

# 2022 Gongniu Group Co., Ltd.

## Environmental Social and Governance Report





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## About the Report

### Description

Based on the principles of objectivity, standardization, transparency, and comprehensiveness, the 2022 Environmental, Social and Governance (ESG) Report of Gongniu Group Co., Ltd. discloses in details the Company's practices and performance in environmental, social, corporate governance and other areas of responsibilities in 2022.

### Time frame

This Report mainly covers the period from January 1, 2022 to December 31, 2022. To enhance the comparability and completeness of the Report, some content is appropriately retroactive to previous years and prospective to subsequent events related to 2023 are added.

### Report scope

The organization scope of the Report is Gongniu Group Co., Ltd. and its subsidiaries.

### Descriptions on references

For the convenience of expression and reading, "Gongniu Group Co., Ltd." is also referred to as "Gongniu", "Company", "Enterprise" or "Group" in the Report.

### Descriptions on data

The data sources used in the Report include the original data on the Company's actual operation, annual financial data, internal statistical reports, administrative documents and reports, etc. The financial data in this Report is dominated in RMB. In case of any inconsistency with the financial report, the financial report shall prevail.

### Compilation basis

*Sustainable Development Goals (SDGs) Corporate Action Guidelines* of the United Nations  
*Sustainability Reporting Standards* from Global Sustainability Standards Board (GRI Standards)  
*Guidelines for Compiling Corporate Social Responsibility Reports in China* from Chinese Academy of Social Sciences (CASS-ESG5.0)  
*Guidelines for Compilation of Social Responsibility Reports* from China's National Standards (GB/T36001-2015)  
*Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No. 1 – Standardized Operations*

### Report acquisition

The Report is released in electronic form. You can view and download it on the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the Company's official website ([www.gongniu.cn](http://www.gongniu.cn)). For further information on the Company's businesses, please refer to the 2022 Gongniu Annual Report.

### Feedback and comments on the Report

If you have any questions or suggestions about the Report, please feel free to correct.  
Address: Building 20, Baoshi Building, No. 487, Tianlin Road, Xuhui District, Shanghai

## Board Statement

In 2022, we surmounted a multitude of adversities, cultivating vitality amid crises and pioneering new paths in the face of change, ultimately achieving a robust growth in performance. Our traditional business strengthened its competitive advantages, while our initial ventures into new markets and industries began to reveal their potential. The Company's overall operational quality experienced a comprehensive enhancement. We extend our gratitude to our shareholders for their unwavering support and companionship, as well as to our devoted employees for their relentless efforts and persistence.

Throughout this year, we have diligently kept up with the evolving trends in consumer preferences, placing customer needs at the forefront of our priorities and actively pursuing product innovation. We introduced a range of state-of-the-art products, such as orbital socket, ultra-thin switches with aerospace-level safety features, eye-friendly desk lamps, intelligent door locks with integrated peephole cameras, and fan lights. This has enabled us to offer our customers a diverse selection of top-quality, trendy, and visually attractive products.

We enthusiastically pursued the advancement of renewable energy and intelligent headless lamp. Upon its launch, our charging gun rapidly became the top-selling online product among independent brands. Additionally, our portable outdoor energy storage experienced swift growth, and our intelligent headless lamp achieved more than RMB 100 million turnover during its inaugural year on the market, demonstrating a highly promising beginning.

In our extensive brand upgrade, we achieved remarkable progress by unveiling Gongniu's fresh logo in 2022 and reinforcing our brand's core message: "Gongniu is used by 7 out of 10 Chinese families." Additionally, we launched the novel "Muguang" brand and proudly became the first China space affiliate in the civil electrical industry. Our cutting-edge orbital socket

quickly gained prominence, emerging as the unrivaled leader among individual products, owing to innovative media promotion. This success sets a robust foundation for our brand's continued growth in 2023.

We diligently endeavored to strengthen our management reforms and augment the development of our Bull Business System (BBS), and comprehensively implanted the improved BBS gene into the whole value chain consisting of production, research, sales, and service from point to surface and from inside to outside, and thus enabled the BBS to be a powerful engine for our innovation, growth, cost reduction and efficiency improvement. In 2022, we established a top-tier Audit and Risk Committee, focusing on addressing ten major risks and effectively enhancing our internal control management. Furthermore, we persistently advocated for organizational innovation and cultivated our talent pool to ensure our company's ongoing, healthy growth.

**We stayed true to our founding mission, proactively embraced our social responsibility, and in 2022, we established the "Gongniu Charity Trust", the largest annual charity trust in the country. Additionally, we actively contributed to Shanghai's epidemic prevention and control efforts, supported the construction of cabin hospitals in Hong Kong, and participated in other crucial initiatives. Our efforts made a positive impact in various fields, including epidemic prevention and control, culture, education, health, poverty alleviation, disaster relief, and employee well-being.**

As we enter a new year, we also embrace new opportunities. China's economic fundamentals are steadily improving, the new energy industry is booming and expanding, and China's supply chain and brand have gained global edge in some emerging sectors, all of which lay a solid foundation for our company's growth. In 2023, we will prioritize the following three areas of work:

Firstly, we will diligently work to refine our brand, heightening the professionalism and premium appeal of the Gongniu brand to meet the domestic market's demand for superior quality consumption. We will further raise awareness of our flagship products, including converters, wall switches, and sockets, while increasing visibility for our eco-friendly offerings, such as LED lighting, clothes dryers, and smart door locks. Additionally, we will bolster the promotion of our "Muguang" brand for strategic new ventures, including headless lamp solutions, and establish a professional brand image.

Secondly, we will fortify the core competitive edge of Gongniu's new energy business by mastering critical technologies, including power modules, group charging, and intelligent control. We will expedite the development of our marketing network and establish a swift-response service capability to accelerate our charging pile business growth and delve into the home energy storage market. This will take Gongniu's new energy business to the next level.

Thirdly, we are passionately advancing the internationalization of the Gongniu brand. We are capitalizing on the new wave of new energy development in European and American markets by swiftly entering with our core new energy charging and home energy storage businesses. Simultaneously, we are embracing the new cycle of household electrification development in Southeast Asia and other countries by overcoming the development bottleneck of Chinese brands in emerging markets with core products like converters.

Though the journey ahead may be lengthy and filled with challenges, we will reach our destination by persistently pressing onward. We will maintain our business philosophy of "taking the long way with professionalism and devotion" as we forge ahead. Our commitment lies in generating high-quality and sustainable value returns for our shareholders and

striving relentlessly to achieve our vision of "becoming a leader in the international civil electrical industry".

Board of Directors of Gongniu Group Co., Ltd.  
April 27, 2023



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## About Gongniu

- Company Profile
- Development Strategy
- Corporate Culture
- 2022 Timeline
- ESG Management



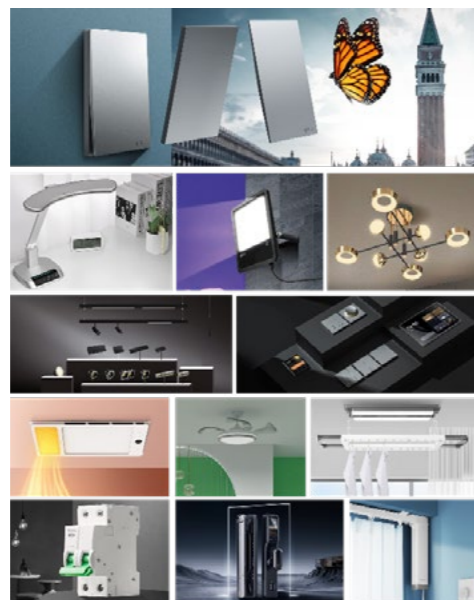
## Company Profile

Founded in 1995, Gongniu concentrates on the research, development, manufacturing, and marketing of civil electrical products. Over the past two decades, with adherence to the corporate vision of "becoming a leader in the international civil electrical industry", the Company shoulders the corporate mission of "providing customers with a safe and comfortable power use experience", and practices the development philosophy of "taking the long way with professionalism and devotion". The Company has always been driven by consumer needs with focuses on product quality. Starting from the subdivision of "sockets", it has continuously promoted functional, technological, and design innovation and developed a large number of new products which are popular among consumers. With an innovative spirit, the Company has utilized its comprehensive leading advantages in product R&D, marketing, supply chain, and branding to form three major business sectors consisting of electricconnection, smart electrical lighting, new energy through years of development, thereby forming a long-term sustainable industrial layout in the field of civil electrical and lighting.

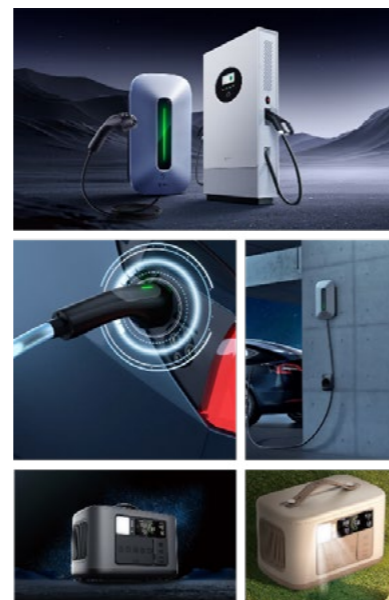
### Electric Connection



### Smart Electrical Lighting



### New Energy



## Development Strategy

Aiming to "become a leader in the international civil electrical industry", the Company will leverage the opportunities presented by consumer upgrades, new energy, and internationalization. Concentrating on the three primary areas of electricconnection, smart electrical lighting, new energy, the Company will vigorously advance the enhancement of the Gongniu brand and the establishment of the new brand "Muguang". The Company will expedite the development of core competencies in its new energy business while proactively expanding into international markets to deliver superior and more diverse electrical products and services to customers worldwide.

## Corporate Culture

Gongniu is committed to becoming a leader in the international civil electrical industry. With both intensive domestic efforts and global operations, the Company focuses on the civil electrical engineering with household scenarios as the core; shouldering the corporate mission of "providing customers with a safe and comfortable power use experience", the Company uses intelligent technology to create a safe power use environment and a comfortable power use experience for customers. The Company adheres to the core values of "loyalty, integrity, professionalism, and dedication". With honesty and trustworthiness, it aims for achieving harmonious and win-win results and deeply cultivating its businesses with a revolutionary and innovative spirit.

### Corporate Culture System of Gongniu

**Corporate vision**  
Become a leader in the international civil electrical industry

**Corporate mission**  
Provide customers with a safe and comfortable power use experience

**Core values**  
Loyalty, integrity, professionalism and devotion

## January

On January 15, the 8th Positive Energy Spring Festival Gala with the theme of "Crossing the Peak to Build Dreams in the Blue Sea" and the 2022 Summary Commendation Conference were held online for the first time. As a traditional item of the Company's culture activities, this Gala innovatively integrated new product releases and other aspects and promoted team integration in a better way.



## February

On February 11, relying on excellent product designs, Gongniu won three German Design Awards, including the Gold Award (Orbital Socket), the Winner Award (Shadowless Table Lamp), and the Special Mention Award (General Scenario-control Switch, etc.).



## March

On March 1, Gongniu was awarded the title of "2021 Leader of Per-Mu Benefit in Zhejiang Province". On March 10, Gongniu was awarded the Certificate of "Red Dot Winner 2022 - General Scenario Control Switch".



## April

In April, Gongniu was elected as a council unit in the third session of China Association for Public Companies.

## May

On May 12, Ningbo Gongniu Home Appliances Co., Ltd. was successfully shortlisted in the National Small and Medium Sized Science and Technology Enterprises.



## July

On July 6, the groundbreaking ceremony of Ningbo Gongniu Binhai Community Project was successfully held. The implementation of this project, to some extent, intensified housing support to employees and provided multiple channels to meet the housing needs of talents, which were of milestone significance for deepening the talent strategic layout of the Company's living and housing project.



## August

On August 3, the 27th Guangzhou International Lighting Exhibition (GILE) grandly opened. Gongniu stood out from numerous cases and became the winner of the 10th Aladdin Magic Lamp Awards- Comprehensive Influence Brand Award (Industrial Lighting) in 2022. The Aladdin Magic Lamp Award is regarded as the "Oscar Award" in the lighting industry.



## September

On September 6, Gongniu fully cooperated with State Grid Smart Internet of Vehicles to accelerate the promotion and application of orderly charging of electric vehicles, in order to achieve faster access to large-scale community charging resources.

## October

On October 27, Gongniu was rated as a national intellectual property demonstration enterprise by China National Intellectual Property Administration.

### 国家知识产权局

2022年10月27日

国家知识产权局关于认定2022年度第一批  
通过知识产权强国建设示范企业  
和优势企业名单的公告

为深入贯彻落实党中央、国务院决策部署，落实《知识产权强国建设纲要（2021—2035年）》和《知识产权强国建设示范企业认定办法》，经认定，2022年度第一批通过知识产权强国建设示范企业名单如下：（名单略）

## November

On November 12, relying on innovative designs of multiple products, Gongniu stood out from numerous design categories, and won several international awards after layers of screening, including two Good Design Awards (G-Mark) and five IF Design Awards.



## December

In December, Gongniu was awarded the 2021 Golden Bull Award for Most Valuable Investment by China Securities Journal.

On December 12, Gongniu became the first China space affiliate! On the day of the release, heavyweights gathered to explore the new era of safe electricity use, and the first digital collection (Aerospace Technology Switch Digital Collection: Master Ultra-thin PRO) in the industry was launched simultaneously released.



# ESG Management

Focusing on issues relative to environmental, social, and corporate governance, Gongniu has established operational management mechanisms covering all departments of the Company, and regularly discloses information and improves and implements various ESG management regulations and systems.

Based on the Sustainable Development Goals (SDGs) of the United Nations and China's *14th Five-Year Plan and 2035 Vision Outline*, the Company has developed a set of substantive issue identification processes by combining the characteristics of the industry and operations of the Company and benchmarking the experience and practices of domestic and foreign industries.

Substantive Issue Identification Process



The Company identifies shareholders, customers, employees, government and regulatory agencies, partners, communities, and the public as its main stakeholders, and responds and maintains communication through channels and methods such as websites, conferences, reports, events, and media.

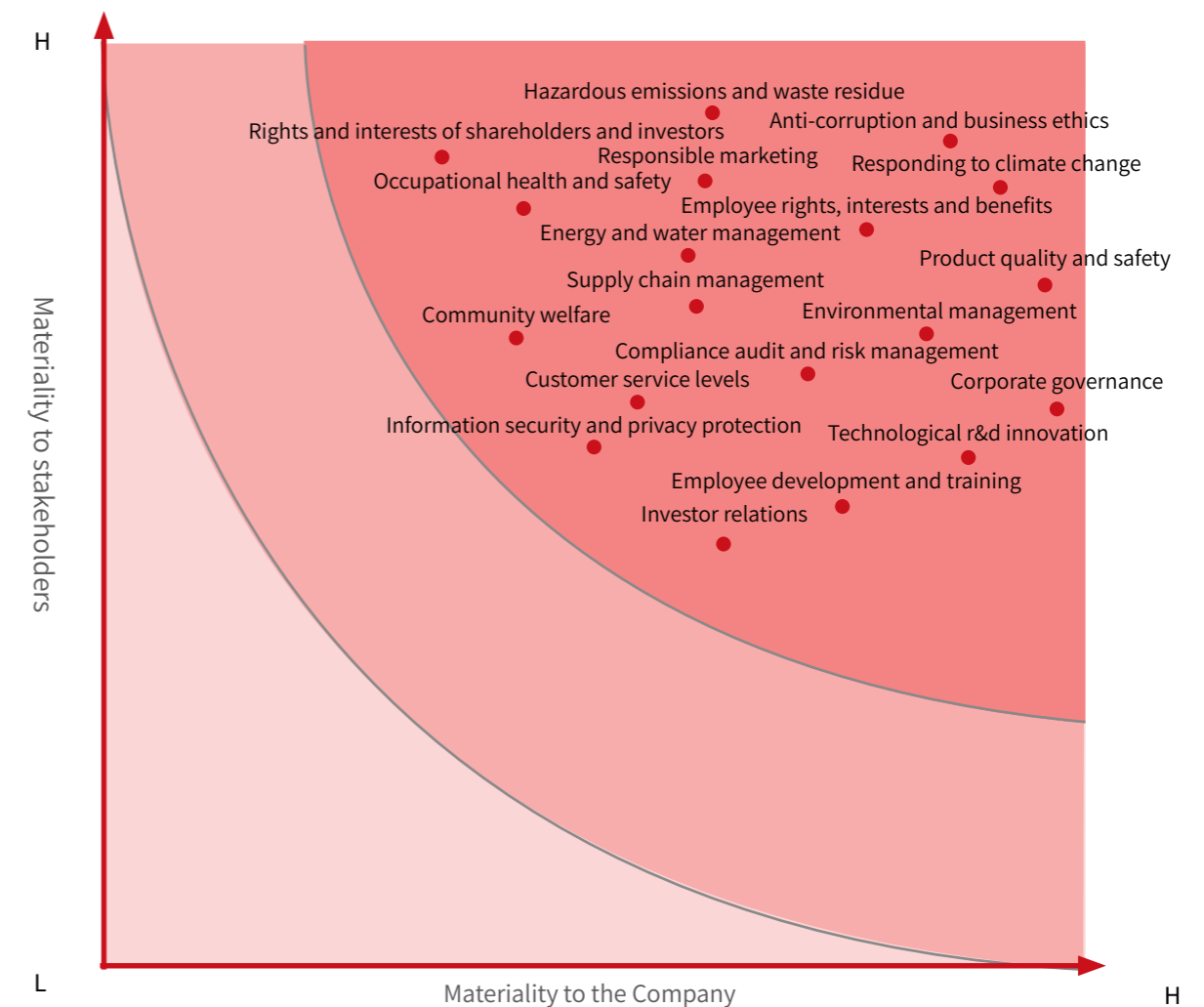
Gongniu's Main Stakeholders and Communication Methods

| Main stakeholders                  | Issues concerned   | Communication and response  |
|------------------------------------|--|---|
| Shareholders and senior management | Economic performance, corporate governance, compliance and risk control, and business ethics                   | General Meeting of Shareholders, Board of Directors, financial report, business report, roadshow and communication with the Company, etc. |
| Customer                           | Product quality, customer service, and responsible marketing   | On-site communication, market research, customer satisfaction surveys, etc.   |
| Employee                           | Employee rights, interests and benefits, employee development and training, and occupational health and safety | Employee activities, employee training, corporate intranet, employee handbook, etc.   |
| Government and regulatory agencies | Corporate governance, business ethics, environmental management, and waste residue discharge                   | Regular communication and reporting, institutional research, policy implementation, information disclosure, etc.                          |

|                                       |  |  |
|---------------------------------------|--|--|
| Partner                               | Supply chain management, technological R&D innovation, and product quality | Industry conferences, strategic cooperation, exchange visits, etc.                   |
| Community, the public and media, etc. | Ecological environment protection, and community welfare                   | Community volunteer activities, social welfare projects, and social support projects |

With reference to the Global Reporting Initiative's *Sustainability Reporting Standards* (GRI Standards), the Company further screens ESG-related issues based on focuses of stakeholders. According to the above-mentioned issue identification procedures, the Company and professional personnel jointly determine ESG issues with substantive materiality as the key content of company management and this report.

Gongniu's Substantial Issue Matrix in 2022

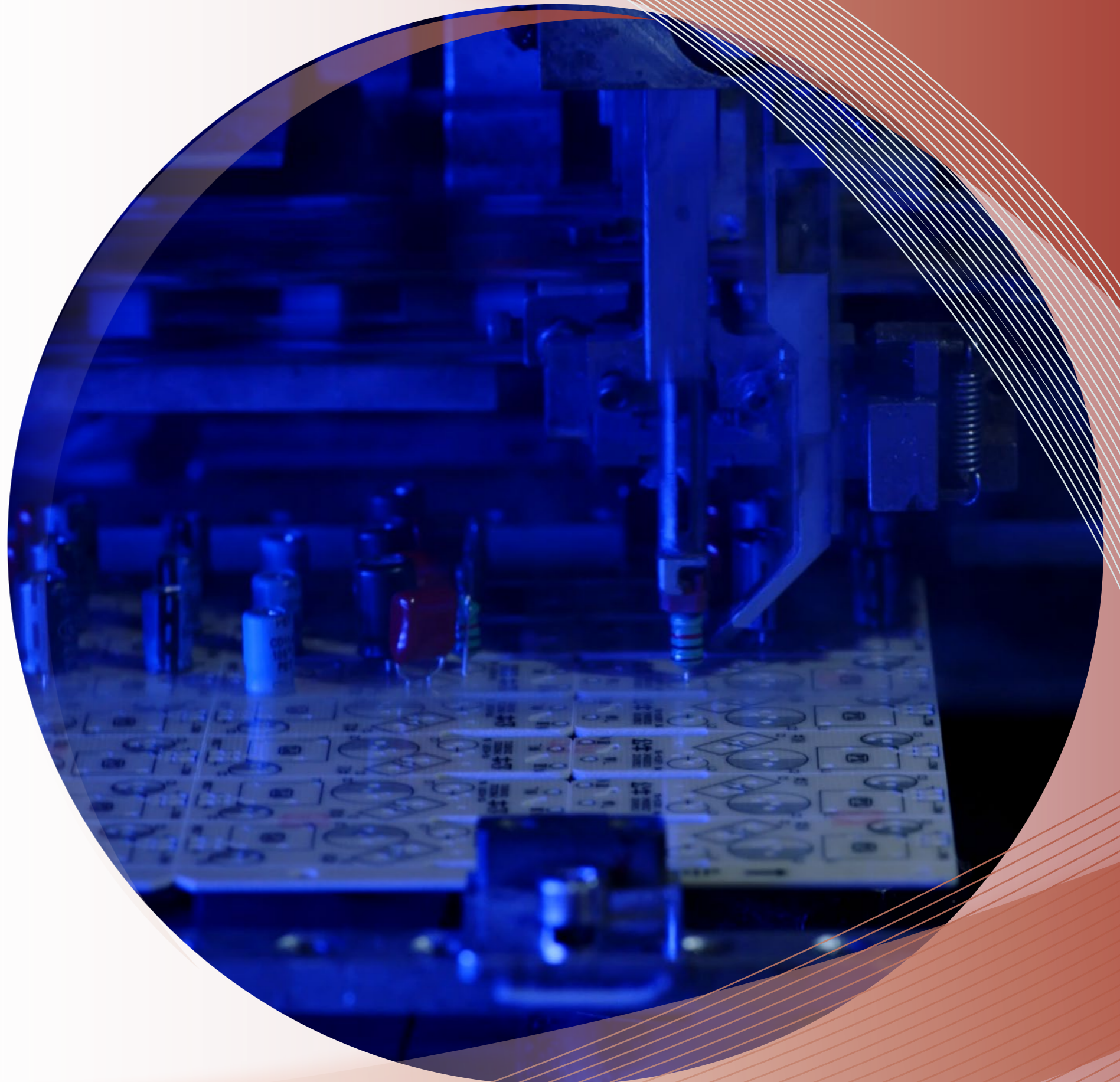




# 01

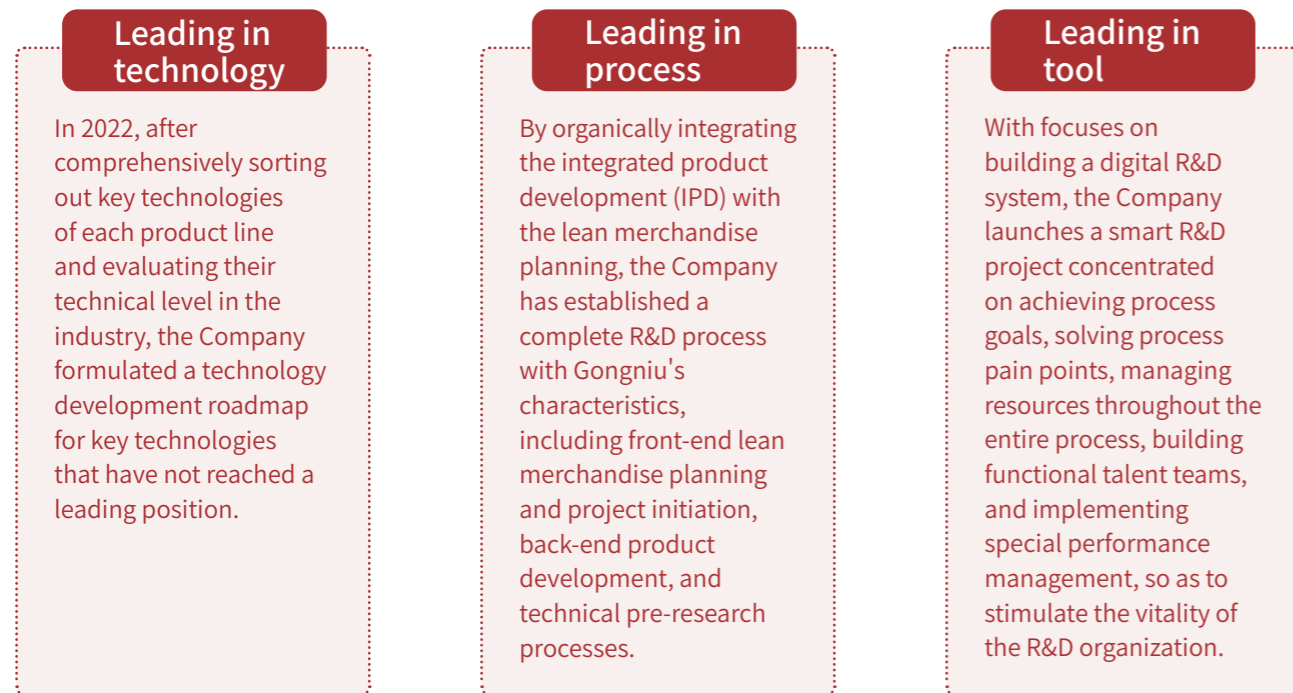
## Responsibility Topic: Promoting Research and Development to Drive Innovation and Foster New Growth Momentum

- Research and Development Innovation Mechanism
- Scientific Research and Innovation Practice
- Intellectual Property Management



# Research and Development Innovation Mechanism

The Company deems technological R&D innovation as its core competitiveness and key success factor. Based on three R&D strategies of "Leading in technology", "Leading in process", and "Leading in tool", the Company has formulated and improved relevant systems such as the *R&D System Construction and Management System*, *R&D Project Incentive System*, *R&D Tool Introduction and Application Management System*, and *Management System for Scientific and Technological Intelligence and Knowledge Management System*, to jointly build a technological R&D innovation system, stimulate and motivate employees to carry out various R&D innovation projects, improve the Company's competitiveness, and promote industry development.



Company's Three Major R&D Strategies

To encourage R&D innovation, the Company has formulated a series of incentive systems to link employee innovation achievements with performance rewards, so as to enhance the enthusiasm and creativity of the R&D team, promote the improvement of innovation capabilities and technological level, and enhance the Company's competitiveness in the market to consolidate its core position.



