



# MINTH GROUP LIMITED

敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425

**2020** Environmental, Social  
and Governance Report

flexibility  
digitalisation  
intelligence

# CONTENTS

- 2 • **About this Report**
- 4 • **Message from the Management**
- 6 • **Key Performance in 2020**
- 7 • **1. Profile of Minth**
- 7 • 1.1. About Minth
- 9 • 1.2. Corporate Governance
- 19 • 1.3. ESG Management
- 25 • **2. Quality Prioritisation**
- 25 • 2.1. Lean Quality
- 32 • 2.2. Innovation and R&D
- 39 • 2.3. Dedicated Service
- 42 • **3. Green Development**
- 42 • 3.1. Environmental Protection First
- 47 • 3.2. Saving Resources
- 52 • 3.3. Low Carbon and Emission Reduction
- 58 • **4. Safety Assurance**
- 58 • 4.1. Production Safety
- 64 • 4.2. Occupational Health
- 66 • **5. Team Building**
- 66 • 5.1. People-oriented
- 70 • 5.2. Talent Growth
- 74 • 5.3. Cultural Consensus
- 81 • **6. Social Contribution**
- 81 • 6.1. Win-win Sharing
- 88 • 6.2. Community Care
- 94 • **Appendix — ESG Index**

# ABOUT THIS REPORT

## SCOPE OF THE REPORT

This report is the fifth Environmental, Social and Governance (hereinafter referred to as “ESG”) Report of Minth Group Limited (hereinafter referred to as the “Company”), mainly disclosed the Group’s practice and performance in environmental management, social responsibility and corporate governance from 1 January 2020 to 31 December 2020 (hereinafter referred to as the “Reporting Period”) to meet the expectations and requirements of its stakeholders. The ESG related policies, statements, and data in this report involve the Group’s headquarters and the subsidiaries of the Company, and any inconsistency in the scope of disclosure will be explained in the report.

## REPORTING REFERENCE

This report was prepared with reference to Appendix 27 *Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities* (the “Listing Rules”) on *The Stock Exchange of Hong Kong Limited* issued by the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Stock Exchange”). The content of this report was determined according to a set of systematic procedures, including identifying and prioritising key stakeholders, identifying and prioritising material ESG issues, deciding on the boundaries of the ESG report, collecting relevant materials and data, compiling the report based on the data, and reviewing the information in the report, etc.

## RELATED ABBREVIATIONS

For the convenience of presentation and reading, Minth Group Limited together with its subsidiaries is collectively referred to as “Minth”, “Minth Group”, “the Group” or “we”.

## SOURCE OF MATERIAL AND ASSURANCE

The information and cases in this report mainly come from the Group’s statistical reports and related documents. The Group hereby affirms that this report does not contain any false records or misleading statements and that the Group is responsible for the authenticity, accuracy and completeness of its contents.

## CONFIRMATION AND APPROVAL

After confirmation by the management, this report was approved by the Board of Directors on 20 July 2021.

## **ACCESS AND FEEDBACK TO THE REPORT**

This report is available in Traditional Chinese and English. In consideration of environmental protection, we recommend you to read the electronic version of the report. The electronic version can be found on the Group's website or the Company's "Financial Statements/ESG Information" on the website of the Stock Exchange. We greatly value the opinions of stakeholders and welcome readers to contact us through the following methods. Your opinions will help us further improve this report and enhance the Group's overall ESG performance.

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# MESSAGE FROM THE MANAGEMENT

## Dear Stakeholders,

2020 was an eventful year for China and beyond, including Minth. Affected by the Covid-19 pandemic, the automotive industry underwent a volatile period. In the face of the impact and challenges from the pandemic, we diligently and unremittingly made contributions to our greatest capacity to ensuring the interests of shareholders, the value of customers, and the well-being of employees, while fulfilling our social responsibility in accordance with the business philosophy of “continuous improvement for perfection” and the core values of “Integrity, Trust, Teamwork and Embrace change.”

Looking back on 2020, we acted on the principle of “quality is paramount and customers come first”. We continued to deepen the implementation of Minth Operation Excellence System (“MOS”), applied the cost management pillars in factories in China, Thailand and Mexico to continuously improve the cost attribution matrix, and formulated effective improvement plans. We launched a matrix management structure for quality assurance teams, carried out planning of quality management from strategic and policy perspectives, and strived to achieve high quality, customer satisfaction, and a brand image of “Lean Minth”.

Looking back on 2020, we implemented digital transformation and promoted technological breakthroughs and product innovations. Based on the four traditional business units of metal and trim products, plastic products, aluminium products and battery housings, we continued to develop advanced technologies such as intelligent and luminous decorative components, environmentally friendly materials, and surface treatment processes to continuously improve product competitiveness. Following the trend in the digital era, we accelerated the construction of digitalization, focusing on flexibility, digitization and intelligence and using Big Data, the Internet of Things, and artificial intelligence to build a new industrial ecology for Minth Future Factory that integrates intelligent manufacturing, humanistic experience and green environment.

Looking back on 2020, we adhered to the philosophy of environmental protection and actively took on the responsibility. We continued to improve the layout of the environmental management system by introducing advanced technologies for the disposal of wastewater, exhaust gas, and hazardous waste, increasing investment in waste recycling equipment, reducing raw material consumption, and adding real-time online monitoring equipment for the operation of pollutant treatment facilities to reduce pollutant emissions. We are gradually completing the construction of the energy system and the carbon emission management system, carrying out carbon emission management, formulating a carbon emission reduction roadmap, and implementing carbon emission reduction measures.



Looking back on 2020, we cared about the needs of our employees and ensured their health. With “love” as the core of our culture and “overall wellness” as the implementation concept and plan, we continued to stimulate the potential of the organisation and team, promote the continuous improvement of employees’ overall wellness and family happiness, so that the employees can continue to support customers and the Group in the quest for success in the global market, both in the short and long term. With regard to the enhancement of safety awareness, we improved the management mechanism for occupational hazards, and fully implemented the occupational health checkup system to ensure employees’ health at work and quality of life. At the beginning of the Covid-19 outbreak, we immediately set up a crisis response team to coordinate with the Group’s facilities and customers around the world in risk control and prevention in accordance with local conditions, and then resumed work and production smoothly while ensuring health and safety.

Looking back on 2020, we kept our original intention in mind and contributed to the society. Upholding the value of “care and harmony”, we cared for disadvantaged groups and paid close attention to the education in impoverished areas in China. We continued to promote the “Hope for Pearl” project, “Extraordinary Pearl Students of Minth Classes”, the Charity Primary School project, and education supporting project, set up the Minth Special Fund and the anti-pandemic fund designated for its Mexico plants. We were committed to passing love and warmth to the people of the world and building a community with a shared future for mankind.

Looking forward to 2021, we will adhere to the corporate vision of “creating value for society” by actively fulfilling our social responsibilities, redoubling efforts in product quality, environmental production, care for employees and social harmony, while furthering global product strategy and layout, achieving technological leadership, and enhancing the core competitiveness of our products globally. We will continue to align ourselves with the leading standards of the industry, endeavour to create sustainable value for shareholders, customers, employees and all stakeholders in the society, and join them in blazing the trail towards sustainable development.

**Wei Ching Lien**

*Chairperson*

**MINTH GROUP LIMITED**

# KEY PERFORMANCE IN 2020

## PERFORMANCE HIGHLIGHTS IN RESPONSIBILITY MANAGEMENT

331	new intellectual properties
RMB764 million	invested in research expenditure
100%	coverage of IATF16949 quality management system
100%	pass rate of customer and third-party audits
438	ISO 14001 environmentally certified suppliers

## PERFORMANCE HIGHLIGHTS IN ENVIRONMENTAL PROTECTION

-3.3%	in new water consumption compared to the previous year
19.77%	recycling percentage of general industrial solid waste
-5.7%	in nitrogen oxide emissions in exhaust gas compared to the previous year
-7.6%	in sulphur dioxide emissions in exhaust gas compared to the previous year

More **natural gas** used to replace fossil fuels

Expanded investment in **photovoltaic energy**

**Formulated the carbon emission reduction roadmap**, aiming to **reduce carbon emission intensity by 2% per annum** from 2021 to 2025

**“Improvement Award on Climate Action in 2020”** issued by CDP

**Delved deeply into battery housing business to facilitate the green development of the automobile industry**

## PERFORMANCE HIGHLIGHTS IN EMPLOYEE CARE

19,157	person-times trained in total
10.36	hours of training per person
0	death due to work

## PERFORMANCE HIGHLIGHTS IN COMMUNITY ENGAGEMENT

RMB2.492 million	of capital investment to fight against Covid-19 in China
RMB386,600	worth of materials donated to fight against Covid-19 in Mexico
RMB400,000	accumulated donation to address education resources shortfalls in Northwest China
250	“Pearl Students” aided

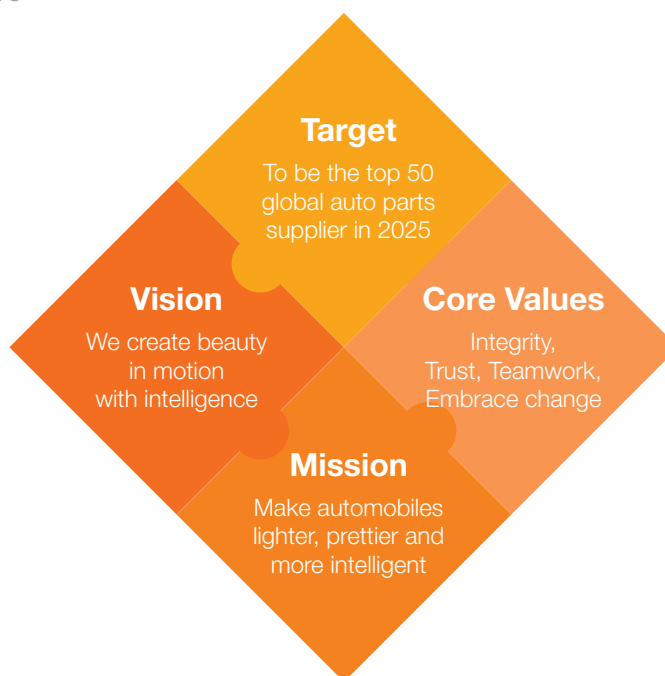
## 1. PROFILE OF MINTH

In the face of changes in the international and domestic markets, the Group has continuously improved its corporate governance and ESG management while advancing operations and expanding business. In order to achieve strategic layout and international market development and enhance the sustainable development of the Group as one of its competitive advantages, we lead all employees with the corporate culture of Minth and move forward under a continuously improved governance structure.

### 1.1. About Minth

The Group is primarily engaged in the design, manufacture and sales of trims, decorative parts, body structural parts, roof racks, battery housings and other related auto parts. The Group's manufacturing bases are mainly located in China, the U.S., Mexico, Thailand and Germany, and new plants are established in Serbia, the U.K. and the Czech Republic. They are supported by research and design (hereinafter referred to as "R&D"), sales and design centres in China, Germany, the U.S., Japan and Korea in a move to facilitate new product development and market expansion by fully leveraging the benefit of geographic proximity. With ongoing growth and expansion, the Group is able to serve major automotive markets across the globe, and to understand and meet the demands of its diverse customers.

#### *Corporate culture*





### *Strategic layout*

To achieve the strategic target of “to be the top 50 global auto parts supplier in 2025”, the Group keeps a close eye on the macro development in the industry and related policies that governments are rolling out in the hope of being able to seize opportunities that arise from the recovery and development of the global markets. The Group is establishing strategic plans to take advantage of the favourable environment for new energy vehicles and the trends of body weight reduction, electrification and intelligence in the automobile industry. The Group will also be revising and optimising its current investment portfolio in order to achieve its market positioning in a more flexible way.

Our global product strategic layout is mainly promoted gradually from two dimensions, i.e. globalised market layout and balanced customer expansion:

<b>Globalized market layout</b>	<ul style="list-style-type: none"><li>• We strive to achieve in-depth linkage of major global markets, vertically integrate business units (hereinafter referred to as “BU”), improve global production layout and step up manufacturing capabilities to meet customers’ needs and increase design and modern service resources to comprehensively improve our design and service capabilities.</li></ul>
<b>Balanced customer expansion</b>	<ul style="list-style-type: none"><li>• We strive to become a global strategic partner of our customers: in terms of American OEMs, we will continue to explore business opportunities in order to achieve full coverage of products. In regard to European OEMs, the priority is to solidify our global market share of aluminium products, and we also aim to expand our reach to all product segments. We will continuously enhance our business with Japanese OEMs, and seek more breakthroughs in overseas markets. As for Korean OEMs, we target to break into European and American markets, and secure orders for new products. We will strive for strategic partnership, as an exclusive supplier, with key Chinese OEM customers.</li></ul>

## 1.2. Corporate governance

The Group strictly complies with the provisions set out in the *Corporate Governance Code (the "Code")* contained in Appendix 14 of the Listing Rules to ensure a high level of corporate governance, and constantly reviews and improves corporate governance and internal control practises. Save as disclosed herein, the Company has fully complied with all code provisions set out in the Code during the Reporting Period.

### *Board of Directors*

The corporate governance structure of the Group takes the board of directors as the core leadership affiliated by an audit committee, a remuneration committee, and a nomination committee, each performing its duties, thereby implementing the Group's corporate governance principles from top to bottom to ensure efficient business operations and compliance with regulatory requirements.

As of 31 December 2020, the summary of the Board and its committees is set out as below.

Director	Position	Gender	Age	Time to be appointed as		Nomination Committee	Remuneration Committee
				Director	Audit Committee		
Wei Ching Lien	Chairperson and Executive Director	Female	64	2020	N/A	N/A	N/A
Chen Bin Bo	Executive Director and Chief Executive Officer	Male	57	2020	N/A	N/A	N/A
Chin Chien Ya	Executive Director	Female	32	2016	N/A	N/A	N/A
Wang Ching	Independent Non-executive Director ("INED")	Male	66	2005	Member	Chairperson	Member
Yu Zheng	INED	Female	52	2008	Member	Member	Chairperson
Wu Tak Lung	INED	Male	55	2020	Chairperson	Member	Member

Save for their business relationships as a result of their respective directorships and positions in the Company and what is disclosed in their biographies on page 19 to page 20 of the Company's 2020 annual report, each of the members of the Board, including the Chairman and the CEO, does not have any significant financial, business, family or other material/relevant relationship among one another. The Company has received, from each of the INEDs, a confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs independent. The Board considered that each of the INEDs brings his or her own relevant expertise to the Board and its deliberations.

INEDs are allowed to seek advice from independent professional consultants while performing their responsibilities and the costs are to be borne by the Company. The Board has conducted a review of the effectiveness of the system of internal control of the Group.

Article A.4.1 of the Code stipulates that non-executive directors shall be appointed for a specific term and be subject to re-election. All the INEDs have been appointed for an initial term of one year.

#### ***Audit Committee***

The Group has established an Audit Committee with written terms of reference as suggested under the Code. Each member can bring to the Audit Committee his or her valuable experience in reviewing financial statements and evaluating significant control and financial issues of the Group who among themselves possess a wealth of management experience in the accounting profession or commercial sectors. The Audit Committee held three meetings during the Reporting Period.

The Audit Committee reviewed the financial statements of the Group for the Reporting Period prior to recommending the financial statements to the Board for approval. The Board was informed that the Audit Committee had conducted a review of the effectiveness of the system of internal control and internal audit function of the Group. The Board has not taken a different view from that of the Audit Committee regarding the selection, resignation or dismissal of the external auditors.

#### ***Remuneration Committee***

The Company established a Remuneration Committee in November 2005. The Remuneration Committee held three meetings during the Reporting Period to discuss remuneration related matters including determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts.

In order to attract, retain, and motivate executives and key employees serving the Group, the Company has adopted a conditional share option scheme (the “2012 Share Option Scheme”) on 22 May 2012. The 2012 Share Option Scheme aims at granting share options pursuant to the terms of the 2012 Share Option Scheme to those qualified persons who have contributed or will contribute to the Group as a reward or incentive.

Details of the amount of Directors’ emoluments are set out in note 13 to the consolidated financial statements of the Company’s 2020 annual report and details of the 2012 Share Option Scheme are set out in the Directors’ Report and note 41 to the consolidated financial statements of the Company’s 2020 annual report.

#### ***Nomination Committee***

The Company established the Nomination Committee on 21 March 2012. During the Reporting Period, the Nomination Committee held one meeting to (i) review the structure, size and composition (including the gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board; (ii) assess the independence of INEDs; and (iii) adopt the Board diversity policy.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional knowledge and experience, industry knowledge and experience and technical skills. The Nomination Committee would consider and, where applicable, agree on measurable objectives for achieving diversity on the Board and make recommendation to the Board. During the Reporting Period, the Nomination Committee has not set any measurable objectives for implementing the policy. The Nomination Committee considered the current composition of the Board to be appropriate taking into account of the above.

#### ***Shareholders’ rights***

Shareholders have the right to receive dividends according to the Company’s dividend policy. Shareholders have right to raise questions and make suggestions on the business of the Company. All shareholders shall have equal rights according to their respective shareholding and assume corresponding obligations. Shareholders are entitled to get access to and participate in the material matters of the Company as prescribed by laws, administrative regulations and the Articles.

Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisition(s) himself (themselves) may do so in the same manner.

