



# 2022

## Environmental, Social and Governance Report

Hengtong Optic-Electric





# Contents

About the Report	02
Message from the Chairman	04
About Hengtong Optic-Electric	06
Value Creation	10
Appendix	70

亨通光通信科技园

01

## Enhancing governance while putting responsibility first

Corporate governance	18
ESG governance	19
Communication with stakeholders	20
Risk control	22
Business ethics and anti-corruption	23

03

## Creating a green, low-carbon future

Environmental management	40
Tackling climate change	41
Energy management	44
Water management	46
Emission management	47
Circular economy	50

02

## Creating market-leading quality products

R&D and innovation	26
Sustainable supply chain	29
Quality control	33
Responsible marketing	35
Customer services	36

04

## Cultivating high-quality talents on the principle of equality and diversity

Recruitment and retention	54
Development and training	57
Remuneration and benefits	60
Communication and care	62
Health and safety	63

05

## Contributing to community co-creation

Highlighting responsibility sense through participation in philanthropy	66
Supporting sustainable development according to local conditions	67
Advocating a green, low-carbon lifestyle	68





## About the Report

### Overview

This is the first Environmental, Social and Governance Report (hereinafter referred to as the "ESG Report") released by Jiangsu Hengtong Optic-Electric Co., Ltd. (hereinafter collectively referred to as "Hengtong Optic-Electric", "our company", "the Company", or "we"). Hengtong Optic-Electric is a listed subsidiary of Hengtong Group Co., Ltd. (hereinafter referred to as "Hengtong Group" or "the Group"). In the Report, the Company's performance of duty for major stakeholders such as shareholders, customers, partners, employees, environments and communities, as well as environmental, social and governance results (hereinafter referred to as "ESG"), are truthfully disclosed.

### Reporting Period

The Report covers the work for the financial year from January 1, 2022 to December 31, 2022 (the "reporting period" for short), but some contents thereof are extended as appropriate to previous or subsequent years.

### Reporting Cycle

The Report is an annual report.

# About Report

### Reporting Basis

The Report is prepared mainly in accordance with Global Reporting Initiative (GRI) standards, and also the major concerns of ESG ratings released by Morgan Stanley Capital International (MSCI).

The contents of the Report are determined according to established procedures. The Report is drafted on the basis of identifying and sorting important stakeholders and major ESG-related issues, determining the boundaries of the Report, collecting relevant materials and data, preparing the Report according to relevant information, and reviewing the information in the Report.

### Reporting Scope and Boundaries

The policies and data disclosed in the Report cover the Company and relevant subsidiaries, with the same reporting scope as the Annual Financial Statement. Unless otherwise specified, RMB is the designated currency in the Report.

### Source of Information and Reliability Assurance

The data and cases disclosed in the Report are mainly sourced from the Company's statistical reports and relevant documents, which have been reviewed by relevant departments. The Board of Directors affirms that the contents of this Report do not contain any false records or misleading statements, and takes full responsibility for the authenticity, accuracy and integrity of the contents thereof.

We have followed an internal review process to give our stakeholders full confidence in the accuracy of the information reported. We will give serious consideration to adopting independent audit in the future in accordance with the needs of Company's development and the overall environment.

### Confirmation and Approval

The Report was approved by the Board of Directors on April 24, 2023 following confirmation by the management.

### Language and Form of Release

The Report is provided in both Chinese and English, and an electronic version is made available for reference. In case of any inconsistency between the Chinese and English versions, the Chinese version shall prevail. For details, please browse the official website of Hengtong Optic-Electric: <http://www.htgd.com.cn/>.

We value the opinions of stakeholders and welcome readers to contact us through the following channels. Your feedback will help us further improve the Report and our sustainability performance.

Email: [htgd@htgd.com.cn](mailto:htgd@htgd.com.cn)

Tel.: +86 512 63430958

Address: 2288 Zhongshan North Road, Wujiang District, Suzhou City, Jiangsu Province, China

## Message from the Chairman



### Cui Wei

Chairman  
Hengtong Optic-Electric

2022 was a year of both opportunities and challenges for Hengtong Optic-Electric to further promote its policies of sustainable development.

The key to Hengtong Optic-Electric's stable and sustainable development lies in a sound governance structure. Hengtong Optic-Electric, while continuously optimizing its governance structure on the principles of independence, transparency diversity, professionalism and integrity, has established the ESG Committee, improved risk control capabilities, and organized business ethics training programs, in order to create a clean and honest business environment.

In the midst of the global challenge of tackling climate change, China is making every effort to achieve its carbon peak and carbon neutrality goals. This drive is bringing unprecedented opportunities to enterprises, offering them the possibility to create corporate value and social value while pursuing growth. In the past year, the offshore wind power (OWP) industry underwent a process of sustainable development, providing many opportunities for Hengtong Optic-Electric to develop new markets, products and services.

Hengtong Optic-Electric adheres to the core strategy of making a significant contribution to global energy transformation and digital transformation with the ultimate purpose of accumulating the potential of development. At present, Hengtong Optic-Electric has formed a full chain industrial development pattern spanning from product development to delivery of solutions to operation and maintenance services. By continuously increasing investment in innovative research and development, and seeking out clean technology opportunities, Hengtong Optic-Electric is capable of providing innovative and high-quality products and services in multiple fields such as ultra-high voltage submarine cable transmission and wind power generation. This allows us to make ever more positive contributions to global sustainable development.

Seizing on the opportunity of clean technology development, Hengtong Optic-Electric is focusing on energy conservation, consumption reduction, and environmental management in all production and operation processes. On behalf of the Board of Directors, the ESG Committee supervises and coordinates Hengtong Optic-Electric's work in tackling climate change, and conducting environmental and energy management, and has made every effort to improve Hengtong Optic-Electric's environmental performance through a series of

initiatives such as process optimization and management, and upgrading of equipment and facilities among other measures.

In addition, Hengtong Optic-Electric actively safeguards the rights and interests of employees including their right to progress and develop.

In accordance with its official pledge, Hengtong Optic-Electric guarantees the absence of discrimination and harassment in all areas of employee recruitment and management.

The Company prohibits the use of forced labor and child labor, provides vulnerable groups with employment opportunities, and safeguards the rights and interests of all employees. All of these measures have been taken in order to create an equal, diverse and inclusive working environment. Meanwhile, Hengtong Optic-Electric provides employees with smooth promotion channels and communication platforms, with the aim of promoting the diversified development of talents.

A journey of a thousand miles starts with a single step. The path to sustainable development is long. In the future, Hengtong Optic-Electric will stay true to its original intentions, and actively perform its duties, showing a responsible attitude to shareholders, the market in general, and other relevant stakeholders. At the same time, Hengtong Optic-Electric will continue to engage in philanthropic, charitable and community undertakings, as the Company constantly seeks to forge ahead on the principles of openness, cooperation, co-construction and sharing, in order to advance sustainable development both within industry and in society.

Finally, on behalf of the Board of Directors, I hereby extend sincere gratitude to all employees of Hengtong for their hard work, and I would also like to express sincere thanks to our clients, investors, partners, regulators and general public for their trust, help and support.



# About Hengtong Optic-Electric

Hengtong Optic-Electric is committed to becoming a world-class provider of information and energy interconnection solutions. With our National Enterprise Technology Center, National Manufacturing Innovation Center and other innovation platforms, Hengtong Optic-Electric is committed to becoming the benchmark for industrial excellence in our field. Backboned by our strong technical innovation capabilities and our best-in-class research and development in the fields of communication, electricity and new energy, and with our intelligent manufacturing and green manufacturing projects, our determination to achieve excellence in all areas is clear to see. All in all, Hengtong Optic-Electric is fully expecting to make a significant contribution to driving national energy transformation and overall green development.

In the context of global climate change, with the continuous optimization of the optical communication industry layout, the steady grid construction in China, and the rapid development of OWP and other marine and new energy services, Hengtong Optic-Electric, in response to national calls for "carbon peak and carbon neutrality", has further increased its strategic investment in the core industries of communications and energy. Now Hengtong Optic-Electric has the capacity to provide industry-leading products and solutions related to OWP, marine communication, optical communication, and smart grid and smart city solutions. Adhering to the business philosophy of openness, inclusiveness, cooperation and win-win outcomes, the Company is accelerating its pace of constructing a truly international company.

With a total of 11 overseas industrial bases, Hengtong Optic-Electric has continuously improved its global business layout, market competitiveness and brand value, and delivered products and services to more than 100 countries and regions. Specifically, Hengtong ranks among the top three in the lists of "2022 World Top 10 Cable Manufacturers", "2022 World Top 10 Submarine Cable Manufacturers", and "2022 World Top 10 Optical Fiber and Cable Manufacturers".



## Global business layout of Hengtong Optic-Electric



Overseas industrial bases  
**11**

Countries and regions where our products and services are available  
**100+**

## Key achievements and honors

### ESG Awards

Listed among China's First Industrial **Carbon Peak** "Leader" Enterprises (Hengtong Group)

Demonstration enterprises in green design of industrial products (including two newly added in 2022)

**2**

National green products (including one newly added in 2022)

**7**



National green factories

**4**

National green supply chain management enterprises (including one newly added in 2022)

**3**

Provincial-level green factories (including one newly added in 2022)

**4**



Global Human Settlements Awards for Green Technology (Product) Examples



Green Energy Saving Technology Innovation Award for the Chinese Communications Industry



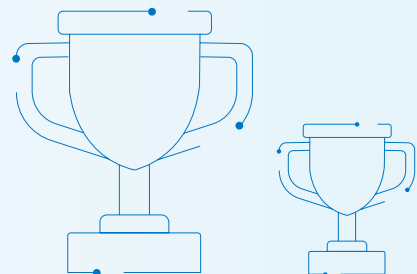
First Prize in the Science and Technology Innovation Awards of the Chinese Society for Optical Engineering awarded to Jiangsu Hengtong Power Cable Co., Ltd. affiliated to Hengtong Optic-Electric



Highest SCI 3 (Supplier Composite Index) rating (Hengtong Optic-Electric)



In May 2022, Hengtong won six major China Telecom awards including the 2021 Supply Guarantee Contribution Award, the Emergency Relief Contribution Award, the Rural Revitalization Partner Award, and the A-level Product Supplier Award



### Environmental performance



Awarded ISO 14001 Environmental Management System certification covering all principal operations

**250.435** million kWh of green electricity purchased

Total water consumption of **2,851,777.00** cubic meters

Total greenhouse gas emissions **339,189.14** tonnes of CO<sub>2</sub> equivalent

Total energy consumption **130,269.75** tonnes of standard coal

Water consumption intensity **6,137.61** cubic meters/RMB 100 million

GHG emissions intensity **730.00** tonnes of CO<sub>2</sub> equivalent/RMB 100 million

Energy consumption intensity **280.37** tonnes of standard coal/RMB 100 million

Helium recovery rate-reaching up to **70%**

### Social performance



Employee turnover rate **18.50%**

Per capita training hours **38.88** hours

Published **5** international standards and **359** domestic standards, and approved for **1,010** invention patents, **1,994** utility model patents, **51** appearance patents, **197** PCT patents, and **179** trademarks

Total training duration **582,539.04** hours

Number of work-related fatalities **0**

Collective contract signing rate **100%**

Rate of screening new suppliers in environmental and social performance **100%**

Donated a total of **10.1448** million yuan (including a donation of 714,900 yuan in kind and cash donations of 9,4299 million yuan)

### Governance performance



Established an Environmental, Social and Governance (ESG) Committee

Trainees received business ethics and anti-corruption training **10,776**

Coverage of business ethics and anti-corruption training **71.96%**





# Value Creation

Always adhering to the concept of creating value for stakeholders, Hengtong Optic-Electric is committed to maximizing value for all stakeholders while pursuing the highest quality development under the guidance of a win-win business philosophy.

## Value created by Hengtong Optic-Electric for different stakeholders

In order to successfully achieve sustainable innovative development, we need the support of investors, partners, employees, communities and other stakeholders. At the same time, we need to create value for them. Only in this way can we gain the necessary dynamic momentum to keep moving forward.

			
Investors	Partners	Employees	Communities
<p>Hengtong Optic-Electric remains steadfast in upholding integrity, truthfully disclosing its operating conditions and major incidents, and steadfastly safeguarding the rights and interests of shareholders and investors. The Company has further consolidated its industry leading position and achieved sustained and stable growth by continuously improving the competitiveness of its products and services. At the same time, we have maintained our focus on green development to reduce the impact of our business operations on the environment and to create optimized long-term economic value for investors.</p>	<p>Hengtong Optic-Electric is committed to becoming a trustworthy global service provider of information and energy interconnection solutions. To this end, we have always adhered to the following business philosophies: an overriding emphasis on quality, a determination to provide customers with integrated advanced solutions based on customized design and R&amp;D-driven manufacturing, a commitment to continuous quality improvement, and to developing the entire industrial chain according to the highest standards and requirements. All the while, we empower our partners in high-end manufacturing supply chains to further promote industry development.</p>	<p>Hengtong Optic-Electric has spared no effort to create a community of shared future for both the Company and its employees, where employees enjoy a high-quality working environment and are provided with favorable opportunities for maximizing their personal value while contributing to the Company's development.</p>	<p>Growth of Hengtong Optic-Electric has driven the development of surrounding communities. Our benevolent footprints of engagement are evident in a large number of philanthropic undertakings all around the world, where our charitable activities are defined by a commitment to care for humanity, to drive forward rural area development and to provide educational support. Hengtong's commitment to the public good is driven by a passion to comprehensively push forward the harmonious development of communities from multiple perspectives.</p>

## Value created by Hengtong Optic-Electric through the development of products and technologies

Constantly creating value for customers in the fields of communication and energy, Hengtong Optic-Electric provides industry-leading products and solutions, and fully leverages its advantages in terms of integrated capacity of design, R&D, manufacturing, assembly, engineering, sales and services. Through our global industrial and marketing layout, we are committed to becoming a world-leading provider of information and energy interconnection solutions.

### Communication network service

As a communication network company, we are committed to enhancing information interconnection. In terms of R&D of core technologies for next generation communication industry applications, we are focusing on cutting-edge technologies and applications in the 5G communication and digital communication fields, but also continuously seeking to enhance the R&D and integration of system solutions to meet the diverse needs of customers.

