



Shanghai Turbo Enterprises Ltd.

SUSTAINABILITY REPORT 2022



Figure 1. Main Building of Changzhou 3D Technological Complete Set Equipment Co., Ltd. (“CZ3D”) wholly owned subsidiary of Shanghai Turbo Enterprises Ltd. (“the Company”)

OUR CORE VALUES

With the development of economy, the competition becomes more and more fierce. Even so "Integrity, quality, customer satisfaction and innovation" has always been the business philosophy of Shanghai Turbo Enterprises Ltd. (the "Company"), because of this persistence, which makes us win a good reputation in the industry.

The Company established a good cooperative relationship with mainstream steam turbine manufacturers of China, and actively develops overseas markets. All those efforts takes the Company own a wealth of high-quality customer resources at present, which provides continuous power for the sustainable development for the Company. In a period of future, we trust that the Company's business will steadily increase, and the enterprise value will be better improved.

CONTENTS

OUR COMPANY AT A GLANCE	4
CORPORATE STRUCTURE	6
ABOUT THE REPORT	7
BOARD STATEMENT	8
OUR APPROACH TO STAKEHOLDER ENGAGEMENT	9
MATERIALITY ANALYSIS	10
SUSTAINABILITY FOCUS AREAS	11
Governance and Compliance	11
Environmental Stewardship	13
Our Employees and Partners	16
The fight against climate change	19

OUR COMPANY AT A GLANCE

Shanghai Turbo Enterprises Ltd. (the “Company”) is a limited liability company domiciled and incorporated in the Cayman Islands and listed on the Main Board of the Singapore Exchange Securities Trading Limited. The Company’s registered office address is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is located at No.9, Yinghua Road, Zhonglou Economic Development Zone, Changzhou City, Jiangsu Province, 213016 The People’s Republic of China (“PRC”).

The principal activity of the Company is that of investment holding. The Company has invested in Best Success (Hong Kong) Limited (“BS”) in Hong Kong as investment holding company and BS has further invested in Changzhou 3D Technological Complete Set Equipment Co., Ltd (“CZ3D” or “Subsidiary”) as manufacturing of vane products and relating subcontracting services.

The Company is a precision engineering group that specializes in the production precision vane products, mainly stationary vanes, moving vanes and nozzles. These vanes are the key components of steam turbine generators used for power generation in power plants, power stations and / or substations. They are also essential components mounted onto steam turbine generators to maximize the efficiency of steam flow in the generation of electricity.

The Company has more than 20 years of business experience in vane product industry, we have our own competitive advantages, excellent technical team, well-equipped facilities, strong production capacity and market competitiveness, to provide customers with high-quality and satisfactory products.

The Company actively carries out standardization construction of quantity management system to improve the management level and overall value, including the following:

Manufacturing and Service Quality – ISO9001:2015

- CZ3D has ISO9001 certification for Quality Management Systems since 2002, which point out the direction for the Company's production, operation and management standardization, which is conducive to improve product quality, protect the rights and interests of customers, and improve the credibility of products.
- The system makes the responsibilities of all internal staff clear, avoids buck-passing, improves the quality awareness of all staff, improves the corporate culture and enhances the public image.
- With the guidance of this system, the quality of products has been fundamentally guaranteed, the confidence of customers has been enhanced, and the company has won a bigger share of the market.

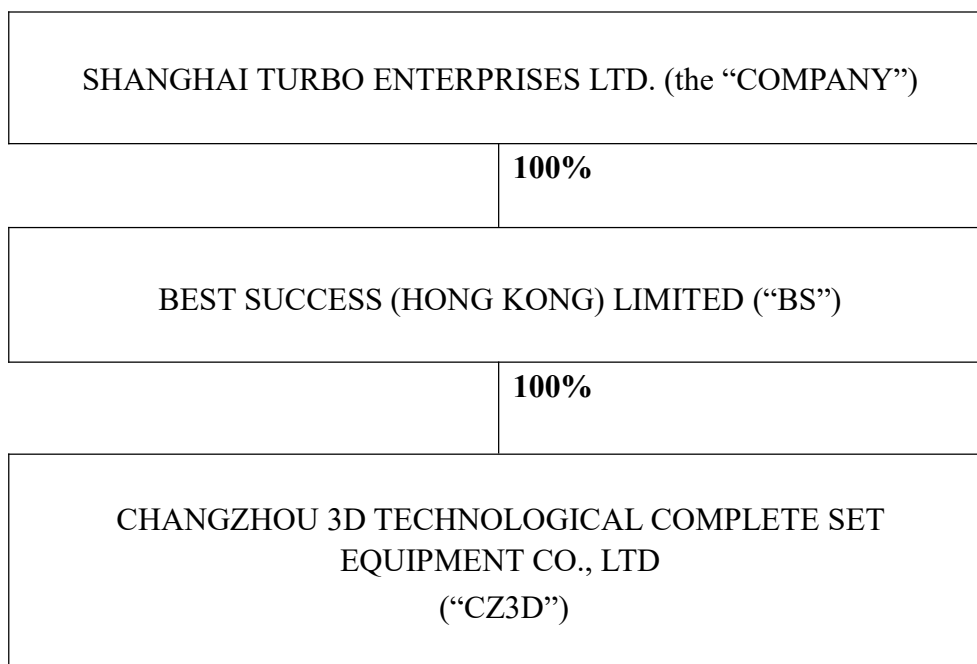
Environmental Management System – ISO 14001:2015

