

2022 ESG Report

Modern Group - achieving sustainable and long-term growth

MAR 2023



Message from CEO



Chairman & CEO
Modern Group

“

Modern Group has always strived to be a leading supplier of structural steel and modular steel products. Each day, we are pursuing growth and improvement. It is our core belief that a successful company should practice long-termism, thus pursuing actions that contribute to sustainable and long-term growth.

In 2022, Modern Group has implemented actions to help protect the environment, ensure the well-being of our employees, and last but not least, continuously bring value to our clients in shaping a better world. While expanding our business, we are weaving our core belief in sustainability and social welfare into our daily practice. We actively engaged with government bodies to have our factory tested and measured to ensure a safe environment for our employees and communities. Through series of investment in facilities, we achieved energy savings and created cleaner environment. In a challenging year hit by Covid, we strived to ensure the safety and health of our employees.

I hope this ESG report will give you some insights in our efforts in ESG-related topics in the past year. Thank you for your trust and support! Let's build a sustainable future together.

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Our ESG approach and framework

Environment

- Environmental Policy Statement
- Clean Energy Renovations we have taken
- Modern factory environmental analysis
- Waste Treatment Policy



Human Capital

- Occupation Health Report
- Safety and Health Assessment Report of Modern factory
- MDHI Safety Report
- Covid Response

ESG Leadership & Governance

- ESG Leadership Org Chart
- Modern Hazard Identification, risk assessment and control plan

Environment

- Environmental Policy Statement
- Clean Energy Renovations we have taken
- Modern factory environmental analysis
- Waste Treatment Policy

Modern Group's Environmental Policy (1/3)

Modern Group is committed to continued operational improvement and implementation of the environmental management system. Our companies operate in compliance with all national environment mandates, local policies, and procedures outlined in the ISO 14001 Environmental Management System and GB/T 24001:2016; the Environmental Management System of the National Environmental Management Standardization Technical Committee (SAC/TC 207).

Through environmental initiatives, Modern Group management has become more aware of environmental threats, our responsibility to protect nature, and the actions we must take to reduce and prevent ecological incidents.



Modern Group's Environmental Policy (2/3)

Modern Group policy is to:

- Comply with all applicable environmental laws and regulations.
- Continually improve environmental performance.
- Undergo periodic ecological testing of soil, air, and water.
- Prevent pollution and protect the environment in all business operations.
- Recycle all waste, raw material scrap, paper, and re-use materials when possible.
- Use energy-efficient lighting, equipment, and machinery, and split specific work to off-peak energy consumption hours.
- Conduct environmental training to ensure staff understands how to comply with environmental policies.
- Minimize corporate travel and fuel consumption by fleet vehicles.
- Carry out efficient engineering practices that reduce errors.
- Optimize raw material procurement and reduce inventory.
- Use advanced machinery that reduces cutting and manufacturing wastage.
- Reduce emissions of welding gases and volatile organic compounds.
- Contain and prevent leakage of hazardous liquids and chemicals.
- Train management and staff on environmental emergency actions, workshop safety, fire safety, and emergency spill response.



Modern Group's Environmental Policy (3/3)

The Jiangsu Province Department of Ecology and Environment conducts monitoring and tracks policy implementation with Modern Group's HSE management team. This activity follows procedures of the Ministry of Ecology and Environment of the People's Republic of China. In addition, environmental specialists assist with training, testing, and other ecological matters when required.

Every day our companies take essential steps to promote greater awareness of environmental concerns and the long-term benefits of proactive participation. This attitude reflects an intense light upon our group and the customers who choose to work with us. Even where no laws, regulations, or codes of practice exist, Modern Group develops standards to ensure we act responsibly to keep the environment clean.



