



**德 基 科 技**  
D&G TECHNOLOGY

**D&G TECHNOLOGY HOLDING COMPANY LIMITED**

<INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY>  
STOCK CODE 1301



EcoChallenger 環保優秀企業  
中銀香港 BOCHK  
企業環保領先大獎 2021  
Corporate Environmental Leadership Awards



5 Years+ 環保先驅  
EcoPioneer  
中銀香港 BOCHK  
企業環保領先大獎 2021  
Corporate Environmental Leadership Awards



CORPORATE VISION:



5 years+ 商界展關懷  
caring company  
Awarded by The Hong Kong Council of Social Service  
香港社會服務界協會



綠色金融  
香港品質保證局

發行商德基  
證書編號: CC 6710



7 years+  
香港綠色企業大獎 2022  
Hong Kong Green Awards

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# 1. Board's Statement



To all stakeholders,

On behalf of the board of directors (the “Board”) of D&G Technology Holding Company Limited (the “Company”) and its subsidiaries (hereafter collectively referred to as the “D&G” or the “Group”) (Stock Code: 1301), I am pleased to present the Group’s best practices in environmental, social and governance (the “ESG”) aspects, which the management policies, targets, initiatives, and performance related to ESG will be detailed in this report.

The Group is committed to creating long-term value for stakeholders and the community, and to developing in harmony with society. During the period from 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022 (the “reporting year”), we actively identified risks and opportunities related to sustainable development and worked to improve our performance in ESG aspects. D&G won several awards during the reporting year, including the BOCHK Corporate Environmental Leadership Awards - EcoChallenger, the UNSDG Achievement Awards Hong Kong 2022 - Recognised Organisation, Special ESG Awards - Outstanding ESG Performer of the Year (Listed Company) - Gold Award, and Hong Kong Green Awards - Corporate Green Governance Award. D&G has won the EcoChallenger award and Corporate Green Governance Award for seven consecutive years. These awards recognize D&G’s dedication and outstanding performance in practicing and promoting the ESG initiatives, which are a core part of the Group’s long-term development values and also motivate us to achieve greater and higher levels of success.

To better respond to the national carbon neutrality target and identify the needs of stakeholders, D&G has set low-carbon emission reduction targets. We plan to establish a cooperative burner enterprise with Tsinghua University and promote a new generation of low-nitrogen burner products. In addition, we have also joined the Greater Bay Area Carbon Neutrality Association to integrate sustainability targets into our business operations.

In 2022, amidst the ongoing COVID-19 pandemic, there remains a great deal of uncertainty. During the COVID-19 outbreak, the Company remained united in responding to the challenges posed by the pandemic. We took multiple measures to support our employees and prevent infection risks, while remaining committed to sustainable development and focusing on maintaining business resilience.

We have demonstrated superior business resilience despite the challenging environment. The Board sincerely thanks the management and staff for their hard work and dedication, as well as their significant contributions to the Group’s ESG performance in 2022.

**Choi Hung Nang**

*Chairman*

30<sup>th</sup> March 2023

## 2. About this Report



### Reporting Period and Scope

This is the eighth annual sustainability report published by the Group (the “report”). The report covers the Group’s sustainability performance of the financial reporting period from 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022 (the “reporting year”). During the reporting year, the Group’s Pakistan subsidiary was not included in the reporting scope as its operational activities in the physical office were very limited, resulting in minimal and insignificant data. However, the operational activities in D&G’s Chengdu office were relatively significant and, hence, its data was included in the reporting scope. Thus, the scope of the report covers D&G’s offices in Hong Kong, Beijing, Shanghai, Guangzhou, Chengdu, and the main manufacturing plant and adjacent employees’ dormitory located in Langfang, Hebei.

### Reporting Framework

The report is prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide (the “ESG Guide”) issued by The Stock Exchange of Hong Kong Limited (the “HKEx”), and the Global Reporting Initiative standards (the “GRI standards”). The Group adheres to the principles introduced by the ESG Guide and the GRI standards to report on the measures and performance in the reporting year. A content index is attached at the end of this report as a tool to navigate readers to the specific issues corresponding with the ESG Guide and the GRI standards. Information on corporate governance has been reported in detail in the Annual Report in accordance with Appendix 14 of the Main Board Listing Rules.

### Reporting Principles

The Group adheres to following reporting principles of when preparing this report:

Reporting Principles	The Group’s Reporting Practices
Materiality	Identify material environmental and social issues through stakeholder engagement and report to the Board. This report discloses the identified material topics and relevant information.
Quantitative	The Group records and discloses material performance indicators in a quantitative way where appropriate.
Balance	This report discloses information objectively to provide an unbiased overview of the Group’s ESG performance.
Consistency	The Group adopts consistent calculation methodologies to ensure data is comparable year-on-year unless stated otherwise.

### Contact Details

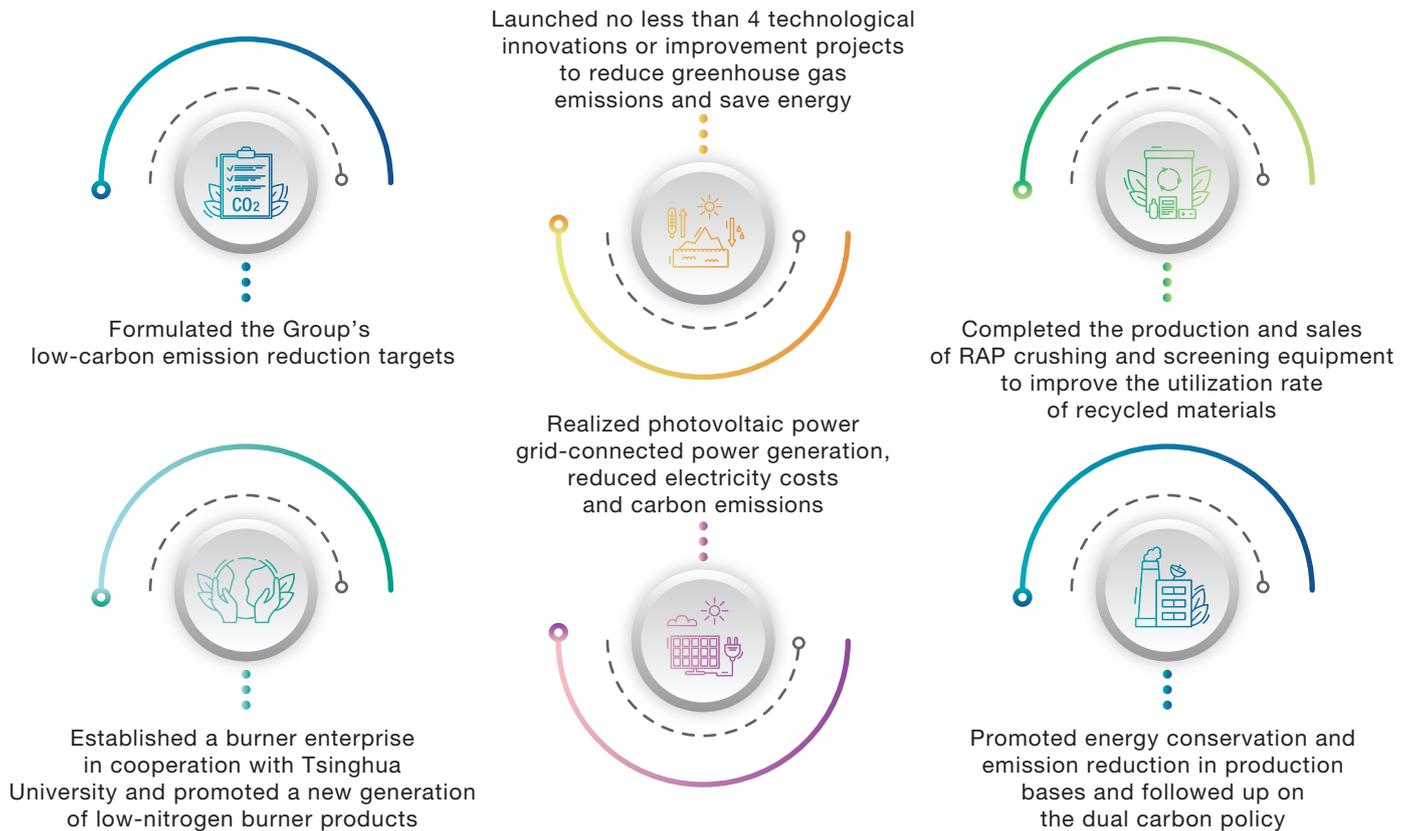
We welcome any comments and suggestions on the report and other matters related to the sustainable development of the Group. Please feel free to contact us at:

Email: [info@dgtechnology.com](mailto:info@dgtechnology.com)

### 3. Sustainability Goals and Highlights



In response to the carbon peaking and neutralization goals proposed by the government of the People's Republic of China ("PRC") and responding to the national call, the Group has taken low-carbon and environmental protection as the core direction of technology and product research and development, and formulated various low-carbon emission reduction goals and specific measures for the years from 2022 to 2025. Improvement projects and measures for 2022 included:



In the face of the pandemic, the Group continues to elevate its sustainability strategy and performance through environmental-friendly asphalt mixing plants to promote a green, healthy and sustainable society.

Despite many challenges, the Group participated in various environmental protection initiatives. These included Earth Hour 2022, World Environment Day 2022, Hong Kong Green Day 2022, Green Sense - No Air Con Night 2022 and Green Run 2022, etc., becoming the corporate member of Green Council, founding signatory of Sustainable Procurement Charter and co-founding the Greater Bay Area Carbon Neutrality Association, integrating sustainability targets into business operations, implementing sustainable procurement practice, and strengthening stakeholder engagement. The Group will seek continual improvement in its sustainable development.

### 3. Sustainability Goals and Highlights



The theme of the report is “Creating a green community, achieving a sustainable future”. From responsible governance to green operation, the report exhibits the Group’s sustainability performance to demonstrate its commitment to corporate social responsibility in stakeholder engagement, and to spread positivity during the pandemic.

The sustainability performance is highlighted as follows:

#### Safe Production

- ISO 45001:2018 Occupational Health and Safety Management certification
- Zero work fatality rate for 8 consecutive years



#### Innovative and Green Manufacturing

- Application of geothermal heat pumps in the Research and Development Centre
- Upgrade water efficiency equipment to prevent water leakage
- Install new hazardous waste treatment facilities to improve hazardous waste management
- Monitor environmental performance by deploying industrial robots, smart meters, and computer numerical control
- Conduct energy efficiency upgrades
- Replace some of the axial flow fans used for cooling in the assembly workshop during the summer with industrial fans, which reduced energy consumption and improved the appearance of the workshop



#### Staff Training

- 142 topics — 52 hours on safety and security, 176.15 hours on professional knowledge, 56.5 hours on management and operation
- Online self-directed training — 44.2 hours of safety and security, 1,351.2 hours of professional knowledge, 2,108.7 hours of management and operations training



#### Patents and Copyrights

- 203 registered patents — 4 invention patents, 4 design patents and 195 utility model patents
- 27 software patents



### 3. Sustainability Goals and Highlights



#### Environmental Performance

- 8.43 tCO<sub>2</sub>e/RMB'M revenue
- 80% of waste recycled
- 14.72 MWh energy consumption/RMB'M revenue



#### Recognition and Awards

- 5 Years+ Caring Company 2021/2022
- Outstanding Private Enterprise for Regional Economic Development in 2021
- Langfang city's caring company for epidemic prevention and control in 2021
- EcoChallenger 2021
- 5 Years+ EcoPioneer 2021
- ESG Achievement Awards 2021/2022 - Outstanding ESG Performer of the Year (Listed Company) - Gold Award
- Outstanding Asphalt Mixing Equipment Manufacturer of 2021-2022
- UNSDG Achievement Awards Hong Kong 2022 - Recognised Organisation
- Industrial Cares 2022 (5 Years+ Award)
- DGX Single-Product International Leading Award
- Special Contribution Award for the Industry of Monoblock Recycling Plant Equipment
- Top 10 Specialised Manufacturer of Construction Machinery in China 2022
- Global Construction Machinery Manufacturer (PLUS 50) 2022 (6th consecutive year)
- Hong Kong Green Awards 2022 – Corporate Green Governance Award (Corporate vision)
- Hong Kong Green Awards 2022 - Sustained Performance Companies (7 years Consecutive Excellence)
- 2022 Provincial Occupational Health Enterprise Honor Certificate
- 2022 Municipal Safety Culture Demonstration Enterprise Honor Certificate



### 3. Sustainability Goals and Highlights



#### United Nations Sustainable Development Goals (“SDGs”)

Through the establishment of 17 SDGs, United Nations calls on all countries while facilitating economic development, to solve social problems and protect the Earth. These goals include: eradicating poverty, solving famine, achieving equity, and combating climate change. As a corporation that has incorporated sustainable development into its business direction, D&G is eager to contribute to the realization of these SDGs. Therefore, the Group has preliminarily mapped its core business and actions with five SDGs, and considers formulating different strategies and actions in the future for more detailed disclosures.

<p><b>SDG 3 Good Health and Well-being</b></p> 	<ul style="list-style-type: none"> <li>• Establish a Safety Leading Group to ensure the health and safety of employees</li> <li>• Set work safety goals, such as zero fires, explosions and major accidents of chemical leakage, zero occupational diseases, etc.</li> <li>• Implement prevention measures in response to COVID-19</li> <li>• Implement occupational health and safety management system ISO45001</li> </ul>
<p><b>SDG 9 Industry, Innovation and Infrastructure</b></p> 	<ul style="list-style-type: none"> <li>• Provide efficient, reliable, safe and environmental-friendly recycled asphalt mixing and supporting equipment for domestic infrastructure</li> <li>• With low carbon environmental protection as the core direction of technology and product research and development, strengthen product innovation research and development, improve environmental performance</li> <li>• Promote green economy through green financing and strengthening value chain and market</li> </ul>
<p><b>SDG 11 Sustainable Cities and Communities</b></p> 	<ul style="list-style-type: none"> <li>• Through the development of environmental-friendly recycled asphalt mixing and supporting equipment to reduce the harmful effects of urban development on the environment, especially air quality and waste management</li> <li>• Develop and launch technological innovations or improvement projects that reduce greenhouse gas emissions and save energy to promote sustainable urban development</li> </ul>
<p><b>SDG 12 Responsible Consumption and Production</b></p> 	<ul style="list-style-type: none"> <li>• Integrate the concept of circular economy into business operation, strengthen resource utilization, recycling and reuse to reduce waste</li> <li>• Manage wastes properly in an environmental-friendly way, and greatly reduce their flow into the air, water and land</li> <li>• Promote sustainable procurement and realize sustainable development in the supply chain</li> </ul>
<p><b>SDG 13 Climate Action</b></p> 	<ul style="list-style-type: none"> <li>• Strengthen energy consumption management, replace more energy-efficient production equipment continuously, and reduce greenhouse gas emissions</li> <li>• Combined with national direction and policy, set emission reduction targets for operations and set timetable for achieving carbon neutrality targets</li> </ul>

### 3. Sustainability Goals and Highlights



#### Environmental Targets

D&G has set the carbon reduction targets to achieve carbon neutrality by 2050. In addition, the Company has established multiple environmental targets to gradually achieve energy saving and emission reduction goals by 2025 and 2030, respectively, to promote the sustainable development.

Index	Based Year Emissions	Target (by 2025 or before)	Target (by 2030 or before)
Energy Intensity (MWh/RMB'M revenue)	24.41 (Year 2018)	20.75 (Decrease by at least 15%)	15.87 (Decrease by 35% or more)
Water Intensity (m <sup>3</sup> /number of employees)	69.3 (Year 2018)	62.37 (Decrease by at least 10%)	48.51 (Decrease by 30% or more)
Air Emission Intensity (tonnes/RMB'M revenue)	0.0053 (Year 2018)	0.0045 (Decrease by at least 15%)	0.0034 (Decrease by 35% or more)
Carbon Intensity (tonnes of CO <sub>2</sub> -e/RMB'M revenue)	15.09 (Year 2018)	12.83 (Decrease by at least 15%)	9.81 (Decrease by 35% or more)
Hazardous Waste Intensity (tonnes/RMB'M revenue )	0.291 (Year 2023) <sup>Note 1</sup>	0.247 (Decrease by at least 15%)	0.189 (Decrease by 35% or more)

Note 1: It is planned to purchase 5 additional sets of catalytic combustion equipment for spray booths in 2023. It is estimated that an additional 45 tonnes of hazardous waste will be generated per year. The peak is predicted to occur in 2023. Based on the average hazardous waste production from 2018 to 2021, which was 76.5 tonnes, plus the 45 tonnes generated annually from the catalytic combustion equipment, the total was 121.5 tonnes. Dividing this number by the average revenue from 2019 to 2021, which was 418.186 thousand, gives a value of 0.291, which was set as the peak. However, this peak value is only an estimated value for the time being, and the final value will be confirmed according to the actual situation in 2023.

## 4. Business Review



D&G is a leading manufacturer and service provider of medium and large asphalt mixing plants in China, with its headquarters located in Hong Kong. D&G prioritizes innovation and environmental-friendly production and is committed to providing customers with efficient, reliable, safe, and environmental-friendly conventional hot-mix asphalt mixing plants (“conventional plants”) and recycling hot-mix asphalt mixing plants (“recycling plants”). Our asphalt mixing technology benefits highway construction and maintenance, catering to various scales. In addition, the Group provides customer services for asphalt mixing equipment, including sales of spare parts and components, provision of equipment modification services, and sales of RAP crushing and screening equipment, and sand manufacturing machine.

There are four categories of D&G’s asphalt mixing plants:

CONVENTIONAL PLANTS		
Categories	Description	Properties
<b>Standard Series</b> 	Traditional and robust asphalt mixing plants	<ul style="list-style-type: none"> <li>• 100-400 tonnes/hour</li> <li>• Easy to operate</li> <li>• Reliable</li> <li>• Easy for maintenance</li> </ul>
<b>Compact Series</b> 	Customers can save transportation costs with the Compact Series. These asphalt mixing plants are designed with a precise selection of individual elements and professional configurations on the exterior hull of shipping containers	<ul style="list-style-type: none"> <li>• 100-240 tonnes/hour</li> <li>• Lower shipping costs</li> <li>• Suitable for long-distance transportation</li> <li>• No production capacity compromised</li> </ul>
<b>Mobile Series</b> 	Customers with mobility needs can use the Mobile Series asphalt mixing plants for quick and efficient work	<ul style="list-style-type: none"> <li>• 100-120 tonnes/hour</li> <li>• Fast transit</li> <li>• Easy installation</li> <li>• Suitable for maintenance</li> </ul>

RECYCLING PLANTS		
Categories	Description	Properties
<b>Recycling Series</b> 	As one of the first manufacturers in China to develop recycling plants and export the products to advanced countries such as Australia, D&G takes pride in its recycling series in promoting a more environmental friendly approach to asphalt production	<ul style="list-style-type: none"> <li>• 100-400 tonnes/hour</li> <li>• 10-50% reclaimed asphalt pavement</li> <li>• Cost reduction</li> <li>• Environmental friendly</li> <li>• Efficient production</li> </ul> <p><b>Environmental benefits:</b></p> <ul style="list-style-type: none"> <li>• 10-35% fuel reduction</li> <li>• Less emissions (compared with conventional plants) <ul style="list-style-type: none"> <li>▪ Carbon dioxide – 60%</li> <li>▪ Sulfur dioxide – 70%</li> <li>▪ Volatile organic compounds – 50%</li> <li>▪ Carbon monoxide – 10-30%</li> <li>▪ Nitrogen oxides – 60-70%</li> <li>▪ Particulate matter – 20-25%</li> </ul> </li> </ul>

## 4. Business Review

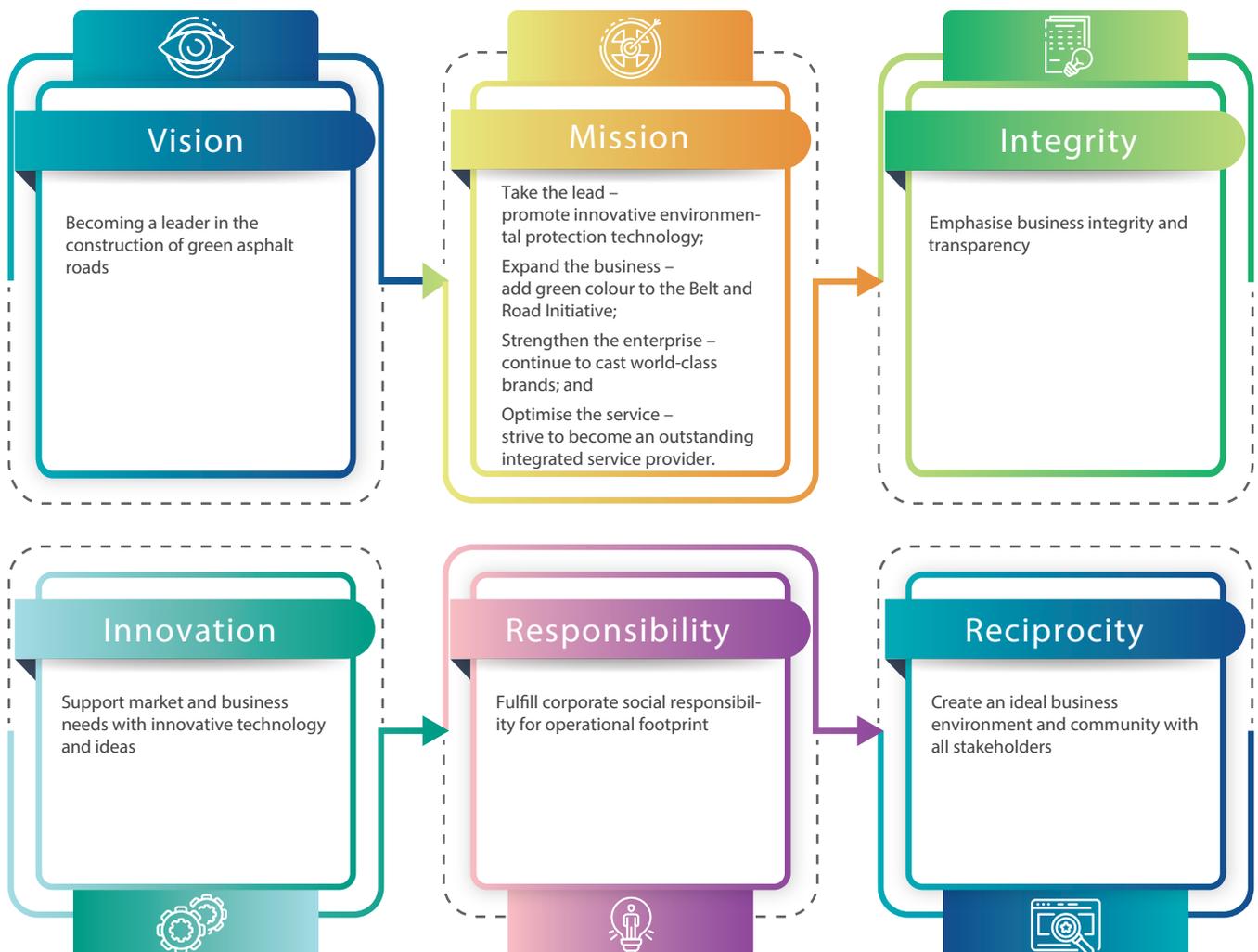


In the face of the uncertainties such as the global epidemic and climate change crisis, the Group is more aware of the importance of sustainable development in combating risks, and the need to improve the resilience of overall operations. To further promote environmental protection, the Group has integrated the concept of the circular economy into its business and is devoted to improving the environmental performance of our recycling plants. This series uses construction waste such as used and broken asphalt mixtures as raw materials for the production of recycled asphalt pavement. Compared with conventional plants, recycling plants significantly reduce air pollution emissions and attain resource-efficient and environmental-friendly production. With the tightening of environmental requirements for operations and the global concern on environmental issues, the Group expects the market demand for such products will continue to increase.

