

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 About the Environmental, Social and Governance Report

1.1 Reporting Guideline

This is the fifth Environmental, Social and Governance Report (the “ESG Report”) published by Tiangong International Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group” or “We”). The ESG Report mainly introduces the Group’s environmental, social and governance (“ESG”) performance in 2020.

The Company prepared the ESG Report in accordance with the 2016 edition of the *Environmental, Social and Governance Reporting Guide* (the “ESG Guide”) under Appendix 27 to the *Rules Governing the Listing of Securities* issued by the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The ESG Report shall be read in conjunction with the section “Corporate Governance Report” of *Tiangong International Company Limited Annual Report 2020* (the “Annual Report 2020”) in order to have a comprehensive overview of the Group’s ESG performance.

1.2 Reporting Scope

Unless otherwise specified, the organizational scope of the ESG Report covers the Company and its major subsidiaries. Other subsidiaries and associates of the Group that are not directly engaged in production activities have relatively minor impacts on the overall environmental and social performance of the Group and are therefore not included in the reporting scope of the ESG Report. The equipment installation of the Group’s automated cutting tool factory in Thailand was completed at the end of 2020. The factory, which has not been put into operation, is therefore not yet included in the reporting scope of the ESG Report.

Unless otherwise specified, the reporting period of the ESG Report is consistent with that stated in the Annual Report 2020, which is from 1 January 2020 to 31 December 2020 (the “reporting period”).

1.3 Report Statement

The board of directors of the Company (the “Board”) has overall responsibility for the Company’s ESG strategy and reporting. The Board is responsible for assessing and determining ESG risks within the Group’s operating scope and ensures the establishment of an appropriate and effective ESG risk management and internal control system. The Group’s ESG approaches, strategies and relevant materiality will be disclosed in the following sections of the ESG Report.

All information disclosed in the ESG Report is sourced from the Group’s documents and statistical reports. The ESG Report is compliant with all the “comply or explain” provisions set out in the ESG Guide and prepared in accordance with the reporting principles of the ESG Guide. The reporting principles the Company applied in the preparation of the ESG Report are as follows:

Materiality

The Group identified the material issues that are relevant to the Group through materiality assessment. The materiality assessment included processes such as inviting key stakeholders to rank the materiality of ESG issues, verification of material issues, etc. Please refer to the section “Materiality Assessment” of the ESG Report for the process and result of the materiality assessment.

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Quantitative

To comprehensively assess the Group's ESG performance during the reporting period, the Group disclosed measurable key performance indicators (KPIs), which are set out in the ESG Guide and applicable to the Group, and specified the sources of standards, methods, assumptions and calculations used by the measurable KPIs, including the sources of the conversion factors.

Consistency

The ESG Report is prepared with the same methodologies as the previous reporting period, which enables readers to make meaningful comparisons of the ESG information in the ESG Report.

Balance

This reporting principle is applied in the following sections of the ESG Report.

1.4 Form of Report Publication

The ESG Report is published in two languages — Traditional Chinese and English. In the event of discrepancies between the Traditional Chinese version and English version, the Traditional Chinese version shall prevail. You could access the Traditional Chinese and English PDF versions of the ESG Report via the Company's website <http://www.tggj.cn/> and the Stock Exchange's HKEX news website https://www.hkexnews.hk/index_c.htm.

1.5 Feedback on the ESG Report

Should you have any comments or questions about the Group's ESG work, you are welcome to contact us by email.

E-mail: tiangong@biznetvigator.com

2 Corporate Governance Integrated with ESG

To further integrate ESG factors and management into corporate governance, the Group officially established the ESG Working Group during the reporting period. The ESG Working Group, which is led by the head of the Office Administration, the Financial Controller and the head of the Securities Investment Department, is composed of persons in charge of each ESG-related department of the Group. The primary responsibilities of the ESG Working Group are to assist the Board in coordinating and overseeing the implementation of the Group's ESG policy, formulate implementation plans of ESG strategies and report significant ESG matters to the Board. The Group will continue to improve the ESG governance structure and enhance employees' understanding of ESG in order to better prepare for future ESG challenges and opportunities.

During the reporting period, the Group engaged an external consulting firm to conduct an ESG training for the Board to enhance its understanding of ESG matters. The training included ESG development trends, ESG risks and opportunities, green financial development, the Board's roles required by the Stock Exchange, etc. Furthermore, we also organised an ESG training for members of the ESG Working Group for them to have a better understanding of the importance of ESG management and their roles in ESG matters.

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3 Stakeholder Engagement

3.1 Communication Channels

Stakeholders	Expectations	Communication Methods	Communication Frequency	Actions in Response
Shareholders and Investors	Investment returns Corporate governance Regular communication	General meetings Company announcements Regular reports Roadshows	Annual/quarterly/ irregular	➤ Continuously improving risk management and internal control system ➤ Enhancing information disclosure and communicating regularly
Government	Compliance with laws and regulations Paying tax according to laws	Supervision and assessments Information disclosure	Regular/irregular	➤ Strictly complying with national laws and regulations and implementing compliance works ➤ Proactively cooperating with regulatory departments ➤ Paying tax according to laws
Customers	High-quality products Quality management Service guarantee	Contracts and agreements Customer service Service feedbacks Customer Annual Conference	Annual/quarterly/ irregular/ twice a year	➤ Continuously improving production management system ➤ Promoting scientific research innovation and elevating quality and efficiency in production
Employees	Employee rights and benefits Health and safety Promotion and training	Labour contracts Employee conferences Employee activities Employees' Representatives Conference	Regular/irregular	➤ Strengthening human resource management system to ensure employee rights and benefits ➤ Implementing measures relating to employees' occupational health and safety ➤ Formulating training plans and broadening employees' development path ➤ Collecting and reviewing employees' proposals
Suppliers and Other Business Partners	Being fair and just Win-win cooperation	Contracts and agreements Supplier assessments Communication meetings	Annual/irregular	➤ Guaranteeing the bidding and procurement process to be fair and transparent ➤ Fulfilling contracts and agreements
Communities	Community development Environmental protection	Community communication Charitable contribution Eco-friendly events	Regular/irregular	➤ Engaging in the harmonious community development ➤ Proactively holding charity donation events ➤ Implementing environmental protection measures

3.2 Materiality Assessment

In order to identify the material ESG issues of the Group, the Group regularly conducts materiality assessment and continuously improves the mechanism and methodology of conducting materiality assessment. During the reporting period, the Group conducted materiality assessment through survey for the first time. We also invited external stakeholders to participate in the materiality assessment for the first time in order to fully understand stakeholders' ESG concerns.

The Group identified material ESG issues through the following five steps:

1. *Identify Key Stakeholders*

Taking into account the two dimensions of "the Group's influence on stakeholders" and "the influence of stakeholders on the Group", the Group identified the following key stakeholders and invited them to participate in the materiality assessment 2020.

- | | |
|------------------|------------------------------|
| ✓ The Board | ✓ The Government |
| ✓ The Management | ✓ Shareholders and Investors |
| ✓ Employees | ✓ Customers |
| ✓ Suppliers | ✓ Business Partners |

2. *Identify Relevant ESG Issues*

The Group identified ESG issues that are relevant to the Group with reference to the ESG Guide and ESG trends of the steel industry. We identified a total of ten environmental ESG issues and nineteen social ESG issues.

3. *Conduct Survey*

The Group invited key stakeholders to rank the ten environmental ESG issues and nineteen social ESG issues through a survey. External stakeholders (the government, shareholders and investors, customers, employees, business partners and suppliers) ranked ESG issues from the dimension of "Importance to Stakeholders" while internal stakeholders (the Board and the management) ranked ESG issues from the dimension of "Importance to the Group".

