

# 2023

## Sustainability Report



# Contents



01

## Opening

About This Report	01
Message from the Chairman	03
About Huaqin	05

## Promoting Sustainable Management

ESG Management System	13
ESG Strategy and Guidelines	16
Communication with Stakeholders	19
Analysis of Material Topics	21

## Feature

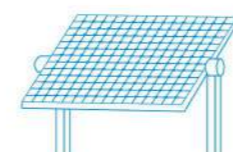
Strengthening the Carbon Neutrality Governance System	23
Identifying Climate Risks and Opportunities	24
Commitment and Objectives of Tackling Climate Change	27
GHG Identification and Inventory	28

## Scientific Governance

Operation of the Shareholders' Meeting, Board of Directors, and Supervisory Committee	31
Information Disclosure and Transparency	34
Risk Management	35
Business Ethics and Anti-corruption	39
Information Security and Privacy Protection	41
Intellectual Property Protection	42



02



## Green and Low-carbon

Environment Protection	45	Green Products and Designs	56
Energy Management	47	Hazardous Substance Management	58
Clean Technology Opportunities	51	Chemical Safety	60
Water Resources Management	53	Biodiversity Protection	62
Waste and Recycling	54		



03

## Role Model of the Responsible Company

Diversity and Equal Opportunities	65
Protection of Employee Rights and Interests	66
Occupational Health and Safety	72
Talent Training and Development	81
Community Responsibility	86

## Ending

Outlook	116
Key Performance Table	117
Certification Overview	121



04

## Healthy Ecosystem

Technology R&D and Innovation	91
Product Quality and Safety	98
Industry Leadership and Cooperation	104
Sustainable Supply Chain	106

GRI Standard Index	123
Independent Assurance and Statement of Opinion	129
Reader Feedback	132

## About This Report

This sustainability report is the third of its kind released by Huaqin Technology Co., Ltd. to its stakeholders. This Report discloses in detail the practices and performance of Huaqin Technology Co., Ltd. in environment, society, and corporate governance in 2023 to effectively communicate with stakeholders and respond to their expectations and requirements in a systematic manner.

### Reporting Period

The period is from January 1, 2023, to December 31, 2023, and extends appropriately to previous and subsequent years for some content to enhance the comparability and perspicacity of this Report.

### Reference in the Report

Huaqin Technology Co., Ltd. is referred to as “Huaqin”, the “Company”, “we”, “us”, or “our”.

### Scope of Report

The report discloses the policies, statements, materials, data, and typical cases of Huaqin and its subsidiaries in fulfilling environment, social, and corporate governance responsibilities.

### Source of Information

The information disclosed in this report is from Huaqin and its subsidiaries.

This Report presents financial data in RMB; in the event of any inconsistency with financial reports, the financial reports prevail.

### Basis of Preparation

*GRI Sustainability Reporting Standards* (GRI Standards), Global Sustainability Standards Board

*Guidance on Social Responsibility* (ISO 26000:2010), International Organization for Standardization

*Guidance on Social Responsibility Reporting* (GB/T 36001-2015), National Standard of the People's Republic of China

*Guidelines of Shanghai Stock Exchange on Self-regulatory Supervision of Listed Companies No. 1 – Standardized Operation*, Shanghai Stock Exchange

*2030 Sustainable Development Goals of the United Nations* (SDGs)

### Preparation and Release of the Report

This report is prepared on the basis of the ESG practices of the Company according to the procedure of “project initiation - research on material topics - information collection - preparation and revision - review by the ESG Executive Committee - review by the Board of Directors - release to the public”; moreover, we proactively communicated with stakeholders to discuss on the framework, structure, and content of this report.

This report was reviewed and approved for release by the Board of Directors on April 24th, 2024.

### Reliability Assurance of This Report

The Board of Directors is responsible for the truthfulness, accuracy, and completeness of the content.

Huaqin engaged SGS to conduct an audit in accordance with AccountAbility AA1000 auditing standards. For the report of the independent audit statement, refer to page 129.

### Access to This Report

This report is published in electronic form on the Company's official website (<https://www.huaqin.com>) and the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)). If you have any questions or suggestions regarding this report, please send an email to [ir@huaqin.com](mailto:ir@huaqin.com) or call 021-80221108.



## Message from the Chairman



Facing the intensified competition in the consumer electronics industry on the general background of slowdown in global economic development and the new opportunities from the rapid technology iteration and a higher industry admission threshold, Huaqin, as the world's leading intelligent hardware platform enterprise, is confronting the challenges featuring changes and innovations. At this historical moment, Huaqin remains true to our original aspiration by keeping sustainable development as our strategic direction. As insisting on long-termism, we keep doing the right things and the harder things to work with customers, employees, partners, shareholders, society, and other stakeholders to achieve long-term development and create diverse value.

In 2023, Huaqin Technology generally maintained stable operating performance and achieved preliminary results under its 2+N+3 strategy by successfully creating three major growth curves, namely, data center business, automotive electronics business, and software business, and completing the layout of three overseas manufacturing bases in Vietnam, Mexico, and India (VMI), respectively. We ranked No. 213 in the 2023 Fortune China 500 and No. 16 in the Top 100 Competitive Enterprises of Electronic Information Companies in 2023 and won the honorary titles of 2023 National Technological Innovation Demonstration Enterprise, 2023 National Intellectual Property Demonstration Enterprise, etc.

In August 2023, Huaqin Technology successfully got listed on the capital market. While pursuing high-quality development, we actively follow the symbiosis between technologies and human beings and willingly fulfill more responsibilities. We have established a sustainable development management system consisting of the Board of Directors, the Strategy and Sustainable Development Committee, the ESG Executive Committee, the ESG Office, and the ESG Working Group to ensure the effective operation of the system in aspects of leadership and supervision – decision-making – planning – execution, and clarified and achieved a common understanding of our mission for sustainable development: to insist on technological innovation as the driving force, play the role of an industry leader, and provide customers with sustainable products, content, and ecology, hence promoting the blueprint of fair, green, and inclusive development.

Compliant operation and scientific governance. As a large-scale efficient company, Huaqin continuously optimizes its corporate governance structure and risk management system

and improves the operation of the Shareholders' Meeting, the Board of Directors, and the Supervisory Committee. With a three-level internal control and compliance management system established, we abide by business ethics both in China and abroad, respect and protect intellectual property rights, information security, and privacy, establish a sound information disclosure system, and safeguard the compliant operation of the group both in China and abroad with the legal, intellectual property, financial, taxation, and other professional teams to protect the rights and interests of customers, shareholders, and employees in all aspects.

We implement energy conservation and emission reduction in pursuit of green and low-carbon development. We fully implemented a green development strategy in the steadiest manner to explore green values and opportunities in our products, operations, and businesses. We have formulated the "EHS 2026" plan to promote effective implementation of environmental management efforts. In 2023, we updated our "carbon peaking and carbon neutrality" goals to strive to achieve carbon neutrality throughout the Company by 2050, and released the short-term targets for the next five years: achieve the clean energy substitution ratio of 40%, save energy by 500 million kWh, and cause our supplier partners to save energy by 150 million kWh. By incorporating the transformation of clean technologies into our strategy, we invested over RMB 78.00 million to actively promote innovation in clean technologies and catch the significant opportunities from clean technologies. This is not only Huaqin's responsibility to our stakeholders, but also Huaqin's solemn commitment to the environment and the Earth.

We set a model of accountability with our acts. Internally, Huaqin has always insisted on taking active measures to build an open and diversified organizational atmosphere advocating learning and development and insisted on the fresh graduate (including returned students studying abroad) strategy to provide workplace newcomers with opportunities for development and value creation. Externally, we took active measures in ecology building, social welfare, and other aspects as our contribution to society. In 2023, we invested over RMB 7.84 million in internal and external public welfare activities, and operated 32 public welfare projects in cooperation with 20 public welfare partners, benefiting over 60,000 persons. As a result, we were enlisted in the CSR CHINA TOP100 Rank of "Responsibility

100|2023 China Sustainable Responsibility Award". Winning this honor for the second consecutive year fully indicated our strong belief in our long-lasting support and participation in contribution to society with our capabilities and influence.

We strive for innovation-driven development to build healthy ecology. Huaqin continuously holds on to the ideas of "innovation, cooperation, and win-win" to promote technological innovation and industry upgrades, hence providing customers with high-quality products and services. We will work with every partner to explore new technologies, digital transformation, and intelligent development in pursuit of greater objectives with a more determined mind. In 2023, at the annual "Global Core Partner Conference of Huaqin", we shared our achievements and progress on product R&D, delivery efficiency, quality control, intelligent manufacturing, and strategic cooperation with partners in an attempt to motivate more partners to actively participate in innovation and joint development efforts. Moreover, Huaqin also fulfilled its responsibilities as a player in the industry chain by making joint efforts to promote industry upgrades, promote ESG coordinated development, and build a win-win ecology system.

Looking ahead to the future, we always hold our dreams in mind. As a global industry leader, we are actively pooling the strengths of all participants and making use of technologies to create the future, set a model in fulfilling social responsibilities, give back to society, and build a better home together. We firmly believe that the intrinsic power and competitive advantages derived from sustainable development will provide unceasing energy for Huaqin to maintain its leadership in the industry. We will work with stakeholders to contribute to the "Huaqin" efforts for global sustainable development, hence creating a greener, better, and more sustainable future.

Founder, Chairman and CEO of Huaqin Technology Co., Ltd.

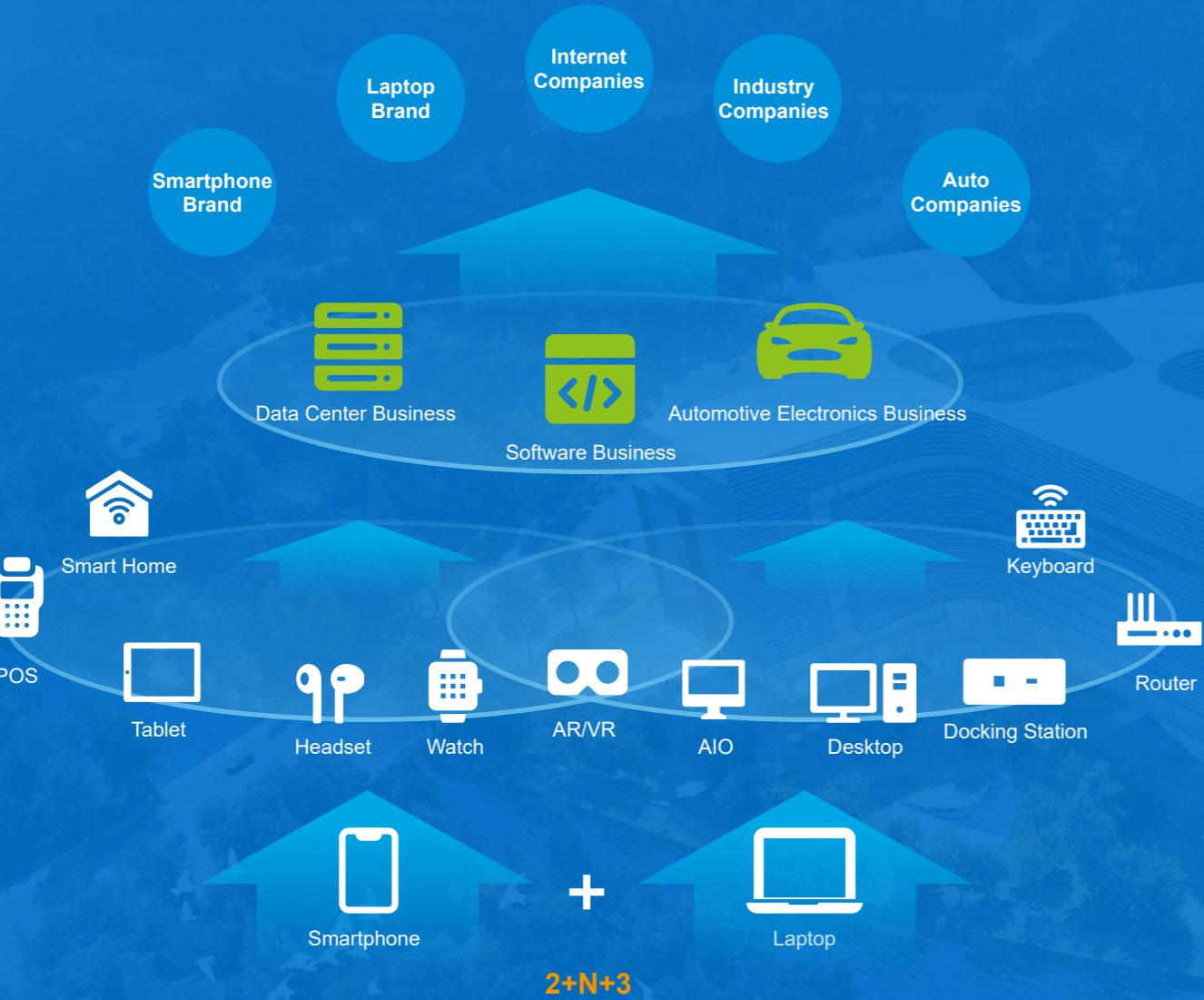


# About Huaqin

## Company Profile

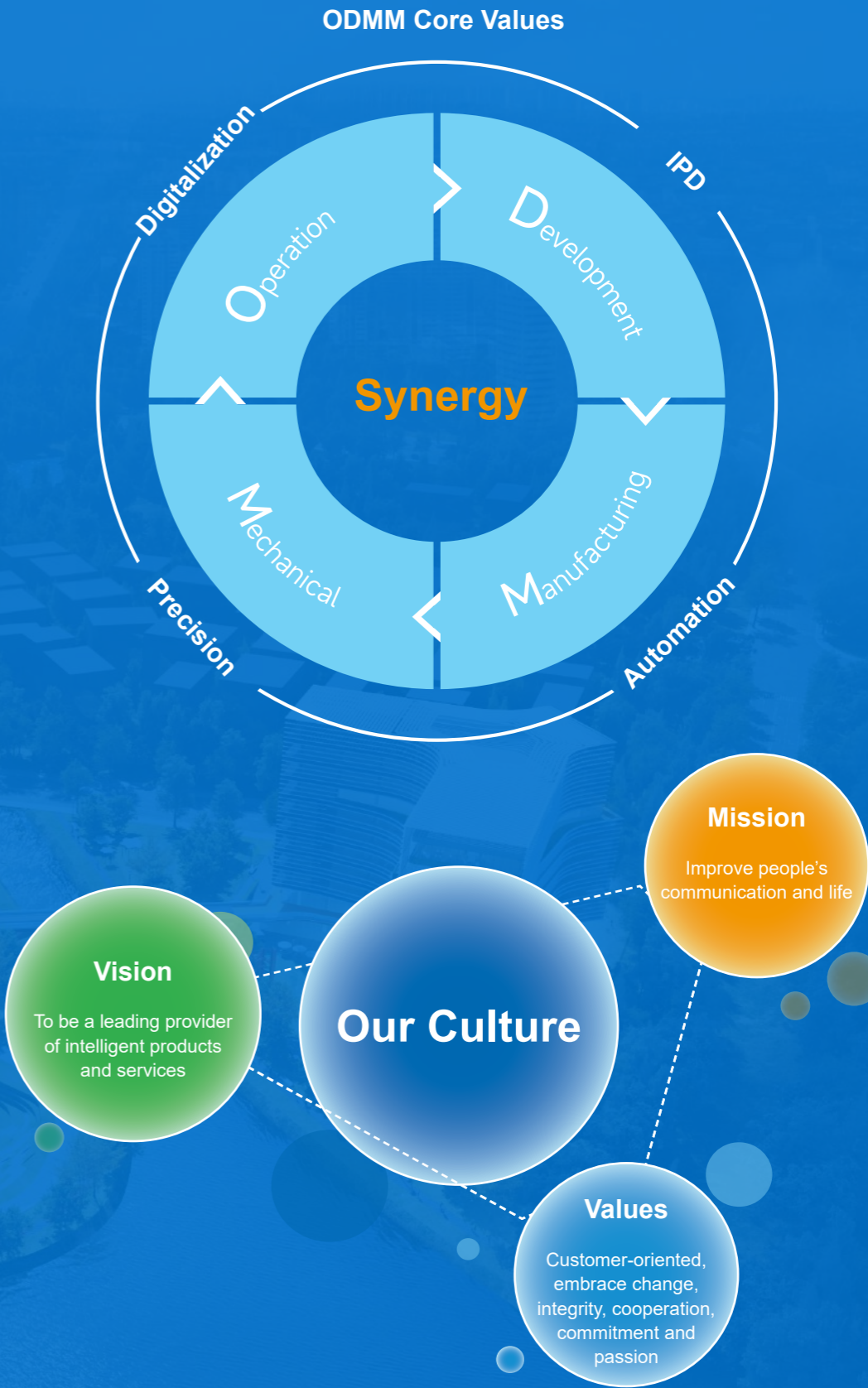
Founded in 2005 and headquartered in Shanghai, Huaqin Technology Co., Ltd. is a world-leading enterprise specializing in intelligent hardware products. In August 2023, Huaqin was successfully listed on the main board of the Shanghai Stock Exchange (Stock Code: 603296).

With the mission to "Improve People's Communication and Life", Huaqin offers end-to-end product development, manufacturing, and operation of software, hardware, and systems to global technology companies. We have built a business layout of "2+N+3". With a large customer base in more than 100 countries and regions worldwide, Huaqin provides global consumers with hundreds of millions of intelligent products including mobile phones, tablets, laptops, smart wearables, AIoT products, data center products, and automotive electronics.



2+N+3 Global Intelligent Hardware Platform

Being deeply engaged in the intelligent hardware ODM industry, Huaqin has built up four core competencies, namely efficient operation (Operation), R&D and designing (Development), advanced manufacturing (Manufacturing), and precision structural parts (Mechanical) to consolidate its leading position in the intelligent hardware ODM industry.



## Milestones

### Business Development



### Milestones

#### 2005

- Huaqin was established to offer mobile phone development and design in China

#### 2015-2016

- Entered the US mainstream market
- Topped the global smartphone and tablet ODM rankings and has remained 1st place ever since
- Delivered the first laptop to the global market

#### 2011-2013

- The first year of the smartphone business - 2011
- Dongguan Manufacturing Center went into operation
- Established Xi'an R&D Center
- Delivered 100 million units
- Delivered the first tablet to the global market
- Topped the global smartphone ODM rankings and has remained 1st place ever since

#### 2017-2018

- Established Wuxi R&D Center
- Series A funding of RMB 870 million (led by Intel)
- Mass production and delivery of servers
- Dongguan R&D Center started the operation

#### 2019-2020

- Built two overseas manufacturing bases
- Nanchang No.1 Manufacturing Center went into operation
- Series B funding of RMB 1.15 billion (led by Qualcomm)
- Established the Software Center and Evaluation Center
- Wuxi R&D Center started the operation
- Series C funding of RMB 1.0 billion (led by China Mobile)

#### 2021-2022

- Established Automotive Business Division, Innovation Business Group, and X-lab
- Huaqin Global R&D Headquarters started construction
- Mass production and delivery of automotive electronics product
- Nanchang No.2 Manufacturing Center went into operation
- Dongguan No.2 Manufacturing Center went into operation/ Dongguan No.2 Manufacturing Center started the operation

#### 2023

- Listed on the main board of Shanghai Stock Exchange
- Xi'an R&D Center (Silk Road Headquarters) started the operation

Global Network

Huaqin has a strong global R&D network, with five R&D centers across China in Shanghai, Dongguan, Xi'an, Nanchang, and Wuxi, as well as two domestic manufacturing centers in Nanchang and Dongguan and three overseas manufacturing bases in Vietnam, Mexico (Planned) and India.

Headquarter:

- Shanghai

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Five R&D Centers:

- Shanghai/Dongguan/Nanchang/Xi'an/Wuxi

5

China+VMI:

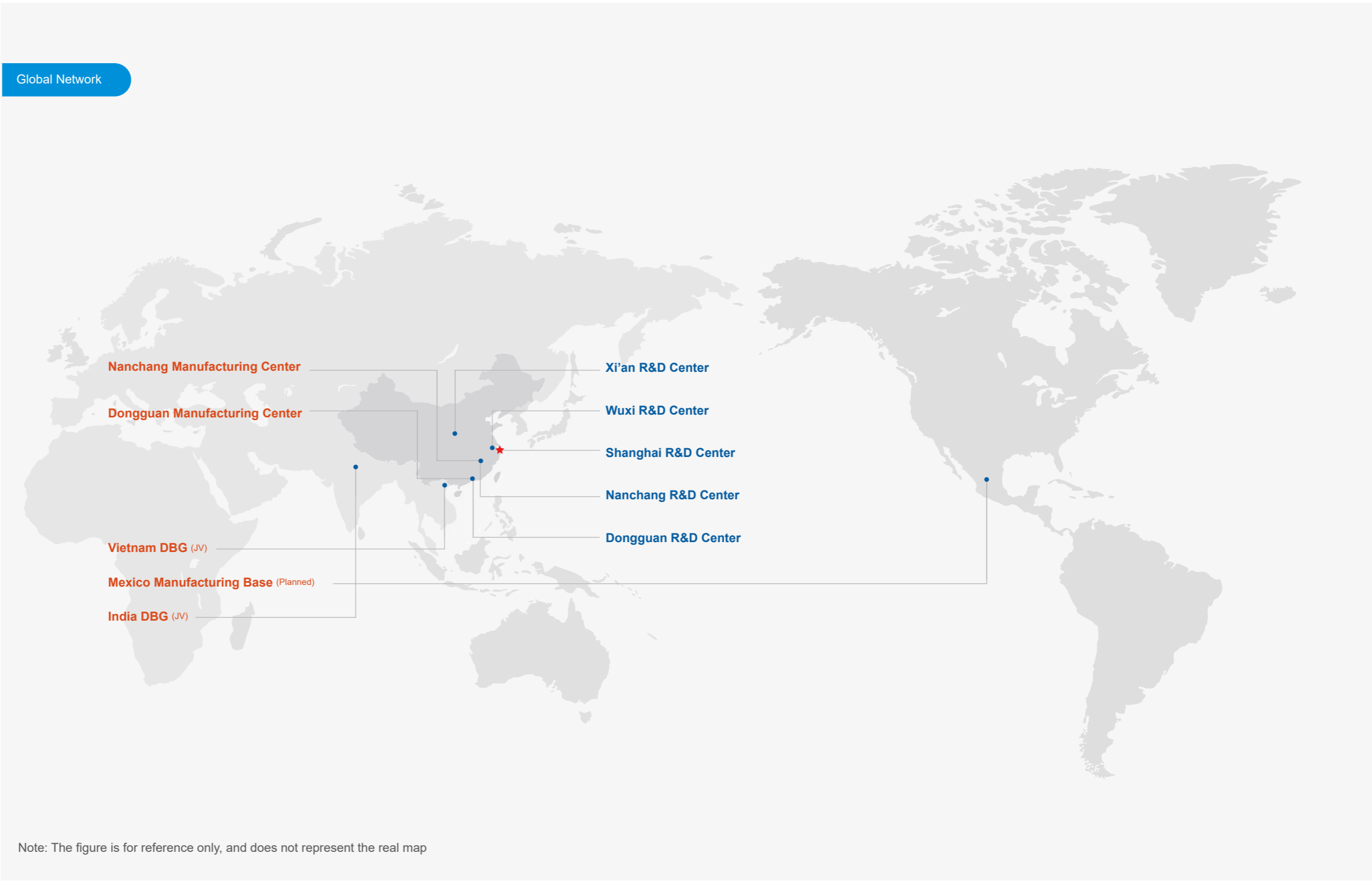
Two Manufacturing Centers in China:

- Nanchang/Dongguan

Three overseas manufacturing bases:

- Vietnam/Mexico (planned)/India

5



## Honors & Awards

### Commercial Organization

★★★  
No. 213 in the Fortune China 500



Fortune China 500

### Industry Awards Granted by Governments

★★★  
No. 98 in the Top 500 Private Enterprises in China



All-China Federation of Industry and Commerce

★★★  
No.62 in the Top 500 Private Manufacturing Enterprises in China



All-China Federation of Industry and Commerce

★★★  
No. 16 in the Top 100 Competitive Enterprises of Electronic Information Companies in 2023



China Electronic Information Industry Federation

### Organizing Committee of China Sustainable Responsibility Award

★★★  
2023 CSR CHINA TOP100



Organizing Committee of China Sustainable Responsibility Award

### Industry

★★★  
National Intellectual Property Demonstration Enterprise



China National Intellectual Property Administration

★★★  
National Technological Innovation Demonstration Enterprise



Ministry of Industry and Information Technology

### Association

★★★  
2023 China Mike Award



### Employer Awards

★★★  
Top Graduate Employers



Nowcoder

★★★  
Best Employer of the Year in China  
Most Intellectual Employer



Zhaopin

★★★  
Most Influential Employer



Haitou.cc

## Promoting Sustainable Management

### ESG Management System

Huaqin has raised sustainable development to the highest management of the Company and established a four-level sustainable development management structure of "leadership and supervision – decision-making – planning – execution", consisting of the Board of Directors, the Strategy and Sustainable Development Committee, the ESG Executive Committee, the ESG Office, the five module working groups, and the ESG executive groups, which guarantees the effective operation of the sustainable development management system.

The Board of Directors holds regular and interim meetings to review the corporate sustainable development strategy, execution plans, targets, and achievement reports submitted by the Strategic and Sustainable Development Committees.

#### Member of the ESG Executive Committee:

Chairman Vincent Qiu






Insist on long-termism;  
Do the right thing;  
Do the harder thing.



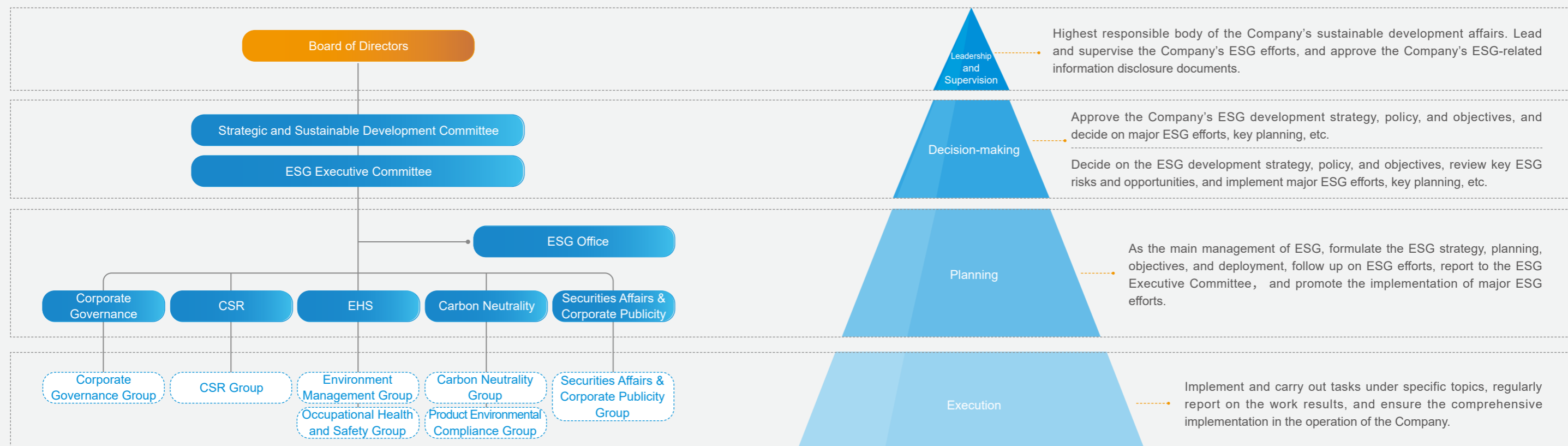
Executive Member, CSO Chen Xiaorong

Fulfill responsibilities as a player in the industry chain;  
Work together to build a green, low-carbon, and sustainable value chain.

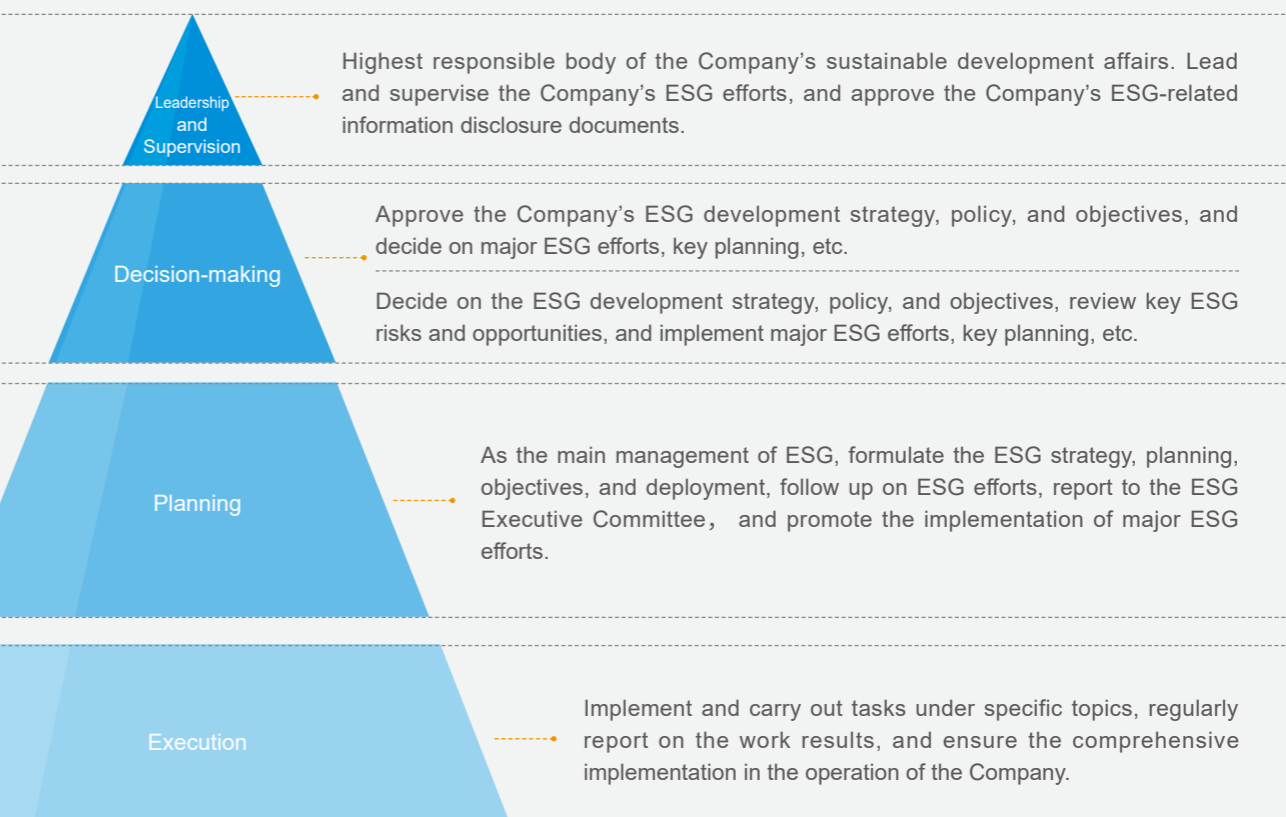


 <p>Member Wang Shichao</p> <p>Technology for good; Benefit everyone with outstanding intelligent products.</p>	 <p>Member Liu Li</p> <p>Create an open and collaborative organizational atmosphere; Build a value realization platform featuring "the harder you work, the happier you will be".</p>	 <p>Member Dai Yigui</p> <p>Make use of advantages in technological innovation; Build green products for a zero-carbon future.</p>	 <p>Member Zhu Ronghui</p> <p>Live in harmony with the Earth and nature; Work with society toward a sustainable future.</p>	 <p>Member Wang Zhigang</p> <p>Implement scientific governance to promote green and low-carbon efforts; Practice sustainable development as a friend of time.</p>
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### Sustainable Development Management Framework



### Division of Duties





To keep our sustainable development management system in line with the relevant requirements in aspects of labor, health and safety, environment, and ethics, and to effectively fulfill our corporate social responsibilities, the Company has been a member of the Responsible Mining Initiative (RMI) for three consecutive years and has passed the Business Social Standards Certification (BSCI Certification), the International Standard for Social Responsibility Certification (SA 8000 Certification), and the Responsible Business Alliance's Code of Conduct Certification (RBA Certification) with a silver medal.



