



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

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

Stock code : 2276

## Environmental, Social and Governance Report 2023



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# 1. About the Report

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

## 1.1. REPORTING STANDARDS

The Report has been prepared in accordance with the provisions of mandatory disclosure and “Comply or Explain” requirements of the Appendix C2 “Environmental, Social and Governance Reporting Guide” (the “**Guide**”) of the Main Board Listing Rules on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and is prepared in compliance with the four reporting principles of the Guide.

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

## 1. About the Report

### 1.2. SCOPE OF THE REPORT

The Report covers a reporting period from 1 January 2023 to 31 December 2023 (the “**Year**” or “**Reporting Period**”). The environmental disclosure involves the two core Production Bases of the Group – the Shanghai Production Base and the Jiangsu Production Base, which have material impacts and contributions on the Group’s businesses and production scales, while the scope of social disclosure is consistent with that in the Annual Report. Readers may refer to the Corporate Governance Report section of the Annual Report to understand the Group’s governance work.

### 1.3. LANGUAGE OF THE REPORT

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

### 1.4. CONFIRMATION AND APPROVAL

After being confirmed by the management, the Report has been approved by the board of directors (“**Board**”) of the Group on 27 March 2024.

### 1.5. FEEDBACK ON THE REPORT

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

## 2. About Conant Optical

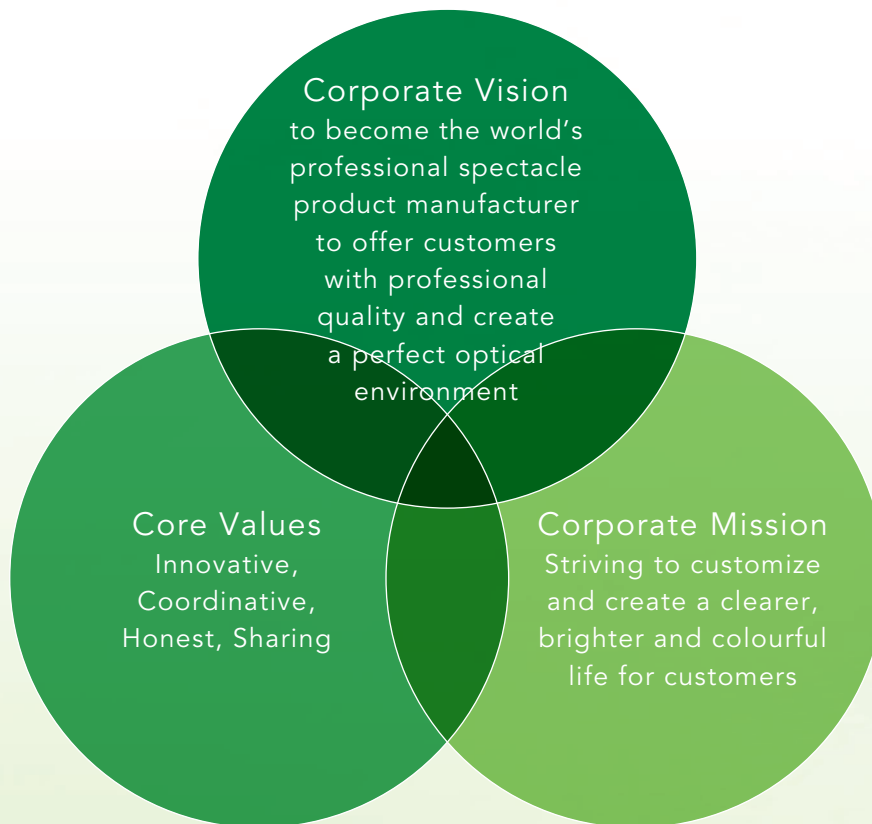
Established in 2006, the Group is principally engaged in the integrated business of research and development, production and sales of resin lens as well as customized processing services of lens. The main product portfolios include mono-focal, multi-focal and progressive multi-focal optical resin finished and semi-finished lenses with low, medium, high and ultra-high refractive index. With the support of our production facilities, the Group is capable of manufacturing resin spectacle lens of various specifications. We offer customers with wide variety of resin spectacle lens, including standardized lens and customized lens. We have an extensive and reliable customer base across the world, consisting of certain renowned brand owners of spectacle lens and international ophthalmic optic companies, which we regard it as an honor. Leveraging on our extensive experience in the spectacle lens industry, we are currently producing our high quality products for sales to over 90 countries, including but not limited to the PRC, the United States, Japan, India, Australia, Thailand, Germany and Brazil.

We currently possess various world's advanced production lines for resin lens, top-notch production lines for coatings and world-class production lines for RX lens with monthly production volume of more than 8 million. We also have 70 international and domestic advanced mould production lines for single-vision lens, dual-vision lens, astigmatism lens, aspherical lens and progressive lens, demonstrating our sufficient production capacity for mould production.

We have in place a sound internal control and comprehensive quality management system. We have passed ISO9001 and ISO13485 International Quality Management System Certifications. The Group's internal control quality standard is more stringent than the national GB10810 system standards. Our products are accredited by CE Certification and qualifies for United States FDA standards. Our production technique and our internal and external product qualities have reached the top class domestically and edged into the advanced rank in the world. Our resin lens of different specifications has become a comparable model for many merchants with its excellent optical physics.

## 2. About Conant Optical

The Group has a wide range of varieties, and a complete industrial chain covering raw material procurement, lens production and sales. Our trademark "Conant" (康耐特) is a famous brand in Jiangsu province. We are able to produce a wide range of products covering ten categories such as regular lens, functional lens and customized lens with a total of 7 million kinds of SKU specifications. Our products are not only sold to over 5,000 customers in China, but also sold to over 90 countries and regions in Europe, United States and Southeast Asia. We have been awarded as "National Excellent Taxpaying, Import and Export Performance Enterprises (全國外商投資雙優企業)" for consecutive years.



## 2. About Conant Optical

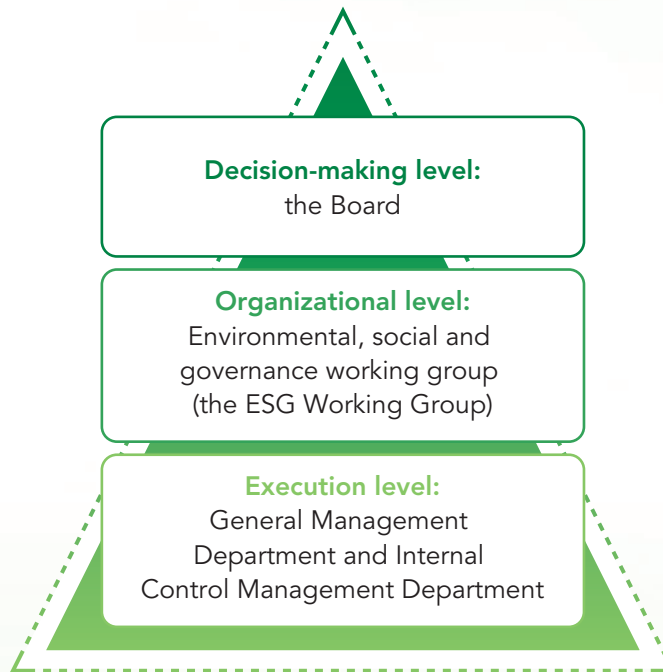
### 2.1. STATEMENT OF THE BOARD

To facilitate the Group's sustainability, we have established the ESG governance structure. The Board, being the highest decision-making unit, shoulders all the ESG responsibilities. Regular meeting will be held by the Board to resolve and approve ESG-related strategies, assess and prioritize ESG issues, and manage material matters and risks involving ESG issues. An ESG working group has been formed under the delegation by the Board. It consists of three executive directors to provide regular reports to the Board, to identify and evaluate ESG risks, to help formulate the Group's ESG targets, to perform materiality assessment, to execute and monitor all ESG works of different departments. During the Year, we have set our environmental targets with constant review on the progress thereof, and have continued to implement numerous carbon and pollution reduction measures and equipment so as to enhance our environmental performance.