George Jo

Chairman/Chief Executive
Modern Group



Clean Energy Renovations we have taken

Modern group has made continuous investment in renovations for our sustainability goal:

- Efficient energy usage
- Safer work environment for our employees
- Contribute to environmental preservation



Electricity

- Annual electricity savings of ~200,000 kWh



Gas

- Reduced VOCs emission of 3.3t/yr
- Accelerated the discharge of exhaust gas



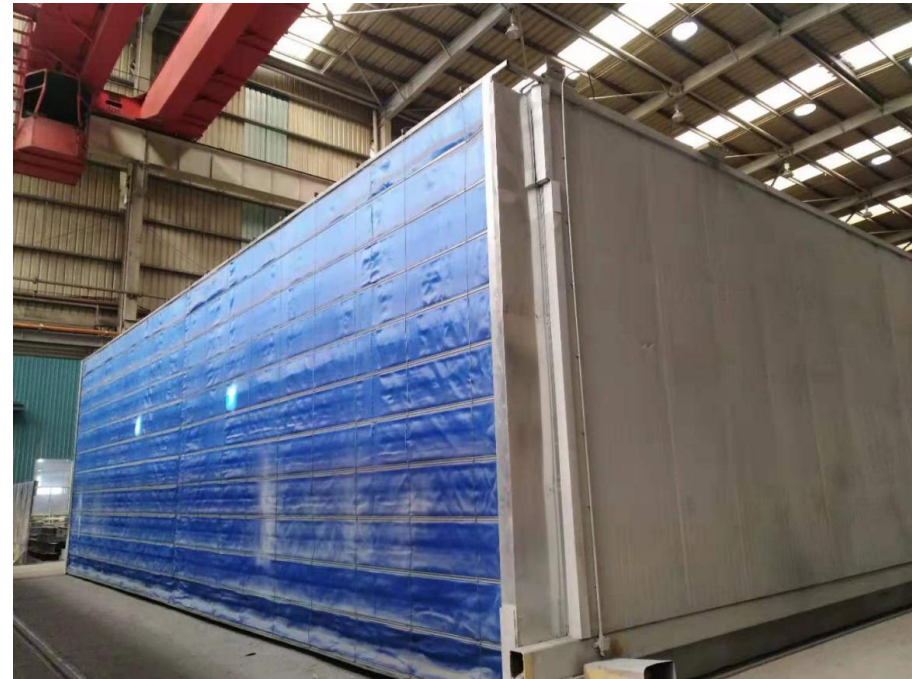
Water

- Annual steam savings of 150t
- Annual water savings of 4,000t

Clean Energy Renovations we have taken (1/3)

1

Renovation of painting exhaust gas purification system

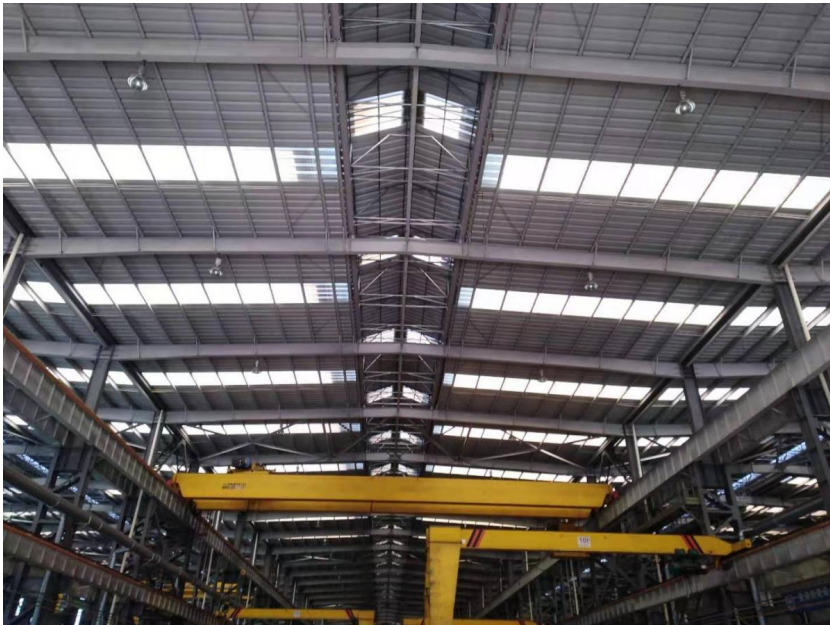


*Achieved **>95%** of exhaust gas collection and **>95%** of removal rate of VOCs
Reduced VOCs emission of **3.28t/yr** and reduced activated carbon consumption of **24t/yr***

