



The background of the cover features a light blue sky with soft, wispy white clouds. A large, semi-transparent green geometric shape, resembling a stylized mountain or a large letter 'A', dominates the left and center portions of the image. In the bottom left corner, there is a small, realistic-looking green tree with a brown trunk, standing next to three translucent, 3D rectangular blocks of varying sizes. The blocks have a blueish-green tint and appear to be floating or resting on a white surface. The overall aesthetic is clean, modern, and environmentally focused.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 About the Environmental, Social and Governance Report

1.1 Reporting Guideline

This is the seventh 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 environmental, social and governance (“ESG”) performance of the Group in 2022.

The ESG Report has been prepared by the Company in accordance with the *Environmental, Social and Governance Reporting Guide* (the “ESG Guide”) under the latest revised Appendix 27 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “Listing Rules”) 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 2022* (the “Annual Report 2022”) for a comprehensive understanding of the Group’s ESG performance.

1.2 Reporting Scope

Unless otherwise stated, the organization 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.

Unless otherwise stated, the ESG Report covers the period from 1 January 2022 to 31 December 2022 (the “Reporting Period”), which is consistent with the Annual Report 2022.



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 the ESG risks within the Group’s operational boundaries scope and ensures that the appropriate and effective ESG risk management and internal control systems are in place. The Group’s ESG approaches, strategies and materiality assessment will be specifically disclosed in the sections of the ESG Report.

The information contained in the ESG Report is sourced from the official documents and statistical reports of the Group. The ESG Report has complied with all mandatory disclosure requirements and the “comply or explain” provisions of the ESG Guide, and has applied the following reporting principles in the ESG Guide:

“Materiality” principle

Through the review of material issues, the Group identified and confirmed the material issues applicable to the Group during the Reporting Period and focused on the disclosure of relevant issues in this ESG Report.

“Quantitative” principle

To comprehensively assess the Group’s ESG performance during the Reporting Period, the Group disclosed measurable key performance indicators, 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” principle

Unless otherwise stated, this ESG Report adopts the same preparation and data calculation methods as the previous Reporting Period so that readers could make meaningful comparisons of the ESG information in the ESG Report.

“Balance” principle

This ESG Report follows the principle of balance and objectively presents the Group’s ESG performance and management status during the Reporting Period.

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 the 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 at <http://www.tggj.cn/> and the Stock Exchange’s HKEX news website at 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.

Email: tiangongir@tggj.cn

2 Consolidate Governance and Promote Sustainable Development

2.1 ESG Governance Structure

The Board has incorporated sustainability governance matters into its agenda. During the Reporting Period, we promoted the in-depth integration of ESG issues and corporate governance structure to help the Group to move toward sustainable development. Meanwhile, to further ensure the transparency and accountability of all operating activities of the Group, the Board adheres to the principles of corporate governance, complies with laws and business standards, and maintains continuous attention in areas such as internal control, fair disclosure and accountability to all shareholders.

A simple and effective ESG governance structure can better respond to and implement relevant ESG governance strategies and measures. We have built a top-down ESG governance structure to meet the needs.

The Board is the highest responsible body for the Group's ESG issues, comprehensively supervises the Group's ESG governance, and is responsible for the formulation and review of the Group's ESG development strategies and goals. The Board leads and participates in the assessment, determination, and review of the Group's ESG issues, including ESG risks, to ensure the implementation and improvement of appropriate and effective ESG risk management and internal control systems. Under the leadership of the Board, the Group strictly complies with the laws and regulations of the places where it operates in the decision-making process of major issues, and has formulated internal regulations, policies and procedures related to ESG issues based on the actual situation of the Group to ensure the standardization and implementation of relevant governance work.

In addition, to further integrate ESG concepts into corporate governance and comprehensively improve the Group's sustainable development management. The Board has set up an ESG Working Group, which is led by head of the Office Administration, the Financial Controller and the head of the Securities Investment Department of the Company. Members of the Company's ESG-related departments are appointed by the Company, and the persons connected with the subsidiaries are jointly appointed as members of the group. The responsibilities of the ESG Working Group include:

- Assist the Board to coordinate and supervise the implementation of the Group's ESG policies and the implementation of ESG strategies;
- Review the progress of ESG development goals;
- Continue to follow up on the latest developments and trends in sustainable development of the industry;
- Report material ESG issues and potential ESG risks to the Board;
- Regularly collect ESG-related data and information to assist the preparation of the ESG report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has set medium and long-term directional targets for environmental aspects, and the Board is responsible for the progress of the implementation of such targets and the review of performance. During the Reporting Period, the Group controlled and supervised the implementation of specific action measures for environmental objectives, to ensure the continuous progress in achieving the objectives and actively explore the feasibility and preparation work for setting more ambitious targets.

2.2 ESG Risks

The Board has overall responsibility for the Group's risk management and internal control systems and for reviewing their effectiveness on an ongoing basis. At the same time, the Board understands the industry's ESG risks and incorporates ESG risk management into the existing risk management and internal control systems. Through the effective operation of risk management and internal control procedures, the Board identifies, assesses, prioritizes, and manages its major risks in achieving business objectives and ESG-related risks.

The Group comprehensively assesses and identifies major ESG risks, providing an important reference for targeted improvement of ESG management in the future. Firstly, the Group has established a list of potential ESG risks based on the research and identification of global trends and key ESG risks faced by the steel industry. Subsequently, the Group conducted an assessment based on the list of potential risks, prioritized relevant risks, and finally identified material ESG risks. Among them, "Insufficient Employee Development and Training", "Employee Health and Safety Incidents" and "Product Quality Risk" risks are identified as the most important ESG risks of the Group. The Group's risk management is as follows:

ESG Risks	Risk Description	Management Measures
Insufficient Employee Development and Training	Inappropriate or inadequate training will lead to waste of resources and hinder the achievement of future strategic objectives due to the insufficient employee capabilities, impend the business development and is not conducive to the productivity improvement of the corporate.	- Implement the <i>Measures for the Administration of Induction Training for New Employees</i> to standardize the management of induction training for new employees, assist new employees to get familiar with the Group's culture and system as soon as possible and become competent for their new positions; - For the training of technical talents, adopt a one-to-one apprenticeship programme and formulate the <i>Interim Measures for the "Master-Apprentice" Programme</i> to standardize the system rules and clarify the responsibilities of the mentors and apprentices; - The Group and various departments hold staff training activities with different themes on a regular and irregular basis every year, such as credit risk training and sales staff comprehensive quality training.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Risks	Risk Description	Management Measures
Employee Health and Safety Incidents	Steel production needs to be conducted in a high-temperature and high-pressure environment. During the production process, hazardous substances such as dust and waste smoke are also produced, so the working environment is subject to certain safety risks. If there is an absence of comprehensive and strict safety management policies, measures and training, the frequency and severity of employee safety accidents may be increased. The occurrence of safety accidents may damage the reputation of the enterprise, and the enterprise may need to pay a large amount of compensation.	• Implement the <i>Occupational Health and Safety Management System</i>, clearly list the safety management specifications of various production work to guide employees' daily work; • Implement the <i>Liability System for Safety Production</i>, which stipulates the safety production responsibilities of leaders at all levels, functional departments, engineering and technical personnel and post operators. The Safety and Environmental Protection Department ("SEP Department") is responsible for the Group's production safety, and a three-level management structure of "Chief Executive Officer — Head of SEP Department — Safety Officer" has been established; • Implement the <i>Safety Training System</i>, which stipulates that all employees must receive strict safety training and the safety training is divided into three levels. Employees can only perform their duties after being familiar with all safety management systems and signing the <i>Letter of Undertaking of Safety Production for Employee</i>; • Implement the <i>Safety Inspection System</i>, clarify the contents and processes of system inspection and hidden danger inspection, and regularly carry out safety inspection at different levels of the Company, workshops and teams; • Implement the <i>Reporting System of Safety Work</i>, which stipulates the reporting time, process and content of safety production work of each department;

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Risks	Risk Description	Management Measures
		• Implement the <i>Emergency Response Plan</i>, listing out the types of major emergencies identified by the Group and the corresponding measures, conduct regular emergency drills, and review the <i>Emergency Response Plan</i> annually, and make amendments if necessary; • Provide entry physical examination, annual physical examination and resignation physical examination to ensure the health of employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Risks	Risk Description	Management Measures
Product Quality Risk	The product quality of an enterprise affects customers' satisfaction and confidence in the enterprise. If the enterprise's products fail to meet the standards and no proper internal recall procedures are formulated, it may lead to the loss of customers and affect the performance of the enterprise.	• Implement product life cycle quality control, formulate and implement product quality control system in accordance with GB/T19001-2016/ISO9001: 2015 <i>Quality management system-Requirements</i>; • Carry out product quality measurement management in accordance with GB/T19022-2003/ISO10012: 2003 <i>Measurement management systems-Requirements for measurement processes and measuring equipment</i>; • Formulate and implement procedures and product quality control manuals such as the <i>Management Procedure for New Product Development</i>, the <i>Control Procedure for Self-Made Unqualified Product</i> and the <i>Enterprise Measurement Management Regulation</i>; • Take a series of measures to ensure the health and safety of products: conducting sample chemical tests on raw materials; conducting strict physical and chemical tests on semi-finished products at various stages of the production process; conducting a series of product quality tests on finished products; obtaining quality warranties before launching to the market; • The Sales Department handles customer complaints in accordance with the <i>Control Procedure for Self-Made Unqualified Product</i> and takes appropriate measures to solve the problem of unqualified products.

3 Stakeholder Engagement and Materiality Assessment

3.1 Communication Channels with Stakeholders

The Group's sustainable development is inseparable from its stakeholders. Their opinions and expectations are the key driving forces for the Group's sustainable development. Therefore, the Group maintains close contact with stakeholders through general meetings, company announcements, regular reports, road shows, etc., to understand their expectations, needs, and concerns about sustainable development issues and opinions and suggestions in a thorough manner, which serves as an important basis for the Group to improve sustainable development and determine the key disclosures in the ESG Report. During the Reporting Period, the concerns, and expectations of various stakeholders on the Group, as well as the Group's daily communication channels with them, are as follows:

Stakeholder Groups	Expectations	Communication Methods	Communication Frequency	Actions in Response
Shareholders and investors	Investment returns Corporate governance Regular communication	General meeting Company announcements Regular reports Roadshows	Annually/quarterly/ irregularly	➤ Continuously improving risk management and internal control system ➤ Strengthening information disclosure and conducting regular communication
Government	Compliance with laws and regulations Paying tax according to laws	Supervision and assessment Information disclosure	Regularly/ irregularly	➤ Strictly abiding by national laws and regulations and implementing compliance work ➤ Actively cooperating with regulatory authorities ➤ Paying tax according to laws
Customers	High-quality products Quality management Service guarantee	Contracts and agreements Customer service Service feedback Customer Annual Conference	Annually/quarterly/ irregularly/twice a year	➤ Continuously improving production management system ➤ Promoting scientific research and innovation to improve production quality and efficiency
Employees	Employee rights and benefits Health and safety Promotion and training	Labor contracts Employee conferences Employee activities Employees' Representatives Conference	Regularly/ irregularly	➤ Improving human resources management system to ensure employees' rights and benefits ➤ Implementing measures relating to employees' occupational health and safety ➤ Developing training plans to broaden the development path of employees ➤ Collecting and reviewing employees' proposals

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder Groups	Expectations	Communication Methods	Communication Frequency	Actions in Response
Suppliers and other business partners	Being fair and just Win-win cooperation	Contracts and agreements Supplier assessments Communication meetings	Annually/irregularly	➤ Ensuring fair and transparent tendering and procurement process ➤ Fulfilling contracts and agreements
Communities	Community development Environmental protection	Community communication Charitable contribution Eco-friendly events	Regularly/ irregularly	➤ Participating in harmonious community construction ➤ Actively carrying out charity donation activities ➤ Implementing environmental protection work

3.2 Materiality Assessment

The Group regularly conducts materiality assessment, continuously improves the work mechanism and methods of materiality assessment, invites different stakeholders to participate in the materiality assessment of sustainable development issues, aiming to consolidate the opinions of all parties on different issues and conduct assessment, to further clarify the key issues of sustainable development and the next step of efforts. The valuation target comprehensively covers internal and external stakeholders of the Group, and the assessment involves five steps, details of which are as follows:

1. Identify Key Stakeholders

Through the comprehensive assessment of 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.

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

2. Identify Relevant ESG Issues

The Group refers to the ESG Guide and considers the ESG trends in the steel industry to identify an ESG issues inventory relevant to the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. Conduct Questionnaire Survey

The Group invited major stakeholders to rank the importance of ESG issues through questionnaires. External stakeholders (the government, shareholders and investors, customers, employees, business partners and suppliers) ranked the importance of ESG issues from the dimensions of “Importance to Stakeholders”; internal stakeholders (the Board and the management) ranked the importance of ESG issues from the dimensions of “Importance to the Group”.