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong Branch Registrar and Transfer office, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. If the shareholders and the investors make a request for the Company's information, the Company will only provide such information to the extent that it is practicable to do so and such information is publicly available. Shareholders and the investors may communicate with the Company by mail, telephone, fax and email, details for which are made available on the Company's website.

#### ***Director's training and development***

Development and training of Directors is an ongoing process so that they can perform their duties appropriately. The Company regularly circulates details of training courses which may be of interest to Directors. All Directors are encouraged to attend relevant training courses. During the Reporting Period, all Directors have participated in professional trainings to update their knowledge and skills. All Directors have provided the Company with their training records for the year. The Company Secretary has confirmed her attendance of more than 15 hours of professional training during the Reporting Period.

#### ***Investor relations and communication***

Through its Investor Relations Department, the Company maintains proactive communications with investors, sell-side analysts and other capital market participants so as to enable them to fully understand the operation and development of the Group in a timely manner. The Company's senior management presents in briefings or conference calls for its annual and interim results every year. Through various activities such as analyst meetings and road shows, senior management provides public investors with updates of important information and responds to key questions which are of concerns to the investors. This has helped to reinforce the understanding of the Company's business and the overall development of the industry.

During the Reporting Period, the outbreak of the COVID-19 pandemic brought a lot of challenges to the information disclosure and the communication between the Company and the capital market. As a result, the audit process of the Company's auditors was delayed and additional time was required to finalise the audited consolidated financial statements of 2019, leading to the Company's late release of the audited annual results announcement on 15 April 2020 eventually. Meanwhile, the Company had to cancel its annual results briefing originally scheduled to be held in Hong Kong. Despite the difficulties, the Company was still actively seeking better alternatives to mitigate the impact. For example, the results briefing was held in the form of telephone conference instead, and the annual general meeting was held by a combination of physical meeting and virtual video conference for the first time. The Company would like to express its sincere gratitude to all participants in the capital market for their support and understanding in such process.



AGM held on 28 May 2020 in Jiaxing, China

As to daily communications with the investment community during the Reporting Period, due to the impact of the pandemic, the Company accommodated about 150 online meetings, such as conference calls, Tencent meetings and Zoom meetings, with the capital market instead of face-to-face meetings. The Company also participated in 19 virtual investment forums, 7 of which were held by Chinese brokers, facilitating effective communication with investors in regard to their concerned questions such as the disruption caused by the pandemic, contingency plan by the management team and trajectory of production recovery. To help investors and sell-side analysts better understand the operations of the Group's different BUs, conditional upon compliance with the requirements of pandemic prevention, plant tours at the Group's facilities in Ningbo, Jiaxing, Huai'an and Anji were still arranged during the Reporting Period.

At the last AGM held during the Reporting Period, to safeguard the health and safety of Shareholders and other participants of the AGM and to prevent the spreading of COVID-19, the Company encouraged Shareholders to appoint the Chairman of the AGM as their proxy to vote according to their indicated voting instructions as an alternative.

For more information on the corporate governance of the Group, please refer to the "Corporate Governance Report" section in the 2020 annual report of the Company.

### ***Anti-corruption management***

The Group strictly abides by the *Anti Unfair Competition Law of the People's Republic of China*, the *Anti-money Laundering Law of the People's Republic of China*, the *Provisional Regulations on the Prohibition of Commercial Bribery* and other laws and regulations. During the Reporting Period, we improved internal policies such as the *Audit and Supervision Management System*, the *Whistleblowing Management* and *Integrity Reward System*, and the *Dishonest List Management Procedure*, which regulated the audit and supervision work and formed a closed loop of anti-fraud management. At the same time, we have optimised the internal management process for suppliers such as the *Minth Group Reward and Punishment Measures* and *Supplier Integrity Reward and Punishment Regulations*, under which all suppliers are required to sign the *Minth Supplier Integrity Agreement* and the *Social Responsibility Commitment* to regulate the conduct of the suppliers and improve the honesty and integrity management system from all aspects.

In addition, in order to further standardise the Group's anti-bribery and anti-corruption work procedures, and obtain external supervision and public recognition, during the Reporting Period, the Group began to implement the certification of the ISO 37001 anti-bribery management system, including pre-certification inspections of Jiaying Minhui Automotive Parts Co., Ltd. and Jiangsu Hexing Automotive Technology Co., Ltd., and communicated with the third-party certification body about the implementation rules.

### **Supplier integrity**

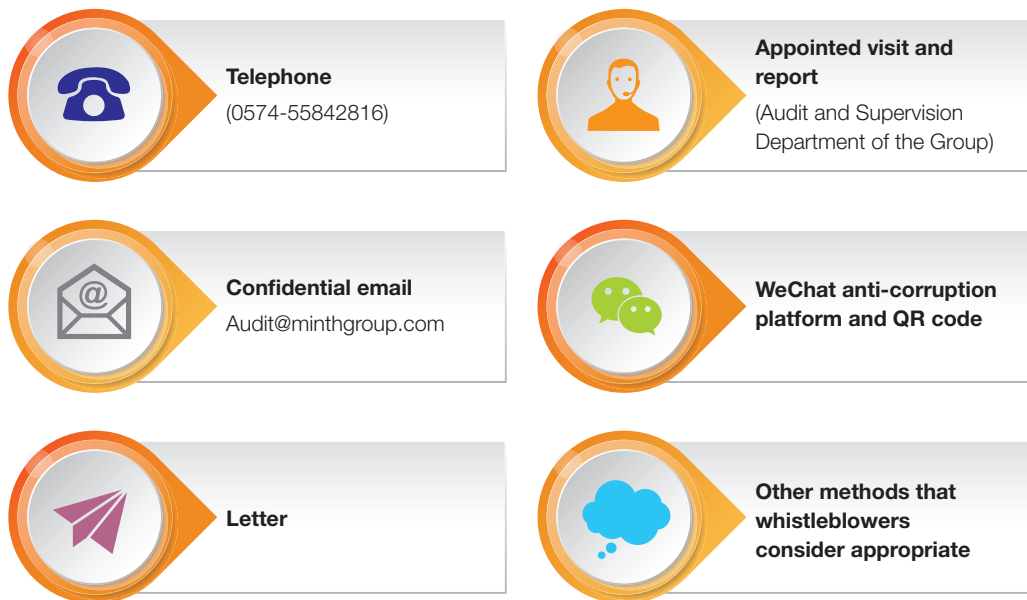
In order to respond to possible compliance risks and corruption incidents, we have designed a risk prevention and control process involving top-level institutional supervision, process audit monitoring and post-event supervision and handling. For suppliers, we regulate their behaviour through the *General Rules for Procurement* and *Supplier Honesty and Integrity Agreement*. For suppliers that have fraudulent behaviours, we will deal with them in accordance with the above management systems and the *Dishonest List Management Procedure*.

In addition, the Group has set up risk management and control mechanisms including the setup of the management committee. Besides, the internal audit department acts as an independent evaluation unit to identify possible compliance risks and corruption risks of suppliers during the audit process, disclose and follow up on them in a timely manner until the risk is reduced to a tolerable level, in order to prevent the occurrence of fraud and corruption.



### Whistleblowing system

During the Reporting Period, we revised and optimised whistleblowing-related systems, including updating the *Whistleblowing Management and Integrity Reward System* and whistleblowing investigation disciplines and procedures and revising the whistleblowing reward rules to make it more in line with the Company's current management status, with a view to improving the efficiency of whistleblowing investigation and handling. In order to implement various system requirements of anti-fraud and anti-corruption and to effectively improve risk management and control, we actively maintained anti-fraud whistleblowing channels and added QR code as a whistleblowing channel. We encouraged employees, partners and outsiders to report corruption and fraud through various channels.



### Whistleblowing Channels

In addition, we further clarified the protection measures and methods of whistleblowers, treated all relevant information involved in the report as confidential, prohibited disclosure to irrelevant units and people (except when otherwise required by laws and regulations), and prohibited any form of retaliation or unfair treatment on whistleblowers in terms of business cooperation. If any employee retaliates against the whistleblower, his/her labour contract will be terminated once verified, and for any suppliers and other partners that retaliate against the whistleblower, we will permanently terminate the cooperation with them once verified.



### Whistleblowing Investigation Procedures

We investigate the corruption within the Group in accordance with the supervision process for bribery corruption incidents, which include: preparing an investigation report, summarising the problems found during the investigation and giving suggestions to make a penalty decision. The penalty decision is proposed by the Audit and Supervision Department within 15 working days after the case is closed, and then is filed and implemented after approval.



### Supervision Process for Corruption Incidents

We are deeply aware that in addition to rules and regulations, the promotion of anti-corruption awareness and the integration of business ethics into corporate culture are essential to the prevention and control of business ethics risks. The Group used negative case propaganda to convey a zero-tolerance attitude towards fraud, and carried out a series of integrity training and publicity. During the Reporting Period, we increased the number of anti-corruption-related training sessions to 32.



Integrity promotion poster

Anti-fraud salon in Yangtze River Delta Area



Seminar on anti-fraud investigation and consulting techniques

**Minth Anti-Fraud Training, Publicity and Discussion**

During the Reporting Period, we intensified the crackdown on crimes by employees' taking advantage of duty, actively cooperated with judicial organs in handling the cases, and one case was put on trial and closed.

### 1.3. ESG management

With the guidance of the concept of "creating value for the society", the Group establishes a firm foothold on its positioning and business. We strive to combine our development with social responsibility and social value, aiming to achieve sustainable development and the optimization of ESG governance.

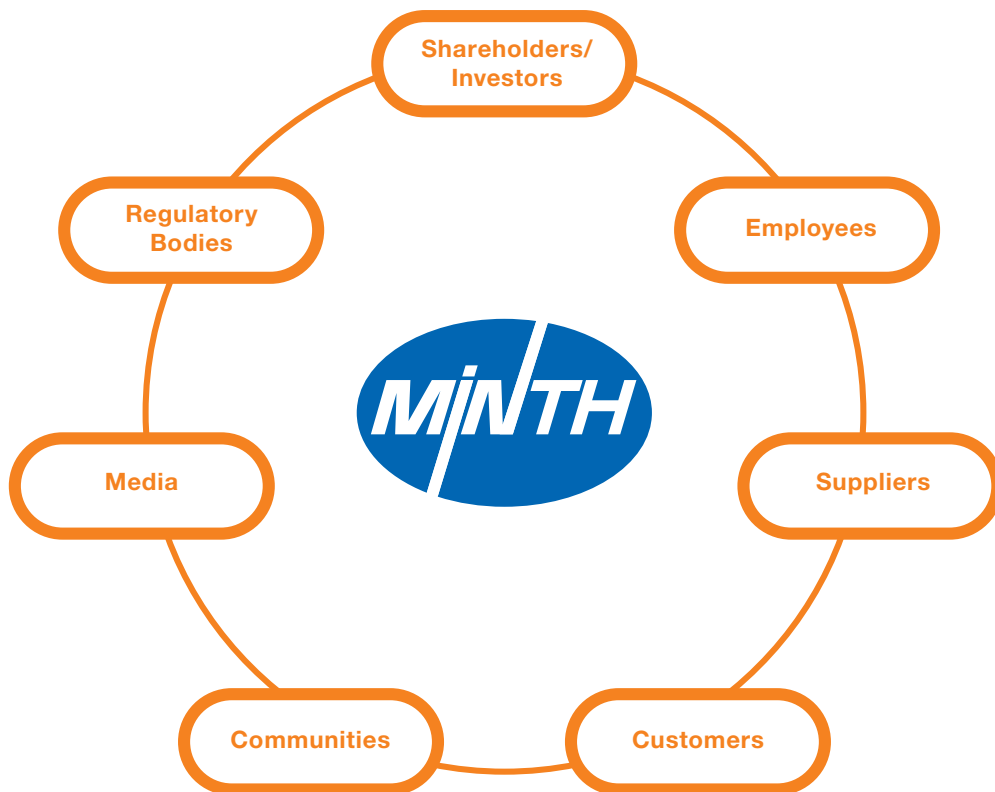
In order to effectively implement ESG management, we have established a top-down and multi-level management system, which is led by the Board, steered by ESG Executive Committee and implemented by ESG Working Team.



**ESG Management Structure**

**Stakeholder identification and communication**

We attach great importance to communication and exchanges with all stakeholders. We regularly launch various forms of communication activities, open diversified communication channels, and actively promote the exchange of information to obtain relevant needs and opinions of stakeholders in a timely manner, effectively respond to their concerns, and adjust the development direction accordingly. The following are seven types of stakeholders who have influence on and major concerns about our daily decision-making and operations:

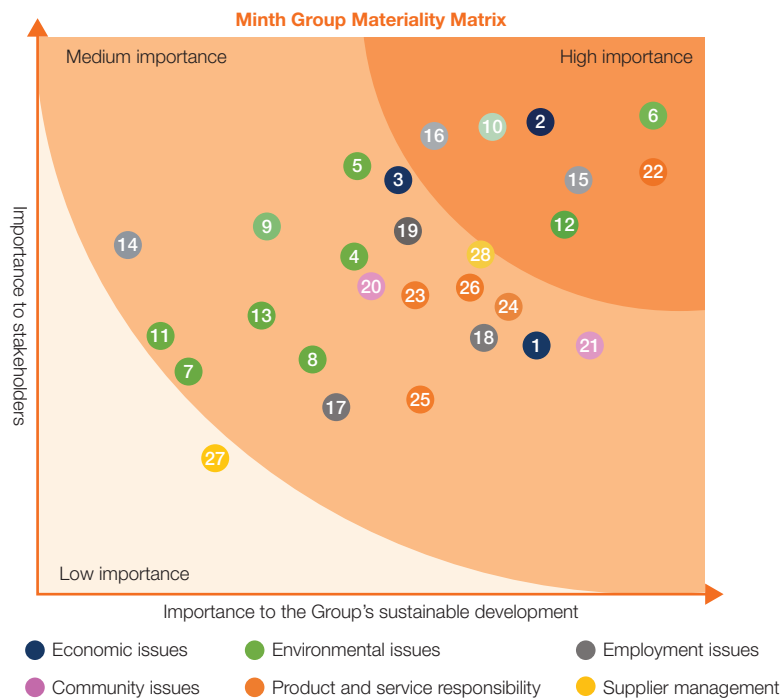


Stakeholders	Concerned issues	Channels for communication/ feedback	Frequency/times
<b>Shareholders/ Investors</b>	<ul style="list-style-type: none"> <li>– Business performance</li> <li>– ESG governance</li> <li>– Legal and regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>– General meeting of shareholders</li> <li>– Financial statements</li> <li>– Results briefing</li> <li>– Announcement</li> <li>– Roadshow</li> <li>– Onsite visit/phone call/written communication</li> </ul>	<ul style="list-style-type: none"> <li>– Scheduled</li> <li>– Scheduled</li> <li>– Scheduled</li> <li>– Scheduled/non-scheduled</li> <li>– Non-scheduled</li> <li>– Non-scheduled</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>– Compensation and benefits</li> <li>– Professional development</li> <li>– Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>– Employee training</li> <li>– Employee meeting</li> <li>– Employee activities</li> <li>– Employee interview</li> <li>– Internal journal</li> </ul>	<ul style="list-style-type: none"> <li>– Scheduled/non-scheduled</li> <li>– Scheduled/non-scheduled</li> <li>– Scheduled/non-scheduled</li> <li>– Non-scheduled</li> <li>– Scheduled</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>– Supply chain management</li> <li>– Product responsibility</li> <li>– Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>– On-site investigation</li> <li>– Supplier assessment</li> <li>– Communication on quality</li> <li>– Phone call/written communication</li> <li>– Suppliers conference</li> </ul>	<ul style="list-style-type: none"> <li>– Scheduled/Non-scheduled</li> <li>– Scheduled</li> <li>– Non-scheduled</li> <li>– Non-scheduled</li> <li>– Scheduled</li> </ul>

Stakeholders	Concerned issues	Channels for communication/ feedback	Frequency/times
<b>Customers</b>	<ul style="list-style-type: none"> <li>– Product responsibility</li> <li>– R&amp;D and innovation</li> <li>– Information confidentiality</li> </ul>	<ul style="list-style-type: none"> <li>– Customer hotline</li> <li>– Customer satisfaction survey</li> <li>– Customer meeting and visiting</li> <li>– Customer complaint settlement</li> <li>– E-mail</li> </ul>	<ul style="list-style-type: none"> <li>– Non-scheduled</li> <li>– Scheduled</li> <li>– Scheduled/Non-scheduled</li> <li>– Non-scheduled</li> <li>– Non-scheduled</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>– Green production</li> <li>– Community investment</li> <li>– Legal and regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>– On-site investigation</li> <li>– Meeting</li> <li>– Charity and public services</li> <li>– Co-construction of communities</li> </ul>	<ul style="list-style-type: none"> <li>– Non-scheduled</li> <li>– Non-scheduled</li> <li>– Non-scheduled</li> <li>– Non-scheduled</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>– Community investment</li> <li>– Business performance</li> <li>– Product innovation</li> </ul>	<ul style="list-style-type: none"> <li>– News release/ announcement</li> <li>– Interview</li> <li>– Results briefing</li> </ul>	<ul style="list-style-type: none"> <li>– Scheduled/Non-scheduled</li> <li>– Scheduled/Non-scheduled</li> <li>– Scheduled</li> </ul>
<b>Regulatory bodies</b>	<ul style="list-style-type: none"> <li>– Regulatory compliance</li> <li>– Product responsibility</li> <li>– Health and safety</li> <li>– Green production</li> </ul>	<ul style="list-style-type: none"> <li>– Monthly return</li> <li>– News release/ announcement</li> <li>– Annual report</li> <li>– Regular communication</li> </ul>	<ul style="list-style-type: none"> <li>– Scheduled</li> <li>– Scheduled/Non-scheduled</li> <li>– Scheduled</li> <li>– Scheduled</li> </ul>

**Materiality analysis**

During the Reporting Period, we held more than 10 in-depth interviews with various stakeholders to comprehend all levels of stakeholders' opinions and expectations on the environmental, social and governance issues of the Group. We also reviewed the materiality matrix and included the feedback of stakeholders in the same. In this report, we mainly elaborate issues of high importance, so as to inform the public about ESG performance of the Group during the Reporting Period and provide a strong foundation for the Group to develop a long-term strategy.