### 2.2. ESG GOVERNANCE STRUCTURE

The Board facilitates the ESG works and development and monitor the ESG matters of the Group through ESG working group. The ESG working group includes executive directors Mr. Fei Zhengxiang, Mr. Zheng Yuhong and Mr. Xia Guoping. The ESG governance structure of the Group consists of decision-making level, which is formed by the Board, the organizational level, which is led by the directors and the senior management, and the execution level, which includes relevant departments.

## 2. About Conant Optical



Decision-making level: the Board	Organizational level: the ESG Working Group	Execution level: execution unit
<p>The Board has formed the ESG Working Group to perform ESG governance works.</p> <ul style="list-style-type: none"> <li>Shouldering all responsibilities in relation to ESG issues;</li> <li>The Board resolves and approves ESG-related strategies, material issues and risk management of the Group, including consideration of material evaluation results;</li> <li>The Board reviews and approves ESG-related targets and the annual ESG report</li> </ul>	<p>The ESG Working Group consists of three executive directors and the senior management of the Group.</p> <ul style="list-style-type: none"> <li>The ESG Working Group communicates with stakeholders and identifies ESG-related risks;</li> <li>The ESG Working Group formulates ESG-related working plans;</li> <li>The ESG Working Group monitors and coordinates the execution and performance of the ESG strategies, prepares ESG report and conducts regular reporting to the Board, and provides constant ESG-related recommendations to the Board</li> </ul>	<p>The execution unit consists of general management department and internal control management department.</p> <ul style="list-style-type: none"> <li>The departments should comply with the ESG-related policies and regulations, and collect the relevant KPIs data;</li> <li>The departments should report to the ESG Working Group on a regular basis</li> </ul>



## 2. About Conant Optical

### 2.3. STAKEHOLDERS ENGAGEMENT

The Group highly values communications and interactions with stakeholders. We take proactive initiative to identify stakeholders and establish a long and effective cooperation relationship with them. In this regard, we have set up various communication channels to have a full understanding of the expectation and demands of the stakeholders. Numerous policies and measures for sustainable development have been formulated and implemented to actively response to the opinions from the stakeholders so as to join force to facilitate the sustainability of the Group

Major Stakeholders	Expectations and Demands	Communication Channels	Communication Frequency
Shareholders/ investors	<ul style="list-style-type: none"> <li>• Product innovation and development</li> <li>• Anti-corruption</li> <li>• Protection of the interests of shareholders and investors</li> <li>• Business growth</li> <li>• Long-term win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meeting and other general meetings</li> <li>• Investors conferences</li> <li>• Interim reports and annual reports</li> <li>• Corporate communications such as letters/circulars and meeting notice to Shareholders</li> <li>• Results announcements</li> <li>• Senior management meetings</li> <li>• In-person meetings</li> </ul>	<p>To be held when necessary</p> <p>To be held when necessary</p> <p>To be released regularly</p> <p>To be released regularly</p> <p>To be released regularly</p> <p>To be held regularly/irregularly</p> <p>To be held irregularly</p>
Customers	<ul style="list-style-type: none"> <li>• Response to climate change</li> <li>• Product innovation and development</li> <li>• Product quality and safety</li> <li>• Protection of customers' privacy</li> <li>• Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Customer service center</li> <li>• Company mailbox and hotline</li> <li>• Customer relationship manager visits</li> <li>• Daily operation/interaction</li> <li>• Company website</li> </ul>	<p>Communicate irregularly</p> <p>Communicate irregularly</p> <p>To be conducted irregularly</p> <p>To be conducted irregularly</p> <p>To be released regularly</p>

## 2. About Conant Optical

Major Stakeholders	Expectations and Demands	Communication Channels	Communication Frequency
Employees	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Employee training and development</li> <li>Remunerations and benefits</li> <li>Occupational development opportunities</li> <li>Employee equality, no discrimination and no disparity in treatment</li> </ul>	<ul style="list-style-type: none"> <li>Survey and channels for employees to express their opinions</li> <li>Work performance assessment</li> <li>Business briefs</li> <li>In-person meetings</li> <li>Work performance interviews</li> <li>Seminars/workshops/lectures</li> <li>Employee communication conferences</li> <li>Employee intranet</li> </ul>	<p>Communicate irregularly</p> <p>To be conducted regularly</p> <p>To be conducted regularly</p> <p>To be held irregularly</p> <p>To be held irregularly</p> <p>To be held irregularly</p> <p>To be held irregularly</p> <p>To be held irregularly</p>
Suppliers	<ul style="list-style-type: none"> <li>Protection of intellectual property</li> <li>Material procurement and efficiency</li> <li>Supply chain management</li> <li>Information resources sharing</li> <li>Long-term win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Supplier management procedures</li> <li>Supplier/contractor evaluation system</li> <li>Conferences</li> <li>Site visits</li> </ul>	<p>To be conducted regularly</p> <p>To be conducted regularly</p> <p>To be held when necessary</p> <p>To be conducted irregularly</p>

## 2. About Conant Optical

Major Stakeholders	Expectations and Demands	Communication Channels	Communication Frequency
Regulatory authorities	<ul style="list-style-type: none"> <li>• Protection of the interests of shareholders and investors</li> <li>• Information transparency</li> <li>• Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Conferences</li> <li>• Written response to public consultation</li> <li>• Compliance reports</li> </ul>	<p>To be held irregularly</p> <p>To be released irregularly</p> <p>To be released regularly</p>
Business partners	<ul style="list-style-type: none"> <li>• Raw materials consumption</li> <li>• Management of waste water disposal</li> <li>• Management of packaging materials</li> <li>• Cooperation with integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Reports</li> <li>• Conferences</li> <li>• Visits</li> <li>• Lectures</li> </ul>	<p>To be released regularly</p> <p>To be held irregularly</p> <p>To be conducted irregularly</p> <p>To be held irregularly</p>
Media	<ul style="list-style-type: none"> <li>• Response to climate change</li> <li>• Advertising and Labeling</li> <li>• Information resources sharing</li> <li>• Long-term win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Press conferences</li> <li>• Interviews of senior management</li> <li>• Press releases</li> <li>• Results announcements</li> </ul>	<p>To be held irregularly</p> <p>To be conducted irregularly</p> <p>To be released regularly</p> <p>To be released regularly</p>

## 2. About Conant Optical

Major Stakeholders	Expectations and Demands	Communication Channels	Communication Frequency
Community/non-governmental organizations	<ul style="list-style-type: none"> <li>• Participation in community construction</li> <li>• Cooperation, sharing of resources</li> </ul>	<ul style="list-style-type: none"> <li>• Donations</li> <li>• Conferences</li> <li>• Community activities</li> <li>• Seminars/lectures/workshops</li> </ul>	<p>To be conducted irregularly</p> <p>To be held irregularly</p> <p>To be conducted regularly/irregularly</p> <p>To be held regularly/irregularly</p>
Peers	<ul style="list-style-type: none"> <li>• Product quality and safety</li> <li>• Business ethics</li> <li>• Protection of customers' privacy</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic cooperation projects</li> </ul>	<p>To be held when necessary</p>
Retailers	<ul style="list-style-type: none"> <li>• Material procurement and efficiency</li> <li>• Supply chain management</li> <li>• Product and service labelling</li> </ul>	<ul style="list-style-type: none"> <li>• Retailer management procedures</li> <li>• Conferences</li> <li>• Contractor evaluation system</li> <li>• Site visits</li> </ul>	<p>To be conducted when necessary</p> <p>To be held when necessary</p> <p>To be conducted when necessary</p> <p>To be conducted irregularly</p>

### 2.4. MATERIALITY ASSESSMENT

Through communication with our internal and external stakeholders, with reference to the Guide, the database of material issues of the Sustainability Accounting Standards Board (the "SASB"), and common topics among peers, and based on the operational circumstances of the Group, we have established our database of material issues. Through materiality assessment, we have identified 32 material issues for materiality assessment. Among which, 9 of them are of high materiality, 10 are of moderate materiality, and 13 are of general materiality. During the Year, the materiality assessment result has been considered and confirmed by the Board.

