employee encounters the problem beyond their capacity to solve, he/she can apply to the labor union and obtain emergency relief after approval. During the Reporting Period, the Employee Emergency Relief Fund helped 47 employees and their immediate family members. The Fund has supported 448 people in total. Besides, we actively show care for special groups. We built a nursing room for working mothers, and set up the Minth Kindergarten to help employees address the difficulty in accessing daycare so as to really care about the future of the children of Minth employees.

- **Overall Wellness**

The Group has been advancing the Overall Wellness program, improving Overall Wellness Center in different areas to create a complete and scientific “Minth Overall Wellness System” to satisfy employees’ diverse health demands. Through seven dimensions covered by the program, we carried out a series of activities to promote the transfer and influence of positive energy among employees, to help them become a member of Minth family with physical and mental health, love, values and influence, and ultimately form the core competitiveness of the Company.



Cohesion: United as One

Cultural Consensus Camp



Couples' Camp



Children's Character Building Camp



Overall Wellness Workshop

- **Activities and Events**

The concept of overall wellness is inseparable from life-work balance. Each year, we organize a variety of activities and events to strengthen ties among employees and team cohesiveness, improve interaction and exchange between departments, and enhance employees' recognition and internalisation of our corporate culture which contains Integrity, Trust, Teamwork and Embrace Change. For example, we hold a variety of fun activities during major Chinese and foreign festivals such as New Year's Day, Mid-Autumn Festival, Christmas, etc. We also hold various events on non-holiday days such as mini-marathon, cooking competition, singing competition, etc.



Mini Marathon

During the Reporting Period, Tianjin Minshin Machines Co., Ltd. and Tianjin Shintai Automotive Parts Co., Ltd. (subsidiaries of the Group), held the 4th "Sports for All", Being Healthy and Never Stop Mini Marathon Campaign to enhance the physique and cohesiveness of employees.



Women's Day

During the Reporting Period, to celebrate the International Women's Day, entertain female employees and enrich their lives, the Group prepared a Goddess Festival flower arrangements for female employees.

Minth Fanghua Fellowship

To enhance employees' sense of happiness and belonging and understand how new employees fit in, we invite employees who joined the Group in the same month in different years to participate in the Minth Fanghua Fellowship to promote ties between new and old employees.



Cooking Competition

On 28 October 2018, the South China Region of the Group held a cooking competition in Guangzhou. It was a very popular event. Candidates displayed their ability to the full, making delicious dishes with most common foodstuff, adding much delight to their busy work.



Cohesion: United as One

During the Reporting Period, overseas factories of the Group also organized a variety of activities for employees to enrich their lives and encourage them to learn foreign cultures and thus promote cultural integration.



China-Mexico Friendship Football Tournament

Employees at our Mexican factory are passionate about football. During the Reporting Period, we held the China-Mexico friendship football match to strengthen ties between Mexican employees and their foreign colleagues and celebrate values such as trust and teamwork.



Memorial Day Event in the U.S.

On 30 May 2018, all employees of our U.S. factory gathered to honor those who died in military service. At the event, some employees shared their homemade desserts with the team. The three best bakers won the final awards.

B2 Run in Germany

On 17 July 2018, employees at our German factory went to the Munich Olympic Stadium for a 6.2km B2 run. In order to better participate in the event, employees organized their own training in the forest. Finally, each participant completed the competition and won a medal.



New Year Party in Thailand

On 12 April 2018, all the employees of our Thai factory gathered together for a solemn “hand-washing and blessing” ceremony and an exciting friendship football match between managers and other staff, celebrating the Songkran Festival for our Thai colleagues.



6. CHARITY: HOPE FOR PEARL

On the way of practicing philanthropy, “bringing love together and paying it forward” has always been the charity belief of the Group. We advocate the concept of “creating value for society” and actively undertake social responsibility. In 2005, the Group proposed and set up the Minth Charity Fund. In 2013, the Group founded the Zhejiang Minth Foundation (hereinafter referred to as the Foundation), which was awarded 4A social organization in 2018. In the meantime, our charity efforts was widely recognized by the community. At the beginning of the Reporting Period, the Group participated in the China Charity Festival and won the Award for Public Welfare Practice of 2017. Mr. Chin Jong Hwa, Chairman of the Company, was honoured Charitable Figure of 2017 for his dedication to education charity and support for impoverished children along the way.