To provide more diversified services, D&G has launched equipment modification services, including the installation of recyclable essential parts, remote control systems, and other customised services to upgrade conventional plants. These services align with the market's requirements for technology, providing customers with more convenient and considerate services while enhancing the market competitiveness of D&G.

To strengthen D&G's leading position over the years in the industry, the Group endeavours to strengthen product research and development ("R&D"). D&G has established an R&D centre in December 2017, to proactively facilitate knowledge exchange, effectively develop different research projects, and lead the team development with innovation as the core. These efforts enable the Group to use new technologies and innovations while improving the environmental performance of its products, to promote the development of the circular economy, and drive business reform.

In an effort to consolidate the sustainable development of the business, D&G has set its vision, mission, and core values ("VMC") to determine the direction for its steady development.



## 4. Business Review



In support of the above VMC, the Group has successfully incorporated the concept of the circular economy into its business model, making operations more resource-efficient and sustainable:



## 4. Business Review



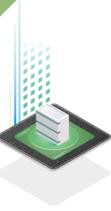
Hinging on continuous efforts, the market coverage of D&G's practice has expanded to the entire globe. Since its establishment, the Group's business operation has expanded to more than 30 countries on the map below. The total number of employees in the Group reached 384, distributed in business locations in seven regions, and all subsidiaries are wholly-owned. The Group's achievement had led to its successful listing on the HKEx in 2015, further enhancing its market influence.

Market coverage (regions):



For the financial performance of the Group during the reporting year, please refer to the Group's 2022 Annual Report.

## 5. Stakeholder Engagement



In order to understand the expectations and needs of stakeholders, and listen to their valuable opinions, D&G has established communication channels with stakeholders to assist the Group in business planning. During the reporting year, D&G maintained connections with stakeholders through various methods, including WeChat official account, official website, and other network communication platforms.

### Communication Channels

Stakeholder Groups	Participants	Topics	Engagement Methods	Engagement Time
<p>Employees</p>	<ul style="list-style-type: none"> <li>Management</li> <li>Employees</li> <li>New employees</li> </ul>	<ul style="list-style-type: none"> <li>Quality management</li> <li>Environmental management</li> <li>Occupational health and safety management</li> <li>Sustainability training</li> <li>Corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>Quality/environmental/occupational health and safety management system training</li> <li>Quality/environmental/occupational health and safety management system three aspects audit</li> <li>Employee meeting/satisfaction questionnaire</li> <li>On-the-job training and physical examination</li> <li>Environmental protection/sustainable development training and courses</li> <li>Corporate cultural activities, network platform group messages</li> </ul>	<ul style="list-style-type: none"> <li>Three-system training: Whole year</li> <li>Three-system audit: September</li> <li>Staff meeting: January, April, July, October</li> <li>Employee satisfaction questionnaire: December</li> <li>On-the-job training and physical examination: Whole year</li> </ul>
<p>Customers</p>	<ul style="list-style-type: none"> <li>Road construction companies</li> <li>Road construction machinery distributors</li> </ul>	<ul style="list-style-type: none"> <li>Discussion on cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Satisfaction questionnaire</li> <li>Factory inspection</li> <li>Site visit</li> <li>Customer events/seminars</li> </ul>	<ul style="list-style-type: none"> <li>Satisfaction questionnaire: January, July</li> <li>Site visit: Several times</li> <li>Seminars: several times</li> </ul>
<p>Suppliers</p>	<ul style="list-style-type: none"> <li>Material suppliers</li> <li>Subcontractors</li> </ul>	<ul style="list-style-type: none"> <li>Training and technical exchange</li> <li>Assessment and capability survey</li> </ul>	<ul style="list-style-type: none"> <li>Factory visit</li> <li>Product technical standards exchange forum</li> <li>Supplier capability survey</li> <li>Supplier assessment</li> </ul>	<ul style="list-style-type: none"> <li>Study visit: December</li> <li>Exchange forum: Several times</li> <li>Supplier capability survey: Several times</li> <li>Supplier assessment: May</li> </ul>
<p>Shareholders and investors</p>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Institutional investors</li> <li>Potential investors</li> </ul>	<ul style="list-style-type: none"> <li>Performance report</li> <li>Gazette documents</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Interim performance report, annual report</li> <li>Announcements, circulars</li> <li>Press releases</li> <li>Sustainability Report</li> <li>Company presentation slide</li> <li>Powerpoint</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting: May</li> <li>Performance report: April, September</li> <li>Sustainability Report: June</li> <li>Announcements/Circulars/Press Releases: several times</li> </ul>
<p>Educational and research partners</p>	<ul style="list-style-type: none"> <li>Construction machinery association road machine chapter</li> <li>China Highway and Transportation Society</li> <li>Institute of Tsinghua University, Hebei</li> <li>Research Institute of Highway Ministry of Transport</li> </ul>	<ul style="list-style-type: none"> <li>Technical exchange</li> </ul>	<ul style="list-style-type: none"> <li>Daily communication exchange (Associations/research centres)</li> <li>The 12th China Asphalt Mixing Plant Industry Summit (Construction Machinery Association Road Machine Chapter)</li> <li>Teaching and technical sharing and exchange forum (Research Institute of Highway Ministry of Transport)</li> </ul>	<ul style="list-style-type: none"> <li>Communication exchange: Several times</li> <li>Industry summit: December</li> <li>Technical sharing and exchange forum: November</li> </ul>
<p>Government and other public bodies</p>	<ul style="list-style-type: none"> <li>Provincial and municipal local governments</li> <li>County Party Committee and County Government</li> </ul>	<ul style="list-style-type: none"> <li>Inspection</li> </ul>	<ul style="list-style-type: none"> <li>Inspection</li> <li>Factory visits and interviews</li> </ul>	<ul style="list-style-type: none"> <li>Provincial: March, January, July</li> <li>Municipal: February, April, June, July, and August. Several times</li> <li>County: Several times</li> </ul>
<p>Business partners</p>	<ul style="list-style-type: none"> <li>Distributors</li> <li>Exclusive dealers</li> <li>Joint venture partners</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of product performance</li> <li>Product knowledge training and discussion</li> </ul>	<ul style="list-style-type: none"> <li>Seminars</li> <li>Training sessions</li> <li>Meetings and discussions</li> </ul>	<ul style="list-style-type: none"> <li>March, July, August</li> </ul>
<p>Media</p>	<ul style="list-style-type: none"> <li>Industry magazine</li> <li>Industry network platform</li> <li>Television Network</li> </ul>	<ul style="list-style-type: none"> <li>Information promotion</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration and cooperation</li> <li>Advertising and promotion</li> <li>Interviews</li> </ul>	<ul style="list-style-type: none"> <li>Several times in a year</li> </ul>

## 5. Stakeholder Engagement



### Materiality Assessment

In September 2022, D&G conducted a stakeholder survey that included both external and internal groups. The Group invited two groups of external stakeholders - customers and distributors, and suppliers; and one group of internal stakeholders - employees to express their opinions on various environmental, social, economic, and sustainable development issues that are important for the long-term business development of D&G. Based on the survey results, the Group identified the most crucial issues that are rated as high, as well as that were rated as medium, and provided detailed reporting in this address stakeholders' concerns. Other issues that were rated as medium or low and not deemed significantly relevant by both the Group and stakeholders were not disclosed in this report.

### External stakeholders

According to the 2022 survey results, the most important projects for D&G's long-term development as identified by its external stakeholders are as follows:

Aspect	D&G's top priority for long-term business development
Environmental	<ol style="list-style-type: none"> <li>1. Air quality control</li> <li>2. Hazardous waste management</li> <li>3. Compliance with environmental laws and regulations</li> </ol>
Social	<ol style="list-style-type: none"> <li>1. Product quality assurance*</li> <li>1. Occupational health and safety*</li> <li>3. Customer health and safety</li> </ol>
Economic	<ol style="list-style-type: none"> <li>1. Direct economic performance</li> <li>2. Anti-corruption</li> <li>3. Anti-competitive behaviour</li> </ol>
Sustainability	<ol style="list-style-type: none"> <li>1. Sustainability development framework</li> <li>2. Strengthen the executive capacity of the Sustainability Committee in managing related work and risks</li> <li>3. Sustainability goals</li> </ol>

\* Has the same rank as other items

## 5. Stakeholder Engagement



### External Stakeholders - Materiality Assessment

	Aspect	Ranking	Level
Environmental	Air quality control	1	High
	Hazardous waste management	3	High
	Compliance with environmental laws and regulations	3	High
	Sewage management	10	High
	Supplier environmental assessment	11	High
	Identify and mitigate transformation risks	12	High
	Greenhouse gases emission	14	High
	Environmental impact	15	Medium
	General waste recycling and management	20	Medium
	Identify and mitigate physical risks	21	Medium
	Water use and conservation	24	Low
	Energy consumption and conservation	27	Low
	Raw material management and selection	29	Low
	Social	Product quality assurance	1
Occupational health and safety		1	High
Customer health and safety		2	High
Customer privacy		4	High
Labour standards		5	High
Product marketing and labelling		6	High
Training and development		14	High
Compliance with social and economic laws and regulations		14	High
Employment standards		16	Medium
Non-discrimination		25	Low
Supplier social assessment		26	Low
Diversity and equal opportunity		28	Low
Community involvement		30	Low
Economic	Direct economic performance	13	High
	Anti-corruption	19	Medium
	Anti-competitive behaviour	22	Medium
	Procurement practices	23	Medium
	Indirect economic performance	23	Low
Sustainability	Sustainability development framework	7	High
	Strengthen the executive capacity of the Sustainability Committee in managing related work and risks	8	High
	Sustainability goals	9	High
	Ongoing communication channels with all stakeholders	17	Medium
	Disclosure of stakeholder views and group responses	18	Medium

## 5. Stakeholder Engagement



### Internal stakeholders

According to the 2022 survey results, the most important projects for D&G's long-term development as identified by its internal stakeholders are as follows:

Aspect	D&G's top priority for long-term business development
Environmental	<ol style="list-style-type: none"> <li>1. Compliance with environmental laws and regulations</li> <li>2. Energy consumption and conservation</li> <li>3. Hazardous waste management</li> </ol>
Social	<ol style="list-style-type: none"> <li>1. Product quality assurance</li> <li>2. Employment standards*</li> <li>2. Customer privacy*</li> </ol>
Economic	<ol style="list-style-type: none"> <li>1. Direct economic performance</li> <li>2. Anti-corruption</li> <li>3. Indirect economic performance</li> </ol>
Sustainability	<ol style="list-style-type: none"> <li>1. Strengthen the executive capacity of the Sustainability Committee in managing related work and risks*</li> <li>1. Sustainability development framework*</li> <li>3. Sustainability goals</li> </ol>

## 5. Stakeholder Engagement



\* Has the same rank as other items

### Internal Stakeholders - Materiality Assessment

	Aspect	Ranking	Level
Environmental	Compliance with environmental laws and regulations	4	High
	Energy consumption and conservation	6	High
	Hazardous waste management	7	High
	Air quality control	11	High
	Greenhouse gases emission	11	High
	Raw material management and selection	12	Medium
	Sewage management	13	Medium
	Supplier environmental assessment	14	Medium
	General waste recycling and management	15	Medium
	Identify and mitigate transformation risks	17	Low
	Environmental impact	17	Low
	Water use and conservation	18	Low
	Identify and mitigate physical risks	19	Low
	Social	Product quality assurance	1
Employment standards		3	High
Customer privacy		5	High
Occupational health and safety		5	High
Product marketing and labelling		5	High
Training and development		7	High
Customer health and safety		8	High
Compliance with social and economic laws and regulations		8	High
Labour standards		9	High
Supplier social assessment		16	Medium
Diversity and equal opportunity		20	Low
Non-discrimination		21	Low
Community involvement	22	Low	
Economic	Direct economic performance	2	High
	Anti- corruption	12	Medium
	Indirect economic performance	13	Medium
	Procurement practices	17	Low
	Anti-competitive behaviour	17	Low
Sustainability	Strengthen the executive capacity of the Sustainability Committee in managing related work and risks	10	High
	Sustainability development framework	10	High
	Sustainability goals	11	High
	Ongoing communication channels with all stakeholders	14	Medium
	Disclosure of stakeholder views and group responses	16	Medium

## 6. Sustainable Value Chain

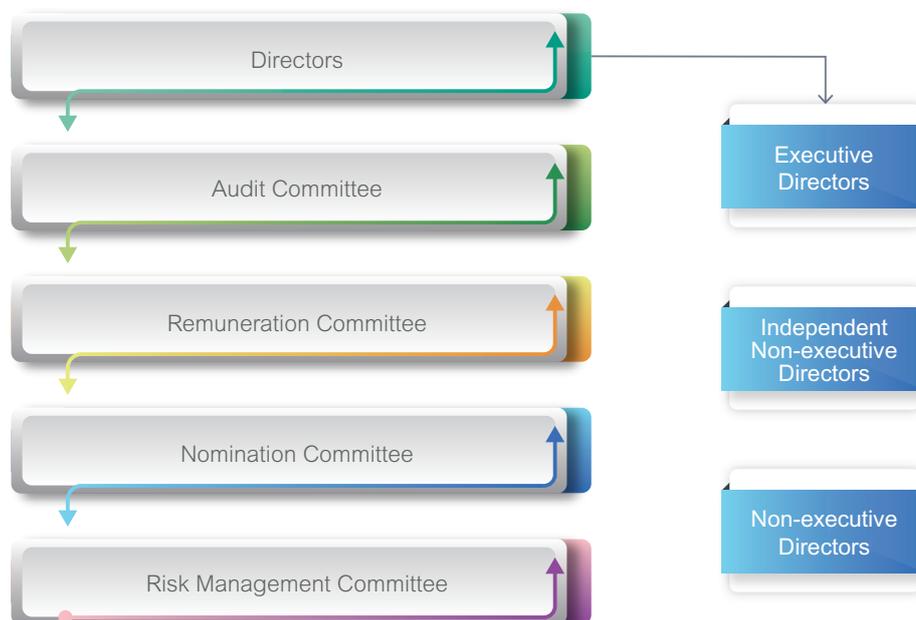


A sustainable value chain has a vital impact on the stability of D&G's business operations. As such, D&G places great emphasis on several factors that contribute to a sustainable value chain, including setting concrete objectives, managing risk, promoting business integrity and transparency, implementing procurement and quality assurance practice, understanding industry and market trends, and maintaining long-term cooperation with customers and business partners to achieve business success.

### Corporate managing and Sustainability Governance

The Group considers good corporate governance as the key to maintaining a sustainable value chain. With a top-down management approach, D&G formulates a comprehensive policy and supervision mechanism to develop a well-defined structure and division of labour among departments. The senior management, composed of the Board and the Chief Financial Officer, is responsible for reviewing the effectiveness of internal control systems and risk management methods, determining strategic business objectives, and identifying its operating departments, including sales and marketing, production, finance, engineering and customer service. Among the 12 senior management members, six of them are independent non-executive directors (the "INED") and non-executive directors (the "NED"). They advise on corporate governance affairs, such as major strategy development, performance, accountability, major appointments and transaction issues.

The Group's Sustainability Committee (the "Committee") centrally manages environmental and social issues to improve the efficiencies of decision-making and implementation of different issues. The Committee includes the Executive Director and General Manager, Marketing Centre, Deputy General Manager of the Production Centre, Deputy General Manager of the Control Centre, the Chief Engineer, and staff of the Technical Research Office. If the Committee encounters any economic problems, it can raise the issues with the corresponding departments. Besides, to facilitate the Committee's execution of specific planning and works relating to sustainability governance, the Committee has established a sustainable development working group to assist in implementing relevant measures.



### Risk Management

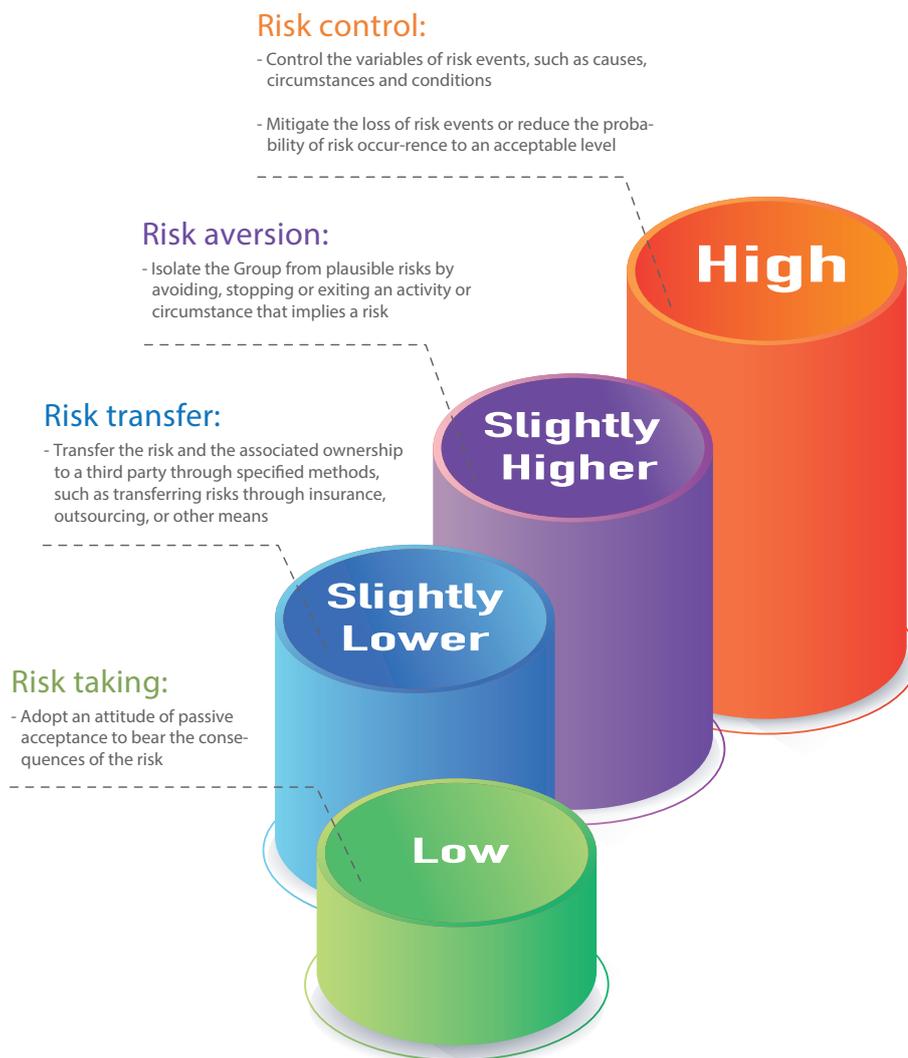
Any uncertainties that threatens or affects business development and goals are defined as risk by D&G, while risk management is one of the areas that the Group emphasises. The Group has formulated internal risk management policies and measures to prevent and control the identified significant risks, such as resource supply sustainability, overseas markets management, financial credit reliability, and environmental compliance.

## 6. Sustainable Value Chain



To avoid and reduce business operation risks, the Group considers operational, environmental, and social factors when making business decisions, to ensure its sustainability. In response to different types of risks, the Group uses its internal risk management system to conduct corresponding risk assessments. Based on the results of the analysis, the Group determines the risk level of the project (from high to low), and classifies the project in the risk database, which will be considered a risk-and-opportunity factor when making business decisions.

If a project is considered high-risk, the Quality Management Department (the “QM Department”) will implement and oversee the risk management measures of the entire project, in accordance with the initial assessment results and with the assistance of relevant departments. Overall, D&G has adopted the following measures in consideration of the probability of risk occurrence to reduce potential risks.



