China Display Optoelectronics Technology Holdings Limited

華顯光電技術控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 334)

Environmental, Social, and Governance Report 2022

Contents

The year 2022 was a turbulent year. Amidst the business environment, the Group continued to add automation to its production lines and reduce the size of its workforce, and strictly controlled the production cost, so as to minimize the impact of external factors.

During the Review Period, the Group strictly abided by applicable national laws and regulations on environmental protection, fire safety and employment, refined administrative systems, and vigorously conducted energy conservation and emission reduction activities in a socially responsible manner. The Labour Union and the Human Resource Department organized a number of activities to provide care for employees and give back to the community so as to foster harmony between the Group and its stakeholders. In terms of production, The Group has invested in intelligent production equipment and gradually relocated its production lines to the intelligent factory with new display modules in Chenjiang, Huizhou, in order to increase production-related accuracy and reduce the waste of time, materials and labor costs. Meanwhile, the Group's advantages in technology and scale economy can be strengthened. In the long term, the Group will continue to strengthen its competitive advantages and infrastructure, further consolidate its partnerships with top brand customers, continue to pay close attention to the recent development of the market, and seize market opportunities through horizontal expansion of its business, striving to maintain a balance between sales growth and healthy development.

The Group will stay committed to fulfilling its environmental and social responsibility and better reward our stakeholders.

LIAO Qian
Chairman
Hong Kong, 27 April 2023

02 About the Report

2.1 STATEMENT OF THE BOARD

The board (the "Board") of directors (the "Directors") of China Display Optoelectronics Technology Holdings Limited (the "Company", together with its subsidiaries, the "Group"), holds the overall responsibility for the Group's environmental, social and governance ("ESG") issues and acknowledges its responsibility to ensure the truthfulness of this ESG report and to the best of its knowledge, this report has disclosed material issues, and gives a fair view of the Group's performance in ESG aspects and the relevant impact. The Board is accountable for examining and approving the Group's ESG management approach, strategies, policies objectives, goals and targets, and priorities, ensuring the effectiveness for the Group's ESG risk management and the internal control systems and reviewing the Group's performance periodically against ESG-related goals. This report has been reviewed and approved by the Board.

Governance

The sustainability committee of the Group (the "Sustainability Committee") comprises the Group's chairman, chief executive officer and Directors and is responsible for evaluating, prioritizing and managing material ESG-related issues and risks to the business of the Group, and report to the Board regularly as and when appropriate. In addition, the Group has also established a sustainability working group which includes senior managers of relevant business functions and is responsible for collating ESG data and carrying out relevant ESG work. The sustainability working group will regularly update the Sustainability Committee on ESG-related work.

About the Report

The Group has always incorporated corporate social responsibilities in its corporate strategies and operations. To ensure compliance with its social responsibilities and obligations in respect of sustainable development, the Group integrates ESG objectives into its business strategies. In response to the call of the "Dual-Carbon Strategy" of the People's Republic of China (the "PRC"), the Group has formulated its ESG strategies in accordance with the "No. 14 – Social Responsibility of the Specific Rules for Internal Control" of TCL Technology Group Corporation (the ultimate controlling shareholder of the Company, hereinafter "TCL Technology"), covering organizational governance, employment promotion and employee rights protection, health and safety, environmental protection, fair operation, consumer relations, community engagement and development, carbon peaking, carbon neutrality and common prosperity.

The Group sets targets and indicators for different ESG aspects to reduce the impact to the environment caused by the business activities of the Group. The Group's ESG targets and indicators are set in relation to its business. Based on the Group's total sales volume and operating conditions, the Group has set targets for different departments in various aspects such as corporate governance, product quality, environmental emission reduction, employee health and safety, and training in strict compliance with the laws and regulations, and evaluates the progress of each department. Through on-site audits, online monitoring and other methods, the sustainability working group monitors ESG risks, identifies and reports risk items, and facilitates business rectification. The Sustainability Committee of the Group regularly reviews the progress of ESG-related goals and reports to the Board.

2.2 REPORTING SCOPE

The ESG reports of the Company are published on an annual basis and the reporting period of this report covers the financial year of 2022 (i.e. from 1 January 2022 to 31 December 2022, hereinafter the "Review Period"). During the Review Period, the principal place of business of China Display Optoelectronics Technology (Huizhou) Co., Ltd. ("CDOT Huizhou", a wholly-owned subsidiary of the Group) was Huizhou, PRC, where major economic activities of the Group were carried out. On 1 August 2022, Huizhou Gaoshengda Technology Co., Ltd., Huizhou Zhicheng Investment Management Partnership (Limited Partnership) and Huizhou Zhihe Investment Management Partnership (Limited Partnership) (collectively, the "Vendors"), CDOT Huizhou, and Huizhou Kedate Zhixian Technology Co., Ltd ("Kedate Zhixian", previously known as Huizhou Gaoshengda Zhixian Technology Co., Ltd) entered into an equity transfer agreement, pursuant to which, the Vendors conditionally agreed to sell, and CDOT Huizhou conditionally agreed to acquire, the 100% equity interest in Kedate Zhixian. The transaction was completed on 31 August 2022, and since then, Kedate Zhixian has become an indirect wholly-owned subsidiary of the Company and its environmental, energy consumption data, etc. have been included in this ESG report. This report covers the Group's principal business activities in Huizhou so as to provide a balanced reflection of the Group's environmental, social and governance performance concerning the environment, workplace, supply chain management, product responsibility and community, and in particular the environmental, social and governance affairs that may have had a significant influence on the sustainability of the Group's business operations and which are of concern to stakeholders. Save as aforesaid, the reporting scope of this report is substantially the same as that of the 2021 ESG report of the Company.

The operating branches of the Group located in other places such as Hong Kong, which mainly provide business support operations, are not covered in this report as their economic activities did not have any significant impact in the social and environmental aspects.

2.3 BASIS OF PREPARATION

This is the 2022 ESG report of the Group prepared in accordance with the disclosure requirements set out in the Environmental, Social and Governance Reporting Guide (the "Guide") in Appendix 27 to the listing rules ("Listing Rules") of The Stock Exchange of Hong Kong Limited ("Stock Exchange") to reflect the Group's performance in environmental, social and governance responsibilities in a truthful manner.

This report was prepared by the Board and senior management of the Group who are responsible for key functions of the Group. They have assisted the Group in reviewing its operations, identifying key ESG issues and assessing their importance to its business and stakeholders. A materiality assessment has been conducted to identify ESG factors that have the most significant impact on the Company's business and its stakeholders.

The Group adopts the following reporting principles in the preparation of this ESG report:

Materiality

The Group identifies ESG issues and factors based on the impacts on the society and the environment, the degree of concern of stakeholders, industry conditions and the Group's characteristics. Material issues that have a significant impact on the Group's development and on stakeholders are categorized into six aspects, namely corporate governance, products and services, environment, supply chain management, employees, and communities. The details of significant stakeholders identified and the process and results of the stakeholder engagement are disclosed in the Section 3.3 "Communication with Stakeholders and Analysis of Material Issues" of this report.

Quantitative

The Group has established ESG key performance indicators in accordance with the Guide. Relevant data on emissions and/or energy consumption is monitored and recorded by various departments on a daily basis using instruments and meters, collected by persons in charge of the Group's ESG management through regularly collation, verification, calculation and analysis, and then integrated and reviewed by the Group's sustainability working group. Information on the standards, methodologies, assumptions and/or calculation tools used, and sources of conversion factors used, for the reporting of emissions and/or energy consumption, where applicable, is appropriately disclosed in this report.

Consistency

The collation methodology of the key performance indicators in this report is consistent with that disclosed in the ESG Reports in the past three years. No changes have been made other than those described in Section 2.2 "Reporting Scope" of this report.

This report was prepared in Chinese and translated into English. In the event of any inconsistency or conflict between the Chinese version and the English version, the Chinese version shall prevail. To protect the environment, printed copies will only be provided upon specific request.

2.4 COMMENTS AND RESPONSE

We welcome suggestions from stakeholders on the management strategy and performance of the Group in promoting sustainable development. You may contact us via:

Tel: (852) 2437 7610
Email: ir.cdot@tcl.com

03 About the Group

3.1 CORPORATE PROFILE

Founded in August 2004, the Group is one of the key suppliers of small and medium-sized display modules in the PRC, and is primarily engaged in the research and development ("R&D"), manufacturing, sale and distribution of liquid-crystal display ("LCD") modules mainly for terminal use. The Group has factories in the PRC and distributes its products in Asia, with Hong Kong and the PRC as its main markets.

3.2 CORPORATE GOVERNANCE

Governance Structure

The Board, which is the governing body of the Company, endeavours to maintain sound corporate governance and business practices upholding the mission of developing into a leading LCD module enterprise. There are three special committees under the Board, namely the audit committee ("Audit Committee"), the remuneration committee ("Remuneration Committee") and the nomination committee ("Nomination Committee"). The Board is responsible for formulating business plans, long-term strategies and business development objectives of the Group. Matters relating to professional expertise are first considered by the special committees before being submitted to the Board for consideration in accordance with their respective terms of reference.

Corporate Governance

As at the date of this report, the Board comprises 7 Directors, all possessing professional background and/or extensive professional expertise specifically required to supervise and monitor the Group's strategy. The Board, headed by its chairman, sets the business policy of the Company. The Board is responsible for maintaining proper corporate governance, formulating the long-term strategy of the Company, setting business development objectives, assessing the effectiveness of management policies, monitoring the performance of the management and ensuring the effective implementation of risk management measures on a regular basis. Directors meet regularly to review the Group's financial and operational performance and to discuss and formulate future development plans.

During the Review Period and as at the date of this report, the composition of the Board is detailed as follows:

Non-Executive Director
Mr. LIAO Qian *(Chairman)*

Executive Directors
Mr. OUYANG Hongping *(Chief Executive Officer)*
Mr. WEN Xianzhen
Mr. ZHANG Feng

Independent Non-Executive Directors
Ms. HSU Wai Man Helen
Mr. LI Yang
Mr. XU Yan

Regular Board meetings are attended by a majority of Directors either in person or by other means of electronic communication. During the Review Period, the Board held 4 regular meetings and 4 additional meetings. During the Review Period, the Company held 2 general meetings. Work on corporate governance functions completed by the Board in 2022 included the following:

> Review the Company's corporate governance policies and practices;

> Review and monitor the training and continuing professional development of Directors and senior management personnel;

> Review and monitor the Company's policies and practices regarding compliance with legal and regulatory requirements;

> Review and monitor codes of conduct for employees and Directors; and

> Review the Company's compliance with the corporate governance code as set out in Appendix 14 to the Listing Rules and disclosure in corporate governance reports.

The Board is responsible for ensuring that the Group has in place and maintains appropriate and effective internal control and risk management systems. The Group has adopted a set of internal control policies and procedures for risk management to ensure asset security and guarantee the safekeeping of accounting records and the credibility of financial reports, so as to ensure compliance with relevant laws and regulations. For more details on the corporate governance of the Group, please refer to the 2022 Annual Report of the Company.

About the Group

3.3   COMMUNICATION WITH STAKEHOLDERS AND ANALYSIS OF MATERIAL ISSUES

Communication with Stakeholders

The Group has a wide range of stakeholders, including governments, customers, shareholders/investors, employees, suppliers and communities. The Group maintains two-way communication with stakeholders through channels such as financial reports, ESG reports, surveys, regular dialogue and meetings. Details are set out in the table below:

Stakeholders	Major concerns	Major management measures	Communication methods
Governments	Compliance with laws and regulations and performance of social responsibilities, etc.	Establish the Management Process of Laws and Regulations Identification and Compliance Evaluation, and regularly identify and evaluate compliance with laws and regulations on an annual basis	Regular visits, exposition of policies of the government and regulatory agencies, meetings, documents, review, information disclosure on various channels
Customers	Quality, delivery, service, and fulfillment of social responsibility	Establish corresponding management system, set up assessment indicators, and meet customer requirements.	Approval, training, customer satisfaction survey and daily communication
Shareholders /Investors	Business performance, risk management and social responsibility	Enhance operating transparency, formulate long-term and short-term business plans and important measures, disassemble indicators to departments and posts, and assign specific tasks to specific personnel to achieve business performance.	Information disclosure, general meetings, results announcement conference, investor meetings and industry conferences
Employees	Safety, career development path, and employee benefits and compensation	Provide market-competitive compensation, benefit, learning and promotion opportunities, manage occupational health and fire safety according to the requirements of laws and regulations, implement safety contract responsibility system, and establish the Safety Committee Office (the "Safety Committee Office") and System Department to audit execution effects.	Employee communication meetings, opinion collection box, social media, hotline and mailbox
Suppliers	Long-term cooperation and create win-win situation through cooperation	Establish strategic cooperation with suppliers, common progress, transparency, good faith cooperation and share benefits.	Training, audit, regular supplier meetings, job meetings, day-to-day communication and periodic assessment
Communities	Pollution discharge, promote local development and care for the community	Establish an environmental management system to prevent, control and monitor the discharge of wastewater, waste gas, solid waste and noise, which must meet the discharge standards; and organize volunteering and encourage employees to participate.	Encourage employees to participate in volunteer activities, charity events and day-to-day communication

ESG Significant Issues

We aim to understand and address ESG issues that have the greatest significance to stakeholders and the Group. The Group believes the following ESG issues substantive in nature are the most significant:

Most concerned issue	Category	Corporate management indicator	Performance
Integrity and compliance in operations	Corporate Governance	Number of complaints about non-compliance	0
Occupational health	Health and Safety	Number of cases of occupational diseases	0
Production safety management	Health and Safety	(i) Number of serious casualties	(i) 0
		(ii) Minor injury rate[1]	(ii) 0%
Protection of intellectual property rights	Product responsibility	Number of patents	49
Quality control	Product responsibility	Occurrence rate of product safety accidents[2]	0%
Hazardous substance management	Product responsibility	Number of complaints about non-compliance with regulations of hazardous substances	0
Anti-corruption	Integrity	Number of concluded legal cases of corruption	0

Notes:

1. *Minor injury rate = Number of work-related injury for the Review Period/Total number of employees at the end of the year*
2. *Occurrence rate of product safety accidents = Batches of products manufactured involving safety accidents/Total batches of products manufactured*

04 Corporate Operation

4.1 SOCIAL RESPONSIBILITY

The Group proactively fulfilled its social responsibilities and continuously optimized the management system relating to social responsibility and obtained relevant certificates, including: quality management (ISO 9001, IATF16949), occupational health and safety (ISO 45001), environment (ISO 14001), toxic and hazardous substances (IECQ QC 080000), energy (ISO 50001) and other management systems. The Group also established and implemented a social responsibility management system in accordance with the social responsibility (SA 8000: 2014) standard.

The Group attached great importance to customs creditworthiness and believed the creation of value in a compliant manner. In 2022, under the call for national reform of "delegate power; streamline administration; optimize services", the Group strengthened its knowledge reserve in import and export customs clearance and trade security, and obtained the China AEO (Authorized Economic Operator) certificate, making it a foreign trade enterprise that meets the world customs standards.

During the Review Period, the Group did not have significant complaints or incidents relating to social responsibilities.

