HENGTONG

Stock Code: 600487.SH

2025

Environmental, Social and Governance Report

Hengtong Optic-Electric Co., Ltd.



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About This Report

Overview

This report is the fourth Environmental, Social and Governance Report (hereinafter referred to as "this report") published by Hengtong Optic-Electric Co., Ltd. (hereinafter referred to as "Hengtong Optic-Electric", "the company", or "we").Hengtong Optic-Electric is one of the listed subsidiaries of Hengtong Group Co., Ltd. (hereinafter referred to as "Hengtong Group" or "the group"). This Report truthfully discloses the company's practices in fulfilling responsibilities towards key stakeholders, including shareholders, customers, partners, employees, the environment, the community and vulnerable groups, as well as the performance in the areas of Environment, Social and Governance (hereinafter referred to as "ESG").

Reporting Period

This report covers the work carried out during the financial year from 1 January 2025 to 31 December 2025 (hereinafter referred to as the "reporting period"), with certain sections extending appropriately into preceding or subsequent years.

Basis of Preparation

This report has been prepared primarily with reference to the Global Reporting Initiative (GRI) Standards, the Shanghai Stock Exchange's "Guideline No. 14 on Self-Regulatory Supervision of Listed Companies – Sustainability Reporting (Trial)", and the United Nations Sustainable Development Goals (hereinafter referred to as "UN SDGs").It also references and addresses the issues covered by the MSCI ESG Ratings and the S&P Global Corporate Sustainability Assessment (CSA questionnaire).

The content of this report has been determined in accordance with a set of procedures. These procedures include: identifying and prioritising material stakeholders; identifying and prioritising material ESG issues; determining the scope of the ESG report; collecting relevant materials and data; compiling the report based on the information; and reviewing the information contained in the report.

Scope and Boundaries

The policies and data presented in this report cover the company's head office and subsidiaries; the reporting scope is consistent with that of the Annual Financial Report. Unless otherwise stated, all currency references in the report are in Chinese Yuan.

Sources of Information and Assurance of Reliability

The data and case studies in this report are derived from the company's statistical reports and relevant documents, and have been reviewed by the relevant departments. The company's Board of Directors undertakes that this report contains no false records or misleading statements, and assumes responsibility for the authenticity, accuracy and completeness of the content.

Confirmation and Approval

This report was confirmed by management team and approved by the Board of Directors on 23 April 2026.

Feedback

This report has been prepared in both Chinese and English and is available for reference in electronic format; in the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail. Please visit HTGD's website at http://www.htgd.com.cn/ for more information. We place great importance on the views of our stakeholders and welcome readers to contact us via the following contact details. Your feedback will assist us in further improving this report and enhancing the company's overall sustainability performance.

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Message from the Chairman



Cui Wei
Hengtong Optic-Electric Co., Ltd.
Chairman

> Today, a new round of global technological revolution and industrial transformation is evolving in depth. The large-scale deployment of artificial intelligence computing clusters and the acceleration of the digital economy across all sectors are driving a structural and inelastic growth trend in energy and electricity demand. Faced with the profound reshaping of the global energy landscape and the accelerating convergence of the green and low-carbon transition, Hengtong Optic-Electric, grounded in the global industrial division of labour and the broader trends of energy transformation, is deeply committed to key areas such as digital and intelligent interconnection, energy transmission, and green and low-carbon development. Through innovation across the entire industrial chain and a globalised strategic layout, we are strengthening the foundation of computing power networks, ensuring the secure supply of energy, and empowering sustainable development worldwide.

Looking back on 2025, we broke through challenges with practical action and delivered results through performance. We continued to tackle key challenges in priority areas, strengthened our core technological advantages, drove the implementation of major projects, and reinforced our core competitiveness in the global market. Driven by rapid industrial development, the transition to a green and low-carbon economy, and profound shifts in the global market, we have remained focused and committed to long-term value. We have continued to advance our global footprint, digital and intelligent upgrades, and green transformation in a coordinated manner, thereby consolidating the foundation for high-quality development that connects the world, serves our customers, and empowers the industry.

As a leading global provider of information and energy interconnection solutions, in 2025 we continuously refined our global business system covering R&D, manufacturing, marketing and services.We will continue to deepen the dual-engine development model of "Communications Networks + Energy Interconnection", further enhancing the synergy between global industrial, supply and service chains to maintain development resilience in a complex and volatile external environment. We recognise more deeply that globalisation entails not only bringing products and services to the world, but also advancing global operations, quality management, responsible governance and localised collaboration to higher standards, thereby continuously enhancing our international development capabilities.

Embracing Technological Transformation: Driving Green Growth Through Innovation

In 2025, facing the explosive development of intelligent computing and the energy revolution, we continuously integrated next-generation information technology into the core processes of R&D, manufacturing and quality management. We developed a full range of cutting-edge innovative products, including hollow-core optical fibres, multi-core optical fibres and ultra-low-loss optical fibres. Leveraging our core technical and solution capabilities centred on "high speed, low power consumption, full-stack and green", we lay a solid digital foundation for the development of global AI computing power.

The exponential growth in computing power demand has driven a steady rise in electricity consumption. In 2025, we deepened our expertise in smart grids and energy interconnection, upgrading our full range of ultra-high voltage, high-voltage and low-voltage cable products. This has provided robust support for the "West-to-East Power Transmission" and "North-to-South Power Supply" initiatives in China, ensuring a stable power supply for intelligent computing centres.We have achieved major breakthroughs in deep-sea energy transmission, becoming the first company in China to realise multi-scenario, comprehensive coverage of floating dynamic cable systems for deep-sea applications. We are actively participating in global green energy projects, contributing to the high-quality and sustainable development of global computing-power synergy.

Fulfilling Our Responsibilities and Fostering Synergy through Collaboration

Green power is a key driver of future competitiveness. In 2025, we made positive progress in enhancing ESG governance, establishing green manufacturing systems, reducing greenhouse gas emissions, and implementing net-zero-carbon factory practices. To date, five subsidiaries have obtained SBTi net-zero certification, three have joined the United Nations Global Compact, and two have been awarded Ecovadis Gold ratings, further strengthening the internal momentum for green and low-carbon development. In our global operations, we prioritise collaboration with partners to advance green development and risk management. Upholding our core values of green development, we drive the low-carbon transition of the industrial chain through technological transfer and ecosystem empowerment.

We place great importance on the safety and development of every employee, striving to create a fair, inclusive, multicultural and sustainable working environment, thereby achieving mutual fulfilment between the value of our talent and the organisation's vision. We adhere to a quality-first approach, promoting collaborative innovation and capacity building across the entire value chain, continuously enhancing delivery reliability and service standards, and jointly constructing a resilient supply chain with strong risk-resilience.

Deepening Governance Upgrades: Safeguarding Development through Sound Management

We continuously optimise our governance model, integrating international standards, ESG requirements and risk management protocols throughout the entire process of strategy formulation and execution. Concurrently, we benchmark against international frameworks such as the GRI Standards and MSCI ESG Ratings to strengthen the foundations of our governance. In the face of new challenges such as industrial restructuring, fluctuations in international markets and accelerating technological iteration, we place greater emphasis on translating governance capabilities into operational efficiency. We deeply embed risk prevention and control throughout the entire lifecycle of major projects—including global expansion, production operations and supply chain management—continuously enhancing our ability to identify and address risks in complex environments. This provides robust governance support for the sustainable development of the company's global operations, breakthroughs in core technologies and the precise implementation of strategic objectives.

Hengtong Optic-Electric is not merely a manufacturing enterprise, but an enabler of global digitalisation and green energy connectivity. Looking to the future, we will continue to leverage our technological and industrial strengths to connect the world and empower the future. On the path to sustainable development, we will continually expand a framework of global mutual benefit, contributing Hengtong's wisdom and strength to building a greener, more efficient and better future.

About Hengtong Optic-Electric

Company Profile

Hengtong Optic-Electric was established in 1991 and listed on the Shanghai Stock Exchange in 2003 (Stock Code: 600487.SH). As a National Innovative Enterprise, the company focuses on the two major sectors of telecommunications and energy, providing industry-leading products and solutions in optical communications, smart grids, marine energy, marine communications, and industrial new energy intelligence. The company possesses comprehensive capabilities integrating "design, R&D, manufacturing, sales and service".

With a global perspective, the company has established an industrial network that includes three high-tech industrial parks with globally competitive production capacity in China: the Optical Communication Technology Park, the International Marine Industry Park and the Optoelectric Technology Park. The operations span 15 provinces across the country. Concurrently, the company has established 12 industrial bases outside China and over 40 marketing and technical service companies/offices across Europe, South America, North America, Africa, South Asia and Southeast Asia, with operations spanning more than 150 countries and regions, thereby forming a comprehensive global industrial and service footprint.

12
industrial bases
outside China

40+
marketing and technical service
companies/offices

operations spanning more than
150
countries and regions

In terms of core markets, the company holds a global market share of over 15% in fibre-optic networks, ranking among the top three global players in optical fibre communications, and among the top three in high-voltage submarine cables. It has consistently ranked first on the list of China's most competitive cable enterprises for many consecutive years, and ranked 145th on the list of Top 500 Enterprises of China. During the reporting period, the company achieved operating revenue of RMB 66.855 billion, representing a year-on-year increase of 11.45%; net profit attributable to shareholders was RMB 2.680 billion, a slight decrease of 3.20% year-on-year.

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66.855 billion

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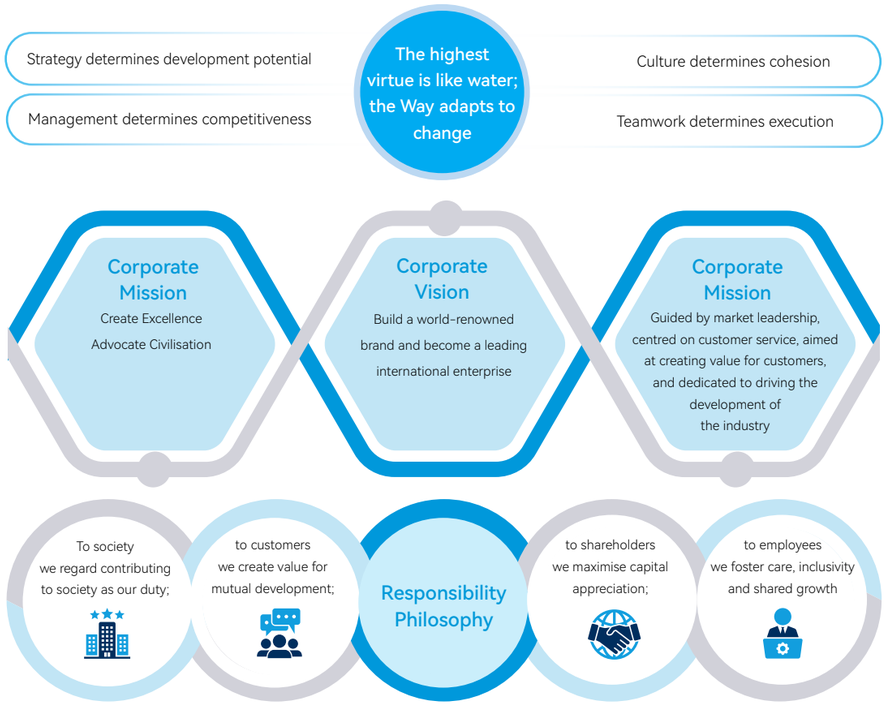
net profit attributable to shareholders was RMB
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a slight decrease of
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Corporate Culture

Through more than three decades of development, Hengtong Optic-Electric has formed a corporate culture system characterised by "The highest good is like water; the Way adapts to change", drawing upon a fusion of traditional Chinese culture, local culture, contemporary characteristics, industry features and corporate distinctiveness. This system serves not only as the spiritual wellspring for the company's sustained and ever-renewing development, but also provides clear value guidance for all employees, collectively pointing towards the grand vision of "building a world-renowned brand and becoming a leading international enterprise".



Core Business

Communications Network Business

The company focuses on R&D and innovation in next-generation telecommunications industries and core technologies, integrating the entire optical communications industry chain ecosystem—from optical preforms to optical fibres, optical cables and optical devices. We have achieved a series of technological breakthroughs in the field of optical fibre communications, solidifying the foundation for digital transformation, and integrating "products, services and operations". We are actively expanding into marine communications, focusing on industrial internet and all-optical network interconnection. We are developing next-generation hollow-core fibre, multi-core fibre and ultra-low-loss fibre to empower AI infrastructure and support the construction of integrated air-land-sea-space network interconnection.

Brand Influence Dashboard

Year of Establishment
1991

Factories in China
37+

Staff Size
17,000+

Manufacturing Bases outside China
12

R&D Team
2,300+

Markets Served
150+

Research Facilities
60+

Energy Interconnection Business

The company is dedicated to becoming a global provider of energy interconnection solutions. By intensifying technological innovation and market integration, we continue to increase R&D investment in core technologies such as ultra-high-voltage transmission equipment, DC transmission equipment, offshore wind power and offshore oil and gas. With high-end core products and equipment as the vanguard, and system-level turnkey solutions and engineering, procurement and construction (EPC) services as the two wings, the company is transitioning from a "product supplier" to a "system integration service provider", thereby establishing a full-value-chain system for the energy interconnection industry.

Key ESG Events in 2025

January

- The Rudong Integrated Solar-Hydrogen-Storage Demonstration Project, the largest of its kind in China and in which the company participated, was connected to the grid, driving the coordinated development of solar power generation, energy storage and hydrogen production.
- Awarded the title of "2024 New Fortune Magazine Best Listed Company" and received the "Top 50 ESG Best Practice Award".

March

- Launched the Water Ecology Sensing Network on World Water Day, assisting local authorities in achieving intelligent management of pollution tracing, ecological flow regulation and emergency decision-making.

April

- Participated in the formulation of the standard "Technical Requirements for Metropolitan N×800Gbit/s Wavelength Division Multiplexing (WDM) Systems".
- HMN Tech was awarded the title of "National Green Factory".

May

- Completed the delivery of the first batch of 132kV submarine cables for the Farasan Project in Saudi Arabia, providing critical infrastructure support for regional power interconnection.
- Successfully selected for the 2025 Fortune China ESG Impact List.

June

- The PEACE submarine cable system continues to expand the digital connectivity network across Asia, Europe and Africa.
- Provided emergency assistance to the front lines of flood relief efforts in Rongjiang, Guizhou, supporting the urgent repair of damaged telecommunications infrastructure.
- Selected for inclusion in the "China Enterprise ESG Leaders Report 2025" published by SynTao Green Finance, and honoured as a "China Enterprise ESG Leader" and awarded the "ESG Leader" badge.
- Launched a series of self-developed, highly reliable wet-mating deep-sea communication connectors.

July

- Provided emergency support to the front lines of flood relief efforts in North China, supplying communications equipment and ensuring the welfare of the local population.

September

- Recognised as a "frontrunner" enterprise in China's industrial data governance.
- The "Four Comprehensives and Two Aspects" quality management model was awarded the 5th China Quality Award.
- Three of the company's subsidiaries have been included in the national 5G factory directory.
- The VMJ30 subsea cable project in Iceland has been completed, providing a stable power supply to residents of the fjords and islands.
- The marine route survey for the Indonesia National Backbone Submarine Cable System (TGCS), which the company is constructing, has been successfully completed.
- The Southeast Asia–Hainan–Hong Kong Submarine Cable Project (SEA-H2X), which we are constructing, has landed in Hong Kong, China.

October

- Participated in the deployment of China Unicom's first commercial hollow-core optical fibre cable line, driving the adoption of next-generation high-quality communication technologies in live networks.
- Won the bid and undertook the production and laying of the ±500kV DC submarine cable system and 66kV collection submarine cable for the first phase of the 1 million kW offshore wind power project in Donggang, Dandong, Liaoning.
- Launched China's first TSN PON all-optical system, providing an optical communications foundation for industrial AI and highly reliable industrial networks.
- A total of five of our subsidiaries have achieved SBTi certification.

November

- Awarded the "CQC 2025 Green Leading Enterprise" title by the China Quality Certification Centre.
- Supported China Mobile in the live network deployment of "three-band" ultra-low-loss multi-core optical fibre.
- Hengtong Submarine was shortlisted for Jiangsu Province's first batch of "Zero-Carbon Factories".
- Hengtong Cable has been shortlisted for Jiangsu Province's first batch of "near-zero carbon factories".

December

- Hosted the "2025 Hengtong Optic-Electric Green Materials Symposium", facilitating sustainable dialogue on green materials, supply chain collaboration and circular economy practices.
- Dynamic cable systems achieve coverage of the three core scenarios: "wind power + oil and gas + hydrogen production".
- Retained its status as a Grade A supplier of optical cables to China Mobile for the third consecutive year, and was awarded the title of "China Mobile Core Supply Chain Supplier".
- Participated in the 220kV Weizhou Island cross-sea interconnection project, contributing to the construction of the first cross-sea interconnection project in the Beibu Gulf.
- Ranked 40th on the "2025 Top 50 Chinese Energy Companies for Carbon Neutrality Contribution" list.
- Awarded three honours at the 7th Jiangsu Charity Awards.
- Seven achievements were showcased at the "14th Five-Year Plan" Achievements Exhibition at the National Museum of China, highlighting representative innovations in marine communications, marine energy, advanced materials and green manufacturing.
- Ultra-high-voltage submarine cables were selected as a "2025 Annual Case Study of New Quality Productive Forces" by China Central Television (CCTV).

Key ESG Rating Performance

Latest

MSCI	Wind ESG	S&P ESG
A	AA	45

ECOVADIS

GOLD | Top 5% ecovadis Sustainability Rating JAN 2025	CABLES DE COMUNICACIONES ZARAGOZA SL	Gold (for 3 consecutive years)
GOLD | Top 5% ecovadis Sustainability Rating JAN 2025	Hengtong Optic-Electric (Qidu Plant)	Gold
BRONZE | Top 35% ecovadis Sustainability Rating NOV 2025	Hengtong Submarine	Bronze

[1] As of the end of March 2026

ESG Sustainable Development Value Management Performance

Project	2024	2025
UN Global Compact	1	3
Green Manufacturing		
National-level Green Factories	7	10
National-level Green Products	7	7
National-level Green Supply Chain Enterprises	4	4
National-level Green Design Demonstration Enterprises for Industrial Products	3	3
Provincial-level Green Factories	8	11
Provincial (near) Zero-carbon Factories	0	2
Municipal (near) Zero-carbon Factories	2	6
Demonstration Enterprises for Green Design of Industrial Products	3	3
Lighthouse Factories	1	1
ISO 14068	4	4
ISO 14064	6	10
ISO 14067	13	37
ISO 50001	8	12
Companies Verified by the Science Based Targets Initiative (SBTi)	2	5
Self-built PV	53.7 MW	69.5 MW
Green Electricity	225,600 MWh	334,500 MWh
Total Greenhouse Gas Emissions	460,343.01 tonnes of CO_2 equivalent	469,408.91 tonnes of CO_2 equivalent
Greenhouse Gas Emissions Intensity	767.44 tonnes of CO_2 equivalent per RMB 100 million in revenue	702.13 tonnes of CO_2 equivalent / RMB 100 million in revenue

Project	2024	2025
Research and Development		
National-level Enterprise Technology Centre	1	1
National-level Postdoctoral Research Station	3	3
Provincial-level Postdoctoral Innovation and Practice Bases	4	4
Provincial Engineering Technology Research Centres/Enterprise Technology Centres/Industrial Design Centres	43	44
Academician Workstations	3	3
High-tech Enterprises	25	28
National-level Specialised, Refined, Distinctive and Innovative 'Little Giant' enterprises	12	13
National Manufacturing Single-Champion Enterprises	5	6
R&D Expenditure	1.895 billion yuan	2.020 billion yuan
Participation in the Formulation of International and Chinese Standards	457	474
Granted Invention Patents	1,417	1,546
PCT International Patents	145	161





Special Topic

Empowering Clean, Stable and Secure Energy Connections

As the global energy mix continues to transition and new power systems evolve, clean energy development is no longer focused solely on expanding generation capacity. Increasing emphasis is being placed on coordinated efficiency across generation, transmission, storage and consumption, as well as on the stability and security of energy supply under complex operating conditions. Drawing on its extensive industrial expertise in energy interconnection, marine energy, power transmission and system integration, Hengtong Optic-Electric continues to advance diversified applications integrating wind power, solar power, energy storage and hydrogen energy. Through these efforts, the company is extending clean energy development beyond power generation towards reliable transmission, efficient utilization and long-term sustainability, thereby supporting the development of a more efficient and resilient modern energy system.

In the photovoltaic sector

The company continues to expand the scope of integrated clean energy applications, promoting the coordinated development of photovoltaic power generation alongside energy storage and hydrogen production. In 2025, China's largest integrated offshore photovoltaic, hydrogen and energy storage demonstration project, in which the company participated, was connected to the grid and began generating electricity.This project integrates photovoltaic power generation, hydrogen production and refuelling, and energy storage facilities. With an average annual grid-connected electricity output of approximately 460 million kWh, it is expected to save around 151,000 tonnes of coal equivalent and reduce carbon dioxide emissions by approximately 309,400 tonnes annually, demonstrating the practical value of multi-energy synergy—combining photovoltaics, energy storage and hydrogen—in enhancing green supply capacity and energy utilisation efficiency.Furthermore, the Terra Solar (MTerra Solar) project in the Philippines, in which the company participated, is being delivered in phases. The project comprises a 3.5 GW solar photovoltaic power station and a battery energy storage system (BESS) with a capacity of 4.5 GWh. Upon completion, it will be able to meet the electricity needs of approximately 2.4 million households and reduce carbon dioxide emissions by 4.3 million tonnes annually, making it a core project for the Philippines to achieve its target of 50% renewable energy by 2040.

an average annual grid-connected electricity output of approximately 460 million kWh

expected to save around **151,000** tonnes of coal equivalent

reduce carbon dioxide emissions by approximately **309,400** tonnes

At the same time, the company continues to promote the international exchange and application of products such as PV cables, 5MW energy storage systems and battery anode materials. It showcases green energy solutions at platforms such as Intersolar South America 2025 in Brazil, driving the continuous expansion of the clean energy industry chain service capabilities worldwide.

In the wind power sector

The company continues to strengthen its capabilities in offshore wind power and deep-sea energy development, continuously enhancing its energy transmission and system support capabilities under conditions involving large capacities, long distances and complex maritime environments.In 2025, the company was awarded a contract for a flagship project leading the way in China's offshore wind sector, providing the production, transport and installation of a ±500kV DC submarine cable system and a 66kV aluminium-core collection cable. This is expected to supply 3 billion kWh of clean electricity annually to the local area, reducing carbon emissions by 2.4 million tonnes.Furthermore, the Hengtong subsea cable system deployed in Portugal's WindFloat Atlantic project has delivered a total of 350 GWh of clean electricity continuously and reliably since late 2019, maintaining dependable operation amidst strong winds and rough waves, thereby demonstrating the company's reliability and engineering adaptability in floating offshore wind power transmission scenarios. The company has consistently seized opportunities in the marine industry, focusing on global wind energy resources and continuously enhancing the capabilities in providing systematic solutions for the marine energy industry chain. In the future, the company will continue to increase R&D investment in areas such as deep-sea energy transmission and new materials, further refining the capabilities in providing systematic solutions for the marine energy industry chain, serving the development of national deep-sea technology, and contributing to the green transition of the global energy system.

This is expected to supply **3** billion kWh of clean electricity annually to the local area

reducing carbon emissions by **2.4** million tonnes

In the energy interconnection sector

The company is continuously enhancing the capabilities for the integration and stable supply of clean energy, focusing on scenarios such as cross-regional transmission, island power supply, cross-sea interconnection and marine energy export.The 220kV Weizhou Island cross-sea interconnection project is the first of its kind in the Beibu Gulf and also the first long-distance submarine cable project in China to utilise domestically produced insulating materials. The project overcame key challenges such as long-distance, high-drop directional drilling, facilitating the transition of island power supply from isolated grids to stable interconnection, whilst also creating better transmission conditions for the subsequent grid integration of offshore wind power.In the Farasan project in Saudi Arabia, the company completed the delivery of a 334-kilometre-long 132kV submarine cable, providing critical infrastructure support for connecting the island to the mainland grid, further demonstrating the company's systemic capabilities in cross-sea power transmission and regional energy interconnection scenarios.

In the Farasan project in Saudi Arabia, the company completed the delivery of a **334**-kilometre-long **132** kV submarine cable

In the VMJ30 subsea cable EPC project in Iceland, facing the challenges of complex high-latitude waters and unique topography, the company commissioned three 66kV subsea cables totalling approximately 37.8 kilometres for the Icelandic National Grid (Landsnet).The line spans the Arnarfjörður fjord, where the maximum water depth reaches 109 metres, connecting the southern coast of Iceland with the Westman Islands. With a total transmission capacity of 170 MVA, it provides a continuous and stable power supply to thousands of households in the local fjords and on remote islands. The successful implementation of these projects further highlights the company's comprehensive system capabilities in global cross-sea power transmission and regional energy interconnection scenarios within complex geographical environments.

Hengtong Optic-Electric is driving the continuous upgrading of clean energy supply capabilities through a systematic approach. Our value lies not only in providing equipment and engineering services, but also in continuously enhancing the grid integration, transmission, regulation and security capabilities of clean energy through technological breakthroughs, system integration and practical application, thereby providing more stable, secure and sustainable energy connectivity to support the green transition of the economy and society.

Special Topic

Providing Secure, Reliable and Stable Information Communications – The PEACE Project Bridging the Digital Divide

The interconnection of telecommunications infrastructure is becoming a vital pillar for driving regional collaboration and promoting shared development. For many countries and emerging markets, stable and reliable telecommunications networks are not only crucial for the efficiency of information transmission but also for access to development opportunities in education, employment, finance, healthcare and public services. Hengtong Optic-Electric actively participates in the construction of international telecommunications infrastructure, continuously driving the integration of more regions into high-speed, stable global information networks, and providing solid support for expanding the boundaries of digital connectivity and enhancing the empowering effects on society.

The PEACE (Pakistan & East Africa Connecting Europe) transoceanic submarine cable system is a vital maritime information corridor linking Asia, Africa and Europe. Spanning Pakistan, Kenya,Egypt, France, and extending further to Singapore, forming a transoceanic communications network with a total length exceeding 22,000 kilometres. Through an open access model and flexible resource allocation capabilities, it provides high-quality international bandwidth services to countries and regions along the route, enhancing cross-border interconnection capabilities and network resilience, and promoting more efficient and seamless information flow between Asia, Europe and Africa.

In response to the need to enhance international telecommunications capabilities, PEACE continues to expand digital connectivity across the regions along the route. The project features a design capacity of 24 Tbps per fibre pair; the Pakistan–Egypt segment has a design capacity of up to 96 Tbps, whilst the Mediterranean segment (Egypt–France) reaches 192 Tbps. Currently, the project is being extended to the United Arab Emirates and Oman, with commissioning expected in the second half of 2026, thereby further enhancing cross-regional communication links. Higher capacity, lower latency and more stable international network connectivity provide a more solid foundation for the digital economic development of countries and regions along the route. It also creates more convenient conditions for cross-regional business collaboration, educational cooperation, telemedicine, content services and daily communication, enabling more people to access the global information network on a more equal footing and share the opportunities brought about by digital development.

In addition to the PEACE project, the company has undertaken several other submarine communication projects in recent years. By the end of 2025, Hengtong Optic-Electric will have delivered a cumulative total of 130,000 kilometres of submarine optical cables worldwide. Drawing on our long-standing technical capabilities and project experience, we are continuously expanding our scope from individual engineering projects to broader connectivity services, ensuring that transoceanic submarine cables serve not only as channels for information transmission but also as vital links for promoting regional interconnection and expanding development opportunities.

From transoceanic submarine cables to regional network connectivity, we are driving not merely the construction of networks themselves, but the continuous extension of connectivity capabilities into the realms of social life, public services and industrial development. In the future, we will continue to leverage our technological and industrial strengths in the field of marine communications to support different regions in sharing the fruits of digital development through more stable, reliable and open connectivity capabilities.



01

Excellence in Governance

Empowering Steady and Sustainable Progress



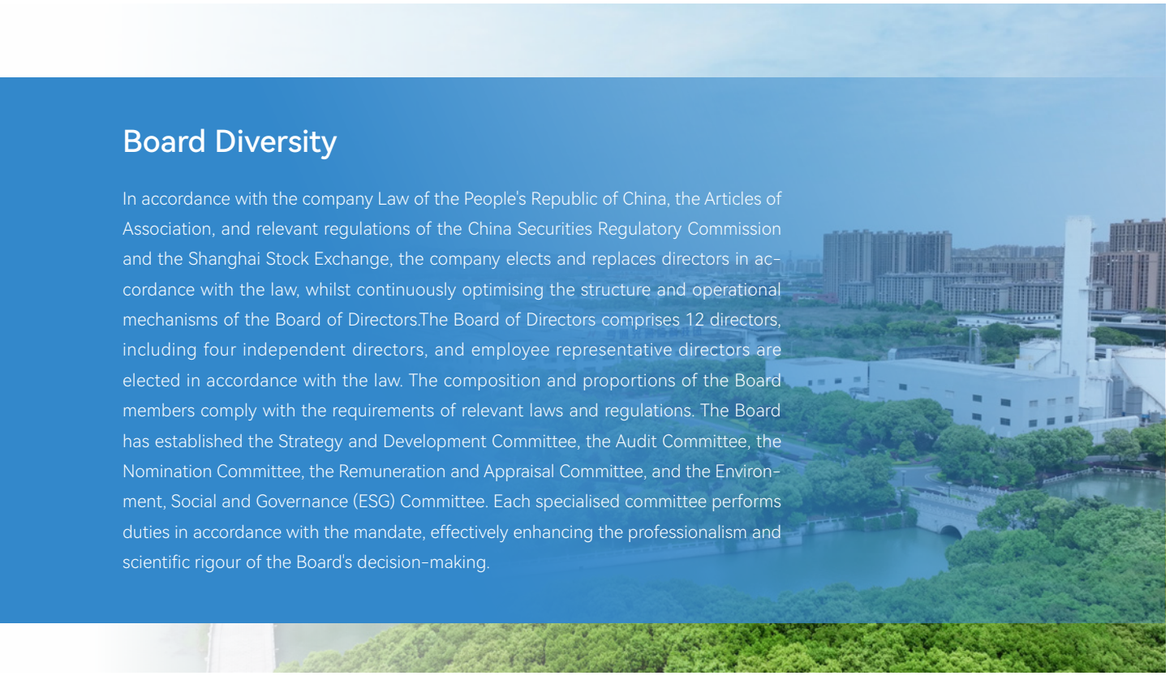
- Corporate Governance
- Risk Management
- ESG Governance
- Business Ethics
- Stakeholder Engagement
- Data Security and Privacy Protection

1.1 Corporate Governance

Hengtong Optic-Electric strictly adheres to relevant laws, regulations and regulatory requirements, including the company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines on Corporate Governance for Listed Companies, the Shanghai Stock Exchange Listing Rules and the Basic Standards for Enterprise Internal Control. In line with the specific circumstances, the company continuously refines the corporate governance structure, establishes and effectively implements an internal control system, and standardises corporate operations.

Governance Effectiveness

In accordance with the principles of clearly defined powers and responsibilities, coordinated operations and effective checks and balances, the company has established a governance structure comprising the Shareholders' Meeting, the Board of Directors and the management team. Each governance body has clearly defined roles, works in coordination with others and exercises mutual checks and balances, thereby forming a standardised and orderly corporate governance system. In 2025, the company updated and revised a number of policies, including the "Regulations on the Duties of Independent Directors", to strengthen the boundaries of authority and responsibility and the operational mechanisms of the company.



Board Diversity

In accordance with the company Law of the People's Republic of China, the Articles of Association, and relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange, the company elects and replaces directors in accordance with the law, whilst continuously optimising the structure and operational mechanisms of the Board of Directors.The Board of Directors comprises 12 directors, including four independent directors, and employee representative directors are elected in accordance with the law. The composition and proportions of the Board members comply with the requirements of relevant laws and regulations. The Board has established the Strategy and Development Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Environment, Social and Governance (ESG) Committee. Each specialised committee performs duties in accordance with the mandate, effectively enhancing the professionalism and scientific rigour of the Board's decision-making.

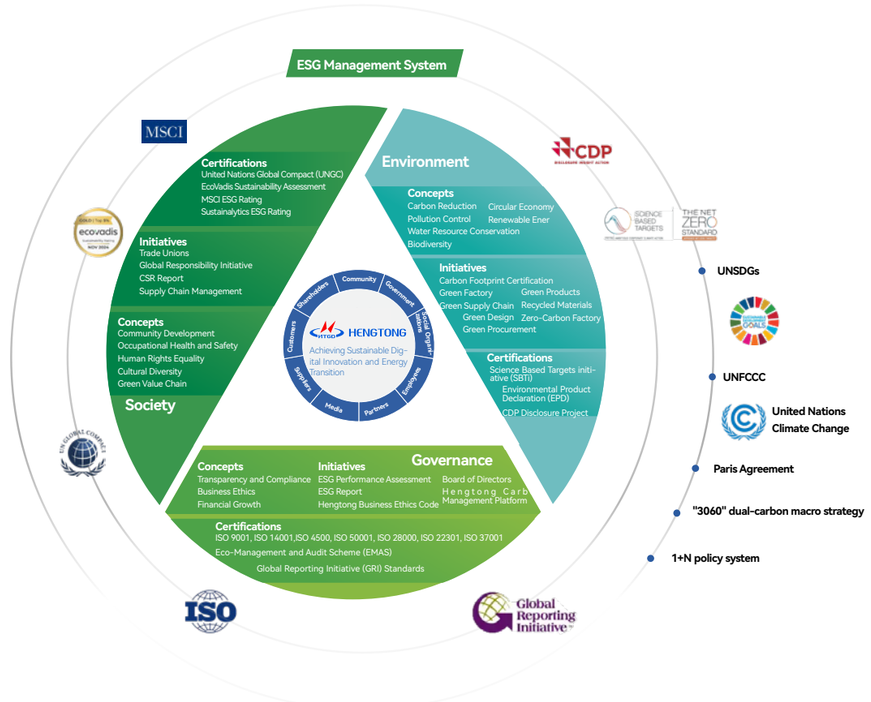
1.2 ESG Governance

In response to the challenges of global climate change and sustainable development, Hengtong Optic-Electric actively aligns with the United Nations Sustainable Development Goals (UN SDGs), the Paris Agreement, and China's national "3060" dual-carbon macro strategy. The company has internalised the responsibility to the times as the core driver of corporate sustainable development. With the core vision of "achieving enduring digital transformation and energy transition", it has established a scientific, transparent ESG management system that is fully aligned with international standards.

In terms of value anchors, the company places key stakeholders—including shareholders, customers, employees, suppliers and the government—at the heart of the system, using their diverse demands to guide the direction of governance.

In terms of management logic, the company centres on the three pillars of environment, society and governance, fully integrating the closed-loop process of "conceptual guidance – implementation of measures – authoritative certification" to comprehensively implement the ESG management system, whilst subjecting to global oversight with high standards and transparency.

Hengtong Optic-Electric ESG Management System



The effective implementation of the ESG management system and the comprehensive alignment with international standards rely on robust internal organisational safeguards and a refined institutional framework. To ensure that macro-level ESG governance principles are effectively translated into daily operational practices, the company continuously optimises the ESG governance structure and actively explores ESG strategies and green, low-carbon transformation initiatives.

