



POWERGEAR[®]

Dongguan Tiansheng
Optic-tronics Corp.

Sustainability Report 2023

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1 LETTER TO STAKEHOLDERS

ON
THE
RIGHT
TRACK

Dongguan Tiansheng Optic-tronics Corp. is a well-established manufacturer of POWERGEAR products in the professional lighting sector, with nearly 20 years of experience producing top-quality track systems, both standard and customised. Guided by our values, innovative spirit, and deep attention to detail, we have become an international benchmark for companies across Europe, the US and Asia.

In an era of growing environmental and social challenges, we recognise our responsibility to contribute to a sustainable and prosperous future for all. We understand that integrating ESG factors strategically and effectively into our business model not only enhances corporate stability and resilience but it also improves our ability to create value for both our stakeholders and ourselves.

Operating ethically and responsibly has always been a cornerstone of our philosophy. We are committed to upholding the highest standards of precision and transparency in our commercial practices, guided by the values that define our identity.

This first sustainability report represents an opportunity to share with POWERGEAR's stakeholders our commitment to economic, environmental and social responsibility. It also offers an opportunity for self-reflection, enabling us to assess our current position concerning our ESG goals and identify areas for improvement to better align with the United Nations' Sustainable Development Goals.

We are steadfast in our commitment to reducing our environmental footprint. This includes ensuring that our operations and products meet the highest international standards for quality and environmental performance, actively monitoring and managing carbon emissions, adopting circular practices, and optimising internal processes to reduce waste and material scraps. Additionally, we prioritise providing clear and reliable information about our solutions, empowering our customers to make fully informed decisions.

Our focus extends beyond environmental concerns. We firmly believe that our success is deeply tied to the people who work with us and the communities in which we operate. To this end, we invest in comprehensive training and development programs for our employees, promote work-life balance and support initiatives that enhance community well-being.

We recognise that building a sustainable future requires collective effort. Therefore, we invite all our stakeholders to collaborate in pursuing the common good. Your contribution is essential not only to our shared success but also to the positive impact we can collectively achieve for our planet and for the people.

I conclude this message with a promise: POWERGEAR will continue to deepen its commitment to sustainability, guided by the principles of integrity, quality, and innovation that define both our operations and our products.

With sincere gratitude,

Signature



Dongguan Tiansheng Optic-tronics Corp. President



2

**DONGGUAN
TIANSHENG
OPTIC-TRONICS CORP.**

2.1 WHO WE ARE

We are a worldwide renowned leader in the production of track systems for professional lighting and intelligent solutions for the commercial spaces. With a long experience in the lighting industry, **we offer our customers innovative products of the highest quality and reliability.**

In addition to guaranteeing technological excellence, we pay particular attention to the management and the reduction of the environmental impacts related to our production processes. **Our manufacturing facility, based in mainland China, is ISO 14001 certified** since 2018 and meets the highest standards in terms of environmental management.

Our LED-based solutions allow our customers to achieve significant energy savings while reducing their environmental impacts, thanks to the use of the most advanced technologies available on the market and the ongoing research by our team of engineers and technicians.

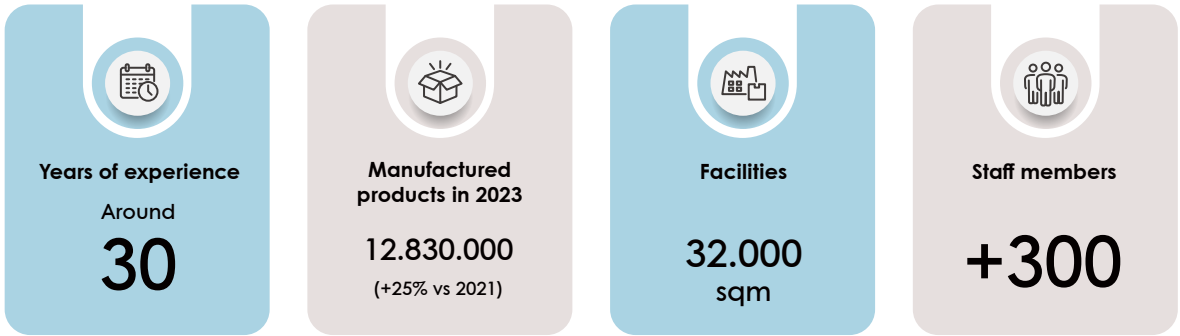
Each POWERGEAR solution strictly complies with international safety, health and quality standards: relying on us means collaborating with a partner that combines tradition and innovation, with a responsible vision towards the future, the environment and people.



Corporate values

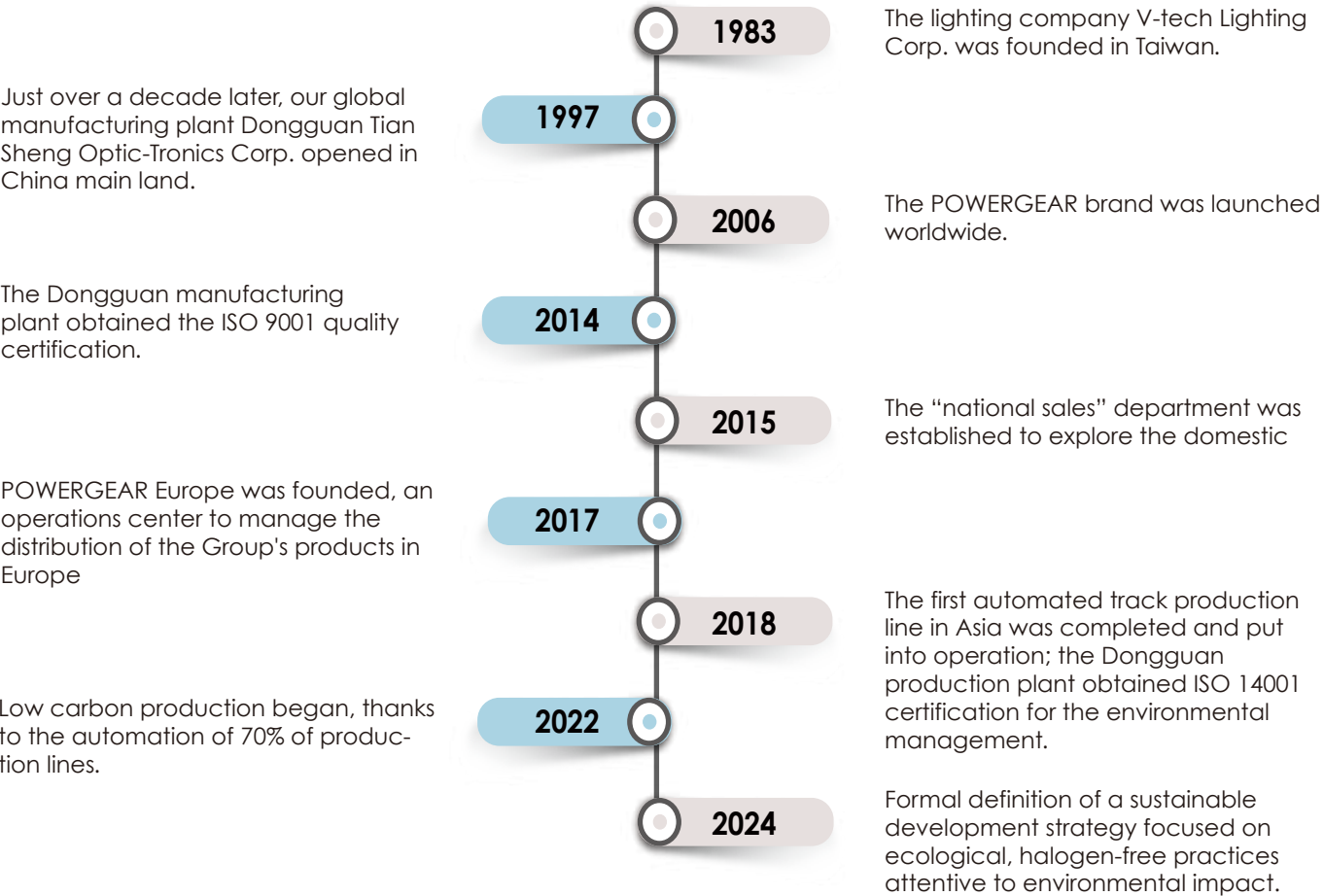


Corporate numbers



2.2 Our history

Dongguan Tiansheng Optic-Tronics Corp. is part of a Group, globally recognised as “POWERGEAR”, that has its roots in the 1980s and was born with a clear vision: innovate and improve the professional lighting sector. Since its foundation, the Group has gone through various steps of growth and consolidation, to become an international point of reference in our field. Its history is made of successes, challenges and constant evolution. Through investments in technology, the expansion of markets and a continuous commitment to guarantee the highest satisfaction of our customers and the fulfilment of their needs, the Group has achieved significant goals, always preserving its founding values. Today, we look to the future with the same passion and determination that has been guiding us from the very beginning.