In addition to the development of optical fiber technology, we are constantly enriching our products and services including transceivers and ODNs, supporting the construction of data centers and gigabit networks. Our ultra-low-loss fiber, laser fiber, multimode fiber and other products strongly support the construction of efficient 5G infrastructures. In addition, we are actively expanding the layout of smart water, smart security, IDC and smart city solutions, providing professional services to a wide range of diverse clients.

We adopt a full-industry chain model that integrates "product-service-operation" in order to provide customers with more valuable products and services. We aim to jointly create a new era of the Internet of Things and make greater contributions to enhancing information interconnection.



### Commercialization of new high-capacity optical fiber SDM transmission technology

Network traffic will continue to increase rapidly following the meteoric rise of cloud computing and large-scale data centers. As the main carrier of optical communication networks, single mode fiber (SMF) is restricted by nonlinearities and bandwidth limitations of amplifiers, which has already caused the communication capacity to approach the limit (100Tb/s). Multiplying the optical fiber transmission capacity, multi-core fiber (MCF) can greatly improve the utilization rate of a single optical fiber by increasing optical fiber cores and supporting C+L-band transmission, which is a development trend for the next generation high-capacity optical fiber communication.

Hengtong Optic-Electric, in conjunction with several universities and institutes, is undertaking a key innovation project in the field of Space Division Multiplexing (SDM). Specifically, through technical research on numerical modeling and simulation, few-mode multicore fiber fabrication technology, fan-in and fan-out device fabrication technology and high-capacity optical interconnection transmission systems, we will make major technical achievements in high-capacity optical fiber transmission software systems, few-mode multicore fiber products and space-division/mode-division optical fiber devices, thereby boosting the commercialization of the new high-capacity optical fiber SDM transmission technology.

## Energy interconnection

As an energy interconnection company that relies on continuous research and innovation, we have the capability to provide solutions for the construction of smart grids, OWP, onshore wind power and photovoltaic power generation facilities across the industrial chain, as well as products and services related to high-voltage/ultra-high-voltage (UHV) power transmission and special cable application. Meanwhile, we will continue to focus on R&D in the field of new energy technologies, including floating OWP, photovoltaic power generation systems, and comprehensive energy application.

We aim to facilitate global clean energy development, create greater value for sustainable development, and provide a more friendly living environment. In addition to the investment and construction in energy interconnection, we have applied our technological know-how to the fields of engineering construction, rail transit, and electrical equipment among others, demonstrating an ability to provide intelligent and efficient energy solutions for various industries.

Regarding this field which is full of opportunities and challenges, we will continue to leverage our strengths to explore new models of innovation and business together with our global partners, as we seek to jointly boost the sustainable development of the energy industry.



### Offshore oil field electricity substitution project

Hengtong Optic-Electric has undertaken a number of shore power projects, through which onshore high-voltage electricity is transformed and transmitted to offshore facilities through a shore power platform. We provide green power for various oil production and extraction platforms within the oilfield complex, thereby greatly reducing electricity costs, energy consumption and carbon dioxide emissions by changing the original electricity consumption mode.



### Dynamic submarine cable system for floating wind power (FWP)

FWP is an important part of deep-sea wind resources. As a key part of FWP transmission, the dynamic submarine cable system is mainly used to connect static submarine cables between wind mills and those between wind mills and power collection outputs. To date, Hengtong has successfully undertaken many projects in this domain around the world.

China's first deep-sea FWP equipment "Fuyao" is also a demonstration project of deep-sea wind power. Equipped with a wind generator set, it is currently the largest FWP equipment in China, which has a total weight (including the floating body and the generator set) of more than 5,000 tonnes, and a displacement of more than 15,000 tonnes. Fuyao has filled China's gap in the application of deep-sea FWP equipment in waters with an average depth of over 65 meters, becoming another achievement for China in the field of deep-sea energy development. As the only submarine cable supplier and cable laying contractor for Fuyao, Hengtong provided the first domestic high-voltage dynamic submarine cable used for sea depths of over 65 meters.



China's deep-sea wind power demonstration project "Fuyao"

### Cases of overseas application of dynamic cables



Wave energy driven dynamic cables for the CorPower project in Portugal (an applied water depth of 75 meters)



FWP dynamic cables for the X1 Wind project in Spain (an applied water depth of 90 meters)



### OWP ultra-high voltage submarine cables and laying services

The wind turbine generator with the world's largest unit capacity of 11MW for commercial purpose of the Jieyang Shenquan offshore wind power project II of State Power Investment Corporation Limited (SPIC) has been connected to the grid for power generation.

#### UHV submarine cables

All submarine cables for this project are provided by Hengtong. Specifically, the supporting 220kV onshore cables provided by Hengtong are equipped with symmetrical temperature-sensing optical fibers and dedicated temperature-sensing safety warning devices. In addition, the 66kV submarine cable provided by Hengtong is equipped with a fireproof sealing module, thereby offering strong fire resistance. Also, thanks to high levels of water tightness, air tightness, explosion resistance and IP, the cable meets the strictest submarine environment requirements and has a service life of 30 years under all marine conditions.



#### Submarine cable laying

Hengtong Offshore Engineering Team was responsible for the laying of submarine cables for the Jieyang Shenquan offshore wind power project II. In spite of multiple difficulties such as deep-water surges, challenging construction timelines and frequent typhoons, the dedicated team successfully completed the task thanks to careful planning and compliant construction.

### 500kV UHV onshore cables

Located approximately 150 kilometers south of Tashkent (the capital of Uzbekistan), the 1500MW Gas-Fired Combined-Cycle Power Plant project is an important livelihood project sponsored by the Uzbek government. Also, it is a world-leading green environmental project for efficient energy conservation, which is achieved by use of a gas turbine with the highest possible combustion temperature, unit power and efficiency as well as the "zero discharge of wastewater" in its design. After being put into operation, this project can deliver over 36 million kWh electricity to the local power grid every day, and will benefit millions of residents in Uzbekistan.

In view of the high technical requirements for high-voltage transmission and the considerable construction difficulties, the Company provided high-quality 500kV UHV onshore cables, accessories, professional technical services, and comprehensive business and logistics services. The 500kV high-voltage AC onshore cables are the most advanced in the world currently, winning unanimous praise from customers.



### Empowerment for the Beijing 2022 Winter Olympics

The Beijing 2022 Winter Olympics showcased a wide range of wonderful sporting events to people all over the world. As one of the main suppliers of the Games, the Company took responsibility for the vital mission of ensuring stable electricity supply for eight key venues of the Winter Olympics through delivery of relevant products and solutions, to augment carefully planned core systems. We are proud to say we contributed a significant amount of green and strong "momentum" for the Winter Olympics.

- **Capital Indoor Stadium** was built in 1968 and is China's first artificial indoor ice stadium. It played host to many major Chinese sports events, including the famous Sino-US "Ping-pong diplomacy" matches in the 70s, and the Beijing 2022 Winter Olympics. Behind this continuous use of the Capital Indoor Stadium lie the wisdom and quality of Chinese products and solutions. Within only 40 days of being invited to submit a tender, the Company successfully became the main supplier of electricity equipment and thanks to its sound designs and service solutions, the Company successfully achieved all goals including supply of special equipment. The electric transmission lines provided by the Company can be moved and dragged, and can work normally at low temperatures below 40 degrees Celsius, while also meeting performance requirements for high flame retardancy.

- **Genting Snow Park** was specially built for freestyle skiing and snowboarding events before the opening of the Beijing 2022 Winter Olympics and the Beijing 2022 Paralympic Winter Games. Perfectly embodying the concept of "streamlining, green and environmental", the temporary buildings of the Park were all made of recyclable and renewable materials. All the products provided were green and safe. The Company successfully developed a series of low-temperature and highly flame-retardant flexible products with prefabricated couplers, which can be used for fast outdoor connection, and can be freely combined for temporary energy supply regardless of length. The Company provided more than ten customized connection solutions for different venues, and high-quality services for electricity supply for the Winter Olympics. In response to the call for holding a "Green Winter Olympics", we supplied 100% clean electricity for the first time.

Supplied clean electricity for the first time in the Winter Olympics

100%



- **The Zhangbei Renewable Energy Flexible DC Grid Test and Demonstration Project:** Making full use of the considerable wind power resources in the Zhangbei region with an annual average duration of 2,400 hours, we delivered green and clean energy to the competition areas in Beijing, Yanqing and Zhangjiakou, achieving 100% green electricity supply for the first time in the history of the Olympics. To ensure efficient operation of equipment units and transmission systems at Zhangbei Wind Farm, the Company provided the necessary products and services including intelligent connectors for wind turbines, UHV products and supporting components. Relying on its digital and intelligent means, the Company smoothly delivered the green electricity of Zhangbei Wind Farm to Beijing in an energy-saving, safe, reliable and efficient manner.

Achieved green electricity supply for the first time in the Winter Olympics

100%



- **Beijing-Zhangjiakou High-speed Railway:** Traveling at speeds of 350 kilometers per hour, the world's first intelligent high-speed railway, the Beijing-Zhangjiakou High-speed Railway, saw the operation of 40 pairs of trains and was used to transport athletes, officials, and ticket holders from around the world to the competition areas in Beijing, Yanqing and Zhangjiakou every day, which was a vital element in ensuring the smooth staging of the Beijing 2022 Winter Olympics. The Company used smart connection products and solutions for rail transit in the Hebei section and Beijing Changping section of the Beijing-Zhangjiakou High-speed Railway, and provided services for energy transmission and intelligent warnings, smart connection between signal equipment and control devices, and 5G signal coverage. In addition to meeting the original railway signal requirements, our core communication and transmission products have been greatly improved in terms of impedance, attenuation, crosstalk and other aspects through technological innovation. In various environments where strong electric field interference, humidity and severe cold were common, they fully met the requirements for the very latest signal system equipment, and with their strong anti-interference capacity and fast transmission speed, effectively improved overall system safety.



# 01

## Enhancing governance while putting responsibility first

Corporate governance	18
ESG governance	19
Communication with stakeholders	20
Risk control	22
Business ethics and anti-corruption	23





## Corporate governance

Hengtong Optic-Electric places great value on corporate governance, and is committed to safeguarding the interests of all shareholders by maintaining and strengthening corporate governance, conducting effective risk control and internal control and improving the transparency of the Board of Directors. On the basis of strictly complying with local laws and regulations and the management regulations of listed companies, we are continuously seeking to improve our corporate governance structure in order to safeguard the Company's development and shareholder rights and to actively respond to the concerns of stakeholders.

The shareholders' meeting, the Board of Directors, the Board of Supervisors, and the Management of the Company all have their own respective powers and responsibilities, but they maintain exemplary levels of professionalism and independence in business, personnel, assets, institutions, finance, and other areas. The Board of Directors consists of 12 directors, including 4 independent directors, each of whom has rich expertise and experience. In addition, the Board of Directors consists of the Strategy and Development Committee, the Audit Committee, the Nomination Committee, the Compensation and Assessment Committee, and the ESG Committee. Each committee has at least one independent director who has extensive experience and skills in areas like finance, law, investment and risk control, which ensures the independent, transparent and effective operation of the Board of Directors.

Type	Name	Age	Committees	Industry experts	Financial experts	Risk experts
Chairman	Cui Wei	37	The Strategy and Development Committee, the Audit Committee, the Nomination Committee, the Compensation and Assessment Committee, and the ESG Committee	✔		
Director	Qian Jianlin	50	The Nomination Committee, the Strategy and Development Committee	✔		
Director	Bao Jicong	55	The Compensation and Assessment Committee, the ESG Committee	✔		
Director	Yin Jicheng	50	The ESG Committee	✔		
Director	Li Ziwei	50		✔		
Director	Sun Yixing	47		✔		
Director	Tan Huijiang	41	The ESG Committee (Director)	✔		
Director	Zhang Jianfeng	41	Audit Committee	✔		
Independent Director	Chu Junhao	78	The Strategy and Development Committee	✔		
Independent Director	Cai Shaokuan	68	The Nomination Committee (Director) The Audit Committee, the Compensation and Assessment Committee, the Strategy and Development Committee, and the ESG Committee	✔		
Independent Director	Qiao Jiuhua	59	The Audit Committee (Director) The Nomination Committee, the Compensation and Assessment Committee, the Strategy and Development Committee		✔	✔
Independent Director	Yang Junhui	51	The Compensation and Assessment Committee (Director) The Audit Committee, the Nomination Committee			✔

## ESG governance

In order to strengthen the management of ESG matters and to better promote sustainable development, the Board of Directors is responsible for ESG risk control and information disclosure, and has made clear the overall policy of governance and supervision underlying sustainable development at Hengtong Optic-Electric. During the reporting period, Hengtong Optic-Electric established the ESG Committee under the Board of Directors. The ESG Committee is responsible to the Board of Directors and reports directly to the Board of Directors. They shoulder the responsibility to guide the Company's ESG strategy development and oversee the handling of ESG affairs. In addition, the ESG Working Group under the ESG Committee was established to coordinate the handling of daily ESG affairs. The ESG Working Group is responsible to the ESG Committee and reports directly to it.










The duties of the ESG Committee include but are not limited to: identifying risks, opportunities and trends of sustainable development; setting and reviewing responsibilities, vision, goals, strategies and policies of sustainable development; ensuring the effective implementation of ESG policies approved by the Board of Directors, supervising the implementation of sustainable development strategies, and integrating internal and external resources to carry out relevant work; monitoring, reviewing and evaluating ESG progress and performance according to internationally recognized industry indicators, evaluating the performance of senior management according to related ESG indicators, linking the Company's sustainable development with KPIs expected of senior management, and gradually dealing with and optimizing all aspects of ESG business. Through its design of multi-level incentives for employees, the Company hopes to build a community of shared futures where employees pursue a better life while contributing to the Company's sustainable development.

In the future, the Company will further promote green development, and establish an ESG management system for sustainable development and a shared value concept focusing on the major areas of low-carbon transformation, sustainable ecosystems, technological research and innovation, cultural and vision building and risk control. We are committed to becoming an international group with green, sustainable and high-quality development, and achieving harmonious development and common progress between customers, shareholders, employees, society and nature.