### Ethics and Integrity

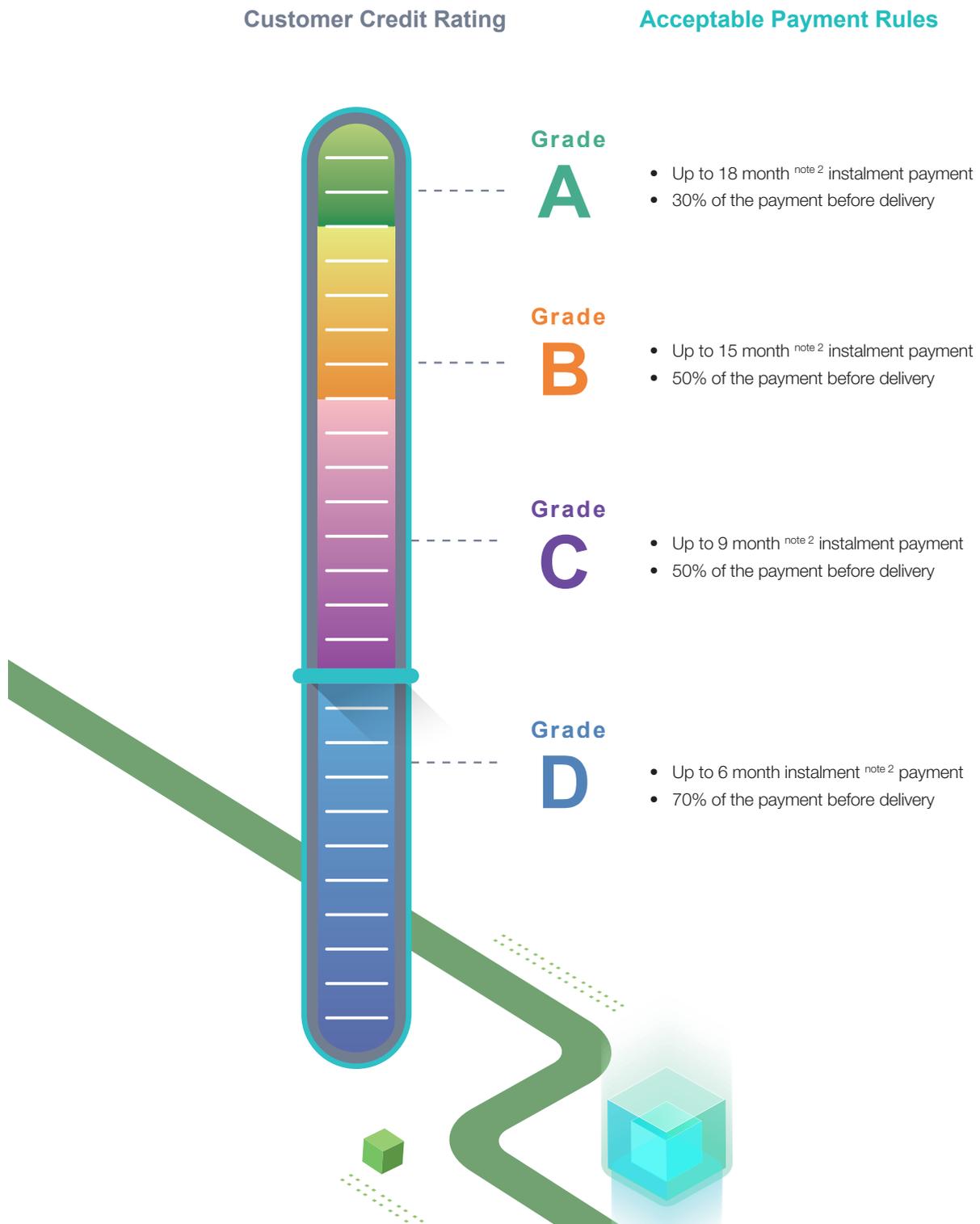
Good integrity and ethics are part of the core values of the Group. D&G encourages employees to be self-disciplined, through reward and punishment mechanisms and the establishment of relevant management standards. Employees are required to attend regular training to understand the importance of occupational ethics to the Group. With the assistance of the Legal and Compliance Department (the “L&C Department”), the Group has formulated policies to eliminate anti-competitive or monopolistic behaviour, and ensure that the Group’s operations comply with relevant laws and regulations. During the reporting year, the Group has complied with the regulations related to anti-competitive behaviour, anti-trust and monopoly practices.

On top of internal management, the Group also communicates the standards with external stakeholders, such as suppliers and business partners.

## 6. Sustainable Value Chain



D&G attaches great importance to integrity management between the corporate and customers. Having noticed long-term arrears affairs, the Group has reviewed its current customer credit policies and collection arrangements, as well as strengthened internal control procedures. As shown in the figure below, the Group's current credit policies mainly divide the customer credit ratings into four major categories:



Note 2: From the date of contract signing

## 6. Sustainable Value Chain



### Anti-corruption

The Group takes a zero-tolerance approach towards all forms of bribery and corruption and is committed to observing and upholding high standards of business integrity, honesty, fairness, impartiality and transparency in all its business dealings at all times. The “Anti-corruption Policy” provides guidance for all directors, officers and employees of the Group (collectively known as “employees”) on acceptance of advantage and handling of conflict of interest when dealing with the Group’s business.

Employees should not solicit or accept any advantage for themselves or others, from any person, company or organisation having business dealings with the Group or any subordinate, lavish or frequent entertainment, and intentional use of documents containing false information to deceive or mislead the Group, regardless of whether there is any gain or advantage involved. In addition, employees should avoid any conflict of interest situation. When an actual or potential conflict of interest arises, the subject employee should make a declaration to the Chief Executive Officer. The Group encourages and expects our business partners including suppliers, contractors and clients to abide by the principles of the Anti-corruption Policy. The Group’s zero-tolerance approach on bribery and corruption will, where appropriate, be communicated to clients, suppliers, contractors and business partners.

To ensure that employees are aware of the Group’s anti-corruption practices and remain vigilant against corruption risk, The Group provides regular anti-corruption training sessions. The content includes Business Ethics, Corruption Prevention, System Integrity Guidelines, and the Code of Conduct. To comply with laws, regulations and standards of conduct, which in the field of the Group business, two anti-corruption training sessions, each lasting two hours (i.e. in May and October) were conducted in the reporting year.

#### Number of Employees Participated in Anti-corruption Training

Month	May	October
<b>By Gender</b>		
Male	7	5
Female	15	13
<b>By Employment Category</b>		
Managers	8	7
Frontline and general staff	14	11

A total of 4 hours of anti-corruption training were conducted.

In addition, the Group established a “Whistleblowing Policy” to encourage the employees to report any suspected misbehaviours anonymously or in person, through designated channels such as mailbox, mailing address, telephone (fax) or email. In case of reported misconduct, the L&C Department would conduct an investigation and contact the complainant and the parties involved. Meanwhile, the confidentiality of sources will be ensured to protect whistle-blowers. Regardless of the findings of the investigation, the L&C Department shall inform the complainant about the results and evaluate the seriousness of the case. They will decide whether to have internal punishment or contact relevant authorities for handling. For fairness, if the relevant parties are not satisfied with the results, they could request reinvestigation and submit relevant and additional information. The L&C Department could ask for the confirmation from the senior management accordingly. If the case is confirmed, the complainant may receive monetary or administrative rewards according to the conclusion from the senior management.

Due to the Group’s strong commitment to business ethics, there were no corruption cases reported during the reporting year.

## 6. Sustainable Value Chain



### Operational Compliance

As a socially responsible company, the Group implements innovative and compliant operations. D&G establishes stringent management control departments, processes, and policies, where the compliance in economic, social, and environmental is regulated by the L&C Department. Among them, the Safety and Environmental Protection Department (the “S&E Department”) is responsible for supervising the environmental and safety performance, supporting compliance in environmental aspects, and responding to related updates by the government. The S&E Department is required to regularly receive relevant sustainable training arranged by the government, to ensure that the operation complies with the latest and relevant local laws and regulations.

The Group emphasises that product safety and usage are consistent with those described at the time of sales. To ensure that customers can safely use the product and understand the characteristics of the product, the Group provides sufficient and correct relevant information regarding the product’s safety. This includes technical data, drawings, and safety operation manuals, where detailed installation instructions or technical indicators are provided as well, to increase the convenience of customers when installing equipment.

During the reporting year, the Group did not violate any regulations regarding health and safety, information, logos, and marketing of products and services. Additionally, D&G has complied with and did not violate the laws and regulations on environmental, social, and economic aspects that were subjected to high fines and non-monetary sanctions. During the reporting year, D&G recorded no cases that was resolved by the dispute mechanism.

## 6. Sustainable Value Chain



### Quality Assurance

Product quality and performance are the cores of the Group's business. Through the practice of the circular economy concept, D&G invests in new technologies to improve product skills and performance, maintains stringent production supervision, improves resource efficiency and provides optimal quality. The Group has successfully obtained multiple international standard certifications, in recognition of its efforts in productivity efficiency and stable quality:

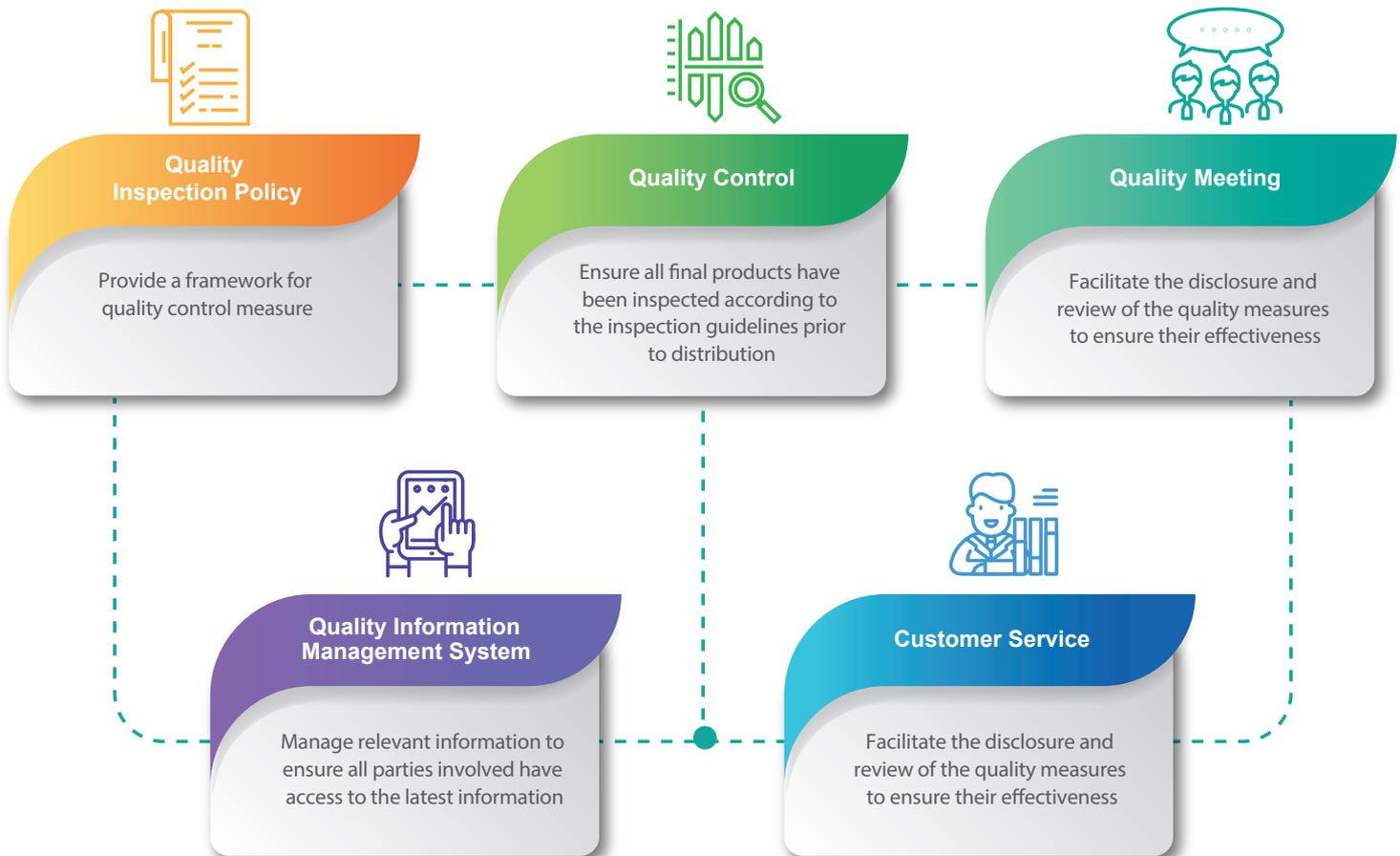


D&G attaches high importance to product safety and adheres to safety requirements. We ensure the products can operate properly in the country or the region of use. Prior to the commencement of production, the Group strictly complies with the standards of the country or region where the equipment operates and considers the impacts of the compositions of products on the environment and society. To secure the health and safety of the customers, D&G carries out quality inspections on all products following the CE and EAC certification standards. During the reporting year, D&G had no recalled sales or shipped products due to safety and health concerns.

## 6. Sustainable Value Chain



To ensure the stability of product quality, the Group has formulated quality assurance procedures and measures in accordance with the international standard ISO 9001:2015 Quality Management System:



The Group has appointed the Process Management Department to standardise the quality testing process. This includes preparing procedures and instructions for employees to carry out work in accordance with relevant instructions, where mass production can only take place after confirmation by the factory supervisor or inspector.

Each department has various quality management responsibilities. During the production process, the supervisor must supervise and ensure that the production process is under control, and seek technical support from the Process Management Department when necessary. The equipment must be regularly maintained and repaired to prevent production efficiency from being affected due to its failure. If the QM Department encounters any problems during the inspection process, it must promptly notify the Production Department to take prompt corrective measures. In addition, the Group arranges regular on-the-job training for employees to enrich their operational knowledge and enhance work efficiency.

The Group is committed to identifying and controlling defective products to ensure that the products delivered meet the specified standards. The Production Department is responsible to isolate and place the defective semi-products and products in the “Defective Products Area” first. Depending on the reasons, they are then repaired or handled by the QM Department or the Technology and Process Management Department. The repaired products shall be reassessed and confirmed by the QM Department. As for the scrapped products, the Production Department will place them in the waste area and recycle them as far as possible. Major cases will be discussed during the quality assurance meetings, hence developing improvement measures to avoid recurrence.

## 6. Sustainable Value Chain



### Protecting Data Privacy and Intellectual Property Rights

With respect to intellectual property rights, the Group bans the use of pirated software and clearly states that all employees are prohibited from downloading software on company computers without authorisation. By the end of the reporting year, D&G owned up to 203 registered patents and 27 software copyrights.

The Group prioritises protecting customer privacy. When the Group signs a contract with a customer, it must also attach a confidentiality agreement to prevent the leakage of customer data. The Group also regularly maintains information technology protection systems to prevent malware attack and data theft. During the reporting year, the Group was not aware of any material non-compliance and complaints about the violation of customer privacy violations.

### Sustainable Procurement

The Group has consistently developed new technologies and products. The R&D Centre, established in December 2017, assists in specifying the quality monitoring process, formulates technical standards for purchased materials, and provides technical data required for outsourcing. The R&D Centre also opens to the public and serves to educate the public on asphalt mixing plants produced by the Group, equipped with virtual reality tools to allow visitors to experience the production process of asphalt mixing plants.

D&G prioritises domestic and local suppliers to support the local economy and reduce the environmental footprint generated by transporting materials. D&G added a sustainable development procurement charter into its “Supplier Management Measures” in 2019, and increased the proportion of supplier management assessment’s environment, occupational health, and safety (“EHS”) to 10% in 2020. When signing standard contracts with suppliers, there are requirements for EHS clauses, which require suppliers to strictly adhere to national and company environmental and safety requirements during the supply process, take measures to protect the environment, minimize pollution, and strictly control the occurrence of safety accidents. D&G regularly interviews suppliers to ensure they share its sustainability vision. In terms of logistics of merchandise, D&G is devoted to gradually extending the coverage of our customer base and improving the domestic and international freight logistics systems. The Group also regularly evaluates the performance of logistics companies that are currently cooperating with and bidding, including their overall loading capabilities and integrated service levels. During the reporting year, the Group added 16 suppliers. Among a total of 153 suppliers, only 4 were overseas suppliers.

## 6. Sustainable Value Chain



In order to ensure the materials' quality and supply chain stability, the Group implements sustainable supply chain management through stringent control systems and policies. The Group has also allocated different departments to undergo risk and performance assessments:



D&G has implemented the sustainable procurement charter, which requires suppliers to consider factors such as the environment, social compliance, and ethics. In terms of basic requirements, the Material Supplies Department will consider the procurement standard and production requirement, and compare several factors, including materials quality, price, delivery date, packaging, after-sale service, and technical support. The Material Supplies Department selects several qualified suppliers for comparison.

Apart from basic requirements such as quality, price, and delivering capacity of the supplier's products, D&G evaluates the environmental, and EHS performance as well as the financial status of the suppliers in the procurement process. The Group has stepped forward to tighten the EHS requirements for suppliers, where they have to submit relevant documentary proof. For example, suppliers have to provide relevant qualifications and test reports to prove that a comprehensive EHS management system is in place to effectively control the sources of pollution and hazards on-site.

## 6. Sustainable Value Chain



Suppliers with higher scores are regarded as the major suppliers and are offered larger orders, whereas other suppliers are classified as low-priority and alternative. To ensure the sound performance of the major suppliers and give opportunities to the low-priority and alternative ones to improve, D&G reviews the supplier list by conducting yearly assessments of all suppliers. If the supplier fails the yearly assessment, it has to reply and provide an improvement plan within two working days after the release of the assessment results. Otherwise, it will be treated as acquiesced. The supplier with improvements made would then be re-assessed. To ensure the fairness of the review mechanism, the unqualified suppliers would be classified as alternative suppliers, yet they can still undergo annual reviews.

Apart from the Material Supplies Department, the QM Department is also responsible for the quality control of procured materials. If there is a major quality issue when conducting inspection, measurement, observation, and process verification, the QM Department shall issue a “Non-conformity Report”, and hand over the case to the Procurement Department for product return. If the “Non-conformity Report” is issued twice while the quality is not improved or maintained below standard, the Material Supplies Department shall conduct an emergency assessment, deal with the supplier and keep relevant records per the assessment results. D&G would terminate the cooperation with directly disqualified suppliers for at least two years.

During the reporting year, the Group has made paint barrel liners a standard requirement to prevent staining and reduce hazardous waste.

### Customer Service

For the Group, customer feedback is an opportunity to improve its quality control framework and measures and to prevent such problems from recurring. In this regard, D&G has established multiple communication channels for customers to voice out their opinion. The process for handling customer complaints is as follows:



To ensure continuous improvement of product quality and EHS issues, the Group has developed an assessment mechanism to review the job performance of the QM Department and the S&E Department. If the complaint is related to EHS requirements, the S&E Department would be responsible for verifying the relevant products and services and implementing the corresponding corrective measures, while the QM Department shall monitor the progress and effectiveness of various measures.

As for complaints regarding quality problems that have been found after delivery or after use, the Engineering Service Department will collect and handle them in a unified manner, and promptly report them back to the QM Department. The QM Department holds a quality meeting every two weeks, during which it formulates corresponding improvement and preventive measures based on the analysed data. Meanwhile, the Engineering Services Department negotiates with customers and reports progress to efficiently seek solutions that satisfy customers.

## 6. Sustainable Value Chain



In order to manage the needs of customers effectively, the Group has divided the complaint cases into four general categories:

Type	Description	No. of Cases Received in 2022
General complaints	Customer complaints that can be easily resolved through communication	588
Crisis complaints	Customer complaints that have a major impact on the Company's image and brand	0
Major complaints	Customer complaints that have a potential impact on the Company's image and brand	3
Invalid complaints	Customer complaints that are caused by misunderstandings	4

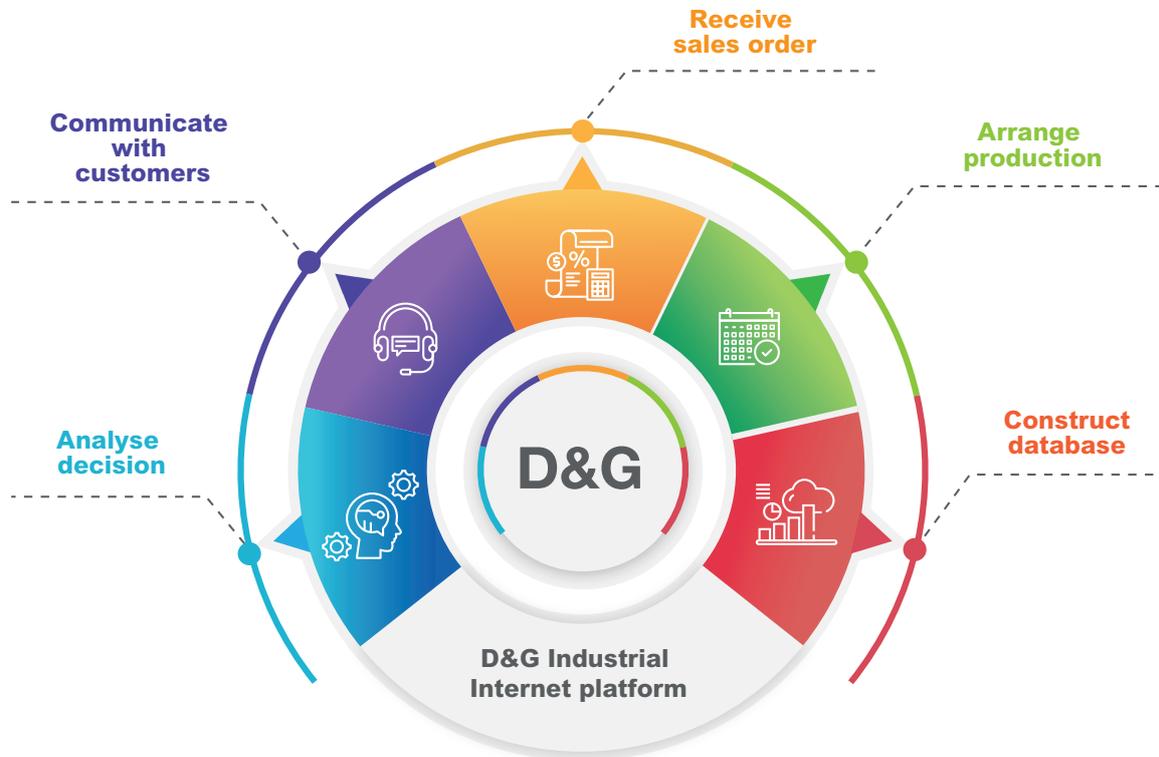
During the reporting year, the Group received product and service complaints relating to minor accessory failures. The Group has a comprehensive complaint-handling mechanism. Concerning complaints filed by customers, the Group was aware of the incident in a timely manner and explained it clearly to customers. Also, the re-delivery of accessories and compensation were arranged. All relevant departments involved have also formulated preventive and corrective measures to prevent similar problems from recurring.

Given the drastic increase in demand for customised service, the Group has established an industrial Internet platform to improve the efficiency and quality of customer service and ensure customer satisfaction. The platform is a self-built industrial Internet cloud platform for enterprises, providing services of asphalt mixture production, management, data statistics, decision analysis, and information communication. The Group expects that the industrial Internet platform will generate direct service revenue of more than RMB 5 million, indirectly promote the growth in spare parts revenue of more than RMB 7 million, and improve equipment availability for customers by more than 10%. Moreover, the material loss is expected to be reduced by 3% to 5%, if calculated based on the output of each equipment of 200,000 to 400,000 tonnes/year, which can save 2-3 million tonnes of raw materials and save RMB 240 million in material costs. The initiative helps to promote effective coordination of all stages during the production process and to reduce material loss, and assure product quality.

