



2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MINTH GROUP LIMITED

敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425



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About this Report

Overview

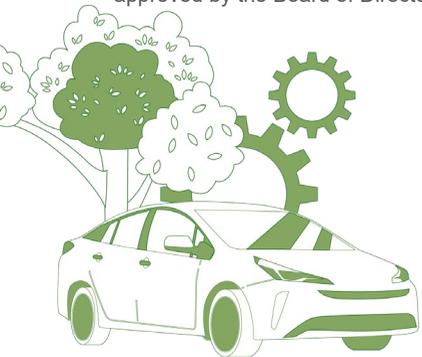
We hereby release the 2023 Environmental, Social and Governance (ESG) Report of Minth Group Limited and its subsidiaries ('the Company' in this report refers to Minth Group Limited, the Company together with its subsidiaries is collectively referred to as 'Minth Group', 'the Group' or 'we'). This report comprehensively explains our Environmental, Social, and Governance (ESG) policies, measures, and performance in 2023.

Reporting Boundary

Unless otherwise stated, this report covers Minth Group Limited and its subsidiaries and covers the period from January 1, 2023 to December 31, 2023 ('the Reporting Period'). Unless otherwise specified, the currency involved in the report is Chinese Yuan (RMB).

Confirmation and Approval

After confirmation by the Management, this Report was approved by the Board of Directors on 22 April 2024.



Reporting Principles

This report is prepared in compliance with the ESG Reporting Guide in Appendix C2 of the Main Board Listing Rules of Hong Kong Exchanges and Clearing Limited ('HKEX') and observes the following principles:

- Materiality:** Key ESG issues are identified through a materiality assessment and relevant information is disclosed in this report.
- Quantitative:** Information on the standards, methodologies, assumptions, conversion factors used to calculate KPIs are disclosed.
- Balance:** This report provides an unbiased picture of our ESG performance.
- Consistency:** The methodologies used to disclose ESG information in this report are consistent with the ones used in the 2022 ESG report.

This report is also prepared in reference to the Global Reporting Initiative (GRI) Standards 2021, MSCI ESG Industry Materiality Map for Automotive Parts & Equipment, the UN Sustainable Development Goals (SDGs), and the Auto Parts Sustainability Accounting Standard (SASB).

Material Source and Reliability Statement

The information and cases in this report are mainly collected from the Group's statistical reports and relevant documents. The Group guarantees that this report is free from any false records or misleading statements, and thereby undertakes liabilities for the truthfulness, accuracy, and completeness of the Report.

Access and Feedback to this Report

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

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Message from the Chairperson



Wei Ching Lien

Chairperson of the Board of Directors and the Sustainability Committee

Minth Group Limited

In 2023, Minth Group achieved robust business growth, and developed remarkable technological advancements and successful partnerships. During this year, the economic globalization has experienced significant and rapid changes. However, the global automotive industrial chain has continued to progress towards a benchmark in the sustainable transition, with issues such as climate change and biodiversity receiving widespread attention. As a key player in the global automotive components industry, Minth remained steadfast in its commitment to sustainable development, and contributing to the well-being of the planet and humanity through our products and services.

Minth is dedicated to continuous improvement in environmental, social, and governance aspects. In terms of research and development, we keep working on the strategic deployment, attaching a high importance to innovation and areas such as low-carbon environmental protection. We collaborate with suppliers and partners to continuously enhance product quality and service standards while meeting the needs of global customers. At the same time, we actively communicate with stakeholders, building positive interactive relationships. By fully understanding their needs and enhancing our feedback mechanisms, we endeavor to achieve continuous improvements and symbiotically sustainable development.

In recent years, the phenomenon of extreme weather has become increasingly severe, with sudden temperature changes, increased occurrences of extreme rainfall, droughts, and other disasters flagging as constant warnings to humanity. Throughout the development of globalization, Minth has recognized the importance of addressing climate change and has taken proactive measures to manage climate-related risks and identify sustainable development opportunities. Therefore, we have developed a comprehensive strategic plan aligned with carbon neutrality and completed the first Carbon Neutrality White Paper of Minth Group. Upholding the concept of 'Green and

Intelligent Manufacturing and Sustainable Development', Minth is committed to increasing investments in clean technologies, leading the promotion of environmental protection, and actively boosting the green upgrade of the industry.

In the cultivation of talents, we spare no effort to build towards sustainable development, and steadfastly adhering to the core values with LOVE --- integrity, trust, teamwork, and leading change. We strive to embrace the 'GLOCAL' (Globalize + Localize) management philosophy---'utilizing global resources to achieve local excellence'. We are committed to the cultural integration of our global team, promoting and unleashing the potential and creativity of Minth employees across 13 countries in dimensions such as global communication, collaboration, leadership, diversity, and holistic health through cross-national and cross-cultural innovative thinking and teamwork. Meanwhile, we focus on the physical and mental well-being as well as family happiness of our employees, providing diverse health management and family support programs to help them achieve 'physical, mental, and spiritual' health simultaneously in their work and personal lives. Thus, it significantly enhances both individual and organizational sustainable competitiveness.

Finally, we would like to express our sincere gratitude to all stakeholders of Minth Group, including shareholders, customers, employees, and business partners. It is your unwavering support and trust that enable us to forge ahead continuously. Minth Group will keep seeking for solutions to environmental challenges through products, technologies, and management initiatives. Through our relentless pursuit of innovation and excellence, we implement a business model that values both 'Environmental Consciousness' and 'Social Care'. Our gratitude and responsibility drive us to use what is taken from the society in the interests of the society, inspiring others to embrace the concept of 'LOVE' and generate a positive gear effect, bringing true prosperity to all stakeholders and collectively advancing the sustainable development of human society.

About Minth

Minth Group Limited (00425. HK) is a top 100 global auto parts manufacturer. It is also one of the world's leading suppliers of battery housing, plastic, and metal exterior automotive parts. As of the end of the reporting period, Minth Group has four major product lines covering plastic parts, aluminium parts, metal and trim parts, and battery housing. We also have five major R&D centres, over 70 production facilities and offices across the United States, Mexico, Canada, China, Japan, Thailand, South Korea, Germany, United Kingdom, Serbia, Czech Republic, France, and Poland. We have over 20,000 employees, our customers spread across more than 30 countries and we serve more than 60 automotive brands.

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70 production and offices

5 major R&D centers in **13** countries

over **20,000** global employees

and we serve more than **60** automotive brands



Americas

- Windsor ON (Canada)
- Tawas City MI (USA)
- Wixom MI (USA)
- Canton MS (USA)
- Lewisburg TN (USA)
- Aguascalientes AGS (Mexico)

Europe

- Ilseburg, Munich (Germany)
- Paris, Ruitz (France)
- Prague (Czech Republic)
- Sunderland (UK)
- Szprotawa (Poland)
- Loznica, Sabac (Serbia)
- Istanbul (Turkey)

Asia

- Shanghai, Guangzhou + 19 locations (China)
- Tokyo, Kyushu + 4 locations (Japan)
- Osan, Asan (South Korea)
- Rayong (Thailand)

Minth Group is dedicated to becoming a leader of the global automotive components industry. While prioritizing economic performance, we also adhere to the concept of 'Green and Intelligent Manufacturing for Sustainable Development' to utilize the Group's global resources to achieve local excellence.

Minth Group has formulated the goal of 'Zero-Carbon R&D and Circular Economy'. We work hard at promoting industrial green upgrading and respond to climate change risks. In addition, we provide value to society and are gradually constructing a standardised management system centred on safety, health, environment, energy, carbon emissions and social responsibility. We have also been exploring new ways to contribute to the development of global Environmental, Social and Governance (ESG) practices.

Highlights in 2023

ESG Management

- Listed in the **S&P Global Sustainability Yearbook** (Chinese Version) 2023
- EcoVadis **Committed Medal** 2023
- Received **B-** in Climate Change and **B** in Water from the Carbon Disclosure Project (CDP)
- Received **BBB** in MSCI ESG rating (released in February 2024)

Environmental

- Committed to peaking carbon emissions by **2030**, achieving operational carbon neutrality by **2040**, and value chain carbon neutrality by **2050**
- **100%** coverage¹ of ISO 14001 Environmental Management System in our factories
- ISO 50001 Energy Management System Certification in **33** factories
- **6** subsidiaries certified as National Green Factory or National Green Supply Chain Management Enterprise

Governance

- **Three** new members added to the Board (including two independent non-executive directors)
- Committed to Board diversity (the ratio of female directors on the Board reached **44.4%**)
- **100%** coverage of Business Ethic Training for employees (including all directors)
- **Two** subsidiaries obtained ISO 37001:2016 Anti-Bribery Management System certification

Social

- **100%** coverage² of ISO 45001 Occupational Health and Safety Management System in our factories
- **412** new patents authorized, of which **30%** were green/clean technologies
- Research expenditure has reached around RMB **1.4** billion, of which **28%** was invested in green/clean technologies
- Established a digitalised lifecycle quality management system and achieved **100%** coverage of IATF 16949 Automotive Quality Management System
- **Zero** product quality recall incidents
- Supplier annual audit covered **100%** of raw material suppliers
- **100%** of suppliers received training sessions provided by Minth on quality, cost, service, and delivery
- Employee average training hours are **85.0** hours
- RMB **3.447** million invested in education and community support by the Minth Foundation

¹Factories that have been in mass production for at least one year.

²Factories that have been in mass production for at least one year.

01

ESG

Management



Statement of the Board

The Board is fully cognizant of the significance of ESG-related risks and opportunities, which are as important as other enterprise risks and opportunities, as they could materially impact Minth Group's profitability. The Board takes responsibility for and provides oversight by assessing potential ESG risks and their impacts on Minth Group's strategy. The Board is accountable for ESG governance, which encompasses the evaluation and determination of ESG-related risks and opportunities, ensuring ESG risk management and internal control system's appropriateness and effectiveness. This defines Minth Group's approach, strategy, focal points, and objectives for ESG management. It also conducts regular evaluations of the Minth Group's progress towards ESG objectives and benchmarks and endorses the content presented in ESG reporting.

Governance Level

The Board of Directors holds the highest supervisory authority over sustainable development actions within Minth Group. They oversee the work of the Sustainability Committee. The Board reviews internal ESG-related policies, assesses the risk management of these actions, and monitors the development and progress of the Group's ESG-related goals. Furthermore, the Board also ensures the transparency and accuracy of ESG-related information disclosed to the public, as well as compliance of related policies and regulations.

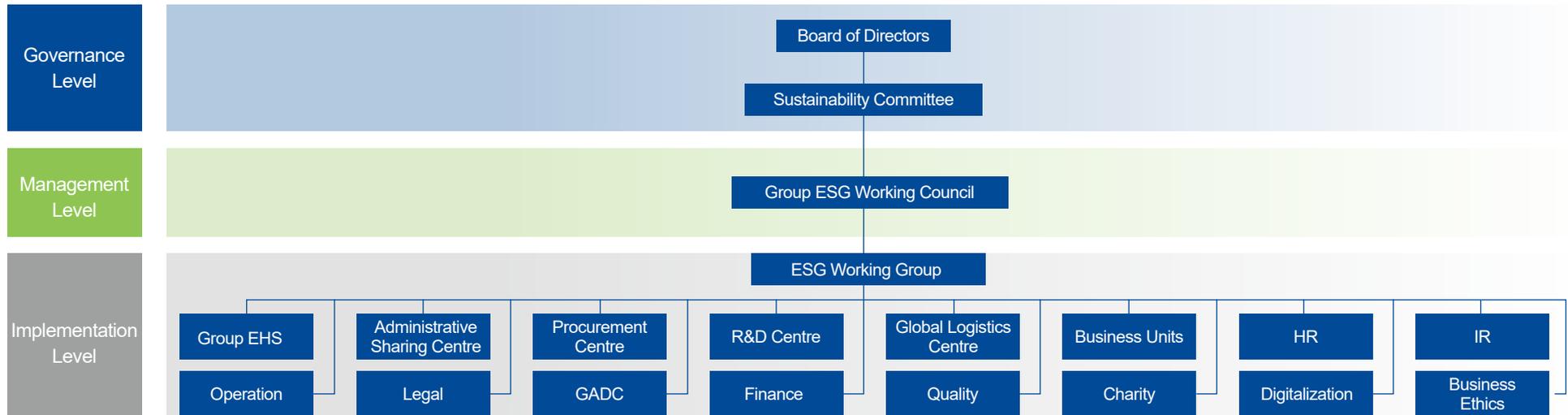
Minth Group has established the Sustainability Committee, which operates under the Board of Directors. The committee reports to the Board on a regular basis, providing strategic advice regarding the Group's ESG actions. The Chairperson of the Board of Directors also serves as the chair of the Sustainability Committee. The primary responsibilities of the committee include reviewing the Group's sustainability vision, targets, strategy and key policies; reviewing and approving the Group's support for sustainability projects; overseeing and coordinating internal and external resources to advance related works; regularly evaluates and manages the Group's performance of sustainable development, and reviews whether the relevant improvement measures are effective and appropriate; reviewing the internal ESG-related risk management system of the Group and significant ESG-related risks, as well as corresponding measures.

Management Level

The Group ESG Working Council at Minth Group consists of key members of the management team. Its main purpose is to effectively coordinate and manage ESG actions within the organization and provide regular updates to the Sustainability Committee. Its main responsibilities include developing ESG strategic planning, action plans, and goals; maintaining synergy with the overall corporate strategy of the Group; reviewing and approving enhancement measures related to various dimensions of ESG; establishing an ESG-related risk management system; identifying and evaluating key ESG-related risks that the company may face; reviewing corresponding response strategies to mitigate or eliminate related risks, thereby promoting sustainable development across the Group's various business areas.

Implementation Level

The ESG Working Group at Minth Group consists of key members of the organization’s core business teams. It operates under the leadership of the Group’s ESG Working Council. Its main responsibilities include implementing the company’s ESG strategic planning and action plans and achieving related goals; coordinating and integrating resources from various business units to drive ESG practices, improve management systems, and ensure that all management work is institutionalized, standardized, and carried out on a regular basis.



ESG Governance Structure of Minth Group

To further promote the sustainable development of Minth Group, we have incorporated ESG-related areas into the performance evaluation of our senior management level, in accordance with the Minth Group Performance Management Policy. This approach aims to encourage greater engagement and participation from our senior management level.

Stakeholder Engagement

Minth Group acknowledges the importance of stakeholders in its operations and is dedicated to fostering inclusivity and balance. The company actively engages in communication with key stakeholders, including shareholders/investors, employees, suppliers, customers, the community, media, and government/regulatory bodies. This communication occurs through various channels, such as on-site visits, online communication, phone calls, shareholder meetings and results briefings. The Group highly values the feedback and suggestions provided by stakeholders and provides timely responses. By actively engaging with stakeholders, Minth Group aims to establish robust relationships and enhance trust and transparency in its operations.

Key Stakeholders	Stakeholder Representatives	Topics	How to Communicate with Stakeholders
 Directors	Member of the Board of Directors	<ul style="list-style-type: none"> • Opportunities in Clean Technology • Energy Management • Biodiversity Protection • Customer Service • Intellectual Property Protection • Diversity, Equity, and Inclusion 	<ul style="list-style-type: none"> • Board Meetings • Visit/Telephone/ Written Communication
 Investors	Shareholders	<ul style="list-style-type: none"> • Sustainable Supply Chain • Supplier Quality Management • Corporate Governance • Employee Rights Protection • Opportunities in Clean Technology • Product Quality and Safety • Research and Development Innovation • Occupational Health and Safety 	<ul style="list-style-type: none"> • General Meeting • Financial Reporting • Results Briefing • Company Announcements • Roadshow • Visit/Telephone/Written Communication • Investment Forum
 Employees	Employee Representatives	<ul style="list-style-type: none"> • Occupational Health and Safety • Employee Rights Protection • Employee Training and Development • Product Quality and Safety • Customer Service • Information Security and Privacy Protection • Diversity, Equity, and Inclusion 	<ul style="list-style-type: none"> • Employee Training • Staff Meetings • Employee Activities • Employee Interviews • In-house Publications
 Clients	OEMs	<ul style="list-style-type: none"> • Product Quality and Safety • Customer Service • Supplier Quality Management • Sustainable Supply Chain • Research and Development Innovation • Opportunities in Clean Technology • Occupational Health and Safety • Business Ethics 	<ul style="list-style-type: none"> • Customer Line • Customer Satisfaction Surveys • Customer Discussions and Visits • Customer Complaint Handling • Correspondence by Mail
 Government Regulators	Local Government Department	<ul style="list-style-type: none"> • Environmental Management System • Emissions and Waste Management • Water Management • Recycling and the Circular Economy • Product Quality and Safety • Research and Development Innovation • Intellectual Property Protection • Information Security and Privacy Protection 	<ul style="list-style-type: none"> • Monthly Reports • Press Releases/Announcements • Annual/Interim Reporting • ESG Reporting • Regular Communication
 Suppliers	Major Supplier of Raw Materials/ Services	<ul style="list-style-type: none"> • Product Quality and Safety • Employee Rights Protection • Supplier Quality Management • Research and Development Innovation • Sustainable Supply Chain • Business Ethics • Customer Service • Information Security and Privacy Protection • Risk Management 	<ul style="list-style-type: none"> • On-site Research • Supplier Assessment • Quality Communication • Telephone/Written communication • Supplier Conference

Key Stakeholders	Stakeholder Representatives	Topics	How to Communicate with Stakeholders
 Partners	Business Associations/ Universities/ Partner Companies	<ul style="list-style-type: none"> • Climate Change Response • Opportunities in Clean Technology • Energy Management • Environmental Management System • Customer Service • Research and Development and Innovation • Employee Rights Protection • Occupational Health and Safety • Industry Cooperation 	<ul style="list-style-type: none"> • Industry Networking Meeting • Colloquium • ESG Reporting
 Peers	Peer Representatives	<ul style="list-style-type: none"> • Opportunities in Clean Technology • Emissions and Waste Management • Product Quality and Safety • Research and Development Innovation • Water Management • Employee Rights Protection • Sustainable Supply Chain • Climate Change Response • Energy Management 	<ul style="list-style-type: none"> • Industry Networking Meeting • ESG Reporting
 External Experts	Practitioners/ Researchers in Industry-related Fields	<ul style="list-style-type: none"> • Opportunities in Clean Technology • Emissions and Waste Management • Product Quality and Safety • Diversity, Equity, and Inclusion • Environmental Management System • Customer Service • Research and Development Innovation • Employee Rights Protection • Business Ethics 	<ul style="list-style-type: none"> • Colloquium • Visit/Telephone/Written Communication
 Public	NGOs/Charities/ Surrounding Communities	<ul style="list-style-type: none"> • Product Quality and Safety • Recycling and the Circular Economy • Energy Management • Customer Service • Intellectual Property Protection • Occupational Health and Safety • Diversity, Equity, and Inclusion • Opportunities in Clean Technology 	<ul style="list-style-type: none"> • On-site Research • Meeting • Charity Events • Community Co-construction Activities
 Senior Management	Senior Management Member/Chief Executives	<ul style="list-style-type: none"> • Product Quality and Safety • Emissions and Waste Management • Recycling and the Circular Economy • Customer Service • Research and Development Innovation • Diversity, Equity, and Inclusion 	<ul style="list-style-type: none"> • Executive Symposium • All-hands Meeting • Internal Meetings • Visit/Telephone/ Written Communication • General Meeting

During the reporting period, we held multiple meetings with our investors, apart from business performance, their attention to ESG-related areas significantly increased. The discussions encompassed various topics, including ESG governance practices, carbon neutrality pathways, EV business strategy, supply chain management, product quality assurance measures, research and development initiatives, remuneration policy, and ESG rating improvement plans.

On 31 May 2023, Minth Group held its Annual General Meeting and Investor Day with participation from over 70 shareholders, proxies, and other participants from the investment community. Shareholders and their proxies cast their votes regarding the resolutions at the annual general meeting. Upon conclusion of the meeting, attendees were invited to visit the production facilities, as well as communicate with management face to face regarding their concerned questions, thus enhancing their understanding of the business, strategy, and operational management of Minth.