ESG Governance Structure

In 2023, Hengtong Optic-Electric established a three-tier governance structure comprising the Board of Directors, the Environment, Social and Governance (ESG) Committee, and the ESG Working Group, thereby ensuring effective integration between top-level decision-making, strategic coordination and operational implementation.



Board of Directors

- As the highest decision-making body for ESG matters, the Board oversees the company's sustainable development strategy and reviews and supervises the implementation of major ESG initiatives.



Environment, Social and Governance (ESG) Committee

- Researches and submits recommendations on ESG policies to the Board, formulating response strategies and strategic objectives.



ESG Working Group

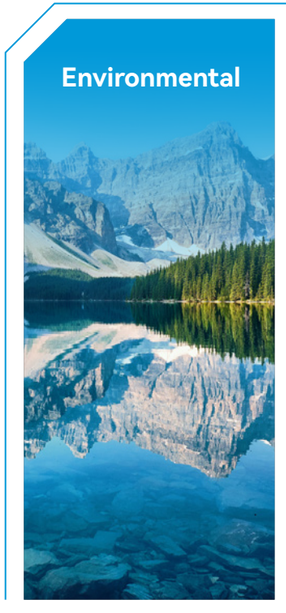
- Translates strategic objectives into concrete actions, carries out ESG-related work, and ensures integration into day-to-day operations.

The company continuously operates and refines the strategic framework. Under the coordination of the Environment, Social and Governance (ESG) Committee, the company has established clear action targets and management measures, aiming to advance the implementation of the sustainability strategy through transparent management processes.

ESG Strategy

Hengtong Optic-Electric treats ESG management as a vital component of the medium- to long-term development strategy. The company has systematically identified key issues in the ESG domain and integrated them into strategic planning, business decision-making and day-to-day operations. Concurrently, the company continuously monitors and assesses relevant laws, regulations and regulatory trends across the global operations. By aligning these with the company's business footprint, it dynamically adjusts the ESG management priorities to ensure compliance with global environmental regulatory frameworks and regulatory expectations, thereby providing robust support for the company's steady development and compliant operations in international markets.

The company continuously operates and refines the strategic framework. Under the coordination of the Environment, Social and Governance (ESG) Committee, the company has established clear action targets and management measures, aiming to advance the implementation of the sustainability strategy through transparent management processes.



Carbon Emissions Management

Guided by the Science Based Targets initiative (SBTi), the company incorporates the management of Scope 1, 2 and 3 greenhouse gas emissions, and implements detailed management through annual inventories and key indicators such as carbon emissions intensity per unit of output

Resource Utilisation Efficiency

We continuously monitor the efficiency of energy, water and raw material usage, promote standardised waste management and resource recycling, and produce annual statistical analyses of resource utilisation alongside improvement measures

Green Innovation

Strengthen the strategic role of green initiatives and green technology R&D in the company's development, and continuously develop sustainable product roadmaps and implementation pathways for green innovation

Green Supply Chain

Align with international standards to encourage suppliers to incorporate green, low-carbon and ESG performance assessments; set a target to "cover 100% of qualified suppliers" and establish a register of qualified green, low-carbon suppliers

Green Policy Compliance

Conduct systematic research and impact assessments regarding relevant domestic and international policies and regulations, formulate actionable response plans, and drive implementation through internal or external communication mechanisms



Employee Development

Refine talent development mechanisms and establish robust, diverse career development pathways for employees

Occupational Health

Strengthen occupational health risk identification and management, emergency drills and supporting health care initiatives

Value Co-creation

Actively engaging in charitable causes, rural development and promoting regional development

Responsible Service

Focusing on customer satisfaction, we continuously optimise service response times, customer communication and responsible marketing



Business Ethics

Establish internal business ethics monitoring and require all parties in the value chain to sign business ethics and anti-corruption clauses

Risk Identification

Regularly monitor regulatory developments and strengthen management's awareness and management capabilities regarding various risks through training

Information Security

Establish a comprehensive and effective information privacy protection mechanism covering individuals, employees, the company, suppliers, customers and others

Green and Low-Carbon Management Mechanism

In the face of global climate change challenges, the company fully recognises that the "Dual Carbon" goals are not only a national strategy but also a primary issue for the company's long-term core competitiveness. Centred on an established indicator system, the company has established a corresponding green and low-carbon management mechanism. Under a unified organisational structure, a collaborative advancement model has been formed, with the Hengtong Optic-Electric ESG Committee overseeing and coordinating specific initiatives to ensure implementation at every stage.

Operations Management Department

Responsible for carbon emissions and resource efficiency management, organising and implementing emission reduction measures



Strategic Management Department

Coordinates green innovation and policy research, and plans the direction of green products and technologies



Supply Chain Management Department

Promotes the development of green supply chains and implements ESG management for suppliers





Six Major Green and Low-Carbon Initiatives

Guided by the principles of green development, low-carbon development and sustainable development, Hengtong Optic-Electric strives to create a green, zero-emission, eco-friendly garden factory. Focusing on global markets and regulatory requirements, and guided by its dual carbon goals of "carbon peaking by 2028 and carbon neutrality by 2045", the company has established a green and low-carbon indicator system. This system sets 17 indicators, including energy consumption per 10,000 yuan of output value, carbon emissions per 10,000 yuan of output value and green electricity usage, which have been incorporated into the company's management assessment framework. Furthermore, the company has formulated six major special initiatives, namely: Management System Development, Energy Structure Adjustment, Breakthroughs in Key Processes, Equipment and Technology Upgrades, Digital Technology Empowerment, and Industrial Layout Optimisation, to explore new models for green and low-carbon development across the entire business process.

Management System Development

Guided by business needs, we have established and improved working mechanisms for energy management and the dual carbon goals, strengthened talent development and professional capabilities, conducted research and analysis of domestic and international policies and regulations, actively explored low-cost solutions, effectively planned for and addressed market and regulatory risks, and promoted the development of a sustainable development system.

Process and Technological Innovation

Taking a holistic approach encompassing product R&D, raw material procurement, production operations and recycling, we are implementing green material substitutions, achieving breakthroughs in key processes, optimising manufacturing procedures and enhancing resource recovery. This enables simultaneous reductions in resource and energy consumption, thereby leading the industry towards green and low-carbon development.

Energy Structure Adjustment

Gradually we increase the proportion of renewable and clean energy used, reduce reliance on fossil fuels, and accelerate the development of distributed photovoltaic projects. Simultaneously, we progressively expand the share of green electricity in market transactions. Through direct procurement from the State Grid, green electricity and green certificate trading, direct green electricity connections, and Power Purchase Agreements (PPAs), we will incrementally increase the proportion of green electricity year on year, thereby promoting cleaner and lower-carbon energy consumption.

Equipment and Technology Upgrades

Actively we introduce new energy-saving and carbon-reduction technologies such as high-efficiency LED lighting, permanent magnet motors and magnetic levitation chillers. By accelerating the iteration of equipment and technology alongside innovative operational models, we systematically advance the green retrofitting and upgrading of production equipment to comprehensively enhance overall operational efficiency and energy consumption levels.

Digital Technology Empowerment

Based on the Hengtong HioT Industrial Internet Platform, we are developing the Hengtong Energy and Carbon Management Platform. By leveraging the strengths of Hengtong's industrial, supply and ecosystem chains, and through the construction of models such as product process routes and BOM tables alongside data verification—combined with data from suppliers and external databases—we have established the capability to conduct inventories of organisational carbon emissions and product carbon footprints.

Optimisation of Industrial Layout

We will adjust our industrial structure and investment priorities, accelerating our deep engagement in green strategic emerging sectors such as new energy, clean energy and marine energy, whilst prioritising the relocation of operations to regions rich in renewable energy resources.

1.3 Stakeholder Engagement

Stakeholders

Hengtong Optic-Electric is committed to establishing a diverse and efficient stakeholder communication system. Through regular dialogue mechanisms, the company seeks to gain a deep understanding of stakeholders' demands and expectations regarding the company's sustainable development. By building long-term, stable relationships of mutual trust with partners across all sectors and fostering collaborative cooperation, the company ensures the continuous creation of shared value for stakeholders.

In 2025, the company maintained ongoing communication with securities analysts, institutional investors and industry research organisations through various channels, including online and offline research visits, forums, strategy meetings, roadshows, reverse roadshows and earnings briefings. During the reporting period, the company participated in or hosted a total of 110 investor engagement events, receiving over 1,600 visits from securities firms and institutional investors; it responded to more than 130 investor enquiries on the SSE e-Interaction platform, actively addressing market concerns regarding share buybacks and dividends, share price performance and operating results; simultaneously, it organised and hosted three earnings briefings to further strengthen communication with retail investors.

Investment and Regulatory Authorities

Adhering to standardised and compliant operations, we aim at deepening ESG governance and information disclosure, and creating long-term sustainable value for investors by enhancing operational resilience and risk management

Clients

Adhering to a "customer-centric" philosophy, we uphold the fundamental standards of product and service quality and safety, build a full-lifecycle service system, respond precisely to customers' needs for green, low-carbon and digital transformation, strengthen the protection of customer information security, and collaborate with customers to co-create long-term sustainable value

Partners

Adhering to a philosophy of openness and collaboration, we promote green, low-carbon and compliant development across the industrial chain through joint technological development and shared responsibility, thereby building a highly competitive ecosystem

Employees

We foster a fair and diverse environment, refine talent development and incentive mechanisms, stimulate employees' innovative potential, and achieve a synergy of value between personal growth and corporate development

Community

Actively fulfilling our social responsibilities, engaging in public welfare, education and rural development, promoting regional economic development, and building harmonious and mutually beneficial social relationships

Diverse Groups

Adhering to the principles of "diversity, equality and inclusion", we respect the religious beliefs and cultural customs of the regions where we operate globally. We uphold gender equality, prioritise care for vulnerable groups, emphasise anti-discrimination in the workplace, and effectively safeguard equal development rights to build a cross-cultural and inclusive environment

Key Issues and Communication Channels

uring the reporting period, the company continued to deepen dialogue and engagement with various stakeholders on key sustainability issues, responding promptly to their concerns through diverse communication channels. Based on business characteristics and strategic priorities, the company has identified key stakeholders, including employees, suppliers, customers and consumers, the media, investment institutions and shareholders, industry associations, and government departments and agencies. Their key issues and corresponding communication methods are outlined below.

Stakeholder	Stakeholder Category	Key Issues		Communication Channels	
Investors and Regulators	Investment Institutions/ Shareholders	• Products and Services Safety and Quality • Innovation-Driven • Corporate Governance	• Business Ethics • Product Sustainability Opportunities • Employee Health and Safety	• Shareholders' Meetings • Investor Relations Events	• Financial Results and Announcements
	Government Departments / Regulatory Bodies	• Pollutant Management • Biodiversity and Ecosystems • Environmental Compliance Management • Employee Health and Safety	• Product and Service Safety and Quality • Business Ethics • Corporate Governance	• On-site interviews and surveys	• Regular meetings
Partners	Suppliers	• Products and Services Safety and Quality • Employee Health and Safety • Data Security and Privacy Protection	• Corporate Governance • Business Ethics	• Supplier Development and Auditing • Supplier Communication Meetings	• Regular supplier follow-ups and assessments • Questionnaire surveys
	Customers	• Addressing Climate Change • Environmental Compliance Management • Products and Services Safety and Quality • Innovation-Driven	• Supply Chain Management • Business Ethics • Corporate Governance • Protection of Vulnerable Groups	• Customer satisfaction surveys	• Customer Relationship Management Platform • Customer Helpline
	Industry Associations	• Products and Services Safety and Quality • Innovation-Driven • Business Ethics • Employee Health and Safety	• Employee Development and Training • Supply Chain Management • Corporate Governance	• Corporate Communications	• General Meeting • On-site interviews and research
Staff	Employees	• Employee Health and Safety • Products and Services Safety and Quality • Employee Care and Benefits • Data Security and Privacy Protection	• Corporate Governance • Business Ethics • Employee Career Development and Training • Diversity, Equality and Inclusion	• Internal Meetings • Internal publications • Staff Interviews and Staff Activities	• Collection of employee feedback (internal email, platforms, telephone, etc.) • OA Suggestion Box
Staff	Vulnerable Groups	• Care and welfare for vulnerable groups	• Diversity, Equality and Inclusion	• Meetings for employees with disabilities	

Stakeholder	Stakeholder Category	Key Issues		Communication Channels	
Community	Media	• Energy Management • Pollutant Management • Employee Health and Safety • Products and Services Safety and Quality	• Data Security and Privacy Protection • Supply Chain Management • Social Contribution • Rural Development	• Media Briefings • Press Releases and Announcements	• Corporate Media Coverage

Materiality Assessment

In 2025, the company continued the work on identifying material issues, compiling a list of ESG issues, and conducting a comprehensive assessment of the actual and potential impacts of each issue on the company's operations and development, as well as on the economy, society and the environment.

Dual Materiality Assessment Process

Understanding the Business Operating Context

- Systematically identify internal and external environmental factors relevant to the company's sustainable development, taking into account corporate strategy, industry trends and external rating requirements

Preliminary Identification of Issues

- Through questionnaires, interviews and a range of communication channels, the Company extensively solicited stakeholder input and, following an initial screening, identified 20 key ESG topics

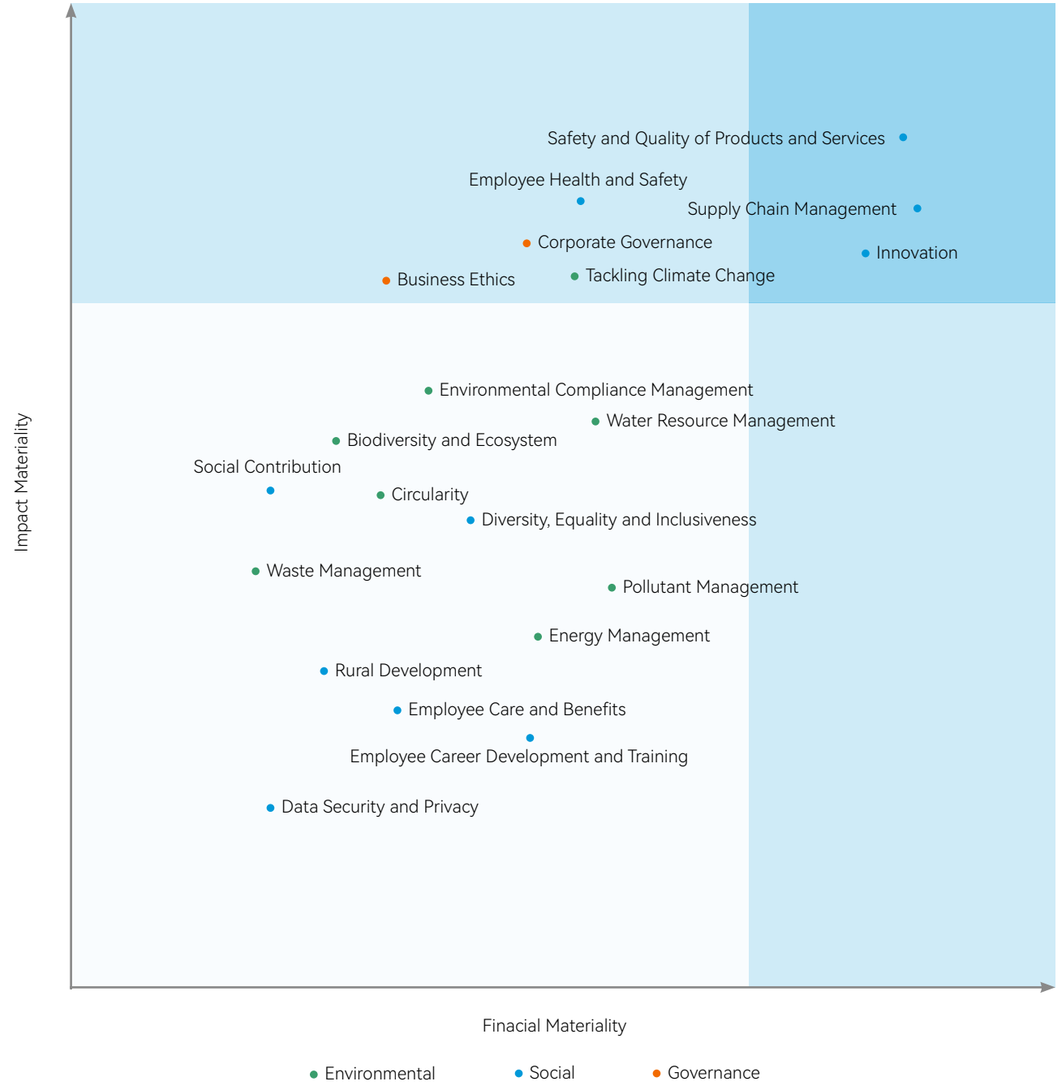
Materiality Assessment

- The company conducted an assessment based on two dimensions: impact materiality and financial materiality. Drawing on the advice of internal and external experts, a comprehensive analysis and prioritisation of the significance of each issue was carried out
- Impact materiality: Analysing the potential positive or negative impacts that issues may have at various stages of the company's value chain, and making a comprehensive judgement on the level of social and environmental materiality of each issue by combining stakeholder feedback with internal and external expert opinions
- Financial materiality: Assessing the impact of issues on resource allocation, cost structure, capabilities and long-term value creation; determining the financial materiality of each issue by combining management judgement with stakeholder feedback

Review and Confirmation of Issues

- Issues are reviewed and confirmed based on the assessment results, ultimately identifying those of double materiality. A dual materiality matrix is then formed and disclosed in this report following approval by the Board of Directors

Double Materiality Matrix



1.4 Risk Management

Hengtong Optic-Electric has established a risk management framework, with the Board of Directors and the Audit Committee providing unified leadership and oversight of risk management across the company. The Board is responsible for determining the overall objectives and fundamental principles of risk management. Under the authorisation of the Board, the Audit Committee maintains continuous oversight and supervision of risk identification, assessment, response and the implementation of internal controls, ensuring that risk management requirements are effectively implemented across all business units and in day-to-day operations.

Governance

Hengtong Optic-Electric Risk Management Framework

Board of Directors
Establishing the risk management framework and policies, assessing the effectiveness of the system, and exercising the highest supervisory function

Audit Committee
Acting on the Board's instructions, receiving audit reports and maintaining ongoing oversight of the overall risk profile

Risk Management Committee
Responsible for risk identification, assessment and response, and for driving the integration of risk management requirements into business processes

Functional Departments
Regularly reviewing the operation of internal controls and promptly reporting audit findings and identified risks

Policy

Hengtong Optic-Electric adheres to relevant laws and regulations, including the company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Basic Standards for Enterprise Internal Control, and the Shanghai Stock Exchange Self-Regulatory Guidance No. 1 for Listed Companies – Standardised Operations. The company has established a comprehensive, systematic and efficient risk management and internal control system covering the entire process of risk identification, assessment, response and monitoring. By integrating risk management into all business processes, the company continuously refines the mechanisms and enhances management standards to ensure operational stability in the face of changes and uncertainties in the external environment, thereby laying a solid foundation for the company's long-term development.

The company fully recognises the importance of making risk management a company-wide, proactive and routine process, and is continuously refining the three-line-of-defence risk management framework to ensure that risk management measures are effectively implemented.

Hengtong Optic-Electric's Three Lines of Defence in Risk Management

Business Departments
- Complying with the company's risk management standard and execute control measures
- Identifying and control risk in a timely manner and avoid major risks

Internal Audit Department
- Conducting regular assessments on the company's legal compliance risk to promptly identify potential risks and issue early warnings
- Conducting annual audits of all subsidiaries of Hengtong Optic-Electric covering key areas including business ethics standards, bribery and corruption risks

Board, Audit Committee
- As the supreme authority leading and overseeing risk management, it's tasked with supervising the integrity and operational effectiveness of the risk and opportunity management system

The company actively identifies and manages various types of risk, integrating risk management into day-to-day operations and major strategic decision-making to lay a solid foundation for long-term sustainable operations and success. Through comprehensive risk management processes, the company regularly conducts dynamic risk identification and control, formulating appropriate response measures. Concurrently, the company carries out regular audits of risk management controls and procedures, and diversifies risk through the development of a diversified investment and business portfolio.

Hengtong Optic-Electric's Risk Identification and Management Process

Risk Identification and Assessment

The Risk Management Working Group regularly collect data, review and identify potential risk sources, classify risks by their attributes, and assess risk levels based on their likelihood of occurrence and severity of impact with other business departments

Risk Addressing and Prevention

Based on the results of risk identification and assessment, we establish risk response and preventive measures to avoid relevant risks and enhance the company's risk response capacity. Meanwhile, the company conducts regular reviews through risk management controls and procedures, and diversifies risks via diversified investment portfolios and business portfolios

Risk Management Capacity Improvement

The company conducts timely reviews of risk management and response performance, coordinates with all relevant departments and personnel to advance risk management initiatives, and improves employees' risk management capabilities through training to form a closed-loop internal risk management system

Following a systematic review of the internal and external environment and the identification of risks, the company classifies and organises various potential risks to form a risk register. This serves as a key basis for the subsequent formulation of prevention and control measures and resource allocation, ensuring the targeted and systematic nature of risk management efforts.



Hengtong Optic-Electric's ISO 22301 Business Continuity Management System Certification

Furthermore, during the expansion of global operations, the company has further identified the impact of cross-regional operational disruptions, supply chain fluctuations and unforeseen incidents on business continuity, and has incorporated these risks into the management framework. In response to these risks, the company is advancing business continuity management initiatives, streamlining and standardising organisational responsibilities, risk assessments and contingency plans. During the reporting period, Hengtong Optic-Electric and the subsidiaries—including Hengtong Power Cable, Hengtong Wire and Cable, Hengtong Special Conductors and Hengtong Smart Grids—obtained ISO 22301 Business Continuity Management System certification. In accordance with the requirements of the standard, the company identified key business continuity risks and refined the emergency response arrangements and resource safeguarding measures to support stable business operations and global delivery.

The company enhances employees' practical capabilities in risk identification, analysis and response through regular risk management training. Each year, the company organises training sessions for all directors and senior management, arranged by regulatory authorities, to improve management's awareness of and ability to manage various risks. Furthermore, to enhance the ability to identify and respond to international compliance requirements and changes in climate policy, the company organises specialised training on key risk issues and implements these measures in line with business operations.

Case Study: Training on the EU Regulation on the Proposal for A *Regulation of the European Parliament and of The Council on Prohibiting Products Made with Forced Labour on the Union Market*

In December 2024, the European Union published the EU Forced Labour Regulation, which is scheduled to apply from 2027. The company conducted a systematic review and clause-by-clause analysis of the Regulation, assessed potential legal and operational risks, and prepared a dedicated legal analysis report. In 2025, the company organized dedicated training sessions to provide an overview of the regulatory background, scope of application and compliance requirements, while setting out clear requirements for the operations of its overseas factories. Through the training, the company's management, employees at its European factories, and personnel from relevant factories involved in EU-related business gained a deeper understanding of the key requirements of the Regulation and carried out internal reviews in accordance with applicable regulatory requirements.



Case Study: Carbon Border Adjustment Mechanism (CBAM) Risk Training

The EU Carbon Border Adjustment Mechanism will enter the formal implementation phase in 2026. The company continues to monitor the latest regulatory developments and has identified that the mechanism imposes more detailed requirements regarding product carbon emissions accounting and data exchange.In 2025, Hengtong Special Conductor formulated the "CBAM Response Plan" and conducted training sessions centred on the relevant requirements. Through the implementation of this training and the plan, the company's carbon data collection processes have been standardised and product carbon emissions management has been further refined, laying the foundation for CBAM compliance.

Case Study: Training on Disclosure Risks under the Corporate Sustainability Reporting Directive (CSRD)

Against the backdrop of the implementation of the EU Corporate Sustainability Reporting Directive (CSRD), the company recognised that it may face new compliance requirements regarding information disclosure and data management in the future. In 2025, the company coordinated relevant training for the Spanish subsidiary, Cablescom, and the Portuguese subsidiary, Alcobre, formulated respective annual work plans, and completed management training, data inventory checks and materiality analyses, thereby establishing a foundation for information disclosure in accordance with the CSRD and the European Sustainability Reporting Standards (ESRS). Moving forward, both companies will adapt to updates and changes in the directive to enhance their capabilities in data management, information disclosure and sustainable governance.



Alcobre conduct CSRD and ESRS compliance training

1.5 Business Ethics

Business ethics serve as both the baseline for corporate compliance and a vital foundation for earning the trust of customers, investors and partners. Hengtong Optic-Electric adheres to the business principles of integrity, transparency and openness, establishing a business ethics management system that covers the global operations. At the same time, the company actively promotes and drives upstream and downstream partners in the supply chain to jointly establish high standards of business conduct, working together to build a global business ecosystem characterised by integrity, clean governance and fair competition.

Management Systems

The company strictly complies with local and international laws and regulations, including the United Nations Convention against Corruption, the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Provisional Regulations on the Prohibition of Commercial Bribery, and the Anti-Money Laundering Law of the People's Republic of China, as well as the Hengtong Optic-Electric Code of Business Ethics. Concurrently, the company has formulated and issued the "Hengtong Optic-Electric Business Ethics Policy", which applies to all employees of the company and the global subsidiaries and affiliated companies. This policy covers requirements relating to labour and employment, financial integrity, anti-bribery and anti-corruption, appropriate hospitality, management of inside information, prevention of conflicts of interest, and fair competition. It clarifies the boundaries of employee conduct in day-to-day operations and emphasises the fundamental principles of respect and inclusivity, integrity in the performance of duties, safeguarding the company's interests, and compliance with laws and regulations. In practice, the company regulates employee conduct in the following areas:

Compliance and Lawful Operation

- The company abides by applicable laws, regulations and corporate policies in all regions where we operate globally. Any act in violation of laws or internal policies may result in disciplinary sanctions or legal liabilities
- The company standardizes the use of its tangible and intangible assets, including equipment, facilities, capital resources, intellectual property and trade secrets; Misappropriation, abuse or unauthorized disposal of corporate assets is prohibited.
- The company complies with legal requirements on anti-money laundering (AML) and counter-terrorism financing (CFT), identifies and reports suspicious transactions, and refrains from conducting business with illegal entities.

Employee Conduct

- The company protects employees' basic rights and working conditions, promotes fair employment, and guarantees employees' freedom of association.
- Child labor is prohibited. Discrimination, harassment and workplace bullying in any form are forbidden.
- Employees shall perform duties with self-discipline, abide by professional ethics, avoid conflicts of interest, and must not seek private gains by taking advantage of their positions.
- The company adopts a zero-tolerance policy towards bribery, corruption, kickbacks and improper benefits. All gifts and hospitality shall comply with corporate policies and reasonable standards.

Fair Competition & Anti-Unfair Competition

- The company obtains business opportunities through legal and compliant means, refrains from false advertising, monopolistic or competition-restricting conduct, and abides by anti-monopoly laws and export control regulations.

Information Security and Confidentiality Obligations

- The company protects the data of employees, customers and partners against unauthorized access, disclosure or use; strictly fulfills confidentiality obligations to guard against risks of insider information abuse and information leakage.

During the reporting period, the company did not experience any incidents of significant breaches of business ethics or unfair competition that resulted in litigation or major administrative penalties.

Strategy

Building upon these institutional requirements, the company integrates business ethics standards into the operational processes to ensure that all compliance requirements are implemented in practice. It actively encourages employees, external stakeholders and the general public to report breaches of business ethics, either under their real names or anonymously, and makes it clear that everyone has the right to supervise and report disciplinary violations, misconduct, dereliction of duty or unethical behaviour by management and staff.

Hengtong Optic-Electric Business Ethics Reporting Channels:

Email: htjubao@htgd.com.cn (Chinese); htgjsj@htgd.com.cn (other languages)

Governance Rules

The company has established a comprehensive set of governance rules that clearly define the standards of business ethics and anti-corruption to be observed by all parties within the value chain. These governance rules cover every stage from contract signing to execution, and explicitly prohibit the granting of any form of bribery, kickbacks or improper benefits. The company strictly requires all individuals or entities conducting business on behalf of Hengtong Optic-Electric, including all employees, agents, contractors, subcontractors and suppliers, to carry out their daily work in compliance with laws and regulations, and maintains a "zero-tolerance" policy towards illegal and non-compliant conduct such as bribery, corruption, extortion, misappropriation of public funds, embezzlement of company assets, and acts detrimental to the company's interests.

Internal Control System

The company has designed and implemented an internal control system, focusing on the following key areas:

- Code of Conduct: In accordance with the "Code of Business Ethics" and the "Business Ethics Policy", the company has clearly defined compliance requirements for employees and partners in areas such as anti-bribery, anti-corruption, data protection and fair competition, and ensures effective implementation through regular training.
- Contractual Provisions: Provisions on business ethics and anti-corruption are explicitly included in all value chain contracts. Suppliers, contractors and other partners are required to sign the "Supplier Integrity Agreement" and commit to adhering to the company's standards. Through risk assessments, compliance audits and training initiatives, the company strengthens oversight of high-risk areas and enhances the transparency and standardisation of the supply chain.
- Supervision and Enforcement: A dedicated oversight team has been established to monitor ethical and compliance matters across the value chain. Regular supply chain audits and risk assessments are conducted, with corrective measures implemented promptly upon identification of issues. The company's Board of Directors and Audit Committee serve as the governing bodies for business ethics initiatives, overseeing the conduct of at least two annual audits on business ethics and anti-corruption matters at Hengtong Optic-Electric (including worldwide subsidiaries). Through internal audits and external reviews, potential corruption risks are subject to continuous monitoring.

Transparency and Accountability Mechanisms

The company has established a systematic accountability management mechanism. It implements comprehensive and in-depth investigation procedures for all types of breaches of business ethics and, based on the findings of these investigations, takes tiered disciplinary measures in accordance with laws and regulations. These measures include, but are not limited to, termination of employment contracts, pursuit of civil liability, or referral to judicial authorities for handling.

- Whistleblowing Mechanism: The company has established anonymous reporting channels and encourages employees and partners to report suspected violations, either under their real names or anonymously. It undertakes not to take any form of retaliation against whistleblowers acting in good faith. The company has established open channels for reporting disciplinary and regulatory violations, along with standardised procedures for handling such reports. It encourages both internal and external parties to promptly report any discovered violations or misconduct and to provide relevant evidence, whilst ensuring that all reported information is fully recorded and processed.
- Whistleblower Protection: Personnel with access to reporting information must not disclose the identity of the whistleblower; those who breach this provision will face disciplinary action or legal liability.

Continuous Improvement and Employee Engagement

The company actively encourages employees to participate in the process of optimising the business ethics management system. Through the regular collection of employee feedback and periodic assessments of the effectiveness of policies, management policies and practical measures are dynamically refined to ensure that the business ethics management system aligns with the company's global strategic development needs, thereby continuously enhancing management effectiveness and compliance standards.

- Channels for Suggestions: The company has established dedicated channels for suggestions, through which employees may submit proposals for improvement either anonymously or under their real names; these are assessed by the Internal Audit Department and implemented accordingly.
- Global Consistency: The company ensures that the business ethics policies are consistently implemented across all business units and subsidiaries worldwide, with appropriate adjustments made in accordance with the legal requirements of different countries and regions.

Whilst implementing these requirements, the company concurrently conducts training to strengthen employees' understanding and application of business ethics standards. Each year, the company delivers a series of business ethics compliance training sessions to all staff (including directors, senior management and other employees) to reinforce their understanding of the Code of Business Ethics, translate regulatory requirements into comprehensible and actionable behavioural standards, and foster a corporate culture characterised by integrity, transparency and compliance.

Integrity Training Courses



Through the continuous advancement of management mechanisms and training practices, the company has achieved phased results in the development of relevant systems. During the reporting period, Hengtong Optic-Electric and subsidiaries including Hengtong Power Cable, Hengtong Wire and Cable, Hengtong Special Conductors and Hengtong Smart Grids obtained ISO 37001 Anti-Bribery Management System certification, providing support for the company to further standardise anti-bribery and compliance management requirements and enhance consistency in business execution.



Hengtong Optic-Electric Co., Ltd. ISO 37001 Certificate	Hengtong Wire and Cable ISO 37001 Certificate	Hengtong Cable ISO 37001 Certificate	Hengtong Special Conductor ISO 37001 Certificate	Hengtong Smart Grids ISO 37001 Certificate

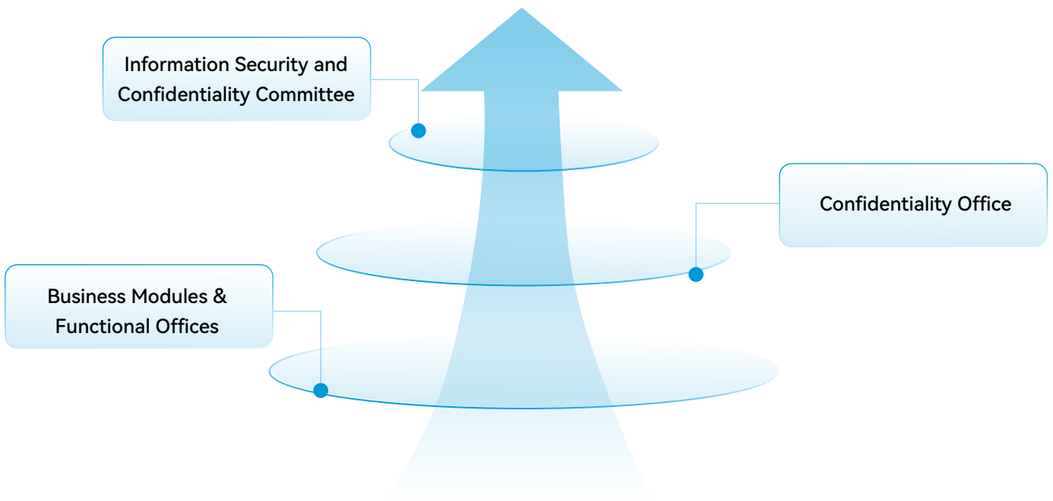
1.6 Data Security and Privacy Protection

Hengtong Optic-Electric regards data security and privacy protection as the foundation for sound business operations and customer trust. The company is committed to establishing a comprehensive data security framework covering all business processes through robust institutional systems, efficient organisational structures and continuous investment in technology. The company not only strictly adheres to relevant domestic and international laws and regulations, but also actively benchmarks against international standards to drive the continuous optimisation and implementation of the information security management system, ensuring that the information security of customers, employees and partners is effectively protected.

Governance

Sound governance is a prerequisite for the effective implementation of data security and privacy protection. The company has established a three-tier information security management framework. The Information Security and Confidentiality Committee serves as the highest authority, chaired by the company's General Manager, who is responsible for the overall coordination of strategic deployment and resource allocation, ensuring alignment with the company's overall development strategy. The Confidentiality Office acts as the executive body, comprising professional management staff responsible for policy implementation, process execution and day-to-day supervision, ensuring that information security requirements are embedded in all business operations.