- We are deeply aware of the importance of the environment to human beings. We should conscientiously implement the requirements of environmental management system, and continue to improve, shoulder due social responsibilities while developing the economy. CZ3D has in place a formal environmental policy to demonstrate to stakeholders our commitments and approach to continuous improving the environmental protections. We have also been certified with ISO14001:2004 and such certification has been further renewed for the period from 27 June 2019 up to 26 June 2022 with ISO14001:2015. We have been regularly assessed the system effectiveness both internally and externally to achieve continuous improvement. The system also brings the benefits to the company as follows:
 1. Establish the corporate image, improve the visibility of the Company, and promote the Company to comply with environmental laws and regulations consciously.
 2. Encourage the Company to consider the impact on the environment in the production and business activities, reduce environmental load, so that the enterprise can obtain the "Green Passport" to access the international market.
 3. Enhance the environmental awareness of enterprise employees, promote the enterprise to save energy, reuse waste and reduce operating cost.

Occupational Health and Safety Management System – ISO45001:2018

- CZ3D works relentlessly with both employees and subcontractors promoting health and safety at our manufacturing sites and operations areas. We also cultivate a sense of responsibility for health, safety and well-being throughout our entire Group. As such, we have achieved the ISO45001 certification.
- CZ3D always concerns the health and safety of all employees, we conscientiously implement the requirements of the system in our work, so as to improve the safety management and comprehensive management level of the enterprise, then promote the normalization, standardization and modernization of enterprise management.
- The implementation of System-ISO45001:2018 reduces the economic losses and negative effects caused by industrial accidents and occupational diseases, to improve the economic benefits of the enterprise.
- Because of own this system, we more emphasis to improve the safety quality, safety awareness and operation skills of our all employees, enable them to consciously prevent safety and health risks in production and business activities, improve the relationship between government, enterprise and employees (and related parties), improve the credibility, image and cohesion of the enterprise.
- Promoting our safety management be integrated with global safety management, eliminating trade barriers, it is the third pass for us.

CORPORATE STRUCTURE



ABOUT THE REPORT

This is Shanghai Turbo Enterprises Ltd.'s sixth sustainability report (the "Report") and covers our performance for the financial year from 1 January 2022 to 31 December 2022 ("FY2022"). This Report covers our operations in China, and has been prepared in compliance with Rules 711A and 711B of the Listing Manual of The Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Listing Rules") as well as the SGX-ST's Sustainability Reporting Guide. The Global Reporting Initiative ("GRI") Standards have been referenced for reporting on material topics as it is used internationally as a reporting framework and provides a holistic framework for us to address social, environmental and governance topics.

The Company applies a standardised approach to data collection and analysis across our operations in China.

We have not sought independent external assurance of the data of this report.

The report is available for download from SGX website.

We welcome and value our stakeholders' feedbacks. Please address all feedbacks and suggestions to wenjun.zhang@shanghaiturbo.com.

BOARD STATEMENT

The Board of Directors (the “Board”) of the Company is pleased to present the sixth sustainability report for the Group’s financial year ended 31 December 2022 (“FY2022”). The Board is responsible for the overall directions of the Group’s operations and business developments while monitoring and reviewing corporate governance practices across all operations.

The Board believes the importance of sustainability report and is considering sustainability of Environmental Social and Governance (“ESG”) factors as part of its strategic consideration.