Certifications and reports for the Group's management systems are set out below:

ISO14001

ISO45001

ISO50001

IATF 16949

ISO9001

ESD S20.20

China AEO CERTIFICATE

IECQ QC080000

Corporate Operation

4.2 TECHNOLOGY INNOVATION

Research and Development in Technology

The Group has a strong R&D team. As at 31 December 2022, team members were aged around 31 on average under a ladder-shaped age group distribution and boasted open-minded thinking capacity and strong comprehension ability. Specifically, approximately 85% of the team members hold a bachelor's degree or above and approximately 63% have engaged in the industry for over 5 years, accumulating profound experience and foresight. Their technical knowledge covers mechanical, electronic, optoelectronics, information technology, software and other aspects. The Group's R&D team constantly bolstered its technical research capacity, kept abreast of cutting-edge technologies in the display device industry and remained dedicated to designing the most cost-effective products for our customers.

In terms of technology research, the Group has been keeping track of the needs of customers' projects, and strived to convert technical capabilities into commercial values. In 2022, the Group made breakthroughs in various key technologies, realizing the mass production of ultra-thin and ultra-narrow display modules and successfully developing display modules with three-side sealing adhesive, inkjet OCR (optical clear resin bonding technology, etc. The Group's subsequent R&D will focus on the development of extremely narrow bezel modules, 120Hz high frame rate solutions for amorphous silicon ("A-Si") displays and A-Si high pixel ("PPI") modules, and intelligent integrated testing system, etc.

Observation and Protection of intellectual property rights

The Group respects and protects intellectual property rights and formulates the Regulations on the Administration of Intellectual Property Protection in accordance with the Intellectual Property Protection Law of the PRC to clarify the relationship between intellectual property developers and managers, ownership of property rights and responsibilities, etc., and enters into relevant agreements. It standardises the management of intellectual property files, and sets access authority to such files. In addition, the Group, in accordance with the Information Security Management Procedure, classifies the intellectual properties of customers and suppliers as confidential information and has incorporated the same into the Confidentiality Agreement executed with employees to prevent disclosure. The Group follows the specific measures for internal control issued and updated by TCL Technology in July 2022 to avoid and prevent infringement of intellectual property rights and related laws from the perspectives of human resources management and information security. The Group conducts global searches on intellectual property rights used by suppliers' incoming components from time to time, and regularly evaluates the risk of the Group's technology solutions infringing intellectual property rights. The Group will create or alter its own designs when there is a high risk of infringement. During the Review Period, Group was neither an infringer nor a victim of intellectual property infringement.

Keeping proper record

The Group complies with the Patent Application Management System of TCL Technology and the Corporate File Management Measures issued by TCL Technology in order to keep proper record of the Company's patent and file information.

Raising the awareness of safeguarding rights

The Group conducts intellectual property rights training from time to time for frontline product and sales staff and will provide timely feedback to the Compliance and Legal Affairs Department for evaluation and follow-up malicious intellectual property rights infringements against the Group.

Adding information security measures

From time to time, the Group enhances its information security management system and embeds trade secret compliance requirements into its policies, processes, projects or transactions. The Group educates employees through various forms such as providing written training materials and holding internal examinations and urges them to strictly comply with the relevant requirements.

Number of new patents granted in 2022 **49**

Cumulative patent granted **277**
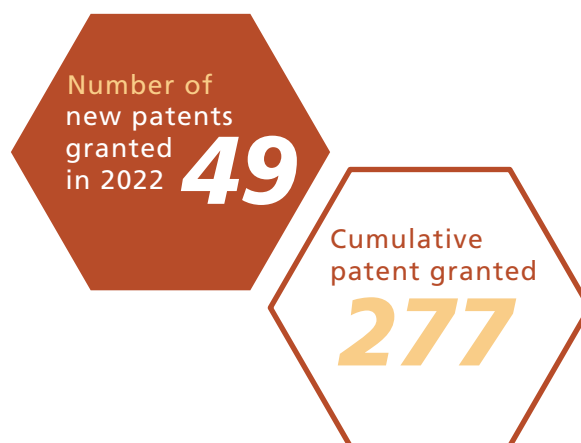
Improvement of Equipment Capacity and Process Technology

In order to build a high-level intelligent factory, the Group's engineering and production departments are committed to promoting innovative production technologies, accelerating the popularization and application of new technologies and processes, enhancing the intelligence and automation of production, reducing consumption and pollution, and promoting the application of lean production management and control systems to improve the quality of products.

In terms of production, the Group continued to reform and upgrade production lines, enhance the automation degree of equipment and optimize the structure of equipment during the Review Period. In terms of talent training, the Group held more than 150 in-house training sessions and set up a training camp for skilled workers to cultivate maintenance experts, so as to provide a continuous supply of talents for various posts. Meanwhile, the Group has established a processing center to realize independent processing of jigs and fixtures and further reduce the manufacturing cost per unit. In 2022, the Equipment Department of the Group recycled and transformed more than 2,300 sets of jigs through the improvement and innovation of jigs and the reuse of fixture materials to reduce the consumption of fixture materials. Innovative projects were carried out under which 1,320m² of consumables were saved per annum by reducing the size of adhesion board; and 1,800m² of consumables were saved per annum by reducing the width of dust-free cloth reels.

In 2022, the Group planned and implemented the construction of a new factory. On the one hand, the Group took the lead in designing an integrated line of equipment to realize a production mode with a continuous line in the whole phase, further enhancing the degree of automation of its production line; on the other hand, the Group introduced a series of core inspection equipment to further improve product yield. Meanwhile, the Group also transformed and upgraded its existing machines to process ultra-thin glass without the risks of air bubbles and blind holes, thus ensuring smooth mass production of ultra-thin and ultra-narrow products.

In terms of process technology management, the Process Technology Department completed 260 micro-innovation projects in 2022, including **4 technological innovation projects, 3 accessory-saving projects, 5 improvement projects for quality control circle and 10 patent projects**, such as the innovative technology of copper foil attached, which helps reduce our product costs, improve production efficiency and strengthen our competitiveness. As for the issues arising from projects of our key customers, the Process Technology Department also effectively avoided customer complaints about quality through technological innovation, thus laying a solid foundation for our projects' mass production, and our technical competitiveness could fully support the customer market.

Corporate Operation

In terms of the introduction of new materials and new production processes, the Group achieved a breakthrough regarding the limitations on the selection of domestic materials and introduced domestically produced silver paste and originated ultraviolet curing silicone adhesive, improving the flexibility of material allocation, further enhancing the reliability and competitiveness of our products and providing more room for the reduction of material costs. At the same time, the Group was the first to complete the application of scaling powder spraying process in the industry, effectively saving manpower resources and reducing the risk of occupational health hazards.

In terms of comprehensive management, the Group took preventive management seriously. By using tools such as Six Sigma, Quality Control Circle and Plan-Do-Check-Act, the Group established a task force and adopted standardised measures to solve tricky defective problems and avoid repeating mistakes thorghly, with a view to enhancing the effectiveness and sustainability of improvements.

Information Management

During the Review Period, the Group continued to improve and optimize the existing systems.

In terms of information security, the Group strictly implemented the Company's confidentiality policy according to internal information security prevention and control requirements and developed measures for shared disc access monitoring. By doing so, the Group strengthened its own information security, and that of its customers and stakeholders. The Group's Information Department continuously optimized and improved the Company's systems, with a view to maintaining efficient and stable operations and providing a strong guarantee for the Company's information security.

In terms of other information management, the Group's Enterprise Resource Planning ("ERP"), Business Intelligence and Product Lifecycle Management ("PLM") and other systems received more than 110 requests for development and configuration; the Manufacturing Execution System ("MES") received more than 94 requests for improvement, all of which have been developed and put into service.

In addition to optimizing and improving the existing systems, the Group also introduced a number of new systems, such as the Supplier Relationship Management ("SRM") system, the Electronic Standard Operating Procedure ("E-SOP") system, the Green Product Management System, and the Comprehensive Budget Management System. All of these systems have been put into service in our new factory in Chenjiang, Huizhou.

Supplier Relationship Management System

Due to the rapid changes in the industry, it is increasingly imperative for companies to have the ability to respond quickly to customer demands. The Group implemented a series of measures, for example:

1. In order to meet the demand for building intelligent warehouses in the new factory, the Group is designing a function with an autonomous system number ("ASN") for warehouse management to reduce reliance on traditional manual operation;

2. In order to meet the demands, strengthen the market competitiveness, to meet the trend and demand for IT-based supplier management, the Group kept in step with industry development and introduced the SRM system;

These measures have helped the Group better implement electronic cooperative work. New systems can trace and stop system exceptions, effectively plan operational procedures, improve process standards, and enhance execution efficiency, thereby preventing human errors and legal risks.

| SUPPLIERS | DELIVERY PLAN MANAGEMENT | FACTORY |

The manufacturer's packaging leaves the assembly line

The manufacturer records the goods

The system requests for materials

The manufacturer submits the delivery schedule

The Material Control Department confirms the delivery time and places orders with ERP system

Print and fix a label with the **ASN**

Verify **ASN** to ensure accuracy of goods

Deliver goods

Send instructions in the SRM system upon receiving the goods

Brief Introduction to the Operation of the SRM System
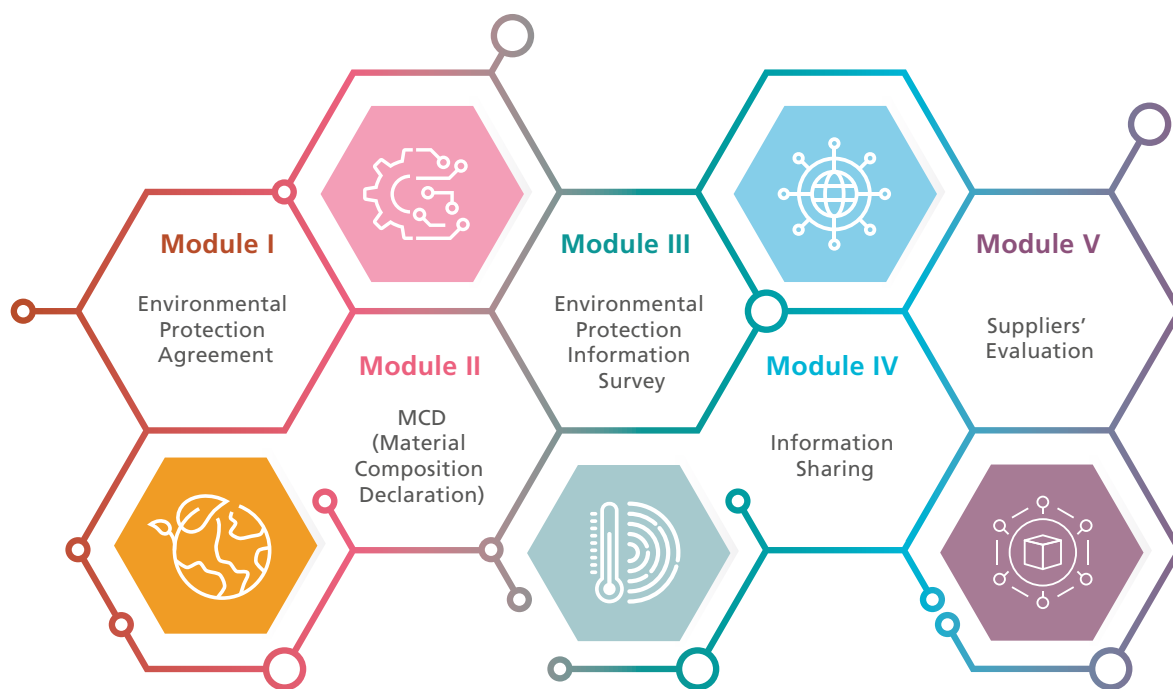
Corporate Operation

The Electronic Standard Operation Procedure System

As the enterprise scale is expanding, the Group starts installing the E-SOP system in its workshops, so as to promote the construction of digital factories and better serve the electronic inspection requirements of top-brand customers. The E-SOP system will utilise intelligent data maintenance, early warning of inspection and statistics reports about inspection data analysis, minimising the paperwork and manual data maintenance involved in workshop inspection. The system can improve workshops' cleanliness, reduce paper costs and prevent quality risks, thereby enhancing customer satisfaction. During the Review Period, the Group saved approximately 14.5 million sheets of paper through paperless inspection and 48,000 sheets of paper through use of other IT systems.

Green Product Management System

In order to form a green supply chain and meet the demand for green products from top-brand customers, the Group introduced a green product management system in its production process to systematic data input and transmission of green products, thus reducing human errors and human resources needed, and improving efficiency. This system can also check on data compliance and reduce risks such as non-conformance of raw materials, thus increasing suppliers' awareness of green product management and forming an effective result-oriented influence on suppliers.

Module I

Environmental Protection Agreement

Module II

MCD (Material Composition Declaration)

Module III

Environmental Protection Information Survey

Module IV

Information Sharing

Module V

Suppliers' Evaluation

Green System Function Modules

4.3 MARKET AND CUSTOMERS

The Group is customer-oriented, pays attention to brand and business development, and maintains solid cooperative relationship with customers. In 2022, adhering to the concept of "create value for customers", the Group took the initiative to create extra value for customers in the aspects of quality, delivery, cost and so on, guided by customer demand. During the Review Period, the novel coronavirus ("COVID-19") pandemic continued to linger on globally. The Group successfully limited the impact of the COVID-19 pandemic on the Group and no cases occurred in its production base. During the COVID-19 pandemic, the production line of the Group operated without interruption, production and operation were carried out according to plan, and orders were delivered on time, which was appreciated by customers of the Group.

The Group attaches great importance to brand-driven and diversified business development. During the Review Period, while consolidating in-depth cooperation with customers, it sought to explore more business channels and upheld the principle of concentrating on high-end products and maintaining product quality. In 2022, the Group continued to manufacture products for global top-brand customers such as Samsung and Transsion, and became their direct supplier. Currently, the Group has established partnerships with 5 top mobile phone companies in the world, namely Samsung, Transsion, Xiaomi, OPPO and Lenovo. Meanwhile, the Group has maintained good strategic cooperation with Transsion, which is well known as the "King of Africa", on high-end mobile phones. In addition to mobile phone module business, the Group has commenced broader and deeper cooperation with multiple Internet brands (ByteDance, Tomorrow Advancing Life, etc.) and brand customers in the industry (LG, Midea, etc.) in the smart home module business to supply smart home module products.

Mobiwire Quality Excellence Award

Transsion Best Quality Performance Award

The Group focused on high-end products in response to market demand. In terms of the rapid development of full-screen modules, the Group has always been in the leading position in the industry. High frame rate, lower narrow bezel and other leading technologies in modules have been put into mass production during the Review Period. In the future, the Group will increase the spending on R&D and actively participate in the R&D of high-end products of major customers, creating opportunities for further cooperation.

Corporate Operation

After-sales services for products

The Group has established a comprehensive after-sales service management process and a quality service team. Following the "2485 Principle", the Group carries out pre-sales services work and preventive management vigorously. Through the standardized management of pre-sales work, all of the Group's new significant projects for mass production of products can meet the customers' targets at the initial stage. For mass-produced products, the Group implements an "early warning mechanism" to ensure the quality of the products meets the standard required for the utilization on the customer end. In 2022, the customer return rate of products recorded a year-on-year decline of 15.6%.