Hengtong Optic-Electric Information Security Governance Framework



Main Responsibilities of the Hengtong Optic-Electric Confidentiality Committee

- Implementing national and industry policies, laws and regulations relating to confidentiality
- Approving the company's confidentiality work plans and annual work arrangements
- Providing resources for the company's confidentiality system to support and drive the implementation of confidentiality work
- Reviewing and supervising major matters relating to the company's confidentiality work
- Overseeing the operation of confidentiality work across all centres, business divisions and modules

Policy

The company strictly complies with laws and regulations in the operating jurisdictions, including the Data Security Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China. In line with business realities, the company continuously refines internal policies such as the Hengtong Technical Data Confidentiality Control Regulations, the Hengtong Trade Secret Management System, and the Internal Guidelines on Personal Data Protection (GDPR), ensuring that information security work is conducted in accordance with established procedures and regulations. Furthermore, responsibility for information security incidents is treated as a key reference in employee performance evaluations. During the reporting period, the company did not experience any major data breaches or cybersecurity incidents.

In 2025, the company successfully achieved re-certification under the ISO 27001:2022 Information Security Management System. The scope of certification focuses on information security activities related to core manufacturing operations, covering production facilities and data centres, and implementing comprehensive physical and logical management of servers, networks and data assets.

Data Security Safeguards

To ensure the security of data assets and the continuous, stable operation of business, the company has established a systematic data security assurance mechanism covering aspects such as access control, environmental protection, incident response and full-cycle personnel management.

Protection of Trade Secrets

The company has established a systematic management framework centred on the protection of trade secrets, encompassing eight key modules: confidentiality systems, information management, personnel management, document management, IT management, logistics security, stakeholder management, and prevention and control of information leaks. Through measures such as clarifying the division of responsibilities, strengthening the identification of information assets, standardising document and system access rights, and enhancing confidentiality management in external collaborations, the company ensures that trade secrets are effectively protected throughout their entire lifecycle.

The company classifies trade secrets into three levels based on the importance of the information and the potential impact of a leak, and has established corresponding management requirements and control measures for each level to ensure precise protection during the flow of information. At the same time, unauthorised access to and leakage of sensitive information are prevented through means such as access control, data encryption and access log auditing.

Supply Chain Privacy Protection

During information exchanges with suppliers, customers and partners, the company strictly adheres to the principle of information confidentiality, employing techniques such as masking, deletion or obfuscation for classified information to ensure that core data is not disclosed in scenarios such as information disclosure, due diligence and administrative inspections. The company requires all procurement personnel to sign stricter confidentiality agreements to safeguard information security at every stage of the supply chain.

Customer Privacy Protection

The company continuously optimises the processes for managing customer complaints and after-sales service information. In areas such as customer communication, information sharing and data processing, technical measures including data de-identification, access controls and encrypted transmission are employed to prevent the unlawful acquisition or misuse of customer information. Furthermore, the company clearly informs customers of the scope of use and retention periods for their information through the customer privacy policy, whilst guaranteeing customers' rights to access, rectify, delete and transfer their own data at any time.

Data Security and Privacy Protection Awareness Campaigns

To enhance employees' information security awareness, the company regularly conducts security awareness campaigns, phishing drills and security training sessions to disseminate information security knowledge to all staff and train them to handle information security issues with due care. All new employees are required to complete confidentiality training courses via an online platform, whilst annual information security and customer privacy protection training is provided for key R&D technical staff and personnel in confidential roles.

Case Study: Information Security Training

In 2025, to enhance information security awareness among all staff in their daily work, the company utilised the internal platform to launch a series of awareness campaigns focusing on cybersecurity risks, preventive measures and guidance for typical scenarios. It published information security-themed posts such as "Phishing in WeCom Groups" and "Prevention and Response Measures for 'Silver Fox'". By combining thematic posts with online awareness campaigns, the company improved staff's ability to identify phishing attacks, group risks and potential information leaks.

Indicator



Data for 2025

0	100%	248
Annual Data Breaches	ISO 27001 Information Security Management System Certification Coverage	Number of Training Sessions on Data Security/Customer Privacy Protection / Number of Employees



02

Innovation Engine

Driving the Transformation of Information & Energy

- Driven by Innovation
- Product and Service Safety and Quality
- Supply Chain Management



2.1 Driven by Innovation

Against the backdrop of the explosive growth in intelligent computing and the ongoing energy revolution, the industry has set higher standards for product performance, technological sophistication and environmental attributes. Hengtong Optic-Electric has established high-end, intelligent and green development as the core directions of the innovation and R&D, continuously advancing the technological strategy and product upgrades in line with customer needs and industry trends.By refining the R&D system, intensifying efforts to tackle key technological challenges, and integrating green principles throughout the entire product design and manufacturing process, the company continuously enhances product quality and resource utilisation efficiency, transforming innovative achievements into competitive advantages and sustainable development capabilities for the global market.

Governance

The company's Board of Directors is the highest governing body responsible for the Company's research, development and innovation activities. The Board is responsible for reviewing and approving the R&D and innovation strategy, identifying and assessing associated risks, and formulating corresponding mitigation measures. At the operational level, each R&D centre is responsible for ensuring the effectiveness of relevant policies and management systems, implementing the R&D and innovation strategy, and monitoring work progress and implementation outcomes.

Strategy

Continuous R&D is a core element in building long-term trust with customers, business partners and other stakeholders. The company incorporates R&D capability development into the long-term strategy, continuously identifying and assessing market and technological trends, integrating potential risks into the R&D decision-making process, and enhancing the alignment between product planning and market demand.

To mitigate the risk of R&D deviating from market demands and to optimise the allocation of resources, the company continuously refines the R&D system, strengthens the talent pool, enhances intellectual property protection, and promotes collaboration between industry, academia and research institutions.



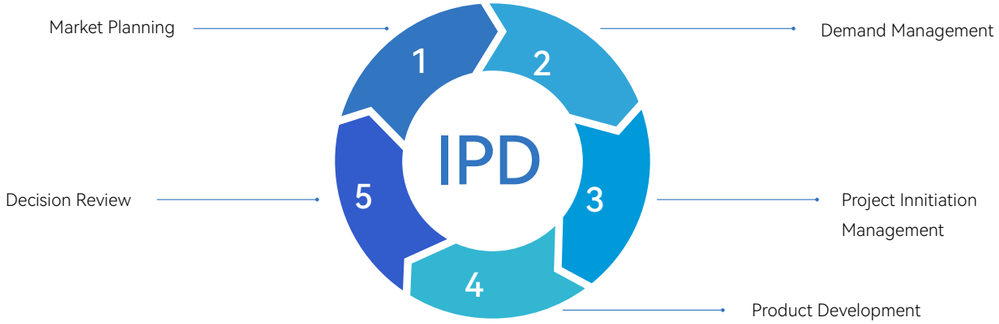
R&D Management System

In the face of global competition, the company is comprehensively enhancing the innovation capabilities and building a robust technological moat, whilst upgrading the R&D-related management systems in accordance with international standards. To mitigate the risk of R&D deviating from market demands and improve the conversion rate of R&D investment, the company is continuously standardising R&D processes, strengthening the pool of highly skilled and specialised talent, promoting in-depth industry-academia-research collaboration, and enhancing intellectual property protection measures, thereby systematically transforming the innovation strategy into a competitive advantage in the global market.During the reporting period, the company obtained ISO 56001 Innovation Management System certification. To achieve standardisation, systematisation and professionalisation in innovation management, the company has established and refined an IPD[2] R&D management system based on the IPD methodology, which is market-demand driven and covers the entire product lifecycle. In practice, the company adapts and optimises processes according to the development stage and product characteristics of different business units, thereby enhancing the applicability and execution efficiency of the system.



ISO 56001 Innovation Management System Certification

IPD R&D Management System



R&D Team Development

The company has clearly defined the positioning of the R&D centres around core technology areas, strengthening the development of specialised R&D teams in high-end optics, specialised optical fibres, fibre materials and deep-sea testing.In terms of talent development, the company has organised numerous specialised training sessions covering topics such as R&D management methodologies, decision-making and review processes, market collaboration, and the cultivation of an R&D culture. Concurrently, the company has established a dedicated task force for R&D talent development, which conducts regular talent reviews and annual development plans to enhance the professional capabilities of core engineering staff. Through continuous recruitment and development, the company provides the necessary talent support for R&D initiatives focused on green technology, intelligent solutions and high-end applications.

[2] IPD (Integrated Product Development) is a market-oriented, customer-driven, structured R&D management methodology that emphasises cross-departmental collaboration, full lifecycle management and phased investment decisions. Through clearly defined product development processes, phase divisions and review mechanisms, this methodology enhances R&D efficiency and product success rates, and is widely applied across various industries including high-tech manufacturing, telecommunications and energy.

Standard Setting and Industry-Academia-Research Collaboration

The company actively participates in the formulation of industry standards, continuously enhancing the influence within international standardisation systems. During the reporting period, the company has published a cumulative total of over 474 standards, covering multiple fields including optical fibre communications, smart grids and marine energy. Concurrently, the company has undertaken joint innovation projects with universities and research institutions such as Tsinghua University, Shanghai Jiao Tong University and the China Electric Power Research Institute to promote the industrial application of cutting-edge technologies.

Intellectual Property Management and Protection

As at the end of the reporting period,

Hengtong Optic-Electric held alid patents	1,546
PCT international patents	161

The company strictly adheres to laws and regulations such as the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Copyright Law of the People's Republic of China, and has established internal regulations including the Supplementary Provisions on Industry-Academia-Research Management and the Hengtong Trademark Management Measures. In 2025, we further optimised our patent management system, clarifying requirements for patent searches and analysis. We mandated that a systematic search and analysis of relevant patents be conducted prior to the initiation of all projects to identify potential infringement risks and implement appropriate mitigation measures. Concurrently, the company is driving the establishment of a unified patent search platform to provide data support for R&D decision-making.

To enhance employees' comprehensive capabilities in the creation, protection and utilisation of intellectual property, the company has organised a series of training activities. During the reporting period, company staff actively participated in various government-organised intellectual property training programmes, with a total of approximately 50 participants across multiple business sectors.

Innovation Philosophy and Achievements

The company has established greening, intelligentisation and cutting-edge innovation as the core concepts of the R&D, and is advancing the technological strategy and product upgrades around these three dimensions.

Green Development

- As the global transition to a low-carbon economy accelerates, the environmental attributes of products are becoming increasingly important factors in market access and customer purchasing decisions. The company incorporates resource efficiency and environmental impact considerations into product planning and R&D, embedding green design principles throughout product design and manufacturing.
- By focusing on material selection, process optimization and life-cycle management, the company continues to enhance the energy-saving and environmental performance of its products, ensuring that its technological innovations support the transition towards low-carbon and sustainable development.

Intelligentisation

In response to the ever-expanding scope of digital applications, the company is increasing the R&D investment in smart manufacturing, digital system applications and product performance optimisation. Centred on the digitalisation of production processes and the enhancement of product performance, the company is driving the deep integration of technology and manufacturing to improve product stability and operational efficiency, ensuring products are better suited to the demands of digital infrastructure development.

Cutting-edge

Keeping pace with generational advancements in next-generation information and communications, marine engineering and new energy sectors, the company is committed to achieving independent breakthroughs in core technologies within cutting-edge fields such as ultra-low-loss transmission, ultra-high-capacity communications and adaptation to extreme environments. By establishing a comprehensive product portfolio ranging from the optimisation of traditional media to the exploration of cutting-edge forms, the company provides high-performance product solutions for global communications infrastructure.

Green Initiatives

To advance green innovation, the company integrates life-cycle management principles throughout the R&D and manufacturing processes, with environmental performance serving as a key consideration in product design and process optimization. Building on its continued efforts to promote green design and cleaner production, the company quantifies product carbon footprints, discloses environmental product information, pursues multidimensional green certifications, and actively explores green and low-carbon raw materials, thereby delivering measurable and verifiable green innovation outcomes.

Case Study: Sunlight System

In July 2025, at the 3rd China International Supply Chain Promotion Expo, the company launched the "Sunlight System". This system utilises high-brightness lighting fibres developed on Hengtong's next-generation specialised optical fibre production platform. Through solar tracking and light-concentrating devices, it channels natural light into an optical fibre transmission network, enabling long-distance delivery to indoor spaces, making it suitable for basements and areas with insufficient natural light. The system emits natural light via terminal fibre-optic lighting devices, whilst regulating ultraviolet and infrared radiation, thereby providing a clean light source for indoor spaces whilst reducing the energy consumption associated with traditional lighting.



Sunlight System

Case Study: Immersion Liquid Cooling Solution

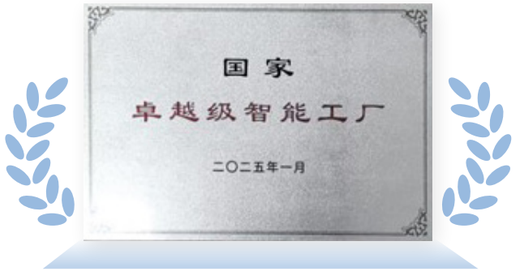
As demand for computing power increases, the issue of energy consumption in data centres has become increasingly prominent.In 2025, the company collaborated with partners to conduct R&D on high-efficiency thermal management technologies, launching a new generation of immersion liquid cooling solutions. The new product combines rapid deployment, efficient heat dissipation, ultra-quiet operation and plug-and-play functionality, making it suitable for scenarios such as artificial intelligence computing centres, data centres and edge computing nodes. It not only significantly reduces the PUE value of data centres but also effectively extends the service life of servers, providing robust innovative support for the industry's transition towards green and low-carbon operations.



New Generation Immersion Liquid Cooling Solution

Intelligentisation

In response to the continuous expansion of digital application scenarios, the company has strengthened the R&D investment in smart manufacturing, digital system applications and product performance optimisation. Focusing on the digitalisation of production processes and the enhancement of product performance, the company is driving the deep integration of technology and manufacturing to improve product stability and operational efficiency, ensuring that products better meet the demands of digital infrastructure construction.



National Excellence-Level Smart Factory

In the field of smart manufacturing, the company is integrating technologies such as 5G, F5G, the Industrial Internet and artificial intelligence to drive the convergence of production systems and digital platforms. In 2025, the company was selected as one of the first batch of "Excellence-level Smart Factories" and "10-Gigabit Factory Pilots", both national level, and is advancing the construction of digital factories based on an "all-optical network + AI" architecture. At the same time, the company is extending these capabilities to applications in new network infrastructure, with relevant projects being shortlisted for the 10-Gigabit Optical Network Pilot Programme.

Guided by the concept of intelligent manufacturing, the company has continued to tackle technical challenges, gradually achieving breakthroughs in key technologies and driving the practical application of these results. During the reporting period, the company undertook multiple digital factory pilot projects, driving the continuous upgrading of the manufacturing system towards efficient operation and intelligent management.

Case Study: 5G Industrial Connectivity: Building Smart Manufacturing and Logistics Synergy

The company utilises 5G networks to enable real-time data exchange between production equipment and logistics systems, thereby coordinating and optimising production and transport processes. This has effectively enhanced production efficiency and operational stability, driving the upgrading of manufacturing processes towards intelligent and automated operations.Based on 5G-A and Industrial PON technologies, Hengtong Power Cable has built a dual-gigabit optical network to achieve comprehensive wired and wireless coverage across the workshop. This provides a stable and efficient connectivity environment for equipment such as AGV[3] , robots, automated storage and retrieval systems (AS/RS), and centralised control screens, driving the evolution of production models towards reduced-staff and unmanned operations.Building on this foundation, the company has further integrated production and logistics systems, deploying an intelligent logistics system within the 5G workshop to automate the flow of materials from storage to production workstations. By managing transport tasks through a unified dispatch platform, combined with route optimisation and the automatic identification and synchronisation of data via RFID technology, manual intervention is reduced and material distribution efficiency is enhanced.

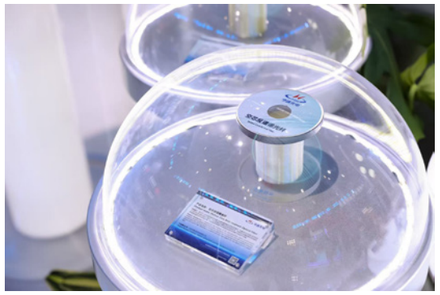
[3] AGV (Automated Guided Vehicle): An intelligent transport device that utilises magnetic strips, laser or vision-based navigation to achieve automatic route planning and material handling, used for internal material distribution and warehouse logistics within production facilities.

Cutting-edge

As global information infrastructure advances towards ultra-high-speed transmission, all-optical networks and marine applications, the company leverages the deep foundational expertise to continuously allocate R&D resources towards core areas such as transmission performance, optical fibre materials and deep-sea testing. By strengthening key technological capabilities, the company is driving product upgrades towards high performance and reliability, profoundly reshaping the competitive landscape of the next-generation information and communications industry.

Case Study: Key Technological Breakthrough in Hollow-Core Fibre

In response to the explosive growth in artificial intelligence (AI) computing power and the demands for transmission bandwidth and low latency in the interconnection of hyperscale data centres, the company is committed to overcoming the physical limitations of traditional solid-core quartz optical fibres and is actively developing next-generation cutting-edge optical transmission technologies. During the reporting period, the company launched the hollow-core anti-resonant optical fibre , which achieves extremely low loss levels in specific wavelength bands, reaching internationally advanced standards and passing inspections by national-level testing institutions.By utilising air as the transmission medium, this product effectively reduces signal transmission loss and latency, offering higher transmission efficiency compared to traditional solid-core optical fibres. Targeting applications such as high-speed data centre interconnects and ultra-low-latency communications, it provides critical support for computing power networks and next-generation communications infrastructure. In the future, with the explosive growth of AI computing power and the continued advancement of new infrastructure construction, hollow-core optical fibres are set to enter a golden era of large-scale commercialisation.



Hollow-core Fibre Products

Case Study: Multi-core and Submarine Communication Fibre Optic Product Series

During the reporting period, the company achieved a key technological breakthrough in the performance metrics of the independently developed ultra-low-loss quad-core fibre with a large effective area. It achieved synergistic excellence across the three core metrics of low crosstalk, low loss and large effective area, reaching the highest industry standards and providing a critical solution for the ultra-high-capacity communication demands of the AI era.The ultra-low-loss multi-core optical fibre developed by the company integrates multi-channel transmission capabilities within a single fibre, thereby increasing the capacity per unit of fibre, whilst maintaining structural stability to withstand the complex environments of the deep sea. This not only provides robust support for deep-sea and offshore information transmission and the construction of cross-regional communication networks, but also offers core support for the development of new infrastructure such as 5G-A and intelligent computing centres.



Ultra-low-loss Multi-core Optical Fibre

Case Study: G.654.E Fibre Achieves Million-Core-Kilometre Level

During the reporting period, the company established a new-generation ultra-low-loss optical fibre fabrication platform, driving the transition of G.654.E optical fibre from laboratory trials to large-scale commercial deployment at the million-core-kilometre level. The company's independently developed G.654.E optical fibre boasts industry-leading attenuation levels and has been widely adopted in telecommunications operator networks and high-speed rail communication projects, supporting high-capacity, long-distance transmission requirements. Furthermore, this product has been deployed in the construction of nearly twenty national-level computing hub nodes across the country.



G.654.E Single-Mode Fibre

Impact, Risk and Opportunity Management

To ensure the effectiveness of its management approach, the company integrates R&D and innovation risk management into key stages of the R&D management system and has established an end-to-end risk management framework covering technology, supply chain and environmental compliance. Through systematic risk identification, quantitative assessment and dynamic response mechanisms, the company ensures that its R&D activities remain aligned with its strategic objectives. In parallel, the company implements targeted risk mitigation measures to minimize the potential impacts of R&D and innovation risks on internal and external stakeholders.

R&D Innovation Risk Management Process

Risk Identification

Regularly review risks associated with technological iteration (e.g. material substitution), supply chain volatility (e.g. shortages of critical raw materials) and environmental compliance (e.g. tightening of carbon emission standards)

Dynamic Monitoring and Review

Track progress on risk mitigation through regular progress reports, and adjust strategies in response to market and policy changes



Risk Assessment

Quantify the likelihood and severity of risks (e.g. high/medium/low) and prioritise them

Development of Response Strategies

Develop contingency plans for high-priority risks (e.g. technology reserves, supplier diversification, green process alternatives)

Indicators and Targets

Centred on the innovation-driven strategy, Hengtong Optic-Electric continues to strengthen the allocation of resources, planning to increase R&D investment year on year to drive the development of new products and technologies. In 2025, the company's total R&D expenditure amounted to 2.02 billion yuan, representing 3.02% of revenue.



2025

Amount spent on research and development

2.020 billion yuan

(roughly 3 billion USD)

3.02%

R&D expenditure as a percentage of revenue

2,381 people

Number of R&D staff

With regard to intellectual property, the company's patent applications and maintenance during the reporting period were as follows:

13.9%

Proportion of R&D staff

355 Items

Newly granted invention patents

16 No.

New PCT international patents



2.2 Product and Service Safety and Quality

Hengtong Optic-Electric has always regarded product and service quality as the lifeline of the company's development and has established a quality management system covering the entire product lifecycle. Through multi-faceted measures such as refining the governance structure, optimising systems and processes, advancing digital transformation and strengthening the quality culture, the company ensures it meets the global market's demand for high-quality, safe and sustainable products and services.

Governance

The company has established a three-tier quality governance structure to ensure clear quality management responsibilities, smooth processes and effective implementation.

Hengtong Optic-Electric's Quality Governance Structure

Quality Mangement Committee

- Refine the orientation of quality strategy, review quality development plans, annual quality objectives and major quality improvement initiatives; coordinate cross-departmental resolution of critical quality issues and allocation of supporting resources.
- Drive the implementation of quality culture and intelligent digital quality management tools.

Quality Management Department

- Be responsible for the overall planning and implementation of the company's quality management work, with subordinate units including the Quality Technology Center, Testing Center and Laboratories, and undertakes tasks such as system establishment, delivery of quality objectives, capacity building and promotion of quality culture to ensure effective implementation of institutional requirements.

Functional Departments

- Quality teams shall be set up in each subsidiary and business division, responsible for specific quality control, process improvement and issue feedback, so as to build a top-down and bottom-up linked full-process quality execution system.

Strategy

Product quality is fundamental to the long-term, stable development of an enterprise. In the energy and communications infrastructure sectors, product performance and stability, delivery reliability, and safety and regulatory compliance directly affect customer trust and market access. As global market standards continue to rise and application scenarios become increasingly complex, the Company has incorporated quality management into its core strategy and established a management framework covering the entire product life cycle, ensuring consistent quality and reliable performance across all stages, from R&D to after-sales service.

To ensure the effective implementation of the quality strategy, the company continuously refines the institutional framework and operational processes, and integrates quality risks into day-to-day management. By analysing daily operations, the company compiles a list of quality risks and opportunities, focusing on supply chain stability, potential for process optimisation, and evolving customer requirements.

Hengtong Optic-Electric Quality Risk and Opportunity Identification List

Risk/ Opportunity	Risk/Opportunity Description	Response Measures	Time Horizon
Production Process Deviation Risk	• During the manufacture of optical fibres and cables, factors such as operator error, equipment stability, fluctuations in raw materials, environmental control or process parameter settings may cause product performance metrics to deviate from standard requirements, thereby affecting product consistency, yield rates and delivery lead times. Such deviations may lead to customer quality complaints, increased internal rework costs, and may even impact project fulfilment and brand reputation.	• The company has established clear, standardised quality management and inspection procedures, as well as quality red line (bottom line) management requirements, which are regularly reviewed and updated; • The production department conducts regular patrol inspections and preventive maintenance; • Products undergo quality inspections to ensure compliance with quality standards; • Key process parameters are collected in real time via the MES and digital twin systems to enhance process monitoring and anomaly detection capabilities; • Regular training on quality tools and operating procedures is provided to ensure staff are fully proficient in these protocols.	Short to Medium Term
Supply Chain Quality Risks	• Against the backdrop of increasing complexity in the global supply chain, the company may face fluctuations in the quality of incoming materials due to insufficient quality control capabilities, unstable delivery or compliance issues among certain key raw material or component suppliers, thereby affecting product performance and delivery schedules. Particularly in critical areas such as high-end optical fibre materials and special metals, supply chain quality risks may pose challenges to customer trust and market competitiveness.	• Establish rigorous supplier selection criteria, prioritising quality in the assessment process; • Clearly define quality requirements, liability for breach of contract and rectification clauses in contracts, and require suppliers to provide compliance certifications; • Conduct supplier quality control training to ensure the effective communication of quality standards and process requirements; • Avoid reliance on a single supplier and establish a list of alternative suppliers; Develop contingency procurement plans for high-risk materials.	Short to Medium Term

Risk/ Opportunity	Risk/Opportunity Description	Response Measures	Time Horizon
Customer Satisfaction Risk	• As customer expectations regarding the performance of optical fibre products, delivery lead times, technical support and service responsiveness continue to rise, failure to meet these expectations in terms of product quality, delivery timeliness, and pre- and post-sales communication may result in customer complaints, project delays or even customer loss, thereby impacting long-term customer relationships and market reputation.	• Identify core customer needs through surveys, interviews or data analysis; • Establish a cross-departmental joint review mechanism to ensure the accuracy and authenticity of product marketing and technical information; • Establish complaint investigation and rectification procedures to ensure complaints are resolved promptly and professionally;Incorporate customer feedback into product improvements and process optimisation.	Short to Medium Term
Opportunities for Technological Upgrading and Digital Empowerment	• Currently, technologies such as the Industrial Internet, artificial intelligence and big data are being rapidly adopted in the manufacturing sector. If the company can accelerate the technological upgrades and digital transformation, this will help to enhance production automation, optimise process control and strengthen quality traceability capabilities. Consequently, this will improve product consistency, reduce operating costs and secure a technological advantage in emerging application scenarios such as 5G, data centres and marine communications.	• Enhance the system integration platform and continue to drive the upgrade of digital factories, further improving the automation, intelligence and efficiency of production processes; • Advance the application of digital twins and AI-powered visual inspection to improve defect identification and process optimisation capabilities; • Use digital tools to improve production transparency and end-to-end quality traceability.	Medium to Long Term

Quality Management System

The company has established a quality management system centred on the requirements of the ISO 9001 quality management system and the TL 9000 telecommunications industry quality management system, using internationally recognised standards as the fundamental framework for quality management.

Within this framework, the company continuously refines the quality system across three key areas: raw material control, process management and accountability. In terms of source management, the company has revised regulations such as the "Raw Material Non-conformance Handling System", "Inventory Acceptance and Assessment Management Regulations" and "PCN Management System" to standardise raw material approval, acceptance and change processes, thereby strengthening proactive control of quality risks at the supply end.In terms of process management, the company has integrated the quality meeting system, requirements for intervention in key processes, and the operation of quality teams, issuing the "Process Quality Management System". This consolidates previously dispersed management requirements into a unified production process control framework, making quality management more systematic and transparent. Regarding the implementation of responsibilities, the company has established the "Quality Assessment and Incentive System", linking quality performance to performance evaluations. This encourages employees to actively participate in quality improvement and enhances the professional capabilities of staff in production and testing roles.

Building upon the implementation of these systems, the company has further aligned internal management requirements with internationally recognised standards, using system certification to enhance the standardisation and transparency of system execution. During the reporting period, Hengtong Optic-Electric obtained the following quality system certifications:

Certification Type	Certification Name
Market Access and Product Compliance Certifications	• CCC Flame-Retardant Certification (China Compulsory Certification for Flame-Retardant Products): Indicating that flame-retardant wire and cable products comply with China's mandatory safety and flame-retardant performance requirements. • TCA certification (Technical Conformity Assessment): Indicating that a product complies with the technical specifications and market access requirements of a specific country or power grid project. • CE Marking (Conformité Européenne): Indicating that a product complies with the relevant EU directives on safety, health and environmental protection. • CPR (Construction Products Regulation): Applicable to the EU construction products market, setting out clear standards for products in terms of fire safety and safety performance. • UKCA (UK Conformity Assessed): Certifying that a product complies with the regulatory requirements of the UK market. • EAC (Eurasian Conformity): Product compliance certification applicable to the Eurasian Economic Union market. • RETIE Certification (Reglamento Técnico de Instalaciones Eléctricas): Meeting the market access requirements of Colombia's Technical Regulations for Electrical Installations.

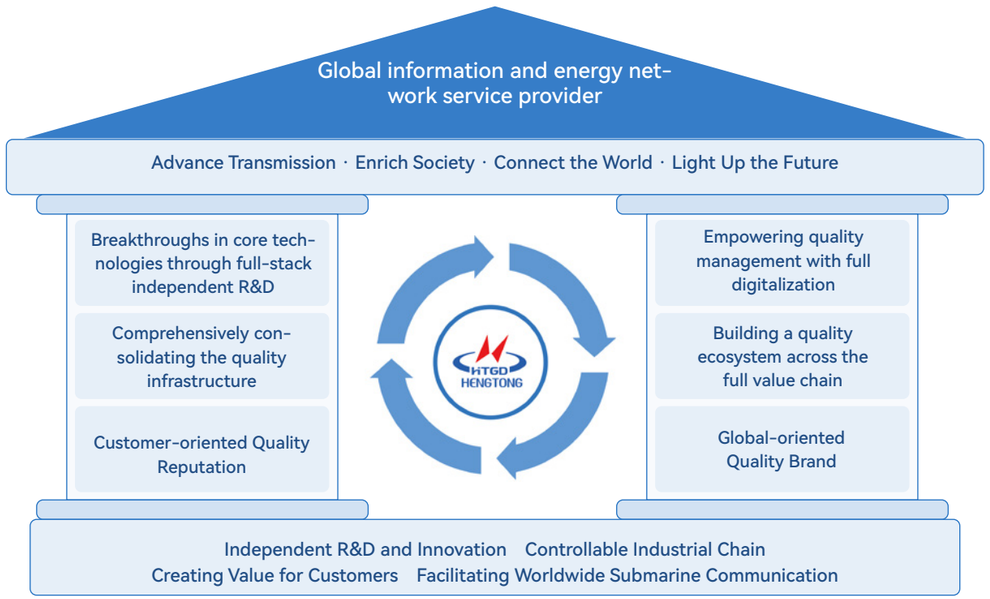
Quality Management Initiatives

Within its quality management framework, the company continues to strengthen quality management across key areas, including end-to-end quality control, digital and intelligent capability enhancement, customer and market management, and quality culture development. By embedding quality requirements throughout the entire process of product realization and delivery, while advancing technological upgrades and organizational capabilities, the company ensures that its quality management is underpinned by robust systems, technological support and a strong quality culture, thereby providing sustained and reliable assurance for product safety and customer trust.

End-to-End Quality Management

The company continues to be guided by the "Four Comprehensives and Two Aspects" principle, integrating quality requirements throughout all stages of R&D, design, procurement, production, logistics and service, thereby ensuring that quality management covers the entire product development and delivery process.Guided by the principles of customer-oriented quality reputation and a global quality brand, the "Four Comprehensives and Two Aspects" approach advances quality management across all personnel, processes, elements and data. It emphasises the implementation of quality requirements in technical R&D, manufacturing, delivery services and value chain collaboration.

"Four Comprehensives and Two Aspects" Model Diagram



Concurrently, product testing is integrated throughout R&D validation, production control and pre-delivery verification, serving as a vital component of end-to-end quality management. the company has established a testing and release management system underpinned by 100% inspection of core indicators, supported by phased performance verification and stringent internal control standards, ensuring products meet customer and industry standards prior to shipment.

Product Stage	Quality Management Measures
R&D and Design Stage	The company reduces the risk of design defects by standardising review processes and technical validation requirements
Procurement Stage	Supply chain quality control is strengthened through raw material approval and change management systems
Production Stage	The company ensures consistent product performance through process quality management systems and control of critical processes
Logistics and Delivery	The company ensures delivery quality through standardised acceptance procedures and traceability systems

Digital and Intelligent Quality Upgrades

Building upon comprehensive quality management, the company continues to explore new models that deeply integrate artificial intelligence, the Industrial Internet of Things and manufacturing processes, driving quality management from traditional models towards visualisation, real-time monitoring and early warning systems.

In terms of digital quality management, the company has established a digital twin system that integrates with MES[4] and WMS[5] systems. This enables the collection and intelligent analysis of quality data throughout the entire process, from raw materials to finished products, thereby enhancing the visualisation and early warning capabilities of quality management. Centred on key production stages such as colouring, plastic sheathing, cabling and jacket application, the company has developed a virtual monitoring system that operates in synchronisation with actual production lines, continuously collecting and displaying critical quality parameters involved in the production process.

In terms of artificial intelligence applications, the company utilises AI image recognition technology to automatically identify surface defects on optical cables and trigger real-time alerts, whilst continuously improving recognition accuracy through cloud-based model training. AI is also applied to quality data analysis, process parameter optimisation and equipment condition prediction, driving the transition of quality management from experience-driven to data-driven approaches.

Customer and Market Quality Management

Following product delivery, Hengtong Optic-Electric extends the quality management to customer service and market communication, continuously enhancing customer satisfaction by refining the service system and standardising sales practices.

Customer Service

The company continuously optimises processes for customer complaints, after-sales service and technical support, establishing internal regulations such as the "Customer After-Sales Service Management System", "Emergency Incident Handling Management System", "Customer Complaint Management Measures" and "Specialised Procedures for Customer Complaints and Returns". The company has established strict service response timelines, stipulating that routine requests must be responded to within 0.5 hours and major customer complaints within 12 hours, ensuring that all engineering faults are rectified and resolved at the earliest opportunity. To effectively support these service capabilities, the company has established a response team comprising professional engineers, regional managers and account managers, providing 24-hour free service, as well as conducting quarterly needs assessments and delivering bespoke technical training.In 2025, the company independently developed and launched the digital customer complaint management platform GJ-003 for international markets. A total of 37 customer complaints were received, all of which have been properly resolved, achieving standardisation, transparency and traceability in the cross-border customer complaint handling process.



[4] MES: Manufacturing Execution System. A system used for issuing production plans, process control, data collection and quality traceability, enabling end-to-end monitoring and management from raw material input to finished product output.

[5] WMS: Warehouse Management System. A system used to manage warehouse operations, covering functions such as goods-in, goods-out, inventory management and logistics scheduling, and supporting the accuracy and traceability of material flows.

After-sales Service – Comprehensive Service Network

- To ensure customers can easily enquire about product information and provide feedback on product usage, all of the company's service centres are staffed with regional managers and account managers, offering 24-hour free support;
- We provide in-depth services such as customer follow-ups and training. We conduct quarterly surveys to understand customer service and consumption needs, provide training delivered by technical experts with professional theoretical knowledge and practical experience, and offer on-site installation guidance and technical training for the customer's technical staff.

Engineering Services – Professional Team of Engineers

- The company's Engineering Services Department comprises professional engineers, ensuring that engineering faults are resolved promptly;
- During the product warranty period, technical staff will be dispatched by the company to attend the site promptly to address any quality issues; outside the warranty period, technical staff will be dispatched immediately to attend the site, with a response time of within 30 minutes depending on the circumstances, to assist in resolving the issue.

Responsible Marketing

The company strictly adheres to marketing-related laws and regulations in operating regions. It has established internal policies, such as the 'Notice on Standardising the Upload and Reporting of Self-Media Information', along with compliance oversight mechanisms. A multi-departmental joint internal review process has been implemented to prevent the publication of misleading information. Throughout the sales process, the company upholds the principle of responsible marketing, ensuring that product information is truthful, accurate and compliant. Through institutional reviews and training management, we strengthen marketing personnel's compliance awareness and enhance customer trust and satisfaction. The company integrates the concept of responsible marketing throughout the entire sales and service process, ensuring the accuracy, transparency and compliance of product promotion and service information.During the reporting period, the company did not experience any incidents involving breaches of regulations regarding product promotion and service information. Furthermore, to ensure employees comply with all policies and promote products and brands efficiently and in compliance with regulations during marketing activities, the company regularly provides comprehensive responsible marketing training to domestic and international marketing teams and distributors through a combination of online and offline methods. The training covers cultural customs in target markets, local laws and regulations, product knowledge, and responsible marketing techniques.