We aim to improve our sustainability performance gradually while growing our business in the long term.

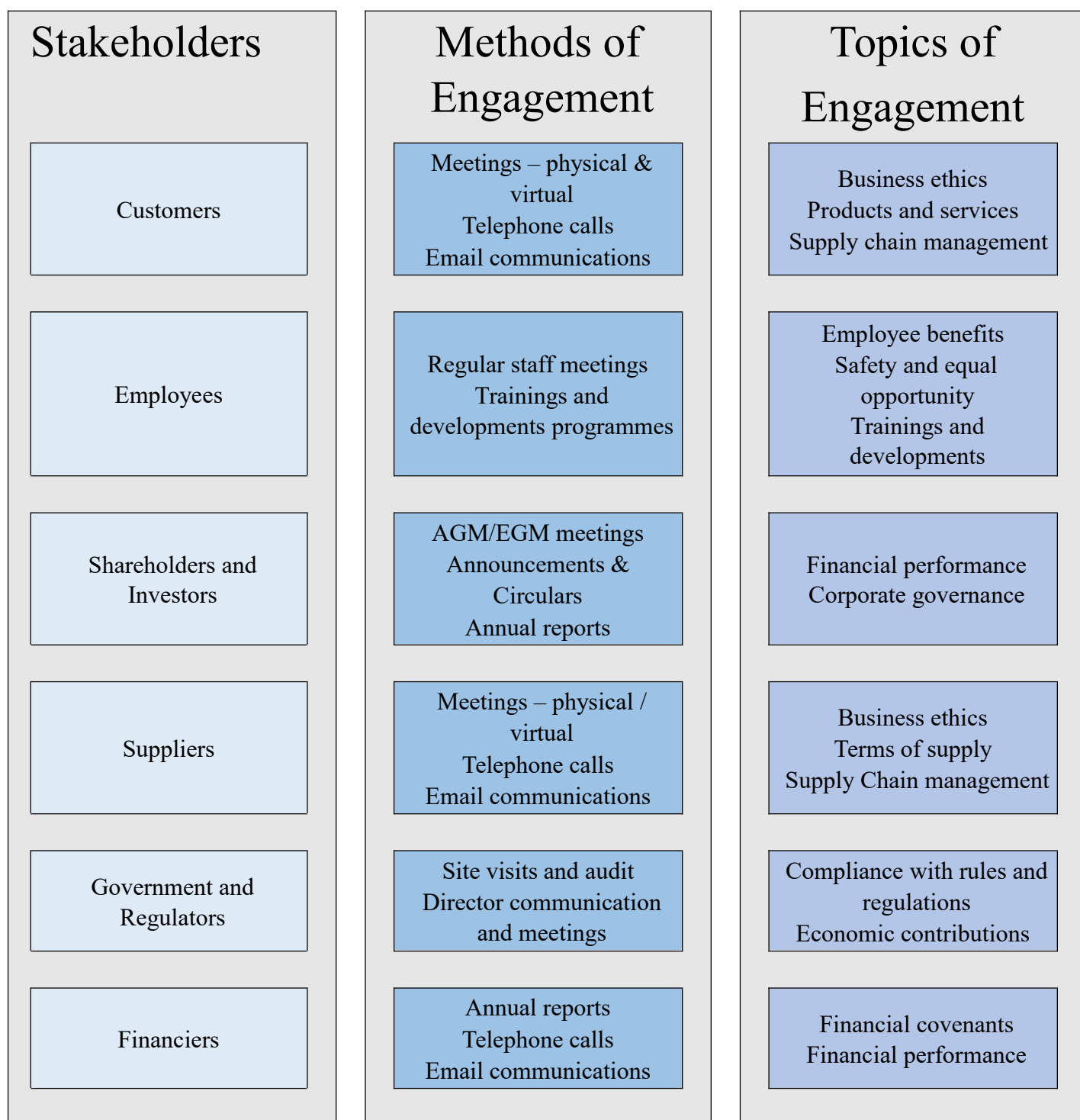
In addition, climate change is a long-term global risks that may have material financial impacts the Company’s business model. While changes in the economy and the environment brought about by climate change represents certain risks to the Company, there are also opportunities that arises. The Company is well positioned to captures such opportunities and create long-term value for our stakeholders.

The Report seeks to present accurately the practices and performances in our quest to be a sustainable and responsible corporate citizen in China. The ESG matters in this Report have been reviewed by the Board.