2.3 POWERGEAR brand

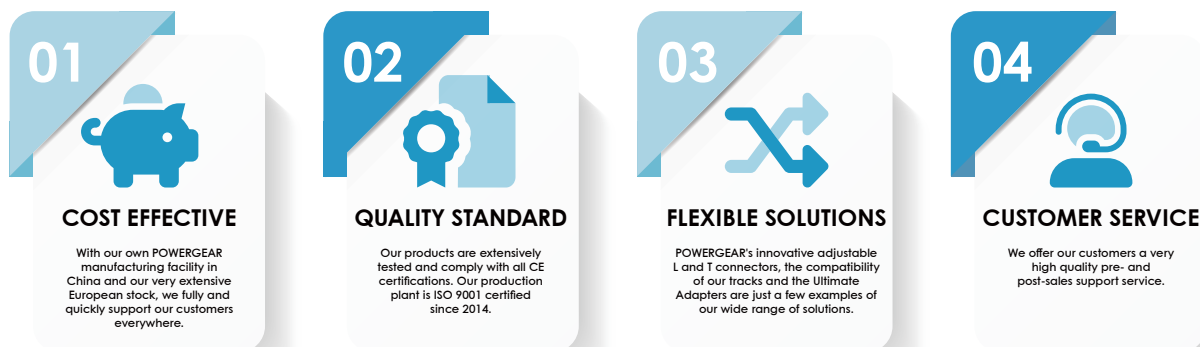


The name **POWERGEAR** comes from the combination of two English words: '**POWER**,' representing electricity, and '**GEAR**,' symbolising equipment and accessories. As track systems serve as indispensable power supply devices and accessories in lighting fixtures, our brand was created with the aim of establishing itself as an essential and influential presence in the professional lighting industry. Founded on the principle 'Quality First, Integrity Always,' our brand reflects the unwavering dedication of our visionary founder to sustainable development.

Our product line covers 3-circuit (3-phase), 2-circuit, single-circuit, 48V DC, and DALI lighting tracks, along with a complete range of accessories and a series of in-track driver adapters.

POWERGEAR track systems offer precise and reliable connectivity for professional lighting applications and are compatible with most renowned brands in Europe, Asia, Oceania and North America. The comprehensive range of innovative accessories, such as the twisted "L" and "T" connectors, gives designers maximum freedom in creating the ultimate track plans. Our tracks can easily be shortened and quickly installed, thanks to the EZCLICK mounting feature.

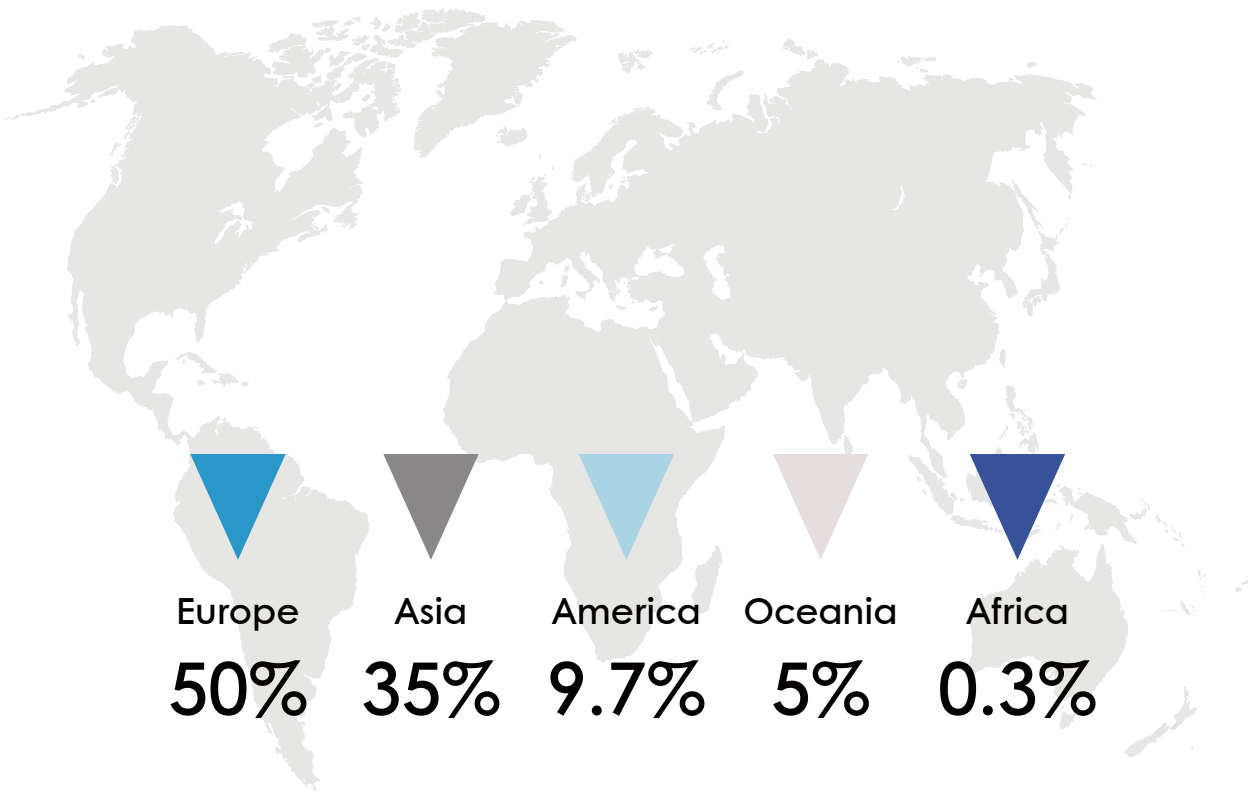
We provide our customers with **comprehensive solutions and intelligent control systems for commercial spaces**, that are provided with **ENEC, UL, CE, CQC, and SAA certifications**, making them a first-class choice for the global market.



2.4 Commercial presence



POWERGEAR products are distributed all over the world: the strong and ongoing expansion is the result of the distinctive "power" of our Group, which has brought us to reach a global presence and consolidate our position as international leader in track systems:



2.5 Business model and corporate governance



As previously mentioned, in chapter 2.2, behind the POWERGEAR brand there is a strong group made up of four companies.

▶ PROTEL PACIFIC CORP.

Founded in 1991 in Taiwan, it represents the financial core of the Group, that coordinates and manages the other companies.

▶ DONGGUAN TIAN SHENG OPTIC-TRONICS CORP.

Based in China Mainland, our company was opened in 1997, as a strong manufacturer, and it is the heart of the production of POWERGEAR tracks and all customised lighting solutions placed on the market by V-tech.

▶ POWERGEAR EUROPE

It is the European commercial core of the Group, that receives and distributes POWERGEAR solutions throughout Europe, both directly and through the Group's powerful distribution network.

▶ V-TECH LIGHTING

Based in Taiwan, this company assembles customised systems for OEM (Original Equipment Manufacturers) and ODM (Original Design Manufacturers).

The highest governance body of the Group is represented by its President, Mr. Tony Wang, who decides the strategic direction, also concerning sustainability topics. **The Group's business model is based on a clear role division and highly effective collaboration fluxes: inside each company, every area operates with a high degree of independence, guaranteeing decision-making autonomy, while keeping a synergical collaboration.**

Inside Donguan Tiansheng Optic-Tronics Corp., each department is focused on its core competencies, increasing efficiency and fostering innovation. At the same time, we promote a culture of cooperation between different functions, where open communication and teamwork are essential. In this way, each area contributes to the achievement of company targets, ensuring that results are optimally achieved, sustainable and aligned with our overall strategic vision.

As it concerns the integration of ESG factors into the business model, we have started an internal structuring process aimed at making sustainability an asset of growth, as well as a tool to contribute to the Sustainable Development Goals of the United Nations. In the first half of 2024 we will carry out an in-depth analysis of the current corporate management of each ESG topic, with the support of a specialised external consultancy company, to identify possible areas of intervention to support the continuous improvement of our performance.

An ESG training session is also planned in which our top management will participate, with a focus on the 2030 Agenda, on European regulatory evolution, on the pillars of corporate sustainability and the due diligence procedures. Starting from 2024, we will draft our ESG Plan on an annual basis, which will be submitted to President Wang, for review and approval. At the end of the year, a Report to Management will be drawn up, presenting the results achieved and updating the situation with respect to corporate impacts. On this occasion, the processes and solutions adopted during the year will be reviewed in order to improve and make them more efficient. During 2023, an internal manager was identified to coordinate our ESG activities: Dr. Sunny Liu, an export sales manager who has been within our company for many years and who has a deep ESG knowledge. The responsibility for sustainability decision-making always remains with our President, as well as the approval of the Sustainability Report.



3

**COMMITMENT
TO SUSTAINABILITY**

3.1 How we contribute to the SDGs

We are aware that through responsible and innovative practices, we can reduce our environmental impact, improve social conditions and stimulate the inclusive growth of society. By integrating the ESG factors into our business strategies, we can not only strengthen and expand our market position, but we can also contribute to the Sustainable Development Goals of the United Nations.

SUSTAINABLE DEVELOPMENT GOALS



- HEALTH AND WELL-BEING (SDG#3):

We safeguard and promote health and safety in the workplace through a dedicated management system aimed at preventing accidents and illnesses



- QUALITY EDUCATION (SDG#4):

We actively promote the development of hard and soft skills of our employees through regular training plans to have a first-class and always up-to-date staff



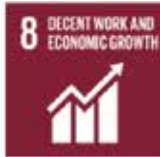
- GENDER EQUALITY (SDG#5):

We internally promote the pursuit of equality and social equity



- CLEAN AND AFFORDABLE ENERGY (SDG#7):

We work every day to reduce our energy consumption and to switch to renewable energy. We also contribute to the energy improvement of our customers through our LED lighting solutions.



- DECENT WORK AND ECONOMIC GROWTH (SDG#8):

We ensure full compliance with laws and regulations on human and labour rights, to promote a fair, inclusive growth of society.



- INDUSTRY, INNOVATION AND INFRASTRUCTURE (SDG#9):

We contribute to the sustainable transition of industry by offering innovative solutions and at the same time by committing to reducing the environmental impact of our activities and products.



- SUSTAINABLE PRODUCTION AND CONSUMPTION (SDG#12):

We strive to reduce the share of non-renewable materials inside our packaging and to purchase materials coming from responsibly managed sources. We carry out a proper waste management according to national laws.