Quality Culture Development

The company integrates quality culture development with quality management practices, extending quality requirements from the institutional level to day-to-day operations and employee conduct, thereby strengthening quality awareness across the organisation and enhancing the effectiveness of quality management implementation.



The "Four Comprehensives and Two Aspects" Model Wins the 5th China Quality Award

In September 2025, the company was awarded the 5th China Quality Award for the "Four Comprehensives and Two Aspects" quality management model. The China Quality Award is the highest honour in China's quality sector, recognising organisations and individuals that have achieved significant innovative accomplishments in quality management models, methods and systems. This award signifies that the company's quality management practices have received the highest recognition at the national level.



Hengtong Optic-Electric Awarded the China Quality Award

The company continues to deepen the development of the quality culture, conducting comprehensive quality and reliability training. By combining theory with practical application, it encourages employees and partners to participate in the quality management process, thereby enhancing the quality awareness of both staff and suppliers.

Case Study: Quality Culture Development

In 2025, the company launched a series of quality initiatives across three key areas: capability enhancement, full staff participation and professional development.



Hengtong Optic-Electric Quality Month Activities

In terms of capacity building, the company has organised multi-faceted specialised training programmes for employees and suppliers, focusing on the operation of the quality management system and the enhancement of capabilities. The training covers topics such as the application of quality improvement tools, the study of quality management regulations, and process control in quality management. At the same time, specialised training on quality control has been provided to the supply chain to clarify raw material quality requirements and process control standards, thereby helping suppliers to better understand and implement Hengtong Optic-Electric's quality specifications.

To deepen professional expertise, the company organised specialised quality initiatives for the engineering team. Centred on themes such as quality risk identification, process control and continuous improvement, these initiatives utilised case studies, experience-sharing sessions and on-site exercises to reinforce engineers' awareness of their quality responsibilities in product design and process optimisation.

In terms of cultural guidance, the company has organised themed activities in conjunction with National Quality Month. Through knowledge dissemination, skills competitions and on-site improvements, these initiatives have boosted employee engagement and quality awareness. During the campaign, improvements were achieved in certain key quality indicators; for instance, the first-pass yield rate for standard cable products rose from 96.41% to 97.08%.

Through multi-tiered initiatives, the company has integrated quality management requirements into employees' daily work, continuously enhancing the organisation's overall quality awareness and professional standards.

Risk Management

The company continues to refine the quality risk identification and response processes to ensure risks are promptly controlled and continuously improved.

Management Processes	Main Content
Risk Identification	Leveraging end-to-end monitoring and digital platforms, we conduct risk screening across R&D, procurement, production, supply chain and product usage to identify potential quality risks.
Risk Assessment	We assess the severity and likelihood of identified risks, analyse their potential business and financial implications, and determine their priority.
Risk Prevention	Through process control optimisation, Six Sigma methodologies, lean management and the application of digital tools, we continuously improve key processes and supply chain management to reduce the probability of risks occurring.
Quality Incident Response	We establish rapid response and resolution procedures for quality incidents, clearly define responsibilities and corrective action requirements, and ensure that issues are addressed promptly.
Product Repair and Recall	We implement full lifecycle tracking and management of products, and promptly organise repairs or recalls for defective products.
Review and Continuous Improvement	We conduct root cause analysis and draw lessons from quality incidents to refine systems and processes.

Indicators and Targets

The company has established a system of targets and metrics aligned with the quality management system, focusing on product quality stability, customer satisfaction and a sustainable product portfolio.

Objectives: To continuously improve product yield rates and customer satisfaction, strengthen end-to-end quality control capabilities, and foster a deepening of quality awareness among all staff.



2025

0 Incidents
Number of product recalls

89 Cases
Number of customer complaints

100%
Customer complaint resolution rate

98.04%
Customer satisfaction survey coverage

98.65 Points
Customer satisfaction score



2.3 Supply Chain Management



Hengtong Optic-Electric continues to advance the development of a stable and green supply chain, embedding sustainability requirements into key processes such as supplier onboarding, partnership evaluation and dynamic management. The company has established a supply chain risk identification and assessment mechanism to track and rectify potential environmental and social risks, whilst strengthening the capacity for end-to-end supervision and continuous improvement. At the same time, it is constantly enhancing the compliance and resilience of supply chain operations, driving the formation of a supply chain system that combines commercial robustness, environmental friendliness and social value.

Governance

The company has established a three-tier supply chain governance structure comprising the Board of Directors, senior management and functional departments. As the highest governing body responsible for supply chain management and supplier ESG management,the Board of Directors provides strategic direction and oversees the relevant governance mechanisms. Senior management coordinates the planning of supply chain management requirements, while the relevant functional departments and procurement centres work collaboratively to implement specific management measures. This structure ensures the systematic implementation of sustainable supply chain requirements and supports the continuous enhancement of the company's responsible supply chain management practices.

Strategy

Risks	Risk Description	Response Measures	Time Horizon
Supply Chain ESG Compliance Risks	Against the backdrop of increasingly stringent regulatory requirements, such as relevant EU regulations, any environmental non-compliance by suppliers in their production or emissions management may result in regulatory penalties or reputational risks for the brand.	• Sign a "Social Responsibility and Ethical Standards Agreement" with suppliers to implement provisions regarding anti-discrimination, human rights protection, safeguarding of vulnerable groups, employee health and safety, and remuneration guarantees; • Verify the implementation of supplier audits and on-site inspections.	Medium Term
Supply Chain Extreme Weather Risks	If supply chain operations are disrupted due to compliance issues or extreme weather conditions affecting raw material production areas or logistics, this may lead to compliance risks and supply chain disruptions.	• Incorporate ESG requirements into the full lifecycle management of suppliers; • Require key suppliers to disclose carbon footprint data and develop emission reduction plans.	Long Term
Supply Chain Monopoly Risks	If certain suppliers with high irreplaceability are unable to maintain stable supply, and the implementation of alternative solutions is constrained, this may affect the stability of raw material supply and production delivery.	• Expand alternative supplier resources and cultivate potential partners; • Promote the localisation of materials and accelerate the process of achieving self-reliance and control over key technologies.	Short Term
Risks Associated with Reliance on Imported Speciality Materials	We remain reliant on imports for certain key speciality materials, making us vulnerable to fluctuations in international trade conditions, which may lead to increased procurement costs or extended delivery lead times.	• Accelerate the onboarding of qualified local suppliers to diversify supply sources.	Medium Term
Systemic Risks in the International Supply Chain	Disruptions to the global supply chain may adversely affect the procurement of core materials, cost control and the delivery of overseas projects.	• Formulate the "Hengtong Optic-Electric Risk Management System", the "International Supply Chain Risk Identification List (2025 Edition)", the "Supplier Code of Conduct (2025 Edition)" and the "International Supply Chain Risk Contingency Plan (2025 Revision)"; • Conduct quarterly and annual reviews based on system data, combined with external policies and industry information, and incorporate identified risks into the annual risk management plan.	Short to Medium Term
Geopolitical and Trade Friction Risks	Imports of key raw materials (such as ultra-high-voltage cross-linked materials) may be affected by trade restrictions, tariffs or export controls, impacting supply stability and cost structures.	• Implement a supplier diversification strategy; • Establish strategic safety stock for high-risk materials; • Enter into long-term supply assurance agreements with key suppliers.	Medium Term
Supply Chain Concentration and Disruption Risks	Fluctuations in logistics capacity, congestion at major ports or operational disruptions at suppliers may lead to delays in raw material deliveries or temporary supply shortages.	• Optimise inventory management mechanisms, strengthen demand forecasting and information sharing; • Enhance collaborative response capabilities with strategic suppliers.	Short to Medium Term

Supplier Management System

The company has established a full lifecycle management process covering supplier onboarding reviews, classification and tiered management, performance evaluation, continuous improvement, and de-listing. We strictly enforce regulatory documents such as the "Hengtong Optic-Electric Supplier Management Regulations" and the "Hengtong Optic-Electric Material Supplier Performance Assessment Guidelines" to ensure the institutionalised and process-driven operation of the supply chain. During the reporting period, in line with business development and compliance requirements, the company expanded the procurement management focus from onboarding controls to dynamic, end-to-end management, driving high-standard, refined supply chain management. Furthermore, the company has established clear regulations regarding the scope and content of supplier data disclosure, emission reduction targets and roadmaps, incentive and constraint mechanisms, and key initiatives to be promoted. Through the publication of the "Hengtong Optic-Electric Supplier Code of Conduct (2025 Edition)", the company has defined behavioural standards for suppliers in areas such as business ethics, labour rights, occupational health and safety, environmental protection, information security, and intellectual property protection, and has incorporated these requirements into the supplier onboarding and performance management processes.In the cooperation with small and medium-sized enterprises (SMEs), the company consistently adheres to the principles of fairness, impartiality and transparency, ensuring that SMEs enjoy equal commercial opportunities and respect in cooperation with large enterprises, thereby jointly fostering an open, orderly and mutually beneficial market environment. During the reporting period, there were no instances of overdue payments to SMEs.

Supplier Management Measures

Admission and Review

- Admission Criteria: The relevant policies clearly define the admission criteria for suppliers across all product categories. Suppliers must meet requirements regarding corporate creditworthiness, supply capacity, product quality, environmental protection, occupational health and safety, a commitment to avoid the use of conflict minerals, business ethics and the fulfilment of social responsibilities. Only after passing an assessment may they apply for admission.
- Audit Process: Following the onboarding assessment, suppliers undergo sample testing and small-batch verification, followed by an on-site audit. Upon successful completion of the audit, a framework procurement agreement is signed, setting out terms regarding integrity commitments, product quality, intellectual property rights and performance evaluation; only then are they recognised as qualified suppliers.
- Performance Assessment: Monthly or quarterly performance evaluations are conducted for qualified suppliers by material category. Those failing to meet standards are issued rectification requirements, which are monitored for implementation, and periodic re-evaluations are carried out.

Classification and Tiered Management

- Tiered Management: Suppliers are categorised into four tiers of importance based on factors such as irreplaceability, procurement volume and scale, and sustainability risks. Performance assessment frequency and the intensity of system audits are tailored to each tier to implement differentiated management.
- Categorisation Management: The company has established a categorisation management mechanism based on material categories and business attributes. Routine materials are subject to regular dynamic management; for critical materials and key suppliers, annual special negotiations are conducted, strategic cooperation agreements are signed, and supply stability and collaborative support capabilities are strengthened.

Assessment and Elimination

- Continuous Assessment: Dynamic performance management is implemented for suppliers.
- Elimination and Blacklisting: Should a supplier breach Hengtong Optic-Electric's management regulations, measures such as account suspension, termination of the contract, or inclusion on the 'blacklist' will be taken depending on the severity of the offence.
- Continuous Optimisation: Differentiated management is implemented based on performance ratings, and cooperation with non-compliant suppliers is terminated.

Supply Chain Responsibility and Sustainable Management

- Code of Conduct Requirements: The "Hengtong Optic-Electric Supplier Code of Conduct" has been established to clearly define the standards of conduct that suppliers must adhere to in areas such as compliance, business ethics, human rights and labour, occupational health and safety, environmental protection, information security and intellectual property protection.
- Extension of Supply Chain Responsibility: Suppliers are required to communicate these requirements to their downstream suppliers and subcontractors, thereby promoting the establishment of a transparent and traceable supply chain management system.
- Sustainability Collaboration: Encourage suppliers to advance energy conservation, emissions reduction, resource recycling and the use of green materials, and to disclose environmental information such as product carbon footprints and Environmental Product Declarations (EPDs) where conditions permit.

In 2025, the company redefined the scope of the supply chain management. Subsidiaries conducted risk assessments of suppliers based on the characteristics of product raw materials, achieving precise coverage through a "one chain, one strategy" approach. This enhanced the supply chain management capabilities of each business unit, deeply embedded the company's commitment to sustainability across all levels of the supply system, and strengthened the stability of the supply chain amidst complex geopolitical and environmental regulatory landscapes.

Supplier Business Ethics and Compliance

Hengtong Optic-Electric attaches great importance to business ethics and the development of a responsible supply chain, and has clearly defined relevant compliance requirements in supplier onboarding and management systems. During the supplier onboarding phase, the company conducts a comprehensive assessment of corporate creditworthiness, product quality, environmental protection, occupational health and safety, and the fulfilment of social responsibilities; cooperation is established only upon meeting these standards.Furthermore, the company requires suppliers to possess a sound commercial reputation and no record of major violations or incidents. They are also required to sign the "Integrity Cooperation Agreement" and the "Social Responsibility and Ethical Standards Agreement", committing to jointly adhere to principles of integrity and compliance in business operations, and to effectively safeguard employees' labour rights and welfare benefits.

Building on this foundation, the company strictly adheres to business ethics and labour standards, providing employees with a safe, healthy and inclusive working environment and career development pathways, and has been recognised in the internationally authoritative EcoVadis Corporate Social Responsibility rating. In 2025, three subsidiaries were awarded Gold or Bronze medals respectively. the company has also established a supplier carbon management and ESG performance evaluation system to encourage key suppliers to continuously improve their environmental and social responsibility performance, jointly building a transparent and robust green supply chain.

Sustainable Supply Chain Management

In supply chain management, the company incorporates ESG requirements as a key evaluation criterion, integrating them throughout the entire process of supplier onboarding and performance assessment to foster a collaborative supply chain model based on shared responsibility and coordinated development. During the reporting period, 100% of suppliers were certified under the ISO 14001 Environmental Management System.

Regarding supplier ESG management, the company has established a comprehensive control mechanism covering the entire process from onboarding assessment to ongoing supervision. During the supplier onboarding phase, risk identification and compliance reviews are conducted in accordance with the basic ESG requirements for key suppliers[6], and the assessment results serve as a key reference for onboarding decisions.The assessment criteria encompass factors such as the ESG risk levels of the supplier's region, industry and products, as well as the scale of procurement and the degree of business relevance, providing a comprehensive review of their performance in environmental, social, governance and business-related aspects. The company also adheres to responsible supply chain principles and is committed to not sourcing conflict minerals.

Hengtong Optic-Electric's Sustainability Standards for Suppliers

Environmental Standards

- Suppliers must hold certifications such as ISO 14001 Environmental Management System certification;
- Must establish environmental emergency response plans and a monitoring system for significant environmental factors;
- Must establish effective management mechanisms for environmental protection and waste management;
- Must disclose carbon reduction targets and roadmaps, organisational carbon footprints, product carbon footprints, the status of carbon management systems, and the use of recycled materials.

Governance Standards

- Must possess a good commercial reputation, with no record of major violations of the law or accidents;
- The "Integrity Cooperation Agreement" must be signed, and the principles of integrity and ethical business conduct must be observed;
- Must sign the "Hengtong Optic-Electric Supplier Code of Conduct".

Social Standards

- Must hold certification such as ISO 45001 Occupational Health and Safety Management System certification;
- Must establish mechanisms for the identification of occupational health hazards and occupational safety training;
- Must sign the "Social Responsibility and Ethical Standards Agreement" and effectively safeguard employees' labour rights and welfare benefits;
- Must use mineral resources responsibly at every stage, from extraction to processing, transport and sales, and must explicitly state that they do not accept minerals or raw materials from conflict-affected regions.

[6] Hengtong Optic-Electric defines key suppliers as those that have a significant impact on the company's product quality, supply on a large scale, and demonstrate excellence and industry leadership in terms of quality, cost, delivery, technology, service, environmental sustainability and sustainable development.

To strengthen the shared responsibility mechanism, the company continuously reviews suppliers' procurement practices and business conduct to ensure that the partnership complies with the company's sustainability requirements for suppliers.During the supplier selection and contract award process, ESG performance is incorporated as a key evaluation criterion, with preference given to partners demonstrating excellent ESG performance under equal conditions. Should an audit reveal ESG non-compliance or negative incidents involving a supplier, the company will require the supplier to rectify the issues within a specified timeframe and will provide necessary capacity-building support. If a supplier fails to meet the minimum ESG requirements within the stipulated time, they will be suspended or removed from the supplier list until they comply with the relevant standards.

In 2025, the company will strengthen supply chain management and actively encourage the subsidiaries to implement relevant measures. From refining systems and optimising audit mechanisms to enhancing risk management capabilities, we will promote the development of the supply chain towards green, compliant and sustainable practices across multiple dimensions.

Subsidiaries	Key Initiatives
Hengtong Optic-Electric (Qidu)	• Upgrading the institutional framework: Continuously refining procurement and supplier management systems, and introducing green supply chain review requirements in the supplier onboarding and audit processes • Incorporating Carbon Management into the Supply Chain: Integrating supplier carbon accounting into the onboarding and performance evaluation processes; establishing a collaborative mechanism for Scope 3 data; and promoting the linkage of carbon data across the upstream and downstream supply chain • Strengthening Compliance and Responsibility: Refining anti-bribery and ESG compliance clauses, strengthening constraints on social responsibility and labour rights, and clarifying the principle of prioritising the procurement of green materials • System Certification and Risk Management: Obtaining ISO 28000 Supply Chain Security Management System certification; standardising supply chain risk identification and security controls
Hengtong Smart Network	• Standardisation of the audit mechanism: Issuing the 'Supplier Audit Management Regulations', incorporating green supply chain review criteria into the supplier audit checklist to achieve uniform and standardised audit standards
Hengtong High Voltage	• Improvement of the Institutional Framework: Issuing regulatory documents including the "Supplier Onboarding Guidelines", "Strategic Supplier Collaboration Management Guidelines" and "Supplier Audit Management Regulations", whilst revising the "General Supplier Audit Checklist" to incorporate ESG and environmental indicators into the supplier onboarding and evaluation system • Optimisation of audit methods: Encouraging the prioritisation of remote audits to enhance audit efficiency and coverage • Upgraded Evaluation Mechanism: Expanding supplier ESG management from single environmental certification to three major modules—green supply chain management, green production management and green information management—and shifting from qualitative assessment to a structured scoring mechanism, employing a three-tier standard of "Non-compliant, Partially compliant, Compliant" for quantitative evaluation

Green Procurement

In raw material procurement management, the company treats environmental performance and sustainability attributes as key decision-making criteria, prioritising materials and components certified to authoritative international sustainability standards such as the Forest Stewardship Council (FSC) and ISO 14067.

The company strictly adheres to the EU's Restriction of Hazardous Substances (RoHS) Directive 3.0 and the latest version of the REACH Regulation in managing raw materials. During the reporting period, 150 of the raw materials used in products achieved 100% compliance with RoHS 3.0 certification. During the procurement process, suppliers are required to provide compliance test reports, which serve as a key basis for raw material screening. Prior to product delivery, the company conducts environmental compliance testing on finished optical cables and obtains qualified third-party test reports. Together, these measures establish a closed-loop verification mechanism for environmental attributes from raw materials through to finished products, providing a dual layer of assurance.

During the supplier selection process, the company fulfils the responsibilities as the 'chain leader' in the supply chain by establishing a multi-dimensional environmental access assessment system to ensure that partners meet sustainability requirements. The company verifies the actual circumstances of suppliers through document reviews, on-site inspections and third-party assessments. For critical materials, the company conducts product environmental impact analyses to systematically evaluate the environmental impact across the entire lifecycle—from raw material extraction, production and use to disposal—thereby strengthening the scientific rigour and comprehensiveness of product environmental management.

In 2025, the company hosted the "2025 Hengtong Optic-Electric Green Materials Symposium" to facilitate in-depth exchanges on green materials innovation and ESG practices.

Case Study: Hengtong Optic-Electric Green Materials Collaborative Innovation

On 27 November 2025, the company hosted the "2025 Hengtong Optic-Electric Green Materials Symposium", bringing together over 900 supply chain partners to discuss green materials innovation and ESG management. The event explored three key areas of cooperation: low-carbon materials technology, the establishment of joint R&D and certification mechanisms, and the creation of a green value ecosystem. During the symposium, the company signed the "Hengtong Optic-Electric Supplier Code of Conduct" with key suppliers.The conference also launched the "Hengtong Green Materials Initiative Alliance" to promote carbon data traceability, joint standard-setting and collaborative emissions reduction. The company continues to advance full-lifecycle carbon governance, utilising environmentally friendly materials such as recycled copper and aluminium, and strengthening green collaboration across the industrial chain.



Hengtong Optic-Electric Green Materials Symposium & Green Materials Initiative Alliance

Responsible Mineral Management

Hengtong Optic-Electric attaches great importance to transparency in the mineral supply chain, viewing it as a vital foundation for ensuring the sustainable development of the industrial chain and enhancing customer trust. The company strictly adheres to the requirements of the "China Mineral Supply Chain Due Diligence Management Guidelines" and the "OECD Guidelines on Responsible Supply Chain Due Diligence for Minerals from Conflict-Affected and High-Risk Areas" in the management practices. It has strengthened traceability management for suppliers of raw materials containing tin, tantalum, tungsten and gold, and has clearly stipulated that it will not procure conflict minerals originating from conflict-affected and high-risk areas.During the reporting period, the company further refined the responsible procurement system, enhancing overall supply chain compliance and risk management standards.

Strengthening the Supply Chain Due Diligence Process

We have continuously improved the conflict minerals due diligence mechanism, strictly implemented the reporting and verification requirements of the Conflict Minerals Reporting Template (CMRT), systematically collated information on mineral sources and smelters, and ensured that supply chain traceability is transparent, compliant and controllable.

Investing in the Procurement of Alternative Materials

We have proactively explored alternative sources of minerals, promoted a diversified supply structure, reduced reliance on minerals from conflict-affected and high-risk regions, and enhanced supply chain resilience.

Establishing a 'Conflict-Free Minerals' Product Label

We have promoted the management of "Conflict-Free Minerals" labelling for relevant products, enhanced the transparency of information disclosure, and addressed the concerns and requirements of customers and stakeholders regarding responsible procurement.

Raw Material Substitution Strategy

In response to potential supply disruption risks arising from global trade volatility and the high dependence on imported specialty materials, the company established a cross-functional task force to translate external challenges into stronger internal resilience. By conducting risk identification and validation of alternative solutions for key raw materials based on "technology, quality, cost and compliance", the company has gradually optimised the existing single-source supply model into a diversified supply structure, significantly enhancing business continuity and overall resilience in complex market conditions.

Impact, Risk and Opportunity Management

A resilient supply chain is essential to stable business operations and coordinated industrial development. The company strategically strengthens its supply chain governance capabilities and is committed to building a secure, stable and sustainable supply chain system. Through dedicated supply chain risk identification and assessment, the company systematically evaluates potential risks relating to key raw materials, suppliers and supply processes, and develops targeted control measures. Focusing on risk identification and assessment, risk response and prevention, and risk management capability enhancement, the company continues to improve its supply chain risk management mechanisms and optimize management processes, embedding risk control into routine operations and strengthening its ability to respond effectively to supply chain risks.

Hengtong Optic-Electric Risk Management Mechanism



Empowering Suppliers

In the face of increasingly stringent low-carbon market access and ESG compliance requirements within the global trade system, the company has shifted the supply chain management from "passive risk control" to "proactive empowerment-driven" approaches. By engaging professional institutions, the company is implementing multi-dimensional supply chain empowerment initiatives aimed at enhancing the overall resilience and governance standards of the industrial chain. Working in collaboration with partners, the company seeks to break down green trade barriers and jointly build a green supply ecosystem with global competitive advantages.

Indicators and Targets

The company places great importance on building a sustainable and responsible supply chain. Aligning with international standards, it has incorporated green, low-carbon and ESG performance into the supplier evaluation system, setting a target to achieve "100% supplier coverage" and continuously monitoring relevant management indicators.

Indicators	Unit	2023	2024	2025
Total number of suppliers	suppliers	1,651	1,212	4,025 [7]
Of which, Asian suppliers	suppliers	1,566	1,141	1,821
including suppliers from other regions	suppliers	85	71	2,204
Suppliers certified to the ISO 14001 Environmental Management System	suppliers	1,651	1,212	3,998
Number of new suppliers undergoing on-site audits	suppliers	106	119	33 [8]
Percentage of new suppliers screened against environmental standards	%	100	100	100
Percentage of new suppliers screened using social standards	%	100	100	100

[7] Changes in statistical scope: data from overseas bases has been included in the reporting period

[8] The company encourages online remote audits as an alternative to the previous in-person audits



03

Low-carbon Development

Lighting the Way to a Green Future

- Addressing Climate Change
- Environmental Compliance Management
- Energy Management
- Water resource management
- Emissions Management
- Circular Economy
- Ecosystem and Biodiversity Conservation



3.1 Addressing Climate Change

Addressing climate change and driving the low-carbon transition have become a global consensus. By aligning with global climate transition trends, addressing customers' low-carbon procurement requirements and adapting to evolving environmental compliance standards in overseas operations, Hengtong Optic-Electric has scientifically and systematically identified the risks and opportunities that climate change presents to business operations, and has integrated climate issues into corporate governance and development strategy. The company continues to steadily advance green and low-carbon transition, with the overarching climate goals of achieving carbon peaking by 2028 and carbon neutrality by 2045.

Governance

To enhance the company's climate resilience and foster multi-dimensional coordination in climate strategy formulation, climate risk management and related activities, the company has established a three-tier climate change management framework. This framework clearly defines the Board of Directors' leadership and oversight of climate-related matters, the ESG Committee's responsibility for formulating climate strategy, and the ESG Working Group's role in coordinating the implementation of strategic objectives.

Hengtong Optic-Electric's Three-Tier Climate Change Governance Framework

Board of Directors

- Responsible for top-level audit and oversight, assessing the long-term impacts of climate change, and ensuring that climate strategies are closely aligned with the company's development strategy.

ESG Committee

- Identifying climate risks and opportunities, setting key performance indicators (KPIs), and reviewing and monitoring the achievement of targets at each stage.

ESG Working Group

- Developing action plans, coordinating resources to implement technical improvement projects, and ensuring the accuracy and transparency of climate-related data.

Performance-Driven Capacity Building

The company places great emphasis on the competence of the Board of Directors and senior management. By establishing a regular capacity-building mechanism and conducting regular specialised training on climate governance and sustainable development for the Board and relevant functional departments, the company ensures that management accurately identifies risks and opportunities and reaches a strategic consensus.To ensure the implementation of climate targets, the company has incorporated climate change performance targets into the annual performance appraisal system for relevant managers, thereby achieving a deep integration of low-carbon development with operational management. At the same time, in line with the global business footprint, the company is driving key sites to conduct greenhouse gas verification and product carbon footprint identification, continuously strengthening the company's global carbon management foundation.

Strategy

Adhering to the development philosophy of "Digital and Intelligent Transformation, Green Value Reimagination", the company is committed to building a world-leading communications and energy interconnection system through the green evolution of the industry. The company has established an overarching framework for addressing climate change, guided by a sustainability strategy, underpinned by low-carbon technological innovation, and centred on green mechanisms. It is actively deepening the strategic footprint in marine energy, clean energy and strategic emerging industries. By continuously increasing investment in green manufacturing and low-carbon operations, the company has developed a diversified, comprehensive solution covering "green manufacturing, green products, green supply chains, green operations, green electricity and natural carbon sinks", providing robust support for the synergy between the company's high-quality development and global climate governance objectives.

Climate Change Risks and Opportunities

Physical Risks and Transition Risks

Risk Categories		Risk Parameters	Risk Description	Time Horizon	Strategic Response Measures
Entity Risk	Acute	Extreme weather disasters (typhoons/ floods/extreme cold)	• Disruption to business continuity, transport blockages, equipment failure, delivery delays, impacting revenue • Completed projects damaged by climate-related events, requiring the deployment of additional contingency plans	Short to Medium Term	• Prepare typhoon and flood prevention supplies in advance; provide accommodation for staff where necessary • Mechanism for key equipment inspection checklists • Conduct tabletop exercises and drills in advance
	Long Term	Long-term meteorological changes (temperature, rainfall, sea-level rise, etc.)	• Relocation of operational sites and adaptive modifications due to the potential impacts of long-term climate change, leading to increased operational costs • Increased risk of faults in submarine cables due to pressure changes	Long Term	• Establish a technical repository for adaptive modifications to critical assets • Incorporate testing for extreme environmental conditions into product development

Risk Categories		Risk Parameters	Risk Description	Time Horizon	Strategic Response Measures
Transition risks	Regulatory and Policy	Tighter emissions disclosure and compliance requirements	• With increasing global carbon emission compliance requirements and national policies promoting emission reductions, Hengtong Optic-Electric faces rising compliance costs, which may result in constraints on project progress or the risk of fines	Medium Term	• Proactively identify global laws, regulations and policies, and regularly conduct continuity analyses of compliance policies and business operations • Strengthen internal carbon accounting and emissions accounting capabilities to enhance disclosure and compliance capabilities
	Technology	Transition to low-carbon technologies	• Increasing the proportion of green materials, utilising low-energy-consumption production equipment and integrating clean energy technologies may reduce environmental risks for enterprises, but could also lead to reduced asset liquidity, rising green procurement costs, and instability in the alignment between energy-saving technologies and production scale	Medium to Long Term	• Adopt the LCA methodology in product R&D and actively explore the feasibility of producing low-carbon materials and equipment • Finalise budgets for energy-saving retrofits and introduce high-efficiency energy-saving equipment
	Market	Shift in customer preferences	• The company faces a shift from traditional business operations to a focus on clean energy technologies, leading to increased R&D budgets; competitive threats from low-carbon products are impacting market share	Medium to Long Term	• Conduct preliminary research into global customers' interest in green products and services, and adjust the industrial structure • Strengthen R&D capabilities to provide a diverse range of low-carbon products and services, whilst analysing trends in price volatility
		Rising supply chain costs	• Requirements for low-carbon operations within the supply chain have led to increased costs for raw materials and transport	Medium to Long Term	• Explore the feasibility of using recycled materials • Seek strategic partnerships for low-carbon transport to reduce carbon emissions from transport • Actively seek local raw material suppliers as alternatives to reduce transport-related carbon emissions whilst enhancing raw material supply capacity
	Stakeholders are Placing a Strong Emphasis on Sustainability	Customer demand for green solutions and environmental policies are driving market transformation	• Stakeholders are paying close attention to the company's implementation of green transition; failure to meet targets or respond to indicators may result in volatility in ESG-related indices or divestment in the capital markets	Medium to Long Term	• Integrating sustainability capabilities into the company's day-to-day operations • Monitor market and investor feedback on demand for green products and services

Climate Change Opportunities

Opportunity type		Opportunity description	Time Horizon	Impact on Hengtong Optic-Electric
Resource Efficiency	Resource Utilisation	• Reduce unit product costs and resource intensity through measures such as the application of energy-saving technologies, water recycling and material recycling; enhance compliance robustness and supply chain resilience	Short to Medium Term	• Reduce production emissions through resource reuse • Collaborate with the value chain to explore the feasibility of substituting recycled materials, increasing the proportion of green materials whilst reducing procurement costs
Energy Use	Low-carbon Energy Application	• By 2030, China's installed photovoltaic capacity is expected to continue growing, with a significant reduction in electricity emission factors	Long Term	• Mature photovoltaic technology market Clean energy opportunities, enabling self-generation and self-consumption
Products and Services	Customer Demand for Green Products	• Driven by global policies—particularly those in the EU—relating to emissions reduction and the energy transition, as well as a significant increase in customer demand for low-carbon solutions and low-carbon supply chains	Long Term	• Hengtong Optic-Electric is seizing new market opportunities by strengthening the presence in sectors such as telecommunications, offshore wind power, new energy infrastructure and smart grids, whilst simultaneously reducing the carbon footprint of the own products and increasing the proportion of low-carbon materials used, thereby establishing a differentiated competitive position in the market

Strategies for Addressing Climate Change Risks and Opportunities

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

Overall Governance	Low-Carbon Operations	Technological Innovation	Value-Chain Network	Digital Core
ESG Sustainability System	Green Manufacturing	Exploration of Emerging Industries	Green Supply Chain	Digital and Intellectual Mangemet Platform
Carbon Management System	Green Power	Clean Energy	Joint Research on Green Technologies	Smart Factory
	Green Opeartions	Marine Energy	Value-Chain Win-Win Cooperation	
	Natural Carbon Sink	Green Products		

Carbon Emissions Management

Leveraging its R&D strengths, Hengtong Optic-Electric extends low-carbon innovation to the manufacturing stage. Through the proprietary intelligent energy and carbon management platform and emission reduction technologies, the company provides data support for governance decisions, transforming low-carbon capabilities into core management indicators.

The company adopts a full product lifecycle approach, focusing on clean energy, energy conservation and consumption reduction, low-carbon product design, and the circular economy to comprehensively drive the company's transition to green operations. Relying on the self-developed digital platform, the company implements product-centric management across dimensions such as resource utilisation, ecological impact and health risks, thereby supporting the company's promotion of green innovation and sustainable development.

Product Life Cycle Carbon Emissions Management

Operational Carbon Emmissions

- Scaling up clean energy adoption through photovoltaic construction and green power procurement to optimize the energy mix
- Promoting energy-saving technologies in a all round way and phasing in high-efficiency production equipment
- Carrying out vehicle electrification in an orderly manner to replace fossil energy

Product Embodied Carbon

- Developing a digital energy and carbon management platform
- Simplifying LCA implementation procedures and driving the establishment of a supply chain data collection system
- Integrating green concepts into conventional product design and validating the application feasibility of green products

Circularity

- Expanding accounting coverage to include ecological footprint and resource consumption rate, and improving resource utilization efficiency
- Establishing a waste recycling and reuse mechanism to increase the proportion of recyclables in products

Concurrently, the company places great emphasis on forward-looking tools such as internal carbon pricing and climate scenario analysis, exploring the feasibility of integrating carbon asset management into financial forecasting and investment decision-making to optimise asset quality whilst simultaneously enhancing emissions reduction targets and operational efficiency. The company has established a green and low-carbon indicator system and incorporated it into the performance appraisals of all subsidiaries. Through a dual-drive model of "targets and indicators plus special initiatives", it ensures the effective implementation of low-carbon objectives.

At the international business level, the company is simultaneously promoting differentiated climate actions at overseas bases, tailored to the characteristics of their respective regions and the nature of their operations. Climate change action responses are implemented within the framework of the company's overall climate strategy.

Impact, Risk and Opportunity Management

Taking into account the company's operational characteristics, a multi-dimensional climate scenario analysis mechanism has been established. At the scenario analysis level, Representative Concentration Pathway (RCP) scenarios are applied to assess the physical risks of climate change, whilst the "Net Zero Emissions by 2050 (NZE)" and "Status Quo Policy Scenario (STEPS)" are referenced to evaluate the risks associated with the low-carbon transition.Building on this, the company has defined three assessment timeframes: short-term (0–1 year), medium-term (1–5 years) and long-term (over 5 years). Risks are prioritised by quantifying the likelihood of their occurrence and their material financial impact. Through this analysis, the company can precisely identify key risk points, formulate targeted management strategies, and truly integrate climate governance into the closed-loop of business decision-making.