The **2485** principle for processing customer complaints

1 First response — within **2 hours**

2 Emergency measures and second response — within **24 hours**

3 Analysis of causes, formulation of countermeasures and third response — within **48 hours**

4 Impact verification, case conclusion and fourth response — within **5 days**
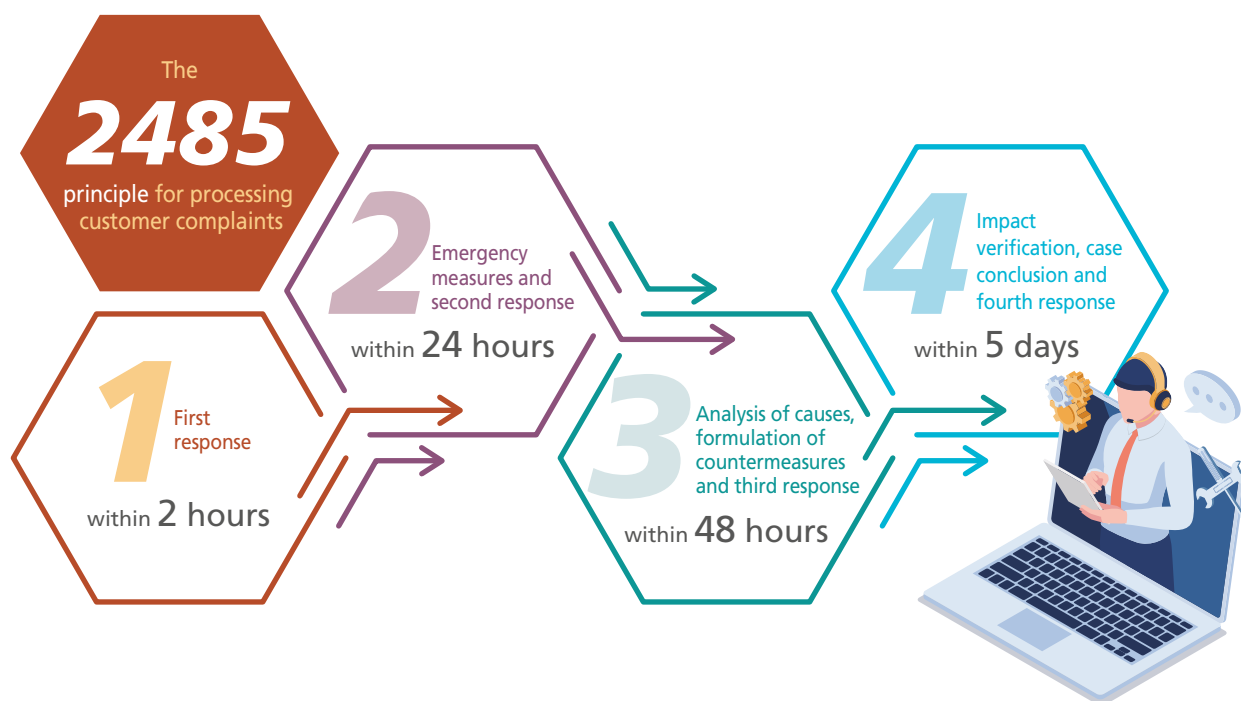
During the Review Period, the Group's customer complaint rate (i.e. the total number of product shipment batches subject to complaints divided by the total number of product shipment batches) was 0.17%, representing a year-on-year decrease of 0.18%. The Group believes that the customer complaint rate could better reflect the Group's product quality compared with the number of complaints on products and services given the sheer number of products sold by the Group annually.

4.4 QUALITY CONTROL

The Group attached great importance to product quality inspection to ensure that their products meet quality requirements.

During the Review Period, the Group further optimised the 127 processes set in 2021, thus ensuring the on-time delivery of quality products to customers.

In order to improve product quality, the Group took a number of measures for the quality management of new projects, components supply and manufacturing processes, including:

New projects

> We continued to improve our product development checklists through closed-loop management and accumulation of experience, effectively increasing the success rate of product development verification;

> We continued to develop methods to test the reliability of LCD products, created new test standards, and further improved new product testing and certification standards; and

> We acquired more laboratory equipment and enhanced the performance of our test boards, which helped increase our overall laboratory testing capability and thus meet product development and validation needs.

Components supply

> We identified potential risks in the manufacturing processes of the suppliers of each component;

> We carried out special improvement of connectors, foreign bodies, etc.

> We improved the manufacturing process capability of suppliers and quality control;

> We promoted the introduction of automatic optical inspection (AOI) equipment for full inspection by suppliers; and

> We regularly optimised the process using data collected by the Company's production lines.

Manufacturing processes

> We reviewed and implemented the quality planning schemes for customers and monitored the results;

> We focused on improving the detection rate of machine automatic optical inspection ("MAOI") and reviewing the management of delivery of repaired products, and implemented separate management; and

> We improved our staff's ability to review, checked the defective product details reported by customers, and streamlined the manufacturing process to reduce undetected error and delivery of defective product.

Corporate Operation

Product Safety

The Group's products do not contain components affecting personal health and safety and will not lead to health and safety hazards. The R&D department has always designed the Group's products according to the relevant standards and specifications. During the various stages such as new product development, trial production and mass production, each project team of the Group will conduct a number of reliability tests on various functions of the product, and carry out material inspection, first-batch inspection of manufacturing process, finished product inspection and shipment inspection.

The Group ensures product safety according to the internally enacted Product Recall Management Process. If any safety risks are spotted on products not yet shipped, the Group will immediately terminate the production of such products and analyse them separately for improvement. If shipped products are involved, the Group will report the spotted issues to customers and recall the products.

As there is no appliable laws and regulations on module products' safety in the PRC, to protect the environment and to reduce the health hazard of hazardous substances, the Group adopts the European Union's Directive on Restriction of Hazardous Substances in Electrical and Electronic Equipment ("RoHS"), the Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH"), Montreal Protocol on Substances that Deplete the Ozone Layer, European Union's Persistent Organic Pollutants ("POPs") Directive and other regulatory requirements and conducts its production in compliance therewith.

During the Review Period, there was no product sold or shipped subject to recall for safety or health reasons and there was no product safety incidents relating to the Group. In terms of customer satisfaction, the Group ranked among the top in the industry.

Advertising and Labelling

The Group complies with the Advertising Law of the PRC to handle products advertising, packaging and labelling. During the Review Period, the Group's advertising, packaging and labelling were in line with the principles of authenticity, legality and fairness.

As the Group's products are non-terminal products, they have no separate packaging and labels. According to customers' requirements, information such as product model, name and quantity will be marked on the packaging boxes of products, and environmental protection labels such as "RoHS/Halogen Free (HF)" and other marks will be affixed to meet customers' and relevant laws and regulations' requirements. If customers find that there are no specified labels on the packaging boxes for the Group's products, they may negotiate with the Group to return the products or allow the Group to re-affix relevant labels.

Meanwhile, the Group does not directly advertise to consumers. When the Group's staff introduce the products to customers, they will adhere to the principle of being honest and will not conduct false advertising. In the unlikely event of any inadvertent false advertising, the Group will communicate with customers to rectify the errors, and release statements with the correct content to clarify the advertising through appropriate media for rectification.

Customer Privacy Protection

The Group complies with the Patent Law of the PRC, the Anti-unfair Competition Law of the PRC, Several Provisions on Prohibition of Infringements against Trade Secrets and the Intellectual Property Law of the PRC, and formulates the customer information security management system and remedy measures pursuant to such laws. The Group sets up areas of different levels of confidentiality for various customers, establishes access restrictions for customers' product production and storage areas, and limits the use of photography equipment. The Group manages customers' data, documents and files in a confidential manner to protect their privacy, intellectual property rights and trade secrets. In case of the occurrence of customer information leakage, the Group will as soon as practicable recover and delete relevant information, report to customers proactively, issue an apology to customers sincerely and negotiate subsequent handling.

During the Review Period, the Group did not record any incidents relating to customer information leakage. The Internal Control Department of the Group will regularly review the customer privacy protection policy to ensure that relevant measures are effective.

4.5 SUPPLY CHAIN MANAGEMENT

The supplier management philosophy of the Group is to grow together with suppliers and establish an excellent ecological supply chain. An enterprise grows bigger and stronger as the quality of its products improves. The parts provided by upstream manufacturers are the foundation of product quality. Therefore, it is necessary to help suppliers grow together and create a more secure supply chain. As at 31 December 2022, the Group had 153 suppliers in total, more than 80% of which are located in Mainland China, close to the main production bases of the Group.

Number of Suppliers by Geographical Distribution

Mainland China: 128, 83.7%

Hong Kong, Macau and Taiwan: 25, 16.3%
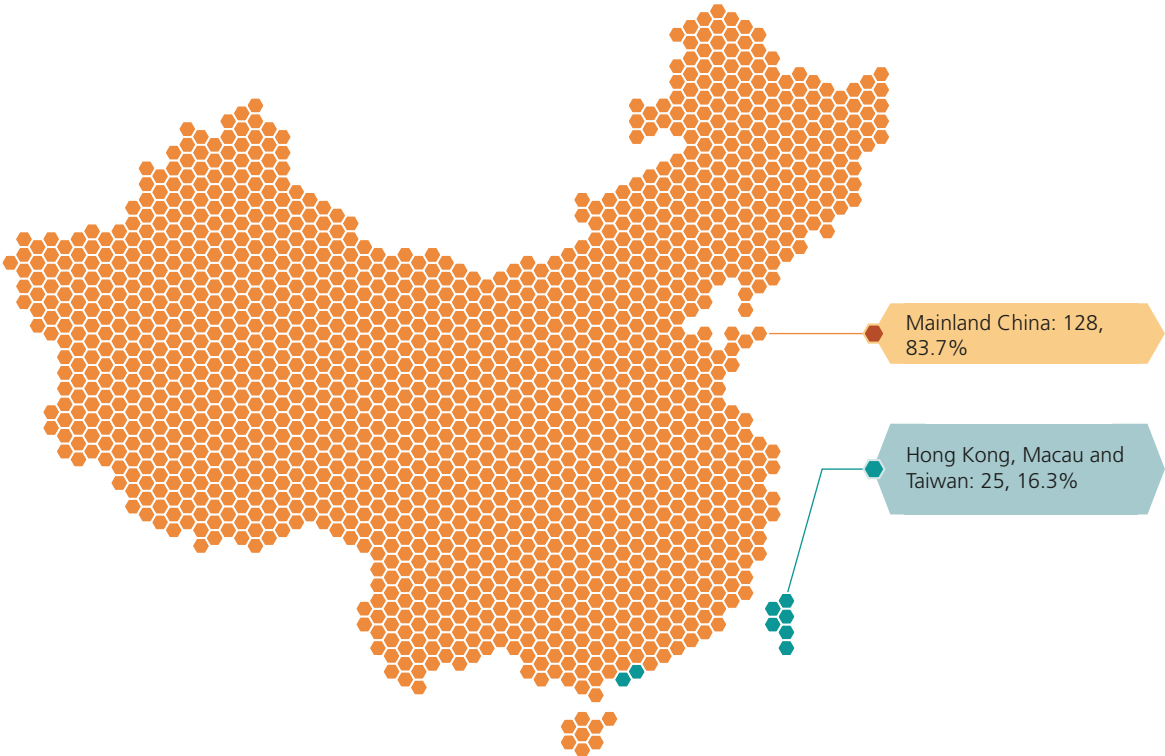
In 2022, the COVID-19 pandemic continued to linger in PRC, which led to production suspension and lack of workers for certain supply chains. The Group actively assisted suppliers in difficulties to resume production and took measures to diversify supply, and urged suppliers to take a series of pandemic prevention and control and production safety measures, ensuring the safety and health of employees and suppliers, and protecting the interests of customers and the stability of the supply chain. During the Review Period, there was an oversupply of panels and chips and the market price continued to decline. The Group reacted to the changing market price in a timely manner after foreseeing the market trend and continued to reduce the inventory of panels and chips, which effectively reduced the inventory cost and loss from price drops.

Corporate Operation

Supplier engagement practices

The Group has a strict standard and sound mechanism in selecting and engaging suppliers. In 2022, the Group further optimised the internally enacted Management Procedure for the Development and Engagement of New Suppliers to strictly manage the qualification and information of suppliers, effectively reducing the risk of introducing unqualified suppliers (as detailed in the "Flow chart for procedure of engaging for new suppliers" below).

Flow chart for procedure of engaging for new suppliers

Process node	Work content	Responsible department
Market information survey	Investigate information such as suppliers' production capacity, technical capability, customer base, capital, tax payment information, etc. through market researches; Determine whether the potential supplier is qualified;	Resource Development Department, Quality Control Department, Product Development Department, Process Technology Department, Equipment Department and Finance Department
Put forward the development needs for new suppliers	Apply for the entry of internal demands;	Resource Development Department
Plant on-site audit	Visit potential suppliers' plants for audits; Examine all aspects of the supplier's capability through a Quality System Audit and/or Quality Process Audit and provide an audit report; Assess whether the potential supplier's plant is qualified;	Resource Development Department, Process Technology Department, Equipment Department, Software Quality Assurance ("SQA") Office of Quality Control Department, Product Development Department and Finance Department
Sign an agreement	Arrangements for the signing of procurement framework agreement, quality agreement, etc. between the parties; Ensure the cooperation with supplier meets the Group's requirements;	Resource Development Department, SQA Office of Quality Control Department
Sample acquisition and validation	Request samples from potential suppliers; Testing and validation of samples and/or new materials; Confirm that the products meet the requirements of the Group;	Process Technology Department, Equipment Department, SQA Office of Quality Control Department, Product Development Department

Process node	Work content	Responsible department
Sign the supplier confirmation	Sign audit reports, agreements, etc.; Sign the supplier confirmation, apply for the supplier code and submit it to the management for approval;	Resource Development Department, Process Technology Department, Equipment Department, Quality Control Department, Product Development Department and Finance Department
Entry of qualified suppliers into the system	Qualified suppliers will be included in the Group's list of qualified suppliers; Generate a supplier code for future use.	Document Control Unit of the Quality Control Department and Resource Development Department

After the suppliers are confirmed to be qualified, the supplier audit team will audit the suppliers according to the laws, regulations and system standards currently in force, on factors such as R&D, technology, quality, service and financial position, as well as the fulfillment of environmental and social responsibility and geographical location of the suppliers, so as to give due regards to the impact on society and environment.

Materials that have a significant impact on the quality of the products are considered key materials, and suppliers of key materials are listed as key suppliers to facilitate the management by the Group. The Group sets basic thresholds for key suppliers, and relevant companies are required to meet specific requirements to become qualified suppliers. During the Review Period, all engagement of new suppliers by the Group complied with the internal Management Procedure for the Development and Engagement of New Suppliers.

