



2024

Environmental, Social and Governance Report

Table of Contents

- 02 About This Report
- 04 Message from the Executive
- 06 About Hengtong Optic-Electric

112 Annex

- 112 Appendix I: GRI Standards Index
- 117 Appendix II: Index of Shanghai Stock Exchange Guidelines

01

Compliance and Stability: The Foundation for Steady Growth

Corporate Governance	14
ESG Governance	16
Stakeholder Engagement	19
Risk Management	23
Business Ethics	26

02

Leading Innovation: Creating Leading Quality

Sustainable Innovation	34
Supply Chain Management	36
Quality Control	44
Customer Service and Information Protection	50

03

Low-Carbon Development: Illuminating a Green Future

Environmental Protection and Management	56
Climate Change and Carbon Neutrality	59
Energy Efficiency and Transformation	70
Water-Saving Transformation and Optimization	78
Emission Management and Recycling	80

04

Caring for Employees: Promoting Inclusive Development

Talent Attraction and Retention	88
Empowering Growth and Development	94
Promoting Communication and Care	98
Occupational Health and Safety	100

05

Global Cooperation: Demonstrating Hengtong's Responsibility

Social Contribution and Rural Revitalization	108
Promoting Industrial Sustainable Development	111

About This Report

Overview

This is the third Environmental, Social, and Governance (ESG) Report (hereinafter referred to as the "Report") published by Jiangsu Hengtong Optic-Electric Co., Ltd. (hereinafter referred to as "Hengtong Optic-Electric," "The Company," "we," or "us"). Jiangsu Hengtong Optic-Electric Co., Ltd. is a listed subsidiary of Hengtong Group Co., Ltd. (hereinafter referred to as "Hengtong Group" or "the Group"). This Report provides a transparent disclosure of the Company's responsibilities to key stakeholders-including shareholders, customers, partners, employees, the environment, and the community-as well as its performance across environmental, social, and governance (ESG) aspects.

Reporting Time Scope

This Report covers the Company's activities for the financial year from January 1, 2024, to December 31, 2024 (hereinafter referred to as the "reporting period"). Where relevant, certain information may also include data from earlier or subsequent years.

Basis for Preparation

This Report was prepared primarily with reference to the Global Reporting Initiative (GRI) Standards and the Shanghai Stock Exchange Listed Company Self-Regulatory Guidelines No. 14 – Sustainability Reporting (Trial). It also takes into account and responds to topics of concern identified in Morgan Stanley Capital International (MSCI) ESG Ratings and S&P Global Sustainability Assessments (CSA Questionnaires).

The content of this Report was developed following a structured process, which includes: identifying and prioritizing key stakeholders; determining and prioritizing material ESG topics; defining the reporting boundaries; collecting relevant data and information; compiling the Report based on the collected information; and reviewing the content for accuracy and completeness.

Report Scope and Boundaries

The policies and data provided in this report cover the Company's headquarters and subsidiaries, and the reporting scope is consistent with that of the Annual Report. Unless otherwise specified, all currencies used in this report are CNY.

Data Source and Reliability Assurance

The data and case studies in this report are primarily sourced from the Company's statistical reports and related documents, and have been reviewed by relevant departments. The Company's Board of Directors guarantees that this report contains no false or misleading statements and assumes responsibility for the authenticity, accuracy, and completeness of its contents.

Confirmation and Approval

This report was confirmed by management and approved by the Board of Directors on August 22, 2025.

Report Language and Format

This report is compiled in Chinese and English and is available in electronic format. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail. Please visit the Hengtong Optic-Electric website at <http://www.htgd.com.cn/> for more information.

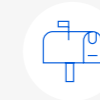
We value the opinions of our stakeholders and welcome readers to contact us through the following contact information. Your feedback will help us further improve this report and enhance our overall sustainability performance.



Email:
htgd@htgd.com.cn



Tel:
0512-63430985



Address:
No.2288, Zhongshan North Road,
Wujiang District, Suzhou City, Jiangsu
Province, China

Message from the Chairman



Cui Wei

Hengtong Optic-Electric Co., Ltd.
Chairman

In 2024, a new round of technological revolution-led by artificial intelligence-is reshaping the global innovation landscape at an unprecedented pace. Against this backdrop of rapid transformation and global challenges, Hengtong Optic-Electric advances with strategic foresight. By integrating ESG principles into corporate strategy, the Company is building a powerful engine for sustainable growth and actively fulfilling its mission in this new era.

Embracing Technological Change, Driving Green Development with Innovation

Over the past year, Hengtong Optic-Electric has deepened the integration of technological and industrial innovation. Building on its role as the creator of the world's first "Global Lighthouse Factory" in the optical communications sector, the Company has applied frontier technologies such as artificial intelligence to strengthen product R&D and intelligent manufacturing. These efforts have generated breakthroughs in cost optimization, energy efficiency, and product quality, driving steady improvements in profitability and powering the Company's high-quality development. In 2024, two companies were newly recognized as National Green Factories, and one as a National Green Supply Chain Management Enterprise. Furthermore, the Company actively responded to the Science-Based Targets initiative (SBTi), with two subsidiaries successfully passing the SBTi validation. While the Company achieved an MSCI ESG rating upgrade-further strengthening its foundation for competing in the global marketplace.

Practicing Responsibility, Building a Collaborative Ecosystem for Shared Growth

Hengtong Optic-Electric firmly believes that the vitality of an enterprise lies in its ability to continuously create social value. For employees, the Company strives to align corporate growth with personal development, fostering an environment that is safe, inclusive, equitable, and sustainable-where individuals can fully realize their potential. For partners, Hengtong Optic-Electric strengthens its quality management system, promotes collaborative innovation

across the supply chain, and advocates for mutual trust and shared growth. Together, these efforts foster a resilient, cooperative ecosystem that supports long-term value creation. Beyond its business commitments, Hengtong Optic-Electric actively fulfills its social responsibilities. The Company contributes to national poverty alleviation programs and participates in initiatives such as "Ten Thousand Enterprises Revitalizing Ten Thousand Villages", and is committed to delivering tangible benefits to society.

Strengthening Governance and Enhancing Resilience

To keep pace with the accelerating process of globalization, Hengtong Optic-Electric continuously optimizes and upgrades its governance framework, working toward a world-class system that is compliant, transparent, and efficient. In response to increasing international uncertainties, the Company has further strengthened its comprehensive, organization-wide risk prevention and control mechanisms. By embedding risk awareness into every stage of management-from strategy formulation to operational execution-Hengtong Optic-Electric enhances its resilience and safeguards the sustainable growth of its business.

Looking forward, Hengtong Optic-Electric will continue to work hand in hand with employees, partners, and stakeholders to practice ESG values and unleash the industry's intrinsic momentum. Through its communications networks and energy interconnection expertise, the Company will connect the world, empower development, advance sustainable cooperation, and contribute its strength to building a brighter and more sustainable future for all.

About Hengtong Optic-Electric

Company Profile

Hengtong Optic-Electric delivers industry-leading products and solutions in optical communications, smart grids, marine energy, and marine communications. With integrated capabilities spanning design, R&D, manufacturing, sales, and services, the Company provides comprehensive support to global customers. Leveraging an extensive global industrial and marketing network, Hengtong Optic-Electric has grown into a world-leading provider of information and energy interconnection solutions, driving digital transformation and sustainable development worldwide.

Corporate Culture

Hengtong Optic-Electric integrates traditional Chinese culture, local culture, contemporary characteristics, industry features, and unique company attributes into its corporate culture. This creates the "Hengtong Culture System" characterized by "The highest virtue is like water—it benefits all things without contention," and "adapting to change in accordance with the Way." This cultural system is the source of Hengtong's enduring vitality.

Business Layout

Hengtong Optic-Electric has a nationwide industrial presence with three high-tech industrial parks in Suzhou (Hengtong Optic Comm. Tech-Park, Hengtong International Marine Industrial Park, and Hengtong Wire and Cable Industrial Park). Our products and services support major communication and energy internet system integration projects globally. In the context of economic globalization and the implementation of the Belt and Road Initiative, Hengtong Optic-Electric continuously improves its global marketing network and industrial layout in communication networks and energy interconnection. In recent years, Hengtong has expanded its industries to Europe, South America, South Asia, Africa, Southeast Asia, covering all five continents. Hengtong Optic-Electric's overseas industrial layout is continually improving, with a total of 12 overseas industrial bases, enhancing its global operations, market competitiveness, and brand value.

Business Overview

In 2024, the Company focused on its two core businesses—communications networks and energy interconnection—while advancing R&D and expanding its global industrial footprint in optical communications, marine communications, and marine energy to drive high-quality growth. For the full year, the Company recorded operating revenue of RMB 59.984 billion, representing a year-on-year increase of 25.96%, and achieved net profit attributable to shareholders of RMB 2.769 billion, up 28.57% year-on-year.

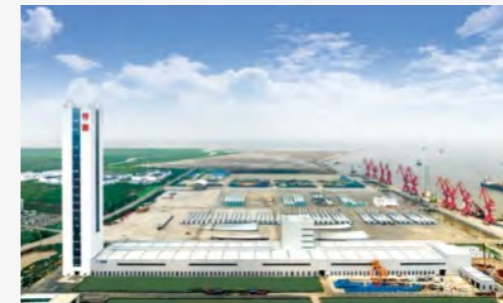
The Communications Network Business

Leveraging 5G, advanced computing infrastructure, and AI applications, Hengtong Optic-Electric continues to drive the evolution and upgrade of optical communications technology. The Company's ultra-low-loss optical fiber has set new records in domestic ultra-long-distance, ultra-low-loss optical cable projects. In high-speed optical modules, 400G modules have been deployed at scale, 800G modules have completed testing, and the 400G silicon photonic module has been upgraded and successfully tested. Overseas production capacity is expanding rapidly, with manufacturing bases put into production in Egypt, Indonesia, India, and Mexico, establishing a global supply network to support international operations and market demand.

		
400G DR4 Silicon Photonics Module	300G CXP2 AOC	50G Combo PON OLT Optical Module
		
Hengtong's German Manufacturing Base j-fiber GmbH	Hengtong Egypt Manufacturing Base	Hengtong's Mexican Manufacturing Base

The Energy Interconnection Business

The Company is accelerating the development of the entire offshore wind power industrial chain, with continuous improvements in its deep-sea and large-scale wind turbine installation capabilities. Production bases, including Sheyang in Jiangsu and Jieyang in Guangdong, are expanding capacity for high-end submarine cables, marine hoses, and other marine energy products, supporting the Company's strategic growth in the marine energy sector.



Hengtong Sheyang Manufacturing Base



Hengtong Jieyang Manufacturing Base

Transoceanic Communications and Deepsea Technology

The Company's transoceanic submarine cable system delivery capability has reached a historical high, with a cumulative delivery of over 106,000 kilometers. Its deep-water main stations and network management systems are now independently controlled, demonstrating full technological autonomy. The Company has also successfully won bids for major national scientific projects, reflecting its leading position in the field.



Hengtong Major Transoceanic Submarine Cable System Project Site

Global Submarine Cable Operations

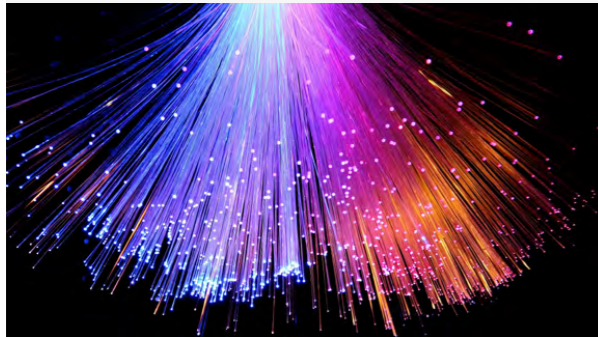
The PEACE project has been fully commercialized, connecting Singapore to France over a total length of more than 22,000 kilometers. It establishes a major information interconnection channel between Asia, Europe, and Africa, significantly expanding the Company's international submarine cable operations capabilities.



Industry Awards and Recognition

Optical Communication Sector

In 2024, the Company won the bid for the first domestic direct-to-data center backbone optical cable project using G.654.E optical fiber. Its ultra-low-loss performance achieved new milestones in domestic ultra-long-distance optical cable projects, setting a benchmark for long-distance, low-loss terrestrial optical cables. In addition, breakthroughs in key hollow-core optical fiber technologies have established a differentiated competitive advantage in low-latency, high-bandwidth transmission materials, further strengthening the Company's leadership in the optical communications sector.



Intelligent Manufacturing and Digital Transformation

During the reporting period, the Company's "Lean Digital Factory Based on 5G + Artificial Intelligence" project was selected by the Ministry of Industry and Information Technology for both the "Digital Leadership" and "New Generation IT-Manufacturing Integration Demonstration" lists. This recognition highlights the Company's industry-leading position in intelligent manufacturing and the integration of production digitalization with information technology.



Energy Interconnection and Offshore Wind

The Company has successfully undertaken multiple domestic and international offshore wind and marine oil & gas projects, maintaining a leading position in the full marine energy industry chain in China. In the smart grid sector, it continues to strengthen its market position and service capabilities in high-voltage power transmission, supporting the development of integrated and intelligent energy networks.



Transoceanic Communications and Deep-Sea Technology

The Company's annual delivery of transoceanic submarine cable systems reached a historical high, with a cumulative delivery exceeding 106,000 kilometers. Its independently developed deep-water main stations and network management systems were successfully applied in major national scientific projects, comprehensively enhancing the autonomy and controllability of deep-sea communication equipment.



ESG Major Events and Honors

2024 New Fortune Magazine "Best Listed Company" Award and "ESG Best Practices Award"

ESG最佳实践获奖名单			
股票代码	证券简称	股票代码	证券简称
600487	亨通光电	688100	威胜信息
600276	恒瑞医药	300498	温氏股份
.....			

以证券简称拼音为序
数据来源: wind, 国际可持续准则研究院

2024年新财富杂志最佳上市公司 评选结果				
最佳上市公司获奖名单				
股票代码	证券简称	行业	地区	市值 (亿元)
600487	亨通光电	通信	江苏省	424.77
600276	恒瑞医药	医药生物	江苏省	2927.96
.....				

以证券简称拼音为序
市值截至2024年12月31日

Dun & Bradstreet and SMM "ESG Excellence Enterprise Award" in the new energy sector



Jiemian News "2024 ESG Pioneer 60" and "Annual Outstanding Corporate Governance Award"



In September 2024, the Company facilitated the establishment of the Suzhou Corporate Sustainable Development Association and assumed the role of Executive Vice President Unit, further strengthening its leadership in advancing regional sustainable development practices



ESG Sustainable Development Value Management Achievements

Project	2023	2024	Year-on-year Change
Green Manufacturing			
National Green Factory	5	7	+2
National Green Product	7	7	/
National Green Supply Chain Enterprise	3	4	+1
Provincial Green Factory	7	8	+1
Industrial Product Green Design Demonstration Enterprise	3	3	/
WEF Global Lighthouse Factory	1	1	/
(Nearly) Zero Carbon Factory	1	2	+1
ISO 14068 Organizational Carbon Neutrality	4	4	/
ISO 50001 Energy Management System	6	10	+4
ISO 14064 Organizational Carbon Emissions System	7	9	+2
ISO 14067 Product Carbon Footprint	28	48	+20
Science Based Targets (SBTi) Engagement	2 (Committed)	2 (Validated)	+2
R&D Innovation			
National Enterprise Technology Center	1	1	/
National Postdoctoral Research Station	1	3	+2
Provincial Postdoctoral Innovation and Practice Base	4	4	/
Provincial Engineering Technology Research Center/Enterprise Technology Center/Industrial Design Center	41	43	+2
Academician Workstation	3	3	/
High-quality Development			
High-tech Enterprises	25	25	/
National-level Specialized, Refined, Unique, and Innovative "Little Giant" Enterprises	8	12	+4
National Manufacturing Single Champion Enterprises	3	5	+2

Rating Agency	2023	2024	Year-on-year Change
MSCI	CCC	B	Upgraded by 1 level
S&P Global Ratings	20	23	+3
Refinitiv	76	78	+2
SynTao Green Finance	A-	A-	-



ESG-related Indices and Funds	2023	2024	Year-on-year Change
Number of ESG-related Indices Included	13	15	+2
Number of ESG-related Fund Products Included	4	5	+1
Weight of ESG-related Indices	3.58%	4.30%	+0.72%

ESG Sustainable Value Management Performance

Project	2023	2024	Year-on-year Change
Self-built Photovoltaic Capacity	10.5 MW	53.7 MW	+43.2 MW
Purchased Green Electricity	227,100 MWh	220,600 MWh	-6,500 MWh
Total GHG Emissions	385,822.96 tCO ₂ e	460,343.01 tCO ₂ e	+74,520.05 tCO ₂ e
GHG Emission Intensity	810.18 tCO ₂ e/100 million RMB	767.44 tCO ₂ e/100 million RMB	-42.74 tCO ₂ e/100 million RMB
R&D Investment	2.101 billion RMB	1.895 billion RMB	-0.206 billion RMB
International & Domestic Standards (Cumulative)	426	457	+31
Authorized Invention Patents (Cumulative)	1,198	1,417	+219
PCT International Patents (Cumulative)	135	145	+10
Operating Revenue	47.622 billion RMB	59.984 billion RMB	+12.362 billion RMB
Operating Profit	2.311 billion RMB	3.301 billion RMB	+0.99 billion RMB

01

Compliance and Stability: The Foundation for Steady Growth

Hengtong Optic-Electric firmly believes that sustainable development is not only the cornerstone of building long-term value and enhancing our industry leadership, but also the core driving force that propels us forward. Guided by this conviction, we are committed to embedding sustainability into our corporate governance practices. We systematically establish and continuously enhance our governance structure, ESG management framework, stakeholder engagement mechanisms, risk management processes, and business ethics standards. Through these practices, we strive to create lasting shared value for our employees, stakeholders, and the communities in which we operate.



1.1 Corporate Governance



The Company strictly complies with the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, the *Shanghai Stock Exchange Listing Rules*, the *Basic Standards for Enterprise Internal Control*, as well as the latest requirements on corporate governance issued by the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange. Taking into account the Company's actual circumstances, we continuously improve our corporate governance structure, strengthen and implement the internal control system, and standardize corporate operations. The Company's corporate governance practices are in full compliance with the *Company Law* and relevant provisions of the CSRC. The specific governance practices are as follows:

The roles and responsibilities of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the management team are clearly defined. Each body performs its duties, exercises its responsibilities, maintains checks and balances, and coordinates with one another. The Company's governance practices-including those related to shareholders and the General Meeting of Shareholders, controlling shareholders and the listed company, directors and the Board of Directors, supervisors and the Board of Supervisors, performance evaluation and incentive mechanisms, stakeholders, and information disclosure and transparency-fully comply with the requirements set forth by regulatory authorities. The Company maintains independence in its business operations, personnel, assets, organizational structure, and financial management.

1 The Company strictly convenes and holds the General Meeting of Shareholders in accordance with the *Company Law*, the *Articles of Association*, the *Rules of Procedure for Shareholders' Meetings*, and other relevant laws, regulations, and procedures. Lawyers are engaged to witness the meetings on-site and issue legal opinions, ensuring that the rights of shareholders are fully protected.

2 The Company has completed the re-election of the Board of Directors in strict accordance with the *Company Law*, the *Articles of Association*, and relevant regulations of the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange, resulting in the formation of the ninth Board of Directors. The Board consists of 12 directors, including 4 independent directors, and its size and composition comply with applicable laws and regulations. The Board has established five specialized committees: the Strategy and Development Committee, Audit Committee, Nomination Committee, Remuneration and Evaluation Committee, and Environment, Social and Governance (ESG) Committee, all of which operate in accordance with the *Articles of Association* and each committee's *Rules of Procedure*.

Directors strictly adhere to the *Articles of Association*, the *Rules of Procedure for Board Meetings*, and relevant CSRC and Shanghai Stock Exchange regulations. They attend Board and shareholder meetings on time, fulfill their duties, review proposals, and provide opinions and recommendations on major decisions. The Company discloses information in a timely manner based on the decisions made at Board meetings.

3 The Company has completed the re-election of the Board of Supervisors in strict accordance with the *Company Law*, the *Articles of Association*, and relevant regulations of the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange, resulting in the formation of the ninth Board of Supervisors. The Board consists of 3 supervisors, including 1 employee representative supervisor, and its size and composition comply with applicable laws and regulations. The supervisors perform their duties by overseeing the legality and compliance of major daily operational matters, financial matters, related-party transactions, and the performance of duties by directors and senior management. This supervision helps protect the lawful rights and interests of the Company and its shareholders and ensures the standardized and compliant operation of the Company.

4 In accordance with the relevant requirements and regulations of the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange, and based on its own operational circumstances, the Company has continuously improved its internal control system. As a result, the Company's risk prevention capabilities and standardized operational management have been significantly enhanced.

5 The Company strictly follows the requirements of the *Information Disclosure Management System* and the *Insider Registration Management System*. By implementing measures such as insider registration and external information submission tracking, the Company strengthens the management

of insiders, standardizes the review process for external information disclosure, and clearly defines the obligations and responsibilities of personnel to maintain the confidentiality of undisclosed information. These measures enhance the Company's awareness of information disclosure and effectively prevent violations related to improper disclosure.

6 The Company actively collects and responds to shareholders' and investors' reasonable suggestions and opinions through regular reports, ad hoc announcements, emails, phone calls, and the SSE e-Interaction platform. It treats all shareholders and investors fairly and works to protect and safeguard their lawful rights and interests.

Board Committees Meeting Frequency

Audit Committee 10	Strategy and Development Committee 2
Nomination Committee 3	Remuneration and Evaluation Committee 4
Environment, Social and Governance (ESG) Committee 2	

By continuously improving its internal control system, the Company has enhanced operational efficiency and effectiveness, supported the achievement of strategic objectives, and protected the interests of the Company and all shareholders. During the reporting period, the eighth meeting of the ninth Board of Directors reviewed and approved the *2024 Internal Control Evaluation Report*, which is available on the Shanghai Stock Exchange website: <http://www.sse.com.cn>.

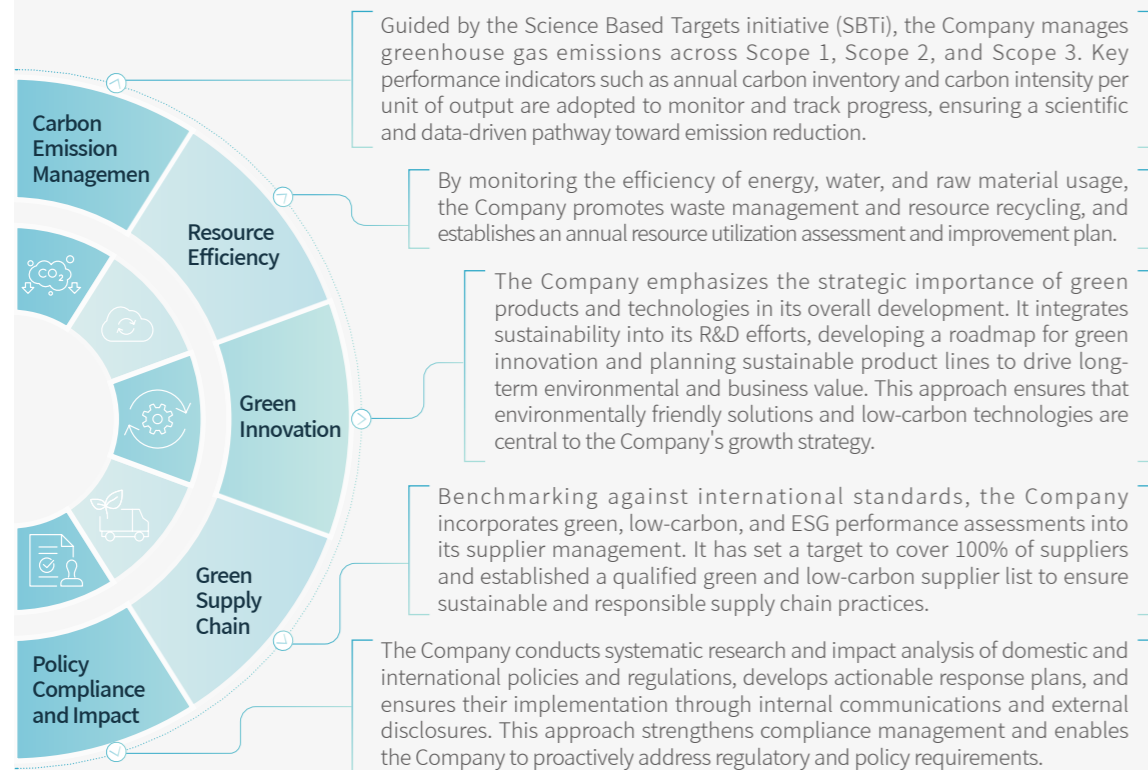
BDO China conducted an audit of the effectiveness of the Company's internal control over the 2024 financial statements and issued an unqualified standard audit opinion. The *2024 Internal Control Audit Report* issued by BDO China Shu Lun Pan CPAs Certified Public Accountants LLP is available on the Shanghai Stock Exchange website: <http://www.sse.com.cn>.

1.2 ESG Governance

In 2023, Hengtong Optic-Electric established a three-tier ESG governance structure consisting of the Board of Directors, the ESG Committee, and the ESG Working Group, ensuring seamless alignment between top-level decision-making, strategic planning, and execution. Building on this foundation, in 2024 the Company further strengthened its green and low-carbon governance capabilities. A green and low-carbon management indicator system and operational mechanism were integrated into the ESG governance framework, creating a closed-loop governance model where objectives are quantifiable, responsibilities are clearly assigned, and implementation is measurable and assessable.

A Systematic Indicator Framework to Ensure Measurable and Assessable Management

In 2024, the Company formulated the *Hengtong Green and Low-Carbon Management Indicator System*, which is structured around five key dimensions: carbon emission management, resource efficiency, green innovation, green supply chain, and policy compliance and impact. The system establishes scientific management objectives and core indicators, ensuring that the Company's green development initiatives are evidence-based, measurable, and verifiable through the setting and tracking of key indicators.



Five Key Dimensions of the *Hengtong Green and Low-Carbon Management Indicator System*

Clear Working Mechanisms to Strengthen Execution

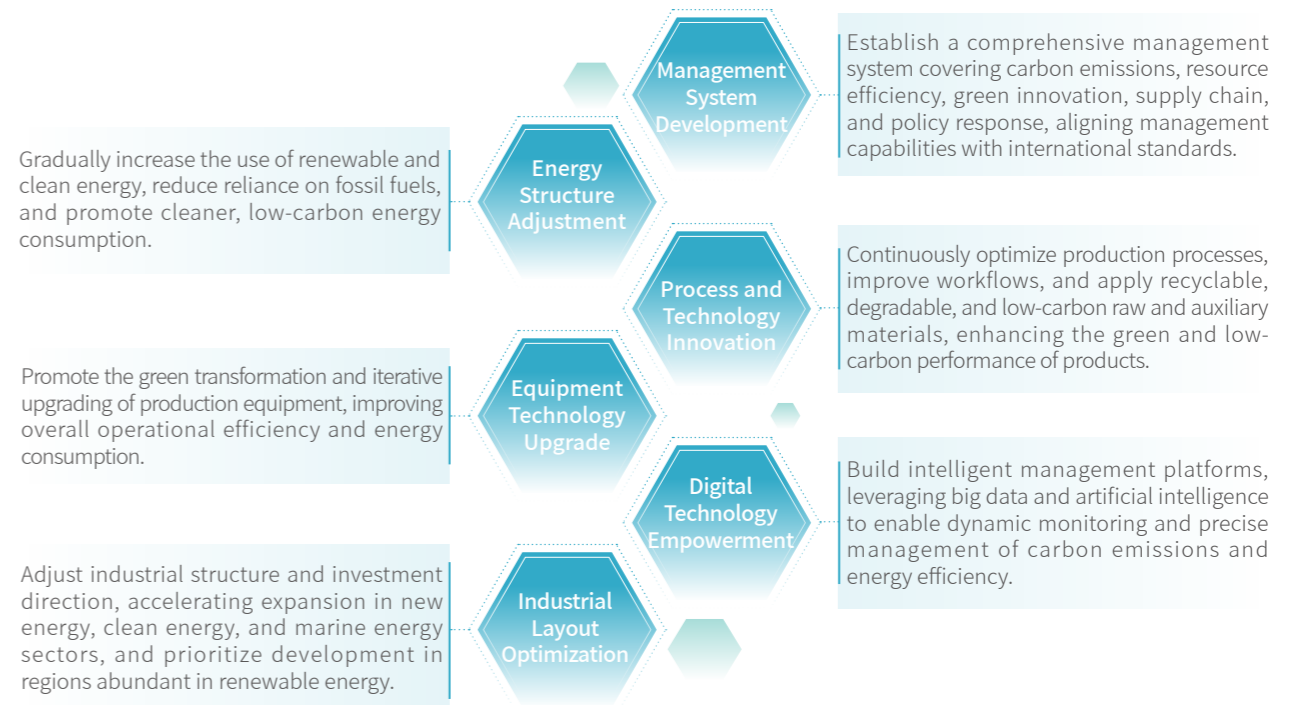
The Company has established a Hengtong Green and Low-Carbon Management Working Mechanism aligned with the indicator system. The mechanism is coordinated and led by the ESG Sustainable Development Committee, with the ESG Working Group taking the lead in implementation. Responsibilities for each key indicator are clearly assigned to the relevant departments:



Through a closed-loop mechanism of "departmental responsibility – indicator tracking – performance feedback", the Company has institutionalized, normalized, and accountability-driven green and low-carbon governance, ensuring that all aspects of the management framework are effectively implemented.

"Six Special Actions" to Accelerate the Implementation of Dual Carbon Goals

Guided by its dual-carbon objectives, the Company has, building on its governance framework and indicator system, launched six special initiatives to create a multi-dimensional and systematic pathway for low-carbon transformation:



Throughout the implementation of these six initiatives, the Company has positioned energy management and efficiency improvement as the core drivers of its green and low-carbon transformation, promoting practical actions across process optimization, equipment upgrades, facility retrofitting, and energy structure adjustments, achieving substantial results.



Further Breakthroughs in Process Technology

The Company continues to optimize its preform manufacturing processes using advanced techniques such as high-efficiency deposition, achieving greener, more efficient, and environmentally friendly production. These improvements have resulted in energy savings of approximately 2,288 tons of standard coal and CO₂ emission reductions of around 4,765 tons.



Energy-Saving Equipment Upgrades

The Company has introduced high-speed dual-head drawing machines and implemented corresponding motor and automation upgrades, significantly reducing energy consumption. These measures have achieved energy savings of approximately 650 tons of standard coal and CO₂ emission reductions of around 1,352 tons.



High-Efficiency Motor Replacement

The Company has fully implemented the replacement of conventional motors with high-efficiency, energy-saving motors, effectively improving operational efficiency. This initiative has resulted in energy savings of approximately 1,180 tons of standard coal and CO₂ emission reductions of around 2,457 tons.



Auxiliary Facilities Optimization

The Company has implemented technological upgrades on chiller units, chilled water systems, and cooling towers, combined with the application of an intelligent management platform, significantly improving energy utilization efficiency. These measures have achieved energy savings of approximately 1,132 tons of standard coal and CO₂ emission reductions of around 2,358 tons.



