

2021

**DA MING INTERNATIONAL
HOLDINGS LIMITED**

Incorporated in the Cayman Islands with limited liability

**Environmental, Social and
Governance Report**





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ABOUT THIS REPORT

Da Ming International Holdings Limited (the “Company”), together with its subsidiaries (the “Group”), is pleased to present this Environmental, Social and Governance Report (the “Report”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance issues. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) – “Environmental, Social and Governance Reporting Guide” and has complied with “comply or explain” provision in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering the stainless steel and carbon steel processing business of the Group in the People’s Republic of China (“PRC”) and Hong Kong. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiative to formulate policies, record relevant data as well as implement and monitor measures. This Report shall be published both in Chinese and English on the website of Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

REPORTING PERIOD

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2021 to 31 December 2021.

CONTACT INFORMATION

The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by email to info@jsdmss.com.hk.



INTRODUCTION

Throughout years of rapid development, the Group has become a comprehensive steel fabrication enterprise well known in China, specialising in processing, sales and technical service services of stainless steel and carbon steel. The Group has a network of ten processing centres in the PRC and several branch offices in Hong Kong and the PRC.

Since 2010, the Group has been officially listed on the Main Board of Hong Kong Stock Exchange and was the first enterprise listed in Hong Kong among stainless steel processing and manufacturing industry in China. The business of the Group has expanded to a variety of industries, including petrochemical, new energy, bio-pharmaceutical, electronic communications, special ship, rail transit and aerospace industry. The Group believes our processing capability, inventory management and just-in-time delivery has made us an important steel processor to our customers.

The Group acknowledges the significance of effective sustainability practices to achieve business excellence and enhance capabilities for long-term competitiveness. The Group is committed to maintaining its operation in a responsible and value-optimising manner for stakeholders and community by incorporating environmental, social and governance considerations into its operation. The Group has established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and community. Details of the management approaches to sustainable development of different areas are illustrated in this Report.



STAKEHOLDERS ENGAGEMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

Stakeholders	Expectations	Engagement channels
Government	<ul style="list-style-type: none"> – Compliance with the law and regulations – Promote regional economic development and employment 	<ul style="list-style-type: none"> – On-site inspections and checks – Research and discussion through work conferences, work reports preparation and submission for approval – Annual reports – Website
Shareholders and Investors	<ul style="list-style-type: none"> – Low risk – Return on the investment – Information disclosure and transparency – Protection of interests and fair treatment of shareholders 	<ul style="list-style-type: none"> – Annual general meeting and other shareholder meetings – Annual reports, interim reports, circulars and announcements – Newsletter – Meeting with investors and analysts



Stakeholders	Expectations	Engagement channels
Employees	<ul style="list-style-type: none"> – Safeguard the rights and interests of employees – Working environment – Career development opportunities – Self-actualization – Health and safety 	<ul style="list-style-type: none"> – Conference – Training, seminars, briefing sessions – Cultural and sport activities – Newsletters – Intranet and emails
Customers	<ul style="list-style-type: none"> – Safe and high-quality products – Stable relationship – Information transparency – Integrity – Business ethics 	<ul style="list-style-type: none"> – Website, brochures, annual reports – Email and customer service hotline – Feedback forms – Regular meetings
Suppliers	<ul style="list-style-type: none"> – Long-term partnership – Honest cooperation – Fair, open – Information resources sharing – Risk reduction 	<ul style="list-style-type: none"> – Business meetings, supplier conferences, phone calls, interviews – Regular meetings – Review and assessment – Tendering process
Peer and Industry Associations	<ul style="list-style-type: none"> – Experience sharing – Cooperation – Fair competition 	<ul style="list-style-type: none"> – Industry conference – Site visits
Financial Institution	<ul style="list-style-type: none"> – Compliance with the laws and regulations – Disclosure information 	<ul style="list-style-type: none"> – Consulting – Information disclosure – Reports
Media	<ul style="list-style-type: none"> – Transparent information – Communication with media 	<ul style="list-style-type: none"> – Website – Interviews – Media conference – Media gathering
Public and Communities	<ul style="list-style-type: none"> – Community involvement – Social responsibilities 	<ul style="list-style-type: none"> – Volunteering – Charity and social investment – Annual reports



Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to recommendations of the ESG Reporting Guide (Appendix 27 of the Listing Rules) and the GRI Guidelines.

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.
- The materiality of each ESG areas was determined based on the important of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix 27 of the Listing Rules).

Step 2: Prioritization – Stakeholder Engagement

- The Group discussed with key stakeholders on key ESG areas identified above to ensure all the key aspects were covered.

Step 3: Validation – Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured that all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

As a result of this process carried out in 2020, those important ESG areas to the Group were discussed in this Report.



Key engagement activities with stakeholders in 2020 and 2021

1. *Employees*

On 31 December 2021, an Employees' Representatives Conference was convened at the headquarter in Wuxi. A total of 132 employee representatives participated in the conference.

In the conference, issues on working hours, employment contract, remuneration, health and safety and protection of female workers were raised and discussed. The conference provided a platform for employees to convey their opinions and concerns on the Group's policies. The Group can therefore formulate policies that cater for the needs of employees in order to build a motivated and engaged workforce.

2. *Peers and Industry Associations*

The Group believes that the experience and insights gained from peers and industry association are vital for the Group's long-term success. Hence, the Group has participated in an array of meetings, seminars and expos. During the reporting period, the participated events were as follow:

The 9th National Evaporation and Crystallization Technology Conference in 2020

From 22 to 24 July, 2020, the "2020 Ninth National Evaporation and Crystallization Technology Conference" was successfully held in Wuxi Zhongwei Blue Ocean Yuhua Hotel. The conference was organized by the Evaporation and Crystallization Technology Professional Group of the Technology and Equipment Department of the China Petroleum and Chemical Industry Federation and the Evaporation Professional Group of the Chemical Engineering Professional Committee of the Chemical Industry and Engineering Society of China, and co-organized by the Company. More than 200 representatives from evaporation and crystallization equipment manufacturing companies, scientific research institutions, environmental protection engineering companies, university experts, engineering and technical workers, wastewater treatment units, petrochemical companies, and power supply companies in the PRC were invited to attend the meeting.

Seminar on Application and Processing of Iron and Steel Materials for Electric Control and Distribution in 2020

On 24 September 2020, "Tianjin Taigang Daming" hosted the conference. Through the integration of the Group's resources, we prompted the electrical cabinet materials horizontally (conventional cold-rolled and carbon steel materials). Through the co-operation with Tianjin Taigang Tianguan Stainless Steel Co., Ltd. and, a customer of Tianjin Angang Tiantie Cold Rolled Sheet Co., Ltd., we gathered with customers in the electrical cabinet industry in the surrounding area of Tianjin.



Seminar on Processing and Application of Lightweight Materials for Trucks and Vehicles on 2020

On 25 September 2020, the “Hegang Group-Daming International Truck and Vehicle Lightweight Material Processing and Application Seminar” was held in Taian, Shandong. Liu Jian, the Deputy General Manager of Hegang Group, Secretary of the Party Committee and Chairman of Hegang, and Zhou Keming, Chairman of the Group’s Board of Directors, respectively delivered speeches and witnessed the signing of the “Hegang-Daming Supply Chain Cooperation Framework Agreement”. Xu Bin, general manager of Hegang, and Jiang Changhong, president of the Group, signed the agreement on behalf of both parties.

2020 Advanced Manufacturing Materials and Processing Application Exchange Promotion Conference

On 16 October 2020, the “2020 Advanced Manufacturing Materials and Processing Application Exchange Promotion Conference” was successfully held in Jingjiang, Jiangsu. The conference consisted of keynote speeches, special forums and roundtable discussions, and arranged 23 speeches and reports from leaders and experts from steel mills, associations, processing service companies, equipment manufacturing companies, engineering companies, design institutes. Some well-known entrepreneurs analyzed and shared the knowledge and experience in the conference.