Passing rate of key suppliers in terms of certification

2021	**2022**	2021	**2022**	2021	**2022**
100%	100%	81%	84%	38%	42%

| ISO 9001 quality and ISO 14001 environmental certification systems | QC 080000 certification system | Occupational health certification system |
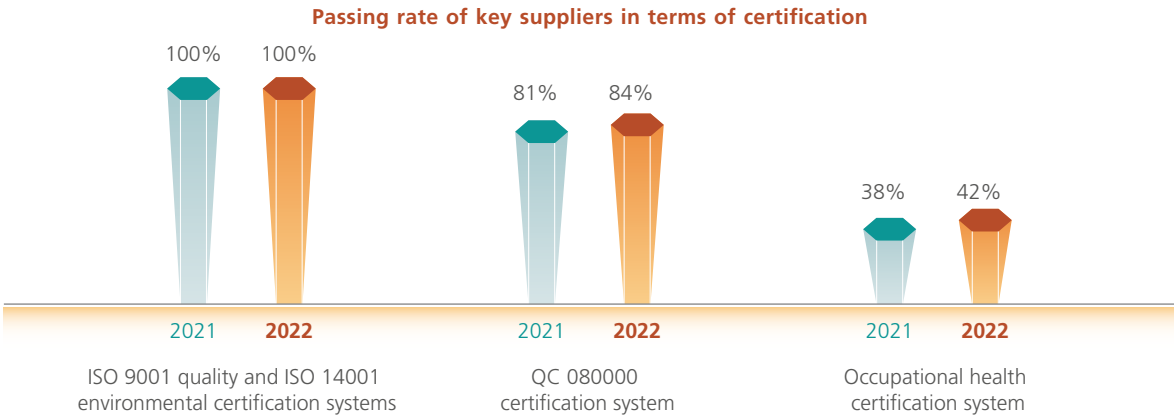
In terms of supplier management, the Group has established an excellent supplier quality management team to help suppliers improve their capabilities by providing guidance to them. In 2022, as customers continued to upgrade their products and demanded more and more high-end products, suppliers' automated manufacturing process production and inspection capabilities have been greatly enhanced. The Group updated the procedures for inspection of raw materials of components and related standards, and continuously promoted and assisted suppliers to carry out quality improvement activities, so as to improve the quality of components and enhance the competitiveness of products. The Supplier Engagement Review Committee of the Group will monitor the effectiveness of the supplier engagement policy from time to time.

Due to the pandemic, the Group's employees had limited business travel, and most of the supplier guidance was provided through online video conferencing. During the Review Period, the Group conducted 324 online counselling sessions and 96 on-site audits of suppliers, with the aim to improving the management level of suppliers, and to ensure fulfilment of social responsibilities by the suppliers.

Corporate Operation

Moreover, in order to promote the coordination of production, supply and marketing, the Group transformed from mass production procurement function to Production Material Control department, so as to horizontally bridging order plan, material plan, production plan and shipment plan to form an interconnected plan, which promoted the rapid turnover of inventory, contributed to timely procurement, and reduced the non-operational working hours and energy waste caused by insufficient materials.

At the end of 2022, 10 suppliers were awarded by the Group with the recognition of "excellent suppliers" to honour and encourage them to develop together with the Group.

4.6   MANAGING ENVIRONMENTAL AND SOCIAL RISKS IN THE SUPPLY CHAIN

The Group is committed to the management principle of green and responsible production and compliance with relevant environmental and social regulations. It conducts toxic and hazardous substances management and actively monitors, identifies and manages environmental and social risks along its supply chain through the internally enacted Toxic and Hazardous Substance Management System, Risk and Opportunity Management Procedures, Stakeholder Management Procedures, Code of Conduct for TCL Partners and other internal regulations. Meanwhile, the Group continues to promote green procurement and avoid the use of conflict minerals to further reduce the environmental and social risks arising from the supply chain. In addition, the SQA Office of the Group's Quality Control Department and environmental system engineers will monitor the policies effectiveness of the management of environmental and social risks in the supply chain from time to time through materials monitoring and system review. Specific audit rules are as follows:

Supplier audit rules

Grade	Performance	Treatment for new suppliers	Treatment for qualified suppliers
A	Excellent	Directly approved. Review identified issues, and respond to improvement reports.	Procure in bulk, review identified issues, and respond to improvement reports.
B	Qualified	Approved. Review identified issues, respond to improvement reports, conduct a re-audit within one month from the report and confirm resolution of on-site issue.	Continue procurement, review identified issues, and respond to improvement reports.
C	Conditionally qualified	Disapproved in principle. Review identified issues, and respond to improvement reports. The demanding department of the Company may apply for limited procurement should the needs arise for a term of no more than six months. Re-audit will be conducted during the limited procurement period and such suppliers will only be admitted as qualified suppliers if they get a B Grade or above in the re-audit.	Limit procurement, suspend new projects, review identified issues, respond to improvement reports, and conduct a re-audit within one month. The Group will resume procurement only when the re-audit results reach Grade B or above.
D	Unqualified	Disapproved and disqualified for re-assessment within two years.	Disqualified as suppliers.

Toxic and hazardous substances management

The Group adopts the following measures to ensure that its products are free from toxic and hazardous substances:

1.   Control from the source of procurement, review the composition during material sourcing, and select materials that meet standards;

2.   Request third-party testing reports from suppliers to confirm the composition of raw materials;

3.   Carry out X-ray fluorescence (XRF) spectrometer testing on raw materials, or send them for external testing, to ensure that raw materials comply with the Toxic and Hazardous Substances Control Standards, so as to meet the requirements of customers and the Group on refraining from using toxic and hazardous substances, and to ensure compliance with laws and regulations.

4.   Implement the IT-based management of the entire process of controlling hazardous substances: 1) collection as per customer standards and check with the conformity; 2) auditing and approving suppliers' hazardous substance systems; 3) uploading and approving suppliers' data; 4) keeping XRF test records; 5) submitting and keeping customers' data, etc.

The Group's toxic and hazardous substance management indicators were assigned to corresponding functional departments and relevant production processes for monthly statistical assessment, to ensure the effective operation of the toxic and hazardous substance system. The key monitoring processes include standard management of toxic and hazardous substances, management over new materials, new projects and new equipment, R&D and design management, suppliers management, incoming raw materials management, process management, finished products management and finished products change management. In 2022, type of the toxic and hazardous substances controlled by the Group increased by 8.3% from 121 in 2021 to 131 in 2022, and the control requirements were tightened pursuant to California Proposition 65.

During the Review Period, the Group passed the examination of toxic and hazardous substances management systems by all customers, and did not record any cases of excessive toxic and hazardous substances.

Green Procurement

The Group is committed to the concept of green procurement under sustainable development. To reduce the environmental impact of suppliers, the Group encourage them to use more environmentally friendly products and services. The Group requires its business partners to comply with the standards set out in QC 080000: 2017 Toxic and Hazardous Substance Management System and the requirements of laws and regulations. Suppliers are required to sign the Environmental Protection Agreement and the Environmental Compliance Statement and are subject to strict review and monthly assessment (as shown in the table below). Meanwhile, the Group also regularly asks suppliers for RoHS and halogen test reports and material safety data sheet to ensure effective assessment of compliance with environmental laws and regulations. The Quality Control department of the Group regularly conducts XRF testing on incoming raw materials according to the risk levels, which effectively reduced the environmental risks from the supply chain.

Corporate Operation

Monthly supplier assessment rules

Grade	Performance	Procurement strategy	Follow-ups
A	Excellent	Continue procurement and may increase procurement amount at discretion.	Notify the suppliers and no improvement report is required.
B	Qualified	Continue procurement.	Notify the suppliers and no improvement report is required.
C	Conditionally qualified	Issue warning. Personnel with grades at quality control director or above are required to set up a team to review and make improvements. Reduce procurement amount. Suppliers who get Grade C for three times in six consecutive months will be automatically downgraded to Grade D.	Notify the suppliers and require improvement and review.
D	Unqualified	Disqualify as suppliers and terminate procurement.	Disqualify as suppliers.

Conflict Minerals

In recent years, mines controlled by armed forces in conflict areas are often associated with severe human rights violations and environmental pollution during the mining process, and provide financial support for armed forces, enabling continued armed conflict and causing more severe humanitarian disasters. Thus, the international community is very concerned about "Conflict Minerals", i.e. the four types of metals, namely gold, tin, tungsten and tantalum (the "Minerals"), produced from armed conflict regions in Africa, which comprise the Democratic Republic of Congo and its nine neighboring countries (namely Angola, Burundi, the Central African Republic, the Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia).

While the Group's products contain the Minerals, the Group does not procure the Minerals directly. Our suppliers purchase or use the Minerals produced from various places around the globe. As an enterprise which values its social responsibilities, the Group undertakes to neither procure nor support the use of Conflict Minerals, whether directly or indirectly.

To fulfill such undertaking, the Group follows the principles of the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas ("Due Diligence Guidance") issued by the Organisation for Economic Co-operation and Development ("OECD"), and participates in the Conflict-Free Sourcing Initiative ("CFSI") and the Due Diligence Guidance of OECD. The Company and all of its suppliers only purchase from smelters and refineries approved or certified by Conflict-Free Sourcing (CFS), the London Bullion Market Association (LBMA) or the Responsible Jewelry Industry Committee, avoid procurement and disapprove the use of any Conflict Minerals, so as to avoid negative impact on society, and pay tribute to the human rights and environment in the conflict areas.

During the Review Period, the Group conducted Conflict Minerals inquiry through the CFSI-CMRT Questionnaire with 28 suppliers (supplying IC drivers, connectors, display panels, resistors, capacitors and diodes) whose products may contain the Minerals. All of the suppliers furnished response. The survey results showed that the Minerals in the raw materials of the Group were purchased from qualified CFSI smelters and met the supply standards of the Group.

During the Review Period, the Group did not receive any complaints about toxic and hazardous substances.

MANAGEMENT POLICY ON CONFLICT MINERALS

1. Suppliers are required to formulate conflict minerals policies that comply with OECD's Due Diligence Guidance, and disseminate such policies to all their suppliers.

2. Suppliers shall ensure that all the products and/or the packaging material thereof delivered to the Company are free from Conflict Minerals, and sign the Declaration of Non-use of Conflict Minerals.

3. Suppliers shall earnestly investigate the supply chain, identify and trace the sources of the Minerals, ensure the legality of sources of raw material, and truthfully fill out and reply to CMRT questionnaires or other materials.

CMRT is the Conflict Minerals Reporting Template issued by the Responsible Minerals Initiative.

05 • Environmental Report

5.1 ENERGY AND RESOURCES CONSERVATION

The Group is committed to integrating the concept of green development in its corporate operations. With reference to the ISO14001 environmental management system standard and the IECQ QC080000 hazardous substances management system standard, the Group announced its "Green Production" policy in 2013 and established and continuously implemented its environmental management system, hazardous substances management system and energy management system, and obtained the system certificate from SGS, an international inspection, validation, testing and certification institute. Faced with the challenge of energy consumption arising from the further automation of production equipment, all members of the Group made concerted efforts to carry out a number of improvement projects with the objective of "energy and water conservation, emission reduction" to enhance management and rationalise production, thereby improving the overall production efficiency, and at the same time reducing the use of energy, water and raw materials.

During the Review Period, the Group did not consume any natural resources directly in the production process. The Group's business activities mainly affect the environment through energy and water consumption, gas emission, waste production and usage of raw materials for production. The Group aimed to reduce greenhouse gas emissions by improving energy efficiency through energy reviews and audits and improving quality and production efficiency. In addition, the group regularly inspects the waste water, waste gas emission, noise pollution, etc. to ascertain its impact on the environment. Whilst the Group considers that the above-mentioned activities did not have a significant impact on the environment and natural resources, the Group has adopted policies and measures on conservation of energy, water and raw materials, and reduction of gas and waste emission as set out in this report to minimise the impacts.

Energy

Energy consumption

Category	Unit	Year ended 31 December 2021	Year ended 31 December 2022	Year-on-year change
Direct energy				
Gasoline Note 1	tonne Note 2	2.60	**3.44**	+32.1%
Gasoline consumption intensity in terms of sales volume	g/unit Note 2	0.04	**0.06**	+57.5%
Diesel Note 3	tonne Note 2	7.89	**–**	–
Diesel consumption intensity in terms of sales volume	g/unit Note 2	1.18	**–**	–
Indirect energy				
Purchased electricity	kWh('000s)	31,871	**29,382**	-7.8%
Electricity consumption intensity in terms of sales volume Note 4	kWh/unit	0.48	**0.54**	+12.5%

Notes:

1. *In 2022, with the loosening of pandemic control measures by the PRC government, transport and/or travel by commercial vehicles have gradually resumed and hence the consumption of gasoline has increased.*

2. *The Group adopted the following conversion factors sourced from the Energy Statistics Manual issued by the International Energy Agency:*

NRF combustible fuel	Litres per tonne	Gross calorific value (GJ per tonne)
Petrol	1,350	47.1
Diesel	1,185	45.66

1 GJ = 277.778 kWh

For example: to calculate energy from 1,000 kg of gasoline: 1,000 (L) divided by 1,350(L/T) multiplied by 47.1(GJ/T) multiplied by 277.778 equals to approximately 9,691 kWh. As the amount of gasoline and diesel consumed by the Group is relatively small, for clearer disclosure, the Group used gram (g) as units of disclosure to calculate direct energy intensity in terms of sales volume.

3. *In 2022, the Group did not use diesel for power generation.*

4. *The increase in electricity consumption intensity in terms of sales volume was mainly due to the overall decrease in sales volume in 2022.*

Environmental Report

During the Review Period, the major energy saving projects carried out by the Group and the measures taken are as follows:

Equipment/locations	Description of measure	Result
Commercial vehicle	Low-carbon travel.	Encouraging staff to use bicycles or buses to get around and reduce the use of private cars.
Air conditioning system	Improved the heat transfer and dissipation capacity of the air conditioning and increased the efficiency coefficient of the air conditioning unit by descaling and softening the air conditioning circulating water system, thus saving electricity.	Saving approximately 600 kWh('000s) of electricity.
Ionic wind rod improvement project	1. Reduced unnecessary air compression in standby mode through the addition of an ionic wind rod with automatic sensor; 2. Separate control of the air used for the equipment and the air used for the ionic wind rod to reduce waste.	Saving approximately 140 kWh('000s) of electricity.
Canteen	Given the relatively small number of personnel having breakfast and night snack, arranged for the two canteens to open for business alternatively, thereby saving electricity.	Enhancing the awareness of all departments of the Company to save electricity and encouraging everyone to reduce electricity consumption, saving 60 kWh('000s) of electricity.
Workshop	The production centre organised the Equipment Department, Quality Department and Manufacturing Department to carry out efficiency improvement and energy conservation activities to optimise the operational procedures, reduce the idle hours of equipment and improve the yield, thus increasing the production efficiency by more than 10% year-on-year.	Saving 2,670 kWh('000s)of electricity.

Energy management targets for 2023

Gasoline	Gasoline consumption intensity in terms of sales volume ≤**0.06** g/unit	Saving approximately 600 kWh('000s) of electricity.
Diesel	No use of diesel	Saving approximately 140 kWh('000s) of electricity.
Purchased electricity	Electricity consumption intensity in terms of sales volume less than **0.53** kWh/unit	Saving approximately 140 kWh('000s) of electricity.

Environmental Report

Water resources

Category	Unit	Year ended 31 December 2021	Year ended 31 December 2022	Year-on-year change
Total water consumption	tonne	245,261	**221,534**	-9.7%
Water consumption intensity in terms of sales volume	g/unit	3,678	**4,087**	+11.1%

In 2022, the Group consumed pure water for cleaning products and tap water for cleaning trays, and there was no problem in sourcing water that is fit for purpose. During the Review Period, the Group saved 64,000 tonnes of water mainly by recycling and reusing water used in the production process. In order to achieve its water efficiency targets, the Group regulated the production and domestic water consumption in the production facilities to reduce water wastage. The Group also improved the production water recycling rate by installing the production water recycling system, which conserved water used during the production process.

Water resource management targets for 2023

Water consumption intensity in terms of sales volume ≤**4,150** g/unit.