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

Engaging with stakeholders who are connected with the Group deepens our understanding of the evolving expectations and views about the Company's ESG matters.

We engage regularly with a range of stakeholders on topics of interest to them through multi-channels as summarized in the chart below. In addition to on-going dialogue with stakeholders as part of our day-to-day operations, we also evaluate on annual basis the pertinence of our identification of ESG factors taking into consideration how external and internal situation evolve.



MATERIALITY ANALYSIS

Materiality with respect to sustainability reporting, as defined by GRI Standards, includes topics and indicators that reflect the organization’s significant economic, environmental, and social impacts; and would substantively influence the assessments and decisions of stakeholders.

The Company reviewed the relevance of the various ESG topics first identified in FY2017 based on discussions with our internal and external stakeholders. We refined our materiality matrix with inputs from senior management, and grouped these topics into four key Sustainability Focus Areas :

1. Governance and Compliance
2. Environmental Stewardship
3. Employee Management
4. The fight against climate change

We expanded the uses of relevant GRI standards to report on the practices and performance of material topics.

Sustainability Focus Area	Material Topics	Relevant GRI Standards
Governance and Compliance	Anti-Corruption	GRI 205-3 Anti-Corruption
	Socio-economic Compliance	GRI 419-1 Socio-economic Compliance
Environmental Stewardship	Environmental Compliance	GRI 307-1 Environmental Compliance
	Waste Management	GRI 306-2 Waste
	Energy & Emissions Management	GRI 302-1 Energy GRI 305-2 Emissions
Our Employees And Partners	Employee Welfare	GRI 401-1 Employment GRI 405-1 Diversity & Equal Opportunities
	Employee Development	GRI 404-1 Training & Education
	Occupational Health & Safety	GRI 403-1 to GRI 403-7 Occupational Health and safety
The fight against climate change	Climate-related Risks and Opportunities	GRI 201-2 Financial implications and other risks and opportunities due to climate change

SUSTAINABILITY FOCUS AREAS

Governance and Compliance

To ensure compliance with legal and regulatory requirements, and the company's production and operation needs, the Company adopted complete rules to govern the company, which covered all business units and functions in the Company.

Dealing in securities

The Company's Code of Conduct regarding dealings in the securities of the Company by Directors and officers in the Group is based on Listing Rule 1207(19).

The Company issues reminders to all Directors and officers informing them that they are not permitted to deal in the Company's securities / shares during the period commencing one month before the announcement of the Company's half-year financial statements and full-year financial statements, or if they are in possession of unpublished price-sensitive information of the Company.

The Directors and employees are discouraged from dealing in the Company's securities / shares based on short-term considerations.

Directors are required to report to the Company Secretaries whenever they deal in the Company's securities

/ shares. The Company Secretaries update the Register of Directors' Shareholdings and make timely announcements on SGXNET.

Anti-Corruption (GRI 205-3)

The Group maintains ethical and governance standards and will not tolerate corrupt practices of any kind in our business operations. Our commitment to prevent corruption is clearly set out in our Group's anti-corruption policies and Code of Conduct which state that no staff should accept advantages, gifts or entertainment from our business partners, including suppliers and contractors. Our anti-corruption measures are supported by a robust corporate governance framework. Stakeholders can and are encouraged to raise concerns, in confidence, about possible improprieties in financial or other matters. Our whistleblowing policy with illustrative scope and communication process is published in the corporate for transparent communication to all stakeholders. We harnessed technology to increase efficiency and security of reporting. Any report sent to the designated whistleblowing email address published in the corporate webpage will be automatically fed to the emails of independent directors without any human intervention. Procedures have been established for the independent investigation of any such reports so that appropriate follow-up actions can be taken.

The independent directors have not received any complaint or report pertaining to financial or other substantive matters during FY2022.

Socioeconomic Compliance (GRI 419-1)

Compliance with regulatory requirements remains one of our top priorities. We ensure our business is conducted in accordance with applicable laws in all jurisdictions that we operate in. The Group keeps abreast of changing regulatory standards and requirements and maintains vigilance in managing regulatory requirements associated with operating in different business environments. This is especially pertinent with the evolving nature of regulatory provisions for governmental efforts to contain the Pandemic.

We have not received any significant fines or sanctions in FY2022 due to the non-compliance with regulations or standards.

