



China Anhui ARN Group Co., Ltd.

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2023

社会责任报告

SOCIAL RESPONSIBILITY REPORT

ARN 中国·安徽环新集团股份有限公司
China Anhui ARN Group Co., Ltd.



Report Description

●Report preparation reference standards

Guidelines for Writing Corporate Social Responsibility Reports in China
Guidelines for Social Responsibility of Industrial Enterprises and Industrial Associations in China
Guidelines for Anhui Industrial Enterprise Social Responsibility

●Report reliability assurance

The Company guarantees that the content does not contain any false statements, misleading statements or material omissions, and is responsible for the authenticity, accuracy and completeness of its content.

●Reporting Organization Scope

Anhui ARN Group Co., Ltd. is the main body, covering its joint ventures, wholly-owned and holding companies .

●Report time range and release cycle

8th Social Responsibility Report of ARN Group . The reporting period is from January 1 , 2023 to December 31 , 2023. In order to enhance the continuity and readability of the content, some content is out of scope. ARN Group's Social Responsibility Report is an annual report.

●Reporting format

This report is available in simplified Chinese and English, in PDF electronic documents and paper print. It is published to stakeholders and the public in PDF electronic documents and can be downloaded from the official website of ARN Group . The paper print report is mainly used for internal work communication within the company. If you need a paper print report, please send an email to yxh4610@aqarn.com

●Report Data Description

The financial data disclosed in this report are from financial statements, and other data are from statistical statements. The monetary amounts involved in this report are measured in RMB, unless otherwise specified.

●Report Title Description

For ease of presentation and reading, the report may refer to "Anhui ARN Group Co., Ltd." as "ARN Group," " ARN ," "Group," or "Company." The main subsidiaries of the Group are described as follows:

Company Name	Abbreviation	Company Name	Abbreviation
Anqing TP Goetze Piston Ring Co., Ltd.	ATG	Anhui Huanming Precision Control Co., Ltd.	AHM
Anqing TP Powder Metallurgy Co., Ltd.	ATP	Samsung ARN (Xi'an) Power Battery Co., Ltd.	SAPB
Anqing ART TP Piston Co., Ltd.	AAT	Anqing TP Engine Plastics Co., Ltd.	ATEP
Anqing TP Goetze Liner Co., Ltd.	ATGL	Federal - Mogul Anqing Powder Metallurgy Co., Ltd.	FMAP
Anqing TP Goetze Engine Co., Ltd.	ATGE	Anhui Tsusho Logistics Co., Ltd.	ATL
Anqing Scherdel Automotive Parts Co., Ltd.	ASP	Aisin (Anqing) Auto Parts Co., Ltd.	AAAC
Anqing ARN Auto Trade Investment Co., Ltd.	AAI	TPR (Anhui) New Energy R & D Co., Ltd.	TANE

Preface

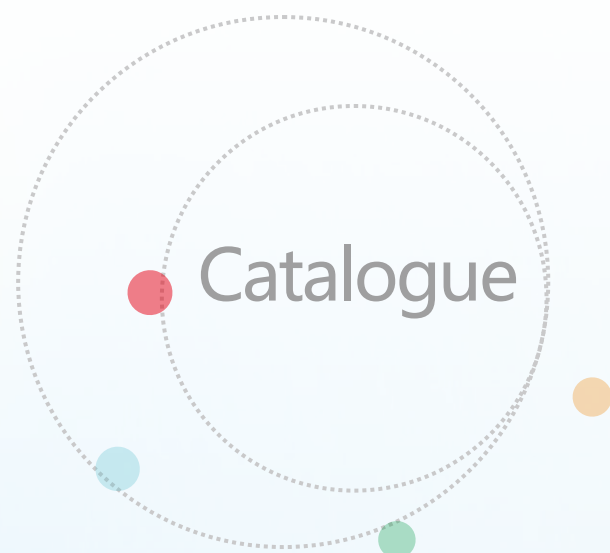
The automobile industry is one of the pillar industries of China's economic development. Thanks to the fact that "Chinese brands" have spread to every corner of the world, China's auto market won " three world firsts " in 2023 - China's automobile production and sales have ranked first for 15 consecutive years, China's new energy vehicle production and sales have ranked first for 9 consecutive years, and China's automobile exports ranked first in the world.

As the foundation of the automotive industry, auto parts are an essential factor in supporting the sustainable and healthy development of the automotive industry. Especially at present, the automotive industry is vigorously carrying out technological innovation, which requires a strong parts system as support.

ANHUI ARN GROUP has been engaged in the field of auto parts for 55 years, and the technology, the quality and the sales volume of the main products are top of the list in China; in the international market, the products are exported to Europe, America, Japan, South Korea, Southeast Asia, South Africa and other countries and regions, therefore it has been recognized by the National Development and Reform Commission and the Ministry of Commerce as a national automotive parts export base enterprise.

At the 18th CPC National Congress, General Secretary Xi Jinping proposed the new development concept of innovation, coordination, greenness, openness and sharing, which ARN Group has deeply implemented and used as an action guide to promote the fulfillment of social responsibilities. In 2024 , we compiled the Social Responsibility Report for the eighth consecutive year, systematically summarizing the concepts, behaviors and performance of ARN Group in adhering to the people-oriented principle, promoting sustainable development and pursuing the maximization of comprehensive value in the past year, as well as the outlook for the new year, hoping that all parties can recognize and understand us.





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» Approaching Us

Chairman's Speech

Company introduction

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Legally Compliant and Honest Operation



Speech



Pan Yixin, Chairman of Anhui Ring New Group Co., Ltd

Dear Stakeholders:

Thank you for your attention and support to the social responsibility fulfillment and sustainable development of ANHUI ARN GROUP Co. Ltd. This is the eighth CSR report we have released.

The year 2023 marks the 70th anniversary of China automobile industry, in which it has made remarkable and extraordinary development achievements. The production and sales volume exceeded 30 million units for the first time, setting another record and ranking first in the world; new energy vehicles achieved overtaking and continue to lead the world; and the export volume of complete vehicles also firstly surpassed Japan, which symbolizes China as the world's largest automobile exporter in 2023. The development of ANHUI ARN GROUP Co. Ltd closely follows the evolution of China automotive industry and the pulse of global innovation. We focus on scientific and technological innovation, advocate green guidance, co-creating with the industry, coexisting with the society and sharing with stakeholders, having been widely recognized by all sectors of the society. In 2023, ANHUI ARN GROUP Co. Ltd has reached 13.689 billion RMB in sales, and paid tax of 613 million RMB, ranking 32nd in "China top 100 automobile industry parts and components enterprises", and 20th in "Anhui top 100 private manufacturing enterprises".

In 1996 , ATG, the first joint venture under ARN Group, was established . Currently, the group has 14 Sino-foreign joint ventures and more than 20 wholly-owned and holding subsidiaries, with more than

7,000 employees. ARN Group has always adhered to the business philosophy of "contributing to society, seeking welfare for employees, and seeking long-term development for the company", integrating social responsibility into corporate development, actively fulfilling responsibilities and obligations, and striving to build an organizational collective with faith, responsibility, and warmth, and create a long-lasting foundation with sound governance.

2023 , ARN Group will increase investment in research and development, cultivate innovative teams, reform and innovate mechanisms, and strive to achieve the "double-wing flying" of traditional traditional industries and new energy industries, and build "innovative ARN" . Follow market rules and business ethics, focus on balanced resource allocation, achieve common improvement of the entire value chain, and continuously optimize the structure of the talent team, improve the employee welfare security system, achieve sharing of development results, build harmonious labor relations, and build "coordinated ARN" . Actively and steadily implement the national "dual carbon" strategic deployment, comprehensively build national and provincial "green factories", carefully create energy-saving and emission-reduction, green and environmentally friendly auto parts products, drive the green transformation of the upstream and downstream of the industrial chain, and build "green ARN" . Improve the openness of technology, process, management mechanism and employment mechanism, strengthen and expand strategic cooperation with joint venture partners, learn and integrate foreign advanced technology and

management experience, accelerate overseas layout, and build "open ARN" . The Party Committee of ARN Group insists on donating money to support education, helping the poor, helping the construction of beautiful villages, encouraging employees to donate blood for free, fighting the covid-19, conveying warmth and touching, making the society more harmonious and beautiful, and building "shared ARN" . Fulfilling social responsibilities is not only an obligation of the group, but also the only way to build new environmental soft power and move towards globalization.

2024 is a critical year for achieving the goals of China's "14th Five-Year Plan", and it is also the beginning of the year for ARN Group to achieve the strategy of "doubling in seven years and rebuilding ARN". As one of the top 100 companies in China's auto parts industry, we will firmly grasp the new development opportunities, consistently practice the five new development concepts of "innovation, coordination, green, openness, and sharing", adhere to the principle of seeking progress while maintaining stability, promote stability through progress, improve strengths, make up for weaknesses, and forge new boards, promote industrial innovation with scientific and technological innovation, and make the group a core supplier from parts to components, from components to systems, and unswervingly follow the path of high-quality development with ecological priority, green and low-carbon. In the new year, we will embrace more partners with a more open mind and a more sincere attitude, continue to create value for a better mobile life for mankind, and stride forward towards the common vision of "centurial ARN, international ARN, billions ARN"!

Company introduction

769 Cases

Authorized 744 patents

38 Items

Lead or participate in the preparation of 38 national (industry) standards

1

The technology, quality, and sales volume of the company's main products rank first in China

Top 100

Top 100 China Machinery Industry Core Competitiveness
Top 100 Anhui Province

Top 500

Top 500 China Machinery Industry
Top 500 China Private Enterprises in Manufacturing Industry



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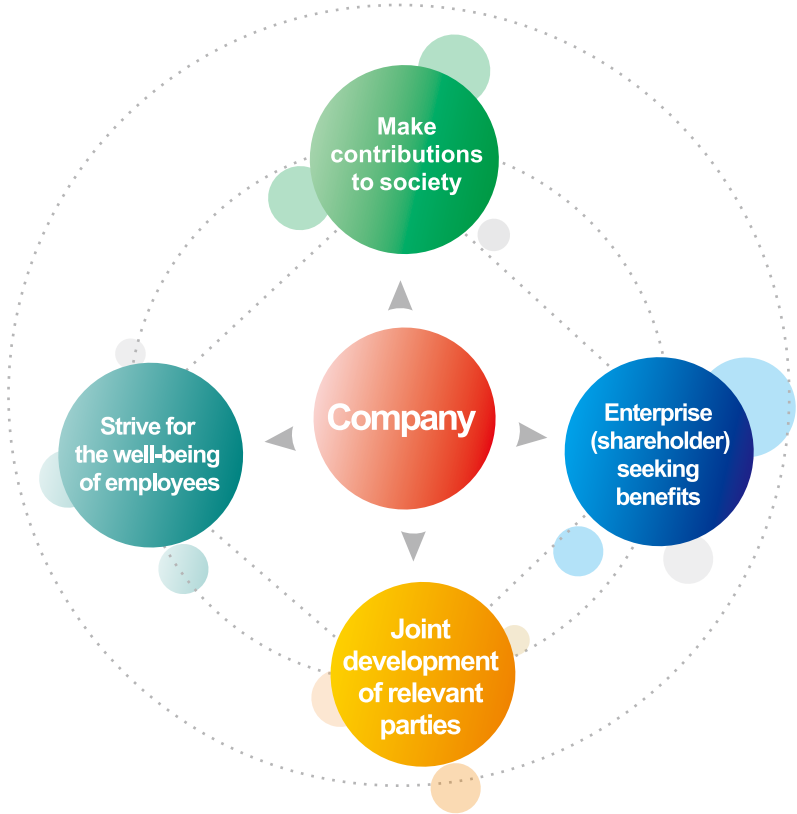
Anhui ARN Group Co., Ltd. is a group enterprise engaged in the production and sales of key engine parts and new energy vehicle parts . The main products include piston rings, valve seat rings and guides, pistons and piston pins, cylinder liners, engineering springs, seals and resin rings, power batteries, automatic transmission housings, aluminum alloy structural parts, die-cast parts, mechanical equipment, etc. In 2023 , sales revenue was 13.689 billion yuan and taxes paid were 613 million yuan. Sales revenue was the same as last year, and taxes paid increased by 4.0% .

The company currently has 7,429 employees , including 896 R &D personnel , with majors covering materials science, mechanical engineering, casting materials, etc. In 2023 , there are 34 R&D projects with R&D funds of more than 250 million yuan. In recent years, it has obtained 769 patents. It participated in the co-construction of the "National Engineering Technology Research Center for Superhard Materials and Products", and has established 18 provincial R&D platforms such as the "Anhui Manufacturing Innovation Center " and the " Anhui New Energy Vehicle Parts Engineering Research Center". It has undertaken 8 major national and provincial scientific and technological projects , presided over or participated in the preparation of 38 national (industry) standards , and won 1 national key new product, 3 provincial science and technology progress awards , and 23 provincial new products and high-tech products . It has undertaken 1 key breakthrough project of the National Industrial Base Strengthening Project .

The technology, quality and sales volume of the company's main products are ranked first in China. In the domestic market, the piston ring product market share of the main engine is the first, reaching 53.7% ; the aluminum-enclosed cylinder sleeve has the domestic exclusive technology, and the market share has reached 71.2% ; the valve seat ring has the first domestic main engine market share, which is 53.9% ; the piston has completely replaced imports and is equipped with main engines such as Toyota, Suzuki, JAC, and Chery; special steel profile products are mainly used in high-performance automobiles, nuclear (hydro) power, aerospace, rail transportation, medical and other fields. In the international market, the products are exported to Europe, the United States, Japan, South Korea, Southeast Asia, South Africa and other countries and regions, and have been recognized as a national automobile parts export base enterprise by the National Development and Reform Commission and the Ministry of Commerce. And won the honorary titles of " Top 100 in Anhui Province", "Top 100 Core Competitiveness of China's Machinery Industry ", "Top 500 Chinese Machinery ", "Top 500 Chinese Private Enterprises in Manufacturing ", and "National Model Harmonious Labor Relations Enterprise".



Business philosophy



Development strategy

- Continuously leverage its own advantages and invest in areas such as lightweight engine components, energy-saving and emission reduction components, and new energy vehicle components.
- Strive to ensure that all parties involved in the cooperation obtain benefits that meet their own development needs and satisfaction.
- Promote local economic development and continuously improve the lives of employees.

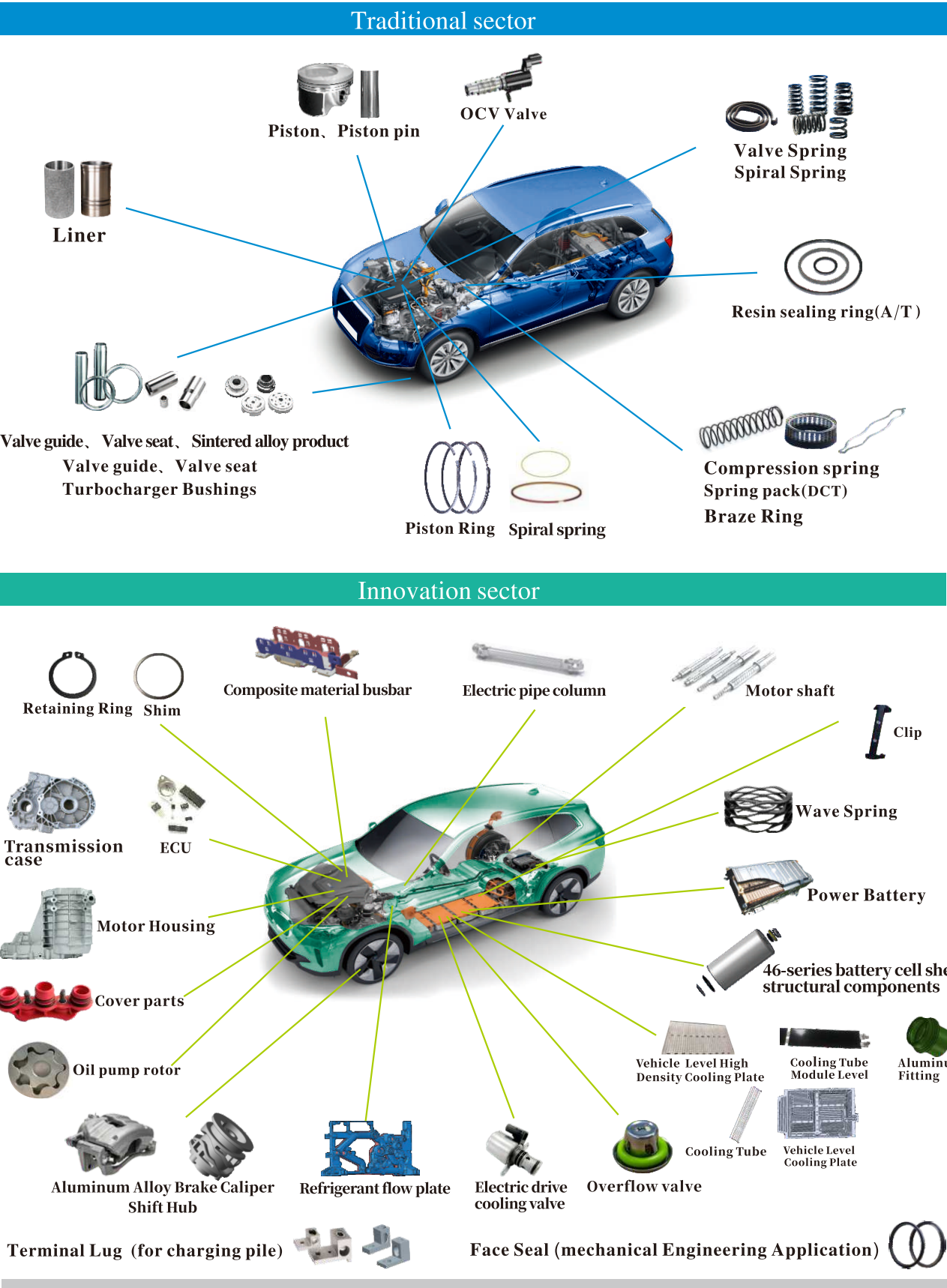
Corporate Vision

Centurial ARN, International ARN, Billions ARN

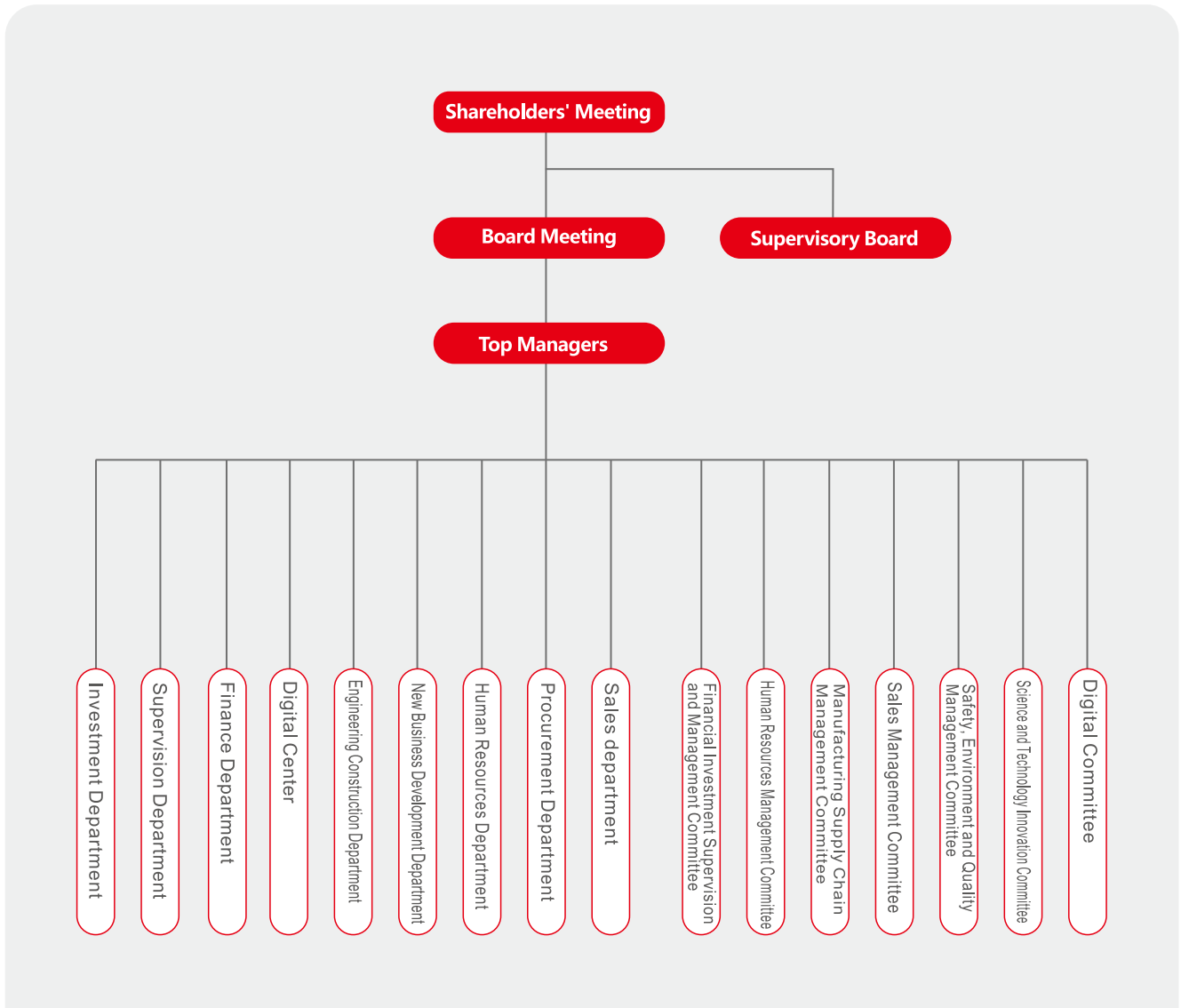
Production and trade base



Company products



Organization Chart



In accordance with the relevant provisions of the Company Law and the Articles of Association, the company has established a modern corporate governance structure consisting of a shareholders' meeting, a board of directors, a supervisory board, and a management team in accordance with the law. This has formed a mechanism of clear power and responsibility, effective checks and balances, scientific decision-making, and mutual coordination among the power, decision-making, supervisory, and executive levels.

The shareholders' meeting is the highest authority of a company, which exercises decisions on major matters such as business policies, investment, fundraising, and profit distribution in accordance with the law. The board of directors consists of 9 directors. The supervisory board consists of three supervisors, including one employee supervisor.

The general manager of the company is responsible for daily operations and management work under the leadership of the board of directors, and implements board resolutions. The general manager of the company makes decisions on important matters in the daily operation and management of the company through general manager meetings and other forms, and is responsible to the board of directors.

Legally Compliant and Honest Operation

Compliance

ARN Group attaches great importance to compliance management and strictly abides by national laws and regulations as well as relevant industry regulations. A sound compliance system and process has been established to ensure that all aspects of the company's operations are carried out in accordance with laws and regulations. The company regularly conducts compliance training for employees to improve the compliance awareness of all employees. In 2023, the company did not commit any major violations of laws and regulations. As the company continues to develop, the company will continue to identify compliance risks, improve compliance management, and actively accept the management and supervision of relevant departments.