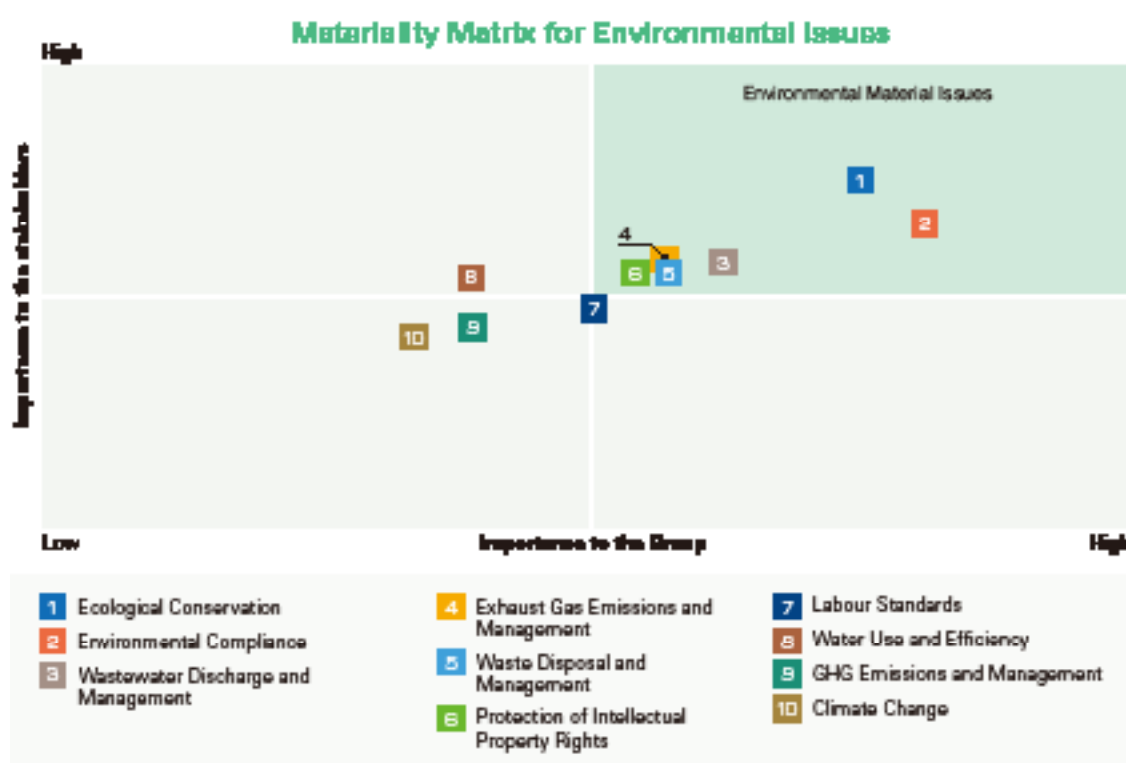
4. Analyse the Survey Result

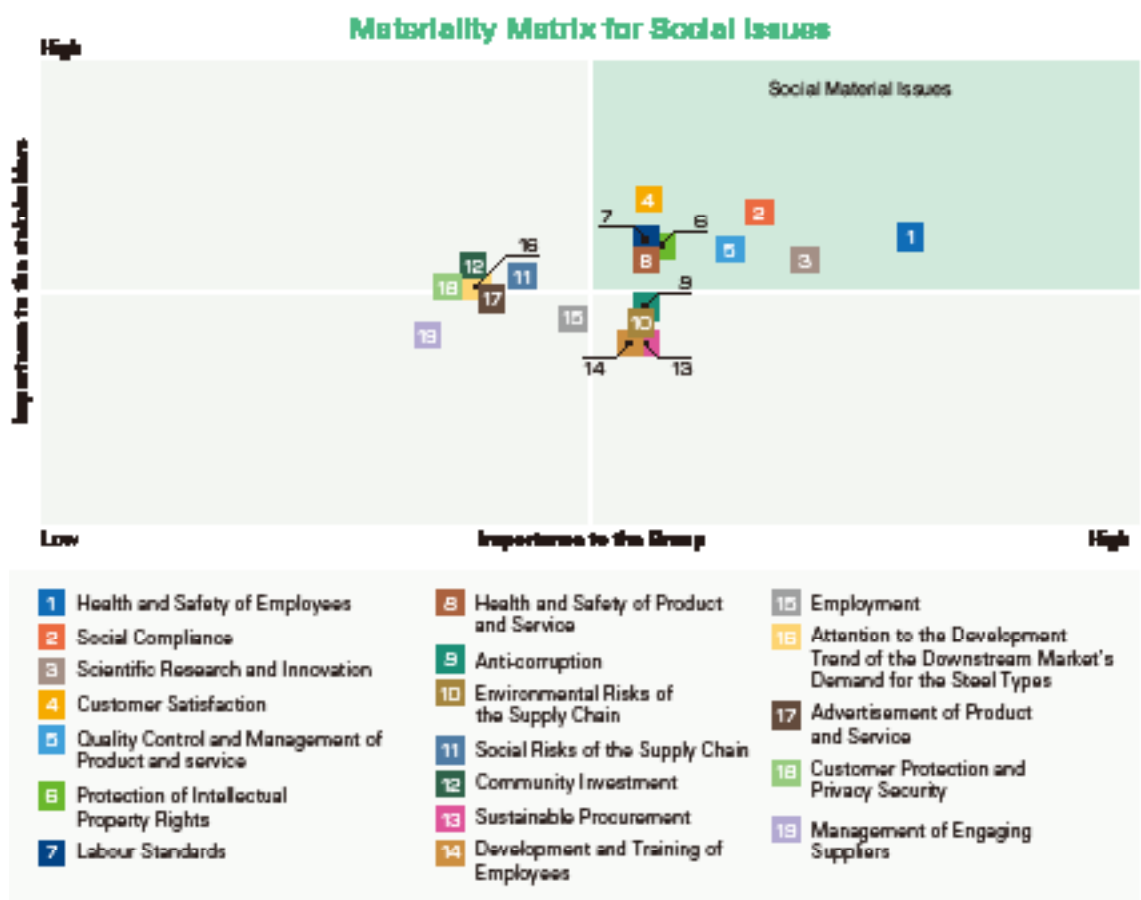
The Group analysed the results of the questionnaire survey to build the materiality matrices and identified the issues with high scores in both “Importance to Stakeholders” and “Importance to the Group” as “Material Issues”.

5. Verify Material Issues

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

The following are two matrices of material issues in environmental and social aspects:





From the analysis of the materiality matrix, the Group has identified a total of six material ESG issues in environmental aspects and eight in social aspects. Considering the business development and the Group’s ESG management process, and upon review by the Board and the management, the Group added “Employee Development and Training”, “Focus on the Development Trend of Downstream Market Demand for Steel Types” and “Local Community” as material issues, and a total of 17 material issues were identified. These issues are the key disclosures in the ESG Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Material Issues (from high to low materiality)	
ENVIRONMENTAL ASPECTS	SOCIAL ASPECTS
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
	9. Employee Development and Training
	10. Focus on the Development Trend of Downstream Market Demand for Steel Types
	11. Local Community

This ESG Report focuses on the above material issues and disclose the corresponding ESG management strategies and performance of the Group in each chapter in response to the major concerns of key stakeholders.

4 Energy Conservation and Emission Reduction to Practice Green and Low Carbon

The Group is principally engaged in the production of steel, titanium alloy and cutting tools, and has been committed to managing and minimizing the environmental impact of its operations. The Group adheres to the environmental protection policy of “Green Production, Energy Conservation and Emission Reduction, Prevention First, Comprehensive Treatment”, comprehensively strengthens environmental protection production, eliminates major environmental accidents, and is committed to reducing the negative impact of production and operation on the environment. On the basis of complying with the laws, regulations and national standards that have a significant impact on the Group’s relevant business operations, including but not limited to the *Cleaner Production Promotion Law of the People’s Republic of China*, the *Environmental Protection Law of the People’s Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People’s Republic of China* and other relevant laws and regulations in the places where the Group operates, the Group has formulated and implemented the *Environmental Monitoring Management System*, the *Wastewater, Exhaust Gas and Noise Prevention and Control Regulation*, and the *Environmental Monitoring Management System*.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strives to effectively control the factors that may have potential adverse impacts on the environment in its operations and reduce the impact on the environment and the consumption of natural resources and take the initiative to shoulder its environmental responsibilities. To ensure the effective implementation of relevant policies, the Group has formulated a series of rules and regulations, such as the *Environmental Monitoring Management System*, the *Environmental Protection Responsibility System*, and the *Environmental Protection Statistics Management System*, to clarify the specific environmental protection responsibilities of each department and personnel in each link of production and management. At the same time, the Group implements the *Environmental Protection Reward and Punishment Management System*, which links the performance of environmental protection with the personal performance of employees, and effectively urges employees to strictly comply with environmental protection requirements, to achieve environmental protection targets more effectively. In addition, the Group has implemented the *Environmental Protection Training and Education Management System*, based on which the Group actively carries out occupational environmental protection education and training for employees, and issues occupational health notices to enhance the environmental protection awareness of all employees.

Most of the Group's subsidiaries have obtained ISO 9001 Quality Management System Certification and ISO 14001 Environmental Management System Certification. To effectively manage the environmental performance of each subsidiary of the Group, the general manager of each subsidiary is appointed as the first responsible person for environmental protection and is fully responsible for the environmental protection work of each subsidiary of the Group, including formulating environmental protection strategies and monitoring relevant risks and results. At the same time, the Group has established the SEP Department, which is responsible for formulating and implementing the environmental management system and operating procedures for environmental protection equipment and facilities within its jurisdiction, and is responsible for solving the problems in environmental protection and potential environmental hazards within its jurisdiction; responsible for the daily maintenance of environmental protection equipment and facilities within its jurisdiction, ensuring normal operation, and establishing environmental protection equipment and facilities operation ledgers and records; responsible for the management of pollutants within the jurisdiction, no environmental pollution accidents, and establish a pollutant storage and transfer ledger and records. The SEP Department holds monthly meetings to summarize the environmental priorities of the current month and the following month, to ensure the Group's environmental compliance and improve the level of environmental governance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



A number of subsidiaries of the Group have obtained GB/T 24001-2016/ISO 14001: 2015 environmental management system certifications, including but not limited to Jiangsu Tiangong Precision Tool Company Limited, Jiangsu Tiangong Tools New Materials Company Limited, Tiangong Aihe Special Steel Company Limited, etc.

During the Reporting Period, all departments of the Group's headquarters and subsidiaries at all levels signed the *2022 Environmental Production Responsibility Statement* and set the following annual management objectives:

Environmental Management Targets	
0	0
Significant environmental pollution incident	Serious environmental pollution incident
Not more than 5 times	100%
Excessive emissions or data anomalies	Standardized disposal of hazardous waste

During the Reporting Period, the above annual management objectives have been successfully achieved.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.1 Environmental Objectives

During the Reporting Period, to achieve medium and long-term environmental-related targets, the Group has supervised the implementation of specific action measures for environmental directional goals. The specific actions are as follows:

Medium and long-term environmental targets	Action plan	Specific actions	Implementation progress
Reduce direct and indirect greenhouse gas (GHG) emissions	➤ Implement the <i>Carbon Emission Management System</i> to clarify the focus on improving energy efficiency and using new energy and renewable energy; ➤ Encourage employees to take public transportation for commuting and replace part of long-distance business travel with online remote meetings; ➤ When selecting suppliers, the carbon emission density of suppliers' products is taken into consideration, and local suppliers are selected as far as possible to reduce vehicle emissions from transportation logistics in the supply chain; ➤ Reduce the total amount of waste entering landfill as much as possible by reducing waste and increasing recycling rate.	➤ Promoted carbon emission guidelines and policies; ➤ Developed strict energy consumption assessments based on different processes and product structures, and incorporate them into the assessment of all employees; ➤ Promoted energy-saving transformation of third-party equipment; ➤ Promoted the Company's solar projects; ➤ Set up factory vehicles to provide convenience for employees to commute, and chose new energy vehicles for factory vehicles; ➤ Metal filter residue (oxidation scale and wheel ash) was directly returned to the furnace for smelting to reduce GHG emissions during the disposal of metal filter residue.	Ongoing

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Medium and long-term environmental targets	Action plan	Specific actions	Implementation progress
Reduce air pollutant emissions	➤ Improve exhaust gas treatment and recycling technology and equipment, improve the level of exhaust gas treatment and recycling, and reduce exhaust gas emissions; ➤ Accelerate energy transformation, reduce the proportion of heavily polluted energy, and reduce direct and indirect air pollutant emissions. For example, use more environmentally friendly natural gas as energy for boilers and heating furnaces, and further increase the proportion of solar energy use to reduce purchased electricity.	➤ Transformed smelting waste gas treatment equipment by third-party operation and maintenance; ➤ Established low-emission online monitoring in compliance with government regulatory requirements; ➤ Used clean energy (natural gas) and completely decommission heavy polluting fuels (coal); ➤ Cooperated with third parties to promote the construction of solar photovoltaic systems.	Ongoing