## 2. About Conant Optical

High materiality	Moderate materiality	General materiality
<ul style="list-style-type: none"> <li>• Product quality and safety</li> <li>• Data security</li> <li>• Protection of customers' privacy</li> <li>• Protection of intelligent property</li> <li>• Customer satisfaction</li> <li>• Complaint handling</li> <li>• Product and service labelling</li> <li>• Anti-corruption</li> <li>• Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Greenhouse gas (GHG) emission and management</li> <li>• Energy management</li> <li>• Water resources management</li> <li>• Waste management</li> <li>• Management of exhaust gas emission</li> <li>• Management of waste water disposal</li> <li>• Response to climate change</li> <li>• Green products</li> <li>• Supplier management</li> <li>• Community investment</li> </ul>	<ul style="list-style-type: none"> <li>• Management of packaging materials</li> <li>• Fairness and diversity</li> <li>• Anti-discrimination</li> <li>• Employee training and development</li> <li>• Occupational health and safety</li> <li>• Employment compliance</li> <li>• Remuneration and benefits</li> <li>• Labour standards</li> <li>• Prevention of child and forced labour</li> <li>• Responsible procurement</li> <li>• Material procurement and efficiency</li> <li>• Suppliers' social standards</li> <li>• Community communication and engagement</li> </ul>

## 3. Operational Practices

### 3.1. PRODUCT QUALITY ASSURANCE

We strictly comply with the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) and the Law of the People's Republic of China on the Quality of Products (《中華人民共和國產品質量法》), and have formulated Quality Plan (《質量計劃》), Quality Inspection Procedures (《質量檢驗作業程序》), Non-conforming Product Control Procedures (《不合格品管製作業程序》), Inspection and Measurement Equipment Control Procedures (《檢驗與量測設備管制程序》), Materials Identification, Storage, Transportation, Packaging and Delivery Procedures (《物料識別、儲運、包裝與交付作業程序》), Quality Inspection Procedures (《質量檢驗作業程序》), Key Quality Control Point Procedures (《關鍵質量控制點作業程序》) and Warehouse Management of Finished Products and Product Storage Procedures (《成品倉庫管理、產品入庫作業程序》) to regulate our quality management works.

We have stringent compliance with various product standards, such as GB 10810.1-2005 Uncut Finished Spectacle Lenses – Part 1: Specifications for Single-vision and Multifocal Lenses, MOD (《GB 10810.1-2005 眼鏡鏡片第1部分：單光和多焦點鏡片》), GB 10810.3-2006 Spectacle Lenses and Related Eye Wear – Part 3: Transmittance Specifications and Test Methods (《GB 10810.3-2006 眼鏡鏡片及相關眼鏡產品第3部分：透射比規範及測量方法》), GB 10810.4-2012 Uncut Finished Spectacle Lenses – Part 4: Specifications and Test Methods for Anti-reflective Coatings (《GB 10810.4-2012 眼鏡鏡片第4部分：減反射膜規範及測量方法》), GB 10810.5-2012 Uncut Finished Spectacle Lenses – Part 5: Requirements of Abrasion-Resistant For Spectacle Lens Surfaces (《GB 10810.5-2012 眼鏡鏡片第5部分：鏡片表面耐磨要求》) etc.

In accordance with the requirements under ISO 13485 Quality Management System for Medical Devices (醫療器材質量管理體系), we have set monthly, quarterly and annual quality assessment items and target values. Projects and targets under the supervision of each department will be formulated based on the functions, such as perfectness ratio of equipment, passing rate of measurement equipment under inspection, average monthly passing rate of random inspection, customer satisfaction, rate of customer complaints, etc. During the Year, our quality has reached the target requirement.

The quality management department of the Group is under the supervision of the Technical Department, Quality Management Department and each Manufacturing Department. When the raw materials are provided by the suppliers, the Quality Management Department will inspect the raw materials based on the quality requirements or standards. If the quality of the materials is below standard, the Procurement Department will be notified and will contact the suppliers to return or exchange the goods. The Warehousing Department will monitor on a regular basis the quality of the materials which have been stored in the warehouse. In case there is any changes in the quality, such as mouldy, yellowed or dirty, the relevant departments will perform inspection and decide if it is necessary to report as scrapped.

### 3. Operational Practices

Our inspection is categorized into self-inspection and process inspection according to the Lens Inspection Specifications (《鏡片檢驗規範》) and other procedural craftsmanship documents. The Production Department will perform self-inspection on each procedure, while the Quality Management Department will be responsible for regular inspection and process inspection. The frequency of random inspection varies from different kinds of products. We conduct inspection by using Acceptable Quality Limit, under which different passing factors will be adopted for different sizes of the sample based on different sampling method. Any discrepancy from the standards will be reported to the Manufacturing Department. Before stocked, all finished or semi-finished products must be under inspection. Finished products must be inspected by the Quality Management Department based on the standards and must pass the sampling inspection before delivery. In case there is any unusual circumstance discovered during the course of inspection and in the result of inspection, the responsible department can reinspect, the result of which should be confirmed by the Quality Management Department and the goods can only be stocked upon passing the inspection. When there is unusual quality in relation of mass production, the Quality Management Department can request rectification, the result of which should be followed up and examined by the Quality Management Department.

To ensure the product quality throughout the whole transportation process, in addition to packaging according to the requirements of the customers and the suppliers, we will adopt suitable transportation means based on the volume, weight and size of the package to prevent the packages from falling, tilting, collision, damage. In case the said situation occurs, the inspectors will confirm whether the quality is affected before taking further action.

The Group has been certified by the standards of "ISO 13485:2016 – Manufacture and Sale of Medical Optical Resin Lenses (For Export Only) (《ISO 13485:2016 – 醫用光學樹脂鏡片的生產和銷售(僅限出口)》)", Standard Certification of "ISO 9001:2015 Quality Management System (《ISO 9001:2015 質量管理體系》)", and CE certification of European Regulation "2017/745 annex 1 – European Medical Devices Regulation (《2017/745 annex 1 – 歐洲醫療器材法規》)".



"ISO 13485:2016 – Manufacture and Sale of Medical Optical Resin Lenses (For Export Only)" and Standard Certification of "ISO 9001:2015 Quality Management System"

### 3. Operational Practices

During the Year, the Group encountered no safety and health issues that resulted in product recalls. We have formulated product recall policy “Advisory Notice and Adverse Event Reporting and Control Procedures for Medical Devices” (《醫療器械忠告性通知和不良事件報告控制程序》). Product recalls are classified into three ranks based on the severity of the deficiencies of the medical devices and notices will be sent to the relevant units and administrative departments.