Environmental Stewardship

Environmental and safety controls needed to protect personnel and the environment are identified and implemented. We recognize the impact our business activities may have on the environment and are committed to minimizing this impact through reduction in energy consumption and carbon footprint as well as managing our waste responsibly. Our chemical management program ensures that all chemicals used on-site comply with applicable chemicals regulations. We procure chemicals from suppliers who we believe share our views on using a range of ethical products, compliant with regulations, to assume due social responsibility for environmental improvement.

We commissioned professional and qualified companies and agencies to dispose of hazardous industrial wastes which may have an impact on the environment, to ensure the disposal is in compliance with regulations, and subject to the supervision of local government authorities.

Environmental Compliance (GRI 307-1)

The Group regularly conducts environmental, health, and safety (EHS) program self-assessment and outsourcing the external consultants to audit and validate our site-level EHS compliance. The audits include in-depth documentation of reviews, interviews with site management and physical inspections relating to

EHS compliance. CZ3D's manufacturing site in Changzhou, Jiangsu Province, China, was certified with ISO 14001:2015 Environmental Management System for fabrications and coatings of metal products.

There have been no reports of environmental non-compliances in FY2022 and we are committed maintaining high standards of environmental compliance.

Waste Management (GRI 306-2)

Waste management is an important part of our production process. We strictly distinguish recyclable and non-recyclable materials from the wastes, to extract the maximum practical benefits from materials, and commission qualified disposal agencies to dispose of hazardous waste according to local laws and regulations.

Energy & Emissions Management (GRI 302-1, 305-1)

To reduce energy consumption, our offices are installed with electrical appliances which are rated as energy-efficient, such as LED light bulbs. The layouts of our production warehouses are structured to optimize lightings. All employees are reminded frequently to switch off machines and lightings when not in use. Air conditioning using have also been clearly defined to achieve the purpose of energy saving and emission reduction.

In FY2022, total energy consumption by CZ3D's operation was 4,909,233/KWh as compared to 5,050,650 KWh in FY2021. Total energy consumption decreased approximately by 3% as compared to FY2021 While electricity cost increased by 9% as China increased electricity price of industrial and commercial industry by 20% from October 2021. As a gauge of increased activities in FY2022, the Group's revenue increased by 3% as compared with FY2021. We will continue to track and monitor consumption of energy at CZ3D's site so that we can identify areas for improvement and understand better and implement activities that result in greater efficiency.

Power consumption by month

Year	2022	2022	2021	2021	2022 vs 2021	2022 vs 2021
Description	Power used/KWh	Money spent/RMB	Power used/KWh	Money spent/RMB	Money spent/RMB	Money %
Month						
January	397,500	281,962	478,380	302,346	-20,384	-7%
February	370,590	266,213	487,050	302,967	-36,754	-12%
March	313,500	227,717	235,920	156,091	71,626	46%
April	355,680	249,116	392,880	239,641	9,475	4%
May	339,240	242,135	309,840	191,398	50,737	27%
June	338,320	243,155	389,760	245,137	-1,982	-1%
July	443,571	316,909	501,660	312,521	4,388	1%
August	580,206	413,195	561,630	346,124	67,071	19%
September	577,852	414,117	547,500	338,624	75,493	22%
October	445,848	319,112	465,780	292,645	26,467	9%
November	366,379	259,184	321,240	220,101	39,083	18%
December	380,547	252,775	359,010	249,387	3,388	1%
Total	4,909,233	3,485,590	5,050,650	3,196,982	288,608	9%

Per KWh consumption vs per year revenue

Year	Actual Consumption KWh	Turnover (RMB in Million)	KWh / RMB
2022	4,909,233	64.57	0.0760
2021	5,050,650	62.57	0.0807
2020	3,897,930	34.27	0.1137

Emissions intensity

Year	Total direct CO ₂ or Carbon Equivalent Emissions (Metric Tons)	Total indirect CO ₂ or Carbon Equivalent Emissions (Tons)	Turnover (Revenue in Millions, RMB)	Emissions Intensity (MT/RMB'000)
2022	N.A.	3,345	64.57	0.0518
2021	N.A.	3,441	62.57	0.0550
2020	N.A.	1,885	34.27	0.0550

Our Employees and Partners

Employee Management

Employees are our most valuable assets. As our business is labor-intensive, the health, safety and skills of our employees are of predominant importance to us. We aim to provide a comfortable and friendly working environment for all, enabling employees to approach challenges with a sense of purpose, innovativeness in approach, pride in work and achievement, and be appropriately evaluated for their performances.

