

2019

2019 Corporate Social  
Responsibility Report of  
Dinkle Electric Machinery  
(China) Co., Ltd.



# Dinkle Electric Machinery (China) Co., Ltd.

## 2019 Corporate Social Responsibility

### Report

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## **I. About This Report**

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This is the first CSR report of Dinkle Electric Machinery (China) Co., Ltd. ("Dinkle Electric Machinery") to present to corporate stakeholders about economic, environmental and social sustainability-related management practices and performance in FY2019.

### **Scope of report**

Reporting time frame: January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019. The report covers a small amount of data disclosure for previous years and 2020.

Reporting boundaries: The CSR data disclosed in this report covers the operation site of Dinkle Electric Machinery (China) Co., Ltd. located at No. 388 Middle Xingpu Road, Shipu, Qiandeng Town, Kunshan City, Jiangsu Province, and the operation site of Dinkle Electric Machinery (China) Co., Ltd. Branch 1 located at No.198 West Yuxi Road, Qiandeng Town, Kunshan City, Jiangsu Province. Unless otherwise stated, data in this report are aggregated for the two operating sites and some group data involved have been specially stated.

### **Description of appellation**

For ease of expression, the terms "Dinkle Electric Machinery", "Dinkle", "we", and "the Company" used in the presentation of the report all refer to Dinkle Electric Machinery (China) Co. Ltd. "Middle Xingpu Road Operation Site" refers to the operation site at No. 388 Middle Xingpu Road, Shipu, Qiandeng Town, Kunshan City, Jiangsu Province, and "West Yuxi Road Operation Site" and "Screw Factory" refer to the operation site at No.198 West Yuxi Road, Qiandeng Town, Kunshan City, Jiangsu Province.

### **Reporting cycle**

Corporate Social Responsibility Report of Dinkle Electric Machinery (China) Co., Ltd. is released on an annual basis, in line with the cycle of the Company's annual financial report.

### **Data source**

The financial data in this report are taken from the 2019 Annual Report of Dinkle Electric Machinery (China) Co., Ltd., which was independently audited by Suzhou Huaming united accounting firm (General Partnership). The amounts shown in this report are presented in RMB unless otherwise stated. Other non-financial information is provided by various functions of Dinkle Electric Machinery (China) Co., Ltd. Dinkle Electric Machinery is responsible for the truthfulness, accuracy and completeness of the contents of the report. This report is issued in both Chinese and English. In the event of any conflict or ambiguity between the two versions, the Chinese report shall prevail.

### **Basis of preparation**

The Report has been prepared in accordance with the GRI Standards (2016 version): Core option, and it also takes reference to the ISO 26000: Guidance on Social Responsibility, and the United Nations Sustainable Development Goals (UN SDGs 2030).

### **External assurance**

This report has been verified by TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch, an independent third party, with verification statement attached.

### **Report release**

This report is published electronically in Chinese on the web and is available for download in electronic form on the Company's website at [www.dinkle.com](http://www.dinkle.com)

### **Contact information**

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## II. Message from Top Management

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Time passes surprisingly quickly: 2019 marks the 20th anniversary of the establishment of Dinkle Electric Machinery. During past years, we have weathered storms and seen booming growth. At this milestone in history, Dinkle Electric Machinery held a groundbreaking ceremony for the second phase of the plant and started the construction as scheduled. Along the way, Dinkle Electric Machinery has always insisted on practicing corporate belief, i.e. Delight Through Connections! The saga of "Connections" continues.

Founded on September 1<sup>st</sup>, 2000 and headquartered in Taiwan, Dinkle Electric Machinery is a first-class professional terminal block design and manufacturing company in Asia dedicated to industrial automation. At present, Dinkle group owns six holding companies. In the development course over 30 years, it has been dedicated to Taiwan market with a global presence, where business and services span across Asia, Europe and the Americas, setting up trading and service organizations in more than 20 countries, and employing approximately 3,000 people. The Group entered mainland China in 1995 and set up a global R&D center, OEM product development center and CNAS accredited laboratory of Dinkle Electric Machinery; and the Company has made many breakthroughs in intelligent manufacturing and patents, with R&D expenses reaching about RMB 22 million in 2019 alone and more than 360 patents obtained in total, Dinkle Electric Machinery has also been certified as a municipal and provincial high-tech enterprise recognized by multi-parties.

Over the years, Dinkle Electric Machinery has continued to provide competitive products and solutions to improve industrial competitiveness and create value for customers, offering products that are active in modern manufacturing fields.

On the other hand, the Company has continued to seek a balance between sound operation and innovative development for optimization and expansion of its connector-based business roadmap, building major business segments such as industrial control, consumer electronics, corporate communications and transportation business. In parallel with its rapid development, the Company has continuously strengthened and standardized its corporate governance, built an organizational governance structure in line with the actual situation of the Company, enhanced internal risk control and actively safeguarded the rights and interests of internal and external stakeholders. At the same time, we are committed to helping our customers improve their product productivity and competitive edge, while focusing on the sustainable development of global industries.

Sustainable development shall meet the needs of the present without jeopardizing those of future generations. Dinkle Electric Machinery always insists on maintaining the balance between economic development, environmental protection and social responsibility, and integrates the concept of sustainable development into all aspects of business operation and into the working practice of every Dinkle family member.

While growing, Dinkle Electric Machinery also bears in mind "the bigger the enterprise become, the more responsibility they take on". Employees have always been the most

precious asset of the Company; therefore, the Company has been committed to creating a full range of capacity building and growth system for all employees, adhering to "people-oriented leadership, occupational health; continuous optimization, safe production" policy, while protecting the rights and interests of employees according to relevant policies and regulations as well as customer requirements, so as to build a team of satisfied employees. At the same time, the Company adheres to the philosophy of win-win cooperation to build strategic partnerships under relevant laws and regulations, and creates a responsible supply chain through corporate influence.

We are honest and transparent with our customers, and we provide them with high quality products and innovative production processes based on the principles of "quality improvement, customer fulfillment, prevention first and regulatory compliance". We have also set up a number of business sites to build a stronger global network, offering after-sales service and technical support upon request. These efforts have also been recognized by many customers and awarded the title of Excellent Supplier by well-known companies such as Siemens.

In terms of environment, Dinkle Electric Machinery is committed to pursuing green production and manufacturing, designing and selecting materials, producing and providing green products throughout product life cycle to reduce corporate environmental impact. We make product innovations to contribute to green operations in other industries, while remaining active in charitable activities to build good corporate citizenship.

With over 30 years of valuable experience, Dinkle team can help your business achieve success. We provide the basis for optimal production advantages, offer extensive industry experience and expertise, help ensure product effectiveness and realize better automation and engineering technology. Proper understanding and execution is the professional dignity of the Dinkle team. We develop cost-effective and result-oriented solutions to address your concerns, and we are able to provide a satisfactory answer in all regards!

Based in Taiwan, competitive in China, present across the world! In the next 20 years, Dinkle will continue to uphold the corporate value of "business is the process, lifetime happiness is the goal", put entrepreneurship into full play, and create another growth peak!

General Manager:



October 2020

### III. Corporate Governance

#### 3.1 Company profile

Dinkle Group is a leading professional terminal block manufacturer in the field of industrial automation in Asia. While helping customers to improve product productivity and competitive edge, the Group has always maintained a focus on the sustainable development of global industry.

Dinkle Group was founded on July 22, 1983 and is headquartered in Taiwan. At present, Dinkle group owns six holding companies, namely Dinkle Enterprise Co., Ltd., Dinkle International Co., Ltd., Liyang Electric Machinery (Dongguan) Co., Ltd, Dinkle Electric Machinery (China) Co., Ltd., Optikle International Co., Ltd and Dinkle Electric Trading (Shanghai) Co., Ltd. In the development course of over 30 years, Dinkle has been dedicated to Taiwan with a global presence, where business and services span across Asia, Europe, and the Americas, setting up trading and service organizations in more than 20 countries, and employing approximately 3,000 people. The Group entered mainland China in 1995 and set up a global R&D center, OEM product development center and CNAS accredited laboratory in Kunshan, Jiangsu Province, and a Taipei electronics R&D center.

Over the years, Dinkle Group has continued to provide competitive products and solutions to improve industrial competitiveness and create value for our customers. Our products are widely used in six industrial sectors, including production automation, process automation, power automation, rail transportation, alternative energy and industrial equipment manufacturing. The products produced and manufactured by Dinkle Group are active in various modern manufacturing fields.



Global Development Roadmap of Dinkle Group

Dinkle Electric Machinery (China) Co., Ltd., an important member of Dinkle Group, was established on September 01<sup>st</sup>, 2000, with a registered capital of USD 45 million and a total investment of USD 90 million. The Company, located at No. 388 Middle Xingpu Road, Shipu, Qiandeng Town, Kunshan City, Jiangsu Province, is the largest manufacturing base built by Dinkle Group in mainland China. The current plant is the outcome of first phase construction of the High and low electrical terminal blocks project of Dinkle Electric Machinery (China) Co., Ltd. The total construction will be completed in three phases, covering an area of 150,000 square meters and a total construction area of 120,000 square meters. The main construction of the second phase is expected to be completed in July 2021, and the project will be officially put into operation in June 2022, which is expected to bring 20% annual revenue growth for the Company after it is put into operation. The main body of the second phase of the plant is designed based on the concept of environmental protection and energy saving. Through the construction of a rainwater collection and recycling system, a green, environmentally friendly factory building is thus created, supplemented by an intelligent manufacturing management system center, with the addition of intelligent mold processing centers, automated assembly machines and other equipment to further save energy and improve efficiency. Located at No.198 West Yuxi Road, Qiandeng Town, Kunshan City, Jiangsu Province, the first branch is built for the production of screw-related products. The Company has built up a business management mode integrating R&D, design, production, and sales, and its products cover terminal blocks, metal parts, plastic parts, surface treatment, screws, and other related products, with offices in Kunshan, Shanghai, Beijing, Chengdu, Shenyang, and Xi'an, etc. The products serve many markets in Europe, America, and Asia. In 2020, Dinkle Electric Machinery (China) Co., Ltd. officially joined IPC membership and will be more active in the world in the future.

<b>Company name</b>	<b>Dinkle Electric Machinery (China) Co., Ltd.</b>
<b>Date of establishment</b>	September 01 <sup>st</sup> , 2000
<b>Nature of ownership</b>	Wholly owned by foreign legal persons
<b>Total number of employees</b>	Total number of employees <sup>1</sup> : 1,118 (male employees: 569; female employees: 549)
<b>Products</b>	PCB (printed circuit board) terminals, Japanese/American style barrier terminals, DIN rail terminal blocks, electronic housings, industrial relays, safety relays, surge protection devices, interface modules, other electronic and distribution products
<b>Markets served</b>	Europe, America, Asia
<b>Industries served</b>	Industrial control, rail transportation, power industry, process control, building control, communication industry and others

<sup>1</sup> The headcount in this report is based on the headcount at the end of the reporting period, i.e. 31<sup>st</sup> December 2019.

<b>Type of clients</b>	Direct users, distributors, OEMs, etc.
<b>Precautionary Principle</b>	Dinkle Electric Machinery takes into account risk management and early warning principles before undertaking any project, and establishes management practices such as Operational Control Procedures to minimize negative impact of its operations on the environment to the extent possible
<b>Business address</b>	No. 388 Middle Xingpu Road, Shipu, Qiandeng Town, Kunshan City, Jiangsu Province. Business address of the first branch: No.198 West Yuxi Road, Qiandeng Town, Kunshan City, Jiangsu Province
<b>Significant changes</b>	Change of business license address: The Middle Xingpu Road Operation Site was changed prior to the disclosure of the 2020 report due to local government regulation of gate management, and the address once used was: No.258 Middle Xingpu Road, Shipu, Kunshan City, Jiangsu Province, while the present address is: No. 388 Middle Xingpu Road, Shipu, Qiandeng Town, Kunshan City, Jiangsu Province. Due to the expansion of the plant, the address of the first branch was changed in 2018, 2019 and 2020, and the present address is as follows: No.198 West Yuxi Road, Qiandeng Town, Kunshan City, Jiangsu Province

### 3.2 History of Dinkle Group

- ❖ In 1983, Dinkle headquarter was established in Hsinchuang district, Taipei; The first type of product, barrier type terminal blocks, is launched.
- ❖ In 1985, PCB type terminal blocks were introduced to the market.
- ❖ In 1986, all catalog products became UL certified.
- ❖ In 1993, products with R&D procedures met IEC standards.
- ❖ In 1994, first range of DIN rail terminal blocks were launched.
- ❖ In 1995, DongGuan factory and Hong Kong distribution stated operation.
- ❖ In 1997, DongGuan factory received ISO 9002 standard.
- ❖ In 1999, first range of screwless PCB terminal blocks were launched.
- ❖ **In 2000, Kunshan factory and a new R&D center were completed.**
- ❖ **In 2001, cassette type molds was implemented.**
- ❖ **In 2002, Plating factory received domestic safety certification.**
- ❖ **In 2004, Dinkle Electric Machinery (China) Co., Ltd. was certified by ISO 9001 Quality Management System**
- ❖ **In 2005, supply support plan was initiated between Dinkle's eastern and southern China factories.**
- ❖ **In 2007, high-powered panel feed-through terminal blocks (PPAC) were launched.**
- ❖ **In 2009, R&D center for electronics was established.**
- ❖ **In 2010, Automation Department was established.**
- ❖ **In 2011, Dinkle Electric Machinery (China) Co., Ltd. obtained ISO 14001 environmental management system certification**
- ❖ **In 2011, product laboratory certified by VDE.**

- ❖ In 2012, relay product range was launched and in the same year, the Italian branch was established.
- ❖ In 2012, Dinkle Electric Trading (Shanghai) Co. Ltd. was established and in the same year, SAP system was introduced.
- ❖ In 2013, Dinkle Electric Machinery (China) Co., Ltd. was certified by Ex product and Ex management system.
- ❖ In 2014, surge protection product range was launched, and in the same year, the new headquarters in Taipei was completed and the first branch of Dinkle Electric Machinery (China) Co., Ltd. was established.
- ❖ In 2014, Dinkle Electric Machinery (China) Co., Ltd. received CNAS Laboratory Accreditation.
- ❖ In 2015, US branch was established.
- ❖ In 2018, German branch was established.
- ❖ In 2018, Dinkle Electric Machinery (China) Co., Ltd. obtained OHSAS 18001 Occupational Health and Safety Management System Certification.
- ❖ In 2020, Dinkle Electric Machinery (China) Co., Ltd. joined IPC membership.

Note: Developments directly related to Dinkle Electric Machinery (China) Co., Ltd. are in bold.

### 3.3 Honors and certificates

Honorary Title	Award date	Awarded by
"May Day" civilization post (shift)	May 2005	Suzhou City Federation of Trade Unions Suzhou Municipal Office of Spiritual Civilization Construction Committee
Suzhou Trade Union Advanced Group in Supporting Innovative Industries and Promoting Re-employment	November 2005	Suzhou City Federation of Trade Unions
Suzhou May Day Civilization Post	May 2006	Suzhou City Federation of Trade Unions Office of the Steering Committee for the Construction of Spiritual Civilization in Suzhou
Advanced Group of Kunshan Trade Union Funding Review	May 2007	Kunshan City Federation of Trade Unions
Winner of 2007 Kunshan Health and Safety Cup Competition	March 2008	Kunshan City Federation of Trade Unions

		Kunshan Production Safety Supervision Administration
Model sites for staff reading activities	September 2008	Kunshan City Federation of Trade Unions
Advanced Unit of Kunshan Trade Union Work (2007~2008)	February 2009	Kunshan City Federation of Trade Unions Kunshan Personnel Bureau
Kunshan Advanced Staff House (2005~2006, 2007~2008)	January 2007 February 2009	Kunshan City Federation of Trade Unions Kunshan Personnel Bureau
Advanced Group of Female Workers of Kunshan Trade Union (2004~2008)	March 2009	Kunshan City Federation of Trade Unions
Kunshan Science and Technology Research and Development Institute	2009	Kunshan Science and Technology Bureau
Foreign-funded R&D institutions in Suzhou	December 2009	Suzhou Science and Technology Bureau
Model Staff House	December 2009 October 2010	Suzhou City Federation of Trade Unions
Staff Reading Station	December 2009	Suzhou City Federation of Trade Unions
Foreign-funded R&D institutions in Jiangsu Province	2010	Jiangsu Provincial Department of Science & Technology
Kunshan Civilization Star Enterprise (2008-2009)	2010	Kunshan Spiritual Civilization Construction Committee
Suzhou Harmonious Labor Relations Enterprise	April 2010	Jiangsu Municipal People's Government
Advanced Unit of Party Building with Work Construction in Kunshan	September 2010	Organization Department of the CPC Kunshan Municipal Committee Kunshan City Federation of Trade Unions
Advanced Grassroots Party Organizations	June 2011	CPC Kunshan Committee
Advanced Enterprise of Integrity and Law Abiding	September 2013	Suzhou Leading Group of Legal Governance

Suzhou City Staff Culture Construction Demonstration Unit	December 2014	Suzhou City Federation of Trade Unions
2015 Environmental Protection Advanced Group	March 2016	CPC Qiandeng Town Committee People's Government of Qiandeng Town
2017 Top 10 Most Growth Potential Companies in Qiandeng Town	November 2018	CPC Qiandeng Town Committee People's Government of Qiandeng Town
2017 Top 10 Transformation, Upgrading and Innovation Development Enterprises in Qiandeng Town	November 2018	CPC Qiandeng Town Committee People's Government of Qiandeng Town
Enterprise Technology Center recognized by Jiangsu Province	2019	Jiangsu Provincial Economic and Information Technology Committee Jiangsu Provincial Department of Science & Technology Jiangsu Provincial Tax Service, State Taxation Administration Jiangsu Development and Reform Commission Department of Finance of Jiangsu Province Nanjing Customs District P.R.China
Safety Production Standardization Level 2 Enterprise (Light Industry)	August 2019	Jiangsu Safety Production Association
Top 10 Smart Manufacturing Companies of 2018	November 2019	CPC Qiandeng Town Committee People's Government of Qiandeng Town
2019 Top 10 Foreign Investment Enterprises in Qiandeng Town	November 2020	People's Government of Qiandeng Town

2019 Top 10 Growing Companies in Qiandeng Town	November 2020	People's Government of Qiandeng Town
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Honors and certificates received by Dinkle Electric Machinery

At the same time, Dinkle Electric Machinery is an outstanding supplier of Siemens. Since 2016, the Company has received several supplier awards including FY18/19 SEWC Supplier Award Outstanding Supplier from Siemens.