2023 Annual General Meeting of Minth Group



Management Meeting with Participants from Investment Community

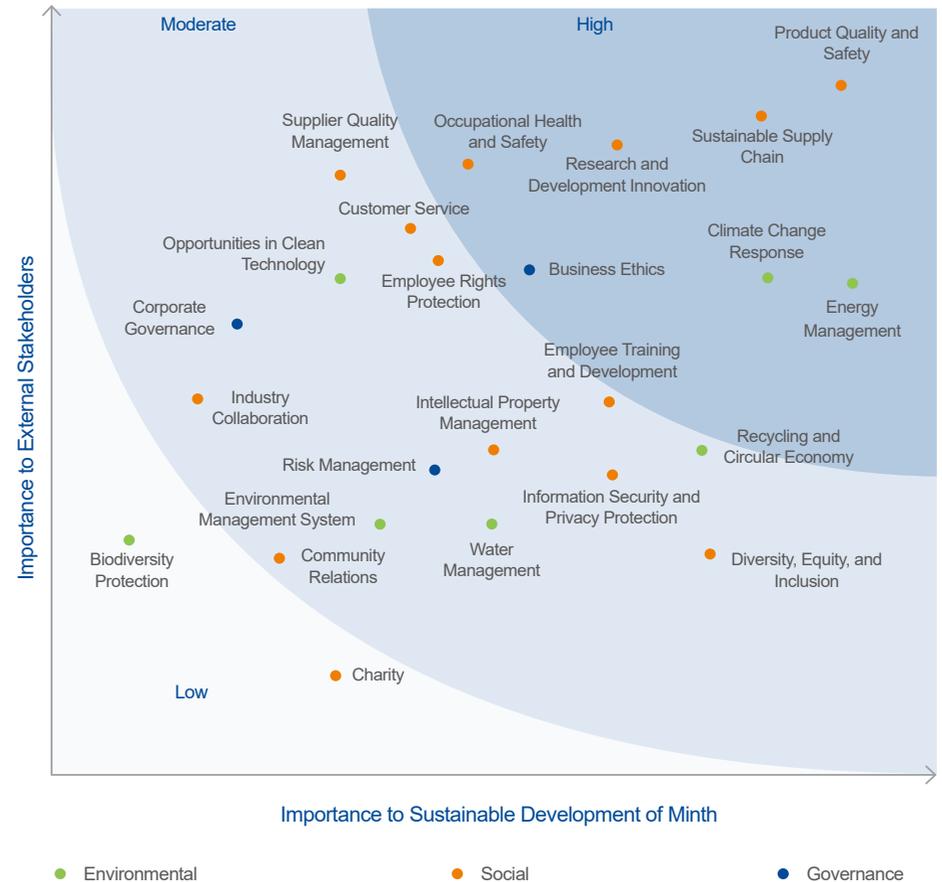


Materiality Assessment

During the Reporting Period, Minth Group conducted multiple in-depth interviews with stakeholders and initiated a survey of 939 stakeholders. Using an internal screening method, 669 responses were accepted with a recovery rate of 71%. By analysing the interview and questionnaire results, we summarized 7 issues of high importance, 16 issues of moderate importance and 2 issues of low importance. Based on these results, we developed a materiality matrix of stakeholder concerns, which provides direction for future ESG-related works.

The Materiality Assessment was conducted as follows:

- 1 Based on the materiality assessment criteria of HKEX, along with the GRI guidelines and the EU Corporate Sustainability Reporting Directive (CSRD), as well as, international ESG ratings and standards, such as MSCI, S&P, CSA and SASB for the automotive components industry, global peers, and the results of internal interviews, we created a materiality questionnaire for stakeholders.
- 2 The questionnaire was distributed to stakeholders, and the answers received were analysed.
- 3 Based on this analysis, we developed a materiality matrix and ranked the importance of different topics. The ranking was based on the actual situation of the Group and its strategic direction.



Response to UN SDGs

Environmental



- Minth Group is still striving to reduce water consumption by **20%** from the 2020 baseline by 2030.
- We have kept working on saving water. At the end of the reporting period, we have achieved our annual water saving target to cut water consumption by **3.7%**.



- We recognized the importance of mitigating climate-related risks, and we have integrated energy and carbon emission management into our group-level development strategy. During the reporting period, we finished the Minth Group Carbon Neutrality Whitepaper. Focusing on the carbon strategy of 'carbon peaking by 2030 and carbon neutrality by 2050', we set a target of a **5%** year-on-year reduction of energy consumption intensity³ and carbon emission intensity respectively.



- While experiencing steady business growth, our greenhouse gas emission intensity in 2023 reduced **8.3%** compared to 2022.
- In terms of green energy development, up to 2023, the Group has installed **70MW** of photovoltaic power generation capacity.



- To achieve our carbon neutrality commitment, Minth Group is working to achieve a total photovoltaic generation capacity of **300 GWh** by 2040 and use **100%** green electricity.
- In 2023, Minth Group constructed a distributed photovoltaic project in Jiaying, with an expected installed capacity of **6.7 MW**. Once completed, it is estimated to generate approximately **96 million kWh** annually.
- To achieve our value chain emission reduction goals, Minth Group has implemented a set of measures centred around the use of green materials, sustainable logistics, and supply chain carbon management. We target to use **88%** recycled aluminium by 2050. In 2023, we achieved a significant milestone by completing the development of ECO-ALUMIN®, which contains at least **50%** recyclable aluminium.



- We have put in place an end-to-end waste management system and committed to cutting hazardous waste by **25%** (from 2019 baseline) by 2030. In 2023, we achieved a **11%** year-on-year reduction in hazardous waste intensity⁴.



- We are dedicated to reducing waste gas emissions and consistently improving our air pollution prevention and control measures, with the goal of providing an improved living environment for relevant neighbourhoods.
- Through the implementation of closed-loop water management systems, **80%** of the Group's factories have eliminated wastewater discharge, contributing to the improvement of the freshwater ecosystem.
- In 2023, we surveyed biodiversity on farms relevant to Minth Group to assess the richness of their flora and fauna. This survey provided valuable insights into the current state of biodiversity but also served as a foundation for our future conservation efforts to protect and enhance these ecosystems.

³Energy consumption intensity: total energy consumption per RMB10,000 value of output.

⁴Hazardous waste intensity: hazardous waste per RMB10,000 value of output.

Social



- Minth Group has always acted according to the core culture of 'LOVE' by focusing on employee wellness, continuously empowering and enhancing the health and happiness of employees' families.



- Minth Group is steadfast in its commitment to the principles of openness, fairness, and impartiality. We have **44.4%** female directors on the board, **32.2%** of total employees are female and **19.2%** of managers are female. We have **54** employees with disabilities.



- Minth Group unequivocally opposes all forms of discrimination and harassment. An anti-discrimination hotline, a work equality office, and a dedicated working group have been established to encourage employees to work together to create a healthy and inclusive work environment for all.

- By embracing the philanthropic philosophy of 'Gathering love and Spreading it', we are engaged in serving communities and making a positive impact on people's health and well-being.



- Minth committed to poverty alleviation through improving educational conditions. Minth Group has established the 'Pearl Student Relief Subsidy' programme to provide support to educators in remote areas. In 2023, Minth made a significant investment of RMB **3.44** million in education and community support.



- Minth Charity Foundation provided emergency assistance and support to **41** employees globally.



- Minth Group is planning to embed clean technology innovations into strategy and provide competitive and integrated solutions to the industry.

- Minth Group's revenue in the Reporting Period increased by **18.6%** year-on-year.



- We value technological research and development. As the importance of clean technology continues to increase within the Group, we have increased resource allocation to this area. We have made significant progress in areas, such as interior and exterior products for new energy vehicles, body and chassis structural components, advanced green materials, and Engineering Procurement Construction (EPC) solutions for photovoltaic energy storage and charging.



- Minth collaborated on research and development with globally renowned material manufacturers and research institutions. In 2023, we engaged in discussions with stakeholders on several important topics, including more than **30** workshops specifically focused on green materials, resulting in substantial achievements.

- Minth Group has also established a well-designed and effective employee development system, which provides multiple pathways of promotions and progressions for different type of talents.

- Minth Group actively collaborates with universities and colleges, providing more job opportunities for graduates through university-enterprise cooperation. This also stimulates local economic development and employment rates.

Governance



- Minth Group values business ethics and has established an anti-corruption and reporting system, which aims to provide a just and healthy working environment for employees. We encourage employees to report through various channels and we also commit to protect their rights and interests.

- Our legal affairs function works on worldwide compliance management, which includes establishing standards for integrity and ethical conduct, as well as, addressing any violations that may occur.

02

Corporate Governance



Governance Structure

Minth Group attaches great importance to high corporate governance standards. We are also committed to continuously improving the management of the organization. The company actively promotes diversity and professionalism within its Board of Directors, ensuring transparency, efficiency, and the ability to drive sustainable development in its practices.

Minth Group continues to enhance its corporate governance structure, believing that sound and stable corporate governance is the foundation for the Company's sustainable development. The Board of Directors play a crucial role in decision-making within the Company, which has set up the Audit Committee, Remuneration Committee, Nomination Committee, and Sustainability Committee which are responsible for carrying out various functions under the Board of Directors, implementing the Group's governance policies, and ensuring the high compliance and long-term sustainable development of the Group's operations. At the end of the reporting period, the Company's board of directors consisted of nine members, including five independent non-executive Directors, making up 55.6% of the Board. Board members brings a wealth of diverse backgrounds and experiences from various industries. To foster balanced perspectives and encourage the Board's diversity, the Company evaluates the composition of the Board, considering factors such as gender, age, cultural diversity, nationality, educational background, and professional experience. At the end of the Reporting Period, female directors made up 44.4% of the Board.

Name	Position	Gender	Age	The start date of the directors' tenure	Audit Committee	Nomination Committee	Remuneration Committee	Sustainability committee
Wei Ching Lien	Chairperson, Executive Director, CEO	Female	67	2020	Not applicable	Not applicable	Not applicable	Chairperson
Ye Guo Qiang	Executive Director	Male	44	2022	Not applicable	Not applicable	Not applicable	Member
Zhang Yuxia	Executive Director	Female	44	2023	Not applicable	Not applicable	Not applicable	Member
Chin Chien Ya	Non-executive Director	Female	35	2016	Not applicable	Not applicable	Not applicable	Member
Wang Ching	Independent Non-executive Director	Male	69	2005	Member	Chairperson	Member	Member
Chen Quan Shi	Independent Non-executive Director	Male	78	2021	Member	Member	Chairperson	Member
Mok Kwai Pul Bill	Independent Non-executive Director	Male	62	2023	Chairperson	Member	Member	Member
Tatsunobu Sako	Independent Non-executive Director	Male	71	2023	Member	Member	Member	Member
Meng Li Qiu	Independent Non-executive Director	Female	60	2023	Member	Member	Member	Member

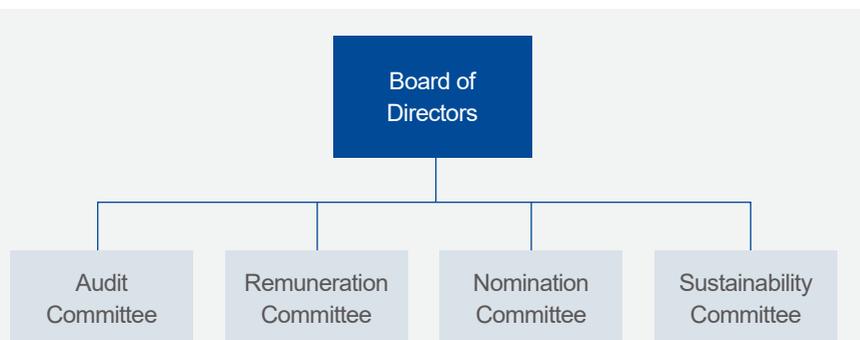
Profile of the members of the Board of Directors and each Committee in the reporting period

Risk Management

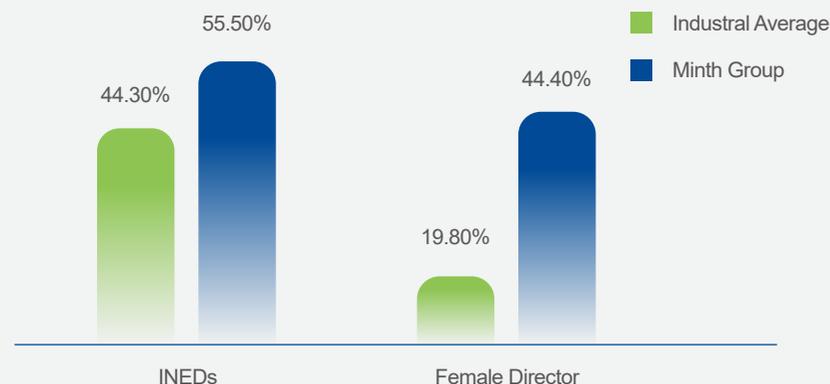
Minth Group prioritizes internal control and risk management. It is committed to establishing a sound internal control system to effectively implement, monitor, control, and improving risk prevention capabilities. The Board of Directors approved the Internal Control and Risk Management System in 2022. This system was developed in accordance with the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Listing Rules of the Shanghai Stock Exchange STAR Market, Listing Rules of the Stock Exchange of Hong Kong Limited, Basic Norms for Enterprise Internal Control, and other relevant laws and regulations, as well as the amended and restated Articles of Association of Minth Group Limited. It was tailored to the specific circumstances of the Group.

The organizational system of internal control and risk management within the Group is formed of the Board of Directors, Audit Committee, Management Team, Audit Supervision Department, and all employees. The board of directors is responsible to shareholders and evaluates the risks that may affect the achievement of strategic objectives. It exercises the decision-making power of the Group in accordance with the authorization and is the highest decision-making body for internal control and risk management within the Group. The Audit Committee is authorized by the Board of Directors, and is responsible for reviewing the effective implementation and self-assessment of internal control and risk management, as well as coordinating internal control and risk management audits and other related matters. The Management Team is responsible for organizing and leading the daily operation of internal control and risk management within the company. Within the organizational system, they timely adjust and improve the company's internal control and risk management based on changes in internal and external circumstances.

The Internal Control and Risk Management System specifies the working objectives and scopes of the internal control and risk management of Minth Group, which shall ensure that the risks are controlled within the range that is tolerable and compatible with the Group's overall business development objectives and promote the Group to achieve its strategic objectives. It ensures the truthfulness and reliability of communication and information within and outside the Group, in particular between the Group and its shareholders, including the preparation and provision of true and reliable financial reports. It ensures the safety of the Group's assets, compliance, and effective management, as well as improving the efficiency and effectiveness of business activities. The system also assure that the Group's operations comply with national laws, regulations, local laws and regulatory requirements of external regulators and fulfil corresponding social responsibilities at the same time. By establishing a sound internal control and risk management system, form a standardized management process, cultivate the Group's internal control and risk management culture and philosophy, we provide support for the Group's management standardization and decision-making, and achieve long-term and stable operation and management.



We recognize the importance of Board diversity and independence in enhancing governance and decision-making. According to HKEX data⁵, Minth Group has shown outstanding performance in this regard. As of the end of the Reporting Period, the proportion of Independent Non-executive Directors (INEDs) on the Board of Minth Group exceeds the industry average (44.3%), and the proportion of female directors is also significantly higher than the industry average (19.8%).

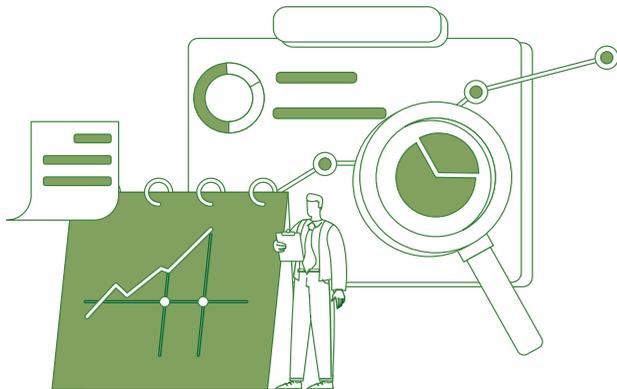


⁵[Board Diversity & Inclusion in Focus \(2023\)](#), HKEX

The risk assessment process mainly consists of risk identification and risk assessment. In the risk identification phase, Minh Group has established a Risk List to help internal departments identify risks. Minh Group recognizes the existence of uncertainty and requires risk management and various departments to consider a variety of internal and external factors that may affect the occurrence of events and the achievement of objectives and collect and identify risk information.

Risk assessment includes risk analysis and risk evaluation, which enables the Group to understand the impact of potential issues on the achievement of business objectives. Each department not only evaluates inherent risks but also assesses residual risks (i.e., risks that remain after implementing relevant control measures). The assessment considers the likelihood and impact of risks in order to develop appropriate risk management strategies.

During the Reporting Period, Minh Group analysed and assessed 110 identified risks through the risk management process. Measures were implemented to mitigate potential losses. Several ESG-related risks were promptly identified and addressed.



Risk Category	Risk Description	Risk Level	Response
 Response to Climate Change	Increasing extreme weather events globally, the issue of climate warming is highlighted. Countries have introduced carbon neutrality policies, and the carbon neutrality policies of some OEMs are particularly aggressive affecting the production and operation and increasing operating costs	M	We will increase our consideration of climate issues and actively develop relevant emission reduction measures while increasing the application of clean technologies based on the scopes of carbon emissions of Minh Group.
 Customer Satisfaction	Disclosure requirements/ standards are more stringent, the proportion of green power and hydropower aluminium is low, which cannot meet the expectations and requirements of customers	M	Follow up with relevant factories to improve the quality of data disclosure; closely follow up with the procurement department and increase the proportion of green aluminium to gradually meet customer requirements.
 Environmental Protection Compliance	To save energy and reduce consumption and costs, factories close waste treatment facilities, or do not standardise operation resulting in excessive waste gas and wastewater discharge, which may lead to compliance penalties	L	Each factory will conduct annual or regular assessment according to the plan. The emission of pollutants will be determined based on the calculation of the monitoring results.
 Occupational Health and Safety	In the daily production and operation process, there are situations such as inadequate training of employees, insufficient identification of hazard sources, weak safety awareness of employees, illegal operations, and lack or failure of equipment safety protection devices, leading to safety accidents	L	-Annual equipment safety certification will be conducted. -New employees will receive Level 3 safety education. -Daily inspections will be carried out at all levels to identify and rectify unsafe behaviours. - Assessment will be conducted for unsafe behaviours. - Weekly follow-up will be conducted on the rectification of safety hazards. -Management measures will be implemented for external personnel and construction activities.

Business Ethics

Anti-Corruption

Minth Group strictly adheres to anti-corruption regulations and standards. In accordance with the requirements of ISO 37001:2016, the Group has established, implemented, maintained, and continuously improved the Anti-Bribery Management System. In 2023, two more subsidiaries⁶ obtained ISO 37001:2016 Anti-Bribery Management System certification.

The Board of Directors plays a leadership and supervisory role in the Anti-Bribery Management System. The scope of the Anti-Bribery Management System covers locations and activities involved in the design, production, sales, and delivery phase of automotive parts. Its purpose is to identify and assess bribery risks, as well as to prevent, detect, and respond to bribery through appropriate measures. Upon this, the Group has developed a systematic Anti-Bribery Risk Control Procedure to identify and evaluate bribery risks, and to take measures against bribery risks.

To raise employees' awareness of anti-corruption, Minth Group has carried out training for all staff including contractors. When new employees receive induction training, the human resources department will conduct unified training on audit and supervision to ensure that all employees have received anti-bribery training. Training programmes will be regularly updated to reflect new information. During the Reporting Period, we organised a total of nine business ethics training sessions in China, Czech, Mexico, Serbia, and the US. These training sessions covered 100% of our employees, managers, and directors.



Business Ethics Training in China



Business Ethics Training in the US



Anti-Corruption Industry Exchange

In accordance with the requirements of the anti-bribery management standards, internal and external communication related to the Anti-Bribery Management System is conducted. This is primarily achieved through engagement with relevant authorities and industry associations concerning anti-bribery regulations, policies, and other related matters. Communication methods include workshops, training sessions, association events, notifications, and announcements.

⁶Ningbo Shintai Machines Co., Ltd. and Zhejiang Minneng Technology Co., Ltd.

Minth Group has established the Ethics and Compliance Reporting Policy to encourage full participation in corporate governance and provide multiple channels for reporting corruptions. The policy stipulates that, except investigation or legal requirements, otherwise, the organization must maintain confidentiality of reported information to protect the identity of the whistle-blower, or any individuals mentioned or involved in the report, and anonymous reporting is allowed. Additionally, the policy ensures protection for whistle-blowers from retaliation when they report or disclose attempts, actual incidents, or suspected bribery or violations of the anti-bribery policy or management system in good faith or based on reasonable judgment.

Prior to collaborating with suppliers, the signing of the Supplier Integrity Agreement is required, and the following requirements are implemented: business partners are committed to preventing bribery related to transactions, projects, activities, or relationships. If a business partner, their representative, or anyone acting in the interest of the business partner engages in bribery in connection with related transactions, projects, activities, or relationships, the company has the right to terminate the business partnership and report the internal violators' information to the China Anti-Bribery Alliance.

Minth Group conducts annual audits of business ethics. By collecting relevant data from both internal and external sources, including (when necessary) employee background checks, financial records, and risk identification in contracts and agreements. During the Reporting Period, no significant violations of business ethics were found.

Anti-Monopoly & Anti-Unfair Competition

Minth Group conducted an internal control assessment of anti-competition related risks. By collecting operational data from key suppliers over the past few years, including market share, sales revenue, and profit margins, the Group analysed its suppliers' competitive position in the market and identified factors that could potentially lead to anti-competitive behaviour, such as price manipulation, market segmentation, and exclusive deals. As of the end of the Reporting Period, Minth Group does not have any anti-competition risks.

Please refer to the Corporate Governance Report [section of the Annual Report 2023](#) of Minth Group for more details of its corporate governance practices.