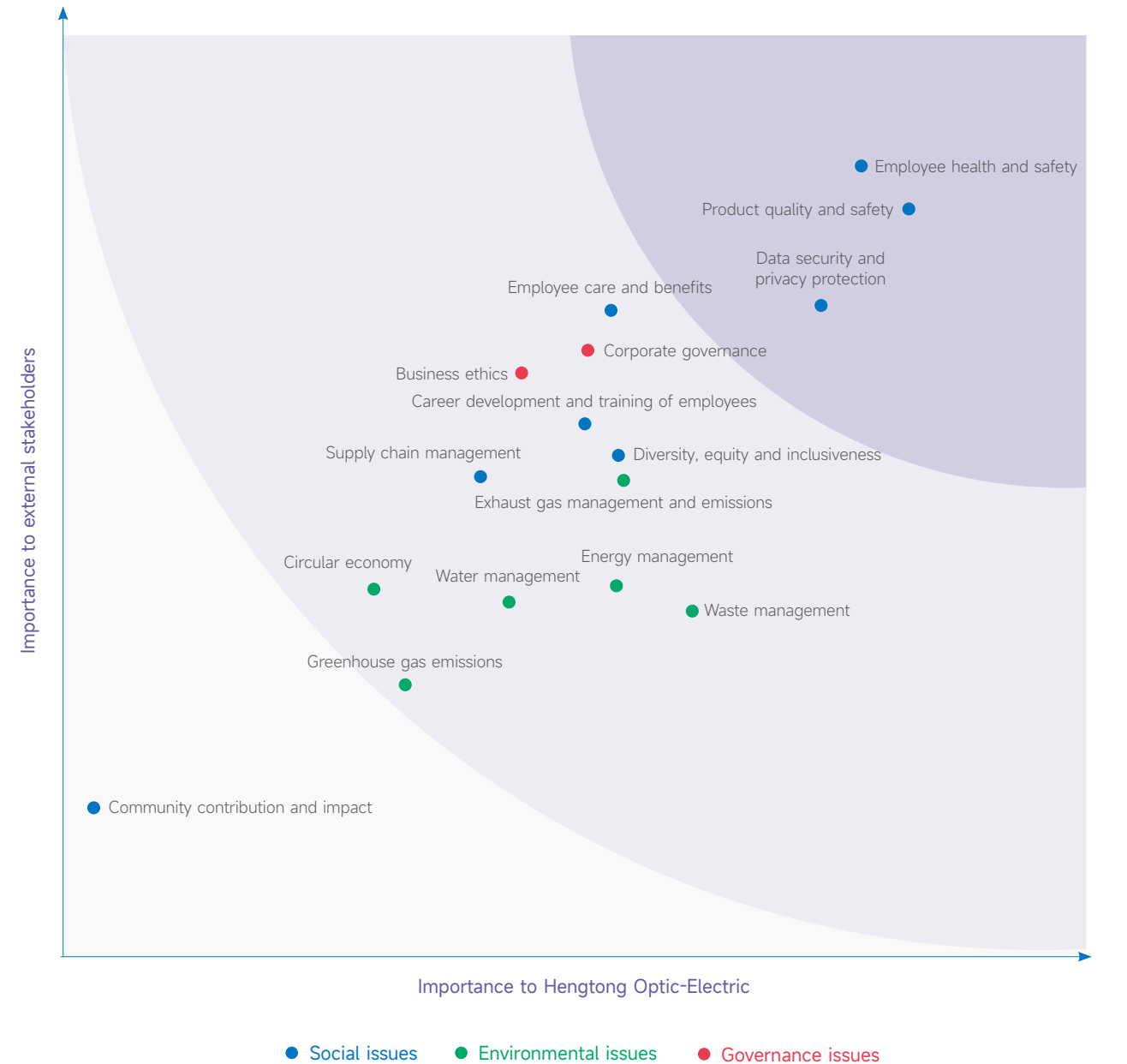


# Communication with stakeholders

Hengtong Optic-Electric places great value on the creation of social value. We are committed to establishing a harmonious and win-win development model based on the principles of transparency, independence and responsibility. To this end, we have established and constantly sought to improve a mechanism for normalized communication and information exchange with stakeholders, actively responding to the concerns of stakeholders on major issues. The major stakeholders identified by Hengtong Optic-Electric, their main concerns, and corresponding communication methods are as follows:

Stakeholders	Main concerns	Communication channels
 Employees	<ul style="list-style-type: none"> <li>Employee health and safety</li> <li>Product quality and safety</li> <li>Employee care and benefits</li> <li>Data security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Business ethics</li> <li>Career development and training of employees</li> <li>Diversity, equity and inclusiveness</li> </ul>
 Suppliers	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Employee health and safety</li> <li>Business ethics</li> <li>Data security and privacy protection</li> <li>Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Internal meeting</li> <li>Internal publications</li> <li>Employee interviews and activities</li> <li>Questionnaire survey</li> <li>Collection of employees' opinions through internal email, platform, call and other methods</li> </ul>
 Customers/consumers	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Employee health and safety</li> <li>Career development and training of employees</li> <li>Employee care and benefits</li> </ul>	<ul style="list-style-type: none"> <li>Supplier development and audit</li> <li>Conference of communication with suppliers</li> <li>Regular follow-up visits and evaluation of suppliers</li> <li>Questionnaire survey</li> </ul>
 Media	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Employee health and safety</li> <li>Career development and training of employees</li> <li>Employee care and benefits</li> </ul>	<ul style="list-style-type: none"> <li>Client satisfaction survey</li> <li>Customer relation management platform</li> <li>Customer hotline</li> <li>Media promotion</li> </ul>
 Investment institutions/ shareholders	<ul style="list-style-type: none"> <li>Energy management</li> <li>Exhaust gas management and emissions</li> <li>Employee health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Business ethics</li> <li>Product quality and safety</li> <li>Data security and privacy protection</li> <li>Supply chain management</li> </ul>
 Industry associations	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Corporate governance</li> <li>Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Diversity, equity and inclusiveness</li> <li>Employee health and safety</li> </ul>
 Governments/regulators	<ul style="list-style-type: none"> <li>Energy management</li> <li>Waste management</li> <li>Water management</li> <li>Employee care and benefits</li> <li>Employee health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Media interviews</li> <li>Press release and announcement</li> <li>Media promotion</li> </ul>
 Community contribution and impact	<ul style="list-style-type: none"> <li>Exhaust gas management and emissions</li> <li>Greenhouse gas emissions</li> <li>Employee health and safety</li> </ul>	<ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>Activities of communication with investors</li> <li>Performance release and announcement</li> </ul>
 Industry exchange and meeting	<ul style="list-style-type: none"> <li>Energy management</li> <li>Waste management</li> <li>Water management</li> <li>Employee care and benefits</li> <li>Employee health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Industry exchange and meeting</li> <li>Industry exhibition and scientific research cooperation</li> </ul>
 Field interviews and surveys	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Business ethics</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Field interviews and surveys</li> <li>Regular meetings</li> </ul>

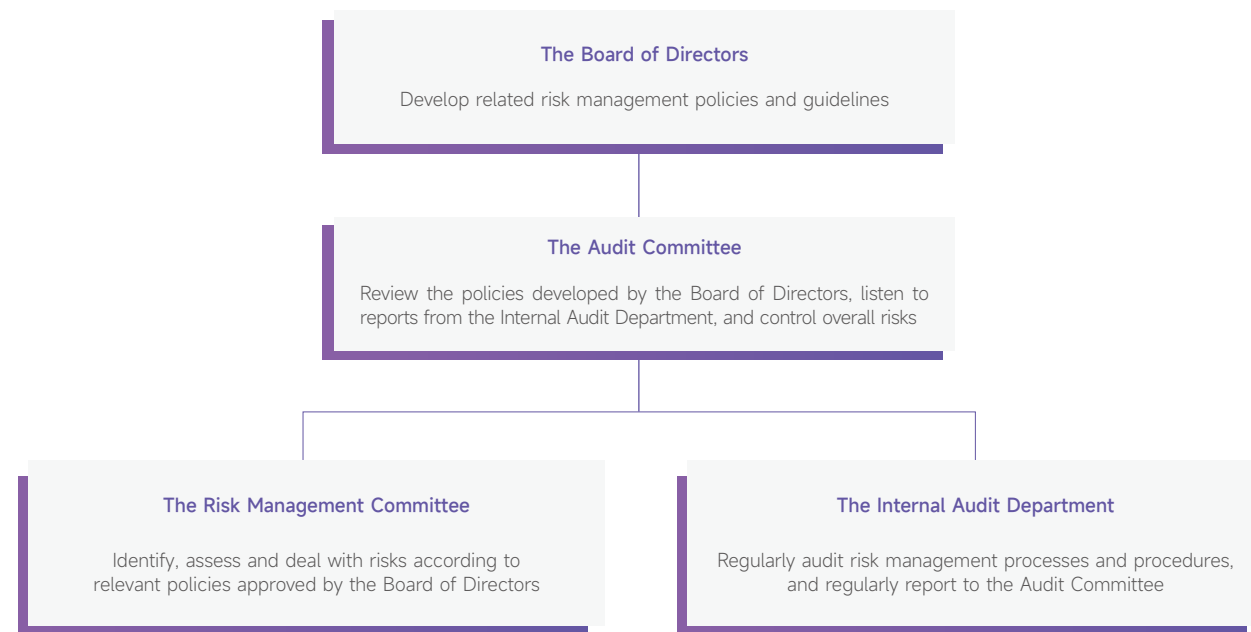
Through effective and detailed communication with various stakeholders and comprehensive surveys, Hengtong Optic-Electric has identified 16 important issues, including three highly important issues: product quality and safety, employee health and safety, and data security and privacy protection. Based on this analysis, Hengtong has drawn up a matrix of major issues. The following issues will be disclosed herein to respond to the concerns of stakeholders.





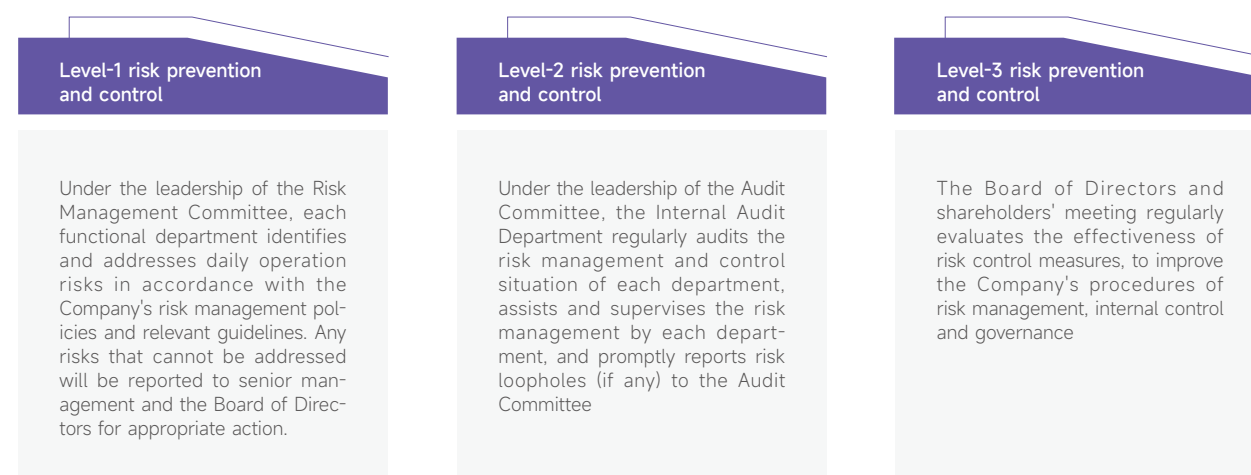
## Risk control

Hengtong Optic-Electric has formulated its *Risk Control Policy* in strict accordance with relevant laws and regulations such as the *Supervision Law of the People's Republic of China* and the *Enterprise Internal Control Policy*, to enhance risk control and internal control. Under the supervision of Hengtong Group, Hengtong Optic-Electric has established a sound risk control framework based on the COSO enterprise risk management framework. The Board of Directors and its Audit Committee are responsible for leading and arranging the overall work of risk management of the Company.



Framework of risk management

Taking this framework as its baseline, Hengtong Optic-Electric has established a three-level risk prevention and control mechanism to identify, evaluate and deal with internal and external risks in many areas including but not limited to strategy, market, operations, finance, law and sustainable development.



## Business ethics and anti-corruption

Hengtong Optic-Electric regards its mission to maintain a clean and honest workplace and business environment with the utmost seriousness. In accordance with relevant laws and regulations, the Company has formulated relevant rules and regulations such as the *Internal Audit Policy* and the *Work Rules of the Audit Committee*, and clarified the requirements for all directors in terms of business ethics. Specifically, the Board of Directors and the Audit Committee guide and supervise the work of business ethics and anti-corruption, while the Risk Management Committee and the Internal Audit Department are responsible for coordinating between various departments to eliminate bribery, corruption, fraud, monopoly, money laundering, and unfair competition among others.

Hengtong Optic-Electric regularly organizes lectures and training, and also related examinations, and it urges all employees (including part-time employees and contractors) to learn and understand the *Code of Business Conduct for Employees of Hengtong Group*. In addition, Hengtong Optic-

Electric regularly organizes special internal audits to learn more about and guard against various unethical business conducts such as corruption, bribery and fraud, in order to ensure the effective implementation of our business ethics policies. Also, we promptly investigate all problems discovered through audits, and supervise the work of rectification and improvement, to maintain the optimum environment for ethical business practice.

In addition, Hengtong Optic-Electric encourages its employees, external stakeholders and the public to report any suspected violations of business ethics and suspected corruption. In accordance with the *Administrative Measures of Hengtong Group for Disciplinary Supervision*, everyone is free to report any instances of code violations, dereliction of duty or unethical behavior on the part of any member of management or staff at Hengtong Optic-Electric without any prejudice to them personally, and the reporting rules, methods and channels shall be made public to all employees.

The Company firmly safeguards the safety and rights of whistleblowers by keeping confidential their personal information and providing corresponding rewards. We strictly investigate and deal with any violations of discipline, derelictions of duty, and unethical behaviors, and work together with employees to create an environment that is clean and free from corruption.