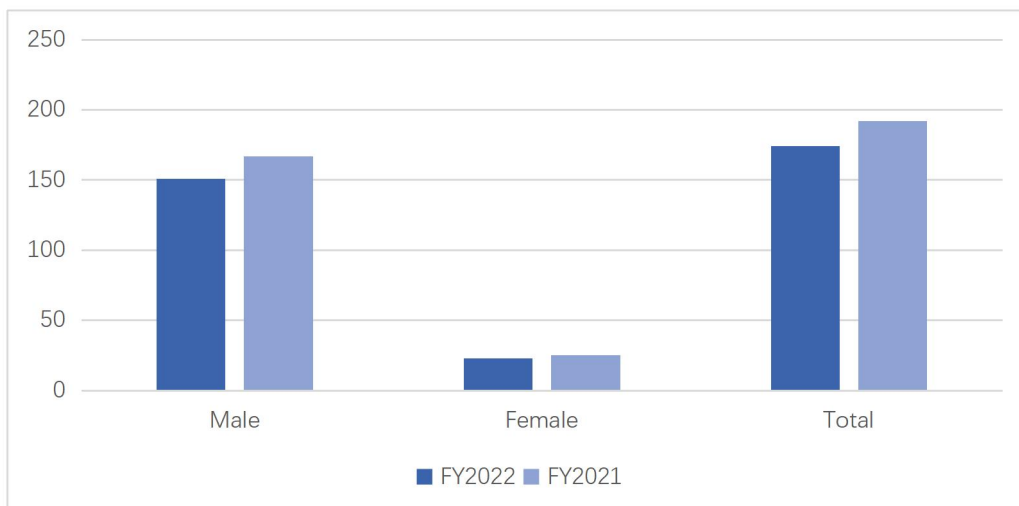
We are committed to providing an inclusive, safe working environment with equal opportunities for continual development. We embrace diversity in gender, age, race, nationality, values and background and focus on the skills, energy and creativity of a diverse group. Any form of discrimination based on distinguishing characteristic is not tolerated.

Employee Welfare (GRI 401-1, 401-2, 405-1)

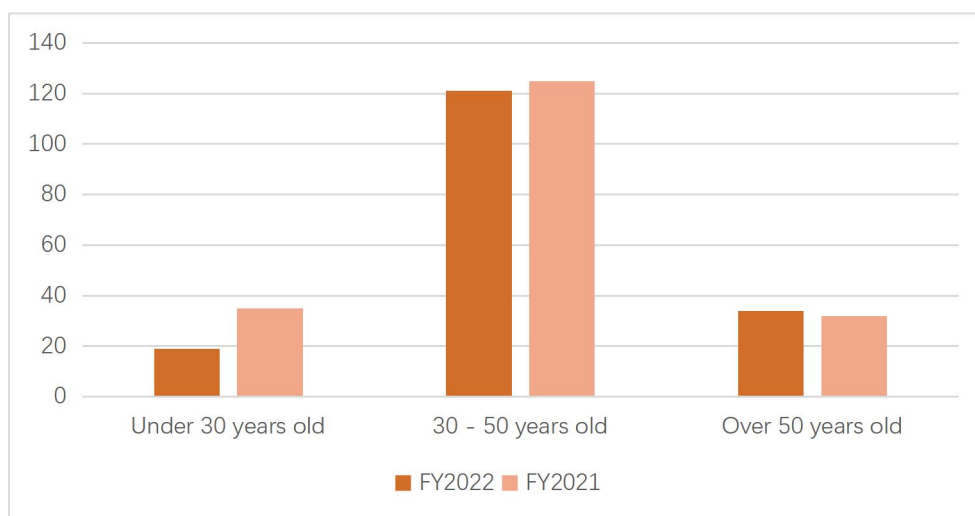
Our employees are entitled to health care benefits under the Group's hospitalization insurance plan, including medical care and dental care. Personal Accident Insurance Policy and Workmen Compensation Policies with disability coverages are also provided. Our employees are entitled to various paid leaves such as annual, parental, compassionate, marriage and examination leaves. Statutory contributions to employees' pension funds are made on a timely basis. In addition to regular reviews of our employment policies and remuneration practices to ensure compliance with updated employment laws, we also adopted industry best practices to provide optimal working conditions for our employees.