- Representative Concentration Pathway RCP8.5: A scenario in which the global average temperature rises by more than 4°C above pre-industrial levels by 2100, i.e. the "4°C or higher warming" scenario;
- Representative Concentration Pathway RCP4.5: A scenario in which the global average temperature by 2100 rises by less than 2°C compared to pre-industrial levels, i.e. the "2°C or less warming" scenario;
- Established Policy Scenario (STEPS): A scenario based on current policies in place across various sectors and countries, including the implementation status of policy plans announced by countries worldwide;
- Net-Zero Emissions by 2050 Scenario (NZE): A scenario in which the global energy sector achieves net-zero carbon dioxide emissions by 2050, without relying on emissions reductions from sectors outside the energy sector to achieve this goal.

Indicators and Targets

To achieve its target of "reaching carbon peaking by 2028 and carbon neutrality by 2045", the company has established a systematic low-carbon transition framework comprising "action pathways and indicator management". Under the strategic framework for addressing climate change, the company's green competitiveness continues to improve, and the scope of the green certification ratings continues to expand. As of the end of the reporting period, the company had obtained 10 national-level green factories, 11 provincial-level green factories, 2 provincial-level (near) zero-carbon factories, and 6 municipal-level (near) zero-carbon factories in China.

As of the end of the reporting period, the company had obtained

10	11	2	6
national-level green factories	provincial-level green factories	provincial-level (near) zero-carbon factories	municipal-level (near) zero-carbon factories



Greenhouse Gas Verification

Since Hengtong Optic-Electric began routine carbon emissions accounting, its carbon accounting capabilities have continued to improve. The management of carbon data has been continuously strengthened, effectively enabling carbon reduction in internal production and the disclosure of carbon footprint data by the company's key raw material suppliers.During the reporting period, the company completed ISO 14064-based greenhouse gas verification for four subsidiaries, ISO 14067 product carbon footprint certification for 19 key products, and ISO 14068 carbon neutrality declaration certification for four subsidiaries.



Hengtong Special Conductors has Obtained an ISO 14068 Verification Statement Confirming the Achievement of Organisational Carbon Neutrality



Hengtong Special Conductors Obtains ISO 14064 Organisational Greenhouse Gas Verification Statement

Renewable Energy Development

Hengtong Optic-Electric continues to optimise the application of clean energy, accelerate the construction of distributed photovoltaic projects and expand the procurement of green electricity, thereby increasing the proportion of clean energy. As of the end of the reporting period, the cumulative installed capacity reached 69.5 MW, representing an increase of 15.8 MW compared to 2024.The installed capacity in operation reached 38.9 MW, an increase of 27.6 MW compared to 2024, with total annual grid-connected electricity generation reaching 43.47 million kWh. This has effectively reduced the company's carbon emission intensity and increased the proportion of clean energy. Among these, Hengtong Submarine, Alcobre in Portugal and Cablescom in Spain have taken the lead in achieving 100% green electricity operations through green electricity procurement agreements and the deployment of distributed PV systems.



Hengtong Optical Communication Hi-Tech Park

Concurrently, the company has increased the share of green electricity and green certificate trading, continuously promoting the proportion of green energy usage through diversified channels. During the reporting period, the company purchased 109,995.12 MWh of green electricity and 184,608.21 green certificates, with green electricity consumption reaching 35.06%, thereby driving the transition towards cleaner and lower-carbon energy consumption.

Case Study: Egypt Base Participates in National Clean Energy Development

In 2025, against the backdrop of Egypt's "Vision 2030" and the strategy to drive energy transition, Hengtong Egypt participated in multiple national-level energy projects in Egypt, supplying critical power transmission cables for these initiatives.Taking the Kom Ombo 500MW large-scale photovoltaic power station project as an example, the products supplied by Hengtong Egypt are expected to provide stable, clean electricity to 256,000 Egyptian households annually, contributing to a reduction of approximately 760,000 tonnes of carbon dioxide equivalent and helping Egypt to steadily advance towards the goals of "Vision 2030".

The company actively benchmarks against international best practices, drawing on the Science Based Targets Initiative (SBTi) framework. By integrating its own business characteristics and strategic positioning, it has formulated and submitted carbon reduction and net-zero targets in phases, ensuring they align with scientifically based emission reduction pathways. As of the end of the reporting period, five subsidiaries of Hengtong Optic-Electric had received formal SBTi recognition for their carbon reduction and net-zero targets.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION
APPROVED
NET-ZERO SCIENCE-BASED TARGETS

SBTi Target Setting

	Hengtong Submarine	Hengtong Power Cable	Hengtong Special Conductor	Hengtong Smart Grids	Hengtong Huimin
Net-Zero Target	To achieve net-zero greenhouse gas emissions across the entire value chain by 2045, and to actively fulfil our corporate responsibility in addressing climate change.				
Base Year	2022	2022	2024	2024	2024
Target year	2024	2025	2025	2025	2025
Near-term emission reduction targets (Scope 1 + Scope 2)	By 2033, a 54.6% reduction in absolute emissions from Scope 1 and Scope 2	By 2033, a 54.6% reduction in absolute emissions from Scope 1 and Scope 2	By 2035, a 63% reduction in absolute emissions for Scope 1 and Scope 2	By 2035, a 63% reduction in absolute emissions for Scope 1 and Scope 2	By 2033, a 54.6% reduction in absolute emissions for Scope 1 and Scope 2
Near-term emission reduction targets (Scope 3)	Reduce emissions by 61.1% per million RMB of value added	Reduce emissions by 61.1% per million RMB of value added	Reduce absolute emissions by 37.5%	Absolute emissions reduced by 37.5%	Reduction of 61.1% per RMB of value added
Long-term emission reduction targets (Scope 1 + Scope 2)	90% reduction in absolute emissions	90% reduction in absolute emissions	90% reduction	90% reduction	90% reduction in absolute emissions
Long-term emissions reduction targets (Scope 3): By 2045	90% reduction in absolute emissions	90% reduction in absolute emissions	90% reduction	90% reduction	90% reduction in absolute emissions

SBTi Emissions Reduction Progress

Progress [9]	Hengtong High Voltage	Hengtong Cable	Hengtong Special Conductors	Hengtong Smart Grids	Hengtong Huimin
Base Year	2022	2022	2024	2024	2024
Range 1 + Range 2 [10]	-89.57%	-55.71%	4.70%	-97.91%	10.41%
Range 3 Strength	29.21% [11]	-30.5%	-23.03%	-30.96%	-35.94%

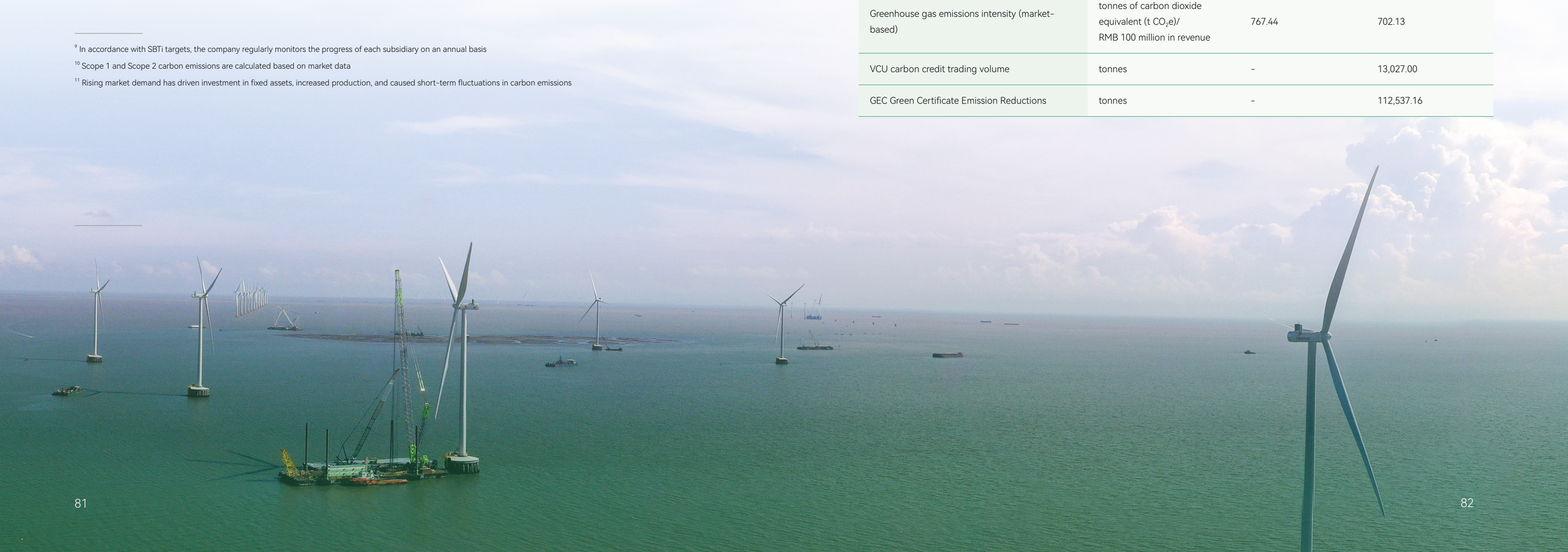
[9] In accordance with SBTi targets, the company regularly monitors the progress of each subsidiary on an annual basis

[10] Scope 1 and Scope 2 carbon emissions are calculated based on market data

[11] Rising market demand has driven investment in fixed assets, increased production, and caused short-term fluctuations in carbon emissions

Hengtong Optic-Electric Greenhouse Gas Emissions

Indicator	Unit	2024	2025
Scope 1 greenhouse gas emissions	tonnes of carbon dioxide equivalent (t CO_2e)	92,377.46	101,161.20
Scope 2 greenhouse gas emissions (location-based)	tonnes of carbon dioxide equivalent (t CO_2e)	-	478,788.60
Scope 2 greenhouse gas emissions (Market-based)	tonnes of carbon dioxide equivalent (t CO_2e)	367,965.55	368,247.71
Total Scope 1 and Scope 2 greenhouse gas emissions (location-based)	tonnes of carbon dioxide equivalent (t CO_2e)	-	579,949.79
Total Scope 1 and Scope 2 greenhouse gas emissions (market-based)	tonnes of carbon dioxide equivalent (t CO_2e)	460,343.01	469,408.91
Greenhouse gas emissions intensity (location-based)	tonnes of carbon dioxide equivalent (t CO_2e)/ RMB 100 million in revenue	-	867.48
Greenhouse gas emissions intensity (market-based)	tonnes of carbon dioxide equivalent (t CO_2e)/ RMB 100 million in revenue	767.44	702.13
VCU carbon credit trading volume	tonnes	-	13,027.00
GEC Green Certificate Emission Reductions	tonnes	-	112,537.16



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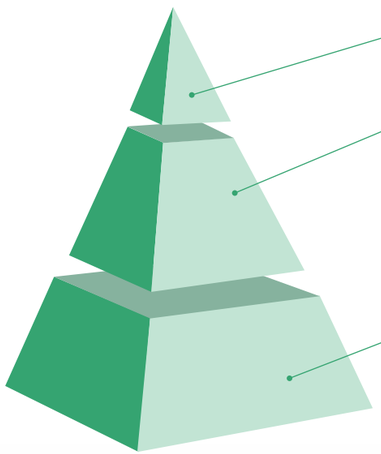
Environmental Compliance Management

Hengtong Optic-Electric regards environmental protection as the cornerstone and bottom line of corporate development, and is committed to pursuing a sustainable development path that prioritises ecology and promotes green, low-carbon practices. The company will continue to actively introduce cutting-edge environmental technologies and management models, and is dedicated to establishing a resource-efficient and environmentally friendly production system.

Environmental Management System

To ensure efficient management, the company has established a three-tier environmental governance structure comprising the decision-making, management and implementation levels. The Board of Directors serves as the highest governing body, with ultimate responsibility for guiding the formulation of environmental policies, reviewing environmental targets and overseeing environmental initiatives, while the ESG Committee and its working groups coordinate their implementation. To support the effective operation of the environmental management system, the company has also established a closed-loop management system combining quantitative incentives with accountability measures, thereby strengthening environmental responsibility across the workforce.

Environmental Management Structure



Board of Directors: Ultimate decision-making authority for environmental management

ESG Committee: Overseeing the implementation of environmental management initiatives

Formulating environmental management targets, reviewing subsidiaries' performance against environmental targets, and reporting to the Board of Directors.

ESG Working Group: Coordinating all departments to implement environmental management measures

Conducting environmental pollution risk inspections and emergency response for sudden environmental incidents, and reporting to the ESG Committee



Environmental Management Mechanisms

Hengtong Optic-Electric is committed to integrating environmental responsibility into corporate governance. The company strictly complies with domestic laws and regulations, including the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, and the Environmental Protection Tax Law of the People's Republic of China, as well as environmental regulations in all regions where it operates globally, such as the International Environmental Law, the Environmental Liability Directive, and the Industrial Emissions Directive, to ensure global environmental compliance. Furthermore, the company has built a environmental management system with the ISO 14001 Environmental Management System as the core standard. As of the end of the reporting period, all of the company's operational sites had obtained ISO 14001 Environmental Management System certification.

To ensure environmental compliance, the company has established an environmental compliance assurance mechanism. Each year, the company regularly engages professional third-party organisations to conduct comprehensive audits of environmental management policies, the effectiveness of risk control measures, and key areas. Through a combination of internal self-inspections and external supervision, the company achieves 100% coverage of the operational scope. During the reporting period, the company did not experience any incidents of environmental non-compliance.

Internal Environmental Oversight Mechanism

To further strengthen the proactive identification and prevention of environmental risks, the company has established a routine internal environmental oversight mechanism, under which environmental management personnel from its subsidiaries conduct regular cross-inspections and rotating reviews. During these supervisions, potential environmental risks arising from operations are rigorously assessed and recommendations for improvement are put forward. This mechanism supports the consistent implementation of environmental management standards and fosters a continuous cycle of improvement.

Environmental Risk Prevention and Control

The company regularly implements an environmental hazard supervision mechanism across all sites. For environmental risks identified through routine supervision and inspections, a closed-loop management mechanism covering the entire process—from identification and registration to rectification and public disclosure—has been established. This ensures that once potential environmental risks are identified, they are clearly documented and rectified within the stipulated timeframe to close the loop. Through transparent and standardised governance mechanisms, the company continuously minimises the environmental impact o f the business operations.

Environmental Incident Emergency Drills

To respond effectively to major environmental pollution incidents, the company has formulated the "Corporate Emergency Response Plan for Environmental Pollution Incidents" and established an environmental emergency risk management system comprising emergency rescue, medical assistance, site security and evacuation, communications, and logistics support teams. In the event of an emergency, the company activates a rapid response and implements appropriate response measures. Regular drills for major environmental pollution incidents are conducted to ensure that emergency response procedures are carried out in an orderly and effective manner.

Case Study: Emergency Drill and Simulation Exercise for Liquid Chemical Leaks

In June 2025, the company conducted an emergency drill simulating a leak during the hoisting operation to transfer liquid hazardous chemicals between storage tanks. The drill covered various aspects, including emergency personnel liaison, emergency evacuation, on-site control and headcount, emergency communications, on-site emergency response, first aid, and waste disposal. Relevant units within the industrial park were invited to participate in order to enhance the emergency response capabilities of all personnel. The company assigned dedicated personnel to monitor the drill and implemented targeted improvements and training based on the shortcomings identified, thereby further enhancing the entire workforce's ability to respond to hazardous chemical leaks.



3.3 Energy Management

Hengtong Optic-Electric consistently upholds sustainable development objectives, incorporating the transition to a green, low-carbon economy into the company's long-term planning. The company regards strengthening energy management as a key means of fulfilling social responsibilities and enhancing operational efficiency. It has established a robust organisational structure for energy management, coordinating the adoption of energy-saving technologies and the transition to clean energy alternatives to maximise energy utilisation and achieve a steady reduction in carbon emissions.

Energy Management System

The company strictly adheres to laws, regulations and standards such as the Energy Conservation Law of the People's Republic of China and the Guidelines for Energy Management in Industrial Enterprises. In the production and operations, it places equal emphasis on reducing consumption through technology and controlling consumption through management, whilst continuously deepening process innovation, replacing equipment with high-efficiency alternatives and developing digital energy platforms. At the same time, the company has established a rigorous internal energy management mechanism, incorporating energy efficiency indicators into the performance appraisal systems of unit heads to ensure the implementation of energy-saving targets, and actively promoting ISO 50001 energy management system certification across all sites.By 2025, the company had added four new ISO 50001 certifications, covering all major product lines. For sites outside China, the company similarly advances localisation initiatives through improvements in energy efficiency, equipment upgrades, the application of renewable energy, and intelligent management.



Hengtong Optic-Electric ISO 50001 Energy Management System Certificate



Improving Energy Efficiency

The company's primary energy consumption is electricity, with fossil fuels used only for transport equipment. To achieve a green transition, the company is optimising energy utilisation and increasing the proportion of clean energy through the establishment of an intelligent management platform, transformation of the energy mix, application of energy-saving technologies, and the adoption of electrified transport.

Smart Energy Management Platform

Leveraging cutting-edge technologies such as the Internet of Things (IoT), big data and artificial intelligence, the company has established a fully digitalised energy control and management hub. The system interconnects production systems, tracing energy consumption data back to production orders, processes and machinery. Based on effective real-time energy consumption monitoring, the platform enables intelligent energy regulation, ensuring a dynamic balance between energy supply and production demand.

Case Study: Hengtong Wire and Cable's Digital Twin Energy Management Platform

By 2025, Hengtong Wire and Cable will have established systematic practices in energy management. Utilising a digital twin platform, the company will fully integrate data from the energy management platform, the MES production management system and IoT platform equipment operation data to achieve real-time monitoring and analysis of equipment energy consumption and production data, thereby continuously improving data accuracy and the level of management refinement. At the same time, the platform will provide energy consumption data for all three shifts and comparative data for the same production processes, supporting high-efficiency production scheduling management and reducing operational electricity costs.





Hengtong Wire and Cable's Digital Twin Energy Management Platform

Energy Structure Transformation

The company is actively building a low-carbon energy consumption system. By continuously expanding the scale of rooftop photovoltaic power stations and adopting a collaborative approach to green electricity procurement, we are steadily increasing the proportion of green energy in our production and operations.

Application of Energy-Saving Technologies

The company has implemented energy efficiency improvement projects for key equipment and promoted pilot schemes for energy-saving technologies. It has comprehensively advanced the application of high-efficiency energy-saving equipment, including permanent magnet motors, magnetic levitation chillers, annealing units for wire drawing machines, and energy-efficient lighting. The company has also actively conducted technical validation of AI-based automatic control optimisation for power facilities. To date, it has implemented a total of 26 energy-saving projects, achieving annual electricity savings of 28.69 million kWh and annual emissions reductions of 15,222.91 tonnes.

Case Study: Implementation of Hengtong Submarine's Energy Conservation and Emission Reduction Project

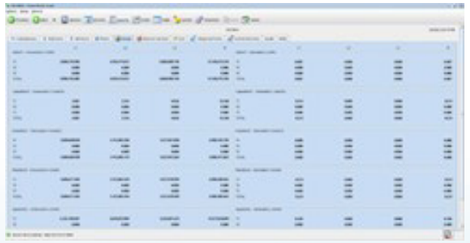
In 2025, Hengtong Submarine actively responded to the Group's call for energy conservation and carbon reduction. Following internal technical validation and assessment, the company implemented numerous energy-saving and emission-reduction projects:

- Retrofit of existing motors: Achieving annual energy savings of 62,406 kWh, reducing emissions by 33.11 tonnes of CO_2 equivalent.
- Heat pump retrofit: Achieving annual energy savings of 53,691 kWh, reducing emissions by 28.49 tonnes of CO_2 equivalent.
- Energy-efficient lighting retrofit: Replacing 141 150W industrial and mining lamps, achieving annual energy savings of 15,440 kWh and reducing emissions by 8.19 tonnes of CO_2 equivalent.

Case Study: Aberdare's Energy Efficiency Project

In 2025, Aberdare in South Africa continued to advance energy retrofit projects based on local energy costs and the feasibility of energy-saving technologies, completing a total of 14 energy-saving retrofit projects throughout the year

- Energy Management System: The site was equipped with an AI-integrated smart microgrid management platform, enabling on-demand energy allocation and the scheduling of green energy use to contribute to reducing the company's operational carbon emissions.



Aberdare's Energy Efficiency Project

- Renewable Power Plant: The project involved the construction of a rooftop photovoltaic power plant with an installed capacity of 92.8 kWp, with plans to gradually increase the use of clean energy.

Case Study: MBG's Energy-Saving Project

In 2025, MBG in Indonesia focused on the application of energy-saving technologies across all stages of production and operations. Through the fine-tuning of equipment parameters and systematic technical upgrades, it comprehensively advanced energy conservation and consumption reduction efforts, including

- Refrigeration system optimisation: Energy savings of 37%.
- Workshop air conditioning control: Effectively reducing energy consumption associated with exhaust waste and excessive nitrogen generation.
- Frequency reduction in the process cooling water system: Achieving more precise control of pressure and flow, reducing the average operating frequency of the water pumps from 40 Hz to 36 Hz.
- Load reduction modification for the extruder: Reducing the motor current from approximately 95A to approximately 85A, achieving a 10% reduction in energy consumption per unit.

Electrification of Transport

We are systematically advancing the coverage of electric transport and logistics equipment through both new installations and the replacement of existing vehicles. By 2025, the company has put into service 8 electric official vehicles, 19 electric logistics vehicles and 52 electric forklifts; concurrently, we are constructing on-site charging points to establish a diversified energy-supply system combining fast charging, slow charging and energy storage, thereby promoting green transport.

Indicators and Targets

Energy Type	Unit	2024	2025
Direct energy			
Petrol	litres	308,707.00	200,409.96
Diesel	tonnes	3,534.86	7,718.87
Natural gas	10,000 cubic metres	3,783.17	3,473.39
Hydrogen	10,000 cubic metres	268.05	920.08
Propane	tonnes	13.89	5.72
Biomass pellets	tonnes	3,667.06	4,645.97
Indirect energy			
Purchased electricity	kWh	848,855,089.00	914,162.57
Purchased green electricity	kWh	220,579,100.00	109,995,120.00
Self-generated solar PV usage	kWh	5,067,400.00	39,940,570.00
Purchased steam	tonnes	20,088.70	13,851.12
Total energy			
Total energy consumption	tonnes of standard coal	161,443.43	173,132.66
Energy consumption intensity	tonnes of standard coal per 100 million RMB	269.14	258.97

3.4 Water Resource Management

The scientific allocation of water resources is a key element in Hengtong Optic-Electric's efforts to ensure business operations and fulfil the environmental commitments. The company actively conducts water resource risk assessments, monitors the water balance at the production bases, and regularly implements pilot projects to optimise water source structures, promote water recycling and carry out water-saving retrofits. This ensures the harmonisation of production safety and environmental protection, thereby contributing to the conservation of aquatic ecosystems.

In accordance with compliance requirements such as the Water Law of the People's Republic of China, the company has established a robust internal water resource management system and has issued and implemented the 'Regulations on Water Conservation and Recycling Management'. With the aim of enhancing the operational efficiency of water-saving facilities and identifying potential areas for water conservation, the company has allocated fixed financial expenditure to address water-related risks, thereby promoting the efficient use of water resources throughout the overall operations.

Water-saving retrofits

Process Water

In 2025, the company implemented a closed-loop cooling water recycling upgrade for the annealing process. By centrally treating process water such as production wastewater and cooling discharge through filtration, sedimentation and biochemical reactions, the water quality was brought up to the standards for process water recycling. This treated water was then reused in the equipment cooling process, thereby achieving zero production wastewater discharge. Concurrently, the company extended this technology to its Egyptian facility, achieving a cooling water reuse efficiency of 95% at that site.

Rainwater Harvesting System

In 2025, Hengtong Power Cable implemented a rainwater reuse project. The collected and treated rainwater is utilised for the daily watering of green spaces. In the future, the company will progressively evaluate rainwater harvesting technologies to increase the utilisation of alternative water sources and improve the efficiency of reclaimed water use.

Water-Saving Sanitary Ware

In 2025, the company progressively updated the indoor sanitary ware, fitting all taps with water-saving aerators to optimise end-use water efficiency. Furthermore, the company has incorporated water-saving requirements into the standard specifications for new factories, ensuring efficient water usage across the organisation.

Water Monitoring

In 2025, the company upgraded the online water usage monitoring system. This platform enables real-time monitoring of water consumption data; in the event of leaks or abnormal water usage, alerts are promptly sent to the back office for on-site investigation, allowing for swift repairs.

The company continues to promote water conservation management and foster water-saving awareness among staff, integrating water-saving principles into day-to-day operations. Water-saving signage has been displayed at daily water collection points, such as office areas, production workshops and canteens, to enhance staff awareness of water-saving practices and encourage active participation. At the same time, the company regularly organises specialised training sessions, awareness campaigns and themed activities on environmental protection and resource conservation to boost staff engagement in water conservation.

Furthermore, utilising proprietary technologies, the company focuses on smart water management and aquatic ecosystem restoration. By integrating advanced information technologies such as fibre-optic sensing, 5G communications, big data and the Internet of Things (IoT), and AI algorithms, we are jointly building a large-scale, round-the-clock, multi-dimensional water environment monitoring network. Through Hengtong's smart solutions, we are contributing to the modernisation of water governance in river, lake and marine basins, and fostering a harmonious relationship between humanity and water to build an ecological civilisation within these watersheds.

Case Study: Hengtong Optic-Electric's Water Ecology Sensing Network

In 2025, on the occasion of the 33rd World Water Day and the 38th China Water Week, the company launched the Water Ecological Sensing Network platform. Based on systematic surveys of environmental factors such as pollution sources, hydrology, water quality and aquatic ecology within river basins, the platform analyses the fundamental conditions of the hydrological environment, evaluates the ecological health of the basin, establishes intelligent models for simulating and managing the water environment, predicts the effectiveness of proposed projects, and forms a comprehensive "monitoring-diagnosis-restoration-operation and maintenance" technical system. This enables systematic guidance of aquatic plant ecosystem succession, activates the water body's self-purification capacity, and gradually restores the biodiversity and community structure integrity of wetlands.

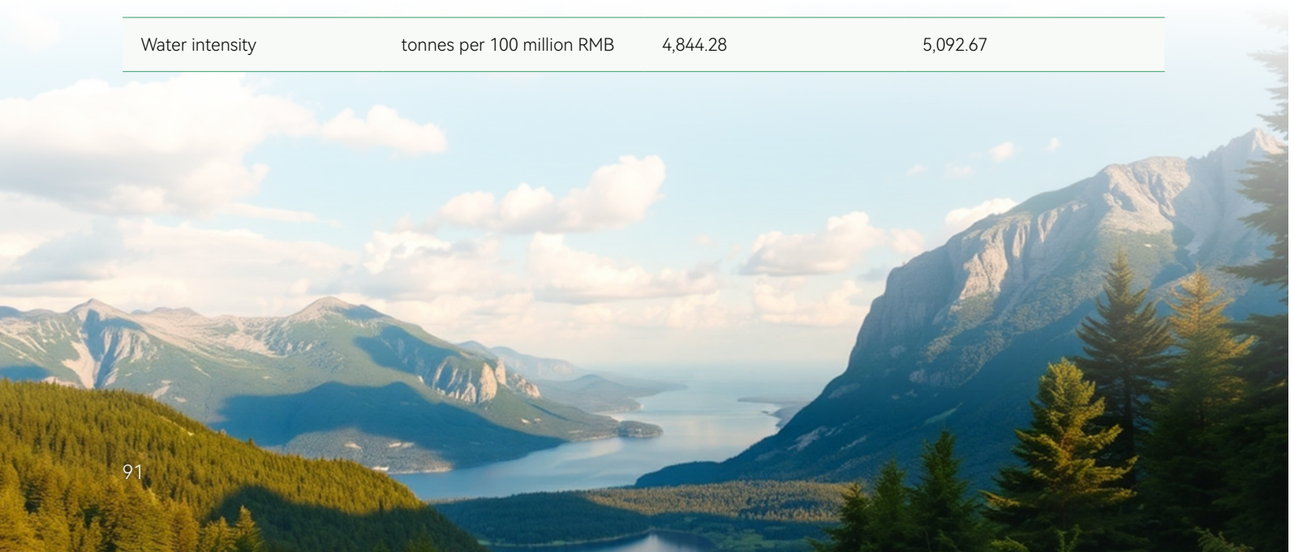


Hengtong Optic-Electric'sWater Ecology Monitoring Network

At the data monitoring level, the platform is equipped with high-precision water quality sensors, underwater robots and satellite remote sensing systems, capable of real-time monitoring of dozens of parameters including pH, dissolved oxygen and heavy metals. Data collection occurs at a frequency of seconds, whilst early warning response times are reduced to minutes, creating a "digital twin" of river and lake basins to assist local management authorities in achieving intelligent control over pollution source tracing, ecological flow regulation and emergency decision-making.

Water Resource Indicators

Water Use Categories	Unit	2024	2025
Total water consumption	10,000 tonnes	290.58	340.47
Water recirculation volume	10,000 tonnes	7,760.64	9,877.26
Water intensity	tonnes per 100 million RMB	4,844.28	5,092.67



3.5 Emissions Management

In environmental management practices, the company regards pollutant discharge management as a core priority and strictly complies with the Environmental Protection Law of the People's Republic of China and applicable the laws and regulations in the jurisdictions where it operates. The company has established comprehensive internal management systems and manages pollutant discharges throughout its production and operations in accordance with the principles of source reduction, process control and end-of-pipe treatment.

Air Emissions Management

In production and operational activities, the company's primary air emissions originate from processes such as extrusion, lead extrusion and bitumen coating, which may generate sulphur oxides, volatile organic compounds, particulate matter and small quantities of other characteristic pollutants.

The company strictly complies with the "Air Pollution Prevention and Control Law of the People's Republic of China" and the regulations of the locations where it operates. To effectively manage air emissions, the company has established the "Air Emission Control Procedure", which sets out emission standards and treatment measures exceeding regulatory requirements and provides guidance on air emission management for subsidiaries. At the same time, the company regularly engages professional third-party monitoring agencies to conduct environmental pollutant monitoring in accordance with relevant indicators, ensuring the compliant operation of production activities. During the reporting period, the company's annual monitoring data complied with the relevant requirements of the "Comprehensive Emission Standards for Air Pollutants".

Air Emission Control Measures

The company employs a strategy combining "source reduction with end-of-pipe treatment" to comprehensively enhance the management of air emissions during the production process, thereby effectively reducing the impact of environmental pollution. In core production stages, the company has implemented source substitution by introducing advanced ultraviolet (UV) curing processes, thereby reducing the potential for volatile organic compound (VOC) generation; simultaneously, high-efficiency activated carbon adsorption and baghouse dust collection systems have been integrated at the end of the extrusion and lead extrusion processes to ensure optimal management of organic exhaust gas and particulate matter emissions.

Key Measures for Exhaust Gas Treatment at Hengtong Optic-Electric

Waste Gas Treatment for Extrusion Process
Using activated carbon adsorption devices to control organic waste gas emissions at the terminal stage

Coating Process Upgrade
Introducing photocuring technology to reduce the generation of volatile organic compounds at the source

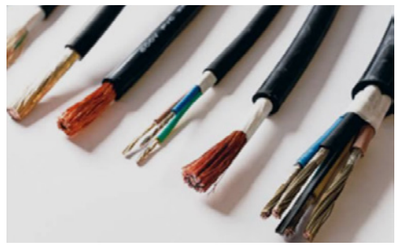
Dust Control for Lead Extrusion Process
Adopting baghouse dust collectors to reduce fugitive emissions of dust and fine particulate matter

In 2025, the company focused on optimising and improving exhaust gas emissions during the production of insulating materials, paying particular attention to by-product emissions and high energy consumption. By continuously promoting collaborative innovation in material systems and manufacturing processes, the company successfully developed and applied two new types of insulating materials. This reduced the generation of by-products and the vulcanisation process at source, effectively lowering exhaust gas emissions and energy consumption during production.

Case Study: Hengtong Submarine Develops New Insulation Material to Reduce Exhaust Emissions from Insulation Processes

When producing an insulation material based on polypropylene resin, the company adopted a physical melting and cooling moulding process, replacing the traditional processing method that relied on vulcanisation and cross-linking for curing. By appropriately incorporating functional additives free of sulphur elements—such as antioxidants, weathering agents and impact modifiers—the company achieved a sulphur-free upgrade of the material system whilst meeting insulation performance and long-term stability requirements. This approach fundamentally avoids the generation of sulphur oxides caused by sulphur participation in high-temperature reactions.





Silane-crosslinked insulated cables versus PVC-insulated cables

Another new type of insulating material utilises an optimised cross-linking process. Through the meticulous design of cross-linking reaction conditions and material formulations, the cross-linking reaction is made more thorough and stable. Whilst ensuring the product's electrical performance and reliability, the generation of low-molecular-weight by-products has been significantly reduced, thereby effectively lowering the total volume of waste gas requiring discharge and treatment during the degassing process. Leveraging this technology, the company has implemented a green upgrade of core processes at the Aberdare facility in South Africa, replacing conventional PVC materials with silane-crosslinked polyethylene (XLPE). As this material belongs to a halogen-free system, it does not produce corrosive gases such as HCl when burned, resulting in a significant reduction in smoke density. It complies with the relevant standards of the EU RoHS Directive and achieves a reduction in carbon emissions of approximately 35%.

Wastewater Treatment

Hengtong Optic-Electric strictly adheres to the "Law of the People's Republic of China on the Prevention and Control of Pollution", as well as relevant Chinese and international wastewater discharge standards and local laws and regulations. We have upgraded our wastewater treatment facilities to continuously enhance our wastewater management capabilities. Our key pollutant indicators include Chemical Oxygen Demand (COD), Suspended Solids (SS), Total Phosphorus and Ammonia Nitrogen.

In 2025, the company comprehensively optimised the process cooling water system through the large-scale implementation of closed-loop cooling tower retrofits. Following the retrofit, cooling water is recirculated within a closed system, generating no cooling wastewater during operation, thereby achieving zero industrial wastewater generation at the process level. For domestic sewage, on-site pre-treatment facilities, such as sedimentation tanks, septic tanks and grease traps, have been installed; after monitoring confirms compliance with standards, the treated effluent is discharged into the sewerage system. During the reporting period, the company's wastewater monitoring results consistently met the requirements of the "Comprehensive Standard for Wastewater Discharge" (GB 8978-1996), and no non-compliance incidents involving exceedances of discharge limits occurred.



Waste Classification Management

Hengtong Optic-Electric strictly complies with the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", the "Law of the People's Republic of China on the Prevention and Control of Soil Pollution", the "Standard for Pollution Control of Hazardous Waste Storage", as well as relevant domestic and international laws, regulations and regulatory requirements, and continuously improves its comprehensive environmental management system for waste. The company has formulated and implemented the "Hazardous Waste Management System", "Waste Control Procedures" and "Hazardous Waste Pollution Prevention and Control Management Measures" to ensure the standardised and unified management of all types of waste generated during production and operations. These cover the entire process—including the classification, collection, storage, transport and disposal of both non-hazardous and hazardous waste—thereby promoting the standardised, institutionalised and compliant operation of waste management and continuously enhancing the level of control throughout the entire waste management process. To ensure the compliant disposal of all types of waste, the company regularly conducts self-inspections and risk assessments regarding the compliance of solid and hazardous waste management.

The company has established detailed ledgers for the handling of classified waste, including a full-process traceability system comprising electronic and paper records covering the generation, storage, transfer and disposal of solid waste. Hazardous waste is handled by entrusting entities with the requisite hazardous waste treatment qualifications, with full traceability maintained throughout the process.