During the reporting period, no cases of corruption or bribery occurred at Hengtong Optic-Electric. The anti-corruption training of the Board of Directors and employees is as follows:

	Number of trainees in person times	Training proportion	Training duration in hours
The Board of Directors	48	100%	48
Senior management	251	100%	502
Mid-level employees	567	100%	1,134
Ordinary employees	9,916	70%	19,832

**The Reporting channels of the Internal Audit Department of Hengtong Optic-Electric:**

Email: htjubao@htgd.com.cn

**A lecture on integrity and self-discipline given by a senior executive of Hengtong Optic-Electric**

In a lecture on integrity and self-discipline, General Manager Zhang Jianfeng of Hengtong Optic-Electric emphasized the importance of reinforcing awareness of integrity and honesty and creating a good business environment. The need to establish the concepts of integrity and diligence was stressed as integral to improving the integrity of the risk prevention and control mechanism, and to strengthening institutional control and assessment.

Hengtong Optic-Electric has consolidated its self-discipline firewalls, and formulated the *Ten Musts and Ten Prohibitions*. To build a healthy ecosystem of work and entrepreneurship, we have taken many measures including requiring key staff members to sign integrity and self-discipline agreements every year. In addition, we require the signing of agreements stipulating good faith cooperation and honest co-building across the industrial and supply chains, in order to optimize the business environment for private enterprises, and create a clean business community.



# 02

## Creating market-leading quality products

R&D and innovation	26
Sustainable supply chain	29
Quality control	33
Responsible marketing	35
Customer services	36

Hengtong Optic-Electric is committed to providing customers with thoughtful services and market-leading products. To this end, Hengtong Optic-Electric continuously improves product safety and quality, ensures sustainable supply, creates a green supply chain, and steps up R&D and innovation. As a result, we have established a stable competitive advantage, and made significant contributions to national energy transformation and green development.





## R&D and innovation

Hengtong Optic-Electric regards R&D and innovation as the source and driving force of its sustainable development. Therefore, the Company attaches great importance to the improvement of its R&D management system. Alongside our continuous R&D and commitment to innovation, we are actively promoting the transformation and upgrading of our global information and energy interconnection systems in order to provide better solutions. Putting sustainable development and clean energy development at the core of our strategy and business, we firmly follow the path of innovative development and are making positive contributions to global clean energy development.

### Optimizing R&D environment

Based on our product lifecycle management (PLM), the subsidiaries of Hengtong Optic-Electric at all levels have established a R&D management system with the Integrated Product Development<sup>1</sup> (IPD) system as the core. To comprehensively manage product development and innovation, we have formulated relevant rules and

regulations such as the *Policy for Ensuring Implementation of IPD 2.0 Program, Administrative Measures for Technical Innovation and R&D Incentives, and Management Rules for Industry-University-Research Cooperation*. We will continuously seek to optimize our operations in three major aspects: R&D processes, organization and capacity building.

#### R&D processes

Hengtong Optic-Electric has established a management process of demand, project approval and product development according to actual conditions, and further optimized the mechanism of R&D project approval and review. Fixing eyes on R&D performance, we promptly identify R&D deficiencies and continuously optimize them.

#### R&D organization

Amid the R&D organization construction, Hengtong Optic-Electric focuses on enhancing organizational synergy between cross-departmental teams, cultivating core R&D talents and building R&D culture. We are committed to building a learning organization, creating a strong R&D innovation atmosphere, and improving R&D efficiency.

#### R&D capacity building

Hengtong Optic-Electric has set up an internal intellectual property database platform to facilitate the collection and analysis of patent information during product development, and to timely track and master the latest technological innovation achievements and the intellectual property ownership of competitors, so as to dynamically adjust the direction and measures of product development.

Actively creating innovation platforms, Hengtong Optic-Electric currently has 1 national enterprise technology center, 1 national postdoctoral research workstation, 3 provincial postdoctoral innovation bases, 3 academician workstations, 7 national and provincial key laboratories recognized by CNAS, 40 provincial engineering technology research centers/enterprise technology centers/industrial design centers, and 25 high-tech enterprises, thereby providing rich academic resources and talents for technological research and breakthrough.

<sup>1</sup> Integrated Product Development.

### R&D achievements

As of the end of the reporting period, Hengtong Optic-Electric had published 5 international standards and 359 domestic standards, and was granted 1,010 invention patents, 1,994 utility model patents, 51 appearance patents, 197 PCT patents, and 179 trademarks, making it one of China's industry leaders in this respect.

#### R&D breakthrough - Coilable optical fiber ribbons and cables

During the reporting period, the coilable optical fiber ribbons and cables were developed by Hengtong Optic-Electric. Featuring proprietary special materials, tooling and process molding, the innovative products represented a technical breakthrough in the broadband business by addressing the pain point of strained underground facilities. As such, Hengtong Optic-Electric became the only manufacturer in China capable of manufacturing ROR-coilable optical fiber ribbons in scale, which in turn made us better positioned to further enhance our product quality and competitive edge and expand growth potential.



#### R&D breakthrough - Key Technology and Application of Heat-Resistant Aluminum Alloy Wires with New Aluminum-Coated Nickel-Molybdenum Alloy Steel Cores

The project of "Key Technology and Application of Heat-Resistant Aluminum Alloy Wires with New Aluminum-Coated Nickel-Molybdenum Alloy Steel Cores", which Jiangsu Hengtong Power Special Conductor Co., Ltd. participated in, has won the Second Prize of Science and Technology Progress Awards in 2021 at the New Technology Evaluation Conference of the State Grid Smart Grid Research Institute.

As reported, this technology is oriented towards building green smart grids by developing new products and supporting technology which save energy and expand capacity. In this way, it can effectively boost grid transmission capacity and energy utilization, save transmission line corridors and reduce carbon emissions from thermal power generation, thus delivering substantial economic value and significant social benefits.

#### Expert recognition - Hengtong Optic-Electric New Product Appraisal Meeting

At the Hengtong Optic-Electric New Product Appraisal Meeting held by the China Electricity Council, new technologies and products for UHV submarine cable transmission, wind power generation and intelligent warning developed during the reporting period were unveiled, and were unanimously praised by over a hundred well-known experts in the power and energy sectors from China Electric Power Research Institute and Shanghai Electrical Cable Research Institute.

According to the *Hengtong New Products Appraisal Opinions*, a total of 8 new products and technologies were launched, including 2 international market leading, 4 internationally advanced, and 2 domestic market leading innovations.



In order to protect our innovation and development achievements, Hengtong Optic-Electric has taken the necessary measures to control the entire lifecycle of intellectual property including creation, application, protection, ownership and incentives, and management. We have established a sound intellectual property management system and formulated a series of management rules including the *Intellectual Property Document Control Procedure*, the *Standard Work Management Policy*, and the *Technical Paper Management Policy*.

In addition, in order to further enhance intellectual property protection and management awareness among all levels of employees, Hengtong Optic-Electric has invited external senior experts and lecturers to organize special training in the area of patent quality improvement and patent information analysis, and is taking steps to popularize intellectual property management knowledge every year.

## Sustainable supply chain

Hengtong Optic-Electric plays a leading quality assurance role by maintaining a stable and green supply chain. On the one hand, we strictly manage suppliers in an effective manner through hierarchical management, classified management, flexible tender and dynamic auditing processes, thereby ensuring product quality. On the other hand, we are constantly seeking improvement in our sustainable supply chain by identifying and evaluating supply chain risks, taking response measures, ensuring procurement compliance, diversifying procurement channels and promoting stable procurement cooperation.

### Supplier management

Hengtong Optic-Electric has formulated a series of rules and regulations including the *Supplier Access Regulations*, the *Supplier Management Regulations*, the *Material Supplier Performance Assessment Standards*, the *Procurement Tender Management Regulations* and the *Procurement Execution Management Regulations*, in order to standardize and strictly control all supplier access, supplier assessment, and logistics linkages.

#### Supplier access

- ◆ **Clarifying access criteria:** According to our clear criteria for suppliers' credit, product quality, production and delivery capabilities, environmental protection, occupational health and safety, and social responsibility fulfillment, any suppliers shall meet all such requirements and pass on-site audits before becoming our qualified suppliers.
- ◆ **Signing a framework agreement:** Before cooperation, we will enter into a procurement framework agreement with any supplier, in which a series of requirements for integrity assurance, product quality, intellectual property and supplier assessment are specified.

#### Supplier management

- ◆ **Hierarchical management:** By importance and procurement amount, suppliers are divided into four categories, for which different but reasonable assessment frequencies will be specified.
- ◆ **Classified management:** By the type and nature of materials, different audit frequencies and management mechanisms are applied. Specifically, we organize annual, semi-annual, quarterly, and monthly procurement of conventional materials through tender, and conduct flexible and normalized management. For key materials or strong suppliers, we organize negotiations and sign strategic agreements with them on an annual basis, to enhance cooperation viscosity and supply stability.

#### Supplier elimination

- ◆ **Evaluation and assessment:** We organize monthly or quarterly assessments and on-site audits of suppliers, and divide them into four levels according to audit results and ratings: A, B, C and D. We will continue cooperation with supplies with the ratings of A and B, review the qualification of C-level suppliers after urging them to make rectification, and directly terminate cooperation with D-level suppliers due to their unqualification.





## Supply chain risk

During the reporting period, Hengtong Optic-Electric identified and evaluated our existing supply chain risks and found that the procurement of some materials and equipment was limited by deficiencies of certain suppliers. These included unstable supply and lack of independent intellectual property rights in some technologies. To solve such problems, Hengtong Optic-Electric has taken some positive measures including diversifying supply sources, developing independent supply technologies, and establishing more strategic supply relations.

### Diverse supply sources



During the reporting period, the Company actively developed alternative suppliers in different regions, looked for new suppliers, and cultivated existing suppliers to enhance their supply capabilities.

### Independent supply technologies



The Company has further improved its R&D and innovation capabilities, accelerated its PCN (Porous Coordination Network) and material localization processes, and broken through some technological limitations in material development in cooperation with existing suppliers.

### Strategic supply relations



In addition to material development in conjunction with existing suppliers, we maintain in-depth communication and exchange with key material suppliers and strong suppliers, and keep strategic cooperation with them by signing strategic agreements on an annual basis.

In addition, Hengtong Optic-Electric has established a sound compliance system to prevent supply chain risks by regularly analyzing and reviewing the actual conditions and specific demands of suppliers. Therefore, during the reporting period, the Company organized targeted procurement personnel training and supplier visits.

#### Procurement personnel training

During the reporting period, in order to enhance the awareness and ability of procurement personnel to deal with supply chain compliance risks, the Company organized procurement system training, customs AEO (Authorized Economic Operator) training, security training, procurement negotiation, and skills training for procurement personnel, which deepened their understanding of relevant rules and skills.



#### Supplier visits

During the reporting period, the Company identified existing problems in the supply chain system and solicited suggestions for improvement. Visits to more than 40 suppliers took place and regular open communication lines were strengthened with the aim of gaining a clearer understanding of personnel, venues, products, finance, and other aspects. In addition, through supplier visits, we have found more potential cooperation opportunities, and enhanced our suppliers' enthusiasm and loyalty, thus further reducing supply chain risks.



## Sustainable procurement

Incorporating sustainable development into our supply chain management strategy and process, we are committed to creating a green, sustainable supply chain, and cultivating ecological partners. For effective supplier access, we regularly review and evaluate the suppliers' sustainability performance during detailed and comprehensive investigations into environmental and social conditions.



### Environmental

- ◆ Hengtong Optic-Electric reviews and evaluates the suppliers' performance in many aspects including ISO14000 environmental management system certification, effective on-site environmental protection and waste management, development of environmental emergency plans, and establishment of major environmental monitoring systems, to strength access and daily management of suppliers according to evaluation results.



### Social

- ◆ Hengtong Optic-Electric reviews and evaluates the suppliers' performance in ISO45001 occupational health and safety management system certification, recording of occupational safety training for employees, identification of occupational health hazards, etc.
- ◆ Hengtong Optic-Electric has entered into the *Agreement of Social Responsibility Fulfillment According to Ethical Standards*, which requires all suppliers to respect employees and safeguard their health, safety, salary and welfare, and the suppliers as promised shall not hire child labor, allow forced labor, or have any conduct of coercion, harassment or discrimination against employees. During on-site audits, we will review the suppliers' performance in such aspects.
- ◆ In addition, Hengtong Optic-Electric will sign the *Integrity Co-constructing Agreement* with the suppliers to jointly create a clean, honest business environment.

In the future, the Company will further create a sustainable supply chain through the following four steps, and work with our suppliers to promote sustainable development:

We will continue education and training of existing suppliers, enrich and improve the requirements and connotations of sustainable development in the *Supplier Code of Conduct*.

We will screen appropriate suppliers more rigorously, and select and evaluate them more according to their performance in sustainability.

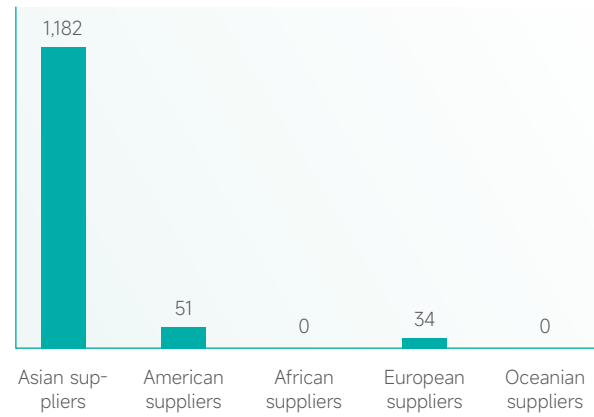
We will organize special performance evaluation of suppliers in sustainability.

We will give targeted assistance to our suppliers after a thorough analysis of evaluation results, to ensure their continuous improvement in sustainability together with us.

Total suppliers  
**1,267**



• Number of suppliers



Percentage of new suppliers screened according to environmental criteria

**100%**



Percentage of new suppliers screened according to social criteria

**100%**

<sup>2</sup> New suppliers mentioned herein only refer to suppliers of Class I and Class II materials introduced in 2022. Class I materials (leverage materials) refer to the materials with a low procurement risk, but with an annual procurement amount accounting for a large proportion of the total procurement amount of the Company, while Class II materials (key materials) refer to the materials with a relatively high procurement risk and a relatively large procurement amount.

