



Shanghai Conant Optical Co., Ltd. 上海康耐特光學科技集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock code : 2276

Environmental, Social and Governance Report 2022



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1. About the Report

Shanghai Conant Optical Co., Ltd. and its subsidiaries (collectively, the “**Group**” or “**we**”) release the Group’s second environmental, social, and governance report (the “**Report**”). The Report describes the policies, measures as implemented in the Group’s environmental, social, and governance (“**ESG**”) aspects, and discloses each of the key performance indicator (“**KPIs**”) of environment and social so as to fulfill stakeholders’ expectations and demands to the Group.

1.1. REPORTING STANDARDS

The Report has been prepared in accordance with the provisions of mandatory disclosure and “Comply or Explain” requirements of the Appendix 27 “Environmental, Social and Governance Reporting Guide” (the “**Guide**”) of the Main Board Listing Rules on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and is prepared in compliance with the four reporting principles of the Guide.

- **Materiality** The Group has identified and disclosed in the Report the process of identifying material ESG issues and the criteria for selecting these issues, as well as the descriptions of the participation processes of stakeholders.
- **Quantitative** The disclosure of statistical standards, methodologies, assumptions, and calculation tools used for ESG KPIs and relevant data reported in the Report, as well as the source of conversion factors are described herein.
- **Consistency** The Report uses the same consistent statistical methods in data disclosure as last year. Any changes will be stated clearly in the Report.
- **Balance** The Report presents the Group’s performance during the Reporting Period impartially. It aims to avoid choice, omission or presentation formats that may improperly influence readers’ decisions making and judgments.





1. About the Report

1.2. SCOPE OF THE REPORT

The Report describes the Group's ESG work and respective KPIs for the period from 1 January 2022 to 31 December 2022 (the "Year" or "Reporting Period"). The scope of social disclosure covered in the Report is consistent with that in the Annual Report, the environmental disclosure involves the two core Production Bases of the Group – the Shanghai Production Base and the Jiangsu Production Base, which have material impacts and contributions on the Group's businesses and production scales. Readers may refer to the Corporate Governance Report section of the Annual Report to understand the Group's governance work.

1.3. LANGUAGE OF THE REPORT

The Report is published in both versions of Chinese and English. In case of discrepancies, the Chinese version shall prevail.

1.4. CONFIRMATION AND APPROVAL

After being confirmed by the management, the Report was passed by the board of directors of the Group on 17 March 2023.

1.5. FEEDBACK ON THE REPORT

The Group highly value everyone's opinions and suggestions on the Report and feedback on the report is welcomed. If you have any inquiries or suggestions, please feel free to contact the Group through email at caoxue@conantoptical.com.



2. ESG Governance

2.1. STATEMENT OF THE BOARD

The Group has established a three-tiered ESG governance structure. The Board is fully responsible for ESG matters and authorized the establishment of the ESG Working Group. The Board regularly resolves and approves ESG-related strategies, prioritizes material ESG issues, and manages the important matters and risks of ESG-related issues, considering important ESG matters during the Year. The ESG Working Group is responsible in helping the formulation of the ESG goals of the Group, identifying and assessing ESG risks, communicating with stakeholders, analyzing importance, executing and monitoring the ESG work of various departments, as well as reporting to the Board regularly for continuous ESG work promotion and performance. Last year, we have set directional objectives related to the environment, and for the current year, we looked at various environmental goals and reviewed the progress of our goals. We will continuously enhance the Group's ESG governance based on such effectiveness and the operations of the Group, investigate and implement environmental management policies, and establish quantitative goals and a base year in due time.

2.2. ESG GOVERNANCE STRUCTURE

The Board of the Group monitors the Group's ESG matters through the ESG Working Group, in which the members are from the Board and senior management, effectively promoting the Group's ESG work and development. The Group's ESG governance structure consists of three tiers, including decision making layer consisting of the Board, coordination layer consisting of directors and senior management, as well as execution layer consisting of related departments.





2. ESG Governance



Decision making: the Board

The Board established the ESG Working Group to undergo ESG and climate-related governance work.

- Take full responsibility for the ESG issues;
- The Board resolves and approves ESG-related strategies, important matters and risks management, as well as the results of the materiality assessment;
- The Board approves the ESG-related goals and ESG report of each year.

Coordination: the ESG Working Group

The ESG Working Group, consists of Directors Mr. Fei Zhengxiang, Mr. Zheng Yuhong and Mr. Xia Guoping, and the senior management of the Group.

- ESG Working Group communicates with the stakeholders and identify risks of ESG issues;
- ESG Working Group formulates ESG-related working plan;
- ESG Working Group monitors and coordinates the execution and performance of ESG policies, prepares ESG report and regularly reports and makes ESG suggestions to the Board.

Execution: Execution units

Execution units consist of Integrated management department and internal control management department.

- Departments are required to comply with ESG-related policies and regulations, and collects related KPIs data;
- Departments are required to report regularly to the ESG Working Group.



2. ESG Governance

2.3. STAKEHOLDERS ENGAGEMENT

The Group emphasizes the communication with stakeholders. In order to enhance the effective long-lasting communication between stakeholders, we identified the stakeholders and set up various communication channels to effectively understand the expectations and demands of stakeholders. The Group formulates and implements every sustainable development policies and measures, actively responds to stakeholders' opinions, and enhance the sustainable development of the Group.

Main stakeholders	Expectations and demands	Communication channels	Communication frequencies
Shareholder/ investors	<ul style="list-style-type: none"> Product innovation and development Anti-corruption Protect the rights and interests of shareholders and investors Business growth Long-term win-win cooperation relationship 	<ul style="list-style-type: none"> Annual general meeting and other general meetings Interim reports and annual reports Corporate communications such as letters/circulars and meeting notice to Shareholders Results announcements Investors conferences Senior management meetings In-person meetings 	<p>Hold as needed</p> <p>Announce regularly</p> <p>Announce as needed</p> <p>Announce regularly</p> <p>Hold as needed</p> <p>Hold irregularly</p> <p>Hold irregularly</p>
Customers	<ul style="list-style-type: none"> Response to climate change Product innovation and development Product quality and safety Customer privacy protection Customer satisfaction 	<ul style="list-style-type: none"> Customer service center Customer relationship manager visits Daily operation/communication Company website Company mailbox and hotline 	<p>Communicate irregularly</p> <p>Hold irregularly</p> <p>Hold irregularly</p> <p>Hold irregularly</p> <p>Communicate irregularly</p>





