



广东领益智造股份有限公司
LINGYI iTECH (GUANGDONG) COMPANY

Stock Code: 002600

2020

Corporate Social
Responsibility Report



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ABOUT THE REPORT

This report is the first “Corporate Social Responsibility Report” (the “CSR Report”) published by LINGYI iTECH (GUANGDONG) COMPANY (“LY iTECH” or the “Company”, or “we”) to enhance stakeholders’ understanding of the Company’s sustainability strategy and the related management approach by disclosing the environmental, social and governance performance of LY iTECH. The board of directors of the Company has reviewed this report to confirm the accuracy, truthfulness, and completeness of the contents.

REPORTING STANDARD

This report is prepared in accordance with the Core approach of the “Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)”, with reference to the “Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR)” published by the Corporate Social Responsibility Research Centre of the Chinese Academy of Social Sciences (CASS) and taking into account the actual situation of the Company.

REPORTING SCOPE

This report focuses on the disclosure of the Company’s environmental and social performance for the period from 1 January 2020 to 31 December 2020. Unless otherwise specified, the total number of employees and its distribution disclosed in this report covers employees located in both Mainland China and overseas, the environmental and other social data cover all the Company’s manufacturing sites in Mainland China (excluding those acquired in 2020), while the narrative information covers the entire Company.

PUBLICATION FORMAT

This report is published in electronic format and can be downloaded from the official website of LINGYI iTECH (GUANGDONG) COMPANY <http://www.lingyiitech.com>.

FEEDBACK

During the preparation of this report, the GRI reporting principles were applied as far as possible to disclose information related to the concerns of various stakeholders, so as to ensure that this report is balanced, clear and easy to understand. In the future, we will continue to improve the content and disclosure of the report. If you have any questions or suggestions on this report, please feel free to contact the Company through the following channels:

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MESSAGE FROM THE CHAIRMAN

The Company is committed to offering customers “one-stop” smart manufacturing solutions by delivering precision, high-quality and cost-competitive end products. As stakeholders, including institutional investors, customers, employees, government, and regulatory authorities, are becoming more concerned about sustainability, the Company continues to invest resources in the direction of sustainable development covering environmental, social and governance while strategizing its expansion and developing its business. The Company has already widely implemented a series of sustainability management initiatives, including the establishment of a well-defined governance structure, formulating management policies and obtaining international certifications. We have decided to keep improving the transparency of the Company’s performance in environmental, social and governance aspects, and issue the first CSR report of the Company to demonstrate our commitment to the path of sustainable development. In the future, we will take this as the cornerstone to gradually incorporate the environmental and social elements into the corporate decision-making process, and continuously improve the management measures and relevant performance of sustainable development.

FIGHT AGAINST COVID-19

During the reporting period, despite the outbreak of COVID-19, all the employees adhered to the corporate spirit of “self-improvement and mission-bound”, and timely adopted various pandemic prevention measures to cope with the COVID-19 pandemic to ensure stable production. Protecting the health of employees is our top priority. The Company has established the “Pandemic Prevention Committee” under the direct leadership of the Chairman of the Board for the first time, and divided all employees into approximately 4,000 teams for grid management, each of which is responsible for tracking the physical and mental health of each team member. Through the two high-level meeting calls in both morning and afternoon, the management can keep abreast with the pandemic prevention and control policies in various regions timely, and shared and analyzed information such as staff management and production plans to ensure our work is future-proof, well-planned, and effective. As of the end of 2020, there was no confirmed case of COVID-19 among all employees of the Company. In addition to preparing medical supplies such as masks, thermometers, protective clothing and disinfectants through external procurement and self-production, we maintain close communication with customers and partners on a regular basis to ensure smooth and effective information transmission, so that customers, suppliers and other partners can keep abreast with the Company’s resumption of production and work in a timely manner, so as to achieve reasonable resource allocation. During the reporting period, the Company actively donated to the government departments locally, recording a total donation of RMB1,100,000.

INTEGRITY IN OPERATIONS

Anti-corruption is a key task of the Company. The Audit Department handles a major part of the work related to anti-corruption and anti-fraud, which is directly supervised by the Board, and regulates the code of conduct for employees and suppliers by formulating various rules and regulations, including the “Employee Handbook”, the “Internal Audit System” and the “Sunshine Procurement Notification Letter”. During the reporting period, we have decided that in addition to the full-coverage inspection of all subsidiaries, we shall gradually carry out audit on integrity for all departments. The Company has established the “Grievance and Whistle-blowing Management Regulations” to encourage employees to report any illegal or non-compliance behaviours within the Company through various channels. In order to fully protect the legitimate rights and interests of the whistle-blowers and their personal safety, the whistle-blowing policy clearly sets out the confidentiality measures for protection, including full compliance with confidentiality rules and prohibition of leaking any information of the whistle-blowers. Furthermore, the Company promotes a culture of integrity among all employees through induction training for new employees and other channels, strengthens internal anti-fraud awareness and encourages employees to actively use complaint channels. At the same time, we stipulate the relevant requirements in the supply chain and require suppliers to sign the “Supplier Integrity Agreement” and the “Supplier Integrity Statement” to prohibit any inappropriate acts including bribery. At the same time, the “Integrity and Compliance Manual” was jointly issued with the Human Resources Department during the reporting period, and all employees shall be trained.

PROTECTING EMPLOYEES' RIGHTS AND INTERESTS

Talent development is critical to sustainable development of us and protecting employees' rights is the cornerstone of our management philosophy. We are committed to creating an equal and harmonious working environment for all employees, ensuring that every employee is treated fairly in terms of recruitment, remuneration and benefits, training, promotion, punishment and dismissal, and to give full play to their strengths in their respective positions. During the reporting period, the Company updated the "Management Rules on Prohibition of Discrimination", which defines fair and reasonable job opportunities determined by an individual's work ability and need, and applies to all employees within the Company. In addition, the Company has updated the "Management Measures on the Labor Protection of Female Employees", aiming to protect the legitimate rights and interests of female employees at work and respect the physical and mental characteristics of them. The Company adheres to the principle of "openness, fairness and justice" to attract and retain talents. It not only regulates the recruitment process and improves the talent selection mechanism, but also adheres to the principle of "voluntary employment" and prohibiting forced labor. We provide highly competitive remuneration and benefits to attract talents. Company also formulated and promulgated the "Salary Management Standards" to further optimize the remuneration system.

PROHIBITION OF CONFLICT MINERALS

We understand that apart from our own environmental impact, our operations also have an impact along the entire production chain. In order to maintain a mutually beneficial and win-win cooperation with suppliers, we not only guarantee the quality and compliance of raw materials, but also sign a number of agreements with suppliers, including commitments to business ethics, green products and prohibition of conflict minerals and hazardous materials, which clearly highlight the suppliers' responsibilities for fulfilling CSR and complying with laws and regulations. For conflict minerals, we have formulated relevant systems and strictly comply with international organizations and industry regulations, so as to effectively avoid any risk of conflict minerals. The Company's suppliers were all in compliance during the year.

PROMOTING LOW-CARBON ENVIRONMENT

The Company supports environmental sustainability with actions, fully implements cleaner production, and regulates the three wastes and noise emissions in production and living by formulating sound management procedures and third-party monitoring to reduce the impact of operations on the environment and employees. During the reporting period, we adopted energy-saving renovation plans to promote the reduction of the Company's electricity consumption intensity. In the future, we will continue to carry out the clean energy development strategy, promote the application of green technology in production and manufacturing, and continue to promote the development of green and low-carbon industries.

CREATING A BETTER FUTURE

Looking ahead, we will make full use of the synergistic effect such as technological advantages, reliable quality and vertical integration of business, plough the customer resources of various business segments, explore other industries such as new energy vehicles, medical services and aerospace, seize the new development engine of downstream markets, and become a large-scale smart manufacturing platform and enterprise with domestic and international dual-cycle, cross-industries and diversification. At the same time, we always review the impact of our operations on the environment and society, continuously improve the performance of sustainable development, and increase our competitive advantages in markets where we operate. I would like to take this opportunity to express my sincere gratitude to all stakeholders for their hard work, including employees, customers, partners, shareholders, the government and the general public, and assure that we will continue to fulfil our commitment to co-operation, support and promotion of the Company. I believe that there will be more interesting new opportunities in the future, and I look forward to working together with you for realizing new hopes.

Zeng Fangqin
Chairman
March 2021



ABOUT US

INTRODUCTION

Founded in Shenzhen in 2006, the Company's predecessor, Triumph Lead Electronic Technology (Shenzhen) Co., Ltd, successfully listed on the Shenzhen Stock Exchange (stock code: 002600) after acquiring JPMF GUANGDONG CO., LTD. in 2018. With five major platforms, namely materials, precise components, structural parts, module assembly and FATP, LY ITECH provides customers with "one-stop" intelligent manufacturing solutions to achieve precision, aesthetic, high-quality and cost-competitive end products. At the same time, we have involved in industries such as new energy vehicles, medical care, power tools, 5G, IoT¹, smart wearable terminal and smart home, to further expand our business layout, seize new development opportunities, and enhance our influence and value.

LOCATION OF OPERATION

After more than a decade of development, LY ITECH has established research and development, production bases in Asia including China, India and Vietnam, Europe including France, Turkey, and Brazil in South America. We also have R & D centers in other locations such as Shenzhen, Dongguan, Dongtai, Suzhou, Taiwan, Singapore, and USA.



VALUES, PHILOSOPHY AND VISION

The Company adheres to the values of "Integrity and pragmatism, Customer first, respect for yourself respect for others, responsibility, long-termism and value symbiosis", carries forward the "strong culture", advocates the concept of "technology as core competitiveness", and leverages the advantages of advanced technology, excellent talent echelon, mature international management, sustainable development strategic deployment, etc., to continuously expand the Company's scale, enhance sustainable profitability and risk resistance capacity, and rapidly develop into a global leading manufacturer in the field of precision manufacturing.

¹ IoT refers to Internet of Things

PRODUCT SOLUTIONS



Materials
Materials platform has been specialized in the research and development, production and marketing of ferrite magnetic materials and new materials. The products mainly cover permanent magnet ferrite components, soft magnetic ferrite components, thermal materials, conductive material, and other functional materials. Our products have been sold to Japan, Europe, America, Hong Kong, Taiwan and other countries and regions, and supported by world-renowned motor manufacturers and electronic device manufacturers.



Precise Components
Precise components platform includes a wide variety of surface treatment processes from stainless steel, aluminum alloy to titanium alloy, from CNC to turning-milling composite processing technology, from sandblasting, polishing to PVD and anodic oxidation and so on. These processes are combined independently developed automation and visual inspection technology, aiming to provide precise metal parts with stringent requirements on size and appearance to consumer electronics industry.



Structural Parts
With the intelligent factories as its carrier, structural parts platform makes large-scale investment on the entire process including R&D, mould manufacturing, injection moulding, spraying, CNC processing and assembly. Automatic production equipment has been fully applied and new industrial model based on end-to-end data flow and supported by network interconnection has been fully established. The platform, as the core supplier of world-famous high-end mobile phone brand customers, centers on the intellectualization of key manufacturing process and enhance the competitiveness of core products.



Module Assembly
Module assembly platform focuses on the integrated solutions of module assembly in consumer electronics, and have various product lines such as LCD module, capacitive touch screen, wireless charging module, thermal module, backlight module, linear motor module, keyboard module and etc.



FATP
Making full use of the advantages of our self-made products and taking automation as its technical basis, we integrate the manufacturing capability of the above four platforms to provide customers with FATP of mobile phones, routers, chargers, smart wearable terminal, smart home, IoT and other consumer digital products, helping customers to simplify supply chain, reduce cost and improve product reliability.

2020 CSR PERFORMANCE HIGHLIGHT

 <p>Revenue 28.14 billion</p>	 <p>Year-on-year growth 17.67%</p>
 <p>Investment in training RMB 4.67 million</p>	 <p>Total investment in safety management RMB 23.74 million</p>
 <p>Total investment in environmental protection RMB 89.26 million</p>	 <p>Solar power generation 20,222,359 kWh</p>

2020 HONORS AND ACCOLADES

Company	Name	Awarded by
LINGYI iTECH (GUANGDONG) COMPANY	2020 Chinese Brands Top 500 (No. 320)	Asia Brand Association
LINGYI iTECH (GUANGDONG) COMPANY	2020 Fortune China 500 (No. 378)	Fortune China
LINGYI iTECH (GUANGDONG) COMPANY	2020 CCID List of Most Valuable Enterprises in Digital Economy (No. 46)	CCID Consulting
LINGYI iTECH (GUANGDONG) COMPANY	2020 Top 500 Chinese Private Enterprises (No. 400)	All-China Federation of Industry and Commerce
LINGYI iTECH (GUANGDONG) COMPANY	2020 China's Top 500 Private Enterprises in Manufacturing Industry (No. 227)	All-China Federation of Industry and Commerce
LINGYI iTECH (GUANGDONG) COMPANY	2020 Top 100 Private Enterprises in Guangdong Province	Guangdong Federation of Industry and Commerce
LINGYI iTECH (GUANGDONG) COMPANY	2020 Top 100 Enterprises with Comprehensive Strength of Guangdong Electronic Information Manufacturing Industry	Guangdong Electronics and Information Industry Association
LINGYI iTECH (GUANGDONG) COMPANY	CBG Excellent Cooperation Award	Huawei Technologies Co., Ltd. Consumer BG
Salcomp Co., Ltd	CBG Quality Protection Award	Huawei Technologies Co., Ltd. Consumer BG
Ling Sheng City Technology (Jiangsu) Co., Ltd.	Five-Star Enterprise Award	Yancheng Municipal Committee and Municipal Government
LY Technology (Suzhou) Co., Ltd.	Safety Enterprise Award	Suzhou Public Security Bureau
LY Technology (Suzhou) Co., Ltd.	Corporate Honours for Advanced Materials	Suzhou Xiangcheng People's Government
Chengdu Ling Yi Technology Co., Ltd.	Top 100 Private Enterprises	Chengdu Enterprise Confederation, Chengdu Entrepreneur Association, Chengdu Enterprise Culture Association

RESPONSIBILITY MANAGEMENT



The Company understands that it is the social responsibility of an enterprise to take into account the environmental and social impacts of its daily operations and management, and it is committed to promoting the sustainable development of its business, the environment and the society.

