



Nanfang Communication Holdings Limited
南方通信控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1617)

2021

Environmental, Social and
Governance Report

SMART LINKS START THE FUTURE

智慧聯接 啟動未來

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ABOUT THIS REPORT

Nanfang Communication Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as “we”, “Nanfang Communication” or the “Group”) is a well-established supplier of optical telecommunication products and a leading company in the optical fibre cables market in China, with the Group’s headquarters based in Changzhou City, Jiangsu Province, China. The Group is principally engaged in the manufacture and sales of a wide range of optical fibre cable products and related devices as well as the processing and sales of prepainted steel sheets, which meet the application needs of different customers in the telecommunications industry and other industries. Committed to building long-term and mutual trust with the industry and with community stakeholders, we are pleased to present our 2021 environmental, social and governance (“ESG”) report (the “Report”). The Report summarises our ESG performance and initiatives and describes our vision and targets regarding the implementation of our sustainability strategy.

Reporting Scope

The Report addresses our approach to ESG matters and covers the respective ESG performance of the Group’s two production sites located in Wujin and Jintan of the People’s Republic of China (the “PRC” or “China”) and its two offices located in the PRC and Hong Kong from 1 January 2021 to 31 December 2021 (the “Reporting Period”, “2021” or the “Year”). Considering the size of our Hong Kong office and the distribution of our employees and revenue, and in accordance with the principle of materiality, the disclosure of key performance indicators (“KPIs”) covers our businesses in the PRC only. As our business of processing and sales of prepainted steel sheets only commenced in the second half of 2021, it has not been covered in the Report. Unless otherwise stated, the scope of the Report is the same as that of our ESG report published last year.

Reporting Standards

The Report has been prepared in accordance with Appendix 27 “ESG Reporting Guide” (the “ESG Reporting Guide”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEx”). The reporting principles of materiality, quantitative, balance and consistency have been adopted for its preparation, as described below:

Reporting principle	Description
Materiality	We identified material ESG issues through internal discussions and the engagement of key stakeholders. The results are summarised in the section “Materiality Assessment”.
Quantitative	With reference to the ESG Reporting Guide, we present our ESG performance by providing measurable environmental and social KPIs. The methods of calculation and assumptions are also described in the paragraphs on KPIs.
Balance	We report on our ESG performance in a transparent and fair manner by providing comparative data over years.
Consistency	The Report has been prepared by using the same methodologies, standards and reporting scope as those used for the preparation of our ESG report published last year.

The Report has been approved by the board of directors (the “Board”) of the Company to ensure its truthfulness, accuracy and integrity.

Feedback

We endeavour to build trust with communities and formulate business strategies that are in the best interest of stakeholders. Therefore, we value your comments on the Report and on our sustainability performance. If you have any comments or suggestions, please feel free to contact us through our email address info@jsnfgroup.com, which will help us optimise our sustainability policy.

MESSAGE FROM CHAIRMAN

The year 2021 marked the first of China's two centenaries as well as the beginning of the country's "14th Five-year Plan". The telecommunications industry has already set its goal under the "14th Five-year Plan", which is to build a new type of digital infrastructure that is high-speed, ubiquitous, integrated and interconnected, intelligent, green, safe and reliable by 2025, which will empower and enhance the digital transformation and upgrading of the economy and society in a comprehensive manner.

The Company has always upheld the highest standards in the manufacture of telecommunication products, seeking stability and integrity. We strive to optimise supply of both the upstream and the downstream in the industry chain, carry out multi-pronged collaboration and enhance our corporate capabilities. The floods in Henan in 2021 and the resurgence of Coronavirus Disease 2019 ("COVID-19") outbreak have made us deeply aware that it is our responsibility to monitor climate change, help build a low-carbon economy, care for our employees and take part in charitable events. Actively responding to the country's carbon peaking and carbon neutrality goals, we have adhered to the principles of energy conservation, low carbon and scientific management to improve energy efficiency. We have also incorporated energy efficiency objectives into our ordinary operations, as we continuously promote energy conservation and emissions reduction, improve the efficiency of our use of resources, reduce unnecessary waste of resources, thereby minimising our impact on the environment and continuously improving our environmental performance.