Gongniu's R&D Innovation System

## Main Content of the R&D Innovation System of Gongniu

### R&D team building

The Company constantly expands its R&D team with concentration on cultivating a high-quality and high-level R&D team capable of independent thinking ability and expertized in both marketing and R&D. By the end of 2022, the Company had **1,400** R&D employees in total, accounting for **11.34%** of the total number of employees. Relying on national postdoctoral workstation platform, the Company has introduced high-level R&D talents and there was a total of 4 postdoctoral fellows in the station during the reporting period.

### Continuous R&D investment

The Company values investment in R&D technology, enhancement of innovation capabilities to improve the Company's core competitiveness and promote the Company's development. By the end of 2022, the Company's R&D expenses totaled RMB **58,829.61 million**, a year-on-year increase of **24.90%** and accounting for **4.18%** of sales revenue, which provided a strong support for product strategy and R&D plans.

### Industry-university-research cooperation

Attaching great importance to industry-university-research cooperation, the Company actively establishes cooperative relationships in various forms with Harbin Institute of Technology, Central South University, Xi'an University of Posts and Telecommunications, Shaanxi University of Science and Technology, Chongqing University of Posts and Telecommunications, Wuhan University and other universities, and strengthens exchanges and cooperation with domestic and foreign peer enterprises, so as to promote the development and innovation of industrial technology.

### Innovation mechanism building

- The Company has formulated the Science and Technology Achievement Evaluation and Reward System to encourage excellent projects in product innovation, technological innovation, manufacturing technology and industrial design. During the reporting period, the Company issued a total of RMB 1.04 million of incentives through this system.
- The Company has formulated the Patent Management Institution to provide incentives for patent application, authorization and industrialization, and stimulate employees' enthusiasm in researching and applying for patents. During the reporting period, the Company issued a total of RMB 1.7408 million of incentives through this system.
- The Company has formulated the R&D Project Incentive System to provide incentives for product research and technology research projects. During the reporting period, the Company issued a total of RMB 6.7134 million of incentives through this system.

The Company has been committed to building an innovative platform for many years. After establishing the Technology Innovation Platform in the Wall Switch Division, the Home Appliance Division also established the Technology Innovation Platform during the reporting period, aiming to activate the innovation vitality of the business divisions and shape an environment of "daring to think, to break through, and to create". At the same time, the Home Appliance Division has integrated technical resources from various departments of the business divisions and employed outstanding technical experts from the entire Group to guide the application of innovative technologies, so as to continuously improve its core competitiveness for future development.

## Scientific Research and Innovation Practice

With supports from the technological R&D innovation system and innovation platform, Gongniu cultivates new industries by constantly deepening the study and analysis of market demand and pain points. In 2022, the Company's new energy products such as charging guns and charging piles achieved rapid growth in sales and received favorable comments from the market. Considering customer needs and service and adhering to safety philosophy, the Company's product design strictly implemented multiple protections to provide safe and efficient power supports for green travel due to true realization of "protecting automobiles and persons".




The Company continued to make great efforts to strategic directions including new product R&D, product feature improvement, and product differentiation, and has designed and successfully registered multiple works.

## Registration of Gongniu's Works in 2022

| Works name  | Registration number              | Date of completion | First publication date |
|---|----------------------------------|--------------------|------------------------|
| Design for the series works of Gongniu intelligent curtain category names       | Guo Zuo Deng Zi-2022-F-10105601  | March 25, 2022     | May 25, 2022           |
| Design for the series works of Gongniu intelligent clothes dryer category names | Guo Zuo Deng Zi -2022-F-10105602 | March 26, 2022     | May 25, 2022           |

**Case | J051 hidden clothes dryer**


As conventional clothes dryer products in the industry have encountering serious homogenization, fierce price competition and continuous profit decline, the Company's project team intends to create the first hidden clothes dryer after combining market analysis and user needs analysis. With innovative features such as ultra-thin body, overall shrinkage pole, large lamp board lighting, metal ring buckle for hanging rod holes, and intelligent control, this hidden clothes dryer becomes a popular product in the industry.



J051 Hidden Clothes Dryer

**Case | 7kW/11kW Fashion Smart Interconnection Charging Pile**

With the continuous growth in new energy vehicle sales, the demand for charging piles, the supporting equipment, is rapidly increasing. To achieve the interconnection of automobiles and charging piles, solve the problem of single interaction of charging piles, and improve the user experience in mobile smart interconnection, Gongniu released the smart electric vehicle charging pile together with operation platform system and independently developed IoT core technology by taking smart charging solutions and services as entry points. Through a dual-mode networking method including 4G and Bluetooth, Gongniu charging pile has realized close-range self-checking, so as to guarantee users easily connect to the Gongniu Smart Home APP. With the support of 4G that breaks the limitations of time and space, users are able to remotely view the charging status in real-time and manage the charging pile reservations.



Fengshang Smart Interconnection Charging Pile

By the end of the reporting period, "Fashion Smart Interconnection Charging Pile" obtained 2 invention patents, 5 utility model patents, 3 design patents, and 2 software copyrights.

## Key results

During the reporting period, certain products of the Company and its subsidiaries and branches won multiple innovation and design awards at home and abroad, including:

- German Industrial Design Award by the German Design Council, mainly involving eye-protecting table lamp, power purification socket, orbital socket, fashion charging gun, and general scenario control switch.
- IF Industrial Design Award by IF Industrie Forum Design, involving flexible power system, Gongniu infrared voice socket, fan light, and Gongniu new energy electric connection system.



- 2022 Red Dot Award, involving general scenario control switch for products
- Patent Gold Award and Design Patent Gold Award of 2022 Ningbo Patent Innovation Competition issued by the Ningbo Administration for Market Regulation, involving products such as adapter, orbital socket, power rails, and table lamp.

In terms of promoting industry development, Gongniu, as a leader in the domestic civil electrical industry, is always committed to promoting the common development of the entire industry. Therefore, the Company actively participates in various industry associations to initiatively discuss and study industry development and technological innovation with peer enterprises. Through coordinated coexistence and mutual benefit approach, Gongniu and peer enterprises jointly promote technological innovation and shared development in the electrical industry to improve the industry's competitiveness and level, thereby achieving a virtuous cycle and sustainable development of the industry. In addition, in order to thoroughly implement the national standardization development plan, the Company actively organizes and participates in the formulation and revision of various national, industry, and association standards at all levels. During the reporting period, the Company engaged in 22 standards related to the industry in total, including 14 association standards, 1 industry standard, and 7 national standards.

## List of Partial Industrial Associations Participated by Gongniu

| Name of association  | Position held                  | Participating legal person                         |
|--|--------------------------------|--|
| National Technical Committee on Electrical Accessories of the Standardization Administration of China (SAC/TC67)   | Vice Chairman                  | Gongniu Group Co., Ltd.                            |
| National Technical Committee on Lighting of the Standardization Administration of China (SAC/TC224)  | Committee member               | Gongniu Group Co., Ltd.                            |
| Subcommittee on Lamps and Related Auxiliaries of National Technical Committee on Lighting of the Standardization Administration of China (SAC/TC224/SC1)   | Committee member               | Gongniu Group Co., Ltd.                            |
| Subcommittee on Luminaire of National Technical Committee on Lighting of the Standardization Administration of China (SAC/TC224/SC2)   | Committee member               | Ningbo Gongniu Optoelectronic Technology Co., Ltd. |
| Sub-technical Committee on Household Circuit Breaker and Similar Appliances of National Technical Committee on Low-voltage Electrical Apparatus of the Standardization Administration of China (SAC/TC189/SC1) | Communication committee member | Ningbo Gongniu Low Voltage Electric Co., Ltd.      |
| National Electronic Equipment Safety Standardization Committee (SAC/TC588)   | Committee member               | Ningbo Gongniu Digital Technology Co., Ltd.        |
| Lithium-ion Battery Safety Standardization Special Working Group   | Member                         | Ningbo Gongniu Digital Technology Co., Ltd.        |
| National Technical Committee on Green Manufacturing Technology of the Standardization Administration of China  | Committee member               | Gongniu Group Co., Ltd.                            |
| National Technical Committee on Electrician Alloy of the Standardization Administration of China (SAC/TC228)   | Committee member               | Gongniu Group Co., Ltd.                            |
| China Association of Automobile Manufacturers  | Member                         | Gongniu Group Co., Ltd.                            |
| China Association for Standardization (Electrical Appliances and Electronics Branch)   | Senior member                  | Gongniu Group Co., Ltd.                            |
| Standardization Committee of China Electrical Equipment Industry Association   | Council                        | Gongniu Group Co., Ltd.                            |

### List of Partial Standards of which Gongniu Participated in the Development

| Standard code      | Standard name   | Standard level |
|--------------------|---|----------------|
| GB/T 17465.6-2022  | Appliance Couplers for Household and Similar General Purposes - Part 3: Standard Sheets and Gauges  | National       |
| GB/T 17465.1-2022  | Appliance Couplers for Household and Similar General Purposes - Part 1: General Requirements  | National       |
| GB/T 17466.21-2022 | Boxes and Enclosures for Electrical Accessories for Household and Similar Fixed Electrical Installations - Part 21: Particular Requirements for Boxes and Enclosures with Provision for Suspension Mean | National       |
| GB/T 17466.22-2022 | Boxes and Enclosures for Electrical Accessories for Household and Similar Fixed Electrical Installations - Part 22: Particular Requirements for Connecting Boxes and Enclosures                         | National       |

## Intellectual Property Management

Attaching great importance to the protection of intellectual property rights, the Company strives to prevent its own intellectual property rights from infringement by others on the basis of preventing infringement of other's intellectual property rights. The Company has formulated documents such as the *Trademark Management System*, *Copyright Management System*, *Patent Management Institution* and *Trade Secret Management System*, and established an application process for protecting trademarks and copyrights to conduct risk assessments and registrations for trademark and copyright applications according to business needs. Meanwhile, the Company continues to combat third-party intellectual property infringement through administrative complaints, civil litigation, and other legal means.



### Case | Carrying out intellectual property protection training activities

In April 2022, in order to strengthen the management of intellectual property protection and enhance the awareness of intellectual property protection among company employees, the Company launched a promotional activity with the theme of "strengthening trademark awareness and enhancing brand influence", and held training relative to basic knowledge of trademarks covering 200 trainees. At the same time, in daily management, the Company organizes trade secret training for each confidentiality commissioner in order to actively prevent its own intellectual property from infringement by others.



Photo of the Company's  
Trade Secret Training



### Case | Carrying out intellectual property protection training activities



Promotional Image for the Company's Intellectual Property Training Activities

### Key performance



During the reporting period, the Company had a total of **565** new authorized patents, including 59 inventions, **346** utility models, and **160** designs; and a total of **630** new patent applications, including **143** inventions, **314** utility models, and **173** designs.

By the end of the reporting period, the Company held a total of **2,379** valid authorized patents, including **230** inventions, **1,322** utility models, and designs.



### Key results

During the reporting period, the Company received multiple honors and awards related to intellectual property protection.

- With respect to the overall intellectual property protection, Gongniu was rated as a national intellectual property demonstration enterprise by China National Intellectual Property Administration.
- The Company's charging dock product was awarded the Excellent Design Patent Award of the 23rd China Patent Award by the China Patent Award Reviewing Committee
- The Company's products such as adapter and orbital socket, and power rail were awarded by Ningbo Administration for Market Regulation the Gold Award of 2022 Ningbo Patent Innovation Competition and the Design Patent Gold Award of 2022 Ningbo Patent Innovation Competition, respectively.
- The Company was rated as a "Demonstration Enterprise for Trade Secret Protection" by Zhejiang Provincial Administration for Market Regulation.

# 02

## Building a Solid Foundation for Sustainable Development through Governance

The sound governance system and good governance capacity are the foundation for the steady development of a company. By continuously improving corporate governance structure, managing investor relations well and firmly establishing the concept of compliance management, Gongniu continues to enhance risk prevention and control capabilities with adherence to high standards of business ethics, and establishes a solid foundation for the sustainable development of the Company with a gradually complete modern enterprise system.

- Corporate Governance
- Integrity Operation
- Compliance and Risk Control
- Party Building for a Strong Foundation



# Corporate Governance

## Improvement of the Governance System

In strict accordance with requirements of laws and regulations such as the *Company Law of the People's Republic of China*, *Securities Law the People's Republic of China*, *Governance Guidelines for Listed Companies* and *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, the Company has revised its corporate governance systems such as the *Articles of Association of Gongniu*, and *Procedure Rules for the General Meeting of Shareholders*, and continuously updates and improves these systems in combination with actual operations to safeguard the standardized operation of the Company's "three boards and one level". The governance structure composed of the General Meeting of Shareholders, Board of Directors, Board of Supervisors, and the senior management has formed a mechanism of mutual coordination and balances among the power organization, decision-making organization, supervisory agency, and management with clear duties, close cooperation, and efficient operation. During the reporting period, the Company and its directors, supervisors, and senior management personnel encountered no securities regulatory penalties.



### General Meeting of Shareholders

The Company's General Meeting of Shareholders has clear duties and clarified procedure rules that are implemented effectively. The convocation, holding, and proposal procedures of the Company's General Meeting of Shareholders are subject to relevant laws and regulations and internal regulations of the Company.



### Directors and Board of Directors

The Company's Board of Directors has clear duties, and all directors are able to diligently and responsibly fulfill their duties. The convocation and convening procedures of the Board of Directors are subject to relevant laws, regulations, and institutional provisions. Except for the Strategy Committee, the chairmen of other specialized committees are all served by independent directors. Independent directors have played important roles in the Board of Directors in making major decisions and monitoring functions, contributing the Company's decisions to be more efficient, standardized, and scientific.

During the reporting period, the Company's Board of Directors consistently adhered to highly compliant corporate governance and internal control, responding to the State Council's call of *Opinions on Further Improving the Quality of Listed Companies* with practical actions. The Company has continuously strengthened its system construction and internal control process optimization in areas such as the operation of the three boards, information disclosure, internal reporting of significant information, investor relations, and changes in the equity holdings of directors, supervisors and senior management.

Meanwhile, the Company's Board of Directors actively promotes innovative changes in the Company's governance structure. In the first half of this year, the Board of Directors upgraded the Audit Committee to the Audit and Risk Committee that was authorized to guide, supervise, and evaluate the Company's risk management, through which the Company explored practical cases relative to the participation in company risk management by specialized committees of the Board of Directors, in order to further adapt to the Company's rapid development and strengthen the Company's risk prevention and control capabilities.



### Supervisor and Board of Supervisors

The Company's Board of Supervisors has clear duties, and all supervisors are able to conscientiously and responsibly fulfill their duties. The convocation and convening procedures of the Board of Supervisors are subject to relevant laws, regulations, and institutional provisions.

During their tenure as supervisors, all supervisors fulfill their duties diligently and responsibly, able to actively participate in the Company's conferences of Board of Supervisors with their duties fulfilled conscientiously. With a sense of responsibility to the shareholders, they have supervised the legality and compliance of the Company's finance personnel, Board of Directors, and senior management, in order to safeguard the legitimate rights and interests of the Company and all shareholders.

## Key performance

By the end of the reporting period, the Company owned a total of **9** directors, including **2** female directors and **3** independent directors.

By the end of the reporting period, the Company owned a total of **3** supervisors, including **1** employee supervisor.

During the reporting period, the Company held **2** General Meetings of Shareholders, **7** conferences of the Board of Directors, **7** conferences of the Board of Supervisors, **5** conferences of Audit and Risk Committee and **2** conferences of Remuneration and Appraisal Committee.

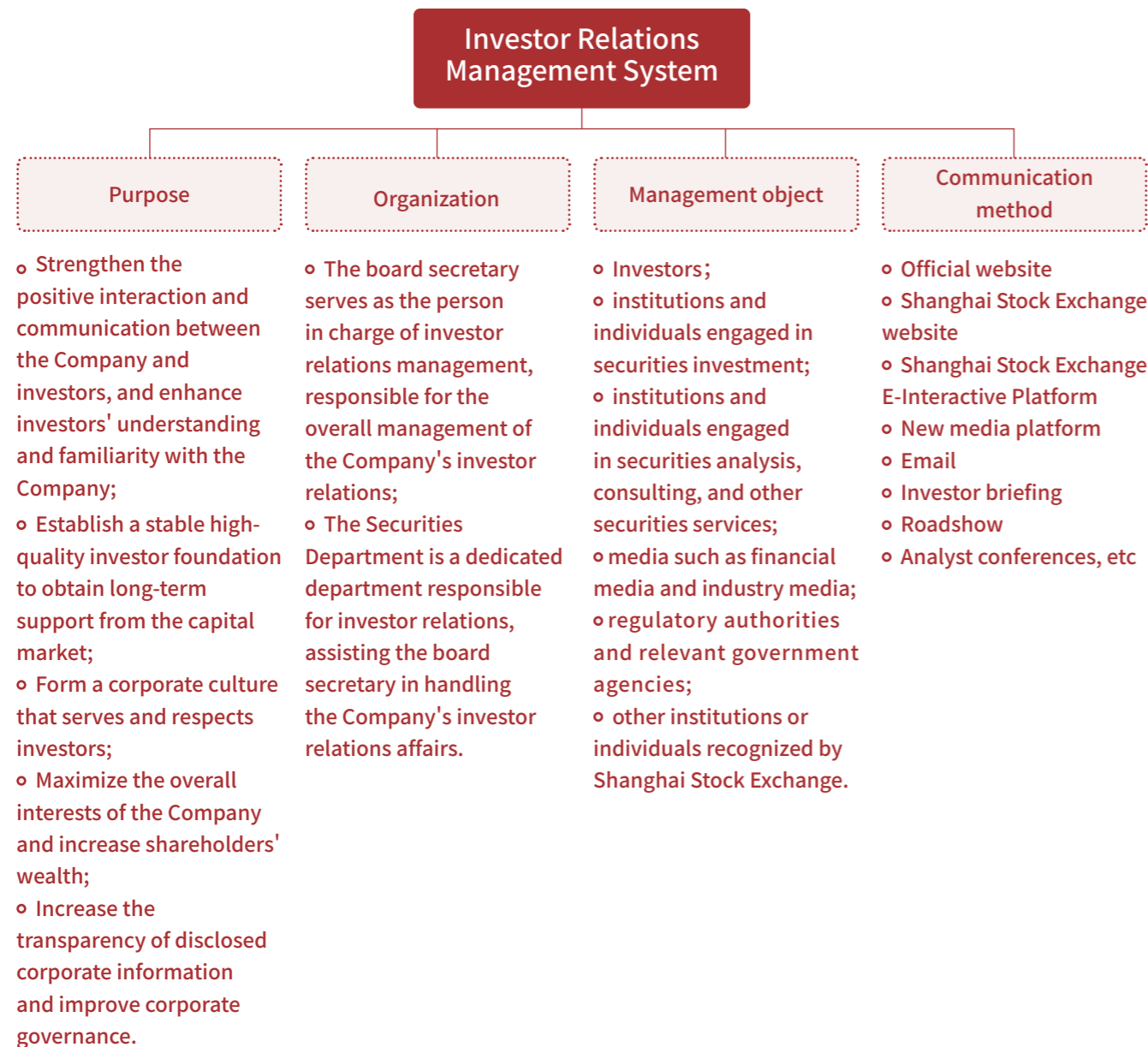
During the reporting period, the Company revised and completed **4** governance systems, namely the *Information Disclosure Affairs Management System*, *Internal Reporting System for Material Information*, *Investor Relations Management System*, *Management System for Shareholding Changes of Directors*, and *Supervisors and Senior Management*, and submitted the draft of the *Fundraising Management Measures*, *Articles of Association and Procedure Rules for the General Meeting of Shareholders* to the General Meeting of Shareholders for deliberation.

## Maintenance of Investor Relations

To promote and improve the governance structure and enhance investor relations management, the Company has formulated the *Investor Relations Management System of Gongniu* and established an investor relations management organization responsible for the Company's investor relations affairs. The Company also communicated with investors through multiple channels, platforms, and methods to introduce and reflect the actual situation of the Company objectively, truthfully, accurately and completely, in order to enhance investors' knowledge and recognition of the Company, improve the Company's governance level, and protect investors' legitimate rights and interests in maximum.

● Investor communication channels

By continuously innovating communication methods, such as approaches including official website, Shanghai Stock Exchange website, Shanghai Stock Exchange E-Interactive Platform, new media platform, telephone, fax and email, and forms such as General Meeting of Shareholders, investor briefings, roadshows, analyst conferences, and reception visits, the Company has established and improved the communication mechanism with investors on major events, thereby forming positive interaction and communication with the capital market, and delivering company values in a fair, open, and objective manner. In 2022, the Company held three performance briefings for all investors through the Shanghai Stock Exchange Roadshow Center, which provided accurate and detailed information in the form of videos and networks, so that investors can be aware of the Company's production and operation status in a three-dimensional, comprehensive, and timely manner.



Main Content of Investor Relations Management System

● Optimization of investor relations management

Investor relations construction is an important aspect of corporate governance transparency. Since listing, the Company has continuously improved investors' understanding and recognition of the Company through stable operating performance and shareholder returns, diversified investor communication mechanisms, and two-way interactive investor relations construction, and further safeguards the interests of investors from perspectives of shareholder returns, emphasis on small-and medium-sized investors, attention to overseas investors, and investor information feedback.

**Shareholder returns**

Despite facing with challenges from complex external environment and many unfavorable factors, the Company, as concentrating on the improvement of products and services, has achieved steady growth in business performance, which demonstrates its strong resilience. In terms of shareholder returns, the Company has maintained a consistently high dividend payout ratio since listing, and actively returned to investors by sharing its operation results and development dividends. The Company's profit distribution plan is strictly implemented in accordance with the provisions of the Articles of Association and resolutions of the General Meetings of Shareholders, thus ensuring the transparency and operability of cash dividends. Therefore, the rights and interests of small-and-medium-sized shareholders and investors are effectively safeguarded.

**Overseas investors**

With reference to the Company's investor structure, the Company released the English version of 2021 Annual Report and 2021 Environmental, Social and Governance Report for the first time in April 2022. When receiving researches from institutional investors, the Company also tries to establish closer connections with overseas investment institutions and continuously enhance the Company's capital image in the international market by conveying its values to more overseas investors, so as to promote the Company's investor structure to be diversified.

**Feedback on investors' information**

In order to listen to investors' suggestions in a better way, the Securities Department of the Company collects, records, and organizes main issues concerned by investors and effective information on the Company's management and governance suggestions in daily communication and liaison activities, and then organizes relevant departments of the Company to timely and accurately respond to investors' questions and consultations as well as handle complaints and suggestions properly. Meanwhile, the Company organizes special meetings to regularly provide the feedback on relevant information to the Company's management, and to provide suggestions for business development.



### Key performance

During the reporting period, the Company conducted more than **170** investor communication activities to connect with **2,500** investors and communicated with **1,000** investors through investor hotline and email.

During the reporting period, the Company won multiple awards related to investor relations, demonstrating industry recognition of its management on investor relations.

### Awards related to investor relations

- The 13th Award for Best Investor Relations for Listed Companies in China by *Securities Times*
- The 24th Golden Bull Award for Most Valuable Investment for Listed Companies in China by *China Securities Journal*
- The 24th Golden Bull Award for Board Secretary for Listed Companies by *China Securities Journal*



## Strengthening Information Disclosure

With adherence to highly compliant information disclosure and in strict compliance with requirements such as the Company Law of the People's Republic of China, Securities Law the People's Republic of China and Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Company has formulated systems such as the Information Disclosure Affairs Management System and the Internal Reporting System for Material Information. Complying with various information disclosure principles, such as truthfulness, accuracy, completeness, timeliness, fairness, simplicity, clarity, and accessibility can help investors have a more comprehensive and multi-level understanding of the Company's operating conditions and future development direction. The Company is committed to continuously improving the quality of information disclosure to ensure that all investors can fairly have access to company information, thereby effectively protecting investors' right to know.

### Key performance

During the reporting period, the Company issued a total of **196** announcements and online documents, including **134** interim announcements.

During the reporting period, the Company was ranked as A-level (Excellent) for information disclosure by Shanghai Stock Exchange.



Rating for Information Disclosure by Shanghai Stock Exchange



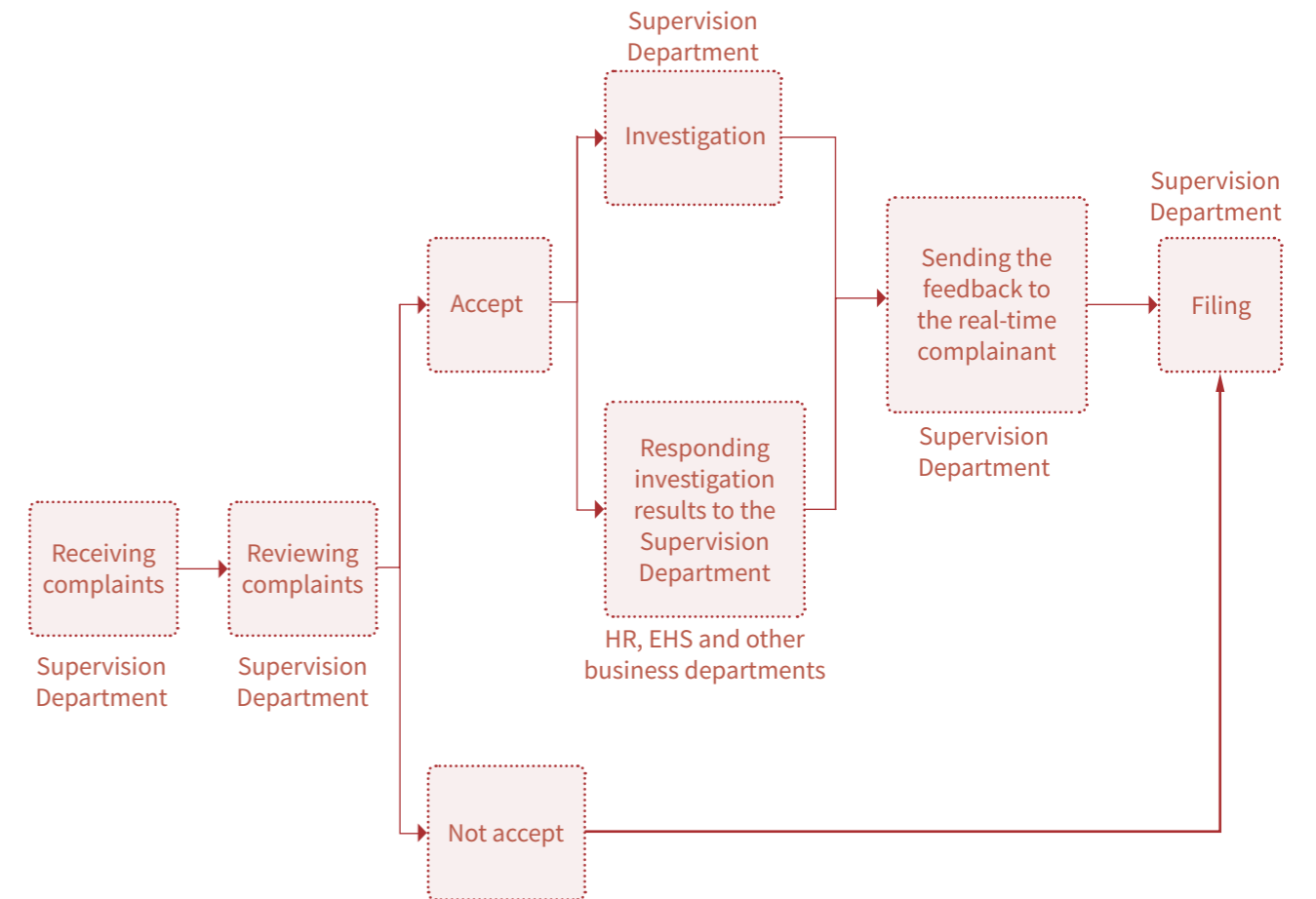
## Integrity Operation

The Company has formulated the *Regulations on Integrity Management of Gongniu and Regulations on Acceptance and Processing of Complaints for Violation of Professional Ethics from Reporting Channels* to enforce discipline strictly and regulate employee practices. The Company executes the Commitment of Post Integrity with its employees to procure all employees to serve the Company with integrity. Meanwhile, departments such as the Supervision Department, Human Resources Department, and Legal Department have assisted in integrity building, such as planning and support. The Company also executes the *Agreement on Joint Efforts for Integrity Building* with third parties, and formulates the *Accountability System* to hold accountable to those who violate company systems or regulations, industry norms, professional requirements, etc. and cause adverse consequences. We will promote the Company's integrity building and eliminate commercial corruption together to create a fair, transparent, and honest working and business environment.

