



2022

Social Responsibility Report Environmental Social and Governance (ESG) Report

WUXI LEAD INTELLIGENT EQUIPMENT CO., LTD.

CONTENTS

Report Preparation Statement	02	Products and Services	24
		■ Product R&D	26
		■ Product quality	28
		■ Customer service	29
		■ Supply chain sustainability	30
		■ Cooperate with the industry for common development	32
Chairman Message	04	Labor and Human Rights	34
About LEAD	06	■ Labor and Human Rights Declaration	36
■ Company history	08	■ Employment	36
■ Global footprint	09	■ Employee development	40
■ Strategic direction	09	■ Employee care	44
■ Corporate culture	10	■ Employee health and safety	48
■ Honors in the year	12		
■ Business coverage	13	Environment and Energy	52
Corporate Governance	14	■ Environmental management	54
■ Organizational structure	16	■ Pollution prevention	55
■ Investor equity protection	17	■ Energy management	57
■ Sustainability management	18	■ Green energy	58
■ Anti-corruption	22	Social Contribution	60
		■ Support for public good	62
		Suggestions and Feedback	64

About this report

This report is the third social responsibility report issued by Wuxi Lead Intelligent Equipment Co., Ltd. (hereinafter referred to as "LEAD" and "Company"), reflecting the practices and achievements of the Company and its affiliates in environmental, social and corporate governance (hereinafter referred to as "ESG"). This report was reviewed and approved at the 24th meeting of the 4th Board of Directors on April 25th, 2023.

Reporting entity

Unless otherwise specified, the scope of this report covers LEAD and its subsidiaries and branches.

Reporting period

January 1, 2022 to December 31, 2022 (hereinafter referred to as the "Reporting Period"). In order to enhance the comparative and forward-looking nature of this report, some of the contents may contain retrospective information or forward-looking descriptions as appropriate.

Basis of the report

This report is based on the Shenzhen Stock Exchange (SSE) Guideline No.2 on the Application of Self-Regulation Rules for Listed Companies-Standardized Operation of Listed Companies on Growth Enterprise Market, SSE Disclosure Requirements for Social Responsibility Reports of Listed Companies, GRI Sustainability Reporting Standard and the relevant requirements of UN sustainable development goals, and is compiled in combination with the actual situation of the Company.

Data source and reliability

The financial data in this report comes from the audited financial report of the Company. If there is any discrepancy between the financial data and the annual report, the annual report shall prevail. Other data come from the data provided by relevant departments of the Company. Unless otherwise specified, the currency types and amounts involved in this report are denominated in RMB.

Accessibility

This report is published in electronic version. If you need to obtain it, please download the electronic version of this report on <http://www.cninfo.com.cn>.

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Vision

To be a world leading intelligent equipment manufacturer

Mission

Create value for customers Seek wellbeing for employees

Values

Customer-centric, devotion and diligence, integrity and pragmatism, selflessness and responsibility, innovation, dedication, perfection, reputation, efficiency



Chairman Message



Wang Yanqing

Chairman of LEAD

“

Our initial aspirations of technology innovation will never change, and technology leading is always the greatest guarantee for us to base ourselves on high-end equipment manufacturing market and serve global customers. The comprehensive transformation and reform road is our sure choice. Aggressive, lean and agile transformation is the key for LEAD to move towards a century-old enterprise. Digitalization and lean management are the two engines for LEAD to become a world-class leading enterprise. Let's take action and move forward to a promising future!

”

Intelligent Manufacturing for A Greener Future

2022 is a year which made things hard for both enterprises and individuals. However, there's one thing that's still the same, that is, the pursuit of green, low-carbon, and intelligent manufacturing. 2022 is a fruitful year for LEAD, with globalization, breakthrough and transformation in smooth progress.

2022 is a crucial year in LEAD's global footprint. We strengthened our local delivery systems in subsidiaries/branches and offices in more than ten countries around the world, acquired Ontec in Germany, established Center of Competency (COC) in Europe, and embarked on a new journey of international manufacturing services. The digital intelligent factory displayed on BATTERYSHOW in Europe has shown the world the leading strength of China's high-end intelligent manufacturing. The gradual achievement of overseas GDR listing will definitely promote resources globalization of LEAD. LEAD definitely has a promising future. We shall have global awareness, talents, and capability to provide customers with the most globally competitive products and services, and become a world-class leading enterprise.

In 2022, we supplied more than 300GWh of lithium battery products for well-known battery enterprises such as CATL, CALB, EVE and SVOLT, obtained strategic cooperation orders of mass production line from Volkswagen and ACC, and extended overseas order coverage to more European and American countries such as USA, Germany, Sweden, Slovakia, Greece, Turkey, etc. We have reached cooperation relationship with well-known enterprises in various fields, such as whole-line lithium battery solution, formation and capacity grading, module and PACK, charge and discharge test, large logistics, container and energy storage, and the platform development model has achieved remarkable results. We have cooperated with top industry players such as Tongwei, AikoSolar and Suntech Power in the new technology fields such as TOPCon and XBC. Our 3C business has made great achievements in the fields of 3D glass pad printing, special VR equipment, new surface processing and camera processing. Our hydrogen energy business has borne fruits in the fields of membrane electrodes, bipolar plates, stack assembly, activation testing, hydrogen production by electrolysis, etc. and strategic cooperation has been established with customers at home and abroad. Our automotive production line business and technology have been deeply recognized by frontline OEMs such as BMW, Volkswagen, and Daimler. Our laser FPC processing equipment and Micro LED laser massive transfer equipment have obtained repeated orders from top customers. Our intelligent logistics AGV and AS/RS system are entering the field of cathode and anode materials and over 1000 sets of them have been delivered.

In 2022, LEAD worked together with human beings and shared the same fate. We actively participated in building a global low-carbon society, and worked with the upstream and downstream of the industry chain to promote human progress and sustainable development through intelligent innovation. This year, we also won many prizes, including "National Enterprise Technology Center", "China Grand Awards for Industry-Recognition Award" and "China Patent Excellence Award". "Forbes 2022 China Top 50 Innovators", "Forbes 2022 China Top 50 Sustainable Industrial Enterprises", "China Top 100 Listed Companies for Intelligent Manufacturing Solutions" and many other social honors. Also, our efforts in product technology and delivery has won high recognition from customers and the industry. We will continuously strive for excellence!

Friends and colleagues, now we are embarking on a new journey of 2023. Let's stick to our original aspiration and go for it!

We shall be fully prepared for globalization to solidify LEAD's global footprint. Our initial aspirations of technology innovation will never change, and technology leading is always the greatest guarantee for us to base ourselves on high-end equipment manufacturing market and serve global customers. The comprehensive transformation and reform road is our sure choice. Aggressive, lean and agile transformation is the key for LEAD to move towards a century-old enterprise. Digitalization and lean management are the two engines for LEAD to become a world-class leading enterprise. Let's take action and move forward to a promising future!

Let's pursue the intelligent manufacturing dream to achieve green progress, work together, and move forward together to a challenging and hopeful 2023!

About LEAD

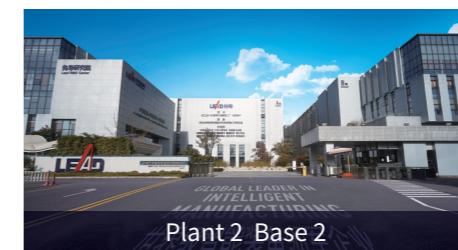


 2002
Establishment of
LEAD

 2015
Listed on Growth
Enterprise Market (GEM)



Plant 1 Headquarters & Base 1



Plant 2 Base 2



Plant 3 Base 3

Established in 2002, Wuxi Lead Intelligent Equipment Co., Ltd has grown into the world's leading whole-line new energy equipment provider, covering intelligent lithium battery equipment, intelligent photovoltaic equipment, intelligent 3C equipment, intelligent logistics system, intelligent automobile production line, intelligent hydrogen equipment, laser precision machining and other fields. In 2015, LEAD was listed on Shenzhen Growth Enterprise Market with stock code 300450. By the end of the reporting period, LEAD has 18,774 employees, including 4,507R&D engineers. LEAD is committed to providing customers with one-stop overall solutions from consultation, design, manufacturing, installation, commissioning, training and subsequent upgrades, and continuously improving the customer experience.

■ Company history



■ Global footprint

With continuous upgrading of the market and customer needs in mind, LEAD is firmly committed to the internationalization strategy, integrating resources, setting up offices and branches worldwide, and always keeping ahead of the curve. At present, our products have been exported to many countries and regions, such as USA, Germany, France, Japan, Korea, India, Sweden, Turkey, Vietnam, etc. We have set up several branches and subsidiaries worldwide, using globalized technology to serve global customers, thus gaining global support.



■ Strategic direction

With LEAD entering a new development stage, its strategy has been upgraded: technology-leading, lean and agile manufacturing, global development, and committed to becoming a world-class intelligent equipment leader.

1. Technology leading

China enterprises must take technology as priority to ensure international leadership, especially for new energy equipment enterprises. In order to optimize product quality, improve operational efficiency and reduce production cost, LEAD has always maintained high R&D investment and has made in-depth layout in core, forward-looking and basic R&D fields.

2. Lean and agile manufacturing

Producing high-tech and high value-added products are the inevitable choice for an enterprise to achieve excellence. LEAD is committed to produce high-end products, and has achieved global leadership in many fields such as lithium battery, PV and hydrogen energy.

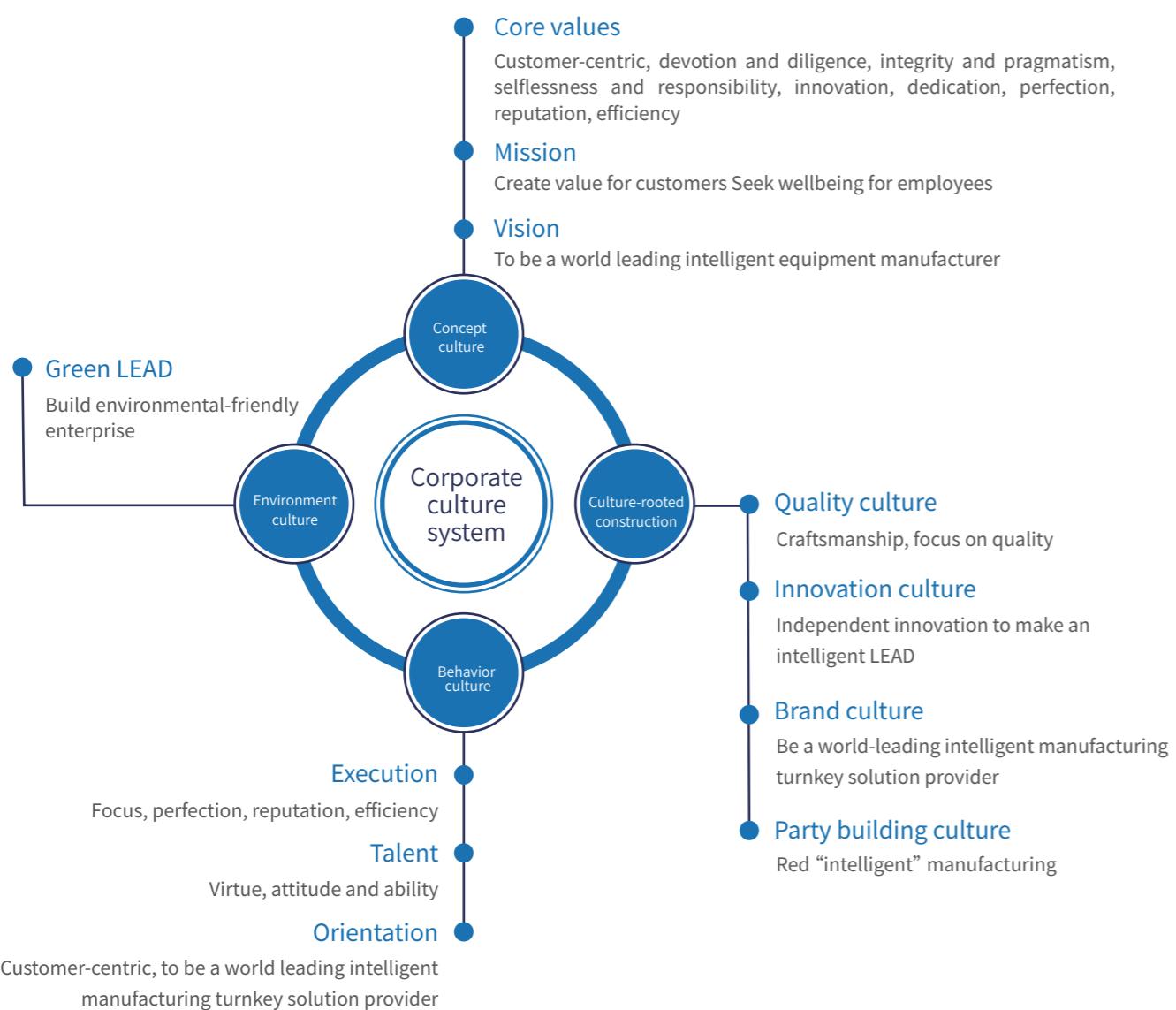
3. Global development

Enterprises must take a global vision to actively participate in global competition and obtain global competitiveness. The goal of LEAD is not only domestic substitution, but international transcendence. In recent years, LEAD has made an in-depth layout overseas, set up several subsidiaries/branches in USA, Europe, Japan and South Korea, and also built technology and processing center in Europe. With these, LEAD is able to provide localized products and services to global customers.