High-end stainless steel pipe material and processing application exchange meeting in 2020

On 13 November, 2020, the “2020 High-end Stainless Steel Pipe Materials and Processing Application Exchange Conference” was held in Wuxi. More than 100 experts and representatives from steel mills, associations, and downstream enterprises attended the conference. The meeting was hosted by the Stainless Steel Branch of the China Special Steel Enterprises Association and the Pipeline Committee of the China Construction Metal Structure Association, hosted by the Group, and supported by Taiyuan Iron and Steel and Pohang (Zhangjiagang). Visiting activities were also arranged during the conference. Participants visited the processing workshop of “Jiangsu Daming” and gained a deeper understanding of the Group’s “one-stop” supporting solutions for stainless steel processing.



The 3rd Construction Machinery and Mining Equipment Industry Material Upgrading and Manufacturing Support Collaborative Exchange Conference in 2021

On June 24, 2021, “The 3rd Construction Machinery and Mining Equipment Industry Material Upgrading and Manufacturing Support Collaboration Exchange Meeting” was held at Wyndham Grand Hotel in Jiangyin Chang Sheng. The upstream steel mills and trading companies, international mining giants, domestic and foreign construction machinery and mining equipment leading enterprises, engineering companies, design institutes, industry associations, the whole industry chain of representative enterprises and units of leaders, experts, scholars joined together with more than 400 people participating into the conference to discuss and share the industry’s material upgrading and manufacturing support collaboration experience.

2021 Commercial Vehicle Lightweight High Strength Steel and Wear-resistant Steel Material Upgrading and Processing Technology Exchange Conference

On May 15, 2021, the “2021 Commercial Vehicle Lightweight High Strength Steel and Wear-resistant Steel Material Upgrading and Processing Technology Exchange Conference” was held in Shiyan, Hubei Province. More than 500 leaders and experts from China Baowu Group, Daming International, downstream commercial vehicle enterprises, industry associations and research institutions gathered together to discuss the theme of “Lightweighting of commercial vehicles” with leadership speeches, expert presentations and group discussions.

Exchange Conference on Machine Tooling Collaboration in 2021

On September 26, 2021, during the “Wuxi Taihu International Machine Tooling and Intelligent Industrial Equipment Industry Expo”, Wuxi Machine Tool Industry Association and Damien International Holdings Ltd. joined hands to organize a meeting with more than 40 representatives of advanced manufacturing enterprises specialised in the machine tooling industry, and visited Daming International’s supporting production base along the Yangtze River.



ESG GOVERNANCE

Board's oversight of ESG issues

Board's overall vision and strategy in managing ESG issues

The board of directors ("Board") has a primary role in overseeing the management of the Group's sustainability issues. During the year, the Board and the ESG Committee spent significant time in evaluating the impact of ESG-related risks on our operation and formulating relevant policy in dealing with the risks. The oversight of the Board is to ensure the management to have all the right tools and resources to oversee the ESG issues in the context of strategy and long-term value creation.

ESG Committee

To demonstrate our commitment to transparency and accountability, our Group has established an ESG Committee, which has clear terms of reference that set out the powers delegated to it by the Board. We highly value the opinions of each stakeholder and treat them as the cornerstone for the development of the Group. During the reporting period, the ESG Committee consisted of directors, Chief Engineer, Financial Controller, Human Resources Controller and PRC factories managers.

The ESG Committee is primarily responsible for reviewing and supervising the ESG process, and risk management of the Group. Different ESG issues are reviewed by the ESG Committee at the meetings, which holds annually. During the reporting period, the ESG Committee and the management reviewed the ESG governance and different ESG issues.

Board's ESG management approach and strategy for material ESG-related issues

In order to better understand the opinions and expectations of different stakeholders on our ESG issues, materiality assessment is conducted each year. We ensure various platforms and channels of communication are used to reach, listen and respond to our key stakeholders. Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has evaluated the materiality and importance in ESG aspects through the steps: (1) material ESG area identification by industry benchmarking; (2) key ESG area prioritization with stakeholder engagement; and (3) validation and determining material ESG issues based on results of communication among stakeholders and the management.

Hence, this can enhance understanding of their degree and change of attention to each significant ESG issue, and can enable us to more comprehensively plan our sustainable development work in the future. Those important and material ESG areas identified during our material assessment were discussed in this Report.



Board review progress against ESG-related goals and targets

The progress of target implementation and the performance of the goals and targets should be closely reviewed from time to time. Rectification may be needed if the progress falls short of expectation. Effective communication about the goals and target process with key stakeholders such as employees is essential, as this enables them to be engaged in the implementation process, and to feel they are part of the change that the Company aspires to achieve.

Setting strategic goals for the coming three to five years enables the Group to develop a realistic roadmap and focus on results in achieving the visions.

Setting targets requires the ESG Committee to carefully examine the attainability of the targets which should be weighed against the Company's ambitions and goals. During the year, our Group set targets on an absolute basis.

A. ENVIRONMENTAL ASPECT

The Group only provides processing services on stainless steel and carbon steel to customers, while we are not involved in the steel production. Besides, the design of existing facilities does not cause serious environmental problem. Hence, the Group is not categorised by the Ministry of Environmental Protection of the PRC as a polluting enterprise. In spite of this, environmental protection remains one of the key focuses of the Group in fulfilling its social responsibilities. The Group is committed to minimising the environmental impacts while maintaining a high quality of services to our customers. To achieve the commitment, the Group has established relevant environmental policies and implemented various measures in accordance to the requirement of ISO 14001 Environmental Management System.

The Group fully complies with the Environmental Protection Law of the PRC, the Law of the PRC on the Prevention and Control of Atmospheric Pollution, the Law of the PRC on the Prevention and Control of Water Pollution and all other applicable environmental laws and regulations in the PRC. In order to ensure strict compliance with applicable environmental laws, regulations and standards, the Group has appointed a working group within the quality assurance department to oversee the environmental protection policy. During the reporting period, the Group was not aware of any non-compliance issue in relation to environmental law.



A1. EMISSIONS

Air Pollutant Emission

The air pollutants emitted by the Group mainly come from fuel consumption and vehicles. It is important to implement emission control measures to reduce the environmental impacts and protect the health of employees. In order to ensure strict compliance with relevant laws and regulations and reduce the emission, the Group has established a policy of “Exhaust Gas Management Regulation” to regulate and monitor the emission from welding and solvent storage, vehicles and canteens.

To control the emission sources, the Group procures facilities that meet the emission standard and raw materials with low emission. Relevant personnel who handle machinery are required to strictly follow the Group’s work procedure during operation to avoid exhaust gas emission from inappropriate work procedure. The condition of machinery is checked and recorded regularly. In case there is any abnormal emission, maintenance will be conducted immediately.

To monitor the emission, the Group conducts annual assessment on the air pollutants in the production plants so as to ensure that the emission meets the level III standard as stated in the “integrated Emission Standard of Air Pollutant (GB16297-1996)”. The increase in air pollutant emission in 2021 was mainly attributable to the increase in processing volume of stainless steel and carbon steel products and the increased use of diesel-consuming power generators for staggered power consumption to tackle with the electricity usage temporary constraint measure adopted by the PRC Government during the year. Furthermore, the Group strives to reduce air pollutant emission by 5% by 2025.

During the reporting period, the air pollutant emission was as follows:

Air Pollutant Emission

Type of air pollutants	Unit	2021	2020
Sulphur dioxide (SO ₂)	kg	654.63	563.44
Nitrogen oxides (NO _x)	kg	26,226.43	22,291.76
Particulate matter (PM)	kg	1,484.24	904.32



Greenhouse Gas (GHG) Emission

Greenhouse gas is considered as one of the major contributors to the climate change and global warming. As a steel processing enterprise, energy consumption accounts for a major part of the Group's GHG emission. The Group has managed the carbon footprint by adopting energy saving strategies and initiatives based on our internal procedure. Policies and procedures adopted on energy saving are mentioned in the section "Use of Resources" of this Report. The GHG emission in 2021 remain stable as there was effective implementation of energy saving policies during the year. Furthermore, the Group strives to reduce GHG emission by 5% by 2025.