- COMBATING CLIMATE CHANGE (SDG#13):

We work every day to reduce our GHG emissions, internally through internal energy improvement initiatives and externally by progressively involving more and more players of our value chain in the calculation of scope 3 emissions to reduce them. .



- PEACE, JUSTICE AND STRONG INSTITUTIONS (SDG#16):

We carry out our activities in full compliance with the laws in force, ensuring transparency, stability and resilience of our business and defeating all forms of corruption, unfair competition and unlawful behaviour.

3.2 Stakeholders engagement



Mapping priority stakeholders, engaging them and meeting their expectations is critical to ensuring business success, today and in the future. In fact, they have a direct and significant impact on corporate operations and reputation. Actively involving them means listening to their needs, understanding their expectations and integrating their feedback into the decision-making process. This approach not only fosters trust and loyalty, but it also allows to identify opportunities for improvement and innovation. Meeting stakeholder expectations creates a virtuous circle of support and collaboration, essential to face the new challenges that arise, promote sustainability and ensure the responsible and inclusive growth of society.

To identify our priority stakeholders we mapped all of them and then we carried out an assessment activity, based on their degree of influence on our company. Of each priority stakeholder we have then analysed the main expectations, using the information collected over the years. We are willing to further strengthen the dialogue with each of them and promote their broader strategic involvement in order to increasingly create value together.

Our main stakeholders are listed below, along with their current involvement methods.

CUSTOMERS AND CONSUMERS

- Ongoing dialogue with the commercial area
- Pre and post sales support
- Corporate communication

EMPLOYEES AND THEIR FAMILIES

- Dialogue with the HR function
- Team building activities
- Training

OWNERSHIP

- Periodic meetings
- Direct supervision of some company functions

SUPPLIERS

- Ongoing dialogue with the purchasing area
- Participation in sector events and fairs

INVESTORS

- Financial statements
- Financial information

INSURANCE COMPANIES

- Financial statements
- Periodic meetings with the admin-financial function

COMMERCIAL PARTNERS

- Ongoing dialogue with the top management and with the commercial area
- Collaboration with the R&D department

PUBLIC ADMINISTRATION

- Clear and exact production of financial statements
- On time tax payment

PATENT BODIES

- Direct collaboration in case of new developments
- HOUSE TENANCY
- Ongoing dialogue with the administration dept

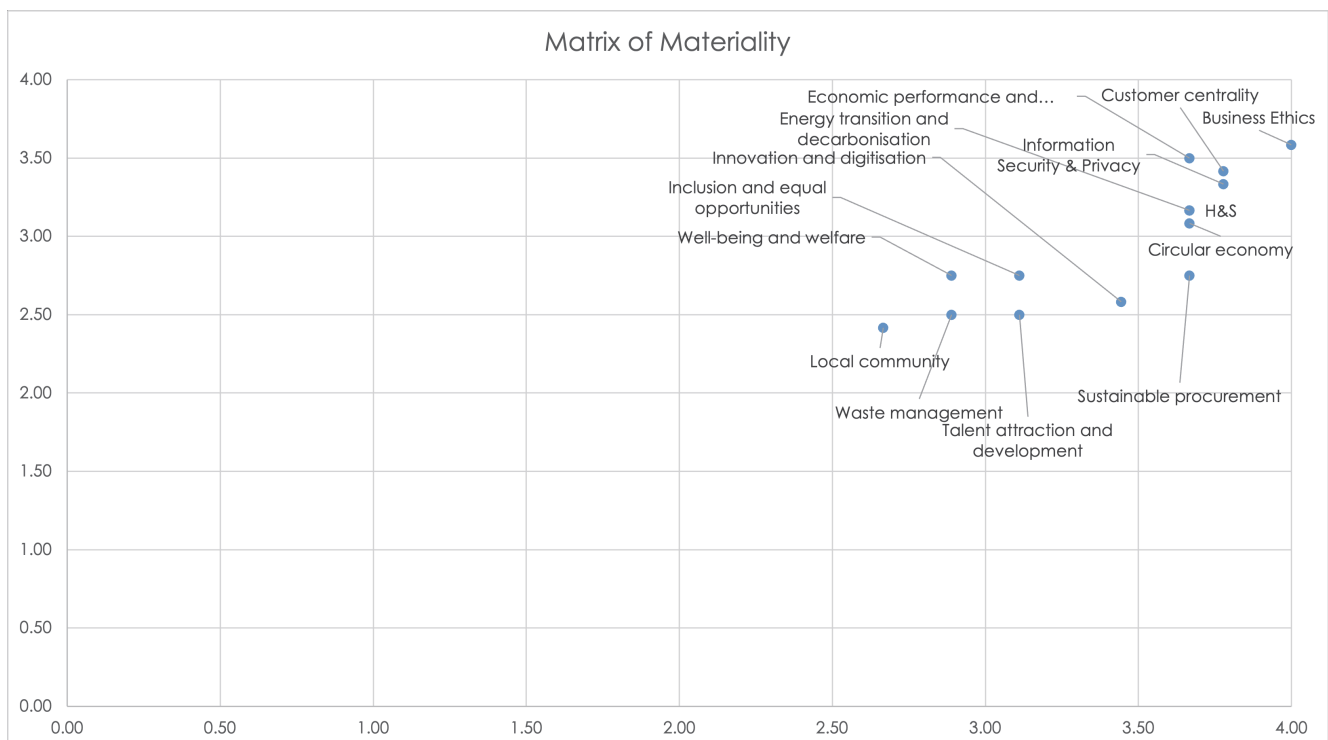
EXHIBITIONS

- Participation in national and international exhibitions
- Dialogue with managers of the commercial and financial area

3.3 Our material topics

Material topics are essential for guiding companies toward a sustainable transition, aligning corporate strategies with stakeholder expectations, and fostering shared value creation through the responsible management of resources.

To define our material topics, we conducted a materiality analysis in accordance with the 2021 Universal Reporting Standards of the Global Reporting Initiative (GRI 3). This process allowed us to identify and assess the most significant economic, environmental and social impacts of our company. For this first reporting year, the analysis was performed internally, also from the perspective of our key stakeholders. Looking ahead, we aim to enhance this process by directly engaging stakeholders, ensuring full alignment with GRI standards and the requirements of the Corporate Sustainability Reporting Directive (CSRD).



Our material topics, identified through the above mentioned materiality analysis, are:

- business ethics
- customer centrality
- creation of value
- information security & privacy
- energy transition and decarbonisation
- occupational health and safety
- circular economy
- sustainable procurement
- innovation and digitisation
- well-being and welfare
- talent attraction and development
- waste management
- relation with the local community

We have grouped them into **four general material topics:**

- 1. Creation of value and responsible business conduct**
- 2. Customer centrality and product innovation**
- 3. Responsible management of our people**
- 4. Responsible management of our environmental footprint**



4

**CREATION OF VALUE
AND RESPONSIBLE
BUSINESS CONDUCT**

4.1 Business ethics and integrity

We have always prioritised the safeguarding and promotion of the highest standards of integrity in daily business. Ethical conduct is fundamental not only to reinforce the trust our stakeholders place in us but also to ensure operational continuity and contribute to the overall well-being of the economic and social systems in which we operate. Every decision we make and every action we take embody our core values.

We guarantee the highest level of transparency in preparing our financial statements, while ensuring ongoing and comprehensive compliance with national regulatory requirements. The effectiveness of our oversight and control systems is evident in the fact that, as in previous years, no instances of non-compliance with laws or regulations were recorded, whether in social, economic, or environmental domains.

Business ethics also entails firmly opposing and combating bribery and unfair commercial practices. We maintain an open and collaborative stance with the relevant authorities and uphold a strict "zero tolerance policy" toward any form of unethical behavior, whether perpetrated or experienced.

We are convinced that a bribery-free environment is essential for fostering sustainable growth and building long-term trust in POWERGEAR brand. Furthermore, we reject any business practices that could compromise free and fair competition. We regard our competitors as valuable counterparts, driving innovation and mutual progress in the lighting industry. Notably, in 2023, no reported or alleged incidents of corruption or bribery were recorded.

In order to promptly identify and manage any situations that might affect corporate ethics, we have adopted a kind of whistleblowing system, that includes:

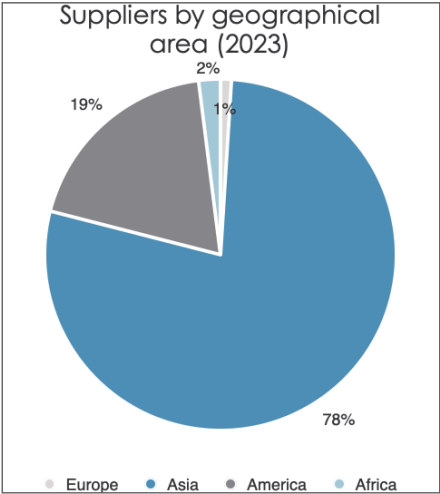
- tip-off hotline;
- investigation and response procedure;
- disciplinary actions.

This system ensures whistleblowers can stay anonymous and that no kind of retaliation is allowed. It is managed directly by the top management and is illustrated in our "Employee Handbook".

4.2 Sustainable procurement

ESG responsibility is not limited to ourselves: the activities we carry out and the choices we make produce effects both downstream and upstream along our value chain and our performance is equally influenced by the actions of the external stakeholders. Donguan Tiansheng Optic-Tronics Corp. is committed to integrating sustainability into its supply system, both to reduce risks and to produce positive effects and create long-term value.

We work to build and keep a supply chain that is strong and diversified, to ensure its highest quality and stability. 78% of our suppliers are Asian and 88% of them are located in Guangdong Province: we pay great attention to promote the economic growth of our local community but also to keep the emissions from transport as low as possible. 19% of our suppliers is based in America and the remaining part in Europe and Africa. The geographical distribution by number and by expenditure is substantially aligned.



