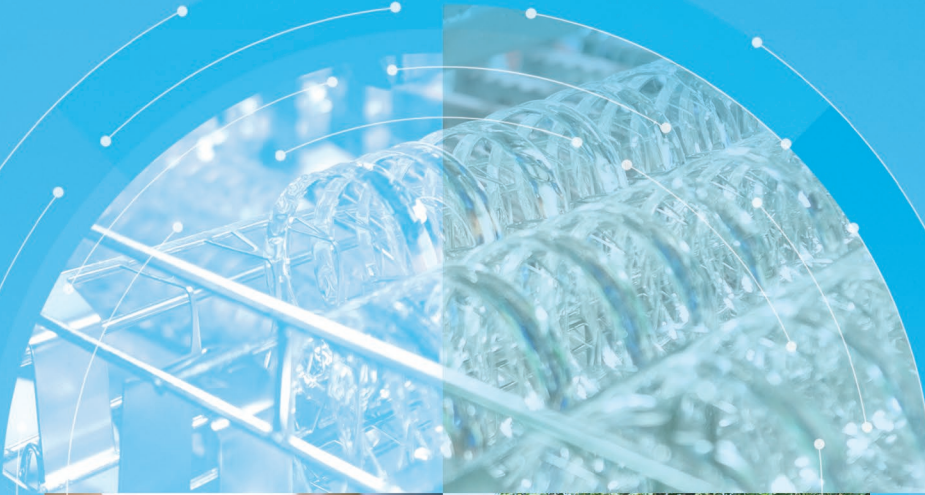




# Shanghai Conant Optical Co., Ltd. 上海康耐特光學科技集團股份有限公司

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

Stock code : 2276



## Environmental, Social and Governance Report 2021



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# 1. About the Report

Shanghai Conant Optical Co., Ltd. and its subsidiaries (collectively, the “**Group**” or “**we**”) are pleased to release our first environmental, social, and governance report (the “**Report**”). The Report explains our environmental, social, and governance (“**ESG**”) structure, visions and objectives, as well as our work and performance of fulfilling corporate social responsibility at all levels. It also shows the Group’s sustainable development visions and commitments to all stakeholders. The Report adopts the same reporting period as the annual report for the year ended 31 December 2021 (the “**Annual Report**”).

## 1.1. REPORTING STANDARDS

The Report has been prepared in accordance with Appendix 27 “Environmental, Social and Governance Reporting Guide” (the “**Guide**”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Its contents are prepared in compliance with the provisions of mandatory disclosure requirements or “Comply or Explain” of the Guide and reporting principles, which include the following four reporting principles:

Reporting principles	Contents
Materiality	The Group has disclosed in the Report the process and criteria for identifying ESG issues, as well as descriptions of major stakeholders and their engagement process and the results of the materiality assessment.
Quantitative	The explanations of statistical standards, methodologies, assumptions, and calculation tools used for ESG key performance indicators (“ <b>KPIs</b> ”) and relevant data reported in the Report, as well as the source of conversion factors are described herein.
Balance	The Report presents the Group’s performance during the Reporting Period (as defined below) impartially. It aims to avoid choice, omission or presentation formats that may improperly influence readers’ decisions making and judgments.
Consistency	The Report uses consistent statistical methods in data disclosure. Any changes will be stated clearly in the Report.

## 1. About the Report

### 1.2. SCOPE OF THE REPORT

The Report describes the Group's ESG work and respective KPIs for the period from 1 January 2021 to 31 December 2021 (the "Year" or "Reporting Period"). The scope of social disclosure covered in the Report is consistent with that in the Annual Report. The environmental disclosure involves the Shanghai Production Base and Jiangsu Production Base of the Group. Readers may refer to the Corporate Governance Report section of the Annual Report to gain a better understanding of the Group's governance. The Shanghai Production Base and Jiangsu Production Base are the two core production bases of the Group, which have a significant impact on the development of the Group in terms of scale and performance contribution. Starting from the above two bases, we are committed to continuously strengthen our responsibilities in terms of ESG.

### 1.3. ACCESS OF THE REPORT

The Report is published in electronic format on the websites of the Group and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Readers can either browse the ESG Report 2021 by clicking on "Financial Report" under "Investor Relations" in the Group's website ([www.conantoptical.com.cn](http://www.conantoptical.com.cn)), or browse or download the Report from the Stock Exchange's website (<https://www.hkexnews.hk/>).

### 1.4. LANGUAGE OF THE REPORT

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

### 1.5. APPROVAL OF THE REPORT

After being confirmed by the management, the Report was approved and passed by the board of directors (the "Board") of the Company on 25 May 2022.

### 1.6. FEEDBACK ON THE REPORT

We highly value your opinions on the Report. If you have any inquiries or suggestions, please feel free to contact the Group by email at [caoxue@conantoptical.com](mailto:caoxue@conantoptical.com).

## 2. About Shanghai Conant

Shanghai Conant Optical Co., Ltd. is a leading resin spectacle lens manufacturer in the PRC, which is mainly engaged in the integrated business of research and development, production and sales of resin lens as well as customized processing services of lens. The 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.

We have formulated and implemented stricter internal control quality standards as compared with the national standards of GB101810 series, and are accredited by ISO 9001:2015 International Quality Management System Certification. Our products are accredited by CE Certification and qualifies for United States FDA standards. In April 2017, we obtained the Integration of Informatization and Industrialization Standard Scheme System Certification and became one of the enterprises with such certification in Shanghai. The Group has been awarded as a high-tech enterprise in Shanghai for consecutive years by virtue of its independent innovation and the core competitiveness of survival and development. In 2015, the Group was recognized as the "Certified Enterprise Technical Center of Shanghai" (上海市認定企業技術中心) by the Shanghai Municipal Government and awarded the title of "Top 100 Enterprises in Shanghai for Transformation of High-tech Achievements" (上海市高新技術成果轉化百佳企業).

We have three production facilities located in Shanghai, Qidong in Jiangsu and Fukui in Japan, and nine subsidiaries domestically and overseas. Our lens production system includes 18 international and domestic advanced resin lens production lines and world-class fully automatic customized production lines, as well as 70 international and domestic advanced mould production lines for single-vision lens, dual-vision lens, astigmatism lens, aspherical lens and progressive lens. Our products are mainly resin spectacle lenses with the refractive index of 1.499, 1.56, 1.60, 1.67 and 1.74. In addition to refractivity, our spectacle lenses are also differentiated by the following lens designs: (i) flat lens; (ii) single-vision lens; (iii) multifocal lens; and (iv) progressive lens. Our spectacle lenses may also be tinted or coated or cast with various films or coatings for added functionality, such as polarised, photochromic, blue-ray blocking, anti-scratch, anti-reflection and anti-smudge, etc.