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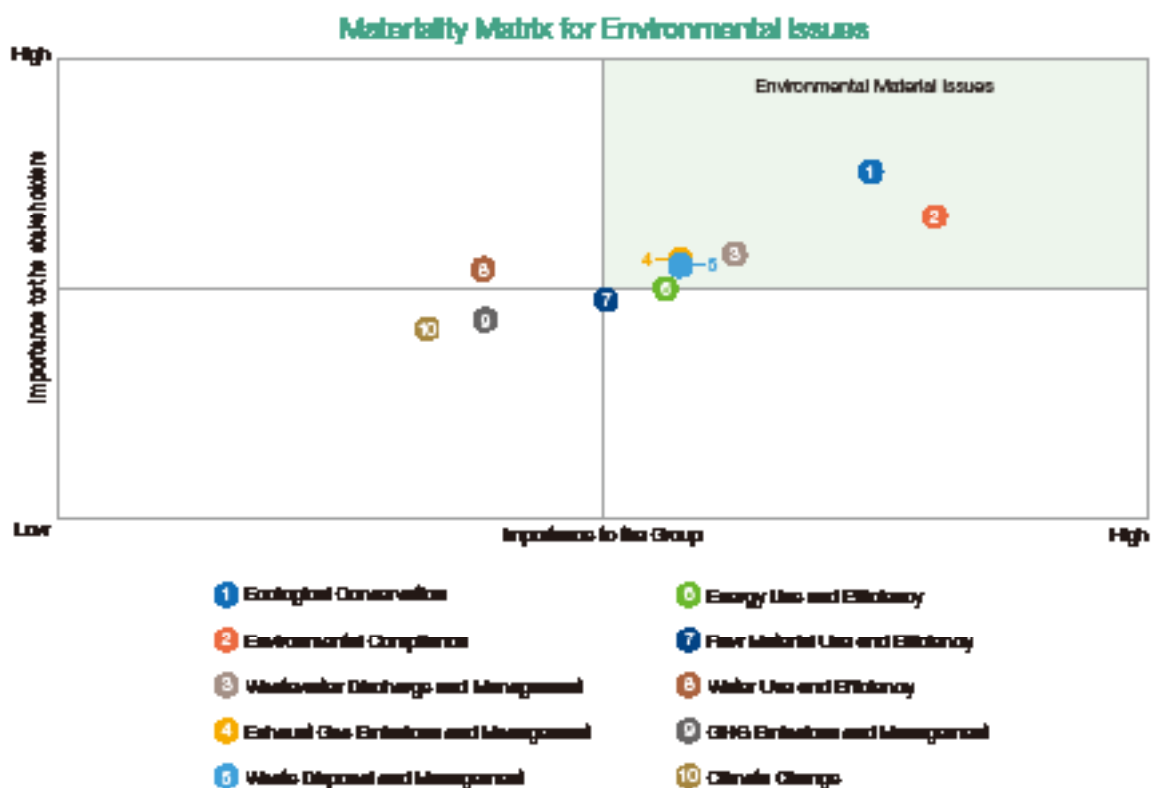
4. Analyse the Survey Result

The Group analysed the survey result, created materiality matrices and identified issues with high scores on both “Importance to Stakeholders” and “Importance to the Group” as material issues.

5. Verify the Material Issues

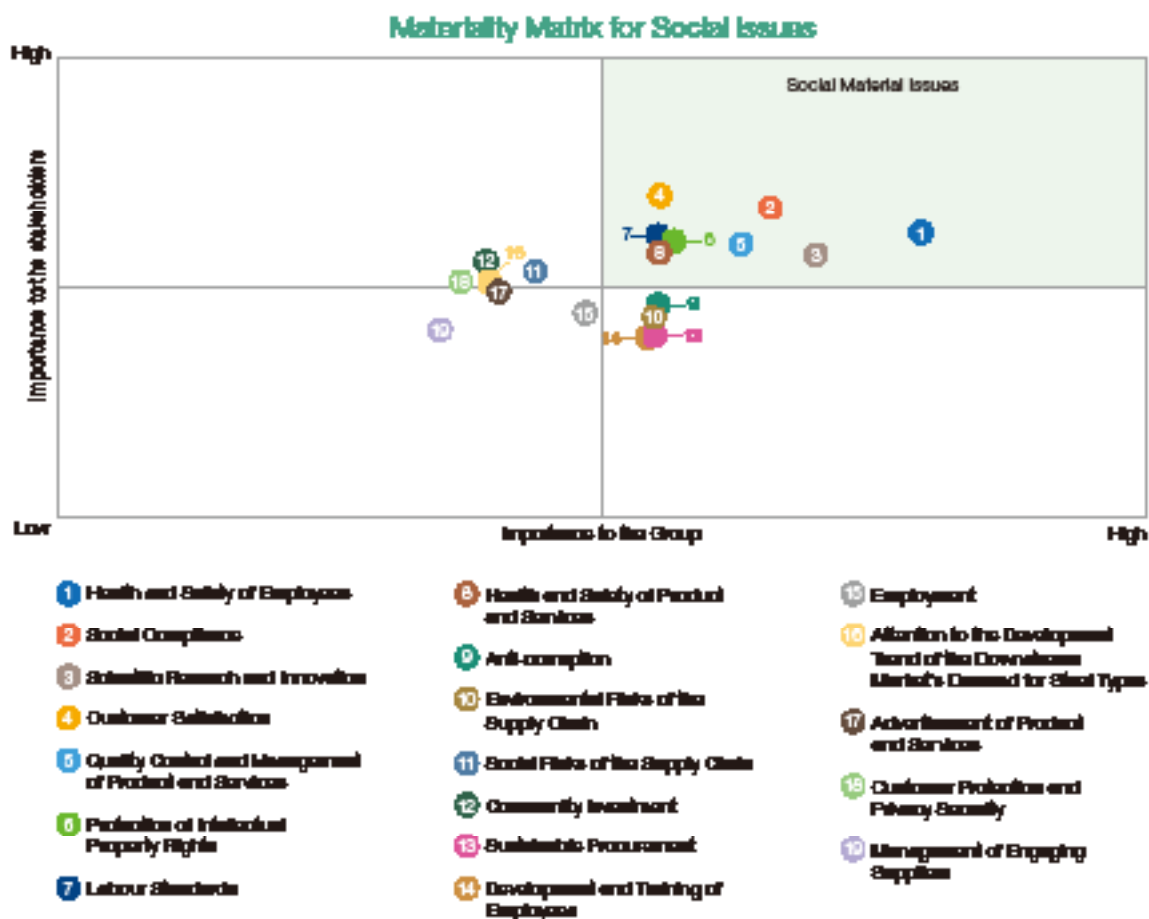
The Board reviewed the survey result and verified the material issues.

The Group’s materiality matrix for the environment issues is as below:



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The Group's materiality matrix for the social issues is as below:



The Group identified a total of six environmental material issues and eight social material issues in this materiality assessment. We will highlight the Group's management strategies and performance in relation to the following material issues in each chapter of the ESG report to address the concerns of our key stakeholders.

Material Issues* (Materiality from the highest to the lowest)	
Environmental Aspect	Social Aspect
1. Ecological Conservation	1. Health and Safety of Employees
2. Environmental Compliance	2. Social Compliance
3. Wastewater Discharge and Management	3. Scientific Research and Innovation
4. Exhaust Gas Emission and Management	4. Customer Satisfaction
5. Waste Disposal and Management	5. Quality Control and Management of Product and Service
6. Energy Use and Efficiency	6. Protection of Intellectual Property Rights
	7. Labour Standards
	8. Health and Safety of Product and Service

* The material issues stated in the table above are identified through materiality assessment. Please refer to this section for the process of materiality assessment.