Economic issues		Community issues	
1	Business performance and economic achievement	20	Maintenance of relation with community and local government
2	<b>Corporate governance</b>	21	Participating in charity and public service
3	Concept of sustainable development		
Environmental issues		Product and service responsibility	
4	Energy consumption	22	<b>Ensuring the quality and safety of products and services</b>
5	Water use	23	Protecting customer privacy
6	<b>Pollutant emissions</b>	24	Customer satisfaction and compliant handling
7	Impact of production activities on soil and groundwater	25	Product or service quality verification and recall
8	Greenhouse gas emissions	26	Innovation and R&D
9	Generation and disposal of general solid waste		
10	<b>Generation and disposal of hazardous waste</b>		
11	Use of packaging materials		
12	<b>Energy saving and emission reduction measures</b>		
13	Measures to reduce noise during production		
Employment issues		Supplier management	
14	Compensation and benefits	27	Supplier diversification and localization
15	<b>Health and safety</b>	28	Environmental and social risks in supply chains
16	<b>Professional development and training</b>		
17	Employee diversity and equal opportunities		
18	Human rights protection		
19	Employee satisfaction		

## 2. QUALITY PRIORITISATION

As a manufacturing enterprise, product quality is the cornerstone of our steady development. The Group actively promotes a “zero-defect” quality culture, guarantees quality of delivered products by continuously improving the quality control system and increasing innovation and R&D efforts, and strives to provide products and services that exceed customer needs.

### 2.1. Lean quality

We attach great importance to the quality of delivered products by continuously strengthening quality management capabilities through quality control measures, creating a good quality cultural atmosphere, and building a brand image of “Lean Minh”.

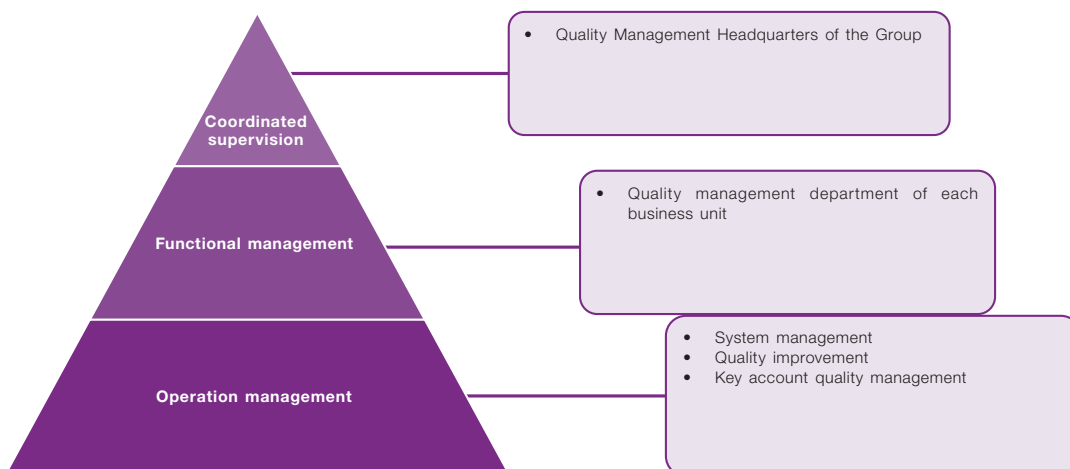
#### *Quality control*

Based on a sound quality management system, we continuously carry out quality improvement measures, and achieve effective supervision of quality control work through quality audits.

#### **Management system**

The Group strictly abides by the *Product Quality Law of the People's Republic of China* and other applicable laws and regulations in the industry, and has established the Quality Manual of the Group in accordance with the requirements of the IATF16949 Automotive Quality Management System Standard, so as to standardise the automotive product quality management system, objectives and policies and strengthen quality management. During the Reporting Period, 31 factories in China and 6 overseas factories of the Group implemented the IATF16949 quality management system and obtained certification, and the pass rate reached 100%. In terms of customer certification, our battery housing BU passed the Renault ASPQR (Alliance Supplier Process Qualification Review) system audit, and many other factories passed the audit by major customers such as Daimler, BMW, Jaguar Land Rover, Volkswagen, Toyota, Honda, Shanghai GM, Nissan, and Peugeot Citroen.

During the Reporting Period, we launched a matrix management framework for quality assurance teams, carried out planning of quality management from strategic and policy perspectives. The framework objectively reflected the overall quality status of the Group through data collection and analysis, which provided direction for continuous improvement from the perspective of process optimization. In addition, through matrix management, staff efficiency and capability are both improved at the headquarters and business units of the Group.



**Matrix Management Framework for Quality Assurance Teams**

**Quality control measures**

Based on a sound quality management system, the Group continuously promotes the Minth Operation Excellence System (“MOS”) (敏實卓越運營系統) to achieve lean control of product quality by reducing risks and costs before mass production. We implement MOS in depth and breadth in factories in China, Thailand and Mexico, and actively promote communication and evaluation among the Group’s factories from seven dimensions including quality, management, cost, human resources, and logistics, etc., so as to achieve the integration of MOS systems in the Group’s global operations. During the Reporting Period, with the MOS system as the core, we promoted quality improvement measures such as quality cost management, quality information system, and refined resource management, which further improved the quality management level of the Group.

Quality cost management
<ul style="list-style-type: none"> <li>We have established a quality cost centre management process and broke down quality loss fees to related departments according to responsibilities, which helps to point out the direction and focus of improvement for future work and enhanced the team's sense of responsibility and the effectiveness of quality management;</li> <li>Based on the budget objectives at the beginning of the year, we keep a close eye on the cost of poor quality (COPQ) rate from the perspective of internal and external losses, pay attention to the pass rate of key products from production lines such as coating and anodizing, and analyse and report on special events that might lead to failure in achieving the objectives.</li> </ul>

#### Quality information system

- In response to the Group's "digital transformation" strategy, we have thoroughly carried out the construction of the quality management information system. During the Reporting Period, SAP (Systematic Applications and Products) and MES (Manufacturing Executive System) were launched in 6 factories, which could realise such functions as inspection management, change point management, abnormality alarming, traceability management, quality cost management, thereby improving quality traceability;
- We have been promoting full coverage of LL (Lessons Learned) system across the Group, which could help to reduce the problem recurrence rate by more than 50% through systematic reminder and early warning.

#### Refined resource management

- Continuously promote the establishment of overseas after-sales service team, to achieve the whole-process control in the management of the transfer warehouse including sorting check, sorting process monitoring, feedback on status of defective products, domestic improvement breakpoint, timely suspension of sorting, and end-to-end treatment of defective products, so as to improve resource utilisation efficiency;
- Centralise quality-related standard documents and customer requirements into the Group's SharePoint system for resource sharing, thus to promote the efficiency of quality management.

#### Quality Improvement Initiatives

In addition, the Group formulated the *Non-conforming Product Management Procedure* and the *Guidelines for the Management of On-site Defective Parts Analysis* in response to the issue of product recall, which ensured that defects found in the end market or at the customers' end could be dealt with in a timely manner. During the Reporting Period, there was no product recall of the Group.

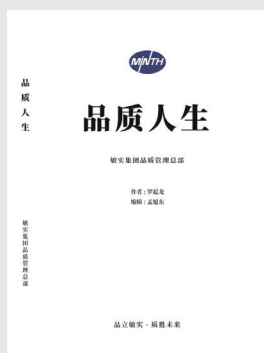
### Quality audit

We attach great importance to product quality inspection and review. We detect product defects through internal and external audits to ensure product quality. We have established partnership with Westlake University, Suzhou Research Institute of Chinese Academy of Sciences and many other institutions. Through the implementation of intelligent inspection technology, we improve the speed and accuracy of product quality detection and reduce costs and quality losses. Based on the quality audit system in the Quality Manual, while promoting the internal quality work and performance evaluation within the Group, we actively accept the supervision of customers and external audit institutions to improve quality management capabilities. During the Reporting Period, the Group accepted a total of 52 third-party quality system audits and 148 customer audits, and the pass rate reached 100%.

### Quality culture

Adhering to the quality culture of “integrity, rationality and sustainability”, the Group is committed to continuously improving employees’ quality awareness and professional capabilities through various activities such as knowledge sharing, cultural propaganda, and quality training, as well as creating a quality-oriented atmosphere.

#### Knowledge sharing



- Compiled the key points of the Group's regular meetings and the interpretation of typical cases into a book entitled “Quality Life” (《品质人生》) for printing and distribution;
- Carried out quality knowledge contests to increase the enthusiasm of employees to participate in the construction of quality culture while popularising knowledge.

### Cultural propaganda

- Published a journal named “Half-Month Quality Talks” (《品质半月谈》) within the Group to report on quality news and events, and popularise the “zero-defect” quality management concept;
- Encouraged employees to perceive quality culture and enhance quality awareness through various activities such as quality morning meetings, quality evening schools, and mini-team building.



### Quality training



- Established the “Operation for Future” WeChat official account, cultivated high-quality lecturers in the system, carried out relevant trainings, and popularised quality awareness to production line workers and blue-collar technical workers;
- Carried out quality examinations to test the effectiveness of staff training and facilitate their improvement of ability on quality assurance work.

### Quality Culture Construction

During the Reporting Period, we further refined quality culture and continuously carried out various activities such as quality culture consensus camps, quality team building, quality seminars, etc., to encourage employees to experience and learn the Group's quality system construction and quality management requirements, so as to jointly realise the Group's objective in product quality.



“Quality Month” kick-off meeting



“Cultural Consensus Camp” kick-off meeting



Quality team building activities



Quality symposium

### Quality Culture-Themed Activities

**Social recognition**

With excellent quality control and customer service capabilities, during the Reporting Period, the subsidiaries and BUs of the Group won more than 30 awards recognised by stakeholders in the society, which fully proved the quality management results of Group.



Jiaxing Minhui Automotive Parts Co., Ltd. won the "Excellent Supplier Award in Quality"



Wuhan Minhui Automobile Parts Co., Ltd. (Dongxihu branch) won the "Excellent Quality Award"



Tianjin Minshin Machines Co., Ltd. won the "Excellent Supplier Award"



Qingyuan Minhui Automotive Parts Co., Ltd. won the "2020 Jiangpin Zhumeng Gold Award for Innovative Achievement Release"

**Product Related Awards**



## 2.2. Innovation and R&D

Innovation and R&D is the driving force for enterprises to achieve sustainable development. The Group will continue to promote technological and product innovations, facilitate digital transformation strategies, and achieve business expansion and product upgrades.

### *R&D management*

The Group has an R&D Centre integrating innovative R&D and traditional product design, which enhances product competitiveness by anchoring the industry's latest trends and customer needs. During the Reporting Period, the Group initiated the R&D process for new technologies, built cross functional team, and issued the *New Technology R&D Management Procedures* to clarify the complete R&D process of new technologies from demand proposal, technical research, feasibility analysis, technical solutions, technical verification to technical summary, thereby realising standardised management of innovation and R&D.

### **R&D directions**

In 2020, the industry was tumbled by the pandemic. In order to stabilise the market share of our products, we constantly increased innovation and R&D efforts, sorted out strategic cooperation resources inside and outside the industry, enhanced technical resource integration and R&D cooperation around the world, and consolidated global R&D capabilities. We made unremitting effort to strengthen the promotion of new products, new technologies, and new materials at the customers' end. Under the threat of global climate change, we insightfully expanded our business in new energy vehicle market, further increased the R&D efforts in innovative products such as battery housing and the production capacity in overseas markets and proactively entered the supplier system of battery housing for new energy vehicles. During the Reporting Period, we have set up battery housing production plants in China, Serbia and the Czech Republic. We have also secured global battery housing projects for Volkswagen, Daimler and BMW. In terms of its strategic planning, the Group may target to achieve RMB10 billion sales for its aluminium battery housing business, and is expected to be one of the top-tier battery housing suppliers in the world by 2030.

At the same time, in order to keep up with the development trend of the automotive industry, the Group actively implemented the intelligent development strategy and took the lead in preparing for the construction of an intelligent automobile industrial park for the future. During the Reporting Period, the Group's R&D investment reached RMB764 million, representing an increase of approximately 16.6% as compared to that in 2019.

In the future, on the basis of optimising innovative solutions for traditional products such as zero-gap door frames and laser welding technology applications, we will put emphasis on the R&D and business expansion of new products, complete the transformation and upgrading of product segments, gradually expand from separate components to modular and system products, and increase the R&D efforts in intelligent exterior products, battery housing and structural parts of chassis. In addition, we will pay close attention to environmental protection fields such as polymer materials and clean energy, actively promote the R&D and application of low-carbon technologies, build a safe, environmentally friendly and efficient production model, to enable the Group's production technology to reach the global industry leading level.

### **Innovation incentives**

A team with creativity and zeal is essential to ensure the innovative capability of the Group. We have formulated policies such as the *Guide for Technical Breakthrough and Innovation Incentive* and the *Guide for Product Innovation and R&D Project Incentive* to encourage R&D staff to make breakthroughs in the areas of new products, new materials, and new technologies, and stimulate their innovation enthusiasm. In addition, we provide training for R&D personnel in response to industry hotspots, and continuously building innovation capacities. During the Reporting Period, we invited Japanese experts to elaborate the industry trends and the latest technologies of fuel cells for employees, so that R&D personnel could understand the development direction of new energy technology and expanded horizons in terms of new energy, low pollution, low energy consumption, etc.

### **R&D achievements**

#### **Product and technology innovation**

During the Reporting Period, the Group focused on materials R&D, intelligent exterior products, battery housings and complementary products, surface treatment technology and other fields, while paying attention to environmental protection and development of new materials. Significant progress was made in terms of lightweight, intelligent application, electrification and internet-connection products:

#### **Materials R&D**

- Continued to promote the R&D of high-performance aluminium materials, became the only supplier in the Asia-Pacific region that had mastered the technology and also been approved by the OEMs for ultra-high-performance structural aluminium products with crash resistance above 250MPa;
- Focused on the R&D of polymer materials such as high elastic sealing materials, intelligent surface materials, composite materials and environmental protection materials, of which the technical indicators outperformed those of peers in the industry and the cost could be 30% lower than that of peers in China.

#### Intelligent exterior products

- Focused on the R&D of intelligent front module and intelligent door systems, of which the technical capabilities and market shares went far ahead of domestic peers;
- Continued to make breakthroughs in the R&D on technology for products such as mmWave compatible radomes with heating function, LiDAR compatible radomes and intelligent grilles with illumination function, and has started to see order inflows.

#### Battery housing and complementary products

- Constantly made breakthroughs with chassis structural systems such as battery housings, rocker panels and other high pressure die-casting structural parts, gradually established industry competitive advantages, and became the preferred partner of global mainstream OEMs;
- Based on battery housing, gradually expanded to its complementary products, made significant progress in front and rear crash management systems, rocker panels and other high pressure die-casting structural parts for which the Group has made significant progress and has won orders. These are expected to become new growth drivers for the Group, and gradually provide customers with system solutions for battery housing and integrated chassis structural parts.

#### Surface treatment processes

- Focused on techniques of chrome plating for plastic products, coating for plastic and metal products and aluminium anodizing, with a special emphasis on the innovation and optimization of surface treatment technologies required by the development of intelligent exterior products, and achieved significant breakthroughs and mass production applications of such technologies as development of functional coatings, PVD (physical vapour deposition) processes, and laser carving processes.

#### R&D Achievements in 2020

## Intellectual property

The Group encourages employees to participate in technological innovation. For the intellectual property achievements of the Group, we have established different applications and review processes according to the types of products, tooling, materials, processes, etc., so as to improve the quality of patent applications, achieve a reasonable patent layout, and protect R&D achievements. During the Reporting Period, we introduced the PatSnap Intellectual Property Management System. Through the whole life cycle management of intellectual property, we highly integrated and managed patent applications, management, and maintenance, so as to better plan, adjust and monitor the Company's patent strategy. During the Reporting Period, the Group achieved fruitful results in terms of intellectual property rights, and 131 invention patent applications were filed, representing 27% of the total intellectual property applications, 331 patents were granted, of which invention patents accounted for 38%.



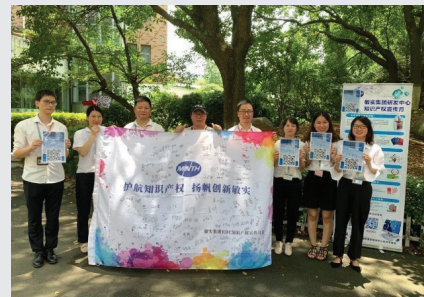
We are committed to respecting and protecting intellectual property rights. Through the *Technical Confidentiality Management System*, the *R&D Centre Overall Framework for Anti-Leakage* and other rules and regulations, we standardise the management of intellectual property protection and safeguard the achievements of all R&D staff. In addition, we regularly organise training and publicity activities in all functional centres of the Group, organising in-depth study for employees regarding the basic knowledge of the patent application, international patent application, patent search and other specialised knowledge. During the Reporting Period, we initiated a patent protection proposal. Through knowledge promotion, we encouraged the employees to improve patent protection awareness, protect independent intellectual property rights, and proactively conduct anti-infringement analysis, so as to create a good environment for intellectual property and business operations.

