Wuxi Lead Intelligent Equipment Co., Ltd.

2023 Environmental, Social and Governance (ESG) Report

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About This Report

Overview

This report is the fourth social responsibility report issued by Wuxi Lead Intelligent Equipment Co., Ltd. (hereinafter referred to as “LEAD" or the "Company"), reflecting the practices and achievements of the Company and its affiliates in environmental, social and corporate governance (hereinafter referred to as "ESG"). This report was reviewed and approved at the second meeting of the 5th Board of Directors on April 24, 2024.

Reporting entity

Unless otherwise specified, the scope of this report covers LEAD and its subsidiaries and branches.

Reporting period

January 1, 2023 to December 31, 2023 (hereinafter referred to as the “Reporting Period"). In order to enhance the comparative and forward-looking nature of this report, some of the contents may contain retrospective information or forward-looking descriptions as appropriate.

Basis of the report

This report is based on the Shenzhen Stock Exchange (SSE) Guideline No. 2 on the Application of Self-Regulation Rules for Listed Companies-Standardized Operation of Listed Companies on Growth Enterprise Market, SSE Disclosure Requirements for Social Responsibility Reports of Listed Companies, Global Reporting Initiative (GRI) Sustainability Reporting Standards and UN Sustainable Development Goals (SDGs), and is compiled in combination with the actual situation of the Company.

Data source and reliability

The financial data in this report comes from the audited financial report of the Company. If there is any discrepancy between the financial data and the annual report, the annual report shall prevail. Other data come from the data provided by relevant departments of the Company. Unless otherwise specified, the currency types and amounts involved in this report are denominated in RMB.
This report is published in simplified Chinese and English. In case of any discrepancy, the simplified Chinese version shall prevail.

Form of the report

This report is published in electronic version. If you need to obtain it, please download the electronic version of this report on http://www.cninfo.com.cn.

Contact us

Address: 18 Xinzhou Rd., Xinwu District, Wuxi, Jiangsu Province, China
Phone: 0510-81163600
E-mail: ESG@leadintelligent.com

Chairman Message

With the deepening of global climate governance, we have ushered in a new era full of opportunities and challenges. The UAE Consensus at the 28th United Nations Climate Change Conference in 2023 has pointed the way forward for us, that is, accelerating the energy transition and promoting decarbonization cooperation in the industry to address the global challenge of climate change. As a responsible major country, China has actively put forward the proposal of accelerating green transformation and strengthening the implementation of actions,and is committed to the early accomplishment of the solemn commitment of "Carbon Peaking by 2030 and Carbon Neutrality by 2060", which has injected a new impetus for global sustainable development.

In this context, the new energy equipment industry plays a crucial role. As a world-leading new energy intelligent manufacturing solution provider, LEAD is well aware of its responsibility and mission. It bases its business layout on insights into the industry, and has invested heavily in R&D for a long time, striving to transform advanced technology and digital intelligence achievements into new quality productivity and promote global new energy field.

Led by the goal of "Carbon Neutrality and Carbon Peaking", LEAD focuses on platform-based strategy. Based on intelligent manufacturing technology, it starts from lithium-ion battery and photovoltaic equipment manufacturing and extends to hydrogen energy, energy storage, new energy automobile, laser precision, intelligent factories and other business segments to construct a complete ecological chain of new energy and green intelligent manufacturing. Our high-efficiency, low-energy-consumption and intelligent lithium battery and module whole-line solution, as well as the leading next-generation battery equipment technology of sodium ion battery, solid-state battery, condensed state and hydrogen energy, are leading the development direction of global new energy battery manufacturing. Our high-stability, high-yield, low-energy-consumption production equipment for photovoltaic cells and modules have been recognized by major global photovoltaic manufacturers and will continue to lead the low-carbon development of photovoltaic intelligent manufacturing industry. Our layout in 3C intelligent equipment, intelligent logistics system, automobile intelligent production line, laser precision processing equipment and other fields has introduced the concept of green intelligence into the production workshops of more customers, providing solid technical support for the global new energy transformation. By actively participating in customers' technological changes and low-carbon revolution, LEAD has taken the initiative to lead the scale-up and intelligentization of new energy industry, using intelligent equipment to drive global energy change.

We are fully aware of our corporate responsibility and accountability in ESG. Therefore, we have actively joined the United Nations Global Compact (UNGC), supported the UNGC's ten principles in the areas of human rights, labor, environment and anti-corruption, and continuously increased our investment in ESG work in order to strive for better performance in environmental, social and corporate governance, and to practice the concept of sustainable development through practical actions.

In terms of corporate governance, we have established an ESG Management Committee under the Board of Directors, which is fully responsible for the ESG governance of the whole company, and has dedicated officers to promote the implementation of the decisions made by the ESG Management Committee. LEAD also incorporates ESG governance performance into the management's performance assessment standard. We continue to improve our governance system and strengthen communication and cooperation with our stakeholders to ensure that our strategic decisions are in line with our sustainable development goals. Meanwhile, we optimize our corporate governance structure, promote efficient and compliant operations through modernized operational mechanisms, and safeguard information security by establishing an information security management system at the strategic level, which is awarded the highest rating by the German Trusted Information Security Assessment Exchange (TISAX).

In terms of social responsibility, we pay great attention to the occupational health and safety of our employees, increase the construction and management of production safety, create a safe production environment for our employees, and provide competitive salary and welfare mechanisms and a perfect development and promotion system to create a working atmosphere with a sense of warmth and belonging. At the same time, we actively participate in social welfare activities, and undertake corporate social responsibility through carrying out school-enterprise cooperation, establishing charity funds, organizing public welfare activities and participating in public welfare donations.

In terms of environmental responsibility, we always adhere to the concept of green development. We implement the concept of environmental friendliness in production and operation and the whole life cycle of products, and require finished products to be low in energy consumption, long-lasting and intelligent to upgrade from the beginning of design and procurement. At the same time, we also strengthen our own energy consumption control, and actively increase the proportion of renewable energy used to reduce energy consumption and carbon emissions in the production process. These initiatives not only help reduce our operating costs, but also contribute to global environmental protection.

The global new energy transformation affects the sustainable development of mankind and the Earth, and new energy equipment enterprises will play a vital role in the process of energy transformation. In the future, LEAD will continue to uphold the concept of sustainable development, increase ESG efforts, continuously improve the corporate governance system, fulfill its corporate responsibility, and through technological innovation and industrial upgrading, work with upstream and downstream partners to create a cleaner, more efficient and sustainable new energy future for mankind.

Wang Yanqing

Chairman of LEAD

About LEAD

Introduction

Established in 2002, Wuxi Lead Intelligent Equipment Co., Ltd. has grown into the world's leading whole-line new energy equipment provider, covering intelligent lithium battery equipment, intelligent photovoltaic equipment, intelligent 3C equipment, intelligent logistics system, intelligent automobile production line, intelligent hydrogen equipment, laser precision machining and other fields. In 2015, LEAD was listed on Shenzhen Growth Enterprise Market (GEM) with stock code 300450. By the end of the Reporting Period, LEAD has 19,125 employees, including 4,917 R&D engineers. LEAD is committed to providing customers with one-stop overall solutions from consultation, design, manufacturing, installation, commissioning, training and subsequent upgrades, and continuously improving the customer experience.

LEAD was established in **2002**

listed on shenzhen gem in **2015**

VISION

To be a world leading intelligent equipment manufacturer

CORE VALUES

Customer-centric, devotion and diligence, integrity and pragmatism, selflessness and responsibility, innovation, dedication, perfection, reputation, efficiency

MISSION

Create value for customers

Seek wellbeing for employees

Development history

2002
Establishment of Wuxi Lead Automation Equipment Co., Ltd.

2008
Entering lithium battery and photovoltaic equipment industry

2011
Shareholding system reform: Wuxi Lead Automation Equipment Co., Ltd by Shares

2015
Listed on the GEM of Shenzhen Stock Exchange with code 300450, and renamed Wuxi Lead Intelligent Equipment Co., Ltd.

2017
Wholly-owned acquisition of Titans New Power, integrating upstream and downstream industries to become whole-line lithium battery equipment manufacturer

2018
US subsidiary established to start local layout of global business and establish international sales and service network

2019
Included in MSCI index and becoming representative of high-end equipment enterprises on GEM

2021
Multiple global branches established to deepen international layout and strengthen local operation and service capabilities

2022
Center of Competency (COC) established in Europe, becoming the first China lithium battery equipment enterprise to build a technical center in Europe

2023
National Enterprise Technology Center officially approved

Global layout

With continuous upgrading of the market and customer needs in mind, LEAD is firmly committed to the internationalization strategy, integrating resources, setting up offices and branches worldwide, and always keeping ahead of the curve. At present, LEAD products have been exported to many countries and regions, such as USA, Germany, France, Japan, Korea, India, Sweden, Turkey, Vietnam, etc. We have set up several branches and subsidiaries worldwide, using globalized technology to serve global customers, thus gaining global support.

Strategic direction

I

Technology leading

China enterprises must take technology as priority to ensure international leadership, especially for new energy equipment enterprises. In order to optimize product quality, improve operational efficiency and reduce production cost, LEAD has always maintained high R&D investment and has made in-depth layout in core, forward-looking and basic R&D fields.

II

Lean and agile manufacturing:

Producing high-tech and high value-added products are the inevitable choice for an enterprise to achieve excellence. LEAD is committed to producing high-end products, and has achieved global leadership in many fields such as lithium battery, PV and hydrogen energy.

III

Global development:

Enterprises must take a global vision to actively participate in global competition and obtain global competitiveness. The goal of LEAD is not only domestic substitution, but also international transcendence. In recent years, LEAD has made an in-depth layout overseas, set up several subsidiaries/branches in USA, Europe, Japan and South Korea, and also built technology and processing center in Europe. With these, LEAD is able to provide localized products and services to global customers.

Business layout

Focusing on "New Energy + High-end Equipment", LEAD is committed to provide customers with turnkey intelligent manufacturing solutions.

Li-ion Battery Intelligent Manufacturing

Sole turnkey solution provider of Li-ion battery intelligent manufacturing worldwide

Photovoltaic Intelligent Manufacturing

High-efficient TOPCon, XBC, HJT, perovskite PV cell and PV module intelligent manufacturing solution

Intelligent Automobile Production Line

New energy cell module, PACK, CTP, containerized energy storage, e-drive turnkey solution

LEAD Logistics

Intelligent turnkey solution provider based on "flexible manufacturing" and "intelligent manufacturing"

Titans

Turnkey solution of formation and aging

LEAD Hydrogen

Focus on fuel cell, PEM electrolyzer and stack test bench, and extend continuously to other hydrogen areas

LEAD 3C

Focus on intelligent automotive, consumer electronics and digital energy for vision/fluid and test turnkey solution

LEAD Laser

Laser turnkey solution on new energy and pan-semiconductor

Intelligent Factory

Intelligent digital transformation solution

Corporate culture

After more than 20 years of hard work, LEAD has gradually grown from a small factory with three employees to today's LEAD, laying a solid cultural foundation. LEAD encourages all employees to think, discuss and share ideas to constantly enrich corporate culture. Based on Scientific Outlook on Development, LEAD continuously updates and improves the mission, vision and values of the Company. LEAD also collects corporate culture stories and cultural aphorisms from employees, refines cultural concepts, and holds cultural forums to jointly create the corporate culture system of the Company.

Culture system	Corporate culture	Contents
Concept culture	Core values	Customer-centric, devotion and diligence, integrity and pragmatism, selflessness and responsibility, innovation, dedication, perfection, reputation, efficiency
	Mission	Create value for customers Seek wellbeing for employees
	Vision	To be a world leading intelligent equipment manufacturer
Culture-rooted construction	Quality culture	Craftsmanship, focus on quality
	Innovation culture	Independent innovation to make an intelligent LEAD
	Brand culture	Be a world-leading intelligent manufacturing turnkey solution provider
Behavior culture	Execution	Focus, perfection, reputation, efficiency
	Talent	Virtue, attitude and ability
	Orientation	Customer-centric, to be a world leading intelligent manufacturing turnkey solution provider
Environment culture	Green LEAD	Build an environmental-friendly enterprise

Annual honors

General performance

TITLE	ISSUING AUTHORITY
National Enterprise Technology Center	National Development and Reform Commission, Ministry of Science and Technology, Ministry of Finance
National Technological Innovation Demonstration Enterprise	Department of Science and Technology, Ministry of Industry and Information Technology
2023 Top 500 Machinery Industrial Enterprises in China	China Machinery Enterprise Management Association
2023 World-class Machinery Enterprise	China Machinery Enterprise Management Association
Forbes China Top 50 Sustainable Industrial Enterprises	Forbes China
Top Equipment Enterprise in 2023 Top 500 Global New Energy Enterprises	China Energy News, China Institute of Energy Economics Research
Hurun China 100 Most Valuable Private Energy Companies 2023	Hurun Research Institute
2022 Jiangsu Science and Technology Award	Jiangsu Provincial People's Government
Five-star Cloud Enterprise in Jiangsu Province	Industry and Information Technology Department of Jiangsu
Jiangsu Green Factory	Industry and Information Technology Department of Jiangsu
2023 Leading Green Development Enterprises	Department of Ecology and Environment of Jiangsu Province, Jiangsu Federation of industry and Commerce
Outstanding Enterprise of Jiangsu Province	Jiangsu Provincial Committee, Jiangsu Provincial People's Government
Information and Communication Management System Implementation Demonstration Enterprise in Jiangsu Province	Industry and Information Technology Department of Jiangsu
2023 Best Practice Cases of Corporate Governance	China Association for Public Companies
Information Disclosure Evaluation Result A of GEM Listed Companies in 2022-2023	Shenzhen Stock Exchange
Outstanding Information Disclosure Enterprise	Wuxi Association for Public Companies
Zhuhai Outstanding Private Enterprise	Zhuhai Municipal People's Government
2023 China Top 100 PV Enterprises	China International Photovoltaic Industry Conference
Enterprise of the Year, Enterprise Going Global of the Year	GGII LIB
GGII Gold Globe Award-2023 Innovative Technology	GGII Energy Storage

ESG rating

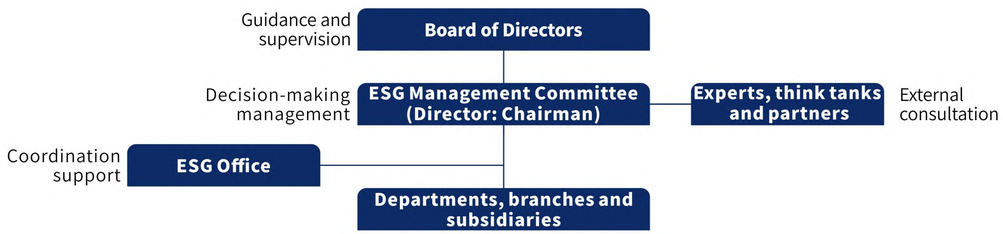
In 2023, LEAD continues to maintain an excellent ESG rating level by the following ESG rating agencies:

CDP	S&P Global CSA	Wind ESG	CNI ESG
Climate Change 2023 B- Water Security 2023 B-	Ranked 67% of the global industry peers	A	AAA

Sustainability Management System

ESG governance structure

Based on the actual situation of the Company, LEAD has established an ESG governance system with the chairman of the board as the principal responsible person, which provides a solid organizational foundation and institutional guarantee for the formulation of sustainable development goals, progress tracking and related risk management. At the same time, the Company links ESG-related performance with the salary performance appraisal system of relevant management, continuously improves the corporate governance level and follows up the key concerns of stakeholders, so as to promote the steady operation and sustainable development of the business and realize the vision of "becoming a world-class leading enterprise in intelligent equipment".



Board of Directors:

Highest responsible body for ESG management and public disclosure, responsible for reviewing and approving the Company's ESG strategic objectives and important affairs as well as monitoring and guiding the ESG Management Committee' s ESG governance work.

ESG Management Committee:

Chairman serves as the Director of the ESG Management Committee, and the heads of various departments serve as committee members, working in cooperation with the ESG Office. The ESG Management Committee is responsible for guiding, supervising, managing and making decisions on the ESG work of the Company, including monitoring the risks and opportunities related to ESG, formulating the ESG development strategy, objectives and management system of the Company, coordinating and promoting the implementation of ESG strategic objectives and projects, reviewing the annual ESG reports and other publicly disclosed information, conducting regular communication and opinion collection with external expert partners and other key stakeholders, and reporting the progress and achievements of ESG work to the Board of Directors quarterly. In addition, there are executive committee members under the heads of various departments, which are responsible for implementing specific ESG work.

ESG Office:

Composed of full-time ESG officers to support the work of the ESG Management Committee. It is responsible for performing work planning and project design according to the Company's ESG strategic objectives, conducting daily overall coordination and information collection and management of the Company's ESG affairs, and taking the lead in compiling the annual ESG reports.

Departments, branches and subsidiaries:

The members of ESG Management Committee and Executive Committees take the lead to promote the implementation of specific ESG work in various departments, branches and subsidiaries, follow up and track relevant ESG indicators, and report to the ESG Management Committee on a regular basis.

Experts, think tanks and partners:

Set up a special external expert advisory group to provide professional advices to the ESG Management Committee, support the Committee's work and decision-making, provide ESG professional capacity building and training, and share ESG best practices and trends on a regular basis.

