



# 2021

Environmental, Social  
and Governance Report

**Haitian International Holdings Limited**

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



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# About the Report

Haitian International Holdings Limited hereby publishes the Environmental, Social and Governance (ESG) Report (hereinafter the “Report”) for the year 2021 to inform stakeholders of the Company’s management and performance regarding environment and society.

## Reporting Scope

Unless otherwise specified, the Report covers the performance of Haitian International Holdings Limited and its subsidiaries (collectively referred to as “Haitian International”, “the Group” or “we”) during the period from 1 January 2021 to 31 December 2021 (“the Reporting Period”). To ensure the integrity of the Report, description in some parts of the Report goes beyond the above scope.

## Reporting Standards and Principles

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (《環境、社會及管治報告指引》) (the “ESG Reporting Guide”) set out in Appendix 27 to the Main Board Listing Rules on the Hong Kong Exchanges and Clearing Limited (“HKEX”). For information on governance, it is recommended to read in conjunction with the Corporate Governance Report (《企業管治報告》) in the annual report of the Group published on 14 April 2022. The ESG Report is prepared in accordance with the following reporting principles:

- **Materiality:** In preparation of this Report, the Group has identified main stakeholders and determined material ESG issues based on stakeholder engagement and materiality assessment.
- **Quantitative:** The key performance indicators (“KPIs”) in the environmental and social aspects are disclosed on a quantitative basis, accompanied by a narrative to explain their purposes and impacts, in the Report. Comparative data on KPIs from previous years are also provided in the Report.
- **Balance:** The Report follows the balance principle to objectively present the Company’s ESG performance.
- **Consistency:** In this Report, the statistical approaches for relevant disclosures are consistent with those in the 2020 Environmental, Social and Governance Report (《環境、社會及企業管治報告》), and will remain unchanged in subsequent years.

## Data Source

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

## Report Availability

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

# Chairman's Statements

Dear stakeholders,

On behalf of the Board of Directors (the "Board"), I am delighted to present our ESG Report for the fiscal year 2021, to demonstrate our efforts in undertaking environmental and social responsibilities, cultivating the enterprise's ability to achieve sustainable development and contributing to building a sustainable society.

The ESG strategy of Haitian International is developed from the Group's corporate culture and development vision. Staying true to the founding mission, we adhere to the spirit of "Pragmatism, Pioneer, Innovation and Persistence", with the aspiration of "Serving the Country through Industrial Development", and takes "Making Equipment for China and for the World" as our mission, putting long-term efforts in creating high-quality and internationally competitive products for our global customers.

Our Board believes that sound ESG framework and strategy contributes to the investment value of the Group and delivers sustainable returns to our shareholders, customers, partners, employees, and other internal and external stakeholders. For this reason, we established a three-tier ESG governance structure in 2021, clarifying management functions and responsibilities at all levels. The Board not only assumes full responsibility for the Group's ESG-related matters, ESG risk assessment and reporting, but also leads and supervises effective implementation of ESG strategy across the Group in a top-down manner. For details, readers shall refer to the "ESG Governance" section in this Report.

As a responsible corporate citizen, we comply with increasingly stringent environmental laws and regulations and invest in optimising our production facilities and processes in order to reduce emissions of waste gas, waste water and solid waste. We provide a safe workplace with the health and safety of our employees as our priority. We provide a competitive remuneration and performance mechanism to attract and retain talented people, led by our "people-oriented" management philosophy. In terms of product quality and customer service, we actively meet a wide range of clients' needs for standardised and precision plastic products, providing clients with high quality products and services. We also believe that the value of our business is not only the creation of wealth, but also the creation of value for people, society and the nation. Therefore, we always remember to give back to the community and actively participate in various charity and philanthropic activities to promote the sustainable development of the community.

In the future, we will continue to provide cost-effective and green products to our customers, continuously improve our ESG management and performance, and work together with our partners to move towards a more sustainable future. Finally, on behalf of the Board of Haitian International, please allow me to express our sincere gratitude to all stakeholders, partners and friends who have long supported our business development.



# I. About Haitian International

## 1. Company Profile

Founded in 1966, Haitian International Holdings Limited is specialised in producing plastic injection moulding machines (PIMM) that are precise, highly-efficient, energy-saving and environment-friendly. With a nationally-recognized enterprise technology centre and a postdoctoral work station, we provide products in every field of the plastics processing industry, under the brand of “Zhafir”, “Haitian”, etc. Winning a variety of honours, including “Famous Chinese Brand”, “Major Chinese Brand for Export Sales” and “State Science and Technology Advancement Award”, our products are sold to customers over 130 countries and regions of five continents around the world.

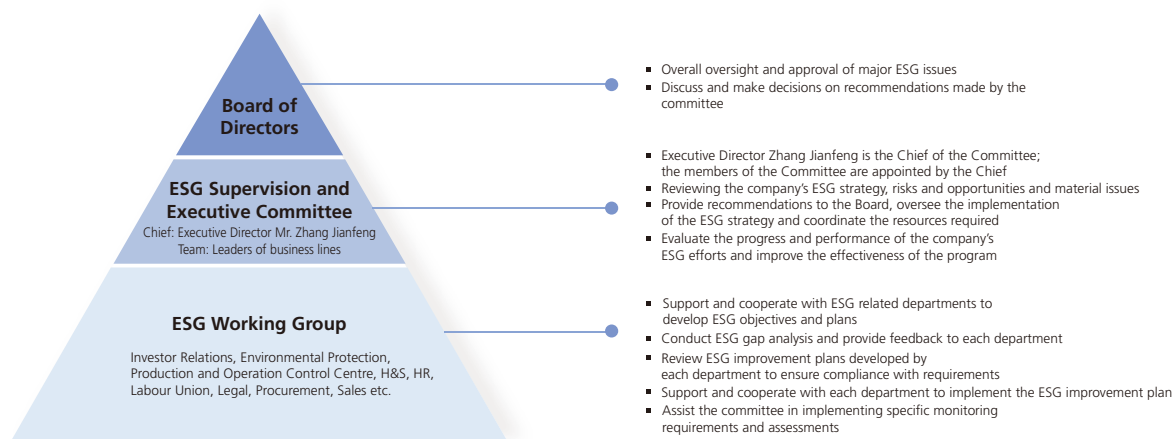
## 2. Awards

Entities Rewarded	Title/Award	Awarded by
Haitian Plastics Machinery Group Co., Ltd.	TOP 30 Enterprises with Comprehensive Strength of China’s Plastics Machinery Manufacturing Industry in 2021	China Plastics Machinery Industry Association
Haitian Plastics Machinery Group Co., Ltd.	Top 18 Enterprises of China’s Plastic Injection Moulding Machinery Industry in 2021	China Plastics Machinery Industry Association
Haitian Plastics Machinery Group Co., Ltd.	Zhejiang Famous Brand for Export Sales	Department of Commerce of Zhejiang Province
Haitian Plastics Machinery Group Co., Ltd.	The 294th among China’s Top 500 Private Enterprises in Manufacturing Industry	Ningbo Federation of Industry and Commerce
Ningbo Zhafir Plastics Machinery Co., Ltd.	The 2nd Prize of China Machinery Industry Science and Technology Award	China Machinery Industry Federation, Chinese Mechanical Engineering Society
Ningbo Zhafir Plastics Machinery Co., Ltd.	The 2nd Prize of Beijing Science and Technology Advancement Award	The People’s Government of Beijing Municipality
Ningbo Zhafir Plastics Machinery Co., Ltd.	Hefeng Industrial Design Award – Gold Award	The People’s Government of Ningbo Municipality
Ningbo Haitian Huayuan Machinery Co., Ltd.	Advanced Enterprise in Operation and Management in 2020 – Bronze Award	Administrative Committee of Ningbo Free Trade Zone, Administrative Committee of Ningbo Export Processing Zone