Non-hazardous Waste

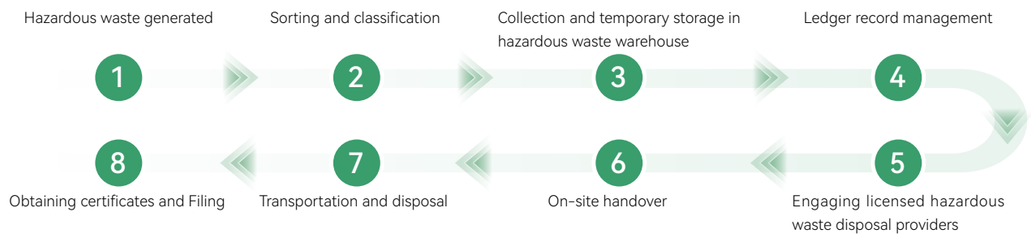
The company's non-hazardous waste primarily comprises packaging materials (such as fibre-optic casings and cardboard boxes), raw and auxiliary materials (such as steel and aluminium strips and steel wire) generated during factory production, as well as office and staff domestic waste. The company continuously promotes resource utilisation by sorting and temporarily storing waste separately, with the aim of recycling and reusing as much of the generated waste as possible.

- Packaging materials: Packaging waste generated by production and logistics, such as pallets, strapping and wooden crates, is sorted and directly reused.
- General industrial waste: Waste materials such as offcuts and surplus materials generated during production are collected in a meticulous manner and reused following secondary processing.
- Daily solid waste: Strict sorting and centralised management are enforced, with waste collected and removed by the environmental sanitation department. At the same time, the company actively promotes paperless and green office practices.

Hazardous Waste

The company's hazardous waste primarily comprises empty chemical containers, spent activated carbon, and other toxic and hazardous materials generated during production processes. The company strictly complies with applicable hazardous waste management requirements and has established comprehensive procedures for the handling of hazardous waste. It regularly engages licensed hazardous waste service providers for transportation and disposal and implements the hazardous waste transfer manifest system throughout the process, ensuring full compliance across the entire chain from collection to final disposal.

Hengtong Optic-Electric Hazardous Waste Management Process



Case Study: Hengtong Wire and Cable Obtains QC080000 Hazardous Substances Process Management (HSPM) Certification

To actively address the increasingly stringent environmental compliance requirements in global markets, Hengtong Wire and Cable has focused on comprehensively enhancing its green compliance management standards, thereby advancing the lean management of hazardous substance processes.


IEC QUALITY ASSESSMENT SYSTEM (IECQ)

IECQ Certificate of Conformity
Hazardous Substance Process Management

Hengtong Wire and Cable Obtains IECQ QC080000 Certification

In 2025, the company systematically refined the management mechanisms for hazardous substances. Through rigorous internal audits and self-inspection and rectification, the company has thoroughly integrated control requirements throughout the entire product lifecycle—from research and development and design, through material procurement and manufacturing, to warehousing and logistics—effectively ensuring the precise implementation of measures to prevent the introduction of potential hazardous substances across the entire business chain. Building on a substantial leap in internal operational capabilities, Hengtong Wire and Cable was officially awarded the QC080000 system certification in January 2026. This not only signifies that the company has reached internationally advanced standards in green compliance management for the products but also provides robust support for the company to further empower the global industry.

Emissions Targets

	Unit	2024	2025
Exhaust gases			
Sulphur oxides	tonnes	1.97	26.24
Wastewater			
Domestic sewage discharge	tonnes	178,843.31	514,823.16
Hazardous waste			
Waste emulsion	tonnes	438.1	128.80
Activated carbon	tonnes	23.81	35.20
Total volume of hazardous waste generated	tonnes	832.99	1,913.18

	Unit	2024	2025
Non-hazardous waste			
Total volume of general solid waste generated (recyclable)	tonnes	14,845.82	30,760.83
Total volume of packaging materials recycled	tonnes	7,934.60	3,552.88
Total volume of other waste recycled	tonnes	6911.22	25,273.43
Total volume of general solid waste generated (non-recyclable)	tonnes	3,073.34	5,882.59
Total volume of general solid waste generated	tonnes	17,919.15	36,643.42



3.6 Circular Economy

Hengtong Optic-Electric is committed to comprehensively enhancing resource utilisation efficiency. To ensure the implementation of this strategy, the company has set the objective of establishing a standardised and traceable resource management system. It has formulated circular economy management requirements and assessment criteria for the subsidiaries to ensure that they recycle raw and auxiliary materials as well as waste within their operational scope, thereby continuously strengthening a closed-loop recycling system that spans from source reduction to end-of-life reuse.

In 2025, the company continued to promote resource recycling, with the recycling rate of helium showing a sustained increase. Efforts were intensified to directly recover metals such as copper, aluminium and steel during the production process, whilst improving recovery efficiency. The reuse of packaging trays for products helped reduce both waste and production costs. Hengtong Optic-Electric provided resource utilisation channels for its subsidiaries, reprocessing scrap metal in smelting furnaces to ensure it met quality standards before being sent to various production bases as raw material for secondary product manufacturing. At the same time, the proportion of recyclable materials in products was increased, and recyclable raw materials were regularly procured from external sources for processing and production.

Raw Material Recycling

Case Study: Hengtong Special Conductor's Implementation of Scrap Aluminium Recycling

In 2025, Hengtong Special Conductor implemented a waste aluminium recycling programme, establishing a comprehensive waste aluminium collection system and internal and external collection methods. Furthermore, the company utilised fully enclosed protective covers for centralised collection during the stranding process, thereby reducing the risk of material loss during production and improving waste collection efficiency.

Packaging Recycling

Case Study: Hengtong Wire and Cable's Packaging Reel Recycling Initiative

The cable industry consumes a significant amount of packaging reels during product delivery, and the traditional single-use model results in substantial consumption of resources such as wood and metal. To reduce the environmental burden, Hengtong Wire and Cable actively explored models for the recycling of packaging materials and established a comprehensive reel recycling mechanism. Whilst the entire factory deployed 9,543 new reels, it successfully reused as many as 7,626 recycled reels.

Data indicates that the proportion of second-hand reels in overall usage has risen to 44.42%. This initiative has significantly reduced the demand for the extraction of virgin timber and metal materials, achieving a win-win outcome in terms of resource conservation and ecological protection.

Recycled Exhibition Stand

Case Study: Fully Recyclable Green Exhibition Booth

At the 2025 Global Optical Fibre and Cable Conference, the company innovatively created a "fully recyclable green exhibition booth", deeply integrating brand presentation with sustainable practices. The booth was constructed entirely from recyclable cardboard and other eco-friendly materials, achieving 100% recyclability. Compared to traditional exhibition booths, this design reduced carbon emissions by approximately 70% per square metre and energy consumption by 60%, significantly lowering the environmental impact whilst maintaining the quality of the display.



This initiative broke away from previous models of piecemeal green applications, achieving a systematic transition from the main structure to the finer details of the display. Through quantifiable emissions reductions, the company transformed ESG principles into tangible actions, strengthening its image as a responsible brand and providing a replicable green model for future exhibition activities.

3.7 Ecosystem and Biodiversity Conservation

Hengtong Optic-Electric closely monitors legislative developments regarding the "Ecological and Environmental Code of the People's Republic of China" and strictly complies with the "Environmental Protection Law of the People's Republic of China", the "Soil and Water Conservation Law of the People's Republic of China", the "Wildlife Conservation Law of the People's Republic of China", the Regulations of the "People's Republic of China on Nature Reserves" and the "Wetland Conservation Law of the People's Republic of China", among other laws and regulations. The company committed to protecting the ecological environment and biodiversity, avoiding damage to ecological habitats and forests, ensuring that the timber and packaging materials used in our production originate from sustainably managed forests, minimising the negative impact of our business activities on biodiversity, and requiring our suppliers to adhere to equivalent standards.

During site selection and expansion planning for new projects, the company conducts rigorous environmental impact assessments and biodiversity risk assessments, proactively avoiding ecologically sensitive areas, nature reserves and critical habitats. Throughout its operations, the company continuously monitors the potential impacts of water, soil and air emissions on surrounding ecosystems. By upgrading cleaner production technologies and implementing sound greening and landscape management practices, the company reduces pollutant emissions and safeguards the ecological integrity and habitats surrounding its production sites.

Furthermore, when advancing the construction of projects worldwide, the company attaches great importance to global biodiversity conservation and strictly complies with local environmental protection regulations. By incorporating international best environmental practices into construction environmental impact assessments, the company prioritises the protection of natural habitats and has successfully achieved the integration of submarine cable laying with marine ecological conservation.

The Farasan High-Voltage Submarine Power Cable Project in Saudi Arabia Receives Recognition from the National Centre for Environmental Conservation (NCEC)

The Farasan Islands, where the Farasan High-Voltage Submarine Power Cable Project is located, are designated as a priority marine protected area by the United Nations Environment Programme. To protect the marine environment in this region, the project has deeply embedded biodiversity compliance throughout the entire process, from design and survey to construction. It has specifically engaged independent third-party environmental consultants to carry out specialised monitoring, establishing a compliance baseline of "dual oversight and environmental priority".

During the preliminary survey phase, the company conducted biodiversity surveys of both marine and terrestrial environments, identifying 20 species of hard corals and coral fish habitats spanning 19 families. Concurrently, the company compiled detailed records covering 28 bird species (including vulnerable and near-threatened species) along a migratory corridor used by over 1.5 million birds annually, and documented data on 10 native vegetation types, including protected mangrove forests.

During the construction phase, the project strictly implemented a three-tier environmental incident response mechanism and a Marine Mammal Observation (MMO) protocol, prohibiting construction within 500 metres of spinner dolphins, rescuing green sea turtles entangled in debris, and completing coral relocation using eco-friendly Portland cement. The company also achieved an 80% recycling rate for bentonite through the use of an advanced closed-loop mud recycling system, thereby maximising the protection of sensitive coastal habitats.

In accordance with a detailed monitoring plan, the project conducts regular measurements of physical water quality parameters and collects seawater and sediment samples, carrying out in-depth analyses of key indicators such as total petroleum hydrocarbons (TPH) and heavy metals, and publishing the results. This meets the high-risk regulatory standards of the Saudi National Centre for Environmental Compliance (NCEC), ensuring a high degree of transparency regarding ecological and environmental indicators throughout the project.

Through an eco-priority management approach and advanced technology, the Farasan project in Saudi Arabia has successfully achieved an exceptional balance between infrastructure development and the conservation of natural capital within a fragile marine ecosystem.

Terrestrial Biodiversity Conservation



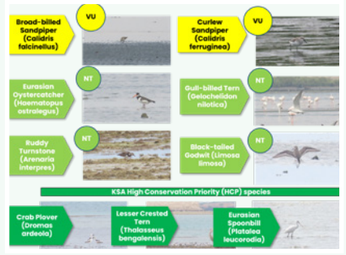
Conducting terrestrial ecological surveys to record biological receptors such as birds, mammals and reptiles

Identifying species numbers and conservation status

Providing a basis for the management of sensitive species and ecological avoidance



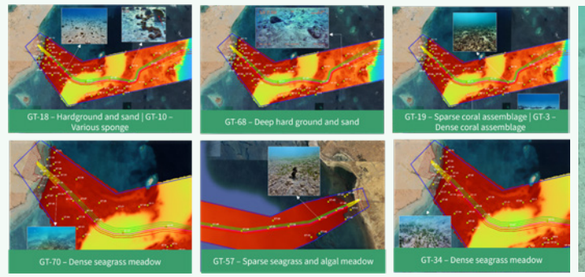
All personnel entering the project site undergo HSE training; weekly Health, Safety and Environment (HSE) inspections and coordination meetings are held



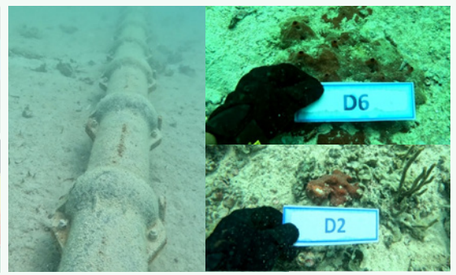
Incorporating findings into daily construction management; all inspection and monitoring parameters are recorded using the Construction Environmental and Social Management Plan (CESMP) to produce monthly environmental reports



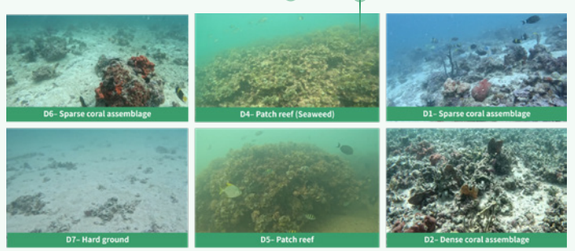
Marine Biodiversity Conservation



A Deployable Video System (DDV) is used to conduct marine environmental assessments



During laying operations, marine ecological assessments are carried out using video imagery, and articulated pipes are used in nearshore areas to avoid the impact of trenching operations



Underwater surveys are carried out on coral communities and sensitive marine environments

For coral colonies that could not be avoided, removal was carried out, followed by transport to a recipient area and reattachment to a natural hard substrate, with plastic fillers used to secure them



Harvested corals are placed in crates to be hoisted to a vessel for transportation to the recipient site

The company has long been committed to ecological conservation and green public welfare, continuously organising tree-planting and voluntary afforestation activities to support ecological restoration through concrete actions. The company encourages its global bases to undertake diverse green initiatives tailored to local ecological conditions, thereby enriching biodiversity conservation practices.

Case Study:'Youth in Bloom' Arbor Day Event

In 2025, the company continued to advance the "Hengtong Global Forest Initiative", extensively mobilising employees worldwide to plant and nurture trees with their own hands. This added new greenery to the local area, optimised the regional vegetation structure, and more effectively enhanced the local ecological carrying capacity and biodiversity potential. Over 800 people participated in this event, planting more than 5,000 trees, which are expected to absorb approximately 91.5 tonnes of carbon dioxide annually.



Case Study: MBG Participates in Ecological Tree-Planting Activities

In 2025, MBG in Indonesia actively participated in the "Kendal Eco Week 2025" event organised by the Kendal Industrial Park (KIK). Under the theme "One Tree, a Million Breaths", the event brought together all enterprises within the Kendal Industrial Park, as well as local government and community groups, to jointly plant 330 coastal pine trees in the coastal area, with the aim of building a green and sustainable industrial ecosystem.



MBG Indonesia Participates in Eco-Week

Case Study: ABTech Carries out Tree-planting Initiatives for Three Consecutive years, Establishing Regular Ecological Conservation Efforts

As part of the efforts to promote green development, ABTech in India has carried out tree-planting activities in different regions for three consecutive years:In 2023, 72 trees were planted in the Rajgurunaagr government forest area; in 2024, 60 trees were planted at Kanhersar Primary School; and in 2025, a total of 800 trees were planted in Chandus Village, with the initiative continuing to support local ecological conservation and community improvement.



2023



2024



2025

Case Study: j-fiber Enhances the Micro-environment by Improving Biodiversity

As part of its campus ecological development, j-fiber in Germany has actively implemented biodiversity conservation measures. By installing insect hotels, the company provides habitats and breeding grounds for beneficial insects such as bees and ladybirds, thereby increasing the campus's appeal to insects and promoting natural pollination and ecosystem stability. At the same time, the company has installed bird nesting aids to provide local bird species with safe breeding and resting spaces, encouraging more birds to inhabit and breed within the site. By creating a more welcoming ecological environment, the company is continuously improving biodiversity levels on site, promoting harmony between humans and nature, and demonstrating its ESG responsibilities and commitments to environmental protection and sustainable development.



Insect Hotels



Bird Nesting Aids

04

Caring for Employees and Promoting Inclusive Development



- Recruitment and Retention
- Employee Development
- Diversity and Inclusion
- Promoting Communication and Care
- Employee Remuneration
- Employee Health and Safety



4.1 Recruitment and Retention

Hengtong Optic-Electric strictly complies with national laws and regulations such as the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, and the Provisions on the Prohibition of Child Labour. Furthermore, the company has formulated internal regulations such as the Hengtong Optic-Electric Recruitment Management Measures in accordance with practical circumstances. These regulations systematically standardise employee recruitment, remuneration and benefits, working hours, and leave management, ensuring fairness and impartiality in the employment process and effectively safeguarding the legitimate rights and interests of employees.

Prohibition of Child Labour and Forced Labour

The company resolutely prohibits child labour and forced labour, and has formulated and implemented the "Management and Control Procedures for the Prohibition of Forced Labour". During the recruitment process, employment eligibility is rigorously vetted to prevent the employment of minors and non-compliant workers. Should any violations be discovered, the company will immediately initiate an investigation and deal with the matter seriously in accordance with laws and regulations. During the reporting period, no incidents of child labour or forced labour occurred. Furthermore, the company continues to monitor international trends in labour compliance regulation, proactively conducts research into specific regulations and reviews overseas employment practices, and continuously refines its global labour compliance management system.

Aligned with its talent strategy and business footprint, the company develops a diverse and globally oriented workforce plan that defines its talent structure and development priorities. It attracts and retains high-calibre talent by strengthening its employer brand and optimizing recruitment processes. The company actively participates in campus recruitment drives and local employment initiatives to broaden its channels for attracting young talent. At the same time, in line with the expansion of its international operations, it continues to recruit local and international professionals and enhance the global allocation of talent.

Case Study: Special Recruitment Event for University Graduates to Support Youth Employment

In September 2025, Hengtong Special Conductor and Hengtong Smart Grids participated in the "Tackling Employment Challenges, Striving for a Better Future" special recruitment fair for university graduates organised by the Human Resources and Social Security Department of Qidu Town, Wujiang District. The event focused on unemployed university graduates and young people. The companies' human resources team conducted on-site presentations, Q&A sessions and preliminary interviews, engaging in in-depth discussions with job seekers to systematically introduce job requirements and career development pathways. Through participation in this event, Hengtong Special Conductor and Hengtong Smart Grids identified potential talent, effectively broadened local recruitment channels, and, by leveraging the government's platform of public trust, significantly enhanced the company's brand recognition and employer appeal within the regional talent market. This achieved a win-win outcome, combining the social benefit of promoting employment with the corporate strategy of building a talent pool.



"Tackling Challenges to Promote Employment, Striving to Create the Future" – Specialised Guide at the University Graduate Recruitment Fair

Gender Equality

The company strictly implements relevant regulations such as the "Regulations on the Protection of Female Employees" and practises equal pay for equal work. During recruitment, it does not refuse to hire women on the grounds of gender or impose higher recruitment standards on them. To address the career development needs of female employees, the company supports their participation in business, skills and technical training to help them enhance their overall competitiveness. The company provides female employees with comprehensive maternity protection, benefits and a well-structured leave system, and assists them in balancing work and family life through flexible working hours. For employees during pregnancy and breastfeeding, the company conducts occupational health and safety risk identification and assessment, implements targeted protective measures to mitigate relevant risks, and effectively safeguards their legitimate rights and interests as well as their physical and mental well-being.

Building on this, the company actively pursues SA 8000 (Social Accountability Standard) certification. In accordance with the standard's requirements, it has formulated and published procedural documents such as the "ZD09 Regulations on Labour Protection for Female Employees" and the "Procedure for Job Risk Assessment for New Mothers and Pregnant Women". These clarify benefits such as maternity leave and breastfeeding leave for female employees, provide facilities including female staff infirmaries and mother-and-baby rooms, and ensure that high-intensity and high-risk tasks are avoided in job assignments. At the same time, the company provides priority service to pregnant female employees in public areas such as the canteen. During the reporting period, a total of four subsidiaries, including Hengtong Submarine, Hengtong Power Cable and Hengtong Wire and Cable, successfully obtained SA 8000 (Social Accountability Standard) certification.



Trade Unions and Collective Agreements

The company regards the protection of employee rights and the development of harmonious labour relations as a vital foundation for sustainable development. In accordance with relevant laws, regulations and the requirements of the International Labour Organisation (ILO), the company has formulated and implemented internal systems such as the "Management Control Procedures for Freedom of Association and the Right to Collective Bargaining". It supports employees in exercising their right to freedom of association and participating in collective bargaining in accordance with the law, safeguards employees' rights to information, participation and expression regarding working conditions, remuneration and benefits, and occupational health and safety, and effectively protects employees' legitimate rights and interests in freedom of association and collective bargaining.

During the reporting period,

100%

the signing rate of collective agreements and trade union coverage both stood at

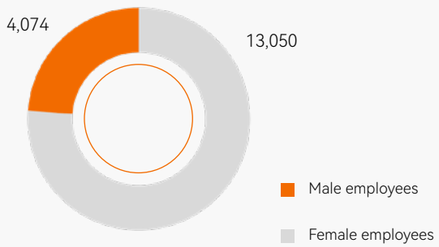
Talent Retention

Hengtong Optic-Electric consistently regards talent as the core driving force behind the company's sustainable development. Adhering to the philosophy of "people-oriented, co-creation and shared benefits", the company continuously refines career development pathways and establishes a market-competitive remuneration and benefits system alongside diversified incentive mechanisms. The company places great emphasis on deeply integrating individual development plans with corporate strategic objectives. Through systematic training and empowerment, long-term equity incentives, variable remuneration arrangements and a scientific salary growth mechanism, it enhances employees' sense of belonging and achievement, thereby building a stable and efficient talent pipeline.

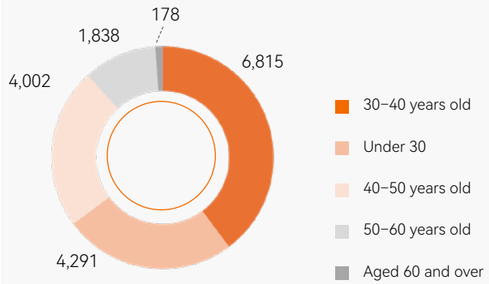
To establish robust long-term incentive and accountability mechanisms, and to fully stimulate the initiative and creativity of directors, senior management, R&D personnel, core technical staff and key business personnel, the company has implemented four phases of the Employee Reward Fund Scheme. This scheme covers middle and senior management, core technical talent, outstanding frontline marketing staff both domestically and internationally, and individuals who have made exceptional contributions, thereby further reinforcing the principles of co-creation of value and sharing of achievements.

	Unit	2025
Total number of employees	persons	17,124
Total number of new recruits	persons	3,223

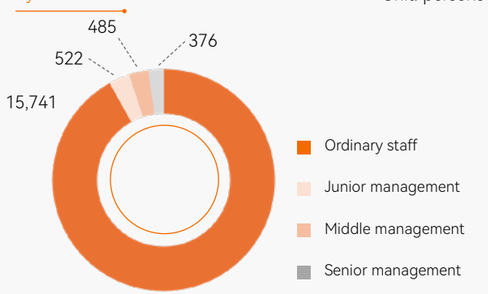
By gender — Unit: persons



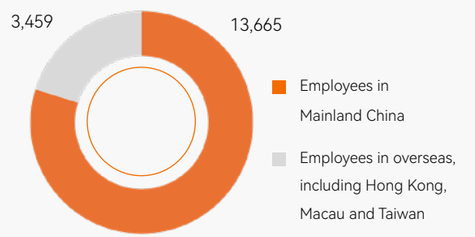
By age — Unit: persons



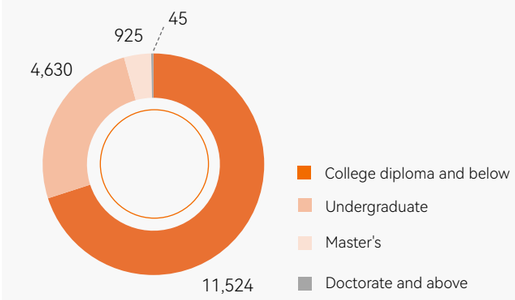
By level — Unit: persons



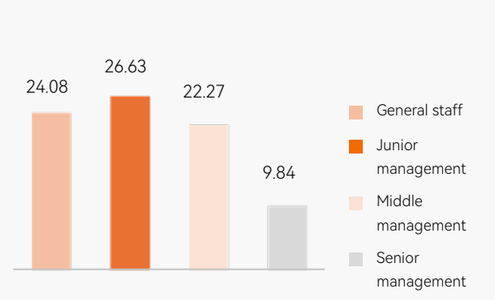
By region — Unit: persons



By educational attainment — Unit: persons



Proportion of female employees at each level — Unit: %



Indicator		Unit	2025
Employee turnover rate	Total turnover rate	%	15.64
Employee turnover rate by gender	Male	%	16.02
	Female	%	14.38
Staff turnover rate by age	Under 30	%	28.96
	30–40 years old	%	13.53
	40–50 years old	%	8.40
	50–60 years old	%	7.74
	60 years and over	%	16.99



4.2 Diversity and Inclusion

Diversity and Inclusion

Hengtong Optic-Electric advocates diverse, equitable and inclusive employment culture. It firmly opposes any form of harassment, sexual harassment, discrimination or unfair treatment, and ensures that employees of all genders, ages, regions, ethnicities, family and marital statuses, religious beliefs, disabilities, sexual orientations and social backgrounds enjoy equal opportunities for development. To address issues of discrimination and harassment in the workplace, the company has established reporting channels and investigation mechanisms. Upon verification, disciplinary measures such as warnings, sanctions or termination of employment will be taken in accordance with laws and regulations, depending on the severity of the case.

The company continuously conducts training and awareness campaigns on diversity and inclusion to enhance employees' understanding of equality and respect, and to foster an open and friendly working environment. At the same time, it actively creates employment opportunities for groups such as people with disabilities, strictly implements the principle of equal pay for equal work, and ensures fair treatment.

Case Study: Employment and Equality for Vulnerable Groups

The company places great emphasis on enhancing the skills of employees with disabilities and facilitating their integration into the workplace. During the reporting period, one employee was recognised as a national-level model skilled craftsman.

As a "National Base for Proportional Employment of Persons with Disabilities", Hengtong Wire and Cable, in accordance with the Law on the Protection of Persons with Disabilities, the Labour Law and other relevant regulations, continues to recruit persons with disabilities, promoting their stable employment and career development; as of the end of 2025, there were 207 employees with disabilities on the payroll.

As of the end of 2025, Haimen Hengtong had 95 employees with disabilities on the payroll and has been awarded the honorary title of "Advanced Enterprise for the Employment of Persons with Disabilities" by Haimen District. Zhang Xuemei, an employee with a disability, has been honoured for many years as a "Model Worker" of Haimen City and as a "Women's Vanguard" of Jiangsu Province and Nantong City. Furthermore, the company has successively received honours such as "National Base for Proportional Employment of Persons with Disabilities", "Suzhou City Outstanding Enterprise Assisting Persons with Disabilities" and "Haimen District Advanced Enterprise for Employment of Persons with Disabilities", continuously enhancing the quality of employment support for persons with disabilities and its social value.

Case Study: Fostering a Multicultural Environment

To respect the diverse needs of employees from different cultural backgrounds, the company has established prayer rooms at the Wujiang headquarters, Qidu Park and Changshu Park, providing convenient facilities for employees with religious beliefs. At the same time, the company has introduced Western-style catering services at the headquarters to optimise the provision of diverse dietary options. By improving relevant supporting facilities, the company continuously enhances the work and life experiences of employees from different cultural backgrounds, fostering an inclusive and friendly working environment.



Prayer Room

4.3 Employee Remuneration

Employee Remuneration

The company aims to attract, retain and continuously develop talent. It adheres to the remuneration principle of "equal pay for equal work and distribution according to work", and has established a fair, impartial and scientifically sound remuneration management system. The company strictly complies with laws and regulations including the "Company Law of the People's Republic of China", the "Labour Law of the People's Republic of China", the "Social Insurance Law of the People's Republic of China", the "Minimum Wage Regulations", the "Regulations on Paid Leave for Employees", and the "Provisions on Medical Leave for Enterprise Employees Suffering from Illness or Non-work-related Injuries". Considering the statutory minimum wage and living wage standards in each region of operation, the company ensures that the remuneration levels of all employees, including part-time staff, are no lower than the living wage standard [12].

The company's remuneration system comprises fixed and variable pay, with variable pay encompassing incentive schemes such as bonuses and performance-related pay, designed to enhance staff motivation and performance. Part of the variable remuneration is directly linked to the company's overall operating performance, whilst environmental management performance, health and safety indicators, and other metrics are incorporated into the remuneration assessment system for management. Furthermore, the company has established a dynamic remuneration growth mechanism, incorporating individual performance and output growth into the basis for remuneration adjustments, thereby strengthening the link between performance and rewards.

Hengtong Optic-Electric Employee Remuneration Growth Mechanism

Remuneration Strategy

Establishing a management strategy for high-quality remuneration control based on "performance evaluation adjustments, company-autonomous allocation, and group supervision and guidance".

Growth Mechanism

Establishing a remuneration growth mechanism linked to output value, aiming to achieve simultaneous growth in both efficiency and remuneration levels.

Incentive-Oriented

Adopting a performance-oriented approach, we will enhance the market competitiveness of remuneration levels for high-performing employees to strengthen incentives.

[12] Living wage: the minimum wage for standard working hours, ensuring that the basic needs of employees and their families are met; the living wage includes the basic salary but excludes bonuses and overtime pay.





2025 Data

1.1 : 1

Average Ratio of Female to Male Remuneration in Senior Management

1.04 : 1

Average pay ratio between female and male employees in management

1.03 : 1

Average pay ratio between female and male employees in general staff roles

160.64%

Ratio of standard starting salary for female employees to the local minimum wage

160.64%

Ratio of standard starting salary for male employees to the local minimum wage

Employee Incentives

Hengtong Optic-Electric adheres to the principle of "performance-based evaluation", establishing a fair and transparent performance appraisal and promotion system to ensure that the evaluation process is standardised and the results are objective. The company believes that a fair and open performance management mechanism not only recognises the value and contributions of employees but also serves as a vital foundation for stimulating organisational vitality.

The company conducts regular multi-dimensional performance appraisals, comprehensively assessing aspects such as learning ability, leadership, execution capability, and knowledge and experience. By combining quarterly performance reviews with annual comprehensive assessments, the company helps employees identify areas for improvement and ensures the fairness, reasonableness and traceability of performance outcomes.

Hengtong Optic-Electric Performance Assessment Types

Goal-Based Management

Developing an annual comprehensive performance appraisal plan for employees, clearly defining the scope of assessment, assessment format, metrics and content, and performance targets, and evaluate and incentivise employees based on the achievement of these targets

Multi-dimensional Performance Assessment

Determining an employee's performance level by comprehensively considering factors such as performance, work conduct, contributions, and disciplinary records across multiple dimensions

Team Performance Assessment

Further increasing the autonomy of departmental teams in performance allocation, combining team performance with individual performance for a comprehensive assessment, whilst giving preferential treatment to outstanding individuals who have made special contributions

Agile Dialogue

Establishing a mechanism for leadership feedback and employee confirmation, maintaining communication and feedback between employees and their managers through regular company-led reviews of individual and team performance targets

To ensure fairness and transparency throughout the performance management process, the company has established open communication channels. Regarding performance appraisal results, employees may engage in face-to-face discussions with their line managers or the HR department through official channels. Should an employee have objections to the performance appraisal results, they may submit an application in accordance with the established appeal process, and the company will conduct a review in accordance with the procedures. During the reporting period, regular performance appraisals and career development assessments achieved full coverage of all employees.

Hengtong Optic-Electric Employee Performance Appeal Process

If an employee has any objections to the performance appraisal results or other matters, they may communicate directly with their line manager to resolve the issue

The Human Resources Department is responsible for coordinating and conducting an investigation into the employee's complaint, and must promptly inform the complainant of the final outcome

Communication with Line Managers → **Appeal to Line Manager or Human Resources Department** → **Investigation and Coordination**

If the disagreement remains unresolved after communicating with the line manager, the employee has the right to appeal to the line manager's superior or to the Human Resources Department



4.4 Employee Development

Hengtong Optic-Electric consistently adheres to the philosophy that "talent is the primary resource, the primary capital and the primary strategy", systematically establishing a "trinity" talent development system. The company continues to expand diverse career development pathways and practical growth platforms, accelerating the cultivation of a high-calibre, highly skilled workforce.

Hengtong Optic-Electric's "Trinity" Talent System

Business Management

Building a management team with an international background, possessing both integrity and competence

Technical Expertise

Cultivating professional technical personnel who are at the forefront of the industry and dedicated to innovation and research

Vocational Skills

Developing highly skilled professionals who strive for excellence and possess high standards of competence



Employee Career Development

Hengtong Optic-Electric's "Management + Technical" Dual-Track Career Development Path

Managerial and Technical Positions

- Implementing job grade management, assessing employees' job grades based on qualification criteria, and determining position coefficients in accordance with job grades
- Determining compensation standards based on employees' competence and performance

Market Positions

- Job-grade-based salary as the monthly payment benchmark, supplemented by performance-based business remuneration, so as to enhance the stability of compensation
- Determining the annual total income by the completion of performance assessment indicators including sales volume and market development, offering key rewards to sales personnel who substantially outperforming targets, ensuring income grows in tandem with performance

Operational Positions

- Assessing employees' skill levels and job tiers based on their competencies
- Using piece-rate and time-rate compensation models, and setting employees' compensation levels with reference to local market conditions

Support and Administrative Positions

- Determining compensation standards in line with the local market average, and adopting job grade management and qualification assessment to ensure compensation levels match employees' competencies and performance

The company has established a dual-track career development pathway comprising management and specialist streams, supported by a job grading system centred on independent assessment. This reinforces a focus on "capability, performance and contribution", with particular emphasis on evaluating employees' comprehensive ability to solve practical problems. For positions involving classified information, the company has also established a dedicated assessment scheme to further expand career progression opportunities. Concurrently, in accordance with the "Hengtong Optic-Electric Job Rotation Management Measures", a standardised internal job rotation mechanism has been established to provide employees at various levels with opportunities for cross-functional practical experience. Furthermore, the company continues to advance mechanisms for cross-border talent exchange and development, supporting employees' participation in overseas assignments and international project work to broaden their global career pathways.

In 2025, the company organised several trips for outstanding employees to attend "International Employee Training" at the Suzhou headquarters in China. Through professional skills training and cross-cultural exchange activities, employees further enhanced their professional capabilities and international outlook, whilst deepening their understanding of and identification with the corporate culture and development philosophy, thereby promoting synergy and integration among global teams.

Employee Training

The company continues to refine the employee training management system. In accordance with regulatory documents such as the "Hengtong Optic-Electric Training Management Measures", it has established a training framework combining online and offline methods to achieve comprehensive coverage of all employees.

During the reporting period,

a total of **7,278** training sessions were conducted

reaching **128,430** participants.

The employee training coverage rate reached **100%**

with an average training duration of **60.61** hours per person.

Hengtong Optic-Electric Employee Training Channels

Diverse offline specialised training courses

Sharing of digital resources and delivery of external online training

Giving support to employees for their cross-cultural integration, global exchange and knowledge sharing



Online Digital Learning Platform

Hengtong Optic-Electric Talent Development Mechanism

Diverse Learning Methods

- Online training: We have established a digital learning platform serving over 10,000 employees both domestically and internationally, adding more than 400 new courses throughout the year.
- Face-to-face training: Regular face-to-face training sessions are conducted, with senior management serving as resident trainers.
- Practical training: We have innovatively implemented a mentoring scheme, transforming production workshops into practical training spaces and upgrading work sections into practical classrooms through initiatives such as guidance from Chief Engineers and the cultivation of "Hengtong Artisans".