- **Social Responsibility Management**
- **Materiality Assessment**

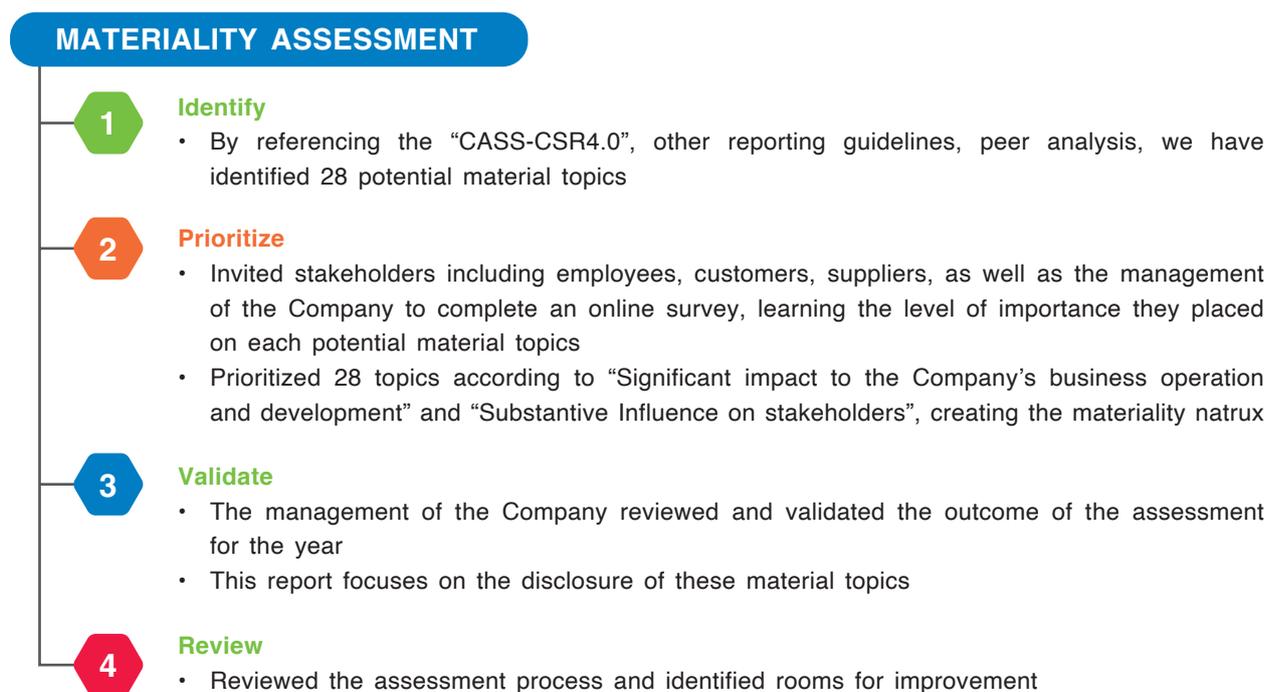
SOCIAL RESPONSIBILITY MANAGEMENT

Adhering to the values of “Integrity and pragmatism, Customer first, Respect for yourself respect for others, Responsibility, Long-termism, Value symbiosis” , the Company has gradually integrated the concept of sustainable development into its daily operations and management, taking into account the environmental and social impacts arising from the Company’s operations. While promoting the Company’s own sustainable development, the Company actively shoulders the CSR and makes contributions to social development.

The Company’s Human Resources (HR) Department, Quality Department, Procurement Department, Audit Department and EHS², SR³, President’s Office, Administration, Legal and Research and Development Department work together to collect annual CSR data and information. We would constantly review the Company’s CSR performance and strive to continuously improve the Company’s CSR governance level.

MATERIALITY ASSESSMENT

During the reporting period, the Company conducted the first materiality assessment with reference to the GRI Standards. Through the four steps of identification, prioritization, validation and review, the Company identified the material issues that are highly concerned by stakeholders and are closely related to the Company’s operations and responded to the concerns of stakeholders in this report.

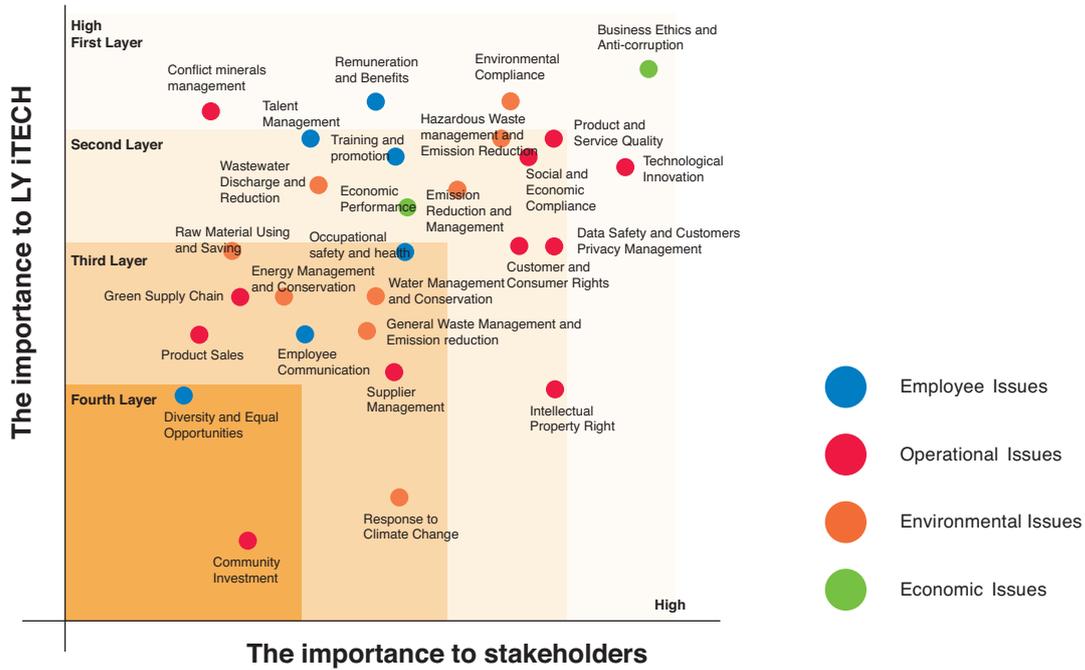


² EHS refers to Environment, Health and Safety

³ SR refers to Social Responsibility

Materiality Matrix

Based on the ratings of the Company's management and stakeholders, we have built a materiality matrix. There are 5 issues located in the first-tier region, which are important to the Company and stakeholders, or to one of them, and we refer to them as material issues.



Respond to Stakeholders' Concerns

Material Issues	Highlights in 2020	Corresponding Chapter
Business Ethics and Anti-corruption	<ul style="list-style-type: none"> Sort out anti-corruption management process and system Continue to improve audits and gradually conduct ethical audit for all departments Strengthen the promotion of integrity culture Train on the "Integrity Compliance Manual" for all employees 	Economic Responsibility
Environmental Compliance	<ul style="list-style-type: none"> Establish various system documents to regulate the air emission, wastewater, solidwaste and noise Carry out environmental protection training to promote green office and enhance employees' awareness of environmental protection Actively promote the application of green technology in production 	Environmental Responsibility
Remuneration and Benefits	<ul style="list-style-type: none"> Revise the "Salary Management Standards" to further standardize the management of employees' remuneration and benefits Continue to implement share incentive schemes for mid-level management and core technical personnel Provide multiple remuneration and benefits such as salaries, allowances, subsidies and bonuses 	Employee Responsibility
Conflict Minerals Management	<ul style="list-style-type: none"> Suppliers are required to provide "Supplier Conflict Minerals Investigation Form" and "Supplier Non-Conflict Minerals Commitment Letter" Tracking the source of the metal raw materials Cooperate with customers to carry out inspection work when necessary 	Partners Responsibility
Technological Innovation	<ul style="list-style-type: none"> R & D investment 1819.91 million Recruited R & D personnel 6510 New patents 488 	Customer Responsibility

ECONOMIC RESPONSIBILITY



The Company attaches great importance to integrity construction for operations, and strictly complies with relevant laws and regulations. While pursuing economic value, we actively fulfil our economic responsibilities to all stakeholders and promote mutual development.

- **Organization and Governance**
- **Integrity**

(For details of economic performance, please refer to the 2020 Annual Report of LY iTECH)



Revenue
28.14 billion



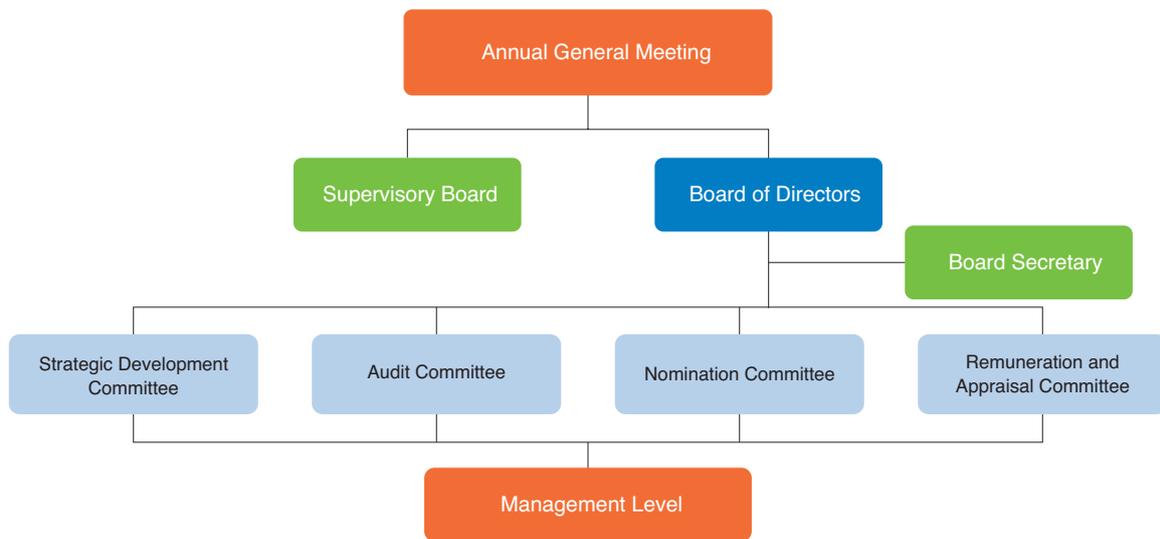
Net profit
2.27 billion



Total tax paid
0.94 billion



Total assets
29.39 billion



ORGANIZATION AND GOVERNANCE

In strict compliance with the requirements of the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China” and the “Articles of Association”, LY iTECH continues to improve its corporate governance structure and strengthen its internal control. The Company has established a number of special committees under the Board and formulated the “Terms of Reference of the Special Committees of the Board” to ensure the working efficiency and scientific decision-making. The Company’s organizational governance structure is shown in the chart above.

The Board of the Company consists of 7 Directors, 3 of whom are independent directors, carrying out work independently and fairly, earnestly fulfilling their fiduciary duties to the Company and all Shareholders diligently, and safeguarding the interests of the Company as a whole. When appointing members of the Board, we consider factors such as work experience and independence. During the reporting period, the Company convened 15 Board meetings, at which 68 resolutions were considered and approved. At the same time, the Supervisory Committee of the Company consists of 3 supervisors, including 1 employee representative supervisor, to supervise the decision-making process of the Board and protect the legitimate rights and interests of the Company and minority shareholders.

The convening, holding, and voting procedures of the general meetings of the Company were in compliance with the relevant laws and regulations. During the reporting period, the Company convened 1 AGM and 8 extraordinary general meetings in total, with separate counting of votes for all shareholders. Relevant shareholders abstained from voting when considering related projects, so as to protect the legitimate rights and interests of all shareholders and ensure that all shareholders enjoy equal status. During the reporting period, 28 resolutions were considered and approved.