### Main Departments and Their Duties under the Regulations on Integrity Management of Gongniu

| Department                                | Duty   |
|---|--|
| Supervision Department                    | Formulation of relevant standards;<br>Planning and guidance for integrity building, acceptance and investigation of violations of the code of conduct for integrity, and organization and promotion of integrity education and publicity.  |
| Human Resources Department                | Responsible for requiring employees to execute the <i>Commitment of Post Integrity</i> when they join in the Company;<br>Responsible for collecting reported information on conflicts of interest for new employees;<br>Responsible for organizing new employees' integrity training and examination;<br>Responsible for organizing annual integrity training and exams for employees. |
| Legal Department                          | Responsible for providing legal support for investigations conducted by the Supervision Department;<br>Responsible for following up on cases transferred by the Supervision Department for judicial prosecution.   |
| Finance Department                        | Responsible for estimating economic losses and tracking and confirming compensation amounts;<br>Responsible for deducting default damages and compensation fees from external organizations that violate the code of conduct for integrity.  |
| Internal Control Department               | Responsible for promoting the rectification and closed-loop of problems found in the cases of the Supervision Department.  |
| Marketing and procurement system          | Responsible for introducing new dealers and suppliers, and conducting audits under the integrity system; Responsible for establishing a classification and disposal mechanism for dealers and suppliers who violate the code of conduct for integrity or cause losses to the Company.  |
| Labor Union                               | Responsible for handling appeals from personnel who violate the code of conduct for integrity, and supervising the fair and impartial handling of employee disciplinary incidents.   |
| Each business division/ functional center | Responsible for the integrity building of this department, setting up full-time or part-time anti-corruption commissioners to be responsible for the integrity management;<br>Responsible for training and promoting the department's integrity system, and identifying and preventing integrity risks, etc.   |

The Company has established standards and procedures for handling reports and complaints related to integrity. The Audit and Supervision Center and relevant functional departments cooperate with each other to review, investigate, follow up, respond to, and manage the received complaints.



Procedures for Regulations on Acceptance and Processing of Complaints for Violation of Professional Ethics from Reporting Channels

In addition, the Company actively carries out integrity training activities, requiring personnel from various functional centers and business departments to promote and learn about integrity related systems, continuously advocate the spirit of integrity, and implement integrity education, so that the culture of integrity can be deeply rooted in people's minds.

**Case**

To build a culture of honesty and integrity and promote the construction of an integrity business environment, the Company has launched an integrity campaign in which internal employees and external units jointly participate with focuses on joint rectification, case warnings, clean government surveys, and self-inspection of work style.

In December 2022, different sectors of the Quality Department organized training activities on clean governance and integrity separately to educate and warn employees of high-risk behaviors and punishment measures for dereliction of duty by introducing material theft cases in Mold Making Division and Wall Switch Division through videos, which laid a foundation for establishing the integrity culture.



The Wall Switch Division Carries out Integrity Education Activities

**Key performance**

During the reporting period, more than **300** training sessions were conducted for new employees, where more than **9,000** employees were trained, and more than **470** employees were trained for promotion. The Company published a total of **25** integrity propaganda articles, which were viewed by **42,000** readers.

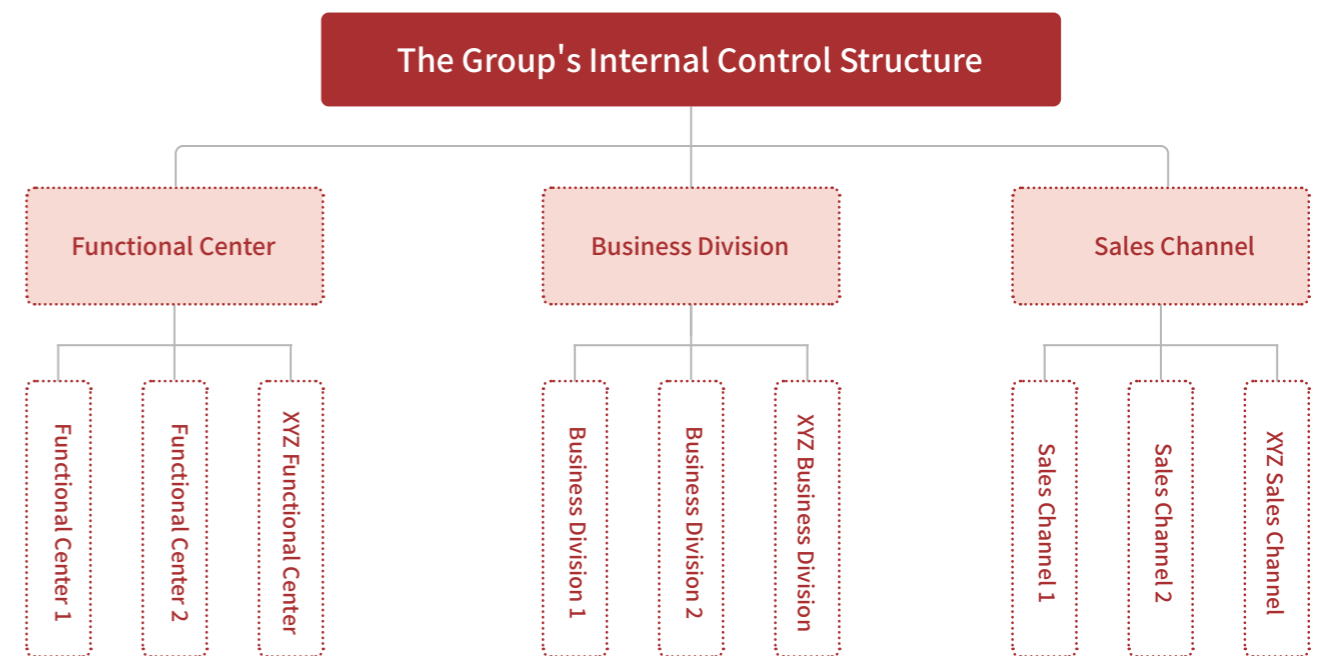
The Company filed a total of **41** cases through supervision, and violators were held accountable according to company regulations. Meanwhile, the Company terminated the cooperation with **2** suppliers due to corruption issues.



# Compliance and Risk Control

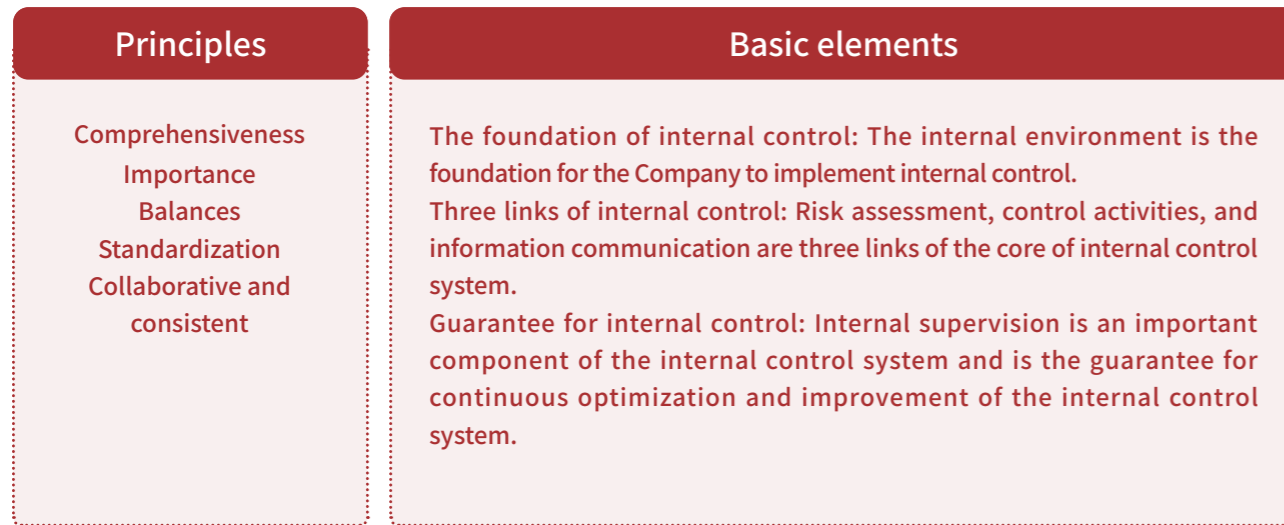
## Implementation and Consolidation of the Internal Control System

To strengthen and standardize internal control, the Company has formulated systems and regulations such as the *Internal Control Management System* and the *Rules for Internal Control Management Assessment* to clarify the internal control management system and organizational structure. Under the direction of establishing internal control management responsibilities, standardizing work processes, and reducing the negative impact of inadequate internal control management, the Company gradually improves its internal control manual and system and enhances its operational management level and risk prevention capabilities through internal control evaluations, internal control defect ratification and internal control performance assessment, thereby promoting the Company's standardized and sustainable development.

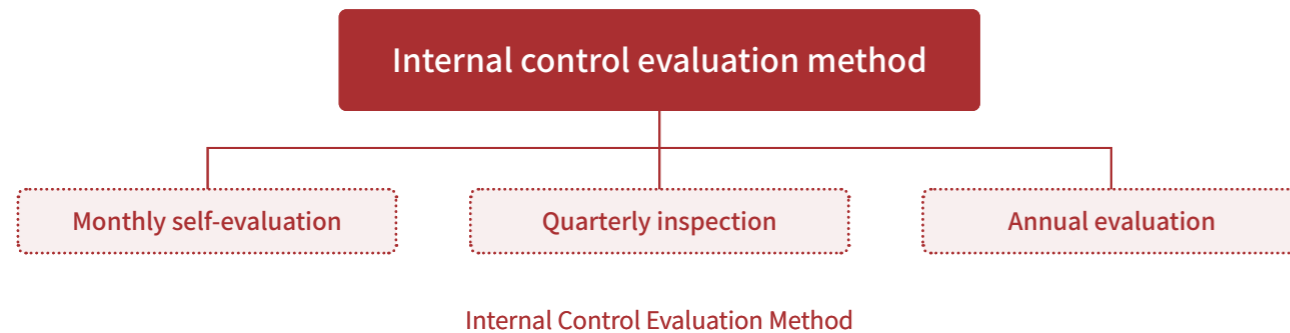


The Company's Internal Control Framework

During the reporting period, the Company broadened its internal control system's scope and successfully implemented internal control systems across six business units. The Company aimed to establish at least two internal control systems per year, with a target of achieving full coverage by 2025. Simultaneously, regarding internal control performance evaluations, the Company intended to incorporate business units that established internal control systems in 2021 into the scope of the 2022 performance assessments, and continue this process until full coverage is attained.

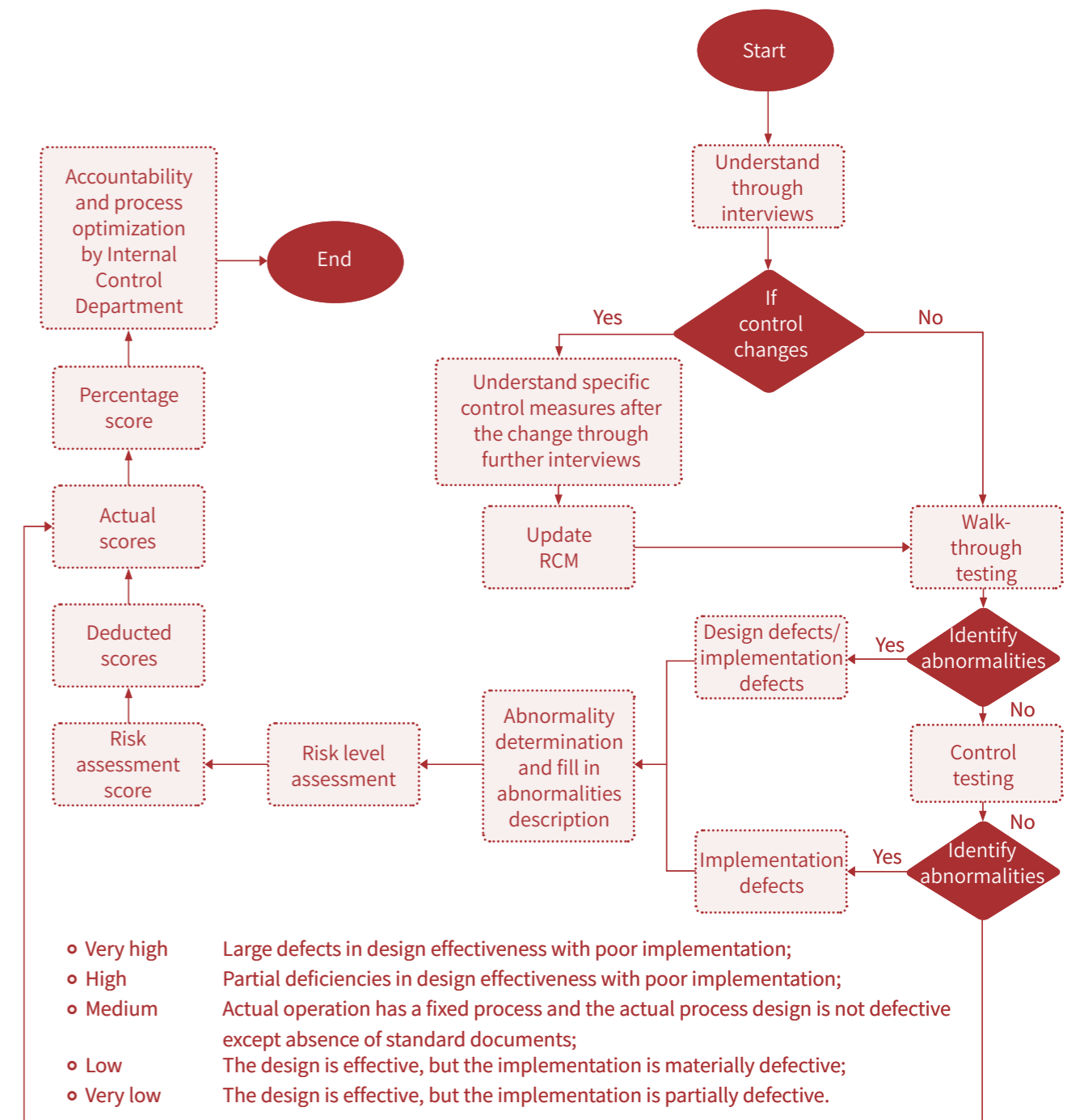


Principles and Elements of the Company's Internal Control



**Key performance**

In 2022, the Company's Supervision Department carried out thorough investigations into pertinent violations and proactively addressed potential risks, saving RMB **6.562** million in the process.



Workflow Diagram of Internal Control Evaluation

## Strengthening Risk Management and Control

Gongniu continuously strengthens enterprise risk management and control. The Company has formulated systems such as the *Risk Management System*, and establishes the Audit and Risk Management Joint Office responsible for coordinating the Company's risk management work, implementing the control objectives of "enhancing internal control, promoting compliance, and preventing risks". With adherence to the principles of risk management, the Company clarifies standards and guides relevant risk monitoring work through management processes and tools such as risk identification, risk assessment and analysis, and risk disposal. Meanwhile, the Audit and Risk Management Joint Office regularly coordinates different departments (units) for rolling identification of major risk issues, formulates risk control measures, identifies the list of major risks of the Group for special follow-up, and strengthens internal control and risk prevention, so as to promote the healthy and sustainable development of the Company and provide guarantee for achieving the Company's strategic objectives.



Principles for Risk Management



**Group-level risk**  
Under the leadership of the Risk Joint Office based on the risk identification of each department, the Company organizes the related personnel to identify, assess, dispose of and supervise the Group's major risks and determines the list of top ten risk of the Group. The identification is made on a rolling basis every six months. For major special risks, the Company organizes special risk assessment meetings to determine risk control measures.

**Centralized risk**  
Coordinated by the centralized business department, the Company conducts centralized management on risks reported by various departments with review opinions responded, and carries out special communication meetings based on identified risks to supervise the risk responsibility department in determining risk control measures.

**Other risks**  
The Company requires each business unit to formulate control measures for all risks except for the top ten risks of the Group and the centralized business risks under the leadership of its own internal control team, and takes routine check for the implementation and effectiveness of control measures through internal control work.

Risk Classification

## Anti-Monopoly

In strict accordance with laws and regulations such as the Anti-Monopoly Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, Interim Provisions on Prohibition of Commercial Bribery, the Company has formulated the Anti-Monopoly Compliance Management System to actively create a harmonious and orderly operating environment. Meanwhile, the Company executes the Dealer Compliance Commitment with its dealers.

## Party Building for a Strong Foundation

With thorough exercise of the requirement of self-governance in every aspect, Gongniu fully plays the leading role of party building. The Company has improved and revised the Quantitative Examination and Evaluation Standards of Party Branches, and carried out a series of training activities from the foundation of party building, effectively promoting the development of the Company. Meanwhile, the Company attaches great importance to the CPC history education to improve the cultural and ideological level of the party members.



Case

Holding a theme report meeting on studying "the spirit of the 20th National Congress of the Communist Party of China"

In November 2022, in order to thoroughly study and implement the spirit of the 20th National Congress of the Communist Party of China, further strengthen the construction of the party member team, and continuously enhance the cohesion, service and combat effectiveness of the party organization, the Party committee held a report theme meeting on the implementation and study of "the spirit of the 20th National Congress of the Communist Party of China", which laid a solid foundation for actively playing the exemplary role of party members by studying "Hold High the Great Banner of Socialism with Chinese Characteristics and Strive in Unity to Build a Modern Socialist Country in All Respects - Study the Spirit of the 20th National Congress of the Communist Party of China".



The Company Holding a Theme Report Meeting on "the Spirit of the 20th National Congress of the Communist Party of China"

During the reporting period, to strengthen the construction of labor union organizations and leverage the power of the labor union branches, the Company formulated and launched the Employee Representative Proposal System on the basis of extensively soliciting the opinions of employees, which would contribute to effectiveness of employee representatives' roles and promotion of democratic management of the Company.

### Key performance

During the reporting period, during the preparation of employee representative conference, the Company received a total of **116** proposals, including **15** selected proposals and **101** general proposals, all of which were dealt with and responded effectively.



### Case

#### Gathering together to study for encouraging growth, and exchanging ideas for pooling strength

In September 2022, in order to effectively promote the party building business capabilities of each branch, the Company's Party committee organized committee members of Party branches to carry out the second empowerment training in 2022. Through training, exchange and explanation of the Quantitative Examination and Evaluation Standards of Party Branches, introduction for Party branches' separation of duties, development of party members, specific requirements for system construction, publicity, study and promotion, pioneer models, integrity, assessment and incentives, etc., it is convenient for each Party branch to have a more intuitive understanding of the latest policy requirements and work norms, and closely integrate party building with business growth to serve the masses, so as to continuously enhance the cohesion and combat effectiveness of the party organization for a better development of the Company.



The Company Conducting Empowerment Training for Branch Committee Members



### Case

#### Holding the launching ceremony for the "Party Member Pioneer Post" pilot

During the reporting period, in order to strengthen the construction of the party member team and play the exemplary role of party members in social activities such as production, work and study, the third Party Branch of the Group organized the launching ceremony for the "Party Member Pioneer Post" pilot in home appliances division.

The Company's Party committee guided each Party branch to practice the "Five Pioneers", namely pioneer of integrity, business, love, culture and democracy by exploring the innovative work of party building around business, which included tracking and guiding the party building work every month, taking routine check every quarter, setting up physical propaganda columns, etc.

At the business division level, the Company emphasized that party members should play the exemplary role in business, overcome difficulties and strive for excellence, assisting in building a clean, united, harmonious, enterprising, and daring work atmosphere, in order to enhance organizational combat effectiveness and promote rapid business development.



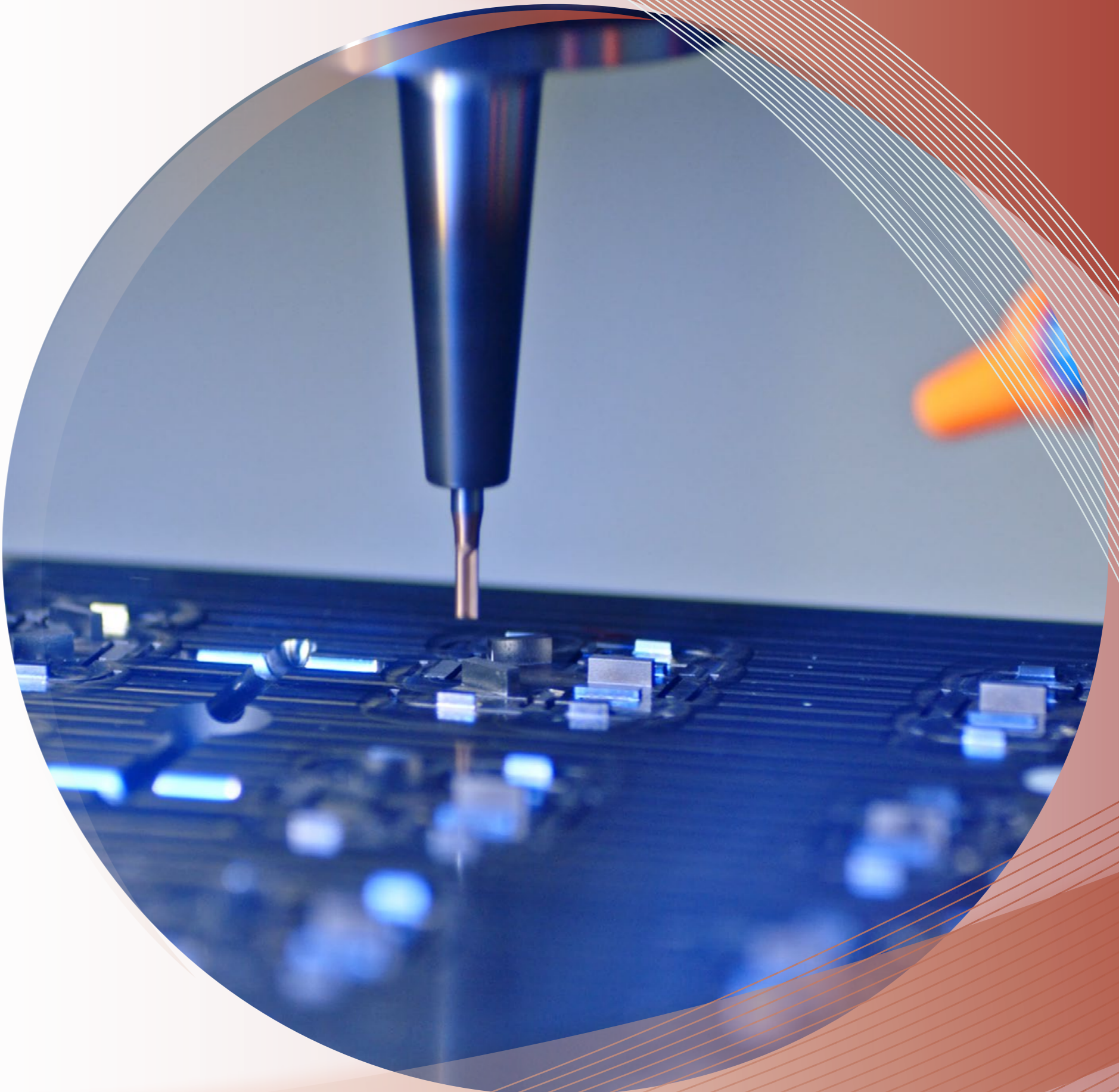
Holding the Launching Ceremony for the "Party Member Pioneer Post" Pilot

# 03

## Strive for excellence to create a new situation through win-win cooperation

With adherence to the quality concept of "winning by quality" and the quality vision of "creating world-class Gongniu quality", Gongniu is always in pursuit of improvement and refinement for product quality. Focusing on the goal of building a specialized and distinctive enterprise, the Company actively organizes and improves its quality management system and technology management system to continuously and seriously promote various scientific and technological projects, and collaborates with upstream and downstream partners to constantly improve the quality of the industrial chain and promotes the progress and development of the industry.

- Bull Business System BBS
- Product Quality Management
- Customer Service
- Responsible Marketing
- Supply Chain Management



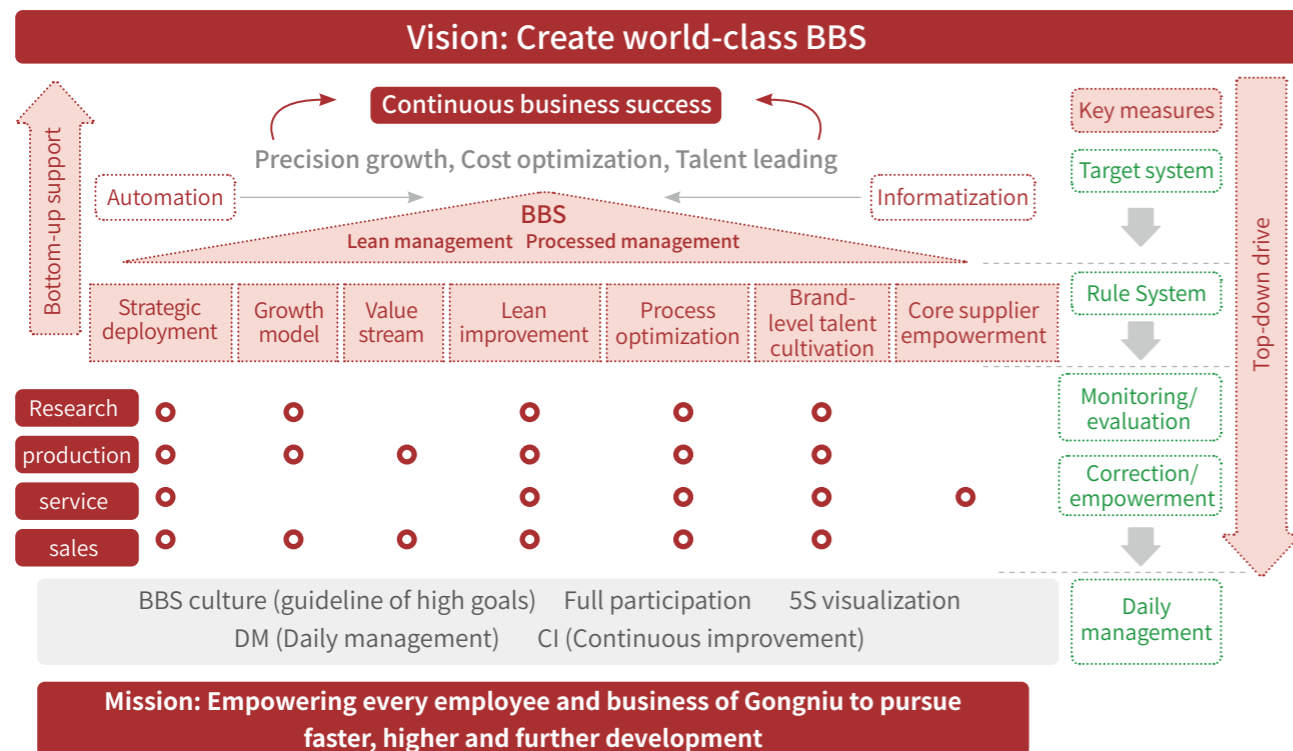
# Bull Business System BBS

With the continuous improvement of the Bull Business System (BBS), Gongniu deepens organizational reform and implements business innovation and related strategic goals, continuously supporting to build a world-class operation system with core innovative technology and talents, so as to provide a guarantee for delivering world-class QDCI (quality, delivery, cost, and innovation) operational performance.

