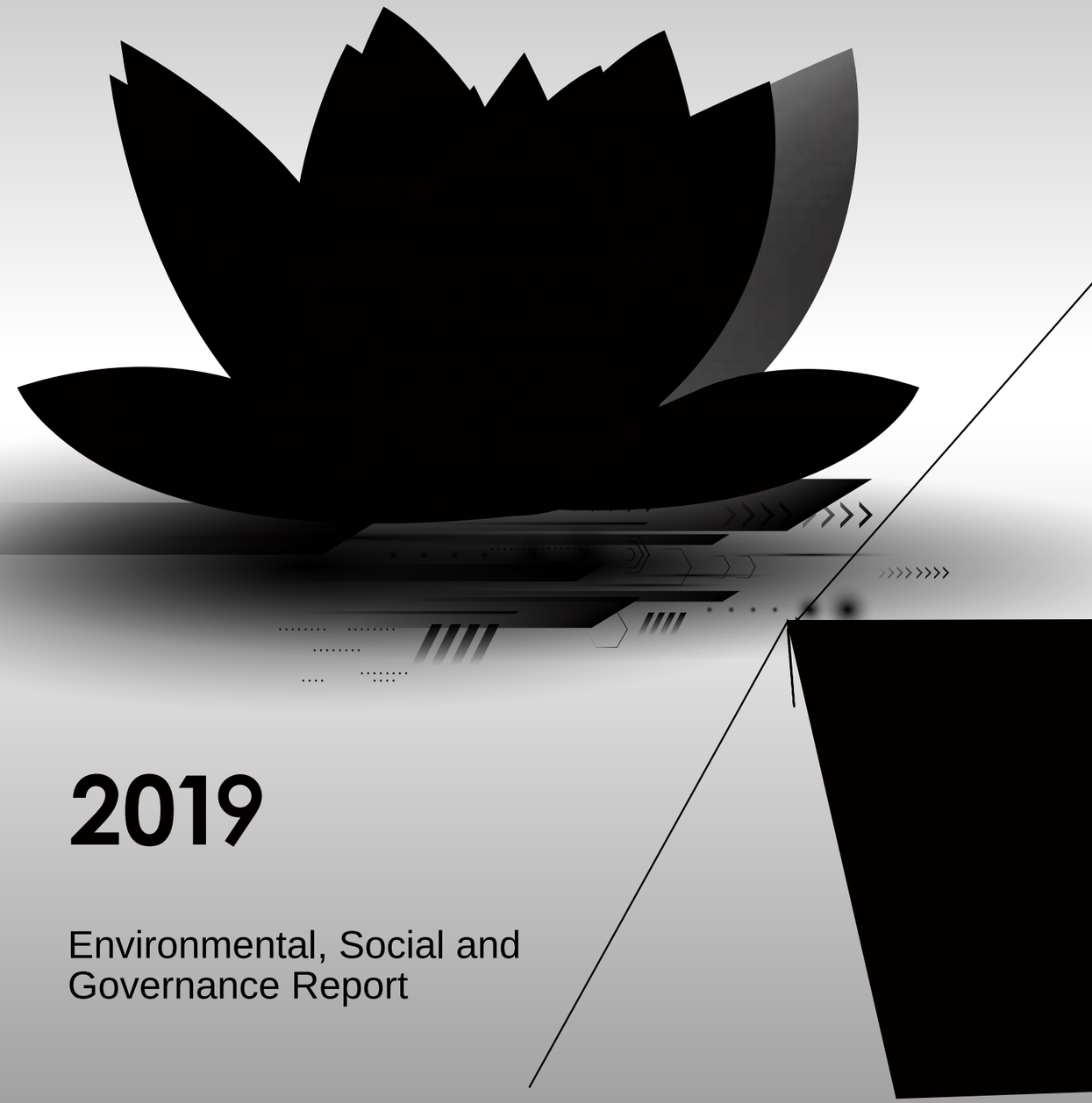
TIANNENG POWER
INTERNATIONAL LIMITED
00819.HK 天能動力國際有限公司



2019

Environmental, Social and Governance Report

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About Tianneng

Enterprise Profile

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Founded in 1986, Tianneng Group is a leading enterprise of Chinese new energy power battery field. After more than 30 years of development, it has now become a large-scale industrial group with high-tech Eco-friendly battery manufacturing as its core business, and also covers segments like new energy lithium batteries, resource recycling and financial maker with more than 60 wholly-owned or holding subsidiaries domestic and overseas, and a total of more than 20,000 employees. Our main capacity distributed in Zhejiang, Jiangsu, Anhui, and Henan, the area closer to customers.