4 Environmental Management

The Group attaches great importance to environmental compliance and actively reduces the negative impact of our operations on the environment, for which we have formulated several internal environmental policies. In order to ensure the effective implementation of the relevant policies, the Group implements the *Environmental Protection Responsibility System*, which specifies the environmental responsibilities of departments and personnel. The Chief Executive Officer of the Group, who is the principal person in charge for environmental protection, assumes overall responsibility for the environmental protection work of the Group.

In addition, the Group has established the Safety and Environmental Protection Department ("SEP Department"). The SEP Department is responsible for the daily supervision and management of environmental protection work, including designing, improving and implementing environmental management systems and work plans. The leaders of the SEP Department have set up a Leading Group for Environmental Governance to advance environmental protection work with stringent standards, conduct comprehensive and thorough inspections of pollution sources, and ensure compliance with national and regional emission requirements. The Leading Group arranges monthly meeting to summarise the focus of environmental protection work of the current and the upcoming month in order to ensure the Group's environmental compliance and enhance environmental governance.

To further enhance our environmental management performance, we have set the following six targets:

Environmental Management Targets	
0 Significant environmental pollution incident	1% Annual energy consumption reduction per product
90% Recycling rate of wastewater	98% Normal operating rate of equipment
100% Handling rate of solid waste	100% Compliance of noise level and pollutant emissions from factories

4.1 Emission Management

The Group's major types of emission are wastewater, exhaust gases, greenhouse gases ("GHG"), hazardous and non-hazardous wastes. We have formulated the *Environmental Protection Management System*, the *Environmental Monitoring Management System* and other management systems to ensure that emissions generated during operation are in compliance with national emission standards. In addition, we have a real-time monitoring system to measure the discharge statistics of wastewater and emission levels of exhaust gases, ensuring that the emissions meet the standards.

Wastewater

The Group's wastewater mainly comes from the discharge of cooling fluid and recirculating water during production and processing. In order to regulate the discharge of industrial wastewater, the Group has formulated the *Management Measures for Prevention and Control of Water Pollution*. The Group has a wastewater treatment plant for centralisation of treatment of all wastewater and ensures that wastewater meets discharge standards before discharge. The SEP Department is responsible for monitoring the pollutants in the wastewater discharged. If wastewater discharge was found to be abnormal or exceeding the standard, the SEP Department will promptly identify the cause and take corrective measures until the wastewater discharge meets the standard. The SEP Department will also report abnormality cases to senior management and modify preventive measures to avoid future recurrence. In addition, we have set up stormwater drains to divert stormwater and wastewater and prohibited the discharge of wastewater into stormwater drains. In order to prevent wastewater leakage and the associated environmental impact, we regularly inspect wastewater drainage and treatment facilities.

In order to reduce wastewater discharge, the Group has established a water recycling system that enables reuse of treated wastewater for cooling of production facilities. During the reporting period, the total water consumption of the Group was 291,275.00 tonnes. The Group recycled approximately 157,374.00 tonnes of water.

Exhaust Gases and GHG

The Group's exhaust gas emissions are mainly derived from the combustion of natural gas. To reduce exhaust gas emissions, the Group replaced coal with natural gas to provide energy for boilers and reheating furnaces. Besides, we have also transformed and improved reheating furnaces and soaking furnaces and installed efficient treatment equipment for exhaust gases to ensure that emissions meet the national and the steel-industry specified emission standards. Furthermore, dust and oily fume were also generated from the operation of the Group. To reduce emissions of these pollutants, our factories are equipped with highly efficient dust treatment devices and oily fume collection devices. The Equipment Maintenance Department of the Group's factories regularly inspects and maintains the equipment to ensure that it is operating properly to avoid additional exhaust gas emissions due to equipment failure or low operating rate.

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The Group's GHG emissions are mainly derived from natural gas combustion and electricity consumption. To further promote the reduction of GHG emissions, we have developed the *Carbon Emissions Management System*. The Group's major GHG emission reduction projects include improving energy efficiency and adopting new and renewable energy sources. The *Carbon Emissions Management System* clearly lists out the responsibilities of the Group's Energy Management Leading Group, the implementation workflow of GHG emission reduction projects, the inspection and assessment of carbon emissions and other requirements. The responsibilities of the Energy Management Leading Group include the development and modification of management measures and working procedures for GHG emission reduction projects, the development and implementation of such projects, and the collection of emission reductions statistics for such projects and so on. In order to ensure effective reduction in GHG emissions of the Group, we have incorporated carbon emissions inspection and assessment into the performance appraisal system. The Energy Management Leading Group is responsible for evaluating the performance of production units related to GHG emission reduction projects.

The implementation of the above measures has helped us reduce GHG emissions. During the reporting period, the Group's GHG emission intensity decreased by approximately 6%, from 2.51 tonnes CO₂e/tonne of products in 2019 to 2.35 tonnes CO₂e/tonne of products in 2020.

Hazardous and Non-hazardous Wastes

The Group has formulated the *Waste Management Code*, which defines and classifies the wastes generated by the Group and regulates the management and disposal of the wastes. The Group strictly enforces this code to strengthen waste management and prevent environmental pollution caused by improper waste disposal.

The Group's hazardous waste is mainly consisted of acidic and alkaline wastes, dust, waste oil, waste batteries and waste lubricating oil generated during the production process. The Group's *Hazardous Waste Management System* regulates hazardous waste management, including management responsibilities, management plans, storage classification and transportation, accident handling, etc. The Group's SEP Department is responsible for the daily management of hazardous waste, including supervising waste management condition in various production units, improving environmental monitoring systems, monitoring and random checking the disposal of various types of waste. We label hazardous wastes with identification labels and warning signs, then classify and transport them to the specialised storage site for hazardous waste, where they will be handled by a qualified third party and the disposal amount of hazardous waste is recorded. To reduce the disposal amount of waste lubricating oil, the Group reuses waste lubricating oil treated by the waste lubricating oil treatment plant. During the reporting period, the Group recycled and reused 82.10 tonnes of waste lubricating oil.

The Group's non-hazardous waste is mainly consisted of melting slag, domestic waste, food waste and construction waste generated during the production process. We classify non-hazardous recyclables, store them in a warehouse, and record information such as quantities and storage dates. The recyclables are then collected and recycled by waste recyclers. During the reporting period, the Group recycled 125.24 tonnes of wastepaper. Non-recyclable and non-hazardous wastes are transported by external personnel to nearby landfills.

4.2 Efficiency of Resource Use

The Group adheres to the principle of “Reduce, Reuse, Recycling” to improve the efficiency of resource use, minimising the negative impact caused by our operation on the environment.

Efficiency of Water and Electricity Consumption

The Group’s water sources are mainly municipal water supplies and wells, hence we have no difficulty in sourcing water. In order to improve the efficiency of water and electricity consumption of the Group and prevent wastage of water and electricity, the Group has formulated the *Water-saving and Electricity-saving Management System*, the *Electricity-saving Management Regulations* and other management systems. We consolidate the data of energy consumption, required each department to reasonably consume electricity and save electricity, and carefully analysed the electricity consumption of each electricity consumption unit. Furthermore, we conduct energy assessments on the factories and reward departments that achieve significant energy-saving results.