## Improvement of BBS System

The Bull Business System Office (BBSO) is responsible for building the Group's BBS target system, rule system, and methodology case system. By establishing rules with internal driving force, BBSO promotes full application of BBS tools throughout the whole value chain to contribute to business development and talent cultivation.

With the goal of empowering business to achieve continuous success, Gongniu BBS constantly summarizes and iterates its own methodology system by learning, using, and creating tools to lay a solid foundation for the quick realization of the Group's strategic goals. Meanwhile, with routine management as the carrier, Gongniu BBS implements lean transformation through tool empowerment and talent cultivation to achieve strategic goals, and eventually achieves the Company's objective of building a comprehensive system by means of measurement and evaluation.



Gongniu BBS System

In 2022, with deeper management reforms, the Company continuously intensified the BBS system building and completed BBS target system and rule system guided by policy deployment (PD). By integrating BBS toolkits into the business end and applying BBS toolkits in the business end, the Company has comprehensively implanted the improved BBS gene into the whole value chain consisting of production, research, sales, and service from point to surface and from inside to outside, and thus enabled the BBS to be a powerful engine for the Company's innovation, growth, cost reduction and efficiency improvement.

### Dimension of innovation and growth

With focuses on market sales, Gongniu BBS system promotes the channel end to achieve a continuous growth by means of developing dealers' market planning ability, outlet's customer acquisition ability, daily management ability, and regional decoration enterprises' rapid development ability. Gongniu BBS system contributes to an increase of 51% for the pilot sales in decoration channel with the introduction of lean retail tools, and an increase of 16% for the pilot sales in the hardware channel pilot with the introduction of lean operation tools.

### Dimension of cost reduction and efficiency improvement

Gongniu BBS system has achieved an internal cost reduction of over RMB 200 million by means of development, iteration and deep empowerment of the systematic cost improvement methodology in various businesses, while an external cost reduction of nearly RMB 20 million by introducing BBS tools in the process for empowering key suppliers.

### Dimension of talent cultivation and method precipitation

By continuously iterating the BBS methodology and cultivating various BBS talents in different levels suitable for the development of Gongniu business, Gongniu BBS system has provided a solid guarantee for the Company's sustained and rapid development. Internally, Gongniu BBS system has summarized and released 40 BBS methodology, cultivating 19 black belt talents, 25 blue belt talents, and 729 green belt talents, and successfully increased the BBS maturity level from 2.6 points to 3.8 points, thereby reaching an industry-leading level.

Gongniu BBS System's Performance in 2022

## BBS Development Direction

In the future, under the guiding principle of "accompanying business to deliver results", Gongniu BBS will build a whole value chain empowerment system based on PD main line, which can empower quick practice of PD priority items by broadening thinking, simplifying implementation, and building a smooth business flow to form a closed loop, thereby supporting the achievement of various business goals.

In the future, with "going a long way to be the top one" as the core value and the BBS mission as the cornerstone, Gongniu BBS will request high goals from top to bottom to establish rules with internal driving force, and promote full application of BBS tools throughout the whole value chain from bottom to top, in order to promote business development and talent cultivation.

Concentrated on precise growth, optimal cost and leading talent, the Company continuously practices, summarizes, and iterates the BBS system, and thus gradually moves towards an excellent level of creating values continuously and efficiently to contribute to businesses' success and creation of a world-class business system.

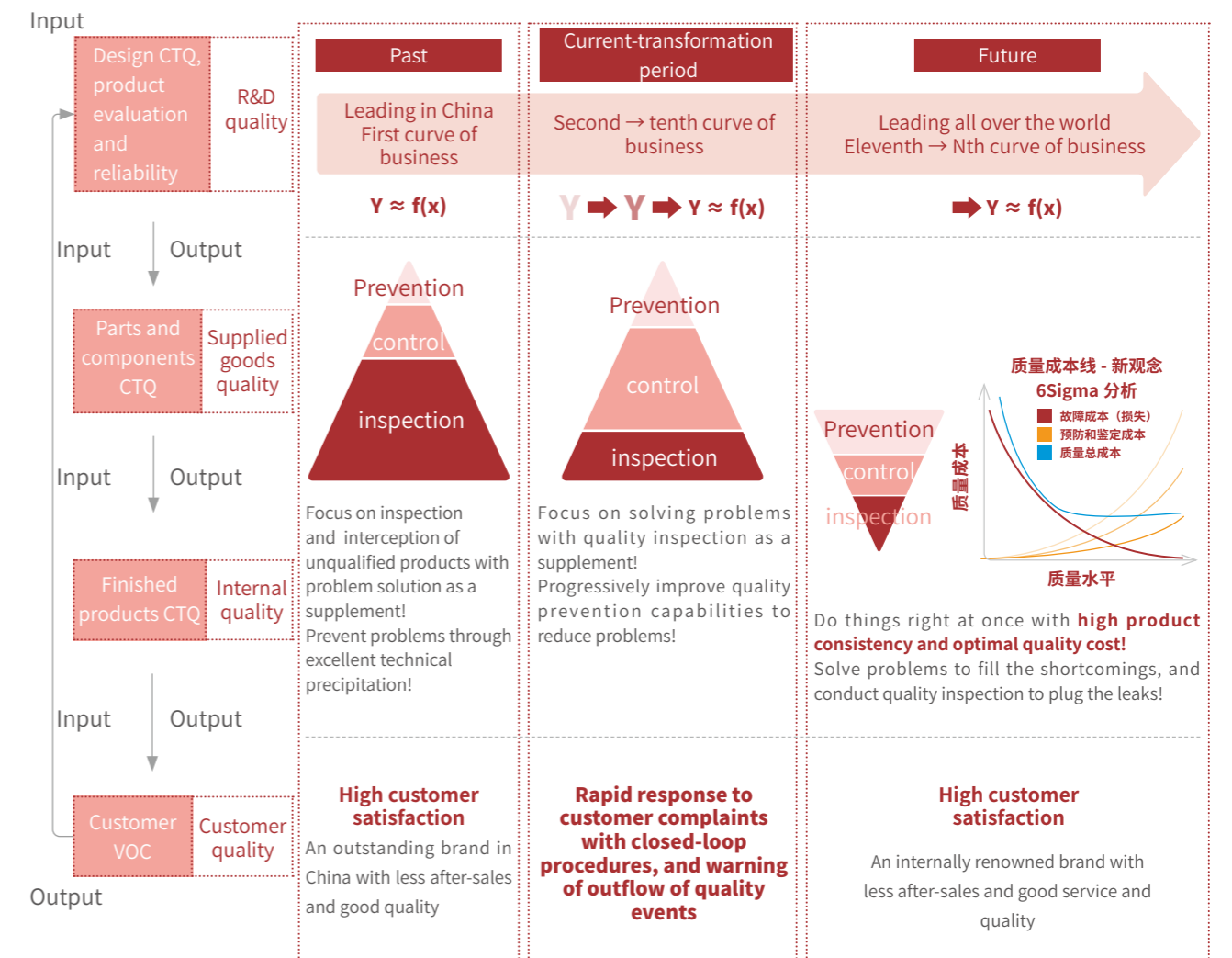
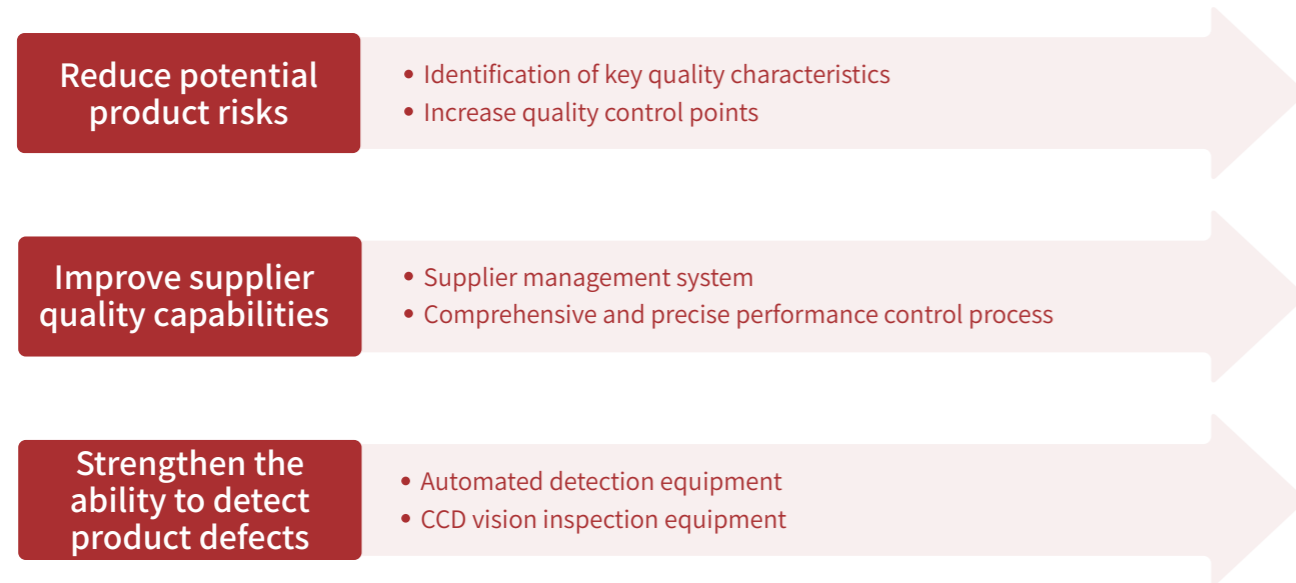


# Product Quality Management

Adhering to the concept of "going the long way with professionalism and devotion to be the top one" and aiming to reach a world-class quality management level in quality management, Gongniu has practiced multi-track management for the pain points of various business segments to make breakthrough improvements, in order to take continuous innovation of quality management and provide users with high reliable products in first-class quality.

The Company has revised systems such as the *New Product Defect Management Specification*, *Inspection Management Regulations*, and *Parts and Components Evaluation Management Regulations* in accordance with relevant quality management system standards, and strengthened quality management from multiple aspects including R&D quality management, supplier quality management, internal manufacturing quality management, and after-sales customer quality management, to ensure the effective operation of the quality management system. Meanwhile, the Company has established and improved the quality management organizational structure and clarified the duties and work procedures of various management positions, to promote the institutionalized construction of quality management work.

The Company actively promotes the transformation of quality management from inspection control to quality prevention by grasping the key points of transformation such as product risk, supplier quality capability, and product defect detection, in order to realize the goal of controlling external risks through intensified internal control measures, thereby improving the efficiency of quality management and building a quality management system.



Quality Management System Upgrade and Transformation

In terms of quality inspection, relying on strong quality inspection experimental resources and capabilities, the Company has always been committed to researching product reliability over the years. Through accelerated life test (ALT) model, the Company has improved product reliability and obtained significant achievements in multiple business fields. Reliability models have been applied to new product development and the entire product lifecycle, resulting in continuous improvement in product quality. In 2022, the LED Division and the Wall Switch Division were shortlisted in the List for Excellent Case of Manufacturing Reliability Improvement by the Ministry of Industry and Information Technology of the People's Republic of China.

In terms of digital construction, the Company has introduced QMS quality information management system and MES system quality inspection module to realize comprehensive digitization of incoming inspection and process inspection, and real-time monitoring of product and production process stability. The Company actively promotes the informatization of core quality management processes and analyzes and manages process through BI big data to improve operational efficiency.

## System certification

Gongniu has established a quality management system in strict compliance with the relevant requirements of GB/T19001-2016/ISO9001:2015 and continuously learns and explores advanced quality management experience inside and outside the industry, so as to continuously improve the quality management level and ensure outstanding product quality by strictly following standards in every stage of raw materials, production, inspection, sales, and after-sales. During the reporting period, all of the following companies obtained GB/T19001-2016/ISO9001:2015 Certification for Quality Management System: Gongniu Group Co., Ltd., Cixi Gongniu Electric Co., Ltd., Gongniu Group Co., Ltd. Guyao Branch, Ningbo Banmen Electric Co., Ltd., Ningbo Gongniu Low Voltage Electric Co., Ltd., Ningbo Gongniu Electric Appliance Co., Ltd., Ningbo Gongniu Optoelectronic Technology Co., Ltd., Ningbo Gongniu Home Appliances Co., Ltd., and Ningbo Gongniu Digital Technology Co., Ltd.



GB/T19001-2016/ISO9001:2015 Certification for Quality Management System



IATF16949 Certification for Quality Management System

The Strategic Business New Energy Electric Connection Division was built under the automotive grade quality management system at the beginning of its founding, and successfully passed the IATF16949 certification for quality management system in 2022.

Two projects from Gongniu's subsidiaries were chosen for the Ministry of Industry and Information Technology's 2022 *List for Excellent Case of Manufacturing Reliability Improvement*, including Ningbo Gongniu's "Fundamental Solution" for quality assurance and dependability, as well as Gongniu Optoelectronic's contribution of the "Study on LED Light System Life Prediction Technique under High Acceleration Testing" project.



In order to effectively achieve the quality management objective of reducing the defective rate of product quality year by year, the Company is committed to strengthening the competence in solving negative quality problems mainly by means of establishing a management list of negative quality problems and building a closed-loop management process for solving negative quality problems from problem detection to complete solution; moreover, the Company continuously monitors quality data through monitoring and measurement, including incoming inspection, process

inspection, test, supervision and random inspection, and monitoring of external defective data, and continuously optimizes product quality with the support of the E-NCMR (internal negative problem handling process), E-CAPA (external negative problem handling process), D-CAPA (new product negative problem handling process), E-SCAR (supplier negative problem handling process), NCMR, and CAPA procedures.

## Customer Service

Upholding the customer service vision of "building a professional service system for undertaking Gongniu's 100 billion businesses to be the top one service brand in intelligent electric field", the Company, with focuses on undertaking the Group's 100 billion development strategy, adheres to high target requirements and establishes rules with internal driving force to promote the construction of a service system centered on dealers and distributors, so as to create the customer service concept of being a new model for high-quality industry service by providing Gongniu consumers with timely, professional, and warm services.

## Customer Service Management

With adherence to the customer service vision, the Company has established and improved the customer service management system by formulating the *Closed-loop Quality Management System for External Customer Complaints, Corrective and Preventive Measures Control Procedures* and *Quality Improvement Management Regulations for Products Returned by Customers in the Market*, and implementing multiple specific measures to improve customer satisfaction, so as to comprehensively control the quality of customer service and enhance customer satisfaction.

## Build a leading on-site service network in the industry that can achieve 100% services coverage nationwide

Customer Service Measures and Performance

Giving play to the advantage of sales channel, the Company quickly establishes an after-sales service network system nationwide. In order to improve service quality and user experience, the Customer Service Department has established a service certification system composed of different levels, through which all service personnel from dealers are required to be authenticated by real name and certified through training and assessment when providing services. As of December 2022, the Company certified 425 star-rated service outlets and 3,106 full-time service engineers. Meanwhile, the Company also released on-site service standards for dealers to unify service outfit and operational requirements with a coverage rate of 92.21%. Therefore, the professional service image of Gongniu shapes preliminarily.



On-site Service Picture of Gongniu

**Establish a fast service response support center for efficient collaboration for the "last mile of service"**

Customer Service Measures and Performance

In order for rapid response to the service needs of dealers, the Company adjusts the core value and organizational functions of the Customer Service Department. The service region team established by the Company for pre-process of market problems has empowered and assisted in solving 242 after-sales cases on-site throughout the year, and quickly responded to and solved 7,437 received problems. The backend service support team established for collaboration and interaction has supported dealers to efficiently deliver the "last mile of service" in high quality for Gongniu products with service attributes through on-site empowerment, after-sales parts operation improvement and return and exchange process optimization.

In 2022, the feedback handling closed-loop rate for dealer market problems reached 100%, and the 24-hour delivery rate for after-sales service parts reached 95.3%.



After-sales Service

In the handling of customer complaints, the Company has formulated standardized closed-loop management requirements for the processing of external negative quality problems, including processes, rules, and operational management.

**General Rules for External Customer Complaint Quality Closed-loop Management (E-CAPA)**

In principle, external negative quality problems should be primarily resolved within 7 working days by completing fault analysis, risk analysis, event handling, containment and temporary measures, and basically solved within 30 working days by completing root cause analysis, corrective measures, and effectiveness verification.

All external negative quality problems should be handled in the E-CAPA process in OA to achieve information flow and preservation.

All external negative quality problems related to E-CAPA input should be closed 100% under closed-loop management, and the Group's Customer Quality Department should focus on following up E-CAPA problems that have not been closed or postponed to be closed to ensure closed-loop management.

External negative quality problems should be handled under different levels, which means different levels of managers process these problems through various procedures with different requirements.

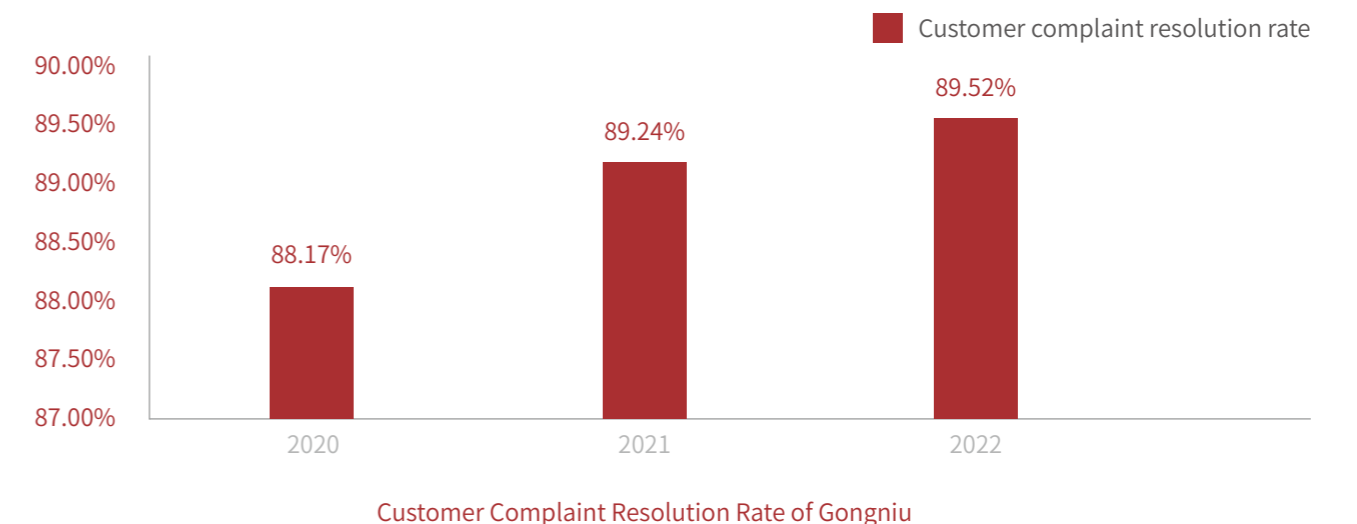
**Upgrade the digital intelligent service system platform to enhance users' one-stop service experience**

Customer Service Measures and Performance

The Company has built a unified Gongniu after-sales service system platform, where it is available for the interconnection and sharing of data among dealers, enterprises and users, automatic dispatch through service request system, synchronized push of service engineer's service information, quick application of after-sales parts, real-time service progress tracking, self-evaluation by users after completion of services, and fully transparent display and settlement of service fees. By means of comprehensive business informatization and transparent management of all process nodes, a customer-centric service system has been built under control quickly, timely and visibly to improve overall service capabilities and customer experience.



The Company's Smart Customer Service System



### Key results: Forming industry benchmark image through authoritative institution assessment

At "China Customer Service Festival (6th Session) in 2022", Gongniu became the only electrical industry enterprise shortlisted in the "2022 China Service Brand Top 100".



The Award Issued by China Customer Service Festival (6th Session) in 2022

## Customer Satisfaction Management

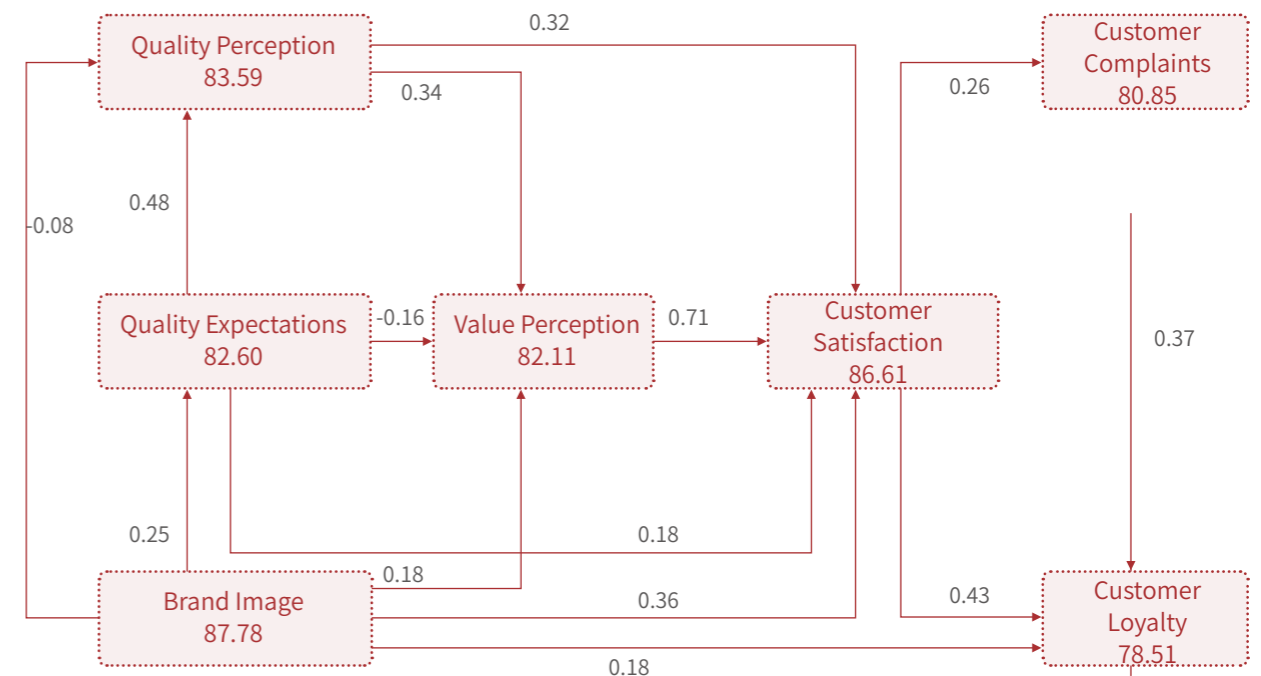
Upholding customer service vision and development strategy, with serving customers as the ultimate goal, the Company understands customer needs and expectations and collects customer feedback and suggestions by means of customer satisfaction survey management, so as to detect problems in a timely manner for improvement, enhance customer satisfaction and increase customer loyalty, thereby promoting the Company's business development.

During the reporting period, with focuses on customer satisfaction to solidify the service foundation, the Company attaches importance to strengthen the capacity of dealer service support to enhance its core competitiveness in service through deeper service process reform and service standardization and professionalism, achieving a proportion of 96.53% for user satisfaction evaluation relative to on-site services by dealers.

### Case | 2022 third-party commissioned satisfaction survey

The Company commissioned Zhejiang Provincial Quality Association to conduct user satisfaction surveys on sockets, wall switches, digital accessories, and LED products with relevant information summarized as reports. By comparing and analyzing qualitative and quantitative data such as brand image, quality expectations, and quality perception under different population segments, these reports provided constructive recommendations to improve service quality and information support to improve brand quality.

### Case | 2022 third-party commissioned satisfaction survey



Structural Variables Analysis of User Satisfaction Evaluation Report for "Bull" Brand Socket

## Responsible Marketing

### Responsible Marketing Management

Guided by the core values of "loyalty, integrity, professionalism, and devotion" and the vision of "become a leader in the international civil electrical industry", the Company has formulated a number of responsible marketing management measures to enhance its social responsibility in the marketing process, protect customer rights and interests, and improve customer satisfaction.

To ensure ethical procurement and marketing, the Company has implemented multiple control measures, including providing training to dealers and signing relevant integrity agreements to enhance their awareness of integrity operations; providing new product knowledge training to marketing personnel to avoid misleading consumers during the promotion process; conducting detailed analysis on after-sales services and collaborating with marketing personnel to respond to customer needs; and strictly controlling product packaging to prevent exaggeration of product quality or concealment of risks.

Dealer management

- In 2022, the Company optimized and executed contracts and policy agreements with dealers such as the *Order Task and Discount Policy Agreement*, *Offline Channel Promotion Material Deployment Policy and Management Regulations*, and *Agreement on Joint Efforts for Integrity Building*, thereby achieving win-win cooperation with dealers in a compliant manner and expanding and maintaining the market's upward trend of development.
- The Company and its dealers have conducted integrity training and executed the *Overseas Distribution Cooperation Agreement of Goingniu* and *Agreement on Joint Efforts for Integrity Building*, so as to jointly form integrity awareness.

Marketing personnel management

- Before the introduction of new products and the iteration of new products to replace old products, the Company provides product knowledge training to marketing personnel to ensure that they are familiar with product performance and promo

Sales management

- The Company studies and analyzes the pros and cons of products to confirm the measures to deal with potential drawbacks in prior. Therefore, in the event of product abnormal feedbacks and customer complaints, marketing personnel can collaborate with product planning personnel to make quick responses and make improvements without affecting customer needs.
- In 2022, the Company took routine checks on dealers' procurement, sales and inventory data monthly to optimize and improve order accuracy and reduce inventory risks.