Products and Services

The core segments of the Group's products and services include high-end eco-friendly batteries, new energy batteries and green renewable materials.

High-end Eco-Friendly Batteries

This series of batteries are specially designed for electric bicycles, electric tricycles and mini electric vehicles etc. The product has a number of national patent protection technologies and is a world-leading high-performance, long-life lead-acid battery.

New Energy Batteries

This series of batteries are specially designed for new energy vehicles, electric bicycles, and energy storage system etc. The product has a number of national patented technologies and is a kind of safe, eco-friendly, long-life lithium-ion battery.

Green Renewable Materials

Tianneng actively fulfills the producer's extended obligation to recycle metals, plastics, residual acids and other substances in used batteries.

Development Concept

Core Value

Responsibility, Innovation, Hardwork and Share

Mission

To devote to green energy and create happy life

Enerprise Vision

To be the most respected new energy company among the world's best

“ ”

Governance Structure

The Group always regards “managing enterprises in accordance with the law and operating in good faith” as the code of conduct, follows the guidelines of Hong Kong Stock Exchange’s Securities Listing Rules, and builds a corporate governance platform through rules and regulations, internal management, risk prevention and control, and timely, comprehensive, and public information disclosure.

Decisions on major issues of the Group are made by the board of directors. The board of directors consists of eight directors, three of whom are independent non-executive directors. Directors perform their duties faithfully and diligently, whose main duties include reviewing and approving corporate strategies, reviewing internal controls and operational compliance. The Group convenes meeting of the board on a regular basis, and all directors can express their opinions on management and other matters at the meeting.

There are three special committees under the Board of Directors: the Audit Committee, the Nomination Committee and the Remuneration Committee. The main duties of the Audit Committee are to review the Group’s financial reporting procedures and internal control systems, and to advise the board of directors on the appointment, renewal and dismissal of the Company’s independent external auditor and related terms of remuneration and appointment. The Nomination Committee is responsible for identifying qualified board members and advising the board on related issues such as the appointment or renewal of directors when needed. The main responsibility of the Remuneration Committee is to advise the board of directors on the Company’s policies related to the remuneration of directors and senior management.

The Group employs professional legal practitioners as perennial legal consultants, and has established a Legal Department and an Audit Supervision Department to supervise and review business decisions, business processes and internal rules and regulations in real time. In order to safeguard the shareholders’ legitimate right to know, the Group has formulated strict information disclosure systems and measures. The content of information disclosure is divided into periodic reports and provisional reports. Periodic reports are disclosed twice a year, including interim reports and annual reports.

Communication Mechanism

The Group builds cooperation and keeps closed contact with interested parties, through conferences organization, investigation, seminars and other activities, gets through multiple communication channels, listens to voices of all parties with concentrated attention, and performs related responsibilities.

Internal Control

Independent Audit

The Group has set up the Audit Supervision Center, an independent audit institution directly led by the Chairman of the board, formulated the Audit Supervision Management System, and clarified various audit processes. The Audit Department independently conducts internal management audits and special audits of the Group, without any intervention or restrictions from other departments.

The Group also hires ZHONGHUI ANDA CPA Limited to provide the Group with related audit services such as auditing of accounting statements and verification of net assets. The results of external audit are reported directly to the board of directors by the firm's staff, which not only strengthens the internal risk management of the enterprise, but also effectively avoids the occurrence of violations of laws and regulations.