At the end of FY2022, CZ3D has employed a total of 174 employees in Changzhou, China. Due to the nature of our work, approximately 87% of our employees are male. The percentage of employees hired (hiring rate) in FY2022 was approximately 22% , while the percentage of workers who resigned (turnover rate) during the same period was 32%. As compared to FY2021, our hiring rate has decreased by 1% while our turnover rate has increased by approximately 1%.

Profile Of Employees in CZ3D (By Gender, Age, Hiring Rate & Turnover Rate)



Description	FY2022	FY2021
Male	151	167
Female	23	25
Total	174	192



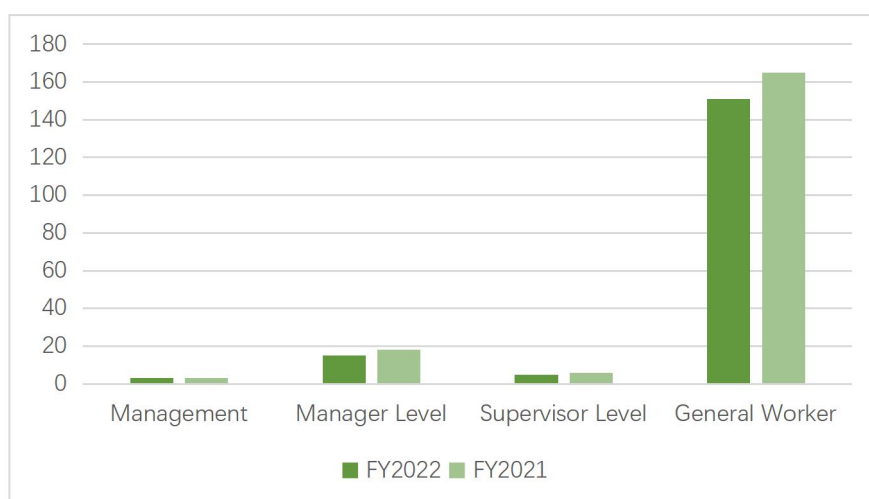
Description		FY2022	FY2021
By Age Group	Under 30 years old	19	35
	30 - 50 years old	121	125
	Over 50 years old	34	32
By Gender	Male	151	167
	Female	23	25
By Category	Hiring Rate	22%	23%
	Turnover Rate	32%	31%

Employee Development (GRI 401-1)

CZ3D recognizes that continual developments of employee skills and knowledge is critical to maintaining a competitive, relevant and motivated workforce. Career developments and performance management are established to align with corporate objectives. We continue to review and improve our career developments and performance review process in a constantly evolving business environment. A variety of relevant training opportunities specific to job requirements is arranged for all employees. Our training programs cater for employees with different job scopes and skills-set requirements. Our core training curriculum and content are developed and guided by well-established industry and international standards.

In FY2022, in addition to on-the job trainings by more experienced staff, employees received an average about 4 hours of trainings. As part of implementations of ISO 14001 and ISO 45001, our executives and other staff attended trainings related to these management system standards. A focus on technical training was provided for our general employees, covering topics such as fabrication techniques, as well as health and safety related training. Finance personnel are trained on budgeting, taxation and accounting updates. The Board also attends courses on board and board committee functions including related regulations. In lights of changing working environment, we continue to revise our training curriculums and programs to align them with our objectives and to strive for effectiveness and efficiency in our training approach. We aim to increase the training hours per employee in FY2023.

Average no. of training hours (excluding on-the job training)



Description		FY2022	FY2021
No. Of Employees	Management	3	3
	Manager Level	15	18
	Supervisor Level	5	6
	General Worker	151	165
Training Hours Per Annum	Management	4	4
	Manager Level	4	4
	Supervisor Level	4	4
	General Worker	4	4

Workplace Health & Safety (GRI 403-1 to 403-7)