Corporate culture

After more than 20 years of hard work, LEAD has gradually grown from a small factory with three employees to today's LEAD, laying a solid cultural foundation. LEAD encourages all employees to think, discuss and share ideas to constantly enrich corporate culture. Based on Scientific Outlook on Development, LEAD continuously updates and improves the mission, vision and values of the Company. LEAD also collects corporate culture stories and cultural aphorisms from employees, refines cultural concepts, and holds cultural forums to jointly create the corporate culture system of the Company.

LEAD promotes corporate culture by establishing management systems such as performance orientation, employee management and officer appointment. Through various trainings, employees can deeply understand the corporate culture of the Company. The LEAD Corporate Culture Handbook is revised by our CEO personally, and the corporate culture is widely shared among employees via the company website, wall newspaper, department billboards, badges and other physical carriers. LEAD also organizes corporate culture examinations regularly to make sure corporate culture is deeply rooted among employees.



2022 LEAD corporate culture week

During the two-week corporate culture week in 2022, LEAD employees actively participated in activities and deeply understood LEAD culture, which fully promoted the organizational vitality and cultural self-confidence of LEAD.



Open letter on corporate culture



Culture interview with CEO



Values PK



Culture interview with senior employees



Live roadshow and interaction

Honors in the year



Prize	Awarded by	Level
National Enterprise Technology Center	Department of Innovation and High-Technology Development of NDRC	Country Level
China Grand Awards for Industry-Recognition Award	China Federation of Industrial Economics	
23rd China Patent Excellence Award	China National Intellectual Property Administration and WIPO	
National Manufacturing Single Champion Product Enterprise	Industry and Information Technology Department of Jiangsu	
National Intellectual Property Superior Enterprise	China National Intellectual Property Administration	
Jiangsu Green Factory	Industry and Information Technology Department of Jiangsu	Provincial Level
2022 Top 200 Private Enterprises in Jiangsu Province	Jiangsu Federation of Industry & Commerce	
2022 Top 100 Private Manufacturing Enterprises in Jiangsu Province	Jiangsu Federation of Industry & Commerce	
2022 Top 100 Innovative Private Enterprises in Jiangsu Province	Jiangsu Federation of Industry & Commerce	
Jiangsu Manufacturing Outstanding Contribution Award	Industry and Information Technology Department of Jiangsu	
Comprehensive Evaluation of Corporate Social Responsibility Construction in Jiangsu Province: Manufacturing Model List/Sub-industry Model List	Industry and Information Technology Department of Jiangsu	Brand List
Five-star Cloud Enterprise in Jiangsu Province	Industry and Information Technology Department of Jiangsu	
Jiangsu Province Quality Credit AAA-level Enterprise	Jiangsu Market Supervision and Administration Bureau	
2022 Forbes China Top 50 Sustainable Industrial Enterprises	Forbes China	
Forbes 2022 Top 50 Innovative Enterprises in China	Forbes China	
China Top 100 Listed Companies for Intelligent Manufacturing Solutions (rank 2 in total, rank 1 among equipment enterprises)	e-works Research	
2022 Top 2,000 Industrial Enterprises by Market Value in China (rank 149, rank 1 among special equipment manufacturing enterprises)	China Industry News	
2022 Top 500 Global New Energy Enterprises	China Energy News	

Business coverage

Provide customers with turnkey intelligent manufacturing solutions in lithium battery, PV, 3C, automobile production line, intelligent logistics, Fuel cell and laser precision machining fields.



Lithium battery
intelligent
manufacturing



PV intelligent
manufacturing



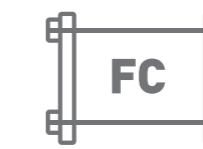
3C intelligent
equipment



Automobile
production line



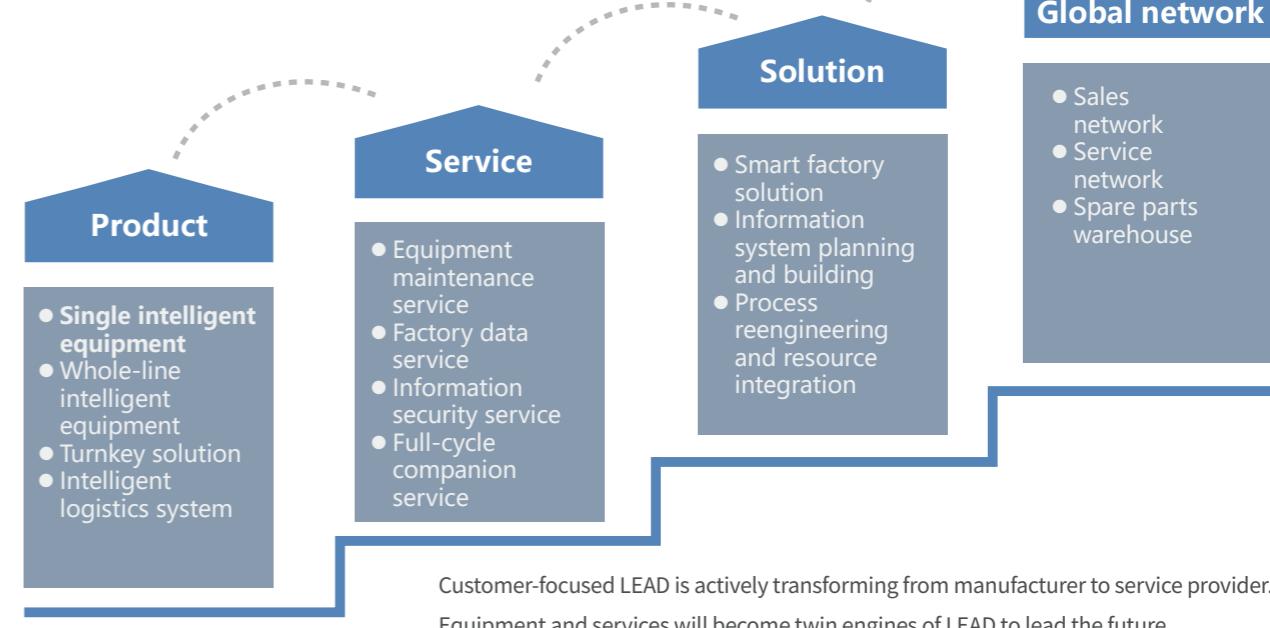
Intelligent logistics



Fuel cell



Laser



Corporate Governance



Organizational structure

LEAD timely optimizes and adjusts the design of organizational structure in accordance with the requirements of the Company Law of People's Republic of China, the Securities Law of People's Republic of China and other relevant laws, regulations and normative documents, and based on the business characteristics and strategic requirements of the Company. LEAD establishes and improves the organizational structure and operation mechanism of modern enterprises composing of general meeting, board of directors, board of supervisors and management. All organizations shall exercise their functions and powers and perform their obligations according to law within their terms of reference to jointly promote the efficient and compliant operation of the Company. LEAD also establishes and improves various internal management systems based on the Articles of Association. During the reporting period, the Company formulated and revised several system documents, including Confidentiality and File Management System Related to Overseas Securities Issuance and Listing, and Management System of Forward Foreign Exchange Settlement and Sale Business.



About shareholders and general meeting

In strict accordance with the Company Law, Articles of Association, Rules of Procedure for Shareholders' General Meeting and other laws and regulations, LEAD regulates the convening, holding and voting procedures of shareholders' general meeting to ensure that all shareholders enjoy equal status and equal rights, fully exercise their rights and fulfill their obligations. During the reporting period, LEAD held one annual general meeting and four extraordinary general meetings, all of which were convened and held by the Board of Directors.



About directors and Board of Directors

There are seven directors on the Board of Directors of the Company, including three independent directors. The number and composition of the Board of Directors are in compliance with the requirements of laws, regulations and the Articles of Association. All directors earnestly perform their duties in an honest, diligent and conscientious manner, attend meetings on time, actively participate in trainings, and constantly improve their performance of functions. There are four special committees under the Board of Directors: Strategy Committee, Nomination Committee, Audit Committee and Remuneration and Appraisal Committee, and corresponding rules have been formulated. All these play an important role in promoting the Company's standardized operation and safeguarding shareholders' rights and interests. During the reporting period, the Company held 13 board meetings.



About supervisors and Board of Supervisors

The Board of Supervisors has three supervisors, including one employee supervisor. The number and composition of the Board of Supervisors meet the requirements of laws and regulations. During the reporting period, the Board of Supervisors held meetings in strict accordance with the regulations. All supervisors perform their duties conscientiously with the best interests of shareholders in mind, supervise the legality and compliance of the Company's finances and the performance of duties by the Company's directors and senior management, and protect the legitimate rights and interests of the Company and shareholders. During the reporting period, the Company held 13 meetings of the Board of Supervisors.

In 2022	Annual general meeting	Extraordinary general meetings	Board meetings	Meetings of the Board of Supervisors	Directors	Female director	Independent directors
	1	4	13	13	7	1	3

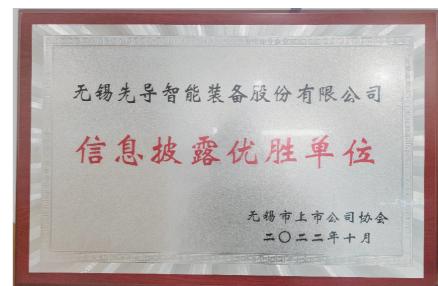
Investor equity protection

In strict accordance with the Guidelines for the Management of Investor Relations of Listed Companies, the Rules for Listing on Growth Enterprise Market of Shenzhen Stock Exchange, and the Shenzhen Stock Exchange Guideline No.2 on the Application of Self-Regulation Rules for Listed Companies-Standardized Operation of Listed Companies on Growth Enterprise Market, LEAD conscientiously implements the relevant requirements and instructions of the regulatory authorities to protect investors, fulfills the obligation of information disclosure according to law, treats all investors equally (especially providing opportunities to small and medium-sized investors to participate in activities), listens to investors' opinions and suggestions and responds to investors' demands timely, strengthens communication with investors and potential investors, enhances investors' understanding and recognition of the Company, and improves the level of corporate governance and the overall value of the enterprise to achieve the goals of respecting, protecting and rewarding investors.



Fulfilling information disclosure obligations according to law

LEAD fulfills its information disclosure obligations in strict accordance with the requirements of the Company Law of People's Republic of China, the Rules for Listing on Growth Enterprise Market of Shenzhen Stock Exchange, the Administrative Measures for Information Disclosure of Listed Companies and other relevant laws and regulations to ensure that the contents of the reports are true, accurate, timely and complete and the information is publicly disclosed to all investors.