Targeted Training Programmes

- We have established a dual-track development system combining "management and technical" pathways, assembled a team of over 550 professionally certified trainers, and developed more than 2,400 standardised courses, creating a series of premium programmes including "Executive Lectures, Senior Management Workshops, High-Standard Study Tours and Advanced Seminars".

University Talent Pipeline Development

- Through a "Iron Triangle" development mechanism comprising mentors, line managers and HR coaches, alongside a four-stage reserve talent programme ("Setting Sail – Escort – Navigation – Voyage"), we facilitate the transition of over 50 technical professionals into management roles annually.

International Talent Strategy

- Leveraging our global production and R&D network, we have established a two-way talent exchange platform. Through cross-border job rotations and training, we promote the deep integration of global management philosophies and technical standards, fostering a cross-cultural, multi-skilled talent team.



The company is simultaneously expanding external learning support channels. Through a range of policies, including funding for external training, reimbursement of related expenses and incentives for academic advancement, we support employees in enhancing their qualifications and obtaining professional certifications, thereby driving the progression of their professional capabilities and long-term development.

Hengtong Optic-Electric's Support for External Training and Academic Advancement

External Training

- We encourage relevant technical staff to participate in external training and obtain certifications
- Upon obtaining a certificate, employees may claim reimbursement for training costs via the company's expense reimbursement system

Training and Academic Advancement Incentives

- Cablescom in Spain offers training scholarships to all full-time employees and their children
- Cablescom offers tuition fee reimbursement or leave support to employees who obtain qualifications relevant to their field of work

University Partnerships

- We collaborate with several higher vocational colleges to implement a "work-study alternation and on-the-job training" model, promoting school-enterprise cooperation through reciprocal secondments and staff exchanges
- In collaboration with Shanghai Jiao Tong University, we organise for the company's General Manager to attend the Executive MBA programme
- In collaboration with Zhejiang University, we have organised for our senior management successors to attend an advanced executive MBA programme

Academic Advancement

- In partnership with Wuxi Vocational College of Arts and Crafts and other higher education institutions, we have launched a diploma-level education programme for frontline staff

The company organises a range of professional skills competitions, establishing a training model that "promotes learning through competition and application through learning", guiding employees to closely integrate theoretical study with practical work. These competitions not only strengthen cross-team communication and collaboration but also enhance employees' ability to solve complex problems. At the same time, competition results provide an objective basis for the company to identify high-potential talent and assess skill levels, helping to further optimise talent development programmes and career development plans.



4.5 Promoting Communication and Care

Hengtong Optic-Electric is committed to fostering a warm and harmonious environment for talent development, effectively safeguarding employees' legitimate rights and interests, and placing great importance on listening to their voices. The company has established diverse channels for communication and the expression of opinions to ensure that employees' suggestions and concerns receive a timely response and feedback. At the same time, it continuously optimises the remuneration and benefits system and actively organises employee welfare activities to enhance employees' sense of fulfilment, belonging and well-being.

Employee Communication

The company continuously promotes two-way interaction between the organisation and the staff, establishing diverse communication channels such as a company email address, a hotline, face-to-face meetings with management, democratic forums and a direct employee feedback channel. It also organises activities such as company-wide micro-innovation initiatives, a direct channel for rationalisation suggestions and the "Golden Ideas" proposal scheme, ensuring that staff requests and suggestions are promptly conveyed and addressed.

Hengtong Optic-Electric's Employee Communication Channels

Face-to-Face Meeting Mechanism

- Department heads conduct regular one-to-one meetings with staff to gain a timely understanding of their work and personal circumstances, address practical difficulties and development needs, and provide targeted care and support;
- The Human Resources Department organises quarterly forums for university graduates recruited through campus recruitment programmes to systematically collect feedback and suggestions, compile a list of issues, and drive relevant departments to implement corrective measures.

Direct Feedback Mechanism

- A direct feedback channel for suggestions has been established for all employees to ensure unimpeded communication;
- Suggestions concerning internal company processes are preliminarily reviewed by the Administration Department, categorised and forwarded to the relevant departments, with continuous monitoring of the progress of rectification;
- Suggestions concerning external processes are preliminarily reviewed by the Organisation and Performance Department before being forwarded to the relevant departments for handling and implementation, with progress monitored.

Staff Congress

- An annual Staff Congress is convened to hear and deliberate on work reports and to recognise outstanding employees;
- We will track the rectification of employee proposals and publicise the results to ensure a closed-loop management process;
- Policies concerning employees' immediate interests and matters of general concern are publicised and explained; reasonable suggestions are implemented in a timely manner and the results of rectification are made public

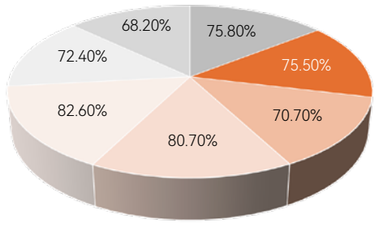
In addition, employee satisfaction surveys and analysis of the results are conducted on an ongoing basis. In 2025, overall employee satisfaction reached 92.25%, reflecting employees' general approval of the current state of company management. Survey results indicate that employees generally maintain a positive work attitude and express a willingness to grow alongside the company. During the reporting period, the company actively improved and optimised the management of its bases worldwide, helping employees across the world integrate into the corporate culture and enhancing their well-being and satisfaction. Moving forward, relevant management measures will be further optimised in light of the survey feedback.

Case Study: ABTech Continuously Enhances Employee Satisfaction

ABTech in India maintains a constant focus on the employee experience. By conducting regular employee satisfaction surveys, the company gathers feedback on the working environment and management mechanisms, and continuously optimises management measures based on the survey results. Employee satisfaction stood at 75.1% in the 2024 financial year and rose to 80.5% in the 2025 financial year, demonstrating a sustained improvement in overall employee satisfaction and reflecting the company's ongoing optimisation of employee communication and organisational management.

Employee Satisfaction Survey

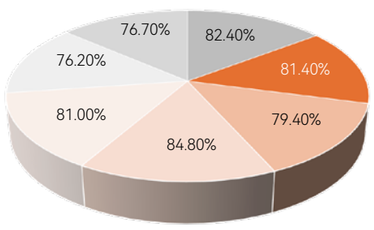
Employee Satisfaction Survey of ABTech in 2024



ABTech Grading: Good

75.1 %

Employee Satisfaction Survey of ABTech in 2025



ABTech Grading: Good

80.5 %

Employee Welfare

The company has established a comprehensive non-salary benefits system in accordance with laws and regulations. Building upon the statutory benefits provided in accordance with the law—including pension, medical, unemployment, work-related injury, maternity insurance, housing provident fund and paid annual leave—the company further offers diversified supplementary benefits to all employees.

To enhance the employee insurance framework, the company provides standardised commercial insurance cover for frontline market staff, retired rehired personnel, domestic and foreign employees, as well as those posted overseas or on rotational assignments. Specifically, employees in China are covered by group accident insurance, whilst employees working overseas, on rotational assignments or on business trips are covered by overseas group accident insurance or air travel accident insurance.

Statutory Benefits

- Social Insurances and Housing Fund, Minimum Wage Guarantee
- Paid leave benefits including public holidays, statutory holidays, annual leave, marriage leave, bereavement leave, maternity leave, breastfeeding leave, paternity leave, work-related injury leave and sick leave

Additional Benefits

- Holiday and birthday gifts
- Reimbursement of home travel expenses for the Spring Festival and travel allowance
- High-temperature allowance
- Accommodation in staff flats
- Meal allowance
- Free health check-ups
- Sports facilities and equipment
- Retirement gift
- Summer supplies allowance
- Sickness assistance
- Commercial accident insurance
- Employers' liability insurance
- Flexible working hours
- Post allowance (overseas assignment)
- Long-term overseas assignment allowance (for overseas postings)

With a focus on enhancing service functions, the company has continued to upgrade the "Staff's Home", introducing 16 new services including a magazine reading area, a relaxation zone and a Carnation Service Station. It has optimised the cultural environment in the accommodation areas to create a more comfortable space for staff. In addition, the company has promoted the implementation of the "Ten Practical Initiatives" project, covering a total of 200 employee care measures across 20 enterprises, all of which were fully implemented during the reporting period.



Staff's Home

Case Study: Hengtong Smart Grids's "Dual-Drive" Approach to Employee and Customer Care

Hengtong Smart Grids adheres to a development path that prioritises both employee care and customer service. Internally, the company has established "Beautiful Factories" and "Provincial-Level Smart Manufacturing Demonstration Factories", setting up rest areas in workshops equipped with refreshments and reading facilities, as well as constructing staff accommodation, canteens, and fitness and sports facilities. Externally, upholding a customer-centric philosophy, the company has enhanced the diverse service facilities, such as providing prayer rooms and developing halal cuisine, to meet the needs of different cultures and faiths.

Case Study: Hengtong Egypt Establishes Employee Communication and Care Mechanisms

Hengtong Egypt actively fosters harmonious and stable labour relations. The company respects employees' freedom of association, with trade union coverage reaching 100%. Through regular labour-management communication mechanisms, it listens to employees' opinions and suggestions in a timely manner, safeguarding their legitimate rights and interests in areas such as remuneration, benefits and labour protection.At the same time, the company actively promotes a culture of diversity and inclusion, aligning with the United Nations Women's Empowerment Principles (WEPs). It upholds gender equality in recruitment and career development, and provides facilities such as breastfeeding rooms for female employees, thereby fostering a more inclusive and supportive working environment.

Employee Activities

In 2025, the company continued to enrich employees' cultural and recreational lives and service provision, focusing on employee care and corporate culture development. The company also released an annual list of volunteer service projects, coordinating activities such as blood donation drives, free medical clinics, Arbor Day events and Disability Awareness Day, whilst strengthening care and support for retired employees. The company created brand-specific cultural events with a Hengtong flavour, planning and organising the annual Three Meetings' programme showcase and an online Spring Festival Gala, producing and live-streaming 15 diverse performances to foster a festive cultural atmosphere for Hengtong employees worldwide. Furthermore, the company has focused on employees' leisure needs outside working hours. Leveraging the "Staff's Clubs" across the three campuses, it organised over 50 cultural and sporting events throughout the year, with a particular emphasis on 16 cultural and intellectual activities, including film appreciation sessions, cultural lectures, book clubs and a reading festival.



Health Run



Fun Sports Day



Traditional Chinese Medicine Seminar



Basketball



Badminton



Football

The company places great emphasis on corporate culture development and has established ten cultural societies, including a dance club, a choir, study groups, a micro-video creation group, a calligraphy and painting club, and a poetry society, to enrich employees' leisure time. By organising various cultural activities, festive celebrations and team-building events, the company helps employees achieve physical and mental balance amidst their busy work schedules.







Group Photo Commemorating Club Cultural Activities

Case Study: ABTech Organises Diverse Sports Activities to Promote Employee Well-being and Team Cohesion

During the reporting period, ABTech organised a range of sporting activities to enhance employees' physical and mental well-being and strengthen team cohesion. Among these, the company organised yoga classes, with 30 employees participating, to promote relaxation and health management through systematic practice. Additionally, the company held a cross-departmental cricket tournament at Chandus Village, using team competition to enhance collaboration and team spirit among employees.







Cricket Match and Yoga Classes



4.6 Employee Health and Safety

Hengtong Optic-Electric continues to strengthen occupational health and safety management. The company strictly adheres to the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and relevant laws, regulations and regulatory requirements in each location of operation. It has refined its occupational health and safety management system, continuously advanced the implementation of the ISO 45001 system and ensured effective operation, thereby safeguarding employees' ability to work and develop in a safe and healthy environment. During the reporting period, the company achieved 100% coverage of the ISO 45001 occupational health and safety management system.



Hengtong Optic-Electric's ISO 45001 Occupational Health and Safety Management System Certification

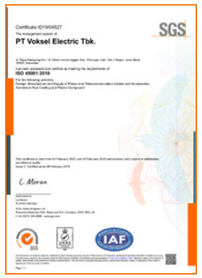
Case Study: PT Voksel's Development of the Occupational Health and Safety Management System

As a designer, manufacturer and supplier of power and telecommunications cables, optical fibre cables, aluminium rod castings and plastic composite materials, PT Voksel in Indonesia has always regarded the occupational health and safety (OHS) of employees as a cornerstone of the company's sustainable development. The company has systematically established a safety management system covering all production and support activities, and proactively benchmarks against the highest domestic and international standards.

The company has simultaneously implemented and obtained certification for two authoritative occupational health and safety management systems, achieving dual certification under both domestic (SMK3) and international (ISO 45001) standards, thereby establishing a dual safeguard of regulatory compliance and international standards.



PT Voksel Indonesia SMK3 Certification Score: 90.36%



PT Voksel, Indonesia: ISO 45001 Occupational Health and Safety Management System Certification

- ISO 45001:2018 Certification

Following an audit by SGS United Kingdom Ltd, the company has undergone regular annual audits and certificate renewals since first obtaining ISO 45001:2018 certification in 2019, and was awarded the latest certificate in 2025.

- Indonesian National SMK3 Certification (Advanced/Gold Level)

Pursuant to Decision No. 95 of 2023 issued by the Indonesian Minister of Manpower, the company obtained SMK3 certification on 9 June 2023, achieving an audit score of 90.36% (out of 166 audit criteria), attaining the highest level of "Advanced (Lanjutan)", corresponding to the Gold Flag level. This indicates that the company's occupational health and safety management system is at the forefront in Indonesia in terms of regulatory compliance, risk control and continuous improvement.

Workplace Safety

The company continues to strengthen its work safety management mechanisms, establishing a work safety responsibility system with the Board of Directors as the ultimate accountable body, clearly defining the safety responsibilities and authorities of personnel at all levels. The company systematically advances safety management across four key areas: procedural management, target management, information management, and supplier and contractor management, thereby laying a solid foundation for the enterprise's steady development.

The company has formulated and implemented the "Hengtong Optic-Electric Safety Management System", "Detailed Rules for Work Safety Management", "Safety Responsibility Assessment System", as well as safety operating procedures and work instructions for each position, and carries out annual revisions and updates. During the reporting period, the company refined the comprehensive emergency response plan, six specialised emergency response plans and 19 on-site contingency plans, enhancing the relevance and practicality of these plans to ensure an efficient and orderly response to emergencies.

Hengtong Optic-Electric's Work Safety Management Mechanism

- Implementing safety management for suppliers and contractors to ensure that the products and services they provide comply with the company's work safety requirements;
- Establishing a work safety information management system to collect and analyse relevant data and information on the company's work safety;
- Setting clear work safety objectives and monitoring and evaluating their implementation.

The company fully implements the work safety responsibility system, strictly adheres to the requirements of "dual responsibilities for each post" and "three management principles and three musts", and has established a safety performance appraisal system covering all staff. The company enforces a veto policy for major safety incidents, incorporating work safety indicators into the performance appraisals of all employees. For department heads and the senior management team, an annual safety performance points management system has been established, with a clear mechanism linking accident severity levels to penalty point standards, thereby driving the implementation of safety responsibilities at every level and ensuring closed-loop management. Building on this, the company has refined facility safety management requirements in line with the characteristics of different operational and construction areas, clarified inspection priorities and the division of responsibilities, and enhanced the systematic and effective nature of risk identification and hazard remediation through a combination of multi-level inspections and targeted rectification campaigns.

During the reporting period, Hengtong Optic-Electric continued to advance the development of the Occupational Health and Safety (OHS) management capabilities, enhancing safety governance across multiple dimensions—from refining institutional frameworks, optimising risk identification and procedures, to implementing tiered on-site control and fostering a safety culture. Each unit carried out tailored practices in line with the specific business characteristics, continuously strengthening risk prevention and inherent safety capabilities within a unified management framework.



Key Initiatives	Key Measures
Hengtong Wire and Cable	• Optimisation of the regulatory framework: It revised and issued 11 regulations, including the 'Safety Management Regulations' and 'Safety Inspection Regulations', covering key areas such as loading and unloading operations, hazardous waste management, safety red lines, and personal protective equipment (PPE), driving the refinement and scenario-based application of safety management • Multi-tiered safety inspections: A mechanism comprising 'monthly + special + night-time + self-inspections + cross-site inspections' was established. Throughout the year, 12 monthly and joint inspections, 12 night-time inspections, 3 special inspections by the General Manager, 243 workshop self-inspections and 23 cross-site inspections were carried out, identifying a total of 1,873 potential hazards, all of which were rectified. • Safety training and tool implementation: It organised 23 training sessions covering fire safety, production safety and occupational health, reaching 4,523 participants. Through tools such as the "Three Standardisations Kanban" and "Snap and Report", it strengthened hazard identification and immediate rectification, continuously enhancing the entire workforce's awareness of risk prevention and control
Hengtong Power Cable	• Risk-oriented procedure development: It systematically revised 43 safety operating procedures for key areas such as the medium-voltage cross-linked workshop, cable assembly workshop and hazardous waste warehouse, clarifying start-up and shutdown procedures, operational parameter monitoring, risk lists and emergency responsibilities. These procedures were extended to new scenarios such as photovoltaic power stations and digitalised operations and maintenance, achieving full risk coverage for critical operational processes
Hengtong Smart Grids	• Zone-based and tiered on-site management: It implemented differentiated safety management across production, hazardous chemical, power supply and office zones. Measures such as "one file per machine" and "two-person, two-lock" protocols were enforced, whilst equipment protection, power distribution management and evacuation safety controls were strengthened, effectively enhancing risk isolation in key areas and refining on-site management.
ABTech	• EHS communication and cultural development: It continuously advancing EHS communication mechanisms, with a cumulative total of 94 issues of relevant content published, alongside diverse safety awareness-raising activities. This strengthens employees' risk prevention and self-protection capabilities, driving a shift in safety culture from "passive compliance" to "proactive prevention"

Case Study: Construction of Hengtong Submarine's Occupational Health and Safety Responsibility System

In 2025, Hengtong Submarine formulated and implemented the "Work Safety Responsibility System and Management Regulations" and the "Occupational Health Management Regulations" in accordance with the principle of "safety first, prevention-oriented, and comprehensive management". Strictly adhering to laws and regulations such as the "Work Safety Law" and the "Occupational Disease Prevention and Control Law", the company clarified the division of safety responsibilities and strengthened the management of occupational hazard prevention and labour protection. In terms of organisational structure, the General Manager serves as the primary person responsible for safety, the heads of central support departments fulfil their duties as supervising leaders, and each business module implements post-specific safety responsibilities.

The company continuously refines safety protection measures in response to potential hazards at each post, taking into account the characteristics of different production processes. In the conductor drawing process, prominent warning signs have been installed to address noise risks, and specialised noise-reducing earplugs are provided at key locations; in the armouring and cabling of submarine cables, guardrails have been installed around the edges of equipment pits and on stair treads to mitigate the risk of falls from height; and in confined space operations for submarine cables, an oxygen alarm monitoring system has been added to address the risk of asphyxiation. By continuously optimising on-site safety facilities and protective measures, the company has further enhanced the inherent safety of the working environment.



In 2025, the company continued to deepen the systematic occupational health and safety (OHS) management. Potential risks were systematically identified through operational safety analyses, on-site inspections, employee reports and industry benchmarking, and targeted control measures were formulated. Relying on IoT sensor technology, real-time monitoring and early warning systems were implemented at key risk points. Combined with regular safety audits, special inspections and management inspections, a closed-loop process for tracking and rectifying accidents and potential hazards was established via a digital platform. The company consistently undergoes and successfully passes specialised supervisory inspections by government departments responsible for emergency management, ecological environment, public health and safety, and fire safety. It also cooperates with major clients in conducting supplier system audits and regularly undergoes independent assessments by third-party certification bodies.

Hengtong Optic-Electric's Work Safety Measures

Safety Protective Equipment

- Providing employees with safety equipment such as earplugs, masks, safety goggles and high-temperature protective clothing
- Implementing fully enclosed protective enclosures in collaboration with the equipment manufacturers, with sound-absorbing materials added to the interior to significantly reduce noise and suppress dust dispersion
- Installing duct-type flame arresters to prevent ignition caused by oil-containing aluminium powder during wire drawing
- Fitting the rotating mechanism of the take-up reel with a fully enclosed protective mesh, whilst also installing safety light curtains to create a dual-protection mechanism

Safety Warning Signs and Facilities

- Installiing safety warning signs around areas with potential safety hazards
- Affixing warning signs to high-temperature production equipment, installing protective screens

Safety detection devices

- Fitting all high-speed rotating machinery with infrared alarm systems
- Installing online environmental monitoring devices for noise and dust-prone workstations
- Deploying AI cameras to monitor the wearing of safety helmets in the workshop Use IoT gateways to monitor temperature and humidity in the electrical distribution room
- Integrates furnace flame alarms, intelligent personnel identification in confined spaces, and cloud-based predictive maintenance for electrical distribution rooms, utilising digital technologies to achieve precise control and real-time early warning for core equipment and high-risk operational scenarios
- Establishing technical control measures for hazardous workstations, such as the installation of protective guards and interlocking devices on rotating machinery, speed limiters on forklifts, blue light alarms, and smart forklift warning systems

Occupational Health


Training on the use of AEDs

Hengtong Optic-Electric regularly organises occupational health check-ups for employees, maintains occupational health records, and provides appropriate personal protective equipment for staff in all roles. In terms of emergency management, the company began installing first-aid equipment, such as AEDs (automated external defibrillators), in key areas including the headquarters building, industrial parks and production workshops from 2024 onwards. By the end of 2025, a total of 16 units had been installed across the country. Concurrently, the company has been conducting "theory and practice" first-aid training to enhance employees' skills in cardiopulmonary resuscitation (CPR) and the use of AEDs.In terms of safety performance management, the company continuously monitors key indicators such as the Lost Time Injury Rate (LTIR) and the Lost Work Time Injury Rate (LWIR), and conducts benchmarking analyses against industry standards.

The company implements comprehensive control measures across the entire process for workplaces containing occupational health hazards, ensuring that information regarding occupational risks is fully communicated during recruitment, induction and job transfers. The company provides standard-compliant personal protective equipment (PPE) for relevant roles, conducts regular inspections, and displays warning signs and operating procedures in key areas. The company maintains occupational health surveillance records, organises regular medical examinations for employees exposed to occupational hazards, and informs them of the results. In 2025, the number of occupational diseases detected was zero. Furthermore, the company strictly verifies the qualifications of personnel in specialised roles, such as electricians and forklift operators, to ensure ongoing compliance.

Hengtong Optic-Electric's Occupational Health and Safety Risk Assessment Frequency

Quarterly or half-yearly
Conducting occupational health and safety risk assessments

Annually
Engaging a third-party organisation to carry out safety monitoring of noise, temperature, lighting, etc.

Every three years
Conducting an occupational safety assessment report

Safety Culture

Based on safety monitoring data and the results of occupational health and safety assessments, the company continuously promotes the development of a safety culture and revises safety operating procedures, training programmes and contingency plans. Through the organisation of themed activities such as "Work Safety Month" and "Safety Consultation Day", as well as regular safety training, the company continuously enhances employees' safety awareness and operational skills. The company has established an emergency management system covering the formulation of emergency response plans, the development of specialised rescue teams and practical drills. Furthermore, an annual safety training plan is drawn up at the beginning of each year to systematically strengthen employees' emergency response capabilities.

In 2025, the company continued to strengthen the occupational health and safety protection system for employees, investing 7.187 million yuan in work-related injury insurance throughout the year to achieve 100% coverage; simultaneously, 959,300 yuan was invested in work safety liability insurance to ensure all staff were covered. Through the regular conduct of safety training and emergency drills, the company continuously enhanced employees' safety awareness and ability to respond to emergencies, effectively safeguarding the safe and stable conduct of production operations.

Indicators	Unit	2024	2025
Number of work-related fatalities	persons	0	0
Number of safety and emergency drills	times	142	363
Number of safety training sessions	sessions	725	1,112
Total hours of safety training	hours	1,650	130,191.2 [13]
Number of work-related accidents per million working hours – employees	incidents per million working hours	4.48	5.07
Number of accidents per million hours worked – contractors	incidents per million hours	0.48	0.12
Number of occupational disease cases per million hours worked	cases per million hours	0.77	0

[13] This year, the method of calculating total safety training hours has been adjusted

Supplier Occupational Health and Safety Management

The company extends the occupational health and safety requirements to the supply chain, stipulating that suppliers must implement occupational health and safety standards consistent with those of Hengtong Optic-Electric, implement risk prevention and control measures, effectively prevent workplace accidents, occupational health hazards and work-related illnesses, and ensure that employees work in a safe environment.

Hengtong Optic-Electric's Supplier Health and Safety Standards

- Suppliers must obtain safety management system certification and establish a work safety management team, led by a company-level manager and including at least one worker representative. This team must assess and control potential hazards such as 'three wastes' (wastewater, waste gas and solid waste), chemicals, special equipment and production machinery, and develop appropriate procedural documents and prevention plans to mitigate risks.
- Suppliers shall provide regular, formal safety training to employees, maintain records of occupational safety training, and compile a handbook of corrective and preventive measures. In particular, staff performing specialised duties must undergo professional training and obtain the necessary qualifications before being formally employed.
- Suppliers shall provide employees with appropriate personal protective equipment free of charge and establish emergency response plans. In the event of a workplace injury, they shall provide first aid and assist employees in obtaining follow-up medical care.
- Suppliers shall provide all employees with clean toilet facilities, drinking water, and suitable areas for meals and rest, free of charge.



05

Global Collaboration

Demonstrating Hengtong's Commitment



- Rural Development
- Social Welfare and Voluntary Service
- Communities and Indigenous Peoples



5.1



Rural Development

The company fully leverages its industrial strengths and integrating social resources in key areas such as industrial development, educational support, medical services and grassroots governance to facilitate coordinated community development and poverty alleviation in rural areas.

Case Study: 2025 Rural Development Special Initiative

- In the Wujiang area, we have continued to run flagship initiatives such as the 15th 'Helping People with Disabilities Fulfil Their Dreams' campaign and the 8th 'Support for the Armed Forces' Care Fund distribution, directly benefiting over 600 people;
- Through channels such as the Suzhou Charity Federation, the Jiangsu Charity Federation and the Suzhou Youth Development Foundation, we have participated in hardship relief, industrial support and community assistance, benefiting nearly 100,000 people;
- We have launched eight charitable and 'Glory' initiatives in regions outside the province, with cumulative donations from the Foundation and our subsidiaries supporting rural development efforts in remote, underdeveloped and impoverished areas;
- Subsidiaries participated in 19 poverty alleviation projects commissioned by the three major telecommunications operators, focusing on industrial support, skills training and ecological conservation in underdeveloped regions of central and western China, with a cumulative total of over 100,000 people benefiting;
- Donations were made via the Customs authorities to support the construction of the new Service Centre in Zhangwan Village, Lushan County, Pingdingshan City, Henan Province.

5.2



Social Welfare and Voluntary Service

Hengtong Optic-Electric continues to promote the spirit of volunteerism by forming volunteer service teams and organising employees to participate in public welfare activities such as voluntary blood donation and community support and visits to the elderly, thereby integrating social responsibility into the corporate culture and daily operations.

During the reporting period, the company published a list of annual volunteer service projects to promote the more systematic and standardised implementation of volunteer services.

Case Study: 2025 Social Welfare and Volunteer Service Initiatives

- Based on the annual volunteer service list, the company coordinated themed public welfare activities such as voluntary blood donation, free medical consultations, the 'Learn from Lei Feng' campaign on 5 March, Arbor Day, Disability Awareness Day, Children's Day, Martyrs' Memorial Day and the Double Ninth Festival;
- We strengthened heart-warming visits and care for retired employees who have contributed to the company, continuing the corporate tradition of care;
- We continued to support people with disabilities, providing grants and modern household appliances to children from families with disabled members facing financial hardship;
- Thanks to long-term, stable charitable investment and project-based operations, the company has been awarded the 7th Jiangsu Charity Award (for charitable donations by enterprises, charitable organisations and charitable projects) and the title of Jiangsu Provincial Model of Self-Reliance, amongst other honours;
- We donated to support the China Youth Development Foundation's special relief operation for the Tai Po fire in Hong Kong.



Case Study: ABTech Organises Voluntary Blood Donation Campaign among Employees

- ABTech organised a voluntary blood donation drive among employees at its corporate campus, encouraging staff to actively participate in social welfare initiatives. Through voluntary participation, the company provided blood supply support to local medical institutions, whilst simultaneously enhancing employees' sense of social responsibility and promoting the development of a corporate culture of social contribution.



The company not only carries out diverse community charity and co-construction projects but has also established a comprehensive emergency support plan and volunteer team to ensure rapid response in the face of sudden disasters, thereby fulfilling its social commitment to mutual support.

Case Study: Hengtong Optic-Electric Provides Emergency Relief to Flood-Stricken Areas in Northern China

- In 2025, many regions in northern China experienced persistent heavy rainfall, triggering disasters such as flash floods and mudslides. Areas including Miyun, Huairou and Yanqing in Beijing, as well as Chengde and Baoding in Hebei, were hit by torrential downpours, resulting in the disruption of roads, power supplies and communications in some villages. Hengtong Optic-Electric mobilised its staff to activate an emergency response, working through the night to produce emergency optical cables and related communications equipment, which were then swiftly dispatched to the affected areas. At the same time, the company's technical team remained on standby 24 hours a day, ready at all times to assist in the repair and restoration of damaged communications infrastructure, bringing Hengtong's warmth and support to emergency communications and reconstruction efforts in the disaster-stricken areas.





Case Study: Multi-party Collaboration to Support Post-Flood Recovery in Indonesia

In 2025, several regions in Indonesia were struck by floods. Kendal Regency in Central Java experienced sudden flooding caused by the breach of the Bodri River embankment, whilst Aceh, North Sumatra and West Sumatra were also affected to varying degrees. In some villages, homes and infrastructure were damaged, severely disrupting residents' lives. Following the disaster, the company actively organised the local subsidiaries in Indonesia to carry out emergency relief operations and support the recovery of affected communities.

In particular, MBG Indonesia immediately dispatched teams to the affected areas to conduct on-site visits, assess the impact on residents and identify urgent needs. The company provided local communities with essential daily necessities such as rice, cooking oil, sugar, instant noodles and tea, as well as distributing cleaning tools and towels to ensure the basic living needs of affected residents were met.

Meanwhile, PT Voksel actively participated in post-disaster infrastructure restoration efforts. In addition to providing food and essential supplies, the company collaborated with the State Electricity Company of Indonesia (PLN) and Telkom Indonesia to allocate critical materials such as cables, supporting the repair of damaged power and telecommunications networks. This helped the local area return to normal life as quickly as possible and provided support for regional socio-economic stability.





5.3

Communities and Indigenous People

Local Staff

To strengthen the foundation of our local teams, the company continues to promote a high of workforce localization. As of the end of the reporting period, the localisation rate of overseas workforce remained above 95%. Local employees now serve across production and operations, engineering and technical functions, as well as corporate functions such as human resources and finance. From frontline operators to senior engineers, local talent has taken on a broad range of roles and is gradually becoming a key pillar of the company's stable operations and sustainable development.

Case Study: Joint Establishment of the Optical Fibre Communications Training Academy to Cultivate Local Telecommunications Talent

- In 2025, Hengtong Egypt deepened the cooperation with Suez Canal University and the National Telecommunications Institute (NTI) to jointly establish the "Fibre Optic Communications Training Academy". By constructing practical production lines, developing specialised courses in communication networks and optical cable splicing and testing, and organising systematic practical training, the Academy bridges the gap between higher education and industry needs. During the reporting period, the Academy has supplied Hengtong Egypt and the Egyptian telecommunications industry with numerous outstanding graduates possessing both theoretical knowledge and practical skills.





Community Development

The company actively integrates into the development of local communities across the world, continuously giving back to the regions in which it operates through participation in infrastructure development and initiatives such as social welfare and educational support. Leveraging the industrial strengths, the company provides telecommunications infrastructure support to communities and, through charitable initiatives, addresses the daily needs of local residents, thereby helping communities achieve more inclusive and sustainable development.

Case Study: Supporting Science Education in Rural Schools in South Africa

- Aberdare in South Africa has donated mobile science laboratory equipment to Buleleba High School in the Umzumbe district of KwaZulu-Natal.The donated equipment comprises science equipment compliant with curriculum standards, glassware, instruments, chemicals and lab coats, as well as step-by-step experiment reports and videos. This will enable the school to deliver more science practical lessons to over 1,000 pupils in Years 8 to 12 living in Umzumbe and the surrounding areas. By introducing mobile laboratory teaching equipment, the company has helped the school enhance the capacity for practical science teaching, thereby creating better learning conditions for students in rural areas.
- In addition to the support for school science education, Aberdare was awarded the Corporate Social Responsibility Investment Award at the 2025 South African Steel and Allied Industries Employers' Association Excellence Awards.







Case Study: Supporting Livelihood Improvement and Community Care, and Deepening Local Social Value Creation in Egypt

- In 2025, Hengtong Egypt continued to focus on the development needs of local communities, carrying out corporate social responsibility initiatives centred on both infrastructure development and social welfare to help improve the quality of life for local residents and promote the coordinated development of the enterprise and the community.
- In terms of infrastructure development, Hengtong Egypt actively participated in the "Hayah Karima" (Decent Life) initiative launched by the Egyptian President. As one of the project's core suppliers, the company provided high-quality fibre-optic cable products to dozens of villages, supporting the construction of local telecommunications infrastructure. By bringing high-speed internet access to remote areas, the company helped local residents gain easier access to digital services such as telemedicine and online education, driving digital development in rural areas and narrowing the urban-rural digital divide.
- In terms of community care, during Ramadan 2025, Hengtong Egypt organised staff to visit underprivileged communities within their province to distribute "Ramadan care packages" containing daily necessities such as flour and cooking oil, providing tangible support to families in need.

Decent Work

The company places great importance on employees' working environment and occupational well-being, viewing safe, tidy and comfortable workspaces as the foundation for decent work. The company continues to implement measures such as factory renovations and environmental improvements to enhance employees' working conditions, creating a healthier and more standardised production and office environment.

Case Study: Advancing Green Factory Development to Continuously Improve the Working Environment

- Aberdare in South Africa continues to advance green factory initiatives. During the reporting period, the company implemented 14 green factory-related projects throughout the year, continuously enhancing the quality of the working environment and promoting the development of green, tidy and comfortable production and office spaces.In 2025, Aberdare carried out a comprehensive refurbishment of the Lappa event space used for staff and trade union meetings, upgrading the original dilapidated building into a safer and more comfortable public space; simultaneously, the exterior walls of the PMB factory were completely renovated, giving the site a fresh new look. In the production areas, the company improved workshop conditions through measures such as floor refurbishment and the refurbishment of equipment zones, thereby enhancing on-site tidiness and safety.