In 2023, in accordance with the "Implementation Measures for the Assessment of Trustworthy Financial Enterprises in Anqing City", after evaluation by the Anqing Intermediate People's Court, Municipal Housing and Urban-Rural Development Bureau, Municipal Market Supervision Administration, Municipal Taxation Bureau, Municipal Ecological Environment Bureau, Municipal Public Security Bureau and other departments, and recognized by the People's Bank of China, Anhui ARN Group Co., Ltd. was awarded the honorary title of "Financial Trustworthy Enterprise".

Credit rating: Class A tax credit enterprise



Integrity

The company always adheres to the business philosophy of integrity and regards integrity as the cornerstone of the company's development. In dealing with customers, dealers, suppliers and other partners, the company strictly fulfills the contractual agreement and is honest and trustworthy. It firmly opposes any form of fraud and unethical behavior and is committed to creating a fair, just and transparent business environment.

Build mutual trust and fulfill social responsibility

The company has always adhered to the concept of honest management and win-win cooperation with suppliers. By the end of 2023, the proportion of suppliers with more than 10 years of cooperation reached 61%.

No	Items	2021	2022	2023
1	Total number of Class A & B material suppliers	65	66	66
2	Proportion of cooperative suppliers with more than 10 years (%)	60%	61%	61%
3	Number of strategic alliances	11	11	13

list of strategic alliances with related parties

Establish an open procurement system in accordance with the law and create a healthy and transparent procurement environment

In 2023, the company has gradually digitized the process according to the ARN Procurement Management Manual compiled in 2022. The entire life cycle of supplier sourcing, development, daily management, and elimination were managed online. At the same time, supplier contracts will be signed online to ensure 100% full coverage, making the procurement system healthier and more legal, and the process clearer and more transparent.



Supplier Management System Login Interface

Strengthen the spirit of contract and achieve 100% contract signing rate

	2021	2022	2023
Sales contract	100%	100%	100%
Procurement contract	100%	100%	100%
Other contract	100%	100%	100%

Contract signing rate in the past three years

Prevent legal risks, improve employees' legal awareness, and safeguard the long-term development of the company

The Group Supply Committee Office tracks changes in procurement personnel every month. New employees are trained on the "ARN Group Procurement Work Discipline Regulations" before taking up their posts and sign a personal integrity agreement to prevent legal risks and improve the legal awareness of procurement personnel. The Supply Committee Office regularly conducts joint internal audits of the procurement departments of each company in the Group with the Finance Committee and the Digitalization Committee every year. The anti-corruption and anti-commercial bribery management system is continuously improved in terms of standard implementation, process specification, risk awareness, etc. to ensure that the work behavior of procurement personnel is legal and compliant and the procurement system operates healthily.



» Responsibility Management



Responsibility Concept

Organization and Management

Institutional and capacity building

Stakeholder communication and issue identification

Organization, implementation and operation

Supervision and assessment

ARN



Responsibility Concept

The automobile industry is a national strategic industry. As the upstream industry of the automobile supply chain, ANHUI ARN GROUP takes the new development concept of “innovation, coordination, green, openness and sharing” put forward by General Secretary Xi Jinping as a guideline, and establishes the social responsibility concept of “Innovation-driven, digital intelligent manufacturing, and renew quality productivity; Coordinated development, value empowered, and grow together with employees; Green guidance, Energy saving and low carbon, and promote the new situation of the industry; Open governance, cultural mutual appreciation, and motivate new international cooperations; Sharing the future, coexistence and co-creation, and bulide a community of destiny.” to better promote the sustainable development of the company.



Organization and Management



Senior Management

The company has set up a social responsibility work leading group, with the group general manager as the group leader and two deputy group leaders, the group party committee deputy secretary and human resources director respectively. Its main responsibilities are to determine the management direction and goals of the company's social responsibility work, approve the company's overall promotion plan for social responsibility work, and make decisions on major matters.

The human resources department of the company is responsible for coordinating the overall work of social responsibility, including the preparation and issuance of social responsibility reports. According to the social responsibility management model, the company has established corresponding social responsibility management systems to standardize and guide the internal practice of social responsibility workflow within the enterprise.



Responsible organization

Leading Group for Corporate Social Responsibility Work

- Team leader - served by the company's general manager
- Deputy Team Leader - Served by the Deputy Secretary of the Company's Party Committee and the Director of Human Resources respectively

There are 8 sub groups responsible for each functional work:

1. The finance team is responsible for investment, financial management, etc
2. The technology Innovation Group is responsible for the development of technology innovation, etc
3. The quality team is responsible for quality management, product quality control, etc
4. The security team is responsible for green development, harmonious development, etc
5. The harmonious labor relations group is responsible for corporate culture, harmonious labor relations, etc
6. The social welfare group is responsible for social welfare activities, caring for vulnerable groups, etc
7. The supplier management team is responsible for supplier management, establishing a public procurement system, etc
8. The digital team is responsible for building digital platforms and implementing intelligent management

Institutional and capacity building

Establish a system for fulfilling social responsibilities and disclosing information, and operate in accordance with the system

ARN Group strictly follows the relevant provisions of the Company Law , Articles of Association , Business Division Standards , Quality Manual , Environmental and Occupational Health and Safety Management System , and Disciplinary Regulations to establish a promotion system for fulfilling social responsibilities. At the same time, the company regularly and timely informs shareholders, customers, employees, and the public of the company's production, operation, and responsibility fulfillment through shareholders' meetings, employee meetings, business meetings, customer activities, group websites, internal newspapers , etc.

Develop and implement social responsibility training programs

The company actively participates in various trainings organized by government, industry and other institutions, as well as social responsibility trainings organized by provincial and municipal industrial economic federations. Based on the company's own development characteristics, the company invites experts to conduct on-site training and guidance and selectively introduces advanced management concepts from domestic and foreign companies. At the same time, the company conducts internal training based on the plan for all employees, and promotes the social responsibility awareness of all employees through publicity .

Example: In March 2023 , more than a year after the implementation of the new " Work Safety Law " , in order to carry out the re-publicity and re-training education of the new safety law, enhance the safety legal awareness of the company's employees, clarify the safety responsibilities at all levels, improve the ability to detect hidden dangers at the production site, make up for the shortcomings of the inspection link, and implement hidden danger rectification measures. The company has included the new safety law training in the annual training plan and held special training on the new safety law. The training revolved around the central decision-making and deployment and the implementation of the new development concept, and deeply understood the main revisions and highlights of the new " Work Safety Law " , and how to actively adapt to the requirements of the new safety law.

Regularly publish social responsibility reports

Since 2017 , ARN Group has regularly published social responsibility reports for the eighth consecutive year and has been awarded the "Best Social Responsibility Report " in Anhui Province many times. In 2024 , ARN Group compiled the " 2023 Social Responsibility Report " to continue to enhance communication with all stakeholders.



Stakeholder communication and issue identification

Establish communication and participation mechanisms

ARN Group attaches great importance to communication with stakeholders and has established a close communication method. We actively listen to the opinions of all parties and give reasonable responses in a timely manner regarding the issues and expectations of stakeholders.

Stakeholders	Concerns from stakeholders	Way of participation
Government	<ul style="list-style-type: none">● Safe Production● Comply with laws and regulations● Adhere to innovation -driven● Pay taxes● Supporting territorial socio-economic development● Rural Revitalization	<ul style="list-style-type: none">● Government-Enterprise Exchange Meeting● Work report● Regularly submit relevant statistical reports
Client	<ul style="list-style-type: none">● Product Safety and Quality● Product prices and services● Stable supply● New product● New technology development	<ul style="list-style-type: none">● Customer Relationship Management● Customer satisfaction survey● Dealer Annual Meeting
Staff	<ul style="list-style-type: none">● Employee Occupational Health and Safety● Employee salary, benefits and rights protection● Personal Growth● Education and Training	<ul style="list-style-type: none">● Staff Seminar● Employee training● Internal and external information systems
Investors / Strategic Partners	<ul style="list-style-type: none">● Corporate Governance● Asset preservation and appreciation● Avoid business risks● Independent brand building● Overseas Development● Improve profitability	<ul style="list-style-type: none">● Shareholders' Meeting● Board Meeting● Annual report / interim report
Supplier	<ul style="list-style-type: none">● Honesty● Long-term cooperation● Expanding Market	<ul style="list-style-type: none">● Supplier Conference● Agreement
Community	<ul style="list-style-type: none">● Participate in charity activities● Community Building● Safety and environmental protection	<ul style="list-style-type: none">● Charitable activities● Green Production● Community communication

Examples of key communications activities

- 1 In May 2023 , Han Jun, Secretary of the Anhui Provincial Party Committee , visited ATP Company of ARN Group to conduct on-site research on the supporting and leading role of traditional advantageous enterprises in the modern industrial system and the process of transformation and upgrading. He encouraged ARN Group to accelerate the pace of transformation and upgrading and move towards a world-class enterprise as soon as possible.
- 2 In October 2023 , the heads of the group's overseas partners, Japan ART Company and Japan TPR Company, visited and exchanged ideas
- 3 In December 2023 , the group leaders went to Germany to enhance communication with international partners
- 4 Board Meeting in the second half of 2023
- 5 In February 2023 , the second Science and Technology Innovation Conference of ARN Group will be held
- 6 Regularly invite customers to the company for face-to-face communication

1	2
3	4
5	6



- 1 Participated in the "Automechanika Frankfurt (17th) - Shenzhen Special Exhibition. At the exhibition , the group mainly displayed key engine components, new energy vehicle components, special steel profiles and other products, and product technicians introduced the latest processes and technologies for key components of traditional engines.
- 2 In July 2023 , participate in the development forum of large key enterprises in the machinery industry
- 3 In August 2023 , the World Manufacturing Conference was grandly held in Hefei, Anhui Province , and ARN Group's 5G+ industrial Internet technology and new energy vehicle components were unveiled at the conference.
- 4 In August 2023 , ARN Group participated in the National Internal Combustion Engine Standardization Technical Committee and the Small and Medium Power Internal Combustion Engine Branch
- 5 In January 2023 , the group's employees took the initiative to participate in the free blood donation activity, with a blood donation volume of 77,100 ml . The Anqing Red Cross Central Blood Station sent a pennant
- 6 In July 2023 , the 2023 campus recruitment of college students was launched . 77 campus recruited college students from all over the world successfully completed the "identity" transformation from students to corporate employees through on-the-job reporting, corporate training, company visits, and expansion training .

1	2
3	4
5	6



Identification of key issues

ARN Group attaches great importance to the issues and suggestions of all stakeholders, and integrates the core demands of stakeholders into the entire process of company decision-making and business management to accurately grasp the direction of the company's sustainable development.

In preparing the CSR report, in order to further enhance the objectivity and substantiveness of the report, we combined the relevant indicators of the " Guidelines for the Preparation of Corporate Social Responsibility Reports in China ", " Guidelines for the Social Responsibility of Chinese Industrial Enterprises and Industrial Associations ", and " Guidelines for the Social Responsibility of Anhui Industrial Enterprises ", and compiled a questionnaire for identifying important social responsibility issues, and invited stakeholders to fill it out in an anonymous manner.

The analysis of 1,512 questionnaires from the government, customers, investors, dealers, suppliers, surrounding residents and other groups , 25 major topics were identified .

ANHUI ARN GROUP will focus on and regularly disclose the main topics to ensure that stakeholders are informed of the company's core affairs and key decisions in a timely and comprehensive manner. Furthermore, as the company continues to develop, it will continue to identify and update these topics in order to adapt to changes in the external environment.



Main topics and categories

Responsibility Management

- 1. Organizational guarantee and management system for enterprises to fulfill their social responsibilities
- 2. Regular communication with stakeholders

Economic Responsibility

- 3. Compliance management
- 4. Respond to government development strategies
- 5. International development
- 6. Collaborative development with suppliers and distributors

Product and Service (Customer) Responsibility

- 7. Product quality and safety
- 8. Continuous improvement of quality
- 9. Product demand guarantee and stable supply
- 10. Quick response to after-sales service and complaint handling

Innovation Responsibility

- 11. Product and technology innovation
- 12. Enterprises encourage innovation and construction of operating mechanisms
- 13. Create green products
- 14. Digital intelligence empowers enterprise transformation and upgrading

Environmental Responsibility

- 15. Use green and harmless raw and auxiliary materials
- 16. Continuously improve production technology and ensure pollution-free production process
- 17. Create a green supply chain management system

Employee Responsibilities

- 18. Occupational Health and Safety
- 19. Salary, benefits and rights protection
- 20. Value enhancement and career development
- 21. Employee care (helping those in need, helping their children with schooling, cultural and sports activities, etc.)

Social Welfare Responsibility

- 22. Support local economic development
- 23. Resource sharing, leading and driving industry progress
- 24. Helping rural revitalization
- 25. Organize public welfare activities

Organization, implementation and operation

The company formulates annual social responsibility goals and implementation plans that are in line with the actual situation of the enterprise, and organizes their implementation. Based on feedback from implementation and supervision, the company timely improves the social responsibility system and operating mechanism, continuously improving its performance in fulfilling its responsibilities.

Strategic planning

The company holds two board meetings each year, sets the next year's social responsibility strategic goals at the end of the year, and formulates a mechanism for implementing and ensuring social responsibility work.

Annual plan

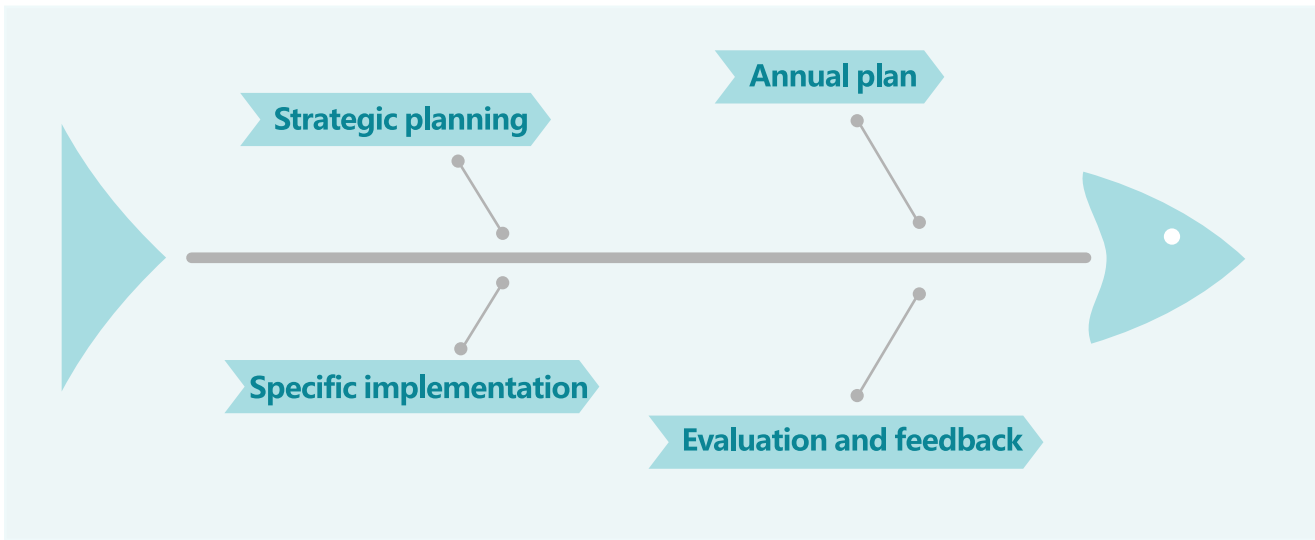
According to the modules of innovation-driven , coordinated development, green transformation , open governance , and shared future , specific work goals and responsibilities are proposed, and an annual plan for social responsibility work is compiled.

Specific implementation

Develop a monthly work progress table, decompose and refine the work, and each team will promote the implementation of the target work content.

Evaluation and feedback

The company holds a performance meeting for the previous month at the beginning of each month to track the implementation of various indicators for the previous month; At the beginning of each year, a board meeting is held to track the performance of the previous year. Based on the above two meetings, determine the content of performance evaluation, year-end evaluation, result feedback, etc., and complete the entire evaluation work. Implement rewards and punishments based on the evaluation results, and revise the strategic planning objectives and annual plan content based on actual performance.



Responsibility Supervision and Assessment

Supervision mechanism

The company has established a supervision mechanism for fulfilling social responsibility, and the social responsibility working group leads its members to regularly inspect and evaluate the social responsibility systems, measures, and effectiveness of various functional departments of the company. Improve management effectiveness through monthly visits and certifications, as well as peer-to-peer on-site inspections. At the same time, the following risk prevention measures have been implemented:

01

Construction of legal risk prevention system

ANHUI ARN GROUP has strictly practiced the management concept of “governing the enterprise in accordance with the law” and “operating in compliance”, so there was no violation of the “Law of the People’s Republic of China Against Unfair Competition” in 2023.

02

Construction of a clean risk prevention and control system

Based on the improvement of the party affairs, factory affairs, and integrity risk prevention and control system, with information construction as the means and information exchange as the focus, a comprehensive supervision network has been built by integrating resources such as internal party supervision, mass supervision, functional supervision, special supervision, and third-party supervision.

03

Assess risks, strengthen auditing, and improve management systems

The company discloses financial information in accordance with the requirements of various external regulatory agencies such as tax, finance, and other company regulatory authorities, vigorously promotes financial informatization work, proactively plans risk control in advance, and actively prevents and controls financial and tax risks.

04

Promoting innovation and respecting intellectual property achievements

The company adheres to the policy of “encouraging creativity, effective utilization, legal protection, and scientific management” to further improve the intellectual property management and protection system. In 2022, the company did not experience any intellectual property infringement incidents.

Performance management



The company believes that social responsibility performance management is a refinement of the existing integrated management of the company. During the reporting period, the company improved its performance management mechanism and, based on past performance management experience, combined with the actual operational requirements of the company, organized various subsidiaries (functional departments) to jointly discuss and develop an annual integrated performance management plan. Moderate optimization and innovation will be carried out in indicator design, weight allocation, and control mode, and key performance indicators will be established. Key performance indicators will be incorporated into the existing assessment system to assess various functional departments, directly linked to performance assessment scores. (Key Performance Table on page 95)

» Responsibility Performance



Innovation-driven

Digital intelligent manufacturing, and renew quality productivity

Coordinated development

Value empowered, and grow together with employees

Green guidance

Energy saving and low carbon, and promote the new situation of the industry

Open governance

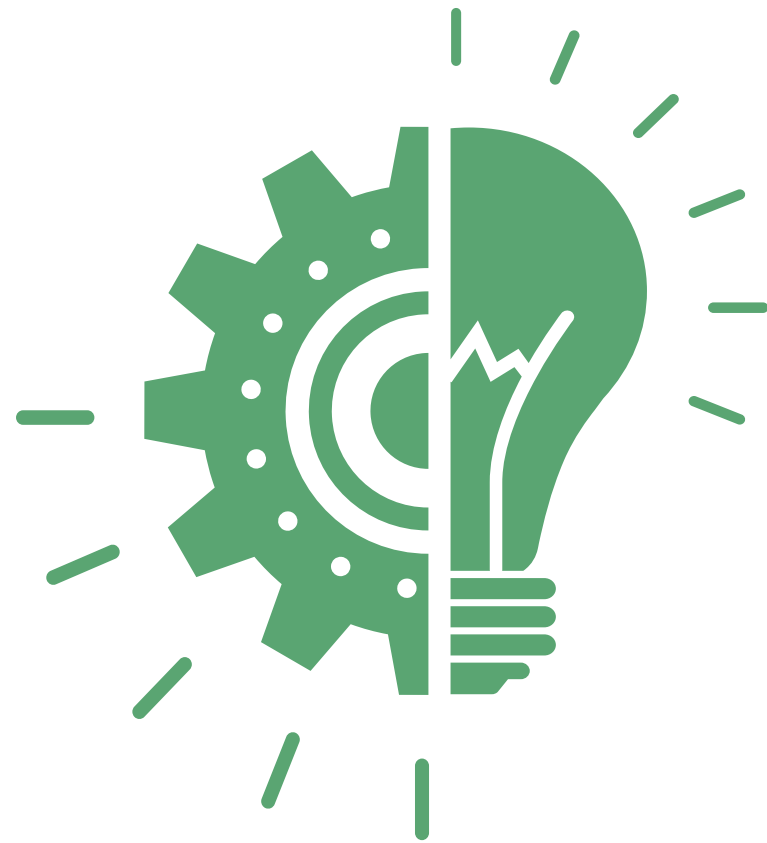
Cultural mutual appreciation, and motivate new international cooperations

Sharing the future

Coexistence and co-creation, and build a community of destiny

ARN





» Responsibility Performance Innovation-driven Digital intelligent manufacturing, and renew quality productivity

2023 Innovation Investment Amount

Total Investment	Investment in NE field	Ratio
0.541 Billion	335 Million	61.92%

In 2023, ARN Group's total investment in innovation was 541 million yuan, of which 335 million yuan was invested in the new energy field, accounting for 61.92% of the total investment.

Innovative Layout

■ Investment direction



The company will continue to introduce intelligent and digital equipment in equipment investment based on long-term strategies to maintain further business growth; In terms of new projects, we will continue to leverage our own advantages and invest in areas such as lightweight engine components, energy-saving and emission reduction components, and new energy vehicle components.

The investment amount will be controlled within the allowable range of operating cash flow. Projects that can leverage the advantages of ARN Group will be strictly selected as investment projects, and strict quantitative standards will be used to strive to improve the return on investment.

The current investment projects of the company comply with national industrial policies. The company has a strict and standardized investment process. Before investing in a project, it is necessary to conduct market research on the project products, determine their market prospects and socio-economic benefits, and invite qualified intermediaries in the industry to conduct a project feasibility analysis and issue a "Project Feasibility Report". Before the project begins, prepare the Environmental Impact Report, Energy Assessment Report, and Safety Assessment Report for the invested project, and obtain environmental impact assessment approval, energy assessment approval, and safety assessment approval. The above measures ensure that the company's investment projects comply with the requirements of national policies and regulations and achieve social and economic benefits.