Award Name	Award date	Awarded by
2016 SEWC Best New Supplier	2016	SIEMENS
Our Stars for Motion Control 2017	2017	SIEMENS
2017 SEWC Best Quality Performance Supplier	2017	SIEMENS
Delivery Star 2018	2018	SIEMENS
FY18/19 SEWC Supplier Award Outstanding Supplier	2019	SIEMENS



Dinkle Electric Machinery won several supplier awards

### 3.4 System construction

The certification ratio of Dinkle Electric Machinery' environmental management system reached 100%, the certification ratio of occupational health and safety management system reached 100%, and the certification ratio of quality management system reached 100% system reached 100%.

System Name	Validity period
ISO 14001:2015 Environmental Management System Certification	2020.11.23-2023.11.22
ISO 9001:2015 Quality Management System Certification	2020.11.20-2022.10.03
OHSAS 18001:2007 Occupational Health and Safety Management System Certification	2018.02.06-2021.02.05
Ex System Certification <sup>2</sup>	2019.09.10-2022.09.09
Workplace Conditions Assessment (WCA) <sup>3</sup>	2020.08.17-2021.08.16
ISO 17025:2017 CNAS Laboratory Accreditation <sup>4</sup>	2019.06.21-2023.04.04

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<sup>2</sup> Ex system certification only covers the Middle Xingpu Road Operation Site.

<sup>3</sup> WCA only covers the Middle Xingpu Road Operation Site.

<sup>4</sup> ISO 17025:2017 CNAS Laboratory Accreditation Certificate only covers the Middle Xingpu Road Operation Site.



ISO 9001:2015 Quality Management System Certificate



ISO 14001:2015 Environmental Management System Certificate

TÜV SÜD  
 ZERTIFIKAT ♦ CERTIFICATE ♦ 認證證書 ♦ СЕРТИФИКАТ ♦ CERTIFICADO ♦ CERTIFICAT



# CERTIFICATE

The Certification Body  
of TÜV SÜD Asia Pacific TÜV SÜD Group

certifies that



**Dinkle Electric Machinery (China) Co., Ltd.**  
No. 258, Xingpu Middle Road, Shipu Business Administration Estate,  
Qiandeng Town, Kunshan City 215343, Jiangsu Province, China  
**Dinkle Electric Machinery (China) CO., LTD. First Branch**  
No. 318, HongYang Road, QianDeng Town, Kunshan City,  
Jiangsu Province 215341, China

has established and applies  
an Occupational Health and Safety Management System for

**HQ: Design, Production and Distribution of Terminal Blocks,  
Metal Parts, Plastic Parts, Screw and Surface Treatment  
Site 1: Production of Screw**

An audit was performed, Report No. **718839630**.  
Proof has been furnished that the requirements according to

## OHSAS 18001:2007

are fulfilled. The certificate is valid from 2018-02-06 until **2021-02-05**.

Date of Initial Certification: 2018-02-06  
Certificate Registration No.: TUV116 02 3874  
2018-02-06

Certification Body  
of TÜV SÜD Asia Pacific  
TÜV SÜD Group



Accreditation by the Joint Accreditation System  
of Australia and New Zealand, JAS-ANZ  
www.jas-anz.com/10000000

TÜV SÜD Korea Ltd. • 29F, Two IFC, 10 Gajigeomyeong-ro, Yongsong-dong, Seoul, 07226 • Korea



OHSAS 18001:2007 Occupational Health and Safety Management System Certificate

# Certificate



Quality Assurance Notification

**Directive 2014/34/EU**

Certificate Registr. No. **01 220 1311572**

The Certification Body for Explosion Protection  
of TÜV Rheinland Industrie Service GmbH  
Reported under no. 0035  
certifies:

Certificate Holder: **Dinkle Electric Machinery  
(China) Co., Ltd.**  
No.258, Xingpu Mid.Road  
Shipu Business Administration  
Estate, Qiandeng Town  
Kunshan City, JiangSu Province

Scope: Final inspection and testing of terminal block  
Types of protection: [Ex e]

An audit was performed, Report No. 1311572. Proof has been  
furnished that the requirements according to Directive  
2014/34/EU Annex VII are fulfilled.

The due date for all future audits is 09<sup>th</sup> September

Validity: The certificate is valid from 2019-09-10 until 2022-09-09  
First certification 2013

Wuppertal, 2019-08-02 TÜV Rheinland Industrie Service GmbH  
Am Grauen Stein, D-51105 Cologne  
Dipl.-Ing. Andreas Maschke

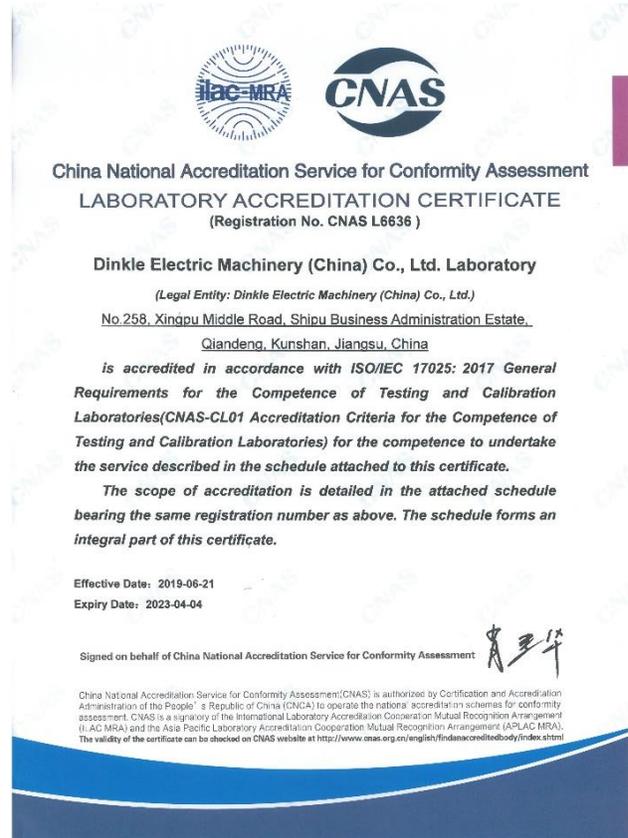
www.tuv.com

TÜVRheinland®  
Precisely Right.

Ex System Certificate



Workplace Conditions Assessment (WCA) Certificate



ISO 17025:2017 CNAS Laboratory Accreditation Certificate

### 3.5 Patents and R&D investment

2019 Dinkle Electric Machinery Patent and R&D Investment		
Annual R&D investment <sup>5</sup>	Approx. 22 million yuan	
Total patents granted	28	items
Of which, patents for inventions	5	items
Utility model patent	18	items
Appearance design patent	5	items

<sup>5</sup> R&D investment includes all R&D investment costs such as R&D staff salaries, R&D bonuses, materials, patent applications, etc.

### 3.6 Products and workshops of Dinkle Electric Machinery



Barrier Terminal Blocks



PCB Terminal Blocks



Surge Protection Devices



Safety Relay

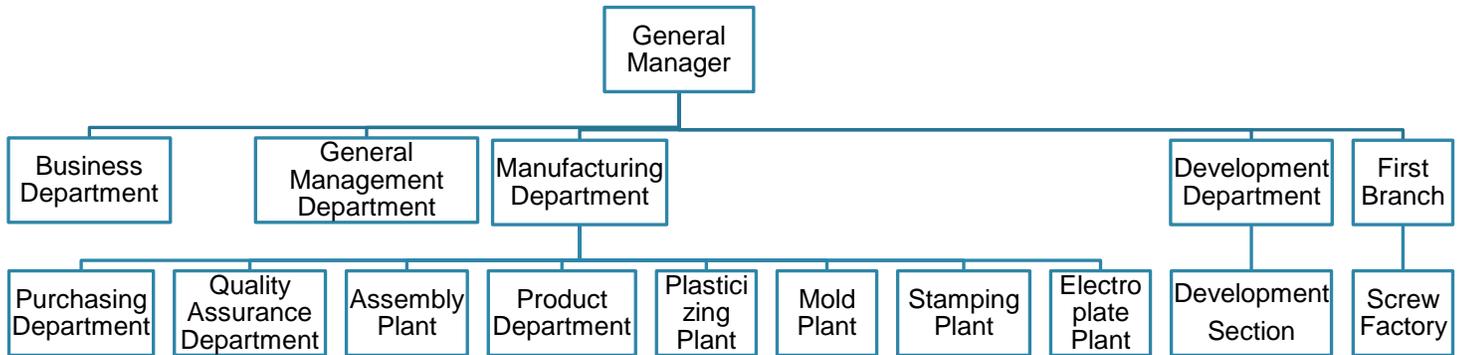
Note: Above pictures are only part of Dinkle Electric Machinery's portfolio



Factory Photos of Dinkle Electric Machinery

### 3.7 Corporate Governance

#### 3.7.1 Organizational structure of the Company



Organizational Chart of Dinkle Electric Machinery (China) Co., Ltd.

The general manager is responsible for the daily operation and management of Dinkle Electric Machinery and the daily operation and management of the first branch factory site on Yuxi West Road. Under the general manager, there are five functional departments: business department, general management department, manufacturing department, development department and the first branch. Under each functional department, there are different departments, sections, groups and factories responsible for the implementation, inspection, supervision and execution of specific work and the production and processing of each production link.

The management team meets from time to time to discuss matters specific to corporate strategy, business, and environmental safety and health, and to sort out and formulate corporate strategy, management policies and goals. When the company formulates, amends or decides on rules and regulations or major matters that directly affect the vital interests of employees, the company will decide on them after consultation with trade unions and employee representatives through free consultation, such as Staff Council.

To ensure effective control of the management system, timely identification of internal and external risks and opportunities, the effectiveness of measures taken to address risks and opportunities, and adequacy of resources, as well as to sort out and confirm the achievement of corporate goals and performance and explore the possibility of continuous improvement, Dinkle Electric Machinery holds regular management review meetings to conduct an in-depth assessment of the management system.



### 3.7.2 Dinkle's beliefs, core values and course of action

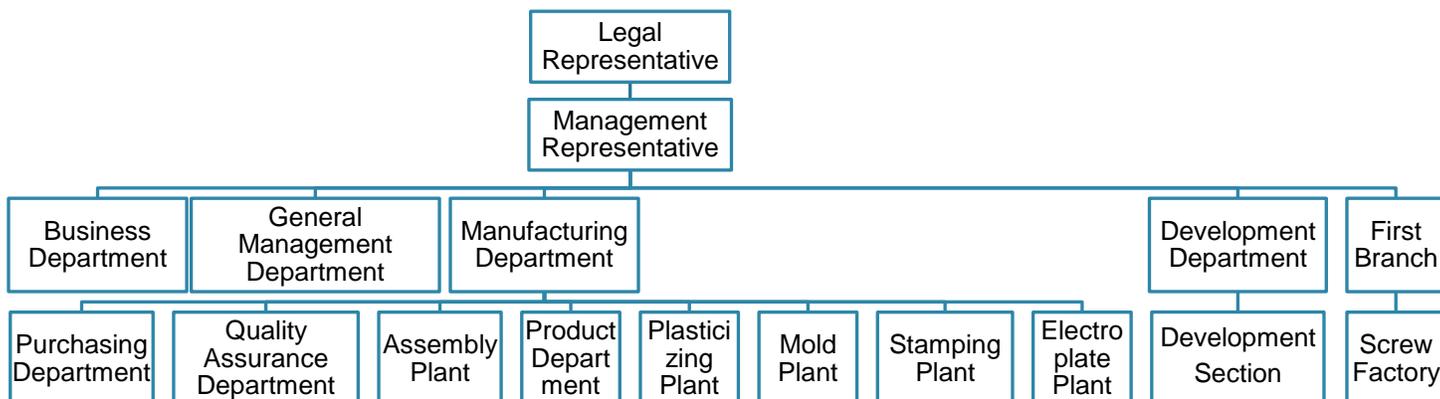
- ❖ Corporate belief: Delight Through Connections! !
- ❖ Core values: Business is the process, lifetime happiness is the goal!
- ❖ Corporate course of action: New Century 123
  - 1 firm belief: Victory
  - 2 clear objectives: To be needed, to be trusted
  - 3 specific practices: Continuous mutually beneficial dialogue, continuous learning and growth, and continuous embracing evolutionary challenges

## IV. Sustainability Management

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Sustainable development shall meet the needs of the present without jeopardizing those of future generations. Dinkle Electric Machinery always insists on maintaining the balance between economic development, environmental protection and social responsibility, and integrates the concept of sustainable development into all aspects of business operation and into the working practice of every Dinkle family member.

#### 4.1 Structure of sustainable development management



#### 4.2 Stakeholder communication

The rapid development of Dinkle Electric Machinery is a result of the recognition and support of stakeholders alike. For this reason, we have been deepening the communication and exchange with various stakeholders through effective communication mechanisms such as official WeChat account, telephone, questionnaires, roundtable meetings, on-site visits, etc. to establish more active and extensive dialogues with stakeholders. Through these regular or ad-hoc communications, we respond to the demands and expectations of our stakeholders in a timely, quick and effective manner, and we insist on working together with multiple parties to promote the long-term development of our businesses and communities.

Stakeholder	Needs and expectations	Frequency of communication	Communication method
<b>Shareholder and investor</b>	Economic Performance Anti-corruption Compliance Operation Waste Discharge and Environmental Compliance Energy & Resources Employment Relations and Labor Relations Occupational Health and Safety	Management review once a year Other means ad-hoc	Meetings, written correspondences, phone calls, reports, management reviews, etc.

<b>Client</b>	Product Safety Client Connection Technology and Innovation Procurement Practices	Customer satisfaction survey once a year Other means ad-hoc	Customer satisfaction survey, meetings, written correspondences, phone calls, on-site visits, exhibitions, official account on social media, etc.
<b>Supplier</b>	Economic Performance Anti-corruption Compliance Operation Supply Chain Management Procurement Practices	Supplier audits once a year Other means ad-hoc	Written correspondences, phone calls, meetings, audits, etc.
<b>Staff</b>	Employment Relations and Labor Relations Occupational Health and Safety Training and Support Human Rights Assessment	Staff Council once a year Other means ad-hoc	Staff councils, questionnaires, mailings, interviews, suggestion boxes, team building, etc.
<b>Government and regulators</b>	Employment Relations and Labor Relations Occupational Health and Safety Waste Discharge and Environmental Compliance Anti-corruption Compliance Operation	Ad-hoc	Phone calls, meetings, questionnaires, workshops, field trips, official account on social media, official websites, etc.
<b>NGOs</b>	Compliance Operation Waste Discharge and Environmental Compliance Employment Relations and Labor Relations	Ad-hoc	Web, reports, etc.
<b>Public society</b>	Economic Performance Compliance Operation Anti-corruption Waste Discharge and Environmental Compliance Product Safety Occupational Health and Safety	Ad-hoc	Web, reports, etc.

<b>Industry associations</b>	Compliance Operation Anti-corruption Occupational Health and Safety Waste Discharge and Environmental Compliance	Ad-hoc	Web, reports, etc.
<b>Companies in the same industry</b>	Economic Performance Compliance Operation Anti-corruption Product Safety Technology and Innovation	Ad-hoc	Exhibitions, market research, etc.
<b>Surrounding community environment (including residents)</b>	Waste Discharge and Environmental Compliance	Ad-hoc	Written correspondences, questionnaires, phone calls, etc.



In December 2019, deputy mayor of Qiandeng town, Chairman of Federation of Trade Unions of Qiandeng town, and other leaders participated in a thousand people's Christmas event hosted by Dinkle Electric Machinery



In November 2019, Mr. Xiao, Chairman of Federation of Trade Unions of Qiandeng Town, and leaders of relevant departments attended a special event on garbage sorting hosted by Dinkle Electric Machinery

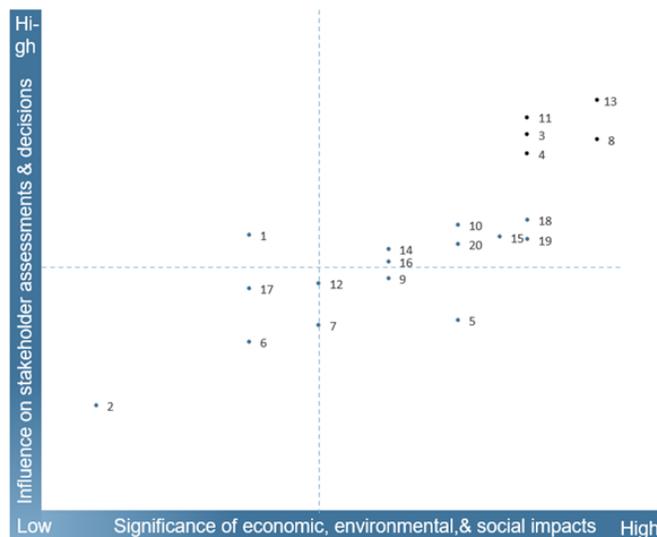
### 4.3 Material topics analysis

In order to successfully disclose social responsibility information and further strengthen the management of social responsibility work, the Company organized management team, staff representatives from environmental safety, quality assurance, HR, finance, administration, labor union and other departments to set up a CSR report preparation team, and hired experts from third-party professional institutions to ensure proper training in this regard. Through roundtable discussions, internal discussions at the senior level and within each department, combined with assessments by external technical experts, the Company finally identified key stakeholders of Dinkle Electric Machinery, and collected stakeholder feedback through questionnaire, incorporating and

responding to the opinions and demands of each stakeholder and governing body in report preparation.