Renewable Energy Deployment

The Company continues to optimize its energy structure by accelerating the construction of distributed photovoltaic projects and participating in green power and renewable energy certificate trading. To date, a total of 53.7 MW of photovoltaic projects have been developed (11.3 MW already operational), and 221,000 MWh of green electricity have been purchased. These efforts have contributed to cumulative CO₂ emission reductions of approximately 145,000 tons.



Through the above measures, the Company has achieved dual breakthroughs in energy saving and emission reduction, enhancing both energy efficiency and environmental performance. These initiatives not only provide a practical model for green upgrading across the industrial chain but also offer strong support for the realization of the dual-carbon goals.

Governance Moving Toward Refinement and Systematization

In 2023, the Company set the goal of "turning conceptual plans into concrete capabilities". In 2024, through the integrated implementation of the indicator system, working mechanisms, and special initiatives, the Company further translated its strategic concepts into specific metrics, governance structures into assigned responsibilities, and long-term visions into annual action plans.

1.3 Stakeholder Engagement



Hengtong Optic-Electric has established regular communication and engagement mechanisms with its stakeholders to timely and thoroughly understand their expectations and concerns regarding the Company's sustainable development. By fostering long-term, trust-based collaborative relationships, the Company effectively creates value for all stakeholders.

Investors and regulators

Hengtong Optic-Electric upholds a principle of integrity in business operations, strictly fulfilling its information disclosure obligations by providing comprehensive and accurate reporting on its operational performance and significant matters, thereby safeguarding the legal rights of shareholders and investors. By continuously enhancing the market competitiveness of its products and services, the Company consolidates its industry-leading position, achieving steady business growth. At the same time, Hengtong emphasizes sustainable development, actively implementing green practices and minimizing the environmental and social impact of its operations, thereby creating long-term, stable economic value for investors. During the reporting period, the Company held approximately 115 strategy seminars, online and offline research visits, investor meetings, roadshows, and earnings briefings, hosting a total of about 1,280 broker and institutional investors.

Partners

Hengtong Optic-Electric is committed to being a trusted global provider of information and energy interconnection solutions. Upholding a quality-first development philosophy, the Company offers integrated, advanced solutions from customized demand analysis and R&D to production and manufacturing. By promoting high-quality standards across the entire industry chain, Hengtong empowers its partners in the high-end manufacturing supply chain and contributes to the sustainable development of the industry.

Employees

Hengtong Optic-Electric actively fosters a shared-growth community with its employees, providing a high-quality working environment and broad career development opportunities. The Company encourages employee engagement, creativity, and participation in corporate development while supporting each individual to maximize their potential and realize personal value.

Communities

While achieving its own sustainable growth, Hengtong Optic-Electric promotes the coordinated development of surrounding regional economies. In its global operations, the Company consistently practices corporate social responsibility, increasing investment in social welfare and deepening humanistic care. Key initiatives include rural revitalization and educational support programs, which collectively contribute to the harmonious and sustainable development of local communities.

During the reporting period, Hengtong Optic-Electric actively engaged with its key stakeholders on material topics and leveraged the insights gained to enhance its management practices. The Company's main stakeholder groups include employees, suppliers, customers and consumers, media, investors and shareholders, industry associations, and government and regulatory bodies. Their key concerns and the corresponding engagement approaches are summarized as follows:

Distribution of Stakeholders	Stakeholder Group	Key Concerns	Engagement Channels
Investors and Regulators	Investors & Shareholders	<ul style="list-style-type: none"> Product and Service Safety & Quality Innovation Corporate Governance 	<ul style="list-style-type: none"> Business Ethics Diversity, Equality & Inclusion Employee Health & Safety
	Government & Regulators	<ul style="list-style-type: none"> Pollutant Management Climate Change Response Biodiversity & Ecosystems Environmental Compliance 	<ul style="list-style-type: none"> General Meetings Investor Engagement Activities Earnings Releases & Announcements
Cooperative Partner	Suppliers	<ul style="list-style-type: none"> Product and Service Safety & Quality Employee Health & Safety Data Security & Privacy Protection 	<ul style="list-style-type: none"> Corporate Governance Business Ethics
	Industry Associations	<ul style="list-style-type: none"> Energy Management Waste Management Water Management Employee Care & Welfare Employee Health & Safety Product and Service Safety & Quality 	<ul style="list-style-type: none"> Innovation Data Security & Privacy Protection Supply Chain Management Business Ethics Corporate Governance
	Customers & Consumers	<ul style="list-style-type: none"> Product and Service Safety & Quality Innovation Business Ethics Employee Health & Safety Diversity, Equality & Inclusion 	<ul style="list-style-type: none"> Supplier Development & Audits Supplier Conferences Regular Supplier Visits & Assessments Surveys
Employees	Employees	<ul style="list-style-type: none"> Employee Health & Safety Product and Service Safety & Quality Employee Care & Welfare Data Security & Privacy Protection 	<ul style="list-style-type: none"> Customer Satisfaction Surveys CRM Platforms Customer Hotlines Company Media Communications
Communities	Media	<ul style="list-style-type: none"> Energy Management Pollutant Management Employee Health & Safety Product and Service Safety & Quality 	<ul style="list-style-type: none"> Internal Meetings Internal Publications Employee Interviews & Activities Surveys Employee Feedback (Email, Platform, Hotline, etc.)

Double Materiality Assessment

The identification of material topics is a key component of Hengtong Optic-Electric's ESG management, helping the Company focus on critical areas and clarify its ESG strategy and work priorities. In 2024, the Company referenced relevant standards from the Shanghai Stock Exchange and the Global Reporting Initiative (GRI) to establish a sustainability topic inventory. Each topic was assessed for its financial impact on the Company, as well as the actual and potential impacts of the Company's performance on the economy, society, and the environment.



Hengtong Optic-Electric Double Materiality Assessment Process

Hengtong Optic-Electric identified 20 material topics for 2024 and prioritized them according to both impact and financial significance, resulting in the development of the Company's 2024 Double materiality matrix. Among these, product and service safety and quality as well as supply chain management were assessed as having high financial importance for the Company.



Hengtong Optic-Electric 2024 Double Materiality Matrix

1.4 Risk Management



Hengtong Optic-Electric has established a comprehensive risk management framework, with the Board of Directors and its Audit Committee providing overall leadership for risk management across the Company.







Hengtong Optic-Electric's Risk Management Structure

Hengtong Optic-Electric has established a comprehensive risk management and supervision mechanism, fully leveraging the "three lines of defense" approach. The Board of Directors and the Audit Committee serve as the leading and responsible bodies for risk management. The Internal Audit Department, under the Audit Committee, conducts annual audits across all subsidiaries of Hengtong Optic-Electric, covering areas such as business ethics and anti-corruption practices. All business units comply with the Company's risk management standards and implement preventive measures, promptly identifying and controlling risks to prevent major risk events.

- Risk Identification and Assessment**
 The risk management working group and various business departments regularly collect information, inventory and identify possible risk sources, classify them according to risk attributes, and assess the risk level based on the likelihood and severity of occurrence.
- Risk Response and Prevention**
 Based on the results of risk identification and assessment, we establish risk response and prevention measures to avoid related risks and enhance our risk response capabilities. At the same time, the Company conducts regular reviews through risk management controls and procedures, and diversifies its investments and business portfolios to spread risk.
- Improved Risk Management Capabilities**
 The Company actively conducts timely reviews of risk management and response situations, coordinates with relevant departments and personnel to promote risk management actions, and enhances employees' risk management capabilities through training to ensure a closed loop of internal risk management.

Hengtong Optic-Electric Risk Management Process

Hengtong Optic-Electric places great emphasis on cultivating a risk-aware culture. Each year, the Company organizes training for directors, supervisors, and senior management as arranged by regulatory authorities to enhance risk awareness and identification capabilities. Meanwhile, emerging regulations and policies are promptly studied, and risk-related training is provided to employees to ensure compliance in business operations and maintain risks within acceptable levels. In the development of new products and business relationships, financial, regulatory, and operational risks are fully considered, strengthening risk management capabilities. Furthermore, risk management indicators are integrated into the performance evaluation of senior management, and personnel making significant contributions to risk identification and management are rewarded, fostering continuous improvement in the Company's risk management capabilities.

Risk Type	Risk Description	Mitigation Measures
 <p>Strategic Risk</p>	Strategic risk refers to the potential risks encountered by the Company in formulating and implementing its long-term strategic plans, including market competition, technological changes, policy shifts, and industry trends. Rapid technological advancement in the industry and global energy policy adjustments may affect the Company's long-term strategy.	<ul style="list-style-type: none"> • Market monitoring: Regularly track market trends, policy changes, and competition to align strategy with the external environment. • Technology investment: Increase investment in emerging technologies to maintain industry-leading position, especially in 5G, smart grids, marine communications, and renewable energy. • Diversification: Diversify business and expand regions to mitigate market and policy risks. • Regular review and adjustment: Implement rolling strategic planning to continuously evaluate and adjust strategy.
 <p>Legal & Compliance Risk</p>	Legal and compliance risk involves whether the Company complies with applicable laws and regulations, including IP, environmental, labor, and data privacy laws. Non-compliance may result in fines, litigation, or reputational damage.	<ul style="list-style-type: none"> • Compliance system: Establish a robust compliance framework to ensure all operations comply with laws. • Regular training: Conduct legal and compliance training for employees. • Internal audit and monitoring: Set up independent internal audit to regularly assess and monitor risks. • Legal consultation: Collaborate with legal advisors for updated compliance guidance.
 <p>Operational Risk</p>	Operational risk includes risks from natural disasters, equipment failures, or human errors that disrupt business, reduce service quality, or cause safety incidents. Business continuity and safety are critical.	<ul style="list-style-type: none"> • Business continuity plan: Ensure rapid recovery in case of incidents. • Equipment maintenance and upgrade: Regularly maintain and update equipment to prevent downtime. • Emergency response team: Establish teams for prompt action. • Risk transfer: Use insurance to transfer certain risks.
 <p>Financial Risk</p>	Financial risk involves risks in capital management, investment decisions, foreign exchange fluctuations, and financing activities. The capital-intensive and long-cycle nature of the industry makes financial risk management essential.	<ul style="list-style-type: none"> • Cash flow management: Ensure sufficient liquidity for operations and contingencies. • Diversified financing: Reduce reliance on single funding sources. • Financial audit: Conduct regular audits and risk assessments to ensure transparency. • Foreign exchange hedging: Apply hedging strategies in international business to reduce FX volatility.

Case | Conduct CSRD Training to Enhance Compliance Capabilities in International Business

Risk Identification:

In response to the compliance requirements of the EU Corporate Sustainability Reporting Directive (CSRD) for cross-border operations and international subsidiary management, the Company, through internal research and support from external professional institutions, has identified potential risks for Hengtong Optic-Electric and its subsidiaries, Cablescom in Spain and Alcobre in Portugal, in ESG information disclosure, data collection, and reporting system development.

Response Measures:

The Company organizes dedicated CSRD training sessions and workshops, inviting external professional institutions to provide instruction, and integrating internal research outcomes. This offers systematic guidance to personnel at the domestic headquarters and relevant international business and management departments. The training covers regulatory requirements, reporting processes, data collection, and internal management standards, enhancing each business unit's understanding and implementation of the directive's requirements.

Management Outcomes:

Through systematic training and internal workshops, the Company has significantly enhanced the awareness and execution capability of CSRD compliance requirements among cross-border operations and international subsidiaries, established a unified ESG information management process, laid a foundation for the standardization, accuracy, and timeliness of future reporting, reduced potential compliance risks, and strengthened sustainable development capabilities in international markets.

Case | Systematic Response to CBAM Risks by Jiangsu Hengtong Electric Power Special Wire Co.,Ltd.

Risk Identification:

The Company conducted an in-depth study of the European Union's Carbon Border Adjustment Mechanism (CBAM), clarifying the policy background, implementation timeline, and reporting requirements. Through internal workshops, the Company identified potential compliance, emission reduction, and market access risks across its business and production processes. During these workshops, specific issues related to carbon emission management, data collection, and the implementation of emission reduction measures were further identified, providing a basis for adjusting response plans and operational arrangements.

Response Measures:

The Company formulated the "CBAM Emission Reduction Action Plan and Implementation Measures" and established an ESG Working Group, led by the General Manager as Group Leader, with a Management Representative serving as Deputy Leader to coordinate overall efforts. The system manager oversees project progress. Members of the group include heads of various business modules, system engineers, and EHS (Environment, Health, and Safety) engineers, enabling cross-departmental resource integration and collaboration. This structure ensures the implementation of emission reduction plans and the closure of management processes, with clearly defined responsibilities and timelines for each module.

Management Outcomes:

Through systematic organization and cross-departmental collaboration, the Company has enhanced its ability to identify and respond to external carbon policy changes, steadily advanced emission reduction actions, ensured closed-loop internal management, mitigated potential compliance and trade risks, and strengthened its sustainable competitiveness and resilience in international markets.

1.5 Business Ethics



As an industry-leading enterprise, Hengtong Optic-Electric consistently integrates high standards of business ethics into its daily operations and management. Throughout its global business activities, the Company adheres to principles of integrity, transparency, and fairness, ensuring that all business decisions and operations comply with internationally recognized business ethics standards as well as applicable laws and regulations.

Business Code of Conduct

Hengtong Optic-Electric has established a systematic and comprehensive code of conduct, providing employees with clear and explicit guidance on professional behavior and ethical standards, covering multiple key management areas.

Proper Use of Company Assets



Employees should use the Company's tangible and intangible assets, such as production equipment, information systems, and intellectual property, responsibly. Using these assets for personal purposes or illegal activities is strictly prohibited.

Prohibition of Fraud and Misrepresentation



Employees must accurately reflect the Company's actual operations when submitting business records and financial data. Any false statements, concealment of information, or fabrication of records will be strictly addressed.

Avoidance of Conflicts of Interest



The Company emphasizes managing conflicts of interest. Employees are required to remain objective in any decision involving personal interests, regularly disclose personal relationships and financial interests related to the Company, and avoid situations that could compromise fair decision-making.

Prohibition of Improper Payments



The Company strictly prohibits bribery and corruption, forbidding employees from offering or accepting any form of improper benefit to or from third parties, including cash, gifts, travel, or entertainment.

Information Protection



The Company places high importance on the confidentiality of employee and customer information. Employees must not disclose internal company information in public or unauthorized settings. Strict confidentiality agreements and information protection measures ensure that all sensitive information is effectively safeguarded.



Compliance and Stability:
The Foundation for Steady
Growth

Leading Innovation:
Creating Leading
Quality

Low-Carbon Development:
Illuminating a Green
Future

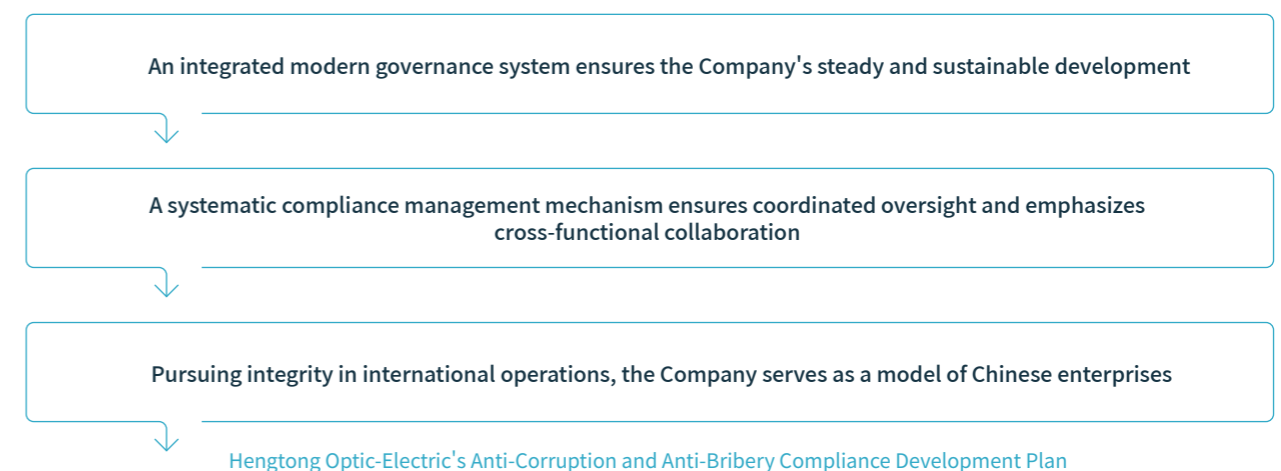
Caring for Employees:
Promoting Inclusive
Development

Global Cooperation:
Demonstrating Hengtong's
Responsibility

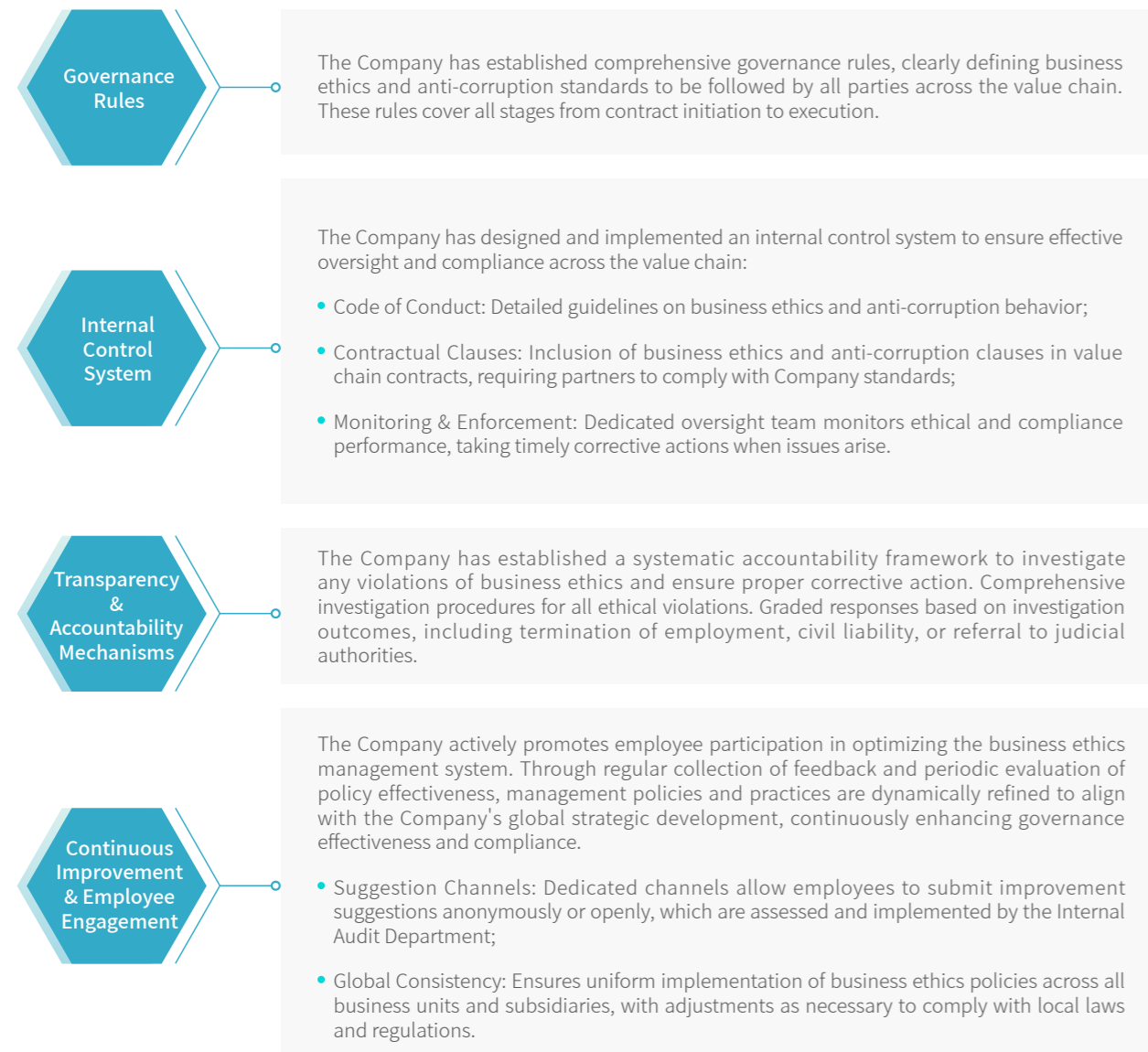
Anti-corruption and Anti-bribery

Hengtong Optic-Electric strictly adheres to relevant international conventions and domestic laws and regulations, including the *United Nations Convention against Corruption*, the *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*, the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Interim Provisions on the Prohibition of Commercial Bribery*. The Company consistently upholds fairness, transparency, and competition as core principles, continuously improves its internal anti-corruption, anti-bribery, and anti-commercial bribery management mechanisms, and establishes a comprehensive and effective system of rules and standards to firmly safeguard compliant business operations.

The Company maintains a zero-tolerance stance toward all forms of bribery and corruption and strictly enforces its anti-bribery policy. Employees are explicitly prohibited from directly or indirectly offering or accepting any form of bribe through third parties to gain commercial benefits. Moreover, all individuals or entities representing Hengtong Optic-Electric in business activities-including, but not limited to, employees, agents, contractors, subcontractors, and suppliers-are required to conduct their work legally and in compliance with regulations. The Company adopts a zero-tolerance approach toward acts such as embezzlement, bribery, corruption, extortion, misappropriation of funds, occupational embezzlement, and any behavior harming the Company's interests. During the reporting period, no violations or illegal incidents occurred that had a significant impact on the Company's operations.



To effectively implement its vision for business ethics and anti-corruption, Hengtong Optic-Electric has established the following management framework:



Anti-unfair Competition and Anti-money Laundering

Hengtong Optic-Electric strictly implements the requirements of the *Anti-Unfair Competition Law of the People's Republic of China* and the *Anti-Money Laundering Law of the People's Republic of China*, establishing an internal management system, committing to adhere to business ethics, and fully respecting the legitimate rights and interests of market peers. At the same time, we rigorously implement anti-money laundering regulatory requirements, remain highly vigilant against any illegal activities such as money laundering or handling of illicit funds through the Company, and have established routine preventive mechanisms. During the reporting period, the Company did not encounter any publicly reported litigation cases involving unfair competition.

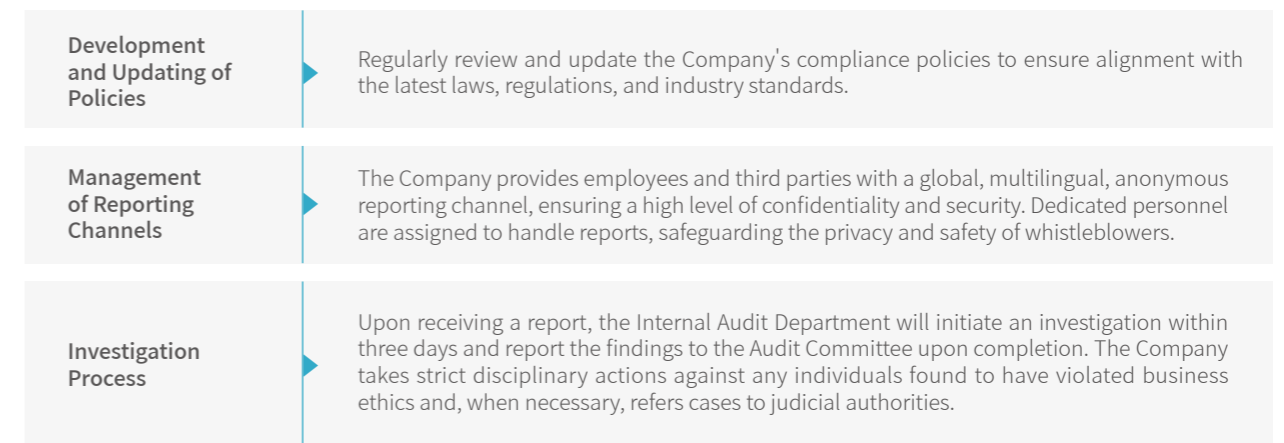
Building a Culture of Integrity

Hengtong Optic-Electric continuously promotes the development of an integrity culture, regularly providing anti-bribery and anti-corruption training to all employees, including part-time staff and contractor personnel. This ensures that all employees are aware of relevant policies and are able to identify and prevent potential corrupt practices.

Index	Unit	2024 Reporting Data
Percentage of Employees Covered by Anti-Bribery and Anti-Corruption Training	Director	% 100
	Senior Management	% 100
	Other employees	% 100

Compliance Management and Oversight Mechanism

Hengtong Optic-Electric has established a comprehensive business ethics management and oversight mechanism. The Board of Directors and the Audit Committee serve as the leading and responsible bodies for business ethics. The Internal Audit Department, under the Audit Committee, conducts at least two audits annually on business ethics and anti-corruption practices across Hengtong Optic-Electric, including its overseas subsidiaries. Through internal audits and external reviews, potential corruption risks are continuously monitored, with focused inspections conducted in key business areas and critical positions to ensure that business ethics standards are effectively implemented in the Company's operational and management activities.



Hengtong Optic-Electric's Business Ethics Supervision Mechanism

Hengtong Optic-Electric has established the *Disciplinary and Supervisory Management Measures*, actively encouraging employees, external stakeholders, and the public to report business ethics violations either anonymously or openly. The policy clearly stipulates that everyone has the right to supervise and report any disciplinary or ethical misconduct, negligence, or dereliction of duty by management personnel and employees.

Hengtong's business ethics reporting channels:

Email:

htjubao@htgd.com.cn(Chinese)

htgjsj@htgd.com.cn(other languages)



To protect the legal rights and personal safety of whistleblowers, the Company strives to ensure that no employee suffers adverse consequences for expressing concerns or reporting non-compliant or illegal behavior. Any individual or group retaliating against a whistleblower will be subject to the Company's disciplinary measures.

Hengtong whistleblower protection measures:



- Personnel who have access to whistleblower information must not disclose any details externally, including the identity of the whistleblower, the content of the report, or any related individuals and materials. They are also prohibited from alerting the involved departments or individuals in advance.

- Personnel who improperly disclose whistleblower information or retaliate against whistleblowers will be subject to disciplinary actions depending on the severity of the case, up to removal from office or termination of employment. In serious cases involving legal violations, the matter will be referred to judicial authorities for lawful handling.

We continuously monitor fraud risks within the Company and its core business units through the corporate business ethics reporting channels. During investigations, we focus on identifying, correcting, and preventing operational risks, aiming to hold responsible parties accountable, recover losses, and close loopholes. During the reporting period, the Company received a total of 12 anonymous reports, conducted detailed investigations on each, and took appropriate disciplinary actions against confirmed violations.

Integrity and Transparency Management in the Value Chain

Hengtong Optic-Electric actively upholds high standards of business ethics and anti-corruption practices across its global value chain, striving to ensure that all partners and stakeholders adhere to the core principles of integrity, transparency, and fair competition in their business activities. The Company has established a systematic governance framework and robust internal control systems to effectively ensure the legality and compliance of its operations. In practice, the Company signs a *Supplier Integrity Agreement* with all suppliers, clearly specifying anti-corruption and anti-bribery compliance requirements. Suppliers who violate these provisions are subject to classified disciplinary actions, such as suspension of cooperation or inclusion on a blacklist, thereby strengthening compliance management and risk prevention across the entire supply chain.

To achieve business ethics and anti-corruption objectives across the value chain, the Company actively implements the following management measures:

- Comprehensive Risk Assessment** Conduct regular risk assessments across the value chain to identify potential business ethics and corruption risks, with particular focus on high-risk regions and partners.
- Supply Chain Audits** Conduct regular ethics and compliance audits on key nodes within the value chain to ensure that all partners adhere to the Company's business ethics standards.
- Training and Education** Provide training on business ethics and anti-corruption to suppliers and partners to ensure they understand and comply with the Company's policies and regulatory requirements.
- Reporting Mechanism** Establish transparent and secure reporting channels that encourage employees and value chain partners to report any unethical or potentially corrupt behavior, while ensuring the privacy and safety of whistleblowers.

Hengtong's Value Chain Business Ethics Management Initiatives

Hengtong Optic-Electric continuously strengthens anti-corruption oversight within the supply chain by establishing a routine audit mechanism to conduct end-to-end supervision. During the reporting period, targeted audit issues were raised focusing on key areas such as OEM management, supplier performance evaluation, procurement bidding and quotation comparison processes, and the acceptance of raw and auxiliary materials, thereby promoting the enhancement of supply chain compliance management.



02

Leading Innovation: Creating Leading Quality

Hengtong Optic-Electric continuously enhances its technological innovation capabilities, strengthens its quality management system, and reinforces supply chain integration and collaboration to consolidate the technological foundation for high-quality development. At the same time, the Company adheres to a customer-first philosophy, practices responsible marketing, and consistently improves customer experience and satisfaction, striving to deliver industry-leading product and service quality.



2.1 Sustainable Innovation



Hengtong Optic-Electric upholds innovation as a guiding principle and regards it as a cornerstone of corporate development. We have established a sound R&D management system, strengthened R&D mechanisms and capacity building, and promoted collaborative innovation through industry-university-research partnerships to drive breakthroughs and lead industry development. At the same time, the Company reinforces intellectual property management to consolidate its R&D advantages and technological barriers, thereby enhancing the competitiveness of its innovative products.

Development and Upgrade of the R&D Management System

During the reporting period, we focused on advancing the implementation of IPD 3.0 across 14 subsidiaries, incorporating process adaptation and tailoring rules. Dynamic adjustments were made in line with each industry's development stage, product characteristics, and management model, resulting in a more flexible and efficient R&D management approach. At the same time, we established two core decision-making mechanisms-Business Decision (DCP) and Technical Review (TR1-TR6)-along with their evaluation elements, to ensure quality and efficiency throughout the entire project lifecycle, from market research to product delivery.

The IPD methodology emphasizes market-driven cross-functional collaboration and full lifecycle management. At Hengtong Optic-Electric, we exercise strict quality and risk control across all stages-including product concept, design, development, validation, and delivery-while integrating sustainable principles such as energy conservation, green design, and environmentally friendly manufacturing. This ensures a high degree of alignment between R&D activities and the Group's sustainable development goals.



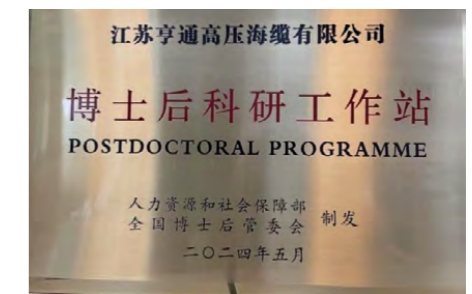
IPD 3.0 Training

Development and Optimization of R&D Management Policies

In 2024, the Company continued to deepen the development of its R&D management system, with a particular focus on strengthening technical management functions, enhancing the standardization of external testing, and building R&D team capabilities. At the same time, the Company optimized and refined its existing policies, covering areas such as patent and intellectual property management, R&D incentive mechanisms, industry-university-research collaboration, trademark management, and new product sales reporting standards. These efforts further advanced the streamlining, standardization, and efficiency of R&D processes, resulting in a more comprehensive and robust R&D management support system.

R&D Capacity Building and Talent Development

In 2024, the Company defined the positioning of 11 R&D centers and completed the development of core R&D platforms, including high-end optics, specialty fibers, fiber coatings, and deep-sea integrated testing. To strengthen R&D talent development, the Company organized more than 10 series of training sessions, covering over 260 participants, with topics ranging from R&D management, key decision-making and review processes, and market collaboration to fostering an R&D-driven culture. In addition, a dedicated Group task force for R&D talent development was established to conduct talent mapping and formulate annual training plans, thereby promoting the systematic development of the core engineering team.