■ Proportion of technical talents and treatment

Technical talents
account for 15%



2023 Company Technology Innovation Conference

Incentives

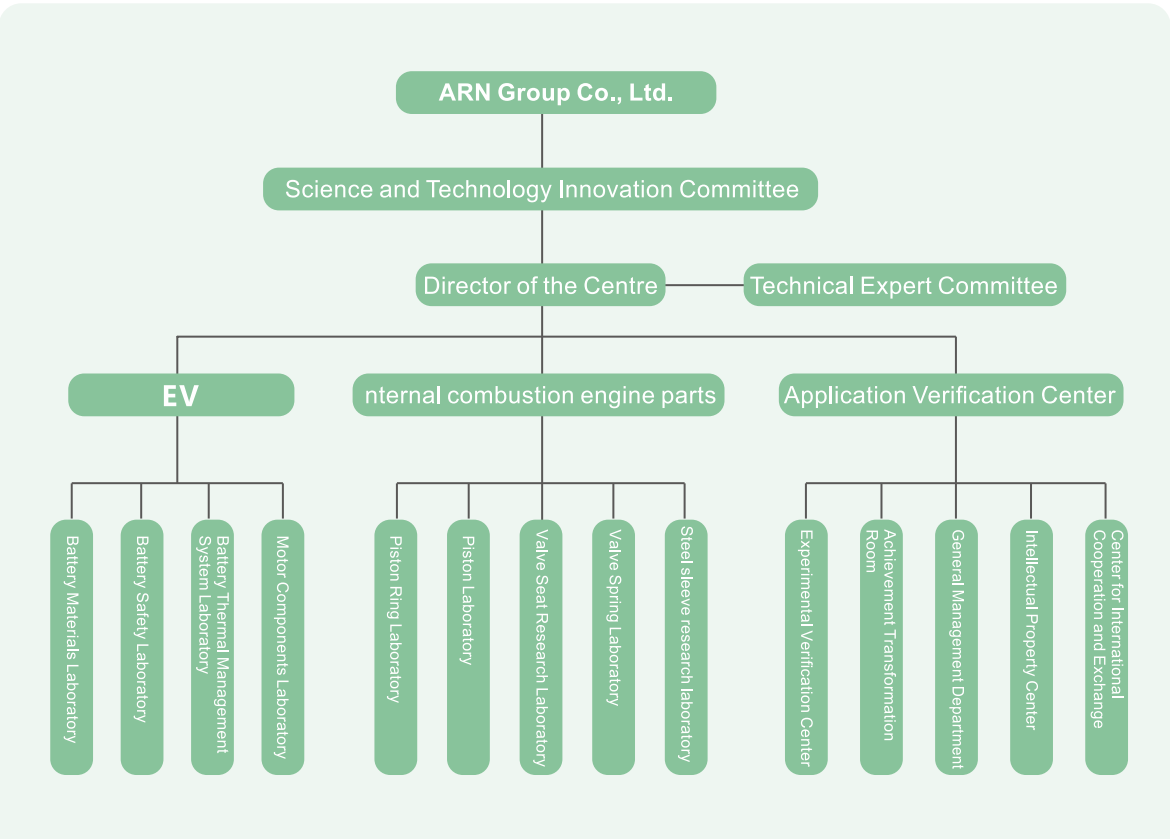
-  Promotion in position and rank will be tilted toward technical personnel with outstanding work performance.
-  For particularly outstanding talents, green channels and special application methods can be used to achieve accelerated development.
-  Significantly increase the amount of bonuses for improving technological achievements to encourage technical personnel to advance 2.0 product research and development.

Product technology innovation

R&D center construction (R&D system, operation mechanism)

The R&D center always adheres to the principles of "market orientation, technology focus; scientific guidance, classified research; deepening transformation, collaborative innovation; optimizing integration, development and sharing". With the two-way layout of internal combustion engines and new energy, it implements a number of mechanisms to provide strong support and guarantee for the group's scientific and technological innovation.

Target	Important area	Operation Mechanism	Cooperation and Exchange	talent development
Breakthrough in key technologies and form independent intellectual property rights	New energy three-electric system, hydrogen fuel, artificial intelligence and other emerging technology fields	<ul style="list-style-type: none">Project management mechanismRisk Management MechanismTalent incentive mechanismKnowledge management mechanism	Strengthen cooperation and exchanges with universities and research institutions to jointly promote technological innovation	Establish a sound technical innovation talent training institution to improve technical innovation capabilities

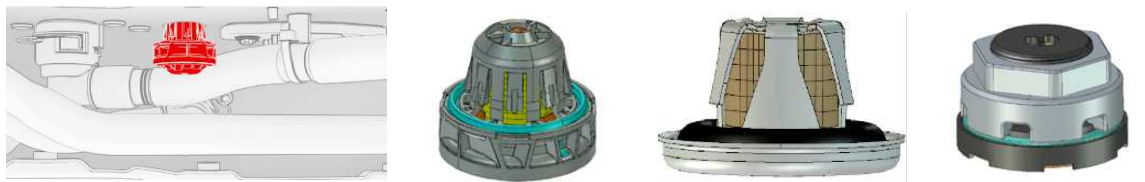


Introduction to Technological Innovation

Overflow valve (improving the safety performance of new energy vehicles)

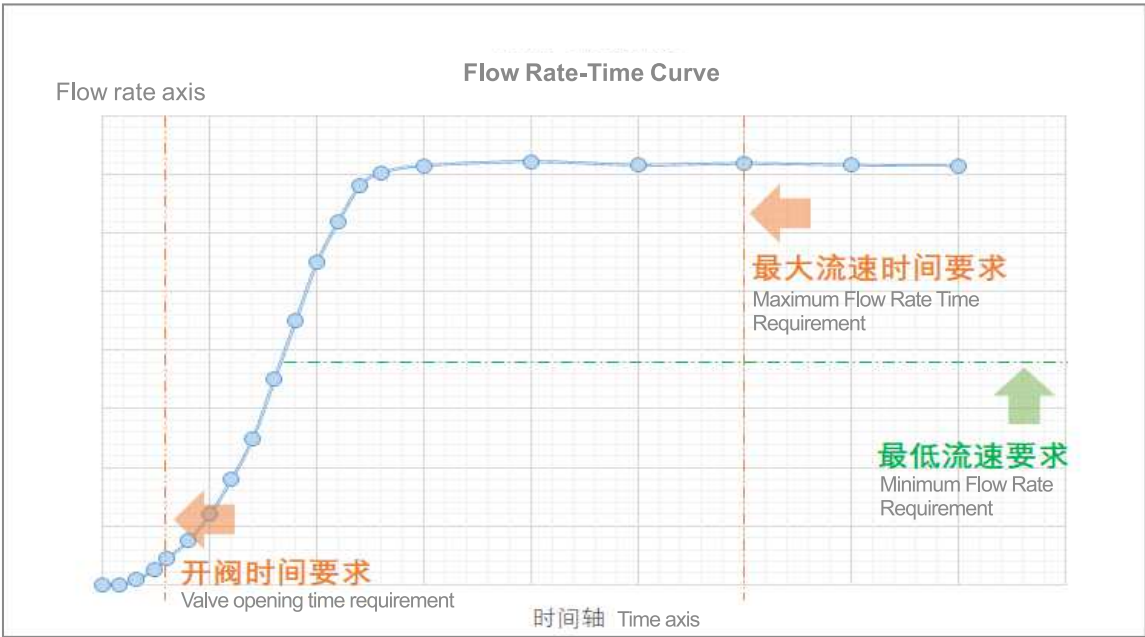
As the core power component of new energy vehicles, batteries will leak coolant in the cold plate or cold pipe when facing vibration, impact, extrusion and other working conditions, which will cause short circuits inside the battery and cause major safety hazards such as fire in serious cases. The development of overflow valve technology solves this problem, thereby improving the service performance and reliability of battery packs.

Used for emergency discharge when coolant leaks from the battery pack



Technical features

- Possess independent development and design capabilities
- The unique surface treatment technology of stainless steel can achieve NSS of more than 1000h , which can meet the dual requirements of high strength and high corrosion resistance.
- Unique expansion material technology to accurately control liquid flow



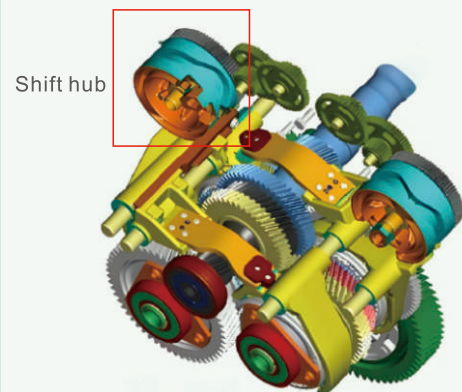
Introduction to creating green products

In response to national policy planning, ARN Group actively implements the "dual carbon" strategy to meet the needs of global customers and promote the progress of the industry. ARN Group uses technological innovation as a driving force to continuously improve processes and technologies in the field of traditional fuel vehicles. At the same time, it actively develops new energy products to accelerate the company's transformation and development into the new energy field. ARN Group is committed to providing customers with more environmentally friendly and efficient solutions and contributing to the development of the automotive industry.

Shift hub

The shift hub is a shift actuator for passenger car DCT and DHT transmissions, which requires smooth shifting and fast response, high hardness and good wear resistance. It is an important component in the car. It adopts slider technology and lightweight structural design, with small rotational inertia, which can more accurately match the engine speed and provide a smoother acceleration and shifting experience. Thus it can achieve higher fuel economy.

Applied to automotive DCT , DHT , EV transmission shifting systems



Product categories

Hub (Monobloc)



Hub (Assembly)



Features

Industry specific casting technology (gravity)

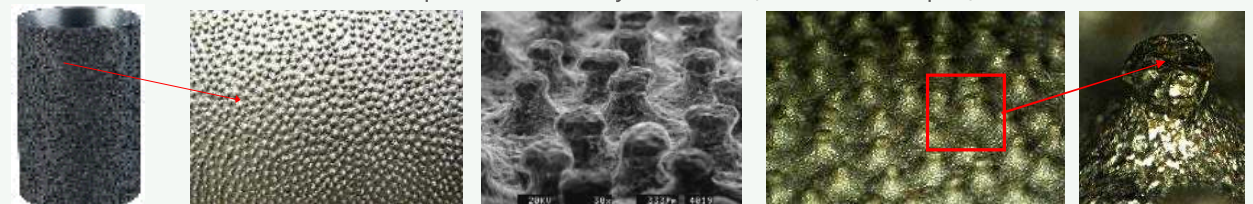
- The use of high-strength aluminum alloy materials has the advantage of high durability.
- Special core pulling mechanism is set up to achieve product lightweighting, with a weight reduction effect of about 5%.
- Adopting high-strength sintered hardened powder metallurgy gears. We have consistent production capabilities in casting, processing, and assembly.

Thorn-like cylinder liner

Thorn-like cylinder liner is a high-performance cylinder liner manufactured using the needle-punching process . During the manufacturing process, the surface of the cylinder liner is needle-punched with a high-pressure needle-punching machine to form a large number of fine oil passages and channels , which effectively improves the lubricity and cooling effect of the cylinder liner , so that the cylinder liner and the cylinder body are evenly stressed and heated in all directions when they are joined , thereby better protecting the engine. Therefore, the lubricity and cooling effect of the thorn-like cylinder liner are better than those of ordinary cylinder liners, especially under high speed and high load conditions, the performance of the thorn-like cylinder liner is even better .

Thorn-like technique

There are small spots around the cylinder liner (mushroom-shaped)



Technical advantages

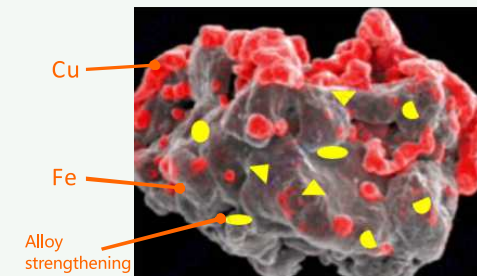
- Improve mechanical bonding strength
- Improve thermal conductivity
- Improve lubricity
- Improve fuel efficiency
- Improve cooling effect

High thermal conductivity and high wear resistance guide material

The valve guide is one of the key components of the automobile engine valve structure . Its functions are to guide the up and down movement of the valve and to transfer the heat on the valve stem to the engine cylinder head. With the national " carbon peak" and " carbon neutrality " goals , fuel engines are developing towards the trend of "low energy consumption, low emissions, and lightweight" . The ambient temperature in the engine cylinder room is getting higher and higher, and the lubrication conditions are getting worse and worse . Therefore, the thermal conductivity and wear resistance of the valve guide are increasingly required.



Metallographic structure x500 times



Micro-grain structure

Technical advantages

- Cu is distributed in a three-dimensional network, which improves the heat conduction channel and improves the thermal efficiency of the engine;
- Use reinforced base powder to strengthen the matrix and improve eccentric wear;
- The surface pore design generates a strong lubricating oil film to reduce dry friction;
- Add solid lubricant, good self-lubricating performance, reduce adhesive wear .

■ Number of new technologies, new processes, and new products developed, and innovation achievement conversion rate

The group carries out research and development of "three levels and five major projects". It mainly focuses on solving the bottleneck technical problems of new energy vehicles, developing innovative technologies and products such as battery thermal management systems, motor and electronic control systems , and lightweight , and applies relevant results to the member units of the center to achieve the transfer, transformation and industrial application of scientific and technological achievements . The R&D center organizes and implements hundreds of scientific research and technical research projects every year, completes the development of more than 100 new products, new technologies, and new processes , obtains hundreds of innovative results, and the conversion rate of results exceeds 80% .



Talent Team

896 people

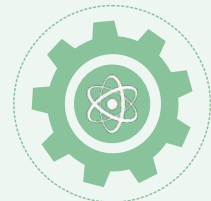
Staff

772 people

Bachelor degree or above

23 people

Senior professional title



Technological Achievements

115

Authorized invention patents

654

Utility model patents

23 items

Evaluation of scientific and technological achievements

17

New product certification

38

Leading or participating in national and industry standards

8 ↑

Host and lead major projects



R&D Platform

18

Provincial and above R&D centers and platforms

Cultivate fertile soil for quality

■ Product quality management system and implementation, supervision and random inspection and qualified rate

● ARN Group has determined the business strategy of "No. 1 in China and First-Class in the World" . Based on this strategy, it has proposed the quality goal of "zero quality defects and zero customer complaints". It focuses on improving customer satisfaction and building a quality management system. It takes the problems existing in the market and production sites as the starting point, promotes product quality improvement through positive and negative prevention and system improvement, actively innovates various management, ensures the effective operation of the quality management system, and comprehensively improves product quality.

● The quality management commission was established in 2010. Based on the participation of all employees and the entire process and scientific evaluation, it regularly conducts system, product, process and quality inspections to verify the effectiveness of the implementation of the quality management system. Quality improvement activities are carried out through the extensive application of quality tools such as QC teams, self-process completion and Six Sigma .

● We invite famous teachers from institutions such as DNV and KraiG and experts from major automobile OEMs to provide comprehensive training for management personnel and grassroots backbones through online and offline training. Every year, we also send key personnel in R&D, process, equipment, production, and quality to study the latest technologies and management methods abroad to effectively improve the quality system, product quality, and service quality.

● In the production and manufacturing process, the company continues to promote the use of workshop management systems through the application of new technologies, new equipment, and new tools, and cooperates with suppliers such as Huawei to improve the automation and digitalization of production lines, and ensure the quality consistency and stability of the production process from a hardware perspective .

● We further promote the establishment and use of information-based and intelligent quality control methods, such as QMS quality management system, automatic data collection system, accurate traceability system and visual dashboard, to strengthen the quality

control of the whole process . In 2022, we will start to promote the standardization of the OA system quality module process, and currently 12 quality management processes have been put into online operation.

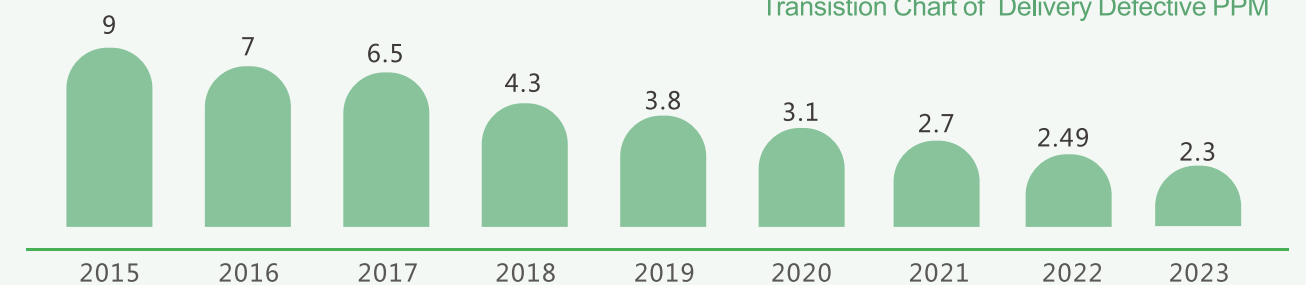


● At the same time, based on the analysis of the quality system process, measures to deal with risks and opportunities have been formulated. Each management department identifies and analyzes its risks and opportunities based on its activities, products and service processes, and formulates and implements corresponding measures to avoid, reduce and eliminate risks. We vigorously adopt measures such as introducing new technologies and new products, developing new markets and new customers, and establishing partnerships to respond to new developments and new opportunities.

● The product technology and production technology departments are responsible for organizing the preparation of DFMEA and PFMEA . Risk analysis covers all kinds of lessons learned from product recalls, product audits, complaints, scrapping, rework and repair. All processes need to form recorded information as evidence of the risk analysis results .

● The delivery rate to the customer's assembly line is basically stable at 100% (delivery defective PPM), and the defective PPM reported by the customer market remains below 5 , which is at the leading level in the industry.

Transition Chart of Delivery Defective PPM



Quality Third-party certification



- Quality management is the focus of company management. Since the late 1990s, the company has gradually introduced, improved, and implemented quality, environment, occupational health, and measurement management systems, forming multiple system operation modes such as ISO9001, ISO14000, VDA6.1, QS9000, OHSAS18000, TS16949, ISO10012, IATF16949, ISO45001, etc.
- In 2020, the group company also passed the laboratory accreditation of the China National Accreditation Commission for Conformity Assessment, Obtain CNAS certificate.

IATF16949



ISO9001



CNAS



ISO45001



Continuous improvement of quality

Quality Training

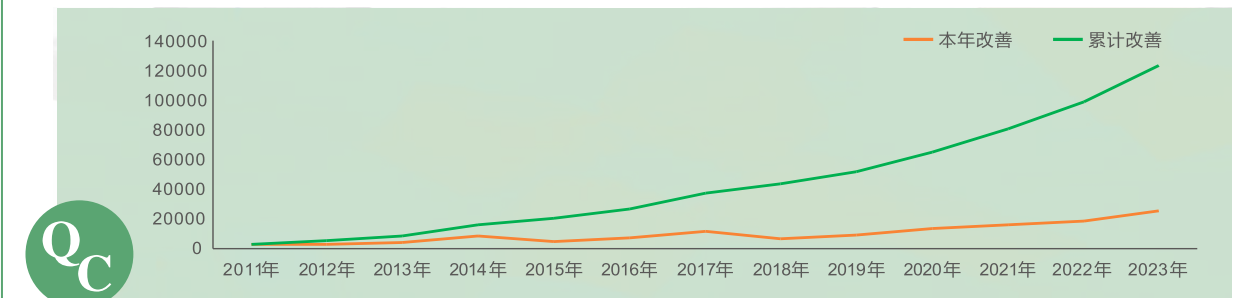
Special training

- In terms of promoting the construction of corporate internal auditor teams, more than 1,000 people had received various types of internal auditor training by 2023 .
- In 2023 , more than 300 people participated in various quality trainings .



QC group activities

- Since 2012 , we have continued to carry out QC group activities to improve aspects related to cost, efficiency, quality, etc., and have participated in the release of results at the domestic, provincial, customer and overseas parent companies many times. Our subsidiaries have won the titles of "National Excellent Enterprise for Quality Management Group Activities in the Machinery Industry" and "Excellent Enterprise for Quality Management Group Activities in Anhui Province" for many times, and have been widely recognized by customers .
- Based on the developments over the years, remarkable results have been achieved in terms of the effectiveness of activities, the qualifications and skills of personnel, and the innovation of results. Over the past decade , we have achieved annual cost savings ranging from several million to tens of millions, with accumulated tangible results of RMB 121.688 million .



- During the QC group activities in 2023 , the group's companies established 245 QC groups, with a full employee coverage rate of 34 % ; 248 issues were solved , and the annual improvement amount reached 24.38 million yuan.

QC Participants

34%

The participation rate of all employees in the group's QC activities has increased year by year to 34%

Activity groups

245 ↑

245 groups were established in 2023

Problems solved

248 ↑

In 2023 , the QC team solved 248 projects (a total of 1,295 projects solved over the years)

Improvement amount (10K yuan)

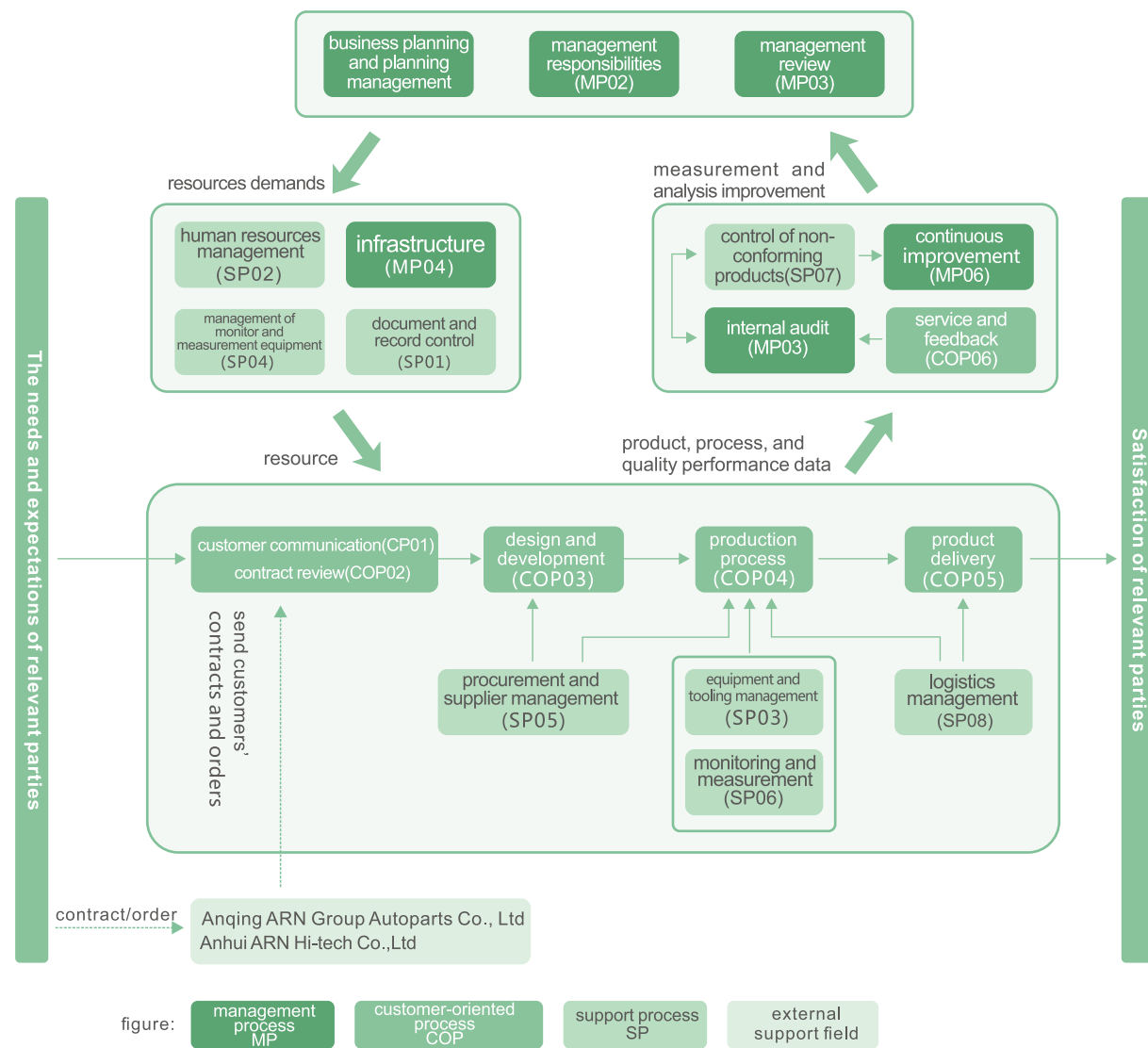
2438 万元

The total improvement amount in 2023 is 24.381 million yuan

Product demand guarantee and stable supply

- The company integrates the core values of the enterprise into the requirements of quality system management, supported by quality manuals and procedural documents, conducts management reviews, internal audits, and other activities, implements KPI target management, and conducts performance evaluations.
- In the operation of company management activities, comprehensive quality management is carried out and the PDCA process management method is applied. The quality management system is scientific and effective, laying the foundation for ensuring quality (as shown in the figure below).
- In order to strengthen risk management of the supply chain and improve stability and security in the supply chain, product liability insurance will be fully introduced from 2023 .