Minth Charity Fund Was Awarded 4A Social Organization

Award for Public Welfare Practice of 2017

Charity: Hope for Pearl

- **Hope for Pearl**

There is a large proportion of children in rural areas of China dropping out of school because of poverty. We pay special attention to children who are unable to receive normal education due to uneven distribution of education resources or education injustice caused by poverty. We regard these children as lost “pearls”. In this context, Zhejiang Xinhua Compassion Education Fund launched the “Hope for Pearl” project, aiming at helping impoverished dropout “pearls” with excellent school record complete high school studies and go to college.

From 7 September to 9 September 2018, the Group held the “99” Charity Day, appealing to employees to make donations. The Group then made matching donation to support the “Hope for Pearl” project. This event benefitted 440 “Pearl” students. 2018 has been the 10th year we have supported the “Hope of Pearl” Project. By the end of 2018, we had 28 partner schools and 45 “Pearl Classes” in 14 provinces in China, and helped 1,978 “Pearl” students go back to schools by offering living allowances for them throughout their high school years. We brought hope to their lives and changed the fate of their families.

In addition to reducing the financial burden of “Pearl” families and enabling “Pearl” students receive education, we also pay attention to and support the character development and spiritual growth of “Pearl” students. During the Reporting Period, we organized a variety of activities to care for “Pearl” students.



Caring for High School “Pearl” Students

■ Character Education

During the Reporting Period, we collected a wide range of character education activity plans and methods for “Pearl Class” management from partner schools, compiled them into a booklet for distribution to partner schools across China. We hope to further promote character education and the all-round development of “Pearl” students by sharing experience and successful cases.

■ Summer Camp

In July 2018, we held the 10th summer camp with the theme of “Doing My Part for a Charitable Country” and the goal of “Companion, Support, and Inheritance”. College “Pearl” students were assigned to “Pearl Classes” in high schools around the country to carry out the summer camp for high school “Pearl” students. Establishing the teamwork spirit of high school “Pearl” students also helped college counselors team gain experience and growth in practice.

■ Home Visit to “Pearl” Students

We visited the homes of “Pearl” students, greeting and encouraging their parents. Through one-to-one talks with “Pearl” students and team activities, we inspired “Pearl” students to develop dreams for their life and bear in mind, work hard to attend their ideal schools and give back to society.



Charity: Hope for Pearl

Caring for College “Pearl” Students

■ College “Pearl” Students Growth Alliance

During the Reporting Period, we worked with other benevolent enterprises to establish the College “Pearl” Students Growth Alliance, a platform for “Pearl” students to communicate with enterprises. The Alliance assists and supports “Pearl” students in learning, summer internship, employment, etc.

■ Winter Camp

On 26 January 2018, the Group sent a team of tutors to assist the Second National College “Pearl” Students Winter Camp, providing experiential education activities, pre-employment training courses, on-site mock interviews, etc., to help “Pearl” students with career planning, confidence building, and dedication to charity, so that they can join the workforce with a more stable attitude and give back to society.



• Education is the Foundation for Long-term Development

To benefit more communities, the Group launched more education charity projects in addition to the “Hope for Pearl” project. To help Yi children develop a healthy personality and receive systematic education, the Foundation has upgraded the “Children Class Project for the Yi Ethnic Group”, which was launched two years ago, into the “Comprehensive School Support” project, and for the first time set up the “Most Beautiful Teacher Award” to encourage and reward capable teachers who devote themselves to their work.

Comprehensive support for Yi primary schools

During the Reporting Period, the Foundation worked with Xinhua Compassion Education Fund in Zhejiang Province to launch the “Comprehensive School Support” project. The first project started at the Central School of Juesa Township, Butuo County, Liangshan Yi Autonomous Prefecture. It is aimed to improve school facilities and teaching level in an all-round way and develop good habits and healthy personality of Yi children. The project team mainly focused on school improvement and the “second classroom”. The former included improvements in canteen hygiene, student personal hygiene, material distribution and renewal, and campus renovation. The latter focused on the development of language and mathematical logic as well as sports, art and music courses. During the Reporting Period, more than 400 teachers and students benefited from the project.