2. ESG Governance

Main stakeholders	Expectations and demands	Communication channels	Communication frequencies
Employees	<ul style="list-style-type: none">• Occupational health and safety• Employee training and development• Remuneration and welfare• Career development opportunity• Employee equality, no discrimination and no disparity in treatment	<ul style="list-style-type: none">• Employee opinion survey and expression channels• Work performance assessment• In-person meetings• Work performance interviews• Business briefs• Seminars/workshops/lectures• Employee communication conferences• Employee intranet	<p>Communicate irregularly</p> <p>Hold irregularly</p> <p>Hold irregularly</p> <p>Hold irregularly</p> <p>Hold regularly</p> <p>Hold irregularly</p> <p>Hold irregularly</p> <p>Hold irregularly</p>
Suppliers	<ul style="list-style-type: none">• Intellectual property protection• Materials purchase and efficiency• Supply chain management• Sharing information resources• Long-term win-win cooperation relationship	<ul style="list-style-type: none">• Supplier management procedures• Conferences• Supplier/contractor evaluation system• Site visits	<p>Hold as needed</p> <p>Hold as needed</p> <p>Hold as needed</p> <p>Hold irregularly</p>



2. ESG Governance

Main stakeholders	Expectations and demands	Communication channels	Communication frequencies
Regulatory authorities	<ul style="list-style-type: none"> • Protect the rights and interests of shareholders and investors • Information transparency • Compliance with laws and regulations 	<ul style="list-style-type: none"> • Conferences • Written response to public consultation • Compliance reports 	Announce irregularly Announce irregularly Announce regularly
Business partners	<ul style="list-style-type: none"> • Raw materials consumption • Wastewater discharge management • Packaging material management • Integrity cooperation 	<ul style="list-style-type: none"> • Reports • Conferences • Visits • Lectures 	Announce regularly Hold irregularly Hold irregularly Hold irregularly
Media	<ul style="list-style-type: none"> • Response to climate change • Advertising and labelling • Sharing information resources • Long-term win-win cooperation relationship 	<ul style="list-style-type: none"> • Press conferences • Press releases • Interviews of senior management • Results announcements 	Hold irregularly Announce regularly Hold irregularly Announce regularly





2. ESG Governance

Main stakeholders	Expectations and demands	Communication channels	Communication frequencies
Community/non-governmental organizations	<ul style="list-style-type: none"> • Participation in community construction • Cooperation and sharing resources 	<ul style="list-style-type: none"> • Donations • Community activities • Seminars/lectures/workshops • Conferences 	Hold irregularly Hold as needed Hold as needed Hold irregularly
Peers	<ul style="list-style-type: none"> • Product quality and safety • Business ethics • Customer privacy protection 	<ul style="list-style-type: none"> • Strategic cooperation projects 	Hold irregularly
Retailers	<ul style="list-style-type: none"> • Materials purchase and efficiency • Supply chain management 	<ul style="list-style-type: none"> • Retailer management procedures • Conferences • Contractor evaluation system • Site visits 	Hold as needed Hold as needed Hold as needed Hold irregularly

2.4. MATERIALITY ASSESSMENT

We established a materiality issue database through communicating with internal and external stakeholders and making reference to the Guide, industry materiality issue database from Sustainability Accounting Standards Board (“SASB”), peers examples as well as the Group’s operations. With materiality assessment, we identified 30 materiality issues to assess the materiality of each issue, of which 6 are of high materiality, 11 are of moderate materiality and 13 are of general materiality. During the Year, the materiality assessment has been considered and confirmed by the Board.



2. ESG Governance

High materiality issues	Moderate materiality issues	General materiality issues
<ul style="list-style-type: none">• Product quality and safety• Customer privacy protection• Intellectual property protection• Customer satisfaction• Anti-corruption• Corporate governance	<ul style="list-style-type: none">• Greenhouse gas emission management• Energy management• Water resource management• Waste management• Waste gas emission management• Wastewater discharge management• Response to climate change• Supplier management• Complaint handling• Product service labelling• Community investment	<ul style="list-style-type: none">• Packaging material management• Equality and diversity• Anti-discrimination• Employee training and development• Occupational health and safety• Compliance employment• Remuneration and welfare• Labor standards• Prevention of child labor and forced labor• Responsible purchasing• Material purchasing and efficiency• Supplier social criteria• Community communication and involvement





3. Compliance

3.1. PRODUCT QUALITY ASSURANCE

The Group strictly complies with the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) and the Law of the People's Republic of China on the Quality of Products (《中華人民共和國產品質量法》) and has prepared Quality Plan (《質量計劃》), Quality Inspection Procedures (《質量檢驗作業程序》), Non-conforming Product Control Procedures (《不合格品管製作業程序》), Inspection and Measurement Equipment Control Procedures (《檢驗與量測設備管製作業程序》), Material Identification, Storage and Transportation, Packaging, and Delivery Procedures (《物料識別、儲運、包裝與交付作業程序》), to regulate our quality management works. We produce our products in strict compliance with various standards of production such as GB 39552.1-2020 Sunglasses and Sun Glare Filters Part 1: General Requirements (《GB 39552.1-2020太陽鏡和太陽鏡片第1部分：通用要求》), QB/T 2659-2004 Spectacles for Driving (《QB/T 2659-2004機動車駕駛員專用眼鏡》), GB/T 38005-2019 Spectacle lenses-Fundamental requirements for uncut finished lenses (《GB/T 38005-2019眼鏡鏡片未割邊鏡片的基本要求》), etc.

In accordance with the requirements under ISO 13485 Quality Management System for Medical Devices (醫療器材質量管理體系), we have set monthly quality assessment items and target values for an annual review on quality completion, and we found that all our quality targets met the target requirements last year. During the Year, we also formulated similar quality targets and required departments such as the Quality Management Department, Lens Production Department and Hard Coating Department to perform management in accordance with the quality requirements.

When the procured materials are delivered to the Group, the Quality Management Department will check the quality of the goods and, if passed, stock the goods in warehouses. If the quality of the procured materials is below standard, we will contact the suppliers to coordinate the return or exchange of goods. We will strengthen supervision over the quality of goods for warehouse use. If the goods stored in the warehouses are mouldy, dirty and yellowed, the relevant departments are required to perform inspection and decide if it is necessary to report as scrapped.

The Quality Management Department will annually prepare Inspection and Measurement Equipment Calibration Schedules (《檢驗和量測設備校正計劃表》) which will be implemented upon review and approval. The Quality Management Department is responsible for the quality of production equipment and for contacting external bodies to perform inspection and measurement on the equipment. The equipment must be returned for repair in case of non-passing of the test. It can be used only after it has passed the test and there will be record-keeping. We will perform inspection on the equipment with reference to the recommendation of external bodies on the equipment calibration measurement cycle.



3. Compliance

We will carry out spot checks on semi-finished goods and finished goods during the production process and will adopt different sampling ratios for different products. Production lines will be halted for checks and inspection when the defective rate is above 2%. Quality assurance work is carried out on a sampling basis on finished goods and semi-finished goods before the goods are stocked and arranged for delivery. The Production Department is requested to perform self-inspection on products before stocking, and the Quality Management Department will carry out spot checks on product quality when the products are to be stocked and delivered. We will cause the relevant units for re-examination in the event of sub-standard quality; and we will adopt measures for amelioration in case abnormality in quality is found, wherein the Quality Management Department will undertake verification and tracking of the results of amelioration. If we discover that the sub-standard products sold might lead to injury on users, we will submit a report to the local government in accordance with the rules and the level of severity, and we will perform re-examination on the products, revise and improve on the user manual, and arrange for product return, replacement or disposal within a specified period, in which the disposal should be completed under the supervision by the competent departments.