In 2022 Announcements and other online documents disclosed

195

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Diversified investor communication mechanism

LEAD attaches importance to communication with investors and has established rich communication and feedback channels with investors, thus strengthening investor confidence and effectively protecting the vital interests of investors, especially small and medium-sized investors.

Investors can better understand the Company's development strategy, objectives and implementation roadmap through investor hotline, investor relations email, Shenzhen Stock Exchange Interactive Platform, performance briefing, investor reception day, institutional research, general meeting of shareholders and other forms.

In 2022 Performance briefing Answered the investor hotline

1

≈1000 times





Stable shareholder return mechanism

LEAD pays continuous attention to shareholder return, actively shares business development achievements with shareholders, establishes continuous, stable and scientific return planning mechanism for investors, and periodically reviews such mechanism. LEAD makes appropriate and necessary adjustments to the profit distribution policy of the Company and formulates shareholder return plan according to the opinions of shareholders, especially public investors and independent directors. In principle, LEAD implements profit distribution once a year, and cash dividend distribution method is preferred. Under the premise of ensuring full cash dividend distribution, LEAD may also adopt stock dividend distribution and capital reserve converted into share capital.

Year	Profit distribution
2021	A cash dividend of RMB 5.00 (including tax) is distributed for every 10 shares, totaling RMB 781,883,164.50 (including tax).
2020	A cash dividend of RMB 3.00 (including tax) is distributed for every 10 shares, totaling RMB 272,196,756.30 (including tax). Meanwhile, LEAD implemented the proposal of share increase by converting capital reserve into new shares on the basis of 6 shares for every 10 existing shares for all shareholders. A total of 544,393,513 shares are increased.
2019	A cash dividend of RMB 1.63 (including tax) is distributed for every 10 shares, totaling RMB 143,675,742.01 (including tax).



Sustainability management

■ ESG Committee

LEAD actively seeks for sustainable development under the guidance of national strategic goal of “emission peak and carbon neutrality”. Through the identification of ESG related issues, and in combination with the actual situation of the Company, LEAD has set up a sustainable development system that is coordinated by CEO and linked by various departments. Meanwhile, LEAD links ESG performance with the relevant management salary assessment system so as to promote sustainable development of the Company and fulfill social responsibility of the Company.

Board of Directors

Highest responsible body for ESG management and public disclosure, responsible for reviewing and approving the Company's ESG strategy and objectives and major issues.

ESG Committee

CEO serves as the Chairman of ESG Committee, and department heads serve as committee members. It is responsible for monitoring ESG related risks and opportunities, developing the Company's ESG development strategy and objectives, formulating ESG management system, coordinating daily ESG work, reporting ESG work progress and results to the Board of Directors, and assisting the Board of Directors in preparing annual ESG reports.

In addition, there are executive committees under the heads of each department, which are responsible for implementing ESG strategy and objectives, and completing specific ESG work.

Chairman of ESG Committee
Chairman of the board

ESG committee members
Department heads

ESG executive committees
Person in charge of specific work

■ Stakeholder engagement

According to the requirements of production and operation, safety and quality, sustainable development and other objectives and in order to ensure comprehensive completion of key tasks of the Company, LEAD has established management goals and all levels and departments have set performance objectives. LEAD also actively protects the interests of shareholders and stakeholders by promoting employee performance management and taking scientific and technological innovation and management innovation as the main means. Meanwhile, LEAD also protects the interests of stakeholders by establishing and perfecting the supervision and management system and strictly controlling the procurement process and supplier management system and guided by “win-win cooperation concept”.

Stakeholders	Concerns	Communication channel
Shareholders	Economic performance Corporate governance Business coverage Development strategy Product R&D Information disclosure Return mechanism	Official website Investor hotline Investor relations email Shenzhen Stock Exchange Interactive Platform Performance briefing Investor reception day Institutional research General meeting
Customers	Product R&D Quality control Customer service Business ethics Environment and energy management	Official website WeChat official account CRM system Regular visit Technical exchange meeting Project team After-sales service system Satisfaction survey
Suppliers and partners	Business ethics Supply chain sustainability Environment and energy management	Official website WeChat official account Supplier management system Bidding meeting Technical exchange meeting

Stakeholders	Concerns	Communication channel
Employees	Economic performance Legitimate rights and interests Career development Employee care Occupational health and safety	Employee representatives assembly Team building Interest association Theme activity CEO mailbox Report line Rational suggestion platform Satisfaction survey
Government authorities	Anti-corruption Product quality Green product Occupational health and safety Environment and energy management Social responsibility	Official correspondence Daily communication Institutional investigation
Media	Economic performance Compliance Development strategy Labor and human rights Environment and energy management Social responsibility	Official website WeChat official account Press conference Press briefing
Community	Employment Public welfare activity Community service Environment and energy management	Official website WeChat official account Community activity Volunteer activity

Anti-corruption

LEAD incorporates "Integrity and Trustiness" into its core values, requires all employees to adhere to the business ethics with "Integrity and Compliance with Law and Commitment" as the core, and strictly abides by laws and regulations on operation, environment, safety, quality and finance. LEAD attaches great importance to strengthening risk awareness and adopts multiple methods to regularly promote the legal awareness of all employees. It has formulated relevant documents such as the Code of Business Conduct for Employees, Supplier Anti Commercial Bribery Declaration, Bidding Management System, Procurement Management System, Financial Management System, and Internal Audit and Review Management System. The Audit and Supervision Department holds monthly compliance trainings and exams regularly.

In 2022, LEAD conducted 28 trainings on business ethics for employees, 4 trainings on anti-corruption for suppliers. The Legal Department regularly conducts law lectures, and provides training regarding laws and regulations in key areas related to LEAD's business, such as bidding law, contract law and patent law, so as to continuously enhance the management's lawful operation ability and employees' law awareness and form a good legal atmosphere.

In 2022, LEAD continuously improved the organizational structure and system documents of compliance management, and standardized employee integrity behavior through a series of system documents such as the Anti-corruption Management System. The Audit and Supervision Department regularly reviews and identifies violations or frauds in each department. If any employee violates the strict rules on anti-corruption, he/she will be dismissed and never be hired. If any employee is suspected of illegal activities, he/she will be transferred to the public security and judicial authority for legal responsibility. Meanwhile, LEAD always takes "Integrity and Self-discipline and Honest Cooperation" as priority for cooperation with suppliers and partners. LEAD is committed to maintaining a clean business environment and a fair and just business transaction environment. Suppliers who violate the Supplier Anti Commercial Bribery Declaration will be severely punished.

In 2022



Compliance system



Anti-fraud Alliance

In order to create a harmonious workplace, build a clean management environment and improve the ability to actively identify fraud risks, LEAD officially became a member of Enterprise Anti-Fraud Alliance in 2022. This is an important step for LEAD to improve the integrity management system, strengthen the internal risk management and control, and enhance the anti-fraud ability. LEAD will establish a blacklist of internal dishonest employees and suppliers, and share the blacklist database of Enterprise Anti-fraud Alliance. When recruiting employees and selecting suppliers, dishonest ones will be refused to increase the social cost of dishonest behavior.



Certain members of Enterprise Anti-Fraud Alliance



Internal supervision

LEAD sets up Audit and Supervision Department and develops the Enterprise Internal Audit Management System to ensure the independence of internal audit and the effective use of audit results. LEAD establishes and improves the Company's internal control system oriented to risk control to gradually regulate main business processes. The Audit and Supervision Department organizes and implements various audit inspections including internal control audit, special audit and economic benefit audit, and is responsible for evaluating the effectiveness of relevant business processes. We establish an internal control risk analysis and evaluation system, and performs independent evaluation on the effective management of each department.



Reporting channels and whistleblower protection

In view of possible corruption and fraud, LEAD has set up various reporting channels for employees, customers, suppliers and the general public. Whistleblowers can provide clues with or without revealing their identity. If the clue is verified, LEAD will reward the whistleblower accordingly.

In order to protect whistleblowers, the Audit and Supervision Department will assign dedicated personnel to communicate with whistleblowers through the reporting channels they use, and to maintain absolute confidentiality of whistleblowers' information throughout the entire process. The accused person shall not retaliate or instruct others to retaliate against the whistleblower. Once discovered, he/she will be dismissed. If suspected of illegal or criminal activities, he/she will be handed over to the public security authority for handling.

CEO speech:

One of the corporate culture of LEAD is integrity. Without integrity, nothing else counts. Loyalty is more important than ability. Character first, attitude second and skill third. We have zero tolerance for any corrupt behavior that goes beyond the moral bottom line.

Anti-corruption rules:

LEAD employees shall be honest and law-abiding in their work activities. They should not only be strict with themselves, but also supervise each other in their daily work activities to avoid corruption and fraud in the Company.



Reporting channels

1. WeChat official account: Clean LEAD
2. Hotline (WeChat): 18795605971
3. E-mail: Compliance@leadchina.cn

Products and Services



Product R&D

R&D platform

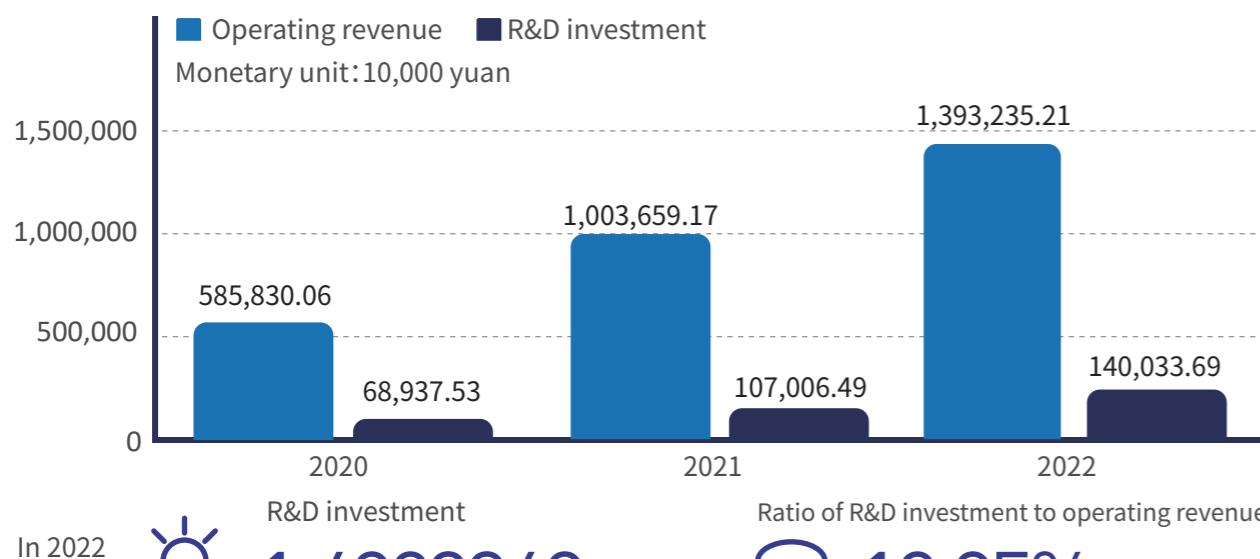
LEAD is rated as National Torch Program Key High-tech Enterprise, Single Champion Product Enterprise, and Jiangsu Industrial Internet Benchmark Factory, and has 5 provincial-level R&D institutions: National Enterprise Technology Center; Jiangsu Enterprise Technology Center; Jiangsu Engineering Center of Lithium Battery Equipment; Jiangsu Engineering and Technology Research Center of Automatic Capacitor Equipment; and Jiangsu Postdoctoral Innovation Practice Base.

LEAD continues to increase investment in innovative R&D, establishes collaborative design mechanism, and builds digital R&D management platform that runs through the entire business process to achieve modular design. LEAD also sets up CNAS-certified national R&D lab, and global research institutes in Shanghai, South China, and overseas regions to enhance R&D capabilities.