Sustainable development strategy

LEAD takes "Promoting Global Green Energy Transformation Through Intelligent Manufacturing" as the core of its sustainable development strategy, establishes five ESG value creation and risk management modules, namely, "creating value for customers", "seeking well-being for employees", "achieving win-win for partners", "driving transformation for society", and "paving the way for a long-lasting future", and joins hands with stakeholders to support the realization of the United Nations Sustainable Development Goals and contribute to a better future for mankind. LEAD is committed to: meeting the needs of our customers through high-quality innovative products and services; growing with our employees through a comprehensive employee compensation and benefit system and development and promotion channel; bringing win-win opportunities to upstream and downstream partners through the promotion of intelligent industry transformation and sustainable value chain management; sharing the fruits of development with our shareholders by realizing our own sustained and healthy growth; helping build a greener, more inclusive, and more affordable world by investing in clean technology and public welfare and charity; paving the way for the everlasting development of the Company by building a perfect and efficient governance system.

Promoting Global Green Energy Transformation Through Intelligent Manufacturing

• Value creation module •

Creating value for customers

- Product quality and safety
- Technology innovation
- Product carbon footprint and life cycle management

Seeking well-being for employees

- Employee rights and welfare
- Human capital development
- Occupational health and safety

Achieving win-win for partners

- Sustainable growth
- Driving industrial intelligent transformation
- Sustainable supply chain management
- Sustainable sourcing of raw materials

Driving transformation for society

- Responses to climate change
- Emissions and waste management
- Energy management
- Clean tech and green products
- Philanthropy and community engagement

• Risk management module •

Paving the way for a long-lasting future

- ESG risk management and disclosure
- Business ethics and compliance
- Anti-corruption
- Intellectual property protection
- Information security and privacy protection
- Corporate governance

As a member of the United Nations Global Compact (UNGC), LEAD supports the UNGC's ten principles in the areas of human rights, labor, environment and anti-corruption, and continues to invest in addressing environmental challenges, developing and promoting environmentally friendly technologies, eliminating occupational discrimination, and combating corruption, in order to promote the achievement of broader development goals and contribute to the global sustainable development process.

Climate strategy

Climate governance

LEAD has always been committed to promoting sustainable development, actively responding to the carbon peaking and carbon neutrality goals, emphasizing climate change and carbon emissions, and integrating climate change risk management into its daily work. Based on the Company's ESG Management Committee, the Company has set up a climate governance structure from the Board of Directors to each department to carry out top-down governance on climate issues.

The Company actively identifies, analyzes and manages risks and opportunities related to climate change, formulates work plans and targets for further development, and reports important information to the Board of Directors through regular monthly and unscheduled meetings. In addition, the Company links senior management compensation to climate change-related indicators, so that the Company' s climate strategy is valued from top to bottom.

Climate-related incentive

The Company has set up a financial incentive mechanism to incorporate climate change-related indicators into the performance appraisal system of employees at different levels, so as to promote the construction of a green atmosphere in which all employees participate in energy saving and efficiency improvement.

Incentive Object	Incentive Type	Indicator	Incentive Description
Senior management	Financial incentive	Energy conservation and emission reduction, cost reduction and efficiency improvement	The Company incorporates “Energy Conservation and Emission Reduction, Cost Reduction and Efficiency Improvement” into the performance appraisal system of senior management and links them with their salaries.
All employees	Financial incentive and non-financial incentive	Energy conservation and emission reduction, cost reduction and efficiency improvement	The Company encourages all employees to offer advices and suggestions on sustainable development. After the suggestion put forward through the company's internal process is adopted and rated, the employee will receive corresponding cash rewards and honorary rewards.

Climate-related risk and opportunity management

The Company adopts scientific and effective methods to establish a climate change management process and formulate medium- and long-term development strategies in light of its actual situation.

Climate change management process

Identification	The ESG Management Committee will organize climate risk and opportunity assessment every six months according to the climate change-related information reported by Office and determine the internal situation of the Company and the demands of stakeholders through benchmarking international standards and discussion of hot topics on ESG seminars to identify possible climate-related risks and opportunities;
Evaluation	Conduct internal analysis of the impact of identified climate-related risks and opportunities on the Company's business, strategy and financial planning;
Management	Formulate measures for management, implementation and supervision based on the evaluation results of climate-related risks and opportunities;
Disclosure	The Company takes the initiative to disclose the Company's climate management in the ESG report on a regular basis every year, aiming to obtain supervision and suggestions from the whole society.

Climate change management strategy

Time horizon	Strategy
Short-term (0-3 years)	The Company conducts climate-related risk and opportunity analysis every year, develops specific measures to address climate change for that year, and plans management strategies for the incoming three years.
Medium-term (3-10 years)	The Company makes comprehensive analysis of the climate management strategy every three years according to the policy and market trends, as well as the achievement and development of the Company's own goals, so as to ensure consistency with the Company's long-term goal.
Long-term (more than 10 years)	In response to the call of carbon peaking and carbon neutrality goals, the Company develops long-term climate change management strategies as well as long-term sustainable development goals to contribute to a better future for mankind.

Climate indicators and performance

Indicator category	Indicator	Data of 2023	Unit
Greenhouse gases	Total greenhouse gas emissions	12,908,028	tCO_2e
	Scope 1 Total greenhouse gas emissions	1,152.99	tCO_2e
	Scope 2 Total greenhouse gas emissions	27,320.65	tCO_2e
	Scope 3 Total greenhouse gas emissions	12,879,554.32	tCO_2e

The greenhouse gas (GHG) inventory uses the "operational control" method to set organizational boundaries, covering the Company's three main production bases and 17 leased warehouses in Wuxi, excluding outsourced canteens. The main bodies involved include Wuxi Lead Intelligent Equipment Co., Ltd., Jiangsu Lead Technology Co., Ltd., Jiangsu Lead Hydrogen Intelligent Equipment Co., Ltd., Wuxi Lead Laser Intelligent Equipment Co., Ltd. and Wuxi Branch of Guangdong Lead Intelligent Logistics Technology Co., Ltd.

The categories included in GHG emissions:

Scope 1: Fixed source emissions; Mobile source emissions; Process emissions; Fugitive emissions

Scope 2: Emissions generated from purchased electricity

Scope 3: Purchased goods and services; Capital goods; Upstream transportation and distribution; Waste generated during operation; Business travel; Employee commuting; Downstream transportation and distribution; Use of sold products; Downstream leasing assets

Product Carbon Footprint:

According to the "ISO14067:2018 Greenhouse Gases - Carbon Footprint of Products - Requirements and Guidelines for Quantification" and "PAS2050:2011 Specification for the Assessment of the Life Cycle Greenhouse Gas Emissions of Goods and Services", using the cradle-to-gate system boundary, the star product produced by LEAD - Lithium-ion Battery Cutting and Stacking Machine - has a carbon footprint of 162.57 tCO_2e per functional unit product.

Raw material acquisition → Raw material transportation → Equipment production

The proportion of carbon emissions at each stage of the product

LEAD will continue to strengthen product carbon footprint management, expand the coverage of product carbon footprint, enhance the low-carbon competitiveness of products, enable customers and other stakeholders to better understand the environmental impact and sustainability of products throughout the life cycle through product carbon footprint certification, and provide customers with professional data support in green procurement.

Materiality Assessment

Through benchmarking analysis and stakeholder research, LEAD screens 21 strategic issues that are conducive to the realization of sustainable value co-creation and ranks the importance of the issues according to the opinions of internal and external stakeholders to develop a materiality analysis matrix, so as to better respond to the expectations of stakeholders and provide a reference for the Company's ESG governance priorities. Among them, material issues with high or medium importance are the key disclosure issues in this report, and the scope and boundaries of the report are determined according to the availability of data.

Material issue benchmarking process

Benchmarking analysis

- Requirements of capital markets, rating agencies and international standards
- Macro policies, industry policies and regulatory requirements
- Best practices of peers and business features and advantages of LEAD

Stakeholders survey

- Questionnaire query: Distribute questionnaires to 13 categories of stakeholders, including the Board of Directors, management, employees, investors, customers, suppliers, media, and regulators.
- Interview with key stakeholders

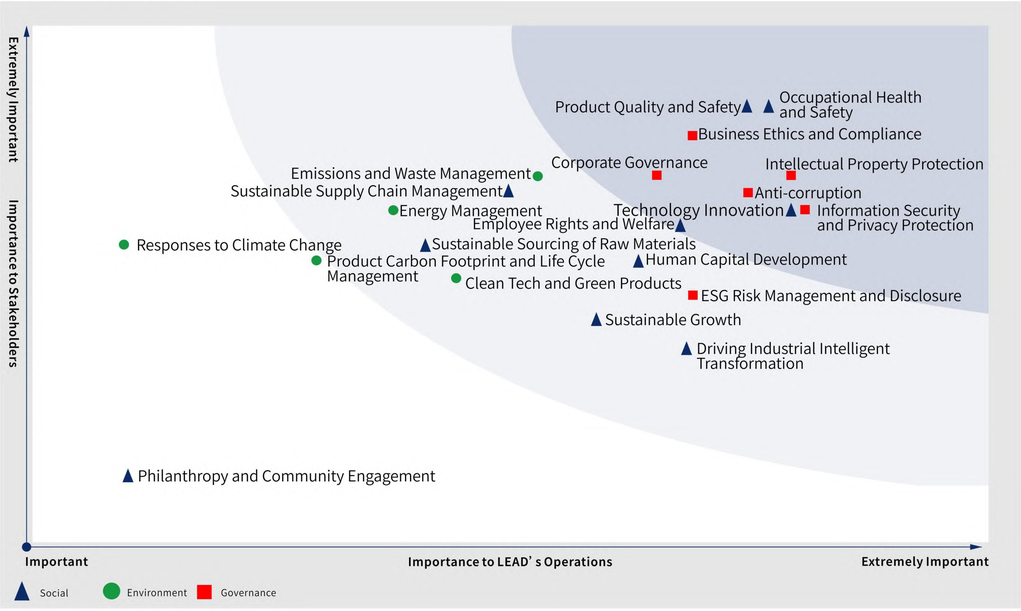
Issue materiality assessment and ranking

- Sorting out the feedbacks and scoring results of the survey
- Preparation of materiality matrix

Issue identification and disclosure

- Confirmation of issues and disclosure priorities after review by the ESG Management Committee and being reported to the Board of Directors

Materiality matrix



Stakeholder engagement

Stakeholders	Issues of concerns	Communication channels
Shareholders	ESG risk management and disclosure Business ethics and compliance Anti-corruption Intellectual property protection Corporate governance Sustainable growth	Official website Investor hotline Investor relations Email Interactive platform of Shenzhen Stock Exchange Performance briefing Investor reception day Institutional research General meeting of shareholders
Customers	Product quality and safety Technology innovation Information security and privacy Clean technology and green products Product carbon footprint and life cycle management	Official website WeChat official account Customer relationship management (CRM) system Regular visit Technical exchange meeting Project team After-sales service system Satisfaction survey
Suppliers and partners	Sustainable supply chain management Sustainable sourcing of raw materials Driving industrial intelligent transformation	Official website WeChat official account Supplier management system Bidding Technical exchange meeting
Employees	Employee rights and welfare Human capital development Occupational health and safety	Employees' congress Team building Interest association Theme activity CEO's mailbox Whistle-blowing line Continuous improvement (CI) suggestion platform Satisfaction survey
Government authorities	Sustainable growth Responses to climate change Philanthropy and community engagement Business ethics and compliance Corporate governance Anti-corruption Driving industrial intelligent transformation	Official correspondence Daily communication Institutional investigation
Media	Sustainable growth Responses to climate change Philanthropy and community engagement Technology innovation	Official website WeChat official account Press conference News briefing
Community	Responses to climate change Emissions and waste management Energy management Philanthropy and community engagement	Official website WeChat official account Community activity Volunteer activity

Corporate Governance

Organizational structure

LEAD timely optimizes and adjusts the design of organizational structure in accordance with the requirements of the Company Law of People's Republic of China, the Securities Law of People's Republic of China and other relevant laws, regulations and normative documents, and based on the business characteristics and strategic requirements of the Company. LEAD establishes and improves the organizational structure and operation mechanism of modern enterprises composing of general meeting, board of directors, board of supervisors and management. All organizations shall exercise their functions and powers and perform their obligations according to law within their terms of reference to jointly promote the efficient and compliant operation of the Company. LEAD also establishes and improves various internal management systems based on the Articles of Association.

About shareholders and general meeting

In strict accordance with the Company Law, Articles of Association, Rules of Procedure for Shareholders' General Meeting and other laws and regulations, LEAD regulates the convening, holding and voting procedures of shareholders' general meeting to ensure that all shareholders enjoy equal status and equal rights, and fully exercise their rights and fulfill their obligations. During the Reporting Period, LEAD held one annual general meeting and two extraordinary general meetings, all of which were convened and held by the Board of Directors.

In 2023, the Company held

1 annual general meeting | **2** extraordinary general meetings

About directors and Board of Directors

There are seven directors on the Board of Directors of the Company, including three independent directors. The number and composition of the Board of Directors are in compliance with the requirements of laws, regulations and the Articles of Association. All directors earnestly perform their duties in an honest, diligent and conscientious manner, attend meetings on time, actively participate in trainings, and constantly improve their performance of functions. There are four special committees under the Board of Directors: Strategy Committee, Nomination Committee, Audit Committee and Remuneration and Appraisal Committee, and corresponding rules have been formulated. All these play an important role in promoting the Company's standardized operation and safeguarding shareholders' rights and interests. During the Reporting Period, the Company held 12 board meetings.

In 2023,

there are **7** directors | including **1** female director | **3** independent directors | The Company held **12** board meetings

About supervisors and Board of Supervisors

The Board of Supervisors has three supervisors, including one employee supervisor. The number and composition of the Board of Supervisors meet the requirements of laws and regulations. During the Reporting Period, the Board of Supervisors held meetings in strict accordance with the regulations. All supervisors perform their duties conscientiously with the best interests of shareholders in mind, supervise the legality and compliance of the Company's finances and the performance of duties by the Company's directors and senior management, and protect the legitimate rights and interests of the Company and shareholders. During the Reporting Period, the Company held 10 meetings of the Board of Supervisors.

In 2023,

there are **3** supervisors | including **2** female supervisors | The Company held **10** meetings of the Board of Supervisors

Investor equity protection

In strict accordance with the Guidelines for the Management of Investor Relations of Listed Companies, the Rules for Listing on Growth Enterprise Market of Shenzhen Stock Exchange, and the Shenzhen Stock Exchange Guideline No.2 on the Application of Self-Regulation Rules for Listed Companies-Standardized Operation of Listed Companies on Growth Enterprise Market, LEAD conscientiously implements the relevant requirements and instructions of the regulatory authorities to protect investors, fulfills the obligation of information disclosure according to law, treats all investors equally (especially providing opportunities to small and medium-sized investors to participate in activities), listens to investors' opinions and suggestions and responds to investors' demands timely, strengthens communication with investors and potential investors, enhances investors' understanding and recognition of the Company, and improves the level of corporate governance and the overall value of the enterprise to achieve the goals of respecting, protecting and rewarding investors.

Fulfilling information disclosure obligations according to law

LEAD fulfills its information disclosure obligations in strict accordance with the requirements of the Company Law of People's Republic of China, the Rules for Listing on Growth Enterprise Market of Shenzhen Stock Exchange, the Administrative Measures for Information Disclosure of Listed Companies and other relevant laws and regulations to ensure that the contents of the reports are true, accurate, timely and complete and the information is publicly disclosed to all investors.

In 2023, **151** announcements and documents were disclosed | From2018 to2022, the information disclosure ratings are all **A**

Diversified investor communication mechanism

LEAD attaches importance to communication with various investors (including overseas investors) and has established rich communication and feedback channels with investors, thus strengthening investor confidence and effectively protecting the vital interests of investors, especially small and medium-sized investors.

Investors can better understand the industry characteristics and the business and other information of the Company which are helpful for investor decision-making through the general meetings, performance briefings, researches and visits, broker strategy meetings, websites, investor hotlines and other forms to enhance the interaction and mutual trust between the Company and investors, and to establish a good corporate image in the capital market.

During the Reporting Period,

the Company organized **3** performance briefings | answered the investor hotline for nearly **1000** times

Stable shareholder return mechanism

LEAD pays continuous attention to shareholder return, actively shares business development achievements with shareholders, establishes continuous, stable and scientific return planning mechanism for investors, and periodically reviews such mechanism. LEAD makes appropriate and necessary adjustments to the profit distribution policy of the Company and formulates shareholder return plan according to the opinions of shareholders, especially public investors and independent directors. In principle, LEAD implements profit distribution once a year, and cash dividend distribution method is preferred. Under the premise of ensuring full cash dividend distribution, LEAD may also adopt stock dividend distribution and capital reserve converted into share capital.

Year	Profit distribution
2022	A cash dividend of RMB 5.37 (including tax) is distributed for every 10 shares, totaling RMB 841,029,549.26 (including tax).
2021	A cash dividend of RMB 5.00 (including tax) is distributed for every 10 shares, totaling RMB 781,883,164.50 (including tax).
2020	A cash dividend of RMB 3.00 (including tax) is distributed for every 10 shares, totaling RMB 272,196,756.30 (including tax). Meanwhile, LEAD implemented the proposal of share increase by converting capital reserve into new shares on the basis of 6 shares for every 10 existing shares for all shareholders. A total of 544,393,513 shares are increased.
2019	A cash dividend of RMB 1.63 (including tax) is distributed for every 10 shares, totaling RMB 143,675,742.01 (including tax).