**Intellectual Property Promotion Month with the theme of “Escorting Intellectual Property Rights, Setting Sail to Innovate with Minth”**

During the Reporting Period, the Group held an Intellectual Property Promotion Month with the theme of “Escorting Intellectual Property Rights, Setting Sail to Innovate with Minth”, which mainly included the following contents:

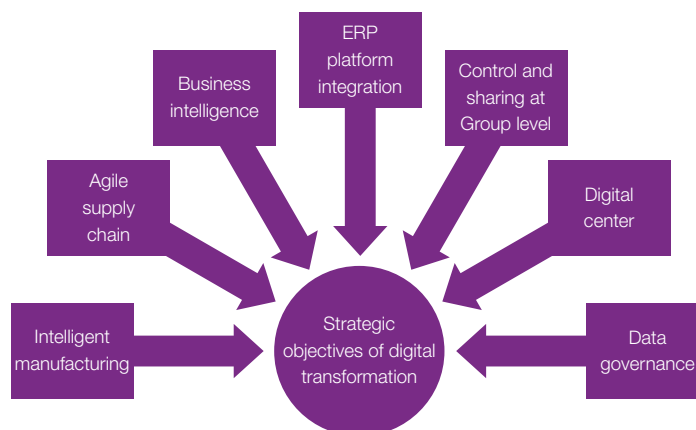
- Enriched employees’ understanding of intellectual property knowledge and raised their awareness of protection through online and offline knowledge contests;
- Held high-level interviews to increase the influence of intellectual property in the Group and promote intellectual property strategies;
- Held a summit forum in which senior management of the Group and experts in the field of intellectual property inside and outside the automotive industry were invited to share insights on such topics as intellectual property policies and development directions, strategic barriers to enter the market, patent rights protection and response and risk avoidance, patent applications and layout strategies, etc.

This activity fully demonstrated the Group’s emphasis on intellectual property protection, enhanced employees’ awareness of innovation and rights protection, and created a good cultural atmosphere for intellectual property protection within the Group.



### Construction of digitalization

As a leading enterprise in the automotive parts industry, the Group has always adhered to the mission of “make automobiles lighter, prettier and more intelligent”. We actively respond to intelligent manufacturing and digital development strategies and follow the trend of development of the auto industry by introducing 5G and AI technologies, showcasing the beauty and power of industrial civilization, and striving to become a benchmark in the industry through continuous development. Through digital transformation, we will switch and upgrade the Group’s global application system, set data standards according to its unique circumstances, streamline the entire process from R&D to production, supply, sales and service, build a global operation management platform, and transform the Group’s management from empirical decision-making to data-based decision-making, thereby supporting the Group’s globally integrated operations and sustainable business excellence.



The Group has committed itself to the creation of a digital world supported by multi-sense, multi-connection, multi-scenario, and multi-intelligence with the application of next generation digital technologies. On that basis, the Group aims to optimise and reshape the business in order to innovate and revamp the traditional models of management, operations and business. The Group is also committed to designing more humanistic plants that will be characterised by greater efficiency, energy conservation and eco-friendliness while promoting safety and comfort through digital transformation, as well as technical platforms with functions to sense, learn, make decisions, execute and adapt in an automated manner.

**Future Factory**

During the Reporting Period, in order to achieve leap-forward development in the manufacturing industry, referring to the construction philosophy of the “World Economic Forum’s Davos Lighthouse Factory”, with the introduction of the best practises in the industry and the ground-breaking applications of new technologies in the auto parts industry, we proposed the goal of building the Minth “Lighthouse Factory” with intelligent manufacturing. Through the step-by-step construction and optimization of flexible automation, digitization, and intelligence, we will improve the business value stream, realise the end-to-end integration of the process from order placement to delivery, and build a highly integrated intelligent manufacturing system where equipment, resources, information, materials and people are interconnected intelligently, thereby using the most advanced technologies to empower traditional manufacturing.

The Future Factory will uphold the brand-new concept of “Intelligent Manufacturing + People-oriented Culture” to build intelligent manufacturing, green environment and people-oriented culture, so as to forge the Group into a people-oriented and digitalized benchmark enterprise that could facilitate small and medium-sized enterprises to transform and upgrade toward digitalization:

<p><b>Intelligent manufacturing</b> Make full use of advanced technologies such as Big Data, Artificial Intelligence, and cloud platforms, upgrade and optimize management methods and production models to finally achieve the goal of improving quality, increasing efficiency, cutting costs, and reducing inventory at the manufacturing level;</p>	<p><b>People-oriented culture</b> Use advanced digital technology to upgrade the people-oriented experience, create intelligent parks equipped with security access, intelligent catering, intelligent conferencing, etc., use the most advanced technology to provide the best people-oriented experience, and finally achieve the goal of “manufacturing + park” dual transformation;</p>	<p><b>Green environment</b> Adopt the most advanced energy efficiency management and intelligent environmental control systems to monitor energy data in real time, realize intelligent control of the office environment, target at low carbon and emission reduction, and build green factories.</p>
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Renderings of Minh Group's Factory of the Future

### 2.3. Dedicated service

With the purpose of serving customers, we constantly improve customer communication channels and attach importance to customer privacy, striving to provide customers with quality services.

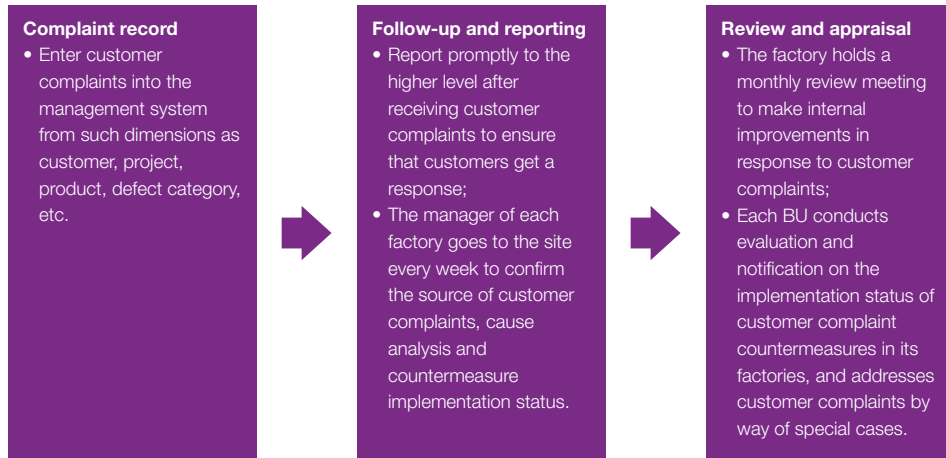
#### *Customer communication*

Customer suggestions are the driving force for us to make continuous progress. The Group is customer centric and is willing to listen to and accept each customer's suggestions. Through the establishment of unobstructed customer communication channels and a complete complaint handling mechanism, we normalise customer satisfaction investigation, and urge our customer service team to respond quickly to customer needs, so as to improve product quality.

#### **Customer complaint handling**

The Group collects customer complaints through various channels such as service hotline, WeChat platforms, and the corporate mailbox, and standardises the management of customer complaint handling procedures in accordance with the Group's internal systems such as the Group's *Guidelines for Customer Complaint Management, Procedures for Management of Problem Solving and Improving*, so as to strengthen communication and exchanges with customers. During the Reporting Period, we improved the tiered management standards for customer complaints and the risk escalation response mechanism. Risks were reported level by level, and responsibilities were implemented at each level. We conducted monthly reports on customer complaints to avoid recurring complaints. During the Reporting Period, the Group received 477 complaints from customers.





**Customer Complaint Handling Procedures**

**Customer satisfaction survey**

The Group attaches great importance to customer satisfaction and regards customer satisfaction as one of the factory’s annual evaluation indicators. We conduct customer satisfaction surveys and evaluations from internal and external aspects, objective performance and subjective evaluation, identify opportunities for improvement, and enhance customer satisfaction. During the Reporting Period, the Group’s overall customer satisfaction rate was good, and the following management improvement measures were implemented for items with lower satisfaction:



### *Privacy protection*

The Group is committed to respecting and protecting customers' privacy and security, implementing permission encryption protection for customers' private information, and never divulging customers' personal information at will. We strictly abide by the laws and regulations on customer privacy and information security, and have formulated the *Information Security White Paper* accordingly to standardise the management of customer privacy and security protection. During the Reporting Period, we established an information security risk registration platform and an accident report platform to realise the closed loop management of accident registration, handling, and horizontal deployment of countermeasures to avoid leakage of customer privacy.

In addition, we attach great importance to the information security training of employees, and are committed to continuously improving employees' awareness of privacy protection and further protecting the information and rights of the customers. During the Reporting Period, we conducted a number of information and privacy security training activities online and offline through morning meetings of the Group.



Information Security Training

### 3. GREEN DEVELOPMENT

Adhering to the environmental philosophy of “people-oriented, green development”, based on the construction of an environmental management system, we continuously improve the environmental awareness and capabilities of all employees, step up our environmental management capabilities, and strive to achieve “zero emission” of pollutants and the Group’s carbon reduction goals. During the Reporting Period, the Group actively participated in climate information disclosure launched by third party organizations, and was awarded “Improvement Award on Climate Action in 2020” issued by CDP due to its remarkable improvements.

#### 3.1. Environmental protection first

##### *Environment management*

The Group strictly complies with laws, regulations and standards in different countries, operating areas and the automotive industry such as the *Environmental Protection Law of the People’s Republic of China*, the *Law of the People’s Republic of China on Promoting Clean Production*, the *Energy Conservation Law of the People’s Republic of China*, the *General Law on Ecological Equilibrium and Environmental Protection in Mexico*, the *Enhancement and Conservation of the National Environmental Quality Act in Thailand*, the *Environmental Impact Assessment Act in Germany*, the *Environmental Impact Assessment Act in U.S.A.* We also continually improve the internal environmental management mechanism and documents, such as *Environmental Management Manual*, regularly update the latest list of laws and regulations on environmental protection, ensuring the standardisation and compliance of environmental protection management.

We actively promote the certification of the environmental management system, and implement energy management and carbon emission reduction activities and plans within the scope of the global environmental management system. During the Reporting Period, the Group completed the supervisory audit of the ISO 14001 Environmental Management System, in which the number of certified sites reached 25, accounting for 83.3%<sup>1</sup> of all manufacturing sites. In addition, our subsidiaries at various locations actively carried out ISO 14001 certification training for internal auditors (6 times), and 200 new internal auditors were issued the certificates.

<sup>1</sup> The data did not cover sites under development, sites under construction, and overseas sites.



ISO Certification Training

### Consistent efforts to promote the certification for environmental protection related management system

We continuously strengthen the Group's layout in environmental protection related management systems. We have established strategic cooperation with TÜV Rheinland and DNV GL (Shanghai), international independent third-party testing, inspection and certification agencies, to launch the Group's ISO 14064 Greenhouse Gas certification and ISO 50001 Energy Management System certification related work.

At present, the ISO 14064 certification is steadily advancing and the third-party data verification is about to be completed. For the ISO 50001 Energy Management System certification work, we have invited external agencies to guide the factory through system establishment, and the relevant system certification will be completed after the internal energy management system could be operated effectively.





While operating in strict accordance with various management systems, the Group has fully identified the requirements of international organisations, governments, customers and other related parties on climate change, and actively followed up on China’s carbon neutrality goals. During the Reporting Period, the Group formulated the carbon emission reduction roadmap showing that the Group’s carbon emission intensity would be reduced by 2% per annum from 2021 to 2025, thereby kicking off the Group’s carbon reduction endeavour. We plan to source green power in 2021 and increase the use of recycled materials, so as to help the Group achieve the goal of peaking in total carbon emissions in 2030 and being carbon neutral by 2050 while expanding its business scale.

During the Reporting Period, the Group invested a total of RMB35 million in environmental protection-related process upgrades and equipment transformation, including 1.2 million Euros in wastewater treatment of the factory in Serbia and USD2.25 million in wastewater treatment in the chrome plating line of the factory in the United States. We have received recognition and awards for our environmental protection work in various operating locations around the world. During the Reporting Period, the Group’s subsidiary in Thailand was awarded the “Green Industry” certificate issued by the Thai government, and Beijing Minth Automotive Parts Co., Ltd. won the title of “2020 Advanced Enterprise in Environmental Production”.



### *Environmental protection practice*

We firmly believe that environmental protection is inseparable from the participation of every Minth employee. The Group has held a sustainable development conference, inviting senior management to discuss the strategic positioning of environmental protection, and actively carried out environmental protection activities, such as environmental emergency drills, to provide employees with a platform for learning and practising environmental protection knowledge, thereby creating a top-down environmental protection atmosphere, so that all Minth employees can contribute to the realisation of the Group's sustainable development and environmental protection goals.

#### **The first Sustainable Development Conference**

In September 2020, the Group closely followed the trend of international development by holding the first Sustainability Conference named as “Meet the Future with Sustainable Operation” to further systematically implement sustainable development and environmental protection strategies, practise the Group's core values, and more efficiently respond to the concerns and requirements of global customers, governments, society and investors for environmental protection and sustainable development.

Different functional departments within the Group were invited to attend the conference to share topics such as natural resource protection, air quality, and carbon emissions from different dimensions, in which we communicated and exchanged with industry experts in terms of energy management, carbon emission reduction, and ESG and discussed the development directions of the Group in the future including new energy utilisation, energy saving and consumption reduction, and environmental-friendly products.

#### Regular emergency drills

Minh conducts emergency drills at each factory every year, and implements emergency drills for hazardous waste leakage, wastewater leakage, and waste residue leakage according to the actual conditions of the factories. Each factory formulates drill plans in accordance with the environmental emergency plan, conducts real-life drills according to the plan and make summaries afterwards, and rectifies the problems found during the drill, so as to improve the environmental protection awareness of all employees, enhance the environmental emergency management capabilities of each functional unit, and accumulate accidents handling experience to prevent the occurrence of major environmental accidents.

We implement the “Green Office” plan, not only fully creating environmentally friendly conditions in the construction and layout of the factory, paying attention to energy saving and consumption reduction methods in our daily operations, but also realising the rational and effective use of resources through management optimisation.

#### “Green Office” factory

- Build green belt within the office building of the Group's headquarters to improve air quality through natural methods;
- The Group is committed to creating ecological harmony. The environment in the headquarters area is suitable for a variety of animals to live, which effectively protects biodiversity;
- In the design process of Minh's Future Factory, environmental protection measures such as heat recovery, geothermal heat pumps, and photovoltaic power generation have been considered to effectively reduce energy consumption and emissions and realise recycling.

#### Update green office facilities

- Switch to new energy-saving lighting equipment in a planned manner to effectively reduce power consumption during office hours.

#### Cultivate green office habits

- Promote paperless office, replace the traditional contract stamping process with electronic signature process, and reduce the printing and offline transmission of paper contracts;
- Set appropriate air-conditioning temperature to avoid waste of resources.



#### “Green Office” Plan

### 3.2. Saving resources

#### *Water resources management*

The Group has formulated the *Guidelines for Water Management* to regulate water use in all aspects of life, production, equipment maintenance, and the guideline is continuously optimised in conjunction with the iteration of production process to ensure its applicability to the greatest extent. During the Reporting Period, we further reduced water consumption during production and operations by establishing a water recycling system and carrying out reclaimed water reuse projects.



### Domestic and overseas plants reduce water consumption through equipment upgrades and process optimization

During the Reporting Period, Minth factory in Thailand upgraded the water treatment system of the automatic coating line so that the water from the pre-treatment washing process was collected in the pool and could be recycled. After the improvement, 24 tonnes of pure water is reused per hour, resulting in annual tap water savings of about 199,584 Thai Baht (approximately RMB41,473).

**Success case — equipment module submitted by Zeng Xiaola**

**Reusing pre-treatment water-rinsing pure water of automatic coating line in cooling tower**

1. The pre-treatment water-rinsing process of the automatic coating line at Minth Thailand overflows about 3T of water per hour to the collection tank, which is then discharged to the wastewater treatment station with the use of water pumps.
2. The pure water overflowed from the pre-treatment water-rinsing process of the automatic coating line is directly connected via pumps to the cooling tower's water tank which uses about 3T tap water per hour, so that tap water and pure water are used together to realize automatic water replenishment.

Annual performance: 529,476 THB

1. Before improvement: Pure water discharged about 3T per hour to the wastewater treatment station which cost 24 THB per ton or 399,168 THB per year in treatment.
2. After improvement: Pure water reuse causes tap water savings of 24 THB per hour or 199,584 THB per year
3. Material cost of improvement: 70,000 THB

Jiaying Minth Machines Co., Ltd. recycled and reused the water used to clean spray guns and other tools during the production process through the optimization and update of the process flow, effectively reducing the amount of new water used.