R&D institutions certified by competent authorities

R&D investment



In 2022
R&D investment
1.4003369 billion yuan
A year-on-year increase
30.86%

R&D personnel

Qty. of R&D personnel Ratio change
2021

3,248 人 21.86%

Qty. of R&D personnel Ratio change
2022

4,507 人 24.01%

Education Background of R&D Personnel	Bachelor	Master	Doctor
2021	2447	350	12
2022	3525	462	18

Age Composition of R&D Personnel	Under 30 years old	30~40 years old
2021	2035	1155
2022	2630	1750

Intellectual property and technology awards

Authorized patents
Unit:piece



In recent years, LEAD has continuously strengthened technological innovation, and its R&D investment has increased year by year. By December 31st, 2022, LEAD has obtained 1,975 authorized patents, 173 domestic invention patents, 1,738 utility model patents, 62 design patents and 2 overseas invention patents, which broke the monopoly position of imported equipment from Japan and South Korea. Many equipment are classified as high-tech products, first major equipment or famous brand products in Jiangsu Province.

2022 Annual addition

Invention patents	Utility model patents	Design patents	Total authorized patents
49	339	16	404



Product quality



ISO 9001 quality management system certificate

LEAD practices the quality culture of "starting with craftsmanship, focusing on quality, pursuing excellence and reputation", establishes quality gate management mechanism throughout the entire lifecycle from supply chain management to after-sales service, defines quality objectives and assessment mechanism, and clarifies quality responsibility in each process. Meanwhile, LEAD also has independently built a full process quality cloud management system, covering the whole process from product design to site delivery, including R&D quality, design quality, supply chain quality, processing and assembly quality, and commissioning service quality. Through a comprehensive evaluation system that is visual, intelligent, and traceable, each product can achieve 100% quality traceability and control.

Customer service

LEAD provides customers with life-cycle service guarantee. LEAD has set up dedicated after-sales organization, and established several subsidiaries/branches in seven regional markets in Northeast China, East China, South China, North China, Southwest China, Northwest China and abroad to speed up service response, shorten customer waiting period and improve operational efficiency.

In order to ensure that the satisfaction survey method suits the Company, LEAD conducts annual management review regularly every year to timely improve and adjust the survey methods and contents, and organizes annual customer satisfaction analysis meeting to propose improvement requirements and make continuous improvements.



■ Product quality commitment

100%

The products manufactured by LEAD are in full compliance with relevant national standards and enterprise standards.

100%

The quality of our products is in full compliance with the requirements of technical agreement signed with customers.

■ Quality month



Share quality story
Understand quality meaning
Fulfill quality responsibility

New initiatives in 2022

1. Visit customers actively according to results of customer satisfaction survey, initiate investigation, and make response within 8 hours, with a response rate of 100%.
2. Promote 400 hotline.
3. Establish customer complaint response upgrade mechanism.

Goal

LEAD always regards "four zeros" as its goal

0 zero technical defect **0** zero quality error **0** zero customer complaint **0** zero service distance

Supply chain sustainability

■ Supplier management mode

LEAD has formulated system procedures such as Supplier Management Procedure and Procurement Management Procedure to provide a fair competition platform for suppliers. When selecting suppliers, LEAD will organize relevant departments to review new suppliers, and comprehensively evaluate suppliers' delivery ability, cost ability, technical ability, quality, after-sales service and corporate social responsibility through the Supplier Qualification Review Form and the Supplier Operation Environment Review Form. The Company will also sign Supplier Confidentiality Agreement and Quality Assurance Agreement with qualified suppliers, and continuously strengthen supplier management through regular audits.

After selecting suppliers, LEAD will evaluate them in terms of supplier qualification, supply and delivery ability, customer service and environmental friendliness. According to the evaluation results, main suppliers will be divided into four categories: excellent suppliers, qualified suppliers, limited suppliers and unqualified suppliers, and relevant supporting measures will be taken according to these categories. Meanwhile, in order to promote self-improvement and arouse cooperation enthusiasm of suppliers, better manage delivery and quality of suppliers, and enhance comprehensive management ability of suppliers, according to the needs of the Company's strategic development, LEAD will select strategic suppliers from excellent suppliers, and strengthen in-depth cooperation with strategic suppliers through developing and establishing various cooperation models.

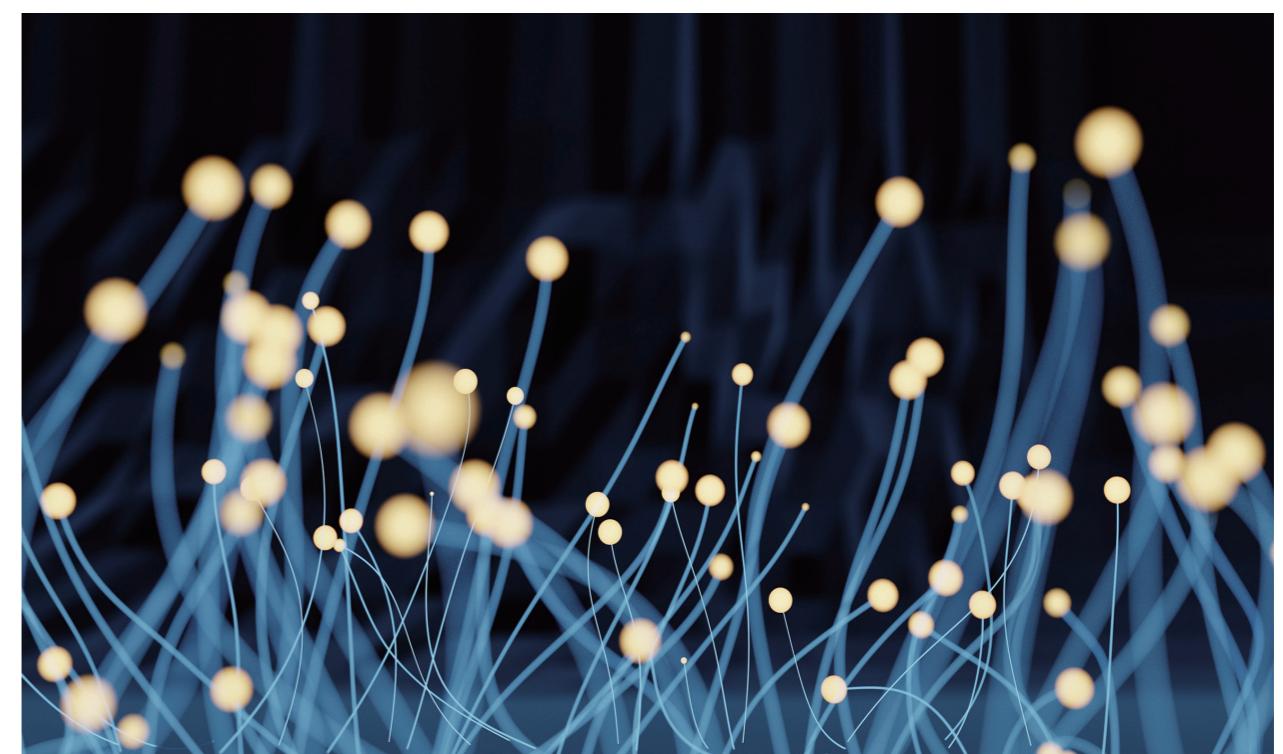
■ Supply chain social responsibility

LEAD is committed to creating a responsible supply chain, extending the concept and requirements of social responsibility to the supply chain, communicating with suppliers on labor rights, business ethics, health and safety, and environmental protection, continuously deepening the sustainability management of suppliers, and working together with suppliers to develop and establish a sustainable development system.

LEAD requires suppliers of chemicals, materials and parts to provide test reports on environmentally hazardous substances for products that have an impact on the environment, and to sign material environmental protection agreements when necessary. The chemical suppliers shall also provide information on the chemical properties of corresponding products and control the products during transportation and handling.

In 2022, LEAD continuously managed the supply chain social responsibility and promptly urged suppliers to rectify problems. In 2023, LEAD will continue to optimize the supplier structure, introduce industry benchmark suppliers, promote the overall ability of suppliers in the same category, improve suppliers with lower rankings, optimize the performance structure of suppliers, and promote the sustainable development of supply chain.

In addition, LEAD has established good long-term cooperation with many domestic suppliers, which has promoted the development of related industries and directly created 30,000-40,000 jobs in 2022.



Cooperate with the industry for common development

■ Industry Cooperation



As a leading provider of intelligent equipment in the industry, LEAD actively practices its corporate social responsibility. We leverage our own advantages to engage in industry cooperation with industry associations and university groups, and strive to build an ecological chain system featuring cooperation, unity, innovation and enterprising spirit, in the upstream and downstream of the industry chain. We actively assume industry responsibilities and act as a contributor to the continuous progress of the industry.

■ Industry Engagement



LEAD actively participates in industry activities. We have joined well-known associations such as China Industrial Association of Power Sources, Asian Photovoltaic Industry Association, Semiconductor Equipment and Materials International, Hong Kong Printed Circuit Association, and China Display Industry Association. Besides, we constantly attend industry technology forums and high-end summits, and participate in standard formulation, to jointly promote industry standard formulation and industry progress. During the reporting period, LEAD has

officially become a member of the "Working Group on Carbon Emission Standards for Battery Industry" initiated by China Industrial Association of Power Sources. We collaborate with upstream and downstream industry chain enterprises to conduct industry energy efficiency benchmarking study to establish a green and low-carbon evaluation system and platform for battery industry products. On June 28-30, 2022, a world-class battery event was held in Stuttgart, Germany. LEAD stunned the attendees with a super large digital interactive sand table, fully showcasing LEAD's overall strategy in New Energy and the concept of "zero-carbon intelligent manufacturing".

■ Industry Development



LEAD launches cooperation with industry universities and institutions. We have established close industry-university-research collaboration with Southeast University, Sichuan University, Huazhong University of Science and Technology, Jiangnan University, etc. and has achieved significant results in our key technology research projects in terms of high-speed winding process of cells, multi-station high-speed stacking process, high-speed calendaring and deconvolution process, and equipment control software. Building on those results, LEAD has

successively developed leading high-end power lithium ion battery winding machines, stacking and slitting machine, high-speed fully automatic electrode notching machine, high-precision separator automatic slitting machine and other key equipment in the lithium ion battery production process, which have filled in the gap of China, reached international advanced levels in performance, and broken the monopoly of imported equipment from Japan and South Korea.

■ Industry Forums and Summits



Mr. Wang Yanqing, Chairman of LEAD, attended the 13th National Congress of All-China Federation of Industry and Commerce on December 11, 2022 in the capacity of Vice President of the Jiangsu Federation of Industry and Commerce. Under the leadership of Chairman Wang Yanqing, LEAD actively holds, hosts, and co-hosts industry forums and cooperation summits. As a leader in industry equipment manufacturing, we collaborate with industry partners to explore and study the future development direction, explore how China's high-end equipment manufacturing can go

global. During the reporting period, we successfully hosted CBIS 2022 and co-hosted National Standards Review Meeting of the National Fuel Cell and Flow Battery Standards Committee. We contribute a lot to the development of the industry by share our experiences in the development of new technologies, new fields and new market, and international business expansion.

Labor and Human Rights



Labor and Human Rights Declaration

LEAD observes all labor laws and regulations, respects and safeguards the lawful rights and interests of employees. We stick to equal employment, resolutely eliminate the use of child labor and forced labor, and oppose any form of discrimination. We attach great importance to the development and improvement of talent teams. To this end, we provide diverse training for employees and continuously improve our incentive and promotion mechanisms. We strive to fully mobilize the enthusiasm and creativity of talents to achieve the free and full development of employees through earnest creation of values, scientific evaluation of values, and rational distribution of values. We care a lot for employees and actively fulfill and protect their lawful rights and interests. We proactively seek well-being for employees, enhance their sense of belonging, and promote the common growth of employees and the enterprise.