Product packaging management

- It indicates precautions in product packaging, including instructions for use and warning signs for usage scenarios, to ensure that customers use products in a safe and comfortable manner.
- The products are certified with certification and guaranteed to be of genuine quality.
- The products, with long shelf life and after-sales service warranties, can ensure that consumers feel at ease when purchasing and using.

In responsible marketing management in e-commerce channels, the Company has improved and perfected the marketing process according to management systems such as the *Online Dealer Business Policy*, *Online Promotion Support Policy*, and *Online Market Management Specifications*, in order to clarify duties of each department to effectively improve promotional benefits and reduce related risks.



Improvement Methods for Responsible Marketing by  
Online Channel Supervision Department

Improvement

- Special rectification for self-wiring socket bugsell in violation of rules and regulations in Pinduoduo platform
- Study and practice of pre-violation prevention measures for authorized stores

Specific measures

- Combat illegal activities systematically through multiple measures such as wireless socket encryption, supply chain management, and front-end store litigation
- Conduct rule training, issue inspection reminders, and verify quotation calculations

Responsibility

- Fully assist dealers in avoiding risks relative to market order and implementing the guiding principles of protecting the interests of dealers and distributors

## Key results

During the reporting period, the Company executed strategic agreements or strategic supply agreements with many important customers.

- Gongniu and State Grid Smart Internet of Vehicles concluded a strategic cooperation agreement for promotion of community orderly charging
- Gongniu concluded a strategic cooperation framework agreement with Zhejiang Geely New Energy Commercial Vehicle Group Co., Ltd.
- Gongniu concluded a strategic cooperation agreement with Evergrande Real Estate and Weixing Real Estate in Chongqing
- In terms of contract execution for real estate developers' joint procurement, Gongniu concluded strategic procurement agreements with Bluetown Group and Newhope Real Estate, and supply cooperation agreements with Seres New Energy Electric Vehicle Sales Co., Ltd.



Execution Ceremony between Gongniu and State Grid



Execution Ceremony between Gongniu and Geely

## Key awards



In October 2022, Gongniu became a China space affiliate.



In November 2022, Gongniu won the honor of "NO.1 Wall Switch and Socket of Chinese Brand of the Year 2022".



Gongniu orbital socket won the award of "2022 Kitchen Popular Product".



The First Product Testing for Household Plug and Socket and Those with Similar Uses that Conform to the New National Standards

Ningbo Gongniu Electric Appliance Co., Ltd. passed the national standard conformance testing in "the first product testing for household plug and socket and those with similar uses that conform to the new national standards".



## Marketing Strategy

In terms of marketing strategy, the Company has formulated corresponding marketing management methods for each marketing channel, and targeted to improve the marketing management efficiency on the basis of responsible marketing.

In terms of overseas marketing channels, according to the internationalization strategy and the vision of becoming a leader in the international civil electrical industry, the Company combines promotion with sales to set goals based on researched data of overseas markets and products and actual scenarios, in order to achieve high-quality and efficient output goals in the current year.



Company Marketing Chain

In the overall marketing chain, the Company's overseas marketing channel has formulated multiple marketing and promotion strategies to ensure effective implementation of marketing activities through various agreements, training activities and product requirement management, so as to enhance customer purchase intention, increase customer loyalty and achieve sustainable consumption on the basis of maintaining customer-related rights and interests.

### Promotion Strategies for Overseas Channel Marketing

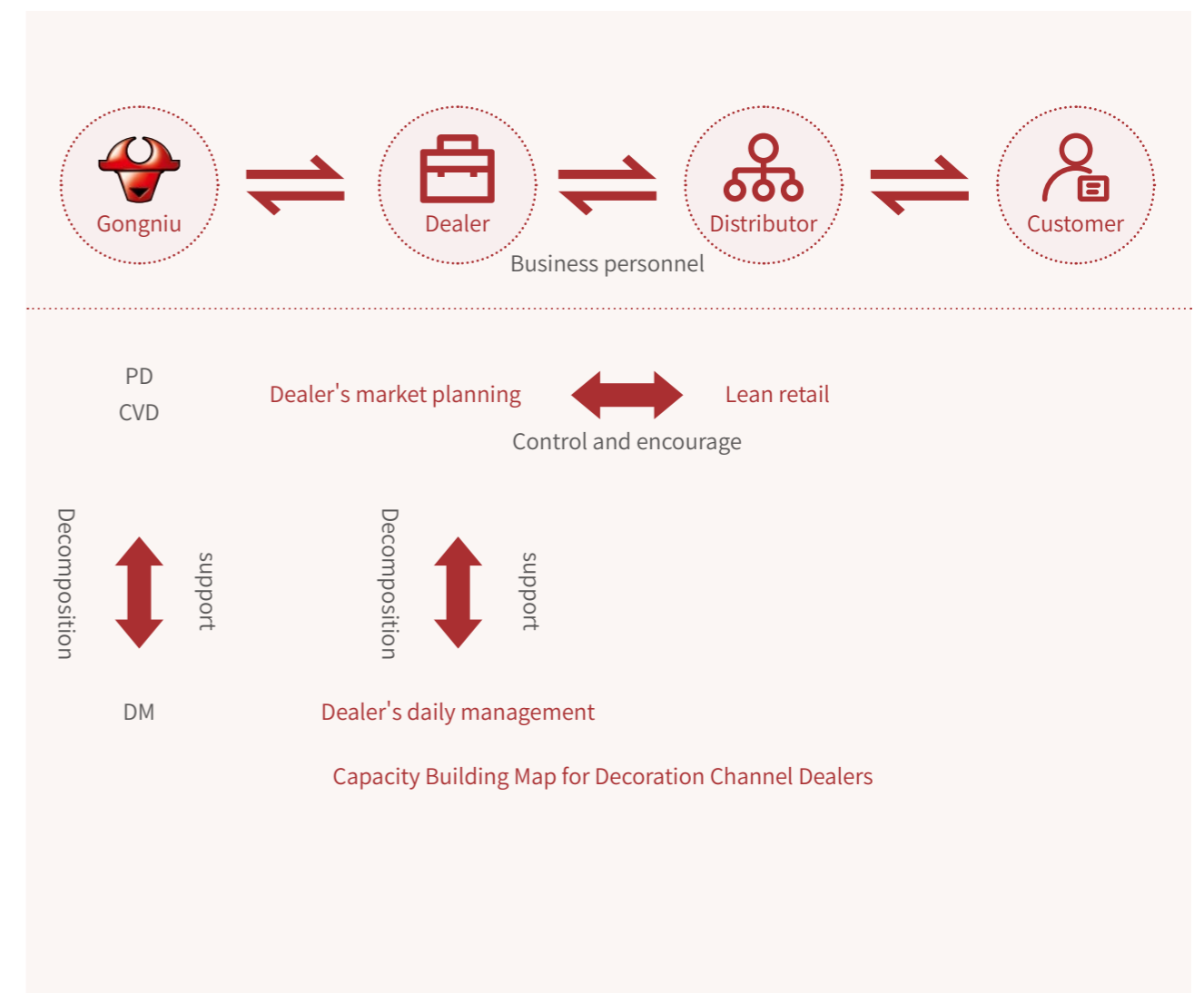
- According to the survey results of the consumption level of the Southeast Asian market, the Company strengthens product promotion by means of promotion/gifts/discounts/exhibition participation in showrooms and other activities, and establishes the brand through advertising materials such as posters/door signs, thereby enhancing customer purchase intention, increasing customer loyalty and achieving sustainable consumption.
- The Company incentivizes dealers to achieve their sales targets through sales policies in accordance with the *Order Task and Discount Policy Agreement/Offline Channel Promotion Material Deployment Policy and Management Regulations*, so as to continuously promote the healthy development of the market.

Promotion Strategies for Overseas Channel Marketing

## Dealer Management and Empowerment

To ensure the common development of dealers and the Company, the Company has carried out multiple dealer assistance and management projects to promote the Company's marketing strategy and strengthen communication with dealers while guiding compliance with contracts and rules, thereby empowering dealers in various ways.

Due to complexity of Gongniu's business categories and channel types, the Company's channel dealers should be managed under higher requirements. Accordingly, the Company, attaching great importance to the task of lean improvement at the marketing end, builds a capability tunnel from factory to dealers and distributors by exploring multiple cooperation opportunities, cultivating the capability of the marketing team, and empowering the growth of dealers, etc., so as to summarize and advocate the two major methodologies of lean market planning and lean retailing, thereby opening up the capability tunnel from factory to dealers and distributors.





### Lean marketing for dealers

- By reviewing the historic data of dealers' operation, customer product data, and major marketing activities, the Company analyzes opportunities in products, channels, and promotions to help dealers to expand their business and scale;
- By analyzing the dealers' HR efficiency output, operation mode, market basic data, the Company benchmarks excellent market methodologies to improve the HR efficiency;
- Meanwhile, through pre-control over dealer operation risk, the Company plans in advance to avoid risks, thereby guaranteeing dealer team's benign operation."



### New market assistance

- To ensure that the new dealers can quickly operate in the market, the Company has established a dealer support process. During the first three months of dealer operation, the Company provides special assistance including developing a new market operation assistance plan and taking one-on-one guidance for the period from dealer account opening to three-month evaluation. In the sixth month when the dealer has been formerly recognized, the Company provides comprehensive assistance to ensure that new dealers operate quickly and healthily."



### Lightning Bull Learning Platform

- With the development of multiple product categories in the Company, in order to ensure that frontline dealer business personnel can learn about the Company's product knowledge, marketing policies, and development skills in a timely manner, we have built the Lightning Bull Learning Platform, which uses WeChat public account as the carrier to deliver relevant training materials from headquarters directly to dealer business personnel. Therefore, dealer business personnel can learn at any time as the learning materials are permanently saved and available for review and re-learning in the platform."

Figure Caption: Empowerment Measures for Hardware Channel Dealers



### Case

### Expanding new products to win the future - Benteng Action, moving forward together

By means of organizing the development of Benteng Expansion Action nationwide, the Company cooperated with dealer teams in a pairing form to assist weak markets and promote the development of new products. Meanwhile, the Company also empowered marketing personnel and dealer business personnel to enhance team confidence.



Benteng Action



### Case

### Building a service system relative to core outlets with distinctive commercial photos

The Company has established a service system relative to core outlets with distinctive Gongniu commercial photos by precisely exploring outlets capable of displaying commercial photos and providing high-quality policies and services. This system consists of exclusive display areas with commercial photos and acts as the "commercial photo sales verifier, product display center and brand promotion center". Through rapid layout of professional markets and urban/county/township street shops from zero to one, Gongniu brand has quickly rooted in the commercial photo field.



Construction of Exclusive Sales Area with Commercial Photos



Case | "Two-way Effort" between Gongniu and China Space

As the first space cooperative enterprise for civil electrician aerospace, Gongniu drives high-quality industry development through technological innovation with 2,379 patents. With more than 100,000 offline aerospace cooperation banners put up across the country, and more than 30,000 times forwarding of online videos and tweets in WeChat moments and Douyin App, Gongniu has enhanced its brand reputation on the basis of brand awareness.



Space Cooperation Promotion

Case | Initiating "Yuanhang Plan" - Lean Market Planning

In order to improve the localized and differentiated market operation ability of dealers, and enhance the market supervision and management ability of overseas personnel, Gongniu decoration channel conducted an early layout by launching the "0-1 pilot" and summarizing a set of marketing planning methodology – "Lean Market Planning" in 2021, and initiated "Yuanhang Plan" in 2022. Yuanhang Plan focuses on dealers, assisting dealers in understanding the market, identifying opportunities and developing effective localized marketing strategies through annual market review and opportunity analysis, so as to guarantee the achievement of goals and vision.

During the reporting period, the Company's "Yuanhang Plan" achieved phased results through promotion as planned:

- Comprehensive promotion: Rapid iteration of methodology resulted in 98% methodology coverage rate, with nearly 1,400 qualified market plans published.
- Excellent experience cases mushrooming: During the implementation process, excellent experience cases with regional differences and innovation mushroomed in various local markets, of which more than 30 cases have been included in the excellent case library and promoted through video dissemination with a total of 14,256 views.
- Setting up benchmarks: Yuanhang Plan has successfully built 56 comprehensive benchmark regions and selected 18 Yuanhang benchmark markets, so as to encourage to learn from benchmarks and make an impact that matters.
- Cultivating talents: Yuanhang Plan has produced 65 marketing personnel qualified for Yuanhang Green Belt, and 18 dealers qualified as Yuanhang expert by training and cultivating the marketing personnel team and the dealer team in project practice.



Photos of the Company's "Yuanhang Plan"



Case | Focusing on "Lean Retail" to create new retail methodology

In 2022, in order to explore the growth points for future performance of the decoration channel, the Company laid out the 0-1 pilot and summarized the methodology of "Lean Retail 1.0", namely, the method of "paying great attention to stores to improve people, goods, and scene by assisting store owners in driving out-of-store traffic and concluding in-store transaction and other aspects, so as to increase store sales".

By implementing our projects in a hands-on manner, we have successfully boosted sales across all categories in our pilot stores. After analyzing these successful cases, we developed lean retail strategies, including the Five Sources System for external store operations and the Five Senses System for in-store experiences. To replicate our achievements, we have integrated these strategies into our standards and produced videos for swift dissemination across our nationwide market. Moreover, we have helped train and output many outstanding retail coaches for dealer teams in the pilot regions.



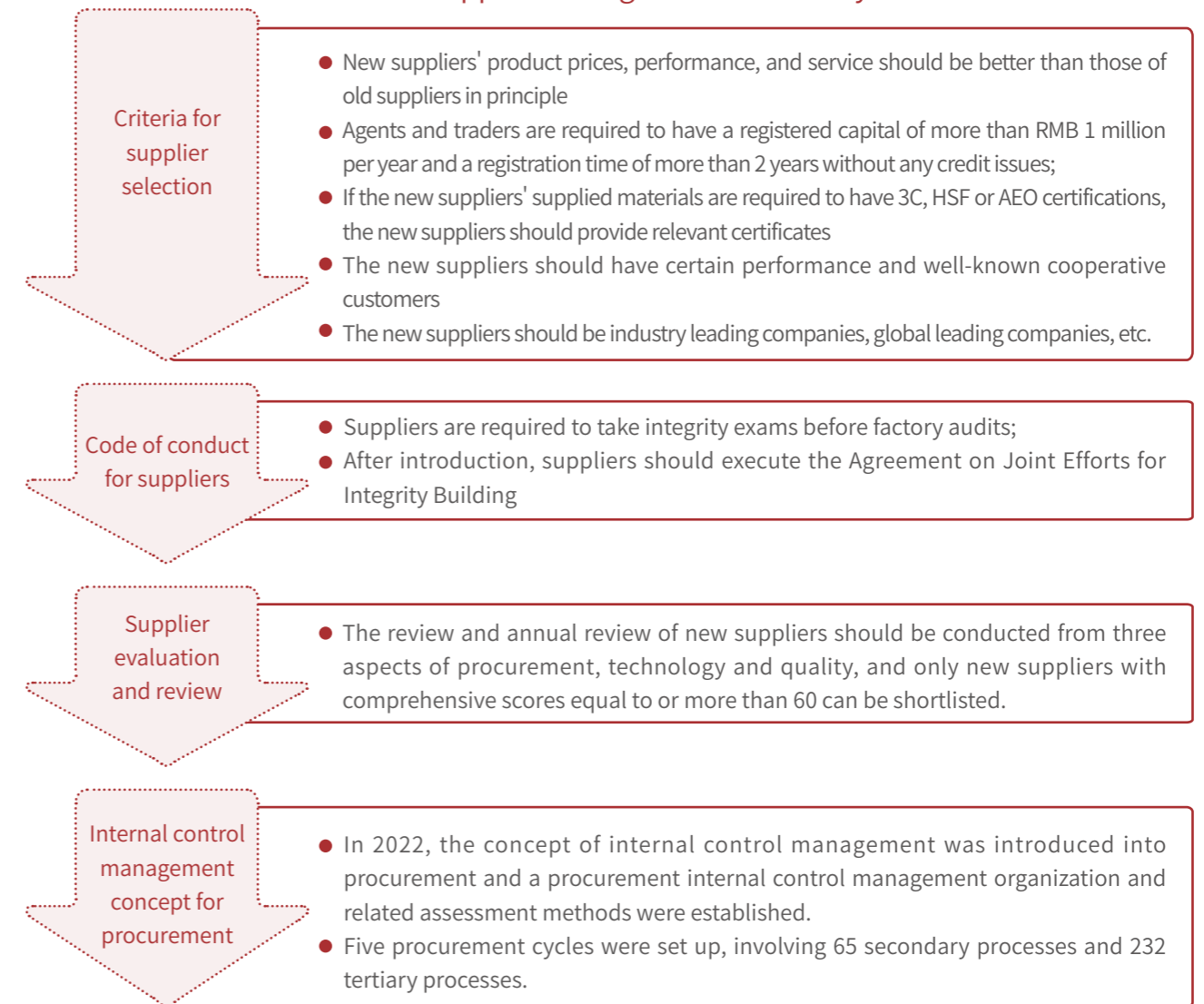
Photos of the Company's "Lean Retail"

# Supply Chain Management

## Supplier Management

The Company attaches great importance to supply chain management, regarding it as one of the key factors in achieving sustainable development goals. In order to continuously establish and improve the supply chain management system, the Company has formulated multiple management procedures such as the *Management Procedure for Suppliers of Production Materials*, and the *Regulations on the Admission of Non-production Suppliers*, so as to reduce negative environmental and social impacts while improving efficiency and competitiveness through effective supply chain management.

### Supplier Management Process System



While managing suppliers, the Company also identifies multiple important risks in the procurement business, implementing targeted control measures and reporting them to the special review and approval meeting.

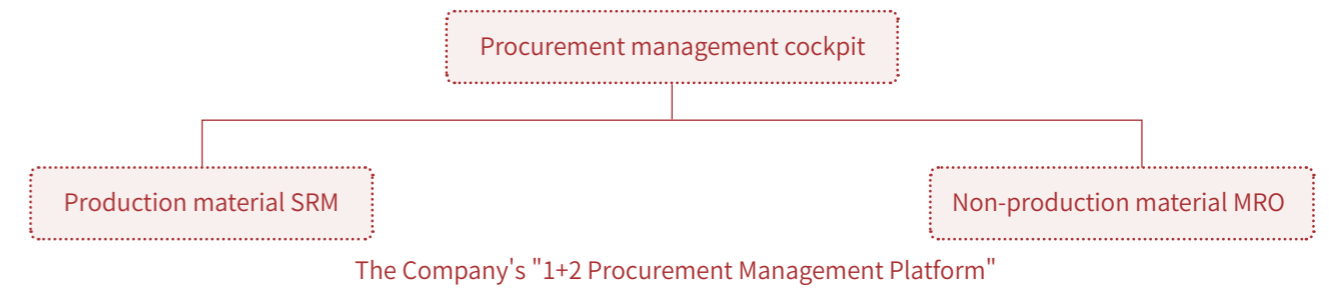
### Important Risks and Response Measures in Procurement Business

| Risk  | Control measures  |
|---|---|
| Suppliers' authenticity                     | Separate the functions of sourcing and development; establish a dedicated sourcing department; build a supplier database and selection criteria; and arrange the Development Department to select suppliers from the supplier list under management supervision                         |
| Price management risk                       | Establish a price management mechanism with Procurement Operation Department responsible for price increase approval and price reduction supervision; reduce procurement cost under the guideline of high goals; set indicators for Group procurement and business division procurement |
| Proportion management risk                  | Clarify the assessment rules with enhanced implementation; arrange the Group's Procurement Operation Department to be responsible for supplier performance feedback, proportion formulation, and inspection execution under financial supervision                                       |
| Supplier brand or specification designation | Establish a supplier database to clarify supplier, variety, price and other contents; formulate emergency procurement rules; require departments with demands to provide parameters; and arrange the Group's procurer to be responsible for the business                                |
| Bidding and tendering risk                  | Manage and control bidding and tendering risk through supply pool and process management  |
| Excess order management                     | Avoid excess order by means of contract; clearly stipulate that the system order is the standard, and ordering through verbal, WeChat, and other means is not recognized; and do supplier advocacy work well  |

### Key performance

The Company has executed the Code of Conduct with **100%** suppliers.

On the basis of a comprehensive and improved supplier management system, the Company vigorously develops a digital procurement management system and adopts the "1 + 2 procurement management platforms" solution, which includes 1 digital procurement management cockpit and 2 procurement management systems (the SRM production material system and the MRO non-production material system). The digital procurement management cockpit, as the core of the plan, obtains basic data by docking with SRM and MRO systems, and automatically generates trend analysis on quality, cost, delivery time, market conditions, etc. according to preset models, so as to realize the end-to-end connectivity throughout the procurement business process and the visual management from the procurement business end to the supply chain end. This digital procurement management model effectively improves the efficiency and accuracy of procurement business, providing reliable information support for the Company's management decisions. The connection of digital procurement management cockpit with SRM and MRO systems has achieved end-to-end connectivity of internal and external procurement business, enabling the Company's procurement management to be more efficient and convenient. At the same time, the trend analysis generated from the digital procurement management platform can help the Company grasp the market situation and supply chain situation in a better way, so as to improve the Company's decision-making ability and flexibility in the procurement process.



### Key results

During the reporting period, Gongniu's "Lean and Efficient Supply Chain System Management" project was chosen to be part of the Ministry of Industry and Information Technology's 2022 Pilot Demonstration Program for Integrating New Generation Information Technology with the Manufacturing Sector.



In terms of managing production material suppliers, Gongniu has established a joint audit mechanism involving procurement, quality, research and development, audit, and legal affairs which covers review contents of Supplier Capability Evaluation Form-Quality, Supplier Capability Evaluation Form-Procurement, Supplier Capability Evaluation Form-Technology, etc., to comprehensively control the quality safety of raw materials provided by suppliers. When new products of business divisions or customers' custom products are subject to control requirements of related hazardous substances, the supplier HSF (hazardous substance free) management measures are triggered. Accordingly, it is required to calculate the comprehensive supplier HSF risk score by reviewing supplier sites and conduct risk control pursuant to detailed management plan.

## HSF Comprehensive Risk Level and Management Plan

| Comprehensive supplier HSF risk score | Comprehensive supplier HSF risk level | Risk management plan  |
|---------------------------------------|---------------------------------------|---|
| 0                                     | None                                  | HSF control is not required   |
| 2-8                                   | Low                                   | <ul style="list-style-type: none"> <li>It is required to test hazardous substance at least once per quarter</li> <li>It is required to conduct HSF on-site audits once every two years</li> <li>It is required to provide at least one third-party testing report per year</li> </ul>                   |
| 9-17                                  | Medium                                | <ul style="list-style-type: none"> <li>It is required to test hazardous substance at least once per month</li> <li>It is required to conduct HSF on-site audits once per year</li> <li>It is required to provide at least one third-party testing report per year</li> </ul>                            |
| ≥ 18                                  | High                                  | <ul style="list-style-type: none"> <li>Each batch of incoming materials is required to undergo one hazardous substance test</li> <li>It is required to conduct HSF on-site audits at least once per year</li> <li>It is required to provide at least one third-party testing report per year</li> </ul> |

## Green Supply Chain Management

To achieve the green and sustainable development of the supply chain, the Company has implemented multiple management measures to control the level of suppliers from the source, in order to ensure the green safety of the supply chain to reduce the negative impact on the environment and society, thereby improving corporate efficiency and competitiveness.

In the green procurement section, Gongniu requires all cooperative suppliers to pass relevant environmental assessment and fire inspection upon admission of new suppliers, and executes the Safety and Environmental Management Agreement with cooperative suppliers. This Agreement specifically stipulates the content of occupational health and environmental protection and advocates safety and environmental protection to jointly create a socialist harmonious society. Before formal cooperation, the Company will include basic rights and interests of supplier workers, supplier compliance requirements for environmental protection, prohibition of employing child labor and other social responsibility clauses in the annual framework contract.

### Admission process of new suppliers

- If the supplier does not have any environmental assessment certificate and fire fighting certificate, the Company will terminate the factory audit directly;
- If the supplier violates the integrity agreement, the Company will terminate the factory audit directly.

### Selection criteria for raw material suppliers

- Gongniu has formulated (Q\_GN G051011-2019 hazardous substance management standard and requires that suppliers should execute the Environmental Compliance Statement and all plastic raw material TDS reports should involve environmental RoHS and REACH compliance testing.

### Measures for Green Supply Chain Management

#### ● Green development of value chain

Gongniu not only values the development of its own circular economy and environmental protection business, but also emphasizes clean production and energy conservation and emission reduction throughout the whole value chain. Accordingly, the Company cooperates with suppliers to take a series of measures, such as purchasing greener and more environmentally friendly plastic raw materials, helping suppliers improve their processes, and sharing new emission reduction technologies, to actively assist suppliers in achieving energy conservation and emission reduction, thereby further promoting the green and clean development of the whole value chain and laying a practical foundation for the Company's greenhouse gas emission reduction throughout the whole value chain.

Gongniu practices green and environmental protection concepts from "raw materials" to "source suppliers", and collaborates with source enterprises to integrate circular economy, green low-carbon and responsibility care into products and production processes. The Company continuously raises higher requirements for the environmental performance of suppliers. For example, the Company has set up relevant certification standards for plastic raw material suppliers, such as requiring that all plastic materials have RoHS and REACH testing certification. Meanwhile, the Company gradually incentivizes plastic suppliers to hold the GRS (Global Recycling Standards) certification to increase the recycling rate of plastic raw materials and reduce the production of new plastic raw materials and plastic waste. For example, Kingfa, an important plastic supplier of the Company, has obtained the GRS certification.

## Transparent Procurement

In terms of transparent procurement, the Company has formed a set of transparent procurement management mechanisms to ensure a fair, just and efficient procurement decision-making process. In details, the procurement committees decision-making bodies at two levels (Group-level and supply-chain-level) jointly review the procurement demands from the Company's key procurement projects or procurement projects with an amount equal to or more than RMB 500,000 and rationality of supplier selection, and realize the procurement requirements, supplier quotations and pricing by means of systems to reduce human intervention and improve procurement efficiency. For major bidding procurement projects, the Company has developed a mature bidding operation mode and formulated the *Non-Production Material Bidding Management System*, *Production Material Bidding Management System*, and *Engineering Construction Project Bidding Management Measures*. The bidding amount threshold has been decreased to RMB 100,000 from the original RMB 1 million, so as to establish a fast bidding mode.

### Key performance

During the reporting period, the Company actively carried out the integrity building for employees in the Gongniu Procurement System, and held **1** large-scale event with more than **115** employees participating, covering over **75%** of the procurement staff.

In terms of supplier management, the Company carried out more than 100 supplier integrity oath activities, where more than **440** suppliers participating.