GRI 204-1 Proportion of spending on local suppliers				
	2022		2023	
	suppliers	total spending	suppliers	total spending
Europe	1%	2%	1%	0%
Asia	78%	81%	78%	79%
of which, Guangdong Province	89%	96%	88%	94%
America	19%	17%	19%	20%
Africa	2%	0%	2%	1%

In the awareness of the crucial role of our suppliers in value creation, we have implemented an internal supply policy and established supplier assessment procedures within our ISO 9001-certified Quality Management System. Our evaluation criteria and procurement decisions are guided by key factors such as financial stability, product quality and safety, workplace health and safety, circular practices and environmental impact management.

To ensure continuous improvement and alignment with our standards, we have developed an internal supplier audit system, that involves periodic audits to our key suppliers (on a a quarter or annual basis), focused on various business aspects, including production facilities, management systems, manufacturing processes, product quality and delivery performance.

We currently do not have any Supplier Code of Conduct but we sign a medium-long term contract with our suppliers which includes, among other things, clauses relating to all the main product certifications (including, but not limited to, RoHS, REACH, MSDS and TSCA) and a quality management system that is compliant with ISO 9001 or any other equivalent standard.

We are also aware of our suppliers’ main expectations and we care of them, making our best to promote a continuous strenghtening of our business collaborations like for instance by ensuring 100% on time payments that contribute to our supply chain stability and meet our integrity and loyalty core values. We also share information on the progress of our business and future direction and we work on forecast orders, both to guarantee our customers short delivery times and constant supplies, and to give suppliers the opportunity to plan their budget and production in advance. Finally, we always make sure that our suppliers are provided with clear requests and the necessary drawings and QC manual to reduce the risk of non conformity.



5

**CUSTOMER
CENTRALITY AND
PRODUCT INNOVATION**

5.1 Customers first



For us, the customer is at the center of every activity. We are daily focused on understanding our customers' needs to offer them solutions that not only meet, but also exceed their expectations. We are committed to providing an excellent service, by actively managing feedbacks and constantly improving our solutions. We believe that long-term success depends on the ability to build strong and lasting relationships, based on trust, transparency and added value: this is why our team works constantly to maintain and strengthen the collaboration with all our customers.

We pay a very high attention to each aspect of customer management. We have a team of dedicated engineers that is always at work to evaluate the feasibility of customers requests and to develop the best solution to fulfill and even exceed their expectations. From a commercial point of view, our strong sales team keeps the dialogue open with our customers before and after they purchase our products in order to support them with any kind of technical and commercial consultancy. To guarantee maximum customer satisfaction, we use an advanced ERP system for data collection and processing, which makes it possible to access data on components availability and on production program in every place and at every moment so that we can easily monitor the status of the orders from the moment we receive them to the moment in which they are ready to be collected. To reduce the risk of mistakes in shipping, we have a double check system in place based on bar codes and weight to ensure that products are properly placed on pallets and collected by the best international transporters, that ensure an excellent customer experience for a to z.

Every year, we send a detailed customer satisfaction questionnaire that evaluates several aspects of our operations, including product quality, on-time delivery, service efficiency, ability to deal with complaints, and acceptance of advices and suggestions. Thanks to collected information we identify any potential areas for improvement and promptly fulfill the needs and expectations of our customers, ensuring that our commitment to excellence is always at the highest level.

5.2 Information security and privacy



Ensuring information security is crucial for businesses in an era where data is a critical asset. Protecting sensitive data from unauthorised access and security breaches is essential to keeping high the trust of our stakeholders. Furthermore, ensuring the availability, accessibility and accuracy of data is of a crucial importance to the business, as it enables informed and timely decisions. A severe approach to data security reduces the risk of operational disruptions, protects intellectual property, and complies with privacy and data protection regulations.

We have an IT team dedicated to managing this topic. We have set up a system of limited access to sensitive and confidential information: employees who need them must send a specific request, specifying the reason and the use they will make of them. At the same time we detect and record every download from our ERP system. A password system ensures access to IT devices only by authorised people.

Although we do not have a dedicated policy, within our Employee Handbook we provide all the information and guidelines necessary for our employees to minimise the risk of data loss and/or compromise. In case of any loss or damage due to cyberattacks we have an off-site backup system to recover promptly.

As far as it concerns privacy, we confirm that all the data of European companies are processed and managed in full compliance with the provisions of Regulation (EU) 2016/679, better known as the General Data Protection Regulation, or GDPR.

As in the past, also in 2023 no incidents of privacy violation and/or data loss occurred.

5.3 Product excellence: innovation and quality of our solutions



Innovation in the lighting field is key to addressing environmental challenges and improving quality of life. Advanced technologies, such as LED lighting and smart control systems, significantly reduce energy consumptions and CO2 emissions, improving the environmental impacts. They also better customer experience by providing higher quality and customisable solutions. Furthermore, innovative lighting has a positive impact on people safety and well-being: investing in innovation therefore means getting ready for a more sustainable, safe and technologically advanced future.

Donguan Tiansheng Optic-Tronics Corp. is focused on continuous innovation and has a team of 10 engineers and 8 technicians daily searching for new solutions that not only have a lower environmental impact, but which increasingly improve the customer experience from a qualitative perspective. We have highly integrated production facilities and the only automated ones in Asia. This ensures efficient production and stable quality, to offer excellent solutions and fast delivery service worldwide.

Our commitment towards maximum quality led us to obtain ISO 9001 certification for our production unit, DongGuan Tian Sheng Optic-tronics Corp., in 2014 and to keep the failure rate of our products below or at least equal to 0.001%. We are able to maintain a such low rate thanks to our focus on continuous employee training and CAR, SCAR systems.

To further strengthen our quality system, we have adopted a complaint and return management system based on a clear definition of procedures and responsibilities. The return procedure and warranty conditions are clearly stated in each product datasheet.

We collaborate with our commercial partners to jointly develop cutting-edge solutions that fulfil or even anticipate market needs. We are extremely proactive, we guarantee maximum collaboration and loyalty and we expect the same from them.

During 2023, as in previous years, we registered no episodes of non-compliance of our products concerning health and safety.

Together for top-quality solutions

As part of our commitment to the constant search for product and service excellence, we have set and consolidated over time strategic, high-value partnerships with leading companies in the lighting field such as TCI Telecomunicazioni Italia Srl, Signify, Osram and Tridonic with whom we constantly work to provide our customers with cutting edge and top quality solutions.



TRIDONIC



OSRAM



6

**RESPONSIBLE
MANAGEMENT OF
OUR PEOPLE**

6.1 Our HR profile

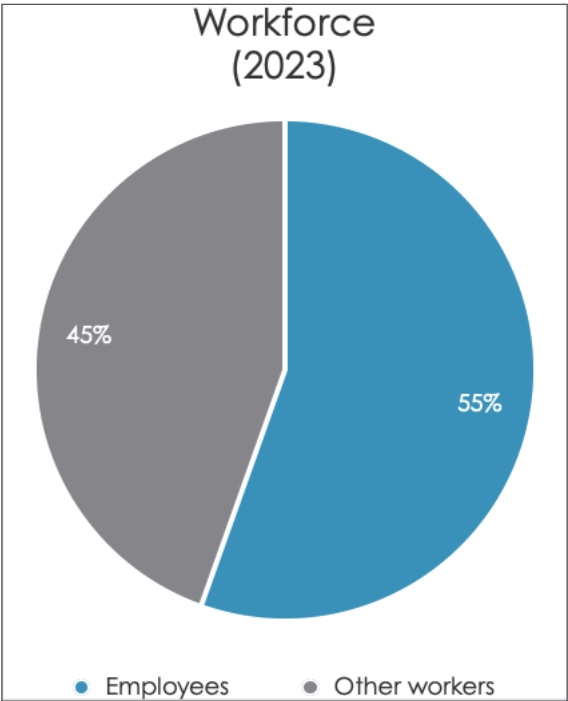


People are the beating heart of Donguan Tiansheng Optic-Tronics Corp. and represent the true engine of our success and growth. Talented people and committed employees promote innovation, flexibility and reinforce the market position.

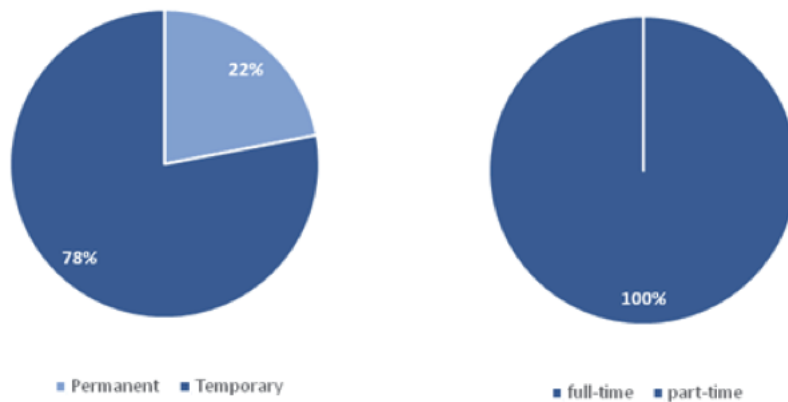
As of December 31, 2023 our workforce consists of 400 people, of which 218 are employees and 182 are other collaborators*. All our employees have a full-time contract and 24% of them are provided with a permanent contract. Data on HR composition show men and women are substantially aligned, being respectively 116 (53%) and 102 (47%).

Of the non-employees, that are managed through local job agencies, 38% are blue-collars; 4% from warehousemen; and 57% by administrative and other workers.