During the reporting period, the emission of greenhouse gas was as follows:

GHG Emission			
Type of GHG emission	Unit	2021	2020
Scope 1 ¹ Direct emission	tonnes of CO ₂ -e	6,441.30	6,016.01
Scope 2 ² Indirect emission	tonnes of CO ₂ -e	81,762.80	83,972.29
Total	tonnes of CO₂-e	88,204.10	89,988.30
GHG emission intensity	tonnes of CO ₂ -e/tonnes of production	0.013	0.015

¹ Scope 1: Direct emission from sources that are owned or controlled by the Group.

² Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group.



Hazardous and Non-hazardous Wastes

The Group acknowledges the importance to handle the waste properly to minimise the impacts on the environment. The Group has established a policy of “Waste Handling Regulation” to manage waste collection, storage and disposal. There are specific collection processes, storage locations, disposal methods and responsible departments for production waste and domestic waste based on their types and sources of production. Recyclable waste, non-recyclable waste and hazardous waste are marked with different colour labels and symbols to clearly identify the waste for further processing. Recyclable waste such as paper, wood and plastic, are collected and sold to third parties for recycling. Non-recyclable waste such as used-up stationery and discarded tools, are collected by outsourced cleaning companies. For hazardous waste such as oil and batteries, they are handled and stored with due care and in accordance with relevant laws and regulations. The Group engages qualified recycling companies to perform waste treatment in order to ensure they are treated in appropriate ways and do not cause significant impact on the environment. The increase in the amount of hazardous waste generated in 2021 was mainly attributable to the increase in production volume of stainless steel and carbon steel products during the year. On the other hand, the decrease in the amount of non-hazardous waste generated in 2021 was mainly attributable to the effective implementation of non-hazardous waste reduction measures during the year. Furthermore, the Group strives to reduce both of the hazardous and non-hazardous wastes by 3% by 2025.

Apart from recycling, the Group endeavours to reduce the solid waste by implementing various waste reduction measures as follows:

- Communication by electronic means such as emails is promoted.
- Double-sided printing is encouraged.
- Reusable utensils are used instead of disposable ones.
- Employees are encouraged to reuse stationery, such as used envelopes.



During the reporting period, the hazardous and non-hazardous wastes generated by the Group were as follows:

Hazardous Waste and Non-Hazardous Waste

Type of waste	Unit	2021	2020
Hazardous waste	tonnes	396.72	325.55
Hazardous waste intensity	tonnes/tonnes of production	0.000060	0.000055
Non-hazardous waste			
– Domestic waste	tonnes	671.43	788.73
Non-hazardous waste intensity	tonnes/tonnes of production	0.000055	0.000133

Wastewater

The Group strives to effectively regulate the discharge of industrial and domestic sewage with the implementation of “Wastewater Management Regulation”. All discharged sewage meets the national and regional standards, including “Integrated Wastewater Discharge Standard (GB8878-1996)” and “Wastewater Quality Standards for Discharge to Municipal Sewers (CJ343-2010)”. The domestic sewage is discharged into the municipal sewer systems for collective treatment in sewage treatment plant. For other types of wastewater, measures are adopted to avoid mixing the domestic sewage and prevent the pollution to surrounding water bodies as follows:

- Prohibition of using domestic water taps in cleaning of oil tanks and chemical containers.
- Immediate cleaning of any lubricating oil and fuel oil spillage.
- Reduction of the pesticide usage during greening process.
- Prohibition of discharging residual pesticide to the sewer.

In addition, the Group conducts annual assessment on the sewage to ensure that the pollutant levels in the sewage meet the standard of domestic sewage discharge.



A2. USE OF RESOURCES

The major resources used by the Group are energy and water consumed in offices and during steel processing, and packaging materials for processed stainless steel products. The Group attaches great importance to reduce the resource consumption by implementing the “Energy and Resource Management Procedure” to manage the use of resources.

Energy Consumption

The major sources of energy consumption are the fuel consumed by vehicles and machineries, and electricity used in offices and operation lines. The Group manages the use of energy in accordance with the national and local requirements. In order to monitor and reduce the energy consumption, the Group has adopted a variety of measures in production plants and in the office. The total energy consumption in 2021 remain stable was mainly due to the implementation of energy saving policies during the year. Furthermore, the Group strive to reduce energy consumption by 5% by 2025.

In production plants,

- Frequent starting of production facilities, especially air compressor set, water cooling system and central air-conditioning, is avoided to reduce energy consumed from idling operation.
- Electricity meters are installed to monitor the energy usage and determine the effectiveness of energy saving measures.

In office,

- Lights and air-conditioners are switched off before leaving the office.
- Air-conditioning is maintained at an average temperature between 24 to 26 degrees Celsius.
- Energy saving light bulbs, such as compact fluorescent lamps, T5 fluorescent lamps and LED lightings are used.
- Electrical appliances with “Grade 1” energy labels are procured.



Case 1 5S Workplace Organization Methodology Program

5S Workplace Organization Methodology Program (“5S”) is a system to reduce waste and optimise productivity while maintaining an orderly workplace. During the year, Jiangsu Daming production team 1 has implemented a variety of environmental-friendly measures in accordance with 5S to eliminate unnecessary energy consumption, increase operation efficiency and reduce production cost. Equipment idle is a problem that consumes unnecessary energy and accelerates depreciation of machinery. The team has identified the problem of equipment idle and implemented improvement plans to reduce the energy consumption and machinery maintenance cost.

During the reporting period, the energy consumption was as follows:

Energy Consumption			
Type of energy	Unit	2021	2020
Petrol	MWh	9,351.01	8,705.08
Diesel	MWh	6,974.85	5,196.79
LPG	MWh	491.78	601.55
Natural gas	MWh	10,220.35	11,049.10
Purchased electricity	MWh	98,528.46	99,559.03
Total	MWh	125,566.45	125,111.55
Energy consumption intensity	MWh/tonnes of production	0.019	0.021



Water Consumption

Water is another important resource used by the Group in daily operation. It is used mainly in canteens, offices and production lines for cleaning and machinery cooling. During the reporting period, the increase in water consumption in 2021 was due to the increase in production volume of stainless steel and carbon steel products during the year. Furthermore, the Group strive to reduce water consumption by 5% by 2025.

The Group strives to conserve water effectively by identifying water saving initiatives as follows:

- Water-saving fixtures are installed for lavatories.
- Water-saving labels have been posted on water taps to remind employees.
- Regular maintenance is conducted for water supply equipment to prevent water leakage.

During the reporting period, the water consumption was as follows:

Water Consumption			
Water consumption	Unit	2021	2020
Total water consumption	m ³	532,769.80	469,336.30
Water consumption Intensity	m ³ /tonnes of production	0.080	0.079

Packaging Material and Other Resources

The major packaging materials used by the Group are wood, metal, paper and plastic. They are used to protect the stainless-steel products in order to minimise the risk of damage during transportation. The slight decrease in packaging material consumption in 2021 was mainly due to the packing material saving policies during the year. Furthermore, the Group strive to packaging material consumption by 5% by 2025.



The packaging material consumption was as follows:

Packaging Material Consumption			
Type of packaging material	Unit	2021	2020
Wood	tonnes	1,915.09	3,750.51
Metal	tonnes	1,865.90	1,654.53
Paper	tonnes	1,041.33	1,168.33
Plastic	tonnes	255.88	238.23

A3. THE ENVIRONMENT AND NATURAL RESOURCES

According to the Environmental Protection Law of the PRC, where the construction of a project may cause any pollution to the environment, an environmental assessment must be performed. Environmental impact assessment is crucial for construction projects to identify potential environmental impacts and determine the prevention and remedial measures to be adopted. All the Group's construction and extension projects comply with relevant environmental impact assessment procedures, undergo inspection and have been approved by the relevant environmental protection authorities. The discharge of all pollutants complies with the relevant national standards.