The Group has been certified by the standards of "ISO 13485: 2016 -Manufacture and Sale of Medical Optical Resin Lenses (For Export Only)" and "ISO 9001:2015 Quality Management System", and our products have also obtained product quality certifications from various regions, including:

- CE certification of the European Regulation "93/42/EEC – Medical Devices Directive";
- CE certification of the European Regulation "2017/745 annex 1 – European Medical Devices Regulation";
- "ISO 14889:2013 Ophthalmic optics – Spectacle lenses – Fundamental requirements for uncut finished lenses" of the United Kingdom;
- "ISO 15223-1:2016 Medical devices – Symbols to be used with medical device labels, labelling and information to be supplied-General requirements" of the United Kingdom;
- "ISO 14971:2019 Medical devices – Application of risk management to medical devices" of the United Kingdom;
- "EN 1041:2008 Information supplied by manufacturers of medical devices" of the United Kingdom; and
- "ISO 10993-1:2020 Biological assessment of medical devices-Part 1: Evaluation and testing within a risk management process" of the United Kingdom.





3. Compliance

3.2. INFORMATION SECURITY MANAGEMENT

The Group strictly complies with the relevant laws and regulations such as the Specification on Computer Network Construction Technology in Manufacturing Industry (《製造行業計算機網絡建設技術規範》), the Provisions on Computer Information Network Security Protection in Manufacturing Industry (《製造行業計算機信息網絡安全保護規定》), the Interim Provisions on Computer Information System Confidentiality Management in Manufacturing Industry (《製造行業計算機信息系統保密管理暫行規定》), the Specification on Computer Network and Information Security Technology and Administration (《製造行業計算機網絡和信息安全技術與管理規範》) and the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), with a view to protecting business information security in all aspects. We have formulated information management policies such as the Computer Equipment Management System (《計算機設備管理制度》), the Informationization Confidentiality Management System (《信息化保密管理制度》), the Information System Account Management System (《信息系統賬號管理制度》), the Data Security Management System (《數據安全管理制度》), the Data Backup System (《數據備份制度》), the Network Security Management Measures (《網絡安全管理辦法》) and the Informationization Work Management Measures (《信息化工作管理辦法》).

We have installed firewall and anti-virus software for the Group's system. Unauthorized employees are prohibited from connecting the computer to the network or modifying or deleting the computer information network function. We will set up user accounts with different permissions for different positions. No one is allowed to log in with false identity or by stealing others' accounts. Modifying IP address settings is also prohibited. Departments should keep the records of network users and time of use for 6 months or above. In the event that violation of the relevant requirements is discovered, we will take follow-up and disciplinary actions against the related party accordingly.

We perform data backup in a regular and timely manner in accordance with the level of data importance, and important data including the data of sales, statistics and accounting shall be backed up by each relevant department on a daily basis. The backup data are stored in hard disks or removable hard disks and are all stored with the Information Engineering Department. The Information Engineering Department is responsible for data recovery if data are lost. We will also set system password to ensure system and data safety.

Important information such as the information relating to employees, customers and operation is kept with strict confidence. We will only collect customer data as appropriate and explicitly state the purpose of use for personal data. We have set data access privileges for employees in that employees are not allowed to deal with the data beyond their own scope of permission. Passwords, passcodes or permissions are required for our confidential data processing or storage equipment. Employees are not allowed to make, store, or access confidential data from external networks. It is a requirement to reflect to the relevant departments when a data leakage is discovered.



3. Compliance

During the Year, the Group has not violated any laws and regulations related to personal privacy.

The Group is in strict compliance with the provisions of the Advertisements Law of the People's Republic of China (《中華人民共和國廣告法》), and we will review the information to be disseminated to ensure that our information is not misleading. We have formulated the New Advertisements Law Prohibited Words Collection (《新廣告法違禁詞彙總》) to ban all misconducts such as "false advertisement" (虛假廣告) to ensure that our customers are provided with the most up-to-date and correct information.

During the Year, the Group has not violated any laws and regulations related to advertising and labelling.

3.3. INTELLECTUAL PROPERTY PROTECTION

In order to protect the intellectual property of the Group, we will engage agencies on our behalf to apply for intellectual property protection for patents researched and developed by us. We strictly abide by the laws and regulations such as the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Regulations for the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) and the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》). Where we wish to use third-party trademark, we will enter into the Use of Trademarks Licensing Contract (《商標使用許可合同》) to specify the term and scope of use wherein the counterparty shall ensure a lawful use of the trademark during the contractual period and the Group shall guarantee that the product quality complies with the trademark requirements, and actions will be taken according to the contractual requirements in the event of occurrence of relevant situations.

If our employees might have access to company business secrets during their work, they are required to sign the Confidentiality and Non-competition Agreement (《保密及競業限制協議》) upon employment, and the relevant employees shall ensure confidentiality during their work as requested. We have specified in the Employee Handbook (《員工手冊》) the issue of vesting in relation to patents invented by our employees and the post-employment confidentiality requirements to safeguard and prevent intellectual property from leaking. We prohibit any unauthorized private transfer and use of intellectual property. Contracts must be entered into in advance with us where the use of the Group's intellectual property is solicited.

During the Year, the Group held a number of 106 patents with 8 additions.





3. Compliance

3.4. CUSTOMER SERVICES AND PROMOTION

We actively contact with customers through different channels to understand their needs, and actively participate in and organize a number of activities to promote our products through various channels to seek new collaboration and expand our customer base. During the Year, we delivered our messages through a multitude of channels including exhibitions, campaigns, product strategic planning and media advertisement. During the Year, we organized and participated in 5 exhibitions which took place in Germany, United States, Milan and New York; we also planned a number of product promotions and campaigns such as China Glasses B2B Online Live-streaming (中國眼鏡B2B線上直播), Professionally Protecting the Window of Light – 1st June Seminar on Eye Care (以專業守護光明之窗·六一愛眼主題講座), etc. In addition, we also launched promotion in social media platforms such as magazines, WeChat Public Accounts (微信公眾號), TikTok, YouTube, Facebook, Instagram and Twitter, where we published a great deal of tweets or posts to interact with our customers.

We have formulated the Customer Complaint Handling Procedures (《客戶抱怨處理程序》) to set out the relevant procedures in which the Sales and Marketing Department is responsible for giving feedbacks, the Quality Management Department for determination and the Technical Department for analysis of customer complaint. The complaint information and opinions are received through mailboxes and complaint hotlines. When a complaint is lodged against us, the Quality Management Department will analyse and decide on the complaint before passing to the relevant departments to roll out measures for correction, prevention and rectification based on the analysis results. Improvement will be made for customers, and feedbacks regarding the improvement results will be given to customers by the Quality Management Department. We handle customer complaint, queries and questions in a timely and reasonable manner. We will conduct a survey on the level of satisfaction of our major customers once a year to collect their opinions and make improvements to the problems.

