

Anhui Heli Co., Ltd.  
Environmental,  
Social and Governance Report



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# About the Report

The Environmental, Social, and Governance Report (hereinafter referred to as "this report") offers an authentic portrayal of Anhui Heli's active commitment to fulfilling its economic, social, and environmental responsibilities, along with its responses to material ESG topics focused by stakeholders. Its purpose is to foster sustainable development while maintaining fidelity to stakeholder interests. This report is reviewed by the Company's Board of Directors, who bear responsibility for ensuring the accuracy and validity of the information presented herein.

## Time Scope

This report covers the period from January 1, 2023, to December 31, 2023. In order to maintain consistency in the information presented, certain content has been backdated and extended.

## Reporting Scope

This report covers Anhui Heli Co., Ltd. and its subsidiaries.

## Source of Data

All information and data in this report are from the Company's official documents, statistical reports, and financial statements, as well as environmental, social, and governance information that has been collected, consolidated, and reviewed by the Company. In case of any discrepancies, the Chinese version of the report shall prevail over the English version. Unless specified otherwise, the currency unit used is Chinese Yuan (CNY).

## References

This report is written in accordance with the Global Sustainability Standards Board (GSSB) GRI Standards Core Option requirements and the guidelines by the Shanghai Stock Exchange to strengthen the social responsibility of listed companies, along with the release of the *Guidelines for Environmental Information Disclosure of Listed Companies on the Shanghai Stock Exchange*.

## Definitions

For clarity and readability purposes, in this report, references to "Anhui Heli," "the Company," and "we" all pertain to Anhui Heli Co., Ltd. Mentions of "the Group" refer to Anhui Forklift Group Co., Ltd. Moreover, the forward-looking statements concerning business plans, development strategies, and other prospective descriptions in this report do not represent binding commitments from the Company to investors.

## Availability

This report is available for download and viewing on the Shanghai Stock Exchange website ([www.sse.com.cn](http://www.sse.com.cn)) and the Company's website ([www.helichina.com/xxgk/qyxx](http://www.helichina.com/xxgk/qyxx)).



# Chairman's Message



Dear Esteemed shareholders and friends from all walks of life:

I wish to extend our heartfelt appreciation on behalf of the Board of Directors for your continuous care and support towards Anhui Heli.

The societal vision of "universal harmony," the global pursuit of a "community with a shared future for mankind," the advocacy of "principles for responsible investment," and the framework of the "United Nations Sustainable Development Goals" all converge towards a better life, a more harmonious society, and a sustainable future. These aspirations not only mirror the values we hold dear but also embody the shared values of humanity. The development requirements of promoting common prosperity, harmonizing material and cultural-ethical advancement, and fostering harmony between humanity and nature in the new era closely resonate with the core principles of ESG, which prioritize economic prosperity, environmental sustainability, and social equity. Embracing the new development stage, actively integrating ESG philosophy, undertaking ESG initiatives, and continuously enhancing ESG performance are not only crucial for achieving high-quality development in the modern era but also essential for accelerating the establishment of a world-class enterprise.

**"A group of Heli people dedicated a lifetime to doing one thing well."** As a leading enterprise in China's industrial vehicle sector and a globally renowned brand, Heli has consistently excelled in fulfilling its core responsibilities. Throughout the year, the Company achieved record-high performance in various metrics, including annual revenue, production, and sales volume. With total sales of 292,000 whole machines and operating revenue of 17.471 billion yuan. Heli has maintained its position as a top performer in China's forklift industry for 33 consecutive years. Moreover, we uphold the core values of being "people-oriented, giving back to society with high-quality products," as we strive to introduce new initiatives in service and integration within the new development paradigm. Our goal is to enhance the Company's technological innovation capabilities, optimize industrial layout, advance global market expansion, and embark on a sustainable development journey that extends from Anhui and China to a globally impactful Heli.

In 2023, we optimized our top-level design. With a focus on the vision of "hundred years HELI, world top five," we are resolutely integrating ESG strategies. By accelerating the establishment of an ESG management and practice system with Heli characteristics in scientific governance, quality control, green development, and social responsibility, we are fully committed to implementing a unified approach to sustainable development.

**We are dedicated practitioners of scientific governance, forming a formidable Heli.** We focus on accelerating the advancement of the modern Chinese enterprise system, establishing robust corporate governance structures, and enhancing the standardization and effectiveness of board operations. This is aimed at strengthening compliance and internal control management, thereby solidifying the independent market entity status of state-owned enterprises. Moreover, we vigorously enhance the development of integrity, advance the cultivation of high-quality leadership teams characterized by loyalty, integrity, and responsibility, and endeavor to establish a "dual safety" environment for the sound development of state-owned enterprise leaders and the sustainable growth of enterprises. These initiatives are designed to elevate the core competitiveness of the Company and secure the preservation and appreciation of state-owned capital. In 2023, we continued to deepen our efforts to improve work style, with a focus on serving the people, promoting practical initiatives, and fostering an environment conducive to enterprise development. We remained committed to addressing the six major issues of "inaction, lack of responsibility, lack of initiative, impracticality, lack of integrity, and lack of restraint," which are crucial in rectifying formalism, bureaucratism, hedonism, and extravagance. A total of 39 subsidiaries underwent inspections on Party conduct and integrity development.



**We consistently uphold our role as guardians of excellent quality, forging a quality Heli.** We adhere to the quality strategy of "Leading in Quality, Winning with Quality, Striving for Excellence, and Pursuing Perfection." Guided by the quality policy of "Striving for Excellence, Creating Value Together with Heli", we strengthen the defense line for product quality and safety. We ensure quality process control throughout the entire production process and bolster multidimensional collaborative efforts. With a focus on the high-end, intelligent, and green development of the manufacturing industry, our aim is to facilitate extensive, profound, and advanced technological innovation partnerships, expand a diverse network of innovation collaborators, and uphold a distinguished reputation for excellence collectively. In 2023, we were honored with multiple quality awards, including the Quality Award from the People's Government of Anhui Province and the Nomination of the China Quality Award. Furthermore, we conducted quality spot checks on products from various units, with nearly 80% of them achieving a product qualification rate exceeding 99%, showcasing the high-quality development of our quality management efforts.

**We firmly position ourselves as leaders in green development, building a green Heli.** We actively integrate the principles of green development across the entire industrial production process, supply chain, and domains. We have developed the *Green Manufacturing and Energy Conservation Strategy for the 14th Five-Year Plan for Anhui Forklift Group Co., Ltd. and Anhui Heli Co., Ltd.*, with a focus on "green design, green products, green manufacturing, resource recycling, and energy conservation" as key strategic initiatives. We are actively developing a green manufacturing system, continuously promoting green technological innovation, focusing on exploring the application of new energy conversion, implementing green management throughout the product lifecycle, and initiating a series of transformation plans on energy-saving and emission reduction, striving to create a cleaner and more sustainable ecological environment for the future. In 2023, 100% of the Company's business operations obtained ISO 14000 Environmental Management System certification, meeting all environmental objectives as planned. Additionally, we completed the grid connection and power generation of a new 8.5-megawatt distributed photovoltaic power station project. By the end of the reporting period, the cumulative installed capacity of our photovoltaic power stations had reached 14 megawatts, generating approximately 14 million kilowatt-hours of clean electricity annually. This achievement is equivalent to a reduction in carbon dioxide emissions of 14,278 tons.

**We are dedicated to fostering a harmonious society, together shaping a better Heli.** Our unwavering focus on the core values of a "people-oriented" approach underscores our commitment to prioritizing the development and well-being of our employees. We uphold compliant, fair, and diverse employment practices, expand opportunities for employee growth and development, establish a robust talent incentive system, and continually enhance various welfare benefits to boost employees' sense of achievement, happiness, and belonging. In 2023, our employee satisfaction and engagement survey reached 92% of our workforce, with an overall satisfaction rate of 81.5%. Furthermore, we actively embrace social responsibility by promoting employment and supporting education, healthcare, and various social services. Our efforts aim to continuously improve people's quality of life and well-being, foster community prosperity and rural revitalization, and uphold our original intention of serving the country through tangible actions in the industrial sector. In 2023, the Company allocated 1,987,200 yuan in support funds for industrial revitalization, talent development, and ecological, organizational, and cultural revitalization. Additionally, we have allocated 2,079,000 yuan for charitable donations.

Looking ahead, we will be steadfast in our commitment to core responsibilities, industries, and priorities. Our focus remains on fostering innovation, entrepreneurship, and creativity, as we persist in driving progress, transformation, and reform. Through robust ESG management, we aim to empower business growth and strategic development, promoting value creation, collaboration, and sharing. Our objective is to embody the principles of the new development philosophy, lead in high-quality industry advancement, and advocate for a more collaborative world. We are devoted to establishing a globally influential and competitive enterprise, ensuring a lasting legacy for Heli!

Anhui Heli Co., Ltd.  
Chairman Yang Anguo



# About Heli

## Company Profile

Anhui Heli Co., Ltd., established in 1958, is a core holding subsidiary of Anhui Forklift Group Co., Ltd., with a registered capital of 740 million yuan. It was listed on the Shanghai Stock Exchange in 1996 (Stock Code: 600761). The Company is a leading industrial vehicle research, development, manufacturing, and export base in China. Known for its expansive scale, complete industrial chain, comprehensive strength, and impressive economic performance, Anhui Heli Co., Ltd. is home to both a national-level enterprise technology center and a national-level industrial design center. It has garnered recognition as a national innovative enterprise, a key high-tech enterprise under the Torch Program, and a leading enterprise in the construction of engineering machinery in the Anhui Province (Hefei) base.

The Company prioritizes high-quality development, market demand, and technological innovation. Upholding principles of industrial excellence, product intelligence, and international business expansion, Anhui Heli Co., Ltd. is actively enhancing market responsiveness, accelerating adjustments in its product structure, and transitioning towards a service-oriented manufacturing transformation and upgrade. Its ultimate goal is to emerge as a leading global industrial vehicle and intelligent logistics system integrator.

## Awards and Honors

- ★ National Green Factory | Ministry of Industry and Information Technology

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- ★ National Industrial Design Center | Ministry of Industry and Information Technology

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- ★ Demonstration Enterprise for National Supply Chain Innovation and Application | Ministry of Commerce

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- ★ Third Prize of Anhui Province Science and Technology Award | People's Government of Anhui Province

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- ★ List of Anhui Province Science and Technology Award Winners (2022) | People's Government of Anhui Province

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- ★ 2023 Top Ten Exemplary Cases of Innovation and Practice in Digital Quality Management in Anhui Province | Anhui Provincial Administration for Market Regulation

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- ★ Second Prize of China Machinery Industry Science and Technology Award | China Machinery Industry Federation and Chinese Mechanical Engineering Society

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- ★ Gold Award in the Second National Product Quality Innovation Competition for the Machinery Industry - "HeLi Cup" | China Machinery Industry Federation

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- ★ Advanced Group Award for Contribution to High-Quality Economic Development in Hefei City | China Machinery Industry Federation

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- ★ Excellent Practice Case for Green and Low Carbon Development of Enterprises | China Enterprise Confederation and China Enterprise Directors Association

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- ★ Case Study on the Quality Transformation and Innovation Led by the Chief Quality Officer in Enterprises | Standards Press of China

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- ★ Top Ten Application Cases for Industrial Internet in Anhui Province | Anhui Industrial Internet Association

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- ★ Research and Demonstration Base for Corporate Social Responsibility Practices in Anhui Province | Anhui Federation of Industrial Economics

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- ★ Anhui Province Exemplar Unit for Employee Professional Ethics Development | Anhui Federation of Trade Unions

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- ★ Anhui Province Model Worker and Craftsman Innovation Studio | Anhui Federation of Trade Unions

# Sustainable Development Management

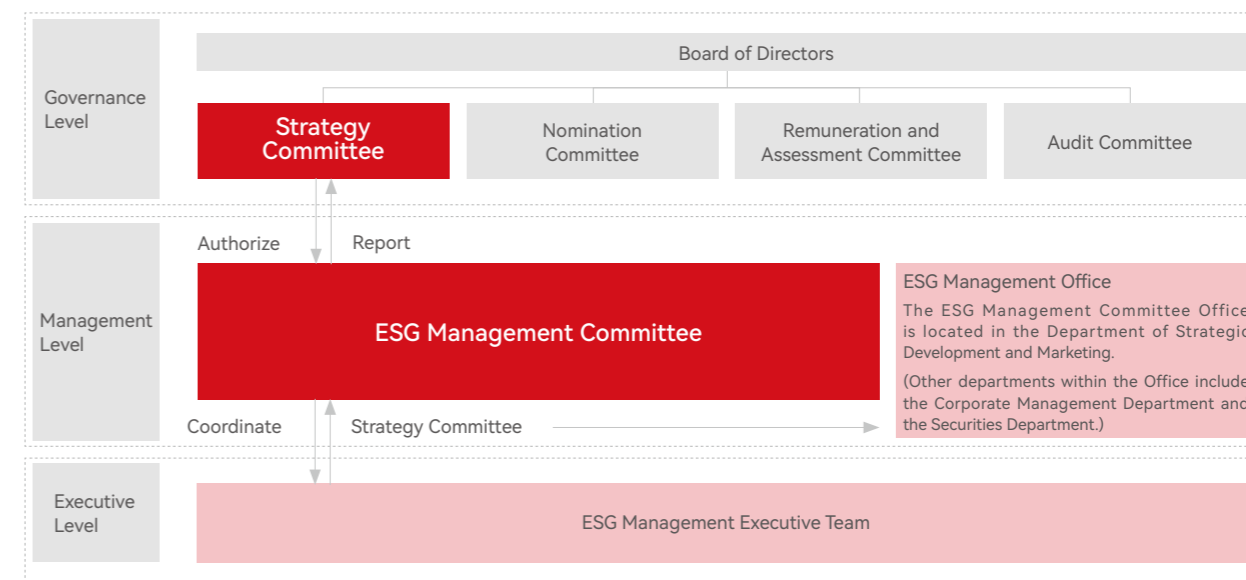
At Anhui Heli, we consistently uphold high-quality standards and prioritize sustainable development, specifically focusing on environmental, social, and governance aspects. Our dedication is to emerge as a globally influential provider of material handling solutions, collaborating closely with value chain partners to drive the sustainable future of the industrial sector.

## Sustainable Development Governance

At Anhui Heli, we comply with the Guidelines No. 1 of the Shanghai Stock Exchange for the Self-regulation of Listed Companies—Standard Operation and other relevant international index rating requirements. We have established the Measures on Environmental, Social, and Governance Management of Anhui Heli Co., Ltd. to establish a sustainable development management system that encompasses all business units. Focusing on institutionalizing and streamlining ESG matters, the ESG Management Committee and its office take the lead, providing ongoing guidance to all functional departments and subsidiaries to enhance corporate governance and drive sustainable business development more systematically.

To continuously improve our management practices in sustainable development, we have established a well-structured, clearly defined, and efficient governance system. This system comprises decision-making, supervision, and management bodies primarily composed of the Board of Directors, the Strategy Committee, the ESG Management Committee, and the ESG Management Office. It coordinates with the ESG Management Executive Team, which includes departments within the Company, to collaboratively implement ESG management initiatives.

Anhui Heli's ESG Governance Structure



**Governance Level:** The Board's Strategy Committee serves as the Company's highest decision-making body for ESG matters, focusing on the "review and decision-making" of ESG-related work. This includes receiving reports on ESG strategies, mid-to-long-term ESG planning, annual work plans, relevant policies, material ESG topics, risk and opportunity assessments, ESG reports, and making decisions. The Committee also conducts regular reviews of the Company's progress in achieving ESG goals.

**Management Level:** The Board's Strategy Committee authorizes the ESG Management Committee as the principal management body for the Company's ESG initiatives, with the Chairman serving as its director. The Committee is tasked with "supervising and evaluating" ESG-related activities. The ESG Management Office, comprised of the Department of Strategic Development and Marketing, the Securities Department, and the Corporate Management Department, plays a pivotal role in "coordinating, guiding, and advancing" ESG-related initiatives, overseeing their implementation throughout the Company.

**Executive Level:** The ESG Management Committee establishes the ESG Management Executive Team, comprised of various functional departments from the headquarters, with the aim of "managing and executing" ESG-related tasks. This team is responsible for ensuring the achievement of the Company's ESG goals and for overseeing the management and implementation of ESG initiatives.

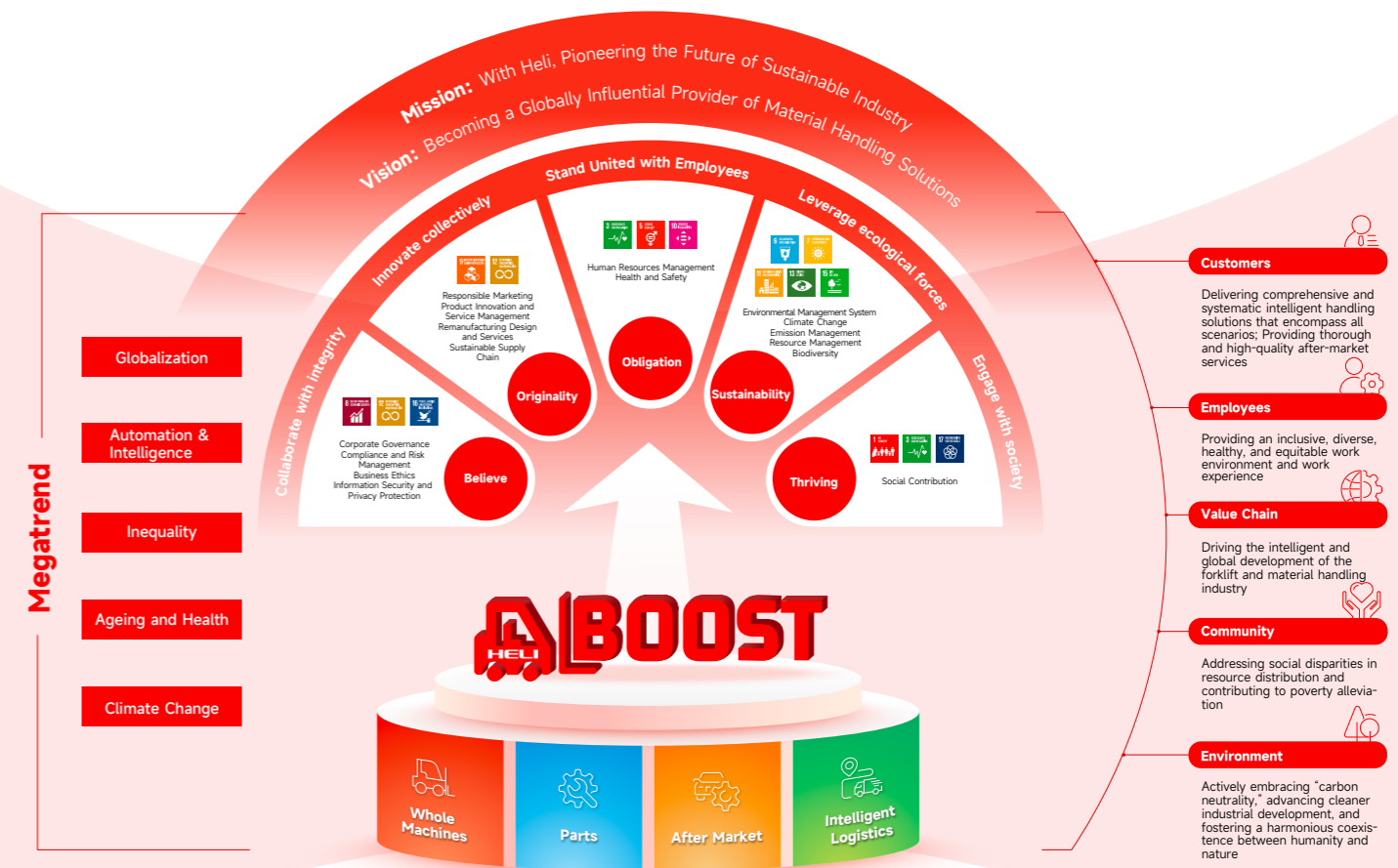
## Sustainable Development Strategy

Modern logistics is intricately linked to production and consumption, seamlessly integrating transportation, warehousing, distribution, delivery, information services, and other essential functions. Serving as a vital pillar in extending industrial chains, enhancing value chains, and establishing supply chains, it plays a pivotal, foundational, and strategic role in fostering high-quality development and building a modern economic system. Anhui Heli is committed to enhancing the resilience and safety level of the logistics industry chain, promoting the construction of a modern logistics system, improving the quality, efficiency, and cost-effectiveness of modern logistics, and providing strong support for the development of a robust industrial market.

As a leading enterprise in the industrial vehicle sector in China and a globally recognized brand in industrial vehicles, in 2023, we established the Anhui Heli sustainable development strategy "BOOST" to guide us in our relentless pursuit of excellence. Guided by the Company's vision and mission objectives, this strategy aims to unite the entire organization in understanding and committing to sustainable development initiatives, ultimately advancing our progress.

The Anhui Heli "BOOST" strategy actively aligns with the United Nations Sustainable Development Goals by integrating corporate development strategies and business positioning. It thoroughly identifies and analyzes current global trend dynamics, establishing the mission goal of "Uniting Strength with Heli, Pioneering the Future of Sustainable Industry" and the development vision of "Becoming a Globally Influential Provider of Material Handling Solutions." We start by addressing long-term global social and environmental challenges and exploring corporate responsibility and value. We stand united with employees to demonstrate humanity, innovate collectively to produce artisanal products, collaborate with integrity to establish a trustworthy enterprise, leverage ecological forces to develop a sustainable business and engage with society to promote a prosperous community. Our goal is to positively influence various stakeholders, including customers, employees, communities, value chains, and the environment, as we collaborate with them to forge a sustainable future for the industrial sector.