The Group has established "Environmental Factors Identification and Evaluation Management Policy" to identify and evaluate any significant impacts on environment in production, delivery, service and operational activities. The environmental impact is assessed based on the scale, severity, probability of occurrence and duration of the environmental impact, and relevant environmental laws and regulations. With the results from environmental impact assessment, the Group can better formulate targets, indicators and improvement plans to minimise the impacts on the environment.



A4. CLIMATE CHANGE

Governance

Our Group addresses climate-related risks based on the nature of the risk to our operations. The physical impacts of climate change, including extreme weather events, or damage to facilities have immediate operational impacts and are treated as operational risks. Long-term challenges, such as emerging ESG issues and climate-related risks and opportunities, may be discussed by the Group's ESG Committee. Our ESG Committee provides effective governance for integrating and addressing ESG issues, including climate change, within our business.

Supported by our ESG Committee, our Board oversees climate-related issues and risks regularly during board meetings and ensures that they are incorporated into our strategy.

To ensure our Board to keep up with the latest trend of climate-related issues, climate competence training will be provided to ensure it has the necessary expertise and skills to oversee the management of climate-related issues. Our Board also seeks professional advice from external experts when necessary to better support the decision-making process.

The ESG Committee is responsible for approving operational emissions targets for the Group and commissioning an ESG benchmarking, as well as gap analysis exercise to identify gaps in both disclosure and policy relative to best practice standards. Moreover, the ESG Committee works closely with the Group's different operation departments, with an aim to develop consistent and enhanced approaches on addressing ESG risk issues and report to the management.



Strategy

Climate change risk forms part of our overall risk profile through its role in increasing the frequency and intensity of certain diseases, and the health and mortality impacts resulting from natural disasters. We assess the overall level of risk by taking into consideration a range of diverse risk factors across the many categories in our product or services range.

This diversity of risk is combined with our business strategy and broad geographic footprint helps us distribute risk and provide protection against the impacts of short-term climate change effects. Our products and services continue to provide protection for people in our communities against weather and heat-related disease. Besides, we continue to explore opportunities to engage our business partners and encourage them to develop climate resilience and reduce their operational carbon footprint by taking into consideration of different climate-related scenarios, including a “2°C or lower scenario” through the following steps:

Step 1: Set Future Images Assuming Climate Change Effects

As climate change measures proceeds, there is a possibility that the industry will be exposed to substantial changes, such as stricter policies including the introduction of and increases in carbon pricing, as well as advances in technology and changes in customer awareness. In light of these climate change effects, based on the International Energy Agency (“IEA”) scenarios and others, we developed multiple future images as the external environment that will surround our Group.

With regard to the IEA scenarios, we put focus on the 2°C scenario (2DS) and pictured future images in case where climate change measures do not progress and where such measures progress further “Beyond 2°C scenario”.



Step 2: Consider the Impacts

We considered the impacts on our Group for each of the future images developed in Step 1. We believe that it will be possible to expedite carbon dioxide reduction effects in our society.

With regard to the effects on raw material procurement and production, introduction of and increases in carbon pricing is anticipated in accordance with the global advance of climate change measures, leading to the possibility of higher raw material procurement and production costs.

On the other hand, in the case where climate change measures are not adequate throughout society, production interruptions and supply chain disruptions are likely to increase as a result of higher frequency and intensification of natural disasters such as flooding.

Step 3: Respond to the Strategies

Our Group will begin promoting the reduction of non-renewable energy in our daily operation. This strategy will allow for flexible and strategic responses to each demand for the regions where the emission factors of purchased electricity consumptions are high. By promoting real carbon emissions reductions throughout the world through these types of initiatives, we are working to achieve zero carbon emission in our business.

We minimize carbon emissions through comprehensive energy-saving and introduction of renewable energy. With respect to renewable energy in particular, we have set a new target, achieve a reduction rate for purchased electricity in coming few years.

With regard to the ongoing confirmation of the suitability and progress of the Group's strategies, we believe that we will have opportunities for stable funding and sustainable increase in corporate value through appropriate information disclosure, dialogue with institutional investors and other stakeholders.



Risk Management

Our Group identifies the climate change related risks or to test the existing risk management strategies under climate change with the aid of risk assessment. Hence, the areas where new strategies are needed can be identified.

The risk assessment takes a standard risk-based approach using national data, local information and expert knowledge, which can identify how climate change may compound existing risks or create new ones.

The risk assessment is conducted through the following steps:

Step 1: Establish the context

- Objective/goal
- Scale
- Time frame
- Climate change scenario for most climate variables and sea level

Step 2: Identify existing risk (past and current)

- Identify the record of occurrence of climatic hazard in the past in the area
- Risk management strategies in place to tackle future occurrence of the hazard

Step 3: Identify future risk and opportunities

- Explore climate change projections for the selected time frame(s) and emission scenario(s)
- Identify potential hazards
- Investigate whether any existing risk from Step 2 may get worse under future projected changes
- Identify new risks that can emerge under future projected changes

Step 4: Analyze and evaluate risk

- Identify a set of decision areas or systems (i.e., geographical areas, business operation, assets, ecosystems, etc.) that has the potential to be at risk in future

As outlined within the Governance section above, the Group has robust risk management and business planning processes that are overseen by the board of directors in order to identify, assess and manage climate-related risks. The Group engages with government and other appropriate organizations in order to keep abreast of expected and potential regulatory and/or fiscal changes.



We continue to raise awareness of climate change in regard to monitoring of carbon and energy footprint in our daily operation. However, there remains gaps in understanding how such climate risks and opportunities may impact our operations, assets and profits. Our Group assesses how the business addresses climate change risks and opportunities and takes the initiative to monitor and reduce their environmental footprint.

Significant Climate-related Issues

During the reporting period, the significant climate-related physical risks and transition risks, which have impacted and/or may impact our Group's business and strategy in (i) operations, products and services, (ii) supply chain and value chain, (iii) adaptation and mitigation activities, (iv) investment in research and development, and (v) financial planning, as well as the steps taken to manage these risks, are as follows:

Climate-related risks description

Financial Impact

Steps taken to manage the risks

Physical Risk

Acute physical risks

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> Increased severity and frequency of extreme weather events such as cyclones and floods, strong wind. Hence, staff are easily injured. In addition, under the extreme weather events, the costs of transportation, communications and living increase, which may lead to financial loss. Increased likelihood and severity of wildfire, which may hinder the operations of factories. Financial loss occurs due to the interruption of supply chain, logistics and transportation. | <ul style="list-style-type: none"> Operating cost and repairing expense increase. Capital cost increases due to the damage of facilities. | <ul style="list-style-type: none"> Planned to establish a natural disasters emergency plan. Planned to devise an action plan to articulate the goals and targets of the reductions in GHG emission and energy consumption. Outlined the plan to achieving those targets and defined responsibilities. |
|--|---|---|



**Climate-related risks
description**

Chronic physical risks

- Changes in precipitation patterns and extreme variability in weather patterns. Frequent extreme weather events and rising in sea levels are likely to pose disruptions to communities across the region over the long term, affecting economic output and business productivity.
- Governments that have been pushing for new regulation to reduce GHG emission will pose a threat to financial performance of a business and increase regulatory risk.

Financial Impact

- Revenue reduces.
- Operating cost increases.

**Steps taken to manage
the risks**

- Planned improvements, retrofits, relocations, or other changes to facilities that may reduce their vulnerability to climate impacts, and increases climate resilience in long term.
- Record the energy consumption to identify peaks in usage, thus significant savings could be determined.
- Engaged with local or national governments and local stakeholders on local resilience.



**Climate-related risks
description**

Financial Impact

**Steps taken to manage
the risks**

Transitional Risk

Policy risk

- As a result of energy efficiency requirements, carbon-pricing mechanisms increase the price of fossil fuels, or policies to encourage sustainable land use, hindering the area of expansion, which increase the operation cost.
- Mandates on and regulation of existing products and services as of the tightened environmental and safety laws and standards of oil. We have to spend much compliance cost to update or maintain the equipment to fulfil the new regulations.