The Group has a wide range of varieties, and a complete industrial chain covering raw material procurement, lens production and sales. In addition to our famous trademark of "Conant" (康耐特) in Shanghai, we can also produce a wide range of products covering ten categories such as regular lens, functional lens and customized lens with a total of 460,000 specifications. Our products are not only sold to over 5,000 customers in China, but also sold to over 60 countries and regions in Europe, United States and Southeast Asia. We have been awarded as "National Excellent Taxpaying and Turnover Performance Enterprise with Foreign Investment" (全國外商投資雙優企業) for consecutive years.

# 3. Sustainability Strategy

Sustainability is not only a global trend, but also a major development opportunity and challenge for all enterprises. The Group understands the society's expectations to enterprises and wishes to seize such opportunity to demonstrate the Group's sustainability efforts to the society and stakeholders. In view of the operation direction of the Group, the Group will promote sustainable development in such fields as compliance operation, talent management, green operation and social responsibility.

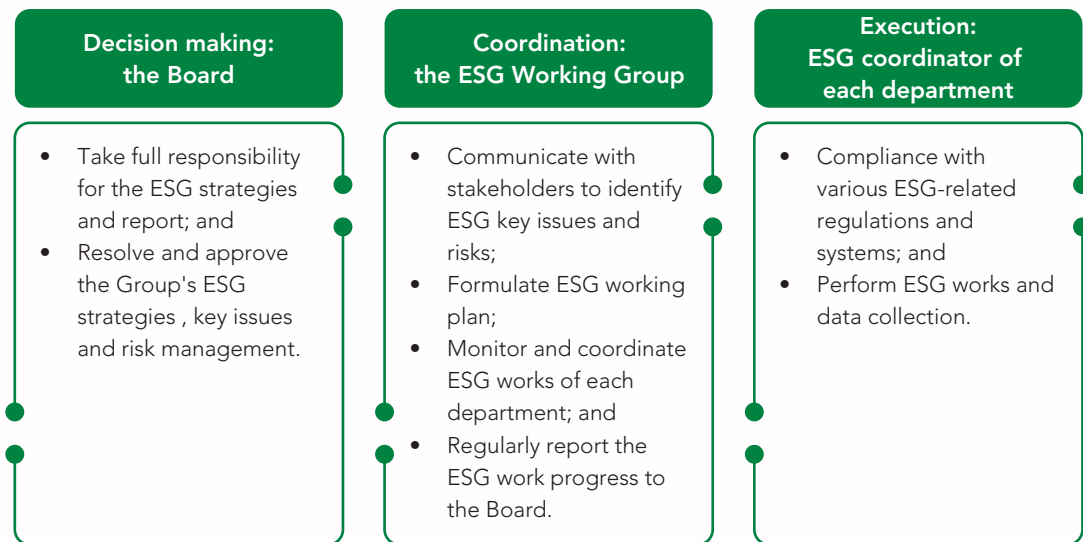
## 3.1. STATEMENT OF THE BOARD

The Group has established an ESG governance structure to enhance its ESG management. The Board is fully responsible for directing and supervising ESG matters. The Board regularly resolves and supervises ESG policies and strategies, including approving and determining ESG-related targets, reviewing target progress, evaluating, prioritizing and managing important ESG issues, and comprehensively overseeing all ESG affairs of the Group. Under the authorization of the Board, the Group has established an ESG Working Group which is responsible for the formulation of ESG goals of the Group, assessing and determining all ESG-related risks, conduct materiality analysis, as well as implementing and monitoring the ESG work of the Group to ensure suitability and validity of relevant risk management and internal control systems so as to further implement sustainable development policies in its daily business operations. The ESG Working Group will also report to the Board for continuous improvement in performance. The Board assumes all ESG strategies and reporting responsibilities for the Group. We have set directional objectives related to the environment. Going forward, we will review the Group's progress based on its ESG-related objectives. Through the comparison of objectives and achievements, the effectiveness of the ESG work of the Group will be revealed. We will continue to monitor and adjust based on such effectiveness to enhance the Group's ESG policies and governance, so as to ensure that the Group's operation can manage the corresponding risks and opportunities.

### 3. Sustainability Strategy

#### 3.2. ESG GOVERNANCE

The Group has established the ESG Working Group, which is led and resolved by the Board as the decision making body in terms of ESG works. The ESG Working Group, comprising executive Directors, namely, Mr. Fei Zhengxiang, Mr. Zheng Yuhong and Mr. Xia Guoping, and the senior management of the Group, is responsible for coordinating and promoting various ESG works and monitoring its work progress. The Group's ESG governance structure and responsibilities at each level are as follows:



## 3. Sustainability Strategy

### 3.3. STAKEHOLDER ENGAGEMENT

The opinions of the stakeholders help the Group discover the current and potential opportunities and risks, and they are an integral part for the stable development of our business. Any individual or organization, whether internal or external to the Group, that has a significant impact on and is affected by the operations of the Group is an important stakeholder, including shareholders and investors, customers, employees, suppliers, etc. We attach great importance to the opinions of our stakeholders and our communication with them. During the Year, we communicated with each stakeholder through various channels to understand their expectations, demands and issues of concern, and formulated the Group's sustainable development strategies largely based on the assessment of the importance of each issue.

Stakeholders	Expectations and demands	Communication channels
Shareholders and investors	<ul style="list-style-type: none"> <li>• Protect the rights and interests of shareholders and investors</li> <li>• Business growth</li> <li>• Information transparency</li> <li>• Stable operations</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meeting and other general meetings</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>• Investors conferences</li> <li>• Senior management meetings</li> <li>• In-person meetings</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Provision of safe and high quality products</li> <li>• Product innovation and development</li> <li>• Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Customer service center</li> <li>• Activities to increase customer loyalty</li> <li>• Customer relationship manager visits</li> <li>• Daily interaction and communication</li> <li>• Company website</li> <li>• Company mailbox and hotline</li> </ul>



### 3. Sustainability Strategy

Stakeholders	Expectations and demands	Communication channels
Employees	<ul style="list-style-type: none"> <li>• Quality working environment</li> <li>• Career development opportunity</li> <li>• Employee health and safety</li> <li>• Employee equality, no discrimination and no disparity in treatment</li> <li>• No harassment in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Work performance assessment</li> <li>• Group discussion</li> <li>• In-person meetings</li> <li>• Work performance interviews</li> <li>• Business briefs</li> <li>• Seminars/workshops/lectures</li> <li>• Employee communication conferences</li> <li>• Employee intranet</li> <li>• Channels for employees to express their opinions</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Integrity cooperation</li> <li>• Long-term win-win cooperation relationship</li> <li>• Joint market development</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier management procedures</li> <li>• Conferences</li> <li>• Supplier/contractor evaluation system</li> <li>• Site visits</li> </ul>
Regulatory authorities	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Contributions to the community</li> </ul>	<ul style="list-style-type: none"> <li>• Conferences</li> <li>• Written response to public consultation</li> <li>• Compliance reports</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>• Sharing information resources</li> </ul>	<ul style="list-style-type: none"> <li>• Reports</li> <li>• Conferences</li> <li>• Visits</li> <li>• Lectures</li> </ul>