By combining the internationally accepted Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) and topics highlighted by stakeholders, Dinkle Electric Machinery cross-analyzed the extent of influence on stakeholders' decisions and assessments, as well as corporate economic, environmental and social impact, and concluded on 20 material topics that are ultimately disclosed in this report. 5 topics are regarded as highly material, namely 3, 4, 8, 11 and 13, and the remaining 15 are medium material topics.

List of Material Topics for Dinkle Electric Machinery's 2019 Social Responsibility Report		
Highly Material topics		
3. Compliance Operation	4. Anti-corruption	8. Waste Discharge and Environmental Compliance
11. Employment Relations and Labor Relations	13. Occupational Health and Safety	
Medium Material topics		
1. Economic Performance	2. Diversity and Equal Opportunities	5. Energy & Resources
6. Biodiversity	7. Climate Change	9. Procurement Practices
10. Supply Chain Management	12. Freedom of Association and Collective Negotiation	14. Training and Support
15. Legal Employment	16. Human Rights Assessment	17. Local Community
18. Product Safety	19. Client Connection	20. Intellectual Property Protection and Science, Technology and Innovation



Material Topics Matrix for Dinkle Electric Machinery's 2019 Social Responsibility Report <sup>6</sup>

<sup>6</sup> All of the above are material topics in this report; economic performance has been omitted due to confidentiality restrictions, while others are disclosed accordingly. The numbers in the matrix correspond to

#### 4.4 Responding to UN SDGs

The 17 United Nations Sustainable Development Goals (UN SDGs 2030) contribute to a blueprint for a better and more sustainable future for all, and the goals explicitly mention the global challenges currently facing mankind as a whole. In order to contribute to various sustainability goals, Dinkle Electric Machinery, as a responsible company, has incorporated UN SDGs 2030 into all aspects of its business and daily operation management, and regularly combs and reviews the goals to continuously improve its performance in terms of sustainability.

Actions of Dinkle Electric Machinery	Chapter of the report	Response
<p>On November 2<sup>nd</sup>, 2019, the "Star Wish Project" of Dinkle Electric Machinery Charity Book Club donated about 450 second-hand children's books and also money to help sick employees. Dinkle Electric Machinery has been persistently striving to help children and other disadvantaged groups.</p>	<p>9.1 Volunteering for a good cause</p>	
<p>Dinkle Electric Machinery focuses on both the physical and mental health of its employees. After work, employees can take advantage of "Dinkle Farm", participate in activities such as the Dianshan Lake Half Marathon, enjoying a balanced work and life.</p>	<p>8.1 Diversity, equality, inclusion and openness</p>	
<p>Dinkle Electric Machinery has established a 5-in-1 systematic learning platform of "special class + LMS (E-Learning Management System) + open class + external training + departmental internal training". Departmental internal training ensures that all employees are offered the opportunity to training, combined with mentoring mechanism and on-the-job training, thus cultivating talents in all aspects. 100% for education and training target achievement during the reporting period.</p>	<p>8.3 Supporting development and growing together</p>	

the serial numbers of the material topics within the list of material topics of the 2019 Social Responsibility Report of Dinkle Electric Machinery.

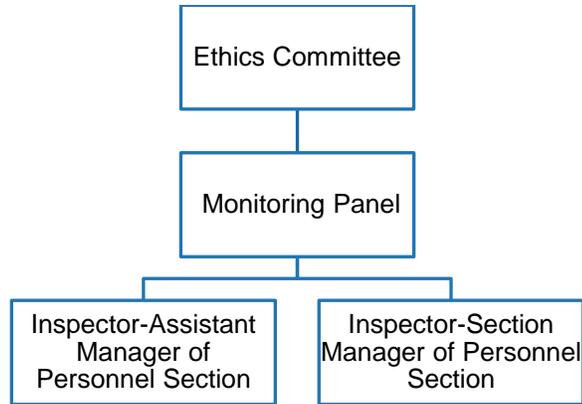
<p>Dinkle Electric Machinery has resolutely eliminated discrimination due to gender and other factors in all aspects of employee hiring, salary and compensation, promotion and dismissal, and has signed Special Collective Contract for Designated Protection of Female Employees with the labor union to provide multiple protections for the rights and interests of female employees.</p>	<p>8.1 Diversity, equality, inclusion and openness 8.4 Comprehensive guarantees and respect for human rights</p>	
<p>Dinkle Electric Machinery provided a good working and resting environment for its employees; during the epidemic, the Company ensured environmental hygiene and employee health by disinfecting blankets and staggering meals.</p>	<p>8.1 Diversity, equality, inclusion and openness 9.2 United efforts to fight the pandemic</p>	
<p>Dinkle Electric Machinery understands that innovation is the top priority of an enterprise, and the only way to optimize products and promote development is keep innovating. During the reporting period, the Company obtained 28 patents and invested approximately RMB 22 million in research and development.</p>	<p>3.5 Patents and R&amp;D investment</p>	
<p>Dinkle Electric Machinery always insists on comprehensive consideration and guarantee of product quality, safety, human rights, energy-saving, and emission reduction in production, manufacturing, and procurement process to ensure the sustainability of the production process.</p>	<p>6.1 Dedicated service, trusted choice 6.2 Responsible sourcing and win-win cooperation VII. Energy Saving and Environmental Protection, Practicing Green Development 8.2 Ensuring workplace safety and eliminating hidden dangers 8.4 Comprehensive guarantees and respect for human rights</p>	

<p>Dinkle Electric Machinery is committed to identifying and reviewing possible adverse impacts on the environment in its operations and implementing procedures to manage and control them; a greenhouse gas verification team has been established to regularly verify greenhouse gas emissions.</p>	<p>VII. Energy Saving and Environmental Protection, Practicing Green Development</p>	
<p>Dinkle Electric Machinery has strengthened its risk management procedures, established an ethics management system, adopted a zero-tolerance policy for any form of unethical business practices and organized anti-corruption training, with zero confirmed incidents of corruption during the reporting period.</p>	<p>5.1 Integrity and righteousness</p>	

## V. Enhanced Risk and Compliance

### 5.1 Integrity and righteousness

Dinkle Electric Machinery understands that unethical business practices will have a serious impact on corporate image and supply chain, so business ethics has always been a top priority in the Company's daily management. We believe that operating with integrity is the highest standard of honesty to be observed in all business interactions, thus maintaining a zero-tolerance policy for unethical business practices of any kind. The Company has developed and implemented a Dinkle Code of Ethics Management System for this purpose, which is designed to prevent, detect and resolve any potential integrity issues. The system includes a series of procedural documents, such as Social Responsibility Management Manual, Anti-Office Embezzlement, Commercial Bribery and Misappropriation Control Procedures, Fair-Trading Management Control Procedures, Risk Assessment and Risk Management Procedures for Labor and Ethics, Employee Grievance Management Procedures, Supplier Management Code, etc., covering integrity management, no improper gain, information disclosure, intellectual property rights, fair trade, advertising and competition, confidentiality of identity, responsible sourcing, privacy, and elimination of retaliation.



Organizational Chart of Ethics Committee of Dinkle Electric Machinery

Dinkle Electric Machinery not only actively promotes its own integrity, but also strives to create a fair and equitable supply chain and a business environment that promotes the interests of both parties, with the following policies in place:

- ❖ Business integrity: Dinkle Electric Machinery adheres to the principles of honesty, integrity and fairness in all aspects of business cooperation with its suppliers.
  - (1) The Company signs an Anti-Commercial Bribery Agreement with its suppliers to exert influence on them to prevent commercial bribery in procurement, outsourcing or incoming inspection, avoiding detriment of corporate interests;
  - (2) All company managers attend regular anti-corruption training and sign on Employee Integrity Compliance Commitment Letter;
  - (3) The Company requires all employees to strictly adhere to relevant requirements in Employee Manual. The Company promises not to commit any form of commercial bribery to government authorities, clients, third-party testing organizations, certification bodies and other units or individuals for improper benefits.
- ❖ Fair Competition: All trading activities of Dinkle Electric Machinery follow the principles of lawfulness, voluntariness, fairness, good faith, and mutual benefit, and shall not disturb the order of market transactions, and shall not collude with related units in the same industry maliciously to harm the interests of the state and other operators, or force the partners to sign contracts containing unfair and unreasonable terms; the company keeps commercial secrets from each other in its trading activities with each party and does not illegally obtain, disclose, use or allow others to manipulate each other's trade secrets.
- ❖ Employee whistleblowing: Dinkle Electric Machinery encourages its employees to report to the General Management Department any office embezzlement, bribery or misappropriation of public funds that affect the interests of the Company. The Company has established Management Measures to Prevent Retaliation to

protect physical and mental safety of whistleblowers, and shall not dismiss, demote, suspend, threaten, harass or treat employees differently in any other way because of their legitimate whistleblowing behavior. Keep whistleblowers, transcripts or other relevant data strictly confidential. The whistleblower will also be rewarded in accordance with relevant regulations.

- ❖ Gifts and Gifting: No gift of any kind shall be solicited, either explicitly or implicitly, by Dinkle Electric Machinery employees. Gifts received at external events, regardless of the amount, must be registered and managed by General Management Department.

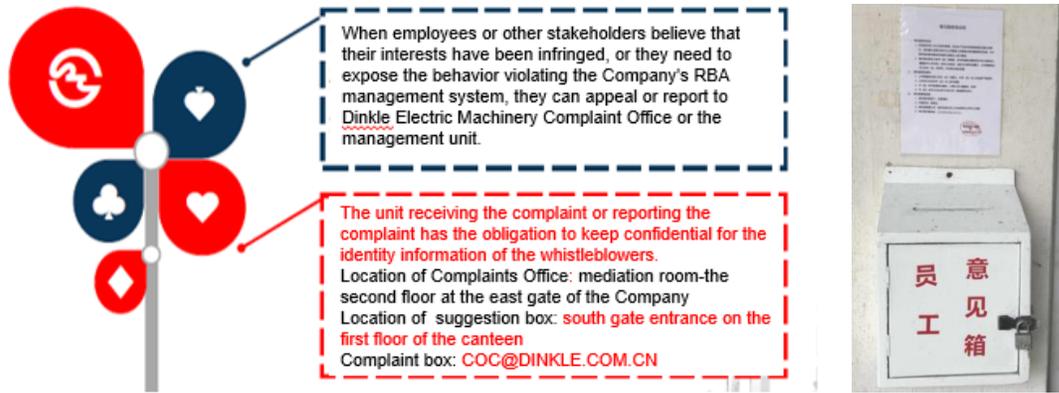
In addition to strictly complying with laws and regulations in the places where we operate and continuously improving the framework of various compliance policies such as anti-corruption, anti-bribery and anti-unfair competition, we have also conducted risk assessments on the significant corruption risks in our operations since 2020 and regularly conducted compliance evaluations and employee compliance training. As of the end of the reporting period, we have communicated our anti-corruption policies to 72.5%<sup>7</sup> of our suppliers, and in the future, the Company will continue to actively promote responsible business conduct and the highest standards of business ethics.

Risk assessment process, implementation, and performance: Currently, Dinkle Electric Machinery has conducted corruption risk assessments for 2 of its operation sites, accounting for 100% of all operation sites. Since 2020, the Company has regularly conducted labour and ethical risk factor identification and evaluation, with no significant corruption risks identified.

Corporate management representative is responsible for supervising communication and management related to business ethics. We offer open channels of communication and reporting: A suggestion box has been set up in a conspicuous place in the factory and an electronic suggestion box has been announced. Employees or related parties can send their complaints directly to General Management Department, which is responsible for receiving the reports and conducting investigations; the results of the investigations will be submitted to the management representative and the manager of the relevant department involved. In addition to punishing relevant violators in accordance with Management Measures on Rewards and Punishments for Employees, an improvement plan will be put forward and improvements are expected within a certain period of time. The Company reserves the right of legal recourse against the person involved for the damages suffered by the Company. The results of the investigation are kept at the Board of Inquiry.

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<sup>7</sup> The remaining 27.5% of suppliers are those with minimal transactions or about to terminate their contracts.



Dinkle Electric Machinery's Complaint Methods and Employee Suggestion Box

We respect our competitors in the same industry and our partners in the supply chain, and always consider integrity and compliance and adherence to business ethics as basic requirements and prerequisites for conducting any business, and strictly implement relevant policies and procedures of the Company.

Critical topics	Management Approach and System Construction	Performance in 2019
Anti-unfair competition	Established procedures such as Anti-Office Embezzlement, Commercial Bribery and Misappropriation Control Procedures, staff training, and provision of open channels for complaints	The number of governance bodies involved in anti-corruption training was 16, accounting for 100% coverage; The number of employees of non-governing bodies involved in anti-corruption training was 1,102, accounting for 100% coverage; 72.5% supplier communication rate; The number of confirmed incidents of corruption was 0.
Anti-unfair competition	Established procedures such as Fair-Trading Management Control Procedures and provided open channels for complaint	The number of lawsuits regarding anti-competitive behavior and violations of anti-trust and monopoly legislation was zero.
Socio-economic compliance	Developed Social Responsibility Management Manual and conducted annual internal audits and management reviews	The number of significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area was zero.

## VI. Win-win Cooperation and Continuous Value Creation

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### 6.1 Dedicated service, trusted choice

Dinkle Electric Machinery always believes that quality is key to an enterprise, and quality products are the basis of customer recognition. In this regard, the Company strengthens its control over products and services, adheres to the policy of "Quality improvement, Customer fulfillment", continues to provide customers with quality products and user experience as a way to achieve development with customers alike.

Currently, Dinkle Electric Machinery has passed ISO 9001 quality management system and Ex system certification, with its products certified by UL, CUL, CSA, VDE, GB and other safety standards, in compliance with RoHS and REACH EU environmental standards as well. In order to ensure product compliance with the changing environmental laws and regulations and the requirements of customers and the market and ensure that its processes comply with the control requirements of environmental substances, and clarify the types of banned substances and controlled hazardous substances and the related changes in requirements of Dinkle Electric Machinery, the Company has formulated "Environmental Substances Management Procedures" and simultaneously improved the environmental management requirements for suppliers. The Company also responds positively and quickly when customers raise requests other than this procedure, or requests of updates to environmental information.

In terms of product quality, the Company set targets and indicators such as delivery date achievement rate, QA inspection finished batch pass rate, process defect rate, etc. and track and manage key performance and make targeted adjustments to next year's target setting based on year-end performance on a yearly basis for continuous product quality improvement. During the reporting period, 99 new product or service categories were available, and health and safety impacts of 100% new product or service categories were assessed and improved, with no breaches of health and safety regulations or voluntary codes related to products and services. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services is zero.

In order to continuously improve customer experience, Business Department of Dinkle Electric Machinery conducts customer satisfaction survey for selected customers in July each year in accordance with internal control documents such as "After-Sales Service Management Procedures" and proposes improvement measures in response to the survey results. In 2019, the satisfaction survey results were 98.90 out of 100, above the target of 95.00; the survey satisfaction results between 2015 and 2019 were all above corresponding targets.



Dinkle Electric Machinery 2015-2019 Customer Satisfaction Survey Overall Rating Results

Dinkle Electric Machinery values privacy protection and has established External Supplier and Customer Property Management Procedure, which applies to all samples, tooling, jig, gauge, intellectual property and personal information provided by external suppliers and customers. After receiving personal information from external suppliers and customers, corresponding procurement and business personnel will store and manage the information in accordance with procedures, respectively, and the Company will not illegally collect, use, process, or transmit personal information, or illegally provide, disclose, or sell personal information without the consent of the supplier or customer himself. Dinkle Electric Machinery is committed to protecting the personal information from all business partners. The collection, storage, processing, transmission and sharing of personal information is carried out in strict compliance with the requirements of laws and regulations related to privacy and information security. During the reporting period, the Company received no complaints related to the violation of customer privacy and there were no confirmed incidents of leakage, theft or loss of customer information.

## 6.2 Responsible sourcing and win-win cooperation

The prosperous development of Dinkle Electric Machinery is the result of teamwork and sincere cooperation with suppliers alike. In order to better improve sustainability of procurement and reduce supply chain risks, we have established a Supplier Management Procedure to screen and thoroughly assess qualification of our suppliers.

- ❖ New supplier entrance: The supplier must have a qualification certificate such as an emission permit approved by a government agency, be willing to sign an environmental management agreement related to Dinkle Electric Machinery, and be able to provide products that meet the Company's environmental management substance



requirements and environmental requirements. After evaluation and preliminary screening, the Company will issue a Supplier Questionnaire, and Purchasing Department will determine whether field evaluation shall be paid according to the type of supplier and the importance of the material. If a field evaluation is necessary, relevant departments will set up an evaluation team according to Supplier Evaluation Record, and rate new suppliers according to the final scoring results of the form. The rating results are divided into four grades, A, B, C and D. Suppliers those receive a C or D will not be accepted by the Company.

- ❖ **Management of Qualified Suppliers:** Suppliers subject to assessment in accordance with the procedures are appraised and scored quarterly by Quality Assurance and Procurement, rated as A, B, C or D. Suppliers receiving a C grade or below are required to improve in the next assessment period. Qualified suppliers are also subject to annual assessment and graded management according to assessment results, and suppliers who do not meet required standards will be made irrelevant.