Clean Energy Renovations we have taken (2/3)

2

Installation of LED lightbulbs in the workshops

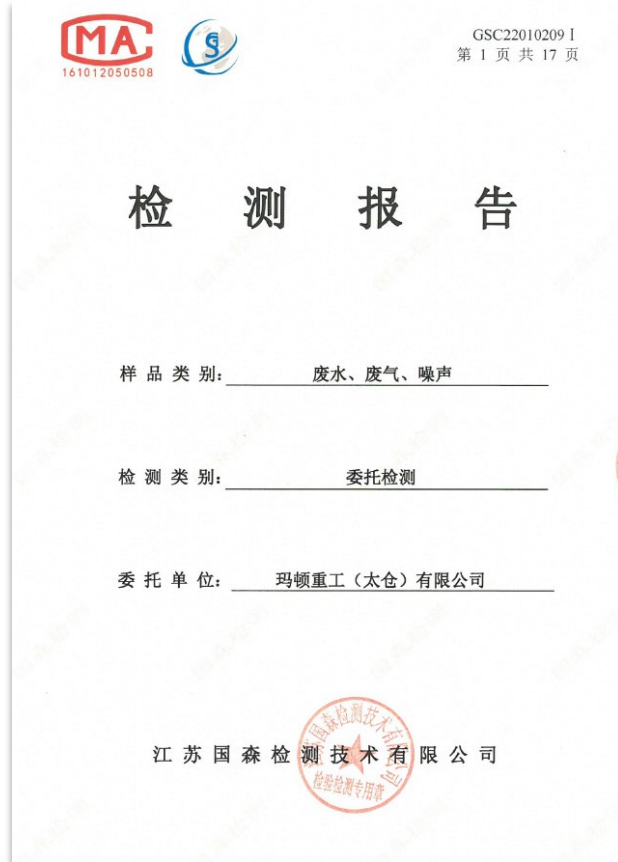


Achieved ~104,000 kWh of annual electricity savings

Clean Energy Renovations we have taken (3/3)

Action Items	Environmental Benefits
③ Install smart charging stations for EVs	<ul style="list-style-type: none"> Annual electricity savings of 10,000 kWh
④ Replace pipe joints with quick pipe joints	<ul style="list-style-type: none"> Annual electricity savings of 10,000 kWh + gas savings
⑤ Upgrade of laser cutting machines	<ul style="list-style-type: none"> Annual electricity savings of 60,000 kWh
⑥ Install additional water meters for usage tracking	<ul style="list-style-type: none"> Annual water savings of 4,000t
⑦ Steam pipeline diversion	<ul style="list-style-type: none"> Annual steam savings of 150t
⑧ Add (16) ventilators in the painting workshop	<ul style="list-style-type: none"> Accelerate the discharge of exhaust gas
...	...

Modern Factory Environmental Analysis



The environmental report attached is conducted by government-issued environmental testing facility in 2022.

The tests include water discharge, gas emissions and noise level. It was clearly stated that Modern factory has passed all the requirements based on GB standards.