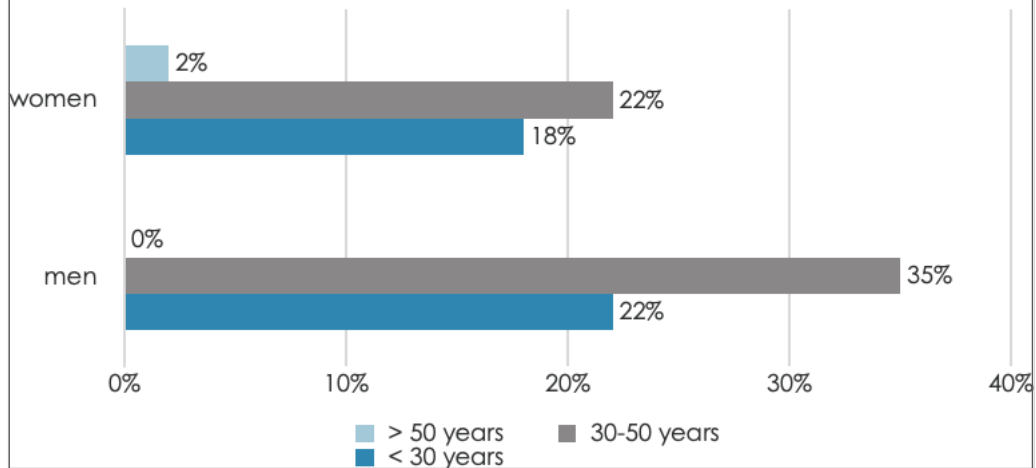
This year we have employed 49 new people, of which 41% have less than 30 years, 57% belong to the age group 30-50 and the remaining 2% is represented by elder people. At them same time, we have registered 33 leaves, mainly related to blue-collar workers: on the one hand, the turnover of non-specialised workers is consistent in our sector, on the other hand, we have hired new technicians to cope with the increase in projects requested by our customers. The rate of job creation in 2023 is positive and equal to +7%.



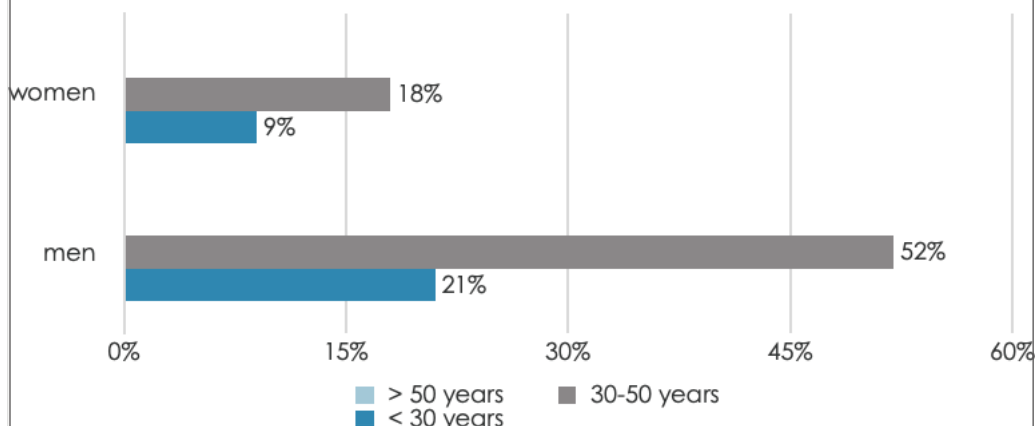
Employees by type of contract
(2023)



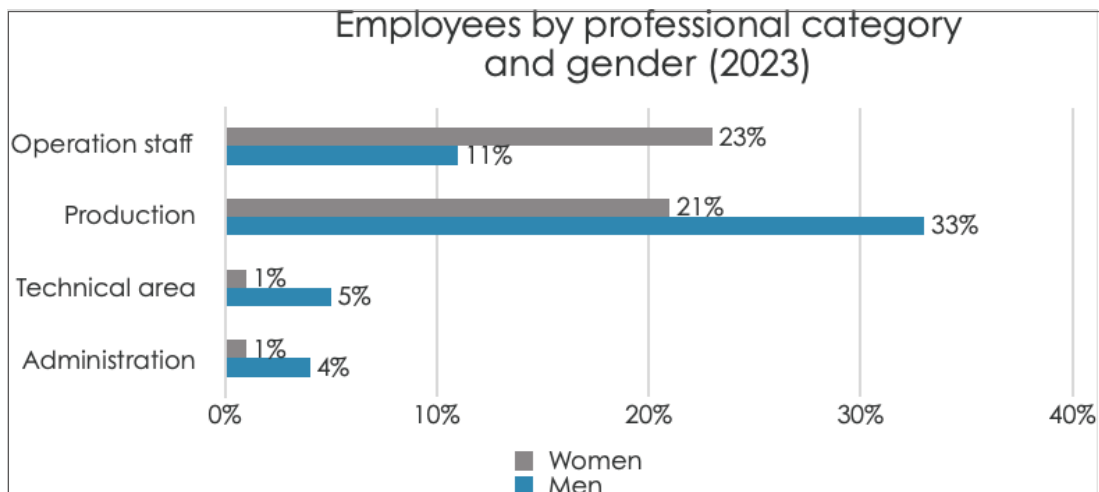
New employees by age and gender
(2023)



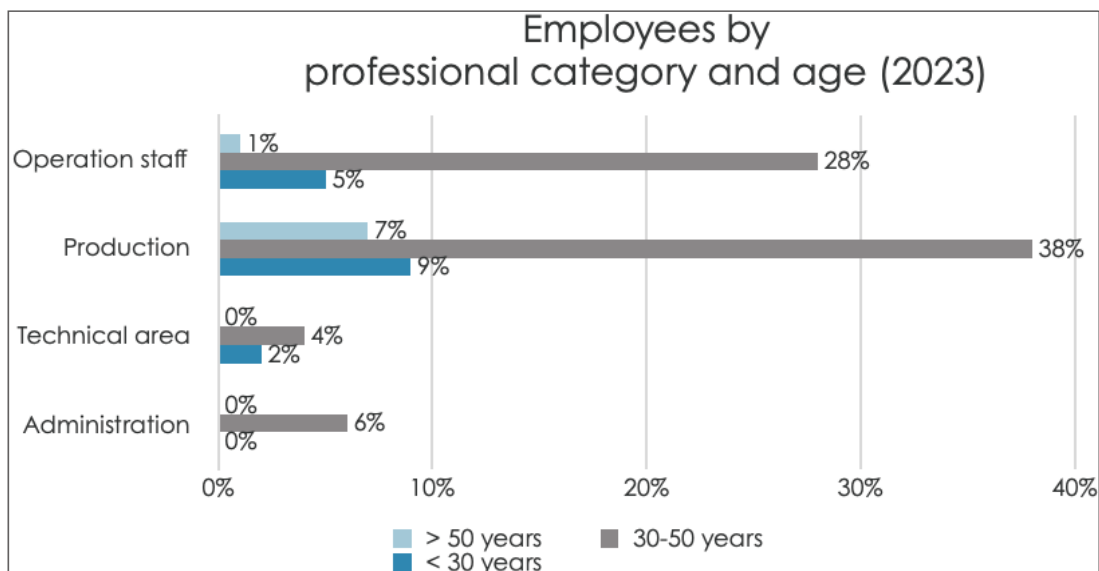
Employee leaves by age and gender
(2023)



We are not only focused on ensuring the highest quality of our staff but also to keep its composition balanced over time, supporting our growth flows: 88% of Donguan Tiansheng Optic-Tronics Corp. employees hold operational positions and 12% cover technical and administrative roles. In particular, we have 14 people working for our R&D department and technical assistance, of which 11 are men and 3 are women.



Our team is strong and dynamic: we firmly believe that the right balance in terms of age and experience is a fundamental element to create growing value for our stakeholders. This is why we select people paying attention also to these two variables.



6.2 Attraction of talented people and ongoing training

Investing in the well-being and professional development of people increases commitment and productivity, creating a positive and collaborative work environment. Strong interpersonal relationships and company culture contribute to employee loyalty, reducing turnover and maintaining a high level of competence and knowledge within the company. Ultimately, valuing people means building a solid foundation for long-term success and at POWERGEAR we know this.


Our HR function constantly strives to select the best resources on the market, guaranteeing equal opportunities and maximum meritocracy. We are also attentive to the professional development of our people, both in terms of strengthening existing skills and extending them. In addition to technical-commercial training plans provided in collaboration with specialised institutions, we provide internal mobility plans to encourage the acquisition of transversal skills.

During 2023, a total of 1630 hours of training were provided, equal to 7.48 hour/employee. The topics covered have been mainly of a technical nature (75%), followed by firefighting training (20%) and by the explanation of our Employee Handbook (5).



In order to identify any areas for strengthening the hard and soft skills of our employees, as well as a way to promote their broader commitment, we are willing to introduce an employee evaluation system starting from 2025, which takes into account various aspects, from the quality of work to relations with colleagues and external stakeholders.

6.3 Focus on human and labour rights



Human rights guarantee that every individual can live with dignity, equality and justice, essential elements to foster social cohesion and economic progress. Promoting human rights means not only protecting people from abuse and discrimination, but also creating an environment in which everyone can actively contribute to society.

Our company ensures internal full respect for human and labour rights recognised internationally by the main treaties and conventions including, but not limited to, the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the Covenant International Conference on Economic, Social and Cultural Rights. We run our activities in accordance with the existing national laws and regulations and always respecting the right to fair job conditions.


We are also committed to keeping an inclusive environment, based on respectful collaboration as a form of shared growth. Each person is valued and respected for their uniqueness. We strongly condemn any form of discrimination based among the other things on race, religion, age, gender, political and sexual orientation.

We believe that diversity is a fundamental pillar for innovation and business success and we work every day to ensure that all POWERGEAR people feel supported and respected in their professional path. The topic of diversity and inclusion is covered extensively in our Employee Handbook. In 2023, no incidents of discrimination occurred.