Quality management system process pattern diagram



Provide complete and correct product information, transparent pricing and charging information

Always customer-oriented, all work focuses on customer satisfaction or exceeding customer expectations

- The company regularly visits customers or invites customers to product design, laboratories and manufacturing sites to communicate with customers about new product processes, technologies and functions, and works with customers to build test platforms to demonstrate the superior performance of products. It also allows customers to freely share test data from the group's technical center, so that customers can fully believe that our products are high-quality products.
- We have established a strong project management team. In accordance with APQP management requirements, we use project management software to maintain full communication with all customer departments in each process from technical description, quotation, bidding, design, manufacturing, sales, and after-sales service. That is, we ensure full transparency from product planning to delivery and after-sales service, so that customers can fully understand and trust us.



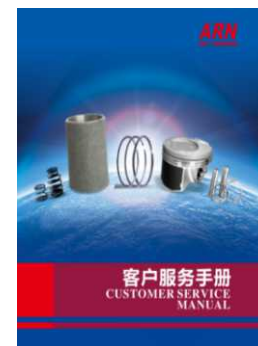
Inform customers about the correct use of products and warn them of the risks

Organize the compilation and improvement of the "Customer Service Manual", explain the packaging, storage, installation, use and subsequent maintenance of the components, and inform customers of the product usage scenarios and potential risks caused by various improper uses.

We regularly conduct on-site operational training for customers, teach them how to store and manage products, how to install and use them, and how to inspect, analyze and handle problems that arise, and demonstrate to them on-site the risks of improper use.

Directly communicate with customers face to face to understand their needs and the problems encountered in actual use, provide on-site countermeasures and explanations based on their needs, and solve the problems faced by customers.

In recent five years, we have organized more than 200 on-site training sessions for customers, invited countless customers to our company for on-site training, and organized excellent dealers to study and train at our overseas parent company. As of December 31, 2023, the OEM customer training rate is 100%.

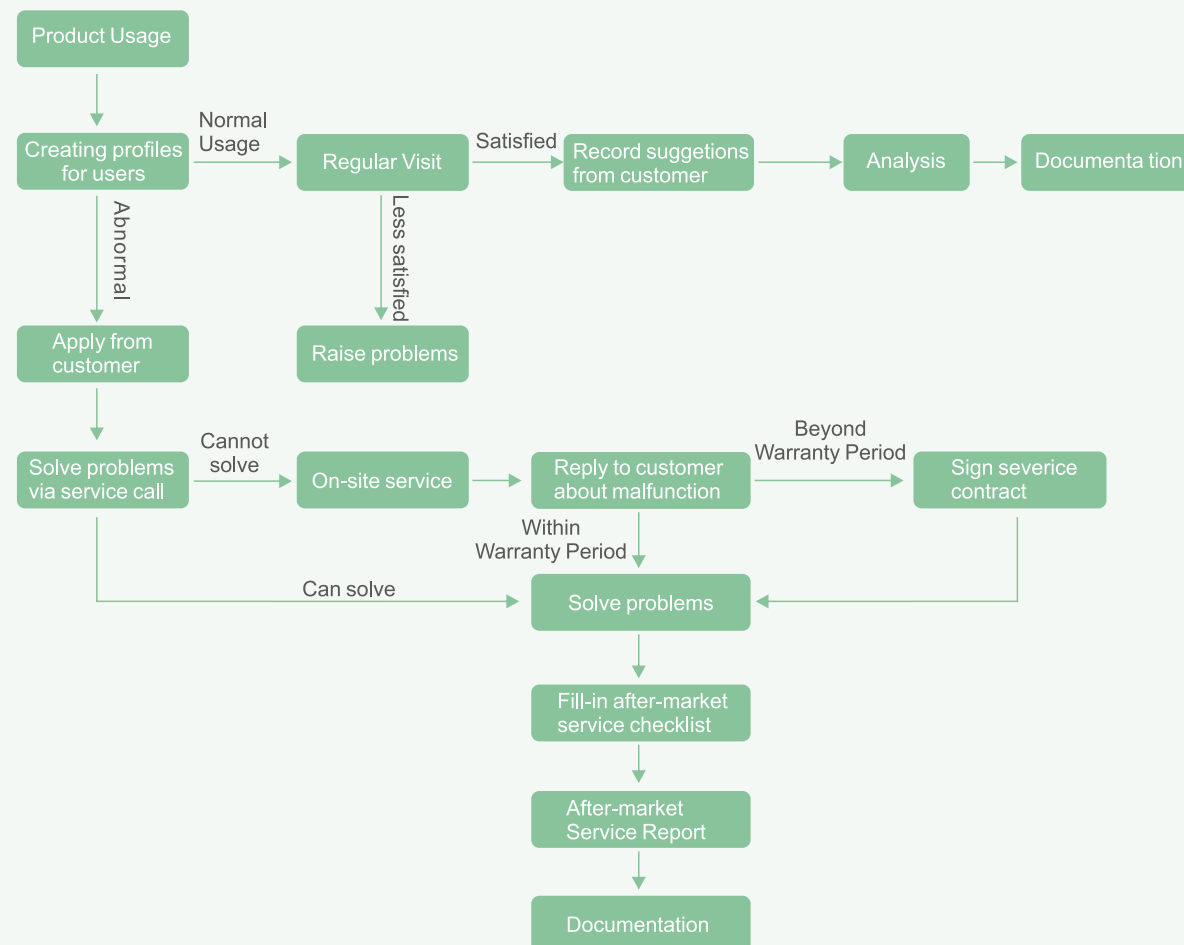


After-sales service and quick response system for complaints

- The company establishes good cooperation and service relationships with customers through portal websites, official accounts, customer service hotlines, questionnaires, regular door-to-door visits and other methods .
- Conduct satisfaction surveys every year and use the analysis results as input for annual management review . Arrange dedicated personnel to log in to customer-related website platforms in a timely manner to understand the information released by customers and pass it on internally for implementation.
- We have established a complete after-sales service system, set up a dedicated customer service department, and standardized and institutionalized service processes to ensure that customers' problems are resolved in a timely and effective manner .
- The relevant requirements of the state on automobile "three guarantees" and "recalls", the company continues to optimize the product traceability system, organize recall rehearsals and review key suppliers to improve traceability management capabilities. As of December 31 , 2023 , the company has not had any market recall incidents, all customer feedback has been resolved through consultation with customers , and the overall recall and three guarantees management are running smoothly.



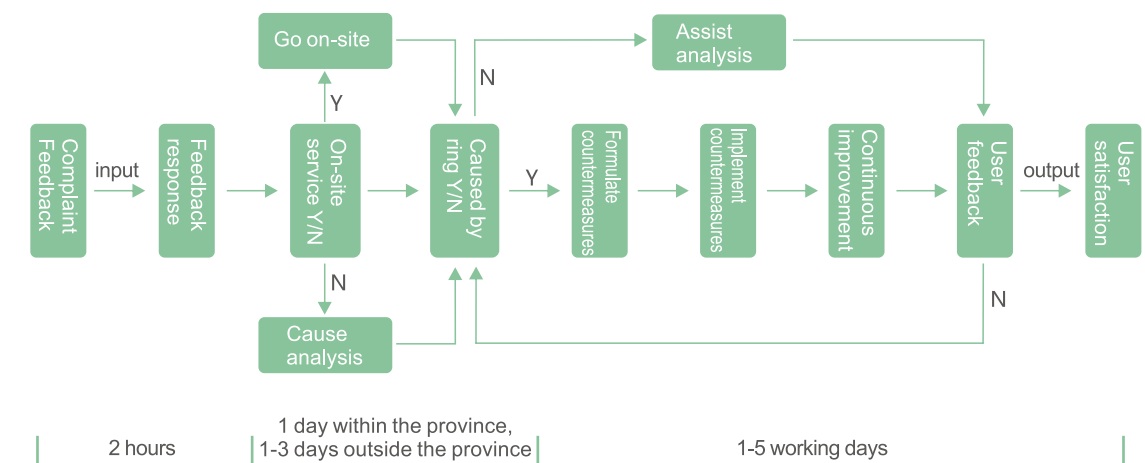
Service Process



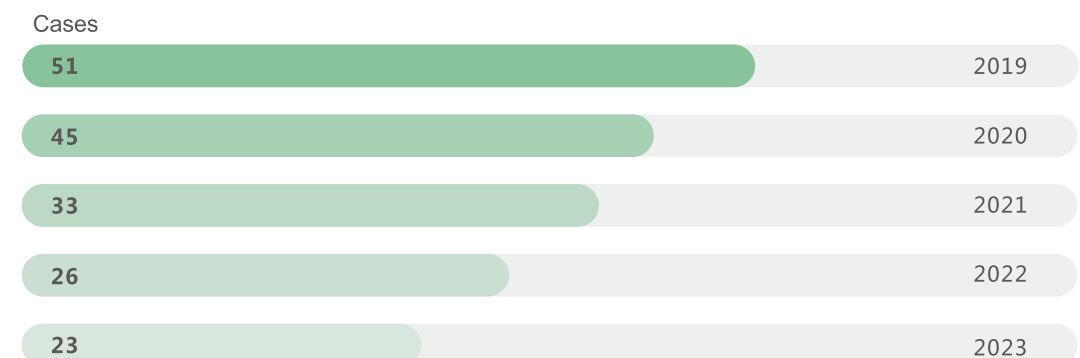
Number of complaints handled and improvement status

- We have established a complete customer complaint handling system and set up a special department to handle customer complaints and suggestions in accordance with the " Customer Complaint Handling Measures " , standardize and institutionalize the acceptance process , and ensure that customer problems are resolved in a timely and effective manner .
- In response to quality issues reported by customers, we have established a customer complaint and information log, including records of handling issues at customers' locations and products in transit. We use methods such as 8D and the Five Principles to analyze and resolve issues, ensuring that customers have timely and accurate information, handling compensation in a scientific and fair manner, and actively and prudently protecting the rights and interests of customers and consumers.

Timeliness of Complaint Handling



Transition Chart of Complaint Cases in Latest 5 Years



Product satisfaction, consumer satisfaction, customer satisfaction survey

- The company provides high-quality after-sales service to customers and consumers, practices the service tenet of "customer first", strives to meet the all-round needs of customers and consumers , establishes an effective multi-channel communication mechanism , manages customer files, and uses telephone, Internet, e-mail, on-site visits and other channels to form good interaction with customers.
- We have set up a complaint hotline to ensure that complaints can be resolved in a timely and effective manner , and conduct satisfaction surveys regularly. We investigate and analyze customer satisfaction from four dimensions: quality, delivery time, service, and product cost-effectiveness. We promptly identify internal deficiencies in quality production and service, improve ourselves in a targeted manner, and better serve our customers. Our customer satisfaction rate is over 90% , and we have won the highest quality honor award many times.

Customer satisfaction

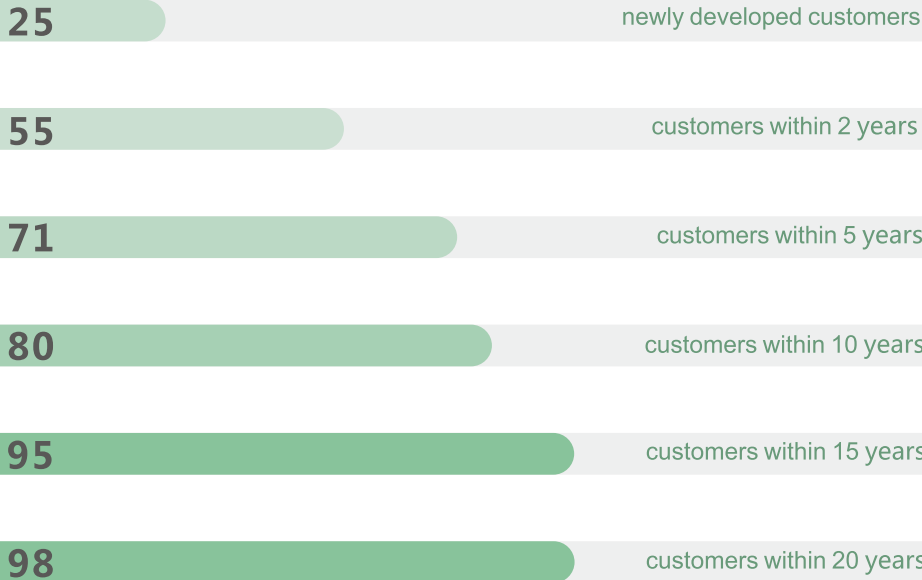


Guide customers and consumers to purchase and consume sustainable products and services

- The company has established a service philosophy of serving the interests of society and consumers, advocating for green environmental protection and eliminating resource waste. It actively explains to customers and consumers the excessive promotion and risks of some products in the market, and provides evidence to explain the resource waste and environmental damage of some products in the manufacturing process. It recommends green products with new designs and processes.
- In addition, we utilize opportunities of customer communication and national and regional exhibitions, explain the future development trends and directions of the product from a technical and economic perspective, fully explain the new materials, processes, and designs of the product, and inform customers and consumers to purchase valuable and correct products.
- By meeting the potential needs of customers and achieving unexpected new quality of products or services, the company focuses on exploring customer needs, creating new products, and increasing unexpected new quality, continuously improving customer service systems. Reasonably measure the service level of the company, actively correct deficiencies, improve the service process of the enterprise, and ultimately achieve a service level of "value for money" charm quality for customers, thereby guiding customers to make sustainable purchases and achieving sustainable development.

Transition Chart of Customer Loyalty

Conclusion of Customer Cooperation Years
(By the end of December 2023)



Energize Intelligent Manufacturing

Overview of digitalization and intelligence



With the vigorous development of new generation information technologies such as 5G, big data, and artificial intelligence, new technologies, new thinking, and new methods are leading the transformation of business operation models, management methods, and decision-making ideas.

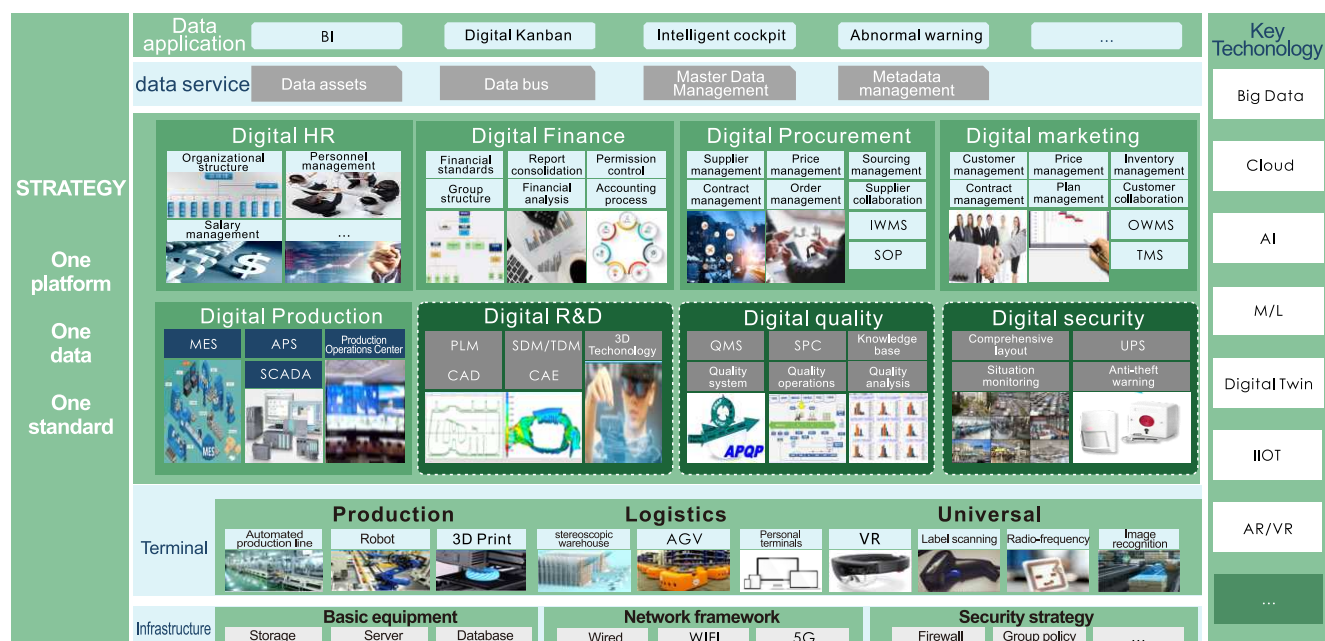


ARN Group, in line with the development trend of automotive component manufacturing and new generation information technology, has proposed a digital transformation strategic goal: to invest one billion yuan in intelligent manufacturing and industrial internet construction within five years, and accelerate the transformation and upgrading to digitization and intelligence.

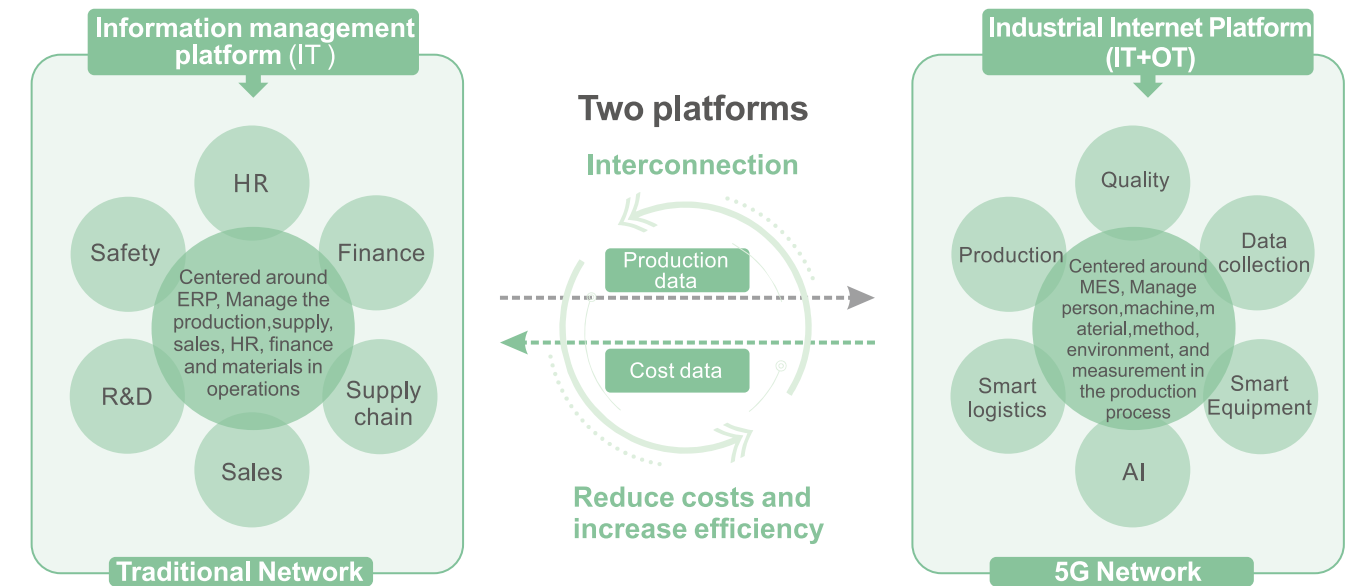


"123" action plan and two digital tactical programs, ARN Group promotes the deep integration of business and systems, takes digitalization as the core, uses network means to achieve intelligent empowerment, ensures efficient and high-quality delivery of products and services, continuously enhances the core competitiveness of the enterprise, and moves towards high-quality development.

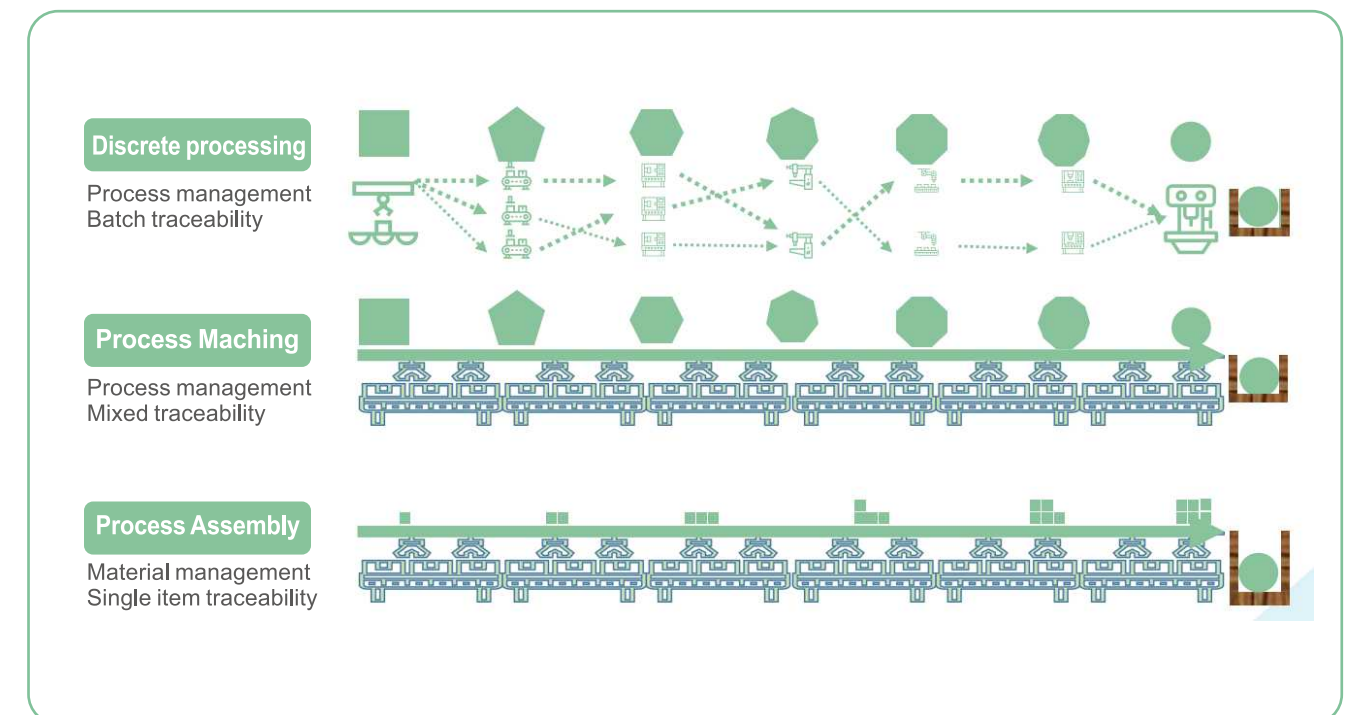
"123"—A Blueprint Clarify the digital planning of the group