Anhui Heli will embark on a new journey with the "BOOST" sustainable development strategy as the overarching goal for all business activities. We will continue to lead innovative development in industrial vehicles, and establish a modern logistics system that is safe, efficient, intelligent, and green, consistently contributing our wisdom to the high-quality development of the industry and the preservation of the Earth, our shared home.



## Stakeholder Communication

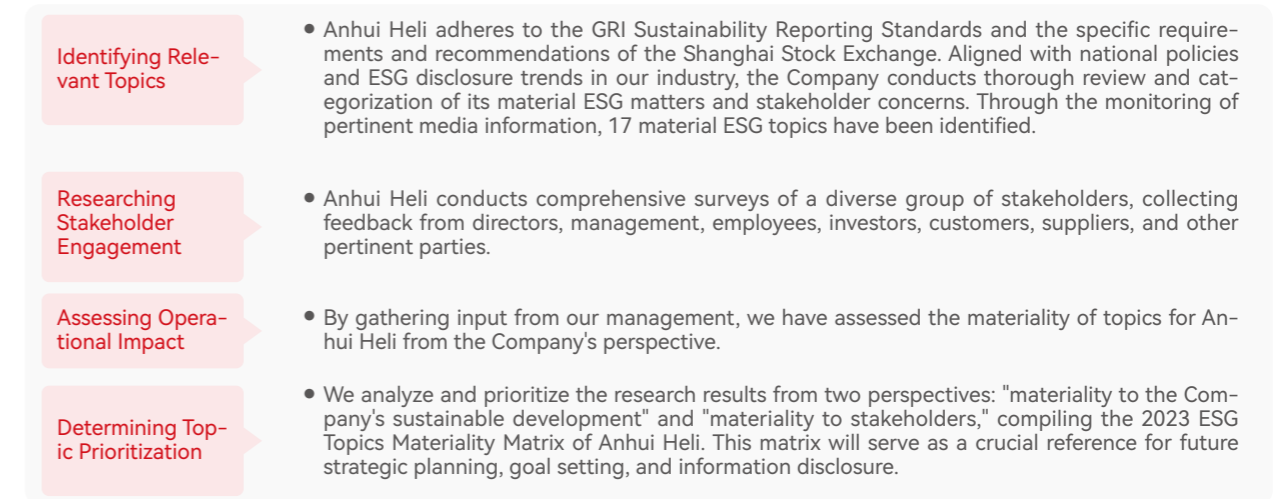
At Anhui Heli, we consistently value the input of stakeholders from diverse sectors of society and integrate significant feedback into the Company's sustainable development initiatives. To this end, we actively engage in diverse communication channels to gain a better understanding of stakeholders' expectations and promptly address their concerns.

Stakeholders	Expectations and Requirements	Communication Channels	Corresponding Measures
Shareholders/Investors	Corporate governance Anti-corruption Returns and performance	Performance briefing Shareholders' meeting Company roadshow Regular reports and ad-hoc announcements	Disclosing announcements, shareholder meeting resolutions, and financial reports as required by regulations Public disclosure of ESG reports Striving to promote profitability
Customers	Product innovation and service management Remanufacturing design and services Responsible marketing	Customer satisfaction surveys Multi-channel optimization for complaints and suggestions	Innovating product types and performance Enhancing the quality and capabilities of sales personnel Ensuring prompt responses to after-sales service Implementing all requirements for customer privacy protection
Employees	Employee rights protection Equal and diverse employment opportunities Employee training and development Occupational health and safety	Workers' congress Internal and external training for employees Employee activities	Safeguarding employees' legitimate rights and interests Promoting the variety and methods of employee training Organizing diverse cultural and sports activities Providing a healthy and safe work environment
Government/Regulatory Authorities	Compliant employment Safety emergency management Adherence to business ethics	Institutional inspections Reporting on work progress Daily communication Information disclosure	Operating in a legal and compliant manner Accepting government inspections and examinations Disclosing truthful and accurate information
Suppliers and Partners	Sustainable supply chain management Industry collaboration	Supplier negotiation meetings Daily communication Strategic cooperation	Public tendering Fulfilling contractual obligations
Environment	Energy and resource utilization Emission management Climate change response	Environmental impact assessment Climate change response forum	Prioritizing the electric vehicle category Implementing resource conservation practices Ensuring compliance with waste disposal regulations
Community	Rural revitalization Social welfare	Designated assistance Volunteer activities	Deepening philanthropic endeavors Building positive relationships with the community
Media	Transparent information Smooth communication	Press conferences Media project visits Executive interviews	Inviting the media to participate in Heli's various conferences Updating business developments on our website Responding to media inquiries

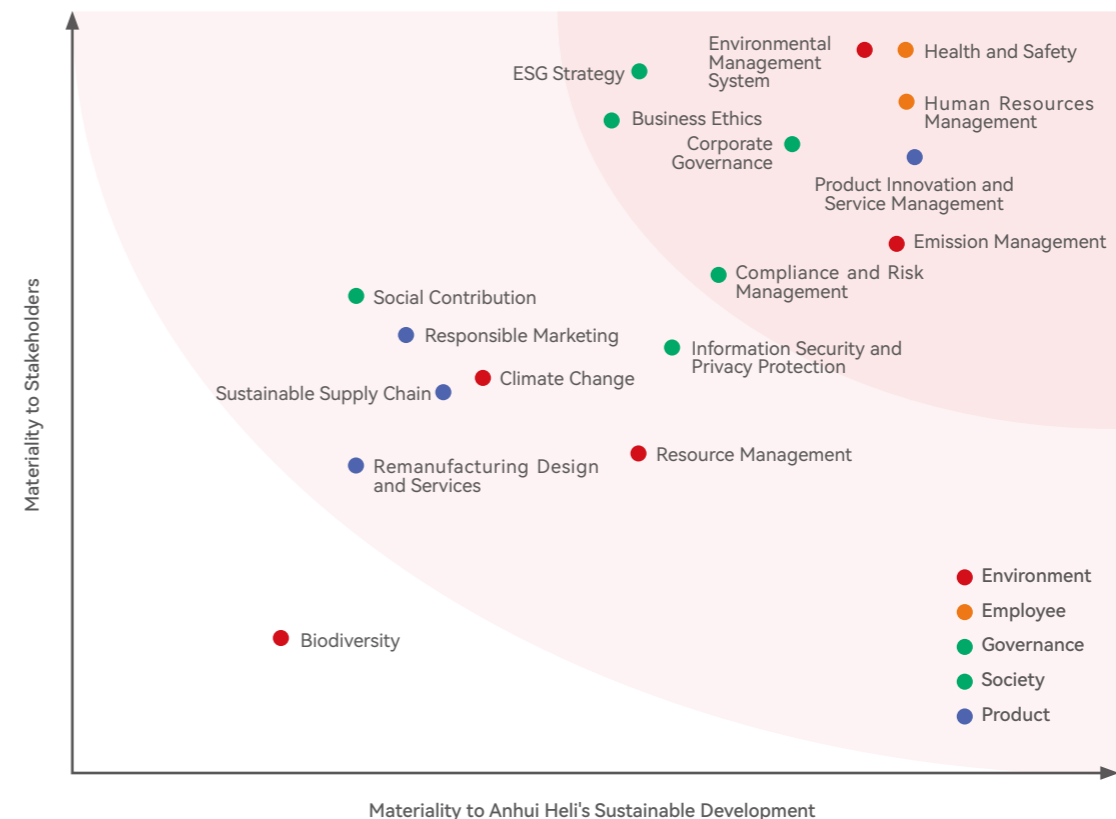
## Material ESG Topics

Leveraging our business scope, the expectations of internal and external stakeholders, and the context of dual carbon goals, we continuously identify material topics that significantly influence the Company's creation of economic, social, and environmental value, while also shaping stakeholders' perceptions of the Company. This process involves referencing both domestic and international social responsibility standards to ensure the comprehensive and accurate disclosure of our reports.

Process for Selecting Environmental, Social, and Governance (ESG) Topics



2023 ESG Topics Materiality Matrix of Anhui Heli



# 01 Enhancing Compliance Governance

At Anhui Heli, we consistently enhance our corporate governance system through systematic capacity-building in organizational structure, management systems, business processes, technological capabilities, and supervision mechanisms. We consistently enhance our corporate governance. Our emphasis is on refining the risk prevention and control framework, rationalizing the internal control system, enhancing transparency in business ethics management, and strengthening information and privacy protection. We are dedicated to promoting integrity, leveraging high governance standards to drive the Company's long-term sustainable development.

### Material ESG Topics Addressed in This Chapter

- ESG Strategy
- Corporate Governance
- Business Ethics
- Compliance and Risk Management
- Information Security and Privacy Protection

### SDGs Addressed in This Chapter



## Corporate Governance

### Board Governance

At Anhui Heli, we firmly believe that a sound governance mechanism is the cornerstone of our sustainable development. We strictly adhere to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, and the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and other laws and regulations. We consistently improve governance structures and management systems, thereby enhancing corporate governance and transparency. This commitment ensures the effective performance of the Board of Directors and enhances their standardized operation and decision-making processes.

We establish the corporate governance structure based on modern corporate systems, with the Board of Directors assuming responsibility for overall decision-making, operational planning, investment proposals, and corporate governance. To conduct orderly supervision and management tasks, we have established the Strategy Committee, the Nomination Committee, the Remuneration and Assessment Committee, and the Audit Committee. This framework ensures the high-quality and stable development of the Company.

During the reporting period, Anhui Heli's Board of Directors comprised nine directors, including three independent directors and one female director. The members of the Board of Directors possess diverse professional backgrounds across various industries, encompassing experience in engineering machinery, corporate management, financial auditing, and other fields. Their collective expertise and professional knowledge contribute significantly to the Company, enriching it with a wealth of diversified perspectives.

### Responsibilities of Anhui Heli's Board Committees

 Strategy Committee	The Strategy Committee is responsible for researching and providing recommendations on the Company's long-term development and strategic planning, studying and providing recommendations on major capital operations and asset management projects that require approval from the Board of Directors. Moreover, the committee offers research suggestions and oversight on other significant matters affecting the Company's development.
 Nomination Committee	The Nomination Committee is responsible for reviewing and providing recommendations to the Board of Directors regarding the size and composition of the Board, selection criteria, and procedures for directors and executives, based on the Company's operational activities, asset size, and equity structure. Additionally, the committee reviews and makes recommendations on director and executive candidates.
 Remuneration and Assessment Committee	The Remuneration and Assessment Committee is responsible for overseeing the implementation of the Company's compensation system. It formulates compensation plans or schemes based on the main scope, responsibilities, and importance of positions held by directors and senior management, as well as the compensation levels of other relevant corporate positions. This includes, but is not limited to, performance evaluation criteria, procedures, and key evaluation systems, as well as the main schemes and systems for rewards and penalties. Additionally, the committee assesses the performance of directors (non-independent directors) and senior management through annual performance evaluations.
 Audit Committee	The Audit Committee is primarily responsible for overseeing and evaluating the work of external audit firms, supervising the internal audit system and its implementation, and facilitating communication among management, internal audit departments, relevant departments, and external audit firms. Additionally, the committee reviews the Company's financial reports, offers opinions on them, and oversees and evaluates the Company's internal control system, along with other matters authorized by the Board of Directors.



## Compliance Governance

In accordance with the *Measures for Compliance Management of Anhui Provincial State-owned Enterprises* issued by the Anhui Province State-owned Assets Supervision and Administration Commission and the revised *Regulations on Compliance Management of the Group*, we have developed the *Action Plan for Enhancing Compliance Management* and updated the *Regulations on Compliance Management of Anhui Heli Co., Ltd.* We have implemented a robust compliance management system, strengthened the organizational structure, and delineated compliance management responsibilities at all levels. Furthermore, we have enhanced the Three Lines of Defense for compliance and conducted various activities, including compliance initiatives and training, aiming to cultivate a culture of compliance within the Company.

In alignment with our operational and management demands, we have initiated compliance management development in three key areas: Corporate Governance, Procurement Management, and Overseas Operations and Investments. This includes systematically compiling and organizing a specialized legal and regulatory database consisting of three items. Additionally, we have reviewed over 330 legal and regulatory documents related to key business areas. Furthermore, we have compiled a repository of 78 cases of violations that occurred within the Company, similar industries, and comparable enterprises. We have also developed four specialized compliance management guidelines in areas such as corporate governance and overseas investments.

The "Three Lines of Defense" in Anhui Heli's Compliance Management

### First Line of Defense

Our business and functional departments are responsible for compliance management, including the establishment and enhancement of compliance management systems and processes for the operations of each department. They conduct compliance risk identification and assessment, regularly reviewing compliance risks in key positions. Additionally, they coordinate investigations and corrective actions for compliance violations.

### Second Line of Defense

Our Corporate Management Department functions as the Compliance Management Department and is responsible for overseeing the Company's compliance management endeavors. This includes drafting pertinent compliance management policies, annual plans, and work reports. Additionally, the department conducts compliance reviews of major decisions and provides guidance, supervision, and oversight of compliance management activities in business and functional departments, various branches, and subsidiaries. It also conducts assessment evaluations. Furthermore, the department handles reports of violations within its jurisdiction, offers categorized recommendations for resolution, conducts compliance training, and advances the development of information technology for compliance management.

### Third Line of Defense

Our Discipline Inspection and Supervision Agency, along with departments such as Audit, Inspection, Supervision and Accountability, oversee the implementation of compliance requirements within their respective jurisdictions in accordance with relevant regulations. They investigate violations and conduct accountability procedures as necessary.



## Risk Prevention and Control

### Risk Management

At Anhui Heli, we are committed to improving our risk management system to safeguard the steady development of the Company. We have developed a series of internal regulations, including the *Procedures for Reporting Major Operational Risk Events*, the *Comprehensive Standards and Implementation Details for Risk Assessment*, and the *Management Regulations on Comprehensive Risks*. These regulations aim to ensure that the Company's institutional processes can effectively identify, prevent, and address risks. During the reporting period, we revised risk management-related policies, with a specific focus on refining the scope and procedures for reporting major operational risk events. These policy adjustments further enhance the effective implementation of internal control and risk management at Anhui Heli.

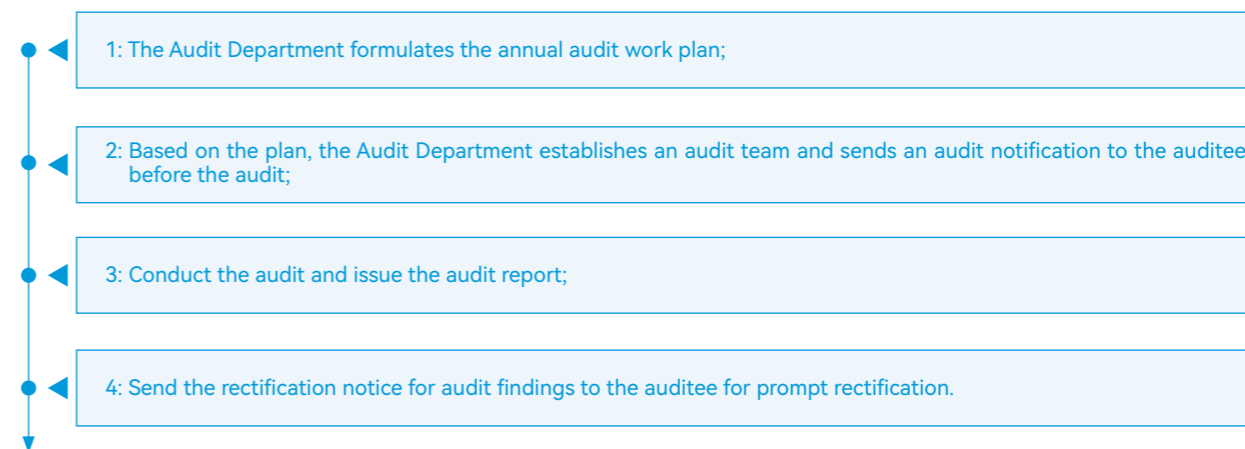
In terms of management, we have established a robust organizational framework for risk management and internal control by consulting relevant laws and regulations. We have implemented the Three Lines of Defense for risk management, which consist of "Risk Managers in Functional Departments - Risk Compliance Management Working Group - Risk Compliance Management Committee," to ensure the systematic implementation of risk management practices.

At the executive level, we consistently monitor and evaluate potential risks in business operations to ensure the Company's stable development. In 2023, we established a comprehensive risk management database covering six major categories of risks: strategic, market, operational, financial, legal, and other risks. Through a qualitative and quantitative approach, we assessed potential risks in each category. During the reporting period, we conducted quarterly tracking of major risks, performed a comprehensive risk assessment annually and developed a list of major risks, which was reviewed and approved by the Party Committee and the Board of Directors. We allocated responsibilities to specific departments and tracked their progress quarterly.

### Internal Audit

To standardize the follow-up rectification process for issues identified during internal audits, we have established the *Measures on Internal Audit Findings Rectification* and the *Regulations on Internal Audit*. Upon issuance of the audit report, the Company is required to issue an audit rectification notice to the auditee. Identified issues requiring rectification are directed to the relevant management department based on business ownership. Before the rectification deadline, the pertinent management department must review and submit the rectification outcomes. The performance evaluation of the auditees factors in the audit rectification results. In 2023, we conducted 25 audit projects, encompassing economic responsibility audits, operational audits, and management audits. Throughout the audit process, internal controls were considered essential components within the audit scope, and corrective actions were implemented in response to audit findings.




Internal Audit Process of Anhui Heli



# Anti-Corruption





At Anhui Heli, we consistently prioritize the Company's development and continuously strengthen our discipline inspection and supervision systems. We are committed to fostering a culture of clean governance. We intensify efforts to combat corruption by reinforcing anti-corruption measures and providing education and guidance to party employees members and cadres to increase their awareness of resisting corruption. We integrate strict punishment with education and guidance to achieve more institutional accomplishments and enhance governance effectiveness. We strictly adhere to the *Anti-Unfair Competition Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China* and the *Anti-Monopoly Law of the People's Republic of China*, as well as the relevant laws and regulations of the countries where overseas projects are located. To reinforce our commitment, we have established a disciplined organizational structure for the Discipline Inspection Committee under the overall leadership of the Group. We have also implemented an Inspection Office to conduct regular inspections. Additionally, we have developed and implemented an internal supervision mechanism of "one body, three dimensions, and four integrations". This involves regularly updating the Manual on Prevention and Control of Corruption Risks, emphasizing clean discipline, and strictly prohibiting corrupt, fraudulent, and improper benefit transfer violations.

## The Internal Supervision Mechanism of "One Body, Three Dimensions, and Four Integrations"

 <b>One Body</b>	<p>Under the leadership of the Group, the internal supervision mechanism is overseen and coordinated by the Internal Supervision Committee. This committee is tasked with managing and monitoring the group's surveillance activities, with a specific focus on addressing vulnerabilities within the Company's development. Through in-depth research, the committee devises strategies to address and rectify issues, establishing a comprehensive and multi-dimensional supervision system. This system includes a vertical chain of supervision organized by business divisions and horizontal coordination among functional supervision departments. By implementing proactive prevention measures, real-time monitoring, and post-incident response protocols, this system effectively emphasizes the critical roles of supervision in alerting, preventing, rectifying, enhancing, and ensuring compliance. This strategic approach aims to comprehensively improve the efficiency of supervision and governance within the Company.</p>
 <b>Three Dimensions</b>	<p><b>Specialized Supervision:</b> conducting specialized research, audits, inspections, evaluations, and reviews specifically focusing on critical issues, key areas, and crucial points.</p> <p><b>Frontline Supervision:</b> each business department, under the guidance of the core business supervision list set by the Group, upholds the principle that those in charge of a specific business area are responsible for its supervision. All business departments improve their internal management practices and apply a top-down "chain-style" vertical supervision method to monitor the core business operations of their respective units.</p> <p><b>Functional Supervision:</b> the supervisory departments of audit, finance, legal, human resources, disciplinary inspection, surveillance, and internal control utilize their distinct monitoring methods to focus on their specific areas of supervision. They carry out responsibilities such as prevention, supervision, investigation, management, and facilitating corrective actions, either independently or collaboratively, as part of professional supervision.</p>
 <b>Four Integrations</b>	<p><b>Disciplinary Supervision:</b> Overseeing compliance with the Constitution and laws, upholding lawful and compliant operations, and advancing the comprehensive and stringent governance.</p> <p><b>Supervisory Oversight:</b> the Office of the Supervisory Commissioner and the Supervisors stationed by the Provincial Supervisory Commission at the Forklift Group, in accordance with the provisions of the <i>Constitution</i>, the <i>Supervision Law</i>, and the <i>Regulation on the Implementation of the Oversight Law</i>, and authorized by the Provincial Supervisory Commission, conduct oversight on the lawful and compliant performance of organizational, leadership, management, and supervisory responsibilities by the management personnel.</p> <p><b>Supervisory Assignment:</b> the Group Discipline Inspection Committee dispatches a disciplinary inspection team to carry out "top-down" political supervision organizations without dedicated supervisory bodies.</p> <p><b>Inspection Supervision:</b> the Group conducts internal inspections, including routine and special inspections, in accordance with the requirements of higher-level organizations. It ensures comprehensive inspection coverage of all subsidiary holding companies and branches within each term of office.</p>

In 2023, we continued our efforts to improve work style, emphasizing service to the people, promoting practical initiatives, and cultivating an environment conducive to enterprise development. We remained dedicated to addressing the six major issues of "inaction, lack of responsibility, lack of initiative, impracticality, lack of integrity, and lack of restraint," which are crucial in rectifying formalism, bureaucratism, hedonism, and extravagance. Utilizing the comprehensive "1+N"<sup>1</sup> inspection method, we conducted inspections on the conduct and integrity building of 39 units. At the same time, we ensured the legal protection of whistleblowers' personal information and the content of their reports. We mandated that the accused show respect towards whistleblowers and the personnel handling accusations and reports, strictly prohibiting any form of retaliation. During the reporting period, we received reports of violations of party discipline and integrity through a range of channels, such as letters, phone calls, emails, the Heliqingfeng WeChat public account, the Heli Online discipline inspection and supervision column, regular visits, and leadership receptions.