### Multiple plants under the Group carry out production line water reuse projects

The Group continued to carry out water-saving activities during the Reporting Period. Among them, Tianjin Minshin Machines Co., Ltd. collected steam condensate and reused it in the production line to save the use of new water, thereby reducing new water consumption by 35,000 tonnes per year. Jiaying Minhui Automotive Parts Co., Ltd. used the water from anodizing lines for several times before it entered the wastewater treatment station, which effectively reduced the amount of new water used through multiple uses of water.

Water consumption				
Category	2020	2019 <sup>2</sup>	2018 <sup>3</sup>	Unit
Fresh water consumption <sup>4</sup>	4,879,799	5,046,965	5,081,130	Tonne
Water consumption per RMB ten thousand of output value	3.91	3.82	4.84	Tonne/RMB10,000

### *Packaging material management*

The packaging materials involved in the production process of the Group are mainly divided into paper, plastic, wood and metal. The specific consumption of packaging materials during the Reporting Period is as follows:

Packaging material consumption				
Category	2020	2019 <sup>5</sup>	2018 <sup>6</sup>	Unit
Packaging materials consumption	14,528	11,624	9,271	Tonne
Packaging materials consumption per RMB ten thousand of output value	11.65	8.81	8.84	Kg/RMB10,000

<sup>2</sup> Water consumption data for 2019 covered the Group's China region and overseas subsidiaries.

<sup>3</sup> Water consumption data for 2018 only covered the Group's subsidiaries in China.

<sup>4</sup> New water came from the municipal pipe network and natural water bodies.

<sup>5</sup> Packaging material data for 2019 covered the Group's China region and overseas subsidiaries.

<sup>6</sup> Packaging material data for 2018 only covered the Group's subsidiaries in China.

### ***Energy management***

The Group has formulated the *Energy Management Guidelines*, and has implemented strict control on energy management for all its subsidiaries accordingly. During the Reporting Period, we have developed energy conservation and emission reduction plans and carried out monthly inspections and other measures.

The Group has gradually increased its investment in the efficient use of energy, including successive investments in waste heat recovery systems and energy storage devices to efficiently use energy.

### **Measures to save energy**

- Zhengzhou Minneng Automotive Parts Co., Ltd. installed an intelligent metre measurement system to provide hardware guarantees for improving power management;
- Guangzhou Minhui Automobile Parts Co., Ltd. used the residual heat of air compressors to heat up water for staff dormitory, which effectively improved energy efficiency;
- Guangzhou Tokai Minth Automotive Parts Co., Ltd. used variable frequency energy-saving technology to transform all hydraulic equipment in the plant area into variable-frequency energy-saving control, saving about 201.6 kilowatt-hours of electricity or annual electricity costs of about RMB274,000;
- Factory I of Jiaxing Minhui changed the injection moulding machine from electric heating to infrared heating, saving energy by 40-50% compared to before.

### **The Group's plants carry out energy-saving activities**

During the Reporting Period, the Group carried out a special activity of "Group-BU-Plant" with the main purpose of energy saving and consumption reduction. The Group set the reduction target of energy consumption per RMB10,000 of output value in 2020 and assigned it to BU and factories level by level, managed the water, electricity, gas, fuel gas, and oil during manufacturing process, and established a series of energy-saving transformation and management plans in accordance with the budget and the actual situation of the previous reporting period.

The energy consumption of the Group during the Reporting Period is shown in the following table:

Energy consumption				
Category	2020	2019 <sup>7</sup>	2018 <sup>8</sup>	Unit
Purchased electricity	48,636	46,907	38,287	Ten thousand KWh
Natural gas	1,475	1,363	1,182	Ten thousand N/m <sup>3</sup>
Diesel oil	160	224	414	Tonne
Gasoline	97	167	205	Tonne
Direct energy consumption <sup>9</sup>	19,988	18,702	16,431	Tonnes of standard coal
Indirect energy consumption <sup>10</sup>	61,029	57,649	47,055	Tonnes of standard coal
Comprehensive energy consumption	81,017	76,351	63,486	Tonnes of standard coal
Comprehensive energy consumption per RMB ten thousand of output value	64.99	57.85	60.50	kg standard coal/RMB10,000

<sup>7</sup> Energy consumption data for 2019 covered the Group's China region and overseas subsidiaries.

<sup>8</sup> Energy consumption data for 2018 only covered the Group's subsidiaries in China.

<sup>9</sup> Direct energy consumption included consumption of natural gas, diesel oil and gasoline.

<sup>10</sup> Indirect energy consumption included purchased electricity and new water consumption.

### 3.3. Low carbon and emission reduction

#### *Carbon emission management*

The Group actively promotes environmental protection and low carbon for sustainable development. During the Reporting Period, the Group released a 2050 carbon neutral roadmap as follows:

<p><b>By 2025</b></p> <ul style="list-style-type: none"> <li>The Group's carbon emission intensity is expected to decrease by 10%</li> </ul>	<p><b>By 2030</b></p> <ul style="list-style-type: none"> <li>Complete full coverage of green power</li> </ul>	<p><b>By 2040</b></p> <ul style="list-style-type: none"> <li>The Group will begin to purchase carbon credit for carbon offset</li> </ul>	<p><b>By 2050</b></p> <ul style="list-style-type: none"> <li>Achieve the goal of carbon neutrality</li> </ul>
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We have increased the utilisation rate of renewable energy. We continued to expand investment in photovoltaic energy during the Reporting Period to obtain more green power, and will increase the coverage of green power year by year in the future. During the Reporting Period, Jiangsu Hexing Automotive Technology Co., Ltd. clarified the proportion of clean energy in the energy purchase contract. Up to now, Jiaxing Minhui Automotive Parts Co., Ltd., a subsidiary of the Group, and factories located in Thailand, Serbia and other countries have signed a commitment to “use green power for all business operations by 2025”.

<p><b>Measures to reduce carbon emission</b></p>	<p>Zhengzhou Minhui Automotive Parts Co., Ltd. and Changchun Minth Automotive Parts Co., Ltd. added solar water heaters in the dormitory and solar street lamps respectively to effectively save electricity;</p> <p>Ningbo Taiyong Automotive Parts Co., Ltd., Jiaxing Minth Machines Co., Ltd., etc. installed photovoltaic power generation equipment on the roofs of workshops, staff dormitories, canteens, etc. to reduce the use of thermal electricity.</p>
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In the future, we will continue to expand the holding rate of forest resources and increase the coverage of green plants to further offset the carbon dioxide emitted by production and promote the realisation of the goal for carbon neutrality.

The Group's greenhouse gas emissions during the Reporting Period are shown in the following table:

Greenhouse gas emissions				
Category	2020	2019 <sup>11</sup>	2018 <sup>12</sup>	Unit
Scope 1 greenhouse gas emissions	32,604	30,529	27,330	Tonnes of CO <sub>2</sub> e
Scope 2 greenhouse gas emissions	322,397	312,662	259,595	Tonnes of CO <sub>2</sub> e
Total greenhouse gas emissions	355,000	343,191	286,925	Tonnes of CO <sub>2</sub> e
Greenhouse gas emission per RMB ten thousand output value	0.28	0.26	0.27	Tonnes of CO <sub>2</sub> e/ RMB10,000

#### **Pollutant discharge management**

The Group complies with the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on Prevention and Control of Air Pollution*, the *Clean Air Act Act in the U.S.A.*, the *National Water Resources Law of Mexico* and *Waste Prevention Rule in Mexico*, the *Enhancement and Conservation of National Environmental Quality Act in Thailand* and *Emission Control Law in Germany* and other laws and regulations. In accordance with relevant laws and regulations, we have formulated internal management documents, such as the *Wastes Treatment Standardisation – Electroplating Wastewater*, the *wastes Treatment Manual – Coating Wastewater Treatment and Standardisation of Polishing Dust Treatment*, to effectively control the pollutant emissions and optimise the level of the pollution management.

In order to reduce the exhaust gas and soot particles generated in the production and operation process, we have carried out effective control of the exhaust gas generated by upgrading the boiler equipment and upgrading the volatile organic compound (VOCs) treatment system to ensure that the emission of air pollutants meets the standard.

<sup>11</sup> Greenhouse gas emission data for 2019 covered the Group's China region and overseas subsidiaries.

<sup>12</sup> Greenhouse gas emission data for 2018 only covered the Group's subsidiaries in China.

<b>Measures to reduce exhaust gas emissions</b>	<p>Jiaxing Minth Machines Co., Ltd. used fuel gas for combustion in the steam boiler and completed the low-nitrogen upgrade of the boiler;</p> <p>Tianjin Shintai Automotive Parts Co., Ltd. upgraded the VOCs management system to effectively improve the production environment and meet the emission standards.</p>
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**Metal and trim BU reduces exhaust gas emissions through process transformation**

Flocking, a process of metal and trim BU, is mainly to apply glue on the base components, bond the fluff to the base components through a flocking machine, and then bake them to ensure the bonding strength. A large amount of glue needs to be used throughout the process, which generates a large amount of VOCs. On the premise of customer's certification, the metal and trim BU changed flocking to fluff adhesion, during which the glue is no longer used, so that the exhaust gas emission during the process would be fundamentally eliminated.

In terms of wastewater discharge management, the Group's wastewater is mainly from the manufacturing process and staff canteens. We installed wastewater recycling systems, wastewater online monitoring devices, wastewater advanced treatment systems and other facilities to ensure that wastewater discharge met the standards, while achieving the recycle of 443,213 tonnes of wastewater which comprehensively improved the Group's wastewater discharge management capabilities.

Wastewater reuse	Online monitoring	Advanced treatment
<ul style="list-style-type: none"> <li>During the Reporting Period, Jiangsu Hexing Automotive Technology Co., Ltd. added a water recovery system for the anodizing lines to recover the wastewater from anodizing lines, which saved 120 cubic metres of pure water per day and reduced sewage discharge by 36,000 cubic metres per year.</li> </ul>	<ul style="list-style-type: none"> <li>Wuhan Hesheng Automotive Parts Co., Ltd. added an online monitoring system based on the nature of sewage and site conditions, and adopted AO biochemical technology and MBR membrane filtration to ensure that living sewage discharge reached the standard.</li> </ul>	<ul style="list-style-type: none"> <li>Taking into account the local municipal wastewater treatment capacity in the place where it operates, Minth Serbia plant added biological treatment to the wastewater treatment plant in accordance with the advanced wastewater treatment requirements during the design and construction of the plant, so that the treated wastewater met the local wastewater discharge standard for environmental waters.</li> </ul>

**Measures to Optimize Wastewater Discharge**

Pollutant Emissions				
Category	2020	2019 <sup>13</sup>	2018 <sup>14</sup>	Unit
<b>Exhaust emission</b>				
Nitrogen oxide	31	72	17	Tonne
Sulphur dioxide	1.6	6.7	1.0	Tonne
<b>Wastewater discharge</b>				
Industrial wastewater	2,795,419	3,469,527	2,111,322	Tonne
Chemical oxygen demand	3,567	981	137	Tonne
Ammonia nitrogen	499	19.7	3.4	Tonne

### *Waste management*

The Group strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste*, the *Solid Waste Management Act* in the USA, the *Basic Law of Federal Republic of Germany* and other relevant laws and regulations of the place of operation. We have formulated the *Waste Resource Management Guide* based on the production process in the place where the factory operates to regulate the classification, collection, storage, transfer and treatment of wastes to ensure the compliance disposal of all types of wastes. In 2020, the Group strengthened the recycling of wastes and realised the recycling of 189 tonnes of hazardous wastes and 6,943 tonnes of general industrial solid wastes.

<sup>13</sup> Pollutant emission data for 2019 covered the Group's China and overseas subsidiaries.

<sup>14</sup> Pollutant emission data for 2018 only covered the Group's subsidiaries in China.



Measures to reduce waste		
<b>Factory II of Jiaying Minhui</b>	<b>Jiangsu Hexing Automotive Technology Co., Ltd.</b>	<b>Factory I of Jiaying Minhui</b>
<ul style="list-style-type: none"> <li>Launched a mixed acid recovery system to convert the hazardous waste into raw materials in the production process, thereby reducing the use of chemical raw materials and reducing the generation of hazardous waste;</li> <li>Completed the commissioning of the system during the Reporting Period, and 200 tonnes of mixed acid were recovered during the commissioning phase.</li> </ul>	<ul style="list-style-type: none"> <li>Recycled aluminium materials to reduce the use of metal materials, which equals to an income of approximately RMB14.77 million for the Group.</li> </ul>	<ul style="list-style-type: none"> <li>Through process optimization, the chromic acid was recovered by adopting coarsening recovery process, thereby reducing the emission of hazardous wastes such as chromic acid.</li> </ul>



Waste recycling



Waste acid recycling device

The wastes generated by the Group during the Reporting Period are shown in the following table:

<b>Waste disposal</b>				
<b>Category</b>	<b>2020</b>	<b>2019<sup>15</sup></b>	<b>2018<sup>16</sup></b>	<b>Unit</b>
Hazardous waste	26,473	21,989	18,092	Tonne
Hazardous waste per RMB ten thousand of output value	21.23	16.66	17.24	Kg/RMB10,000
Non-hazardous solid waste	35,168	33,544	21,862	Tonne
Non-hazardous solid waste per RMB ten thousand of output value	28.21	25.42	20.83	Kg/RMB10,000

### **Noise management**

We attach great importance to reducing the impact of noise generated during production and operation on the surrounding environment and communities, and regularly monitor the noise inside and around the factory to ensure that it meets the requirements of relevant laws and regulations. In addition, the Group actively carries out noise reduction renovations and builds sound-proof rooms to reduce the impact of noise and minimise the adverse impact on the surrounding environment.

#### **Factory II of Jiaxing Minhui builds sound-insulating rooms**

The Group has fully identified the source of occupational noise and prioritised to choose equipment with function of noise eliminating and noise isolating. In Jiaxing Minhui Automotive Parts Co., Ltd., the factory built sound-insulating rooms to isolate the noise generated by the fans, which effectively reduced the noise generated by the operation of high-power fans, and set up a soundproof wall around the equipment to reduce noise emission to the outside.

<sup>15</sup> Waste disposal data for 2019 covered the Group's China and overseas subsidiaries.

<sup>16</sup> Waste disposal data for 2018 only covered the Group's subsidiaries in China.

## 4. SAFETY ASSURANCE

Based on the safety and occupational health system, the Group continuously deepens the management of the environment, health and safety (“EHS”) with the goal of “healthy development”, striving to create a safety management model that combines standardisation and visualisation, effectiveness and sustainability.

### 4.1. Production safety

#### *Safety management improvement*

The Group is in strict accordance with national, regional and industrial laws, regulations and standards on occupational health and safety, including the *Production Safety Law of the People’s Republic of China*, the *Occupational Safety and Health Act of the U.S.A.*, the *Occupational Safety Law of Germany* and the *Mexico Federal Regulations on Safety, Health and Working Environment*. We have upgraded Occupational Health and Safety Management System from OHSAS 18001 to ISO 45001 during the Reporting Period, and Zhejiang Minneng Technology Co., Ltd. has successfully passed the ISO 45001 certification. In accordance with the requirements of the occupational health and safety management system, we have updated the *Manual for EHS Management*, the *Guide for Industrial Accident Management*, the *EHS Performance Appraisal Rules*, *Minth Group Regulations for EHS Interview and Accountability Management* and other system documents to further improve safety standardisation management.

For the safety management in the production process, we continuously improve the management process by establishing a relatively complete EHS red line management approach, and use the MOS information system to ensure safe production.

Optimize process management	Implement red line management	Manage with the help of systems
<ul style="list-style-type: none"> <li>During the Reporting Period, the Group optimised the internal EHS management process, changing the management organisation from Group-Region-Factory in the previous reporting period to Group-BU-Factory, thereby completing the change from region to business unit;</li> <li>The Group is responsible for strategic planning, the BU for supervision, and the factory for implementation;</li> <li>The Group reviews the EHS performance of each BU and factory every month and presents it at the monthly safety meeting.</li> </ul>	<ul style="list-style-type: none"> <li>Adhere to the EHS red line management and control principle, adopt EHS red line management, and establish a factory manager responsibility system for factory safety, environment, and occupational health;</li> <li>Develop a grid management checklist, sort out the factory's EHS-10 major risk management projects, break down and implement the projects for risks level by level, link responsibilities to individuals, and complete and review their daily work to prevent the occurrence of serious EHS accidents.</li> </ul>	<ul style="list-style-type: none"> <li>The MOS-EHS pillar includes equipment safety management, equipment maintenance, personnel capabilities, systemization, etc.;</li> <li>MOS-EHS combines the ISO 45001 system and the EHS red line system with 18 dimensions designed to evaluate EHS;</li> <li>The implementation of the MOS-EHS pillar has effectively consolidated the Group's EHS management work, improved and unified the EHS management of each factory.</li> </ul>

### Safety Management Improvement

#### The EHS Management Guidelines for Construction Operations has been revised

During the Reporting Period, the Group streamlined the construction management process, strengthened the management of construction supplier selection, high-risk operation approval, construction filing, and signed a safety management agreement with the construction party to strictly implement the construction work management guidelines, thereby effectively reducing construction safety risks and protecting the safety of construction staff.




Among them, Wuhan Tokai Minth Automotive Parts Co., Ltd. issued and implemented the *Guidelines for Safe Operation of Production Line Abnormality Handling*, which clarified the requirements for shutdown and outage in handling abnormalities on production lines and supplementary safety measures during the handling.

In terms of the management of work-related injuries during operation, the Group continued to step up its internal management soft power by expanding the defining scope of industrial accidents, strengthening post-event analysis, and establishing a reward and punishment system for responsible persons during the Reporting Period.