# 04

## Strengthen Environmental Safety for Sustainable Development

To achieve the carbon peak and carbon neutrality goal, Gongniu, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, continues to implement the concept of "lucid waters and lush mountains are invaluable assets" and take the mission of achieving operational excellence and setting industry benchmarks. Meanwhile, we strengthen work safety and occupational health management and strive to resolve safety risks and ensure work safety and employees' health in all aspects such as formulation of

- Environmental Management
- Ecological Environment Protection
- Use of Resources and Emissions
- Management of Safety in Production
- Occupational Health and Safety



# Environmental Management

## Environmental Management System

In active response to the green development strategy and to carry out the green, low-carbon and ecological development concept, Gongniu has formulated documents such as *Regulations on the Management of Environmental Protection Equipment*, the *Energy Management System of Gongniu* and *Regulations on the Management of Hazardous Waste and General Industrial Solid Waste* in conjunction with national laws, regulations and relevant requirements on ecological environment protection, so as to strengthen its comprehensive environmental management capability. During the reporting period, neither Gongniu nor any of its branches (subsidiaries) were subject to administrative penalties for environmental protection.

Besides, Gongniu promotes its ISO14001 environmental management system certification by conducting comprehensive checks and diagnoses of the operation effectiveness and compliance of its environmental management system, completion of its environmental indicators, important environmental risk control and other environmental operations through regular internal audits, management reviews and third-party audits and following up on the improvement of environmental performance.

### Key performance

In 2022, Gongniu carried out its ISO 14001:2015 environmental management system certification. During the reporting period, its subsidiaries (branches) passed the environmental management system certification, including Gongniu Group Co., Ltd., Ningbo Banmen Electric Co., Ltd., Ningbo Gongniu Low Voltage Electric Co., Ltd., Ningbo Gongniu Electric Appliance Co., Ltd., Ningbo Gongniu Optoelectronic Technology Co., Ltd. and Ningbo Gongniu Digital Technology Co., Ltd.

The certification covers the design and manufacturing of plug, socket-outlet (including converters, extension sockets, mobile sockets, open sockets and hidden sockets), busways (busbars), portable cable reel, portable single-phase transformer, handlamp, USB-cable, power adapter, vehicle power adapter, power bank, earphone, lithium ion cells and batteries used in portable electronic equipment, residual current circuit breakers, miniature circuit breakers, hidden switch, open switch, doorbell, enclosure of electrical accessories, footlight, LED lights, portable outdoor power bank, power distribution units for communication equipment and home terminal information boxes, and the production of PVC cable and primary batteries.

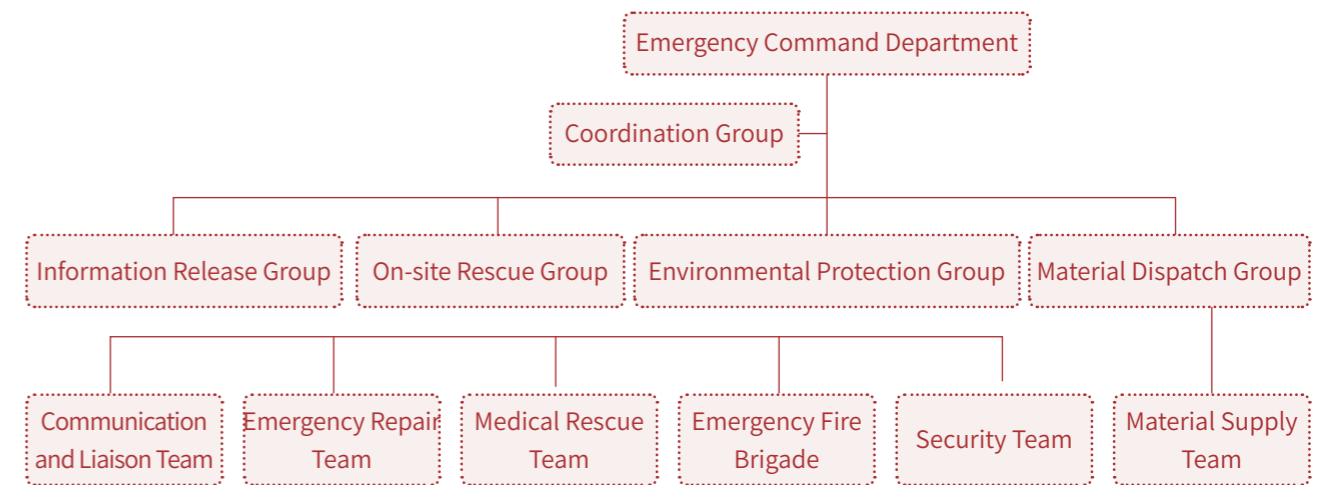


ISO14001:2015 Environmental Management System Certification of the Company in 2022

## Environmental Risk Emergency Management

The Company continues to improve its comprehensive environmental management mechanism. We have formulated the Response Plan of the Second Base in Longshan of Gongniu Group Co., Ltd. for Environment Emergencies according to national laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Measures for Emergency Management of Environmental Emergencies and the Method for Grading the Risk of Environmental Emergencies in Enterprise, aiming to improve our environmental risk emergency management system in adherence to the principle of "prevention-oriented to minimize harm; unified leadership with hierarchical responsibilities; enterprise self-rescue and local management; resource integration and joint disposal".

To strengthen our emergency response capability, the Company has established an emergency rescue organization for sudden environmental pollution accidents based on the actual needs of emergency response. The organization consists of an emergency command department, an emergency rescue professional disposal group and an emergency expert group, and the specific responsibilities of the emergency command department, the coordination group and other departments have been clearly stipulated.



The Emergency Rescue Organization for Sudden Environmental Pollution Accidents

### Environmental risk identification and emergency response capacity assessment

- The Company analyses the production process and environmental profile to identify the types and levels of environmental risks, including major hazards and pollutants such as "three wastes", etc.
- Each department of the Company carries out hazard identification, risk evaluation and risk control; classifies risk levels according to the likelihood of accidents, the frequency of exposure to hazardous environments and the possible consequences of accidents, and takes corresponding preventive measures according to the different levels

Environmental risk emergency response management

- The Company establishes an emergency rescue organization to explain and regulate emergency prevention and warning mechanisms, emergency response and emergency disposal, post-disposal, emergency security and supervision and management, etc., and makes every effort to reduce the negative impact of sudden environmental risk events.

Main Contents of the Environmental Risk Emergency Response Plan of the Company

In addition, to ensure a rapid, orderly and effective emergency response capability, the plan stipulates that the Company shall strengthen emergency training and drill activities by taking various forms of training such as regularly employing experts in environmental protection, safety and fire fighting to hold training courses and accident lectures, and broadcasting. Emergency drills are classified into self-exercises and joint drills. During the reporting period, the Company organised relevant personnel to prepare an emergency response plan for environmental emergencies and, accordingly, regularly conducted emergency response drills for different types of environmental emergencies such as chemical spills and hazardous waste spills every year.



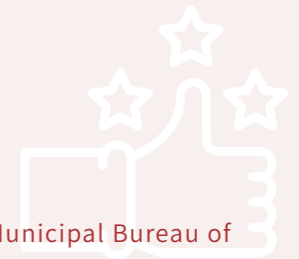
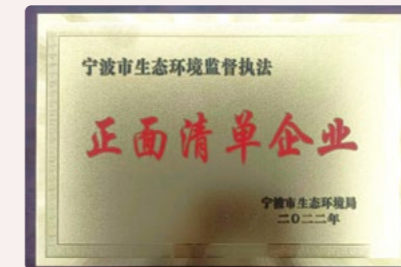
Emergency Response Drills for Environmental Emergencies of the Company in 2022

Project Environmental Assessment

In terms of environmental assessment of planning and construction projects, Gongniu strictly implements the environmental impact assessment system for construction projects in accordance with the requirements of the *Law of the People's Republic of China on Environmental Protection*, the *Law of the People's Republic of China on Environmental Impact Assessment* and other relevant laws and regulations. We promote the environmental management of construction projects in an orderly manner, strengthen the pre-, mid- and post-construction supervision and guidance, and take corresponding measures to prevent or reduce negative environmental impacts, so as to ensure the compliance of project construction with laws and regulations. During the reporting period, the Company prepared the *Environmental Impact Report on the Construction Project of Switch and Socket Production Base with an Annual Output of 410 Million* and obtained the relevant environmental impact assessment approval

Key performance

During the reporting period, the Company was successfully selected in the list of first batch of enterprises with positive environmental enforcement in Ningbo in 2022.



The Company was Awarded the "Positive Enterprise" by Ningbo Municipal Bureau of Ecology and Environment

Ecological Environment Protection

Environmental Protection Promotion and Training

To implement the concept of "lucid waters and lush mountains are invaluable assets" and achieve ecological environment protection and green development, the Company carried out publicity, training and volunteer activities on ecological environment protection through various forms and channels to raise the awareness of the general public and workers on ecological environment protection.

Measures Taken by the Company to Protect Ecological Environment in 2022

- The Company took out environmental pollution liability insurance to prevent environmental risks;
- In April, the Company invited experts from the Chinese Research Academy of Environmental Sciences to provide special training for the EHS team and equipment management managers, managers from key supervisors and others.



The Company Invited Environmental Experts to Provide Assistance and Training

- The Company conducts regular internal training on environmental protection every year in terms of compliance control, site management, operation and maintenance management of environmental protection equipment and hazardous waste management, to ensure its compliance and law-abiding in environmental protection.



The Company Conducted Internal Training on Environmental Protection

### Key performance

During the reporting period, the Company invested a total of RMB**9.605** million in ecological environment protection, which was mainly used for its investment in environmental protection equipment, operation and maintenance of environmental protection equipment and environmental protection improvement projects.

## Use of Resources and Emissions

### Use of Energy Resources

The types of resources used by Gongniu are electricity, water resources, natural gas and diesel fuel. With respect to resource management, the Company has formulated the *Energy Management System of Gongniu* in accordance with relevant laws and regulations such as the *Law of the People's Republic of China on Energy Conservation* and the *Regulations of Zhejiang Province on Energy Conservation*, establishing a comprehensive energy management system in terms of the organisational structure of energy management, management requirements for electricity, water and oil consumption, energy metering and assessment management and other aspects.

The energy consumption management system of the Company has specified the responsibilities of the industrialisation department of business divisions, the regional management officer, the finance department of business divisions and other departments, and provided for the implementation and audit of energy consumption management.

### Energy Resource Conservation Management and Measures:

- **Optimizing energy structure:**We vigorously increased the proportion of clean energy use such as photovoltaic. During the reporting period, our use of photovoltaic power generation totaled 5.94 million kilowatt hours.



The Photovoltaic System Located on the Rooftop of the Second Floor in the Longshan Base Center of the Company

- **Strengthening the management of equipment energy consumption:**For major energy consuming equipment, each factory shall establish daily maintenance requirements and regular overhauls to enable normal and efficient operation of the equipment; in case of intermittent shutdown of some equipment, they shall maximise the rational use of energy consumption and avoid idling of equipment; after equipment shutdown, the total power supply and supporting water valves, gas valves, fans and other facilities need to be turned off
- Strengthening the management of the "running, overflowing, dripping and leaking" of water resources.
- Promoting the use of recycled water, such as the recycling of air-conditioning condensate.





The industrialisation department of each business division draws up an energy management map, controls the energy of the territory according to the energy management area, and the person in charge of the area is responsible for internal energy waste. The person in charge of the facility specifically manages the use of water, electricity and gas energy in each equipment/facility and performs daily energy consumption monitoring and improvement.



Encourage the implementation of energy saving and consumption reduction in all functions, implement full participation and make energy consumption a routine task on a long-term basis to eliminate wasteful energy consumption.



Each business division sets up an energy consumption audit team to strengthen the management of daily energy consumption, and from time to time audits the energy consumption of water, electricity and gas within the factory, and the finance department informs the regional officer of any energy wastage on a monthly basis.

### Specific Energy Management Requirements of the Company

#### Green Office Rules:

##### Use of air conditioners:

- When the temperature (based on thermometer temperature) is between 5° C and 30° C, any non-production air conditioning is strictly prohibited.
- The standard on the use of air conditioning: In summer, when the indoor temperature is above 30 ° C, the cooling temperature shall be set no lower than 25° C; in winter, when the indoor temperature is below 5° C, the heating temperature shall be set no higher than 20° C.
- If the space is large and the temperature of local area is more than 30° C, the temperature can be lowered by fans, household chillers, ice and other ways. For the electronic workshop that has specific requirements for the indoor temperature due to the special materials, the indoor temperature shall be kept constant and no lower than 25° C.
- Doors and windows need to be closed when the air conditioner is on to prevent hot and cold air from escaping and causing energy wastage.

#### Use of computers:

- The computer host and display lights must be switched off when you are off duty.
- The screen must be locked when people leave their seats and the computer display needs to be turned off when they leave for a long time.

#### Management of lighting use:

- For places with skylights such as fire escapes and warehouses, lights need to be switched off if the weather is fine and natural light meets the light conditions
- Lighting for workshop production shall be controlled in sections. For sections without production, the lighting shall be turned off; for test workstations, the workstation lights must be turned off when people leave. For all areas using electricity, water, electricity and gas equipment (except for special equipment) shall be turned off during meal, mid-break and off hours.
- All lights and air conditioning must be switched off at the end of the meeting.

## Waste Management

Gongniu classifies and manages all emissions from its production and operations, including air pollutants, waste water, general waste and hazardous waste. The Company strictly follows the relevant national laws and regulations and has formulated the *Regulations on the Management of Hazardous Waste and General Industrial Solid Waste* to take measures to promote compliance and meet the emission standards.

Gongniu identifies the types of pollutants produced by the Company and its subsidiaries in production and operations, and monitors and manages them against the corresponding emission standards. The Company mainly emits nitrogen oxides (NOx), sulphur oxides (Sox), volatile organic compounds (VOCs) and particulate matter; and wastewater mainly emits COD, ammonia nitrogen and total nitrogen. During the reporting period, all major pollutants such as exhaust gas and wastewater from the licensed emission units of the Company achieved organised and compliant emissions.

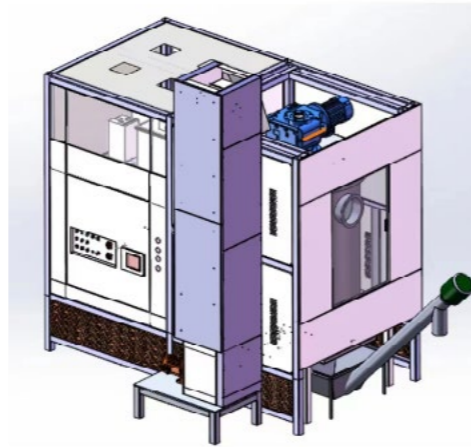
### Waste Reduction Measures for 2022

#### Exhaust emission reduction measures:

- The Company has introduced an internationally advanced VOC treatment system - zeolite runner + RTO, which is far more effective in treating exhaust gases than national standards.
- We replaced the UV paint with PU paint.

### Measures for reducing solid waste discharge:

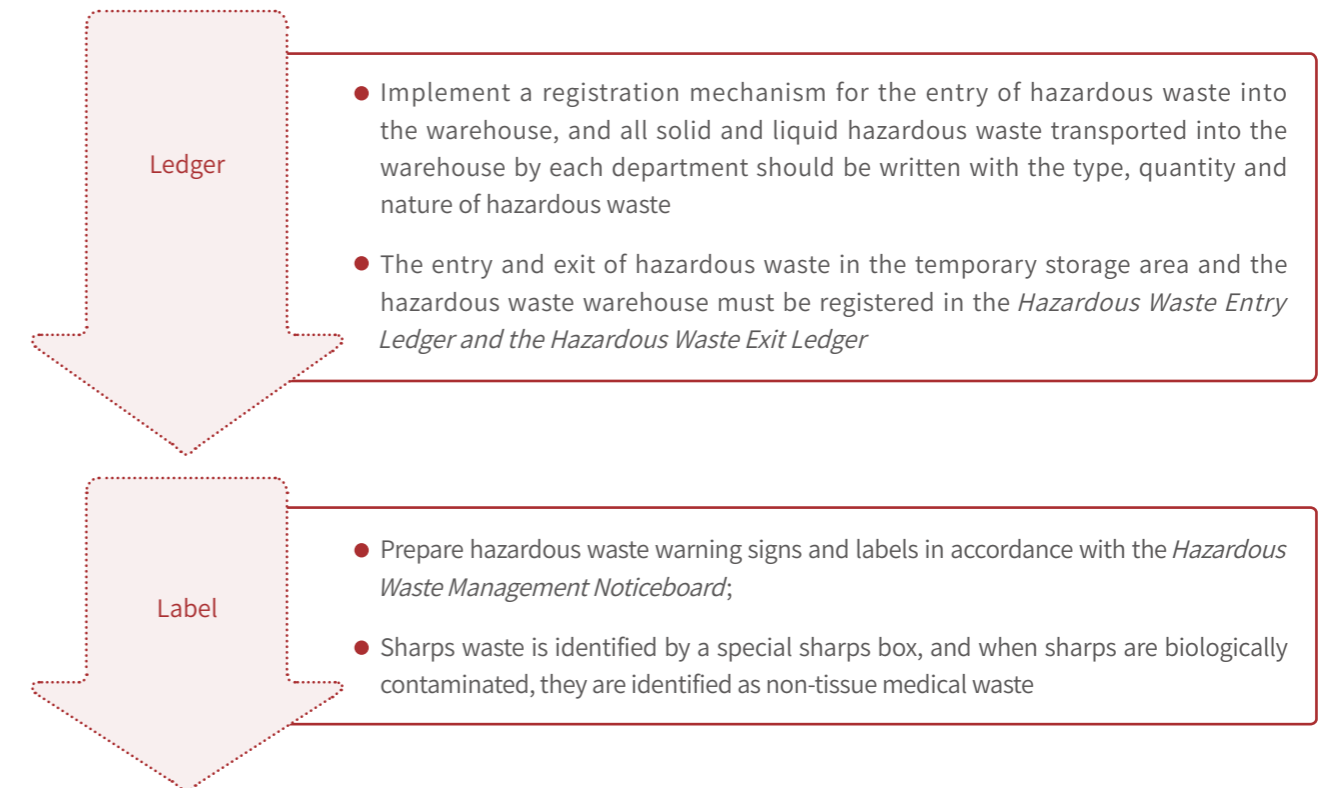
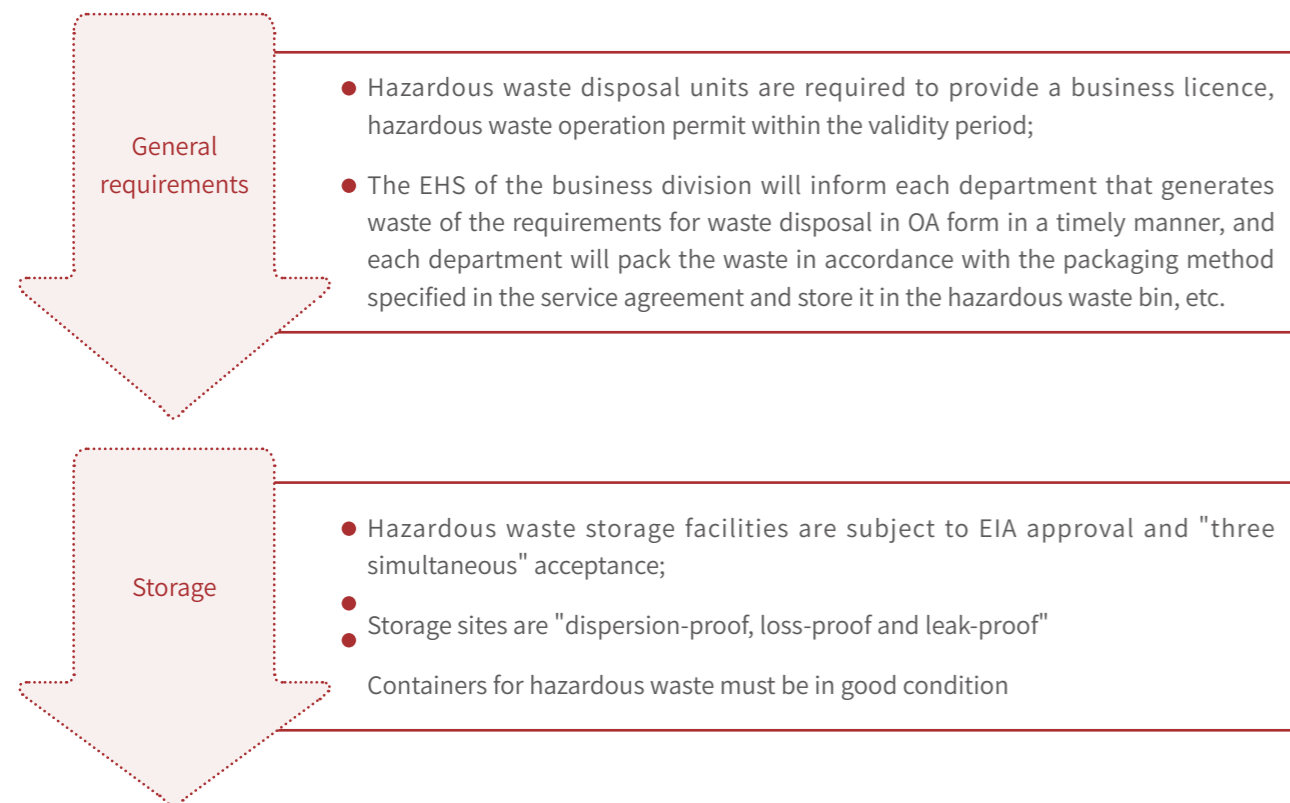
- New sludge drying equipment was installed to reduce sludge generation by 200t/year, saving RMB550,000 in annual hazardous waste disposal costs



Sketch of Sludge Drying Equipment

To prevent environmental and regenerative pollution, Gongniu classifies hazardous waste and general industrial waste in accordance with the *National List of Hazardous Waste*, and provides for the control and disposal of hazardous waste generated during production, living and construction, and general industrial solid waste generated during production.

During the reporting period, the Company achieved a 100% disposal rate of general industrial waste and hazardous waste.



Main Contents of the Hazardous Waste Management of the Company

### Wastewater/Exhaust Emissions KPIs of the Company from 2022

| Wastewater/Exhaust         | Unit           | 2022    |
|----------------------------|----------------|---------|
| Total exhaust generation   | m <sup>3</sup> | 106,950 |
| Total wastewater discharge | m <sup>3</sup> | 165,600 |



# Management of Safety in Production

## System for Safety in Production

Gongniu insists on the red line of safety in production in implementing the national safety policy of "putting safety first, maintaining safety mainly by prevention efforts, and comprehensive safety administration". To ensure the safety of production activities, the Company has developed and improved the *Equipment Safety Management Regulations*, *Safety Management Regulations for Special Equipment*, *Fire Safety Management Regulations*, *Safety Management Regulations for Hazardous Operation*, *Management Regulations on Lifting Ropes and Tools*, *Electricity Safety Management Regulations* and *Management Regulations on Hazardous Chemicals* based on the EHS system and BSS system, and standardized management of production norms according to different safety risks to effectively reduce production safety risks.

Based on the *Accountability Regulations for Safety in Production*, the Company stipulates the duties and responsibilities to be performed by each functional department of Gongniu and its staff and production personnel of each post for the safety in production, and implements China's policies and regulations on the safety in production, so as to enhance the awareness of personnel for the safety in production.

### Group EHS Committee

- Responsible for organising the establishment and improvement of the Accountability Regulations for Safety in Production and implementing assessment, rewards and penalties.
- Responsible for organising the development of production safety regulations and operating procedures.
- Responsible for the organisation and implementation of the Company's safety education and training programmes.
- Ensuring the effective implementation of its investment in safety.
- Ensuring that the Company has the production safety conditions stipulated by laws, administrative regulations and national or industry standards.
- Responsible for organising, supervising and inspecting its production safety management and eliminating potential production safety accidents in a timely manner.
- Responsible for organising the development and implementation of its emergency rescue plan for production safety accidents.
- Responsible for timely and truthful reporting of production safety accidents and organising accident investigations.
- Responsible for establishing staff safety education and training mechanisms and organising their implementation.
- Organising the formulation of annual safety and occupational health objectives, targets, management programmes and safe work planning, and inspect and supervise their implementation.
- Responsible for organising the implementation of safety management measures for major hazards, establishing emergency response organisations and guiding the implementation of plans.
- according to the safety management situation, responsible for organizing relevant departments to formulate safety inspection plans or programs.
- Responsible for organizing and arranging regular safety meetings and special meetings on emergency response, formulating improvement measures and checking and supervising their implementation.

### EHS Management Department

- Responsible for taking over the safety responsibilities of the Group EHS Committee and organising the work as required by the Group EHS Committee.
- Responsible for organising the establishment and improvement of the Accountability Regulations for Safety in Production and implementing assessment, rewards and penalties.
- Responsible for organising the development of production safety regulations and operating procedures of the Company.
- Responsible for the organisation and implementation of the Company's safety education and training programmes.
- Responsible for overseeing the effective implementation of the Company's investment in safety.
- Responsible for organising, supervising and inspecting its production safety management and eliminating potential production safety accidents in a timely manner.
- Responsible for organising the development and implementation of its emergency rescue plan for production safety accidents.
- Responsible for timely and truthful reporting of production safety accidents and organising accident investigations.
- Responsible for defining the responsible personnel and scope of responsibility for each functional department at the group level.
- Responsible for organizing and implementing other tasks as requested by the Group EHS Committee.

### EHS Management Organization of Each Business Division

- Responsible for organizing or participating in the formulation of the business division's production safety rules and regulations, operating procedures and emergency plans for production safety accidents.
- Responsible for organizing or participating in production safety education and training in this business division, and keeping truthful records of production safety education and training.
- Responsible for supervising the implementation of safety management measures for the major hazards of the business division.
- Responsible for organizing or participating in its emergency rescue drills.
- Responsible for inspecting the safety production status of the business division, promptly investigating production safety accident hazards and making suggestions for improving production safety management.
- Responsible for stopping and correcting violations of rules and regulations, forced risky operations, and violations of operating procedures.
- Responsible for supervising the implementation of corrective measures for production safety in each business division.
- Responsible for establishing and improving the Accountability Regulations for Safety in Production of each business division and implementing assessment, rewards and punishments.
- Responsible for the effective implementation of the investment of each business division in production safety.
- Responsible for timely and truthful reporting of production safety accidents in each business division and organizing accident investigation.
- Responsible for defining the responsibility of each functional department and all types of personnel in each position at the business division level for safety in production.

Responsibilities of Each Department of the Company under the *Accountability Regulations for Safety in Production*

Over the years, the Company has insisted on conducting EHS production safety trainings to enhance the safety awareness in production among staff in various departments, with a coverage ratio of 99.69% during the reporting period.