Reporting Methods:

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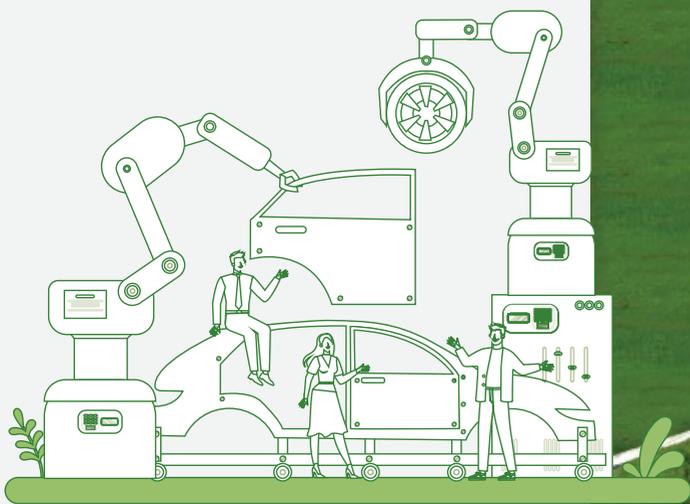
For more information, please visit [MINTH GROUP](#)



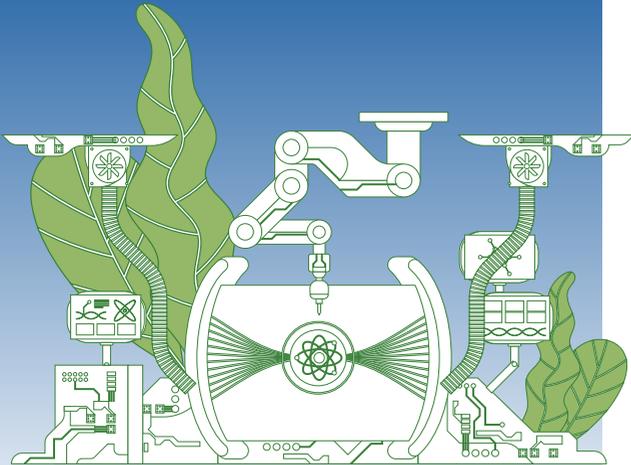
Annual Business Ethics Audit

03

Product



Research and Development



R&D Strategy

Minth Group takes research and development innovation as its core strategy, continuously investing significant resources to enhance its independent research and innovation capabilities in basic materials, products, and technologies. We integrate the research and application of green and clean technologies into the Group's strategy. Building on our traditional exterior parts business, we respond to the industry trends of electrification, intelligence, internet connectivity, and sharing. We are vigorously expanding our product mix to body and chassis structural components and intelligent exterior parts. Our key research areas include battery housing, integrated chassis structures, intelligent front and rear modules, and intelligent door systems to promote the upgrading of renewable energy vehicle products and energy conservation and emission reduction. At the same time, we are actively advancing research in new materials technology, mastering the processing technologies of core materials such as high performance collision aluminium, high-performance elastomer materials, functional plastics, green materials, as well as related surface treatment technologies, to contribute to the low-carbon and intelligent development of the automotive industry.

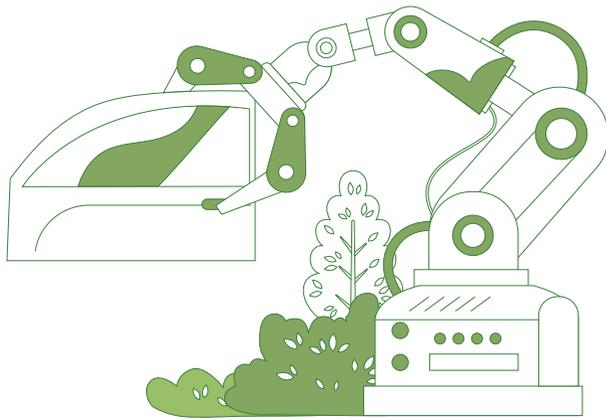
Furthermore, we are actively expanding into the clean energy sector, striving to explore new channels in photovoltaic energy storage and charging. We are committed to the research and development of innovative energy storage products, advanced high-power wireless charging technology for automobiles, and systematized photovoltaic energy storage and charging EPC solutions. We aim to help users achieve energy self-management, reduce carbon emissions, which promotes the development of the clean energy industry and makes a positive contribution to environmental protection and sustainable development.

In 2023, our expenditure on research and development was approximately RMB **1.4 billion**. Moving forward, we plan to allocate around **7%** of our revenue towards R&D in the coming years, to continuously promoting technological innovation and industrial upgrades.

We follow strict research and development management systems, including the Innovative Product R&D Management Procedure, Innovative Technology R&D Management Procedure, Innovative Product Incentive Guidelines, and Innovative Technology Incentive Guidelines, among others, to standardize the management of the R&D process. During the reporting period, we continue updating and improving these systems, clarify the definition and requirements of innovative technology, and provide clear goals and value orientation for innovative R&D activities.

R&D Achievements

In terms of research and development achievements, Minth actively promotes the decarbonisation process in the automotive industry by developing low-carbon raw materials, product lightweighting, and product recycling. As of the end of the Reporting Period, Minth has applied over 20 projects using independently developed green materials, successfully implemented them in the products of over ten major OEMs. Among them, Minth has independently developed Minal®-S series high-performance structural aluminium alloy, which leads the industry in the battery housing field, with over ten patents. Additionally, Minth continuously expands its product mix, driving market expansion of innovative products, such as battery housing, body and chassis structural parts, intelligent front modules, smart doors, intelligent tailgates, agile energy storage, wireless charging, and photovoltaic mounting systems, to continuously enhance its competitiveness.



Bio-based Thermoplastic Vulcanisates (TPV) Material

Minth Group actively promotes the R&D and Application of bio-based low-carbon material, and successfully developed bio-based TPV material in October 2023. The biomass content of this material is higher than 30%. Compared with petroleum-based TPV material, the carbon reduction ratio of bio-based TPV material is 30% higher. In addition, material performance fully meets the standards of our European customers.

The carbon reduction ratio of bio-based TPV material is **30%** higher than petroleum-based TPV material.



Green Aluminium

Minth Group is increasing R&D and resource investment in green aluminium, which has built aluminum melting and casting plants, aluminum extrusion plant with recycling process in Huzhou, China; and aluminum billet and extrusion plant in Sabac & Loznica, Serbia. Our recycled aluminium casting rod plants and aluminium extrusion plants in Huzhou achieved a recycling rate over 50%. The aluminium rod casting and extrusion processes of the factory in Serbia is 100% covered by green electricity and the proportion of recycled materials used in the production processes is over **75%**.

In 2023, we successfully completed the research and development of ECO-ALUMIN[®], a green high-strength crash aluminum alloy technology. This technology utilizes green aluminum ingots and incorporates at least 50% recyclable aluminum content, with excellent strength and collision performance. The carbon footprint of ECO-ALUMIN[®] green aluminium is lower than **3.0** kgCO₂/kg.



Lightweight Product Design

We focus on lightweight product design for automotive body chassis structural parts and exterior parts, aiming to improve vehicle performance while achieving carbon reduction.

- Thermoplastic composite tailgate: replacing traditional sheet metal tailgates with thermoplastic composite materials, achieving over **20%** weight reduction in the tailgate.
- Multi-material integrated door: the inner panel is iterated from traditional metal (steel, aluminum) materials to CFRTP (continuous fiber reinforced thermoplastic composite) materials, and the outer panel is iterated from traditional metal (steel, aluminum) materials to PP-TD30+CFRTP+PP-TD30 materials. Compared to traditional steel metal doors, weight reduction exceeds **45%**.
- Intelligent PC quarter window: the corner window is formed by dual-color injection molding using PC and PC/ABS materials, replacing traditional glass corner windows, achieving over 40% weight reduction in the corner window.
- Integrated aluminum alloy rear bumper beam: the rear crash beam integrates the energy absorption box and end plates on the main beam through extrusion and bending processing, reducing the product's processing steps while achieving a 25% weight reduction. Additionally, the crossbeam of the crash beam is designed using ultra-high-strength aluminum alloy (yield strength above 300 MPa), achieving a 20% weight reduction.



These lightweight design solutions for automotive body and chassis structural parts and exterior parts not only improve vehicle performance but also contribute to carbon reduction.

Material Recycling

Minth Group has successfully developed a PC+ABS material with a recycling rate of 30%, which can be used in automotive exterior decorative parts. This material has been certified by part-level verification and paint performance verification of multiple OEMs, and its performance is equivalent to that of new materials. According to carbon footprint accounting, the carbon reduction ratio of this material is higher than 25%. It has now been implemented on multiple automotive models of European and Chinese customers.



Carbon reduction ratio of this material is higher than

25%

Minth Group has developed ABS material with a recycling rate of 30% and ABS+GF8 material with a recycling rate of 50%, which have been successfully used in automotive body exterior parts and achieved a carbon reduction rate of over 20%. The material performance meets the requirements of most OEMs. The material has been recognised by some European and Chinese customers and is mass-produced in new automotive model of a European customer and evaluated by a Japanese customer.

Minth Group uses PP resin material with a recycling rate of 25% to 30% and PP resin material with a recycling rate of 50%, thus successfully achieving a carbon reduction rate of 30%. These materials have been certified by part-level verification and performance evaluation (painting and texture) from different OEMs and have been recognised by some European and Chinese customers. In particular, the textured PP material has been certified by the weather resistance performance evaluation of a European customer of Minth Group and meets the customer's one-year cycle requirements. At present, recycled PP materials have been mass-produced in new automotive models of a Chinese customer and are about to be mass-produced new models of two European customers.



Energy Storage, Energy Conservation, and Carbon Reduction Solutions

Minth Group actively promotes the R&D and application of energy storage products, and successfully developed balcony energy storage, home energy storage, stacked energy storage, pull rod energy storage, and distributed energy storage and charging terminals in 2023. These energy storage products, combined with solar photovoltaic panels, store excess energy through storage systems to supply energy demand during peak hours, increase the utilization of renewable energy, reduce carbon emissions from fuel combustion, and avoid electricity waste and coal-fired power generation.



In 2023, we also participated in the development or revision of eight national standards in China, including low-carbon recyclable material for automobiles, five industry standards, and five standards within the Group, including specification for the use of recycled plastics in vehicles.



Professional R&D Team

We are dedicated to building a professional R&D team. As of the end of the Reporting Period, the number of global researchers in the Group was over 3,700. Over 780 new researchers joined during the Reporting Period.

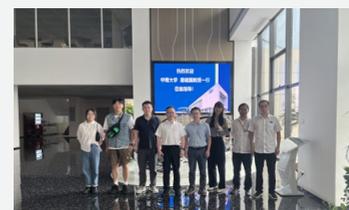
Global researchers in the Group was over

3,700

Professional CAE Simulation Team

The R&D Centre has a professional CAE simulation team. In 2023, we introduced a new digital programme software, such as ESI-Pamcrash, which not only improves the simulation accuracy but also integrates various collision regulations, which allows the direct referencing of module data in the sub-collision system. We also collaborate with research universities to develop related software and enhance the reliability of analysis results. Through project validation, simulation accuracy reached over 90%.

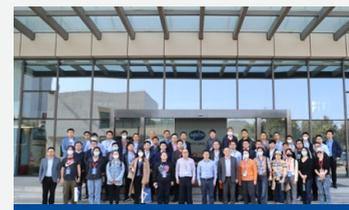
In 2023, we enhanced our professional capabilities through a diverse range of knowledge sharing. The R&D centre conducted nearly 200 internal training sessions. We also emphasized cross-department knowledge sharing. The R&D centre organized over 20 forums and workshops, covering various topics including material technology, customer research, competitor analysis, and exhibition content sharing. The scope extended to personnel from the R&D centre, various business units (BUs), and project teams. In terms of external communication, we participated in more than 70 external training programmes and led over 60 technology exchanges and collaborations with universities and research institutions.



Cooperation with Universities



Technology Exchanges with Clients



Technology R&D Meetings with Clients



R&D Conferences with Material Manufacturers



We engage with business partners to explore innovative sustainable materials. In 2023, our efforts in this area were particularly noteworthy as we engaged in over 30 technical sharing sessions with our suppliers and customers, focusing on green materials. These sessions served as valuable platforms for knowledge exchange, allowing us to achieve consensus on crucial topics such as carbon reduction targets, technical solutions, and carbon accounting methods.

To promote carbon reduction efforts, Minth actively collaborates with mainstream material manufacturers and research institutes, both domestically and internationally, in conducting cooperative research and development. In 2023, we conducted various discussions on topics, such as high recycling ratios of PA6 materials, the application of bio-based PVC materials in automotive exteriors, and the recycling of high-flow PP materials.

In 2023, to encourage R&D innovation among our employees, we established and presented various awards, including 'Most Outstanding R&D Individual,' 'Best Practices,' and 'Outstanding Contributions.' The number of awarded teams and individuals totalled over 150. We also granted awards for innovative technologies, innovative products, and significant technological breakthroughs within the Group. These awards aimed to recognise teams and individuals who made outstanding contributions in technological breakthroughs, cost reduction, and enhancing product order acquisition.

Over **30** technical sharing sessions with suppliers and customers.



Major Breakthrough Awards

Awarded teams and individuals totalled over

150



Outstanding Individuals

Intellectual Property Management

In 2023, we have implemented a comprehensive global patent management process on the basis of complying with all relevant local intellectual property laws and regulations. We have updated the Patent Application Review and Management Guidelines to provide detailed provisions for various types of global patent applications and review processes. We have specifically improved the evaluation process for high-value patents and optimized the pre-application and post-application review processes for global patents. This ensures a rapid response to global patent applications. Additionally, we have updated the Research and Development Centre Information Security Management Guidelines to enhance confidentiality requirements for intellectual property protection.

In 2023, we have established a robust intellectual property protection network for our core technological products worldwide, providing a secure assurance for the global expansion of our products. In terms of global patents, we have strategically laid out foreign patents for technologies, products or materials such as wireless charging, seamless LiDAR compatible radomes, illuminated bumpers, illuminated bellline moldings, surface treatments, battery housing, high-performance aluminium materials, and environmental friendly polymer materials with high performance. For example, our seamless LiDAR compatible radomes technology has entered markets in Japan and the United States, while our composite material battery pack cover products have entered Mexican and other countries' markets. This has enhanced our overall global competitiveness. Furthermore, in the area of global trademarks, we have enhanced the application and registration of foreign trademarks such as MINTH, MINJET, and Meet series. For instance, the MINTH trademark has been registered in countries including Brazil, Canada, Colombia, Malaysia, Morocco, Russia, South Africa, and Argentina. The MINJET trademark has been registered in the United States, Canada, Mexico, the United Kingdom, Japan, and the European Union. The Meet series trademarks have been registered in the United States, the European Union, the United Kingdom, South Korea, and Japan.

In 2023, we have further optimized our global patent management and patent search analysis through the upgrade of our digital systems, enabling more efficient global patent management and analysis. We have implemented a comprehensive and collaborative approach to global patent management and evaluation, establishing a high-precision, multidimensional, and visual patent monitoring database covering 170 countries for our core products. This database allows us to dynamically monitor and access real-time global patent information for our products, enabling us to accurately position our core products in terms of global patents and better predict future development directions. Through a comprehensive global patent search analysis, we are able to reduce R&D risks and effectively mitigate the risks of global patent infringement.

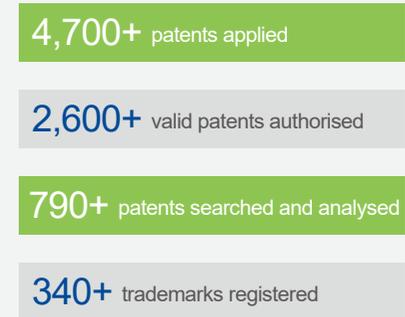
Upgrade the Innospat intelligent patent management system	Add a module for confidential technology secrecy applications to enhance the management and protection of R&D achievements
Build a platform for intellectual property retrieval and analysis	Efficiently retrieve patent information
Set up a real-time project monitoring platform	Stay updated on project patent information and mitigate infringement risks

In 2023, two subsidiaries⁷ of Minth Group have obtained certification for their intellectual property management systems according to the GB/T 29490-2013 standard.

During the Reporting Period, Minth Group had a total of:



As of the end of the Reporting Period, Minth Group had a total of:

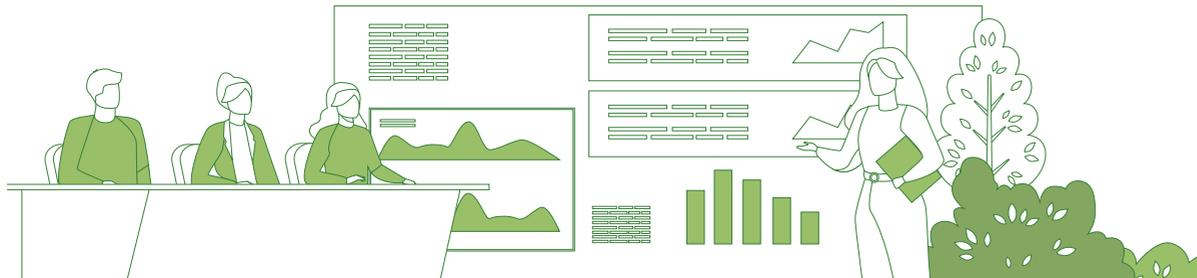


⁷Ningbo Shintai Machines Co., Ltd. and Minth Automotive Technology Research & Development Co., Ltd.

Minth Group conducts intellectual property training for all employees through various forms such as on-site training, online courses, and email notifications to enhance the awareness of global intellectual property protection. In 2023, our training topics covered aspects including domestic and international patent exploration and application, basic patent search analysis, patent infringement analysis, basic trademark knowledge, use of intellectual property management systems, and intellectual property regulations. Employees also participated in practical learning sessions on overseas patent application and protection to enhance Minth Group's capabilities in global deployment, foreign patent risk management, and international trademark registration and risk assessment abilities.

Intellectual Property Month

Minth Group hosted its 7th Intellectual Property Month in September 2023. The theme is 'Enhancing Intellectual Property Competence and Building Global Competitiveness'. The main activities included professional training on intellectual property knowledge, an intellectual property summit forum, and online and offline quiz activities. The professional training and quiz activities helped popularise intellectual property knowledge among employees. The summit forum featured external experts, university professors, government officials, and senior executives from within the Group, who shared insights and engaged in discussions on topics related to patents, trademarks, and trade secrets.



R&D Awards

Due to our emphasis and efforts on innovation, we have received global R&D awards, such as Society of Plastic Engineers (SPE) Automotive Innovation Awards, the National Patent Excellence Award and China Industry Award-Honorary Award. Additionally, we were recognised as a National Enterprise Technology Centre. Our R&D works were acknowledged in the automotive industry by achieving the Gasgoo Awards and the Lingxuan Award - Gold Prize in the category of cutting-edge new materials. Furthermore, two subsidiary companies⁸ within our group were awarded the title of National Intellectual Property Demonstrative Enterprise.

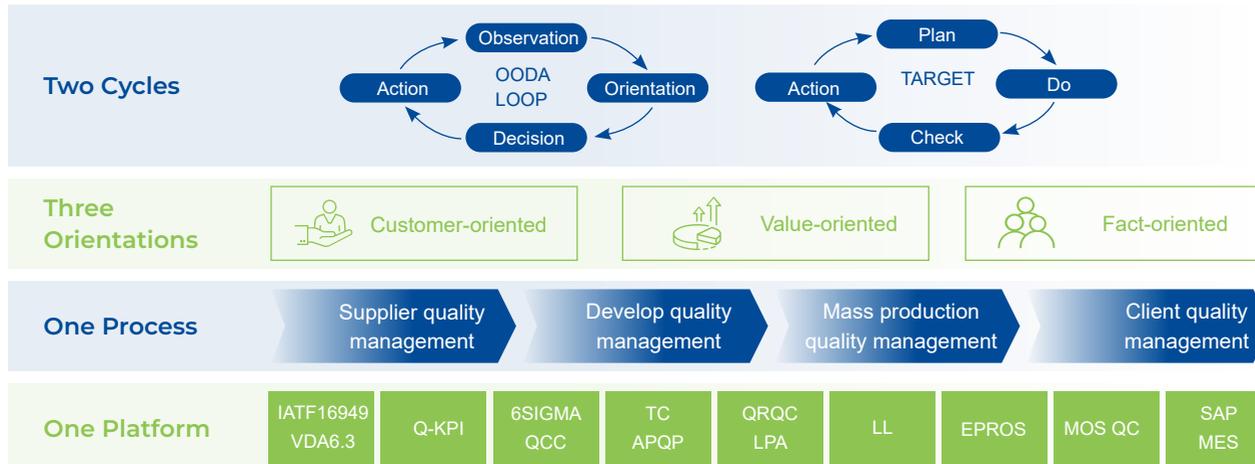


⁸Ningbo Shintai Machines Co., Ltd. and Ningbo Minth Automotive Parts Research & Development Co., Ltd.

Product Quality

Quality Management System

Excellent products and services are the foundation of our success. We strictly adhere to the relevant quality management laws and regulations of various countries, and have developed a thorough Quality Manual and Management Procedures according to IATF16949:2016. From the perspective of early prevention, early planning and early control, the whole process of APQP product early planning is established. For product quality and safety control, the Product Release Management Procedure and Product Safety Management Guidelines have been formulated. As of the end of the Reporting Period, 100% of our mass production factories have passed the IATF16949 quality system certification and obtained certificates. In 2023, we continued to update our group's Quality Manual and published a series of client-specific quality requirements. We improved quality process management through tools such as 6Sigma, QCC, and digitalization, achieved comprehensive control supervision of quality system management through layered audits, process audits, and product audits.



Digitalisation

Digital systems have been integrated into our daily quality management processes. We have utilised various systems to effectively manage the entire process of 'supplier-design-manufacture-customer service'. These systems have enabled us to track quality data, conduct internal quality audits, solve quality problems, and provide staff training in an efficient and effective manner. By leveraging digital technology, we have enhanced our overall quality management capabilities and streamlined our processes for better quality control and customer satisfaction.