## Quality control

Excellent product quality is the cornerstone of our value creation, and also a prerequisite for meeting customer needs. Hengtong Optic-Electric has passed the ISO 9001 quality management system certification comprehensively. In addition, we strictly control product quality through standard quality management in the production and development stage, emergency management of major quality accidents, and training on product quality and safety.

◆ In the production preparation stage, Hengtong Optic-Electric will design quality indicators for each category of customized products according to the internal Product Quality Indicator System. In addition, following the principle of equipment process similarity, we will standardize product management according to quantitative indicators such as key manufacturing process and raw material pass rates, process and procedure (including characteristic indexes) pass rates, finished product and ex-factory pass rates, external market complaints and quality accidents, OEM pass rate, quality loss indicators and so on, which lays a solid foundation for standard quality management.

◆ Through effective prevention and control, Hengtong Optic-Electric minimizes the occurrence of potential major quality incidents. In addition, we have developed optimal quality incident response plan and process to minimize the negative impact of major quality incidents. During the reporting period, there were no major quality incidents at Hengtong Optic-Electric.



The response process of major quality incidents



◆ During the reporting period, the central department of Hengtong Optic-Electric organized a total of 38 quality related training sessions (about 150 hours) in which nearly a thousand employees participated, which effectively enhanced their awareness of safeguarding product quality.

◆ During the reporting period, Hengtong Optic-Electric hosted the final Vocational Skills Competition and the "Quality Month" event, to encourage employees to further improve their skills and workmanship, thus further consolidating the talent foundation for Hengtong Optic-Electric to keep leading in quality.

Quality related training sessions about

**150** hours



In addition, during the reporting period, the Company obtained a Level-4 intelligent manufacturing capability maturity certificate, and showed compliance with national standards of GB/T 39116-2020 and GB/T 39117-2020. This indicates that Hengtong Optic-Electric has achieved a certain level of automation, digitization, networking, and intelligence in manufacturing, thus further ensuring process standardization and effective product safety and quality control.



Level-4 intelligent manufacturing capability maturity certificate



### Intelligent factory construction, lean manufacturing, and digital management

As a global service-oriented optical communication manufacturer, Hengtong Optic-Electric, a decade ago, took the lead in initiating intelligent factory construction, lean manufacturing, and digital management. We are sparing no effort to create an advanced intelligent manufacturing mode and an industrial innovation cluster featuring personalized customization, networked collaboration, flexible production, and visual manufacturing supervision. Through continuous integration and innovation of cutting-edge technologies such as 5G communication, artificial intelligence, digital twins, and blockchain among others, Hengtong has become a national Industrial Internet logo analysis demonstration enterprise, and established cooperative relations with more than 1,500 upstream and downstream enterprises. In particular, we have helped more enterprises to achieve upgrade and transformation towards industrial digitalization and industrial networking.

Among the 2022 intelligent manufacturing demonstration factory projects of Jiangsu province, the industry-leading and demonstrable "one network, two platforms" intelligent factory of Jiangsu Hengtong Power Cable Co., Ltd. affiliated to Hengtong Optic-Electric was awarded a place.

The Company will continue to advance the intelligent construction of "one network, two platforms". In other words, relying on the industrial Internet, smart Internet of Things of State Grid, and industrial Internet for enterprises, we will speed up the smart and digital transformation of enterprises, and set a benchmark for the digital and smart transformation and upgrade of domestic industries.



## Responsible marketing

Responsible marketing is vital for gaining customer trust, improving customer satisfaction, creating a good business environment, and increasing brand influence. Therefore, the Company places great value on the regulation of marketing behavior and the training of sales personnel. We are committed to our pledge to adhere to compliant promotion and sales and our responsibility to our customers is our number 1 priority. The Company rejects utterly the practice of making misleading descriptions, or inappropriate and non-objective evaluations of competitors.

Alongside effective sales management, we have organized special job briefings for marketing personnel, to improve their overall quality. In addition, we regularly issue promotional warnings to ensure compliant marketing and to standardize

seal authorization, thus further enhancing the legal awareness of all levels of our marketing personnel, and avoiding any legal risks. In addition, the Company has opened up reporting channels such as a complaint mailbox and an information reporting hotline at the General Manager's office, in a move to encourage internal and external stakeholders to report any suspected marketing activities while of course safeguarding the rights and interests of whoever makes the report.

In view of existing or potential trade risks, we have developed relevant guidelines on the basis of establishing and improving our trade compliance management system, and clarified the sales management and operation requirements, to prevent and reduce legal risks in trade, and ensure compliant sales and business activities.



### A reliable global partner

Hengtong Optic-Electric has passed the authoritative certification by Dun & Bradstreet, a global data and analysis driven decision-making empowerment organization, and obtained the unique Dun & Bradstreet code of 545310872, as well as complete credit files and detailed credit reports. Hengtong Optic-Electric was awarded a rating of 5A1 (the highest level) by Dun & Bradstreet.

Over the years, Hengtong has passed multiple qualification certifications, including Dun & Bradstreet certification, which provides guarantees to our global partners of our commitment to integrity and our assurance of quality. In the future, we will continue to focus on creating value for our customers, and establishing stable, long-term, and healthy business relationships with our upstream and downstream supply chain partners, so as to promote the further development of our industry.

Hengtong Optic-Electric was awarded a rating of **5A1** (the highest level) by Dun & Bradstreet





## Customer services

In order to ensure the quality of customer service, the Company has formulated a set of sound internal rules, including the *Aftersales Service Management Rules* and the *Emergency Handling Management Rules*. On the one hand, Hengtong Optic-Electric has developed a rapid response and emergency handling mechanism for customer complaints and major market emergencies, and drawn up the *Special Process for Customer Complaints, Returns and Exchanges* to reduce the impact and losses caused by emergencies and to improve the quality of customer service. On the other hand, Hengtong Optic-Electric has accurately identified existing problems and difficulties commonly experienced by customers through our annual customer satisfaction surveys, and has taken steps to

solve such problems quickly and effectively in order to improve customer satisfaction. During the reporting period, the Company's customer satisfaction survey results showed that the customer satisfaction score reached 96.02 (max score = 100).<sup>3</sup>

High customer satisfaction is a direct result of the Company's service philosophy of "All-staff service to win the heart of customers with forever sincerity", allied to our sound service support system. Services offered by Hengtong mainly include after-sales and engineering services. In addition, Hengtong Optic-Electric has further improved its service efficiency and quality through full after-sales and engineering support services for equipment and hardware.

An all-region after-sales service network has been formed, and each service agency has a regional manager and an account manager, and a 24-hour free service hotline (8008282953) through which customers can inquire about product information and provide feedback on product use. In addition, we provide return visits, training, and other services to customers. We carry out surveys and analysis of the services offered to customers and their consumption needs on a quarterly basis. Through a targeted training system for customers, we invite technical experts with theoretical and practical experience to provide free on-site installation guidance and technical training services for the technical personnel of our clients.

Through our specialized Engineering Service Department equipped with professional engineers, we provide strong technical service support to customers in various regions, so that engineering issues can be resolved as quickly as possible. Given that the products or services are still under guarantee, the Company will resolve quality problems caused by defects in materials and improper manufacturing for free. Our technical personnel will deliver timely field maintenance services and we will recompense any economic losses incurred therefrom. After the guarantee has expired, we guarantee a response within half an hour upon receiving any notification of an issue, and will immediately send technical personnel to the site to help with issue resolution to ensure that the optical cables we supplied can return to normal usage in the shortest possible time period.

<sup>3</sup> Only the parent company of Hengtong Optic-Electric received the customer satisfaction survey.



The Company has established a strict confidentiality system in accordance with the *Information Security and Confidentiality Management Rules of Hengtong Group*, and set up a Confidentiality Committee to supervise and manage confidentiality related work, so as to strictly safeguard information security. In addition, the Company is committed to reinforcing data security. To this end, we have formulated the *Technical Data Confidentiality Regulations*. We have achieved encryption of customer privacy layer by layer through the highest quality digital management in our ordering, contract signing and other processes. We have established specialized accounts for effective management, and allocated different account permissions by level.

### The Confidentiality Committee of Hengtong Optic-Electric mainly performs the following duties

- ◆ To implement national and industry-related policies, laws, and regulations concerning confidentiality.
- ◆ To review and supervise major matters related to the Company's confidentiality work.
- ◆ To review the Company's deployments and annual work arrangements related to confidentiality.
- ◆ To supervise the confidentiality work of each center/business department and sector.
- ◆ To provide confidentiality resources, support and propel the implementation of confidentiality work at the company level.

Furthermore, Hengtong Optic-Electric has formulated the *Administrative Measures for Confidentiality and Non-competition Agreement*, requiring employees in key confidential positions to enter into confidentiality agreements with the Company to ensure the security of data. In the event of any violation of the said agreement, the Company shall be entitled to hold relevant personnel accountable for breach of contract after verifying and providing relevant evidence through the allocation of internal and external resources.

During the reporting period, the Company neither infringed upon any customer privacy nor lost any customer information.



# 03

## Creating a green, low-carbon future

Environmental management	40
Tackling climate change	41
Energy management	44
Water management	46
Emission management	47
Circular economy	50

The Company has always demonstrated a commitment to advocating and following the path of green development. We have actively promoted sustainable commercialization, green transformation, and green low-carbon energy development, and are devoted to making outstanding contributions to the green and high-quality development through the delivery of advanced products and technologies. We are committed to creating a green, low-carbon, and sustainable future.





# Environmental management

The Company is dedicated to reducing the environmental impact throughout the lifecycle of product design and manufacturing, and to integrating the ethos of sustainable development into each link.

We strictly abide by the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, the *Environmental Protection Tax Law of the People's Republic of China*, and other relevant laws and regulations, as well as environmental regulations and rules related to overseas operations such as the *International Environmental Law*, the *Environmental Liability Directive (ELD)*, and the *Industrial Emissions Directive*. We

have defined environmental protection as our long-term development strategy.

At present, the Company has passed the ISO 14001 environmental management system certification covering all principal operations (100%), including the design of communication system, optical cables, and submarine cables, as well as environmental management activities and venues related to production. Every year, we regularly organize external audits to assess our compliance with environmental laws, our implementation of environmental management policies, and our risk control measures in accordance with the ISO 14001 standard. In addition, we organize certificate renewal audits every three years.

## Risk management

To prevent and control potential environmental risk events, we have developed optimized reporting processes and handling methods, including a process for emergency handling of environmental risks in which the control group, rescue group, fire protection group, evacuation group, vigilance group, and monitoring group cooperate.

To effectively investigate and address environmental pollution risks, the Company has developed a response plan for environmental pollution emergencies, and formed a closed loop of tracking environmental problems and hazards discovered through daily inspection. In addition, we regularly organize relevant emergency drills to find deficiencies so as to continuously optimize the plan. During the reporting period, we did not violate any environmental laws and regulations.



# Tackling climate change

Climate change is one of the most severe challenges facing humanity in the 21st century. To protect our natural ecosystem and ensure the sustainable development of our economy and society, it is urgent to achieve carbon neutrality by tackling climate change. Enterprises need to play a supporting role in promoting low-carbon economic


transformation, and reducing the impact of their operations on the Earth against the background of increasing climate change impacts. Actively advocating and practicing green and low-carbon development, the Company is actively engaged in addressing climate change.

## Governance structure

The Company has established a sound climate change risk governance framework. Specifically, the ESG Committee coordinates and reviews the work of dealing with climate change risk, and is responsible for setting overall strategies and goals. In contrast, the ESG Working Group under the ESG Committee performs the duty of identifying and managing the Company's climate change risks.

## Climate change risks

By analyzing the impact of climate change on the Company's operational strategy, related business, and finance, we have identified and evaluated climate change risks that may have an impact on the Company's operations according to industry characteristics and business scope, and have developed response strategies mainly in the area of physical risk and transformation risk due to climate change in order to comprehensively promote green transformation and sustainable development.

Risk type	Risk parameter	Risk description	Countermeasures
 Physical risks	<b>Acute risks</b> Extreme weather events such as typhoons, floods, extreme high temperature weather, and cold climates	1. Frequent occurrence of extreme weather events will cause commuting inconvenience to employees, transportation obstacles, and equipment failures, thus resulting in discontinuity of production and operation, and ultimately leading to a decrease in revenue  2. Typhoon and extreme cold might cause damage to laid cables and other communication equipment	1. To implement the management personnel duty shift mechanism, increase the frequency of weather forecast and detection, and undermine the damage caused by typhoons, rainstorms, etc.  2. To develop an emergency response plan for extreme weather events (such as typhoons, rainstorms, floods, freezing rain, snow, and so on), and prepare emergency facilities in advance
	<b>Chronic risks</b> The impact of changes in temperature, rainfall, and sea level rise	1. Slow changes in temperature and rainfall might lead to the relocation of some potentially affected sites of operating, thus increasing operating costs  2. Slow rise in sea level might cause malfunction of submarine optical cables due to pressure changes	



Risk type	Risk parameter	Risk description	Countermeasures
Transformation risks ○ — ○ — ○ —	Regulations and policies	Stricter emission disclosure management and compliance requirements	In response to increasingly strict national and international requirements for carbon emission reduction, regulators and investors require Hengtong Optic-Electric to disclose more information on emission reduction goals, measures, and results. This may cause a range of potential risks, including delay in the progress of project, potentially heavy penalties, and increasing compliance costs  1. To learn and comply with relevant laws and regulations released by relevant regulators at home and abroad in a timely manner, and regularly identify applicable carbon emission policies  2. To strengthen internal carbon accounting management and carbon emission accounting in the production process
	Tech-nologies	Low-carbon technology transformation	In response to climate change, low-carbon materials will gradually be substituted for existing products, and low-energy equipment and more advanced energy-saving technologies will further attract more investors and policy support, which might result in reduced liquidity of existing assets, cost increase for low-carbon materials and technical transformation, and other risks  To explore low-carbon materials and technical transformation paths, and introduce efficient and energy-saving technical means or production equipment
	Change of customer preferences	With customers' increasing attention to climate change and low-carbon life, Hengtong Optic-Electric will speed up low-carbon transformation, but will face many potential challenges including budget increase, pressure from competitors providing low emission products, and a decrease in market share and demand for goods and services	1. To closely track and investigate changes in customer demand for energy-saving and green products and services, and adjust the industrial layout in a timely manner  2. To increase the budget for providing transformational products and services to meet customer needs, and actively analyze price fluctuation trends
	Market	Rise in raw material costs	The cost of resources such as energy, water, and equipment will rise as a result of climate change, which will increase the costs of raw materials procurement and transportation  1. To actively explore energy-saving and consumption reduction measures for production, and achieve recycling of resources as much as possible  2. To reach a consensus with partners on low-carbon transportation to reduce procurement costs
	Reputation	Investors are increasingly concerned about negative feedback	Stakeholders are increasingly concerned about climate change issues. If we fail to meet investors' expectations, Hengtong Optic-Electric might face risks such as divestment and downgrading of related ESG ratings  1. To further disclose the requirements for sustainable development and climate change response to ensure compliance  2. To closely track the feedback of customers and other stakeholders on the requirements for addressing climate change

## Carbon emission goals

Hengtong Optic-Electric is committed to minimizing the impact of climate changes on corporate development, particularly the impact of carbon emissions on the production and operation of the Company. Presently, Hengtong Group has set the goal of "carbon peaking by 2028 and carbon neutrality by 2045", striving for a 40% reduction in comprehensive energy consumption per RMB 10,000 output value and a 50% reduction in carbon dioxide emissions per RMB 10,000 output value by 2028 compared with 2020. In active response to such goals, Hengtong Optic-Electric is formulating corresponding action plans to achieve the carbon emission goals by means of effective control of carbon emissions.