With our factories already recognised by national authorities as "Green Factories" in 2020, we were listed as a "Green Supply Chain Management Enterprise" in 2021. Going forward, we will continue to promote the "Green Manufacturing" initiative, share our experience in green factory construction with others, and endeavour to become a benchmark of green manufacturing enterprises in the industry. We will not waver in our pursuit of green development, and we will uphold our people-oriented values and strengthen team cohesion. Moreover, we will optimise our training systems, regard talent as the core strategic resource of our sustainable development and achieve equality between corporate value and employee value.

With regard to social contribution, we are always in tune with social development. We actively participate in charitable events, promote cultural and sports development, help combat the pandemic and contribute to relief efforts and rural construction initiatives, as we assume our corporate responsibility to help people live a better life.

Step by step, we forge ahead and never falter. We will continue to put our ESG philosophy into action and promote the simultaneous development of enterprises and society and the environment in a sustainable and high-quality manner.

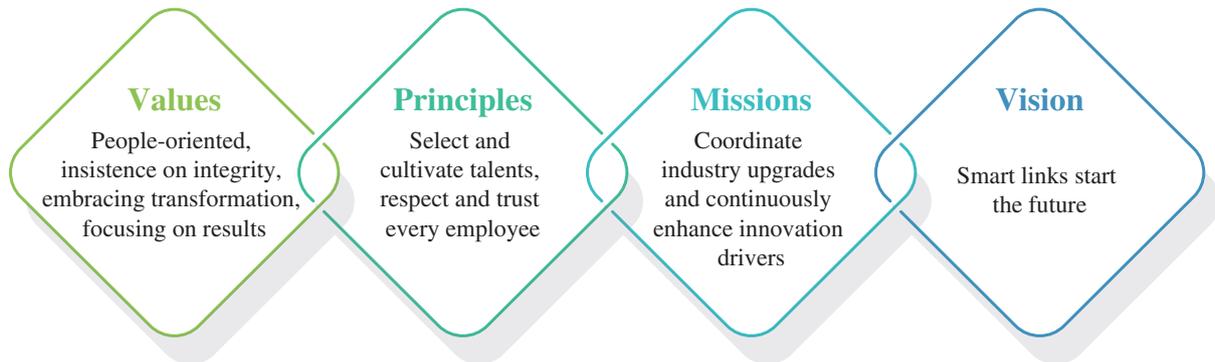
Nanfang Communication Holdings Limited

Yu Jinlai

Chairman

SUSTAINABILITY FRAMEWORK

We adhere to our people-oriented philosophy of talent management and regard innovation and the promotion of industry upgrades as our missions and our guiding principles for corporate development. We have incorporated technological innovation and the enhancement of corporate research and development (“R&D”) capability into our long-term development strategy, with a view to creating sustainable value, achieving the sustainable development of the industry, and providing customers with quality products and services.



Our sustainability management systems cover various ESG aspects, including product quality, environmental management, health and safety, and information security. These internationally recognised systems form an important framework for the Group’s sustainability management, guide the direction and principles of its ESG strategy and help the Group to incorporate ESG factors into its business and operation plans. The Group continuously monitors its operations to ensure their compliance with relevant management systems as we strive to provide customers with reliable products and services while minimising our impacts on the environment.

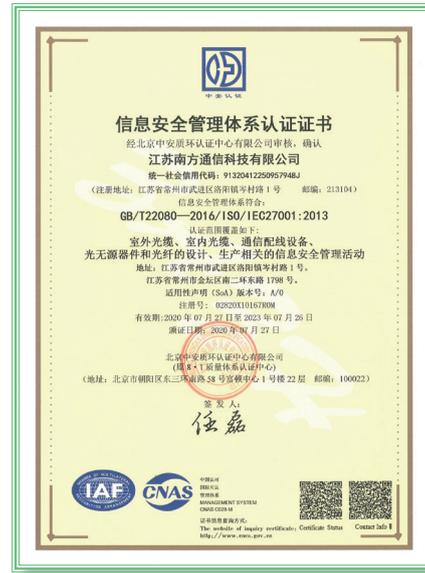


Our manufacture of optical communication products and related services have been accredited with ISO 9001:2015, as they meet various quality management criteria such as customer orientation and process optimisation.

Our production processes have been accredited with ISO 14001:2015, which shows that we have a sound environmental management system and attach great importance to the energy efficiency and environmental performance of our production processes.