Waste Treatment Policy

编号: 20223205051795 **危险废物转移联单**

第一部分 危险废物移出信息 (由移出人填写)								
单位名称: 玛顿重工 (太仓) 有限公司						应急联系电话: 13606248015		
单位地址: 太仓龙江路 169 号								
经办人: 钱建斌		联系电话: 13606248015		交付时间: 2022-05-15 15:10:43				
序号	废物名称	废物代码	危险特性	形态	有害成分名称	包装方式	包装数量	移出量 (吨)
1	油漆包装桶	900-041-49	感染性, 毒性	固态, 固态	油漆	无容器	1	3.39
第二部分 危险废物运输信息 (由承运人填写)								
单位名称: 常州万腾运输有限公司						营运证件号: 常 320400300340		
单位地址: 常州市天宁区和平国际商业街 6-205 号						联系电话: 13806118639		
驾驶员: 蔡逢春						联系电话: 18083701966		
运输工具: 汽车						牌号: 苏 DFF332		
运输起点: 太仓龙江路 169 号						实际起运时间: 2022-05-15 15:13:35		
经由地: 苏州								
运输终点: 泰兴市新竹科技工业园						实际到达时间: 2022-05-16 06:47:00		
第三部分 危险废物接受信息 (由接受人填写)								
单位名称: 泰兴市金山包装材料有限公司						危险废物经营许可证编号: JSTZ128300D034-4		
单位地址: 泰兴市新竹科技工业园								
经办人: 蔡其安		联系电话: 13952603029		接受时间: 2022-05-16 08:39:52				
序号	废物名称	废物代码	是否存在重大差异	接受人处理意见	拟利用处置方式	接受量 (吨)		
1	油漆包装桶	900-041-49	无	接受	C3	3.39		

打印时间: 2022-10-13 13:37:31



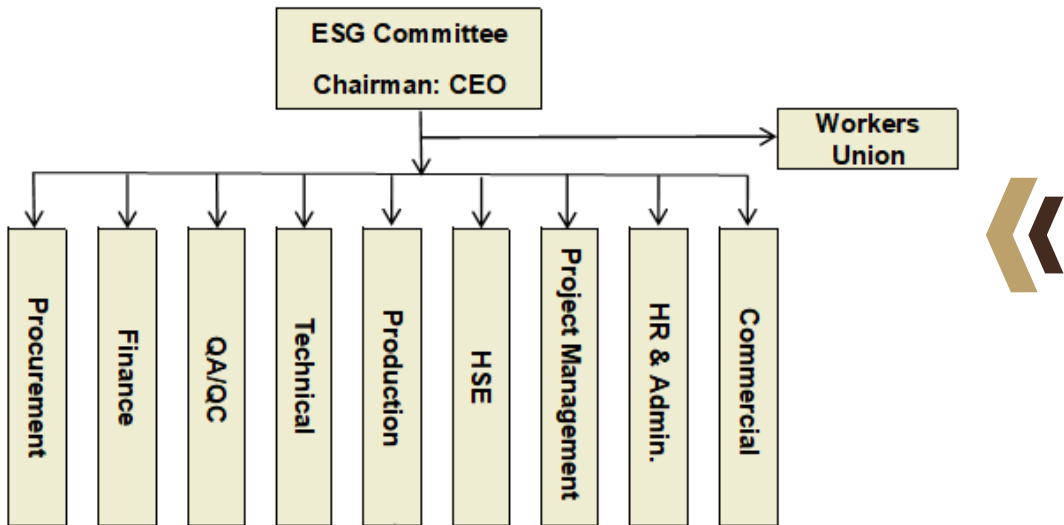
Modern Group strictly follows all waste treatment policies required by the government. Anything toxic, or could do harm to the environment will be handed over to professional treatment facilities.

Here is an example of our daily toxic waste transfer process. We transfer paint packaging materials to professional transportation carriers and eventually to package treatment facilities.