Water Saving	Energy Saving
➤ Regularly inspect water pipes and facilities and tackle with water leakage of water pipes and taps in a timely manner ➤ Gradually adopt water-saving equipment, such as installation of toilets with flush sensor and sensor taps ➤ Enhance education to raise employees’ awareness of water-saving ➤ Assess the departments with substantial water consumption and, if necessary, water meters shall be installed	➤ Turn off production equipment in a timely manner to avoid idle equipment ➤ Equip appropriate types of lamps with different power rating according to the lighting requirements of different areas ➤ Gradually replace with energy-saving lamps ➤ Night shift employees increase the frequency of lighting inspections and turn off unnecessary lighting ➤ Enhance education to raise employees’ awareness of energy-saving ➤ Encourage employees to turn off idle computers, air conditioners, lamps and other electrical equipment

During the reporting period, the Group had a slight increase in the water and electricity consumption for non-production purpose due to an increase in water and electricity consumption for the pilot production and research and development phases of the production line of powder metallurgy. The Group reduced the consumption of purchased electricity by using solar energy. During the reporting period, the Group’s solar energy consumption amounted to 7,369,640 kilowatt hours. To enhance water efficiency, the Group set a monthly water consumption target of 18,800 tonnes for 2020, which excluded the water consumption for projects under construction or pilot production. During the reporting period, the Group’s actual average monthly water consumption was 18,300 tonnes, which was 500 tonnes less than the target.

Efficiency of Raw Material Consumption

The Group’s major raw materials for production are steel, alloys, scrap steel and steel grinding swarf. In order to improve the efficiency of raw material consumption, we recycle and reuse steel grinding swarf in the production process. During the reporting period, the Group recycled and reused 51,057.62 tonnes of steel grinding swarf.

5 Quality of Tiangong

The Group adheres to the spirit of craftsman, meticulously manufactures steel products, continuously improves the level of quality management, and provides customers with high-quality products and services. During the reporting period, the Group was awarded the 2020 Jiangsu Provincial Governor Quality Award. The quality of our products was highly recognised by the government of Jiangsu province. In the future, we will continue to improve product quality management, leading the industry to high-quality development.



2020 Jiangsu Provincial Governor Quality Award

5.1 Quality Control

To ensure high-quality products, we implement quality management throughout the life cycle of our products. We have developed and implemented product quality control systems in accordance with GB/T 19001-2016/ISO9001:2015 *Quality management system-Requirements*. We also carry out measurement management of product quality and other aspects in accordance with GB/T19022-2003/ISO10012:2003 *Measurement management systems-Requirements for measurement processes and measuring equipment* in order to guarantee product quality.

The Group has developed various operating procedures and product quality control manuals for various products, including the *Management Procedure for New Product Development*, the *Control Procedure for Self-Made Unqualified Product*, the *Enterprise Measurement Management Regulation* and so on. We meticulously control the product quality at each manufacturing stage, from raw material inspection to product export. To ensure that product quality meets the standards, we select samples from raw materials for chemical testing, perform rigorous physical and chemical tests on semi-finished products at each manufacturing stage, and conduct a series of product quality tests on finished products to ensure that they do not pose any risk to health and safety of consumers. We will label products that pass the product quality tests and ensure that the content of the labels is correct. All products are required to obtain a quality assurance certificate before they are officially launched on the market.

If customers find any unqualified products after receiving the products, they may contact the Sales Department of the Group. Sales Department shall then discuss with the customers about the handling of the unqualified product in accordance with the *Control Procedure for Self-Made Unqualified Product*. The customers may choose to exchange or return the products. The Group will take appropriate measures to resolve the problem of unqualified products in a timely manner.

5.2 Customer Rights

The Group is committed to safeguarding the rights and interests of customers in order to win their support and trust and to maintain a long-standing partnership. In terms of product services, the Group has set up a product authenticity checking system for customers to check the authenticity of the products through QR codes, digital security query system and product serial number query system. In terms of customer privacy, we comply with laws and regulations related to privacy protection to protect our clients' privacy rights. The Group has set up access rights to sensitive customer information. Only employees in the Sales and Finance Departments have access to customer privacy. We require employees to handle customer data cautiously to prevent leakage of customer data. If an employee is found to have mishandled customer information or disclosed customers' privacy, the Group will take disciplinary action against the employee in accordance with established procedures. In terms of advertising, we comply with laws and regulations related to advertising to ensure that our advertisements are expressed in a true, lawful and healthy manner. Our advertisements do not contain false or misleading content.

Our customers' valuable opinion is useful for us to continuously improve the quality of our products, therefore we send customer satisfaction survey to key customers by emails and invite them to provide valuable feedback each year. The 2020 customer satisfaction survey report revealed that customers were very satisfied with the quality of the Group's products and services. The average customer satisfaction score for 2020 reached 94.44, an increase of 1.1% over 2019.

If customers are dissatisfied with the Group's products and services, they can make complaints through hotline, email, in-person visits, etc. The Group handles all customer complaints in accordance with *After-Sales Service Management System* in a serious manner and provide effective feedback to our customers in a timely manner. Upon receipt of a customer complaint, we will record the complaint, investigate the case and analyse the cause of the problem. We will formulate appropriate handling plans for different types of complaints and will continue to follow up the complaints until they are properly resolved. Besides, our sales teams have regular meetings with customers to understand their opinions and suggestions on the Group's products and services.

5.3 Leading with Innovation

The Group believes that technological innovation can effectively enhance corporate competitiveness, therefore we keep developing new products and technologies that are in demand in the market. In 2019, the Group built the first production line of powder metallurgy for tool and mold steel in China, breaking the international monopoly and becoming a leader in research and development and mass production of new materials in China's high-end manufacturing industry. The production line of powder metallurgy will increase the market competitiveness of the Group in the international high-end product market, and speeding up the production process by gradually achieving the transformation from subtractive manufacturing to additive manufacturing (such as 3D printing, etc.). Moreover, the Group built the first overseas highly automated cutting tool factory in Thailand during the reporting period to effectively increase production efficiency.

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We encourage our employees to be innovative to accelerate new product development and technological innovation in production process. During the reporting period, the Group held the 2020 Technological Innovation Honouring Ceremony, presenting awards to individual employees and teams who had extraordinary performance in technological innovation. At the ceremony, the Group also summarised the achievements and areas for improvement in technological innovation during the reporting period and introduced the work plan for technological innovation in 2021.



2020 Technological Innovation Honouring Ceremony

In order to effectively promote the Group's innovation culture and protect our research and development achievements, the Group has established the *Intellectual Property Management System* to regulate the management of intellectual property rights. The document sets out the types of intellectual property rights of the Group, the main duties of the Intellectual Property Management Department ("IPM Department"), the incentives for technology innovators, and the signing of confidentiality agreements. The Group's IPM Department is responsible for the management of intellectual property rights in accordance with the *Intellectual Property Management System*. Its main duties include the formulation of various regulations on the management of intellectual property rights, the establishment of intellectual property rights file management, the filing of patent applications on behalf of the Group, and the handling of intellectual property rights disputes and litigation of the Group. To protect the Group's technological and commercial confidentiality, we sign confidentiality agreements, which include provisions related to the protection of the Group's intellectual property rights, with our employees and partners. If the intellectual property rights of the Group have been infringed, we will hold the relevant parties accountable for the infringement and, if necessary, resolve the issues by taking legal actions.

6 Safety First

We attach great importance to the health and safety of every employee and regard “Safety First and Prevention-oriented” as the Group’s policy of safety production. In order to achieve the goal of zero casualties, the Group has developed a sound safety production management system. The *Occupational Health and Safety Management System* sets out safety management codes for the use of electricity, use of liquefied gas, use of electrical welding, work-at-height, mechanical safety operation, and disposal of flammable, explosive and hazardous chemicals. These codes enable employees to clearly understand the rules they have to follow when performing their duties and raise their safety awareness to prevent casualties.