### 3. Sustainability Strategy

Stakeholders	Expectations and demands	Communication channels
Media	<ul style="list-style-type: none"> <li>• Information transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Press conferences</li> <li>• Press releases</li> <li>• Interviews of senior management</li> <li>• Results announcements</li> </ul>
Community/ non-governmental organizations	<ul style="list-style-type: none"> <li>• Participation in community construction</li> </ul>	<ul style="list-style-type: none"> <li>• Donations</li> <li>• Community activities</li> <li>• Seminars/lectures/workshops</li> <li>• Conferences</li> </ul>
Peers	<ul style="list-style-type: none"> <li>• Cooperation and sharing resources</li> <li>• Joint market development</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic cooperation projects</li> <li>• Communication conferences</li> </ul>
Retailers	<ul style="list-style-type: none"> <li>• Honest cooperation</li> <li>• Long-term win-win cooperation relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Retailer management procedures</li> <li>• Conferences</li> <li>• Retailer/contractor evaluation system</li> <li>• Site visits</li> </ul>

### 3. Sustainability Strategy

#### 3.4. MATERIALITY ASSESSMENT

In order to further identify the key areas of ESG practice and disclosure by enterprises and improve the relevance of reporting, we conduct analysis of materiality to identify the sustainable development topics that are most closely related to the Group. We summarize the expectations and demands of stakeholders with reference to the Guide issued by the Stock Exchange, the materiality matrix of the Sustainability Accounting Standards Board (the "SASB"), and common topics among peers, and then according to our own business situation, we summarize a series of material topics applicable to the Group's business. During the Year, we have summarized a total of 24 topics and classified them according to their respective materiality to the operation and development of the Group, including high materiality, moderate materiality and general materiality. All material topics and assessment results have been confirmed by the Board.

Identification of material topics		
<b>High materiality</b> <ul style="list-style-type: none"><li>• Product quality and safety</li><li>• Customer privacy protection</li><li>• Intellectual property protection</li><li>• Customer satisfaction</li><li>• Supply chain management</li></ul>	<b>Moderate materiality</b> <ul style="list-style-type: none"><li>• Raw materials consumption</li><li>• Materials purchase and efficiency</li><li>• Advertising and labelling</li><li>• Anti-corruption</li><li>• Equality and diversity</li></ul>	<b>General materiality</b> <ul style="list-style-type: none"><li>• Occupational health and safety</li><li>• Employee training and development</li><li>• Compliance employment</li><li>• Remuneration and welfare</li><li>• Labor standards</li><li>• Greenhouse gas emission management</li><li>• Energy management</li><li>• Water resource management</li><li>• Waste management</li><li>• Waste gas emission management</li><li>• Wastewater discharge management</li><li>• Packaging material management</li><li>• Response to climate change</li><li>• Community investment</li></ul>

# 4. Compliance

## 4.1. PRODUCT QUALITY ASSURANCE

The Group adheres to “unity and innovation, high quality and efficiency, customer first, excellence” (團結創新、優質高效、客戶至上、精益求精) as the goal of its quality management policy. To ensure the quality of our products, we 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 prepared different quality management guidance such as 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》) and Medical Device Advise Notice and Adverse Event Reporting Control Procedures (《醫療器械忠告性通知和不良事件報告控制程序》). Our quality management is set up in line with the ISO 13485 standard “Quality Management System for Medical Devices” (《醫療器材質量管理系統》) and carried out by different departments such as Quality Management Department, Lens Production Department, Hard Coating Department and Procurement Department, etc.

The Group’s Production and Quality Management Departments are required to strictly follow the standards to monitor the production procedures, quality of raw materials, semi-products and finished products. Relevant standards are based on national and international standards or the Group’s internal production regulations such as the Lens Inspection Regulations (《鏡片檢驗規範》) and Parameters of the Finished Products and Modules (《公司成品和模塊參數》). If the Production Department detects a defective percentage of 2% or more upon its own inspection of the products, the production line shall be suspended. Then the Quality Management Department will conduct inspection, with the number of product inspected being no less than 1% of the total product amount. If the inspection result deviates from the standard quality, the Quality Management Department will request the Production Department to make rectification. In accordance with the ISO 13485 system, we also set items and targets of monthly quality assessment for each department, and each department shall strictly follow the targets designed for production and quality control.

In the course of raw materials production and purchase, we monitor the quality of raw materials and semi-products according to the Group’s internal standards. The Quality Management Department and Technical Department are responsible for determining the quality of the materials. Once defective materials are detected, relevant departments will determine whether such materials can be repaired, downgraded, directly scrapped or returned. The repaired materials are subject to re-inspection and shall pass the inspection before going into service. In the event that a whole batch of material is determined as unqualified, relevant departments will conduct investigation and carry out improvement and preventive measures. In the event that products sold are detected to be below standards or may cause harm to the user, the Quality Management Department will, depending on the circumstances, recall the defective products within a specified period and, according to the severity, submit a report to the local government in accordance with regulations.

## 4. Compliance

The Quality Management Department is mainly responsible for implementing quality assurance and acceptance inspection in line with stringent standards throughout the production process. We have been certified by the standards of "ISO 13485: 2016 - Manufacture and Sale of Medical Optical Resin Lenses (For Export Only)" and "ISO 9001:2015 Quality Management System", and our products have also obtained product quality certifications in various regions, including:

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

During the Reporting Period, the Group encountered no safety and health issues that resulted in product recalls. Corresponding procedures have been formulated to handle product recalls in order to improve the manufacturing process of products and reduce the number of product recalls.

### 4.2. INFORMATION SECURITY MANAGEMENT

Safeguarding business information security is an operational priority of the Group. In strict compliance with 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》), the Group maintains information security in all aspects.

The Group's Information Management Department comprises the Information Engineering Department and the Informationization Work Leading Group thereunder. Such department has formulated information system management measures such as the Computer Equipment Management System (《計算機設備管理制度》), the Informationization Confidentiality Management System (《信息化保密管理制度》), the Information System Account Management System (《信息系統賬號管理制度》), the Data Security Management System (《數據安全管理制度》), the Data Backup System (《數據備份制度》), the Network Security Management Measures (《網絡安全管理辦法》) and the Informationization Work Management Measures (《信息化工作管理辦法》), with an aim to strengthen the information security management of the Group and prevent the occurrence of information security accidents.

No employee shall install, modify, dismantle the network equipment without approval or use the network for illegal acts. Each department and employee must use the network with assigned account, and shall not change the IP address and shall keep the usage log for 6 months. The network has been equipped with the firewall and any computer accessing to the network must have anti-virus software installed. The Information Engineering Department has the right to reject the access of illegal or unverified computers to the network, and the staffs can also investigate and monitor the security of all the Group's network, information and data. Any violation of or damage to the system must be reported to the management, and the relevant person shall be penalised or held responsible accordingly.