Based on HioT, an industrial Internet platform, Hengtong has established an integrated energy management system, through which we have realized automatic acquisition of energy consumption information of electricity, water, natural gas, industrial gases, and so on, and effectively monitored energy consumption and carbon emission during production. In addition, we have realized unified management of carbon emissions through a digital management platform, through which we can identify the direct and indirect sources of GHG emissions from the Company and its member entities, and define the emission boundaries.

GHG emissions <sup>4</sup>	Unit	2022
Total GHG emissions (Scope 1+Scope 2)	Tonne of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	339,189.14
GHG emissions (Scope 1)	Tonne of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	80,297.40
GHG emissions (Scope 2)	Tonne of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	258,891.74
GHG emissions intensity	Tonne of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)/RMB100 million	730.00



<sup>4</sup> The greenhouse gas emissions of the Company mainly include direct emissions (Scope 1) and indirect energy emissions (Scope 2).

The Company performs carbon footprint accounting in accordance with ISO14064-1:2018 *Specification with guidance at the organization level for quantification and reporting of GHG emissions and removals*. The GHGs mainly include carbon dioxide, methane and nitrous oxide. Furthermore, the accounting is based on the average emission factor of state grid for 2022 specified in the *Notice on Reporting and Management of Greenhouse Gas Emissions of Power Generation Enterprises from 2023 to 2025* issued by the Ministry of Ecology and Environment, and the emission factor defined in the *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories* issued by the Intergovernmental Panel on Climate Change (IPCC).

# Energy management

The Company regards it a necessity to achieve low carbonization of energy mainly by means of energy saving and consumption reduction in production and operation process. The Company has further improved capabilities of refined energy management, and expedited the improvement of energy utilization efficiency by establishing and improving the energy management system as well as the energy-saving and consumption reduction management mechanism, reinforcing target assessment and process management, and taking measures including process technology innovation, equipment technology transformation, digital management, etc.

## Optimization of preform manufacturing technology

Featuring a series of advanced technologies with the efficient deposition technology as a representative one, the Company has been continuously optimizing the preform manufacturing process. It is hoped to achieve efficient, environment-friendly and green technology development from the source of the industrial chain, so as to better achieve green manufacturing in the optical communication industry chain. During the reporting period, approximately 5,800 tonnes of standard coal consumption and approximately 9,900 tonnes of CO<sub>2</sub> emissions were reduced thanks to the process optimization.

## Energy-saving transformation of optical fiber drawing equipment

By means of innovations in key technologies such as ultra-high-speed drawing and full-process automatic control, the promotion and application of LED curing technology, as well as the optimization and transformation of public and auxiliary facilities, the Company has realized further reduction of energy consumption in the optical fiber drawing process. During the reporting period, approximately 2,200 tonnes of standard coal consumption and approximately 4,300 tonnes of CO<sub>2</sub> emissions were reduced due to such energy-saving transformation.

## Energy-saving transformation of a production line for continuous casting and rolling

The Company has significantly cut down the use of natural gas via furnace structure optimization and regenerative transformation of the continuous casting and rolling production line. During the reporting period, approximately 700 tonnes of standard coal consumption and approximately 1,300 tonnes of CO<sub>2</sub> emissions were reduced due to such optimization and transformation.

## Green electricity purchase

The Company has been optimizing the energy structure in an orderly manner, and progressively increasing the proportion of renewable energy. During the reporting period, the Company purchased 250,435 million kWh of green electricity and reduced CO<sub>2</sub> emissions by approximately 142,800 tonnes.



Energy consumption <sup>5</sup>	Unit	2022
<b>Direct energy</b>		
Gasoline	Liter	157,017.59
Diesel	Tonne	5,742.74
Natural gas	10,000 cubic meters	2,667.76
Hydrogen	10,000 cubic meters	29.46
Propane	Tonne	75.19
Biomass particles	Tonne	2,367.00
Direct energy consumption	Tonne of standard coal	42,550.36
<b>Indirect energy</b>		
Purchased electricity	Kilowatt-hour	701,999,126.00
Purchased green electricity	Kilowatt-hour	250,435,000.00
Purchased steam	Tonne	15,358.55
Indirect energy consumption	Tonne of standard coal	87,719.39
<b>Total energy</b>		
Total energy consumption	Tonne of standard coal	130,269.75
Energy consumption intensity	Tonne of standard coal/ RMB100 million	280.37

<sup>5</sup> The comprehensive energy consumption is calculated based on the consumption of gasoline, diesel, natural gas, hydrogen, electricity, and steam, as well as the conversion coefficient in the national standard *General Rules for Calculation of Comprehensive Energy Consumption* (GB/T 2589-2020).





## Water management

Water resources are vital for the survival of any lives on the Earth, and are of great importance to build a community with a shared future for mankind. Regarding effective use of water resources as the only approach to green transformation, Hengtong Optic-Electric strictly abides by the *Water Law of the People's Republic of China* as well as other related laws and regulations and internal water management rules. The Company aims to achieve sustainable water management in the business operation and supply chain links, and fundamentally reduce the impact of water scarcity on the environment by means of regularly monitoring and controlling risks related to water use, standardizing the use, consumption and discharge of water resources and improving production water efficiency.

During the reporting period, we actively carried out water-saving activities, and conveyed the water-saving concept to our employees through daily awareness promotion. The Company has installed sufficient water-saving facilities in our production plants and established a rainwater collection and utilization system. The rainwater so collected is applied for washing on-site equipment and vehicles and flushing roads, so as to maximize rainwater utilization and achieve efficient utilization of water resources.

Furthermore, we can save 42,000 tonnes of water annually through internal recycling of industrial water and centralized water treatment through the continuously improved water circulation system.

Save of water annually

**42,000** tonnes

Utilization of water resources	Unit	2022
Total water consumption	thousands of m <sup>3</sup>	2,851.777
Water consumption intensity	m <sup>3</sup> /(RMB100Mn)	6,137.61



## Emission management

The Company has actively promoted effective control of emissions in strict accordance with related laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*. By continuously

improving technologies and management processes, and optimizing the emission recycling system, the Company is capable of ensuring the reduction of exhaust gas, wastewater and waste emissions during production and operation. To satisfy the compliance requirements at various business sites, the Company has set a goal of reducing the consumption of waste emulsion per unit of production by 10% in 2022 compared with 2020, for the purpose of consolidating the foundation for the Company's sustainable development.

### Exhaust gas management

While strictly complying with domestic and foreign exhaust gas emission standards, the Company has set clear various requirements for standardized production. In addition, the Company makes efforts to control emissions from the source, while strictly monitoring the exhaust gas emission in the operation process.

#### Process for treating dust and exhaust gas

With a continuous investment, the Company has made some remarkable achievements in environmental technology transformation. For example, the Company has substituted the former wet electrostatic dust removal process with the dry bag dust removal process for treatment of tail gas from production of preform, thereby reducing the use of precipitants PAC and PAM for water treatment every year, reducing the industrial wastewater discharged into the municipal sewage pipeline, and further converting wet sludge as general solid waste into the dust by-product SiO<sub>2</sub> with economic value.

Furthermore, the Company has installed monitoring equipment at key emission sites for 24-hour video surveillance, so as to prevent risks such as damages to emission treatment equipment and performance degradation arising from any external factors.





## Wastewater management

The Company has formulated internal wastewater treatment rules strictly in accordance with domestic and foreign sewage discharge standards and other related laws and regulations, international wastewater treatment and compliance discharge requirements as well as industry conventions and regulations.

The wastewater of the Company mainly includes domestic sewage and industrial wastewater, and the pollutants mainly include COD, SS, total phosphorus, ammonia nitrogen, etc. With strict control measures taken, our quality of wastewater discharge is superior to that required by regulators. In 2022, our wastewater detection values conformed to the requirements of GB8978-1996, and were included in the scope of pipeline requirements.

We strictly control the generation and discharge of wastewater from source. For example, industrial wastewater is recycled by means of sedimentation, degradation and separation in treatment facilities such as sumps, sedimentation tanks, drainage ditches, septic tanks and oil separators in the production site, while domestic sewage is discharged into the municipal sewage pipeline for centralized treatment.

During the reporting period, the number of non-compliant emissions by the Company was 0.

The number of non-compliant emissions by the Company was

0

## Waste management

In strict accordance with laws and regulations at home and abroad such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the Company has formulated the *Procedures for Waste Control* to coordinate and manage the links of waste collection, storage, transportation and treatment, so as to guarantee the compliant treatment and recycling of generated waste. The consumption of waste emulsion per unit of production reduced by 10% in 2022 compared with 2020.

The consumption of waste emulsion per unit of production reduced by in 2022 compared with 2020

10%

### Non-hazardous waste

Non-hazardous wastes of the Company mainly include scrap metal, waste plastics, waste paper, packaging materials, and other wastes generated in the production process, as well as office and kitchen wastes. By means of specialized waste collection stations at production and office sites, the Company is capable of timely classifying wastes first, and then transferring them to relevant town-level units for treatment.

### Hazardous waste

The hazardous wastes of the Company mainly include waste emulsions, activated carbon, and other toxic and harmful substances generated in plants and administrative office areas, which may have an adverse impact on the surrounding environment. The Company strictly follows the hazardous waste treatment requirements and rules. Following uniform reporting and collection, the Company transfers the hazardous waste (via the full-life-cycle hazardous waste treatment system of Jiangsu province) to qualified third parties for centralized disposal. The Company has achieved "zero emissions" of hazardous waste and prevented secondary pollution to the environment.



Discharge of waste liquid, gas and solid	Unit	2022
<b>Wastewater discharge</b>		
Discharge of domestic sewage	Tonne	36,180.72
<b>Hazardous waste</b>		
Waste emulsion	Tonne	251.09
Activated carbon	Tonne	1.40
Total discharge of hazardous waste	Tonne	586.60
<b>Non-hazardous waste</b>		
Discharge of general solid waste (recyclable)	Tonne	117,586.80
Total amount of recycled packaging materials	Tonne	70,894.86
Total amount of other wastes recycled	Tonne	46,691.94
Total amount of general solid waste (non-recyclable)	Tonne	49,939.22
Total amount of general solid waste generated	Tonne	167,526.02



# Circular economy

The Company treats sustainability from a long-term and open perspective. Advocating and promoting the concept and model of low-carbon, circular development and resource recycling, the Company has increased the use of recoverable and recyclable materials to reduce dependence on raw materials. While reducing costs and increasing benefits, the Company proactively promotes green, long-term development, to fundamentally mitigate the environmental impact arising from shortage of resources.

In terms of tail gas treatment, Hengtong Optic-Electric, through environmental technology transformation, has reduced the consumption of water resources in traditional processes, and achieved the conversion from solid waste to industrial by-products.

In addition, the Company promotes the recycling of transport pallets to reduce the generation of waste.

### Tail gas treatment

Hengtong has replaced the former wet electrostatic dust removal process with the dry bag dust removal process for treatment of tail gas from production of preform. In addition, we have changed wet sludge as general solid waste into the dust by-product SiO<sub>2</sub> with economic value.

### Transport pallets

The Company inspects, classifies and disposes of transport pallets in good conditions, and recycles them based on transport scenarios and performance requirements, so as to reduce the generation of waste.



The helium gas recycling rate has reached

70%



In terms of recycling of raw materials, the Company collects and purifies helium gas through helium gas treatment devices for the purpose of centralized recycling. Through reuse of helium gas up to standard for equipment operation, the Company has improved the helium gas recycling rate to 70%.



# 04

## Cultivating high-quality talents on the principle of equality and diversity

Recruitment and retention	54
Development and training	57
Remuneration and benefits	60
Communication and care	62
Health and safety	63

Talent strategy serves as the most important strategy for the development of a company, and plays an important role in improving its overall strength. Hengtong Optic-Electric adheres to the people-oriented management philosophy, and safeguards the basic rights and interests of every employee. Through years of development, we have established a sound employment system. By providing abundant training resources for employees, and actively organizing various care activities, the Company has further upgraded talent competitiveness and cohesion, created a healthy and upward culture, and promoted the common development of the Company and our employees.





# Recruitment and retention

The Company adheres to the employment principles of fairness, impartiality, diversity and inclusiveness, and abides by laws and regulations. Hengtong Optic-Electric has formulated the *Recruitment Management Measures* according to the actual situation to strictly regulate and control the recruitment and employment practices. During the reporting period, the Company recruited talents from all sectors of society through a series of channels, including campus recruitment, social recruitment and internal promotion. With such efforts, the Company has reserved many talents.