The Company has complied with the “Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange”, the “Guidelines for the Standardized Operation of Companies Listed on the Small and Medium-sized Enterprise Board of the Shenzhen Stock Exchange” and the “Articles of Association” to complete the disclosure of regular reports on time, and formulated the “Management Measures for Information Disclosure” to ensure full discharge of the obligated information disclosure. The Company carried out open and transparent communication with investors through investors’ interactive platform, online performance presentation, on-site investigation, email, investor telephone hotline, etc. For more information on corporate governance, please refer to the “Corporate Governance” section in the 2020 Annual Report.

INTEGRITY

The Company strictly abides by national laws and regulations, actively responds to the national call for anti-corruption, and has formulated a number of rules and regulations, including the “Employee Handbook”, the “Internal Audit System”, the “Audit Reward and Punishment System”, and the “Sunshine Procurement Notification Letter”, to regulate the behaviour of employees and suppliers, continuously optimize internal risk control, audit supervision and other matters, and establish a sound compliance management system to ensure the Company’s legal and compliant operations.

Supervision and Inspection

The Audit Department of the Company is the leading department for anti-corruption and anti-fraud work, directly guided and supervised by the Board. Integrity construction is a key task of the Company, and anti-corruption and investigation cases are also listed as one of the important strategic indicators. During the reporting period, from the perspective of risk control, we sorted out the anti-corruption process and system, identified corruption risk points through special audit, and cooperated with relevant business departments to implement the system.

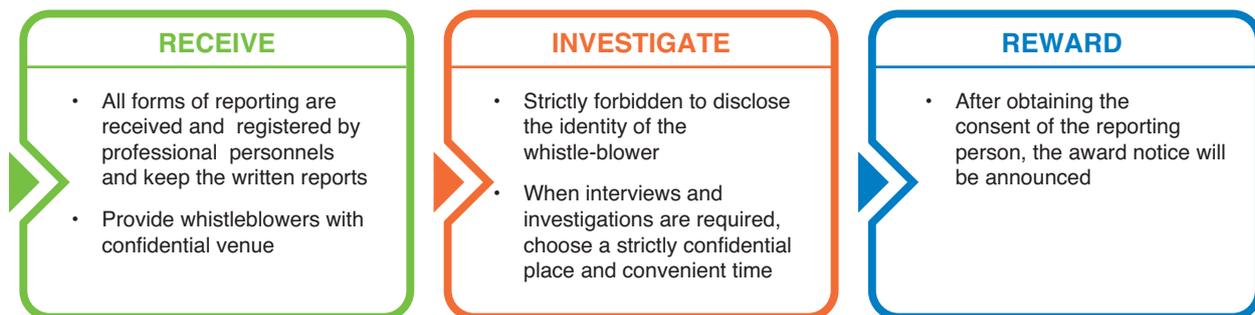
We conducted full-coverage inspections on all subsidiaries of the Company, mainly for important departments directly involved in money transactions, such as the Procurement Department, and set up internal audit control positions. During the reporting period, we continued to establish comprehensive audit projects and plans. In the future, we will systematically conduct investigations on areas with high corruption risks and plan to conduct ethical audit gradually for all departments based on the actual situation.

Complaint and Whistle-blowing Mechanism

Grievance and whistle-blowing mechanism is an effective way to detect fraud and protect the interests of the Company and employees. The Company has established the “Complaint and Whistle-blowing Management Regulations” to encourage employees to report any illegal or non-compliance act within the Company through verbal means, complaint hotlines, letters, emails, labor unions, satisfaction surveys and other channels. Any complaints related to fraud and corruption are required to be reported to the Audit Department of the Company, and investigation will be initiated upon approval by relevant leaders. If necessary, the public security authorities will be approached in the verification of corruption cases. The report shall give feedback to the complainant on the progress or results within one week after receiving the report.

Whistle-blower Protection

In order to fully protect the legitimate rights and interests and personal safety of the complainant, our policy clearly states the confidentiality and protection measures for the complainant. We require the relevant person-in-charge to comply with confidentiality rules throughout the process of receiving complaints, investigating reports and rewarding whistle-blowers, and strictly prohibit leakage of any information of whistle-blowers. If any retaliation against the complainant is found, we will impose strict punishment, and those who violate relevant laws and regulations will be transferred to judicial authorities for handling.



Culture of Integrity

The Company attaches great importance to the working environment and has established and defined business ethics and professional ethics for employees. During the reporting period, we promoted a culture of integrity to all employees through induction training for new employees, monthly online promotion, poster stickers, case sharing, etc., to strengthen internal anti-fraud awareness and encourage employees to actively use complaint channels. At the same time, we cover the requirements of the supply chain, have formulated the “Sunshine Procurement Agreement” and set out the complaint channels in the contract. At the same time, we require suppliers to sign the “Supplier Integrity Agreement” and the “Supplier Integrity Statement” to prohibit any inappropriate acts including bribery.

Warm Reminders

"Integrity and pragmatism" is the basic value of every employee. Comply with the Company's rules and regulations, have the courage to speak, and jointly maintain a good and fair work condition are employees' responsibility

Grievance Guidelines

According to the requirements of the "Standard for Reporting and Whistle-blowing", the above management work related topics falls within the scope of acceptance of the litigation hotline. In order to deal with the relevant demands more quickly and directly, it is recommended to follow the procedure of complaint:

1. Send the questions or demands to the department or superior to seek help;
2. File a complaint by hotline, or contact the human resources of the factory;
3. If it is not resolved, please send the feedback to Group's hotline;
4. Reporting corruption and fraud, please contact the Group directly.

Promotion of Integrity Culture

CUSTOMER RESPONSIBILITY



The Company adheres to the quality policy of “Customer Satisfaction as the Focus, Quality as the Centers; Technological Innovation as the Core, and Continuous Improvement as Perseverance”, and fully fulfils the responsibilities to customers.

- **Customer Services**
- **Quality Control**
- **Research and Development**



R & D investment
1819.91 million



Number of patents
1,411



In-vehicle product-related plant has passed
IATF16949

CUSTOMER SERVICES

Providing comprehensive services and high-quality products to customers is our goal. We listen to our customers and strive to provide high-quality customer services in every aspect of our operations.

Improving Customer Satisfaction

Customer satisfaction provides a basis for measuring the process performance of our business plan and continuous improvement of the management system. Improving satisfaction requires the cooperation of various departments, therefore, the Company has formulated the “Customer Satisfaction Monitoring Procedures” along with other systems to clarify the roles and responsibilities of various departments.

The Sales Department CSM⁴ conducts a customer satisfaction survey every six months to investigate the Company’s technical capabilities, product quality, delivery timeliness, product pricing, customer satisfaction after complaint handling, transportation methods and sales and customer service, and forms analysis reports such as the “Customer Satisfaction Survey and Analysis Report”, which are submitted to the CSM manager or above for approval. If necessary, CSM shall issue a “Report on Corrective and Preventive Measures” in accordance with the “Control Procedures for Corrective and Preventive Measures” to the relevant responsible department. They are responsible for analyzing the causes of customer dissatisfaction, discussing corrective and preventive measures, and implementing improvement policies. CSM is responsible for following up with customers’ feedback and improving results until reach the conclusion. In order to continuously improve customer satisfaction, we have combined customer suggestions and departmental feedback into the “Customer Suggestion Report”, which serves as the basis for the Company’s continuous improvement.

Grievance Handling Process

Listening to customer complaints is a valuable opportunity for the Company to improve the quality of its products and services. Customers can express their complaints through telephone, mail, fax, DingTalk, WeChat and other channels.

The Company has always attached great importance to the establishment and improvement of the customer complaint handling procedures, and formulated documents such as the “Customer Complaint Handling Procedures”, “Customer Return Handling Management Standards”, “Operation Standards for Rework and Special Requirements”, etc., in an attempt to eliminate unqualified factors and improve customer satisfaction through timely and effective complaint handling plans. Upon receiving customer complaints, we would follow the procedural requirements to analyse the cause and provide a proper solution.

⁴ CSM refers to Customer Service Management

RECEIVE CONFIRMATION OF CUSTOMER COMPLAINT INFORMATION

- The Sales Department makes feedback to the Quality Department within 1 hour after receiving customer complaint, the Quality Department informs internal related personnel within 1 hour, and lead relevant department to handle the case
- The Quality Department is responsible for confirming the legitimacy of the information, and determine the rationality of customer complaints with PD, QE and ME

TAKE EMERGENCY MEASURES

- The Quality Department should make emergency measures within 4 hours, check materials in different states (such as raw materials, in-process, inventory, in-transit and client etc.)
- According to the preliminary investigation results, convene engineering, production and other departments to discuss the disposal plan of inventory, such as taking emergency containment measures in the plant, including the separation of defective products, production adjustment and other measures, as well as notify the relevant departments
- The Sales, Customer Service and Quality Department shall discuss temporary measures with customers when it affects production

ANALYSIS AND COUNTERMEASURES

- The Quality Department leads the relevant departments to analyse the causes and formulate short-term and long-term improvement measures
- If the defect is caused by outsourcing or raw materials, the supplier or subcontractor should provide emergency response within 4 hours, and the processing of the report within 2 working days

RESPOND TO CUSTOMER COMPLAINT REPORTS

- 1 working day to convene meeting of the relevant departments to determine emergency measures and improvement measures
- To prepare a handling report within 3 working days, and reply to the customer after review by the department head or manager
- If time is exceeded due to specific reason, the clients shall be informed

IMPACT TRACKING

- The Quality Department is responsible for following up the implementation of the improvement measures
- If there are no complaints within 2 months of three batches of delivery, the measures are determined to be effective
- The quality supervisor or manager makes the final confirmation on the closing status of each customer complaint

PERIODIC ANALYSIS

- The quality supervisor or manager regularly collects customer complaints, conducts comprehensive analysis, conducts horizontal analysis of products of the same category, summarizes experience and lessons, and optimises related procedures and documents accordingly
- Customer complaint information will be used as one of the input items in the director meeting and management review meeting

Customer Complaint Handling Procedures

QUALITY CONTROL

The Company always regards product quality as its top priority. The relevant production factories have passed ISO9001, and the production factories related to in-vehicle products have also obtained IATF16949 quality management system certification, so as to provide excellent quality relying on the construction of quality system.

Quality Management

The Company is able to guarantee product quality because of the strict control over each production process. We have stipulated the inspection of the quality of incoming materials, semi-finished products and finished products in accordance with the “Inspection and Control Procedures”, and have standardized the procedures of incoming materials inspection, product inspection between the production process and finished products inspection. During the reporting period, the Company did not have any product recall due to quality reasons.



Product Safety

It is our responsibility to provide green and safe products. We ensure the procurement and production of green and safe materials through internal systems such as “Chemical Management Procedures” and “Green Product Management Procedures” to fully protect the health of customers and reduce the impact on the ecosystem. Every year, we provide at least one training for employees at all levels, including green product laws and regulations, relevant internal procedures of the Company and customer requirements, to enhance awareness and ensure operational compliance. For departments involved in chemicals management, including procurement, production, warehouse, administration, and security, we organize chemical emergency drills twice a year to deepen employees’ understanding of chemicals and other restricted substances and improve on-site management capabilities.

Chemicals Restriction and Elimination Plan

In accordance with the requirements of domestic and foreign laws and regulations, including RoHS⁵ and REACH⁶, as well as the special requirements of customers, the Company has formulated the “Management and Control Standards for Hazardous Substances in Green Products”, and updated the management and control list on a quarterly basis to provide products and materials to the Company and its suppliers as the basis for the prohibition, restriction and management of environmental management substances.

Category	Description	Treatment
Class I prohibited substances	<ul style="list-style-type: none"> Prohibition by laws and regulations 	<ul style="list-style-type: none"> Immediate prohibition on use
Class II restricted substances	<ul style="list-style-type: none"> An existing statute of limitation on prohibition of use Customer requests restriction or prohibition of use The Company actively promotes the prohibition 	<ul style="list-style-type: none"> Restriction on use Actively promoting the prohibition of use
Three-tier managed substances	<ul style="list-style-type: none"> Future legislation may prohibit or restrict 	<ul style="list-style-type: none"> Minimizing use

Environmental Management Substance Categories and Handling Methods

At the same time, we adopt elimination plans in accordance with the requirements of laws and regulations, customers’ needs and occupational hazards to ensure that we are at the forefront of compliance with laws and regulations and are able to avoid compliance risks.

Hazardous substances phase-out plan

According to the EIA, Chemical hazard and environmental benefit assessment, the use of water ink with low volatile organic compounds (VOCs) content to replace solvent-based ink not only is more environmentally friendly, meets the requirements of EIA, but also reduces the risk of occupational hazards.