Risk Monitoring

The Group's risk control framework is as follows:

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Anti-corruption

The Group promotes high standards of business integrity in its operations and does not tolerate any form of corruption or bribery. Regardless of the region in which the Group operates its business, we strictly abide by all laws and regulations regarding anti-corruption and bribery. The Group has formulated strict anti-corruption policies and prevents and manages possible conflicts of interest and bribery through training or patrol.

On the basis of summing up previous anti-corruption work experience, the Group strengthened relevant training in combination with cases, and announced reporting channels (hotline, email, WeChat public account, etc.) to encourage and protect personnel who report and expose behaviors that harm the Company's interests, and to resolutely crack down corruption and fraud, so that the lawful rights and interests of the enterprise and shareholders are strongly protected to ensure the healthy development of the enterprise.

690

46

16 60

Looking back at the past year, the Group conducted audit on more than 690 items of procurement, engineering construction, capital asset management and other aspects in the anti-corruption work of core economic activities, found, investigated and dealt with 46 duty economic cases of violations of disciplines. Sixteen anti-corruption education trainings and inspections were conducted throughout the year, and nearly 60 problems were found and rectified.

Security System

2019 “ ”

In 2019, the Group further improved the construction of its security system centering on the goal of “Safe Tianneng”. The related measures include: establishing a part-time liaison team, implementing grid-based management, and realizing dynamic management of full coverage of the security work; organizing thematic training and education to improve risk identification capabilities of the team; promoting security informationization upgrade projects, establishing checklist-based inspection systems, etc.

“ PDCA ”

Adhering to the concept that production safety is of great importance and prevention is better than cure, the Group attaches great importance to safety production management, adhering to the concept of prevention is better than cure, and adopts the “PDCA” cycle as its train of thought to implement full process monitoring and strict management of production and ensure balance and stability of production.

Based on the environmental factors, the results of hazard analysis and risk evaluation, the Group has drafted and revised accident emergency plans (including comprehensive plans, special plans and post-site emergency treatment plans) for possible emergencies in the production, and regularly organizes emergency exercises.

2019 8 “ ”

In August 2019, the super typhoon “Lekima” landed in Zhejiang province. The Group took a concerted effort to fight against the typhoon and ensure personnel and production safety.

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Zhang Tianren, Chairman of the board, went to the production base to inspect and guide the work of preventing and fighting against the typhoon.

2019 6 18

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In June 2019, at the time of the 18th national production safety month, the Group and its subsidiaries actively carried out safety month learning activities on the theme of “preventing risks, eliminating hidden dangers and curbing accidents”.

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The workshop in Wuhu, which actively carried out safety knowledge training, safety poster posting and local fire drills.

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Supplychain Management

Based on the principles of “openness and fairness, honest operation, long-term cooperation, sharing and win-win”, the Group is willing to go hand in hand with global high-quality suppliers to jointly optimize supply chain management and strive to maintain the healthy development of the supplychain ecosystem.

Responsibilities of Tianneng

2019

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· 20,000

60% 40%

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Protection of employees

The Group regards staff as the biggest fortune of enterprise, respects individual value, pays attention to talent training and motivation, improves the sense of belonging, happiness and accomplishment. In 2019, the Group has been rewarded as the “National Model Enterprise of Harmonious Labor Relations”, “National Employment and Social Security Advanced Private Enterprises” and “National Worker Pioneer”.

· The total number of employees in Tianneng more than 20,000 , of which near 40% are male and 40% are female.
· One third of the managers have a bachelor degree or above.
· There are about 1,000 persons with professional and technical qualifications /titles.

Fair Employment

The Group strictly abides by the relevant local laws and regulations, insists on equal employment, and prevents discrimination on the race, gender, age, marital status, religion or nationality of candidate in recruitment and promotion, also rejects any discrimination or harassment in the workplace.The group provide fair and just employment opportunities .

Basic Employment Protection

100%

The group obeys all regulations in Labor Law, carries out equal employment strictly and makes sure 100% legal compliance. All staff must sign labor contract on entry day and the Group pays for 5 social insurances and housing fund according to the regulations. Staff have marriage leave, pregnancy leave and so on according to law. The hours of work, remuneration for overtime, statutory holidays, paid leave and related benefits are in accordance with the stipulations in local labor laws. The labor union organizes congress of workers each year to discuss big issues related to workers’ rights and interests.