In terms of quality management processes, we have implemented the following measures:

- 1 Integration of SAP (Enterprise Management Solution) and MES (Manufacturing Execution System) to achieve end-to-end quality management and traceability. This includes conducting product inspections and managing defective products.
- 2 Utilisation of the QBOM system to ensure accurate transfer of quality inspection standard data from development to mass production stages.
- 3 Implementation of the Lessons Learned (LL) system to accumulate and document quality knowledge, experience, and lessons.
- 4 Deployment of the Layered Auditing Electronic System and Process Audit System to enhance the digitization of our quality auditing processes.
- 5 Launch of the QRQC Meeting Management and Problem-Solving System for quick response, escalation, and resolution of quality issues. This system also allows for the accumulation of problem-solving experiences to improve our quality management efficiency.

Quality Vision: Zero defects

Quality Policy: Do it right at the first time

Full participation

Leadership

Continuous improvement

During the reporting period, we upgraded and launched a new digital system called Lessons Learned (LL), which identifies experiences from a 'problem' perspective in various activities or functions/departments such as customer complaints and feedback, after-sales issues, internal quality problems, product design issues, project management issues, manufacturing process design issues, supplier quality issues, etc. In addition to identifying post-event experiential lessons learned from a problem perspective, we also identify preventive experiential lessons learned from quality, cost, efficiency, delivery, safety, and other aspects. We summarise and share these lessons and engage in effective experiential learning exchange interactions horizontally, enabling more employees to learn from past experiences, take preventive measures, and avoid recurrence of problems. As of the end of the reporting period, over 2,000 cases has been uploaded to the LL system covering various aspects such as process technology, product design, project management, testing, and experiments.

Digital Quality Management System Overview



Product Testing

We have fully implemented the Measurement System Analysis (MSA), which is one of the five major tools in the automotive industry to manage our measurement processes. We have developed procedure documents such as Monitoring and Measurement Device Management and MSA Management Guide to prevent quality and safety issues that may arise from measurement system failures.

Each business unit (BU) has developed relevant product inspection measures based on their specific business characteristics and conducted targeted audits on key projects. We have advanced product testing and experimenting capabilities, which have obtained ISO 17025 laboratory accreditation. During the development and production stages, we conduct comprehensive inspections and tests on products. This includes using advanced technologies, such as laser radar, multi-camera vision systems, and imported coordinate measuring machines to measure full dimensions or key dimensions of products. We also conduct tests on the welding of products using advanced weld seam detection and metallographic microscopes. Our self-developed gas detection, water detection, helium detection, and other air tightness testing equipment ensure 100% testing of the product's sealing properties. Imported cleanliness detection equipment is used to test the cleanliness of products. Additionally, we have developed an automatic online monitoring SPC system to effectively monitor process parameters, product measurement results, and issue alarms or shutdowns in case of abnormalities, thus proactively preventing product quality issues.

In terms of preventive detection and routine test, we have made significant breakthroughs in automated inspection technology and have achieved 100% utilisation of automated inspection technology in multiple projects and various stages of inspection:

Dimensional and Visual Inspections

We have conducted innovative research and development in the field of multi-vision inspection and have invested in multiple advanced technologies such as laser scanners and 3D equipment.

Welding Appearance and Metallographic Inspection

We have invested in multiple welding seam inspection devices, metallographic cutting equipment, and industrial CT scanners.

Cleanliness Inspection

We have invested in equipment such as vacuum cleaners, extractors, fluorescence inspection, and endoscopes for cleanliness inspection.

Sealing Inspection

We have independently developed multiple automatic sealing inspection machines and also equipped them with advanced airtightness testing instruments.

Defective Product Management

We also have a comprehensive control system and on-site management control in place for managing defective/suspicious products detected during procurement, warehousing, production, and customer returns, in order to ensure the whole process is 100% under control.

After identifying defective/suspicious products, we will apply specific identification marks and place them in designated quarantine areas.

Once the defective product review results are determined, we will either proceed with rework or disposal. We also utilise professional analytical methods for cause analysis and implement continuous improvement measures to reduce the occurrence of defective products.

Due to our relentless pursuit of product improvement, the rate of the Group's defective product costs has shown a significant decline over the past three years.

Quality Training

Excellent product quality is inseparable from the commitment of every employee to quality. We have established a comprehensive skills training system and quality awareness improvement activities to support all members in producing high-quality products through exquisite craftsmanship.

We provide quality training for all the staff in various forms. Starting from onboarding, we provide 100% quality consciousness and skills training to all employees, including subcontractors, as a foundation for ensuring product quality. Within the first four weeks of joining, all employees are required to complete the first three levels of quality training and pass the assessment for each level. If an employee is transitioning to become a multi-skilled worker, they will need to undergo training for the fourth level as well.

Level I

- An introduction training on product process and quality standards
- Within the first week

Level II

- Lectures on quality knowledge provided by certified internal trainers provide
- Practical on-the-job training conducted by production line supervisors
- Within the first week

Level III

- An assessment on quality knowledge and practical skills
- From the second week to the fourth week of their onboarding period

Level IV

- Multi-skilled worker training program and and basic management training
- Within three months to two years after joining the company

Potential Talent Development in Quality Assurance

In 2023, 26 individuals participated in the Quality Potential Talent Development programme. The programme primarily focused on external trainings in 6 Sigma, supplemented by internal trainings in MSA, SPC, QCC, and other areas. The programme aimed to bridge theory with practical project experience. Ultimately, 8 individuals achieved Black Belt certification, while 13 individuals obtained Green Belt certification.

In addition, we organised Quality-Theme Months and various quality events to cultivate a quality culture within the Group. During the 2023 Quality-Theme Month, we updated the training materials for new employee quality awareness and conducted training sessions for both new and existing employees. We also organised activities, such as quality knowledge competitions, speech competitions, skills competition, and quality slogan selection to enhance the overall quality awareness. Different factories also carried out special improvement activities for specific process improvement, on-site operation quality assurance, and scrap management. During the reporting period, we proposed a total of 734 quality improvements, with a resolution rate of 97%, resulting in an economic performance improvement of RMB 63.04 million.

Internal Auditor Training

In 2023, 40 employees from Minth Group's 16 factories in China participated in the VDA6.3-2023 & VDA6.5-2020 Internal Auditor Training.



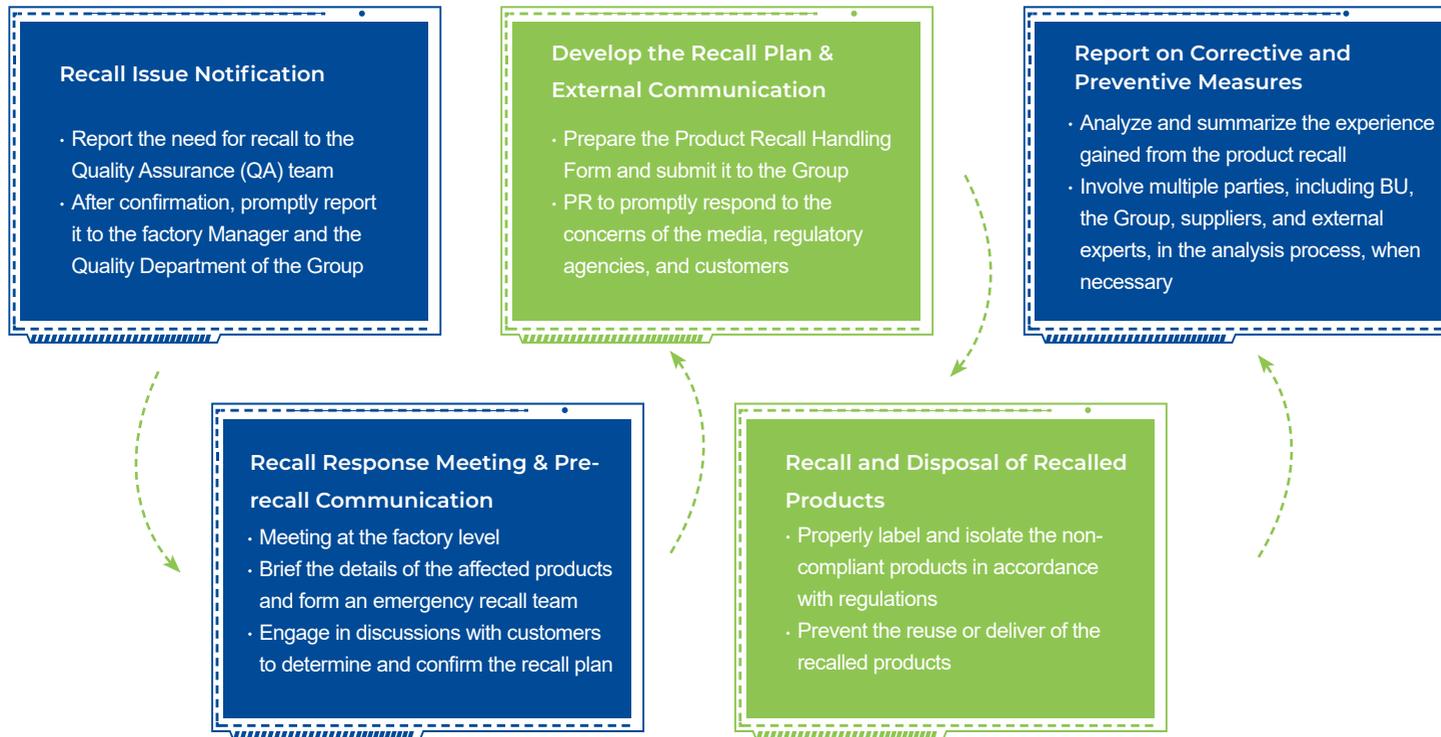
'Quality Starts from the Heart' Training Programme

Around 30 on-site workers from the Huai'an Hexing factory in Jiangsu, China participate in the 'Quality Starts from the Heart' themed activity every month. The activity involves sharing case studies of a lack of quality awareness, emphasising the importance of product quality and establishing a quality mindset.



Product Recalls

In 2023, we released a new Recall Management Guide to standardise and guide the timely recall of defective products. For products with defects or quality issues, we provide free handling or recall, rectify the defects, or dispose of the products to eliminate the negative impact on customers or reduce the extent of harm caused by the products. The Quality Department is responsible for supervising and managing the recall of defective parts in each factory, while the quality departments of each product line are responsible for overall coordination of product recalls and organising group-wide inspections for similar issues.



During the Reporting Period, there were no product quality recall incidents reported within the Group.



Quality Awards

During the Reporting Period, our product quality has been widely recognised by our customers. More than 20 customers presented us quality awards or recognized us as excellent suppliers.



South Korea-Renault



China-Dongfeng Corporation Passenger Vehicle Company



Spain-STELLANTIS FCA



Thailand-General Motors

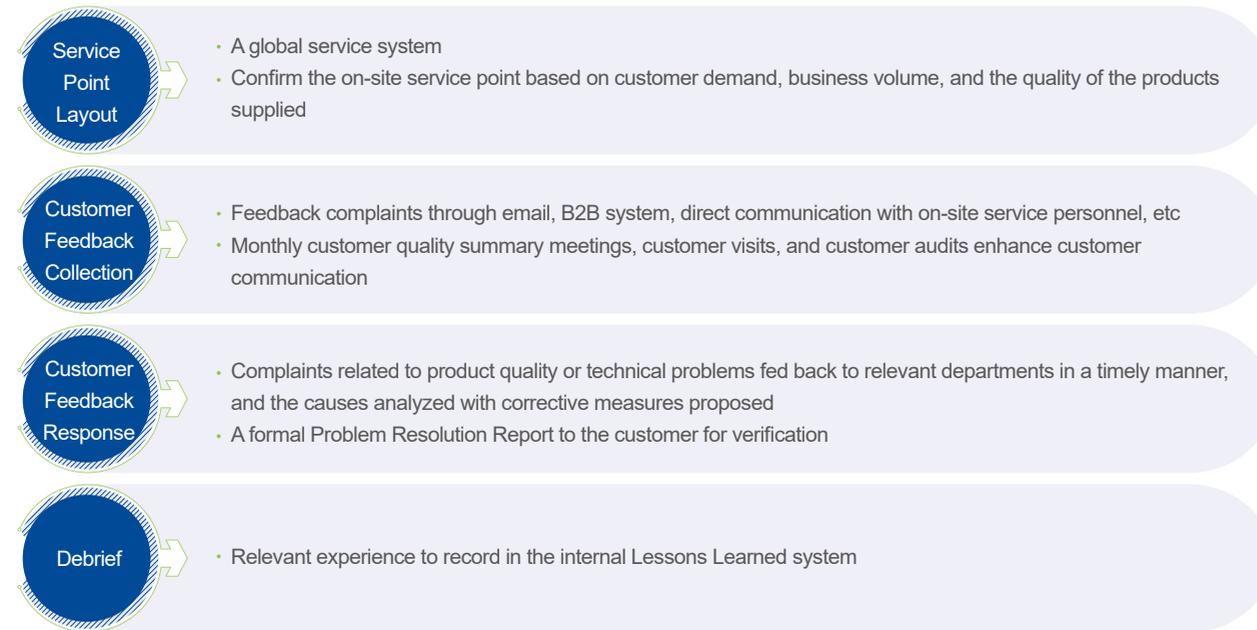


China-FAW TOYOTA

Customer Service

Minh provides best-in-class client service. We have established systems, such as the Service Management Procedure, Improvement Management Procedure, and Customer Complaint Management Guideline. We have also set up customer service teams at the headquarters, business units, and factories to promptly respond to and effectively solve problems. We have implemented customer complaint escalation standards and a risk escalation response mechanism, with risks being reported upwards from department managers to the factory general manager, BU quality director/key account quality manager, and the Group quality general manager, ultimately reaching the CEO. Each day, the quality managers at each factory promptly report customer complaints. The BU organizes a weekly high-level meeting to report on customer complaints, with the BU general manager, BU deputy general manager, BU quality director, factory general manager, quality manager, and relevant departments attending. During these meetings, the causes and measures taken in response to customer complaints are reported to prevent the recurrence of quality issues.

We have established a comprehensive customer service process that includes different stages such as customer inquiries, complaints, and after-sales service. This ensures that we can effectively respond to customer needs and promptly resolve any issues, ultimately enhancing customer satisfaction.



During the Reporting Period, our group received a total of 607 customer complaints related to quality. We achieved a 100% on-time processing rate and a 100% closure rate for these issues.

We have implemented a group-wide customer satisfaction survey system, which allows us to reach a wider range of customers through convenient information collection methods. During the Reporting Period, we utilized this system to invite customers, which mainly includes global OEMs to participate in satisfaction surveys focusing on four dimensions: quality, technology, logistics, and procurement. We organized specific improvements at our factories to address the low-scoring areas identified in the surveys, thereby promoting an increase in customer satisfaction. At the end of the Reporting Period, our overall customer satisfaction average score remained at 4.8 out of 5.

We achieved a

100%

on-time processing rate and a

100%

closure rate for these issues.

Supply Chain Management

Minth Group implements full lifecycle management of suppliers based on the Enhancing Automotive Industry Supply Chain Sustainability Performance Guidance Principles jointly issued by the Automotive Industry Action Group (AIAG) and Drive Sustainability, also completed the SAQ questionnaire on the Supplier Assurance Platform to meet the sustainable development management requirements of OEMs for the supply chain and implement lifecycle management of suppliers based on this principle. To this end, Minth Group has developed management documents, such as the Supplier Development and Management Manual, New Supplier Admission Management Guidelines, Supplier Performance Management Guidelines, Supplier Risk Management Guidelines, Supplier Corporate Social Responsibility (CSR) Management Guidelines, Procurement General Guidelines, and Minth Group Supplier Social Responsibility Code of Conduct. Minth Group attaches great importance to the social and environmental impacts of global procurement and supply chains. In the Minth Group Supplier Social Responsibility Code of Conduct (MINTH-WIR-005-28-08), suppliers are explicitly required to prioritise human rights, protect labour rights, as well as health and safety, protect the environment, refrain from using conflict minerals, adhere to business ethics, collaborate closely with end customers and suppliers, and collectively promote the sustainable development of Minth's global supply chain.

Supplier Lifecycle Management

Effectively managing the lifecycle of suppliers from development, registration, delivery to exit, to avoid and prevent supply chain from risks, and achieve win-win outcomes.



Minth Group implements the lifecycle management of suppliers, with systematic management requirements for supplier development, qualification review, supplier admission, project nomination, development management, mass production management, and development and elimination. The Group's Procurement Centre developed SQE teams for different product lines, responsible for controlling the project development nodes and product quality of suppliers and uses the Group's integrated procurement system (GDMP) to achieve APQP node review and PPAP approval for project development. This system enables the lifecycle management of supplier development, mass production, and exit. In the mass production stage, continuous improvement of suppliers' quality through performance evaluation is promoted, ensuring the quality of the final supply chain, and enhancing customer satisfaction.

Supplier Admission and Onboarding Management

The admission of new suppliers, in accordance with the requirements of the New Supplier Admission Management Guidance, involves sequentially registering new suppliers, conducting remote pre-selection, carrying out written qualification reviews, performing on-site inspections, including them in the approved supplier list, establishing fixed pricing, exchanging samples, and placing orders.



Supplier Performance Evaluation

During the mass production phase, suppliers undergo monthly and annual performance evaluations, and a Supplier Performance Management Guidance has been developed. Suppliers are assessed in terms of quality, cost, delivery, technology, and sustainable development CSR, with a total score of 100 points, where quality level and sustainable development CSR account for 50%. Performance results are categorized into grades A, B, C, and D. Suppliers rated as C or D will receive coaching sessions for improvement efforts from SQEs. If a supplier fails to make improvements within the specified timeframe and fails to pass the re-evaluation, to ensure product quality for customers and mitigate potential quality risks, the initiation of new business contracts will be frozen through a digital system.

Annual Process Audit of Suppliers

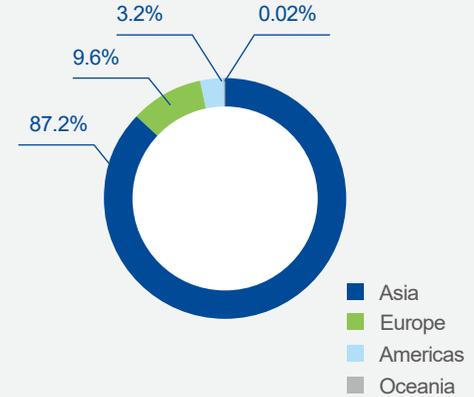
Minth has formulated the Supplier Process Audit Management Guidance, which is applicable to all direct suppliers. Annual audits of suppliers are conducted following the VDA6.3 model, with results categorized into grades A, B, and C. An annual on-site audit plan for suppliers is developed, and SQE engineers with auditing qualifications are assigned to conduct process audits at supplier sites. In 2023, the annual audit plan for raw material/component suppliers included 63 companies. The SQE team carried out process audits at all 63 suppliers as planned, achieving a completion rate of 100%. Audit results were documented and archived. Among the audit findings, there were 29 suppliers rated as grade A, 31 as grade B, and 3 as grade C. Issues identified during the audit were monitored for improvement by auditors until they were resolved. For the 3 suppliers rated as grade C, on-site re-evaluations were conducted, and all of them have met with the standard.

Management of Tier 2 Suppliers

To ensure the quality of Minth's Tier 2 suppliers, the Group has established the Minth Tier 2 Supplier Management Guide, which applies to all indirect/secondary suppliers of component projects subcontracted by Minth. This guide outlines the requirements for managing Tier 2 suppliers to ensure a balanced supply and quality level, as well as to reduce supply chain management risks. The development project team at Minth has set up an assessment team to identify key Tier 2 suppliers based on critical characteristics of components on drawings and key production processes of components. These key Tier 2 suppliers are then evaluated to ensure they can meet the requirements of projects and end customers as identified in the Tier 2 Products & Suppliers List.

Number of Suppliers

During the reporting period, there were 5,576 BOM (Bill of Materials) suppliers in Minth's system. By geographical distribution, 4,864 were in Asia, accounting for 87.2% of the total; 533 in Europe, accounting for 9.6%; 178 in the Americas, accounting for 3.2%; and 1 in Oceania, accounting for 0.02%. With the establishment of Minth's global factories and continuous business expansion, the number of global suppliers is expected to increase continuously.



Sustainable Supply Chain

Minth Group places significant importance on the sustainable development of its supply chain and is committed to driving sustainability through the active procurement of green aluminium and green steel materials. The company works closely with suppliers to establish sustainable procurement practices and encourages them to operate in environmentally friendly and socially responsible ways. Minth places a high priority on ESG-related risks within the supply chain and actively encourages suppliers to provide environmentally friendly products.

The company has developed the Minth Group Supplier Corporate Social Responsibility Code of Conduct based on the SA8000 standard. Additionally, a comprehensive supplier guide has been established to ensure compliance with labour standards, health and safety regulations, environmental protection, business ethics, and effective upstream supplier management. Furthermore, Minth actively participates in the Aluminium Stewardship Initiative (ASI) to further promote sustainability within the industry.

Quality Control of Raw Materials/Accessories

The company systematically manages all purchased raw materials and accessories, from early project planning to product realisation, ensuring the quality of raw materials while insisting on selecting materials with a lower environmental footprint to minimize environmental impact from the source. We not only require suppliers to provide raw material quality inspection reports or quality certificates but also have formulated policies such as the Raw Material Development Management Guide and Material/Accessories Inspection Specifications. These documents outline inspection items, testing methods, inspection frequencies, and acceptance criteria to control incoming material inspections, ensuring the quality of raw materials and accessories and further safeguarding product quality. In the event of issues, we follow the handling procedures outlined in the Defective Product Management Procedure to address non-conformities within specified timeframes, maintaining strict quality control.