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Medium and long-term environmental targets	Action plan	Specific actions	Implementation progress
Reduce waste discharge	➤ Reduce the generation of hazardous waste (such as waste acid and alkali liquid, dust, waste oil, waste batteries, waste lubricating oil, etc.) and non-hazardous waste (such as slag, domestic waste, kitchen waste, construction waste, etc.) from the source through comprehensive methods and means such as technology application and equipment update; ➤ Increase the recycling rate and reuse rate of waste through various means, such as reuse the recycled lubricating oil treated by the waste lubricating oil treatment plant, and store non-hazardous waste separately and send them to professional organisations for recycling, so as to reduce the total amount of waste sent to landfill from the end.	➤ Reduced the processing volume of acid-base washing and reduced the amount of acid-base washing by more than 30% through throwing away; ➤ A new filter press filtration circulation system was adopted for cooling oil to reduce the recycling efficiency of cooling oil; ➤ Cooperated with third parties to promote the recycling of purified lubricating oil and hydraulic oil.	Ongoing

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Medium and long-term environmental targets	Action plan	Specific actions	Implementation progress
Improve energy efficiency	➤ Further reduce energy consumption through multiple channels and reduce energy waste from the source, such as strengthening power-saving education, adopting customized lighting systems in office areas, refining energy consumption statistical analysis, and strengthening energy assessment systems; ➤ Use cleaner energy to accelerate the Group's energy transformation, such as further increasing the proportion of solar energy.	➤ Strengthened energy consumption assessment, assessed personnel by process and variety, combine salary reform and encourage management innovation to reduce energy consumption; ➤ Cooperated with third parties to promote the construction of solar photovoltaic systems.	Ongoing
Improve water efficiency	➤ Save water and control water consumption from the source, such as installing water meters for each department, strengthening water use assessment system, and gradually installing inductive intelligent water-saving equipment; ➤ Improve the recycling rate of wastewater, promote the circular economy model, optimise the existing water recycling system of the Group, and reuse the treated wastewater for cooling production equipment.	➤ All employees advocated saving one drop of water, one piece of paper and one kilowatt of electricity and the Power Department was responsible for the monitoring and assessment of water use; ➤ For the recycling of industrial water, the Company built its sewage treatment system in 2010 and treated industrial wastewater as circulating cooling water to replenish water.	Ongoing

4.2 Emission Management

The major emissions of the Group are sewage, exhaust gas, GHGs and hazardous and non-hazardous wastes. In order to ensure that all emissions in the production and operation process are in compliance with national standards, the Group has formulated and implemented internal management systems such as the *Regulations on the Discharge of Industrial Wastewater*, the *Procedures for the Control of Solid Waste*, the *Procedures for Prevention and Control of Pollution from Wastewater, Waste Gas and Noise*, and the *Responsibility System for Prevention and Control of Environmental Pollution of Tiangong*. The Group strictly controls emissions reduction in the operation process and optimizes the utilization efficiency in the research and development process to effectively reduce various emissions. At the same time, all subsidiaries are required to formulate and implement corresponding systems in accordance with the Group's requirements and their respective actual conditions to strictly control pollutant emissions and effectively reduce various emissions. In addition, the Group also has a real-time monitoring system to monitor the discharge data of sewage and exhaust gas to further ensure that the emissions meet the national emission standards.

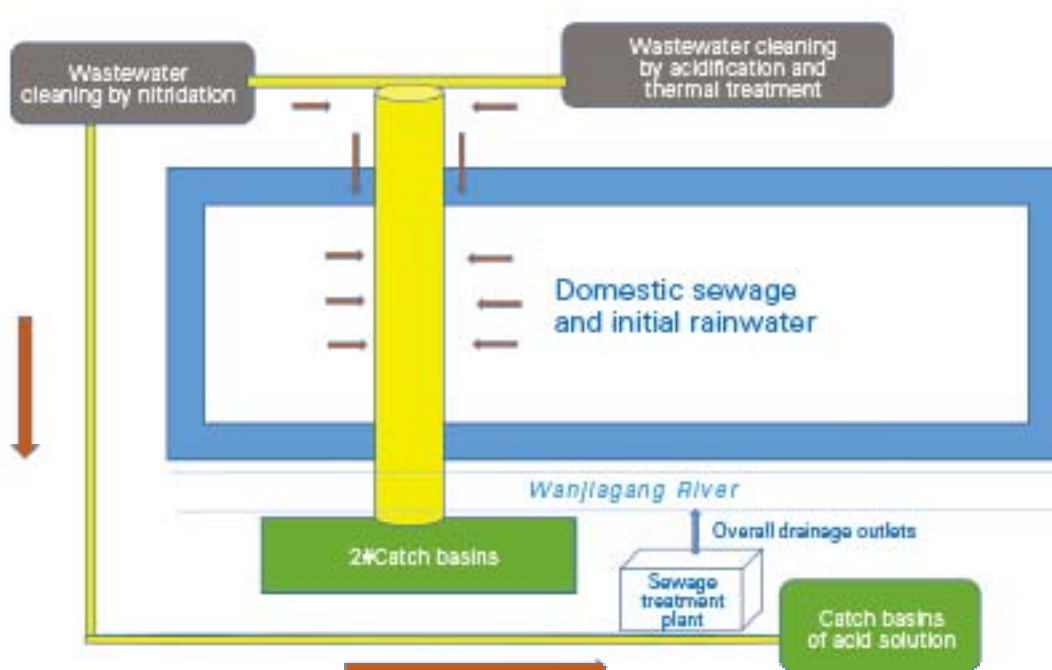
Wastewater

The Group's sewage mainly comes from production and domestic emissions, of which production sewage mainly includes the discharge of coolant during the production and processing process and circulating water in the process. In order to comply with the requirements of the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Integrated Standard for Sewage Discharge (national standard GB8978-1996)* to regulate sewage discharge, the Group has formulated the *Management Measures for Prevention and Control of Water Pollution* to clarify the division of responsibilities for sewage discharge and management.

Jiangsu Tiangong Tools New Materials Company Limited has set up a sewage treatment station. The Sewage Treatment Station Management System ensures that the sewage meets the discharge standards before being discharged. Jiangsu Tiangong Tools New Materials Company Limited has set up a wastewater treatment center for the treatment of oily wastewater such as emulsion waste liquid and grinding coolant. To treat other comprehensive wastewater, a mixed wastewater treatment station is set up to centralize the treatment of various industrial wastewater and domestic sewage of the Company. Oily wastewater, such as emulsion waste liquid and grinding waste liquid, generated by each subsidiary and department of Jiangsu Tiangong Tools New Materials Company Limited is collected and transported by each department to the wastewater treatment center for treatment in accordance with the regulations, and cannot be discharged without permission. The wastewater treatment center is responsible for the centralized treatment of oily wastewater such as emulsion waste liquid and grinding waste liquid generated by each subsidiary and department. The comprehensive wastewater treatment station is responsible for the treatment of other industrial wastewater and domestic sewage. The staff of the wastewater treatment station must strictly implement the water treatment operation procedures, treat the wastewater in compliance with the standards, monitor the water quality and volume, and keep monitoring records. Wastewater that has not been treated or treated to the standard shall not be discharged. The SEP Department is responsible for the inspection of pollutant emissions and entrusts third-party monitoring agencies or assists environmental protection departments in carrying out the inspection. If any abnormal or excessive discharge of sewage is found, the SEP Department will find out the causes and take corrective measures in a timely manner, and report to the superior, and improve the preventive measures to prevent the same from happening again.

In addition, we have also set up special rainwater pipelines to separate rainwater and sewage and prohibit the discharge of sewage into rainwater pipelines. At the same time, we avoid the open storage of production and domestic waste to ensure that rainwater is not polluted. To prevent the impact of sewage leakage on the environment, we regularly inspect sewage discharge pipelines and treatment facilities to prevent sewage leakage.

In order to reduce the amount of sewage discharged, the Group has a water recycling system to recycle the treated sewage for cooling the production facilities.



Jiangsu Tiangong Tools New Materials Company Limited Wastewater Collection and Treatment Discharge Diagram

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Exhaust Gases

The Group's air emissions mainly come from the combustion of natural gas. In order to standardize the exhaust gas emission and management, the Group has formulated and implemented the *Air Pollution Prevention and Control Management Regulations* to clarify the division of responsibilities and work processes of exhaust gas management and emissions. The SEP Department of the Group is responsible for the formulation of air pollution prevention and control objectives and the supervision and management of air pollution sources. The workshops of each subsidiary are responsible for ensuring the normal operation of environmental protection equipment of their respective departments, and strictly controlling the exhaust emissions during the production process of their respective departments.

In order to reduce exhaust gas emissions, the Group used natural gas that causes less pollution on environment as fuel. Meanwhile, the Group also renovated the reheating furnaces and soaking furnaces, and installed efficient exhaust gas treatment equipment to ensure that exhaust gas emissions meet national and industry standards. At the same time, as the Group's business operations also generate smoke and fumes, our production workshops are equipped with efficient smoke and dust disposal devices and oil fume collection devices to reduce the emission of relevant pollutants. The equipment maintenance department of each production workshop of the Group regularly inspects and maintains the equipment to ensure its normal operation, so as to avoid additional exhaust gas emissions caused by equipment failure or low operating rate.

In addition, the Group's *Wastewater, Exhaust Gas and Noise Prevention and Control Regulation* also sets specific requirements for the emission and management of dust particles. Through a series of measures such as regulating the storage of powder materials, avoiding the crushing of raw materials outdoor during windy days, and sprinkling water to dust-prone places in dry weather to reduce dust, dust pollution incidents are effectively prevented.

Hazardous and Non-hazardous Waste

The Group focuses on strengthening the management of waste, and has formulated the *Waste Management Code*, which sets out the requirements for the collection, storage, and disposal process of all types of waste. The documents clearly define and classify the wastes generated by the Group and have different standards and treatment rules for different wastes. The Group strictly implements this procedure to control the entire process of waste disposal and avoid environmental pollution caused by improper waste disposal.

The Group's hazardous waste mainly comes from waste acid and alkali liquid, dust, waste oil, waste batteries and waste lubricating oil generated during the production process. The Group has formulated the *Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes (GB 18599-2001)*, which stipulates that industrial solid wastes and the disposal site shall establish an inspection and maintenance system. The Group regularly inspects and maintains facilities such as embankments, dams, retaining walls, and diversion channels, discovering possible or abnormal damages, and shall take necessary measures in a timely manner to ensure normal operation. The Group shall establish a file system for users of storage and disposal sites, record the types and quantities of general industrial solid wastes and the following information in detail and keep them for long-term reference. At the same time, the Group has also formulated the *Hazardous Waste Management System* to regulate the management of hazardous waste, including management responsibility, management plan, classified storage and transportation, accident handling, etc. The Group's SEP Department is responsible for the daily management of hazardous waste, including monitoring the waste management of each production unit, improving the environmental monitoring system, monitoring and spot-checking the disposal of various types of waste. We put identification labels and warning signs on hazardous wastes, and then classify and transport them to the special storage points for hazardous wastes for further disposal by qualified third parties and record the disposal volume of various types of hazardous wastes. In addition, in order to reduce the amount of waste lubricating oil, the Group recycles the waste lubricating oil treated by the waste lubricating oil treatment plant. During the Reporting Period, the Group recycled and reused waste lubricating oil of 320 tons.

The Group's non-hazardous waste mainly includes slag, domestic waste, food waste and construction waste generated during the production process. The Group classifies recyclable non-hazardous wastes and stores them in the warehouse, and records the relevant quantity and storage date, etc., for recycling by waste recyclers. During the Reporting Period, the Group actively recycled wastepaper, with the volume of wastepaper recycled reaching 131 tons. We have also signed an agreement with the local sanitation department to entrust external personnel to transport the Group's general domestic waste or transport it to the designated waste landfill designated by the government.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.3 Resource Use Efficiency

The Group adheres to the principle of “Reduce, Reuse and Recycle” and is committed to improving the efficiency of resource use and reducing the negative impact of our operations on the environment.

Efficiency of Water and Electricity Consumption

In order to improve the efficiency of the Group’s use of water and electricity and reduce waste of resources, the Group has formulated and implemented internal regulations such as the *Water-saving and Electricity-saving Management System* and the *Electricity-saving Management Regulations*. The Power Section of the Group is responsible for the daily management of electricity consumption and has designated energy management personnel to implement various energy systems on behalf of the headquarters and subsidiaries of the Group. The Power Division of the Group is responsible for the statistics of energy use and the analysis of electricity consumption of each electricity consumption unit. In addition, the Group further reduced energy consumption through multiple channels to reduce energy waste from the source, such as strengthening power-saving education, adopting customized lighting systems in office areas, refining energy consumption statistical analysis, and strengthening energy assessment systems. The specific action plan is implemented in each electricity consumption department and workshop, and the department formulates and implements specific energy-saving plans for each product and production process. The Group also carries out energy inspection and assessment within the Group, rewards the departments with remarkable energy-saving results, and punishes units and individuals in violation of electricity-saving management regulations. During the Reporting Period, the Group’s water was mainly from municipal water supply and well water, and there was no difficulty in obtaining water sources.



On 5 December 2022, the SEP Department carried out environmental protection education and training for employees to improve their environmental awareness by introducing the Company’s environmental protection policies, basic knowledge of environmental protection, ISO14001 environmental protection system, how to save resources and how to dispose of waste.