Employees participate
in sports games

The Group executes in strict rotation in relevant state policy and requirement, explores new path for recycling of waste lead-acid battery actively, relying on current sales network, integrates external qualified resources and expands recycling business of waster lead-acid battery, speeds up the construction of large logistics, forges stereo model of combination of self-recycling, joint recycling and recycling delegation. Currently, Tianneng has reached strategic cooperation with recycling, disposition and transportation companies in key provinces and cities nationwide.

Product Lifecycle Quality Management

As the largest power battery manufacturer nationwide, the life cycle management of lead-acid battery products has always been the focus of the Group. Through the unified coding of lead-acid battery products during the production process, the Company has established a fully closed-loop traceability system from production, sales, collection, storage, and transfer to recycling.

2017 “ ”

Since 2017, the Group has independently developed a dedicated information platform, for the collection and treatment of waste lead-acid batteries. That is used to manage from eight aspects, including registration, compliance certification, recycling management, centralized transfer management, data upload, information disclosure, data supervision and system integration. From the source of hazardous waste to the terminal for disposal and utilization, the entire business chain realizes data upload throughout the entire process. By synchronizing to the solid waste system of the relevant competent departments, we accept the supervision and management of the ecological environment department to ensure that we meet the requirements of ecological environment protection.

*
Circular Industrial Park

Circular Industrial Park

The Group actively fulfills its producer responsibility extension obligations, taking the lead in the industry to build a circular economy industrial park in Zhejiang, Henan and Anhui, and adopts the world’s most advanced full-automatic mechanical crushing, hydraulic separation process and pure oxygen low temperature converter continuous smelting and regeneration technologies, turning waste batteries into wealth, saving energy and reducing emissions, and improving the environmental friendliness of products.

99% 99%
100%

In the treated waste batteries, the metal recovery rate can reach more than 99%, the plastic recovery rate can reach 99%, and the residual acid recovery rate can reach 100%. The treated industrial water meets the national secondary urban water standard and can be used for watering flowers and fish-farming.

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Circular Industrial Park

2019 3

20

60,000 , 1.5

4 60

400

18,000

6,000

80% 2.5

20% 9

3.8

6 8 4

4924.8 2018

15%

80% 20%

237.6

118.8

23.75 13,570

3.7

26

Energy Conservation and Emission Reduction

The Group advocates ecological development all the time, runs the idea of green ecology development through Product Lifecycle Management from product ecological design, manufacturing, packaging, transportation, usage to recovery and disposition, realizing the closed-loop green development.

In 2019, the Group sold a total of about 300 million batteries. If each battery is 20 centimeters long, the length of 300 million batteries connected end to end is 60,000 kilometers, which equals 1.5 times of the length of the equator. On the basis that the power in a group of batteries (4 batteries in a group) can support riding of 60 kilometers, and a group of batteries can be charged and discharged 400 times, the cumulative mileage of riding supported by the batteries sold by the Group each year can reach 1.80 trillion kilometers, equivalent to 6,000 round trips from earth to sun.

Assume that 80% substitutes motorcycle mileage (saving 2.5 liters of fuel per 100 kilometers) and 20% substitutes car mileage (saving 9 liters of fuel per 100 kilometers), the weighted average volume of fuel saved is 3.8 liters per 100 kilometers, and the whole life cycle of these batteries can achieve fuel saving of 68.4 billion liters (49.248 million tons), equivalent to 15% of China's refined oil consumption in 2018.

If 80% replaces motorcycles and 20% replaces cars, the batteries sold by the Group each year can reduce carbon monoxide by 2.376 million tons, hydrocarbons by 1.188 million tons, and nitrogen oxides by 237,500 tons, and can reduce carbon dioxide emissions by 135.7 million tons, which is equivalent to planting 370 million larch trees.