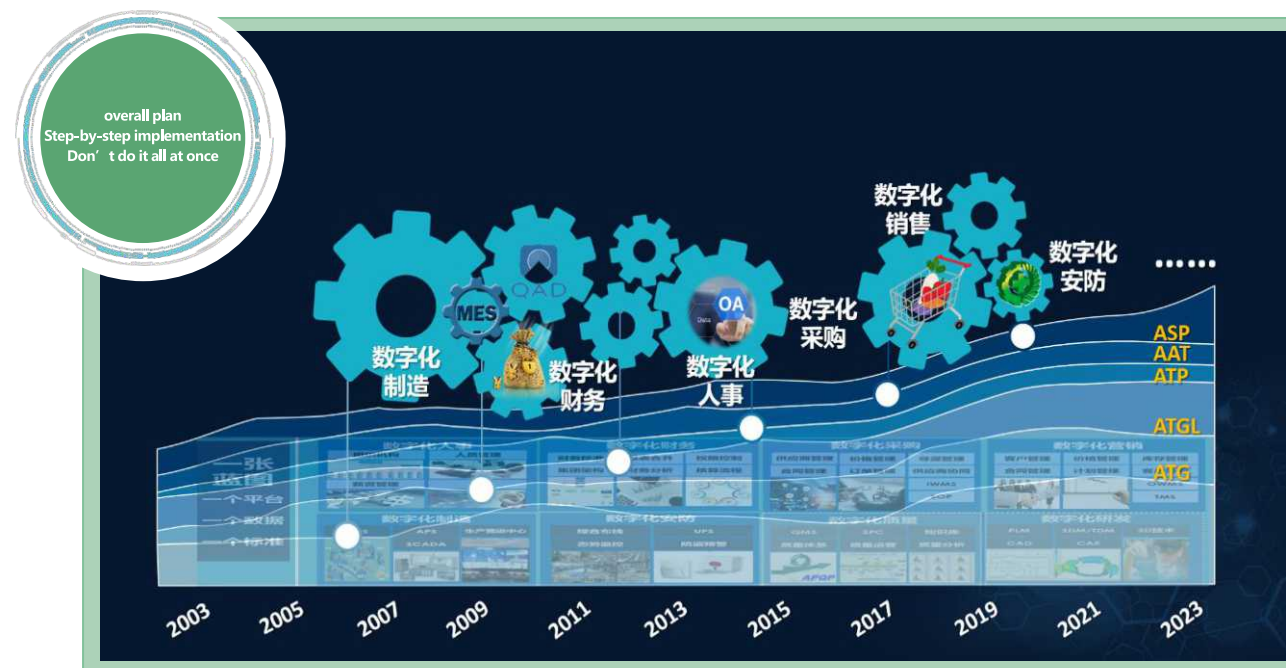
"123"—Two Platforms Utilizing Two Platforms to Realize Interconnection and Interoperability



"123"—Three modes Establish digital production line standards



Two major programs - distributed implementation



Industrial Internet Platform

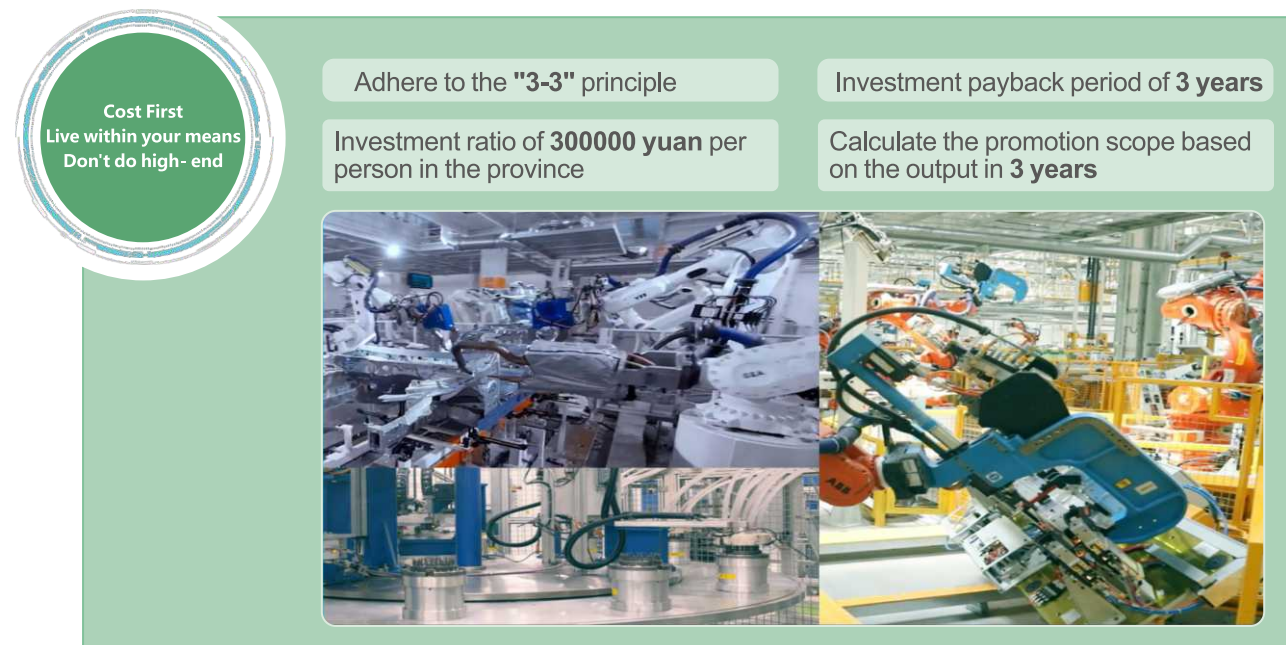
ARN Group builds an industrial Internet platform that covers the group, service industrial bases, and upstream and downstream enterprises in the supply chain

- Realize data integration management through data collection, storage and processing;
- Build a multi-level cockpit and use data visualization to improve management decisions;
- Build 5G + digital solutions to help enterprises achieve digital transformation.

2023 :

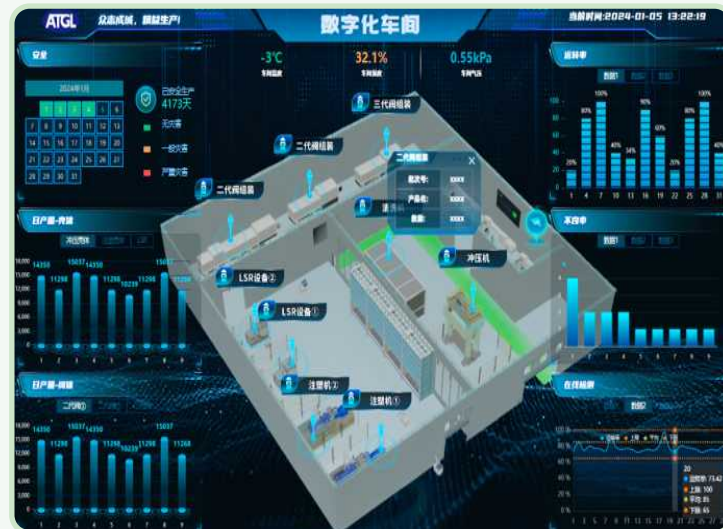
- Realize digital security ;
- 1,418 devices were digitized;
- 43 digital dashboards at the process, workshop, and factory levels ;
- Independently developed 4 quality application scenario apps ;
- Built 3 digital benchmarks.

Two major guidelines - cost first



Enterprises' information technology construction in production

Group subsidiary (ATGL): Gasoline engine processing automation



Through the promotion of the digitalization project of the gasoline engine processing workshop, functions such as real-time push of equipment abnormalities, real-time online acquisition of operating rate, and electronic process are realized.

2023

- The operating rate increased by 5% ;
- Annual cost savings of RMB 840,000 ;
- The project was rated as "ARN Group's Digital Workshop" .

Group subsidiary (ATG) : Motor Shaft Process and Equipment Automation



Develop double-head lathe connection, automatic loading and unloading machining center, automatic loading and unloading gear hobbing machine, automatic loading and unloading grinding machine and other equipment to achieve highly automated processing of motor shafts from blanks to finished products;
Developed MSA machine to achieve automatic marking and inspection of motor shafts.

2023

- Save 16 people;
- The project was awarded the "ARN Group Science and Technology Innovation Third Prize".

Group subsidiary (ATG): Development of domestic Arbor line



Developed domestic whole-axle turning, whole-axle clamping and whole-axle grinding equipment, using 6 processes to replace the original 16 processes, achieving and exceeding the Arbor function.

2023

- Annual cost savings of RMB 2.426 million;
- Second Prize for Scientific and Technological Innovation of ARN Group ".

Group subsidiary (ATGL): T valve (second generation) assembly automation line



It can realize automatic loading, incoming material inspection and assembly of product assembly parts, and inspect the size of the assembly process and finished products, automatically collect materials, place plates and stack them. Data is automatically collected, recorded and saved, with product quality traceability function.

2023

- Save 18 people;
- The project was awarded the "ARN Group Science and Technology Innovation Third Prize".

Group Subsidiary (AAT) : Improved piston assembly efficiency

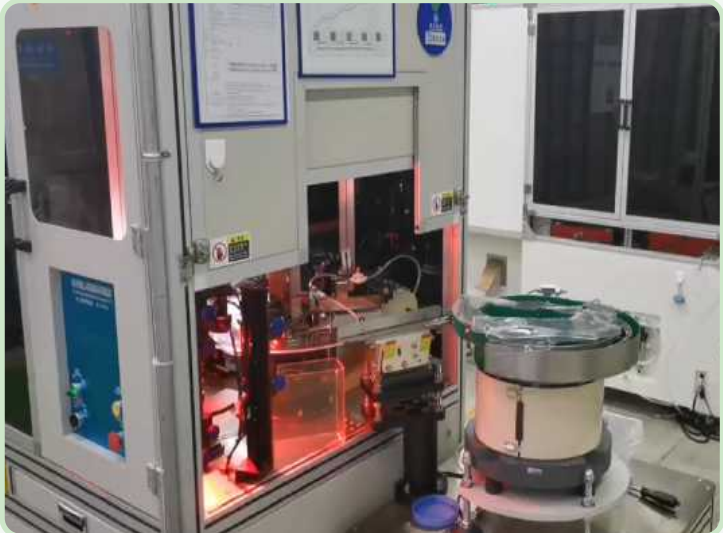


By optimizing the ineffective takt of automatic assembly and the synchronous action of circlip assembly, the equipment cycle can be shortened; through technological innovation and improvement, automatic assembly can be achieved and production efficiency can be improved.

2023

- Save 13 people ;
- Save 3.6 million yuan in investment;
- The project was awarded the "ARN Group Science and Technology Innovation Third Prize".

Group subsidiary (ASP) : Dimensional and visual inspection of small compression springs



The small spring size inspection machine uses machine vision technology to automatically sort qualified springs; the equipment has a reserved data acquisition interface, and real-time collection of product information can be realized after the data acquisition system is online.

2023

- Save 13 inspectors ;
- Annual cost savings of 3 million yuan;
- Second Prize for Scientific and Technological Innovation of ARN Group ".

Group subsidiary (ATP) : Valve seat profiling data acquisition



Through technologies such as 5G+ data acquisition gateway + edge MEC , equipment interconnection and data collection can be achieved; data analysis and visualization can be achieved without the data leaving the site, providing managers with a basis for data decision-making and improving production efficiency.

2023

- Production efficiency increased by 2.5 % ;
- 3 million yuan in equipment investment ;
- The project was rated as "ARN Group's Digital Process ".

Group Subsidiary (FMAP): Intelligent Weighing and Dosing System and AGV Handling

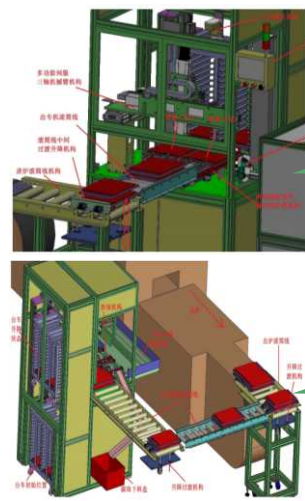


It can solve powder dosage problems comprehensively, dose fast and accurately, and monitor all the time with computers. The system starts by scanning the code, weighs and automatically proportioned all kinds of powder according to the parameters set in the program. It can also handle intelligently, realizing high-speed and accurate logistics and real-time product information records.

2023

- Saving 3 personnels;
- saving 3.6 millions yuan a year;
- The program acquired ARN Group Science And Technology Innovation Third Prize.

Group subsidiary (ATP): Improved efficiency of valve guide sintering process



Double-layer automatic loading into furnace

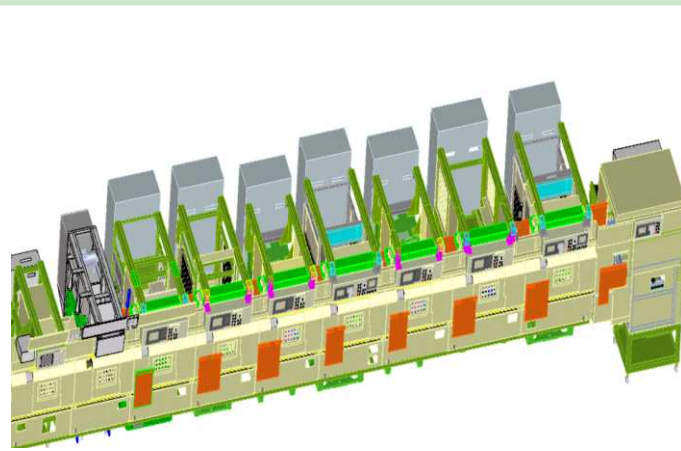
Double-layer automatic unloading off furnace

Add a double-layer swing function to the automatic loading and unloading equipment, and adapt it to the double-layer swing sintering and tempering process, so as to increase the sintering and tempering efficiency of the mesh belt furnace by 100% , replace the manual operators of the double-layer swing, and reduce the investment in 2 new equipment.

2023

- 12 manual workers ;
- Saved costs by RMB 6.53 million;
- The project was awarded the "ARN Group Science and Technology Innovation Third Prize".

Group Subsidiary (AAT): High-speed processing automation improves efficiency



Using sequential processing and FANUC robot automatic handling. On this basis, the production line efficiency is further improved by synchronizing the bottleneck process, optimizing the takt, and improving the chip breaking of the tool.

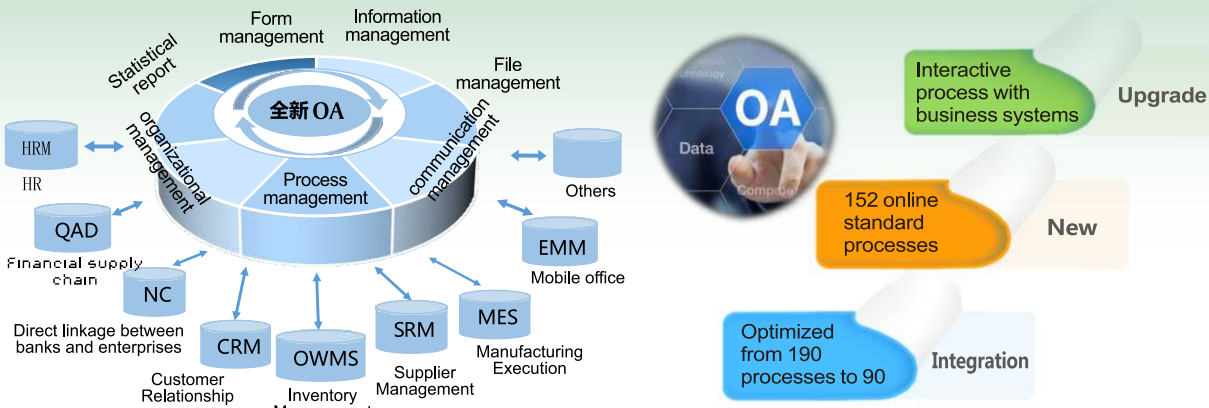
2023

- Production efficiency increased by 7 %;
- Annual production capacity increased by 600,000 yuan;
- Save 8 million yuan in investment;
- The project was awarded the "ARN Group Science and Technology Innovation Third Prize".

Information technology construction in management for enterprises

OA Office Automation

Comprehensive review of the group's business processes Realize business standardization and digitization



2023

- More than 2,000 users ;
- The office efficiency of business personnel increased by 60% ;
- 100,000 processes are generated annually ;
- Interoperable with OWMS , SRM and other systems.

Standardized department dashboard



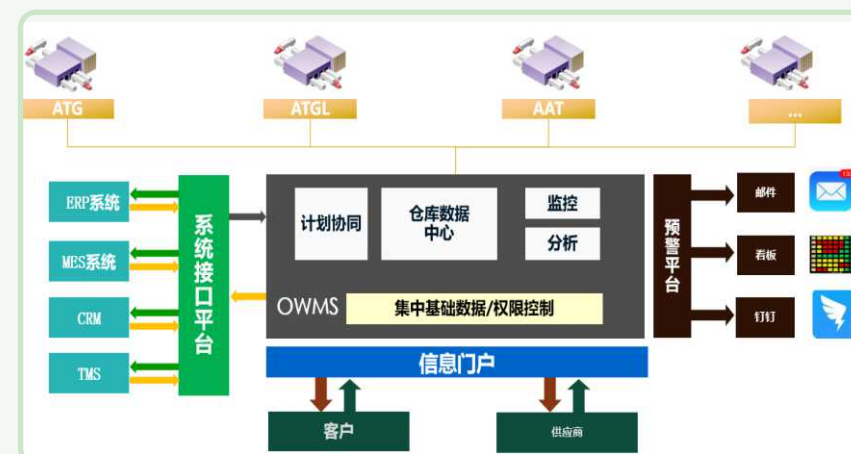
In order to effectively manage production processes and change points online and provide managers with data-based decisions, ARN Group has developed a standardized department dashboard.

2023

- 700,000 yuan in costs ;
- Realize online management of production, quality, safety, personnel, etc.;
- Realize the management of change points such as people, machines, materials, methods, and environment;
- The project was awarded the "ARN Group Science and Technology Innovation Third Prize".

Information technology construction in marketing for enterprises

Finished product warehouse management system



In order to reduce the stock of long-stagnant products, save corporate resources, reduce delivery risks, and improve inventory turnover and customer satisfaction, ARN Group has built a finished product warehouse management system OWMS.

2023

- Standardize operational procedures;
- Inventory turnover rate increased by 20 %;
- The annual order delivery rate reached 100%.

Innovation Honors in 2023



2023 , ARN Group won more than 20 innovation honors from the government, industry, and customers.

Information technology construction in after-market service for enterprises

Sales Management System



2023

- High-risk customer identification, early warning and loss avoidance; Capture basic data from the backend and complete the automatic chart generation; Interconnect with OA and SCRM to standardize management;
- Selling assistant can save the time of one week per month
- The program acquired ARN Group Science And Technology Innovation Third Prize.

In order to optimize customer resources, integrate customer information and improve comprehensive service level, our ARN Group has optimized the customer relation management system(CRM).





» Responsibility Performance  Coordinated Development
Value empowered, and grow together with employees

2023

Labor contract employees	Minority employees	Female employees	Recruiting employees in 2023
7429 people	193 people	1779 people	885 people
Number of people whose labor contracts expire in 2023	Number of people renewing labor contracts in 2023	Number of new labor contracts signed in 2023	Sign an open-ended contract in 2023
520 people	520 people	885 people	208 people

Welfare Guarantee , Sound Salary Management System

■ Salary Level

- The company recognizes the efforts and contributions of employees and shares the company's development results with employees. In accordance with the idea of "strengthening guidance and effective incentives", an attractive and fair salary performance and welfare system is established.
- Our performance evaluation system is designed to measure employee performance and departmental collaboration **fairly and objectively**. We have also implemented a **comprehensive feedback mechanism** . If an employee disagrees with the evaluation results, he or she can appeal by email or phone.
- Establish a **democratic management** system and build multi-channel communication methods; hold collective wage consultation meetings every year to discuss annual salary increase plans with union representatives and enterprise representatives . In 2023 , under the influence of the external environment and the company's operations facing greater pressure, all employees will increase their capital by about **5%** ;
- In 2023 , the average monthly salary of supervisors and below will be about **66% higher than that** of employees in local urban private units .



Benefits

Employee welfare system

The happiness of employees is the foundation of the company's technological progress, excellent products and first-class services. Therefore, we are committed to continuously improving the employee welfare system and enhancing employees' sense of happiness and belonging.

Health and wellness benefits

- Statutory benefits**
 - Basic medical insurance, large medical mutual aid insurance
 - Medical period
 - Statutory annual leave
- Company benefits**
 - Supplementary medical insurance
 - Annual health check-up and interpretation service
 - Personal Accident Insurance
 - Staff activity room
 - Health Consultation Services
 - Cultural and sports activities, model worker tourism

Family benefits

- Statutory benefits**
 - Marriage Leave
 - Full paid maternity leave
 - Maternity leave and paternity leave
 - Breastfeeding leave
 - Family Leave
 - Bereavement Leave
- Company benefits**
 - Parental leave
 - Infant room
 - Death of family member: condolence gift

Financial support benefits

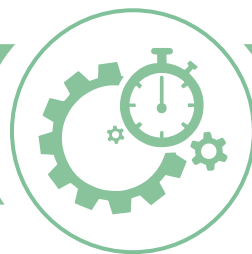
- Statutory benefits**
 - Pension, unemployment, work injury, and maternity insurance
 - Housing Provident Fund (based on the highest payment ratio)
- Company benefits**
 - Zero down payment home purchase
 - Housing subsidy
 - Car purchase subsidy
 - Retirement souvenir
 - Holiday costs
 - Birthday Gift

Workplace Benefits

- Company benefits**
 - Free shuttle service
 - 1 yuan for breakfast, 2 yuan for lunch and dinner
 - Distribution of heatstroke prevention and cooling supplies
 - Overtime allowance (meal allowance, transportation allowance)
 - Mid-night shift subsidy

- According to relevant national, provincial, and municipal requirements, employees are guaranteed the right to enjoy annual leave, marriage leave, maternity leave, nursing leave, and parental leave.
- Pay overtime work in full and strictly control overtime hours according to the following requirements, ensuring employees' right to rest and vacation:

Monthly overtime not exceeding 36h



Daily working hours shall not exceed 11 hours

Take at least one day off per week

Night shift switching ensures two days off

Caring for Employee, Health and Safety Come Firstly

Health management

The company hires health consultants, allocates full-time factory doctors, and tracks and manages the health status of employees.

100%
physical examination rate for in-service employees

Arrange for all employees to participate in health examinations every year, and the health consultant will analyze the examination results and apply them to personnel allocation, dining, and work environment improvement; Employees with abnormal physical examination indicators will be arranged for re-examination and admitted for treatment.

Conduct a detailed analysis of the results of the company's physical examination in 2021, and propose active intervention, early diagnosis, and early treatment for metabolic diseases and overweight male employees in the middle and elderly age groups of the company.

表 6 2017-2022 年不同性别指标异常率的比较

	男	血糖	血脂	尿酸	脂肪	血压	幽门杆	超重	心率	谷丙	甲状腺
2022	7.6	29.0	14.2	4.0	27.2	30.8	45.7	10.9	19.0	41.0	
2021	7.9	24	21.8	37.7	22.4	37.4	46.3	15.5	20.7		
2020	4.6	29.5	23	33.8	21.8	35.4	41.8	20.3	19.5		
2019	4.4	23.8	18.5	28.8	15.6	40.2	31.7	10	13.9		
2018	3.5	21.5	6.8	19.8	11.6	25	22.7	16.8	5		
2017	4.1	21.7	14.4	20.8	15.7	37.4					
	女	血糖	血脂	尿酸	脂肪	血压	幽门杆	超重	心率	谷丙	甲状腺
2022	3.1	10.8	1.9	1.6	8.8	23.8	24.7	9.0	9.3	61.8	
2021	4.7	13.1	7.7	12.4	8.6	34.8	24.7	15.9	7.4		
2020	1.7	12.8	6	9.5	6.7	31	20.9	17.3	6.8		
2019	1.4	7.7	4.6	8.7	6.4	38.8	16.9	10.4	3.6		
2018	0.3	3.5	0.8	2.1	1.6	8.4	12.8	3.3	2.7		
2017	1.8	12.1	6	7.5	3.2	39.4					

Note: The health examination for all employees in 2022 has been postponed to the first quarter of 2023 due to the epidemic.