## II. Responsible Governance

### 1. ESG Governance Structure

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



ESG Governance Structure

## II. Responsible Governance

### 2. Stakeholder Communication

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

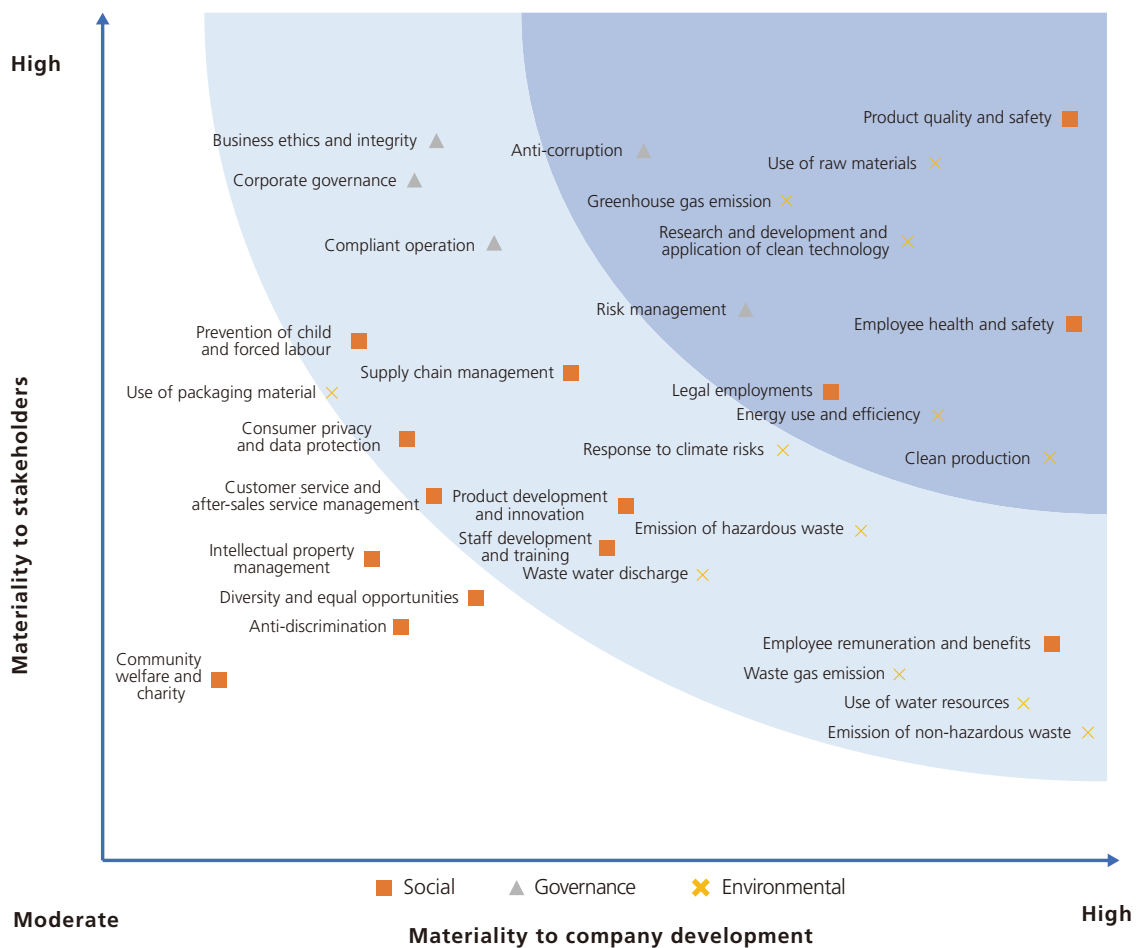
Stakeholders	Issues of concern	Communication Channels
<b>Governments and regulatory agencies</b>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Tax payment in accordance with law</li> <li>• Production safety</li> <li>• Clean production</li> </ul>	<ul style="list-style-type: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

## II. Responsible Governance

### 3. Materiality Assessment

In 2021, Haitian International conducted an ESG materiality assessment to identify ESG issues that are material to the Group's business operations. By means of interviewing internal and external stakeholders and distributing online questionnaires, we obtained stakeholder ratings on the materiality of ESG issues, and an ESG materiality matrix was developed based on the results of the materiality assessment by senior management of the Group.

The Group has identified 12 environmental issues, 14 social issues and 5 governance issues. Please see the exhibit below for details. This Report will refer to the results of the materiality assessment, and focus on responding to material ESG issues of medium and high importance.



ESG Materiality Matrix of Haitian International



## II. Responsible Governance

### 4. Business Ethics

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

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

We adopt a zero-tolerance policy on illegal activities such as commercial bribery, extortion, fraud and money laundering in our operation. Any employee involved in such activities will have their employment terminated immediately and relevant acts reported to the authority. In daily management, the Group incorporates business ethics matters (e.g., anti-corruption) into corporate risk management and takes it as the guidance to conduct business audits. All business sectors are audited by the Internal Control Department at least once every three years.

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

## II. Responsible Governance

- **Reporting on Corruption**

The Group encourages employees, suppliers and other stakeholders to promptly report misconduct. A whistleblower can directly contact the supervisor, manager or department head of relevant service. If the matter reported involves the aforesaid personnel, the whistleblower may also choose to report directly to the Company's Internal Control Department. The whistleblower system set by the Internal Control Department includes telephone reporting channel (0574-86188652), email reporting channel (htlz@mail.haitian.com) and letter reporting channel. A whistleblower can choose to report in real name or anonymously, and we promise that cases received in both ways will be treated equally. Since 2021, a new reporting channel – external independent legal counsel – has been available, to whom whistleblowers can report violations via hotline (0574-87193704) or email (lihua.xu@dentons.cn). During the reporting period, the Group did not get involved in any litigation concerning commercial corruption and bribery.

Upon receipt of a report, the Internal Control Department will launch an investigation with relevant responsible departments to confirm the authenticity of the reported matter. Once confirmed, the Internal Control Department will issue an investigation report and put forward handling suggestions. Then, the reported matter will be handled by relevant responsible departments and the Human Resources Department according to the investigation report, and the results and execution will be reported across the Company by the Internal Control Department or the Human Resources Department. On the other hand, the Group will also take disciplinary actions, including dismissal, against employees who make false and malicious reports.

- **Whistleblower Protection**

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

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

## II. Responsible Governance

- **Culture of Integrity**

The Group provides regular integrity education and training to employees and directors every year. During the reporting period, we organised online anti-corruption training due to the COVID-19 pandemic, and informed all employees and directors by email. The training contained introduction of anti-corruption laws, clarification of the responsibilities of personnel at all levels in anti-corruption efforts, and case analysis. An E-Learning platform has also been set up to provide exercises and tests for employees, and track their completion rate of the training. During the reporting period, 100% of our staff completed training of anti-corruption and business ethics, and all directors had completed the training regarding business ethics and signed the declaration on code of business ethics.

## II. Responsible Governance

### 5. Business Information Security

Ensuring information security and protecting privacy of the Group and its customers is an important business principle of Haitian International. We develop the *Information Security Management System* (《信息安全管理制度》) and other policies to continuously improve relevant systems and work out stringent regulations on the usage of the corporate network. While observing the *Sinosure Confidentiality Agreement* (《中信保保密協議》) in trade, we also have strict confidentiality clauses in our *Agency Agreement* (《代理協議》), promising not to disclose any information to third parties without permission.

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

At the operational level, we back up the data on the servers on a daily basis, select certain systems for data recovery drills every year and conduct risk assessments and vulnerability scanning on information systems at regular intervals. Employees can access the Central Apparatus Room (CAR) upon authorisation and detailed registration; some areas can only be entered when accompanied by administrators. The training on Information Security Policies (ISP) has also been incorporated into our employee training programmes.



# III. Responsible Production

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

## 1. Product Quality and Safety

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



Quality management system certification certificate

### III. Responsible Production

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

We believe that employees' ability and quality exert certain impacts on product quality, so we provide regular training courses thereon for relevant employees to help them acquire knowledge about product performance, quality control, etc., and ensure that professional technicians keep abreast of the latest technology and knowledge, advancing with the Group to deliver products with higher quality.



Training courses for application engineers

### 2. Quality Service

On the basis of ensuring high product quality, the Group continues to improve customer services, and is committed to enhancing customer satisfaction constantly. We have a sound communication and cooperation mechanism with our customers. Through telephone, email, online video conference, offline visits, invitations to negotiation and exhibitions and other online and offline communication mechanisms, we understand customers' expectations on the Group and our products, and solve the problems that customers may encounter when using the products, to ensure the quality and safety of the products sold as well as the services provided. In 2021, the Group coordinated and integrated internal resources, and set up offices for key domestic/overseas customers. With such offices, we are capable of strengthening communication with global customers and offering them business support and after-sales services in a timely and rapid manner, thereby effectively improving customer satisfaction.

### III. Responsible Production

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



Chinaplas in Shenzhen



Online NPE in the USA



An exhibition held by the Group in Germany in October 2021

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

We have also developed a sound after-sales and complaint handling process along with the *Domestic After-sales Service Management Rules* (《國內售後服務管理規範》) and the *Overseas After-sales Service Management Rules* (《國外售後服務管理規範》). If customers are not satisfied with our products or services, they can give feedback or make complaints through our official complaint hotline (0574-86181788). After receiving a customer complaint, the Quality Control Centre will conduct a preliminary investigation and analysis based on the issues raised by the customer, and then hand it over to the local responsible department, which will carry out a qualitative analysis of the complaint and draw up a response or treatment plan. Also, the staff at the local office will cooperate with relevant personnel from the distributor to deal with the issue, and record related treatment process by completing the *Customer Complaint Form* (《客戶投訴處理表》). The Group will also arrange specialists to conduct follow-up investigation to make sure that the problems raised by customers are effectively resolved. During the reporting period, the Group received 17 valid complaints in total, all of which were solved.

### III. Responsible Production

#### 3. Supply Chain Management

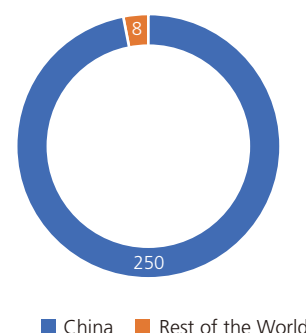
A stable and sustainable supply chain is the basis for the Group to provide quality products and services for our customers. To this end, we have not only formulated relevant management systems, including the *New Supplier Entry Rules* (《新供應商准入規則》) and the *Supplier Evaluation and Assessment Methods* (《供應商評估考核辦法》), but also defined the responsibilities of internal procurement staff, in an effort to reduce supply chain risks. For processes outsourced to third party contractors which involve potential pollution to the environment, we request the contractors to obtain relevant license from the environmental protection bureau of the local government to ensure they are qualified to perform the relevant work.

The suppliers of the Group mainly include suppliers for production procurement and suppliers for administrative procurement. As at 31 December 2021, the Group had a total of 258 suppliers, of which 13 suppliers were newly granted access upon assessment in 2021, and no suppliers were removed from the supplier list due to poor product quality or safety issues.