Guangdong Qiyang Technology Co., Ltd., a subsidiary of Huaqin, passed the Business Social Standard Certification (BSCI certification)



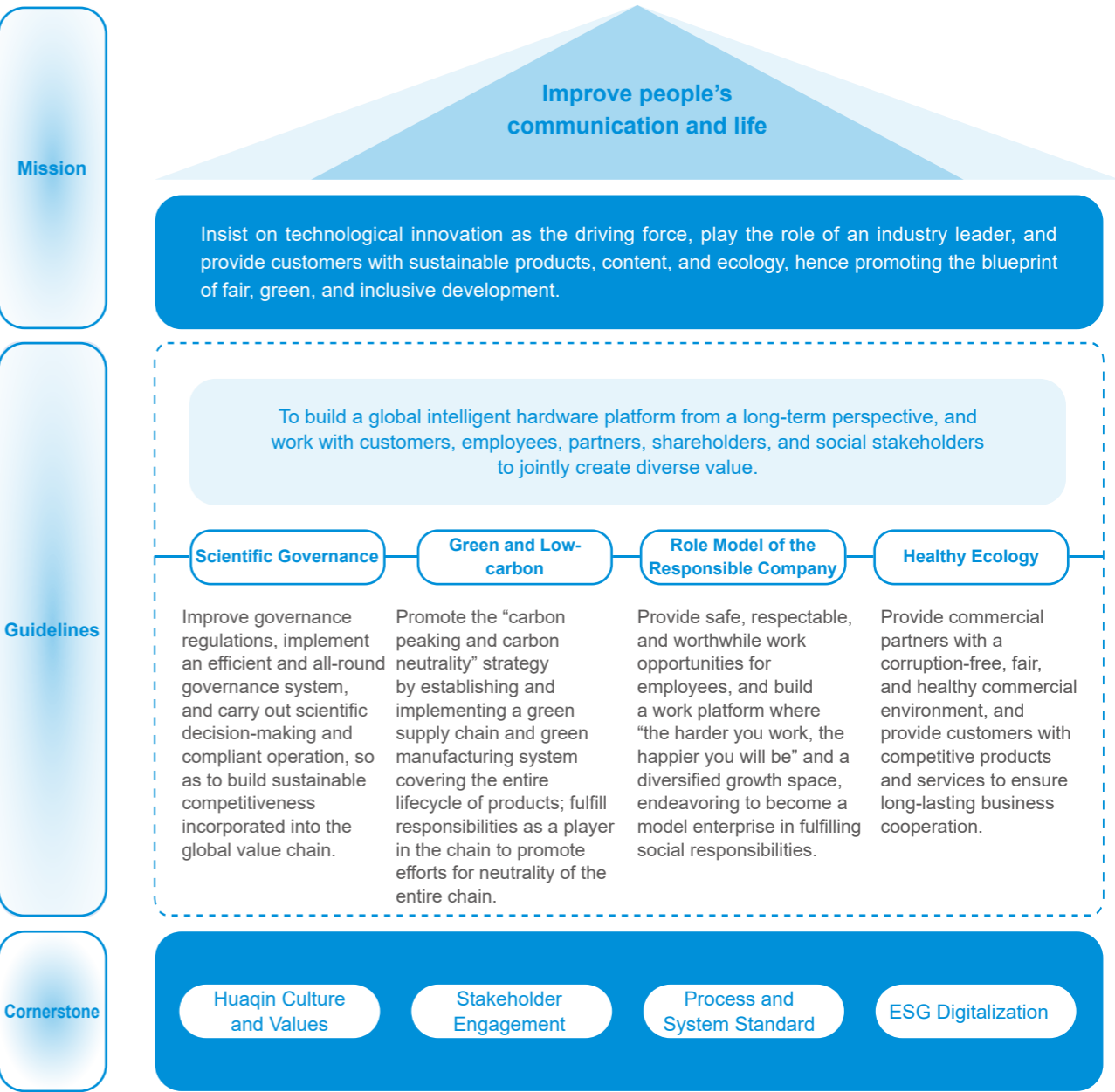
Nanchang Huaqin Electronic Technology Co., Ltd., a subsidiary of Huaqin, passed the International Standard for Social Responsibility Certification (SA 8000 Certification)



Nanchang Qinsheng Electronic Technology Co., Ltd., a Subsidiary of Huaqin, Passed the Responsible Business Alliance's Code of Conduct Certification (RBA Certification)

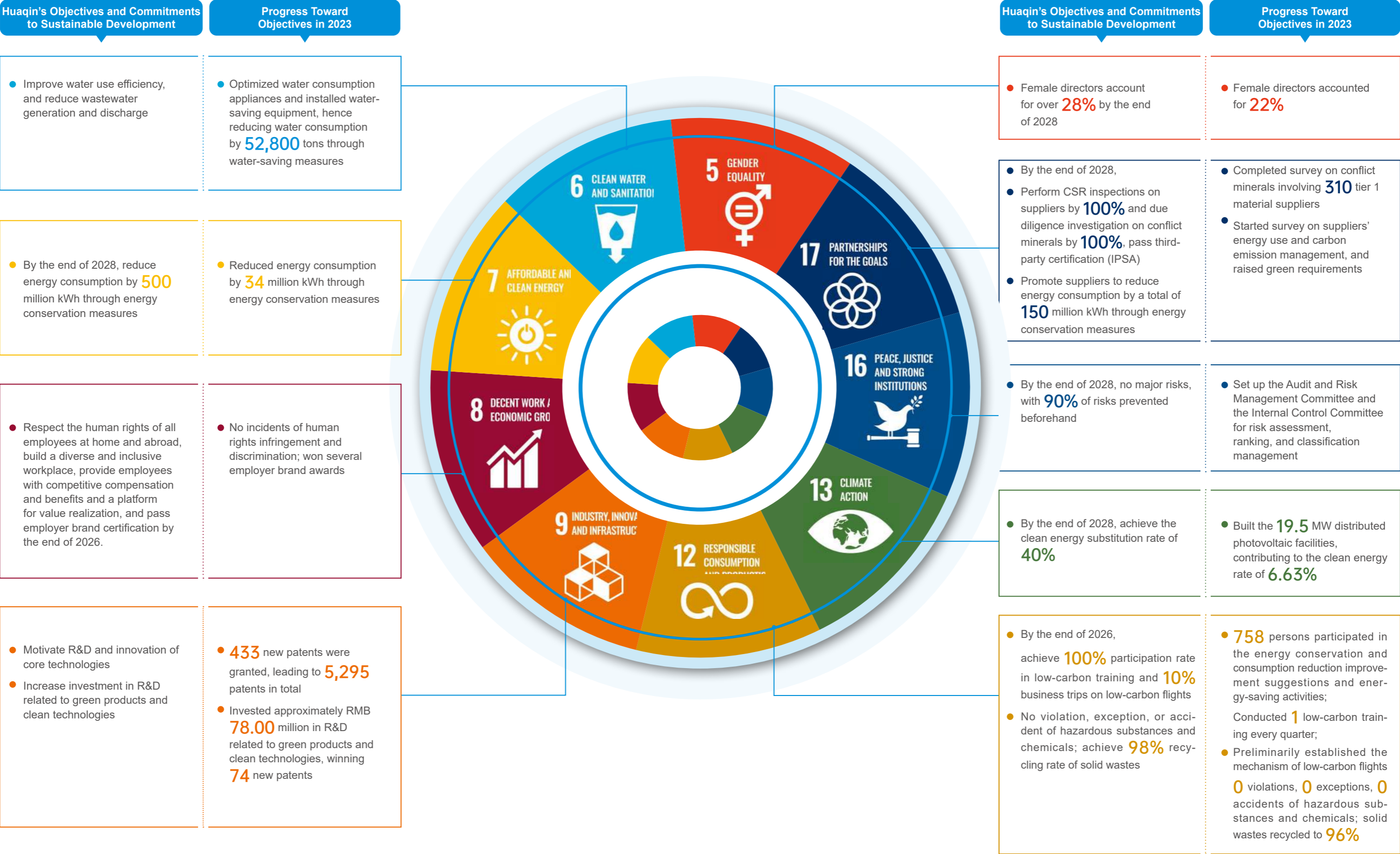
## ESG Strategy and Guidelines

With the mission to “Improve People’s Communication and Life”, Huaqin integrated stakeholders’ concerns with corporate operations in all aspects of environment, society, and governance by building a sustainable development strategy system and setting sustainable development goals, hence contributing to the blueprint of global sustainable development while pursuing its own high-quality and sustainable development.





## ESG Strategy and Guidelines

Actively responding to the United Nations Sustainable Development Goals (SDGs), the Company is committed to contributing to the global sustainable development process with its own sustainable development.



Communication with Stakeholders

With great importance attached to communication and exchange with internal and external stakeholders of the Company, we learned about the demands and expectations of various stakeholders through multiple channels and responded positively to promote the continuous improvement of ESG management efforts.

Stakeholder	Expectations and Demands	Communication and Response
 Shareholders and investors	<ul style="list-style-type: none"><li>• Stable performance growth</li><li>• Protection of shareholders' interests</li><li>• Governance of the Shareholders' Meeting, Board of Directors, and Supervisory Committee</li><li>• Intellectual property protection</li><li>• ESG governance</li></ul>	<ul style="list-style-type: none"><li>• Compliant operation</li><li>• Sound risk management</li><li>• Periodical and interim information disclosure</li><li>• Smooth channel for communication with investors</li><li>• Mechanism of intellectual property protection</li><li>• ESG management system and strategy formulation</li></ul>
 Management	<ul style="list-style-type: none"><li>• Stable performance growth</li><li>• Risk compliance</li><li>• Respond to national development policies</li><li>• ESG governance</li><li>• Tackling climate change</li></ul>	<ul style="list-style-type: none"><li>• Compliant operation</li><li>• Sound risk management</li><li>• ESG management system and strategy formulation</li><li>• GHG emission reduction</li><li>• Development of clean technologies</li></ul>
 Government and regulatory authorities	<ul style="list-style-type: none"><li>• Compliance with regulatory requirements</li><li>• Respond to national development policies</li><li>• Business ethics and anti-corruption</li><li>• Compliance in risk control</li><li>• Ecological civilization building</li></ul>	<ul style="list-style-type: none"><li>• Compliance with laws and regulations</li><li>• Cooperate in regulatory inspection</li><li>• Periodical and interim information disclosure</li><li>• Supervision of integrity in operation</li><li>• Sound risk management</li><li>• Treatment of three wastes</li><li>• Energy and resource conservation</li><li>• GHG emission reduction</li></ul>

The Company has established an open communication channel so that stakeholders can express concerns, inquiries, and opinions through [esg@huaqin.com](mailto:esg@huaqin.com). The Company arranges dedicated staff to respond in a timely manner, and regularly communicates and shares progress with stakeholders.

Stakeholder	Expectations and Demands	Communication and Response
 Customers	<ul style="list-style-type: none"><li>• Product R&amp;D and innovation</li><li>• Product safety and quality</li><li>• High-quality services</li><li>• Data security and privacy protection</li><li>• Requirements for sustainable development</li></ul>	<ul style="list-style-type: none"><li>• Scientific and technological innovation</li><li>• Quality assurance</li><li>• Customer feedback handling</li><li>• Customer satisfaction survey</li><li>• Information security management</li><li>• Development of clean technologies</li><li>• GHG emission reduction</li><li>• Social responsibility management</li></ul>
 Employees	<ul style="list-style-type: none"><li>• Employee compensation and benefits</li><li>• Employee training and development</li><li>• Occupational health and safety</li></ul>	<ul style="list-style-type: none"><li>• Safeguard employee rights and interests</li><li>• Comprehensive salary policy</li><li>• Smooth promotion channels</li><li>• Diversified training system</li><li>• Abundant employee activities</li><li>• Health and safety system</li></ul>
 Partners and industry associations	<ul style="list-style-type: none"><li>• Supplier management and empowerment</li><li>• Industry development</li></ul>	<ul style="list-style-type: none"><li>• Sustainable supply chain management</li><li>• Controversial procurement management</li><li>• Industry discussion and exchange</li><li>• School-enterprise cooperation</li></ul>
 Public and media	<ul style="list-style-type: none"><li>• Environment protection</li><li>• Social welfare</li><li>• Rural revitalization</li></ul>	<ul style="list-style-type: none"><li>• Development of clean technologies</li><li>• GHG emission reduction</li><li>• Green products and designs</li><li>• Public welfare activities</li><li>• Charitable donations</li></ul>

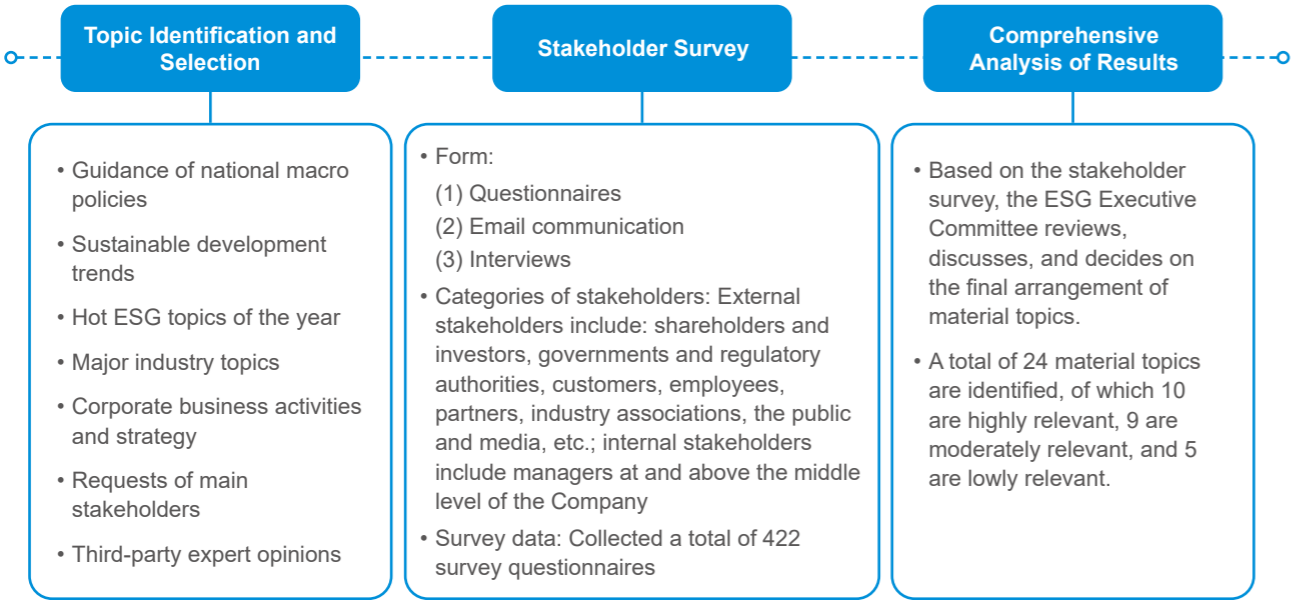
## Analysis of Material Topics

To get a more in-depth and accurate understanding of the expectations and demands of stakeholders, the Company invites stakeholders to assess the material topics on sustainable development, so as to identify the topics that are significant both to the Company's business and stakeholders for specialized management as key content for disclosure in the report.

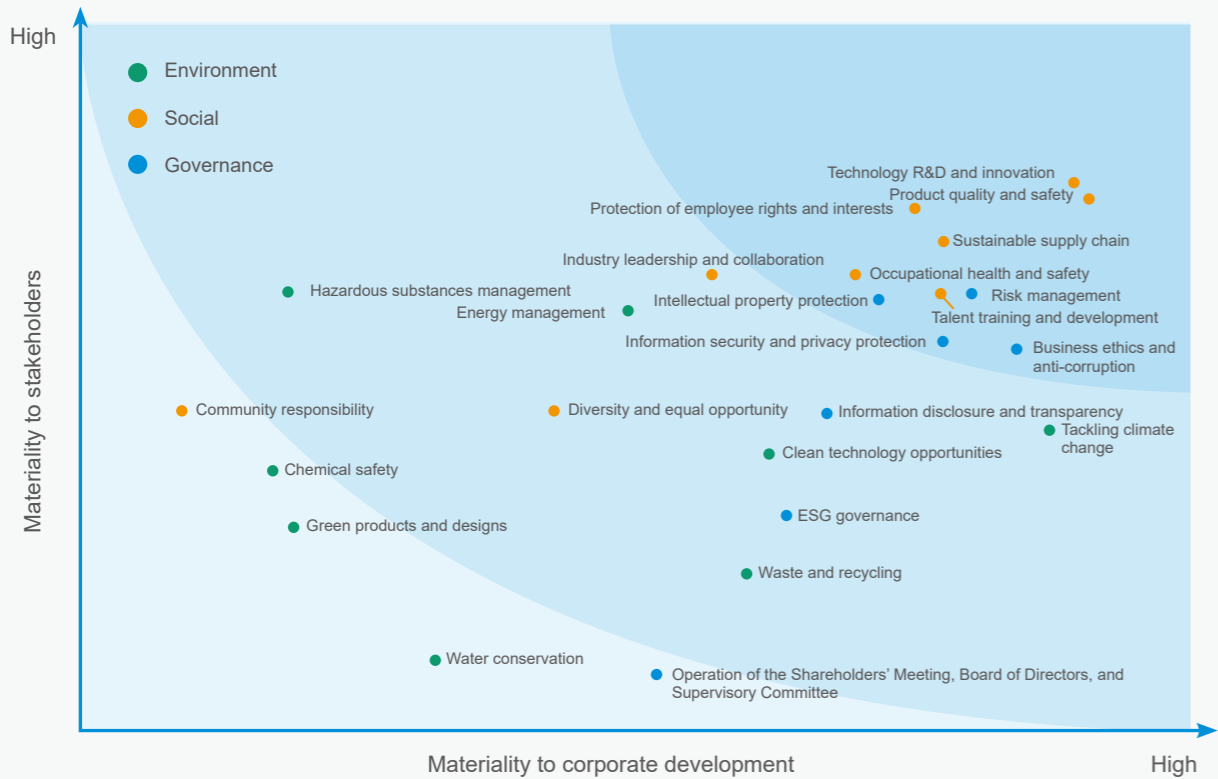


Scan the QR code to access the survey questionnaire

### Analysis Process of Material Topics



### Matrix of Material Topics

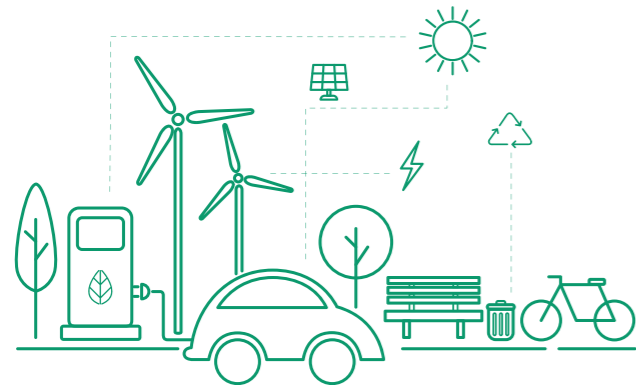


### Impact of Material Topics on the Value Chain:

Field	Material Topic	Supply Chain	Production/Operation	Customers	Employees	Society
Environment	Waste and recycling		✓			✓
	Tackling climate change	✓	✓	✓		✓
	Clean technology opportunities		✓	✓		✓
	Chemical safety	✓	✓	✓	✓	
	Green products and designs	✓	✓	✓		✓
	Energy management	✓	✓		✓	✓
	Water conservation	✓	✓		✓	✓
	Hazardous substances management	✓	✓	✓		✓
Society	Technology R&D and innovation	✓	✓	✓	✓	✓
	Product quality and safety	✓	✓	✓		
	Sustainable supply chain	✓	✓	✓		✓
	Protection of employee rights and interests		✓		✓	
	Talent training and development		✓		✓	
	Occupational health and safety	✓	✓		✓	
	Industry leadership and collaboration	✓	✓	✓		✓
	Diversity and equal opportunity				✓	
Governance	Community responsibility				✓	✓
	Risk management	✓	✓	✓	✓	✓
	Intellectual property protection		✓	✓		
	Business ethics and anti-corruption	✓	✓	✓	✓	✓
	Information security and privacy protection	✓	✓	✓	✓	
	Information disclosure and transparency		✓	✓		✓
	ESG governance	✓	✓	✓	✓	✓
	Operation of the Shareholders' Meeting, Board of Directors, and Supervisory Committee		✓			

Feature

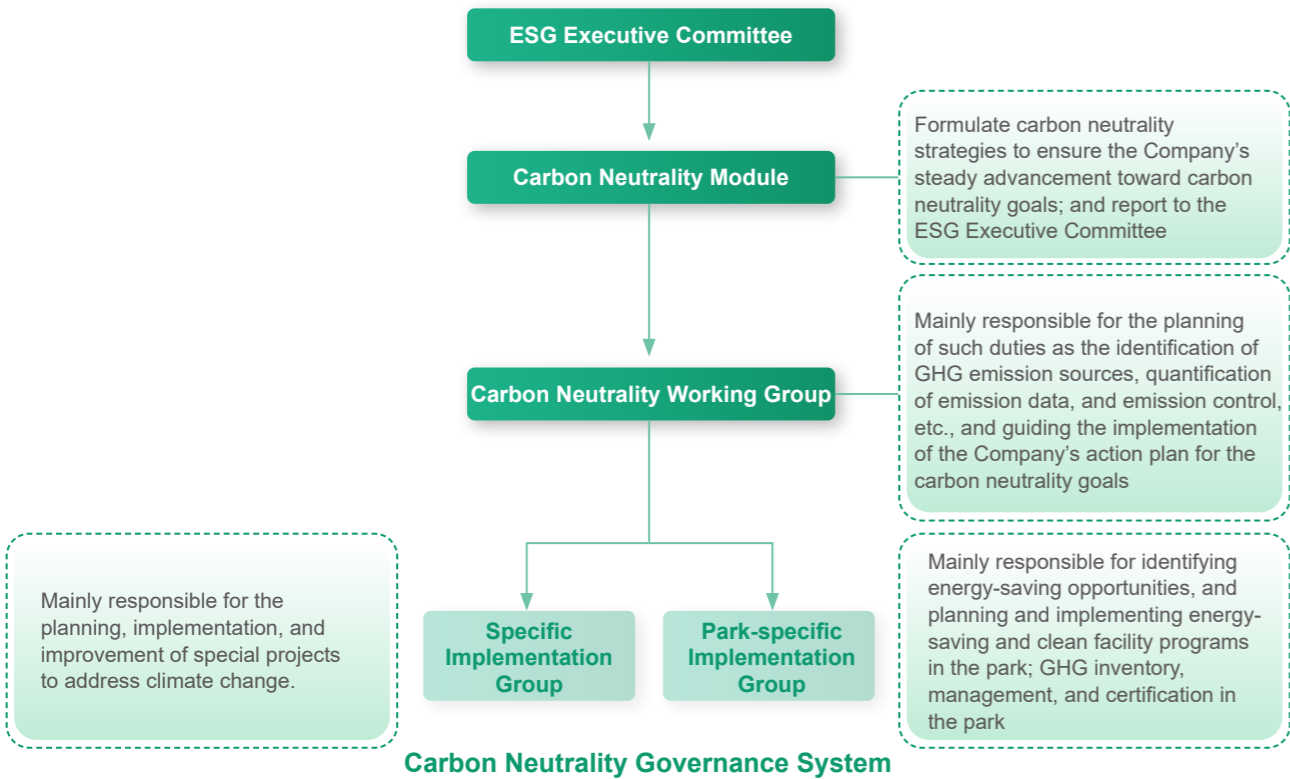
# Taking Active Measures in Response to Climate Change - Exploring Opportunities for Green Development



As an important player in society, enterprises have inevitable responsibilities and missions in the face of the severe challenge of global climate change. Huaqin actively implemented the concept of green development by integrating the response to climate change into the Company's strategy and decision-making, identifying and responding to the challenges and opportunities from climate change, and taking multiple measures to reduce GHG emissions and enhance its climate resilience.

## Strengthening the Carbon Neutrality Governance System

Huaqin has set up a carbon neutrality module under the ESG Executive Committee, which is responsible for the strategic planning, system development, and information disclosure of carbon neutrality to ensure scientific and effective decision-making. At the execution level, a carbon neutrality working group has been set up, including executive groups in each park and special executive groups, which are responsible for the breakdown of carbon neutrality goals and achievement thereof as planned.



## Identifying Climate Risks and Opportunities

With high sensitivity and farsightedness maintained towards climate issues, Huaqin actively identifies climate risks and explores the means to maintain business continuity under various climate scenarios in an attempt to explore the potential opportunities brought by climate change for the Company based on industries, regions, and business models.

In 2023, the Company followed the standards of the Task Force on Climate-related Financial Disclosures (TCFD) in identifying relevant risks and opportunities and formulating detailed response strategies, and incorporated climate change risks into the Company's existing risk management structure, for which a top action project was established on a yearly basis based on the significance and urgency of the risk items.

### Identification of Climate Risks and Opportunities

Category	Policies and Regulations			
Topic	Clean energy	GHG	Water resources	Energy management
Risk	Policies and regulations at production sites imposed higher requirements on the proportion of renewable energy in use and the energy efficiency of equipment. In order to comply with the regulations, it is necessary to eliminate and replace old equipment or to purchase and use renewable energy to a certain proportion, which may lead to the risk of a shortage in renewable energy supply on the market and an increase in energy prices in the future.	After the launch of a national carbon market, the manufacturing industry may be included in the scope of carbon market management, which may increase operating costs	Despite the absence of a mandatory limit imposed on the use of water resources at present, wastewater shall be discharged in accordance with regulatory requirements.	Given the possible temporary power shortages and production under electricity constraints, it is necessary to consider the impact of such conditions on business continuity and the increased costs of electricity generation by the Company.
Impact on operation	Increased costs and expenses	Increased expenditures	Increased costs	Increased costs, operation disruptions
Duration	Short	Medium	Long	Medium
Possibility	Medium	Medium	Low	Medium
Degree of impact	High	Medium	Medium	Medium
Risk management measures	1. Take early measures to adjust the energy structure, and sign long-term cooperation agreements in advance with power supply companies on the market to guarantee the supply of renewable energy 2. Make arrangements early by constructing renewable energy development projects	1. Continuously perform the inspection with reference to ISO 14064, pass the certification, and set reasonable carbon management objectives 2. Study the development trend to formulate and implement carbon management solutions	1. Implement water conservation measures, including wastewater recycling, process water conservation measures, etc. 2. Implement advanced management systems, such as CWP, AWS, etc. 3. Monitor water consumption indicators, conduct regular reviews, avoid waste, and continuously improve efficiency in water consumption	1. Carry out energy conservation projects 2. Use advanced energy-efficient equipment 3. Build and use an energy management platform 4. Monitor electricity consumption indicators and continuously improve energy efficiency
Possible opportunities	Participate in renewable energy plans, increase the proportion of renewable energy, respond to the expectations of stakeholders, win customer recognition, and acquire market opportunities	Establish carbon management regulations, control carbon management targets, reduce costs of excessive carbon emissions, and win government support and reward	Improve water resource management performance, strengthen resilience to climate change, improve the efficiency and diversification of water resources, reduce production costs, and ensure business continuity	Improve the Company's electricity consumption efficiency, reduce production costs, and develop energy storage measures to ensure business continuity, win customer recognition, and acquire market shares

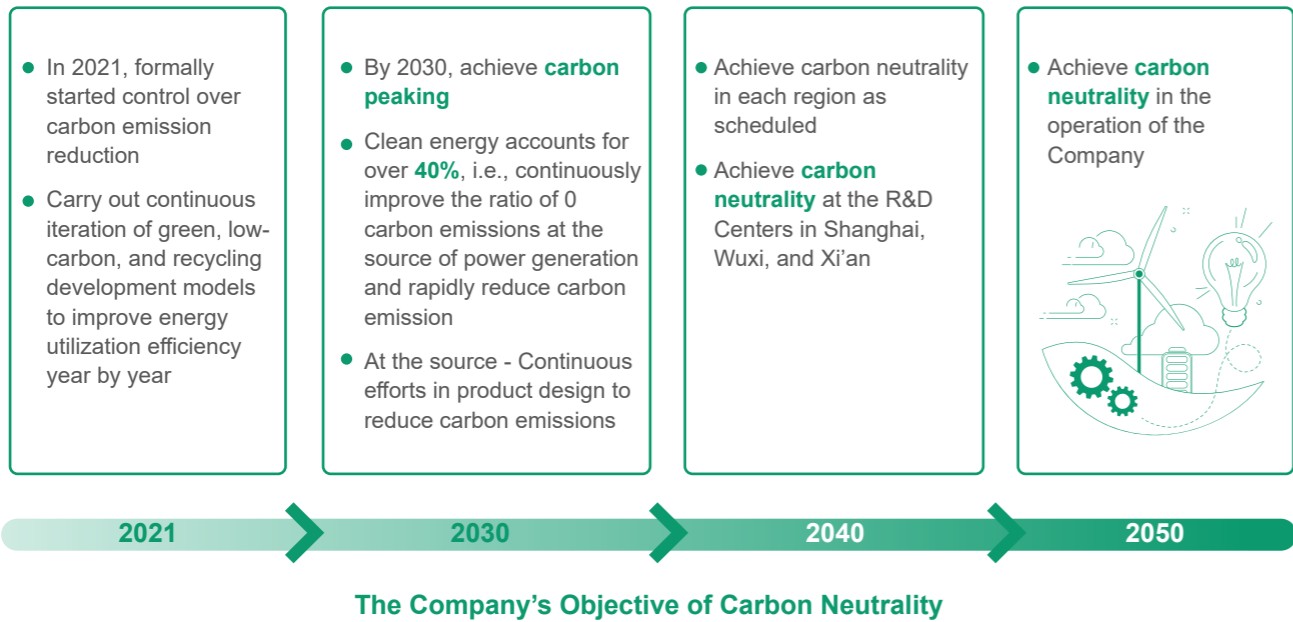
Category	Market			
Topic	Upstream - Disruption in raw material supply	Upstream - Increase in raw material costs	Downstream - Low-carbon products	Investment ESG Rating
Risk	Shipment of raw materials and downstream production are delayed due to an increase in raw material prices and suspended transportation under the impact of a shortage of upstream chemical raw materials caused by extreme weather, market supply, and demands, etc.	The sales prices of products in the upstream supply chain increase due to the response to climate change by additional investments in energy conservation and carbon reduction, which increased the operating costs of the supply chain.\ Major mineral countries tighten regulations on mineral extraction and export in response to climate change, which may lead to cost increases.	Given the increasingly stringent environmental regulations, customers strive to meet scope 3 carbon neutrality, hence raising more and more specific requirements on the proportion of clean energy used in the production of the Company	At present, investment institutions around the world are paying more and more attention to the ESG performance of companies and consider ESG performance in their investment criteria. Failure to continuously improve ESG performance may affect the Company's ability to attract overseas institutions.
Impact on operation	Increased costs, operation disruptions	Increased costs and reduced revenues	Increased costs and reduced revenues	Financing costs
Duration	Long	Medium	Short	Short
Possibility	High	High	High	High
Degree of impact	Low	Medium	Medium	Low
Risk management measures	1. Establish secondary resources to avoid the risk of supply from a single supplier, ensure smooth supply, and improve bargaining and service capabilities 2. Monitor the trend of current prices and the impact of material price increases		1. Evaluate new or changed laws and regulations, and make prompt improvements for non-compliant 2. Manage and control hazardous substances strictly, and eliminate hazardous substances 3. Improve the Company's capabilities of hazardous substance inspection 4. Acquire green manufacturing technologies and use recycled materials 5. Develop low-carbon green products	1. Enhance ESG performance 2. Improve the quality of reporting content 3. Enhance channels for external disclosure
Possible opportunities	Establish diversified sources of raw materials to minimize the risk of material shortage		Reduce hazardous substances in products to comply with the environmental protection regulations of most countries. Develop low-carbon green products to improve market competitiveness and establish long-term cooperation with customers	Investors (or prospective investors) may decide whether or how much to invest in the Company based on the Company's ESG performance to stabilize the source of funding and share price

Category	Entity		
Topic	Extreme high temperatures/drought	Extreme coldness	Strong flood
Risk	Extreme high temperatures may cause heat stroke or food poisoning, equipment faults, and the risk of self-ignition of materials. In addition, sustained high temperatures can lead to drought, which may affect production due to insufficient water for process, life, and fire protection.	May cause personal frostbite or food shortages, equipment faults, and freezing and bursting of fire-fighting and other fuel transportation lines.	Floods affect employee attendance and wastewater treatment systems, and may also cause water and power supply disruptions, logistics and transportation suspension, or supply chain disruptions, resulting in production suspension or reduction and loss of resources
Impact on operation	Increased costs, operation disruptions	Increased costs, operation disruptions	Increased costs, operation disruptions
Duration	Long	Long	Long
Possibility	High	Medium	Medium
Degree of impact	Low	Low	Low
Risk management measures	1. According to the weather forecast of the weather station, promptly notify all departments and supervise them to get prepared for emergencies 2. Decrease the temperature of air conditioners, shorten the duration of high-temperature working, and prepare heatstroke preventive medicines at health stations 3. Equipment departments increase the frequency of equipment and facility inspection and maintenance and properly handle equipment cooling 4. Get ready to respond to drought, check the water storage volume of fire-fighting pools and living pools, properly handle water storage, and enhance efforts of water conservation publicity	1. According to the weather forecast of the weather station, promptly notify all departments and supervise them to get prepared for emergencies 2. Increase the temperature of the air conditioner, shorten the duration of low-temperature working, and prepare antifreeze medicines at health stations 3. Dormitory management departments shall prepare frost-proof bedding to meet the needs of employees who cannot return home 4. Electrical and mechanical departments shall take proper insulation measures for machines, equipment, and pipes	1. Forward the typhoon warning to the city weather station prior to heavy rainfall. The relevant departments shall, upon receiving an announcement of a rainstorm, immediately issue a warning and carry out proper rainstorm protection measures 2. Trigger the response mechanism to prepare drainage pumps for electrical and mechanical equipment, perform comprehensive system inspection, and check water pipes for blockage; the departments shall check drainage outlets for blockage, and request assistance from government authorities when necessary 3. The parks shall construct flood prevention facilities, such as flood drainage stations, flood gates, flood drainage pumps, and other facilities and equipment
Possible opportunities	Strengthen the contingency mechanism to improve the Company's resilience in operation		

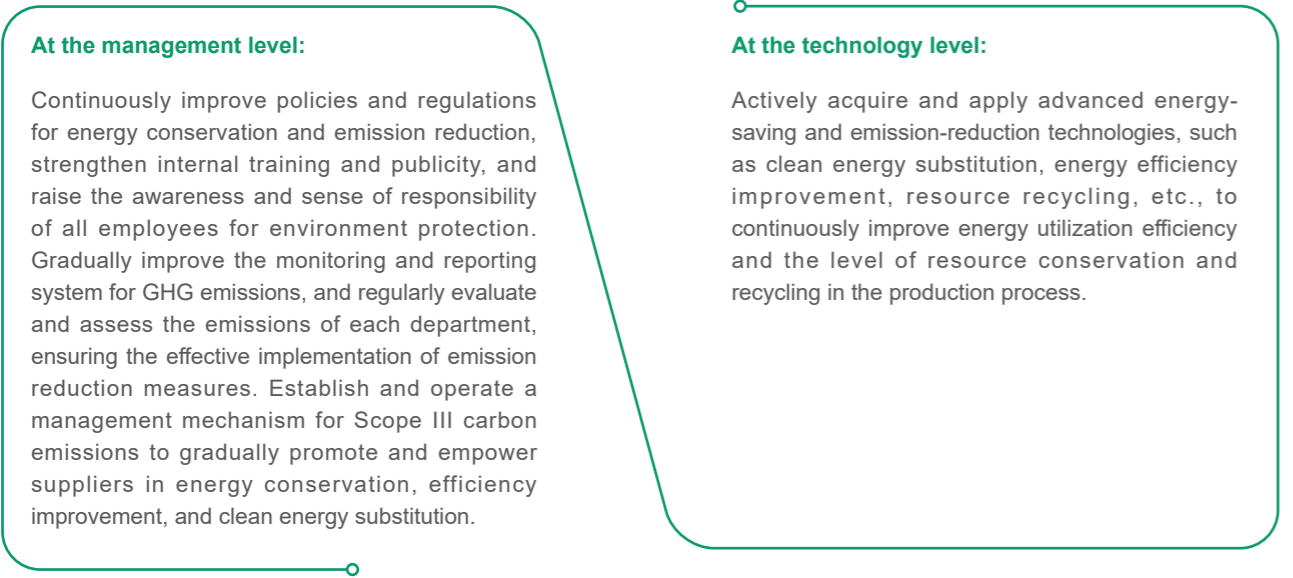
## Commitment and Objectives of Tackling Climate Change

With an in-depth understanding of the urgency of the climate crisis and the necessity of participating in global climate governance, Huaqin updated and released its objectives of “carbon peaking and carbon neutrality” at the end of 2023: to achieve carbon peaking in our operation by 2030 and achieve carbon neutrality in our operation by 2050.

In order to effectively implement the objectives of “carbon peaking and carbon neutrality”, the Company has formulated five-year goals and plans: From 2024 to 2028, achieve the clean energy substitution ratio of **40%**, save energy by **500** million kWh through energy conservation measures, and cause our supplier to save energy by **150** million kWh.



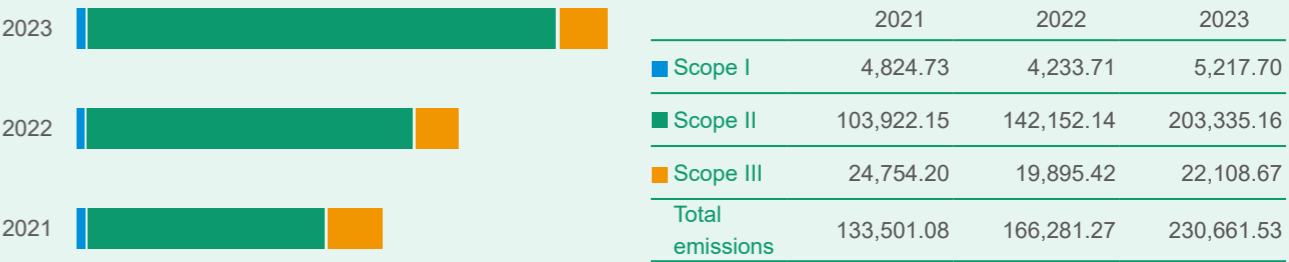
The Company will plan and carry out management and practical activities in pursuit of carbon neutrality at both the management and technical levels. The objectives are broken down based on specific stages, years, and regions into stage-specific and regional implementation objections for continuous implementation, so as to ensure the smooth achievement of objectives.



Carbon Emission Reduction Tasks in 2023

## GHG Identification and Inventory

Huaqin has formulated and implemented the *GHG Control and Management Regulations*, in which tools such as the *Summary Identification Form of GHG Emission Sources* are used to identify over 20 emission sources within the scope of operation and record in detail the name, location, and emission amount of each source, hence completing the GHG emission inventory of the Company in 2023. During the reporting period, the Company made GHG emissions of **230,661.53** tons of CO<sub>2</sub> equivalent.