During the Year, we received a 100% positive feedback on customer services.

During the Year, we received 8 complaints from customers regarding external defects of our products. The products concerned were returned and all the complaints were duly addressed.



3. Compliance

3.5. PROCUREMENT AND SUPPLY MANAGEMENT

The Group adopts strict quality control measures to oversee suppliers and their supplied materials to ensure a prime quality of our products. The Group has formulated the Procurement Management System (《採購管理制度》) and the Procurement Control Procedure (《採購控制程序》) to regulate all procurement procedures and supplier management works. The Procurement Department and the Quality Management Department of the Group are responsible for procurement of materials and supervision of the quality of materials.

The product quality and acceptance requirements must be stipulated when making procurement, and suppliers are requested to provide qualification certification on the products, equipment and personnel as the case may be. The Procurement Department is required to enquire price to at least three suppliers and solicit suppliers based on the principles of economy, efficiency and proximity. The information of goods over a certain amount is required to be included in the List of Basic Information of Suppliers (《供應商基本信息表》) and information such as processed samples and corporate information is provided when necessary.

We have compiled the Qualified Suppliers List (《合格供應商名錄》) for quality checks on suppliers of goods, and evaluation on suppliers is made based on their qualification, price, quality, and reputation. For a first-time collaborating supplier, we will perform evaluation during which the supplier must provide certification for a strict quality management system, and we will carry out tests on the samples provided. Where all the required materials are provided and the quality of the samples meets the Company's requirements, and where the supplier is of a good reputation and its machinery, equipment and production capacity all meeting our requirements, the supplier can be listed in the Qualified Suppliers List upon review and approval by leaders at the rank of deputy general manager or above.





3. Compliance

The suppliers in the Qualified Suppliers List are evaluated and assessed annually by the Production Department and the Quality Management Department. Records regarding the suppliers' passing rate of goods supplied, service attitude, delivery time and efficiency, suitability of quality and price will be kept in the Supplier Evaluation Form (《供應商評價表》). Unqualified suppliers will be removed from the List. In addition to the annual review, suppliers with serious quality issues will be requested for improvement in accordance with the Sheet of Measures for Remedy and Prevention (《糾正和預防措施處理單》) issued by the Group; if the supplier receives such sheet twice but shows no improvement, we will disqualify the supplier and terminate transactions to ensure the Group's supply chain is maintained with good quality and meets the standards of the target markets.

During the Year, the number of suppliers of the Group was 608, of which 582 and 26 were from mainland China and overseas, respectively. Our major suppliers include suppliers of materials and equipment.

We take the environmental and social responsibility of our suppliers seriously and we require all of them to comply with the laws and regulations in relation to, including but not limited to, areas of environmental protection, employment and anti-corruption. Prior to the cooperation with any suppliers, we have to conduct a review and eliminate all suppliers who are non-compliance with environmental and social regulations. Also, we have to review the compliance of environmental and social regulations of our suppliers on a regular basis, in case of non-compliance issue found, we will require them to rectify the non-compliance or terminate our cooperation. We will prioritise collaborating with suppliers that uphold a philosophy of sustainable development, and, during procurement, prioritise using environmentally friendly products and services that have a less impact on the environment. For instance, we prefer to select environmentally-friendly products that can be reused and contain less packaging. The Group will continuously strengthen the management of supplier assessment to ensure a sustainable development of the supply chain.



3. Compliance

3.6. PROFESSIONAL INTEGRITY PROMOTION

The Group prohibits corruption and money laundering behaviours in any form and we have been pushing for anti-corruption and bribery-prevention works in our business. The Group complies with the requirements of the laws and regulations such as Supervision Law of the People's Republic of China(《中華人民共和國監察法》), the Securities Law of the People's Republic of China(《中華人民共和國證券法》), the Company Law of the People's Republic of China(《中華人民共和國公司法》), the Criminal Law of the People's Republic of China(《中華人民共和國刑法》) and the Anti-Money Laundering Law of the People's Republic of China(《中華人民共和國反洗錢法》)etc., and has formulated the Misconduct Reporting Mechanism and Handling Measures(《不當行為舉報機制與處理辦法》) and Reporting System for Interest Conflict(《利益衝突申報制度》).

Non-compliance includes, among others, behaviours such as conflict of interest, extortion and acceptance of bribes, misappropriation of funds, fraud, disclosure of business secrets, embezzlement, and theft. Employees and any units in collaboration are required to ensure non-occurrence of the aforementioned behaviours during operation. We have established reporting channels and the Audit Department is responsible for investigating illegal activities in the Group. The personal data of the whistleblowers are kept in strict confidence to ensure no impacts will be fallen on the whistleblowers for their reporting. Justice and fairness are the requisites for the investigation of the reported issue. Upon preliminary investigation, there will be varying follow-up actions according to the facts of the case. If the case is inconclusive at the time being, filing of the case is necessary in the interim for further investigation at a later date. if the case is of a minor nature, warning or organizational action is given to the person or unit under investigation. If the case is of a severe nature, the Audit Department will open a case for action and report to the decision committee on corporate management for investigation. After the conclusion of investigation, a corresponding penalty, such as re-designation, demotion, termination of contract or judicial referral, will be given based on the results. The Audit Department will provide feedbacks to the relevant departments regarding its recommendation for improvement, and will require rectification within a specified period where the Audit Department will regularly review the progress of rectification.

During the Year, there was no case of corruption and lawsuits against the Group and its employees.





3. Compliance

Employees are required to demonstrate impartiality and integrity when conducting business and avoid the occurrence of any conflict of interest. Employees, especially those in sales, purchasing, planning and marketing positions, must report their own interests and make report or withdrawal in relation to the existing conflict of interest with the approval from the Group. If employees violate any such requirements, the Group will establish a project group for validation, verification and deliberation. Once verified, measures will be taken at an appropriate level. If the management of the Company discover any conflict of interest, it will require the employees to provide exemption documentation, and if there is none, it will urge the employees to discharge their obligation of report, change the responsible person, or terminate business cooperation with the third party.

During the Year, 10 directors, supervisors and senior management, including 8 directors and 2 members of the senior management, participated in anti-corruption trainings in relation to anti-corruption legal framework, comparison of different jurisdictions, enterprise responsibility towards anti-corruption behaviours, enterprises' anti-corruption measures and an introduction to the newly amended Corporate Governance Code and Listing Rules effective in 2022. We also conducted internal anti-corruption training on employees when organizing departmental or group meetings.



