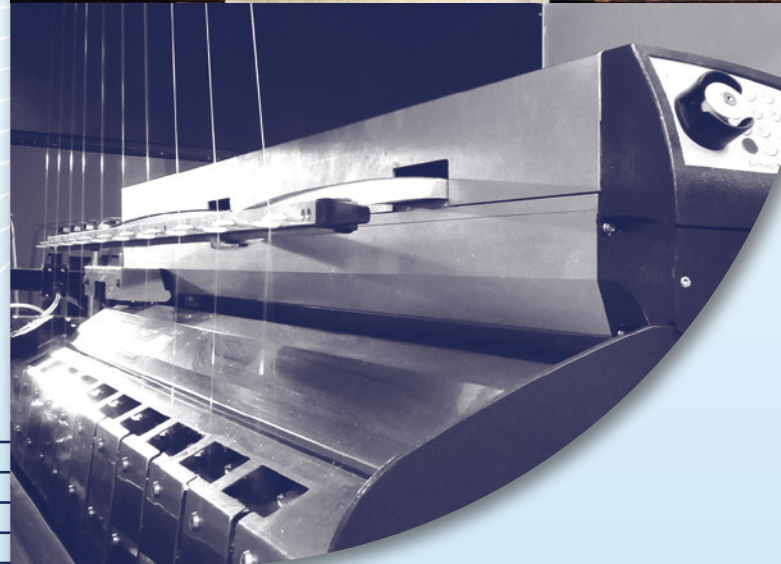


百宏實業控股有限公司 BILLION INDUSTRIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2299



2023

Environmental, Social and Governance Report

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Environmental, Social and Governance Report

Billion Industrial Holdings Limited (the “**Company**”, the “**Group**” or “**We**”) hereby issue the 2023 Environmental, Social and Governance Report (the “**Report**”). The Report summarizes the Group’s strategies, practices and vision on environmental, social and governance (“**ESG**”) related issues for the year 2023, demonstrating the Group’s commitment to sustainable development and corporate social responsibility.

The board of directors of the Company (the “**Board**”) is ultimately responsible for the overall ESG related management of the Company, and is responsible for monitoring and coordinating the management of ESG related risks as well as the ESG strategy and reporting. Through the ongoing assessment, the Board came to understand the potential impact and opportunities of ESG issues on the Company’s overall strategies, and reviewed the results of the materiality assessment of the ESG issues, and confirmed the current ESG related management policies and ESG management concepts.

The specific assessment process and results are set out below in this report. Details of the Company’s key ESG issues including sustainable development, green production, safe operation, quality assurance and responsible operation have been disclosed in this report. In 2023, the Company had made continuous improvements and set relevant environmental goals, and the establishment and progress of such goals had been reviewed and discussed by the Board of Directors.

1. ABOUT THIS REPORT

The Report is the 2023 Environmental, Social and Governance Report published by Billion Industrial Holdings Limited, which aims to disclose the Group’s annual ESG performance in response to stakeholders’ expectations for disclosure of information about the Group and to understand our performance and direction of our sustainability strategies. The Board of the Company has reviewed this report and undertaken that there are no false records, misleading statements or material omissions. The Board is responsible for the truthfulness, accuracy and completeness of the contents.

1.1 Reporting Reference

The Report is prepared with reference to all of the “comply or explain” provisions as set out in the Environmental, Social and Governance Reporting Guide in Appendix C2 of the Rules Governing the Listing of Securities (the “**Main Board Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) published by the Hong Kong Stock Exchange and all of the recommended disclosures under the Guide as well as the actual operations of the Company.

1.2 Scope of Report

The Report covers the period from 1 January 2023 to 31 December 2023 (the “**Reporting Period**”), which covers the Group’s two major businesses of polyester filament yarns and polyester thin films in respect of their overall performance at the environmental and social levels. Information disclosed in this report comes from the official files, archived reports and internal statistics within the Group and relevant publicly available information records.

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1.3 Reporting Principles

The reporting principles of “materiality,” “balance,” “quantitative” and “consistency” of the Report as set out in the Hong Kong Stock Exchange’s guidance is the basis for the preparation of the Report, which defines its content and presentation of the information.

1. Principle of Materiality. We have identified material issues, and defined the content and scope of the Report with reference to our identified results in compliance with the requirements of the Environmental, Social and Governance Reporting Guideline of the Hong Kong Stock Exchange. For specific details, please refer to the “Stakeholder Engagement” of the Report.
2. Principle of Balance. The Report includes the disclosures of both positive and negative information, which ensures the impartial report on the ESG performance of the Company during the Reporting Period in its content.
3. Principle of Quantitative. The scope of data and the calculation methods employed in the Report have been indicated herein.
4. Principles of Consistency. Unless otherwise specified, the extent of disclosures of the Report has not been materially adjusted as compared with that of the ESG reports of the previous year, and consistent disclosure and statistical methods have been used.

1.4 Feedback

The Report has been approved and adopted by the Board of the Group after confirmation by the management.

The Report is available in both Chinese and English versions. In the event of any inconsistency or ambiguity between the Chinese and English versions, the Chinese version shall prevail. You are welcome to contact the Company at any time if you would like to make further inquiries or have any opinions or suggestions on the Report. The contact information is as follows:

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2. SUSTAINABILITY GOVERNANCE

The Group has always adhered to the principle of sustainable development, attached great importance to product quality and safety, and continuously innovated and optimized its production process and manufacturing through the application of high-tech equipment. With a people-oriented philosophy, we have comprehensively promoted the development and improvement of staff remuneration and welfare systems to fully attract and nurture talents and enhance the competitiveness of sustainable talents.

We are committed to achieving a recycling economy model through innovative means so as to play a leading role in the industry. We always pay attention to controlling upstream resources, tracking and keeping the upstream raw materials, as well as raising the proportion of recyclable products. At the same time, we achieve the online recycling of wasted filament and wasted film, speeding up the resource recycling process and improving recycling efficiency.

While constantly exploring the sustainable operation model, the Group insists on independent research and development and innovation, and forges a first-class technology research and development team to reach both the domestic and the world's leading standards in terms of various products and technologies development achievements. The Group will facilitate its industry to achieve high-end upgrading from manufacturing to "intelligent manufacturing" by relying on technological innovation and by virtue of automatic equipment.

The Group has always been committed to the mission of "quality products and good customer experience". We attach great importance to the experience and satisfaction of customers and other stakeholders on the Group's products, collect information on product usage and feedback from all parties, combine with market research and analysis results, and timely communicate with the technology research and development and production center of the Group, continue to improve and provide better products and services to our customers.

The Group will never forget its original aspiration. Looking forward, the Group will continuously improve its sustainable competitiveness, and is committed to becoming an excellent global supplier of polyester filament yarns and a flagship enterprise in the domestic polyester new material industry.

2.1 Stakeholder Engagement

The Group continued to improve its communication mechanism, highlighted its communication with various stakeholders, and maintained active communication with internal and external stakeholders such as the government, regulatory bodies, shareholders, investors, suppliers, partners, employees and the public communities. By keeping abreast of the internal and external information trends on a timely basis, we enable the Group's policies and management models to match with its internal demand, industry and regional industry development.

During the year, according to the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, we summarized 26 topics relevant to corporate environmental and social performance. We conducted the relevant questionnaire research and communication meeting works in the Group with respect to sustainability governance, with a view to review our environmental and social performance and identify topics that need to be highlighted or improved.

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According to this research, the Company still believes that all investigation topics are vital for the Company and the stakeholders, among which a total of 3 topics including talent management, environmental protection and product quality have gained more prominent attention. Based on the results of this research, we shall disclose as much management methods and performance of the Group in related topics as possible in the report, so that each stakeholder can observe our efforts in sustainable development.



3. GREEN PRODUCTION MODEL

The Group strictly complies with national laws and regulations such as the Law of the People's Republic of China on Environmental Protection (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) and the Law of the People's Republic of China on Energy Conservation (《中華人民共和國節約能源法》), and continuously strengthens its environmental risk management to ensure that the Group's production and operations comply with relevant laws and regulations.

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In 2023, the Group conscientiously implemented the emission permit system and the total volume control system for major pollutants, and the internal production wastewater discharge port and boiler waste gas discharge port were connected to the monitoring system of the Jinjiang Ecological and Environmental Protection Bureau (晉江市生態環保局) for implementing environmental protection regulations and standards. The Company actively promoted clean production and encouraged employees to actively offer ideas and put forward measures and suggestions on clean production, and also through continuous optimization of the internal energy structure, gradually increased the use of solar energy as a percentage, strengthened internal water and energy management, improved environmental protection efforts for environmental protection transformation projects, to achieve the Group's "energy saving, consumption reduction, pollution reduction and efficiency increase (節能、降耗、減污、增效)", thus ensuring that the Group operates in compliance with the law and is determined to follow the path of green development and is committed to creating healthy and green products for the society.

The Group focuses on national environmental policies and global climate change trends and is committed to taking strong measures to implement its social duties.

3.1 Optimize the Management Model

The Group takes strict precautionary measures against all occurrences of environmental breaches through a range of management and precautionary control methods, and commits to improving the manufacturing process and the quality of the factory environment to lower the environmental impact of the Group's operation. With our unremitting efforts, our factory in China passed the ISO14001 environmental management system certification in 2010 and passed certification reviews conducted regularly. During the year, the ISO14001 system operated normally.

The Group established the Safety and Environmental Protection Department with the Environmental Protection Division being solely responsible for the environmental protection work of all factories of the Group. At the beginning of the year, the Environmental Protection Division formulated the Group's annual environmental protection policy, objectives and targets, and required each production department and workshop to strictly implement. The Group also engaged professional third-party organizations to carry out on-site management and monitoring of all the Group's waste gas and waste water, so that any problems found can be solved immediately and the situation can be reported to the Director of the Environmental Protection Division. The heads of each department, workshop and safety and environmental protection managers should cooperate with the Safety and Environmental Protection Department to complete the implementation of specific safety and environmental protection measures and report the situation to the relevant units and the Safety and Environmental Protection Department.

At the same time, the Group arranged every district to conduct regular examinations on environmental equipment and set up a laboratory team to take samples and test periodically. The Group established environmental emergency plans, conducted regular training and drills and improved emergency measures to enhance the ability to handle emergencies.

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3.2 Pollutant Emission Reduction

The Group strictly complies with the Law of the People's Republic of China on Environmental Protection (《中華人民共和國環境保護法》), the Law on Prevention and Control of Atmospheric Pollution (《大氣污染防治法》), the Comprehensive Emission Standards for Atmospheric Pollutants (《大氣污染物綜合排放標準》), the Law on Prevention and Control of Water Pollution (《水污染防治法》), the Water Quality Standards for Sewage Discharged into Urban Sewers (《污水排入城鎮下水道水質標準》) and other laws and regulations and the requirements of the local environmental protection department, implements comprehensive control over all types of emissions generated in the course of the production and operation and entrusts the local environmental protection department to monitor the emissions of waste gases and waste water on a regular basis every year. In 2023, the Company did not receive any notices and penalties for illegal emissions from the environmental protection authorities.

The Environmental Protection Division of the Safety and Environmental Protection Department of the Group is fully responsible for all environmental protection work in various factories. The Group controls stringently the emission of "three wastes (三廢)" in factories by conducting systematic control on the treatment and disposal of wastewater, waste gas and solid hazardous wastes, so as to strictly comply with the laws and regulations related to emissions. At the same time, the Group requires its internal departments to conduct real-time monitoring and periodic maintenance on environmental protection treatment equipment, so as to ensure all the environmental protection treatment equipment is under normal operation and meets the discharge standards.

The Group insists on being guided by the local government's environmental protection policies and standards and adopts advanced pollution prevention and control and treatment technologies to control the discharge of pollutants in the production process, and strives to fully complete its internal emission reduction plan.

3.2.1 Wastewater Treatment

The Group adopts various measures to conduct an all-round treatment on wastewater and domestic water in the factories during its production. Wastewater segregation collection systems have been installed at our production sites to adopt segregated treatment measures for various wastewater. Wastewater treatment sites are set up inside the factories to ensure the standard drainage of wastewater after treatment.

The Group actively responded to the national policy of energy conservation and emission reduction, and set up an advanced treatment system of "multi-media filtration+UF+RO" of 2,400 m³/d in the Jinnan plant to realize the recycling of wastewater, reduce the discharge of sewage and increase the reuse rate of wastewater, creating economic, environmental and social benefits for the Group.

In 2023, our discharge of wastewater pollutants included 0.02 tons of ammonia nitrogen and 0.69 tons of chemical oxygen demand, representing a decrease of 66.67% and 53.66% compared to 0.06 tons and 1.489 tons in 2022 respectively.

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In 2023, the Group organized the heads of various departments and workshops to investigate the potential wastewater hazard, so as to find out the volume and whereabouts of wastewater discharge by each workshop. We inspected the main rain drainage and detected the COD concentration of well water, and strengthened the education and training of employees to ensure that the main production wastewater in the plant would not be directly discharged. At the same time, the Company built an accident pool of 8,000 cubic meters, and set shut-off valves at the outside outlet, and set 100 cubic meters pool at the main outlet, lift pump and accident pipe network as the Company's last line of defense.

3.2.2 Waste Gas Treatment

The organized waste gas generated by the Group's factories mainly includes boiler waste gas, polyester production waste gas, spinning waste gas, and the main pollution factors are particulate matter, sulfur dioxide, nitrogen oxides and volatile organic pollutants. For boiler waste gas, we have taken corresponding treatment measures for coal-fired flue gas, and established a system connected with local environmental protection bureau to monitor the data of waste gas in real time, to ensure the emission of the exhaust will eventually comply with the respective requirements of Emission Standards of Boiler Air Pollutants (《鍋爐大氣污染物排放標準》). We strictly abide by the relevant regulations and requirements of the local government departments on waste gas emissions and treatment through various prevention and control measures for the standard discharge. The polyester production waste gas and spinning waste gas are treated with supporting environmental protection facilities, and Fujian Tianan Environmental Monitoring and Evaluation Co., Ltd. (福建天安環境監測評價有限公司) is entrusted to regularly monitor the Company's waste gas to ensure that the waste gas is discharged according to the standard.

The Group constructed a flue gas online monitoring system to conduct real-time detection and analysis of different factors to monitor emissions and ensure compliance with discharge standards. In 2023, the waste gas pollutant emissions from Jinjiang factory and the Vietnam factory of the Group were as below:

Gas pollutant emissions from Jinjiang factory: 147.29 tons of nitrogen oxides (increased by 12.57% from 130.844 tons in 2022), 54.86 tons of sulfur dioxide (decreased by 24.08% from 72.256 tons in 2022) and 11.05 tons of soot and dust (increased by 25.03% from 8.838 tons in 2022).

In 2023, the increase in the Group's nitrogen oxides and soot and dust emissions was due to: 1) all online monitoring equipment was connected and a third-party operation and maintenance unit was entrusted for operation and maintenance, and the online monitoring data was more accurate compared to that of 2022; 2) the increase in production and coal consumption. In 2023, the Group carried out a renovation of its waste gas treatment facilities by sending the polyester waste gas to the boiler for combustion, and equipping FDY spinning waste gas with fume purification devices.

The Group also pays attention to the treatment of volatile organic pollutants, strives to improve the impact on the surrounding environment, and residents and employees' health, and bears the social responsibility of the enterprise. In 2023, the Company endeavoured to improve the effective transmission rate of online monitoring data by strengthening the management of online monitoring equipment. At the same time, it carried out standardized remediation of the waste gas discharge ports, and entrusted the third-party monitoring unit to carry out self-monitoring to ensure the discharge of the waste gas complies with the standards and to reduce the impact on the surrounding environment.

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3.2.3 Waste Disposal

The Group adopts a waste disposal approach aiming to achieve the reduction and recycling of wastes, and all general and domestic waste generated in the Company has been harmlessly treated or recycled. In 2023, our Jinjiang factory's production generated a total of 12,448 tons of general waste and Vietnam factory's production generated a total of 3,100 tons of general waste.

The Group requires every department and workshop to strictly control their production process to minimize its hazardous waste output at the source. The Group has built a 350-cubic metre hazardous waste storage facility, which meets the Company's daily needs of hazardous waste storage. The Group arranged dedicated staff for the management of the diversion tank, collection well, sewage network and accident switching valve. We entered into a hazardous waste entrusted treatment agreement with a third-party entity that satisfies the environmental requirements and possesses the relevant qualifications.

For general industrial solid waste generated in the factories of the Group, which includes wasted filament, boiler ashes and wasted packing bags and so on, we conduct internal recycling and reuse or sell them to downstream manufacturers as raw materials. New domestic waste was generated in 2023. We collect domestic waste at designated locations in accordance with the local sanitary requirements and entrust local sanitation department for cleaning, transportation and disposal.

3.3 Resources Conservation

The Group formulated the goal of energy saving for 2023 and strongly promoted clean production as well as attaches great importance in controlling resources utilization, conserves resources from the source as far as possible and achieves resources reuse at the same time. During the year, the Company continued to improve and optimize its production processes by using advanced and energy-saving production equipment. We encourage employees to choose bus shuttle to and from work, all districts to adopt off-peak power consumption, recycling of industrial wasted filament, wasted films and waste products, advocating green offices and keeping the room temperature at 24 to 26 degrees Celsius in the summer.

In 2023, the Group continued to increase investment in photovoltaic power generation by prioritizing the use of photovoltaic clean energy and reducing the use of traditional energy generated by the state grid to reduce carbon dioxide emissions and make a contribution to local energy-saving and emission reduction.

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In 2023, 45,565.17 MW of clean energy was used at the Jinjiang plant (an increase of 91.02% from 23,853.58 MW in 2022), effectively reducing traditional energy consumption as well as the pollutants and greenhouse gas emissions caused by it.

Type of resources	Unit	2022	2022	2023	2023
		Jinjiang factory	Vietnam factory	Jinjiang factory	Vietnam factory
Jinjiang power grid electricity consumption (indirect energy)	kWh/MWh	1,634,112.90	469,627.58	1,625,097.32	272,772.08
Solar photovoltaic electricity consumption	kWh/MWh	23,853.58	/	45,565.17	/
Coal (direct energy)	0'000 tons	26.92	4.98	27.39	7.00
Diesel (direct energy)	Litres	215,044.00	/	328,104.00	/

The power grid electricity consumption, coal (direct energy) and diesel (direct energy) consumption of the Group's factories in 2023 are:

Jinjiang factory: Power consumption of 1,625,097.32 MW, coal consumption of 273,900 tons, diesel of 328,104.00 litres

Vietnam factory: Power consumption of 272,772.08 MW, coal consumption of 70,000 tons.

Type	Unit	2022	2022	2023	2023
		Jinjiang factory	Vietnam factory	Jinjiang factory	Vietnam factory
Greenhouse gases Total emissions	T CO ₂ eq	1,465,047.090	184,020.000	1,477,752.180	262,334.600
Scope 1	T CO ₂ eq	151,771.840	58,820.300	154,420.421	73,212.100
Scope 2	T CO ₂ eq	1,313,275.250	125,199.700	1,323,331.759	189,122.500

Pursuant to GHG Protocol, in translating the greenhouse gas emission resulting from energy consumption, the following is the total greenhouse gas emission of Jinjiang factory and Vietnam factory of the Group in 2023:

Jinjiang factory's emission was approximately 1,477,752.18 tons of carbon dioxide equivalent (increased by 0.87% from 1,465,047.09 tons in 2022), of which direct energy (Scope 1) of 154,420.42 tons accounted for 10.45% and the indirect energy (Scope 2) of 1,323,331.76 tons accounted for 89.55%.

Vietnam factory's emission was approximately 262,334.60 tons of carbon dioxide equivalent (increased by 42.56% from 184,020.00 tons in 2022), of which direct energy (Scope 1) of 73,212.10 tons accounted for 27.91% and the indirect energy (Scope 2) of 189,122.5 tons accounted for 72.09%.

Taking a comprehensive consideration of each factory's situation, we have installed a circulating cooling water system and water reuse system in the factories to achieve the cyclical utilization of water resources in the factories. And we utilize local wastewater treatment facilities to improve the treatment capacity and measures outside the factories.

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Purified water from the water reuse system and strong brine from the soft water system of the factories will be reused as waste gas dust removal water, while the effluent from the sewage station will be used for greening irrigation inside the factories. Through cyclical regeneration and secondary recycling, the consumption of municipal water resources by our factories has been significantly reduced.

Energy consumption	Unit	2022	2022	2023	2023
		Jinjiang factory	Vietnam factory	Jinjiang factory	Vietnam factory
Municipal water	0'000 tons	171.30	89.36	212.70	60.12

In 2023, the municipal water resources consumed by the Group were as follows:

Jinjiang factory consumed approximately 2,127,000 tons in 2023 (increased by 24.17% from 1,713,000 tons in 2022).

Vietnam factory consumed approximately 601,200 tons in 2023 (decreased by 32.72% from 893,600 tons in 2022).

3.4 Packing Materials Consumed

The Group continuously promoted the recycling of packing materials through reducing the use of disposable packing materials. The recycled packing materials will be disposed of as general industrial waste only until their functions are damaged, thus we reduced the waste of resources and protect environment effectively.

The main packaging materials for the Group's polyester filament yarns products include: plastics, foam boards, paper boxes and paper rolls; the main packaging materials for polyester film products include: PE films, bubble films and pearl pads; moreover, pallets, wooden supports and iron trays used for product storage and auxiliary transportation.

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The Group keeps an eye on regulations of packaging usage in regions and optimizes the design of packaging that shall comply with environmental requirements, so as to strive to minimize the consumption volume of packaging materials. During the year, the consumption volume of packaging materials was as follows:

Packaging material types	Unit	2022	2022	2023	2023
		Jinjiang factory	Vietnam factory	Jinjiang factory	Vietnam factory
Paper rolls	0'000 pieces	16,165.11	2,443.93	16,048.43	2,682.70
Paper boxes	0'000	1,830.48	276.01	1,782.06	333.22
Foam boards	0'000 pieces	586.96	5.29	793.75	44.42
HD bags	kg	636,805.00	21,403.00	684,423.00	22,355.00
Pearl pads (Foam boards)	0'000 pieces	35.12	\	838.73	\
Bubble films	kg	92,774.50	107,387.00	111,833.24	\
Composite bubble films	kg	424,832.70	\	503,045.50	\
Compound bubble film dome	0'000 pieces	158.82	\	200.70	\
Plywood	PC	862,663.00	144,246.00	933,343.00	183,259.00
Wood	PC	341,131.00	\	415,426.00	\
Wooden frames	PC	319,111.00	\	404,919.00	2,713.00
Slice bag	0'000	20.43	21.70	38.27	31.74

3.5 Environment-friendly Industry

The Group attaches great importance to environmental protection and sustainable development, and regards environmental protection and energy conservation and emission reduction as an important part of building a green Billion. In addition to strengthening safety and production operation and management, the Group has always promoted the concept of green environmental protection, striving to enhance the utilization rate of energy, water resources and materials. In compliance with environmental laws and regulations, the Group reduced the use of natural resources, and proactively promoted cleaner production and energy saving and emission reduction, in an effort to create a resource-saving and environmentally friendly enterprise.

The Group actively identifies the possible major impacts of climate change on the Company, including the intensity, frequency and timing of extreme weather. In order to minimize disruption to the Group's business operations, the Group has formulated relevant emergency plans and on-site disposal plans so that losses can be reduced or avoided in the event of extreme weather affecting the Group's business premises.

The Group established an emergency command system, clarified the personnel and responsibilities of the emergency organization structure, and strengthened interaction and management, to minimize the casualties and property losses caused by climate issues in the events of accidents. Comprehensive arrangements are in place to ensure staff safety under extreme weather conditions by adopting a flexible approach depending on the actual difficulties and needs of staff.

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During the year, the Group continued to arrange reasonable recycling for all recyclable industrial resources through conducting internal recycling on production materials and leftover materials of products or selling to downstream manufacturers for recycling, collecting packaging materials of raw materials and assigning manufacturers for recycling, and have significantly reduced the produce of industrial wastes.

In 2023, the Group's Jinjiang factory and Vietnam factory made continuous recycling of wasted filaments and wasted films, with the reuse as follows:

Jinjiang factory: 9,534.00 tons of wasted filament reuse (a decrease of 8.73% as compared to 10,446.00 tons in 2022); 4,765.00 tons of wasted film reuse (increased by 41.87 times as compared to 111.14 tons in 2022); sales volume for wasted films was 1,290.00 tons (a decrease of 86.74 % as compared to 9,731.40 tons in 2022).

Vietnam factory: 5,438,700 pieces of recycled paper rolls (an increase of 30.74% as compared to 3,767,100 pieces in 2022).

Indicators	Unit	2022	2022	2023	2023
		Jinjiang factory	Vietnam factory	Jinjiang factory	Vietnam factory
Internally recycled wasted filaments	Ton	10,446.00	\	9,534.00	1,964.92
Recycled wasted films	Ton	111.14	\	4,765.00	\
Wasted film sales	Ton	9,731.40	\	1,290.00	\
Recycled paper rolls	0'000 pieces	\	376.71	\	543.87

4. HUMAN-BASED MANAGEMENT

The Group is committed to maintaining a high standard of corporate governance. We always adhere to the principle of "Human-oriented Philosophy, Factory-based Family and Co-development (以人為本·以廠為家·與員工共同發展)". We firmly believe that employees are the most important and valuable asset of the Company and their contribution is vital to the success of the Group. We also offer excellent career development opportunities, actively advocate a diverse and inclusive working environment, formulate long-term incentive plans to retain outstanding talents, and persistently invest in staff development to create a diversified, inclusive and leading team.

The Group stringently complies with national laws and regulations and local labor laws and industry codes. And we fully respect the diversity of employees, follow the principle of equal opportunities, and there is no situation in which the employment, benefits and promotion of employees are affected by nationalities, religious beliefs, political factions, living and eating. The Group provides a series of facilities and benefits to its employees and their families, so that our employees can enjoy family harmony while seeking career development.

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With the development of the society and the improvement of the living standard, more and more employees focus on the spiritual needs while pursuing materials, which also puts forward higher requirements for the Company. The Group will continue to establish and improve various rules and regulations, build its own corporate culture, create a harmonious working environment, and also try to meet the real needs of the employees and improve their satisfaction, so as to mobilize their motivation and ultimately obtain the desired economic benefits.

4.1 Employment Compliance

In order to ensure that all aspects of the employment process comply with laws and regulations, the Group strictly prohibits the employment of child labor, forced labor, black market labor or any forms of illegal labor. The Human Resources Department is required to carefully check all the necessary qualifications of the worker during the recruitment process in strict compliance with the relevant laws and regulations, and truthfully inform the worker of the work content, requirements, place, remuneration and other situations that the worker needs to know, so as to ensure that all employees employed by the Group hold legally authorized work permits and comply with local standards for legal work.

The Group will terminate the recruitment process in real time in case any violation of employment laws or standards is found. The Group will take necessary legal actions if any of the above rules and regulations are found to have been violated by the existing employees. During the Reporting Period, no employment irregularities were found.

A labor contract and confidentiality agreement will be entered into between the Group and all of its employees. The staff salary of the Group will be set in accordance with relevant local state regulations. We ensure new staff will receive their respective salary in accordance with the minimum salary standard which is not less than those required by the local government during the probation period. We will determine staff salary by reference to the importance, technical requirements and skills level of the position. We will also give additional remuneration for work beyond the prescribed scope to ensure that employees are motivated to work.

In the context of industrial transformation and old and new energy transformation, the fundamental way for the private economy to achieve high-quality development lies in innovation, and the key support is talents. Quanzhou City, where the Group is located, as a major city of the national private economy, has always placed talent attraction and cultivation in an important position for private enterprises, deeply cultivated the "Harbor Plan" for talents, implemented the "Spring" action, perfected the talent incentive mechanism throughout the entire chain, attracted talents from all fields, and stimulated new vitality for the development of the private economy.

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In early 2023, the relevant recruitment team and the head of the Human Resources Department of the Group had a discussion with the visiting Provincial Department of Human Resources and Social Affairs on the recruitment of talents, and exchanged views on the accreditation of the grades of general workers, the evaluation of the titles of private enterprises, and the enterprise's internal talent policies, which fully demonstrated the successful experience of the Company in the attraction of talents.



In order to deeply implement the decision-making and deployment of the CPC Central Committee and the State Council on the employment of graduates from colleges and universities, fully implement the work requirements of the provincial party committee and the provincial government, and make every effort to promote the high quality and full employment of graduates, the Group responded positively by strengthening school-enterprise cooperation and expanding the scope of talent attraction.

In 2023, the Group signed school-enterprise strategic cooperation agreements with major colleges and universities such as Minnan University of Science and Technology, Liming Vocational University, Quanzhou College of Technology, Zhangzhou Institute of Technology, Fujian Polytechnic of Information Technology and Sichuan Vocational College of Chemical Industry.



All employees of the Group are full-time and there are no part-time employees. As of December 31, 2023, there were 6,687 employees in China and 2,506 employees in Vietnam. The breakdown of employees by age, gender, education and position is as follows:

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The Group engaged 6,687 staff in China, of which, 4,737 are male staff and 1,950 are female staff, representing approximately 70.84% and approximately 29.16% respectively. In respect of ages, 2,590 of our employees are below 30 years old, 2,867 of our work-force are between 30 to 50 years old and 1,230 are over 50 years old, representing approximately 38.73%, 42.87% and 18.39%, respectively. As for education background, about 734 staff hold a junior college degree or higher, accounted for 10.98% of the total staff. In terms of positions, we have 220 managerial staff, representing about 3.29% of the total staff.

The Group engaged 2,506 staff in Vietnam, of which, 1,699 are male staff and 807 are female staff, representing approximately 67.80% and approximately 32.2% respectively. In respect of ages, 1,229 of our employees are below 30 years old, 1,203 of our work-force are between 30 to 50 years old and 74 are over 50 years old, representing approximately 49.04%, 48.00% and 2.95%, respectively. As for education background, about 76 staff hold a junior college degree or higher, accounting for 3.03% of the total staff. In terms of positions, we have 446 managerial staff, representing about 17.80% of the total staff.

Employee turnover rate of the Group in 2023 is set out below:

2,383 employees of the Group had left office in China, of which, 1,519 are male staff and 864 are female staff, representing approximately 63.74% and approximately 36.26% respectively. In respect of ages, 1,508 of our employees are below 30 years old, 646 of our work-force are between 30 to 50 years old and 229 are over 50 years old, representing approximately 63.28%, 27.11% and 9.61%, respectively.

2,162 employees of the Group had left office in Vietnam, of which, 1,462 are male staff and 700 are female staff, representing approximately 67.62% and approximately 32.38% respectively. In respect of ages, 1,225 of our employees are below 30 years old, 912 of our work-force are between 30 to 50 years old and 25 are over 50 years old, representing approximately 56.66%, 42.18% and 1.16%, respectively.

4.2 Employee Benefits

The Group strives to create a friendly home-like working environment for staff and attaches great importance to staff's welfare treatment. The corporate culture of "Billion as My Home (百宏我家園)" has penetrated into the hearts and minds of all Billion employees. Apart from providing social insurance and mutual medical care insurance, we also provide group commercial insurance coverage for enterprise's staff.

In line with the spirit of the notice of "Measures for Identification and Filing Management of Workers with Difficulties in Fujian Province" (《福建省困難職工家庭認定和檔案管理辦法》), the Billion Labour Union of the Group timely establishes files for the management and assistance of the staff in difficulty in accordance with the provisions of the Measures, and actively do practical and good things for them to solve their difficulties, striving to promoting the steady development of the assistance work. The Group also carries out care and concern work in various forms, such as pairing and supporting employees in difficulties and providing academic assistance in the autumn semester, to encourage them to pull themselves together to get rid of difficulties and make efforts to improve the living and working conditions of the staff in difficulties, so that the staff in difficulties can truly feel the care and warmth of the Company. Every year, the Group's "Charitable Fund" helps to resolve the financial difficulties of our staff in need.

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The Group organizes training for the staff and holds operating skill competitions from time to time. Every month, the Group holds competitions for the “Outstanding Staff of the Month”, the “Top Three in Monthly Examination” and the “Winning Team for Evaluation”. Every year, the Group holds competitions for the “Advanced Management Competition”, “Outstanding Employee Competition” and “Ten, Fifteen and Twenty Years’ Honour Staff Awards”.

The Group also provides a series of welfare policies and measures for its staff, including free accommodation, free meals, low-priced uniforms, free shuttle buses, birthday blessings, festive gifts, labor union activities, overtime subsidies and transport subsidies.

4.2.1 Comfortable Living Environment

In order to create a comfortable living environment for the staff to live comfortably and peacefully, and constantly improve the cohesion and centripetal force of the enterprise, we have formulated the “Staff Dormitory Management Regulations”. All the existing staff of the enterprise and their relatives, workers in canteens and supermarkets, personnel from external units, students working as interns in the Company, businessmen for negotiations, experts, technicians and other personnel visiting the factories are entitled to free accommodation with the consent of the Company.

The comfortable dormitory provided by the Group is equipped with double room, couple room, foreman dormitory (two rooms and one hall), management dormitory (two rooms or three rooms and one hall), and the furniture includes beds, nightstands, wardrobes, computer desks, air conditioners, sofas in the living room, televisions and other supporting facilities.

The Group also provides free parking lots in the factory, fresh food supermarket and parcel delivery locker in the living area, various types of shops outside the factory entrance for rental, with a combination of “clothing, food and use” and other aspects to provide a lot of convenience in life. The self-service canteen in the Company also greatly reduces the cost of food for the staff.

The Group firmly believes that a safe, comfortable and positive living environment will enhance the health and well-being of the staff and is conducive to the sustainable development of the enterprise.

4.2.2 Employees’ Children Education

In 2023, the Group saw an increase in the proportion of “husband-and-wife workers” and “family workers”. This is due to the fact that we highlighted “husband-and-wife workers”, opened kindergartens with “Caring School Bus”, and implemented the humanized measures, such as “summer and winter camps”, “4 o’clock school”, “Weekend Workshop”, “Youth Psychological Counselling Room” in cooperation with the Zhihe Social Work Office (致和社工事務所), to build a platform for after-school counselling for the staff, which greatly enhances their sense of belonging.

In respect of the nine-year compulsory education, under the support of the government policy and the external communication and assistance of the Company, the staff can easily apply for enrolment and transfer of school for their children, which also solves the difficulties in children education. The Group owns school buses that meet national standards and provides free pick-up services for the children of our staff from different factories to different schools, and recruited security personnel in school buses to ensure the safety of our staff’s children on their way to and from school.

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In 2023, the kindergarten and labour union of the Group held various parent-child activities with the aim of deepening the emotional relationship between the staff and their children, avoiding the absence of parents' participation in children's education, enhancing the children's hands-on skills and social ability, and enriching the lives of the staff.



4.2.3 Cohesion Building

The Group is equipped with a large training centre, library, table tennis room, billiard room, basketball court, gym, yoga room, karaoke hall and other activity centers and recreational facilities. We set up a basketball team, regularly hold various cultural and sports activities, and organize the staff for travelling, aiming to provide the staff with a colourful living environment and enhance their cohesion.

On March 8, 2023, the Baihong Trade Union carried out the activity of "Flower Arrangement on Women's Day (3•8女神节妙手插花)". The general officer of Longhu Town Federation of Trade Unions attended the activity, publicized the "Legal Knowledge on Rights and Interests of Female Workers" and other related knowledge and sent holiday greetings and best wishes to the female staff. The floral art teacher was invited to give on-site lectures and detailed guidance on the aspects of floral art culture, flower varieties, colour matching, modelling and pruning.



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In the flowery and relaxing atmosphere, the female employees enjoyed the fun of creating with their own hands. This activity not only released their pressure and pleased their body and mind after their busy work, but also improved their artistic cultivation and aesthetic taste. The female employees spent a pleasant holiday in feeling the beauty, appreciating the beauty and creating the beauty.

On June 8, 2023, Billion Group held a warm commendation conference for the elderly employees who have joined the Company for 10 years, 15 years and 20 years. A total of 530 employees, together with the town leaders and senior management of the Company, gathered together to witness the grand and glorious moment, highlighting the Company's care and concern for employees.



4.3 Employee Communication

Effective and direct communication with employees optimizes the Company's management environment, improves relations between management and employees, overcomes management obstacles, and improves staff loyalty, satisfaction, creativity and effectiveness, which brings better economic benefits for the Company.

The Group employs a range of motivational mechanisms to enable employees to take initiative and be creative, and through continuous communication, it can better understand the actual needs of employees and satisfy those needs to enhance their enthusiasm for working for the Company.

The Group encourages employees to speak freely and put forward rationalization proposals that are beneficial to the Company or the departments, and employees will be rewarded for the rationalization proposals adopted. The Company also established a "Daily Caretaker(生活管家)" account at WeChat, which helps to solve the various difficulties of new employees. The Trade Union organizes employees' symposiums and conversations on different subjects from time to time to listen to the opinions of employees. The suggestion box is set up to listen to the voices of the front-line employees. All reasonable suggestions and opinions, with the consent of the Company, will be supervised by the Performance Division for implementation by the relevant units.

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5. TALENT DEVELOPMENT

5.1 Comprehensive Training System

The Group attaches great importance to the training of employees. In order to improve the job skills and business quality of the employees, the Safety and Environmental Protection Department and Human Resources Department of the Company formulate the annual training plan of the Company according to the training needs and plans of the Company, each department and workshop, and arrange different types of vocational education and training for employees in different positions. The training content covers national laws and regulations, company rules and regulations, production safety, operation skills, quality and food safety management systems. The Company ensures that its employees receive sufficient training courses each year and has sufficient budgetary funds.

The Group actively creates a learning enterprise, enhances employees' enthusiasm for on-the-job learning, strengthens and improves the academic structure of employees, and jointly founded the "Vocational School 《中專班》" with Fujian Polytechnic of Information Technology; at the same time, the Group cooperates with Tianjin University and founded the "Billion-Tianjin University Online Education College (《百宏 - 天津大學網絡教育學院》)" to cultivate professional and excellent talents.

The Group's training is divided into company training, departmental training, job training and self-study. According to positions, it is divided into human resource training, enterprise culture training, production safety training, operation skill training, sales training, responsibility system training, financial management system training, etc.

In 2023, the Group organized 85,218 staff to attend various trainings in batches. Training coverage rates of both male and female staff were above 90%, with per capita training hours of more than 19.21 hours. By functionalities, the number of general staff who attended trainings was 61,156, with training coverage rate of 92.08% and per capita training hours of 12.25 hours; and the number of managerial personnel who attended trainings was 16,542, with training coverage rate of 96.25% and per capita training hours of 64.21 hours.

5.2 Equal Development Opportunity

As an employer providing equal opportunities, the Group does not discriminate against any person on the basis of sex, age, marital status, race or religion in our recruitment and staff appraisal processes. The salary structure of the Group's employees consists of fixed income and variable income, and the salary level is performance- and job-value-oriented, taking into account the value of the job, performance and skill level, so as to ensure that employees' personal value is maximized.

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The Group pays attention to the career planning of the employees, and has established a tiered talent promotion mechanism, which gives priority to internal promotion with equal opportunities, and highlights the cultivation of the employee's personal qualities. The Company follows the principle of fair competition, adopts the mode of "promoting those who are capable and removing those who are not", values the talents of each employee, fully recognizes the value created by each employee in different positions for the Company, and provides a platform for employees to give full play to their talents, and adopts a series of comprehensive assessments to select the most talented and ethical employees for promotion.

The promoted personnel, whether it is a team leader, shift leader or director, is required to undergo professional training and pass the Company's examination before being formally promoted.



The Group promotes a fair and open competitive environment and provides relevant training plans for employees in different positions. In 2023, in order to meet the strategic development needs of the Group, the Human Resources Department re-designated and re-compiled all the departments and positions and clarified the duties of each position for stringent implementation. During the Reporting Period, the Group has not received any complaints regarding inequality at work.

6. IMPLEMENTATION OF SAFETY OPERATION

In order to constantly implement the annual safety and environmental protection work of the Group, the Safety and Environmental Protection Department of the Company has continued to introduce safety and environmental protection specialists since 2023, which has played an important role in realizing the safe operation of the Company. During the year, the safety and environmental protection management objectives were basically accomplished with the full cooperation of the Safety and Environmental Protection Department and other production departments and units.

The Group also strictly complies with relevant local laws and regulations, taking the "Production Safety Law of the People's Republic of China 《中华人民共和国安全生产法》" as well as national, industry and local standards as reference indicators for production safety. The Company adheres to the production safety policy of "safety first, prevention as focus and comprehensive management". On this basis, management measures such as the "2023 Production Safety Target Management System" were formulated to clearly define the management organization, safety duties and scope of work of the relevant departments and personnel regarding production safety of the Company, as well as the assessment criteria for safety management.

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6.1 Occupational Health and Safety

In terms of occupational health, the Group did not have any occupational disease hazards this year. The Group promoted the efficient operation of the “Occupational Health Management System” in the areas of occupational health education for employees, production safety management, and emergency prevention and handling. Therefore, the Group has effective elimination of or reduction in hazards in the operation process, and managed occupational health and safety risks that employees and other stakeholders might face during business operations.

The Group strictly abides by the “Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》)”, the “Regulations on Work-related Injury Insurance (《工傷保險條例》)”, the “Measures for the Determination of Work-related Injuries (《工傷認定辦法》)” and the laws and regulations of the place where it operates, based on which the Group has formulated the “Occupational Health Management System (《職業健康管理制度》)”, the “Regulations on the Management of Work-related Injuries of Billion Industrial Holdings Limited (《百宏實業控股工傷管理規定》)”, etc., and has clearly regulated the occupational health management, work-related injury declaration and compensation management of employees, so as to effectively protect the legitimate rights and interests of employees. At the same time, we have also purchased five insurances for all regular employees, including medical insurance and work-related injury insurance, etc., to provide employees with comprehensive multiple protection and safety support.

In 2023, the Group provided sufficient resources to conduct a series of safety trainings for employees led by the Safety and Environmental Protection Department to popularize occupational health-related knowledge, carried out on-site emergency rescue drills of “self- and mutual-rescue”, guide employees in cardiopulmonary resuscitation, Heimlich and other first-aid operations, improve employees’ occupational safety awareness and emergency response capabilities, and protect employees’ safety to the greatest extent.

6.2 Stringent Safety Management

The Group’s safety and environmental protection work strictly abides by national laws and regulations such as the “Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》)”, the “Fire Protection Law of the People’s Republic of China (《中華人民共和國消防法》)” and the “Environmental Protection Law of the PRC (《環境保護法》)”. In 2023, under the guidance of the Level 1 Production Safety Committee of the Group, the Safety and Environmental Protection Department presided over the implementation of the specific work items of the Company’s safety and environmental protection, and the workshops of each department were equipped with part-time safety administrators to cooperate with the Safety and Environmental Protection Department to implement the production safety work, with their respective division of labor, thus ensuring the rapid implementation and effective operation of the Company’s safety and environmental protection work.

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6.2.1 Safety Work Implementation

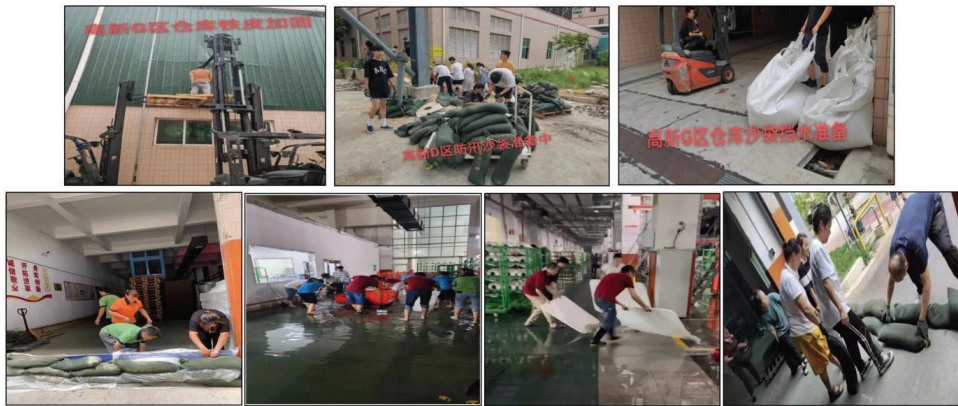
In 2023, with the support of leaders at all levels and Level 1 Production Safety Committee of the Group, the Safety and Environmental Protection Department fully presided over and implemented all safety and environmental protection work of the Company, as follows:

1. Continuously improve, formulate and revise all kinds of the intranet information in safety and environmental protection;
2. Handle the safety management of special equipment and special operators;
3. Organize employees of the Company to carry out various safety and environmental protection education and training and emergency drills;
4. Organize production for workshop employees to watch and learn various safety and environmental protection education videos;
5. Formulate on-site disposal plans and emergency plans according to emergencies and assist workshops of various departments to do a good job in safety and environmental protection;
6. Organize various meetings related to safety and environmental protection and implement specific safety and environmental protection work;
7. Check the safety production situation of the Company and implement the safety management measures for major hazard sources of the Company;
8. Take charge of the examination and approval of the Company's work-related injury accidents declaration and organize relevant departments to analyze safety production accidents;
9. The safety management work of outsourcing units of outsourced projects of the Company includes safety briefing, training, monitoring, hidden danger investigation, etc.;
10. Continue to carry out various safety inspections in production areas, maintenance site, construction site and public area, including comprehensive inspection, special inspection, daily inspection, inspection before holidays and inspection before special weather;
11. Dock all kinds of inspections on safety and environmental protection by governments and regulatory units at all levels and take charge of implementing rectification;
12. Complete other work related to safety and environmental protection as assigned by leaders at all levels.

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6.2.2 Emergency Response

In response to various emergencies, the Company's Safety and Environmental Protection Department prepared emergency plans and on-site disposal plans according to the actual situation, such as the "Special Emergency Plan for Typhoon Prevention (《百宏實業防颱風專項應急預案》)", the "Special Emergency Plan for Production Safety Accidents (《生產安全事故應急專項預案》)" and the "Site Disposal Plan for Production Safety Accidents (《生產安全事故現場處置方案》)".



From July 26 to 29, 2023, in order to fight against typhoons, the Safety and Environmental Protection Department organized 56 professional employees from various production departments to participate in the training and study of typhoon prevention emergency plan, deployed various typhoon prevention measures, and did a good job in various preventive work, without shutdown and casualties.



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In 2023, the Company's Safety and Environmental Protection Department organized various departments and workshops to carry out emergency treatment and self- and mutual-rescue knowledge training and emergency drills for over 30 times, and demonstrated CPR cardiopulmonary resuscitation and Heimlich first aid methods on the spot to improve employees' self- and mutual-rescue ability.

In 2023, the Group achieved the safety production management objectives of no major casualties, no fire accidents, no environmental pollution incidents and no occupational diseases for the whole year. The number of days lost due to work-related injuries is 932 days in China and 586 days in Vietnam during the year, and no work-related fatal accidents happened in the past three years including this reporting year.

6.2.3 Deploying Safety & Health Devices

All departments and workshops of the Group receive various protective equipment on time every month, including mouth masks, face masks, eye masks, gloves, ear plugs, working clothes, labor shoes, first-aid medicine etc. In addition, the Group has a complete fire alarm system, sprinklers, smoke alarms, air conditioning system, indoor and outdoor fire hydrants and other facilities to provide a basic and comprehensive protection for the personnel working in various production processes.

Most workshops of the Group have set up micro fire stations, equipped with reserve emergency and detection items such as air breathing apparatus, fire-fighting equipment, gas masks, mouth masks, oxygen detectors, combustible gas detectors, etc. Medicine walls and special water diversion areas are set up in the workshops to provide a safe, healthy and comfortable working environment for employees.

6.3 Comprehensive Safety Education

In 2023, the Group formulated an annual safety and environmental protection training plan and implemented it as required. During the year, the Safety and Environmental Protection Department organized various induction trainings, including safety training for promoted personnel, safety training for outsourced units, safety training for management personnel, and various fire and emergency training for employees. Human Resources Department, departments and workshops carried out three-level safety education training and special skills training for new staff. Different training methods were adopted for different positions. Each workshop team conducted daily safety training and safety operation briefings through summary meetings, class meetings and on-site meetings, held analysis meetings for production safety accidents, and formulated preventive measures.

In 2023, the total number of hours of occupational health and safety education and training for all employees of the Group was 83,560 hours for the Jinjiang factory and 1,087 hours for the Vietnam factory, and the cumulative percentage of new employees participating in safety training was 100%.

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Through safety training and education, the Group effectively controlled various types of production safety accidents, and the number of production safety accidents decreased year by year, which decreased by 27.77% compared with the accidents in 2022. Employees' awareness of safety and prevention has been continuously enhanced. Team leaders, directors, etc., as daily managers, also led by example and devoted themselves to front-line safety work, starting from minor accident prevention and building up a solid ideological line of defense for safe production. We will continue to attach importance to regular safety education, so that the alarm bell will always ring and problems will be prevented before they occur.

6.3.1 Troubleshooting Hidden Dangers

In 2023, based on the actual situation of the Company and the requirements of higher authorities, the Group compiled a list of safety inspections, which is detailed and decomposed to each department and workshop to clarify the responsibility of inspection at each level, the frequency of inspection and the requirements of rectification.

The Safety and Environmental Protection Department organized various safety inspections, formulated the annual safety hazard investigation plan, and refined it to the workshops of various departments, requiring them to strictly implement it. The Safety and Environmental Protection Department is responsible for supervising the rectification of hidden dangers, urging all relevant units to rectify in place, and ensuring that no future problems are left so as to reduce accidents.

In order to better and more comprehensively investigate all kinds of hidden dangers of the Company, the Company's Safety Committee decided to hire various types of experts to investigate the hidden dangers of the facilities and management corresponding to the 9 production areas of the Company every year, in a bid to identify the Company's management defects, constantly improve the safety and environmental protection management level, eliminate the defects of equipment and facilities, and ensure the long-term stable operation of the Company's safe production.

From January to December 2023, the Safety and Environmental Protection Department has organized over 20 inspections, with a 100% correction rate of usual hidden dangers.

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In September 2023, the Group hired electrical experts to carry out special safety inspections on key dangerous areas such as substations and switching stations in Jinjiang factory area of the Company, and found out 28 major items and 38 minor items of various hidden dangers. Afterwards, the Safety and Environmental Protection Department organized relevant departments to carry out hidden danger rectification promotion meetings, and all accident rectification was completed.



7. PRODUCT RESPONSIBILITY

On the basis of the original five strategies of “talent, brand, innovation and sharing”, the Group has added and established an intelligent manufacturing strategy as the core driving force to promote the high-quality development of the Company. We are committed to becoming an excellent global supplier of polyester filament yarns and creating healthy and green high-quality products for the society.

The Group has implemented different measures for improving product quality, which include inspection and control on product quality, automatic production and raw materials safety management. During the year, the product quality management of the Group has obtained ISO9001 Quality Management System Certification, and its products have passed spot checks by the quality and technical supervision department.

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7.1 Improving Product Quality

In 2023, the first Fujian Top 100 Brand Value List Release & the “the Belt and Road” Eight Fujian Famous Brand Development and Cooperation Conference was held in Ningde City. Fujian Enterprises and Entrepreneurs Confederation and Fujian Brand Construction Promotion Association jointly released the first Fujian Top 100 Brand Values List. Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd. ranked 17th among enterprise brands with a brand strength of 861 points and a brand value of RMB6.083 billion.



According to the international and national standards of brand value evaluation, the brand strength and brand value were calculated according to the “five elements” theory (tangible element, intangible element, quality element, service element and innovation element).

Brand value reflects the core competence of brand competitiveness, and it is also an important index to evaluate the quality of brand products. With the continuous improvement of the modern market system and the increasing competition of products, creating high-quality products has obviously increased the impact on brand value and enterprise development. We will strive to continuously improve the quality and safety of our products, improve the brand development plan, and provide customers with better products.

In 2023, the Group won many honors, which also reflected the high recognition of the Company’s products by the industry and consumers. We will continue to improve the quality and safety of our products, and conduct more stringent inspection and quality control on raw materials, semi-finished products and finished products, so as to ensure that every production process is in compliance with the requirements of the Group.

In 2023, the Group participated in various international trade fairs, attracting many new and old customers at home and abroad to negotiate and visit, and the professional and patient answers, considerate services and high-quality product display greatly enhanced the Company’s image, and also improved customers’ awareness and market competitiveness of our products. We will continue to promote cooperation with other enterprises to achieve a win-win result, and believe that with the joint efforts of all parties, the industry will usher in a better future.

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The Group will uphold the mission of “providing healthy and green products for the people and becoming a global high-quality supplier of raw materials for consumer goods” and implement the business philosophy of “producing green products”. We will strive to build a century-old brand, and provide high-quality products and services to customers all over the world with professional technology and serious attitude.

The Group also set up a separate after-sales service team to deal with the problems, feedback and complaints of customers about the product professionally. At the same time, we delegated technological professionals to actively communicate with customers to jointly analyze and find out the cause, carefully verify and timely solve the reported problems.

The complaints related to products and after-sales services during the year are as follows:

Type of Complaints	Unit	China	How to handle	Vietnam	How to handle
Stripe/stripes discrepancy	Time(s)	60	Friendly negotiation	33	Friendly negotiation
Wrong order placed	Time(s)	6	Friendly negotiation	1	Friendly negotiation
Bruise	Time(s)	5	Friendly negotiation	5	Friendly negotiation
Fuzzy filament	Time(s)	12	Friendly negotiation	5	Friendly negotiation
Broken filament	Time(s)	37	Friendly negotiation	11	Friendly negotiation
Color difference for stripes	Time(s)	40	Friendly negotiation	12	Friendly negotiation
Stained filament	Time(s)	15	Friendly negotiation	3	Friendly negotiation
Stiff filament	Time(s)	12	Friendly negotiation	4	Friendly negotiation
Color/chroma difference	Time(s)	1	Friendly negotiation	8	Friendly negotiation
Barre mark	Time(s)	1	Friendly negotiation	1	Friendly negotiation
Mixed batch	Time(s)	6	Friendly negotiation	8	Friendly negotiation

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7.1.1 Automatic Operation

Taking the development of intelligent manufacturing as the strategic focus of the enterprise, the Group undertook the first new mode project of intelligent manufacturing in the textile industry, developed an online inspection system for the quality of polyester filament products, and was honored as an “intelligent manufacturing benchmark enterprise”. The Group built scientific research and innovation platforms such as national enterprise technology centers, national laboratories and academician workstations, deepened independent scientific and technological research and development, jointly developed new products with national key universities, and created core competitiveness, with more than 60 invention patents. At the same time, it has been recognized by departments at all levels, and has been awarded honorary titles such as “National Technological Innovation Demonstration Enterprise”, “National May Day Labor Medal”, “Key High-tech Enterprises of National Torch Program”, “National Advanced Collective in Textile Industry”, “China Quality Benchmarking Enterprises”, “Excellent Private Enterprise in Fujian Province” and “Meritorious Enterprises in Quanzhou City”.

In 2023, the Group’s automated production lines ran smoothly, and we will continue to carry out technical transformation to upgrade automatic production so as to satisfy the increasing demands from customers.

7.1.2 Reliable Procurement

As a brand trusted by consumers, we always purchase raw materials with strict standards, carefully select high-quality contractors and suppliers, and strive to ensure the quality of our products. When selecting suppliers, the Group will investigate the business qualification, product quality, credit rating, criminal proceedings, and other information of the supplier to ensure the compliance of the procurement and supply process. We also conduct a comprehensive assessment of the supplier, including quality of materials, stability of supply, safety, and environmental assessment.

In assessing the social responsibility performance of suppliers, the Company encourages suppliers to actively participate in safety and environmental protection work and requires suppliers to comply with relevant environmental protection and energy-saving laws and regulations of the country and local government. If suppliers have any comments, they can communicate with the Group at any time through various channels to ensure that the measures and requirements are practical and feasible to further maintain a good relationship between us and suppliers.

The purchasing team of the Group will terminate the cooperation with bad suppliers in time, pull them into the blacklist and never use them. We will continue to evaluate some of the suppliers that have established long-term relationships with the Company, constantly explore new areas, and contact different companies to update our database. During the Reporting Period, most of the Group’s suppliers met the group’s evaluation criteria.

During 2023, there were 79 major suppliers of the Group, including suppliers from Germany, Japan, Vietnam, Taiwan, Hong Kong and Fujian Province, Guangdong Province, Jiangsu Province, Zhejiang Province and Hebei Province of Mainland China.

7.2 Achieving Efficient Innovation

In addition to strict quality control, some of the Group’s intellectual property rights (including product formula, product technology, packaging design, etc.) contribute to the success of the Company in the retail market. Therefore, the Company attaches great importance to protecting its own intellectual property rights and respecting the intellectual property rights of our business partners.

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The Group continues to invest in R&D and innovation. To protect innovation achievements, the Branding and Intellectual Property Department is responsible for managing the patents of the Company. Also, the Group cooperates with intellectual property service companies and further assures the quantity and quality of future patent applications through means of independent innovation, industry-university-research cooperation and others, so as to develop a sustainable enterprise innovation model.

During the year, we obtained new utility model patents. Patents obtained in 2023:

No.	Invention Item	Application Date	Authorization Date	Patent No.	Inventor	Patent Type	Patentee
1	An anti-static polyester film processing equipment	2023.05.07	2023.12.19	ZL202321071638.5	Peng Qifei Yuan Shenpeng	Utility model	Fujian Billion High-tech Material Industry Co., Ltd
2	A highly transparent film	2023.06.03	2023.12.22	ZL202321401460.6	Peng Qifei Yuan Shenpeng	Utility model	Fujian Billion High-tech Material Industry Co., Ltd
3	A cutting board modification device	2022.08.17	2023.01.06	ZL202222170164.1	Hong Qingqi Lu Chuanwang	Utility model	Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.

7.2.1 Information Privacy

Our products are oriented towards the end market, so our customer data and information sources are vital to the Company. To prevent violation of the relevant regulations of any country or territory, we prohibit employees from accessing unnecessary personal data in the course of sales, and we do not allow unauthorized access to customer data.

The Group strictly abides by the "Contract Law (《合同法》)", the "Regulations of the People's Republic of China on the Security Protection of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》)", the "Consumer Protection Law (《消費者權益保護法》)" and relevant laws and regulations of the PRC. During the Reporting Period, no customer information and privacy were leaked.

The Group continues to promote business ethics, maintains good ethics, sticks to the bottom line and principles, abide by laws, and continuously improves the quality of corporate ethics in order to ensure its own healthy and sustainable development. During the year, all employees of the Group signed a non-disclosure agreement upon joining the Company.

We have rules and regulations to protect the Company's trade secrets, which include customer information, customer credit limits, customer purchase quantities, prices and core technology information. All employees are strictly prohibited from using and distributing the Company's customer information without the authorization of the Group.

In terms of data security and cyber security management, the Group gives permission to connect external network for staff who have different needs according to their demand, installs antivirus software and kills virus regularly for each computer and makes backups for server data and database.

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7.3 Ensure Integrity of Operations

In order to create a business environment of fair competition and absolutely legal transactions, the Group aims at keeping high transparency, probity and accountability, and strives to ensure non-occurrence of any incident that is harmful to the interests of shareholders, investors, customers and the public. We do not tolerate bribery, extortion, fraud or money laundering. We have not received any report of legal cases regarding corrupt practices from the Group or the employees in 2023.

The Group strictly abides by all relevant anti-corruption laws in the PRC, such as the “Criminal Law of the People’s Republic of China (《中華人民共和國刑法》)”, the “Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》)”, and the “Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》)”, which also serve as the basis for formulating internal integrity discipline and administrative rules and regulations.

The Group has formulated various guidelines and procedures which set out ethical and legal standards to avoid any irregularities related to corruption in its business activities, and fully protect the human rights, property rights, working right, democratic rights, reputation rights and other legal rights of the whistleblowers and complainants, determine the specialized personnel to accept whistleblowing and complaints for the president of the Company or authorized persons and set up an independent investigation team according to the nature of the event, and also they will be engaged to conduct investigation or refer the incident to relevant regulatory authorities of local government.

The Group has abided by the standards of business ethics, organized all employees to conduct business ethics training on a regular basis, and specified the definitions and standards of compliance risks in each operation process of the Group. The Group has continuously improved the integrity education training system to offer employees with general business ethics standard education, and special skills training for internal control and risk management, to strengthen the employees’ business integrity awareness, and enhance the study on laws and regulations on integrity for the purpose of promoting the formation of an integrity atmosphere and guaranteeing the operation integrity of the Group.

8. HARMONIOUS COMMUNITY

8.1 Care about Community Development

The Group understands that the well-being of our customers and communities is at the core of our values, and therefore the Company has implemented policies to actively fulfill our social responsibility as a company. In addition to attaching importance to the development of itself and its employees, it also cares a lot about the development of the townships and communities where it operates. When recruiting, priority is given to job seekers from local towns and communities, and those who meet the Company’s entry requirements are given priority in providing them suitable jobs, contributing to local employment.

The Group not only provides financial support to those in need, but also organizes its employees to actively participate in voluntary activities such as blood donation, caring for the elderly and caring for the community from time to time, making an exemplary role in building a perfect and harmonious community together.

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On 23 May 2023, in order to better care for the physical and mental health of the elderly in the enterprise and help them understand their own health conditions, the BILLION Labor Union and Jinnan Hospital jointly carried out a free health examination activity for the elderly over 65 years old.



In 2023, the Group donated a total of approximately RMB219,000 to schools and social organizations in the surrounding communities, and organized employees to participate in voluntary and caring activities, accumulating a total of approximately 9,826 hours of voluntary work.

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9. CONTENT INDEX

KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
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 water and land, and generation of hazardous and non-hazardous waste.	Optimize the Management Model Pollutant Emission Reduction
KPI A1.1	The types of emissions and respective emissions data.	Pollutant Emission Reduction
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Emission Reduction Resources Conservation
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Emission Reduction
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Emission Reduction
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Pollutant Emission 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.	Pollutant Emission Reduction

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KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
Aspect A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resources Conservation Packing Materials Consumed
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).	Resources Conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resources Conservation
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	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.	Resources Conservation
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Packing Materials Consumed
Aspect A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment-friendly Industry
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment-friendly Industry
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.	Environment-friendly Industry
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.	Environment-friendly Industry

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KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
B. Social		
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.	Human-based Management Talent Development – Equal Development Opportunity
KPI B1.1	Total work force by gender, employment type (for example, full- or part-time), age group and geographical region.	Human-based Management
KPI B1.2	Employee turnover rate by gender and age group.	Employment Compliance
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.	Implementation of Safety Operation
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	During the past three years, including the Reporting Period, there was no work-related fatality
KPI B2.2	Lost days due to work injury.	Implementation of Safety Operation-Emergency Response
KPI B2.3	Description of occupational health and safety measures adopted, and how they are being implemented and monitored.	Implementation of Safety Operation

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KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Talent Development
Aspect B4	Labour Standards	
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 preventing child and forced labour.	Human-based Management – Employment Compliance
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Human-based Management
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	During the Reporting Period, there was no recorded incidents

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KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Reliable Procurement
KPI B5.1	Number of suppliers by geographical region.	Reliable Procurement
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.	Reliable Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Reliable Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Achieving Efficient Innovation

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KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
Aspect B6	Product Responsibility	
General Disclosure	Information on: <ul style="list-style-type: none"> (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. 	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	During the Reporting Period, there was no recall for safety and health reasons
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Improving Product Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Achieving Efficient Innovation
KPI B6.4	Description of quality assurance process and recall procedure.	Improving Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Privacy

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KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
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.	Ensure Integrity of Operations
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.	During the Reporting Period, there was no reporting of corrupt practices
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Ensure Integrity of Operations
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Ensure Integrity of Operations
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.	Care about Community Development
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Care about Community Development
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Care about Community Development