Inauguration of the Postdoctoral Research Station at Hengtong Submarine Power Cable Co., Ltd.

Standards Development and Industry-University-Research Collaboration

Hengtong has strengthened industry-university-research collaboration, integrating innovative resources from universities and research institutions to promote technological advancement and industrial upgrading within the sector. This collaborative model not only accelerates the transformation and application of scientific and technological achievements but also injects strong momentum into the Company's sustainable development. During the reporting period, the Company conducted a total of 40 joint innovation projects, involving 22 universities and research institutes, of which 9 were industrialized, 4 received support from provincial or ministerial-level research programs, and 2 achieved preliminary breakthroughs in frontier technologies. In addition, the Company actively participated in the development of international and domestic industry standards, and by the end of the reporting period, Hengtong had published a total of 457 international and domestic standards.

Intellectual Property Management and Protection

Hengtong Optic-Electric strictly complies with laws and regulations such as the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China*. The Company has established management systems including the *Supplementary Provisions on Industry-University-Research Management* and the *Hengtong Trademark Management Measures* to standardize the creation, utilization, protection, risk prevention, and dispute resolution of intellectual property, strengthening the management of trademarks, patents, copyrights, and other IP assets. During the reporting period, Hengtong upgraded its internal patent database, importing over 3,000 historical patent records, including Chinese and English descriptions and certificate images, and compiled more than 1,200 patent certificates. By the end of the reporting period, the Company held 1,417 authorized invention patents and 145 PCT international patents. In addition, to enhance employees' awareness of intellectual property protection, the Company organized six IP training sessions covering management and core R&D personnel, with content including international standards, compliance management, and patent quality improvement.

2.2 Supply Chain Management



Hengtong Optic-Electric is committed to building a stable, green and sustainable supply chain, and deeply integrates sustainable development elements into the entire process of supplier access standards, cooperation evaluation and dynamic management. The Company assesses potential sustainable development risks in the supply chain and urges improvements to ensure its compliance and stability, striving to build a sustainable supply chain ecosystem with commercial resilience, environmental friendliness and social value.

Governance

Hengtong Optic-Electric has established a three-level supply chain management structure consisting of the Board of Directors, the ESG Committee and the Company's Supply Chain Management Department. The Board of Directors serves as the highest responsible body for supply chain management and supplier's ESG development, leading the subordinate ESG Committee and relevant functional departments to jointly promote the sustainable development management of the supply chain and systematically build a responsible supply chain in a standardizes manner.



Compliance and Stability:
The Foundation for Steady
Growth

Leading Innovation:
Creating Leading
Quality

Low-Carbon Development:
Illuminating a Green
Future

Caring for Employees:
Promoting Inclusive
Development

Global Cooperation:
Demonstrating Hengtong's
Responsibility

Strategy

To continuously enhance its supply chain management capabilities, Hengtong Optic-Electric systematically identifies potential risks and opportunities, comprehensively implements responsible supply chain initiatives, and constantly strengthens its ability to deal with supply chain risks.

Risk	Risk Description	Corresponding Solution	Time Dimension ¹
Supply Chain ESG Compliance Risks	The EU's increasingly strict policies, such as Corporate Sustainability Due Diligence Directive (CSDDD), Corporate Sustainability Reporting Directive (CSRD), Prohibiting Products Made with Forced Labor on the Union Market and Amending Directive/ EU Forced Labour Regulation (EUFLR), may lead to non-compliance in supplier's environment and social responsibility, causing supply chain disruptions and reputation losses. The stricter regulations will result in an increase in the Company's compliance costs.	<ul style="list-style-type: none"> Include issues related to sustainable development into the evaluative criteria of suppliers, and implement them throughout the entire life cycle management of suppliers, making them an important assessment standard for supplier access, daily management, evaluation and elimination; Sign the <i>Social Responsibility and Ethics Standard Agreement</i> with the supplier, which clearly requires the supplier to promise not to hire child labor, not to use forced labor, not to discriminate against employees, respect employees, ensure employees' health and safety, guarantee employees' salary and benefits, etc; Review and confirm environmental and social responsibility during the supplier audit and on-site visit. 	Medium-term
Supply Chain Monopoly Risks	Some suppliers have a high risk of irreplaceability due to technical barriers or resource exclusivity. When the supplier fails to provide raw materials that meet the Company's requirements in a timely manner because of product quality defect, violations of law or force majeure, the Company, constrained by the objective condition of insufficient substitutability of suppliers, may encounter the risk of weakened execution ability when promoting the implementation of the rectification plan. Therefore, when such risks occur, the Company's production may be disrupted, leading to failure in timely product delivery and subsequent impacts on the Company's financial performance.	<ul style="list-style-type: none"> Expand the resource of alternative suppliers on a broad scale and systematically cultivate potential partners to reduce reliance on a single supplier; Promote localized alternatives for materials and accelerate the process of independent control over key technologies. 	Short-term

Supplier management

Hengtong Optic-Electric attaches great importance to business cooperation with supplier, continuously optimizes the supplier management system, and strengthens the supplier audit process. The Company formulates and implements a series of management systems, including *Hengtong Optic-Electric Supplier Access Specifications*, *Hengtong Optic-Electric Supplier Management Regulations*, *Hengtong Optic-Electric Material Supplier Performance Appraisal Specifications*, *Hengtong Optic-Electric Procurement Bidding Management Regulations*, *Hengtong Optic-Electric Procurement Contract Management Regulations*, *Hengtong Optic-Electric Procurement Execution Management Regulations*, *Hengtong*

Optic-Electric Logistics Management Regulations, etc., so as to standardize the full-life cycle management of suppliers, which covers supplier onboarding and audit, classification and grading management, as well as evaluation and elimination.

In our cooperation with small and medium-sized enterprises, we always adhere to the principles of fairness, impartiality and transparency, providing them with the same business opportunities and respect as large enterprises to create a fair competition, mutual beneficial market ecosystem. During the reporting period, Hengtong Optic-Electric did not have any overdue payments to small and medium-sized enterprises.

¹Time dimension: Short-term refers to within one year, medium-term refers to one to five years, and long-term refers to more than five years.

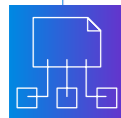


Onboarding and Audit

Onboarding standards: It is clearly stipulated in all regulation that suppliers can only apply for introduction after reaching the access standards for their respective product categories, covering dimensions including but not limited to corporate credit, production and delivery capabilities, product quality, environmental protection, occupational health and safety, commitment to not using conflict minerals, business ethics, and fulfillment of social responsibilities.

Audit process: After gaining access, a small batch of samples will be made to conduct on-site audit of all suppliers. Only after passing the audit will a procurement framework agreement be signed, clearly stipulating a series of requirements such as integrity guarantee, product quality, intellectual property rights, and supplier assessment. Only then can a supplier be regarded as a qualified supplier.

Performance assessment: For qualified suppliers, monthly or quarterly performance assessments are conducted based on the classification of supplied materials. If a supplier is not qualified as a result of the assessment, a series of rectification requirements and corresponding measures will be imposed, followed by regular review and evaluation.



Classification and Grading Management

Grading management: Different assessment frequencies and management mechanisms are adopted for suppliers of varying importance. Suppliers are divided into four importance levels (Level A to Level D) based on factors such as supplier irreplaceability, procurement amount and sustainable development risks. The frequency of performance appraisals and system audits is carried out according to the importance level.

Classification management: Different assessment frequencies and management mechanisms are applied based on different categories and properties of materials: regular materials are subject to flexible and normalized management; for key materials or dominant suppliers, targeted annual negotiations are conducted and annual strategic agreements are signed to enhance cooperation stickiness and supply stability.



Evaluation and Elimination

Continuous evaluation: The suppliers will be continuously evaluated. If the performance assessment score of their supplied products is below 70 points for more than three times within a valid six-month assessment period, the supply of this material will be suspended.

Elimination and Blacklisting: Suppliers will face suspension, elimination or inclusion in the blacklist based on the severity of their violations in the following circumstances: ① Providing false information; ② Bid rigging and collusion; ③ Breaching contracts during the term; ④ Causing severe impacts due to major quality accidents; ⑤ To be suspended for having no business transactions for more than two years; ⑥ Violating three agreements; ⑦ Violating relevant national laws and regulations; ⑧ To be suspended, eliminated, or blacklisted by other companies within Hengtong Group; ⑨ Falling under the circumstances specified in Hengtong Optic-Electric Management Measures for "Blacklist" of External Companies or Natural Persons.

Continuous optimization: The Company will continue to cooperate with suppliers ranked in the top two levels based on appraisal results. For suppliers at Level C, supervision for improvement, support, and re-assessment will be conducted; suppliers at Level D will be classified as unqualified and the cooperation will be terminated.

Supply Chain ESG Management

Hengtong Optic-Electric continues to deepen supply chain ESG management, fully integrating ESG factors into the supplier access and assessment system, and works to build a supply chain ecosystem featuring shared responsibilities and sustainable development. During the reporting period, the coverage rate of suppliers certified by ISO 14001 Environmental Management System reached 100%.

We implement full-process management and control over suppliers' ESG management and risk assessment. In the

access phase, Hengtong Optic-Electric conducts inspections in accordance with the Company's basic ESG-related requirements for key suppliers, identifies potential ESG risks, and provide a basis for judgment on supplier access. The inspection and analysis dimensions include: ESG risks related to the supplier's region, industry and commodities, procurement expenditure, and business relevance. We conduct a comprehensive assessment of the performance of Hengtong Optic-Electric's key suppliers² in terms of environment, social responsibility, governance, and business relevance.

Environmental Standards

- Shall obtain certificates such as ISO 14001 Environmental Management System certification;
- Shall establish environmental emergency response plans and monitoring systems for major environmental factors;
- Shall establish effective management mechanisms for environmental protection, waste management and other related aspects.

Governance Standards

- Shall have a good business reputation and no records of major illegality or accidents;
- Shall sign the Integrity Co-construction Agreement and abide by the business ethics of integrity and honesty.

Social Standards

- Shall obtain certificates such as ISO 45001 Occupational Health and Safety Management System certification;
- Shall establish mechanisms for occupational health hazard identification and occupational safety training;
- Shall sign the *Agreement on Social Responsibility and Ethical Standards* and effectively safeguard the labor rights and welfare benefits of employees;
- Shall require suppliers to responsibly use mineral resources in every link from mining to processing, transportation, and sales, and explicitly specify that minerals and raw materials from conflict-affected areas are not accepted.

Hengtong Optic-Electric's Requirements for Suppliers' Sustainable Development Standards

In terms of anti-corruption, Hengtong Optic-Electric explicitly requires suppliers to prohibit any abuse of power for personal gain, whether by individuals or organizations, including acts such as bribery, facilitation fees, fraud, extortion, collusion, and money laundering. It is prohibited to accept gifts, loans, fees, rewards, or other benefits of any form from any individual in business activities to induce or be induced to engage in any dishonest, illegal, or breach-of-trust conduct. Regarding conflicts of interest, we prohibit any situation that may lead to a conflict between personal interests and corporate interests. Suppliers must ensure that their decisions and actions are consistent with corporate interests, and avoid harming corporate interests or violating corporate regulations due to personal gain.

In order to promote the sustainable development and shared responsibility of the supply chain, we continuously review the procurement practices and business behaviors of our suppliers to ensure that all business activities between us

and our suppliers comply with the *Agreement on Social Responsibility and Ethical Standards* and the requirements of sustainable development standards set by Hengtong Optic-Electric for suppliers, and to prevent any ESG-related violations. In addition, in the selection of suppliers and the awarding of contracts by Hengtong Optic-Electric, ESG performance will be given significant weight. When suppliers meet the same conditions, we will give priority to choosing partners with outstanding ESG performance. If any violations or negative incidents in the ESG performance of suppliers are identified during the review process, we will require the suppliers to complete rectification within a prescribed time limit. For suppliers with deficiencies, we will provide them with ESG capacity building and support to help them meet Hengtong Optic-Electric's ESG standards. If a supplier fails to meet the Company's minimum ESG requirements within the specified time, it will be removed from the supplier list until it meets the ESG requirements.

²Hengtong Optic-Electric defines key suppliers as those that have a significant impact on the Company's product quality, maintain a large supply scale, and demonstrate outstanding performance and industry-leading status in aspects such as quality, cost, delivery, technology, service, green and sustainable development.

Case | Green and Low-Carbon Promotion of the Supply Chain of Jiangsu Hengtong Electric Power Special Wire Co.,Ltd.

Background and Risk Identification:

In the design and manufacturing of overhead stranded wires (including special conductors), aluminum rods, aluminum alloy rods, cable conductors, and copper alloy materials, Jiangsu Hengtong Electric Power Special Wire Co.,Ltd. has identified high carbon emissions in the supply chain, outdated production processes, and potential social responsibility risks. The Company has formulated external codes of conduct, requiring suppliers to commit to complying with business ethics, social responsibility, environmental protection, and employee rights protection, thereby providing direction for supply chain management and green low-carbon transformation.

Response Measures:

- Promote key raw material suppliers to adopt renewable energy, optimize energy structures, and reduce the use of fossil energy;
- Improve production processes and technologies, enhance energy efficiency, establish waste recycling systems, and reduce raw material consumption and waste gas emissions;
- Require suppliers to implement energy-saving and low-carbon planning schemes, use high-energy-efficiency equipment, obtain energy management system certification, and build green factories and zero-waste factories.

Management Outcomes:

Through systematic green and low-carbon management, the Company has achieved carbon emission reduction and recycling in the production of overhead stranded wires, aluminum rods, aluminum alloy rods, and copper alloy materials. This has enhanced supply chain sustainability, effectively reduced environmental and social responsibility risks, and provided support for competitiveness in domestic and international markets.

Case | Implementation Measures for Green Supply Chain Management of Jiangsu Hengtong Electric Power Cable Co., Ltd.

Background and Management Planning:

Jiangsu Hengtong Electric Power Cable Co., Ltd. has formulated the *Medium- and Long-Term Development Plan for Green Supply Chain Management*, which clearly outlines the promotion of supply chain greening from aspects such as green supplier management, green production, green recycling system construction, and the establishment of green information collection, monitoring, and release platforms. The Company has also set annual target indicators and specific work plans.

Organization and Implementation:

The Company has established a Green Supply Chain Management Group and a Green Supply Chain Management Office, which are responsible for conducting irregular inspections and evaluations of suppliers, supervising the achievement of green supply chain management targets and indicators, and promoting management closed-loop and continuous improvement.

Management Outcomes:

Core suppliers are connected to the carbon management platform to achieve traceability and collaborative optimization of raw material carbon emissions. Through systematic management, the greening level of the Company's supply chain has been significantly improved, which helps achieve the dual carbon goals and enhances the enterprise's sustainable development capability.

Case | Hengtong Submarine Submarine Cable Co., Ltd. Was Awarded the Title of "National-Level Green Supply Chain Management Enterprise"

The Company has realized real-time monitoring of processes such as procurement management, sales management, inventory management, and logistics information. It has established an MES supply chain system, a TMS logistics platform, and an SRM supplier relationship management system, optimized the raw material inspection process, enhanced supplier management and control capabilities, and set up complete supplier quality files to achieve full product traceability. Meanwhile, the Company releases process information such as green procurement, green production, and green recycling, realizes intelligent supply chain management, promotes online collaboration and interaction between the enterprise and suppliers, effectively improves the overall level of supplier management, and lays a solid foundation for being awarded the title of "National-Level Green Supply Chain Management Enterprise".



Hengtong Submarine Submarine Cable Co., Ltd.

Conflict Minerals Management

Hengtong Optic-Electric recognizes that the transparency of the mineral supply chain is crucial for ensuring the sustainable development of the industrial chain and gaining customer trust.

Hengtong Optic-Electric strictly complies with the requirements of the *China Guidelines for Responsible Management of Mineral Supply Chain* and the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*. It strengthens traceability requirements for suppliers of materials containing tin, tantalum, tungsten, and gold, and is committed to not purchasing conflict minerals whose raw materials originate from conflict-affected and high-risk areas. During the reporting period, we continued to implement relevant measures to improve and enhance Hengtong Optic-Electric's responsible procurement management capabilities.



Raw Material Sustainability

In the procurement of raw material, Hengtong Optic-Electric takes the environmental performance and sustainability of materials as core considerations, and gives priority to selecting environmentally friendly materials and components that meet internationally authoritative sustainability certification standards such as ISO 14001, Forest Stewardship Council (FSC) certification, and Cradle to Grave. Currently, the Company has achieved 100% use of environmentally friendly materials certified by the ISO 14001 Environmental Management System.

Hengtong Optic-Electric strictly adheres to the EU RoHS 3.0 standard and the latest version of the REACH Regulation for the environmental performance requirements of raw materials. During the reporting period, a total of 150 types of raw materials that comply with RoHS 3.0 standard certification were used in products at a 100% rate. At the procurement stage, the Company requires suppliers to provide test reports issued by third-party testing institutions and takes them as the core basis for raw material screening. Meanwhile, before product delivery, the Company needs to conduct environmental standard testing on finished optical cables and issues qualified third-party test reports. Through the issuance

of authoritative third-party test reports, the Company achieves closed-loop verification of the environmental attributes of raw materials and establishes a dual guarantee mechanism.

Hengtong Optic-Electric earnestly fulfills its responsibilities as the "chain leader" in the industrial chain during the supplier selection stage, establishing a multi-dimensional environmental access evaluation system to ensure that partners fully meet sustainable development requirements. Through audits, on-site inspections, and third-party evaluations, we verify suppliers' environmental declarations and collect detailed information about their environmental policies, practices, and products, including their environmental management systems, raw material sources, energy consumption and waste disposal in production processes, as well as inspect environmental protection measures in their production facilities and processes. For key materials, the Company actively conducts Life Cycle Assessment (LCA) to evaluate the environmental impact throughout the entire cycle from raw material collection, production, use to disposal.

Impact, Risk and Opportunity Management

Hengtong Optic-Electric has established a supply chain risk management mechanism covering three modules: risk identification and assessment, risk response and prevention, and risk management capability improvement, effectively implementing regular risk control and supply chain risk response.



Hengtong Optic-Electric's Risk Management Mechanism

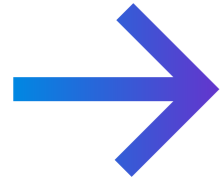
In addition, to ensure the effective implementation of the rights and interests protection system for supply chain employees, Hengtong Optic-Electric signs the *Social Responsibility and Ethics Standard Agreement* with all suppliers. The agreement clearly requires suppliers to commit to not employing child labor, not using forced labor, not discriminating against employees, respecting employees, ensuring employees' health and safety, and guaranteeing employees' salary and benefits. Meanwhile, during supplier onboarding audits and regular on-site visits, we conduct special inspections on the implementation of labor rights protection clauses to ensure that the binding force of the agreement is translated into practical management effectiveness.

Indicators and Targets

Hengtong Optic-Electric attaches great importance to the sustainable and responsible development of the supply chain. Aligning with international standards, it promotes the inclusion of green, low-carbon and ESG performance assessments for suppliers, sets the target of "covering 100% of suppliers", and continuously tracks indicators related to supply chain management.

Indicators	Unit	2024
Total number of suppliers	/	1,212
Among them, Asian suppliers	/	141
Among them, suppliers from other regions	/	71
Total number of suppliers certified by ISO 14001	/	1,212
Number of new suppliers undergoing on-site audits	/	119
Percentage of new suppliers screened using environmental standards	%	100
Percentage of new suppliers screened using social standards	%	100

2.3 Quality Control



In the context of the digital and information age, Hengtong Optic-Electric will continue to forge ahead in the course of high-quality development with independent and self-reliant science and technology. It will establish a sound quality management system and comprehensive quality control procedures, continuously foster awareness of quality and responsible marketing culture, and provide customers with high-quality products and services.

Governance

Hengtong Optic-Electric has established a sound quality governance structure, mainly composed of the Board of Directors, the ESG Committee, the Quality Management Department and other functional departments. The Quality Management Department is responsible for the overall planning and implementation of the Company's quality work, and has three subordinate modules: the Quality Technology Center, the Testing Center and the Laboratory. These modules cover quality system construction, quality target formulation, capability building (laboratory, testing capability, quality team and digital construction), quality culture and education, and quality honor management, ensuring the efficient and comprehensive implementation of the quality management system.

Hengtong Optic-Electric has established a multi-level quality management system covering core business segments such as optical fiber and cable, and submarine cable, with ISO 9001 and TL 9000 as the core. In 2024, by optimizing system operation, integrating digital tools, enhancing compliance management, and meeting customized quality requirements, the Company continued to strengthen certification management, ensured that suppliers' systems meet the standards simultaneously and support the certifications required for new product and new market expansion.



Compliance and Stability:
The Foundation for Steady
Growth

Leading Innovation:
Creating Leading
Quality

Low-Carbon Development:
Illuminating a Green
Future

Caring for Employees:
Promoting Inclusive
Development

Global Cooperation:
Demonstrating Hengtong's
Responsibility

Strategy

To further ensure product quality and enhance product safety and reliability, Hengtong Optic-Electric actively identifies potential risks and opportunities related to quality.

Risk/ Opportunity	Risk/Opportunity Description	Response Method	Time Dimension
Risk of Deviation in the Production Process	In the production process, the Company's products may fail to fully meet established standards or expected requirements due to factors such as human error, equipment issues, materials, environment, or methods. The risk of deviation in the production process may lead to quality defects, reduced efficiency, increased costs, delayed deliveries, and even safety or compliance problems.	<ul style="list-style-type: none"> The Company has established clear and definitive standardized processes, which are regularly reviewed and updated; The production department conducts regular patrol inspections and preventive maintenance; Quality inspections are carried out on products to ensure compliance with product quality standards; The Company organizes regular training and assessments to ensure employees are proficient in operating standards. 	Short and medium-term
Supply Chain Quality Risk	In the global supply chain system, the Company may face product quality risks caused by insufficient quality control of suppliers, raw material defects, and other factors. Such risks may lead to customer complaints, product recall incidents, and may also affect order fulfillment capabilities, customer trust, and market competitiveness.	<ul style="list-style-type: none"> Establish strict supplier screening criteria, and take quality as the key point of assessment; Clearly specify quality requirements, liability for breach of contract, and rectification clauses in contracts, and require suppliers to provide compliance certifications; Avoid reliance on a single supplier and establish a list of alternative suppliers; formulate emergency procurement plans for high-risk materials. 	Short and medium-term
Customer Satisfaction Risk	There is a possibility that the Company's products may fail to meet customer expectations in terms of quality, leading to customer dissatisfaction, complaints, churn, or damage to brand reputation. Such risks may directly affect the Company's revenue, market share, and long-term competitiveness.	<ul style="list-style-type: none"> Identify the core needs of customers through research, interviews or data analysis; Avoid exaggerated promotions and ensure that the products are consistent with the promotion; Establish a complaint handling mechanism to ensure that complaints are resolved promptly and professionally; Actively translate customer feedback into specific improvements in products and service processes. 	Short and medium-term
Opportunity for Technological Upgrading and Digital Empowerment	If the Company leverages technologies such as industrial internet and artificial intelligence, it can achieve automation, intelligence, and high efficiency in the production process. Such technological upgrading can help the Company improve production efficiency, product quality, resource utilization and other aspects.	<ul style="list-style-type: none"> The Company has introduced advanced technologies such as 5G, F5G, industrial internet, and artificial intelligence, built digital factories, and realized automation, intelligence, and high efficiency in the production process; The Company actively promotes digital transformation and has explored a new path of relying on independent research and development innovation to drive the digital transformation and upgrading of the manufacturing industry and achieve high-quality development. 	Medium and long-term

Product Lifecycle Management System

Adhering to the previous quality management model, the Company has built a comprehensive, systematic, and highly digital quality management system, covering the full-lifecycle management and control from research and development, design, raw material procurement, production and manufacturing to logistics and services. The system has improved the reliability of products and services, significantly optimized the operational efficiency of the value chain, and fully demonstrated the Company's technological leadership and market competitiveness in the global marine communication field.

Quality Management Infrastructure Construction

Hengtong Optic-Electric has built the largest ultra-high voltage testing and research and development center in China. During the reporting period, it promoted 53 laboratory capability enhancement projects, expanding the scope and accuracy of testing items.

Digital and Intelligent Quality Control

Hengtong Optic-Electric continues to advance digital transformation and has explored a new path of relying on independent research and development innovation to drive the digital transformation and upgrading of the manufacturing industry and achieve high-quality development. Through technologies such as 5G, artificial intelligence, digital twin, and industrial internet, we have realized the automation, precision, and continuous optimization of the production process, and built the first "World Lighthouse Factory" in the global optical communication industry.

Meanwhile, the digital factory has realized digital twin of the production and manufacturing process and full-lifecycle quality traceability. By leveraging MES and QMS systems, we have achieved full traceability of batches and orders from raw materials to finished products, enabling rapid identification of problems and their scope of impact. Through the "one item, one code" management mechanism, the Company has realized full-process traceability from raw material supply to product delivery, significantly improving management efficiency and reducing resource waste and environmental pollution.

In addition, we have developed a quality big data early warning and monitoring platform and quality digital employee applications, deepened data-driven quality prediction and closed-loop improvement, and strengthened collaborative management of supply chain quality.

Case | Hengtong Optic-Electric has been selected as an Outstanding Intelligent Factory

Hengtong Optic-Electric has built a digital factory based on "all-optical network + AI" by introducing advanced technologies such as 5G, F5G, industrial internet, and artificial intelligence, realizing automation, intelligence, and high efficiency in the production process. The project includes a total of 10 digital and intelligent application scenarios, including 3D digital twin factory construction, F5G + 5GA fixed-mobile convergence industrial network application, discrete process digital design, and intelligent visual online inspection. The implementation of these application scenarios has achieved a 100% numerical control rate and 100% networking rate for key equipment. A significant reduction in carbon emissions per unit of output enabled the enterprise to achieve remarkable improvements in production efficiency, product quality, resource utilization, and other aspects.

On January 9, 2025, the public announcement of the first batch of the list of Outstanding Intelligent Factories by the Ministry of Industry and Information Technology of the People's Republic of China concluded. Hengtong Optic-Electric was included in the list due to its outstanding intelligent manufacturing level and remarkable achievements in transformation and upgrading.



Responsible Sales

Hengtong Optic-Electric integrates responsible marketing throughout the entire sales and service process, aiming to provide customers with more standardized and transparent services. The Company strictly complies with the requirements of laws and regulations such as the *Advertising Law of the People's Republic of China* and the *Consumer Rights Protection Law of the People's Republic of China*, formulates systems related to responsible marketing, and standardizes advertising and marketing behaviors. During the reporting period, Hengtong Optic-Electric did not have any incidents of violating product promotion and service information norms.

	<p>The Regulatory Requirements for Product Promotion and Service Information</p> <p>The Company has established a joint review mechanism involving multiple departments to ensure the accuracy of technical parameters, product functions, and application scenarios in promotional materials, and to eliminate misleading information. For the international market, Hengtong Optic-Electric also complies with local regulations, providing global customers with true and consistent product and service information to maintain corporate credibility.</p>
	<p>Handling Mechanism for Violations of the Regulatory Requirements for Product Promotion and Service Information</p> <p>The Company has established a compliance supervision mechanism to promptly handle violations related to product promotion and service information. Upon receiving complaints, we immediately initiate investigations, assess the severity, take corrective measures, and pursue accountability in accordance with regulations. The Company also regularly reviews and updates compliance policies to ensure alignment with legal requirements and market changes.</p>

Hengtong Optic-Electric's Compliance Marketing Management Measures

In addition, Hengtong Optic-Electric regularly conducts internal compliance promotion and education, requiring employees to adhere to responsible marketing practices when representing the Company's brand and services, and to ensure the transparency, accuracy, and comprehensibility of sales information.

<p>Training and Continuing Education</p> <ul style="list-style-type: none"> The Company provides systematic training for all sales staff, covering relevant laws and regulations, compliance policies, and industry best practices. The training includes a variety of learning formats to help sales staff understand and apply compliance requirements. In addition to onboarding training, the Company also regularly provides continuing education for in-service sales staff to ensure they are aware of the latest market developments and compliance requirements. 	<p>Management and Supervision Mechanism</p> <ul style="list-style-type: none"> The Company has implemented a comprehensive management and supervision mechanism to ensure that sales staff strictly comply with compliance requirements in their daily work. The compliance behaviors of the sales team are supervised by their directors. Additionally, the Company has established an anonymous reporting channel to encourage employees to report any potential violations. Regular internal audits further ensure the implementation of the Company's compliance policies. 	<p>Performance Assessment and Incentives</p> <ul style="list-style-type: none"> Hengtong Optic-Electric incorporates compliance performance into the performance assessment of sales staff, and compliance directly affects employees' assessment results. This mechanism not only strengthens the compliance awareness of the sales team but also helps the Company maintain a good reputation in the market.
---	--	--

Impact, Risk and Opportunity Management

Hengtong Optic-Electric has established a quality control process covering three core modules: risk identification and assessment, risk response and prevention, and improvement of risk management capabilities, effectively implementing regular quality control and quality risk response.

Risk Identification and Assessment



- Through full-process monitoring and digital platforms, quality risks in production, supply chain, and product usage links are identified and assessed, and potential business and financial impacts are analyzed.

Risk Response and Prevention



- Quality Incident Response Mechanism: Establish a rapid response and handling process to ensure timely rectification of problems;
- Quality Risk Prevention Measures: Continuously improve processes using Six Sigma, lean management, and digital tools to prevent quality incidents;
- Product Maintenance and Recall Mechanism: Conduct full-lifecycle monitoring of products to ensure timely recall and maintenance of defective products.

Risk Management Capability Improvement



- Conduct internal and supplier quality training, during the reporting period, the number of training participants reached 5,407, with a total of 86,630 class hours;
- Regularly organize quality monthly activities, excellent quality project selection, and quality sharing activities to strengthen quality awareness among all employees.



Indicators and Objectives

Quality Objectives:

Continuously improve product yield rate and customer satisfaction, strengthen full-process quality management capabilities, and promote the building of quality culture for all employees

Hengtong Optic-Electric attaches great importance to quality control, sets and adheres to quality objectives, and continuously monitors quality indicators such as yield rate of key processes, qualification rate of laboratory testing, and reduction range of customer complaint rate, so as to ensure the effective implementation and continuous optimization of quality management. During the reporting period, Hengtong Optic-Electric had no major product recall incidents.



2.4 Customer Service and Information Protection



Hengtong Optic-Electric is committed to creating a professional, responsible, and high-quality customer service experience. Based on a sound service system, we always earnestly listen to customers' voices, promptly respond to their demands, effectively protect their privacy, and strive to create the best service experience for every customer.

Customer Service and Satisfaction

Hengtong Optic-Electric adheres to the service idea of "Full-staff Service, Touching the Customers, and Sincere Forever", and has formulated internal systems to systematically standardize the information transmission of customer complaints and the customer complaint handling process, such as the *Regulations on Customer After-sales Service Management System*, *Management System for Emergency Handling*, *Measures for Customer Complaint Management*, and *Special Process for Customer Complaints, Returns and Exchanges*.

With after-sales service and engineering service as the core business pillars, our company continuously strengthens the rapid response and emergency handling mechanism for customer complaints and market emergencies, and has established a strict standard that major customer complaints must be responded to within 12 hours. During the reporting period, the Company received a total of 38 complaints related to products and services, all of which were answered 100% and successfully resolved.