The Group maintains the confidentiality of all important information, including employees, customer and operational information, etc. No employee is allowed to process confidential data of the Group on external network. The computer or hard disk for processing or storing confidential data should be set with password, command or permission. All employees are required to process the data at their corresponding permission level. Operators are required to change the login password on a regular basis. Besides, all employees are not allowed to produce or check the confidential information on external network. Any information leakage must be reported to the Group immediately.

## 4. Compliance

The Group conducts backup of the company's data on a regular basis, including log files, data and system files of various places. The backed up data will be stored on the hard disk or mobile hard disk while additional off-site backup will be conducted on a regular basis. The backed up data is stored at the Information Engineering Department without exception and no unauthorized access is allowed. In case of data loss, the Information Engineering Department is responsible for data recovery. To ensure data security, the Group's important data, including sales, statistics and accounting, shall be backed up by each relevant department on a daily basis and then backed up by the Information Engineering Department on a regular basis. Staff processing important data must set system password and make an alteration on a regular basis to ensure that no data leakage will occur.

The Group is in strict compliance with the provisions of the Advertisements Law of the People's Republic of China (《中華人民共和國廣告法》), and all advertisements and promotional information to be published by the Group must be reviewed to ensure the accuracy of the data and prohibit all misconducts such as "false advertisement" (虛假廣告). We also update the published information in a timely manner to ensure that our customers are provided with the most up-to-date information.

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

### 4.3. INTELLECTUAL PROPERTY PROTECTION

The Group strictly abides by 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》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) and other laws and regulations. We respect and protect our own intellectual property rights and those available in the market, and regulate the management of intellectual property rights including trademarks, patents and copyrights. To protect our own intellectual property rights, we require R&D employees to undergo a reference check and sign the Confidentiality and Non-competition Agreement (《保密及競業限制協議》) upon their employment, so as to prevent the leakage of confidential information.

To safeguard our rights, we protect our own patents, trademarks and copyrights in research and development design by applying for intellectual property rights. We engage a third-party agent to handle intellectual property-related business and relevant legal advice on our behalf, and enter into a contract with it to ensure its confidentiality obligations. Any person who wishes to use the patents of the Group must first enter into a contract with us to specify the term of use, fees and other information. The Group strictly prohibits any private transfer or the use of the intellectual property rights of the other party without consent.

Any third party who wishes to use the trademarks of the Group must first enter into the Trademark License Agreement (《商標使用許可合同》) with the Group to specify the scope and term of use. We require the products using our trademarks to satisfy the quality requirements, and are entitled to test the products and require improvements in the event of any non-compliance, so as to ensure that the Group's trademarks and reputation are protected.

During the Reporting Period, the Group held a total of 98 patents, including 11 new patents.

### 4.4. CUSTOMER SERVICES

To expand the recognition and market of the Group, we have actively participated and organized various activities to reach out to different customers and understand their needs. During the Year, we participated in six exhibitions at home and abroad, and organized two activities, namely the “Garage Membrane Layer Upgrade” (車房膜層升級活動) and the “1.60 Xuezhijou Upgrade” (1.60學智優升級活動). We maintain a good relationship with our customers by providing them with product training and promotion design and production, respectively. The Group also makes good use of various media for promotional purposes. During the Year, we released 85 articles on WeChat with 5,354 more followers than last year. We also opened a Douyin account and an online showroom to address the demand for remote marketing due to the pandemic.

The Group recognizes the importance of customer demands, and handles customer complaints, answers customer queries and solves customer problems in a timely and reasonable manner. We receive complaints through mailboxes, complaints hotline and other channels. To avoid inappropriate complaint handling, we will 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 for cause analysis, technical process analysis and responsibility determination, and ask the relevant responsible department to make rectification. Such department must take preventive and remedial measures based on the analysis results, make improvements within the time limit as required by the customer, and submit the improvement results to the Quality Management Department for its reply to the customer. We will conduct a satisfaction survey on our major customers once a year to collect their opinions and make improvements to the problems.

During the Reporting Period, we received 8 complaints from customers regarding our products and services, all of which had been properly addressed.



## 4. Compliance

### 4.5. PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

To guarantee the highest quality of our products, we not only adopt strict quality control measures, but also closely monitor our suppliers and their supplies. We had formulated the Procurement Management System (《採購管理制度》) and the Procurement Control Procedure (《採購控制程序》) as the Group's procurement procedures and supplier management system. The Procurement Department and Quality Management Department of the Group are responsible for the supervision of material sourcing and quality and the production of the Qualified Suppliers List (《合格供應商名錄》). We select suppliers based on their qualifications, offer price, quality, reputation, etc. As for suppliers providing important materials for the first time, they are required to provide qualified quality management system certification and samples for testing, and only those qualified can be selected. We will enquire price to at least three suppliers before placing an order. We will stipulate the quality and acceptance requirements of supplies in the procurement documents, and as the case may be, require suppliers to provide qualification certificates for products, equipment and personnel. The Quality Management Department is responsible for the quality inspection of the supplies; and in cases which the quality standards are not met, the Procurement Department will make arrangements with the supplier for the return of products. If on-site verification of the goods is required, the Technical Department will specify the arrangements in the procurement documents.

We assess the major suppliers in the Qualified Suppliers List annually by referring to the pass rate of supplies, service attitude, delivery time and price, etc., with the results being recorded in the Supplier Evaluation Form (《供應商評價表》). Unqualified suppliers will be removed from the Qualified Suppliers List. In addition to the annual review, we will also issue Sheet of Measures for Remedy and Prevention (《糾正和預防措施處理單》) to suppliers which were identified with serious quality issues and ask them for improvement and we will disqualify suppliers that had received such sheet twice but had done nothing for improvement, in order to maintain the quality of the supply chain and ensure it meets the standards of the target market.

The Group has approximately 675 suppliers, of which 646 and 29 were from mainland China and overseas, respectively. During the Year, major suppliers were assessed to review whether their supply performance complied with the Group's requirement on certain aspects, such as quality, services and price. Our major suppliers include suppliers providing raw and auxiliary materials, packaging materials, repair materials and equipment.

We care about the environmental and social responsibility of our suppliers by requiring all of them to comply with laws and regulations, including but not limited to those relating to environmental protection, employment, anti-corruption, etc. We will review the performance of suppliers in environmental and social aspects, and promote the sustainable development of product supply chain by cooperating with compliant suppliers. We will give higher priority to cooperating with suppliers with sustainable development concept. During procurement, we give priority to adopting environmentally friendly products and services that cause lower environmental impacts. For instance, we prefer to procure products with longer service life and less packaging consumption. We will also strengthen the management of supplier assessment to ensure the sustainable development of the supply chain.

### 4.6. PROFESSIONAL INTEGRITY

The Group complies with the Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》) and the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and other relevant laws and regulations, and developed its own anti-fraud policies, such as 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》).