## 6. Sustainable Value Chain



D&G industrial Internet Platform:



Note 3: Overseas suppliers refer to suppliers located outside of Mainland China

Note 4: Local suppliers refer to suppliers located in Mainland China

## 6. Sustainable Value Chain



### Industrial Partnership

D&G has been working hard to maintain sound industry partnerships, cooperate with different professional scientific research institutions, and become members of different professional associations and institutions. This enables D&G to share the sustainable development operation model of its business, keep up of the industrial trend, and strive to promote the green development of the industry:



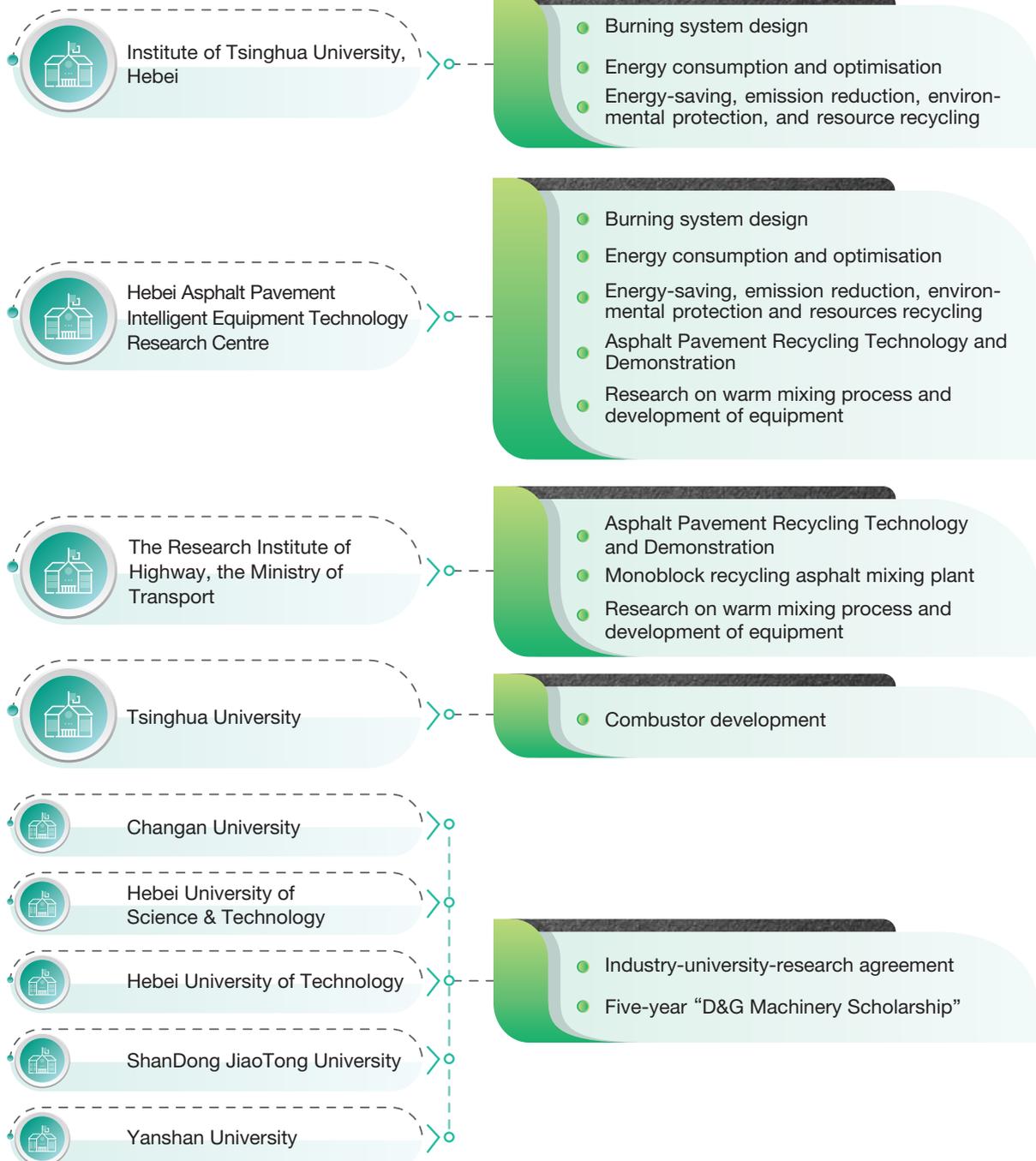
## 6. Sustainable Value Chain



### Partner Organisations



### Partnership Projects



## 6. Sustainable Value Chain



Policy	Objective of 2022	Target of 2022	Progress of 2022	Strategy of 2023	Objective of 2023	Target of 2023
<ul style="list-style-type: none"> <li>Strive to implement sustainable measures by considering ESG factors</li> </ul>	<ul style="list-style-type: none"> <li>Using leftovers during the production process</li> </ul>	<ul style="list-style-type: none"> <li>Redesign the hot mix storage bin of DG3000 series to save 10 tonnes per set of steel consumption</li> <li>Usage of leftover bits and pieces of at least 15 tonnes in 2022</li> </ul>	<ul style="list-style-type: none"> <li>Utilize 16.55 tonnes of scrap and leftover materials throughout the year.</li> </ul>	<ul style="list-style-type: none"> <li>Consider sustainability in the design and procurement of product raw materials</li> <li>Save on steel usage during the production process by utilizing scrap and leftover materials</li> </ul>	<ul style="list-style-type: none"> <li>Save on raw material usage</li> <li>Fully utilize scrap and leftover materials</li> </ul>	<ul style="list-style-type: none"> <li>Reduce steel usage by at least 10 tonnes per set of new series mixing equipment through design improvements.</li> <li>Utilize at least 10 tonnes of scrap and leftover materials throughout the year.</li> </ul>
<ul style="list-style-type: none"> <li>Strive to reduce the consumption of natural resources</li> </ul>	<ul style="list-style-type: none"> <li>Replace gantry crane lighting with LED Lights</li> </ul>	<ul style="list-style-type: none"> <li>Save 8,000 kWh of electricity annually</li> </ul>	<ul style="list-style-type: none"> <li>Save 6,900 kWh of electricity throughout the year.</li> </ul>	<ul style="list-style-type: none"> <li>Procure and use more energy-efficient products and services that support sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce emissions from gasoline-powered vehicles.</li> </ul>	<ul style="list-style-type: none"> <li>Purchase 1-2 new energy-electric vehicles for company use.</li> </ul>
<ul style="list-style-type: none"> <li>Strive to reduce factor pollutant emissions</li> </ul>	<ul style="list-style-type: none"> <li>Grid-connected photovoltaic power generation</li> </ul>	<ul style="list-style-type: none"> <li>Annual emission reduction for the country: 970.4 tonnes of carbon dioxide; 389.32 tonnes of standard coal; 264.76 tonnes of smoke and dust; 29.2 tonnes of sulfur dioxide; 14.6 tonnes of nitrogen compounds</li> </ul>	<ul style="list-style-type: none"> <li>Complete installation and successfully connect to the power grid for electricity generation by September 2022.</li> </ul>	<ul style="list-style-type: none"> <li>Optimize factory spraying process</li> <li>Adjust the painting process and adopt a method of reducing one layer of primer spraying for some products.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce Volatile Organic Compounds (VOC) emissions</li> <li>Save energy and reduce consumption</li> </ul>	<ul style="list-style-type: none"> <li>Reduce VOC emissions by at least 3 tonnes throughout the year.</li> </ul>
<ul style="list-style-type: none"> <li>Strive to enhance suppliers' awareness of sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>Further enhance supplier awareness of sustainable development; understand carbon peak and carbon neutrality</li> </ul>	<ul style="list-style-type: none"> <li>Training to enhance knowledge on sustainable procurement, "Carbon Peak and Carbon Neutral" in 2022, plan to involve more than 50% of suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Implement sustainable procurement policies with 20 large-scale suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Encourage suppliers to strengthen the intelligence and digitization of their products, improve the degree of automation, and reduce the need for human resources.</li> </ul>	<ul style="list-style-type: none"> <li>Consider the level of automation when evaluating supplier management.</li> </ul>	<ul style="list-style-type: none"> <li>The level of automation will be considered when evaluating new suppliers starting in 2023</li> </ul>
<ul style="list-style-type: none"> <li>Strive to minimise the sustainability risks and impacts of our products and services</li> </ul>	<ul style="list-style-type: none"> <li>Continue to operate the "Risk Identification, Evaluation, and Response Measures", minimise procurement sustainability risks and impacts.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to operate the "Risk Identification, Evaluation, and Response Measures"</li> </ul>	<ul style="list-style-type: none"> <li>Maintain the effective operation of "Risk identification, Assessment, and Measures".</li> <li>EHS requirements have been added to 90% of procurement contracts.</li> </ul>	<ul style="list-style-type: none"> <li>Use risk management tools in the procurement process.</li> </ul>	<ul style="list-style-type: none"> <li>Successfully implement the "Risk Identification, Assessment, and Response" plan to minimize sustainable procurement risks and impacts.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to operate "Risk Identification, Assessment, and Response Measures" effectively in 2023.</li> </ul>

By implementing the above measures, D&G desires to not only create a more stable supply chain but also to bring positive impacts on sustainable operation and awareness of suppliers. Anticipating that the requirements of business partners and customers for products and services will be increasingly strict, D&G will continue to maintain close relationships with suppliers to ensure their qualities will align with the latest requirements and standards.

## 6. Sustainable Value Chain



In this reporting year, the Group's efforts have been recognised by various institutions and obtained relevant certifications:

Month	Award	Organiser/Organisation
3	5 Years+ Caring Company 2021/2022	The Hong Kong Council of Social Service
4	Outstanding Contribution Private Enterprise in Municipal Economic Development 2021	Private Economy Leadership Group of Langfang City
4	Langfang City Epidemic Prevention and Control Caring Enterprise	Langfang Municipal Bureau of Industry and Information Technology, Langfang Red Cross
8	Outstanding Cooperative Enterprise	China Railway 14th Bureau Group Co., Ltd.
8	Outstanding Asphalt Mixing Equipment Manufacturer	Shanghai Banghe Information Technology Co., Ltd
8	EcoChallenger	Federation of Hong Kong Industries, BOCHK
8	5 Years+ EcoPioneer	Federation of Hong Kong Industries, BOCHK
8	ESG Achievement Awards 2021/2022 - Outstanding ESG Company of the Year (Listed Company) Gold Award	ESG Benchmark Institute
8	2021-2022 Outstanding Asphalt Mixing Equipment Manufacturer	2022 Green City Construction - The Seventh Asphalt Pavement Maintenance Technology Forum Organizing Committee
9	United Nations Sustainable Development Goals Hong Kong Achievement Awards 2022 - Accredited Organization Award	Green Council
9	Industry Gives Love and Care Certificate 2022 (5 years + awards)	Federation of Hong Kong Industries
9	Three system certificate	Fangyuan Logo Certification Group
11	2022 D&G Machinery T50 Construction Machinery Application Case	Global Construction Machinery Top 50 Summit Organizing Committee
11	DGX Single Product International Leading Award	Global Construction Machinery Top 50 Summit Organizing Committee
11	Special Contribution Award for the Industry of Monoblock Recycling Plant	Global Construction Machinery Top 50 Summit Organizing Committee
11	2022 Top 10 Specialized Manufacturers of Construction Machinery in China	Global Construction Machinery Top 50 Summit Organizing Committee
11	2022 Global Construction Machinery Manufacturer (PLUS 50)	Global Construction Machinery Top 50 Summit Organizing Committee
11	2022 Yongqing County Enterprise New Product Excellence Award	Yongqing County People's Government
12	2022 Corporate Green Governance Award (Corporate Vision)	Green Council
12	Sustained Performance Companies (7 years consecutive excellence)	Green Council

The above awards have marked the success of D&G in promoting green development of the industry. The Group will continue its active participation in relevant activities, and execute an excellent governance system, shouldering the corporate mission of sustainable development.

## 7. Environmental Management



To build a sustainable society, the Group strives to incorporate the concept of sustainable development into business decisions and operations. In addition to compliance with environmental laws and regulations, the Group will integrate sustainability at every level to formulate and implement management strategies.



### Green Operation

As a responsible manufacturer of asphalt mixing plant, D&G has strictly complied with national laws, regulations, and standards in relation to air pollution, wastewater discharge, and waste.

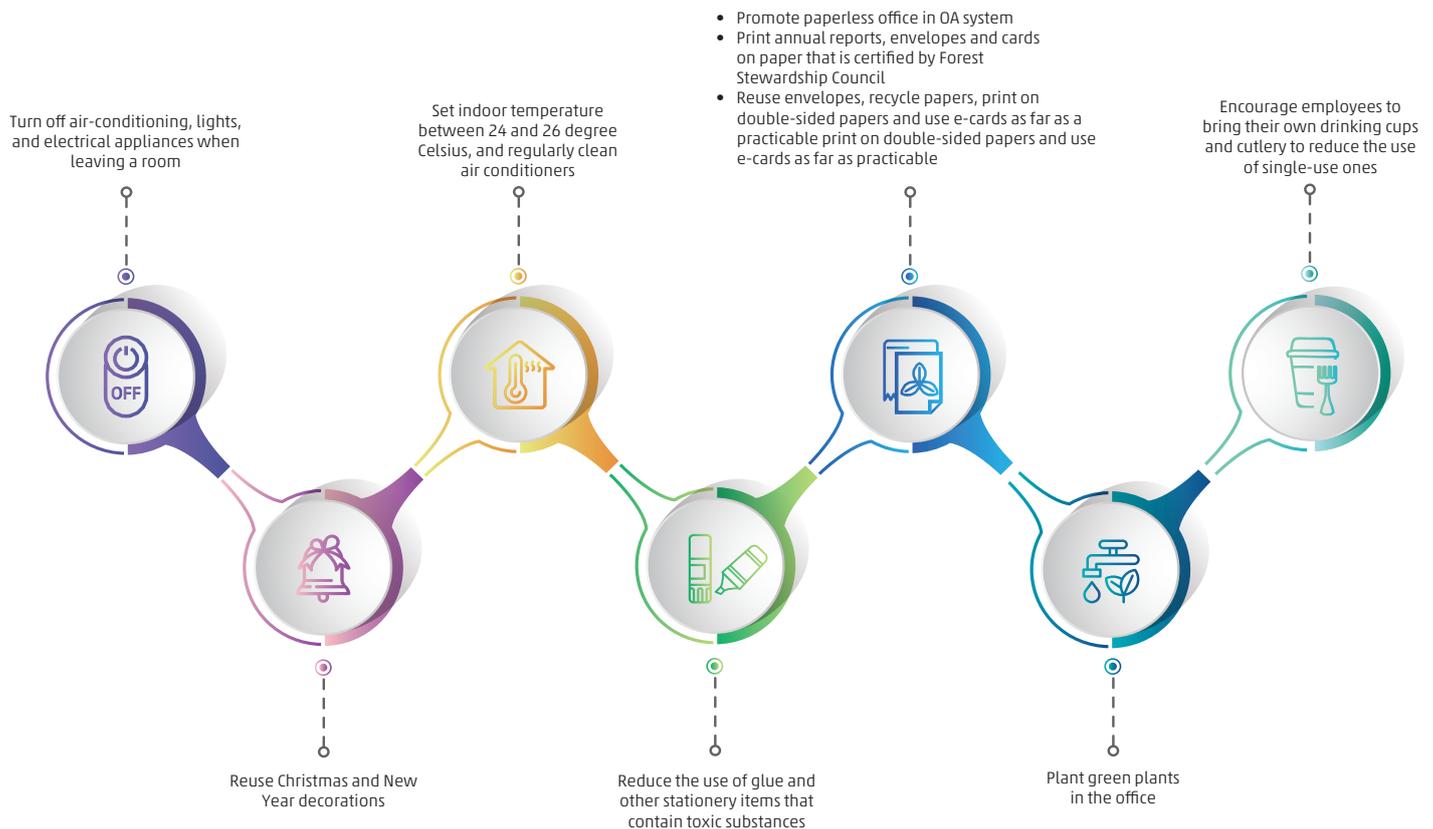
To lead asphalt road construction in practicing green production, the Group has strengthened its environmental management approach through ISO 14001:2015 Environmental Management System. The Group regularly reviews the effectiveness of current policies and implements relevant improvement measures, with continuous monitoring of environmental performances. With the aim to raise environmental awareness in the Langfang factory, the Group has established the following environmental manuals clearly for the employees:



## 7. Environmental Management



To build a sustainable society, the Group strives to incorporate sustainability into business decisions and operations. Apart from compliance with applicable laws and regulations, the Group advocates good environmental management to cultivate employees' green working culture, share information and strengthen internal and external communication. The Hong Kong headquarters office has implemented a green office policy to encourage employees to practice the following environmental commitments:



Meanwhile, the Group has added natural elements to the work environment, introduced green plants to facilitate the physical and mental health of employees. The green area in Langfang factory is approximately 9,493 m<sup>2</sup>.

Besides, the Group has set clear environmental management goals: 100% pass rate for environmental monitoring; 100% hazardous waste disposal rate; limit the number of violations of paint spraying facilities and welding dust equipment to less than 1; limit the number of production days affected by environmental or safety issues due to internal reasons to 0.

### Energy Consumption

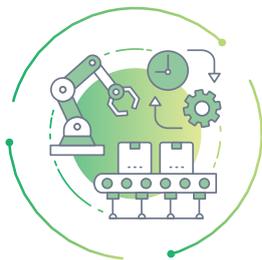
D&G's daily energy consumption includes the municipally supplied electricity for production, and the natural gas for factory boiler operation, heating, and cooking in the staff canteen kitchen. In terms of GHG emissions, natural gas consumption, and the Group's vehicles result in direct GHG emissions (Scope 1), while electricity consumption causes indirect GHG emissions (Scope 2).

## 7. Environmental Management



Recognising the urgency of the climate change issue, the Group has published the “Energy Conservation and Consumption Reduction Management Guidelines” to manage its energy consumption in order to enhance energy efficiency and mitigate climate change. The guidelines require employees of all departments to consider the environmental impacts when selecting the energy type and encourages them to prioritise energy-saving products. To achieve low carbon energy management, the Group has taken the following measures:

### Manufacturing operations



- Adopt smart meters for real-time energy management such as issuing an alarm signal if abnormal use is detected
- Apply industrial robots and computer control to improve operational efficiency and reduce energy consumption
- Use ground source heat pumps in research centers, utilising geothermal resources for heating and cooling purposes

### Manufacturing facilities



- Install variable frequency control for water circulation equipment in the factory
- Continuously replace more energy-efficient production equipment
- Use electromagnetic induction for preheating before welding
- Reduce the usage frequency of 37 welding machines
- Reduce the usage frequency of 17 welding dust collectors
- Conduct frequency conversions for 2 shot blasting machines in paint booths
- Conduct frequency conversion for No. 6 spray booth exhaust fans in paint booths

### Lighting



- Use sunlight panels in some buildings to make use of daylight and reduce the power consumption of the lighting system
- Replace traditional lamps in the factory with a more energy-saving and durable LED lighting system
- Install lighting switch systems in different zones for each department to control and manage the lights as needed
- Install voice command switch for some of the corridor lightings
- Replace all lighting of 108 staff dormitories with LED

The Group has appointed the S&E Department to collect and assess the monthly energy conservation performance of each production unit and department, supervising the actual effectiveness of their energy-saving measures. During the reporting year, the Production Department established several energy-saving measures to lower electricity consumption. These included replacing the lighting of the factory’s gantry cranes with LED lights, which resulted in an annual savings of 6,900 kWh of electricity. In addition, some areas of the workshop were cooled in the summer by replacing the high-power axial flow fans with industrial ceiling fans, resulting in an annual savings of 3,700 kWh of electricity.

## 7. Environmental Management



Energy Consumption	Unit	2022	2021
Electricity consumption 	MWh	2,569	3,995
	GJ	9,250	14,382
Electricity intensity 	MWh/RMB'M Revenue <sup>Note 5</sup>	7.44	9.31
Natural gas consumption 	m <sup>3</sup>	230,652	367,441
	MWh	2,514	4,005
	GJ	8,980	14,305
Natural gas intensity 	MWh/RMB'M Revenue <sup>Note 5</sup>	7.28	9.34
Total energy consumption 	GJ	18,230	28,687
Total energy intensity 	MWh/RMB'M Revenue <sup>Note 5</sup>	14.72	18.65
GHG Emissions	Unit	2022	2021
Scope 1: Direct emissions <sup>Note 6</sup>	tCO <sub>2</sub> e (tonnes of CO <sub>2</sub> equivalent)	499	796
Scope 2: Indirect emissions	tCO <sub>2</sub> e	2,413	3,756
Total GHG emissions <sup>Note 7</sup>	tCO <sub>2</sub> e	2,912	4552
Total GHG emissions intensity	tCO <sub>2</sub> e/RMB'M Revenue <sup>Note 5</sup>	8.43	10.61

Note 5: The Group's revenues for the years ended 31 December 2022 and 31 December 2021 were RMB 345 million and RMB 429 million, respectively.

Note 6: The Group's GHG emissions currently did not include those arising from its vehicles as relatively not material, D&G shall review the GHG emissions scope on a regular basis to enhance disclosure for future reports.

Note 7: The Group's total GHG emissions did not include other indirect GHG emissions (Scope 3) because they are insignificant to the Group's operations.

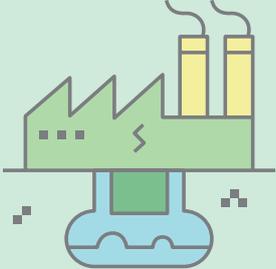
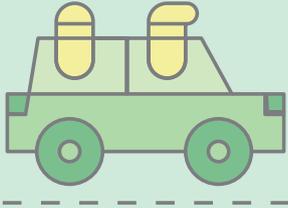
In respect of this, the Group plans to conduct energy management analysis by district and identify abnormal or high energy sources to monitor and formulate corresponding energy conservation measures.

## 7. Environmental Management



### Air Emissions

In order to reduce air pollution and create an ideal and healthy working environment for employees, the Group strictly controls the air emissions from its machinery manufacturing process and implements clean production. The air emissions discharged by the Group are mainly derived from production activities of the Langfang plant, including nitrogen oxides (“NO<sub>x</sub>”), sulfur oxides (“SO<sub>x</sub>”), and particulate matter (“PM”). According to the local laws, standards, and relevant requirements, the Group has set out “Air Emissions Management Guidelines” to facilitate the classification and management of air pollutants incurred by the manufacturing activities, and to provide guidelines for accurate monitoring of air emission concentration levels.