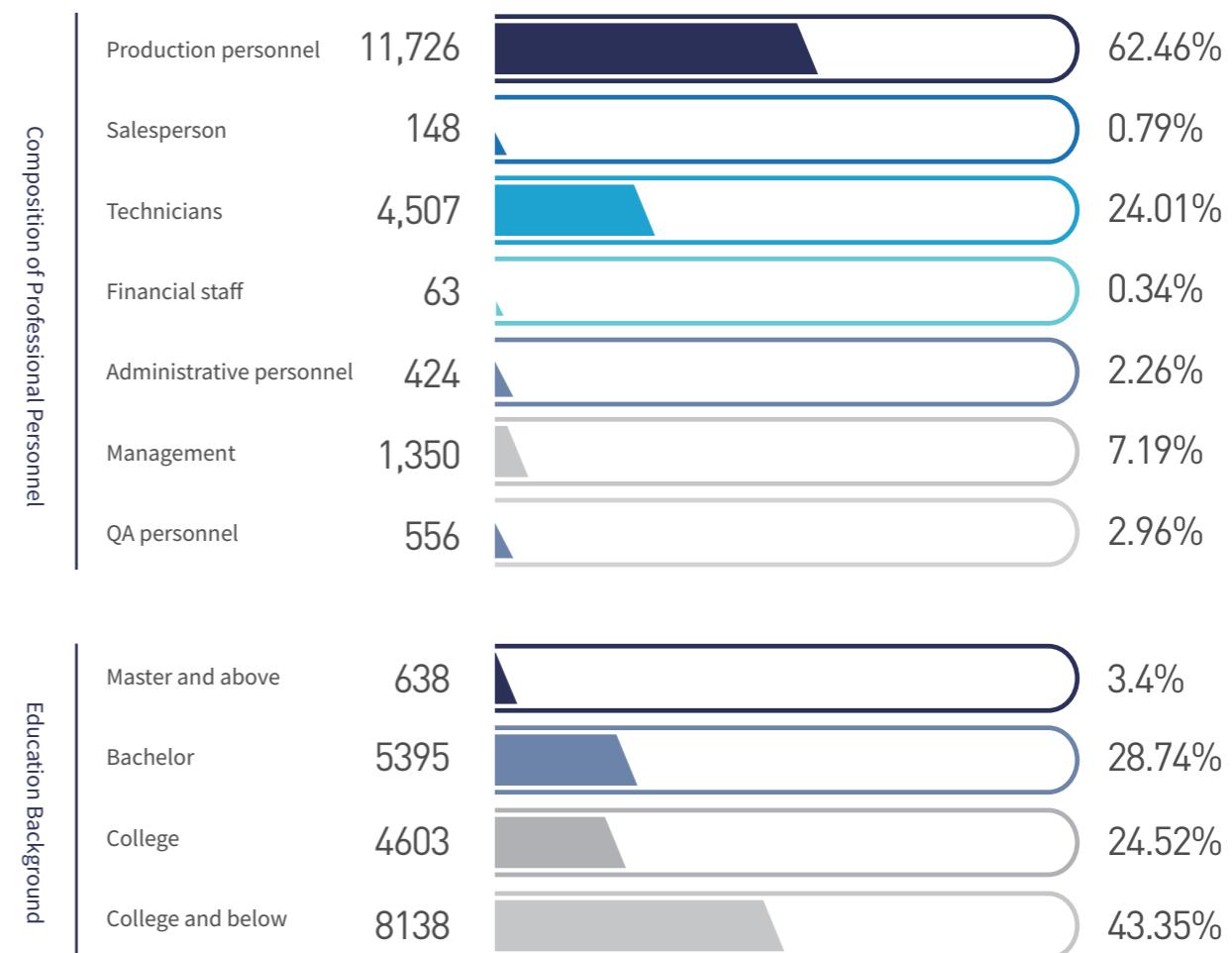
LEAD always regards talent as its most precious asset and the core force that drives the development of the company. We always pay high attention to the development of our employees. We have designed two career development paths, professional path and management path, for our employees, so that their abilities can be developed with a clear focus and their contributions can be recognized in a timely and clear manner.



Employment

Diversity and Equality

LEAD follows the talent concept of “putting people first and giving full scope to talents”, and strictly adheres to laws and regulations such as Labor Law of the People’s Republic of China, Law of the People’s Republic of China on Employment Contracts, Law of the People’s Republic of China on the Protection of Rights and Interests of Women, and Provisions on Prohibition of Child Labor. We strictly implement national regulations and standards in terms of labor safety and health system, social security, etc. LEAD formulates and continuously improves internal systems and norms, providing an equal and open growth platform for talents of different genders, ages, nationalities, and races, and creating a home for showcasing talents and working together. LEAD respects and safeguards the lawful rights and interests of employees, persists in equal employment, equal pay for equal work, and opposes discrimination in all forms. As of the end of the report period, LEAD had a total of 18,774 employees, an increase of 26.36% compared to the same period last year.



A Diverse Workforce

- China
- the United States
- Japan
- Germany
- France
- South Korea
- India
- Sweden
- Türkiye
- Bulgaria
- Vietnam
- Malaysia
- ...

Recruitment

LEAD follows the strategy of relying mainly on independent training and supplemented by external recruitment for scarce positions in the industry. Combined with annual personnel planning, it continuously expands Employment channels through internal selection and competition, social recruitment, campus recruitment, headhunting services, etc. to meet the needs of LEAD's rapid business development.

Attaching to great importance to school-enterprise cooperation, LEAD continuously strengthens its cooperation with China's colleges with intelligent equipment majors. Through school-enterprise cooperation brand projects such as the "Wang Yanqing Education Award Fund", LEAD enhances its brand influence and attracts and reserves talents in advance. As of the end of 2022, LEAD has signed school-enterprise cooperation agreements with 14 schools and set up Wang Yanqing Scholarship in seven key universities, namely, Tsinghua University, Harbin Institute of Technology, Southeast University, Huazhong University of Science and Technology, Nanjing University of Science and Technology, China University of Mining and Technology, and Hefei University of Technology, attracting over 1000 employees through school recruitment.



LEAD Recruitment Standard

Fairness and Justice talent prevails

1. Integrity, kindness, intelligence, and ability
2. Say no to the 'employment nepotism'

SN	Partner Institutions	Cooperation Content
1	Southeast University	Graduate Practice Base The Ministry of Education's supply and demand docking employment and education project
2	Zhejiang University	Extracurricular Practical Education Base
3	Harbin Institute of Technology	The Ministry of Education's supply and demand docking employment and education project
4	China University of Mining and Technology	Engineering Practice Education Base for Excellent Engineer Education and Training Plan
5	Nanjing University of Aeronautics and Astronautics	The Ministry of Education's supply and demand docking employment and education project
6	Jiangnan University	The Ministry of Education's supply and demand docking employment and education project
7	Yangzhou University	Agreement on the Joint Construction of College of Electrical, Energy and Power Engineering Students' Career Planning Base
8	Hohai University	The Ministry of Education's supply and demand docking employment and education project
9	Xi'an Jiaotong-liverpool University	Teaching Practice Base
10	Hefei University of Technology	The Ministry of Education's supply and demand docking employment and education project
11	Nanjing University of Science and Technology	Agreement on Joint Construction of Outstanding Employment Base The Ministry of Education's supply and demand docking employment and education project
12	Wuxi Taihu University	Industrial College Base
13	Wuxi Institute of Technology	Internship and Employment Base
14	Jiangsu Vocational College Of Information Technology	The Ministry of Education's supply and demand docking employment and education project

Employee Development

■ Multi-channel Incentives

To fully mobilize the enthusiasm of the core team members, LEAD has established short, medium, and long-term incentive mechanisms. We attract and retain outstanding talents through various channels such as salary adjustments, year-end bonuses, outstanding commendations, and equity incentives.

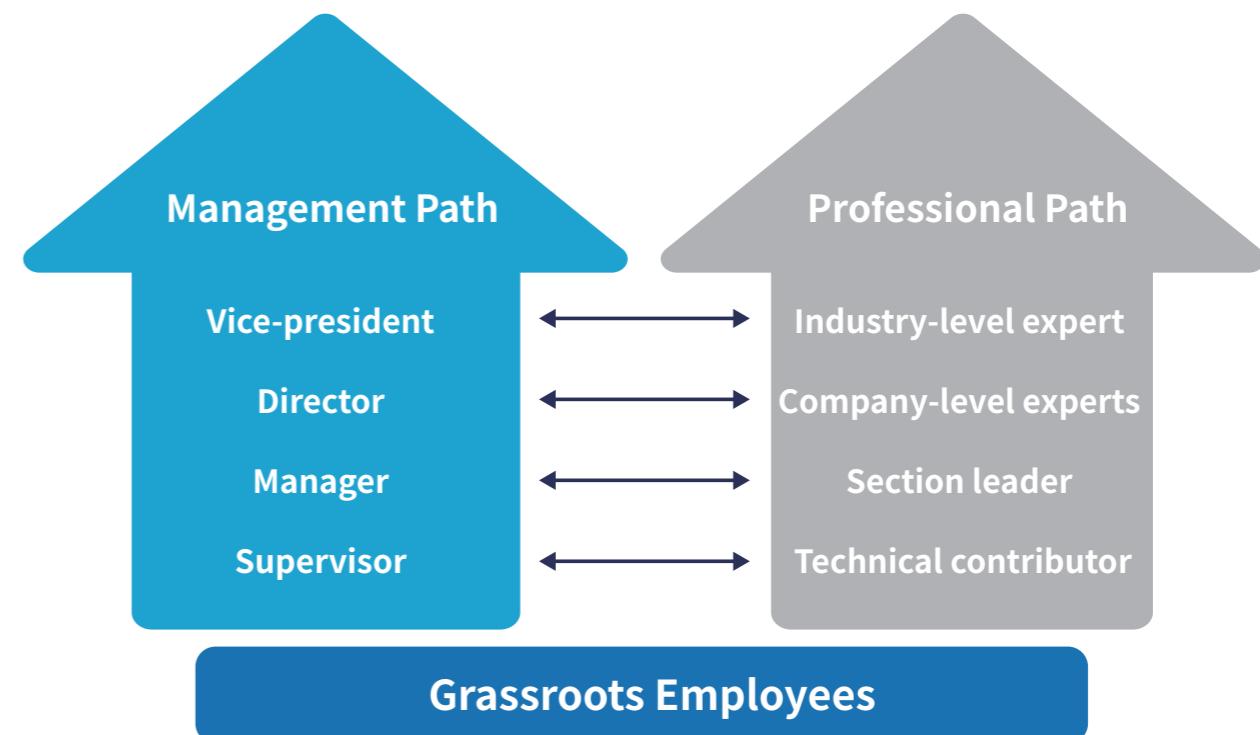
LEAD conducts annual company-level evaluation for selection of team awards and individual awards. The voting follows the principles of fairness, impartiality, and openness. Internal employees of each department of the company publicly elect candidates or candidate groups, which then participate in the evaluation of the company. The award winners will be honored at the annual commendation conference of each department as well as the company. In 2022, LEAD set up awards from multiple perspectives such as product leadership, efficiency driven, global operations, customer-centric, striving for

excellence, and result oriented, to stimulate employees' potential to a greater extent, further enhance the comprehensive strength of the company, and ensure that the direction and focus of organizational development always move forward in the direction of sustainable development.

In addition, LEAD continued to improve the long-term incentive mechanism. Since its listing, it has implemented four equity incentive plans, covering directors, senior managers, middle management, and core technology (business) mainstay.