Business ethics

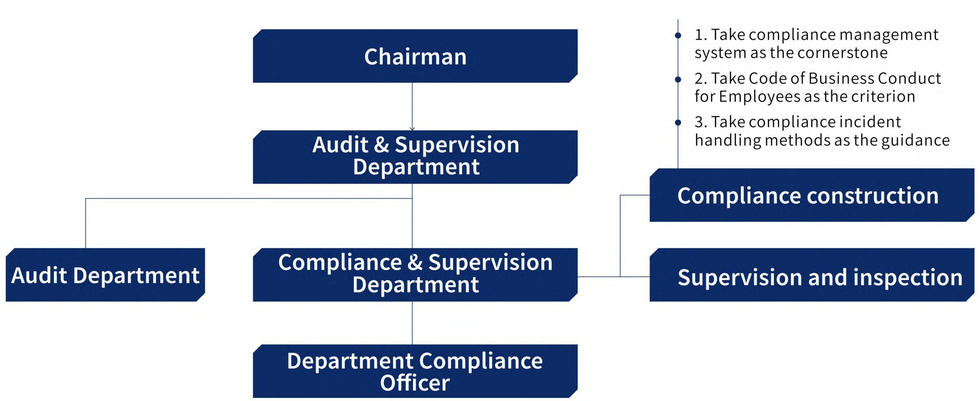
LEAD incorporates “Integrity and Trustiness" into its core values, requires all employees to adhere to the business ethics with “Integrity and Compliance with Law and Commitment” as the core, and strictly abides by laws and regulations on operation, environment, safety, quality and finance. LEAD attaches great importance to strengthening risk awareness and adopts multiple methods to regularly promote the legal awareness of all employees. It has formulated relevant documents such as the Code of Business Conduct for Employees, Supplier Anti Commercial Bribery Declaration, Bidding Management System, Procurement Management System, Code of Conduct for Integrity in Procurement Business, Integrity Management System, Financial Management System, and Internal Audit and Review Management System. The Audit and Supervision Department holds monthly compliance trainings and exams irregularly. In 2023, LEAD conducted 27 business ethics trainings, including 10 procurement department integrity trainings, 3 compliance management meetings and 6 business department integrity trainings. The Legal Department regularly conducts law lectures, and provides training regarding laws and regulations in key areas related to LEAD's business, such as bidding law, contract law and patent law, so as to continuously enhance the management' lawful operation ability and employees' law awareness and form a good legal atmosphere.

Based on high-quality development, LEAD always adheres to legal and compliance management, conscientiously implements national tax laws, regulations and relevant system provisions, actively pays taxes, and contributes strong momentum to the high-quality development of local industrial economy.

27 employees' business ethics trainings | Rate of employees who have signed the integrity commitment letter is **100%** | **2** supplier trainings | The supplier integrity letter is distributed to **100%** of suppliers

Compliance system

The Company has set up the Audit and Supervision Department as its functional department for the internal supervision and inspection, which reports directly to the Board of Directors, and has set up departmental compliance officers in each department, who are required to submit departmental compliance materials to the Audit and Supervision Department on a regular basis.



Employees Code of Conduct

The business of LEAD covers many countries and regions around the world. LEAD requires all employees to comply with the general code of business conduct as well as other rules of the Company, their departments or business areas. Therefore, in accordance with the legal requirements of the countries in which the Company operates, LEAD formulates the Employee Code of Conduct to regulate employees’ behaviors from four dimensions: basic rules, internal business behaviors, external business behaviors and personal behaviors.

For the clues of violation of laws and disciplines that are reported via complaint, assigned by the leaders, or investigated and dealt with on its own initiative, the Audit and Supervision Department adopts the means of online data analysis, offline investigation and evidence collection, and scenario simulation to investigate and deal with them quickly and ensure that each clue is investigated and verified. Once the clue is verified, those who violate the Company's relevant management system and their leaders and higher supervisors will be held responsible according to the Company's relevant system (including performance assessment). Those who violate the law and commit crimes will be handed over to judicial bodies for handling.

Basic rules	Employees shall comply with the general code of business conduct and adhere to the Company's values, mission and vision.
Internal business behaviors	1. Prohibit discriminatory behaviors such as gender, race and ethnicity discrimination, harassment, and violations of laws and regulations. 2. Protect the Company's tangible assets, intellectual property, technical and trade secrets, and other intangible assets. 3. Keep correct and honest recording and reporting of information, and comply with the relevant systems for the proper preservation and destruction of handled documents. 4. Strictly limit the authority of employees' personal information and protect their privacy.
External business behaviors	1. When selecting suppliers, always adhere to the principle of fairness and it is forbidden to get benefits from suppliers. 2. Be customer-oriented in the process of serving customers, that is, using customer thinking, starting from customer needs, satisfying customers, and creating value for customers. 3. Observe laws and business ethics, fight against monopoly and unfair competition, and do not offer or promise to offer monetary or other benefits to government officials in the course of carrying out business activities. 4. Comply with the laws, regulations, practices and standards of the business place, including investment, trade, labor and employment, environmental protection, contracts, accounting, taxation, etc.
Personal behaviors	1. The first priority is always integrity when recruiting employees. 2. Avoid conflicts of interest, and do not use inside information and conduct insider trading. 3. Protect the proprietary information of the Company, customers and suppliers. 4. Be honest and law-abiding, and prohibit corruption and fraud.

Anti-fraud Alliance

In order to create a harmonious workplace, build a clean management environment and improve the ability to actively identify fraud risks, LEAD officially became a member of Trust and Integrity Enterprise Alliance in April, 2023. This is an important step for LEAD to improve the integrity management system, strengthen the internal risk management and control, and enhance the anti-fraud ability. LEAD will establish a blacklist of internal dishonest employees and suppliers, and share the blacklist database of Enterprise Anti-fraud Alliance. When recruiting employees and selecting suppliers, dishonest ones will be refused to increase the social cost of dishonest behavior.

In December 2023, LEAD was elected as the president unit of "China Enterprise Anti-fraud Alliance", which marked that LEAD had made remarkable achievements in the aspects of integrity and compliance construction, system construction, and investigation and punishment of fraud and violation, and was widely recognized by China Enterprise Anti-fraud Alliance and its members.

Reporting channels and whistleblower protection

In view of possible corruption and fraud, LEAD has developed the Complaint Reporting Management System and set up various reporting channels for employees, customers, suppliers and the general public. Whistleblowers can provide clues with or without revealing their identity. If the clue is verified, LEAD will reward the whistleblower accordingly.

WeChat official account:
Clean LEAD

Hotline (WeChat):
18795605971

E-mail:
Compliance@leadintelligent.com

Reporting channels

In order to protect whistleblowers, the Audit and Supervision Department will assign dedicated personnel to communicate with whistleblowers through the reporting channels they use, and to maintain absolute confidentiality of whistleblowers' information throughout the entire process. The accused person shall not retaliate or instruct others to retaliate against the whistleblower. Once discovered, he/she will be dismissed. If suspected of illegal or criminal activities, he/she will be handed over to the public security authority for handling.

Compliance training and theme activity

Compliance training

In 2023, LEAD conducted 27 integrity and compliance trainings, including 10 special integrity trainings for procurement department and 6 special integrity trainings for business departments.

Integrity theme activity

In order to promote integrity awareness, LEAD launched “Work Together to Build Clean LEAD”-integrity theme month activity, which enriched the form and connotation of integrity culture and improved its appeal and attraction.

Business information protection

Information security system

LEAD strictly complies with the Data Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China, and the laws and regulations of other countries or regions to conduct business, including the EU General Data Protection Regulation (GDPR).

LEAD takes "Information security is everyone's responsibility; active defense, comprehensive prevention; customer trust, sustainable management" as its information security policy. We attach great importance to information security management, and have set up the Information Security Committee with the Chairman of the Board of Directors as the Director. The Information Security Committee is responsible for the information security management of the Company, and the Information Security Department is responsible for the daily management under the direct control of the General Manager and operates independently in accordance with the requirements of the Company's information security strategy.

The Information Security Department established ISO27001 information security management system in 2017, adopting PDCA (Plan, Do, Check, Act) cycle management method to comprehensively protect the Company's information assets in terms of confidentiality, integrity, availability and other dimensions. In early 2023, LEAD was rated as highest TISAX (Trusted Information Security Assessment Exchange) level.

Information security functions:

- monitoring & auditing
- IT security
- site management
- outbound management
- process management
- drawing management

CERTIFICATE

The Certification Body of TÜV SÜD PSB Pte Ltd certifies that

Wuxi Lead Intelligent Equipment Co., Ltd.
No. 18 Xinzhou Road, Wuxi National High & New Tech Industrial Development Area, Wuxi City, Jiangsu Province P.R. China
Post Code: 214028

has established and applies an Information Security Management System for

Design, Production and Sales of Automation Equipment and Related Information System

Proof has been furnished that the requirements according to

ISO/IEC 27001 : 2013

are fulfilled. The certificate is valid from 2023-11-30 to 2025-10-31
Certificate Registration No. IS27-2020-0076-2
Date of Print : 2023-11-30

Version of the statement of applicability: LEAD-ISMS-02, Rev. A/2, 2022-09-09

LEAD ISO27001 information security management system certificate

Information security measures

Information security audit

Internal

- Internal audit of information security management system: 1 time per quarter;
- Security test: Phishing email drill covering all staff;
- Daily security audit: 1 round per week;
- 20 IT audit reports in 2023;
- Cooperate with domestic leading security manufacturers to conduct network security information and dynamic perception of LEAD.

External

- Third-party organization ISO27001 audit: 1 time every year;
- Third-party organization TISAX certification: 1 time every 3 years;
- External penetration test: 5 times for the Group and 3 times for subsidiaries and branches.

Information security awareness improvement

- 39 offline training sessions for key positions, 200+ new employee training sessions; 100% online platform learning task pushing for all staff
- Information security examination for all staff: 4 times;
- Announcements: Publish information security guidance announcements irregularly, and require all employees to post information security mnemonics;
- 8-minute information security promotion video covering all employees (including overseas subsidiaries/branches and offices).

In 2023 the number of serious and major cybersecurity incidents is **0**

The number of customers and other stakeholders affected by information security issues is **0**

Information security issue feedback channel

WeChat | E-mail: ismc@leadintelligent.com | Phone: 0510-80526699

Privacy protection

In order to protect the privacy security and personal information rights and interests of customers, employees and related parties, and to standardize personal information processing activities, according to the Personal Information Protection Law of the People's Republic of China and the EU General Data Protection Regulation (GDPR), and taking into account the actual situation of the Company's business, LEAD has formulated the General Data Protection Management Norms and Procedures to regulate the rights and ways of exercising rights of the data subjects, the ways of transmitting the information to and from the data subjects, data management norms and audit processes, and complaint procedures, etc.

Basic principles:

- Legality, justice and transparency
- Purpose limitation
- Data minimization
- Accuracy
- Storage limitation
- Integrity and confidentiality

Products and Services

Product R&D and intellectual property management

R&D platform

In 2023, LEAD was recognized as National Enterprise Technology Center by a file jointly published by the National Development and Reform Commission, the Ministry of Science and Technology and the Ministry of Finance. In the same year, LEAD was successfully recognized as National Technology Innovation Demonstration Enterprise by the Ministry of Industry and Information Technology. LEAD is rated as National Torch Program Key High-tech Enterprise, Single Champion Product Enterprise, and Jiangsu Industrial Internet Benchmark Factory, and has 5 provincial-level R&D institutions: National Enterprise Technology Center; Jiangsu Enterprise Technology Center; Jiangsu Engineering Center of Lithium Battery Equipment; Jiangsu Engineering and Technology Research Center of Automatic Capacitor Equipment; and Jiangsu Postdoctoral Innovation Practice Base.

In recent years, LEAD continues to increase investment in R&D, establishes collaborative design mechanism, and builds digital R&D management platform that runs through the entire business process to achieve modular design. In addition, LEAD has built a knowledge management system to further improve the enterprise R&D knowledge sharing and innovation capability. Meanwhile, LEAD also has set up CNAS-certified national R&D lab, and global research institutes in Wuxi, Shanghai, South China, and overseas regions to enhance R&D capabilities.

R&D investment

	2020	2021	2022	2023
Operating revenue (unit: RMB 10,000)	585,830.06	1,003,659.17	1,393,235.21	1,662,836.10
R&D investment (unit: RMB 10,000)	68,937.53	107,006.49	140,033.69	177,356.52

R&D investment unit: RMB 10,000 **177,356.52** | Year-on-year growth **26.65%** | Ratio of R&D investment to operating revenue **10.67%**

R&D personnel

	2023	2022	Change ratio
Qty. of R&D personnel	4,917	4,507	9.10%
Ratio of R&D personnel	25.71%	24.01%	1.70%
Education of R&D personnel			
Bachelor	3,691	3,525	4.71%
Master	704	462	52.38%
Doctor	31	18	72.22%
Age of R&D personnel			
Below 30	2,825	2,630	7.41%
30-40	1,883	1,750	7.60%

Industry-university-research cooperation

In order to enhance the Company's technological innovation capability, LEAD has formulated the Management Measures for the Industry-University-Research Cooperation to strengthen the cooperation between enterprise technology centers and domestic and foreign universities and research institutes. For this purpose, LEAD has established a good mechanism for cooperation and technology exchange by signing mutual cooperation agreements, integrating technological resources, and jointly undertaking major projects to tackle key core technologies and enhance the competitiveness of the enterprise in the market.

Through the industry-university-research cooperation, LEAD has formed the cooperation mechanism of industry, technology and talents, and has cooperated with Shanghai Jiao Tong University, Huazhong University of Science and Technology, Southeast University, Jiangsu University, Jiangnan University, etc. Through this cooperation, LEAD has tackled core technologies such as high-speed cell winding process, high-speed calendering and de-folding process, high-speed and high-precision stacking process, and flexible design and manufacturing, undertaken or participated in 12 scientific and technological projects at provincial and ministerial level or above, solved the problems of low automation level, process complexity, low production efficiency and low precision of LIB cell manufacturing process, and enhanced the technological innovation capability of the Company. The LIB stacked cell manufacturing equipment project cooperated by LEAD and Jiangnan University successfully applied for the transformation project of provincial scientific and technological achievements in 2022.

Intellectual property management

LEAD has formulated and released the relevant intellectual property rights management and control procedures and process documents in accordance with the Enterprise Intellectual Property Management, so as to establish a standardized system of intellectual property work, conscientiously implement Outline of the National Intellectual Property Strategy, strengthen the guidance of intellectual property work, help the Company further strengthen the creation, application, management and protection of intellectual property rights, and improve the independent innovation capability, competitive advantages and brand reputation of the Company. On August 21, 2019, LEAD obtained the authentication certificate of intellectual property management system. In 2020, LEAD undertook the Wuxi High Value Patent Cultivation Demonstration Plan Project to further improve its patent layout and enhance its patent creation and conversion rate. In July 2022, LEAD obtained the China Patent Excellence Award, and in October of the same year, LEAD was recognized as the National Intellectual Property Advantageous Enterprise.

As of December 31st, 2023, LEAD and its fully-owned subsidiaries have obtained 2,347 authorized patents, including 243 invention patents, 2,026 utility model patents and 78 design patents, which broke the monopoly position of imported equipment from Japan and South Korea. Many types of equipment are classified as high-tech products, first major equipment or famous brand products in Jiangsu Province.

In 2023, LEAD

obtained **421** new authorized patents | **70** invention patents | **336** utility model patents | **15** design patents

LEAD intellectual property management system certificate

Intellectual property protection

LEAD has formulated various rules and regulations such as Patent Application Process and Reward Rules, Intellectual Property Compliance System, Patent Rights Protection Incentive System to regulate the creation, management, application and protection of intellectual property rights, so as to internally enhance the importance of intellectual property rights within the Company, externally demonstrate the Company's firm determination and responsibility for the protection of intellectual property rights, and contribute to creating an industry business environment that respects intellectual property rights, encourages innovation and fair competition.

In order to enhance employees' awareness of intellectual property protection, LEAD has provided multiple trainings to R&D personnel and internal patent engineers for many times. LEAD have released IP-related training videos on our internal learning platform for all employees to share and learn. In addition, for external agents, LEAD has set up non-competition mechanism when signing contracts with suppliers to protect the Company's intellectual property rights from being infringed upon.

LEAD regularly organizes or participates in intellectual property seminars, forums and other activities to strengthen communication and exchanges with players inside and outside the industry, and continuously improve its professionalism in intellectual property protection. By participating in these activities, LEAD can not only keep abreast of the industry dynamics, but also learn from the excellent experience of other enterprises to further optimize the Company's intellectual property protection system.

Product quality management

Product quality system

LEAD practices the quality concept of "Starting with Craftsmanship, Focusing on Improvement, Pursuing Excellence, and Aiming for Perfect Delivery", establishes quality gate management mechanism throughout the entire lifecycle from supply chain management to after-sales service, defines quality objectives and assessment mechanism, and clarifies quality responsibility in each process. Meanwhile, LEAD also has independently built a full process quality cloud management system, covering the whole process from product design to site delivery, including R&D quality, design quality, supply chain quality, processing and assembly quality, and commissioning service quality. Through a comprehensive evaluation system that is visual, intelligent, and traceable, each product can achieve 100% quality traceability and control.