Types of Air Emissions	Air Emission Management	Monitoring and Auditing
<p>Air emissions from stationary sources (such as production equipment and natural gas boilers)</p> 	<ul style="list-style-type: none"> <li>• Air emissions must be treated properly prior to the discharge</li> <li>• Install Welding smoke dust removal purification devices, paint spray water curtain, and activated carbon adsorption devices to filter air emissions</li> <li>• Post relevant signs about emission restrictions at the chimney</li> <li>• Regularly maintenance and repairment of air emission and purification facilities are conducted to ensure their normal operation</li> </ul>	<ul style="list-style-type: none"> <li>• Third-party qualified environmental monitoring organisations are routinely appointed to measure exhaust emission levels according to emission standards</li> </ul>
<p>Air emissions from mobile sources (such as automobiles)</p> 	<ul style="list-style-type: none"> <li>• Air emissions of the factories' vehicles are monitored in accordance with the “Guidelines of Prevention and Control of Motor Vehicle Exhaust Pollution”</li> </ul>	<ul style="list-style-type: none"> <li>• Tests are carried out by inspection agencies of the local government as stated by relevant emission standards</li> </ul>

Based on the above management requirements, the S&E Department sets out relevant air emission policies that apply to the factories, and monitors air emission management of each department and manufacturing unit. The S&E Department also appoints qualified third-party environmental monitoring organisations to carry out a sophisticated assessment of air pollutants emission levels to ensure the emission standard is met. If illegal emissions occur, the S&E Department records the incident and proposes improvement solutions promptly.

## 7. Environmental Management



To encourage employees in each workshop or department to raise awareness of different air emission sources and corresponding pollutants and reduce air emissions, the Group is committed to adopting the following targeted mitigation measures:

	Source of Air Emissions	Mitigation and Management Measures
	Welding fumes	Extracted by the exhaust fan and treated by purifier
	Particulates generated from grinding wheel and shot blasting	Removed by pulse bag dust collector
	Metal dust	Removed by a central dust collector and reused
	VOC gas emitted from paint spraying	Treated by water curtain and carbon adsorption
	Cooking fumes from the cafeteria	Removed by fume purifier

Air Emissions	Unit	2022	2021
NO <sub>x</sub>	tonnes	0.23	0.30
SO <sub>x</sub>	tonnes	0.00	0.02
PM	tonnes	1.84	1.47

During the reporting year, the Group ensured that the emission of air pollutants from the Langfang base complies with legal requirements. The Group also improved its method of collecting atmospheric pollutant emission data, allowing for the collection of more data during the production process. The emission of particulate matter (PM) from electricity welding dust removal equipment and cutting machines has been included in the data collection starting from the previous reporting year. As a result, the measured concentration of PM has slightly increased this year, leading to a slight increase in PM emissions. Currently, the operating time is based on the actual operating time recorded by the production department.

The Group strives to achieve the goal of zero environmental hazards. The Production Department, for example, takes independent emission reduction measures when a heavy pollution alert is issued. The Group will continue to work to improve the emission system and contribute to the improvement of air quality and employee health.

## 7. Environmental Management



### Water Consumption and Wastewater Management

The Group recognised the importance of water resources. Thus, the Group has made extensive efforts to implement water-saving measures, to reduce water consumption at source in operation sites, and educate all departments to use environmental-friendly water equipment and products whenever possible. For instance, in some green areas, sprinkler irrigation replaces flood irrigation in a bid to enhance water use efficiency. According to the “Energy Conservation and Consumption Reduction Management Guidelines”, each department should use and install water equipment configuration according to actual conditions and needs, and carry out regular check-ups, maintenance, and replacement of the faucets and other water equipment to avoid water wastage. The Group does not consume a significant amount of water resources in daily operational and manufacturing activities, except the factory staff dormitory in Langfang has a relatively high water demand. Since the water is sourced from the municipal water supply services, there are no material issues in sourcing water.

Water Consumption	Unit	2022	2021
Water consumption	m <sup>3</sup>	18,009	20,211
Water intensity	m <sup>3</sup> /employee	52.2	53.0

During the reporting year, the Group saved water by controlling irrigation system in green areas to avoid unnecessary water and decrease of production tasks due to the epidemic. Hence, the water consumption and water intensity were decreased accordingly. The Group will observe the water consumption status of newly added workshops and green areas and reformulate appropriate water-saving measures.

In terms of wastewater, the Group strictly follows the national “Integrated Wastewater Discharge Standard”, which requires all sewage discharge departments to ensure the sewage flows into designated equipment or discharged through proper pipelines to avoid pollution of the neighbouring ecosystem.

In order to strengthen the management of wastewater discharge, the Group recovers, treats and recycle wastewater from the cleaning system in the painting workshop, and manages wastewater per operating procedures. To ensure that there is no leakage in the sewage treatment and collection system, the Group appointed the Administration Department to regularly monitor the operation of the sewage treatment equipment.

In addition, in order to further improve the management of sewage discharge, the S&E Department will arrange qualified third-party testing agencies to conduct annual inspections at the integrated sewage outlet of the factory, analyse the monitoring report, and identify areas for improvement. During the reporting year, the Group’s sewage discharge complied with the national emission standards.

### Waste Management

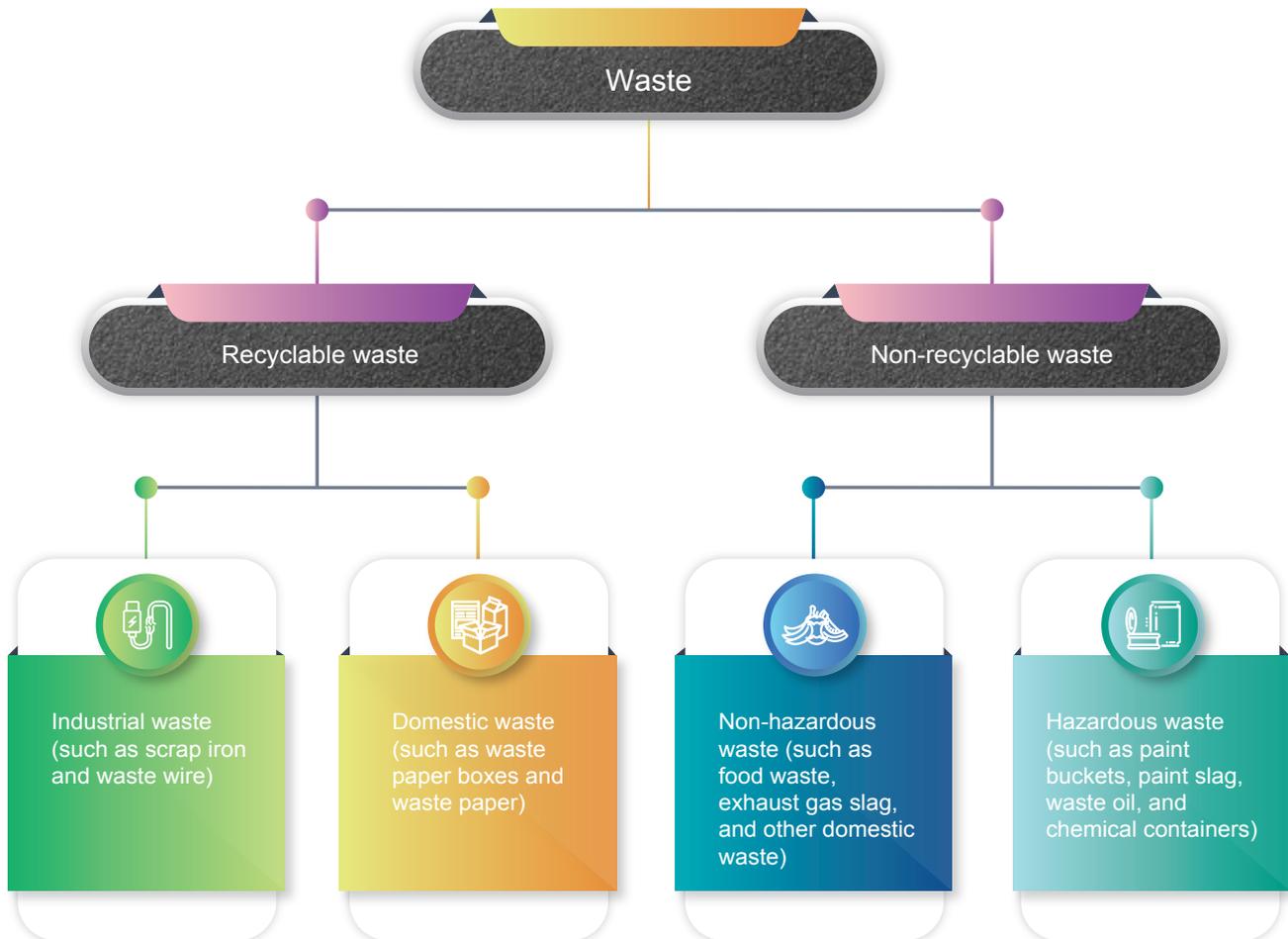
D&G places high importance on sustainable waste management and practices the spirit of ‘Use Less, Waste Less’ to improve resource efficiency. The Group uses the “4R” waste management approach, which refers to reduce, reuse, recycle and replace, for the implementation of waste management. D&G emphasises on resource efficiency, recycling and reusing steel, cable materials, packaging wood, and carton in the operation process as far as possible. The Production Department and S&E Department monitor and evaluate the effectiveness and safety of waste separation, and make recommendations to all departments accordingly. With the zero environmental hazard commitment, the Group achieved a 100% satisfactory rate in waste separation and required all hazardous waste to be handled by the S&E Department. The Group will provide regular training on hazardous waste disposal to raise employee awareness. The Production Department and S&E Department carry out daily monitoring. In case of violations, prompt actions will be taken.

The Group formulated the internal “Waste Management Guidelines” to provide employees with standardised procedures and guidelines regarding waste handling and thus facilitate sound waste management. The Guidelines aim at avoiding potential waste disposal risks to the Group and local communities while ensuring that production activities comply with national laws and regulations related to waste disposal. Each department shall assign a dedicated person to data on collect the waste generated by that department.

## 7. Environmental Management

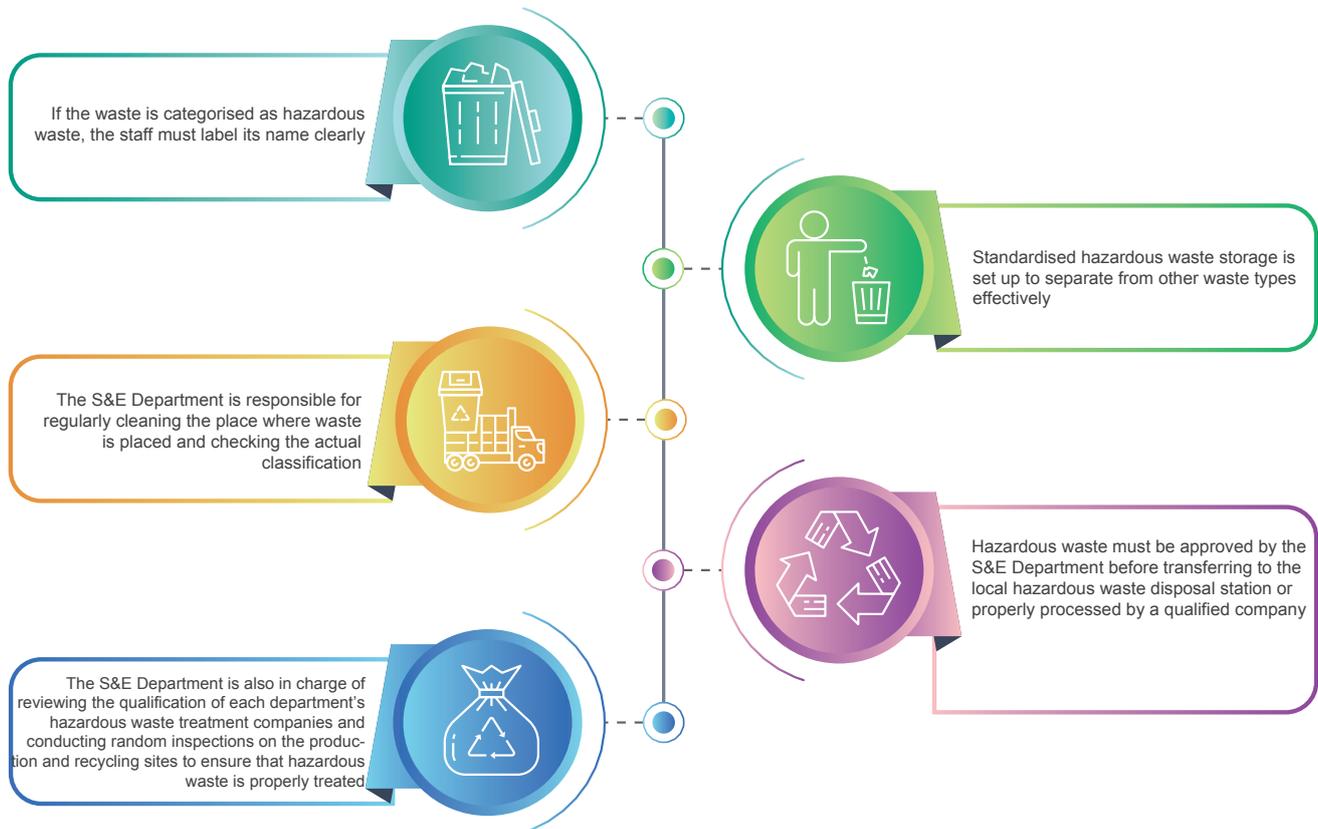


Waste generated are generally divided into two main categories, namely recyclable and non-recyclable waste:



Hazardous waste is a material environmental issue identified by the Group. Due to the nature of hazardous wastes that can cause work safety risks and affect the health of employees, the Group pays special attention to its proper disposal. Centralised storage and management of other non-recyclable waste were the responsibility of the Administration Department. Meanwhile, each department must reuse or recycle the waste generated from manufacturing as far as possible. For instance, the Group utilises the paint bucket flattening machine to flatten waste paint barrels to save storage space. During the reporting year, the Group added a new weighing spreader for waste oil drums in hazardous waste warehouses, which can accurately weigh hazardous waste when entering the warehouse, avoid weight errors during transfer, and improve hazardous waste management. The Group also lays filter cotton in the pit of the painting workshop for pre-filtration to avoid the generation of large amounts of hazardous waste. Besides, the Group made paint barrel liners a standard requirement to prevent staining and reduce hazardous waste. During the reporting year, all hazardous wastes were properly classified, transported, and disposed of locally.

## 7. Environmental Management



Waste	Unit	2022	2021
Total amount of hazardous waste	tonnes	37	80
Recycled steel	tonnes	112	208
Recycled paper	tonnes	10	12
Recycled wood	tonnes	32	54
Other recycled waste <sup>Note 8</sup>	tonnes	0	1
Total waste recycled	tonnes	154	275

Note 8: Other recycled waste refers to scrap iron foam and rust ash from the sandblasting workshop.

## 7. Environmental Management



		Amount (tonnes)	Percentage (%)
Recycled waste	Wood	32	21.04
	Steel	112	72.63
	Paper	10	6.33

Hazardous waste generation decreased during the reporting year as the Group promotes more environmental-friendly asphalt production methods with its eco-friendly recycling range. The amount of waste generated is greatly reduced, so the total amount of waste recycled is reduced accordingly. The Group will continue to strive to reduce the generation and recycling of waste, to reduce its environmental footprints.

### Material Use

To reduce the carbon footprint caused by material transportation and support the local economy, the Group prioritises local procurement and uses recycled materials to make fire-fighting sandboxes, dormitory water heater, bases, and brackets for CNC cutting machines. This makes daily operations more environmental-friendly and economically efficient, and reduces the need to purchase new raw materials. On top of the green procurement strategy, the Group has been focusing on the operating concept of the circular economy. Through reducing the use of resources, promoting product recycling, and reusing resources, resources are effectively used and waste generation is minimised.

Reducing waste at source is one of the Group's concepts on material usage. For manufacturing asphalt mixing plants, steel is a crucial raw material. Therefore, D&G uses renewable steel to minimise the environmental footprint from the use of steel. On the other hand, the Group uses an average of approximately 5.76 tonnes of gear oil annually, and recycles the used gear oil. The Group also selects reusable or recycled cartons and wood such as pallets and boxes in the production base, and packs them in batches as much as possible, which increases the number of items in each package to reduce the use of packaging materials.

By establishing a more accurate fixed-rate picking system, the Group strives to control the material used for each equipment to achieve the goals of saving RMB 11,000 in single production costs and reasonably using materials in stock for more than half a year. The Group would also optimise warehouse space to ensure the quality and safety of the materials. The Procurement Department and Finance Departments are responsible for the classification and management of the purchased materials, which are divided into four categories according to demand:

Material Types	Definition	Management Methods
A	Small variety and large amount of funds needed	Frequently audit inventory and accurately calculate the actual demand of materials to avoid excessive amounts or waste
B	Percentages of varieties and costs are approximately equal	Regularly audit inventory, comparatively less frequent than type A materials
C	Large variety and small amount of funds needed	Regularly audit inventory, comparatively less frequent than type B materials
D	Stagnant materials <sup>Note 9</sup>	Intermittently conduct an audit as compared to other types of materials

Note 9: Stagnant materials are defined as materials with little consumption and low inventory turnover

## 7. Environmental Management



Use of Materials	Unit	2022	2021
Total weight of material consumption	tonnes	1,473	1,648
Weight of renewable materials used	tonnes	36	55
Weight of non-renewable materials used	tonnes	1,437	1,593

During the reporting year, the renewable materials purchased by the Group included wood and cartons, while the non-renewable materials referred to steel. Since steel is one of the crucial raw materials for manufacturing the Group's asphalt mixing plant, its consumption accounts for a large proportion of the overall material usage. In addition, due to the epidemic during the reporting year, the volume of production tasks has decreased, so the consumption of steel has decreased. The Group will actively continue to study the solutions to reduce steel consumption, fulfilling its promise of green operation and optimising overall resource efficiency.

### Climate Change

Due to the irreversible impact of climate change on the Earth's ecology, various industries have announced carbon neutrality targets and will gradually transition to a low-carbon economy. The Group recognizes that its business will be affected by climate change phenomena such as rising temperatures, typhoons, and extreme weather. When planning and designing new projects, we will consider client risks and incorporate its impact into our business continuity plans. We have outlined climate-related risks by referencing the four core elements recommended by the Task Force on Climate-related Financial Disclosures (TCFD), which include governance, strategy, risk management, and metrics and targets.

### Governance

The Board has assessed the importance of identifying environmental, social, and governance risks and oversees the progress of environmental, social, and governance-related objectives and measures. The Board has established management policies and strategies for the Group's environmental, social, and governance matters and incorporates environmental, social, and governance considerations as part of its business decision-making processes.

### Strategy

Physical climate risks manifest in the form of extreme weather events such as heavy rain, floods, typhoons, and rising sea levels, which are characterized by higher frequency and intensity. These events pose a significant risk of operational disruptions, damage to production and operational facilities, and decreased productivity. They may also trigger secondary disasters, affect employee safety, and cause environmental pollution. In addition, rising average temperatures may increase the operating costs of the company, such as increased cooling water demand for equipment and air conditioning needs for offices. The Group will monitor extreme weather conditions, develop disaster emergency policies, and carry out facility upgrades to improve disaster protection levels.

Transition climate risk refers to the evolution of regulatory, technological, and market patterns resulting from climate change action. As the government has set carbon neutrality targets, the Group expects regulatory agencies to adopt stricter climate action measures, which may increase the Company's compliance costs for carbon emissions. In addition, the technological innovation involved in transitioning to a low-carbon and energy-efficient economy will increase the Group's research and development investment expenditure in clean energy, new energy, and emission reduction technologies. The Group is actively formulating management policies and strategies to address transition climate risk.

## 7. Environmental Management



### Risk management

The Group understands the importance of internal monitoring and risk management. Organized internal monitoring and risk management systems are closely related to the sustainable development of the enterprise. Therefore, the Board continues to monitor the internal monitoring and risk management system to identify climate change risks and opportunities and to enhance the resilience of the Group.

### Metrics and targets

As the potential impact of climate change on future business increases, the Group plans to enhance its low-carbon policies and performance. The Group is committed to reducing carbon emissions year by year and has already implemented multiple measures in daily operations to reduce energy, water, and material usage to achieve this goal. The Group will continue to implement more measures and take proactive action to achieve its targets.

### Environmental Initiatives

To raise employees' environmental awareness, D&G promotes environmental protection in production bases and the workplace. The Group expects employees to understand that everyone should contribute to building a sustainable society, and cultivate positive environmental values. Therefore, the Group takes an active leading role to participate in various environmental protection initiatives, to build a green living and working environment together.

### Earth Hour

On 26<sup>th</sup> March 2022, the Langfang production base and office participated in "Earth Hour 2022". All the non-essential lighting at owned properties, factories, offices and employees' homes were switched off for one hour from 20:30 to 21:30.

D&G has been participating in this event for the past 10 years, demonstrating its support for environmental protection with concrete actions. Many employees heeded the call to support the Earth Hour initiative to promote environmental awareness.



## 7. Environmental Management

### Hong Kong Green Day and World Environment Day

5<sup>th</sup> June is both the United Nations' World Environment Day and Hong Kong Green Day. D&G has been the event sponsor for 7 consecutive years. Ms. Glendy Choi, the CEO of the Group, attended the kick-off ceremony and encouraged employees to participate in the "Green Action" on the same day to show their support. The Group's production base in Langfang, Hebei Province also responded to environmental protection by conducting internal publicity, including posters and exhibition boards, and asking colleagues to sign a pledge to respond to environmental protection through their daily actions. In addition, an environmental knowledge quiz competition was organized to strengthen colleagues' awareness of environmental protection.



## 7. Environmental Management



### The 21st Eco-model Tournament

On 7<sup>th</sup> August 2022, Green Council held the 21st Eco-model Tournament at CIC - Zero Carbon Park. As one of the sponsors of the event, D&G was invited to attend and serve as one of the judges. Nearly 40 school teams participated in the tournament.