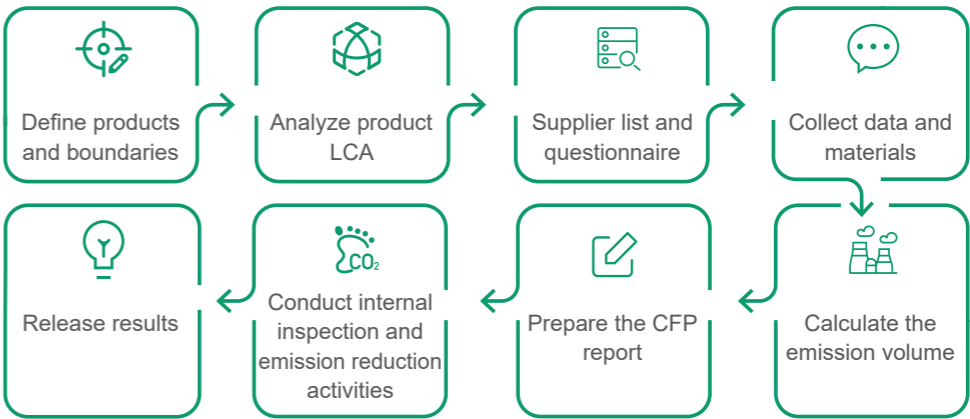


Greenhouse gas emissions statistics (tons CO<sub>2</sub> equivalent)

### Calculation basis:

1. The Company's direct GHG emissions (Scope 1) were calculated on the basis of the values specified in the *2006 IPCC Guidelines for National Greenhouse Gas Inventories and General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T2589-2020).
2. The Company's indirect GHG emissions (Scope 2) were calculated using the emission factors specified in the *Notice on the Management of GHG Emission Reporting by Enterprises in the Power Generation Industry for the Period of 2023-2025* issued by the Ministry of Ecology and Environment.
3. The Company's other indirect GHG emissions (Scope 3) were mainly identified and inventoried under category 1 outsourced services, category 5 waste generated from operations, category 6 business travel, and category 9 downstream transportation and distribution under the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* and the *China Products Carbon Footprint Factors Database* (2022).
4. In 2023, compared to 2022, the Company's boundary for GHG emissions data inventory further included Dongguan Huayu Precision Technology Co., Ltd. and Guangdong Xiqin Precision Mold Co., Ltd., which led to an increase in the emission data.

The Company conducted a comprehensive survey and preparation of the product-level carbon footprint inventory workflow based on ISO 14067:2018 Greenhouse Gases - Carbon Footprint of Products - Requirements and Guidelines for Quantification, so as to identify the emission sources and activity levels of the processes including purchase of raw materials, production and manufacturing, transportation and logistics, sales and use, and disposal and treatment, establish a complete procedure and list of carbon footprint inventory of key materials, hence laying a solid foundation for promoting the transformation toward clean products.



Process of Product Carbon Footprint Accounting

# 01

## Scientific Governance



Huaqin has always taken internal governance as an important task and is committed to building an efficient, robust, and dynamic management system. The Company regulates the operation of the Shareholder's Meeting, the Board of Directors, and the Supervisory Committee to ensure scientific, legal, and transparent decision-making. Meanwhile, with the understanding of risk management as a cornerstone for the sustainable and healthy development of the enterprise, the Company constantly strengthens the identification, assessment, monitoring, and response to various types of risks, safeguards intellectual property and information security, and creates an atmosphere of integrity to ensure the stable development of the Company despite the complex and volatile market environment and keep the correct things continuing.

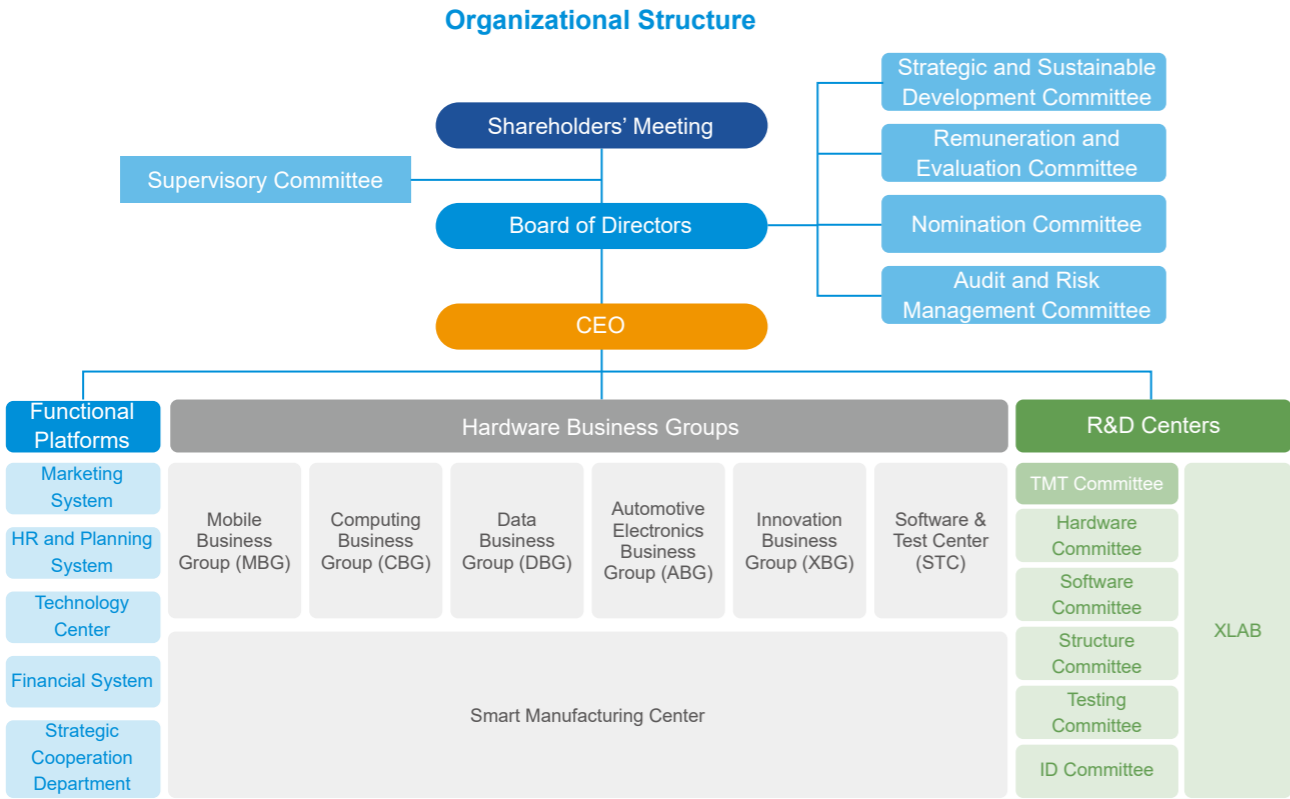


# Operation of the Shareholders' Meeting, Board of Directors, and Supervisory Committee

Huaqin has established a sound corporate governance structure to protect shareholders' rights and interests through the standardized operation of the Shareholders' Meeting, the Board of Directors, and the Supervisory Committee. The Company pays special attention to the capacity building for the Board of Directors to ensure the diversity, professionalism, and independence of Board members. In addition, the Company has implemented a competitive compensation policy for senior executives to motivate the executive team to work for the long-term development goals of the Company through a diversified compensation structure.

## Governance Structure

Huaqin strictly abides by the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, and other laws and regulations and relevant requirements to constantly improve the corporate governance structure, and has formulated and publicly released the *Rules of Procedure of the Board of Directors of Huaqin Technology Co., Ltd.*, the *Working System of Independent Directors of Huaqin Technology Co., Ltd.*, the implementation rules of various specific-purpose committees, and other institutional regulations. The Company's power authority, decision-making body, supervisory body, and management have clearly defined duties to fulfill their respective responsibilities while balancing each other. This provides a solid foundation for the standardized operation of the Company and safeguards the legitimate rights and interests of both the Company and all shareholders.



### Shareholders' Meeting

The Company strictly follows the requirements of the *Company Law*, the *Securities Law*, the *Articles of Association*, and *Rules of Procedure of the Shareholders' Meeting*, and other laws, regulations, and rules to convene, hold, and vote at shareholders' meetings, hence effectively safeguarding the legitimate rights and interests of small- and medium-sized shareholders. We engage lawyers to attend the shareholders' meeting as non-voting parties and issue legal opinions on the convening and voting procedures thereof, so as to fully respect and safeguard the legitimate rights and interests of all shareholders.



### Board of Directors

The Board of Directors has **4** professional committees, namely the Strategy and Sustainable Development Committee, the Remuneration and Evaluation Committee, the Nomination Committee, and the Audit and Risk Management Committee, to assist the Board of Directors in fulfilling its decision-making and supervision functions, which play an important role in promoting the standardized operation and healthy development of the Company.

The Board of Directors consists of **9** directors, including **3** independent directors. The directors attended Board meetings at the rate of **100%** on average.



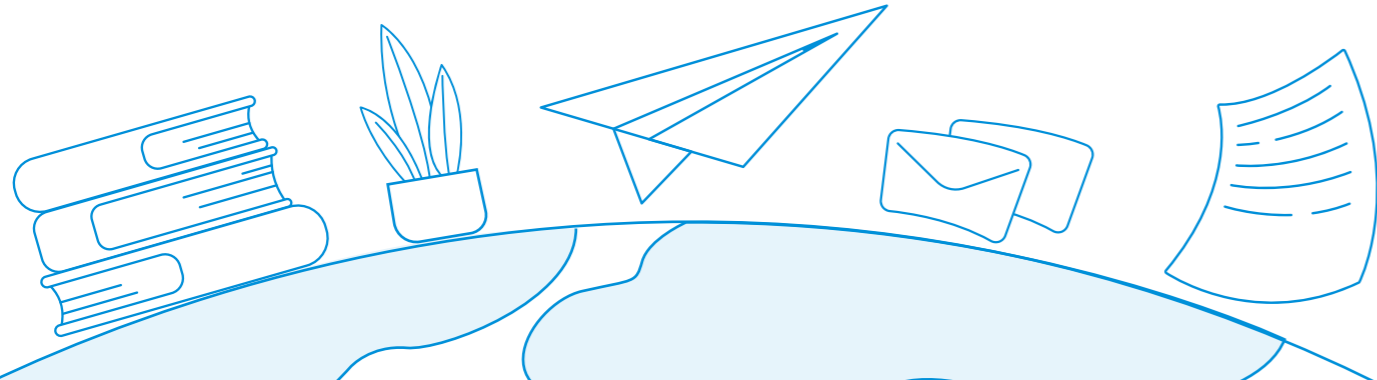
### Supervisory Committee

The Supervisory Committee of the Company is responsible for the Shareholders' Meeting. The Company has formulated the *Rules of Procedure of the Supervisory Committee* in strict compliance with the requirements of the *Company Law*, the *Articles of Association*, and other laws, regulations, and rules, specifying the composition and authorities of the Supervisory Committee, and the procedure of convening, holding, deliberation, and resolution making at meetings of the Supervisory Committee to urge all supervisors to exercise supervisory authorities independently in accordance with law, so as to supervise over the financial affairs and the exercise of duties by the directors and senior officers of the Company in a manner of being responsible to all shareholders.

The Supervisory Committee consisted of **3** supervisors, including **1** employee representative supervisor.

### Key Performance

During the reporting period, the Company held **3** Shareholders' Meetings, **6** meetings of the Board of Directors, **6** meetings of the Supervisory Committee, **1** meeting of the Strategy and Sustainable Development Committee, **3** meetings of the Remuneration and Evaluation Committee, **2** meetings of the Nomination Committee, and **9** meetings of the Audit and Risk Management Committee.



Composition of the Board of Directors

The Company attaches great importance to the capacity building of the Board of Directors. The directors are talented persons with rich operating experience in the industry and academy. Their backgrounds and working experience in different disciplines, including the industry, finance, financial, etc., ensures the diversified, professional, and independent structure of the Board of Directors and promotes scientific decision-making by the Board of Directors.

Name	Position	Specialized Knowledge and Skills		Main Experience		Gender	Age
		Industry	Financial	Industry	Financial		
Vincent Qiu	Chairman	✔		✔		Male	50
Cui Guopeng	Vice Chairman	✔		✔		Male	47
Wu Zhenhai	Director	✔		✔		Male	52
Chen Xiaorong	Director	✔		✔		Female	52
Deng Zhiguo	Director	✔		✔		Male	46
Xi Pinghua	Director		✔		✔	Female	50
Jiao Jie	Independent Director		✔		✔	Male	51
Hu Saixiong	Independent Director	✔		✔		Male	56
Huang Zhiguo	Independent Director	✔		✔		Male	46

Remuneration Policies for Senior Officers

The Company provides competitive and comprehensive remunerations to its directors and senior officers in accordance with the provisions of the *Articles of Association* and the *Rules of Procedure of the Remuneration and Evaluation Committee*. The remuneration of the senior officers consists of fixed salaries, performance bonuses, long-term incentives, subsidies, medical insurance, and annual medical examinations, etc., of which the performance bonuses are closely linked to the Company's overall achievement of strategies and objectives, while the long-term incentives are provided in the form of equity incentives to motivate the senior officers to achieve the Company's long-term development objectives.

During the reporting period, the Company set performance evaluation indicators related to ESG objectives for key positions in ESG governance, such as the executive member of the ESG Executive Committee and CSO, Board Secretary, etc., and evaluated the indicators such as the achievement of ESG TOP projects, customer complaints, important awards, and rating results on a quarterly basis, so as to define specific incentives to guarantee the achievement of the Company's objectives in ESG management.

Information Disclosure and Transparency

The Company has formulated the *Management Measures for Information Disclosure* and the *Regulations for Investor Relations Management* in accordance with the *Company Law*, the *Securities Law*, the *Administrative Measures for the Information Disclosure of Listed Companies*, the *Work Guidelines for the Investor Relations Management of Listed Companies*, and other laws, regulations, and normative documents with reference to the actual situation of the Company, so as to standardize the Company's management of information disclosure affairs and investor relations, improve the level of corporate governance, and safeguard the legitimate rights and interests of the Company, investors, and other stakeholders.



Key Performance

During the reporting period, the Company disclosed a total of **34** announcements, including **2** regular reports and **32** temporary announcements

The Company publicly disclosed **5** record forms of investor relations activities and **1** announcement of performance presentation, answered a total of **115** questions asked by investors on the SSE E-interactive Platform, and conducted **2** investor communication activities on the SSE Roadshow Center.

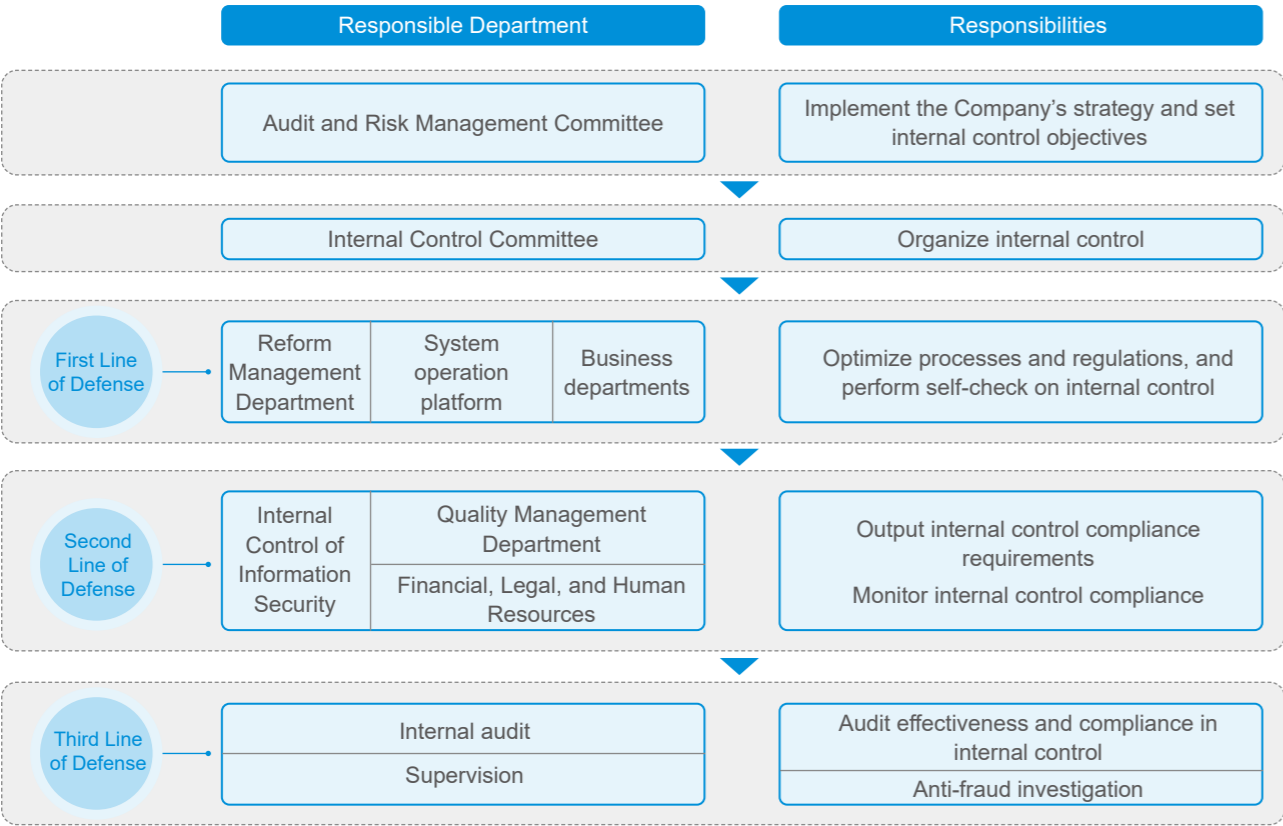
# Risk Management

Huaqin has established a sound internal control and risk management system, under which it conducts regular risk assessments and makes corresponding risk response measures to manage risk items in a timely and effective manner. In addition, the Company also continuously improves the compliance of internal management and enhances compliance awareness of employees through internal auditing and compliance culture building to ensure compliant and sustainable operation of the Company.

## Internal Control System

Huaqin has established an Audit and Risk Management Committee and an Internal Control Committee under the Board of Directors to ensure an all-round and compliant governance system for the Company. The Audit and Risk Management Committee consists of internal directors and independent directors to ensure the independence of internal audit. Its duties are to direct the work of the Internal Control Committee and ensure the internal audit free from restrictions by reviewing, supervising, and guiding the efforts of the Internal Control Committee. The Internal Control Committee is a virtual organization that undertakes the tasks of internal control building and operation of the Board of Directors. It is responsible for reviewing and deciding on the management regulations and framework elements of internal control and leading and coordinating the execution and implementation of the Company's efforts for internal control environment building.

The Company has formulated the *Internal Control Management System* and *Internal Control Framework*, established a three-level internal control and compliance management system, and formed three lines of defense for compliance, so as to inspect and supervise various business processes of the Company for compliant operation.



Internal Control and Compliance System

## Risk Assessment

The Company organizes risk assessment, ranking, and classification management every year to accurately identify internal and external risks in connection with the achievement of control objectives, establish a risk database and risk heat map, and work out specific risk assessment methods and operational guidance based on environment changes and the Company's actual situation.

Risk Category	Risk Item	Risk Response Measures
Strategic risk	Strategic identification and strategic insights deviate from market and industry development trends so that the Company fails to achieve expected operating results by a large gap.	<ul style="list-style-type: none"><li>Establish strategic planning and management tools in consideration of the business leadership model (BLM), covering “five views and three decisions” (views on the industry, customers, competitors, self, and opportunities, and decisions on strategic control points, objectives, and policies) to strategy formulation, annual review of progress, and update and iteration at intervals of five years, hence creating a mechanism for strategic insights and breakdown;</li><li>Control authorization and decision-making by level through the authorization map, and respond to key matters at different levels by the EMT, decision-making committee, vice president in charge, etc.;</li><li>Sort out and assess operating risks on a yearly basis, and review and refine operating strategies at theory-discussing meetings at the president's office on a quarterly basis</li><li>Supervise the evaluation of operating performance during the strategy trial implementation through comprehensive budget management.</li></ul>
	Major risks of product recalls, loss of customers, and loss of business qualifications, etc. due to failure in meeting environment protection requirements	<ul style="list-style-type: none"><li>Environment protection engineers collect project-specific environment protection information, and ensure the validity of such information and the compliance of materials; the <i>Project Specifications of Hazardous Substances</i> shall be archived in PLM; the procurement representative shall release resources to suppliers;</li><li>Environment protection engineers collect changes in laws and regulations on a yearly basis, and incorporate such changes into Huaqin's standards;</li><li>At IQC environment inspection, promptly complete environment inspection of incoming materials as required; the release of risky materials &amp; finished products shall be subject to review by the LPDT/IPMT.</li></ul>
Operating risks	AVL suppliers fail to perform routine risk checks, which affects business continuity due to supply chain interruptions caused by the situation in the Taiwan Strait or other reasons.	<ul style="list-style-type: none"><li>Quarterly visits to suppliers to examine operating risks; quarter QBR of supplier risks;</li><li>Build a supplier resource pool to avoid the risk of supply to a project only by a single risk supplier, or multiple suppliers from the same region for one project;</li><li>Hold system management monthly meetings to review supplier risks (delivery, quality, customer share, payment status, etc.) on a monthly basis, and take measures depending on risk levels.</li></ul>

Risk Category	Risk Item	Risk Response Measures
Financial risks	The failure of reasonable capital forecasts results in a shortage of funds for the Company, which seriously affects the Company's cash flow and can even break the Company's capital chain, hence causing financial risks to the Company.	<ul style="list-style-type: none"> <li>The fund management specialists and fund managers prepare fund budgets and financing plans based on the operating budget, and prepare and update fund plans every month to ensure daily fund sufficiency; and keep the funds above the minimum safe level defined in aspects of finance and economics.</li> </ul>
	The provision of false financial reports, misleads users of financial reports, causing decision-making errors and disrupting the market order; incomplete and inaccurate report data.	<ul style="list-style-type: none"> <li>The Finance Department prepares financial statements in accordance with the <i>Accounting Standards for Business Enterprises</i>;</li> <li>The Securities Affairs Representative, after deciding the disclosure time with the Shanghai Securities Exchange, promptly notifies the accounting manager; the accounting manager prepares an information disclosure work plan based on the schedule and requirements to complete the work on time and with high quality.</li> </ul>
Market risks	Failure to reasonably and accurately review the requests or accurately evaluate the design plan for the Company's strategic projects, projects with a target volume of 10 million units, or individual projects with sales of USD 1 billion, leading to waste of R&D resources.	<ul style="list-style-type: none"> <li>Specify the operating rules and requirements for project evaluation, organize and analyze the project information according to requirements, and organize meetings for relevant participants to review the key stages of the project;</li> <li>The project review shall output specific meeting conclusions and matters to follow up, the relevant interested parties shall express their opinions, and the executive secretary shall organize regular reports on project progress.</li> </ul>
	Failure to fully understand the comparison between the target product of a project and competing products, the bidding strength of competitors, and changes in market demands, may lead to the risk of insufficient market competitiveness of the product.	<ul style="list-style-type: none"> <li>Pay attention to plans for future products in the industry, and study the market situation of existing products;</li> <li>Pay attention to the products and resource investment (R&amp;D resources, production capacity, advanced equipment) of competitors, and continuously evaluate the Company's competitiveness;</li> <li>Avoid leakage of the Company's information and loss of core talents</li> </ul>



### Internal Audit

The Company has formulated the *Internal Audit Regulations*, under which the Company formulates and implements internal audit work plans every year and reports to the Audit and Risk Management Committee every six months on the implementation of audit efforts and the problems deducted during the internal audit. During the reporting period, the Company audited a total of **18** projects in terms of engineering, production and manufacturing, procurement, human resources, administration, etc., which identified **9** major issues, **23** important issues, and **38** general issues. The relevant departments have rectified the problems made improvements based on audit opinions, and have passed audit acceptance checks for their short-term countermeasures.

### Compliance Culture

In order to enhance the efforts of compliance culture building and strengthen employees' awareness of compliance, self-discipline, and red lines, the Company released the *Huaqin Compliance Brochure* and carried out many activities, such as speaking tours on compliance, discussion on compliance by senior executives, and employee sharing of integrity and compliance experiences, etc. to fully incorporate compliance into the mind of everyone and implement compliance in practice.



September Activities on Publicity of Compliance

# Business Ethics and Anti-corruption

Huaqin attaches great importance to business ethics and integrity efforts. It implements supervision responsibilities in practical work and adopts a “zero tolerance” attitude towards corruption and bribery in any form, so as to build an ecosystem of compliance and integrity. We have created a work atmosphere of compliance with regulations and disciplines and advocating integrity in the Company by means of mechanism building, improving the supervision system, strengthening preventive education, etc. Meanwhile, the Company advocates fair competition, and resolutely efforts in pursuit of competitive advantages through unethical or illegal commercial practices.

## Integrity Mechanism Building

In order to build an environment of fair competition and create a cultural atmosphere of anti-corruption and upholding integrity, the Company has formulated and strictly implemented multiple regulations, including the *Internal Control Management System*, the *Integrity Management System*, the *Business Ethics Management System*, and the *Management Regulations on Handling Employee Violations* throughout the world, under which the internal audit department, being responsible for anti-corruption and anti-fraud efforts, actively promotes the efforts of building and implementing anti-corruption, anti-bribery, and other business ethics-related systems. Meanwhile, the Company has joined the “Trust and Integrity Enterprise Alliance” and established the integrity blacklist with several renowned enterprises.

Publicity and Education

To employees

- Integrity posters, and publicity of warnings using internal and external corruption cases
- Release reporting channels and encourage reporting
- Include anti-corruption education and oath-taking in induction training for new employees
- Arrange regular integrity education activities and watch integrity videos

To suppliers

- Add a separate topic at the supplier meeting to advocate honesty and integrity to suppliers
- Send emails to suppliers on major holidays to reiterate Huaqin's requirements on integrity, self-discipline, and anti-commercial bribery
- Formulate annual supplier visit plan and conduct face-to-face communication to advocate integrity to suppliers

Sign the Commitment to Integrity and Self-discipline

- Require employees at key positions and new employees of the Company, subsidiaries, and affiliates to sign the *Commitment on Integrity and Self-discipline*, incorporating integrity management as one of the important tasks in daily management
- Require suppliers to sign the *Supplier Commitment on Integrity and Self-discipline*, managing supplier integrity as a red-line issue

Screen for Association Relationships

- New employees fill in the *Employee Declaration Form of Association Relationships*, and all employees regularly declare and update their association relationships every year
- Newly contracted suppliers sign the *Commitment Letter of Huaqin Affiliated Suppliers* and regularly declare and update the affiliation relationship every year

Gift Declaration and Management

- Establish a *Gift and Cash Gift Registration Form* to standardize the management and audit of gifts

Integrity Talk

- Pre-appointment talk with cadres
- Integrity warning talk

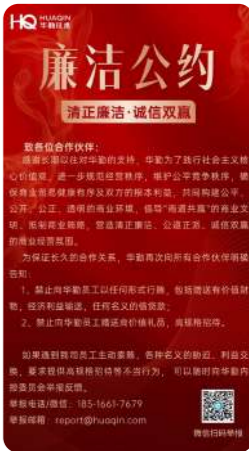
Integrity Management Methods



Publicity Training on Warnings of Corruption Cases



Publicity Comic Poser for Internal Integrity Publicity



Integrity Publicity to External Suppliers

## Complaints and Whistleblower Protection

The Company clearly prohibits employees from taking illegal remuneration in any form, such as kickbacks or commissions, from customers or suppliers by any means, or bribing those in business dealings with the Company or public officials of judicial and administrative agencies. All employees have the right to report unethical behaviors to senior officers of the Company. The Company accepts complaint information conducts investigation in accordance with the *Management Regulations on Handling Employee Violations*, and handles the case in accordance with legal procedures once the reported information is verified.



Process of Handling Complaints and Reports

The Company promises to keep the confidentiality of information about the whistleblower, protect their identities, or grant appropriate rewards; it is prohibited to conduct any direct or indirect retaliation against whistleblowers. Whistleblowers, when feeling or experiencing retaliation, can directly seek help from the Company, and the Company will take specific measures to protect the whistleblower and manage relevant information in a strict manner.

## Fair Competition

The Company strives for fair and honest commercial competition and strictly prohibits efforts in pursuit of competitive advantages through unethical or illegal commercial practices. The Company prohibits stealing proprietary information, processing trade secret information obtained without the consent of owners, or inducing current or past employees of other companies to disclose relevant information. The Company advocates that every employee shall respect and fairly treat the rights of the Company's customers, suppliers, competitors, employees, and other stakeholders, and prohibits any employee from acquiring unjust interests by manipulating, concealing, abusing privileged information, misrepresentation material facts, or other illegal trading acts.

Reporting Channels

report@huaqin.com

18516617679

18516617679

# Information Security and Privacy Protection

Huaqin strictly abides by laws and regulations including the *Cyber Security Law* and the *Personal Information Protection Law*, and formulates and implements institutional documents such as the *Basic Policy for Information* and *Huaqin Information Security Manual*. While safeguarding its own information security, Huaqin respects and protects the privacy of customers, employees, and other stakeholders. Moreover, the Company has passed ISO 27001 information security management system certification.

The Company strictly abides by the *Personal Information Protection Law*, the *Data Security Law*, and other laws and regulations in personal information collection, authorization, protection, etc. It has formulated the *Management Procedure for Personal Information Security Protection* to effectively control the Company's risks in personal information security and fully guarantee the personal information security of employees, customers, suppliers, and other stakeholders.



Huaqin and Its Subsidiaries Passed the ISO 27001 Information Security Management System Certification

Network Security Management

- Internal audit on information security: In 2023, the internal audit on information security detected **48** issues, which have been rectified and closed at **100%**. The audit efforts played a significant role in promoting the identification and protection of the Company's information assets, the detection of potential information security threats, the enhancement of employees' security awareness, and the continuous improvement of business processes
- Network security attack and defense drills: Conducted a total of **6** network security attack and defense drills throughout the year, covering all of the Company's external network assets, in which a total of **123** security vulnerabilities were detected, while high-threat vulnerabilities were fixed within a period of **3.37** days on average. The drills improved the practical abilities and emergency response abilities of security personnel and enhanced security awareness
- Data backup: Defined in detail the backup objects, responsible persons, operation steps, frequency, mode, storage media, naming rules, retention period, and validity test cycles. In 2023, completed **22** level-1 application backups, including **1,210** incremental backups and **264** full backups; and **63** level-2 application backups, including **3,465** incremental backups and **756** full backups

Protection of Customer Privacy

- Perform strict background checks on **100%** key positions with access to customer information, and require project-level key positions to sign project-specific commitments or confidentiality agreements
- Specify the storage location and handling permissions of customer-related documents, deploy an encryption system for document encryption, prohibit all copying permissions for mobile storage through a terminal control system, and strictly prohibit employees from sending the Company's materials to personal mailboxes

Supplier Management and Control

- Suppliers shall sign a confidentiality agreement before entering into cooperation. In 2023, we completed an on-site information security examination on **17** suppliers at the introduction stage
- Perform information security supervision and inspection on key suppliers at least once a year. In 2023, a total of **47** key suppliers went through such supervision and inspection, which detected **689** problematic points, where **97.2%** of such problematic points have been closed
- All suppliers entering the Company must hold a valid identity certificate to prevent unauthorized entry
- Strictly restrict all physical and logical accesses conducted by suppliers

Information Security Culture Building

- The Company organized the information security promotion month campaign, conducted information security examinations and a total of **9** offline activities in Shanghai, Wuxi, Xi'an, Nanchang, and Dongguan. We also joined with customers to conduct entertaining information security promotion activities, covering approx. **2,750** time-persons. With these efforts, all employees' information security risk identification ability and awareness were improved. This campaign was finally crowned with complete success.
- To prevent internal and external network attacks and intrusions, the Company identified and organized **3** anti-phishing email training sessions, covering a total of **1,755** person-times. We also conducted training and examinations on information security for confidential projects and confidential areas, covering **19,615** person-times. The pass rate for all participants was **99.7%**. **17** pioneering teams and **30** outstanding individuals were honored.

## Information Security Management Measures

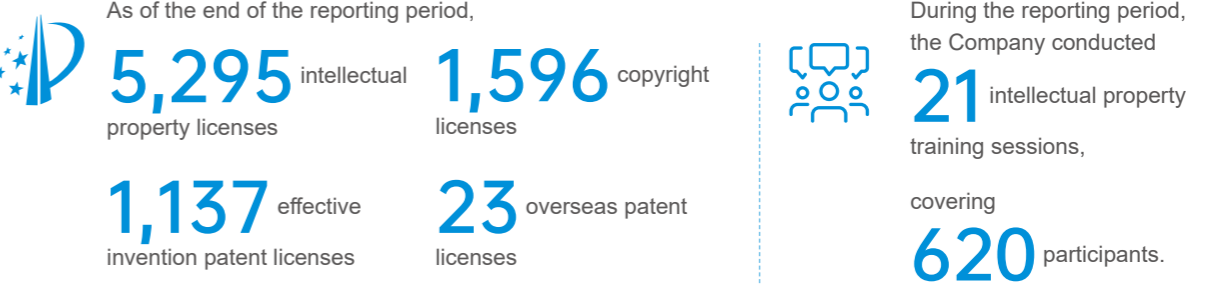
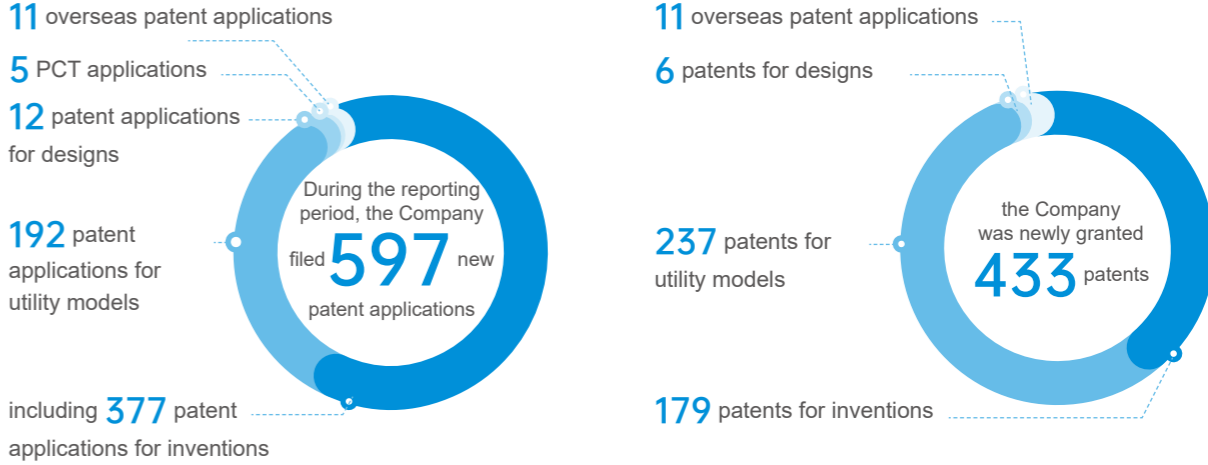
# Intellectual Property Protection

With great importance attached to innovative R&D and intellectual property protection, Huaqin actively promotes patenting of innovative R&D technologies and continuously improves the size and quality of patent layout. The Company has established a sound mechanism for intellectual property protection and formulated and implemented the *Regulations on the Management of Intellectual Property Rights* to standardize the requirements of project risk management and control, review requirements and procedures of intellectual property applications, intellectual property rewards, etc.

Meanwhile, the Company signs the *Commitment Letter of Intellectual Property Rights* with suppliers, requiring suppliers to promise that the materials, products, or technologies provided directly or indirectly to the Company shall not infringe the legitimate rights and interests of any third party in or outside of China.

During the reporting period, the Company was rated as a National Intellectual Property Demonstration Enterprise by the State Intellectual Property Office, and three senior engineers were rated as Pearl Engineers by Pudong New Area.