**Reporting Channel of Anhui Heli**

-  Reporting Hotline: 13865250734
-  WeChat Public Account: the Supervision and Reporting section of the Heliqingfeng WeChat public account
-  Reporting Email: ahccjtjw@126.com
-  Postal Address: Anhui Forklift Group Co., Ltd. Discipline Inspection and Supervision Office, Room 2105, Heli Building, Wangjiang West Road, Shushan District,

## Promoting a Culture of Integrity

At Anhui Heli, we are committed to implementing the *Opinions on Strengthening the Construction of a Culture of Integrity* and establishing a Clean Heli. We leverage our corporate resources to promote integrity across all levels of the Company, from departments and workshops to teams, projects, and households. This includes integrating integrity initiatives into our integrity-building inspections, which help us better guide and supervise affiliated party organizations. Furthermore, we provide tailored integrity education to key employees, aiming to uphold the tradition of integrity and nurture a strong sense of public service among our staff. By emphasizing cleanliness and honesty, our aim is to foster a corporate culture where integrity is highly valued throughout Anhui Heli.

### Online Promotion with Rich Content and Vivid Presentation

- Through the utilization of electronic platforms such as HeLi Online, HeLi Party Building, and Heliqingfeng, in addition to electronic propaganda columns, VR online exhibition halls, and other digital mediums, we aim to actively promote the significant importance of upholding integrity in the workplace. The objective is to cultivate a positive environment conducive to ethical behavior and to foster a culture of integrity.

### Offline Promotion with Structured and Systematic Approaches

- We hosted the "Together with Integrity" exhibition, showcasing calligraphy, painting, and photography that highlight integrity culture for state-owned enterprises in Anhui province. This effort led to our recognition as an Outstanding Organizational Unit;
- We organized visits for cadres and employees to the exhibition featuring works that illustrate integrity culture, developed "Micro Power" propaganda pages, established "Integrity Card Seats", and set up an integrity culture wall. These initiatives were implemented to provide guidance to cadres and employees in maintaining integrity and carrying out their work with cleanliness and honesty.

<sup>1</sup> The "1" represents the semi-annual inspection of party conduct and integrity building, while "N" is determined based on the annual key supervision content. In 2023, seven key supervision areas have been identified.



Anhui Heli's Integrity Promotion

### Anhui Heli Conducted Integrity Research and Supervision on Construction Projects

In 2023, the main leader of our Discipline Inspection Committee led a team to conduct research and supervision on seven ongoing construction projects and three out-of-town 4S plant construction projects. They facilitated the signing of the "Five-Party Integrity Co-construction" commitment by participating units, developed "Eight Commitments" integrity risk warning statements at the construction sites, and organized integrity-themed activities such as "Placing Positions on the Frontline, and Focusing on Integrity in Co-construction". These concerted efforts aim to enhance the prevention and control of integrity risks in engineering construction, thereby achieving full supervision coverage for ongoing projects.

Case



On-Site Research and Supervision for the New Plant Project

## Information Security

At Anhui Heli, we place a high priority on the development of network security and information security. We strictly adhere to laws and regulations including the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*, and implement internal management systems. In 2023, we updated the *Management Measures for Fixed Assets in Cybersecurity and Information* and the *Management Measures for Cybersecurity* and introduced the *Response Plan for Cybersecurity Emergencies*. To effectively enhance corporate information security, we established the Cybersecurity and Information Technology Committee. This committee is responsible for providing comprehensive leadership and coordinating efforts to strengthen the Company's cybersecurity measures. Additionally, we established the Cybersecurity and Information Technology Office under the committee's purview to ensure the daily implementation of information security protocols.

To continually strengthen and enhance the Company's information security management system, we have embraced the principle of "one center, three dimensions of protection" by establishing the Security Management Center. This center is designed to enforce security measures across three dimensions: ensuring a secure computing environment, maintaining a secure communication network, and fortifying secure area boundaries. Furthermore, we have assigned dedicated personnel to conduct daily monitoring of various aspects, including the environmental monitoring platform in the data center, the physical operation of data center equipment, the threat logs of the security equipment network, the network security equipment operation, the server operation logs, and the data backup status. This measure is implemented to safeguard the stable operation and information security of the Company. In 2023, we have secured six national second-level security certifications, encompassing ERP<sup>2</sup> and MES<sup>3</sup> systems, and have not encountered any incidents of information security breaches.

<p>One Center</p>	<p><b>Establishing the Network Security Management Center:</b> planning and constructing a centralized hub for coordinating and preventing network security incidents. The key focus is on delineating specific network areas and deploying situational awareness systems, log systems, threat analysis systems, and other tools to facilitate rapid identification and traceability of security events through security logs and network traffic analysis.</p>
<p>Three Dimensions of Protection</p>	<p><b>Enhancing Communication Network Security Protection:</b> appropriately dividing secure network zones to prevent the deployment of core business areas at network boundaries. Network systems should incorporate hardware redundancy to maintain high availability and encryption technologies should be utilized to safeguard the transmission of branch data over unreliable networks.</p> <p><b>Strengthening Area Boundary Security Protection:</b> implementing measures such as authorized access and intrusion prevention at network boundaries to protect the internal network. This involves deploying access control devices at network boundaries for filtering and detecting inbound and outbound traffic data, developing access control policies, optimizing access control rules, and enforcing boundary isolation and cross-boundary access control.</p> <p><b>Enhancing Computing Environment Security Protection:</b> creating a secure and reliable computing environment that meets security standards like host identity authentication, intrusion prevention, virus protection, and data security. This involves enhancing network account management, implementing host security management software, and ensuring that research personnel install encryption software.</p>

To raise awareness among all employees about information security risk prevention, we have organized relevant staff to study the concepts from the National Cybersecurity and Informatization Work Conference. Additionally, we have invited the Hefei branch companies to participate in a training course on network security to deepen their understanding of information security concepts and behavioral norms. Our goal is to enhance employees' awareness of information security and mitigate the risk of information security incidents. In 2023, Anhui Heli conducted two batches of information security training, with a total of 16 participants, amounting to 20 hours of training.



Anhui Heli's Employees Participating in an On-Site Information Security Training Session

<sup>2</sup> ERP: Enterprise Resource Planning.

<sup>3</sup> MES: Manufacturing Execution System.

# 02 Innovating and Excelling in Operations

At Anhui Heli, we strengthen the defense line for product quality and safety by enhancing product quality management and implementing quality process control. We also prioritize supplier quality audits and endeavor to develop high-quality products. Furthermore, we enhance the innovation capabilities of product research and development and establish a top-tier integrated innovation system. We prioritize customer feedback and suggestions, ensuring that we consistently meet the expectations and requirements of customers worldwide.

### Material ESG Topics Addressed in This Chapter

- Product Innovation and Service Management
- Responsible Marketing
- Remanufacturing Design and Services
- Sustainable Supply Chain

### SDGs Addressed in This Chapter



## Product Quality

At Anhui Heli, we adhere to the quality strategy of "Leading in Quality, Winning with Quality, Striving for Excellence, and Pursuing Perfection," and uphold the quality policy of "Striving for Excellence, Creating Value Together with Heli." We are committed to creating a quality culture and are dedicated to manufacturing high-quality products that are even safer and more reliable. We have established five quality strategic objectives, which include the monthly repair rate, external quality loss rate, customer complaint rate, mean time between failures, and customer satisfaction. Continuously enhancing the product quality management system throughout the entire value chain is our priority. In 2023, Anhui Heli did not experience any product recalls or major product quality incidents.

At Anhui Heli, we strictly comply with the *Product Quality Law of the People's Republic of China* and other laws and regulations. Drawing on our quality management practices and product production characteristics, we have developed quality management documents such as the *Quality Manual*, the *Procedure Documents on Quality System*. These documents are designed to standardize the management processes for quality and process standardization. In 2023, we continued our efforts in quality certification and successfully obtained ISO 9001 Quality Management System certification, covering 100% of our operating sites. Furthermore, we have acquired several CE and UKCA certifications for products like pallet trucks and internal combustion counterbalance forklifts.



Anhui Heli's Quality Management System Certification Certificate



Anhui Heli's UKCA and CE Certification Certificates

We strictly enforce quality standards, ensuring comprehensive quality control throughout all stages of product manufacturing to guarantee that product quality meets the required standards. We implement a robust linkage control of the quality system, raise the quality awareness of personnel at all levels, and define and clarify the quality responsibilities of each position. We hold individuals across all levels accountable for quality issues throughout the product lifecycle, proactively preventing the occurrence of quality incidents. Moreover, we prioritize product quality assessment and conduct regular product quality inspections, including routine checks and random sampling, rigorously maintaining high-quality standards.

### Anhui Heli has Successfully Completed the Audit of its Testing and Inspection Center

In July 2023, Anhui Heli's Testing and Inspection Center underwent an on-site re-assessment and expansion review conducted by the expert team from the China National Accreditation Service for Conformity Assessment (CNAS). Throughout the audit process, the audit team reviewed documents and records of the laboratory management system, evaluated the testing environment, and conducted random interviews with relevant personnel. They also observed on-site testing processes and personnel operating capabilities, conducting a comprehensive audit of the effectiveness of the center's management system. After the on-site review, we implemented corrective actions for non-conformities, and the expanded items were recommended to CNAS by the expert team.



On-site CNAS Re-assessment and Expansion Review



CNAS Laboratory Accreditation Certificate

Case

We are advancing digital quality management by fully leveraging a range of digital platforms such as ERP, BPM, MES, QMS, FICS, and more. This enables intelligent, visual, and digital quality management across our entire business chain, covering aspects from new product development and component procurement to special order review, production execution, process and final product inspection, warehousing and transportation, and after-sales service information collection.

Furthermore, we actively engage in quality training and QC improvement activities, with a strong focus on nurturing a culture of quality and enhancing the skills and proficiency of our employees. In 2023, we conducted 79 quality training sessions for employees, with a total of 1,484 participants and a cumulative duration of 487,494 hours.



Quality Training for University Students at Heli

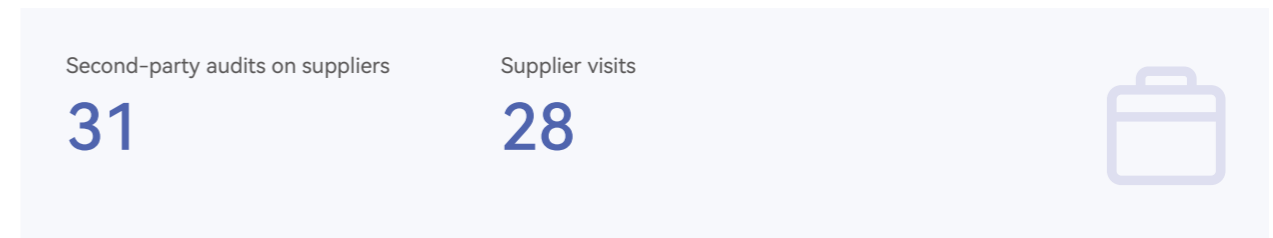


Quality Improvement and Training on QC Activities

## Supplier Quality Management

We have established the *Procedures for Supplier Management* to standardize the processes of supplier selection, classification, supervision, and evaluation. This initiative is aimed at consistently enhancing the quality of supplier products and fostering long-term, stable strategic relationships with them. We continuously raise the bar for supplier admission, requiring suppliers to sign quality service agreements and undergo audits of their qualifications and certifications. In 2023, 100% of our suppliers have obtained ISO 9001 Quality Management System certification and have signed quality service agreements.

We conduct second-party audits on suppliers to evaluate their performance in quality management systems, process control, equipment management, and supply management capabilities. Additionally, we require suppliers to address any significant issues, with the goal of enhancing the quality and safety of the Company's supply chain. In 2023, we conducted 31 second-party audits on suppliers and visited 28 suppliers.



Onsite Second-Party Audit of Anhui Heli's Suppliers



### Anhui Heli Conducted Quality Month Activities

Case

In 2023, Anhui Heli initiated a series of thematic activities focusing on "Five Focuses and Two Enhancements", which encompassed fostering a quality culture, assessing system operational capabilities, conducting service quality visits, enhancing supply chain capabilities, improving quality, elevating digital quality management, and reinforcing talent development. These activities aim to bolster the Company's high-quality development.

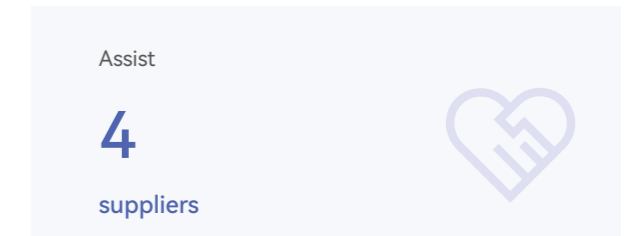
Throughout this series of activities, we revised 84 procedural documents and updated 304 operating standards. We conducted 130 quality visits, addressing 511 issues with a rectification rate of 95.3%. Furthermore, we visited 71 suppliers, addressing 216 issues with a rectification rate of 91.2%. Various special inspections revealed 1,034 issues, with a rectification rate of 89.7%.

In 2023, we were honored with several quality awards, including the Gold Award in the Second National Product Quality Innovation Competition for the Machinery Industry and being selected as the Case Study on the Quality Transformation and Innovation Led by the Chief Quality Officer in Enterprises. These achievements drive the high-quality progress of our quality management endeavors.



Quality Awards Received by Heli Co., Ltd. in 2023

Building upon the principle of "mutual benefit and common development", we endeavor to foster stronger cooperative relationships with our suppliers. Through supplier assistance programs, we work together to tackle issues concerning product quality and safety. In 2023, we launched assistance programs for four suppliers to enhance their quality capabilities.

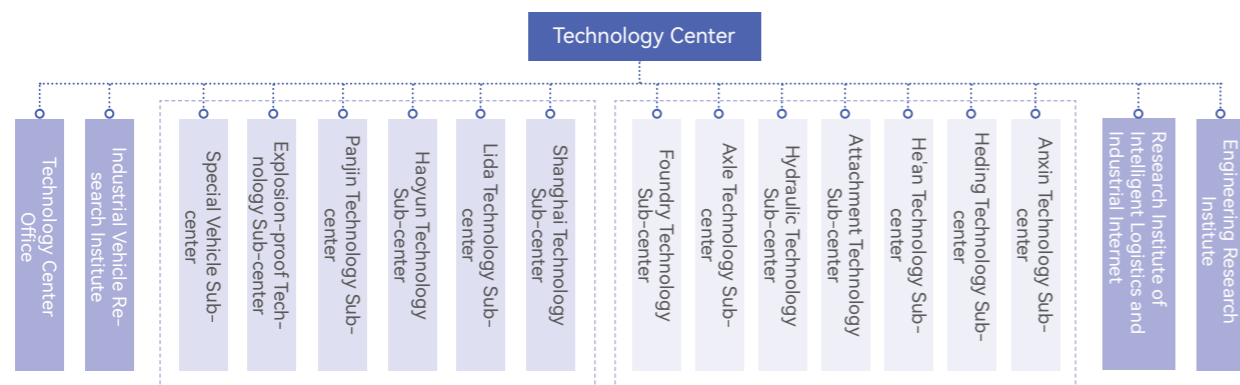


## Innovation and R&D

Driven by innovation and R&D, we prioritize the developmental objectives of electrification, decarbonization, connectivity, and intelligence to consistently enhance our market competitiveness. Our innovation and R&D strategy is validated by the Company's top decision-making team, IRB<sup>4</sup>, ensuring alignment with our product business direction and objectives. The IRB also oversees product development and discontinuation decisions. We have established a robust innovation and R&D structure, including the "Three Institutes and One Office" and 13 technical centers under the Technology Center, effectively implementing our product innovation management system.

Moreover, we have implemented a sophisticated R&D platform leveraging Integrated Product Development (IPD) to foster cross-departmental collaboration and structured development processes. This approach streamlines product development cycles, minimizes R&D costs, and consistently delivers value to our customers. In 2023, Anhui Heli allocated 892 million yuan towards innovation and R&D, employing 1,375 R&D personnel. Among them are three academic and technical leaders, three reserve candidates, and four individuals with doctoral degrees from Anhui Province.

R&D and Innovation Governance Structure of Anhui Heli



We enhance innovation and R&D management by implementing regulations and systems, standardizing the entire innovation process from product planning, development, and verification to release. Additionally, we align innovative achievements with the performance evaluation of R&D personnel to incentivize exceptional talent.

Furthermore, we have established the "talent leads the team" mechanism to motivate capable and accountable R&D teams to spearhead key tasks, including addressing critical core technological challenges. Our research projects focus on 10-ton oil-electric hybrid forklift technology, plug-in and power-following hybrid pallet stackers, autonomous control systems for electric forklifts, and self-made lifting equipment G10, aiming to enhance the management efficiency of basic research, key technology, and core component R&D projects.

In response to evolving market demands, we actively enhance our product structure by focusing on new energy, intelligent warehousing, smart logistics, and technological innovation. We accelerate the development of product portfolios in segmented markets to drive significant technological innovation and breakthroughs. Regarding product development, we are expanding our portfolio with new energy products, low-carbon solutions, and specialized vehicles. Our technical research efforts are concentrated on enhancing core technology and developing key components. In smart logistics, we are bolstering AGV<sup>5</sup> capabilities, advancing autonomous driving systems, developing scenario algorithms, providing technical support for project delivery, and conducting other core technology research to establish innovation centers. Additionally, in the research and application of engineering technologies, we are making strides in exploring new processes and trial production testing technology to enhance the efficiency and performance of our products. In 2023, we launched 26 new product development projects, including 13 electric products, 9 internal combustion products, and 4 warehouse vehicles.

<sup>4</sup> IRB: Investment Review Board

<sup>5</sup> AGV: Automatic Guided Vehicle

## Electrification and Decarbonization

We develop optimal solutions for various driving technologies, continuously improving the emission standards of internal combustion products. We actively promote the electrification of electric forklifts through lithium technology and take the lead in researching and demonstrating hydrogen fuel forklifts. Additionally, we consistently work to mitigate the environmental impact of internal combustion products.


### Anhui Heli's Electrified Products

- 

**1.5-3.8 ton Lithium Battery Special Vehicles:**

creating a platform for independent research, development, and manufacturing of new energy forklifts, disrupting the foreign dominance in high-performance technology, and propelling technological advancement within the industry.
- 

**4-10 ton High-Voltage Lithium Electric Forklift:**

positioned as a leader in both domestic and international markets, this forklift is equipped with two voltage platform batteries ranging from 326.4V to 336V, effectively extending battery life. Additionally, the vehicle is compatible with new energy vehicle DC charging stations, enhancing product convenience.
- 

**Electric Warehouse Product Line:**

focusing on electric handling, stacking, and picking operations in both indoor and outdoor settings, the features of the products meet a wide range of market demands.



Electric Forklift H4 Series



G2 Series Lithium Battery Special Vehicles



25-ton Electric Pallet Stacker

### Anhui Heli's Hydrogen Energy Products



#### 2-3 ton Hydrogen Fuel Small Wheelbase Forklift:

this model is the first in the country to pass the hydrogen energy forklift type test for enterprise vehicle registration, establishing application scenarios in the ceramic industry. Compared to diesel models of the same tonnage, this model reduces emissions by approximately 95 tons per year.



#### 3-3.5 ton Hydrogen Fuel Forklift:

this model has completed prototype verification for six variants and set up multiple demonstration scenarios for hydrogen forklift applications in Anhui, Hangzhou, Beijing, Ningxia, and other regions.



#### 4-10 ton Hydrogen Fuel Forklift:

this model has completed prototype verification for seven variants, pioneering the breakthrough of zero in domestic hydrogen fuel cell forklifts of this tonnage.



#### 45-ton Hydrogen Fuel Tractor:

this model has completed development and will set up demonstration scenarios for hydrogen forklift applications at ports in the future.



Hydrogen Fuel Forklift Series

## Intelligence and Connectivity

At Anhui Heli, we are committed to providing intelligent material handling equipment, smart networked products, and comprehensive services to support socio-economic development, reduce material transportation costs, and enhance the safety standards of industrial vehicle operations. We are actively engaged in technological research and industrial applications related to intelligent logistics upper-level systems, dispatching systems, on-board control technology, navigation positioning technology, big data, AI applications, 5G applications, and other cutting-edge technologies. Our main focus is on enhancing the R&D capabilities of intelligent networked terminals for industrial vehicles to significantly enhance the efficiency of social logistics.

### Anhui Heli's Intelligent Solutions

We engage in the R&D of intelligent handling robot products tailored to typical logistics scenarios, introducing the AGV series. Our initial product line includes 8 categories and 22 varieties of AGV products, offering intelligent logistics services for warehouse logistics, production line logistics, and cross-area logistics scenarios, to develop industry-level intelligent logistics solutions.