During the reporting period, Minth procured a total of 40,987 raw materials and accessories around the world. Prior to mass production, each raw material and component is assigned an internal part number and issued with incoming inspection standards for use by the quality inspection departments of respective factories.

In addition to striving to develop green products, we prioritise the procurement of environmental-friendly materials such as green aluminium, green steel, and recycled/reclaimed plastics. By incorporating these sustainable materials into our production processes, we aim to minimise environmental impact and contribute to creating a more sustainable future.

Minth inspected and procured a total number of

40,987 raw materials and accessory parts around the world

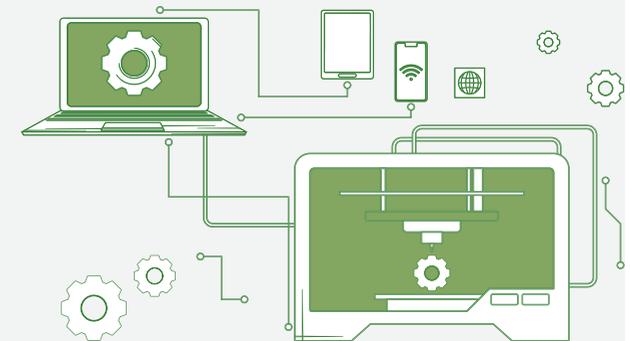
Green Steel

Minth Group is actively promoting the application of green steel and communicating closely with suppliers. Future plans include purchasing high-strength steel to produce lightweight parts and reduce carbon emission; promoting the use of scrap steel and electric furnace steelmaking; advocating for the use of clean energy; promoting customers to develop hydrogen-based shaft furnace steelmaking technology, which is planned to be launched in 2025.

Digitalisation of Supply Chain Management

Based on Minth's globalised production factory layout, the development of the Group's supply chain has gradually expanded globally. To ensure systematic supply chain management, Minth has developed and adopted the Global Digitalised Management Platform (GDMP), which integrates with the SAP system. This platform is used internally by the procurement team and provides necessary order management and issue resolution capabilities to suppliers, ensuring timely communication of procurement information and prompt resolution of quality issues.

The Global Digitalized Management Platform (GDMP) developed and utilised by the Group integrates functions related to procurement analysis, performance platform, special management, and product analysis in supply chain management. It rapidly consolidates supply chain data, conducts intelligent cost analysis, and delivers results to internal demand departments to make informed decisions and avoid potential risks.



Supplier Capability Building and Development

To drive continuous improvement in sustainable development performance among suppliers, Minth conducts 3 to 6 quality enhancement training sessions for suppliers each year. The main forms of training include on-site guidance training by SQE to suppliers, centralised training on online electronic platforms, and offline distribution of training materials for self-study, covering active suppliers of Minth. The main training content includes quality management modules in BQRS, the application of quality problem analysis and resolution steps - 8D report, identification and management of product special characteristics, and customer special requirements. At the same time, Minth advocates for self-presentation of excellent suppliers, mutual learning of excellent management experiences, and continuous benchmarking for improvement.

Category		2023 Number of Suppliers	Proportion by Region
Total		5,576	
Region	Asia (China, Thailand, Japan, South Korea, India, United Arab Emirates, Israel)	4,864	87.2%
	Americas (United States, Canada, Mexico)	178	3.2%
	Europe (Serbia, Czech Republic, Germany, France, Italy, United Kingdom, Switzerland, Austria, Poland, Montenegro, Spain, Turkey, Netherlands, Romania, Slovenia, Slovakia, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia)	533	9.6%
	Oceania (Australia)	1	0.02%

Supplier Conference

We held two times of Supplier Conference in 2023, where senior executives of the Group engaged in in-depth discussions with supplier representatives. The discussions covered topics such as business ethics, green energy, digital transition, supplier rating criteria, and recognition of outstanding suppliers of the year. Suppliers also shared knowledge on the topic of green materials.



Information Security and Privacy Protection

Minth Group is strongly committed to upholding the privacy and information security of its customers. We are in full compliance with relevant laws and regulations such as the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and the EU General Data Protection Regulation (GDPR). We have developed guidelines, procedures, and management programs, such as the Research and Development Centre Information Security Management Guide, Data Security Management Procedure, Project Information Security Management Procedure, Sample Management Procedure, and Personal Information Protection Management Procedure, to ensure the standardized management of personnel and assets throughout the entire group, thereby ensuring the security of customer, company, and employee information. We have designated regional information security officers to ensure the implementation and transmission of information security requirements within departments. In 2023, we will update the Computer Security Management Procedure and Incident Security Management Procedure to continuously strengthen information security management.

Information Assets

- Identify and assign value to information assets to confirm key information assets
- Establish a complete process for creating, delivering, storing & accessing, and destroying critical data

Sample Safety

- According to the requirements of Minth and customers, we manage the trial production, storage and transportation of key samples

Physical Environment

- Regional hierarchical management according to the level of safety protection
- Improve access control permissions, external access

Office Terminals

- Comprehensive management of employee accounts, office software, and office equipment
- Monitor with audit logs

Personnel Management

- Employees are required to sign a confidentiality agreement when onboarding
- Conduct information security audits before employees leave the company



By 2023, Minth Group has responded to customer's supply chain security requirements by obtaining Trusted Information Security Assessment Exchange (TISAX) certification at 18 sites and maintaining the information security management system continuously.

We have enhanced and upgraded information security measures at key regional research and development centres. At the management level, we have introduced the Innovative Product and Tooling Material Naming Rules and the R&D Information Security Reward and Punishment Guidelines to provide a clear guidance on preventing customer and project information leakage. On the technical level, we have established an internal data transmission platform with traceable data flow logs and strengthened encryption software. Combined with an increase in employee awareness of information security responsibilities, we have provided effective protection for information assets in office security. In terms of privacy protection, we have conducted data protection impact assessments in key areas to track and promote the implementation of the latest regulations and best practices.

Furthermore, the establishment and maintenance of information security have been extended to suppliers. All suppliers working with us are required to sign a Contractor Information Security Notice and provide a commitment to information security protection. We organize regular information security training for employees and conduct information security advocacy for employees and suppliers to enhance awareness and concepts of information security.

With the continuous specialization of industrial division of labour and the evolution of enterprise digital management, network and information security has become a hot topic of concern in the global automotive industry. From OEMs to top-tier suppliers, every entity pays attention to the confidentiality of their own and customers' information, system availability, and business continuity. Network information security, like product quality, is the lifeline of an enterprise, relating to compliance, operations, and management, requiring the participation of all employees. Data and systems are also core assets of an enterprise, and identifying risks, managing risks, thereby ensuring the security and controllability of the enterprise and the entire industry chain. As a globally famous automotive parts supplier, Minth Group needs to treat network and information security as a multiplier, continuously dedicating itself to precise management, protecting employees' personal privacy, and ensuring the secure delivery of customer products and services.

During the reporting period, there were 0 incident of information security leakage within the Group.



Information Security Training

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1 What is information security	
2 Information security in daily life	
3 Information security at work	
4 Information security situation and laws & regulations	

04

Planet



Environmental Management System

Minth Group strictly complies with environmental laws and regulations in all operating locations worldwide to ensure compliance with global environmental protection requirements. In 2023, we conducted a comprehensive review of our internal and external environment and improved a range of policy documents, including the Minth Group EHS Management Manual, Minth 3050 Carbon Neutrality Strategy, and Red Line Management Standard, through the Risk and Opportunity Management Procedure to manage environmental affairs.

To effectively promote the Group's low-carbon development and environmental protection efforts, we have established a multi-level management system (the Group-BUs-factories) with the Group's Board of Directors and the Sustainability Committee as the highest supervisory body. We set annual environmental management objectives, continuously optimize management processes, and improve layered audit management requirements. During the process, the issues and deficiencies identified in certain factories are being rectified actively. Also, we kept communicating with relevant regulatory authorities to further improve and implement the corresponding environmental management work.

As of the end of the Reporting Period, Minth Group obtained 100%⁹ coverage of ISO 14001 Environmental Management System Certification in factories; 6 subsidiaries were certified as National Green Factory or National Green Supply Chain Management Enterprise; 13 factories were certified as Provincial and Municipal Green Factory.

As of the end of the Reporting Period, Minth Group had invested over RMB 50 million in environmental protection and no serious environmental protection violations fines were incurred.

100% coverage of ISO 14001 in our factories

6 subsidiaries were certified as National Green Factory or National Green Supply Chain Management Enterprise

13 factories were certified as Provincial and Municipal Green Factory

⁹Factories that have been in mass production for at least one year.

Climate Change Response

We recognise that carbon neutrality is a necessary direction for social and economic progress, and we are committed to addressing climate risks and securing opportunities for long-term sustainable development. In pursuit of these objectives, we employ the guidelines provided by the Task Force on Climate-Related Financial Disclosures (TCFD) to assess, analyse, manage, and transparently disclose the risks and opportunities associated with climate change.

Governance

The Board of Directors of Minth Group is accountable for supervising the development of a systematic process to identify climate change risks for the Group. The Sustainability Committee is in charge of supervising the implementation of climate change risk identification, collaborating with different departments to take the required actions against recognised climate change risks, and regularly reporting and providing suggestions to the Board. The ESG Working Group is responsible for coordinating different divisions and executing relevant measures to tackle identified climate change risks.

Strategy

Minth Group is proactive in addressing climate risks. By referencing the TCFD framework and using the Representative Concentration Pathways RCP2.6 and RCP8.5 introduced by the Intergovernmental Panel on Climate Change (IPCC) of the United Nations in its Fifth Assessment Report as climate change risk analysis scenarios, Minth Group is able to identify and assess potential impacts on its business performance under different scenarios.



Type		Climate-Related Risks	Impacts on Minth Group
Physical Risks	Acute	Floods	Heavy rainfall and floods may have an impact on production, operation and asset safety, logistics, and transportation at production sites, indirectly leading to supply chain disruptions or short-term price increases.
		Typhoon	Typhoons may affect production, operation, and asset safety at production sites, threaten the safety and health of personnel and restrict working hours and conditions, resulting in increased operating costs. The supply chain may be disrupted by typhoons, resulting in short-term cost increases and even product shortfalls and business interruptions, etc.
		Extreme heat	Extremely hot weather can increase the incidence of drought, which increases the chance of fires. High temperatures can lead to increased employee illness. Increased demand for cooling electricity due to persistent high temperatures, resulting in higher production costs.
	Chronic	Changes in precipitation patterns and variability in weather patterns	Extreme weather events may affect the Group's assets and production capacity, as well as relationships with suppliers or customers. Unstable weather patterns may slow down shipments, restrict product deliveries and affect procurement and delivery.
		Rising sea levels	Sea level rise is causing seawater to invade production sites in China, Thailand, and other coastal areas, and will cause further flooding.
		Water shortage	Water shortages caused by climate change and weather patterns change makes it difficult to secure water resources for production, cleaning, painting, and domestic use, resulting in shutdown and increase in operating costs.
		Rising mean temperatures	Frequent high temperatures lead to higher costs for production and supply chain transportation, as well as increased demand for cooling power in employee work environments.
Transition Risks	Policy and Legal	Exposure to litigation	Civil public interest lawsuits related to climate change are increasing year by year.
		Mandates on and regulation of existing products and services	The current global regulation of CO ₂ emissions from vehicles has influenced the choice of strategies in technology and business directions, e.g., the EU Green Deal and the Action Plan for Reaching Carbon Dioxide Peak Before 2030 and others all propose to vigorously promote the development of new energy vehicles.
		Increased pricing of GHG emissions	Although Minth Group has not yet been included in any carbon emissions trading system, it may still be affected by the prices of fuel and energy, or the production costs of raw materials, which could indirectly affect its business.
		Enhanced emissions-reporting obligations	The European Union, China and other places have put forward higher requirements for corporate emission reporting, and investors and capital markets are also increasingly interested in the disclosure of corporate carbon emissions.
	Technology	The front-end cost of carbon emission technology transformation, development of renewable energy, energy saving and emission reduction technology	Excessive technology investment in zero- and low-emission vehicles can be substantial, resulting in higher costs in the short term and the risk of investment in new technologies.
	Market	Changing customer behaviour	Customer requests related to carbon emission reduction, which if not met, result in reduced orders. Reduced customer demand for traditional products.
		The increased cost of raw materials	The aluminium required in the production process is carbon intensive and the supply of zero-carbon alternatives is relatively scarce. The price of zero-carbon aluminium is likely to increase in the short and medium term, leading to higher production costs.
	Reputation	Shifts in consumer preferences	Consumers' pursuit of new energy products has increased the investment of OEMs in the research and development and production of new energy vehicles, which will also increase the indirect operating costs of Minth's transformation to new energy vehicle parts.
		Increased stakeholder concern for negative feedback	If environmental performance is not adequately disclosed, customers may choose a peer group, resulting in a reduction in Minth Group's revenue.

We also carry out analysis from four aspects of resource efficiency, energy source, markets, and products and services to identify opportunities for the Group's operations because of climate change.

Type	Climate-Related Opportunities	Impacts on Minth Group
Resource Efficiency	Use of recycling technology	By adopting a newly developed disposal technology to recycle raw materials from non-conforming products, Minth Group has reduced the consumption of raw materials and improved resource efficiency, thereby reducing operating costs and carbon emissions.
Energy Source	Participation in carbon emissions trading market	The transport sector is being considered for inclusion in carbon emissions trading markets in many places of the world, and a mechanism for linking the automotive sector to the carbon trading market will be explored. Companies with lower carbon emissions will be the preferred suppliers and may be eligible to sell surplus carbon credits or permits. As a result, participation in the carbon market could reduce overall costs while generating increased revenue.
	Use of lower-emission sources of energy	To cope with future regulations, supply, and price instability of traditional energy sources with high carbon emissions, Minth Group has reduced our energy consumption or energy intensity through production technology enhancement and equipment improvement to reduce the risk of future price increases of traditional energy sources, thereby reducing the production and operation costs of Minth Group.
	Use of new technologies	To cope with factors such as uncertainty of the conventional energy market in the future, Minth Group has been actively developing photovoltaic power generation projects through production technology enhancement and equipment improvement.
Markets	Access to new assets and locations needing insurance coverage	Innovative green financial products such as green bonds and sustainability-linked bonds can be issued for corporate environmental activities, including R&D of energy-saving and emission reduction technologies, development of 'smart manufacturing' and zero-carbon product development. Through diversified financial asset management channels, we can expand financing options and reduce costs for green technology R&D and zero-carbon product development.
	Use of public-sector incentives	Various countries/regions are providing subsidies in response to the impact of climate change and will further enhance incentives related to energy saving and emission reduction technologies in the automotive industry.
Products and services	Shift in consumer preferences	In the future, more customers will opt for new mobility solutions. The market for low-emission, self-driving/ internet-connected vehicles, digitalisation, and electrification has huge potential.
	R&D and innovation	More stringent and convergent global regulations on greenhouse gas emissions in the transport sector are driving a low-carbon and energy-efficient transformation of the automotive industry. Increasingly stringent regulatory requirements and consumer demand have driven the automotive industry towards electrification, with the global electric vehicle market developing rapidly. The boom in the development of new energy vehicles has led to an increase in demand for corresponding components, which has created growth opportunities for automotive OEMs.
	Ability to diversify business activities	Given the expanding global demand for zero-carbon products, Minth Group can apply its R&D achievements in carbon-reducing technologies to other extended areas of business activities.

Risk Management

We are deeply aware that carbon neutrality is a long-term plan that cannot be easily realised due to the impact from many internal and external factors. To this end, we have established a complete climate action risk management structure. This will identify, analyse, and report the risks of carbon neutrality actions, and maintain a direct and effective communication channel between governance, management, and implementation levels, as well as active engagement of business departments and functional teams to effectively address the risks of carbon neutrality actions.



Measures Against Physical Risks

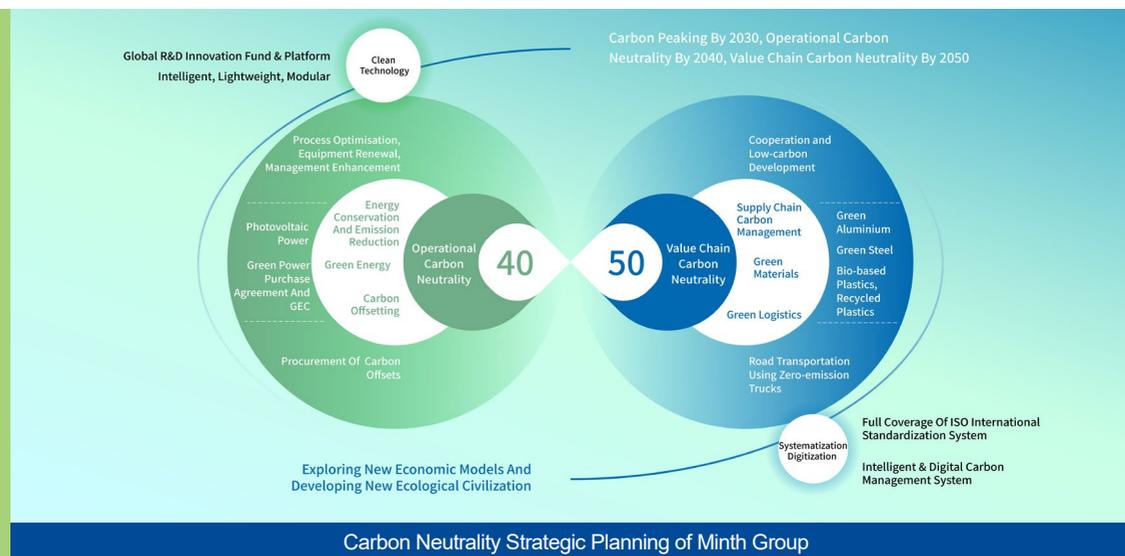
- Incorporate considerations of climate-related disasters and their consequences into the evaluation of environmental impacts and risk assessment during the evaluation of the newly constructed factory. Enhance the resilience of the buildings and equipment in the existing factories of high-risk regions.
- Establish a robust emergency management mechanism by developing manuals, analysing scenarios, and proactively acting against abnormal weather conditions. Escalate emergency equipment such as backup power generation, extra pumping station and drain systems.
- Enrol in and timely update insurance plans to proactively prepare for potential asset losses.

Measures Against Transition Risks

- Enhance the integration of renewable energy sources, such as hydro, solar, and wind power, into our production and operational processes, aiming to reduce our reliance on non-renewable energy.
- Actively participate in the green electricity trading market, leveraging opportunities to support and expand the use of clean energy.
- We have proactively developed comprehensive carbon neutral plans by publishing the Carbon Neutrality White Paper setting clear targets and implementing measures to reduce our carbon footprint. Ensure timely review and updating of climate-related strategic plans, goals, actions, and performance.
- Promote the development and substitution of renewable energy sources, fostering innovation and collaboration to accelerate the transition to a low-carbon economy.
- Foster a sustainable value chain by promoting responsible sourcing, efficient resource utilization, and environmentally friendly practices throughout our operations.
- Ensure transparent and timely disclosure of our strategic plans, goals, actions, and performance related to climate change adaptation, demonstrating our commitment to addressing this global challenge.
- Stay vigilant by proactively identifying risks and trends associated with climate change, both domestically and internationally, and develop robust response strategies to mitigate potential impacts.
- Foster effective internal and external communication channels to promote awareness and engagement in ESG activities, encouraging stakeholders to join us in creating a more sustainable future.

Metrics and Targets

We are aware of the significant impact of climate change on corporate operations and development. We feel obliged, as one of the top players, to take the lead in emissions reduction across our industry value chain. Therefore, Minth Group is committed to peaking carbon emissions by 2030, achieving operational carbon neutrality by 2040, and value chain carbon neutrality by 2050.



In terms of operational emission reduction, we will reduce energy consumption and take measures to tap our emission reduction potential, including process optimisation, equipment updating, and management improvement. Meanwhile, we will develop distributed renewable energy, participate in green electricity trading and/or purchase green electricity certificates to reduce emissions from electricity applications. For emissions that cannot be reduced through energy conservation or renewable energy, we will explore other offsetting with high-quality carbon offsetting products.

In terms of value chain emission reduction, we have identified the key emission points in the value chain, including purchased goods and services, upstream and downstream logistics and transportation. In the future, we will keep improving supply chain management and focus on the acquisition and utilization of low-carbon raw materials (green aluminium, green steel, bio-based plastics, and recycled plastics) and promote the application of green logistics in upstream and downstream transportation processes. In addition, we will implement a strategy of enhancing the capabilities of suppliers and promote joint efforts to achieve value chain carbon neutrality.

Category	2023 ¹⁰	2022	2021 ¹¹	Unit
Scope 1 GHG ¹² emissions	71,571	57,364	63,111	Tonnes of CO ₂ equivalent (tCO ₂ e)
Scope 2 GHG emissions	387,130	363,632	345,265	Tonnes of CO ₂ equivalent (tCO ₂ e)
Total GHG emissions	458,701	420,996	395,520	Tonnes of CO ₂ equivalent (tCO ₂ e)
Greenhouse Gas Emission per RMB10,000 of output value	0.22	0.24	0.28	Tonnes of CO ₂ equivalent (tCO ₂ e) / RMB10,000

For more information, please refer to [Minth Group Carbon Neutrality Whitepaper](#)

¹⁰The GHG emissions are calculated using location-based method in 2023.