4. Talent Management

We are aware that talent is our precious asset. The Group strictly complies with the Civil Code of the People's Republic of China (《中華人民共和國民法典》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Company Rules and Regulations (《公司規章制度》) of the Group and other laws and regulations. We have formulated the Employee Handbook (《員工手冊》) as a vital part of labor contract and company rules and regulations in order to provide necessary talent management information for employees. We will continue to promote talent team building and effectively protect the rights and interests of employees. The Group has been and will continue to adopt talent strategies that pivot on the following three principles: people-centered, identify and put talents to good use, and cherish talents. We also support and encourage all-round development of our employees, and strive for an equal, inclusive and safe working environment that shall be discrimination-free regardless of gender, marital status, age, race, color, disability and religion to achieve the common development of enterprises and employees. During the Year, we had a total of 2,453 employees, please see Appendix I for details.

4.1. EMPLOYMENT MANAGEMENT

The Group seeks talents through public recruitment and hires excellent employees after interviews. The recruitment process is fair and transparent under meritocracy. We strictly review information of interviewees, such as their identification documents and academic qualifications. The Group will enter into the Labor Contract (《勞動合同》) and the Non-Competition and Non-Disclosure Agreement (《競業限制及保密協議》) with employees. The Labor Contract sets out the employee's remuneration, benefits, probationary period, contract period and workplace, etc. Employees must follow the regulations prescribed in the Employee Handbook. In the case of non-compliance, the Group will handle the matter according to the explicit instructions regarding various situations set out in the Employee Handbook. Employees are entitled to resign from the Group by lodging an early resign application to the management and duly completing the resignation procedures. We will also have a sit-down with such employee to find out the reasons behind his/her departure.

We strictly comply with the Provisions on Prohibition of Child Labor (《禁止使用童工的規定》), where employing employees under the age of 18 is prohibited. The Human Resources and Administration Department scrutinizes identification documents to ensure that employees are recruited in accordance with the laws and regulations, and may terminate the contract immediately upon discovery of employee providing false information at the time of recruitment. We have attendance registers in place for recording the attendance of our staff members. Staff members are not encouraged to work overtime, in the event of the need for working on public holidays or outside legal working hours, the staff members have to submit application in advance to management, and they will be compensated by time off or given monetary overtime payment. Any unauthorized overtime works shall be calculated as overtime working hours. We prohibit any kinds of forced labor, in the event of any non-compliance, we will take appropriate actions to rectify it. During the Year, the Group was not aware of any cases of non-compliance relating to child labor and forced labor.





4. Talent Management

During the Year, the Group was not aware of any cases of non-compliance in relation to remuneration, equal opportunities, diversity, anti-discrimination and other treatment and benefits.

4.2 EMPLOYEE CARE

In order to standardize welfare system, motivate employees to work and show our care for them, we value welfare management. We not only provide “five social insurances and one housing fund” (五險一金), namely pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance and housing provident funds, as well as statutory holidays in accordance with the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), the Trial Measures for Enterprise Staff Maternity Insurance (《企業職工生育保險試行辦法》), the Regulations on Work-Related Injury Insurance (《工傷保險條例》), and the Regulations on Administration of Housing Provident Funds (《住房公積金管理條例》), but also provide employees with various leave benefits including annual leave, personal leave, sick leave, marriage leave, maternity leave, bereavement leave, work injury leave and official leave, and various welfare subsidies including high temperature subsidies, meal fee, confidential (non-competition) fee and body check etc.

In terms of remuneration, we formulated a remuneration structure, which sets out the different remuneration packages received by employees of different positions. Such package may include basic salary, overtime salary, performance bonuses, subsidies, and social welfare insurance. Every year, we adjust the remuneration system according to the economic profit of the year, taking into account the wage level of Jiangsu Province’s labor market, so as to make the remuneration of employees more competitive in the market. The performance bonus is given out by referencing review results in relation to employee’s performance of the year, which is assessed using a set of fair, transparent and unbiased procedure. In addition, we also set up special bonuses to reward employees with outstanding achievements, including Innovation Award, Technology Invention Award, Informatisation and Industrialisation Integration Assessment Award, and Extraordinary Achievement.

In a bid to relieve employees’ work pressure, as well as enhance the cohesiveness and solidarity among them to improve their sense of belonging to the Group, we host all sorts of employee activities regularly, and also encourage employees to organize group activities by themselves. During the Year, we host a mobile phone photography competition and a blood donation event.



4. Talent Management

4.3. HEALTH AND SAFETY

The Group is concerned about the health and safety of its employees. Apart from complying with the laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》), the Provisions on the Supervision and Administration of Occupational Health at Work Sites (《工作場所職業衛生監督管理規定》) and the Regulations on Work-Related Injury Insurance (《工傷保險條例》), the Group has also formulated its Occupational Disease Prevention and Control Responsibility System (《職業病防治責任制度》) to implement an occupational safety system.

New employees must receive pre-job safety education, where they are equipped with knowledge about safety and environmental protection and occupational hazard etc. Pre-job safety education consists of precautions and safety protocols regarding fire safety and occupational health. Before starting work, new employees must first understand the nature of their positions, working environment, possible accidents and immediate actions that they should take, as well as procedures they should follow afterwards in detail. They are then required to pass the relevant assessments. Pre-job safety education mainly includes the following:

In terms of fire safety:

- Smoking in the production bases is strictly prohibited;
- The use of open flames must be approved by the person in charge of safety;
- Fire escapes must not be locked or stacked and should be kept clear;
- Embedded fire hydrants and fire extinguishers must not be moved, and be cleared of any obstacles in a 1m radius; and
- No pulling of electric wires or sockets without the consent of the Production Department supervisor.

In terms of labor safety and health:

- Employees must wear appropriate protective equipment when working;
- Machines and equipment not for their own use shall not be touched at will; and
- When acids, alkalis or other chemicals get on the skin or splash into the eyes, they should be immediately flushed with flowing water for more than 15 minutes.





4. Talent Management

We have established an organizational structure for occupational health management that operates upon the principle of “safety is also a part of production management”. It is led by the general manager, and clearly stipulates the duties of leaders from different levels, departments, production departments and employees. We actively implement various occupational disease prevention efforts in our Group. We also listen to employees’ opinions on occupational health through multiple channels, and educate them on regulations of occupational health, provide occupational training and promotional education. We take emergency measures to investigate and deal with occupational disease hazards that occur in the Group. We will impose serious penalties on any employee involved in violations but will also reward those who contribute to the prevention and control. We also compile and provide technical information about occupational diseases that employees may suffer from during production process, including the different types of disease factors, sources and production part. In addition, we maintain all production and protective equipment, as well as provide regular safety training and personal protective equipment for our employees.

In order to popularize fire awareness and fire safety among our employees and to improve the on-site emergency response capability of departments and employees in case of fire, we regularly hold fire drills and conduct fire-fighting instruction. During the Year, we organized a fire-fighting drill for all our employees, where they learnt how to handle a fire extinguisher from instructors. During the same month, an emergency evacuation drill was also performed.



Our employees are learning how to handle a fire extinguisher.