Our production processes have been accredited with ISO 45001:2018, as we fully protect the health and safety of our employees by taking into account occupational safety and health performance in our strategic planning.



Our information security management system has been accredited with IEC 27001:2013, as we protect the information security of our stakeholders through the implementation of sound management processes and measures.



Our measurement management systems for energy efficiency, environmental monitoring, product quality and operational management comply with the requirements under ISO 10012:2003, which helps us improve management efficiency in those areas.

AWARDS AND ACHIEVEMENTS

We have obtained remarkable achievements and earned recognition in different areas over the years. In recent years, we have responded to the Chinese government's promotion of a green manufacturing system. For instance, with the establishment of a green supply chain, our Wujin Factory has been listed as an "Exemplary Enterprise for Green Supply Chain Management" by the Ministry of Industry and Information Technology. Looking forward, we will continue to promote green development, incorporate the concept of green supply chain management into our long-term development strategy, and upgrade our green production comprehensively.

High- and New-Technology Enterprise Certification

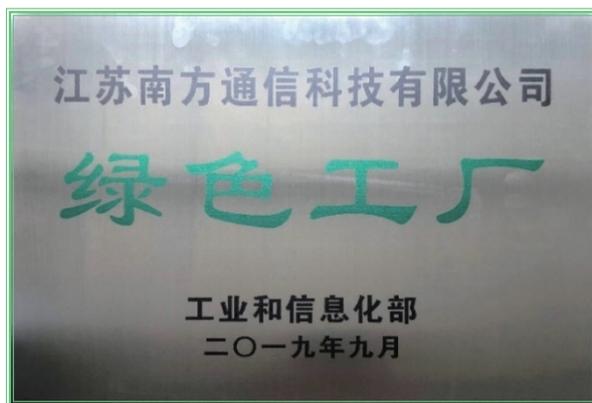


Wujin Factory



Jintan Factory

Green Factories



Wujin Factory



Jintan Factory

District Mayor Quality Award



Wujin Factory

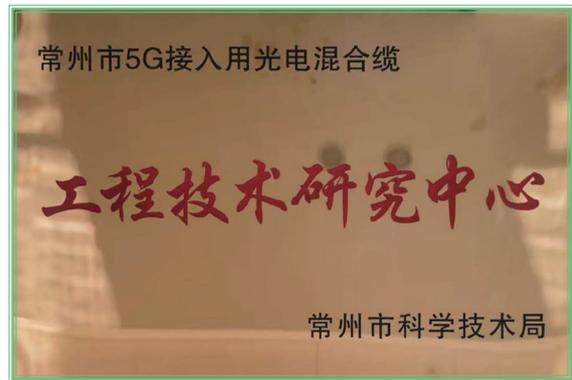


Jintan Factory

Accredited Technological Centres



Wujin Factory



Jintan Factory

Enterprise Credit Evaluation Credit Grade-AAA Enterprise

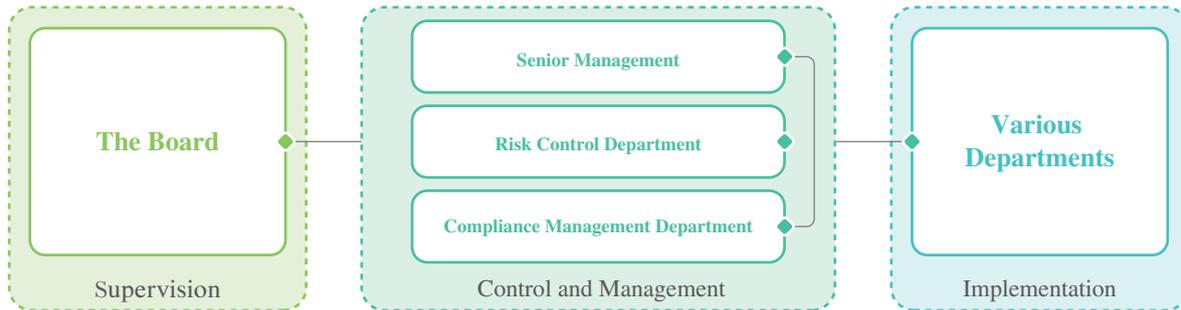


Green Supply Chain



ESG STRUCTURE

The Board is responsible for overseeing the overall management and implementation process of ESG risk management and communicates closely with the management and control departments. This structure not only allows the management to understand ESG risks that are most relevant to us, but also enables us to address these risks in a timely manner. The structure is set out as follows:



The Board

- The top decision-making body for ESG management, playing a leading role in ESG-related matters
- Responsible for monitoring and evaluating the effectiveness of our ESG work to ensure sound and good ESG governance
- Convening meetings of the Risk Control Committee, managing various risks (including ESG risks)
- Reviewing and approving the Report

Senior Management

- Establishing and maintaining sound compliance management in accordance with the ESG compliance policy approved by the Board, performing duties for and providing full support to the Compliance Management Department
- Developing specific ESG compliance policies and overseeing their effective implementation
- Clarifying the division of responsibilities between the Compliance Management Department and other control departments
- Reporting to the Board and the Risk Control Committee
- Carrying out evaluation of the effectiveness, or commissioning external professional bodies to evaluate the effectiveness, of the Company's ESG compliance management on a regular basis, and addressing any issues in its compliance management in a timely manner

Risk Control Department

- Identifying, assessing and managing risks (including ESG risks) associated with the Group's business operations
- Working with the Compliance Management Department to provide analysis on ESG risks and other risks from different perspectives and report relevant risk information and control measures to the Compliance Management Department on a regular basis
- Preventing, redressing and addressing ESG compliance risks through regular ESG compliance reviews, training and supervisory inspections

Compliance Management Department

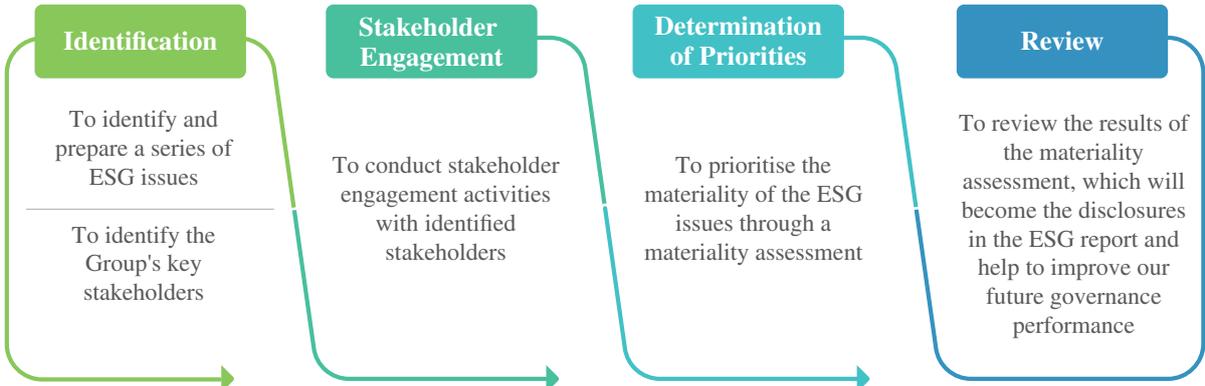
- Overseeing ESG compliance and legal risks, and providing ESG compliance consultation to departments and employees
- Actively identifying and assessing ESG compliance risks and providing compliance consultation on them