6.1 Responsibility of Safety Production

In order to ensure the effective implementation of the policies related to safety production, the Group has implemented the *Liability System for Safety Production*, which clearly stipulates the safety production responsibilities of leaders, departments, engineering technicians and machine operators at all ranks. The Head of the Group’s SEP Department, under the leadership of the Chief Executive Officer, is responsible for the management of safety production of the Group, including supervising the implementation of safety production rules and regulations and safety operating procedures of various departments and providing technical guidance to the safety officer of each department. Each of the Group’s factory has a safety officer who trains employees on safety in production and ensures that employees comply with safety production systems and operating procedures. Furthermore, the responsibilities of the safety officer include, but are not limited to, educating employees on the proper use of personal protective equipment, machineries and tools, inspecting and maintaining the safety equipment of the factory, and reporting to the senior management in a timely manner when potential safety risks are found in the production process.

6.2 Training on Safety Production

The Group clearly states in the *Safety Training System* that all employees are required to undergo rigorous safety training, be familiar with all the safety management systems, and sign the *Letter of Undertaking of Safety Production for Employee* prior to discharging duties. Safety training is divided into the following three levels:

Levels of training	Training content
Level 1 training	Laws and regulations of safety production, the Group’s safety production rules and regulations, basic safety knowledge
Level 2 training	Characteristics of factory production, conditions of machinery and equipment, measures of accident prevention, various rules and regulations
Level 3 training	Safety technical operating procedures for work positions, production characteristics of work positions, performance of machinery and equipment, protection facilities for safety production, use of tools and personal protective equipment, accident case studies

6.3 Inspection and Review of Safety Production

The Group's *Safety Inspection System* indicates that the safety production inspection is mainly divided into system inspection and potential risk inspection. The system inspection includes monitoring of the soundness and implementation of the safety production system, while the potential risk inspection includes checking of whether there are potential safety risks in machinery and equipment, all kinds of buildings and dangerous goods. The Group organises different inspection activities for safety production each year, including a large-scale quarterly safety inspection at company level, a monthly regular safety inspection meeting organised by each factory to check safety production condition and report it to superiors. Each production teams conducts a five-minute safety production briefing at the start of each working day and a three-minute summary of safety inspection at the end of the day to promote safety awareness among employees at all times.

The Group holds quarterly departmental meetings to discuss safety duties such as safety production, labour protection, publicity and training of the previous quarter for continuous safety improvement. In addition, the *Reporting System of Safety Work* requires each department to submit a written report to the Group on its safety duties and accident control performance on a half-yearly basis. The report should include the following:

- Implementation of safety management, work-related casualties, fire hazards, traffic accidents, new occupational diseases, management of significant potential risks
- Innovative ideas related to safety management
- Safety work plan for the second half of the year

During the reporting period, the atomised powder-making team of the Group's Powder Metallurgy Industrialisation Centre was awarded the "2020 Role Model of Youth Safety Production Unit of Zhenjiang City".



Certificate of "2020 Role Model of Youth Safety Production Unit of Zhenjiang City"

6.4 Emergency Response

The Group has formulated the *Emergency Response Plan* for being well-prepared for carrying out emergency relief work in case of fire and other unexpected incidents. This plan lists out the major types of emergencies identified by the Group, including fire hazards, electric shock, explosion, food poisoning, heat stroke, vehicle accident, accident of falling from height and mechanical injury accident, etc. This plan also clearly explains how to handle each type of emergencies. The Group's Safety Production Leading Group is responsible for commanding and implementing emergency relief work in a timely manner to minimise casualties and property loss caused by fires and other accidents. In addition, the Group has set up a fire-fighting team, an first aid team, an emergency evacuation team, an external liaison team and a transportation support team to ensure that emergencies are handled in the most efficient manner, minimising the impacts of the incidents.

The Group reviews the *Emergency Response Plan* annually and revises it when necessary to ensure its applicability and effectiveness. We organise an annual training on knowledge and skills of emergency response to enhance the emergency response capability of all members of our Safety Production Leading Group and Emergency Response Team. This training includes emergency procedures, first aid practice, use of fire extinguishers, etc. Furthermore, we conduct annual emergency drill to enhance the practical experience and rescue capability of our Emergency Response Team. We will revise the *Emergency Response Plan* based on the problems identified during the drills.

6.5 Prevention and Control of Pandemic

In order to effectively prevent and control the novel coronavirus outbreak, the Group has set up an Emergency Leading Group for the Prevention and Control of Pandemic and formulated an *Emergency Plan for the Prevention and Control of the Pandemic*. The plan sets out the responsibilities and emergency measures for employees at different ranks. All personnel entering and leaving the factory or office are required to wear masks and have their body temperature checked. Anyone with an abnormal body temperature will be asked to rest at home, observe their health condition and, if necessary, seek timely medical treatment and conduct testing. Besides, we have a full range of pandemic prevention supplies, including infrared thermometers, alcohol disinfectants, hand sanitisers, masks, disposable gloves, etc.

7 People-oriented

The Group believes that the success of business development depends on the efforts and contributions of employees. We uphold the employee management principle of "People-oriented" to attract talents, building an outstanding team.

7.1 Employee Management

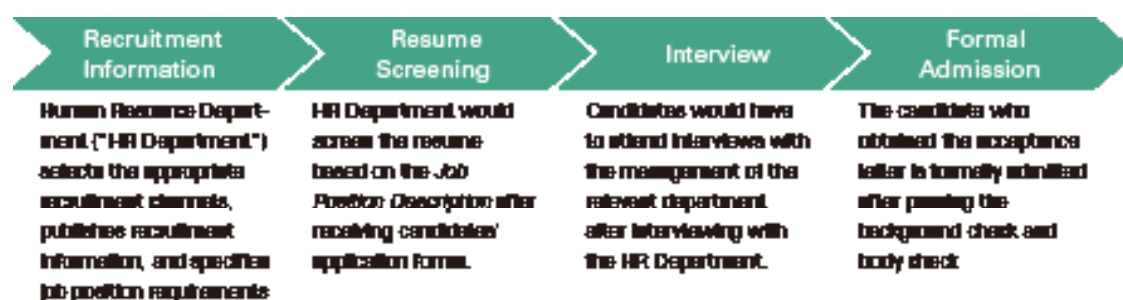
The Group has established a comprehensive *Human Resource Management System* to regulate the process of recruitment, promotion and dismissal. Our *Human Resource Management System* clearly sets out the management for each aspect of employment, including recruitment management, on-boarding process of new recruits, promotion management, employee dismissal management, employee welfare and employee training management, etc.

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Diversity and Equality

The Group is dedicated to creating a diverse and inclusive work environment by appointing candidates on the basis of merits and welcoming talents with diverse backgrounds. We employ people based on the principle of "Openness, Fairness, Competition, Competitive Selection and Voluntariness" and offer equal employment opportunities to all candidates. We prohibit any form of discrimination. No candidate will be treated unfairly based on their age, gender, race, ethnicity, religion or physical disability. We select the most competitive candidate on the basis of moral character, knowledge, capability, work experience, etc.

The following is the Group's recruitment process:



Legal Labour

The Group prohibits the employment of child labour or forced labour. During the recruitment process, the Group's HR Department will verify the identity documents of candidates to ensure that they reach the age of 16 or above in order to avoid the employment of child labour. In addition, the Group does not advocate overtime working and does not force employees to work involuntarily. It is also stipulated in our labour contract that the daily working hours of our employees shall not exceed eight hours and the average weekly working hours shall not exceed forty hours. If necessary, employees are required to apply for overtime working to their supervisors in advance. If employment of child labour and forced labour are found, the Group will hold the relevant departments and personnel accountable and improve our human resource management system to prevent future recurrence.