#### 3.2. INFORMATION PRIVACY AND SECURITY

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



### 3. Operational Practices

The Group's Informationization Work Leading Group acts as a leader for the Group's informationization and is responsible for the formulation of informationization approach, policies and construction, consideration and approval of the Group's informationization plan, project and development. To ensure the Group's network security, we have set up various measures to enhance the level of information security. Devices used to handle confidential information must be accessed through password, and be operated by authorized personal as assigned by the management. Confidential information could not be stored in or read by any device which is connected with external network. Without authorization, no person or unit could rectify, set up or delete any device such as local area network and servers. All department should keep log records of more than 6 months in respect of internet use and external service offerings. Firewall and anti-virus software will be installed, updated and evaluated in terms of security on a regular basis, management systems will be implemented for discovery, restoration and inspection of any loophole.

Regular data backup after each system modification, weekly backup of the relevant documents on the server and monthly backup of the database will be conducted. The network management staff will record each backup time, content and frequency for easier review. If data loss occurs due to attacks on the system and data recovery is required, the staff under the Information Engineering Department will recover the data. We will strengthen the promotion of informationization to, the technical trainings for, and appraisals of, the management staff and business staff.

We strictly perform protection and transmission of confidential information. Important information including data regarding employees, customers and operations must be kept confidential. When collecting customer information, the usage of personal information will be specified. Data should only be accessed by staff based on their own authorization. No data should be handled beyond the limit of authority. For sensitive data and key systems, dual authentication, encrypted transmission will be adopted. Password, oral command and limit of authority have been set for confidential data storage devices. Employees must not create, store or read any confidential information through external network. Any leakage of information must be reported to the relevant departments.

The Group is in strict compliance with the provisions of the Advertisements Law of the People's Republic of China (《中華人民共和國廣告法》). We have formulated the New Advertisements Law Prohibited Words Collection (《新廣告法違禁詞彙總》) to ban all misconducts such as "false advertisement" (虛假廣告) to ensure that our customers are provided with the most up-to-date and correct information which are free from any misleading content.

During the Year, the Group has not violated any laws and regulations in relation to advertising and labelling, as well as any laws and regulations in relation to personal privacy.

## 3. Operational Practices

### 3.3. INTELLECTUAL PROPERTY PROTECTION

We strictly abide by the laws and regulations such as the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Regulations for the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) and the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》). During the Year, we have formulated Intangible Assets Management System (《無形資產管理制度》) to manage the Group's intangible assets such as patents and trademarks.

The intangible assets management is led by the Group's Financial Department and under the supervision of the Audit Department. Detailed records about the obtaining of our intellectual properties such as trademarks and patents are kept, which contain the history, time for renewal, application time, renewal charge, etc. For confidential information such as business secrets, formulae, designs, we will establish internal management measures to explicitly specify access authority, and content and information which could be made public are registered.

We respect and protect the intellectual properties of our cooperative partners. We will enter into the Use of Trademarks Licensing Contract (《商標使用許可合同》) to specify the term and scope of use, which helps protect the interests of both parties and enables proof of right of use, such as the agreement to grant the right, will be kept. The authorized party has the right to examine the product quality during the term of the contract. In case the product quality is not up to the agreed standard, the Group could request the other party to deal with the issue pursuant to the contract. We strictly prohibit unauthorized transfer and use of intellectual properties. The relevant contract must be signed to use the Group's intellectual properties.

The employees are responsible for the protection of confidential data. New employees will undergo background check in respect of intellectual property, and have to sign the Confidentiality and Non-competition Agreement (《保密及競業限制協議》). We will conduct confidentiality check on employees whose positions involve handling of confidential data. Any intellectual property occurs during the term of service of the employees are vested to the Company. Right of authorship and awards will be granted to the employees.

During the Year, the Group held a number of 118 patents with 5 additions.

### 3. Operational Practices

#### 3.4. PROMOTION OF COMMUNICATION WITH CUSTOMERS

We promote the value of Conant brand internationally through various aspects of brand promotion. We have formulated the “Brand Management Protection System” (《品牌管理保護制度》) to establish the Group’s management in terms of brand identity, image, authorization, risk, performance, etc. We clearly set our target market for our brand, formulate strategies for brand promotion, expansion, protection, etc., and promote the brand’s value and image through advertising, publicity, etc. Protection of the brand, including trademark registration and rights protection, will be conducted.

Promotions are carried out by the Group through various channels, such as exhibitions, magazines, salons and optometry centers, etc., to establish a multi-level, high coverage and industry-leading sales network. During the Year, we participated in a total of 9 domestic and overseas exhibitions which were held at Shanghai, Germany, Milan, New York, Singapore, Beijing, Paris, Hong Kong and Las Vegas. In addition, we also held 5 provincial elite special training camps and 1 Chengdu Agent Conference (Summit Forum). We will work with public hospitals to build optometry centers to provides patients with scientific and professional optometry services, which in turn enables the Group to extend its reach to the customer. Besides, we also carry out promotion through different platforms and media, such as “Focus” (《焦點雜誌》), “China Glasses Science-Technology Magazine” (《中國眼鏡科技雜誌》), “4eyes” (《完全眼鏡》) etc.



### 3. Operational Practices

Through brand satisfaction survey, we are able to monitor our image promotion and the customers' comments on the brand. We have formulated the Customer Complaint Handling Procedures (《客戶抱怨處理程序》) to regulate our handling procedures towards customer complaints. Upon receipt of any feedback from the customers in respect of product quality, the Marketing Department has to communicate with the customers in real time and fill out the Form on Handling of Quality Abnormality Complaint (《質量異常投訴處理單》), submit it to the Quality Management Department or Technical Department for cause analysis. Rectification will be conducted immediately after we have received any complaint, and the improvement work will be completed within the timeframe as requested by the customers. Improvement solution will be followed up and inspected thereafter. The Marketing Department is responsible to collect satisfaction survey from customers. Active initiatives will be taken for any unsatisfied situation for improvement.

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

During the Year, we received 7 complaints from customers regarding external defects of our products. The products concerned were returned and all the complaints were duly addressed. We have formulated quality documents to regulate the quality requirements for products to be delivered. For details, please refer to the section headed "3.1 Product Quality Assurance".

#### 3.5. SUPPLY MANAGEMENT

The Group attaches high emphasis on the quality control on material procurement and the suppliers' performance so as to meet our product quality requirements. The Group has formulated Procurement Operational Procedures (《採購作業程序》), Procurement Management System (《採購管理制度》) and the Procurement Control Procedure (《採購控制程序》) to regulate suppliers and our procurement work.

The Procurement Department has prepared the List of Procurement Plan (《採購計劃表》) for the execution of procurement. For specific amount of goods, relevant data will be recorded in the List of Basic Information of Suppliers (《供應商基本信息表》), and information such as product samples, processed samples and corporate information is provided when necessary. The Procurement Department is required to enquire price to at least three suppliers and solicit suppliers based on the principles of economy, efficiency and proximity. The Procurement Department will review and consider suppliers based on three principles, and suppliers who have passed the review will be listed to Qualified Suppliers List (《合格供應商名錄》). The three principles include good quality which meets the Group's requirements, good reputation of the suppliers and good status of production equipment which meet the Group's requirements. Suppliers who come for cooperation for the first time will be evaluated and requested to provide stringent quality management system certification. Sample inspection will also be conducted.

### 3. Operational Practices

We will carry out regular evaluation on suppliers, with evaluation criterion including advisability, timely delivery, quality suitability and packaging intactness, service attitude and delivery convenience. The results will be recorded under the Supplier Evaluation Form (《供應商評價表》). Unqualified suppliers will be removed from the List. Suppliers with serious quality issues will be requested for improvement in accordance with the Sheet of Measures for Remedy and Prevention (《糾正和預防措施處理單》) issued by the Group; if the supplier receives such sheet twice but shows no improvement, we will disqualify the supplier to ensure the Group's supply chain is maintained with good quality and meets the standards of the target markets. During the Year, the Group has conducted examinations on 337 suppliers.