Environmental Education and Training of Safety and Environment Department

Water Conservation	Electricity Saving
➤ Check water pipeline facilities regularly to identify and deal with water supply pipelines and water leakage from taps in a timely manner ➤ Upgrade equipment to water-saving equipment, such as installing sensor flushing toilets and sensor faucets to avoid water wastage ➤ Carry out water-saving education and training for employees to enhance their awareness of water conservation ➤ Statistics of water consumption of each department, and assess the part with large water consumption, and install water meters when necessary to control water consumption	➤ Statistics of electricity consumption of each subsidiary, reasonable arrangement of production time, and encourage steelmaking during the evening period ➤ Turn off production equipment when not in use to avoid power loss ➤ Install lamps with appropriate power to meet the lighting needs of different areas ➤ Upgrade lamps to energy-saving lamps to reduce energy consumption ➤ Avoid unnecessary lighting, and enhance inspection of lighting by night shift staff ➤ Carry out power-saving education and training for employees to enhance their awareness of power-saving ➤ Encourage employees to turn off idle computers, air conditioners, lamps and other electrical equipment

Since 2017, the Group has purchased solar photovoltaic electricity from qualified suppliers by way of contractual energy management to reduce the indirect environmental impact brought by the Group's electricity consumption. During the Reporting Period, the Group's solar energy consumption was 5,860,394.8 kWh. In order to improve water efficiency, the two subsidiaries of the Group, Jiangsu Tiangong Technology Company Limited and Jurong Tiangong New Material Technology Company Limited have set a target of not exceeding 6,000 tons of monthly water consumption (excluding water consumption for projects under construction or trial production) in 2022. During the Reporting Period, the two aforementioned subsidiaries of the Group's actual average monthly water consumption was 5,790 tons, which was 210 tons less than the target water consumption.

Efficiency of Raw Material Consumption

The Group's main production raw materials of the die steel include steel, alloy, scrap iron and steel grinding swarf. In order to save resources and improve the utilization efficiency of raw materials, we recycle and reuse steel grinding cuttings in the production process. During the Reporting Period, the Group recycled and reused 56,493 tons of steel grinding swarf. In addition, the Group actively adopts the electric arc furnace short-process steelmaking process, i.e., alloy and scrap steel as the main raw material, which will be loaded into an electric furnace after mixing according to the ratios, and the steel scrap will be smelted with the heat generated from the electric arc between the graphite electrodes and the scrap steel, and qualified steel water will be obtained through the degassing process. The short-process steel-making process is simpler and cleaner, which can produce crude steel in one step, save energy in the production process, and reduce the emissions of pollutants and GHGs. Therefore, it can improve the efficiency of the use of raw materials, thereby maximizing the efficiency of resource utilization.

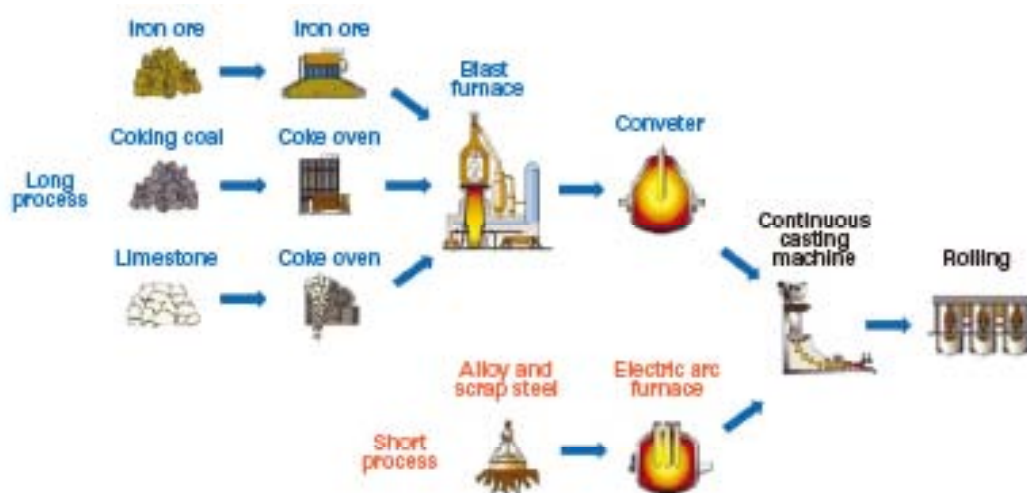


Diagram of Short and Long Process Comparison of Steel Making
Source: GF Securities-Special Research | Iron & Steel (March 6, 2018)

4.4 Response to Climate Change

In the face of frequent extreme weather around the world, governments of various countries have set goals and corresponding action plans to reduce the impact of climate change on the environment. In order to maintain the long-term development of the enterprise, the Group has carried out climate risk response work to help us identify and manage climate change-related opportunities and risks. With reference to the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), the Group conducted an ESG risk assessment. The assessment results show that the Group's "climate change and extreme weather risks" and "GHG emissions and management risks" are still at the "low" risk level for now. For the Group, the physical risks of "climate change and extreme weather risks" such as extreme weather such as high temperature and strong rainstorm may pose threats to our factory facilities, which may lead to prolonged production period and increase in costs. However, the plant has experience and plans to deal with such extreme weather conditions, and therefore this risk does not pose a material threat to the Group.

Nevertheless, in order to actively assume the responsibility for environmental protection, the Group urges all subsidiaries to formulate relevant emergency plans and systems based on their circumstances in response to environmental emergencies such as heavy pollution weather, and at the same time clarifies the responsibilities of each organization to ensure the standardization and scientific emergency treatment when environmental emergencies such as heavy pollution weather occur. At the same time, each subsidiary of the Group also signed the *Commitment Letter on Emergency Emission Reduction for Heavy Pollution Weather* and *Commitment Letter on Air Pollution Prevention and Control* to ensure that targeted measures will be taken in the event of a serious pollution weather event.

The Board is aware of the climate risks that the Group may face and regularly provides the Directors with the latest operational feedback and industry best practices to timely adjust and promote the Group's climate change response strategy. In order to prevent the potential adverse impact of climate change as early as possible, the Group has actively formulated and implemented the *Carbon Emissions Management System* and carried out GHG emission reduction projects to improve energy efficiency, develop and utilize new energy and renewable energy and other projects that can reduce six GHG emissions, including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆). The system also clearly stipulates that the energy management leading group is the management and implementation department of the Group's GHG emission reduction, responsible for the statistical management of the emission reduction generated by the Group's GHG emission reduction projects, conducting transactions or disposals in accordance with national policies and international rules, and inspecting and evaluating the work of the Group's GHG emission reduction projects. In order to ensure that the Group operates in compliance with the GHG emission reduction rules, the system stipulates that carbon emission inspection and assessment shall be included in the Group's performance assessment system. The Group's energy management leading group conducts inspection on the main units and project assistance units. After the inspection results are calculated and scored, the results will be reported to the central resource assessment semi-annually to improve execution and ensure effectiveness.

5 Tiangong Quality, Excellent Enterprise

Quality is the cornerstone of corporate development. Product quality is directly related to the trust and loyalty of customers, and is also the foundation for an enterprise to maintain its market position. The Group adheres to the spirit of craftsmanship and carefully builds steel to ensure that product quality meets customer needs and market standards, so as to improve customer satisfaction, reduce costs and improve production efficiency, and lead the industry towards high-quality and sustainable development. During the Reporting Period, the Group complied with and abided by the *Work Safety Law of the People's Republic of China*, the *Product Quality Law of the People's Republic of China*, the *Advertising Law of the People's Republic of China*, the *Regulation on the Implementation of the Trademark Law of the People's Republic of China*, the *Chemicals Convention*, the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and other laws and regulations that have a significant impact on the Group relating to product responsibility.

With excellent product quality and good corporate image, the Group was awarded the “2022 Global Influential Brand in the Steel Industry” during the Reporting Period. During the Reporting Period, the Group was awarded the “Jinshan Award” in the Manufacturing Industry in Zhenjiang for 2021 and the “Global Influential Brand in the Steel Industry in 2022” in China’s steel industry, which is in the process of transforming from “China’s steel products” to “China’s steel brand”. The “Tiangong Powder Metallurgy Industrial Internet Platform”, which the Group participated in, was selected as a benchmark case for digital transformation of enterprises in the Yangtze River Delta in 2022. In addition, the Group also won the “7th Golden Hong Kong Stocks — Most Valuable Industrial Manufacturing Company Award” and “Fuhua Investment Relationship Awards 2021”.



The Company was awarded the “Jinshan Award” in Manufacturing Industry 2021

In February 2022, at the Zhenjiang City Industrial Strong Market and Business Environment Optimization Conference, Tiangong International was awarded 11 awards, including the 2021 Zhenjiang Manufacturing “Jinshan Award”, the “Mengxi Award” for technological innovation and the “Ganlu Award” for business environment optimization.

After comprehensive assessment, Tiangong International was awarded the “Gold Mountains Award” in the manufacturing industry in 2021. This is the third time that Tiangong International won the Zhenjiang Manufacturing “Jinshan Award” after 2019 and 2020.



The Company was awarded the “2022 Global Influential Brand in the Steel Industry”

In May 2022, following the award of “Excellent Steel Enterprise Brand in China” and “Excellent Special Steel Brand in China” in 2021, the Group was listed as a “Global Influential Brand in the Steel Industry” in 2022, reflecting the Group’s global influence in the field of tool and die steel.

With this award, the Group remains true to its original aspiration, takes the development of new materials and continuous improvement of material performance as its responsibility, and continuously supports the development of the manufacturing industry by breaking through the “bottleneck” of technology and products.

5.1 Quality control

The Group is fundamental to providing customers with high-quality products and services, and always pursues higher product quality and service quality in order to gain wider public recognition and a better corporate image. To ensure product quality, the Group implements a quality management system covering the entire product life cycle. In accordance with GB/T 19001-2016/ISO9001: 2015 Quality Management System — Requirements, we have formulated a strict product quality control system and process. In addition, we also carry out quality management of products in accordance with GB/T 19022-2003/ISO10012: 2003 *Measurement Management Systems — Requirements for Measurement Processes and Measuring Equipment* to ensure that the product quality meets the standards.



A number of subsidiaries of the Group have obtained GB/T 19001-2016/ISO9001: 2015 quality management system certifications, including but not limited to
Tiangong Aihua Company Limited, Jiangsu Tiangong Precision Tools Company Limited,
Jiangsu Tiangong Tools New Materials Company Limited, Jiangsu Tiangong Technology Company Limited, etc.

The Group adheres to the principle that product performance, quality and safety are of paramount importance, and has formulated various quality assurance and inspection procedures in all aspects of the production process, striving to provide customers with the highest quality and safe products and services.

The Group has formulated and implemented a series of process operating procedures such as the *Management Procedure for New Product Development*, the *Control Procedure for Self-Made Unqualified Product* and the *Enterprise Measurement Management Regulation* as well as product quality control manuals for various products, in order to conduct meticulous quality control in every aspect from raw material inspection to product export. Through sampling and testing of raw materials, physical and chemical testing of semi-finished products at each stage of production, special quality testing of finished products and other means, we ensure that the product quality meets the standards and avoid the harm of products to users' health and safety. Before the final delivery, we will affix product labels to products that have passed quality tests. Only after confirming that the content of product labels is correct according to internal procedures and obtaining product quality warranties, the relevant products can be officially launched to the market.

If there are any quality issues with the products sold, customers can contact the Group's Sales Department for handling. The Sales Department will properly handle the solutions to customers' satisfaction in accordance with the provisions and procedures of the *Control Procedure for Self-Made Unqualified Product*. The Group shall adopt appropriate measures in a timely manner to solve the problems of unqualified products.

With a sound production management system and excellent product quality, during the Reporting Period, Jiangsu Tiangong Tools New Materials Company Limited, a subsidiary of the Group, was selected as an innovative leader cultivation action; and Jiangsu Tiangong Technology Company Limited was selected as a provincial level "Specialized and New" enterprise.

5.2 Customer rights

The Group is committed to improving the quality of the services and products provided in order to form a long-term, stable and continuous cooperative relationship with its customers. The Group always places customers' opinions and feedback as an important priority and maintains active and effective communication with customers during the sales process. In terms of product services, the Group has set up an anti-counterfeiting inquiry system for products. The Customers can verify the authenticity of products through QR code authentication, digital anti-counterfeiting inquiry and product serial number inquiry to ensure that the products purchased are authentic. The Group always attaches great importance to the protection of customer privacy and strictly stores customer information to ensure that it is not leaked. The Group sets access permission for customers sensitive information and regulates the types of confidential management that each department should be responsible for. Only employees of the Sales Department and the Finance Department can access customers' personal information. In addition, the Group requires employees to handle customer information with due care to prevent leakage of customer information. In case of any human error that causes leakage of customer privacy or improper handling of customer personal information, the Group will impose disciplinary penalties on relevant personnel in accordance with the established procedures to ensure that employees comply with relevant customer privacy confidentiality regulations and improve confidentiality management. The Group always takes integrity and fairness as the standard of dealings and strictly prohibits any illegal acts of fraudulent marketing. The Group's promotional materials and contents on the website are prepared and compiled in strict accordance with the requirements of the *Advertising Law of the People's Republic of China*. The Group adopts a multi-level review method to review the accuracy of the content of the promotional materials. The Group's promotional materials must be reviewed before external use to ensure that the products or technologies provided on the promotional materials do not involve any infringement, and the contents or descriptions used are following the requirements of the Advertising Law.