With the determination to eliminate any kind of corruptions, such as conflict of interest, extortion and acceptance of bribes, misappropriation of funds, fraud and disclosure of business secrets, we have developed a good supervision and reporting system to prevent such incidents. We require our employees to report their own interests on a regular basis, especially those in sales, purchasing, planning and marketing positions. Employees are also required to avoid any potential conflict of interest in the course of business and should immediately report to the Company in written for explanation or withdrawal if any such conflicts are identified. If the management of the Company noted any conflicts of interest in the business, it shall asked the involved employee to provide relevant waiver documents for examination, if there are no such documents, the person in charge shall be replaced or the cooperation with such third party shall be terminated. During the Year, we also provided relevant anti-corruption training to our Directors and employees in relation to developing reporting channels, establishing anti-corruption corporate culture, preventing interest conflicts, etc.

To create a good atmosphere of integrity and diligence, we have established an Audit Department to investigate illegal activities in the Group, which is authorized and managed by the Decision Committee. We provide safe and confidential reporting channels which encourage employees and partners to report suspected violation incidents on business ethics, and treat personal data of whistleblower in an absolute confidential manner. We will handle the reported information carefully and conduct a fair and impartial investigation. The Investigation Department shall conduct an investigation within a specified period of time after receiving a whistle-blowing report, and minor incidents shall be addressed by the relevant department. For severe incidents, the Audit Department will file a case for investigation. If the case cannot be clarified for the time being, we will also open a case for temporary storage until there are clear clues to investigate at a later date. If the reported incidents are verified upon investigation, we will handle the case with the relevant personnel following the laws and regulations and impose appropriate discipline, including re-designation, demotion, dismissal or judicial referral. The Audit Department will prepare an Investigation Report (《調查報告》) and a Management Improvement Letter (《管理改進意見書》) which will be considered by the Decision Committee and sent to the relevant departments, such departments will be required to make rectification in accordance with the report and the letter, and the Audit Department will regularly review the progress of rectification.

During the Reporting Period, the Group did not receive any lawsuits against the Group and employees on any cases of corruption, bribery, extortion, fraud, or money laundering.

# 5. Talent Management

Talent is our precious asset. The Group strictly complies with the Civil Code of the People's Republic of China (《中華人民共和國民法典》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Company Rules and Regulations (《公司規章制度》) of the Group and other laws and regulations. We have formulated the Employee Handbook (《員工手冊》) as part of labor contract and company rules and regulations in order to provide talent management information of the Group for employees. We will continue to promote talent team building and effectively protect the rights and interests of employees, and strive for an equal, inclusive, healthy and safe working environment that shall be discrimination-free regardless of gender, marital status, age, race, color, disability and religion to achieve the common development of enterprises and employees. As at 31 December, 2021, we had a total of 2,429 employees, please see Appendix I for details.

## 5.1. EMPLOYMENT MANAGEMENT

The Human Resources and Administration Department will recruit talents through public recruitment. Our consideration criteria for talent recruitment include education background, work experience, and other relevant conditions. We comply with the Provisions on Prohibition of Child Labor (《禁止使用童工的規定》) in the recruitment process, and strictly prohibit employing employees under the age of 18. In order to put an end to forced labor, our Employee Handbook clearly states the hours of work and employees are asked to take attendance as required. We collect personal data from applicants, select suitable candidates and verify their personal data, and require the Human Resources and Administration Department to scrutinise identification documents to ensure that employees are recruited in accordance with the laws and regulations, and may terminate the contract immediately upon discovery of employee providing false information at the time of recruitment. We do not encourage overtime work and if an employee needs to work overtime, he/she must first obtain approval from the management and be compensated with time off in lieu of overtime. If any irregularities or non-compliance with labor laws and regulations are found in the course of employment, the Group will address them in accordance with the law.

Eligible employees must sign the Job Induction Notice (《崗位入職須知》), the Labor Contract (《勞動合同》) and the Non-Competition and Non-Disclosure Agreement (《競業限制及保密協議》) before they are on the job. The Labor Contract sets out the employee's remuneration, benefits, attendance, holidays, probationary period (if any), contract period and workplace. The Employee Handbook also sets out the various staff systems, such as remuneration, attendance system, benefits and leave. Employees are required to work in accordance with the code of conduct as set out in the Employee Handbook, and once any irregularities were found, we will address the same on the basis of the circumstances clearly set out in the Employee Handbook. If an employee tenders a resignation to the Group, a proper handover of work must be made and the Finance Department will also settle the appropriate salary after the employee has left office.

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, as well as child labor or forced labor, which shows our effective results in safeguarding employment rights.

## 5. Talent Management

### 5.2. EMPLOYEE CARE

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

In terms of remuneration, the Group has set out the components of remuneration in the Remuneration Management Policy (《薪酬管理制度》). For every year, we will adjust the remuneration according to the economic profit of the year, taking into account the wage level and living index of Shanghai’s labor market, so as to make the remuneration of employees more competitive in the market. In addition to the monthly basic salary, we also offer performance bonuses, which are calculated based on the employees’ monthly appraisal score. The employees’ monthly appraisal score includes daily work goals or tasks, behavior and attendance. In addition, we also set up special bonuses to reward employees with outstanding achievements and special contributions, including Innovation Award, Technology Invention Award, Informatisation and Industrialisation Integration Assessment Award, Outstanding Employee and Advanced Team.

In order to enhance the cohesiveness of our staff to the Group and strengthen the solidarity among them, as well as to relieve their work pressure and help them relax, we regularly conduct group activities for our staff and encourage them to organize their own activities, so that the activities can be closer to their needs and develop in a diversified way. During the Year, our staff participated in the “Fire Fighting Skills Competition in Chuansha Economic Park in 2021” (2021年川沙經濟區消防技能比武) and won the second prize.



“Fire Fighting Skills Competition in Chuansha Economic Park in 2021”

## 5. Talent Management

### 5.3. EMPLOYEE HEALTH AND SAFETY

The Group is concerned about the health and safety of its employees. In compliance with the laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》), the Provisions on the Supervision and Administration of Occupational Health at Work Sites (《工作場所職業衛生監督管理規定》) and the Regulations on Work-Related Injury Insurance (《工傷保險條例》), the Group has formulated its Occupational Disease Prevention and Control Responsibility System (《職業病防治責任制度》). New employees must receive pre-job safety education, understand the nature of their positions, working environment, possible accidents and emergency methods, as well as handling steps, and shall be assessed before they start to work. Pre-job safety education mainly includes fire safety and labor safety and health:

#### In terms of fire safety:

- All employees are strictly prohibited from smoking in the production bases;
- The use of open flames is prohibited and all 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; and
- No pulling of electric wires or sockets without the consent of the Production Department supervisor.