Appendix



- ESG Performance Table
- Index to the Shanghai Stock Exchange Listing Rules No. 14 – Sustainability Report (Trial)
- GRI Sustainability Reporting Standards Content Index
- Index of the United Nations Sustainable Development Goals (UN SDGs)
- List of Report Acronyms

Appendix I

ESG Performance Table

Indicator	Unit	2025
Environment		
Greenhouse gas emissions		
Scope 1 greenhouse gas emissions	tonnes of CO_2 equivalent	101,161.20
Scope 2 greenhouse gas emissions (location-based)	tonnes of CO_2 equivalent	478,788.60
Scope 2 greenhouse gas emissions (market-based)	tonnes of CO_2 equivalent	368,247.71
Total Scope 1 and Scope 2 greenhouse gas emissions (location-based)	tonnes of CO_2 equivalent	579,949.79
Total Scope 1 and Scope 2 greenhouse gas emissions (market-based)	tonnes of CO_2 equivalent	469,408.91
Greenhouse gas emissions intensity (location-based)	tonnes of CO_2 equivalent per 100 million RMB in revenue	867.48
Greenhouse gas emission intensity (market-based)	tonnes of CO_2 equivalent per 100 million RMB in revenue	702.13
VCU carbon credit trading volume	tonnes of CO_2 equivalent	13,027.00
GEC Green Certificate Emission Reductions	tonnes of CO_2 equivalent	112,537.16
Energy consumption		
Total comprehensive energy consumption	tonnes of standard coal	173,132.66
Comprehensive energy consumption intensity	tonnes of standard coal per RMB 100 million in revenue	258.97
Direct energy consumption		
Total direct energy consumption	tonnes of standard coal	59,871.48
Total petrol consumption	litres	200,409.96
Total diesel consumption	tonnes	7,718.87
Total natural gas consumption	10,000 cubic metres	3,473.39
Total hydrogen consumption	10,000 cubic metres	920.08
Total propane consumption	tonnes	5.72
Total biomass consumption	tonnes	4,645.97
Total indirect energy consumption		
Total indirect energy consumption	tonnes of standard coal	113,261.18
Purchased electricity consumption	MWh	914,162.57
Purchased green electricity	MWh	109,995.12
Purchased steam consumption	tonnes	13,851.12
Total self-generated solar consumption	MWh	39,940.57
Emissions		
Total sulphur oxides (SOx)	tonnes	26.24
Wastewater discharge		
Domestic sewage discharge	tonnes	514,823.16
Waste discharge		
Hazardous waste		
Waste emulsion	tonnes	128.80
Activated carbon	tonnes	35.20
Total volume of hazardous waste generated	tonnes	1,913.18
Density of hazardous waste generation	tonnes per RMB 100 million in revenue	2.86
Non-hazardous waste		
Total volume of general solid waste generated (recyclable)	tonnes	30,760.83
Total volume of packaging materials recycled	tonnes	3,552.88
Total volume of other waste recycled	tonnes	25,273.43
Total volume of general solid waste generated (non-recyclable)	tonnes	5,882.59

Indicator	Unit	2025
Total volume of general solid waste generated	tonnes	36,643.42
General solid waste generation density	tonnes per RMB 100 million in revenue	54.81
Water resource utilisation		
Total water consumption	10,000 tonnes	340.47
Volume of recycled water	10,000 tonnes	9,877.26
Water intensity	tonnes per RMB 100 million in revenue	5,092.67
Social		
Employee recruitment		
Total number of employees	persons	17,124.00
By employment category		
Permanent staff	persons	16,316.00
Number of casual staff	persons	808.00
By function		
Production staff	persons	10,463.00
Sales staff	persons	1,768.00
Technical staff	persons	2,418.00
Finance staff	persons	281.00
Administrative staff	persons	1,431.00
Other staff	persons	763.00
By region		
Mainland China	persons	13,665.00
Northeast Region	persons	677.00
North China Region	persons	1,198.00
Northwest Region	persons	652.00
Southwest Region	persons	1,538.00
East China Region	persons	8,067.00
South China Region	persons	1,533.00
Hong Kong, Macau and Taiwan	persons	15.00
Overseas	persons	3,444.00
By gender		
Male	persons	13,050.00
Female	persons	4,074.00
By age		
Under 30	persons	4,291.00
30–40 years	persons	6,815.00
40–50 years	persons	4,002.00
50–60 years	persons	1,838.00
Over 60	persons	178.00
By job grade		
Ordinary staff	persons	15,741.00
Junior management	persons	522.00
Middle management	persons	485.00
Senior management	persons	376.00
By ethnicity		
Number of Han employees	persons	13,340.00
Number of employees from ethnic minorities	persons	414.00

Indicator	Unit	2025
Other ethnic groups	persons	3,370.00
By educational background		
Number of employees with a PhD	persons	45.00
Number of employees holding a master's degree	persons	925.00
Number of employees with a bachelor's degree	persons	4,630.00
Number of employees with a college diploma	persons	2,879.00
Vocational school or below	persons	8,645.00
Diversity		
Number of female employees among general staff	persons	3,790.00
Proportion of female employees among the general workforce	%	24.08
Number of female employees in junior management	persons	139.00
Proportion of female employees in junior management	%	26.63
Number of female employees in middle management	persons	108.00
Proportion of female employees in middle management	%	22.27
Number of female employees in senior management	persons	37.00
Proportion of female employees in senior management	%	9.84
Pay ratio		
Pay ratio between female and male employees in senior management	%	110.11
Ratio of female to male staff remuneration	%	103.77
Ratio of female to male staff remuneration	%	102.96
Pay levels		
Ratio of standard starting salary for female employees to the local minimum wage	%	160.64
Ratio of standard starting salary for male employees to the local minimum wage	%	160.64

Indicator	Unit	2025
Number of new recruits		
Total number of new recruits	persons	3,223.00
Number of new employees by gender		
Male	persons	2,602.00
Female	persons	621.00
Number of new recruits by age		
Under 30	persons	1,631.00
30–40 years old	persons	1,079.00
40–50 years old	persons	446.00
50–60 years	persons	61.00
Over 60	persons	6.00
Number of new employees by region		
Mainland China	persons	2,795.00
Northeast Region	persons	105.00
North China Region	persons	183.00
Northwest Region	persons	150.00
Southwest Region	persons	584.00
East China Region	persons	1,335.00
South China Region	persons	437.00
Hong Kong, Macau and Taiwan	persons	1.00
Other countries or regions	persons	428.00
Staff turnover rate		
Total number of departures	persons	2,607.00

Indicator	Unit	2025
Total turnover rate	%	15.64
Number of employees who left voluntarily	persons	2,145.00
Voluntary staff turnover rate	%	12.87
Total turnover rate by age		
Under 30	persons	1,219.00
30–40 years	persons	897.00
40–50 years old	persons	329.00
50–60 years	persons	136.00
Over 60	persons	26.00
Under 30	%	28.96
30–40 years	%	13.53
40–50 years	%	8.40
50–60 years	%	7.74
Over 60	%	16.99
Total churn rate by gender		
Male	persons	2,056.00
Female	persons	551.00
Male	%	16.02
Female	%	14.38
Total attrition rate by region		
Mainland China	persons	1,986.00
Northeast Region	persons	101.00
North China Region	persons	151.00

Indicator	Unit	2025
Northwest Region	persons	122.00
Southwest Region	persons	361.00
East China Region	persons	953.00
South China Region	persons	298.00
Hong Kong, Macau and Taiwan	persons	0.00
Other countries or regions	persons	621.00
Mainland China	%	14.99
Northeast Region	%	12.68
North China Region	%	14.01
Northwest Region	%	21.73
South-West Region	%	26.51
East China Region	%	12.19
South China Region	%	18.28
Hong Kong, Macau and Taiwan	%	0.00
Other countries or regions	%	18.25
Occupational health and safety		
Number of employee work-related accidents	incidents	172.00
Number of employee fatalities due to work-related accidents	persons	0.00
Rate of employee fatalities due to work-related accidents	%	0.00
Amount spent on employees' work-related injury insurance	RMB 10,000	718.70
Employee work-related injury insurance coverage rate	%	100.00
Amount invested in employees' occupational safety liability insurance	RMB 10,000	95.93
Coverage rate of employee work safety liability insurance	%	100.00

Indicator	Unit	2025
Employee satisfaction		
Employee satisfaction	%	92.25
Employee Engagement	%	92.16
Total working hours	hours	33,935,376.47
Working days lost due to work-related injuries	days	17,889.84
Number of work-related accidents per million working hours – employees	incidents per million hours	5.07
Number of accidents per million hours worked – contractors	incidents per million hours	0.12
Number of occupational disease cases per million hours worked	cases per million hours	0.00
Number of safety and emergency drills	times	363.00
Number of safety training sessions	sessions	1,112.00
Total hours of safety training	hours	130,191.20
Employee training		
Total number of training participants	participants	128,430.00
Total number of training sessions	sessions	7,278.00
Total training expenditure	RMB 10,000	2,783.51
Average expenditure on training and development	RMB 10,000 per person	0.16
Percentage of employees receiving training	%	100.00
Number of trainees by gender		
Male	%	83.69
Female	%	16.31
Percentage of trainees by job grade		
General staff	%	95.46
Junior management	%	1.20

Indicator	Unit	2025
Middle management	%	1.83
Senior management	%	1.51
Average training hours per employee	hours	6,061.10
Average training hours per employee by gender		
Male employees	hours	59.10
Female employees	hours	60.67
Average training hours per employee by job grade		
General staff	hours	59.56
Junior management	hours	72.89
Middle management	hours	77.98
Senior management	hours	62.55
Employees undergoing regular performance appraisals		
Percentage of employees receiving regular performance appraisals	%	100.00
Percentage of employees receiving regular performance appraisals, by gender		
Male	%	84.44
Female	%	15.56
Percentage of employees receiving regular performance appraisals by job grade		
General staff	%	94.96
Junior management	%	1.38
Middle management	%	2.02
Senior management	%	1.64
Trade unions and collective agreements		
Trade union membership	%	100.00

Indicator	Unit	2025
Coverage of employees under collective bargaining agreements	%	100.00
Research and development		
Amount of R&D expenditure	RMB 10,000	201,957.69
Proportion of R&D expenditure	%	3.02
Number of R&D staff	persons	2,381.00
Proportion of R&D staff	%	13.90
Intellectual property protection		
Number of patent applications	items	338.00
Of which, applications for invention patents	units	214.00
Of which, utility model patent applications	units	117.00
Of which, design patent applications	applications	7.00
Number of invention patents granted	units	355.00
Of which, granted invention patents	units	250.00
Of which, utility model patents granted	units	96.00
Of which, design patent grants	units	9.00
Valid PCT international patents	units	161.00
Number of valid patents	units	1,546.00
Number of valid copyrights	copies	588.00
Number of valid trademarks	units	588.00
Supply chain management		
Total number of suppliers	companies	4,025.00
Total number of suppliers by region		
Suppliers in China	suppliers	1,518.00

Indicator	Unit	2025
Suppliers in Asia (excluding China)	suppliers	303.00
Suppliers in the Americas	companies	203.00
Suppliers in Africa	suppliers	1,065.00
European suppliers	suppliers	936.00
Oceania suppliers	suppliers	0.00
Total number of suppliers certified to the ISO 14001 standard	companies	3,998.00
Number of new suppliers undergoing on-site audits	companies	33.00
Percentage of new suppliers screened against environmental standards	%	100.00
Percentage of new suppliers screened using social standards	%	100.00
Product and service safety and quality		
Amount of financial loss resulting from major liability incidents related to the safety and quality of products and services	RMB 10,000	0.00
Number of product recall incidents	cases	0.00
Number of products recalled	quantity (units) or value (10,000 yuan)	0.00
Customer service		
Customer complaints and resolution status		
Number of customer complaints	cases	89.00
Number of customer complaints resolved	cases	89.00
Complaint response rate	%	100.00
Complaint resolution rate	%	100.00
Number of health and safety incidents involving products and services	incidents	0.00
Number of substantiated complaints regarding customer privacy and data breaches	cases	0.00
Customer satisfaction		

Indicator	Unit	2025
Customer satisfaction	%	98.65
Customer satisfaction data coverage	%	98.04
Rural development		
Amount invested in rural development	RMB 10,000	103.50
Social contribution		
Charitable donations and funding for public welfare activities	RMB 10,000	1,820.87
Governance		
Anti-commercial bribery and anti-corruption		
Percentage of staff covered by anti-commercial bribery and anti-corruption training – Directors	%	100.00
Percentage of staff covered by anti-commercial bribery and anti-corruption training – Management (junior, middle and senior management)	%	100.00
Percentage of staff covered by anti-bribery and anti-corruption training – other employees (middle-level staff, general staff)	%	72.00
Publicly disclosed corruption-related litigation cases	cases	0.00
Total fines imposed for breaches of anti-corruption and anti-bribery laws	RMB 10,000	0.00
Number of confirmed incidents of corruption or bribery	cases	0.00
Number of employees dismissed or disciplined as a result of confirmed incidents of corruption or bribery	persons	0.00
Number of partner contracts terminated or not renewed due to corruption or bribery-related breaches	contracts	0.00
Unfair competition		
Public litigation cases relating to unfair competition	cases	0.00
Amount of administrative penalties for acts of unfair competition	RMB 10,000	0.00

Indicator	Unit	2025
Amount involved in unfair competition cases	RMB 10,000	0.00
Intellectual property-related litigation cases	cases	0.00
Information security and privacy protection		
ISO 27001 Information Security Management System Certification (please specify any other certifications) Coverage	%	100.00
Number of Data Breaches	incidents	0.00
Specific financial amounts involved in data security incidents	RMB 10,000	0.00
Number of customer privacy breaches	RMB 10,000	0.00
Specific amounts involved in customer privacy breaches	RMB 10,000	0.00
Number of training sessions on data security and customer privacy protection	sessions	1.00
Number of employees trained in data security/customer privacy protection	persons	248.00
Economy		
Total revenue	RMB 10,000	6,685,485.44

Appendix II

Index to the Shanghai Stock Exchange Listing Rules No. 14 – Sustainability Report (Trial)

Disclosure Requirements	Corresponding Section
Addressing Climate Change	Low-carbon Development, Illuminating a Green Future – Addressing Climate Change
Pollutant Emissions	Low-carbon Development, Illuminating a Green Future – Emissions Management
Waste Management	Low-carbon development, illuminating a green future – Emissions management
Ecosystem and Biodiversity Conservation	Low-carbon development, illuminating a green future – Ecosystem and biodiversity conservation
Environmental Compliance Management	Low-carbon Development, Illuminating a Green Future – Environmental Compliance Management
Energy Utilisation	Low-carbon Development, Illuminating a Green Future – Energy Management
Water Resource Utilisation	Low-carbon Development, Illuminating a Green Future – Water Resource Management
Circular Economy	Low-carbon Development, Illuminating a Green Future – Circular Economy
Rural development	Global Collaboration, Demonstrating Hengtong's Commitment – Rural Development
Social Contribution	Global Collaboration, Demonstrating Hengtong's Commitment – Social Welfare and Volunteering
Innovation-Driven	The Engine of Innovation, Driving the Transformation of Information and Energy – Innovation-Driven
Technology Ethics	The company does not engage in issues related to technology ethics
Supply Chain Security	Innovation Engine, Driving the Transformation of Information and Energy – Supply Chain Management
Equal Treatment of Small and Medium-sized Enterprises	Innovation Engine, Driving the Transformation of Information and Energy – Supply Chain Management
Product and Service Safety and Quality	Innovation Engine, Driving the Transformation of Information and Energy – Product and Service Safety and Quality
Data Security and Customer Privacy Protection	Excellence in Governance: Empowering Steady and Sustainable Progress – Data Security and Privacy Protection
Employees	Caring for Employees, Promoting Inclusive Development
Due Diligence	Excellence in Governance, Empowering Steady and Sustainable Progress – Risk Management The Engine of Innovation, Driving the Transformation of Information and Energy – Supply Chain Management
Stakeholder Engagement	Excellence in Governance, Empowering Steady and Sustainable Progress – Stakeholder Engagement
Anti-Bribery and Anti-Corruption	Excellence in Governance, Empowering Steady Progress – Business Ethics
Anti-Unfair Competition	Excellence in Governance, Empowering Steady and Sustainable Progress – Business Ethics

Appendix III

GRI Sustainability Reporting Standards Content Index

Disclosure Items	Disclosure Topic	Corresponding Section
GRI 2: General Disclosures 2021		
Organisation and Reporting Practices		
2-1	Organisational Details	About this Report
2-2	Entities Included in the Organisation's Sustainability Report	About this Report
2-3	Reporting Period, Reporting Frequency and Contact	About this Report
Activities and workforce		
2-6	Activities, Value Chains and Other Business Relationships	About Hengtong Optic-Electric Co., Ltd
2-7	Employees	Caring for Employees, Promoting Inclusive Development
Governance		
2-9	Governance Structure and Composition	Excellence in Governance, Empowering Steady and Sustainable Progress – Corporate Governance
2-10	Nomination and Selection of the Highest Governing Body	Excellence in Governance, Empowering Steady and Sustainable Progress – Corporate Governance
2-12	The Supervisory Role of the Highest Governing Body in Managing Impact	Excellence in Governance: Empowering Steady and Sustainable Progress – Corporate Governance
2-13	Delegating Responsibility for Managing Impact	Excellence in Governance: Empowering Steady Progress – Corporate Governance
2-14	The Role of the Highest Governing Body in Sustainability Reporting	Excellence in Governance, Empowering Steady Progress – Corporate Governance Excellence in Governance, Empowering Steady Progress – ESG Governance
2-15	Conflicts of Interest	Excellence in Governance, Empowering Steady Progress – Stakeholder Engagement Excellence in Governance, Empowering Steady and Sustainable Progress – Business Ethics
2-16	Communication on Material Issues	Excellence in Governance, Empowering Steady Progress – Stakeholder Engagement
2-17	Common Understanding of the Highest Governance Body	Excellence in Governance, Empowering Steady Progress – Corporate Governance Excellence in Governance, Empowering Steady Progress – ESG Governance

Disclosure Items	Disclosure Topic	Corresponding Section
2-19	Remuneration Policy	Caring for Employees, Promoting Inclusive Development – Employee Remuneration
2-20	Procedures for Determining Remuneration	Caring for Employees, Promoting Inclusive Development – Employee Remuneration
Strategy, Policy and Practice		
2-22	Strategic Statement on Sustainability	Excellence in Governance, Empowering Steady and Sustainable Progress – ESG Governance
2-23	Policy Commitments	Excellence in Governance, Empowering Steady Progress – ESG Governance, Stakeholder Engagement, Business Ethics, Supply Chain Management
2-24	Integrated Policy Commitments	Excellence in Governance, Empowering Steady and Sustainable Progress – ESG Governance, Stakeholder Engagement, Business Ethics, Supply Chain Management
2-26	Mechanisms for Seeking Advice and Raising Concerns	Excellence in Governance, Empowering Steady Progress – Business Ethics
2-28	Association Membership	An Engine of Innovation, Driving Transformation in Information and Energy – Innovation-Driven
Stakeholder Engagement		
2-29	Methods of Stakeholder Engagement	Excellence in Governance: Empowering Steady and Sustainable Progress – Stakeholder Communication
2-30	Collective Bargaining Agreements	Caring for Employees, Promoting Inclusive Development – Talent Recruitment and Retention
GRI 3: Material Issues 2021		
3-1	Process for Identifying Material Issues	Excellence in Governance, Empowering Steady and Sustainable Progress – Stakeholder Engagement
3-2	List of Material Issues	Excellence in Governance, Empowering Steady Progress – Stakeholder Engagement
3-3	Management of Material Issues	Excellence in Governance, Empowering Steady Progress – Stakeholder Engagement
GRI 201: Economic Performance 2016		
201-1	Economic value generated and distributed	About Hengtong Optic-Electric ESG Performance Report
201-2	The Financial Impact of Climate Change and Other Risks and Opportunities	Low-carbon Development, Illuminating a Green Future – Addressing Climate Change
GRI 202: Market Performance 2016		
202-1	Starting salary levels by gender Ratio of wages to the local minimum wage	Caring for Employees, Promoting Inclusive Development – Employee Remuneration

Disclosure Items	Disclosure Topic	Corresponding Section
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure Investment and Support Services	An engine of innovation, driving the transformation of information and energy – Innovation-driven
GRI 204: Procurement Practices 2016		
204-1	Proportion of expenditure on local suppliers	Innovation Engine, Driving the Information and Energy Revolution – Supply Chain Management
GRI 205: Anti-corruption 2016		
205-1	Operational sites where corruption risk assessments have been conducted	Excellence in Governance, Empowering Steady Progress – Business Ethics Excellence in Governance, Empowering Steady Progress – Risk Management
205-2	Communication and Training on Anti-Corruption Policies and Procedures	Excellence in Governance, Empowering Steady Progress – Business Ethics
GRI 206: Unfair Competition Practices 2016		
206-1	Legal Proceedings Relating to Unfair Competition, Antitrust and Monopoly Practices	Excellence in Governance, Empowering Steady Progress – Business Ethics
GRI 302: Energy 2016		
302-1	Internal Energy Consumption	Low-carbon Development, Illuminating a Green Future – Energy Management
302-3	Energy intensity	Low-carbon Development, Illuminating a Green Future – Energy Management
302-4	Reducing Energy Consumption	Low-carbon Development, Illuminating a Green Future – Energy Management
302-5	Reducing the Energy Requirements of Products and Services	Low-carbon development, illuminating a green future – Energy management
GRI 303: Water and Wastewater 2018		
303-2	Managing Impacts Related to Drainage	Low-carbon development, illuminating a green future – Water resource management
303-3	Water Abstraction	Low-carbon Development, Illuminating a Green Future – Water Resource Management
303-4	Discharge	Low-carbon Development, Illuminating a Green Future – Discharge Management
303-5	Water Consumption	Low-carbon Development, Illuminating a Green Future – Water Resource Management
GRI 101: Biodiversity 2024		
101-2	Biodiversity Impact Management	Low-carbon Development, Illuminating a Green Future – Ecosystem and Biodiversity Conservation
101-4	Identification of Biodiversity Impacts	Low-carbon Development, Illuminating a Green Future – Ecosystem and Biodiversity Conservation

Disclosure Items	Disclosure Topic	Corresponding Section
101-8	Ecosystem Services	Low-carbon Development, Illuminating a Green Future – Ecosystem and Biodiversity Conservation
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) Greenhouse Gas Emissions	Low-carbon Development, Illuminating a Green Future – Addressing Climate Change
305-2	Indirect (Scope 2) greenhouse gas emissions	Low-carbon development, illuminating a green future – tackling climate change
305-4	Greenhouse Gas Emissions Intensity	Low-carbon development, illuminating a green future – tackling climate change
305-5	Greenhouse Gas Emission Reductions	Low-carbon Development, Illuminating a Green Future – Addressing Climate Change
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other major gas emissions	Low-carbon development, illuminating a green future – emissions management
GRI 306: Waste 2020		
306-1	Waste generation and significant impacts related to waste	Low-carbon development, illuminating a green future – emissions management
306-2	Management of Material Impacts Related to Waste	Low-carbon Development, Illuminating a Green Future – Emissions Management
306-3	Waste Generated	Low-carbon Development, Illuminating a Green Future – Emissions Management
306-4	Waste diverted from disposal	Low-carbon Development, Illuminating a Green Future – Emissions Management
306-5	Waste Entering Disposal	Low-carbon development, illuminating a green future – emissions management
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers screened using environmental assessment criteria	Innovation Engine, Driving the Transformation of Information and Energy – Supply Chain Management
308-2	Negative environmental impacts of the supply chain and actions taken	An Engine of Innovation, Driving the Transformation of Information and Energy – Supply Chain Management
GRI 401: Employment 2016		
401-1	New Hire Rate and Employee Turnover Rate	Caring for Employees, Promoting Inclusive Development – Talent Recruitment and Retention
401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	Caring for Employees, Promoting Inclusive Development – Fostering Communication and Care
403-3	Parental Leave	Caring for Employees, Promoting Inclusive Development – Fostering Communication and Care
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational Health and Safety Management System	Caring for Employees, Promoting Inclusive Development – Employee Health and Safety

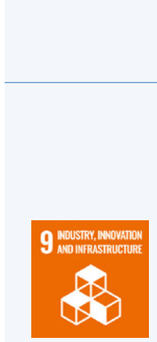
Disclosure Items	Disclosure Topic	Corresponding Section
403-2	Hazard Identification, Risk Assessment and Accident Investigation	Caring for Employees, Promoting Inclusive Development – Employee Health and Safety
403-3	Occupational Health Services	Caring for Employees, Promoting Inclusive Development – Employee Health and Safety
403-4	Occupational Health and Safety Matters: Worker Participation, Consultation and Communication	Caring for Employees, Promoting Inclusive Development – Employee Health and Safety
403-5	Workers' Occupational Health and Safety Training	Caring for Employees, Promoting Inclusive Development – Employee Health and Safety
403-6	Promoting Worker Wellbeing	Caring for Employees, Promoting Inclusive Development – Employee Health and Safety
403-7	Preventing and Mitigating Occupational Health and Safety Impacts Directly Related to Business Operations	Caring for Employees, Promoting Inclusive Development – Employee Health and Safety
403-8	Workers covered by the occupational health and safety management system	Caring for Employees, Promoting Inclusive Development – Employee Health and Safety
403-9	Work-related Injuries	Caring for Employees, Promoting Inclusive Development – Employee Health and Safety
403-10	Work-related health issues	Caring for Employees, Promoting Inclusive Development – Employee Health and Safety
GRI 404: Training and Education 2016		
404-1	Average number of training hours per employee per year	Caring for Employees, Promoting Inclusive Development – Employee Development
404-2	Employee skills development programmes and outplacement support programmes	Caring for employees, promoting inclusive development – Employee development
404-3	Percentage of employees who undergo regular performance and career development reviews 3	Caring for employees and promoting inclusive development – Employee remuneration
GRI 405: Diversity and Equal Opportunities 2016		
405-1	Diversity in governance bodies and the workforce	Caring for Employees, Promoting Inclusive Development – Diversity and Inclusion
405-2	Ratio of Basic Wages and Remuneration Between Men and Women	Caring for Employees, Promoting Inclusive Development – Employee Remuneration
GRI 406: Anti-Discrimination 2016		
406-1	Incidents of Discrimination and Corrective Actions Taken	Caring for Employees, Promoting Inclusive Development – Diversity and Inclusion
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers where freedom of association and the right to collective bargaining may be at risk	Caring for Employees, Promoting Inclusive Development – Talent Recruitment and Retention

Disclosure Items	Disclosure Topic	Corresponding Section
GRI 408: Child Labour 2016		
408-1	Operations and suppliers at risk of significant child labour incidents	Caring for Employees, Promoting Inclusive Development – Recruitment and Retention
GRI 409: Forced or Compulsory Labour 2016		
409-1	Operations and suppliers with significant risk of forced or compulsory labour	Caring for Employees, Promoting Inclusive Development – Recruitment and Retention
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments and development plans	Global Collaboration, Demonstrating Hengtong's Responsibility – Communities and Indigenous Peoples
GRI 414: Social Assessment of Suppliers 2016		
414-1	New suppliers screened using social assessment criteria	Innovation Engine, Driving the Transformation of Information and Energy – Supply Chain Management
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of Health and Safety Impacts by Product and Service Category	Innovation Engine: Driving the Information and Energy Revolution – Product and Service Safety and Quality
416-2	Non-compliance incidents related to the health and safety impacts of products and services	Innovation Engine, Driving the Information and Energy Revolution – Product and Service Safety and Quality
GRI 417: Marketing and Labelling 2016		
417-1	Requirements for product and service information and labelling	Innovation Engine, Driving the Information and Energy Revolution – Product and Service Safety and Quality
417-2	Incidents of non-compliance relating to product and service information and labelling	Excellence in Governance, Empowering Steady and Sustainable Progress – Data Security and Privacy Protection Innovation Engine, Driving the Transformation of Information and Energy – Product and Service Safety and Quality
417-3	Incidents of non-compliance relating to marketing and communications	Innovation Engine, Driving the Transformation of Information Energy – Product and Service Safety and Quality
GRI 418: Customer Privacy 2016		
418-1	Substantive complaints regarding customer privacy and data breaches	Excellence in Governance: Empowering Steady and Sustainable Progress – Data Security and Privacy Protection

Appendix IV

Index of the United Nations Sustainable Development Goals (UN SDGs)

UN SDGs	UN SDG	Corresponding Section
	• 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal access to economic resources and basic services, etc. • 1.5: By 2030, build the resilience of the poor and vulnerable to disasters and reduce their risk of and vulnerability to extreme weather events and other economic, social and environmental shocks and disasters.	• Global Collaboration, Demonstrating Hengtong's Commitment – Rural Development • Global Collaboration, Demonstrating Hengtong's Commitment – Social Welfare and Volunteering
	• 3.9: By 2030, substantially reduce the number of deaths and cases of illness caused by hazardous chemicals and air, water and soil pollution.	• Low-Carbon Development, Illuminating a Green Future – Emissions Management • Caring for Employees, Promoting Inclusive Development – Employee Health and Safety
	• 4.4: By 2030, substantially increase the number of young people and adults who have the relevant skills, including technical and vocational skills, needed for employment, decent work and entrepreneurship. • 4.a: Establish and upgrade education facilities suitable for children, persons with disabilities and gender equality, and provide a safe, non-violent, inclusive and effective learning environment for all.	• Caring for Employees, Promoting Inclusive Development – Employee Development • Global Collaboration, Demonstrating Hengtong's Responsibility – Communities and Indigenous Peoples
	• 5.1: Eliminate all forms of discrimination against women and girls worldwide. • 5.5: Ensure women's full and effective participation in decision-making at all levels of political, economic and public life, and equal opportunities for leadership.	• Caring for Employees, Promoting Inclusive Development – Talent Recruitment and Retention • Caring for Employees, Promoting Inclusive Development – Diversity and Inclusion
	• 6.3: By 2030, improve water quality by reducing pollution, eliminating waste dumping and minimising the discharge of hazardous chemicals and materials. • 6.4: By 2030, substantially improve water-use efficiency across all sectors and ensure the sustainable abstraction and supply of freshwater, etc.	• Low-carbon development, illuminating a green future – Water resource management • Low-carbon Development, Illuminating a Green Future – Emissions Management

UN SDGs	UN SDG	Corresponding Section
	• 7.2: By 2030, substantially increase the share of renewable energy in the global energy mix. • 7.3: By 2030, double the global rate of improvement in energy efficiency.	• Innovation as an Engine, Driving the Transformation of Information and Energy – Innovation-Driven • Low-carbon development, illuminating a green future – Addressing climate change • Low-carbon development, illuminating a green future – Energy management
	• 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value. • 8.7: Take immediate and effective measures to eradicate forced labour, modern slavery and human trafficking, and ensure the prohibition and elimination of the worst forms of child labour, etc. • 8.8: Protect labour rights and create safe and secure working environments for all workers.	• Caring for Employees, Promoting Inclusive Development – Talent Recruitment and Retention • Caring for Employees, Promoting Inclusive Development – Diversity and Inclusion • Caring for Employees, Promoting Inclusive Development – Employee Health and Safety
	• 9.4: By 2030, upgrade infrastructure and industrialise for sustainable development, improve resource efficiency, and increase the use of clean and environmentally sound technologies and industrial processes, etc. • 9.5: Strengthen scientific research in all countries, particularly developing countries, and enhance the technological capabilities of the industrial sector, etc. • 9.c: Significantly increase access to information and communication technologies, and strive to provide universal and affordable internet access in the least developed countries by 2020.	• Theme: Providing reliable and stable information and communications globally – the PEACE project to bridge the digital divide • Innovation Engine: Driving the Information and Energy Transition – Innovation-Driven • Low-carbon development, illuminating a green future – Addressing climate change
	• 10.2: By 2030, empower all people and promote their social, economic and political inclusion, regardless of age, gender, disability, race, ethnicity, origin, religion or economic status, or other circumstances.	• Caring for employees, promoting inclusive development – diversity and inclusion • Global Collaboration, Demonstrating Hengtong's Responsibility – Rural Development
	• 11.6: By 2030, reduce the per capita negative environmental impact of cities, including by paying particular attention to air quality and urban waste management.	• Global Collaboration, Demonstrating Hengtong's Commitment – Social Welfare and Volunteering

UN SDGs	UN SDG	Corresponding Section
	• 12.2: By 2030, ensure the sustainable management and efficient use of natural resources. • 12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and substantially reduce their release to air, water and soil. • 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. • 12.6: Encourage companies, in particular large enterprises and multinational corporations, to adopt sustainable practices and integrate sustainability information into their reporting cycles.	• Excellence in Governance, Empowering Steady and Far-Reaching Progress – ESG Governance • Innovation Engine: Driving the Transformation of Information and Energy – Product and Service Safety and Quality • Innovation Engine: Driving the Information and Energy Revolution – Supply Chain Management • Low-Carbon Development, Illuminating a Green Future – Emissions Management • Low-carbon Development, Illuminating a Green Future – Circular Economy
	• 13.1: Strengthen the capacity of countries to prevent, mitigate, adapt to and manage climate-related and natural disasters. • 13.2: Integrate climate change responses into national policies, strategies and planning.	• Low-carbon development, illuminating a green future – addressing climate change
	• 14.2: By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, etc.	• Low-carbon development, illuminating a green future – Ecosystem and biodiversity conservation
	• 15.5: Take urgent and significant action to reduce the degradation of natural habitats and halt the loss of biodiversity, etc.	• Low-carbon development, illuminating a green future – Ecosystem and biodiversity conservation
	• 16.5: Significantly reduce all forms of corruption and bribery. • 16.6: Establish effective, accountable and transparent institutions at all levels.	• Excellence in Governance, Empowering Steady Progress – Corporate Governance • Excellence in Governance, Empowering Steady Progress – Business Ethics
	• 17.16: Strengthen the global partnership for sustainable development, supported by multi-stakeholder partnerships, to mobilise and share knowledge, expertise, technology and financial resources, among other things.	• Excellence in Governance, Empowering Steady Progress – Stakeholder Engagement • Innovation Engine, Driving the Transformation of Information and Energy – Supply Chain Management

Appendix V

List of Report Acronyms

The following abbreviations are used in this report:

Abbreviation	Refers to	Full Name
We, the company, Hengtong Optic-Electric Co., Ltd.	refers to	Hengtong Optic-Electric Co., Ltd.
Hengtong Cable	refers to	Jiangsu Hengtong Power Cable Co., Ltd.
Hengtong Submarine	refers to	Jiangsu Hengtong Submarine Power Cable Co., Ltd.
Hengtong Wire and Cable	refers to	Jiangsu Hengtong Wire and Cable Technology Co., Ltd.
Hengtong Special Conductor	refers to	Jiangsu Hengtong Electric Power Special Wire Co., Ltd.
Hengtong Smart Grids	refers to	Jiangsu Hengtong Smart Grids Co., Ltd.
Hengtong Huimin	refers to	Hengtong (Huimin) Electric Power Technology Co., Ltd.
HMN Tech	refers to	HMN Technologies Co., Ltd.
PT Voksel	refers to	PT Voksel Electric Tbk
Hengtong Egypt	refers to	Hengtong Optic-Electric Egypt Co., S.A.E.
ABTech	refers to	Aberdare Technologies Private Limited
MBG	refers to	PT MAJU BERSAMA GEMILANG
Aberdare	refers to	Aberdare Cables (PTY) Ltd.
Cablescom	refers to	Cables de Comunicaciones Zaragoza S.L.
Alcobre	refers to	Alcobre Condutores Eléctricos S.A.
ESG	refers to	Environmental, Social and Governance
Report period	refers to	1/1/2025 to 12/31/2025
Shareholders' Meeting	refers to	Shareholders' Meeting of Hengtong Optic-Electric Co., Ltd.
Board of Directors	refers to	Board of Directors of Hengtong Optic-Electric Co., Ltd.