Customer opinions are valuable references for the Group to continuously improve product quality. Therefore, the Group conducts customer satisfaction surveys every year and invites key customers to provide valuable opinions. The 2022 customer satisfaction survey report shows that the overall customers are very satisfied with the Group's product quality and services. In 2022, the average rate of customer satisfaction reached 91.8%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has formulated the *After-sales Service Management System* to standardize the specific process of handling customer complaints and set up a customer service platform system during the Reporting Period to set up a comprehensive and smooth customer communication channel. The Group's process for handling customer complaints is as follows: a process is created after receiving a complaint by the sales staff, and the technical customer service staff will pass the problem to the person in charge of the Technical Department. The inspection supervisor will confirm the problem and report it to the person in charge of the Technical Department. The quality inspection will be conducted to confirm the responsible department and the handling methods. The content will be reviewed by the two-level technical leader, and the sales leader will confirm the reply content again, and the constructor and customer will confirm until the customer complaint is properly handled, and the information is filed.

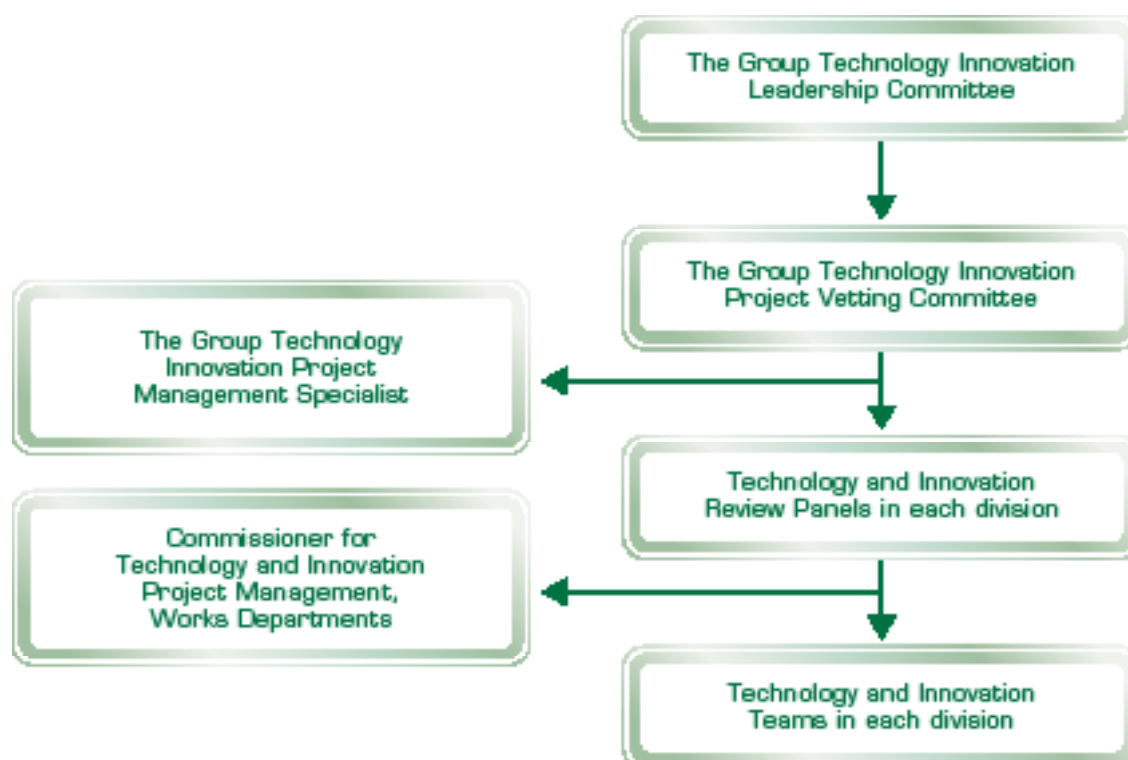
In addition, our sales team also conducts regular meetings with our customers to understand their opinions and suggestions on our Group's products and services. During the Reporting Period, the Group received a total of 57 customer complaints and the relevant complaints have been properly handled.

5.3 Leading Innovation

Technological innovation

Scientific and technological innovation is the primary productivity and the "key point" to lead the high-quality and sustainable development of an enterprise. It is the driving force and the "lifeline" to drive the comprehensive development of an enterprise, while creating a full participation, full protection, motivation and guidance of all staff to enhance the awareness of innovation, cultivate innovative thinking, stimulate creative thinking, and build a strong atmosphere of everyone eager to innovate, everyone strive to innovate. Based on its previous experience in technological innovation management, the Group has formulated the *Tiangong International Technology Innovation Management Implementation Measures* to establish a system comprising rational suggestions, QCC (quality control circle, i.e. a group formed by the automatic and voluntary quality management activities of personnel in the same work site or work-related areas), the grading of technological or management innovation projects, patents and papers, and the reward system. The Group has also set up a comprehensive management committee for scientific and technological innovation to break the awareness of scientific and technological innovation in the mind of all cadres and employees, change the awareness of scientific and technological innovation of all employees, break the situation that scientific and technological innovation is forced to be implemented under the previous requirements, form a country of self-initiative and innovation from the bottom up, break the previous mode of no planned innovation, no innovation tracking, and no achievement sharing, and realize the systematic management mold of bottom-up hierarchical management, hierarchical review, and hierarchical reward. The Group has set up a management structure with all cadres and employees as the main body of innovation and the work department as the front-line management team for scientific and technological innovation projects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Since the establishment of China's first industrial die steel powder metallurgy production line in 2019, the Group has continued its research and development in the field of powder metallurgy to overcome the technical difficulties in the field and break the international monopoly of the key technology bottleneck of powder metallurgy. The Group has become the only enterprise in China that masters the large-scale production technology of industrial die steel powder metallurgy. With advanced powder production equipment and powder production technology, the types of powder materials have been developed up to 35, including high speed steel powder, die steel powder, stainless steel powder, etc. At the same time, the Group actively cooperates with the Central Iron and Steel Research Institute, Jiangsu University, Shandong University, Northeastern University, and printing equipment manufacturers to provide corresponding metal powder materials for different printing technologies. During the Reporting Period, the Powder Metallurgy Research Institute applied for a key research and development project in Jiangsu Province for powder materials used in the production of additives based on binder injection technology. The project is based on binder injection technology and is mainly engaged in the research of powder high speed steel precision molding technology. On 12 April 2022, the project has passed the Zhenjiang City Review Committee and officially entered the provincial assessment stage. In the future, the Group will continue to take the responsibility of developing new materials and continuously improving the performance of materials to help improve the overall manufacturing level and the extensive promotion of metal 3D printing technology.

At the same time, the Group also attaches great importance to the cultivation of innovative talents. During the Reporting Period, the Group encouraged employees to innovate through various means. On 27 December 2022, the Group held the 2022 Science and Technology Innovation Work Summary and Commendation Conference and awarded certificates and bonuses to innovative individuals and teams who have achieved outstanding results in 2022 Science and Technology Innovation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Tiangong International 2022 Science and Technology Innovation Summary Commendation Conference

Capture downstream market dynamics

In order to capture the demand of customers in the downstream market and accelerate the development of the integrated die casting market for mold materials, the Group entered into the Strategic Cooperation Agreement with a total of 13 downstream mold and auto parts enterprises, including the casting mold factory of FAW Foundry Co., Ltd., Guangzhou Die and MOULD Manufacturing Co., Ltd., Ningbo Beilun Sciveda Machinery CO., Ltd., Ningbo Heli Technology Co., Ltd., Guangdong Hongtu Technology (holdings) Co., Ltd., and Dalian Yaming AUTOMOTIVE PARTS Co., Ltd., to jointly open a new chapter in the development of large mold materials and integrated mold industry through the mode of mutual cooperation in materials, technology and application.

Intellectual Property Protection

The Group strictly abides by the *Patent Law of the People's Republic of China* and the *Copyright Law of the People's Republic of China*. In order to further cultivate a corporate innovation culture and protect internal Research & Development achievements, the Group has formulated the *Intellectual Property Management System* to regulate intellectual property management. The system clearly regulates and defines the categories of the Group's intellectual property rights, the division of responsibilities for intellectual property management, the reward mechanism for technological innovation, and the signing process of confidentiality agreements. The Intellectual Property Management Department of the Group is responsible for daily intellectual property management. Its main responsibilities include formulating various intellectual property management regulations, establishing and managing intellectual property files, applying for patents on behalf of the Group, and handling intellectual property disputes and litigation matters of the Group. In order to effectively protect the Group's technical and business confidential information, the Group enters into confidentiality agreements with employees and partners to clarify the terms related to the protection of the Group's intellectual property rights. If any infringement of the Group's intellectual property rights is found, we will hold the relevant personnel accountable according to the procedures and resolve it through legal means if necessary. During the Reporting Period, the Group holds 10 new patents.

6 Safety first and guarantee the whole production process

The Group has always implemented the work safety policy of “Safety First and Prevention-oriented”, placing the health and personal safety of employees as the highest priority, and is committed to creating a working and living environment that can ensure the safety of employees. The Group strictly abides by the *Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases*, the *Administrative Measures for the Diagnosis and Identification of Occupational Diseases*, the *Work Safety Law of the People’s Republic of China* and other laws and regulations that have a significant impact on the Group relating to the prevention of occupational hazards. In order to achieve the goal of zero casualties, the Group has established a sound production safety management system and formulated the *Occupational Health and Safety Management System*. This system implements the principle of “Production management must be managed with safety” in the organization and system, so that leaders at all levels, functional departments, production departments and employees can clearly define their responsibilities for occupational hazard prevention and control, so that they can perform their duties at all levels, perform their responsibilities, effectively carrying out the prevention and control measure for occupational hazards, and promote the sustainable development of production.



Several subsidiaries of the Group have obtained GB/T 45001-2020/ISO 45001: 2018 Occupational Health and Safety Management System certification, including but not limited to Tiangong Aihe Special Steel Company Limited, Jiangsu Tiangong Precision Tools Company Limited, Jiangsu Tiangong Tools New Materials Company Limited, etc.

6.1 Safety Production Responsibility

In order to ensure the effective implementation of the Group's production safety policies, the Group has formulated and implemented the *Liability System for Safety Production*, which clearly defines the production safety responsibilities of leaders at all levels, functional departments, engineering and technical personnel and operational personnel. Under the leadership of the general manager of the Company, the head of the Safety Department is responsible for the specific management of the Group's production safety, organizing and assisting relevant departments in formulating or revising the production safety system and safety technical operation procedures, and providing business technical guidance to the safety officers of various departments. The system requires employees to organize education and training activities on production safety, and guides employees to use personal protective equipment, machinery and equipment and tools correctly, so as to ensure that employees fully understand the production safety system and operating procedures, and at the same time assist relevant departments in proposing measures to prevent accidents and urge them to achieve them on schedule; organize relevant departments to study and implement measures to prevent occupational poisoning and occupational diseases; supervise relevant departments to properly carry out work-life balance and protection of female workers.

6.2 Safety Production Training

The Group has formulated and implemented the *Safety Training System* to enable all employees to receive comprehensive safety training, familiarize themselves with all safety management systems, and sign the *Letter of Undertaking of Safety Production for Employee* before officially performing their duties. The Group's safety training is mainly divided into three levels, the details of which are as follows:

Training level	Training Content
Level 1 training	Production safety laws and regulations, the Group's production safety rules and regulations, basic safety knowledge
Level 2 training	Production characteristics of workshops, machinery and equipment conditions, accident prevention measures, 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

During the Reporting Period, the Group organized a number of safety production-related training activities, including but not limited to the following:

From 6 to 7 September 2022, in order to promote the construction of the Group's management system, build a safety firewall, improve the management level and safety awareness in trade safety and supply chain, enhance the emergency safety capabilities of all employees, and promote the safety development of the Group. The Group carried out special training on "Trade Safety and Supply Chain Safety of Tiangong Tools" and "Emergency Safety of Tiangong Tools" in batches at the 3rd floor notification hall of the administrative center. The training was conducted by the head of the SEP Department of the Group. More than 900 managers and front-line employees of Jiangsu Tiangong Tools New Material Company Limited participated in the training.



6.3 Inspection and Review of Safety Production

Standardization of production safety refers to the establishment of a production safety responsibility system, the formulation of safety management systems and operating procedures, the investigation and treatment of hidden dangers, the monitoring of major sources of danger, the establishment of a prevention mechanism, the standardization of production behavior and continuous improvement, which are important ways for enterprises to implement the main responsibility of production safety. The Group has formulated the *Safety Inspection System* to ensure safe production. The inspection work is mainly divided into system inspection and hidden danger inspection. In order to comply with the *Measures for the Grading of Enterprise Work Safety Standardization Construction* issued by the Ministry of Emergency Management of the People's Republic of China. Tiangong Aihe Special Steel Company Limited, a subsidiary of the Group, has established work safety standardization work, which has been actively assessed and affirmed by experts from the government evaluation group, and notified Tiangong Aihe Special Steel Company Limited to pass the second level of work safety standardization review.