After-sales Service - Global Service Network

- To ensure customers can consult product information and feedback product usage without barriers, all service organizations of Hengtong Optic-Electric have regional managers and customer managers, and provide 24-hour free services;
- The Company provides in-depth services such as customer follow-up visits and customer training. It conducts surveys on customers' service needs and consumption needs every quarter, designs targeted training systems for customers, assigns technical experts with professional theoretical and practical operation experience to conduct training, and provides on-site installation guidance and technical training for customers' technical personnel.

Engineering Services - Professional Engineer Team

- The Engineering Services Department of Hengtong Optic-Electric is composed of professional engineers, ensuring that engineering failures are repaired and resolved promptly, and providing strong technical service support to customer in various regions;
- During the product quality guarantee period, the Company dispatches technical personnel to the site in a timely manner to handle quality issues; after the product quality guarantee period, technical personnel will be dispatched immediately to the site for handling. A response will be made within 0.5 hours based on the actual situation to assist in resolving the issues.



Compliance and Stability:
The Foundation for Steady Growth

Leading Innovation:
Creating Leading Quality

Low-Carbon Development:
Illuminating a Green Future

Caring for Employees:
Promoting Inclusive Development

Global Cooperation:
Demonstrating Hengtong's Responsibility

To accurately identify customer pain points and actively help resolve their practical difficulties, Hengtong Optic-Electric conducts customer satisfaction surveys every six months, covering all customers' companies. During the reporting period, based on an in-depth analysis of detailed survey results, Hengtong Optic-Electric achieved a customer satisfaction score of 96.39, which reflects the Company's continuous efforts and value in understanding customer needs, improving service response, and enhancing problem-solving capabilities.

Case

Collaboration to Enhance Customer Experience

The Company fully understands that customer service is closely linked to product quality. During the reporting period, we continued to strengthen exchanges with various partners in terms of product quality and technology to ensure the advancement of technical solutions and rapid response to quality issues, so as to more accurately meet customer needs and provide excellent product and service experiences.



Case | Recognition, Reputation, and Awards from Key Customers

During the reporting period, the Company's service quality has been highly recognized by customers. In the future, the Company will continue to strengthen the improvement of customer service capabilities, accelerate service response speed, and provide customers with excellent products and services.

- Won the title of "Outstanding Partner" from Dongfang Electric Wind Power Co., Ltd.
- Won the title of "2024 Outstanding Supply Chain Partner" from China Energy Engineering Co., Ltd.
- Won the title of "2024 China Mobile Tier-1 Centralized Purchasing Outstanding Supplier (Grade A)" from China Mobile Communications Group Co., Ltd.
- Won the title of "2024 Group-Level Outstanding Supplier" from China Telecom Group Co., Ltd.
- Won the title of "2024 Gold Supplier" from JONHON Optic-Electric Technology Co., Ltd.

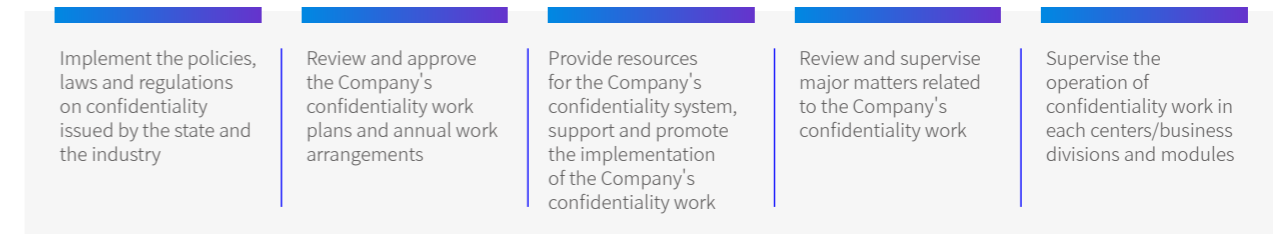


Information Security Protection

Hengtong Optic-Electric attaches great importance to network security management. It comprehensively improves information security level through a series of measures, including strengthening the construction of information security systems, enhancing technical protection capabilities, and optimizing emergency response mechanisms. We strictly comply with laws and regulations of the operating location, such as the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*. Guided by the *Hengtong Group Information Security and Confidentiality Management Regulations*, we have formulated internal systems including the *Hengtong Technical Data Confidentiality Control*

Regulations and the *Hengtong Trade Secret Management Regulations*, continuously building a solid information network security barrier. During the reporting period, all the Company's information security frameworks have obtained ISO 27001 certification.

Hengtong Optic-Electric has established a sound information security protection system. Under the supervision and management of the ESG Committee at the Board of Directors level, the Company has set up a special Information Security and Confidentiality Committee to ensure the effective implementation of information security and privacy management. During the reporting period, Hengtong Optic-Electric did not experience any information leakage or cybersecurity incidents.



Main Responsibilities of Hengtong Optic-Electric's Confidentiality Committee

In terms of operational processes and supplier information security and privacy management, Hengtong Optic-Electric implements information management for processes such as business order placement and contracts. During the management process, dedicated accounts are assigned for operations, and different account permissions are set according to different levels. Employees in key confidential positions are required to sign confidentiality agreements with the Company to earnestly fulfill their responsibilities for data and information security protection. In the event of any breach of the agreement, the Company can further verify through internal and external resources and provide relevant evidence to hold the responsible personnel liable for breach of contract. During the reporting period, Hengtong Optic-Electric did not have any cases involving violations of customer privacy or loss of customer data.

encryption mechanism for super administrator accounts. Through the synergy of system construction and technical control, the Company has significantly improved the information security management level and overall protection resilience.

We adhere to the principle of transparency and openness, and maintain full communication with customers regarding information security and privacy protection mechanisms to ensure that customers are aware of the nature and purpose of the information we obtain, as well as the retention period of relevant information. We inform customers that they have the right to decide on the extent and manner in which their relevant information is collected, stored, and used. Meanwhile, we clearly specify that when collecting information, customers have the right to choose the "agree" or "opt-out" option. Additionally, customers retain the relevant right to apply for access to the data held by the Company at any time, to apply for the transmission of their data to other service providers at any time, and to apply for the correction or deletion of their data at any time.

In 2024, Hengtong Optic-Electric continued to improve its data security and privacy protection system. On the basis of the existing *Technical Data Confidentiality Control Regulations*, and in line with the *Personal Information Protection Law* and industry regulatory requirements, the Company focused on strengthening customer privacy protection clauses and clarified the full-lifecycle management standards for data collection, storage, transmission, and destruction. The Company ensured customer data security through encryption technology, anonymization processing, and strict access control mechanisms, and has established real-time monitoring and emergency response mechanisms. It conducted regular cyber security drills to ensure the rapid identification and handling of information security threats, continuously improving the information security management level. During the reporting period, the Company carried out special drill activity for phishing emails for all employees in the middle and the end of 2024, sending more than 10,000 phishing emails to test employees' cyber security awareness and protection capabilities. The Company also provided internal security training for employees, effectively enhancing their self-protection awareness and reducing related risks. Hengtong Optic-Electric irregularly organized company-wide information security training to foster a company-wide culture of information security and privacy protection. In addition, it conducts annual company-wide training on required knowledge and skills in areas such as information management, software management, IT management, and security management. This training strengthens employees' familiarity with information systems, personnel management systems, and IT outsourcing supplier management, raises awareness of software copyright security, helps employees master relevant IT processes, and comprehensively improves the information security protection capabilities of all staff.

To ensure the overall information security of Hengtong Optic-Electric, the Company has established an incident response procedure. It conducts response tests semi-annually, and carries out penetration tests and vulnerability analysis irregularly to continuously strengthen the information security protection capabilities.

In 2024, the Company entrusted a third-party institution to conduct penetration testing on the internet-side business systems, actively identifying and promptly addressing security vulnerabilities. In response to these issues, the Company has taken the following measures: first, it has improved its password management system, strictly implemented regular inspections, and required the use of complex password combinations; second, it has formulated interface security inspection standards to prevent unauthorized access; meanwhile, it has implemented a whitelist login and password

Meanwhile, the Company has gradually strengthened the reporting management of security incidents, established an information security risk reporting channel for all employees, and taken information security incident responsibilities as an important reference for employee performance evaluation. It has built a corporate culture and mechanism that values and protects information security, effectively safeguarding customers' privacy against being leaked.

03

Low-Carbon Development: Illuminating a Green Future

To actively respond to the national strategic goals of "carbon peaking and carbon neutrality", Hengtong Optic-Electric unswervingly integrates sustainable development and green development into the Company's long-term strategic planning. We are well aware that while pursuing technological leadership and capacity improvement, ensuring environmental friendliness and efficient use of resources is an important cornerstone for the Company to achieve sustainable development goals and lead the industry's green transformation. As a leading enterprise in the industry, Hengtong Optic-Electric actively implements the Science Based Targets initiative (SBTi), promotes the construction of near-zero-carbon factories, and realizes intelligent monitoring and data-driven carbon emission management relying on a digital energy management platform. In the process of green transformation, Hengtong Optic-Electric keeps up with global policy and technological upgrading trends, continuously strengthens cooperation and exchanges with leading domestic and foreign enterprises in the fields of green innovation, clean energy and energy-saving technologies, comprehensively improves green manufacturing capabilities, assists the Company's upgrading towards high-end, intelligent, and green development, and achieves the coordinated development of enterprise operations and environmental protection.



3.1 Environmental Protection and Management



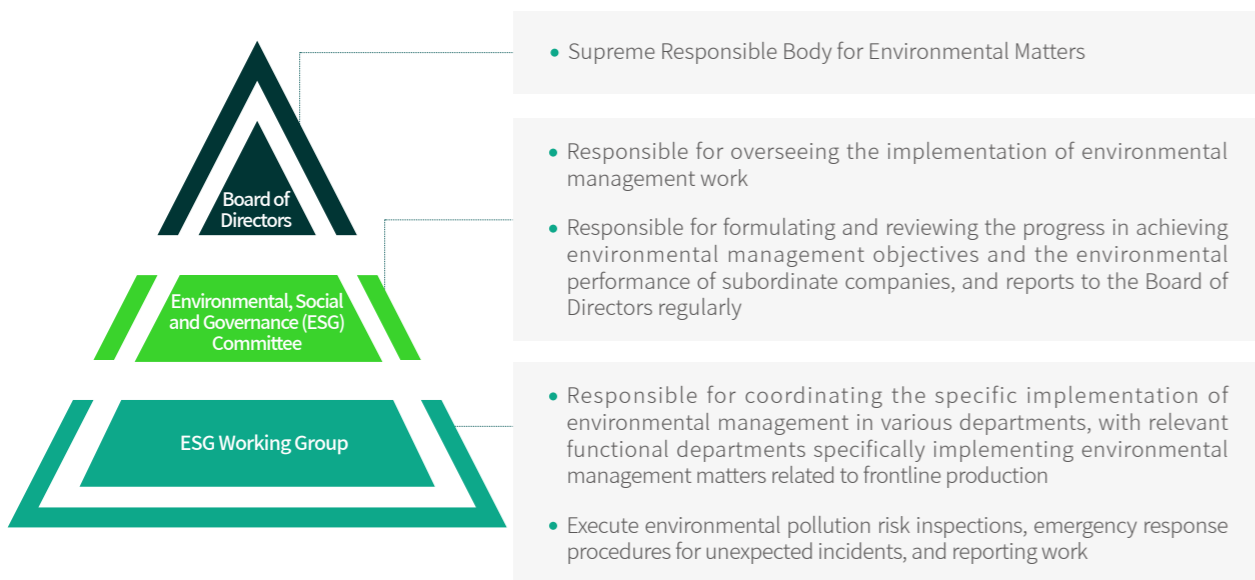
Environmental protection is not only a social responsibility of an enterprise, but also an inevitable choice to ensure its long-term development. Hengtong Optic-Electric regards environmental protection as the cornerstone of its survival and development, actively undertakes the responsibility of reducing environmental pollution, strictly complies with environmental laws and regulations, proactively seeks innovative solutions that exceed standards, and strives to minimize the negative impact on the natural environment during production activities.

Environmental Management System

In conducting business activities, we strictly comply with relevant laws and regulations and strive to minimize environmental impact. Hengtong Optic-Electric strictly adheres to domestic laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, and the *Environmental Protection Tax Law of the People's Republic of China*, as well as global environmental laws and regulations in overseas operating locations, including the *International Environmental Law*, the *Environmental Liability Directive*, and the *Industrial Emissions Directive*. We have established a management system in accordance with the requirements of the ISO 14001 Environmental Management System standard to guide the standardized environmental management work at various operating locations. During the reporting period, 100% of Hengtong Optic-Electric's production bases that were in stable

operation and eligible for certification have obtained a certificate of ISO 14001.

Hengtong Optic-Electric has established a three-level environmental management and governance structure consisting of the Board of Directors, the Environmental, Social and Governance (ESG) Committee, and the ESG Working Group. With the Board of Directors as the supreme responsible body, it holds the final decision-making power on matters related to environmental policy formulation, target setting, and review of environmental work progress. Meanwhile, we have formulated green incentive mechanisms and accountability mechanisms around indicators such as resource consumption, environmental impact, and ecological benefits, linking the performance of relevant management personnel to the achievement of environmental indicators.



Hengtong Optic-Electric Environmental Management Structure



Compliance and Stability:
The Foundation for Steady Growth

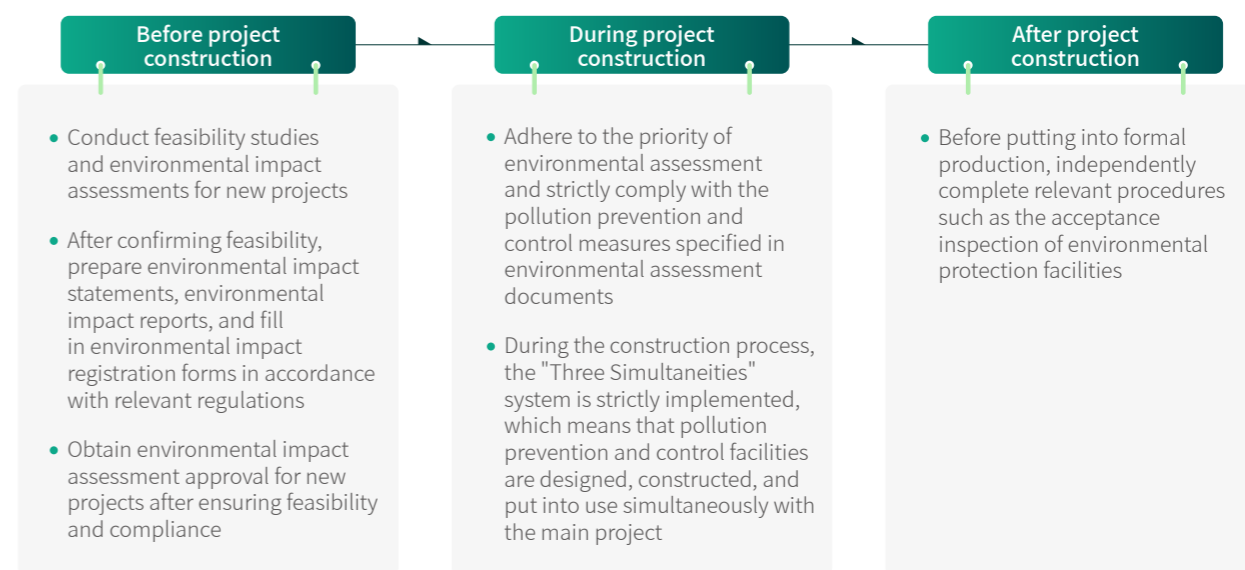
Leading Innovation:
Creating Leading Quality

Low-Carbon Development:
Illuminating a Green Future

Caring for Employees:
Promoting Inclusive Development

Global Cooperation:
Demonstrating Hengtong's Responsibility

We attach importance to the development and management of the environmental compliance system, actively participate in the development of environmental compliance for projects, and continuously strengthen the full-process compliance management of the Company's new, reconstructed and expanded projects.



Hengtong Optic-Electric Environmental Compliance Construction Management Process

To further ensure environmental compliance, we regularly engage qualified third-party institutions to conduct regular external environmental audits on environmental impact aspects such as the Company's environmental legal compliance, implementation of environmental management policies, and risk control measures in accordance with the ISO 14001 standard every year. Through a combination of internal self-inspections and external supervision, we audit all operating locations, covering 100% of all main businesses, to ensure the effectiveness of the Company's environmental management system and earnestly fulfill our commitment to environmental protection. During the reporting period,

Hengtong Optic-Electric did not have any incidents of violating environmental laws and regulations.

In addition, Hengtong Optic-Electric has always adhered to the concept of environmental protection, persisted in green operations, continuously promoted the construction of green factories, and strived to achieve resource conservation and environmental protection in daily operations. We advocate low-carbon office and green lifestyles, encourage employees to practice the concept of environmental protection in work and life, aiming to reduce environmental impact while improving operational efficiency.

Environmental Risk Management

Hengtong Optic-Electric proactively identifies environmental impacts related to its own production and operations, and has established an environmental emergency risk management system featuring coordinated cooperation and clear division of responsibilities among the Control Group, Rescue Group, Fire-Fighting Group, Evacuation Group, Alert Group, and Monitoring Group to respond to environmental risks in a timely manner. The Company regularly conducts environmental pollution risk inspections to identify potential environmental risks and implements effective management measures to continuously reduce the environmental impact of its business operations.

We have formulated the *Enterprise Emergency Plan for Environmental Pollution Accidents* to ensure that emergency response measures are carried out in an orderly manner when major sudden environmental accidents occur, so as to mitigate and eliminate the hazards caused by such accidents. In daily operations, we also regularly conduct supervision and inspection of environmental hazards in each production workshop. We register the problems found and rectify them in a timely manner. After rectification, we recheck to confirm that the rectification is in place, ensuring the implementation of the safety and environmental quality responsibility system for all projects.

Case | Hengtong Optic-Electric Emergency Drill for Chemical Leakage

In 2024, Hengtong Optic-Electric conducted an emergency drill for chemical leakage, simulating the handling of a sudden environmental incident in the chemical intermediate warehouse. The drill covered response procedures including leakage control, personnel evacuation, and pollution isolation, and invited third-party experts to conduct on-site assessment and guidance. Based on the results of the drill and assessment, the Company strengthened the cross-departmental cooperation mechanism, improved the emergency plan and emergency measures for chemical storage areas, and further enhanced the level of environmental emergency management.

Biodiversity and Ecosystem Conservation

While pursuing technological innovation and industrial development, Hengtong Optic-Electric is committed to protecting the ecological environment and biodiversity, avoiding damage to forests, ensuring that the wood and packaging materials used in its production come from sustainably managed forests, and reducing the negative impact of its business activities on biodiversity. We adopt more sustainable resource management and operational strategies, integrate ecological protection needs into project planning and expansion processes, and also require our suppliers to comply with the same environmental standards.

The Company continues to advance biodiversity assessments in certain regions, particularly in areas where its production bases are located, by leveraging scientific data, Geographic Information System (GIS) tools, and collaborating with local environmental organizations, to analyze the potential impacts of its operations on ecosystems and species. In addition, we are committed to adopting environmentally friendly technologies to reduce reliance on and consumption of natural resources. Meanwhile, we actively participate in biodiversity conservation projects, promote ecological restoration and species protection, and contribute our efforts to building a beautiful future where humans and nature coexist in harmony.

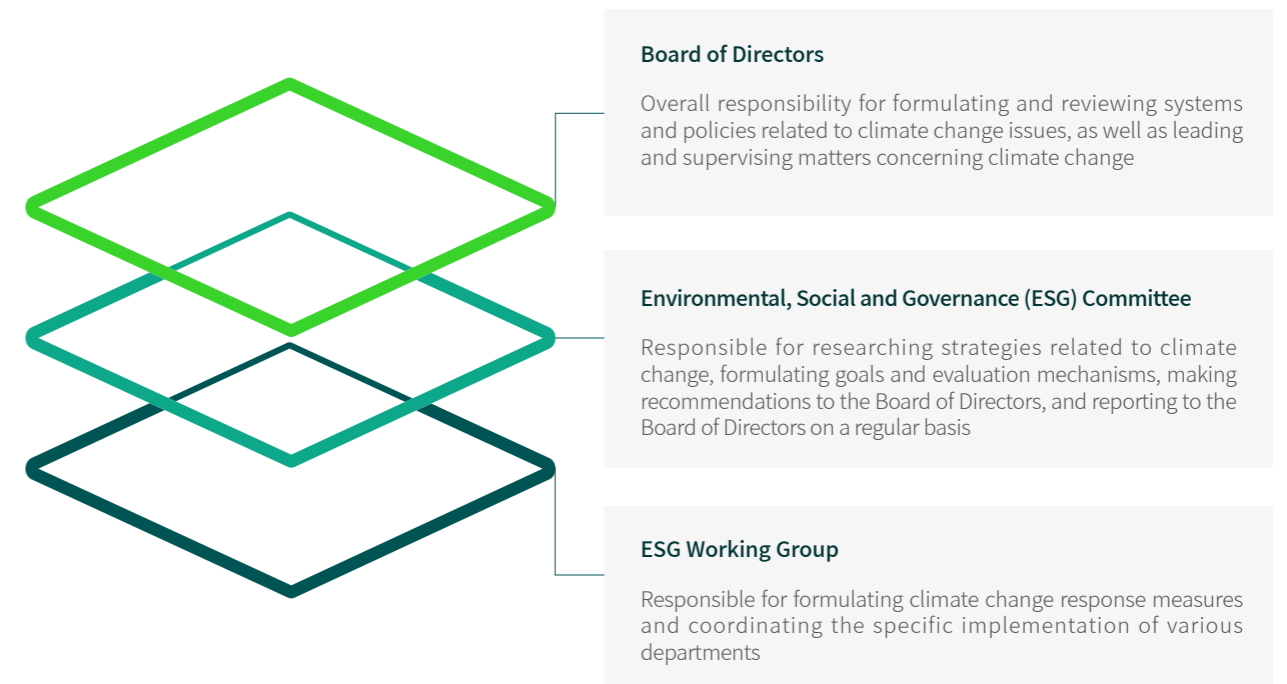
3.2 Climate Change and Carbon Neutrality



Against the background of global climate change and the national strategic goals of "carbon peaking and carbon neutrality", Hengtong Optic-Electric has always adhered to a sustainable development strategy, actively promoted low-carbon operations and green innovation. We striving to optimize resource utilization, reduce carbon footprint, and drive environmental protection technology innovation to contribute to the achievement of carbon neutrality goals. With reference to the framework of the Task Force on Climate-related Financial Disclosures (TCFD) and the requirements for preparing sustainability reports of the Shanghai Stock Exchange, we carry out climate risk management from four dimensions: "Governance - Strategy - Management of Impacts, Risks and Opportunities - Indicators and Targets".

Governance

A sound management structure is the fundamental guarantee for addressing climate risk issues. To advance the implementation of climate-related strategies and risk management matters, and to execute work in response to climate change, Hengtong Optic-Electric has established a three-tier climate change governance structure: "Board of Directors – Environmental, Social and Governance (ESG) Committee – ESG Working Group".



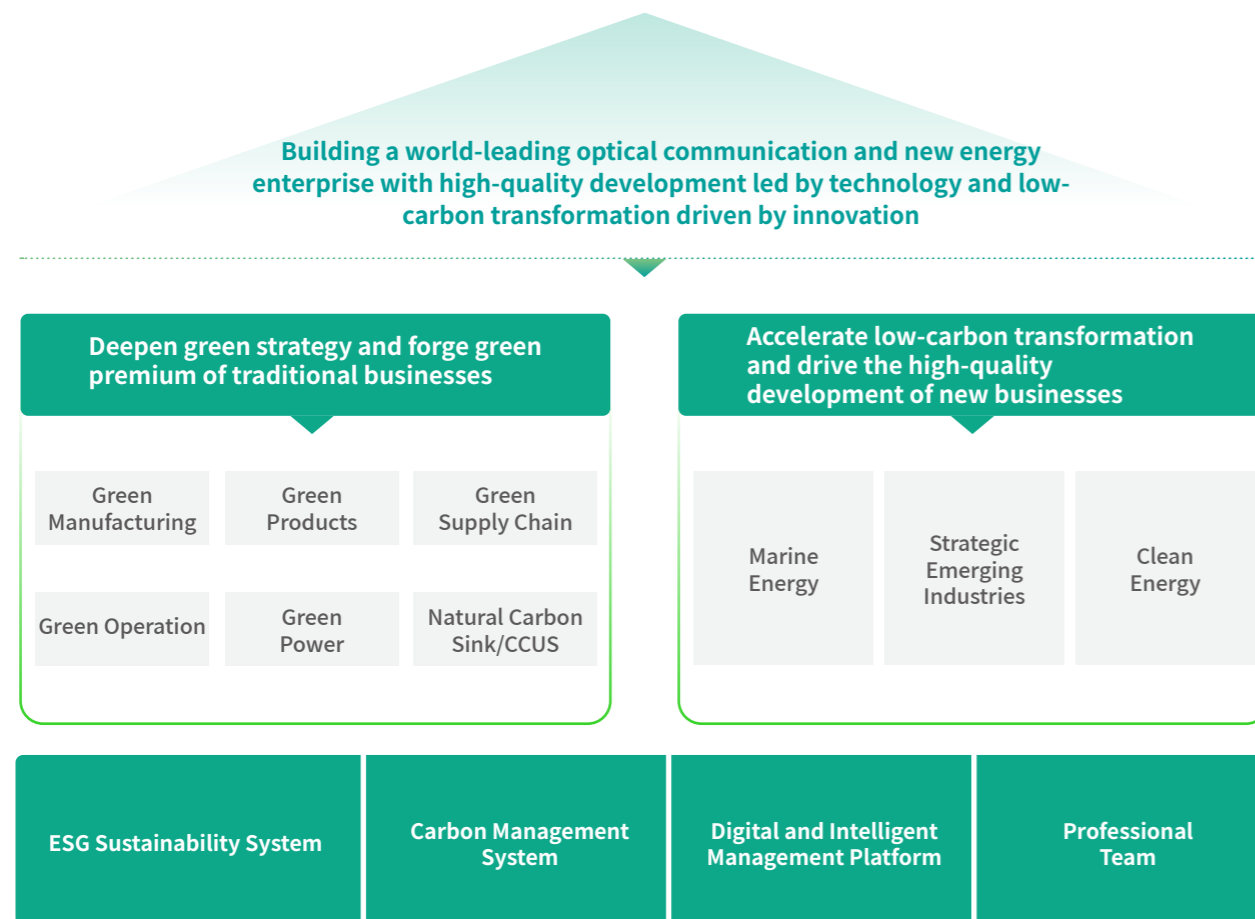
Hengtong Optic-Electric Three-Tier Climate Change Governance Structure

To ensure the performance skills and competence of Board of Directors members, the Company as needed invites external experts to conduct training and knowledge dissemination related to climate change for the board members and the heads of the relevant functional departments responsible for sustainable development matters. In the future, Hengtong Optic-Electric will further formulate detailed training plans to ensure that relevant members understand knowledge

and development trends related to climate-related risks and opportunities, and enhance their ability to perform duties on climate change issues. We have incorporated the performance targets of climate change into the performance appraisal system of relevant management personnel to drive the continuous improvement of climate-related management work and performance.

Strategy

Hengtong Optic-Electric adheres to the principle of "Leading high-quality development with technology, driving low-carbon transformation through innovation" and is committed to building a world-leading enterprise in communications and energy interconnection. The Company focuses on areas such as green manufacturing, green products, green supply chains, green operations, green power, natural carbon sinks, and CCUS. We accelerate in-depth layout in fields including marine energy, clean energy, and strategic emerging industries, and systematically build diversified solutions to tackle climate change. Meanwhile, the Company has established an ESG sustainable development system, a carbon management system, a digital and intelligent management platform, and a professional team, providing solid support for the efficient implementation and long-term evolution of climate-related strategies.



Hengtong Optic-Electric Green, Low-Carbon and Sustainable Development Strategy

Compliance and Stability:
The Foundation for Steady Growth

Leading Innovation:
Creating Leading Quality

Low-Carbon Development:
Illuminating a Green Future

Caring for Employees:
Promoting Inclusive Development

Global Cooperation:
Demonstrating Hengtong's Responsibility

Hengtong Optic-Electric has established a climate change response strategy guided by a sustainable strategy, supported by sustainable technologies, and centered on green mechanism guarantees, providing solid support for the coordinated advancement of high-quality development and global climate governance goals. Hengtong Optic-Electric continues to increase investment in new energy, clean energy, and green manufacturing, promotes the low-carbon transformation of the energy structure, and gradually reduces reliance on traditional fossil energy. At the technical level, relying on the independent research and development advantages, the Company actively develops and promotes key technologies related to energy conservation and emission

reduction, carbon management tools, and intelligent energy and carbon management platforms, continuously improving the energy efficiency and resource utilization level of the industrial chain. Meanwhile, Hengtong Optic-Electric has established a carbon emission accounting mechanism, carried out climate scenario analysis, and has gradually explored the path of internalizing carbon price management. In addition, the Company actively participates in the formulation of domestic and international green standards, promotes green finance and low-carbon investment, and works with upstream and downstream partners to build a green supply chain ecosystem.



Climate-Related Risks and Opportunities

Referring to the Task Force on Climate-related Financial Disclosures (TCFD) framework and taking into account its operational realities, Hengtong Optic-Electric has identified a list of climate risks and opportunities and carried out corresponding risk identification work. To assess physical climate risks, representative concentration pathway (RCP) greenhouse gas emission scenarios were applied. For transition risks related to climate change, the "Net Zero

Emissions by 2050 (NZE)" and "Stated Policies Scenario (STEPS)" were used as references. These risks were then prioritized based on their likelihood and potential impact across different time horizons: short-term (0–1 year), medium-term (1–5 years), and long-term (beyond 5 years). Tailored response measures have been developed and implemented according to the specific characteristics of each type of climate risk.

- **Representative Concentration Pathway RCP8.5:** A scenario in which the global average temperature rises by more than 4°C above pre-industrial levels by 2100, i.e., the "4°C or above warming" scenario;
- **Representative Concentration Pathway RCP4.5:** A scenario in which the global average temperature rises by less than 2°C above pre-industrial levels by 2100, i.e., the "2°C or below warming" scenario;
- **Stated Policies Scenario (STEPS):** A scenario based on the current policies in place across various industries and countries, including announced policy plans that are already being implemented worldwide;
- **Net Zero Emissions by 2050 Scenario (NZE):** A scenario in which the global energy sector reaches net zero carbon dioxide emissions by 2050, without relying on emission reductions from outside the energy sector to achieve this goal.