4. Talent Management

The Group formed a Pandemic Prevention and Control Team in response to the pandemic, and is responsible for the Group's personnel control, disinfection, pandemic publicity and material preparation and other work. The team is led by Mr. Fei Zhengxiang, who is the chairman of the Board. He is in charge of overseeing the coordination work, and is responsible for giving out orders, manage, control and prevent, inspect and supervise, as well as dealing with emergency matters. We also provided assistance for employees subject to home observation in hostels, swiftly purchased anti-pandemic supplies, organized support staff to completely sanitize crowded places such as the factory, canteen, offices and lifts, and conducted strict personnel management and disinfection in isolation areas. These measures were promptly executed by all personnel of the Company, thus limiting gathering of crowds to the greatest extent, lowering safety risks of employees.

During the Report Period, the Company did not receive any complaints or lawsuits regarding violations of health and safety related laws. In the past three years, the Group did not record any occupational fatality. During the Year, the Group did not have any lost working days due to work-related injuries.

4.4. EMPLOYEE GROWTH

The Group puts an emphasis on employees' growth and development, so we provide equal training opportunities for them to enhance the efficiency of employees and departments and hone our market competitiveness. The Group has a structured training plan for our employees. New employees shall receive pre-job training covering the company's introduction, interpretation to the Employee Handbook, rules and regulations, knowledge regarding safety and environmental protection, job responsibility, production processes, occupational safety, and 5S (Seiri, Seiton, Seiso, Seiketsu and Shitsuke) management training. All employees must pass the relevant exams before starting work. We also provide on-job training when demanded, including internal training and external trainings. Each year, we contrive an annual plan, and all employees are required to attend the corresponding trainings, and will then be tested. The results will be used as a basis for future performance appraisals and promotions. Nonetheless, we will also sponsor a portion of employees to receive external training, so they can develop in a more diverse manner.

During the Year, we organized many on-job trainings for our employees, which could be categorized into production process, management training, public lesson etc. The trainings covered knowledge and skills about first aid, human and resource management, carbon peaking and carbon neutrality goals, international renewable energy certificate, procedures for coating and on-job training for forklift drivers etc.





5. Environmental Protection

We attach great significance to the sustainable development of the Group, and put an effort into formulating and implementing various environmental protection measures. The Group adheres to relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), the Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》), the Pollution Discharge Licensing Management Regulations (《排污許可管理條例》), the Administrative Measures for the Licensing of Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》), and the Waste Management and Public Cleaning Law (《廢棄物管理和公共清潔法(廃棄物の処理及び清掃に関する法律)》) of Japan. During the Year, the Group did not violate any laws relating to environmental protection or cause any major incidents affecting the environment and natural resources, nor was it notified of any penalties and litigations in relation to environmental aspects.

During the Year, affected by the pandemic and the resumption of production as the pandemic was under control, the total emission of greenhouse gas ("GHG") had reduced while water consumption increased as a result of a rise in production capacity this year. We failed to make a comparison of waste discharge due to the change in calculation method, but will be comparing the future data against the ones this year to assess the effectiveness of the environmental protection measures. In addition, we will continue to strictly review the discharge of wastewater, exhaust gas, noise and solid waste during industrial production to ensure compliance with the emission indicators set by the policy. In terms of operation, our goals are to reduce energy and water consumption intensity and the emission of GHG, noise, exhaust gas and waste water, as well as to upgrade technology and improve processes with a bid to reduce the amount of solid waste generated. We will establish a quantified environmental target and target base year in due time based on the Group's business operations and environmental performance.



5. Environmental Protection

5.1. ENERGY CONSERVATION AND EMISSION REDUCTION

To further achieve sustainable development and to reduce energy consumption and GHG emission, we started utilizing renewable energy during the Year by commencing a photovoltaic power project on the factory rooftop of the Shanghai Production Base. Upon estimating the amount of energy consumed by the Group, we deduced that the photovoltaic power generated could compensate 20% of our annual daytime consumption, fulfilling our goal of reducing 16% of carbon emission. During the Year, the Group generated 89,755.00kWh from solar power generation.

Our total GHG emission was 29,435.05 tCO₂e. GHG emission per square meter accounted for 0.35 tCO₂e. GHG emission per employee was 13.16 tCO₂e. GHG emission per RMB10,000 was 0.19 tCO₂e.

GHG Emissions	Unit	2022
Direct GHG emissions (Scope 1)	tCO ₂ e	588.40
Indirect GHG emissions (Scope 2)	tCO ₂ e	28,846.65
Total GHG emissions (Scope 1 and 2)	tCO ₂ e	29,435.05
GHG emissions intensity (Per square meter) (Scope 1 & 2)	tCO ₂ e/m ²	0.35
GHG emissions per employee (Scope 1 & 2)	tCO ₂ e/employee	13.16
GHG emissions per RMB10,000 (Scope 1 & 2)	tCO ₂ e/RMB10,000	0.19

Apart from introducing renewable energy, we also proceeded to reduce the consumption of energy and emissions of GHG in various aspects with an aim to save energy at source. During the Year, the Group consumed 49,650,000.00 kWh of purchased electricity. We set up multiple zones in the office, and each have individual light switch and high energy efficiency light fixtures. In terms of air conditioner, we cleaned the dust screens regularly, set the temperature at 26.0°C and allowed employees to wear lighter and more casual outfits in extreme temperature to lower the need for cooling.





5. Environmental Protection

5.2. WATER RESOURCE MANAGEMENT

During the Year, the Group utilized 540,095.00 m³ of water. When compared to last year, this year's total water consumption increased because we received more orders and had higher production volume. All water consumption of the Group comes from the municipal water supply and we did not encounter issues in sourcing water.

The water consumed was mainly for lens and mold cleaning processes and daily water consumption. For the purpose of better implementation of the Shanghai Water Supply Management Regulations (《上海市供水管理條例》) and the Shanghai Water Conservation Management Regulations (《上海市節約用水管理辦法》), the Jiangsu Production Base implemented the Water Conservation Management Regulations (《節水管理規定》) to better manage the usage of water resource during the Year. At the same time, we formed a water conservation team, formulated water conservation plans, installed water meters in all water equipment for monitoring and gauging purpose, inspected pipelines in a routine manner, prevented water equipment from leaking and required the equipment maintenance department to report the Group's water usage situation to the financial department every month.

5.3. WASTE MANAGEMENT

During the Year, the Group produced a total of 682.20 tonnes¹ of non-hazardous waste and recycled 682.20 tonnes. Each employee generated 0.31 tonnes of wastes. In terms of hazardous waste, the Group only used 1,888 batteries and 1,860 waste ink cartridges, which have all been properly recycled.

In terms of packaging materials, during the Year, we used 247.59 tonnes of cartons and 14,858.72 tonnes of packaging bags. More packaging materials were used this year because our sales increased and we received more customization orders when comparing with last year. We selected a qualified third-party enterprise to dispose of our wastes, which included general solid industrial wastes and hazardous wastes. The third party enterprise must properly handle wastes according to the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》). To reduce producing wastes, we reused papers or used both sides of a paper, as a way to lower paper usage. We encouraged employees to reuse materials or use reusable materials instead of disposable materials. We will continue to review the amount of non-hazardous and hazardous wastes the Group produced, and design and implement conservation measures in this regard.