Green Office

The Group runs the concept of green environmental protection through the production and operation, actively creates a green office environment, and deepens green management thinking. Through the construction of an information platform within the Group, paperless office is promoted to reduce the wastage of paper and other resources. Reduce energy consumption in the park. For example, in summer, the air-conditioning temperature in the office area is not lower than 26 degrees; the street lights in the headquarters park are powered through photovoltaic power generation. Carry out cultural advocacy through various forms such as slogans and bulletin boards, and continuously enhance employees' awareness of energy conservation and consumption reduction.

Feedback

2

40

100

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Occupation

The Group directly provided more than 20,000 jobs in 10 production bases in the five provinces. More than 400,000 terminal sales stores have indirectly created more than 1 million jobs.

The Central Economic Work Conference pointed out that “stabilize employment” ranked first in the work of “six stabilizations”. The job opportunities created by the Group contribute to the high-quality development of the economy and society.

124

2019 7 “ ”

26

2019 6 10

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) 2019 7 1

Offer Advice and Suggestions

As the representative of the 12th and 13th National People's Congress, Zhang Tianren, Chairman of the board, actively advises and seeks public interest, and actively assumes the great responsibility endowed by the people. As a representative of the National People's Congress, Zhang Tianren put forward 124 high-quality proposals and suggestions.

In 2019, Zhang Tianren participated in the “Two Sessions” of the nation for the seventh time. He prepared 26 proposals on new energy and circular economy, green development, and promotion of rural development. Among them, the Proposal on Enacting the Law on the Protection of Human Genetic Resources drew the attention of relevant national departments and people from all walks of life. On June 10, 2019, the State Council formally promulgated the Regulations of the People's Republic of China on the Management of Human Genetic Resources (hereinafter referred to as the Regulations), which came into effect on July 1, 2019. The Regulations make new provisions on the management of human genetic resources in China in terms of increasing protection, promoting rational use, strengthening standardization, and optimizing service supervision, which plays an important role in protecting human genetic resources in China and promoting the rational use of human genetic resources, preventing illegal access to and use of human genetic resources for biotechnology research and development activities.

2008

2/3

Joint Development of Villages and Enterprises

Since 2008, Tianneng Group has cooperated with Xinchuan Village in 2008 and built a win-win platform of “Joint Development of Villages and Enterprises” to facilitate village rejuvenation. Since the establishment of the platform, the Group has guided villagers to find jobs and develop village-level economies. Two-thirds of the villagers in Xinchuan Village are engaged in work related to Tianneng, and the common development among the enterprise, the surrounding villages, employees and villagers have been achieved.

7,000

10

100%

38%

2019 11 17

500

100

Since the “Joint Development of Villages and Enterprises”, Tianneng has helped Xinchuan Village in road and school construction, sewage treatment, etc. and supported the public welfare establishment of the village, with an accumulative donation amount of over 70 million Yuan. The current per capita income of Xinchuan Village has reached 100,000 Yuan. Xinchuan Village now has nearly 100% of compulsory education enrollment rate, social security participation rate, public toilet renovation rate, garbage disposal rate, and clean energy utilization rate, and 38% of village greening rate, and has successively won honors such as the Zhejiang Provincial Comprehensive Well-off Construction Demonstration Village and Zhejiang Hygienic Village.

At the 1st Xiangxian Conference of Xinchuan Village and the Beautiful Rural Construction Reporting Meeting held on November 17, 2019, Tianneng Group, as a village and enterprise co-construction unit, donated 5 million Yuan to Xinchuan Village. Zhang Tianren, Chairman of the board, donated 1 million Yuan personally to help the beautiful rural boutique village construction in Xinchuan Village.

*

Tianneng group donated
co-construction funds to Xinchuan village

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Zhang Tianren, Chairman of the board ,
visited villagers of Xinchuan Village

Part of the honors

The Group always regards green development as the driving force for progress, and actively explores and accumulates experience in green smart manufacturing, resource recycling, energy saving and emission reduction, and clean production, in order to promote high-quality, intelligent, sustainable development of the entire industry. The Group's efforts in green development have also been praised by mainstream media such as People's Daily, Guangming Daily, Economic Daily, and Workers Daily.

[redacted]

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Tianneng Green Development praised by renowned media

List of some honors:

[redacted]