As far as equal opportunities are concerned, we have adopted a dedicated policy and we intend to proceed with the calculation of our gender-pay gap in order to intervene where necessary to reduce it. In 2023, out of the 8 people entitled to parental leave, 7 took it with a rate of return to work of 86% and a retention rate of 83%, meant as the number of employees returned to work after parental leave, that were still employed 12 months later.

Concerning collective bargaining, in China it takes place primarily at a company or local level rather than at the national one. Negotiations are often conducted between the company union and the company's management. The National Federation of Trade Unions of China (ACFTU) is the only legal union in the country and plays a key role in representing workers during these negotiations. Local authorities often encourage collective bargaining to promote social stability and prevent conflicts at work. The legal framework is established by the Collective Bargaining Law and the Labor Law of the People's Republic of China. Chinese laws stipulate that companies with significant union representation must negotiate with unions on issues of common concern to workers.

6.4 Health and safety: a top priority for us




Ensuring health and safety at the workplace is a top priority for us. We are committed to creating a safe and healthy working environment by adopting rigorous preventive measures, continuous training of our employees and adopting safe working practices. We invest in modern, safe equipment and regularly monitor our premises to identify and mitigate potential risks. In our opinion, a safe working environment not only protects our employees but it also helps improving productivity and the overall quality of job. In addition, we organise a body health check for each employee every 2 years.

To guarantee our employees a healthy and safe environment, we have implemented a non-certified health and safety management system, which covers all the people who work at our offices. We have established and shared rules of conduct through our Employee Handbook and we carry out regular training on H&S topics, in compliance with the local legal requirements.

Our great attention to safeguarding the health and safety of our staff is demonstrated by the total absence of occupational diseases and just a single light accident that occurred in 2023, not related to the performance of job duties but due to an accidental slip on a rainy day. Our injury rate for 2023 is 1.22 per million hours worked, calculated against 820660 worked hours.

6.5 Employee well-being and work-life balance



We are aware of how important employee well-being and satisfaction is to ensuring broader business success: it improves productivity, motivation and reduces absenteeism. Investing in the health of employees is therefore a winning strategy for our sustainable growth.

For this reason we have investigated the main expectations of our employees over time, in order to guide our strategic choices. Among other things, company stability, the presence of internal recreational areas, possibilities for growth, training and team-building activities emerged as fundamental points. We organise periodic meetings in which we listen to our employees suggestions and requests, we share information on corporate general performance and targets. We promote internal growth by offering qualified employees first the chance to open job positions, and only later, if there are no interested or suitable people, then we look outside. We also organise company dinners and cultural events, which we intend to turn regular on a yearly basis.



7

**RESPONSIBLE
MANAGEMENT OF
OUR ENVIRONMENTAL
FOOTPRINT**

7.1 Environmental footprint

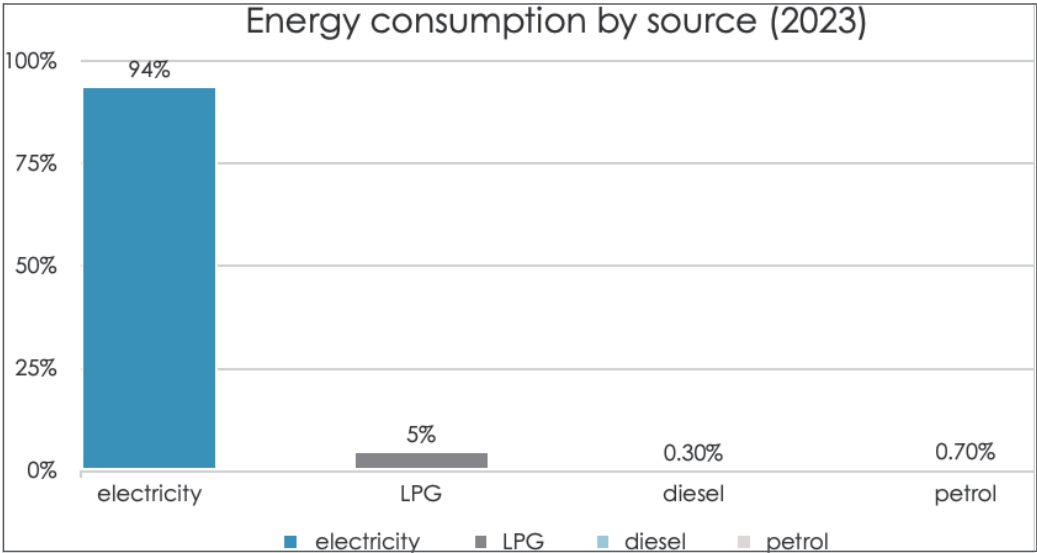
Our company firmly believes in the importance of reducing the environmental footprint of its activities and products. The ISO 14001 certification we achieved in 2018, shows our commitment to rigorous and structured environmental management, ensuring that every business process is oriented towards environmental protection. This certification not only demonstrates our compliance with an international standard, but also our ongoing commitment to improving our environmental performance and promoting a more sustainable future. All our components are provided with e RoHS (Restriction of Hazardous Substances in Electrical and Electronic Equipment) and REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) certifications. During 2023, there were no episodes of non-compliance with environmental laws and regulations.

7.2 Energy and climate change

Reducing energy consumption and using energy from renewable sources is of fundamental importance to achieve the SDGs relating to climate change, but also to reduce the general environmental footprint of our activities. The energy consumption of our company is mainly connected to production machinery, office activities, the internal canteen and our car fleet. Over the years we have been carrying out energy improvement activities, although they are not part of a structured project yet, such as converting our entire lighting system to LED technology. We have performed the thermal insulation of our buildings, replaced old machinery with new energy saving solutions and adopted inverter compressors which allowed us to achieve energy savings in the order of 30-40%.

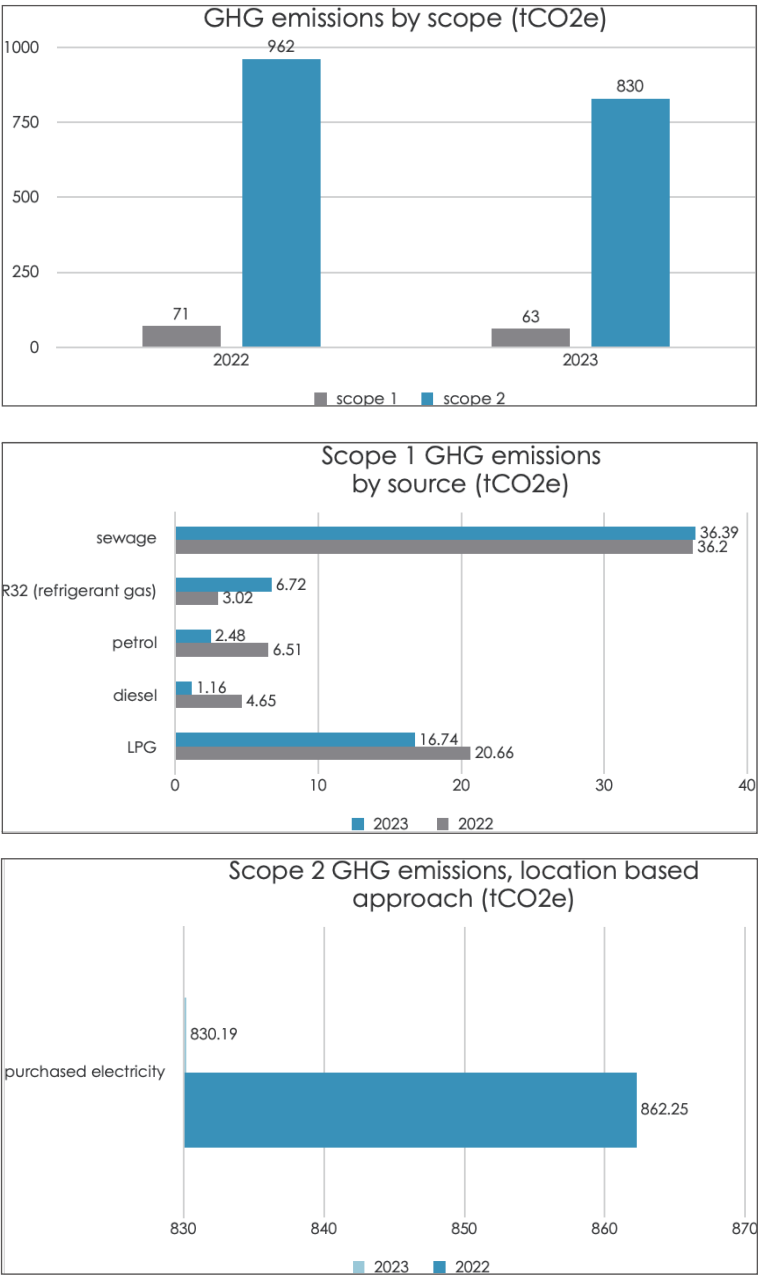
In 2023 we consumed totally 5678 GJ of energy (-2% compared to the previous year). Our main sources of energy consumption are represented by:

- LPG, which we use in our canteen;
- petrol, for company cars;
- diesel, for forklifts;
- electricity, purchased entirely from the national grid.



Concerning GHG emissions, since 2021 we have been calculating our Carbon Footprint, including scope 1 and scope 2 and now also scope 3. The CFP has been calculated in accordance with ISO 14064 and certified by BSI.