<p><b>Scope expansion</b></p> <ul style="list-style-type: none"> <li>Expanded the scope of industrial accidents based on the OHSAS definition of recordable industrial accidents, including open fire accidents into the scope of assessment-type industrial accidents</li> </ul>	<p><b>Post-event analysis</b></p> <ul style="list-style-type: none"> <li>Adhered to the principle of “two strikes and out”, conducted investigations and handling according to the principle of “four items not to be missed” on the second day of the accident, and exchanged and analysed causes of the accident</li> <li>Proposed countermeasures based on the cause of the accident and promoted them across the Group</li> </ul>	<p><b>Clear-cut rewards and punishments</b></p> <ul style="list-style-type: none"> <li>Rewarded or punished the person responsible for the accident in accordance with the regulations on rewards and punishments</li> </ul>
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**Safety management soft capacities – industrial accident management process optimization**

In addition, the Group added new safety equipment to avoid safety accidents such as fires and provided hardware guarantees for safe production.

		
<p>All anodizing lines’ electro-polishing, anodizing copper bars and clamps were installed with online temperature measuring devices which will sound alarms when temperature exceeds 50° C to avoid accidents caused by the overheating of copper bars;</p>	<p>All anodizing lines’ exhaust ducts were equipped with fire warning and automatic fire extinguishing devices;</p>	<p>The electrical cabinet was equipped with an automatic temperature measurement alarm device to effectively monitor the interior electrical systems, thus to avoid fires related to electrical systems.</p>

**Safety management hard capacities – safety equipment**

During the Reporting Period, the Group set a safety target of 2.25 ppm (parts per million), and all subsidiaries completed the target. The Group had no work-related fatalities and recorded 4,593 working hours loss in total, a decrease of 38.6% compared with the previous reporting period. Beijing Minth Automotive Parts Co., Ltd. won the title of “Advanced Unit for Safe Production” in 2020.



### *Safety culture construction*

In order to ensure the safe and stable operation of the Group, we advocate the integration of safety awareness into every task of each employee and continuously promote the construction of safety culture. Relying on the safety platform at Minth University, MOS-EHS pillars, etc., we actively carry out various activities such as EHS evening meetings, fire safety drills, emergency drills, and EHS awareness raising activities to comprehensively improve our safety capabilities.

#### **EHS evening meeting**

EHS evening meeting is a learning and interactive platform provided by the Group to all employees. It is held every two weeks by COO, BU managers, general managers of each factory, all EHS employees and managers in highly-related departments. The EHS evening meetings were usually held in the form of case analysis, analysing the root cause of the accident, and carrying out brainstorming based on it. All participants spoke their minds, and finally summarised the improvement points of occupational health and safety, and promote them to each plant, so as to achieve the purpose of learning, thinking and practising by all the employees. At the same time, based on the platform of EHS evening meeting, we have also effectively established and promoted the safety culture of the Group.

**Minth Group holds multiple fire prevention and safety activities**

In November 2020, the Group planned a Fire Prevention and Safety Month activity, in which fire prevention and safety knowledge learning and examinations were arranged through the platform of Minth University for all employees who attended 1.75 times per person of learning on average.

In August 2020, Jiangsu Hexing Automotive Technology Co., Ltd. carried out an emergency drill in conjunction with the local emergency management bureau, fire brigade and hospital, and family members of employees were also invited to participate.



**The Mould Centre of Minth Group carries out accident drills**

During the Reporting Period, the Group's Mould Centre carried out multiple emergency drills focusing on accident types such as mechanical injury at the production site, mechanical injury during equipment maintenance, raw material warehouse fire, emulsion leakage, electric shock in the power distribution room, and heatstroke due to high temperature. A relatively complete emergency response plan was developed for different types of accidents. The main points of attention and preventive measures when accidents occurred were summarised in time after each drill to ensure that production personnel had the ability to ensure their own safety in case of an accident.

➤ 环保泄露应急预案演练
➤ 原料库火灾应急预案演练
➤ 设备维修机械伤害应急预案演练

<p><b>环保泄露应急预案演练</b></p> <p>演练时间: 2020年11月10日</p> <p>演练地点: 生产车间</p> <p>演练科目: 环保泄露</p> <p>演练目的: 提高员工对环保泄露事故的应急处置能力, 确保事故发生时能够迅速、有效地进行处置, 防止事故扩大, 保护环境。</p> <p>演练过程: 模拟生产车间发生环保物料泄漏事故, 发现人员立即报告, 启动应急预案, 组织人员进行围堵、清理, 并进行现场处置。</p> <p>演练效果: 参演人员能够熟练掌握应急处置流程, 反应迅速, 处置得当, 达到了演练目的。</p>	<p><b>原料库火灾应急预案演练</b></p> <p>演练时间: 2020年11月10日</p> <p>演练地点: 原料库</p> <p>演练科目: 火灾</p> <p>演练目的: 提高员工对原料库火灾事故的应急处置能力, 确保事故发生时能够迅速、有效地进行处置, 防止事故扩大, 保障人员和财产安全。</p> <p>演练过程: 模拟原料库发生火灾事故, 发现人员立即报告, 启动应急预案, 组织人员进行灭火、疏散, 并进行现场处置。</p> <p>演练效果: 参演人员能够熟练掌握应急处置流程, 反应迅速, 处置得当, 达到了演练目的。</p>	<p><b>设备维修机械伤害应急预案演练</b></p> <p>演练时间: 2020年11月10日</p> <p>演练地点: 生产车间</p> <p>演练科目: 机械伤害</p> <p>演练目的: 提高员工对设备维修机械伤害事故的应急处置能力, 确保事故发生时能够迅速、有效地进行处置, 防止事故扩大, 保障人员和财产安全。</p> <p>演练过程: 模拟设备维修过程中发生机械伤害事故, 发现人员立即报告, 启动应急预案, 组织人员进行急救、送医, 并进行现场处置。</p> <p>演练效果: 参演人员能够熟练掌握应急处置流程, 反应迅速, 处置得当, 达到了演练目的。</p>
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### Safety awareness raising activity for employees in Minth Thailand plant

At Minth Thailand plant, we continuously promote safety culture to raise employee safety awareness and ability through activities such as first aid training, safety morning meetings, weekly layered audits, fire equipment inspection and verification. In addition, the factory has set up safety Kanban in the workshop to help employees understand the safety status of each production line in time and effectively prevent accidents.



### Aluminium BU holds the “Fire Prevention and Safety Family Day”

We pay attention not only to fire prevention and safety in the production environment, but also to the safety risks faced by employees in their daily life. To this end, we actively facilitate employees and their families against risks. During the Reporting Period, the Group’s Aluminium BU held the “Fire Prevention and Safety Family Day” inviting employees’ family members to learn about the prevention methods when encountering fires in life, so that the participants could master basic escape skills. This activity has been well received by employees and their families, and it will be promoted throughout the Group in the future.





### 4.2. Occupational health

The Group pays attention to the development and management of corporate occupational health, improves the management mechanism for positions exposed to occupational hazards, and fully implements the occupational health checkup system to ensure that employees are healthy at work and happy in life.

We follow the laws, regulations and standards on occupational health and safety of countries, regions and industries where we operate such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. During the Reporting Period, Guangzhou Minhui Automotive Parts Co., Ltd. revised the *Agreement on Environment, Occupational Health and Safety* to further improve its occupational health management level. Moreover, we conducted occupational health assessments and distributed occupational hazard notification cards.



Occupational Hazard Notification Card of Minth Thailand plant

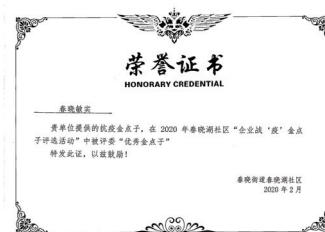
The Group continued to fight against the pandemic within the scope of its global operations and to protect the health of employees during the pandemic, and established a pandemic prevention pattern with Minth characteristics involving “a mechanism headed by the general managers, two commitments respectively made by the Company to the government and by the employees to the Company, three points in time-before, during and after employees’ returning to work, and all-round management with four aspects in place”.

- Established a pandemic response team as soon as possible headed by CEO/COO;
- Worked out emergency strategy documents promptly such as the *Minth Group Guidelines on Pandemic Prevention* and the *Eight Inspection Standards for Pandemic Prevention*;
- Purchased a large amount of anti-pandemic materials from overseas for the employees of the Group, and also donated to local government organisations;
- Actively organised employees to return to work and provided pandemic prevention channels for returning employees;
- Helped subsidiaries and suppliers to resume work and production smoothly.



Pandemic prevention measures during the COVID-19

The pandemic prevention work of Minth Group in 2020 was broadcast live on CCTV.com (CCTV news) in the form of micro-video. The Department of Commerce of Zhejiang issued the notice of “Minth Group Pandemic Prevention and Control Practices”, in which Minth Group was promoted to other enterprises in Zhejiang Province as a textbook-style resumption of work and production.



Awards of Minth Group in fighting pandemic

## 5. TEAM BUILDING

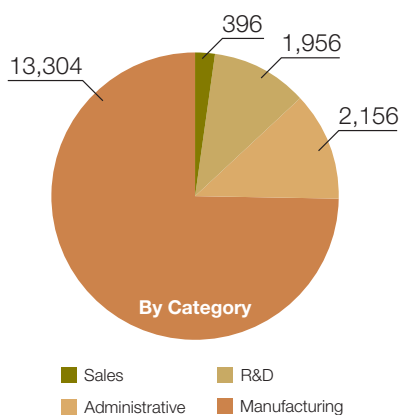
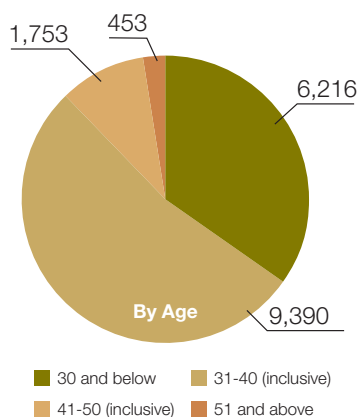
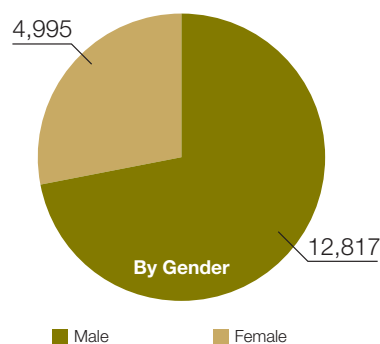
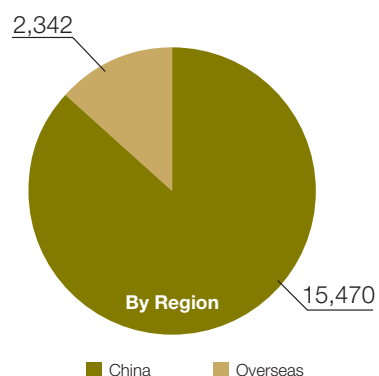
The talent are an important driving force for the development of Minth Group. The Group promotes the culture of “Care with High Requirements and Utmost Solicitude”, caring for employees with sincerity, inspiring the potential of employees with high requirements, and striving to build a harmonious and friendly team and realise the unity of employees’ personal values and corporate values.

### 5.1. People-oriented

#### *Employee introduction*

In strict accordance with laws and regulations as well as policies issued by labour authorities in our areas of operation, including: the *Labour Law of the People’s Republic of China*, the *Labour Contract Law of the People’s Republic of China*, the *Labour Laws of Mexico*, the *Labour Laws of Germany*, the *Labour Relations Act of Thailand*, and the *Labour Laws of the United States*. Based on above laws, we have made internal policies, for instance *Guidelines and Principles for Minth Group’s HR Policies Management*, to standardise our recruitment, promotion and remuneration and to fully protect the legitimate rights and interests of employees worldwide. In addition, we are committed to creating a diversified working environment by resolutely eliminating discrimination against nationality, gender, age, race, religion, etc. and treating all employees equally. We strictly abide by laws and regulations including the *Law of the People’s Republic of China on the Protection of Minors* and the *Provisions on the Prohibition of Using Child Labour* and eliminate the use of child labour. We explicitly prohibit any form of workplace harassment and oppression, and set up the 24-hour supervision and whistleblowing mailboxes and telephones. All operating locations of the Group have been equipped with general manager mailboxes to control workplace harassment and oppression.

The Group upholds the principles of fairness, impartiality and openness. Based on the development needs of the Group, we conduct social recruitment and campus recruitment every year, and recruit talents through school-enterprise cooperation. We have jointly promoted the “MintH Class” with major universities and technical colleges and supplemented the Group’s global talent pool by scouting new types of talents. As of December 31, 2020, the Group had 17,812 employees. They are distributed by region, gender, age and function as follows:



In addition, we actively pay attention to the employee retention. Through the *Minth Group Retention Policy for Technical Talents with International Backgrounds*, we conduct analysis and survey on turnover situation, and formulate pertinent talent retention plans to reduce the turnover rate. The employee turnover rates of the Group by gender and age during the Reporting Period are as follows:

Employee turnover rate by gender	
Male	23.7%
Female	9.0%
Employee turnover rate by age	
30 and below	15.8%
31-40 (inclusive)	15.2%
41-50 (inclusive)	1.4%
51 and above	0.3%

With outstanding human resource management achievements, the Group was recognised and commended by third-party human resource agencies during the Reporting Period.



Minth Group won the 2020 R-Tech Award for Recruitment Technology Innovation Breakthrough

### *Employee communication*

We are willing to listen to and accept the suggestions of every employee, and are committed to creating a relaxed and efficient communication atmosphere, building and continuously improving the communication system. We collect employee suggestions mainly through phone calls, corporate WeChat platform, general manager's mailbox, rationalised suggestion submission platform, and employee symposiums to propel the healthy development of the Group.

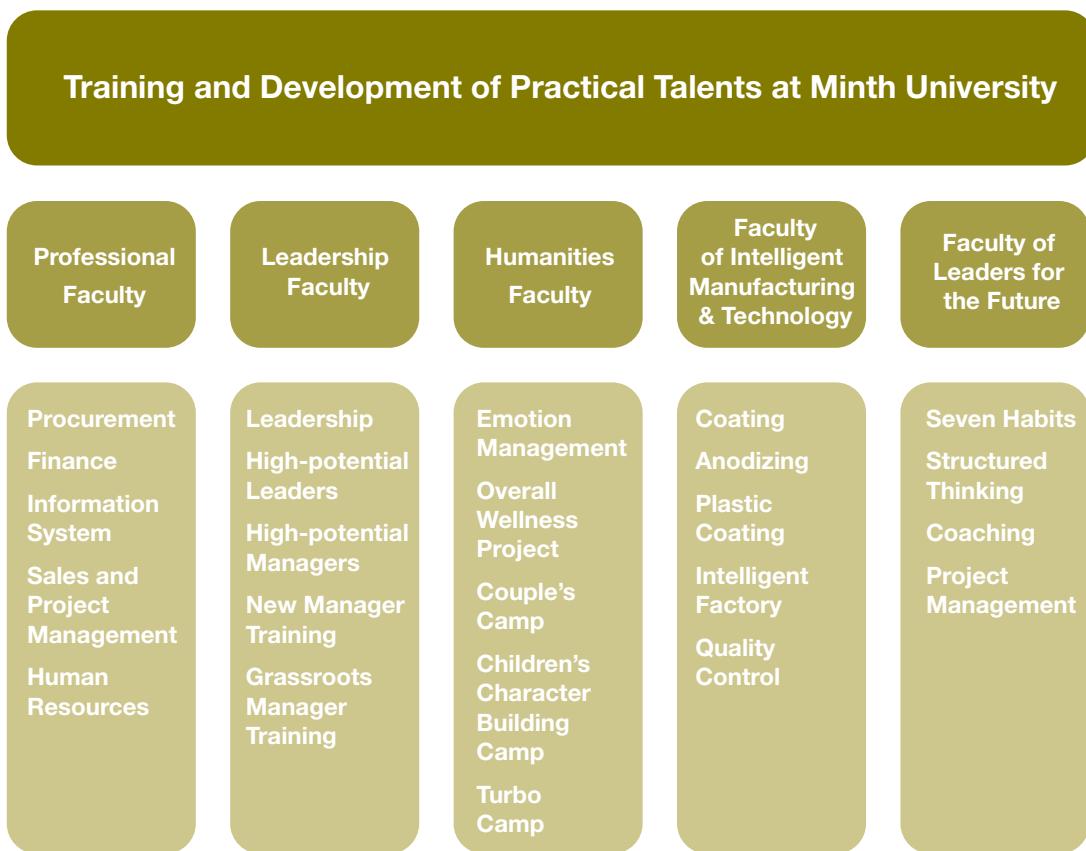
We value employee satisfaction by conducting annual employee engagement surveys to understand their demands and formulate improvement measures based on the analysis results. During the Reporting Period, the Group's employee engagement index was 4.03. For low-scoring items, we mainly carried out the following tasks to improve employee satisfaction and happiness.