⁵ RoHS refers to Restriction of Hazardous Substances Directive. It is mainly used to standardize the material and process standards of electronic products to make them more conducive to human health and environmental protection

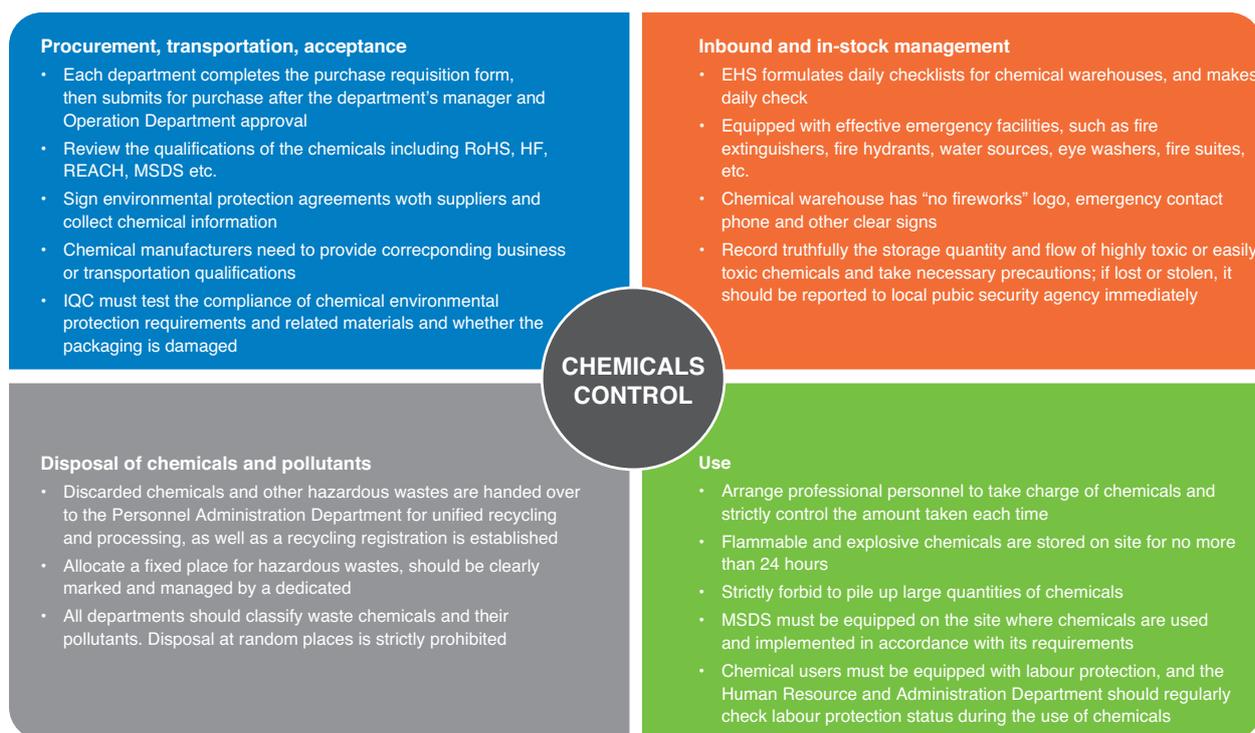
⁶ REACH refers to “Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals”. It is the EU regulation on preventive management of all chemicals entering its market

Product Lifecycle Management

In order to comprehensively identify the chemical content in the products and ensure the overall control of hazardous substances, each department of the Company perform their respective duties. The management layer of the Company is the ultimate person-in-charge of the hazardous substance process management system, with the cooperation of Systems, Quality, Procurement, Engineering, Sales and other departments, to conduct full-cycle management from the development stage of new products to the materials procurement, input, manufacturing process, finished products and storage. In the early stage, we fully understand our customers' requirements and incorporate hazardous substance management requirements into our engineering design. During the procurement and supply process, we require random inspection of incoming materials. Suppliers are required to provide third-party RoHS, HF⁷, and other test reports and MSDS⁸, clearly listing the content and percentage of each content, and the sum of the percentages must be 100%. Each batch of final products shall be sent for RoHS and HF inspection in accordance with the standard inspection guidelines and shall only be shipped after confirming that it meets the requirements of customers.

Chemical Safety

In addition, we have formulated the "Administrative Regulations on Chemical Inspection" to regulate the management of procurement, transportation, storage, use and disposal of chemicals. All personnel involved in chemicals must undergo external training and recognition or personnel administration training.



⁷ HF refers to Halogen Free

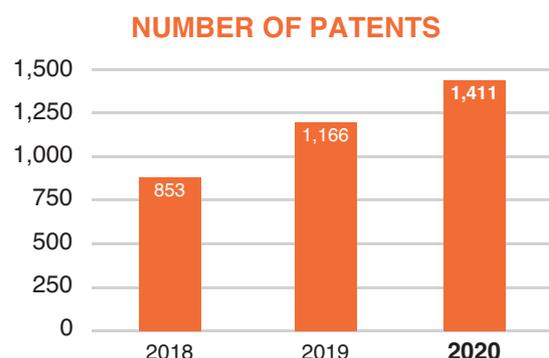
⁸ MSDS refers to Material Safety Data Sheet

RESEARCH AND DEVELOPMENT

Technological innovation is an inexhaustible driving force for the development of the Company. We are committed to reducing costs and enhancing efficiency through innovative research and development, so as to maintain our competitiveness in the industry. During the reporting period, our R & D investment amounted to RMB 1819.91 million, accounted for 6.47% of our operating revenue, and we employed 6510 employees for R & D.

In order to encourage employees to embrace innovation and create a good working atmosphere for research and development, we have established the “Patent Reward Measures” to reward inventors based on their contribution and implementation efficiency. At the same time, the quantity and quality of intellectual property rights obtained are important indicators for title evaluation, job promotion and performance appraisal.

Through our ongoing effort and accumulated know-how, the Company has obtained 488 new patents during the reporting period. As of 31 December 2020, the total patents held was 1,411.⁹



Shenzhen LL Machine Co., Ltd., a subsidiary of the Company, achieved outstanding achievements in industrial robots, machine vision and special automation, and obtained 229 domestic and overseas patents, including 67 patents and software copyrights in the industrial robot field. We have mastered the comprehensive core technology of industrial robots and achieved customized and specialized development of automation equipment.

Intellectual Property Protection

Intellectual property is one of the most important assets of the Company. We strictly abide by laws and regulations, respect the intellectual property rights of customers and suppliers, and have formulated the “Intellectual Property Management Regulations” to regulate our own intellectual property management. We have established a sound intellectual property confidentiality system and its file management system to specify the confidentiality, non-competition restrictions, confidentiality rewards and penalties, and filing management of employees. We sign the “Confidentiality Agreement” with employees to prevent leakage and loss of intellectual property information. We also provide employees with education and training on intellectual property rights and promote and exchange experience to enhance their awareness of intellectual property protection.

⁹ During the reporting period, the Company has transferred 100% of the equity interest in Shenzhen DJN Optronics Technology Co., Ltd., thus excluding its patents

PARTNERS RESPONSIBILITY



The Company has established in-depth collaborative relationships with suppliers to jointly promote the healthy development of the industry and promote the fulfillment of responsibilities in the value chain through responsible procurement.

- **Supply Chain Management**
- **Responsible Procurement**



Conflict free minerals
100%

SUPPLY CHAIN MANAGEMENT

Suppliers are our long-term partners and close cooperative relationships with them are mutually beneficial and yield win-win results. The Company actively communicates with suppliers through channels such as telephone, mail and supply chain management platform, and has established internal policy documents such as “Supplier Management Procedures” to regulate the daily management of supplier screening, introduction and review for selecting quality suppliers.

SUPPLIER MANAGEMENT PROCESS		
Selection <ul style="list-style-type: none"> • Supplier assessment questionnaire • Qualification review • On-site review • Second-party review 	Approval <ul style="list-style-type: none"> • Agreement signed 	Management <ul style="list-style-type: none"> • Monthly assessment • Annual review • Supplier consulting

Selection of Suppliers

The introduction and selection of suppliers is subject to multi-level review; suppliers are selected on the basis of qualifications, compliance, sample quality and other aspects through self-assessment questionnaires and on-site review. Depending upon the characteristics of suppliers, we have different requirements and thresholds. We require all manufacturers to obtain ISO9001 quality system certification issued by a third-party and suppliers of automobile OEM¹⁰ products also need to pass the second-party IATF16949 review. In addition, for core materials suppliers of vehicle products, we implement a two-party review process in accordance with the automotive industry practice, and the suppliers are reviewed by employees with relevant qualifications to form a review report and a list of problems, and require the suppliers to complete improvement within three months.

New suppliers are required to sign a number of agreements with us, including commitment to business ethics, green products and non-use of conflict minerals and hazardous substances, with a clear emphasis on CSR performance and compliance with laws and regulations.

Supplier Assessment and Engagement

In order to strictly control the supply and service quality of suppliers, the Procurement Department, Quality Department and Engineering Department conduct comprehensive assessment on quality, cost, delivery time, service and environmental protection requirements every month. Annual review on suppliers that is provisional, with low monthly ratings, or large procurement volume, are also performed. It is conducted through self-evaluation and on-site audit to comprehensively evaluate the supplier’s quality management system, training management, development and design, hazardous substance management, CSR and process control. Suppliers with unsatisfactory performance are required to provide improvement measures within a week and complete the improvement within one month.

The Company is committed to improving the ability of its suppliers through communication and guidance to achieve win-win cooperation. The Procurement Department conducts face-to-face communication with suppliers having unsatisfactory performance and we send engineering or quality-related personnel upon management approval to facilities of such suppliers to help them identify and resolve issues

¹⁰ An original equipment manufacturer (OEM) makes systems or components that are used in another company’s end product

RESPONSIBLE PROCUREMENT

Through the business cooperation with suppliers, the Company generates impact on the environment and the community. Performance of its suppliers in fulfilling their social responsibilities also has a significant impact on the sustainability performance of the Company. We are committed to promoting sustainability through responsible procurement. In addition to formulating the “Supplier Integrity Agreement” and the “Sunshine Procurement Agreement”, we have incorporated elements of CSR into the annual review of suppliers, in which environmental protection, occupational health and safety, hazardous goods management, business ethics, protection of labor and human rights and conflict minerals are also assessed.

ANNUAL SUPPLIER REVIEW ON CSR



Conflict Minerals

Some of the Company’s products and suppliers may sometimes be at risk of being involved with conflict minerals¹¹. We strictly comply with requirements of international organizations and industries, and effectively mitigate the risk of conflict minerals by formulating relevant control systems and rigorously requiring suppliers to prohibit the use of conflict minerals. When selecting and introducing suppliers, we require all suppliers to provide “Supplier Conflict Minerals Investigation Form” and “Non-Conflict Minerals Commitment Letter”, which includes research on conflict minerals. We require suppliers of metals to trace the original source where its metal has been mined. When necessary, we actively cooperate with our customers to conduct relevant inspections. During the reporting period, 100% of suppliers were in compliance.

¹¹ Conflict minerals are from the Democratic Republic of the Congo and its neighbouring countries, mainly containing cassiterite, wolframite, coltan and gold ore. The profits from the sale of some minerals fund the ongoing armed conflict over local human rights abuses

EMPLOYEE RESPONSIBILITY



Our prosperity depends on the hard work of each employee. Therefore, we protect the rights and benefits of employees and create a safe, healthy, harmonious, warm and development environment for employees.

- **Employee Distribution**
- **Talent Management**
- **Occupational Health and Safety**



Percentage of employees trained¹²
89.55%



Total training hours¹²
727,285 hours



Work-related fatalities
0

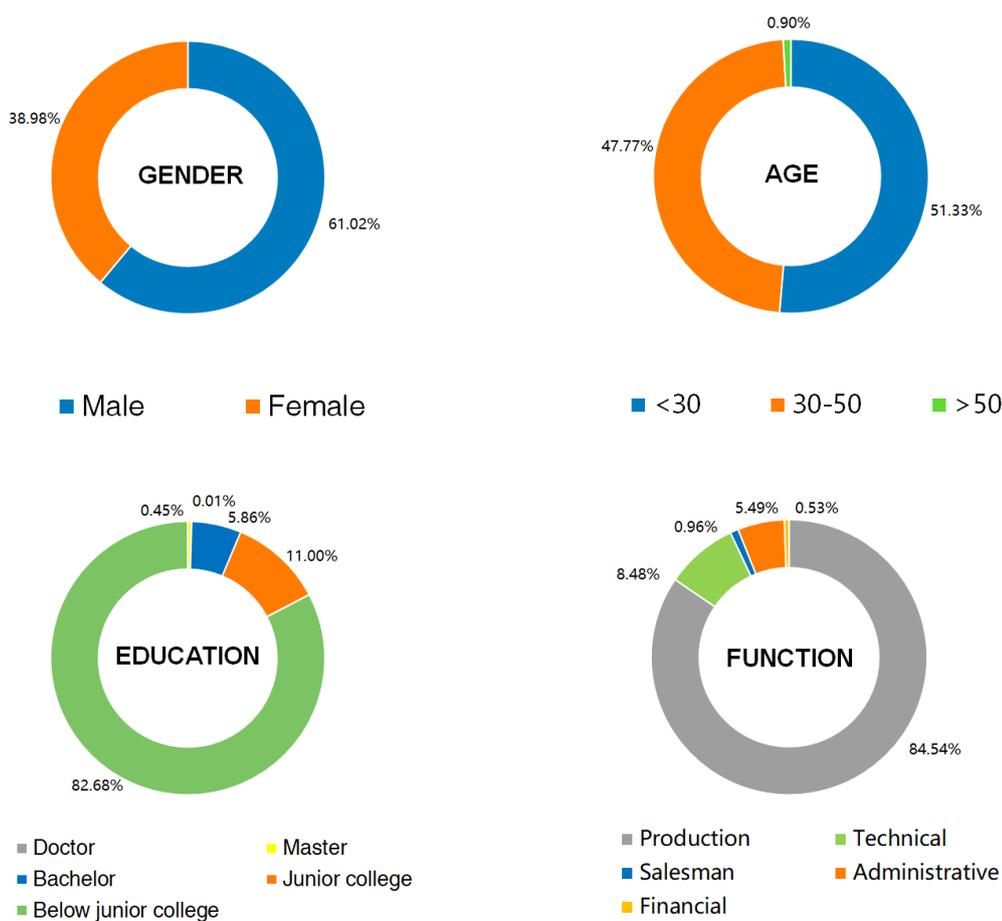


Safety training
200,899 hours

¹² Refers to all employee training other than safety training, employee training hours including safety training cover only data in Mainland China

EMPLOYEE DISTRIBUTION

The Company values talents, making sure its talent plan is globalized. We put strong emphasis on labor conditions and cultivating domestic talents. Members of our senior management team have generally studied and lived abroad while our factories in India, Brazil and Vietnam are run mainly by local cadres and employees. As of the end of the year, the Company had a total of 76,729 employees, with 100% labor contract signing rate of permanent workers. The proportion of male and female employees was approximately 3: 2. The Company has a total of 1,264 management personnel, of which 24.37% are female. There were 39,383 employees under the age of 30, accounting for 51.33% of the total number of employees of the Company.