¹ The measuring method and calculation were readjusted during the Year, so the disclosed data was adjusted when compared to last year's.



5. Environmental Protection

5.4. POLLUTANT EMISSIONS AND NOISE MANAGEMENT

During the Year, the emissions of nitrogen oxide, sulfur oxide and particulate matters from the Group's vehicles were 690.63 kg, 1.24 kg and 49.92kg. The Group is concerned about the emission of pollutants. We engaged an accredited third-party certification agency to test our air quality, and was informed that our air quality was up to standard. During production, we closely monitored the impact of particulate matters on the surrounding environment and also limited production based on the day's dust warning.

We control the Group's waste water discharge according to the standards stipulated in the GB8978-1996 Integrated Wastewater Discharge Standard (《GB8978-1996污水綜合排放標準》), the Integrated Wastewater Discharge Standard (《污水綜合排放標準》) of Shanghai, PRC and the Waste Management and Public Cleansing Law (《廢棄物管理和公共清潔法(廢棄物の処理及び清掃に関する法律)》) of Japan. During the Year, the pH of the sewage discharged from the Shanghai and Jiangsu Production Base were controlled within 7.0 – 8.5, which fell within the required standard of 6.0-9.0. On the other hand, in terms of chemical oxygen demand, the emission intensity of the Shanghai Production Base was controlled within 100-400 mg/l, and the emission intensity of the Jiangsu Production Base was controlled within 200-300 mg/l, both were lower than the standard of 500 mg/l.

During the Year, we started treating wastewater, mainly with water discharged from lens grinding and cleansing during the production of optical lenses. A new sewage treatment facility was built in the production area, allowing us to install sewage treatment equipment directly on the project site. The equipment would collect and treat the wastewater discharged from the production process. After processing, the wastewater would stably meet the discharge standard and be discharged. By doing so, we have lowered the risk of polluting the environment. We have obtained a permit for water discharge into drainage network in towns and cities, so to ensure we fulfilled the sewage discharge requirement. We will continue to monitor the Group's sewage management policy and implement measures that can lower the intensity of pollutants in due time.

We strictly complies with standards such as the Emission Standard for Industrial Enterprises Noise at Boundary (《工業企業廠界環境噪聲排於標準》) of China and the Waste Management and Public Cleansing Law (《廢棄物管理和公共清潔法(廢棄物の処理及び清掃に関する法律)》) of Japan, and will implement stricter management on noise control, as well as formulating and executing measures to reduce noise pollution, so as to limit our impacts to the surrounding regions.





5. Environmental Protection

5.5. CLIMATE CHANGE

Climate change is one of the greatest global challenges. After considering the risks and opportunities brought on by climate change, we identified the relative risks and opportunities arose from different climate changes, and assessed the impact caused by each climate change risk, where counter measures were designed. We will continue to monitor the latest development of climate change and implement relief and counter measures when suitable.

Type of Risk	Level of Risk	Potential Impact	Counter Measure
Physical Risks			
Extreme heat	High	<ul style="list-style-type: none"> • Extreme heat affects employees' health and safety; • Increase the need for cooling, thus increase energy consumption 	<ul style="list-style-type: none"> • Research and expand the application of renewable energy, so we can rely less on thermal power generation; • Provide heat subsidy for employees
Transition Risks			
Development of international climate change policies and regulations	Medium	<ul style="list-style-type: none"> • Impair goodwill; • Penalized by regulatory authorities; • Harder to gain support from stakeholders and partners 	<ul style="list-style-type: none"> • Apply more renewable energy; • Disclose matters relevant to climate change and low carbon operation measures in more details in ESG report
Stakeholders are concern about climate change issues			
Climate Change Opportunities			
Type of Opportunity	Potential Gain	Measures to Grasp the Opportunity	
Increase resource efficiency	<ul style="list-style-type: none"> • Efficient production 	<ul style="list-style-type: none"> • Develop production methods with low energy consumption 	



6. Community Responsibility

While actively developing our business, we will not forget to promote community development and give back to the society. This year, we encouraged our staff to actively participate in various charity projects in cooperation with charitable organizations. By participating in these projects, our staff can gain a deeper understanding of the needs and opinions of the community, so as to develop a good habit of contributing to the society. At the same time, these projects have brought tangible benefits to the local community.

During the year, we cooperated with the Qidong People's Hospital and the Qidong Red Cross to launch the "Care for a Bright Future (呵護光明未來)" vision free screening charity activities for the youth at Qidong Chenxi Middle School. The Group sent 3 optometrists and 2 sets of advanced vision equipment to cooperate with the Red Cross process and carry out vision screening charity activities for students, in order to raise the students' and parents' awareness of vision health.



"Care for a Bright Future (呵護光明未來)" vision free screening charity activities for the youth

In order to take care of the vision health of the grassroots, the Group also held "Love and Brightness Action, Red Cross Brightness Well-being Project (博愛光明行·紅十字會光明惠民項目)" for the grassroots and hospitals. A caring team of the Group's Qidong Optometry Centre and the ophthalmology department of the Qidong People's Hospital came to nursing homes in August to conduct fundus screening for the elderly with difficulties in mobility, so as to initially screen people with fundus diseases and prepare for accurate rescue in the future. The caring team patiently answered the fundus questions of the elderly and increased their knowledge of fundus diseases, and protected their eye health. We provided free surgery, eye protection equipment, eye protection knowledge, care services, support and sympathy for the city's poor patients with eye diseases such as cataract and glaucoma. At present, we have provided free cataract surgeries for more than 100 patients with difficulties.





6. Community Responsibility



“Love and Brightness Action, Red Cross Brightness Well-being Project
(博愛光明行·紅十字會光明惠民項目)”

In addition, the Group also conducted a science popularization activity of eye hygiene with the Qidong People’s Hospital in September during the year at Qidong Zhegui Middle School. Nearly 1,500 teachers and students participated in the science popularization activity. After the activity, 3 optometrists examined the students’ eyesight and taught them how to use and protect their eyes, and promoted health knowledge such as using eyes scientifically and eye protection.