### Anhui Heli's Connectivity Solutions

In compliance with national environmental protection regulations on forklift exhaust emissions, we have autonomously developed an "Industrial Vehicle Exhaust Emission Monitoring System" aligned with the Limits and Measurement Methods for Exhaust Smoke from Non-Road Mobile Machinery Equipped with Diesel Engine (GB 36886-2018 / HJ1014-2020). This system seamlessly interfaces with the Vehicle Emission Control Center (VECC) under the Ministry of Ecology and Environment. Our internally developed FICS<sup>6</sup> Industrial Internet platform seamlessly integrates with internal MES, ERP systems, the external VECC vehicle information disclosure system, and service and management platform for non-road mobile machinery remote emissions using multi-cloud automation technology. This ensures the comprehensive and compliant implementation of National IV regulations throughout the entire process. As of December 31, 2023, the FICS Industrial Internet platform has connected over 9,000 National IV internal combustion forklifts with a power of 37kW or above.

In 2023, we advanced the development of the T-BOX<sup>7</sup> intelligent networked terminal and the FICS vehicle networking and sub-systems. We achieved significant progress in the research of VCU<sup>8</sup> controller technology with proprietary intellectual property rights. The project Research and Construction of Industrial Vehicle Digital Integration Testing Platform was awarded the second prize of Science and Technology Progress Award of China's Machinery Industry.

As of December 31, 2023, the FICS Industrial Internet platform has connected over

**9,000** National IV internal combustion forklifts with a power of 37kW or above



## Remanufacturing Design and Services

At Anhui Heli, we are committed to extended producer responsibility management, advancing after-market business strategies, and bolstering re-manufacturing capabilities, while also promoting product recycling systems.

In Shishan, Foshan, Guangdong, we establish a pilot re-manufacturing base and propose business process solutions for the process planning, equipment selection, and process design of the base. Additionally, we have finalized the *Guidelines on Provincial Company Re-Manufacturing Capability Building* to actively foster the development of re-manufacturing capabilities at the provincial company level. Moreover, we actively participate in establishing the after-market service platform, selecting five pilot provincial-level companies, and facilitating discussions on service management requirements, current status, business scenarios, blueprint planning, and process testing. We have completed the development of management templates, including work hour norms and maintenance reminders.

<sup>6</sup> FICS: A Comprehensive Fleet Management System

<sup>7</sup> T-Box: an abbreviation for Telematics BOX, functions as an on-board terminal and plays a critical role in the vehicle networking system

<sup>8</sup> VCU: Vehicle Control Unit

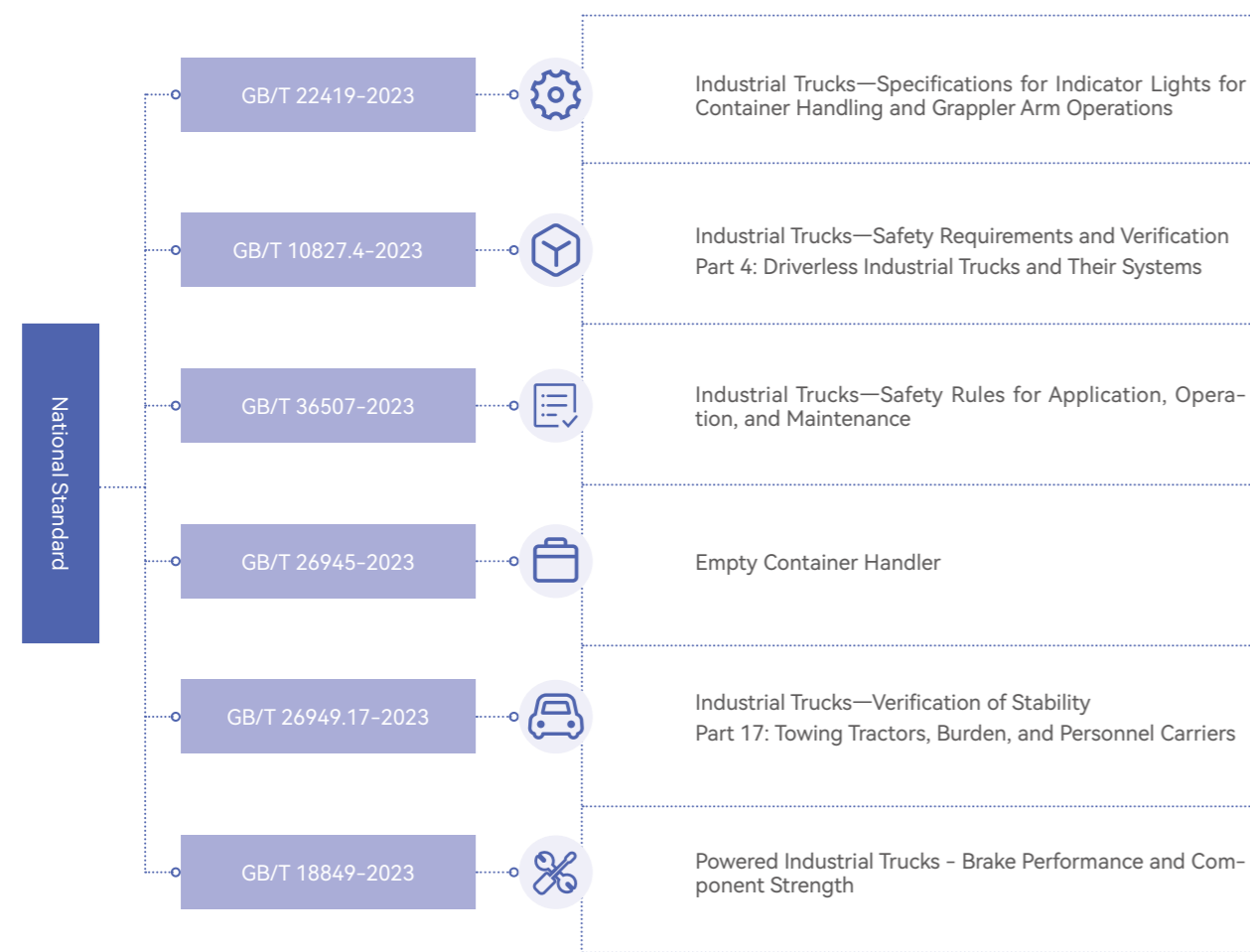
## Industry Standards Engagement

As a leader in innovation within the industry, we actively seek external collaborations to drive continuous innovation and progress within the sector. We are affiliated with various industry associations and committees, holding positions such as the Twinned Secretariat of the Sustainability Subcommittee of ISO/TC110/SC5, Deputy Director of the National Industrial Vehicle Standardization Technical Committee, and Standardization Expert Committee Member of the China Construction Machinery Association. These positions are aimed at advancing the development of industry standards. In 2023, we contributed to the development and revision of three international standards, reviewed 21 international standards, and took the lead or participated in 47 domestic standards.



Anhui Heli's Plaque of the Twinned Secretariat of the Sustainability Subcommittee of ISO/TC110/SC5

Anhui Heli's Partial Engagement in the Development of Industry Standards in 2023



## Intellectual Property Management

At Anhui Heli, we place significant importance on protecting intellectual property rights, nurturing a culture of independent innovation within the Company, and respecting the intellectual property rights of all third parties. We have established a comprehensive intellectual property management system, which effectively oversees the generation, protection, and utilization of intellectual property throughout various aspects of the Company's production and operations. By the end of the reporting period, we have obtained certification for our intellectual property management system, which covers aspects such as the R&D, production, and sales of forklifts.

Categories and Quantities of Patents Obtained by Anhui Heli (Unit: Pieces)

Patent Category	Number of Applications in 2023	Number of Grants in 2023	Cumulative Number of Applications	Cumulative Number of Grants
Invention Patents	98	66	1,116	328
Utility Model Patents	292	293	3,352	2,545
Industrial Design Patents	92	104	1,069	328
Software Copyrights	8	3	62	55
Overseas Patents	9	4	15	9



Anhui Heli's Intellectual Property Management System Certification

Furthermore, we prioritize employee training on intellectual property rights to cultivate a conducive environment for innovation and R&D. In 2023, we conducted three training sessions on patent practices for personnel affiliated with the Technology Center.



# Customer Service

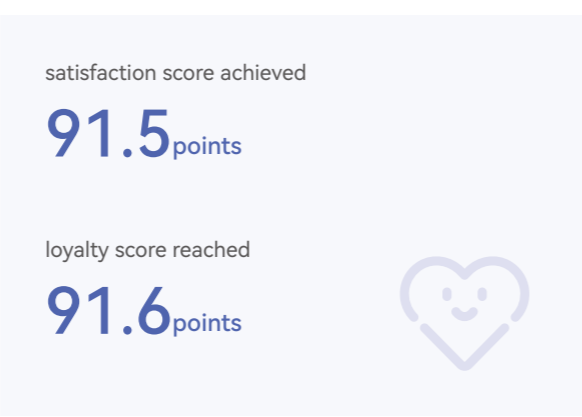
At Anhui Heli, we consistently adhere to the service concept of "pre-sales as a consultant, in-sales as a friend, and after-sales as a partner." We continually innovate our after-sales service mechanisms to flexibly meet the diverse needs of global customers and provide users with comprehensive, value-added services throughout the entire product lifecycle. To bolster our customer service management system, we have established departments for market, key accounts, specialized sales, and after-sales service, and implemented comprehensive after-sales service systems in each sales branch. Internally, we have enacted management systems, including the *Management Measures on Marketing Company Service Business*, the *After-sales Service Management Measures*, and the *Regulations on After-sales Service Standards*. These systems standardize processes such as customer development, communication, and after-sales services, thereby enhancing the positive brand image of Heli.

We continuously enhance the digitization of our after-sales service, providing customers with a comprehensive after-sales service system through the "PubLink" service management platform. This system covers whole machine sales, parts supply, maintenance and upkeep, product training, warranty services including repair, replacement, and refunds, technical consultation, and other services, all aimed at enhancing consumer satisfaction and loyalty. Upon receiving customer complaints, we promptly take action to address the raised issues by initiating internal communication and investigations to propose solutions and implement suitable corrective measures. We continuously improve our customer feedback processes to ensure efficient resolution of complaints. In 2023, Anhui Heli received 25 customer complaints, successfully resolving 7 of them, all of which were handled appropriately.

## Service Commitment of Anhui Heli

- The warranty period for key components is either 1 year or 2,000 hours of operation, with some products having an extended warranty period of 2 years or 4,000 hours;
- Service centers located within a 300-kilometer radius offer on-site service within 24 hours;
- Service centers located within a range of 300-600 kilometers offer on-site service within 48 hours;
- Service centers located beyond 600 kilometers offer on-site service within 72 hours.

We have implemented a customer follow-up mechanism, conducting regular visits to key clients to deliver personalized and customized services and develop long-term cooperation strategies, ensuring meticulous, high-quality service. Through periodic meetings and annual satisfaction surveys, we gather feedback from customers on business practices, manufacturing processes, customer service, and future demand. We develop appropriate improvement plans and consistently monitor the effectiveness of corrective actions, ensuring continuous enhancement in consumer satisfaction. In 2023, we conducted a third-party survey on user satisfaction across all products, evaluating seven key aspects including brand image, user expectations, perceived quality, and perceived value. The final satisfaction score achieved 91.5 points, with a loyalty score of 91.6 points, both demonstrating improvement compared to the previous year and indicating an outstanding level of satisfaction and loyalty.



We actively develop a professional service knowledge platform for customers, regularly inviting them to visit and engage in exchanges at the Company. We provide comprehensive product operation and after-sales support training, sharing experiences to promote frontline service. For example, upon product delivery, regional dealers and agents conduct training sessions and offer guidance on the daily use and maintenance of the products to enhance user awareness.



On-Site Customer Communication at Anhui Heli



Throughout the sales and service cycle, we adhere to responsible marketing principles and prioritize the continuous enhancement of our customer service staff's caliber. Through regular employee training, we establish guidelines for marketing conduct standards, content, skills, and etiquette to prevent occurrences of false advertising or excessive marketing practices, ensuring users consistently receive an authentic product experience. We are committed to building a forward-thinking team of internal trainers to facilitate the high-quality development of the Company. As of the end of the reporting period, we have trained nearly one hundred qualified internal trainers. In 2023, we organized 14 training sessions for domestic sales staff, focusing on product knowledge, marketing skills, platform business communication, and other relevant topics. These sessions were attended by 11,127 participants, effectively enhancing their capacity to communicate product information and promote products during the sales process.



Sales Personnel Service Training at Anhui Heli

We prioritize the protection of customer privacy and consistently enhance the security of the Company's network and data information to safeguard customer information. In 2023, Anhui Heli did not encounter any occurrences pertaining to the breach of customer privacy.

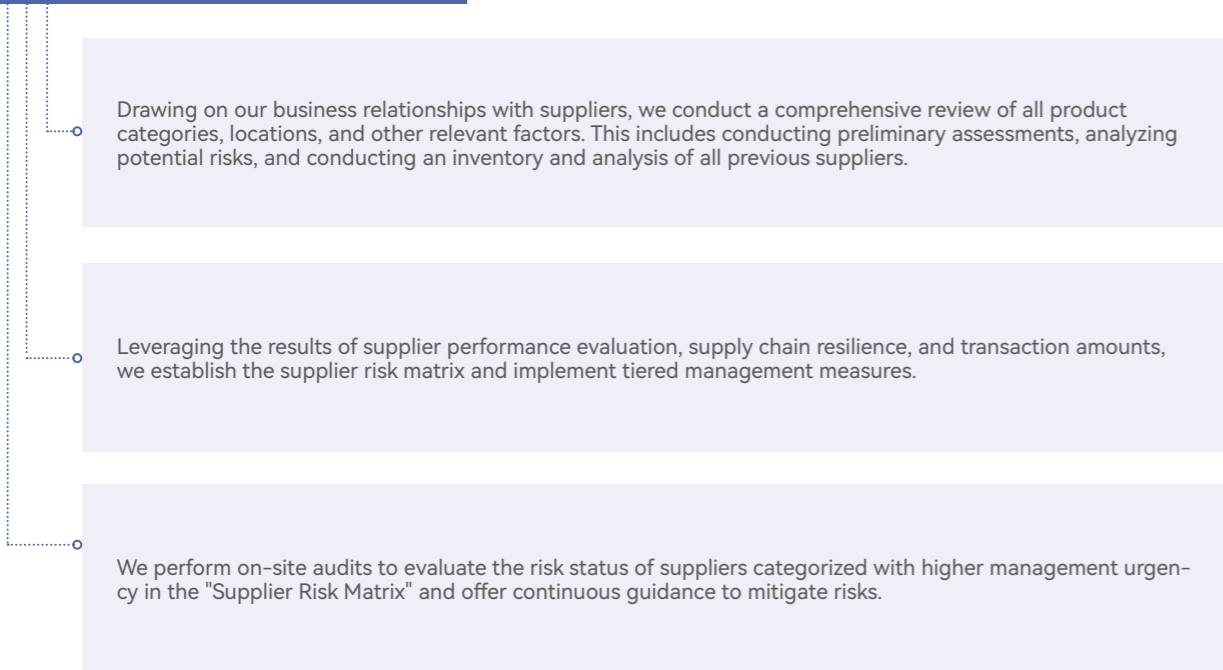
# Responsible Procurement

At Anhui Heli, we have incorporated sustainable development into our comprehensive supply chain lifecycle management approach. We provide regular training to suppliers to empower them and collaborate with them for mutually beneficial development. We establish an integrated management team that combines R&D, procurement, and quality functions, and develop management systems such as the *Supplier Management Measures*. Additionally, we implement a supplier management mechanism that covers entry, evaluation, and exit stages to continuously enhance the standard of supply chain management. In 2023, Anhui Heli had 344 suppliers, with 318 based in the Chinese mainland and 26 located Hong Kong, Macau, Taiwan, and overseas.

We have established a supplier risk matrix and developed a supplier risk assessment monitoring form to identify risks associated with product quality, environmental management, health and safety, fire safety, labor ethics, and management systems among suppliers. By supervising suppliers' ability to manage these risks, we enhance the resilience of the Company's supply chain. Based on the results of the supplier risk assessment, we categorize suppliers into key high-risk, key low-risk, non-key high-risk, and non-key low-risk categories, and implement supplier classification management. Moreover, we establish standardized procedures for supplier management and conduct regular inspections and evaluations of suppliers to foster continuous improvements among them.



## Supplier Management Process at Anhui Heli



## Comprehensive Supplier Performance Evaluation Criteria at Anhui Heli

Comprehensive Evaluation Ratings	Performance Comprehensive Evaluation Rating Explanation
Excellent	Supplier performance in quality, delivery, R&D, service, and management is excellent.
Qualified	Supplier performance in quality, delivery, R&D, service, and management basically meets Heli's requirements.
Caution	Suppliers must be notified to improve their inadequate performance, and their progress in rectifying the issues should be monitored while enhancing supervision.
Warning	Suppliers failing to meet Heli's requirements must promptly implement corrective measures or prepare contingency plans.
Elimination	Supplier performance completely fails to meet Heli's requirements.

We establish robust communication channels with our suppliers, providing them with timely and professional support to foster collaborative development. We regularly host supplier communication events to discuss topics such as cost reduction, quality enhancement, service improvement, and low-carbon technology, aiming to facilitate information sharing. In 2023, we organized 83 supplier exchange and training events, welcoming over 100 supplier visits and engaging more than 270 participants. The total duration of these activities reached 3,305 hours.

Furthermore, we are committed to nurturing ethical and mutually beneficial partnerships with our suppliers. This commitment is evident in our regular distribution of anti-corruption notices to all suppliers, the establishment of a discipline and supervision reporting hotline, and the enforcement of regulations against corrupt practices among suppliers. Our aim is to cultivate a transparent and ethical procurement environment. We have launched a targeted rectification program titled "Preventing Public Losses and Private Gains by Relying on Enterprises" to combat corrupt practices. We distributed surveys to suppliers, exploring potential bribery and fraudulent activities in various areas, including supplier introduction, second-party audits, material pricing, matching ratios, delivery quality inspections, and receiving and storage processes. We received a total of 60 valid survey responses from suppliers, none of which indicated any of the aforementioned behaviors. In 2023, Anhui Heli achieved a Supplier Integrity Agreement coverage rate of 93.25%.

We prioritize supply chain compliance management, mandating that suppliers adhere to principles of commercial integrity, legal compliance, health and safety, and environmental management, while clearly outlining the fundamental requirements for supply chain collaboration. In 2023, Anhui Heli achieved a 100% signing rate for its Supplier Code of Conduct.

# 03 Adopting a Low-Carbon and Green Development

At Anhui Heli, we proactively fulfill our corporate environmental responsibility as responsible corporate citizens, with a focus on reducing the environmental impact of our business operations. Utilizing our corporate resources, we strive for environmental sustainability through effective environmental management, optimal resource utilization, and the adoption of green office practices. Moreover, we consistently enhance our initiatives in climate change mitigation and the implementation of biodiversity conservation plans.

### Material ESG Topics Addressed in This Chapter

- Environmental Management System
- Climate Change
- Emission Management
- Resource Management
- Biodiversity

### SDGs Addressed in This Chapter



## Environmental Management

We actively align with the national "dual-carbon" goals, concentrating on environmental management systems, daily operational emissions, environmental culture promotion, and other key areas. Our dedication is to foster a cleaner and more sustainable ecological environment for the future.

### Environmental Management System

We integrate environmental protection principles into our production and daily management practices, establishing guidelines such as the *Work Guide on Environmental Protection Standardization*. We utilize the ISO 14001 Environmental Management System as a foundation to develop and improve our environmental management systems. By the end of the reporting period, the Company achieved a 100% coverage rate for ISO 14000 Environmental Management System certification.



Environmental Management System Certification Certificate

To ensure the effective operation and continuous improvement of the Company's environmental management system, in 2023, we established a three-tier Occupational Health and Safety/Environmental Management Committee. This committee consists of a central committee, an office, and leaders at all levels. As the highest administrative body overseeing the Company's safety production, environmental protection, and occupational health management efforts, the Committee comprises company leaders, relevant functional departments, and leaders of subsidiaries to ensure the comprehensive and effective implementation of the Company's environmental management initiatives.

### Structure of the Occupational Health and Safety/Environmental Management Committee

Committee	<ul style="list-style-type: none"> <li>• Serves as the decision-making body for occupational health, safety, and environmental protection, with the Chairman acting as the Committee Director.</li> <li>• Under the unified leadership and supervision of each Deputy General Manager, various functional departments, and subsidiaries, the Company implements occupational health, safety, and environmental initiatives.</li> </ul>
Committee Office	<ul style="list-style-type: none"> <li>• Serves as the management body for occupational health, safety and environmental protection, with the Department of Safety and Environmental Protection assuming the corresponding responsibilities;</li> <li>• Timely receiving relevant documents on safety production, environmental protection, and occupational health from national and superior departments, reporting to the Committee, drafting documents for the Committee based on Committee decisions, and further conveying and implementing these decisions.</li> <li>• Staying informed about the Company's safety production, environmental protection, and occupational health initiatives, promptly reporting to the Committee, and providing well-founded suggestions.</li> <li>• Compiling and analyzing potential hazards and recommendations concerning workplace safety, environmental protection, and occupational health within each department, and promptly reporting them to the Committee.</li> </ul>
Leaders at All Levels	<ul style="list-style-type: none"> <li>• Members of the Party and government leadership team are entrusted with the leadership responsibility to ensure safety in production, environmental protection, and occupational health within their designated areas of oversight.</li> </ul>

To that safety and environmental protection requirements are consistently met across all regions, we have established a system for evaluating and incentivizing compliance with these measures. Following the principle of "hierarchical management and divisional responsibility," we conduct quarterly assessments on safety, environmental protection, and occupational health for each production and functional department at our Company headquarters annually. The assessment results are then reported to the Occupational Health and Safety/Environmental Management Committee, and we continuously monitor progress on rectification. Based on these assessments, we implement quarterly bonus incentives and penalties. Managers who meet or exceed targets are eligible for bonus incentives.