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

For outsourced construction suppliers, we will sign the *Safety Agreement for Commissioned (Outsourced) Construction* (《委外(外協)施工作業安全協議書》) with them to ensure the safety of construction environment and project implementation.

Number of suppliers by geographical region



Number of suppliers	FY 2021
Suppliers having passed ISO 14001 environmental management system certification	35
Suppliers having signed the <i>Supplier Integrity Letter</i> (《供方廉政承諾書》)	70
Suppliers having signed the <i>Supplier Safety and Environmental Protection Commitment Letter</i> (《供應商安全環保承諾書》)	186
Suppliers having signed the <i>Haitian Group Supplier Social Responsibility Commitment Letter</i> (《海天集團供應商社會責任承諾書》)	186



### III. Responsible Production

#### 4. Intellectual Property Protection

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

We are qualified for GB/T 29490 with Certification of Enterprise Intellectual Property Management. We have built a professional team responsible for patent application and maintenance, and have registered our trademarks in over 90 countries to protect our interest in local businesses.

In 2018, we established the Ningbo Foreign-Related Intellectual Property Alliance together with 18 enterprises with advantages in intellectual property, giving full play to the synergy among members, effectively utilising strengths and resources such as legal and educational services concerning intellectual property, in order to help enterprises develop overseas patent layout and actively respond to overseas intellectual property disputes. During the reporting period, we attended the senior seminar for high-end talents in intellectual property in Ningbo. The seminar focused on the implementation of strategies in patents and standards, trade secret protection, IP infringement inspection and appraisal, IPP in cross-border trade, overseas intellectual property dispute response, high-value patent cultivation, application of patent data in enterprise innovation, etc., aiming at cultivating interdisciplinary talents in intellectual property and advancing the healthy development of the market.



Seminar on standardisation of intellectual property rights

# IV. Green Production

Haitian International attaches great importance to the harmonious development of enterprise and environment, and fully understands the environmental impact of our business. We serve as a contributor and leader in green production by continuously improving the environmental management system, actively promoting innovation in clean technologies, fully implementing energy conservation and emission reduction measures, and following the path of green development.<sup>1</sup>

## 1. Implementation of Green Management

Abiding by the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國大氣污染防治法》), the *Water Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國水污染防治法》), the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* (《中華人民共和國固體廢物污染環境防治法》), the *Law of the People's Republic of China on Energy Conservation* (《中華人民共和國節約能源法》) and relevant laws and regulations, the Group has developed a series of systems and procedures, such as the *Control Procedures for Identification and Evaluation of Environmental Factors* (《環境因素識別與評價控制程序》), the *Operational Planning and Control Procedures for Environmental Processes* (《環境過程運行策劃和控制程序》) and the *Provisions on Graded Responsibility for Handling Accidents Concerning Safety and Environmental Protection* (《安全環保事故分級當責處理規定》). The Group has a well-developed environmental management system to guide us to tighten emission control, make rational use of resources and promote ecological conservation in the whole process of production, service and administrative management. Our environmental management system is ISO 14001 certified; we kept qualified for ISO 14001 standard through annual review by the third-party professional organisations in the past consecutive three years.



ISO 14001 Certificate

<sup>1</sup> The contents set out in Section 1, 3, 4 and 5 of this Chapter are applicable to the Group's plants in Ningbo.

## IV. Green Production

The Environmental Protection Department of the Group is responsible for identifying and evaluating environmental factors, supervising the environmental performance of all plants and functional departments, setting environmental targets and assessing the achievement of the objectives of each department, organising trainings on environmental protection and providing relevant technical support. Each plant and functional department are equipped with dedicated safety and environmental protection personnel, responsible for checking the department's environmental performance and promoting the rectification of unqualified projects. In daily operation, all departments should ensure the normal operation of environmental protection facilities, make operation records, check and maintain related equipment on a regular basis and repair related equipment in a timely manner.

In addition to internal audits and assessments, the Group also engages third-party independent institutions to conduct annual environmental impact audits of all locations of operations; annual compliance audits are conducted, for all locations of operations, with reference to the ISO 14001 environmental management system and relevant laws, regulations and standards, covering factors including emissions of waste gas, waste water, toxic substances and waste. During the reporting period, the Group did not violate any environmental laws and regulations or receive any penalties from regulatory authorities.

Also, we highly value the cultivation of environmental awareness among employees, so we closely follow the call of "Zero-Waste City" put forward by the Zhejiang Provincial Government, conduct publicity campaigns in the headquarters operation area and arrange trainings to disseminate knowledge about environmental protection at regular intervals. During the reporting period, we organised approximately 500-hour trainings on environmental protection for employees, where we popularised environmental laws and regulations and offered practical courses on sewage treatment, enabling our employees to understand our environmental management system. Besides, according to the environmental regulatory requirements in the industry, we actively communicated with external enterprises and cooperated with them to carry out around 60-hour trainings.

During the reporting period, the Group carried out several environmental improvement projects at the production sites, aiming at reducing impacts on the environment and protecting employee health, among which the Dagang Plant (10th branch) was a typical case of such projects. For details, please refer to the "Case: Implementation of 6S management principles – Intelligent manufacturing workshop of Dagang Plant (10th branch)" in Section 4 of Chapter 5 in the Report.



Environmental protection promotion (top) Training on environmental protection (bottom left) Hands-on training (bottom right)

## IV. Green Production

- **Environmental Target**

During the reporting period, in order to continuously strengthen energy management in production and operation, reduce pollutant emissions and maximise economic benefits with minimal environmental impact, we set environmental targets\* for 2022/2025, including:

Target in 2022	Target in 2025
A year-on-year decrease by 2% in carbon emissions/output per RMB10,000 production value	A decrease by 7.5% in carbon emissions/output per RMB10,000 production value, on basis of 2021
A year-on-year decrease by 2% in energy consumption/output per RMB10,000 production value	A decrease by 7.5% in energy consumption/output per RMB10,000 production value, on basis of 2021
A year-on-year decrease by 2% in total hazardous wastes	A decrease by 7.5% in total hazardous wastes, on basis of 2021

\* *The fiscal year 2021 is regarded as the base year. The above-mentioned environmental targets cover the Group's plants in Ningbo whose production value accounts for more than 85% of the Group; excluding the Wuxi Plant, South China Plant (under construction), and overseas plants.*

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

### 2. Clean Technology Innovation

We attach greater importance to the development of clean technology. As early as ten years ago, we made a revolutionary breakthrough in the hydraulic servo driving system of servo energy-saving PIMMs, saving up to 60% energy compared with that of ordinary hydraulic PIMMs. In response to the national strategy of "carbon peak in 2030 and carbon neutrality in 2060", as well as to the increasing market demands for environment-friendly products, we set target to continuously explore opportunities in the upstream and downstream industries to further strengthen clean technology investment, research and application, launch PIMMs specialised in degradable plastics, and speed up the innovation of next-generation models that are more energy-efficient, leading the industry toward a greener and cleaner future while achieving sustainable corporate development.

## IV. Green Production

During the reporting period, our JU and MA series PIMMs were listed in the *National Catalogue for the Recommendation on Industrial Energy-Saving Technology and Equipment* (《國家工業節能技術裝備推薦目錄》), and our VE, ZE and JE series PIMMs were certified as the “Key Energy-Saving Products for Promotion in Ningbo”. Revenue from the above-mentioned products accounted for approximately 95% of the total revenue.

- **Low-Carbon Product Supplier**

As we have been sticking to the sustainable development strategy, and developing energy-saving and consumption-reducing technology to reduce the energy consumption of our products, we were certified as the “Low-Carbon Product Supplier” by the China Electronic Energy Saving Technology Association in 2021. Our MA, JU, VE, ZE and JE series PIMMs have been certified as the “Key Energy-Saving Products for Promotion in Ningbo”. Among them, our MA and VE series PIMMs have received the national carbon label certification, making us the first batch of domestic injection moulding equipment enterprises to obtain the “carbon label”. Three-phase REPMSMs, listed in the national “Energy-Saving Products for Public-Interest Project” – the Catalogue for the Promotion of High-Efficiency Motors, are applied to all our products, saving an average of 50% energy compared with that of traditional asynchronous motors.

In addition, we, as a responsible industry leader to build an efficient, energy-saving and low-carbon green manufacturing system, were designated as the drafter by the China Plastics Machinery Industry Association to formulate the *Technical Regulation for Carbon Label Evaluation for Rubber and Plastic Injection Moulding Machine* (《橡膠塑料注射成型機碳標籤評價技術規範》). And we, as the president of the association, actively drive the formulation of relevant national standards.



Low-carbon Product Supplier Certificate

## IV. Green Production

- **Project Planning**

### Project I: PIMM Intelligent Water Drainage Project

In the process of producing PIMMs, moulds need to be constantly watered to meet the temperature requirements. In the traditional production process, recycling water or thermostated water is used, with water temperature unvaried with the process demands, resulting in overheating or temperature imbalance of the mould cavity, and wasting much energy. This project aims to develop a piece of intelligent water drainage unit control software to monitor and control the flow of different branches of the mould waterway system in real time. Based on the demands of the moulding process, the water temperature of the waterway system can be accurately controlled to reduce energy consumption.