Health consultants give special lectures on health knowledge

100%
Retired employees' physical examination rate

In order to ensure the physical health of retired employees and improve their quality of life in their later years, the company arranges for all retired employees to participate in health examinations every year, and a health consultant specifically develops a personalized physical examination plan for retired employees.



0%
Occupational disease incidence rate

On one hand, the company should do a good job in occupational disease prevention, equip sufficient protective equipment, and regularly carry out occupational health and safety training; On the other hand, arrange two occupational health examinations for all employees of special types of work positions and for those who have left their posts every year.

Establish occupational health examination records, identify taboo positions based on employees' physical condition, and promptly arrange job transfers.



Security Operations

Investment in safety production funds



ARN Group has continued to increase its investment in production safety funds, allocated and distributed labor protection supplies to employees according to quality and quantity, strongly supported continuous improvement of safety, and tended to invest in new equipment with high safety performance. In 2023, the investment in production safety funds was RMB 33.89 million.

ARN Group always adheres to the safety work policy of "working together with employees to create a safe and healthy work environment, continuously promoting zero safety accidents, and steadily improving disaster prevention, reduction, and relief capabilities", always putting safety first, firmly implementing the safety production responsibility system, and continuously strengthening the construction of a dual prevention mechanism system for safety production. By increasing investment in safety production funds as a guarantee and improving the quality of safety training and education as a starting point, we comprehensively enhance the safety production awareness and ability of each employee.

The focus of carrying out safety production is on the construction of safety production system and standardization. Among the 18 subsidiaries of the company, 11 have passed ISO45001 system certification, and 3 are Level-II enterprises in safety production standardization.

In 2023, the company's Safety and Environment Committee held regular safety meetings every month. While arranging and deploying specific safety production related work, it actively discussed and improved safety management systems such as meetings, inspections, education and training, safety operations, equipment safety management, accident hazards and hazards management, accident management, and rewards and punishments.

In 2023, based on the actual work situation, 87 regulations were revised and improved on the basis of the existing 534 regulations. At the same time, various management systems have also been integrated, and a groundbreaking safety bonus point system has been established, greatly enhancing the enthusiasm of all employees to participate in safety.



Emergency management

The company leaders attach great importance to the improvement of emergency response capabilities and have repeatedly emphasized the continuous improvement of emergency plans and the strengthening of emergency drills. In 2023, ARN and its subsidiaries revised and filed a total of 324 emergency plans, including 108 comprehensive emergency plans, 96 special emergency plans, and 120 on-site emergency response plans. A total of 396 emergency drills were completed as planned throughout the year.



Risk grading control

In 2023, each subsidiary of ARN Group identified a total of 54 important hazard sources, formulated 482 corresponding control measures, and used the company's safety environment digital platform to establish an electronic account of important hazard sources, generate daily inspection tasks for each control measure, and upload and archive inspection records. This not only improved the efficiency of risk grading control, but also improved the effectiveness of control measure inspection. The normal operation rate of important hazard sources in all companies throughout the year is 100%.



● Hidden danger investigation and control

The company has always adhered to the "multi-form and high-frequency" safety inspection activities, including mutual inspections among subsidiaries, professional team inspections, inspection team inspections, TOP inspections, special inspections, and holiday inspections. In 2023, the company conducted a total of 263 safety inspections of various types, identified 1,790 general safety hazards, completed rectification of 1,790 items, and a hazard rectification rate of 100%.



● Safety education and training

The company adheres to the concept of "full coverage and high quality" as safety education and training, and continues to carry out various safety trainings such as three-level education and training for new employees, fire knowledge training, outsourcing construction safety training, and safety red line training. In 2023, more than 460 safety trainings were organized, with more than 7,000 participants. At the same time, in order to further improve the quality of safety training, in 2023, we will carry out activities such as safe production month, safety and environmental protection knowledge competition, and traffic safety month, so that employees can experience various safety accidents in person, learn from experience and lessons, and improve safety awareness, so as to achieve 100% employee participation experience rate throughout the year.



0

In 2023, there was no serious injury or above safety accidents in the company.


Equal Employment, Build Harmonious Labor Relations

Management philosophy

Adhere to the "people-oriented" principle and create a highly dynamic, agile and sustainable talent supply chain to help employees grow and promote high-quality development of the company.

- We attract and gather talents with an attitude of equality and respect, protect the basic rights and interests of employees, attach importance to humanistic care, and pay attention to the physical and mental health of employees.
- To create an open and inclusive working environment, we provide diverse career development paths and personalized talent training to unleash the potential of employees, promote employee growth, and empower new forces in the environment.

Equal employment



- The company strictly abides by the Labor Law of the People's Republic of China , the Labor Contract Law of the People's Republic of China , the Labor Dispute Mediation and Arbitration Law of the People's Republic of China and other relevant laws and regulations.
- Comply with its regulations on employee hiring, firing, working hours and holidays, equal pay for equal work, etc., and provide equal employment opportunities to candidates .
- Adhere to the principle of equal and fair employment and resolutely oppose forced labor and child labor.
- Establish and continuously improve the " Physical Examination Standards for New Employees ", " Shift and Work Schedule Standards ", and " Resignation Management Regulations " .
- Provide employees with a complete employment mechanism to build a harmonious and stable labor-employment relationship.



At present , the company is in a period of transformation and development. Focusing on the company's strategic requirements such as technological innovation and digital upgrading , we use the recruitment system as a support to absorb outstanding college graduates and high- quality social talents with relevant work experience ; at the same time, we establish an internal talent selection, training, and competition system to give outstanding young people more opportunities, stimulate organization and vitality, and form a full-chain talent team system.



School-enterprise cooperation

- By collaborating with higher education institutions in industry, academia, and research, we aim to promote the transformation of achievements.
- Signed a school enterprise cooperation oriented training agreement with Anqing Vocational Education Group, adopting a "work learning integration" model and offering targeted training "ARN Class".



Signing ceremony for the school-enterprise cooperation with Hefei University of Technology



Internal recruitment

- In 2023, the company conducted a total of 13 batches of internal recruitment and selected 22 workers for management and technical positions.
- Establish a reserve talent training system for key positions such as the Yuxiu Plan, Navigation Plan, and Craftsman Plan. In 2023, a total of 108 candidates was selected to participate in the training, of which 56 was matched to key positions.



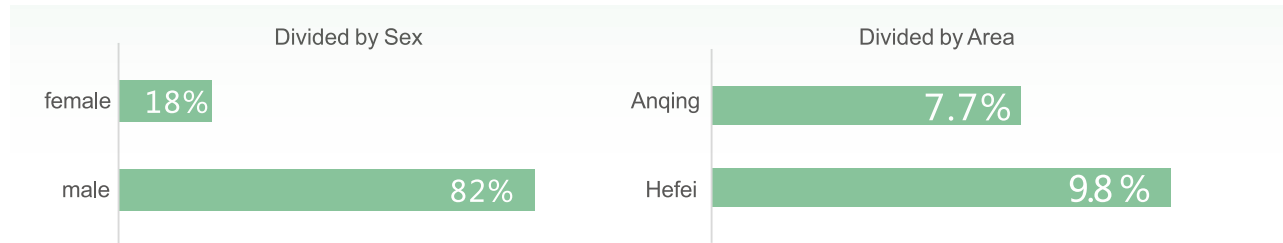
Flexible Talent Recruitment

Explore new personnel employment models and deepen cooperation with external experts "without work cards": for example, hire experts in the form of technical consultants to guide 2.0 product development and technical training.



college-enterprise cooperation with Nanchang University

◆ The total turnover rate of the company in 2023 was 7.99%



◆ Establishing long-term & stable labor relations :

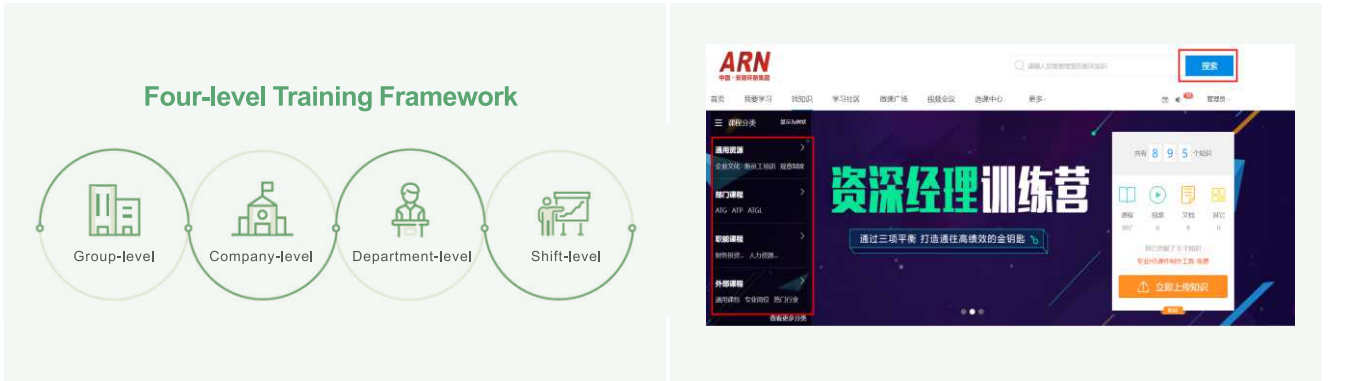


Talent training, staff and enterprise co-development

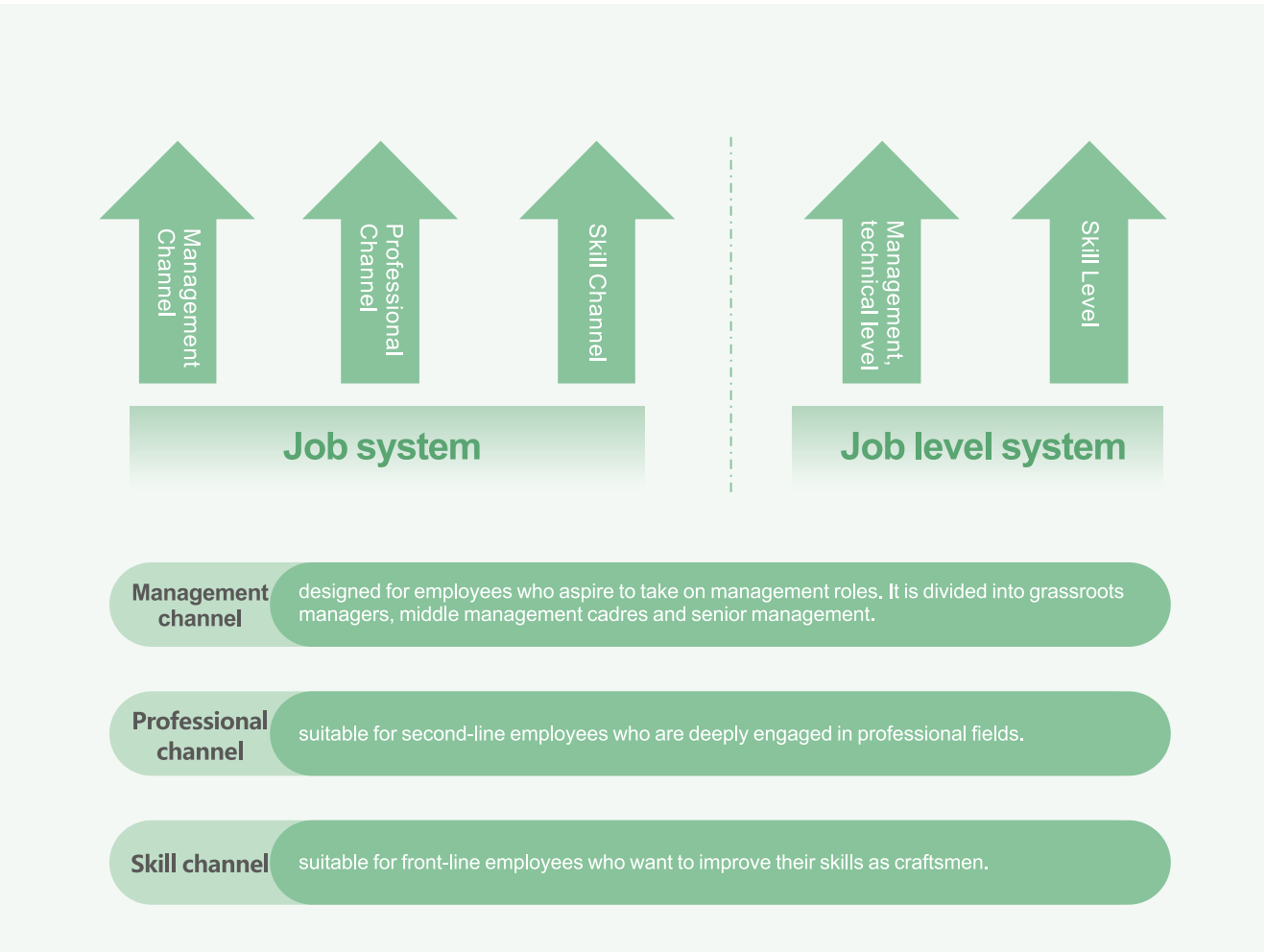
The company adheres to the strategy of strengthening the enterprise with talents, comprehensively promotes the construction of the talent team, attaches great importance to the development and training of employees, provides a variety of career development channels, continuously optimizes the employee training system, and helps the development of employees.

Rich resources for talent training

The company attaches great importance to talent cultivation and has established a complete training management, learning development and training resource system. Supported by comprehensive institutional documents, it has achieved full coverage of employee training for all positions from leading cadres to front-line employees through a four-level training framework . At the same time, since the online learning platform was launched in 2022 , it has empowered corporate development and improved organizational performance by creating a "content-rich" and "interesting" online learning platform.



Provide room for development



Training system overview

	Management Training	Reserve talent training	Change point training	Project Training
Course content	Senior Management Training Mid-level management training Grassroots management training	Provide a wealth of professional skills and vocational training courses for different skilled reserve talents	Provide corresponding professional skills training courses for personnel entry, transfer, rotation and promotion	Provide a wealth of general skills training
project name	Pilot Program Sword Project Golden Eagle Project Transformation Plan	Succession Planning Yuxiu Project Long-distance Voyage Plan Blue Project Artisan Program	Ice Breaking Program Start-up plan Eagle Project Job transfer plan Strong Foundation Plan Expedition Plan Promotion Plan	Continuing Education Plan Ivy Project Job title plan Project Plan

● “Pilot Program” (Senior Management Training)

Focusing on the company's development plan, we organize senior managers to exchange and learn about industry development trends and advanced corporate management concepts through classroom training, mobile classrooms, and lectures.

In August 2023, the company's senior management training class was successfully launched at the National School of Development of Peking University. A total of 44 people, including group executives, heads of branches, and department heads, participated in the training.



● Skilled Talent Training

The company was approved to establish 1 “Provincial Skill Master Studio” and 2 “Municipal Skill Master Studios”.

The company strengthens the “master-apprentice” activities in skill positions, and cultivates a group of highly skilled talents through the skill masters' words and deeds and on-site guidance.



● “Craftsman Program” (reserve talent training)

We connect with Anhui Anqing Technician College and actively participate in various employee skill competitions held by the city.

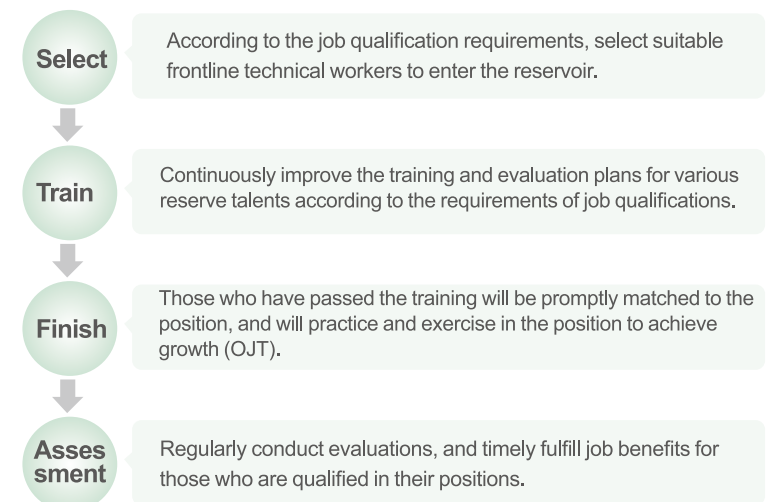
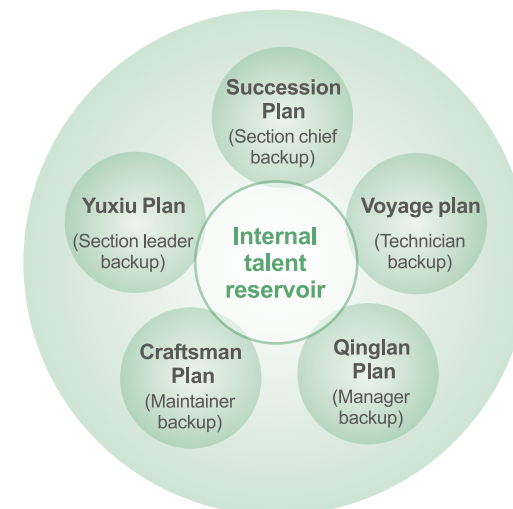


● Departure Plan (New College Student Training)

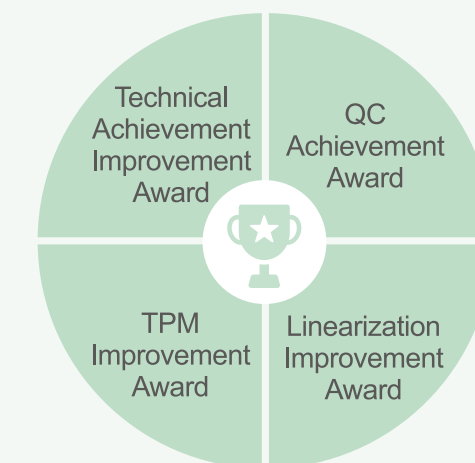
In order to help new employees adapt to the new environment and integrate into the new team, outdoor expansion training and other activities were carried out for new employees in 2023.



● Training of reserve personnel



● Comprehensive incentive system



Enhancing Care, Create a Harmonious Cultural Atmosphere

Build a communication platform and smooth communication channels

"Listen to both sides and you will be enlightened, listen to only one side and you will be in the dark." The company has been committed to establishing a diverse, open and transparent communication atmosphere. We actively listen to the voices of employees, encourage them to make suggestions, and promote various management improvements of the company.



Staff Seminar

Main communication and feedback channels:

- Employee feedback box;
- The system of employee congress;
- Regularly hold employee seminars;
- Publish personal KPI complaint channels;
- Conduct an annual employee satisfaction survey from five dimensions: leadership effectiveness, training and development, job return, engagement, and cultural vision.

Cultural and sports activities, special care

The company has always regarded improving the welfare of its employees as an important responsibility, providing solid guarantees for the company's sustainable development and team vitality.

Encourage employees to actively participate in cultural and sports activities, continuously enrich employees' spiritual and cultural needs through collective activities, strengthen employees' sense of identity, and enhance team cohesion.

- 100% of employees are unionized;
- The company has fully allocated union funds for employee cultural and sports activities, caring activities, and assistance to employees in need. In 2023, the funds used for employee cultural and sports activities, caring activities, and assistance to employees in need will exceed RMB 6 million.

Caring for female employees



Every year, 1.5% of female employees are selected as the "March 8th Red Flag Pioneer" to encourage female employees with excellent work performance in their positions.



Establish "mother and baby rooms" in each factory



March 8, 2023 Women's Day Activities

Children's education assistance

If employees' children are admitted to university, the group's labor union will provide a scholarship of 2,000 yuan per person to the employee. In the past six years, 206 employees have received the scholarship.

Cultural and Sports Activities



February 22, 2023 Dual-Employer Memorial Day Event



June 2023: Overseas travel activities for outstanding employees of the Group

The company holds a variety of sports games





Responsibility
Performance



Green Guidanc

Energy saving and low carbon, and promote the new situation of the industry

Developing green manufacturing

■ Total investment and expenditure on environmental protection in 2023

Environmental protection
investment funds

1842.1 10K Yuan

Realize economic benefits

About **810.36** 10K Yuan

Electricity saving

4.278
million kWh

Water saving

27000
tons

Reduce wastewater discharge

2000
tons

Reduce COD emissions

0.21 tons

Reduce nitrogen oxides

0.11 tons

Reduce hazardous waste

234 tons

Reduce heavy metal chromium

0.16 tons

In 2023, the company invested 18.421 million yuan in environmental protection, achieved annual electricity saving of 4.278 million kWh, water saving of 27,000 tons, reduction of wastewater discharge by 2,000 tons, reduction of COD emissions by 0.21 tons, reduction of nitrogen oxides by 0.11 tons, reduction of hazardous waste by 234 tons, reduction of heavy metal chromium by 0.16 tons, and achieved economic benefits of approximately 8.1036 million yuan.

The expenditures are mainly used for sewage treatment station renovation, hazardous waste and general solid waste treatment, introduction of new equipment, on-site environmental protection rectification, personnel training, etc.

Establishment and implementation of a sound environmental management system and system

The company has established a sound environmental management system based on the ISO14001 environmental management system. A safety and environmental committee has been established to clarify the leadership and division of labor in environmental management, and to establish a system for unified management, inspection and assessment of production and environmental protection. In 2023, the company will hold environmental countermeasures meetings every month to track the rectification of major environmental hazards, publicize new environmental protection laws and regulations, and implement various new environmental protection tasks. At the same time, guided by the pollutant discharge permit, it will ensure that all pollutants are discharged in a stable and standard manner; introduce an environmental digital management system to achieve systematization and digital management of environmental protection equipment operation, hazardous waste management, monitoring data, and pollutant emissions.



In order to do a good job in environmental protection and green enterprise creation, all levels of the company signed environmental protection target responsibility letters, established a green target responsibility system for leaders and teams at the grassroots level, and incorporated environmental protection management into all aspects of the company's management system. We strengthened publicity and activities in all departments and subsidiaries to improve the environmental awareness of all employees of the company. At the same time, we implemented environmental management indicators in product output. We cooperated with government departments to report on production and discharge of pollutants, energy conservation publicity week, green grassroots and other environmental protection activities, so that responsibilities were in place, rewards and punishments were clear, and environmental protection and environmental concepts were truly deeply rooted in every employee.

Use green and harmless raw and auxiliary materials



Faced with the current high pressure of green environmental protection policies, more and more companies are accelerating the integration of green materials and processes into production and operation to comply with the requirements of green development and promote their own transformation and upgrading and sustainable development. The company actively responds to the call, keeps moving forward, adheres to the concept of green environmental protection, and creates a bright future of green development.

In 2023, the company adopted recyclable hydrocarbon cleaning to replace tetrachloroethylene that needs to be scrapped regularly, which greatly reduced the generation of pollutants, while also improving the utilization rate of raw materials and realizing a circular economy.

Continuously improve the process and ensure pollution-free production



The company has introduced advanced PVD equipment and adopted pure physical methods to carry out chromium surface treatment on its products, which has greatly reduced the emission of heavy metal waste. The company has optimized the process flow, merged the working procedures, used multifunctional compound machines, replaced multiple working procedures, improved efficiency, saved electricity, reduced pollution, and adopted more environmentally friendly cutting fluid in the B grinding process, which has extended the replacement cycle and reduced emissions.