LEAD ISO 9001 quality management system certificate

In October 2023, LEAD successfully held its first quality conference. The theme of this conference is "Top Leader Monitoring, Quality Business Innovation Embracing, Quality Priority, Zero Defect Pursuing". The conference participants include the chairman, the head of each business unit and the head of each functional department. This conference established the direction of the overall quality change of LEAD in the next three years, as well as the quality change contents of each business unit and each functional department. Professor Jiao Shubin from Renmin University of China was invited to give training on "Quality Management Ideas" and provide ideas for the efficient promotion of quality management in the future.

Product safety management

The safety and reliability of products is an important embodiment of quality. LEAD attaches great importance to product safety management in the process of product design, production and use to ensure the health and safety of customers. LEAD designs and delivers CE-compliant products according to EU mechanical directives, electromagnetic compatibility directives and explosion-proof directives. Warning signs are affixed on the equipment and use and maintenance instructions are stipulated in the final maintenance manual to avoid improper operation.

Environmental-friendly products

LEAD is committed to helping downstream customers reduce pollution, energy consumption and carbon emissions during the use of machine by providing environmentally friendly products.

In the raw material procurement stage, we observe the relevant EU directives, such as the Restriction of Hazardous Substances (RoHS) and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). For cables, wires, and components, toxic and harmful substances are controlled at various levels. In the design and manufacturing stage, we adopt functions and modules such as waste heat utilization, dry air recycling, microenvironment control, energy-saving motor, electrical intelligent control, compressed air management, intelligent management of fans and lighting, and energy consumption monitoring and forecasting, which greatly reduce the energy consumption during the use of machine. In addition, we also consider maintainability design and meet the requirements of EU mechanical directives to optimize the maintenance and repair of components, improve the durability of machine, and extend the service life of machine.

Making full use of waste heat
Fully control the utilization of waste heat in each process phase during the plant design stage

Dry air recovery and recycling
Recover exhausted air from the machine, remove impurities in the dry air, then send the dry air to the workshop for reuse

Fine control of machine microenvironment
Effectively control humidity and dust microenvironment to reduce energy consumption and operation cost

Motor energy-saving technology and selection
Use the IE4 energy-saving motor compliant with national standard to effectively realize energy saving of machine

Electrical intelligent control
Intelligent control of electrical machine to reduce power consumption in each process phase

Fine management of compressed air
Intelligent monitoring of specific working conditions of machine and fine control of compressed air pressure and flow, to achieve effective energy saving

Energy-saving fan and lighting
Integrate the energy-saving capabilities of fans, lighting and other points to jointly reduce the energy consumption of the whole line

Online energy consumption monitoring
Real-time monitoring and analysis of big data for regulation and improvement

Customer service system

LEAD adheres to the core value of “Customer-Centered, Creating Value for Customers", continuously strengthens the pre-sale, sale and after-sale services, and builds a customer service system with customer needs as the core of the whole value chain.

Management system

LEAD has successively formulated and implemented relevant systems and procedures such as Guidelines for Optimization of Customer-Oriented Processes, After-sales Service Management Procedures, Customer Abnormality Handling Procedure, Procedure for Returning the Whole Machine to the Warehouse by Customers, Management of Customer Information Security Numbers, etc. In addition, LEAD has further improved the Management System for Customer Satisfaction to improve service management and respond to customers' needs.

Service resources

LEAD has promoted the implementation of a digital and intelligent management system that takes the business architecture and information architecture as the guidance and the solution of customer needs as the core, relying on the digital middle office and CRM (customer relationship management) system independently developed by LEAD and improving the ERP (enterprise management) system, MES (manufacturing management) system and SRM (supplier relationship management) system so as to timely feed back and deal with customer demands in the whole process to meet customer market needs.

Service team

LEAD has established a professional customer service team covering all aspects of sales, pre-sales technology, product research and development, project management, quality management and commissioning services. In 2023, LEAD implemented the "iron triangle" operation system according to the actual after-sales demand of customers, that is, the on-site project team, R&D team and after-sales teams quickly respond to customer demand, quickly solve customer problems and quickly complete the project, which greatly improves the Company's customer service capability.

Diversifed service support

Qualify+SAT
Quality and production capacity guarantee

Professional training
Helping customers’ employees to be competent in machine operation and maintenance

On-site service
Chinese engineer + local engineer + third-party partner

Technical support
Full life cycle technical solution support and response

Call Center
Active visit and machine resume preparation

Value-added modification
Machine upgrade, program iteration, function modification

Commissioned service
Providing maintenance, repair, guarantee extension and production capacity guarantee service

Accessory supply guarantee
Local center warehouse+local machining center+local supplier

Cost saving
Use guide and energy-saving guide

Customer satisfaction management

In order to ensure that the satisfaction survey method suits the Company, LEAD conducts annual management review regularly every year to timely improve and adjust the survey methods and contents, and organizes annual customer satisfaction analysis meeting to propose improvement requirements and make continuous improvements.

In order to timely and efficiently get, respond to and solve customer complaints, in 2023, LEAD comprehensively promoted the construction of real-time online customer service management system and released LEAD-CARES global customer system. Combined with LEAD's global 400 service hotline and on-site customer complaints system, it can provide customers with a 24-hour real-time global online customer service, realizing online solution within 2 hours and on-site solution within 8 hours, upgrading the feedback mechanism according to customer needs, and responding to customer needs through closed-loop management. During the Reporting Period, the complaint closed-loop rate of LEAD's customer service system is 100%.

In terms of customer satisfaction research and closed-loop improvement, in 2023, LEAD implemented an independent customer satisfaction survey independent from the sales system, combining questionnaire research, interview research, actual research and other methods to study and summarize the Company's customer relationship management in the dimensions of sales and commerce, equipment technology, project management, after-sales capabilities, make feedback to the various functional departments and business units within the Company, and implement and follow up special closed-loop improvement measures, laying a new milestone for the Company to improve customer management.

Working together to promote industry development

Industry exchange

On August 29, 2023, the Boao Forum for Asia Perth Conference was held in Perth, Australia. With the theme of "Clean Energy Drives Sustainable Development in the Asia Pacific", the conference gathered government officials, academic leaders and entrepreneurial representatives from China, Australia and other Asia-Pacific countries, aiming to promote international cooperation in clean energy in order to realize stronger, greener and healthier sustainable development. As a representative of new energy intelligent equipment field, Wang Yanqing, Chairman of LEAD, was invited to attend the meeting.

On November 1, 2023, SNEC 2023 International Energy Storage Technology, Equipment and Application Conference & Exhibition was officially held in Shanghai. The conference gathered more than 700 exhibitors from all over the world, and attracted industry experts and scholars from upstream and downstream of the energy storage industry chain in the fields of industry, academia, and research institute. LEAD’ s overall energy storage solution was unveiled at the exhibition.

On November 14, 2023, the 6th China International Photovoltaic Industry Conference kicked off in Chengdu, Sichuan Province. With the theme of "New Era of Dual Carbon Goal, New Future of Green Energy", the conference gathered hundreds of leading enterprises, research institutions and government leaders at all levels in the upstream and downstream of the global photovoltaic industry chain, and comprehensively demonstrated the technological breakthroughs and application achievements of the global photovoltaic industry chain. As a benchmarking enterprise in the industry, LEAD unveiled its PV cell and PV module intelligent manufacturing overall solutions at the conference.

From November 28th to 30th, 2023, LEAD participated in the 8th International Summit on Power Battery Application, and as a representative of new energy intelligent equipment field, Wang Yanqing, CEO of LEAD, was invited to attend and deliver a keynote speech.

Industry participation

The industry associations that LEAD joined include: China Industrial Association of Power Sources (CIAPS), CIAPS Power Battery Branch, CIAPS Energy Storage Battery Branch, China Photovoltaic Industry Association, Asia Photovoltaic Industry Association, China Hydrogen Energy Association, Flow Battery Association, Semiconductor Equipment and Materials International (SEMI), Perovskite Battery Industry Association, and Jiangsu Power and Energy Storage Battery Industry Innovation Alliance (as the vice chairman unit).

Sustainable Supply Chain

Supply chain management system

LEAD has formulated system procedures such as Supplier Management Procedure and Procurement Management Procedure to provide a fair competition platform for suppliers. When selecting suppliers, LEAD will organize relevant departments to review new suppliers, and comprehensively evaluate suppliers' delivery ability, cost ability, technical ability, quality, after-sales service and corporate social responsibility through the Supplier Qualification Review Form and the Supplier Operation Environment Review Form. The Company will also sign Supplier Confidentiality Agreement and Quality Assurance Agreement with qualified suppliers, and continuously strengthen supplier management through regular audits.

After selecting suppliers, LEAD will evaluate them in terms of supplier qualification, supply and delivery ability, customer service and environmental friendliness. According to the evaluation results, main suppliers will be divided into four categories: excellent suppliers, qualified suppliers, limited suppliers and unqualified suppliers, and relevant supporting measures will be taken according to these categories. The Company conducts annual audits of its suppliers, in which procurement and technical personnel jointly score and evaluate the suppliers based on an audit form so as to check the operating environment, process, and process quality of suppliers. Meanwhile, in order to promote self-improvement and arouse cooperation enthusiasm of suppliers, better manage delivery and quality of suppliers, and enhance comprehensive management ability of suppliers, according to the needs of the Company's strategic development, LEAD will select strategic suppliers from excellent suppliers, and strengthen in-depth cooperation with strategic suppliers through developing and establishing various cooperation models.

Responsible procurement management

LEAD is committed to creating a responsible supply chain, extending the concept and requirements of social responsibility to the supply chain, communicating with suppliers on labor rights, business ethics, health and safety, and environmental protection, continuously deepening the sustainability management of suppliers, and working together with suppliers to develop and establish a sustainable development system.

Supplier code of conduct

LEAD attaches great importance to responsible management of stakeholders and has formulated the Supplier Sustainability Commitment, which requires suppliers to comply with relevant laws and regulations and the LEAD Supplier Code of Conduct in terms of labor and human rights, health, safety and environment, and business ethics, and formulate relevant policy statement that defines their commitment to due diligence and continual improvement, obtains the endorsement of the senior management and is communicated to all employees through accessible channels in a language they can understand. In addition, LEAD encourages suppliers to communicate to their higher tier suppliers these applicable requirements. The areas of focus include:

- **Labor and human rights** → Forced labor, child labor, working conditions, health and safety, discrimination and harassment, freedom of association and collective bargaining
- **Environment** → Greenhouse gas emissions and energy consumption, pollution prevention and waste management, resource efficiency, biodiversity
- **Business ethics** → Anti-corruption and conflict of interest, anti-competition

Control of restricted substances

LEAD has formulated a list of restricted substances and its control process, and requires suppliers to sign the Statement of Requirements for Restricted Substances and Candidate Substances. LEAD requires suppliers of chemicals, materials and parts to provide test reports on environmentally hazardous substances for products that have an impact on the environment, and to sign environmental protection agreements on material when necessary. The chemical suppliers shall also provide information on the chemical properties of corresponding products and control the products during transportation and handling.

Responsible mineral management

LEAD is committed to the responsible procurement of mineral raw materials such as tin, tantalum, tungsten, gold, cobalt, etc., used in products and during production, and takes responsible mineral management as an integral part of the supply chain sustainable management system, and integrates it into the supplier access and supervision and audit process.

In accordance with the relevant regulations and survey templates of the Responsible Minerals Initiative (RMI), the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals and the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains, LEAD has formulated the Due Diligence Guidance for Responsible Supply Chains of Minerals and the Supplier Conflict Minerals Self-Assessment Form, which require suppliers not to procure conflict minerals and ensure that products do not directly or indirectly fund armed conflicts or other inhumane acts, and require suppliers involved in the procurement of relevant mineral raw materials to provide their CMRT (Conflict Minerals Reporting Template) reports to LEAD.

Construction of supplier integrity culture

In order to strengthen supply chain business ethics management and integrity construction, the Company has formulated the Code of Conduct on Clean Procurement Business and other relevant systems, and required suppliers to sign the Supplier Anti-commercial Bribery Statement. In 2023, LEAD regularly pushed integrity training videos and integrity letters to all suppliers during the period of high incidence of fraud during holidays. In addition, LEAD delivers LEAD business guidelines to participating suppliers through the annual supplier conference to build a supply chain culture of fair competition and mutual trust and win-win situation.

敬告函

尊敬的合作方朋友：

您好！值此元旦佳节来临之际，先导智能向您致以最诚挚的祝福和问候。在第一个季度即将一晃而过的时候，我们也期待和大力支持，先导智能携手合作伙伴共同努力，希望在接下来的日子里，能够进一步加强沟通交流，深化合作，共赢共赢。

先导智能始终坚持以廉洁、诚信为根本，对商业贿赂

在：

先导智能高度重视廉洁建设工作，为员工、合作方的“公平、公正、廉洁、诚信”的合作环境及合作环境，为企业的健康发展提供强有力的保障，请您及时关注方芒二维码对应的粤海微信公众号，为行贿廉洁法治的我们共增贡献一份力量。

先导智能期待合作方事业兴旺，百花齐利的成，希望与合作方携手共进共赢，携手共建，携手奋进，相辅相成，相成相就，相信我们清廉政的百年梦，实现无时间表。

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邮箱：compliance@leadintelligent.com

手机/微信：18790605671

粤海公众号：廉政先导

Supplier quality management and full empowerment

Global supplier conference

In February 2023, the 2023 LEAD Intelligent Global Suppliers Conference with the theme of “Together with LEAD to Build a Shared Future" was successfully held, where government leaders at all levels and representatives of more than 200 suppliers from home and abroad gathered to seek a new pattern of future development.

Building supplier quality system

2023 is the quality change year for LEAD, and the whole company is striving for the goal of building a world quality business card. As a link in the quality system, the control of internal operation quality and product quality of suppliers is closely related to the improvement of overall quality and sustainable development of LEAD.

In September 2023, the first Supplier Quality Conference was held, with the theme of “LEAD Quality Change Strategy - Pursuit of Zero Defects". Many suppliers were invited to participate in LEAD's quality change and quality promotion, and the conference contents included: core transformation of supply chain-"high-quality delivery, once and for all”; the goal of efficient collaboration, quick response and agile delivery; the release of LEAD Supplier Quality Manual (first edition); interpretation of supplier quality management requirements; and the signing ceremony of the commitment letter for quality objectives.

Under the background of quality change, LEAD has formulated a series of supplier quality improvement courses according to the real situation of suppliers, covering from the construction of supplier quality awareness, building quality firewalls to improving internal quality control and establishing preventive mechanisms to form a set of targeted closed-loop empowerment system of excellent quality management. This marks a milestone progress of LEAD's supplier quality management system and also strengthens the communication channel and ESG mission.

L1:Quality control

Stage 1 (quality-oriented) Focus:

-Product quality inspection

- Quality issue response and correction

- Preliminary data analysis

Quality defects control within the factory

L2:Production and manufacturing

Stage 2 (manufacturing -oriented) Focus:

- Production process standardization

- Statistics tool application

- Strengthening quality process prevention

Quality defect control within production line

L3:Project development

Stage 3 (process-oriented) Focus:

- Design error proofing

- Production process informatization

Quality defect control within station

Labor and Human Rights

Protection of employee rights and interests

Statement on labor and human rights

LEAD solemnly declares that it will always abide by internationally recognized labor and human rights standards, including but not limited to the UN Universal Declaration of Human Rights, the Responsible Business Alliance (RBA) Code of Conduct, the core conventions of the International Labor Organization and other relevant international treaties and norms. We are committed to the respect and protection of labor and human rights in all our operations, as well as in our cooperative relationships with suppliers and partners.

Our labor and human rights protection policy covers a wide range, not only paying attention to the rights and interests of employees within the Company, but also actively promoting suppliers and partners to comply with labor and human rights standards. We firmly oppose any form of human trafficking and forced labor, and adopt a zero-tolerance attitude towards this. Once found, we will take immediate action and report it to relevant departments.

We promise not to employ child labor and strictly abide by national and international laws and regulations on child labor. We respect employees' freedom of association and right of collective bargaining, provide employees with diversified communication channels, and encourage employees to express their opinions and demands through legal channels.

We adhere to the principle of equal pay for equal work, and ensure that employees can receive fair and reasonable salary and benefits regardless of gender, race, religious belief and other factors. We firmly oppose any form of discrimination and harassment, including sexism, racial discrimination and sexual harassment, and have established a perfect complaint handling mechanism to ensure that employees' rights and interests are safeguarded in a timely and effective manner.

Human rights due diligence process

In order to ensure that employees' rights and interests are fully protected, LEAD has established a perfect human rights due diligence process. This process covers all employees, and also conducts human rights due diligence on suppliers and partners to ensure that they comply with labor and human rights standards in the process of cooperation.

Our human rights concerns include, but are not limited to, working conditions, health and safety, pay and benefits, working hours, anti-discrimination and anti-harassment. To solve these problems, we have formulated a series of relevant policies, such as Employee Handbook, Health and Safety Management System, Salary and Benefits Policy, Anti-Discrimination and Anti-Harassment Policy, etc. These policies aim to provide employees with a safe, fair and healthy working environment.