### Green Sense - No Air Con Night 2022

To promote sustainable development and raise colleagues' awareness of environmental protection, the Company supported and encouraged employees and their family members to register on the "No Air Con Night 2022" event webpage. They committed to not turning on the air conditioning on 7<sup>th</sup> October 2022 if the outdoor temperature is below 27 degrees Celsius, and promised to use air conditioning wisely. Headquarters had more than half of its employees supporting this event by pledging.



## 7. Environmental Management



### Green Run 2022

To further demonstrate D&G's dedication to environmental protection and charity, the Group once again participated in Green Run 2022 organised by the Green Council. This was the fourth time D&G participated in charity walk events, and the employees completed a total of 50 kilometers on 20<sup>th</sup> December, 2022, won the "Carbon Reduction Milestone" award and second runner-up in Corporate Team Race.



## 8. Health of the Community and Wellness of the People

D&G's employees and its operation sites play an important role in the sustainable development of the Group. Thanks to the support of different aspects of the community, together with the outstanding performance of every employee behind it, this helps drive the vigorous development of the Group. As a responsible company, the Group adheres to the people-oriented management policy to fulfil its corporate citizenship responsibilities, starts with the following important social issues, and strives to give back to society.



### Our Employees

#### Health and Safety

Over the past year, COVID-19 presented profound uncertainties for companies across the globe. The Group heeded local governments' COVID preventive measures to provide a healthy and safe working environment for employees.

Through adopting the safety management approach of "Safety First, Focus of Prevention, Integrated Governance", the Group has established safety production policies and measures, hence enhancing safety awareness in the workplace. Meanwhile, the Group has obtained ISO 45001:2018 Occupational Health and Safety Management Certification. To closely monitor the actual implementation and effectiveness of relevant policies and measures, the Group has internally established the Safety Leading Group (the "SLG"), which comprises of the President, production manager, and relevant department heads. The Production Department shall be equipped with a full-time (concurrent) safety production management personnel who is responsible for conducting employee education regarding safety production, and implementation of safety production supervision and inspection.

As part of the manufacturing industry, D&G pays specific attention to product safety at its Langfang factory, where production has been identified as the main occupation risk. Therefore, the Group strives to develop a safety culture in the production sites, in which the Group arranges regular safety training for the employees, including fire drills and relevant courses, explaining the occupational hazards and safety practices in detail. To eliminate occupational hazards, the Group allocates relevant equipment and provides personal protective equipment and labour protection products for staff, such as fire extinguishing equipment, goggles, and gloves.

## 8. Health of the Community and Wellness of the People



The Group has set safety production goals – zero major accidents of fire, explosion and chemical leakage; zero occupational diseases; 100% validity of the certificate for special operations personnel; limiting production days affected by environmental protection or safety issues due to internal reasons to less than 15 days. Under the safety management framework, each department of D&G cooperates with one another, comprehensively manages occupational health and safety, and thereby implements and oversees relevant measures effectively:

### SLG

- Manage daily production safety work, such as conducting safety inspections and monitoring
- Research and develop safe production technology and labour protection plan
- Investigate and handle work-related incidents
- Implement safe production emergency plans
- Review safe production planning and annual plan to set production safety targets
- Update all departments on national laws and regulations related to occupational health and safety



### S&E Department

- Standardise occupational risk identification and control processes
- Formulate safe risk management solutions or control plans
- Carry out regular safety inspections in the factory
- Confirm and implement relevant safety measures to comply with the relevant laws and regulations
- Update relevant policies in respect of business as well as the relevant laws and regulations
- Organise consultation and maintain communication with external organisations on safe production matters
- Implement occupational health check plans for employees



### Human Resources Department (“HR Department”)

- Organise safety education activities such as safety training and fire evacuation drill
- Report incidents to respective departments promptly and conduct follow-up investigations
- Establish communication with the Labour Administration Department of the local government



### Production Department

- Provide safe production training to employees
- Implement on-site supervision of safe production
- Execute various safety instructions of SLG



### Equipment Department

- Manage ancillary security facilities of various buildings and building measures of the Group
- Employ and communicate with qualified construction contractors
- Inspect various buildings and ancillary security facilities daily to ensure their normal operation



### Administration Department

- Ensure the safety of the Group’s drinking water and conduct water quality assessments from time to time
- Manage and repair air conditioning systems of offices and factories
- Formulate a contingency plan for food poisoning



### Engineers and Technical Staff

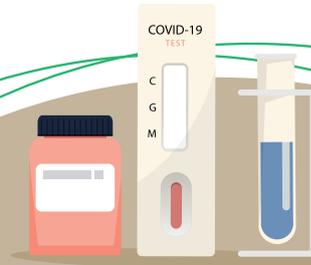
- Perform testing on safety technology and labour hygiene technology to ensure the safety, accuracy and stability
- Review and approve technical documents

The Group recognises that employees can develop occupational diseases at work, including pneumoconiosis, eye, ear, nose and throat diseases, and chemical poisoning. Therefore, to protect employee health and safety, the Group arranges annual body checks for employees before, during and after discharging their job duties. The S&E Department is responsible for distributing the results to the person in charge or employees themselves, forming occupational health summaries and keeping records. Without the approval of the management, the relevant information is not allowed to be borrowed or copied in a bid to protect the employees’ privacy. During the reporting year, the Group has not noticed any record of health issues related to occupational hazards.

## 8. Health of the Community and Wellness of the People



With the outbreak of COVID-19 during the reporting year, the Group has quickly adopted several mitigation measures to ensure the safety and health of employees and to ensure that the impact on business operations is minimized. Measures in response to COVID-19 include:



- Establish a leading working group for the prevention and control of COVID-19;
- Develop a pandemic prevention and control system and work plan;
- Maintain normal business execution through online communication;
- Provide anti-epidemic supplies include: work clothes, anti-smashing shoes, gloves, goggles, earplugs, masks, alcohol-based hand disinfectants, according to the different positions of the employees;
- Implement working from home for the employees and the employees were required to live in the factory and work during the period of traffic control due to the epidemic that happened in the location of the factory
- Disinfect and ventilate the company's office, production and living places twice a day with disinfectant;
- The production workshop is ventilated every day to maintain air circulation
- Suspend visits by customers in medium and high risk areas during the epidemic;
- Allow only factory entry after checking the health code and itinerary code and measuring the body temperature at the doorman office of visiting customers in low-risk areas;
- Require visitors to wear masks all the way into the factory, and the vehicles of visitors need to be disinfected before entering the factory;
- Implement prevention and control in areas such as canteens and dormitories to prevent crowds from gathering, maintain social distance and personal hygiene;
- Strengthen the health monitoring of employees before returning to work. Employees and family members can apply to return to the factory only if they have no fever for 14 consecutive days;
- For those who are suspected of COVID-19 and have close contacts, if they cannot arrange quarantine on their own for 14 days, the company will uniformly arrange quarantine in designated areas and formulate a management control system.



## 8. Health of the Community and Wellness of the People



### Talent Recruitment and Retention

D&G believes employees are its greatest assets, and they play a key role in its business success. The Group's human resources ("HR") management is rigorous, which includes recruitment, promotion, transfer, salary and benefits, and training development. D&G has formulated an internal employment policy that fully protects the rights and interests of employees. At the same time, the Group is also eager to attract, cultivate, and retain outstanding talents that are consistent with the Company's development philosophy, and grow together with D&G.

### Talent Attraction

D&G strives to foster a diverse and inclusive working environment that unlocks employees' potential. The Group adheres to the principle of "openness, equality, competition and basis of merits", to formulate equal opportunity and anti-discrimination employment policies to promote diversity in the workplace. Throughout the hiring process, the Group prohibits any forms of discrimination based on gender, disability, marital status, race, religion, age, nationality and sexual orientation etc.

Each new employee is assigned a two- to three-months probation. The corresponding departments shall provide the employees with unbiased comments based on their work performance including skills, job adaptability and work effectiveness. The results of these assessments are submitted to the General Manager to confirm whether the employees officially become regular staff of D&G.

In addition, D&G respects human rights. The Group promptly addresses human rights issues and provides solutions to prevent human rights violations. During the hiring process, the HR Department verifies candidates' valid identification documents, age and work permit to avoid forced or child labour. If child labour is discovered, the Group will immediately terminate the labour contract and support the individual to return to the school. The Group accepts other adult family members as a replacement to work until the child is qualified in age in order to lessen the financial burden of his/her family. In addition, if the child is confirmed to be sick or injured when the contract is terminated, the Group will arrange medical treatment for him/her at qualified medical institutions, and promise that all medical and living expenses during the medical treatment period would be covered.

In order to avoid the use of forced labour, the Group has specified a number of regulations in the internal code to protect employees' rights:

- No fees shall be charged to employees during the recruitment process
- Employees' identification documents shall not be detained
- Overtime working is only on employees' voluntary basis
- Employees' human rights such as using restrooms and drinking water in the workplace shall not be exploited
- Violence and threats shall not be allowed to force employees to work
- The management departments shall immediately stop illegal activities, implement accountability

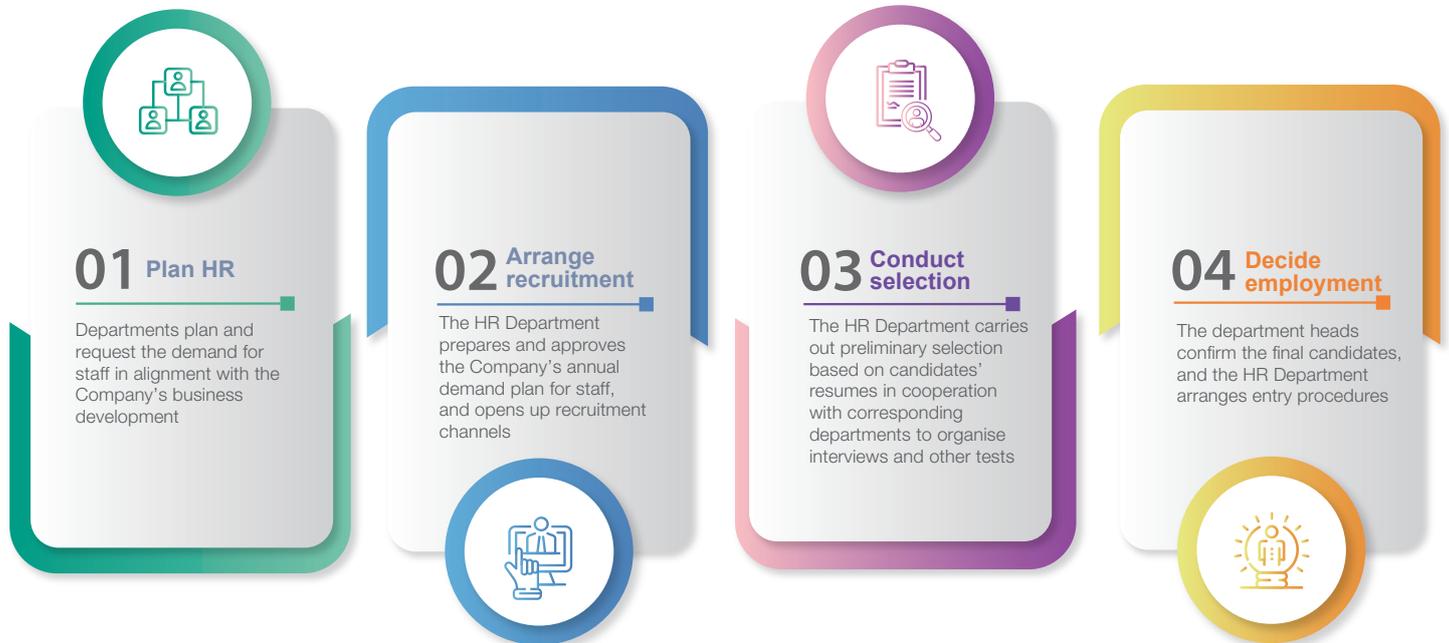
During the reporting year, D&G strictly complied with relevant labour laws and regulations and was not aware of any discrimination, child labour or forced labour cases.

According to the work development in the upcoming year, each department should prepare the annual HR demand plan. The HR Department then develops an overall recruitment plan and submits to the General Manager for approval. The general recruitment process is shown in the diagram below:

## 8. Health of the Community and Wellness of the People



### Recruitment Process



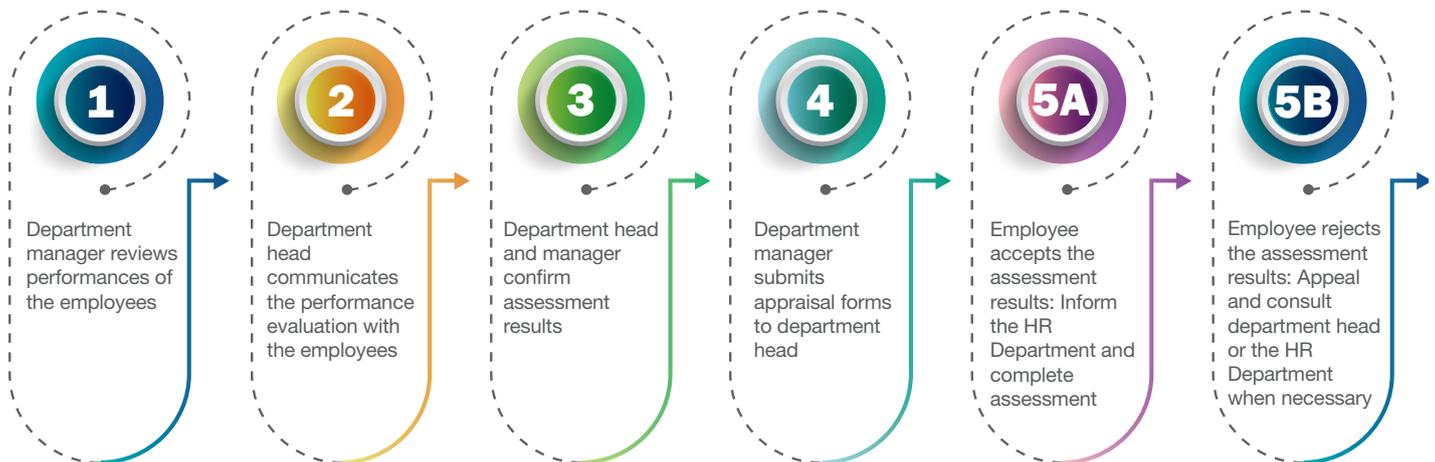
Supervisors of various departments conduct appraisals of existing employees to objectively evaluate their work performance in the past year, including work efficiency, coordination with the team, and work attitude. The Group will make corresponding salary adjustments based on the results of the review, and consider granting promotion opportunities.



## 8. Health of the Community and Wellness of the People



### Purpose of Annual Appraisal



### Employee Benefits

The Group strives to create a harmonious and friendly working environment. In accordance with local government requirements, the Group has ensured that employees receive due benefits, reasonable remuneration packages and other comprehensive protections. Since the Group's significant location of operation is based in China, its HR management is also mainly focused on these bases.

The Group provides the following benefits to the employees:



- o Provide communication subsidies to employees who need external communication
- o Provide cooling snacks and drinks that help prevent heat stroke to employees
- o Provide medical support to sick employees
- o Offer solatium to employees whose relatives passed away
- o Offer service awards to employees who served the Company for more than 10 years
- o Set up various sports venues and sports equipment in the factory

- o Offer social insurance and housing provident fund for employees
- o Provide dormitory or shuttle bus for employees in factory
- o Set up staff canteen in the factory
- o Offer presents or cash prize to employees as festival celebration
- o Enjoy national rest days and statutory holidays
- o Organise birthday parties and offer shopping vouchers for employees



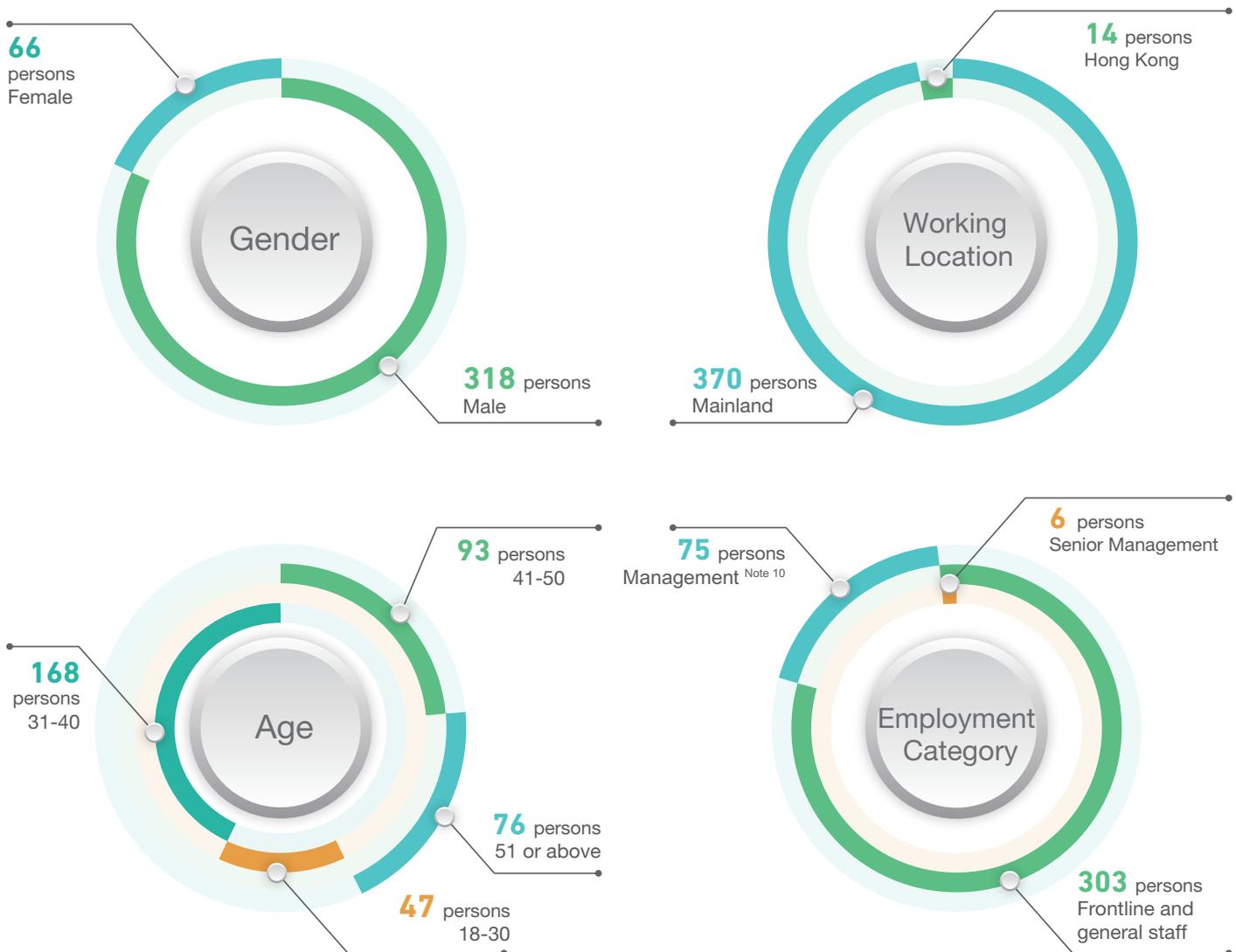
## 8. Health of the Community and Wellness of the People



In terms of remuneration packages, the Group provides reasonable remuneration to employees. The salary level of employees is formulated according to their job responsibilities, required qualifications and skills, labour and market factors, and following the principles of economy, legitimacy, comparability, and competitiveness. The Group also implements an overtime pay policy. All employees must first notify the manager and gain approval before working overtime, and obtain overtime payments according to the number of working hours extended. In addition, employees who have worked for more than a year can enjoy an annual bonus on a monthly basis, which commends and encourages employees for their dedication to D&G.

In respect of recruitment, transfer, resignation, assessment, training and internal communication, the Group takes mutual respect and protection of employees' rights as its primary principles. To minimise the impacts on operational efficiency, the HR Department to consistently monitor turnover data and evaluate the reasons behind so as to ensure effective turnover management.

Employee details:

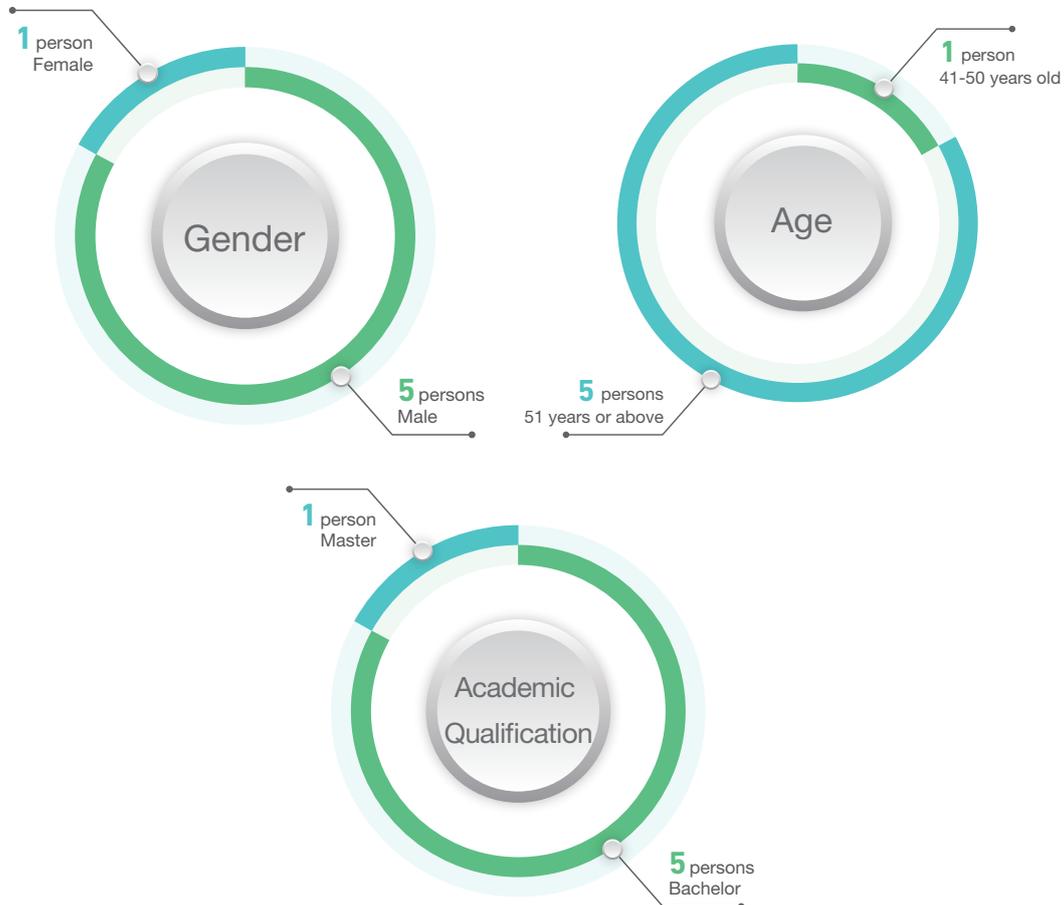


Note 10: Management refers to employees ranked "Manager" apart from the Group's Senior Management.