ESG Leadership & Governance

- ESG Leadership Org Chart
 - Hazard Identification, Risk Assessment and Control Plan
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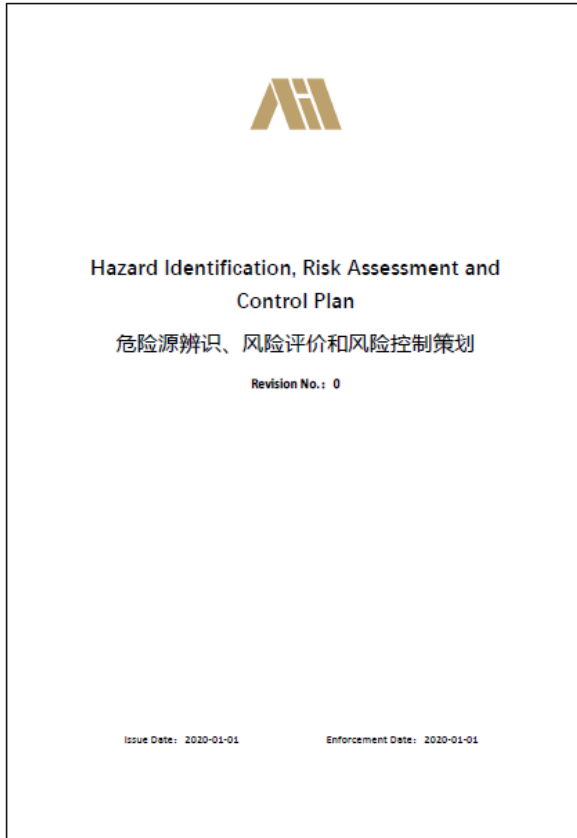
ESG Leadership Org Chart



Modern Group fully integrates ESG into the company's operation and management, identifies ESG risks, develops coping strategies, and optimizes the operating system based on the key points of ESG guidelines.

An ESG committee was established to ensure the realization of the company's ESG strategies. The committee is constituted of multi-disciplinary members to ensure cohesive and well-rounded ESG implementation.

Hazard Identification, Risk Assessment and Control Plan



Hazard Identification, Risk Assessment and Control Plan here attached was drafted and enforced since 2020 in our company to identify and evaluate the hazard sources within the company, to identify the major occupational health and safety risks, and to develop occupational health and safety risk control measures.

The establishment of this plan has improved our management system. It has played its due effect since the implementation. It enables our company to run in an orderly manner while dealing with emergencies.

Human Capital

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-

Occupation Health Report

职业健康检查总结报告书

职健字第XCYY20230025号

共 79 页 第 1 页

受检单位: 玛顿重工(太仓)有限公司

体检机构: 太仓职康健康体检中心

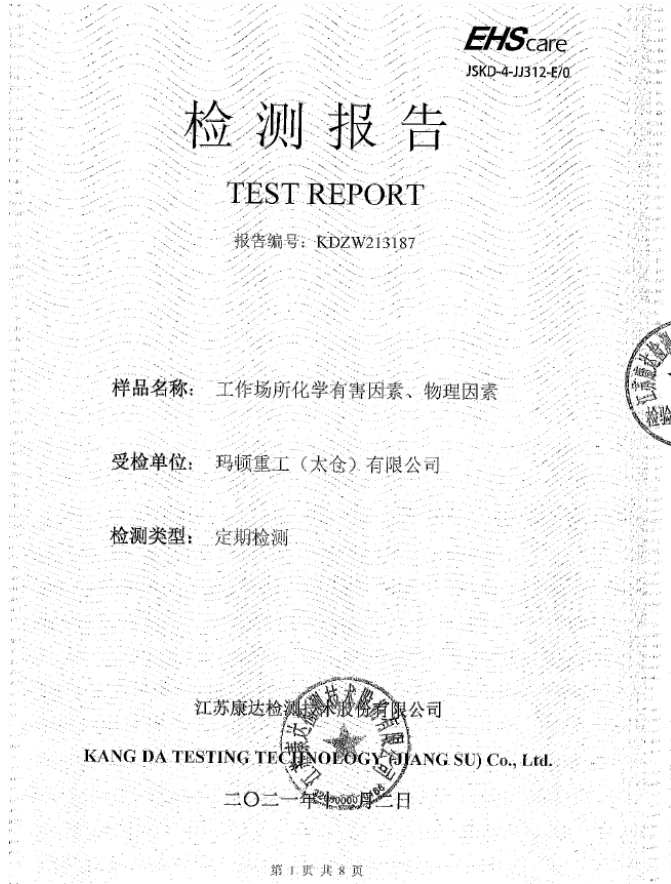
二〇二三年三月二十六日

Our company conducts regular occupation health examination for our workshop employees following corresponding laws and regulations.