We take the environmental and social performance of our suppliers seriously and we encourage suppliers to adopt sustainability measures in an active approach. We request all suppliers to comply with the laws and regulations in relation to, including but not limited to, areas of environmental protection, employment and anti-corruption, and, during procurement, prioritise using environmentally friendly products and services that have a less impact on the environment. For instance, we prefer to select environmentally-friendly products that can be reused and contain less packaging. We place high importance to the suppliers' environmental and social performance, and we will review the compliance of environmental and social regulations of our suppliers on a regular basis, in case of non-compliance issue found, we will require them to rectify the non-compliance or terminate our cooperation

During the Year, the number of suppliers of the Group was 618, of which 593 and 25 were from mainland China and overseas, respectively. Our major suppliers include suppliers of materials and equipment.

## 3. Operational Practices

### 3.6. COMPLIANCE AND INTEGRITY

The Group complies with the requirements of the laws and regulations including the Guide (《指引》), Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), Securities and Futures Ordinance of Hong Kong Special Administrative Region (《香港特別行政區證券及期貨條例》) and the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) etc. We firmly forbid any form of illegal and non-compliance act and strive to promote anti-corruption and bribery-prevention work. We have formulated the Misconduct Reporting Mechanism and Handling Measures (《不當行為舉報機制與處理辦法》) and Reporting System for Interest Conflict (《利益衝突申報制度》). We are strongly against any behaviours involving conflict of interest, extortion and acceptance of bribes, misappropriation of funds, embezzlement, economic fraud, disclosure of business secrets, and theft.

Our anti-corruption whistleblowing channel is publicly open, through which, employees or cooperative partners are able to report any misconduct. We undertake protection of the whistleblowers' information and the content of whistleblowing. Cooperative partners are encouraged to report in real name any illegal or non-compliance act of the Group's employee or unit. The Audit Department of the Group is responsible for the investigation of any illegal or non-compliance cases. Upon receipt of any complaint or whistleblowing, we will conduct preliminary examination. Immediate investigation will be carried out for serious misconduct with significant impact and extensive exposure. If the case is inconclusive at the time being, filing of the case is necessary in the interim for further investigation at a later date. After the conclusion of investigation, corresponding measures or penalties, such as bypassing the case, re-designation, demotion, termination of contract or judicial referral, will be given based on the seriousness of results. The Audit Department will prepare Written Opinions for Management Improvements (《管理改進意見書》) to request execution by the relevant departments. Regular review on the relevant department will be carried out by the Audit Department to inspect their improvement progress.

### 3. Operational Practices

Our Employee Handbook (《員工手冊》) stipulates that employees are obliged to comply with the laws of the countries, cities and regions where they are located, and are forbidden to violate any laws and regulations in relation to business bribery, gift or grant. Any act which has seriously violated the Company Rules and Regulations, i.e. accepting bribery or improper seeking for personal gain, corruption, etc., will be dealt with, and our right to claim will be reserved. To protect the interests of both the Group and the customers, to establish a professional image, and to prevent any possible conflict which will cause impact to the business, we have formulated Reporting System for Interest Conflict (《利益衝突申報制度》), which requires employees to report their own interest relationship before engaging any business with any third party, and to report or avoid any conflict of interest. If any conflict of interests is discovered, the management will request employees to perform their reporting duty and change the person in charge of the project, or terminate any business cooperation with the third party. If there is any violation of the relevant requirements by the employees, the Group will set up a project team for verification, certification and evaluation. Once the case is confirmed, corresponding procedures will be taken place.

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

During the Year, 9 directors and 50 employees of manager level or above participated in anti-corruption trainings in relation to anti-corruption and anti-bribery compliance under the international ESG ranking standard. The trainings involve different relevant integrity and compliance standards under different international rankings, and also include manner of disclosure of anti-corruption matters by listed companies, management policies, implementation, key performance indicators, etc. with special case studies, inspirations and suggestions provided. We also promote anti-corruption approach and anti-corruption spirit to our employees during their daily routine work.

## 4. People Orientation

The Group has put into practice the talent strategies of “people-oriented”, “people-first, things later” and “cherishing both people and things”. Employees are advocated to exert team spirit and innovative thoughts, driving the employees to grow with the Group. The Group strictly complies with the Civil Code of the People’s Republic of China (《中華人民共和國民法典》), the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), the Company Rules and Regulations (《公司規章制度》) of the Group and other laws and regulations. During the Year, we have amended the Employee Handbook (《員工手冊》) and the Labour Contract (《勞動合同》) in pursuance with the nation’s latest policies as a vital part of company rules and regulations in order to provide relevant human resources policies and measures for employees. To help employee stay energetic, intellectual and passionate, we have created a fair, inclusive and safe working environment, and continued to facilitate talent team building and protect the rights of the employees. During the Year, the total number of employees was 2,509. For details, please refer to Appendix I.

### 4.1. EMPLOYMENT COMPLIANCE

The Group strictly abides by the relevant policies in relation to recruitment of employees of high caliber based on various the principles of open, fair, competitive and recruitment on merits. Job applicants will not be discriminated due to race, disability, gender, age, academic background, geographic location, religion, family background, sexual orientation, etc. We will review the information of the applicants, such as household register, academic certificates, etc. The Group executes labour contract system to sign labour contract with employees, under which term of the contract, term of probation, remuneration and benefits are stipulated. Employees can tender resignation within the term of the contract by sending one month’s prior notice before leave. Before leave, we will have an interview with the employee to understand the reason for resignation.

We strictly comply with the Provisions on Prohibition of Child Labor (《禁止使用童工的規定》), where employing underaged employees and involuntary workers are prohibited. We scrutinizes identification documents of the job applicants to ensure that employees have come of age. Contract may be terminated immediately upon discovery of employee providing false information. We have fixed working hours and attendance. Employees are not encouraged to work overtime, but are requested to finish the duties within working hours. If working overtime is necessary, the employees have to fill out the Overtime Application Form (《加班申請審批表》) for approval before working overtime. They will be compensated by time off or given monetary overtime payment. If there is any non-compliance behavior, we will take action to rectify and prevent reoccurrence of the non-compliance act.



## 4. People Orientation

During the Year, the Group was not aware of any cases of non-compliance relating to child labor and forced labor.

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

### 4.2. RIGHTS OF EMPLOYEES

The Group has established a competitive, fair and motivative remuneration system for employees based on the employees' performance and results so as to attract, motivate and retain employees with high caliber. The Group strictly complies with the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), the Trial Measures for Enterprise Staff Maternity Insurance (《企業職工生育保險試行辦法》), the Regulations on Work-Related Injury Insurance (《工傷保險條例》), and the Regulations on Administration of Housing Provident Funds (《住房公積金管理條例》) to make contribution to the social insurances including pension, medical, unemployment, work-related injuries and maternity as well as housing provident funds for employees. Apart from the benefits as required by the law, we will provide various kinds of subsidies and awards to employees, such as confidentiality fee, high temperature subsidy, meal allowance, etc. To motivate employees to provide excellent performance, we have established special awards including innovation awards, creative appraisal awards, informatisation and industrialisation integration assessment award, excellent employee award and advanced team awards.

The Group has formulated a remuneration structure with remuneration packages including basic salary, performance bonuses, overtime salary, social welfare insurance, allowances and subsidies, as well as performance-based bonuses based on different kinds of works. We will conduct regular adjustment to the salary of the employees. Performance-based bonuses are granted based on the results of performance appraisals which will be carried out monthly and annually. Appraisal criteria include the key performance indicators and working targets of the employees under the principles of fairness, equality and transparency.