■ Two Different Career Paths



2022 LEAD Year-end Awards

Excellent Team	Star Product Award
	Strategic Reform Award
	Lean Improvement Award
	Customer Recognition Award
	Innovation Breakthrough Award
	Quality Benchmark Award
	Excellent Team Award
	LEAD Star Award
Excellent Individual	Best Craftsman Award
	Lean Improvement Award
	Overseas Development Award
	Hard Work Award
	Innovation Breakthrough Award
	Selflessly Responsibility-Shouldering Award
	Best Talent Scout Award
	Rising Star of LEAD
	Excellent Staff Award

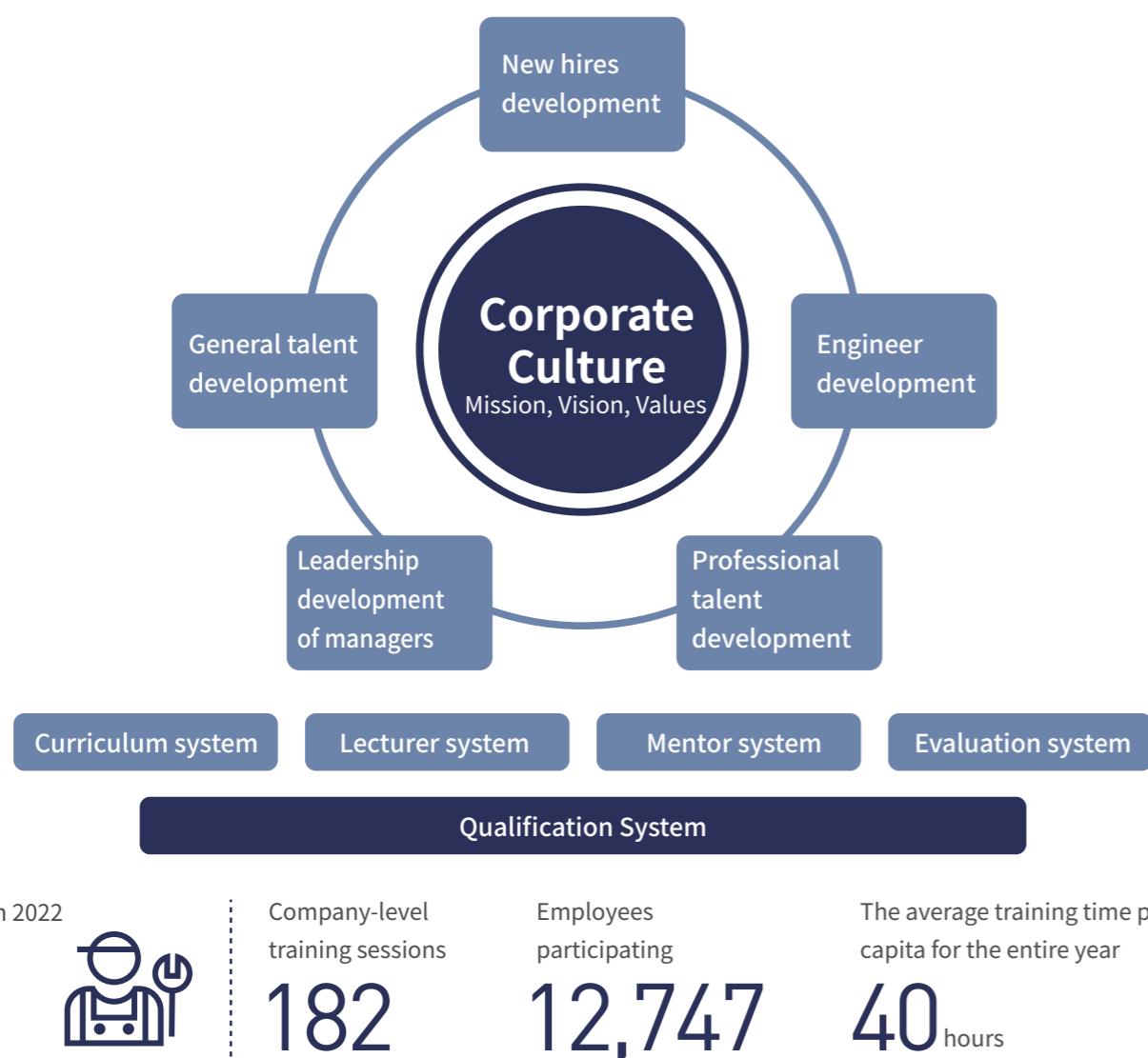
LEAD follows the flexible talent development concept regarding the posts and mobility of employees. We have established a professional organizational development team to assist employees in their career development planning. A talent-oriented system featuring multi-dimensional talent development and training, targeted management and supervision, and specific assessment and evaluation has been formed. Based on key links such as leader reserve, leader evaluation, leader inventory, and leader appointment, we have opened up the entire career development path for employees.

In order to mobilize the initiative of employees, LEAD has established two development paths, technical development and management development, for employees. Those two are parallel and interconnected, providing suitable development space for technical and management talents to fully leverage their own advantages. Professional employees can either delve into their professional field through professional path, or lead teams to achieve performance goals through management path; The same goes to the skilled employees.

Talent Training

To promote the implementation of the Company's strategy and culture, focus on the cultivation of management talents and international talents, extract advanced management and business experience, build a learning organization and support the improvement of business performance, LEAD has formed a rich and three-dimensional LEAD talent system through building a complete talent team for different business units, centers, and other functional departments, and providing management talents, R&D talents, production technology talents, international talents and outstanding talents from all directions.

Based on the Company's long-term development strategy, we have established a training system and operational mechanism for talent development, and commit to the construction of values and corporate culture. We focus on the enhancement of employees' knowledge and skills, and the cultivation of management teams to make talents the core competitiveness of the Company; According to the learning method, the training can be divided into internal training, external training and online training; The Company encourages employees to actively participate in learning through various training methods to improve personal abilities, and ultimately promote the improvement of individual and team performance results.



New Hires Training Mechanism

LEAD attaches great importance to the training and development of new hires. The Company and business units develop standardized course systems and practical activities in advance. Upon joining LEAD, the new hires will get help from their mentors to quickly integrate and adapt to their positions; we will also provide certain graduates the opportunity to rotate within the business unit, so that they can have a clearer idea about their own position while understanding the upstream and downstream of their business; In the later stage, we provide cross-department training and share classic cases within the department to expand personal knowledge and inspire new ideas.

Workplace Starlight Training Camp

This is a special training program specifically designed for the new hires of fresh graduates in 2022, focusing on the general abilities and qualities that new hires shall possess. The training camp has a total of 4 courses, with one course per month, including goal management, structural thinking ability, emotional stress management, and office software.

2022 Talent Development Program



Employee Care

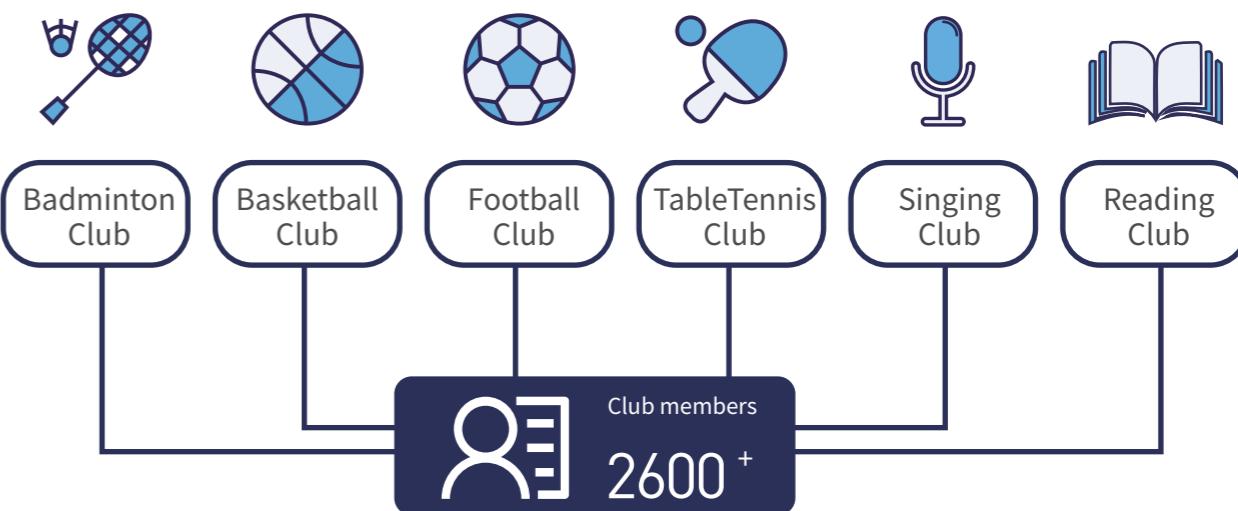
■ Primary Welfare

Always bearing the mission of "seeking welfare for employees" in mind, LEAD, during the reporting period, continues to improve welfare management systems and conduct regulation on welfare management standards and processes to better ensure the protection role of the welfare.



■ Clubs

In order to enrich employees' cultural and sports life, the Company has established football club, basketball club, badminton club, table tennis club, and singing club. In 2022, a reading club was founded. The six major clubs continue to expand with great efforts in publicity and their members have reached over 2600 people. In addition, the sports clubs have expanded the scale of venues and increased the frequency of activities to create conditions for employees to enhance physical exercise. The "LEAD Cup" series of events continue to be held, with over 2000 employees participating in the six major contests of the Group during the reporting period, which further strengthened communication between employees and different units, united the team spirit of employees, and showcased the healthy and enterprising spirit of LEAD employees.



"LEAD Cup" Badminton Group Contest by Badminton Club



"LEAD Cup" Basketball Match by Basketball Club



"LEAD Cup" Football Match by Football Club



"LEAD Cup" Table Tennis Group Contest by Table Tennis Club



Voice of LEAD by Singing Club



Reading Month of LEAD by Reading Club

■ Leisure Activities

LEAD actively carries out employee activities to create a harmonious and friendly work environment. To meet the daily life and physiological needs of employees, we provide psychological counseling lectures and family education lectures, and organize bimonthly hair cutting activities; To meet the entertainment needs of employees, we carry out four major holiday themed activities: New Year Photography, Women's Day Special Edition, Health Season, Mid Autumn Wish Series, etc., with over 1000 participants. At the same time, to care for young employees, we carry out normalized and diversified social activities. We have established a single employee information database to build a social and friend-making platform for the young employees, so as to help expand their social circles and continuously enhance their sense of belonging and happiness. This emotional care extends to the employees' families. The Company plans and organizes a "Family Open Day" themed event, aiming to create a beautiful family experience and memory for employees and their families, and ultimately promote harmony, happiness, and progress between the big LEAD family and the small family of LEAD employees.



Employee Care' daily life and physiological needs
4000+ participants



Employee Care' leisure and social needs
3000+ participants



Meeting in LEAD" Friend-making activity for young employee



Family Day of LEAD in 2022



Haircut by appointment



Be Aware of Fraud in the Big World" Anti-fraud lecture



Special lecture on family education



Flower arrangement activity on Women's Day

■ Listen to the Voice of Employees

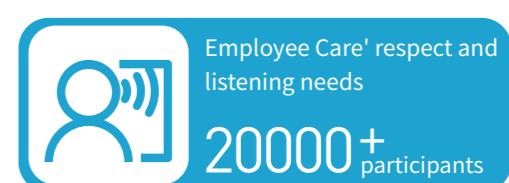
To respect employee and listen to their needs, the Company has established an internal communication mechanism to ensure the smoothness of employee communication channels, striving to achieve satisfactory communication results for employees, and enhancing employees satisfaction and loyalty. The Company holds meetings such as morning meetings and regular meetings to promote the normalization of communication and ensure effective two-way communication and information dissemination with employees; We have set up a VOE (Voice of Employee) mailbox for employees to express their opinions in a candid and direct manner, and provide timely feedback. At the same time, the Company focuses on direct and efficient internal communication, organizing "Face-to-Face with Executive" activities to help employees gain a closer understanding of corporate culture and development plans.

"Face-to-Face with Executive"



Optimization Suggestion Platform

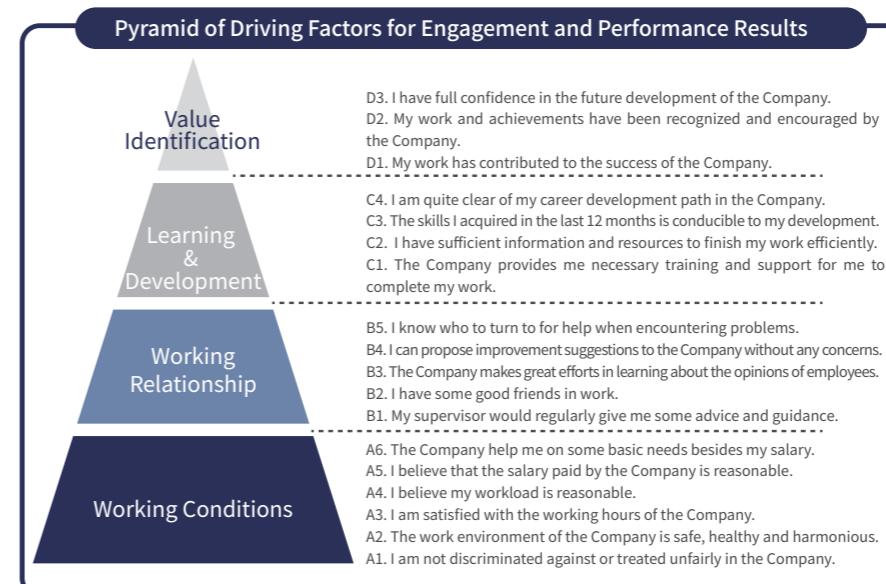
To encourage employees to provide suggestions for the company's lean improvement, and enhance employee engagement and sense of ownership, the Company collects employee suggestions and opinions through the optimization suggestion platform. Suggestions were collected with an implementation rate of about 80%.