Moreover, we conduct comprehensive reviews of our environmental management system, facilities, monitoring equipment, factory environment, emissions management, and environmental software data<sup>9</sup> through concurrent internal and external audits to ensure the suitability, sufficiency, and effectiveness of our environmental management. In 2023, Anhui Heli had no environmental non-compliance incidents.

Environmental Goals and Accomplishments

Indicators and Objectives	Progress in the Reporting Period
<b>Compliant Emissions</b>	
Standard Emissions	Meet the Standard
No Environmental Regulatory Penalties	Meet the Standard
<b>Environmental Safety</b>	
Hazard Rectification Rate of ≥ 99%	99.53% Meets the Standard
Completion Rate of 100% for Environmental Emergency Plan Drills	100%
<b>Emission Reduction Target</b>	
Reduce Hazardous Waste Generation per Unit by 5%	In 2023, the total hazardous waste reduction across all units of the Company was 12,252.5 kilograms
Short-Term, Medium-Term, and Long-Term Carbon Reduction Targets	In the Development of Future Annual Plans
<b>Environmental Goals and Achievements of the Five-Year Plan</b>	
By the end of the 14th Five-Year Plan period, all types of pollutant emissions will comply with standards, solid waste disposal will be in accordance with regulations, and incidents of environmental regulatory penalties and pollution will be eradicated, ensuring that the overall environmental protection efforts align with the goals of the Company's development.	During the reporting period, there were no relevant violations.

<sup>9</sup> Environmental software data includes documents such as environmental impact assessment reports for construction projects, inventories of environmental equipment, records of environmental consumables replacement, and reports on pollutant detection.]

## Management and Treatment of Three Wastes

We are dedicated to regulating waste emissions, continuously exploring ways to reduce emissions and improve the recycling of waste materials, thus contributing to the industry's green development.

### Wastewater Management

Our wastewater mainly originates from industrial sources, including painting, cleaning, and cutting wastewater, as well as domestic sources such as residential sewage, cafeteria effluent, floor cleaning water, and laundry wastewater. We strictly adhere to the wastewater discharge process and treatment standards of the sewage treatment plant for wastewater disposal. As of the end of the reporting period, the Company's wastewater was discharged 100% in compliance with standards.

Industrial wastewater generated by the Company undergoes a stringent process. It must be accompanied by an application form and water samples. After review and approval by the discharge department and successful completion of the qualification test, it is discharged through the sewage pipe network. Domestic wastewater is directly released into the network, where it enters the sewage treatment plant. Through the aerobic/anoxic/aerobic process and interaction with biofilm media, the wastewater is purified by the biofilm to prevent environmental pollution.

Through process optimization, we are committed to minimizing wastewater generation. In the painting workshop production line, we integrate flocculants into the circulating water to purify paint mist. Additionally, we improve the collection and treatment systems for cutting fluids to facilitate recycling or downgrading, effectively reducing the volume of waste liquid produced.

In 2023, we developed an emergency plan for abnormal sewage discharge in compliance with the *Management Procedures on Emergency Preparedness and Response*. The plan required the sewage treatment plant to conduct daily water quality tests on discharged water. If abnormalities were detected, the corresponding emergency plan was promptly activated, sewage discharge ceased, and the incident was immediately reported to the Department of Safety and Environmental Protection. This ensured that the emergency response for sewage discharge was proactive, continuous, and effective.

**100%**

compliant wastewater discharge

Wastewater Discharge Volume at Anhui Heli

Category	Unit	2022	2023
Total Volume of Discharged Wastewater	Tons	395,467.25	451,821.26
Chemical Oxygen Demand (COD) Emissions	Tons	23.05	73.70
Ammonia Nitrogen Emissions	Tons	2.22	5.17
Total Nitrogen Emissions	Tons	6.98	6.97
Total Phosphorus Emissions	Tons	0.43	0.42

## Waste Gas Management

Our waste gas mainly originates from processes such as painting and welding. We adhere strictly to national laws, regulations, and normative documents regarding standardized emission management. Construction projects or production activities that generate waste gas due to new construction, expansion, or renovation are required to comply with the *Management Procedures on Environmental Occupational Health and Safety of Construction Projects*. This includes conducting environmental impact assessments to ensure legal compliance. As of the end of the reporting period, the Company's waste gas emissions were 100% in compliance with both national and industry standards.

We continuously enhance the development of waste gas treatment facilities. In strict compliance with the requirements of environmental impact assessment approvals, we install gas collecting covers and determine the height and quantity of exhaust pipes. Various processes, including filtering cotton, organic waste gas activated carbon adsorption concentration, circulating combustion treatment, and oil mist purification device treatment, are employed to ensure the safe and compliant disposal of waste gas emissions. Upon the establishment of exhaust gas control facilities, training sessions will be conducted for operators in the production and utilization departments to ensure their competence in operating, maintaining, and documenting the facilities.

Waste Gas Emission Volume at Anhui Heli

Category	Unit	2022	2023
Nitrogen Oxide Emissions	Tons	6.85	4.47
Sulfur Oxide Emissions	Tons	3.28	6.09
Particulate Matter (PM) Emissions	Tons	111.85	134.93
Volatile Organic Compound (VOC) Emissions	Tons	67.97	66.96

## Solid Waste Management

We adhere to laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*. We have implemented a comprehensive pollution prevention and control responsibility system covering general industrial solid waste, household waste, and hazardous waste. Throughout the entire process of industrial solid waste generation, collection, storage, utilization, and disposal, we implement a range of measures to prevent solid waste from contaminating the environment. As of the end of the reporting period, the Company had no environmental pollution or safety incidents resulting from improper waste disposal.

Our approach involves sorting and recycling general industrial solid waste and household garbage by the respective departments responsible for their generation. Qualified entities are then tasked with transporting the waste to disposal facilities with the necessary qualifications for waste management. For hazardous waste, we follow the guidelines outlined in the *Technical Specifications for Collection, Storage, Transportation of Hazardous Waste* (HJ2025-2012). We engage qualified enterprises for disposal and conduct routine inspections of the disposal sites.

Furthermore, we prioritize controlling emissions at their source by emphasizing clean production methods, utilizing environmentally friendly alternative products, effectively managing the use of hazardous chemicals, and recycling solvents to extend their longevity. These efforts underscore our commitment to environmental stewardship and sustainable practices.

Solid Waste Discharge Volume at Anhui Heli

Category	Unit	2022	2023
Total Amount of Hazardous Waste	Tons	1,689.77	1,982.84
Total Amount of General Waste <sup>10</sup>	Tons	399.05	360.44

<sup>10</sup> The statistical scope for this data was limited to the total amount of non-recyclable general waste from the headquarters of Anhui Heli.

## Resource Utilization

We conduct a comprehensive assessment of operational processes related to energy and water resource consumption. Based on energy management, water management, and cultural promotion dimensions, we develop and implement targeted management plans to enhance energy efficiency and conservation and promote sustainable operations.

### Energy Management

We have developed energy management documents including the *Energy Management Measures*, the *Energy Management System Manual*, and the *Energy Management System Procedure Files*, to clearly outline the responsibilities of each department and plant. This institutionalizes and standardizes energy management practices across the organization. We continuously refine our energy management system and have achieved ISO 50001 Energy Management System certification. Additionally, during the reporting period, we have consistently enhanced energy efficiency using tools like energy metering device management, statistical analysis of energy data, and online energy consumption monitoring platforms.



#### Energy Management Initiatives for 2023

##### Energy Metering Device Management

- We strictly comply with national execution standards for periodic calibration and have implemented the energy metering device management system;
- We have developed a comprehensive register of energy metering devices, with distinct categorized ledgers for primary and secondary energy-consuming units as well as major energy-consuming equipment;
- We have a robust file management system for energy metering devices, with comprehensive and clearly categorized documentation.

##### Energy Data Statistical Analysis

- We have appointed both full-time and part-time energy statisticians to handle the monthly statistical analysis, evaluation, and reporting of energy consumption.
- We have instituted a monthly reporting system, set up a range of original energy record ledgers, and produced regular energy statistical reports, among other measures.

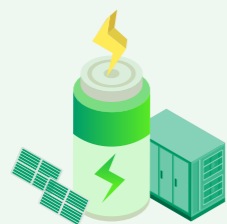
##### Online Energy Consumption Monitoring Platforms

- We carry out on-site collection and centralized management of diverse energy data, facilitating online monitoring, statistical analysis, and evaluation of energy consumption across various categories.
- We assess the tangible impact of different energy-saving equipment and measures, providing a basis for decision-making in developing energy-saving initiatives and designing energy conservation plans.

Recognizing the paramount importance of energy conservation, particularly in optimizing crucial electricity and natural gas-consuming equipment and production processes, we have made this a focal point in our technical energy-saving potential analysis. We have devised the *Anhui Forklift Group Co., Ltd. and Anhui Heli Co., Ltd. Green Manufacturing and Energy Saving '14th Five-Year Plan'*, prioritizing strategic initiatives such as green design, green products, green manufacturing, resource reuse, and energy conservation. Throughout the reporting period, we have implemented a series of energy-saving and emission-reduction renovation projects.

**Green Power Procurement:**

In 2023, we entered into a green power purchase agreement with CR Power, positively impacting the production and consumption of renewable energy electricity.



**Photovoltaic Power Station:**

Operating on the "self-consumption with surplus electricity fed into the grid" model, our photovoltaic power station boasts a capacity of 14,000 kilowatts, generating approximately 14 million kilowatt-hours of clean electricity annually. This initiative saves 1,720 tons of standard coal and reduces greenhouse gas emissions by over 8,000 tons of CO<sub>2</sub>e per year. Additionally, our foundry plant hosts a distributed photovoltaic power station with a construction capacity of 6,650 kilowatts, generating approximately 5 million kilowatt-hours of clean electricity annually. This endeavor saves 600 tons of standard coal and reduces greenhouse gas emissions by around 3,000 tons of CO<sub>2</sub>e per year, effectively showcasing our commitment to energy conservation and emission reduction practices.

**LED Lighting Promotion and Application:**

We are replacing 400-watt halogen lamps with 100-watt LED lamps. This shift is expected to decrease annual electricity consumption by 212,600 kilowatt-hours, resulting in savings of 26.13 tons of standard coal equivalent and a reduction of 123.52 tons of CO<sub>2</sub>e in greenhouse gas emissions per year.

**New Energy Project - Ground Source Heat Pump:**

We are replacing 95 traditional air conditioners with ground source heat pumps is projected to lower annual electricity consumption by 110,000 kilowatt-hours, resulting in savings of 13.52 tons of standard coal equivalent and a reduction of 62.73 tons of CO<sub>2</sub>e in greenhouse gas emissions per year.

**Leveraging Clean Energy to Explore Energy Efficiency and Emission Reduction**

Case

Anhui Heli consistently upholds the principle of prioritizing both its growth and energy conservation and environmental protection, actively integrating photovoltaic power generation as a clean energy source. In 2022, the Company's headquarters initiated an 8.5-megawatt distributed photovoltaic power station project, with grid connection and power generation commencing in May 2023. Additionally, in 2022, the foundry plant launched the second phase of a 3.2-megawatt photovoltaic power station project, which was operational in June 2023.

As of the end of the reporting period, the Company's headquarters' distributed photovoltaic power station has achieved a construction capacity of 14 megawatts, all operating under a contract energy management model, with a total investment of approximately 80 million yuan. This facility can provide an estimated 14 million kilowatt-hours of clean electricity annually. The foundry plant's distributed photovoltaic power station has a construction capacity of 6.65 megawatts and is capable of generating around 5 million kilowatt-hours of clean electricity each year. By utilizing renewable energy sources, the Company's headquarters and foundry plant can jointly reduce greenhouse gas emissions by over 11,000 tons of carbon dioxide equivalent annually, thereby fulfilling Anhui Heli's solemn commitment to "building a green and environmentally friendly enterprise." This accomplishment also signifies a significant stride for Anhui Heli in meeting corporate responsibilities and enhancing its external image.

**Procuring Green Power Fosters the Development of Clean Energy**

Case

In 2023, we entered into the green power procurement agreement with CR Power, underscoring our firm commitment to sustainability. As of the end of the reporting period, we have collectively procured 8 million kilowatt-hours of green electricity, with the headquarters' photovoltaic power generation contributing 9.5187 million kilowatt-hours and the foundry plant's photovoltaic power generation contributing 4.4305 million kilowatt-hours. These accomplishments have not only yielded substantial gains in renewable energy generation but have also made a positive impact on reducing the Company's overall carbon footprint.

Energy Volume at Anhui Heli<sup>11</sup>

Category		Unit	2022	2023
Direct Energy <sup>12</sup>	Diesel	Litre	1,384,010.88	3,964,868.12
	Gasoline	Litre	/	1,141,933.98
	Natural Gas	10,000 cubic meters	311.00	547.49
Indirect Energy	Total Purchased Electricity	Megawatt-hours	250,041.27	297,063.29
Greenhouse Gas Emissions	Direct Emissions (Scope 1) <sup>13</sup>	Tons of Carbon Dioxide	10,487	22,324.06
	Indirect Emissions (Scope 2) <sup>14</sup>	Tons of Carbon Dioxide	142,599	168,512.08

**Water Management**

At Anhui Heli, we acknowledge the crucial importance of water resource management in our corporate operations, as it optimizes water usage efficiency through initiatives like rainwater collection and the promotion of water conservation.

Since signing the soil pollution prevention and control responsibility agreement in 2017, we have conducted annual monitoring of soil and groundwater on our premises to fulfill prevention and control objectives and contribute to water resource management efforts. In 2023, testing confirmed that our production processes had no significant impact on groundwater, thus safeguarding the quality of environmental water bodies.

Water Consumption Volume at Anhui Heli

Category	Unit	2022	2023
Total Water Consumption	Tons	205,000	196,292
Water Consumption Intensity	Tons/Unit	2.89	2.53
Recycled Water Utilization	Tons	135,000	110,000

<sup>11</sup> In 2022, environmental data was limited to the headquarters of Anhui Heli. Since 2023, the statistical scope was expanded to cover the entire entity of Anhui Heli.

<sup>12</sup> In 2023, the statistical scope for diesel and gasoline included off-vehicle transport volume, and the energy consumption was excluded from the enterprise category 1 calculation.

<sup>13</sup> Greenhouse gas emissions (Scope 1) come from the consumption of fuel from stationary sources (liquefied natural gas, diesel) and from transportation vehicles (gasoline), with emission factors derived from the Accounting Methods and Reporting Guide of Greenhouse Gas Emissions of Machinery Equipment Manufacturing Enterprises (Trial) issued by the National Development and Reform Commission of the People's Republic of China.

<sup>14</sup> Greenhouse gas emissions (Scope 2) arise from the consumption of purchased electricity, with emission factors sourced from the Notice on the Key Tasks Related to the Management of Enterprise Greenhouse Gas Emission Reporting in 2022 issued by the Ministry of Ecology and Environment of the People's Republic of China.

### Analysis of Water-Saving Potential to Enhance Water Management Capabilities

Case

In 2023, Anhui Heli analyzed water-saving potential to identify areas for improving water conservation, develop tailored water-saving strategies, and effectively lower water usage costs.

- **Water Management:** enforcing quota management, establishing comprehensive guidelines for water use incentives and penalties, and strictly monitoring per capita water consumption based on secondary water meters;
- **Data Analysis:** planning to establish a remote transmission platform for facilitating the analysis of water meter data and identifying the root causes of high water consumption;
- **Rainwater Harvesting:** the collection of rainwater serves to diminish the water usage in office facilities, thereby effectively lowering the per capita water consumption in office settings;
- **Water Conservation Promotion:** the posting of water-saving slogans, implementation of water conservation awareness activities, distribution of water conservation survey questionnaires, and other initiatives are aimed at fostering a culture of proactive water conservation.

## Culture of Sustainable Operations

We are committed to enhancing environmental management capabilities at the source by raising employee awareness of environmental protection through organizational environmental training. This initiative guides employees to embrace environmentally friendly practices in both their professional and personal lives, collectively contributing to the promotion of a green and sustainable future. As of the end of the reporting period, the total duration of environmental training conducted by the Company amounted to 170 hours, with an environmental training coverage rate of 59.04%.

170

hours of environmental training

the environmental training coverage rate reached

59.04%



### Training on Environmental Protection

Case

During the reporting period, we intensified our commitment to environmental protection training by implementing a diverse range of training programs involving various roles, scenarios, and formats. This proactive approach effectively mitigated potential environmental risks in the Company's daily production and operations.

- In April 2023, the Production Department initiated safety and environmental protection training for outsourced production suppliers as part of stakeholder onboarding to mitigate the environmental impact within the supply chain.
- In June 2023, the pilot workshop conducted a comprehensive training program on environmental protection focused on World Environment Day and Environment Week, aiming to enhance employees' understanding of environmental conservation practices.
- In July 2023, the Heavy Equipment Division conducted training on environmental equipment operation manuals to enhance the skills of its operators.

## Climate Change

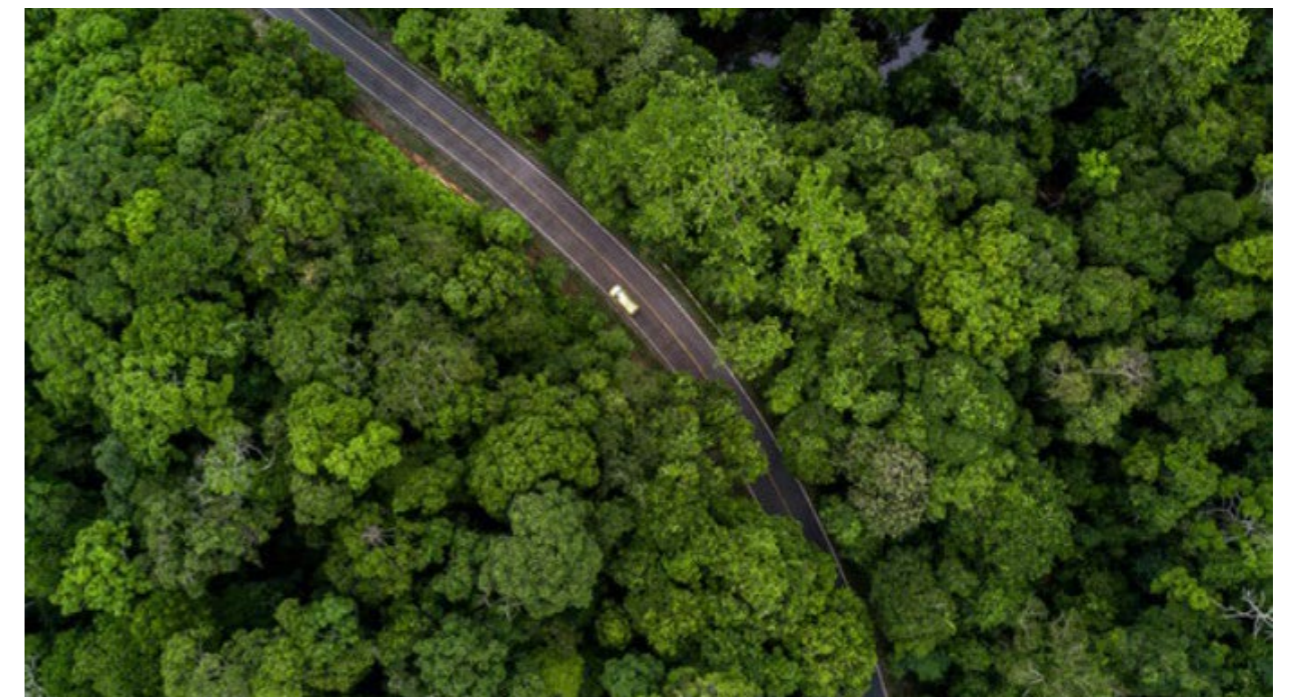
At Anhui Heli, we prioritize addressing climate change and rigorously adhere to national policies to effectively combat the challenges it presents. Through the formulation of sustainable strategies and the adoption of innovative technologies, we actively anticipate the impacts and opportunities arising from climate change, continually enhancing corporate resilience, and contributing to global climate change mitigation efforts.

## Climate Risk Management

We are dedicated to establishing a robust governance structure and management practices for addressing climate change, advocating for systematic carbon reduction initiatives from the top-down. During the reporting period, we proactively promoted the integration of climate change risk management into our overall risk management framework. As part of our climate efforts, we plan to establish dedicated teams tasked with planning and executing the identification and evaluation of risks and opportunities associated with climate change. We continuously monitor the potential impact of climate change risks and opportunities on the Company's business and industry development, ensuring that risk and opportunity assessments are conducted at least once every year.

## Strategy for Climate Risk Response

We recognize that climate change issues will affect the Company's production, operations, and value chain. We have proactively identified and analyzed various types of transformation risks, physical risks, and potential opportunities associated with climate change, and have implemented multiple measures to address these challenges.