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

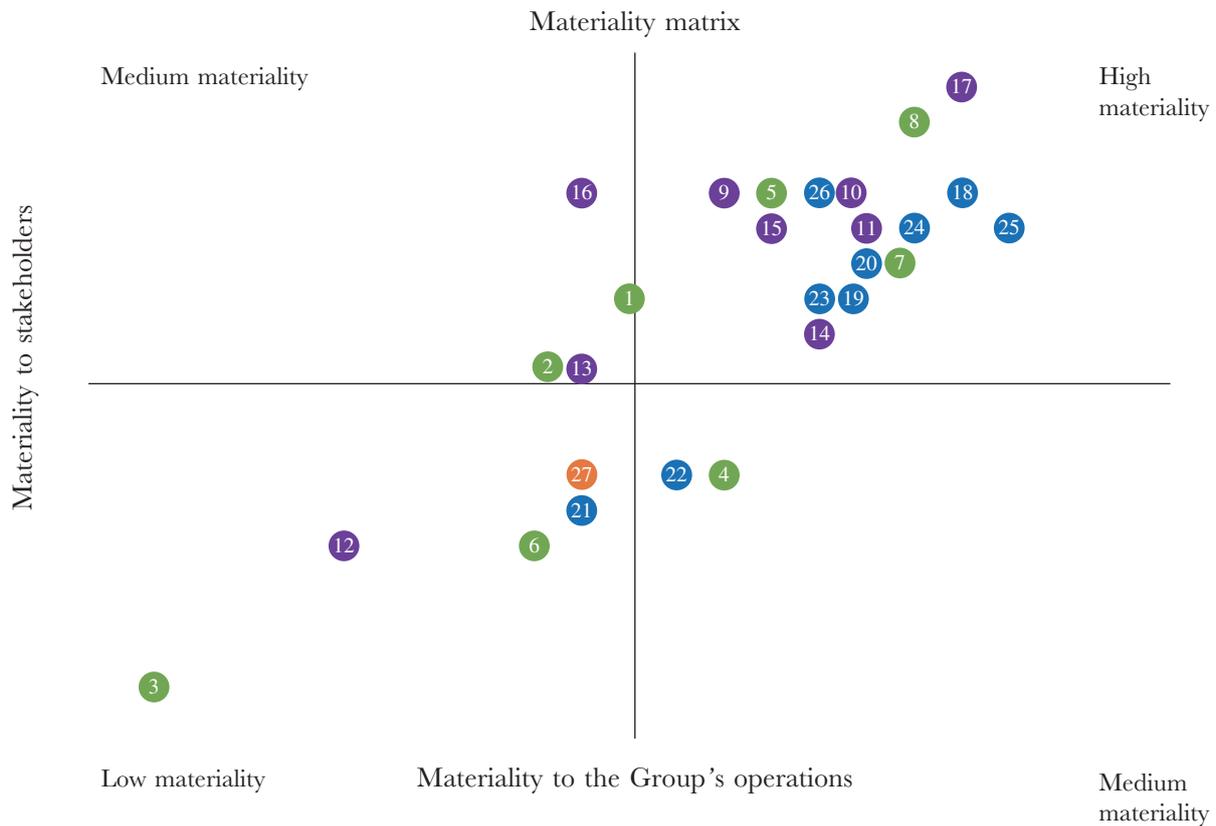
We take full account of our stakeholders’ interests and value their views as we believe that stakeholder engagement is critical to the implementation of corporate social responsibility and the success of ESG management. To understand the concerns of our stakeholders, we have conducted a number of stakeholder engagement activities on an ongoing basis through various channels. During the Reporting Period, we reached out to internal and external key stakeholders to understand their views:

Stakeholder groups	Communication channels
Investors and shareholders	<ul style="list-style-type: none"> Company website Annual general meeting Annual and interim reports Meetings, investor hotline
Customers	<ul style="list-style-type: none"> Phone enquiries about quality consistence Customer service communication Customer information and privacy communication Customer satisfaction surveys Company website
Employees	<ul style="list-style-type: none"> Meetings such as regular general management meetings, coordination meetings and regular quality management meetings Training Intranet, telephone Regular performance appraisals Team-building activities Comment boxes Bulletin board
Suppliers and business partners	<ul style="list-style-type: none"> Tendering and procurement processes Constant communication Anti-corruption campaigns Assessments and evaluations, on-site inspections Supplier training Teleconferences
Government organisations and regulatory agencies	<ul style="list-style-type: none"> Participation in the drafting of industry standards Forums Site investigations and visits Meetings with government authorities and disclosure
Community	<ul style="list-style-type: none"> Charitable donations Contributions to the community Charity activities and press releases Volunteer activities

To identify material issues related to the Group’s sustainability, we conducted an online questionnaire, in which we invited internal and external stakeholders to express their views on the materiality of 27 ESG issues to our business operations and to stakeholders. The questionnaire covered issues such as employees’ compensation, environmental protection, supply chain management, the provision of products and services and community investment. The materiality assessment of these issues was conducted according to the following process:



We obtained the following materiality matrix after analysing the results of the questionnaire:



	Environment		Labour		Operations		Society
1	Air emissions	9	Labour rights	18	Customer satisfaction	27	Contributing to society
2	Greenhouse gas emissions	10	Labour relations	19	Customer service quality and complaint handling		
3	Climate change	12	Diversity and equal opportunity	20	Customers' health and safety		
4	Energy efficiency	13	Non-discrimination	21	Compliance with regulations on marketing and product and service labelling		
5	Use of water resources and effluent discharge	14	Occupational health and safety	22	Intellectual property		
6	Use of materials	15	Employee training	23	Protection of customer privacy and information		
7	Waste management	16	Employee development	24	Responsible supply chain management		
8	Environmental compliance	17	Prevention of child labour and forced labour	25	Business ethics		
				26	Socio-economic compliance		

Based on the results of the materiality assessment, the issues were divided into three categories: high, medium and low materiality. In the upper right corner of the above matrix are issues of high materiality, which are defined as issues most relevant to the Group and of greatest concern to stakeholders. By being aware of the most material issues, we can improve our strategic planning and resource allocation. The Group's management will adopt appropriate methods, such as convening regular operational and management meetings, to continuously monitor and evaluate these material ESG issues, thereby effectively identifying, eliminating, reducing or mitigating risks and taking full advantage of potential development opportunities to ensure that the expected results of our corporate efficiency and quality, environmental and occupational health and safety management systems can be achieved. With these material issues in mind, we endeavour to continuously improve our business strategy and develop corresponding ESG strategy, policy and targets to implement sustainable development.

CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN

We strive to ensure the transparency and efficiency in our supply chain management, thereby providing customers with quality products and services. We have a fair and systematic supplier screening mechanism as well as a sound quality management system. We have also been in close contact with our suppliers and business partners to ensure a stable supply of raw materials and to ensure that their environmental and social performance meets our standards.

Supply Chain Management

Efficient supply chain management is the key to maintaining the quality of our products and services, as well as being conducive to enhancing the Group's operational efficiency. When selecting suppliers, apart from product quality and their reliability, we take into account environmental and social criteria to ensure that our suppliers meet our environmental and social standards and values. During the Reporting Period, we cooperated with 33 suppliers, all of which are located in Mainland China. In 2020, we collaborated with 46 suppliers in Mainland China.

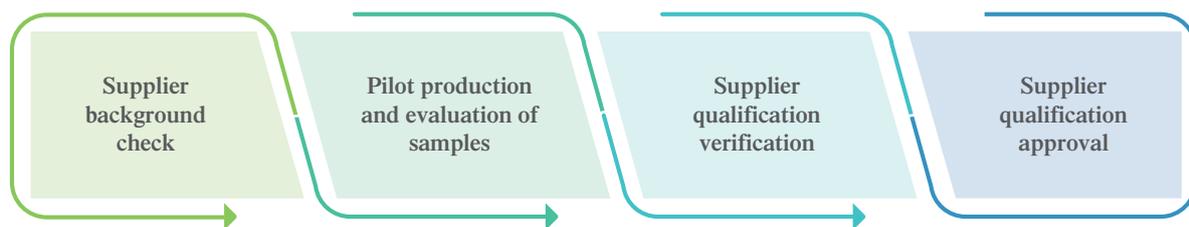
Supplier Selection

The supplier screening mechanism of Nanfang Communication was developed with reference to the quality management system requirements under ISO 9001:2015, which ensure the effectiveness and fairness of the mechanism. To be qualified, suppliers must meet various standards in addition to environmental and social standards, including product quality, delivery time and quality of service to ensure that they meet the Group's production standards and customers' requirements. We conduct audits on our suppliers at least once or twice a year (depending on the type of supplier) and will require those who do not meet our standards to rectify. We may terminate our partnership with suppliers who repeatedly fail to meet our standards. To ensure product quality, we insist on using only raw materials that meet our quality requirements. All incoming raw materials are inspected in accordance with relevant technical requirements and other quality standards. Any batch that fails to meet the standards will be returned.

When selecting potential suppliers, the Group has the following requirements and criteria:

- They should hold a state-registered business license with corresponding business scope
- They should have efficient quality assurance capabilities, such as possessing adequate facilities or equipment, technical capabilities, processing capabilities or business regulation standards, high management level and efficient testing methods
- They should have good credit and be able to provide satisfactory after-sales service
- They should have other qualification documents, such as third-party test reports or SGS certification

We require new suppliers to fill out a supplier screening questionnaire, the scope of which covers their business profile, quality assurance capabilities, legal compliance and after-sales service. We will conduct on-site visits when necessary to examine a new potential supplier’s capabilities. Such inspections cover the organisational quality of the company, its technology and its production. Our business audit team will conduct on-site evaluations. Only companies which meet our requirements can apply to be listed as our qualified suppliers. Any company which fails to meet our requirements will be arranged for rectification within a specified time limit.