## Key Performance



# 02

## Green and Low Carbon



Huaqin actively participates in environmental governance to implement its commitment to energy conservation, consumption reduction, and resource protection and takes green transformation as a key route to enhance core competitiveness. The Company strives to reduce the impact on the natural environment through technological innovation and process optimization throughout the entire lifecycle of product designing, research and development, production, and disposal and makes use of scientific and systematic means to ensure the achievement of energy conservation and emission reduction objectives. With clear understanding and bold promises, we will keep our promises to provide customers with more environment-friendly products and create green value for society.

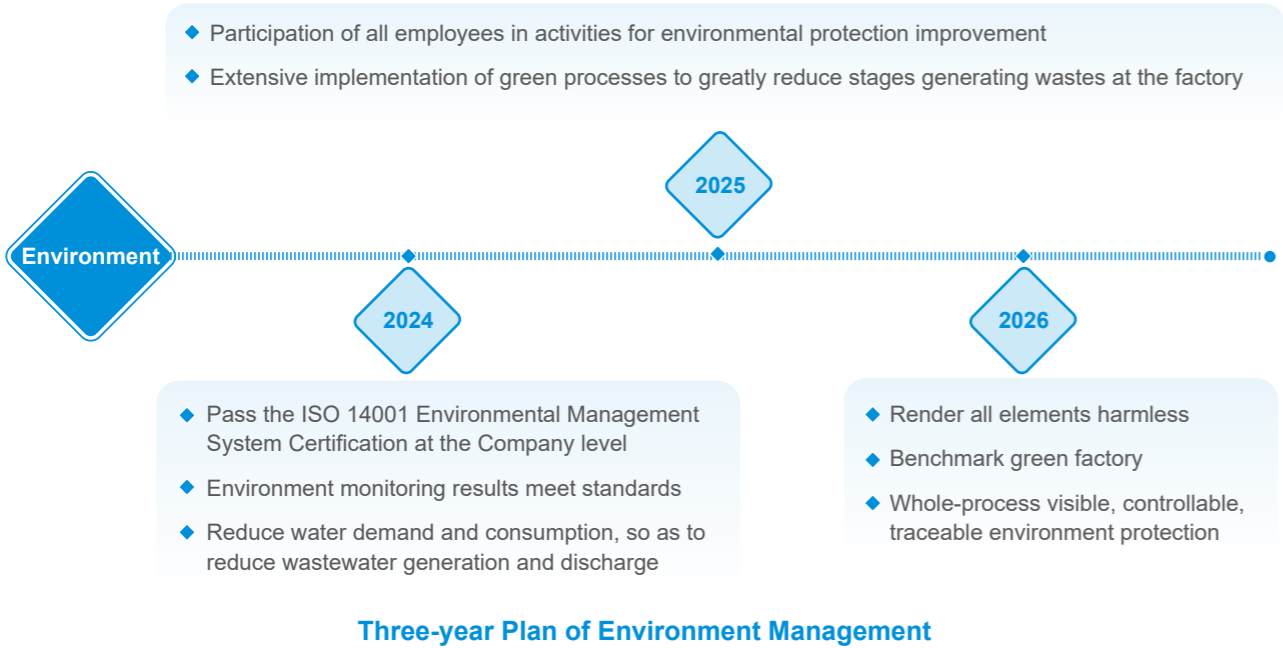


# Environment Protection

Huaqin strictly abides by national laws and regulations including the *Environmental Protection Law*, the *Environmental Impact Assessment Law*, the *Administrative Measures on Ecological and Environmental Standards*, etc., and has formulated the *Management Regulations for Environmental Protection Facilities*, the *Accountability Regulations for Environmental Protection*, the *Environmental Supervision and Control Regulations*, the *Emergency Plan for Environment Incidents*, and other systems to promote the standardization of the Company's environment management.

## Management System

Huaqin has formulated the environment management policy of “green and environment protection to ensure sustainable development”, and employed multiple methods and tools, including “daily management, reverse improvement, and system maturity” to formulate the “EHS 2026” plan, so as to promote effective implementation of environmental management efforts.



### Key Performance

**No environmental penalty** during the reporting period

As of the end of the reporting period, all the manufacturing centers, Shanghai R&D Center, and Wuxi R&D Center of the Company have passed ISO 14001 environment management system certification.



Huaqin Passed ISO 14001 Environment Management System Certification

## Green Operation

In order to promote the concept of green operations within the Company and create an environment-friendly and energy-saving working environment, the Company has posted environment protection signs in the office area to disseminate important information on resource conservation and environment protection to employees. Meanwhile, the Company encourages employees to use renewable resources, reduce paper waste, save water and electricity, classify wastes, etc.



Signs Posted by the Company for Advocating Green Office and Green Meeting

### Case: Advocating energy consumption management and control to enhance employees' awareness of energy conservation and consumption reduction

Xi'an R&D Center advocated energy-saving and emission-reduction measures in the office area. When leaving unoccupied areas, employees shall proactively turn off energy-consuming equipment, such as air conditioners, lighting, conference room equipment, laboratory equipment, etc. to eliminate unnecessary energy waste. In addition, the Company also strictly controlled the set temperatures of air conditioners in the office area, keeping it at 20°C ±1°C in winter and 26°C ±1°C in summer. In 2023, the electricity consumption was reduced by approximately **114,163 kWh**.

### Case: Time management and control of floodlighting for efficient use of energy

Xi'an R&D Center adjusted its building facade lighting in real-time to achieve flexible management and reduce the total energy consumption while ensuring the effects. This saved approximately **1,800 kWh** of electricity in total from October to December 2023.

# Energy Management

Lean energy management is an essential path for Huaqin to follow towards carbon neutrality. The Company has formulated and implemented the *Energy Management System* in accordance with national energy policies and energy management standards, and continuously explores opportunities for energy improvement, energy efficiency, and expansion of renewable energy in consideration of the Company's actual production and energy consumption conditions, hence facilitating intelligent energy management towards the objectives of carbon neutrality.



Nanchang Huaqin Electronic Technology Co., Ltd., a subsidiary of Huaqin, passed the ISO 50001 Energy Management System Certification

## Energy Conservation and Emission Reduction

The Company continuously enhanced management and investment in energy conservation and emission reduction. It acquired a digital energy management platform to monitor energy usage dynamics and electricity consumption trends in an intelligent manner, analyze opportunities for energy conservation, and promote the efficient implementation of measures for energy conservation and emission reduction.

### Case: 5G+ intelligent energy consumption management cloud platform enhanced digital management of energy emission reduction

The Company adopted a 5G+ intelligent energy management cloud platform in Nanchang No. 1 Manufacturing Center. Over **5,000** monitoring points were deployed around the factory to monitor the real-time power consumption in the park. This can control power consumption in the park by means of meter readings, energy consumption monitoring, and alert for electricity consumption management, so as to keep aware of energy usage, energy distribution, and actual carbon emissions in real-time and make targeted adjustments. The Company plans to adopt this project in Nanchang No. 2 Manufacturing Center to further strengthen the Company's capabilities of digital energy management.



5G+ Intelligent Energy Consumption Management Cloud Platform

The Company regularly organizes all parks to share energy-saving programs and project progress on a weekly basis and promotes the replication and expansion of outstanding cases. During the reporting period, the Company implemented a total of **15** major energy-saving projects covering all manufacturing centers and implemented **312** energy-saving management projects and **71** energy-saving technical projects in four R&D parks and five manufacturing parks.

### Case: Energy-saving technical transformation to disseminate the green concept of the company

Nanchang Manufacturing Center carried out energy conservation and consumption reduction activities, calling on all employees to strive for energy conservation and consumption reduction with their wisdom and strength to achieve both economic performance and environmental benefits for the Company. During the reporting period, Nanchang Manufacturing Center collected **237** energy-saving suggestions and completed **90** energy-saving actions.

#### Key Technical Transformation Projects

★

**Completed pressure reduction of air compressors in July 2023:** Communicated with the equipment departments in workshops to identify the air supply pressure requirements at terminals; in addition to the pressure reduction effects of the equipment and pipelines, reducing the front-end air supply pressures of air compressors stage by stage to reduce the load of the main engine.

Before improvement	After improvement	
The air compressors consumed <b>1,121,800</b> kWh per month on average from January to June 2023	The air compressors consumed <b>969,000</b> kWh per month on average from July to December 2023	reducing the electricity consumption by <b>916,600</b> kWh in 2023

★

**Installed time switches for large equipment in workshops in July 2023:** Use time-controlled switches to control large equipment in workshops during rest periods and holidays to reduce electricity consumption in standby modes.

saving electricity consumption by  
**126,000** kWh  
of electricity in 2023

★

**Completion of pipe combination for air-conditioners in September 2023:** The separate water pump pipes of five buildings are combined, so that two of the buildings share one water pump, while the other three buildings share one water pump in summer (June to September) and two water pumps in winter (October to May).

This reduced electricity consumption by  
**841,200** kWh  
in 2023

Case: Waste heat of air compressors recycling and utilization

The original hot water supply equipment in the dormitory building of Dongguan No. 1 Manufacturing Center was an air heat pump with high energy consumption. After identifying this issue accurately, the Company adopted a solution of recovering air compressor waste heat, so that the waste heat from the operation of the air compressor is converted by a waste heat recovery device into heat energy for heating water. This achieved energy recycling and saved about **150,000 kWh** of electricity throughout the year.



Pipelines for Waste Heat Recovery



Waste Heat Recovery System

Case: Modified the cooling system of the smt reflow furnace for energy saving and emission reduction

In order to further improve the efficiency of energy conservation and emission reduction, Dongguan No. 1 Manufacturing Center carried out a technology upgrade of the reflow furnace in the SMT workshop by replacing the original air cooling system with a more efficient water cooling system. After implementation, this improvement measure significantly reduced energy consumption to keep heat emissions in the workshop under effective control. During the reporting period, the 12 reflow furnaces in the SMT workshop of Phase 4 saved approximately **540,000 kWh** of electricity.



Nameplate power for a single unit: 5.5kw

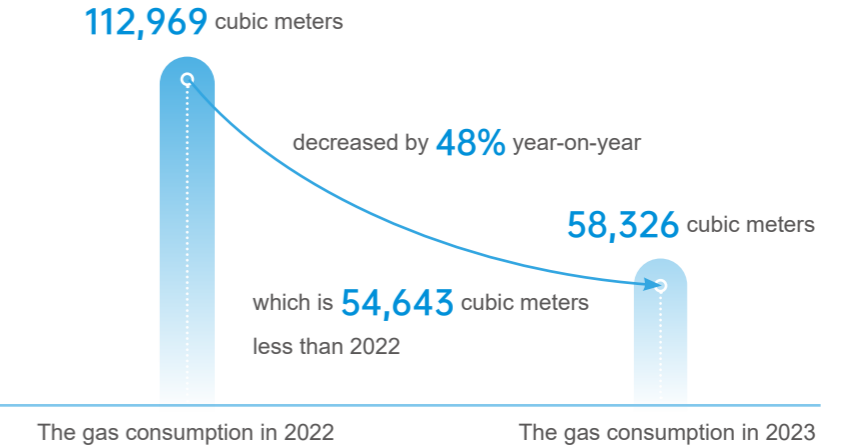


On-site measurement status reference data



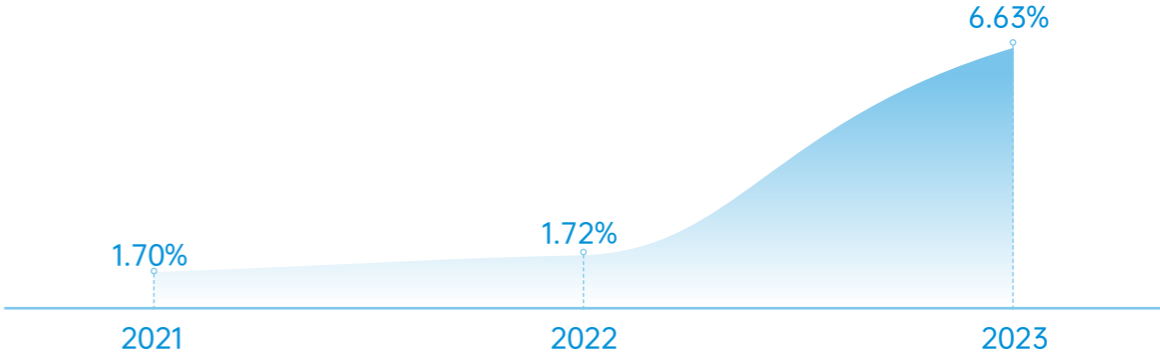
Case: Intelligent upgrade on boilers host

In 2023, Wuxi R&D Center carried out an intelligent monitoring project for boiler hosts. It installed intelligent control sensor devices on the boiler hosts to monitor the operating parameters on a web page and mobile phone in real-time, so as to promptly adjust the number of units in operation and set temperatures, which effectively reduced gas consumption.



Clean Energy

The Company firmly promotes the use of clean energy. It continuously develops rooftop solar photovoltaic projects and explores effective methods to reduce dependence on conventional energy by using clean energy equipment, direct purchase of green electricity, and purchase of green certificates. In 2023, the Company further increased the proportion of clean energy in use, hence implementing the concept of green development with practical actions.



Proportion of Clean Energy Used in the Last Three Years

Key Performance



As of the end of the reporting period, the Company had **5** rooftop solar photovoltaic projects in operation and **6** ones under construction

The projects in operation, with an installed capacity of **19.5 MW**



generated photovoltaic electricity of **14,320.7 mWh** in 2023

which is equivalent to reducing GHG emissions by **8,167.1 tons**



Phase I and Phase II Photovoltaic Projects of Dongguan No. 1 Manufacturing Center



Phase III and Phase IV Photovoltaic Projects of Dongguan No. 1 Manufacturing Center



Photovoltaic Project of Nanchang No. 1 Manufacturing Center



Photovoltaic Project of Wuxi R&D Center



Photovoltaic Project of Wuxi R&D Center

Photovoltaic Project View

# Clean Technology Opportunities

By incorporating the transformation of clean technologies into our strategy, Huaqin actively promotes innovation in clean technologies and catches the significant opportunities from clean technologies. The Company continuously combines its expertise with the national strategic initiative of ecological civilization and its own business development needs to make investments in batteries, energy storage, power, etc., carry out R&D in energy efficiency improvement and industrial automation, and make great efforts to promote the R&D and innovation of clean technology products, technology breakthrough, and application for relevant intellectual property rights.

## Key Performance








During the reporting period

the Company invested over RMB **78.00** million in clean technologies

filed **109** applications for intellectual property rights related to clean technologies

and was granted **74** intellectual property rights related to clean technologies

## Clean Technology Products

	Clean Technology Products	Product Description	Key Cases
Energy efficiency improvement	 New energy vehicles	The Company developed a comprehensive solution to improve the energy efficiency for new energy vehicles, so as to improve energy utilization efficiency, increase battery endurance capability, and facilitate energy transition for zero carbon of the industry	<b>Intelligent vehicle control unit (VCU):</b> Highly integrated to contain multiple systems including the vehicle body, air conditioning, thermal management, etc. to reduce overall wiring harness and reduce energy consumption; high- and low-voltage power supply and energy management to effectively improve battery endurance capability and safety performance.
	 Heat dissipation technologies for machine rooms	In view of the increasing computing power and energy consumption density of computer rooms, the Company used a more efficient and energy-saving cold plate/immersed liquid cooling solution to work out a more energy-efficient centralized power supply solution for cabinets; moreover, this solution can meet both the requirements for the constantly increasing computing power of data centers and the requirements for efficiency improvement in energy consumption	<b>Whole-cabinet cooling plate design:</b> This product is based on a rack server solution, in which the high-power consumption chip adopts a circulating cold plate cooling solution, while the entire cabinet adopts a centralized power supply; the advanced heat dissipation solution and efficient power supply solution work together to reduce the PUE of the computer room and improve the reliability and stability of the entire machine.
	 Data center power supply	The Company selects efficient power supplies and adopts optimal solutions and architectures to achieve optimal energy efficiency and reduce electric energy loss	<b>Titanium CRPS 2000w server power supply:</b> This standard redundant power supply design is in line with the Intel x86 architecture, supports input from all power grids around the world, meets the conversion efficiency requirement of 80 plus 96%, and meets the 2024 standard of EU for server power supplies. <b>DC-DC power supply:</b> Light-load high-efficiency, automatic phase switch, and other technologies were employed to achieve ultra-high efficiency of DC-DC conversion, and the new vertical power supply technology significantly reduced energy loss on transmission lines, hence ensuring efficient energy utilization.
	 Energy-efficient products	Made in-depth performance R&D efforts to increase battery ranges and reduce power loss, so as to create products with advantages in power consumption control	<b>Optimization of Power Consumption Tuning Software System:</b> By dissecting, implementing, and validating power consumption strategies for PC products from the software's lower-layer design to the upper-layer system applications, we dedicate to create PC products that equipped with stable, reliable, and long-lasting battery life core technologies. <b>Long-term storage POS products:</b> Adopted the ship mode circuit design to fully cut system power when the POS machine product is turned off, which greatly reduced the shutdown leakage current, reduced electricity consumption, and increased the storage period
	 Products with recurring properties	Explored opportunities for recycling and reusing waste materials by technical improvement in products, so as to reduce raw material consumption	<b>Using recyclable materials for products:</b> Used recycled plastic particles and recycled aluminum in the housing of tablet computer products. Meanwhile, adopted a removable battery solution in the new tablet project in line with the new EU regulatory requirements to facilitate material recycling of electronic products.

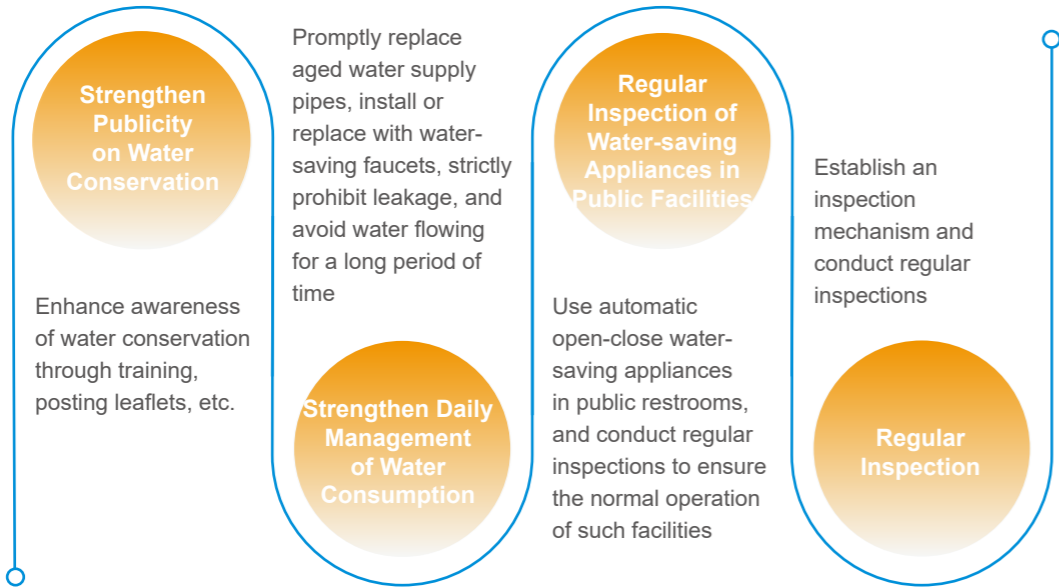
The Company has established the Guangdong Intelligent Terminal Industrial Design Institute, which adopted the “platform + enterprise” operating model to create a design innovation ecological chain of “platform + investment + incubation + ecology”. We have established industry-university-research cooperation relationships with Zhejiang University, Harbin Institute of Technology (Shenzhen), the Chinese Academy of Sciences, Central South University, and other units to jointly carry out industrial design theoretical and technical research and cultivate technical support capabilities, build rich technical experience in industrial design, intelligent manufacturing, and other fields, and work with all parties in society to promote the R&D and exchange of clean technologies in the clean technology field.

# Water Resources Management

Huaqin has established and put into operation a water resources management system to promote the innovative application of water-saving technologies and wastewater treatment technologies, enhance the awareness of all employees for water conservation and wastewater treatment and recycling, reduce water consumption from the source, and promote the efficient use of water resources and the development of the circular economy.

## Sustainable Use of Water Resources

With great importance attached to the impact of its operations on water resources, the Company has taken various measures, including optimizing water-use appliances, installing water-saving equipment, and strengthening water management, to reduce water consumption, improve water efficiency, and reduce waste.



Methods of Water Conservation

Case: Water-saving practices to use water resources in a sustainable manner

In order to thoroughly implement the concept of water resources protection, the Company designed and posted water conservation signs at various water use points in the Company to remind employees of water conservation all the time. Meanwhile, the Company adjusted water washing valves, so that the outflow of water washing valves is reduced while meeting normal demands of water utilization. This reduced water consumption by reducing the water outflow per unit time.

Posting Signs Advocating Water Conservation

# Sewage and Wastewater Management

The waste water of the Company is mostly domestic sewage and industrial wastewater generated during production from the two precision manufacturing centers, namely Huayu Precision and Xiqin Precision. For domestic sewage, the Company has adopted appropriate and effective treatment technologies and procedures and entrusted a qualified third party for monitoring at least once a year to ensure compliance with discharge standards. For industrial wastewater, the Company adopted responsible treatment methods and recycling processes to ultimately transport and dispose of the waste liquids effectively. During the reporting period, the total wastewater discharged by the Company was **2,459,600** cubic meters.

## Calculation of wastewater discharge

\* Purchase volume of water for R&D centers and manufacturing centers \* 80%; wastewater from the precision manufacturing centers is not discharged externally.

Case: Enhance governance and recycling efforts to protect water resources and the environment

The two precision manufacturing centers of the Company, namely, Huayu Precision and Xiqin Precision, strictly abide by national environment protection regulations and local requirements. They built classified diversion pipelines in each production line to discharge waste liquid and waste water to the corresponding collection pools at the wastewater treatment station for a thorough treatment of the waste water, which is reused only after reaching the standards of recycled water. Concentrated water from the reuse system went through reduction treatment and was eventually transferred to the hazardous waste disposal stage or evaporation system in a safe manner. The entire process is under control to protect the environment of water resources to the maximum.

# Waste and Recycling

In order to reduce the negative impact of the Company's operations on the surrounding environment, Huaqin continuously improves requirements on waste and emission management, strictly follows various environmental regulations and standards, and is committed to effectively reducing waste, exhaust gas, and noise through a series of management measures, hence creating a better environment.

Control of Waste Discharge	Control of Exhaust Emission	Control of Noise Emission
<ul style="list-style-type: none"><li>Classify solid wastes generated during the production process in accordance with the <i>National Catalogue of Hazardous Wastes, Identification Standards for Solid Wastes</i>, and other national standards</li><li>Hand over solid wastes to qualified third parties for waste treatment in strict compliance with requirements</li><li>Require each factory to establish a solid waste account to maintain detailed records of waste type, amount generated, means of transportation, treatment method, and other information</li></ul>	<ul style="list-style-type: none"><li>Install oil smoke purifiers in the cafeteria for discharge only after treatment</li><li>Collect production waste gas in a waste gas treatment tower for discharge only after treatment with activated carbon</li><li>Perform regular maintenance on the treatment tower</li><li>Engage a third party to test whether the waste gas is against standards every year</li></ul>	<ul style="list-style-type: none"><li>Select equipment with less noise</li><li>Put existing noisy equipment together in the powder room</li><li>Build walls for isolation</li><li>Perform regular equipment maintenance to avoid abnormal noise due to equipment faults</li><li>Engage a third party to test factory boundary noises every year</li></ul>

Control of Solid Waste, Waste Gas, and Noises



Activated Carbon Treatment Device

With great importance attached to the responsible disposal of solid waste, the Company continuously advocated the advanced management concept of zero landfill waste. We enhanced management and control in the selection of disposal suppliers, waste classification, waste recycling, waste reuse, waste reduction, etc. to effectively improve the solid waste conversion rate and resource utilization rate. Solid wastes that cannot be recycled are treated in a scientific and reasonable manner to minimize the impact thereof on the environment. During the reporting period, Nanchang No. 1 Manufacturing Center and Nanchang No. 2 Manufacturing Center have passed the UL 2799 zero waste landfill certification.



A Subsidiary of Huaqin Passed the UL 2799 Zero Waste Landfill Certification

Key Performance



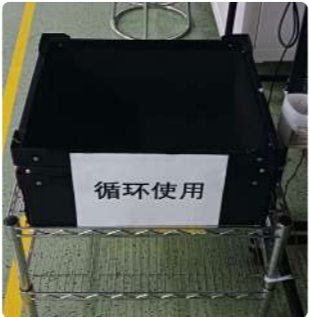
During the reporting period, the Company's manufacturing centers achieved waste gas and noise emissions **100%** in compliance with standards.

Case: Diversified efforts for waste management and control to reduce solid waste generation

Dongguan Manufacturing Center has formulated the *Regulations for the Protection of Warehousing Products*, which clearly stipulates the standards for pallet recycling and reuse. Moreover, it invested a large number of resources and technologies to modify, recycle, and reuse pallets at the production site to reduce the amount of solid waste generated. Meanwhile, the Company actively advocated recycling turnover boxes to improve the efficiency of resource utilization.



On-site Pallet Recycling



Recycling of Turnover Boxes

Case: Training on solid waste management to get familiar with requirements on standardized management

In 2023, Nanchang No. 2 Manufacturing Center organized and implemented special training on solid waste management, covering the description of solid wastes, requirements on standardized management of general industrial wastes, and requirements on standardized management of industrial hazardous wastes; moreover, the training specified acts in violation of regulations for solid waste collection, storage, transportation, treatment, and management to help employees get familiar with the requirements on standardized management of solid waste disposal.



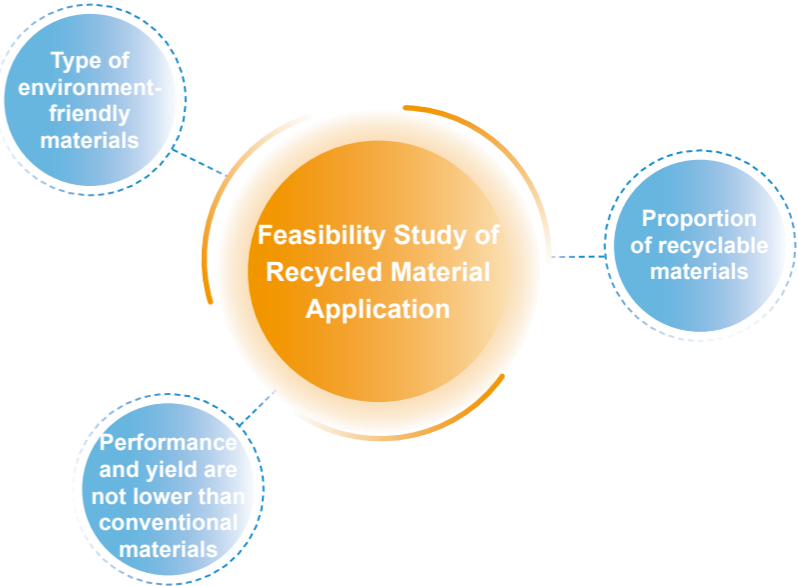
Training on Standardized Solid Waste Management

Green Products and Designs

Huaqin is committed to optimizing product and packaging design while ensuring product safety and quality, so as to minimize unnecessary use of materials and use environment-friendly green materials first. By reducing the volume of shipment packaging and paper consumption, we effectively reduced waste emissions to relieve environmental pressure.

Case: Feasibility study of recycled material application to improve environment-friendliness of products

In 2023, we organized a special study to systematically verify the feasibility of using recycled materials. On the basis of maintaining compliance with standards, we are using recycled materials in the housing of tablet computer products, which effectively improved the environment-friendliness of products to meet the demands of customers and end users for sustainable 3C products.



### Case: Adopting wiping paper with a width of 200mm to reduce resource consumption

In 2023, Dongguan Manufacturing Center refined the stencil wiping payer required in the device production process from two width levels of 250/300 mm to three width levels of 200/250/300 mm and replaced 80% of the wiping papers of the original width with the 200 mm width wiping paper. This resulted in the replacement of **192,000** rolls during the year, reducing wiping paper waste by approximately **16%** and reducing the total waste volume by approximately **541.44** kg.

#### Before Improvement

General-purpose 250/300mm width stencil wiping paper

#### After Improvement

About 80% of products were replaced with 200mm width stencil wiping paper

### Case: Design lightweight packaging materials to reduce waste generation

In 2023, the Company carried out a packaging material improvement project to optimize the entire packaging process in aspects of material selection and packaging box designing. We selected more environment-friendly and lightweight materials and improved the packaging box structure and design to minimize the use of unnecessary packaging materials, which greatly reduced waste generation downstream.

#### Material Selection

Replace gray paperboard with corrugated paper, which reduced the weight of packaging materials by 30-40g

#### Design

Reduce the weight of carton boxes by using fewer dividers

Before Improvement



After Improvement



Direction of Designing Improvement for Lightweight Packaging

### Case: 100% recyclable packaging solutions

The Company continuously makes in-depth measures for the R&D of sustainable packaging in aspects of paper, plastics, ink, etc. After studying effective methods to increase the recycling rate of packaging, we have created a solution of **100%** recyclable packaging, which has been applied in multiple product models.

#### Surface Process

UV varnish oil layer      Soft varnish  
Clarifoil film      PLA film

#### Inner Boards

Recycled gray boards      Recycled chipboard  
Paper pulp tray box

#### Packaging Paper

Recycled paper      FSC-certified recycled paper

#### Inks

Plan ink      Mineral-free ink

### Solution of Sustainable Product Packaging

## Hazardous Substance Management

Huaqin sets high standards for itself in implementing RoHS, REACH, WEEE, POPs, TSCA, California 65, PFAS, and other global regulations and customer requirements, and has formulated and properly updated the Hazardous Substances Control Standards and Huaqin Regulations for HSF Inspection, Management, and Control. With strict controls implemented in the entire process covering product development, material procurement, production and manufacturing, and shipment traceability, we can ensure product safety and compliance through material certification, test certification, sampling inspection in mass production, etc. During the reporting period, all the manufacturing centers of the Company have passed the QC 080000 certification.



#### R&D

Select materials in accordance with project-specific environment protection standards, excluding non-compliant hazardous substances.



#### Procurement

The Company has established a strict cooperation mechanism with suppliers, under which the standards for hazardous substances are issued through the SRM system to require suppliers to comply with relevant regulations in identifying and managing the use of hazardous substances.



#### Production

The Company strengthens supervision over production lines and tests incoming materials for hazardous substances to avoid incoming hazardous substances.



#### Sales

The Company provides detailed information on product materials and composition to customers to notify them of the safety and compliance information of the products.

### Whole-process Hazardous Substance Control



Huaqin and its Subsidiaries Obtained the QC 080000 Hazardous Substances Process Management Certificates

## Restricted Substance Management

During the reporting period, the Company updated the *Hazardous Substances Control Standards* to version 8.3 based on regulations, industry standards, international conventions, and customer requirements on hazardous substances, which covers **89** prohibited substances, **330** restricted substances, and **16** substances subject to declaration. The Company signs a *Statement of No Prohibited Substances* with customers, clearly promising not to use any substances that are explicitly listed as prohibited during product production, processing, and supply chain management.

### List of Prohibited, Restricted, and Declared Chemical Substances

Category	In 2023 (New Substances (Groups))
Prohibited	Mineral oil; PFHxA and its salts and related substances; Methoxychlor; Dechlorane; Phenol, isopropylated, phosphate (3:1); UV 328; Hexachlorobutadiene (HCBd)
Restricted	Indium phosphide; Benzyl chloride; 4-Chlorobenzotrichloride; Benzenamine, 4-chloro-2-methyl-, hydrochloride (1:1)
Declared	Melamine; N-ethyl-2-pyrrolidone; Substituted diphenylamine (SDPA); Phosphoric acid, (1,1-dimethylethyl) phenyl diphenyl ester; Isodecyl diphenyl phosphate; Di-tert-butylphenyl phenyl phosphate; Triethyl phosphate; Cobalt; Nanomaterials

## Reduction of Hazardous Substances

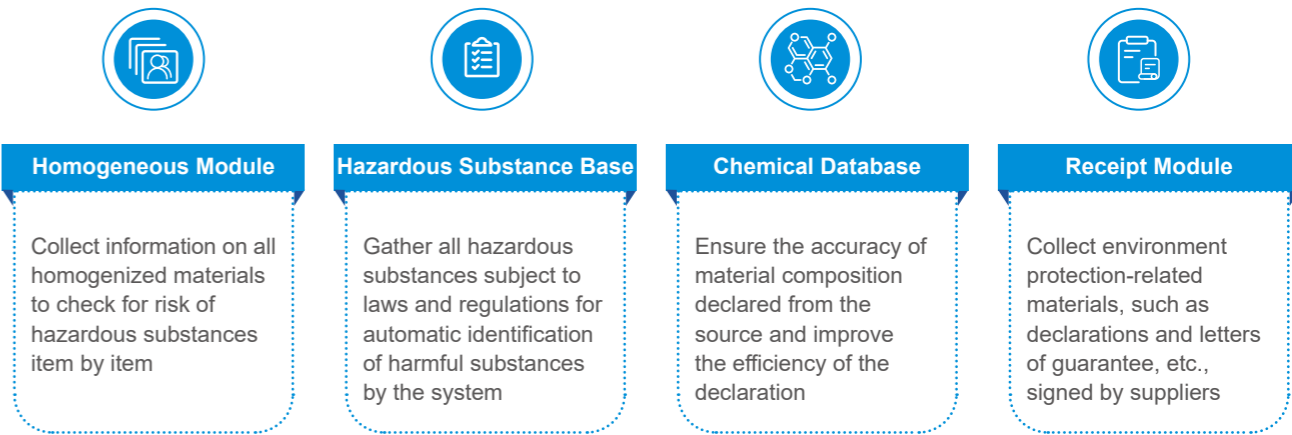
With the comprehensive elimination of hazardous substances as its long-term objective, the Company takes active measures to formulate and implement plans for the elimination, substitution, and reduction of chemical substances, so as to reduce the use of harmful substances from the source and reduce potential harm to the environment and human health. In 2024, the Company will take the initiative to plan and formulate a list of substances to be eliminated in the future and a reduction plan and continue to disseminate information about prohibited, restricted, and declared substances to drive the elimination of harmful substances throughout the industry chain.

### Case: Decrease in Lead Substances to Reduce Lead Pollution

In 2023, the Company took active measures to decrease lead substances in its products. For some products, lead-containing copper nuts were replaced with lead-free copper nuts, which reduced lead consumption of **14.93** kg in total, hence reducing lead pollution to create green and healthy products.

## Management on Hazardous Substance of Suppliers

The Company has developed a functional module for environmental protection in the quality management system independently to release the latest regulations and the Company's latest control requirements on hazardous substances to all suppliers. Suppliers are required to sign an environment compliance statement before supplying materials, promising that the materials supplied shall be free from any prohibited substances. In addition, the Company provided environmental protection training for suppliers at least once every year to ensure material compliance from the beginning, so as to reduce the risks of hazardous substances in products.