Climate Change Risks

Types of Risks	Risks	Risk Description	Risk Mitigation
Transition Risks	Policy and Regulatory Risks	In recent years, amidst the goal of "carbon peak and carbon neutrality," the industrial vehicle sector has undergone gradual restructuring. The industry is actively advancing the development of new energy forklifts to adhere to progressively stringent environmental regulations; Failing to promptly disclose relevant environmental information in accordance with applicable laws, regulations, and policy requirements exposes the Company to compliance risks.	<ul style="list-style-type: none"> <li>Conducting a proactive review of relevant policies and regulations, enhancing communication with regulatory authorities and stakeholders, and actively addressing stakeholder demands.</li> <li>Continuously monitoring and comprehending the disclosure standards regarding carbon emissions established by regulatory agencies and investment institutions to ensure the integrity of the data.</li> <li>In response to the evolving policy landscape, continually adapting operational practices to comply with new laws and regulations, thereby ensuring compliant operations.</li> </ul>
	Technological Risks	Amid the national goals of "carbon peak and carbon neutrality," the forklift industry is faced with technological requirements for electrification and decarbonization; Failing to promptly explore and implement new technologies, devise product development strategies, and actively advocate for the adoption of innovations like lithium batteries and hydrogen fuel cells could expose the Company to the risk of product obsolescence due to technological advancements.	<ul style="list-style-type: none"> <li>Continuously advancing technological innovation to further enhance the R&amp;D of new energy products, including lithium batteries, hydrogen fuel, and green internal combustion products.</li> </ul>
	Market Risks	The market repercussions of climate change, such as heightened scarcity of natural resources and the vulnerability of oil and gas facilities to rising sea levels, present supply chain risks, resulting in elevated prices of associated commodities. The Company relies on raw materials like steel, pig iron, engines, batteries, and bulk commodities such as steel and pig iron for its production processes; Failing to promptly recognize the implications of climate risks on the supply chain and the expenses associated with procuring raw materials could escalate procurement costs and potentially disrupt production operations.	<ul style="list-style-type: none"> <li>Signing long-term agreements with upstream commodity suppliers to hedge against price fluctuations.</li> <li>Engaging in active exploration of material technologies and leveraging lean production and intelligent manufacturing to reduce material usage while upholding the same performance standards. This can be accomplished by either reducing the use of raw materials or increasing the utilization of recycled materials to minimize material consumption.</li> <li>Establishing a diversified supply chain to lessen reliance on a single source of supply, thereby ensuring the sustainability of production and operations through a varied supply network.</li> </ul>
	Reputation Risk	As societal preferences move towards low-carbon consumption, failing to develop low-carbon products or reduce carbon emissions in the production process may directly lead to reduced demand for the Company's products and services, potentially resulting in a decline in revenue.	<ul style="list-style-type: none"> <li>Continuously monitoring the market demand for low-carbon, green, and energy-efficient products, and promptly addressing customer needs.</li> <li>Within the operational process, enhancing the utilization of renewable energy and energy-efficient, environmentally friendly equipment to reduce energy consumption and carbon emissions in the production process.</li> <li>Promoting electric new energy forklifts, upgrading the emission standards of internal combustion forklifts, and enhancing the green and low-carbon attributes of products to propel the industry's green transformation.</li> </ul>

Types of Risks	Risks	Risk Description	Risk Mitigation
Physical Risks	Acute Risks	Extreme precipitation events like typhoons and heavy rain can result in flooding, affecting the Company's production facilities and warehouses. Floods have the potential to damage equipment, inventory, and production lines, leading to disruptions in production and logistical challenges. Extreme high or low temperatures can impact the operation of forklifts, particularly in extremely cold environments where mechanical equipment may freeze and sustain damage.	<ul style="list-style-type: none"> <li>Coordinating typhoons, heavy rain, and flood warnings with severe pollution weather alerts, promptly initiating emergency plans in accordance with the government's alert level of severe pollution weather, informing the leadership, and implementing emergency measures such as production shutdowns or restrictions as necessary.</li> <li>Establishing emergency plans for extreme weather events such as typhoons and floods, and actively conducting emergency drills to enhance safety and emergency response capabilities.</li> </ul>
	Chronic Risks	Anhui Province, situated in central and eastern China, features a typical subtropical monsoon climate. The elevated summer temperatures in the region may heighten the risk of heatstroke among employees and impact the efficiency of factory production.	<ul style="list-style-type: none"> <li>Developing heatwave emergency plans, providing heatstroke prevention equipment, and enhancing heatstroke awareness training for employees.</li> <li>Monitoring real-time temperature and humidity, and adjusting construction work hours.</li> </ul>

## Opportunities Stemming from Climate Change

Anhui Heli faces numerous opportunities in the context of climate change. Our goal is to accelerate innovation-driven development and continuously optimize our product portfolio by promoting the growth of the electric forklift market. Through the implementation of technological innovations and management strategies, we are advancing in remanufacturing and embracing the principles of the circular economy to enhance resource efficiency. Our dedication extends beyond reducing carbon emissions to improving operational efficiency, fostering a sustainable reputation, and addressing the urgent market needs for environmental stewardship and sustainability. This holistic approach allows us to achieve favorable development outcomes in response to climate change.

## Biodiversity Conservation

We recognize the vital link between our business operations and the preservation of a healthy, sustainable ecological environment. Biodiversity conservation is a top priority across all stages of our business cycle, and we actively employ preventative measures to minimize any adverse impacts on the environment and biodiversity. In 2023, we strictly adhered to the "three lines and one list" principle established in the Construction Project on *New Energy Smart Industrial Vehicle Park* system. This framework includes the "ecological protection red line, environmental quality bottom line, resource utilization top line, and negative list for environmental access." These measures served as crucial tools in our biodiversity conservation efforts, continually guiding systematic and meticulous management of our ecological protection initiatives while reinforcing essential ecological barriers. As of the end of the reporting period, the Company had no incidents resulting in harm to biodiversity.



# 04 Embracing a People-Oriented Approach

Aligned with our core values of "people-oriented, rewarding society with excellence," we consistently refine our talent management system, uphold employee rights, and cultivate a diverse and harmonious workplace environment. Additionally, we prioritize the development of our employees through tailored and extensive growth opportunities. We emphasize standardized production and safe operations, with a strong focus on the physical and mental well-being of every employee. Our commitment extends to providing comprehensive care to our employees, fostering long-term collaboration with Heli, and mutual growth between employees and the Company.

### Material ESG Topics Addressed in This Chapter

- Human Resources Management
- Health and Safety

### SDGs Addressed in This Chapter



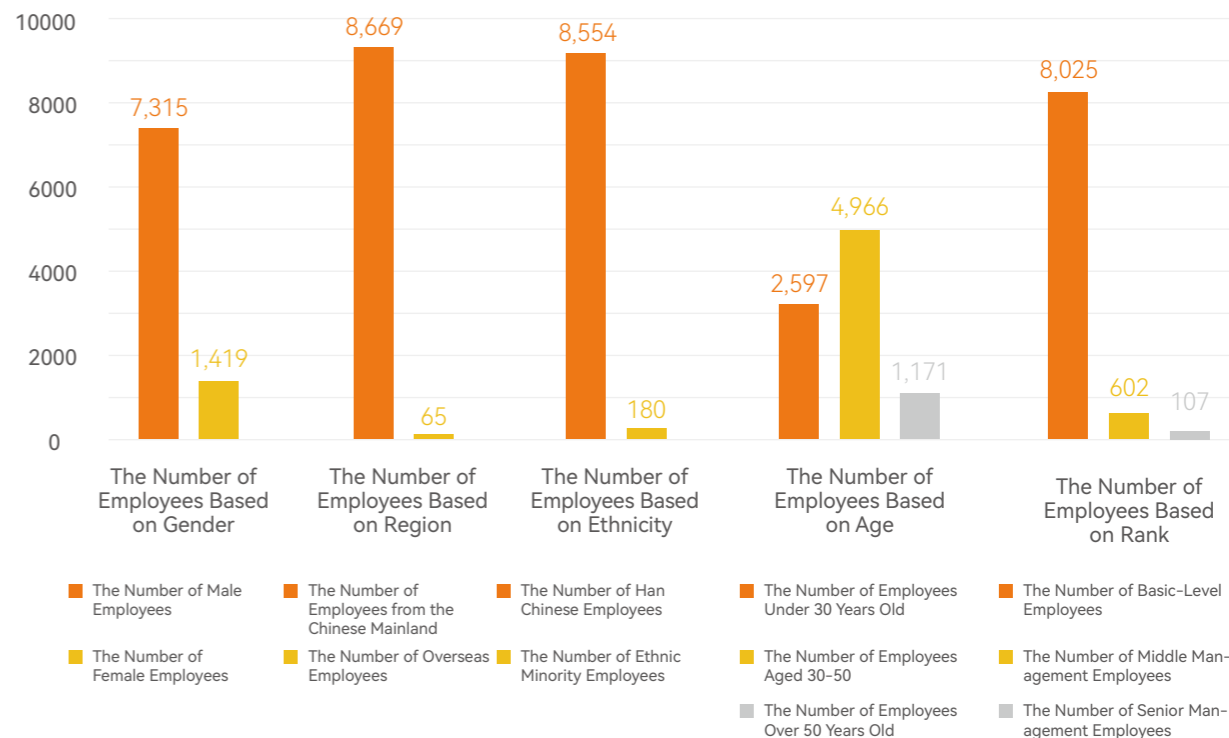
## Employee Rights and Interests

At Anhui Heli, we adhere to legal employment practices and have implemented employment management policies such as the *Management Measures on Recruitment* and the *Management Measures on Labor Dispatch Employment*. We have enhanced audit procedures in the recruitment process to prevent forced labor and child labor, strengthen monitoring mechanisms of workplace environments, and oppose all forms of workplace discrimination and harassment. These efforts effectively safeguard the legitimate rights and interests of every employee.

We thoroughly assess personnel needs and have established internal management systems such as the *Management Measures on High-level Talent Recruitment* and the *Management Measures for Postdoctoral Workstation*. We design targeted plans to attract and retain various types of talent, consistently promoting diversity in talent development. Our approach includes utilizing a variety of employment channels, such as school-enterprise cooperation, social recruitment, and intern-to-hire programs, to attract a diverse pool of exceptional individuals. During the reporting period, Anhui Heli had a total of 8,734 employees, including 1,419 female employees (111 in revenue-generating roles<sup>15</sup> and 172 in STEM<sup>16</sup> positions), 65 international staff members, and 180 employees from ethnic minority groups.

The total number of trained employees reached **8,734** in revenue-generating roles **111** in STEM<sup>16</sup> positions **172**

The Number and Proportion of Employees by Region, Gender, Rank, Age, and Ethnicity



<sup>15</sup> Revenue-generating roles include line management positions in departments like sales that directly contribute to the creation of products or services. These roles do not encompass support functions such as human resources, IT, or legal and are typically known as roles responsible for profit and cost.  
<sup>16</sup> STEM is an acronym for Science, Technology, Engineering, and Mathematics, representing the initial letters of these four disciplines in English.

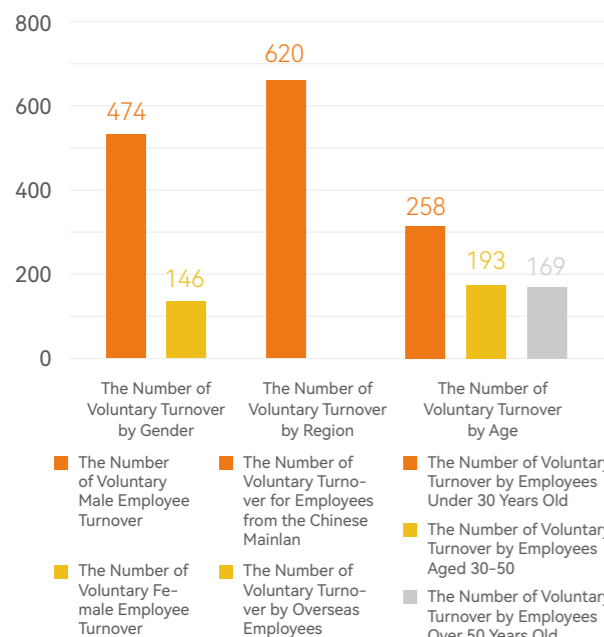
We have implemented a fair and equitable compensation system, acknowledging employees' work achievements, and providing objective and impartial feedback on their performance through a standardized and scientific evaluation process. Tailored to specific job characteristics, we conduct monthly, quarterly, and annual performance evaluations, as well as project-based assessments, utilizing various performance evaluation and compensation management systems, including the *Employee Performance Appraisal System*, the *Monthly Performance Management Measures for Functional Department Employees*, and the *Assessment Management Measures for Contracted Projects*. By aligning work contributions with performance-based compensation, we effectively motivate employees and fully unleash their creativity. Additionally, we have implemented a corporate pension system to incentivize employees to commit to the Company's long-term development and share in its growth achievement.

We have established a fair and transparent talent management system that supports employees in exploring personalized career development paths. Adhering to the principles of internal job transparency and respecting employees' job rotation intentions, we have developed the *Management Measures on Dual Star Talent Pool Construction* and implemented the "Dual Star Dual Track" talent pool plan to facilitate career advancement for both managerial and professional talent. We empower our employee with the option to choose a development path that aligns with their strengths, personality, interests, and career aspirations. Moreover, for positions above the base level in the five major series of technical, managerial, party-mass, production, and marketing departments, we have devised the *Management Measures for Key Position Competition*. These measures enhance the evaluation criteria, indicator setting, and review methods for key positions, thereby bolstering the mobility and incentive mechanisms for mid- to senior-level employees and optimizing the retention of key talent.

Total Number of Voluntary Employee Turnover<sup>17</sup>

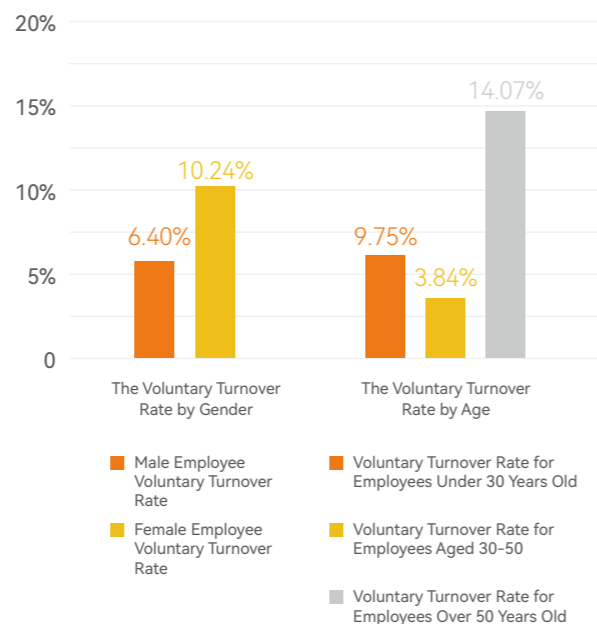
620

Voluntary Turnover of Employees by Region, Gender, and Age



Employee Voluntary Turnover Rate

7.01%



We have implemented democratic management practices through the establishment of an employee representative congress system and the formation of labor union organizations. These structures facilitate the negotiation and signing of collective bargaining agreements, including the *Collective Contract*, the *Wage Negotiation Collective Agreement*, and the *Special Collective Agreement for the Protection of Female Employees' Rights and Interests*. In 2023, the rate of collective bargaining agreement signing among employees reached 100%. Additionally, we have established the Labor Dispute Mediation Committee to address and resolve labor disputes in compliance with pertinent national laws and regulations, as well as internal management policies, with the aim of protecting the rights of employees.

<sup>17</sup> Based on S&P DJSI's definition of voluntary turnover, which includes employees who voluntarily offer to leave and retired employees, the number of voluntary turnovers in Anhui Heli in 2023 is mainly composed of retirements.

## Employee Development

Recognizing the pivotal role of talent development in driving enterprise growth, we have established a robust human resources management system. We have established the Talent Management Committee, with the Secretary of the Company Party Committee and the Chairman serving as the director, to wield the ultimate decision-making authority over all human resources management matters within the Company. Aligned with various professions and functions, we have established five key training professional groups under the Talent Management Committee, encompassing Party Affairs, Technology, Skills, Management, and Marketing. Each group develops an annual talent training plan to foster the mutual growth of employees and the Company. The Human Resources Department is responsible for overseeing the specific tasks of human resources management and collaborates with the Talent Management Committee to provide reliable human resources for the Company's development.



Furthermore, we have implemented a systematic and comprehensive talent training system, assembled a team of professional internal trainers, and introduced a variety of employee training programs. These initiatives include orientation training for new employees, skill enhancement for current staff, and leadership development for emerging and new mid-level managers.

### "XIN" Cohesion for Future Enhancement - Anhui Heli Offered Onboarding Training for New College Graduates

Case

In July 2023, Anhui Heli organized new college graduates to participate in the "2023 New Employee Training Camp for New College Graduates". The training camp lasted for three weeks, with a total of 30 internal and external teachers conducting 142 hours of training for 197 new employees who joined the Company's headquarters and its subsidiaries in Hefei. Throughout the training process, the Company ensures that new employees smoothly integrate into Heli and gain an understanding of the Company through the lens of "clothing, food, housing, transportation, and education". This approach allows new employees to connect with the brand and perceive Heli within the broader social context, fostering feelings of pride and belonging, and facilitating a swift transition from students to employees.

142 hours of training



Closing Ceremony and Performance at the New Employee Training Camp

### Anhui Heli hosted the 16th Workers' Skills Operation Sports Meeting and the 5th Youth Workers' Skills Competition

Case

In September and October 2023, the Company hosted the 16th Workers' Skills Operation Sports Meeting and the 5th Youth Workers' Skills Competition, hereinafter referred to as the Operation Sports Meeting and Youth Skills Competition. The primary aim of these events was to utilize the competition as a training platform to continuously enhance the skills of employees. A total of 423 employees participated in the Operation Sports Meeting, while 144 employees took part in the Youth Skills Competition. Ultimately, the Operation Sports Meeting yielded 155 award winners across various categories, comprising 16 individual awards, 1 team award, 5 competition organization awards, 17 project organization awards, and 17 outstanding coaches. The Youth Skills Competition produced 45 award winners and 6 outstanding coaches.



The Closing Ceremony and Award Presentation Ceremony

### Anhui Heli's Leadership Development Program for Reserve and New Middle Managers

Case

In 2023, the Company implemented a management mechanism to track and develop young cadres. This involved conducting a follow-up training program for young cadres by establishing competency models, conducting capability assessments, generating training reports, and monitoring the growth dynamics of young cadres. The Company continuously enhances the mechanism for cadre succession, establishing a stable and orderly iteration model for the cadre team, which provides inexhaustible momentum to enhance the overall leadership of the Company. In 2023, the Company implemented a tracking and training program for 40 "seedling" cadre talents, appointed and adjusted 14 middle-level executive cadre positions, and completed the succession for 11 retiring members of the leadership team in subsidiaries.

### During the reporting period

the Company invested

4,974,392<sub>yuan</sub>

in employee training and development

averaging

15.63

training hours per employee

The total number of trained employees reached

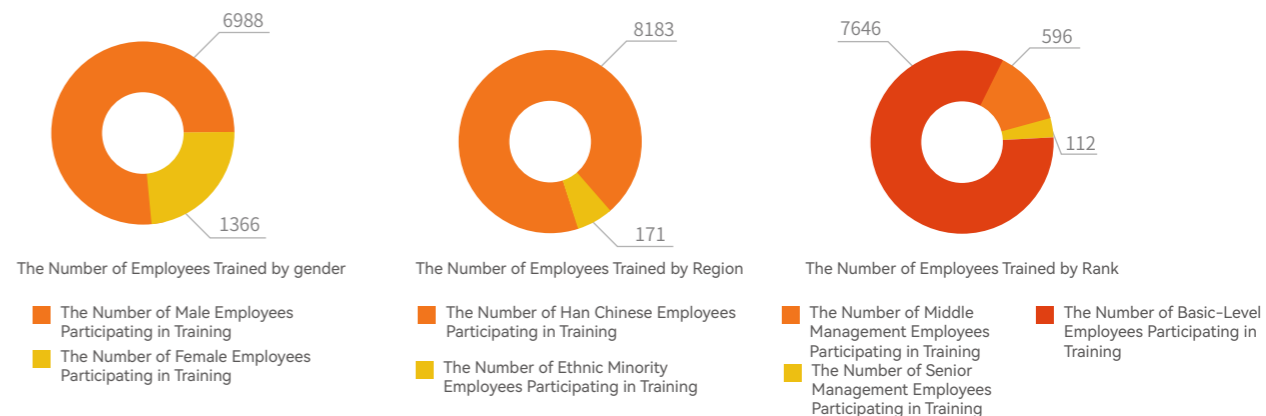
8,354

accounting for

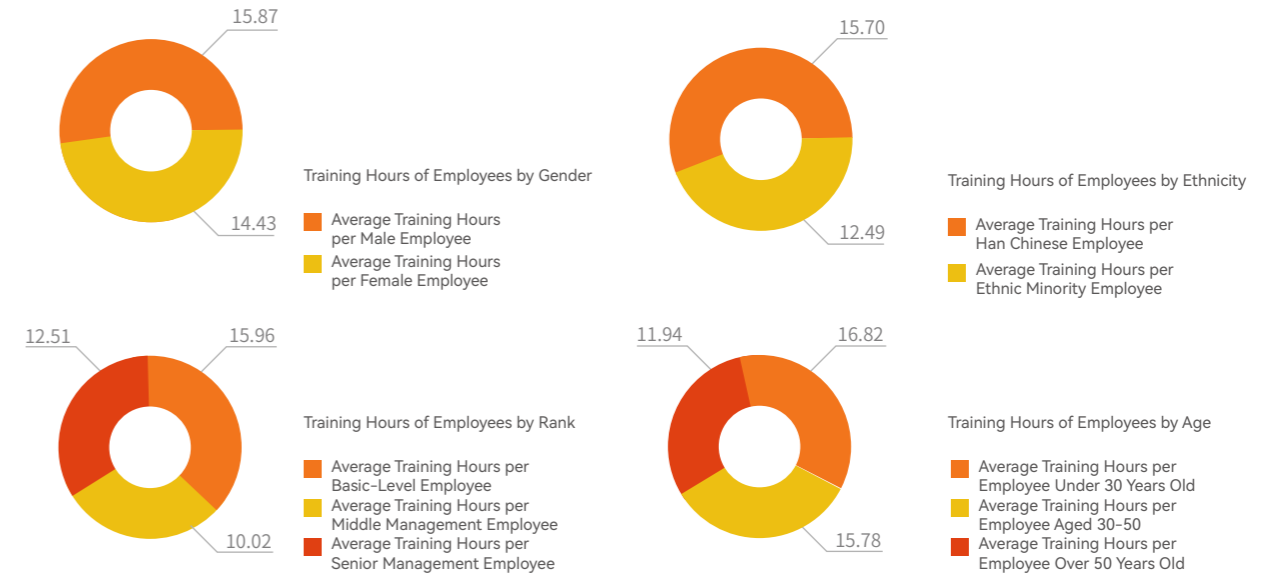
95.6%

of the total workforce

The Number of Employees Participating in Training by Gender, Region, and Rank



Training Hours of Employees by Region, Gender, Rank, Age, and Ethnicity



We actively encourage employees to engage in self-learning for personal development. To support this, we have established the *Incentive Measures for Employee Self-Learning and Achievements*, which recognizes employees who successfully complete further education courses and obtain degree certifications. Their achievements are honored with both accolades and corresponding material rewards. In 2023, we commended 101 employees, awarding a total of 476,500 yuan in self-learning achievement rewards.