In the process of human rights due diligence, we pay special attention to those who may face higher risks, such as new employees and foreign employees. We provide them with the necessary training and support to ensure that they can adapt quickly to the working environment and understand their rights and interests and how to safeguard them.

When human rights problems are found, we take active mitigation and remedial measures.

1. Immediately stop the violation of employees' rights and interests, and seriously deal with those responsible
2. Provide necessary assistance and support to employees to help them recover their rights and interests
3. Analyze the root causes of the problems and formulate improvement measures to prevent similar problems from happening again

Staff communication mechanism

LEAD attaches great importance to internal communication with employees and is committed to building an open, transparent and efficient communication environment. We deeply believe that employees are an important cornerstone of enterprise development, and their voices, opinions and suggestions are of vital significance to the decision-making and operation of the Company.

We have established diversified communication channels and actively built communication bridges between the Company, managers and every employee, including regular staff meetings, hierarchical morning meetings and regular meetings, face-to-face with executives, employee voice suggestion boxes, engagement survey, etc., in order to help the Company better understand the needs and expectations of employees to formulate policies and measures that are more in line with the interests of employees.

At the same time, we pay attention to establishing an effective feedback mechanism. By appointing specially-assigned person to follow up the problems and suggestions put forward by employees and provide results to employees in time, the Company not only enhances the trust of employees, but also improves the operational efficiency.

In addition, through the Company’s online WeCom announcements, WeChat official account, columns, message push, offline advertising machines, roll up banners, cultural walls, bulletin boards and other channels, we ensure that the Company's policies and systems, caring services, warm heart reminders and other information can be delivered to each employee in a timely, accurate and efficient manner.

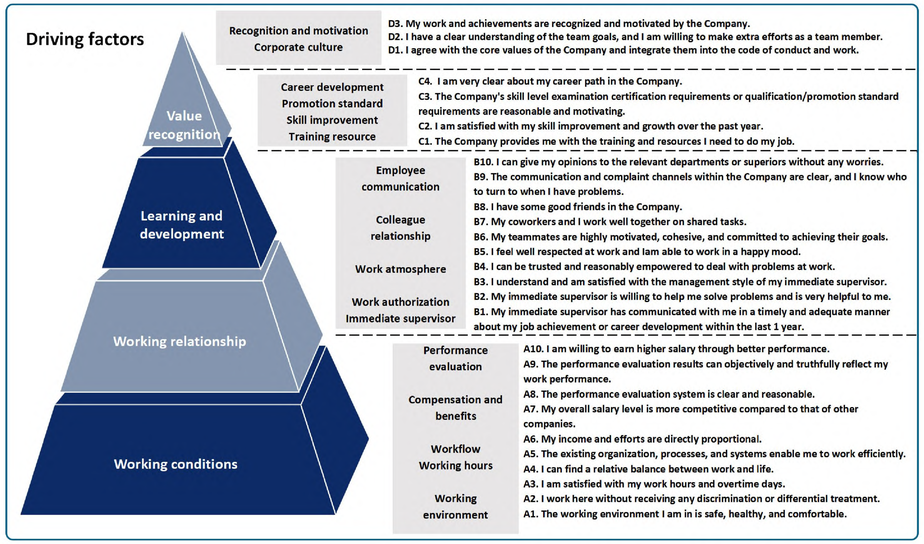
CI suggestion platform for all employees

In order to enhance employees' participation in enterprise management and sense of ownership, the Company collects and adopts employees' suggestions and opinions on the sustainable development of the Company through CI (Continuous Improvement) suggestion platform, with an adoption rate of about 80%.

Collection of opinions: **18,000+**

Engagement survey

We actively listen to employees' voices, understand employees' demands, respond to employees' concerns, conduct regular internal evaluations and implement targeted improvement measures to enhance employees' satisfaction and engagement. In 2023, LEAD conducted a global employee engagement survey. In order to understand employees' ideas and demands from more dimensions, the driving factors of survey increased from 18 in 2022 to 27 in 2023.



In 2023, the participation rate of employees in the survey reached 93%, among which employees showed high recognition of the Company in many evaluation contents, such as:

- I have a clear understanding of the team goals, and I am willing to make extra efforts as a team member;
- I work here without receiving any discrimination or differential treatment;
- I agree with the core values of the Company and integrate them into the code of conduct and work;
- My immediate superiors are willing to help me solve my difficulties and help me a lot.

According to the survey feedback, various departments actively worked out improvement action plans with more than 300 improvement items and put the improvement responsibility on the relevant responsible persons. LEAD will continue to promote the implementation of those plans and best practices to further enhance the workplace experience of employees.

Labor disputes

Attaching great importance to the settlement of labor disputes and adhering to the principle of putting employees first, LEAD builds a fair, impartial and efficient labor dispute handling mechanism to effectively protect the legitimate rights and interests of employees and promote the stable and harmonious development of the Company.

Labor dispute complaint mechanism

Complaint hotline/email

Employees can submit complaint materials by calling a special hotline/sending emails to ensure that the complaints can be handled in a timely and confidential manner.

Online complaint platform of the divisions

We encourage employees to give priority to solving labor complaint problems by reporting them level-wise within the divisions.

Internal Mediation Committee of the Company

Employees can make an appointment with the Internal Labor Dispute Mediation Committee via WeCom for it to step in the handling. After employees file complaints, we will immediately start the complaint handling process to ensure that complaints are handled in a timely and fair manner.

Labor dispute settlement mechanism

Preliminary mediation

After receiving the complaint, we will arrange special personnel to conduct preliminary investigation to understand the details of the dispute and the claims of both parties. On this basis, we will try to mediate the two parties to reach a settlement.

Professional Arbitration

If the two parties fail to reach an agreement during the preliminary mediation, we will submit the dispute to a professional arbitration institution for arbitration. The arbitration institution will make a fair and equitable ruling on disputes in accordance with relevant laws, regulations and company policies.

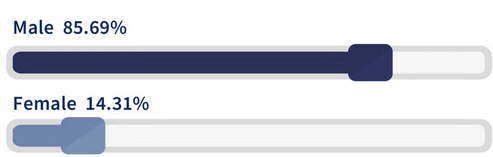
Legal action

Under certain circumstances, if the arbitration result fails to meet the requirements of both parties, we encourage employees to resolve the dispute through legal channels. We will actively assist employees in legal proceedings to ensure that their legitimate rights and interests are protected by law.

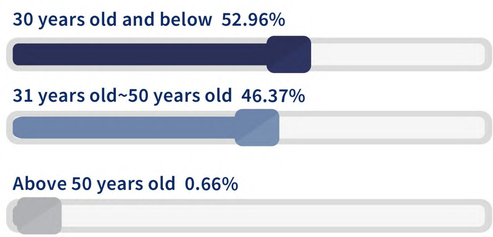
Employee diversity

LEAD adheres to the talent concept of "employee-oriented, helping employees to give full play to their talents and making the best use of employee’s talents", strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Women's Rights and Interests and other laws and regulations, and strictly implements national regulations and standards in labor safety and health system and social security. The Company formulates and continuously improves its internal system norms, provides an equal and open growth platform for talents of different genders, ages, nationalities and races, and builds a home for them to display their talents and working together. LEAD respects and safeguards the legitimate rights and interests of employees, insists on equal employment and equal pay for equal work, and opposes any form of discrimination. As of the end of the Reporting Period, LEAD had a total of 19,125 employees, of which 2,736 were female employees, accounting for 14.31%. In addition, the Company has more than 500 employees from Zhuang, Yao, Dong, Tujia, Miao, Gelao and other ethnic minorities, as well as foreign employees from the United States, Japan, Germany, France, South Korea, India, Sweden, Turkey, Malaysia, New Zealand and other different countries.

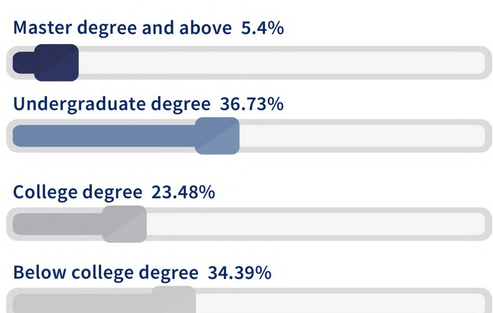
Gender



Age



Education level



Employee recruitment

LEAD takes "fairness, justice and meritocracy" as the employment standard, adheres to the strategy of focusing on independent training and supplementing by external hunting for scarce posts in the industry, and combines with the annual personnel planning to continuously expand talent introduction channels through internal selection and competition, social recruitment, campus recruitment, headhunting services and other forms to meet the needs of the rapid development of the Company's business.

The Company attaches importance to school-enterprise cooperation, continuously strengthens the cooperative relationship with China’s intelligent equipment professional colleges, and enhances the brand influence of the Company through school-enterprise cooperation brand projects such as "Wang Yanqing Education Award Fund" to attract and reserve talents in advance. In 2023, LEAD carried out more than 20 school-enterprise activities and 70 job fairs in 31 universities across 21 cities, and deepened the close cooperation between schools and the enterprise through visits to the Company, summer internships, school-enterprise classes, campus recruitment presentations and other activities. In 2023, more than 1,000 employees were introduced through school recruitment. LEAD has also set up "Wang Yanqing Scholarship" in seven key universities including Tsinghua University to provide financial support and encouragement for potential students.

School visits to the Company

When receiving visits from colleges and universities, we pay attention to spreading the concept and technology of green intelligent manufacturing, and let students experience the Company's technological innovation atmosphere and learn about social responsibility concept in person, thus deepening their understanding of the industry and encouraging them to devote themselves to the research and development of sustainable technologies.

Summer internship

Paying attention to the socialized training of talents, we not only provide an internship training platform, but also design comprehensive professional quality training for interns and fresh graduates to help them better adapt to workplace life and social role changes.

Order class

By building an "order class" with colleges and universities, we work with colleges and universities to formulate personnel training standards that meet market demand and corporate values, ensuring the quality of education and reflecting the strict internal management norms of the Company.

Campus recruitment presentation

LEAD goes deep into key universities across China to carry out campus recruitment. We display the Company's corporate culture, development strategy, technical strength and career development path through a series of publicity activities to provide equal employment opportunities for students from different backgrounds.

Employees' development

Talent development and promotion system

Multi-channel incentives

In order to fully mobilize the enthusiasm of the Company's core team members, the Company has established short-term, medium-term and long-term incentive mechanisms to attract and retain outstanding talents through various channels such as salary adjustment, year-end bonus, outstanding recognition and equity incentive.

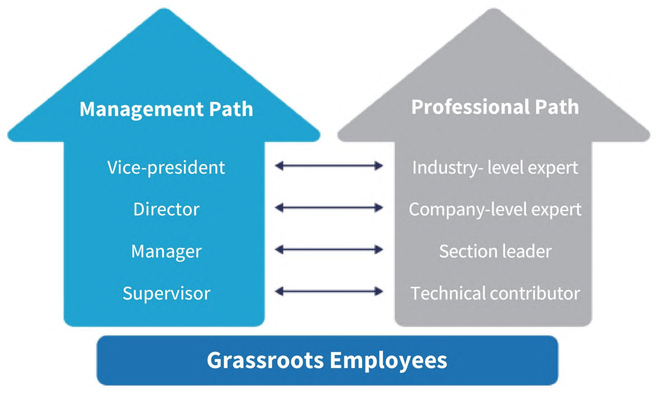
LEAD organizes company-level appraisal activities for team awards and individual awards every year. Employees in various departments of the Company will vote for candidates or candidate groups in the principles of fairness, impartiality and openness, then the Company will organize appraisal activities and commend the final award winners in the annual commendation meetings of various departments and the Company. In 2023, the Company reconstructed its award system from two dimensions: Meritorious Award and Pioneer Award, commending and inspiring the best and most outstanding value contributors.

In addition, the Company has continuously improved its long-term incentive mechanism. Since its listing, it has successively implemented five equity incentive plans, covering directors, senior managers, middle managers and core technical (business) cadres.

Dual-channel career system

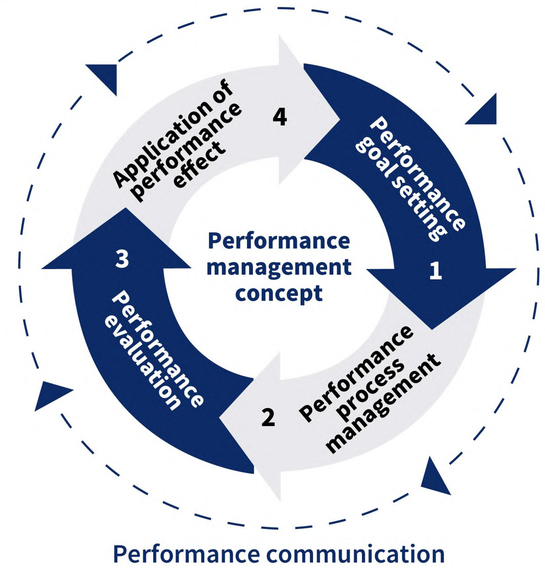
LEAD pursues the open-minded talent development concept that employees can be transferred to other jobs or go to a higher or a lower post as required. We have established a professional organizational development team to help employees' career development planning, and realized the employment orientation of multi-dimensional development and training, targeted management and supervision, and concrete performance assessment and evaluation. Based on key links such as leader reserve, leader evaluation, leader inventory and leader appointment, we have opened up the whole path of employee career development.

In order to stimulate the enthusiasm and initiative of employees, the Company has set up technical promotion and deposition promotion dual channels, which are parallel and interconnected, to provide suitable development space for technical talents and management talents to give full play to their own advantages and specialties. Professional employees can not only take the professional channel and pursue the profoundness of the professional field, but also develop into the management channel and lead the team to achieve performance goals; skilled employees can not only take the technical channel, delve into their post skills and become expert technicians, but also develop into the skill management channel.



Performance appraisal

Under the influence of the Company's mission, vision and values, LEAD's performance work starts from strategy and strengthens to build a high-performance culture-oriented organization. The Company adopts the frequency of combining annual/semi-annual performance with monthly performance to periodically manage the objectives and drives employees through objectives, so that employees can give full play to their personal values in the organization. By doing so, we have achieved a win-win result for both employees and the organization with performance being a leading engine. We also manage to attract and retain outstanding talents through motivating and empowering leaders, motivating outstanding employees and comprehensively consolidating the incentive of performance.



Talent training system

LEAD training system

In order to accelerate the implementation of LEAD's globalization development strategy and strengthen the construction of learning organization, at present, the Company has established a perfect employee training system and formulated a series of training plans including but not limited to new employee induction training, general ability and professional ability building, team management leadership building, etc. Besides, we have actively responded to the digital strategy. In 2023, the online learning platform "LEAD E-learning" for employees was introduced. The "online + offline" mixed learning mode enables employees to participate in trainings in a more convenient manner with greater enthusiasm. In 2023, LEAD conducted 585 company-level trainings covering all employees.

New employee training

LEAD has been committed to improving employees' experience, stimulating employees' sense of belonging and helping new employees adapt to new positions and organizations faster.
In terms of new employees from social recruitment, the Company adopts the mode of combining online system learning, professional skills training and corporate culture experience courses to carry out training. In addition, for front-line employees and R&D employees, the Company also implements "apprenticeship" and "tutorial system", namely, the tutor formulates a 90-day training plan to ensure the smooth integration of new employees. In terms of employees from campus recruitment, the Company organizes a 180-day “transition plan” for them, including company training, departmental general training, post professional training and outward bound training, so as to help fresh graduates integrate into the workplace in multiple dimensions.

During the Reporting Period, the Company completed the training of more than **500** fresh graduates.

General ability and professional ability building

At the Company level, general ability building relies on LEAD Open Class for organization and training, including office skills, professionalism, self-efficacy, strategic change, project management, lean operation and other aspects, so as to continuously empower employees to grow. Professional ability building mainly relies on the curriculum system. We have built the post professional ability curriculum system for the required technical knowledge and skills according to the post qualification, so as to help employees realize the visual management of professional ability improvement path. In 2023, a total of 13 post sequence curriculum systems were combed, 54 new courses were developed, and 65 certified courses and 141 certified lecturers were added. At the Division level, the first-level and second-level departments will also carry out various professional course training or experience sharing according to business and employee needs.

About **13** general courses were offered every month, and **54** professional ability courses were developed in 2023.

Leadership building of management team

In order to improve the leadership of basic-level, middle-level and senior managers, the Company designed and implemented different leadership training camp projects to help supervisors, managers and senior management leaders improve their management ability. In the "New Supervisor" project, 95% of the trainees have significantly improved their management ability according to observation and feedback from trainees and their superiors and subordinates, including team communication, division of labor and coaching; By comparing the evaluation results of pre-training and post-training management ability, the average comprehensive management ability of classes has increased by 12%, and the maximum improvement of individuals has exceeded 30%.

Employee benefits

Employee benefits system

LEAD adheres to the initial mission of "seeking well-being for employees". In order to better attract and retain talents and enhance employees' sense of belonging and happiness, the Company's salary and welfare policies have been iteratively upgraded, and diversified, flexible, comprehensive, interrelated and competitive salary and welfare policies have been introduced.