### Project II: PIMM Intelligent Lubrication Project

As the moving parts in PIMMs are subject to complex and drastically dynamic loads during operation, the intermittent lubrication is required to sustain the useful life of the parts. Under different temperatures, different parts, due to different operating frequency and stress, vary in lubrication demands accordingly. The traditional automatic lubrication system, in lack of flexibility, usually overlubricates, leading to a waste and leakage of lubricating oil. This project aims to develop a piece of predictive lubrication maintenance and control software based on the overall operating condition of PIMMs, so that each moving part can be lubricated in an appropriate manner, saving lubricating oil and minimising the environmental pollution and product pollution.

### Project III: PIMM Intelligent Heating Project

For the electric heating device of traditional PIMMs, heat is conducted through the mica or ceramic structure with low heat utilisation, hysteresis, and poor heat preservation. This project aims to develop an efficient electric heating device, which transfers heat to the barrel through radiation, and connects with the barrel through the metal structure with better thermal conductivity for further heat conduction. The new electric heating device is covered with thermal insulation material to avoid heat loss. With an intelligent electric heating control program, the device is able to dynamically adjust the power output, and supplement electric heating with heat from the plasticising and shearing processes for the efficient utilisation of electric heating.

### Project IV: PIMMs Specialised in Degradable Plastics

In addition to the iterative upgrade of the major platform technology, we will continue to build customized machines for various industries based on market demands, such as high-speed packaging machines, customized machines for the segments in the medical sector, customized machines for optical application, and PIMMs specialised in mouldable pure degradable plastics. Particularly, a PIMM specialised in PLA degradable plastics is expected to be unveiled at the International Exhibition for the Plastics and Rubber in Dusseldorf, Germany in October 2022. This machine also represents the first domestic PIMM that can produce products with pure degradable plastics.



## IV. Green Production

### 3. Strict Control over Discharge and Emissions

- Waste Discharge

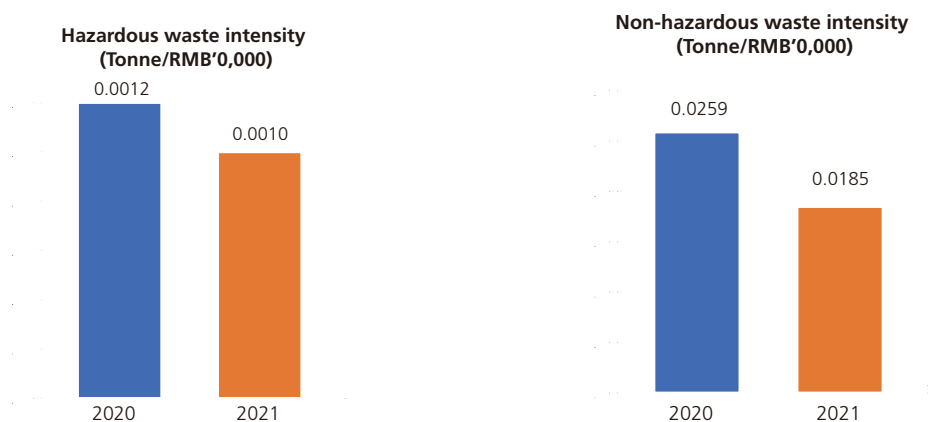
In strict accordance with the laws and regulations on waste discharge management and the Procedures for the *Control over Solid Waste Discharge* (《固體廢物排放控制程序》), we collect, sort and temporarily store wastes. Among our wastes, hazardous wastes mainly include sludge, waste emulsified mixture, paint residue, waste mineral oil, oily wastes, waste oil barrel, waste hydrochloric acid, waste carbon-based catalyst and waste filters, which will be handled by qualified contractors for harmless disposal. Non-hazardous wastes include packaging materials, metal scraps and other domestic garbage, among which, recyclable solid wastes will be handled by waste recyclers, and other domestic garbage will be regularly handled by the sanitation department.

We encourage all plants and functional departments to reduce the wastes at source, actively explore solutions for waste recycling, and formulate plans for waste reduction, recycling and harmless disposal.

All plants in Ningbo have adopted cutting fluid purification devices to regularly purify waste cutting fluid, improve the utilisation of cutting fluid, and reduce waste cutting fluid. During the reporting period, all plants in Ningbo disposed 374.46 tonnes of waste cutting fluid, down 10.78% from 2019.



Cutting fluid purification device



Note: The data only covers the plants in Ningbo, excluding the Wuxi Plant, South China Plant (under construction), and overseas plants; the intensity is calculated by the output per RMB10,000 production value.

## IV. Green Production

- **Waste Gas Emissions**

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

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

### Transformation of Oil-Based Paint into Water-Based Paint

In response to the national policy for the prevention and control of increasingly serious VOCs pollution, during the reporting period, we piloted the transformation of oil-based paint into water-based paint in the plants located in Ningbo, where we replaced traditional oil-based paint with water-based paint with lower VOCs in the painting process. We expect to complete the transformation of oil-based paint into water-based paint across all the plants in 2022. As at 31 December 2021, all plants in Ningbo have replaced approximately 10% oil-based paint with water-based paint, while keeping the normal operation of the original waste gas treatment facilities, ensuring the waste gas collection ratio is no less than 90% and the pollutant removal ratio is no less than 80%.



## IV. Green Production

- Waste Water Discharge

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



Rooftop treatment tank of the waste water treatment station (left), and waste water treatment and reuse control system (right)

## 4. Energy Management

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

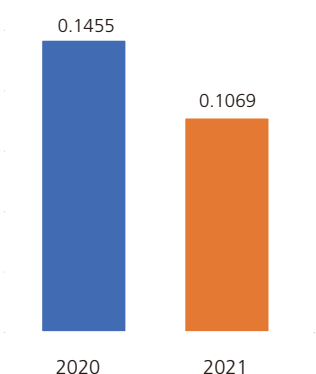
The Plastics Machinery Management Centre of the Group ("Plastics Machinery Centre") is responsible for the statistics and analysis of energy consumption, and for the formulation of annual energy control indicators and energy reduction targets. The Environmental Protection Department is responsible for regularly supervising, inspecting and assessing the energy consumption of all functional departments and plants. Each department is responsible for the energy control and management in production, and for collecting energy consumption data as required, reporting to the Plastics Machinery Centre, and satisfying energy assessment indicators.

## IV. Green Production

- Energy-Saving Measures

- When purchasing equipment, the Equipment Management Department, taking into account the energy consumption of equipment, prefers energy-saving equipment, and rules out equipment listed in the national list of obsolete equipment;
- Haitian Road Plant has replaced all inductive fluorescent lights and metal halide lamps with LED lights, saving power more than 60%;
- We have replaced high-energy-consuming piston air compressors with screw air compressors which can automatically adjust air demands through the frequency converter, improving the energy efficiency by 30%;
- We have gradually replaced diesel forklifts with electric forklifts. Since 2017, electric forklifts account for 90% of the newly purchased forklifts.

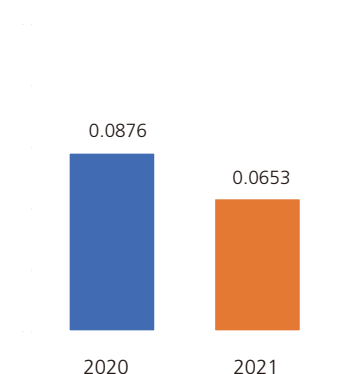
**Energy consumption intensity  
(MWh/RMB'0,000)**



Note 1: The data only covers the plants in Ningbo, excluding the Wuxi Plant, South China Plant (under construction), and overseas plants; the intensity is calculated by the output per RMB10,000 production value.

Note 2: Energy consumption represents the direct energy consumption from the use of gasoline and natural gas, and the indirect energy consumption from the purchased electricity and heating, which is presented in megawatt hours (one thousand kilowatt hours).

**Greenhouse gas emission intensity  
(tCO<sub>2</sub>e/RMB'0,000)**



Note 1: The data only covers the plants in Ningbo, excluding the Wuxi Plant, South China Plant (under construction), and overseas plants; the intensity is calculated by the output per RMB10,000 production value.

Note 2: GHG emissions are mainly from the use of gasoline and natural gas during the production (Scope 1), and from the purchased electricity and steam (Scope 2). GHG emissions are presented as CO<sub>2</sub>e, with the calculation method and conversion factors in line with the Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Other Industrial Enterprises (《工業其他行業企業溫室氣體排放核算方法與報告指南》) issued by the National Development and Reform Commission.

## IV. Green Production

### 5. Water Management

We highlight the rational use of water resources in production and daily operations. The water we use comes from municipal water supply, which is mainly used for surface treatment of parts in production, including painting, powdering, cleaning, and for domestic water in offices and dormitories.

We will take into account the water conservation and water pollution prevention when formulating a plan for the production process, give priority to the mature and water-saving technology and environment-friendly products, and reasonably plan the best pipeline network for water supply based on production demands. We install precise water metres at each water consumption point to control the water consumption in real time. All plants and functional departments regularly inspect water consumption equipment and water supply systems to ensure normal operation. Meanwhile, we actively carry out water-saving publicity campaigns to employees, and encourage all departments to take measures to enhance the water recycling and the reuse of reclaimed water.

- **Water-saving Measures**

<b>Case: Reclaimed water reuse facility</b>
Our waste water treatment station is equipped with the reclaimed water reuse facility. In 2021, the condensate reuse water amounted to 12,829 tonnes.

<b>Case: Closed circulating cooling water tower</b>
We transformed the open cooling water tower into a closed cooling water tower to recycle the cooling medium in a fully enclosed manner, preventing impurities from entering into the cooling pipeline system, reducing the evaporation loss of the cooling medium, and improving the cooling efficiency.