<b>Resources guarantee</b>	<b>Improved production conditions</b>	<b>Cultural atmosphere construction</b>
<ul style="list-style-type: none"> <li>Established a food and nutrition committee to implement independent selection and settlement of meals</li> <li>Improved charging piles, parking spaces, and shuttle bus stops</li> </ul>	<ul style="list-style-type: none"> <li>Outsourced maintenance of part of the production lines to reduce work pressure</li> <li>Added stools to improve the working environment where employees stand for a long time</li> </ul>	<ul style="list-style-type: none"> <li>Provided timely feedback on employees' suggestions to build an effective communication mechanism</li> <li>Commended outstanding employees to boost morale</li> </ul>

## 5.2. Talent growth

### *Employee development*

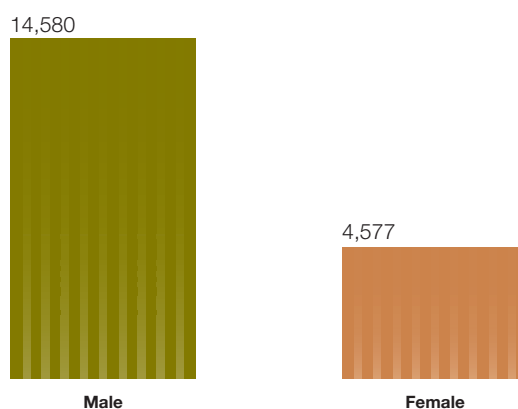
We care about the growth and development of each employee by establishing the *Minth Group Staff Training Policy* and other internal management regulations and a well-rounded Minth talent training system to advance the construction of the talent pool.



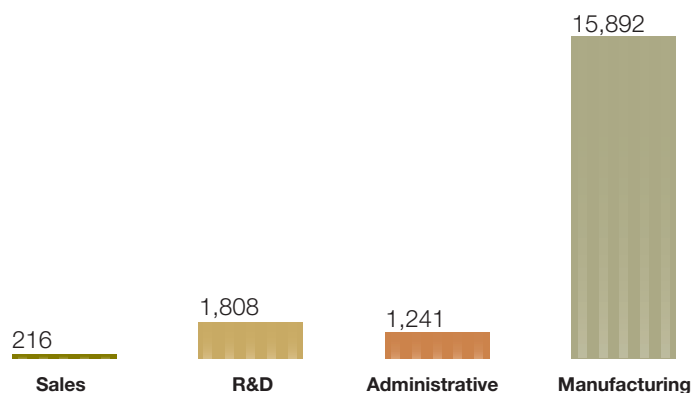
**Minth Group Employee Training System**

In response to the limitations of communication during the pandemic, we used the online learning platform “MintH Academy” to integrate learning resources from multiple channels to create a learning atmosphere for all employees and promote the summary, accumulation and sharing of organisational intelligence and best practise. During the Reporting Period, the total number of person-time of trained employees of the Group reached 19,157, with an average of 10.36 hours of training. The number of person-time of trained employees divided by gender and function is as follows:

### The number of person-time of trained employees classified by gender



### The number of person-time of trained employees classified by function







**Special training on digitalization**

Against the background of the Group's digital transformation, sorted out the digital ability requirements for officers at all levels, and carried out the digital lecturer empowerment project;



**Cinderella Project**

The Cinderella Project aimed to strengthen the cultivation of blue-collar technical teams at the factory side, realise the connection between front-end development and mass production at the factory, provide outstanding production line employees with opportunities to change their career trajectories, and help them blaze a new trail for career development;



**Induction training**

Provided intensive training for newly recruited fresh graduates to help them quickly fit into the workplace, build the connection and engagement with Minth, and quickly become a qualified member in the workplace of Minth; and carried out experiential projects in the aspects of overall wellness and character in leadership and spread the values of Minth;



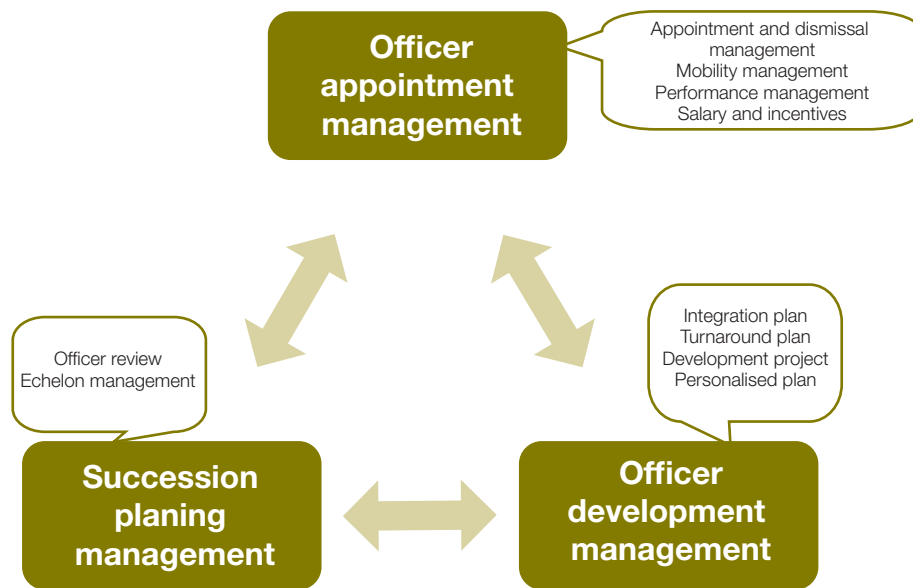
**Salt & Light Project**

The Salt & Light Project aimed to inspire the internal drive of production line supervisors and empower their holistic growth. After two offline training sessions and online courses learning check-in, 25 people successfully completed the studies.

**Highlights of Training Activities In 2020**

**Employee promotion**

In accordance with the *Employee Promotion Policy*, we carry out the promotion of employees fairly and impartially, accelerate the construction of the Group’s officer team, cultivate and reserve a group of high-quality officers that meet the needs of future development, promote officers at all levels to continuously improve their practical working capabilities, and develop versatile managers to meet the needs of management and enterprise development. During the Reporting Period, we formulated and issued the *Minth Group Guidelines for Officer Management*, which further clarified multiple aspects related to the Group’s officers including the management framework, responsibilities, standards, ability requirements, appointment procedures and requirements, mobility, exit, review, development, etc.



**Officer Promotion and Management Plan**

### 5.3. Cultural consensus

#### *Employee care*

##### **Employee benefits**

The Group strictly abides by the *Labour Contract Law of the People's Republic of China*, the *Minimum Wage Regulations of the People's Republic of China* and other laws and regulations on employee compensation and welfare guarantee to ensure that all formal employees could enjoy the statutory benefits and other supplementary benefits, so as to provide employees with a competitive compensation system that inspires employees' enthusiasm for work. During the Reporting Period, we made active adjustments to night shift allowances, which will further improve the compensation of the employees.

Statutory benefits	Supplementary benefits
Social insurance	Free physical examination
Housing provident fund	Flexible working hours
Public holidays	Birthday gifts, maternity allowances, wedding allowances, bereavement allowances and others
Paid annual leave	Minth Scholarship, Minth Retention Fund, Minth Pension Fund and Minth Loan Fund
	Housing or home purchase subsidy

In addition, in order to motivate all employees to be responsible, innovative and enterprising and reward employees who have made key contributions to the long-term development of the Group, we have adopted an incentive plan of share award scheme, according to which the amount of incentives will be determined by their contribution, thereby encouraging employees to enhance the competitiveness of the Group for sustainable operation and to provide customers with durable and competitive products and solutions.

##### **Employee care**

We always treat every employee equally, carefully observe and respond to their needs, and let them feel warmth and care. We respect and appreciate the efforts of employees by organising birthday parties for employees, creating a culture of love and family at Minth Group, and enhancing employees' sense of identity and personal honour with the Company. We care about women's rights by setting up nursing rooms and mom's huts to appreciate their contributions to the Company's development and family harmony. We respect the customs, culture and eating habits of all countries where we operate, so as to jointly build a harmonious and inclusive team.



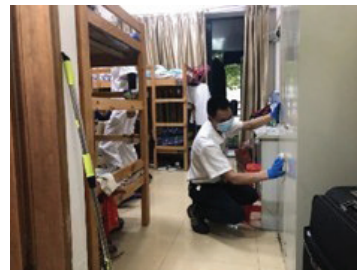
Female employees' welfare on Women's Day



Birthday parties for employees



Christmas activities in overseas factories

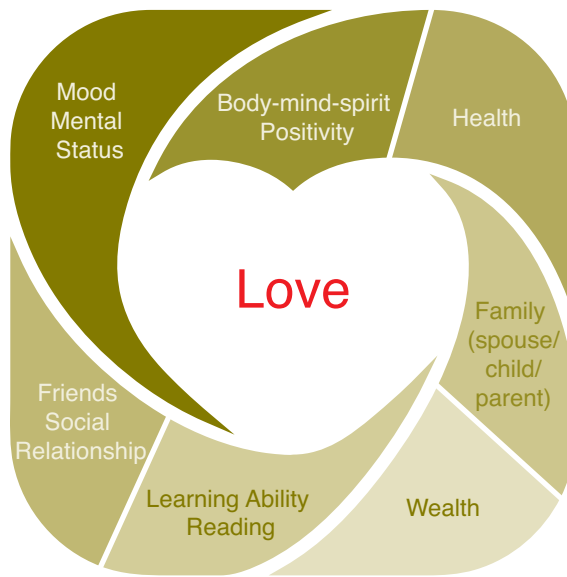


Staff dormitory cleaning

### Employee Care Activities

**Overall wellness**

The Group continuously promotes overall wellness projects and experience activities. We have established an EHP team (Employee Health Promotion Team) within the Group, committed to building a complete and scientific “MintH Overall Wellness System” for the well-being and family happiness of employees, thereby empowering the Group to enhance the competitiveness of talents for the future.



**MintH Overall Wellness System**

### Minth Group EHP Care Hotline

The outbreak of COVID-19 brought about lots of troubles to the employees, such as anxiety, pandemic prevention and difficulties to resume work. In order to help employees relieve anxiety and fight against the pandemic, the Group EHP team released the *Handbook for Employee Relief in the Fight against the Pandemic* and opened a 24-hour care hotline. The EHP team accompanied employees online throughout the whole process, listening to their voices and providing the latest pandemic prevention dynamics, thereby ensuring employees to have peace of body, mind and spirit.



During the Reporting Period, we continuously carried out overall wellness and humanistic care activities. Through professional psychological counselling, promotion of overall wellness concept, various high-quality activities, courses arranged by the Humanities Faculty, etc., we helped to improve the holistic health of the employees. “Big Family” characteristic projects such as senior’s centre, childcare facilities, pets centre, camps for marriage and relationship, couples’ camp, children’s camp, youth summer camp, body-mind-spirit empowerment camp, family empowerment camp were carried out to enhance family happiness and family harmony. Through customised workshops, projects, courses, diagnosis and care services the healthy development of the organisation was promoted.

### The senior's centre

The senior's centre is a part of the Group's "Overall Care for the Big Family" plan. It is committed to serving the parents of the Group's employees by providing them a space for growth and resolving their worries. Since the launch in 2020, nearly 50 employees' parents and other elders have signed up for courses arranged by the senior's centre. After half a year of operation, it was awarded a plaque by the Organisation Department of the Jiaying Municipal Party Committee and the Bureau of Veterans, thereby becoming a representative of the "nearest college for the elderly" in Jiaying. Current courses include harmonious relationship, Chinese dance, traditional Chinese painting, music, mobile photography and video clips. In the future, we will develop more high-quality courses and activities for the elderly to enrich their leisure time.



### Childcare facilities

Adhering to the mission of “developing children’s talents, promoting family happiness, and becoming the benchmark in leading social development”, during the Reporting Period, we kicked off the operation of Minth (Jiaxing) Nursery Service Co., Ltd., and childcare centres located in Nanhu of Jiaxing, Chunxiao of Ningbo and Huai’an, thanks to the careful planning of local labour unions, the Group’s management and EHP team. The nursery classes will support the independent development of children through character building and habit training, which provided a good connection for the employees between work and family.



### Employee activities

Upholding the concept of “cultural consensus”, we carry out extensive cultural integration activities in various operating locations around the world. While promoting world cultural exchanges and harmonious coexistence of employees at home and abroad, we enrich employees’ cultural and spiritual life in spare time so that more employees can relax and enjoy themselves off work. During the Reporting Period, we organised a Minth culture workshop at the factory in Thailand to offer corporate culture training for all employees there, and carried out activities with Thailand characteristics to increase the employees’ sense of team spirit.





Cultural exchange activities at the factory in Thailand

## 6. SOCIAL CONTRIBUTION

The Group is well aware that the help and support of partners, stakeholders and all walks of life is an important support for the stable and sustainable development of the Group. Therefore, the Group actively assumes social responsibility and is committed to working with upstream and downstream parties in the industry, universities, and scientific research Institutions, neighbouring communities, etc. to share cutting-edge technological achievements, lead the transformation and development of the entire industry, and create greater social value.

### 6.1. Win-win sharing

#### *Supply chain management*

We strictly select suppliers and seek mutual development, which is conducive to improving and stabilising the product quality of the suppliers, thereby ensuring that we can provide customers with better products.

#### **Supplier management policy**

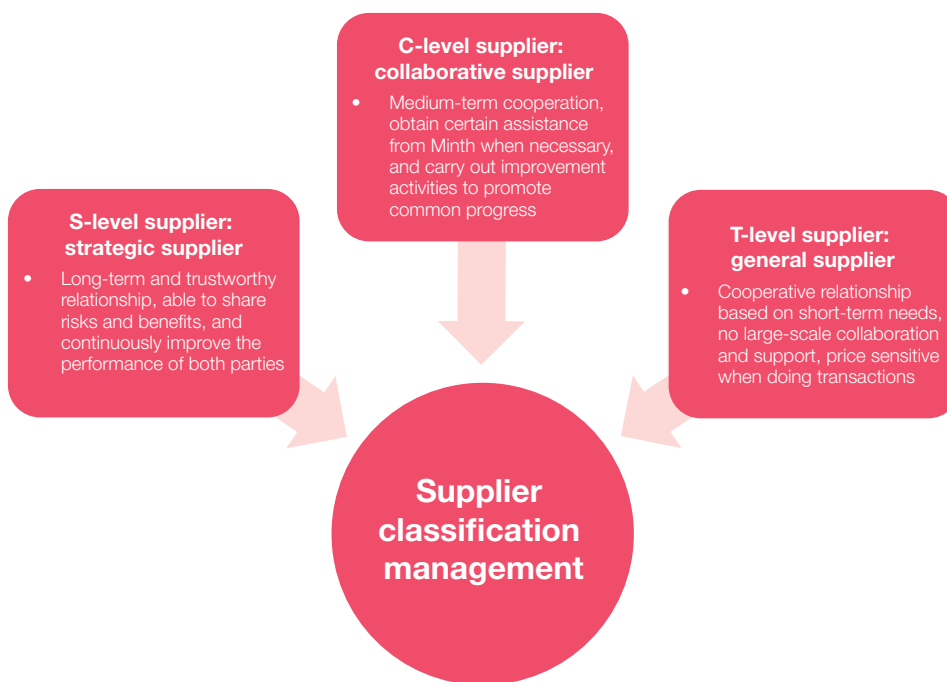
We have formulated and continuously updated a series of rules and regulations, such as the *Guidelines for the Introduction and Evaluation of New Suppliers*, *Supplier Performance Management*, *Supplier Classification Management Guidelines*, *General Rules for Procurement* and *Supplier CSR Management Guideline*, which clearly specify detailed rules and management procedures for suppliers in procurement and performance evaluation. During the Reporting Period, we improved and updated the *Guidelines for the Introduction and Evaluation of New Suppliers*, by which we broke down the responsibilities of the Procurement Centre into every post, and further refine the introduction methods and examination requirements of new suppliers. In order to ensure the healthy operation of the supply chain, the Group has established a whole-process supplier management structure involving supplier admittance, supplier performance management, supplier classification management, and procurement process.

As of 31 December 2020, there were a total of 3,325 suppliers for the Group's operations in China, 438 of which were certified by the ISO 14001 Environmental Management System. The number of suppliers by region is shown in the following table:

Region	Number
Asia	3,231
Europe	14
Americas	79
Oceania	1

**Supplier classification management**

During the Reporting Period, the Group issued the *Guidelines for the Classification Management of Systematically Qualified Suppliers*, which according to the “complexity of the supply market” and the “proportion of the purchase amount of the category”, divided the strategic importance of the categories into four quadrants – routine, leverage, bottleneck, and key – and then divided suppliers into S/C/T three levels according to the “strategic importance evaluation of materials” and “supplier dependency evaluation” (the degree of supplier benefit and the degree of demander benefit were taken as the horizontal and vertical axes to divide four quadrants). The evaluation is conducted once a year, and the development strategies for different suppliers are established based on the results of the classification and the performance of suppliers.