## 4. People Orientation

Staff activities help strengthen the cohesiveness and solidarity among employees, and provide a platform for employees to experience cultural and sports life, which enrich their spare time after work, enhance communication and cooperation among the employees, motivate innovation, thus creating an active and vivid team. The Group will organize activities for employees on a regular basis and encourage employees to organize activities among themselves to improve interactions and cooperation. During the Year, our labour union organized various activities and competitions for employees, including “2023 “Sports and Beauty” mobile phone photography competition”, “2023 Chuansha New Town Floor Curling Team Competition”, etc.



The “Conant Prince Team” of Conant Labour Union won third prize in the “2023 Chuansha New Town Floor Curling Team Competition”

### 4.3. OCCUPATIONAL SAFETY

The Group complies with the laws and regulations such as the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Law of the People’s Republic of China on Work Safety (《中華人民共和國安全生產法》), the Provisions on the Supervision and Administration of Occupational Health at Work Sites (《工作場所職業衛生監督管理規定》) and the Regulations on Work-Related Injury Insurance (《工傷保險條例》). After joining the Group, the employees must attend trainings in relation to safety knowledge and safe operation. Employees’ understanding of the safety knowledge and safety regulations will be examined. Safety education focuses on two aspects, namely fire safety, and labour safety and health.

## 4. People Orientation

### In terms of fire safety:

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

### In terms of labor safety and health:

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

Employees are provided with regular fire safety trainings and drills in relation to the use of fire extinguishers and emergency evacuation. During the Year, the Group assigned employees to participate in the Qidong City Mini Fire Station Competition, through which, we were offered the opportunity to review the Group's mini fire station, which in turn significantly enhanced our fire safety preparation and trainings in the future.

## 4. People Orientation



Drills of the use of fire extinguishers



Qidong City Mini Fire Station Competition

## 4. People Orientation

The Group have established Occupational Disease Prevention and Control Responsibility System (《職業病防治責任制度》) to form an organizational structure for occupational health management that operates upon the principle of "safety is also a part of production management". It is led by the general manager, under which an occupational health work leading team is formed. The duties of leaders from different levels, departments, production departments and employees are clearly stipulated. We listen to employees' opinions on occupational health through multiple channels, and educate them on regulations of occupational health, provide occupational training and promotional education. We also compile and provide technical information about occupational diseases that employees may suffer from during production process, including the different types of disease factors, sources and production part. We maintain all production and protective equipment, as well as provide safety training and personal protective equipment for our employees. We will conduct daily monitoring, register, reporting and filing of any occupational diseases, and will carry out on-the-spot inspection. Any unsafe situation must be rectify or report to the leading team to study and handle. We always prioritize the health and safety of our employees to make sure the working environment is safe and reliable. For any occupational disease which occur within the Group, we will take contingency measures to adjust and deal with. Serious penalty may be imposed to employees who have violated any regulations, while employees who have contributed to the prevention of occupational disease will be awarded and recognized.

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

### 4.4. OCCUPATIONAL DEVELOPMENT

We acknowledge that the continuous learning and development of our employees are the key to the success of the Group, thus, we provide employees with a wide variety of trainings so as to satisfy their needs in professional, technical, and management aspects. We will establish our annual training plan each year. For this Year, the kinds of trainings include introduction training, safety training, management training, quality management system and knowledge training, technical training, etc, which target different participants in order to provide the suitable training programme and course. Apart from necessary safety-related knowledge, new employees have to study 5S (Seiri, Seiton, Seiso, Seiketsu and Shitsuke) management skill. We will provide internal and external trainings for employees on a regular basis. Relevant trainings are carried out according to the training schedule. Employees are requested to attend all the trainings or the related examinations. For this Year, we provided employees with management training, quality management system and knowledge training, technical training, such as the on-the-job trainings for accounting staff and electrician, etc. We also offer promotion opportunity to facilitate the occupational development of our employees. Employees' attendance and performance will be appraised to evaluate their chance for promotion. The promotion will be executed upon consideration and approval by the management.

## 5. Environmental Protection

We strive to reduce emission of pollutants during the course of product production and to maintain the Group's sustainable development through various measures. The Group strictly adheres to relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China(《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China(《中華人民共和國節約能源法》), the Law of the People's Republic of China on Environmental Impact Assessment(《中華人民共和國環境影響評價法》), the Pollution Discharge Licensing Management Regulations(《排污許可管理條例》), the Administrative Measures for the Licensing of Discharge of Urban Sewage into the Drainage Network(《城鎮污水排入排水管網許可管理辦法》), and the Waste Management and Public Cleaning Law(《廢棄物管理和公共清潔法》(廃棄物の処理及び清掃に関する法律)) of Japan.

During the Year, the Group did not violate any laws relating to environmental protection or cause any major incidents affecting the environment and natural resources, nor was it notified of any penalties and litigations in relation to environmental aspects.

During the Year, due to the increase in business activities, our consumptions of electricity as well as the volume of solid waste increased over last year. Water consumption decreased as compared to last year, the reason of which was that the majority of our employees had to live in the factory area due to the epidemic last year, which caused an increase in water consumption. We will continue to review the discharge of waste water, exhaust gas, noise and solid waste during industrial production to ensure compliance with the emission indicators set by the policy. Under a compliance operation, we target to reduce the intensity of energy and water consumption, decrease emission of greenhouse gas, noise, exhaust gas and waste water, and reduce the generation of waste by improving our technique and craftsmanship.

## 5. Environmental Protection

### Case Study

We concern the energy consumption of the Group. To reduce carbon emission, we take active initiative to implement the use of sustainable energy. During the Year, we continued to expand the development and use of solar energy of the Group. We had commenced the first phase of the photovoltaic power project at the Shanghai Production Base to generate electricity last year, and in this Year, we had commenced the second phase of the 398kW photovoltaic power project on the rooftop to enhance the use of the sustainable energy and to further reduce the carbon emission of the production base. Coupled with the first phase of the project, the Shanghai Production Base generated an aggregate of 743,500 kWh electricity. In addition to the Shanghai Production Base, we had extended the photovoltaic power project to Jiangsu Production Base with an installed capacity of 1,167.825kW. The Jiangsu Production Base generated an aggregate of 1,672,200 kWh electricity for the Year. In this Year, the aggregate solar energy generation of the Group was 2,415,700 kWh. We will continue to study different options of low carbon energy so as to become carbon neutral.



### 5.1. ENERGY CONSERVATION AND EMISSION REDUCTION

We understand that energy must be saved at source. During the Year, we have strived to reduce energy consumption through many measures. We have installed a new centralized filtration and cooling system in the workshop, which has an advantage of saving 5kW energy per hour as compared to the previous system. In terms of green products, we reduced carbon emission at raw materials by replacing traditional lenses made of petroleum materials with plant-based lenses in the production of 1.74 high resolution series of lens. Compared to the

## 5. Environmental Protection

traditional materials, the plant-based materials can reduce 14% greenhouse gas emission. In addition, to enhance energy efficiency at offices, we have conducted regular cleaning of the filters in the air conditioners and control the temperature at 26.0 degree. Employees are encouraged to wear light outfit during hot weather to reduce cooling need. We have adopted light fixtures with high energy efficiency and set up different zones within the office where individual light switches were installed to reduce energy consumption.

During the Year, the Group consumed 61,130,000.00 kWh of purchased electricity, and generated total solar energy of 2,415,700 kWh (2022: total solar energy generated was 89,800 kWh). Our total GHG emission was 35,532.05 tCO<sub>2</sub>e. GHG emission per square meter accounted for 0.42 tCO<sub>2</sub>e. GHG emission per employee was 16.47 tCO<sub>2</sub>e. GHG emission per RMB10,000 was 0.20 tCO<sub>2</sub>e.