- Operating cost increases due to increased insurance premiums for the factories.
- Risk of trade increases.

- Planned to conduct a carbon footprint survey, in order to work out the Company's footprint, to prioritize energy and waste reductions.
- Monitor the updates of the relevant environmental laws and regulations against existing products and services, to avoid the unnecessary increase in cost and expenditure due to non-compliance.



**Climate-related risks
description**

Legal risk

- Exposure to litigation risk. We have to adapt the tightened law and regulations imposed by the government due to climate change, as well as bear the risk of potential litigation once we fail to obligate the new regulations.
- Enhanced air pollutant emissions-reporting obligations for local government, and we may have to spend more time on fulfilling the ESG reporting standards to comply with the updated Hong Kong Listing Rules.

Financial Impact

- Operating cost increases.

**Steps taken to manage
the risks**

- Monitored the updates of environmental laws and regulations and implemented GHG emissions calculations in advance.
- Continued monitoring of the ESG reporting standards of the Hong Kong Listing Rules.



Climate-related risks description

Financial Impact

Steps taken to manage the risks

Technology risk

- Developing the low carbon energy saving technologies, the capital investment and Research and Development (R&D) expense increase consequently.
- More green building strategies with low-carbon, energy-saving technologies are adopted by industry peers. Lagging behind may weaken our competitive edges.

- Capital investment increases.
- Research and Development (R&D) expense increases.

- Planned to invest in the innovations of energy saving technologies.
- Examined the feasibility and benefits of applying the latest low-carbon and energy-saving technologies into our operation.

Market risk

- More customers are concerned about climate-related risks and opportunities, which may lead to changes in customer preference.
- Inability to attract co-financiers and/or investors due to uncertain risks related to the climate.

- Revenue decreases.
- Operating cost increases.
- Production cost increases.

- Fulfilled the climate-related regulations by the government.
- Prioritize the climate change as a high concern in the market decisions to show to the clients that the company is concerned about the problem of climate change.



**Climate-related risks
description**

Reputational risk

- Unable to fulfil the expectations of the customers, damage the Group's reputation and image.
- Stigmatization of our business sector, such as more stakeholder concern or negative stakeholder feedback on the product designed in a less environmentally-friendly way.

Financial Impact

- Revenue decreases from decreased demand for goods and the decrease in production capacity.
- Operating costs increases from negative impacts on workforce management and planning.

**Steps taken to manage
the risks**

- Supported the green productions.
- Fulfilled the social responsibility by organizing more activities or executing actions to demonstrate how we place importance on climate change.



During the reporting period, the primary climate-related opportunities and the corresponding financial impacts were as follows:

Detailed description of climate-related opportunities	Financial Impact
<p>Resource efficiency</p> <ul style="list-style-type: none"> • Use of more efficient modes of transport • Use of more efficient production and distribution processes • Use of recycling • Reduce water consumption 	<ul style="list-style-type: none"> • Operating cost reduces through efficiency gains and cost reductions
<p>Energy source</p> <ul style="list-style-type: none"> • Use of lower-emission sources of energy • Use of supportive policy incentives • Use of new technologies • Shift toward decentralized energy generation 	<ul style="list-style-type: none"> • Operating cost reduces through use of lowest cost abatement • Returns on investment in low-emission technology increases
<p>Products and services</p> <ul style="list-style-type: none"> • Development of climate adaptation and insurance risk solutions • Ability to diversify business activities • Development of new products or services through R&D and innovation 	<ul style="list-style-type: none"> • Revenue increases through new solutions to adaptation needs, such as insurance risk transfer of products and services



Detailed description of climate-related opportunities

Markets

- Access to new markets

Resilience

- Participation in renewable energy programs and adoption of energy-efficiency measures
- Resource substitution or diversification

Financial Impact

- Revenue increases through access to new and emerging markets
- Market valuation increases through resilience planning, such as planning of the research in the use of electric vehicles
- Reliability of supply chain and ability to operate under various condition increases
- Revenue increases through new products and services related to ensuring resiliency

Metrics and Targets

Our Group adopts the key metrics to assess and manage climate-related risks and opportunities. The energy consumption and greenhouse gas (GHG) emissions indicators are the key metrics used to assess and manage relevant climate-related risks where we consider such information is material and crucial for evaluating the impact of our operation on global climate change during the year. Our Group strives to track our energy consumption and greenhouse gas emissions indicators regularly to assess the effectiveness of emission reduction initiatives, as well as set targets to contribute our effort to have minimal impact on global warming.

The details of time frames over which the target applies and base year from which progress is measured are described in the section A1: “Emissions” and section A2: “Use of Resources” of this Report. Our Group adopts absolute target to manage climate-related risks, opportunities and performance.



B. SOCIAL ASPECT

The Group believes people are important assets and the keys to maintain its competitiveness. The Group strives to maintain a safe and equal working environment for our employees, provide development opportunities and promote employee health and well-being. The commitment is incorporated into staff handbook and other human resources management policies.

The Group is in strict compliance with the Labour Law of the PRC, the Labour Contract Law of the PRC and other applicable laws and regulations in the PRC. During the reporting period, the Group was not aware of any non-compliance with those applicable laws and regulations.

B1. EMPLOYMENT

The staff handbook covers the Group's standard in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare. The Group fully complies with relevant laws and regulations to provide basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and housing provident fund to employees. Employees are also entitled to various holidays and paid leaves such as statutory holidays, paid annual leave, marriage leave, maternity leave and compassionate leave.

The Group strives to create a diverse and inclusive workplace where all its employees are treated with dignity and respect. All employees are treated equally and their employment, remuneration and promotion opportunities will not be affected by their nationality, race, age, gender, religion, marital status or any status protected by law.



At the end of the reporting period, the employee compositions (in percentage of employees) by gender, age group, geographical region, employment category and employment mode were as follows:

Employee compositions

Category	2021	2020
By gender		
• Male	81%	83%
• Female	19%	17%
By age group		
• Age 30 or below	29%	33%
• Age 31-40	49%	47%
• Age 41-50	18%	17%
• Age 51 or above	4%	3%
By geographical region		
• Hong Kong	1%	1%
• PRC	99%	99%
By employment category		
• Senior management	1%	1%
• Middle management	3%	3%
• General staff	95%	95%
• Contract/Short-term staff	1%	1%
By employment mode		
• Full-time staff	99%	100%
• Part-time staff	1%	—



The employee turnover rates by gender and age group during the reporting period were as follows:

Employee Turnover Rate

Category	2021	2020
By gender³		
– Male	24%	18%
– Female	14%	11%
By age group⁴		
– 30 or below	32%	21%
– 31-40	19%	16%
– 41-50	14%	11%
– 51 or above	12%	11%
By geographical region		
– Hong Kong	–	–
– PRC	22%	16%
Overall⁵	22%	16%

Recognising the importance of a work-life balance to a motivated and productive workforce, the Group organised a range of recreational activities to promote a healthy workplace, strengthen employees' sense of belongings and encourage them to explore personal interests during the reporting period and prior year.

Year 2020

Case 1 Daming Group Skills Exchange and Competition Events

In April 2020, the first “Daming Cup” production operation exchange competition was officially launched. The cutting platform exchange competition was carried out in the second quarter, the welding competition was completed in the third quarter, and the fourth quarter was carried out around the cutting platform for technical operations and theoretical knowledge which can allow exchange and contest between staff.

³ Turnover rate refers to total number of employee turnover of the gender group per total number of employees of the corresponding gender group at the end of the year.

⁴ Turnover rate refers to total number of employee turnover of the age group per total number of employees of the corresponding age group at the end of the year.

⁵ Turnover rate refers to total number of employee turnover during the reporting period per total number of employees at the end of the year.