¹¹Please refer to our 2021 ESG Report for the details of 2021 carbon emission data.

¹²To further improve the granularity of data calculation, category is expanded to include refrigerants in 2023.

Energy

Reducing energy consumption and promoting renewables is a priority for Minth. We have established an energy management system in accordance with ISO 50001 and developed documents such as the Energy Operation Control Management Guide, Energy Benchmarking and Performance Parameter Control Procedures, and Energy Responsibility and Authority Management Procedures to promote efficient management. We have established an intelligent green energy management platform to achieve a top-down control of energy usage in each subsidiary. Through the intelligent green energy system, we can constantly monitor the actual electricity, gas, and water usage in the plant area, further enhancing the management capabilities of various resources. We also regularly check the energy-saving board to rank the factories within the Group. Every month, the factory general manager conducts problem analysis on energy-saving topics and shares excellent cases and experiences.

Through equipment modification and system upgrades, we improve energy efficiency and reduce energy consumption and carbon emissions. In 2022, we set a goal to reduce our energy consumption intensity by 5% per year and achieved it in 2023. Furthermore, in alignment with our prospective development plans, we meticulously refine our objectives through the year 2050. In 2023, by conducting more than 100 technique improvement projects, we saved 40,890 MWh electricity, contributing to carbon emission reduction of 23,318.5 tCO₂e.



Visualization Interface of Energy Management System

Use of Surplus Heat

The Hard Coating line's natural gas oven used by Minth Group will automatically turn on when the ambient temperature is lower than 15°C, and the gas consumption is 25~35 m³/hour. Then, the Group utilised surplus heat from waste gas, which does not require gas consumption. As a result, at least 108,000m³ of natural gas can be saved every year resulting in an annual emission reduction of about 233.7 tCO₂e.

Resulting in an annual emission reduction of about

233.7 tCO₂e

Renovation of the Heat Exchange System of Water Chiller

Minth Group plans to invest a total of about RMB 320,000 to transform our ice-water condenser. Previously, the chiller was used to cool down the coating line. Now, when the outdoor temperature is lower than 10°C, the circulating water from the cooling tower is used to cool the coating line. External circulation can be used for at least three months during winter. Since gas fired chillers are high-energy consumption equipment, this measure can save at least 163,800 m³ natural gas every year and reduce approximately 354.5 tCO₂e.

The heat exchange system of water chiller reduce approximately

354.5 tCO₂e/year

Notably, we are promoting the use of renewable energy in our operations. Minth Group has installed a 70 MW of distributed photovoltaic power generation capacity in its factories, with an estimated annual power generation of 88 GWh. As governments around the world increasingly seek reliable clean energy power supplies, we will make use of our factory roofs, parking lots, and other resources to keep increasing our use of distributed photovoltaic generation. In addition, we will implement full coverage of photovoltaic generation in new factories and apply for National Green Factory certification to promote green production of the Company and contribute to sustainability of the society.

Minth Group Distributed Photovoltaic Power Generation Project in Huai'an, China

Jiangsu Hexing Automotive Technology Co., Ltd., a subsidiary of the Minth Group, has installed photovoltaic power generation at its No. 6 factory building and motor vehicle parking shed. The project started operations in February 2023 and covers 40,000 m² with a installed generation capacity of 4.6MW. The estimated annual power generation capacity is 6,000,000 KWh.

The estimated annual power generation capacity is

6,000,000 kWh



Category	2023	2022	2021	Unit
Purchased electricity	63,620	65,543	58,010	Ten thousand kWh
Purchased steam ¹³	151,154	-	-	Tonne
Self-built distributed photovoltaic power generation	5,658	2,974	2,405	Ten thousand kWh
Natural gas	2,527	2,588	2,896	Ten thousand m ³
Diesel oil	143	159	122	Tonne
Gasoline	108	70	129	Tonne
Direct energy consumption	35,117	34,755	38,882	Tonnes of standard coal
Indirect energy consumption	97,628	84,207	74,249	Tonnes of standard coal
Comprehensive energy consumption	132,744	118,962	113,131	Tonnes of standard coal
Comprehensive energy per RMB10,000 of output value	64.68	68.74	81.28	Kg standard coal/ RM10,000

¹³To further improve the granularity of data calculation, category is expanded to include purchased steam in 2023.

Waste

The Group strictly adheres to local laws and regulations for waste management. We established a systematic and standardised environmental management mechanism based on the ISO 14001 environmental management system. We also formulated Guidelines for Hazardous Waste Management and requires each production unit to establish solid waste emission targets to continuously reduce waste intensity.

Purification and Recycling of Waste Cutting Fluid

A factory of Minth in Changchun, China use purification equipment to remove floating oil, impurities, and odor from the cutting fluid, allowing for recycling and reuse. As a result, the annual purchase volume of cutting fluid has decreased by 86%, and the disposal volume has decreased by 75%.

Disposal volume has decreased by

75%



Design for Easy Recycling

In our product design process, we make sure that our products are designed to be easily recyclable.

- Aluminum Material Selection: we prioritise the use of aluminum materials from the same series (such as 6 series aluminum) that are more conducive to recycling. We also minimise the use of 7 series aluminum, which contains higher levels of zinc.
- Body and Chassis, Battery Housing, and Photovoltaic Products: we primarily use aluminum or steel-aluminum hybrid structures, which have minimal corrosion loss throughout their lifecycle and can be easily dismantled and recycled.
- Doors, Exterior Parts, and Battery Housing Covers: we give priority to the use of composite materials and recyclable thermoplastic materials, reducing the proportion of thermosetting materials that are difficult to recycle.
- Body Parts: we design with a reduced proportion of coating materials and prioritise the use of non-coating materials, minimising the use of chemicals and facilitating recycling after product disposal.
- Energy Storage Products: after dismantling, components such as metal structures/plastic structures, rubber parts, machined parts, high-voltage components, and Battery Management Systems (BMS) that meet the design standards can be directly recycled for use in new product development.



We have established a comprehensive hazardous waste management system that monitors every stage from generation, transportation, storage, to disposal. This system enables open and transparent information about hazardous waste management. The Group has set a target to decrease the hazardous waste generated intensity by 25% by 2030 compared to 2019. In 2023, we upgraded techniques to reduce hazardous waste generations and transform hazardous waste to non-hazardous waste.

Non-hazardous waste is managed with utmost adherence to the Standard for Pollution on the Storage and Disposal Site for General Industrial Solid Wastes and other pertinent regulations. Our Group generates non-hazardous waste during the production process, such as aluminium chips, stub bar, and scrap. In instances where our factories lack the necessary capabilities or qualifications for waste disposal, we ensure responsible handling by transferring it to treatment plants that meet all requisite requirements. Our commitment to compliance is exemplified by our achievement of a 100% compliance rate in waste disposal.

Category	2023	2022	2021	Unit
Hazardous waste	15,576	14,752	45,792	Tonne
Hazardous waste per RMB10,000 of output value	7.59	8.52	32.90	Kg/RMB10,000
Non-hazardous waste	57,400	43,039	39,709	Tonne
Recyclable non-hazardous waste ¹⁴	12,729	-	-	Tonne
Non-hazardous waste per RMB10,000 of output value	27.97	24.87	28.53	Kg/RMB10,000

¹⁴To further improve the granularity of data calculation, the category was expanded to include recyclable non-hazardous waste in 2023.



Water

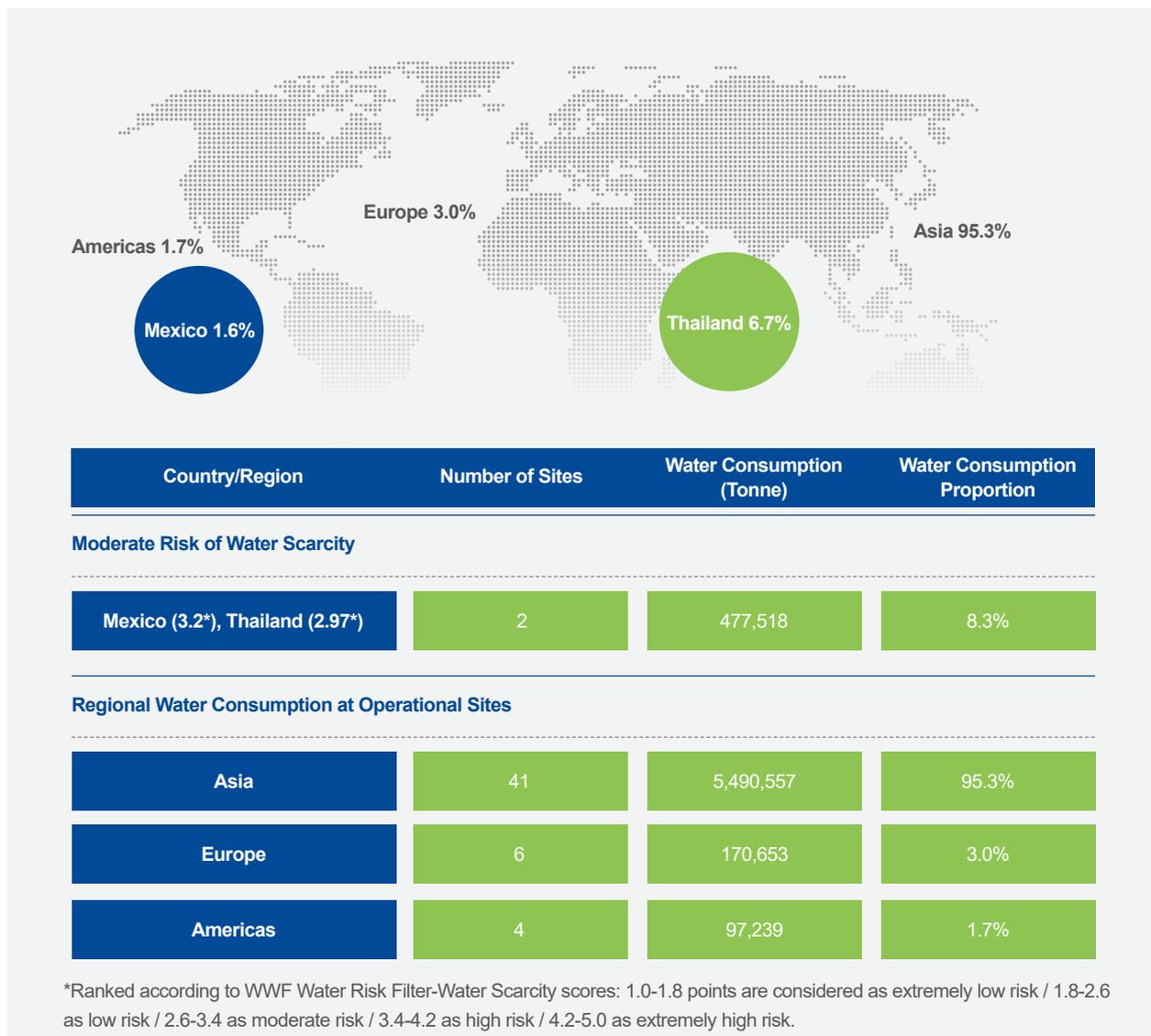
Minth Group adheres strictly to the laws and regulations concerning the protection of water resources in all the areas where we operate. We have developed the Guidelines for Water Management, which encompass regulations on water consumption for residential, production, and equipment maintenance purposes. We have also developed Standardisation of the Treatment of Wastewater, Waste Gas and Solid Waste for electroplating wastewater, the Manual of the Treatment of Wastewater, Waste Gas and Solid Waste for coating wastewater, and the Standardisation of the Treatment of Polishing Dust to elaborate our management requirements.

We have established a water use balance system to comprehensively monitor wastewater discharge. The Group ensures its discharge points comply with national discharge standards and continuously monitors flow, temperature, pH, COD, ammonia nitrogen, and heavy metals indicators. Minth Group commits to reducing the wastewater discharge intensity by 25% by 2030 compared to the levels in 2019. As of the end of the Reporting Period, 80% of our factories discharged zero wastewater.

We recognise the potential scarcity of water resources in the future and have actively explored alternative water sources, including rainwater reuse and the establishment of water recycling systems, to enhance the reuse of water resources and minimize consumption. During the Reporting Period, we did not encounter any risks associated with water resource acquisition.

Water Consumption Reduction of Cleaning Line

Zhejiang Minneng introduced a recycled water system, which treats wastewater from the sewage station and reuses it in the production line. This has resulted in a water cost saving of RMB 200,000 and a saving of RMB 600,000 in pure water investment.



As a global enterprise, Minth Group pays close attention to the increasing scarcity of water resources. In 2023, we conducted an analysis of our operational locations using the Water Risk Filter provided by the Worldwide Fund for Nature (WWF). According to WWF data, we have two sites located in areas with moderate risk of water scarcity, accounting for approximately 8.3% of the Group's total water consumption. We will continue to enhance water efficiency, increase reuse, and improve manufacturing processes in these areas, contributing to the Group's environmental goals.

Category	2023	2022	2021	Unit
Total water consumption	5,758,449	5,979,876	6,608,293	Tonne
Water consumption per RMB10,000 of output value	2.81	3.46	4.75	Tonne/RMB10,000
Wastewater discharge ¹⁵	2,996,929	2,643,649	2,888,940	Tonne
Wastewater reuse	296,436	232,911	438,860	Tonne
COD	321	277	331	Tonne
Ammonia nitrogen	37	25	240	Tonne

Air Pollutants

Minth Group is committed to strict adherence to all applicable laws and regulations pertaining to air pollution in the regions where we conduct our operations. We have implemented comprehensive measures to ensure compliance with air pollution control regulations, including the enhancement of waste gas management and treatment processes. By prioritising these efforts, we strive to maintain a clean and sustainable environment.

To ensure continuous monitoring and control, we have implemented an online monitoring system in all VOC emission outlets. This system enables real-time monitoring of emission concentrations. All waste gas generated during various processes such as friction welding, injection moulding, coating, and natural gas combustion are closely monitored, collected, and purified. We have made substantial investments in state-of-the-art equipment and facilities to effectively treat volatile organic compounds (VOCs). Our advanced technologies, such as Regenerative Thermal Oxidation (RTO) and Thermal Nano-Vaporization (TNV), have significantly contributed to the reduction of VOC emissions. As a result of our efforts, in 2023, we successfully achieved a significant reduction in both the total amount and intensity of VOC emissions.

Category	2023	2022	2021	Unit
NOx	35	53	15	Tonne
SOx	12.0	5.7	9.7	Tonne
VOC ¹⁶	47	-	-	Tonne

¹⁵The amount of wastewater discharge includes industrial wastewater and domestic wastewater.

¹⁶To further improve the granularity of data calculation, category is expanded to include VOC in 2023.



Packaging Material

We are actively promoting the use of recyclable packaging materials and increasing the proportion of packaging materials that can be recycled. Our goal is to increase the weight ratio of recyclable packaging materials to 22% by 2026 to enhance the recyclability of our packaging.

The packaging materials involved in the production process are mainly paper, plastic, wood, and metal. By optimizing and improving the packaging design of individual packaging boxes, we aim to increase the quantity of goods that can be packed, thereby reducing the consumption of single-use packaging materials. We also endeavour to recycle packaging materials which are for internal use, encourage the use of recycling packaging materials instead of constant sourcing of new packaging, so as to effectively reduce the consumption of packaging materials.



Packaging Replacement

In 2023, we replaced wooden boxes with aluminum profile frame packaging. This change resulted in a total reduction of approximately 163 tons of single-use wood consumption for the year.



Category	2023	2022 ¹⁷	2021 ¹⁸	Unit
Packaging Material Consumption	30,058	19,777	78,733	Tonne
Packaging Material Consumption per RMB 10,000 of output value	14.65	11.43	59.56	Kg/RMB10,000

¹⁷The packaging material data for 2022 includes the subsidiaries in China region and subsidiaries outside of China that have entered the production stage.

¹⁸The packaging material data for 2021 includes the subsidiaries in China region and subsidiaries outside of China that have entered the production stage, with the addition of data from multiple factories in the UK, Serbia, Czech Republic, and other locations compared to the previous year.

Biodiversity Protection

Minth continues to monitor its own activities' impact on biodiversity and conducts risk factor identification, hazard investigation, and other work in accordance with relevant laws, regulations, and policies such as the Opinions on Further Strengthening Biodiversity Conservation, People's Republic of China Soil Pollution Prevention and Control Law and the Regulations on Groundwater Management.

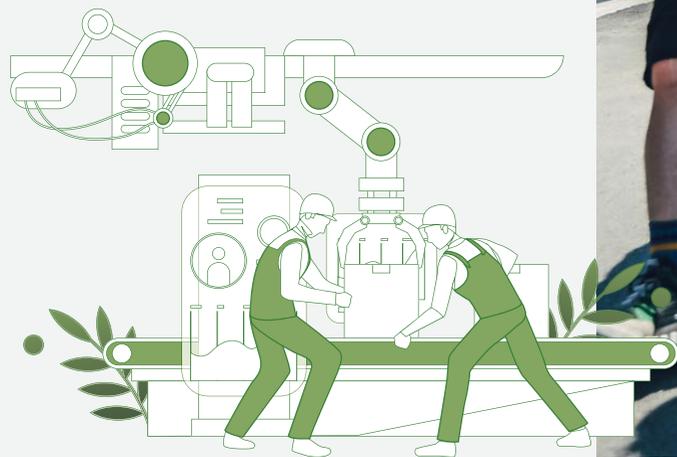
During the Reporting Period, the company did not have any production bases or operational sites located within or near natural protected areas, nor in areas with rich biodiversity outside of protected areas. No significant impacts on biodiversity were identified in relation to the company's production and operational activities, products, and services.

In 2023, we surveyed biodiversity on our related farms to assess the richness of their ecosystems, flora, and fauna, and to enhance our future conservation efforts.



05

People



Employee Rights Protection

Based on various international conventions, including the labour laws of different countries, the International Bill of Human Rights, the Eight Core Conventions of the International Labour Organization, and the United Nations Guiding Principles on Business and Human Rights, Minth Group has established policies and systems such as the Minth Group Recruitment and Selection Policy. In 2023, the Salary Policy and Welfare Policy were updated. Minth Group adheres to a corporate culture that LOVE-(high standards and cares) for its employees and upholds the principle of people-oriented management. The Group continuously improves its human resources management policies and establishes advanced compensation and benefits systems to support employees' career development. At the same time, the Group is committed to creating a positive working atmosphere to enhance employees' sense of belonging and working together for the company's development.

Category		2023 Number of Employees
Total Number		22,311
Gender	Male Employees	15,127
	Female Employees	7,184
Age	29 years old and younger	5,489
	30 years old and above but less than 40 years old	11,847
	40 years old and above but less than 50 years old	4,172
	50 years old and above	803
Region	Asia (China, Thailand, Japan, South Korea)	17,073
	Americas (United States, Mexico, Canada)	2,385
	Europe (Germany, United Kingdom, Serbia, Czech Republic, France, Poland)	2,853
Type of Employee	Professional	3,012
	Technical	4,172
	Management	1,116
	Production	14,011

Category		2023 Turnover Rate
Total Turnover Rate		30%
Gender	Male Employees	31%
	Female Employees	27%
Age	29 years old and younger	38%
	30 years old and above but less than 40 years old	28%
	40 years old and above but less than 50 years old	25%
	50 years old and above	17%
Region	Asia (China, Thailand, Japan, South Korea)	29%
	Americas (United States, Mexico, Canada)	37%
	Europe (Germany, United Kingdom, Serbia, Czech Republic, France, Poland)	24%

Labour Standards

Minth Group prohibits all forms of forced labour, and prohibits the use of child labour and all forms of slavery according to policies such as Minth Group Recruitment and Selection Policy. The Group also prohibits compelled working, debt bondage, serfdom, and prison labour.

In 2023, Minth Group's Recruitment and Selection Policy on the Prohibition of Child Labour and Anti-slavery and Human Trafficking Supplementary Provisions, formulated in accordance with the Labour Law of the People's Republic of China, the Provisions on the Prohibition of Child Labour and the Regulations on Labour Protection in Workplaces where Toxic Substances are introduced. This policy explicitly states that the company prohibits the exploitation and abuse of employees, prevents illegal recruitment, transportation, transfer, and profiting from threats of violence against individuals. To prevent involuntary labour, the company stipulates that original government-issued identification and travel documents must not be withheld, ensuring that all work is based on the voluntary decision of the employees themselves. In addition, the measures implemented during our recruitment process to prevent the use of child labour include checking identification cards, verifying their identity information through the public security system before hiring, and taking immediate action to return any child laborers found to their original place of residence to be handed over to their parents or guardians. If child labour is discovered, the employing unit will take immediate disciplinary action against the relevant supervisor in accordance with the relevant rules and regulations, deduct corresponding bonuses from performance bonuses, and hand over the case to the judicial authorities for appropriate legal action.

In our recruitment process, measures to prevent the use of child labour also include Minth's digital human resources management system. Every employee must be entered into the system with its legal-hiring-age-safeguards. A second verification of the employee's identity occurs upon login, which ensures timely alert and interception when entering information.



Our measures to prevent forced labour include:

- Strict prohibition of forced labour; in case of any violation of laws related to forced labour, the company will immediately cease the occurrence of the forced labour. Refund of any introduction fees, medical examination fees, and other related expenses collected from the employee during the recruitment process and return of all documents.
- Disciplinary actions against violations of forced labour regulations will be taken in accordance with the company's rules and regulations; in severe cases, the matter will be handed over to the judicial authorities for legal action.
- Other measures to prevent forced labour include: prohibition of withholding identity documents, and collection of any fees.