Risk Category	Risk Parameters	Risk Description	Duration	Strategic Response Measures
Physical Risk	Acute	<ul style="list-style-type: none"> • Frequent extreme weather events will cause employee commuting difficulties, disrupt supply chain transportation, and lead to equipment malfunctions, impacting operational continuity and resulting in reduced revenue • Typhoons and extreme cold may damage communication equipment such as laid cables 	Short and medium term	<ul style="list-style-type: none"> • Implement a management on-call system, enhance weather forecast monitoring, issue early weather warnings, and promptly open company guest accommodations for free use by employees during extreme weather events • Develop emergency response plans for extreme weather events (severe typhoons, torrential rains/flooding, freezing rain/snow, etc.), and prepare emergency facilities in advance
	Chronic	<ul style="list-style-type: none"> • Slow changes in temperature and rainfall may lead to the relocation of some potentially affected operational sites, thereby increasing operational costs • The gradual rise in sea level may cause submarine optical cables to malfunction due to changes in pressure 	Long term	<ul style="list-style-type: none"> • Prior to the flood season and typhoon season, ensure all typhoon and flood prevention supplies and related preparations are completed according to the Company's emergency plan, while conducting tabletop exercises in advance
Transition Risk	Regulations and policies	<ul style="list-style-type: none"> • As national carbon reduction policies and international carbon emission requirements become increasingly stringent, Hengtong Optic-Electric faces growing demands from regulators and investment institutions to disclose corporate emission reduction targets, measures, and outcomes. This may lead to potential risks such as project delays, substantial fines, and compliance costs 	Medium term	<ul style="list-style-type: none"> • Stay informed about and comply with laws and regulations issued by relevant domestic and international regulatory bodies, regularly identify applicable carbon emission policies • Strengthen internal carbon accounting management and enhance the carbon emission accounting system for production processes

Risk Category	Risk Parameters	Risk Description	Duration	Strategic Response Measures	
Transition Risk	Technology	<ul style="list-style-type: none"> • To combat climate change, low-carbon materials will gradually replace existing products, while low-energy equipment and more advanced energy-saving technologies and processes will gain broader investor attention and policy support. This may lead to risks such as reduced liquidity of existing assets and increased costs associated with the transition to low-carbon materials and technologies 	Medium and long term	<ul style="list-style-type: none"> • Explore pathways for low-carbon material and technological transformation, introducing highly efficient energy-saving technologies or production equipment 	
	Market	<ul style="list-style-type: none"> • With customers' increasing attention and preference for the impact of climate change and low-carbon living, Hengtong Optic-Electric will face accelerated deployment of low-carbon transformation progress, resulting in risks such as increased budget, threats from competitors offering low-emission products, reduced market share, and decreased demand for goods and services 	Medium and long term	<ul style="list-style-type: none"> • Closely track and investigate changes in customer demand for energy-saving and green product services, and promptly adjust the industrial layout • Increase the budget for providing transformational product services to meet customer needs, and actively analyze price fluctuation trends 	
		Rising raw material costs	<ul style="list-style-type: none"> • The prices of resources such as energy, water, and equipment will increase due to the impact of climate change, which will subsequently affect the procurement costs of production raw materials and increase the transportation costs in the supply chain 	Medium and long term	<ul style="list-style-type: none"> • Actively explore energy-saving and consumption-reducing measures in the production process, and strive to achieve the recyclable utilization of resources as much as possible • Reach a consensus with partners on low-carbon supply chain transportation to reduce procurement costs
		Reputation	<ul style="list-style-type: none"> • Stakeholders are paying increasing attention and importance to climate change issues. If Hengtong Optic-Electric fails to meet investor expectations, it may face divestment and a downgrade in ESG-related index ratings in the capital market 	Medium and long term	<ul style="list-style-type: none"> • Strengthen disclosure requirements related to sustainable development and climate change to ensure compliance • Closely track feedback from customers and other stakeholders regarding their requirements related to addressing climate change

Chance Category	Chance Description	Duration	Impact on Hengtong Optic-Electric
Resource Efficiency	<ul style="list-style-type: none"> • Against the backdrop of carbon peak and neutrality goals, clean energy production and storage technologies are maturing. Increasing holdings in new energy assets such as distributed photovoltaics can help continuously enhance energy efficiency 	Short-term and medium-term	<ul style="list-style-type: none"> • Hengtong Optic-Electric can establish a distributed photovoltaic revenue model centered on "self-generation for self-consumption with surplus power fed into the grid" by increasing its holdings in new energy assets such as distributed photovoltaic projects. This approach enables the Company to meet its own energy needs while generating additional revenue
Energy Sources	<ul style="list-style-type: none"> • China has added approximately 50% of the world's new renewable energy generation capacity in recent years, with annual additions reaching about 140 GW. The grid's emission factor has been declining year by year 	Long term	<ul style="list-style-type: none"> • To achieve the dual carbon goals, China's ongoing energy structure transformation has created a favorable environment for Hengtong Optic-Electric to advance its own energy transition and enhance energy conservation and emissions reduction
Products and Services	<ul style="list-style-type: none"> • In order to achieve the climate and environmental goals of reducing greenhouse gas emissions by 55% and saving 32.5% of energy by 2030 compared to 1990 levels, the European Commission has proposed a "Fit for 55" legislative package. The proposal covers multiple areas such as renewable energy, energy efficiency, buildings, land use, and the carbon emissions trading system, involving 13 specific legislative proposals 	Long term	<ul style="list-style-type: none"> • The EU's "Fit for 55" legislative package outlines development targets for alternative fuel infrastructure, renewable energy, hydrogen, and decarbonized gas markets. These initiatives present new market opportunities for Hengtong Optic-Electric in communications, offshore wind power, and new energy facilities. Hengtong Optic-Electric will actively invest in clean technology R&D, enhance relevant production capacity and supply capabilities, and provide customers with superior green products

Highlights of Implementation Measures

Hengtong Optic-Electric remains committed to driving green transformation through technological innovation, focusing on clean energy, energy conservation, consumption reduction, and low-carbon product design to continuously enhance environmental performance throughout the entire product lifecycle. By the reporting period, the Company has been recognized with 7 National Green Factories, 4 National Green Supply Chain Enterprises, 3 Industrial Product Green Design Demonstration Enterprises, and 8 Provincial Green Factories. It has accumulated 7 National Green Products, with 9 subsidiaries completing ISO 14064 organizational carbon emissions verification and 48 products achieving ISO 14067 product carbon footprint certification.

Clean Energy Technology

The Company actively develops and applies clean energy technologies to reduce energy consumption and achieve energy structure transformation

Energy-saving Technology

Continuously advance energy-saving technology research and development and application, enhance the energy efficiency of production equipment, and reduce energy consumption

Low-carbon Product Design

Launch low-carbon design initiatives, utilize low-carbon materials, optimize product designs, and reduce the carbon footprint throughout the product lifecycle

Hengtong Optic-Electric is comprehensively advancing its digital transformation by deeply integrating smart manufacturing, industrial internet, and artificial intelligence technologies. This initiative builds an efficient, intelligent, and green modern factory system, driving improvements in green production efficiency and operational management effectiveness, thereby laying a solid foundation for its smart manufacturing ecosystem.

Digital Factory Construction

- **Smart Manufacturing:** The Company actively advances the construction of smart manufacturing production lines. By introducing automation equipment, robotics, and other technologies, it achieves automated and intelligent production processes, enhancing production efficiency and product quality.
- **Production Management Platform:** Hengtong Optic-Electric has established a production management platform to monitor production processes in real time, optimize production schedules, and improve production efficiency.
- **Data Analysis Platform:** The Company has built a data analysis platform to conduct in-depth mining and analysis of production data. This identifies bottlenecks and issues within production processes, enabling targeted improvements and optimizations.

Industrial Internet Applications

- **Industrial Internet Platform:** The Company leverages an industrial internet platform to achieve equipment networking, data collection, and data analysis, providing robust support for production management, equipment maintenance, and energy management.
- **Remote Equipment Monitoring:** The Company utilizes the industrial internet platform to remotely monitor equipment, enabling real-time tracking of operational status, prompt detection and resolution of equipment failures, and enhanced equipment utilization rates.
- **Energy Management Platform:** The Company has established an energy management platform that facilitates real-time monitoring, analysis, and optimization of energy consumption data, effectively reducing energy usage.

Artificial Intelligence Applications

- **Intelligent Decision-Making:** Hengtong Optic-Electric leverages artificial intelligence technology to conduct in-depth analysis of production data, providing intelligent decision support for production management, equipment maintenance, and energy management.
- **Intelligent Inspection:** The Company has introduced AI-powered inspection technology to automate product quality checks, enhancing inspection efficiency and accuracy.
- **Intelligent Logistics:** Utilizing AI technology, the Company optimizes logistics transportation routes to reduce costs and improve operational efficiency.

Additionally, Hengtong Optic-Electric continues to advance its digital product lifecycle assessment (LCA) practices. Leveraging its self-developed digital platform, the Company has achieved management across dimensions including resource utilization, ecological impacts (including carbon emissions), and human health risks. Particularly in strategic sectors such as deep-sea and energy, Hengtong Optic-Electric has prioritized LCA evaluations, driving green innovation and sustainable development. The Company's digital platform has implemented the following innovative measures in carbon emissions and carbon footprint management:

Comprehensive Coverage of Core Products

- Hengtong Optic-Electric applies LCA to high-value, environmentally sensitive core products such as submarine cables and ultra-high voltage equipment. By focusing on their environmental impact throughout the entire lifecycle, Hengtong has enhanced its competitiveness in the global market and met international environmental requirements.

Simplified Application

- For conventional mass-produced products, Hengtong Optic-Electric has streamlined the LCA implementation process by integrating digital tools, driving the green transformation of its supply chain.

Integrating Ecological Footprint and MIPS into the LCA Framework

- As complementary metrics to LCA, Hengtong Optic-Electric has integrated the ecological footprint and resource consumption rate (MIPS) into its comprehensive LCA assessment framework. This approach enhances resource utilization efficiency, reduces resource consumption in products and production processes, and advances the circular economy.

Impact, Risk, and Opportunity Management

To address the long-term impacts of climate change on its business operations, Hengtong Optic-Electric has integrated climate change response into its overall risk management system. We have established a robust three-tier risk prevention and control mechanism for climate change, implementing systematic identification, assessment, and response to climate-related risks and opportunities. This ensures the Company can maintain long-term stable operations while confronting the challenges posed by climate change.

Board of Directors

- The Board of Directors regularly evaluates the effectiveness of risk management measures to enhance climate change risk management, internal controls, and governance processes

Audit Committee

- The Internal Audit Department, under the leadership of the Audit Committee, conducts regular audits of climate change risk management controls across all company departments and processes. It assists and oversees the implementation of risk management systems by each department, promptly identifies risk vulnerabilities, and reports findings to the Audit Committee

Risk Management Committee

- **Physical Risks:** The Risk Management Committee coordinates relevant functional departments to identify, prevent, and respond to physical risks associated with climate change, such as extreme weather events
- **Transition Risks:** The Risk Management Committee coordinates relevant functional departments to analyze and assess climate-related regulations, policies, disclosure guidelines, and market trends to proactively address associated risks

Climate Change Tiered Risk Prevention and Control Mechanism

Indicators and Targets

Hengtong Optic-Electric comprehensively assesses its current carbon emissions status, scientifically plans, and systematically advances the process of its subsidiaries joining the Science Based Targets initiative (SBTi). Based on reasonably set reduction targets, the Company fully considers each subsidiary's business development, emission trends, and reduction pathways to formulate and implement phased carbon reduction plans. Concurrently, through regular tracking of key performance indicators, the Company dynamically evaluates the effectiveness of its green and low-carbon manufacturing system, ensuring orderly progress and continuous improvement in carbon reduction efforts.

Relevant Management Index

- Energy Consumption** • Comprehensive energy consumption, energy consumption per 10,000 yuan of output value, and total electricity consumption are used to assess energy consumption levels and drive improvements in energy efficiency
- Carbon Emission** • Carbon emissions, carbon emissions per 10,000 yuan of output value, and other indicators are used to assess carbon emission levels and drive emission reduction efforts
- Green Energy** • Indicators such as green electricity consumption, green electricity usage share, and total self-built photovoltaic capacity are used to evaluate green energy utilization and promote the substitution of traditional energy sources with green energy
- Efficiency Enhancement** • Indicators such as the reduction rate of energy consumption per unit of output and the reduction rate of carbon emissions per unit of output are used to evaluate the effectiveness of energy conservation and emission reduction efforts and drive continuous improvement
- Green Technology** • Promote the research, development, and application of green and low-carbon technologies, such as high-efficiency energy-saving technologies, clean energy technologies, and recycling technologies, to enhance green manufacturing standards
- Green Supply Chain** • Establish a green supply chain management system to encourage suppliers to adopt green and low-carbon production methods, thereby achieving a greener supply chain
- Green Products** • Develop green and low-carbon products to meet market demand and lead the trend toward green consumption

Hengtong Optic-Electric's subsidiaries have developed and submitted carbon reduction and net-zero targets in batches, referencing the Science Based Targets initiative (SBTi) framework while aligning with their operational realities and strategic development. The first batch of subsidiaries to pass the review process fully met SBTi's stringent requirements, accumulating valuable implementation experience that provides replicable pathways and practical references for subsequent subsidiaries.

By the end of the reporting period, two subsidiaries had received formal SBTi recognition for their carbon reduction and net-zero targets. This significant improvement in overall implementation efficiency demonstrates the effectiveness of the ESG Committee and its working mechanisms in coordinating planning and driving systematic progress.



Case | Jiangsu Hengtong Power Cable Co., Ltd. Carbon Targets Approved by the Science Based Targets Initiative

Jiangsu Hengtong Power Cable Co., Ltd., a subsidiary of Hengtong Optic-Electric, formally applied to join the Science Based Targets initiative (SBTi) in November 2023. In July 2024, the Company successfully passed the SBTi verification for its net-zero targets.

SBTi ID: 40006437
Temperature alignment
(based on scope 1 and 2 targets): 1.5° C

Overall Net-Zero Target:

Jiangsu Hengtong Power Cable Co., Ltd. solemnly commits to achieving net-zero greenhouse gas emissions across its entire value chain by 2045, actively fulfilling corporate responsibility in addressing climate change.

Near-Term Emissions Reduction Targets (by 2033):

- Reduce absolute Scope 1 and Scope 2 greenhouse gas emissions by 54.6% compared to the 2022 baseline year;

- Concurrently, reduce Scope 3 GHG emissions (covering purchased goods and services, upstream/downstream transportation and distribution, use of sold products, and end-of-life disposal of sold products) by 61.1% per million RMB of added value.

Long-Term Emissions Reduction Targets (by 2045):

- Reduce absolute Scope 1 and Scope 2 greenhouse gas emissions by 90% compared to 2022 levels;
- Achieve a 90% absolute reduction in Scope 3 greenhouse gas emissions (covering purchased goods and services, upstream and downstream transportation and distribution, use of sold products, and end-of-life disposal of sold products) over the same period.

The Company will advance green manufacturing, supply chain decarbonization, and product lifecycle management through clear phased objectives and long-term commitments, and establish a systematic decarbonization pathway to achieve carbon neutrality and sustainable development.

TARGETS / COMMITMENTS								
ACTION	COMMITMENT TYPE	STATUS	TARGET	SCOPE	TARGET CLASSIFICATION	BASE YEAR	TARGET YEAR	DATE PUBLISHED
Target	NA	NA	Net-zero	1+2+3	1.5°C	2022	2045	2024-07-18
Target	NA	NA	Near-term	1+2	1.5°C	2022	2033	2024-07-18
Target	NA	NA	Near-term	3	NA	2022	2033	2024-07-18
Target	NA	NA	Long-term	1+2	1.5°C	2022	2045	2024-07-18
Target	NA	NA	Long-term	3	NA	2022	2045	2024-07-18
Commitment	Net-zero	Target set	-	-	-	-	-	2023-11-02
Commitment	Standard	Target set	NA	NA	NA	NA	NA	2023-11-02

Project	Scope and Unit	2022 (Base Year)	2023	2024	2024 Change vs. Base Year (%)	Annual Achievement
Greenhouse Gas Emissions	Scope 1+Scope 2 (tCO ₂ e)	26,765.01	3,267.54	3,535.47	-86.79%	Finished
	Scope 3 Intensity Target (tCO ₂ e/million RMB Profit)	2,371.49	2,210.90	1,739.46	-26.65%	Finished

Achievement Status of SBTi Science-Based Target

Case

Hengtong Submarine Power Cable Co., Ltd. Carbon Targets Approved by the Science Based Targets Initiative

Hengtong Submarine Power Cable Co., Ltd., a subsidiary of Hengtong Optic-Electric, formally applied to join the Science Based Targets initiative (SBTi) in June 2023. On September 26, 2024, the Company successfully passed the SBTi verification for its net-zero targets.

SBTi ID: 40000900
Temperature alignment
(based on scope 1 and 2 targets): 1.5° C

Overall Net-Zero Target:

Hengtong Submarine Power Cable Co., Ltd. solemnly pledges to achieve net-zero greenhouse gas emissions across its entire value chain by 2045, fully fulfilling its corporate responsibility in global climate governance.

Near-term Emissions Reduction Targets (by 2033):

- Reduce absolute Scope 1 and Scope 2 greenhouse gas emissions by 54.6% compared to 2022 levels;
- Concurrently, reduce Scope 3 greenhouse gas emissions per million RMB of added value by 61.1%.

Long-Term Emissions Reduction Targets (by 2045):

- Reduce absolute Scope 1 and Scope 2 GHG emissions by 90% compared to 2022 levels;
- Reduce absolute Scope 3 GHG emissions by 90% over the same period.

By establishing clear near-term and long-term targets, the Company will continue to drive energy transition and green low-carbon innovation, progressively achieving emissions reductions across the entire value chain and advancing toward net-zero pathways, thereby contributing to global sustainable development.

TARGETS / COMMITMENTS

ACTION	COMMITMENT TYPE	STATUS	TARGET	SCOPE	TARGET CLASSIFICATION	BASE YEAR	TARGET YEAR	DATE PUBLISHED
Target	NA	NA	Net-zero	1+2+3	1.5°C	2022	2045	2024-07-18
Target	NA	NA	Near-term	1+2	1.5°C	2022	2033	2024-07-18
Target	NA	NA	Near-term	3	NA	2022	2033	2024-07-18
Target	NA	NA	Long-term	1+2	1.5°C	2022	2045	2024-07-18
Target	NA	NA	Long-term	3	NA	2022	2045	2024-07-18
Commitment	Net-zero	Target set	-	-	-	-	-	2023-11-02
Commitment	Standard	Target set	NA	NA	NA	NA	NA	2023-11-02

Project	Scope and Unit	2022 (Base Year)	2023	2024	2024 Change vs. Base Year (%)	Annual Achievement
Greenhouse Gas Emissions	Scope1+Scope 2 (tCO ₂ e)	24,991.07	23,664.87	21,858.28	-12.39%	Finished
	Scope 3 Intensity Target (tCO ₂ e/million RMB Profit)	775.81	1,237.56	599.83	-22.68%	Finished

Achievement Status of SBTi Science-Based Target

Compliance and Stability:
The Foundation for Steady Growth

Leading Innovation:
Creating Leading Quality

Low-Carbon Development:
Illuminating a Green Future

Caring for Employees:
Promoting Inclusive Development

Global Cooperation:
Demonstrating Hengtong's Responsibility

Greenhouse Gas Emissions ³	Unit	2022	2023	2024
Total greenhouse gas emissions (Scope 1 + Scope 2)	tons CO ₂ equivalent(tCO ₂ e)	339,189.14	385,822.96	460,343.01
Scope 1 greenhouse gas emissions	tons CO ₂ equivalent(tCO ₂ e)	80,297.40	78,606.87	92,377.46
Scope 2 greenhouse gas emissions ⁴	tons CO ₂ equivalent(tCO ₂ e)	258,891.74	307,216.08	367,965.55
Greenhouse gas emissions intensity	tons CO ₂ equivalent (tCO ₂ e)/RMB 100 million in revenue	730.00	810.18	767.44

³ The Company's primary greenhouse gas emissions originate from direct sources (Scope 1) and indirect energy sources (Scope 2).

The Company conducts carbon inventories based on ISO 14064-1:2018 the *Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals*. The greenhouse gas categories primarily include carbon dioxide, methane, and nitrous oxide. Calculations utilize the 2022 national average power sector carbon dioxide emission factor (excluding non-fossil energy electricity traded in the market) from the Ministry of Ecology and Environment and National Bureau of Statistics' the *Announcement on Issuing the 2022 Carbon Dioxide Emission Factors for Electricity*, alongside emission factors from the *IPCC Sixth Assessment Report* published by the United Nations Intergovernmental Panel on Climate Change.

⁴ The electricity emission factor for 2024 is 0.5856 tCO₂/MWh, for 2023 it is 0.5942 tCO₂/MWh, and for 2022 it is 0.5703 tCO₂/MWh.



3.3 Energy Efficiency and Transformation



Hengtong Optic-Electric actively fulfills its corporate social responsibilities, striving to establish a green and low-carbon production and operation model. We recognize the critical importance of energy management for achieving sustainable development and continuously enhance our company's energy management capabilities.

Energy Management System

Hengtong Optic-Electric strictly complies with laws and regulations such as the *Energy Conservation Law of the People's Republic of China*, continuously strengthening energy management while driving technological innovation, equipment upgrades, and digital management practices. We proactively conduct internal and external audits throughout production operations, linking energy management performance to responsible personnel evaluations to drive improvements in energy utilization efficiency. During the reporting period, 10 subsidiaries under Hengtong Optic-Electric obtained ISO 50001 Energy Management System certification, covering the Company's product lines including optical cables, optical fibers, medium- and low-voltage cables, high-voltage cables, high-voltage submarine cables, conductors, railway signaling cables, flexible cables, and industrial cables.

Energy Saving Targets

Reduce energy consumption intensity by annually

5%



Hengtong Optic-Electric Smart Industrial Park Energy Management System

Case | Hengtong Submarine Power Cable Co., Ltd. Annual Energy Saving and Emission Reduction Case Study

In 2024, the Company continued advancing its green and low-carbon transformation, deepening energy management to unlock factory energy-saving potential through multiple retrofit projects:

- **Workshop Corridor Lighting Upgrade:** Replaced with low-power energy-saving lamps, achieving annual electricity savings of 57,816 kWh and reducing CO₂ emissions by 33.9 tons;
- **Visitor Corridor Lighting Upgrade:** Annual electricity savings of 30,660 kWh, reducing CO₂ emissions by 18.0 tons;
- **Tower Chiller Energy Efficiency Improvement:** Newly purchased variable-frequency screw chillers and supporting equipment achieved annual electricity savings of 62,928 kWh, reducing CO₂ emissions by 36.9 tons;
- **Annealing Process Upgrades for Extruding Machines:** Implementation of DC power cabinets increased production rates while achieving approximately 15% energy savings.

Through these measures, the Company significantly enhanced energy utilization efficiency and carbon reduction performance, accumulating over 150,000 kWh in annual electricity savings and reducing CO₂ emissions by nearly 90 tons.



Case | Jiangsu Hengtong Electric Power Special Wire Co., Ltd. Annual Energy Saving and Emission Reduction Case Study

In 2024, the Company actively advanced energy conservation, consumption reduction, and intelligent upgrades. By implementing multiple energy-saving initiatives focused on workshop lighting, fan control, equipment management, and process optimization, we significantly enhanced energy utilization efficiency:

- **Smart Lighting:** The conductor workshop introduced an intelligent lighting control system. Through regionalized and automated time-based controls, annual electricity savings reached 96,352 kWh;
- **Intelligent Fan Control:** Connecting aluminum workshop fans to the Company's main network enabled equipment interconnection and smart control, saving 922,642 kWh annually;
- **Production Management Optimization:** Enhanced stranded wire production continuity through power management and optimized production scheduling, projected to save 621,610 kWh annually;
- **Wire Drawing Energy Efficiency Improvements:** Optimized production scheduling, enhanced skill coordination, and equipment maintenance are projected to save 1,174,810 kWh annually;
- **Laser Equipment Retrofit:** Replacing gas lasers in tube production lines with solid lasers, reducing power consumption from 37.5 kW to 12.5 kW, yielding annual savings of 125,670 kWh;
- **Cooling System Optimization:** Integrating cooling pump stations into water supply pipelines, eliminating circulation pumps, and utilizing direct return water connections to cooling towers, achieving annual savings of 216,379 kWh;
- **Wire Drawing Equipment Upgrade:** Replacing outdated single-head machines with dual-head wire drawing machines equipped with fully automatic take-up systems (servo motors), achieving annual electricity savings of 768,000 kWh.

Through these measures, the Company achieved cumulative annual electricity savings exceeding 4.2 million kWh, effectively reducing production energy consumption and carbon emissions while providing robust support for green manufacturing and low-carbon transformation.

Case | Jiangsu Nanfang Optic-Electric Technology Co., Ltd. Annual Energy Saving and Emission Reduction Case Study

With the rapid advancement of fiber optic communication technology, demand for optical fibers continues to grow. Fiber drawing is a critical manufacturing process, and induction furnaces represent one of the primary energy consumption points. To reduce energy consumption, enhance production efficiency, and strengthen competitiveness, the Company initiated a specialized energy-saving retrofit project based on the working principles and actual operating conditions of the induction furnaces.

Before Improvement

- Issue: The total power consumption across all drawing lines reached 51.76 kW, resulting in high energy costs and significant electricity expenses.



After Improvement

- Measures: Implemented an energy-saving optimization plan through in-depth analysis of furnace operating principles combined with production applications;
- Results: Total power consumption was reduced to 44.8 kW, yielding substantial economic benefits.

Meanwhile, Hengtong Optic-Electric has established and continuously refined its digital energy management platform. By integrating IoT, big data, and artificial intelligence technologies, it enables real-time monitoring, data collection, and dynamic analysis of energy-consuming equipment, processes, and scenarios. This not only enhances energy consumption visualization but also provides data support for energy efficiency diagnostics and carbon emissions accounting. The platform also features predictive analytics and optimized scheduling capabilities, propelling the Company's energy management toward intelligent and low-carbon practices. This provides robust technical support for achieving carbon peak and carbon neutrality goals.

Case | Practices for Digital Verification of Product Carbon Footprint Certificates

Hengtong has successfully established a digital carbon footprint verification model and collaborated with the China Quality Certification Center, market regulatory authorities, and major testing institutions to jointly build a factor database, achieving mutual data trust and unified certification standards. Leveraging its carbon footprint management platform, the Company has enabled automated data collection from information systems to edge devices. Combining the platform's modeling and analytical capabilities with blockchain technology for secure data storage, Hengtong collaborates with the China Quality Certification Center to conduct online calculations and reviews, significantly streamlining the carbon footprint certification process. Based on this innovative practice, CQC awarded Jiangsu Hengtong Power Cable Co., Ltd. the first product carbon footprint certificate verified through digital means in the wire and cable industry, establishing a key demonstration case for the Company's ESG data management.



Clean Technology and Energy Transition

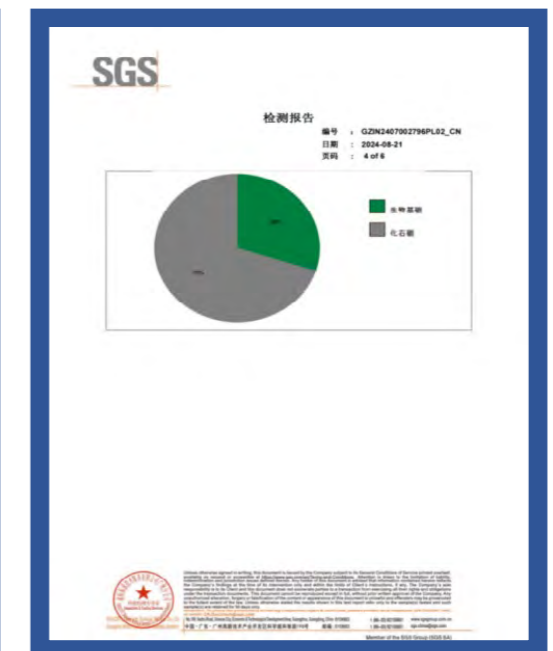
Hengtong Optic-Electric regards clean technology and energy transition as core corporate strategies, setting greenhouse gas emission intensity reduction as a management objective. We continuously advance carbon reduction across the entire production process, focusing on increasing clean energy usage to achieve an optimized energy structure transformation. Our clean energy utilization encompasses multiple types, primarily including renewable sources such as solar and wind power. In recent years, we have continuously advanced the construction of photovoltaic power stations and green cables, deeply implemented energy-saving upgrades, and promoted the development of green energy sources such as marine energy and offshore wind power equipment. By establishing a clean energy operation and service system covering the entire industrial chain, Hengtong Optic-Electric continuously enhances its overall energy management capabilities, achieving the optimization and upgrading of its energy structure.

Case | Green Design and Low-Carbon Product Innovation: Recycled and Pure Green Cable Case Studies

In 2024, Jiangsu Hengtong Power Cable Co., Ltd. actively responded to the "Carbon Peak by 2030 and Carbon Neutrality by 2060" goals, advancing green, low-carbon, and sustainable development strategies. Through technological innovation, the Company launched two categories of green, low-carbon products: Recycled cables and Pure Green cables.

- **Recycled cables:** Both conductor and sheath materials utilize recyclable, renewable raw materials. The conductor contains over 10% recycled content, with performance meeting HD and IEC standard requirements. This product reduces the carbon footprint through raw material recycling and reuse, promoting sustainable economic development;
- **Pure Green Cable:** The sheath material utilizes plastics derived from biomass extracts (such as sugarcane and corn), offering durability, mechanical properties, and UV resistance comparable to traditional petroleum-based materials. It complies with HD 605 and IEC 60502 standards. The product employs aluminum-plastic composite tape shielding technology to optimize electric field distribution, offering short-circuit carrying capacity and excellent longitudinal water-blocking performance. It delivers corrosion resistance up to 3,000 hours while combining high reliability with environmental attributes.

Through these innovative designs, Jiangsu Hengtong Power Cable Co., Ltd. has not only achieved greener and lower-carbon cable products but also enhanced material utilization efficiency and environmental performance, making positive contributions to corporate sustainability and global environmental protection.



Case

Green Design and Low-Carbon Product Innovation: Case Studies of Floating Offshore Wind Farms and Eco-Friendly Submarine Cables

In 2024, Hengtong Submarine Power Cable Co., Ltd. achieved significant milestones in clean technology, driving continuous innovation in dynamic cables for floating offshore wind turbines, eco-friendly cables, and aluminum-core submarine cables. This solidified clean technology as the Company's core strategic focus.

- **Floating Offshore Wind Dynamic Cable Technology:** Developed a leading 66kV floating offshore wind dynamic cable system, addressing critical issues such as low fatigue resistance in marine environments and providing reliable technical support for dynamic cable applications in large offshore wind farms;
- **Recyclable Polypropylene Submarine Cable Technology:** In the eco-friendly cable sector, developed copper-core polypropylene-insulated welded aluminum-sheathed and polyethylene-sheathed cables, achieving full lifecycle recyclability for submarine cable products and providing an effective technical solution for circular economic development;
- **Aluminum-Core Submarine Power Cable Technology:** Launched 66kV aluminum-core submarine cable products, optimizing resource utilization structures. This initiative promotes reduced copper usage within the cable industry and elevates green manufacturing standards.

Through these technological innovations, Hengtong Optic-Electric has not only enhanced the reliability and durability of offshore wind power and submarine cable products, but also provided strong support for marine energy development and circular economy construction, demonstrating the Company's leading advantages in the fields of clean energy and green technology.

Case

Continuous Development of Industrial Park Photovoltaics and Advancement of the Low-Carbon Energy Strategy

The Company's three major industrial parks and nine domestic and international industrial subsidiaries are actively advancing distributed photovoltaic projects, with a cumulative planned installed capacity of 53.7 MW. Currently, 11.3 MW has been put into operation. The operational projects generate approximately 5.0674 million kWh of electricity annually, reducing carbon dioxide emissions by about 2,846.4 tons per year. Through self-built photovoltaic projects, the Company has effectively increased its renewable energy usage ratio, lowered carbon emission intensity, and promoted the green and low-carbon transformation of industrial parks and supply chains, achieving sustainable development in energy utilization.