## IV. Green Production

### 6. Climate Change

Climate change has become one of major challenges for the development of human society. We have established a GHG Control Leading Group, with the President of the Group as the leader, the department heads as the deputy leaders, and persons in charge of the Environmental Protection Department, the Production and Operation Control Office, the Infrastructure Department, the Equipment Management and Maintenance Department, and the plants as members.

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



## V. Employees' Rights and Interests

We regard our employees as the most valuable assets of the Group. Adhering to "people-oriented" management philosophy, we are committed to creating a working environment of harmonious development, practicality, creativity, solidarity and progress. In addition, insisting on the values of "pragmatism, pioneer, innovation and persistence", we gradually transform from "human-based system" into "institutionalized human-centric management".

### 1. Legal Employment

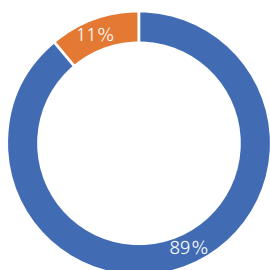
In strict accordance with the *Labour Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》) and other relevant laws and regulations, we have formulated the *Employee Manual* (《員工手冊》) and other rules and regulations on employee benefits, career development, employee training, production safety, occupational health etc., to protect the legitimate rights and interests of employees in an all-round manner.

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

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

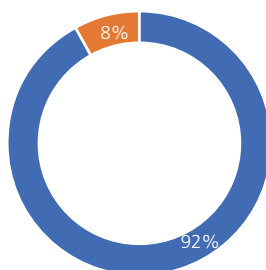
As at 31 December 2021, the total workforce of the Group was 7,301, including 4 employees with disabilities and 619 overseas employees. During the reporting period, the Group was not subject to any legal procedures due to the violation of labour practices.

Total workforce by gender



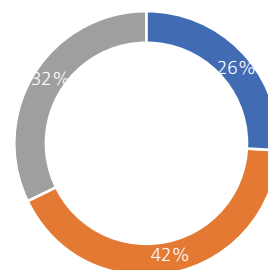
■ Male ■ Female

Total workforce by geographical region



■ Domestic ■ Overseas

Total workforce by age



■ Age < 30 ■ Age between 30 and 40 ■ Age > 40

## V. Employees' Rights and Interests

### 2. Remuneration and Benefits

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

We have established an employee stock ownership plan, covering the mid-level and senior management, core technicians, and other key staffs. The number of people covered by this plan will be expanded in the future as appropriate, in order to motivate and retain high-quality talents and core employees, and achieve a win-win situation in terms of employee accomplishments and corporate development.

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

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

#### Case: Employee apartments

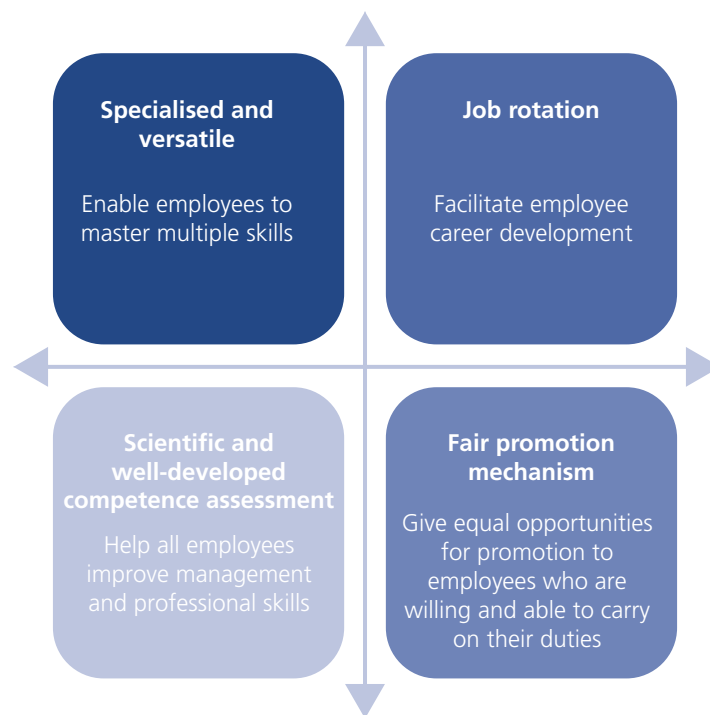
Adhering to the "people-oriented" idea in corporate governance, we are committed to making our employees live and work in peace and contentment. Since 1998, we have been building talent apartments and public rental housing. In the early years, we built Haitian Village I, II, III and VI (in Wuxi) as talent apartments for internal purchase. After that, we, in active response to the government policies, promoted the construction of public rental housing to solve the housing problems of our employees. Haitian Village III, V, VII (in Dalian) and VIII, as the public rental housing, provided more than 2,000 housing units for our employees, solving the difficulties of young employees who could not afford purchase of housing for the time being. Not only do we solve the housing problem of our employees and provide them with dormitories, but we also reduce their living costs, so that every employee can fully improve their life quality and thoroughly embrace happiness while fulfilling their duty. As of 31 December 2021, we provided nearly 5,500 units of welfare housing for our employees.



## V. Employees' Rights and Interests

### 3. Development and Training

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



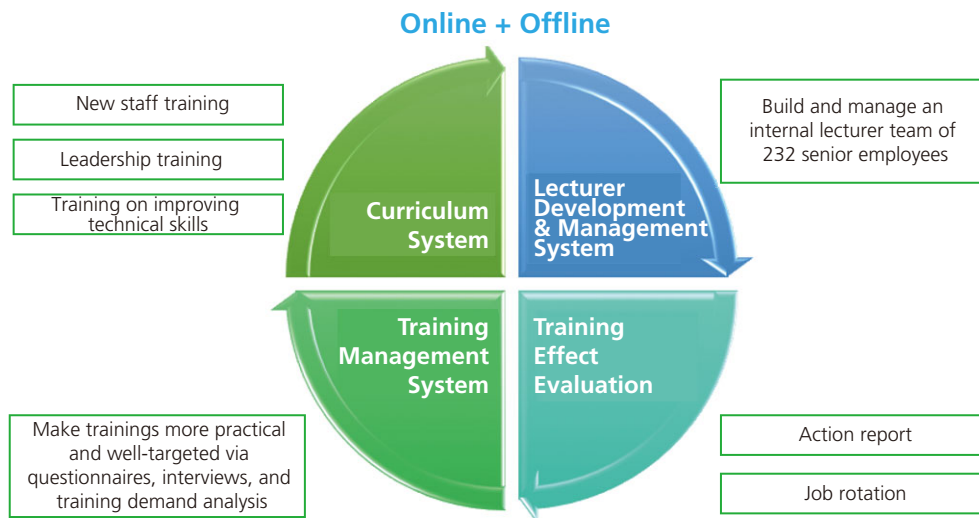
*Haitian International Career Development Mechanism*

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

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

## V. Employees' Rights and Interests

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



*Haitian International Four Major Training Systems*

In addition, we have launched numerous programmes to cultivate talents at different levels, such as the Spring Buds Programme, the Eyas Programme, the Eagle Programme, the Flying Programme, the Pilot Programme, and the Class for the Young and the Middle-aged. We, on an annual basis, carry out all-round and systematic training on thought and leadership, etc. for these talents, and conduct team building at regular intervals to improve the employee quality and align with the corporate development. During the reporting period, we conducted a total of 1,276 internal trainings and 136 trainings with external lecturers, covering all the employees.

### Case: Upgrade of employee educational background

We joined hands with colleges and universities, such as Beijing University of Chemical Technology and Tongji University, to launch the “Master of Engineering Programme”, with tuition fee borne in full by the Group to cultivate high-level Master of Engineering. During the reporting period, we and NingboTech University jointly rolled out the “Haitian Engineers Programme”. The programme targets for the cultivation of engineers where students’ graduation projects are guided by corporate mentors during their internship. We cooperated with higher vocational colleges such as Ningbo Polytechnic to launch the “Haitian Academy” to cultivate highly-skilled application-oriented talents. As of 31 December 2021, a total of over 500 college/university students were involved in our enterprise-oriented talent cultivation and 256 employees had received higher degree.





## V. Employees' Rights and Interests

### Case: "Cloud Classroom" online learning platform

During the reporting period, we built the "Cloud Classroom" online learning platform to create a new learning ecology featuring the integration of online and offline channels, meet diverse learning needs of new employees, and cultivate a learning culture in the company. The platform covers 9 main categories and more than 40 sub-categories of courses, offering more than 800 courses. We encourage employees to make joint contributions to micro classes to enrich the content of the platform, and employees are entitled to our various incentive policies for course development.

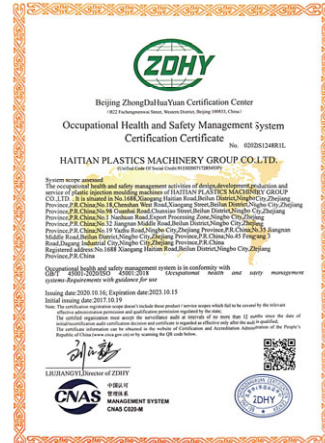


## 4. Health and Safety

With the occupational health and safety of employees as our top priority, we have kept strict compliance with the *Work Safety Law of the People's Republic of China* (《中華人民共和國安全生產法》), the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》) and other laws and regulations, and have formulated and adopted the *General Rules and Regulations for Work Safety* (《安全生產規章制度總則》), the *Rules and Regulations for Occupational Safety and Health* (《職業安全健康規章制度》), the *Emergency Response Plan* (《應急救援預案》) and other safety management related policies in accordance with relevant laws and regulations. In addition, keeping in mind the "all-staff, whole-process, all-round and all-day" safety management principle, we have spared no efforts to protect the health and safety of employees on all fronts. We have also established an organisational structure for work safety management, under which management and employees at each level clearly understand their safety ranks and responsibilities and strictly perform their duties in compliance with relevant work safety policies.