TALENT MANAGEMENT

Talents are the valuable resource of the Company. We focus on cultivation of talents by safeguarding the legitimate rights and interests of employees. The Company follows the principle of equality and voluntariness to sign labor contracts with employees. In addition to providing employees with necessary board and lodging conditions, we are committed to improving professional skills and personal qualities of employees, by actively organizing various training activities, and deeply developing corporate culture and team building. In order to maintain the stability of our core staffs and encourage employees to make progress collectively, we implement an equity incentive scheme to reward outstanding teams and employees to enhance their enthusiasm and creativity. Meanwhile, we enrich the spare time of our employees by organizing various recreational activities and giveaways.

Talent Acquisition

In order to meet the demand for talents for the rapid development of the Company, we have standardized the recruitment process and improved the talent selection mechanism. We provide competitive remuneration and benefits and provide a fair and equal competition environment to attract talents in accordance with the "Recruitment Operation Guide".

The Company adheres to the principle of "openness, fairness and justice" and believes in open recruitment, equal competition and merit-based hiring, as well as ensuring the implementation of the principle of "matching people with positions", strictly prohibiting forced labor and debt-paying recruitment, etc., so as to ensure the orderly operation of recruitment process. According to development strategy and the department preparation status, each department formulates a talent demand plan at the end of each year, and submits the "Application Form for Recruiting" to the HR Department. Based on the comprehensive business needs, the HR Department formulates the "Annual Recruitment Plan" after reviewing the forms which provides effective guidance for recruitment. We adopt a multi-channel strategy to recruit and attract talents.

INTERNAL RECRUITMENT	LARGE SCALE EXTERNAL RECRUITMENT	SCHOOL ENTERPRISE COOPERATION
<ul style="list-style-type: none"> • Internal priority principle • Open and fair competition • Multi-channel information release • Comprehensive evaluation • Internal recommendation encouragement policy 	<ul style="list-style-type: none"> • Online recruitment • On-site recruitment • Headhunting recruitment • Talent market recommendation • Campus recruitment 	<ul style="list-style-type: none"> • "Customized" talent training model • Actively explore suitable colleges and universities • In depth understanding of on-site visits to institutions • Cooperate with institutions to develop learning plans

The Company adheres to a strict recruitment process, the manager and the above personnel using the "Personnel Decision Matrix" for the interview, and talent database to be updated in real-time. Talent pool reserve personnel is contacted regularly or irregularly to maintain good communication and promote sound development of the Company's talent management.

In recent years, the Company has been continuously promoting the recruitment and training of high-end talents, as well as focusing on the proportion of highly educated talents in various positions. During the reporting period, the number of fresh graduates of 211 and 985 universities recruited by the Company increased significantly as compared with the previous year, representing a growth rate of 231%.

Training and Development

In September 2020, the Company revised the “Promotion Management Standard” to further provide guidance and basis for management of departments and subsidiaries, standardizing the promotion management process and improving management efficiency. The HR managers shall conduct assessment and review on the qualifications of employees. Department managers train and develop the capabilities of their employees and further provide excellent talents. The HR Department of each factory handles promotions based on reporting, qualifications, and process review. After promotion, employees receive new responsibilities and expectations. Supervisors communicate with employees to formulate new work plans and allow employees to participate in relevant training courses in order to better adapt to their positions and give full play to their strengths.



We regard “Nurturing People” as an important goal of talent development and therefore focus on the cultivation of employees and team quality, and formulate training plans according to the Company’s business development strategy and the needs of production and management operation to ensure the sustainable development of both the Company and employees.

We ensure the reasonable implementation of training plans with sufficient operation standards, covering induction, onboarding, on duty, external training, trainer management, etc. The Company regularly holds induction training, corporate culture training, basic skills training, quality skills training, management training, legal knowledge promotion, etc. for new employees, and regularly inspects the knowledge and skills of the trained employees to promote the multi-dimensional and all-round development of employees. At the same time, the Company has set up an online learning platform to produce corresponding course videos and documents according to the actual situation and the needs of various departments, so as to provide employees with flexible and diversified learning methods.

During the reporting period, a total of 61,378 employees participated in training. The percentage of employees trained was 89.55%, with a total of 727,285 training hours and an average of approximately 10 training hours per employee.

PDT BUSINESS TRAINING

In order to enhance capability and professional skills of PDT (Product Development Team) and achieve the goal of smooth development, fast ramp-up and customer satisfaction, the Research Institute, together with the HR and IT team, created the Lingyi PDT Institute and carried out the “PDT Training”.

“Lingyi Library-PDT Academy”

Trainees carried out course learning and experience sharing. At this stage, a total of 277 courses were collected. The total number of participants reached 2,565 and 5,815 new reports were exported.

“DingTalk and Cloud Class”

Each BU HR administrator uploads “courseware + questions” to the cloud class regularly, and arranges product, quality, and intelligent engineers to learn. A total of 323 training courses were carried out at this stage. A total of 2,322 employees were participated, achieving a completion rate of 90%. The pass rate was 94%, and average score after the re-examination was 91 points.

In order to better understand the learning situation of the students and increase their enthusiasm for learning, in May 2020, the Research Institute and the HR Department jointly held a PDT training phase summary meeting, rewarding the outstanding trainees in the first and second stages of training. Third stage of the training was wrapped up in December.



ELITE TRAINING

Based on the on-site management team's capability model, the Company worked with a professional consulting company to establish the "Three-Star, Four-Star and Five-Star" training camp growth system for the on-site management team of LY iTECH to meet the growth needs of different industries, different bases and different objects.



Focusing on the main topic of "enhancing the ability of on-site management team", this training camp adopts methods such as online learning + online training + job practice + knowledge competition + essay activity + theme discussion. Through the training and learning with competitions, the implementation of management skills in daily work management, and promote the improvement of on-site QCD operation performance



Through online learning of nine courses, live seminars by experts, online knowledge contests, and a series of operational activities, systematic training and competitions were carried out, focusing on the creation of a learning atmosphere, gathering momentum and forge ahead, continuously strengthening goal guidance, focusing on the direction of job ability improvement, and creating within the company a good learning atmosphere to "compete, learn, improve and excel"



Efficient management system and excellent on-site management team are the solid foundation of enterprise on-site management and the integral cell of the enterprise. Improving the overall quality of the enterprise, maintaining the vigorous vitality of the enterprise, and building a high-quality workforce full of craftsmanship is the only way to ensure the scientific and sustainable development of the enterprise

Online Training

Remuneration and Benefits

In order to further standardize the remuneration payment standards and enhance the institutionalization and process management of remuneration and benefits, during the reporting period, the Company further optimized the remuneration system. It has revised the "Salary Management Standards", and supplemented the corresponding details of the provisions of the "Dining Management Regulations", the "Dormitory Management Regulations" and the "Communication Management Regulations". The Company has established a diversified remuneration and welfare system covering standard wages, work allowances, work subsidies and bonuses, subject to strict compliance with relevant national laws, regulations and local government policies and regulations. The Company is committed to enhancing the sense of belonging and happiness, as well as creating a good working environment. In order to attract and retain outstanding management talents, the Company implemented a share incentive scheme for middle management and core technical backbones to enhance the cohesion and competitiveness of the Company's management team, so as to ensure sustainable, stable and rapid development of the Company.

Standard wages

- Basic salary
- Job allowance
- Performance salary
- Skill allowance

Work allowances

- Overtime allowance
- Night shift allowance
- Full-attendance bonus
- Performance bonus

Work subsidies

- High-temperature subsidy
- Meal subsidy
- Accommodation subsidy
- Transportation subsidy
- Travel subsidy
- Examination subsidy

Bonuses

- Year-end bonus
- Project bonus
- Recommended bonus
- Retention bonus

Statutory benefits

- Five social insurance and one housing fund
- Statutory holidays

Equality and Harmony

The Company is committed to providing an equal and harmonious working environment for all employees, ensuring that every employee is treated fairly in terms of recruitment, remuneration and benefits, training and promotion, and dismissal, so that they can give full play to their strengths. In April 2020, the Company revised the “Management Rules on Prohibition of Discrimination” to further regulate the fairness of providing working opportunities. At the same time, when deciding on labor related matters such as employment, remuneration, training opportunities, promotion, demotion or retirement, the relevant departments shall make decisions based on the individual’s work ability and needs, rather than the factors such as race, social class, nationality, religion, disability, sexual orientation, union membership and government relations.

During the reporting period, the Company also revised the “Management Measures on the Labor Protection of Female Employees” to continuously protect the legitimate rights and interests of female employees, reduce and assist in solving the special difficulties caused by the physiological characteristics of female employees protect their health and improve the Company’s hommization in management decision.

Engagement and Grievance

The Company has set up a “suggestion box”, a complaint hotline and a DingTalk platform, where employees can submit any incident of discrimination under real name or anonymously. The Human Resources Department is responsible for handling the incidents. If the situation is found to be true after in-depth investigation, the discriminators are punished, and the results are communicated to the involved employee. During the reporting period, we further revised the “Complaint and Whistle-blowing Management Regulations”, established and improved the complaint and whistle-blowing mechanism and channels, standardized the process of acceptance, investigation, implementation and feedback and clarified the functions and powers of relevant departments. We guided and protected whistle-blowers, effectively investigated and dealt with the accused with disciplinary actions, prevented risks, safeguarded the rights and interests of the Company and employees, and promoted the communication between the Company and employees. Any employee or related party may reflect their opinions and suggestions through formal channels when they believe that their reasonable rights and interests are unreasonably violated, and has found any illegal acts such as corruption, theft, bribery, dissemination of rumors, leakage of secrets, and harm to the Company and society.



Employee satisfaction survey is an effective method for the Company to proactively understand employees' opinions, which helps to improve the Company's operation and management level and increase the sense of identity and belonging. During the reporting period, we actively promoted the employee satisfaction survey, covering aspects such as working environment and quality, remuneration and benefits, rules and regulations, personal development and logistics support. At the same time, we conduct a thorough analysis of the survey results, improve and upgrade the corresponding premises, facilities, systems and management methods, and continue to enhance and implement the protection of employees' rights and interests.

WELFARE IMPROVEMENT

- High temperature subsidies during summer
- Regular meals adding fruits, chicken legs, beverages, etc. with free
- Quarterly staff birthday parties
- Holiday welfares such as Dragon Boat Festival, Mid-Autumn Festival, Women's Day and New Year's Day
- Regular staff seminars to listen to staff suggestions and improve them



• Birthday party



• Forums

Care for Employee

In order to improve the quality of life of employees and enrich their spare time, the Company holds fun sports games and other various cultural activities. We firmly believe that a rich after-work life can stimulate employees' work enthusiasm, promote communication among employees, and increase the cohesion of the Company. At the same time, the Company convenes employees to actively participate in external activities and communicate with other local companies and factories. In November 2020, a Company of employees participated in the 2020 Feng Menglong Village Walking Competition to compete with 91 teams, so as to strengthen their bonds and determination.



• Group Games



• Tug-of-War Competition



• Walkathon

In addition to providing employees with remuneration and benefits and organizing various cultural activities, the Company always pays attention to the physical and mental health of employees and their families and is committed to caring for employees in both work and life. We actively build an employee service platform to provide assistance to employees in need. In July and September 2020, the Company raised more than RMB80,000 and RMB50,000 for an EPM engineer and a production staff respectively, both of whom received timely diagnosis and treatment and successfully returned to health. The relief activities were highly valued by the leaders of the Company, and the employees of the Company actively participated in and responded positively to the activities, sending warmth to the families of employees in need and helping them to overcome difficulties. We are convinced that the employee assistance activities can connect the colleagues with each other, form a harmonious working atmosphere of mutual assistance, improve their work and life quality, and develop together with the Company.