Furthermore, we prioritize talent development through university-enterprise collaboration. During the reporting period, we established a postdoctoral joint training program with the University of Science and Technology of China. We also signed a school-enterprise cooperation agreement with Hefei University of Technology to establish the "Anhui Heli Scholarship and Teaching Awards." Additionally, we cultivated strong partnerships with vocational colleges such as Anhui Vocational and Technical College, Hefei Technician College, and AHLu'an Technician College for intern training and placement, contributing to the high-quality development of community education in collaboration with Heli.

# Employee Care

At Anhui Heli, we prioritize the well-being of our employees and have established a practical and comprehensive employee welfare system to enhance their sense of belonging and happiness in the workplace. To improve the convenience of employees' daily lives, we provide facilities such as a cafeteria, shuttle buses, and employee dormitories for recent graduates. Additionally, we have formed a cultural and sports activities group to enrich employees' leisure time with activities such as sports interest classes and literary performances. During major holidays such as New Year's Day, Spring Festival, Dragon Boat Festival, Mid-Autumn Festival, and Labor Day, we organize various festive activities to demonstrate our care and support. Throughout the reporting period, we provided welfare items to over 2,900 headquarters employees, with a total expenditure of 2.445 million yuan. To support our frontline production employees, we have implemented special care programs such as summer heat relief. Our goal is to ensure that every employee feels the Company's genuine humanistic care.

## In 2023, Anhui Heli Arranged Diverse Cultural and Sports Activities

Case

To enhance the leisure activities for employees, improve their physical fitness, boost work enthusiasm, cultivate team spirit, and foster a sense of community within the Company, the labor union regularly organizes cultural and sports activities that are well-received by employees.

**The Third Session of Heli's Tennis Training Program:** It consisted of 18 professional training sessions, with a total of 69 participants enrolled. Throughout the training period, various friendly exchange matches and a closing tournament were organized in collaboration with external organizations.

**Badminton Interest Group Training and Monthly Competitions:** The training program consisted of 10 sessions, with a total of 78 participants enrolled. Throughout the reporting period, the Company facilitated a total of 94 monthly competitions for the table tennis and badminton interest groups, with 90 participants registering to compete.

**Yoga Training Program:** Implemented a 6-month yoga training program for female employees of the Company, with a total of 93 participants enrolled.

**"Learning and Implementing the Spirit of the 20th National Congress, Striving Diligently in the New Era" Provincial Mechanical and Metallurgical System Employees' "Cloud" Calligraphy, Painting, and Photography Competition:** The Company actively responded to the competition call from the higher-level labor union by collecting and submitting 70 calligraphy, painting, and photography works for the competition. A total of 40 works were awarded during the event.

**Cultural and Sports Activities Organized Independently by Basic-Level Trade Unions:** Throughout the reporting period, 21 directly affiliated branch trade unions organized a total of 109 activities, involving 2,911 employees. The Company's trade union provided a total subsidy amount of 145,550 yuan.

### During the reporting period,

the Company's trade union provided a total subsidy amount of

**145,550** yuan



The Opening Ceremony and Closing Competition of the Third Session of the Heli's Tennis Training Program

At Anhui Heli, we prioritize employee communication and have established various online and offline channels for employees to provide feedback. We actively encourage them to voice their reasonable demands and suggestions. We have established the "Heli Online" feedback platform, facilitating a centralized collection of employee feedback, which is then distributed to the relevant departments for response and resolution. Additionally, we organize offline activities such as face-to-face inquiry meetings, employee forums, and organizational communication meetings to create opportunities for employees to engage in democratic management and safeguard their own interests.

## The 9th Employee Representative "Face-to-Face" Inquiry Meeting of Anhui Heli

Case

On November 22, 2023, Anhui Heli convened the 9th Employee Representative "Face-to-Face" Inquiry Meeting. During this session, a range of topics related to company development, internal management, and employee interests were addressed based on previously collected feedback. Employee representatives posed questions sequentially at the inquiry forum, with the respective departments providing comprehensive responses. Yang Anguo, the Secretary of the Company's Party Committee and Chairman, actively engaged in reviewing the responses and articulating specific requirements.



The Setting of the 9th Employee Representative "Face-to-Face" Inquiry Meeting

To gain deeper insights into employees' experiences at work, we conduct an employee satisfaction and engagement survey every two years. Additionally, we conduct exit interviews with every voluntarily departing employee to document their reasons for leaving using the *Exit Interview Registration Form*. This process helps us analyze and summarize improvement directions for the Company's human resource management. In 2023, the employee satisfaction and engagement survey covered 22 headquarters subsidiaries and 7 marketing outlets, involving 8,143 employees. The overall employee satisfaction rate reached 81.5%. Compared to the previous survey, there was a significant improvement in both engagement and satisfaction, reflecting the Company's recent achievements in stable, healthy, and high-quality development.

The employee satisfaction and engagement survey covered

**22**

**7**

marketing outlets

involving

**8,143** employees

The overall employee satisfaction rate reached

**81.5%**



## Health and Safety

At Anhui Heli, we are committed to ensuring the health and safety of our employees, consistently striving to create a safe, healthy, and comfortable production and work environment. The Safety and Environmental Protection Occupational Health Committee is responsible for both production safety and occupational health management within the Company. They convene quarterly meetings to review reports on the Company's safety and health-related work from the previous phase and to plan the work arrangements for the next phase. The Committee Office, located within the Company's Safety and Environmental Protection Department, is tasked with implementing the committee's directives on safety and health management, executing specific safety and health measures, and supporting the Company in ensuring scientifically regulated production and the safe and healthy operations of employees.

We adhere to the work safety policy of "Safety First, Prevention-oriented, and Comprehensive Governance" and have established various internal management systems such as the *Standardization of Work Safety Regulations* and the *Safety Operating Procedures*. As of the end of the reporting period, 90% of the Company's production units have achieved the grading of the standardized work safety management system. Furthermore, we integrate safety indicators with the performance of production units by annually entering into the *Occupational Health and Safety Management Responsibility Agreement* with production responsibility units. This system involves conducting assessments and implementing rewards or penalties for the accountable units and individuals. We incentivize the achievement of our annual work safety goals by recognizing outstanding teams and individuals in work safety, including the quarterly "Safety Star" award, and providing cash prizes to the awarded production units and employees. This approach contributes to the overall success of our work safety objectives. Throughout the reporting period, Anhui Heli experienced no significant safety incidents.

In 2023, the Company invested 9,096,442 yuan in occupational health and safety, and all established work safety goals were successfully met.

### In 2023,

the Company invested

**9,096,442** yuan

in occupational health and safety

### Anhui Heli's 2023 Work Safety Objectives

Indicators and Objectives 	Progress in the Reporting Period 
1. Prevent accidents leading to serious injuries or higher;	Completed
2. Achieve a hazard rectification rate of ≥ 99.00%;	100%
3. Achieve an injury rate per thousand employees of less than 2.00;	1.26%
4. Conduct safety emergency plan drills at a 100% rate;	104%
5. Achieve a 100% completion rate for special inspections;	100%
6. Conduct the annual performance review of work safety standardization	Completed

## Safety Risk Management and Hazard Investigation

To ensure workplace safety, we have implemented management systems such as the *Measures on Work Safety Risk Grading and Control* and the *Investigation and Treatment Measures on Work Safety Accident Hazards*. Additionally, we have established management procedures for the *Identification and Evaluation of Environmental Factors* and the *Planning of Hazard Identification, Risk Assessment and Control Measures*. Our approach incorporates a dual prevention mechanism and a grid-based risk classification method. We have introduced the "Micro Safety" information security management platform to systematically identify workplace safety risks at their source and effectively manage them at all levels to prevent accidents proactively. We regularly conduct comprehensive and multi-dimensional risk and hazard inspections to eliminate workplace safety hazards before accidents occur. Additionally, we conduct regular audits on the implementation of national policies, regulations, and major policy measures related to work safety, occupational disease prevention, and environmental protection at subordinate units to ensure strict adherence to inherent safety management principles.

Heli's Risk Factors of Occupational Health and Safety and Prevention Measures

Work Process	Potential Consequences	Preventive Measures
Painting Line	Impact, Fire, Poisoning and Asphyxiation, Other Explosions	<p><b>Personnel Management:</b> Ensure compliance with safety operating procedures, personal protective equipment is worn correctly, and prohibit eating or drinking on-site</p> <p><b>Equipment Management:</b> Utilize explosion-proof electrical equipment; ensure reliable anti-static devices are installed on spraying equipment and conveyance pipelines; maintain complete fire-fighting facilities and effective emergency equipment, and conduct regular inspections to ensure the integrity of equipment and facilities</p> <p><b>Material Management:</b> Avoid using iron tools for opening and stirring diluents</p> <p><b>Method Management:</b> Ensure compliance with paint storage requirements</p> <p><b>Environmental Management:</b> Maintain good ventilation in the workplace</p>
Gas Station, Oil Tank Area	Fire, Poisoning and Asphyxiation, Container Explosion	<p><b>Personnel Management:</b> Ensure on-site employees are proficient in safety operating procedures and emergency response plans</p> <p><b>Equipment Management:</b> Tanks, rubber oil transfer pipes, and other components must have reliable lightning protection grounding and anti-static grounding</p> <p><b>Material Management:</b> Ensure that safety attachments (such as level gauges, breather valves, flame arresters, etc.) are sensitive and reliable</p> <p><b>Method Management:</b> Ensure that safety operating procedures, MSDS, fire facilities, and emergency material signs are prominently displayed in the workplace. During the refueling of oil tank trucks, they must be connected to the anti-static grounding point of the oil depot, and hazardous operations should be subject to the approval process</p> <p><b>Environmental Management:</b> Maintain adequate spacing between tanks as well as other structures, pipelines, and access roads</p>
Hazardous Chemicals Warehouse	Fire, Poisoning or Asphyxiation, Other Explosions	<p><b>Equipment Management:</b> Electrical facilities utilize appropriate grades of explosion-proof electrical appliances</p> <p><b>Material Management:</b> Ensure that safety attachments (such as level gauges, breather valves, flame arresters, etc.) are sensitive and reliable. Tools used within the storage area must comply with fire and explosion prevention requirements, with relevant warning signs complete and prominently displayed</p> <p><b>Method Management:</b> Classify, segregate, and store hazardous chemicals according to their hazards. Handle waste materials or packaging containers based on the characteristics of the hazardous chemicals. Display emergency plans and MSDS prominently in appropriate locations, and conduct regular emergency plan drills</p> <p><b>Environmental Management:</b> Implement measures such as insulation, cooling, and ventilation</p>
Liquid Gas Cylinder	Fire, Poisoning or Asphyxiation, Container Explosion	<p><b>Personnel Management:</b> Prohibit the use of tools and gloves that may introduce oil when handling operations on liquid oxygen tanks, and ensure that exposed clothing items (including shoes and clothing) have anti-static or conductive properties</p> <p><b>Equipment Management:</b> Production units susceptible to static electricity build-up should implement measures such as controlling flow rates, eliminating static electricity, and bonding flanges</p> <p><b>Material Management:</b> Ensure that safety attachments (such as level gauges, breather valves, flame arresters, etc.) are sensitive and reliable</p> <p><b>Method Management:</b> Conduct regular equipment inspections and ensure there are no combustible materials within a 5-meter radius of the liquid oxygen tank</p>

Work Process	Potential Consequences	Preventive Measures
Transformer Substation, Voltage Reduction Station	Electric Shock, Fire	<p><b>Personnel Management:</b> Smoking is strictly prohibited in the distribution room, and bringing flammable and explosive hazardous materials into the distribution room is also strictly prohibited</p> <p><b>Equipment Management:</b> Ensure that electrical cabinet doors are kept closed at all times</p> <p><b>Material Management:</b> Provide a full range of firefighting equipment, safety warning signs, high-voltage insulation tools, and protective gear. Ensure they are neatly arranged and regularly inspected to maintain effectiveness. Prominently display emergency plans on-site</p> <p><b>Strictly comply with the safety operating procedures of automated equipment</b></p> <p><b>Personnel Management:</b> Adhere strictly to the safety operating procedures of automated equipment; Ensure proper ventilation in high and low voltage distribution rooms; Implement measures for lightning protection, rain protection, fire prevention, and prevention of small animals in the distribution room; Verify that the ground insulation rubber mat is intact and functional</p>
Powder Coating Line	Fire, Poisoning or Asphyxiation, Other Explosions	<p><b>Personnel Management:</b> Operators must strictly adhere to safety procedures, wear appropriate personal protective equipment, and refrain from eating or drinking on-site. During electrostatic spraying, operators must stay at their workstations and be away from the automatic powder coating equipment. Smoking and bringing open flames or sources of ignition are strictly prohibited in the electrostatic spraying room, and unauthorized personnel are not allowed to enter the spraying area</p> <p><b>Equipment Management:</b> Ensure that all electrical equipment and facilities in the painting area comply with explosion-proof requirements</p> <p><b>Method Management:</b> Ensure that all fire-fighting facilities are complete and effective, and that relevant safety warning signs are prominently displayed in visible locations</p> <p><b>Environmental Management:</b> Ensure that all isolation measures, fire separation distances, and ground conditions at the work site comply with the necessary requirements</p>
Automated Equipment	Mechanical Injury, Electric Shock	<p><b>Personnel Management:</b> Ensure strict compliance with the safety operating procedures of automated equipment</p> <p><b>Equipment Management:</b> Ensure that exposed rotating parts are equipped with reliable protective covers; All protective barriers and screens should be securely installed with the required strength; Implement safety measures such as safety pins, locks, optical protection, safety laser scanners, and other sensitive and effective protection devices; Ensure that various travel limits and anti-interference shielding are sensitive and reliable, with protective stop and independent emergency stop functions; The executive mechanism should be accurately positioned, provide secure gripping, and have sensitive and reliable automatic locking devices to prevent accidents and inadvertent operations</p> <p><b>Method Management:</b> Ensure that comprehensive documentation is provided for the equipment, auxiliary facilities, and safety protection devices; Display warning signs prominently in the work area; When making adjustments, conducting inspections, or performing repairs in hazardous areas, the equipment or related safety devices should have mechanisms in place to prevent accidental startup; Additionally, relevant signs should be prominently displayed in external locations</p>

In 2023, we conducted 30 special safety inspections and "retrospective hidden danger investigations". Each unit was scheduled to carry out 36 on-site disposal plan drills. Additionally, we coordinated with industrial park units to conduct 139 emergency plan drills, thoroughly validating the operational effectiveness of on-site disposal plans.

Anhui Heli's 2023 Safety Management System Review

Internal Audit

**Stage One**

- Five internal audit teams comprised of 35 internal auditors, conducted audits on 30 departments of the Company;
- There were no cases of major non-conformity, eight general non-conformities (including three related to quality, and five related to environmental and occupational health and safety), and 159 suggested follow-up actions.

**Stage Two**

- Each accountable unit addresses the non-conformities, while each audit team verifies and monitors the corrective actions taken by each unit.
- Following feedback, all the aforementioned projects have been effectively rectified.

External Audit

The system audit team from China Certification & Inspection Group Anhui Co., Ltd. conducted on-site audits of the Company's quality, environmental, and occupational health and safety management systems to evaluate their continuous effectiveness, compliance, comprehensiveness, and suitability. A total of 17 departments were included in the audit. During the reporting period, the Company has successfully completed the external audit.

To address sudden workplace safety incidents, we have developed the *Emergency Response Plan for Workplace Safety Accidents*. This plan outlines the Company's emergency management structure and hierarchical response procedures. Our emergency management setup consists of the Emergency Command Center, On-site Emergency Command Center, Emergency Office, and Emergency Response Teams. We have categorized response procedures into three levels based on incident type, severity, and impact range. Each level has specific response entities and procedures in place to ensure swift and effective incident control, aiming to minimize personnel injuries and material losses resulting from the incident.

For workplace safety accidents/incidents, the responsible units must adhere to the "Four Aspects Do Not Let Off" principle. This entails thorough evidence collection, investigation, and analysis. Subsequently, a root cause analysis is conducted, and an accident/incident investigation report is prepared. After review by the Safety and Environmental Protection Department, the report is distributed to relevant units. Each unit then conducts a case study of the accident and implements self-inspection and corrective measures based on the lessons learned. Additionally, they enhance management measures to prevent similar accidents from occurring again. In cases where accidents occur due to factors beyond our control, we establish an accident investigation team to conduct thorough investigations. During the reporting period, the Company and its subsidiaries experienced no major workplace safety incidents or work-related fatalities.

## Occupational Health and Safety

At Anhui Heli, we value our employees as valuable assets. To ensure their health and safety, we have implemented management systems such as the *Management and Assessment Measures on Occupational Health and Safety* and the *Regulations on Occupational Disease Prevention and Control Responsibilities*. Through measures like personnel management and regular inspections, we oversee the production environment and maintain and update production equipment, thus safeguarding the health and safety of our employees. We provide our employees with labor protection facilities and personal protective equipment that meet safety and health standards. Additionally, we have enhanced monitoring and control in workplaces where toxic and harmful gases, high temperatures, and noise are present. As of the end of the reporting period, 100% of the Company's production units have obtained ISO 45001 Occupational Health and Safety Management Systems certification.

examinations for hazardous job types and perform on-site occupational health testing and assessments to effectively prevent and manage occupational disease hazards. During the reporting period, the Company successfully conducted annual health examinations and follow-up checks for employees in toxic and hazardous job categories within the industrial park, covering 328 employees. For employees identified with occupational restrictions during medical examinations, we engage in consultations to arrange job transfers and ensure appropriate placement.

### During the reporting period,

the Company successfully conducted annual health examinations and follow-up checks for employees in toxic and hazardous job categories within the industrial park, covering

**328** employees

Furthermore, we have established occupational health standardization guidelines and inspection evaluation forms that outline assessment criteria for various aspects of occupational health. We conduct regular occupational health

### The Safety Technology Measures Project for 2023 at Anhui Heli

Case

Anhui Heli periodically develops and implements safety technology projects to ensure workplace safety and maintain basic security facilities within the industrial park. In 2023, the Company's safety technology measures plan comprised 29 projects. These initiatives primarily focused on process improvement, such as enhancing personal protective equipment and optimizing lifting equipment, along with workplace safety assurance measures like incorporating high-altitude safety devices and enhancing safety protection for hydraulic presses. Additionally, there were risk assessment projects for special equipment, including the enclosure of distribution platforms and the replacement of pressure vessels, as well as emergency equipment updates, such as replacing safety monitoring systems and fire doors. The total budget allocated for implementing safety technology measures projects for the year amounted to 2.728 million yuan. As of the end of the reporting period, all planned safety technology measures for the year were successfully completed.

The total budget allocated for implementing safety technology measures and projects for the year amounted to

**2.728** million yuan

Anhui Heli's 2023 Occupational Health Objectives

Indicators and Objectives	Progress in the Reporting Period
1.Prevent the Occurrence of Occupational Diseases;	No Occurrence of Occupational Diseases
2.100% Medical Examination Rate for Hazardous Job Categories	100%
3.100% Job Transfer Rate for Occupational Restrictions	100%
4.Sufficient Procurement of Labor Protection Supplies	Sufficient
5.Effective Implementation of Projects Related to Occupational Health and Safety Measures	Completed
6.100% Completion Rate for Addressing Issues Identified in Occupational Health Evaluation	100%

We prioritize and ensure the physical and mental well-being of our employees. In addition to adhering to the relevant requirements of national laws and regulations by providing basic medical insurance for employees, we have developed the *Revised Plan for Supplementary Medical Insurance within Anhui Heli Co., Ltd.* Currently, this plan covers 5,129 contract employees and retired employees from 11 subsidiaries, offering them more robust health protection. We conduct yearly medical check-ups for all permanent and part-time employees. In 2023, we achieved a 100% participation rate in the annual medical examinations. Furthermore, we provide mental health lectures and activities aimed at helping employees manage psychological stress, improve their mental well-being, and maintain a healthy and positive mindset. These initiatives are designed to promote both physical and mental wellness among our staff.