Employee Care' respect and listening needs
20000+ participants

Listen to the Voice of Employees

We analyze and summarize the communication content of our daily communication with the employees, identify key factors of employee satisfaction, and implement improvement measures accordingly to improve employee satisfaction.



Engagement Performance Results

Recommendation
I'd love to introduce my relatives and friends to join the Company.

Retention
I plan to continue to work in this Company in the coming year.

Work hard
I love my work and full of energy for my work every day.

Employee Health and Safety

LEAD follows laws and regulations such as the Labor Law of the People's Republic of China, the Safety Production Law, the Occupational Disease Prevention and Control Law, and the Labor Contract Law. We adhere to the work policy of safety first, prevention first, and comprehensive management, adhere to the principle of "human life is crucial, and development must not be at the cost of sacrificing human life. This must be regarded as an insurmountable red line" as the bottom line of the company's safety production, and continuously improve the company's safety production management level and employee safety awareness to create the safety culture of the Company.

Category	Prevention	Risks	Countermeasures
Occupational health	Establish occupational health assessment, hazard identification and risk assessment of the project	Endangers the health and safety of employees	<ul style="list-style-type: none"> 1) Improve the workshop environment and maintain constant temperature and humidity in the workshop; 2) Conduct occupational health examinations for relevant personnel every year and provide them with labor protection equipment; 3) Identify source of danger and potential safety hazards, and conduct annual safety rescue drills; 4) Job safety operation procedures and regular training.
Safety production	Fire safety hazard elimination, Regular inspections	Loss of life and property	<ul style="list-style-type: none"> 1) Develop emergency plans for fires, chemical spills, etc.; 2) Conduct fire prevention, emergency rescue and other exercise activities each year; 3) Monthly inspection and elimination of fire safety hazards; 4) Hold lectures on fire protection and safety production, etc., each year.

Safety production

LEAD has established an EHS management committee with Company leaders as the director and department leaders as committee members. From the head of the Company to department heads and employees, we identify the safety responsibility of the exact persons at all levels and make safety production responsibilities accountable. In accordance with the requirements of laws and regulations such as the Safety Production Law and the Fire Prevention Law, we will promote risk hierarchical management and control, and hidden danger troubleshooting and governance, systematically and comprehensively identify hazard within the company's management scope, and develop control and prevention measures. In 2022, the completion rate of the company's hidden hazard management is 100%, and the qualification rate of occupational hazard testing is 100%. Secondly, the Company established a regular safety education mechanism, actively organizes safety training for managers, foremen, employees changing their work types and employees returning to work, and education for the "Four New" (new technology, new process, new equipment, and new materials). We strictly implement three-level safety education and strengthen safety training for post safety operation procedures, hazard identification and control, and road traffic to improve employees' safety awareness. In 2022, the Company conducted a total of 22 safety training sessions, with 64034 participants. The coverage rate of safety training reached 100%, with an average training duration of 8.5 hours per person. At the same time, the Company continuously strengthens the construction of emergency organizations and conducts drills for various emergency events to improve employees' emergency capabilities during the drills, and reduces accident risks.

119 Fire Safety Awareness Month

1. Special inspection of fire safety: A special inspection of fire safety was carried out, with a total of 132 hidden dangers identified and 90 rectification completed.

2. Signature Activity/Restaurant Emergency Exercise of Fire Safety Awareness Month: To enhance employees' awareness of fire safety and understanding of the "11.9" Firefighting Day, we organize employees for signature and give out gifts in the canteen of the main plant for three days, with around 2000 participants. We provide fire protection training and organize fire extinguishing drills and gas leakage drills for employees in the canteen of the main plant. Three training and drills were conducted, with 126 employees participating.

3. Fire Safety Awareness Month Knowledge Contest: To nurture and improve the fire safety awareness of employees, promote the construction of fire safety in the Company, and create a cultural atmosphere for fire safety in the Company, we have carried out firefighting knowledge Q&A contest. A total of 3843 employees participated in the contest, and 65 of them won the award.

4. Fire Skills Competition: LEAD held the first Fire Skills Competition in 2022. Through this event, we further strengthened the publicity of fire safety in LEAD, enhanced employees' safety awareness, improved their emergency response capabilities, and comprehensively improved the level of fire work in LEAD.

5. Inspection of fire safety by all employees: Employees observe fire safety hazards and propose methods to eliminate them. We encouraged every employee to participate in fire safety work to nip hidden dangers in the bud. Within a week, a total of 50 hidden dangers were identified and 15 were eliminated on the spot.



■ Occupational health

LEAD strictly follows the national laws such as the Labor Law of the People's Republic of China and the Occupational Disease Prevention and Control Law, as well as the requirements of customers and relevant parties to undertake relevant work, and formulate and implement a variety of safety and occupational health management systems. We strictly follow through the "three simultaneous" management regulations for occupational health, ensuring that all types of protective facilities are designed, constructed, and put into use simultaneously. We strictly comply with product safety management standards, strictly prohibits the use of harmful chemical substances in various products, and has passed relevant certifications. We organize employees to undergo occupational health examinations before, during, and after work; We conduct occupational hazardous factor testing of the working environment in accordance with relevant laws and standards to ensure that the working environment meets relevant national standards and employee health is guaranteed. The Company has established a safety standardization system, ISO45001 safety management system, and ISO18001 health management system, and conducts annual internal and external reviews for continuous improvement.

 Employee occupational health examination coverage rate
100%

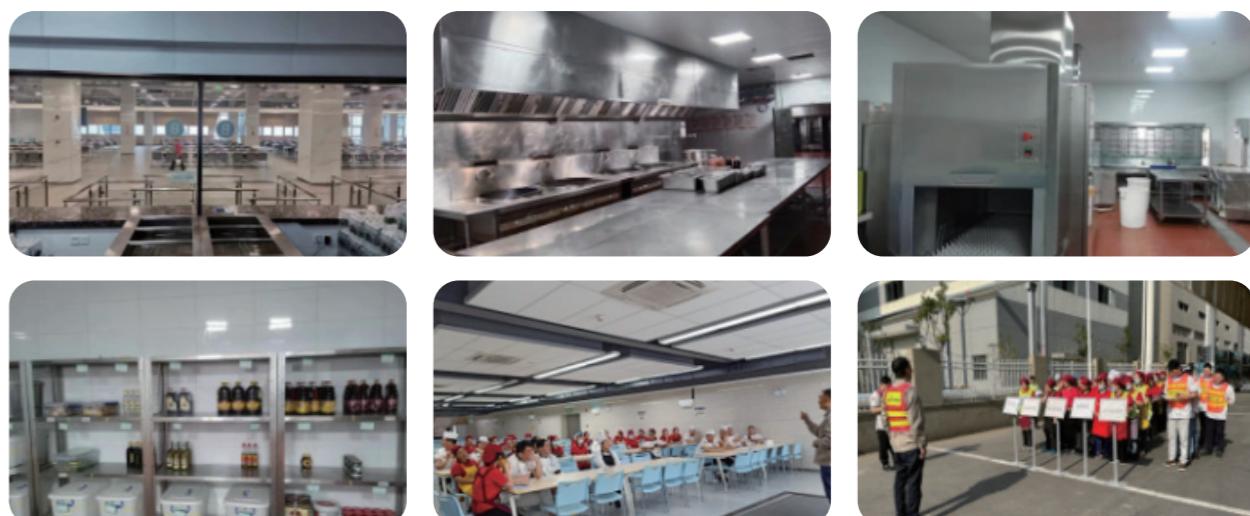
 Employee injury rate
(Lost time injury rate, unable to continue working on time)
6.96‰



Occupational health management system

■ Food Safety

To ensure food safety, provide a clean and comfortable dining environment, and ensure product quality, LEAD canteens have always been strict in its "4D" requirements. Multiple measures from various aspects such as system construction, employee management, and canteen zoning management, have been taken to guarantee the food safety of LEAD.



1. System construction

The table of inspection and cleaning are published on the wall, with designated person carrying out special inspection and summarizing regularly. Food safety information are displayed on the bulletin board for information transparency and joint supervision. Visitors will be strictly registered and protected so as to defend every line of defense for food safety.

2. Employee management

Canteen employees can only take up their positions after passing the daily morning checks. We carry out employee meetings and practical exercises regularly to foster food safety concepts and integrate them into daily work.

3. Canteen zoning management

We strictly manage the dining area, storage area, and cooking area to provide employees with a clean and tidy dining environment to enjoy healthy, safe and diverse dining products.

Environment and Energy



Environmental Management

System Construction

The Company strictly implements the "three simultaneous" management regulations for environmental protection facilities of construction projects, actively carries out corresponding environmental impact assessment and acceptance, and applies for relevant permits such as pollution discharge/drainage permits and radiation safety permits. The Company has obtained ISO14001 Environmental Management System Certification Certificate and ISO50001 Energy Management System Certification Certificate, and conducts annual internal and external reviews of the environmental management system for its continuous improvement.

Target Management

The Company always takes zero environmental pollution as the direction, sets environmental and occupational health and safety goals every year, and conducts monthly statistical analysis and annual review. When there are changes in the internal environment of the Company and corresponding environmental, and the occupational health and safety laws and regulations, as well as their requirements, the target indicators shall be revised and updated in a timely manner when necessary.

System Construction

The Company continuously develops and optimizes internal management systems according to its own situation. In 2022, the Company formulated a total of 5 environmental and energy management related system documents, and revised one document for improvement.



ISO14001 Environmental Management System Certification of LEAD



ISO50001 Energy Management System Certification of LEAD

Four subsidiaries have passed the ISO14001 environmental management system certification (including LEAD Logistics Wuxi Branch, LEAD 3C, LEAD Laser and LEAD Hydrogen).



Pollution Prevention

Clean Production

LEAD participated in a voluntary audit of clean production in 2017 and passed the audit acceptance, obtaining a five-year valid clean production audit certificate.

Through the clean production audit, the Company's green production technology has been further improved. We have reduced production energy and material consumption, reduced the generation and emission of pollutants in production, and achieved a win-win outcome of economic and environmental benefits. With the rapid development of the Company in the past several years, in order to seek better solutions for clean production, and achieve green production and green life, the Company has promoted a new round of voluntary clean production audit in 2023.



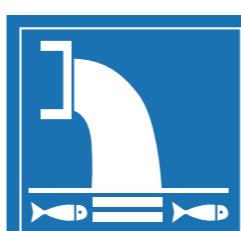
Three Wastes Discharge

LEAD has developed internal management systems such as the "Waste Management Control Procedure" and "Water, Gas, and Electricity Pollution Control Procedure" in accordance with relevant national and local laws and regulations, combined with the company's current situation, to strictly control the waste water, waste gas, and solid waste generated during production and operation. We regularly supervise and test the discharge status of the three wastes to ensure compliance with discharge standards, and continuously upgrade and renovate the treatment facilities. In 2022, LEAD commissioned a third-party testing unit to test the Company's waste gas, waste water, and noise, all of which met relevant emission standards.



Waste gas:

The Company's waste gas mainly consists of oil mist exhaust gas from the machining workshop and canteen lampblack. The Company proactively carries out upgrading and transformation of waste gas emissions, set standards for the operation and use of waste gas treatment equipment, and formulates and implements equipment maintenance plans.



Waste water:

The Company does not produce or discharge industrial waste water. The main source of waste water is domestic sewage. The domestic sewage will be pretreated in the septic tank and the canteen waste water will be pretreated in the grease trap. After reaching required standards, they will be discharged to the New Town Sewage Treatment Plant. The concentration at the connection pipe shall meet the Class III standard in the Integrated Wastewater Discharge Standard and the Class A standard in the Water Quality Standard for Sewage Discharged into Urban Sewers.