We regularly analyze the gaps in existing human resources to develop an appropriate annual recruitment plan, so as to ensure that the Company's human resources can satisfy the demands for current and future development.

Total employees **14,983** Person

New employees **3,474** Person

Full-time employees **14,456** Person

Temporary or part-time employees **527** Person

Disabled employees **366** Person



## Fair recruitment

The Company is committed to eliminating discrimination in gender, age, region, ethnic group, family status, marital status, religion, disability, sexual orientation, social background, etc. In recruitment and employment, the Company strictly prohibits any discriminatory descriptions or any discrimination behaviors, acquire only necessary information, and keep confidential personal privacy. Furthermore, the Company actively provides job opportunities to vulnerable groups, and safeguards the rights and interests of female employees. The Company devotes to creating an equal, diverse and inclusive employment environment, and promoting the diversified development of the talent team.

The Company actively provides job opportunities for vulnerable groups. Specifically, we recruit disabled persons according to recommendations from the district-level Disabled Persons' Federations and town-level Civil Affairs Departments, by publishing recruitment information on the website, and participating in special job fairs for disabled persons. Furthermore, the Company follows the principle of equal pay for equal work, and arranges suitable work for disabled employees according to their actual situation, to better safeguard their rights and interests.

## Prohibiting child labor and forced labor

In strict accordance with related laws and regulations of China and other host countries, the Company has formulated the *Control Procedure for Prohibiting Forced Labor*. The Company prohibits child labor, forced labor, and other illegal employment behaviors, including employment of anyone aged below 18, and strictly verifies each new employee's age and background to ensure employment compliance. Once any employment violation is verified, we will deal with it seriously in accordance with the Company's internal rules. During the reporting period, there were no incidents of child labor or forced labor.





## Labor union and collective labor agreements

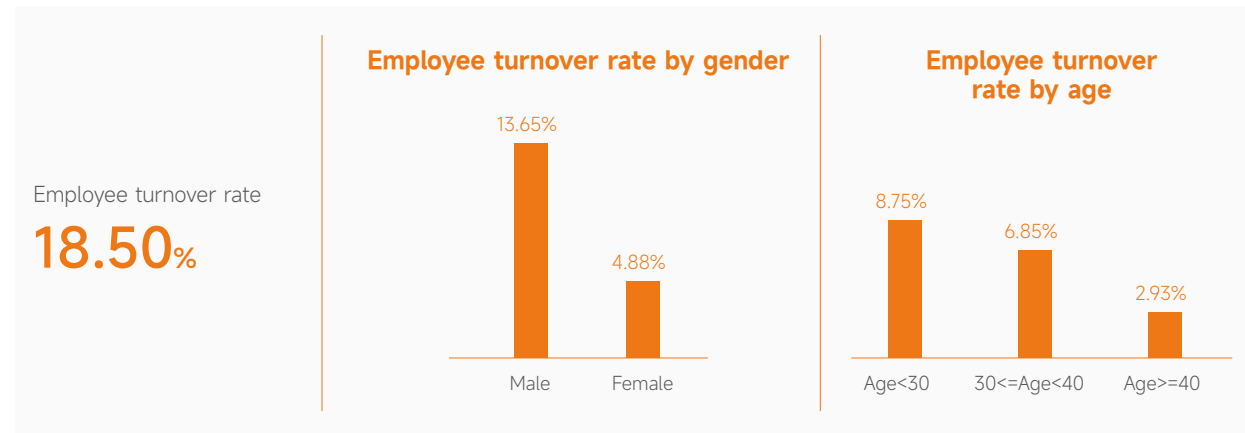
To satisfy related requirements of employees for democratic management and communication, Hengtong Optic-Electric has drawn up internal management rules such as the *Control Procedure for Freedom of Association and Collective Bargaining Right* in accordance with the requirements of the International Labor Organization. The Company fully respects employees' rights in association and collective bargaining, committing to creating a free, open work platform for employees.

Labor union coverage rate  
**100%**

Rate of signing collective agreements with employees  
**100%**

## Employee retention

The Company spares no efforts to attract and retain talents, and the performance in this regard is deemed as a key evaluation indicator. Furthermore, the Company strives to maintain industry competitiveness by improving the career development plan for employees, adjusting and optimizing the compensation structure, and intensifying communication with employees.



## Development and training

Excellent talents are vital for the development of a company. Hengtong Optic-Electric always pursues the growth together with employees. We put forth effort to establish a systematic, diversified, and full-coverage talent development system, to create opportunities for sustainable growth of employees. Meanwhile, we continuously expand channels for career development and promotion, so as to facilitate employee ability improvement and talent team building.

### Talent cultivation

Highly valuing talent cultivation, the Company has established related management rules and training procedures such as the *Training Management Measures*. Our online and offline training services are readily accessible to all employees. Specifically, we intend to arrange over 36 hours of training per employee every year on average.

The employee training modes of the Company include internal offline training, external online training, other specialized seminars, sharing sessions, regulation interpretation, case study, as well as other special training.



### Online Teaching Platform

To facilitate employees' learning at any time, flexible adjustment of training orientations, as well as reasonable allocations of teaching resources, Hengtong Optic-Electric has established an online teaching platform.

After the Company uploads the contents of specific offline courses in video format to the online teaching platform, the employees can download and learn the courses online in a flexible manner, thereby reducing the difficulty in time arrangement for different employees.



PC Training Platform



Mobile training platform



To stimulate the enthusiasm of employees to accept external training, so that they can improve their professional skills, the Company has provided the services of expense reimbursement related to external training.

<b>Improvement of management capabilities</b>	We, joining hands with Shanghai Jiao Tong University, have organized general managers to receive senior business administration trainings for president-level executives; and join hands with Zhejiang University, have organized the reserve talents of senior executives to receive advanced business administration trainings.
<b>Educational improvement</b>	In conjunction with Wuxi Vocational Institute of Arts & Technology and other colleges, we have organized frontline employees with college degree for educational improvement trainings.
<b>Skills training</b>	We encourage related skilled staff to receive external training (for welders, electricians, PMP, project managers, etc.). Upon obtaining related certificates, the employees can apply for reimbursing training expenses through the accounting system of the Company on the basis of submitting the approved external training application form, payment records, etc.

The Company proactively encourages multi-directional development of employees, helping them to become composite talents by enhancing their skills in multiple aspects. Hengtong Optic-Electric has established a comprehensive internal shift mechanism and released the *Work Shift Management Measures*, to push forward the work of internal work shift. We have provided flexible work shift opportunities for reserve management talents in need of improving practical abilities, line leaders in need of improving their comprehensive management capabilities, as well as key backbone staff in need of improving abilities in communication, learning, and special skills. With these efforts, we aim to fully establish advantages of the employees, assist them in identifying their potentials, and inspire them to forge ahead.



Values for 2022

## Breaking the "ceiling" of occupational promotion, and further improving the overall skill levels of employees

Always giving priority to talent strategy for development, the Company has developed a development channel covering the overall career circle. By launching the Skilled Craftsman Award, organizing professional skills competitions, etc., we have assisted skilled craftsmen for growth and success. For example, with the help of the Company, employee Wei Dong has become a national-level skill master from an ordinary maintenance electrician. He has been successively awarded the honorary titles such as "National Outstanding Professional and Technical Talents", "Jiangsu 333 High-level Talents", and "List of First Batch of 29 Special-class Technicians" by the Department of Human Resources and Social Security of Jiangsu Province.



## Performance evaluation

The Company has established an excellent personal performance management and assessment system, to ensure the fair, impartial, and transparent performance evaluation of every employee regularly from multiple aspects, including learning ability, leadership, executive capability, knowledge, experience, etc. We have informed employees of performance evaluation results and improvement suggestions in a timely manner, so as to facilitate targeted improvement of their personal abilities. During the reporting period, all employees received regular performance and career development assessments.

Furthermore, we have developed an overall process for handling employee complaints. In particular, if any employees raise objections to performance evaluation results, etc., they may first communicate with their direct supervisor for resolution. In case of failure, they are entitled to file a petition to their indirect superior or the Human Resources Department. And the latter is responsible for investigating the petition content, coordinating related parties, and giving the final feedback to the applicants.



# Remuneration and benefits

The Company is committed to improving the well-being of employees by improving compensation and welfare. In this regard, we have also continuously improved the compensation and incentive policies, and taken the initiative to raise the incomes of employees.

## Employee compensation

Hengtong Optic-Electric is devoted to providing competitive compensation to the employees. It offers fair and guaranteed compensation to all employees according to their performance and business capabilities. Furthermore, we endeavor to link the salaries of managerial staff with their ESG performance in a timely manner, and strive to achieve sustainability in operations.

For better business development, the Company has developed performance-oriented incentive plans and salary increase plans for all employees including managers, technicians, and sales personnel. Hengtong Optic-Electric spares no efforts to achieve fair and standardized performance evaluation and bonus distribution to inspire employees to improve their own abilities and performance, so as to contribute to the improvement in benefits of the Company.



### Managerial and technical personnel (including fresh graduates)

Engage in unified job grade management, i.e., determining job grades of employees by means of qualification recognition, selecting job coefficients according to job grades, and designing remuneration scales based on their abilities and performance.

### Marketing personnel

Adopt the model of remuneration based on business performance, pay job grade-based salaries to employees on a monthly basis, guarantee the salary payment, determine an annual gross income of a sales person in accordance with his/her completion of business objectives (such as sales revenue, market expansion situation, and so forth), focus on rewarding the sales personnel who outperform significantly, and ensure a synchronous increase of benefits and incomes.

### Operating personnel

Adopt the remuneration model based on piecework and timing, determine the skill and post levels of employees in a reasonable manner via skill evaluation, and determine the salary levels based on local market conditions.

### Personnel of logistical support and affairs handling

Determine remuneration grades in accordance with the average local market wages, and ensure the alignment of salary levels with abilities of employees and performance through job grade management and qualification evaluation.

To stimulate the enthusiasm of employees, the Company has developed the employee stock ownership plan for 2022, covering directors, senior management, core technicians and technical backbone. We have also set up performance evaluation goals that are binding to employees, established a multi-batch phased release mechanism, and proposed performance evaluation requirements and long-term service requirements at both the Company and individual levels, to stimulate the enthusiasm of core members and urge all employees to work concertedly for the same goals.

## Employee benefits

In addition to the allowances and benefits stipulated in related laws and regulations, we have provided employees with five major social insurances and housing provident fund. Furthermore, we have provided additional living allowances and benefits, including holiday and birthday gifts, free health examinations, parental leave, high-temperature subsidies, apartment accommodation subsidies, meal subsidies, reimbursement of expenses of transportation during festivals and holidays such as the Spring Festival. All these aim to alleviate the living pressure of the employees and establish a harmonious labor relationship.





## Communication and care

The Company values communication and exchange with employees. To enable employees to freely express their wishes and demands in different circumstances, we have established various communication channels and feedback mechanisms, so that employees can offer recommendations for the sustainable development.

### Interview mechanism

The Company maintains an interview mechanism, in which the leader of each department interviews with their subordinates on a monthly basis, to understand their thoughts, work and living situations in a timely manner. In this way, any employees in difficulty can be helped in time, so that a humanistic care environment has been created. Furthermore, the Human Resources Department organizes seminars for new employees hired through campus recruitment on a quarterly basis, so as to get to know their daily work and living conditions. Effective problems and suggestions from such employees will be timely disclosed to corresponding departments for the purpose of rectification.

### Express mechanism

To better solicit opinions of employees, the Company has established a reasonable communication mechanism, where all employees are entitled to submit recommendations. If any suggestions involve the internal process of the Company, the Administrative Department first performs a preliminary review, and then forwards them to related departments for handling, tracking and implementing according to the types of suggestions. If any suggestions involve the external process, the Performance Department performs a preliminary review, and then forwards them to related departments for handling and implementation based on the types of suggestions.

### Workers' Congress

On a yearly basis, the Company holds the workers' Congress to review work reports, commend model employees, track, improve, and disclose employees' proposals. At the workers' Congress, the up-to-date rules of the Company, as well as the matters that are of vital interests and of common concerns of employees, will be disclosed and explained. Furthermore, results of timely rectification in accordance with reasonable recommendations proposed by employees will also be disclosed. Taking a responsive work attitude, the Company, through timely and effective rectification, has progressively improved employee satisfaction, and enhanced employees' sense of belonging and recognition of the Company.



## Health and safety

The Company is committed to creating a healthy and comfortable working environment, and safeguarding the occupational safety and physical and mental health for all employees. The management of the Company is responsible for safeguarding the health and safety of employees. The Company links safety management with the performance of the management, and pushes all departments to strengthen safety protection and advance the implementation of safety rules and measures.

The Company strictly complies with the occupational health laws and regulations of China and host countries, adheres to the concept of life first and safety first, and always gives top priority to safety production. All major production-based companies have passed OHSAS 18001 occupational health and safety certification. Furthermore, the Company actively shoulders the entity responsibility of occupational health, and endeavors to minimize adverse impacts from occupational disease hazards in the work process, thereby fully safeguarding the occupational health of employees.

During the reporting period, we promoted the safety culture development and improved the level of safety production through risk assessments, regular special safety inspections, hazard rectification, emergency drills as well as safety training of all employees.

At the beginning of each year, we develop an annual safety training plan and set KPI targets for annual safety management. We organize occupational health and safety risk assessments on a quarterly or semi-annual basis, engage third-party organizations to inspect indicators such as noise, temperatures, lighting and indicators on a yearly basis, and submit an occupational safety assessment report every three years.

We spare no efforts to safeguard the safety of employees in the production process. In this regard, we provide production employees with safety protection equipment such as earplugs, masks, protective goggles, and high-temperature protective clothing. Furthermore, we have put up warning signs on high-temperature production devices and installed protective nets. All high-speed operation devices have been equipped with infrared alarm systems, thereby being able to immediately suspend production in case of any emergencies.

We continuously enhance the safety operation awareness of all employees by organizing safety trainings and launching initiatives such as "Safety Production Month" and "Safety Consultation Day", so as to avoid potential work risks. In 2022, Hengtong Optic-Electric has organized safety drills and training for all employees in the online and/or offline manner, with contents covering production safety, fire safety, emergency knowledge, safety operations, etc.