#### In terms of labor safety and health:

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

## 5. Talent Management

In order to be able to do a better job in the prevention and control of occupational diseases, we have established an organizational structure for occupational health management according to the Occupational Disease Prevention and Control Responsibility System (《職業病防治責任制度》) formulated by our Group, which is led by the general manager with the responsibility shared by three levels to carry out the work of preventing occupational diseases in our Group. The responsibility of each level and department is clearly stipulated. We implement various occupational disease prevention efforts in our Group and report on our work and listen to employees' opinions on occupational health at staff meetings. We will take emergency measures to investigate and deal with occupational disease hazards that occur in our Company and we will impose serious penalties on any employee involved in violations and reward those who contribute to the prevention and control. We also provide regular safety training and personal protective equipment for our employees. We conduct regular safety inspections for each department, study and rectify any problems found, and maintain and repair all production and protective equipment. In order to popularize fire awareness and fire safety among our employees, we regularly hold fire drills and conduct fire-fighting instruction to improve the on-site emergency response capability of departments and employees in case of fire.



Fire Drill

In order to protect the safety and health of employees under the impacts of the pandemic, we set up the Pandemic Prevention and Control Center, which is responsible for coordinating the Group's personnel control, disinfection, pandemic publicity and material preparation and other work. We will also provide assistance for employees subject to home observation in hostels, conduct personnel management and disinfection in isolation areas, and provide employees food delivery and temperature checking.

During the Reporting Period, the Company did not receive any complaints and lawsuits regarding violations of health and safety related laws, and the Group did not have any lost working days due to work-related injuries, nor did it have any work-related fatalities in the past three years (including the Year).

## 5. Talent Management

### 5.4. EMPHASIS ON EMPLOYEE GROWTH

The Group provides equal training opportunities for employees and sets clear guidelines and regulations to enhance the efficiency of employees and departments. The Group conducts training for employees in a sequential manner. New employees shall receive pre-service training covering the company's development prospects, and interpretation to the Employee Handbook, etc. Upon joining, we will conduct occupational safety training, handling procedures, production processes, and 5S (Seiri, Seiton, Seiso, Seiketsu and Shitsuke) management training according to their positions, and new employees can only start working until passing such tests. The Human Resources Department is responsible for trainings for current employees, which are carried out in accordance with the established annual plan. Employees shall attend trainings as required, whereas corresponding assessments will be provided upon the completion of trainings as indicators of the training results and a basis for future performance appraisals and promotions. In order to diversify employees, we will also sponsor trainings for certain employees on assignment. We believe that the competency of our employees is essential to maintain and enhance our competitiveness. We will also understand the needs of employees and review the effectiveness of trainings to design content thereof for the coming year. We will take the results of performance appraisals as the basis for employee promotions while also considering their daily work performance. Such promotions will be discussed and implemented by the management, while promotions of senior management will be discussed and decided by the Board.

## 6. Green Operation

The Group adheres to relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), the Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》), the Pollution Discharge Licensing Management Regulations (《排污許可管理條例》), the Administrative Measures for the Licensing of Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》), and the Waste Management and Public Cleaning Law (《廢棄物管理和公共清潔法(廢棄物の處理及び清掃に関する法律)》) of Japan, and commits to improving the environmental awareness of employees. We identify the use of resources in our operations and implement feasible energy conservation and consumption reduction measures. During the Reporting Period, 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.

The Group focuses on environmental performance. In order to maintain business development while protecting the environment, we strictly review the discharge of wastewater, exhaust gas, noise and solid waste during industrial production to ensure compliance with the emission indicators set by the policy. In compliance with various environmental regulations, we set initial environmental targets during the Year to improve energy and water efficiency, reduce greenhouse gas ("GHG"), noise, waste water and exhaust gas emissions, upgrade technology and improve processes, raise the qualified rate of products, and reduce solid waste generation. We engage third-party organizations to monitor our emission levels on a regular basis, and establish a base year in due time based on the Group's business operations and environmental performance.



## 6. Green Operation

### 6.1. ENERGY CONSERVATION AND EMISSION REDUCTION

We conduct the GHG (Scope 1 & 2) emission data collection for production bases in Shanghai and Jiangsu of the Group in accordance with the Greenhouse Gas Protocol (《溫室氣體盤查議定書》) developed by the World Resources Institute and the World Business Council for Sustainable Development and “ISO 14064-1” standard set by the International Organization for Standardization. The results are shown as below:

GHG emissions <sup>1</sup>		Unit	2021
Scope 1	Direct GHG emissions	tCO <sub>2</sub> e	484.68
Scope 2	Indirect GHG emissions	tCO <sub>2</sub> e	32,899.39
Total GHG emissions		tCO <sub>2</sub> e	33,384.07

GHG emissions intensity		Unit	2021
Per square meter (Scope 1 & 2)		tCO <sub>2</sub> e/m <sup>2</sup>	0.40
Per employee (Scope 1 & 2)		tCO <sub>2</sub> e/employee	15.37
Revenue per RMB10,000 (Scope 1 & 2)		tCO <sub>2</sub> e/RMB10,000 <sup>2</sup>	0.25

Scope 1: Direct GHG emissions from sources owned and controlled by the Group.

Scope 2: GHG emissions indirectly caused by power generation, heating and cooling, or steam purchased by the Group.

<sup>1</sup> We calculated the Group's GHG emissions with reference to “How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.

<sup>2</sup> Revenue data is derived from the 2021 annual report.

## 6. Green Operation

To reduce office energy consumption, we have introduced the following energy saving initiatives:

### Green Office Initiatives

Lighting systems	<ul style="list-style-type: none"><li>• Turning off the lights when the office is not in use;</li><li>• Maximizing the use of natural light; and</li><li>• Constantly cleaning lamps to maintain and improve efficiency.</li></ul>
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Air-condition systems	<ul style="list-style-type: none"><li>• Regular cleaning of dust screens;</li><li>• Tightening the gaps between windows and doors to reduce conditioned air loss; and</li><li>• Setting the air conditioning temperature at not less than 26°C in the summer; and setting the air conditioning temperature not higher than 20°C in the winter.</li></ul>
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We will continue to research and analyze the effectiveness of energy saving and implement more energy saving initiatives in a timely manner.

During the Year, the Group's total electricity consumption in the course of operations was 53,924,590.00 kWh, with a consumption density of 643.41 kWh/m<sup>2</sup>. In the coming year, we will continue to monitor the electricity consumption of the Group's business operations to conserve electricity effectively.

### 6.2. WATER RESOURCE MANAGEMENT

All water consumption of the Group comes from the municipal water supply and we did not encounter issues in sourcing water. For the purpose of better implementation of the Shanghai Water Supply Management Regulations (《上海市供水管理條例》) and the Shanghai Water Conservation Management Regulations (《上海市節約用水管理辦法》), we continuously monitor the water consumption in the course of our business operation. The water consumption of the Group is mainly for lens and mold cleaning processes and daily water consumption. The Group adopts a recycling system to reduce water wastage by reusing the water used for production in daily greening, landscaping and cleaning activities. We have implemented certain initiatives in the course of our operations to foster the habit of water saving among our staff. We have installed additional water meters and will immediately contact our property company if a leaking tap is found so that repair work can be arranged as soon as possible to reduce unnecessary wastage. We regularly monitor the Group's water consumption, analyze and report on the situation to make timely rectification. During the Reporting Period, there was no issue encountered in sourcing suitable water resources. During the Year, the total water consumption and water intensity in the course of the Group's operations were 453,058.00 tons and 5.41 tons/m<sup>2</sup>, respectively.