GHG Emissions	Unit	2023
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	669.61
Indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	34,862.44
Total GHG emissions (Scope 1 and 2)	tCO <sub>2</sub> e	35,532.05
GHG emissions intensity (Per square meter) (Scope 1 & 2)	tCO <sub>2</sub> e/m <sup>2</sup>	0.42
GHG emissions per employee (Scope 1 & 2)	tCO <sub>2</sub> e/employee	16.47
GHG emissions per RMB10,000 (Scope 1 & 2)	tCO <sub>2</sub> e/RMB10,000	0.20

### 5.2. WATER RESOURCE MANAGEMENT

During the Year, the Group utilized 515,772.00 m<sup>3</sup> of water. All water consumption of the Group comes from the municipal water supply and we did not encounter issues in sourcing water. We will perform proper water management according to the requirements under the water consumption plan as set up by the relevant department. We strictly comply with the relevant laws and regulations including the Shanghai Water Supply Management Regulations (《上海市供水管理条例》) and the Shanghai Water Conservation Management Regulations



## 5. Environmental Protection

(《上海市節約用水管理辦法》), and have formulated the Water Conservation Management Regulations (《節水管理規定》) for the Jiangsu Production Base. Our water saving management is a position responsibility system, under which each department head is the person in charge of water saving who is responsible for regular check and meter reading, reporting water consumption and strengthen supervision and inspection. The most effective measure will be implemented for any unusual situation. We will constantly inspect water pipe network and water facilities to avoid any water leakage.

### 5.3. WASTE MANAGEMENT

To properly dispose with different kinds of waste, we will choose a qualified third-party institute to dispose with different kinds of waste for us, which include kitchen waste, domestic waste, industrial solid waste, waste activated carbon, waste packaging barrels, etc. The third-party institute must abide by the regulations such as the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) and the Measures for the Prevention and Control of Hazardous Waste Pollution in Jiangsu Province (《江蘇省危險廢物污染防治辦法》). Apart from proper disposal with waste, we will continue to review on the amount of non-hazardous waste and hazardous waste generated by the Group in order to reduce waste generation. Corresponding waste reduction measures will be studied and implemented to reduce generation of waste and maximize the efficiency of resources consumption. Employees are encouraged to reuse papers or use both side of the papers for printing so as to minimize paper consumption. We also encourage employees to reuse reusable materials instead of disposable materials.

During the Year, the Group produced a total of 829 tonnes of non-hazardous waste and each employee generated 0.35 tonnes of wastes. In terms of hazardous waste, the Group only used 4,436.00 batteries and 2,228.00 waste ink cartridges, which have all been properly recycled. In terms of packaging materials, during the Year, we used 268.51 tonnes of cartons and 17,025.52 tonnes of packaging bags. More packaging materials were used compared to last year because our production volume increased this Year.

### 5.4. POLLUTANT EMISSIONS AND NOISE MANAGEMENT

We place high emphasis on environmental protection and sustainable development, therefore, we continue to improve our production process and equipment so as to reduce pollutant emission. We strictly comply with GB8978-1996 Integrated Wastewater Discharge Standard (《GB8978-1996污水綜合排放標準》), the Integrated Wastewater Discharge Standard (《污水綜合排放標準》) of Shanghai, PRC and the Waste Management and Public Cleaning Law (《廢棄物管理和公共清潔法(廢棄物の処理及び清掃に関する法律)》) of Japan. The Group has obtained a permit for water discharge into drainage network in towns and cities, so to ensure we fulfilled the sewage discharge requirement. In order to enhance waste water disposal work, Shanghai Conant has purchased new waste water treatment system and new

## 5. Environmental Protection

centralized filtration and cooling system for workshop. The waste water treatment system is able to increase our waste water treatment efficiency and ensure that our waste water treatment practice meets the requirements under the Emission Standards for Pollutants from the Synthetic Resin Industry GB31572-2015 (《合成樹脂工業污染物排放標準GB31572 – 2015》). The centralized filtration and cooling system for workshop enables effective filtration of cooling water and enhance the quality of water treated. During the Year, the pH value of the sewage discharged from the Shanghai and Jiangsu Production Base were controlled within 7 – 8, which fell within the required standard of 6 – 9. On the other hand, in terms of chemical oxygen demand, the emission intensity of the Shanghai Production Base was controlled within 17 mg/l, lower than the standard of 60 mg/l, and the emission intensity of the Jiangsu Production Base was controlled within 230-310 mg/l, both were lower than the standard of 500 mg/l.

Apart from waste water discharge, we also concern about the emission of exhausted gas. We engaged an accredited third-party certification agency to regularly test our air quality to make sure that our emission will not exceed the required limit. Up till now, our air quality has been up to standard without exceeding any required standard. We also closely monitor the impact of particulate matters on the surrounding environment and will limit the production based on the day's dust warning. To further reduce dust generation, Shanghai Conant has purchased a new dust removal system to reduce dust generation during production.

We strictly comply with standards such as the Emission Standard for Industrial Enterprises Noise at Boundary (《工業企業廠界環境噪聲排於標準》) of China and the Waste Management and Public Cleansing Law (《廢棄物管理和公共清潔法(廢棄物の処理及び清掃に関する法律)》) of Japan. We actively study and implement various noise reduction measures to strengthen noise control, such as using noise snubbers and shock-absorbing pads.

During the Year, the emissions of nitrogen oxide, sulfur oxide and particulate matters from the Group were 759.27 kg, 1.33 kg and 54.88 kg.

### 5.5. CLIMATE CHANGE

We are fully aware the risks and opportunities which will bring to the Group by climate change. We consider the possible physical and transition risks and opportunities caused by climate change, identify and analyze the degree of every risk, and formulate corresponding strategies and measures to response to risks or accept opportunities. We will continue to keep track of and improve our measures to response to risks and opportunities to be brought by climate change, and will join hands with stakeholders to face the risks and grasp opportunities which are relating to climate change.

## 5. Environmental Protection

Type of Risk	Level of Risk	Potential Impact	Counter Measure
Physical Risks			
Extreme heat	High	<ul style="list-style-type: none"> <li>• Extreme heat affects employees' health and safety;</li> <li>• Increase the need for cooling, thus increase energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate the use of renewable energy to reduce carbon emission;</li> <li>• Provide heat subsidy for employees</li> </ul>
Transition Risks			
Policy Risk – Development of international climate change policies and regulations	Medium	<ul style="list-style-type: none"> <li>• Impair goodwill;</li> <li>• Penalized by regulatory authorities;</li> <li>• Harder to gain support from stakeholders and partners</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate adoption of more renewable energy;</li> <li>• Disclose matters relevant to climate change and low carbon operation measures in more details in ESG report</li> </ul>
Reputation risk – Stakeholders are concern about climate change issues			
Market risk – costs involving the adoption of low emission technologies	Medium	<ul style="list-style-type: none"> <li>• Increase in costs due to new equipment, technologies and materials</li> </ul>	<ul style="list-style-type: none"> <li>• Apply low energy consumption technologies and low carbon emission products</li> </ul>
<b>Climate Change Opportunities</b>			
Type of Opportunity	Potential Gain	Measures to Grasp the Opportunity	
Increase resource efficiency	<ul style="list-style-type: none"> <li>• Increase energy efficiency during production</li> </ul>	<ul style="list-style-type: none"> <li>• Apply energy saving measures and reduce electricity consumption</li> </ul>	

## 6. Community Responsibility

Leveraging on our expertise in ophthalmology health, optometry and lenses, the Group helps the community to be aware of vision health through long-term cooperation with different units to promote eye protection knowledge, provide opthalmic examination and education to the public, and offer help to people in need. During the Year, we made donation of RMB306,528.00 and 121 of our employees participated in charity activities.