## V. Employees' Rights and Interests

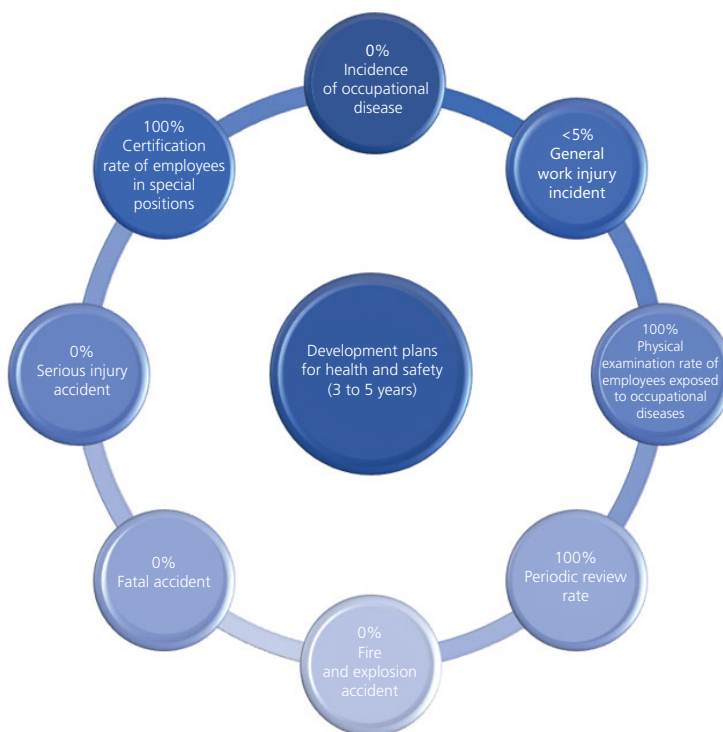
Since 2017, the Group has adopted the OHSAS18001 occupation health and safety management system and obtained the certificate. In 2020, the Group changed the system to ISO45001.



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

## V. Employees' Rights and Interests

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



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

We practice the principle of “safety first, prevention beforehand, comprehensive management” and “safety management going hand in hand with production management”. In order to enhance our ability of accident prevention and pre-control, and avoid industrial accidents, we have formulated the *Management System for “Five Principles of Simultaneity” in Production Safety* (《安全生產「五同時」管理制度》). In other words, efforts to plan, arrange, inspect, conclude and evaluate production are also needed for safety in the same way. In addition, we have adopted 6S management principles on all fronts so as to effectively manage production factors in production areas such as people, machinery, materials, methods and environment. During the reporting period, to enhance our health and safety management level on an ongoing basis, we continued to increase investment in health and safety, and strengthen the deployment and establishment of safety teams. To be specific, we newly recruited 3 nationally certified safety engineers, and we currently have 81 full-time or part-time safety management personnel and 69 certified Red Cross rescuers in service. Moreover, we set up a micro fire station equipped with 20 volunteer fire fighters, and launched the safety hazard detection and management system. During the reporting period, we reported 3,267 lost working days due to work-related injuries. In the past three years, we reported zero work-related fatality.

## V. Employees' Rights and Interests

### **Case: Implementation of 6S management principles – Intelligent manufacturing workshop of Dagang Plant (10th branch)**

To enhance our occupational health and safety and environmental management level, and improve employees' daily working environment, we have implemented the 6S management principles and transformed the intelligent manufacturing workshop of Dagang Plant as a pilot, achievements made from which are reflected in the following aspects:

1. Reduced the risk of work-related injuries and pollution discharges

Transformation of intelligent manufacturing workshop improved the production automation and reduced the number of workers in such position. For example, handling materials by AGV trolley could reduce the damage of objects on personnel. It also avoided the risk of work-related injuries for employees from manual processing.

Replacing traditional oil-based paints and organic cleaning agents with water-based paints and water-based cleaning agents reduced the use of hazardous chemicals and the risk of work-related injuries caused by fires due to hazardous chemicals, and greatly reduced organic pollutant emissions, thus realising intrinsic safety and green production from the source.

2. Reduced occupational hazard factors and improved pollutant collection efficiency

In regard to the transformation of the intelligent painting line, it was supported with a complete set of paint supply, deployment, pumping system and painting robot, enabling a full automation in coating, mixing and spraying, which mitigated the disordered leakage of volatile organic pollutants and reduced the frequency of employees' exposure to pollutants; and the replacement of oil-based paints with low-toxicity water-based paints largely reduced the occupational health hazards exposed to employees.

3. Reduced the risk of exposure to occupational health hazards and improved the cleaning level of process equipment

As for the transformation of the automatic phosphating line, it was fully enclosed and equipped with waste gas gathering and disposal devices for centralized deployment of the tank liquids. It was also designed with automatic dosing function to avoid staff's direct exposure to the phosphating chemicals on the line and reduced the impact of oil removal and phosphating exhaust emissions on employees and the environment.

4. Improved the production environment and promoted the construction of clean production

To meet domestic and international high standards for clean production, we rearranged and re-planned our production workshops, which made logistics, flow of people, and gathering and disposal of "three wastes" more reasonable, creating a good working environment for employees while improving production efficiency and achieving a substantial improvement in safety and environmental protection for hardware condition.



## V. Employees' Rights and Interests

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

### Case: Fire drill in the headquarters

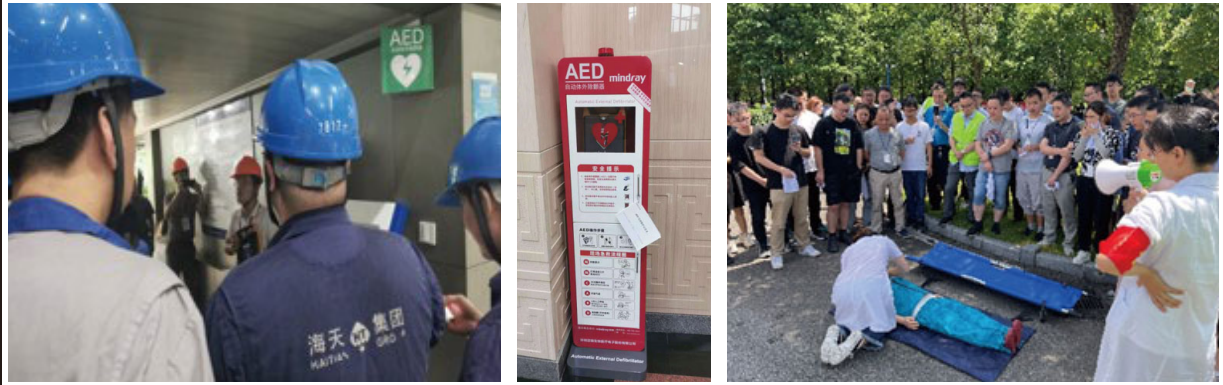
To help employees build an awareness that surviving is the top priority in the event of fire accidents, master evacuation and escape skills and procedures and methods for personnel counting, and improve their capability of helping themselves and others, we organised a fire drill in the headquarters during the reporting period, with about 600 participants. All participants were expected to respond quickly and effectively, make clear of their duties and get familiar with evacuation routes and means of escape through the drill. The drill covered emergency escape, rescue of trapped personnel, firefighting practice, emergency medical aid, etc.



## V. Employees' Rights and Interests

### Case: On-site AED installation and training

For the purpose of securing the life, health and safety of employees and improving our emergency rescue ability, during the reporting period, we equipped a total of 55 AEDs in all plants and workshops and gave on-site trainings to guide employees to learn how to properly operate and use AEDs.



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

## V. Employees' Rights and Interests

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



*Detection Report on Occupational Hazard Factors*

Safety training is of great importance to a safe working environment and employees' occupational health. Therefore, we organise health and safety training in a planned way to explain our corporate policies to employees and improve their awareness of occupational health and safety. During the reporting period, we formulated the "Safety College Plan" and carried out safety training in each plant, requiring that all employees must be present. The training is given in classroom by multimedia, covering regular training, occupational health and hygiene training, fire safety training and transportation safety training designated with different focuses according to the production process and actual situation, followed by assessments. We also stipulate that employees engaged in special operation shall receive special safety training before setting out to work.



*"Safety College Plan" Training*

## V. Employees' Rights and Interests

Since 2018, we have organised safety and environmental protection knowledge contests every year to improve employees' safety knowledge and the overall corporate safety management.