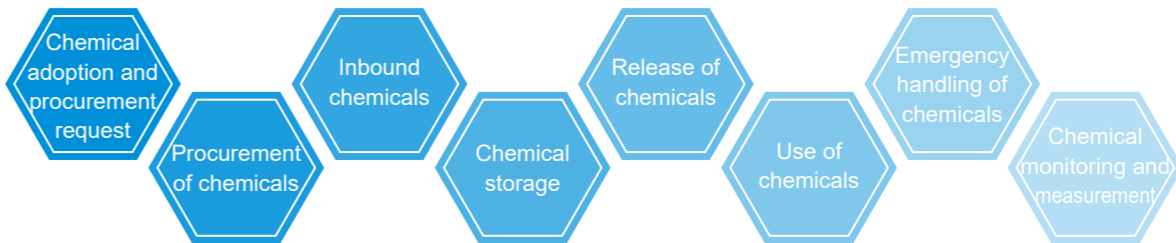


### Functions of the Environment Protection Functional Module in the Quality Management System

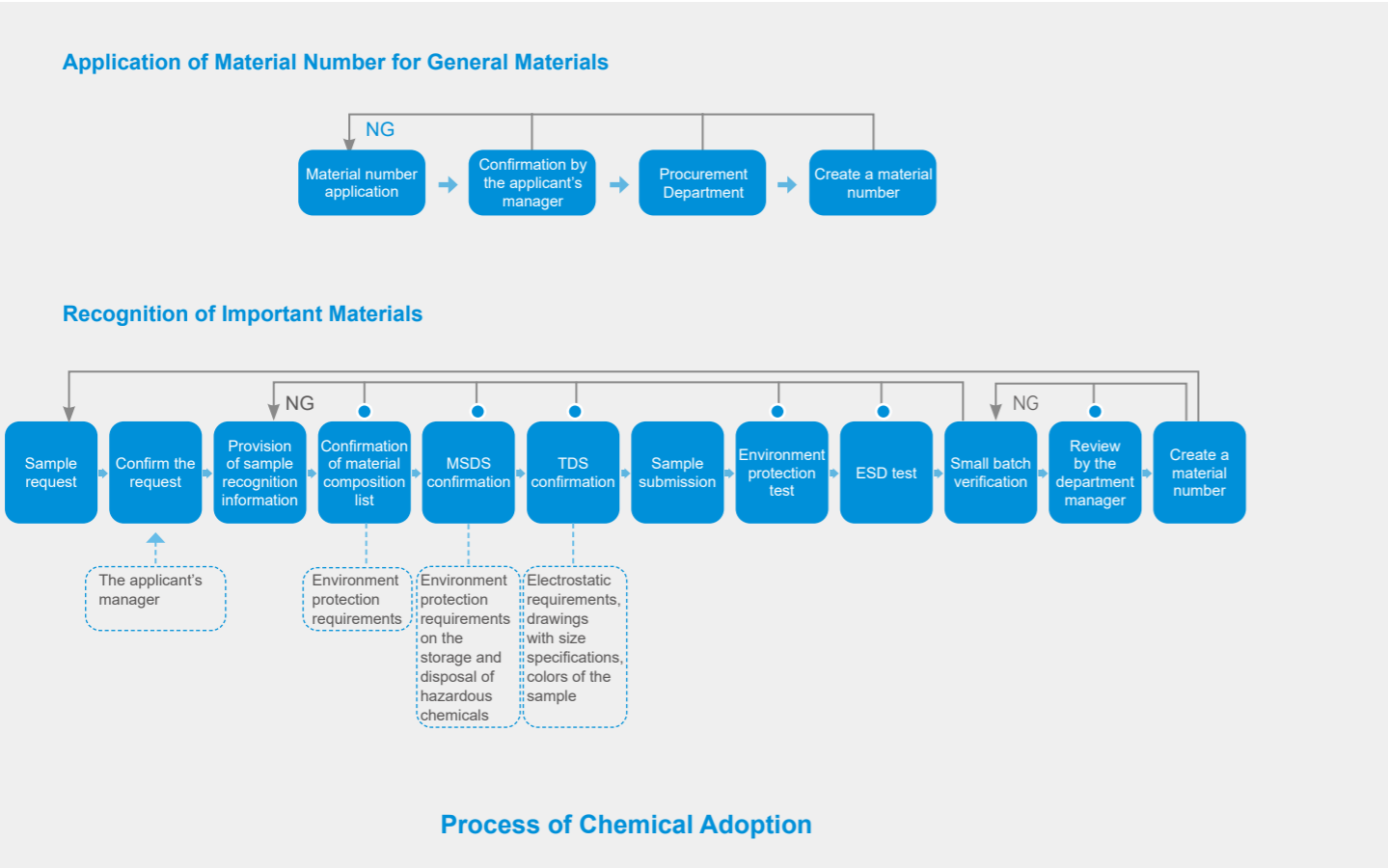
## Chemical Safety

Huaqin has formulated and continuously updated the *Chemical Management Regulations* in accordance with the requirements of relevant laws and regulations, under which it strictly controls chemicals throughout the entire process, including development, procurement, storage, transportation, use, and disposal.

All suppliers of hazardous chemicals shall affix safety labels in accordance with the *General Rules for Preparation of Precautionary Labels for Chemicals*. The procurement of new chemicals shall be reported to the EHS department, which shall participate and assess the procurement to ensure safety in use.



### Content of Chemical Management Regulations



Case: Drills of chemical leakage to improve emergency response capabilities

In order to ensure employees' ability to use various protective equipment and special facilities correctly in an emergency, Nanchang Manufacturing Center conducted a chemical leak emergency drill in March 2023. The employees successfully contained and controlled leaked chemicals within the duration required in the drill plan, and collected and disposed of the leaked chemicals. This drill tested the emergency response capabilities of employees and improved their competence of collaboration among emergency response personnel, hence providing a strong guarantee for safety in the production of the Company.

The Chemical Leakage Emergency Response Team Contained Leaked Chemicals to Prevent Contamination Expansion

## Biodiversity Protection

With biodiversity protection incorporated into its long-term plan for fulfilling environmental responsibilities, Huaqin takes active measures to reduce the impact of its own operations and production on the ecological environment, and continuously plans and implements ecological restoration and environment governance projects.

Case: Cultivate public welfare forests as a contribution to ecological restoration

In the northwest region, which is one of the regions in China with a relatively fragile ecological environment, ecological forests are of great significance for improving the local ecological environment, preventing land desertification, and protecting water resources. In 2023, the Company worked with the QingSuo Philanthropy Development Fund and invested RMB 50,000 to plant a total of 3,500 suitable shrubs in an area of 50 acres, which is named "Huaqin Public Welfare Forest". The solution was designed in full consideration of the site conditions to select haloxylon ammodendron, the local tree species featuring salt-alkali, drought, and sandstorm tolerance, which was planted at a ratio of 9:1 according to biodiversity requirements. This effectively protected local biodiversity as a contribution to the ecological restoration and green development in the northwest region.

Cultivate the "Huaqin Public Welfare Forest"

Germinating Haloxylon Ammodendron Sapling

Germinated Hedysarum Scoparium Sapling

# 03

## Role Model of the Responsible Company



Being a model in accountability is the persistent pursuit of Huaqin. We strongly believe that talent is at the core of the sustainable development of an enterprise, and are committed to building a work platform where “the harder you work, the happier you will be” and a diversified growth space. With great importance to the protection of employee rights and interests, we improve the remuneration and feedback system and listen to our employees. Also, we care for the physical and mental health of employees, increase care activities, and enhance their happiness. All of these efforts lay a solid foundation for our long-term development. Meanwhile, the Company keeps bearing social responsibility in mind. The stronger a company becomes; the more responsibility it bears. Huaqin devotes itself to participating in social welfare, contributing to a harmonious society.



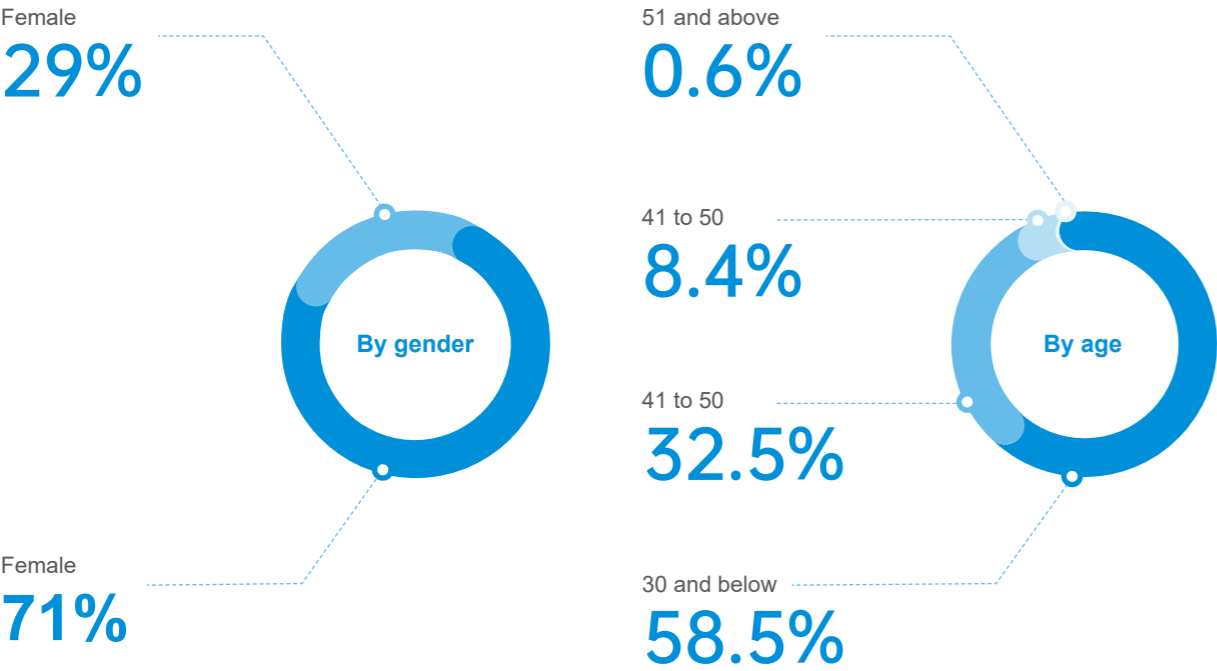
Diversity and Equal Opportunities

Insisting on the talent concept of “higher, deeper and boarder”, and pursuing the employer value proposition of “Grow (grow as you wish), Inspire (Fight to win) and Enjoy (The harder we work, the happier we are)”, we work to create a more equal, diverse, open and inclusive work environment, which has attracted talents from different regions, fields, and professions, fully stimulating organizational vitality and improving effectiveness.

Key Performance



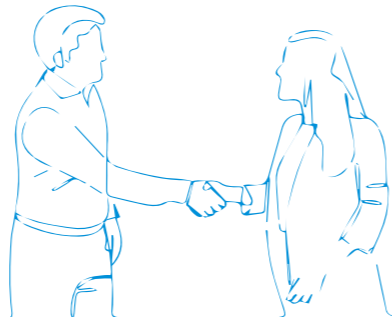
By the end of the reporting period, the Company had a total of 34,949 employees



The employees of the Company are from

7 countries and regions

33 ethnic groups



Employee Composition in 2023

Case: “Distinctive Female Strength” - Huaqin Women’s Leadership Forum

On March 8, 2023, the Company held a Women's Leadership Forum, focusing on “Distinctive Female Strength”. Female colleagues from various fields and positions such as HR, administration, marketing, manufacturing, and finance were invited to share their insights and stories about women's growth in the workplace. Through the sharing of experiences, we can see their unique wisdom and power. This forum also provided guidance and inspiration for female colleagues to gain confidence, unleash their potential, and realize their value.

These excellent female colleagues are professionally skilled and self-confident, contributing their “Distinctive Female Strength” to the growth and prosperity of the Company.

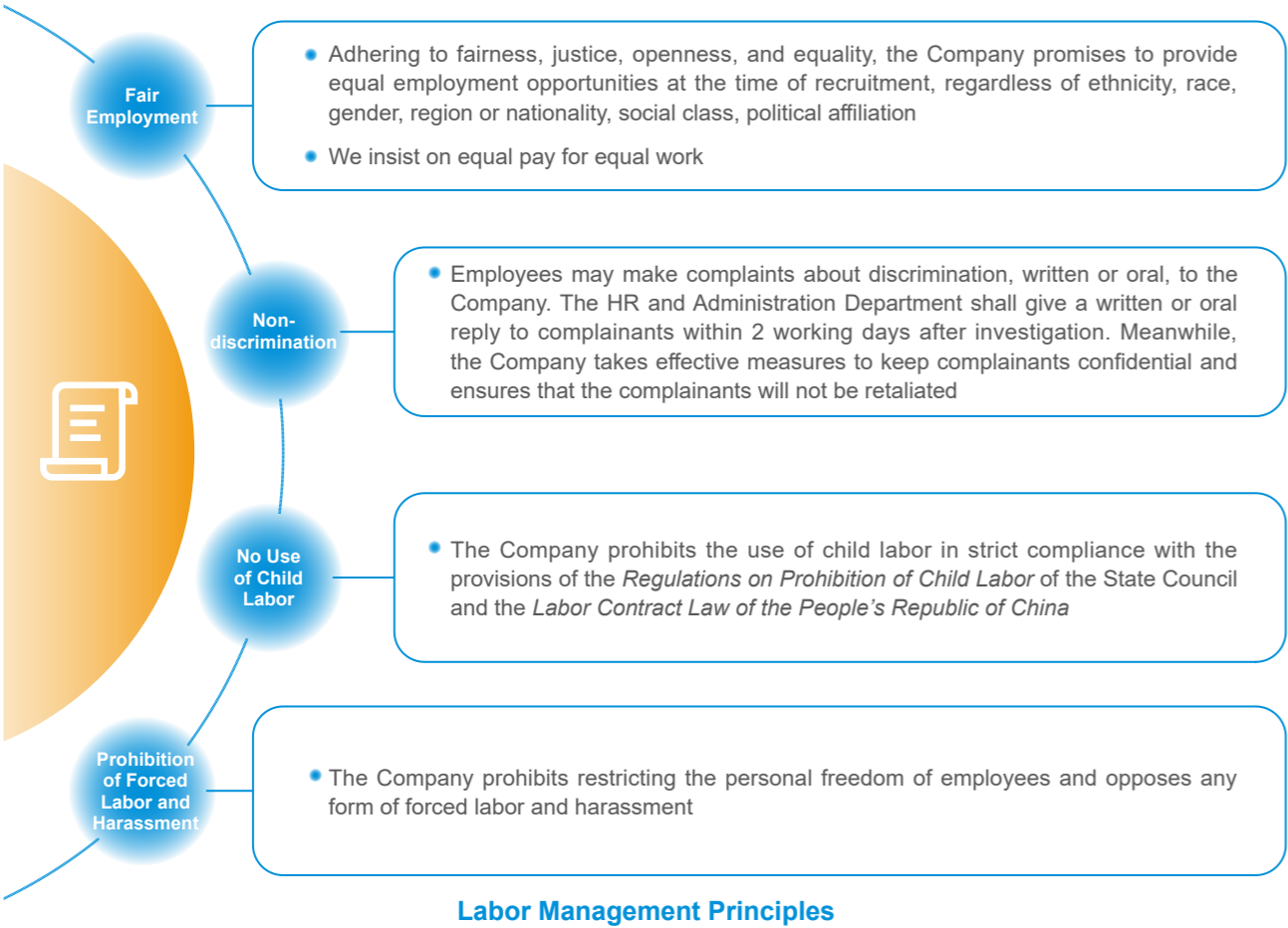


Huaqin Women’s Leadership Forum

Protection of Employee Rights and Interests

Huaqin complies with labor standards and strongly believes that an enterprise can achieve sustainable development only by respecting and protecting human rights. The Company strictly complies with international labor conventions and initiatives such as the *Universal Declaration of Human Rights*, *ILO Core Conventions*, *UN Guiding Principles on Business and Human Rights*, the *Responsible Business Alliance Code of Conduct*, *Global Sullivan Principles* and *Social Accountability International Standard (SA 8000)*, and the applicable laws and regulations in operating locations at home and abroad, such as the *Labor Law of the People’s Republic of China* and *Labor Contract Law of the People’s Republic of China*. We resolutely oppose the use of child labor, forced labor, and human trafficking, and prohibit discrimination on the basis of race, religion, gender, nationality, age, pregnancy, or disability in the whole process of management, promotion, and remuneration

To ensure the implementation of our labor management system, the Company has established a triple audit mechanism composed of internal special audits, customer audits, and external third-party audits (such as the Responsible Business Alliance), comprehensively covering the supervision of labor-management issues.



To safeguard the legitimate rights and interests of the Company and its employees, and establish a stable and harmonious labor relationship, the Company and its employees reach a consensus in accordance with laws and regulations and sign collective contracts and collective wage agreements, which cover various clauses such as working hours and vacation time, labor safety and health, protection of female workers, labor insurance and benefits, vocational skills training, labor contract management, and layoffs, rewards and punishments, contract term and change.

### Key Performance

In the past three years  
The signing rate of labor contracts was  
**100%**

During the reporting period,  
The signing rate of collective agreements was  
**100%**

## Democratic Communication

The Company respects employees' rights to participate in trade unions, freedom of association, collective bargaining, and equal consultation. We strive to create a respectful and democratic working atmosphere. By continuing to enrich employee communication methods and improving the union organization structure, we work to provide employees with a good communication platform, carefully listen to their voices and needs, efficiently address their work and life demands, and keep communication and exchange channels between the Company and its employees unimpeded.

### Trade Union Feedback Channel

- Employees contact employee representatives, who compile information and provide feedback to the members of the trade union
- The member of the trade union contacts the relevant department for follow-up based on feedback
- The member of the trade union promptly provides updated information to the employee representatives,

ensuring a response within **3** days

### HR Feedback Channel

- ssczx@huagin.com
- 4008913788 -- 1  
(HR complaints and suggestions)
- Provide on-site feedback to SSC service centers

### Employee Feedback Channels

#### Employees' Conference

The Company regularly holds the employees' conference in October each year. At the conference, the Company summarizes the completion of trade union work for the previous year, democratically reviews compliance with major rules and regulations such as the employee handbook and discipline, and listens to the feedback and suggestions of employee representatives

#### Employee Engagement and Satisfaction Survey

Conduct an employee engagement survey every two years, and an employee satisfaction survey every year, covering association satisfaction surveys, physical examination satisfaction surveys, settlement satisfaction surveys, etc., and focus on the voices and suggestions of employees in both work and life

#### Establish the HR Service Desk

Provide convenient consultation services for employees, covering all modules of HR such as entry/transfer/promotion/exit, and realize "one-stop service, zero-distance service"; monthly monitor the satisfaction and dissatisfaction received by the HR Help Center, etc., and promptly request the departments with low satisfaction to formulate and implement improvement measures

#### Establish Satisfaction Indexes

The indexes include satisfaction with the service desk, service quality, and complaint handling effectiveness, effectively monitoring the improvement of employee service quality based on satisfaction data of various modules published quarterly

#### Regularly Hold Meetings and Symposiums with Key Managers/President

Understand the issues of employees, solve these issues, listen to their demands, and respond to their concerns

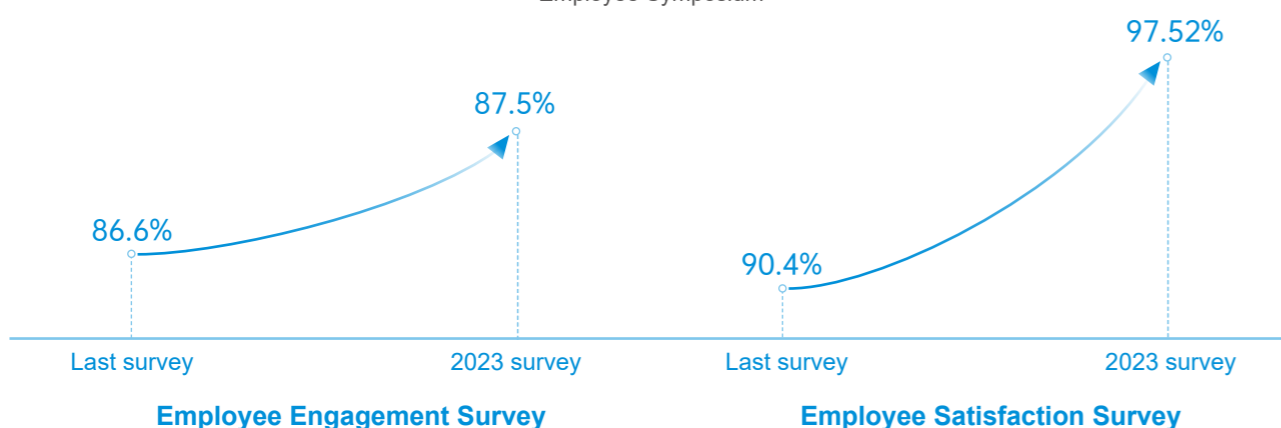
#### Open the Internal On-line Social Platform called "Huaqin Moments"

Employees can anonymously raise questions and suggestions regarding Huaqin's work, management, and life on the platform so that the needs and suggestions of employees at all levels can be effectively heard and addressed.

### Democratic Communication Activities

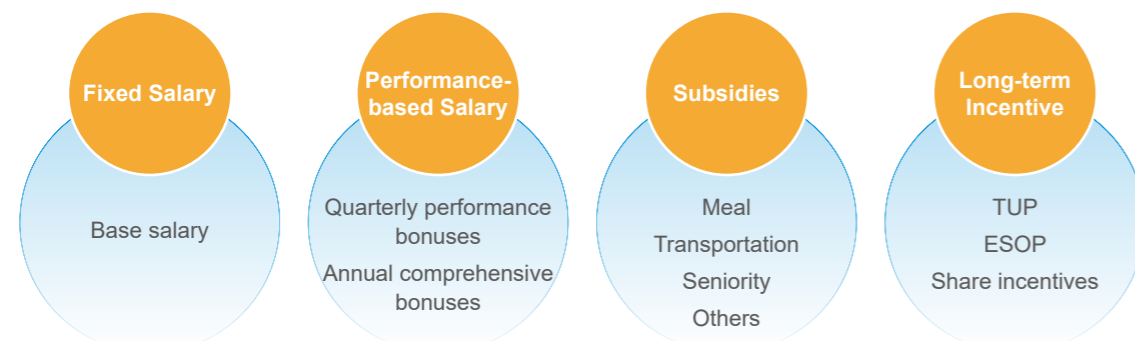


Employee Symposium



## Salaries and benefits

The Company is committed to providing employees with competitive salaries and has formulated and continuously optimized systems such as the *Huaqin Employee Salary Management System* and *Huaqin Operator Salary Management System*. With a scientific, fair, and reasonable salary mechanism, the Company motivates employees at all levels and rewards outstanding employees.



Compensation Structure of the Company

### Case: Medium and long-term incentive policy to motivate employees to grow together with the Company

The Company has formulated the medium and long-term incentive policy to motivate employees to grow together with the Company:

- Employees hold **26.91%** of the original shares in Huaqin through ESOP.
- After listing, the Company implemented the *2023 Restricted Stock Incentive Plan of Huaqin* in December 2023, under which it granted **1,549,400** restricted stocks to **134** middle and senior management and key employees at 50% price, representing **0.21%** of its total share capital.
- Since 2015, the Company has implemented TUP (Time Unit Plan) for key employees every year. Based on the performance of the respective year and the changes in the growth of the operating net assets per share for a rolling three-year period, the Company allocates profits to employees without capital contributions by them, and shares with key employees with the earnings generated by the growth of the Company, so as to stimulate key employees to make long-term contributions.

With reference to national labor regulations and relevant industry standards, and based on its business management and development demand, the Company has formulated and implemented the *Welfare Management System* and *Huaqin Care Fund Management System*. The Company provides all employees with statutory benefits such as pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing provident funds, and supplementary housing provident funds, as well as statutory holidays such as marriage leave, funeral leave, and annual leave. We also provide various welfare subsidies such as meal, transportation, and business trip subsidies, as well as commercial insurance to improve the happiness and satisfaction of employees.

- ▶ Pension insurance, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance
- ▶ Housing provident funds, and supplementary housing provident funds
- ▶ Statutory holidays such as marriage leave, funeral leave, and annual leave



Basic Benefits



Health Welfare

- ▶ In addition to five insurances and one fund, the Company also purchases accident insurance and commercial medical insurance for all employees annually
- ▶ Purchase overseas business travel protection plans for employees traveling outside of China, including accident protection, medical protection, personal property protection, and trip cancellation protection
- ▶ Plan association activities every year, and offer free optional physical examinations at any time during the year



Care Welfare

- ▶ Formal employees can apply for wedding gifts and childbirth gifts respectively when getting married or giving birth
- ▶ Funds for major illness care and subsidies for major accidents are established to provide timely assistance to employees
- ▶ Long-service awards are set up to provide long-service prizes and exclusive leave to employees who reach specific lengths of service

Holiday Benefits  
and Living  
Subsidies

- ▶ The Company organizes and distributes various holiday-themed activities and benefits, such as gift packages on the Chinese New Year, special activities on the Dragon Boat Festival, exquisite mooncakes on the Mid-Autumn Festival, and special activities on the International Women's Day
- ▶ Organize singles' social events, collective weddings, and family days to share happy moments.
- ▶ Meal subsidies, transportation subsidies, business trip subsidies, and other benefits
- ▶ Provide individual income tax subsidies to foreign employees according to the *Notice of the Ministry of Finance and the State Administration of Taxation on Several Policy Issues Regarding Individual Income Tax*

## Care for Employees

The Company values its human care and cares about employees' work and life. We strive to create a work environment featuring mutual trust, inclusion, and respect where employees can feel the warmth of home and enjoy work at Huaqin.

### Abundant employee activities

The Company regularly holds a variety of colorful entertainment activities, such as birthday parties, basketball games, anniversaries, and food festivals to enrich employees' leisure and cultural life, promote communication and interaction among employees, and strengthen its cultural construction. We encourage employees to actively participate in various activities based on their hobbies.



Parent-Child Party

Anniversary Celebration

Food Festival

### Diversified association activities

The Company had a total of 34 interest associations, including 32 sports associations and 2 handicraft art associations, to cultivate employees' interests and hobbies and enrich their leisure activities. During the reporting period, a total of 20,500 employees participated in interest association activities.



Badminton Association

Cycling Association

Handicraft Art Association

## Good workplace

The Company provides employees with diversified canteens, campus-style dormitory environments, and complete park facilities. The employee canteen considers the special cultural customs of both northern and southern regions so that employees can taste the flavors of their hometowns. The dormitory area is equipped with facilities such as libraries, parcel lockers, WIFI, laundry rooms, drug stores, basketball courts, and table tennis tables, creating a good rest environment. The garden-style factory environment has given our employees a stronger sense of comfort and belonging.



Workplace

## Occupational Health and Safety

Huaqin resolutely upholds the bottom lines and red lines in work safety. We comprehensively fulfill the responsibilities of work safety and occupational disease prevention and control and strengthen system construction and safety training, aiming to ensure the safety and health of employees.

### Key Performance

During the reporting period, the Company made achievements as follows:

Fire safety:	Occupational health:	Industrial safety:	External audit:
0 fires and explosions	0 occupational diseases	0 work-related fatalities	0 violations

## Great Importance to Work Safety

The Company highly values safety risk management. Through safety production management, safety hazard investigation, safety emergency drills, safety production training, or other ways, we keep improving our overall safety production process and enhance our safety risk management capabilities. To this end, a stable production environment is created.

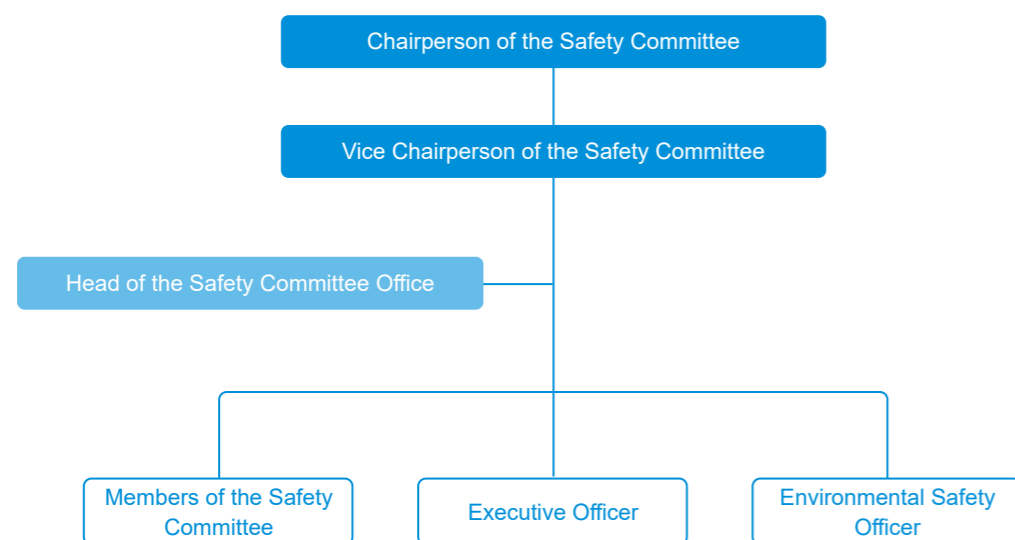
## Work Safety Management

In accordance with laws such as the *Work Safety Law of the People's Republic of China* and *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and with the work safety concept of “caring for employees and safeguarding the health and safety of employees” and “resolutely complying with the law and building a work safety defense line”, the Company has put a work safety management system in place, issuing and implementing such rules and regulations as the *Environmental Safety Officer Management Code* and *Three Simultaneous Management Code*, so as to ensure the effective operation of work safety and achieve work safety goals.



## Key Management Measures for Work Safety

To implement the national work safety guidelines, policies, and regulations, and strengthen protection and achieve work safety, the Company has established a Work Safety Committee. The management systems such as the *Work Safety Responsibility Code* and *Responsibility Code for the Work Safety Management Committee* have been put in place, ensuring the safety and health of employees in work safety. Meanwhile, we pursue work safety standardization management and implement the work safety responsibility system for leaders at all levels, functional departments, and employees.



## Organizational Structure of the Work Safety Committee

## Prevention and Control of Safety Hazards

The Company follows the principles of “putting safety first and placing emphasis on prevention”, and focuses on the inspection of safety hazards of departments in production. The responsibilities of safety inspection for personnel at all levels are clarified through daily, special, seasonal, and holiday inspections, and the safety hazard inspection checklist is also filled out, reducing the risk of safety accidents from the source.



## Safety Inspection Frequency and Responsibilities for Personnel at All Levels

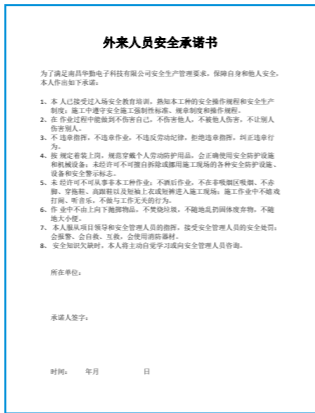
The Company has formulated the *Risk Assessment and Control Management Code* and other systems, drawn safety risk four-color maps, posted safety risk notification boards, and assisted various factory areas in identifying, analyzing, and evaluating risks in existing processes, public facilities, etc. With these efforts, the level of safety risk prevention and control has been comprehensively improved.



## Safety Risk Notification Board

Case: Conducting park safety management to create a work safety environment

The Company's EHS Department worked with security personnel to ensure a safe working environment in the park. To be specific, the security personnel checks every visitor; if construction workers enter the park with tools, ESH personnel should confirm whether they have submitted a construction application form and whether their construction qualifications meet the requirements. Our aim is to prevent unregistered and unqualified construction workers from entering the park for operation. Meanwhile, the construction safety commitment is also signed.



Safety Commitment for Outsiders

Case: Carrying out work safety month activity to make solid progress in work safety

In the "Work Safety Month" campaign in June 2023, Dongguan Manufacturing Center organized activities such as a comprehensive safety hazard search, a work safety-based garden party, and a safety production knowledge contest. Frontline employees were encouraged to actively search for unsafe behaviors and conditions around them. These activities have promoted the deep implementation of work safety measures and made solid and stable progress in work safety.



Awards Ceremony for the Comprehensive Safety Hazard Search Activity



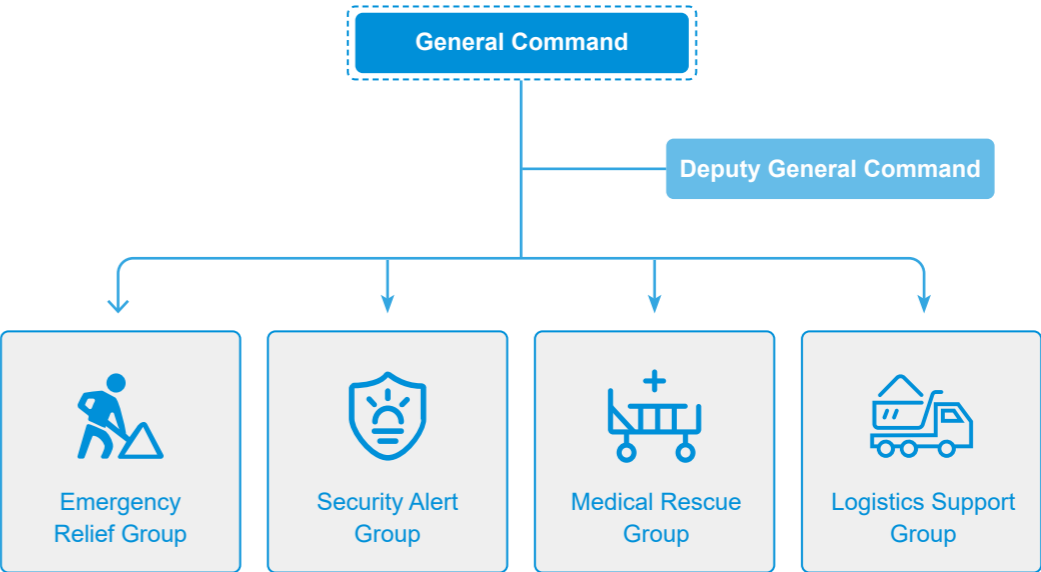
Work Safety-Based Garden Party



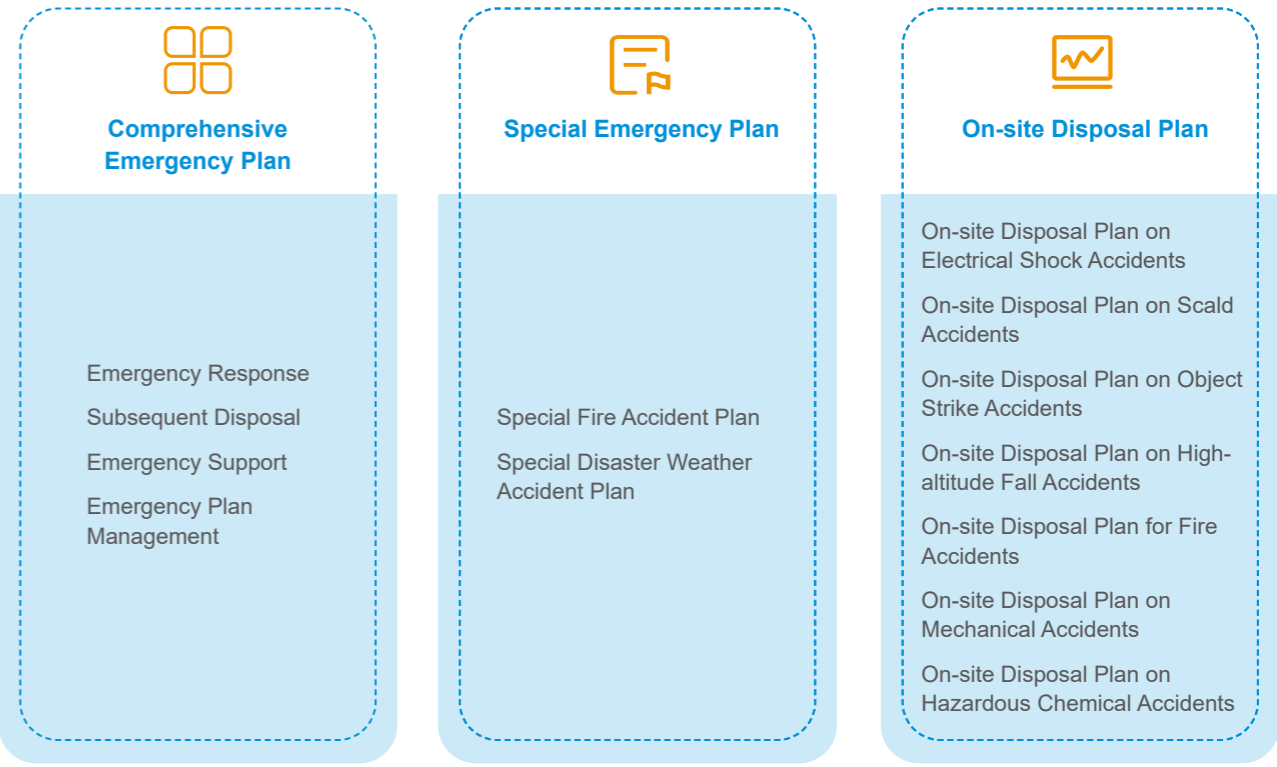
Safety Production Knowledge Contest

Emergency Response Drills

The Company has formulated the *Emergency Response Plan* and *Work Safety Accident Emergency Response Plan* and regularly carries out emergency response drills. Through these drills, we are able to handle possible production accidents in our production areas in a quick, orderly, and proper manner, and organize timely and effective emergency rescue actions to prevent accidents or control the spread of disasters. We also keep improving our risk control and emergency response capabilities.