Jiangsu Hengtong Huahai Technology Co., Ltd. Self-Built Photovoltaic Project

Case

Hengtong Submarine Power Cable Co., Ltd. Scope 1 + Scope 2 Carbon Neutrality Achievement

During the reporting period, Hengtong Submarine Power Cable Co., Ltd., a subsidiary of Hengtong Optic-Electric, purchased 37,078 China Green Certificates (equivalent to 37.078 million kWh) and 655.26 metric tons of international carbon credits (VCUs), achieving carbon neutrality (Scope 1 + Scope 2). This signifies zero carbon emissions at the energy level. All transactions have been verified by third-party inspection agencies, which issued organizational carbon neutrality verification statements.



Hengtong Submarine Power Cable Co., Ltd. Obtains Carbon Neutrality Verification Statement Certificate

Case

Jiangsu Hengtong Electric Power Special Wire Co., Ltd. Scope 1 + Scope 2 Carbon Neutrality Achievement

Jiangsu Hengtong Electric Power Special Wire Co., Ltd. conducted a greenhouse gas verification in 2024, which was certified by a third-party testing agency and resulted in the issuance of a verification statement certificate. Concurrently, Hengtong Electric Power Special Wire purchased 11,680 green certificates and 6,568 tons of carbon credits (VCU) in 2024, achieving carbon neutrality for Scope 1 and Scope 2 emissions. The Company also obtained a carbon neutrality verification statement certificate from TÜV SÜD.



Jiangsu Hengtong Electric Power Special Wire Co., Ltd. Obtains Carbon Neutrality Verification Declaration (ISO 14068) Certificate



Purchase of Green Electricity and Carbon Credits

Case

Jiangsu Hengtong Huahai Technology Co., Ltd. Conducts Scope 1 + Scope 2 Carbon Inventory

In 2024, Jiangsu Hengtong Huahai Technology Co., Ltd. conducted a greenhouse gas inventory covering Scope 1 and Scope 2 emissions and obtained third-party verification certification.



Jiangsu Hengtong Huahai Technology Co., Ltd. Greenhouse Gas Verification Statement Certificate

Case

Jiangsu Hengtong Power Cable Co., Ltd. has been Honored as a "Suzhou (Near) Zero-Carbon Factory"

The Company has established a greenhouse gas management system and a near-zero carbon factory initiative, actively promoting green design and energy efficiency improvements. The Company continuously implemented green production line upgrades, achieving a 7.4% increase in production efficiency, a 23% reduction in energy consumption per unit, annual electricity savings of 4.533 million kWh, and CO₂ emissions reductions of 2,692 tons. Through systematic carbon reduction initiatives, the Company significantly enhanced its green manufacturing capabilities and was recognized as a "Suzhou (Near) Zero-Carbon Factory" in 2024.



In 2024, subsidiaries under Hengtong Optic-Electric actively promoted the use of clean energy in their products and operations, actively adopted low-carbon technologies and energy-saving measures, and achieved significant carbon reduction benefits.

Green Factories and Photovoltaic Applications

- **Factory PV generation:** The system has a design lifespan of 25 years, with an average annual effective generation of about 1,480 hours and an average annual power generation of about 137MWh

Energy Saving and Consumption Reduction in Highlighted Products

- By optimizing factory logistics routes and expanding the logistics system, the Company can reduce the need for three forklifts annually, thereby decreasing fossil fuel consumption and lower carbon emissions

Aberdare's Highlighted Initiatives in Clean Technology and Energy Transition in South Africa

The following table presents the energy consumption metrics for Hengtong Optic-Electric over the past three years:

Energy Consumption ⁵	Unit	2022	2023	2024
Direct Energy				
Gasoline	liter	157,017.59	321,840.10	308,707.00
Diesel	liter	5,742,733.62	6,067,596.95	4,233,370.00
Natural Gas	ten thousand cubic meters	2,667.76	2,624.67	3,783.17
Hydrogen	ten thousand cubic meters	29.46	27.35	268.05
Propane	ton	75.19	15.3	13.89
Biomass Pellets	ton	2,367.00	3,070.00	3,667.06
Indirect Energy				
Purchased Electricity	kWh	701,999,126.00	727,744,962.00	848,855,089.00
Purchased Green Electricity	kWh	250,435,000.00	227,142,770.00	220,579,100.00
Purchased Steam	ton	15,358.55	8,883.66	20,088.70
Total Energy Consumption				
Total Energy Consumption	ton of standard coal equivalent	130,269.75	133,396.91	161,443.43
Energy Consumption Intensity	ton of standard coal equivalent /100 million RMB	280.37	280.12	269.14

⁵ The comprehensive energy consumption is calculated based on the consumption volumes of gasoline, diesel, natural gas, hydrogen, electricity and steam, as well as the conversion coefficients specified in China's national standard General Principles for Calculating Comprehensive Energy Consumption (GB/T 2589-2020).

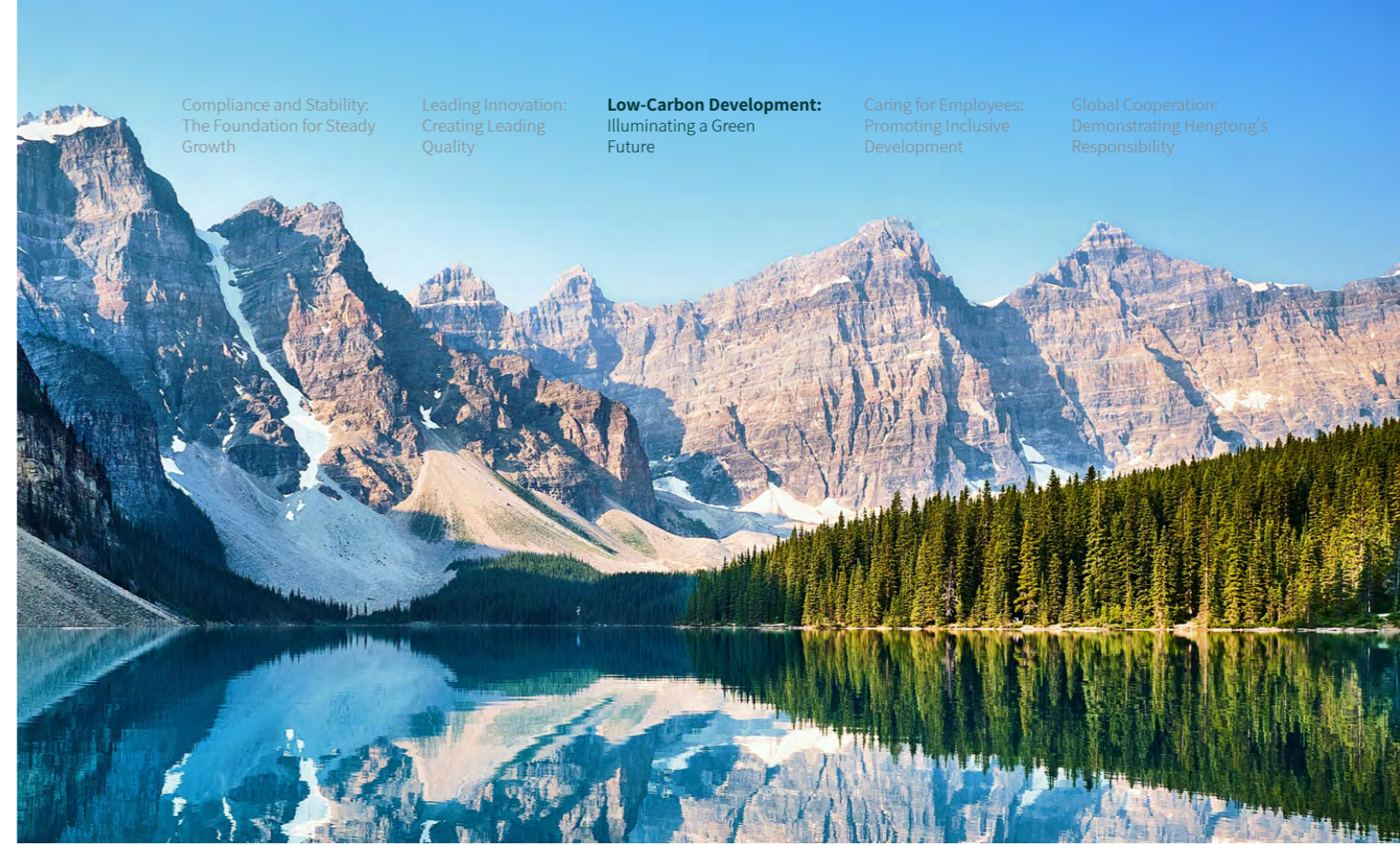


3.4

Water-Saving Transformation and Optimization



Water resource management is not only an indispensable part of daily operations but also a cornerstone for achieving sustainable development and fulfilling environmental responsibilities. Hengtong Optic-Electric strictly adheres to relevant laws and regulations such as the *Water Law of the People's Republic of China* and the *Measures for the Administration of Water Withdrawal Permits*. We have established and follow internal water management systems, including the *Regulations on Water Conservation and Recycling Management*. Our goal is to efficiently operate and maintain water-saving facilities while exploring further water-saving potential, thereby promoting the sustainable use of water resources in our operations and enhancing water efficiency. During production and operations, we regularly conduct water risk assessments and scenario analyses for our direct operations and other value chain segments, alongside water balance testing and water price monitoring. Concurrently, we allocate financial expenditures to address water-related risks, invest in R&D to upgrade facilities and equipment, strive to reduce water consumption in our own production and operations, and protect water resources in the regions where we operate.



We place high importance on water recycling, establishing centralized water recycling systems for workshops and rainwater harvesting systems. These measures effectively enhance water recycling rates and reduce the withdrawal of fresh water.

Recycled Water Use in 2024

77.6064 million tons

Water Conservation in 2024

Water use intensity decreased by

10.31%



Case

Jiangsu Hengtong Electric Power Special Wire Co., Ltd. Water Conservation and Water Resource Utilization Efficiency Enhancement

In 2024, Jiangsu Hengtong Electric Power Special Wire Co., Ltd. completed the optimization and renovation of its workshop cooling pump station system, aligning with resource conservation and green production objectives. The project centralized water supply by integrating inlet pipelines, eliminated cooling tower circulation pumps, and established a pressure return water circulation system by directly connecting equipment return pipes to cooling towers. This initiative not only streamlined the cooling water system workflow and reduced pump energy consumption but also enhanced water resource recycling efficiency, effectively minimizing losses during cooling water transportation.

Case

Jiangsu Hengtong Huahai Technology Co., Ltd. Upgrades Water-Using Equipment

In 2024, Jiangsu Hengtong Huahai Technology Co., Ltd. comprehensively upgraded its water-using equipment, uniformly adopting water-saving fixtures such as instant-on/off faucets and smart-controlled toilets. Concurrently, the Company strictly required suppliers to provide water-saving product inspection reports during procurement to ensure product performance met water-saving standards. Through these measures, the Company achieved a 20% to 30% improvement in water efficiency compared to traditional fixtures.

Meanwhile, Hengtong Optic-Electric places high importance on cultivating and enhancing employees' water conservation awareness. Through multi-tiered, various training programs and promotion activities on water-saving knowledge, the Company strengthens the sense of responsibility and environmental awareness among all staff members.

Use of Water	Unit	2022	2023	2024
Total Water Consumption	ten thousand tons	285.18	250.80	290.58
Water Use Intensity	ton/100 million RMB	6,137.61	5,401.10	4,844.28

3.5

Emissions Management and Recycling



The Company strictly adheres to the *Environmental Protection Law of the People's Republic of China* and relevant laws and regulations in its operational regions. It has established an internal *Comprehensive Management System for Hazardous Waste* based on the principles of reduction, harmless treatment, and resource utilization to comprehensively control the discharge and treatment of pollutants and waste. Under the unified system and management framework of the Group, environmental management requirements and assessment standards for subsidiaries have been formulated to ensure strict implementation of source reduction and discharge control for "three wastes" (wastewater, waste gas, and solid waste) in their production operations. Through measures such as policy guidance, technical support, supervision and inspection, and performance evaluation, the Group drives subsidiaries to establish standardized, traceable pollutant management systems, minimizing the potential environmental impact of production activities.

During the reporting period, Hengtong Optic-Electric and its subsidiaries achieved a 100% compliance rate for both exhaust gas and noise emissions, along with a 100% qualified disposal rate for waste. This demonstrates the Company's overall effectiveness in implementing environmental management systems, process control, and green operations, providing a foundational framework of both policy and practice for subsequent case studies showcasing specific management practices at subsidiaries.

Exhaust Gas Management

Hengtong Optic-Electric's exhaust emissions primarily consist of sulfur oxides generated during production processes such as extrusion, lead extrusion, and asphalt coating, as well as from administrative office areas during operational hours. The Company strictly adheres to relevant domestic and international laws, regulations, and exhaust gas disposal ordinances, including the *Air Pollution Prevention and Control Law of the People's Republic of China*. It has established the *Exhaust Gas Emission Control Procedure*, which sets forth stricter standardized requirements and treatment measures for exhaust emissions, continuously strengthening exhaust gas control processes. Additionally, we regularly engage professional third-party testing agencies to monitor pollutants, ensuring our operations and production meet stringent environmental standards.

Waste gas treatment is conducted through methods such as activated carbon adsorption (extrusion and asphalt processes) and water spray + baghouse dust collection (lead extrusion process)

Real-time monitoring of waste gas emissions is implemented, while qualified third-party testing agencies are commissioned for periodic indicator monitoring

In accordance with relevant requirements, high-efficiency waste gas collection and treatment equipment has been installed to enhance management of volatile organic compounds generated during production

Strict control is exercised over the waste gas facility treatment process

Case Study on Atmospheric Waste Gas Emission Management and System Implementation at Hengtong Submarine Power Cable Co., Ltd.

Hengtong Submarine Power Cable Co., Ltd. strictly implements its atmospheric pollutant management system to ensure factory emission concentrations and rates comply with national, local, and industry standards. Through comprehensive institutional management and operational protocols, the Company ensures the operation and daily management of waste gas treatment facilities, achieving full control over the entire waste gas emission process.

According to the *Environmental Impact Report Form* (Chang Huan [2009] No. 144) approved by the Changshu Environmental Protection Bureau in 2009, the factory's lead-containing exhaust gases are treated through baghouse dust removal and water curtain dust removal systems before discharge. The treated exhaust gas meets the following standards: - Lead dust concentration complies with Level 2 standards of Table 2 in the "Emission Standard for Air Pollutants from Industrial Furnaces" (GB9078-1996) - Asphalt fume concentration meets Level 2 standards of Table 2 in the "Integrated Emission Standard for Air Pollutants" (GB16297-1996).

The Company regularly commissions third-party testing agencies for monitoring. The latest test results from October 2024 show that emission indicators remain compliant, demonstrating the effective implementation of management systems and operational requirements at the subsidiary. Through the integration of institutionalized management, technical measures, and monitoring verification, the Company has established a standardized, traceable air pollutant emission management system, providing a practical model for green production and environmental compliance.

Wastewater Management

Hengtong Optic-Electric's wastewater discharge primarily consists of domestic sewage and industrial wastewater, containing pollutants such as COD, SS, total phosphorus, and ammonia nitrogen. We strictly adhere to the *Water Pollution Prevention and Control Law of the People's Republic of China*, international wastewater discharge standards, and other relevant domestic and international laws and regulations. We continuously optimize wastewater discharge management practices and upgrade wastewater treatment facilities.



Hengtong Optic-Electric Wastewater Management Initiatives

During the reporting period, our wastewater testing averages complied with GB8978-1996 and were incorporated into pipeline network requirements. In 2024, the Company experienced no non-compliance incidents exceeding discharge limits.

Case

Case Study on Water Pollutant Management and System Implementation at Hengtong Submarine Power Cable Co., Ltd.

Hengtong Submarine Power Cable Co., Ltd. strictly enforces its water pollutant management system to ensure factory discharge concentrations comply with national, local, and industry standards. Currently, the facility has no total discharge quota indicators. Through institutionalized management and standardized operations, the Company implements domestic sewage discharge and wastewater treatment measures, achieving full-process control over water pollutant emissions.

According to the Environmental Impact Report Form (Chang Huan [2009] No. 144) approved by the Changshu Environmental Protection Bureau in 2009, the factory's production processes must not generate wastewater discharge. Domestic sewage is connected to the development zone's sewage pipeline network and centrally treated by Changshu Binjiang New District Sewage Treatment Co., Ltd. Domestic sewage discharge points strictly comply with the "Quality Standards for Sewage Discharged into Urban Sewers" (GB/T 31962-2015), ensuring discharge water quality meets regulatory requirements.

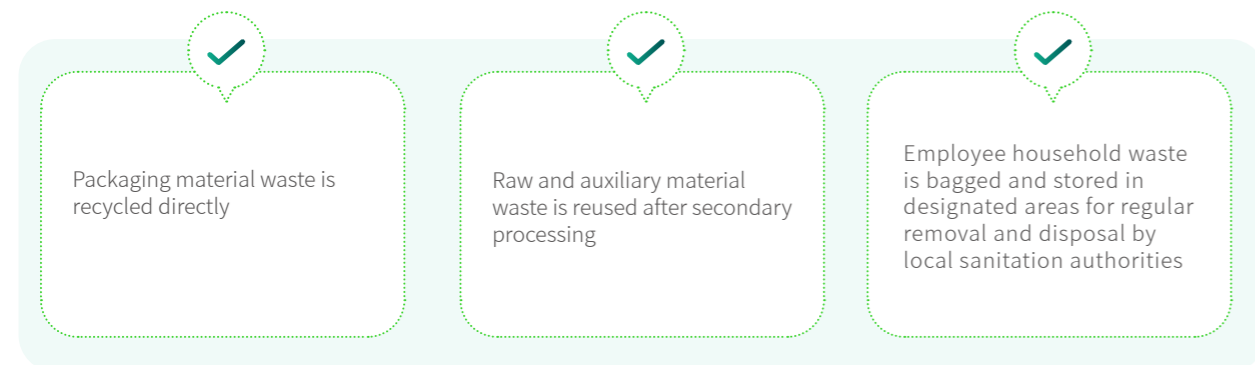
The Company regularly commissions third-party agencies for monitoring. The latest test results from October 2024 indicate that water pollutant discharge indicators consistently meet standards, validating the effective implementation of management systems and operational requirements at the subsidiary. Through the integration of system implementation, technical measures, and monitoring verification, the Company has established a standardized, traceable water pollutant management system, providing a practical model for green production and environmental compliance.

Waste Management

Hengtong Optic-Electric strictly adheres to relevant domestic and international laws and regulations, including the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and the *Law of the People's Republic of China on the Prevention and Control of Soil Pollution*. The Company has established a *Waste Control Procedure* to comprehensively manage non-hazardous and hazardous waste, standardize the collection, storage, transportation, and disposal of waste, and advance full-process compliance management of waste throughout production and operations.

Non-Hazardous Waste

Hengtong Optic-Electric's non-hazardous waste primarily includes packaging materials (fiber optic shells, cardboard boxes, etc.), raw and auxiliary materials (steel and aluminum strips, steel wires, etc.) generated during factory production, as well as office waste and employee household waste. The Company actively optimizes management across product manufacturing, testing, transportation, and delivery phases. It focuses on reducing consumption of raw materials, auxiliary materials, and packaging materials to minimize waste generation while promoting material recycling. This approach enables a gradual annual reduction in total non-hazardous waste volume. Concurrently, the Company actively practices circular economy principles by implementing comprehensive recycling and reuse programs for certain non-hazardous wastes, continuously enhancing the resource utilization rate of waste materials.



Hengtong Optic-Electric's Non-Hazardous Waste Disposal Measures

Hazardous Waste

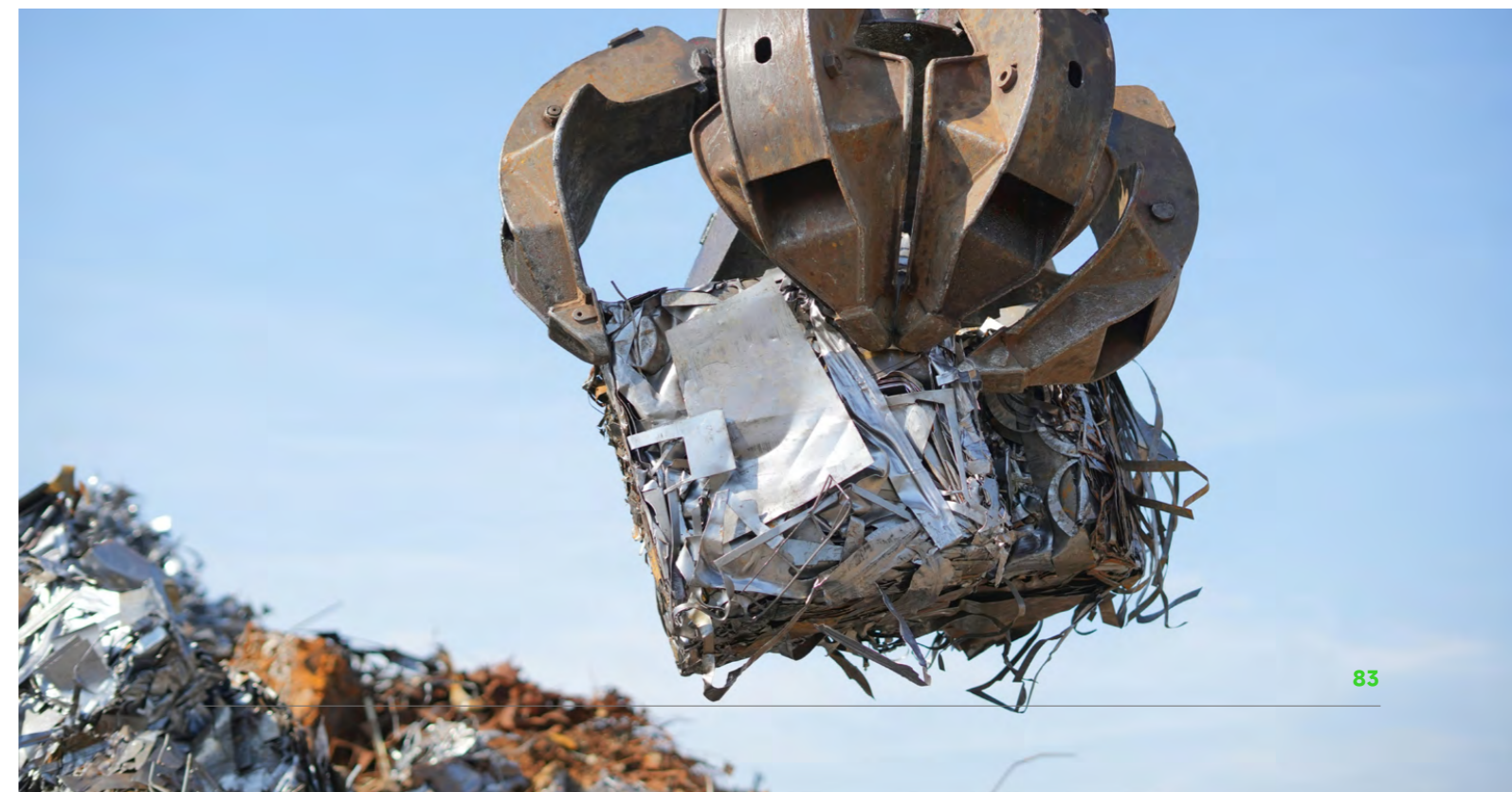
The primary sources of hazardous waste at Hengtong Optic-Electric are waste emulsions, activated carbon, and other toxic and hazardous substances generated in factory and administrative office areas. We strictly adhere to the *Pollution Control Standard for Storage of Hazardous Waste* (GB18597-2001) and other regulatory requirements, including the Hazardous Waste Management Plan. Hazardous waste generated during operations is collected and stored in a temporary hazardous waste storage area. It is then transferred and disposed of through the "Jiangsu Province Hazardous Waste Full Life Cycle System" and regularly entrusted to qualified third-party waste disposal agencies for unified treatment.

Case

Case Study on Solid Waste Classification Management and Resource Utilization at Hengtong Submarine Power Cable Co., Ltd.

Hengtong Submarine Cable Co., Ltd. generates solid waste primarily consisting of industrial waste, general industrial waste, and hazardous waste. By establishing a comprehensive solid waste classification management system and implementing differentiated disposal methods for each category, the Company has achieved institutionalized, streamlined, and transparent solid waste management. This approach not only effectively reduces environmental risks but also enhances waste resource utilization rates, creating an exemplary annual management case. Specific measures include:

- **Industrial waste:** It is uniformly recycled and disposed of by qualified professional recycling agencies, with whom the Company signs a commissioned disposal agreement to ensure the disposal process is legal and compliant;
- **General industrial waste:** It shall be handed over to qualified renewable resource utilization units for recycling and disposal, and the resource utilization shall be promoted through the signing of contracts;
- **Hazardous waste:** For hazardous waste such as waste activated carbon and waste emulsion, we strictly adhere to national regulations and entrust it to environmental protection enterprises with hazardous waste disposal qualifications for harmless disposal. Meanwhile, we keep full records and tracking on the hazardous waste management platform of the government authorities to ensure compliant, safe, and controllable transfer.



Circular Economy

Hengtong Optic-Electric adheres to green development principles, positioning circular economy as a key driver in production operations to comprehensively advance resource conservation and material recycling. Under Hengtong Optic-Electric's unified system and management framework, circular economy management requirements and assessment standards for subsidiaries have been established and implemented. This ensures strict adherence to policies on recycling raw materials, auxiliary materials, and waste throughout production processes at all subsidiaries. Through measures including system guidance, technical support, supervision and inspection, and performance evaluation, subsidiaries are driven to establish standardized, traceable resource management systems. This achieves reduction, reuse, and resource recovery of raw materials and waste.

During the reporting period, subsidiaries achieved significant results in helium recovery, metal material recycling, and solid waste resource utilization: helium recycling efficiency notably improved, while recovery rates for raw materials like copper, aluminum, and steel, along with solid waste resource utilization volumes, reached industry-leading levels. These practices not only reduced production costs but also effectively minimized environmental impact. They demonstrate Hengtong Optic-Electric's overall effectiveness in implementing circular economy management systems, process control, and green operations, providing a model and foundation for experience sharing among subsidiaries and future green management initiatives.

Case | Jiangsu Hengtong Optical Material Co., Ltd. Circularity Efficiency Improvement Case Study

The helium recovery efficiency in the front-end sintering process was low, primarily due to reduced energy recovery treatment efficiency, butterfly valve blockages, and insufficient exhaust hood pressure. This resulted in prolonged processing times and resource wastage. To enhance process efficiency and reduce energy consumption, the Company initiated a dedicated improvement project.

Before Improvement

- Issue: Low helium recovery efficiency, extended processing times, and inadequate resource utilization.



After Improvement

- Measures: Through process optimization, equipment troubleshooting, and enhanced control procedures, metrics gradually recovered after a temporary decline.
- Results: Helium recovery efficiency increased to 80.85%, achieving significant raw material savings and economic benefits.

This project effectively boosted helium recycling efficiency, delivering both economic and environmental benefits. It provides replicable experience for circular economy management.

Case | Hengtong Optic-Electric Case Study on the Management of Raw Material and Solid Waste Recycling

The recyclable raw materials (such as copper, aluminum, steel, etc.) and solid waste generated in the production and operation of subsidiaries under Hengtong Optic-Electric are recycled through both internal and external channels of the parent company. Jiangsu Hengtong Precision Engineering Metal Materials Co., Ltd., serving as the primary internal recycling contractor, centrally manages and processes recyclable materials from subsidiaries. Simultaneously, certain waste materials are recycled through external suppliers, establishing a closed-loop system integrating internal recycling with external recovery.

Measures and Management

- Establish a recycling ledger for raw materials and solid waste, clearly defining classification standards, responsible personnel, and disposal procedures;
- Through the parent company's (Hengtong Optic-Electric) institutional guidance and technical support, ensure all subsidiaries strictly implement recycling, storage, and disposal management to achieve a traceable and quantifiable circular utilization system;
- Conduct regular tracking and evaluation of recycling effectiveness to ensure the efficiency and safety of resource utilization.

Results

- Subsidiaries achieve substantial recycling volumes of raw materials and solid waste with high circular utilization rates;
- Effectively reduce production costs and environmental impact, delivering benefits of economic and environmental gains;
- Establish a closed-loop resource recovery system within the parent company, driving comprehensive implementation of circular economy management across subsidiaries and demonstrating the effectiveness of integrated parent-subsidiary coordination.

Emissions	Unit	2022	2023	2024
Exhaust Emissions				
Sulfur Oxides	ton	0.05303	0.048	1.97
Wastewater Discharge				
Domestic Sewage Discharge Volume	ton	36,180.72	31,099.93	178,843.31
Hazardous Waste				
Waste Emulsion	ton	251.09	287.28	438.10
Activated Carbon	ton	1.40	8.106	23.81
Total Generation of Hazardous Waste	ton	586.60	322.98	832.99
Non-hazardous Waste				
General Solid Waste Generation (Recyclable)	ton	117,586.80	115,016.46	14,845.82
Total Amount of Packaging Materials Recycled for Reuse	ton	70,894.86	77,984.35	7,934.60
Total Amount of Other Waste Materials Recycled for Reuse	ton	46,691.94	37,032.11	6,911.22
Total General Solid Waste (Non-Recyclable)	ton	49,939.22	43,946.52	3,073.34
Total Generation of General Solid Waste	ton	167,526.02	158,962.98	17,919.15

04

Caring for Employees: Promoting Inclusive Development

Talent is the core driving force and competitive edge for an enterprise's long-term development. Hengtong Optic-Electric upholds a people-oriented philosophy, places high value on employee worth, and is committed to fostering a fair, equitable, diverse, equal, healthy and safe work environment. Through transparent hiring processes, comprehensive employee development systems, generous benefits packages, open communication channels, and scientific safety management practices, the Company maximizes the protection of employee rights and interests, enabling mutual growth between employees and the enterprise.



4.1 Talent Attraction and Retention



Hengtong Optic-Electric strictly adheres to the requirements of national laws and regulations, including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Trade Union Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, and the *Provisions on the Prohibition of Using Child Labor*. We have established internal rules and regulations such as the *Hengtong Optic-Electric Recruitment Management Measures* to standardize the management of employee hiring, compensation, benefits, working hours, and leave. This ensures fairness and impartiality in the recruitment process and work environment, safeguarding the rights and interests employees are entitled to.

Prohibition of Child Labor and Forced Labor

Hengtong Optic-Electric explicitly prohibits the employment of child labor and forced labor. We have developed and implemented the *Management and Control Procedures for Prohibiting Forced Labor*, rigorously screening during the recruitment phase to prevent the hiring of minors. Should any violations of employment regulations be discovered, we will conduct thorough investigations immediately and impose strict disciplinary measures on those responsible for non-compliant hiring practices. During the reporting period, Hengtong Optic-Electric did not experience any incidents involving child labor or forced labor.

Diversity and Inclusion

We consistently uphold a workforce philosophy of diversity, equality, and inclusion. We actively implement diversity policies and oppose any form of harassment, sexual harassment, discrimination, or differential treatment. This ensures employees of all genders, ages, regions, ethnicities, family statuses, marital statuses, religions, disabilities, sexual orientations, and social backgrounds enjoy equal development opportunities. For workplace discrimination and harassment incidents, the Company has established comprehensive reporting procedures. If an incident is verified and confirmed, we will take appropriate actions against involved employees based on the nature of the incident, including warnings, disciplinary actions, or termination. The Company regularly conducts diversity-themed training and awareness campaigns to continuously enhance employees' understanding of diversity and inclusion, promote mutual respect, and jointly foster an open, inclusive, harmonious, and friendly workplace environment. Additionally, we consistently provide quality employment opportunities for disadvantaged groups, including individuals with disabilities, and ensure equal treatment for all based on the principle of equal pay for equal work.