Lower emissions

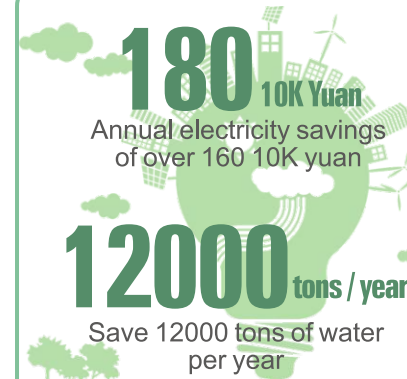


In 2023, the company will continue to reduce pollutant emissions and continuously improve environmental protection facilities:

1. The comprehensive sewage treatment station has been upgraded and renovated, and the original process has been improved. Purificants have been replaced, and demulsifiers and polyaluminum have been used to replace lime, greatly reducing sludge and effectively reducing hazardous waste. At the same time, pollutant emissions have been reduced to ensure that all pollutant indices meet the standards;
2. Completed the improvement of the face seal phase-2 sewage treatment project, which achieved 90% low-temperature concentration and saved RMB 199,000 annually;
3. Completed the desilting of the current water storage tank of the ATG No. 1 plant integrated sewage station, which greatly improved the water quality and reduced pollutant emissions;
4. In order to reduce the discharge of hazardous waste, the Safety and Environmental Protection Department has also improved the oil sludge depot to make it more reasonable and prevent pollution. The company has purchased two sludge dryers and one oil sludge press machines. After reducing the weight of sludge (by more than 40%) and the amount of oil sludge treatment, through changes in the sewage station process, the amount of sludge generated has been reduced, greatly saving costs;
5. For the reuse of waste electroplating solution, the company has put all the iron removal lines into use, which can meet the requirements of iron removal and reduce the production of waste electroplating solution, greatly reducing its impact on the environment. At the same time, it has built a drying equipment for waste electroplating solution, making the production of waste electroplating solution close to zero;
6. Introduce low-temperature heat pump concentration technology for waste cutting fluid, reduce the production of hazardous waste, reduce the cost of hazardous waste disposal, and comprehensively reduce the amount by 90%. At the same time, carry out daily management to ensure normal operation;
7. Distill and reuse waste hydrocarbon cleaning agents, saving 400,000 yuan per year;
8. Reduce the generation of three wastes through various improvements and control them from the source, such as the company's multi-stage filtration of discharged wastewater to achieve recycling, saving about 30000 tons of tap water annually and reducing wastewater discharge;
9. Replace all lighting equipment with energy-saving LED lamps, resulting in reduced power and brighter lighting;
10. The company has passed the second round of clean production audit and acceptance, further increasing ecological efficiency and reducing the risk of environmental pollution in the production process, products and services;
11. The company has carried out safety and environmental protection transformation of the electroplating wastewater station, carried out anti-corrosion treatment on the corroded pool body, cleaned the pit, added a ventilation system to ensure normal ventilation of the sewage station, and transformed the drainage pipes to recycle the electroplating wastewater, reducing the amount of sewage treatment, saving costs and protecting the environment;
12. The company also renovated the water pipes. In order to reduce the impact of the coolant group noise on the factory boundary noise, the company's safety and environmental protection department carried out noise reduction improvements on the cooling unit noise of the No. 2 plant.



Save energy



The company replaced three new energy-saving air compressors, optimized the air compressor system, automatically turned on and off the air compressor to save electricity, replaced energy-saving motors on site, stopped hydraulic oil work on site, and saved electricity. In 2023, the company transformed the No. 2 electroplating line with a new rectifier power supply, saving 200,000 yuan in electricity annually, and the total annual electricity savings this year exceeded 1.8 million yuan. Through equipment improvements, such as the product pre-electroplating circulating water improvement project saving 12,000 tons of water per year, the gas nitriding furnace cooling circulating water transformation project saving water, and the diamond-coated piston ring group capacity expansion and technical transformation project, the company's water and electricity unit consumption has decreased year by year by introducing DuroGlide coating equipment, oil ring drilling machines and other equipment to expand the production capacity of diamond-coated piston ring groups, reduce electroplating pollution, drain and reuse waste cutting fluids to reduce raw material consumption and reduce hazardous waste generation.

Practicing green operations

Environmental Assessment System (Third Party Certification)

The company has currently passed the ISO14001 environmental management system certification, is a national green factory and an Anhui provincial green factory, and has passed the second round of clean production audits.

2023 is a key year for the implementation of the company's development plan [2021-2025]. This year, the company, with the scientific conclusion that "green water and green mountains are gold and silver mountains", focuses on water, soil and air protection, focuses on pollution prevention and control, environmental protection quality and efficiency improvement, and green leadership and drive, with the goal of building a "clean, efficient, low-carbon, and circular" green enterprise in an all-round way. It takes environmental protection as an important part of the company's sustainable development strategy, pays attention to fulfilling the company's environmental protection responsibilities, actively practices and assumes social responsibilities for environmental protection and resource conservation, and helps the company to flourish. In 2023, the company completed the legal disclosure of environmental information for the first time as required by the Ecological Environment Bureau.



Create a green supply chain management system



The company incorporates the concepts of environmental protection and resource conservation throughout the entire process of the enterprise, from product design to raw material procurement, production, transportation, storage, sales, use and scrapping, so that the company's economic activities and environmental protection are coordinated with each other in the upstream and downstream supply relationship, and ultimately achieve intensive land use, cleaner production, waste resource utilization, and environmentally friendly products. Since the company implemented green supply chain management, it has taken ecology as the foundation and the industry as the new direction. Guided by the goal of achieving carbon peak and carbon neutrality, the company starts with top-level design, integrates green product design concepts into the selection of raw materials, product design, production and manufacturing, product sales and transportation, user use, and waste recycling and treatment, and incorporates the management of green supply chains into the company's development strategy green procurement standard system, and strives to create a green manufacturing closed-loop system. Through the procurement platform, it realizes full coverage of supplier green supply chain management, and the product qualification rate continues to rise, manufacturing costs are reduced, and production inventory continues to decline.



The company continues to build a green production system to achieve "carbon reduction" and "greening" in the industry. Through the implementation of high-end, integrated and international strategies, the optimization and adjustment of the industrial structure, the continuous improvement of quality and efficiency, and the continuous efforts to deepen the layout, the company has been at the leading level in the industry in terms of revenue, net profit, management ability, market competitiveness, market influence, corporate operations, and corporate strategy for many consecutive years.



At a time when environmental pollution and climate change are attracting much attention, promoting the transformation of energy structure and developing a green and low-carbon economy has become a global consensus. In order to help the industrial sector achieve the goals of carbon peak and carbon neutrality, the company will always adhere to ecological priority, accelerate transformation and upgrading, promote the industry's "carbon reduction" and development "greening", and further play the leading and exemplary role of "green water and green mountains are gold and silver mountains" and industry leading enterprises.

Low carbon procurement, selection of environmentally friendly materials and processes (prohibiting toxic and harmful substances), and development of circular economy

- In 2023, the company organized multiple personnel to participate in the "Carbon Peak and Carbon Neutrality" training organized by the country and provinces, actively responding to new requirements. By conducting a survey of the company's emission sources, we aim to gain a detailed understanding of carbon emission sources and develop a series of effective measures to reduce carbon emissions generated by business operations. Jointly with the procurement department, achieving energy conservation and consumption reduction mainly starts from the following aspects:



Procurement of energy-saving products:	When purchasing materials and equipment, energy-saving products can be selected. For example, choosing lighting equipment with low energy consumption, energy-saving air conditioning, water-saving faucets, etc. to reduce energy consumption and loss;
Optimize procurement process	Optimizing procurement process can reduce the frequency of logistics transportation and reduce energy consumption during transportation. By optimizing supplier management and strengthening material distribution, we can reduce duplicate and empty transportation;
Establish an energy-saving procurement system	Establishing an energy-saving procurement system can standardize the procurement process and behavior, and strengthen energy-saving awareness. The company formulates energy consumption standards and promotes the procurement of green energy products;
Promote suppliers to adopt energy-saving technologies	Promoting suppliers to adopt energy-saving technologies can reduce energy consumption and losses from the source. The company collaborates with suppliers to promote energy-saving technology and green supply chain management, establish long-term strategic partnerships, and jointly promote energy conservation and consumption reduction;
Cultivate employee energy-saving awareness	Cultivating employee energy-saving awareness can reduce energy consumption and losses at the employee level. By conducting energy-saving training and organizing energy-saving activities, we aim to enhance employees' energy-saving awareness and action ability. The company strictly prohibits substances such as lead (Pb), mercury (Hg), cadmium (Cd), hexavalent chromium (Cr6+), polybrominated biphenyls (PBB), and polybrominated biphenyl ethers (PBDE).

- The company introduced FF deironing technology from abroad to deiron the electroplating waste liquid that was scrapped during the process, which ultimately turned the waste liquid into treasure and achieved the purpose of recycling waste. It not only saved the company a lot of money, but also saved the use of raw materials such as chromic anhydride, realizing a circular economy, and ultimately paved the way for achieving carbon peak and carbon neutrality .
- Add one new PVD equipment, which can add 2.1 million PVD rings per year, reduce the production of 4.5 million (approximately 1.5%) electroplating rings, reduce the generation of pollutants such as chromium containing waste liquid and chromium containing sludge, reduce the use of 2.83 tons of chromium anhydride, 0.53 tons of chromium containing waste residue and 4.65 tons of chromium containing sludge per year, and save 5000 tons of water.

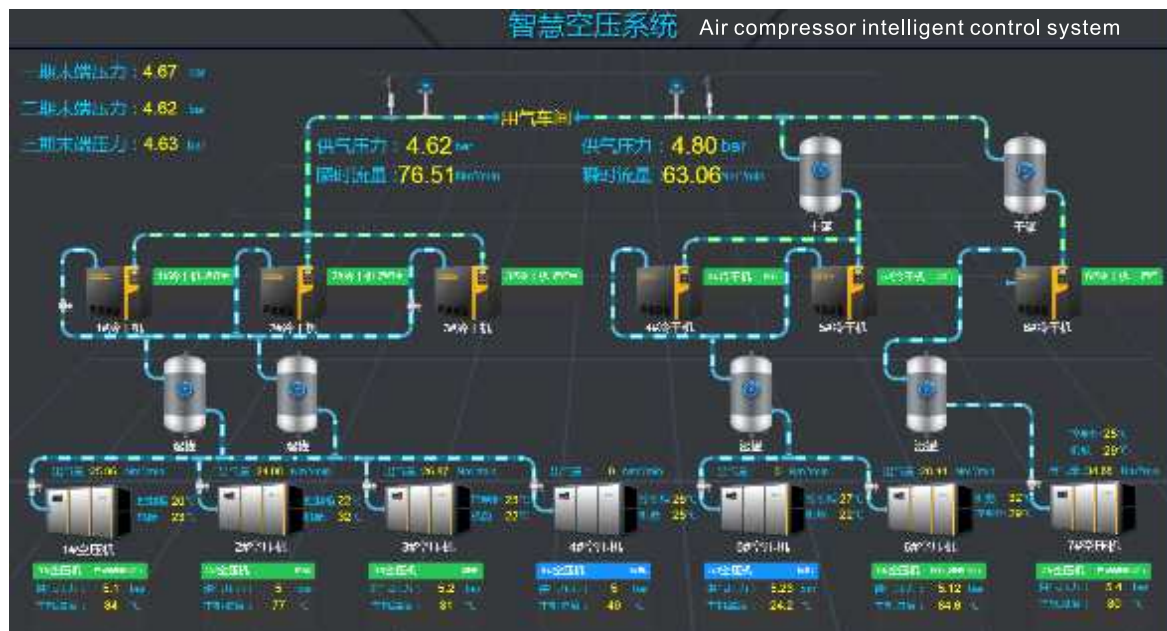


- During the chromium plating process, a large amount of chromium containing wastewater, chromium containing sludge, chromic acid mist, etc. can be generated. The DLC ring produced by the DLC coating piston ring production line can replace some electroplating rings, correspondingly reducing the production quantity of electroplating rings and reducing the environmental pollution caused by the production of electroplating rings.
- After establishing two production lines for DLC coated piston rings, an annual increase of approximately 3.6 million DLC rings can be achieved, and an annual reduction of approximately 9 million (approximately 3%) in the production of electroplated chromium rings can be achieved. This can reduce the use of 5.66 tons of chromic anhydride per year, 1.07 tons of chromium containing slag and 9.3 tons of chromium containing sludge per year, and save 10000 tons of water per year. The electricity consumption of 10000 DLC rings is 10500 kWh, and the electricity consumption of 10000 electroplated rings is 0.464 million kWh. This can save 1.2924 million kWh of electricity per year. At the same time, it also reduces the emission of chromic acid mist during the electroplating process, reducing the pollution of chromic acid mist to the atmosphere. Annual reduction of 5.66 tons of chromic anhydride usage, 1.07 tons of chromium containing waste residue, and 9.3 tons of chromium containing sludge, saving 10000 tons of water.



DLC coating piston ring production line

- The company invested in an intelligent control system for air compressors, saving 1.6 million kilowatt hours of electricity annually. It also invested in energy-saving air compressors, saving 950000 kilowatt hours of electricity annually; Energy saving transformation test of electroplating rectifier, expected to save 2 million kilowatt hours of electricity annually; Invest in digital detection systems for key energy consuming equipment such as PVD, DLC, and casting furnaces, and explore energy-saving potential. It is estimated to save 2.5 million kilowatt hours of electricity annually. In addition, the technical department also replaced energy-saving motors on the workshop site, and the hydraulic oil work was stopped during break time to save energy.



Waste resource utilization rate 100%



In the company's view , green development is not just a slogan, but a forward-looking thinking and long-term planning for the sustainable development of an enterprise. In promoting the development of green transformation, the company will integrate the green concept into every link of the company's product research and development, product design, production and manufacturing, sales and service. Through technological reform and innovation, it will continuously improve product quality and competitive advantages, build green new quality productivity, promote enterprise transformation and upgrading, and achieve 100% waste resource utilization rate.

In terms of product design , the company also practices the concept of green and low-carbon life, recycling scraps for reuse, and recycling cutting fluids, hydrocarbon cleaning agents, etc. In terms of product after-sales, full consideration is given to environmental protection and resource utilization. The company's product packaging is all made of recyclable paper materials to reduce environmental impact; in addition, the company also recycles waste heat, water and raw and auxiliary materials to achieve resource recycling.

Nowadays , green development has become a major growth point in corporate brand competition. Relying on the application and reform of intelligent and digital technologies, the company has accelerated green transformation and upgrading, providing new impetus for the sustainable development of the enterprise.

Environmental assessment, indicator detection and continuous improvement, restoration status

All the company's projects undergo environmental assessment in accordance with the three requirements of the Environmental Impact Assessment. All indicator tests are carried out in accordance with national requirements and all meet the standards. The company formulates an annual plan internally and also makes improvements through internal management and technological updates.



In accordance with the requirements of the pollutant discharge permit and in combination with the company's actual situation, the company regularly monitors the wastewater, waste gas and noise discharged by the company to ensure that the index detection meets the relevant requirements. The company's pollution management work is becoming more legalized and standardized. In 2022, the company completed the renewal of the certificate, and in 2023, the scope of the certificate certification was updated, and 2.0 products were added . The company installed an online monitoring system at the total discharge port, connected to the provincial and municipal environmental protection departments for real-time monitoring, and replaced the new COD online monitoring equipment in April 2022 to better meet the needs of environmental monitoring. In order to ensure that all indicators are normal, the company conducts internal testing of all pollutants every week, and all test data are reported to the general manager. The pollutant emission values are reported to the Municipal Environmental Protection Bureau for approval every quarter, and are dynamically scrolled on the website of the Municipal Ecological Environment Bureau and announced to the people of the city.

A photograph of a digital display showing pollution monitoring data for '安庆帝伯格茨活塞环有限公司' (Anqing Di Bo Ge Ci Pi Sten Ring Co., Ltd.). The display shows various parameters like COD, ammonia nitrogen, and pH value, along with their current values and standards.

Carbon emissions

With the continuous improvement of global environmental awareness and the restrictions on carbon emissions by governments of various countries, the reduction of corporate carbon emissions has become a hot topic. The company mainly takes the following feasible specific measures to achieve the carbon reduction target.



1. Energy efficiency improvement

Improve energy efficiency by optimizing equipment, processes and energy management systems, while strengthening equipment maintenance and modernization to reduce unnecessary energy consumption and carbon emissions. Widely adopt energy-saving technologies and equipment, such as LED lights, air compressor intelligent systems, etc.

2. Optimize the company's supply chain

cooperate with suppliers to promote the green transformation of the supply chain, select low-carbon materials, products and green transportation, etc.

3. Building a green factory

The company has been rated as a national green factory. During the production process, it adopts low-energy consumption, safe and reliable processes and equipment, increases green areas and public green spaces, achieves zero emissions and zero waste, and reduces pollution to the environment caused by production.

4. Introducing green energy

Adopting green and renewable energy such as solar energy to gradually reduce dependence on fossil energy and reduce carbon emissions.

5. Reduce carbon emissions from transportation

Encourage employees to adopt more environmentally friendly and energy-saving modes of transportation, such as public transportation, cycling, and shared bicycles.

6. Advocate low-carbon lifestyle for employees

Through low-carbon lifestyle guidelines and corresponding rewards, encourage employees to save energy, travel in a low-carbon manner, and reduce carbon footprint; strengthen employees' awareness and participation in environmental protection, and further promote the green development of the company.

7. Responding to climate change

Understand the company's carbon footprint assessment results, formulate and implement low-carbon and environmental protection strategies and measures suitable for the company based on the assessment results, actively promote environmental protection-related work, such as carbon trading, carbon cooperation and carbon market potential, etc., to further reduce the impact of climate change.

In short, reducing carbon emissions is not only a manifestation of corporate social responsibility, but also can improve energy efficiency, reduce costs, create new business opportunities and competitive advantages, and drive companies towards a more sustainable development path.



Protecting precious animals and plants and their natural habitats to reduce their impact on biodiversity

Biodiversity is ubiquitous in places with living activities, and society as a whole bears the responsibility to protect it, and businesses are no exception. The company enhances its corporate culture and employee quality by practicing environmental protection and wildlife conservation activities, and also hopes that more responsible enterprises can implement the goal of green and sustainable production construction and development in the long run. The company actively controls, reduces, and stops the development of key areas of biodiversity, evaluates the impact of existing engineering facilities and production operations on biodiversity, and optimizes treatment as much as possible to make it more suitable for biodiversity conservation needs. To jointly protect our planet for survival and ultimately achieve sustainable development.



The company always regards greening, beautification, and purification of the factory environment as an important task in creating an environmentally friendly enterprise. By planting, creating, and distributing greenery, the company stands out as "green". The investment intensity control index for industrial projects is 312.864 million yuan/hectare, the plot ratio control index is 0.6958, and the internal greening rate of the enterprise is 22.6%. The company also takes the "4.22" Earth Day, "6.15" World Environment Day, and Energy Conservation and Emission Reduction Promotion Week as opportunities to promote green culture, widely carry out environmental protection publicity work, and strengthen employees' environmental protection awareness.



Looking forward to the future, the company will continue to deepen its awareness of social responsibility fulfillment, promote the deepening implementation of green enterprises, and based on the achievements made, continue to carry out and practice the "zero emission" environmental development concept, enhance environmental protection and green enterprise fulfillment efforts, and promote the company's standardized and sustainable development.





» Responsibility Performance ➡ **Open Governance**
Cultural mutual appreciation, and motivate new international cooperations

Global partners

10 partners

Establishing a Sino
foreign joint venture company

14 subsidiaries

Establishing school-enterprise
cooperation with domestic universities

7 universities

Open Governance Mechanisms

Open innovation mechanism

Integrate innovative resources


- 1 Integrate internal innovation resources:** establish a group technology innovation committee, coordinate the resources of major joint ventures, and form multiple teams to develop 2.0 products; In 2022, the New Energy and New Materials Experimental Building of the Group's Technology Center was built, gradually establishing various individual product laboratories; Transform together with traditional partners such as TPR and Tenneco to establish joint development and communication mechanisms.
- 2 Introducing external innovation resources:** Enrich the role of postdoctoral workstations, strive to continue building academician workstations, carry out industry-university-research cooperation with universities such as Zhejiang University, Hefei University of Technology, and Jiangsu University, jointly create innovation platforms with scientific research institutions such as SINOMACH Research Institute, Hefei University of Technology, and Anqing Normal University, and establish a provincial innovation center in 2023.
- 3 Improve the technology strategic alliance:** Build an energy-saving and emission reduction research and development community with traditional power customers, and provide overall technical solutions by utilizing the advantages of integrated supply; Establish deep cooperative relationships with traditional vehicle companies, new energy departments, and emerging new energy vehicle companies to jointly develop new energy vehicle components; Deep cooperation with diesel engine customers to develop hydrogen fuel system components.
- 4 Integrate product design and development resources:** establish a PLM project management platform, try to introduce twin technologies, and shorten the design and development process; Introduce design software such as PROE and vigorously cultivate CAE product and process simulation designers; Enhance the software design capability of assembly components and add software content to future control assembly components.



Reform and innovation mechanism


- 1 Establish a sound R&D project management system:** Establish a management system for the entire process of R&D project initiation, budgeting, execution, and evaluation. Internally select leading technical talents to serve as the leader of the R&D research group, determine the R&D direction, allocate R&D resources, implement a task based system for related R&D projects, and implement a bidding system for new R&D projects.
- 2 Strengthening intellectual property rights:** Strengthening the intellectual property commissioner system, increasing the number and success rate of patent applications, focusing on the strategic layout of emerging industries, formulating more than 10 national/industry standards, and exerting a certain influence in the fields of automotive engines, transmissions, new energy vehicle three electric systems, hydrogen fuel cells, and so on.

Open employment mechanism




Industry-University-Research Cooperation Model

Relying on postdoctoral workstations and vocational education groups, we have carried out industry-university-research cooperation with universities such as Hefei University of Technology, Nanchang University, and Anhui University of Technology.



Flexible talent recruitment system

We do not seek to own everything, but to use what we need. We hire experts as technical consultants to guide 2.0 product development and technical training.



Internal talent pool

Establish a smooth internal talent flow mechanism to help employees find development plans within the company and stimulate their internal motivation. This not only cultivates more compound talents, but also enhances organizational vitality.

Technology Openness

Solving the internal driving force of scientific and technological innovation by optimizing the system framework, improving mechanism guarantees, etc., we also make maximum use of external diversified innovation resources to create a borderless open technology innovation and cooperation ecosystem.	
Technological opening measures	Key Features
Create an international close cooperation model	Establish R&D institutions with multinational companies to share technology, products and benefits
Expanding diversified innovation and empowering partners	Arrange the innovation chain around the industrial chain, expand cooperation oriented towards commercial applications with upstream and downstream enterprises in the industrial chain and technology-based enterprises with leading technological advantages in the industry, etc.
Strengthening the in-depth open innovation cooperation model	Cooperate and explore with research institutes, universities, and academician expert groups, undertake major national scientific and technological projects, and jointly build national key laboratories, engineering centers, innovation centers, academician / doctoral workstations and other scientific research cooperation platforms.