In 2023, there were no occurrences of employing child labour or forced labour within Minth Group, all regular employees of the company signed labour contracts, and there is no labor dispatch employment. The social insurance contribution rate for employees under the labour contract system is 100%.

The social insurance coverage for employees under the labour contract system is

100%

Fair Recruitment

Minth Group upholds open, fair and impartial principles, regardless of race, colour, religion, age and gender to implement equal employment opportunities in the course of recruitment selection. During the Reporting Period, Minth Group had 32.2% female employees and had 19.2% female members out of the management. During the Reporting Period, Minth Group has total of 54 employees with disabilities.

To provide more career opportunities for university students, Minth Group has ongoing partnerships with several colleges and schools to promote school-enterprise cooperation. This cooperation takes the form of Order-Based Classes and Work-Study Programs. The schools utilise our Group's training facilities to help students grasp operational skills and professional techniques. In turn, the Group arranges internships for students through the schools to meet our employment needs.



Compensation Policy

At different units worldwide, Minth Group has developed the Minth Group Compensation Policy based on principles and elements such as fairness, pay mix ratio, salary transparency, reasonable benefits, legal compliance, and a combination of short-term and long-term incentives. The Minth Group Compensation Policy ensures that employee salaries are determined by considering factors such as job content, responsibilities, contributions, knowledge, skills, communication, and innovation, establishing a clear position system to ensure fair compensation for employees in different positions within the same organization. During the reporting period, we have ensured 100% of our employees are paid not less than the minimum wage level of global operations to ensure basic living. Additionally, new employee on-boarding training in each country includes training on compensation and benefits systems, enabling employees to understand the salary structure and formulation principles. Excellent job performance is encouraged through forms of rewards such as performance bonuses, project bonuses, and special bonuses.

In terms of employee incentives, Minth Group has developed the Minth Group Short-Term Incentive Policy, Share Option Schemes and the Share Award Scheme. The short-term incentive policy aims to provide employees with additional compensation based on the annual performance. The Group's short-term incentives include year-end bonuses, special bonuses, and the CEO's special award. Minth Group's Share Option Schemes and Share Award Scheme are open to a wide range of potential participants, including employees, directors and chief executives. Selected participants can participate in the schemes to receive share options, awarded shares and/or related benefits, ensuring that employees' efforts and achievements are closely linked to the long-term success of the organization.

Labour Union & Collective Bargaining

To guarantee the rights and welfare of employees, Minth Group maximizes the flexibility for employees to join labour unions. Any formal employee working in the Group, regardless of ethnicity, gender, occupation, age, religious beliefs, or educational level, can join the union as a member if they acknowledge the union's charter. At the same time, Minth Group has formulated the Labour Union Representative Election Procedures and Responsibilities and actively promotes the democratic election of union representatives by employees to enhance communication between the union and management. To further strengthen social responsibility and employee freedoms, Minth Group has established the Labour Union Collective Bargaining Agreement in 2023 to promote union negotiations and communication to safeguard employee rights and interests. The agreement covers various unit factories in China, Mexico, and Germany. As of the end of the Reporting Period, Minth's Group has established labour unions in major units and sites worldwide, with a total of 17,799 union participants who have also signed the Labour Union Collective Bargaining Agreement, accounting for 80% of the total number of employees. The trade union-related system is currently being set up and will continue to improve the participation rate of union members.

Welfare Policy

According to the Minth Group Welfare Policy, in the welfare system across different countries where the units and sites operate, in addition to complying with the local government or state-mandated statutory benefits, as stipulated in policies or regulations, the Group also provides additional benefits to all employees, such as:

Subsidy and Allowance

- High temperature/heating subsidy
- Wedding allowance
- Funeral allowance
- Holiday/birthday benefit allowance
- Communications subsidy
- Vehicle subsidy
- Travel welfare

Paid Leaves

- Annual leave
- Sick leave
- Marriage leave
- Bereavement leave
- Maternity leave
- Workers' compensation leave
- Paternity leave

Life Services

- Dining
- Accomodation
- Shuttle bus
- Health
- Medical examination

Over the past three years, we have been honoured with the following awards:

Year	Awards	Presented by
2021	Best Employer of the Year	Zhaopin.com
2022	Employer Branding Excellence Award	Yonyou DaYi China Digital Human Resources Association HRflag
2022	Best Employer of the Year	Zhaopin.com
2023	Best Employer of the Year	Zhaopin.com
2023	Kenney Kesa Star Leap Award for Best HR Management Team Excellence	Kenney Kesa
2023	Talent Management Benchmark Enterprise Award	Shanghai DaYi Cloud Computing Co., Ltd.

Local Employment

To further promote local economic development, cultural integration, and improve employment rates, Minth Group has been increasing its focus on local hiring. Minth Group is actively promoting the inclusion of local employees in middle and senior management positions at its units and sites. During the Reporting Period, at the Minth factory in Mexico, there were a total of 1,212 employees, of which 1,166 were local employees, resulting in a local employment rate of 96.2%. In North America, Minth Group had a total of 2,408 employees, with 2,313 being local hires, resulting in a local employment rate of 96%. The number of middle and senior management positions filled by local employees was 42, with a local hiring rate of 64.2%. In Thailand, Minth Group had a total of 272 employees, with 256 being local hires, resulting in a local employment rate of 94.1%. The number of middle and senior management positions filled by local employees was 11, with a local hiring rate of 63.6%.

Minth Group adheres to labour laws and other relevant regulations in the countries where it operates and uses this as the foundation for its localisation policies. The Group has developed and issued relevant policies, for example, more than 50 human rights policies were introduced at Minth UK factory and has implemented diverse employment systems and strategies to achieve better results in line with its management practices.



Employee Training

One of Minth's core objectives is to provide employees with opportunities for training and development. We are guided by their actual needs, performance improvement, future career advancement, and overall skill enhancement to help them fully unleash their business potential. To this end, we have established an annual training plan that considers employees' needs and job. Employees and managers can determine the direction of employee training through this plan.

Furthermore, we develop training content based on needs and after participating in various training programs and passing the training assessments, employees' training records are established by the relevant training management personnel. These records include detailed information such as attendance records, learning progress, and examination results in each training program. Ultimately, employees are encouraged to apply what they have learned in practice and cultivate a lifelong learning mindset. Total training time attended by employees of Minth Group globally is 1,895,776 hours.

Minth Group's training system provides employees with three main training approaches, including internal training, external training, and online training through Minth University.

Internal Training

Various training courses are organized within the company, with categories including new employee onboarding training, professional skills training, general skills training, and management skills training.

External Training

Employees can directly apply for or be selected to attend short-term courses offered by external management consulting firms or other professional training institutions. These courses include various short-term training programmes and networking events organized by external training institutions.

Minth University

Minth University is an exclusive online learning platform provided by the company for internal employees. Employees can access the platform through both web and mobile applications to engage in learning and take exams. The platform offers courses in various categories, including subject-specific courses, leadership development courses, professional courses, manufacturing and technology courses, and humanities courses.

To better meet the needs of employees, Minth Group has established different training and learning programmes based on employees' job levels and positions, we provide targeted training for middle and senior management, as well as employees in human resources positions. In addition, Minth Group has established a regular training sharing mechanism for over a thousand senior managers (and some grassroots employees) across the Group. The training sessions are held 2-3 times per week, each lasting around 30 minutes, and cover topics such as global industry trends, technological innovation, and sharing of best business practices.

Senior Manager Training Programme

The Senior Manager Training Programme (SMTP) is based on Minth's standards for managerial positions and focuses on the Four Core and Five Power model which combines business application scenarios and practical case studies, integrating training and practical experience. With the support of the talent experience map and personalised talent development plans, SMTP accelerates the growth of high-potential middle-level managers and new/promoted senior managers, enabling them to become global leaders with a global mission, compassion, talent, and self-awareness.

In 2023, the number of participants in the SMTP-5 project was 23. The project helped participants fully understand interdisciplinary knowledge, enhance leadership abilities, broaden their digital and innovative perspectives. Project members actively collaborated using existing experiences and resources from different organisations, participated in solving challenges in the Group's smart manufacturing field, produced, and delivered four research reports on smart manufacturing topics by overcoming obstacles collectively, developed 14 leadership and innovation-related courses, and contributed to the accumulation of organisational intelligence.



Thoughts on Senior Manager Training Program- R&D Center - Financial Manager - Ms. Yang

"The SMTP project covers various dimensions of knowledge, including leadership, strategic planning, team management, communication skills, and internationalisation. It helps us enhance our comprehensive perspective at the individual level and improve the competency of managers. Additionally, in team management, it empowers cross-organisational team management capabilities, enhances team collaboration and communication skills, and stimulates our strategic thinking and innovation capabilities."

HHTP5

The HR Hi-Po Talent Development Project Season 5 (Elite) is a comprehensive training programme for high-potential HR professionals. The programme aims to enhance their skills and abilities, making them valuable assets to their organisations. Trainees will gain a deep understanding of various topics and develop the skills to apply them in real-world scenarios through classroom sessions, case studies, group discussions, and project work. At the same time, the project selects outstanding students for cross-border exchange, enabling students to have a more global vision, enhance their perception of multicultural teams, and improve their overall capabilities.

By the end of the programme, trainees will be well-equipped for senior roles and become HR elites who understand business, organisational development, EHP, digitalisation, and global blending. Overall, HHTP5 is an intensive and rewarding programme that offers HR professionals the opportunity to develop their skills and take their careers to the next level.



Thoughts on HHTP5-BBU-Huzhou HR-Ms. Shi

'I think HHTP5 is like a train traveling on a road that is both unfamiliar and desirable to me. Starting from the pre-selection stage, our domestic and international colleagues stepped on this journey together. On the train, there are unfamiliar texts and familiar work scenes that I cannot fully grasp at first glance. Therefore, on this train, I am filled with a sense of urgency to improve myself.

HHTP5 is a training programme where tasks take precedence and training serves as a supplement. Every month, we receive stage tasks, and what impressed me the most was the offline group training where we jointly developed course introductions and explored data cities. I believe that HHTP5 will deepen my understanding of business, organisational development, and global integration, and also help me refine tools and experiences that can be used in my PDP and digital work.'

Thoughts on Executive Reading Club-EHS-Senior Manager-Mr. Zhang

'As a global company, I have gained creative ideas and classic cases from global professionals at the reading club. Additionally, we have shared insights of political and economic situations and trends in various countries, providing valuable guidance for leaders in management decisions and strategic planning. The exchange of information and knowledge has enabled me to make more precise and effective plans at a professional level and apply them to practical work.'

Executive Reading Club

The Group's Executive Reading Club focuses on in-depth discussions of global political and economic hot topics, current business situations, and future trends. Additionally, it shares experiences and insights on leadership practices aimed at enhancing leadership, promoting knowledge sharing, facilitating information exchange, and inspiring innovative thinking. The content of the book club includes:

Global Vision: The reading club not only focuses on domestic dynamics but also emphasises global political and economic trends to ensure decision-making has an international perspective.

Forward-looking Discussions: By predicting and analysing future trends, we can be better prepared and seize business opportunities.

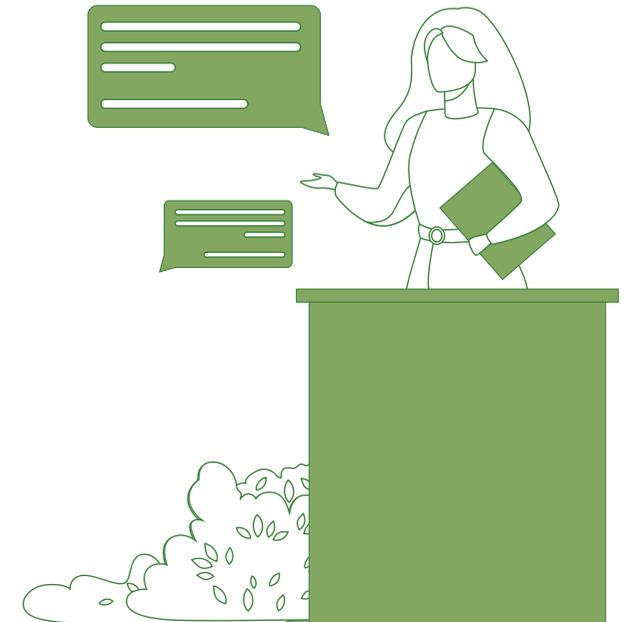
Practical Experience Sharing: The practical leadership segment allows senior leaders to share successful cases and challenges from their actual work, providing valuable experiences for the team to learn from.

Innovation-Driven: We encourage innovative thinking and use the book club platform to stimulate new ideas and solutions, driving continuous innovation within the company.

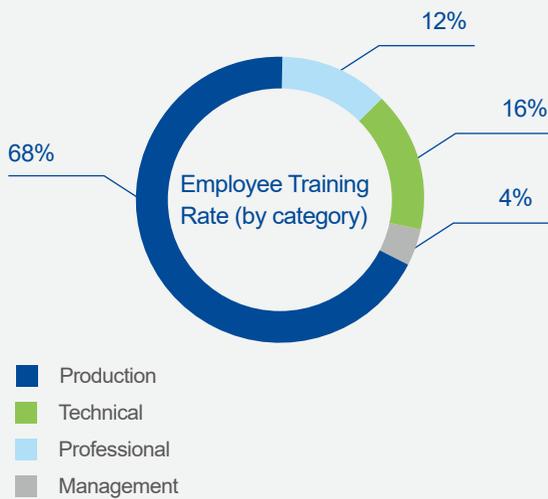
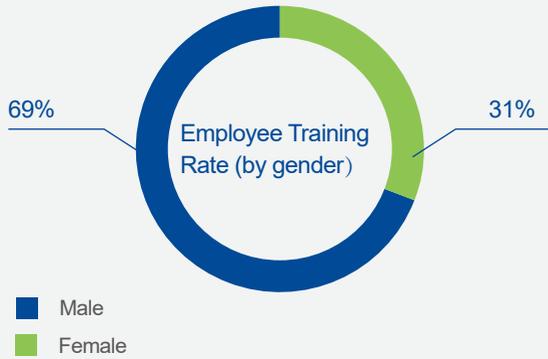
Knowledge Sharing Culture: Establishing an open learning environment promotes the horizontal flow of knowledge, benefiting the entire organisation.

Decision Support: The discussion outcomes of the book club provide strong support for senior management decisions, making them more scientific and precise.

Through interactive learning of these contents, the senior executive reading club has become a unique knowledge exchange platform that not only enhances the capabilities of senior leadership but also injects new vitality into the company's long-term development.



Total Training Rate:87%



Category		Average Training Hours per Employee
Average Training Hours		85.0
Gender	Male Employees	85.2
	Female Employees	84.4
Category	Professional	68.7
	Technical	24.9
	Management	105.7
	Production	104.7

*This year's statistics has improved the training data of various dimensions within the Group, which includes (but not limited to) new employee orientation training, early shift sharing, skill training, on-the-job training, job rotation training, professional training, workshops, overseas training, book reading clubs, etc.



Employee Health and Safety

To promote overall wellness and align with our commitment to Intelligent Manufacturing + Humanistic Care, we established the Group's EHS management system. In accordance with GB/T45001-2020/ISO45001:2018 Occupational Health and Safety Management System, Minth Group has developed the Minth Group EHS Management Manual to ensure that work on safety production, environmental protection, and energy management is continuously improved and enhanced. The detailed EHS Red Line DDS Grid Execution Checklist has been refined in 2023, including 14 red line items such as job safety, fire safety, construction management, electrical safety, aluminium melting casting, and aluminium polishing. This helps various production operation points and product lines to formulate risk response measures based on the checklist content and conduct semi-annual reviews and performance assessments. During the reporting period, Minth Group achieved a 100% coverage rate for ISO45001 in all factories. At the same time, the medical examination and commercial insurance provided by Minth for employees has also achieved 100% coverage.

To better ensure the occupational health and safety of employees, Minth Group has established the Smart EHS management system, which consists of the Red Line Management System and the Abnormal Hazard System. The system aims to prevent and reduce safety risks more effectively through digital measures.

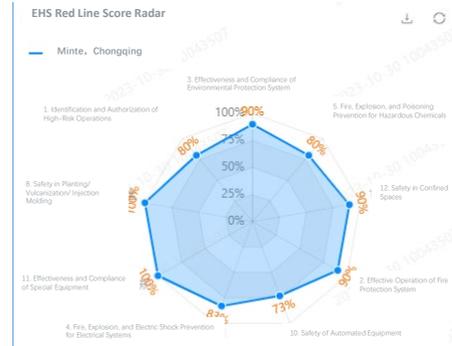


EHS Abnormal Hazard Management System

The EHS Abnormal Hazard Management System aims to reduce employee injuries caused by equipment issues, inadequate protection, electrical hazards, tool and equipment issues, fire hazards, and unsafe behaviors. All employees can use this system to report any safety hazards they discover, conveniently operating through both computer and mobile devices. They can also track the progress of hazard rectification within the system at any time. Minth Group hopes that by involving all employees in the process of identifying and rectifying hazards, they can minimise safety risks to the greatest extent possible. Through the analysis of hazard data, the company can automate process management and make better decisions.

EHS Red Line Management System

The Red Line Audit System covers all units and operating facilities, involving 155 key risk control standards. Through visual modules such as the Red Line Score Radar and audit progress chart, the system provides real-time monitoring of the various clauses included in the EHS Red Line DDS Grid Execution Checklist.



Minth Group attaches great importance to emergency response measures and preparedness. We have developed the Emergency Preparation and Response Management Procedures to ensure effective response are taken in various potential emergency situations, minimising potential injuries, losses, and adverse impacts. Emergency drills, as an important risk response measure, are required by Minth Group for all units to be conducted annually based on actual conditions to enhance their ability to respond and evaluate effectiveness. High-risk categories require quarterly drills to be conducted.

Fire Evacuation Drill

To assess the feasibility of the company-level plan, identify and improve any shortcomings, evaluate employee understanding of emergency plans, execution procedures, and response skills, assess the effectiveness of emergency training, and test the emergency command capabilities of management personnel, Jiaxing Minhui Automotive Parts Co., Ltd. conducted its annual fire drill on November 14, 2023, with the strong support of company leaders and guidance from the firefighting team of Daqiao Town, Nanhu District.



In order to standardise the prevention and control of occupational hazards in various companies, prevent the occurrence of occupational diseases, and effectively manage the operational risks of the Group, Minth Group has developed the Guidelines for Occupational Hazard Prevention and Control Management. These guidelines clarify the responsibilities of the EHS department, human resources department, employing department, personnel in hazardous positions, company general manager, and labour union in the prevention and control of occupational diseases. Minth Group requires all departments and individuals of the company to standardise the occupational disease management process from multiple aspects in accordance with the content of the guidelines to ensure the health of employees.

Minth Group has designated a department responsible for occupational health management in accordance with the Regulations on Occupational Health Supervision and Management in the Workplace. This department is equipped with dedicated occupational health management personnel. At the same time, it requires training on occupational health for all employees. According to the principle of 'three simultaneities' in occupational health, it reviews new construction, renovation, expansion, and technological transformation projects that may pose occupational disease hazards and takes timely measures to address them.

Occupational Disease Declaration

In specific circumstances, according to the Measures for Declaration of Occupational Disease Hazard Projects, changes in the content of occupational disease hazard projects should be reported to the original reporting authority, and a Receipt for Declaration of Occupational Disease Hazard Projects should be obtained.

Routine Testing

Qualified third parties should be entrusted to conduct annual occupational disease hazard factor testing for companies that may have occupational disease hazards. Companies with significant risks should undergo at least one occupational disease hazard status evaluation every three years.

Notification and Medical Examination

According to the Measures for the Supervision and Management of Occupational Health Surveillance by Employers, qualified hospitals with the corresponding occupational disease medical examination qualifications should be entrusted to organize occupational health examinations for employees working in positions with occupational disease exposure. These examinations should be conducted before starting work, during employment, and upon leaving the position. The results of the examinations should be communicated to the workers in writing. Additionally, the human resources department should clearly inform new employees of potential occupational disease hazards during the onboarding process and include this information as an attachment to the employment contract.

Hazard Prevention and Control

Workplaces with occupational disease hazard factors should be separated as much as possible from other workplaces and appropriate measures should be implemented. Additionally, prominent reminders should be placed in areas with relevant hazards. In the event of health and safety accidents, timely reports should be made to the local health department and headquarters, and the Group Injury Accident Management Guidelines and corresponding emergency response plans should be followed.