These activities can promote learning and strong skills with competitions, and show their demeanor in technical competitions. The organization of a series of exchanges and competitions will help create a good atmosphere of skills “passing, helping, leading” and “you chase me” in the Group, thereby improving the overall skill level and laying the foundation for better customer service.

Case 2 Healthy Daming “Ming Running Team” series of activities

Adapt to the requirements of the special period of the COVID-19 epidemic. In the first half of the year, the Ming Running Group activities were first adjusted from face-to-face to online, organizing “cloud running tin horse” and house home sports. Subsequently, the “Chinese Valentine’s Day for Love” charity run, the “Double Ninth Festival” online run, the “Mid-Autumn Moon Round” cloud run, and the “Thanksgiving Jiucheng” “year-end run” “theme run” series of activities were launched, and a running group which was ceremoniously organized at the end of the year participated in the “7th Wuxi International Marathon”.

Case 3 “Daming Cup” three-person basketball game

Starting from September 2020, the “Daming Cup” three-player basketball tournament has been launched in various subsidiaries one after another, and teams to participate in the Group finals have been determined. On 7 November 2020, the Group finals of the 9th “Daming Cup” three-player basketball tournament came to a successful conclusion. After a one-and-a-half day and 19-match competition, the “Hubei Daming” team won the championship and the “Jiangsu Daming” team won the first team. Second place, “Zhejiang Daming” team won the third place. This event has become a branded event for internal exchanges and learning within the Group, which promotes positive and healthy culture.

Case 4 Nine Cities Daming, Charity Going Together

On 10 September, 2020, before the 36th Teacher’s Day, the “Nine Cities Daming, Charity Going Together” Daming Charity Month Wuxi regional activity visited the Wuxi Children’s Welfare Institute to pay tribute to the teachers who are working in special needs education institute. “Tianjin Taigang Daming” and “Tianjin New Binhai Volunteers Association” organized public welfare activities to provide voluntary services in the community and care to the needy and lonely elderly; “Hangzhou Wanzhou” contributed love to children’s welfare homes, and “Jingjiang Daming Heavy Industry” and other subsidiaries also actively participated in the charity activity of “Donating blood without compensation to pass love”.



Case 5 To pay tribute to the employees and their families abroad, hold a National Day Friendship Party 2020

The Mid-Autumn Festival falls on the National Day, and the festival celebrates reunion. In order to enhance the employees' sense of belonging to the company, and express gratitude to the overseas employees and their families for their support, on October 6, 2020, the Group held a National Day Friendship Party. More than 40 foreign employees and representatives of their families attended the symposium and visited the "Jiangsu Daming", "Daming Precision Sheet" and "Jingjiang Daming Heavy Industry". By watching corporate videos, visiting "Jiangsu Daming", "Daming Precision Sheet", and "Jingjiang Daming Heavy Industry", they have a deeper and more intuitive understanding of the development of the Group.

Year 2021

Case 1 Daming Group Skills Exchange and Competition 2021

In May 2021, the second "Damien Cup" production work exchange competition was launched, including the first molding process skills exchange competition and the fourth welding skills competition. Focusing on the goal of creating a new breakthrough in quality skills highlight project, from the four aspects of "publicity, training, competition, exchange", the participants strive to have highlights, breakthroughs and gains in each competition, with "skills competition" as the theme, to achieve the purpose of "Exchange and learning" and "improve skills and develop ideas" as the target. Through the pre-game master class, skills benchmarking display, supporting service industry and process propaganda introduction were the benefit of organising this competition. In addition, it enabled a compilation of theoretical questions to explore new generation of skilled personnel.

Case 2 Employee-centered Theme Activities 2021

Focusing on the goal of "employee-centered", we organized and planned the "employee-centered" theme speech show in May 2021 by gathering the heads of the management departments of our subsidiaries, and refined the core of employee-centered activities to ensure achieving the core of employee-centered target by striving "to be contributor-oriented and to act with the elites". At the same time, through the company's self-media channel, we paid attention to the grassroots staff and planned the "Best Daming Staff" series, reporting on two dedicated employees who worked at the grassroots level, and setting a benchmark and a typical example for the whole group through the outstanding employees.



Case 3 Vibrant Daming Series Activities 2021

Ming Running Group organized three theme runs, which included “RUN FOR MUM”, “Dedication to the Centennial of the PRC Communist Party”, and “Ignite the New Year”. Besides, the running group was formed with the aim to participate into “Wuxi Yangshan Marathon and Wuxi City International Marathon”. In May 2021, each company held a regional three-person basketball tournament to kick off the tenth “Daming Cup” three-person basketball tournament. In July 2021, the Group’s finals were held in Jiaying, which was the red origin of the PRC Communist Party and a tribute to the centenary of the founding of the PRC Communist Party. Ten basketball teams from the Group participated into the tournament.

The employee welfare and expense during the reporting period was as follows:

Employee Welfare Items and Expenses

Time	Welfare/Event	Expense per person (RMB)
January 2021	Chinese New Year Gift	500
January 2021	Annual Dinner	220
March 2021	International Women’s Day Gift	150
June 2021	Dragon Boat Festival Gift	200
July 2021	Personal Care Products	100
September 2021	Mid-Autumn Festival Gift	300
Every month in 2021	Birthday Card	80

B2. HEALTH AND SAFETY

The Group places the highest priority on securing health and safety of all employees and strictly complies with the Law of the PRC on Prevention and Control of Occupational Diseases, the Law of the PRC on Work Safety and other applicable laws and regulations in the PRC. The Group strives to provide and maintain a safe and healthy working environment for employees to protect them from work-related injuries. To achieve this goal, the Group has set up a Safety Production Committee and implemented a range of health and safety related policies to manage occupational health and safety issues.



Safety Education

Safety education, including training, assessment and safety management certification, is essential to ensure employees are well equipped to handle the machinery and fully understand the safety risks associated with relevant equipment. All newly recruited production staff receive the three-tier safety education, which includes knowledge of safe production, relevant regulations and operation procedures with the aims to strengthen employees' safety awareness and ability to handle emergency cases. For special operation, relevant personnel must receive safety training and obtain special operation certificate in accordance with national laws and regulations before working at the sites.

Protective Equipment

To secure the health and safety of employees during operation, the Group has implemented a policy of "Labour Protective Supplies Management Regulation". Operational staff is required to wear safety gear such as helmets, gloves and safety shoes to minimise the risk of work-related injuries. In procuring the protective equipment, a qualified supplier is chosen and the equipment is required to meet the relevant national laws and regulations, for example, the safety label and pass certificate. Suppliers are required to present the production and sell certificates.

In addition to protective gear, the Group adopted a policy of "Employee Body Checking Management Regulation" to protect the health of employees. The Group provides pre-placement body checks for newly joined employees, annual body checks for existing employees and specialised body checks for employees who are working in special types of work.

Extreme Hot Weather Precaution

The Group acknowledges the health and safety risk in working under extreme hot weather. Hence, the Group has adopted a policy of "Heatstroke Prevention Management" to implement plans and measures for sunstroke prevention. Under hot weather, the Group provides salted soda water and ice for employees to avoid dehydration and lower body temperature. Employees should avoid working outdoor whenever the temperature of the day reaches 37 degrees Celsius. Employees who are pregnant or whose physical conditions are not suitable to work under high temperature should be avoided from working under hot weather.

During the reporting period, the Group was not aware of any non-compliance with relevant laws and regulations. There was 33 injury case (2020: 28, 2019: 29) and 2,581 lost days (2020: 1,365, 2019: 1702) due to minor injuries during retail operations. There was one work-related fatality case (2020: 1, 2019: nil) during the reporting period. Employees were given paid sick leave for their recovery.