Dismissal

In order to protect the rights and interests of both the Group and employees and to avoid labour disputes arising from termination of labour contracts, we have formulated the *Regulations on the Management of Employment Termination* to regulate the procedures of employee termination. The employment contract signed between us and our employees clearly stipulates the details of employment termination, including the notice period for termination of employment and the penalties incurred due to dismissal or resignation. Employees are required to have an interview with their supervisors before their formal departure, and to properly hand over their jobs and complete the employment termination procedures to ensure proper business operations.

7.2 Remuneration and Benefits

In order to attract, retain and motivate talents, the Group has established an attractive remuneration and benefits system. The Group has formulated the *Compensation Management Regulations for Executive Management Positions* and the *Compensation Management Regulations for Technical and Management Positions*, which specify the remuneration structure and criteria for salary adjustment for each position rank. Salary adjustments for employees are mainly based on their annual comprehensive assessment scores. The assessment score is composed of three components, namely self-rating, rating by departmental colleagues and rating by supervisors.

In addition, we provide various social insurance for our employees in strict accordance with national policies, including basic pension insurance, basic medical insurance, maternity insurance, work injury insurance, unemployment insurance, housing fund, etc. The Group's *Regulations on Employee Leaves* also ensures that employees are entitled to paid leave and other statutory leaves such as wedding leave, maternity leave and funeral leave as required by law. Apart from statutory benefits, we also provide different kinds of benefits to our employees, including free meals at work, free medical check-ups, additional insurance, festive benefits, fare reimbursement in the Spring Festival, travel benefits, etc.

During the reporting period, we completed the renovation of the employee recreation hall. The hall is equipped with self-service coffee machines, table tennis tables, billiard tables and massage chairs. Our employees could access the facilities in the hall to relax and bond with colleagues.



Lounge



Bookshelves



Equipment of Table Tennis and Billiards

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7.3 Hearts are with Tiangong

The Group actively organises a wide variety of activities to enrich employees' lives, promoting team collaboration and employees' sense of belonging to the Group.

The Tenth Sports Competition for Employees

During the reporting period, the Group held the Tenth Sports Competition for Employees. There were more than twenty types of individual and team competitions. This event fully demonstrated the team spirit of our employees and their perseverance. The Group prepared more than one hundred and thirty awards for employees with outstanding achievements in the competition.



Opening Ceremony of the Tenth Sports Competition for Employees



Closing Ceremony and Award Ceremony of the Tenth Sports Competition for Employees

The 2021 Spring Festival Gala and the 2020 Honouring Ceremony

In February 2021, the Group held the 2020 Honouring Ceremony to summarise the achievements of the Group during the reporting period. We also presented awards and prizes to individual employees and teams with outstanding performance during the reporting period and recognise their contribution to the Group. The awards include the Model of Tiangong, the Best Team, the Star of Sales, the Star of Innovation and the Best New Employee.



Performance show of 2021 Spring Festival Gala



Employees with awards and prizes

7.4 Promotion and Development

The Group has continually devoted resources to enhance the professional knowledge and skills of our employees and provide fair promotion opportunities, creating a positive working environment.

Promotion System

The Group has a transparent promotion system. We have developed the *Promotion Management Regulations* to regulate employee promotion management procedures. Employees could clearly understand the requirements for promotion and would be able to continuously improve themselves in order to be promoted based on their personal strengths.

Unlocking Potential

To broaden the career path of our employees, the Group provides different types of training to enhance their basic and professional knowledge and skills. The Group attaches great importance to the induction training of new employees. In order to familiarise new employees with the Group's cultural and systems and be competent for their new positions as soon as possible, the Group has formulated the *Measures for the Administration of Induction Training for New Employees* to regulate the management of new employees' induction training.

The induction training of new employees is divided into two stages. The first stage of training is organised by the Human Resources Department and covers the history and status of the corporate, corporate culture, rules and regulations, teamwork, organisational and departmental responsibilities. The second stage of training is organised by senior employees from all departments. New employees are required to attend training related to their jobs, such as tool processes and applications, quality management knowledge, safety operating procedures, etc. We conduct training assessments for our employees to ensure that they fully understand the training content and master the professional knowledge and skills.

During the reporting period, various departments of the Group organised different types of specialised training. For example, the International Trade Department organised a risk prevention training with the theme of "Credit Insurance". This training aims to enhance employee awareness of credit insurance and risk prevention skills in order to reduce business risks. In addition, the International Trade Department also organised a series of training sessions to enhance the overall quality of our sales employees, including their knowledge of product types and production processes.

In order to cultivate talent in technician posts, the Group adopts one-to-one apprenticeship program. Experienced employees (i.e. masters) would transfer various experience and working methods to new employees (i.e. apprentices) by passing on knowledge, helping and guiding apprentices. Our *Interim Measures for "Master-Apprentice" Program* sets out the details of the relevant system, including the qualifications for becoming masters, the way master-apprentice relations are established, and the duties of masters and apprentices. The Group also sets up a reward mechanism to reward masters and outstanding new employees.

8 Responsible Operation

8.1 Supplier Management

In order to standardise the processes of tendering and procurement and strengthen the supervision of the process, the Group has formulated internal policies such as the *Regulations Governing the Procurement of Supplies and Price Accounting*, the *Regulations on the Tender Management* and the *Regulations on Procurement Management and Implementation (Trial)*. We strictly enforce these internal policies to ensure fair, impartial and transparent tendering and procurement processes.

The Group mainly procures raw materials such as metals and equipment. In order to reduce procurement risk, the Group's Supply Department proactively searches for new high-quality suppliers, regularly updates the list of qualified suppliers, and ensures that at least three suppliers are available for selection for each product. When the Group engages suppliers, we would invite at least three suppliers from the list of qualified suppliers to participate in the assessment of supplier selection. We would invite the departments which would use the product and the relevant technical departments to assess the suppliers. After reaching a consensus on the choice of supplier to be engaged, the departments will sign the *Tender Summary Form* for confirmation and then send it to the General Manager of the relevant subsidiaries for approval.

The Group conducts annual review about the service, environmental and social performance of our suppliers. Items to be reviewed include product quality, delivery time, after-sales service, management level, whether environmental and social management measures have been developed, etc. To ensure stable supply of raw material with high quality, the Group also conducts regular meetings with suppliers. Besides, we would arrange on-site audits to assess the social responsibility performance of our suppliers. The Group will terminate our partnership with suppliers if they are found to be in violation of laws, such as employing child labour or forced labour. In addition, the Group gives priority to employing local suppliers to reduce pollutant emissions from the supply chain.

8.2 Combating Corruption and Promoting Integrity

The Group attaches great importance to operational compliance and does not tolerate any form of corruption, bribery, extortion, money laundering and fraud. Such actions not only violate laws and regulations, but also seriously damage the integrity and reputation of the Group.

In order to strengthen the employees' awareness of integrity and self-discipline, we have formulated the *Regulations on the Integrity and Self-Discipline of Employees*. This provision lists out the ethical code of conduct, supervision mechanisms, violation handling and so on. In addition, we would invite members of the judiciary and the courts to conduct anti-corruption trainings for our management and employees, enhancing their awareness of anti-corruption. To ensure that our employees are aware of their responsibilities, we require them to sign the *Letter of Undertaking of Integrity and Self-Discipline for Employees*.