In 2023, our GHG emissions amounted to 2025 tCO₂eq, of which 56% were represented by scope 3 emissions generated along the value chain (1132 tCO₂e), 41% come from electricity consumption under scope 2 (830 tCO₂e) and the remaining 3% from internal, proprietary sources or check calculated under scope 1 (63 tCO₂e). The sources considered for the calculation of scope 1 GHG emissions were LPG, diesel, petrol, R32 refrigerant gas and sewage while the following activities were included in scope 3 emissions: upstream transport (road), downstream transport (sea, air, road, rail) employee commuting and business travels.



Starting from 2024, we will purchase energy 100% from renewable sources and covered by G.O., as the first step towards our green energy transition. Furthermore, between 2024 and 2025 we will calculate the Carbon Footprint of some product categories in accordance with the ISO 14067 standard.

7.3 Material consumption, scraps and waste

Environmental sustainability also means reducing the use of materials, preferring those coming from responsibly managed sources and using recycled solutions where possible. It also means reducing the amount of waste produced and sending it, together with production scraps, for recycling or recovery so that it can be reintroduced into the production cycle.

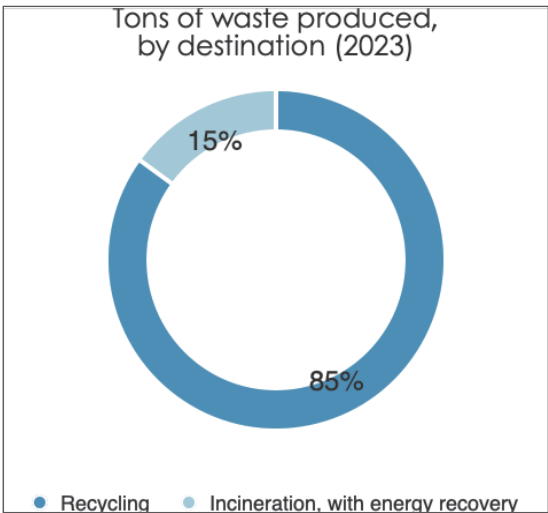
As part of our contribution to the circular economy, we carry out an annual inventory of materials, tracks consumption flows and carries out efficiency activities:

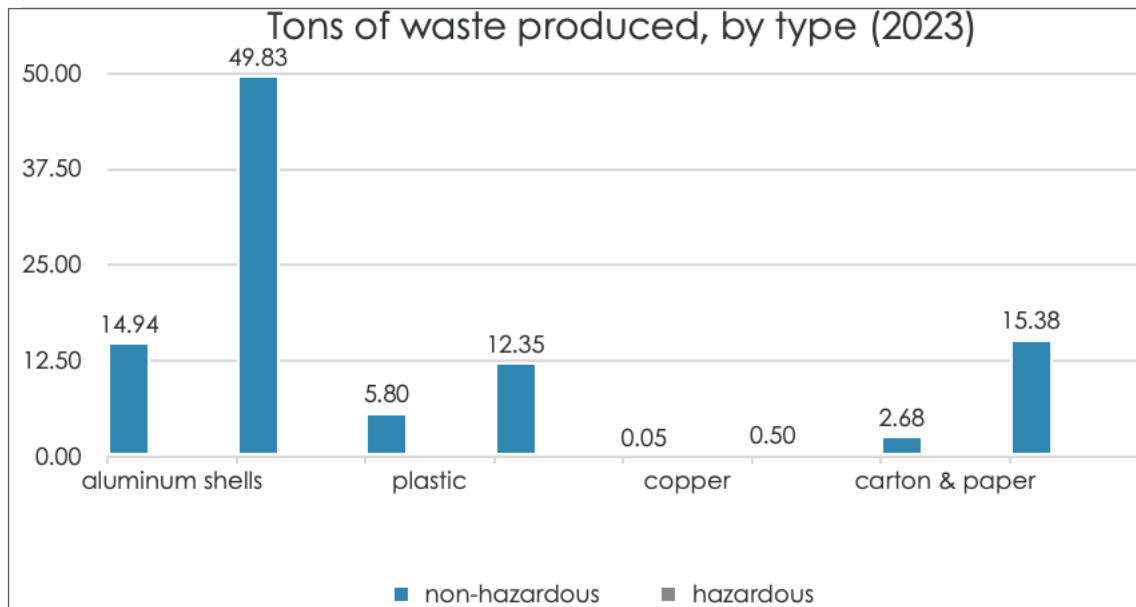
- **Product design optimisation:** we optimise the construction by mechanical mode, reduce screws for fixing and avoid ultrasonic welding; we design functional parts in such a way as to reduce SKU and delivery cost; we reduce the use of plastic in favour of recycled materials.
- **Reduction of packaging.** We study and adopt packaging solutions focused on optimising space management and reducing the materials used.

We are also committed to increasingly including recycled materials within our product packaging, although to date we do not have precise data on the composition of our solutions.

As far as output materials are concerned, mainly our waste comes from our production activities and its management and disposal take place in full compliance with local legislation. Production waste is collected and managed by specialised companies that return us yearly complete data about its disposal. The main categories of waste are: aluminum shells, pure aluminum materials, plastic, steel, copper, wiring, carton and paper.

In 2023 we produced about 100 tons of waste, of which 99,9% was non-hazardous. Thanks to our internal policies towards circular economy and to raise employee awareness of waste production, we achieved a reduction of 15% compared to the previous year, equal to about 18 tons. Of the waste produced, 85% is sent for recycling, the remainder is collected by specialised companies and sent to incineration with energy recovery, according to local regulations in force.





Methodological note

This document (hereinafter also the "Report") represents the first Sustainability Report of POWERGEAR/Donguan Tiansheng Optic-Tronics Corp. with reference to the 2023 financial year (01.01.2023 – 31.12.2023) drafted using the Global Reporting Initiative Sustainability Reporting Standards 2021 (hereinafter GRI Standards), applying the option "with reference".

The aim of this publication is to share with our stakeholders the ESG performance of Donguan Tiansheng Optic-Tronics Corp., our impact and risk management methods, as well as our general sustainability targets and those planned for the near future. The topics covered in the Report reflect the main impacts, positive and negative, real and potential, generated by the company on the economy, the environment and people, including human rights (identified by applying the principle of materiality of impact). The result of the materiality analysis has been formally accepted by the President, Mr. Tony Wang, as well as the content of this Sustainability Report.

The reporting scope of this sustainability report is limited to Dong Guan Tian Sheng Optic-Tronics Corp. having its registered and operational office at no. 8&10, Kuizhao Rd, Sicun Area, Tang Xia Town, Dongguan City, China (the "Company").

Unless otherwise specified, both the quantitative and qualitative data contained in this document refer to Donguan Tiansheng Optic-Tronics Corp. and are compared with those of the previous year, if available. Where estimated data are present in the text, this circumstance is appropriately reported together with the methodology applied for the calculation.

This Sustainability Report has not been externally audited and, as the first document prepared by the Company, it does not contain revisions of previous publications. The periodicity of production of the financial statements is annual and the internal manager of reference is Dr. Sunny Liu (sunny@POWERGEAR.com.cn).

A copy of this Sustainability Report is available on our website at:

<https://POWERGEARtracks.com/en>.

Publication Date: 05 / 03 / 2025

Table of correlation between impacts and material topics

CORRELATION TABLE BETWEEN IMPACTS AND MATERIAL TOPICS					
Area	Topic	Sub-topic	Impacts	Type of impact	Description
Governance	Creation of value	Business ethics	criminal offenses and/or unethical behaviour	negative - potential	To guarantee business stability it is necessary to pay maximum attention to all circumstances that could compromise its operational continuity, financial stability and reputation. Running business activities following ethical principles, in a transparent manner and in compliance with current laws allows to protect the corporate ability to create value and at the same time makes the economic and social systems in which the company operates stable and strong.
		Economic performance and creation of value	production of economic value and its distribution	positive - actual	Distribution of the economic value generated and ability to meet the needs and expectations of key stakeholders. Creation of relationships of trust, also thanks to the transparent and correct communication of information. Financial stability and profitability protection.
			expanding market shares	positive - actual	
		Customer centrality	establishing and maintaining long-standing relationships with customers	positive - actual	Listening to and satisfying customers' needs, offering products and services that meet their expectations. Encourage the creation of an open and participatory relationship. Define company procedures and policies that put the customer at the center. Manage customer relationships, complaints and returns, and carry out customer satisfaction surveys. Development and implementation of policies, management systems, processes, activities aimed at protecting the quality of the products offered and the safety of customers. Compliance with current legislation and new European regulations and any violations relating to product quality and safety standards. Apply standards and policies aimed at ensuring quality and safe products, along the entire value chain, from the design and purchase of raw materials to the sale to the end customer, for the benefit of the health and safety of customers.
		Relation with the local community	supporting the economic growth of the local community	positive - actual	Initiatives to support the development of the community, including through donations, sponsorships, volunteer activities or, aimed at promoting employment, development, education and local socio-economic growth of the territories. In addition, development of business activities in full respect of local communities, maintaining an open channel of dialogue and involving local actors with a system logic, in the awareness of having an impact on people and the territory through the provision of donations and collaboration with local organisations and associations.
			promoting inclusivity		
		Sustainable procurement	stability of the supply chain	positive - actual	Control of the supply chain, definition of requirements and sustainability criteria, carrying out mapping activities and monitoring of suppliers. Promotion of respect for human and labour rights, fight against corruption and fight against counterfeiting.
			suppliers' negative impacts on human rights by suppliers	negative - potential	
			suppliers' negative impacts on the environment	negative - potential	
People	Focus on people	Occupational health and safety	injuries	negative - actual	Adoption of a health and safety management system in the workplace, introduction of rules, controls and involvement of employees to facilitate the detection of any risks.
			occupational diseases	negative - potential	
		Information Security & Privacy	data loss or damage	negative - potential	Policies, management systems and initiatives aimed at protecting the information and personal data of stakeholders (employees, customers, suppliers, etc.). Compliance with the legislation on the protection of personal data and implementation of adequate cybersecurity systems, which prevent illicit attempts to access sensitive information.
			violation of privacy	negative - potential	
		Talent attraction and development	acquisition of talented people and improvement of employee skills	positive - actual	Creation and maintenance of an excellent team, through talent attraction and retention policies and a continuous process of enhancement and growth of human capital (training, career plans, team-building) aimed at guaranteeing the company an important level of know-how and professionalism.
		Well-being and welfare	promotion of employee well-being	positive - actual	Adoption of welfare tools for the creation of well-being and for the improvement of the quality of life of employees and their families. Satisfaction monitoring.
		Inclusion and equal opportunities	episodes of discrimination	negative - potential	Implementation of programs and projects aimed at ensuring inclusivity and non-discrimination. Ensuring equal opportunities in terms of career, employment practices, compensation, and benefits. Creation of a healthy, dialogue-oriented, respectful and constructive work environment that protects minorities and fosters diversity. Strengthening the inclusivity of products and services to meet the needs of all customers-consumers.
Environment	Environmental impacts	Energy transition and decarbonisation	use of energy from non-renewable sources	negative - actual	Actions, programmes and systems for managing and reducing the supply of energy from fossil fuels and promoting the production and purchase of energy from renewable sources (green certificates, photovoltaic systems, etc.). Development of strategies to contain climate change, in order to reduce greenhouse gases and environmental impact, energy efficiency initiatives.
			production GHG emissions		
		Circular economy	supporting the transition to a circular economy	positive - actual	Monitoring and improvement of consumption through the adoption of circular economy principles (encouraging the reuse, recovery and recycling of materials). Use of innovative and sustainable materials, sourced from responsibly managed sources.
Cross-cutting	Innovative products and digitalisation	Innovation and digitisation	introducing innovative products on the market	positive - actual	Innovation of the business model and/or of the products/services offered, use of innovative materials and new technologies to meet market needs and generate positive externalities for the environment and society. Integration and use of digital technologies to modify or start new business processes and improve the experiences of customers and other stakeholders (industry 4.0, AI, data analytics).
			digitalising business processes		