Structure chart of the emergency organization



Work Safety Incident Emergency Response Plan

Case: Carrying out a mechanical injury emergency drill to enhance response capabilities

In May 2023, under the leadership of the Emergency Response Demand, Nanchang No. 1 Manufacturing Center carried out a mechanical injury emergency drill in the scenario that “a maintenance staff’s hands were caught in the equipment during maintenance”. The on-site accident handling team, medical rescue team, alert liaison team, and logistics support team completed the drill in an orderly manner based on the on-site situation. At the end of the drill, the emergency drill leadership team and the heads of various departments (workshops) made a summary and gave guidance opinions for the on-site situation. Through this drill, the emergency rescue skills and comprehensive response qualities of all employees are enhanced, reducing possible accidents and losses.



Photo of the Accident Alters the Scene



Transporting the Employee to the Hospital with a Stretcher

Work Safety Training

The Company actively conducts work safety training and has formulated the *Environmental Safety Education and Training Management Code*. By conducting three-level safety training for new employees, training for key heads and work safety management personnel, training for special operation personnel, training for hazardous operation personnel, and basic firefighting knowledge training, the Company continuously improves safety awareness and self-protection capabilities of employees to create a safer and healthier work environment together.



Work Safety Training



Mechanical Injury Emergency and Safety Training



Occupational Health and Protection Training



Firefighting Skill Training

Occupational Health

With a focus on the occupational health and safety of employees, the Company keeps strengthening occupational health management, conducts health and safety training, and organizes mental health care activities, ensuring their physical and mental health.

Occupational Health Management

The Company strictly complies with the *Work Safety Law of the People’s Republic of China*, *Labor Law of the People’s Republic of China*, *Regulations on the Safety Management of Hazardous Chemicals*, and other laws and regulations as well as local policies, steadily improves the occupational, health and safety management system, and actively organized the self-inspection in the safety production process. With these efforts, we have made constant progress in improving the occupational, health, and safety management capabilities. By the end of the reporting period, all manufacturing centers, Shanghai R&D Center, and Wuxi R&D Center of the Company have obtained ISO 45001 occupational health and safety management system certification.



Huaqin Obtained ISO 45001 Occupational Health and Safety Management System Certification

Occupational Disease Prevention & Control and Training

**Regulations:** Formulate the *Occupational Disease Hazard Detection and Evaluation Management Code*, *Occupational Disease Hazard Warning and Notification Code*, *Occupational Disease Hazard Project Declaration Code*, *Occupational Disease Hazard Emergency Rescue and Management Code*, and other regulations to reduce the risk of occupational diseases

**Training:** Offer pre-service and on-the-job training to employees

**Publicity:** Carry out publicity for the *Occupational Disease Prevention and Control Law*, post promotional posters, distribute occupational health publicity manuals, conduct occupational health and protection training to enhance employees’ awareness of occupational disease prevention, and improve their self-protection capabilities

Comprehensive Physical Examinations

**Personalized configuration:** *Workers’ Occupational Health Monitoring File*

**Multiple examinations:** Pre-job, during employment, leaving the job, emergency, post-employment medical follow-up, re-examination, medical observation, occupational disease diagnosis

Full Coverage of Medical Insurance

**Employee insurance:** Purchase commercial medical insurance for all existing and retired employees to provide medical protection for them

Enhanced Employee Protection

**Institutional safeguard:** Issue the *Occupational Disease Protection Supplies Management System* to standardize the allocation and inspection labeling of labor and protection supplies, post occupational hazard notification cards at occupational hazard positions, and equip corresponding protective equipment.

**Equipment provision and supervision:** Equip gas detection alarms, mechanical ventilation equipment, respiratory protective equipment, safety ropes, and other safety protection equipment and emergency rescue equipment adapted to the hazardous factors in the operating environment

Measures for Prevention and Control of Occupational Diseases for Employees



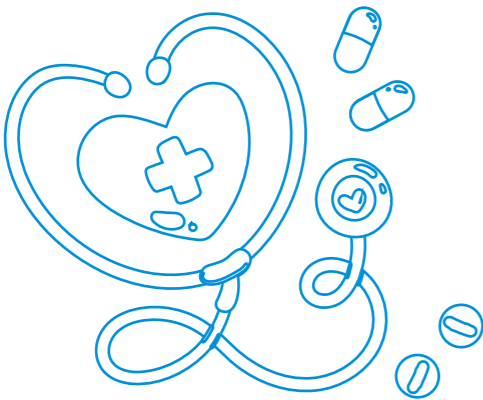
Publicity of the Law on the Prevention and Control of Occupational Diseases

Caring About Physical and Mental Health

The Company has established various sports associations and encourages employees to enhance their physical fitness and promote communication through sports. We have formulated the *Employee Psychological Assistance Plan* and organized activities such as *Sunshine Station* to give comprehensive care for employees' mental health.

Case: Caring about the mental health of employees and alleviating their mental stress

With great importance to the physical and mental health of employees, the Company developed and implemented the psychological assistance plan, and organized mental health training, mental health activities, career planning and development, mental testing, and assessment to help employees relieve stress and enhance their sense of happiness.



Psychological Counseling Activity

Case: Huaqin organized the “Association Month” campaign, demonstrating youthful vitality and enhancing physical fitness

The Company has established several sports associations and continuously expands its scale to enrich employees' leisure lives, encourage their participation in sports activities, and enhance their physical fitness. We organized the Huaqin “Association Month” campaign to encourage employees to go outdoors and demonstrate youthful vitality.



Tennis Association



Football Association



Basketball Association



Yoga Association



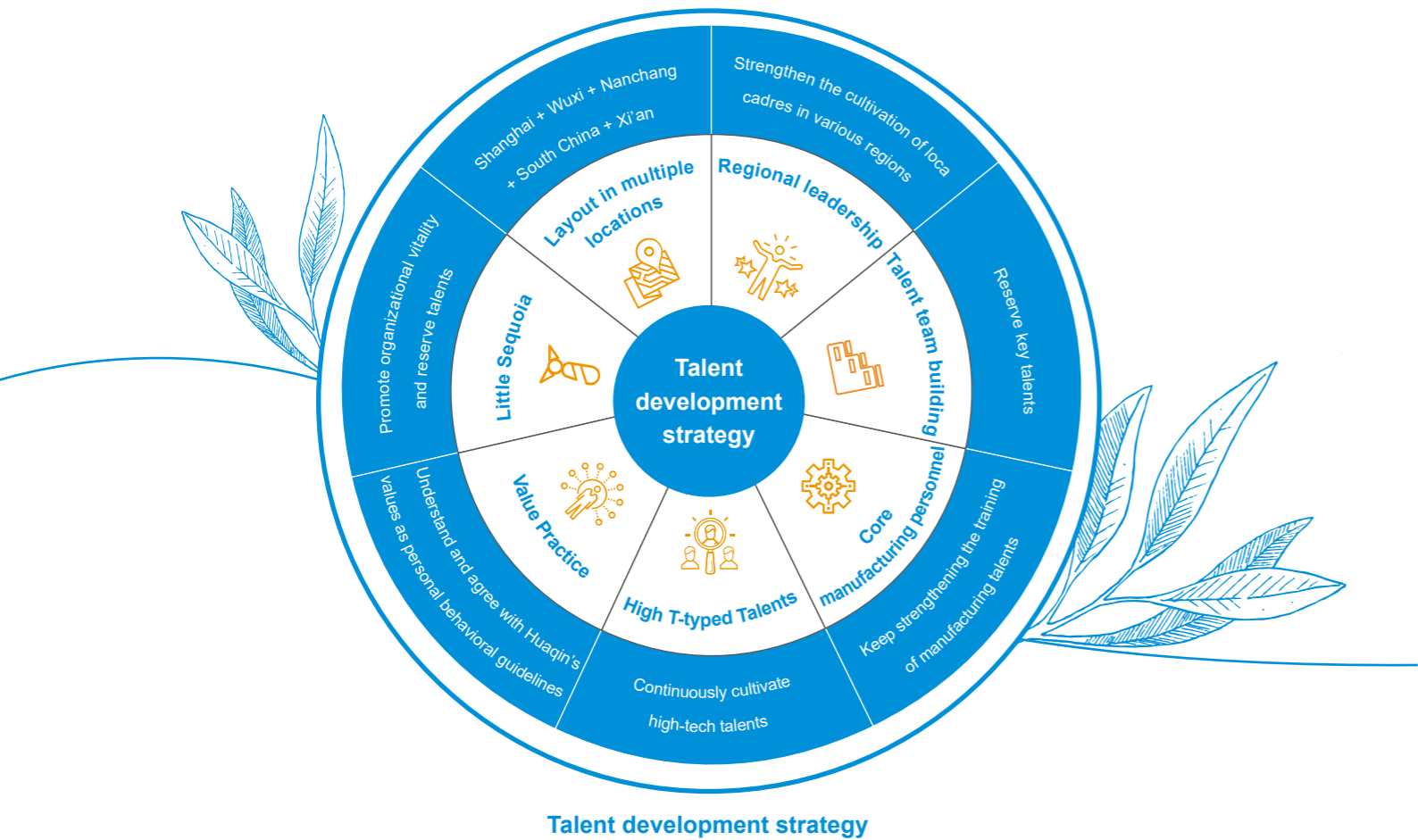
Swimming Association



Billiards Association

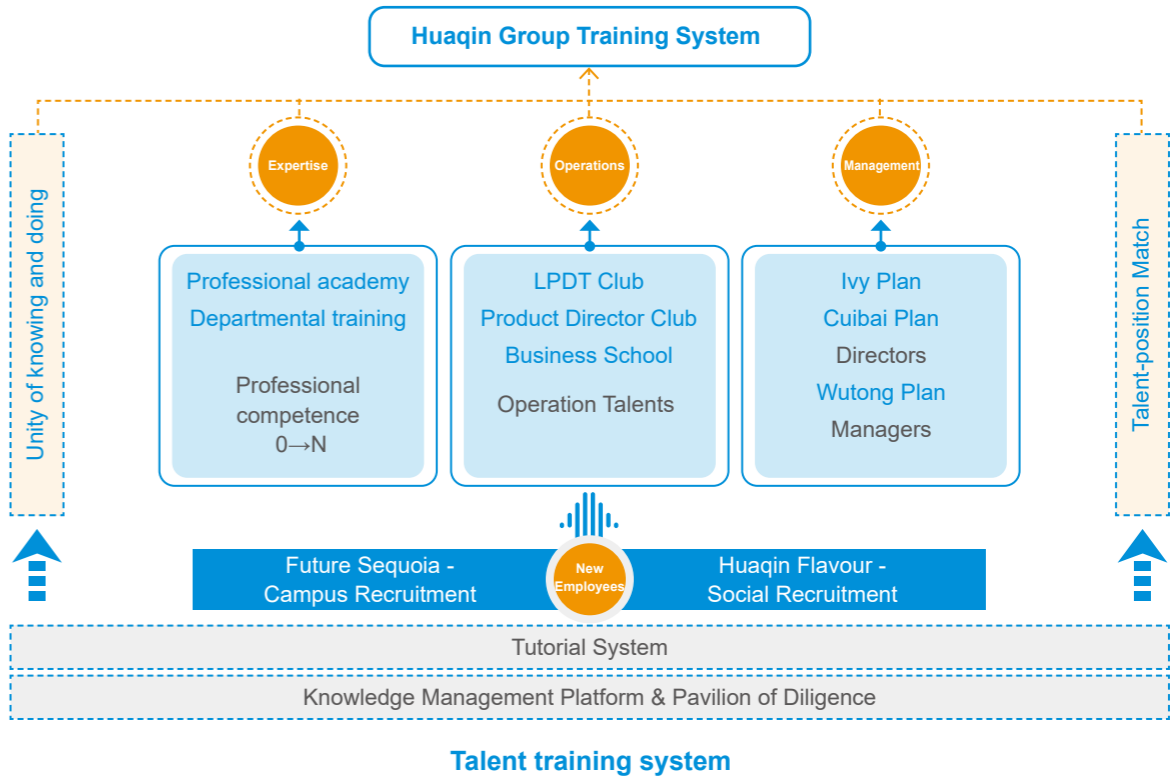
# Talent Training and Development

Talent is a key to the development of the Company. Huaqin has always been committed to attracting and cultivating talents. A group of ambitious business management talents with deep expertise are gathered here and keep improving themselves through multiple empowerment measures and growth paths while fueling the development of the Company.



## Talent Training System

Huaqin pays close attention to talent development and knowledge system construction and continuously optimizes the “selection, use, cultivation, and retention” mechanism for talents. We have established a hierarchical talent training system covering all employees, with clear classifications and levels, and gradually improved such a system in terms of content, lecturers, platforms, and systems. We spare no effort to provide employees with ample and equal learning development opportunities and continuously deliver professional talents for the steady development of the Company.



## Special Training

## Ivy Plan

## Talent Assessment and Promotion

With a focus on the construction of quality talent teams, the Company provides equal promotion opportunities for all employees and builds transparent and smooth channels for career development. We offer three career paths for our employees to follow: management, professional, and operation paths, with a total of six job groups. Employees are encouraged to constantly hone their skills in professional fields and to grow across paths and professions. Employees are also encouraged to tap their potential and grow with the Company.



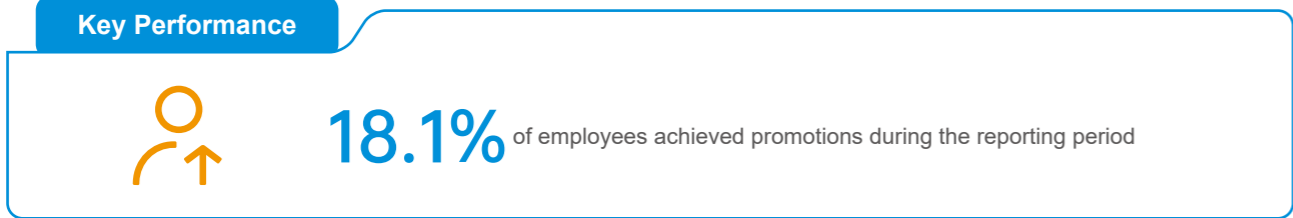
Three Career Paths and Six Job Groups



Career Development Paths

The Company implements annual assessments fairly and scientifically to promote the career development of employees. We have formulated and implemented the *Huaqin Employee Performance Management System* and *Huaqin Operation Employee Performance Management System*, and established a closed-loop management mechanism for performance plan formulation, performance process coaching, performance assessment, performance result feedback, and performance appeal. Performance assessments are conducted each quarter based on the completion of performance goals, and supervisors at all levels actively communicate with employees after the completion of the performance assessment.

The Company has set up a dedicated platform for performance management, results inquiry, appeal, and communication to ensure the transparency and fairness of the assessment process. If the assessment result is appealed, the Company's HR system will actively intervene in the analysis of reasons, and various systems will organize the Administrative Team (AT) to make a judgment of performance appeal, and give a reply to employees timely.

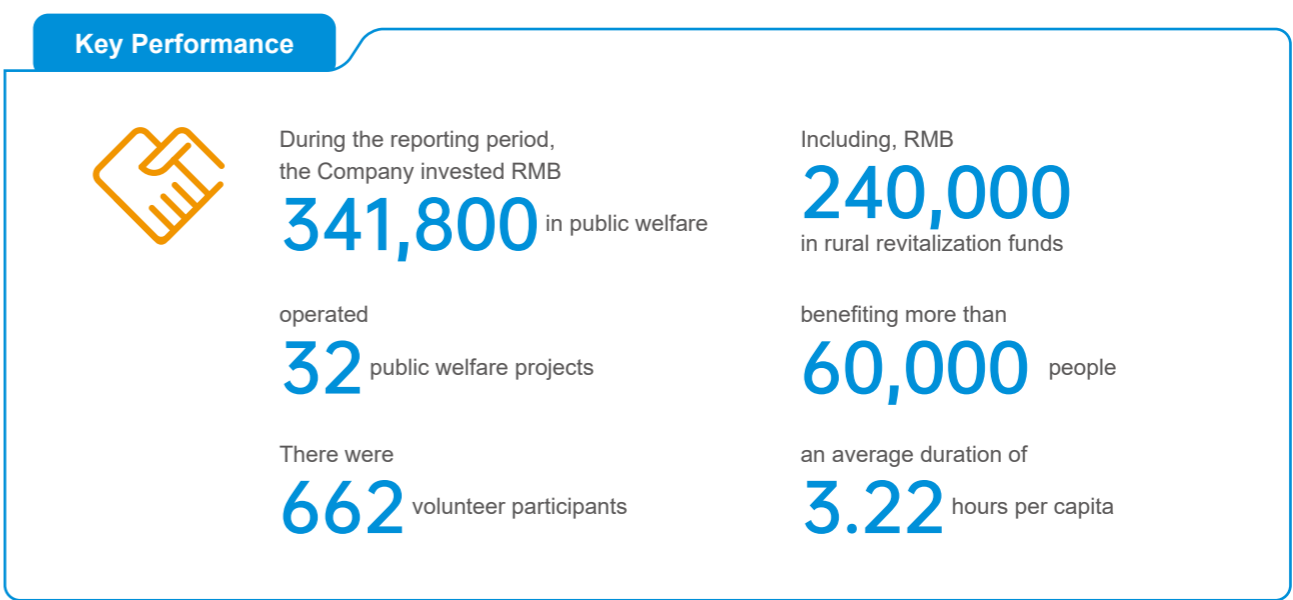


## Community Responsibility

The continuation and inheritance of public welfare undertakings is an important step for Huaqin to fulfill corporate social responsibility. Since its establishment in 2011, Huqin Care Fund has always adhered to caring about employees and fulfilling social responsibility. With the core mission of "improve people's communication and life", we have always engaged in public welfare. The Company actively integrates the concept of social responsibility into its daily operations, actively fulfills social responsibilities, engages in public welfare undertakings, and organizes various activities to give back to society. All of these efforts contribute to the construction of a harmonious society.



Main Scope and Projects of Public Welfare



Case: Green Power on Campus

In response to the strategy of “carbon peaking and carbon neutrality”, the Company planned and implemented the “Green Power on Campus” project, which used solar energy as the source and combined photovoltaic (PV) and energy storage to ensure uninterrupted green power supply to schools in areas with weak educational resources. This project promoted the realization of the “National High-quality Education Project”, and initiated a zero-carbon new campus life.

In March 2023, the Company inspected and accepted the first-phase project based in Huining County, Gansu Province, and conducted on-site investigations and evaluations of the second-phase project there. During the reporting period, this project generated **76,000** kWh of electricity accumulatively, equivalent to a reduction of **43.34** tons of carbon emissions, with a total annual income of RMB **23,200**. The installation site of this system has also become an educational demonstration point for low-carbon technology in the region.



Photo of the On-site PV Panel

Case: Inheriting Chinese virtues and caring for the elderly

In October 2023, Huqin organized enthusiastic volunteers in Shanghai, Wuxi, and Xi'an to carry out elderly care activities titled “Care for the Elderly on the Double Ninth Festival”, and passed on warmth and care to the elderly. Our volunteers donated milk, toiletries, rice, and oil to Shanghai Beicai Lianxi Nursing Home, Wuxi Xinan Elderly Service Center, and Xi'an Elderly Apartment, promoting the traditional Chinese virtues of respecting, loving, and assisting the elderly.



Care for the Elderly on the Double Ninth Festival



Case: Revitalizing rural areas, and protecting intangible cultural heritage projects

Based on the rural revitalization project, the Company further established the Dulongjiang Intangible Cultural Heritage Handicraft Assistance Project in Gongshan County, Nujiang Prefecture, Yunnan Province in 2023. This project not only helps solve employment problems in rural areas, supports the promotion of excellent traditional culture, but also contributes to the development and utilization of traditional handicrafts and the development of cultural tourism industries in Gongshan County.



Donation Certificate



Training Completion Ceremony



Communication with and Care for Autistic Children – Nanchang Ronghe Project



Love Library - Donation of Books to Puzhui Primary School



Science Popularization Campus Tour



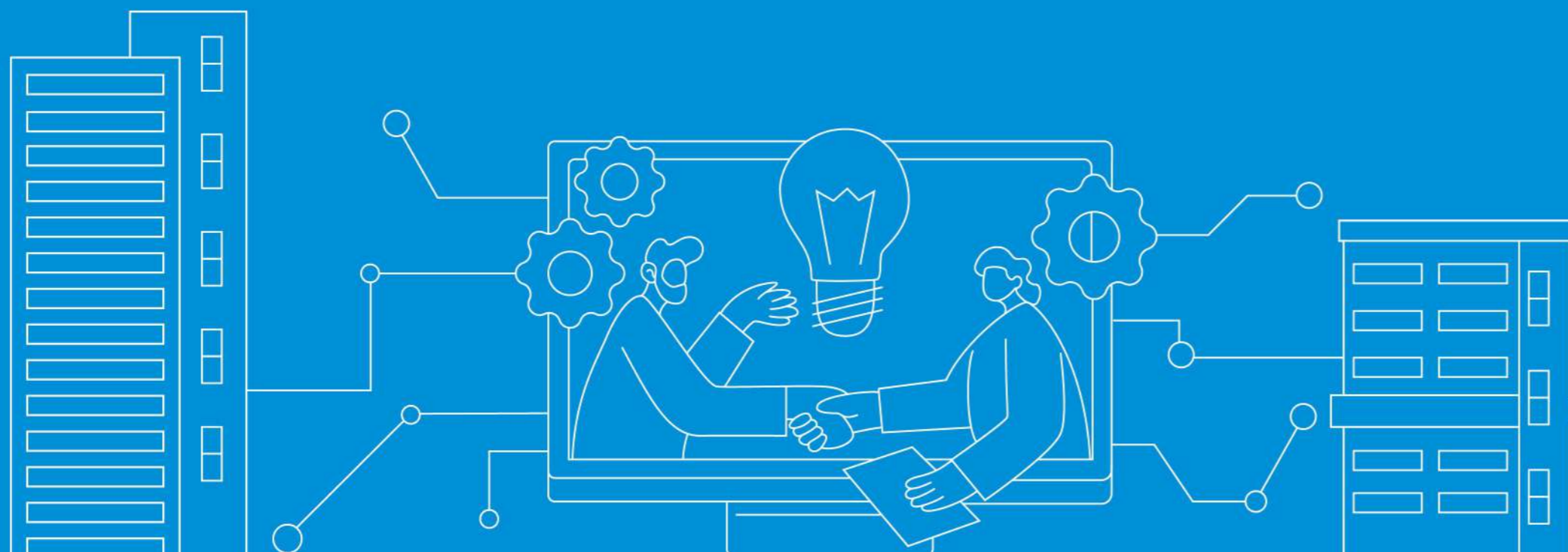
Huaqin Public Welfare Forest - Planting site in Minqin County

# 04

## Healthy Ecosystem



Huaqin actively establishes long-lasting and productive cooperation with customers, suppliers, and industry partners. We continue to intensify R&D efforts and rigorously control quality and safety to ensure that our products remain at the forefront of the industry and meet the constantly changing needs of the market and customers. We remain committed to playing the main value of the industrial chain and assisting in building a healthy industrial ecosystem, contributing to building a healthy industry ecosystem, and jointly promoting the development of the industry.



# Technology R&D and Innovation

With great importance to technical and management innovation, Huaqin increases resource investment in R&D technology, the building of R&D teams, and the expansion of R&D business. Adhering to independent innovation, we actively lay out leading industry technologies, and tackle technical difficulties in the industry.

## Innovative Management Process

The Company has introduced an Integrated Product Development (IPD) management model. Under this model, we have established an IPD-based management system and end-to-end product development process to promote information flow, cross-domain cooperation, and teamwork. We work to create a “proactively responsible team-based management” model and to realize efficient operation of the organization. These efforts not only support the continuous development of the Company at the same time of maintaining flexibility and efficiency but also allow more excellent talents to fuel the development of customers and the Company while they keep improving themselves.

Meanwhile, IPD management reshapes organizations and processes, clarifies responsibilities, and ensures the effective allocation of human resources in the stages of project establishment and development. The internal resources are integrated into developing projects for customers. As a result, the process, standardization, and digitization of our R&D management are further improved.

Department boundaries are broke to establish a mixed team with end-to end (E2E) accountability, and information is shared at all times.

The team focuses on products and is responsible for the success of products



Decision-making is balanced and comprehensive, representing the balanced interests of multiple parties, and the knowledge and experience from multiple fields are integrated

The total development cycle is short, activities in all aspects are adequate, and collaboration efficiency is high

A structured process, compliance with the process, orderly and efficient synergy among various fields to quickly meet customer needs.

IPD management features

## Increased Investment in Technology R&D

While focusing on enhancing its reserve of cutting-edge technology, Huaqin keeps building innovative platforms, lays out frontier technology fields, attracts top technical talents, and expands R&D capabilities. We also make continuous efforts to enhance our core competitiveness and leading technological advantages, so as to gradually construct a globally competitive R&D layout and multi-level R&D system.

### X-lab

Responsible for the R&D of innovative technologies and application technologies, which covers five research directions: acoustics, optics, batteries (new energy), thermal design, and microwaves, and continuously enhance the technological reserve for productization, so as to achieve the Company’s leading position in cutting-edge technology. During the reporting period, the Company invested RMB **72,771,200** in X-lab.

### Software and Evaluation Center

Undertake the pre-research of new products and new technologies in the software and evaluation fields, project human resource support, capacity building, management and delivery of the entire software life cycle, and achieve business objectives.

### Innovation platform construction

#### Complete Machine Structure Design

- All Product Categories
- 5ATM&IP68
- Slim and Light Model
- Narrow Bezel
- Gap & Segment Difference Control
- New Material Development

#### Hardware Design and R&D

- Multi-platform
- Lowe Power Consumption
- 5G
- Global Operator Certification
- Thermal Design
- Optical Design

#### Software Design and R&D

- Multi-platform
- Software Architecture Design
- Camera Calibration
- Stability
- Maintainability
- Sensor Calibration

Advanced R&D Capability

To ensure the foresight of technology R&D and the reliability of product quality, the Company has established professional laboratory resources in Shanghai, Dongguan, Wuxi, Nanchang, Xi'an, and other locations. Among them, the laboratories in Shanghai, Dongguan, and Wuxi have successfully passed the laboratory certification of the China National Accreditation Service for Conformity Assessment (CNAS).



Subsidiaries of Huaqin obtained CNAS Laboratory Accreditation Certificate



Professional laboratory resources


Since the end of 2021, the Company has initiated the construction of the Knowledge Management Platform (KMS). In this process, we transform the experience accumulated in products into potential energy for sustained advancement and gain knowledge advantages to support talent growth and enhance the competitiveness of enterprise intelligent manufacturing. In 2023, the Company's KMS won the 2023 China MIKE Award, the Oscar for knowledge management in China.



Data Dashboard of Knowledge Management Platform

While developing and cultivating highly skilled R&D personnel and teams, the Company has formulated and implemented the *Innovation Incentive Management System* and *Technology Innovation Management Code* and regularly conducts innovation selection activities to stimulate the innovative vitality of R&D teams.

Key Performance



During the reporting period, the Company selected a total of **168** innovative projects

paid innovation rewards totaling RMB **5,135,300**




Technological Innovation Selection Activities

Case: Making a breakthrough in aluminum sheet localization to supply lighter and more environment-friendly products

The year 2023 has also seen a breakthrough in the aluminum sheet localization of the Company in the field of smartphone and tablet design. By replacing aluminum alloy with aluminum sheets and plastics, the process becomes simpler and more environmentally friendly. While meeting performance requirements, the weight of each phone case can be reduced by **15-20%**. Based on the shipment volume of this product category, metal usage can be reduced by approx. **40** tons annually.

Key Performance



By the end of the reporting period, the Company had shared **34,127** pieces of knowledge

established **813** collections

realizing the unified knowledge language and cross-departmental sharing and communication.

Case: Joining hands to release a new generation of data center products and service platform

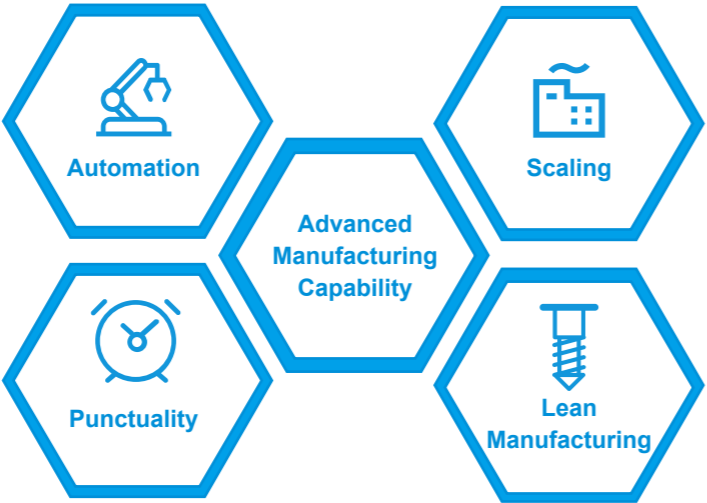
In September 2023, the Company held a press conference for new-generation data center products and service platforms under the theme of the "Mountain and Sea Plan". At the conference, the Company released the Taihang series, an intelligent computing product, the Qilian series, a general-purpose computing product, and the "Qinghai Lake" service platform V1.0, aiming to create new high-performance data center products with innovative technology architecture and full-stack services with ultimate experience.



Product Press Conference

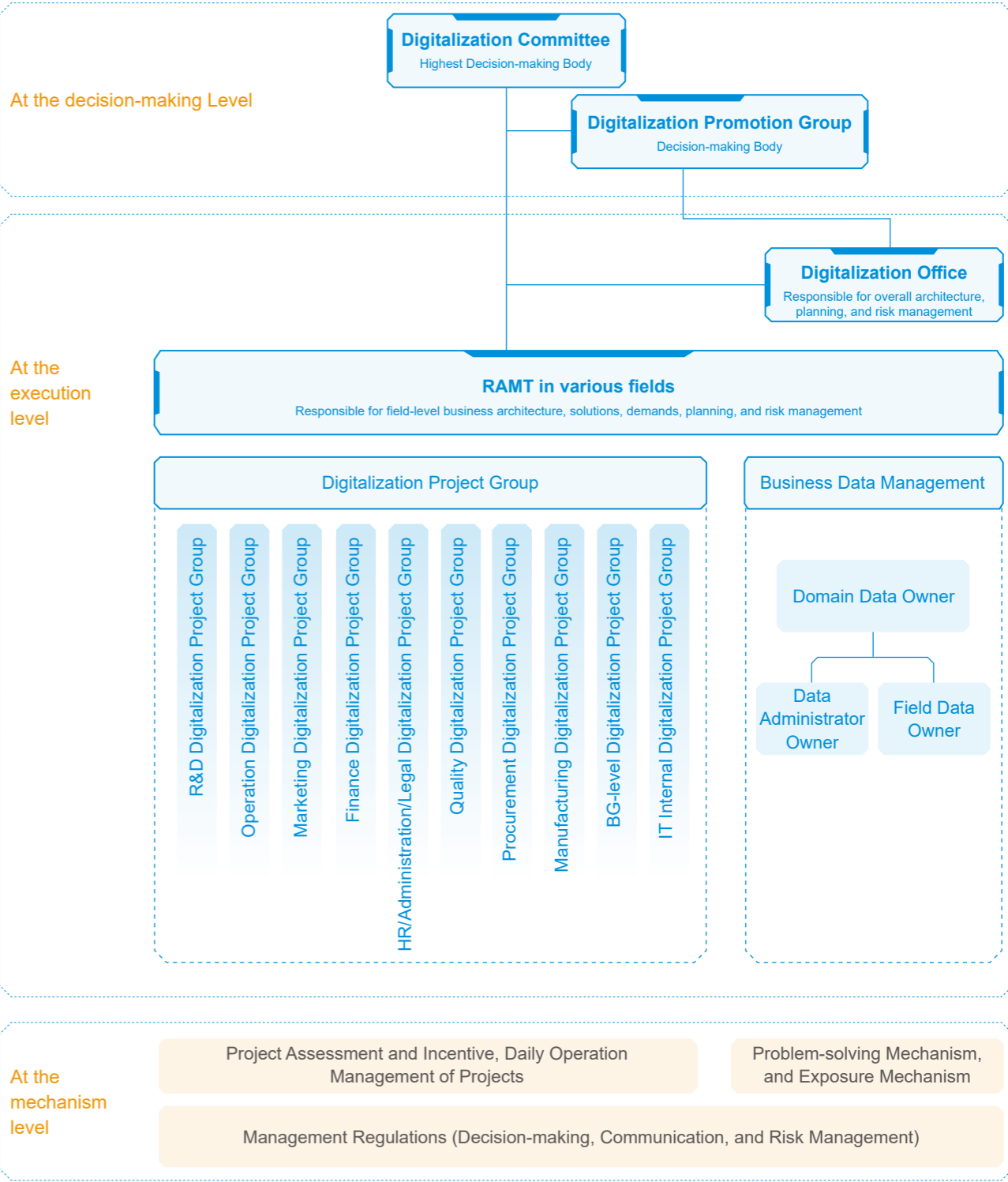
Digital Intelligence Development

Huaqin remains committed to improving its level of digitization, automation, and learning, and enhancing production efficiency and product quality. We aim to develop advanced manufacturing capabilities throughout the field of intelligent hardware.



Digital Transformation

The Company has established a Digitalization Committee and built a digital system around the Supply Chain Operation Center. The full-process digital management from demand-side, supply-side to execution-side has been realized, ensuring rapid, accurate, efficient, and transparent production and operation processes.