OCCUPATIONAL HEALTH AND SAFETY

Health and safety of employees is a necessary condition for normal operations of the business and an important factor for sustainable development of the Company. We strictly abide by relevant laws and regulations and have formulated internal management regulations. We are committed to building a sound system to provide employees with a safe working environment, which includes not only physiological, but also mental health, as well as improving corresponding policies to safeguard employees’ health.

Health and Safety Management

In order to prevent the occurrence of occupational diseases, keep abreast of the health status of employees, prevent the occurrence of workplace hazards, and effectively establish health management files for employees, the Company has established the “Health and Safety Management Procedures”, the “Work Guide for Managing Work-related Injuries”, the “Notice of Occupational Hazards”, the “Work Guide for Physical Examination of Occupational Diseases” and other safety management measures to standardize the management system. Currently, LY ITECH has passed the certification of ISO45001 occupational health and safety management system.



OCCUPATIONAL HEALTH MANAGEMENT

- Prevention first, combined prevention and treatment, classified management, comprehensive management
- Distribute occupational disease protection products and generate occupational disease hazard warnings
- Occupational hygiene training, notification of occupational hazards
- Labor protection equipment usage management



HEALTH RECORD MANAGEMENT

- One person, one file, establish occupational health surveillance files, keep them properly, and make it easy to extract
- New recruits accept general entry physical examination
- Employees exposed to occupational hazards undergo pre-job, on-the-job, change-of-job, and resignation physical examination
- Occupational injury return to work assessment, integrating medical treatment, company and employee personal wishes



FACILITY MAINTENANCE AND REPAIR

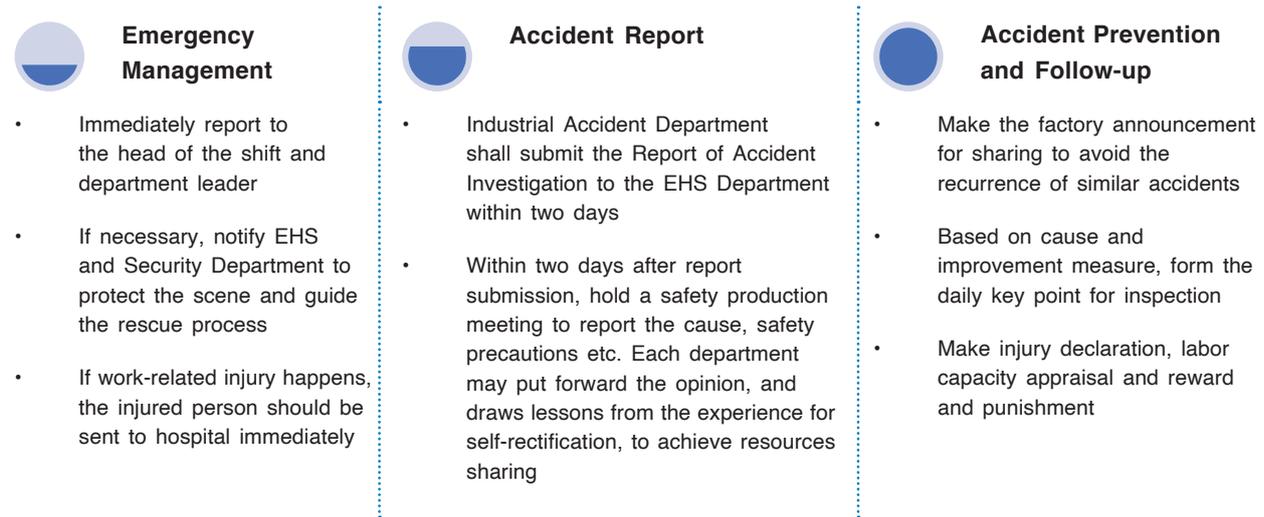
- Qualified occupational health technical service organizations test and use protective facilities that meet national health standards and requirements
- Establish a protective facility management responsibility and administrations, implement management rules and regulations, and complete regular operations and effective inspection systems, improve technical files, reduce production, repair, maintain and record equipment
- Protection facility operating procedures, performance, use requirements training, guide the correct use of facilities

Health and Safety Management Performance

In order to enhance the safety awareness of all employees and their ability to cope with accidents, we have provided diversified safety trainings in an orderly manner. Newly inducted employees are required to receive a three-level safety training, and pass the examination before on duty, and continue to receive re-education. Special operators, such as those electrical compliances, cranes and pressure vessels are required to receive regular education.



In order to ensure the production safety of employees, the Company has formulated the “Guidelines for Work Injury Management” and other relevant documents to regulate the prevention and handling procedures of accidents. We will analyse and handle work-related accidents in a timely manner, and further improve our existing measures to enhance our emergency response capabilities.



Work Injury Management Procedures

During the reporting period, the Company’s occupational health trainings attracted a total of 161,527 person-times participating in 200,899 training hours. The Company had no major production safety accidents or more serious production safety accidents, no work-related fatalities, and a total of 13 general safety accidents¹³ with zero casualty. The main causes of work-related injuries are that employees operate in violation of regulations, frequent abnormal operation of equipment for waste discharge and disposal, as well as insufficient safety supervision and training. To this end, we summarized the lessons learned, and the relevant responsible departments updated the safety operation process, replaced equipment models, strengthened safety training, and strengthened department supervision and inspection to timely rectified the problems, and implemented preventive measures.

¹³ General safety accidents refer to caused death less than 3 people, caused serious injury of less than 10 people, or direct economic loss less than RMB 10 million

ENVIRONMENTAL RESPONSIBILITY



The Company actively fulfils its corporate responsibility to protect the environment, and fully and reasonably allocates resources by controlling internal resources, so as to reduce waste of resources and improve energy efficiency. The Company has also adopted various measures to reduce pollutant emissions and implemented an energy-saving and low-carbon operation model, striving to achieve sustainable development.

- **Environmental Management**
- **Cleaner Production**
- **Resource Management**
- **Green Office**



Solar power generation
20,222,359 kWh



General waste recycling rate
76.34 %



Total investment in environmental protection
89.26 million

ENVIRONMENTAL MANAGEMENT

The Company strictly abides by the relevant environmental laws and regulations, and actively performs the responsibility of environmental protection and attaches great importance to environmental and sustainable development. We have established a sound environmental management system, formulated an EHS environmental policy and set the objectives to minimize the negative impact on the environment. We have set up an EHS management team led by the general manager level personnel, which is responsible for overseeing and managing the Company's environmental management, as well as identifying, assessing and controlling EHS risk factors, and regularly reviewing the achievement of EHS objectives to ensure the smooth and effective operation of the Company's environmental management work. As of 31 December 2020, the relevant factories have passed the ISO14001 environmental management system certification.

CLEANER PRODUCTION

The Company actively responds to the national call by fully implementing clean production, reducing generation and discharge of pollutants, and striving for sustainable development of the Company. We have formulated a comprehensive management process to regulate the discharge of wastewater, air emissions and noise generated in production and living, so as to ensure that they meet the legal requirements and reduce the negative impact of our operations on the environment. The Company engages third-party companies to regularly monitor the air emissions, wastewater and noise, and to ensure complying with the requirements of the environmental impact assessment approval standards of each plant according to the local environmental protection requirements. In case of non-compliance, the environmental protection engineering unit carries out the necessary modifications and renovation in plant facilities. In addition, the Company vigorously promoted the application of green technologies in production and manufacturing, continued to facilitate the development of green and low-carbon industries.

- We set up solar panels on the idle roof of the plant. In 2020, a total of 20,222,359 kWh of solar power was used, which can meet approximately 3.2% of the Company's energy demand and reduce the reliance on traditional energy
- Since April 2019, we have been working together with a large client located in North America, committing to adopt 100% clean energy to manufacture its products
- We communicate with suppliers and make clean energy strategic contracts to support the sustainable development of the Company
- Plan to purchase 350,000,000 kWh clean energy in 2021



Waste Management

The Company specifies the classification of wastes generated and strictly regulates collection, storage, and treatment of general wastes and hazardous wastes. The Company's garbage bins are classified in workshops and dormitories with graphic signs for identification. Waste is stored separately by category and marked with "general waste" and "hazardous waste" at the storage site for identification and treatment by relevant personnel.

During the reporting period, the Company generated a total of 128,088.57 tonnes of general waste, of which 76.34% was recycled and reused; a total of 8,813.09 tonnes of hazardous waste was generated, mainly including sludge, waste cutting fluid, waste organic solvent and waste mineral oil, etc. which have been handled over to qualified waste handling agencies for disposal.

General waste

- A storage container or facility for general waste should always be kept clean and intact. For wastes contained in storage containers, the name of the wastes shall be clearly noted on the external surface of containers.
- Recyclable parts, such as metals, metal scraps, paper, waste rubber, etc are recycled and reused by the suppliers; general garbage (metal slag) is recycled, and mats are laid on the ground near the warehouse to prevent aluminum slag from falling on the road.
- Rainwater dredging garbage does not directly contact with ground, and plastics cushions must be laid at the opening of rainwater wells to collect the waste.
- The non-recyclable part will be handed over to local sanitation department for clean-up, transportation and disposal.

Hazardous waste

- Before hazardous waste is generated, collected, and transported to the hazardous waste warehouse, each department is responsible for the classification, collection and management, and timely reporting to the relevant agencies for registration and filling in the "Waste Entry and Exit Record".
- Hazardous waste will be transported to the hazardous waste storage place for storage by designated personnel upon collection.
- Hazardous waste sites have secondary protection measures and equipped with fire-fighting equipment; different types of hazardous wastes should be separated and stored separately to avoid material conflicts and cause environmental or safety incidents
- Hazardous wastes are handed over to qualified manufacturers for recycling, transfer and disposal

Collection, Storage, and Disposal of Waste

We post hazardous waste labels on bins, which can provide employees with the warning of potential hazards in the process of hazardous waste generation, storage and transformation. During the reporting period, the Company also adopted series of measures to reduce the generation of hazardous waste and standardized its treatment process.



• Environmentally Friendly and Efficient Mud Machine



• New Hazardous Waste Warehouse

Wastewater Management

The wastewater generated by the Company is mainly production wastewater and domestic wastewater. During the reporting period, the Company discharged a total of 987,130.25 tonnes of production wastewater. Meanwhile, the Company's production process involves a large amount of water consumption. On the basis of water resource risks identified in each production process, we took active measures to reduce water consumption, reuse wastewater, trying to water recycling.



• Pure water system, producing concentrated wastewater for flushing

We strictly comply with relevant national laws and regulations and control wastewater discharge through the following processes.



Strict emission standards

- Wastewater from each factory is treated in accordance with the requirements of the EIA approval and discharged in accordance with the standards. "Zero Wastewater Treatment Agreement" should be signed when necessary
- According to the latest EIA, environmental engineers prepare and update the "Wastewater Discharge List" quarterly through data review, on-site visits, seminars, etc.
- The discharge outlets of wastewater stations shall be set up with signs of the discharge outlets that meet the requirements of environmental protection regulations



Real-time monitoring

- The Company performs pollutant monitoring on a real-time basis. If the wastewater does not meet the standard of discharge, the Company timely investigates the causes, conduct rectification, and make records
- Relevant responsible persons shall analyse the reasons for non-compliance and further propose improvement measures



Classified management

- Sewage pipes and rainwater pipes are strictly separated, and discharge of wastewater from toilets into rainwater pipes is prohibited
- Waste oil, waste chemicals and other items that cause great harm to the environment are prohibited from being dumped into the sewage pipes (such as various wastes, garbage, etc.)
- Relevant departments regularly clean up the sewage pipelines, non-regularly inspect the sewage septic tank in toilets
- Garbage must be poured into a designated place to prevent wastewater from flowing into the rainwater pipe

Air Emission Management

Air emissions generated by the Company mainly come from the production process, the use of generators and vehicles. During the reporting period, total nitrogen oxides, sulphur oxides and particulate matter generated by the Company were 25.09 tons, 0.26 tons and 43.65 tons, respectively. The Company has adopted a series of measures to reduce exhaust gas emissions and ensure that air emission meets the requirements of laws and regulations.



Develop and update the “Exhaust Air Emission List”, which lists the types of emissions of the Company and is updated quarterly



All vehicles of the Company are subject to regular annual audit; makes regular maintenance of air emission treatment facilities, such as regular cleaning, setting up of standby fan and backup materials, etc.



When facing emergency shutdown of the exhaust system, the relevant personnel shall be notified timely to conduct emergency maintenance and use the stand-by instead. Meanwhile, number of on-site operators should be reduced, and the department heads and employees should be notified to inform the maintenance progress to prevent affecting the health of employees.

Air Emission Management Measures

Noise Control

The “Noise Emission List” has been formulated and updated regularly. We engage relevant departments to monitor the noise generated during the production process of the Company. If the noise emission exceeds the standard, we would immediately carry out measures such as noise reduction and separation until the standard is met. We also carry out regular maintenance on all machinery and equipment and conduct regular inspection on machinery and equipment daily and take acoustic support measures for noise-generating machinery. In addition, we also provide employees with protective equipment such as earplugs to protect employees’ health from noise hazards. If noise is generated during the production process due to mechanical failure or other reasons, we shut down the machines immediately and invite electricians to inspect and repair to ensure that the noise does not affect the surrounding community.