## 6. Green Operation

### 6.3. WASTE MANAGEMENT

During the Year, the Group generated a total of 45.20 tonnes of non-hazardous waste. In order to properly dispose of the waste, we carefully select third-party partners who are qualified to operate as a general solid waste disposal enterprise with national qualification to ensure that the waste will not cause secondary pollution during the disposal process. We will also request our engineering contractors to choose reusable options to reduce waste when disposing of industrial waste. In the future, we will continue to monitor the amount of non-hazardous waste and hazardous waste generated by the Group in order to further improve our waste management measures and ensure effective reduction of waste. During the Year, the packaging materials used by the Group were 187.20 tonnes of cartons, 120.09 tonnes of paper, 8.45 tonnes of plastic and 506.69 tonnes of packaging bags. We will review the use of packaging items and establish waste reduction programs.

### 6.4. POLLUTANT EMISSIONS AND NOISE MANAGEMENT

During the Year, the emissions of nitrogen oxide, sulfur oxide and particulate matters from the Group's vehicles were 1,030.82 kg, 1.10 kg and 74.15 kg. The Group is concerned about the emission of pollutants from our production. We collect and process nitrogen oxides and industrial dust from our production process through the use of pulsed bag filter and activated carbon photo-oxidation. We strictly comply with local emission standards, such as the Discharge Standard of Air Pollutants (《大氣污染物綜合排放標準》) of Shanghai. At our Jiangsu production base, we have engaged an accredited third-party certification agency to test the emissions of non-methane hydrocarbon in our emissions and there is no excess of the standard. We closely monitor the air quality to reduce the impact of particulate matters on the surrounding environment. We also restrict the production line based on the day's dust warning. For example, for yellow warning, the production shall be reduced by 20%; for orange warning, the production shall be reduced by 30%; for red warning, the production shall be reduced by 50%. We will also continue to implement various initiatives to reduce air pollutant emissions.

The Group discharges wastewater in accordance with national standards. We have obtained a permit for water discharge into drainage network in towns and cities, and the sewage at the plant is discharged after passing through the de-oiling machine and the grille before meeting the standard. The pH of the sewage is controlled within 6.5-9.5, while the chemical oxygen demand is controlled at 200-300 mg/l, which is lower than the standard of 500 mg/l. We conduct sampling inspections at least four times a month at the plant to ensure that the sewage discharge complies with the standards of the Comprehensive Sewage Discharge Index (《污水綜合排放指標》) of Shanghai, China and the Waste Management and Public Cleansing Law (《廢棄物管理和公共清潔法(廢棄物の處理及び清掃に關する法律)》) of Japan. We also intend to purchase new sewage treatment equipment in the future to further reduce the concentration of pollutants.

## 6. Green Operation

The noise generated during the course of the Group's operations complies with 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(廢棄物の處理及び清掃に関する法律)》) of Japan. We will also further strengthen our efforts in noise control by installing soundproof walls, vibration damping mats, silencers and other equipments in the next two years to further reduce the noise generation and impact.

### 6.5. MAKING GOOD USE OF RESOURCES

During the Year, we took the following measures in our office to reduce the waste of resources:

- Setting up sorting bins to increase the recycling rate;
- Placing recycling bins next to printers to collect waste paper for further processing;
- Printing documents on both sides to save paper;
- Using computers for paperwork processing as much as possible to reduce unnecessary printing;
- Using paper products with recycled materials; and
- Using stationery with replaceable accessories to reduce waste.

We will actively review and explore more measures to make good use of resources in our operations and implement them in due course.

## 6. Green Operation

### 6.6. CLIMATE CHANGE

Public awareness of climate change is increasing, and climate change is one of the most frequently discussed topics among countries. Recognizing the importance of identifying and mitigating significant climate-related issues, we closely monitor the potential impact of climate change on our business and operations and strive to manage potential climate-related risks that may affect the Group's business activities. After assessment, we believe that climate change may cause relevant physical and transition risks to the Group, and we have also formulated relevant measures to mitigate the impact of such risks.

#### Physical risks

Extreme weather may have an impact on the safety of employees and facilities such as production bases and warehouses, resulting in a decrease in the Group's productivity. We will assess the impact of extreme weather on our production bases and develop protective measures in a timely manner. We will also strengthen the training of employees and develop emergency response plans to ensure the safety of employees.

#### Transition risks

As countries become more concerned about climate change, it is expected that there will be more stringent regulations to control the Group's emissions of greenhouse gases and other pollutants. The Group will continue to review the changes in regulations in different countries and install various emission control devices to reduce the emission of pollutants as appropriate. We will communicate with our customers and suppliers to enhance cooperation in exploring more energy-saving and carbon-reducing ways of operation.

## 7. Community Responsibility

While actively developing its business, the Group also supports various community engagements to give back to the society. We actively partner with charities to participate in various community investment and public welfare activities. Through participation in public welfare activities, employees can gain a deeper understanding of the needs and opinions of the community and develop a good habit of contributing to the society.

In 2020, Conant Optical and Orbis International launched a 4 year public welfare project on children's eye health, i.e. the project of "supporting the establishment of Ningxia Comprehensive Children's Eye Health Network and Shanghai International Children's Eye Health and Blindness Prevention Training Center" (支持建立寧夏綜合兒童眼健康網絡及上海國際兒童眼健康防盲培訓中心), which will connect with Shanghai Eye Disease Control Center and Shanghai Eye Hospital preliminary to conduct primary screening for high myopia in 1 million Shanghai preschool children aged 0-6 and school-aged children aged 6-18. Different myopia prevention and control strategies have been adopted for different groups to prevent eye diseases or blindness that could have been prevented or cured. Due to the pandemic, the Group has reduced the number of community activities to cooperate with the community in pandemic prevention.

During the Year, the Group donated a total of RMB22,000.00 to two organizations, namely Shanghai Pudong New Area Chuansha Charity Committee and Danyang Charity Federation, to facilitate their charity undertakings.