### Safety Production Month

In June 2022, Hengtong Optic-Electric launched a Safety Production Month event, and comprehensively enhanced safety awareness and emergency response capabilities of employees by means of publicity, drills, knowledge competitions, micro videos, etc.

#### 2022

Number of work-related fatalities

0 Person

Times of emergency drills in safety production

392 Times

Times of safety trainings

182 Times

Total hours of safety trainings

364 Hours





# 05

## Contributing to community co-creation

- Highlighting responsibility sense through participation in philanthropy 66
- Supporting sustainable development according to local conditions 67
- Advocating a green, low-carbon life 68

The recognition and support from society are imperative for the development of Hengtong Optic-Electric. We actively explore the modes of social connectivity, and advocate the environmental protection concept. Meanwhile, we actively participate in social welfare activities including emergency response and disaster relief, boost rural area development, and support development of education undertakings to pay back to society and promote sustainable development.

2022

Total donation amount

**1,014.48** RMB 10,000

Cash donation

**942.99** RMB 10,000

Donation in kind

**71.49** RMB 10,000





# Highlighting CSR sense through participation in philanthropy

## Emergency rescue and disaster relief, relieving difficulties

In September 2022, a 6.8-magnitude earthquake stroke Luding County, Ganzi Tibetan Autonomous Prefecture, Sichuan Province. The earthquake repeatedly and severely damaged communication networks and power facilities, significantly affecting the rescue and relief process. In this context, Chengdu Hengtong Optic Communication Co., Ltd. actively took epidemic prevention and control measures, urgently produced a batch of optical cables and delivered them to the disaster-stricken areas, which ensured timely repair of communication facilities and opened a channel of emergency communication with the outside world for such areas.



## Philanthropic action of "Assisting the Disabled to Realize Dreams"

Up to now, Hengtong Optic-Electric has hosted the philanthropic action of "Assisting the Disabled to Realize Dreams" for 12 consecutive years. Hengtong Optic-Electric never stops the pace of assisting the children of local disadvantaged families with disabilities in receiving education. Furthermore, we have provided subsidies and books to the children of disadvantaged families with disabilities.



# Supporting sustainable development according to local conditions

## Joining *Global Compact* and pursuing 17 Sustainable Development Goals (SDGs)

Cablescom employees have made nests for various species of birds and placed them in factory gardens to better monitor and protect their living environment, which has not only raised employees' attention to environmental protection, but also created biodiversity.



Cables de Comunicaciones Zaragoza S.L., Spain



# Advocating a green, low-carbon lifestyle

## Green development

In the face of severe challenges brought by environmental changes to human survival and development, the global communities have demonstrated an increasing attention to green development, which has become a common sense. In response to green development, Hengtong Optic-Electric calls on its employees worldwide to plant trees. In the process of high-quality development, we also pursue green development, working together with all parties to establish a closer green development partnership.



Aberdare Technologies Private Limited, India



Alcobre Condutores Electricos S.A., Portugal

Alcobre in Portugal has reduced production emissions by using reusable materials and low-energy equipment, among other measures. After planting some *Metrosideros polymorpha* (most popular in the Pacific region) in their factory area, they expressed, "We are proud to take part in the green initiative of Hengtong."



Aberdare Cables (PTY) Ltd., South Africa

Located at the southernmost point of the African continent, Aberdare in South Africa is also actively engaging in the "Green Initiative". "Through green actions, we pay back to the nature and make the nature be eternal, so as to bring more well-being to all humans."

To enhance the awareness of planting and protecting trees among local people, Aberdare has engaged in a series of tree planting actions in cooperation with related departments of agriculture and forestry. By protecting water, soil, and wildlife, they have made due contributions to improving the ecological environment.

## For the charitable purpose, 12,000 trees have been planted for four consecutive years in Hengtong's Global Forest Action Initiative

On the morning of March 11, 2022, the 5<sup>th</sup> Hengtong Global Forest Action and Planting Ceremony, a large-scale charitable and environmental project jointly sponsored by Hengtong Optic-Electric and Qidu Township, was held in Gelin Country Garden, Wujiang District in response to the call for low-carbon and green development.





# Appendix

Disclosure items	Disclosure issues	Corresponding chapters/sections
<b>GRI 2: General disclosure 2021</b>		
<b>Organization and reporting practices</b>		
2-1	Organization details	About the Report
2-2	Entities included in the sustainability report	About the Report
2-3	Reporting period, reporting frequency, and contact person	About the Report
<b>Activities and workers</b>		
2-6	Activities, value chain, and other business relations	About Hengtong Optic-Electric
2-7	Employees	Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention
<b>Governance</b>		
2-9	Governance structure and composition	Enhancing governance while putting responsibility first - corporate governance
2-10	Nomination and selection by the supreme governing body	Enhancing governance while putting responsibility first - corporate governance
2-12	Supervisory role of the supreme governing body in management impact	Enhancing governance while putting responsibility first - corporate governance
2-13	Delegating responsibility for managing impacts	Enhancing governance while putting responsibility first - corporate governance
2-14	The role of the supreme governing body in sustainability reporting	Enhancing governance while putting responsibility first - ESG governance
2-16	Communication about important concerns	Enhancing governance while putting responsibility first - corporate governance
2-17	Common knowledge of the supreme governing body	Enhancing governance while putting responsibility first - ESG governance
2-19	Remuneration policy	Cultivating high-quality talents on the principle of equality and diversity - remuneration and welfare
<b>Strategy, policy, and practice</b>		
2-22	Strategic statement on sustainability	Enhancing governance while putting responsibility first - ESG governance
2-23	Policy commitment	Enhancing governance while putting responsibility first - communication with stakeholders, ESG governance, business ethics, and anti-corruption
2-24	Integration policy commitment	Enhancing governance while putting responsibility first - communication with stakeholders, ESG governance, business ethics, and anti-corruption
2-26	Mechanism for seeking advice and raising concerns	Enhancing governance while putting responsibility first - business ethics and anti-corruption
<b>Stakeholder engagement</b>		
2-29	Approach to stakeholder engagement	Enhancing governance while putting responsibility first - communication with stakeholders
2-30	Collective bargaining agreement	Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention
<b>GRI 3: Substantive issues 2021</b>		
3-1	The process of determining substantive issues	Enhancing governance while putting responsibility first - communication with stakeholders
3-2	List of substantive issues	Enhancing governance while putting responsibility first - communication with stakeholders
3-3	Management of substantive issues	Enhancing governance while putting responsibility first - communication with stakeholders
<b>GRI 201: Economic performance 2016</b>		
3-3	Management of substantive issues	Creating a green, low-carbon future - tackling climate change
201-2	Financial implications and other risks and opportunities due to climate change	Creating a green, low-carbon future - tackling climate change

Disclosure items	Disclosure issues	Corresponding chapters/sections
<b>GRI 202: Market performance 2016</b>		
3-3	Management of substantive issues	Cultivating high-quality talents on the principle of equality and diversity - remuneration and welfare
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Cultivating high-quality talents on the principle of equality and diversity - remuneration and welfare
<b>GRI 203: Indirect Economic Impact 2016</b>		
3-3	Management of substantive issues	Contributing to community co-creation - highlighting responsibility sense through participation in philanthropy
203-1	Infrastructure investments and supporting services	Contributing to community co-creation - highlighting responsibility sense through participation in philanthropy
<b>GRI 204: Procurement Practice 2016</b>		
3-3	Management of substantive issues	Creating market-leading quality products - sustainable supply chain
<b>GRI 205: Anti-corruption 2016</b>		
3-3	Management of substantive issues	Enhancing governance while putting responsibility first - business ethics and anti-corruption
205-1	Operations assessed for risks related to corruption	Enhancing governance while putting responsibility first - business ethics and anti-corruption
205-2	Communication and training regarding anti-corruption policies and procedures	Enhancing governance while putting responsibility first - business ethics and anti-corruption
<b>GRI 206: Anti-competitive Behavior 2016</b>		
3-3	Management of substantive issues	Enhancing governance while putting responsibility first - business ethics and anti-corruption
<b>GRI 302: Energy 2016</b>		
3-3	Management of substantive issues	Creating a green, low-carbon future - energy management
302-1	Energy consumption within the organization	Creating a green, low-carbon future - energy management
302-3	Energy intensity	Creating a green, low-carbon future - energy management
302-4	Reducing energy consumption	Creating a green, low-carbon future - energy management
302-5	Reductions in energy requirements of products and services	Creating a green, low-carbon future - energy management
<b>GRI 303: Water and Effluents 2018</b>		
3-3	Management of substantive issues	Creating a green, low-carbon future - water management
303-2	Management of water discharge-related impacts	Creating a green, low-carbon future - water management
303-3	Water withdrawal	Creating a green, low-carbon future - water management
303-4	Water discharge	Creating a green, low-carbon future - water management
303-5	Water consumption	Creating a green, low-carbon future - water management
<b>GRI 305: Emissions 2016</b>		
3-3	Management of substantive issues	Creating a green, low-carbon future - tackling climate change
305-1	Direct (Scope 1) GHG emissions	Creating a green, low-carbon future - tackling climate change
305-2	Energy indirect (Scope 2) GHG emissions	Creating a green, low-carbon future - tackling climate change
305-4	Greenhouse gas emissions intensity	Creating a green, low-carbon future - tackling climate change
305-5	Reduction of GHG emissions	Creating a green, low-carbon future - tackling climate change
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other major gas emissions	Creating a green, low-carbon future - tackling climate change
<b>GRI 306: Waste 2020</b>		
3-3	Management of substantive issues	Creating a green, low-carbon future - emission management
306-2	Management of significant impacts related to waste	Creating a green, low-carbon future - emission management
306-3	Waste generated	Creating a green, low-carbon future - emission management
306-4	Waste transferred from disposal	Creating a green, low-carbon future - emission management
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
3-3	Management of substantive issues	Creating market-leading quality products - sustainable supply chain

Disclosure items	Disclosure issues	Corresponding chapters/sections
308-1	New suppliers screened according to environmental criteria	Creating market-leading quality products - sustainable supply chain
<b>GRI 401: Employment 2016</b>		
3-3	Management of substantive issues	Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention
401-1	Employment rate and turnover rate of new employees	Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention
401-2	Benefits for full-time employees (excluding temporary or part-time employees)	Cultivating high-quality talents on the principle of equality and diversity - remuneration and welfare
403-3	Parental leave	Cultivating high-quality talents on the principle of equality and diversity - remuneration and welfare
<b>GRI 402: Labor/Management Relations 2016</b>		
3-3	Management of substantive issues	Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention
<b>GRI 403: Occupational Health and Safety 2018</b>		
3-3	Management of substantive issues	Cultivating high-quality talents on the principle of equality and diversity - health and safety
403-1	Occupational health and safety management system	Cultivating high-quality talents on the principle of equality and diversity - health and safety
403-2	Hazard identification, risk assessment, and incident investigation	Cultivating high-quality talents on the principle of equality and diversity - health and safety
403-3	Occupational health services	Cultivating high-quality talents on the principle of equality and diversity - health and safety
403-5	Training on occupational health and safety of workers	Cultivating high-quality talents on the principle of equality and diversity - health and safety
403-6	Safeguarding workers' health	Cultivating high-quality talents on the principle of equality and diversity - health and safety
403-7	Preventing and mitigating occupational health and safety impacts directly related to business relations	Cultivating high-quality talents on the principle of equality and diversity - health and safety
403-9	Work-related injuries	Cultivating high-quality talents on the principle of equality and diversity - health and safety
<b>GRI 404: Training and Education 2016</b>		
3-3	Management of substantive issues	Cultivating high-quality talents on the principle of equality and diversity - development and training
404-1	Average hours of training per year per employee	Cultivating high-quality talents on the principle of equality and diversity - development and training
404-2	Programs for upgrading employee skills and transition assistance programs	Cultivating high-quality talents on the principle of equality and diversity - development and training
404-3	Percentage of employees receiving regular performance and career development reviews	Cultivating high-quality talents on the principle of equality and diversity - development and training
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
3-3	Management of substantive issues	Enhancing governance while putting responsibility first - corporate governance Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention
405-1	Diversity of governing bodies and employees	Enhancing governance while putting responsibility first - corporate governance Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention
405-2	Ratio of basic salary and remuneration of women to men	Cultivating high-quality talents on the principle of equality and diversity - remuneration and welfare
<b>GRI 406: Non-Discrimination 2016</b>		
3-3	Management of substantive issues	Enhancing governance while putting responsibility first - business ethics and anti-corruption
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
3-3	Management of substantive issues	Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention

Disclosure items	Disclosure issues	Corresponding chapters/sections
<b>GRI 408: Child Labor 2016</b>		
3-3	Management of substantive issues	Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention
408-1	Operations and suppliers at significant risk for incidents of child labor	Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention
<b>GRI 409: Forced or Compulsory Labor 2016</b>		
3-3	Management of substantive issues	Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Cultivating high-quality talents on the principle of equality and diversity - recruitment and retention
<b>GRI 413: Local Communities 2016</b>		
3-3	Management of substantive issues	Contributing to community co-creation - highlighting responsibility sense through participation in philanthropy Contributing to community co-creation - supporting sustainable development according to local conditions Contributing to community co-creation - advocating a green, low-carbon life Contributing to community co-creation - highlighting responsibility sense through participation in philanthropy
413-1	Operations with local community engagement, impact assessments, and development programs	Contributing to community co-creation - supporting sustainable development according to local conditions Contributing to community co-creation - advocating a green, low-carbon life
<b>GRI 414: Supplier Social Assessment 2016</b>		
3-3	Management of substantive issues	Creating market-leading quality products - sustainable supply chain
414-1	New suppliers screened according to social evaluation criteria	Creating market-leading quality products - sustainable supply chain
<b>GRI 416: Customer Health and Safety 2016</b>		
3-3	Management of substantive issues	Creating market-leading quality products - responsible marketing Creating market-leading quality products - customer service
<b>GRI 417: Marketing and Labeling 2016</b>		
3-3	Management of substantive issues	Creating market-leading quality products - responsible marketing
<b>GRI 418: Customer Privacy 2016</b>		
3-3	Management of substantive issues	Creating market-leading quality products - customer service