RESOURCE MANAGEMENT

Energy Consumption

The Company is committed to continuously optimizing resource management and improving energy efficiency. The energy consumption involved in the daily operations of the Company includes petrol, diesel, natural gas, liquefied petroleum gas (direct energy) and purchased electricity (indirect energy). During the reporting period, the Company's total energy consumption was 2,514,815.53 GJ, among which direct consumption was 205,437.18 GJ and indirect consumption was 2,309,378.35 GJ. We conducted an energy analysis at the end of the year to review the energy consumption during the reporting period and adopted energy-saving plans as appropriate. During the reporting period, we have adopted multiple measures as follows to reduce energy consumption and raise energy efficiency.



- Some factories implemented a regional electricity accountability system. The performance of electricity usage control is linked to the salary of person in charge
- Air-conditioning electricity management: professional personnel is responsible for setting up energy-saving and consumption-reducing management signs and conducting daily inspections
- Power consumption of production equipment: power off during non-use time (including measuring instruments), self-checking of compressed air leakage, etc

Greenhouse Gas Emissions

Climate change has become a hot issue concerned globally, and China has also brought up the goal of achieving carbon neutrality by 2060. The Company actively responds to the national call, pays attention to its own carbon footprint, and reviews the impact of its operations on climate change.

The Company's greenhouse gas emissions mainly consist of direct emissions from natural gas combustion, diesel and petrol during production and work (Scope 1), and indirect emissions from the use of purchased electricity (Scope 2). During the reporting period, our total greenhouse gas emissions were 529,140.71 tCO₂e, of which Scope 1 was 13,251.25 tCO₂e, and Scope 2 was 515,889.46 tCO₂e.

At the same time, we seized the development opportunities of clean technology and made strategic arrangements in advance.

Pay attention to various ways to collect energy management information and strive to be in the leading position

Extensive participation and implementation by departments including administration, equipment, factory affairs, operation, management, finance, and accounting

Set up supervision mechanism for implementation process and effect, as well as demonstration factories and projects to promote clean energy



Energy management partner: The energy management strategic cooperation agreement was signed, and the energy management of the factory was comprehensively evaluated by the energy partner, and a valuation report was prepared

According to the assessment report of the energy management partners, formulate the long-term energy management plan: mainly including distributed solar power stations, energy storage stations and central air conditioning units

Clean Energy Management Plan

Water Consumption

Water shortage has increasingly become a global challenge. We always adhere to the water sources protection, deepen the recycling of water, and improve the utilization efficiency. During the reporting period, the Company consumed a total of 9,315,554.40 tonnes of water.

Environmental Training

During the reporting period, the Company organized a number of themed activities and special training programmes to enhance employees' awareness of environmental protection, strengthen the professional talent team and improve the environmental management skills. Through environmental protection training, the awareness of employees, especially production management personnel, has been further enhanced. The environmental protection responsibilities of employees were determined to ensure that the orderly operations of environmental management was promoted.



• Hazardous Waste Training



• Rainwater Management Training



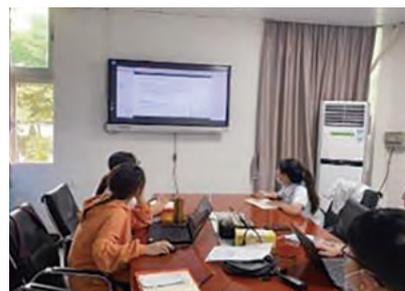
• Wastewater Management Training



• Emissions Treatment Training



• Chemical Safety Management Training



• Environmental Knowledge Training

GREEN OFFICE

The Company promotes sustainable development policies, actively nurtures green office culture, and conveys the concept of “green office, low-carbon life” to every employee. By creating a good atmosphere of energy saving and consumption reduction, the Company has raised employees’ awareness of energy saving and reduced its carbon footprint.

Provide environmental protection training to employees and promote green office initiatives



Adopt printing with card and encourage the use of double-sided printing and the secondary use of single-side paper



Purchase energy-saving products and equipment



Inspect the status of water and electricity equipment daily, and use energy-saving lamps in the factory; the lights must be turned off during non-office hours



COMMUNITY RESPONSIBILITY



The Company actively participates in various social welfare activities to give back to the society, demonstrating the development concept of co-creation and sharing with the society.

- **Fight against COVID-19**
- **Give Back to Society**



Donation for Pandemic
RMB **1.1** million

FIGHT AGAINST COVID-19

In the face of the sudden outbreak of COVID-19, during the reporting period, we took various measures to formulate and implemented various pandemic control measures. With a people-oriented approach, we are determined to fight against the pandemic, as well as contributing to the whole society within our capacity and fulfilling the Company social responsibility.

Establishment of the “Pandemic Prevention Committee”

In January 2020, we established the “Pandemic Prevention Committee” led by the Chairman, and divided all employees into approximately 4,000 teams, in each of which a team leader and a deputy team leader were appointed to track living, psychological and health status of family members of each group member. Since January, the Company has held a high-level meeting call every morning and afternoon. One main aspect of the meeting is to get employees familiar with the pandemic prevention and control policies in various regions; Another aspect is that information sharing such as analysis of employee management and production plans, work matters and plans are determined in the morning and follow-up work progress is reported in the afternoon, so as to ensure forward-looking, well planned and effective work.

Comprehensive and orderly resumption of work and production

Based on different locations in which employee spent the Spring Festival holidays and the transportation vehicles used for returning to the factory, and with reference to the national and local regulations and requirements on the management and control of the mobile employees, the Company classified employees into three levels, namely high risk, medium risk and low risk. It adopts different entry, dining and dormitory management strategies for employees at different risk levels, taking into account efficiency and risks, so as to ensure the health and safety. No suspected or confirmed cases was found during the reporting period.

According to the locations of employees and the information of returning visits, on the premise of employees’ free will, and to avoid cross-infection that may be caused by public transportation, the Company organized buses in advance to pick up employees from non-key infected areas around Guangdong to the work sites for free. According to the time spend in quarantine at their hometown, employees had to make supplementary quarantine, so as to ensure that such employees could return to work safely and timely.

- Take actions in accordance with the local government polices in high-risk areas
- Employees from mediun-risk areas should be put into quarantine in factory dormitories or home
- Employees from low-risk areas could go to work under the requirements of the factory

The Company’s factories are spread over in multiple provinces and cities across the country. Facing the different pandemic situations and policies at different places, the Company successfully carried out production and operation activities under the guidance of local policies and requirements, and actively worked on resumption filling procedures as required by the government. In order to effectively protect the safety of employees, the Company prepared prevention supplies such as masks, thermometers, protective clothing and disinfectants through external procurement and self-production, providing solid backup support for winning the battle.

In addition, we assigned special personnel to maintain close communication with customers and partners on a regular basis to ensure smooth and effective information transmission, so that customers, suppliers and other partners can timely understand the progress of resumption in advance to achieve reasonable resource connection. At the same time, the Company has prepared the “Report to Customers and Partners” in both Chinese and English to introduce our efforts in the face of the pandemic to customers and partners, as well as our plans and arrangements for future work, which gained wide recognition from customers and partners, and conveyed our confidence and efforts in winning.

FACTORIES PANDEMIC PREVENTION CASE I

门岗防疫工作内容:

1. 检查**行程码**，测**体温**，发现异常禁止入厂，并交前大门驻厂医生查看，听其建议就医；
2. 监督&检查全体佩戴**口罩**，员工未佩戴者，登记后发放口罩，其余外来人员要求戴好口罩才能入厂，并宣导厂内全程禁止取消口罩；
3. 要求入厂免洗**消毒洗手液**洗手；

各部门支援行政进行防疫工作

消毒工作:

1. 夜班全厂外围、食堂就餐区、宿舍过道消毒1次；
2. 门岗采用小喷壶自行消毒，每日早中晚至少3次；
3. 食堂区域自行消毒（84消毒液）早晚各1次；
4. 所有入厂车辆、快递进行消毒。

政策:

1. 境外人员提前报备政府，采用14+7进行集中隔离、居家隔离、两点一线观察；
2. 成都市外到成都人员持3天内核算检测报告，提前报备政府，中高风险区采用集中/居家隔离14天，两次核酸检测呈阴性后可复工。



FACTORIES PANDEMIC PREVENTION CASE II

- ◆ Part 1: Pandemic prevention implementation and material storage (2-month dosage of disinfectant)



物资	购买数量	库存数量	购买日期	使用日期
84消毒液(个)	500	0	0	500
一次性医用口罩(个)	2200	1000	300	2900
体温枪(个)	0	0	0	0
75%酒精(箱)	0	0	0	0
消毒液(箱)	0	120	0	0
消毒液(箱)	0	80	0	0
消毒液(箱)	5	40	0	5
消毒液(箱)	5	40	0	5
消毒液(箱)	10	0	0	10
消毒液(箱)	0	80	0	0
消毒液(箱)	0	80	0	0
消毒液(箱)	0	0	0	0
消毒液(箱)	7	0	0	7
消毒液(箱)	0	0	0	0
消毒液(箱)	0	0	0	0
消毒液(箱)	0	0	0	0
消毒液(箱)	1025	800	20	1000

- ◆ Part 3: Large-scale nucleic acid testing (approximate 1,800 person-time)



- ◆ Part 2: Guide of returning factories on New Year



- ◆ Part 4: COVID-19 Vaccine inoculation (Batch one: appropriate 3,100 employee)

苏州市新冠病毒疫苗接种对象摸底登记一览表

(表中各项信息请完整准确填写或选择, 不得空项)

填报单位: 苏州领裕电子科技有限公司 联系人: 联系电话(手机):

序号	姓名	年龄	性别	身份证号码	电话号码	所在单位	人员类别1(下拉选择)	人员类别2(下拉选择)
1	张佳伟	男				苏州领裕电子科技有限公司		
2	高顺强	男				苏州领裕电子科技有限公司		
3	李学军	男				苏州领裕电子科技有限公司		
4	刘柯凡	女				苏州领裕电子科技有限公司		
5	刘洋洋	女				苏州领裕电子科技有限公司		
6	郑娟	女				苏州领裕电子科技有限公司		
7	王飞伟	男				苏州领裕电子科技有限公司		
8	阮海斌	男				苏州领裕电子科技有限公司		
9	陶婷婷	女				苏州领裕电子科技有限公司		
10	王冠江	男				苏州领裕电子科技有限公司		
11	徐学松	男				苏州领裕电子科技有限公司		
12	张松平	男				苏州领裕电子科技有限公司		
13	吴耀红	男				苏州领裕电子科技有限公司		
14	李仕社	男				苏州领裕电子科技有限公司		
15	马海攀	男				苏州领裕电子科技有限公司		
16	张朝平	男				苏州领裕电子科技有限公司		
17	孙迪	女				苏州领裕电子科技有限公司		
18	黄震	女				苏州领裕电子科技有限公司		
19	曹浩	女				苏州领裕电子科技有限公司		
20	李仕群	男				苏州领裕电子科技有限公司		

Coordinated Operation with Internet Platform during the Pandemic

Use of platform	Purpose of use	Specific operation
Remote video interview tools	Recruitment	In response to the personnel needs during the pandemic, we actively replaced traditional face-to-face interview to online recruiting methods. The Company asked the newly recruited employees to be quarantined for 14 days before they are eligible to work, and the Company is responsible for the payment of basic wage during the quarantine.
DingTalk	Health Inspection	With the help of the DingTalk platform, we shifted from an old method where information on the physical condition and returning of employees is collected by Excel manually to a new method where employees fill in the checking form by themselves daily and the team leaders are responsible for supervision and inspection. The change greatly improves the timeliness and accuracy of information collection. A care team will communicate with potential ill individuals by phone and provide necessary mental health consulting.
Cloud Class	Notice on Prevention and Control	We actively use the internal network platform to carry out publicity of knowledge related to pandemic prevention and control. Under the guidance of national and local regulations, we quickly clarified the requirements on workers' return and resumption as internal documents and publish relevant instructions to fully cooperate with the national pandemic prevention work.
Intranet	Remote Office and Online Learning	In response to the remote working, we provide necessary employees with remote access to the intranet and helped them to actively adapt to the new way of working. During the break, the Company organized online learning among Engineering Departments, SR and the entire Company, and encouraged each BG and department to develop course with respect to their characteristics.

Donation

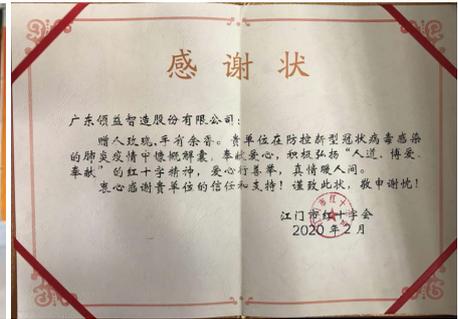
“Disaster is heartless, but people are affectionate; when disasters struck, help came from all sides”, the Company’s factories in Shenzhen, Dongguan and Jiangmen in Guangdong Province, Dongtai and Suzhou in Jiangsu Province, Chengdu in Sichuan Province, and other regions actively cooperated with local government departments to make donations, and the total donation was RMB1,100,000 to the above regions.