Reward outstanding teachers

In September 2018, the Group held the award ceremony of the “Minth Cup Most Beautiful Teacher” to celebrate the 34th Teacher’s Day in Anji. At the ceremony, nominees and winners of “the Most Beautiful Teacher” were announced. 737 educators were honoured eight different titles, including “Star Teacher”, “Star Principal”, “Excellent Homeroom Teacher”, and “Green Leaf of the County”. The Group showed great respect for the teachers by singing and dancing performances and granting awards.



Charity: Hope for Pearl

- **Let Boundless Love Pass on**

We always believe that love transcends all boundaries. The Group actively seeks non-profit charitable organizations that share the same vision to help disadvantaged groups and encourages employees at home and abroad to volunteer on their own behalf so that we can truly give back to society.

Free Lunch for Children

The free lunch project refers to the “Let Life Shine — School Fair” organized by Zhejiang Minth Charity Foundation, Jiaying Taiwan Investing Entrepreneurs Association and its Women’s Committee. Funds were raised through the school fair to provide free lunch to the children of disadvantaged rural labours in Jiaying.

Charity Project in Mexico

On 14 December 2018, all employees of MINTH MEXICO, SA DE CV (MMX plant) and MMC plant in Mexico gathered to buy shoes for adopted children in Aguascalientes. Happy smiles lit up the faces of those children.



APPENDIX: CONTENT INDEX OF THE ESG REPORTING GUIDE

Content Index of the ESG Reporting Guide of the Stock Exchange

Indicator	Description	Chapter/Section	Comment
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.	Leader in Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	3.3	Low-Carbon and Emission Reduction
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3	Low-Carbon and Emission Reduction
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3	Low-Carbon and Emission Reduction
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3	Low-Carbon and Emission Reduction
KPI A1.5	Description of measures to mitigate emissions and results achieved.	3.3	Low-Carbon and Emission Reduction
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.3	Low-Carbon and Emission Reduction
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2	Energy Saving
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.2	Energy Saving
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.2	Energy Saving
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	3.2	Energy Saving
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.		There is no issue in sourcing water for the Group.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.2	Energy Saving

Appendix: Content Index of the ESG Reporting Guide

Indicator	Description	Chapter/Section	Comment
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	3. Leader in Environmental Protection	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3. Leader in Environmental Protection	
B. Society			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	5. Cohesion: United as One	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1 Human-Oriented	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.		The Group plans to carry out delicacy management in the future.
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4. Rules: Approach to Safety	
KPI B2.1	Number and rate of work-related fatalities.	4.2 Production Safety	
KPI B2.2	Lost days due to work injury.	4.2 Production Safety	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.1 Safety Management 4.2 Production Safety	
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.2 Employee Development	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).		The Group plans to carry out delicacy management in the future.

Appendix: Content Index of the ESG Reporting Guide

Indicator	Description	Chapter/Section	Comment
KPI B3.2	The average training hours completed per employee by gender and employee category.		The Group plans to carry out delicacy management in the future.
Aspect B4: Labor Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5.1	Human-Oriented
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	5.1	Human-Oriented
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1	Human-Oriented
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.2	Win-Win Cooperation and Shared Development
KPI B5.1	Number of suppliers by geographical region.	2.2	Win-Win Cooperation and Shared Development
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2.2	Win-Win Cooperation and Shared Development
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.	2.	To Create Beauty in Motion with Intelligence
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.1	Lean Management
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.3	Dedicated Services
KPI B6.3	Description of methods relating to observing and protecting intellectual property rights.	2.2	Win-Win Cooperation and Shared Development

Appendix: Content Index of the ESG Reporting Guide

Indicator	Description	Chapter/Section	Comment
KPI B6.4	Description of quality assurance process and recall procedures.	2.1 Lean Management	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.3 Dedicated Services	
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.2 Corporate Governance	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.2 Corporate Governance	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.2 Corporate Governance	
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6. Charity: Hope for Pearl	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6. Charity: Hope for Pearl	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.		The Group plans to disclose relevant information in the future.