“Pay attention to eye hygiene, Care for “eye” catching series of science popularization activity (關注用眼衛生，呵護「睛」彩綻放系列科普活動)”



Appendix I: Sustainability Data Summary

Environmental Aspect	Unit	2022
Air pollution emissions		
Nitrogen Oxide	kg	690.63
Sulfur Oxide	kg	1.24
Particulate Matter	kg	49.92
GHG emissions		
Direct GHG emissions (scope 1)	tCO ₂ e	588.40
Indirect GHG emissions (scope 2)	tCO ₂ e	28,846.65
Total GHG emissions (scope 1 and 2)	tCO ₂ e	29,435.05
GHG emissions intensity per m ² (scope 1 and 2)	tCO ₂ e/m ²	0.35
Per employee GHG emissions (scope 1 and 2)	tCO ₂ e/employee	13.16
Per \$10,000 GHG emissions (scope 1 and 2)	tCO ₂ e/RMB10,000	0.19





Appendix I: Sustainability Data Summary

Environmental Aspect	Unit	2022
Energy consumption		
Purchased electricity consumption	kWh	49,650,000.00
Solar power generation capacity	kWh	89,755.00
Total electricity consumption (purchased electricity + solar power generation)	kWh	49,739,755.00
Total electricity consumption intensity (per m ²)	kWh/m ²	593.48
Total electricity consumption per employee	kWh/employee	22,235.03
Total electricity consumption per RMB10,000	kWh/RMB10,000	318.58
Diesel consumption	Liter	71,992.00
Natural Gas Consumption	m ³	35,138.00
Petrol consumption	Liter	47,188.00
Water consumption		
Total water consumption	m ³	540,095.00
Water consumption intensity (per m ²)	m ³ /m ²	6.44
Water consumption per employee	m ³ /employee	241.44
Water consumption per RMB10,000	m ³ /RMB10,000	3.46



Appendix I: Sustainability Data Summary

Environmental Aspect	Unit	2022
Paper consumption		
Total paper consumption	kg	39,062.50
Paper consumption intensity per employee	kg/employee	17.46
Waste production¹		
Total non-hazardous wastes production	tonnes	682.20
Non-hazardous wastes production per employee	tonnes/employee	0.31
Waste batteries production	piece	1,888
Waste ink cartridges and waste toner cartridges production	piece	1,860
Packing materials consumption		
Carton	tonnes	247.59
Packaging bag	tonnes	14,858.72

¹ During the year, as the statistical and calculation methods were readjusted, the disclosed data were therefore adjusted as compared with the previous year.





Appendix I: Sustainability Data Summary

Social Aspect	Unit	2022
Number of employees		
Total number of employees	number	2,453
Number of employees (by gender)		
Female	number	1,260
Male	number	1,193
Number of employees (by employee category)		
Full-time junior employees	number	2,393
Full-time middle management	number	41
Full-time senior management	number	19
Number of employees (by age group)		
Below 30	number	625
31 to 50	number	1,517
Above 50	number	311
Number of employees (by geographical region)		
Inland	number	2,343
Abroad	number	110



Appendix I: Sustainability Data Summary

Social Aspect	Unit	2022
Turnover rate^{2,3}		
Total turnover rate of employees	%	46.64
Turnover rate of employees (by gender)		
Female	%	50.40
Male	%	42.67
Turnover rate of employees (by age group)		
Below 30	%	81.16
31 to 50	%	37.44
Above 50	%	24.12
Turnover rate of employees (by geographical region)		
Inland	%	48.66
Abroad	%	3.64

² The calculation method of turnover rate for employees in different categories = number of departed employees in the category ÷ total number of employees in the category at the end of the Year × 100%

³ During the year, as the statistical and calculation methods were readjusted, the disclosed data were therefore adjusted as compared with the previous year.



Appendix I: Sustainability Data Summary

Social Aspect	Unit	2022
Occupational health and safety		
Number of work-related fatalities in the past three years (including the Reporting Year)	number	0
Rate of work-related fatalities occurred in the past three years (including the Reporting Year)	%	0.00
Lost days due to work-related injury	day	0
Development and training		
The percentage of employees trained by gender⁴		
Male	%	51.37
Female	%	48.63
The percentage of employees trained by employee category⁴		
Full-time junior employees	%	97.55
Full-time middle management	%	1.67
Full-time senior management	%	0.77

⁴ The calculation method of percentage of employees trained in different categories = number of employees trained in the category ÷ total number of employees trained × 100%



Appendix I: Sustainability Data Summary

Social Aspect	Unit	2022
The average training hours per employee by gender		
Female	hour	2.00
Male	hour	2.00
The average training hours per employee by employee category		
Full-time junior employees	hour	2.00
Full-time middle management	hour	2.00
Full-time senior management	hour	12.00



Appendix II: The ESG Reporting Guide Index of The Stock Exchange of Hong Kong Limited

Indicator Content		Respective Section
Mandatory Disclosure Requirements		
A. Environmental Aspect		
A1. Emissions	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
A1.1	The types of emissions and respective emissions data.	Appendix I: Sustainability Data Summary
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Appendix I: Sustainability Data Summary
A1.3	Total hazardous waste produced and intensity.	Appendix I: Sustainability Data Summary
A1.4	Total non-hazardous waste produced and intensity.	Appendix I: Sustainability Data Summary
A1.5	Description of emissions target(s) set and steps taken to achieve them.	5. Environmental Protection
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5. Environmental Protection



Appendix II: The ESG Reporting Guide Index of The Stock Exchange of Hong Kong Limited

Indicator Content		Respective Section	
A2. Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5.1. Energy Conservation and Emission Reduction; 5.2. Water Resource Management
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Appendix I: Sustainability Data Summary
	A2.2	Water consumption in total and intensity.	Appendix I: Sustainability Data Summary
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5. Environmental Protection
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5. Environmental Protection
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Appendix I: Sustainability Data Summary
A3. The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	5. Environmental Protection
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5. Environmental Protection
A4. Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	5.5. Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.5. Climate Change





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Indicator Content		Respective Section	
B. Society			
Employment and Labour Practices			
B1. Employment	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4. Talent Management
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix I: Sustainability Data Summary
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Summary
B2. Health and Safety	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3. Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.3. Health and Safety
	B2.2	Lost days due to work injury.	4.3. Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.3. Health and Safety



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Indicator Content		Respective Section	
B3. Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.4. Employee Growth
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Sustainability Data Summary
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Sustainability Data Summary
B4. Labour Standards	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4. Talent Management
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	4. Talent Management
	B4.2	Description of steps taken to eliminate such practices when discovered.	4. Talent Management
Operating Practices			
B5. Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.5. Procurement and Supply Management
	B5.1	Number of suppliers by geographical region.	3.5. Procurement and Supply Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.5. Procurement and Supply Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.5. Procurement and Supply Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.5. Procurement and Supply Management





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Indicator Content		Respective Section	
B6. Product Responsibility	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.2. Information Security Management; 3.3. Intellectual Property Protection
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	During the year, the Group did not return any products for safety and health reasons.
	B6.2	Number of products and service related complaints received and how they are dealt with.	3.4. Customer Services and Promotion
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3. Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	3.1. Product Quality Assurance
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.2. Information Security Management
B7. Anti-corruption	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	3.6. Professional Integrity Promotion
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	3.6. Professional Integrity Promotion
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.6. Professional Integrity Promotion
	B7.3	Description of anti-corruption training provided to directors and staff.	3.6. Professional Integrity Promotion



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Indicator Content		Respective Section	
B8. Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6. Community Responsibility
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6. Community Responsibility
	B8.2	Resources contributed (e.g. money or time) to the focus area.	6. Community Responsibility