The Group conducts a series of safety production inspection activities at all levels every year, including quarterly company-level safety production inspection, monthly safety inspection meetings of each workshop, daily safety production briefing, and a summary of each team. In particular, the monthly safety inspection of the workshops will conduct an in-depth review of the safety performance of each workshop and report to the higher level; each team will conduct a five-minute safety production briefing before commencing work every day, and a three-minute safety inspection summary three minutes before leaving work to ensure that employees always maintain their awareness of safety production.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, the Group holds quarterly departmental meetings to review and review the work of production safety, labor protection and safety publicity and education during the quarter, so as to continuously improve work safety management. At the same time, the Group has also formulated the *Reporting System of Safety Work*, requiring all departments to submit a written report to the Group every half year to report their safety work responsibilities and accident control. The written report shall include the following:



6.4 Emergency Response

The formulation of *Emergency Response Plan* is a work involving all employees. Through the formulation and drilling of the plan, better cooperation and communication among various departments can be achieved, which is conducive to improving the emergency response capability within the enterprise and making the enterprise more orderly and efficient in case of emergencies. The Group has formulated the *Emergency Response Plan* for emergency response and rescue of fire and other emergencies. The plan focuses on major types of safety accidents identified by the Group, such as fire, electric shock, explosion, food poisoning, heat stroke, vehicle accidents, falling from height, mechanical injury accidents, etc., which helps reduce the possibility of accidents and improve the safety protection of employees. At the critical moment, the emergency plan can be quickly activated to minimize losses. In order to ensure safe production and respond to emergencies, the Group has established a production safety leading group and an emergency response team. The safety production leading group is responsible for directing emergency response work to ensure timely response in the event of an accident and minimize casualties and property losses. In addition, the Group has also set up a special firefighting team, emergency response team, emergency evacuation team, external liaison team and traffic support team to ensure efficient handling of emergency safety accidents and reduce the impact of accidents. In order to improve the emergency response capability, annual emergency knowledge and skills training is organized for all members of the safety production leading group and emergency response group every year. The training includes emergency procedures, first aid methods, use of fire extinguishers, etc. These measures together ensure the effective organization and efficient execution of the Group's Emergency Response work.

The Group reviews the *Emergency Response Plan* every year and revises it when necessary, according to the actual situation of the production workshop to ensure that the rescue plan is effective and feasible. In particular, the Group also organizes emergency drills every year to ensure the rescue team's practical experience and rescue ability and revises the Emergency Response Plan according to the problems found during the drills.

In July 2022, the Group carried out emergency drills for heat stroke. Heat stroke is a common accident during construction in high-temperature weather. From the ultimate damage of the heatstroke, the timely and proper treatment of heatstroke victims can greatly increase their chances of survival. The purpose of preparing the emergency plan for heat stroke is to put the greatest effort to rescue the victims of heat stroke from death and to minimize the harm to people who suffered an accident. Through the drills, we can reduce the occurrence and spread of accidents, carry out effective rescue, reduce losses and quickly return to normal.

In December 2022, the Group carried out fire emergency evacuation drills to implement the Group's fire accident prevention measures, eliminate fire safety hazards, minimize losses, ensure the safety of employees and the Company's properties, and enhance employees' fire safety awareness and self-rescue skills.



7 Equal employment and building an excellent team

The Group believes that the success of corporate development depends on the efforts and contributions of its employees. To this end, we adhere to the "people-oriented" employment management principle and are committed to attracting and retaining outstanding talents and building an excellent talent team with sincerity.

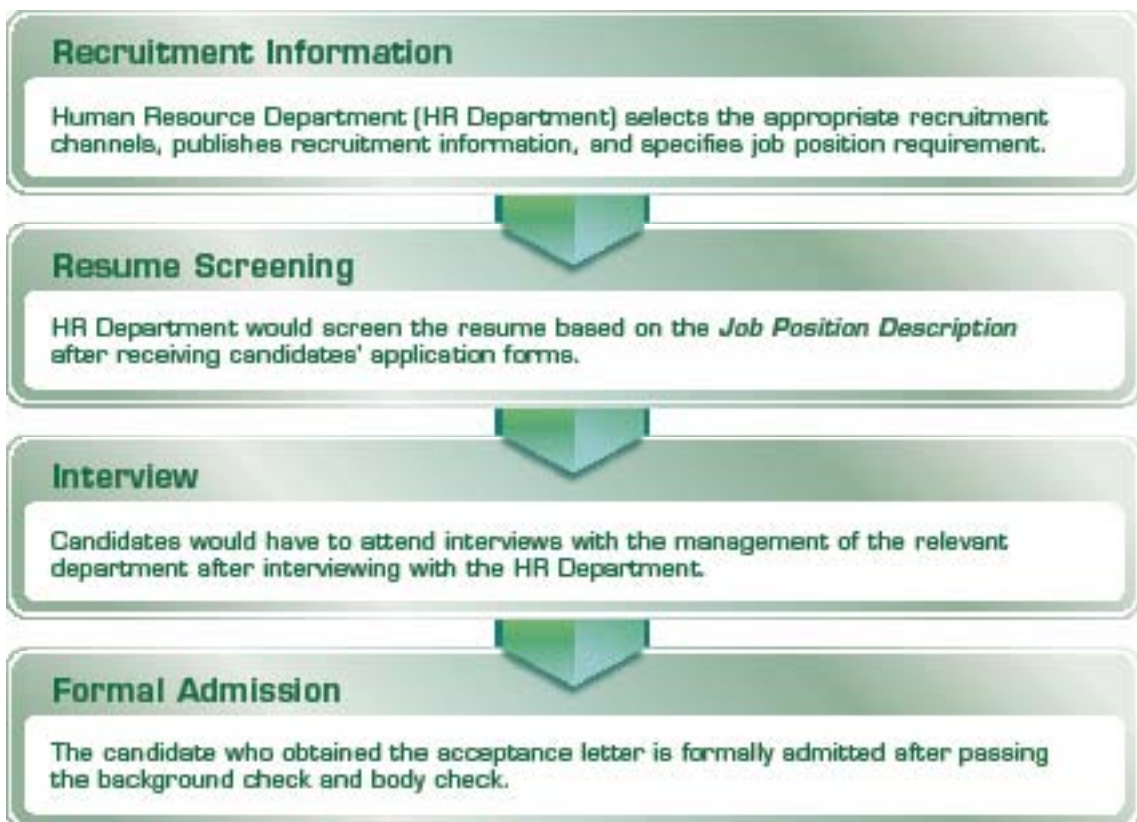
7.1 Employment Management

The Group has established a sound human resources management system to specify the procedures for recruitment, promotion, and dismissal. The Group has formulated and implemented the *Personnel Recruitment Procedures* to regulate the conditions of recruitment and formulate corresponding procedures to ensure the fairness, impartiality, and openness of the recruitment process. After an employee joins the Company, he/she will sign an employment contract with the employee in accordance with the law, covering matters such as employee remuneration, benefits, health and safety, confidentiality obligations and grounds for termination. The Group has also formulated regulations on the resignation and dismissal of employees to regulate the notice period of resignation and dismissal and salary compensation, to fully protect the rights and interests of employees and the Company.

Diversity and equality

The Group adheres to the principle of “Openness, Fairness, Competition, Competitive Selection and Voluntariness” and implements an employment policy of equality, diversity, and inclusion. The employees’ recruitment, dismissal, remuneration, promotion, holiday policy, training, and other aspects are assessed based on their personal ability and performance. Employment discrimination in race, nationality, age, and gender is strictly prohibited. Equal employment opportunities are provided to all candidates from different backgrounds, and the Group is committed to creating a diversified and inclusive working environment.

The specific recruitment process of the Group is as follows:



Legal Labor

The Group strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Provisions on the Prohibition of Using Child Labor* and other applicable laws and regulations relating to employment and labor in the places where the Group's business operates to ensure legal employment and strictly prohibits the employment of persons under the age of 16. To prevent the employment of child labor, the Group has formulated the *Regulations on the Management of Child and Minor Workers* to verify the age of job applicants to avoid the use of child labor and to formulate remedial measures to be taken in case of misuse of child labor. All employees of the Group are required to provide valid identification documents as proof that they have met the legal age requirement before the commencement of their employment. If a minor is employed, the Group's employment relationship with him/her will be terminated immediately. During the Reporting Period, the Group did not use child labor. If child labor is found, we will terminate employment immediately and hold the relevant departments and personnel accountable. We will also investigate the relevant issues and identify loopholes, and review and improve our human resources management system to prevent the recurrence of similar situations. The Group strictly prohibits any form of forced labor, eliminates the use of bonded and imprisoned labor, and does not cooperate or deal with any entity or organization that uses imprisoned labor. In order to uphold law-abiding operation and ensure that the free rights and personalities of employees are not infringed upon, the Group has formulated the *Regulations on the Prevention of Involuntary Labor* to monitor and implement the prevention of involuntary labor. The scope of this policy is applicable to all employees of the Group, from the beginning of recruitment to the entire process of the employee's contact with the labor contract. During the recruitment, the Group introduces the basic information of the Company and the relevant policies and management regulations, especially the working hours and benefits, etc. to the candidates to ensure that they apply for employment voluntarily. The Group enters labor contracts with applicants in accordance with the *Labor Contract Law of the People's Republic of China*, and employees have the right to resign or terminate labor contracts at any time. Our labor contract provisions also stipulate that the working hours of employees shall not exceed eight hours a day, and the average working hours per week shall not exceed 40 hours. If overtime work is necessary, employees are required to apply to their superiors in advance. During the Reporting Period, the Group did not have any forced labor. The Group respects and protects human rights and has formulated the *Regulations on the Management of Child Labor* and the *Regulations on the Prevention of Involuntary Labor*, and added the *Regulations on the Management of Employment and Protection of Employees' Rights* and the *Regulations on the Management of Anti-Discrimination, Abuse and Harassment* in early 2023 to protect the Group's effective management and prevention of child labor, forced labor, discrimination and harassment in employment and to protect employees' rights such as freedom of association.

Dismissal

In order to protect the rights and interests of both employers and employees and avoid labor disputes caused by the termination of labor contracts, we have formulated the *Regulations on the Management of Employment Termination* to standardize the employee resignation procedures, standardize the notice period of resignation and dismissal and salary compensation, and fully protect the rights and interests of employees and the Company, including the specific procedures such as resignation application, resignation interview, work handover, project settlement and handling procedures. The details of resignation are also clearly stated in the labor contracts signed with employees to ensure that employees have full right to know the relevant regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7.2 Remuneration and benefits

In order to attract, retain and motivate talents, the Group has established an attractive remuneration and welfare system. The Group has formulated and implemented internal remuneration management regulations such as the Regulations on the Administration of Remuneration for Administrative Positions, the Regulations on the Administration of Remuneration for Technical and Management Positions, and the Regulations on the Standard and Accounting Management of Subsidies for Academic Qualification and Title, to clarify the remuneration structure and salary adjustment standards for each position. Every year, the Group conducts an annual comprehensive assessment of employees, which includes three parts: self-assessment, departmental colleagues' and supervisor's assessment, and makes appropriate adjustments to employees' remuneration based on this.

The Group provides employees with a comprehensive welfare system. We contribute to various social insurances for our employees in accordance with national requirements, including basic pension insurance, basic medical insurance, maternity insurance, work-related injury insurance, unemployment insurance and housing provident fund. In addition, the Group has formulated and strictly implemented the *Regulations on Employee Leaves (2022)* to ensure that employees are entitled to statutory paid holidays and other statutory holidays, such as marriage leave, maternity leave and funeral leave. In addition to statutory benefits, we also provide employees with various types of benefits, including free working meals, free physical examination, additional insurance, holiday benefits, special bonus for employees' children to obtain admission to schools, reimbursement of Spring Festival travel expenses and travel benefits. These welfare measures allow employees to feel the care of the Company, enhance their sense of belonging and satisfaction, and improve the cohesion of the Company.

Since 2020, the Group has implemented the policy of "special awards to employee's children as an encouragement to their admissions to renowned universities" and granted special awards ranging from RMB20,000 to RMB80,000 to children of employees who have been admitted to the top 50 international schools and the top 20 domestic schools.



Special award for children of Tiangong International employees to admissions to renowned universities

In August 2022, a ceremony was held at the administrative office building of the headquarters of the Company, at which the Company's "Special Reward for Employees' Children's Examination" was awarded, among which, the son of one of our workshop quality inspectors was awarded a special reward by the Company.