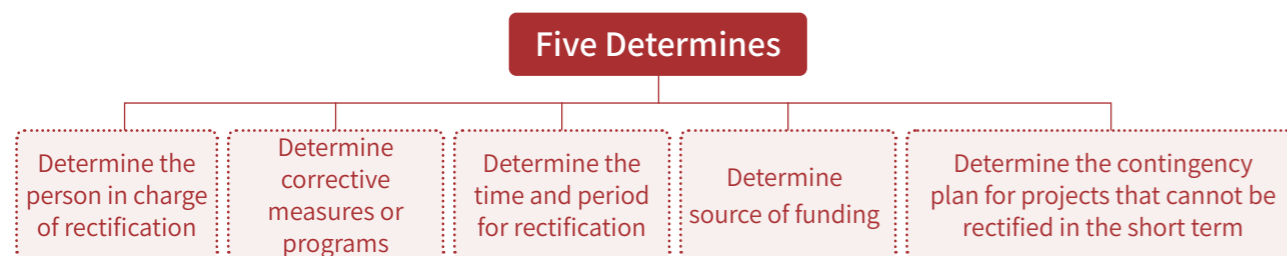
### Summary of Production Safety Training Performance

| Key performance   | Unit    | 2020    | 2021    | 2022    |
|---|---------|---------|---------|---------|
| Production safety training hours                        | hour    | 13,193  | 15,526  | 19,517  |
| Number of training sessions on safety in production     | session | 2,227   | 2,866   | 3,033   |
| Attendance of training sessions on safety in production | person  | 141,994 | 177,655 | 187,294 |

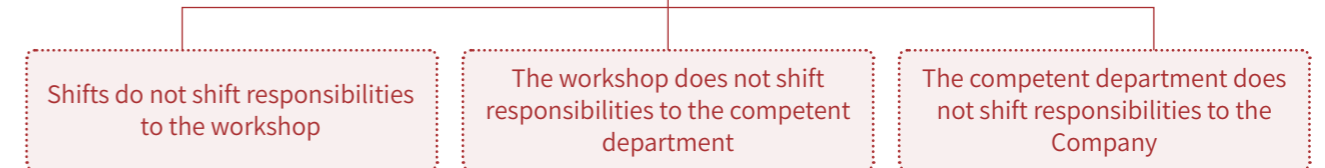
## Safety Risk Control

Based on the principle of "unified planning, hierarchical management and division of responsibility" and "safety must be ensured in production and business management, one who is in charge assumes responsibility", the Company formulated the *Regulations on Safety Inspection (Threat Detection) and Governance* in accordance with the *Law of the People's Republic of China on Work Safety*, *Law of the People's Republic of China on Fire Fighting* and *Law of the People's Republic of China on Safety of Special Equipment*, which stipulates the items, contents, time, methods, rectification of hidden hazards, division of responsibilities and requirements for safety hazard inspection, and effectively controls all regional risks involved in production safety, environmental protection, occupational health and fire safety. Through the process of safety inspection, safety rectification, information feedback tracking and verification as well as registration and management of regular reporting, the Company conducts detailed inventory of risks and hazards to ensure the safe conduct of production activities.

According to the rectification requirements or suggestions made by the safety inspectors, the person in charge of the inspected department shall thoroughly analyse the reasons for the hidden dangers and draw up, from a management perspective, effective measures to rectify or correct the hidden dangers based on the reasons and the suggestions for rectification. It shall adhere to the principles of "Five Determines" and "Three No-shifting-responsibilities" and formulate corresponding emergency plans or temporary safety measures for the hidden dangers that cannot be rectified in the short term to avoid the emergence of unexpected risks.



### Three No-shifting-responsibilities



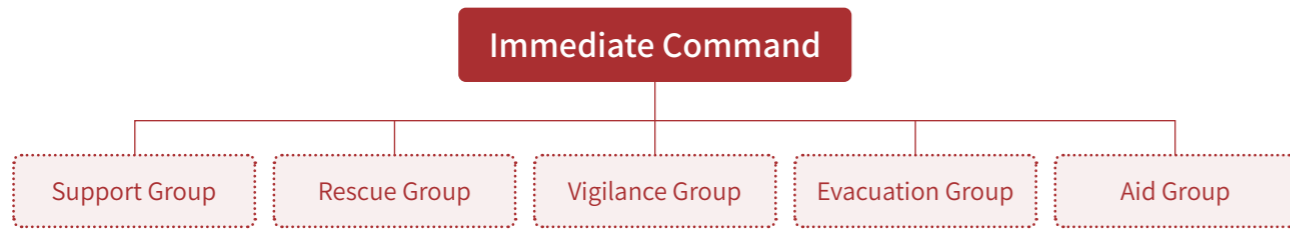
"Five Determines" and "Three No-shifting-responsibilities" Principle of the Company

## Safety Emergency Drills

To enhance its emergency response capability, the Company has set up an ERT emergency response team and formulated the *ERT Organizational Management Provisions* in accordance with the requirements of the *Law of the People's Republic of China on Fire Fighting* and the relevant contents of the *Guidelines for Enterprises to Develop Emergency Response Plans for Work Place Accidents* (GB/T 29639-2013) to respond to sudden safety accidents, control and dispose of accidents quickly and effectively, minimize casualties and damage to its property, protect the environment, implement rescue in a timely and effective manner, promote its overall sustainable development and strengthen its ERT organizational management.

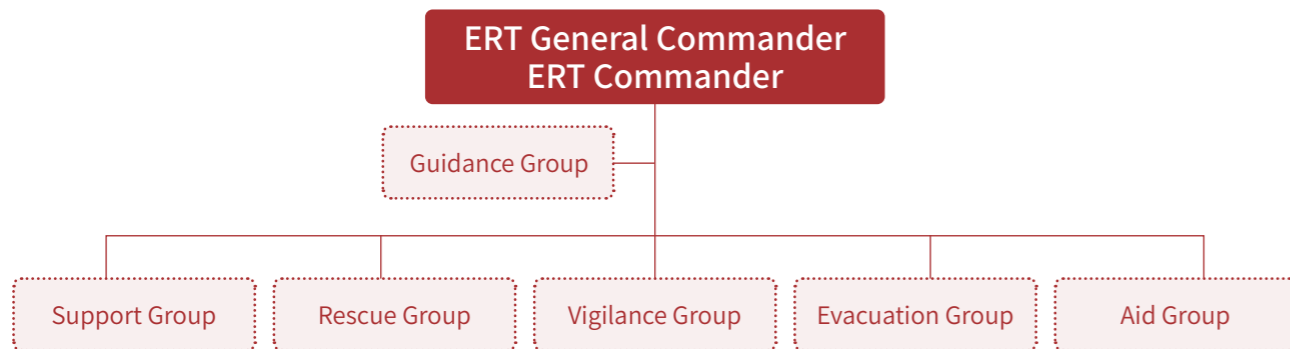
The Company has clarified the principle of emergency rescue for accidents, which is to adhere to being people-oriented and take protecting the lives of employees and its property safety, and minimizing casualties as the primary task in conducting emergency rescue. With unified command, hierarchical responsibilities, departmental self-rescue and company rescue, we constantly improve and strengthen the means of rescue and organize emergency rescue in a scientific and rapid manner, so as to minimize casualties and injuries.

The Company has clearly stipulated the standard response procedures. The departmental head shall quickly organize the personnel on duty to set up the departmental ERT level 1 response organization in accordance with the requirements, and study and judge the situation on site. If the ERT level 1 organization can effectively conduct emergency rescue disposal of the accident and quickly carry out emergency rescue, all personnel shall be divided into a rescue group, a support group, an evacuation group and an aid group according to the division of labor. If the ERT level 1 organization cannot effectively conduct emergency rescue disposal of the accident, it needs to be reported to the base head and the base's EHS, and the base head will give the order to set up the ERT level 2 response organization with the base head or his designated person being the ERT commander on site. The deputy of the ERT commander will quickly call the members of the ERT level 2 response organization to assemble and rush to the scene for emergency rescue, and all personnel shall be divided into a guidance group, a rescue group, a support group, an evacuation group and an aid group.



ERT Level 1 Response Organization

The Company's ERT level 1 response organization consists of at least 12 persons, including 6 persons on each of the day and night shifts. After the response organization has been established, according to the division of labor, the rescue group shall include at least 2 persons, the support group shall include at least 1 person, the evacuation group shall include at least 1 person and the aid group shall include at least 2 persons. Emergency rescue shall be carried out according to the division of duties.



ERT Level 2 Response Organization

The ERT level 2 response organization consists of at least 20 persons, including 10 persons on each of the day and night shifts. After the response organization has been established, according to the division of labor, the rescue group shall include at least 3 persons, the support group shall include at least 2 persons, the evacuation group shall include at least 2 persons and the aid group shall include at least 3 persons. Emergency rescue shall be carried out according to the division of duties.



Case

Emergency drill on the disposal plan for fire accidents in a wall switch factory

In June 2022, the Company carried out an emergency drill on the disposal plan for fire accidents in a wall switch factory in order to implement the basic work policy of prevention-oriented and prevention and elimination-combined, test the functioning of the entire safety organization and command system, test the ability of the emergency response team and departmental management to deal with sudden fire accidents, and enable all employees to understand the basic general knowledge of fire fighting and master the relevant capabilities. The drill simulated as far as possible the occurrence of real events to improve the emergency rescue and disposal capability for sudden fire accidents and minimize the environmental pollution disaster caused by fire.



Fire Drill Scene

Key performance

In November 2022, Ningbo Gongniu Electric Appliance Co., Ltd. was awarded as an advanced collective for its outstanding performance in fire fighting publicity in Cixi City.



"Advanced Collective" for Fire Fighting Publicity in Cixi City

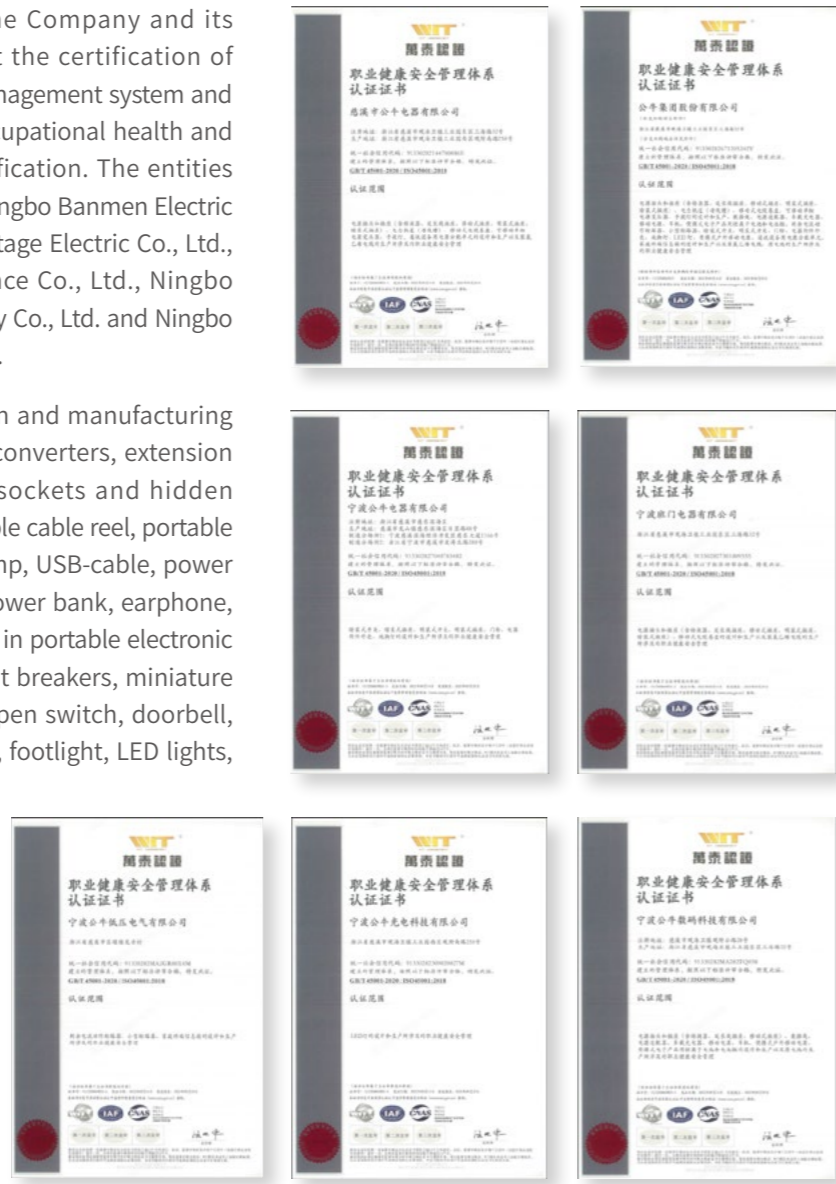
## Occupational Health and Safety

Gongniu strictly abides by the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and the *Regulations of the People's Republic of China on Work-related Injury Insurance*, and has established a comprehensive occupational health protection and safety management system to provide employees with a healthy and safe workplace, take various measures to prevent potential safety hazards and protect the health and safety of employees in all aspects.

During the reporting period, the Company and its subsidiaries actively carried out the certification of occupational health and safety management system and have obtained ISO 45001:2018 occupational health and safety management system certification. The entities include Gongniu Group Co., Ltd., Ningbo Banmen Electric Co., Ltd., Ningbo Gongniu Low Voltage Electric Co., Ltd., Ningbo Gongniu Electric Appliance Co., Ltd., Ningbo Gongniu Optoelectronic Technology Co., Ltd. and Ningbo Gongniu Digital Technology Co., Ltd.

The certification covers the design and manufacturing of plug, socket-outlet (including converters, extension sockets, mobile sockets, open sockets and hidden sockets), busways (busbars), portable cable reel, portable single-phase transformer, handlamp, USB-cable, power adapter, vehicle power adapter, power bank, earphone, lithium ion cells and batteries used in portable electronic equipment, residual current circuit breakers, miniature circuit breakers, hidden switch, open switch, doorbell, enclosure of electrical accessories, footlight, LED lights, portable outdoor power bank, power distribution units for communication equipment and home terminal information boxes, and the production of PVC cable and primary batteries.

**The Company and its Subsidiaries Received ISO 45001:2018 Occupational Health Management System Certification in 2022**



The Company constantly expands its occupational health and safety management system to ensure that all aspects of employee health and safety management are covered, including prevention and control of occupational diseases, occupational health protection facilities, protection for female and underage workers, and labor protection equipment, which have been strictly regulated by relevant documents.

|  |      |
|--|------|
| <i>Regulations on Prevention and Control of Occupational Diseases</i>      | 2022 |
| <i>Management Regulations on Occupational Health Protection Facilities</i> | 2019 |
| <i>Management Measures on Protection for Female and Underage Workers</i>   | 2019 |
| <i>Management Regulations on Labor Protection Articles</i>                 | 2020 |

### Key performance

In December 2022, the Cixi Public Health Working Committee issued a *Notice on the Publication of the List of Occupational Health Achievers for 2022* and our six colleagues were selected.

The Health Commission of Ningbo issued a *Notice on Excellent Organizational Units and Excellent Cases for the 2022 Occupational Health Achievers Selection Campaign* and our two colleagues were selected as excellent cases.



Our Employees Received the Cixi Occupational Health Achiever Award in 2022

In order to further prevent occupational disease hazards and strengthen the health and safety protection of employees, the Company started with the risk identification of occupational diseases and safety hazards, and took various measures to reduce the frequency and hazards of occupational diseases as much as possible by adopting EHS incentives and establishing special rectification projects for highly dangerous and highly risky serious occupational diseases.

During the reporting period, to identify occupational disease risks more scientifically, the Company adopted the "risk matrix method" to assess the risk level of possible hazard events. This method is a qualitative risk assessment method that mainly assesses the level of risks based on the "likelihood" and "severity" of the occurrence of a hazard event, classifies the assessed risks and takes corresponding risk control measures according to the different levels of risk.

|                |          | Risk Matrix (R=L*S) |              |        |          |       |        |
|----------------|----------|---------------------|--------------|--------|----------|-------|--------|
|                |          | Severity (S)        | Catastrophic | Severe | Moderate | Minor | Slight |
| Likelihood (L) | Frequent | 10                  | 100          | 70     | 50       | 30    | 10     |
|                | Likely   | 7                   | 70           | 49     | 35       | 21    | 7      |
| Possible       | 5        | 50                  | 35           | 25     | 15       | 5     |        |
| Unlikely       | 3        | 30                  | 21           | 15     | 9        | 3     |        |
| Rare           | 1        | 10                  | 7            | 5      | 3        | 1     |        |

Note: Severity (S) is the value taken under the existing prevention and control measures.

Occupational Disease Risk Identification Matrix

| Risk Control Measures |        |  |   |                   |
|-----------------------|--------|--|---|-------------------|
| Risk Level            | Score  | Control Measures   | Method Applied (Recommended)  | Monitoring Level  |
| High Risk             | 70-100 | Unacceptable risk, need immediate rectification              | Elimination, replacement, engineering control measures  | Company           |
| Medium Risk           | 30-50  | Acceptable risk, but requires management or control measures | Elimination, replacement, engineering control measures, management measures (warnings, training, operating standards, inspections, etc.), personal protection | Business Division |
| Low Risk              | 7-25   | Acceptable risk, monitored and operated in existing manner   | Management measures (warnings, training, operating standards, inspections, etc.), personal protection   | Workshop          |
| Minor Risk            | 1-5    | Negligible risk  | Management measures (warnings, training, operating standards, inspections, etc.), personal protection   | Team              |

Matrix of Occupational Disease Risk Control Measures

After identifying serious occupational disease factors with high risks and hazards, Gongniu has taken various measures to rectify and deal with them.

| Measures   | Contents   |
|--|--|
| Established relevant research projects                       | The Company identified highly risky occupational diseases and established special research projects to sort out project background, designation of relevant programmes and implementation plans, in a bid to reduce the risk and hazards of occupational diseases. Take the noise reduction project at Guyao as an example, during the reporting period, the Company analysed the range of jobs and the number of people involved in this occupational disease hazard and clarified the percentage of people exposed to noise; analysed the generation, sources and decibels of the noise area and established a special noise reduction project team to clarify the objectives and action plans, and finally explained the health and safety and economic effects brought about by the implementation of the project to increase its feasibility. |
| EHS reward reporting mechanism                               | The Company has set up an EHS reward reporting mechanism. The declaration form should state the safety hazards before and after improvement and their solutions, and sort out their safety benefits, so as to stimulate employees' awareness of safety hazard protection.<br><div style="border: 1px dashed red; padding: 5px; display: inline-block;"> <span style="border: 1px dashed red; padding: 2px;">Before improvement</span> → <span style="border: 1px dashed red; padding: 2px;">Solutions</span> → <span style="border: 1px dashed red; padding: 2px;">After improvement</span> → <span style="border: 1px dashed red; padding: 2px;">Safety benefits</span> </div><br>Main Contents of the OHS EHS Reward Declaration of the Company  |
| Issued time-limited rectification notices for safety hazards | The Company vigorously carried out safety hazard inspections. In the course of safety inspections, the Company analysed and rectified the safety problems found in a timely manner, and issued time-limited rectification notices for serious problems.<br>During the reporting period, the Company issued time-limited rectification notices for the three remaining safety hazards, and each relevant unit took corrective and preventive measures based on the details of the hazards and all completed the rectification within the prescribed period.   |

In addition, the Company attaches importance to strengthening the occupational health and safety training of employees. From 25 April to 1 May 2022, which is the 20th publicity week of the *Occupational Disease Prevention and Control Law of Gongniu*, the Company launched the publicity week of the *Occupational Disease Prevention and Control Law* with the theme of "All for the Health of Workers". In order to enhance the capabilities of occupational health managers and further popularize the knowledge of occupational disease prevention and control, each unit of Gongniu launched a series of occupational health publicity activities one after another.

### Case | Join Hands Together for Occupational Health - Occupational Health and Safety Week

From 25 April to 1 May 2022, the Company launched an occupational health and safety week. Its main activities include basic occupational health training, advanced occupational health training and the business division's occupational health promotion activities.

- EHS Management Department conducted several occupational health training sessions extensively from 25 April to 28 April 2022 at Longshan Base, Shiqiao Base and Xiqu Base, mainly for occupational health managers in production workshops, empowering them from aspects including occupational disease hazards, labor protective equipment and occupational health records and effectively enhancing their knowledge and skills.





Basic Training on Occupational Health

- EHS Management Department invited a teacher from a testing institute to give a lecture on *Occupational Disease Prevention and Control Law* on 27 April 2022 at our Longshan Base.



Invited Professional Institutes for Training

- To deeply promote the *Occupational Disease Prevention and Control Law* and further popularize the knowledge of labor protection, the three branches of the Company joined hands with the EHS engineers from the electrical appliance division, the wall switch division and the moulding company and widely mobilized Party volunteers to carry out precise propaganda to the employees of the Company exposed to hazards, on 28 April 2022.



Occupational Health Promotion Activities Carried Out by Business Divisions

- To strengthen the widespread understanding of occupational health knowledge, the Shiqiao Base has drawn occupational health posters and organized an online occupational health knowledge quiz from 25 April to 28 April 2022. A total of 408 people participated in the event and the Company awarded gifts to the top 150 outstanding participants in the occupational health knowledge quiz.



Occupational Health Knowledge Competition Quiz

### Key performance

During the reporting period, the number of working days lost due to work-related injuries was **256**; the number of people injured at work was **31**, a significant decrease compared to **84** in 2020; the number of employees participating in medical examinations for occupational diseases was **6,359**; and the funds invested for safety in production and occupational health of employees amounted to RMB **7,623,300**.



# 05

## Be People-oriented and Give back to the Community

As the valuable resources and assets of the Company, employees serve as the guarantee of talents for us to implement our development strategy and create a world-class specialized and sophisticated enterprise that produces new and unique products. Gongniu adheres to and practices the concept of "people-oriented", respects and safeguards the rights and interests of employees, stimulates the vitality of employees, and strives to achieve the common enhancement of employees' personal value and corporate value and build a harmonious and happy enterprise.

- ◎ Diversified Workplace
- ◎ Employee Rights and Benefits
- ◎ Employee Training and Development
- ◎ Social Welfare

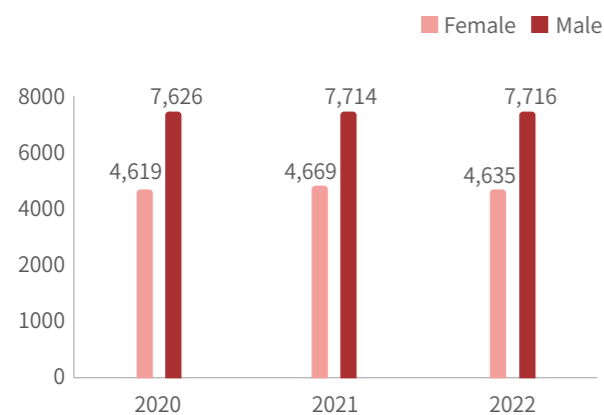


## Diversified Workplace

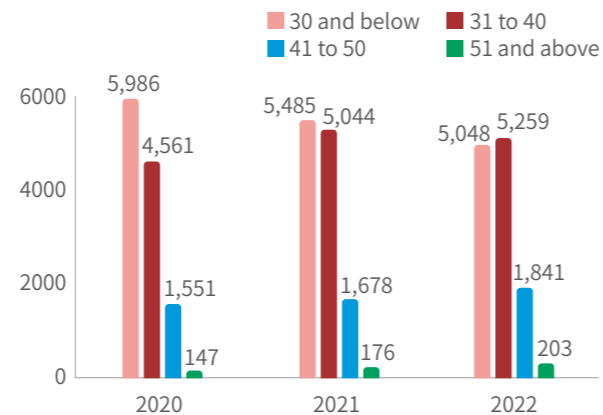
Gongniu has always been people-oriented. We attach importance to the training and development of talents, uphold the principle of fair and just recruitment to protect the basic rights and interests of every employee, establish a sound training and development system to improve the work quality and skills of employees, and pay attention to the occupational health and safety of employees. We are committed to providing equal and diversified development space for employees and promoting the common growth of the enterprise and employees.

Meanwhile, Gongniu strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other relevant national laws and regulations, respects and protects human rights, regulates employment procedures and effectively safeguards the legitimate rights and interests of employees. The Company enters into labor contracts with its employees in accordance with the law, firmly prohibits the employment and use of child labor, resists all forms of forced labor, provides equal employment opportunities to all candidates and employees, and does not discriminate against candidates or employees on the basis of gender, age, race, color, religion, nationality, disability, etc. During the reporting period, female employees accounted for 37.53% at the Company.

Gender Composition of Employees (Unit: persons)



Age Composition of Employees (Unit: persons)



### Key performance

During the reporting period, the Company had **12,351** employees, with the rate of **100%** for signing labor contracts and **100%** social insurance coverage.

During the reporting period, the Company took in a total of **7,998** employees, including **73** fresh graduates.

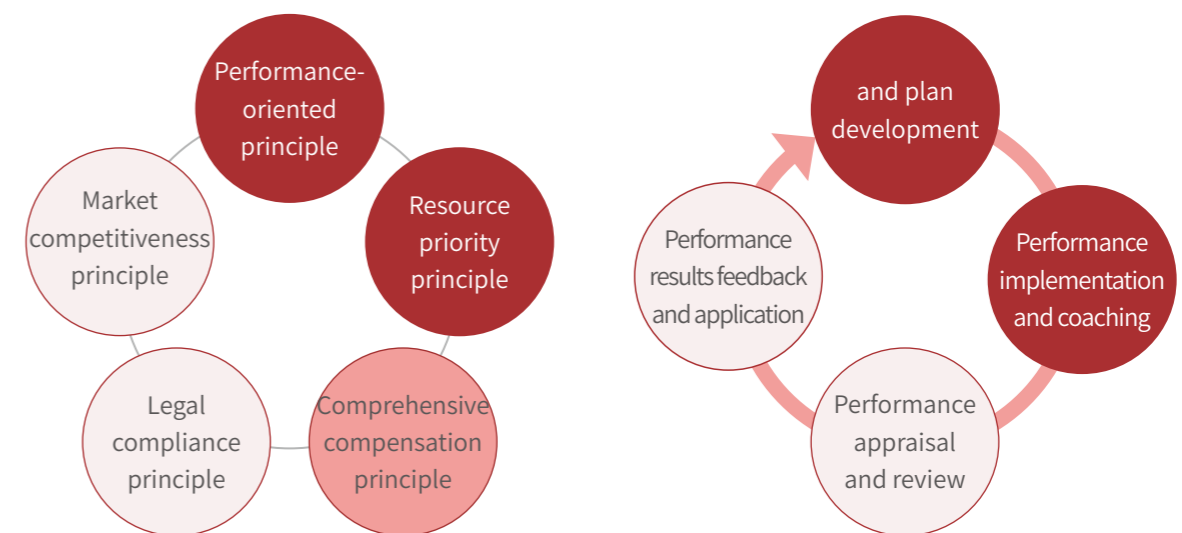
## Employee Rights and Benefits

Gongniu insists on people-oriented values, attaches importance to the protection of employees' rights and interests, creates a working atmosphere and conditions for employees to exercise their talents, and encourages them to work hand in hand with the Company to strive for a happy life, create value together and share the good.

### Employee Rights and Interests

The Company strictly complies with national laws and regulations, and has formulated internal policies, such as the *Employee Compensation Management Regulations*, to ensure legal compliance in recruitment and employment, regulate the recruitment workflow and requirements, provide fair and reasonable employment opportunities for employees, adhere to democratic management and create a fair, just, sound and comfortable working environment. The Company continues to work hard on income distribution and compensation incentive by leveraging the motivational role of compensation incentive and improving relevant compensation systems to adjust the compensation structure of employees according to job grades.

In terms of employee performance appraisal, the Company improved and revised the *Employee Performance Management Regulations*, and carried out the promotion of the performance management system and process and daily performance appraisal through cooperation among the Group Performance Management Committee, the Human Resources Center and the Human Resources Department of the Business Division.