The latest examination was carried out from December 3, 2022 to March 21, 2023 and the Occupation Health Report here attached was issued on March 26, 2023. This report indicates zero suspected occupational disease case; and only one occupational contraindication case. Following this report conclusion we will allocate occupational contraindication case personnel to other proper job position.


Safety and Health Assessment Report of Modern factory



Our company carries out regular checking on our work environment through 3rd party testing institution to ensure our employees a safe and health workplace. Test report attached was issued on December 2, 2022.

This test was sampling from our workplace chemical hazards and physical factors and report concludes that our workshop complies with corresponding GB standards and requirements.

MDHI Safety Report

 Modern Heavy Industries (Taicang) Co., Ltd. 169 Longjiang Rd. Tiancang Port Development Zone Taicang City, Jiangsu Province 215433 China						
HSE - Annual Work Safety Statistics 2017-2022 玛顿安全记录(年度)						
<small>TRIR—Total Recordable Incident Rate. Formula = (#of incidents*200000)/total hours worked TRIR—总计伤害事故率 计算方法= (事件数*200000) /总工作小时 DART—Days Away Restricted or Transferred. Formula = (#of incidents*200000)/total hours worked DART—受限或转移率 计算方法= (事件数*200000) /总工作小时</small>						
	2017	2018	2019	2020	2021	2022
Total Man Hours	1308000	1392000	1680000	1188000	1320000	1584000
Employees	545	580	700	495	550	660
Shop Workers	490	515	630	435	485	585
First Aid Cases	18	17	21	12	29	23
Loss Time Injury	21	26	22	16	22	18
Medical Treatment Cases	15	13	18	10	8	9
Number of days away cases	9	8	13	14	16	13
Limited/Restricted Work Cases	1	0	1	0	0	0
Number of fatalities 死亡数	0	0	0	0	0	0
Total Recordable Indidents	25	21	32	24	24	22
Days Away/ Restricted/ Transfer	10	8	14	14	16	13
Near Missed Cases	4	3	2	3	3	2
TRIR	3.82	3.02	3.81	4.04	3.64	2.78
DART	1.53	1.15	1.67	2.36	2.42	1.64



Zero harm is our company target. We keep tracking on our safety statistics throughout the years to remind ourselves the importance of safety and to be motivated for better outcomes.

Attached report listed out our safety data from Year 2017 to 2022.

Covid response: Modern Group minimized impact of COVID influence to ensure the safety of its workers



Influence of COVID



Workers at Modern Group lining to get Covid tests. Every worker was asked to get tested every 48 hours.

- Modern has **secured the stability of the operation** since the Covid outbreak
 - in-house Covid testing personnel
 - Most of the workers live on-site, easy to manage under extreme conditions
 - Disinfection of the working area once a week
 - Temporary quarantine stations for workers who return from high-risk areas
 - Communication with government bodies with up-to-date vital information
 - Minimal affect to the operation of the business has been achieved
- After Covid-related restrictions have been released starting from Nov 2022, Modern Group **acted quickly to protect its employees**
 - Dispense of medicine, masks and testing kits to workers
 - On-site quarantine rooms & caregivers reserved for infected employees
 - Offered employees free proteins (eggs, meat) to ensure nutrition intake

Modern Group is committed to achieving sustainable growth through our efforts in environmental protection, social improvement and effective corporate governance



We look forward to discussing with you how Modern Group can help you achieve success!