The Company's main procurement scope includes basic raw materials, chemicals, hardware, electronic parts, packaging materials, plastic parts and others, etc. They are provided by 178 suppliers, including 29 trading suppliers and 149 production suppliers. Amongst all, 57.30% are local (Jiangsu Province) suppliers, 40.45% are from other parts of China, and 2.25% are foreign suppliers. 24 new suppliers were approved and 20 suppliers were made irrelevant in 2019. The 24 new suppliers have all passed the screening of social and environmental criteria, and the quality, delivery and service of the suppliers have met the requirements of the Company after quarterly investigations; during the reporting period, social and environmental impact assessment were conducted on 48 suppliers, accounting for 26.97% of all suppliers, and no suppliers with actual and potential significant negative social and environmental impacts were identified.

At the same time, in order to improve efficiency and security of the supply chain and support local economy, we have deployed local procurement while ensuring production efficiency. During the reporting period, the percentage of the Company's procurement budget spent on local (Jiangsu Province) suppliers in significant operating locations was 25%.

<b>Dinkle Electric Machinery 2019 Supplier Assessment Performance Form</b>		
	<b>Objective</b>	<b>Performance</b>
<b>Supplier screening and employment</b>	100% of new suppliers are screened for social and environmental standards	During the reporting period, 24 new suppliers were added, all of which passed social and environmental criteria screening
<b>Annual supplier assessment</b>	Sampling over 5% of existing qualified suppliers	During the reporting period, a total of 24

	for comprehensive assessment (including social and environmental factors)	existing qualified suppliers were assessed in a comprehensive manner, representing 13.48% of all suppliers
<b>Termination of supplier cooperation</b>	Termination of supplier cooperation due to unqualified assessment results (including social and environmental factors)	No supplier termination during the reporting period

In order to prevent conflict minerals from the Democratic Republic of Congo and its adjacent areas from being used as raw materials for the Company, Dinkle Electric Machinery establishes a Conflict Minerals Management Procedure according to the requirements of RBA (Responsible Business Alliance) and GeSI (Global e-Sustainability Initiative) to conduct due diligence investigation on suppliers in this regard. As a global citizen, Dinkle Electric Machinery does not support or use conflict minerals such as gold (Au), tantalum (Ta), tungsten (W), and tin (Sn) from the territory of the Democratic Republic of the Congo and its neighboring countries and regions, and requires our supply chain to conduct business in a socially and environmentally responsible manner, not to use conflict minerals from the above mentioned regions, and to demand the same from their upstream suppliers. During the reporting period, metals used by the Company such as gold and tin, are sourced from Switzerland and China respectively, and the Company have conducted conflict mineral risk identification, but no suppliers were from high risk areas.

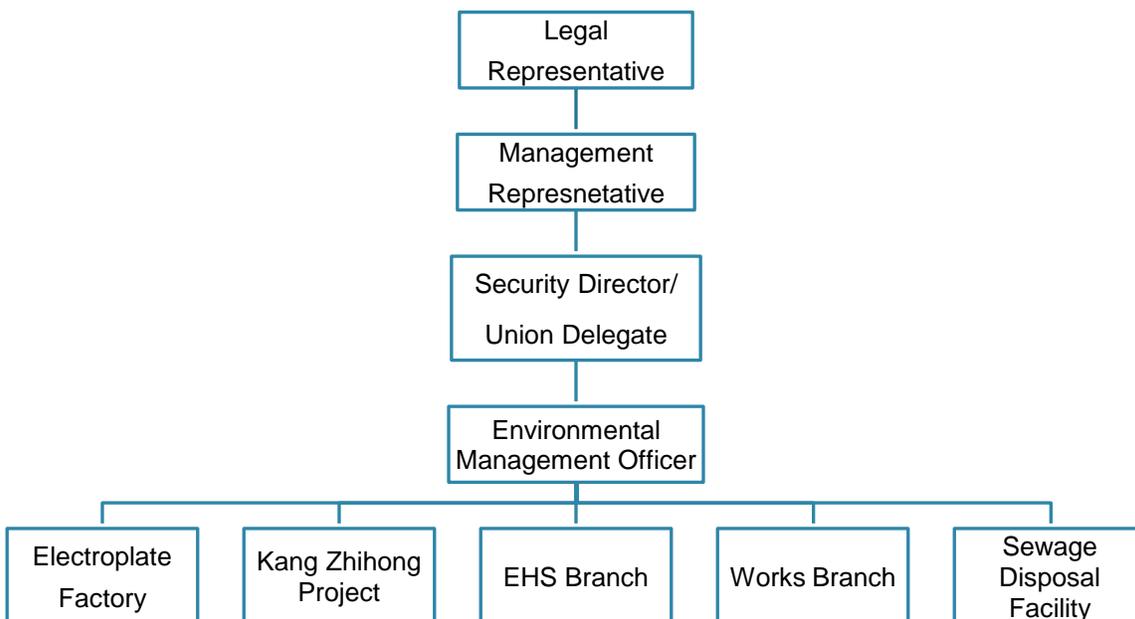
- ❖ When developing new suppliers and recognizing new parts, Purchasing Department is required to conduct a survey and assessment, contact suppliers to fill out RMI\_CMRT (Responsible Minerals Initiative Conflict Minerals Reporting Template) within the deadline, and suppliers who meet the requirements are required to further sign the Commitment to Not Use Conflict Minerals. As of the end of the reporting period, 100% of suppliers involved in metallic minerals have completed the RMI\_CMRT and 100% of suppliers have signed the Commitment to Not Use Conflict Minerals.
- ❖ Quality System Division will confirm the RMI\_CMRT on the Conflict Minerals website at the beginning of each month and assess whether a new survey is required if an update is available; if a new survey is required, Resource Department will forward the survey to the supplier for them to fill in and return.

<b>Dinkle Electric Machinery 2019 Supplier Conflict Minerals Management Performance</b>	
<b>Total number of corporate suppliers involved in the area of conflict minerals (number)</b>	41
<b>% of suppliers who have participated in the assessment</b>	100%

Of which, number of Chinese suppliers (number)	39
Number of overseas suppliers (number)	2
Of which, number of raw material suppliers (number)	23
Number of qualified raw material suppliers (number)	23
Number of smelters (number)	6
Number of qualified smelters (number)	6
Number of suppliers who failed RMI_CMRT and were excluded from introduction and cooperation (number)	0

## VII. Energy Saving and Environmental Protection, Practicing Green Development

Dinkle Electric Machinery understands that environmental protection is an indispensable social responsibility in corporate economic development, so we have been striving to reduce the environmental impact of our business development for many years. We comply with the Environmental Protection Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes and other relevant environmental protection laws, regulations and standards, are committed to the environmental protection policy of "Prevention-oriented, Compliance with Regulations", and have established a sound environmental management system. We have obtained ISO 14001 certification for our environmental management system and strive to meet environmental commitments.



Dinkle Electric Machinery Management Structure Chart of Environmental Protection Organization  
 Dinkle Electric Machinery is committed to identifying and examining the potential adverse environmental impacts of its operations. In order to mitigate impacts, we have

established and implemented a number of procedures and measures, such as Operational Control Procedures, to manage and control different environmental categories, including: energy and resource use, biodiversity, greenhouse gas emissions, noise, wastewater, air, and waste emissions. Dinkle Electric Machinery conducts regular inspections and tests to effectively assess corporate environmental performance. During the reporting period, there were no complaints or penalties arising from environmental issues.

<b>Dinkle Electric Machinery's environmental objectives and performance achievement for FY2019</b>		
	<b>Target Value</b>	<b>Performance</b>
<b>Number of environmental complaints</b>	≤ 1	0
<b>Number of customer complaints for green products</b>	≤ 0	0
<b>Paper consumption <sup>8</sup></b>	Reduce consumption by ≥ 5%	13.48% reduction in consumption
<b>Compliance rate of Wastewater discharge</b>	100%	100%
<b>Number of chemical spill incidents</b>	≤ 0	0

In 2020, Dinkle Electric Machinery adopted a new plant water consumption decline rate for ≥ 4% / year as part of its environmental goals, in order to further fulfill the commitment to energy conservation and emission reduction, so as to ensure environmental protection.

## **7.1 Resource management, efficient use**

### **7.1.1 Energy management**

The energy consumed by Dinkle Electric Machinery's production operations includes gasoline, diesel, natural gas, liquefied petroleum gas, methanol, acetylene and electricity. In accordance with corporate environmental policy, we are striving to improve the efficiency of our production operations to reduce the consumption of energy resources, including the replacement of old energy-intensive equipment (e.g., old air-conditioners, old water chillers, etc.) and upgrading room temperature boiler (from diesel to natural gas).

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<sup>8</sup> Paper consumption reduction = (previous year's paper consumption - current year's paper consumption) / previous year's paper consumption \* 100%



Replaced low-energy air-conditioners



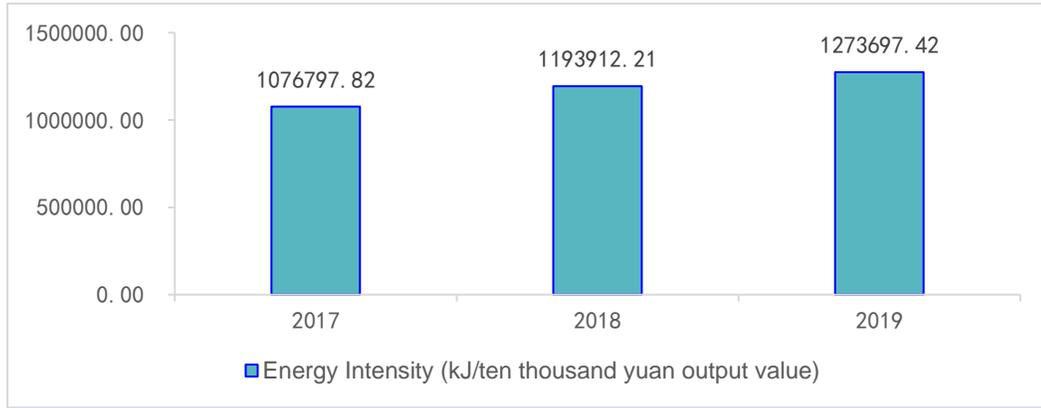
Converted natural gas-fired room temperature boiler

**Data Sheet of Energy Structure and Energy Consumption of Dinkle Electric Machinery**

Type	Unit	2017	2018	2019
Gasoline	Litres (L)	24631.43	23454.27	21029.28
	Kilojoule(kJ)	769134875.30	732377171.50	656655040.00
Diesel	Litres (L)	/	61736.00	56000.00
	Kilojoule(kJ)	/	2172360194.00	1970522400.00
Natural gas	Cubic meter (m <sup>3</sup> )	0	0	24204.00
	Kilojoule(kJ)	0	0	942285924.00
Liquefied petroleum gas	Cubic meter (m <sup>3</sup> )	/	34337.42	30371.91
	Kilojoule(kJ)	/	1723017398.00	1524032072.00
Methanol	kilogram (kg)	20160.00	22275.00	21936.50
	Kilojoule(kJ)	457410240.00	505397475.00	497717248.50
Acetylene	kilogram (kg)	15.00	55.00	25.00
	Kilojoule(kJ)	749760.00	2749120.00	1249600.00
Electrical Power	Kilowatt hour (KWH)	11609185.00	12947194.00	13800727.40
	Kilojoule(kJ)	41746629260.00	46558109624.00	49627415730.00
Total energy consumption	Kilojoule(kJ)	42973924135.30	51694010982.50	55219878014.50

<sup>9</sup> The Company haven't used renewable energy as of yet.

Note: 1. Increased electricity consumption due to increased output;  
 2. Corresponding consumption in 2017 could not be accurately disclosed as diesel and Liquefied petroleum gas usage was not systematically recorded;  
 3. Conversion factors source: China Energy statistical Yearbook 2010, Appendix IV;  
 gasoline and diesel conversion densities source: China National Petroleum Corporation  
<http://center.cnpc.com.cn/bk/system/2007/08/09/001115560.shtml>.



Note: 1. The intensity ratio takes the amount of energy consumed within the organization;  
 2. All energy types are included;  
 3. The Company's consumption of diesel and liquefied petroleum gas has been accurately accounted for since 2018 and the use of natural gas has been increased in 2019, resulting in a small increase in energy intensity.

### 7.1.2 Water resources management

Dinkle Electric Machinery water consumption comes from the municipal water supply, and there is no negative impact on the local water source due to water extraction. To conserve water resources, the Company has developed a water conservation system and taken various measures, including recycling and reusing water, rationalizing the use of pure water, and urging employees to conserve water for domestic use. In 2019, the Company introduced water reuse facilities, deploying MCR membrane (effectively remove suspended solids, microfine colloids, organic polymer, etc. from water) and CMF membrane filtration unit. RO membrane group was utilized to ensure that wastewater reaches standard of reusage, and a total of 1,805 tons of water were recycled in 2019.



MCR Membrane Filtration

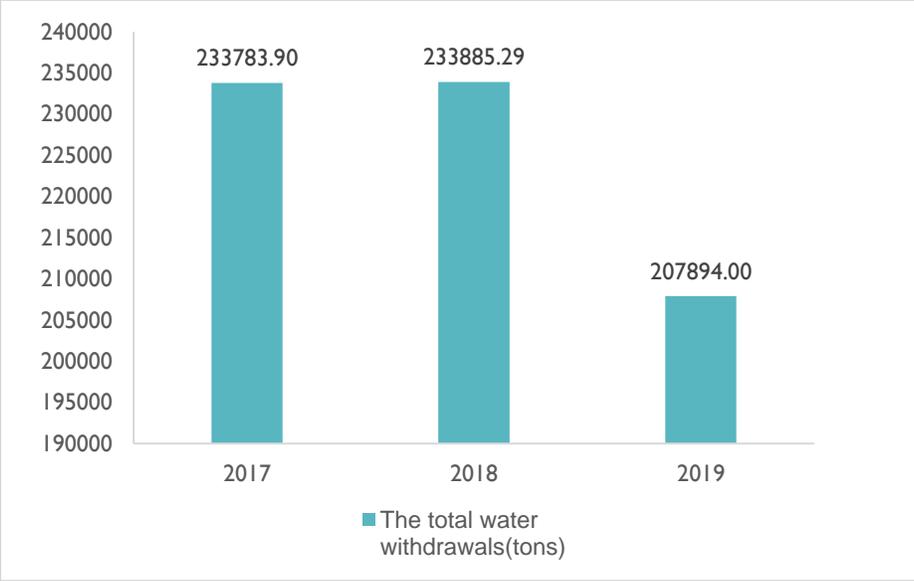


CMF Membrane Filtration



RO Membrane Group

Dinkle Electric Machinery Water Reuse System



### 7.1.3 Biodiversity

Biodiversity is an important part of maintaining ecological balance. Although Dinkle Electric Machinery is not located in or adjacent to a protected area, we continue to pay attention to and work for the harmonious development of people and nature as a whole. A large area of grass and trees is available on both sides of the road in the plant, whose good ecological environment has attracted egrets to roost here.

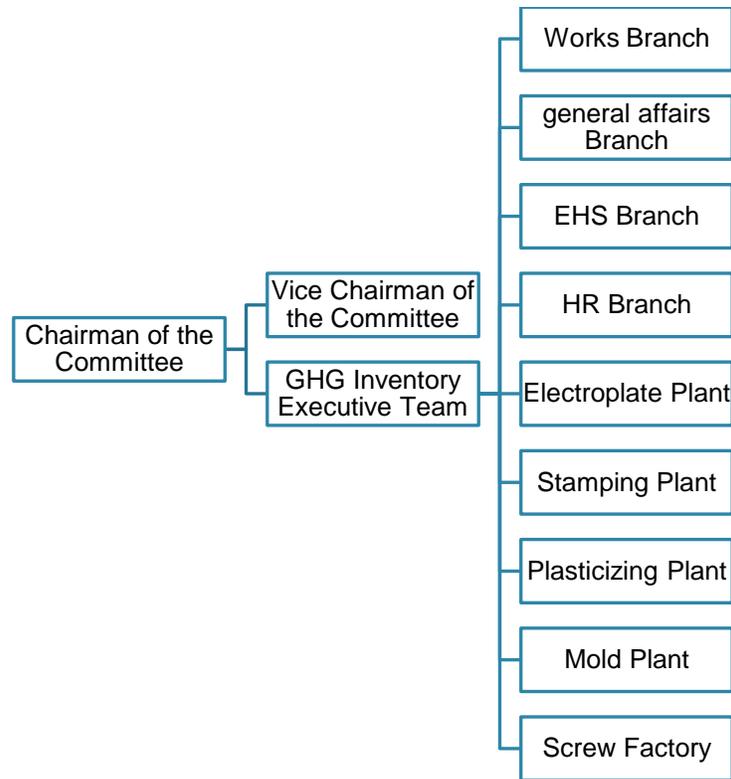


Environment of Dinkle Electric Machinery Middle Xingpu Road Operation Site

## 7.2 Cleaner production, meeting emission standards

### 7.2.1 Greenhouse gas emissions management

Dinkle Electric Machinery is fully aware that the earth's climate and environment are deteriorating due to greenhouse gases. We, a global citizen, have been attaching great attention to greenhouse gas emissions. For effective GHG management, we have established management measures, set up an implementation team, and conducted GHG survey of the two operation sites.



Organizational chart for the implementation of the GHG inventory of Dinkle Electric Machinery

When accounting for GHG emissions, we used the internationally accepted ISO 14064-1:2006 Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals and disclosed GHG emissions for Scope 1 (direct GHG emissions) and Scope 2 (energy indirect GHG emissions ).

Greenhouse gas emissions data table <sup>10</sup>				
Scope	Emission Source	Unit	2018 <sup>11</sup>	2019
Scope 1 (direct GHG emissions)	Diesel	tCO <sub>2</sub>	161.50	146.49
	Natural gas	tCO <sub>2</sub>	0.00	58.64
	Liquefied petroleum gas	tCO <sub>2</sub>	108.82	96.25
	Methanol	tCO <sub>2</sub>	30.63	30.16
	Acetylene	tCO <sub>2</sub>	0.19	0.08
	Gasoline	tCO <sub>2</sub>	55.07	49.37
	Septic tank, plating wastewater tank	tCO <sub>2</sub>	114.52	98.75
	Cooling medium	tCO <sub>2</sub>	56.10	72.95
	Other fugitive emissions (carburetor cleaner/power)	tCO <sub>2</sub>	0.28	0.13

<sup>10</sup> The Company began using natural gas in 2019; there was a small increase in greenhouse gas emissions in 2019 compared to 2018 due to increased electricity for growing production.