Solid waste:

The Company uses cutting fluid cooling equipment for machining, which is regularly replaced. The waste cutting fluid generated and the waste liquid generated from cleaning the oil mist purifier are entrusted to a qualified unit for disposal. The Canteen kitchen waste, swill, waste vegetable oil, and employee household waste are entrusted to relevant units or environmental sanitation for cleaning and disposal. We realize the collection, disposal, and comprehensive utilization of various types of solid waste in accordance with the principles of "reduce, reuse, and recycle". General solid waste (household waste) is entrusted to qualified recycling units for recycling and utilization, while hazardous waste (scraps, waste liquid, etc.) is entrusted to qualified units for disposal, achieving zero discharge of solid waste.

■ Noise Management

The Company is located in an industrial park with no residential buildings or living areas around it. During the mechanical processing process, a small amount of noise pollution will be generated. The noise generated by the equipment will be isolated and eliminated through various soundproofing walls and covers after being insulated by the factory building, vibration reduction and noise reduction measures taken by the fan, and distance attenuation. The noise at the factory boundary meets the Class 3 standard in the "Industrial Enterprise Boundary Environmental Noise Emission Standard", namely, Daytime $\leq 65\text{dB (A)}$.

■ Emergency Plan

In accordance with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Air Pollution and other laws and regulations, LEAD defines the emergency organization for environmental emergencies of the Company, establishes and improves the emergency mechanism for environmental pollution events, and regularly carries out training and emergency drills to reduce the environmental hazard caused by environmental emergencies of the Company.

Emergency drill for failure of waste gas treatment facilities

On May 20, 2022, EHS, together with the machining workshop and facility management, completed the emergency drill for waste gas treatment facility failure as scheduled. The purpose of this drill is to enable waste gas generating units, using units, and maintenance units to pay close attention to and understand VOCs waste gas treatment facilities, effectively improve the emergency response speed and comprehensive emergency response ability of management and on-the-job employees to abnormal failure accidents of waste gas treatment facilities, and enable employees in the machining workshop to master the information reporting and emergency response process in case of abnormal waste gas treatment facilities. This emergency drill has been successfully concluded and the overall goal of the drill has been achieved.

Emergency drill for hazardous waste leakage

On June 20, 2022, the EHS and the machining workshop completed the emergency drill for hazardous waste leakage on schedule. The purpose of this drill is to enable employees in the machining workshop to master the information reporting and emergency response process, use emergency materials and protective equipment correctly, and develop the emergency response capacities for accident rescue and employee evacuation in case of hazardous waste leakage, and improve their environmental protection and safety knowledge. This emergency drill has been successfully concluded and the overall goal of the drill has been achieved.



Energy Management

■ Use of Energy

Index	Unit	2020	2021	2022
Purchased electricity	MWh	21,645	45,728	64,704
Natural gas	10,000Nm ³	13.52	21.44	23.58
Municipal water supply	10,000 tons	10.84	15.24	22.43

■ Greenhouse Gas Emission

Index	Unit	2020	2021	2022
Scope 1 emissions	tCO ₂ e	292.33	463.57	509.84
Scope 2 emissions	tCO ₂ e	13,205.61	26,567.97	36,900.95
Scope 1+Scope 2 emissions	tCO ₂ e	13,497.94	27,031.54	37,410.80

* The calculation of direct greenhouse gas emissions (Scope 1) and indirect greenhouse gas emissions (Scope 2) is based on the "Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Mechanical Equipment Manufacturing Enterprises (Trial version)", among which the power grid emission factor is based on the "Notice on Key Work Related to the Management of Greenhouse Gas Emission Reporting by Enterprises in 2022"、"Notice on Enhancing Management of Greenhouse Gas Emissions Reporting of Power Generation Industry Enterprises from 2023 to 2025".



2022
Emissions per unit of equipment together in Scope 1 and Scope 2

3.55tCO₂e /unit

■ Build Environmental Friendliness Together

Adopting new energy-saving equipment

1. The promotion of using energy efficiency Grade 1 power equipment and HVAC equipment in the three plants of the Company is the best cost-effective way to reduce energy consumption, which, meanwhile, will bring huge environmental benefits and positive returns for the Company;
2. The air compressor is a general energy consuming equipment in the workshop. The proportion of energy efficiency Grade 1 air compressors in the three plants is 100%, and the proportion of energy efficiency Grade 1 air compressors in the entire factory has increased to 81%.
3. HVAC is one of the equipment that consumes the most energy in workshops and public areas. The Company's workshops use York and Mcquay water-cooled air conditioners with energy efficiency Grade 1, which has saved over 15% of the operation costs.

Energy conservation management and control

With the expansion of the plant area and the increase in energy demand, in order to follow through the policy of energy conservation and emission reduction, we decided to use the management and control of air conditioning power consumption in Plant 2 and Plant 3 as a demonstration example after on-site research and group discussions in 2022. Grading constraint index management and incentive plans from the plant area to the specific zone were implemented, and employees' awareness of energy conservation and emission reduction was established. By 2022, the air conditioning power consumption in the workshop of Plant 2 was reduced to 20%.

Green Energy

The strategy of "Achieving Carbon Emission Peak by 2030 and Carbon Neutrality by 2060" is an important commitment made by China to the global low-carbon trend. As a leading company of new energy equipment in the world, LEAD strives to practice a green, environmental friendly and low-carbon production and life style. Together with the upstream and downstream of the industrial chain, we actively cooperate in building a global green low-carbon society, and promote human progress and sustainable development with intelligent manufacturing innovation. Based on intelligent manufacturing technology, we extend our businesses from lithium ion battery and PV equipment manufacturing to hydrogen energy, energy storage, and new energy vehicles. We have built a complete intelligent manufacturing turnkey solution business ecosystem in the new energy field. We have been establishing a win-win growing strategic partnership with global customers, participating in customer technology transformation and low-carbon revolution, and carrying the flag of scaling up and digitalizing the new energy industry to help customers build efficient and low energy consumption intelligent factories and achieve a sustainable development strategy of zero carbon emissions.

■ In the field of new energy lithium ion battery

The advantages of low emission and environmental protection of electric vehicles are gradually recognized by the public. According to statistics in 2022, the penetration rate of new energy for passenger vehicles in China has reached 27.6%. The promotion of electric vehicles and green power generated by clean energy are important approaches for China to implement the "Carbon Emission Peak and Carbon Neutrality" strategy and achieve the global goal of low carbon emissions. Considering that the electrification of automobiles has become the main trend of new energy vehicles worldwide, LEAD actively engages itself in promoting the global electrification process, providing turnkey solutions for the intelligent manufacturing of power lithium ion batteries for global battery and host enterprises, and building lithium ion battery intelligent factories for customers. LEAD helps customers improve battery energy density and safety by continuously improving technology and intelligent production line, and help them produce efficient and low energy consumption power lithium ion batteries by continuously improving production efficiency and reducing unit energy consumption costs. The improvement of power lithium ion battery intelligent production lines and the reduction of production energy consumption can help promote the scale-up of electric vehicles, thereby further increasing the penetration rate of electrification, and ultimately achieving energy conservation, emission reduction, and green and low-carbon industrial development.



■ In the PV field



PV power generation has become an important source of power generation. According to data released by the National Bureau of Statistics, in 2022, China's PV and wind power generation reached 1.19 trillion kWh, equivalent to reducing China's carbon dioxide emissions by 2.26 billion tons. LEAD provides TOPCon efficient PV cell automation solutions and PV module intelligent manufacturing solutions for major global PV customers, continuously improves the intelligence and digitalization level of PV production lines, and promotes large-scale development of PV power generation. In 2022, LEAD released a 26% ETA efficient TOPCon PV cell turnkey solution through technological upgrading, leading the industry and reaching cooperation with customers on dozens of GW TOPCon battery production lines, greatly promoting the progress and innovation of PV technology. Through continuous improvement of the process flow and large-scale application of intelligent logistics AGV, LEAD can help reduce labor and material costs for the customer, thereby promoting low-carbon and low-cost production of PV cells.

■ In the field of hydrogen energy



Hydrogen energy is considered as a solution for future energy due to its clean and pollution-free emissions. LEAD has been actively exploring more efficient and clean energy utilization patterns to promote the development of the new energy industry. We actively lay out our development in multiple fields including green hydrogen production (green hydrogen), hydrogen fuel cell manufacturing and battery testing to comprehensively promote the process of hydrogen energy industrialization. In 2022, LEAD hydrogen, the subsidiary of LEAD, reached cooperation with multiple customers at home and abroad, providing leading solutions in the hydrogen energy field, especially in the green hydrogen production and testing fields, and solved the difficulty in "green hydrogen" manufacturing in the hydrogen energy industrialization process.

■ In the field of energy storage



In 2022, LEAD's business covered the whole process of cell manufacturing, formation, capacity grading, module & PACK and container energy storage, providing customers with platform-based integrated solutions. In 2022, LEAD participated in the construction of multiple energy storage battery factories for customers, providing them with production line equipment and solutions. Battery energy storage is very important for the promotion of wide use of renewable clean energy, and is a necessary approach to solve the discontinuity, instability, and uncontrollability of PV and wind power, etc. It can effectively reduce acts of abandoning PV and wind power. LEAD has achieved a closed-loop industrial chain layout of clean energy from photovoltaic power generation and lithium ion battery energy storage to green hydrogen production and hydrogen power generation, promoting the construction and application of clean energy through intelligent manufacturing innovation.

Social Contribution



Support for Public Good

Staying true to the Company's mission, vision, culture and strategy, and embracing the social responsibility idea of "integrity, harmony, green and development", LEAD identifies the principles, key areas and application procedures of support for public good. Every year, special expenses for public good donations are incorporated into the Company's financial budget, mainly for public good support.

Based on its own characteristics and development needs, and focusing on the aspects conducive to brand promotion, product sales, talent introduction and reserve, as well as cooperation with relevant parties, LEAD determines the key support direction of public good undertakings as student aid and poverty alleviation. We have made short-term and long-term action plans and resource allocation plans to make donations in poverty alleviation, caring for the elderly and disabled, student and education aiding, fully demonstrating our strong sense of social responsibility and historical mission of an enterprise pursuing outstanding performance.

2020, bought Yan' an Apple

2021, assisted targeted poverty alleviation in Qinghai Province

2021-2023, "Wang Yanqing Scholarship" has been set up in seven key universities: Tsinghua University, Harbin Institute of Technology, Southeast University, Huazhong University of Science and Technology, Nanjing University of Science and Technology, China University of Mining and Technology, and Hefei University of Technology.

■ Love Fund

In order to help employees to overcome difficulties encountered in life, and create a caring organization to make employees feel the warmth and care of the Company and colleagues, LEAD set up a love fund in 2018 to help employees with financial difficulties caused by disability, illness, death, accidents and so on. The love fund is composed of the love of employees and the love of the Company. Employees can voluntarily donate 1 yuan/month per donation according to their own situation. After signing the donation form, the money will be automatically transferred from their salary to the love fund account every month. The Company donates 50,000 yuan to the love fund every year.



Suggestions and Feedback

Dear readers,

Hello!

Thank you very much for taking time to read this report. In order to provide you and other stakeholders with more valuable ESG information and further improve the quality of the report, we sincerely invite you to fill in the relevant questions in this Suggestions and Feedback Form. You may provide your feedback to us in the following ways. Thank you for your strong support to our ESG work!

1. Which of the following stakeholders do you belong to?

Government personnel Regulators Shareholders and investors Employees
 Customers Suppliers and partners Community residents Peer companies
 Others

2. What is your general comment on this report?

Excellent Good Average Poor

3. How do you view the quality of the social responsibility information disclosed in this report?

Excellent Good Average Poor

4. Do you think this report reflects the significant economic, social and environmental impact of LEAD?

Yes To some extent No DK

5. What aspects of the report do you think need to be improved?

Layout Length of report Coverage of topics Release form/medium

6. Your comments and suggestions on LEAD's social responsibility work and this report:

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