Parental leave and breastfeeding leave

The Company implements a flexible and humane parental leave policy. Employees can apply for parental leave if they meet the statutory conditions, so as to better take care of and accompany newborn children. Couples who have children in accordance with the policy can enjoy 10 days of parental leave every year before their children reach the age of three.
In order to support the special needs of female employees during lactation, we have set up a breastfeeding leave policy to provide flexible working hours for female employees. Female employees with babies under one year old can enjoy one hour of breastfeeding leave every day; For those who give birth to multiple births, one hour of breastfeeding time will be added every day for each additional baby.

Interest associations

In order to enrich the spare-time life of employees, the Company has set up Football Association, Basketball Association, Badminton Association, Table Tennis Association, Singing Association and Reading Association. In 2023, the member of those six associations exceeded 3,000. Literary and art associations have carried out singing competitions and cultural month reading activities; Sports associations have carried out the "LEAD Cup" series of events, and a total of 80 teams were set up throughout the year to actively participate in the internal and external competitions of the Company, with over 2,000 participants in those competitions.

Theme activities

LEAD is committed to creating a harmonious, friendly and happy working atmosphere and actively carrying out related activities. To meet the needs of employees' lives, the Company carried out lectures on anti-fraud, family education and children's school selection, organized activities and projects such as free service of checking the eyes for glasses, bimonthly haircuts, and children's training classes, and carried out warm-hearted activities such as giving out ginger tea and snow sweeping in cold winter weather. To meet the needs of team building, the Company organized special activities for holidays and festivals such as Spring Festival, Lantern Festival, Women' s Day, China Arbor Day, Father's Day, Mother's Day, Mid-Autumn Festival, National Day, Christmas and Children's Day with over 3,000 participants. At the end of the year, the Company invested heavily in the annual celebration and fully demonstrated LEAD's passionate corporate culture through various shows.

Theme activities of "NICE To (Rabbit) MEET U" and "Full Moon in LEAD, Embrace for Better Future" in Mid-Autumn Festival

Theme activity of "The Heart Shines and the High Spirits Flies" on Women' s Day

Christmas Party (Overseas)

Free service of checking the eyes for glasses

Giving out ginger tea

Occupational Health and Safety

LEAD follows the Labor Law, Safety Production Law, Occupational Disease Prevention Law, Labor Contract Law, Fire Protection Law and other laws and regulations. By adhering to the working principle of safety first, prevention first and comprehensive management, and firmly taking the principle that "human life matters most and development must not be at the expense of human life, which must be regarded as an insurmountable red line" as the bottom line of the Company's safety production, we continuously improve the Company's safety production management level and employees' safety awareness to beef up the Company' s safety culture.

ISO45001 occupational health and safety management system certificate

Safe production

LEAD formulates the Management Manual as the programmatic document for the Company's quality, environment and occupational health and safety system, and the code of conduct for carrying out quality, environment and occupational health and safety management activities, putting the prevention of production safety accidents and occupational diseases at the top of safety production work. The Company has established safety standardization system, ISO45001 occupational health and safety management system, and conducts internal and external reviews every year to continuously improve. In 2023, the Company has been recognized by the Emergency Management Department of Jiangsu Province as a second-level enterprise (machinary) in safety production standardization through self-evaluation, application, review and other procedures, indicating that its safety system was further upgraded and recognized.

Safety governance structure

LEAD has set up an EHS Management Committee with the chairman as the director and the leaders of various departments as members. From the chairman to the department heads and employees, the responsible persons for safety are implemented level-wise to make sure accountability. As the supreme mechanism of the Company's occupational health and safety management, the Management Committee is fully responsible for the Company's occupational health and safety work, and organizes and holds a special meeting on occupational health and safety once every quarter.

Safety risk management

The Company promotes hierarchical risk control and hazard identification and management, systematically and comprehensively identifies hazard sources within the management scope of the Company, and formulates control and prevention measures. We also strengthen emergency handling organization and organize emergency drills to continuously improves our safety risk management and response capabilities, while reducing the risk of accidents.

- **Hazard identification and risk assessment**: The EHS department of the Company is responsible for organizing all departments to carry out safety risk identification according to the Management Procedure for Identification and Evaluation of Environmental Factors and Hazard Sources. According to the Hierarchical Safety Risk Management System, the safety risks are classified by the LEC (Likelihood, Exposure, and Consequence) evaluation method as major risk, moderate risk, general risk and low risk from high to low.

In 2023, the hazard rectification rate was **100**%, and the qualified rate of occupational hazard places was **100**%.

Each department is responsible for formulating the Safety Risk Hierarchical Management and Control List of its own according to the safety risk identification list, and decomposing it to each post.

The general manager is responsible for organizing and implementing the management and control of major risks.

The EHS Management Committee is responsible for organizing special meetings, checking and analyzing the implementation and control of the assessed major and moderate risks every year, and giving the focus area of safety risk control for the next year.

The EHS department is responsible for supervising the implementation of safety risk management and control of each department, and making real-time adjustment, preventing the occurrence of a "lifetime rating" .

• **Emergency response and drills:** The Company formulates the Emergency Preparedness and Response Control Procedure, standardizes the emergency handling process, clarifies the rights and obligations of the Company's emergency handling organization, lists the types of emergency accidents of the Company, and provides guidance for the Company to carry out various emergency drills. The emergency drill plan is formulated yearly and followed accordingly. By rehearsing different accident types, employees enhance their ability to handle emergencies.

In 2023, a total of **32** emergency drills covering fire protection, safety and occupational health were carried out.

Safety management of related parties

In addition, the Company pays attention to the safety management of related parties, implements relevant safety management requirements according to the Supplier Safety Management System, Related Party Management Control Procedures and other systems, and performs unified control and real-time follow-up for site personnel throughout the process of safety training, examination, and operation, etc. with "Lead Security Integration" system. For our customer, we carry out safety management on customer’s site according to relevant project safety management specifications, and configure full-time/part-time safety administrators according to customer requirements and actual project conditions.

Occupational health

Occupational health risk management and control

LEAD carries out the prevention and control of occupational health hazards in strict accordance with the Labor Law of the People's Republic of China, the Prevention and Control of Occupational Diseases Law of the People's Republic of China and other national laws and regulations, as well as the requirements of customers and relevant parties, and formulates and implements various safety and occupational health management systems.

We strictly implement the "three simultaneous" management regulations of occupational health to ensure that all kinds of protective facilities are designed, constructed and put into use at the same time. We strictly implement product safety management standards, strictly control the use of harmful chemicals in various products, and pass relevant certification. We carry out occupational health examination for employees before taking the post, during work and after leaving the post; According to relevant laws and standards, we carry out occupational hazard factors detection in the working environment to ensure that the working environment meets relevant national standards and the health of employees is guaranteed.

• **Occupational health hazard identification and control means:** The main occupational hazard factors involved in the production activities of LEAD are noise and dust. The Company has prepared the Identification List of Post Occupational Hazard, which clarifies the hazard factors and harmful substances, and taken control measures such as adding shock absorption measures and dust collection devices, distributing PPE, regular occupational health examination and occupational hazard factor detection. In 2023, the coverage rate of occupational health examination for employees was 100%.

• **Occupational health and safety inspection:** The Company formulates an occupational health and safety inspection plan every month, and incorporates contents such as occupational protection facilities, sanitary equipment, and canteen environment into the inspection plan, and timely notifies and rectifies the problems found. The company also carries out special inspection of working environment to ensure that the working environment meets relevant requirements.

• **First aid and emergency treatment:** Each workshop is equipped with medical first aid kits to ensure that employees receive timely treatment; The Company regularly conducts training and drills on first aid knowledge such as cardiopulmonary resuscitation (CPR), burns and scalds first aid, Heimlich first aid method, etc., so that employees can master first aid knowledge preliminarily. In addition, the Company signed a rescue agreement with the surrounding hospitals, and once an accident occurs, employees will receive medical treatment as soon as possible.

LEAD has formulated the Safety Accident Management Procedure and a series of work-related injury handling and emergency handling processes. We actively carry out the formulation and drills of emergency rescue plans for industrial accidents and reduce the risks of work-related injuries through double prevention mechanisms, various safety inspections and safety training. After a work injury accident occurs, we report, investigate, and analyze the cause of the accident according to the procedure, and track and improve the existing problems.

Food safety

In order to ensure food safety and the quality of products, and provide a clean and comfortable dining environment, LEAD’s canteens always strictly follow the "4D" concept and guarantee the food safety from the aspect of system construction, staff management, restaurant zone management, etc.

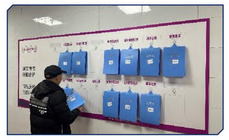
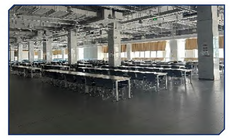
System construction:
Cleaning and inspection forms are displayed on the wall, special person is assigned for the inspection and regular summary is carried out; Food safety information is displayed on the notice board for information disclosure and joint supervision; Visitors are strictly registered, and necessary precautions are taken.

Staff management:
Canteen employees can only take up their posts after daily morning examination; Regular staff meetings and practical drills are held to cultivate the culture of food safety.

Zone management of canteens:
The canteens strictly manage the dining area, storage area and cooking area, provide clean and tidy dining environment for employees, and provide healthy and safe diversified meals. In 2023, the canteens planned and upgraded the existing area, increased the dining selectivity, and paid attention to nutrition and health collocation. The product quarterly update rate of each window was not less than 10 dishes.

Quality control and supervision:
We have strengthened supervision and implemented monthly inspections and irregular quick inspections to keep the bottom line of food hygiene. Through internal quality control, we have strictly controlled the acceptance of food materials, strictly traced the source of food materials, and required "one report for one batch" for daily raw material procurement, so as to ensure that all food materials and operation procedures meet the standards. There are no food safety accidents throughout the year.

Knowledge Promotion:
More than 150 articles on menus and solar terms diets were published in 2023 to increase employee interaction and promote healthy eating knowledge.

Safety training and culture development

The Company actively carries out various occupational health and safety training and evaluation in various forms, and sets up relevant courses on the online learning platform "LEAD E-learning". The Company established a normalized safety education mechanism, actively organized and carried out supervisor safety training, foreman safety training, safety education and training for changing jobs and returning to work, and "four new" education, strictly implemented three-level safety education, and strengthened safety training for post safety operation procedures, hazard identification and control, road traffic, etc., so as to enhance employees' safety awareness.

In 2023, the average training hours per production workers in the field of health and safety reached **24** hours, with a coverage rate of **100**%. The number of safety trainings for construction contractors entering the factory was **7,681**, with a coverage rate of **100**%. In addition, **290** individuals obtained certification as specialized operators and **162** individuals obtained certification as specialized equipment operators.

Pre-job training

Through three-level pre-job safety education, training and assessment, the Company clarifies the occupational health and safety knowledge that employees need to master before job, and enhances their occupational health and safety awareness.

Regular training

The Company prepares annual safety education and training plan, holds regular occupational health and safety education and training, and continuously strengthens employees' occupational health and safety ability.

Training of related parties

The Company conducts online safety training for external construction personnel, and conducts one-to-one occupational health and safety management training for suppliers' personnel entering the factory.

In addition, LEAD actively promotes enterprise safety culture, and enhances the safety awareness of all employees through measures including safety innovation competition, "safety month", "fire protection month", 7S mobilization, four-color map and risk list, LEAD EHS WeCom Account, promotion of people and vehicle separation in the factory area, preventive driving course, safety risk notification card and safety warning sign, safety culture corridor and safety warning video. In the activities during "safety month" and "fire protection month", the number of participants in the safety knowledge contest for all employees reached 9,860, and the number of participants in the fire prize contest reached 2,769.

Environment and Energy

Environment and energy management system

Based on intelligent manufacturing technology, LEAD focuses on intelligent manufacturing and is committed to building a complete new energy green manufacturing ecological chain to realize the sustainable development strategy of zero carbon emission.

LEAD has formulated the Environmental Management Policy, which takes "Clean Production, Green Development" as the environmental management policy, and formulates environmental management procedures and targets for products, raw materials, production processes, pollutant emissions, resource and energy saving and reuse, etc., so as to realize the whole proces s control of pollution sources. LEAD also encourages stakeholders to comply with the Environmental Management Policy.

LEAD takes "Improving environmental management level, reducing environmental impact, and ensuring zero pollution accidents in environmental protection; Responding to the dual carbon goals and promoting sustainable green development" as the general environmental control targets, and takes ISO 14001 environmental management system as the guideline to prepare environmental management system documents, so as to guide the environmental management and compliance work, as well as improve pollutant emission management level and environmental protection performance.

LEAD has obtained ISO14001 environmental management system certificate and ISO50001 energy management system certificate, and conducts internal and external reviews of the environmental and energy management systems every year.

LEAD ISO 14001 environmental management system certificate

LEAD ISO 50001 energy management system certificate

LEAD strictly implements the regulations of environmental protection "three simultaneous" for construction projects, actively carries out corresponding environmental impact assessment and acceptance, and applies for sewage/drainage permits, radiation safety permits and other relevant certificates and licenses.

The Company is always aiming for zero environmental pollution, and has developed annual environmental and energy management targets. It also carries out monthly statistical analysis and annual review. When the internal environment of the Company and the corresponding legal and regulatory requirements change, the target indicators are revised and updated in a timely manner as required. The Company continuously formulates and optimizes its internal management system according to its own situation.

Green production

In 2023, LEAD was listed on the List of 2023 Leading Enterprises in Green Development in Jiangsu Province, and the grade of enterprise environmental protection credit evaluation was upgraded to the best grade. In addition, LEAD became a member of Xinwu Safety and Green Development Promotion Association. LEAD's green development practice has been widely recognized by the society.

Clean production

LEAD carried out and completed a new round of clean production audit and acceptance in 2023. Through the implementation of this clean production program, LEAD saved 140,200 kWh of electricity per year and 17.23 tons of standard coal per year as well as reduced 79.97 tons of carbon emissions per year and unnecessary electricity consumption, reducing energy cost. Through the clean production audit, the Company's green production technology has been further improved, realizing a win-win situation in terms of economic and environmental benefits.

Management of waste water, waste gas and solid waste (three wastes)

In accordance with relevant national and local laws and regulations and combined with the status quo of the Company, LEAD has formulated internal management rules on waste water, waste gas, noise and solid waste, and has been actively carrying out the environmental pollution control and waste emission management, regularly supervising and testing the emissions of the three wastes and ensuring that they meets the standards of emission while continuing to upgrade and renovate the waste treatment facilities. In 2023, LEAD commissioned a third-party testing unit to test the Company's water, gas and noise emissions, which all met the relevant emission standards.

Waste gas management

LEAD has formulated waste gas management regulations such as Waste Gas Emission Management Rules and Management Procedure for Waste Gas Treatment Equipment and Facilities, and set up gas collection devices to collect the machining oil mist waste gas and discharge it to the waste gas treatment facilities through waste gas pipelines, so as to ensure that the concentration of the waste gas emissions meets the national and local emission requirements such as GB 16297-1996 Integrated Emission Standard of Air Pollutants.
LEAD carries out real-time monitoring of the waste gas treatment facilities' operation through the electricity consumption monitoring system, and carries out regular environmental monitoring of the waste gas every year to strictly control the emission of air pollutants. The Company also identifies, monitors, and controls the use of ozone depleting substances (ODS), and controls ODS from the source by developing sustainable procurement strategies.
In addition, LEAD minimizes the impact of emissions on the operating environment by reducing the use of fossil energy and other means, such as increasing the proportion of electric vehicles in the LEAD's official vehicles.

Waste water management

During the Reporting Period, LEAD's sources of water were all municipal water supplies, which did not involve any significant impact on water resources, either directly or indirectly, caused by changes in water intake, water consumption, water discharge or water storage.
The Company did not generate or discharge industrial waste water and the source of waste water is mainly domestic sewage. The domestic sewage is pre-treated by septic tank, canteen wastewater by grease trap and then discharged to the sewage treatment plant, and the piping concentration reaches Level 3 stated in Comprehensive Sewage Emission Standard and Level A stated in Sewage Discharged into Urban Sewerage Water Quality Standard.
In order to improve the Company's water resource management level and better cope with the pressure and risk of water resources, LEAD has formulated the Rainwater and Sewage Management Procedure and took water conservation actions. In 2023, LEAD renovated and upgraded the outdoor sewage tanks to further meet the environmental protection rainwater and sewage discharge management requirements.

Solid waste management

LEAD has formulated the Solid Waste Management Procedure and the Hazardous Waste Management Rules. According to the disposal principle of "Minimization, Resource Utilization and Harmlessness", LEAD implements the collection, disposal and comprehensive utilization of all kinds of solid wastes to achieve zero emission of solid wastes. The Company also formulates a hazardous waste reduction plan to reduce the generation of hazardous waste, and implements full process and lifecycle management of hazardous waste.

Chemical management

LEAD complies with laws and regulations related to the safety of chemicals in China and overseas, such as Regulations on the Management of Controlled Chemicals of People's Republic of China, Regulations on the Safe Administration of Hazardous Chemicals, Interim Provisions on the Supervision and Management of Major Hazardous Sources of Hazardous Chemicals, and Catalog of Hazardous Chemicals, and has formulated the Operational Procedure for the Control of Chemicals and other regulations to clearly define the purchasing, handling, warehousing, storage, use, emergency disposal and waste treatment processes of chemicals.
LEAD have formulated a strict hazardous chemicals management process. According to this process, chemical procurement needs and new chemical introduction needs proposed by the plant must be approved through the EHS information system, and chemicals such as restricted substances, highly toxic substances and substances with serious occupational health and safety hazards at the operation locations are forbidden to enter the plant or must be replaced by other substances in strict accordance with laws and regulations. In 2023, participants to the chemical management trainings totaled 9,077.