## 8. Health of the Community and Wellness of the People



### Senior Management <sup>Note 11</sup>:



Note 11: Senior Management refers to the Group's Executive Directors and Chief Financial Officer.

All employees in the reporting year were full-time and permanent.

In addition, the Group values the opinion and ideas of its employees and conducts annual employee satisfaction surveys to gain insights into their views on the company and work arrangements. As one of the stakeholders that understand the Group's business operations best, the valuable opinions of employees are an important factor in pushing D&G forward. After collecting the questionnaire results, the HR department would integrate the data and summarise the results, and submit suggestions to the management for careful consideration. If necessary, the Group will notify each department of the implementation of relevant policies and measures and cooperate with their implementation within a specified timeframe.

### Employee Satisfaction Survey

- o Assessment and salary adjustment
- o Division of labour and team coordination
- o Training and professional development
- o Internal communication and team spirit
- o Working environment and supporting facilities



## 8. Health of the Community and Wellness of the People

### Employee Cohesion

The Group also attaches importance to the physical and mental health of its employees and strives to help them to achieve work-life balance with rest. D&G focuses on establishing team spirit and tacit understanding between employees, provides them with a healthy and harmonious working environment, and enhances their sense of belonging. Meanwhile, the Group is also committed to providing employees with nutritious and balanced meals in the staff canteen set up in the factory. The Group's Corporate Culture Team organised a number of employee activities during the reporting year to promote healthy living:

### Earth Hour

During the "Earth Hour" event in 2022, various program planning and all personnel of the D&G Culture Working Group participated in the relevant preparations and successfully completed the event. This Year, employees participated in this program from their own homes or dormitories due to the pandemic,

On the evening of 26<sup>th</sup> March 2022 (Saturday), the members of the Corporate Culture Working Group actively participated in the WeChat call for every employee to come to the event, and every D&G person responded to the "Earth Hour" activity at home. It is not only D&G staff who are acting, but also affected our friends and families, demonstrating our commitment to the environment, as individuals and as members of the D&G community.



### D&G's Book Donation

To provide a good platform for learning and growth for employees, and to promote the common growth of all employees and the company, D&G organized the "D&G Mini Library" project to encourage colleagues to donate books. This initiative throughout the year, aimed to accelerate the creation of a learning-oriented enterprise.



## 8. Health of the Community and Wellness of the People



### 5<sup>th</sup> June Environment Day

On the morning of 2<sup>nd</sup> June 2022, D&G held the 5<sup>th</sup> June Environment Day theme publicity and signature activity in the lobby of the complex building. The staff of the corporate culture working group introduced the origin of the Environment Day to the employees and called on the employees to save energy, conserve water, and improve resources. Use, reuse, recycle and green travel and other environmental protection actions to create a green office, guide employees to sign on posters, etc., aiming to promote the green concept to all employees of the company, guide employees to respect nature and protect the environment, practice green production and lifestyle, and promote sustainable business and environmental development.



## 8. Health of the Community and Wellness of the People



### The 4th Table Tennis and Badminton Competition

From August to October 2022, the fourth table tennis and badminton competition of D&G was held. Based on the purpose of “happy exercise and happy work”, we created an atmosphere of national fitness and fight against the pandemic, and at the same time to cultivate employees’ self-confidence and team cohesion, to create a sunny, confident, vibrant and unyielding team. Throughout the competition, the players actively trained and worked hard, and the staff communicated and cooperated with each other. Although we also encountered a lot of troubles in the process, all the problems were solved by everyone’s tacit cooperation. After a period of more than a month, the third table tennis and badminton competition came to a successful conclusion.



### The Second “Leader Cup” Employee Knowledge Contest

To promote the building of a learning organisation, encourage everyone to improve and enrich their knowledge structure, enhance the professionalism of employees, cultivate the spirit of teamwork and positive attitude, and enrich the corporate culture, the corporate culture working group organised and held the second employee knowledge contest of “Leader Cup” of D&G from August to October 2022. The content of this knowledge contest question bank covers all kinds of knowledge involved in work and life of D&G corporate culture, product knowledge, safety and environmental protection, finance and taxation, quality standards, and comprehensive knowledge. The competition was organised over three months with a total of 45 players from 15 representative teams participating in the competition.



## 8. Health of the Community and Wellness of the People



### Employee Charity Donation Campaign

The Company organized an internal fundraising event, calling on all employees to actively raise funds for a colleague who is suffering from a serious illness and facing financial difficulties. The event was successful, raising over RMB80,000, which will provide support for the colleague's further treatment.



## 8. Health of the Community and Wellness of the People



### D&G Low-carbon and Healthy Walking

To enhance the cultural and leisure life of employees, encourage and motivate them to participate in sports and improve their physical fitness, the “Low-carbon and Healthy Walking” event was officially launched by D&G on 22<sup>nd</sup> October 2022. The event aimed to encourage employees to invest in their work and life with a healthy body and a positive attitude. A total of 146 employees participated in the event, covering a total of 6.8 kilometers. Employees participated in the event by walking, jogging, and sprinting, which not only exercised their bodies but also enhanced mutual understanding and communication.



### Environmental Photography Contest

The “Low-carbon D&G, Green Building the Future” Environmental Photography Contest was held from 1<sup>st</sup> July to 30<sup>th</sup> November 2022 and received active participation from all employees of the Company. A total of 152 photos were collected for the competition, of which 59 were selected for the semi-finals. After two rounds of professional judges and public voting, a total of 15 participants were awarded.



## 8. Health of the Community and Wellness of the People



### Training and Development

D&G values the personal professional development of employees, and encourages them to regularly enrich their knowledge and skills, to understand and keep up with changes in the industry. Therefore, the Group promises to provide employees with diversified and appropriate training opportunities and development plans, to stimulate their potential, improve the quality of employees, promote the steady development of business, and convey a sustainable corporate culture. To improve the overall professional level of employees, and formulate training strategies for the coming year, the HR Department is responsible for supervising, organising and implementing training plans. Besides, the Group would carry out an annual survey on employees' training needs based on the "Employee Training Management Guidebook", and evaluate the training plans provided by all departments to construct training strategies for the upcoming year. In order to ensure the effectiveness of the training, the HR Department assesses the employees' training outcomes and effectiveness through different assessment methods, such as written tests or live demonstrations. The HR Department also distributes questionnaires to participating employees after each training to collect feedback and takes it as a reference for the improvement of future training plans.

Based on the training needs of employees and their positions, the Group provides suitable, wide-ranging and diversified training programs:

#### Value training:

Convey the Company's strategy, behavioural norms, occupational ethics and values, and increase employees' working motivation

#### Job skills training:

Provide standardised training corresponding to job duties and improve employees' skills in process and operation

#### Professional knowledge training:

Enhance professional knowledge and skills training related to employees' positions

#### Management training:

Provide management knowledge and idea training for the employees with management potential, enabling them to understand the Company's development goals and business strategies

In order to provide comprehensive training resources, the Group has formulated training strategies based on the following principles:



#### Focused:

Focus on meeting the needs of the Group's long-term development strategy and improving employees' business skills and comprehensive quality



#### Systematic:

Provide comprehensive and systematic training in line with the Company's overall development direction and employees' personal career development



#### Participative:

Encourage employees to participate in trainings



#### Applicable:

Emphasise the practicality of training and its added value to employees to ensure the effectiveness of training

## 8. Health of the Community and Wellness of the People



D&G's training plan is mainly classified into three categories, namely occupational health and safety, management and operation, and professional knowledge. During the reporting year, D&G has arranged a series of training programmes covering these areas:



Average Training Hours of Employee & Percentage		
	Average Training Hours (hr) <sup>Note 14</sup>	Percentage (%) <sup>Note 15</sup>
Each Employee	26.0	98
By Gender		
Male	28.6	84
Female	13.6	16
By Employment Category		
Senior management <sup>Note 12</sup>	46.2	2
Management <sup>Note 13</sup>	22.8	19
Frontline and general staff	39.7	79

Note 12: Senior Management refers to the Group's Executive Directors and Chief Financial Officer.

Note 13: Management refers to employees ranked "Manager" apart from the Group's Senior Management.

Note 14: The average number of training hours = the total annual training hours of this group of employee/the number of that group of employee

Note 15: Percentage = total annual training hours for this group of employee/total annual training hours

### Our Community

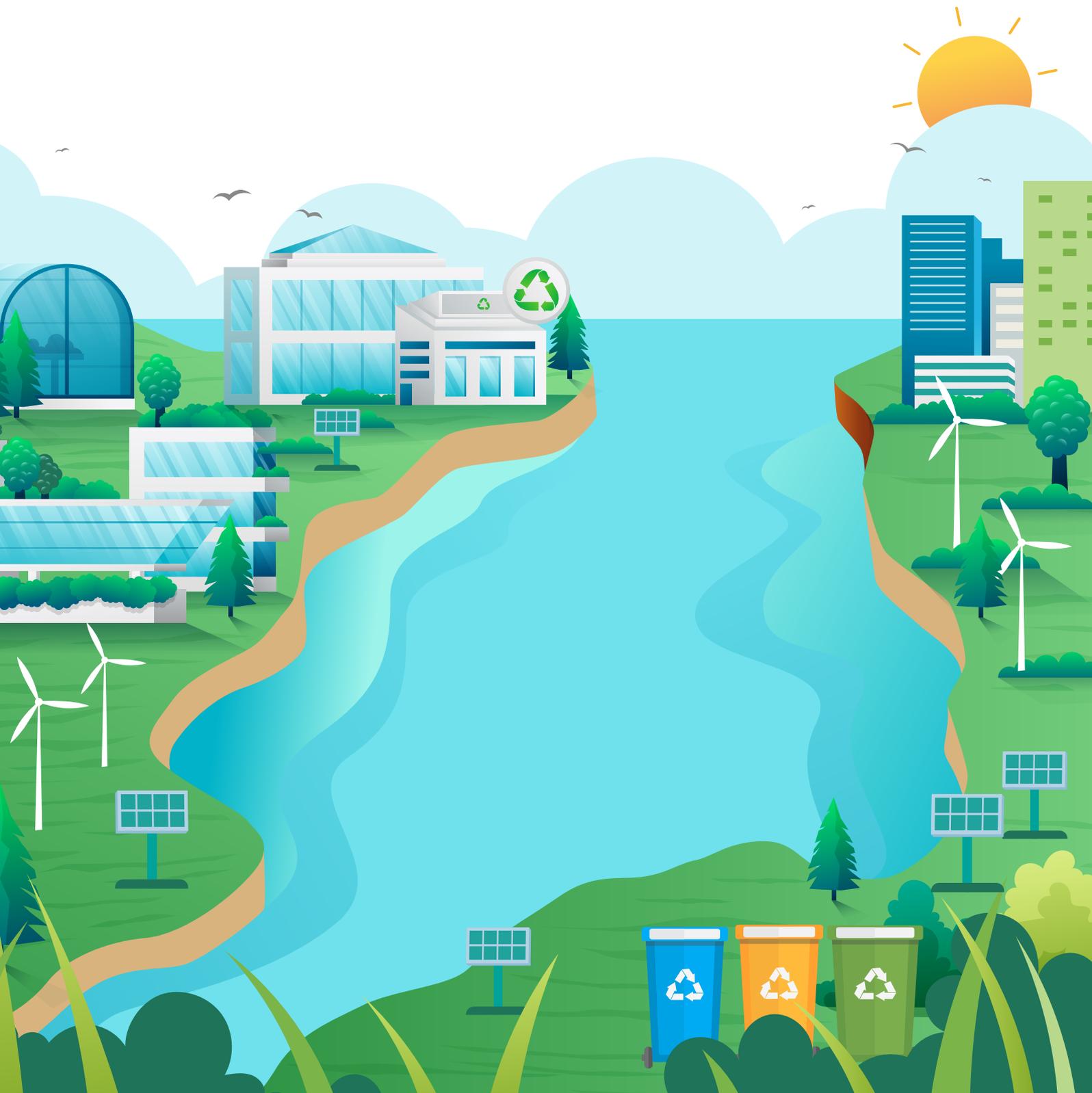
D&G's production business is inseparable from the community. Therefore, the Group is committed to taking social responsibility, and actively extending care from the supply chain and working environment to the community. In addition to environmental protection work, the Group focuses its resources on young people and disadvantaged groups. During the reporting year, D&G donated a total of RMB 98,333 of which RMB 60,000 was used for three university scholarships, RMB 30,000 was used for the anti-pandemic donation of the Langfang community, and HKD 10,000 (equivalent to RMB 8,333) was used for the anti-pandemic donation of the Hong Kong community. Another HKD 18,000 was contributed for activities that aim to build a sustainable society, and cultivate positive environmental values, such as Hong Kong Green Day, the 21st Eco-model Tournament and Green Run 2022. The Group will maintain active participation in community development and leverage its network and influence to carry out community investment projects as a fulfilment of its corporate social responsibility.

D&G continued the five years of "D&G Machinery Scholarship" with Yanshan University, Changan University and Hebei University of Science & Technology respectively, with an aim to reward students with excellent academic performance. ShanDong JiaoTong University was also added as a qualified university for the scholarship. In addition, the Group has also signed "Industry-University-Research Cooperation Agreements" with ShanDong JiaoTong University on top of other universities with the cooperation agreements, to jointly participate in the equipment appearance industrial design project. In addition, D&G provides an off-campus training base for Yanshan University, cooperates to build an industry-university-research demonstration base, and gives priority to accepting Yanshan University graduates for production training and employment, and recommends technical personnel and management backbones to Yanshan University as part-time teachers of Yanshan University.

## 9. Looking Forward



In the face of continuous challenges in the future, including the COVID-19 pandemic, political and economic turbulence, climate change crisis and other environmental issues, D&G will continue to conduct a comprehensive risk assessment and business planning, to adapt to the ever-changing market, and increase resilience against risk exposures. The Group will also uphold sound governance, and review relevant policies and management mechanisms to ensure effective and smooth operations. In terms of environmental management, the Group will continue to review the environmental requirements of suppliers, monitor their carbon emissions data, and strive to reduce the environmental footprint and business impact on the environment. Following the concept of circular economy, D&G expects to improve the working and living environment for employees and communities, create a more sustainable and valuable supply chain, and contribute to the SDGs.



# 10. Performance Table



## Environmental Performance

Indicator	Unit	2022	2021	2020
<b>Materials</b> <sup>Note 1</sup>				
Total weight of material consumption	tonnes	1,473	1,648	1,973
Use of non-renewable materials	tonnes	1,437	1,593	1,948
Use of renewable materials	tonnes	36	55	25
<b>Air Emissions</b> <sup>Note 2</sup>				
PM	tonnes	1.84	1.47	0.77
SO <sub>x</sub>	tonnes	0.00	0.02	0.00
NO <sub>x</sub>	tonnes	0.23	0.30	0.31
<b>GHG Emissions</b> <sup>Note 3</sup>				
Scope 1: Direct GHG emission <sup>Note 4</sup>	tCO <sub>2</sub> e	499	796	618
Scope 2: Indirect GHG emission <sup>Note 4</sup>	tCO <sub>2</sub> e	2,413	3,756	3,231
Total GHG emissions	tCO <sub>2</sub> e	2,912	4,552	3,849
GHG emissions intensity	tCO <sub>2</sub> e/RMB'M Revenue	8.43	10.61	10.16
<b>Energy Consumption</b>				
Electricity consumption	MWh	2,569	3,995	3,345
	GJ	9,250	14,382	12,043
Natural gas consumption	MWh	2,514	4,005	3,111
	GJ	8,980	14,305	11,110
Total energy consumption	MWh	5,083	8,000	6,456
	GJ	18,230	28,687	23,153
Energy intensity	MWh/RMB'M Revenue	14.72	18.65	17.04
<b>Water Consumption</b>				
Total water consumption	m <sup>3</sup>	18,009	20,211	20,051
Water intensity	m <sup>3</sup> /employee	46.9	53.0	49.9
<b>Hazardous Waste</b>				
Total hazardous waste	tonnes	37	80	92
<b>Non-hazardous Waste</b> <sup>Note 5</sup>				
Scrap steel	tonnes	0	0	0
Recycled materials	tonnes	154	275	534
Total non-hazardous waste	tonnes	0	0	0
Recycled non-hazardous waste	%	100	100	100

Note 1: Material consumption data has been disclosed since 2018 in accordance with the GRI standards. The Group did not use any recycled input materials, so the relevant data was not disclosed. The amount of the use of renewable materials and non-renewable materials have been corrected from 2022.

Note 2: Air emissions were calculated based on monitored concentrations and emission rates, and were calculated using dry gas flow and annual operating hours, respectively. The Group's air emissions did not include emissions of persistent organic pollutants, volatile organic compounds and hazardous air pollutants, as they are not material to the operation of the Group.

Note 3: The Group reported in accordance with the principles and methods of local and international carbon accounting standards. The direct GHG emissions (Scope 1) include GHG emissions from natural gas combustion owned or managed by the Group and were calculated in accordance with the GHG Protocol Tool for Energy Consumption in China (Version 2.1). The indirect GHG emissions (Scope 2) include the electricity purchased by the Group, the emission factors for electricity used in China was referenced to the 2019 China Regional Grid Baseline Emission Factor; for Hong Kong was referenced to the Hong Kong Electric Power 2021 Annual Report; The energy conversion factor for natural gas was calculated in accordance with China's CO<sub>2</sub> emissions accounting and reporting guidelines. The Group's total GHG emissions did not include other indirect GHG emissions (Scope 3) because they are insignificant to the Group's operations.

Note 4: Although the Group's GHG emissions currently do not include those arising from its vehicles as it is relatively not material, D&G shall review the GHG emission scope on a regular basis to enhance disclosure for future reports.

Note 5: Non-hazardous waste includes: scrap steel, wood and cardboard boxes. Since 2018, D&G has recycled all non-hazardous waste from the production process, so there is no data regarding the amount of non-hazardous waste disposal. Currently, the Group only discloses the amount of non-hazardous waste that is relatively material to its production. The Group is progressively upgrading the waste collection and data management system to enhance the disclosure of non-hazardous waste in the future.

## 10. Performance Table



### Social Performance

Indicator	Unit	2022	2021	2020
<b>Workforce</b>				
Total	No. of people	384	381	402
<b>By Gender</b>				
Male	No. of people	318	315	329
Female	No. of people	66	66	73
<b>By Employment Category</b>				
Senior management <sup>Note 6</sup>	No. of people	6	6	6
Management <sup>Note 7</sup>	No. of people	75	72	73
Frontline and general staff	No. of people	303	303	323
<b>By Age</b>				
18-30	No. of people	47	54	66
31-40	No. of people	168	162	168
41-50	No. of people	93	91	99
51 or above	No. of people	76	74	69
<b>By Working Location</b>				
Hong Kong	No. of people	14	14	14
Langfang	No. of people	298	295	315
Beijing	No. of people	27	27	29
Shanghai	No. of people	16	16	17
Guangzhou	No. of people	23	22	18
Chengdu	No. of people	5	4	5
Others <sup>Note 8</sup>	No. of people	1	1	4

## 10. Performance Table



Indicator	Unit	2022	2021	2020
<b>Senior Management Breakdown</b>				
<b>By Gender</b>				
Male	No. of people	5	5	5
Female	No. of people	1	1	1
<b>By Age</b>				
31-40	No. of people	0	0	0
41-50	No. of people	1	1	2
51 or above	No. of people	5	5	4
<b>By Academic Qualification</b>				
Bachelor	No. of people	5	5	5
Master	No. of people	1	1	1
<b>New Employee Hire Breakdown <sup>Note 9</sup></b>				
Total	No. of people	26	33	18
<b>By Gender</b>				
Male	No. of people	23	29	16
Female	No. of people	3	4	2
<b>By Age</b>				
18-30	No. of people	6	13	8
31-40	No. of people	16	16	8
41-50	No. of people	4	4	1
51 or above	No. of people	0	0	1
<b>By Working Location</b>				
Hong Kong	No. of people	0	0	1
Langfang	No. of people	23	31	16
Beijing	No. of people	0	0	0
Shanghai	No. of people	0	0	0
Guangzhou	No. of people	3	2	0
Chengdu	No. of people	0	0	1
<b>Employees Turnover Rate <sup>Note 10</sup></b>				
Overall	No. of people	23	54	52
	%	6.0	13.8	12.4
<b>By Gender</b>				
Male	No. of people	20	43	45
	%	6.3	13.4	13.1
Female	No. of people	3	11	7
	%	4.5	15.8	9.3

## 10. Performance Table



Indicator	Unit	2022	2021	2020
<b>By Age</b>				
18-30	No. of people	6	17	12
	%	12.0	28.6	15.5
31-40	No. of people	12	14	19
	%	7.3	8.5	11.2
41-50	No. of people	3	14	9
	%	3.3	14.8	8.7
51 or above	No. of people	2	9	12
	%	3.2	12.6	17.5
<b>By Working Location</b>				
Hong Kong	No. of people	0	0	1
	%	0	0	7.1
Langfang	No. of people	20	48	42
	%	6.7	15.7	13.0
Beijing	No. of people	0	5	3
	%	0	17.9	8.1
Shanghai	No. of people	0	0	1
	%	0	0	5.7
Guangzhou	No. of people	2	0	1
	%	8.9	0	5.3
Chengdu	No. of people	0	0	0
	%	0	0	0
Others <sup>Note 8</sup>	No. of people	1	1	4
	%	50.0	28.6	72.7

## 10. Performance Table



Indicator	Unit	2022	2021	2020
<b>Occupational Health and Safety</b>				
Total number of work-related fatalities	No. of incident(s)	0	0	0
Total number of injuries	No. of incident(s)	3	5	7
Injury rate per 1,000 employees	—	7.8	12.8	16.7
Lost day(s)	Day(s)	213	250	150
Lost time incident rate (LTIR) <sup>Note 11</sup>	—	0.8	1.3	1.7
<b>Training and Education</b> <sup>Note 12</sup>				
Topics	No.	142	170	137
<b>By Types of Topics</b>				
Occupational health and safety	Hours	52	93	50.7
Management and operation	Hours	56.5	182	110
Professional knowledge	Hours	176.2	432.5	97.5
All types	Hours	284.7	707.5	258.2
<b>Average Training Hours and Percentage of Employees</b> <sup>Note 13</sup>				
<b>By Gender</b>				
Male	Hours	28.6	23.7	26.5
	%	84	86	83
Female	Hours	13.6	20.4	32.0
	%	16	14	17
<b>By Position</b>				
Senior management	Hours	46.2	35.3	51.7
	%	2	4	1
Management	Hours	22.8	34.5	22.2
	%	19	26	19
Frontline and general staff	Hours	26.4	20.2	28.3
	%	79	70	80
<b>Geographical Location of Suppliers</b>				
China <sup>Note 14</sup>	No.	149	154	151
	%	97.4	97.5	98.1
Overseas <sup>Note 15</sup>	No.	4	4	3
	%	2.6	2.5	1.9
<b>Community Investment</b>				
Donations and sponsorships	RMB	113,333	18,000	55,654

## 10. Performance Table



- Note 6: Senior Management refers to the Group's Directors and Chief Financial Officer.
- Note 7: Management refers to employees ranked "Manager" apart from the Group's Senior Management.
- Note 8: Others refers to other cities in Mainland China and overseas countries including Pakistan, India and Thailand.
- Note 9: The Group has disclosed the breakdown of new employee hire since 2019.
- Note 10: The number of employee turnover and employee turnover rate are only applicable to full-time employees. The turnover rate is calculated as follows:  
Turnover rate =  $L/E * 100\%$   
L = Number of employee turnover in the reporting year  
E = (Number of employee at the beginning of the year + number of employee at the end of the year)/2
- Note 11: Lost Time Injury Rate (LTIR) - the ratio is the number of all fatal and lost working hours incidents multiplied by 200,000 working hours (equivalent to approximately 100 working hours per year) divided by working total hours.
- Note 12: In order to reflect the resources and efforts put into the overall development of employees, the Group has revised the strategy for employee training disclosure.
- Note 13: The Group has collected and analysed the average number of hours of training for employees by position since 2020.
- Note 14: Local suppliers refer to suppliers located in Mainland China.
- Note 15: Overseas suppliers refer to suppliers located outside of Mainland China.