B3. DEVELOPMENT AND TRAINING

The Group considers the skills and knowledge of our employees as the key elements for sustainable development of the Group. The Group offers training programs and job rotation based on the needs of respective positions and the talents and interests of the employee. The trainings offered can be divided into two main categories, orientation training and on-the job training. The orientation training is provided for newly joined employees. It covers corporate culture, regulation and product knowledge. The on-the-job training is provided for existing employees. The content is based on the needs of each department to enhance employees' skills in discharging their duties. In addition, employees are encouraged to attain relevant examination and obtain relevant certificates to enhance their personal performance.

During the reporting period, the percentage of employees trained by gender and employee categories were as follows:

Percentage of training participants to the number of employees		
	2021	2020
By gender⁶		
– Male	100%	100%
– Female	100%	100%
By employment category⁷		
– Senior management	98%	88%
– Middle management	92%	86%
– General staff	100%	100%
– Contract or short-term staff	88%	100%
Overall	95%	88%

⁶ Percentage of employee trained refers to total number of trained employees of the gender group per the total number of employees of the corresponding gender group average of the year.

⁷ Percentage of employee trained refers to total number of trained employees of the corresponding employee category per the total number of employees of the corresponding employee category average of the year.



During the reporting period, the composition of employees trained by gender and employee categories were as follows:

Composition of training participants to the number of employees

	2021	2020
By gender⁸		
– Male	83%	84%
– Female	17%	16%
By employment category⁹		
– Senior management	1%	1%
– Middle management	2%	2%
– General staff	96%	96%
– Contract or short-term staff	1%	1%

During the reporting period, the average training hours for employee by gender and employment categories were as follows:

Average training hours for employees

	Unit	2021	2020
By gender			
– Male	hours/employee	36.0	19.6
– Female	hours/employee	35.3	18.6
By employment category			
– Senior management	hours/employee	36.7	20.4
– Middle management	hours/employee	36.4	31.1
– General staff	hours/employee	34.6	28.0
– Contract or short-term staff	hours/employee	45.5	37.7
Overall		35.9	28.0

⁸ Composition of employee trained refers to total number of trained employees of the gender group per the total number of trained employees of the corresponding gender group average of the year.

⁹ Composition of employee trained refers to total number of trained employees of the corresponding employee category per the total number of trained employees of the corresponding employee category average of the year.



Case 1 Internal training from the Group to its subsidiaries

The Group's teaching group continued to share skills and experience with its subsidiaries, develop and improve training courses, hold specific training, and begin assessments and testing. The Group's teaching group actively provided support to subsidiaries, conducted demonstration training and guided the development of training courses. After receiving training and assistance from the teaching group, the subsidiaries can effectively design more relevant operational procedures and training courses according to its own production characteristics.

Case 2 Training for university graduates

The Group has always assisted teenagers to promote the growth and success of the Group. Subsidiaries such as "Jiangsu Daming" and "Jingjiang Daming Heavy Industry" provided a comprehensive two-month on-the-job training to train talented and recognised university graduates. On-the-job training covered corporate culture, safety training, rules and regulations, product knowledge, information systems, work rotation, military training and training reporting, etc., aiming to enable university graduates to be more familiar with the corporate environment and related business knowledge.

Case 3 Provide training to middle and high-level cadres

The Group has always attached importance to the growth of key talents, and has continuously increased the training of cadres, thereby providing a strong impetus for the career development of employees and the sustainable development of the Group. The training for cadres covers macro vision, leadership, management skills, teamwork, financial management, self-cultivation, etc. Through the guidance of external experts in various fields, combined with the actual situation of the Group, the trained cadres have absorbed the industry Advanced knowledge and experience have also enhanced corresponding work consciousness and ability.

Case 4 Liangjianyun University Online Training Platform

In order to better fulfill the requirements of the Group's strategic development, promote the sustainable development of talents, and help the rapid implementation of the Group's strategy, the Group introduced the online learning platform "Liangjianyun University" in December 2020. After sharing with the teachers of Quantum University, a personalized training program that meets the Group's current development stage and employee training needs has been customized. Through the online learning platform, this can enrich curriculum resources, optimize learning forms and create a better learning atmosphere.



B4. LABOUR STANDARDS

The Group strictly emphasises on the prohibition of engaging child labour and forced labour and fully complies with the Labour Law of the PRC, Provisions on the Prohibition of Using Child Labour and other relevant laws and regulations in the PRC. The Group has formulated policy of “Recruitment Procedure” on managing the prohibition of child labour. As prevention for child labour, candidates are required to present their identity cards for age verification during recruitment process. Individuals under the age of 16 or without any identification documents are disqualified from employment. In case of any child labour, the Group will terminate his/her employment and offer medical checks for him/her. The Group will also review the problem to prevent recurrence.

The Group is committed to respecting the freedom of employee and prohibiting all form of forced labour. The working hours are regulated in the staff handbook and overtime working is compensated in accordance to relevant laws and regulations.

With regard to third party suppliers, they are required to comply with relevant laws and regulations to uphold the elimination of child labour and forced labour. Once they are discovered of being intentionally complicit in child or forced labour, cooperation will be terminated immediately.

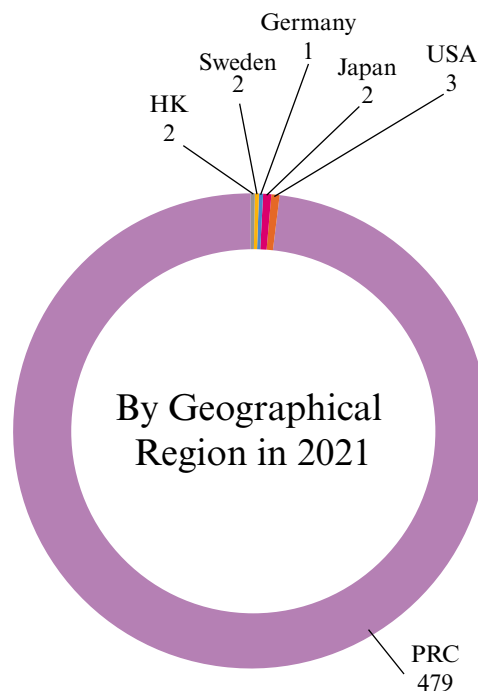
During the reporting period, the Group did not discover any significant risk exposure in relation to the employment of child labour for works of hazardous nature, forced or compulsory labour in any operation.



B5. SUPPLY CHAIN MANAGEMENT

In order to manage and mitigate the environmental and social risks in the supply chain, the Group selected suppliers and products carefully and maintained long-term and stable relationship with qualified suppliers. According to the Group's policy "Supplier, Distributor and Subcontractor Management Procedure", the Group considers the social responsibilities of suppliers in selecting suppliers and encourages all suppliers to enhance social responsibility performance. The Group has established social responsibility profiles for suppliers and distributors to keep record of their evaluation results and improvement plans. Suppliers and distributors are required to sign a Social Responsibility Agreement and fully abide by the local labour laws and regulations and the SA8000 Social Compliance Standard. In addition, the Group conducts site inspection at least once a year to assess the social responsibility performance of suppliers and distributors and keep tracks of the improvements.

During the reporting period, the supplier composition (in numbers of suppliers) by geographical region was as follows:





B6. PRODUCT RESPONSIBILITY

The Group regards product and service qualities as key competitive advantages of its business and makes every effort to improve the product and service qualities while strengthening communications with our customers. The Group strictly complies with the Trademark Law of the PRC, Law of the PRC on Product Quality, Law of the PRC on the Protection of Consumer Rights and Interests and other applicable laws and regulations in the PRC.

Quality Control

The Group has established various quality control policies and procedures to ensure our products comply with the product specifications requested by customers and meet the requirement of ISO9001:2008 Quality Management System.

The quality control system can be divided into two main categories, including quality control for raw materials and quality control on processing procedures. To ensure the quality of raw materials meet their respective specifications, samples are taken and sent to laboratories for testing on chemical contents. In order to control the quality of processing process, regular inspections are carried out by quality control personnel at various stages of the processing procedures to ensure consistency of the processing procedures.

During the reporting period, the Group did not identify any product sold or shipped subject to recall for safety and health reasons.