2023 Work Safety Month Series of Activities at Anhui Heli

Training Activities	Training Content
Specialized Training	Adhering to the principle of tiered classification training, we systematically conducted five sessions of safety knowledge and safety skills training, which yielded positive outcomes;
QES Internal Auditor Training	We invited experts from the Anhui branch of the China Quality Certification Company to conduct a comprehensive two-and-a-half-day internal auditor training on QES systems. This aimed to enhance the application capabilities of various departments within the Company in quality, environmental, and safety management systems;
Training on Industrial Park Safety Operating Procedures	Within the organization, we conducted training and assessments on safety operating procedures, revised test questions, and reviewed overlooked positions and job types. During Work Safety Month, 2,132 employees actively participated in the training, with everyone successfully passing the assessment;
Standardized Work Safety Training Course	Over 140 participants from 17 subsidiaries and 15 departments at the headquarters attended the training sessions, aiming to enhance the Company's standardized work safety management through a blend of theoretical learning and practical exercises;
Part-time Training for First Aid Responder Certification	To boost our emergency response team's rescue capabilities, we collaborated with the Red Cross Society of Hefei to provide part-time training on first aid responder certification. A total of 47 part-time first aid responders took part in the training and successfully passed the assessment, earning the Red Cross Society First Aid certification.
Work Safety Month Column	We offer essential work safety statements by Xi Jinping, along with graphic and textual learning materials related to work safety, and resources for Work Safety Month activities. Moreover, the Company has established an intranet online legal database containing over 200 legal documents for employees' reference and use.

During the reporting period, we provided 682 training sessions focused on work safety and occupational health, with an average of 13 hours of training per person. In total, 63,569 individuals participated in these training sessions.

Anhui Heli Hosted a Series of Mental Health Activities Themed "Caring for Female Employees, Enhancing Emotional Resilience"

Case

In August 2023, the Company organized a series of mental health activities themed "Caring for Female Employees, Enhancing Emotional Resilience." The events featured presentations by nationally certified level three psychological counselors who covered topics such as workplace understanding, communication styles, and positive communication techniques. Furthermore, the sessions aimed to help employees develop strategies for managing emotional stress and overcoming negative emotions, ultimately enhancing the psychological resilience of female staff in both their professional and personal lives.



Onsite Mental Health Lecture Series Event: "Caring for Female Employees, Enhancing Emotional Resilience"

Development of Safety Culture

At Anhui Heli, we consider safety culture as an integral part of our corporate values. As we standardize employee safety practices, we continuously bolster our safety foundation through a comprehensive safety culture system. We have curated a library of safety training videos tailored to various job roles to promote safe operations. We organize specialized training sessions on key topics such as fire safety to ensure employees perform their duties in a standardized, secure, and efficient manner, integrating safety and health principles into their daily work routines. Additionally, we host specialized seminars and training programs on work safety, along with events like Work Safety Month and Publicity Week on the *Law on the Prevention and Treatment of Occupational Diseases*, as well as safety knowledge competitions. These efforts aim to instill a culture of safety and health awareness among all employees.

Anhui Heli implemented the 2023 Publicity Week on the Law on the Prevention and Treatment of Occupational Diseases

Case

On April 24, 2023, coinciding with the 21st National Publicity Week on the Law on the Prevention and Treatment of Occupational Diseases, the Company organized unit leaders and management personnel to attend the national launch ceremony of the Publicity Week. The Publicity Week included studying significant statements by Xi Jinping on health work, becoming familiar with the Law on the Prevention and Treatment of Occupational Diseases and the *National Plan for the Prevention and Control of Occupational Diseases (2021-2025)*, conducting themed preaching activities, occupational health on-site hazard investigation and control, and various other initiatives. Assessment requirements were integrated into the theoretical learning activities, with a total of 1,739 participants undergoing assessment and achieving a 100% pass rate. During the specialized occupational health on-site hazard investigation activities, a total of 64 issues were identified and rectified during the reporting period.



Display of Posters for the 2023 Publicity Week on the Law on the Prevention and Treatment of Occupational Diseases

# 05 Practicing Social Responsibility

At Anhui Heli, we uphold the corporate principle of "serving the country through industry," actively responding to the national call and demonstrating corporate responsibility by supporting rural revitalization. We engage in philanthropic endeavors, uphold social responsibility, and actively contributed to the development of sports. Our aim is to foster harmonious and mutually beneficial development between Heli and society at large.

Material ESG Topics Addressed in This Chapter

- Social Contribution

SDGs Addressed in This Chapter



## Rural Revitalization

We actively participate in rural industry revitalization, offering substantial assistance to those we support in various aspects through targeted initiatives. Our goal is to bolster the internal development momentum of these assisted areas and impoverished populations, aid in improving the quality of agricultural products, and broaden their sales channels, ultimately leading to sustained income growth for rural residents in these areas. In 2023, we devised an annual assistance plan, selecting cadres with strong political acumen, practical work ethics, and comprehensive abilities to establish a village work team stationed in local villages and towns. Our leadership regularly visits the assisted units to express support to the stationed cadres, ensuring the provision of essential living facilities and subsidies to fully back the cadres' dedicated commitment to rural construction and enhance logistical support.

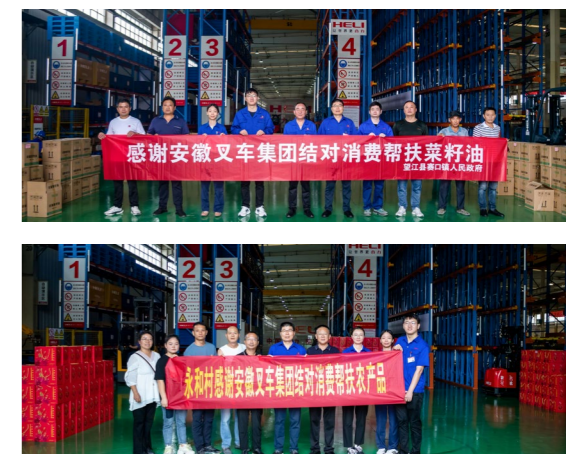
We have established friendly and stable assistance models with several township communities, bolstering local agricultural development and improving living environments through initiatives like facilitating the sale of agricultural products, offering consumer support, and promoting distinctive industry support. Furthermore, our Party Committee extends Party building principles and practical experience to the grassroots level in villages and towns. This involves actively engaging in paired construction with local Party branches, aiding in organizing Party activities and lectures, enhancing rural grassroots organizational development, and pioneering innovation in rural spiritual and cultural advancement.



### Anhui Heli Carried Out Support Activities on Agricultural Product Consumption

Anhui Heli conducted sales support activities for unique agricultural and sideline products in Xizang and Xinjiang. During the reporting period, the Company distributed 2,765 Xizang specialty products and 4,153 Xinjiang products to various departments of the headquarters and relevant subsidiaries in Anhui, with a total expenditure of 1.3836 million yuan for assistance funds.

In accordance with its 2023 work plan on rural revitalization, the Company organized consumption support activities for pitaya in Yonghe Village, Feixi County, and rapeseed oil in Saikou Town, Wangjiang County. In September 2023, the Company distributed over 60,000 catties of pitaya and more than 29,800 liters of rapeseed oil to various departments of the headquarters and relevant subsidiaries in Feixi, with a total assistance amount of 1.014 million yuan.



Anhui Heli Took a Group Photo with the Assisted Parties

Case



### Anhui Heli Supported the Community in Developing Unique Industrial Models

Case

By 2023, Anhui Heli has been procuring consumer support agricultural products from the Yinliu Community in Yingquan District, Fuyang City for seven consecutive years. Influenced by our array of consumer support initiatives, Yinliu Community has expanded the distribution and sales channels of agricultural products, establishing a unique industrial model centered on "farmers + peanut planting cooperatives," leading to increased income through the development of specialized planting industries.



Anhui Heli Assisted the Yinliu Community in Developing the Peanut Industry

## Community Engagement

We consider it our responsibility to give back to society and actively participate in social welfare and community development initiatives. To oversee and manage these efforts, we have established the Public Welfare Support Management Committee and a dedicated Public Welfare Activities Office. Additionally, we have implemented the *External Donation Management System* to ensure the proper regulation of external donations, thereby facilitating the effective implementation of our philanthropic contributions and providing substantial assistance to community development projects. In 2023, Anhui Heli allocated 4.0738 million yuan towards public welfare donations. This contribution has significantly contributed to the advancement of higher education and effectively addressed the socio-economic needs of the local community.

**4.0738** million yuan

was contributed towards public welfare donations

### Anhui Heli Implemented Projects to Enhance the Community Living Environment

Case

In 2023, Anhui Heli made significant efforts to advance the development of Yonghe Village and the Yuhetuan Center Village in the picturesque countryside. The Company focused on the rural "Three Revolutions" and "Five Small Tasks," actively promoting key initiatives such as the toilet revolution. It implemented a series of tasks including sewage treatment, dredging of ditches and ponds, road hardening, and street light repairs. These initiatives led to improved road infrastructure, enhanced community aesthetics, brighter street lighting, and increased environmental greenery, fostering a sustainable and livable environment. Furthermore, the Company constructed a fitness square for Yonghe Village, improved the home care service station, and enhanced other public facilities, providing convenience and care to the villagers. Anhui Heli has secured a total of 13.5 million yuan in assistance funds for the Yonghetuan Center Village project in Yonghe Administrative Village, Sanhe Town.



Comparison of Ditch Remediation Before and After



Comparison of Road Repair Before and After

**13.50** million yuan

in assistance funds

### Anhui Heli Hosted the 6th Heli Civilized Family Selection Activity

Case

Anhui Heli, aiming to "cultivate strong family values, uphold good family traditions, and promote positive family dynamics," organized the 6th Heli Civilized Family Selection Activity. Following recommendations from basic-level trade unions, a rigorous selection process, and comprehensive evaluations, a group of morally upright, harmonious, and community-oriented "civilized families" was identified. A total of 21 civilized families were chosen from the Company's direct trade unions, while 19 were selected from subsidiaries. Furthermore, the Company launched the 6th Heli Civilized Family Achievement Series on its official website "Heli Online," extensively publicizing the stories of the 6th Heli Civilized Families to showcase the exemplary qualities of Heli families.

## Sports Undertaking

We prioritize the advancement of the sports undertaking, firmly believe in leveraging Heli's efforts to accelerate the development of a leading sporting nation, and consistently strive to generate new momentum for the growth of the sports sector in China.

### Anhui Heli Signed a Strategic Agreement as an "Official Partner" with the Chinese National Weightlifting Team

案例

On August 28, 2023, the "China's Strength, Together to Lift Up" event took place at the Heli Industrial Park, where Anhui Heli signed a strategic cooperation agreement with the Chinese National Weightlifting Team. The ceremony also marked the opening of the Heli Exhibition Hall. This agreement solidified Heli's position as the "Official Partner" of the national weightlifting team, establishing consensus on Heli's collaborative rights and interests.

Anhui Heli will collaborate with the Chinese National Weightlifting Team to proudly uphold the banner of a leading sporting nation, showcasing their unwavering dedication in their respective domains. By highlighting China's prestigious reputation, they will contribute to the high-quality advancement of the high-end equipment manufacturing industry and the national sports sector, collectively conveying China's strength and sharing China's compelling stories.



Anhui Heli and National Weightlifting Team signing site

## 2023 ESG Key Performance Indicators

Environment				
	Indicators	Unit	2023	
Environmental Management System	Environmental Management System Certification	Percentage %	100	
	Total Hours of Environmental Training	Hours	170	
	Percentage of Environmental Training Coverage	Percentage %	59.04	
	Number of Environmental Non-Compliance Incidents	Instance	0	
Emission Management	Total Amount of General Waste	Tons	360.44	
	Total Amount of Hazardous Waste	Tons	1,982.84	
	Total Volume of Discharged Wastewater	Tons	451,821.26	
	Chemical Oxygen Demand (COD) Emissions	Tons	73.70	
	Ammonia Nitrogen Emissions	Tons	5.17	
	Total Nitrogen Emissions	Tons	6.97	
	Total Phosphorus Emissions	Tons	0.42	
	Nitrogen Oxide Emissions	Tons	4.47	
	Sulfur Oxide Emissions	Tons	6.09	
	Particulate Matter (PM) Emissions	Tons	134.93	
	Amino (NHx) Emissions	Ton	0	
	Volatile Organic Compound (VOC) Emissions	Tons	66.96	
	Water Management	Total Water Consumption	Tons	196,292.00
		Recycled Water Utilization	Tons	110,000.00
Water Consumption Intensity		Tons/Unit	2.53	
Energy Management	Gasoline Consumption During Production	Liters	44,710.00	
	Gasoline Consumption for Forklift Sales	Liters	22,018.00	
	Gasoline Consumption in Administrative Operations	Liters	1,075,196.09	
	Other Gasoline Consumption	Liters	9.89	
	Total Gasoline Consumption	Liters	1,141,933.98	
	Diesel Consumption During Production	Liters	1,632,486.04	
	Diesel Consumption for Forklift Sales	Liters	778,518.47	
	Diesel Consumption in Administrative Operations	Liters	1,509,711.31	
	Other Diesel Consumption	Liters	44,152.30	
	Total Diesel Consumption	Liters	3,964,868.12	
	Natural Gas Consumption in Production Operations	10,000 Cubic Meters	523.20	
	Natural Gas Consumption in Cafeteria	10,000 Cubic Meters	7.34	

Environment			
	Indicators	Unit	2023
Energy Management	Other Natural Gas Consumption	10,000 Cubic Meters	16.95
	Total Natural Gas Consumption	10,000 Cubic Meters	547.49
	Purchased Electricity Consumption in Production Operations	10,000 kWh	29,547.97
	Purchased Electricity Consumption in Cafeteria	10,000 kWh	158.36
	Total Purchased Electricity	Megawatt-hours	297,063.29
	Purchased Green Power	10,000 kWh	800.00
	Carbon Dioxide Shielding Gas Consumption	Tons of Carbon Dioxide Equivalent	1,035.94
	Amount of Photovoltaic Power Generation	10,000 kWh	1,385.87
	Photovoltaic Consumption	10,000 kWh	1,273.36
	Other Sources	Liters	1,200.00
Climate Change Response	Total Greenhouse Gas Emissions in Scope 1	Tons of Carbon Dioxide Equivalent	22,324.06
	Total Greenhouse Gas Emissions in Scope 2	Tons of Carbon Dioxide Equivalent	168,512.08
	Greenhouse Gas Emission Density in Scope 1	Tons of Carbon Dioxide Equivalent / million revenue	1.28
	Greenhouse Gas Emission Density in Scope 2	Tons of Carbon Dioxide Equivalent / million revenue	9.65
	Total Greenhouse Gas Emissions	Tons of Carbon Dioxide Equivalent	190,836.14
	Total Greenhouse Gas Emission Density	Tons of Carbon Dioxide Equivalent / million revenue	10.92

Social Performance			
	Indicators	Unit	2023
Total Number of Employees	The Number of Regular Employees	Persons	8,734
	The Number of Interns	Persons	288
	The Number of Contracted Employees	Persons	467
	The Number of Employees with Disabilities	Persons	54
The Number of Employees by Gender	The Number of Male Employees	Persons	7,315
	The Number of Female Employees	Persons	1,419
The Number of Employees by Region	The Number of Employees from the Chinese Mainland	Persons	8,669
	The Number of Overseas Employees	Persons	65
The Number of Employees by Ethnicity	The Number of Han Chinese Employees	Persons	8,554
	The Number of Ethnic Minority Employees	Persons	180
	The Number of Employees Under 30 Years Old	Persons	2,597
The Number of Employees by Age	The Number of Employees Aged 30-50	Persons	4,966
	The Number of Employees Over 50 Years Old	Persons	1,171
	The Number of Basic-Level Employees	Persons	8,025
The Number of Employees by Rank	The Number of Middle Management Employees	Persons	602
	The Number of Senior Management Employees	Persons	107

Social Performance			
	Indicators	Unit	2023
The Number of Female Employees in Each Rank	The Number of Female Employees Among Basic-Level Staff	Persons	1,350
	The Number of Female Employees in Middle Management	Persons	67
	The Number of Female Employees in Senior Management	Persons	2
The Number of Female Employees in Revenue-Generating Roles		Persons	111
The Number of Female Employees in STEM Positions		Persons	172
Turnover Statistics	Total Number of Voluntary Employee Turnover	Persons	620
	The Number of Voluntary Male Employee Turnover	Persons	474
	The Number of Voluntary Female Employee Turnover	Persons	146
	The Number of Voluntary Turnover for Employees from the Chinese Mainland	Persons	620
	The Number of Voluntary Turnover by Overseas Employees	Persons	0
	The Number of Voluntary Turnover by Employees Under 30 Years Old	Persons	258
	The Number of Voluntary Turnover by Employees Aged 30-50	Persons	193
	The Number of Voluntary Turnover by Employees Over 50 Years Old	Persons	169
	Total Investment in Employee Training and Development		Yuan
The Number of Employees Participating in Training		Persons	8,354
Average Training Hours per Employee		Hours	15.63
The Number of Male Employees Participating in Training		Persons	6,988
The Number of Female Employees Participating in Training		Persons	1,366
Average Training Hours per Male Employee		Hours	15.87
Average Training Hours per Female Employee		Hours	14.43
The Number of Han Chinese Employees Participating in Training		Persons	8,183
The Number of Ethnic Minority Employees Participating in Training		Persons	171
Average Training Hours per Han Chinese Employee		Hours	15.70
Average Training Hours per Ethnic Minority Employee		Hours	12.49
Data on Employee Training	The Number of Basic-Level Employees Participating in Training	Persons	7,646
	The Number of Middle Management Employees Participating in Training	Persons	596
	The Number of Senior Management Employees Participating in Training	Persons	112
	Average Training Hours per Basic-Level Employee	Hours	15.96
	Average Training Hours per Middle Management Employee	Hours	12.51
	Average Training Hours per Senior Management Employee	Hours	10.02
	The Number of Employees Under 30 Participating in Training	Persons	2,601
	The Number of Employees Aged 30-50 Participating in Training	Persons	4,727
	The Number of Employees Over 50 Participating in Training	Persons	1,026
	Average Training Hours per Employee Under 30 Years Old	Hours	16.82
	Average Training Hours per Employee Aged 30-50	Hours	15.78
	Average Training Hours per Employee Over 50 Years Old	Hours	11.94
	Rate of Collective Bargaining Agreement Implementation		%

Social Performance			
	Indicators	Unit	2023
Training in Occupational Health and Safety	Total Hours of Health and Safety Training	Hours	3,596
	Total Number of Participants in Health and Safety Training	Persons	63,569
	The Number of Male Employees Participating in Health and Safety Training	Persons	5,644
	The Number of Female Employees Participating in Health and Safety Training	Persons	780
	Average Hours of Health and Safety Training per Male Employee	Hours	20.70
	Average Hours of Health and Safety Training per Female Employee	Hours	20.10
	The Number of Participants in Health and Safety Training Among Basic-Level Staff	Persons	6,424
	The Number of Participants in Health and Safety Training Among Middle Management	Persons	205
	The Number of Participants in Health and Safety Training Among Senior Management	Persons	15
	Average Hours of Health and Safety Training per Basic-Level Staff	Hours	20.00
	Average Hours of Health and Safety Training per Middle Management	Hours	18.50
	Average Hours of Health and Safety Training per Senior Management	Hours	15.70
	Occupational Health and Safety Performance	The Number of Workplace Safety Incidents	Cases
Investment in Occupational Health and Workplace Safety		Yuan	9,096,441.87
Employee Medical Examination Coverage Rate		%	100
Work-Related Deaths - Employees		Person	0
Work-Related Deaths - Contractors		Person	0
Products and Services	Employee Injury Frequency Rate	/	0.65
	Innovation Investment	Yuan	892 million yuan
	Invention Patents	Pieces	66
	Utility Model Patents	Pieces	293
	Industrial Design Patents	Pieces	104
	Software Copyrights	Pieces	3
	Overseas Patents	Pieces	4
	Scope of Product Quality Certification	Percentage %	100
	Total Number of Product Quality Training Sessions	Sessions	79
	Total Number of Participants in Product Quality Training	Persons	1,484
	Total Hours of Product Quality Training	Hours	487,494
	Product Recall Incidents	Case	0
	Customer Satisfaction Rate	%	91.50
Customer Complaint Resolution Rate	%	100	
Supply Chain Management	Percentage of Suppliers with Signed ESG Clauses	Percentage %	99
	Coverage Rate of Sustainable Procurement Training	Percentage %	100
	The Number of Suppliers Participating in Annual Audits	Suppliers	59
	Rate of Signing the Supplier Code of Conduct	Percentage %	100
	Total Number of Supplier Communications and Training Sessions	Sessions	83
	Total Hours of Supplier Communications and Training Sessions	Hours	3305
	Number of Suppliers (Chinese Mainland)	Suppliers	318
	Number of Suppliers (Overseas Regions)	Suppliers	26
	Community Donation Amount	Yuan	4,073,840.00
	Hours of Participation in Public Welfare Activities	Hours	450

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# Reader Feedback Form

Dear readers,

We appreciate your interest and support for the sustainable development of Anhui Heli Co., Ltd. To provide you with more professional and valuable environmental, social, and governance information and to enhance the quality of our sustainability report, we invite you to provide feedback on the relevant questions in the feedback form.

1. Are you satisfied with the report? Please share your assessment.

.....  
 .....

2. Do you find our disclosure of social responsibility performance comprehensive?

.....  
 .....

3. Has the information that you seek been comprehensively disclosed in the report?

.....  
 .....

4. What recommendations do you have for improving the report?

.....  
 .....

Your Information	Fax
.....	.....
Name	Contact Number
.....	.....
Employer	Email
.....	.....
Position	
.....	

全国服务热线  
**4001-600761**

**HELI**  
Handling Electric Logistics Intelligent

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