# 11. Content Index



## HKEx ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<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.	7.1 Green Operation
KPI A1.1	The types of emissions and respective emissions data	7.3 Air Emissions; 10. Performance Table
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	7.7 Climate Change; 7.2 Energy Consumption; 10. Performance Table
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.5 Waste Management; 10. Performance Table
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.5 Waste Management; 10. Performance Table
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	3.2 Environmental Targets; 7.3 Air Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	3.2 Environmental Targets; 7.5 Waste Management

# 11. Content Index



## HKEx ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7.7 Climate Change; 7.2 Energy Consumption; 7.4 Water Consumption and Wastewater Management
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).	10. Performance Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	10. Performance Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3.2 Environmental Targets
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	3.2 Environmental Targets; 7.4 Water Consumption and Wastewater Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group does not directly use any packaging materials, therefore, related data is not disclosed.
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	7.7 Climate Change; 7.2 Energy Consumption
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7.4 Water Consumption and Wastewater Management; 7.3 Air Emission

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## HKEx ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	7.7 Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	6.2 Risk Management; 7.7 Climate Change
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (a) 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.	8.1 Our Employees
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	8.1 Our Employees; 10. Performance Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	8.1 Our Employees; 10. Performance Table

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## HKEx ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: (b) the policies; and (c) 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.	8.1 Our Employees
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	10. Performance Table
KPI B2.2	Lost days due to work injury.	10. Performance Table
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	8.1 Our Employees
<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.	8.1 Our Employees
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	10. Performance Table
KPI B3.2	The average training hours completed per employee by gender and employee category.	10. Performance Table

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## HKEx ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect B4: Labour 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.	8.1 Our Employees
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	8.1 Our Employees
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	8.1 Our Employees
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.7 Sustainable Procurement
KPI B5.1	Number of suppliers by geographical region.	6.7 Sustainable Procurement 10 Performance Table
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	6.7 Sustainable Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.7 Sustainable Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.7 Sustainable Procurement

# 11. Content Index



## HKEx ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<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.	6.5 Quality Assurance
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6.5 Quality Assurance
KPI B6.2	Number of products and services related complaints received and how they are dealt with.	6.5 Quality Assurance 6.8 Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.6 Protecting Data Privacy and Intellectual
KPI B6.4	Description of quality assurance process and recall procedures.	6.5 Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6.6 Protecting Data Privacy and Intellectual

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## HKEx ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
<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.	6.3 Ethics and Integrity
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	6.3 Ethics and Integrity
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6.3 Ethics and Integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff.	6.3 Ethics and Integrity
<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.	8.2 Our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture and port).	8.2 Our Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	8.2 Our Community

# 11. Content Index



## GRI Standards Content Index

<b>Statement of use</b>	D&G Technology Holding Company Limited has reported in accordance with the GRI Standards for the period 1 <sup>st</sup> January 2022 - 31 <sup>st</sup> December 2022
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	N/A

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement	
<b>General Disclosures</b>				
<b>1. Organizational Profile</b>				
GRI 2: General Disclosures 2021	2-1	Organizational details	2.1 Reporting Period and Scope 4. Business Review	
	2-2	Entities included in the organization’s sustainability reporting	1. Board’s Statement 2.2 Reporting Framework 2.3 Reporting Principles	
	2-3	Reporting period, frequency and contact point	2.1 Reporting Period and Scope 2.4 Contact Details	
	2-4	Restatements of information	The amount of the use of renewable materials and non-renewable materials have been corrected from 2022.	
	2-5	External assurance	12. Verification Statement	
	<b>2. Activities and workers</b>			
	2-6	Activities, value chain and other business relationships	KPI B5.1 KPI B5.2 KPI B5.3 KPI B5.4	4. Business Review 6.7 Sustainable Procurement
	2-7	Employee	KPI B1.1	8.1 Our Employees 10. Performance Table
2-8	Workers who are not employees		All employees in the reporting year were full-time and permanent. For detailed information about employees, please refer to the 10. Performance Table.	

# 11. Content Index



## GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
<b>General Disclosures</b>			
<b>3. Governance</b>			
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	6.1 Corporate and Sustainability Governance
	2-10	Nomination and selection of the highest governance bod	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	2-11	Chair of the highest governance body	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	2-12	Role of the highest governance body in overseeing the management of impacts	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	2-13	Delegation of responsibility for managing impacts	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	2-14	Role of the highest governance body in sustainability reporting	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	2-15	Conflicts of interest	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	2-16	Communication of critical concerns	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	2-17	Collective knowledge of the highest governance body	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	2-18	Evaluation of the performance of the highest governance body	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	2-19	Remuneration policies	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	2-20	Process to determine remuneration	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
2-21	Annual total compensation ratio	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>	

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## GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
General Disclosures			
GRI 2: General Disclosures 2021	4. Strategy, policies and practices		
	2-22	Statement on sustainable development strategy	1. Board’s Statement 3. Sustainability Goals and Highlights
	2-23	Policy commitments	6.1 Corporate and Sustainability Governance 6.2 Risk Management 6.3 Ethics and Integrity Regarding human rights, the Group has a “Statement on the Prevention of Modern Slavery” (for forced labor). In addition, the labor contract signed by the Group and its employees clearly states that “according to the relevant laws and regulations of the “Labor Law”, “Labor Contract Law” and “Regulations on the Implementation of the Labor Contract Law”, Party A and Party B follow the principles of legality, fairness, equality, voluntariness, consensus and integrity to develop the labor contract.” There are also relevant employee management systems, including protection for female labours and child labours management systems.
	2-24	Embedding policy commitments	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	2-25	Processes to remediate negative impacts	The Group has relevant policies and procedures to clarify the remedial and whistleblowing processes for dealing with negative impacts, including the “Code of Conduct for D&G Machinery Employee” to regulate employee behavior. There is another whistleblowing policy (“Employee Reward and Punishment System”) and anti-bribery/corruption prevention policy (“D&G Employee Integrity and Self-discipline Commitment”), as well as documents such as “Employee Satisfaction Management Measures” and “Customer Complaint Handling Process”.

# 11. Content Index



## GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement	
<b>General Disclosures</b>				
GRI 2: General Disclosures 2021	2-26	Mechanisms for seeking advice and raising concerns	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>	
	2-27	Compliance with laws and regulations	6.4 Operational Compliance Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>	
	2-28	Membership associations	6.9 Industrial Partnership 8.2 Our Community	
	<b>5. Stakeholder engagement</b>			
	2-29	Approach to stakeholder engagement	KPI B6.2	5.1 Communication Channels 5.2 Materiality Assessment
	2-30	Collective bargaining agreements		Percentage of total employees covered by collective bargaining agreements (that is union) was 97% in the reporting year.
<b>Material Topics</b>				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	2.2 Reporting Framework 2.3 Reporting Principles	
	3-2	List of material topics	2.2 Reporting Framework 2.3 Reporting Principles 5.2 Materiality Assessment	
	3-3	The management approach and its components	GD A4 KPI A4.1	6.2 Risk Management 7.7 Climate Change

# 11. Content Index



## GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
<b>Topic Standards</b>			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	201-2	Financial implications and other risks and opportunities due to climate change	6.2 Risk Management 7.7 Climate Change
	201-3	Defined benefit plan obligations and other retirement plans	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	201-4	Financial assistance received from government	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
GRI 3: Material Topics 2021	3-3	The management approach and its components	6.1 Corporate and Sustainability Governance
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	203-2	Significant indirect economic impacts	Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B5 KPI B5.2 KPI B5.3 KPI B5.4 6.7 Sustainable Procurement
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	KPI B5.1 6.7 Sustainable Procurement 10. Performance Table

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## GRI Standards Content Index

GRI Standard		Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
<b>Topic Standards</b>				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B7 KPI B7.2 KPI B7.3	6.3 Ethics and Integrity
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption		The percentage of operations assessed for risks related to corruption:100% There were no significant risks related to corruption identified through the risk assessment in the reporting period.
	205-2	Communication and training about anti-corruption policies and procedures	KPI B7.3	6.3 Ethics and Integrity
	205-3	Confirmed incidents of corruption and actions taken	KPI B7.1	6.3 Ethics and Integrity
GRI 3: Material Topics 2021	3-3	The management approach and its components		6.3 Ethics and Integrity
GRI 206: Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		6.3 Ethics and Integrity
GRI 3: Material Topics 2021	3-3	The management approach and its components		Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
GRI 207: Tax 2019	207-1	Approach to tax		Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	207-2	Tax governance, control, and risk management		Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	207-3	Stakeholder engagement and management of concerns related to tax		Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
	207-4	Country-by-country reporting		Please refer to the Group’s 2022 Annual Report <a href="https://dgtechnology.com/financial-reports/">https://dgtechnology.com/financial-reports/</a>
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD A2 GD A3	7.6 Material Use 10. Performance Table

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## GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement	
<b>Topic Standards</b>				
GRI 301: Materials 2016	301-1	Materials used by weight or volume	KPI A2.5	7.6 Material Use 10. Performance Table The Group did not have any direct consumption of packaging material and thus, the relevant data were not disclosed and not applicable.
	301-2	Recycled input materials used		The Group did not have any recycled input material due to the nature of business and thus, the relevant data were not disclosed and not applicable.
	301-3	Reclaimed products and their packaging materials		The Group did not have any direct consumption of packaging material and thus, the relevant data were not disclosed and not applicable.
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD A2 GD A3	7.2 Energy Consumption
GRI 302: Energy 2016	302-1	Energy consumption within the organization	KPI A2.1	7.2 Energy Consumption 10. Performance Table
	302-2	Energy consumption outside the organization	KPI A2.1	Not applicable. The energy consumption of the reporting year was not included the energy consumption outside the organization due to it was not material to the Group’s operation.
	302-3	Energy intensity	KPI A2.1	7.2 Energy Consumption 10. Performance Table
	302-4	Reduction of energy consumption	KPI A2.3	7.2 Energy Consumption
	302-5	Reductions in energy requirements of products and services	KPI A2.3	7.2 Energy Consumption

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## GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
<b>Topic Standards</b>			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD A2 GD A3 7.4 Water Consumption and Wastewater Management
GRI 303: Water And Effluents 2018	303-1	Interactions with water as a shared resource	KPI A2.4 KPI B5.3 7.4 Water Consumption and Wastewater Management There is no significant risk on sourcing water in the factory of D&G.
	303-2	Management of water discharge-related impacts	GD A3 KPI A3.1 7.4 Water Consumption and Wastewater Management
	303-3	Water withdrawal	KPI A2.4 All our withdrawn water is freshwater, in which the total dissolved solids is equal to or lower than 1,000 mg/L.
	303-4	Water discharge	7.4 Water Consumption and Wastewater Management
	303-5	Water consumption	KPI A2.2 7.4 Water Consumption and Wastewater Management

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## GRI Standards Content Index

GRI Standard		Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
<b>Topic Standards</b>				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD A1 GD A3 KPI A3.1	7.2 Energy Consumption 7.7 Climate Change 10. Performance Table
	GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	KPI A1.1 KPI A1.2
305-2		Energy indirect (Scope 2) GHG emissions	KPI A1.1 KPI A1.2	7.2 Energy Consumption 7.7 Climate Change 10. Performance Table
305-3		Other indirect (Scope 3) GHG emissions	KPI A1.1	Not applicable. The Group’s total GHG emissions did not include other indirect GHG emissions (Scope 3) because they are insignificant to the Group’s operations.
305-4		GHG emissions intensity	KPI A1.2	7.2 Energy Consumption 7.7 Climate Change 10. Performance Table
305-5		Reduction of GHG emissions	KPI A1.5	10. Performance Table
305-6		Emissions of ozone-depleting substances (ODS)		The Group’s operations did not have any emissions of ODS and thus, the relevant data were not disclosed and not applicable.
305-7		Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	KPI A1.1	7.3 Air Emissions 10. Performance Table

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## GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
<b>Topic Standards</b>			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD A1 7.5 Waste Management
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	7.5 Waste Management
	306-2	Management of significant waste-related impacts	KPI A1.3 KPI A1.4 KPI A1.6 7.5 Waste Management
	306-3	Waste generated	7.5 Waste Management 10. Performance Table
	306-4	Waste diverted from disposal	KPI A1.3 7.5 Waste Management
	306-5	Waste directed to disposal	7.5 Waste Management
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B5 KPI B5.3 KPI B5.4 6.7 Sustainable Procurement
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	KPI B5.2 KPI B5.3 6.7 Sustainable Procurement
	308-2	Negative environmental impacts in the supply chain and actions taken	KPI B5.2 KPI B5.3 6.7 Sustainable Procurement
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B1 8.1 Our Employees

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## GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
<b>Topic Standards</b>			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	KPI B1.2 8.1 Our Employees 10. Performance Table
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	8.1 Our Employees
	401-3	Parental leave	a) Total number of employees that were entitled to parental leave, by gender: Male:21 Female:13 b) Total number of employees that took parental leave, by gender: Male:21 Female:13 c) Total number of employees that returned to work in the reporting year after parental leave ended, by gender: Male:7 Female:7 d) Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender: Male:6 Female:5 e) Return to work and retention rates of employees that took parental leave, by gender: Return to work rate:Male:100% Female:100%; Retention rate:Male:95% Female:85%
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B1 8.1 Our Employees
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Minimum notice periods regarding operational changes are normally 1 month.
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B2 KPI B2.3 8.1 Our Employees

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## GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
<b>Topic Standards</b>			
GRI 403: Occupational Health And Safety 2018	403-1	Occupational health and safety management system	GD B2 KPI B2.3 8.1 Our Employees
	403-2	Hazard identification, risk assessment, and incident investigation	GD B2 KPI B2.3 8.1 Our Employees
	403-3	Occupational health services	GD B2 KPI B2.3 8.1 Our Employees
	403-4	Worker participation, consultation, and communication on occupational health and safety	GD B2 8.1 Our Employees
	403-5	Worker training on occupational health and safety	GD B2 KPI B2.3 8.1 Our Employees 10. Performance Table
	403-6	Promotion of worker health	GD B2 8.1 Our Employees
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	GD B2 KPI B2.3 8.1 Our Employees
	403-8	Workers covered by an occupational health and safety management system	GD B2 KPI B2.3 8.1 Our Employees
	403-9	Work-related injuries	KPI B2.1 KPI B2.2 10. Performance Table
	403-10	Work-related ill health	KPI B2.3 8.1 Our Employees

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## GRI Standards Content Index

GRI Standard		Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
<b>Topic Standards</b>				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B3	8.1 Our Employees
GRI 404: Training And Education 2016	404-1	Average hours of training per year per employee	KPI B3.1 KPI B3.2	8.1 Our Employees 10. Performance Table
	404-2	Programs for upgrading employee skills and transition assistance programs		8.1 Our Employees
	404-3	Percentage of employees receiving regular performance and career development reviews		All employees in China (excluding Hong Kong) have quarterly and annual performance appraisals and career development appraisals. Percentage of employees receiving regular performance and career development reviews during the reporting period: 96.35%
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B1	8.1 Our Employees
GRI 405: Diversity And Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	KPI B1.1	8.1 Our Employees 10. Performance Table
	405-2	Ratio of basic salary and remuneration of women to men		Ratio of the basic salary and remuneration of male to female for each employee category, by significant locations of operation (Langfang, Beijing and Guangzhou): Guangzhou Male:Female = 1:0 Beijing Male:Female = 2.16:1 Langfang Male:Female = 5.21:1
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B1	8.1 Our Employees

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## GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
<b>Topic Standards</b>			
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	GD B1 8.1 Our Employees During the reporting year, D&G was not aware of any discrimination, child labour or forced labour cases.
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B4 8.1 Our Employees
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	KPI B4.1 KPI B4.2 8.1 Our Employees
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B4 8.1 Our Employees
GRI 409: Forced Or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	KPI B4.1 KPI B4.2 8.1 Our Employees
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B8 8.2 Our Community
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	KPI B8.1 KPI B8.2 8.2 Our Community
	413-2	Operations with significant actual and potential negative impacts on local communities	The only operation site involved in production and storage and transportation is Langfang, so there is only the Langfang operation site with potential major negative impact on the local community, and the rest of the operation sites are only offices, and there will be no potential major negative impact on the local community.

# 11. Content Index



## GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
<b>Topic Standards</b>			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B5 6.7 Sustainable Procurement
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	KPI B5.2 KPI B5.3 6.7 Sustainable Procurement
	414-2	Negative social impacts in the supply chain and actions taken	KPI B5.2 KPI B5.3 Among D&G’s 153 suppliers, 149 local suppliers may have a certain negative impact through the welding processing business. The rest of the non-local suppliers do not generate negative impacts due to business nature.
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B6 6.5 Quality Assurance
GRI 416: Customer Health And Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	GD B6 6.5 Quality Assurance
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	KPI B6.1 KPI B6.4 6.5 Quality Assurance
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B6 6.5 Quality Assurance
GRI 417: Marketing And Labeling 2016	417-1	Requirements for product and service information and labeling	KPI B6.3 6.4 Operational Compliance 6.5 Quality Assurance
	417-2	Incidents of non-compliance concerning product and service information and labeling	KPI B6.2 KPI B6.3 6.4 Operational Compliance
	417-3	Incidents of non-compliance concerning marketing communications	During the reporting year, the Group did not violate the regulations regarding health and safety, information, and logos and marketing of product and service.
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B6 6.5 Quality Assurance
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	KPI B6.5 6.5 Quality Assurance 6.6 Protecting Data Privacy and Intellectual

## 12. Verification Statement



### Verification Scope

Allied Environmental Consultants Limited (“AEC”) was commissioned to undertake an independent verification of D&G 2022 Sustainability Report (the “report”). The scope of verification covers the data and contents relating to D&G’s sustainability performance at offices in Hong Kong, Beijing, Shanghai, Guangzhou, Chengdu and main manufacturing plant and adjacent employees’ dormitory located in Langfang, Hebei from 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022.

### Verification Standards and Methodology

The report was verified with reference to International Standard on Assurance Engagement (ISAE) 3000 (Revised) (Assurance Engagements Other Than Audits or Reviews of Historical Financial Information). The verification included an evaluation of the report’s alignment with the Global Reporting Initiative standards (the “GRI standards”), and Appendix 27 Environmental, Social and Governance Reporting Guide (the “ESG Guide”) set out in The Stock Exchange of Hong Kong (the “HKEx”).

In order to ensure the report adheres to the reporting principles and standards, AEC had designed and undertaken the following activities to gather evidence before drawing the conclusion:

- Conduct review of material issues and assess the relevance of those to D&G’s business;
- Conduct meetings with staff that are involved in sustainability management, report preparation and provision of report information;
- Provide advice on stakeholder engagement activities with no direct contact with the external stakeholders;
- Conduct review of supporting evidence for claims made in the report; and
- Verify all calculated and disclosed data in the report.

### Level of Assurance

As set out in ISAE 3000, AEC provided limited assurance in the review that is defined by the scope and methodology described in this statement.

### Conclusion

Based on the scope of work and assurance procedures performed, all material aspects, data and information in the report were prepared in accordance with the GRI Standards, and in compliance with the HKEx ESG Guide.

Regarding the work undertaken during the assurance process, we are of the opinion that the information stated in the report provides a structured, balanced and reliable disclosure of D&G’s sustainability performance during the reporting year. In addition, the report demonstrates the quality of accuracy, timeliness, comparability, clarity and reliability.

In conclusion, the report provides a comprehensive account of D&G’s management approach and sustainability performance in a proactive, consistent, fair and truthful manner.

## 12. Verification Statement



### Competency and independence

AEC is composed of sustainability and environmental consultants that are experienced in the industrial sector, and are trained and competent in a range of related standards and skills including but not limited to GRI Standards, Global Real Estate Sustainability Benchmark (“GRESB”), AA1000AS, the HKEx ESG Reporting Guide, Carbon Audit, ISO 9001 and ISO 14001.

In addition, AEC conducted the verification and assurance of sustainability data and reporting as an independent consultant. Upholding high ethical standards, it is claimed to have been no conflict of interest with D&G while performing the verification. Throughout the process, AEC has verified all disclosed data, content and compliance with the stated reporting standards.

Ms. Kwok May Han Grace  
Chairman and Managing Director of Allied Environmental Consultants Limited  
Hong Kong  
30<sup>th</sup> March 2023