7.3 Hearts with Tiangong

As an enterprise focusing on employee benefits, the Group actively carries out various cultural and sports activities to enrich employees' spare time life and enhance their sense of happiness and belonging. In order to promote a healthy lifestyle, the Group holds a staff sports meeting every year. Employees can participate in various sports activities, including basketball, football, badminton, and table tennis. Employees who participate in these activities not only can exercise their bodies but also enhance the team spirit and collaboration ability. The Group focuses on creating a good working atmosphere and team culture, and encourages employees to actively communicate with each other, support and help each other. The Group regularly organizes various cultural and sports activities to enhance the connection and interaction among employees. Under the influence of this atmosphere, employees are more willing to participate in various cultural and sports activities and feel the care and support of the Group.

On 13 April 2022, the Company convened the second meeting of the third session of the employee representative meeting and achieved a successful result. The annual Workers' Congress of the Company is for the employees to understand the overall development of the Group and pay attention to the performance of the economy and people's livelihood. It is also a new journey for the Company's employees to build consensus and confidence, which has a profound impact on the Company's economic development and the improvement of employees' happiness.



"3rd Staff Congress of The Group"



"Tiangong International Youth League & Father's Day Event"

In this warm and special Father's Day, the Youth League Committee of Tiangong International organized the oil painting activity of "I am grateful to the Father's Day, I have 'painted' to you". A total of 36 employees from various positions of the Group participated in the activity. Parents took their children to make a Father's Day gift with their own hands.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In October 2022, the Group held the “Tiangong International 11th Staff Sports Day”, which further stimulated the enthusiasm of most cadres through the launch of the staff sports meeting, fully demonstrated the excellent tradition and team spirit of Tiangong people who are courageous, united, and cooperative, courageous, healthy and progressive, and enhanced the cohesion, centripetal force and combat power of employees. Competition and cooperation in the sports field have promoted the team spirit of all Tiangong staffs and encouraged the morale of all cadres.



“The 11th Staff Sports Day of Tiangong International”

7.4 Promotion and Development

We regard employees as the most valuable asset of the Group, tailor-made career development plans for young employees, and motivate young people to continuously improve their comprehensive quality and healthy growth with a clear career development path. At the same time, we also ensure fair promotion opportunities and create an equal, positive, and upward working environment.

Promotion System

In terms of development and promotion, the Group has formulated and implemented the *Promotion Management Regulations* internally to further standardize the employee promotion management procedures. Through the *Promotion Management Regulations*, a diversified career development channel has been established, a promotion mechanism covering all positions has been implemented, and the reform of the talent development mechanism has been continuously deepened to help enterprises realize the transformation of talent reserves, and help employees better realize their personal values. The Group has been striving to meet the personal career development planning and development needs of employees in different departments and fields, as well as attracting and motivating qualified talents to stay in the Group and create a better future. The Group has also formulated the *Administrative Measures for Comprehensively Improving the Yield of Materials* to clarify the assessment and accounting, the implementation standards of the yield of materials and the implementation of responsibilities for improving the yield of materials and the wages of employees and commenced full trial operation during the Reporting Period. In order to promote the improvement of yield rate, with reference to the overall plan and measures of “salary reform for front-line production workers”, the Company has completely abolished the previous salary distribution model of single salary of employees by quantity, and improved employees’ sense of responsibility for quality assurance. The Group has specifically issued the *Administrative Measures on Comprehensively Improving the Yield of Raw Materials*, which clarified the relevant implementation rules.

Exploring Potential

The Group always insists on closely linking the personal development of employees with the business needs and strives to build an excellent work team. In order to improve employees' business skills and identify potential talents, the Group attaches great importance to employee training and is committed to improving employees' base and professional knowledge and skills by providing different types of employee vocational training, so as to broaden employees' career development path and help them realize their self-worth.

The Group attaches great importance to the training activities for new employees. In order to enable new employees to get familiar with the Group's culture and system as soon as possible and be competent for their new positions, the Group has formulated the *Training Management Procedures* to regulate the management of new employees' induction training. New employees must receive training at three levels, namely company, department, and team. Through the training, the new employees will have basic knowledge and skills on the Group's profile, corporate culture, rules and regulations, social responsibility, fire safety, occupational health, etc., as well as the basic knowledge and skills of their positions. The induction training for new employees is mainly divided into two phases. The Human Resources Department is responsible for organizing the first phase of the training, which includes the history and current status of corporate development, corporate culture, rules and regulations, team cooperation, corporate organization and department responsibilities, etc.; the second phase of training is organized by senior employees from various departments, and special training is provided to new employees according to the specific job nature, such as tool process and application, quality management knowledge, safety operation procedures, etc. After the training, we will also conduct training assessments for employees to ensure that they fully understand and master the training content.

In addition, the Group adopts a "one-on-one" apprenticeship system, focusing on cultivating talents in technical positions. Under this system, experienced employees (i.e., masters) will pass on various work experiences and methods to new employees (i.e., apprentices) by way of passing on, helping and leading. To this end, we have formulated and implemented the *Interim Measures for "Master-Apprentice" Programme*, which regulates the specific rules and defines the qualifications of mentors, the way in which apprenticeship relations are established, and the responsibilities of both mentors and apprentices. The Group has also set up an incentive mechanism to reward masters and to reward new employees with outstanding performance, so as to motivate employees to actively participate in apprenticeship assistance activities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, various departments of the Group organized different types of special training, including but not limited to the following:

2022 Training Plan	
Course Name	Curriculum Outline
Corporate culture	Corporate development history and culture
Professional knowledge	Job-related knowledge
Business etiquette	Business etiquette
Equipment maintenance and repair	Master the basic knowledge of daily maintenance and repair of equipment to ensure the operation of equipment
Management capability enhancement	Learning management ability to improve and enhance management awareness
Safety knowledge training	Eliminating safety hazards and ensuring safe production
Accounting practice	How to be an excellent financial officer
Information security	Establish a correct understanding of information security and understand the threats and risks of information security in the work; Cultivate information security awareness and good habits
Customs laws and regulations	Customs business knowledge
Customs laws and regulations	Customs laws and regulations
Safety training	Trade safety and supply chain safety training
Emergency training	Emergency training and handling measures



“Trade Safety and Supply Chain Safety Training”

In September 2022, the Group held a special training on trade safety and supply chain safety, so that employees of the Group can understand the trade safety module of the supply chain and ensure the safety of goods delivery.

8 Standardized operation and responsible entity

8.1 Supplier Management

The Group focuses on the environmental and social risk management of the supply chain to ensure the sustainable development of the supply chain. The Group has formulated internal policies such as the *Regulations Governing the Procurement of Supplies and Price Accounting*, the *Regulations on the Tender Management*, the *Regulations on Procurement Management and Implementation (Trial)*, and the *Supplier Management Regulations* to standardize the procurement process, ensure the fairness, justice and transparency of bidding and procurement, and strengthen the supervision and management of procurement to ensure the institutionalization and standardization of procurement. We strictly implement internal policies related to supply chain management, pay attention to the integrity and ethical standards of procurement, and do not favor a supplier or individual in the procurement process, so as to ensure the fairness of procurement.

The Group mainly purchases raw materials such as metals and equipment. When engaging suppliers, the supply department of the Group will select at least three suppliers from the list of qualified suppliers to participate in the selection and invite relevant technical departments such as the user department, the technology innovation department, and the equipment department to review and express opinions on the suppliers participating in the selection. After reaching a consensus on the selection of suppliers, the relevant departments shall sign and confirm on the *Tender Summary Form* and submit it to the general manager for review. This process ensures that the Group selects the most suitable supplier, while multiple departments assess and confirm the quality and technology of the supplier. Through this process, the Group can avoid possible risks and quality problems in the procurement process, ensure that the quality and performance of the purchased materials and equipment meet the requirements, and improve the Group's procurement efficiency and quality.

In order to further reduce the social and environmental risks of the supply chain, the Group has established a qualified supplier mechanism. The Group's supply department regularly maintains a list of qualified suppliers according to the types of materials to ensure that there are at least three qualified suppliers for each type of material and ensures that the cooperative suppliers for procurement business must be selected from the list of qualified suppliers. The Supply Department also actively searches for potential high-quality suppliers, and at the same time conducts reviews and inspections on qualified suppliers to ensure that the list of qualified suppliers is updated at least once a year or every six months to continuously monitor the quality of supply.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group reviews the suppliers' products, services, environmental and social performance annually, including their product quality, supply speed, after-sales service, management level, whether they have formulated environmental and social related management measures, whether they have records of major violations in environmental and social aspects, etc. In order to ensure the quality and stability of raw material supply, the Group also holds regular meetings with suppliers and arranges on-site audits according to actual needs to practically assess suppliers' environmental and social responsibility performance. If suppliers are found to be in violation of laws such as hiring child labor or forced labor, the Group will immediately terminate the partnership with them. We also require suppliers to sign the *Integrity Policy Confirmation Letter*, and only after the suppliers confirm and ensure the implementation of relevant integrity policies can they formally sign a procurement contract. In addition, in order to advocate green and low-carbon procurement, the Group gives priority to hiring local suppliers to reduce pollutant emissions during the transportation of the supply chain.

8.2 Anti-corruption

The Group attaches great importance to business compliance, continuously strengthens anti-corruption work, and adopts a zero-tolerance attitude towards any form of corruption, bribery, extortion, money laundering and fraud. The Group strictly complies with the *Criminal Law of the People's Republic of China*, the *Oversight Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery* and other relevant laws and regulations applicable to the places where the Group operates. The Group has formulated and implemented the *Regulations on the Integrity and Self-Discipline of Employees* to set out requirements and guidelines for employees' integrity and self-discipline behavior norms, supervision mechanisms, and violation handling procedures. To ensure that employees are aware of their responsibilities, we sign the Employee Integrity Agreement with employees to protect the interests of both the Group and employees. At the same time, we also require relevant employees to sign the *Letter of Undertaking of Integrity and Self-Discipline for Employees* and the *Letter of Responsibility for Staff Dispatched to Overseas Companies (Branch)* to strengthen their sense of responsibility for integrity.

Every year, the Group invites judicial authorities and court personnel to conduct anti-corruption training for the management and employees, and at the same time organizes a number of internal anti-corruption special training to effectively enhance employees' awareness of anti-corruption and anti-corruption. During the Reporting Period, the Group carried out special training on the prevention of job-related crimes and law and conducted relevant anti-corruption training for the Board and all employees.

In response to corruption, the Group has also set up a special reporting hotline and email address to receive anonymous reports from internal and external parties. The Group's administrative department, legal department and internal audit department will conduct investigations based on the complaints and whistle-blowing information to ensure its authenticity and collect relevant evidence and propose suggestions for handling according to the investigation results. If the corruption report is verified, the reporting employee will be given a bonus as an encouragement. The Group does not tolerate any form of corruption. If employees are found to be involved in corruption or other criminal offenses, we will transfer the relevant cases to the legal department and judicial authorities for handling. During the Reporting Period, the Group did not receive any concluded legal cases regarding corrupt practices brought against the Group or its employees.

9 Cohesion to Create a harmonious society

The Group always adheres to its corporate social responsibility, actively carries out public welfare undertakings, focuses on the charity work of higher education, and continues to pay attention to and support the development of schools. We maintain close communication with a number of tertiary institutions to understand the needs of education development.

The Group established the “Tiangong Development Scholarship” since 2007. Over the past decade, we have been providing financial assistance to students with financial difficulties at Nanjing Normal University. We hope to alleviate the financial pressure of our students so that they may focus on to learning and enjoy their university life. At the same time, we hope that the scholarship can motivate students to join hands and contribute to the society in the future.

On 6 September 2022, the school-enterprise cooperation and equipment donation ceremony of the Group and Zhongbei College was successfully held in Zhongbei College. The Group donated 5 sets of vehicles milling machine tools and 200 pieces of practical training uniforms to Zhongbei College for the development of practical training courses. The Group also supported college students’ innovation and entrepreneurship activities. The

cooperation between the two parties will accelerate the pace of joint establishment of industrial colleges, achieve multi-dimensional integration between school and enterprise, and carry out joint construction of majors, mutual recruitment of talents, sharing of teachers and joint construction of courses. The Company actively explored the undergraduate talent cultivation model of school-enterprise cooperation, deepened educational and teaching reforms, and establishes a collaborative team integrating production, education, and research between universities and enterprises.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



On 8 September 2022, in order to commemorate the deep friendship between the Group and Nanjing Normal University, Nanjing Normal University permanently named the unique building in Xianlin Campus as “Tiangong Building” and officially unveiled it as a token of appreciation for the Group’s strong support for the talent training and career development of the Nanjing Normal University.

During the Reporting Period, the Group actively participated in public welfare donations and donated RMB1,000,000 to the Danyang Charity Federation for charity and public welfare relief efforts, such as assisting with education, medical

care, disabilities, poverty, and elderly support for those in need. We donated RMB1,000,000 to Nanjing University to support students in need to complete their education, and donated RMB1,250,000 to Nanjing Normal University to support the development of various businesses of Nanjing Normal University and help students in need to complete their education. We donated 5 mechanical processing machine tools and 200 practical training uniforms to the Zhongbei College, which were used for internship and training courses and college students’ innovation and entrepreneurship. The Group’s donations are restricted to charitable purposes only and are made for the sole purpose of assisting in community development and educational development, with no donations to the industry associations, lobbying, etc. and for other purposes.