The Group has set up the whistleblowing hotline and email to receive anonymous reports of corruption from insiders and outsiders. The Group's Administrative Department, Legal Department and Internal Audit Department will conduct investigations based on the complaints and information provided by whistle-blowers, ensure the authenticity of the complaints, collect relevant evidence and make recommendations for case handling based on investigation findings. If an employee's reporting on corruption cases is substantiated, the employee will receive a bonus as an incentive. The Group does not condone any form of corruption. If an employee is found to be involved in corruption or other criminal offences, we will transfer the case to our Legal Department and the judiciary. During the reporting period, the Group did not receive any concluded legal cases regarding corruption practices brought against the Group or our employees.

9 Passion for Philanthropy

The Group actively contributes to the society with a focus on the charitable work in higher education and continues to pay attention to and support school development. We have remained in close communication with several higher education institutions to understand the needs of educational development. The Group established the "Tiangong Development Scholarship" in 2007. We have been continuously subsidising students with financial difficulties at Nanjing Normal University for more than a decade. We hope to reduce the financial burden of the students so that they can concentrate on studying and enjoy college life. Meanwhile, we hope that the scholarship will inspire students to be determined in becoming elites and contribute to the society in the future.

During the reporting period, the Group donated RMB10 million yuan to set up the "Tiangong International Scholarship Fund for Nanjing University" to support the outstanding students at Nanjing University and to provide important support and motivation for talent cultivation. There are "Tiangong International Overseas Exchange Scholarships" and "Tiangong International Scholarships" under the fund. The "Tiangong International Overseas Exchange Scholarship" aims to subsidise postgraduates and undergraduates with outstanding academic achievements and financial difficulties to study abroad at the first-class universities or first-class research institutions, providing support for the development of the new materials industry in China. The "Tiangong International Scholarship" aims to help students who have good conduct and academic performance to successfully graduate.



Ceremony of the Establishment of Tiangong International Scholarship Fund for Nanjing University

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In addition to the contribution in educational charity, the Group donated a total of RMB1.6 million yuan to the Red Cross Society of China Jiangsu Branch during the reporting period to fully support its efforts in combating the pandemic and actively fulfil our corporate social responsibility.



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10 Environmental Key Performance Indicators¹

Indicators	Units	2020	2019
Products			
Amount of products: steel and titanium alloy	Tonnes	211,835.25	201,136.90
Air pollutants²			
Sulphur oxides emissions	Tonnes	0.83	0.70
Nitrogen oxides emissions	Tonnes	66.33	64.88
Wastewater			
Wastewater discharge	Tonnes	187,951.00	164,319.00
GHG³			
Scope 1: Direct emissions	Tonnes CO ₂ equivalent	88,269.05	74,878.59
Scope 2: Indirect emissions	Tonnes CO ₂	409,713.14	429,286.91
Total GHG emissions	Tonnes CO ₂ equivalent	497,982.19	504,165.50
GHG emissions intensity	Tonnes CO ₂ equivalent/tonne of products	2.35	2.51
Non-hazardous wastes			
Melting slag	Tonnes	33,029.20	29,856.00
Waste paper	Tonnes	125.24	151.48
Total amount of non-hazardous wastes	Tonnes	33,154.44	30,007.48
Intensity of non-hazardous wastes	Tonnes/tonne of products	0.16	0.15

¹ The scope of environmental data for 2020 is consistent with that of 2019, which includes the production factories of the Group located at Danyang City and Jurong City. The data involved are derived from data recorded by the Group or conservative estimates based on historical performance or benchmarking with similar facilities.

² The Group updated the emission factors of air pollutant emissions in 2020. The calculation of air pollutant emissions in 2020 is based on the *Second National Census of Pollution Sources (Trial)*, the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* and the *Non-road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)*. The calculation of air pollutant emissions in 2019 is based on the *First National Census of Pollution Sources and the Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)*. Besides, the air pollutant emissions from factory machineries were newly added in 2020.

³ The calculation of GHG emissions for natural gas and diesel in 2020 is based on the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Steel Production Enterprises in China (Trial)*; the calculation of GHG emissions for gasoline was based on the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions China Land Transportation Enterprises (Trial)*. The Group updated the GHG emission factor for electricity. The calculation of GHG emissions for electricity in 2020 is based on the 2015 national grid average emission factor of the *Notice on the Preparation of 2018 Carbon Emissions Reports and Verification and Emissions Monitoring Plan*; the calculation of GHG emissions for electricity in 2019 is based on the *2011 and 2012 Chinese Regional Grid Average Carbon Dioxide Emission Factor*. The GHG emission of factory machineries are newly added in 2020.

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Indicators	Units	2020	2019
Hazardous wastes			
Acidic and alkaline wastes	Tonnes	30,803.14	24,581.00
Other hazardous wastes ⁴	Tonnes	714.76	684.34
Total amount of hazardous wastes	Tonnes	31,517.90	25,265.34
Intensity of hazardous wastes	Tonnes/tonnes of products	0.15	0.13
Direct energy⁵			
Direct energy consumption ⁶	Megawatt hours	440,901.88	374,387.65
Direct energy consumption intensity	Megawatt hours/ tonne of products	2.08	1.86
Natural gas consumption	Ten thousand cubic meters	4,060.39	3,458.45
Natural gas consumption intensity	Ten thousand cubic meters/ tonne of products	0.02	0.02
Gasoline consumption	Litres	21,470.69	43,028.50
Gasoline consumption intensity	Litres/tonne of products	0.10	0.21
Diesel consumption	Litres	165,950.24	–
Diesel consumption intensity	Litres/tonne of products	0.78	–
Indirect energy⁷			
Indirect energy consumption (Electricity consumption)	Megawatt hours	671,550.80	610,215.93
Indirect energy consumption intensity (Electricity consumption intensity)	Megawatt hours/ tonne of products	3.17	3.03
Water			
Water consumption	Tonnes	291,275.00	275,512.00
Water consumption intensity	Tonnes/tonne of products	1.38	1.37
Packaging materials			
Packaging material consumption	Tonnes	4,768.54	2,905.87
Packaging material consumption intensity	Tonnes/tonne of products	0.02	0.01

⁴ Other hazardous wastes in 2020 includes the dust collected from dust removal devices during production, waste lubricating oil, waste mineral oil and waste batteries, etc. The category of other hazardous wastes in 2020 differs from that in 2019 with the addition of waste batteries.

⁵ Direct energy consumption represents the total energy consumption of natural gas, gasoline and diesel in unit of Megawatt hours. Diesel consumed by factory machineries is newly added to the direct energy consumption in 2020 but is not included in 2019.

⁶ The unit conversion for energy consumption for natural gas, gasoline and diesel is based on the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Steel Production Enterprises in China (Trial)*.

⁷ Indirect energy consumption represents the energy consumption of electricity in unit of Megawatt hours.

11 Social Key Performance Indicators⁸

Indicators	Units	2020 ⁹
Number of employees (as of the end of the reporting period)		
Total number of employees	No. of employees	3,008
By gender		
Male	No. of employees	2,162
Female	No. of employees	846
By employment type		
Full-time	No. of employees	3,008
Part-time	No. of employees	0
By age group		
Under 31 years old	No. of employees	406
31–50 years old	No. of employees	1,832
Above 50 years old	No. of employees	770
By region		
Mainland China	No. of employees	2,997
Region out of Mainland China	No. of employees	11
Employee turnover rate¹⁰		
By gender		
Male	Percentage	13%
Female	Percentage	22%
By age group		
Under 31 years old	Percentage	20%
31–50 years old	Percentage	13%
Above 50 years old	Percentage	19%
By region		
Mainland China	Percentage	15%
Region out of Mainland China	Percentage	0%

⁸ The scope of the number of employees, employee turnover rate, percentage of employees trained and average training hours completed per employee is consistent with the reporting scope of the Annual Report 2020. The scope of the other social data is consistent with the reporting scope of the ESG report.

⁹ The Group disclosed social KPIs for the first time in 2020, therefore comparative data for consecutive years is not available.