• Factories Donation



• Donation



• Certificate of Gratitude

GIVE BACK TO SOCIETY

In addition to the internal control and external donations, during the reporting period, the Company also organized the “Love Warming the Winter — Winter Clothing Donation”, aiming to send our warmth and care to villagers in underprivileged areas.

A total of 382 pieces of winter clothing were collected for the event, including winter outerwear, underwear, hand warmers, insulated mugs, etc. Those supplies were all donated to villagers in Niuniuba, Meigu County, Daliangshan Yi Autonomous Prefecture, thus that they could stay warm both internally and externally.



• Material Packing



• Love Labelling



• Donation Status

PERFORMANCE DATA SUMMARY

	Indicators	2020
Environmental	Resource Consumption	
	Electricity (kWh)	641,493,985.75
	Solar power (kWh)	20,222,359.00
	Natural gas (m ³)	1,116,614.22
	Petrol (liters)	417,582.73
	Diesel (liters)	1,629,243.03
	Liquefied petroleum gas (m ³)	3,333.33
	Tap water (tonnes)	9,315,554.40
	Greenhouse Gas (tCO₂e)	
	Total GHG emissions	529,140.71
	Direct emissions (Scope 1)	13,251.25
	Indirect emissions (Scope 2)	515,889.46
	Air Emissions (tonnes)	
	Nitrogen oxides	25.09
	Sulphur oxides	0.26
	Particulate matter	43.65
	Others ¹⁴	58.90
	Wastewater Pollutants (tonnes)	
	COD	31.73
	Ammonia nitrogen	4.54
	Others ¹⁵	8.52
	Wastewater Discharge (tonnes)	987,130.25
	Hazardous Waste (tonnes)	
	Sludge	4,908.82
	Waste cutting fluid	1,108.75
	Oil-containing washing wastewater	1,491.06
	Waste organic solvents	314.92
	Waste mineral oil	136.98
	Waste packaging containers/packaging barrels	266.09
	Others ¹⁶	586.47
	General Waste (tonnes)	
Industrial waste	Produced	47,363.63
	Recycled	30,102.04
Domestic waste	Produced	80,724.94
	Recycled	67,677.34

¹⁴ Other emissions include dimethylbenzene, sulfuric acid mist, etc.

¹⁵ Other wastewater includes total phosphorus, oil, suspended solid, etc.

¹⁶ Other hazardous waste includes painting wastewater, waste paint and concentrate, etc.

Social	Total Headcount	76,729
	By Gender	
	Male	46,823
	Female	29,906
	By Function	
	Production	64,866
	Technical	6,510
	Salesman	743
	Financial and administrative	4,619
	By Education	
	Doctor	11
	Master	347
	Bachelor	4,497
	Junior college	8,437
	Below junior college	63,437
	By Age	
	<30	39,383
	30–50	36,655
	>50	691
	Gender Distribution of Management	
	Male	956
	Female	308
	Female management ratio	24.37%
	Contract Signing	
	Labor Contract Signing Rate	100.00%
	Occupational Safety and Health	
	Production safety accidents	13
Number of work-related fatalities	0	

GRI CONTENT INDEX

The content index of this report includes the GRI Sustainability Reporting Standards (GRI Standards) and the China CSR Reporting Guidelines (CASS-CSR) issued by the Research Centre for CSR of the Chinese Academy of Social Sciences.

GRI Indicator	CASS-CSR4.0 Guidelines	Section/Remarks
General Disclosures 2016		
Organisational Profile		
102-1	Name of the organization	P4.1 Organizational structure and operating location About us — Introduction
102-2	Activities, brands, products, and services	P4.2 Main products, services and brands About us — Product Solutions
102-3	Location of headquarters	P4.1 Organizational structure and operating location About us — Location of Operation
102-4	Location of operations	P4.1 Organizational structure and operating location About us — Location of Operation
102-5	Ownership and legal form	P4.1 Organizational structure and operating location About us — Introduction & Location of Operation
102-6	Markets served	P4.2 Main products, services and brands About us — Product Solutions
102-7	Scale of the organization	P4.3 Enterprise size and influence About us — Introduction
102-8	Information on employees and other workers	S2.1 Employee composition Employee Responsibility — Employee Distribution
102-9	Supply chain	Partners Responsibility — Supply Chain Management
102-10	Significant changes to the organization and its supply chain	P4.4 Major changes in organizational size, structure, ownership or supply chain during the reporting period No significant change
102-11	Precautionary principle or approach	Customer Responsibility — Quality Control
102-12	External initiatives	—
102-13	Membership of associations	—

GRI Indicator		CASS-CSR4.0 Guidelines	Section/Remarks
General Disclosures 2016			
Strategy			
102-14	Statement from senior decision-maker	P2.1 Situation analysis and strategic consideration of corporate social responsibility performance	Message from the Chairman
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	G1.1 Corporate mission, vision and values	About us – Values, Philosophy and Vision
Governance			
102-18	Governance structure	P4.1 Organizational structure and operating location	Economic Responsibility – Organization and Governance
Stakeholder Engagement			
102-40	List of stakeholder groups	G6.1 Identification of and responding to pursuits of stakeholders	Responsibility Management – Social Responsibility Management – Respond to Stakeholders' Concerns
102-41	Collective bargaining agreements	S2.3 Signing rate of labor contracts	Employee Responsibility – Employee Distribution
102-42	Identifying and selecting stakeholders	G6.1 Identification of and responding to pursuits of stakeholders	Responsibility Management – Social Responsibility Management
102-43	Approach to stakeholder engagement	G6.2 Internal and external communication mechanisms and activities of corporate social responsibility	Responsibility Management – Social Responsibility Management
102-44	Key topics and concerns raised	G6.1 Identification of and responding to pursuits of stakeholders	Responsibility Management – Social Responsibility Management – Materiality Matrix

GRI Indicator		CASS-CSR4.0 Guidelines	Section/Remarks
General Disclosures 2016			
Reporting Practice			
102-45	Entities included in the consolidated financial statements	P1.2 Information interpretation	Annual report
102-46	Defining report content and topic Boundaries	G2.1 Identification and management of material issues in corporate social responsibility	About the Report
102-47	List of material topics		Responsibility Management – Social Responsibility Management – Respond to Stakeholders' Concerns
102-48	Restatements of information	P1.2 Information interpretation	No restatement
102-49	Changes in reporting		No significant change
102-50	Reporting period		About the Report
102-51	Date of most recent report		First report was released in March 2021
102-52	Reporting cycle	P1.3 Reporting system	About the Report
102-53	Contact point for questions regarding the report	P1.2 Information interpretation	About the Report
102-54	Claims of reporting in accordance with the GRI Standards		About the Report
102-55	GRI content index	A5 Reference index	GRI content index
102-56	External assurance	P1.1 Quality assurance	—

GRI Indicator	CASS-CSR4.0 Guidelines	Section/Remarks
Material Issues		
205	Anti-corruption	
103	Management Approach	
103-1	Explanation of the material topic and its boundary	
103-2	The management approach and its components	Economic Responsibility – Integrity
103-3	Evaluation of management approach	
205-2	Communication and training about anti-corruption policies and procedures	M1.3 Anti-corruption Economic Responsibility – Integrity
307	Environmental Compliance	
103	Management Approach	
103-1	Explanation of the material topic and its boundary	
103-2	The management approach and its components	Environmental Responsibility
103-3	Evaluation of management approach	
307-1	Non-compliance with environmental laws and regulations	Environmental responsibility Environmental Responsibility

GRI Indicator	CASS-CSR4.0 Guidelines	Section/Remarks
Material Issues		
401	Employment	
103	Management Approach	
103-1	Explanation of the material topic and its boundary	
103-2	The management approach and its components	Employee Responsibility – Talent Management
103-3	Evaluation of management approach	
401-1	New employee hires and employee turnover	S2.20 Employee turnover rate Employee Responsibility – Talent Management – Talent Acquisition
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	S2.10 Remuneration and benefits system S2.11 Occupational health management S2.13 Employee mental health assistance Employee Responsibility – Talent Management – Remuneration and Benefits
401-3	Parental leave	Employee Responsibility – Talent Management – Equality and Harmony
414	Supplier Social Assessment	
103	Management Approach	
103-1	Explanation of the material topic and its boundary	
103-2	The management approach and its components	Partners Responsibility
103-3	Evaluation of management approach	
414-1	New suppliers selected using social standards	M3 Partnership responsibility Partners Responsibility
414-2	Negative social impacts in the supply chain and actions taken	Partners Responsibility – Supply Chain Management – Supplier Assessment and Engagement
	Innovation-driven	M2.4 Adhere to innovation-driven development M2.5 R & D investment M2.6 Number of new patents Customer Responsibility – Research and Development

GRI Indicator		CASS-CSR4.0 Guidelines	Section/Remarks
Material Issues			
OTHER ISSUES			
302-1	Energy consumption within the organization	E2.5 Total energy consumption and reduction throughout the year	Environmental Responsibility – Resources Management – Energy Consumption Performance Data Summary
302-4	Reduction of energy consumption	E2.5 Total energy consumption and reduction throughout the year	Environmental Responsibility – Resources Management – Energy Consumption
303-1	Interaction with water as a shared resource	E2.10 Annual fresh water consumption	Environmental Responsibility – Cleaner Production – Wastewater Management
		E2.15 Wastewater discharge and emission reduction	Performance Data Summary
303-2	Management of water discharge related impacts	E2.14 System, measures or technology to reduce wastewater discharge	Environmental Responsibility – Cleaner Production – Wastewater Management
305-1	Direct (Scope 1) GHG emissions		Environmental Responsibility – Resource Management – Greenhouse Gas Emissions
305-2	Energy indirect (scope 2) GHG emissions	E2.13 Air emissions and emission reduction	Environmental Responsibility – Resource Management – Greenhouse Gas Emissions
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x) and other significant air emissions		Environmental Responsibility – Cleaner Production – Air Emission Management

GRI Indicator		CASS-CSR4.0 Guidelines	Section/Remarks
Material Issues			
306-2	Waste by type and disposal method	E2.17 Waste discharge and emission reduction	Environmental Responsibility – Cleaner Production – Waste Management Performance Data Summary
403-1	Occupational health services	S2.11 Occupational health management	Employee Responsibility – Occupational Health and Safety – Health and Safety Management
403-2	Hazard identification, risk assessment and incident investigation		Employee Responsibility – Occupational Health and Safety – Health and Safety Management Performance
403-3	Hazard identification, risk assessment and incident investigation		Employee Responsibility – Occupational Health and Safety – Health and Safety Management
403-5	Workers training on occupational health and safety	S3.4 Safety training performance	Employee Responsibility – Occupational Health and Safety – Health and Safety Management Performance
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	S2.11 Occupational health management	Employee Responsibility – Occupational Health and Safety – Health and Safety Management
403-9	Work – related injuries	S3.6 Number of production safety accidents S3.7 Number of casualties	Employee Responsibility – Occupational Health and Safety – Health and Safety Management Performance
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	M2.15 Actively responding to consumer complaints M2.16 Complaint resolution rate	Customer Responsibility – Customer Service – Grievance Handling Process

FEEDBACK

Thank you for reading this 2020 CSR report! We would appreciate your evaluation of this report. Your valuable opinion will be used for our ongoing improvement.

1. Which category of stakeholders you belong to?			
<input type="checkbox"/> Staff	<input type="checkbox"/> Customers	<input type="checkbox"/> Suppliers and Partners	<input type="checkbox"/> Shareholders or Investors
<input type="checkbox"/> Government or Regulatory Authorities	<input type="checkbox"/> Peers	<input type="checkbox"/> Community Residents	<input type="checkbox"/> Media Institutions
<input type="checkbox"/> NGOs	<input type="checkbox"/> Scientific Research Institutions	<input type="checkbox"/> Banks	<input type="checkbox"/> Others (please specify): _____
2. Do you think this report has fully reflected the social responsibility performance of the Company in 2020?			
<input type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree
3. Do you think the information disclosed in this report is accurate?			
<input type="checkbox"/> Extremely accurate	<input type="checkbox"/> Accurate	<input type="checkbox"/> Not accurate	<input type="checkbox"/> Not at all accurate
4. What do you think of the framework structure of this report?			
<input type="checkbox"/> Extremely clear	<input type="checkbox"/> Clear	<input type="checkbox"/> Unclear	<input type="checkbox"/> Extremely unclear
5. Do you think this report is easy to read?			
<input type="checkbox"/> Extremely easy to read	<input type="checkbox"/> Easy to read	<input type="checkbox"/> Difficult to read	<input type="checkbox"/> Extremely difficult to read
6. Do you have any comments and suggestions on the Company's social responsibility work? Please fill out below if available.			
<input type="checkbox"/> Nil	<input type="checkbox"/> Yes, _____		
7. Please leave your name and contact details.			
Name:	Contact (mobile phone number or email address):		



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