Organization Structure of Digital Management

MRP | Material Reserves

- Fast MRP Plan (within 30 mins) to respond efficiently to customer changes
- Meet complex substitute material selection scenarios

APS | Production Promotion

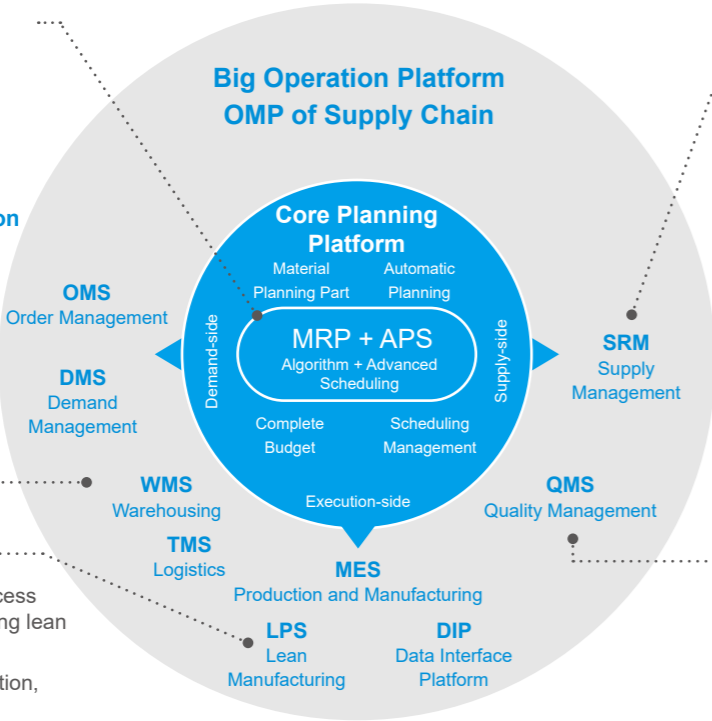
- Accurate planning, and efficient scheduling

WMS+TMS

- Full-link visual logistics warehousing

MES+LPS+DIP

- Full-process production process control, leading manufacturing lean improvement
- Cross-domain data aggregation, ensuring stable delivery of diversified products by the Company



SRM

- Efficient sourcing, and compliant procurement
- Fine management of the procurement process

QMS

- End-to-end process connectivity, covering all business
- Data transparency, improving management accuracy and efficiency

Operation businesses empowered by digitalization

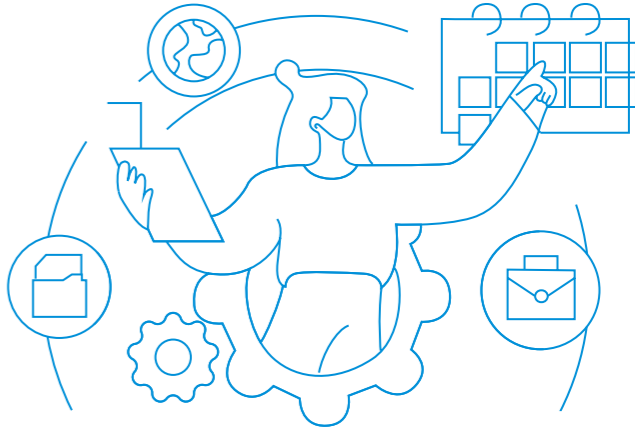
Intelligent Manufacturing

The Company has built the Huaqin Intelligent Manufacturing Data Platform under the principle of “unified platform, unified data, and unified operation”, including the Manufacturing Command Center, Central Control Screen, and Intelligent Decision-making Center. Further, it has built an intelligent manufacturing system covering data-driven management, data-driven business transformation, and data-assisted management decision-making, and built a fully visual and controllable digital factory. By the end of the reporting period, the Company accumulated over **25,000** units of automated equipment and over **700** units of robotic automation. With the equipment, we can provide customized, flexible, and high-precision automation production and testing solutions based on customer product characteristics and requirements.



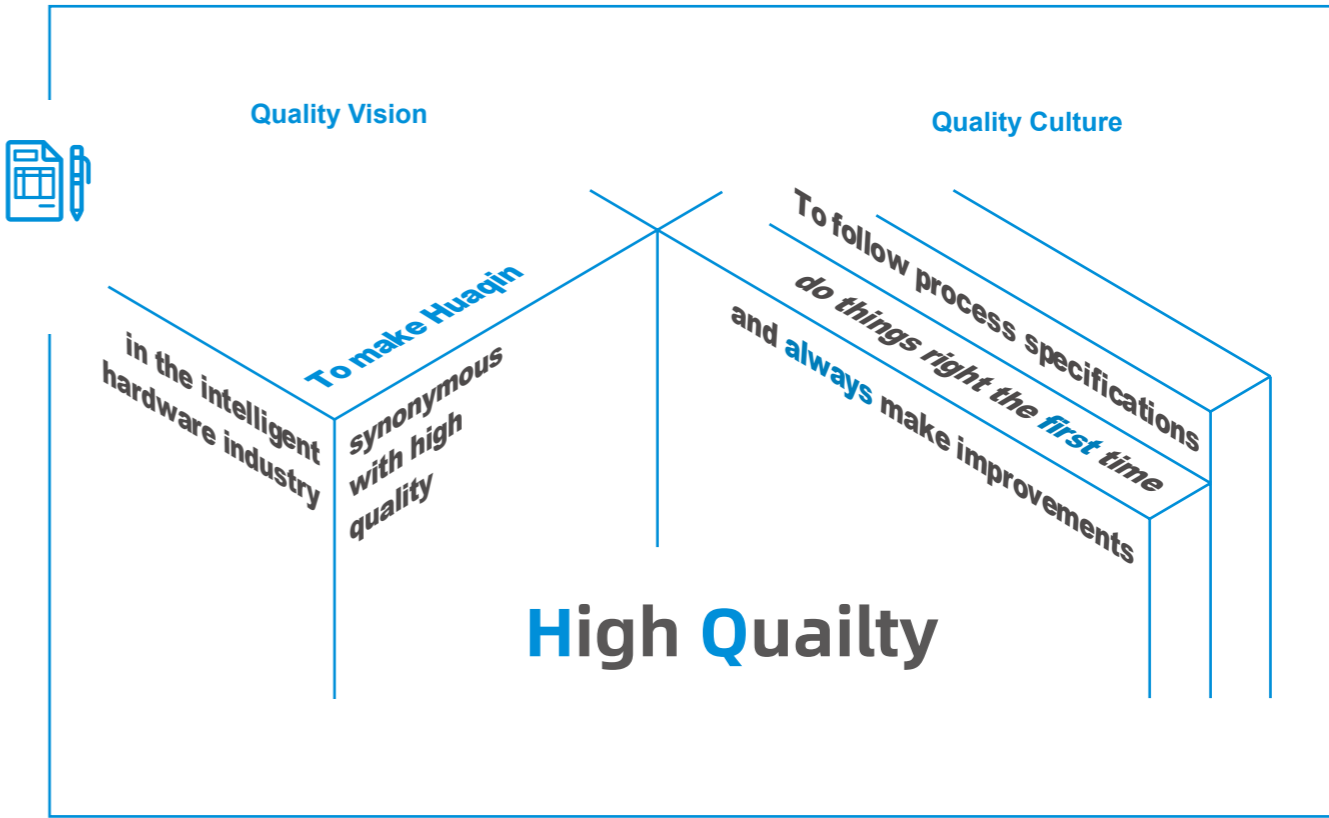
Product Quality and Safety

Huaqin is committed to becoming synonymous with high quality in the intelligent hardware industry. We have put a comprehensive product quality management system in place through precise control in the entire lifecycle. Meanwhile, the Company actively promotes the digital construction of quality, builds quality management information systems, and improves quality management efficiency. In addition, with great importance to publicity of quality culture, the Company improves quality awareness among employees to ensure the effective operation and continuous improvement of the quality management system and provide customers with excellent products and services.




Quality Management

The Company strictly complies with the *Production Quality Law of the People's Republic of China*, and always regards high-quality products as one of its long-term strategies. We keep improving the product quality control system, and accurately control such aspects as product R&D design, raw material procurement, production and manufacturing management, product circulation, supply guarantee, and after-sales service, so as to create a high-quality company.




## Quantity System Construction


Huaqi's R&D and manufacturing centers have all passed ISO 9001 quality management system certification, and based on the customer demand and the Company's development strategy plan, have passed IATF 16949 international standards in the automotive industry for quality management, and ISO 13485 medical device quality management system certification.



Huaqin and its Subsidiaries Obtained ISO 9001 Quality Management System Certification



Dongguan Qinling Automotive Electronics Co., Ltd., a Subsidiary of Huaqi, Obtained IATF 16949 Quality System Certification



Dongguan Heqin Electronics Co., Ltd., a Subsidiary of Huaqi, Obtained ISO 13485 Quality Management System Certification

The Company fully integrates the concept of product quality management into the entire lifecycle covering planning, design, R&D, production, release, and after-sales, to comprehensively manage and improve product quality.

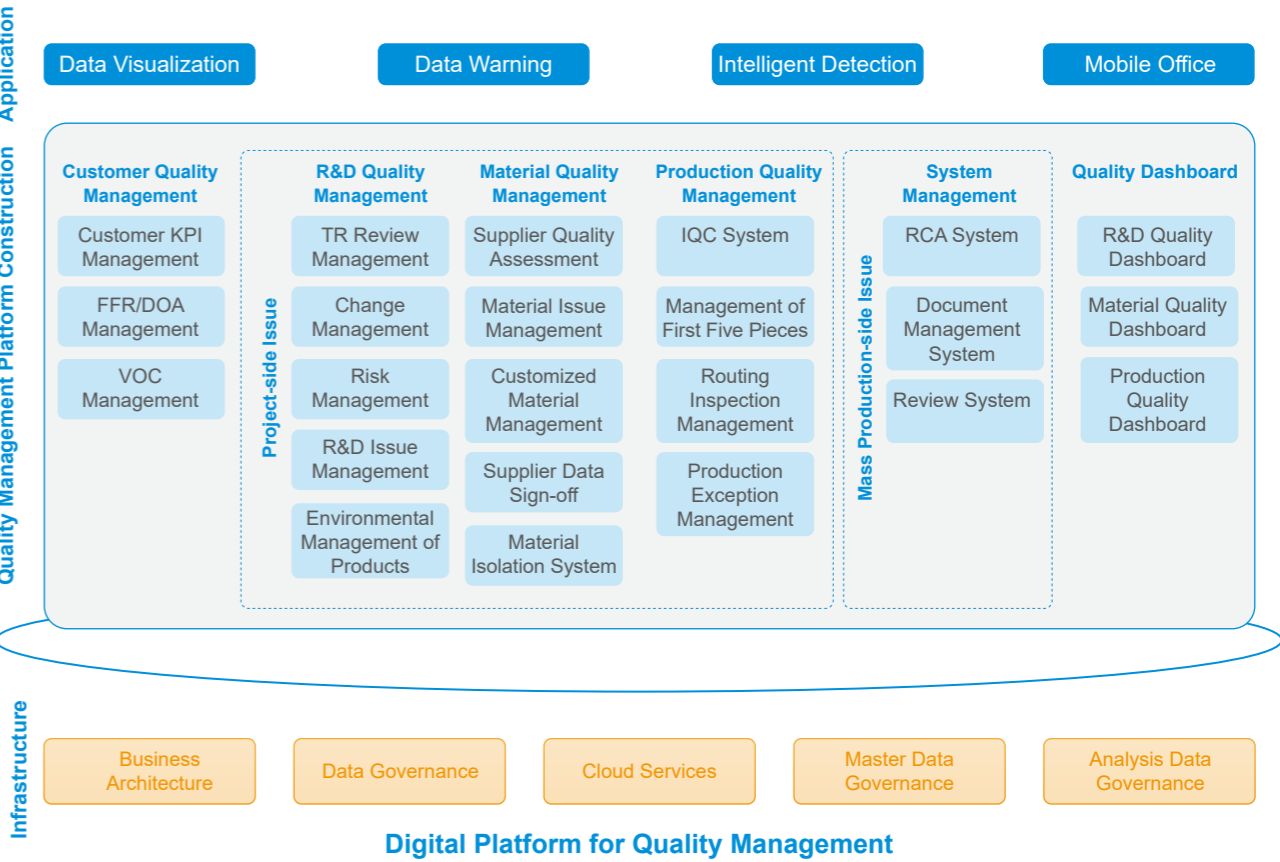


R&D Quality	Standard Protocol Identification and Establishment	Project Quality Scheme Planning				TOPN Special Quality Improvement	
		Test Strategy Management	Product Technology Review	3T Trial Production Site Support	Change Management	After-sales EWP Management	
Material Quality	Supplier Review and Certification	Material Selection	Material Maturity Control	Sample Sealing Management	QSA/QPA and Exception Management	KPI Monitoring and Supplier QBR	
Production Quality	Factory/Big T Certification	Trial Production Quality Control	Line Certification	Resource Matching Risk Management	Production Ramp-up Management	TQM Supervision	Mass Production Delivery Quality Assurance
Management System	ISO 9001 Quality Management System	Environmental Management System Occupational Health Management System	Medical Device Quality Management System	Hazardous Substance Management System	Automobile Quality Management System	CSR Management System	Information Safety Management System
IT System	Project Management PLM System	Issue Management JIRA System	Traceability System MES	Exception Management OA	Document System DCC System	Data Analysis Quality BI	

Quality Management Throughout the Entire Lifecycle of Products

## Quality Digitalization

The Company values digitalization of quality management. We design, construct, update, and iterate quality module information systems tailored to the industry and our own characteristics. We have established a digital platform for quality management covering customers, R&D, materials, production, and systems. By adopting quality control models such as interconnection with business systems, recording quality data capture, data visualization and analysis, online quality measurement, and real-time process progress visualization, Huaqin gradually promotes the interconnection of quality information, paperless quality inspection, and transparent quality management, comprehensively enhancing the level and efficiency of quality management.



## Empowerment by Quality Culture

To enhance the quality awareness of all employees, the Company puts forward the requirement of “quality rigidity”, holds quality strategy meetings monthly, and promotes discussions of typical cases in “Quality Appraisal”. Our employees all bear quality in mind through activities such as quality red and black lists, quality skill competitions, quality knowledge training, continuous improvement (TOP N special projects, QCC, Six Sigma, RCA, etc.), and quality awards, to build a high-quality guarantee line.

**Case: Six Sigma capability building**

In 2023, the Company adopted a dual-channel model of “qualification certification + project practice” to carry out the Six Sigma capability-building project, thereby promoting the improvement of quality operation efficiency and process optimization. Through daily knowledge push, professional training guidance, special project practice, and Six Sigma salon, etc., we have created 2 “demonstration-level” achievements of the China Quality Association Six Sigma Management Black Belt and helped 38 employees obtain the China Quality Association Six Sigma Green Belt/Black Belt qualification.

Since 2008, the Company organized a “Quality Month” campaign every September to promote quality vision, goals, and management policies comprehensively. In the “Quality Month” campaign under the theme of “Quality Concerns Us All and the Future” in 2023, we conducted a series of colorful quality promotion activities such as VP&LPDT high-quality endorsement, quality image ambassador, company-side quality knowledge exam, and quality challenge game, aiming to enhance the quality awareness of all employees.



Quality Month Campaign under the Theme of “Quality Concerns Us All and the Future”



Company-side Quality Knowledge Exam

Key Performance



26 quality image ambassadors were selected in the "Quality Month" Campaign



3,400+ trainees participated in the campaign



98.7% of employees attended the quality knowledge exam



99% passed

During the reporting period,



129 quality training sessions were offered



9,663 persons participated in the training

Customer Service

Huaqin has established a sound customer complaint and after-sales problem handling process, which is promoted by the quality operation team and the Customer Quality Manager (CQM). The CQM team, as the primary person responsible for customer satisfaction, leads the handling of customer complaints. Specifically, the CQM team organizes a multi-domain and multi-level task force based on the categories and severity of customer complaints, and leads this task force to resolve issues according to customer demand. The Project Quality Engineer (PQA) team, as the core personnel of product end-to-end quality management, leads the handling of after-sales problems. The Company will establish an after-sales exception working group (EWG) with the collaboration of project, R&D, engineering, quality, and other fields at the early stage of product launch, so as to shorten the time for resolving customer issues.

Basic Process for Handling Customer Complaints and After-Sales Issues

Case: Responding actively and efficiently to customer complaints, and investigating relevant issues

In January 2023, the Company received a customer complaint about charging failure issues of a certain terminal product. The PQA team quickly responded and pinpointed the cause of the problem within the shortest period. To thoroughly eliminate similar issues from the root, the Company's Technical Committee organized a comprehensive inspection of a total of 1,122 common materials across multiple categories and conducted a special quality management program in new projects to identify risks and validate the 3T importation. With these efforts, similar issues are avoided completely.

Year	Customer satisfaction survey score
2021	7.1
2022	7.8
2023	7.82

Note: The full score of the customer satisfaction survey is 10.

## Honor

By insisting on delivering high-quality products and services, the Company has been widely recognized by customers. During the reporting period, we received multiple honors such as Outstanding Supplier and Excellent Quality Awards presented by customers.



Amazon

Best Continuous Improvement Award



Lenovo

Quality Operation Award



Lenovo

Outstanding Quality Management Award



OPPO

Project Quality Award



realme

Outstanding Project Team Award



Xiaomi

Annual Excellent Quality Team Award



vivo

Excellent Quality Award

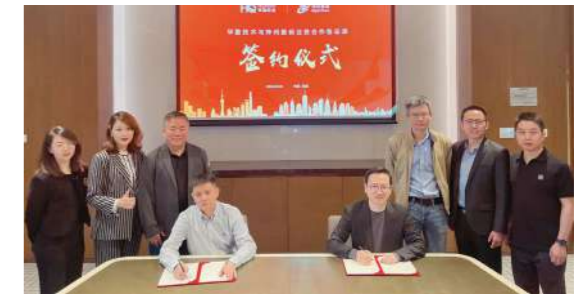


## Industry Leadership and Cooperation

Adhering to the concept of open collaboration, Huaqin actively participates in industry exchanges and exhibitions, continuously expands the scope of cooperation, deepens cooperation, and works with all parties to promote the vigorous development of the industry, making greater contributions to the prosperity and progress of society.

### Case: Expanding data product collaboration scenarios, and signing the *Memorandum of Understanding with Digital China*

In March 2023, the Company signed the *Memorandum of Understanding with Digital China*. The two parties agreed to establish a long-term and in-depth business cooperation relationship in areas such as data center products, channels, technology, and digital ecosystem integration. Capitalizing on the advantages of each other, we work together to broaden the market layout, develop efficient and collaborative innovative technologies and solutions, and create a new ecosystem for the data center industry.



Signing Ceremony between the Company and Digital China

### Case: Creating an ecosystem, and jointly launching specialized gaming devices

The Company deepens its global strategic partnership with Qualcomm. Specifically, they move beyond strategic procurement relationships and carry out comprehensive cooperation in fields such as laptop platforms and gaming platforms. More and better-specialized gaming devices based on the new Snapdragon G series handheld gaming product platform will be jointly launched, enabling players to enjoy their favorite games on different terminals and ecosystems.

### Case: Industry-research cooperation to empower the new infrastructure of the digital economy

The white paper *Strengthening Digital Infrastructure for Moving Toward a Future Intelligent World*, jointly produced by the Company and the International Data Corporation (IDC), was released. Based on years of industry insights of the IDC team, the accumulation of Huaqin in the field of smart hardware, and extensive research, the white paper systematically and rigorously elaborates on topics such as "Future Blueprint of the Digital Economy", "Layout of Digital Infrastructure Ecosystem", "Current Development Factors of Data Centers", "Opportunities for Full-Stack ODM in New Industry Models". Thanks to the white paper, more industry forces are gathered to jointly promote the construction of digital infrastructure, contribute to economic growth, and improve quality and efficiency.



Scan the QR Code to download the white paper

White paper - *Strengthening Digital Infrastructure for Moving Toward a Future Intelligent World*

Case: Huaqin Closed Salon of Automotive Electronics

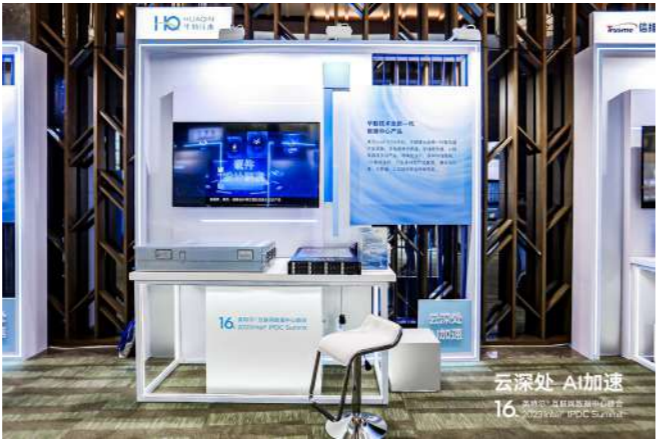
During the 20th Shanghai International Automobile Industry Exhibition, the Company held Huaqin Closed Salon of Automotive Electronics, focusing on “New Species, New Strength, and New Partners”. Hong Yifeng, the senior vice president and the general manager of the automotive electronics business unit of the Company, along with the market, product, and R&D teams of the automotive electronics, explored new cooperation models with nearly 60 upstream and downstream partners, so as to create a new ecosystem for the automotive industry.



Huaqin Closed Salon of Automotive Electronics

Case: Attending the Intel IPDC Summit with new products

The Intel Protocol Data Center (IPDC) Summit was held in Wuhan in September 2023. The Company was invited to attend as an ecosystem leader. At the conference, with its strategic products, the Company shared and exchanged the latest industry trends, product features, new cooperation models, and new technology landing solutions with global peers, customers, experts, and media, focusing on the innovative transformation of Large Language Models (LLM) technology.



Booth of the Company at the Intel IPDC Summit

Case: Attending the Fortune China 500 Summit to discuss “Accelerating Industrial Interconnection”

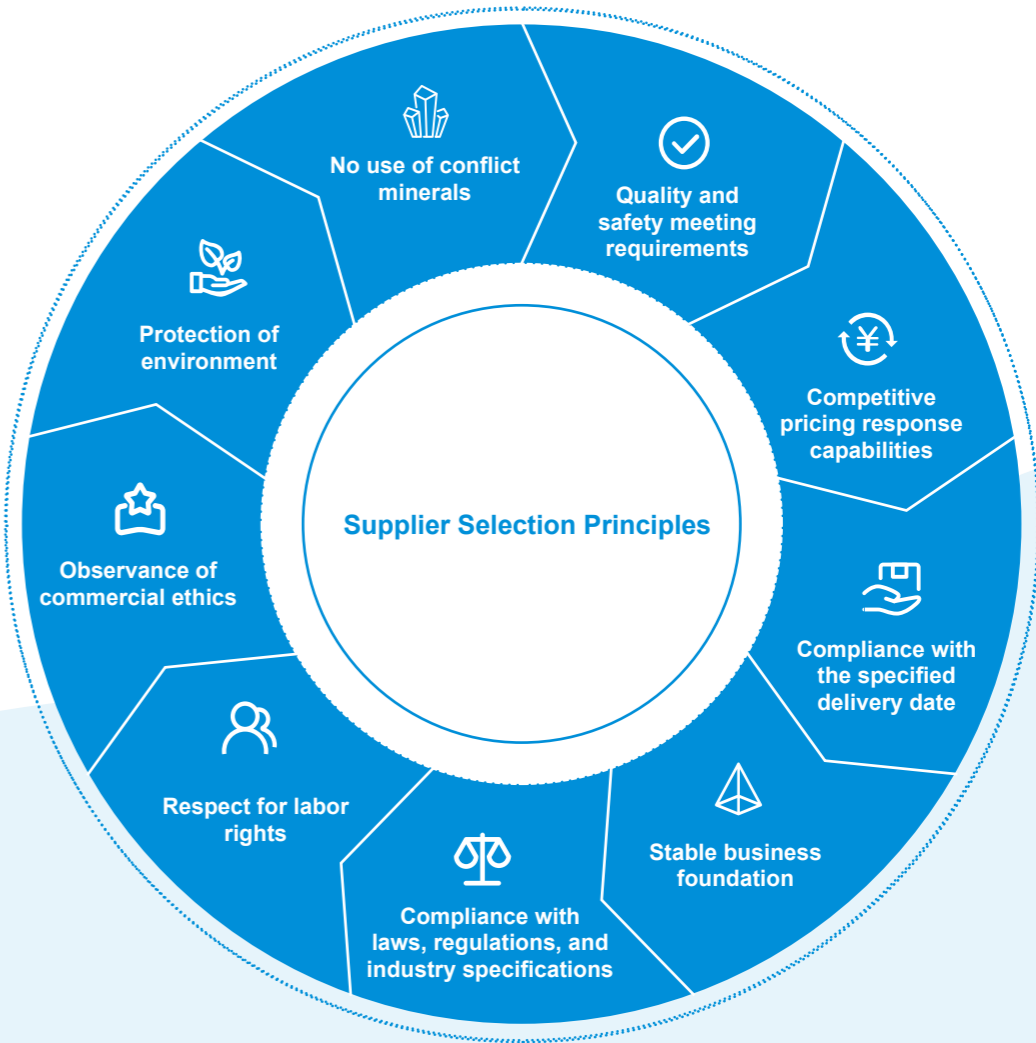
In November 2023, the Company, as the 213th Fortune China 500 company, was invited to attend the 2023 Fortune China 500 Summit and participate in the roundtable discussions. At the conference, the Company talked about how an enterprise can accelerate industry interconnection and promote digital transformation based on its leading industry advantages and experiences.

# Sustainable Supply Chain

Adhering to the concept of win-win cooperation, Huaqin has established a comprehensive supply chain lifecycle management process. We place great importance on the development of a responsible supply chain, promote environmental and social responsibility management and empowerment of suppliers, and work with suppliers to build an honest, safe, reliable, green, and sustainable value chain.

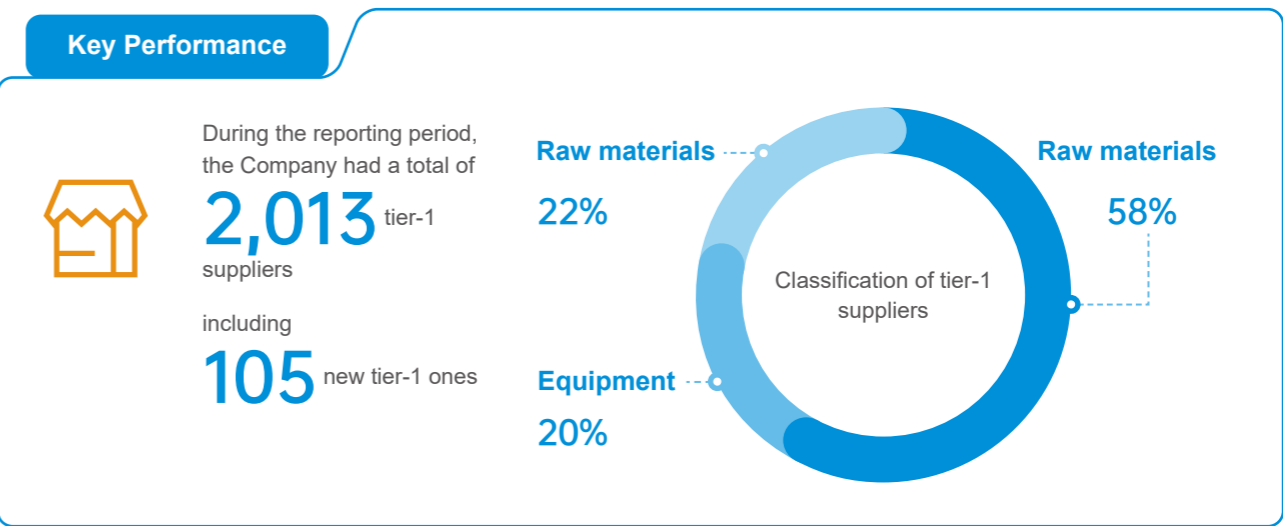
## Supply Chain Management

Huaqin is committed to establishing transparent, trustworthy, fair, and sustainable long-term cooperation with stable and reliable suppliers with good commercial reputations. We have put supplier selection standards and access thresholds in place. Comprehensive assessments and audits are conducted on potential partners to ensure that they meet the business standards and requirements of the Company.

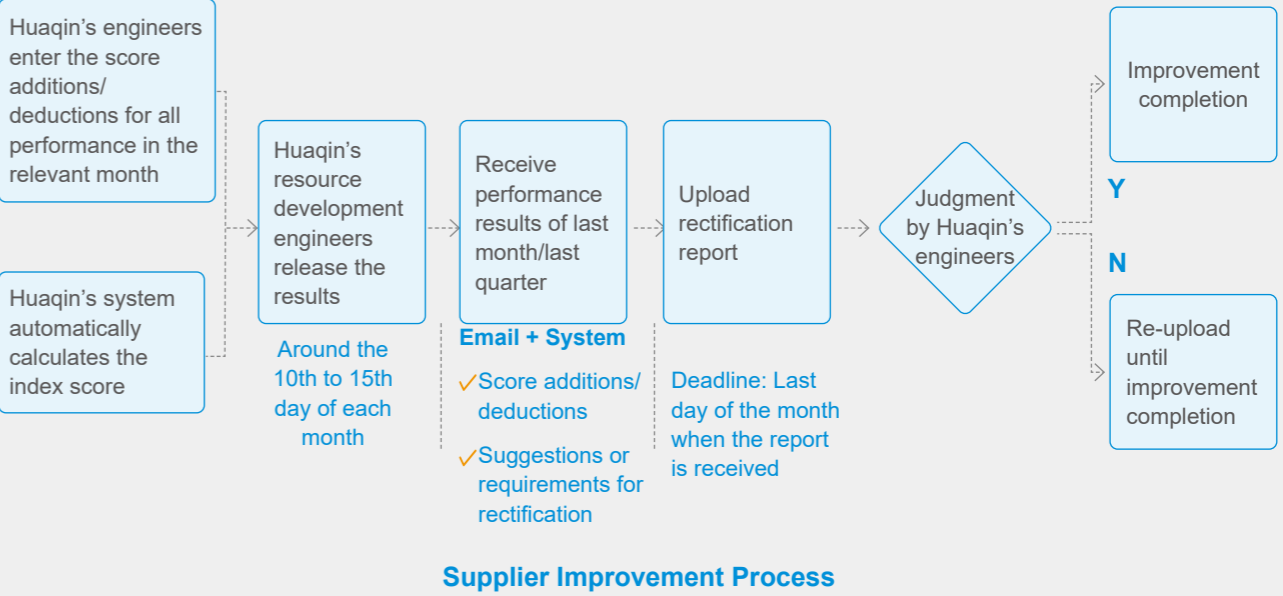


Operating Requirements for Tier - 1 Supplier Access Management System

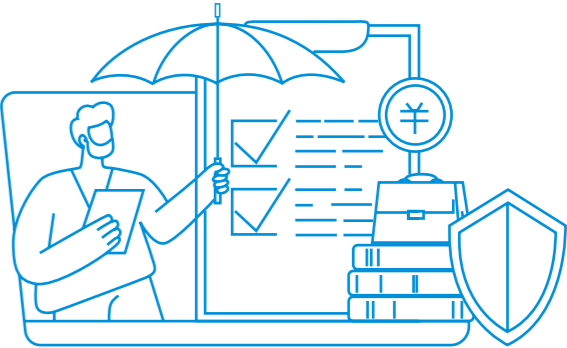
Product Technology Management System	<ul style="list-style-type: none"> <li>High product technical maturity, and ability to provide reliable product specification test reports, with the technology management system meeting the Company's requirements</li> </ul>
Product Quality Management System	<ul style="list-style-type: none"> <li>Quality Assurance System passed ISO 9001 certification or equivalent certification</li> <li>Reliable quality, and able to provide the reliable product reliability test report</li> </ul>
Product Environment Management System	<ul style="list-style-type: none"> <li>QC 080000 system certificate or documents available</li> </ul>
Occupational Health and Safety Management System	<ul style="list-style-type: none"> <li>Pass ISO 45001 system certification. If not, a commitment on certification shall be completed within 9 months</li> <li>Have no labor and safety violations in the past two years</li> <li>Be listed on the government website with corresponding qualifications</li> </ul>
Environmental Management System	<ul style="list-style-type: none"> <li>Pass ISO 14001 system certification. If not, a commitment on certification shall be completed within 9 months</li> <li>Have no labor and safety violations in the past two years</li> <li>Be listed on the government website with corresponding qualifications</li> </ul>
Corporate Social Responsibility (CSR) System	<ul style="list-style-type: none"> <li>Comply with regulations and RBA requirements, have no violations of labor, fire, environmental, and safety health regulations, no violations of Huaqin's CSR red lines (forced labor, use of prison labor, collective labor disputes, mass casualties and injuries, and violations of business ethics).</li> <li>Have no negative records on the IPE website. If any, such records must be eliminated within 6 months.</li> <li>Agree to sign the CSR agreement and accept the annual CSR review (online and on-site).</li> <li>Not use conflict minerals (tungsten, tin, tantalum, gold, cobalt)</li> </ul>
Information Security System	<ul style="list-style-type: none"> <li>Establish an information security management organization and operate regularly</li> <li>Develop and implement relevant standards, policies, and systems for information security management</li> <li>Classify and manage information assets</li> <li>Strictly implement the principles of "job relevance, minimum authorization, controlled approval, and distrust" in the access and use of information assets</li> </ul>



The Company has established the *Supplier Red and Yellow Light Management Code* and formed a supplier review team composed of business, procurement, development, material quality, information security, and environmental protection departments. We conduct regular reviews and ratings of suppliers, continuously trace and manage key issues in a closed-loop manner, and guide suppliers to fulfill their responsibilities, aiming to build a healthy supplier pool.



The Company has formulated strict *Supplier Exit Procedures* and *Supplier Blacklist Management System*. Once a red line event occurs, the Company will take necessary measures to name the relevant supplier in the blacklist, inform it of the specific reasons and the blacklist handling methods.



Supply Chain Risk Management

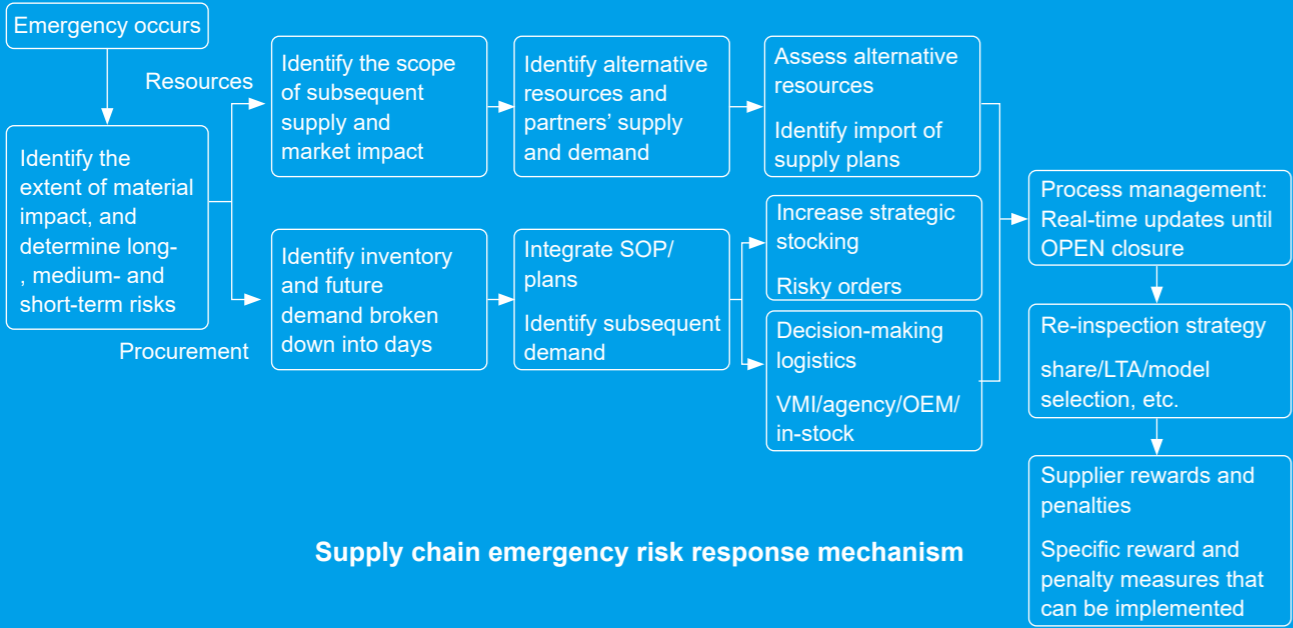
The Company identifies, assesses, responds to, and monitors various potential risks that may affect the normal operation of the supply chain, and timely reduce the impact of risks on business. We aim to ensure the stability and continuity of the supply chain and enhance business resilience and competitiveness.