¹⁰ The formula for calculating the employee turnover rate for each category: employees in the specified category who left/number of employees in the specified category × 100%.

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Indicators	Units	2020 ⁹
Percentage of employees trained		
Percentage of employees trained ¹¹	Percentage	100%
By gender¹²		
Male	Percentage	72%
Female	Percentage	28%
By employee category		
Senior management	Percentage	3%
Middle management	Percentage	14%
General employees	Percentage	83%
Average training hours completed per employee		
Average training hours completed per employee ¹³	Hours	25
By gender¹⁴		
Male	Hours	25
Female	Hours	25
By employee category		
Senior management	Hours	28
Middle management	Hours	10
General employees	Hours	18

Indicators	Units	2020 ⁹
Number of suppliers		
By region		
Mainland China	Number of suppliers	510
Region out of Mainland China	Number of suppliers	5
Complaints of products and service		
Number of products and service related complaints received	Cases	72
Rate of products and service related complaints resolved	Percentage	100%

Indicators	Units	2020	2019	2018
Work-related injury and fatalities				
Number of work-related fatalities	No. of employees	0	0	0
Rate of work-related fatalities	Percentage	0%	0%	0%
Lost days due to work injury	Day	0	0	0

¹¹ The formula for calculating the percentage of employees trained: number of employees trained/total number of employees × 100%.

¹² The formula for calculating the percentage of employees trained for each category: the number of employees trained in the specified category/total number of employees trained × 100%.

¹³ The formula for calculating the average training hours completed per employee: total number of training hours/total number of employees × 100%.

¹⁴ The formula for calculating the average number of training completed per an employee for each category: total number of training hours for employees in the specified category/total number of employees in the specified category × 100%.

12 Compliance with ESG-related Laws and Regulations

Aspects of the ESG Guide	The laws and regulations that have a significant impact on the Group that the Group complies with (including but not limited to)	Performance during the reporting period
Environmental		
Aspect A1: Emissions	➤ <i>Law of the People's Republic of China (PRC) on Promoting Clean Production</i> ➤ <i>Environmental Protection Law of the PRC</i> ➤ <i>Atmospheric Pollution Prevention and Control Law of the PRC</i> ➤ <i>Water Pollution Prevention and Control Law of the PRC</i> ➤ <i>Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste</i> ➤ <i>Environmental Protection Tax Law of the PRC</i> ➤ <i>Law of the PRC on Appraising of Environment Impacts</i> ➤ <i>Interim Measures of Jiangsu Province on Administration of Hazardous Wastes Management</i>	No violation of laws and regulations that have a significant impact on the Group relating to exhaust gas and GHG emissions, discharges into water and land, and generation and disposal of waste
Social		
Aspect B1: Employment	➤ <i>Labour Law of the PRC</i> ➤ <i>Labour Contract Law of the PRC</i> ➤ <i>Trade Union Law of the PRC</i> ➤ <i>Special Rules on the Labour Protection of Female Employees</i>	No violation of laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare

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Aspects of the ESG Guide	The laws and regulations that have a significant impact on the Group that the Group complies with (including but not limited to)	Performance during the reporting period
Aspect B2: Health and Safety	➤ <i>Production Safety Law of the PRC</i> ➤ <i>Law of the PRC on the Prevention and Control of Occupational Diseases</i> ➤ <i>Special Equipment Safety Law of the PRC</i> ➤ <i>Standards Labour Protection Articles of Jiangsu Province and the Interim Provisions on the Inspection</i> ➤ <i>Elimination and Control of Potential Work Safety Risk</i>	No violation of laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards
Aspect B4: Labour Standards	➤ <i>The Labour Law of the PRC</i> ➤ <i>The Law of the PRC on the Protection of Minors</i>	No violation of laws and regulations that have a significant impact on the Group relating to the prevention of child labour and forced labour
Aspect B6: Product Responsibility	➤ <i>Production Safety Law of the PRC</i> ➤ <i>Advertising Law of the PRC</i> ➤ <i>Trademark Law of the PRC</i> ➤ <i>Law of the PRC on the Protection of Consumer Rights and Interests</i> ➤ <i>Chemicals Convention</i>	No violation of any laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress
Aspect B7: Anti-corruption	➤ <i>Criminal Law of the PRC</i> ➤ <i>Listing Rules</i>	No violation of laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering

13 Environmental, Social and Governance Reporting Guide Content Index

General Disclosure & KPI		Description	Relevant Section
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	4 Environmental Management, 12 Compliance with ESG-related Laws and Regulations
KPI	A1.1	The types of emissions and respective emissions data	10 Environmental Key Performance Indicators
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	10 Environmental Key Performance Indicators
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	10 Environmental Key Performance Indicators
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	10 Environmental Key Performance Indicators
	A1.5	Description of measures to mitigate emissions and results achieved	4 Environmental Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	4 Environmental Management

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General Disclosure & KPI		Description	Relevant Section
Aspect A2: Use of Resources			
General Disclosure		Policies on the efficient use of resources, including energy, water and other raw materials.	4 Environmental Management
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)	10 Environmental Key Performance Indicators
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	10 Environmental Key Performance Indicators
	A2.3	Description of energy use efficiency initiatives and results achieved	4 Environmental Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	4 Environmental Management
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	10 Environmental Key Performance Indicators
Aspect A3: The Environmental and Natural Resources			
General Disclosure		Policies on minimizing the issuer's significant impact on the environment and natural resources	4 Environmental Management
KPI	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	4 Environmental Management
B. Social			
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	7 People-oriented, 12 Compliance with ESG-related Laws and Regulations
KPI	B1.1	Total workforce by gender, employment type, age group and geographical region	11 Social Key Performance Indicators
	B1.2	Employee turnover rate by gender, age group and geographical region	11 Social Key Performance Indicators

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General Disclosure & KPI	Description	Relevant Section
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	6 Safety First, 12 Compliance with ESG-related Laws and Regulations
KPI	B2.1 Number and rate of work-related fatalities	11 Social Key Performance Indicators
	B2.2 Lost days due to work injury	11 Social Key Performance Indicators
	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored	6 Safety First
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	7 People-oriented
KPI	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	11 Social Key Performance Indicators
	B3.2 The average training hours completed per employee by gender and employee category	11 Social Key Performance Indicators
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	7 People-oriented, 12 Compliance with ESG-related Laws and Regulations
KPI	B4.1 Description of measures to review employment practices to avoid child and forced labour	7 People-oriented
	B4.2 Description of steps taken to eliminate such practices when discovered	7 People-oriented

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General		
Disclosure & KPI	Description	Relevant Section
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	8 Responsible Operation
KPI	B5.1 Number of Suppliers by geographical region	11 Social Key Performance Indicators
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	8 Responsible Operation
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.	5 Quality of Tiangong, 12 Compliance with ESG-related Laws and Regulations
KPI	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Due to the Group's product nature, we do not involve recalls of products for safety and health reasons.
	B6.2 Number of products and service related complaints received and how they are dealt with	5 Quality of Tiangong
	B6.3 Description of practices relating to observing and protecting intellectual property rights	5 Quality of Tiangong
	B6.4 Description of quality assurance process and recall procedures	5 Quality of Tiangong
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	5 Quality of Tiangong

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General Disclosure & KPI	Description	Relevant Section
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	8 Responsible Operation, 12 Compliance with ESG-related Laws and Regulations
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	8 Responsible Operation
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	8 Responsible Operation
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	9 Passion for Philanthropy
KPI	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	9 Passion for Philanthropy
	B8.2 Resources contributed (e.g. money or time) to the focus area	9 Passion for Philanthropy