Noise management

The Company's noise mainly comes from waste gas treatment facilities and equipment, air compressor room, production equipment operation, handling, etc. According to the Company's Noise Management Rules, the noise is sound-insulated by the factory building, the fans are subjected to vibration reduction, noise elimination measures and distance attenuation, and various sound-proof walls and enclosures are used for noise isolation and elimination, so that the noise at the factory boundary reaches the Class III standard in the Emission Standard for Environmental Noise at the Factory Boundary of Industrial Enterprises (noise at day ≤65dB(A), noise at night ≤ 55dB(A)). In 2023, LEAD commissioned a third-party testing unit to test noise, which met relevant standards.

Radiation safety management

LEAD attaches importance to the supervision and management of the safety and protection of radiation devices. According to the Regulations on the Safety and Radiation Protection of Radioisotopes and Radiation Devices of the People's Republic of China, Measures for the Administration of Safety License of Radioisotopes and Radiation Devices, Measures for the Administration of Safety and Protection of Radioisotopes and Radiation Devices and other relevant laws and regulations, LEAD has formulated Radiation Safety Management Rules to strictly implement the management of radiation safety of employees in such aspects as operation training, occupational health checkup and radiation dose card.

Emergency management

In accordance with the Environmental Protection Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Air Pollution Prevention and Control Law of the People's Republic of China and other laws and regulations, LEAD has defined the Company's emergency response organization for environmental emergencies, established and improved the emergency response mechanism for environmental pollution incidents, carried out environmental protection hidden danger inspections and followed up on the rectification of hidden dangers regularly, and conducted trainings and emergency response drills, so as to reduce the environmental hazards caused by the environmental emergency incidents.

By completing the emergency drill on failure of waste gas treatment facilities and emergency drill on leakage of hazardous waste on schedule, the management personnel and employees can master the process of information reporting and emergency response in case of emergencies, and improve the speed of emergency response and emergency response and comprehensive treatment capability.

Green operation

Carrying out energy-saving management to cope with climate change

LEAD actively responds to the dual-carbon goal of "Carbon Peak by 2030 and Carbon Neutrality by 2060" proposed by the Chinese government, endorses the current climate science findings described in the latest assessment report of the United Nations Intergovernmental Panel on Climate Change (IPCC), and takes positive climate actions to help control the global temperature rise within 1.5°C, reducing and mitigating climate risks. The Company contributes to a sustainable future for humankind by developing and implementing a climate and energy management policy and a comprehensive climate change response strategy.

Improving energy efficiency

The Company strengthens the monitoring of energy by setting up a power monitoring system to count and cut down unnecessary energy wastage. In terms of equipment procurement, it takes the initiative to select more energy-saving, environmentally friendly and more efficient equipment, such as energy-efficient lamps and lanterns, and equipment that consumes less energy, to reduce energy consumption at source. It raises the awareness of energy conservation among employees by posting energy-saving slogans, reminding them to conserve electricity and water and minimize wastage in their daily routine. It establishes, implements, maintains and improves the energy management system to ensure the effective operation of the energy system. In 2023, 1,424,000 kWh of electricity was saved through the refined management of air conditioning system. The power factor of the substation and power distribution station was strictly monitored and managed, and was increased from 0.90 to 0.98, which enhanced the efficiency of electricity consumption by 8%. Through the management of the compressed air system, the leakage point was strictly investigated, and water discharge equipment with low air consumption and zero air consumption were adopted to reduce the exhaust volume, which can save 60,000 kWh of electricity every year. In addition, LEAD improves the level and efficiency of energy management by upgrading the digitization and intelligence of energy management means, including the installation of an online monitoring system for substation equipment, a remote monitoring system for the whole plant's air compression station and an intelligent forklift management system.

Air-conditioning power consumption control

With the expansion of the plant and the increase of energy demand, in order to implement the policy of energy saving and emission reduction, in 2023, LEAD's Energy and Power Department summarized the management and control experience in previous years through on-site field research and in-depth group exchanges, implemented hierarchical constraint index management and incentive schemes throughout the plant, and established employees' awareness of energy conservation and emission reduction. Under the cooperation of various departments such as plant facilities, workshops, production office, etc., LEAD's air conditioning power consumption control mechanism has been continuously improved to realize the standardization of power consumption (air conditioning temperature is set at 26°C in summer when the air temperature is higher than 30°C and set at 20°C in winter when the air temperature is lower than 5°C). In 2023, the electricity consumption of air conditioning in the workshops of the whole plant was 6.48 million kWh, and the proportion of electricity consumption decreased to 14.0%, successfully completing the control target of air conditioning electricity consumption in 2023.

Remote monitoring system of air compression station

In order to improve the energy consumption of compressed air system and reduce equipment energy consumption, LEAD introduced Mogulinker system to carry out 24-hour uninterrupted operation monitoring, data statistics and fault alarm for air compressors in the whole plant. Therefore, the air compression system can be fully managed digitally, and the equipment operation data will not be lost, which provides data support for energy-saving projects. Through the platform APP, the personnel on duty can check the running status and maintenance information of the equipment at any time, and can also monitor the working conditions of the equipment across the plant to efficiently complete the equipment inspection.

Using renewable energy

In order to further reduce carbon emissions and promote green operation, LEAD optimizes the Company's energy structure, actively improves the proportion of renewable energy use, and carries out the construction of distributed PV on the roofs of the three manufacturing centers in Xinwu District, Wuxi City. An energy efficiency management platform will also be launched when the construction is completed. It is expected that 100% of the green electricity generated will be consumed by the Company.

In addition, the Company offsets 7,000 MWh of purchased electricity consumption emissions in 2023 by purchasing International Renewable Energy Certificates (I-RECs).

THE INTERNATIONAL REC STANDARD

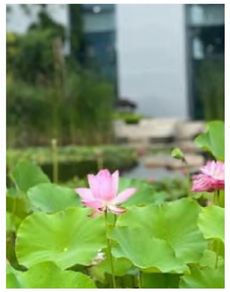
This Redemption Statement has been produced for
WUXI LEAD INTELLIGENT EQUIPMENT CO.,LTD.
by
JINGRONG GREEN ENERGY TECHNOLOGY CO LTD
confirming the Redemption of
7 000.000000
I-REC Certificates, representing 7 000.000000 MWh of electricity generated from renewable sources.
This Statement relates to electricity consumption located at or in
Jiangsu Province
China
in respect of the reporting period
2023-01-01 to 2023-12-31
The stated Redemption Purpose is
Creating a zero carbon factory
Ev. Envision Net Zero Tech Partner
QR Code Verification
Verify the status of this Redemption Statement by scanning the QR code on the left and or
Verification Key
0 8 8 5 7 2 3

International Renewable Energy Certificates (I-RECs) of LEAD in 2023

Building an environmentally friendly park to protect biodiversity

LEAD continuously pays attention to the impact of its own activities on biodiversity, and carries out risk factor identification and hidden danger investigation in accordance with the Opinions on Further Strengthening Biodiversity Protection issued by the General Office of the State Council and other relevant laws, regulations and policies, in order to support the full realization of the 2050 Vision of "Living in Harmony with Nature".

As a "Green Factory in Jiangsu Province", LEAD attaches great importance to biodiversity protection in the construction and operation of the factory, strives to build a model factory, actively maintains the ecology of the factory, and guards the beauty of nature, and the factory has become a home for many small animals.



LEAD carries out tree-planting activities in and around the factory every year on China Arbor Day. On important festivals such as Earth Day and World Environment Day, LEAD actively responds to the call to carry out in-house publicity activities on sustainable development and environmental protection-themed knowledge competitions to enhance the awareness and ability of employees to protect the environment.

During the Reporting Period, LEAD did not have any production bases and operation sites located inside, near or outside nature reserves in biodiversity-rich areas. None of the Company's production and operation activities, products and services have been found to have significant impact on biodiversity. LEAD will continue to assess the possible environmental impacts of its construction, production and operation activities, formulate ecological protection policies and contribute to the construction of a harmonious Earth.

Green energy

In December 2023, at the 28th session of the Conference of the Parties (COP28) to the UN Framework Convention on Climate Change (UNFCCC), 128 countries signed the Global Renewables and Energy Efficiency Pledge, which plans to triple the global installed capacity of renewable energy generation on the existing basis and double the global average annual rate of energy efficiency improvement.

The in-depth promotion of energy conservation and emission reduction targets on a global scale cannot be separated from the vigorous promotion of intelligent manufacturing enterprises of new energy intelligent equipment. As a global leading enterprise of new energy equipment, LEAD strives to practice green, environmentally friendly, and low-carbon production and lifestyle, and together with the upstream and downstream of the industrial chain, actively participate in the construction of a global green and low-carbon society, and promote the progress of mankind and sustainable development with intelligent innovation.

At present, LEAD has built a complete business ecosystem of intelligent manufacturing solutions in new energy LIB equipment, PV equipment, hydrogen energy equipment, energy storage and other business segments, fully established win-win growth of strategic partnerships with global customers, actively participated in the customer's technological change and low-carbon revolution, and taken the initiative to promote the large-scale development and intelligence of new energy industry to help customers build a high-efficiency and low-energy consumption factories, contributing to the bright future of the new energy era for global mankind.

New energy LIB field

Electric vehicles are gradually becoming an integral part of people's life. According to the latest retail sales data statistics of China Passenger Car Association (CPCA), the new energy vehicle market retailed 945,000 vehicles in December 2023, a year-on-year growth of 47.3% and a month-on-month growth of 12.1%, and the cumulative retail sales of new energy vehicles in the year 2023 totaled 7,736,000, a year-on-year growth of 36.2%, and the annual penetration rate has reached 35.7%, an increase of 8.1%.

Promoting the use of electric vehicles and the use of green power provided by clean energy is an important means for China to promote the strategy of "Carbon Peaking and Carbon Neutrality" and for the world to achieve the goal of low carbon emissions, and the electrification of automobiles has become the main development trend of global new energy vehicles. LEAD actively participates in promoting the global electrification process, and provides global battery and equipment enterprises with overall solutions for new energy lithium battery intelligent equipment in the whole life cycle from cells, batteries, modules/packs, charging and discharging tests to container energy storage. By continuously improving the technical level and production line intelligence level, LEAD helps customers improve the battery energy density and safety. At the same time, it also helps customers continuously improve production efficiency, reduce unit energy consumption cost, and produce lithium batteries with high efficiency and low energy consumption.

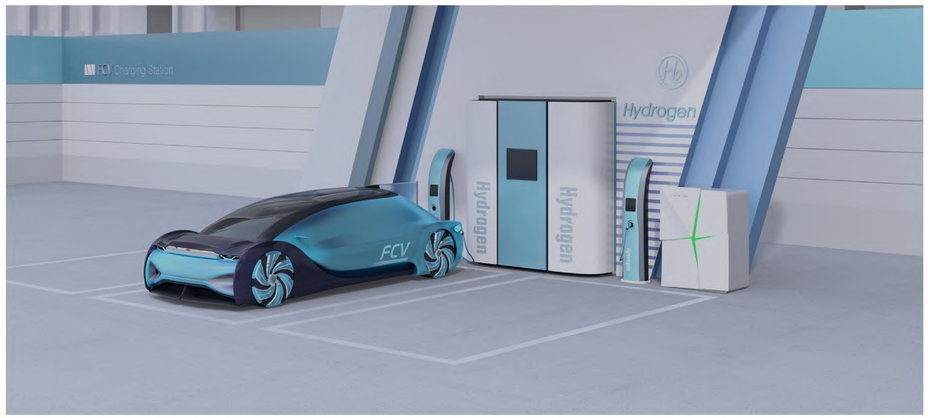
PV field

Solar energy has become the most cost-effective energy source in most countries, and the development of the solar PV industry is crucial to combating climate change and driving the energy transformation. According to the 2023 annual report released by the International Energy Agency (IEA), the global new installed PV capacity is expected to reach 375 GW in 2023, with a year-on-year growth of 31.8%. In terms of various countries and regions, the new installed PV capacity in China in 2023 is equivalent to the global new installed PV capacity in the previous year.

LEAD is committed to creating "Full Value Chain + Full Life Cycle" overall solutions for PV companies to help customers effectively improve production line capacity. LEAD has developed the industry's first GW-class high-efficiency PV cell TOPCon digital solution, and simultaneously laid out new battery technologies such as XBC/HJT/perovskite battery process covering PV, lithium battery, hydrogen energy, energy storage and other fields to open up the platform-based and integrated industrial layout from PV to PV and energy storage to PV, energy storage and hydrogen energy, so as to promote global energy reform with equipment strength. At present, LEAD's full process automation/wet process/printing/test sorting/string welding machine/other equipment has realized large-scale full production among our top customers, helping customers realize the battery efficiency after mass production ETA of 26%, and module efficiency from 1400pcs/h to the latest 11,000pcs/h.

Hydrogen energy

Hydrogen energy is known as the cleanest energy source, and is regarded as the ultimate energy source in the 21st century because of its clean and pollution-free emissions. LEAD has been actively exploring more efficient and cleaner energy utilization to promote the development of new energy industry, and actively participating in various fields from green hydrogen production (green hydrogen), hydrogen fuel cell manufacturing to battery testing. In 2023, LEAD broke through all R&D and project delivery links of the industry's first PEM electrolyzer whole-line equipment, and successfully delivered 2000MW electrolyzer stacking whole line to one of the world's top 500 enterprises to fully promote industrialization process of the hydrogen energy.



Energy storage

Battery energy storage is very important for the popularization and application of renewable clean energy, and is also a necessary means to solve the discontinuous, unstable and uncontrollable nature of photovoltaic and wind power. It can effectively reduce the phenomenon of PV and wind power abandonment. In 2023, LEAD has proposed a number of industry firsts in the field of energy storage applications. LEAD took the lead in developing the industry's first fully automated energy storage container intelligent production line, reducing the cost and improving the efficiency of energy storage production line. In addition, LEAD has also independently developed the industry's first mass-production fully automated PCS inverter assembly and test line, with an energy feedback efficiency of up to 90%, which can provide customized formation and aging solution for prismatic cells of 280Ah, 300+Ah, and 500+Ah.

Community Responsibility

Public welfare donations

According to the Company's mission, vision, culture and strategy, and adhering to the social responsibility concept of "honesty, harmony, green and development", LEAD has defined the principles, key areas and application process of public welfare support. Every year, special expenses for public welfare donations are included in the Company's financial budget, which is mainly used for public welfare support.
According to its own characteristics and development needs, LEAD has determined the key support direction of public welfare undertakings as helping students and farmers, formulating long-term and short-term action plans and resource allocation plans, and donating money and materials in rural revitalization, caring for the elderly and helping the disabled, providing support and assistance to students and teachers, etc. The support projects include purchasing Yan'an apples, giving education support to the relevant county of Qinghai Province, etc., which fully reflects the sense of social responsibility and historical mission as an enterprise pursuing outstanding performance.

Wang Yanqing scholarship

Since 2021, LEAD has set up "Wang Yanqing scholarship" in seven key universities, including Tsinghua University, Harbin Institute of Technology, Southeast University, Huazhong University of Science and Technology, Nanjing University of Science and Technology, China University of Mining and Technology and Hefei University of Technology, to provide economic support and encouragement for potential students. Since the launch of the scholarship, every year, 90 students were granted the scholarship exceeding 500,000 yuan.

Key universities establishing "Wang Yanging Scholarship"

Caring fund

In order to help employees with difficulties in life, encourage them to overcome difficulties, let them feel the warmth and care from the Company and colleagues, and build a caring organization, LEAD set up a caring fund in 2018 to help employees with financial difficulties caused by disability, illness, death and accidents of themselves and their immediate family members. The Caring fund comes from the monthly caring donation of the Company and employees: employees can donate 1 yuan/month as a token of caring according to their own situation. After signing the donation agreement, their donations are deducted from their salaries every month. The Company donates 50,000 yuan to the caring fund every year.

Community activities

LEAD not only actively carries out public welfare donations inside and outside the enterprise, but also gives back to the local community by organizing voluntary activities.

Caring for the elderly living alone

Under the call and organization of Xinwu Safety and Green Development Promotion Association, LEAD, as a caring enterprise in Xinwu District, actively participated in the activity of "Caring for the Elderly Living Alone". The Company sets up a volunteer service team. In 2023, the team went to the families of elderly people living alone and empty nesters in Hongqi Community and Tangnan Community for many times, providing caring services such as door-to-door gas inspection, electrical facilities inspection and maintenance, cleaning, and sending small gifts such as rice and oil to the residents to ensure the safe living environment of the elderly and express condolences and concern.

Active involvement in neighboring communities

Jiacheng Community is only one block away from LEAD Industrial Park, and many employees of LEAD live in Jiacheng Community, so the Company often carries out public welfare and cultural activities together with Jiacheng Community. LEAD’s employees volunteered in folk activities such as the Lantern Festival in 2023, and visited retired soldiers and elderly people in the community to show care from the employees.