Aligned with our talent strategy and business needs, we have established diverse, global recruitment plans and targets that define the direction, scale, and structure of talent development. These plans undergo dynamic annual adjustments and updates. We continuously strengthen our employer brand, optimize recruitment processes, enhance job-candidate matching rates, and attract and retain top talent resources.

Trade Unions and Collective Agreements

Hengtong Optic-Electric consistently regards the protection of employee rights and the development of harmonious labor relations as integral components of sustainable development. Referencing relevant laws, regulations, and International Labour Organization (ILO) requirements, we have established and implemented internal systems such as the *Management Control Procedures for Freedom of Association and Collective Bargaining Rights*. We actively support employees' freedom to form associations and participate in collective bargaining, safeguarding their rights to information, participation, and expression regarding working conditions, compensation and benefits, occupational health, and safety. This ensures every employee enjoys the lawful rights to freedom of association and participation in collective bargaining. During the reporting period, the collective agreement signing rate reached 100%, with 100% union coverage.

Employee Compensation

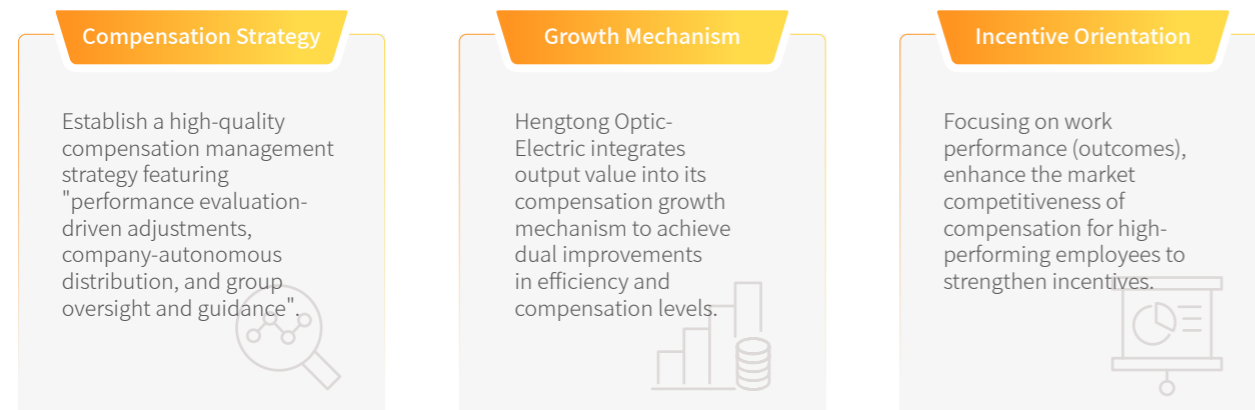
The Company is committed to attracting, retaining, and fostering the continuous growth of talent. We adhere to the principle of "equal pay for equal work and distribution according to labor," building a fair, just, scientific, and reasonable compensation management mechanism while continuously improving a competitive compensation system. The Company strictly complies with laws and regulations including the *Company Law of the People's Republic of China*, the *Labor Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Provisions on Minimum Wages*, the *Paid Leave Regulations for Employees*, and the *Medical Leave Regulations for Employees Suffering from Illness or Non-Work-Related Injuries*. It references the statutory minimum wage and living wage⁶ standards in each operational location to ensure all employees, including part-time staff, receive compensation that meets or exceeds the living wage standard.

<p>Management and Technical Positions</p> 	<ul style="list-style-type: none"> Implement rank-based management, where employee ranks are determined by qualification assessments. Position coefficients are assigned according to rank Compensation standards are set based on employee capability and performance
<p>Marketing Positions</p> 	<ul style="list-style-type: none"> Monthly compensation is calculated using rank-based wages supplemented by business settlement pay, enhancing compensation security Annual total income is determined by performance metrics such as sales volume and market expansion. Key incentives are provided to sales personnel who significantly exceed targets, ensuring performance and income grow in tandem
<p>Operational Positions</p> 	<ul style="list-style-type: none"> Determine employees' skill levels and job grades based on competency assessments Implement piece-rate and hourly compensation models, setting pay levels according to local market conditions
<p>Logistics Support and Administrative Positions</p> 	<ul style="list-style-type: none"> Establish compensation standards at local market averages, ensuring alignment with capability and performance through rank management and qualification evaluations

Hengtong Optic-Electric Job Grade Compensation Model

⁶ Living wage: The minimum wage for basic working hours, ensuring the basic needs of employees and their families are met; The living wage includes basic wages but excludes bonuses and overtime pay.

The Company's compensation structure comprises fixed and variable components. Variable compensation includes bonuses and performance-based incentives designed to motivate employees, with portions directly tied to the Company's operational performance. We integrate environmental management performance, health and safety metrics, and other relevant indicators into the compensation assessment system for management, aligning the interests of executives with the Company's sustainable development to promote long-term growth. Concurrently, we have established an employee compensation growth mechanism that effectively links performance outcomes, output value enhancement, and compensation optimization. This approach lays a solid foundation for Hengtong Optic-Electric's compensation strategy, talent development, and retention efforts.



Hengtong Optic-Electric Employee Compensation Growth Mechanism

2024	
Average Ratio of Male to Female Compensation in Senior Management	Average Ratio of Male to Female Compensation in Management
1:1	1:1
Average Ratio of Male to Female Compensation Among General Staff	
1:1	
Ratio of Female Employees' Standard Starting Salary to Local Minimum Wage	Ratio of Male Employees' Standard Starting Salary to Local Minimum Wage
1.61:1	1.61:1

Employee Motivation

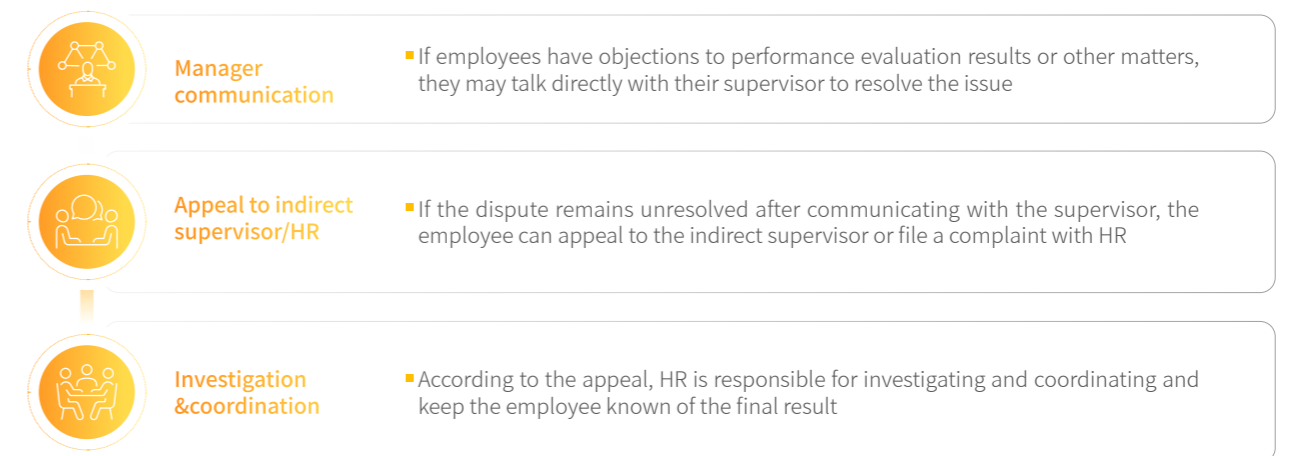
Hengtong Optic-Electric steadfastly adheres to the principle of "evaluating based on work performance," ensuring fairness and transparency in our performance appraisal and promotion systems. We believe that a fair, impartial, and transparent performance evaluation system demonstrates our appreciation and respect for employees' outstanding contributions, effectively attracting and motivating them to drive company growth.

We conduct regular, multidimensional performance evaluations to comprehensively and objectively assess employee contributions. As a key component of performance management, we perform quarterly comprehensive reviews of employee work and performance, helping individuals clearly identify their strengths and areas for improvement across dimensions such as learning ability, leadership, execution, knowledge, and experience. Annual assessment results are issued at year-end to ensure the fairness, objectivity, and reasonableness of the performance evaluation process.



Hengtong Optic-Electric Performance Evaluation Types

To ensure fairness throughout the performance evaluation process, we provide employees with transparent channels to promptly discuss assessment results with their supervisors or HR department. This facilitates reflection on past performance, offers feedback and suggestions, and allows ongoing communication regarding goal setting and evaluation issues. Should employees disagree with their assessment outcomes, they may follow the appeal process to submit feedback and requests for reconsideration. During the reporting period, our regular performance and career development reviews covered all employees.



Hengtong Optic-Electric Employee Performance Appeal Process

Hengtong Optic-Electric has launched an employee stock ownership plan covering 246 individuals, including certain directors, senior management, core technical personnel, and key technical and operational staff. This initiative aims to stimulate the motivation and creativity of managers and employees, thereby promoting the Company's long-term, sustainable, and healthy development.

In 2024, to further implement long-term incentives and constraints for the Company's core personnel, fully mobilize

their initiative and creativity, align their interests more closely with the Company's long-term development, and achieve sustainable growth, the Company formulated and implemented the 2024 Restricted Stock Incentive Plan, marking Hengtong Optic-Electric's first equity incentive program. The plan grants up to 21,553,532 restricted A-shares to eligible participants. These shares originate from the Company's repurchased shares on the secondary market. The recipients comprise 529 core personnel, including key technical experts and core market specialists.

Talent Retention

Hengtong Optic-Electric consistently regards talent as the core driving force behind the Company's sustainable development. Adhering to the philosophy of "people-oriented, co-creation and sharing," we have established a long-term platform for mutual growth between employees and the Company through comprehensive career development pathways, a highly competitive compensation and benefits system, and diversified incentive mechanisms. The Company emphasizes aligning individual development goals with corporate strategy. Beyond providing a broad career stage, it enhances employees' sense of belonging and achievement through training empowerment, long-term equity incentives, variable compensation, and

scientific salary growth mechanisms. This fosters a stable and efficient talent pool, supporting the Company's leadership in intense market competition.

To establish a long-term incentive and accountability mechanism that fully mobilizes the initiative and creativity of directors, senior management, R&D and core technical personnel, and key operational staff, the Company has implemented four phases of an Employee Reward Fund. This fund recognizes mid-to-senior management, core technical personnel, outstanding frontline marketing personnel both domestically and internationally, and individuals with exceptional contributions.

- Include employee turnover rate in the performance evaluation for management
- Provide effective incentive mechanisms and award bonuses or rewards to who have outstanding performance
- Provide professional development support such as career development plan, tutor guidance and regular feedback
- Carry out salary competitiveness evaluation regularly and ensure salary and bonus have good competitiveness
- Implement flexible working hours, allowing employees to choose remote work, flexible working as needed
- Conduct interviews with departing employees to understand their primary reasons for leaving and gather improvement measures

Employee Retention Measures for Hengtong Egypt

2024

Total Number of Employees

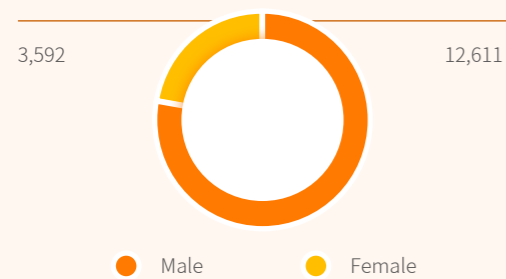
16,203 Person

New Hires

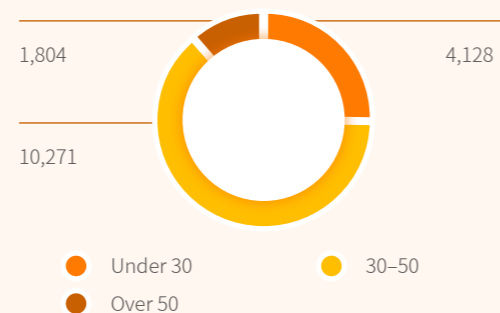
2,554 Person



Number of employees by gender (Person)



Number of employees by age group (Person)



Compliance and Stability:
The Foundation for Steady
Growth

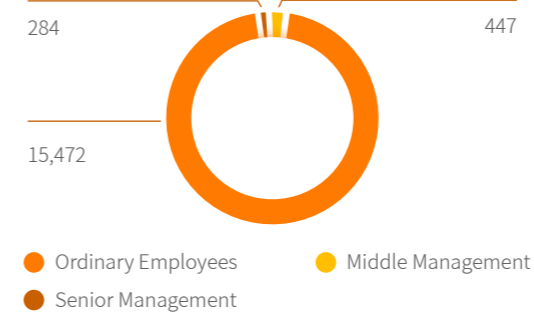
Leading Innovation:
Creating Leading
Quality

Low-Carbon Development:
Illuminating a Green
Future

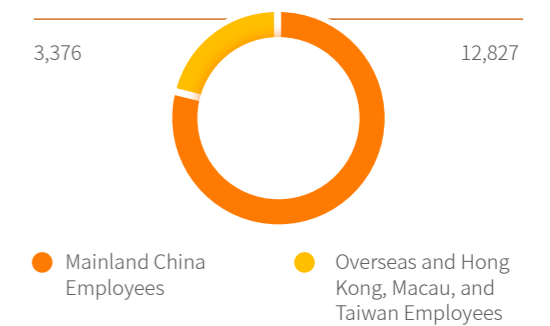
Caring for Employees:
Promoting Inclusive
Development

Global Cooperation:
Demonstrating Hengtong's
Responsibility

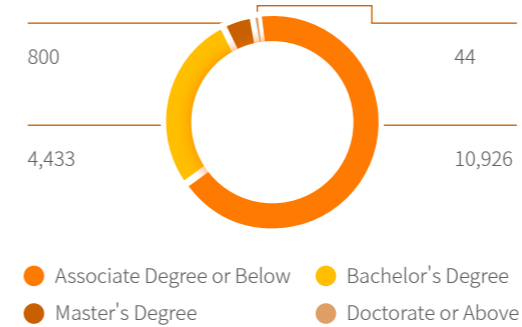
Number of employees by hierarchical level (Person)



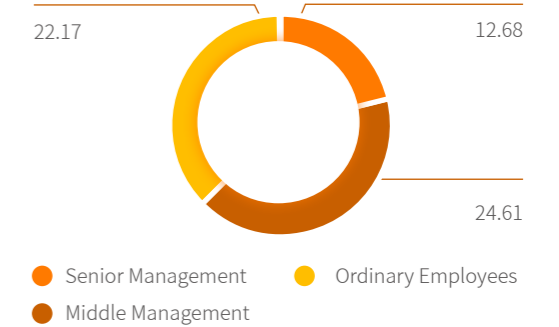
Number of employees by region (Person)



Number of employees by educational attainment (Person)



Percentage of female employees at each level (%)



Indicator	Unit	2024
Employee Turnover Rate	Total Turnover Rate	18.46
Employee Turnover Rate by Gender	Male	14.17
	Female	4.29
Employee Turnover Rate by Age Group	Under 30	7.36
	30-50	9.63
	Over 50	1.47

4.2 Empowering Growth and Development

Hengtong Optic-Electric consistently upholds the development philosophy that "talent is the foremost resource, capital, and strategy." By establishing a "three-in-one" talent system and adhering to a talent-first strategy, the Company creates diverse career pathways and practical growth platforms for employees. This commitment fosters a continuous cultivation of a high-caliber, highly skilled workforce, providing an uninterrupted source of internal momentum for the Company's sustainable, high-quality development.

Operation Management

Develop management talents with international experience and integrity and competence

Professional Technology

Cultivate specialized talent focusing on cutting-edge industry developments and innovation research

Occupational Expertise

Cultivate talents of high skilled professionals and pursuing excellence

Hengtong Optic-Electric "Three-in-one" Talent System

Employee Training

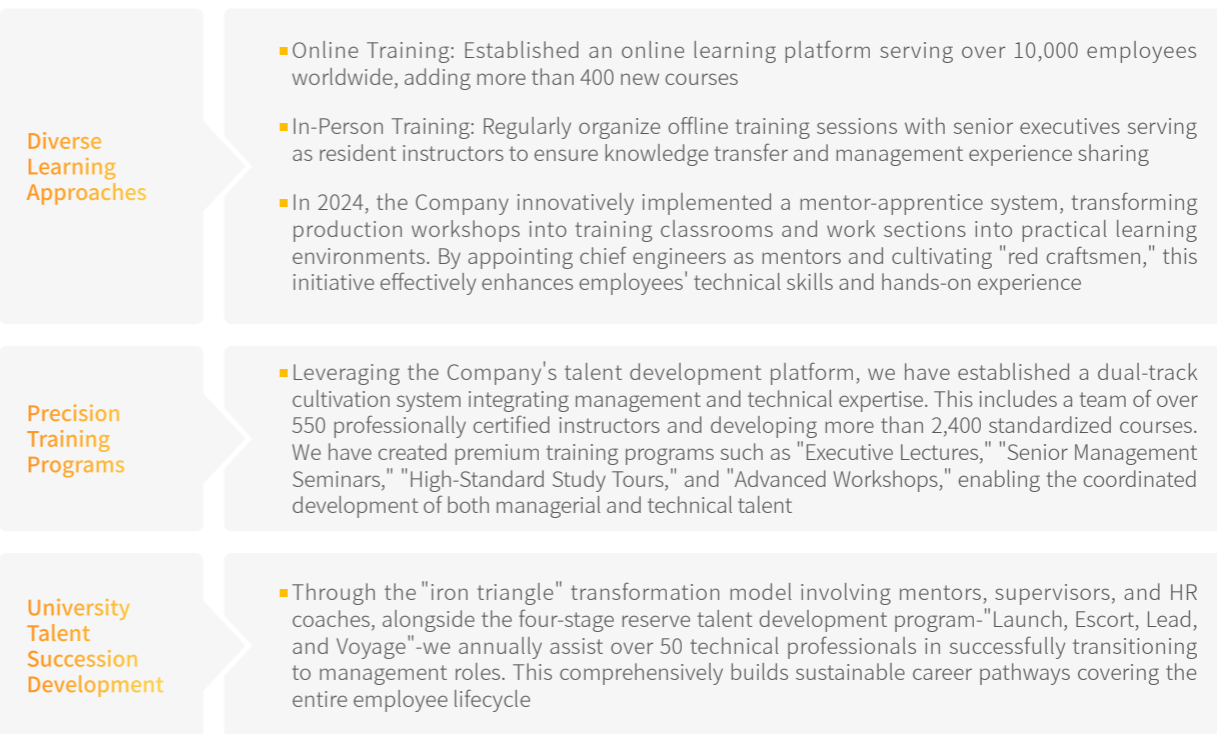
Hengtong Optic-Electric continuously refines its employee training management system. The Company has formulated and implemented relevant management systems, including the *Hengtong Optic-Electric Training Management Measures*, establishing an online and offline training system covering all employees. It persistently optimizes talent development mechanisms to enhance employees' professional competence. During the reporting period, a total of 7,044 training sessions were conducted, reaching 136,703 participants, with an average of 54.01 training hours per employee.

Internal offline training

External online training

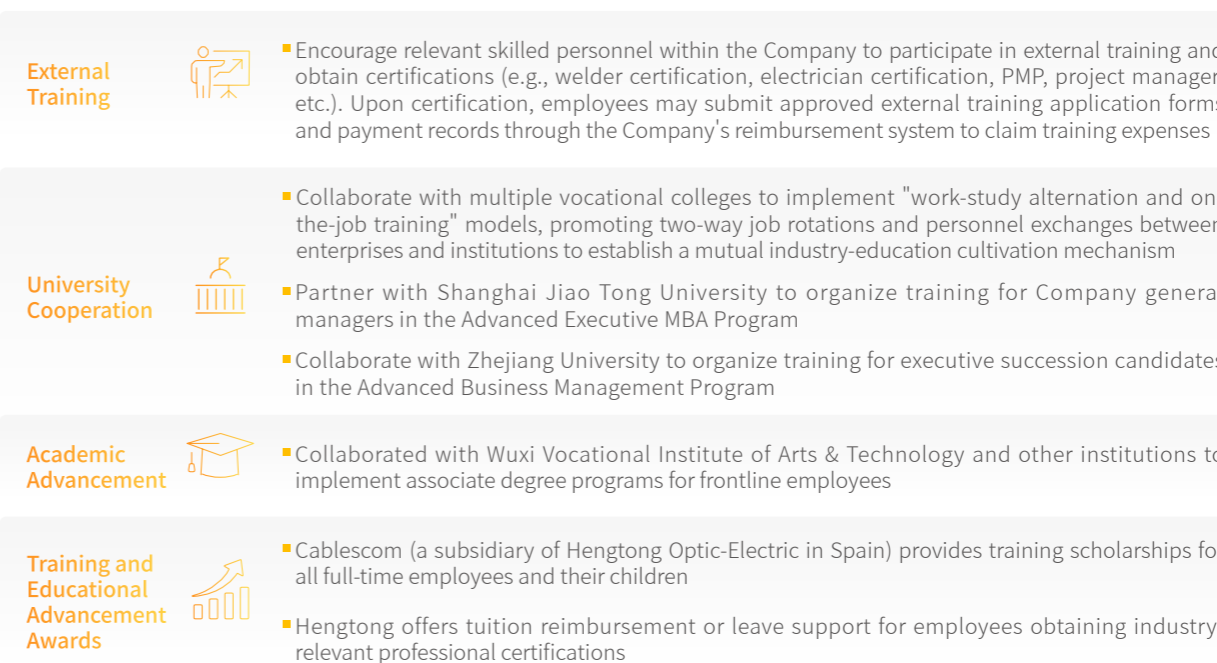
Specialized seminar, skill knowledge sharing session, case study and policy dissemination session

Hengtong Optic-Electric Employee Training Channel



Hengtong Optic-Electric Talent Cultivation Mechanism

While refining its internal training system, Hengtong Optic-Electric comprehensively supports employees in advancing their education and obtaining professional certifications through diverse policies. These include providing external training opportunities, reimbursing related expenses, and offering incentives for academic advancement, thereby fostering employees' career development.



Hengtong Optic-Electric Employee External Training and Academic Advancement Support

To further help employees integrate theoretical knowledge with practical operations, the Company has meticulously organized a series of professional skill competitions. This initiative establishes a mechanism where "competition drives learning, and learning drives application," fostering exchange and learning among employees. It enhances teamwork and problem-solving capabilities while cultivating a positive atmosphere of mutual learning and friendly competition. Simultaneously, competition results provide a scientific basis for the Company to accurately assess employee skill levels and identify high-potential talent. This effectively supports the Company in developing targeted talent development plans and career advancement pathways.



Professional Skills Competition

Compliance and Stability:
The Foundation for Steady
Growth

Leading Innovation:
Creating Leading
Quality

Low-Carbon Development:
Illuminating a Green
Future

Caring for Employees:
Promoting Inclusive
Development

Global Cooperation:
Demonstrating Hengtong's
Responsibility

Indicator	Unit	2024
Total Number of Training Participants	People	136,703
Total Number of Training Sessions	Number	7,044
Average Training Hours per Employee	Hours	54.01
Average Training Hours per Female Employee	Hours	54.96
Average Training Hours per Male Employee	Hours	50.66

Employee Development

Hengtong Optic-Electric has established a systematic talent development framework and a dual-track career path combining management and professional sequences. This is complemented by a rank system centered on self-assessment, breaking the traditional evaluation models focused solely on academic credentials and seniority. The system emphasizes "ability, performance, and contribution," prioritizing employees' capacity to solve practical problems. A specialized evaluation scheme has been designed for positions handling confidential information, effectively broadening employees' career development opportunities.

Concurrently, the Company has implemented a scientific internal cross-position mechanism. Guided by the Hengtong Optic-Electric Job Rotation Management Measures, it provides cross-position practical opportunities for employees at all levels. This approach cultivates versatile talents through exposure to diverse roles.



4.3 Promoting Communication and Care



Hengtong Optic-Electric strives to foster a warm and harmonious environment for talent development, safeguarding employees' rights and interests. We actively listen to employee voices by establishing diverse communication and feedback channels to ensure their opinions and suggestions are promptly conveyed. Simultaneously, the Company continuously refines its compensation and benefits system while proactively organizing employee care initiatives, enabling staff to experience a sense of fulfillment, belonging, and happiness.



Employee Communication

To effectively promote two-way communication and positive interaction between the Company and its employees, Hengtong Optic-Electric has established a comprehensive employee communication and consultation mechanism. This includes a multi-channel communication platform that includes company email, hotline, manager interviews, democratic forums, and direct employee feedback channels.

The Company also actively promotes activities such as micro-innovation initiatives, rationalization suggestions, and "Golden Idea" proposals. These efforts ensure open channels for employees to voice concerns and suggestions, creating a robust communication feedback loop. This approach provides strong support for building harmonious labor relations.

Face-to-face Consultation Mechanism

- Department heads conduct regular meetings with employees to promptly understand their work and personal circumstances, address challenges and needs, and provide compassionate support
- The Human Resources Department organizes quarterly forums for young graduates to assess their work and life status, gather constructive feedback and concerns, and ensure timely resolution through relevant departments

Direct Access Mechanism

- Establish a direct suggestion channel accessible to all employees
- For suggestions concerning internal company processes, the Administration Department conducts an initial review, then forwards the suggestion to the relevant department based on its type for handling and tracking implementation
- For suggestions concerning external company processes, the Organization and Performance Department conducts an initial review, then forwards the suggestion to the relevant department based on its type for handling and implementation

Employee Representative Conferences

- Hold annual employee representative conferences to actively hear and deliberate work reports, recognize outstanding employees, and track, implement, and publicly disclose employee proposals
- Disclose and explain new policies affecting employees' vital interests and matters of widespread concern, promptly address reasonable suggestions raised by employees, and publicly announce the outcomes of such actions



Hengtong Optic-Electric Employee Communication Channel

Additionally, the Company continues to conduct satisfaction surveys and analysis. Among these, Jiangsu Hengtong Electric Power Special Wire Co., Ltd. achieved an overall employee satisfaction rate of 89.7% in 2024, fully reflecting employees' recognition of the Company's current management practices. The survey indicates that employees generally maintain a positive work attitude and demonstrate a strong willingness to grow with the Company. The Company will further optimize relevant management measures in a targeted manner to continuously enhance employee satisfaction and sense of belonging.

Employee Care

The Company has established a non-salary benefits system in compliance with laws and regulations. Beyond providing statutory benefits such as pension, medical, unemployment, work-related injury, maternity insurance, housing provident fund, and annual leave, it offers diverse additional benefits and care initiatives to all employees, ensuring comprehensive protection of their rights and interests.

Statutory Benefits

- Endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and Housing Provident Fund; nursing leave, annual leave, and other statutory holidays

Additional Benefits

- Holiday and birthday gifts, high-temperature allowance, apartment accommodation, meal subsidies, Spring Festival round-trip transportation reimbursement
- Complimentary health checkups, sports facilities and equipment
- Flexible working hours
- Paternity leave (available to all employees)

The Company organizes a diverse array of employee cultural activities, establishing ten major cultural clubs including the Dance Club, Singing Club, Study Group, Micro-Video Creation Club, Calligraphy and Painting Club, Poetry Club, Storytelling Club, Craftsman Club, Warm e-Home Club, and Literature Club. Through actively organizing cultural events, holiday celebrations, and team-building activities, we help employees achieve work-life balance, alleviate job stress, enhance communication and collaboration among colleagues, and strengthen team cohesion and a sense of belonging.



Basketball Game



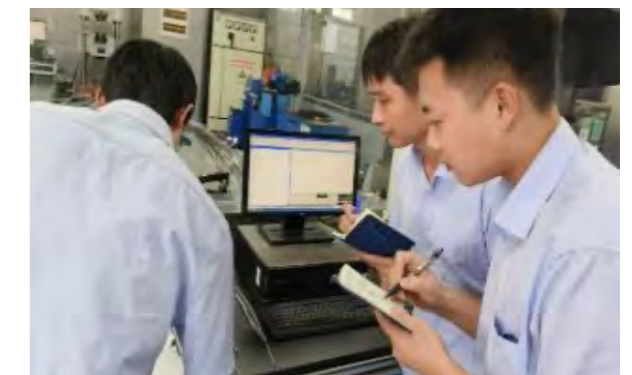
Women's Day Activity



Children's Day Activity



Health Screening



Professional Skills Training

4.4 Occupational Health and Safety



Hengtong Optic-Electric steadfastly advances occupational health and safety initiatives, strictly adhering to the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and regulatory requirements in its operational regions. The Company has enhanced its occupational health and safety management system, prioritizing employee well-being to ensure a secure and healthy environment for work and development. The Company continuously advances the implementation of the ISO 45001 system and ensures its effective operation, focusing on deepening system implementation, promoting multi-system integration, and driving the application of intelligent safety management. It has also successfully passed the annual surveillance audit. During the reporting period, multiple subsidiaries of Hengtong Optic-Electric have obtained ISO 45001 Occupational Health and Safety Management System certification.

Safety Management

Hengtong Optic-Electric continuously improves its safety management mechanisms, establishing a safety production responsibility system with the Board of Directors as the highest accountability body. The Company strictly implements the safety production responsibility system, clearly defining the safety duties and authority of personnel at all levels. Comprehensive safety management measures are implemented across four dimensions: procedural management, target management, information management, and supplier and contractor management, providing a solid foundation for the Company's sustainable development. In 2024, the Company was elected as Vice President Unit of the Changshu Work Safety Management Association, and multiple subsidiaries were recognized as Outstanding Enterprises in Work Safety Management.

- Implement safety management for suppliers and contractors to ensure their products and services meet the Company's safety production requirements

- Establish a safety production information management system to collect and analyze relevant data and information, providing support for safety production decision-making

- Formulate clear safety production objectives and oversee and evaluate the implementation of these objectives

Hengtong Optic-Electric Safety Production Management Mechanism

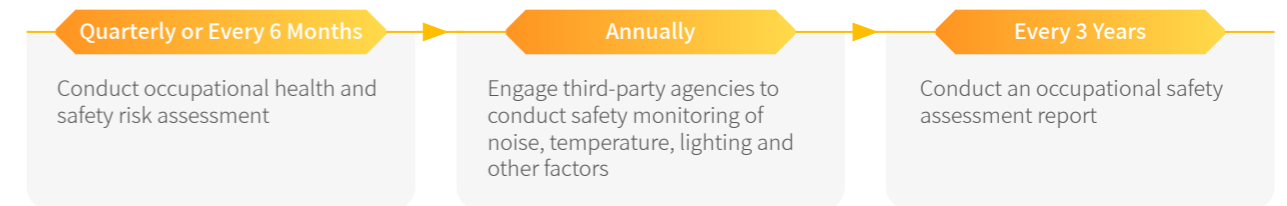


ISO 45001 Occupational Health and Safety Management System Certification

Hengtong Optic-Electric fully implements the safety production responsibility system, strictly adheres to the "dual responsibilities for each position" and "three managements and three musts" safety management requirements, and establishes a comprehensive safety performance evaluation system for all employees. The Company enforces a "veto" system for major safety incidents and incorporates safety production indicators into the performance evaluations of all staff. For department heads and senior management teams, the Company has established an annual safety performance point management system and developed a mechanism linking accident severity levels to corresponding point deduction standards, ensuring effective implementation of safety production responsibilities.