# Appendix I: Sustainability Data Summary

The following is the sustainability data summary in the environmental aspect during the Year:

Environmental Aspect	Unit	2021
<b>Air emissions<sup>3</sup></b>		
Nitrogen Oxide (NO <sub>x</sub> )	kg	1,030.82
Sulfur Oxide (SO <sub>x</sub> )	kg	1.10
Particulate Matter (PM)	kg	74.15
<b>GHG emissions<sup>3</sup></b>		
Direct GHG emissions (scope 1)	tCO <sub>2</sub> e	484.68
Indirect GHG emissions (scope 2)	tCO <sub>2</sub> e	32,899.39
Total GHG emissions (scope 1 and 2)	tCO <sub>2</sub> e	33,384.07
<b>GHG emissions intensity</b>		
Per m <sup>2</sup> (scope 1 and 2)	tCO <sub>2</sub> e/m <sup>2</sup>	0.40
Per employee (scope 1 and 2)	tCO <sub>2</sub> e/employee	15.37
Per RMB10,000 operating revenue (scope 1 and 2)	tCO <sub>2</sub> e/RMB10,000 <sup>4</sup>	0.25

<sup>3</sup> We calculate the Group's air pollutant emissions and GHG emissions with reference to the Stock Exchange's "How to Prepare an Environmental, Social and Governance Report - Appendix II: Guidelines for Reporting Environmental Key Performance Indicators".

<sup>4</sup> The operating revenue data are sourced from the 2021 Annual Report.

## Appendix I: Sustainability Data Summary

Environmental Aspect	Unit	2021
<b>Hazardous wastes</b>		
Batteries	piece	1,468.00
Waste ink cartridges and waste toner cartridges	piece	1,440.00
<b>Non-hazardous wastes</b>		
Total non-hazardous wastes	tonnes	45.20
Non-hazardous wastes intensity (per employee)	tonnes/employee	0.02
<b>Energy consumption</b>		
Purchased electricity consumption	kWh	53,924,590.00
Purchased electricity consumption intensity (per m <sup>2</sup> )	kWh/m <sup>2</sup>	643.41
Purchased electricity consumption intensity (per employee)	kWh/employee	24,827.16
Purchased electricity consumption intensity (per RMB10,000 revenue)	kWh/RMB10,000 <sup>4</sup>	397.65



## Appendix I: Sustainability Data Summary

Environmental Aspect	Unit	2021
<b>Water consumption</b>		
Total water consumption	tonnes	453,058.00
Total water consumption intensity (per m <sup>2</sup> )	tonnes/m <sup>2</sup>	5.41
Total water consumption intensity (per employee)	tonnes/employee	208.59
Total water consumption intensity (per RMB10,000 revenue)	tonnes/RMB10,000 <sup>4</sup>	3.34
<b>Packing materials consumption</b>		
Carton	tonnes	187.20
Paper	tonnes	120.09
Plastic	tonnes	8.45
Packaging bag	tonnes	506.69
<b>Paper consumption</b>		
Paper consumption	kg	400,435.35
Paper consumption intensity (per employee)	kg/employee	184.36

## Appendix I: Sustainability Data Summary

The following is the sustainability data summary in the social aspect of the Group during the Year:

Social Aspect	Unit	2021
<b>Number of employees</b>		
Total number of employees	number	2,429
<b>Number of employees (by gender)</b>		
Female	number	1,331
Male	number	1,098
<b>Number of employees (by employee category)</b>		
Full-time junior employees	number	2,400
Full-time middle management	number	23
Full-time senior management	number	6
<b>Number of employees (by age group)</b>		
Below 30	number	575
30 to 50	number	1,539
Above 50	number	315
<b>Number of employees (by geographical region)</b>		
Inland	number	2,320
Abroad	number	109

## Appendix I: Sustainability Data Summary

Social Aspect	Unit	2021
<b>Turnover rate<sup>5</sup></b>		
Total turnover rate of employees	%	56.69
<b>Turnover rate of employees (by gender)</b>		
Female	%	32.56
Male	%	24.13
<b>Turnover rate of employees (by age group)</b>		
Below 30	%	23.18
30 to 50	%	30.79
Above 50	%	2.72
<b>Turnover rate of employees (by geographical region)</b>		
Inland	%	55.66
Abroad	%	1.03

<sup>5</sup> Turnover rate for employees in the relevant categories = number of departed employees in the category ÷ number of employees in the category at the end of the Year × 100%

## Appendix I: Sustainability Data Summary

Social Aspect	Unit	2021
<b>Occupational health and safety</b>		
Number of work-related fatalities in the past three years (including the Year)	number	0
Rate of work-related fatalities occurred in the past three years (including the 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>6</sup></b>		
Female	%	54.80
Male	%	45.20
<b>The percentage of employees trained by employee category<sup>6</sup></b>		
Full-time junior employees	%	98.81
Full-time middle management	%	0.95
Full-time senior management	%	0.25

<sup>6</sup> Percentage of employees trained in the relevant categories = number of employees trained in the category ÷ total number of employees trained × 100%

## Appendix I: Sustainability Data Summary

Social Aspect	Unit	2021
<b>The average training hours completed per employee by gender<sup>7</sup></b>		
Female	hour	2.00
Male	hour	2.00
<b>The average training hours completed per employee by employee category<sup>7</sup></b>		
Full-time junior employees	hour	2.00
Full-time middle management	hour	2.00
Full-time senior management	hour	12.00

<sup>7</sup> The training hours of employees are calculated as: training hours of employees in the category ÷ total number of employees in the category × 100%

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

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

## 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.
		6.1. Energy Conservation and Emission Reduction;
		6.2. Water Resource Management;
		6.5. Making Good Use of Resources
A2.1		Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) 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.
		6. Green Operation
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.
		6. Green Operation;
		6.2. Water Resource Management
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 impact 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.
		6. Green Operation
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.
		6.6. Climate Change

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

Indicator Content		Respective Section
B. Society		
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.
		5. Talent Management; 5.1. Employment Management
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.
		Appendix I: Sustainability Data Summary
	B1.2	Employee turnover rate by gender, age group and geographical region.
		Appendix I: Sustainability Data Summary
B2: Health and Safety	General Disclosure	Information on: (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.
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.
		Appendix I: Sustainability Data Summary
	B2.2	Lost days due to work injury.
		Appendix I: Sustainability Data Summary
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.
		5.3. Employee Health and 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.	5.4. Emphasis on Employee Growth
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Sustainability Data Summary
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Sustainability Data Summary
B4: Labour Standards	General Disclosure	Information on: (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.	5.1. Employment Management
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1. Employment Management
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.1. Employment Management
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.5. Procurement and Supply Chain Management
	B5.1	Number of suppliers by geographical region.	4.5. Procurement and Supply Chain 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.	4.5. Procurement and Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.5. Procurement and Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.5. Procurement and Supply Chain Management

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Indicator Content		Respective Section	
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.	4.2. Information Security Management
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.1. Product Quality Assurance
	B6.2	Number of products and service related complaints received and how they are dealt with.	4.4. Customer Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.3. Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	4.1. Product Quality Assurance
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.2. Information Security Management
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.	4.6. Professional 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.	4.6. Professional Integrity
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4.6. Professional Integrity
	B7.3	Description of anti-corruption training provided to directors and staff.	4.6. Professional Integrity

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Indicator Content		Respective Section
B8: Community Investment	General Disclosure  Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7. Community Responsibility
	B8.1  Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7. Community Responsibility
	B8.2  Resources contributed to the focus area.	7. Community Responsibility