### Science popularization activity of "Concerning General Eye Health, Enabling "Eye-Catchingly" Splendid General Health"

We held a free clinic and promotion activity at the Qidong People's Hospital on 6 June, the National Eyes Caring Day, to examine frefractive errors, cataracts, fundus diseases, glaucoma, corneal blindness and other ophthalmic diseases for children, teenagers and elderly. In addition, the specialists at the Qidong People's Hospital offered eye Disease and health lectures to the citizens.



Science popularization activity of "Concerning General Eye Health, Enabling "Eye-Catchingly" Splendid General Health"

## 6. Community Responsibility

### Public welfare lecture provided by the Qidong People's Hospital to the students of Nantong University

On 7 September, once again, we joined hands with the Qidong People's Hospital to provide activities in relation to ophthalmology health. The Group provided optometrists and advanced vision equipment to arouse students' awareness of ophthalmology health through interactions.



Public welfare lecture provided by the Qidong People's Hospital to the students of Nantong University

## 6. Community Responsibility

### Vision screening charity activity for Qidong Zhegui Middle School

On 10 November, we provided free vision screening activity for the students of Qidong Zhegui Middle School jointly with the Qidong People's Hospital and the Qidong Red Cross. Our three experienced optometrists brought along advanced vision equipment to perform vision screening for students to care for the vision health of teenagers.



Vision screening charity activity for Qidong Zhegui Middle School

## 6. Community Responsibility

### “Eye Loving and Eye Caring” public welfare activity by China Optometric and Optical Association

In this Year, the China Optometric and Optical Association, Gansu Institute of Industrial Economics and Information Technology and Dunhuang Charity Association cooperated to host the “Eye Loving and Eye Caring” public welfare activity. We actively participated this public welfare donation activity to make contribution to the cultural relics protection in Dunhuang with our expertise, and to show our respect and appreciation to the culture relics conservators. We provided services including vision examination, optometry and glasses for the culture relics conservators working in Dunhuang. Apart from optometry services, we also shared our knowledge about eye caring to all the experts there.



“Eye Loving and Eye Caring” public welfare activity by China Optometric and Optical Association

# Appendix I: Sustainability Data Summary

Environmental Aspect	Unit	2023
<b>Air pollution emissions</b>		
Nitrogen Oxide	kg	759.27
Sulfur Oxide	kg	1.33
Particulate Matter	kg	54.88
<b>GHG emissions</b>		
Direct GHG emissions (scope 1)	tCO <sub>2</sub> e	669.61
Indirect GHG emissions (scope 2)	tCO <sub>2</sub> e	34,862.44
Total GHG emissions (scope 1 and 2)	tCO <sub>2</sub> e	35,532.05
GHG emissions intensity per m <sup>2</sup> (scope 1 and 2)	tCO <sub>2</sub> e/m <sup>2</sup>	0.42
Per employee GHG emissions (scope 1 and 2)	tCO <sub>2</sub> e/employee	15.17
Per \$10,000 GHG emissions (scope 1 and 2)	tCO <sub>2</sub> e/RMB10,000	0.20



## Appendix I: Sustainability Data Summary

Environmental Aspect	Unit	2023
<b>Energy consumption</b>		
Purchased electricity consumption	kWh	61,130,000.00
Solar power generation capacity	kWh	2,415,700.00
Total electricity consumption (purchased electricity + solar power generation)	kWh	63,545,700.00
Total electricity consumption intensity (per m <sup>2</sup> )	kWh/m <sup>2</sup>	758.20
Total electricity consumption per employee	kWh/employee	27,121.51
Total electricity consumption per RMB10,000	kWh/RMB10,000	361.13
Diesel consumption	Liter	46,458.00
Natural Gas Consumption	m <sup>3</sup>	33,709.00
Petrol consumption	Liter	48,951.00
<b>Water consumption</b>		
Total water consumption	m <sup>3</sup>	515,772.00
Water consumption intensity (per m <sup>2</sup> )	m <sup>3</sup> /m <sup>2</sup>	6.15
Water consumption per employee	m <sup>3</sup> /employee	220.13
Water consumption per RMB10,000	m <sup>3</sup> /RMB10,000	2.93

## Appendix I: Sustainability Data Summary

Environmental Aspect	Unit	2023
<b>Paper consumption</b>		
Total paper consumption	kg	47,478.13
Paper consumption intensity per employee	kg/employee	20.26
<b>Waste production</b>		
Total non-hazardous wastes production	tonnes	829.00
Non-hazardous wastes production per employee	tonnes/employee	0.35
Waste batteries production	piece	4,436.00
Waste ink cartridges and waste toner cartridges production	piece	2,228.00
<b>Packing materials consumption</b>		
Carton	tonnes	268.51
Packaging bag	tonnes	17,025.52

## Appendix I: Sustainability Data Summary

Social Aspect	Unit	2023
<b>Number of employees</b>		
Total number of employees	number	2,509
<b>Number of employees (by gender)</b>		
Female	number	1,271
Male	number	1,238
<b>Number of employees (by employee category)</b>		
Full-time junior employees	number	2,449
Full-time middle management	number	41
Full-time senior management	number	19
<b>Number of employees (by age group)</b>		
Below 30	number	579
31 to 50	number	1,536
Above 50	number	394
<b>Number of employees (by geographical region)</b>		
Inland	number	2,394
Abroad	number	115

## Appendix I: Sustainability Data Summary

Social Aspect	Unit	2023
<b>Turnover rate<sup>1</sup></b>		
Total turnover rate of employees	%	47.11
<b>Turnover rate of employees (by gender)</b>		
Female	%	48.31
Male	%	45.88
<b>Turnover rate of employees (by age group)</b>		
Below 30	%	92.40
31 to 50	%	37.83
Above 50	%	16.75
<b>Turnover rate of employees (by geographical region)</b>		
Inland	%	49.37
Abroad	%	0.00

<sup>1</sup> The calculation method of turnover rate for employees in different categories = number of departed employees in the category ÷ total number of employees in the category at the end of the Year × 100%

## Appendix I: Sustainability Data Summary

Social Aspect	Unit	2023
<b>Occupational health and safety</b>		
Number of work-related fatalities in the past three years (including the Reporting Year)	number	0
Rate of work-related fatalities occurred in the past three years (including the Reporting Year)	%	0.00
Lost days due to work-related injury	day	0
<b>Development and training</b>		
<b>The percentage of employees trained by gender<sup>2</sup></b>		
Male	%	50.66
Female	%	49.34
<b>The percentage of employees trained by employee category</b>		
Full-time junior employees	%	97.61
Full-time middle management	%	1.64
Full-time senior management	%	0.76

<sup>2</sup> The calculation method of percentage of employees trained in different categories = number of employees trained in the category ÷ total number of employees trained × 100%

## Appendix I: Sustainability Data Summary

Social Aspect	Unit	2023
<b>The average training hours per employee by gender</b>		
Female	hour	6.00
Male	hour	6.00
<b>The average training hours per employee by employee category</b>		
Full-time junior employees	hour	6.00
Full-time middle management	hour	6.00
Full-time senior management	hour	30.00

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

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

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

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



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

Indicator Content		Respective Section
B. Society		
Employment and Labour Practices		
B1. Employment	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.
		4. People Orientation 4.4. Occupational Development
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.
		Appendix I: Sustainability Data Summary
	B1.2	Employee turnover rate by gender, age group and geographical region.
		Appendix I: Sustainability Data Summary
B2. Health and Safety	General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.
		4.3. Occupational Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.
		4.3. Occupational Safety
	B2.2	Lost days due to work injury.
		4.3. Occupational Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.
		4.3. Occupational Safety

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

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

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

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

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

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