Performance Indicators

All data reported in the below tables are updated as of 31.12 each year and data on employees are collected, processed and expressed by headcount.

GRI 2.7 Employees by type of contract and gender						
	2022			2023		
	men	women	total	men	women	total
permanent contract	24	22	46	25	24	49
temporary contract	88	81	169	91	78	169
total	112	103	215	116	102	218
part-time contract	-	-	-	-	-	-
full-time contract	112	103	215	116	102	218
total	112	103	215	116	102	218

GRI 405-1 Employees for professional category and gender						
	2022			2023		
	men	women	total	men	women	total
administrative	10	3	13	9	3	12
technical	8	3	11	11	3	14
production	70	52	122	73	45	118
staff	24	45	69	23	51	74
total	112	103	215	116	102	218

GRI 405-1 Employees by professional category and age								
	2022				2023			
	< 30 years	30-50 years	> 50 years	total	< 30 years	30-50 years	> 50 years	total
administrative	1	12	-	13	-	12	-	12
technical	5	6	-	11	5	9	-	14
production	22	90	10	122	20	83	15	118
staff	8	59	2	69	10	62	2	74
total	36	167	12	215	35	166	17	218

GRI 401-1 Employee leaves by age and gender										
	2022					2023				
	< 30 years	30-50 years	> 50 years	total	turnover	< 30 years	30-50 years	> 50 years	total	turnover
men	12	29	-	41	37%	7	17	-	24	21%
women	9	16	2	27	26%	3	6	-	9	9%
total	21	45	2	68	32%	10	23	-	33	15%
turnover	58%	27%	17%			29%	14%	-		

GRI 401-1 New employee hires by age and gender										
	2022					2023				
	< 30 years	30-50 years	> 50 years	total	turnover	< 30 years	30-50 years	> 50 years	total	turnover
men	11	24	-	35	31%	11	17	-	28	24%
women	8	14	1	23	22%	9	11	1	21	21%
total	19	38	1	58	27%	20	28	1	49	22%
turnover	53%	23%	8%			57%	17%	6%		

GRI 401-3 Parental leaves	
	2023
total number of female employees that were entitled to parental leave	6
total number of male employees that were entitled to parental leave	2
total	8
total number of female employees that took parental leave	5
total number of male employees that took parental leave	2
total	7
total number of female employees that returned to work in the reporting period after parental leave ended	5
total number of male employees that returned to work in the reporting period after parental leave ended	1
total	6
total number of female employees that returned to work after parental leave ended that were still employed 12 months after their return to work	4
total number of male employees that returned to work after parental leave ended that were still employed 12 months after their return to work	1
total	5

Note: No parental leaves were registered during year 2022.

GRI 404-1 Average hours of training per year, per employee						
	2022			2023		
	men	women	total	men	women	total
administrative	28.70	1.50	22.42	21.06	1.50	16.17
technical	1.50	1.50	1.50	1.50	1.50	1.50
production	10.54	7.51	9.25	9.01	10.13	9.44
staff	2.25	3.01	2.75	3.07	4.52	4.07
total	9.74	5.19	7.56	8.06	6.82	7.48

ENVIRONMENT- Energy

GRI 302-1 Energy consumption by source			
	unit	2022	2023
purchased electricity	Gj	5342.71	5367.61
of which, renewable covered by G.O.	Gj	-	-
LPG (canteen)	Gj	296.99	260.32
diesel (forklift)	Gj	60.58	15.20
petrol (company cars)	Gj	92.11	35.06
total	Gj	5792.39	5678.18

GHG emission

GRI 305-1 Direct GHG emissions (scope 1)			
source	unit	2022	2023
LPG (canteen)	tCO ₂ e	20.66	16.74
diesel (forklift)	tCO ₂ e	4.65	1.16
petrol (company cars)	tCO ₂ e	6.51	2.48
refrigerant gas R32	tCO ₂ e	3.02	6.72
sewage	tCO ₂ e	36.20	36.39
total	tCO₂e	71.03	63.49

According to the GHG Protocol, which is referred to in the preparation of this sustainability report, scope 1 emissions derive from sources owned and/or controlled by the organization. Sources of the emission factors used: year 2023 "IPCC 2006 national guidelines for GHG inventory"; "GB /T 2589-2020; Chinese Ministry of Ecology and Environment and the National Statistics Office on the release of carbon dioxide emission factors in 2021; China Product Life Cycle Greenhouse Gas Emissions Coefficient Database; Ecoinvent database. Year 2022 "IPCC 2006 national guidelines for GHG inventory"; "GB /T 2589-2020; IPCC 2006 Guidelines for National Greenhouse Gas Inventories AR 6; 2022 emission accounting guidelines of the Ministry of Ecology and Environment for the energy production sector". Gas included: CO₂, CH₄, N₂O, SF₆, HFCs

GRI 305-2 Indirect GHG emissions (scope 2)			
	unit	2022	2023
location-based emissions	tCO₂	862.25	830.19

Scope 2 emissions were calculated basing on the "location-based" method of GHG Protocol, which provides for the use of a national average emission factor relating to the specific national energy mix for the production of electricity. Sources of the emission factors used: year 2023 "IPCC 2006 national guidelines for GHG inventory"; "GB /T 2589-2020; Chinese Ministry of Ecology and Environment and the National Statistics Office on the release of carbon dioxide emission factors in 2021; China Product Life Cycle Greenhouse Gas Emissions Coefficient Database; Ecoinvent database. Year 2022 "IPCC 2006 national guidelines for GHG inventory"; "GB /T 2589-2020; IPCC 2006 Guidelines for National Greenhouse Gas Inventories AR 6; 2022 emission accounting guidelines of the Ministry of Ecology and Environment for the energy production sector". Gas included: CO₂, CH₄, N₂O, SF₆, HFCs

GRI 305-3 Indirect GHG emissions (scope 3)			
source	unit	2022	2023
upstream transport (road)	tCO ₂ e	n/a	27.17
downstream transport (sea, air, road, rail)	tCO ₂ e	n/a	1082.51
employee commuting	tCO ₂ e	n/a	2.52
business travels	tCO ₂ e	n/a	19.27
total	tCO₂e	-	1131.47

According to the GHG Protocol, which is referred to in the preparation of this sustainability report, scope 3 emissions derive from the up-stream and down-stream business relations of organisation (namely, their valuechain). Sources of the emission factors used: year 2023 "IPCC 2006 national guidelines for GHG inventory"; "GB /T 2589-2020; Chinese Ministry of Ecology and Environment and the National Statistics Office on the release of carbon dioxide emission factors in 2021; China Product Life Cycle Greenhouse Gas Emissions Coefficient Database; Ecoinvent database. Year 2022 "IPCC 2006 national guidelines for GHG inventory"; "GB /T 2589-2020; IPCC 2006 Guidelines for National Greenhouse Gas Inventories AR 6; 2022 emission accounting guidelines of the Ministry of Ecology and Environment for the energy production sector". Gas included: CO₂, CH₄, N₂O, SF₆, HFCs

GRI 306-3, 306-4, 306-5 Waste generated by composition and destination							
	unit	2022			2023		
		hazardous	non-hazardous	total	hazardous	non-hazardous	total
recycling	t	-	100.39	100.39	-	86.15	86.15
incineration (with energy recovery)	t	0.412	18.938	19.35	0.108	15.38	15.49
total	t	0.412	119.33	119.74	0.108	101.53	101.64

GRI Content Index

GRI Content Index			
Powergear Group has reported the information cited in this GRI content index for the period 01.01.2023 - 31.12.2023 with reference to GRI Standards			
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GRI 2-5	External assurance	-	n/a, "with reference" option
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ON THE RIGHT TRACK

POWERGEAR[®]