Environmental Report

Packaging materials

Category	Unit	Year ended 31 December 2021	Year ended 31 December 2022	Year-on-year change
Packaging materials	tonne	2,328	**1,927**	-17.2%
Intensity of packaging materials in terms of sales volume	g/unit	34.90	**35.56**	+1.9%

The Group's policy of sharing materials and conserving resources is to reduce the consumption of packaging materials through recycling and reuse. The Group has incorporated an environmentally friendly design into the packaging of its products by recycling and reusing the pallets used for packaging of components, taking advantage of the similar size of the components and the products of the Group. During the Review Period, over 98% of the pallets used in the products were reused, reducing the consumption of plastic materials and helping to protect the environment. In addition, the Group actively recycled packaging materials during the Review Period, collecting over 500,000 pieces of paper and 80,000 pieces of plastic waste.

Packaging material management targets for 2023

Packaging material intensity in terms of sales volume ≤**35.66**g/unit (i.e. ↘**2**% year-on-year)

Environmental Report

5.2 EMISSIONS REDUCTION

The Group is committed to reducing discharges into water and land, exhaust gas and greenhouse gas emission, and generation of hazardous and non-hazardous waste, and manages them in accordance with the Environmental Protection Law of the PRC, the Law on the Prevention and Control of Water Pollution of the PRC, the Law on the Prevention and Control of Atmospheric Pollution of the PRC, the Environmental Protection Law on Solid Wastes Pollution of the PRC and other national laws and regulations, so as to ensure compliance with environmental requirements.

During the Review Period, the Group continuously optimised the ISO 14001 environmental management system, established the environmental protection responsibility system and hazardous waste prevention responsibility system, optimised pollutant emission management standards, and set emission targets. In 2022, the Group invested approximately RMB1.05 million in environmental protection management. Professional tests conducted by independent third parties showed that the Group's discharge and emissions of wastewater, exhaust gas and waste met the national standards. The Group also carried out activities to promote environmental protection and energy conservation, in an effort to raise employees' awareness on environmental protection and energy conservation, promote "green and low-carbon" production and lifestyle, and reduce the generation of pollutants from the source.

Industrial wastewater

Category	Unit	Year ended 31 December 2021	Year ended 31 December 2022	Year-on-year change
Industrial wastewater	tonne	26,070	**23,893**	-8.4%
Industrial wastewater discharge intensity in terms of sales volume	g/unit	390.90	**440.75**	+12.8%

During the Review Period, the Group's routine treatment of industrial wastewater and the management measures taken to achieve the waste reduction targets were as follows:

Daily Management Measures	Actions taken to achieve waste reduction targets
1) Monitor and test the process regularly;	1) Industrial wastewater is treated by physicochemical and biochemical methods in sewage treatment facilities. For cleaning products, pure water is used instead of lotion, and is recycled to reduce the discharge of industrial wastewater;
2) Adjust and optimise system operation reasonably;	
3) Ensure the discharge standards and environmental protection requirements are met;	2) Improve production efficiency to reduce wastewater discharge per unit of product.
4) Set up a wastewater management list and an inspection system.	

Industrial wastewater management targets for 2023

Industrial wastewater discharge intensity in terms of sales volume ≤ **442.02** g/unit

Environmental Report

Exhaust gas emissions

During the Review Period, the Group's exhaust gas emissions mainly comprised industrial exhaust gas and air pollutants from combustion for direct energy generation. Industrial exhaust gas was mainly generated from chemicals such as alcohol used in the production process. In terms of management and control of exhaust gas, the Group prioritized controlling the toxic and harmful components of chemicals. The Group controlled chemicals it used in compliance with EU's REACH and the national standard GB 38508 – 2020 Detergent Volatile Organic Compounds Content Limits. In the production process, the exhaust gas was collected by air extraction devices, and discharged after being filtered and adsorbed with secondary activated carbon and complying with certain standards. The exhaust gas emissions are regularly tested by qualified third-party testing institutions to meet national emission standards on a yearly basis.

The Group also emits other pollutants regulated by national laws and regulations, such as benzene, toluene and xylene, and VOCS. According to the review conducted by a third-party organization, the emission concentration and emission rate of these pollutants are within the PRC national standard BD44/27-2001 Air Pollutant Emission Limits.

Category	Unit	Year ended 31 December 2022	Year ending 31 December 2023 (Target)
NOx	kg	6.51	≤**6.38**
SOx	kg	50.53	≤**49.52**
Suspended particles	kg	6.26	≤**0**

Note: The Group did not keep separate statistics for the above figures in 2021.

Greenhouse gas emissions

Apart from a small amount of direct (Scope 1) greenhouse gas emissions, such as those from vehicles, equipment and machinery, the main source of greenhouse gas generated by the Group is energy indirect (Scope 2) emissions, i.e. the consumption of purchased electricity. During the Review Period, the greenhouse gases emitted by the Group included carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons (except perfluorocarbons and sulphur hexafluoride which the Group did not record emission thereof).

In response to the "30 • 60" carbon emission goal set by the state, the Group actively participated in the "double carbon" seminar organised by TCL Technology in 2022 and took part in the compilation of the carbon management guidelines for enterprises in the industry. The Group kept abreast of the double carbon policy and changes in the industry, proactively introduced green power projects and developed preliminary construction plans for photovoltaic power generation.

Category	Unit	Year ended 31 December 2021	Year ended 31 December 2022	Year-on-year change
Direct (Scope 1) Greenhouse gas emissions	tonne CO_2e	1,065	**412**	-61.3%
Greenhouse gas emission intensity in terms of sales volume	CO_2e/unit	15.96	**7.59**	-52.4%
Indirect (Scope 2) Greenhouse gas emissions	tonne CO_2e	17,552	**15,487**	-11.8%
Greenhouse gas emission intensity in terms of sales volume	CO_2e/unit	263.18	**285.70**	-8.6%

During the Review Period, the Group's routine treatment of exhaust gas and greenhouse gas emissions and the management measures taken to achieve the reduction targets were as follows:

Daily Management Measures	Actions taken to achieve air and greenhouse gas emission reduction targets
1) Optimize the process of greenhouse gas and energy management system;	1) Industrial exhaust gas is collected by an air extraction device, and then discharged after activated carbon filtration and purification;
2) Reduce electricity waste through daily supervision;	2) Each year, the emissions are tested by a third-party agency and meet the Air Pollutant Emission Standards of Guangdong Province, the PRC;
3) Improve energy efficiency and reduce emissions through improving efficiency;	3) Emission reduction targets are set and carbon emissions are regularly calculated;
4) Regularly measure and monitor emissions to evaluate whether they exceed the standard.	4) All employees pay attention to save energy, reduce power consumption and hence carbon emissions.

Greenhouse gas emissions management targets for 2023

Scope 1

Greenhouse gas emission intensity in terms of sales volume≤ **8**g/unit

Scope 2

Greenhouse gas emission intensity in terms of sales volume≤ **297.14**g/unit
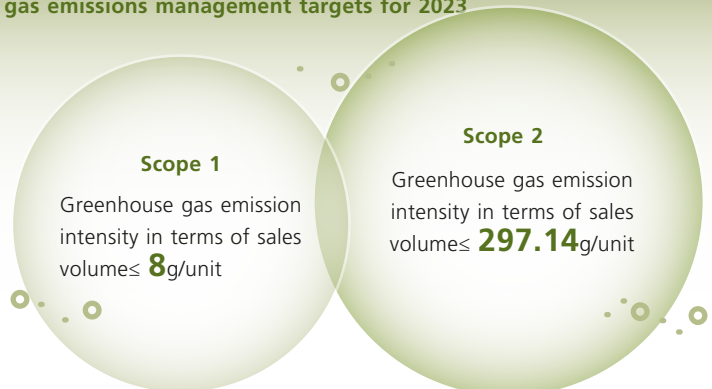
Environmental Report

Waste

Category	Unit	Year ended 31 December 2021	Year ended 31 December 2022	Year-on-year change
Hazardous waste	tonne	3.65	**1.74**	-52.3%
Intensity of hazardous waste in terms of sales volume	g/unit	0.05	**0.03**	-41.4%
Non-hazardous waste	tonne	289	**216**	-25.3%
Intensity of non-hazardous waste in terms of sales volume	g/unit	4.34	**3.99**	-8.1%

During the Review Period, the hazardous waste produced by the Group included chemical containers, whilst the non-hazardous waste produced by the Group is classified into two categories i.e., recyclable and non-recyclable waste (see the table below for details). The Group's routine treatment of waste and the management measures taken to achieve the waste reduction targets were as follows:

Daily Management Measures	Actions taken to achieve waste reduction targets
Hazardous waste	
1) Hazardous waste is managed in a standardised manner: stored and transferred by type in separated areas according to environmental protection requirements, made a transfer management list, and set up hazardous waste signs;	1) Reduce chemical usage through enhanced management: Set the limit for the amount of chemicals to be used based on production volumes;
2) A hazardous waste pollution prevention responsibility system is established and a department responsible for pollution prevention is set up; regular drills are conducted on environmental emergency plan;	2) Use secondary leak-proof containers to secure chemical bottles to reduce waste leakage;
3) Recycling agreements are signed with suppliers according to the type of chemical containers;	3) Promptly dispose of waste oil: Assign dedicated personnel for hazardous waste management, collect waste oil on a monthly basis, and engage qualified institutions for disposal of waste oil.
4) Chemical containers are reused in the same way as they were used before and managed in a standardised manner, and a recycling management list is established.	
Non-Hazardous waste Non-Hazardous waste is classified into two categories, namely recyclable and non-recyclable waste: Recyclable waste, such as paper and metals, is recycled by waste collectors; Non-recyclable waste is handed over to sanitation workers for disposal.	1) We promote waste classification knowledge to our staff through email, screencast, billboard and WeChat, to conserve paper and packaging materials and reduce waste production; 2) Establish and apply an electronic approval and information system to reduce paper consumption.

Waste management targets for 2023:

Hazardous waste	Hazardous waste intensity in terms of sales volume ≤ **0.03** g/unit
Non-hazardous waste	Non-hazardous waste intensity in terms of sales volume ≤ **4.0** g/unit (or ↘ **2**% year-on-year)

5.3 IMPACT OF CLIMATE CHANGE

Climate change is one of the major challenges of the times. The Group adheres to green development, proactively adapts and responds to the potential risks and issues posed by climate change, and effectively reduces the carbon emissions of the business through measures such as improving the energy management system, increasing the use of renewable energy, building a green supply chain, and enhancing employees' carbon reduction awareness, for the purpose of fulfilling its corporate responsibilities to mitigate climate change.

In response to major climate-related events that may have an impact on the business of the Group, the Group has taken actions and formulated special systems including the Emergency Response Plan for Natural Disaster Events. The Group identifies potential climate change risks through the identification of risk sources from time to time in accordance with the Integrated Emergency Response Procedure developed by the Company. In assessing and managing climate-related risks, the Group will set up emergency response teams depending on the alert level, and conduct emergency training and special inspections to enhance the skills of emergency response personnel and eliminate safety hazards in a timely manner.

The Group established special teams and formulated countermeasures and conducted emergency drills from time to time. Specific response actions under the emergency plan are as follows:

1.   The evacuation team relocates employees and rescues injured employees;

2.   The maintenance team urgently repairs damaged facilities that may cause personal injury and affect production, and dispatches emergency facilities to external entities (if necessary); and

3.   When necessary, the person in charge of the emergency plan of the Group will obtain assistance from TCL Technology or the government.

Environmental Report

During the Review Period, the Group identified the impact of climate change risks and issues to business development and took measures as follows:

Impacted entity	Possible impact of severe or extreme weather arising from climate change	Response actions by the Group
Employee	Tree collapse, landslides, flooding, damage to outdoor facilities, etc., which may result in injuries to employees on their way to or from work.	Pose weather warning notices and follow the instructions of the local government to promptly notify employees of different actions to be taken in severe or extreme weather to avoid any personal injury.
Materials/products	Insufficient supply of upstream raw materials and delays in logistics, which may hinder production planning. Also, the storage environment of raw materials is affected by the climate, and power consumption will increase to ensure the quality of raw materials.	Establish long-term, amicable cooperative relations with key suppliers, and communicate with suppliers in a timely manner during extreme weather conditions to assess the impact on the overall production planning.
Buildings	Damage to the production plant area, offices and/or staff dormitory, resulting in property damage.	Require employees to keep doors and windows closed when leaving work in order to reduce the risk of damage to buildings; The Administration Department will put in place a series of wind protection measures prior to the typhoon, and will regularly check the flow of the pipes to prevent flooding.

06 Employee Report

As at 31 December 2022, the Group had 2,061 employees. The specific breakdown is as follows:

Total workforce by gender

58.9% 1,214 persons

41.1% 847 persons

● Male ● Female

Total workforce by age

0.3% 6 persons

55.0% 1,134 persons

44.7% 921 persons

● Aged 18 to 30 ● Aged 31 to 50 ● Aged 51 or above

Employee Report

Total workforce by job rank

0.3%
6 persons

16.4%
337 persons

83.3%
1,718 persons

● Senior management   ● Middle management   ● General staff

Total workforce by geographical region

0.1%
2 persons

99.9%
2,059 persons

● Mainland China   ● Hong Kong, Macao and Taiwan

Total workforce by employment type

100%
2,061 persons

● Full time
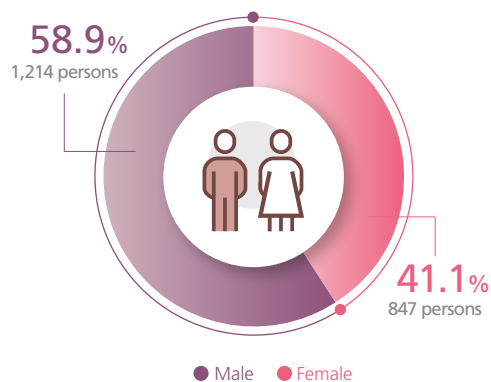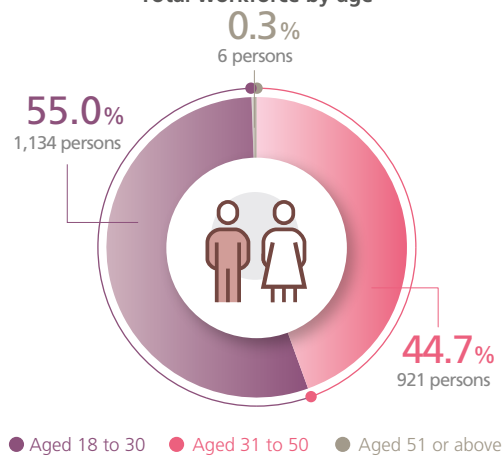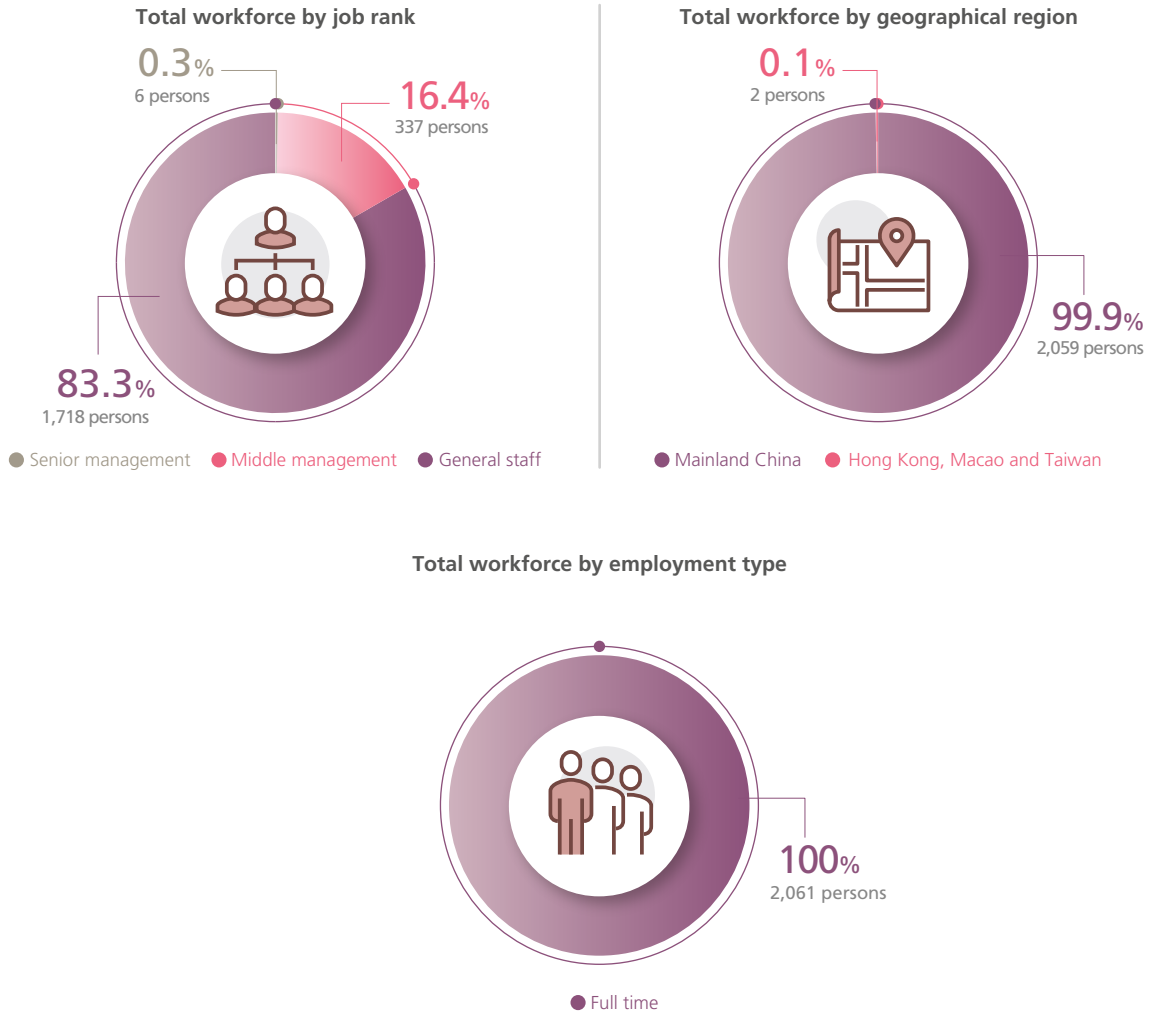
During the Review Period, the Group's total employee turnover rate was 9.32%, all of which were located in Mainland China, with a turnover rate of 14.46% for employees aged from 18 to 30, 2.93% for employees aged from 31 to 50 and 16.67% for employees aged 51 or above. The turnover rate of male employees was 11.94% and the turnover rate of female employees was 5.55%.

6.1 HEALTH AND SAFETY

The Group attaches great importance to production safety and occupational safety and health, and continuously provides employees with a safe working environment and protects them from occupational hazards in accordance with laws and regulations such as the Safety Production Law of the PRC, the Law on the Prevention and Control of Occupational Disease of the PRC, and the Fire Prevention Law of the PRC and other national standards.

Comprehensive Safety System

The Group implemented the national production safety policy of "giving first priority to safety, laying stress on prevention and taking comprehensive measures"; strictly executed production safety policies, orders, regulations, standards, systems and rules issued by the state and other higher authorities. The Group optimised the management system based on the latest occupational health and safety standard ISO 45001: 2018, obtained the certification of the international certification body, SGS, and continuously improved the safety management systems.

During the Review Period, the Group revised a number of safety and environmental management systems, including the Management System for Safety Education and Training, Management System for Maintenance of Fire-fighting Equipment and Facilities, Guidelines on Safety Standards for Clean Plant Construction Processes, Management Standards for Drug Precursor Chemicals, Guidelines for Management of Special Equipment (Elevators), Guidelines for Identification and Evaluation of Posts Exposed to Occupational Hazards, and the Safety and Environmental Protection Change Planning. It improved the risk prevention and resolution mechanism to raise the level of safety production, reduce and control risks, and achieve procedural and standardised safety management, thereby ensuring safety production.

The Group established an ISO 45001 occupational health and safety management system and was certified by SGS. The Group set up a special occupational health and safety management team internally and established a sound process system to guide occupational health and safety work. The Group established and implemented a comprehensive safety production responsibility system applicable to all employees. Each year, the Group sets detailed targets and indicators for safety production and specify them to all departments. The Group clearly defined the responsibilities for safety production management of all departments and had safety production responsibility statement signed at every level. The Group included safety production and occupational health management in the responsibilities of staff and conducted assessment on the implementation. The Group implemented the policy of "safety management must come before the management of industry, business and production", and pressed ahead with the establishment of safety committees at all levels, improved the assessment system for safety committees of all departments, carried out quarterly and annual assessments, and formulated a reward and punishment mechanism for accident accountability, with a view to urging all departments to take actions on safety management independently.

Investment in safety is the key to ensure safe production. During the Review Period, the Group spared no effort to continuously invest in and improve production safety, and dedicated approximately RMB3.62 million to enhance production safety.

For the three years ended 31 December 2022, the Group did not record any work-related serious injury or fatal accidents of employees. There were no lost days due to work injury during the Review Period.

Employee Report

The Group adopted the following specific safety measures:

> ### *Safety Inspection*

During the Review Period, the Group established the Safety Inspection and Hidden Hazards Rectification System, pursuant to which, daily inspection of workplaces exposed to high risks were arranged by the Group, comprehensive safety inspection were conducted by management such as general manager and director, seasonal inspection, special inspection, and independent safety inspection were conducted by the safety committee at all levels. In addition, the Group also invites external inspections from time to time, comprising regular safety inspections by government authorities, TCL Technology and TCL China Star Optoelectronics Technology Co Ltd (an indirect controlling shareholder of the Company). All issues identified through safety inspections were reported to the general manager by the responsible person, and designated personnel was appointed to complete the rectification within a specified period, so as to achieve closed-loop management.

Safety Committee Office conducts safety inspection on new factory

During the Review Period, the Group had a 100% rate of timely rectification of safety hazards. The Group believes that comprehensive rules and regulations serve as the foundation of good management. Through regular safety inspections, issues and potential safety hazards are identified in a timely manner, and rectification and closed-loop improvements are made, for continuously ensuring the safety of the Group's operating environment.

> ### *Production Safety Training, Promotion and Education*

Production safety education and training is essential for setting up corporate business policies and objectives, achieving production safety, improving the safety of employees, and reducing human errors. In early 2022, according to the Company's overall arrangements and requirements for production safety and the actual situation in production lines, the Group formulated a detailed and effective safety training programme, and carried out trainings on (i) production safety-related laws, regulations, rules and systems; (ii) safe operation procedures and methods; (iii) hazardous chemicals; (iv) prescribed methods for using personal protective articles and safety equipment; (v) hazard identification and management; and (vi) analysis of relevant accident cases.

Safety production knowledge competition

The Group primarily implements safety education in a step-by-step manner. During the Review Period, the employees of the Group participated in safety trainings for over 192,000 hours, which were categorised into, among others, three-level safety education: safety management capability improvement training, special safety training, independent safety training, special skilled worker training, and practical operation training of safety facilities and equipment. The employees are required to undertake examinations after undergoing the relevant trainings, thereby standardising the operational safety and skills of all employees and allowing employees to acquire the necessary knowledge and operational skills of safety production, so as to reduce the occurrence of accidents during the production process. All special skilled workers of the Group must be certified and unlicensed work is prohibited.

> ### Safety Education Activities

In 2022, the Group planned a series of activities for Safety Month, with the theme of "Complying with the Safety Production Law, Being the First Responsible Person". The activities included the safety information publicity, knowledge competition, safety inspection and emergency drill, etc., for the sake of creating a strong atmosphere for the activities and raising the safety awareness of all staff.

The third fire fighting competition of the Group was held in 2022 and fifteen teams participated in it. The competition included: using fire extinguishers, using fire

Fire Month Evacuation Drill

hoses to put out fire, wearing fire resistant clothes, etc. This competition enhanced the fire safety awareness and fire-fighting skills of all staff.

> ### Emergency Drills

During the Review Period, the Group further improved its annual drill plan and formulated a special drill plan for the new plant under construction. In order to raise staff awareness of fire safety and to equip them with the skills to deal with fire emergencies, as well as to test the operation and effectiveness of the Company's emergency response plans, the Group conducted 14 emergency response drills during the Review Period.

The Group's senior management attached great importance to and provided great support and help for the drills across all stages from drill planning, preparation, organisation and implementation to holding formal drill. Drills included fire drills, emergency evacuation of personnel, chemical leakage, injuries from operating equipment, object strikes, falls from height, trapped in lift, anti-terrorism drills and pandemic prevention drills. The Group's senior management carefully reviewed the drill plans, made arrangements for drills, arranged the drill activities on site, and observed the dynamics of drills to ensure the full implementation of the drills. In addition, the Group carried out emergency response skill training for the emergency response team every week in order to enhance their emergency response capabilities.

During the Review Period, the Group had no safety incidents such as fire and chemical leakage.

Chemical Leakage Drill

Danger Emergency Drill

Employee Report

> ### *Pandemic Prevention and Control*

In 2022, China saw outbreaks of COVID-19 in many places and the Group was also impacted by the spread of the pandemic. According to the characteristics of the pandemic, the Group further improved its emergency plan for COVID-19 prevention and control, set different COVID-19 risk levels across the country, and optimised tiered control measures. Throughout the Review Period, the Safety Committee Office continued to follow up on the pandemic situation in the whole country and swiftly activated the pandemic prevention and control system. When COVID-19 flared up in different areas, the Group performed point-to-point management to restrict personnel flow from medium and high-risk areas and promptly liaised with government authorities to conduct nucleic acid testing for all staff, thereby effectively prevent the spread of the pandemic within the Company and promote stable production.

> ### *Occupational Health Management Policy and Measures*

In accordance with the requirements of the ISO 45001 occupational health and safety management system standard, the Law on Prevention and Control of Occupational Diseases of the PRC and relevant laws and regulations, the Group continued to optimise the occupational health and safety management system, strictly enforced the rules and regulations, conducted regular reviews and identified issues and proposed improvements in a timely manner. In strict compliance with the relevant laws and regulations, the Group conducted regular inspection and analysis of occupational hazards, and occupational health education and training schemes. The Group provided qualified protective equipments to workers according to laws and regulations while regularly checking on the use of such equipments, and carried out occupational disease examinations for relevant employees before they are employed/annually/upon their resignation.

In 2022, the Group updated the list of posts exposed to occupational hazards, added the Guidelines for Identification and Evaluation of Posts Exposed to Occupational Hazards and optimised the process of identifying personnel exposed to occupational hazards. During the Review Period, the Group carried out occupational health check-ups for 452 employees, representing a 2% decrease from 463 in 2021.

Moreover, the Group continued to implement the New Material Import Audit Process. Specifically, the Group (i) carried out volatile component analysis for newly imported raw materials to eliminate the risk of importing high-toxicity occupational hazard factors from the source; and (ii) refined the safety equipment acceptance process to achieve safety control of equipment throughout the whole production process from import to delivery. 33 sets of equipment were accepted by the Group throughout the Review Period, and the occupational hazard risks associated with the equipment met the requirements of the national occupational exposure limits; (iii) optimised equipment management, established quarterly inspection mechanism for equipment safety, and checked and rectified 63 equipment safety hazards, thus improving the safety level of the Company's equipment and ensuring the health of employees.

During the Review Period, no employees of the Group recorded occupational diseases.

6.2   EMPLOYMENT

The Group complied with the relevant aspects in the Labour Law of the PRC, the Labour Contract Law of the PRC, the Implementation Regulation for the Labour Contract Law of the PRC, the Provisions on the Prohibition of Using Child Labour, the Law on Minor Protection of the PRC, the Social Insurance Law of the PRC and SA 8000 Social Responsibility Management System Standards and other applicable laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hour, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare of the Group's employees.

Compensation and benefits and promotion channels

In accordance with the internal Compensation and Welfare Management System, the Group regularly maintains the compensation conditions of employees based on local gross domestic production (GDP) growth and the latest laws and regulations to provide employees with reasonable, legal and competitive compensation and benefits. According to the Labour Contract Law of the PRC, the Group formulates the corresponding Attendance and Leave Management System, specifying the working hours and rest schedule of employees. All employees are entitled to various statutory paid holidays, such as paid annual leave, statutory leave, marriage leave, maternity leave, paternity leave, breastfeeding leave, medical leave, etc. In addition, the Group formulates the Employee Promotion Management Measures to create a fair and just career development and promotion channel and give employees space for growth and development.

Recruitment, dismissal and diversity

Adhering to the principles of "compliance with laws and regulations, fairness and impartiality, avoiding nepotism and promoting meritocracy" in accordance with the Recruitment and Deployment Management Process, the Group implements a recruitment and selection policy aimed at offering equal opportunities. The Group provides job applicants with equal opportunities, regardless of race, ethnicity, religious belief, disability, political affiliation, age and gender.

The Group promotes anti-discrimination and diversity. "Actively recruiting and providing care and support for people with disabilities" is one of the Group's recruitment principles. During the Review Period, the Group continued to hire persons with disabilities, treated them with respect and care, and designated them to suitable positions according to their specific conditions. The Group adopts an equitable approach in promotion assessment and all employees will be promoted based on their capabilities. They show full confidence in the Group and nourish passion towards work and life.

The dismissal procedures of the Group are carried out on a reasonable basis in accordance with our internal regulations and in compliance with laws and regulation.

Employment compliance

The Group strictly abides by the Labour Law of the PRC, the Law of the PRC on the Protection of Minors, the Regulations on the Prohibition of Child Labour and the International Labour Standards, and is well aware that the employment of child labour and forced labour violates basic human rights and international labour conventions and affects the sustainable development of the Company and society. As such, the Group constantly reviews and refines recruitment management process to prevent child labour, forced labour and under-age labour.

During recruitment, the Group conducts age verification through background check, identity document validation and other methods to prevent inadvertent employment of child labour, forced labour and under-age labour.

Employee Report

The following are some remedial measures for child labour contained in the *Management Measures for the Protection of Child Labour and Under-age Labour* issued internally:

1. If the Group becomes aware of any child worker or under-age labour having been employed, the Group will immediately release him/her from any job duty, notify the local labour bureau and send him/her to the hospital for health check. In case of illness or injury, the Group will bear all his/her medical costs and living expenses during medical treatment. With the consent of the labour bureau, the Group will send him/her back to his/her original place of residence and ask his/her parents or guardians to sign a certificate, and then hand it over to the personnel department for archiving after being sealed and confirmed by the competent government authority;

2. The Group will also make efforts to help the child worker or under-age labour continue his/her education (such as assisting him/her in finding an appropriate school and assuming his/her study expenses and certain living expenses during the schooling); and

3. Depending on the economic impact on his/her family caused by the reliance on the income from the child labour or under-age labour, the Group may make appropriate arrangement for other adults in his/her family to work in the Group until the child or under-age reaches adulthood.