<sup>11</sup> Activity data for 2018 does not include the West Yuxi Road Operation Site.

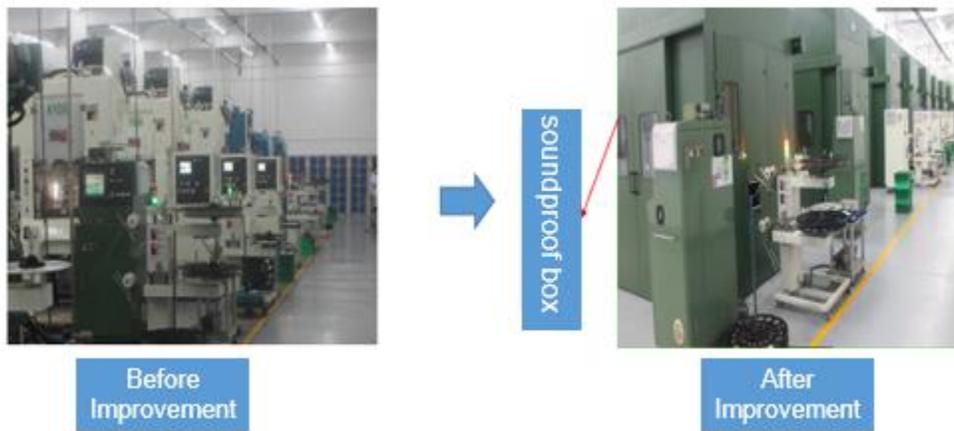
	cleaner/rust inhibitor/fire extinguisher)			
Scope 2 (energy indirect GHG emissions)	Purchased power	tCO <sub>2</sub>	10378.26	11104.06
Total emissions from Scope 1 + Scope 2	All emission sources	tCO <sub>2</sub>	10905.37	11656.88
Greenhouse gas emission intensity of output (10,000 yuan)	All emission sources	tCO <sub>2</sub> /10,000 yuan	0.25	0.27

### 7.2.2 Noise management

We manage all noise sources, consider the environmental performance of new equipment upon procurement, and implement vibration damping, noise reduction and sound insulation for production equipment to reduce noise and protect health and safety of employees. Vehicle noise and construction noise in the company area are strictly managed. A third party is commissioned to monitor the noise at the plant boundary every year, and the monitoring results turn out in line with relevant national requirements. No complaints of noise nuisance were received during the reporting period.

Dinkle Electric Machinery 2019 annual plant noise monitoring data sheet						
Detection point		Measurement Value dB (A)		Standard Limit		Implementation standards
		Day	Night	Day	Night	
1m outside the east plant	Middle Xingpu Road Operation Site	57	46	≤65	≤55	Emission Standard for Industrial Enterprises Noise at Boundary GB12348-2008 Class 3
	West Yuxi Road Operation Site	57.3	47.4	≤65	≤55	
1m outside the south plant	Middle Xingpu Road Operation Site	57	47	≤65	≤55	
	West Yuxi Road Operation Site	58.5	48.2	≤65	≤55	
1m outside	Middle Xingpu	60	50	≤65	≤55	

the west plant	Road Operation Site				
	West Yuxi Road Operation Site	59.5	47.1	≤65	≤55
1m outside the north plant boundary	Middle Xingpu Road Operation Site	56	46	≤65	≤55
	West Yuxi Road Operation Site	59.2	47.7	≤65	≤55



Dinkle Electric Machinery reduced workshop noise from 88dB-90dB to 80dB-82dB by adding soundproof box in the workshop

### 7.2.3 Sewer management

The wastewater of Dinkle Electric Machinery is divided into wastewater generated from electroplating, production wastewater containing oil, release agents, emulsions, etc. from cleaning products in each production unit, and various types of domestic wastewater from the plant and living areas. Amongst all, wastewater generated from electroplating is collected in accordance with Code of Practice for Wastewater Treatment and discharged into Wusong River after reaching relevant standards. <sup>12</sup>The total amount of wastewater discharged into Wusong River by Dinkle Electric Machinery was 29,097 tons and 25,822 tons in 2018 and 2019, respectively. Production wastewater from each

<sup>12</sup> About 40 km of Wusong River is in Kunshan, and the section of Zhaojiatun, where Dinkle Electric Machinery is located, is a Class III water body and not a protected area.

production unit is collected and stored by special personnel and handed over to qualified hazardous waste treatment units for treatment; the Company applies diversion of rainwater and sewage. The rainwater and domestic sewage are discharged into municipal pipe network respectively (Note: No industrial wastewater is generated at the West Yuxi Road Operation Site, and its domestic wastewater is discharged into municipal pipe network and tested by the unified arrangement of the plant owner).



Regulating water quality



Physical sedimentation tank



Filtration and adsorption equipment



Bio Processing Pool  
Dinkle Electric Machinery Wastewater Treatment Station

Dinkle Electric Machinery industrial wastewater testing (Testing site: industrial wastewater outlet)					
Test Items	Test Results			Standard Limit	Implementation standards
	2017	2018	2019		
pH Value	6.78	7.55	7.65	6~9	Integrated Wastewater Discharge Standard (GB8978-1996) Table 4 Class III
COD (mg/L)	21	9	23	500	
5-day BOD (mg/L)	4.4	2.2	5.7	300	
Ammonia Nitrogen (mg/L)	—	0.406	0.118	—	
Total Phosphorus (mg/L)	0.14	0.06	0.08	—	

Suspended Matter (mg/L)	6	6	5	400	Emission Standard of Pollutants for Electroplating GB21900-2008 Table 3
Total Cyanides (mg/L)	0.005	No detection	No detection	1.0	
Petroleum Series (mg/L)	0.14	No detection	0.47	20	
Total Copper (mg/L)	No detection	No detection	No detection	0.3	
Total Nickel (mg/L)	<0.05	0.024	0.051	0.1	

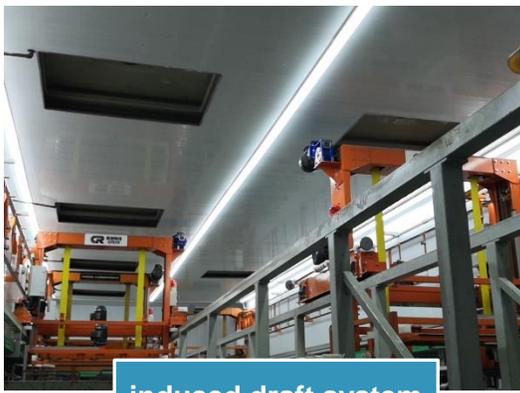
Dinkle Electric Machinery industrial wastewater testing (Testing site: Workshop outlet)			
Test Items	2019 Test Results	Standard Limit	Implementation standards
Total Nickel (mg/L)	0.016	0.1	Emission Standard of Pollutants for Electroplating GB21900-2008 Table 3
Total Cyanides (mg/L)	0.005	0.2	

Dinkle Electric Machinery wastewater testing (testing site: domestic water drainage outlet)					
Test Items	Test Results			Standard Limit	Implementation standards
	2017	2018	2019		
pH Value	6.96	6.73	6.67	6.5~9.5	2017-2018: Wastewater Quality Standards for Discharge to Municipal Sewers CJ343-2010 Table 1 Class B 2019:
COD (mg/L)	173	245	132	500	
5-day BOD (mg/L)	41.9	61.1	33.1	350	
Ammonia Nitrogen (mg/L)	28.6	16.1	15.4	45	
Total Phosphorus (mg/L)	3.4	2.32	1.57	8	

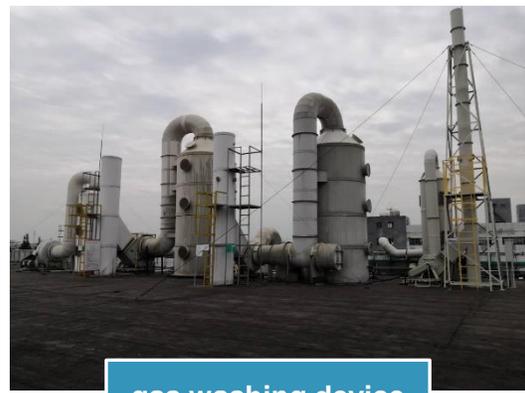
Suspended Matter (mg/L)	70	61	28	400	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T 31962-2015 Table 1 Class B
Animal and Vegetable Oils (mg/L)	9.34	4.26	1.46	100	

### 7.2.4 Exhaust gas management

In strict accordance with relevant requirements of the Integrated Emission Standards of Air Pollutants promulgated by the State, we conduct a comprehensive survey of air pollutants generated in each production and operation process, and ensure environmental compliance of exhaust gas emissions through technical means such as operating induced draft systems and gas washing devices, as well as strengthening management means such as daily spot checks and maintenance.<sup>13</sup>



induced draft system



gas washing device

Dinkle Electric Machinery 2019 Annual Plating Exhaust Gas Testing						
Detection point	Test Items	Test Results		Standard Limit		Implementation standards
		Concentration (mg/Nm <sup>3</sup> )	Emission Rate (kg/h)	Concentration (mg/Nm <sup>3</sup> )	Emission Rate (kg/h)	
	Sulfuric Acid Mist	0.35	4.8×10 <sup>-3</sup>	30	—	Emission Standard for

<sup>13</sup> The Middle Xingpu Road Operation Site generates plating exhaust, canteen fumes and boiler exhaust; the West Yuxi Road Operation Site does not generate exhaust.

Organized exhaust outlet (plating) FQ-00148	Hydrogen Chloride	0.48	$6.6 \times 10^{-3}$	30	—	Pollutants from Electroplating GB21900-2008 Table 5
Organized exhaust outlet (plating) FQ-00149	Sulfuric Acid Mist	0.92	$1.5 \times 10^{-2}$	30	—	
	Hydrogen Chloride	No detection	/	30	—	
Organized exhaust outlet (plating) FQ-00150	Sulfuric Acid Mist	0.29	$2.4 \times 10^{-3}$	30	—	
	Hydrogen Chloride	1.37	$1.11 \times 10^{-2}$	30	—	
Organized exhaust outlet (plating) FQ-00151	Hydrogen Cyanide	No detection	/	0.5	—	

Dinkle Electric Machinery 2019 Annual Canteen Fume Detection						
Detection point	Test Items	Unit	Test Results	Standard Limit	Implementation standards	Note
North Cafeteria Fume Outlet 1	Flue Gas Temperature	°C	39	—	Emission Standard of Cooking Fume (GB18483-2001)	6 stoves
	Exhaust Gas Flow Rate	m/s	9.7	—		
	Exhaust Gas Emission Amount	Nm <sup>3</sup> /h	7659	—		
	Cooking fume	mg/Nm <sup>3</sup>	0.53	—		
	Baseline Cooking Fume Air Volume Emission Concentration	mg/Nm <sup>3</sup>	0.34	2.0		
	Cooking Fume Emission Rate	Kg/h	$4.1 \times 10^{-3}$	—		
Canteen fume exhaust	Flue Gas Temperature	°C	40	—	Emission Standard of Cooking Fume (GB18483-2001)	6 stoves
	Exhaust Gas Flow Rate	m/s	18.5	—		
	Exhaust Gas Emission Amount	Nm <sup>3</sup> /h	14098	—		
	Cooking Fume	mg/Nm <sup>3</sup>	0.37	—		
	Baseline Cooking Fume Air Volume Emission Concentration	mg/Nm <sup>3</sup>	0.43	2.0		

	Cooking Fume Emission Rate	Kg/h	5.2×10 <sup>-3</sup>	—		
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Dinkle Electric Machinery 2019 Boiler Exhaust Testing							
Test Items	2019 Test Results			Standard Limit			Execution Standard
	Concentration (mg/Nm <sup>3</sup> )	Baseline oxygen concentration (mg/Nm <sup>3</sup> )	Discharge Rate (kg/h)	Concentration (mg/Nm <sup>3</sup> )	Baseline oxygen concentration (mg/Nm <sup>3</sup> )	Discharge Rate (kg/h)	
Particulate Matter	3.1	3.7	2.7×10 <sup>-3</sup>	—	20	—	Emission Standard of Air Pollutants for Boiler GB13271-2004 Table 3 Fuel: Diesel
Sulfur Dioxide	No detection	No detection	/	—	50	—	
Nitrogen Oxide	81	97	7.2×10 <sup>-2</sup>	—	150	—	
Flue Gas Blackness	Ringelman class <1			1			

### 7.2.5 Waste management

Dinkle Electric Machinery attaches importance to proper waste management and has established and implemented a set of waste management systems, such as Solid Waste Management Code, and strictly complies with the requirements of laws and regulations for treatment, storage, collection, transport and disposal of waste in an environment-friendly manner. The Company categorizes waste into hazardous waste and general waste, and further categorizes general waste into recyclable waste and non-recyclable waste for separate management.

Corporate hazardous wastes include waste mercury-containing fluorescent tubes, waste mercury batteries, waste lubricants, solvents, sludge, waste emulsions, waste cotton wicks, etc. generated during the production process, as well as computer fluorescent screens, copier photosensitive drums, printer toner cartridges, waste container bottles, waste chemical containers and packaging, waste filter cotton wicks, waste carbon wicks, etc. Each department is responsible for allocating a fixed collection place for all types of waste and adopts uniform corporate collection devices. Storage areas dedicated to hazardous waste are set and the managerial personnel of the hazardous warehouse must be trained.



The Company stores hazardous waste generated in the production process according to the provisions of GB18597-2001 Standard for Pollution Control on Hazardous Waste Storage and hands it over to qualified suppliers for proper disposal. During the reporting period, there were no violations of environmental laws and regulations, no major spills, and no administrative proceedings or administrative penalties imposed on the Company as a result.

Waste Generation and Transfer Amount (tons) <sup>14</sup>			
Type	2017	2018	2019
Amount of General Wastes	119.79	154.83	215.22
Amount of Hazardous Wastes	379.92	178.45	152.91
Total Amount of Wastes	499.71	333.28	368.13
Amount of General Wastes Transfer	110.96	154.52	215.22
Amount of Hazardous Wastes Transfer	372.27	175.64	165.66
Total Amount of Wastes Transfer	483.23	330.16	380.88

<sup>14</sup> The amount of general waste has increased year by year due to the increase in output of Dinkle Electric Machinery, but the amount of hazardous waste has decreased year by year.

## VIII. Putting People First and Creating a Happy Workplace Together

### 8.1 Diversity, equality, inclusion and openness

In terms of staff recruitment, Dinkle Electric Machinery complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other relevant legal requirements, establishes internal documents such as Human Resource Management Procedures and Recruitment Management Measures, and upholds the recruitment principles of openness, equality, competition and merit. HR Department is responsible for professional talents recruitment through various social channels such as comprehensive and professional recruitment websites, employee recommendations, recommendations from intermediaries, job market, and campus recruitment without any discrimination whatsoever. In order to protect the legitimate rights and interests of workers, all employees fostering labor relations with Dinkle Electric Machinery are required to sign a written Full-time Employment Contract on the day they report for duty.

As of December 31<sup>st</sup>, 2019, the Company employed in total 1,118 employees, including 569 male and 549 female employees, with 14 ethnic minorities including Manchu, Buyi, Dong, Hani, Hui, Li and Mongolian, totaling 34 people. All of them signed employment contracts with the company on boarding date. 1,027 new employees were recruited in 2019, including 374 male and 653 female employees. During the reporting period, corporate employee hiring rate was 7.66% and turnover rate was 4.18%, of which the male employee hiring rate was 5.48% and the female employee hiring rate was 9.91%, while the male employee turnover rate was 3.31% and the female employee turnover rate was 4.81%. Corporate management body consists of 16 people, of whom 81.25% are men and 18.75% are women; with zero ethnic minorities and 100% Han; all are between 30 and 50 years of age.