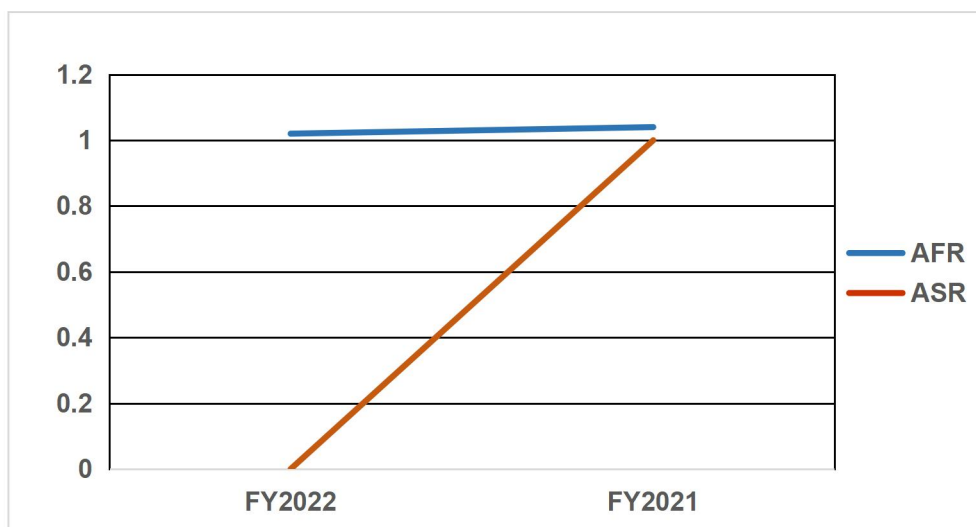
The safety and well-being of our employees are of paramount importance at CZ3D.

We instill stringent workplace safety measures and continuously monitor our performance to identify any gaps that need improvement. A strong culture of workplace safety and well-being promotes higher productivity in the daily work activities of employees. Workplace safety awareness and training are provided to all employees to ensure adherence to adequate safety practices. Employees who engage in higher risk work activities or who operate complex machineries are provided with additional training specific to their tasks. Daily meetings are conducted with employees and subcontractors to ensure everyone is aware of activities scheduled for that day and to highlight specific health and safety concerns. Workplace health and safety issues are highlighted in the monthly committee meetings with representation from the workers.

Every worker is expected to report incidents or hazardous situations (including near misses) to their immediate supervisors. Management is informed of the incidents and the cases were properly documented. All cases are thoroughly investigated and the findings are reviewed by management. Root cause analysis is done and corrective measures are put in place to avoid future recurrence.

CZ3D engages both external and in-house safety officers to ensure safety regulations are duly complied with. The external safety officer oversees compliance by CZ3D with national regulations and safety rules by conducting spot checks within the premises and proposing improvements where necessary. The in-house safety officer, on the other hand, monitors the daily safety measures and continuously seeks ways to all new employees on topics such as housekeeping rules, proper usage of personal protective equipment, and safe operation of machinery as well as material handling procedures.

The Company always puts production safety first. In FY2022, there has been no incidence of occupational disease or work-related fatality. Our safety performance data in FY2022 for our operations in CZ3D showed an Accident Frequency Rate (“AFR”) of 1.02 (FY2021: 1.04) and Accident Severity Rate (“ASR”) of 0 day (FY2021: 1 day). We are committed to continually improving our Workplace Health & Safety performance by proactive management of the program and promoting a positive safety culture across all our operations.



The fight against climate change

Risks and opportunities due to climate change (GRI 201-2)

Climate change is a long-term global risks that may have material financial impacts the Company's business model. While changes in the economy and the environment brought about by climate change represents certain risks to the Company, there are also opportunities that arises. The Company is well positioned to captures such opportunities and create long-term value for our stakeholders.

China has its plan of peaking carbon emissions in 2030. In the "14th Five-Year Plan", the new coal power generation focuses on the control of quantity and efficiency, while continuing to eliminate and shut down backward coal power units with emissions and energy efficiency not up to the standard, at the same time, China also increases the development and utilization of clean energy such as hydropower and wind energy, which brings broad space for the development of the Company.

Sustainable practices in the fight against climate change

The Company already has in place many energy reduction measures, including "double carbon" training, green office, green transportation and low-carbon conference advocacy. We will continue to step up efforts to implement new energy saving initiatives.

"Double carbon" training:

We regularly train our employees on green finance and "double carbon" to improve their ability to cope with climate change.

Green office:

Implement energy-saving and environmental protection measures, such as urging employees to turn off lights when they leave the office, set the office air conditioning temperature reasonably, conserve resources such as water and paper.

Green transportation:

Encourage our employees to actively practice "135" green transportation mode, walk within 1 km, cycle within 3 km, choose bus and subway within 5 km, and avoid driving in daily travel.

Low-carbon conference advocacy:

Work with our customers and partners to advocate and implement low-carbon meetings, such as holding "zero carbon conference", we use video conference to negotiate with them in daily work.



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