The Group strictly prohibits forced labour and any slavery or human trafficking. The Human Resources Department of the Group considers the work content, number and backgrounds of employees to ensure that there are enough manpower to handle the workload and prevent employees from being overworked. The Group respects the wishes and rights of employees, and never treats employees in an unfair manner. According to the *Guidelines on Free Choice of Occupation and Non-forced Labour* of the Group issued internally, employees are entitled to freely choose their occupation, work and terminate their labour contracts in accordance with applicable laws and regulations. The Group also provides employees with complaint channels and protects their human rights such as rest and leave entitlements.

In the event that the Group is aware of any inadvertent forced labor, it will take the following remedial measures:

1. Immediately cease all forced labour that the employee is subjected to;

2. Return personal identification documents that may have been withheld by the Group;

3. Provide financial compensation for employees subjected to forced labour; and

4. Arrange for employees subjected to forced labour to return to their hometowns, or send them to relevant management agencies.

During the Review Period, the Group had no cases of child labour, under-age labour, forced labour or illegal employment.

6.3 DEVELOPMENT AND TRAINING

It is one of the missions of the Group to create development opportunities for employees. To nurture and improve the skills and knowledge of employees, the Group has established and improved the management systems, and invested a variety of resources to provide trainings to employees each year and selected talents in a just and transparent manner.

Career Development Path

In order to cultivate and develop key technical staff, the Group established the ECP (experience, competence and performance) Certification Management System, which covers all employees, in 2022 to provide universal standards for personnel evaluation, promotion and development, with an aim to make employees aware of their career development paths, weaknesses and directions of improvement and stimulate their enthusiasm for work. During the Review Period, 34 on-site sessions of ECP debate and group review were held. After review and deliberation by a professional panel of judges, a total of 172 personnel were found to meet the competence requirements of relevant levels and passed the ECP promotion/grading certification.

Training

Employee training provides an effective channel to improve employees' skills and capabilities and to match employees' abilities with their posts, plays an essential role in cultivating and forging common values and enhancing cohesion; and is critical to improving the efficiency of enterprises and organisations.

The Group believes that training can stimulate the personal potential of employees, enhance the vitality, cohesion and creativity of the team, deepen the understanding of the employees on the industry and the operation and management of the Company, and guide employees to fully utilize their creativity to drive the profit growth of the Company.

During the Review Period, the Group provided training to all staff and the percentage of trained employees reached 100%. In addition to providing various internal professional training schemes for employees, the Group arranged for 15 employees to participate in external professional courses while complying with local pandemic prevention measures and ensuring the personal safety of employees. Besides, the Group also engaged external professional tutors to hold 3 training sessions, which covered four major aspects, i.e. safety, professional management, technology and general management, with 86 employees participating in the training sessions and recording a total of 846 training hours. Expenses incurred by the Group in external trainings exceeded RMB100,000.

Employee Report

The Group's employees have participated in training for a total of **190,137** hours

The average training hours for employees has reached **92** hours

Average training hours for male and female employees

110 hours

66 hours

Average training hours for employees of different positions

Senior management

17 hours

Middle management

9 hours

General staff

109 hours
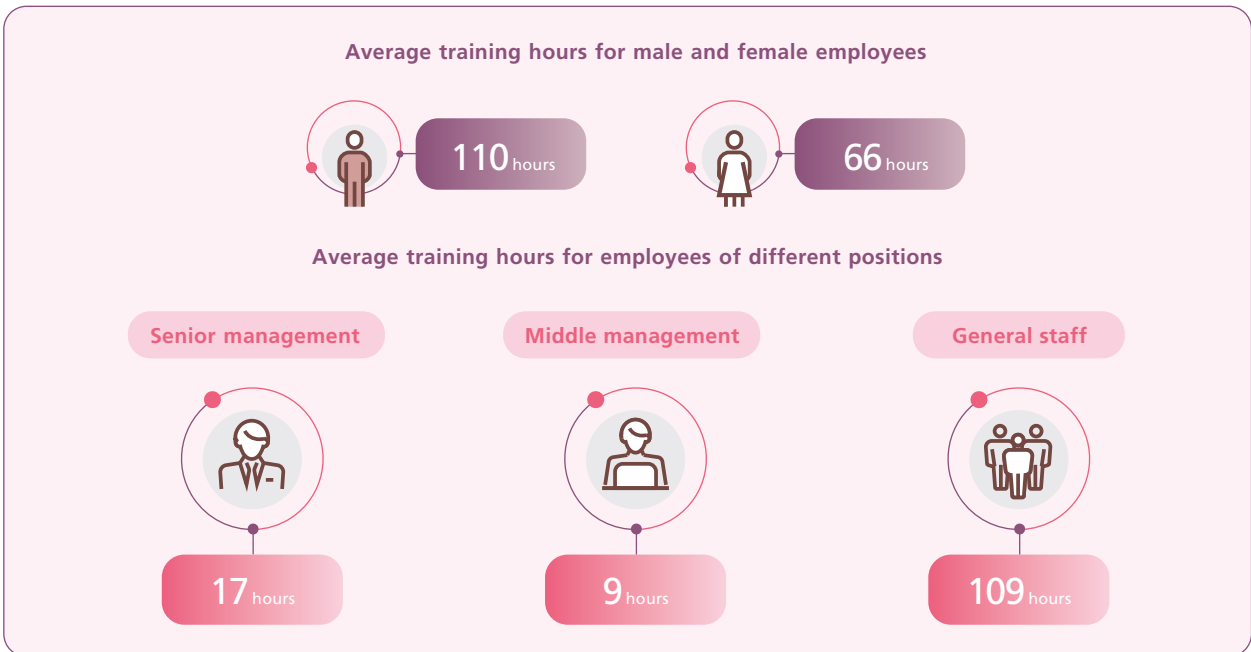
Major trainings held during the Review Period are as follows:

Young Eagle Power Camp

As one of the important annual training projects of TCL Technology, the Young Eagle Power Camp plays an important role in training fresh college graduates. In the two-week Young Eagle Power Camp, the Group provided over ten theoretical courses, including Corporate Culture, Safety Education, and Basic Knowledge on Products and Introduction to the Industry, with a total of 64 class hours for each participant. In addition to theoretical courses, the Group also organised outbound trainings of nearly 20 hours to raise team awareness. Moreover, to ensure that fresh college graduates can fit in the group as soon as possible and accelerate their smooth transition into the workplace, the Group provided all fresh college graduates with mentors to help them formulate a turnaround plan and offer comprehensive guidance for their learning and work.

Online Learning

With the normalisation of the COVID-19 pandemic across the world, the Group proactively addressed the learning needs of employees through an online learning platform. In 2022, the Group continued to launch online learning activities, covering a wide range of courses on product knowledge, process technology and career advancement for all staff, with an aggregate of 5,000 times of participation in online learning activities and on average of over 5 training hours for each trainee. At the same time, the Group actively promoted the e-learning of its existing offline courses and uploaded the courses to the learning platform, significantly increasing the opportunities for employees to make use of their fragmented learning time.

Continuous Empowerment of Internal Trainers

We made efforts to build an effective learning organisation in order to enhance the professionalism and effectiveness of the Company's internal training at all levels, strengthen the pivotal role of existing trainers in the Company's internal training programmes, and realise the accumulation, sharing and dissemination of knowledge within the Company. The Group organised a "Learning Sharing and Knowledge Salon for Internal Trainers" for certified trainers from various departments, thereby enhancing the professional competency of the internal trainer team.

Quality Cultural Activities

The Group carried out quality culture activities with the theme "Meet Customer Needs, Winning in Quality, and Reducing Costs".

Quality knowledge contest

Quality culture event kick-off meeting

Selection of testing experts

Quality benchmark selection

Employee Report

6.4 EMPLOYEE CARE AND COMMUNICATION

The Group's management approach to employee care is "Caring for Employees and Harmonious Development". During the Review Period, the Group's labour unions increased their care measures for employees and intensified communication with them through various means such as employee talks, employee communication meetings, collection of opinion and suggestions, employee assistance programme, reading of psychological information, and cultural activities for employees during festivals.

We listened to the opinions of employees and improved corporate management

The Group continued to pay attention to employee satisfaction data by conducting annual surveys and studies on employee satisfaction, listening to the opinions of employees and analysing the direction of improvement. The Group took measures to enhance employee satisfaction and dedication in the areas of logistical support, job communication, adaptation to the working environment and the creation of a harmonious corporate culture in collaboration with the administrative and production department.

Meals

Heed the needs of employees	The administrative department conducted satisfaction surveys on a monthly basis and resolve the problems raised by employees;
Standardising canteen management	The administrative department inspected each canteen twice or more a day to supervise whether the canteen operates in line with the food hygiene management standards;
Making adjustments to dishes	We changed our menu from time to time and improved it in response to the feedback from the staff; and
Food activities	We held the Seafood Festival and Northwest Flavour Food Festival to provide special snacks to our staff. We also held the melon eating and drinking competition with **675** participants.

Accommodation

Investing resources in furniture maintenance, cleaning and renovation	The Group i) completed **1,733** maintenance and improvement items for dormitories; ii) purchased **545** new bed frames and **583** new wardrobes; and iii) cleaned **200** air conditioners in the dormitories.
Inspections and rewards	The Group conducted **609** safety and hygiene inspections of dormitories, carried out dormitory evaluation once, and rewarded **23** personnel for excellent performance.

Employee Assistance Programme

The Group values the physical and mental health of employees. Based on the feedback and demands of its employees, the Group enhances the convenience and practicability of employees' access to the Employee Assistance Programme service, and continuously provides support for employees in addressing their concerns in work and personal life.

During the Review Period, the Group addressed the physical and mental health concerns of our staff, such as cervical spine disease relief, pandemic prevention and psychological counselling, and sleep quality improvement. The Group not only carried out seminars on "Spinal Health Management", but also provided information and support to staff through emails and communication software regularly.

EAP lecture – spinal health management

Reviewing and Improving Employee Communication Channels

The Group has in place a comprehensive staff communication process with various communication channels, including email, hotline and communication software. The "Staff Communication Meeting" held by the Group regularly serves as one of the important channels for collecting staff feedbacks. Employee representatives are responsible for collecting employees' feedbacks and furnishing response through the "Employee Communication Meeting". The Human Resources Administration Department is responsible for making improvement on issues reported and publishing the improvement results.

During the Review Period, to motivate employees to offer feedback on making improvements to the Company, the Group expanded employee communication channels. The Group continued to promote the collection of suggestions, and organised six employee communication meetings with a total of 110 participants recorded and 204 suggestions raised. The improvement rate of the problems reached 96.3%. During the Review Period, the Group received 86 suggestions in the opinion collection box, out of which 37 were adopted, thus enhancing staff's enthusiasm to participate in corporate development.

Labour Union Development and Cultural and Leisure Activities

The Group's labour union was established in May 2005 with the aim of standardising and streamlining the process to protect the legitimate rights and interests of all employees. The labour union attaches great importance to the physical and mental health of employees. In order to enrich the spare time of employees, the labour union set up various interest groups, such as badminton and Excel learning groups. The groups carry out various activities on a regular basis. The Group believes that our employees will feel the love and vitality of the Company through the various cultural activities organised by the labour union and will thus enhance their sense of cohesion and belonging.

During the Review Period, the labour union invested a total of approximately RMB200,000 to organise 108 events, with the employee participation rate of over 85%. As at 31 December 2022, 85% of the regular employees have joined the labour union and the number of labour union members exceeded 1,300.

Employee Report

In 2022, the labour union organised the following activities:

Friendship basketball game

Badminton game

Employee Benefits

In compliance with national laws and regulations on labour, social security and other aspects concerning human resources, the Group not only grants employees statutory benefits, including "five kinds of insurance and one fund", social insurance, marriage and compassionate leave and maternity leave, but also offers them special allowances, including care allowances for employees with disabilities and children education allowances for employees. The Group believes that comprehensive welfare system enables employees to feel more secured at work.

The Group attaches great importance to employees' holiday welfare. The Group will present red packets or small gifts to employees on holidays; hold birthday party for employees each month; and prepare tea party for office workers each week. Through these small acts, the Group wishes to extend care to employees by sharing joyful moments with them.

Chinese New Year party

World Environment Day Promotional Activities

07 Integrity Report

7.1 INTEGRITY POLICY

Honesty in operation is the foundation of corporate social responsibility and the basis of business sustainability. The Group always adheres to business ethics, guards against all kinds of commercial frauds and practices that go against fair competition, maintains a "zero tolerance" attitude towards integrity issues (including but not limited to bribery, extortion, fraud and money laundering) and strengthens the integrity system in strict accordance with relevant laws and regulations including the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC, the Anti-Money Laundering Law of the PRC, the Anti-Terrorism Law of the PRC, and the Interim Provisions on the Prohibition of Commercial Bribery (State Administration for Industry and Commerce Order No. 60). During the Review Period, there were no legal cases regarding corrupt practices brought against or concluded in respect of the Group or its employees.

During the Review Period, in addition to establishing a sound internal control mechanism, the Group was reviewed from time to time by the audit centre of TCL Technology and the external auditor in terms of, among other things, abuse of power, bribery, gifts and commercial enter-tainment, so as to effectively prevent corrupt practices.

In an effort to facilitate the Company's integrity management in business activities, the Group has formulated the Integrity Management Policy which defines the Company's integrity requirements, identifies employees in high-risk positions, sets out provisions on how to deal with violations of integrity rules, regulates employees' integrity practices, and guides employees to act according to the law and consciously resist unfair competition, with a view to promoting the healthy and sustainable development of the Company. The Company has also consolidated, codified and adopted the Anti-corruption Policy (available on the Company's website at www.cdoth8.com) with effect from 1 January 2022 to set out guiding principles on anti-corruption issues such as bribery, acceptance and offer of advantages, conflict of interest and anti-money laundering. The Group requires all employees to sign the Employee Integrity Commitment, thus enhancing their awareness of integrity. Directors also actively take part in integrity training and consciously abide by integrity requirements. The Group will also provide anti-corruption training to its directors and staff from time to time.

Integrity Report

In 2022, the Group carried out clean governance measures under the theme of "Promoting Honesty and Advocating Integrity" to guide employees to practice integrity and self-discipline and consciously fulfill the "Integrity Commitment" in their daily work. The Group also prohibits corruption and dishonesty related to suppliers, at all times observes the principles of "no nepotism, no bribery, no substandard products as quality ones, no jerry-building, no deception, no commercial fraud and keeping promises", and improved directors' and employees' understanding and awareness of "Promoting Honesty and Advocating Integrity" through posters and training activities.

In 2022, the Group released the second issue of publicity materials; and organised online training courses on promotion of anti-corruption and integrity for all employees of the Group. Meanwhile, the Group co-operated with the Hong Kong Independent Commission Against Corruption to hold a training seminar on "Integrity and Honesty" for all directors. In addition, the Group has extended the management of social responsibility such as anti-corruption to the supply chain, and requires all suppliers to sign the Letter of Integrity Commitment for Related Parties, which covers prohibition of bribery, anti-corruption, and prevention of unfair business practices. Starting from 2021, the Group has reviewed the social responsibility performance (including anti-corruption) when introducing new suppliers or conducting the annual supplier review of major suppliers.

During the Review Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

7.2   WHISTLE-BLOWING POLICY

The Group is committed to upholding high standards of integrity, transparency and accountability, and believes that an effective whistle-blowing system can help detect and deter improprieties within the Group. To ensure the fulfillment of its commitments, the Group has specified the whistle-blowing process in the Employee Relations Management Process, and formulated the Whistle-Blowing Policy (available on the Company's website at www.cdoth8.com) to encourage employees and third parties to report misconducts in relation to the Group. Methods for filing complaints are set out in the Whistle-Blowing Policy and Employee Relations Management Process issued by the Group. Whistleblowers can report misconducts to the head of the Audit Department or the chairperson of the Audit Committee of the Group via email. The Group will handle relevant reports in accordance with the Employee Relations Management Process and Whistle-Blowing Policy, and will review and update its Whistle-Blowing Policy from time to time.

08 Social Welfare Events

The Group is committed to giving back to society by engaging in public welfare activities, strives to contribute to community development and regards community service as an important part of its sustainable development. In 2022, the Group actively implemented its internal policy on Regulations on the Management of Public Welfare Activities by visiting a number of public welfare organisations in the communities and the superior management units of volunteer teams to understand the needs and orientation of the communities where the Group operates; and planning and preparing public welfare activities with different themes (including: environment protection, showing loving care for the disadvantaged, exercising and epidemic prevention, etc.) to fulfill its corporate responsibility. The Group's business activities, as well as all of the resources and services provided by the Group support the concept of sustainable development and are in the interest of the community.

During the Review Period, the Group's volunteer team co-operated with volunteer groups in Huizhou in carrying out 7 public welfare volunteer activities, such as parent-child tree planting on Tree-planting Day, urban welfare trash running, visiting sanitation workers and the disabled, and urban adventure experience. The Group contributed 353 hours of volunteer services in total during the Review Period. The conscientiousness and good service attitude of our volunteer team were highly praised by the organisers of the activities.

Social Welfare Events

The volunteers of the Group have co-operated with public welfare organizations in Huizhou in tree planting, community sanitation and garbage collection on many occasions.

Planting for Environmental Protection

The Group joined hands with public welfare organisations in Huizhou to carry out parent-child activities among families of employees and communities, appealing to the public to pay attention to parent-child relationship and construct harmonious families. During the Review Period, the Group also, from time to time, donated public welfare supplies to New Era Civilization Practice Center* (新時代文明實踐中心), Xin Xing Yuan* (心星園).

Donation

Social Welfare Events

The Group's volunteer team participated and assisted in the completion of the "Small City & Big Love Embodies Impression of Huizhou" project funded by TCL Public Welfare Foundation. Through a series of urban adventure challenges encountered while traveling the streets, the teenagers were led to explore the local culture and discover the corporate history, strengthening teenagers' connection with society and enterprises, broadening their horizons and conducing to their personal growth.

Small City & Big Love Embodies Impression of Huizhou

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The following indicators take into account the mandatory disclosure requirements and "comply or explain" provisions under the Guide, relevant data of which are set out in this report.

9.1 MANDATORY DISCLOSURE REQUIREMENTS

Description	Disclosure section
Governance Structure	
A statement from the board containing the following elements:	2.1 Statement of the Board
(i) a disclosure of the board's oversight of ESG issues;	
(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and	
(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	

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Description	Disclosure section
Reporting Principles A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	2.3 Basis of Preparation 3.3 Communication with Stakeholders and Analysis of Material Issues
Reporting Boundary A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	2.2 Reporting Scope

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9.2 "COMPLY OR EXPLAIN" PROVISIONS

SUBJECT AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIS

		Disclosure section
A. Environmental Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into wa-ter and land, and generation of hazardous and non-hazardous waste. *Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.* *Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.* *Hazardous wastes are those defined by national regulations.*	5.2 Emissions Reduction
	KPI A1.1 — The types of emissions and respective emissions data.	5.2 Emissions Reduction 9.3 Summary of ESG Performance Indicators
	KPI A1.2 — Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.2 Emissions Reduction 9.3 Summary of ESG Performance Indicators
	KPI A1.3 — Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.2 Emissions Reduction 9.3 Summary of ESG Performance Indicators
	KPI A1.4 — Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.2 Emissions Reduction 9.3 Summary of ESG Performance Indicators

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			Disclosure section
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	5.2 Emissions Reduction
	KPI 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.	5.2 Emissions Reduction
Aspect A2: Use of Resources	General Disclosure		
	Policies on the efficient use of resources, including energy, water and other raw materials.		5.1 Energy and Resources Conservation
	Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.		
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	5.1 Energy and Resources Conservation 9.3 Summary of ESG Performance Indicators
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.1 Energy and Resources Conservation 9.3 Summary of ESG Performance Indicators
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.1 Energy and Resources Conservation
	KPI 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.	5.1 Energy and Resources Conservation
	KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	5.1 Energy and Resources Conservation 9.3 Summary of ESG Performance Indicators

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			Disclosure section
Aspect A3: The Environment and Natural Resources	General Disclosure		
	Policies on minimising the issuer's significant impact on the environment and natural resources.		5.1 Energy and Resources Conservation
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.1 Energy and Resources Conservation
Aspect 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.		5.3 Impact of Climate Change
	KPI 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.	5.3 Impact of Climate Change

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		Disclosure section
B. Social Employment and Labour Practices Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) 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.	6.2 Employment 6.4 Employee Care and Communication
	KPI B1.1 Total workforce by gender, employment type (such as full-time or part-time), age group and geographical region.	6 Employee Report 9.3 Summary of ESG Performance Indicators
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	6 Employee Report 9.3 Summary of ESG Performance Indicators
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) 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.	6.1 Health and Safety
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6.1 Health and Safety 9.3 Summary of ESG Performance Indicators
	KPI B2.2 Lost days due to work injury.	6.1 Health and Safety 9.3 Summary of ESG Performance Indicators
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	6.1 Health and Safety

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			Disclosure section
Aspect B3: Development and Training	General Disclosure		
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities		6.3 Development and Training
	Note: Training refers to vocational training. It may include internal and external courses paid by the employer.		
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6.3 Development and Training 9.3 Summary of ESG Performance Indicators
	KPI B3.2	The average training hours completed per employee by gender and employee category.	6.3 Development and Training 9.3 Summary of ESG Performance Indicators
Aspect B4: Labour Standards	General Disclosure		
	Information on:		6.2 Employment
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.2 Employment
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	6.2 Employment

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			Disclosure section
Operating Practices Aspect B5: Supply Chain Management	General Disclosure		
	Policies on managing environmental and social risks of the supply chain.		4.6 Managing Environmental and Social Risks in the Supply Chain
	KPI B5.1	Number of suppliers by geographical region.	4.5 Supply Chain Management 9.3 Summary of ESG Performance Indicators
	KPI 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.	4.5 Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.6 Managing Environmental and Social Risks in the Supply Chain
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.6 Managing Environmental and Social Risks in the Supply Chain

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		Disclosure section
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) 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.	4.4 Quality Control for Products
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.4 Quality Control for Products 9.3 Summary of ESG Performance Indicators
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	4.3 Market and Customers
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	4.2 Technology Innovation
	KPI B6.4 Description of quality assurance process and recall procedures.	4.4 Quality Control for Products
	KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.4 Quality Control for Products

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		Disclosure section
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	7.1 Integrity Policy
	KPI 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.	7.1 Integrity Policy 9.3 Summary of ESG Performance Indicators
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	7.1 Integrity Policy 7.2 Whistle-Blowing Policy
	KPI B7.3 Description of anti-corruption training provided to directors and staff.	7.1 Integrity Policy
Community **Aspect 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.	8 Social Welfare Events
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8 Social Welfare Events
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	8 Social Welfare Events 9.3 Summary of ESG Performance Indicators

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9.3 SUMMARY OF ESG PERFORMANCE INDICATORS

Subject Areas	Aspects	KPIs	Unit	2022
A. Environmental	A1: Emissions	**A1.1 The types of emissions and respective emissions data**		
		Total NO$_x$ emissions	kg	6.51
		Total SO$_x$ emissions	kg	50.53
		Total emissions of RSP or PM	kg	6.26
		Emissions Data from Gaseous Fuel Consumption		
		NO$_x$	kg	6.26
		SO$_x$	kg	0.03
		RSP or PM	kg	6.26
		Emissions Data from Vehicles		
		NO$_x$	kg	0.25
		SO$_x$	kg	50.49

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Subject Areas	Aspects		KPIs	Unit	2022
A. Environmental	A1: Emissions	A1.2 Total Greenhouse gas (GHG) emissions and intensity	Total GHG emissions (Scope 1 and Scope 2)	tonne CO_2e	15,899
			Scope 1 – Direct GHG emissions (from operations that are owned or controlled by the company. (For example: electricity generators, boilers, gas cooking stoves, motor vehicles and ships, refrigeration and air conditioning equipment, etc.))	tonne CO_2e	412
			Scope 2 – Energy indirect GHG emissions (resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the company)	tonne CO_2e	15,487
			Scope 1 – Direct GHG emissions intensity in terms of sales volume	g CO_2e/unit	7.59
			Scope 2 – Energy indirect GHG emissions intensity in terms of sales volume	g CO_2e/unit	285.70
		A1.3 Total hazardous waste produced and intensity	Total hazardous waste	tonne	1.74
			Empty Bucket	tonne	0.22
			Others	tonne	1.52
			Hazardous waste emissions intensity in terms of sales volume	g/unit	0.03
			Industrial wastewater consumption	tonne	23,893
			Industrial wastewater consumption intensity in terms of sales volume	g/unit	440.75
		A1.4 Total non-hazardous waste produced and intensity	Total non-hazardous waste	tonne	216
			Paper Box	tonne	208
			Plastics	tonne	203
			Plastic foam	tonne	7.04
			Others	tonne	6.53
			Total non-hazardous waste emissions intensity in terms of sales volume	g/unit	3.99

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Subject Areas	Aspects	KPIs	Unit	2022
A. Environmental	A2: Use of Resources	**A2.1 Total energy consumption and intensity** Direct energy consumption	tonne	3.44
		Diesel	tonne	0.00
		Gasoline	tonne	3.44
		Direct energy consumption intensity in terms of sales volume	g/unit	0.06
		Indirect energy consumption	Kwh('000)	29,382
		Purchased electricity	Kwh('000)	29,382
		Indirect energy consumption intensity in terms of sales volume	Kwh/unit	0.54
		A2.2 Water consumption and intensity Total water consumption	tonne	221,534
		Water consumption intensity in terms of sales volume	g/unit	4,087
		A2.5 Packaging material used for finished products Packaging material	tonne	1,927
		Paper Box	piece	518,590
		Plastic foam(EPS)	piece	80,009
		Packaging material intensity in terms of sales volume	g/unit	35.56
	A3: The Environment and Natural Resources	Other KPIs — Annual investment for environmental protection	RMB	1,044,660

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Subject Areas	Aspects	KPIs	Unit	2022
		Total workforce	person	2,061
		Total workforce by gender		
		Male	person	1,214
		Female	person	847
		Total workforce by employment type		
		Full-time	person	2,061
		Part-time	person	0
		Total workforce by age group		
	B1.1 Total workforce	Aged 18-30	person	1,134
		Aged 31-50	person	921
		Aged 51 or above	person	6
		Total workforce by geographical region		
		Mainland China	person	2,059
		Hong Kong/Macau/Taiwan	person	2
		Total workforce by position		
		Senior Management	person	6
		Middle Management	person	337
		General Staff	person	1,718
		Number of employees left	person	192
		Number of employees left by gender		
		Male	person	145
B. Social	**B1: Employment**	Female	person	47
		Number of employees left by age group		
		Aged 18-30	person	164
		Aged 31-50	person	27
		Aged 51 or above	person	1
		Number of employees left by geographical region		
		Mainland China	person	192
		Hong Kong/Macau/Taiwan	person	0
	B1.2 Employee turnover rate	**Employee turnover rate**	%	9.32%
		Employee turnover rate by gender		
		Male	%	11.94%
		Female	%	5.55%
		Employee turnover rate by age group		
		Aged 18-30	%	14.46%
		Aged 31-50	%	2.93%
		Aged 51 or above	%	16.67%
		Employee turnover rate by geographical region		
		Mainland China	%	9.32%
		Hong Kong/Macau/Taiwan	%	0.00%

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Subject Areas	Aspects	KPIs	Unit	2022
	B2: Health and Safety	**B2.1 Number and rate of work-related fatalities occurred over the past three years**	Number of work-related fatalities occurred	person	0 (0 for year 2020 and 2021)
			Rate of work-related fatalities occurred	%	0 (0 for year 2020 and 2021)
		B2.2 Lost days due to work injury	Lost days due to work injury	day	0
B. Social	**B3: Development and Training**	**B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)**	**Total number of employees trained by gender**		
			Total number of employees trained	person	2,061
			Male	person	1,214
			Female	person	847
			Total number of employees trained by employee category		
			Senior management	person	6
			Middle management	person	337
			General staff	person	1,718
			The percentage of all employees trained by gender[note]		
			The percentage of employees trained	%	100.0%
			Male	%	100.0%
			Female	%	100.0%
			The percentage of all employees trained by employee category[note]		
			Senior management	%	100.0%
			Middle management	%	100.0%
			General staff	%	100.0%
		B3.2 The average training hours completed per employee by gender and employee category	**Total training hours**		
			Total training hours for all employees	hour	190,137
			Total training hours by gender		
			Total training hours for male employees	hour	134,066
			Total training hours for female employees	hour	56,071
			Total training hours by employee category		
			Total training hours for senior management	hour	105
			Total training hours for middle management	hour	3,033
			Total training hours for general staff	hour	186,999
			Average training hours		
			Average training hours for all employees	hour	92
			Average training hours, by gender		
			Average training hours for male employees	hour	110
			Average training hours for female employees	hour	66
			Average training hours, by employee category		
			Average training hours for senior management	hour	17
			Average training hours for middle management	hour	9
			Average training hours for general staff	hour	109

Note: For more meaningful disclosure, the percentage is calculated as follows: percentage of employees trained in the specified category (e.g. by gender or by employee category) equals to number of employees in the specified category who took part in training divided by number of employees in the specified category.

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Subject Areas	Aspects		KPIs	Unit	2022
B. Social	**B4: Labour Standards**	**B4.1 Avoid child and forced labour**	Child labour or forced labour	person	0
	B5: Supply Chain Management	**B5.1 Number of suppliers by geographical region**	Total number of suppliers	number	153
			Mainland China	number	128
			Hong Kong/Macau/Taiwan	number	25
			Overseas	number	0
	B6: Product Responsibility	**B6.1 Products subject to recalls for safety and health reasons**	Percentage of products sold or shipped subject to recalls for safety and health reasons	%	0
		B6.2 Number of products and service related complaints received and how they are dealt with.	Number of products and service related complaints received	number	0
	B7: Anti-corruption	**B7.1 Number of concluded legal cases regarding corrupt practices**	Number of corruption cases	number	0
			Number of concluded legal cases regarding corruption brought against the Company or its employees	number	0
		B7.3 Anti-corruption training	the signing rate for "Employee Integrity Commitment"	%	100%
			Anti-corruption training hours	hour	696
			Number of anti-corruption training session	number	2
	B8: Community Investment	**B8.2 Resources contributed (e.g. money or time) to the focus area**	Donations Value	RMB	9,900
			Volunteer hours	hours	353
			Volunteers	person	35