Compensation Determination Principle

Performance Management Process

To further establish and improve the long-term incentive mechanism, attract and retain outstanding talents, fully mobilize the enthusiasm of the core team of the Company (including branches and subsidiaries) and effectively integrate the interests of shareholders and the Company with the personal interests of the core team so that all parties will jointly focus on our long-term development, the Company formulated Gongniu 2022 Restricted Share Incentive Plan (Draft), through which the Company granted 1,501,800 restricted shares to 670 persons, including its directors, senior management, core

management and core backbone, at a grant price of RMB63.06 per share. The underlying shares were derived from the Company's A ordinary shares repurchased from the secondary market, and the lock-up periods granted to the incentive targets under the incentive plan were 12 months, 24 months and 36 months respectively from the completion of the registration date of the restricted share grant. In July 2022, the Company published the Announcement on the Release of Restricted Shares from the First Lock-up Period under the 2021 Restricted Share Incentive Plan and the Listing of the Same and the Announcement on the Release of Restricted Shares from the Second Lock-up Period under the 2020 Restricted Share Incentive Plan and the Listing of the Same respectively. **As confirmed and considered and approved by the Board of Directors of the Company, the conditions for the release of the corresponding batch of shares from the lock-up period have been fulfilled and the Company has handled the release of shares from the lock-up period for the eligible incentive recipients.**

In order to standardize democratic management and supervision mechanisms and encourage employees to contribute to the development of the Company, the Company carried out surveys such as the Integrity Satisfaction Survey through the Employee Voice Platform, to effectively safeguard employees' rights to know, participate, express and supervise.



Employee Voice Platform

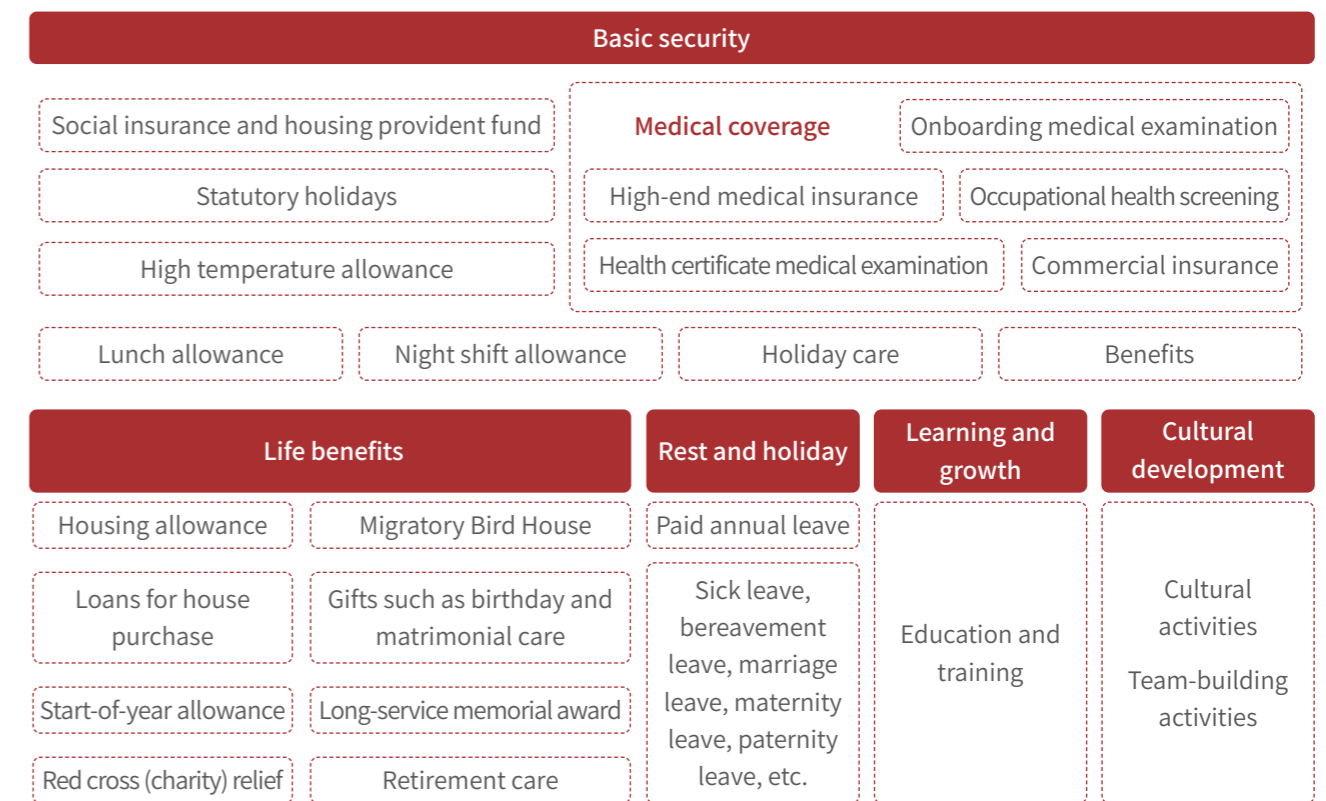
| 2022年度公牛员工廉洁调研问卷 |   |  |
|------------------|---|--|
| 基本信息             |   |  |
| 1                | 您的姓名 (必填)   |  |
|                  | 您的工号 (必填)   |  |
|                  | 您的联系方式 (选填)   |  |
| 2                | 您所属的事业部/职能部门 (下拉选项)   |  |
| 调研内容             |   |  |
| 序号               | 问题  | 选项   |
| 1                | 您是否知道或者听说,公牛员工有以下廉政问题?<br>(以下行为如有,可在选项对应选项后,详细描述)                 | A:通过虚构事项,虚开发票,虚报费用<br>B:通过伪造签字、单据、文件等方式,提供虚假材料<br>C:私自收取员工费用或者薪酬员工奖金,未公布使用明细<br>D:上级工程强推下级员工招待、宴请、KTV、洗浴等<br>E:婚庆、乔迁、生日、满月酒等活动,接受员工礼金300元以上<br>F:其他 (填空)   |
| 2                | 您是否知道或者听说,在与供应商或者经销商对接过程中,公牛员工有以下廉政问题?<br>(以下行为如有,可在选项对应选项后,详细描述) | A:接受供应商/经销商好处费、回扣或其他实物<br>B:接受供应商/经销商购物卡、节假日红包或其他礼物<br>C:接受供应商/经销商招待、宴请、住宿安排<br>D:接受供应商/经销商KTV、酒吧、洗浴、按摩或其他娱乐活动安排<br>E:接受供应商/经销商旅游、团建或其他娱乐活动安排<br>F:婚庆、乔迁、生日、满月酒等活动,接受供应商/经销商礼金<br>G:入股供应商/经销商<br>H:其他 (填空) |
| 3                | 您是否知道或者听说,公牛员工有以下危害物资安全的行为?<br>(以下行为如有,可在选项对应选项后,详细描述)            | A:挪用物资<br>B:对本部门经手物资不入账<br>C:物资盘盈、盘亏隐瞒不报或擅自平账<br>D:私自将车间、仓库物资带回宿舍或带回家使用<br>E:单独或伙同他人,偷盗公司物资<br>F:其他 (填空)   |
| 4                | 您对自己所在的事业部/职能部门整体廉政建设状况的评价?                                       | A:非常满意<br>B:满意<br>C:一般<br>D:不满意<br>E:非常不满意   |
| 5                | 您期望公司2023年度开展哪些方面的廉政监察工作?   |  |

Form of Integrity Satisfaction Survey

## Employee Benefits

Gongniu highly values humanistic care for its employees and strives to enhance their sense of happiness and belonging at work. To continuously improve and elevate employees' benefits, the Company revised and perfected the *Employee Benefits Management Regulations*, pursuant to which we implemented benefits into protection and care initiatives under the principles of standardization, motivation and rationalization. At the same time, the Company is always concerned about the health of its employees. We carried out a series of activities to enhance communication, truly integrating employee care into our corporate culture.

### Main Contents of Benefits



Medical Examination for Female Employees



Drowning Prevention Class for Employees' Children



"Work Together for Happiness" Lecture



Medical Fraud Prevention Lecture

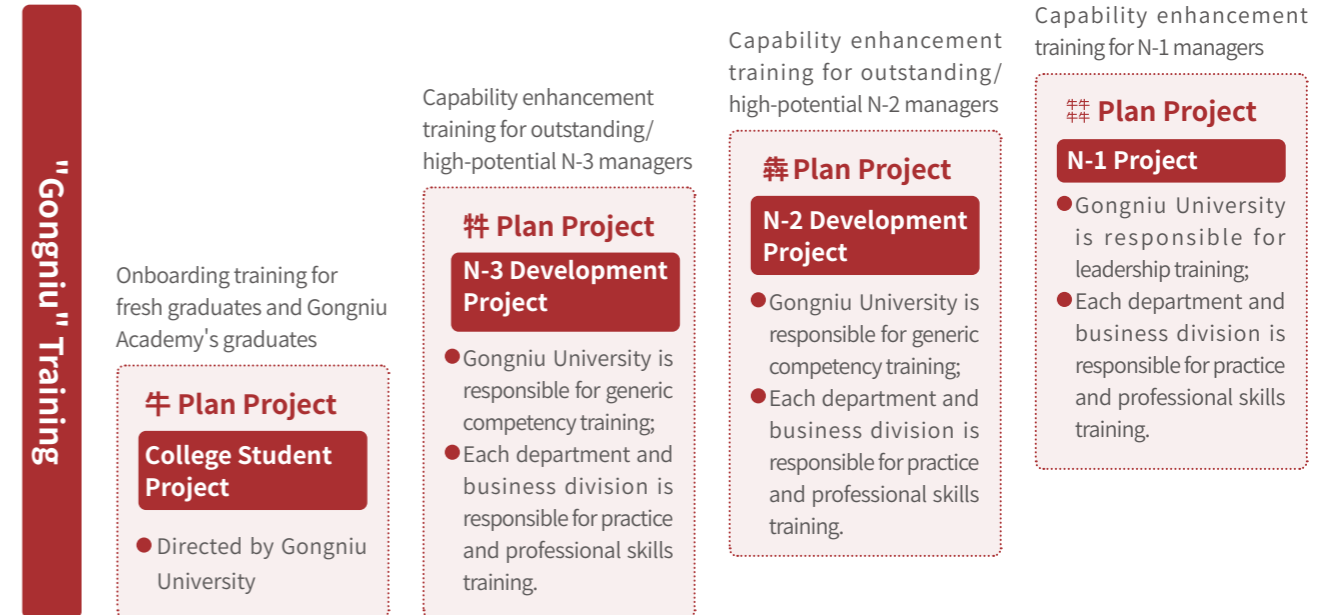
# Employee Training and Development

## Employee Training

As talents are the key driving force for a company's continuous innovation, the Company formulated the *Internal Lecturer Management Regulations* to comprehensively improve the overall quality of the workforce, stimulate the vitality of employees and meet the needs of its high-quality development. The Regulations creatively proposed the "牛" project training system, which develops different learning and promotion paths for fresh graduates and outstanding/high-potential managers, striving to cultivate multi-level, high-quality and creative talents.

### Training Programme and Content of the Company

| Training programme                       | Content   |
|--|---|
| Newcomers                                | Newcomers integration and regulations training  |
| Managers                                 | Launched the "Human Resource Management for Non-HR Managers" course   |
| Internal lecturers                       | Conducted TTT training and Teachers' Day activities   |
| Capability enhancement for all employees | Relying on the online learning platform, we enriched learning resources through external purchase and knowledge extraction to create a knowledge base and enhance the capabilities of all employees |



"牛" Project Training System



牛 Plan Training Camp



Training on "Human Resource Management for Non-HR Managers"



TTT Training



Teachers' Day Activities

### Key performance

During the reporting period, the Company invested a total of RMB **7.06** million in training.  
 During the reporting period, **16,001** employees received training sessions.  
 During the reporting period, our employees received a total of **37,650** hours of training, with the average length of training reaching **2.4** hours.

## Employee Development

The Company's development process goes hand in hand with the growth of its employees. Gongniu focuses on talent retention and attraction, continuously promotes the construction of a talent team, and builds fair and transparent career promotion channels and a complete vocational training system. Each year, the Company identifies successors for key positions through a talent inventory tool and carries out targeted training plans to provide employees with a broad space for personal growth. The Company has also formulated regulations and specifications such as the *Regulations on Promotion Management of Administrative and Marketing Employees* and the *Regulations on On-the-job Training and Learning Management of Middle and Senior Managers*.

**The Company further improves its internal rotation mechanism to provide more opportunities and possibilities for employee development, so as to cultivate more comprehensive talents.**

| Internal fill rate | 2022  | 2021  | Growth rate |
|--------------------|-------|-------|-------------|
| All employees      | 41.4% | 34.8% | 19.0%       |

According to the requirements of the Group's strategic business development, the Human Resources Center will formulate the overall management and professional talent structure each year and stipulate the promotion ratio for the year. The promotion step by step includes veto conditions, necessary conditions, sufficient conditions and reference conditions. Employees who meet the necessary conditions are considered to be qualified for promotion, while they can only be promoted after meeting the sufficient conditions and passing the assessment.

| Type of conditions | Assessment factors   |
|--------------------|--|
| Veto               | Values, disciplinary behavior, work experience requirements  |
| Necessary          | Years of service in previous ranks, performance results  |
| Sufficient         | Job competence requirements, job experience  |
| Reference          | Management: Gongniu leadership<br>Professional: Industry technical certifications, awards, national associate senior titles<br>BBS capabilities<br>Willingness to rotate |

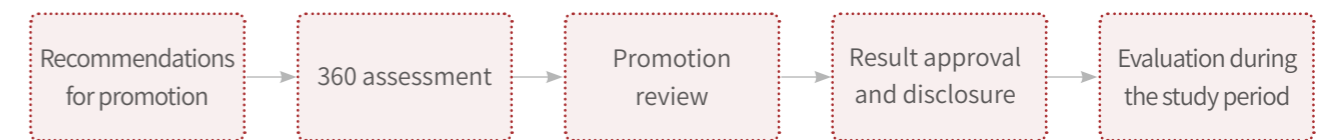
| Type of conditions | Assessment factors   |
|--------------------|--|
| Exception          | Years of service in previous ranks, performance results, outstanding contributions   |
| Skipping grades    | Performance results, qualified for basic conditions and exception conditions, potential, BBS capabilities, project manager |

### Promotion Conditions and Assessment Factors

According to the demand of the Company for human resources in its strategic development and the needs of employees' career development, the Human Resources Center has established a ranking system with 19 levels in management and professional sequences. The two vertical and horizontal promotion channels provide reliable talents for the Company to achieve its strategic goal of RMB100 billion in ten years, guarantee the building of its organizational capacity and promote the mutual development of the enterprise and its employees. In addition to its internal career development channels, Gongniu has extended its employee development channels to its dealers and suppliers.



### Internal employee promotion path



### Internal Employee Promotion Procedures

### External employee promotion path

In addition to the internal career development channel, Gongniu also provides a unique value chain (suppliers, dealers, etc.) development channel, through which internal outstanding talents can develop into excellent dealer bosses or dealers' professional managers, and excellent talents in supplier management, factory representatives and workshop management can develop into the core management team of suppliers.

By the end of the reporting period, over 275 employees developed into dealers and dealers' professional managers.

## Employee Education Enhancement

During the reporting period, the Company updated the *Learning and Growth System for Middle and Senior Managers* to encourage and support core employees to attend MBA and EMBA studies. The Company provides a certain amount of tuition support to the participants in accordance with the system, and the participants can also apply for tuition loans from the Company. Since the establishment of the system, the Company has supported about 10 senior executives to attend MBA and EMBA studies. In addition to the tuition support, the Company has also granted a certain amount of paid study leave every month, making efforts to give adequate support to employees who are willing to improve themselves.

In the latest version of the *Learning and Growth System for Middle and Senior Managers*, the Company has paid more attention to the quality of education for senior managers and has also increased the amount of reimbursement to a maximum of 80% of the out-of-pocket expenses.

## Social Welfare

Gongniu proactively undertakes its social responsibility by integrating social responsibility management into its daily operations while safeguarding its own business development, and actively participating in community development. We have set up the Gongniu Charity Trust to carry out activities such as relief for the poor and needy, donations to schools and medical care for the elderly, with a view to develop together with the local communities and achieve mutual benefits and win-win situation.

Charity Activities of Gongniu in 2022

| Category                        | Details  | Amount  |
|---------------------------------|--|---|
| Relief for the poor and elderly | <ul style="list-style-type: none"> <li>● Donation for the construction of the Huimin Building in Weixi Village</li> <li>● Donation to Cixi Ageing Development Foundation (2nd round and 1st year),etc.</li> <li>● Taiyuan Village, Guandao Town, Tongcheng County, Hubei Province - Poverty-stricken Village Support,etc.</li> </ul> | <ul style="list-style-type: none"> <li>● RMB1 million</li> <li>● RMB500,000</li> <li>● RMB30,000</li> </ul> |
| Education                       | <ul style="list-style-type: none"> <li>● Set up the Gongniu Charity Trust,etc.</li> </ul>  | <ul style="list-style-type: none"> <li>● RMB50 million</li> </ul>   |
| Healthcare                      | <ul style="list-style-type: none"> <li>● Elken Fund (2nd round and 4th year)</li> <li>● Healthcare system protection for villagers in Guyaopu Village, Zhangqi Town,etc.</li> </ul>  | <ul style="list-style-type: none"> <li>● RMB5 million</li> <li>● RMB1 million</li> </ul>                    |

### • Gongniu set up a charity trust

In December 2022, the "CITIC Trust·Gongniu Charity Trust" initiated by Gongniu was successfully filed, becoming the largest charity trust filed nationwide in 2022. This trust aims to "promote the development of education, science, culture, healthcare and sports, help the poor and needy, promote rural revitalization and common prosperity, as well as other public welfare activities in line with the *Charity Law of the People's Republic of China*", reflecting Gongniu's philosophy and values of undertaking social responsibility and giving back to the society.

In the future, Gongniu will continue to increase its investment in public charity while maintaining the sustainable and stable development of its own business, and innovate a long-term mechanism for public charity, so as to contribute more to the harmonious development and common prosperity of Chinese society.



### Case | Facilitating the Development of Education with the Charity Trusts

In March 2023, the ceremony of the Gongniu Charity Trust for funding Wuhan University was held at Wuhan University. Through this funding, Gongniu will support Wuhan University to introduce high-level talents from home and abroad to enhance its teaching and research capabilities, and co-establish the "Gongniu New Energy Industry Research Institute of Wuhan University" to focus on the frontier technology of new energy and carry out innovative research project, so as to promote the industry-academy-research institute integration and the transformation of results and advance the joint development of the university and the enterprise. Ruan Liping, Chairman and President of Gongniu, attended the ceremony and expressed his hope that they can give full play to their respective advantages, strengthen scientific research cooperation, deepen university-enterprise cooperation and promote their common development.



Gongniu Charity Trust's Wuhan University Project was implemented

### • Gongniu conducted warm-hearted education activities

Gongniu took efforts to facilitate the development of education and provided security for the development of the next generation. During the reporting period, the Company carried out "warm-hearted education" activities in campuses. We provided students with electricity safety education and repair and inspection of aged electrical appliances to ensure electricity safety, helped campuses to build "bright classrooms" and donated winter clothing.

● Electricity Safety Promotion Activities

The Company carried out promotional activities in nearly 1,000 colleges and universities across the country to explain electricity safety knowledge, so that university students who have just entered the society can enhance their awareness of electricity safety, understand the national standard requirements of sockets and how to choose the right sockets, so as to protect the electricity safety for students.



Promotional Activities in Campuses

● Donating School Uniforms

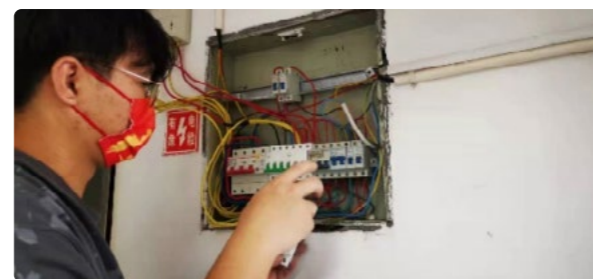
In December, the Company launched the "Winter Clothing Campaign" to donate winter school uniforms.



Donating School Uniforms in the "Winter Clothing Campaign"

● Replacing Campus Circuit Breakers to Ensure Electricity Safety

The Company enhanced campus electricity safety awareness by promoting the concept of safe electricity use, and carried out electricity safety hazard inspection and overhaul and replaced aged circuit breakers, striving to guard campus electricity safety with Gongniu safety circuit breakers.



Campus Electricity Safety Inspection Activities

● Lighting the Future of Children

With professional design and installation techniques, Gongniu is committed to creating energy efficient, safe, effective classrooms with lights precisely controlled, so as to help schools improve the learning environment, create comfortable light vision and promote learning efficiency.



Bright Classroom Campaign



Case | Gongniu conducted the "Party Members' Day of Dedication" Activity

In September 2022, to celebrate the 73rd anniversary of the founding of New China, and the successful convening of the 20th CPC National Congress, enhance the cohesion and combat power of the Party organization, further play a pioneering and demonstration role, consolidate its business, serve the masses, and create a safe and stable social and political environment and a strong atmosphere of serving the people, the Party Committee of the Group intended to establish the first Saturday of September every year as the "Party Members' Day of Dedication" and organize corresponding activities. The activity received rapid response and positive action from all Party branches, Party members and activists, with a total of 10 Party branches, 130 Party members and activists participating in the activity and a total of 356.7 hours of voluntary services.



The "Party Members' Day of Dedication" Activity

## Index of Indicators

| GRI Standards                                  | Disclosures   | Section Index                |
|--|---|------------------------------|
| <b>GRI 1: Foundation 2021</b>                  |   |                              |
| <b>GRI 2: General Disclosures 2021</b>         |   |                              |
| 2-1  | Organizational details  | About the Report             |
| 2-2  | Entities included in the organization's sustainability reporting            | About the Report             |
| 2-3  | Reporting period, frequency and contact point                               | About the Report             |
| 2-6  | Activities, value chain and other business relationships                    | Company Profile              |
| 2-7  | Employees   | Diversified Workplace        |
| 2-9  | Governance structure and composition  | Corporate Governance         |
| 2-10   | Nomination and selection of the highest governance body                     | Corporate Governance         |
| 2-12   | Role of the highest governance body in overseeing the management of impacts | Corporate Governance         |
| 2-13   | Delegation of responsibility for managing impacts                           | ESG Management               |
| 2-16   | Communication of critical concerns  | ESG Management               |
| 2-27   | Compliance with laws and regulations  | Compliance and Risk Control  |
| 2-29   | Approach to stakeholder engagement  | ESG Management               |
| <b>GRI 201: Economic Performance 2016</b>      |   |                              |
| 201-3  | Defined benefit plan obligations and other retirement plans                 | Employee Rights and Benefits |
| <b>GRI 203: Indirect Economic Impacts 2016</b> |   |                              |
| 203-1  | Infrastructure investments and services supported                           | Community Benefit            |
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| <b>GRI 205: Anti-corruption 2016</b>                   |   |                                   |
| 205-2  | Communication and training about anti-corruption policies and procedures        | Integrity Operation               |
| <b>GRI 206: Anti-competitive Behavior</b>              |   |                                   |
| 206-1  | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Compliance and Risk Control       |
| <b>GRI 302: Energy 2016</b>                            |   |                                   |
| 302-3  | Energy intensity  | Use of Resources and Emissions    |
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| 302-5  | Reductions in energy requirements of products and services                      | Ecological Environment Protection |
| <b>GRI 303: Water and Effluents 2018</b>               |   |                                   |
| 303-2  | Management of water discharge-related impacts                                   | Use of Resources and Emissions    |
| 303-3  | Water withdrawal  | Use of Resources and Emissions    |
| 303-4  | Water discharge   | Use of Resources and Emissions    |
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| <b>GRI 306: Waste 2020</b>                             |   |                                   |
| 306-2  | Management of significant waste-related impacts                                 | Use of Resources and Emissions    |
| <b>GRI 308: Supplier Environmental Assessment 2016</b> |   |                                   |
| 308-1  | New suppliers that were screened using environmental criteria                   | Supply Chain Management           |



| GRI Standards                                       | Disclosures   | Section Index                      |
|---|---|------------------------------------|
| <b>GRI 401: Employment 2016</b>                     |   |                                    |
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| 401-2   | Benefits provided to full-time employees  | Employee Rights and Benefits       |
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| <b>GRI 403: Occupational Health and Safety 2018</b> |   |                                    |
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| 403-2   | Hazard identification, risk assessment, and incident investigation  | Management of Safety in Production |
| 403-3   | Occupational health services  | Occupational Health and Safety     |
| 403-4   | Worker participation, consultation, and communication on occupational health and safety                       | Occupational Health and Safety     |
| 403-5   | Worker training on occupational health and safety   | Occupational Health and Safety     |
| 403-6   | Promotion of worker health  | Occupational Health and Safety     |
| 403-7   | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Occupational Health and Safety     |
| 403-9   | Work-related injuries   | Occupational Health and Safety     |
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| GRI Standards  | Disclosures  | Section Index           |
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| <b>GRI 405: Diversity and Equal Opportunity 2016</b> |  |                         |
| 405-1  | Diversity of governance bodies and employees   | Diversified Workplace   |
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| <b>GRI 417: Marketing and Labeling 2016</b>          |  |                         |
| 417-1  | Requirements for product and service information and labeling                            | Responsible Marketing   |

## Feedback

Dear readers:

Thank you for reading the 2022 Environmental, Social and Governance (ESG) Report of Gongniu Group Co., Ltd. In order to provide you and other stakeholders with more professional and more valuable information about the enterprise social responsibility, we request your help to answer relevant questions in the feedback form, so that we may further improve our management over social responsibility and sustainable development in the future.

Please rate the following questions from 1 to 5 (where 1 is the lowest score and 5 is the highest score)

1. Your overall evaluation on the Report is:

1  2  3  4  5

2. What do you think on whether the Report presents the significant impacts of Gongniu Group Co., Ltd. on the economy?

1  2  3  4  5

3. What do you think on whether the Report presents the significant impacts of Gongniu Group Co., Ltd. on the environment?

1  2  3  4  5

4. What do you think on whether the Report presents the significant impacts of Gongniu Group Co., Ltd. on society?

1  2  3  4  5

5. What do you think on whether the Report presents the corporate governance of Gongniu Group Co., Ltd.?

1  2  3  4  5

6. Your overall evaluation of the information disclosure in the Report is:

1  2  3  4  5

7. Your overall evaluation of the language quality of the Report is:

1  2  3  4  5

8. Your overall evaluation of the design style of the Report is:

1  2  3  4  5

9. Which topics are of the most concern to you in the Report?

10. Do you have any other comments and suggestions on the Report?

Your contact information:

Name:

Tel.:

Email:

Work unit:

Title:

Fax:

You may send your feedback to us by phone call, email, or post according to the following contact information:

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Email: ir@gongniu.cn

Website: www.gongniu.cn



10户中国家庭  
7户用公牛\*