Appendix

Key performance indicator

Environmental performance

The environmental statistical data covers the Company’s three main production bases and warehouses in Wuxi, excluding outsourced canteens. The main bodies involved include Wuxi Lead Intelligent Equipment Co., Ltd., Jiangsu Lead Technology Co., Ltd., Jiangsu Lead Hydrogen Intelligent Equipment Co., Ltd., Wuxi Lead Laser Intelligent Equipment Co., Ltd. and Wuxi Branch of Guangdong Lead Intelligent Logistics Technology Co., Ltd.

Indicator category	Indicator		Data of 2023	Unit
Resource consumption	Purchased electricity volume (indirect energy)		48,189.62	MWh
	Gas (direct energy)	Natural gas	180,905	m^3
	Fuel (direct energy)	Gasoline	124,150.57	L
		Diesel oil	104,598.90	L
	Water withdrawal	Municipal water supply consumption	242,965.45	t
Waste	Hazardous waste (by composition)	Waste activated carbon	13.34	t
		Waste emulsion	77.41	t
	Hazardous waste (by recycling/ disposal method)	Incineration (no energy recovery)	13.34	t
		Other disposal operations	77.41	t
	General waste (by composition)	Scrap material	592.03	t
		Waste wire	133.89	t
		Waste plastics	84.91	t
	General waste (by recycling/ disposal method)	Other recycling operations	810.83	t
Exhaust gas	Major gas emissions	NO_x	0	kg
		SO_x	0	kg
		PM	0.01	kg
		VOC	153.30	kg
Greenhouse gases	Total greenhouse gas emissions		12,908,028	tCO_2e
	Scope 1 Total greenhouse gas emissions		1,152.99	tCO_2e
	Scope 2 Total greenhouse gas emissions		27,320.65	tCO_2e
	Scope 3 Total greenhouse gas emissions		12,879,554.32	tCO_2e

Social performance

The statistical data scope of social performance data is consistent with the scope of consolidated financial statements of the Company.

Indicator category	Indicator		Data of 2023	Unit
Employee diversity	Total number		19,125	person
	Gender	Male	16,389	person
		Female	2,736	person
	Age	30 and below	10,129	person
		31~50	8,869	person
		50+	127	person
	Education level	Master degree or above	1,033	person
		Undergraduate	7,024	person
		Junior college	4,490	person
		Below junior college	6,578	person
Staff training	Training hours per capita		42	hour
	Training expenditure per capita		356	yuan
	Number of company-level trainings		585	times
	Coverage ratio of participating employees		100	%
	Total number of training hours on employee rights policies or procedures		8,392	hour
	Proportion of employees trained in employee rights policies or procedures		100	%
	Proportion of employees receiving regular performance and career development appraisal		100	%
Employee rights and interests	Total number of employees taking parental leave	Male	711	person
		Female	162	person
	Incidents of discrimination and harassment		0	piece
Occupational health and safety	Lost time injury frequency rate (LTIFR)[1]		0.78	-
	Coverage rate of occupational health examination for employees		100	%
	Per capita training hours on health and safety of production workers		24	hour
	Coverage rate of health and safety training for production workers		100	%
	Number of safety training for construction contractors		7,681	times
	Coverage rate of safety training for construction contractors		100	%
	Emergency drills[2]		32	times
	Coverage rate of emergency drills for employees		100	%
Supply chain	Number of core suppliers[3]	In total	242	No.
		China	182	No.
		Overseas	60	No.
	Proportion of new suppliers screened using environmental/social criteria		100	%

Responsible marketing	Number of incidents of fines, penalties and warnings due to violation of regulations on product and service information and identification	0	No.
	Number of incidents of fines, penalties and warnings for violating laws and regulations related to marketing	0	No.
Customer service	Complaint handling rate	100	%

1 Indicator calculation formula: Lost time injury frequency rate = (Number of lost time injury accidents/Total working hours) x 10^6
2 Including fire protection, safety, environmental protection and occupational health emergency drills
3 Including productive and indirect material suppliers

Corporate governance and economic performance

The statistical data scope of corporate governance and economic performance is consistent with the scope of consolidated financial statements of the Company.

Indicator category	Indicator		Data for 2023	Unit
Economic performance	Total assets		35,293,330,312.84	yuan
	Total operating revenue		16,628,361,009.42	yuan
	Net profit attributable to owners of parent company (or less: net loss)		1,774,565,501.49	yuan
	Net cash flows from operating activities		-862,790,560.80	yuan
	Earnings per share (EPS)		1.1311	yuan /share
Intellectual property	Authorized patent	Total number	2,347	No.
		Invention patent	243	No.
		Utility model patent	2,026	No.
		Design patent	78	No.
	Annual new authorized patent	Total number	421	No.
		Invention patent	70	No.
		Utility model patent	336	No.
		Design patent	15	No.
Privacy protection	Number of confirmed incidents of disclosure, theft or loss of customer data		0	No.

Anti-competition, anti-corruption and anti-monopoly	Number and outcome of litigation cases involving anti-competitiveantitrust and monopolistic conduct	0	No.
	Total number and percentage of corporate anti-corruption policies and procedures submitted to the board of directors	100	%
	Percentage of staff who have received anti-corruptiontraining and publicity	100	%
	Total number of board members who have received anti-corruption training	7	person
	Percentage of board members who have received anti-corruption training	100	%
Penalty situation	Amount of fines caused by product violations	0	Ten thousand yuan
	Amount of fines for violating environmental laws and regulations	0	Ten thousand yuan
	Amount of fines for violating social and economic laws and regulations	0	Ten thousand yuan
	Number of non-economic penalties	0	No.
	Number of violations involving health and safety impacts of products and services	0	No.

GRI content index

Statement of use	LEAD has reported the information cited in this GRI content index for the period from January 1 to December 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI standard	Disclosure	Location
General disclosure		
GRI 2: General Disclosures 2021	2-1 Organizational details	Introduction
	2-2 Entities included in the organization' s sustainability reporting	Reporting entity
	2-3 Reporting period, frequency and contact point	Reporting period, Contact us
	2-6 Activities, value chain and other business relationships	Introduction, Products and services, Sustainable supply chain
	2-7 Employees	Labor and human rights
	2-9 Governance structure and composition	Organizational structure
	2-10 Nomination and selection of the highest governance body	Organizational structure
	2-11 Chair of the highest governance body	Organizational structure
	2-12 Role of the highest governance body in overseeing the management of impacts	Organizational structure
	2-13 Delegation of responsibility for managing impacts	Organizational structure
	2-14 Role of the highest governance body in sustainability reporting	Sustainable development system
	2-15 Conflicts of interest	Corporate governance (see the annual report for details)
	2-16 Communication of critical concerns	Sustainable management system
	2-17 Collective knowledge of the highest governance body	Sustainable management system
	2-18 Evaluation of the performance of the highest governance body	Sustainable management system

GRI 2: General Disclosures 2021	2-20 Process to determine remuneration	Organizational structure (see the annual report for details)
	2-22 Statement on sustainable development strategy	Sustainable development strategy
	2-23 Policy Commitments	Business ethics, Protection of employee rights and interests
	2-24 Embedding policy commitments	Business ethics
	2-25 Processes to remediate negative impacts	Business ethics
	2-26 Mechanisms for seeking advice and raising concerns	Business ethics
	2-27 Compliance with laws and regulations	See sections of the report for details
	2-28 Membership associations	Industry participation, Sustainable development strategy
	2-29 Approach to stakeholder engagement	Stakeholder engagement
	2-30 Collective bargaining agreements	Protection of employee rights and interests

Material topics

GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality assessment
	3-2 List of material topics	Materiality assessment
	3-3 Management of material topics	Materiality assessment (see sections of the report for details)

Economic performance

GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Corporate governance, Employees' development, Employee benefits, Key performance indicator
	201-2 Financial implications and other risks and opportunities due to climate change	Climate strategy
	201-3 Defined benefit plan obligations and other retirement plans	Employee benefits

Indirect economic impacts

GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Community responsibility
	203-2 Significant indirect economic impacts	Community responsibility

Anti-corruption

GRI 205: Anti Corruption 2016	205-1 Operations assessed for risks related to corruption	Business ethics
	205-2 Communication and training about anti-corruption policies and procedures	Business ethics
	205-3 Confirmed incidents of corruption and actions taken	Business ethics, key performance indicator

Anti-competitive behavior

GRI 206: Anti Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business ethics, key performance indicator

Energy

GRI 302: Energy 2016	302-1 Energy consumption within the organization	Climate indicators and performance, key performance indicator
	302-2 Energy consumption outside the organization	Climate indicators and performance, key performance indicator
	302-3 Energy intensity	Climate indicators and performance
	302-4 Reduction of energy consumption	Green production, Green operation

Water and effluents

GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Green production
	303-2 Management of water discharge-related impacts	Green production
	303-3 Water withdrawal	Key performance indicator

Biodiversity

GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Green operation
	304-2 Significant impacts of activities, products and services on biodiversity	Green operation

Emissions

GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate indicators and performance, key performance indicator
	305-2 Energy indirect (Scope 2) GHG emissions	Climate indicators and performance, key performance indicator
	305-3 Other indirect (Scope 3) GHG emissions	Climate indicators and performance, key performance indicator
	305-4 GHG emissions intensity	Climate indicators and performance, key performance indicator
	305-6 Emissions of ozone-depleting substances (ODS)	Green production
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Green production, Key performance indicator

Waste

GRI 306: Waste 2020	306-1 Waste generation and significantwaste-related impacts	Green production
	306-2 Management of significant waste-related impacts	Green production
	306-3 Waste generated	Key performance indicator
	306-5 Waste directed to disposal	Key performance indicator

Supplier environmental assessment

GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Key performance indicator

Employment

GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are notprovided to temporary or part-time employees	Employee benefits
	401-3 Parental leave	Employee benefits

Occupational health and safety

GRI 403: Occupationa Health and Safety 2018	403-1 Occupational health and safety management system	Occupational health and safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety
	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
	403-8 Workers covered by occupational health and safety management system	Occupational health and safety
	403-9 Work-related injuries	Occupational health and safety
	403-10 Work-related ill health	Occupational health and safety

Training and education

GRI 404: Trainin and Education 2016	404-1 Average hours of training per year per employee	Key performance indicator
	404-2 Programs for upgrading employee skills and transition assistance programs	Employees' development
	404-3 Percentage of employees receiving regular performance and career development reviews	Key performance indicator

Diversity and equal opportunities

GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Organizational structure, Employee diversity

Non-discrimination

GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Protection of employees rights and interests

Freedom of association and collective bargaining

GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Responsible procurement management, Protection of employees rights and interests

Child labor

GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Responsible procurement management Protection of employees rights and interests

Forced or compulsory labor

GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Responsible procurement management, Protection of employees rights and interests

Local communities

GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community responsibility
	413-2 Operations with significant actual and potential negative impacts on local communities	Environment and energy, Community responsibility

Customer health and safety

GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product quality management
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Key performance indicator

Marketing and labeling

GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Key performance indicator
	417-3 Incidents of non-compliance concerning marketing communications	Key performance indicator

Assurance Statement

中国认可
环境信息
ENVIRONMENTAL INFORMATION
CNAS VV003-EI

GREENHOUSE GAS VERIFICATION STATEMENT

Certificate No：04124GHGA20081

The inventory of Greenhouse gas emissions in year 2023 of

Wuxi Lead Intelligent Equipment Co.,Ltd.

（Issue date：April 16, 2024；Time period：January 1, 2023- December 31, 2023）
has been verified in accordance with ISO 14064-3:2019 with the materiality and the level of assurance satisfied.

Verification Criteria : ISO 14064-1:2018
Verification Programmes: ISO/IEC 17029:2019；ISO 14065:2020；ISO 14064-3:2019；ISO 14066:2011
Boundary(ies) : Verified greenhouse gas statement：
The 2023 Greenhouse Gas Inventory Report of Wuxi Lead Intelligent Equipment Co.,Ltd.
Organizational boundaries:
All facilities under the operational control approach related to greenhouse gas emissions and removals of address as described in Appendix B
Scope of business and activities:
See Appendix·B.
Time period:
January 1, 2023- December 31, 2023
GHG Category(ies):
■ Category 1 ■ Category 2 ■ Category 3
■ Category 4 ■ Category 5 □ Category 6.
Total emissions : 12,908,028 tCO_2e
Type of entity : Third-party
Issue date : April 22, 2024
Commissioned by : Miao Ying Ling Tan Information & Technology (Beijing) Co.,Ltd.
Details of the objectives, assurance levels, materiality, intend users of the GHG statement, etc. are given in the appendix to this verification statement of which forms an integral part.

CTI

General manager

华测认证有限公司 CTI CERTIFICATION CO., LTD.

CTI Certification Co., LTD.
Zone A 8F CTI Building, No.4 Liu Xian San Road, Xin'an Street, Bao'an District, Shenzhen, Guangdong Province,China.
The CNAS accreditation mark indicates only that CNAS recognizes the competence of the VVB and should not be construed to mean that CNAS approves or is responsible for the certificate.
This certificate is available on our website (www.cti-cert.com) or the official website of National Certification and Accreditation Administration (www.cnca.gov.cn).

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环境信息
ENVIRONMENTAL INFORMATION
CNAS VV003-EI

APPENDIX A TO THE GREENHOUSE GAS VERIFICATION STATEMENT

Certificate No：04124GHGA20081

Description of the verification : CTI verified the inventory of Greenhouse gas emissions in year 2023 of Wuxi Lead Intelligent Equipment Co.,Ltd. according to ISO 14064-3:2019.
Scope : Machinery and equipment manufacturing (12)
Objectives : a) Evaluate whether the GHG inventory report meets the requirements of ISO 14064-1:2018
b) Evaluate the consistency and completeness of the GHG inventory report
c) Verify the correctness and reasonableness of the GHG accounting and reporting
d) Evaluate the GHG-related management controls at the organization level
Assurance level : Reasonable
Materiality threshold : 5%
Intended users : Stakeholders involved in the business activities
Nature of data and information supported the GHG statement : Historical facts
GHGs included : ■CO_2 ■CH_4 ■N_2O ■HFC_S □PFC_S □SF_6 □NF_3
Category 1 Emissions : 1,152.99 tCO_2e
Category 2 Emissions : 27,320.65 tCO_2e
Category 3 Emissions : 62,879.26 tCO_2e
Category 4 Emissions : 390,177.60 tCO_2e
Category 5 Emissions : 12,426,497.46 tCO_2e
Total Emissions : **12,908,028** tCO_2e

CTI

General manager

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This certificate is available on our website (www.cti-cert.com) or the official website of National Certification and Accreditation Administration (www.cnca.gov.cn).

SOC

PRODUCT CARBON FOOTPRINT VERIFICATION CERTIFICATE

Origin Certification (Shanghai) Co.,Ltd. issues this certificate according to relevant checking procedure, and proves the truth and validity of the following contents.

Product Name & Model:
LIB Cutting and Stacking Machine (LBECS014T)
Applicant Name:
Wuxi Lead Intelligent Equipment Co., Ltd.
Registered Address:
No.20,Xinxi Road, Xinwu District, Wuxi City, Jiangsu Province
Audit Address:
No.18,Xinzhou Road,Xinwu District,Wuxi City, Jiangsu Province
Data Time Boundary: Jan. 1, 2023~Dec. 31, 2023
Based on Standards and Rules:
ISO14067:2018 Greenhouse gases - Carbon footprint of products - Requirements and guidelines for quantification
PAS2050:2011 Specification for the assessment of the life cycle greenhouse gas emissions of goods and services
Functional Unit: 1 LIB Cutting and Stacking Machine (LBECS014T)
Carbon Footprint Value Per Functional Unit：162.57tCO_2e
System Boundary：From cradle to gate
Ratio of Carbon Emission in Each Stage:

Certificate No.：SOC-2024-PCF-042201
Certificate Issue Date：2024/04/22

签发：

SOC SYSTEM CERTIFICATION
Origin Certification (Shanghai) Co.,Ltd www.shqdrz.com
Room 103,No.95,Jianhao Road,Zhoupu Town,Pudong New Area,Shanghai,China

Suggestions and Feedback

Dear readers,
Thank you very much for taking time to read this report. In order to provide you and other stakeholders with more valuable ESG information and further improve the quality of our ESG report, we sincerely invite you to fill out the relevant questions in the feedback form. You may provide your feedback to us in the following ways. Thank you for your strong support to our ESG work!

1. Which of the following stakeholders do you belong to?

☐ Government officials ☐ Regulatory agencies ☐ Shareholders and investors ☐ Employees ☐ Customers
☐ Suppliers and partners ☐ Community residents ☐ Peer companies ☐ Others

2. What is your general comment on this report?

☐ Excellent ☐ Good ☐ Average ☐ Poor

3. What do you think of the quality of ESG information disclosed in this report?

☐ Excellent ☐ Good ☐ Average ☐ Poor

4.Do you think this report reflects the significant economic, social and environmental impacts of LEAD?

☐ Yes ☐ To some extent ☐ No ☐ Not familiar

6. What aspects of the report do you think need to be improved?

☐ Layout design ☐ Report length ☐ Coverage of topics ☐ Release form/medium

7. Your opinions and suggestions on LEAD’s ESG work and this report:

Tel: 0510-81163600
Fax: 0510-81163648
E-mail: ESG@leadintelligent.com
Address: No.18 Xinzhou Road, National High-tech Industrial Development Zone, Wuxi City, Jiangsu Province
Contact: ESG Office, Wuxi Lead Intelligent Equipment Co., Ltd.