Safety and Environmental Protection Knowledge Contest

### 5. Staff Care

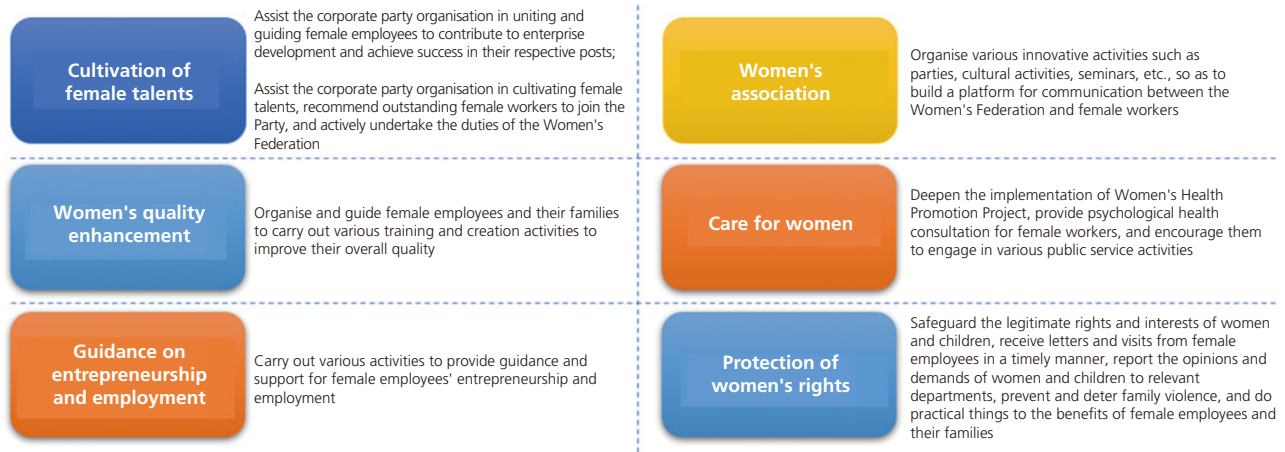
We maintain smooth communication and close contact with our employees. We have established various communication channels according to the *Employee Complaint Management System* (《員工申訴管理制度》) to help employees solve practical difficulties in a timely manner. During the reporting period, the labour union set up a "Staff Voice" studio for all employees and developed the "Staff Voice" Studio System (《「職工說事」工作室制度》) to further improve the system for the expression and coordination of employees' demands. In the "Staff Voice" studio, employees may talk about and express their demands, labour relations, mental needs and good suggestions for the Group's development. Employees may speak out through on-site channels such as "face-to-face communication", as well as online channels such as email ("Online Voice" email: [ghw@mail.haitian.com](mailto:ghw@mail.haitian.com)), hotline and WeChat groups.

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



## V. Employees' Rights and Interests

We are committed to protecting the rights and interests of female employees. To this end, we set up a women's association at the group level to earnestly perform our duties of organising, guiding, serving and safeguarding the legitimate rights and interests of female employees.



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

### Case: Warm and clean baby care room

For the convenience of lactating and expectant female employees, we set up a baby care room to protect their privacy.



## V. Employees' Rights and Interests

### Case: Enrich leisure activities for female employees

To enrich the leisure life of female employees, improve their overall quality, empower the new generations of modern women, and further promote the craftsman spirit of "proficiency in work, craftsmanship in mind, and quality in action", we launched the "Chinese Flower Arrangement Training at Colourful Craftsman School" activity, which enriched the interests of female employees, strengthened their communication and connections, and improved our employee cohesion.



We attach great importance to employees' physical and mental health, and provide free health check-ups and psychological assistance programmes for all employees every year.

### Case: Psychological assistance programmes

During the reporting period, we introduced psychological assistance programmes. We invited domestic senior psychological consultants to provide on-site psychological group assistances, aiming to inspire employees to know and care for themselves psychologically, guide them to maintain harmonious interpersonal relationships and carry forward the traditional virtues of loving each other and being kind in family to work together for a better family life.



To help employees find a balance between work and life, we have actively organised various team building, cultural and sports activities, and have established various clubs including the yoga club, the calligraphy class, the wind band, etc.

### Case: Warmth in winter, care for staff

To further show our care for our non-local employees in Ningbo and play our part as their "intimate friends", we visited employees who stayed in Ningbo during the Spring Festival, and extended festival gifts to them for their unremitting contributions.



## VI. Public Welfare

To make contributions to society, we actively fulfil our social responsibilities and support charity with our advantages and resources. We set up Zhejiang Haitian Charity Foundation in 2013 and keep it operating ever since. The foundation makes donations and carries out public welfare projects every year to help vulnerable groups such as the poor, uneducated children, orphans, widows, the sick and the disabled, as well as employees in difficulty. Zhejiang Haitian Charity Foundation was rated as a "4A" Chinese social organisation by Zhejiang Civil Affairs Bureau, strongly proving that we attach great importance to making contributions to society and we have achieved fruitful results in fulfilling social responsibilities. The certificate is shown below.



Zhejiang Haitian Charity Foundation was rated as an AAAA Social Organisation



Haitian Plastics Machinery Group Co., Ltd. was evaluated as "excellent" in taking corporate social responsibilities in Ningbo

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

## VI. Public Welfare

- Promoting Youth Education

### Case: Endeavour Scholarships for Colleges and Universities

During the reporting period, we cooperated with 9 higher vocational colleges in and outside Zhejiang Province to provide scholarship assistance for students from poor families, who are well-rounded and excellent in both character and study. In 2021, we invested RMB756,000 in “Endeavour Scholarships for Colleges and Universities”, benefiting more than 200 students.



### Case: Care and assistance for teenagers in Beilun District

In July 2021, we jointed hands with the Women’s Association of Xiaogang Street, Beilun District, Ningbo City, to provide care and support for the growth of teenagers in need of help around Children’s Day. We also provided care and warmth for families with exceptional children.



## VI. Public Welfare

- Supporting Community Cultural and Sport Undertakings

### Establishment of Haitian Culture and Sports Centre

In July 2021, Haitian Culture and Sports Centre opened. The underground construction investments and land costs of the project were provided by the Financial Bureau of Beilun District, Ningbo City, and the remaining funds were donated by Haitian Group. During the reporting period, we donated RMB40 million to Haitian Culture and Sports Centre, with aggregate donation reaching RMB127.7 million for this project. We aimed to build a culture and sports centre integrating functions of physical fitness, leisure and entertainment, hobby training, culture promotion and so on. Haitian Culture and Sports Centre covers about 4.6 hectares. It integrates several sports facilities such as a soccer field, tennis courts, a basketball court, etc. It offers hobby training rooms for yoga, calligraphy, dancing, painting, etc., as well as supporting facilities such as landscape walkways, a leisure plaza, a small performance hall and a cinema. It can greatly meet the needs of the Group's employees and surrounding residents for culture, sports and living, improve the comfort and happiness of nearby residents, and promote the inheritance, development and prosperity of advanced culture at the grass-roots level. The project is an embodiment of the Group's dedication to charity and people's cultural construction, and demonstrates our cultural concept of "love for life, respect for health" and our heart of gold of "promoting public welfare and contributing to hometown".



## VI. Public Welfare

- **Caring for Community Residents**

### Financial aids to poor women with cancer

In March 2021, with the declaration by the village committee and the community, we jointed hands with the Women's Association of Xiaogang Street to express sympathy to poor women with cancer in Beilun District in batches, to help poor women suffering from malignant gynecological tumours and diseases and in need of social assistance to get better treatment and improve their quality of life.



## VI. Public Welfare

- **Assisting Families and Children in Need**

### Assistance to people in need

We continue to help families in need. Upholding the spirit of helping the poor and being benevolent, we helped families in difficulty due to disasters, accidents or serious illness treatment and provided relief to people suffering from particularly serious disease whose family cannot afford medical treatment according to the bailout measures of the foundation. During the reporting period, achievements made in three types of relief projects of the foundation comprised: RMB253,000 for poverty relief, covering 17 families; RMB50,000 for medical assistance; and RMB104,500 for visits.



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

We are dedicated to creating a better environment for the growth of children in need. After consultation with Beilun District Civil Affairs Bureau, we set up a Minors Protection Centre on the 5th floor of Changren Building of Beilun Centre Welfare Home during the reporting period to provide relief services for minors who have no living necessities, stray and beg, suffer from infringement of guardians or have no guardianship temporarily.



## VI. Public Welfare

- **Staff Volunteer Activities**

### **Voluntary blood donation**

Since 2016, we have regularly organised and carried out voluntary blood donations every year. Nearly 1,000 employees have participated in this activity, with donations of more than 300,000 ml, making contributions to the stable supply of medical and clinical blood. We have been an active part in supporting social welfare undertakings for many years and have been entitled the “Caring Employer for Voluntary Blood Donation in Ningbo” for consecutive years. Our employees constantly devote to the society with practical actions.



### **Community convenience services**

We set up a charity volunteer group in 2013. During the reporting period, there were 10 volunteer groups and 96 registered charity volunteers. We provided services for the convenience of people in surrounding villages and communities during weekends and holidays, including repairing household appliances, sticking cell phone screen protectors, providing public support, etc., with a total of more than 1,000 hours contributed to volunteer services.





## VI. Public Welfare

- Upholding the Tradition of Charitable Activities

### Haitian Charity Day

As of 31 December 2021, we held 11 “Haitian Charity Day” activities in a row, aiming to provide a variety of community services for the convenience of residents. Our employees provided services to community residents, such as photographing, hairdressing, measuring blood pressure and blood glucose, as well as repairing household appliances, bicycles and electric bikes, and held activities such as donating clothes, shoes and books, providing public support, making handmade reusable bags and promoting garbage sorting knowledge, serving more than 1,000 people in total.