10 ENVIRONMENTAL KEY PERFORMANCE INDICATORS¹

Indicators	Unit	2022	2021
Output			
Steel and titanium alloy	tonnes	173,887	207,006
Product Revenue	RMB10,000	478,727	471,848
Air Pollutants²			
Sulfur oxides emissions	tonnes	0.45	0.69
Nitrogen oxides emissions	tonnes	46.23	66.80
Wastewater³			
Wastewater discharge	tonnes	258,058.00	212,248.00
GHG⁴			
Scope 1: Direct emissions	tonnes of CO ₂ e	63,111.94	91,041.10
Scope 2: Indirect emissions	tonnes of CO ₂	341,756.66	396,303.89
Total GHG emissions	tonnes of CO ₂ e	404,786.32	489,353.74
Total GHG emissions intensity	tonnes of CO ₂ e/RMB10,000 revenue from products	0.85	1.04
Non-hazardous Waste			
Melting slag	tonnes	29,700.00	34,600.00
Waste paper	tonnes	131.00	213.68
Total amount of non-hazardous wastes	tonnes	30,439.91	34,611.80
Non-hazardous waste intensity	tonnes/RMB10,000 revenue from products	0.06	0.07

¹ The Group's environmental data covers the following product ranges: die steel, high speed steel, cutting tools and titanium alloys. As the weight of cutting tools cannot be quantified, the density data was optimised for disclosure in 2022 by using the product revenue density data as the denominator to ensure a consistent range of data calculation and to update the relevant data for 2021.

² The calculation formula of air pollutants in 2022 is based on the *Accounting Methods and Coefficients for Emission Sources Survey*, the *Technical Guidelines for the Compilation of Air Pollutant Emission Inventory for Road Vehicles (Trial)* and the *Technical Guidelines for the Compilation of Air Pollutant Emission Inventory for Non-Road Mobile Sources (Trial)* issued by the Ministry of Ecology and Environment in 2021. The calculation of air pollutant emissions in 2021 is based on the *Accounting Coefficients for Emission from the Second National Census on Pollution Sources (Trial)*, the *Technical Guidelines for the Compilation of Air Pollutant Emission Inventory for Road Vehicles (Trial)* and the *Technical Guidelines for the Compilation of Air Pollutant Emission Inventory for Non-Road Mobile Sources (Trial)*.

³ The increase in water consumption and wastewater discharge figures is due to an increase in the proportion of powder metallurgy used in the production process and an increase in product quality, resulting in an increase in water consumption and in the amount of wastewater generated.

⁴ The calculation scope and reference of greenhouse gas emissions in 2022 are consistent with that in 2021. The calculation of greenhouse gas emissions of natural gas and diesel is based on the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions of China Iron and Steel Production Enterprises (Trial)*. The calculation of greenhouse gas emissions of gasoline is based on the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Road Transport Enterprises (Trial)*. The calculation method and relevant emission factors of greenhouse gas emissions from electricity consumption in 2022 are based on the 2022 national grid average emission factor of 0.5703 t CO₂/MWh as stated in the *Notice on the Management of Greenhouse Gas Emissions Reporting in the Power Generation Industry from 2023 to 2025* issued by the Ministry of Ecology and Environment. The greenhouse gas emissions generated from the use of electricity in 2021 are recalculated data. As the calculation formula is updated, the calculation method and relevant emission factors in 2021 are revised and explained by the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Enterprises (Revised in 2021) (Draft for Comments)* issued by the Ministry of Ecology and Environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicators	Unit	2022	2021
Hazardous Waste			
Acid and alkaline waste	tonnes	23,942.91	30,761.00
Other hazardous waste ⁵	tonnes	2,316.25	2,411.00
Total hazardous waste	tonnes	26,259.16	33,172.00
Hazardous waste intensity	tonnes/RMB10,000 revenue from products	0.05	0.07
Direct Energy			
Direct energy consumption ⁶	megawatt hours	316,692.71	457,094.02
Direct energy consumption intensity	megawatt hours/RMB10,000 revenue from products	0.66	0.97
Natural gas consumption	ten thousand cubic metres	2,910.93	4,207.47
Natural gas consumption intensity	ten thousand cubic metres/RMB10,000 revenue from products	0.006	0.009
Gasoline consumption	litres	38,764.00	29,176.26
Gasoline consumption intensity	litres/RMB10,000 revenue from products	0.08	0.06
Diesel consumption	litres	150,396.00	183,015.00
Diesel consumption intensity	litres/RMB10,000 revenue from products	0.31	0.39
Indirect Energy⁷			
Indirect energy consumption (Electricity consumption)	megawatt hours	605,854.00	689,185.00
Indirect energy consumption intensity (Purchased electricity consumption intensity)	megawatt hours/RMB10,000 revenue from products	1.25	1.45
Purchased electricity	megawatt hours	599,993.60	682,627.84
Photovoltaic power generation (Renewable energy)	megawatt hours	5,860.40	6,557.16
Water resources³			
Water consumption	tonnes	411,158.00	286,639.00
Water consumption intensity	tonnes/RMB10,000 revenue from products	0.86	0.61
Packaging materials			
Packaging material consumption	tonnes	3,731.57	5,205.42
Packaging material consumption intensity	tonnes/RMB10,000 revenue from products	0.008	0.011

⁵ The types of other hazardous wastes in 2022 remain the same as that in 2021, including hazardous wastes such as dust, waste lubricating oil, waste mineral oil and waste batteries collected by dust removal devices during the production process.

⁶ The unit conversion of energy consumption of natural gas, gasoline, and diesel in 2022 is consistent with that in 2021, with reference to the *Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of China Iron and Steel Manufacturers (Trial)*.

⁷ Indirect energy includes photovoltaic power generation in the disclosure scope of 2022, so the indirect energy consumption in 2021 and the indirect energy consumption intensity in 2021 are updated. To better reflect the relationship between energy consumption intensity and non-renewable energy consumption, the range of indirect energy consumption intensity data is non-renewable energy indirect energy consumption intensity, which does not include renewable energy data. The type of non-renewable energy for the Group's indirect energy is purchased electricity in 2022 and 2021.

11 Social Key Performance Indicators

Indicators	Unit	2022	2021
Number of employees (as at the end of the Reporting Period)			
Total number of employees	no. of employees	3,203	3,108
By gender			
Male	no. of employees	2,298	2,300
Female	no. of employees	905	808
By employment type			
Full-time	no. of employees	3,203	3,108
Part-time	no. of employees	0	0
By age group			
Under 31 years old	no. of employees	600	485
31–50 years old	no. of employees	1,923	1,814
Above 50 years old	no. of employees	680	809
By geographical region			
Mainland China	no. of employees	3,117	2,986
Regions out of Mainland China	no. of employees	86	122
Employee turnover rate⁸			
By gender			
Male	percentage	9%	9%
Female	percentage	6%	8%
By age group			
Under 31 years old	percentage	5%	16%
31–50 years old	percentage	9%	8%
Above 50 years old	percentage	9%	4%
By region			
Mainland China	percentage	8%	9%
Regions out of Mainland China	percentage	3%	0%
Percentage of employees trained			
Percentage of employees trained ⁹	percentage	100%	100%
By gender¹⁰			
Male	percentage	72%	73%
Female	percentage	28%	27%

⁸ The calculation formula of employee turnover rate for each category is: the number of employees in the specified category who left/the total number of employees in the category × 100%.

⁹ The calculation formula for the percentage of employees trained is: number of employees trained/total number of employees × 100%.

¹⁰ The calculation formula of the percentage of employees trained of each category is: the number of employees trained of the category/the total number of employees trained × 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicators	Unit	2022	2021
By employee category			
Senior management	percentage	5%	5%
Middle management	percentage	12%	11%
General employees	percentage	83%	84%
Average training hours completed per employee			
Average training hours completed per employee ¹¹	hours	10	8
By gender¹²			
Male	hours	10	8
Female	hours	10	8
By employee category			
Senior management	hours	26	23
Middle management	hours	10	9
General employees	hours	9	7

Indicators	Unit	2022	2021
Number of suppliers			
By geographical region			
Mainland China	no. of suppliers	550	521
Regions out of Mainland China	no. of suppliers	0	44
Product and service complaints			
Number of products and service-related complaints received	cases	50	65
Rate of products and service-related complaints resolved	percentage	100%	100%

Indicators	Unit	2022	2021	2020
Work-related injury and fatalities				
Number of work-related fatalities	person	0	0	0
Rate of work-related fatalities	percentage	0%	0%	0%
Lost days due to work injury	days	0	0	0

¹¹ The calculation formula of average training hours of employees is: total training hours of employees/total number of employees.

¹² The calculation formula of the average training hours of employees in each category is: total training hours of employees in the category/total number of employees in the category.

12 Compliance with ESG-related Laws and Regulations

Aspect of the ESG Guide	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		
Aspect A1: Emissions	➢ <i>Cleaner Production Promotion Law of the People's Republic of China</i> ➢ <i>Environmental Protection Law of the People's Republic of China</i> ➢ <i>Atmospheric Pollution Prevention and Control Law of the People's Republic of China</i> ➢ <i>Water Pollution Prevention and Control Law of the People's Republic of China</i> ➢ <i>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes</i> ➢ <i>Environmental Protection Tax Law of the People's Republic of China</i> ➢ <i>Law of the People's Republic of China on Appraising of Environmental Impacts Assessment</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		
Aspect B1: Employment	➢ <i>Labour Law of the People's Republic of China</i> ➢ <i>Labour Contract Law of the People's Republic of China</i> ➢ <i>Trade Union Law of the People's Republic of China</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
Aspect B2: Health and Safety	➢ <i>Work Safety Law of the People's Republic of China</i> ➢ <i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i> ➢ <i>Special Equipment Safety Law of the People's Republic of China</i> ➢ <i>Standards of Labour Protection Articles of Jiangsu Province</i> ➢ <i>Interim Provisions on the Inspection, 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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect of the ESG Guide	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 B4: Labour Standards	➤ <i>Labour Law of the People's Republic of China</i> ➤ <i>Law of the People's Republic of China 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>Work Safety Law of the People's Republic of China</i> ➤ <i>Advertising Law of the People's Republic of China</i> ➤ <i>Trademark Law of the People's Republic of China</i> ➤ <i>Law of the People's Republic of China 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 People's Republic of China</i> ➤ <i>Company Law of the People's Republic of China</i> ➤ <i>Oversight Law of the People's Republic of China</i> ➤ <i>Bidding Law of the People's Republic of China</i> ➤ <i>Anti-unfair Competition Law of the People's Republic of China</i> ➤ <i>Interim Provisions on Prohibition of Commercial Bribery</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

Regulations, Subject Area, Aspects, General Disclosure & KPI Mandatory		Disclosure Section & Remarks
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	2. Consolidate governance and promote sustainable development
Reporting Principles	Materiality: The threshold at which ESG issues determined by the board are sufficiently important to investors and other stakeholders that they should be reported. Quantitative: KPIs in respect of historical data need to be measurable. The issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate. Balance: The ESG report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader. Consistency: The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	1. About the environmental, social and governance report 3. Stakeholder engagement and materiality assessment
Reporting Scope	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	1. About the environmental, social and governance report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regulations, Subject Area, Aspects, General Disclosure & KPI Mandatory		Disclosure Section & Remarks
"Comply or explain" Provisions		
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. Energy conservation and emission reduction, practicing green and low carbon
KPI A1.1	The types of emissions and respective emissions data.	10. Environmental key performance indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	4. Energy conservation and emission reduction, practicing green and low carbon
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regulations, Subject Area, Aspects, General Disclosure & KPI Mandatory		Disclosure Section & Remarks
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4. Energy conservation and emission reduction, practicing green and low carbon
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
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4. Energy conservation and emission reduction, practicing green and low carbon
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	
KPI 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
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	4. Energy conservation and emission reduction, practicing green and low carbon
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4. Energy conservation and emission reduction, practicing green and low carbon
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regulations, Subject Area, Aspects, General Disclosure & KPI Mandatory		Disclosure Section & Remarks
B. SOCIAL		
Employment and Labor Practices		
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. Equal employment and building an excellent team
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	11. Social key performance indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
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 and guarantee the whole production progress
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	11. Social key performance indicators
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	6. Safety first and guarantee the whole production progress
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7. Equal employment and building an excellent team
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	11. Social key performance indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	
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 labour.	7. Equal employment and building an excellent team
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regulations, Subject Area, Aspects, General Disclosure & KPI Mandatory		Disclosure Section & Remarks
Operating Practices		
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	8. Standardized operation and responsible entity
KPI B5.1	Number of suppliers by geographical region.	11. Social key performance indicators
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	8. Standardized operation and responsible entity
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
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. Tiangong quality, excellent enterprise
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to the nature of the Group's products, we are not involved in product recall for safety and health reasons.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	5. Tiangong quality, excellent enterprise
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	
KPI B6.4	Description of quality assurance process and recall procedures.	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regulations, Subject Area, Aspects, General Disclosure & KPI Mandatory		Disclosure Section & Remarks
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. Standardized operation and responsible entity
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.	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	
COMMUNITY		
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. Cohesion to create a harmonious society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	