Moving towards the capital market



In order to further promote innovation and development of the enterprise, ARN Group has decided to split and integrate high-quality resources within the group into the capital market. By entering the capital market and using market mechanisms to further standardize business management, improve corporate governance structure, improve operational quality, make enterprises more open, compliant, and subject to extensive social supervision. Meanwhile, utilizing the financing convenience of the capital market, enterprises can increase their investment in research and development of new technologies and products, thereby forming products with independent intellectual property rights and putting them into production. In this way, enterprises can not only achieve their own development, but also create more value for society.

Open governance guarantees

Internal governance structure
Disclose the composition of the company's board of directors, responsibilities and powers, decision-making mechanisms, etc., so that stakeholders can understand the company's decision-making process and supervision system.
Anti-corruption and clean government construction
Publicly disclose the measures taken and the results achieved by the company in preventing corruption and commercial bribery, and demonstrate the company's efforts to create a fair and just business environment.
Risk management mechanism
explains how the company identifies, evaluates and responds to various risks, including strategic risks, operational risks, financial risks, etc., to ensure the sustainable development of the company and the rights and interests of stakeholders.
Information disclosure policy and practice
Clarify the company's principles, processes and frequency of information disclosure to ensure that stakeholders can obtain relevant information about the company in a timely and accurate manner.

Open and Cooperative Corporate Culture

Sino foreign joint venture "Gene"

Partner

TENNECO
美国天纳克
FEDERAL-MOGL
美国辉门

BRICO

SCHERDEL
德国谢德尔
GOETZE
德国格茨

SAMSUNG
韩国三星
YPR
韩国柳成

AISIN
日本爱信
ART
ART金属工业株式会社
豊田通商
TOYOTA TSUSHO
TPR
TPR株式会社
名南精密制作所(株)
MS
名光精机(株)
XAJ
新安商事株式会社

TENNECO
Tenneco, one of the largest companies in the world focused on powertrain, serving the global engine OEM

TPR
TPR Corporation, one of the three major piston ring manufacturers in Japan

ART
ART METAL MFG., LTD, a century old enterprise specializing in piston manufacturing in Japan, merged with Aisin Precision Machinery Co., Ltd. in April 2017

SCHERDEL
Scherdel, Germany - the world's largest manufacturer of automotive springs

AISIN
Aisin, a Fortune 500 company in Japan, is a world-renowned professional R&D and manufacturer of automotive automatic transmissions

SAMSUNG
Samsung SDI, South Korea - a Fortune 500 company and the world's largest lithium battery manufacturer

豊田通商
TOYOTA TSUSHO
Toyota Tsusho, a Fortune 500 company and a core enterprise of Toyota Group in Japan

MS
NIPPON SEIKI CO., LTD, a Japanese company, was founded in March 2002, with its headquarters located in Tsushima, Aichi Prefecture, Japan

Meinan Precision Manufacturing Co., Ltd, Japan - established in October 1938, headquartered in Nagoya, Japan

YPR
YOOSUNG ENTERPRISE CO.,LTD, the largest automotive parts manufacturing enterprise in South Korea, mainly produces various core components of internal combustion engines, such as piston rings, pistons, cylinder liners, valve seats, air compressors, etc

Joint venture companies (14)

- In June 1996, Anqing TP Goetze Piston Ring Co., Ltd., abbreviated as ATG, was established through a joint venture between Anqing Piston Ring Factory, the world's largest component manufacturer - Tenneco Company in the United States, and TPR Company, one of the three major piston ring factories in Japan.
- In December 1999, Anqing TP Powder Metallurgy Co., Ltd., abbreviated as ATP, was established through a joint venture between ARN Group, Japanese TPR Company, and Federal-Mogul.
- In June 2002, Anqing ART TP Piston Co., Ltd., abbreviated as AAT, was established through a joint venture between ARN Group, Japanese TPR Company, and Japanese ART Company.
- In June 2004, Anqing TP Goetze Liner Co., Ltd., abbreviated as ATGL, was jointly established by ARN Group, TPR Corporation of Japan, and Anqing TP Goetze Piston Ring Co., Ltd.,
- In December 2004, Anqing TP Goetze Engine Co., Ltd., abbreviated as ATGE, was established through a joint venture between ARN Group and TPR Company in Japan.
- In February 2005, China Unified Piston Ring Co., Ltd, abbreviated as CUPR, was jointly established by ARN Group, YPR Corporation of South Korea, and TPR Corporation of Japan in Hebei.
- In October 2006, Anqing Scherdel Automotive Parts Co., Ltd., abbreviated as ASP, was established through a joint venture between ARN Group and Scherdel in Germany.
- In May 2013, Anhui Huanming Precision Control Co., Ltd., abbreviated as AHM Company, was jointly established by ARN Group, Japanese Meinan Seiki Co., Ltd and Janpanese Meico Seiki Co.
- In January 2014, Samsung SDI-ARN(Xi'an) Power Battery Co.,Ltd., abbreviated as SAPB Company, was jointly established by ARN Group and Samsung SDI in South Korea.
- In March 2014, Anqing TP Electrical Plastics Co., Ltd., abbreviated as ATEP, was established through a joint venture between ARN Group and TPR Company in Japan.
- In June 2014, Federal-Mogul (Anqing) Powder Metallurgy Co., Ltd., abbreviated as FMAP, was jointly established by ARN Group, Japanese TPR Company, and Federal-Mogul.
- In April 2015, Anhui Tsusho Logistics Co., Ltd., abbreviated as ATL Company, was established through a joint venture between ARN Group and Toyota Tsusho in Japan.
- In November 2018, Aisin Anqing Automotive Parts Co., Ltd., abbreviated as AAAC, was jointly established by ARN Group and Aisin Precision Machinery Co., Ltd. in Japan.
- In March 2022, TP Anqing New Energy Research and Development Co., Ltd., abbreviated as TANE, was jointly established by ARN Group and TPR Corporation of Japan.

Share information, share risks, and build a win-win supply chain system

The company has established a mechanism to share key information such as production plans and market demand with suppliers and partners to promote the collaborative operation of the supply chain.

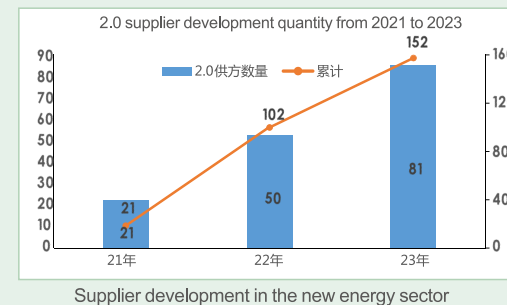
Since the completion of the construction of the centralized procurement management platform (SRM system) (SRM, namely supplier relationship management) in 2022 and its official operation in 2023, more than 1,000 potential suppliers of various types have registered, and material demand information is regularly released on the platform to create an open and transparent supply and demand environment.

SRM system login interface



When faced with risks such as market fluctuations and natural disasters, the company and its supply chain partners jointly develop risk response strategies and risk sharing mechanisms.

Since the Group began to deploy in the new energy field in 2020, the Manufacturing Supply Chain Management Committee has shifted its strategy in line with the Group's strategy and continuously developed qualified suppliers of new energy products. In the past three years, a total of 152 new energy product suppliers have been developed, showing an upward trend year by year.



The company formulates support plans for suppliers, such as technical support, training and improvement, to help them grow and develop

Example: In order to enhance the safety awareness of the company's stakeholders, improve their safety knowledge and safety operation standards, and avoid safety accidents, on March 15, the company's procurement department and the safety and environment department organized a systematic and comprehensive professional safety training for the main responsible persons and staff of more than 40 stakeholders' operating units that have long-term cooperation with the company.

During the training, six aspects were covered, including the purpose of safety environment training, explanation of relevant terms and regulatory requirements, production characteristics and safety knowledge of manufacturing enterprises, safety requirements for outsourcing entering the factory, safety requirements for special high-risk operations, and emergency management knowledge. Combined with common warning signs and relevant real cases, the training provided the relevant parties with a modern enterprise safety knowledge training that was rich in content, diverse in form, and highly targeted.

The training also systematically explained the safety management procedures of the relevant parties, the responsibilities of the guardians, and the penalty procedures for the relevant parties' violations. The reasons for the violations were analyzed by combining the statistics of violations in the past three years, the analysis of the types of violations, and the actual cases investigated and dealt with this year. Starting from the actual situation, the relevant parties have a new understanding of safe construction, which greatly stimulated the safety awareness of the relevant personnel and their enthusiasm for participating in learning.



International development journey

Step 1: "Going out"

ARN Group has been committed to exploring the international market and establishing four overseas companies from 2008 to 2022:

- In 2008, Xin'an Commercial Co., Ltd. was established in Japan with a registered capital of 63 million yen, mainly engaged in the import and export of raw materials and equipment;
- In 2016, ARN International Holdings Limited was established in Germany with a registered capital of 10.025 million Euros, mainly for overseas mergers and acquisitions;
- In 2016, ARN (Japan) Co., Ltd. was established in Japan with a registered capital of 50 million yen, mainly engaged in the import and export of raw materials and equipment;
- In 2021, ARN International (Hong Kong) Co., Ltd. was established in Hong Kong with a registered capital of 3 million US dollars, mainly engaged in the import and export of raw materials, equipment, and enterprise management.

Use these companies as bridges to find excellent investment projects and partners.

Step 2: "Go inside"

ARN Group and its partner, Germany's Scherdel Group, have established a joint venture project in Mexico, mainly producing overflow valves for new energy vehicles, supplying leading global new energy vehicle companies. At the same time, a wholly-owned sales company was established in Mexico, mainly engaged in the sales of new energy vehicle products.

Step 3: "Go Up"

Looking ahead, ARN Group will continue to be committed to enhancing its brand value, constantly improving its corporate operations by strengthening technological innovation, opening up the industrial chain, and laying out the international market, making its products high-end and continuing to move into the international market.





» Responsibility Performance Sharing the Future

Coexistence and co-creation, and build a community of destiny

Tax paid in 2023

6.13 million Yuan

Social welfare donation funds

Over **121.5** 10K Yuan

New employment opportunities

903

Number of volunteers

Over **500** people

Resource sharing, leading and driving industry progress

■ Build a cooperation mechanism and work together for mutual benefit and win-win results

The Group shares resources with related companies by establishing strategic alliances and supply chain partnerships, and ensures mutual learning, mutual improvement and common progress with customers and partners.

■ Carry out technical exchanges and share technical resources

Carry out technical exchange activities among enterprises, share technical knowledge and R&D results, jointly solve technical problems, accelerate technological innovation, and improve product competitiveness

■ Build a community of shared future for mutual benefit and win-win results, and create higher value

ARN Group has always formed a community of shared destiny with stakeholders with a sharing mentality, and achieved mutual development through sharing, effectively improving technological advancement and creating more value for customers.



Supply Chain Partnership Face-to-Face Exchange Event



Toyota Technical Center Technical Exchange



Won many honors from domestic and foreign manufacturers

Pay taxes according to law and strive to be a model of credit

ARN Group strictly abides by national tax laws and regulations, pays various taxes in full and on time, and ensures that the company's tax behavior is standardized and accurate. By establishing a sound tax management system, accurately calculating each tax payable, and fulfilling tax obligations, it makes a positive contribution to national fiscal revenue. In 2023, the company's sales volume was 13.689 billion yuan, and the tax paid was 613 million yuan. In addition, we regard paying taxes according to law as an important manifestation of corporate integrity, so as to establish a good corporate image and business reputation. With a good tax record, we strive to be a credit model, actively participate in various credit rating activities, and set a benchmark for honest tax payment in the industry. At the same time, we actively advocate the concept of paying taxes according to law, carry out tax law and regulations training within the company, and improve employees' awareness of the importance of tax payment. We also influence and drive upstream and downstream enterprises in the industrial chain to attach importance to tax credit and create a healthy business environment through our own demonstration role. In the future, we will continue to unwaveringly fulfill our responsibility to pay taxes according to law, continuously improve our credit level, set an example for the society with practical actions, and contribute to the stability and development of the economy and society.

13.689
billion yuan
Annual sales revenue for 2023

613
Million yuan
Tax paid in 2023



Promoting employment and serving the society

ARN Group actively expands its business scope. By continuously developing and expanding the scale of the enterprise, while new production lines are put into production one after another, it has increased the employment of workers in Anqing and surrounding areas, as well as the employment of college and university graduates and special talents. From grassroots employees to professional and technical talents, from production lines to management positions, it provides employment opportunities for people at different levels and in different professions. In 2023, a total of 903 new jobs will be created.

ARN Group has taken the initiative to establish cooperative relationships with universities and vocational schools to provide practice and employment platforms for graduates who are about to enter the society, helping them to smoothly start their careers. For the farmers whose land was requisitioned in Wulidun and Laofeng Towns around the company, the company has provided employment for their children through policies. There are more than 300 land requisition workers, all of whom have signed labor contracts.

The company attaches great importance to the work of retired military personnel. Under the leadership of the provincial and municipal departments related to retired military personnel, the company has maintained long-term cooperation with relevant departments at all levels for retired military personnel, signed a strategic cooperation agreement, served as an executive director unit of the Anhui Provincial Patriotic Support for the Military Association, and was awarded the Anhui Provincial Model Unit for Retired Military Personnel Work. It is also a municipal retired military personnel employment and entrepreneurship incubation base. 26 new retired military personnel will be recruited in 2023.



On July 3, the company held an induction event for new college students

Enthusiastic about public welfare and sharing the development achievements with the society

Rural Revitalization

After initially winning the battle against poverty, the company's Party Committee, adhering to the concept of "getting rid of poverty without getting rid of assistance", actively participated in the development of rural industries, and promoted the cultivation and growth of rural characteristic industries through investment, cooperation and other means, further consolidating the results of the battle against poverty. In 2023, it donated 415,000 yuan to revitalize the countryside.

At the same time, we actively carry out consumer assistance actions, and expand the sales channels of rural products by purchasing rural agricultural products. In 2023, the funds for purchasing surrounding agricultural and sideline products in the form of poverty alleviation totaled 120,900 yuan.

We will also continue to pay attention to the cause of rural revitalization, constantly explore and innovate more effective ways and means, contribute to the development of rural areas with practical actions, and let rural areas radiate more new vitality and vigor.



ARN Group connects with the supporting village - Mashan Village, Wangjiang County, Anqing City

Blood donation

The company regularly organizes employees to participate in free blood donation activities to contribute to social medical undertakings. Through extensive publicity and mobilization, employees are encouraged to sign up actively and support the public welfare cause of free blood donation with practical actions.

In 2023, affected by multiple factors including the new crown, Anqing City's blood inventory was in a state of emergency, and only 2-3 days of emergency blood could be guaranteed. At this critical juncture, the company launched a voluntary blood donation initiative on January 11, hoping that employees two weeks after "Yang Kang" would participate in blood donation according to their own conditions. 262 people from various departments of the company took the initiative to participate, donating 77,100 ml of blood, effectively alleviating Anqing City's clinical blood demand.



On January 11, the Municipal Red Cross came to the company to collect blood

Voluntary tree planting

On March 14, in accordance with the deployment of the Anqing City Greening Committee, in order to accelerate the high-quality development of national greening and promote the harmonious coexistence of man and nature, the City Greening Committee organized a voluntary tree planting activity with the theme of "fulfilling tree planting obligations and building a beautiful China". More than 40 people from Anhui ARN Group came to the voluntary tree planting site in the Longqiuchi Scenic Area of Dalong Mountain, calling on young employees to actively participate in afforestation, build a green ecological barrier, and work together to build a beautiful home.

The report of the 20th CPC National Congress put forward new requirements and plans for the construction of ecological civilization, namely, "promoting green development and promoting harmonious coexistence between man and nature". ARN Group will thoroughly implement General Secretary Xi Jinping's thoughts on ecological civilization, unswervingly follow the path of ecological priority and green development, and protect Anqing's "green waters and green mountains" with practical actions.



On March 14, the group's employees went to the Longqiuchi Scenic Area in Dalong Mountain to plant trees.

Charity Donations

ARN Group supports public welfare undertakings such as economy, education, and poverty alleviation through charitable donations, aiming to improve the living conditions of disadvantaged groups and promote steady and harmonious social development. 2023, ARN Group donated 300,000 yuan to the Second China Yishang General Association; donated 300,000 yuan to the "Three Chens" Cultural Protection Fund established by the Anqing Charity Federation; donated a total of 415,000 yuan for rural revitalization; and donated 200,000 yuan to Anhui Agricultural University as a development fund.

Participated in various charity activities



Love and help the disabled



Flood relief



Donate to build a digital library



School-enterprise cooperation and donations



Helping students in need



Donations for rural construction



Donating supplies to the medical team

volunteer activity

The company encourages employees to participate in various volunteer services and contribute to social welfare. By organizing volunteer teams, going deep into communities, schools and other places, carrying out activities such as caring for the elderly, voluntary teaching, and environmental protection publicity, we convey warmth and care. At the same time, we actively respond to major social events and emergencies, organize volunteers to participate in flood control and disaster relief, and provide support for protecting people's lives and property. In addition, we also cooperate with various public welfare organizations to jointly carry out volunteer projects and promote the resolution of social problems. Through volunteer activities, not only do we enhance employees' sense of social responsibility and team cohesion, but we also bring positive impacts to society.



During the college entrance examination, ARN Group sent 18 taxis to form a caring team to send students to the exam.

Looking through the "Public Welfare Book" of ARN Group, over the past 20 years, nearly 20 million yuan has been used for public welfare projects such as public welfare education, poverty alleviation, targeted poverty alleviation, and helping employees of enterprises in difficulty. In the face of natural disasters, the Party Committee of ARN Group has great love and donated enthusiastically. In the 2008 Wenchuan earthquake in Sichuan, 1 million yuan was donated; in the 2010 Yushu earthquake in Qinghai, 1 million yuan was donated; in the 2016 summer flood, 1.05 million yuan was donated for flood control and disaster relief; in 2020, 1.35 million yuan was donated to fight the COVID-19 epidemic. Behind these strings of numbers, there is a lot of passion and true feelings.



Scan the QR code to read more news about public welfare activities

»Responsibility Outlook

Outlook 2024

Gather strength and write a brilliant chapter together ! 2024 will usher in the 75th anniversary of the founding of New China, and it will also be the beginning of ARN Group's implementation of the new development strategy and green transformation. We will continue to implement the new development concept of "innovation, coordination, green, openness, and sharing" proposed by General Secretary Xi Jinping , while accelerating the development of "new quality productivity" , seizing the development opportunities of new energy vehicles, increasing investment in scientific and technological innovation, promoting digital economy to enable manufacturing, and accelerating the transformation and upgrading of traditional industries, so as to make greater contributions to helping build a coordinated, low-carbon, and sustainable automotive industry chain. Let ARN become a power product expert that customers trust more, let the environment become more harmonious because of our continuous progress, and let the society become better because of our unremitting efforts!

Key Performance

指标名称	Unit	2023	2022	2021
Sales revenue	10K Yuan	1,368,857	1,393,655	1,224,421
Including sales revenue from affiliated companies	10K Yuan	61,581	46,367	—
Payment of taxes	10K Yuan	61,258	58,900	65,402
Industrial sales revenue	10K Yuan	1,101,966	1,131,332	908,561
New product sales revenue	10K Yuan	578,532	670,348	584,240
Proportion of new product sales	%	52.50%	48.10%	47.70%
New product profit tax	10K Yuan	114,549	128,707	107,386
Total assets	10K Yuan	1,462,783	1,412,236	1,336,066
Net assets	10K Yuan	926,580	861,704	811,097
Own capital ratio	%	63.34%	61.02%	60.70%
R&D investment	10K Yuan	28,761	27,980	21,978
R&D to sales ratio	%	2.6%	2.50%	2.40%
Technological innovation research and development project approval	Pcs	172	188	141
Number of new technologies, processes, and products developed	Pcs	191	189	217
Total number of employees	Person	7429	7151	7,052
Number of employees in affiliated companies	Person	1041		
Number of male employees	Person	5650	5417	5,315
Number of male employees in affiliated companies	Person	847		
Number of female employees	Person	1779	1734	1,737
Number of female employees in affiliated companies	Person	194		
Number of foreign employees	Person	52	50	44
New recruitment	Pcs	903	904	1,100
New job positions in affiliated companies	Pcs	351		
Labor contract signing rate	%	100%	100%	100%
Social insurance coverage rate	%	100%	100%	100%
Union coverage	%	100%	100%	100%
Proportion of female managers	(Female : Male)	15%	15%	14%
Skilled talent training	Per Person	3184	3041	2897
New employee training	Per Person	885	846	1122
Management training	Per Person	687	657	626
Professional technical training	Per Person	1213	1073	854
Employment rate of disabled people	%	0.81%	0.81%	0.81%

指标名称	Unit	2023	2022	2021
Employee physical examination coverage rate	%	100%	100%	100%
Incidence rate of occupational diseases	%	0%	0%	0%
Labor violations	Pcs	0	0	0
Total investment in employee training	10K Yuan	865	860	850
Employee training coverage rate	%	100%	100%	100%
Per capita training time	Hours	106	105	104
Employee satisfaction	Score	89.8	89.8	89.8
Employee turnover rate	%	7.99%	6.30%	8.40%
Number of volunteers	Person	500	600	520
Accumulative donation of social welfare funds	10K Yuan	1864.5	1,743	1,671
Investment in safety production funds	10K Yuan	3389	3126	2689
Serious injury or above safety accidents	Pcs	0	0	0
Total investment in environmental protection	10K Yuan	410	370	3500
Energy consumption per unit output value	Tons of standard coal/10K Yuan	0.15	0.15	0.15
Water consumption per unit output value	Tons of water/10K Yuan	4.089	4.197	3.999
Energy savings per unit output value	Tons of standard coal/10K Yuan	0.02	0.02	0.02
Unit water consumption	m³/10K Yuan	19.04	20.41	20.98
Unit power consumption	Kwh/10K Pcs	4.42	4.33	4.81
Unit consumption of hazardous waste treatment capacity	kg/10K Pcs	32.31	32.39	49.6
COD emissions	Ton	71.01	73.9	75.12
Recycling rate of waste residue	Ton	0.65	0.65	0.6
Wastewater recycling rate	Ton	0.58	0.58	0.58
Total number of Class A & B material suppliers	Pcs	66	66	65
Proportion of cooperative suppliers with more than 10 years	%	61%	60%	60%
Number of strategic alliances	Pcs	13	11	11
Contract performance rate	%	100%	100%	100%
Number of corruption and bribery cases that occurred throughout the year	Pcs	0	0	0
Internal system audit rate	%	100%	100%	100%
Product qualification rate	%	100%	100%	100%
Customer complaint resolution rate	%	100%	100%	100%
Participation rate of quality training activities	%	100%	100%	100%
Customer information leakage incident	Pcs	0	0	0

Opinion Collection

In order to continuously improve the social responsibility work and social responsibility report preparation work of ARN Group, we particularly hope to listen to your opinions and suggestions. Please fill them out and send them to our email: yxh4610@aqarn.com

Selective question (please mark "√" in the corresponding position)

option	better	good	normal	bad	worse
1. Does this report comprehensively and accurately reflect the social responsibility work status of ARN Group?					
2. Does this report respond to and disclose the concerns of stakeholders?					
3. Is the data disclosed in this report clear, accurate, and complete?					
4. What is the readability of this report, including its logical main line, content, text, and layout design?					

Open ended questions

1. What do you think is the most satisfying aspect of this report?

2. What other information do you think you need to know is not reflected in this report?

3. Do you have any suggestions for our future social responsibility work and report release?

If it's convenient, could you please tell us about your information

Name:

Institution:

Occupation:

Phone: