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 2024

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01 Chairman's Statement

Given the complicated and volatile external environment, the global economy maintained a low growth rate in 2024, and competition among enterprises was fierce. In the face of the severe internal and external challenges, the Group continued to fulfill its social responsibilities proactively. Adhering to the philosophy of "building a sustainable and connected future with advanced technology", the Group maintained a spirited determination to enhance its competitiveness and reshape its product mix constantly, which has in turn led to a dual growth in both sales volume and revenue.

During the year ended 31 December 2024, 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 renovated the existing dormitory and canteen to provide a more comfortable living environment for the employees, and also organized a number of cultural and sports activities and activities to give back to the community so as to foster harmony between the Group and its stakeholders. In terms of production, the Group has continued to invest in the renovation of its intelligent production equipment by adding two medium-sized production lines in order to accommodate the increasing demand for medium-sized products. During the Review Period, CDOT Huizhou and Kedate Zhixian were awarded the Outstanding Enterprise Award by Huizhou Zhongkai Hi-tech Industrial Development Zone.

In the long term, the Group will continue to strengthen its competitive advantages and infrastructure, further deepen its partnerships with top brand customers, and continue to keep a close eye on industry development, 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, 17 April 2025

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 of the Group's ESG risk management and 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 reporting to the Board regularly as and when appropriate. In addition, the Group has also established a sustainability working group which includes senior management 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 for 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 on 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 2024 (i.e. from 1 January 2024 to 31 December 2024, hereinafter the "Review Period"). The policies and data mentioned in this report cover the Group and substantially all of its subsidiaries, including China Display Optoelectronics Technology (Huizhou) Co., Ltd. ("CDOT Huizhou") and Huizhou Kedate Zhixian Technology Company Limited*（惠州科達特智顯科技有限公司, hereinafter "Kedate Zhixian"), the principal place of business of which was Huizhou, PRC, where major economic activities of the Group were carried out. This report aims 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 ESG affairs that may have had a significant influence on the sustainability of the Group's business operations and which are of concern to all stakeholders. The reporting scope of this report is substantially the same as that of the 2023 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 do not have any significant impact on the social and environmental aspects.

2.3 BASIS OF PREPARATION

The 2024 ESG report of the Group is prepared in accordance with the disclosure requirements set out in the Environmental, Social and Governance Reporting Guide (the "Guide") in Appendix C2 to the listing rules (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "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 the significant stakeholders identified and the process and results of the stakeholder engagement are disclosed in 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 regular 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 is 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. In August 2022, the Group acquired Kedate Zhixian, which mainly engaged in the development, manufacture and sales of smart control system and devices. The Group has factories in Chinese Mainland and distributes its products in Asia, with Hong Kong and Chinese Mainland 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 (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "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 9 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 (ceased to be the Chief Executive Officer on 27 December 2024)
Mr. WEN Xianzhen
Mr. XI Wenbo
Mr. WANG Xinfu (appointed on 27 August 2024)

Independent Non-Executive Directors
Ms. HSU Wai Man Helen
Mr. LI Yang
Mr. XU Yan
Ms. YANG Qiulin (appointed on 23 May 2024)

Regular Board meetings are attended by the majority of Directors either in person or by other means of electronic communication. During the Review Period, the Board held 4 regular meetings and 1 additional meeting. For the year ended 31 December 2024, the Company held 3 general meetings. Work on corporate governance functions completed by the Board in 2024 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 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 2024 Annual Report of the Company.

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 in social responsibilities	Compliance with 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, follow and collect information disclosed by government entities and the media.
Customers	Performance in social responsibilities, high quality, delivery and service, security of customer information, etc.	Establish and continuously improve corresponding management system, set up and achieve assessment indicators based on customers' standards to meet customer requirements.	Conduct self-appraisal to improve any deficiencies identified against target customers' relevant standards; understand customers' opinion and demand and dissatisfaction through customer satisfaction surveys and daily communication on an annual basis.
Shareholders/ Investors	Business performance, risk management and performance in 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.	Make timely disclosure of ESG reports, financial reports and other information of the Company through general meetings, results announcement conference, investor meetings, industry conferences and the Company's website.
Employees	Safety, career development path, and employee benefits and compensation	Research peers and local enterprises to provide market-competitive compensation, benefit, learning and promotion opportunities, manage occupational health, fire safety and social responsibility according to the requirements of laws and regulations and system standards.	Establish the Employee Communication Management Process and collect and handle their opinions via employee communication meetings, opinion collection box, social media, hotline, mailbox, the Labour Union, etc.
Suppliers	Long-term cooperation and create win-win situation	Establish strategic cooperation with suppliers, common progress, transparency, good faith cooperation and share benefits.	Through supplier meetings, job meetings, day-to-day communication and close contact, and periodic assessment to counsel, train and audit suppliers.
Communities	Avoid excessive noise, waste gas, wastewater and other pollution discharge, support 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. Actively support community work with appropriate supports to the community.

ESG Significant Issues

The Group identifies the ESG significant issues that stakeholders are concerned with (as detailed in the table below) from various channels and has set up assessment indicators for the significant issues identified, thus facilitating relevant departments to attach importance to and vigorously monitor the same in order to achieve relevant goals.

Most concerned issue	Category	Corporate management indicator	Performance
Integrity and compliance in operations	Corporate governance	Number of losing cases of complaint about non-compliance	Nil
Occupational health	Health and safety	Number of cases of occupational diseases	0
Production safety management	Health and safety	(i) Number of serious casualties (ii) Minor injury rate[1]	(i) Nil (ii) 0%
Protection of intellectual property rights	Information security	Incidents of intelligent property rights infringement	0
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
Information security	Product responsibility	Number of serious/level I information security incidents	0
Integrity	Social responsibility	Number of incidents of integrity violations	0
Labour employment	Social responsibility	Number of labour employment violations, such as child labour, forced labour, discrimination, etc.	0

Notes:

1. *Minor injury rate = Number of work-related injuries 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 greatly valued and proactively fulfilled its social responsibilities, continuously optimized the management system relating to social responsibility and passed the third-party supervision and audit certification, including: quality management (ISO 9001 and IECQ), occupational health and safety (ISO 45001), environment (ISO 14001), toxic and hazardous substances (IECQ QC 080000), energy (ISO 50001), information security (ISO/IEC 27001), greenhouse gas emission (ISO 14064-1) and GHG Protocol. The Group also established and implemented a social responsibility management system in accordance with the social responsibility (SA 8000: 2014) and Responsible Business Alliance (RBA 8.0) standard, and planned to have RBA 8.0 certification by a third-party organization in 2025.

The Group attached great importance to customs creditworthiness and complied with regulations and laws. In 2024, the Group continued to strengthen its knowledge reserve in import and export customs clearance and trade security, and optimized the China Authorized Economic Operator certificate system, 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.

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

ISO 14001

ISO 45001

ISO 50001

ISO 9001

Green Manufacturing Corporation

AEO Certificate

IECQ QC 080000

ISO/IEC 27001

4.2 TECHNOLOGY INNOVATION

Research and Development in Technology

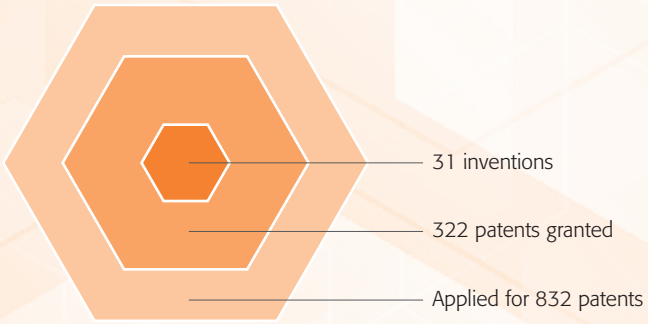
Technology Innovation

For the year ended 31 December 2024, the average age of the product development team of the Group was approximately 33 years old. They are broad-minded and have strong learning abilities. 86% of the team members hold a bachelor's degree or above, and 73% of the employees have more than 5 years of industry experience, equipped with rich professional knowledge.

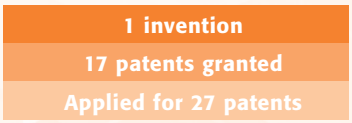
Since 2024, in order to align with the strategic development of the Group, the team has focused on a-Si/IGZO technology, devoting itself to the research and development of mobile phone, tablet, and specialized display module businesses, and has placed particular emphasis on expanding innovation-related work in panel and module design.

In terms of technological preliminary research, the Group has always been closely centered around customer needs to ensure that technological achievements can be effectively transformed into market value. In 2024, the Group achieved breakthroughs in various key technologies, and successfully developed a 2.5K a-Si tablet product, as well as new oxide tablet technology, etc. The subsequent research directions will focus on, among others, the development of high mobility oxide tablet technology, the development of 2.8K oxide products, and the development of new Dual gate display panels.

The cumulative number of patents obtained from 2011 to 2024



The number of newly obtained patents in 2024



Observation and protection of intellectual property rights

The Group attaches great importance to the protection of intellectual property rights. In accordance with the Intellectual Property Protection Law of the People's Republic of China, the Group has formulated the Regulations on the Administration of Intellectual Property Protection, which clarifies the rights and responsibilities relationship between researchers and managers, and standardizes the ownership of property rights and the division of responsibilities through agreements. The Group manages intellectual property files strictly, sets access rights for files to ensure information security. According to the Information Security Management Procedure, the Group includes the intellectual property rights of customers and suppliers in the Confidentiality Agreement signed by employees to prevent information leakage. Moreover, the Group follows the internal control norms of TCL Technology to prevent the risks of intellectual property infringement from aspects such as human resources and information security. The Group regularly conducts global patent searches on the incoming materials from suppliers and conducts infringement risk assessments on its own technical solutions. For patents with high risks, it adopts evasive designs.

During the Review Period, there were no incidents of intellectual property infringement or being infringed within the Group.

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 regularly provides intellectual property training for front-line product and sales staff. In case of the discovery of malicious infringement acts, it will promptly report the situation to the Compliance and Legal Affairs Department for assessment and follow-up.

Equipment Upgrades, Smart Manufacturing and Process Optimization

In order to build a high-level smart factory, the engineering and production departments of the Group continuously promote the application of innovative production technologies, accelerate the popularization of new technologies and processes, and improve the intelligence and automation level of production. In addition, by promoting the application of the lean production management and control system, resource consumption and environmental pollution have been reduced, and the product quality has been further enhanced.

During the Review Period, the Group was committed to the design and development of fully automated integrated production lines, achieving a fully connected production mode throughout the entire production process. The automation level of the Group's production lines has significantly improved, with the equipment automation rate reaching 92%, an increase of 8% compared to the previous year. The number of blind hole production lines has increased to 9, and the Group took the lead in completing the construction of an "in-line" blind hole production line, with a monthly production capacity of 4 million pieces. In 2024, the Group added 2 fully automated tablet production lines, and the monthly production capacity of medium-sized products exceeded 1 million pieces.

To improve product yield rates, the Group introduced a number of core inspection equipment. During the Review Period, 16 production lines achieved fully automated inspection, including: automatic open cell panel testing, automatic burning and detection of touch firmware, fully automated screen calibration and detection, etc., with the automation rate exceeding 92%. In addition, through the upgrade of existing machines, the Group has achieved the capabilities of bubble-free attachment of ultra-thin glass and the manufacturing process of blind hole products, ensuring the smooth mass production of ultra-thin and ultra-narrow products.

In 2024, the Group successfully launched the equipment data collection system, which can monitor the operation status of the production lines in real time, including key indicators such as production line yield rates, efficiency and equipment utilization rates. It is also connected with the Statistical Process Control ("SPC") and Manufacturing Execution System ("MES"), enabling real-time feedback and supervision of equipment operation parameters, which significantly improves the equipment yield rates and first-pass yields.

In terms of talent cultivation, the Group held more than 152 internal training sessions throughout the year. It established Seiko Training Camps, automation and digitalization training classes, and trained maintenance experts, continuously supplying professional talents for various positions.

In terms of process technology management, in 2024, the Process Technology Department completed a total of 2 technological innovation projects, 4 auxiliary material resource saving projects, 3 Quality Control Circle (QCC) improvement projects, 1 Six Sigma improvement project, and 3 patent projects. Specifically, they include:

1) Standardised Management Project for Auxiliary Materials

By optimizing alternative solutions, the process technicians reduced the waste of diaphragms/sheets in width, tape pitch, and metal parts (for details, please refer to the section "Environmental Report" on page 42).

2) Project of Breaking through the Blind Hole Process Capability

For the blind hole products with ultra-thin Optically Clear Adhesive (100um), the process technicians optimized the polishing process in the front process of the LCD, introduced the in-line mode, adopted the scheme of one-time defoaming in the connected line and the optical adhesive re-freezing beside the line, which solves the problem that the optical Peak to Valley value of the product fails to meet the standard, and reduces the defect rate of bubble pulling glue by 80%. This project has improved product quality and production efficiency and has been recognized by customers.

3) Innovation Project of Rework Technology for Medium-sized Products

Aiming at the serious loss problem caused by the insufficient basic rework capability of medium-sized products, the process technicians started from the 5M1E (Man, Machine, Material, Method, Environment, Measurement) dimension, broke through the routine, and boldly experimented with new technologies. They independently designed the fixtures in the process, added the verification of the Design of Experiments and the solidification of the process, achieved the process from scratch for a number of technologies, and applied for 3 patents in total. This project has improved the overall rework yield rate, greatly reduced the loss, and saved costs and manpower.

4) Six Sigma Project for Improving Quality by Addressing Foreign Objects

Aiming at the persistent problem of foreign objects in medium-sized products, the process technicians completed the first Six Sigma improvement project of the Group in the past six years. Through a full-process investigation, plan evaluation, and data analysis using professional quality tools, the feasibility of the countermeasures was effectively tracked, and the defect rate of foreign objects was improved by 58%, enabling the Group to reach a leading position in specific segments of the industry in terms of foreign object control. This project has significantly improved product quality.

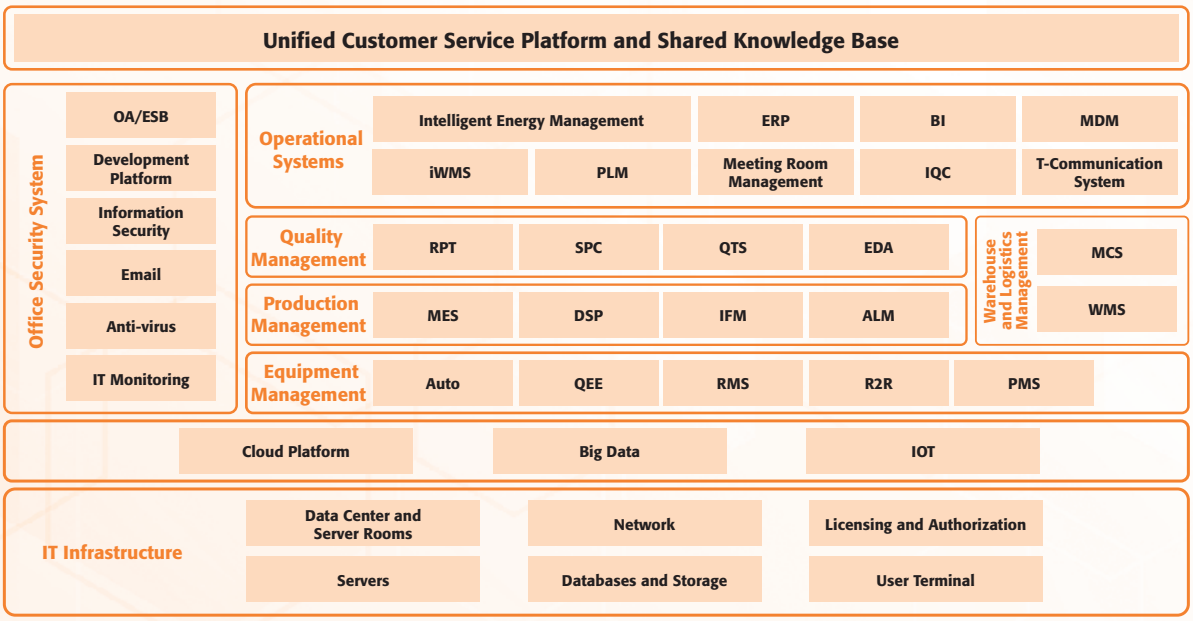
5) Quality Control Circle Project for Bonding Improvement

In response to the high requirements of customers for product characteristics, the process technicians conducted a comprehensive diagnosis of the material quality, the electrical properties of IC chips, the functions of Flexible Printed Circuit ("FPC"), the process parameters, and personnel management, identified the root causes and formulated countermeasures, improved the technical standards and processes of medium-sized bonding, and improved the defect rate of characteristics by 70%. This project has effectively improved product quality and reduced the risk of customer complaints.

Regarding the problems in key customer projects, the Process Technology Department, through the newly established Failure Mode Analysis team, provides professional analysis results, implements special improvements, ensures the closure of problems, effectively avoids the risk of customer complaints, lays a solid foundation for the mass production of projects, and enhances the support of technical competitiveness for the customer market.

Information Management

During the Review Period, the Group continued to optimize on the basis of the existing system. Referring to the information construction experience of leading enterprises in the industry, the Group formulated the information construction architecture plan (as shown in the following figure) and gradually promoted its implementation.



In terms of other information management aspects, the Group has adopted systems such as Enterprise Resource Planning ("ERP"), Business Intelligence, and Product Lifecycle Management ("PLM"), and completed more than 110 development and configuration requirements, including: the introduction of the organizational structure of the new company, the optimization of the material incoming inspection management process, the optimization of the inventory validity period management process, the change of the production mode in the new factory, the optimization of the collaborative management of production orders, the optimization of the physical management of sales shipments, the optimization of fixed asset management and the direct connection management between the bank and the enterprise, etc. At the same time, the Manufacturing Execution System has completed more than 94 improvement requirements, including the optimization of production rework, the management of mis-mixed materials, inspection management, and product packaging management, etc. In addition, the second-phase project of the Green Product ("GP") Management System has also been optimized and launched. All requirements have been developed and put into operation. On this basis, the Group has also introduced the T-Communication Instant Messaging System to meet the Company's information security management requirements.

Supplier Relationship Management System

In order to cope with the rapid changes in the industry and meet customer needs, the Group has taken the following measures:

1 Smart Warehouse Construction: Develop the Automatic System Number ("ASN") function for the smart warehouse of the new factory to reduce traditional manual operations and improve the efficiency of warehouse management.

2 Introduction of Supplier Relationship Management System ("SRM"): Introduce the SRM system to meet the IT requirements for supplier management and enhance market competitiveness.

These measures have achieved electronic collaborative office work, enabling the tracing and closure of system abnormalities, optimizing operation processes, improving the standardization level of processes, enhancing execution efficiency, and reducing human operation errors and legal risks.

Paperless Standard Inspection System

To promote the construction of a digital factory and meet the paperless inspection requirements of first-tier brand customers, the Group has established a workshop Electronic Standard Operating Procedure ("E-SOP") system. Through intelligent data maintenance, inspection early warning push, and inspection data analysis and statistical reports, this system has realized the paperless inspection form in the workshop, getting rid of the traditional mode of manually maintaining system data. This system can improve the cleanliness of the workshop, reduce paper costs, prevent quality risks, and thus enhance customer satisfaction.

Optimization of the Manufacturing Domain System

- Optimization of MES

  Production Process Control: Control the products under production through MES stations to achieve real-time monitoring of Work in Progress ("WIP") and abnormal alarms, and improve the clarity and standardization of production process data.

  Production Data Analysis: New query functions such as MES hourly production, labor efficiency, yield reports, and rework WIP are added to each workstation. This facilitates the production, quality, and process departments to monitor the abnormalities at the workstations and optimize the bottleneck problems in a timely manner.

  Transformation of Key Positions: Carry out hardware transformation on key positions such as LCD material feeding, COG, FOG, POL precision inspection, and lamination process to achieve systematic monitoring.

- Equipment Data Management

  Parameter Monitoring: Realize the real-time uploading and monitoring of key parameters of each product, such as COG, FOG, POL precision, and lamination process. This is convenient for the quality, process, and equipment departments to track the product parameters and improve customer satisfaction.

  Equipment Status Monitoring: New equipment status monitoring for X12, X13, X04, X05, Z01, etc. is added, covering indicators such as the equipment operation status, Overall Equipment Effectiveness ("OEE"), and production capacity.

  Equipment Management Functions: Functions such as equipment inspection, fixture management, equipment maintenance, repair, spare parts management, and equipment ledgers are added to achieve systematic management of the entire life cycle of the equipment.

Information Security Technology Management

During the Review Period, in accordance with the internal information security prevention and control requirements, the Group has uniformly deployed an encrypted information system to encrypt data, ensuring data security, controlling the practical use of terminals, and restricting non-compliant behaviors. At the same time, an intrusion prevention system has been deployed to monitor the network ingress and egress traffic in real time, promptly alert abnormal traffic, issue timely warnings, and monitor and block application-layer threats in real time. This enhances the boundary security protection capabilities and blocks more attacks outside the network.

In addition, the Group has also completed the information security architecture planning, and gradually promoted improvement and optimization.

Information Security Management System

Information Security Achievements

In 2024, no information leakage incidents occurred within the Group. All 23 target indicators (14 at the Company level and 9 at the department level) were achieved, and the renewal audit of the ISO/IEC 27001 system certification was successfully passed.

Optimization of the Information Security Management System

The Group strictly adheres to the ISO/IEC 27001 standard and refers to the best industry practices, continuously improving the information security management system. The specific measures are as follows:

01

Strengthen the Organizational Structure

Add full-time information security management personnel to further improve the management structure.

02

Enhance Document Management

A new control mechanism for watermarking on uploaded and printed files from external websites is added to ensure the security of top-secret, confidential, and secret information.

03

Optimize Visitor Management

Strengthen the control of the equipment brought by visitors to reduce the risk of information leakage.

04

Deepen the Supervision Mechanism

On the basis of monthly inspections and internal audits, carry out special audits to ensure the effective implementation of information security regulations.

05

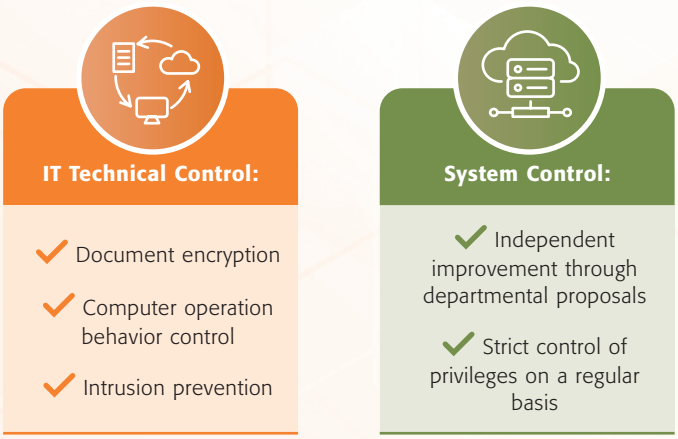
Improve Privilege Management

Optimize the privilege management process, strictly implement the approval system, prevent the abuse of power, and safeguard information security.

Control and Management of High-risk Assets

To further strengthen the management of high-risk assets, the Group has taken the following key measures:

- Implement the Business Secret Management Procedure. According to the Law of the People's Republic of China on Guarding State Secrets, business secrets are classified into five levels, and all documents and records are labeled according to their corresponding confidentiality levels.
- Identify secret, confidential, and top-secret documents every year and compile the Inventory of Information Security Confidential Documents and Records Assets.
- Control key documents through the External Email Sending System and the External File Sending System to ensure information security.



Compliance Management of Business Secrets

The Group integrates the compliance requirements of business secrets into policies, processes, projects, and transactions, and ensures that employees implement them through the following means:

- Provide written training materials and conduct internal examinations to enhance employees' awareness of information security;
- Regularly publicize the importance of business secret protection to strengthen the compliance culture.

In 2025, the Group will focus on implementing the following tasks:

- Strengthen the implementation of internal control measures;
- Reinforce the requirements for anti-virus control;
- Continuously improve the level of information security management to ensure the security and compliance of the Group's information assets.

These measures will provide a solid guarantee for the information security of the Group and support the steady development of its business.

4.3 MARKET AND CUSTOMERS

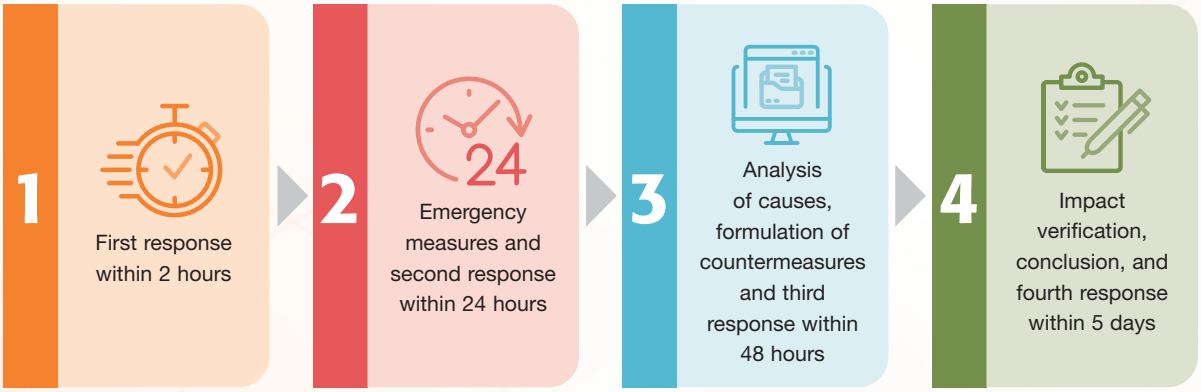
In 2024, by leveraging the brand and resource advantages of TCL Technology, the Group successfully introduced several leading brand customers despite the relatively sluggish industry situation, further enhancing its competitive edge. In addition, the Group's product line has been continuously expanded to include not only mobile phone module business, but also multiple fields of businesses such as tablets, home appliances, and learning machines, thus widening the business scope. At the same time, the sales model of the Group has shifted from a single mode to a diversified one, which can better meet the needs of customers and provide strong support for the Group's sustainable development.

"Excellent Quality Award" issued by OPPO

After-sales Service of Products

The Group has a complete after-sales service management process and a high-quality service team, and it collaborates with TCL China Star Optoelectronics Technology Company Limited ("TCL CSOT") to continuously enhance its after-sales service capabilities. During the Review Period, the Group drew on the brand customer service management experience of TCL CSOT to further optimize the after-sales service process, comprehensively identify customer quality risks, promote internal quality improvements, reduce abnormalities at the customer end, and thus enhance customer satisfaction with product quality.

The 2485 principle for processing customer complaints:



During the Review Period, the Group's customer complaint rate decreased by 58% compared to the previous year. The customer return rate (the ratio of the cumulative number of defective products reported by customers to the total number of products sold) decreased by 6.8% compared to the previous year.

4.4 QUALITY CONTROL

The Group has always adhered to the quality policy of "Customer First, Quality First" and strictly followed the ISO 9001 and ESD S20.20 international standards to establish and continuously improve the quality and electrostatic management systems. At the same time, the Group applies five core tools: Advanced Product Quality Planning (APQP), Failure Mode and Effects Analysis (FMEA), Measurement System Analysis (MSA), Statistical Process Control, and Production Part Approval Process (PPAP) to construct a preventive quality management system, ensuring a steady improvement in product quality.

During the Review Period, the Group actively introduced the quality systems and management models of first-tier brand customers, benchmarked against industry leaders, continuously identified gaps and made improvements to meet the customers' quality management requirements. In 2024, the Group carried out process reengineering, conducted a comprehensive evaluation of all documents, optimized 323 documents, and further improved the management system. According to the tests conducted by brand customers, the Group's quality management maturity has reached an excellent level.

Quality Management of New Projects

To avoid the mass production of defective products caused by design problems, the Group has shifted the quality management forward to the new project management stage and implemented quality risk management:

1. Identification of Customer Needs

The project team conducts in-depth analysis of the customers' quality and technical requirements to ensure that the design is consistent with the customers' expectations.

2. Risk Prevention Measures

The R&D team conducts the Design Failure Mode and Effects Analysis to identify potential risks in the design stage;

The process team conducts the Process Failure Mode and Effects Analysis to formulate preventive measures and reduce risks.

3. Dedicated Quality Engineer

A Dedicated Quality Engineer for New Products is established, responsible for planning the quality objectives of new projects, implementing the reliability test plan, and organizing cross-stage quality reviews to ensure that the quality of new projects is controllable.

Quality Management Improvement for New Products

1. Lessons Learned

A special operation organization is established, and operation officers are appointed. Following the management processes and norms of lessons learned, experiences are summarized through monthly regular meeting reviews and discussions. Continuously improve the checklist for inheriting new product experiences to ensure that there are zero occurrences of repetitive issues.

2. Project Progression Review

Based on the customer requirements for new products, further improve the product progression review standards, refine the feasibility review content and scoring rules, effectively increase the success rate of new project development, and reduce the occurrence rate of problems during mass production.

3. Management of "Six News"

- Accurately identify customers' potential needs and improve the customer needs portrait;
- Strengthen the identification and management of the "Six News" (new technology, new materials, new processes, new equipment, new suppliers, new environment) in the FMEA tool, and refine the content of the risk review form;
- Optimize the risk review tool, improve the product quality testing ability, and ensure that the new product testing ability meets the development requirements and customer quality requirements.

Component Quality Management

The quality of components directly affects the overall quality of products. Therefore, the Group has established a dedicated Supplier Quality Assurance team to be fully responsible for the control of component quality. The SQA team takes the lead in supplier quality audits, material quality standard planning, and manages the entire process from the introduction of components for new products to the quality of components during production. In 2024, the Group focused on completing the following component quality system management tasks and successfully controlled the in-line defect rate within the target range.

1. Improve the Supplier's Quality Detection Ability

The Group closely cooperates with suppliers. For the inspection of mobile phone components, the proportion of Automatic Optical Inspection (AOI) in operation has exceeded 85%, which effectively reduces the intermediate inspection links and ensures quality stability at the same time. In 2025, the Group will focus on overcoming the quality detection ability of medium-sized components.

2. Promote the Improvement of Supplier Pain Points

Senior SQA engineers collaborate with TCL CSOT's t9, the cutting factory, and the thinning factory to carry out special improvements for quality pain points such as MURA (i.e., various traces caused by uneven brightness of the display screen), red and blue spots, and black spots. By optimizing parameters, processes, and equipment, the product yield rate has been significantly improved. In 2024, the Group achieved the yield rate target of 93% for mobile phone module products, and the yield rate of tablet module products also showed an obvious improvement trend.

3. Solve the Problem of Supply Chain Resource Allocation

Together with departments such as resources and Production and Material Control (PMC), sort out the production capacity of FPC suppliers, solve the problem of insufficient supplier resource allocation, and ensure the smooth operation of the supply chain.

4. Improve the Quality of Incoming Cover Glass

The overall quality performance of the incoming Cover Glass (CG) is on par with that in 2023 and has slightly improved. By comparing the advantages and disadvantages of each manufacturer, the Group has carried out targeted guidance and improvement and special project improvements. The specific measures include:

- Regularly monitor the variations in transmittance;
- Coordinate and train mobile supplier engineers;
- Move the Incoming Quality Control (IQC) management forward;
- Implement special improvements for the misplacement, omission, and mixing of small-sized components.

Process Quality Management

In 2024, the Group improved the process quality level from the following aspects:

- **System Upgrade:** The MES added a process inspection monitoring function, and implemented hierarchical management of employees' posting permissions (electrical testing, appearance), which effectively improved the system's quality management ability and data security. Process Visualization: Achieved visual management of the situation where personnel missed placing components. The system automatically pushed the information of missed placements (including the missed placement rate monitored by the production line, personnel, and machines, as well as the missed placement items) to relevant managers.

- **Quality Improvement Projects:** Company-level quality improvement projects were established, including the Project to Improve the Quality Competitiveness of Key Customers and the Project to Reduce the Cost of Quality Failure. Improvement activities were carried out from multiple dimensions such as component quality, functional defects, mis-mixed materials, customer service quality, three modernizations and one stability, and quality culture. Regular summaries and evaluations were conducted, achieving good improvement results.

- **Process Optimization:** Benchmarked against industry leaders, sorted out and optimized the process inspection process and inspection screen requirements, reduced the inspection man-hours, and improved the detection efficiency and detection rate.

- **Equipment Upgrade:** Improved the detection ability of AOI equipment, set targets and regularly reviewed the achievement status, effectively reducing the equipment's missed detection rate.

- **Standard Unification:** Benchmarked against the control items and standards of the customer's processing factory, implemented the unification and execution of standards, reduced the misjudgment rate, relaxed the standards for non-management items, and reduced process losses and rework rates.

Quality Culture Construction

In 2024, to further strengthen the quality awareness of all employees, the Group carried out quality culture activities with the theme of "Customer First, Quality First, Do It Right the First Time, and Do It Right Every Time", mainly including:

- Diverse Activity Forms and Wide Coverage: A total of 18 types of activities have been carried out, which was three times more than the previous year. It achieved two rounds of quality awareness promotion coverage for all employees and provided key training for technicians and engineers.

- Rooted in Teams and Practicing the Culture: The Group cultivated the quality awareness of frontline employees and team leaders through a special activity titled Planting the Quality Culture in Teams and Letting It Bloom Among Employees.

- Long-term Mechanism and Points Incentive: The Group established a competition activity based on the cultural points system and continued to put forward these activities throughout the year, which mobilized the enthusiasm of all departments and created a good quality culture atmosphere.

Product Safety

The Group always gives top priority to product safety and takes the following measures to ensure the safety and reliability of products:

- **Strict Compliance:** The product development department strictly follows relevant standards and specifications in product design to eliminate potential health and safety hazards from the source.
- **Multiple Testing Guarantees:** At various stages such as new product development, trial production, and mass production, the project team will conduct multiple reliability tests on various functions of the products. In addition, incoming material inspection, first inspection during the process, finished product inspection, and shipment inspection are carried out to ensure product quality.
- **Sound Recall Mechanism:** According to the internally issued Product Recall Management Process, if safety risks are found in products that have not been shipped, production will be immediately stopped, and isolation analysis and improvement will be carried out. If shipped products are involved, the customers will be informed in a timely manner and the products will be recalled.
- **Environmental Protection and Compliance:** There are currently no laws and regulations in China applicable to the safety of module products. However, the Group still actively fulfills its social responsibilities. In accordance with the requirements of regulations such as the EU's Restriction of Hazardous Substances Directive (RoHS), Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the Montreal Protocol on Substances that Deplete the Ozone Layer, and the EU's Directive on Persistent Organic Pollutants (POPs), the Group strictly selects suppliers and controls the emissions of waste gas and pollutants to avoid harm to the environment and human health caused by products.

During the Review Period, the Group did not recall any sold or in-transit products due to safety and health reasons, nor did any product safety accidents occur. Customer satisfaction ranks among the top in the industry.

Advertising and Labels

The Group strictly complies with the Advertising Law of the People's Republic of China in handling product advertising, packaging, and labeling:

- **Non-terminal Products:** Since the Group's products are not terminal products directly facing consumers, the products themselves do not have separate packaging and labels.
- **Packaging Box Identification:** On the product packaging boxes, we will indicate the product model, name, quantity, etc. according to the customer's requirements, and affix environmental protection labels such as RoHS/HF (Halogen Free) and other labels required by the customer to meet the requirements of customers and relevant laws and regulations.
- **Handling of Missing Labels:** If customers find that the specified labels are missing on the product packaging boxes, they can negotiate with the Group to return the products or to affix relevant labels by the Group.
- **Honest Publicity:** The Group does not directly conduct advertising publicity to consumers. The Group's business personnel introduce products to customers in accordance with the principle of seeking truth from facts and eliminate false publicity. In case of individual false publicity, the Group will communicate with customers in a timely manner to correct it and issue a statement through appropriate media to eliminate the impact.

During the Review Period, the Group's publicity and packaging labels complied with the principles of truthfulness, legality, and fairness.

Customer Privacy Protection

The Group attaches great importance to the protection of customer privacy and takes the following measures to ensure the security of customer information:

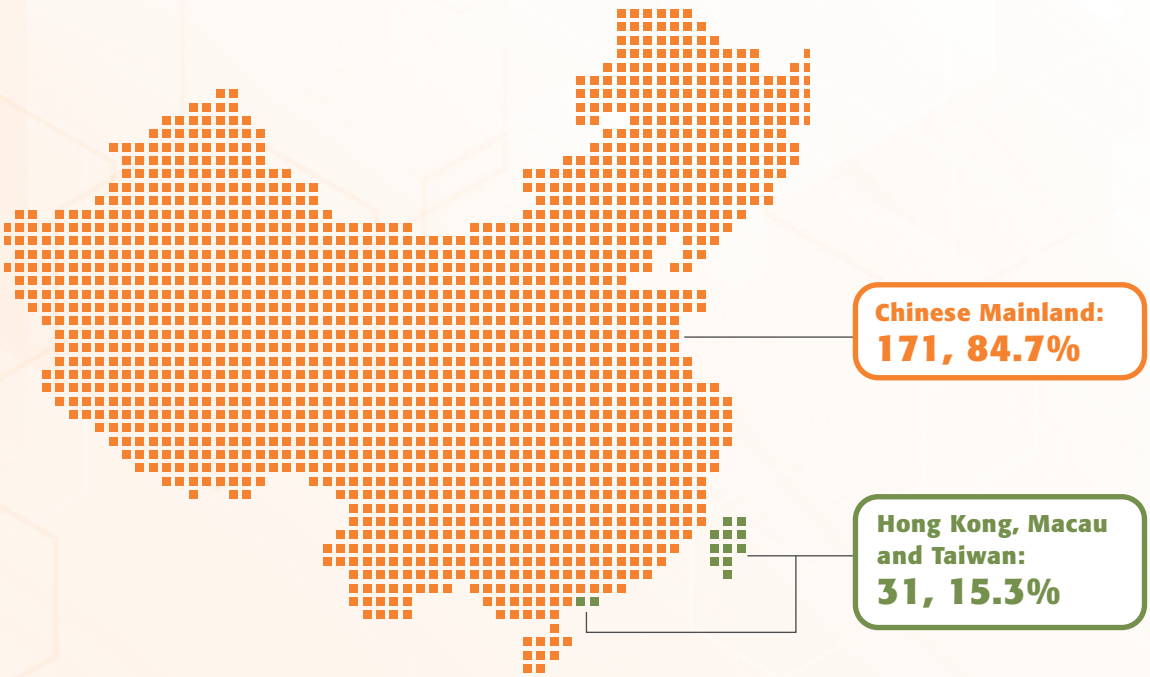
- **Compliance with Laws and Regulations:** Strictly comply with relevant laws and regulations such as the Patent Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Several Provisions on Prohibiting Acts of Infringing Business Secrets, and the Intellectual Property Law of the People's Republic of China.
- **Information Management System:** Formulate and implement customer information security management systems and remedial measures, and set different levels of confidentiality areas for different customers (for example, set the design, production, and storage areas of unlaunched new products as super confidentiality areas).
- **Physical Security Assurance:** Set access rights for the production and storage areas of customer products, and restrict the use of photography and filming facilities.
- **Data Confidentiality Management:** Carry out privacy and confidentiality management of customers' data, documents, and materials to protect customers' intellectual property rights and business secrets.
- **Emergency Handling of Leakage:** In case of customer privacy leakage, the relevant information will be immediately retrieved and deleted. At the same time, the Group will take the initiative to report to the customers, sincerely apologize, and negotiate for handling.

During the Review Period, no customer information leakage incidents occurred within the Group. The Group's internal control department regularly reviews the customer privacy protection policy to ensure the effectiveness of relevant measures.

4.5 SUPPLY CHAIN MANAGEMENT

Growing together with suppliers and establishing a good ecological supply chain is the Group's supplier management philosophy. The growth of an enterprise stems from product quality, and the components provided by upstream manufacturers are the foundation of product quality. Therefore, the Group is committed to growing together with suppliers to create a more secure supply chain. For the year ended 31 December 2024, the Group has a total of 202 suppliers, and more than 80% of these suppliers are located in Chinese Mainland, close to the Group's main production bases.

Number of Suppliers by Geographical Distribution

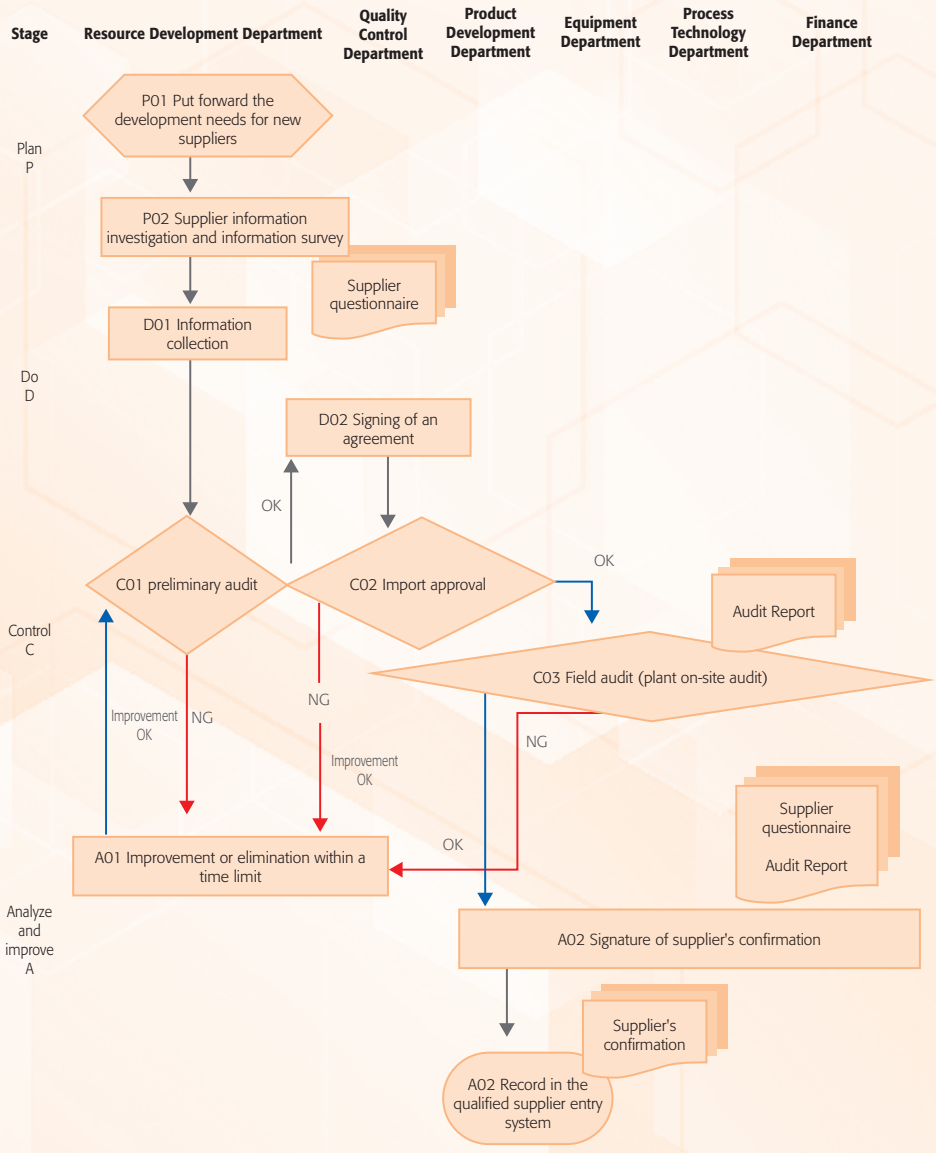


In 2024, with the global economy remaining sluggish, end customers have imposed increasingly strict price controls on upstream suppliers, leading to intense price competition in the upstream supply chain, and even the emergence of vicious bidding. This has increased the risks to supply chain security. To address this challenge, the Group has reached strategic cooperation with upstream key component and material manufacturers through resource strategy planning and signing supply guarantee agreements, ensuring the stable supply of materials throughout the year. During the Review Period, achieving extreme cost reduction remained the core objective of the Group. Through the combined efforts of internal quality management, research and development design, and business negotiations to reduce costs, the Group successfully achieved the cost reduction target within the budget.

Supplier Employment Practices

The Group selects suppliers strictly with a sound mechanism. In 2024, the Group further optimized the internally issued New Supplier Development and Introduction Management Procedure, and strictly managed the qualifications and information of suppliers during the introduction process, effectively reducing the risks associated with supplier introduction.

New Supplier Introduction Flow Chart



After the Group confirms that the supplier's qualifications are compliant, the supplier audit team will conduct an audit of the supplier. The audit is based on current laws, regulations, and system standards. The content includes not only the supplier's research and development capabilities, technical level, smart control, service capabilities, and financial operation status, but also factors such as the supplier's fulfillment of social and environmental responsibilities and geographical location, so as to consider the impact on society and the environment.

Key Supplier Management

Materials that have a significant impact on product quality are defined as key materials, and suppliers that provide key materials will be listed as key suppliers to facilitate the Group's more effective management. 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.

Supplier Supervision and Capacity Enhancement

In terms of supplier supervision, the Group has established an excellent supplier quality management team, which helps suppliers enhance their capabilities through coaching. In 2024, with the continuous upgrading of customers' product requirements and an increasing proportion of high-end products, the suppliers' automated process production capabilities and inspection capabilities have also been significantly improved. To this end, the Group has updated the incoming inspection of components and related indicators, and continuously promotes and assists suppliers in carrying out in-depth quality improvement activities to enhance the quality of components and strengthen product competitiveness. At the same time, the Group's Supplier Introduction Review Committee regularly monitors the effectiveness of the supplier introduction policy.

Training and Internal Communication

During the Review Period, the Group conducted 17 training sessions and preventive education for suppliers on key dimensions such as red line management, Product & Process Change Notification training, quality warning cases, and hazardous substance management. In addition, the Group also organized 24 internal case sharing sessions and internal communication meetings for daily management, with a cumulative duration of 21 hours, to improve the supplier management level, ensuring that suppliers effectively fulfill their social responsibilities.

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 strictly complies 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 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 reassessment 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 Material Quality from the Source:** Starting from the design of components, materials are strictly screened to ensure that all purchased materials pass the single-component review of hazardous substances, and only materials that meet the standards are selected.

2. **Supplier Data Management:** Suppliers are required to provide third-party test reports and confirm the composition of the supplied raw materials. The data submitted by suppliers are managed through an IT system to achieve the system upload, approval, and automatic verification of supplier data.

3. **Regular Testing and Regulatory Updates:** Update customer standards and relevant laws and regulations quarterly. Use an X-ray Fluorescence Spectrometer (XRF) to test raw materials or send them for external testing to ensure that the raw materials comply with the Hazardous Substances Control Standards, meet the non-toxic requirements of customers and the Group, and comply with relevant laws and regulations.

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 products change management.

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 IECQ 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):

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, the international community has paid a high degree of attention to the issue of "conflict minerals". "Conflict minerals" are 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). The mining process of these minerals is often accompanied by serious human rights violations and environmental pollution issues. Moreover, the trading of these minerals provides financial support for armed forces, leading to even greater humanitarian disasters.

The Group's products contain the above-mentioned Minerals. However, we do not directly purchase the Minerals. Instead, we buy or use the Minerals sourced from various regions around the world through suppliers. As an enterprise that attaches great importance to social responsibility, the Group commits not to purchase or support the use of any conflict minerals that directly or indirectly finance or support armed conflicts.

To fulfill this commitment, the Group follows the principles of the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("the Due Diligence Guidance") issued by the Organization for Economic Co-operation and Development ("OECD") and participates in the Conflict-Free Sourcing Initiative ("CFSI"). The Company and all its suppliers only purchase from conflict-free smelters (CFS), smelters and refineries approved or certified by the procedures of the London Bullion Market Association (LBMA) or the Responsible Jewellery Council. The Group firmly avoids using any conflict minerals to reduce the negative impacts on society, as well as the human rights and environment in conflict-affected areas.

During the Review Period, the Group conducted conflict minerals inquiry through the Conflict Mineral Report Template (CMRT) and Extended Mineral Reporting Template (EMRT) with suppliers (supplying IC drivers, connectors, display panels, resistors, capacitors and diodes) whose products may contain the Conflict Minerals. All of the suppliers furnished responses. 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.

SUPPLIER SOCIAL RESPONSIBILITY RISKS

The Group actively promotes the sustainable development strategy of the green ecological chain and strengthened the management of social responsibility in the supply chain in 2024. The specific measures include:

1. Social Responsibility Requirements for New Suppliers

The Group continuously communicates the social responsibility requirements to all newly introduced suppliers, and requires them to sign the Notice/Undertaking to Relevant Parties, promising to comply with the regulations in aspects such as labor employment, working hours, ethics, environment, carbon reduction, occupational health and safety, information security, and intellectual property rights.

2. Supplier Audit and Improvement

Senior engineers in social responsibility management from the system team conducted social responsibility audits on 8 major material suppliers according to the New Supplier Development and Introduction Evaluation Process, and a total of 52 issues were found. All these issues have been rectified, effectively promoting the improvement of the social responsibility management level of suppliers.

Supplier Social Responsibility Management Table

Supplier Category	Record	Audit Method	Frequency	Implementing Department
1. Suppliers of FPC, BLU, TP/CG, PCB die-cutting products and outsourced processed products	1. Non-quality Management[1] Table for Cooperative Parties 2. Annual Greenhouse Gas Emission Statistics, Emission Reduction Plan and Emission Reduction Results	On-site	At the time of introduction or every three years (when the annual cooperation quantity exceeds 500,000 pieces)	Resource Development Department System Team
2. Manufacturers of other materials within the BOM (Agents/Traders are excluded)	Sign a confidentiality agreement (or the procurement agreement includes a confidentiality clause) and the Notice/Undertaking to Relevant Parties	Not applicable	At the time of introduction	Resource Development Department
3. Equipment manufacturers	Sign a confidentiality agreement (or the procurement agreement includes a confidentiality clause) and the Notice/Undertaking to Relevant Parties	Not applicable	No need for audit	Resource Development Department
4. IT software outsourcing/ (Service) providers	Sign a confidentiality agreement (or the procurement agreement includes a confidentiality clause), the Notice/Undertaking to Relevant Parties and Information Security Review Form	Remote/On-site	At the time of introduction	Resource Development Department Information Security Engineer

Supplier Social Responsibility Management Table (Continued)

Supplier Category	Record	Audit Method	Frequency	Implementing Department
5. Third-party companies for financial audits	Sign a confidentiality agreement (or the procurement agreement includes a confidentiality clause), the Notice/Undertaking to Relevant Parties and Information Security Review Form	Remote	At the time of introduction	Finance Department Information Security Engineer
6. Property (Security) service providers	The contract to be signed must include a confidentiality clause, the Notice/Undertaking to Relevant Parties and Information Security Review Form	N/A	At the time of introduction	Resource Development Department Information Security Engineer
7. Canteen contractors	The contract to be signed must include a confidentiality clause and the Notice/Undertaking to Relevant Parties	N/A	At the time of introduction	Resource Development Department
8. Logistics service providers	The contract to be signed must include a confidentiality clause and the Notice/Undertaking to Relevant Parties	N/A	At the time of introduction	Customs Affairs Section
9. Patent service providers	The contract to be signed must include a confidentiality clause, the Notice/Undertaking to Relevant Parties and Information Security Review Form	Remote	At the time of introduction	Product Development Department Information Security Engineer
10. System certification companies	The contract to be signed must include a confidentiality clause	N/A	At the time of introduction	System Team

Note 1: Non-quality management includes social responsibilities such as labor employment, working hours, ethics, environment, carbon reduction, occupational health and safety, information security, intellectual property rights, and other management contents.

Determination of Social Responsibility Audit Levels and Handling Standards

Grade	Basis of determination	Treatment
A	Weighted score ≥ 90%, with no major issues and no serious issues	Priority in cooperation
B	Weighted score between 80-89% with no major issues and less than 2 serious issues	Conditional cooperation, provided that the issues must be resolved within three months
C	Weighted score between 70-79%, with no major issues and 2 to 6 serious issues	Conditional cooperation, provided that the issues must be resolved within three months
D	Weighted score < 70%, with at least 1 major issue, or more than 6 serious issues	Orders shall be suspended until the condition is improved to at least grade C

05 Environmental Report

The Group strictly complies with the Environmental Protection Law of the PRC, the Law on the Prevention and Control of Atmospheric Pollution of the PRC, the Law on the Prevention and Control of Water Pollution of the PRC, the Environmental Protection Law on Solid Wastes Pollution of the PRC, the Energy Conservation Law of the PRC, the Law on Noise Pollution Prevention and Control of the PRC and other laws and regulations, and is committed to integrating the concept of green development in its corporate operations. In 2024, the Group reviewed 42 environmental laws and regulations and completed compliance evaluations, all of which were found to be in full compliance with requirements.

The Group constantly complies with the ISO 14001 environmental management, the IECQ QC 080000 hazardous substances management, the ISO 50001 energy management, and the ISO 14064-1 carbon emission management standards, and successfully passed the annual supervision and review of the third-party organizations. The Group is committed to "energy-saving and emission reduction, green production and integrated governance by prioritising protection and prevention". While enhancing the automation of production equipment and expanding production lines, the Group has effectively controlled energy consumption by raising energy-saving awareness, implementing improvement projects, strengthening management, and improving product yield and production efficiency.

During the Review Period, the Group did not consume any natural resources directly in the production process, and the primary environmental impacts arose from energy and water consumption, gas emission, waste production and usage of raw materials. The Group reduced greenhouse gas emissions by improving production efficiency through energy reviews and audits, and regularly inspected energy consumption and discharge of waste water, solid waste, greenhouse gas emission and noise pollution to evaluate the environmental impact. 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 various measures on conservation of energy, water and raw materials, and reduction of greenhouse gas and waste emission as set out in this report to minimise the impacts.

During the Review Period, the Group was not involved in significant violation of environmental regulations or punishment.

5.1 ENERGY AND RESOURCES CONSERVATION

Energy

The Group incorporated energy conservation into its strategic planning. The Group adopted high-efficiency production, air-conditioning and air compression facilities and introduced air-conditioning and air compression group control system when built the new plant in 2023. In 2024, the power unit achieved effective electricity conservation through the group control system. The Group strictly implemented ISO 50001 energy management system and systematically managed the usage of energy: In early 2024, the power, equipment, manufacturing and system departments conducted the energy review to identify key energy-consuming areas, predict impact factors and formulate control measures, and map out energy-saving projects.

- Conduct identification of and compliance evaluations on energy-related laws and regulations on a quarterly basis to ensure compliance with the regulatory requirements.
- Conduct energy conservation publicity through WeChat public account and electronic display screens on a regularly basis.
- Establish an energy conservation team to conduct weekly/monthly inspections of power conservation, address identified problems, and hold meetings to review the achievement of electricity consumption targets.
- Conduct internal audits and management reviews to verify the implementation status of the system, address identified problems, and promote continuous improvement of the system.

Energy consumption

Category	Unit	2023	2024	Year-on-year change
Direct energy				
Gasoline	tonne Note 1	3.07	**3.08**	+0.3%
Gasoline consumption intensity in terms of sales volume	g/unit Note 1	0.06	**0.06**	–
Diesel	tonne Note 1	2.03	**0**	-100.0%
Diesel consumption intensity in terms of sales volume	g/unit Note 1	0.04	**0**	-100.0%
Indirect energy				
Purchased electricity	kWh('000s)	39,501	**41,944**	+6.2%
Electricity consumption intensity in terms of sales volume	kWh/unit	0.83	**0.85**	+2.4%
Electricity consumption intensity in terms of unit area	kWh/m^2	67.00	**56.59**	-15.5%

Note:

1. *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.

Energy Saving Projects and Measures

During the Review Period, the major energy saving projects carried out and the measures taken by the Group, saving electricity of 6,125 kWh ('000s) in total, are as follows:

Project	Description of measure	Result
Improving employee commuting	The administrative team optimized the shuttle bus route, added seven boarding points to facilitate employees to take the bus nearby, and shared the shuttle buses with TCL CSOT and its subsidiaries to reduce the number of shuttle buses.	The number of employees applying for shuttle bus services on all routes has increased compared with that in 2023, improving the convenience of employees' travel.
Optimizing the operation of air compression equipment	According to the process requirements, reduced the gas supply pressure, prioritized the use of high-energy equipment to supply gas to the low-pressure system, and reduced the operation of high-energy equipment, so as to realize energy saving.	Saving 3,443 kWh('000s) of electricity
Energy-saving plan for the gas end for compressed gas	Optimized the abnormal gas use in the workshop, adjusted the ion wind pressure, installed an automatic blowing induction closing system, and replaced aging gas pipes, so as to reduce waste and save energy.	Saving 1,012 kWh('000s) of electricity
Energy-saving management and control of workshop lighting	Under the premise of meeting brightness requirements for production, the control wiring has been optimised, redundant lighting fixtures has been removed, and the management approach that the lights are turned off when people leave the area has been implemented, aiming to raise energy conservation awareness among all staff.	Saving 388 kWh('000s) of electricity
Improvement of equipment output efficiency	Through the introduction of fully automatic blind hole, electrical appearance, batch scanning and mid-size fully automatic production line equipment, manual operations have been reduced, and the output efficiency and the utilisation of energy efficiency have been improved.	Saving 1,282 kWh('000s) of electricity

Energy management targets for 2025

Category	Consumption intensity target for 2025
Gasoline	Gasoline consumption intensity in terms of sales volume ≤0.05 g/unit [Note 1]
Diesel	Diesel consumption intensity in terms of sales volume ≤0.03 g/unit [Note 1]
Purchased electricity	Electricity consumption intensity in terms of sales volume ≤0.80 kWh/unit

Note 1: The Group adopted the conversion factors sourced from the Energy Statistics Manual issued by the International Energy Agency (please refer to Note 1 on Page 39 for further details).

Water resources

Category	Unit	2023	2024	Year-on-year change
Total water consumption	tonne	269,389	**258,905**	-3.9%
Water consumption intensity in terms of sales volume	g/unit	5,654	**5,247**	-7.2%
Water consumption intensity in terms of unit area	kg/m^2	456.94	**349.32**	-23.6%

In 2024, the Group consumed pure water for cleaning products, and there was no problem in sourcing water that is fit for purpose. During the Review Period, the total water consumption and water consumption intensity of the Group decreased by 3.9% and 7.2% year-on-year, respectively. The wastewater recycling rate increased from 84.8% of last year to 89.9%, saving a total of 270,963 tonnes of water over the year. 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 major measures for conserving water resources are as follows:

1) Strict control of water usage in workshop and production lines to prevent the occurrence of "leaks, overflow, drips, and seepage".

2) Optimisation of four water recycling systems for the reuse of recycled water as raw water for pure water production.

3) Recycling cooling water of the vacuum pump for use.

4) Use of standards-compliant recycled water for flushing toilets and landscaping.

Packaging materials

Category	Unit	2023	2024	Year-on-year change
Packaging materials	tonne	1,890	**4,012**	+112.3%
Intensity of packaging materials in terms of sales volume	g/unit	39.67	**81.31**	+105.0%
Intensity of packaging materials in terms of unit area	kg/m²	3.21	**5.41**	+68.5%

Note: In 2024, the proportion of orders for mid-size products of the Group significantly increased, and the mid-size products needed more packaging materials, leading to an increase in the consumption of packaging materials.

The Group's policy of sharing materials and conserving resources is to reduce the consumption of packaging materials through recycling and reusing. The Group has incorporated an environmentally friendly concept into the packaging design, reused the components pallets to package products by taking advantage of the similar size of the components and the products of the Group. During the Review Period, over 98% of the product pallets were reused, effectively reducing the consumption of plastic and facilitating environment protection. In addition, the Group actively recycled packaging materials during the Review Period, collecting over 372 tonnes of paper boxes and 405 tonnes of plastic waste.

Tool recycling	Improved product yield to save materials	Enhanced processes to save materials
• 1,600 pieces of cutting tools recycled • 130 pieces of jigs and crucial components recycled	• 1,594,000 pieces of backlight units • 40,000 pieces of panel glass • 48,000 pieces of polarizers • 105,000 pieces of OCA	• 68,544m² of PET diaphragms • 238m² of acrylic sticky boards • 2,880 ESD metal bracelets • 24,192m² of PET tapes

Packaging material management targets for 2025

Intensity of packaging materials in terms of sales volume ≤**79.7** g/unit (i.e. decreased by 2% year-on-year)

5.2 EMISSIONS REDUCTION

The Group strictly complies with the relevant national laws and regulations mentioned at the beginning of this chapter and the requirements of local environmental impact assessment, focuses on reducing the discharge of wastewater, and waste gas and greenhouse gas emission, and properly disposes hazardous and non-hazardous waste so as to ensure compliance with the environmental protection standards.

The Group has continuously optimised the ISO 14001 environmental management system and established the Environmental Protection Responsibility System, Hazardous Waste Prevention Responsibility System, Hazardous Waste Standardization Management Regulations and Optimisation of Pollutant Emission Management Regulations. At the same time, the Group has established a department responsible for environmental protection management to properly handle emissions generated in the production process, and set emission targets to minimize the impact on the local environment and the health of personnel. In addition, the Group regularly commissions qualified independent third-party organizations to conduct tests on the discharge of wastewater, and waste gas and waste emission to ensure compliance with national standards.

In 2024, the Group invested approximately RMB1.16 million in building new environmental protection facilities and approximately RMB1.08 million in environmental protection management. At the same time, the Group focused on education of green culture, and raise employees' awareness on environmental protection through publicity activities, so that they can understand the impact of their work on the environment, as well as the risks and consequences of the non-compliance. Through the above policies, the Group promoted "green and low-carbon" production and lifestyle, and reduced the generation of pollutants from the source.

Industrial wastewater

Category	Unit	2023	2024	Year-on-year change
Industrial wastewater	tonne	24,410	**21,461**	–12.1%
Industrial wastewater discharge intensity in terms of sales volume	g/unit	512.31	**434.94**	–15.1%
Industrial wastewater discharge intensity in terms of unit area	kg/m^2	41.40	**28.96**	–30.0%

Environmental Report

During the Review Period, the Group enhanced the management of wastewater treatment and reduction in the volume of industrial wastewater discharged, increasing the recycling rate of wastewater to 49.3%. Both the volume of industrial wastewater and industrial wastewater discharge intensity in terms of sales volume recorded a year-on-year decrease, and the total discharge volume only accounted for 43% of the national discharge limit. To strengthen management, the Group implemented the following routine treatment of industrial wastewater and the management measures to achieve the waste reduction targets:

Daily management measures	Actions taken to achieve waste reduction targets
1) Monitor the process regularly; 2) Optimise system operation; 3) Ensure the discharge standards and environmental protection requirements are met; 4) Set up a wastewater management list and an inspection system, with regular inspections conducted by designated personnel from different posts.	1) Pure water is used instead of lotion to reduce pollution from the source; 2) Additional production line cleaning wastewater recycling system (recycling rate >60%) and wastewater reuse system (recycling rate >49%) have been installed, to reduce the volume of wastewater discharged; 3) Improve product yield to reduce wastewater discharge caused by defective products and repair.

Industrial wastewater management targets for 2025

Industrial wastewater discharge intensity in terms of sales volume ≤**421.87** g/unit (i.e. decreased by 3% year-on-year)

Exhaust gas emissions

During the Review Period, the Group's exhaust gas emissions are mainly derived from industrial production and energy combustion. Industrial exhaust gas was generated from the use of chemicals such as alcohol. In terms of management and control of exhaust gas, the Group controlled chemicals it used in strict 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 filtered with secondary activated carbon to ensure exhaust gas discharged was in compliance with certain standards. The exhaust gas emissions were regularly tested by a qualified third party to meet national emission standards.

In addition, the Group emitted pollutants such as benzene, toluene and xylene, and VOCS. After the review conducted by a third-party organization, the emission of these pollutants met the requirements under the PRC national BD44/27-2001 Air Pollutant Emission Limits.

Category	Unit	2023	2024	Year-on-year change
NOx	kg	6.25	**7.26**	+16.2%
SOx	kg	53.65	**45.23**	-15.7%
Respirable Suspended Particulates (RSP)	kg	6.03	**7.03**	+16.6%

In 2024, the Group's canteen operated consistently throughout the Review Period with a significant year-on-year increase in the natural gas consumption, resulting in an increase in the emission of NOx and respirable suspended particulates (RSP).

Exhaust gas emissions management targets for 2025

NO_x	≤**7.11** KG
SO_x	≤**44.32** KG
Respirable Suspended Particulates (RSP)	≤**5.73** KG

Greenhouse gas emissions

Apart from a small amount of direct (Scope 1) greenhouse gas emissions, such as those from vehicles, equipment and machinery, the greenhouse gas emissions of the Group were mainly generated from energy indirect (Scope 2 and Scope 3) emissions, including purchased electricity, product and materials, and power consumption for transportation. During the Review Period, the greenhouse gases emitted by the Group included carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons (no perfluorocarbons and sulphur hexafluoride).

In response to the "30 • 60" carbon emission goal of the State, the Group formulated the "double carbon" targets according to the strategic white paper of TCL Technology in 2024. The Group strengthened the promotion of energy conservation and emission reduction, placed emphasis on cultivating carbon management talents and organised staff to participate in third-party training to enhance double-carbon management capabilities. Meanwhile, the Group paid close attention to the policy and industry dynamics as well as carbon emission requirements of customers. In 2024, the Group introduced green power projects, entered into the 2025 green power purchase agreement for 130,000 kWh, optimised the energy management system and promoted the energy-saving and emission reduction.

The emission data of the greenhouse gas for Scope 1 to Scope 3 in 2023 and 2024 is set out below:

Category	Unit	2023	2024	Year-on-year change
Direct (Scope 1) Greenhouse gas emissions	tonne CO_2e	432	**428**	-0.9%
Greenhouse gas emission intensity in terms of sales volume	CO_2e/unit	9.1	**8.7**	-4.4%
Indirect (Scope 2) Greenhouse gas emissions	tonne CO_2e	22,627	**22,507**	-0.5%
Greenhouse gas emission intensity in terms of sales volume	CO_2e/unit	474.9	**456.1**	-4.0%
Indirect (Scope 3) *Note 1* Greenhouse gas emissions	tonne CO_2e	118,511	**132,909**	+12.1%
Greenhouse gas emission intensity in terms of sales volume	CO_2e/unit	2,487.4	**2,693.5**	+8.3%
Total greenhouse gas emissions	**tonne CO_2e**	**141,570**	**155,844**	**+10.1%**
Greenhouse gas emission intensity in terms of sales volume	**CO_2e/unit**	**2,971.4**	**3,158.3**	**+6.3%**

Note 1:

In 2024, the total Scope 2 emissions and intensity increased slightly, mainly due to the increase in equipment, expansion of production lines and an increase in the proportion of orders for mid-size products as well as higher carbon emissions per unit generated from mid-size products than those generated from small-size products. The total Scope 3 emissions and intensity increased slightly, mainly due to the adjustment to the LCD procurement method with more than 90% of them now being purchased from large glass blocks for outsourced cutting and thinning into finished products, which resulted in a larger increase in related transportation emissions.

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; 2) Strengthen the publicity for energy conservation and emission reduction and reduce electricity waste through daily supervision; 3) Improve yield rate and energy efficiency and reduce emissions; 4) Regularly measure and monitor emissions to avoid exceeding the standard.	1) Industrial exhaust gas is collected uniformly, and then discharged after two-stage activated carbon filtration and purification; the activated carbon is regularly replaced; 2) Each year, the emissions are tested by a third party to ensure compliance with the Air Pollutant Emission Standards of Guangdong Province, the PRC; 3) Emission reduction targets are set and carbon emissions are regularly calculated; 4) Enhance the awareness of energy conservation among all employees, reduce electricity consumption and carbon emissions; 5) Energy consumption is reduced through the implementation of energy-saving projects, including the use of the automated control for air compression system and the recovery of waste heat.

Greenhouse gas emissions management targets for 2025

Scope 1:
Greenhouse gas emission intensity in terms of sales volume
≤ **8.5** CO_2e/unit

Scope 2:
Greenhouse gas emission intensity in terms of sales volume
≤**447.0** CO_2e/unit

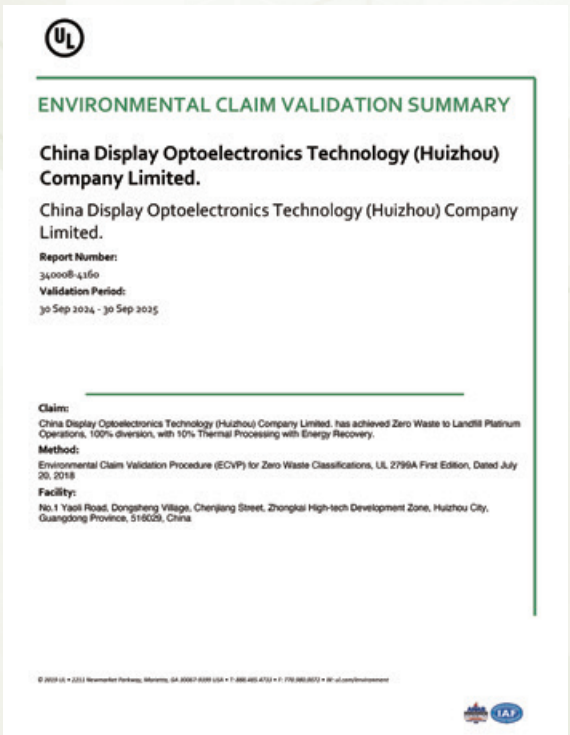
Scope 3:
Greenhouse gas emission intensity in terms of sales volume
≤ **2,612.7** CO_2e/unit
(i.e. decreased by 3% year-on-year)

Waste

Category	Unit	2023	2024	Year-on-year change
Hazardous waste	tonne	2.15	**7.05**	+227.9%
Intensity of hazardous waste in terms of sales volume	g/unit	0.05	**0.14**	+180.0%
Intensity of hazardous waste in terms of unit areas	g/m²	3.64	**9.51**	+161.3%
Non-hazardous waste	tonne	311	**353**	+13.5%
Intensity of non-hazardous waste in terms of sales volume	g/unit	6.53	**7.14**	+9.3%
Intensity of non-hazardous waste in terms of unit areas	g/m²	527.38	**475.68**	–9.8%

The significant increase in the volume and intensity of hazardous waste generated in 2024 was mainly due to the upgrading of the exhaust gas treatment facilities, which used a two-stage activated carbon adsorption system and required the regular replacement of activated carbon, resulting in the increase in hazardous waste. The increase in non-hazardous waste was due to the slight increase in the number of personnel.

During the Review Period, the Group further enhanced the solid waste management capabilities, achieved the UL2799 zero waste to landfill certification and obtained the "Platinum" certificate. At the same time, the Group was selected by Huizhou City as one of the first pilot units for the "Zero Waste Factory" and was awarded the honorary title of "Outstanding Enterprise for Zero Waste Factory Construction".



ENVIRONMENTAL CLAIM VALIDATION SUMMARY

China Display Optoelectronics Technology (Huizhou) Company Limited.

China Display Optoelectronics Technology (Huizhou) Company Limited.

Report Number:
340008-4160
Validation Period:
30 Sep 2024 - 30 Sep 2025

Claim:
China Display Optoelectronics Technology (Huizhou) Company Limited. has achieved Zero Waste to Landfill Platinum Operations, 100% diversion, with 10% Thermal Processing with Energy Recovery.

Method:
Environmental Claim Validation Procedure (ECVP) for Zero Waste Classifications, UL 2799A First Edition, Dated July 20, 2018

Facility:
No.1 Yaoli Road, Dongsheng Village, Chenjiang Street, Zhongkai High-tech Development Zone, Huizhou City, Guangdong Province, 516029, China

UL2799 Zero Waste to Landfill Certification

The hazardous waste produced by the Group included chemical containers, whilst the non-hazardous waste is classified into two categories i.e., recyclable and non-recyclable waste.

The Group strictly complies with the relevant laws and regulations and the local emission standards, formulates the Hazardous Waste Prevention Responsibility System and establishes a pollution prevention and control responsibility organization, and the specific management measures and waste reduction actions taken are as follows:

Standardized management of wastes	Actions taken to achieve waste reduction targets
Hazardous waste	
1) Names, sources, characteristics and treatment measures should be clarified;	1) Set the maximum amount of chemicals to be used based on production volumes, set up hazardous waste bins and post clear labels, and establish a hazardous waste management ledger;
2) Classification, collection, storage and disposal should be conducted according to environmental protection requirements, store by type in separated areas, make a transfer list, set up hazardous waste signs and hand over to qualified third parties for treatment;	2) Assign dedicated personnel for waste oil management, and engage qualified institutions for disposal on a regular basis;
3) Regular drills are conducted on environmental emergency plan;	3) Monitor emission concentrations and extend the usage duration of activated carbon;
4) Recycling agreements for chemical containers are signed with suppliers to manage in a standardized manner, and a recycling management list is established.	4) Establish a ledger of used packaging barrels, and sign recycling agreements with suppliers to reduce the disposal volume.
Non-Hazardous waste	
1) Recyclables (paper and metals) are recycled by waste collectors;	1) Promote waste classification to our staff through email, screencast, billboard and WeChat, to conserve paper and packaging materials;
2) Non-recyclables are handed over to sanitation workers for disposal on a regular basis.	2) Promote an electronic approval and information system to reduce paper consumption.

Waste management targets for 2025:

- Hazardous waste: Hazardous waste intensity in terms of sales volume ≤**0.137** g/unit (i.e. decreased by **2.2**% year-on-year)
- Non-Hazardous waste: Non-hazardous waste intensity in terms of sales volume ≤**7.84** g/unit (non-hazardous waste will increase due to increase in production scale and number of staff in 2025)

5.3 IMPACT OF CLIMATE CHANGE

Climate change has become a global challenge. The frequent occurrence of extreme weather events has caused tremendous losses to the global economy, society and environment. The Group adheres to the green development concept, proactively responds to the potential risks and issues brought by climate change, and effectively reduces the carbon emissions 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.

In response to climate-related risks, the Group continuously improved special systems including the "Code for Emergency Response and Rescue in Natural Disasters" and established climate change risk assessment mechanisms to identify potential risks and formulate corresponding countermeasures. The Group identified potential risk sources from time to time in accordance with the Integrated Emergency Response and Handling Procedure. The emergency response center monitored weather forecasts daily and promptly notified the safety committees to implement hierarchical management. The Group set up emergency response teams depending on the alert level, and conducted training and special inspections to enhance the skills of emergency response personnel and eliminate safety hazards in a timely manner. At the same time, the Group maintained contact with government authorities to promptly adjust response strategies. In 2024, the Group organized two emergency drills, conducted four special inspections, and made four emergency responses to heavy rains, with no loss or impact on production.

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:

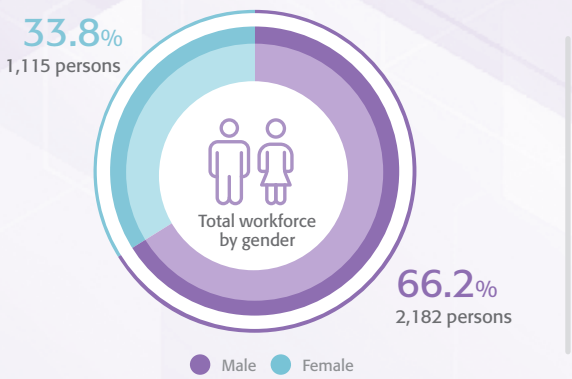
1) To stop outdoor operations;
2) The maintenance team urgently repairs facilities that may endanger personnel or affect production, and borrows emergency facilities from external entities if necessary; and
3) When necessary, the person in charge of the emergency plan of the Group will coordinate to seek assistance from TCL Technology or the local government.

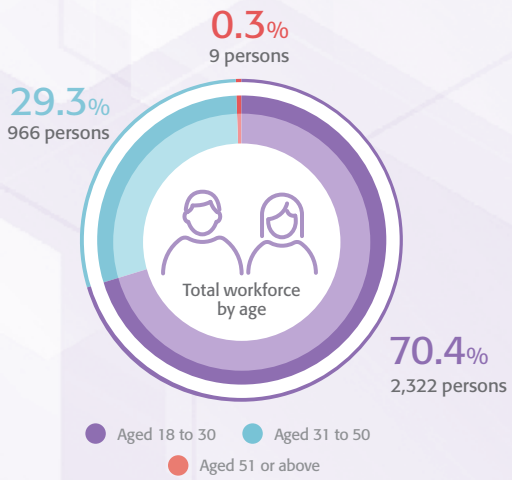
During the Review Period, the Group identified the impact of climate change risks and issues to business development and took measures as follows:

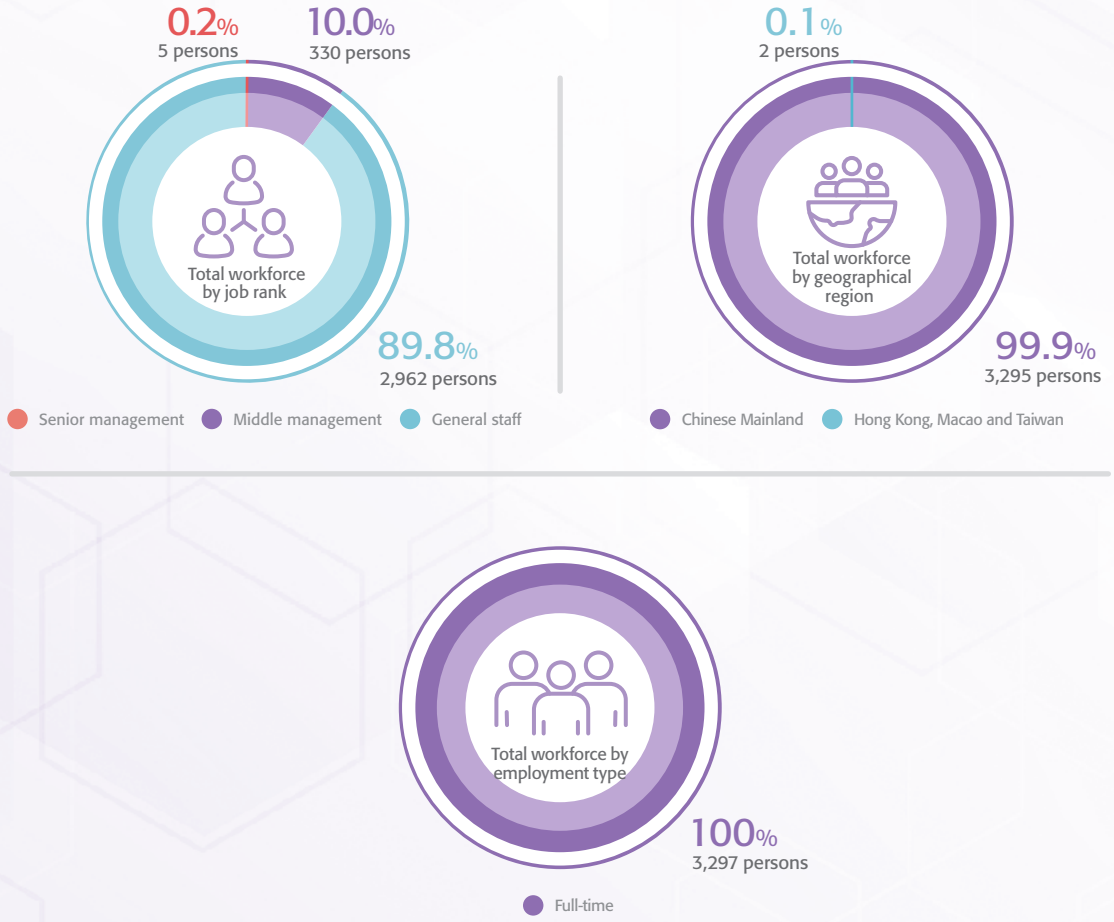
Impacted entity	Possible impact of severe or extreme weather arising from climate change	Response actions
Employees	Tree collapse, landslides, flooding, damage to outdoor facilities, etc., which may result in injuries to employees on their way to or from work.	Post weather warning notices, formulate corresponding action plans based on warning levels, and follow the instructions of the local government to promptly notify employees of countermeasures in special weather to enhance staff's awareness of weather risks and implement the action plans.
Materials/ products	Insufficient supply of upstream raw materials and delays in logistics, which may affect production planning. Also, the storage environment of raw materials is affected by the climate, and power consumption may increase to ensure the quality.	Establish long-term cooperative relations with key suppliers, and communicate with suppliers in a timely manner during extreme weather conditions to assess the impact on the production planning.
Buildings	Possible damage to the production plant area, offices and/or staff dormitory, resulting in property damage.	1) Require employees to keep doors and windows closed when leaving in order to reduce the risk of damage to buildings; 2) The human resources administration department will implement wind protection measures prior to the typhoon, remove items from the balcony, reinforce outdoor structures and regularly check the drainage pipes to prevent flooding.

06 Employee Report

As at 31 December 2024, the Group had 3,297 employees. The specific breakdown is as follows:







During the Review Period, the Group's total employee turnover rate was 3.3%, all reported in Chinese Mainland, with a turnover rate of 4.21% for employees aged 18-30, 0.92% for employees aged 31-50 and 10.00% for employees aged 51 or above. The turnover rate of male employees was 3.49% and that of female was 2.87%.

Employee Report

6.1 HEALTH AND SAFETY

The Group places significant emphasis on production safety and occupational safety and health, striving to provide a safe working environment for its employees and safeguarding 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 as well as applicable national standards. During the Review Period, the Group completed a series of safety inspections in accordance with its internal regulations and guidelines, including the annual inspections of fire-fighting facilities, electrical facilities, and operational hazards in the workplace, which is to ensure the safety facilities, occupational disease prevention facilities, and environmental protection facilities meet the operational requirements of the new factory, providing a safe and healthy working environment for our employees.

Comprehensive Safety System and Management Mechanism

The Group carefully implemented the national production safety policy of "giving first priority to safety, putting emphasis 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 further optimised the management system based on the occupational health and safety standard ISO 45001: 2018, and passed the regulatory review of the international certification body, 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 specifies 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. Regularly safety leadership interviews and safety accountability surveys among the management were conducted to ensure they possess the capability for safety management. 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.

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 Safety Production Document, Safety Management Standards for Dangerous Operations, Assurance System for Safety Investment, Management System for Safety Production Meeting, Equipment Safety Operation Guidelines, and the Safety Production Responsibility System, further improving the risk prevention and resolution mechanism to improve the level of safety production, reduce and effectively control risks, and realize the proceduralization and standardization of safety management.

In 2024, the Group's on-site safety risk management and improvement efforts were as follows:

1) **High-Risk Operation Management:** The Group identified high-risk operations and optimized SOPs, identified and improved deficiencies in SOPs and their on-site execution by monitoring employee behaviours, aiming to ensure that operational risks and preventive measures were clearly defined. During the Review Period, the Group completed 88 high-risk SOP validations and rectified 296 identified issues.

2) **Construction Safety Management:** In respect of the risks associated with the finalization of the new factory, the Group revised the Safety Management Standards for External Construction Companies, clarifying requirements for site entry approval, equipment acceptance, and construction supervision. During the Review Period, the Group did not experience any safety incidents related to construction activities.

3) **Equipment Safety Management:** The Group revised the Equipment Safety Operating Guidelines and introduced the General Equipment Hazard Handbook, specifying requirements for equipment safety attachments and acceptance to reduce equipment-related safety hazards.

Fire Safety Record Management

During the Review Period, the Group actively responded to the new regulations on fire safety documentation management for industrial and trading enterprises, systematically enhancing its fire safety management efforts. By integrating and optimizing fire safety records and improving management systems, we have developed a standardized "six-in-one" fire safety documentation system in accordance with the latest regulatory requirements, significantly enhancing the integrity and accessibility of the documents.

In terms of fire risk control, we strictly followed the Code for Fire Safety Assessment of Units by formulating a special inspection plan to conduct comprehensive inspection and rectification of the fire safety hazards, and have scored a number of achievements including: systematically organizing and integrating 33 fire acceptance and inspection reports for the plant area; conducting comprehensive testing on 34 sets of smoke control and ventilation systems, fire water systems, gas suppression systems, fire alarm systems, and early warning systems; and identifying and rectifying 31 safety hazards in a timely manner. Thanks to the above systematic efforts, the Company has achieved its annual target of zero fire incidents.

Investment in Safety Production

Investment in safety production is a key driver of the Company's sustainable development. During the Review Period, the Group consistently increased its investment in safety production, totalling approximately RMB4.6 million, which was primarily allocated to the following key areas: safety management, environmental protection, equipment safety, and fire safety.

During the Review Period, the Group did not record any work-related fatal accidents of its employees.

The Group mainly implemented the following safety measures in 2024:

Safety Inspection

During the Review Period, the Group optimized the Safety Inspection and Hidden Hazards Rectification System, pursuant to which daily inspection was carried out in the factory area while special safety inspections, pre-festival safety inspections, seasonal safety inspections and various forms of activities for identifying and rectifying potential hazards by management personnel were regularly organised. Each department of the Company has established its safety committees, which also independently organised internal safety inspection activities. In addition, the Group receives external inspections from time to time, including regular safety inspections by government authorities, TCL Technology and TCL CSOT. All issues identified during safety inspections were reported to the general manager at the weekly meetings, with persons-in-charge appointed to see the rectification complete within a specified period, so as to achieve closed-loop management.

To comprehensively enhance the Company's risk management expertise and improve safety management levels in key areas, the Group has systematically carried out several safety improvement initiatives, achieving significant results:

Chemical Lifecycle Safety Management

The Group has established a comprehensive management system for chemicals throughout their lifecycle, from procurement, storage, and use to disposal. Through thorough risk assessments, 91 chemical management risks were identified, all of which have been addressed with corresponding control measures. Additionally, 21 on-site chemical management risks were rectified, 37 Material Safety Data Sheets were optimized and updated, and 23 hazardous chemical safety alert cards were issued. Thanks to these systematic management measures, no chemical-related incidents occurred within the Group during the Review Period.

Safety Upgrades of Battery and Charging Areas

To address fire safety risks associated with lithium battery charging and use, the Company launched a targeted safety campaign through which five major risks in a total of 610 lithium batteries for energy storage were identified, achieving 100% risk control coverage; the management system for power batteries was improved; 10 intelligent timed charging devices were installed; and fire prevention facilities in seven charging areas were upgraded. These measures have significantly reduced the safety risks associated with battery use.

Comprehensive Management of Electrical Safety Hazards

The Group conducted a thorough inspection and rectification of the power distribution system in the factory area through which the location and control circuit for all distribution boxes were reviewed and reorganized; a map of power distribution boxes and emergency materials was created; a total of 198 power distribution boxes were examined with one high-risk hazard identified and rectified, and 74 other hidden hazards (primarily issues such as mismatched protective panels and missing arc plates) addressed. These efforts have effectively enhanced the overall level of electrical safety management.

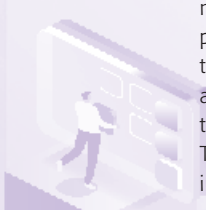
During the Review Period, the Group had a 100% rate of timely rectification of safety hazards. The Group believes that comprehensive rules and regulations serve as the foundation of good management. Through conducting safety inspections from time to time, issues and potential safety hazards are identified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

Production Safety Training, Promotion and Education

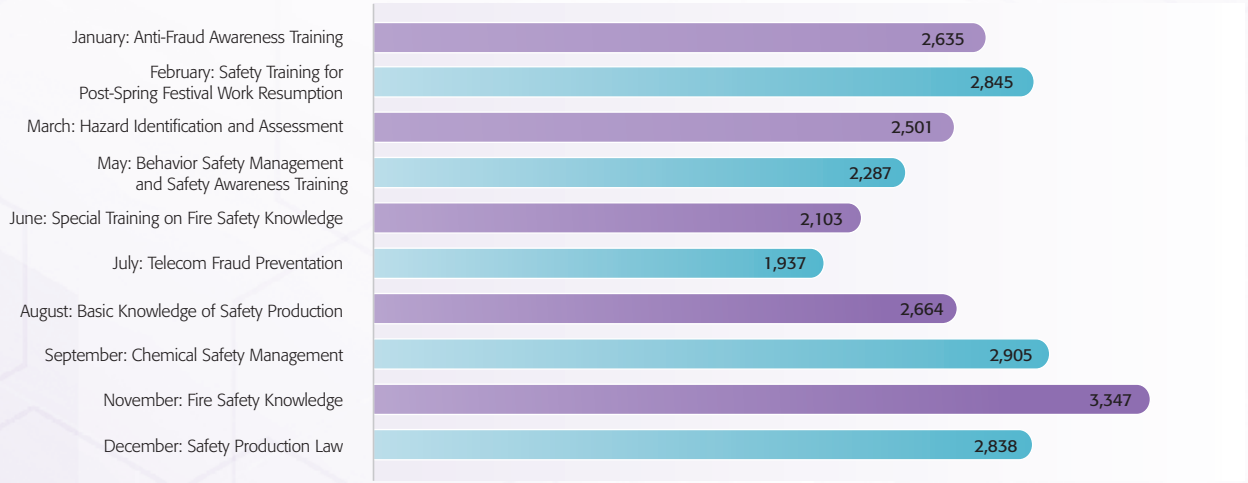
Production safety education and training are critical measures for the Company to implement safety policies, enhance employee safety awareness, and prevent human-error incidents.

In terms of training system development, the Group closely aligned its overall safety production deployment with the actual production conditions in workshops to establish a scientific and comprehensive safety training plan, which places particular emphasis on new employee safety training while strictly implementing the three-level safety education and training system, so as to ensure that all new employees pass the assessment before starting their roles. During the Review Period, the Group completed three-level safety education and training for a total of 4,459 new employees. Additionally, specialized training sessions were conducted in key areas, including hazardous chemical management, occupational health protection, and safety awareness enhancement, so as to comprehensively improve our employees' safety awareness and skills.

In terms of training implementation, the Group has adopted a "step-by-step implementation" approach to promote its safety education efforts. During the Review Period, the Group recorded 25,133 instances of its employees participating in safety training, with a total training duration exceeding 157,000 hours, with the subjects covering three-level safety education, safety management capability enhancement training, specialized safety training, self-initiated safety training, specialized operations personnel training, and safety facility and equipment operation training. To ensure the effectiveness of the training, all the training sessions were carried out with an assessment and evaluation mechanism to regulate our employees' safety behaviour and enhance their safety operation skills. Particularly in the management of specialized operators, the Group strictly enforced the certified operators only policy, achieving a 100% certification rate with non-certified operators completely removed. Through systematic safety education and training, the overall safety awareness of our employees has been significantly improved, laying a solid foundation for the prevention and reduction of workplace safety incidents.



Number of Participants in Special Safety Training Programmes for 2024



Organizing Safety Activities to Foster a Culture of Safety

In 2024, the Group continued to promote its safety culture initiatives, which has yielded heartening results. By organizing and implementing themed activities such as Safety Month and Fire Prevention Month, hosting the 4th Safety Knowledge Contest and conducting a series of safety promotions, training sessions and inspections, with a total of 8,479 employees involved in the activities, the Group has significantly enhanced the overall safety awareness and fire-fighting skills of its employees, thereby fostering a positive safety culture.

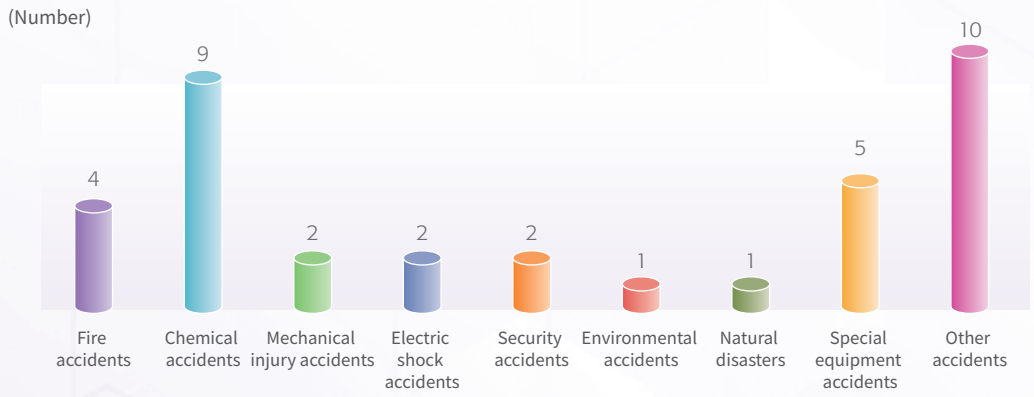
The Group launched a Safety Credit Points Management System in June 2024, which is an innovative company-wide safety credit points system, under which employees earn credit points by participating in various safety activities, aimed at enhancing their safety awareness, and achieving all-involved participation in and positive promotion for the safety management efforts.

Emergency Drills

In 2024, the Group vigorously developed its emergency response capabilities, and through optimizing its annual drill plans, it prioritized strengthening of its department-level autonomous emergency response capabilities, raising employees' fire safety awareness, comprehension of fire emergency response skills, and verifying the practicality and effectiveness of emergency plans.

During the Review Period, the Group conducted a total of 125 emergency drills, including 36 company-wide comprehensive drills and 89 departmental specialized drills, contributing to the establishment of a tiered response and collaborative emergency management system. The senior management of the Group has always considered emergency drills as a key aspect of safety management and has been deeply involved throughout the entire process. From planning the drill to preliminary preparations and implementation, the senior management has shown high levels of attention and full support. The drills covered a wide range of emergency scenarios, including fire safety, personnel evacuation, chemical spills, mechanical injuries, object strikes, falling objects from heights, elevator entrapment, anti-terrorism, and pandemic control.

Comprehensive Drills



Comprehensive evacuation drills

ERT emergency training

Departmental Specialized Drills

The senior management not only personally approved the drill plans and assigned tasks but also went on-site to direct the exercises and oversaw the process, ensuring the effectiveness of the drills. Additionally, to continuously enhance the professional skills of the emergency response team, the Group has established a regular training system. Weekly specialized training sessions were conducted to enhance emergency response skills, thereby effectively strengthening the team's practical combat capabilities.

During the Review Period, the Group did not encounter any fire incidents, hazardous chemical spills or any other safety accidents.

Occupational Health Management Policy and Measures

In accordance with the requirements of the ISO 45001 occupational health and safety management system and the Law on Prevention and Control of Occupational Diseases of the PRC, the Group continued to optimise its occupational health and safety management system while strictly enforcing the rules and regulations and conducting regular reviews with the aim of identifying issues and proposed solutions in a timely manner. The Group also conducted regular inspection and analysis of occupational hazards as well as occupational health education and training programmes in compliance with the relevant laws and regulations, providing qualified protective equipment to its employees while regularly reviewing the use of such equipment, with occupational disease examinations scheduled for employees before they are admitted/annually/upon their resignation.

In 2024, the Group strictly complied with the Guidelines on Identification and Evaluation of Positions Affected by Occupational Disease and systematically carried out occupational health management for the new factory. Through professional assessments, a total of 23 hazardous positions were identified, covering 19 types of occupational hazards. During the Review Period, the testing results of occupational hazards in the workplace were all compliant with the regulations, with a full coverage of physical examination for pre-employment, in-position, and departed employees, and a total of 356 occupational health check-ups completed.

To ensure safety in the workplace, the Group conducted workplace occupational hazards testing and issued the Workplace Occupational Hazard Testing and Evaluation Report, which has confirmed that the new factory's working environment meets national occupational health standards in all aspects.

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

6.2 EMPLOYMENT

The Group complies with the relevant aspects of the Labour Law of the PRC, the Labour Contract Law of the PRC, the Implementation Regulations for Labour Contract Law of the PRC, the Provisions on the Prohibition of Using Child Labour, the Law on the Protection of Minors of the PRC, the Social Insurance Law of the PRC, and the Responsible Business Alliance Social Responsibility Management System Standards, as well as other applicable laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, 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 updates employees' compensation conditions based on local gross domestic product (GDP) growth and the latest laws and regulations to provide employees with reasonable, lawful, and competitive compensation and benefits. In accordance with the Labour Contract Law of the PRC, the Group has formulated the corresponding CSOT Attendance and Leave Management System, specifying employees' working hours and rest schedules. All employees are entitled to various statutory paid leaves, such as paid annual leave, statutory leave, marriage leave, maternity leave, paternity leave, breastfeeding leave, and medical leave, etc. In addition, the Group has formulated the ECP Professional Channel Certification Management System and the On-site Staff Skill Certification Management Standards, which clearly define the criteria for employee promotion, the assessment process, and the frequency of promotions. These measures create a fair and impartial career development and promotion channel, providing employees with opportunities for growth and development.

Recruitment, Dismissal and Diversity

The Group ensures that job applicants enjoy equal opportunities in accordance with the internal policies of the On-site Staff Recruitment and Deployment Management Process and the Staff Social Recruitment Management System, and follows the principles of "compliance with laws and regulations, fairness and impartiality, avoidance of nepotism, and merit-based hiring", regardless of race, skin colour, religious belief, disability, political affiliation, age, or gender.

The Group promotes non-discrimination and diversity and actively recruits and supports people with disabilities. During the Review Period, the Group provides equal opportunities for employees with disabilities in recruitment, training, and promotion. It offers training and guidance that match position requirements, ensuring that those who meet the criteria can participate in promotion and selection processes. The Group assigns suitable job positions to employees with disabilities based on their physical conditions and job adaptability and arranges for frontline managers to support and assist them in adapting to their positions and mastering the necessary skills. Job rotation and trial positions are also provided when necessary. In addition, the Group organises team activities for employees with disabilities annually, distributes monthly work subsidies, and optimises attendance tracking and access control settings, ensuring that they can work conveniently and effectively.

As at 31 December 2024, the Group had a total of 23 employees with disabilities. Through the provision of considerate care and comprehensive welfare protection, employees with disabilities demonstrated a high level of dedication and a strong sense of belonging in their work, achieving a zero-turnover rate during the year, fully reflecting the Group's corporate culture of inclusive development.

Anti-discrimination

The Group has issued the Anti-Discrimination Management Regulations and conducts training and awareness programs for employees, specifically targeting those involved in recruitment, compensation and benefits, training, and performance evaluation. These initiatives ensure that no discriminatory content or actions are present in the related management measures. Any form of discrimination based on race, skin colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religious belief, political affiliation, or marital status is prohibited.

The Group incorporates anti-discrimination principles into new employee orientation, annual training, and human resources-related training and reinforces this message daily through posters from the Group and TCL Technology.

The Group's dismissal procedures strictly adhere to internal regulations, ensuring they are reasonable, lawful, and fully compliant with applicable laws and regulations.

Employment Compliance

The Group constantly reviews and improves its recruitment and labour protection management processes to prevent child labour, forced labour, and underage labour. It strictly abides by the Labour Law of the PRC, the Law on the Protection of Minors of the PRC, the Provisions on the Prohibition of Using Child Labour and the International Labour Standards and fully recognises that employing child labour or forced labour violates basic human rights and hinders the sustainable development of both the Group and society.

During recruitment, the Group's Human Resources Department implements strict background checks, identity verification, and other measures to prevent the employment of child labour, forced labour, and underage workers.

In addition to conducting pre-employment checks, the Group also performs monthly age verifications for all employees. If child labour is identified during these checks, the Group will implement the following measures in accordance with the internally issued Management Measures for the Protection of Child Labour and Underage Labour:

1. The Group will immediately terminate the labour contract and actively assist the individual in returning to school, including contacting suitable schools and covering tuition fees and basic living expenses;

2. The Group will provide job opportunities for the child's family members to help alleviate their financial burden until the child reaches adulthood;

3. If a child labourer falls ill or is injured, the Group will arrange medical treatment, cover all medical expenses, and provide a living allowance for the duration of the treatment.

The Group is firmly committed to prohibiting forced labour, slavery, and human trafficking. The Group's Human Resources Department carefully considers job responsibilities, staffing allocations, and candidates' backgrounds during recruitment to ensure a reasonable workload and prevent excessive fatigue. The Group respects employees' rights and interests and strictly adheres to its internally formulated Guidelines on Free Choice of Occupation and Non-Forced Labour, ensuring that employees are legally entitled to freedom of occupation, the right to work voluntarily, and the right to terminate their employment contracts. Furthermore, the Group provides grievance channels to safeguard employees' human rights, including their rights to rest and leave.

If the Group discovers any instances of forced labour, it will immediately take the following remedial measures:

1. Terminate the forced labour practices;

2. Return any withheld personal identification documents;

3. Provide financial compensation to affected employees; and

4. Arrange for affected employees to return to their hometowns or transfer them to relevant authorities.

During the Review Period, the Group did not have any incidents of child labour, underage labour, forced labour, and illegal employment.

6.3 DEVELOPMENT AND TRAINING

Creating development opportunities for employees is one of the Group's core missions. To cultivate and enhance employees' skills and knowledge, the Group has established and refined its management systems, invested various resources in employee training each year, and conducted fair and transparent talent selection.

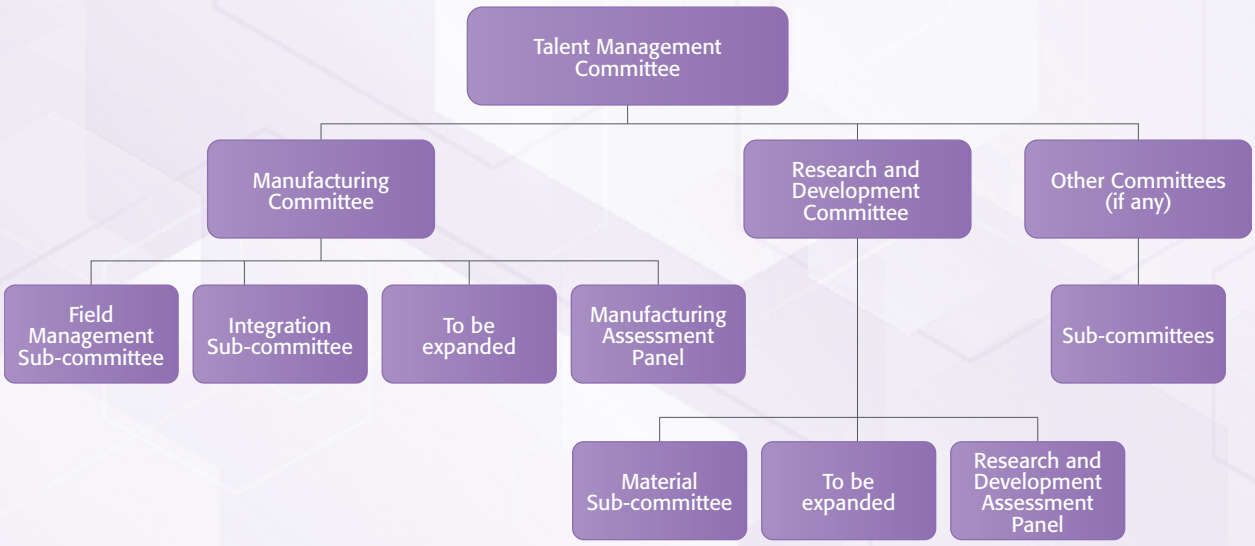
Career Development Path

The Group has established a comprehensive career development system for all employees. It provides standardised pathways for personnel evaluation, promotion, and career growth, clarifies employees' career development trajectories and improvement directions, and enhances their motivation at work. In 2024, CDOT engaged experts to revise the ECP Certification Management Standards and the On-site Staff Skill Certification Management Standards, introduced one new standard, and optimised 19 existing pathway standards to better align with talent development needs.

During the Review Period, leveraging ECP certification and structural enhancements, the proportion of senior and experienced engineers in the personnel structure increased to 50%. The proportion of intermediate-level technicians and above rose to 58%, with 20 exceptional technical staffs honoured as "Young Experts Registered with the Organisation Department of the Municipal Party Committee".

The Group also plans to establish a Talent Management Committee and develop multiple ECP non-management professional development pathways, as illustrated in the chart below:

ECP Committee Structure



Organization/ Personnel	Responsibilities
HRBP	✓ Participate in the development and ongoing maintenance of ECP standards; ✓ Develop the annual work plan for ECP certification and organise special committee meetings; ✓ Execute certification tasks, including registration, coordinating arrangements, compiling results, and seeking approval; ✓ Handle and process employees' applications for score verification and their suggestions.
HROD	✓ Plan and establish a company-wide ECP system; ✓ Continuously refine ECP rules and regulations, participate in standard maintenance, and review their fairness and regulatory compliance; ✓ Review the annual work plan for ECP certification; ✓ Supervise the compliance of ECP certification activities (including reviewing applicants' qualifications and results) and optimise the certification process; ✓ Organise the promotion and awareness campaigns for ECP within the Company.
Head	✓ Participate in the development and optimisation of ECP standards and certification tools for relevant positions; ✓ According to the Company's ECP certification work plan, organize and promote department certification efforts, including standard learning, employee competency assessments, identification of certification candidates, and reviewing employees' certification applications and materials.
Employees' direct supervisors	✓ Explain ECP standards to employees and provide corresponding work opportunities in line with the standards, offering support for their skill enhancement; ✓ Review employees' certification eligibility and verify the authenticity and validity of certification materials; ✓ Provide candidates with feedback on certification results; ✓ Offer guidance to employees on improvement based on certification results.
Employees	✓ Take the initiative to study ECP standards, actively participate in training, and undertake relevant tasks to enhance professional skills in accordance with requirements; ✓ Maintain records of work processes and results to prepare materials for certification; ✓ Apply for certification following the prescribed procedures. Once approved, prepare certification application and defense materials in accordance with standards, ensuring their authenticity and validity; ✓ Participate in ECP certification training and assessment activities organised by the Company; ✓ Continuously improve based on certification results and recommended improvements.

Organization/ Personnel	Responsibilities
Human Resources Committee	✓ Make decisions on major matters, including the overall policies and principles of the Company's ECP management; ✓ Define the composition and scope of work of the Special Committee; ✓ Approve certification evaluation results for PT/7 and above.
Special Committee	✓ Coordinate and approve the establishment and optimisation of ECP standards, certification implementation plans, certification tools and other core contents for their professional channels of sub-committees; ✓ Determine the selection of sub-committee members and evaluation pool members, and assign ECP-related tasks; ✓ Serve as an evaluator for PT/6 and above certifications in accordance with the Company's overall ECP certification work plan; ✓ Approve certification evaluation results for PT/6 and below; ✓ Approve certification applications and results in special circumstances.
Sub-Committee	✓ Lead the development and optimisation of grading standards and certification tools for their respective professional channels; ✓ Promote ECP standards and policies within the business unit, guiding employees in skill development.

Structure Chart for ECP Standards

ECP level	Individual Position level	Education	Division
P/T6	14	Bachelor's Degree and Above	R&D Division Manufacturing Division Supply Chain Division Quality Division Finance Division Others (if any)
	13		
P/T5	12		
	11		
P/T4	10	Associate Degree and Above	
	9		
P/T3	8		
	7		
P/T2	6		
	5		
P/T1	2-4		

Training

Under the Group's talent philosophy, "Achieving Global Leadership with Top Talent," the Group not only recruits top professionals but also enhances employees' skills and capabilities through a comprehensive training system. This system facilitates job-role alignment and reinforces shared values and team cohesion. During the Review Period, the Group provided training to all employees, achieving a 100% participation rate. In addition to internal professional training programs, the Group arranged for 22 employees to attend external professional courses and invited expert instructors to conduct three training sessions. These sessions covered various topics, including safety and specialised technical skills, with a total of 65 employees participating and accumulating 364 training hours. The Group's investment in external training exceeded RMB200,000.

The Group's employees have participated in training for a total of:

80,253 hours

The average training hours for employees reached:

24 hours

Average training hours for male and female employees

Male **23** hours

Female **27** hours

Average training hours for employees of different positions

Senior management: **47** hours

Middle management: **31** hours

General staff: **24** hours

The major trainings organised by the Group during the Review Period were as follows:

Young Eagle Power Camp

As one of TCL Technology's key annual training programs, the Young Eagle Training Camp is designed for newly recruited college graduates' development. This two-week program includes over ten theoretical courses, such as Corporate Culture, Product Knowledge and Industry Overview, and Safety Education, with each participant completing a total of 88 training hours. In addition, TCL Technology organised nearly 10 hours of outdoor team-building activities to strengthen teamwork and cohesion. To help new graduates quickly integrate into the Group, TCL Technology assigned each participant a mentor to develop a personalised transition plan based on job objectives, providing comprehensive guidance for both learning and work.

Young Eagle Mentor Empowerment

To support fresh graduates in transitioning into their roles, the Group not only assigns each Young Eagle a one-on-one professional mentor but also organises pre-onboarding sessions for mentors. These sessions equip them with a clear understanding of their mentees' specific job responsibilities and the personality traits of the post-2000s generation. The event involved more than 20 participants, including Young Eagle mentors and HR representatives.

Online Learning

Compared to in-person training, online learning offers greater flexibility and convenience, allowing employees to make use of short, fragmented periods for learning and optimise their time efficiency. Additionally, online platforms facilitate knowledge retention, enable broader dissemination, and support repeated learning to deepen understanding. In 2024, the Group continued to expand its online learning initiatives, offering courses across various domains, including workplace safety, information security, process technology, product knowledge, and professional skills. The program covered all employees, with an average of over six learning hours per participant.

Leadership Enhancement

To comprehensively enhance the management capabilities of leaders at all levels, the HR department led a leadership development initiative in 2024. This program aimed to strengthen management comprehensive competencies through management sharing sessions, specialised courses, and hands-on project experience. Over the year, four management sharing sessions were held, in which department heads from the Process Technology and Product R&D departments shared insights on key topics, including Change Management and Leadership, Integrated Product Development, and Building a Culture of Quality Excellence with management staff and high-potential future leaders. Additionally, the Company launched over ten strategic projects, with managers at various levels serving as project leaders. By leading these real-world projects, they gained comprehensive management experience and strengthened their leadership capabilities.

6.4 EMPLOYEE CARE AND COMMUNICATION

The Group adheres to the principle of "caring for employees and promoting harmonious development". Through diversified care measures and communication mechanisms, it enhances employees' satisfaction and sense of belonging.

Optimisation of Communication Mechanisms and Channels

The Group has established a sound process for employee communication and feedback of opinions, including channels such as emails, hotlines, online platforms, solicitation of rationalisation suggestions, and satisfaction surveys. During the Review Period, the Group revised the "Employee Communication Management Process" and added a dedicated channel for receiving opinions/complaints on human resources to ensure that employees' requests are followed up in a timely manner. By regularly holding "Employee Representative Communication Meetings", the Group publicizes its corporate systems, listens to employees' voices, identifies hot issues, and coordinates with relevant departments to improve logistics support, the working environment, and the corporate culture atmosphere. During the Review Period, the Group held a total of 5 communication meetings, with 216 person-times participating. A total of 152 pieces of feedback were received, and the improvement rate reached 96%. In addition, through the channel for rationalization suggestions, the Group received 300 suggestions, of which 92 were adopted, effectively enhancing employees' enthusiasm for participating in corporate development.

Employee Assistance Program and Physical and Mental Care

The Group continuously pays attention to the physical and mental health of employees. Through services such as mental health promotions, themed activities, online psychological counseling, and testings, it helps employees pay attention to their own health and emotional status. Relevant information is regularly pushed to improve the convenience and practicality of the "Employee Assistance Program".

Cultural Incentives and Setting Examples

Since 2020, TCL Technology has carried out the selection of "Star-level Cultural Model Employees", encouraging its employees to contribute articles to the WeChat official account, participate in public welfare activities, and offer suggestions and strategies. Employees can receive cash rewards and points, and outstanding employees are selected, commended, and rewarded annually. This year, the publicity of the deeds of outstanding employees has been added to showcase their stories of hard work, enhance employees' sense of accomplishment and honor, set examples, and inspire team pride.

Canteen Management

In 2024, the Administrative Division supervised the canteen management in compliance with the high standards of TCL CSOT. The main measures were as follows:

1) **Understanding employees' needs:** Conducted satisfaction surveys every quarter and actively improved issues raised by employees.

2) **Standardisation of canteen management:** Inspected the canteen twice or more daily to ensure that the canteen has been operated according to food hygiene standards.

3) **Menu optimisation:** Updated the menu regularly and made adjustments according to employees' opinions. Within the year, 9 new meal lines and 79 new dishes were launched to meet diverse taste requirements.

4) **Canteen upgrades:** Improvements include reconfigured dining area layouts, the provision of hand towels and liquid soap, non-slip floor mats, and mosquito-proof window screens, enhancing the dining environment while elevating food safety standards.

5) **Culinary events:** Nine gastronomic events were held, including a Hot Pot Festival, a "520" (Network Valentine's Day) Tea and Snack Tasting Event, Dragon Boat Festival games, and a Breakfast Festival. These events greatly enriched employees' leisure time, boosting employees' sense of belonging and happiness towards the Company.

Heart-warming Winter Beef Hot Pot Festival

Lucky snack bag distribution on joyful Chinese New Year's Eve

The "520" (Network Valentine's Day) Tea and Snack Tasting Event

DIY rice dumpling making at Dragon Boat Festival

Lucky wheel spin at Dragon Boat Festival

Accommodation Management

The Company adheres to the "people-centric" sustainable development philosophy and deeply integrates ESG (Environmental, Social, and Governance) governance into the management of employees' dormitories. It continuously optimizes and innovates from three perspectives: safety environment, intelligent services, and humanistic care, systematically improving the living quality of employees, reducing environmental risks, fulfilling corporate social responsibilities, and creating a safe, comfortable, and sense-of-belonging "second home" for employees.

➢ **Dormitory Safety and Environmental Optimization**

1. Safety Hardware Upgrades

- In 2024, protective nets were installed on the balconies of all dormitories to eliminate the risks of high-altitude parabolic objects and falls.
- Conducted daily dormitory inspections, regularly carried out safety and hygiene evaluations, commended 42 outstanding dormitory employees, and strengthened safety awareness.

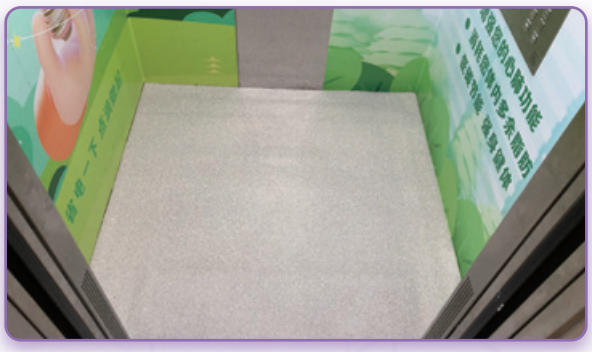
2. Construction of Intelligent Service System

- Implemented the "QR Code Digital Management": Employees can check utility fees in real-time and submit feedback. A total of 403 feedback suggestions were quickly handled throughout the year (with a processing rate of over 90% within 2 hours).

3. Public Space Renovation

- In 2024, the "Removal of Garbage Bins on Each Floor" plan was implemented to optimise the public health environment.
- Completed the painting of stones in the park and the quarterly maintenance of leisure chairs, thus improving the aesthetic appearance and the durability of the facilities.

Greenery landscape

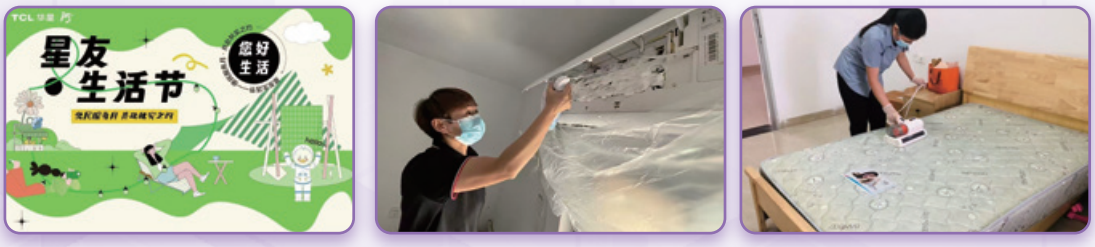


Elevator carpet upgrades

➢ **Employee Care and Community Culture Building**

The Group enhanced employees' sense of belonging and happiness through the following measures, creating a warm dormitory community ecosystem:

1. **Living Services:** Launched the "Special Service Month Campaign", and the dormitory satisfaction rate rose to 96.2%.



The "Special Service Month Campaign" was carried out from September to November, including air conditioner cleaning services and mattress mite removal services

2. **Corporate Culture Brand:** Introduced the "Star Steward Service", and regularly released cultural "briefings and blog posts", which have strengthened communication and enhanced employees' sense of belonging.

"Star Steward" debut event

"Star Steward"

"Starlight Chronicles" briefings

3. **Community Activities:** In 2024, the innovative "Dormitory Star Sports Gala" was held, engaging 80% of resident employees and enriching their leisure time.

Activities

The Group's labour union was established in May 2005 and members of the labour union committee are elected through regular voting to safeguard the legitimate rights and interests of all employees. During the Review Period, substantially all permanent employees have joined the labour union.

The labour union committee cares about the physical and mental health of employees. The labour union has set up various interest groups, and carried out various activities on a regular basis. The Group enhanced its employees' sense of cohesion and belonging through various cultural activities. In 2024, the labour union spent approximately RMB605,000 in various activities such as fun sports games, basketball, badminton, fishing and employee skills competitions, covering all employees.

Receiving awards in the Basketball Tournament in June – The joy

Basketball Tournament in June – Breakthrough

Badminton Tournament in December – Dare to excel

Badminton Tournament in December – Serving moment

Through a synergistic "hardware + service + culture" approach, the labour union, human resources and administration departments have seamlessly integrated ESG governance with employee well-being, driving the realisation of the Company's sustainable development objectives.

Employee Benefits

In strict compliance with national laws and regulations on labour, social security and other aspects, the Group provides its employees with "five kinds of insurance and one fund", social insurance and statutory holidays (such as marriage and bereavement leave, maternity leave), as well as subsidies for special positions (such as care allowances for disabled employees and subsidies for children's education), ensuring that employees can work with peace of mind.

The Group attaches great importance to employees' holiday welfare. The human resources administration department and the labour union have jointly carried out the following activities: During the Review Period, the Group held six birthday parties and gave away 1,687 birthday gifts. The Group also sent blessings and exquisite gifts on Women's Day, Teachers' Day and traditional festivals, making employees feel valued, respected and cared for.

Mid-Autumn Festival fete

Delivery of warmth to dormitories on New Year's Day

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 fabrication, soliciting, accepting or offering bribes, abuse of power for personal gain, conflict of interest, unauthorized investment or moonlighting, 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 pending or concluded legal cases regarding corrupt practices brought against the Group or its employees.

In an effort to facilitate integrity management, the Group has formulated the Anti-Corruption Policy, the Integrity Management Policy and the Management Measures on Employee Conflict of Interest and Gift Acceptance which defines integrity requirements, identifies employees in high-risk positions, sets out provisions on how to investigate and deal with violations of integrity rules, regulates employees' 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.tclcdot.com) with effect from 1 January 2022 to set out the 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 new employees to sign the Personal Integrity Commitment, thus enhancing their awareness of integrity. Our 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 2024, the Group carried out integrity measures under the theme of "Promoting Honesty and Advocating Integrity" to require employees to practice self-discipline and consciously fulfill the "Integrity Commitment". The Group also prohibits corruption and dishonesty related to suppliers, at all times observes the principles of "no nepotism, no bribery, no gifts, 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 publicity campaigns and training activities. The Group organises all employees to conduct self-examination on integrity and report related transactions and integrity behaviors.

During the Review Period, the Group provided employees with online training on promotion of anti-corruption and integrity for all employees of the Group, and distributed online learning materials provided by the Hong Kong Independent Commission Against Corruption to its Directors. In addition, the Group has extended anti-corruption management to its supply chain, and requires all suppliers to sign the Letter of Notification (Commitment) to 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 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. tclcdot.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 or telephone. 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 actively fulfills its social responsibilities and regards community service as an important part of sustainable development. In 2024, the Group implemented the "Regulations on the Management of Public Welfare Activities", responded to the calls of superior public welfare organizations and volunteer teams, and organized employees to participate in public welfare activities with themes such as environmental protection, plogging, and community culture dissemination, supporting the concept of sustainable development and conforming to the interests of communities.

During the Review Period, the Group's volunteer team cooperated with volunteer groups and community public welfare organizations in Zhongkai, Huizhou in carrying out four public welfare volunteer activities, namely garbage collection, environmental greening, community cultural dissemination and loving care for the disabled, with a total of 65.5 hours of volunteer services contributed. The conscientiousness and good service attitude of our volunteer team were highly praised by the organisers of the activities.

Planting for Environmental Protection

The Group joined hands with public welfare organisations in Huizhou to carry out community cultural dissemination activities among families of employees and communities, appealing to the public to pay attention to environmental protection and inheritance of community culture. 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）and public welfare volunteer teams in the community, contributing to the development of public welfare undertakings.

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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: (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.	2.1 Statement of the Board

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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:	2.3 Basis of Preparation
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.	3.3 Communication with Stakeholders and Analysis of Material Issues
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.	
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:		5.2 Emissions Reduction
	(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.		
	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.		
	KPI A1.1	The types of emissions and respective emissions data.	5.2 Emissions Reduction 9.3 Summary of ESG Performance
	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
	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
	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
	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

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			Disclosure section
Aspect A2: Use of Resources	General Disclosure		
	Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*		5.1 Energy and Resources Conservation
	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
	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
	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
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:		6.2 Employment 6.4 Employee Care and Communication
	(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.		
	KPI B1.1	Total workforce by gender, employment type (such as fulltime or part-time), age group and geographical region.	6 Employee Report 9.3 Summary of ESG Performance
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	6 Employee Report 9.3 Summary of ESG Performance
Aspect B2: Health and Safety	General Disclosure		
	Information on:		6.1 Health and Safety
	(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.		
	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
	KPI B2.2	Lost days due to work injury.	6.1 Health and Safety 9.3 Summary of ESG Performance
	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. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*		6.3 Development and Training
	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
	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
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.		6.2 Employment
	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
	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
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
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.4 Quality Control 9.3 Summary of ESG Performance
	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
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.4 Quality Control

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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
	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

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9.3 SUMMARY OF ESG PERFORMANCE

Indicators	Unit	2024	2023
A Environmental			
A1: Emissions			
A1.1 The types of emissions and respective emissions data			
Total NO_x emissions	kg	**7.26**	6.25
Total SO_x emissions	kg	**45.23**	53.65
Total emissions of RSP or PM	kg	**7.03**	6.03
Emissions Data from Gaseous Fuel Consumption			
NO_x	kg	**7.03**	6.03
SO_x	kg	**0.04**	0.03
RSP or PM	kg	**7.03**	6.03
Emissions Data from Vehicles			
NO_x	kg	**0.23**	0.22
SO_x	kg	**45.19**	53.62
A1.2 Total Greenhouse gas (GHG) emissions and intensity			
Total Greenhouse gas (GHG) emissions	tonne CO_2e	**155,844**	141,570
Scope 1 – Direct GHG emissions (including GHG emissions directly generated 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	**428**	432
Scope 2 – Energy indirect GHG emissions (including "energy indirect" GHG emissions caused by the Company's internal consumption of electricity, heating, cooling and steam (purchased or acquired))	tonne CO_2e	**22,507**	22,627
Scope 3 – Energy indirect GHG emissions (GHG emissions that occur within the company's value chain and fall outside Scope 2, including emissions from upstream suppliers and downstream customers. Such emissions originate from sources not owned or controlled by the Company)	tonne CO_2e	**132,910**	118,511
Scope 1 – Direct GHG emissions intensity in terms of sales volume	g CO_2e/unit	**8.7**	9.1
Scope 2 – Energy indirect GHG emissions intensity in terms of sales volume	g CO_2e/unit	**456.1**	474.9
Scope 3 – Energy indirect GHG emissions intensity in terms of sales volume	g CO_2e/unit	**2,693.5**	2,487.4

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Indicators	Unit	2024	2023
A1.3 Total hazardous waste produced and intensity			
Total hazardous waste	tonne	**7.05**	2.15
Empty Bucket	tonne	**0.65**	0.30
Waste oil	tonne	**0.86**	0.98
Sludge	tonne	**1.75**	0.26
Waste activated carbon	tonne	**3.44**	0.15
Others	tonne	**0.35**	0.46
Hazardous waste emissions intensity in terms of sales volume	g/unit	**0.14**	0.05
Industrial wastewater consumption	tonne	**21,461**	24,410
Industrial wastewater consumption intensity in terms of sales volume	g/unit	**434.94**	512.31
A1.4 Total non-hazardous waste produced and intensity			
Total non-hazardous waste	tonne	**353**	311
Total non-hazardous waste emissions intensity in terms of sales volume	g/unit	**7.15**	6.53
Total recyclable waste	tonne	**801.33**	921.30
Paper Box	tonne	**371.80**	302.00
Plastics	tonne	**405.49**	606.79
Plastic foam	tonne	**19.71**	7.51
Metal	tonne	**4.33**	–
Others	tonne	**0.00**	5.00
A2: Use of Resources			
A2.1 Total energy consumption and intensity			
Direct energy consumption	tonne	**3.08**	5.10
Diesel	tonne	**0.00**	2.03
Gasoline	tonne	**3.08**	3.07
Direct energy consumption intensity in terms of sales volume	g/unit	**0.06**	0.11
Indirect energy consumption	Kwh('000)	**41,944**	39,502
Indirect energy consumption intensity in terms of sales volume	Kwh/unit	**0.85**	0.83
A2.2 Water consumption and intensity			
Total water consumption	tonne	**258,905**	269,389
Water consumption intensity in terms of sales volume	g/unit	**5,247**	5,654
A2.5 Packaging material used for finished products			
Packaging material	tonne	**4,012**	1,890
Paper Box	piece	**752,972**	417,916
Plastic foam(EPS)	piece	**492,927**	169,105
Packaging material intensity in terms of sales volume	g/unit	**81.31**	39.67
A3: The Environment and Natural Resources			
Annual investment for environmental protection	RMB	**1,306,171**	1,044,796

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Indicators	Unit	2024	2023
B. Social			
B1: Employment			
B1.1 Total workforce			
Total workforce	person	**3,297**	3,219
Total workforce by gender			
Male	person	**2,182**	2,127
Female	person	**1,115**	1,092
Total workforce by employment type			
Full-time	person	**3,297**	3,219
Part-time	person	**0**	0
Total workforce by age group			
Aged 18-30	person	**2,322**	2,233
Aged 31-50	person	**966**	976
Aged 51 or above	person	**9**	10
Total workforce by geographical region			
Chinese Mainland	person	**3,295**	3,217
Hong Kong/Macau/Taiwan	person	**2**	2
Total workforce by position			
Senior Management	person	**5**	7
Middle Management	person	**330**	330
General Staff	person	**2,962**	2,882
B1.2 Employee turnover rate			
Number of employees left	person	**112**	95
Number of employees left by gender			
Male	person	**79**	63
Female	person	**33**	32
Number of employees left by age group			
Aged 18-30	person	**102**	79
Aged 31-50	person	**9**	16
Aged 51 or above	person	**1**	0
Number of employees left by geographical region			
Chinese Mainland	person	**112**	95
Hong Kong/Macau/Taiwan	person	**0**	0
Employee turnover rate	%	**3.29%**	2.87%
Employee turnover rate by gender			
Male	%	**3.49%**	2.88%
Female	%	**2.87%**	2.85%
Employee turnover rate by age group			
Aged 18-30	%	**4.21%**	3.42%
Aged 31-50	%	**0.92%**	1.61%
Aged 51 or above	%	**10.00%**	0.00%
Employee turnover rate by geographical region			
Chinese Mainland	%	**3.29%**	2.87%
Hong Kong/Macau/Taiwan	%	**0.00%**	0.00%

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Indicators	Unit	2024	2023
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
Rate of work-related fatalities occurred	%	**0**	0
B2.2 Lost days due to work injury			
Lost days due to work injury	day	**63**	78
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	person	**3,297**	3,219
Total number of employees trained by gender			
Male	person	**2,182**	2,127
Female	person	**1,115**	1,092
Total number of employees trained by employee category			
Senior management	person	**2**	7
Middle management	person	**334**	330
General staff	person	**2,961**	2,882
The percentage of employees trained	%	**100%**	100%
The percentage of employees trained by gender *note*			
Male	%	**100%**	100%
Female	%	**100%**	100%
The percentage of employees trained by employee category *note*			
Senior management	%	**40%**	100%
Middle management	%	**100%**	100%
General staff	%	**100%**	100%

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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Indicators	Unit	2024	2023
B3.2 The average training hours completed per employee by gender and employee category			
Total training hours			
Total training hours for all employees	hour	**80,253**	142,338
Total training hours by gender			
Total training hours for male employees	hour	**50,052**	90,299
Total training hours for female employees	hour	**30,201**	52,039
Total training hours by employee category			
Total training hours for senior management	hour	**95**	151
Total training hours for middle management	hour	**10,285**	16,652
Total training hours for general staff	hour	**69,873**	125,535
Average training hours			
Average training hours for all employees	hour	**24**	44
Average training hours, by gender			
Average training hours for male employees	hour	**23**	42
Average training hours for female employees	hour	**27**	48
Average training hours, by employee category			
Average training hours for senior management	hour	**47**	22
Average training hours for middle management	hour	**31**	50
Average training hours for general staff	hour	**24**	44
B4: Labour Standards			
B4.1 Avoid child and forced labour			
Child labour and forced labour	person	**0**	0
B5: Supply Chain Management			
B5.1 Number of suppliers by geographical region			
Total number of suppliers	supplier	**202**	202
Chinese Mainland	supplier	**171**	171
Hong Kong/Macau/Taiwan	supplier	**31**	31
Overseas	supplier	**0**	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**	0
B6.2 Number of products and service related complaints			
Number of products and service related complaints received	case	**0**	0

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Indicators	Unit	2024	2023
B7: Anti-corruption			
B7.1 Number of concluded legal cases regarding corrupt practices			
Number of corruption cases	case	**0**	0
Number of concluded legal cases regarding corruption brought against the Company or its employees	case	**0**	0
B7.3 Anti-corruption training			
The signing rate for "Employee Integrity Commitment"	%	**100%**	100%
Anti-corruption training hours	hour	**918**	611
Number of anti-corruption training session	session	**3**	2
B8: Community Investment			
B8.2 Resources contributed (e.g. money or time) to the focus areas			
Donations Value	RMB	**0**	5,000
Volunteer hours	hour	**66**	248
Volunteers	person	**44**	43