# ESG Reporting Guide Index

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



## ESG Reporting Guide Index

Topic	Disclosures	Location in report
<b>Aspect A2</b>	<b>Use of Resources</b>	
<b>General Disclosure</b>	Policies on the efficient use of resources, including energy, water and other raw materials	Green Production – Implementation of Green Management/Energy Management/Water Management
<b>A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Green Production – Energy Management, ESG Performance Data
<b>A2.2</b>	Total water consumption and intensity (e.g. per unit of production volume, per facility)	Green Production – Water Management, ESG Performance Data
<b>A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them	Green Production – Implementation of Green Management
<b>A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Green Production – Implementation of Green Management
<b>A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable, because the Group's main business is not resource intensive for packaging materials
<b>Aspect A3</b>	<b>Environment and Natural Resources</b>	
<b>General Disclosure</b>	Policies on minimising the issuer's significant impacts on the environment and natural resources	Green Production – Implementation of Green Management
<b>A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Not applicable, because the Group's activities have no significant impact on the environment
<b>Aspect A4</b>	<b>Climate Change</b>	
<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Green Production – Implementation of Green Management
<b>A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Green Production – Climate Change

## ESG Reporting Guide Index

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



## ESG Reporting Guide Index

Topic	Disclosures	Location in report
<b>Aspect B3</b>	<b>Development and Training</b>	
<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employees' Rights and Interests – Training and development
<b>B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	ESG Performance Data
<b>B3.2</b>	The average training hours completed per employee by gender and employee category	ESG Performance Data
<b>Aspect B4</b>	<b>Labour Standards</b>	
<b>General Disclosure</b>	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> relating to preventing child and forced labour.	Employees' Rights and Interests – Legal Employment
<b>B4.1</b>	Description of measures to review employment practices to avoid child and forced labour	Employees' Rights and Interests – Legal Employment
<b>B4.2</b>	Description of steps taken to eliminate such practices when discovered	Employees' Rights and Interests – Legal Employment
<b>Aspect B5</b>	<b>Supply Chain Management</b>	
<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain	Responsible Production – Supply Chain Management
<b>B5.1</b>	Number of suppliers by geographical region	ESG Performance Data
<b>B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Responsible Production – Supply Chain Management, ESG Performance Data
<b>B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Responsible Production – Supply Chain Management
<b>B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Responsible Production – Supply Chain Management

## ESG Reporting Guide Index

Topic	Disclosures	Location in report
<b>Aspect B6</b>	<b>Product Responsibility</b>	
<b>General Disclosure</b>	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	Responsible Production
<b>B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Responsible Production – Product Quality and Safety
<b>B6.2</b>	Number of products and services related complaints received and how they are dealt with	Responsible Production – Quality Service
<b>B6.3</b>	Description of practices relating to observing and protecting intellectual property rights	Responsible Production – Intellectual Property Protection
<b>B6.4</b>	Description of quality assurance process and recall procedures	Responsible Production – Product Quality and Safety
<b>B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Responsible Governance – Business Information Security
<b>Aspect B7</b>	<b>Anti-corruption</b>	
<b>General Disclosure</b>	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> <p>relating to bribery, extortion, fraud and money laundering.</p>	Responsible Governance – Business Ethics
<b>B7.1</b>	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	Responsible Governance – Business Ethics
<b>B7.2</b>	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Responsible Governance – Business Ethics
<b>B7.3</b>	Description of anti-corruption training provided to directors and staff	Responsible Governance – Business Ethics
<b>Aspect B8</b>	<b>Community Investment</b>	
<b>General Disclosure</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Public Welfare
<b>B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Public Welfare
<b>B8.2</b>	Resources contributed (e.g. money or time) to the focus area	Public Welfare



# ESG Performance Data

## Environment<sup>1</sup>

Emissions <sup>2</sup>	Unit	FY 2021	FY 2020
Direct greenhouse gas emissions	tCO <sub>2</sub> e	4,012.01	4,180.41
Indirect greenhouse gas emissions	tCO <sub>2</sub> e	100,611.93	99,256.86
Total greenhouse gas emissions	tCO <sub>2</sub> e	104,623.95	103,389.38
Greenhouse gas emission intensity	tCO <sub>2</sub> e/Output per RMB10,000 production value	0.0653	0.0876
NO <sub>x</sub>	kg	956.97	2,410.51
So <sub>x</sub>	kg	254.73	222.51
PMs	kg	2,886.48	1,690.42
VOC/Non-methane hydrocarbon	kg	36,738.11	27,442.06
Others (chromic acid mist)	kg	3.07	0.51
Waste water	Tonne	108,750.00	69,055.00
Waste water intensity	Tonne/Output per RMB10,000 production value	0.07	0.06
Waste mineral oil	Tonne	199.12	223.98
Waste emulsified mixture	Tonne	374.46	379.34
Waste carbon-based catalyst	Tonne	24.30	17.28
Waste filter	Tonne	13.61	11.55
Paint residue	Tonne	212.02	109.89
Waste oil barrel	Tonne	105.63	94.02
Sludge	Tonne	491.12	531.18
Oily wastes	Tonne	125.78	46.95
Waste hydrochloric acid	Tonne	57.09	12.56
Others	Tonne	13.10	16.71
Total hazardous wastes	Tonne	1,616.21	1,443.44
Hazardous waste intensity	Tonne/Output per RMB10,000 production value	0.0010	0.0012
Total non-hazardous wastes	Tonne	29,612.14	30,611.85
Non-hazardous waste intensity	Tonne/Output per RMB10,000 production value	0.0185	0.0259

## ESG Performance Data

Use of Resources <sup>2</sup>	Unit	FY 2021	FY 2020
Gasoline	Tonne	666.76	615.40
Natural gas	Cubic metre	301,999.00	205,654.00
Liquefied petroleum gas (LPG)	Tonne	224.35	235.85
Diesel	Tonne	230.29	373.50
Total direct energy consumption	MWh	17,098.40	17,299.12
Purchased electricity	MWh	128,605.94	123,900.91
Steam	Tonne	33,294.54	39,715.00
Total indirect energy consumption	MWh	154,206.07	154,437.72
Total energy consumption	MWh	171,304.48	171,736.84
Energy consumption intensity	MWh/Output per RMB10,000 production value	0.1069	0.1455
Total water consumption	Tonne	338,945.00	490,716.00
Water consumption intensity	Tonne/Output per RMB10,000 production value	0.2116	0.4159

## Society

Employment	Unit	FY 2021
Total workforce	Person	7,301
Male employees	Person	6,531
Female employees	Person	770
Full-time employees	Person	7,301
Part-time employees	Person	/
Under 30 years old	Person	1,923
30 to 40 years old	Person	3,025
Over 40 years old	Person	2,353
Mainland China	Person	6,682
Overseas	Person	619





## ESG Performance Data

Turnover rate	Unit	FY 2021
Male employees	Person	544
Female employees	Person	46
Employees under 30 years old	Person	240
Employees within 30 to 40 years old	Person	247
Employees over 40 years old	Person	103
Mainland China	Person	590
Overseas	Person	0
Total turnover rate	%	7.55
Male employees	%	7.77
Female employees	%	5.67
Employees under 30 years old	%	10.32
Employees within 30 to 40 years old	%	8.25
Employees over 40 years old	%	4.13
Mainland China	%	8.20
Overseas	%	0.00

Health and Safety	Unit	FY 2021
Number of work-related fatalities in the past three years	Person	0
Rate of work-related fatalities in the past three years	%	0
Lost working days	Day	3,267

Proportion of trainees by employee category	Unit	FY 2021
Total number of trainees	Person	7,224
Senior management	Person	42
Middle management	Person	230
Grass-roots employees	Person	6,952
Male trainees	Person	6,458
Female trainees	Person	766
Senior management	%	1
Middle management	%	3
Grass-roots employees	%	96
Male trainees	%	89
Female trainees	%	11

## ESG Performance Data

Average training hours by employee category	Unit	FY 2021
Senior management	Hour	32
Middle management	Hour	52
Grass-roots employees	Hour	6
Male employees	Hour	7
Female employees	Hour	8

Supply Chain Management <sup>3</sup>	Unit	FY 2021
China	/	250
Other countries	/	8
New suppliers under access assessment in the current year	/	13
Suppliers eliminated due to product quality and safety issues	/	0
Suppliers certified by ISO 14001	/	35
Suppliers signing the Letter of Commitment to Integrity	/	70
Suppliers signing the Management Measures for Safety and Environmental Protection	/	186
Suppliers signing the Code of Social Responsibility	/	186

Note 1: Certain year-on-year increases for the current year are related to the significant year-on-year increase in production value which exceeds the expectation from the perspective of the emission control. In the future, the Group will continue to optimise the production process to improve performance.

Note 2: Data on emissions and use of resources only covers the plants in Ningbo, excluding the Wuxi Plant, South China Plant (under construction), and overseas plants; the intensity is calculated by the output per RMB10,000 production value.

Note 3: Data on supply chain management covers the plants in Ningbo, Wuxi Plant and South China Plant (under construction), excluding overseas plants.



# Feedback from Readers

Dear readers:

Thank you for reading our 2021 Environmental, Social and Governance Report (《2021年環境、社會及管治報告》). In order to provide stakeholders with valuable information and improve our ability and performance in fulfilment of social responsibility, we are sincerely expecting your valuable opinions and suggestions.

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

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

Tel (mainland China): 86-574-86182786

Tel (Hong Kong): 852-24282999

Postcode: 315801

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

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

Outstanding       Satisfactory       Unsatisfactory       Poor

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

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

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

Very good       Good       Fair       Poor       Very poor

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

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

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

Yes       Fair       No

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

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