In 2024, the Company continues to advance systematic occupational health and safety (OHS) risk management. Potential hazards are comprehensively identified through job safety analysis, on-site inspections, employee reporting, and industry benchmarking. A risk assessment matrix is used to quantify and classify risks, enabling the formulation of targeted control measures. Simultaneously, the Company upgraded its safety monitoring system, implementing real-time surveillance of critical risk points through IoT sensors and video monitoring systems. Regular safety audits, specialized inspections, and management walkthroughs ensure effective implementation of all control measures. A digital platform tracks and analyzes incidents and hazards, enabling continuous optimization of the management system.

The Company regularly organizes occupational health examinations for employees, establishes individual occupational health records, and provides comprehensive safety protective equipment for all positions to ensure key health indicators remain within controlled ranges. By continuously tracking core safety performance metrics such as the Lost Time Injury Rate (LTIR) and Lost Work Time Injury Rate (LWIR), and comparing them against industry benchmarks, the Company effectively evaluates management effectiveness and drives continuous improvement in occupational health and safety management standards.



Frequency of Occupational Health and Safety Risk Assessments at Hengtong Optic-Electric

Safety Protection Equipment

- Provide employees with safety equipment including earplugs, masks, safety goggles, and high-temperature protective clothing
- Collaborate with manufacturers to pioneer an industry-first fully enclosed sealed protective cover, effectively preventing wire-drawing components from flying off. Acoustic insulation material added to the inner surface significantly reduces noise and suppresses dust dispersion
- Installed duct-type flame arresters to prevent fire spread caused by ignition of dust collection ducts from oil-containing aluminum powder generated during wire drawing
- Added full-enclosure protective screens to the take-up reel rotor bodies, supplemented with safety light curtains to establish a dual-protection mechanism

Safety Warning Signs and Facilities

- Install safety warning signs around areas with potential hazards
- Affix warning labels to high-temperature production equipment and install protective barriers

Safety Inspection Devices

- All high-speed machinery equipped with infrared alarm systems
- Online environmental monitoring devices installed at workshop noise and dust exposure points
- AI cameras deployed for workshop hardhat compliance detection
- IoT gateways utilized for substation temperature and humidity monitoring
- Flame detection alarm systems established for both domestic and imported furnaces
- Surveillance cameras capable of detecting human presence (e.g., entry or fainting) to ensure confined space operation safety •Sensors collect real-time data on power distribution room temperature, humidity, voltage, current, and transformer three-phase temperatures with sub-second precision. A cloud-based platform builds equipment performance early-warning models and establishes multi-tiered response mechanisms. A mobile app provides triple-alert functionality via WeChat, SMS, and phone calls, significantly enhancing power distribution room operational safety
- Technical prevention measures are implemented for hazardous positions, including protective covers and interlock devices for rotating machinery, speed limiters and blue light alarms for forklifts, and smart forklift early-warning systems

Hengtong Optic-Electric Safety Production Measures (Partial)

Hengtong Optic-Electric consistently undergoes and successfully passes specialized inspections from government departments including emergency management, environmental protection, health and wellness, and fire safety, as well as rigorous supplier system audits by major clients. The Company also undergoes regular professional assessments by third-party certification bodies. These multidimensional, high-intensity, and routine occupational health and safety audits cover both management systems and on-site execution, serving as a critical mechanism for evaluating the Company's occupational health and safety management operations and performance.

Furthermore, we require suppliers to strictly adhere to occupational health and safety standards equivalent to those of Hengtong Optic-Electric, ensuring a safe working environment for employees and implementing effective measures to prevent workplace accidents, occupational health hazards, and work-related illnesses.

- Suppliers shall obtain safety management system certification and establish a safety production management team led by a company-level executive, with at least one worker representative included. This team shall assess and control potential hazards related to waste materials, chemicals, special equipment, production machinery, and other factors, developing appropriate procedural documents and preventive measures to mitigate risks and improve the working environment.

- Suppliers shall conduct regular, formal safety training for employees, maintain occupational safety training records, and document corrective and preventive measures in a manual for proper retention. Specialized personnel must undergo professional training and obtain certification before formal employment.

- Suppliers shall provide appropriate personal protective equipment free of charge to employees and establish emergency response plans. In case of workplace injuries, emergency medical care shall be provided, and employees shall be assisted in obtaining follow-up medical treatment.

- Suppliers shall provide all employees with free access to clean toilet facilities, potable water, and suitable spaces for meals and rest. Regardless of the nature of employee dormitories, all provided dormitory facilities must be clean, safe, and meet employees' basic needs.

Hengtong Optic-Electric Supplier Health and Safety Standards

Safety Culture

Based on safety monitoring and occupational health and safety assessments, the Company continuously improves its safety culture, dynamically optimizes safety procedures, training content, and emergency response plans. Through safety-themed activities such as "Work Safety Month" and "Safety Consultation Day" for all employees, along with regular safety knowledge training, it comprehensively enhances employee safety awareness and skills. The Company has established an emergency response mechanism encompassing contingency planning, specialized rescue team development, and practical drills. Additionally, a detailed annual safety training plan is formulated at the beginning of each year. Through multiple measures, the Company continuously strengthens employees' emergency response capabilities, committed to building a healthier and safer working environment for all staff.

No.	Training Course	Training goal	Trainee	Time
1	Traffic Safety Training	Strengthen employees' awareness of safety during commuting	All Employees	January 2024
2	Resumption of Work and Production Training	Enhance employees' safety awareness after returning to work	Frontline Employees	February 2024
3	Fire Safety Training	Strengthen safety management and enhance the knowledge and proficiency of volunteer firefighters in fire safety; improve employees' awareness of self-defense and self-rescue in fire prevention and their ability to resist fires	Volunteer Firefighters, Safety Officers, All Employees	April 2024
4	Hazardous Chemicals Management Training	Strengthen the safety awareness of chemical administrators	Chemical Managers	May 2024
5	Special Operations Safety Training	Strengthen the safety awareness of personnel engaged in special operations such as forklift operation, pressure vessel maintenance, electrical work, and work at heights	Special Operations Personnel	June 2024
6	Summer Work Safety Training	Strengthen employees' common sense of safe production in summer	Frontline Employees	July 2024
7	Safety Operating Procedures Training for Each Process	Incorporate optimized and updated safety operating procedures to enhance employees' safety operation skills	Frontline Employees	August 2024
8	Pre-National Day Safety Training	Strengthen employees' safety awareness during the National Day holiday and safety requirements for resuming work after the holiday	All Employees	September 2024
9	Anti-Fraud Awareness Training	Strengthen employees' awareness of anti-fraud	All Employees	November 2024
10	Safety Incident Warning Training	Strengthen employees' awareness of safe production	All Employees	December 2024

Hengtong Optic-Electric 2024 Safety Training Plan

CASE | 2024 Hengtong Optic-Electric Safety Theme Activities

During the reporting period, the Company conducted a variety of safety-themed activities, including signing safety responsibility agreements, holding five-minute pre-shift and post-shift safety briefings, launching the "Safety Month in Action" initiative, and organizing the Work Safety Month theme event alongside the second-quarter Safety Committee meeting and third-quarter Work Safety Committee meeting. These efforts effectively enhanced safety awareness among all employees. Additionally, the Company organized a series of safety-related competitions, such as the Jiangsu Provincial Skills Competition, Red Card Campaign, Forklift Skills Competition, and Equipment Skills Competition. These initiatives continuously improved employees' operational safety skills, solidifying the foundation for the Company's safe development.



CASE | Safety Culture Activities at Hengtong Optic-Electric's Indian Subsidiary

Hengtong Optic-Electric's Indian subsidiary continues to promote employee safety culture initiatives. During National Safety Week, the subsidiary organized first-aid training sessions to enhance employees' safety awareness and emergency response capabilities. Additionally, on International Yoga Day, the subsidiary hosted yoga activities to help employees alleviate work-related stress and foster holistic physical and mental well-being.



National Safety Week First-aid Training

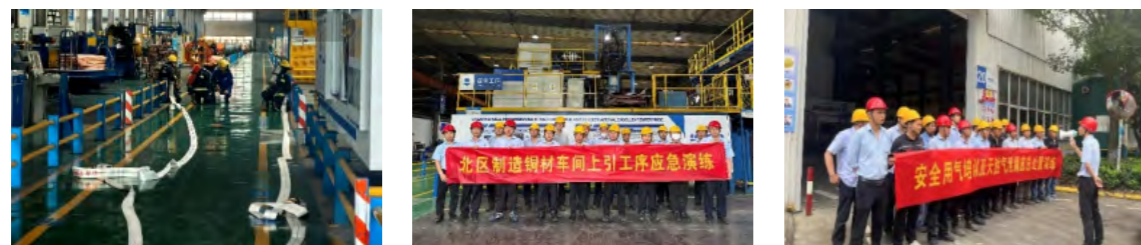
International Yoga Day Celebration

The Company organizes diverse safety emergency drills and training sessions covering all employees to comprehensively enhance their emergency response capabilities.

CASE | Jiangsu Hengtong Electric Power Special Wire Co., Ltd. Safety Emergency Drill

Jiangsu Hengtong Electric Power Special Wire Co., Ltd. invited the Qidu Fire Brigade to conduct fire drill training, educating employees on fire safety knowledge. The session demonstrated how to extinguish fires using fire hydrants, hoses, and nozzles in the workshop, and organized simulated emergency evacuation drills.

Additionally, the Company conducted specialized drills tailored to its production processes, including emergency response exercises for upper drawing operations and natural gas leak scenarios. By simulating real-world situations, these drills enhanced employees' emergency response capabilities, ensuring they can swiftly self-rescue during crises. This initiative significantly strengthened employees' safety awareness and self-rescue/mutual-aid skills, providing robust safeguards for the Company's production safety.



Fire Drill

Upper Drawing Process Emergency Drill

Natural Gas Leak Emergency Response Drill

In 2024, the Company continued to strengthen occupational safety protections for employees, investing 7.1262 million yuan in workers' compensation insurance throughout the year to achieve 100% coverage. Concurrently, 1.0629 million yuan was allocated for production safety liability insurance, ensuring comprehensive coverage for all employees. In safety management, the Company recorded zero work-related fatalities. Through safety drills and training programs, it comprehensively enhanced employees' safety awareness and emergency response capabilities, providing robust support for ensuring the safe and stable operation of production activities.

Indicator	Unit	2022	2023	2024
Number of work-related fatalities	People	0	0	0
Number of safety emergency drills conducted	Number	392	407	142
Number of safety training sessions conducted	Number	182	211	725
Total hours of safety training	Hour	364	422	1,650

05

Global Cooperation: Demonstrating Hengtong's Responsibility

Hengtong Optic-Electric maintains a global development perspective, striving to establish a sustainable development framework that integrates domestic and international efforts. Through continuous investment in public welfare, charitable initiatives, volunteer services, and industrial assistance, the Company has fostered a virtuous cycle between corporate growth and societal progress. Furthermore, guided by ESG principles, Hengtong Optic-Electric promotes collaborative advancement across the entire industrial chain, contributing its expertise to global sustainability. This fully demonstrates the Company's commitment to responsibility and its leadership within the industry.



5.1 Social Contribution and Rural Revitalization



Hengtong Optic-Electric continues to make efforts in the fields of social contribution and rural revitalization, persistently fostering a virtuous cycle between enterprise development and social progress.

Social Contribution

The Company continuously advances in social contribution and rural revitalization, fostering a virtuous cycle between corporate development and societal progress. Employees are organized into volunteer service teams and encouraged to participate in public welfare activities such as blood donation, Lei Feng-inspired volunteer services, senior care visits, and community assistance programs, demonstrating social care through concrete actions. These sustained volunteer initiatives effectively promote community harmony and strengthen social trust. During the reporting period, the Company and its subsidiaries contributed over 5 million yuan through charitable foundations.



Certificate of Honor for Supporting Elderly Care



Lei Feng Day Volunteer Activities



Volunteer Service Team of Jiangsu Hengtong Power Cable Co., Ltd.



Double Ninth Festival Greeting Event



Voluntary Blood Donation Drive

Compliance and Stability:
The Foundation for Steady Growth

Leading Innovation:
Creating Leading Quality

Low-Carbon Development:
Illuminating a Green Future

Caring for Employees:
Promoting Inclusive Development

Global Cooperation:
Demonstrating Hengtong's Responsibility

Additionally, the Company is deeply committed to ecological conservation and green public welfare initiatives, integrating environmental protection principles into its corporate practices. For years, we have consistently organized tree-planting campaigns and volunteer tree-planting activities, taking concrete actions to build ecological barriers and contribute green energy to the construction of a Beautiful China. Simultaneously, the Company actively promotes green commuting and energy-saving, low-carbon concepts, fostering a positive atmosphere where all employees participate in green living.



Eighth Phase of the Hengtong Forest Initiative



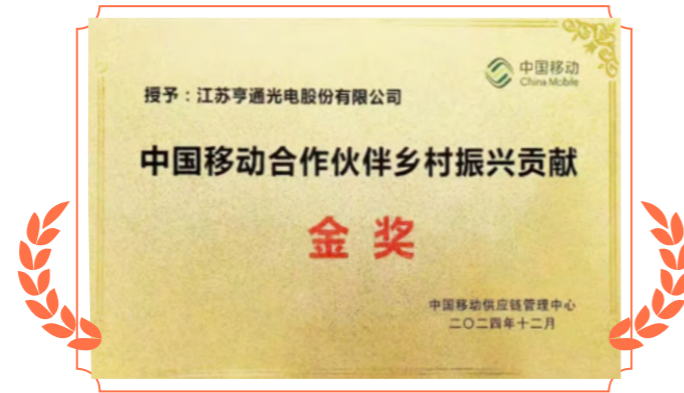
Hengtong Changshu International Marine Industrial Park and Dongzhang Central Primary School Arbor Day Special Event



2024 Wujiang District Youth Tree-Planting and Greenery Protection Volunteer Activity

Rural Revitalization

The Company fully leverages its industrial strengths and draws on social resources to promote balanced urban-rural development. Its assistance initiatives span multiple domains including industrial development, educational support, healthcare services, and grassroots governance. During the reporting period, as a long-term recognized outstanding supplier of China Mobile, the Company was awarded the "China Mobile Partner Rural Revitalization Contribution Gold Award" for its sustained investment and achievements in rural revitalization efforts. This accolade fully demonstrates the Company's outstanding contributions to advancing shared development and sustainable progress between urban and rural areas.



China Mobile Partner Rural Revitalization Contribution Gold Award

Case | 2024 Rural Revitalization Assistance and Donations

- Actively participated in China Telecom's supplier industry assistance program, donating 300,000 yuan to consolidate poverty alleviation achievements;
- Donated 200,000 yuan to the Hanbin District Charity Association in Ankang City, Shaanxi Province, supporting local poverty alleviation and rural revitalization efforts;
- Supported China Mobile's targeted assistance and poverty alleviation projects, cumulatively donating nearly one million yuan in areas including Huanan County, Heilongjiang Province; Shule County, Xinjiang; and Baisha Li Autonomous County, Hainan Province;
- Hengtong Optic-Electric's subsidiary in South Africa, Aberdare, also spared no effort in fulfilling corporate responsibilities, continuously investing in the "Abercare" and "Aberschool" initiatives. Total related donations from 2018 to 2024 amounted to 7.92 million Rand;
- PT Maju Bersama Gemilang, Hengtong Optic-Electric's subsidiary in Indonesia, provided fund support for Indonesia's local livestock industry;
- HT Cabos E Tecnologia LTDA, Hengtong Optic-Electric's subsidiary in Brazil, held a donation event for the Hope Primary School in a São Paulo favela.



5.2 Promoting Industrial Sustainable Development



Hengtong Optic-Electric remains steadfastly committed to sustainable development as its guiding principle, closely aligning with customer needs and national green policy directives to comprehensively deepen its green strategic deployment. In 2024, the Company centered its efforts on green manufacturing, extending the concept of green development across all business domains-including green products, green supply chains, green power, and digital-intelligent management platforms. This approach has driven green premium pricing and low-carbon transformation across operations, effectively enhancing value creation in existing industries while injecting sustained momentum into the high-quality development of new business ventures.

As an active promoter in the ESG field, Hengtong spearheaded the establishment of the Suzhou Enterprise Sustainable Development Federation and serves as its Executive Vice President unit. It actively plays a leading and exemplary role, collaborating with local governments and corporate partners to explore sustainable development pathways. Simultaneously, as an expert judge for the China Federation of Industrial Economics' 2024 China Industrial Carbon Peak "Leader" Enterprise Selection Program, the Company actively engages in technical exchanges with domestic and international rating and certification bodies such as MSCI, S&P, CTTL, SGS, Dun & Bradstreet, and CITIC Securities. This commitment aims to build an ESG system that better aligns with China's national conditions while meeting international standards. By leading industrial parks, industry platforms, and SMEs in collective participation, we leverage ESG as a catalyst to continuously advance the healthy and sustainable development of the business community.

In external engagement and industry promotion, the Company deepens the dissemination and application of ESG practices, expanding its social and industry influence. Hengtong Optic-Electric actively shares ESG innovation achievements, showcasing ESG case studies at the "2024 Suzhou Global Investment Conference," and participating in high-level forums including EY's 3rd Sustainability Officers Summit for Listed Companies, CITIC Securities Green Finance and Sustainable Development Conference, the Yangtze River Delta Green Enterprise Overseas Expansion Seminar, and the 2024 China International Import Expo. We advocate an ESG model that "transitions from individual enterprises to value chains and industrial clusters," encouraging more companies to integrate social responsibility into their commercial value creation.

Hengtong Optic-Electric has achieved remarkable results in sustainable development, with continuous improvements in corporate governance standards and practical capabilities. In 2024, the Company secured an upgraded MSCI rating and saw its EcoVadis score increase by 11 points, earning the "Rapid Progress Award." Meanwhile, the Company received prestigious honors including the "Annual Corporate Governance Excellence Award" in Jiemian News' "2024 ESG Pioneer 60," "Best Listed Company" and "ESG Best Practice" awards from New Fortune Magazine, as well as the "ESG Excellence Enterprise" award in the new energy sector from Dun & Bradstreet & SMM. These accolades validate the Company's substantial progress in ESG management and further highlight its exemplary role in advancing industry standardization, transparency, and replicability.



Annex

Appendix I: GRI Standards Index

Disclosure Item	Disclosure Topic	Topic Corresponding Section
GRI 2: General Disclosure 2021		
The Organization and Its Reporting Practices		
2-1	Organizational Details	About This Report
2-2	Entities Included in the Organization's Sustainability Report	About This Report
2-3	Reporting Period, Frequency, and Contact Point	About This Report
Activities and Workers		
2-6	Activities, Value Chains, and Other Business Relationships	About Hengtong Optic-Electric
2-7	Employees	Caring For Employees: Promoting Inclusive Development-Talent Attraction and Retention
Governance		
2-9	Governance Structure and Composition	Compliance and Stability: The Foundation for Steady Growth-Corporate Governance
2-10	Nomination and Selection of the Highest Governance Body	Compliance and Stability: The Foundation for Steady Growth-Corporate Governance
2-12	Role of the Highest Governance Body in Overseeing the Management of impacts	Compliance and Stability: The Foundation for Steady Growth-Corporate Governance
2-13	Delegating Responsibility for Managing Impact	Compliance and Stability: The Foundation for Steady Growth-Corporate Governance
2-14	Role of the Highest Governing Body in Sustainability Reporting	Compliance and Stability: The Foundation for Steady Growth-ESG Governance
2-15	Conflicts of Interests	Compliance and Stability: The Foundation for Steady Growth-Business Ethics Leading Innovation: Creating Leading Quality-Supply Chain Management
2-16	Communication of Critical Concerns	Compliance and Stability: The Foundation for Steady Growth-Corporate Governance
2-17	Collective Knowledge of the Highest Governance Body	Compliance and Stability: The Foundation for Steady Growth-ESG Governance
2-19	Remuneration Policy	Caring for Employees: Promoting Inclusive Development-Promoting Communication and Care
2-20	Process to Determine Remuneration	Caring for Employees: Promoting Inclusive Development-Talent Attraction and Retention
Strategy, Policies, and Practices		
2-22	Statement on Sustainable Development Strategy	Compliance and Stability: The Foundation for Steady Growth-ESG Governance

Disclosure Item	Disclosure Topic	Topic Corresponding Section
2-23	Policy Commitments	Compliance and Stability: The Foundation for Steady Growth-ESG Governance, Stakeholder Engagement, Business Ethics
2-24	Embedding Policy Commitments	Compliance and Stability: The Foundation for Steady Growth-ESG Governance, Stakeholder Engagement, Business Ethics
2-26	Mechanisms for Seeking Advice and Raising Concerns	Compliance and Stability: The Foundation for Steady Growth-Business Ethics
2-28	Membership Association	Global Cooperation: Demonstrating Hengtong's Responsibility-Promoting Industrial Sustainable Development
Stakeholder Engagement		
2-29	Approach to Stakeholder Engagement	Compliance and Stability: The Foundation for Steady Growth-Stakeholder Engagement
2-30	Collective Bargaining Agreement	Caring for Employees: Promoting Inclusive Development-Talent Attraction and Retention
GRI 3: Material Topic 2021		
3-1	Process to Determine Material Topics	Compliance and Stability: The Foundation for Steady Growth-Stakeholder Engagement
3-2	List of Material Topics	Compliance and Stability: The Foundation for Steady Growth-Stakeholder Engagement
3-3	Management of Material Topics	Compliance and Stability: The Foundation for Steady Growth-Stakeholder Engagement
GRI 201: Economic Performance 2016		
201-1	Direct Economic Value Generated and Distributed	About Hengtong Optic-Electric
201-2	Financial Implications and Other Risks and Opportunities Due to Climate Change	Low-Carbon Development: Illuminating a Green Future-Climate Change and Carbon Neutrality
GRI 202: Market Presence 2016		
202-1	Ratio of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	Caring for Employees: Promoting Inclusive Development-Promoting Communication and Care
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure Investment and Support Services	Global Cooperation: Demonstrating Hengtong's Responsibility
GRI 204: Procurement Practices 2016		
204-1	Proportion of Spending on Local Suppliers	Leading Innovation: Creating Leading Quality-Supply Chain Management
GRI 205: Anti-corruption 2016		
205-1	Operations Assessed for Risks Related to Corruption	Compliance and Stability: The Foundation for Steady Growth-Business Ethics
205-2	Communication and Training about Anti-corruption Policies and Procedures	Compliance and Stability: The Foundation for Steady Growth-Business Ethics

Disclosure Item	Disclosure Topic	Topic Corresponding Section
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal Actions for Anti-competitive Behavior, Anti-trust, and Monopoly Practices	Compliance and Stability: The Foundation for Steady Growth-Business Ethics
GRI 302: Energy 2016		
302-1	Energy Consumption within the Organization	Low-Carbon Development: Illuminating a Green Future-Energy Efficiency and Transformation
302-3	Energy Intensity	Low-Carbon Development: Illuminating a Green Future-Energy Efficiency and Transformation
302-4	Reducing of Energy Consumption	Low-Carbon Development: Illuminating a Green Future-Energy Efficiency and Transformation
302-5	Reductions in Energy Requirements of Products and Services	Low-Carbon Development: Illuminating a Green Future-Energy Efficiency and Transformation
GRI 303: Water Resources and Wastewater 2018		
303-2	Management of Water Discharge-related Impacts	Low-Carbon Development: Illuminating a Green Future-Water-Saving Transformation and Optimization
303-3	Water Withdrawal	Low-Carbon Development: Illuminating a Green Future-Water-Saving Transformation and Optimization
303-4	Water Discharge	Low-Carbon Development: Illuminating a Green Future-Emission Management and Recycling
303-5	Water Consumption	Low-Carbon Development: Illuminating a Green Future-Water-Saving Transformation and Optimization
GRI 305: Emission 2016		
305-1	Direct (Scope 1) GHG Emissions	Low-Carbon Development: Illuminating a Green Future-Climate Change and Carbon Neutrality
305-2	Energy Indirect (Scope 2) GHG Emissions	Low-Carbon Development: Illuminating a Green Future-Climate Change and Carbon Neutrality
305-4	GHG Emissions Intensity	Low-Carbon Development: Illuminating a Green Future-Climate Change and Carbon Neutrality
305-5	Reduction of GHG Emissions	Low-Carbon Development: Illuminating a Green Future-Climate Change and Carbon Neutrality
305-7	Nitrogen Oxides (NO _x), Sulfur Oxides (SO _x), and Other Significant Air Emissions	Low-Carbon Development: Illuminating a Green Future-Climate Change and Carbon Neutrality
GRI 306: Waste 2020		
306-1	Waste Generation and Significant Waste-related Impacts	Low-Carbon Development: Illuminating a Green Future-Emission Management and Recycling
306-2	Management of Significant Waste-related Impacts	Low-Carbon Development: Illuminating a Green Future-Emission Management and Recycling

Disclosure Item	Disclosure Topic	Topic Corresponding Section
306-3	Waste Generated	Low-Carbon Development: Illuminating a Green Future-Emission Management and Recycling
306-4	Waste Diverted from Disposal	Low-Carbon Development: Illuminating a Green Future-Emission Management and Recycling
GRI 308: Supplier Environmental Assessment 2016		
308-1	New Suppliers that were Screened Using Environmental Criteria	Leading Innovation: Creating Leading Quality-Supply Chain Management
GRI 401: Employment 2016		
401-1	New Employee Hires and Employee Turnover	Caring for Employees: Promoting Inclusive Development-Talent Attraction and Retention
401-2	Benefits Provided to Full-Time Employees that are not Provided to Temporary or Part-time Employees	Caring for Employees: Promoting Inclusive Development-Promoting Communication and Care
403-3	Parental Leave	Caring for Employees: Promoting Inclusive Development-Promoting Communication and Care
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational Health and Safety Management System	Caring for Employees: Promoting Inclusive Development-Occupational Health and Safety
403-2	Hazard Identification, Risk Assessment, and Incident Investigation	Caring for Employees: Promoting Inclusive Development-Occupational Health and Safety
403-3	Occupational Health Services	Caring for Employees: Promoting Inclusive Development-Occupational Health and Safety
403-5	Worker Training on Occupational Health and Safety	Caring for Employees: Promoting Inclusive Development-Occupational Health and Safety
403-6	Promoting of Worker Health	Caring for Employees: Promoting Inclusive Development-Occupational Health and Safety
403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	Caring for Employees: Promoting Inclusive Development-Occupational Health and Safety
403-8	Workers Covered by an Occupational Health and Safety Management System	Caring for Employees: Promoting Inclusive Development-Occupational Health and Safety
403-9	Work-Related Injuries	Caring for Employees: Promoting Inclusive Development-Occupational Health and Safety
403-10	Work-Related Ill Health	Caring for Employees: Promoting Inclusive Development-Occupational Health and Safety
GRI 404: Training and Education 2016		
404-1	Average Hours of Training per Year per Employee	Caring for Employees: Promoting Inclusive Development-Empowering Growth and Development
404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	Caring for Employees: Promoting Inclusive Development-Empowering Growth and Development
404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	Caring for Employees: Promoting Inclusive Development-Empowering Growth and Development

Disclosure Item	Disclosure Topic	Topic Corresponding Section
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity in Governance Bodies and Employees	Caring for Employees: Promoting Inclusive Development-Talent Attraction and Retention
405-2	Ratio of Basic Salary and Remuneration of Women to Men	Caring for Employees: Promoting Inclusive Development-Promoting Communication and Care
GRI 406: Non-discrimination 2016		
406-1	Incidents of Discrimination and Corrective Actions Taken	Compliance and Stability: The Foundation for Steady Growth-Business Ethics
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and Suppliers in which the Right to Freedom of Association and Collective Bargaining may be at Risk	Caring for Employees: Promoting Inclusive Development-Talent Attraction and Retention
GRI 408: Child Labor 2016		
408-1	Operations and Suppliers at Significant Risk for Incidents of Child Labor	Caring for Employees: Promoting Inclusive Development-Talent Attraction and Retention
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor	Caring for Employees: Promoting Inclusive Development-Talent Attraction and Retention
GRI 413: Local Communities 2016		
413-1	Operations with Local Community Engagement, Impact Assessments, and Development Programs	Global Cooperation: Demonstrating Hengtong's Responsibility
GRI 414: Supplier Social Assessment 2016		
414-1	New Suppliers that were Screened Using Social Criteria	Leading Innovation: Creating Leading Quality-Supply Chain Management
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the Health and Safety Impacts of Product and Service Categories	Leading Innovation: Creating Leading Quality-Supply Chain Management and Quality Control
416-2	Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services	Leading Innovation: Creating Leading Quality-Supply Chain Management and Quality Control
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for Product and Service Information and Labeling	Leading Innovation: Creating Leading Quality-Quality Control
417-2	Incidents of Non-compliance Concerning Product and Service Information and Labeling	Leading Innovation: Creating Leading Quality-Quality Control
417-3	Incidents of Non-compliance Concerning Marketing Communications	Leading Innovation: Creating Leading Quality-Quality Control
GRI 418: Customer Privacy 2016		
418-1	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	Leading Innovation: Creating Leading Quality-Customer Service and Information Protection

Appendix II: Index of Shanghai Stock Exchange Guidelines

Disclosure Items	Corresponding Chapters
Climate Response	Low-Carbon Development: Illuminating a Green Future-Climate Change and Carbon Neutrality
Pollutant Discharge	Low-Carbon Development: Illuminating a Green Future-Emission Management and Recycling
Waste Disposal	Low-Carbon Development: Illuminating a Green Future-Emission Management and Recycling
Ecosystem and Biodiversity Protection	Low-Carbon Development: Illuminating a Green Future-Environmental Protection and Management
Environmental Compliance Management	Low-Carbon Development: Illuminating a Green Future-Environmental Protection and Management
Energy Utilization	Low-Carbon Development: Illuminating a Green Future-Energy Efficiency and Transformation
Water Resource Utilization	Low-Carbon Development: Illuminating a Green Future Water-saving Transformation and Optimization
Circular Economy	Low-Carbon Development: Illuminating a Green Future-Emission Management and Recycling
Rural Revitalization	Global Collaboration: Demonstrating Hengtong's Responsibility-Social Contribution and Rural Revitalization
Social Contributions	Global Collaboration: Demonstrating Hengtong's Responsibility-Social Contribution and Rural Revitalization
Innovation	Leading Innovation: Creating Leading Quality-Sustainable Innovation
Ethics of Science and Technology	Leading Innovation: Creating Leading Quality-Sustainable Innovation
Supply Chain Security	Leading Innovation: Creating Leading Quality-Supply Chain Management
Equal Treatment of SMEs	Leading Innovation: Creating Leading Quality - Supply Chain Management
Product and Service Safety and Quality	Leading Innovation: Creating Leading Quality - Quality Control, Customer Service, and Information Protection
Data Security and Customer Privacy	Leading Innovation: Creating Leading Quality - Customer Service and Information Protection
Employees	Caring for Employees: Promoting Inclusive Development
Due Diligence	Leading Innovation: Creating Leading Quality - Supply Chain Management
Stakeholder Engagement	Compliance and Stability: The Foundation for Steady Growth - Stakeholder Engagement
Anti-commercial Bribery and Anti-corruption	Compliance and Stability: The Foundation for Steady Growth - Business Ethics
Fair Competition	Compliance and Stability: The Foundation for Steady Growth - Business Ethics