Supplier Classification Management



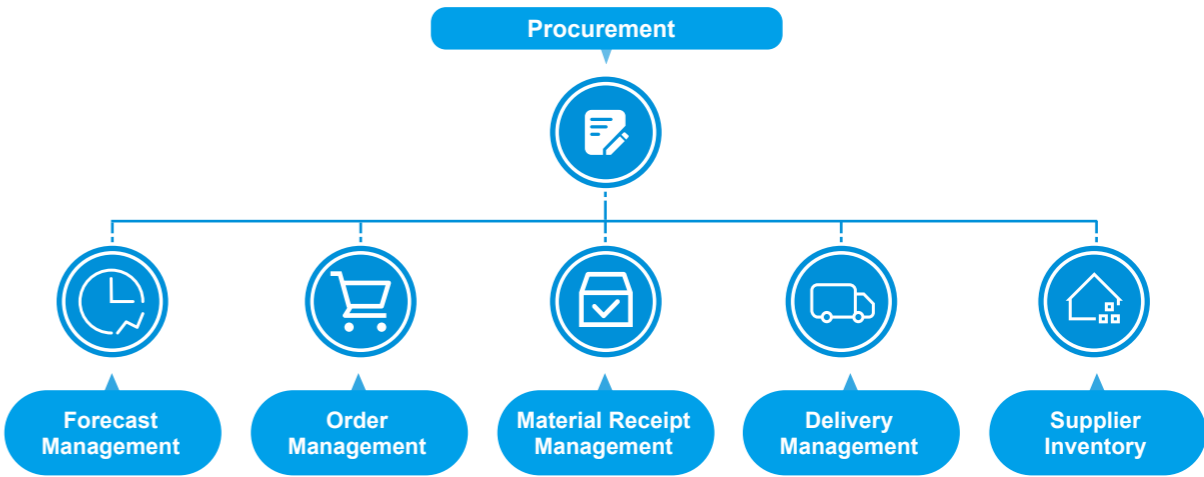
Supplier Risk Management



Supply chain emergency risk response mechanism

Digital Management

In December 2022, the Company launched the new Supplier Relationship Management (SRM) system. This system further optimizes the procurement process, improves information accuracy, and enhances supply chain transparency. In July 2023, the Company introduced corporate social responsibility (CSR) audits into the system, which regularly reminds suppliers and provides timely alerts to ensure the comprehensiveness and timeliness of CSR audits.



SRM Supplier Relationship Management System Architecture



SRM System

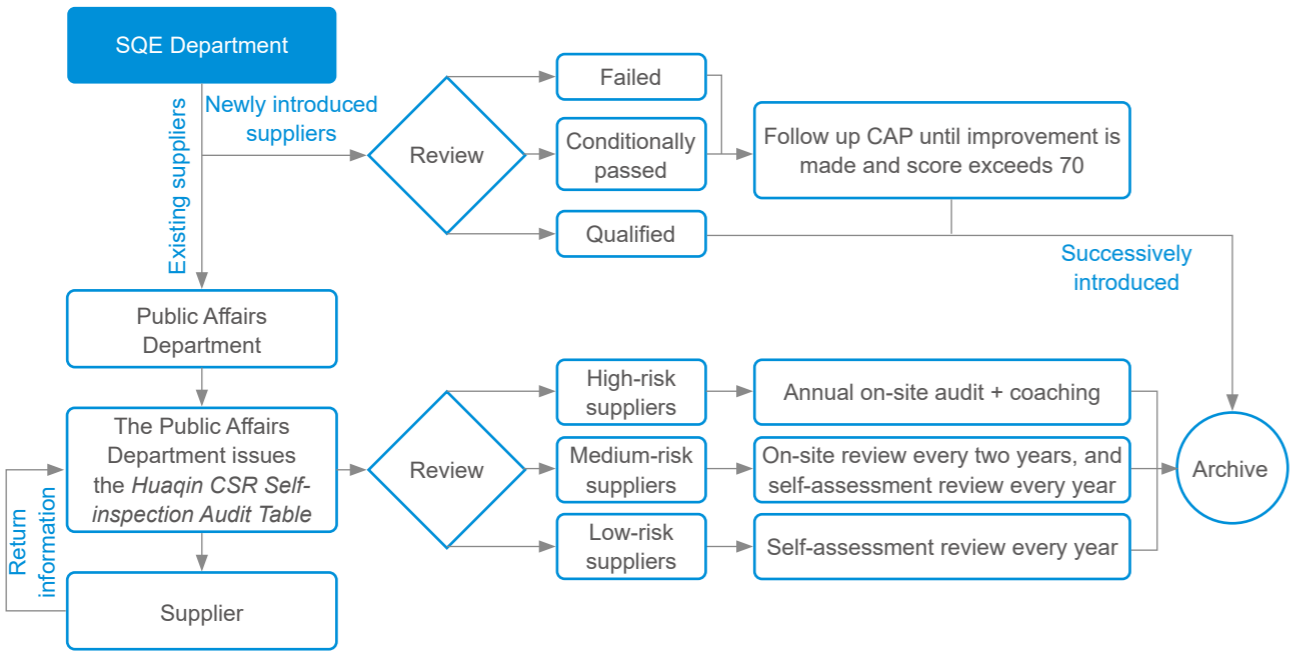
## Supplier Environmental and Social Responsibility Management

Huaqin pays special attention to supplier environmental management and social responsibility and has formulated the *Supplier Corporate Social Responsibility Management Procedures* and *Supplier Quality Management Assessment (QSA) Introduction Review Form*. The two inspection modules of environmental protection and social responsibility are defined as threshold modules, with veto power.

Environmental protection	Social responsibility
<ul style="list-style-type: none"><li>● Clear environmental management structure and responsibilities</li><li>● Obtainment of all necessary environmental permits, approvals, and registrations</li><li>● Satisfactory with the requirements of the material environmental policy, establish and implement a hazardous substance control system</li><li>● Research and design of green products</li><li>● Control over pollutants such as solid waste, wastewater, and noise</li></ul>	<ul style="list-style-type: none"><li>● Clear social responsibility management structure and responsibilities</li><li>● Freedom of association and communication</li><li>● Labor protection, non-discrimination, and prohibition of forced labor</li><li>● Good welfare and humane treatment</li><li>● Production safety, equipment safety, fire safety, chemical safety, and occupational health</li><li>● Observance of commercial ethics</li></ul>

Main audit contents of supplier threshold modules

The Company requires potential suppliers to complete self-assessments based on the *Huaqin Supplier Social Responsibility Inspection Report Template* and organize on-site assessments of corporate social responsibility based on the self-assessment results. For listed suppliers, the Company follows the *Responsible Business Alliance (RBA) Code of Conduct* and conducts online self-assessments and reviews on suppliers annually. We grade suppliers based on scores and arrange on-site reviews on medium and high-risk suppliers to ensure that they comply with the Company's ethical and social responsibility standards in operations, and to promote the long-term sustainable development of the supply chain.



Supplier social responsibility audit plan

### Key Performance

	Unit	2021	2022	2023
Percentage of tier-1 suppliers who have signed the clauses containing the environment and labor requirements	%	100	100	100
Number of tier-1 suppliers who have conducted social impact assessments	number	1,671	1,908	2,013
Number of tier-1 suppliers who have conducted environmental impact assessments	number	1,671	1,908	2,013
Number of tier-1 suppliers who have been identified as having actual and potential significant negative social impacts	number	0	0	0
Number of tier-1 suppliers who have been identified as having actual and potential significant negative environmental impacts	number	0	0	0
Percentage of the procurement staff who have passed the sustainable procurement training	%	100	100	100

## Green Supply Chain

In response to international and domestic expectations for low-carbon development and to ensure that the Company achieves its own "carbon peaking and carbon neutrality" goals, we actively promote the green transformation of the supply chain, and gradually carry out carbon emission management for suppliers. We encourage suppliers to actively respond to international, domestic and our customers' environmental protection and carbon reduction goals, carry out relevant management work, establish and disclose their own carbon reduction plans, and implement them according to the plans.



### Transparent Supply Chain

To jointly build a fair, open, just, and transparent business environment, and create a clean, upright, trustworthy, and win-win business atmosphere, Huaqin has signed the *Sunshine Integrity Agreement* with suppliers. The two parties agree to abide by national laws, regulations, and relevant policies on integrity and ensure compliance with the requirements of “Six Noes and One Yes” (i.e., no bribery, no gifts, no conflicts of interest, no falsification, no cutting corners, no fraud, and keeping promises). If a supplier violates the integrity policy, the Company will blacklist it and cease cooperation with it.



Principles of “six noes and one yes”

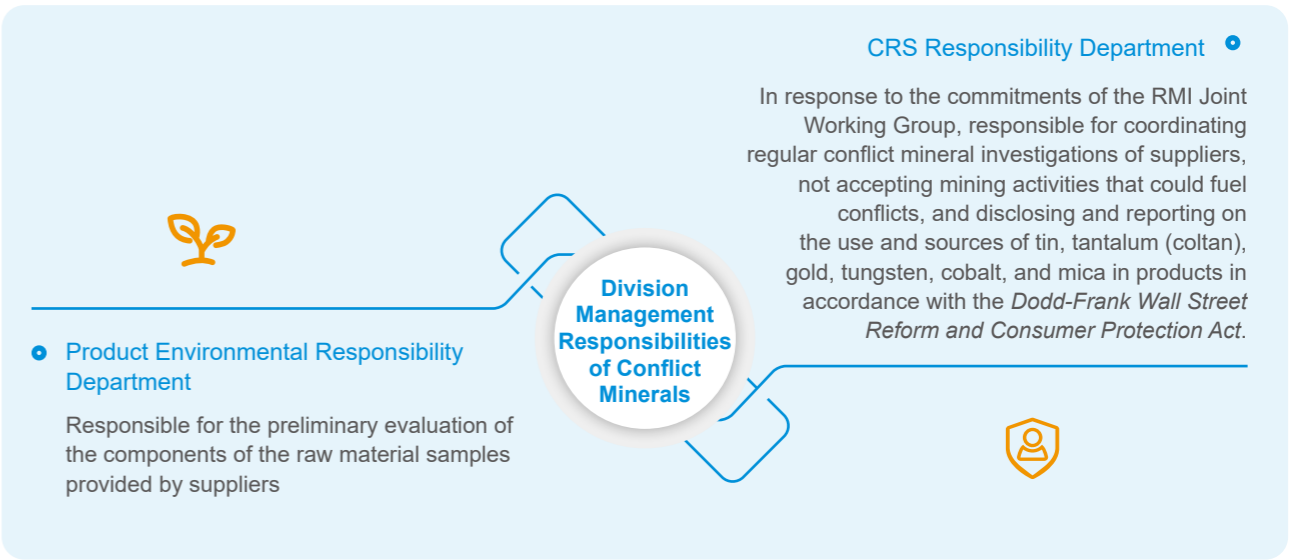
Key Performance

During the reporting period, the Company signed the *Sunshine Integrity Agreement* with **100%** suppliers

### Management of Conflict Minerals

Huaqin commits not to support or use conflict minerals, and mineral raw materials of unknown origin such as 3TG metals (tin, tantalum, tungsten, gold) and cobalt. Moreover, Huaqin supports actions taken against conflict minerals by the Responsible Business Alliance (RBA) and the Global Electronics Sustainability Initiative (GeSI). As a member of the Responsible Minerals Initiative (RMI) for three consecutive years, the Company promises to comply with the guidelines and standards advocated by it, and jointly promote the improvement and sustainable development of the mineral supply chain. With reference to the conflict mineral guidelines of the Organization for Economic Co-operation and Development (OECD) and the Responsible Business Alliance (RBA) program, the Company conducts responsible supply chain procurement meeting requirements of Responsible Mineral Country of Origin Inquiry (RCOI) and Due Diligence (DD). Meanwhile, the Company signs the *Corporate Social Responsibility Commitment* with all suppliers, requesting suppliers to ensure that they do not use conflict minerals.

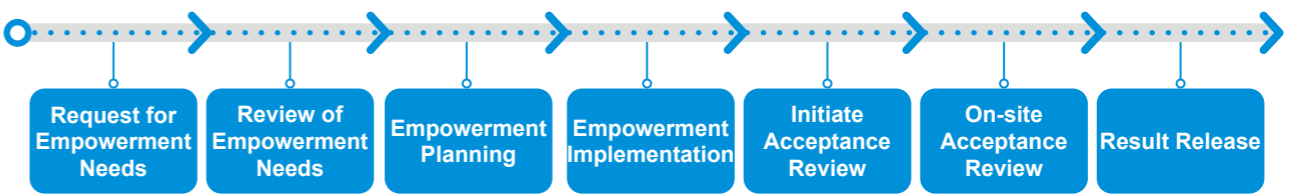
The Company has formulated the *Investigation Management System of Conflict Minerals* and conducts investigations on suppliers according to the Conflict Minerals Reporting Template (CMRT) and the Expanded Minerals Reporting Template (EMRT) questionnaires. To ensure the effectiveness of investigations, the Company analyzes the composition of products and categories of materials in advance and conducts prior analysis and identification of the contents of questionnaires. Once a supplier is discovered to violate regulations, we require it to take corrective measures within the specified period of time. If the supplier fails to do so, we will cease cooperation with it.



During the reporting period, the Company initiated conflict mineral surveys covering all tier-1 material suppliers and received responses from **310** suppliers, **all** of whom have a conflict-free supply chain. What's more, the Company made conflict mineral learning videos, launched them on the SRM system, and sent learning reminders to suppliers, aiming to disseminate basic knowledge of conflict minerals and guide suppliers in filling out CMRT and EMRT questionnaires. **267** suppliers have learned all conflict mineral training videos and returned answers to exam questions.

### Supplier Empowerment

The Company is committed to supporting the continuous improvement and development of suppliers and has formulated the *Supplier Empowerment Process*. We also work with suppliers to discuss and determine improvement plans and goals, and provide them with necessary resources, training, and guidance, thereby enhancing their capabilities. Using this approach, we have established long-term and stable cooperation with suppliers, and ensure the sustainability and stability of the supply chain.



Supplier Empowerment Process



Supplier Training Topics

Key Performance



During the reporting period, the Company offered a total of **5** supplier training sessions

covering **2,377** trainees

Case: Global Core Partner Conference titled “Joins Hands Together for a Win-Win Future”

Global Core Partner Conference of Huaqin was held in Nanchang in November 2023. At the conference, the Company awarded more than **80** suppliers who made outstanding contributions to product development, delivery efficiency, quality control, and strategic cooperation in 2023. We also encourage more suppliers to participate actively in the cooperation with the Company, aiming to achieve industrial upgrades, promote the coordinated development of ESG, and build a symbiotic and win-win ecosystem.



Global Core Partner Conference

Case: Offering RBA training to suppliers, and promoting the sustainable development of the supply chain

In 2023, the Company offered RBA training to material suppliers. In the training, we introduced the evolution and specific requirements of RBA and communicated the importance of sustainable development and social responsibility to suppliers. This training improves compliance levels and corporate responsibility of suppliers and promotes the sustainable development of the supply chain.



RMA Training for Suppliers

Outlook

Looking back on the year 2023, the Company’s public listing embarked on the commencement of a new chapter for Huaqin.

Looking ahead, we believe that we fight to win. In 2024, we will strive to achieve sustainable development and long-term prosperity for the enterprise and constantly engage in environmental, social, and governance fields.

In the environment, we will continue to increase investment in environmental protection, contributing to the national strategy of “carbon peaking and carbon neutrality”. We will actively promote the R&D and application of clean technology, improve energy and resource efficiency, and develop clean energy facilities to effectively reduce negative impacts on the environment. We will also play as an industry chain leader and work with upstream and downstream partners to build a green production system and achieve the sustainable development of the industrial chain.

In society, we will always use technology to do good turns, actively undertake social responsibility, and benefit society through technological innovation. We will focus on developing more intelligent and humanized products and technologies to help solve social problems and benefit everyone’s communication and life. Additionally, we will actively undertake our responsibilities towards customers, employees, suppliers, and other stakeholders, and give back to society with high-quality products and outstanding management models.

In governance, we will keep improving our governance structure and enhancing our governance level. We emphasize compliance and transparency of our business operations, always maintain good communication with investors, and reward them with good corporate performance.

With a bright journey ahead, we will usher in a bright future. We believe that with the concerted efforts of all employees, Huaqin will continue to move towards new heights and create more value for stakeholders.



# Key Performance Table

Environmental Performance		Unit	2023
Environmental protection	Environmental penalty events	occurrence	0
GHG emissions	GHG emissions (scope 1)	tons CO <sub>2</sub> equivalent	5,217.70
	GHG emissions (scope 2)	tons CO <sub>2</sub> equivalent	203,335.16
	GHG emissions (scope 3)	tons CO <sub>2</sub> equivalent	22,108.67
	Total GHG emissions	tons CO <sub>2</sub> equivalent	230,661.53
	GHG emissions intensity	tons CO <sub>2</sub> equivalent per RMB 10,000 revenue	0.0270
	Annual reduction in GHG emissions directly realized by technological improvements for energy conservation	tons CO <sub>2</sub> equivalent	19,516.86
Energy Management	Gasoline consumption in self-owned vehicles for official use	L	83,978.19
	Diesel consumption in self-owned logistics freight vehicles	L	99,729.68
	Total natural gas consumption	m <sup>3</sup>	3,390,005.60
	Total electricity consumption	Mwh	38,097.09
	Electricity consumption per unit product	kWh /per unit	1.607
	Technological improvements for energy conservation	EA	383
	Electricity savings are directly realized by technological improvements for energy conservation	Mwh	34,222.10
	Installed capacity of PV projects put into operation	Mwh	19.50
	Proportion of clean energy utilization	%	6.63
Water Resource Management	Total water consumption	m <sup>3</sup>	3,126,916.99
	Water consumption intensity	m <sup>3</sup> per RMB 10,000 revenue	0.3664
	Recycled/reused water	m <sup>3</sup>	41,966.00
	Water consumption per unit product	m <sup>3</sup> per RMB 10,000 revenue	0.0132
	Annual water savings directly realized by water-saving measures	m <sup>3</sup>	52,830.00
	Total wastewater discharges	m <sup>3</sup>	2,459,600
Waste and Recycling	Total waste generation	ton	33,699.32
	Hazardous waste generation	ton	493.62

Waste and Recycling	Solid waste generation	ton	33,205.70
	Incinerated waste	ton	771.45
	Recycled waste	ton	32,763.97
	Waste treated in other ways	ton	109.85
	Stored waste	ton	54.05
	Waste recycling rate	%	96
	NO <sub>x</sub> emissions	kg	808.90
	VOCs emissions	kg	12,454.30

Social Performance		Unit	2023
Diversity and Equal Opportunity	Total employees	person	34,949
	per capita income generation	RMB 10,000 revenue/person	244.18
	Disabled employees	person	1
	Female employees	person	10,030
	Male employees	person	24,919
	Employees aged 51 and above	person	199
	Employees aged 41 to 50	person	2,929
	Employees aged 31 to 40	person	11,364
	Employees aged 30 and below	person	20,457
	Production staff	person	18,430
	Sales staff	person	187
	Technical staff	person	11,253
	Finance staff	person	272
	Administrative staff	person	4,807
	Employees holding a doctor's degree	person	17

Diversity and Equal Opportunity	Employees holding a master's degree	person	1,303
	Employees holding a bachelor's degree	person	8,863
	Employees holding junior college diploma and below	person	24,766
	Han nationality employees	person	32,152
	Ethnic minority employees	person	2,797
Protection of employee rights and interests	Coverage of labor contracts	%	100
	Investment in internal public welfare	RMB 0'000	750.15
Occupational Health and Safety	Employee physical examination coverage	%	100
	Incidence rate of occupational diseases	%	0
	Work safety violations subject to external reviews	occurrence	0
	Safety hazard audits	EA	4,671
	Rectification rate of safety hazards	%	100
	Safety emergency drills	session	212
	Number of work-related accidents	occurrence	12
	Number of deaths from work-related injuries	person	0
Talent Training and Development	Number of fire and explosion accidents	occurrence	0
	Investment in employee training and empowerment	RMB 0'000	1,759.34
	Total person-times receiving training	person-time	323,251
	Total training duration	hour	286,409.50
	Per capita training duration	hour	11.50
Community responsibility	Number of internal training instructors	person	2,201
	Investment in public welfare	RMB 0'000	34.18
Innovation and R&D technology	Including: investment in rural revitalization	RMB 0'000	24.00
	R&D investments	RMB100mn	45.48
Product Quality and Safety	Customer satisfaction survey (out of 10)	score	7.82
Sustainable Supply Chain	Number of tier-1 suppliers	number	2,013
	Percentage of tier-1 suppliers who have signed the clauses containing the environment and labor requirements	%	100
	Number of tier-1 suppliers who have conducted social impact assessments	number	2,013

Sustainable Supply Chain	Number of tier-1 suppliers who have conducted environmental impact assessments	number	2,013
	Number of tier-1 suppliers who have been identified as having actual and potential significant negative social impacts	number	0
	Number of tier-1 suppliers who have been identified as having actual and potential significant negative environmental impacts	number	0
	Percentage of the procurement staff who have passed the sustainable procurement training	%	100
	Number of suppliers who have completed the conflict minerals survey	number	310

Governance Performance		Unit	2023
Economic Performance	Operating revenue	RMB100mn	853
	Net profit attributable to parent company	RMB100mn	27.07
Operation of Three Governing Bodies	Shareholders' Meeting	time	3
	Meetings of the Board of Directors	time	6
	Meetings of the Supervisory Committee	time	6
	Percentage of independent directors	%	33.33
	Percentage of female directors	%	22.22
Transparency of Information Disclosure	Number of disclosed reports	copy	34
Business Ethics and Anti-corruption	Internal audits	pcs	18
	Handling rate of business ethics incidents	%	100
Intellectual Property Protection	New patent applications	copy	597
	New patents granted	copy	433
	Accumulated intellectual property applications	copy	7,969
	Accumulated intellectual property licenses	copy	5,295
	Intellectual property training	session	21
	Coverage of intellectual property training	person-time	620



# GRI Standard Index

Statement of use	Huaqin has reported the information cited in this GRI content index for the period from January 1, 2023, to December 31, 2023, with reference to the GRI Standards.		
GRI 1 used	GRI 1: Foundation 2021		
GRI STANDARD	Disclosure	Chapter	Page
Organizational details			
2-1	Organizational details	Company Profile	05
2-2	Entities included in the organization's sustainability reporting	About This Report	01
2-3	Reporting period, frequency and contact point	About This Report	01-02
2-4	Restatements of information	GHG Identification and Inventory	28
2-5	External assurance	Independent Assurance and Statement of Opinion	129-131
Activities and workers			
2-6	Activities, value chain and other business relationships	Company Profile	05
2-7	Employees	Diversity and Equal Opportunities	65
Governance			
2-9	Governance structure and composition	Operation of the Shareholders' Meeting, Board of Directors, and Supervisory Committee	31
2-10	Nomination and selection of the highest governance body	Operation of the Shareholders' Meeting, Board of Directors, and Supervisory Committee	31-33
2-11	Chair of the highest governance body	Operation of the Shareholders' Meeting, Board of Directors, and Supervisory Committee	33
2-12	Role of the highest governance body in overseeing the management of impacts	ESG Management System	13-15
2-13	Delegation of responsibility for managing impacts	ESG Management System	13
2-14	Role of the highest governance body in sustainability reporting	ESG Management System	13-15
2-16	Communication of critical concerns	ESG Management System	15
2-17	Collective knowledge of the highest governance body	ESG Management System	13-14
2-18	Evaluation of the performance of the highest governance body	Operation of the Shareholders' Meeting, Board of Directors, and Supervisory Committee	33
2-19	Remuneration policies	Operation of the Shareholders' Meeting, Board of Directors, and Supervisory Committee	33
2-20	Process to determine remuneration	Operation of the Shareholders' Meeting, Board of Directors, and Supervisory Committee	33

GRI STANDARD	Disclosure	Chapter	Page
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Message from the Chairman	03
2-23	Policy commitments	ESG Strategy and Guidelines	16
2-24	Embedding policy commitments	ESG Strategy and Guidelines	16
2-25	Processes to remediate negative impacts	Protection of Employee Rights and Interests	67, 102
2-26	Mechanisms for seeking advice and raising concerns	Communication with Stakeholders	19-20
2-27	Compliance with laws and regulations	No Violation of Laws and Regulations	/
2-28	Membership associations	ESG Management System, Business Ethics and Anti-corruption	15, 39
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Communication with Stakeholders	19-20
2-30	Collective bargaining agreements	Protection of Employee Rights and Interests	67
Material Topics			
3-1	Process to determine material topics	Analysis of Material Topics	21
3-2	List of material topics	Analysis of Material Topics	21
Economic Performance			
201-1	Direct economic value generated and distributed	Key Performance Table	120
201-2	Financial implications and other risks and opportunities due to climate change	Identifying Climate Risks and Opportunities	24-26
201-3	Defined benefit plan obligations and other retirement plans	Protection of Employee Rights and Interests	70
Procurement Practices			
3-3	Management of material topics	Sustainable Supply Chain	106-107
Anti-corruption			
3-3	Management of material topics	Business Ethics and Anti-corruption	39
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics and Anti-corruption	39
205-3	Confirmed incidents of corruption and actions taken	Business Ethics and Anti-corruption	40

GRI STANDARD	Disclosure	Chapter	Page
Anti-competitive Behavior			
3-3	Management of material topics	Business Ethics and Anti-corruption	40
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No Relevant Lawsuits Concerning the Company	/
Materials			
3-3	Management of material topics	Green Products and Designs	56
301-2	Recycled input materials used	Green Products and Designs	56
301-3	Reclaimed products and their packaging materials	Green Products and Designs	57
Energy			
3-3	Management of material topics	Energy Management	47
302-1	Energy consumption within the organization	Key Performance Table	117
302-3	Energy intensity	Key Performance Table	117
302-4	Reduction of energy consumption	Energy Management	48-50
Water and Effluents			
3-3	Management of material topics	Water Resources Management	53
303-1	Interactions with water as a shared resource	Water Resources Management	53
303-2	Management of water discharge-related impacts	Water Resources Management	54
303-4	Water discharge	Key Performance Table	117
303-5	Water consumption	Key Performance Table	117
Biodiversity			
3-3	Management of material topics	Biodiversity Protection	62
304-2	Significant impacts of activities, products and services on biodiversity	Biodiversity Protection	62
Emissions			
3-3	Management of material topics	Commitment and Objectives of Tackling Climate Change	27
305-1	Direct (Scope 1) GHG emissions	GHG Identification and Inventory	28
305-2	Energy indirect (Scope 2) GHG emissions	GHG Identification and Inventory	28

GRI STANDARD	Disclosure	Chapter	Page
305-3	Other indirect (Scope 3) GHG emissions	GHG Identification and Inventory	28
305-4	GHG emissions intensity	Key Performance Table	117
305-5	Reduction of GHG emissions	Energy Management	50
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Key Performance Table	117
Waste			
3-3	Management of material topics	Waste and Recycling	54
306-1	Waste generation and significant waste-related impacts	Waste and Recycling	55
306-2	Management of significant waste-related impacts	Waste and Recycling	54-55
306-3	Waste generated	Key Performance Table	118
306-4	Waste diverted from disposal	Key Performance Table	118
306-5	Waste directed to disposal	Key Performance Table	118
Supplier Environmental Assessment			
3-3	Management of material topics	Sustainable Supply Chain	106
308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain	112
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain	111
Employment			
3-3	Management of material topics	Diversity and Equal Opportunities	65
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Protection of Employee Rights and Interests	68
Labor/Management Relations			
3-3	Management of material topics	Protection of Employee Rights and Interests	67-68
Occupational Health and Safety			
3-3	Management of material topics	Occupational Health and Safety	78
403-1	Occupational health and safety management system	Occupational Health and Safety	73
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	74
403-3	Occupational health services	Occupational Health and Safety	78

GRI STANDARD	Disclosure	Chapter	Page
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	74
403-5	Worker training on occupational health and safety	Occupational Health and Safety	77
403-6	Promotion of worker health	Occupational Health and Safety	79-80
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	76
403-8	Workers covered by an occupational health and safety management system	Key Performance Table	119
403-9	Work-related injuries	Key Performance Table	119
403-10	Work-related ill health	Occupational Health and Safety	73
Training and Education			
3-3	Management of material topics	Talent Training and Development	81
404-1	Average hours of training per year per employee	Talent Training and Development	81
404-2	Programs for upgrading employee skills and transition assistance programs	Talent Training and Development	83-84
404-3	Percentage of employees receiving regular performance and career development reviews	Talent Training and Development	85
Diversity and Equal Opportunity			
3-3	Management of material topics	Diversity and Equal Opportunities	65
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunities	65
Non-discrimination			
3-3	Management of material topics	Diversity and Equal Opportunities	67
406-1	Incidents of discrimination and corrective actions taken	Diversity and Equal Opportunities	67
Freedom of Association and Collective Bargaining			
3-3	Management of material topics	Protection of Employee Rights and Interests	67
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainable Supply Chain	111
Child Labor			
3-3	Management of material topics	Protection of Employee Rights and Interests	67
408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainable Supply Chain	111

GRI STANDARD	Disclosure	Chapter	Page
Forced or Compulsory Labor			
3-3	Management of material topics	Protection of Employee Rights and Interests	67
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainable Supply Chain	111
Security Practices			
3-3	Management of material topics	Occupational Health and Safety	75
Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples	No Violations Involving Rights of Indigenous Peoples by the Company	/
Local Communities			
3-3	Management of material topics	Community Responsibility	86
413-1	Operations with local community engagement, impact assessments, and development programs	Community Responsibility	86
Supplier Social Assessment			
3-3	Management of material topics	Sustainable Supply Chain	111
414-1	New suppliers that were screened using social criteria	Sustainable Supply Chain	112
414-2	Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain	111
Customer Health and Safety			
3-3	Management of material topics	Hazardous Substance Management	58
416-1	Assessment of the health and safety impacts of product and service categories	Hazardous Substance Management	58
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	ESG Strategy and Guidelines	18
Customer Privacy			
3-3	Management of material topics	Information Security and Privacy Protection	41-42
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No Relevant Complaints	/

## Independent Assurance and Statement of Opinion



### ASSURANCE STATEMENT

#### SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE HUAQIN TECHNOLOGY CO., LTD. 2023 Sustainability Report

##### NATURE OF THE ASSURANCE/VERIFICATION

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by HUAQIN TECHNOLOGY CO., LTD. (hereinafter referred to as HUAQIN TECHNOLOGY) to conduct an independent assurance of the 2023 Sustainability Report (hereinafter referred to as the Report).

##### INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all HUAQIN TECHNOLOGY's Stakeholders.

##### RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the management, governing body of HUAQIN TECHNOLOGY. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all HUAQIN TECHNOLOGY's stakeholders, especially the verification of the "Key Performance Table" in the report.

##### ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2: General Disclosure 2021 for organisation's reporting practices and other organisational detail, GRI 3: 2021 for organisation's process of determining material topics, its list of material topics and how to manage each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

- SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)

Assurance has been conducted at a moderate level of scrutiny.

##### SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

- GRI Standards 2021 (Reference)

##### ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees located at Shanghai Headquarters (located at Building 1, No. 399 Keyuan Road, Pudong New Area, Shanghai, P.R. China) for onsite assurance, and Dongguan No.1 MFG Center (located at No.9, Industrial Northern Road, Songshan Lake Park, Dongguan City, Guangdong Province, P.R. China), Nanchang No.1 MFG Center (located at J No.2999, Tianxiang Road, Nanchang High-Tech Industrial Development Zone, Nanchang City, Jiangxi Province, P.R. China) and Wuxi R&D Center (located at No.28, Qingyuan Road, Xinwu District, Wuxi City, Jiangsu Province, P.R. China) for remote interviews.

##### LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back with source data as part of this assurance process.

The onsite assurance scope only covered Shanghai Headquarters of HUAQIN TECHNOLOGY, and remote interviews with the heads of relevant departments of Dongguan No.1 MFG Center, Nanchang No.1 MFG Center and Wuxi R&D Center. The data for assurance of report information was from the above scope.

The assurance process only involved interviews with the heads of relevant departments and certain employees and consultation with relevant documents did not involve external stakeholders.

##### STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than many countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from HUAQIN TECHNOLOGY, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with CCAA Registered ISO 9001 auditor, ISO 14001 auditor, ISO 45001 auditor, Greenhouse Gas Verifier, SAI Registered SA 8000 auditor, CSR assessor, ISO 37001 auditor, etc.

##### FINDINGS AND CONCLUSIONS

##### ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, the information and data in the Report have been verified to be accurate and reliable, and they provide a fair and unbiased account of HUAQIN TECHNOLOGY sustainability activities in 2023.

The assurance team is of the opinion that the Report has referred GRI Standard.

##### Reporting Principles

##### Accuracy

HUAQIN TECHNOLOGY's report content is accurate and can publicly disclose multiple qualitative and quantitative information on performance to stakeholders.

##### Balance

HUAQIN TECHNOLOGY presented the balance reporting rule in the Report and reported the environmental, social and governance issues truthfully.

##### Clarity

The report uses a variety of expression methods such as text descriptions, data tables, graphics, photos, etc., and is combined with case analysis narratives to make it easy for stakeholders to understand.

##### Comparability

HUAQIN TECHNOLOGY conducted the statistics and analysis for KPIs, and reported the disclosures' impacts and purposes. In the Report, some data were compared with historical years, which to better assist stakeholders in evaluating and making decisions about the effectiveness of management systems.

##### Completeness

HUAQIN TECHNOLOGY's report covers the identified material issues and their boundaries, reflecting the important impacts on the economy, environment and society, allowing stakeholders to evaluate HUAQIN TECHNOLOGY's performance during the reporting period.

##### Sustainability Context

HUAQIN TECHNOLOGY demonstrates its efforts in sustainable development from the economic, environmental and social aspects, and displays these performances in the context of sustainable development.

# Reader Feedback

Dear reader,

Thank you for sparing time to read the 2023 Sustainability Report of Huaqin Technology Co., Ltd. To provide you and other stakeholders with more valuable information and improve our capabilities of performing the ESG responsibility, we are looking forward to your comments and suggestions.

Multiple-choice questions (Please tick the appropriate box)

1. What's your overall impression on this report?

☐ Excellent ☐ Good ☐ Mediocre ☐ Subpar ☐ Bad

2. What's your overall impression on this report?

☐ Excellent ☐ Good ☐ Mediocre ☐ Subpar ☐ Bad

3. Your evaluation of the structure of this report is:

☐ Excellent ☐ Good ☐ Mediocre ☐ Subpar ☐ Bad

4. Your evaluation of the layout and presentation of this report is:

☐ Excellent ☐ Good ☐ Mediocre ☐ Subpar ☐ Bad

5. Your evaluation of Huaqin's overall performance on environmental issues is:

☐ Excellent ☐ Good ☐ Mediocre ☐ Subpar ☐ Bad

6. Your evaluation of Huaqin's overall performance on social issues is:

☐ Excellent ☐ Good ☐ Mediocre ☐ Subpar ☐ Bad

7. Your evaluation of Huaqin's overall performance on governance issues is:

☐ Excellent ☐ Good ☐ Mediocre ☐ Subpar ☐ Bad

Open-ended question

Do you have any comments and suggestions for Huaqin Technology Co., Ltd. in performing sustainability work or preparing this report?

## Timeliness

Verification shows that reported data and information are timely and valid during the reporting cycle. HUAQIN TECHNOLOGY publishes sustainability reports regularly every year starting from 2021, which has good timeliness.

## Reliability

All data and information within the scope of verification can be traced and verified.

## Management Approach

HUAQIN TECHNOLOGY's report discloses the management approaches of the selected special topics.

## General Disclosures

HUAQIN TECHNOLOGY's report disclosed some indicators according to GRI 2: General Disclosure 2021.

## Topic-specific Disclosures

The specific issues involved in the identified important economic, environmental and social substantive issues were disclosed in accordance with the requirements of GRI Standards 2021.

## Findings and Recommendations

Good practices and recommendations for the Report and management process were described in the internal management report which has been submitted to the management of HUAQIN TECHNOLOGY for continuous improvement.

Signed:



For and on behalf of SGS-CSTC

David Xin

Sr. Director – Business Assurance

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Apr. 11<sup>th</sup>, 2024

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