Complaints and Opinions Handling

The Group believes the opinions from customers can drive its continuous improvement program and are essential to its pursuit for excellence. The Group welcomes the opinions from customers by establishing customer service hotlines, conducting site visits and convening customer meetings. In case of receipt of complaints, the Group will take prompt actions and carry out remediation plans. During the reporting period, the Group received 1,423 cases of complaints.



Intellectual Property Protection

The Group is dedicated to protecting and enforcing its intellectual property rights which are crucial to sustainable business growth. Management systems are in place to specify requirements on submission, application, indexing and rewarding of patents. In addition, the Group signs confidentiality agreements with technical specialists.

Customer Data Protection and Privacy

The Group is aware of the importance in handling customer information and takes high precaution in ensuring their confidentiality to avoid misuse of personal data. The Group has implemented policy “Business Ethics Control Procedure” and required employees to fully abide by the guidance on prohibiting any unauthorised disclosure of confidential information.

B7. ANTI-CORRUPTION

The Group is committed to upholding high standards of business ethics. With the implementation of “Anti-Corruption Control Procedure”, the Group conveys its firm stance against corruption and fraud to its customers, suppliers, contractors and employees. The Group requests employees and third parties to sign an anti-bribery/anti-corruption commitment and fully comply with the requirements as defined. Management department is responsible to monitor the business operation and oversee any cases related to corruption or fraud.

The Group’s whistle-blowing procedure encourages and enables stakeholders to report on observed and suspected non-compliance and questionable practice by setting up report box and report phone. Once misconduct case is found and confirmed, the relevant personnel will be subject to disciplinary actions and reported to legal authorities when necessary.

During the reporting period, no legal case concerned with corrupt practices was brought against the Group.



B8. COMMUNITY INVESTMENT

As a socially responsible corporate citizen, the Group is constantly aware of the community needs and has actively participated in local community's activities. The Group also encourages employees to devote their effort to community care.

To fight against the COVID-19 epidemic, the Group and its subsidiaries donated money to various organizations and charities. The donation activities details during the reporting period were as follows:

Donation activities		Donation amount
Donors	Donees	(RMB)
Jiangsu Daming Metal Products Co., Ltd.	Wuxi Xishan District Northeast Tang Street Charity Association(無錫市錫山區東北塘街道慈善會)	100,000
Jiangsu Daming Metal Products Co., Ltd.	Jiangnan University Education Development Foundation (江南大學教育發展基金會)	1,000,000
Daming Heavy Industry Co., Ltd.	Jiangyin Charity Federation (江陰市慈善總會)	150,000
Daming Metal Technology Co., Ltd.	Jiangyin Charity Federation (江陰市慈善總會)	150,000
Taiyuan Taigang Daming Metal Products Co., Ltd.	Taiyuan Qingxu County Charity Association (太原市清徐縣慈善會)	100,000

Contribution to environmental field

The Group strives to contribute to the environment by processing products that bring a positive impact on the environment. The Group has strengthened the processing ability and other supporting services to provide one-stop service for environmental field, including exhaust gas management and sewage treatment and management.



During the reporting period, the Group continued to support clients in environmental field, some examples were as below:

Date	Description
January 2021	Client: Solid waste treatment equipment company Services: Processing of components for solid waste treatment equipment such as separation and conveying
February 2021	Client: Environmental protection equipment company Service: Processing of catch basins, weir plates, sealing plates, covers, etc. for water treatment projects
March 2021	Client: Photovoltaic enterprise Service: Processing of core inner wall parts for photovoltaic smelting furnace
April 2021	Client: Environmental protection water treatment enterprise Service: Processing for water collection tank supporting services
May 2021	Client: Environmental technology company Service: Processing of structural parts for multi-batch water treatment equipment
June 2021	Client: Environmental protection industry customer Service: Processing of pulse-type dust removal equipment
July 2021	Client: Environmental protection equipment company Service: Processing of mesh panels for wastewater treatment equipment
August 2021	Client: Electric power company Service: Supporting processing of desulfurization and dust removal equipment for thermal power plants
September 2021	Client: Photovoltaic enterprises Service: Supporting processing of photovoltaic bracket
December 2021	Customer: Environmental protection machinery and equipment enterprises Service: environmental protection equipment processing waste cutterhead to do supporting processing



Cooperation with education institutions

The Group believes that youths are the future leaders of our society and continues to cultivate young people by cooperating with education institutions.

Case 1 Jiangsu University of Science and Technology, 2020

On 5 July, 2020, a team of three staff from the Human Resources Department of the Group visited Jiangsu University of Science and Technology. With the director of the Employment Office, Dean of the School of Materials Science and Engineering, and Dean of the School of Mechanical Engineering conducted a review of the current employment situation of college students. Through information and idea mutual exchanges, the two parties reached consensus on school-enterprise cooperation and other aspects, and reached an agreement on a school-enterprise production, learning and research base.

Case 2 Changshu Institute of Technology, 2020

On 23 October, 2020, Li Junfeng, the vice president of Changshu Institute of Technology, and a group of six related leaders visited “Jingjiang Daming Heavy Industry”. University leaders visited the precision manufacturing workshop of “Jingjiang Daming Heavy Industry”, the specialized structural parts manufacturing workshop and the large-scale container supporting workshop. During the discussion and idea sharing, both parties agreed to strengthen communication and fully explore “sharing and win-win” cooperation points, and in-depth exchanges and cooperation in high-quality employment for students, talent introduction and sharing, scientific research cooperation, student internship training, etc.

Case 1 Physical visits of Jiangsu University, Hehai University and Changzhou University, 2021

In the second half of 2021, Daming Group adjusted the direction of campus recruitment to further planning for the reserve of elite talents. It arranged physical visit to the Faculty of Material Science of the Jiangsu University, the Mechanical and Electrical Engineering Department of the Hehai University and Faculty of Mechanics of the Changzhou University during June to July 2022 to meet the teachers and supervisors of the faculty for talks and exchanges. The three parties (enterprises, universities and students) exchanged ideas, trends and relevant information on employment, fully understood the teaching resources and characteristics of the universities, as well as the strength and culture of the enterprise, assessed the feasibility and fit of school-enterprise cooperation, and finally developed a suitable platform and development direction for students’ career planning. The Changzhou University, being the institution which has entered into co-operation with our Group for 2 years, has an internship base in Daming.



In July 2021, the second visit facilitated communication and understanding of the career development status of the existing employees (who were graduates of Changzhou University) in our Group. Besides, the institutions' leaders expressed their concern and recognition which laid the foundation for the continuous co-operation with us.

Case 2 Information Engineering Department of the Nanjing University 2021

In May 2021, the leaders of the Information Engineering Department of the Nanjing University visited Daming International and awarded the plaque of "Quality Employment Base" to the Group. During the discussion and exchange, both parties agreed to strengthen communication and fully explore the "win-win" co-operation opportunities, and to foster high-quality student employment, talent introduction sharing, talent introduction and sharing, scientific research cooperation, student internship and practical training.

Fulfilling social responsibility

In August 2021, Daming Jingjiang Processing Center, on behalf of Daming Jingjiang Base and Jiangyin-Jingjiang Industrial Park Office Director He and Siwei Village Secretary Wu, expressed their respect to the workers for fighting in the front line of epidemic prevention and control checkpoints, sent greetings to them, as well as provided instant noodles, drinks and other supplies to them to inject warmth into the front line of epidemic prevention and control.

In October 2021, many places in Shanxi suffered the strongest continuous rainfall on record, followed by serious floods, mudslides and other natural disasters. Daming Taiyuan Processing Center went to the disaster site in Qingxu County in cooperation with the Party and Work Committee of Taiyuan Zhongbei Hi-Tech Industrial Park and donated RMB100,000 to the Charity Association of Qingxu County, Taiyuan City, Shanxi Province for post-disaster reconstruction, fully helping the affected people to resume production and life.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

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KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	“Emissions - Hazardous and Non-hazardous Wastes”	15
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