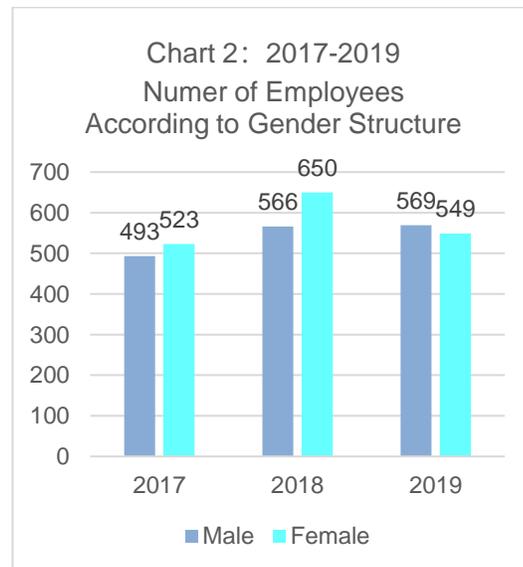
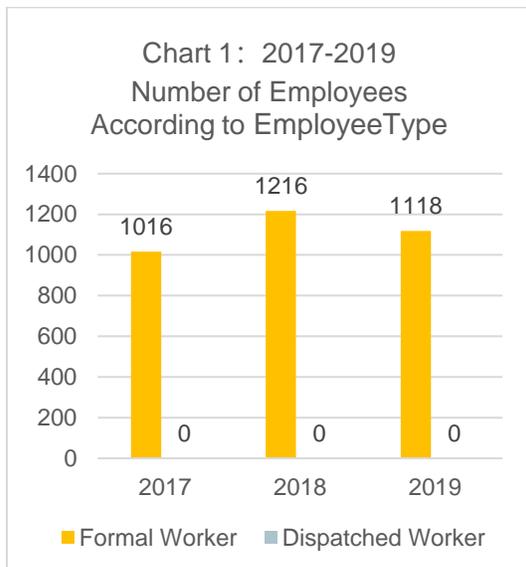


Chart 3: 2017-2019  
Number of Employees  
According to Age Structure

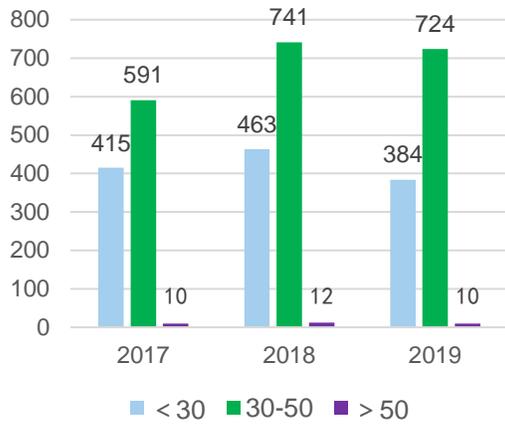


Chart 4: 2017-2019  
Number of Employees  
According to National structure

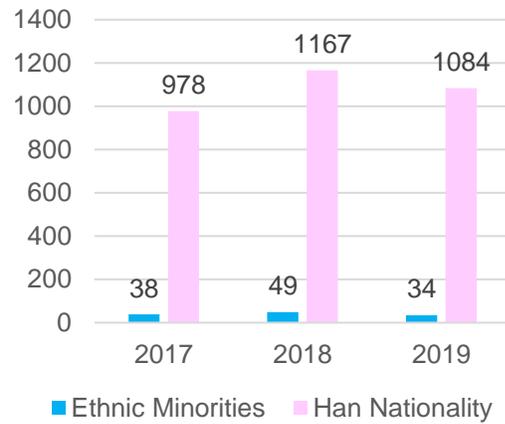


Chart 5: 2017-2019  
Number of New Employees  
According to Gender Structure

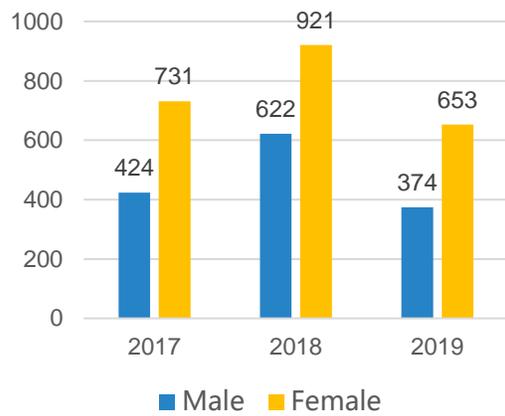
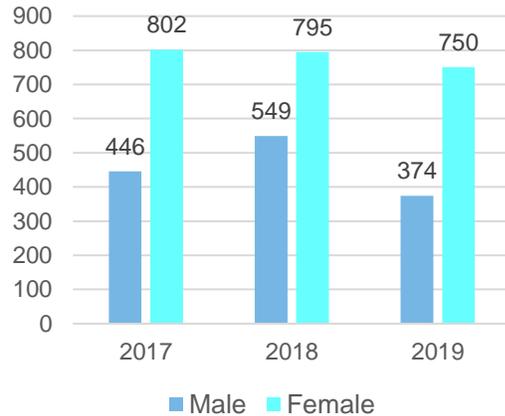
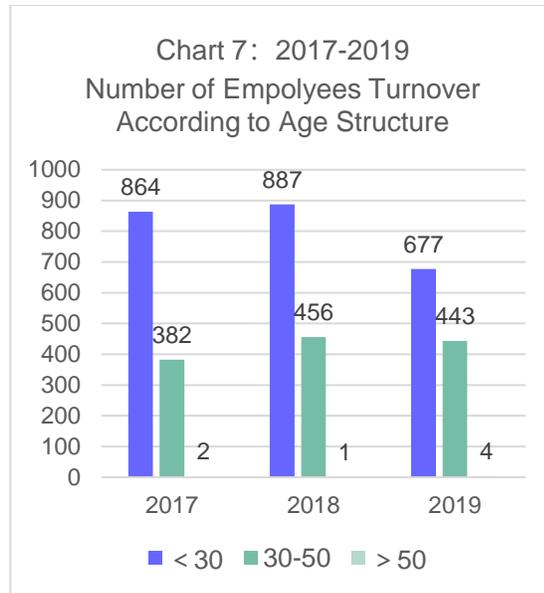
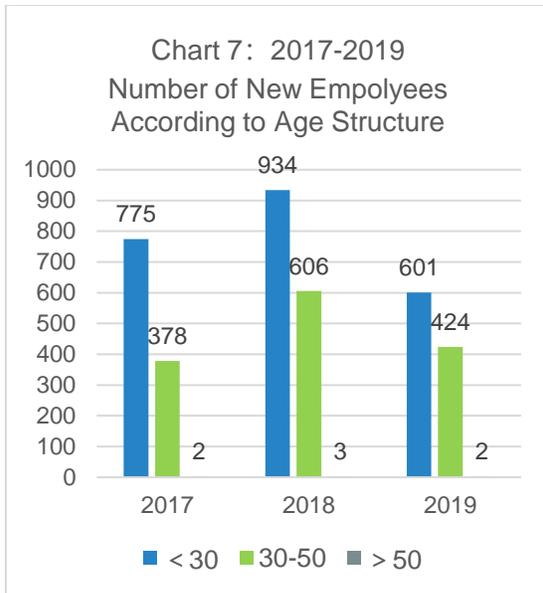


Chart 6: 2017-2019  
Number of Employees Turnover  
According to Gender Structure





Dinkle Electric Machinery Employee Hiring and Turnover Rates for 2017-2019			
Hiring Rate	2017	2018	2019
Employee Hiring Rate	9.47%	10.57%	7.66%
Hiring Rate of Male Employees	7.17%	9.16%	5.48%
Hiring Rate of Female Employees	11.65%	11.81%	9.91%
Turnover Rate	2017	2018	2019
Employee Turnover Rate	4.59%	4.38%	4.18%
Male Employee Turnover Rate	3.96%	4.10%	3.31%
Female Employee Turnover Rate	5.04%	4.58%	4.81%

Note: 1. The data in the above table are for Dinkle Electric Machinery (China) Co., Ltd. as a whole, i.e. the total data for the two sites at Middle Xingpu Road Operation site and West Yuxi Road Operation Site;

2. The Company currently has no dispatched workers, and except for Chart1, in which zero dispatched workers was included, the rest charts refer only to formal employees who have signed employment contracts with the Company;

3. The number of formal workers, i.e. the number of persons with direct employment contracts with the Company, including the number of governance bodies;

4. The statistical caliber of the governance body is: At the level of manager (and above) (excluding Taiwanese cadres because they are not under contract with Kunshan);

5. Hiring rate of male (female) employees = total number of new male (female) employees during the reporting period / 12 / total number of male (female) employees in service at the end of the reporting period;

6. Male (female) employee turnover rate = total number of male (female) employees who left the Company during the reporting period / 12 / (total number of male (female) employees who left the Company during the reporting period + total number of male (female) employees in service at the end of the reporting period).

In order to further protect the legitimate rights and interests of employees and build a harmonious and stable labor relationship, Dinkle Electric Machinery established a labor union and formulated a Collective Contract in accordance with the Trade Union Law of the People's Republic of China, the former Ministry of Labor and Social Security's Provisions on Collective Contracts and Jiangsu Province Ordinance on Collective Contracts, signed between the Company and Dinkle Electric Machinery Trade Union. The agreement stipulates that when the Company formulates, modifies or decides on rules and regulations or major matters directly affecting the vital interests of employees, such as labour remuneration, working hours, rest and leave, labour safety and health, insurance and welfare, employee training, labour discipline and management of labour quotas, they shall be discussed by the staff representative assembly or all employees, who shall put forward their opinions on the proposal, and the Company shall discuss and determine the matter on an equal footing with the trade union or trade union representatives. In the process of implementing the rules and regulations and decisions on major matters, the trade union or its representatives may propose to the Company for amendment and improvement through consultation if they consider them inappropriate. The Company has also developed an Employee Manual to facilitate the clarification and communication of corporate policies. Revisions to the Manual will be communicated to employees in a timely manner through employee communication channels such as announcements, emails, and employee representative meetings.

In terms of contract termination, the Company is required to terminate the employment contract after giving one month's written notice in advance to the employee, or after giving appropriate compensation in accordance with labor regulations, except in some cases where the employee seriously damages corporate system, or is involved in discipline or leakage of secrets.

In terms of salary and benefits, the Company has proposed four major principles of strategy, fairness, incentive and economy, in addition to the principles of distribution according to work and equal pay for equal work. A year-end bonus will also be awarded at the end of the year based on annual business performance and the results of the individual's annual appraisal. In addition, the Company provides overtime pay, night shift allowance, high temperature allowance in summer in accordance with the regulations of Jiangsu Province, and environmental allowance for employees working in electrician sections, printing teams and plating sites. The Company pays social insurance and housing provident fund for employees on time, and employees are entitled to paid

annual leave, sick leave, marriage leave, parental leave and other leave according to the law.

<b>Dinkle Electric Machinery Parental Leave for 2019</b>	<b>Male</b>	<b>Female</b>
Total number of employees entitled to parental leave in 2019	569	549
Total number of employees on parental leave in 2019	24	47
Total number of employees due to return to work after 2019 holiday season	24	47
Total number of employees returning to work after 2019 holiday season	24	47
<b>Return to work rate</b>	100%	100%
Total number of employees still in service at the end of the reporting period	22	34
<b>Retention rate</b>	91.67%	72.34%

Note: 1. The data in the above table are for Dinkle Electric Machinery (China) Co., Ltd. as a whole, i.e. the total data for the two sites at Middle Xingpu Road Operation Site and West Yuxi Road Operation Site;

2. The Company currently has no dispatched workers and this data covers formal employee data for both operation sites;

3. Return to work rate = total number of male (female) employees returning to work after parental leave / total number of male (female) employees due to return to work after parental leave;

4. Retention rate = total number of male (female) employees still in service at the end of the reporting period / total number of male (female) employees who returned to work after parental leave during the reporting period.

According to the laws and regulations such as the Special Rules on the Labor Protection of Female Employee, Regulations Concerning the Labor Protection of Female Staff and Workers in Jiangsu Province and other relevant provincial and municipal regulations, after equal consultation, the Company and the labor union signed Special Collective Contract on Special Protection for Female Workers, which covers all female staff to provide multiple protection for the rights and interests of female staff.



Dinkle Electric Machinery reserves a special breastfeeding area for female employees

Dinkle Electric Machinery provides employees with a high-quality and safe workplace and an ecologically sound factory environment. At the same time, the Company pays attention to enriching the spare time of employees and is committed to fostering a relaxed and pleasant atmosphere in this regard. Next to the staff dormitory, the Company has set up a special space as "Dinkle Farm", so that employees can grow their favorite fruits and vegetables after work, adding greenery outside the concrete buildings, and ensuring better exercise and relaxation for employees. The Company has also set up a Kite BBQ Festival and organized staff to participate in activities such as Dianshan Lake Half Marathon to enrich their spare time for a better balance of life and work.



Dinkle Electric Machinery launches "Dinkle Farm"



Dinkle Electric Machinery "Running Team" participated in Dianshan Lake Half Marathon



Dinkle Electric Machinery 12th Kite BBQ Festival

## 8.2 Ensuring workplace safety and eliminating hidden dangers

In terms of operational management, Dinkle Electric Machinery prioritizes occupational health and safety of its employees. We actively promote the construction of occupational health and safety management system. Currently, the company has passed OHSAS 18001 occupational health and safety management system certification (ISO 45001 conversion is in progress in 2020), and in 2019, we were awarded the title of Level 2 Enterprise (Light Industry) of Safety Production Standardization by Jiangsu Production Safety Association. The Company complies with the Work Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Measures for the Administration of Contingency Plans for Work Safety Accidents and other national laws and regulations and industry safety standardization guidelines, and has developed a relatively complete occupational health and safety management system, which includes occupational health and safety objectives, organization, laws and regulations and systems, education and

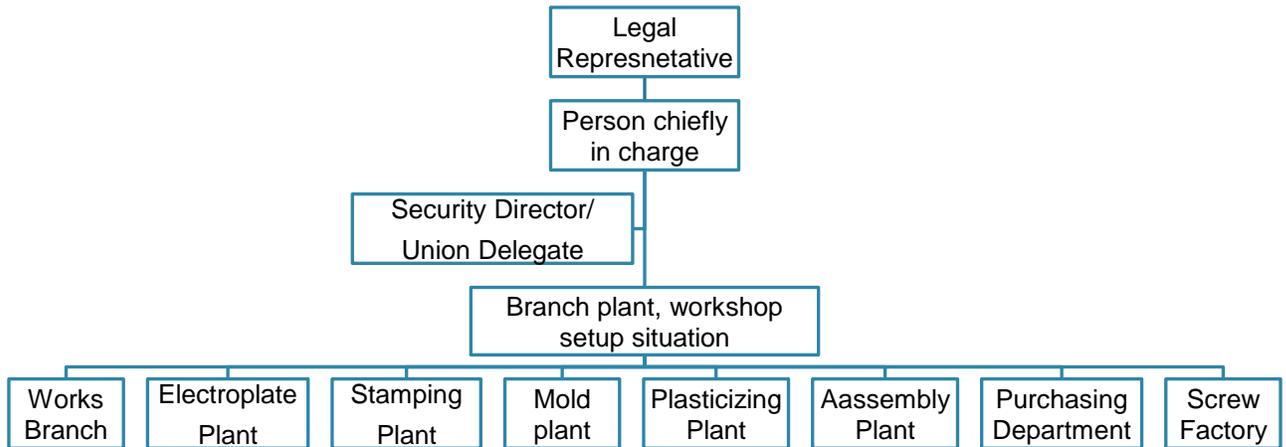
training, operation and management, occupational health, emergency readiness and response and other management systems and corresponding management systems.

We have formulated the occupational health and safety management policy of "People-oriented, occupational health, continuous improvement, and safe production", and ensured all employees understand and implement occupational health and safety policy by means of documents, announcements, and bulletin boards. At the same time, occupational health and safety policy of the Company is publicized through the Company website and notification letters, and is accessible to interested parties alike.

The Company conducts hazard identification, risk evaluation and determination of necessary controls on an annual basis. Documented occupational health and safety objectives have been developed based on the requirements of laws and regulations and other requirements, risk assessment, optional technical options, financial/operational and operational requirements, and views of relevant interested parties.

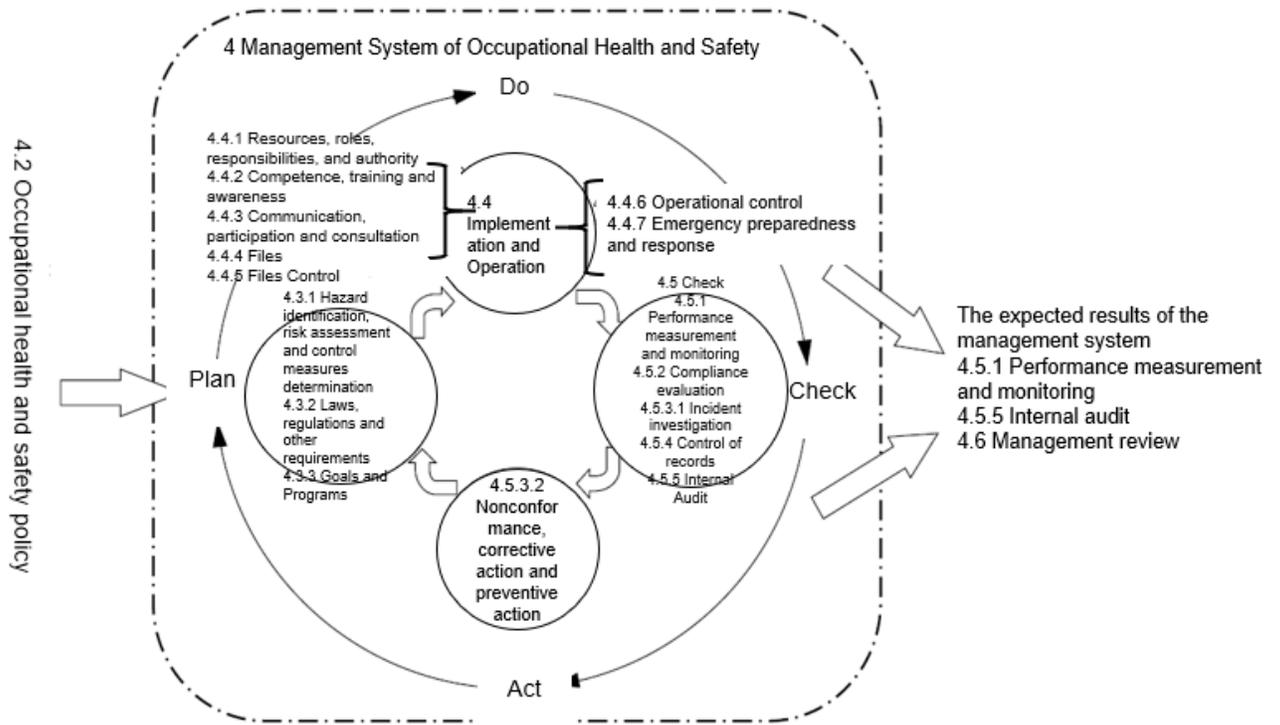
- ❖ Strengthening fire-fighting management to avoid fire of all kind;
- ❖ Strengthening safety management to avoid major work-related injuries accidents;
- ❖ Strengthening labour protection to avoid occupational diseases.