### Supplier sustainability management

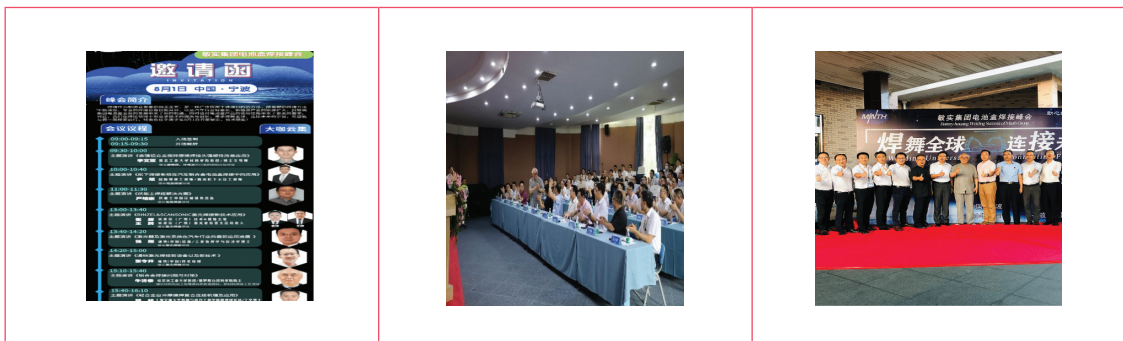
In order to enhance the sustainability of suppliers and ensure the sound development of the supply chain, the Group constantly strengthens the requirements for the sustainable development performance of suppliers and is committed to jointly promoting the sustainable development of the industry. During the Reporting Period, on the basis of the original supplier admittance management guidelines, we optimised and updated the EHS and CSR (corporate social responsibility) requirements as criteria in evaluation and assessment, covering various factors including environmental management system certification, waste discharge, safety management, equipment maintenance, emergency management and greenhouse gas emissions. In addition, we required all suppliers to sign *Suppliers' Commitment Letter on Social Responsibilities*, such as prohibiting the use of child labour and forced labour, providing employees with safe and hygienic working and living conditions, respecting the basic rights and dignity of employees, and providing reasonable wages and benefits.

Introduction of new suppliers	Admittance audit of new suppliers	After potential suppliers passing audit
<ul style="list-style-type: none"> <li>The supplier needs to conduct self-inspection in accordance with the <i>Supplier EHS Compliance Survey Form</i> and the <i>Supplier CSR Checklist</i> and sign the <i>Suppliers' Commitment Letter on Social Responsibilities</i>.</li> </ul>	<ul style="list-style-type: none"> <li>The audit team conducts on-site audit based on the <i>Supplier EHS Compliance Survey</i> and <i>Supplier CSR Checklist</i>. Different measures will be taken based on the results of the overall risk evaluation in terms of EHS compliance and CSR inspection and the results will be regarded as one of the review standards towards the admittance of the supplier. A veto could be exercised if suppliers fail the <i>Supplier EHS Compliance Survey</i>.</li> </ul>	<ul style="list-style-type: none"> <li>After a supplier is qualified for entry, several steps ought to be completed in the system: to upload the ISO 14001 Environmental Management System certification and the OHSAS 18001 Occupational Health and Safety Management System certification; to complete the environmental questionnaire; to sign the <i>General Rules on Purchasing, SA8000 Suppliers' Commitment Letter on Social Responsibilities</i> and <i>Supplier Honesty and Integrity Agreement</i> and upload these signed documents to the system.</li> </ul>

We conduct CSR review and scoring on existing suppliers, and then measure the supplier's CSR risk level. According to the characteristics and score ranges of suppliers, they would be rated as T/L1/L2/L3 levels, and different evaluation strategies are adopted for suppliers with different CSR risk levels to promote their continuous improvement to meet the CSR management requirements of Minh and achieve the goal of sustainability in procurement. In addition, we regard suppliers' carbon emission standard management as an integral part of their evaluation index management so as to promote green procurement. Suppliers who fail the CSR review will be disqualified in the overall assessment.

**Supplier training and exchange**

During the Reporting Period, we carried out a series of training and exchange activities, such as pandemic prevention training, welding technique summit, supplier digital transformation training, key supplier business planning, etc., which effectively reduced the Group's supply chain risks and improved suppliers' abilities in production, operation and stable supply.



Invitation letter and scenes of Welding Technique Summit



Scenes of learning related to digital transformation and SAP/SRM system operation



Learning and exchange activities of key suppliers' business plan

### *Industry development*

We are fully aware that the development of an enterprise is closely related to the development of the industry. Only the healthy development of the industry ecology can support the growth of the enterprise itself. Therefore, we always make efforts to promote the development of the industry through innovation and R&D cooperation and industry standard construction.

During the Reporting Period, we conducted in-depth cooperation with major universities and colleges for joint R&D on front-end innovative technologies, and promoted the development of industry technologies. As of the end of the Reporting Period, we had established joint laboratories and carried out a series of technical research projects in cooperation with Shanghai Jiaotong University and the Research Institute of Nano Coating Technology and Equipment, established a joint research centre for advanced joint technology with Northwestern Polytechnical University for talent cultivation and technical research, and signed a school-enterprise cooperation agreement with Ningbo University to share resources and make respective advantages of both parties complementary to each other.

In addition, we carried out a number of research projects in cooperation with many universities. We have made some breakthroughs in the simulation analysis of tailgate materials in cooperation with Zhengzhou University. The cooperation with institutions such as Ningbo Institute of Materials Technology and Engineering (NIMTE) of the Chinese Academy of Sciences (CAS) and Central South University is in progress.

In addition to the above-mentioned industry-university-research cooperation, during the Reporting Period, the Group's R&D Centre actively conducted technical communication with OEMs, and carried out early-phase conceptual design, industry exchanges and research for many times as follows:

Joint R&D of electric rear spoiler with Pan Asia Technical Automotive Centre

Joint R&D of radome with heating function with Toyota

Participated in the early-phase conceptual design scheme of BMW's next-generation battery housing

Participated in the pre-research on the intelligent front module for Lynk&Co of Geely, which will be applied by all models of the same platform

Cooperated with Pan Asia Technical Automotive Centre to carry out the pre-research on zero-gap door frame technology and the research on the technical programme of door prototype production, introduced the world's first zero-gap technology solution based on the APH roll-formed door frame style

Promoted the multi-colour trim technology to Volkswagen AG, introduced the technical solution and product verification programme for the full circle of trims, and secured the trim business with concurrent design for Volkswagen's 5 car models globally with annual volume of 500,000 units

Jointly designed and implemented the technical solution for frameless vehicle door seals with Geely Automobile Research Institute, which marked Minth's first business intake and technical solution with successful mass production for sealing system

Through the RRCI technical exchange mechanism with Toyota in Japan, we worked out better technical solutions every month, realised the application of domestically-made stainless steel in the trim project for Toyota and won the trim business with concurrent design for their global models

During the Reporting Period, the R&D Centre of the Group actively promoted the formulation of standards for the industry and related organisations and made the following progress:

Name	Standard Type	Nature of Participation	Progress
PVD Coating Technology for Automotive Exteriors	China Society of Automotive Engineers	Editor-in-Chief	Approved
Technical Requirements and Test Methods for Cleanliness of Automotive Battery Housing			Established and pending review
Quality Grade of FSW Welding Defects of Aluminium Battery Housing for New Energy Vehicles			Established and pending review
General Technical Requirements for Electroplating and Coating Laboratories	China Society of Automotive Engineers	Participated in the compilation	In preparation
Accelerated Corrosion Test and Evaluation Method of Aluminium Alloy Chassis Parts	China Society of Automotive Engineers	Participated in the compilation	In preparation



## 6.2. Community Care

“Bringing love together and paying it forward” is the social mission that the Group has adhered to for many years. Under the guidance of the concept of “creating value for society”, we lead by example and gather forces from all walks of life in helping students, helping the elderly, serving communities and fighting against the pandemic to promote the development of charity at home and abroad and create value to society.

During the Reporting Period, we persisted in advancing Minth’s traditional charity projects such as “civilised corridors”, “old lanes with new looks”, and “filial parking”, and made new progress in the following projects:

### Hope for Pearl Project

We pay close attention to children who are unable to receive regular education due to uneven educational development and financial constraints of their families. Regarding them as “pearls” left behind in various places, Zhejiang Minth Foundation (hereinafter referred to as the “Foundation”) established by the Group launched the “Hope for Pearl” Project to help impoverished dropout “Pearl Students” from rural places with excellent school record complete high school studies and go to college.

During the Reporting Period, we helped a total of 250 “Pearl Students” distributed in six schools in different regions of the country, and organised online meetings and field visits by charity representatives to show care for them and their families, bringing them encouragement and blessings.



Minth Interactive Care Activity for “Pearl Students”

Besides the subsidy of living expenses under the “Hope for Pearl” Project, for “Pearl Students” in case of any severe emergencies, the Foundation will provide one-time financial assistance in accordance with the *Management Measures of Zhejiang Xinhua Compassion Education Foundation (XHEF) on Emergency Relief Fund for Pearl Students*. During the Reporting Period, a total of 3 “Pearl Students” that suffered severe emergencies received funding, including 2 for serious illness and 1 for brain injury caused by a traffic accident.

In addition to academic performance, character education is also an essential content of the “Hope for Pearl” Project. In the three-year middle school experience of “Pearl Students”, with the development of their mental maturity, their demand for character education will increase, which should be given sufficient attention. Therefore, we encouraged character education teachers to develop highly feasible character education programmes based on the actual situation of middle school students and gradually lead middle school students to cultivate good characters.

In order to reward and encourage character education teachers who were working in the front line, the Foundation funded the “Character Education Teachers” project. As of the end of the Reporting Period, we had subsidised and commended 30 outstanding character education teachers.



Character Education Teacher Commendation Meeting

### 2020 Extraordinary Pearl Project

On the basis of the “Hope for Pearl” Project, the Foundation specially set up the “MintH Extraordinary Pearl Project” to support 100 “Pearl Students” at universities, aiming to accompany and inspire them to be more confident, positive and healthy to achieve an extraordinary life.

The Foundation supported the rapid growth of “Pearl Students” in professional skills, workplace skills, life skills, language skills, etc. by sponsoring RMB4,000 per person in scholarships and building a platform.



Colorful campus life of “Pearl Students” at universities

### “Hongzhi Class” School-Enterprise Joint Charity Project



Group photo of “Hongzhi Class” students

During the Reporting Period, we participated in a student assistance project named “Hongzhi Class”. This project is aimed at high school freshmen with excellent grades but from families in need. The aid project was established in 2012 to help students in need continue to study and realise their dreams in life, so as to escort talents for the country and cultivate ridgepoles for the future of their hometowns.

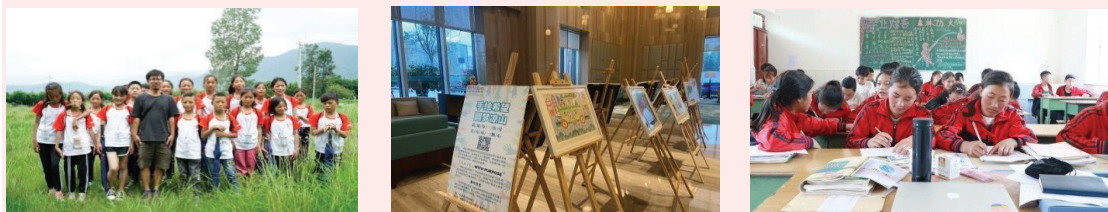
By participating in charity sales and bidding for famous porcelains, the Foundation donated RMB20,000 to fund 20 “Hongzhi Class” students in a one-on-one manner, each with RMB1,000 in scholarships.

As of the end of the Reporting Period, the Foundation had donated a total of RMB40,000 to fund 5 reading corners in 5 schools and 20 high school students. The actual expenditure of the project was RMB40,000.

### Follow-up of Children Class Project and Poverty Alleviation Cooperation in Central and Western China

In September 2016, we supported the Children Class Project launched by XHEF in Buer Township Central School in Butuo County. A total of 50 primary school students would be funded for six years of living and study, which would help them develop good living habits by our hiring life teachers to offer them guidance. During the Reporting Period, the pupils in Minth Children Class entered the fifth grade. As the government increased funding, our funding was adjusted to RMB56,100 per year per class. As of the end of the Reporting Period, a total of RMB332,000 had been donated to support 50 students in Minth Children Class. The actual expenditure of the project was RMB151,000, with RMB181,000 remaining.

In addition, through the “Supporting Project in Education for Whole School” project launched in 2018, we carried out several activities such as “Boundless City Camp”, “Art Summer Camp”, and “Colourful World” during the Reporting Period to enrich the after-school life of Yi nationality teenagers.



Extensive extracurricular activities of the “Supporting Project in Education for Whole School” project

During the Reporting Period, we sponsored the Northwest Liaison Office which was established earlier to focus on “filling up the shortage of educational resources in the Northwest.” Under the assistance of the service groups of the existing projects of XHEF, the Northwest Liaison Office integrates resources to realise continuous growth of its service groups in the Northwest region, as well as links the XHEF resources to promote self-operated and managed charity projects, so as to run deep in the local area and ultimately make up for the shortage of educational resources in the Northwest. As of the end of the Reporting Period, a total of RMB400,000 had been donated, of which the actual expenditure was RMB186,000, with RMB214,000 remaining.



Training Activities of the Northwest Liaison Office

**Giving thanks to sanitation workers at Jiaxing Science City (Nanhu district)**



Group photo of “Winter Heartwarming Activity”

In order to fulfil its social responsibilities, the Foundation has joined hands with the Group’s employees to “send warmth and love” – a charity activity to show appreciation to grassroots organisations.

During the Reporting Period, the “Winter Heartwarming Activity” launched by the Foundation was carried out as scheduled. Six sites were set up for sending warmth, and there was a team on each site to bring warmth to 700 sanitation workers in the form of bread delivery, offering sincere greetings and blessings.

### Fighting against the pandemic with compassion



Charitable Donation

- Donations for pandemic prevention in China  
At the beginning of 2020, the Covid-19 pandemic broke out. Through the Red Cross Society of Nanhu District, Jiaxing City, we donated RMB2 million to the First Hospital and the Second Hospital of Jiaxing for the prevention and control of the pandemic in Jiaxing City.

In addition, we urgently purchased 300,000 masks and 300 thermometers from Japan to support the Nanhu District's fight against the pandemic. The materials were equivalent to RMB492,000.

As of the end of the Reporting Period, the actual expenditure amounted to RMB2.492 million in supporting the prevention and control of the pandemic in Jiaxing City.

- Anti-pandemic donations  
According to the pandemic big data report, as of December 2020, there were more than 200,000 confirmed cases of Covid-19 in Mexico. The Mexican city Aguascalientes is located in a remote area with poor economic conditions and weak anti-risk capabilities. To help local people tide over the difficulties, we donated 1,302 boxes of anti-pandemic pharmaceutical, equivalent to RMB83,100, and 18 sets of medical equipment, equivalent to RMB303,500.

As of the end of the Reporting Period, the actual expenditure amounted to RMB386,600 in funding anti-pandemic pharmaceutical and medical equipment in Mexico.

## APPENDIX — ESG INDEX

### HKEX ESG Reporting Gui

Indicator	Description	Chapter/Section	Comment
<b>A. Environmental</b>			
<b>Aspect A1: Emissions</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.1. Environmental protection first	
KPI A1.1	The types of emissions and respective emissions data.	3.3. Low carbon and emission reduction	
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3. Low carbon and emission reduction	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3. Low carbon and emission reduction	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3. Low carbon and emission reduction	
KPI A1.5	Description of measures to mitigate emissions and results achieved.	3.3. Low carbon and emission reduction	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.3. Low carbon and emission reduction	

Indicator	Description	Chapter/Section	Comment
<b>Aspect A2: Use of Resources</b>			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2. Saving resources	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	3.2. Saving resources	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.2. Saving resources	
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	3.2. Saving resources	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.2. Saving resources	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.2. Saving resources	
<b>Aspect A3: The Environment and Natural Resources</b>			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	3.1. Environmental protection first	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1. Environmental protection first	
<b>B. Society</b>			
<b>Aspect B1: Employment</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	5.1. People-oriented	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1. People-oriented	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	5.1. People-oriented	We plan to disclose the employee turnover rate by region in future



Indicator	Description	Chapter/Section	Comment
<b>Aspect B2: Health and Safety</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.1. Production safety	
KPI B2.1	Number and rate of work-related fatalities.	4.1. Production safety	
KPI B2.2	Lost days due to work injury.	4.1. Production safety	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.2. Occupational health	
<b>Aspect B3: Development and Training</b>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.2. Talent growth	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.2. Talent growth	
KPI B3.2	The average training hours completed per employee by gender and employee category.	5.2. Talent growth	We plan to develop a leaner management in the future
<b>Aspect B4: Labor Standards</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1. People-oriented	
KPI B4.1	Description of measures to review employment practises to avoid child and forced labour.	5.1. People-oriented	
KPI B4.2	Description of steps taken to eliminate such practises when discovered.	5.1. People-oriented	

Indicator	Description	Chapter/Section	Comment
<b>Aspect B5: Supply Chain Management</b>			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.1.	Win-win sharing
KPI B5.1	Number of suppliers by geographical region.	6.1.	Win-win sharing
KPI B5.2	Description of practises relating to engaging suppliers, number of suppliers where the practises are being implemented, how they are implemented and monitored.	6.1.	Win-win sharing
<b>Aspect B6: Product Responsibility</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1.	Lean quality
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.1.	Lean quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.3.	Dedicated service
KPI B6.3	Description of practises relating to observing and protecting intellectual property rights.	2.2.	Innovation and R&D
KPI B6.4	Description of quality assurance process and recall procedures.	2.1.	Lean quality
KPI B6.5	Description of quality assurance process and recall procedures.	2.3.	Dedicated service

Indicator	Description	Chapter/Section	Comment
<b>Aspect B7: Anti-corruption</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.2. Corporate governance	
KPI B7.1	Number of concluded legal cases regarding corrupt practises brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	1.2. Corporate governance	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.2. Corporate governance	
<b>Aspect B8: Community Investment</b>			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6.2. Community care	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6.2. Community care	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6.2. Community care	