Category	2023	2022	2021	Unit
Work-related fatalities	1	0	0	person
Work-related fatalities rate	0.004	0	0	%
Work injury rate	1.04	1.08	1.17	Number of injury/millions of working hours
Lost days due to work injury	1,308.785	62	1,327.625	Days

Employee Development

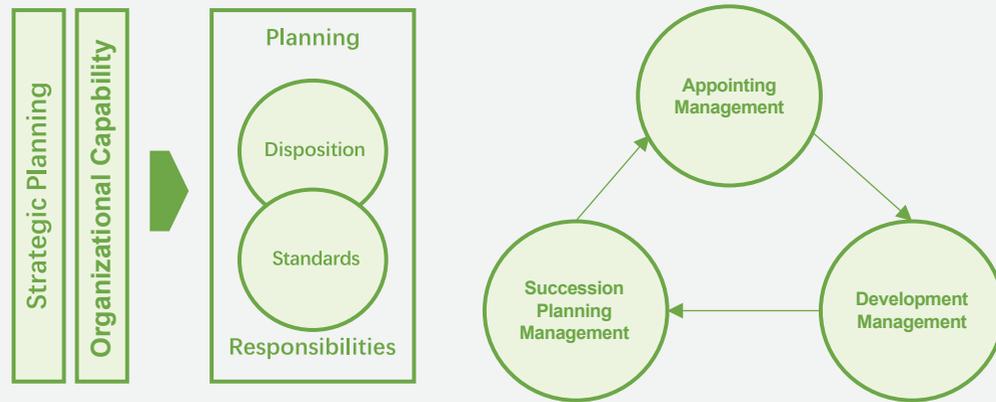
Minth Group has developed the Employee Promotion Policy with the aim of providing a mechanism that promotes and activates talent development and personnel mobility, creating an atmosphere for employees to challenge themselves and fostering a culture where everyone can contribute their talents to the Group, allowing employees' abilities to be recognised and rewarded. The company provides opportunities for all employees who have passed the probationary period based on their job performance and promotion criteria. After the final promotion assessment, the department supervisor submits the relevant process, and if the promotion is approved, the department supervisor is responsible for communicating the promotion results to the employee.

By establishing an integrated system for the development and management of professional technical talents, Minth Group accelerates the construction of a professional technical workforce, cultivates and reserves a professional technical team that meets the company's future development needs, drives the development and growth of professional technical talents at all levels, and enhances employee retention and the replication and inheritance of knowledge.

To increase the reserve of high-quality strategic talents, Minth Group has established different development and promotion systems for professional technical talents and management talents.

Management Talents

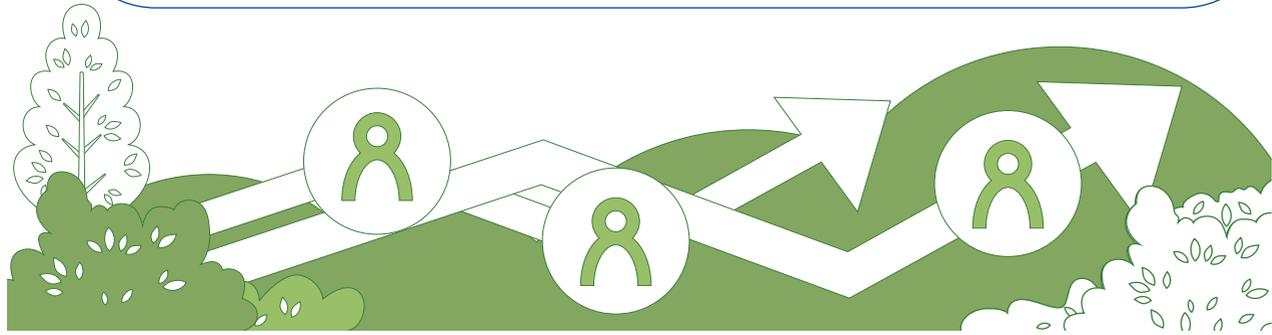
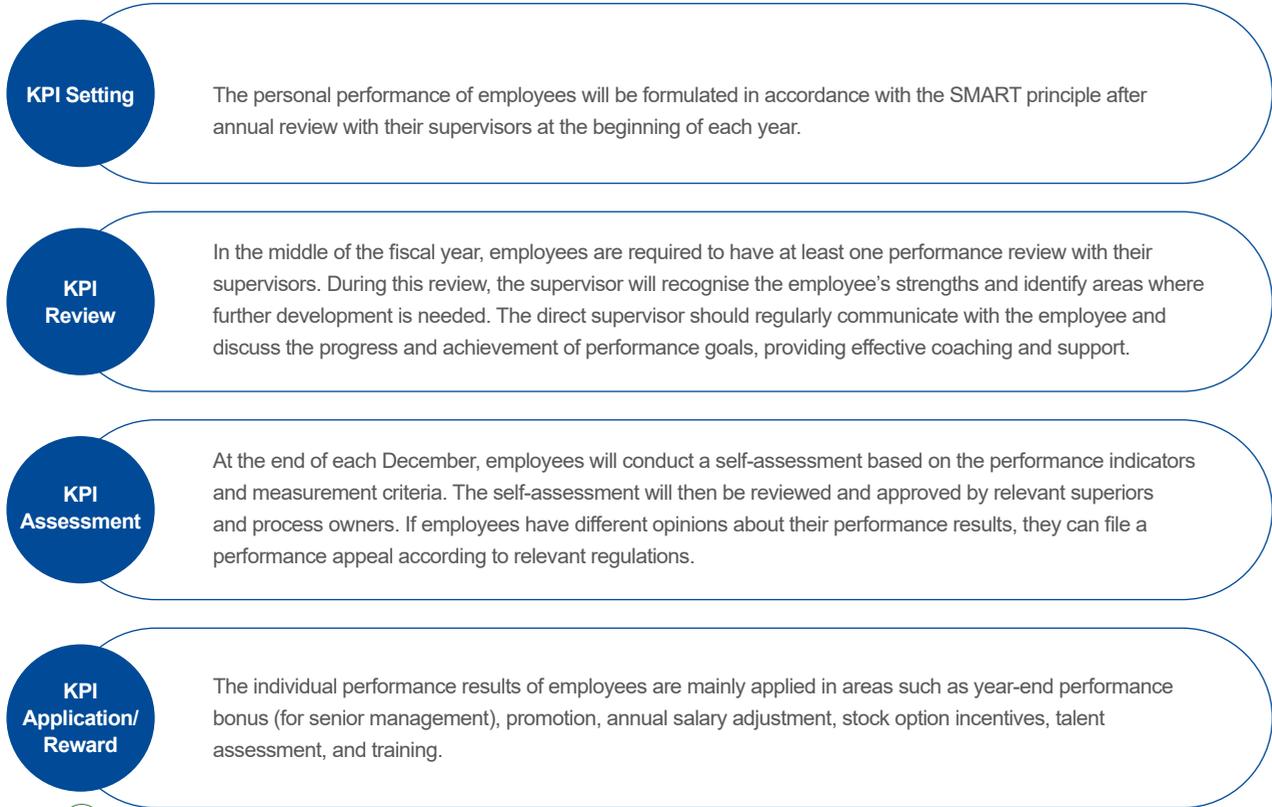
In accordance with the Minth Group Leader Management Guidelines, the Group has defined the appointment process, on-boarding, exit, compensation, training and development, and audit and supervision requirements for CXOs, General Managers (Directors), Senior Managers, Managers, Supervisors, and corresponding levels of management cadres. The Minth Leader Management Framework identifies and effectively manages the core elements of leader management based on strategic planning and organisational capability needs.



Technical Talents

In accordance with Management Guidelines for Professional/Technical Talents, Minth Group evaluates the talent development standards for professional/technical talents primarily based on willingness, experience, performance, and knowledge/skills. Promotions are typically done through organisational recommendations, and in general, candidates need to meet the corresponding criteria in terms of work experience, organisational influence, annual performance, cultural values, and career preferences. However, for outstanding performers with exceptional contributions and approval from relevant personnel, there may be some flexibility in terms of educational background, work experience, organisational influence, and annual performance.

The company is committed to establishing a comprehensive Performance Development Review (PDR) system to ensure that every employee has a clear understanding of the company's expectations and receives continuous feedback on their job performance. This system also aims to provide fair rewards to employees and facilitate their personal growth and career development.



Based on performance evaluation results, Minth Group also provides employees with different performance improvement and development plans. For employees with outstanding performance and exceptional potential, Personal Development Plans (PDP) are created, focusing on their existing abilities and strengths, areas that need further improvement, career preferences, and ultimately forming specific action plans to aid their development. For employees with underperforming performance, the Group will implement a Performance Improvement Plan (PIP), which involves short-term performance improvement plans to help employees enhance their performance and meet the company's job requirements.

To further encourage and reward individuals with outstanding contributions, for nine consecutive years, Minth Group has established the 'Individual of the Year' award, aiming to set influential exemplary benchmarks and promote the development of high-quality talents through various reward mechanisms. During the reporting period, a total of 90 employees received this award.



Individuals of the Year 2023

Diversity, Equity & Inclusion

Minth Group strictly adheres to the principles of 'openness, fairness, and impartiality' and firmly opposes all forms of discrimination and harassment. To further ensure a favourable employment environment for employees, Minth Group addresses workplace discrimination and sexual harassment starting from policies and procedures. The Minth Group Reward and Punishment Management Measures explicitly states that no one shall engage in behaviour, such as making sexual innuendo or gestures towards others, using verbal abuse, malicious attacks, or false accusations, inflicting violence on colleagues, causing significant insults or threats, or causing mental or physical harm to others that violates national laws. The company incorporates training on anti-discrimination and anti-harassment in the onboarding training for new employees to ensure that all employees are aware of the company's management policies on equal employment and anti-workplace harassment when they join the company. We have established a hotline for reporting discrimination and harassment. In addition, we have set up the Office for Equality and Inclusion in Minth Germany, which investigates complaints and ensures workplace equality and inclusiveness.

Meanwhile, we have implemented a rigorous disciplinary mechanism in HR-BP-PR-02 Minth Group Reward and Punishment Management Measures. Once discrimination or harassment is verified through investigation and reporting, disciplinary actions will be taken. The severity of the disciplinary actions includes first warning, second warning, written reprimand, severe reprimand, and termination of employment. Along with disciplinary actions, corresponding deductions will be made from performance bonuses. Additionally, Minth Group reserves the right to seek financial compensation from employees based on the extent of economic losses incurred.

To further promote inclusivity and diversity, in addition to increasing the proportion of female employees in management and within the Group (see Corporate Governance and Employee Rights Protection), Minth Group has issued the Globalisation Behaviour Principal Action Commitment. This commitment outlines the behaviour guidelines that employees must adhere to during communication, whether it is through one-on-one interactions, meetings, emails, or interactions between superiors and subordinates, in the context of the global expansion and development of Minth Group. The commitment also elaborates on the work processes and approach to problem-solving that should be followed when engaging in cross-border and cross-department projects.

During the Reporting Period, Minth Group demonstrated respect for the cultures and traditions of various countries by organizing festive celebrations at multiple operational sites worldwide. These events aimed to enhance communication and integration among employees from diverse cultural backgrounds. In addition to traditional festivals and cultural exchanges, we actively organised environment and health related activities to raise awareness and encourage employee participation in climate, environmental and health protection.



Earth Day



Easter



Dragon Boat Festival



Dragon Boat Festival



To express our gratitude for the contributions of our female employees to the company's development and family harmony, we prepared a series of benefits and holiday gifts for all female employees on International Women's Day, to show the warm care of the Group towards them.



International Women's Day

On top of the LOVE based culture, the Company conducts Value Consensus Camps globally to establish a shared set of values across the entire organisation. Through these activities, the company aims to help employees understand and embrace the corporate culture, enhance integration among different cultures, strengthen connections between teams, and promote the adoption of the company's core values.



Value-sharing in Serbia

Minth supported the 22nd 'Chinese Bridge Chinese Proficiency Competition for Foreign College Students' in Serbia and the 3rd Minth Cup Chinese Bridge Chinese Proficiency Competition in 2023, showcasing Minth's globalised and inclusive operations. This support played a positive role in promoting cultural exchanges between China and Serbia and deepening the friendship between the two countries.



Minth Cup Chinese Bridge Chinese Proficiency Competition

Employee Communication & Care

During the Reporting Period, Minth Group communicates with employees through various methods, such as employee forums and conferences, Manager Mailbox and Notice Board. Effective communication ensures that employees receive timely and accurate information, including company goals, strategies, and policy changes. This helps employees understand the direction and expectations of the company, enabling them to align and execute their work effectively. Additionally, Minth Group emphasises the importance of two-way communication with employees to better understand their needs and suggestions. By continuously improving benefits and employee management systems, the company aims to enhance employee satisfaction and loyalty, and encourage their active participation in the company's development and decision-making processes.



Townhall Meeting

Minth Group has established Minth Foundation, based on the idea of 'Gathering love and Spreading it', to provide emergency assistance and support for employees in times of difficulty to fulfill social responsibilities. We provide assistance to the poor in society, and support public welfares such as teaching assistants, helping the disabled and the elderly. During the reporting period, we aided 41 employees in need, both in China and Serbia.

Based on the key strategic goals of 'global governance, global integration, and running forward together' Minth Group is promoting Value Consensus Camps and Homestay projects over the world to accelerate the integration and development of global cultures. At the same time, the company continues to enhance the holistic health capabilities of all employees and their families: ongoing efforts include the Parenting Inspiration Course for over 100 participants, one-on-one care for over 1,400 individuals, and holistic health workshops for more than 2,100 people. Focusing on employees' families, during the reporting period, the Group conducted four times of Couple Love Enrichment Camp, 19 times of Family Visiting Room involving over 500 participants, three times of Youth Summer Camp with more than 205 participants, and the Senior's Center programme for employees' parents in 2023, empowering both employees and their families in physical, mental, and spiritual health and enhancing the overall well-being of employees' families.

The Couple Love Enrichment Camp

The Couple Love Enrichment Camp, jointly created by the EHP (Employee Health Programme) of Minth Group and several experienced marriage and family mentors, provides heartfelt lectures, live demonstrations, and guided exercises. Incorporating the essential elements of marriage, the camp blends the unique colours and dynamics of traditional culture to help employees and their spouses open deep channels of communication, preserving love and enhancing intimacy. It also aims to create a high-quality native family growth environment for the next generation of Minth employees, promoting harmonious and healthy family relationships. As of the end of 2023, 603 employee couples have participated in the Couple Enrichment Camp, with the programme expanding to North America, where 12 couples have also attended.

Thoughts on the Couple Love Enrichment Camp

Through the learning process, the deeper realisation is that 'love needs to be spoken'. Love often resides in our hearts but is difficult to express. Traditional customs are the biggest constraint, as we tend to silently give in our own perceived ways of love, instead of effectively expressing it. This leads to misunderstandings and lack of trust between couples, and even stronger conflicts. However, this learning experience allows us to open our hearts and let go of worries, enabling us to boldly declare our love in our future married life.



The Minth Group's Senior's Center

The Minth Group's Senior's Center offers a variety of art enrichment courses, including music, dance, poetry recitation, mobile photography, and traditional Chinese painting. Additionally, there are unique courses developed by Minth Group focusing on fostering positive relationships, such as Overall Wellness Workshop, emotional management, intergenerational parenting, and healthy eating habits. Since its establishment, over 140 employee parents have enrolled in Senior's Center with half of them being elderly individuals from the surrounding community who are not Minth Group employees. Here, the elderly not only learn new skills, enrich their lives, and relax their minds but also enhance their physical well-being. Under the organisation of Senior's Center, they form caring groups that provide mutual assistance and support. They regularly visit and help employees and elderly individuals in need, providing companionship and support to those who require it.



Thoughts on the Minth Group's Senior's Center

Senior's Center is like a big family to us. It is very warm, and we are very happy here. The Senior's Center not only provides me with a platform for learning music, chess, calligraphy, and painting but also offers teacher-student relationships and the friendship of companions. We truly live a fulfilling 'evergreen' life.



The Youth Summer Camp

We organized Youth Summer Camps with the theme of self-awareness, nature exploration, mixed-age learning, love, and responsibility. During the camp, children are able to visit places like Pearl Home, Spiritual Food Farm, and Swan Lake, spending a joyful and meaningful summer with teachers and fellow campers. As of the end of the reporting period, 22 sessions of the camp have been held, with a total of 2022 female employees participating. In the camp, children not only experienced happiness but also underwent character development, learned effective communication methods, cultivated teamwork skills, and enhanced their self-care abilities.



Thoughts on the Youth Summer Camp

Through the summer camp, the children's independence and self-confidence have been greatly improved. They were able to get along well with many unfamiliar peers, living together, playing together, cooperating as a team, and sharing joys. At the same time, they expanded their horizons, were willing to try new things, adapt to changes in their environment, and enhance their adaptability. We are grateful for the dedication of every member of Minth Group's EHP team, which has allowed the children to grow up in a healthy and happy way.

In September 2023, Minth Serbia held a ceremony to celebrate the academic advancement of employees' children. In a joyful atmosphere, they bestowed blessings and gifts upon the future stars, marking the beginning of a new semester and a fresh start.

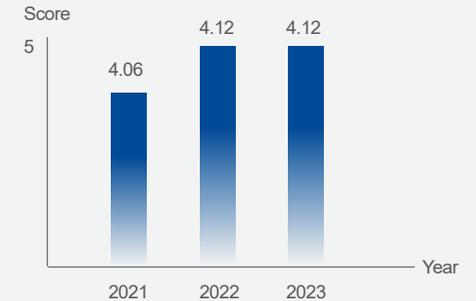


Minth encourages employees to participate in community volunteering services. For example, on April 21-22, 2023, Minth Group organized activities for World Earth Day, promoting activities such as pollution-free green diets, waste recycling, and green planting to mobilize employees to participate in community activities. In September 2023, Minth Serbia provided local kindergartens with abundant teaching materials and children's activity areas, also planted the 'Tree of Education' together with local teachers and students.



Employee Engagement

In 2023, Minth conducted an employee engagement survey based on the Gallup Q12 content in an anonymous manner. The survey covered 91.2% of the employees in the Group. In the late three years, based on the survey results, Minth Group formulates annual plans to improve and enhance employee engagement and closely monitors the implementation of these plans within each organization.



*The employee engagement survey had a maximum score of 5 points.

Charity

Guided by the business philosophy of Creating Value for Society and adhering to the values of Caring and Harmony, the employees of Minth Group are grateful and responsible to society. We actively take social responsibilities, implement strong support and participate in public welfare creation. They persistently explore the models of corporate social welfare and are gradually forming a distinctive corporate charity system of Minth Group. During the reporting period, Minth invested RMB 3.447 million in education and community support through partnerships with governments, non-governmental organisations, businesses, and social groups from various countries which has benefitted more than 12,000 students and individuals.

Minth Group actively takes social responsibility by engaging in global public welfare projects to give back to society and shows care for vulnerable groups. In addition, global public welfare projects help promote international cooperation and exchanges. Through these projects, Minth Group establishes partnerships with governments, non-governmental organisations, businesses, and social groups in various countries to collectively advance the development of global public welfare initiatives.

Education is the keystone of social progress and human capital development. Through various educational assistance programmes such as Xinhua Love School, Primary School in Mountains, Pearl Vocational Education Programme, Remote Mountain Teaching Support, and College Student Leadership Training Camp, Minth Group is able to provide equal educational opportunities for students in impoverished areas and improve their learning conditions and environment. These programmes not only help to enhance the educational level in poverty-stricken areas, but also opens broader development opportunities for these students, helping them out of poverty. At the same time, education resources, as a major factor in promoting rural economic development and improving farmers' income and living standards, Minth Group's education-related public welfare activities help narrow the urban-rural gap and achieve rural revitalisation and balanced social development.



Minth Children's Class



'Pearl for Hope' Programme

As an internationally influential company, Minth Group actively takes on social responsibilities by carrying out global philanthropic projects and promoting cultural exchanges.

On December 7th, 2023, which marked the annual Christmas Sweater Day in the UK, Minth UK factory celebrated the beginning of the festive season by donning unique and festive sweaters and participating in donations. In 2023, Minth UK Factory showed great dedication to charitable causes by organising three donation events. These events involved voluntary contributions from employees, who generously auctioned their own food items. The primary beneficiaries of these donations were the British Heart Foundation, the Macmillan Cancer Fund, and Save the Children.



UK Christmas Sweater Day Donation

In August 2023, Minth Group successfully organised the first phase of the Homestay cross-cultural exchange programme, sponsored by the Minth Charity Foundation. A teenager from a Chinese-Austrian family came to Jiaxing, China. After 13 days of cross-cultural interaction, the children demonstrated the beginnings of cross-cultural understanding, conflict resolution, tolerance, and integration. This programme aims to cultivate global holistic leaders and enhance family well-being.



Homestay Programme

Appendix

HKEX KPI Index

Reporting Guidance on Environmental and Social KPIs			Chapter
Environmental			
A1: Emissions	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.	Planet
	KPI A1.1	The types of emissions and respective emissions data.	Water Air Pollutants
	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).	Climate Change Response
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Waste
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Climate Change Response
	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.	Waste
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	Energy Water Research and Development
	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).	Energy
	KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Water
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy
	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.	Water
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Material

Reporting Guidance on Environmental and Social KPIs			Chapter
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	Environmental Management System Biodiversity Protection
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Planet
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change Response
	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.	
Social			
B1: Employment	General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group, and geographical region.	Employee Rights Protection
	KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	
	KPI B2.2	Lost days due to work injury.	
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	
B3: Development and Training	General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Employee Training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	
	KPI B3.2	The average training hours completed per employee by gender and employee category.	

Reporting Guidance on Environmental and Social KPIs			Chapter
B4: Labour Standards	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.	Employee Rights Protection
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	
	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.	
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
B6: Product Responsibility	General Disclosure	Information on: (a) 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.	Product
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Customer Service
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Research and Development
	KPI B6.4	Description of quality assurance process and recall procedures.	Product Quality
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security and Privacy Protection

Reporting Guidance on Environmental and Social KPIs			Chapter
B7: Anti-corruption	General Disclosure	Information on: (a) 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.	Business Ethics
	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.	
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	
B8: Community Investment	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.	Employee Communication & Care Charity
	KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Charity
	KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	