A safety committee has been set up to establish, implement and maintain the system. Our employees, as the most important participants in health and safety matters, are also actively involved in the management of health and safety, with seven health and safety-related issues covered by the Company's collective negotiation agreement with the trade union, representing 16.28% of the total number of issues.



Dinkle Electric Machinery Safety Committee Structure

The Company has established a complete occupational health and safety management system and operates according to PDCA cycle, which has achieved good results.



Dinkle Electric Machinery Occupational Health and Safety Management System Operation Chart

Dinkle Electric Machinery Health and Safety Management Objectives and Performance for 2019		
	Objective	Performance
Number of fires	≤ 0 /month	0 /month
Work-related injuries costs	≤ 123,836 yuan/quarter	1,238 yuan/quarter
Number of poisoning incidents	≤ 0 /month	0 /month
Number of occupational diseases	≤ 0 person/month	0 person/month

	Male employee	Female employee	Average
Work-related injury rate	1.05%	0.55%	0.81%
Ratio of occupational diseases	0.00%	0.00%	0.00%
Working day loss ratio	126.87	57.78	89.98

Absence ratio	0.14%	0.07%	0.10%
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Note: 1. Work-related injuries in this table refer to: Circumstances treated as work-related injuries as defined in the People's Republic of China on Regulation on Work-Related Injury Insurance;  
 2. Work-related injury ratio for male (female) employees = number of male (female) employees injured at work/total number of male (female) employees;  
 3. Ratio of working day loss male (female) employees = total lost working days by male (female) employees/total hours contributed by male (female) employees in the reporting period x 1,000,000;  
 4. Absence ratio of male (female) employees = total number of days lost for male (female) employees/total number of working days for male (female) employees in the reporting period;  
 5. The Company currently has no dispatched workers and this data covers formal employees at both operation sites.

While creating a safe working environment, Dinkle Electric Machinery focuses on enhancing health and safety awareness of its employees and creating a harmonious working atmosphere. All new employees are required to receive no less than 24 hours of Three-level Safety Training at the Company, workshop and shift levels, and special operation personnel are trained in accordance with the requirements of relevant laws and regulations and are only allowed to work after passing relative exams. The Company organizes annual training on fire-fighting safety knowledge, employee occupational health and safety, first-aid and others, and ensures that health and safety awareness of all employees is strengthened through internal training across all departments. 7 health and safety training sessions in total were hosted in 2019, covering over 1,000 employees.



Dinkle Electric Machinery 2019 Annual Occupational Health and Safety Training

In order to strengthen safety management and promote safe production, Dinkle Electric Machinery has established a series of operational control procedures, including Facility and Work Environment Management Procedures, Environmental Safety Inspection and Hidden Hazard Correction Management Specifications, Chemical Oil Management Specifications, and Hazardous Work Regulations. Every year, in response to the call of the national production safety month, we launch and organize relevant activities within the company, including mobilization of all staff, training, exercises, safety knowledge quiz and hidden danger investigation. The activities are mainly based on the hidden hazard investigation, where departmental self-inspection, mutual inquiry and

mutual inspection across departments, random inspection by activity command office, and patrol inspection led by corporate principal are organized. A total of 203 potential safety hazards are investigated across the year, and the rectification rate is 100%.



**Kick off meeting of Production Safety Month**



**Implementation of staff safety training**



**Safety knowledge quiz**



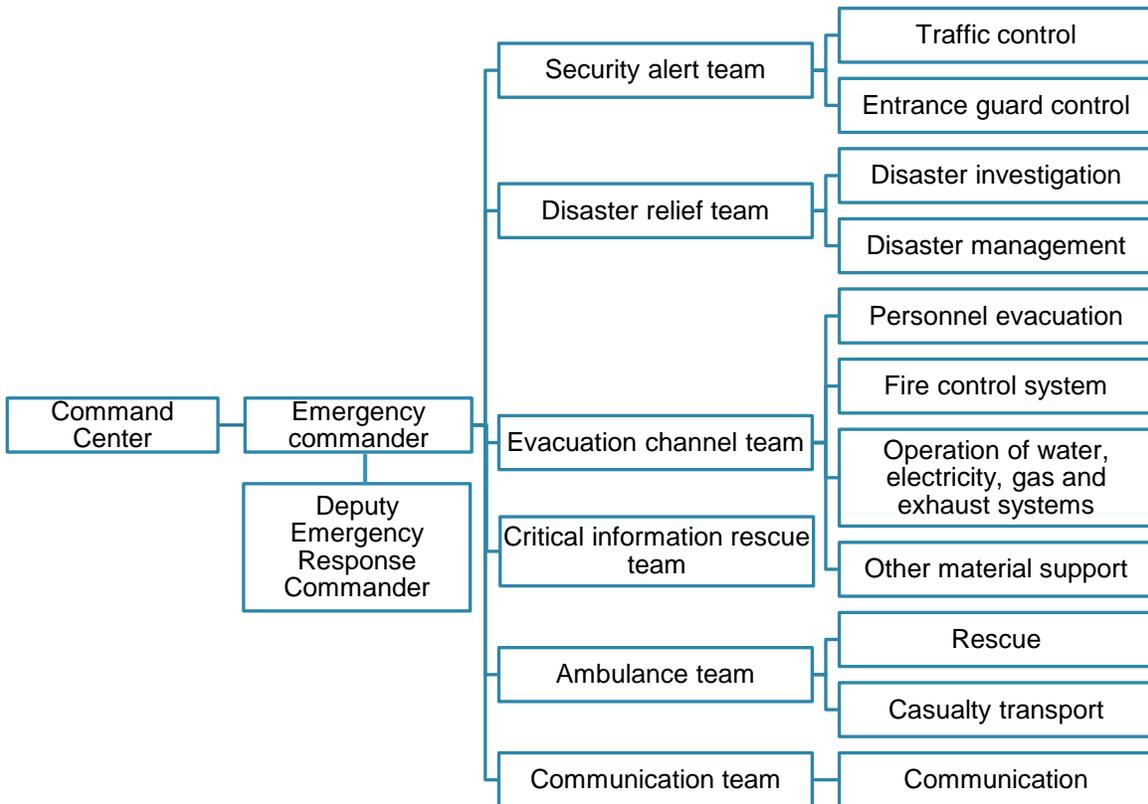
**Hidden danger investigation**

The Company is committed to providing a healthy and safe work environment for its employees, eliminating hazards at work, and preventing and responding to potential threats that may endanger health and safety of corporate employees. Occupational disease hazards involved in corporate production and operation are: Dust, chemicals (including benzene), noise and radioactive factors.

The Company has established a sound occupational health management system, including Management System for Employee Health Protection, List of Hazardous Positions, Employee Registration Form for Occupational Hazardous Positions, and Management Specification for Personal Protective Equipment, etc. Priority is given to the use of advanced production processes, technologies and non-toxic (hazardous) or low-toxic (hazardous) raw materials to eliminate or reduce occupational hazardous factors such as dust and toxic. Annual monitoring of occupational hazard factors in workplaces is conducted and the results are posted on the bulletin boards of each department so that all employees are aware. The Company has established an employee occupational health monitoring file, and when a contract is signed, it informs of occupational disease hazards for certain positions; at the same time, occupational health checkups will also be in place before starting work, during work and after work. Annual occupational health

check-ups are organized for all employees exposed to occupational hazards, and no occupational diseases or suspected cases were detected in 2019. The Company regularly conducts training on occupational health and provides employees with appropriate labor protective equipment that meets national standards.

In accordance with Emergency Preparedness and Response Management Procedure, the Company has established an emergency response team with clearly defined job responsibilities. The Company has prepared comprehensive and special emergency plans and ensured emergency management accordingly. In order to improve the level of self and mutual rescue of staff in case of emergency, the Company has held fire drills twice a year since 2019, covering the factory and living areas as well as the day and night shifts, and invited fire-fighting department of Qiandeng Town, Kunshan City to provide on-site guidance.



Organizational Chart of Dinkle Electric Machinery Emergency Response Team



Day shift evacuation drill of factory



Night Fire-drill of factory



Fire-drill of factory



Fire-drill of living area

### 8.3 Supporting development and growing together

Employees are corporate assets and prime-movers of corporate development. Dinkle Electric Machinery has built a broad platform and scientific training system to explore the potential of employees and help them develop, so that employees can explore their own value and grow with the company at the same time.

Internally, the Company has formulated special "Training Management Measures" and established a 5-in-1 systematic learning platform of "Special Classes + LMS + Public Classes + External Training + Internal Departmental Training", coupled with mentoring mechanism and on-the-job training, to cultivate talents in all aspects. 100% for education and training target achievement during the reporting period.

- ❖ Specialized Classes: Based on corporate talent development needs, offered to corporate management personnel (senior, middle and junior level), key staffs, newcomers and specific needs, such as: General onboarding orientation, TTT (Training the Trainer to Train), special training classes for key staffs, skill upgrading classes for team leaders, training courses for preparatory cadres, etc.
- ❖ LMS: Created by Dinkle Group HQ, it contains a wealth of online learning resources. The Company has set up a computer classroom so that employees can take courses via LMS during their spare time.

- ❖ **Public Courses:** In order to guarantee that all employees have the opportunity to participate in training organized at corporate level, the Company offers some public courses in addition to special classes, such as: General courses in corporate culture, safety, health, environmental protection, professionalism, vocational skills, hobbies and other types of courses are available for interested employees.
- ❖ **External Training:** This includes, but is not limited to, participation in public courses, professional courses, exchanges or seminars, academic advancement, special operations qualification training, etc., conducted by external entities.
- ❖ **Departmental training:** Each department is required to draw up at the end of each year an Annual Departmental Internal Training Schedule for the next year based on the operational needs and the concepts, attitudes, knowledge and skills required for departmental jobs, and the schedule shall be implemented as planned. Departmental training needs to ensure that all personnel in the department have the opportunity to attend training.

In addition, for outsourced engineering or construction workers, Works Branch will check their qualifications, and EHS Division will provide safety training to them before work is allowed to kick off.

<b>Dinkle Electric Machinery 2019 Employee Training</b>			
<b>Classification</b>		<b>Average number of hours of training received per employee per year</b>	<b>Percentage of employees who receive regular performance and career development appraisals</b>
<b>By Gender</b>	Male employee	34.62	100%
	Female employee	34.62	100%
<b>By Employee Category</b>	Formal staff	34.62	100%
	New staff	26	100%
<b>Average number of hours of training received per employee per year</b>			34.62

Note: 1. Average number of hours of training per male (female) employee per year = total number of hours of training during the reporting period x ratio of male (female) employees/total number of male (female) employees;

2. The Company currently has no dispatched workers and the data covers formal employees at both operation sites;

3. The average number of hours of training for new employees is estimated as follows: All new employees are required to have a total of 26 hours of safety (24 hours) at company, workshop and shift levels+ rules and regulations training (2 hours).

#### **8.4 Comprehensive guarantees and respect for human rights**

With regard to the protection of employees' rights and interests, the Company strictly abides by the provisions of the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Provisions on

Special Protection for Minor Workers, the Provisions on the Prohibition of Child Labor, the Trade Union Law of the People's Republic of China and other laws and regulations, and has incorporated the concepts of respect for human rights, anti-discrimination, protection of freedom of association and collective bargaining rights, prohibition of child labor and prohibition of forced labor into its daily management and various systems, and formulated a series of internal management procedures, such as the Management Measures for Child and Minor Workers, the Management Measures for Prohibition of Discrimination, the Management Procedures for Prevention of Forced Labor, the Management Measures for Free Association, the Management Procedures for Prohibition of Harassment and Abuse, and the Management Measures for Anti-Human Trafficking, so as to prevent any incidents that undermine employees' basic rights of employees.

- ❖ In terms of anti-discrimination, the Company require that no employee shall be discriminated in the recruitment and hiring process (such as wages, promotions, rewards and training opportunities) because of race, colour, age, gender, sexual orientation, gender identity and gender expression, race or ethnicity, disability, pregnancy, religious beliefs, political affiliation, membership in associations, military service status, protected genetic information or marital status. The Company prohibits sexual harassment on the premises or in the office and prohibits requiring employees to undergo discriminatory medical examinations under any circumstances.
- ❖ In terms of child labor, Dinkle Electric Machinery implements a "zero-tolerance" policy, taking national regulations as the norm. The Company avoid child labor through multiple channels such as recruitment age information review, creation of employee files, and reasonable anonymous reporting. The Company also has special remedial measures to ensure that child labour can be stopped as soon as it is discovered, and that the medical expenses, transportation and accommodation costs incurred for the health check-up and safe return of the child labor are borne by the Company, and that the child is escorted back to his/her place of residence where his parents or guardian reside. Dinkle Electric Machinery promises: The Company will not place children or minor or student workers in an environment that is unsafe or dangerous to their physical or mental health and development, whether in or outside the workplace.
- ❖ Dinkle Electric Machinery always insists on guaranteeing the right of employees to participate freely in associations and societies. Within the company, the union or employees are encouraged to set up societies on their own initiative, such as dance club, yoga club, badminton club, etc., to enrich their spare time. The Company has established a comprehensive communication mechanism, whereby the company conducts collective negotiation with employees on equal footing through trade union, and agreement reached in the negotiations will be

followed up by trade union. During the reporting period, corporate collective bargaining agreement coverage rate was 100%.

- ❖ The Company strictly prohibits any personnel of any department from inflicting corporal punishment, beatings, body searches and other humiliating acts on employees, and any personnel of any department from forcing employees to work by means of violence, threats or illegal restriction of personal freedom, and from withholding personal documents, requiring employees to provide guarantees or collecting property from employees in other names. Employees may appeal by reporting their views to their supervisors, staff representatives or dropping written comments in the suggestion box, etc. Head of HR is responsible for following up on the incident and any major incidents related to this may be further dealt with by convening a staff representative meeting.

When an employee's rights are violated, the employee may appeal the facts in accordance with internal procedures through both public (direct face-to-face meeting) or non-public (written form) grievances within the Company. The employee grievance processing period is usually three months, and the results of the grievance processing are recorded and filed in the Employee Grievance Book.

At the beginning of each year, the Company establishes an Annual Labor Human Rights Monitoring Plan to monitor labor ethical risks in terms of free choice of occupation, education and training, prohibition of child labor, working hours, humane treatment, and non-discrimination, etc. The Labor Ethics Committee will monitor in accordance with the plan and record it in the Daily Labor Human Rights Monitoring Form.

In order to further strengthen the attention and awareness of all employees on human rights, the Company has also arranged targeted training on social responsibility for employees, especially to enhance awareness and knowledge of the prohibition of discrimination, harassment and abuse, child labor, forced labor, and the protection of female workers and minor workers at all levels within the department.

During the reporting period, there were no violations of the law and regulations relating to discrimination, use of child labour, forced and compulsory labour, or non-respect of collective negotiation rights in violation of freedom of association.



## IX. Commitment to Building a Harmonious Community

### 9.1 Volunteering for a good cause

While developing and forging ahead, Dinkle Electric Machinery is committed to its corporate citizenship, returns to society what it has obtained, and insists on fulfilling its obligations as a corporate citizen. Over the years, the Company has actively participated in community construction, contributed to serving the community, caring for the community, promoting community development with practical action, and work together with the whole community as a member.

#### Care for health

Passion for public welfare has always been part of the corporate culture of the entire Dinkle Group. The Group promotes social welfare activities from top to bottom, practicing Dinkle Group's unchanging belief in public welfare with practical actions.

St. Raphael Opportunity Center is a welfare organization located in Tainan, Taiwan, serving infants and children with developmental problems and people with mental or multiple disabilities. Founded in 1974, the center currently employs nearly 100 staff members, serves more than 250 clients, and provides community-based services (employment counseling, vocational assessment, community stronghold services, etc.) for about 1,000 visits a year. The centre is committed to providing individualized education, training and rehabilitation services to enable people with mental disabilities to explore their potential, enhance their ability to care for themselves independently, integrate into society, and participate in community life.

In order to ensure a daily supply of organic vegetables at noon for over 100 mentally challenged children at the St. Raphael Opportunity Center, since 2018, Dinkle, based in

Taipei, has been in collaboration with Taiwan's Aka Organic Farm to deliver fresh, non-toxic organic vegetables twice a week, with seasonal vegetables such as mushrooms. Dinkle helps to alleviate financial pressure of the center through long-term sponsorship, protect children's health, and provide assistance to disadvantaged groups and welfare organizations to the extent possible.



Dinkle sponsored organic vegetables for mentally challenged children at St. Raphael Opportunity Center

### Comfort in Hot Weather

Since late July 2019, many southern parts of the country have continued to suffer from high temperature. While the hot sun burns, countless fire-fighting officers and soldiers, policemen, labor security office staff stand firm at their posts and serve the people all the same. In order to appreciate the support and companionship of the workers who silently stick to the front-line in the hot weather, on July 23, Mr. Zhou (Department Head), Mr. Jin (Manager), Mr. Dai (Deputy Manager) and other corporate management representatives of Dinkle Electric Machinery visited Qiandeng Town Squadron of Kunshan Fire-fighting and Rescue Brigade, Shipu Police Station, and the Labor and Social Security Office of Qiandeng Town, and sent banners, cold beverages, food and other comforting products to the workers who are still persisting and sweating in their services. The management team paid their sincere respects to the workers to help fight the heat and relieve their work pressure under continuous high temperature.





July 23, Dinkle Electric Machinery comfort to fight the heat

In addition, during the reporting period, the company donated money to help sick employees and donated approximately 450 second-hand children's books through the Dinkle Love Book Club's "Star Wish Project". On the way to further development, we never forget to implement what we've committed, inject positive energy into the community, and create a better community atmosphere.



Dinkle Electric Machinery's "Star Wish Project" for second-hand children's book donation event

## 9.2 United efforts to fight the pandemic

The year 2020 was destined to be an extraordinary year. The whole nation was plunged into a war against COVID-19 at the start of the new year. How to successfully win the battle against COVID-19 and how to resume work and production while ensuring employee health and safety has become an urgent issue for every company.

Upon receipt of COVID-19 notification, according to Emergency Readiness and Response Management Procedures formulated by the company, we quickly kicked off an emergency plan, set up a leading group for prevention and control of infectious diseases in Dinkle with a team composed of the principal, head of the General Management Department, and heads of workshops/departments, and set up an epidemic prevention command center thereof, consisting of trade unions, personnel, general affairs, environmental safety, medical and nursing, workshop supervisors, and working group of employee volunteers. Dinkle Epidemic Prevention Command Center was quickly established on February 3<sup>rd</sup>, and each prevention and control emergency

personnel clarified their respective responsibilities within a short period of time, carried out prevention and control of the epidemic, and formulated a series of policy measures such as management system for the entry of epidemic personnel, management system for those who stay at work in the factory, management system for health declaration and morning inspection of employees, and management system for discarded masks for better implementation of related work. More than 50 volunteer employees from various departments fought on the front line of the epidemic, from temperature measurement to sanitation and disinfection, from access management to publicity and education, contributing to epidemic prevention and control efforts with practical actions.

With the full support of the board of directors, the unremitting efforts of the epidemic prevention team and the guidance of the investment personnel of Qiandeng Town Government, and with the help of corporate big data monitoring platform, Dinkle Electric Machinery finally effectively prevented and controlled the epidemic through the "Four in place" and the original "Three characteristic prevention and control measures". The Company became the first foreign-funded enterprise in Qiandeng Town to pass the application for work resumption and resumed work successfully on February 10<sup>th</sup>. By the end of February, the resumption rate of enterprises had reached about 70%, with nearly 80% of production capacity restored, and all employees had resumed work in March, so that the Company managed to balance epidemic prevention and control and economic development in a gradual and steady manner.

#### Four in place

- ❖ Prevention and control mechanisms in place: To further implement the prevention and control of the epidemic during the work resumption, more than 50 employee volunteers from the development department, stamping factory, plasticizing factory, electroplating factory, screw factory, business department, product department, quality assurance department and other departments and factories persisted to be responsible for 20 corporate employees each during the epidemic, supervised the employees to take their body temperature 3 to 4 times a day, checked whether each person filled in the health file faithfully every day, and strictly implemented one-person-one-file record in the system.
- ❖ Staff screening in place: Because of confined and semi-confined work environment, factories and businesses are at high risk for COVID-19 infection. Big data analysis provided by Qiandeng prevention and control registration platform is the best tool for Dinkle Electric Machinery to accurately promote the plan of work resumption in batches and reaching full production capacity in stages. Through big data monitoring, Dinkle Electric Machinery strictly enforced a 14-day quarantine and observation system for employees returning to Kunshan from key areas of the epidemic, and they

were not allowed to return to work until they are confirmed healthy, which greatly reduced relevant risk.

- ❖ Facilities and materials in place: In response to the epidemic, Dinkle Electric Machinery was equipped with sufficient materials for epidemic prevention, such as masks, disinfectant, thermometers, etc. in proper storage, and equipped with isolation rooms, so that if any employee had an abnormal condition during work resumption, he or she could be sent to the isolation room at once for diagnosis by professional medical personnel.
- ❖ Internal management in place: Dinkle Electric Machinery arranges daily testing and reporting of physical condition of employees, and supervises mask wearing and implements point-to-point designated shuttles. The staff canteen is positioned, divided into batches, and staggered rows to ensure a safe distance around the dining area, and the dining seats are marked with purple, green, blue, and red colors to make it easy for the meal delivery volunteers to quickly identify relevant positions.

### Three major innovations

- ❖ Innovative disinfection blankets: For employees returning to work, in addition to regular body temperature measurement, hand disinfection and other prevention and control links when entering and leaving the factory, Dinkle Electric Machinery has innovatively adopted a new disinfection blanket to disinfect the feet and other parts above 30 cm. This further isolate virus entry into the plant.
- ❖ Point-to-point shuttle: Dinkle Electric Machinery has set up 7 lines of point-to-point designated shuttles directly from the factory to employees' residence community to ensure close-loop management, and achieve comprehensive protection of employees.
- ❖ Designated meal management: During the period of epidemic prevention, the staff canteen suspended buffet style and innovatively designed four batches of meals according to the principle of "batch positioning and isolated rows", with each batch isolated in different rows to ensure a safe distance from neighboring colleagues. The dining area was divided into blocks, corresponding to the names of employees and marked with colors for easy identification, so that employees can go to their exclusive seats and eat at ease during the designated time.



Body temperature measurement



Epidemic prevention supplies



Dining area grid block layout



Prevention and Control  
Registration Form organized  
by Qianteng Town, Kunshan

When epidemic prevention and control became a norm, in order to pay tribute to the strong support of the epidemic prevention command department in Qianteng Town, members of Dinkle Epidemic Prevention Command Center, led by the head of the General Management Department, paid a visit to Kunshan City Federation of Trade

Unions, Qiandeng Town Labor and Social Security Office, Qiandeng Science and Technology Office, and Qiandeng Safety Office on June 17<sup>th</sup>, 2020.

## X. Independent Verification Statement

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### Independent Verification Statement

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as "TÜV SÜD") has been engaged by Dinkle Electric Machinery (China) Co., Ltd (hereinafter referred to as "Dinkle Electric Machinery" or "the Company") to perform an independent third-party verification on 2019 Corporate Social Responsibility Report of Dinkle Electric Machinery (China) Co., Ltd (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with Dinkle Electric Machinery and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by Dinkle Electric Machinery and provided to TÜV SÜD. The scope of verification is limited to the said information. Dinkle Electric Machinery shall be held accountable for authenticity and completeness of the provided data and information.

#### Scope of Verification

Time frame of this verification:

- The Report contains the data disclosed by Dinkle Electric Machinery during the reporting period from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2019, including economic, environmental and social information and data, methods for management of substantial issues, actions/measures and the Company's sustainable development performance during the reporting period.

Physical boundary of this verification:

- The on-the-spot verification took place at below listed location, No.388 Xingpu Mid Road, Shipu, Qiandeng Town, Kunshan City, Jiangsu Province, the PRC.

The following information and data are beyond the scope of this verification:

- Any information and contents beyond the reporting period of the Report; and
- The financial data and information disclosed in the Report that have been audited by an independent third party are not verified again herein.

#### Limitations

- This verification was performed at aforementioned sites, and no branch or subsidiary was visited during the aforesaid verification; and
- The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before January 1<sup>st</sup>, 2019 are beyond the scope of this verification.

### Basis for the Verification

This verification process was conducted by TÜV SÜD's expert team who are highly experienced in the corporate social responsibility, economic, social, environmental and other relevant issues and this team drew the conclusions thereof. The verification referred to the following standards:

- Global Reporting Initiative: *Sustainability Reporting Standards (GRI Standards) (2016)*
- TÜV SÜD *Procedure of Verification on Sustainability Report*

In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

- Preliminary investigation of the relevant information before the verification;
- Confirmation of the presence of the highly substantial issues and performance in the Report;
- On-the-spot review of all supporting documents, data and other information provided by Dinkle Electric Machinery; tracing and verification of key performance information;
- Special interview with the representative of Dinkle Electric Machinery's board of directors; interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- Other procedures deemed necessary by the verification team.

### Verification Conclusions

According to the verification, we believe the Report prepared by Dinkle Electric Machinery is reliable, consistent and substantial; the disclosed information is objective, authentic, complete and clear; no systematic or substantial problem has been detected.

The verification team has drawn the following conclusions on the Report:

<b>Stakeholder Inclusiveness</b>	The Report has adequately identified the internal and external stakeholders, and the Company maintains positive communication with stakeholders through a variety of channels. The Report has reasonably responded to the issues that the stakeholders are concerned with.
<b>Sustainable Context</b>	The Report has presented the Company's influence on social, economy, and environment in the wider context of sustainability.
<b>Materiality</b>	The Report discloses the analysis process of material topics of the Company, as well as the identified material topics and their boundaries. High material topics are identified by considering the degree of impact on the stakeholder assessment and decision-making as well as the degree of impact on economy, environment and society.
<b>Completeness</b>	The Report identifies the material topics and defines the influence scope of these topics and how

	the Company can be part of the influence. Overall, the Company's information collection process is reasonable and appropriate.
<b>Accuracy</b>	According to on-the-spot verification and confirmation, the Company uses reasonable information collection system. The information in the Report is believed to be objective, authentic and valid, and the data are accurate.
<b>Balance</b>	There is still room for improvement of balance of the Report.
<b>Clarity</b>	The Report combines pictures, diagrams and texts; the terminology and abbreviations are clearly explained; and the Report openly reveals the method of directly accessing the Report.
<b>Comparability</b>	The data and information in the Report adequately reflect comparability, where the data over the last two to three years are clearly presented so that they can be used by the stakeholders and other organizations.
<b>Reliability</b>	The Report clearly explains the statistical coverage, the assumptions and calculation/estimation method of the data. The data in the Report are evidence-based.
<b>Timeliness</b>	The Report is the first report of the Company. Starting from 2020, the Company will publicly release the previous year's corporate social responsibility report to stakeholders every year. The time frame of the Report is consistent with that of the annual report, so that stakeholders can access the information timely and make decisions.

#### Recommendations on Continuous Improvement

- The Company is recommended to improve the balance of the Report, and the reported information is recommended to reflect both positive and negative aspects of the Company's performance.

#### Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specializes in testing, certification, auditing and advisory services. Since 1866, TÜV SÜD has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. TÜV SÜD has been committed to sustainable development and actively promotes environmental protection related projects. Over the years, TÜV SÜD has been actively expanding its performance in energy management, renewable resources, and electric automobiles, etc., helping its customers meet sustainable development needs.

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch is one of TÜV SÜD 's global branches and has an expert team whose members have professional background and rich industrial experiences.

TÜV SÜD and Dinkle Electric Machinery are two entities independent of each other and both TÜV SÜD and Dinkle Electric Machinery and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the Company.

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The verification is completely neutral. All the data and information in the Report are provided by Dinkle Electric Machinery. TÜV SÜD has not been involved in preparation and drafting of the Report, except for the verification itself and issuance of the verification statement.

**Signature:**

**On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch**



Zhu Wenjun  
TÜV SÜD Sustainability Product Manager

November 12<sup>th</sup>, 2020

Note: In case of any inconsistency or discrepancy, the simplified Chinese version of this Independent Verification Statement shall prevail, while the English translation and the traditional Chinese version are used for reference only.

## XI. Appendix

### 11.1 Index Sheet

#### 11.1.1 GRI content index and ISO 26000 cross-reference table

GRI Standards 2016 Content Index					ISO 26000:20 10 Clauses
GRI Sustainability Reporting Standards	Disclosure	Chapters	Page num ber(s )	Omission	
	GRI 101: Foundation				
	GRI 102: General Disclosures				
<b>Organizational profile</b>	102-1 Name of the organization	3.1 Company profile	P6		6.2
	102-2 Activities, brands, products, and services	3.1 Company profile	P6		
	102-3 Location of headquarters	3.1 Company profile	P6		
	102-4 Location of operations	3.1 Company profile	P6		
	102-5 Ownership and legal form	3.1 Company profile	P6		
	102-6 Markets served	3.1 Company profile	P6		
	102-7 Scale of the organization	3.1 Company profile	P6		
	102-8 Information on employees and other workers	3.1 Company profile	P6		
	102-9 Supply chain	6.2 Responsible sourcing and win-win cooperation	P31		
	102-10 Significant changes to the organization and its supply chain	/	/	First report	
	102-11 Precautionary Principle or approach	3.1 Company profile	P7		
	102-12 External initiatives	None	/		
	102-13 Membership of associations	3.1 Company profile	P6		
<b>Strategy</b>	102-14 Statement from senior decision-maker	II. Message from Top Management	P3		

<b>Ethics and integrity</b>	102-16 Values, principles, standards, and norms of behavior	3.7.2 Dinkle's beliefs, core values and course of action	P17		
<b>Governance</b>	102-18 Governance structure	3.7 Corporate Governance	P16		
<b>Stakeholder engagement</b>	102-40 List of stakeholder groups	4.2 Stakeholder communication	P18		5.3
	102-41 Collective bargaining agreements	8.4 Comprehensive guarantees and respect for human rights	P63		6.4.5
	102-42 Identifying and selecting stakeholders	4.2 Stakeholder communication	P18		5.3
	102-43 Approach to stakeholder engagement	4.2 Stakeholder communication 4.3 Material topics analysis	P18-21		5.3
	102-44 Key topics and concerns raised	4.3 Material topics analysis	P21		5.3 7.3.4
<b>Reporting practice</b>	102-45 Entities included in the consolidated financial statements	I. About This Report	P1		-
	102-46 Defining report content and topic Boundaries	4.3 Material topics analysis	P21		5.2 7.3.2 7.3.3 7.3.4
	102-47 List of material topics	4.3 Material topics analysis	P22		7.3.4
	102-48 Restatements of information	/	/	First report	-
	102-49 Changes in reporting	/	/	First report	-
	102-50 Reporting period	I. About This Report	P1		-
	102-51 Date of most recent report	I. About This Report	P1		-
	102-52 Reporting cycle	I. About This Report	P1		-
	102-53 Contact point for questions regarding the report	I. About This Report	P2		7.5.3
	102-54 Claims of reporting in accordance with the GRI Standards	I. About This Report	P2		-
102-55 GRI content index	11.1 Index table of reporting topics	P75		-	

	102-56 External assurance	X. Independent Verification Statement	P71		7.6.2
<b>Material topics</b>					
<b>201: Economic Performance</b>	-	-	-	Confidentiality restrictions	-
<b>204: Procurement Practices</b>	103 Management approach disclosures	6.2 Responsible sourcing and win-win cooperation	P30		-
	204-1 Proportion of spending on local suppliers	6.2 Responsible sourcing and win-win cooperation	P31		6.4.3 6.6.6 6.8.1- 6.8.2 6.8.7
<b>205: Anti-corruption</b>	103 Management approach disclosures	5.1 Integrity and righteousness	P25		-
	205-1 Operations assessed for risks related to corruption	5.1 Integrity and righteousness	P27		6.6.1- 6.6.3
	205-2 Communication and training about anti-corruption policies and procedures	5.1 Integrity and righteousness	P28		6.6.1- 6.6.3 6.6.6
	205-3 Confirmed incidents of corruption and actions taken	5.1 Integrity and righteousness	P28		6.6.1- 6.6.3
<b>206: Anti-competitive Behavior</b>	103 Management approach disclosures	5.1 Integrity and righteousness	P25		-
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	5.1 Integrity and righteousness	P28		6.6.1- 6.6.2 6.6.5 6.6.7
<b>302: Energy</b>	103 Management approach disclosures	VII. Energy Saving and Environmental Protection, Practicing Green Development	P33		-
	302-1 Energy consumption within the organization	7.1.1 Energy management	P35		6.5.4
	302-3 Energy intensity	7.1.1 Energy management	P36		6.5.4
<b>303: Water</b>	103 Management approach disclosures	7.1.2 Water resources management	P36		-

	303-1 Water withdrawal by source	7.1.2 Water resources management	P37		6.5.4
	303-3 Water recycled and reused	7.1.2 Water resources management	P36		6.5.4
<b>304: Biodiversity</b>	-	7.1.3 Biodiversity	P38	Not within the protected area, not applicable	6.5.6
<b>305: Emissions</b>	103 Management approach disclosures	7.2.1 Greenhouse gas emissions management	P38		-
	305-1 Direct (Scope 1) GHG emissions	7.2.1 Greenhouse gas emissions management	P39		6.5.5
	305-2 Energy indirect (Scope 2) GHG emissions	7.2.1 Greenhouse gas emissions management	P40		6.5.5
	305-4 GHG emissions intensity	7.2.1 Greenhouse gas emissions management	P40		6.5.5
<b>306: Effluents and Waste</b>	103 Management approach disclosures	7.2.3 Sewer management 7.2.5 Waste management	P41 P46		-
	306-1 Water discharge by quality and destination	7.2.3 Sewer management	P41		6.5.3 6.5.4
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### 11.2 Glossary

Abbreviations	Full Name
CMF	Continuous Microfiltration
CNAS	China National Accreditation Service for Conformity Assessment
CSA certified	Canadian Standards Association Certification
CUL certified	Canadian-Underwriter Laboratories Certified
Ex Certification	Explosion-proof certification
GB	National Standard
GeSI	Global e-Sustainability Initiative
IEC standards	Standards of International Electrotechnical Commission
IPC	The Institute of Printed Circuit, now renamed Association of Connecting Electronics Industries
ISO	International Organization for Standardization
LMS	e-Learning Management System
MCR	Membrane Chemical Reactor
OEM	Customized Products
PCB terminal block	Printed circuit board terminal blocks
PDCA	Planning, Do, Check and Act
QA	Quality assurance

RBA	Responsible Business Alliance
REACH EU environmental standards	Registration, Evaluation, Authorization and Restriction of Chemicals
RMI_CMRT	Responsible Minerals Initiative_Conflict Minerals Reporting Template
RO	Reverse Osmosis Unit
RoHS Standards	Restriction of Hazardous Substances
SAP system	System Applications and Products
TTT	Training the Trainer to Train
UL Safety Certification	Underwriter Laboratories Inc. Certification
VDE Certification	Verband Deutscher Elektrotechniker Certification

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HR Department	EHS Department
Finance Department	General Affairs Department
Purchasing Department	Quality Assurance Department
Business Department	Development Department
Screw Factory	Electroplating plant

## 11.4 Reader Feedback

Dear readers,

Hello! Thank you for reading this report!

This is the first CSR report prepared by Dinkle Electric Machinery in accordance with GRI Standards (2016) and we sincerely look forward to your valuable comments and suggestions on this report, which we will be happy to incorporate so that we can continue to improve in the preparation of future reports.

You are welcome to answer the following questions and return this questionnaire in writing to the contact person below:

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