In response to the Chinese government’s promotion of the establishment of a green manufacturing system, we have adhered to our philosophy of green development, setting targets for our green supply chain management and improving our green supply chain continuously. For supplier selection, we have attached greater importance to environmental and social factors and imposed stricter requirements on suppliers regarding the acceptance of products and supplier information management to ensure their compliance with our green production requirements. We aim to reduce carbon footprint across the supply chain and ensure that all stakeholders in the supply chain, including suppliers, waste handlers, service providers and transporters, comply with our environmental, health and safety standards. In view of this, we have developed a set of control procedures related to the environment and occupational health, with which all stakeholders in the supply chain are encouraged to comply. We also carry out risk management for environmental and health and safety risks along the supply chain on a regular basis to assess the environmental and social impacts caused by it. With a sound green supply chain management system, our Wujin Factory has been listed as an “Exemplary Enterprise for Green Supply Chain Management” by the Ministry of Industry and Information Technology.

Supplier Ethics

We seek to cooperate and build relationships with suppliers who share our philosophy and values. Therefore, we have formulated a Supplier Code of Conduct, which lists the Group's requirements regarding suppliers' social responsibility and environmental management level, including the prohibition of child labour, equal treatment, freedom of association, rights of appeal, environment, health and safety, working hours and wages and other standards. Our suppliers must strictly abide by this code and maintain communication with their employees accordingly.

Supply Chain Environmental Management

- ✓ We require all stakeholders in the supply chain to make contingency plans and adopt responsive measures in strict accordance with relevant environmental regulations and precautions during the supply process.
- ✓ Our procurement department will check the environmental behaviour of our suppliers from time to time when they provide products. If a supplier's environmental behaviour does not meet our requirements, depending on the seriousness of the situation, the supplier may be given a warning and its products be returned, and the supplier will be required to rectify in accordance with relevant environmental laws and regulations.
- ✓ All relevant departments will maintain constant communication with our suppliers, enhance the promotion of the Company's environmental policy and carry out environmental protection activities to ensure that our suppliers understand our environmental standards.

Supply Chain Safety Management

- ✓ We require all stakeholders in the supply chain to strictly abide by the Group's occupational health and safety systems during the supply process.
- ✓ When dealing with suppliers who provide hazardous chemicals, we will ascertain the name, quantity and hazard level of such chemicals and require these suppliers to make contingency plans to ensure safe transportation.

Meeting Customers' Expectations

Having won the trust of our customers over the years, we recognise the importance of building and maintaining customer confidence in our products and services. Therefore, we are committed to providing customers with top-quality and safe products and services that meet their expectations.

Quality Management

Our quality control system has been accredited by ISO 9001:2015 and given an AAA credit grade by the China Association of Communication Enterprises. The system regulates the entire production process meticulously, from the procurement of raw materials to the production of finished products, to ensure that the products meet our quality standards and customers' expectations. We conduct repeated inspections and tests on our products on a regular basis. If any non-conforming product is found, we will take all remedial actions, including the recall and destruction of the non-conforming product. We will be in close contact with customers to ensure the transparency of the process. Through 6S lean manufacturing, we strive to reduce the loss of production quality, shorten the production cycle, reduce the chance of equipment failure, and improve overall production efficiency and quality. During the Reporting Period, none of the products sold or shipped by the Group were subject to recall for safety and health reasons.

Product Safety

We strictly abide by national and international product safety standards. For instance, we have formulated a set of control and management procedures in accordance with the European Union's Restriction of Hazardous Substances Directive, according to which we have adopted green practices for the manufacture of products, assigned related rights and delegated related duties. As a result, we manage supplier evaluations, sample evaluations, procurement inspections, process design and control, shipping of products and other processes in an effective manner and ensure that the content of hazardous substances in our products meets the relevant standards. The Group was not aware of any significant non-compliance with laws and regulations on health and safety, advertising and labelling relating to products and services provided and methods of redress during the Reporting Period.

Constant Communication

To ensure that our products meet customers' expectations, we are in constant and close communication with customers and welcome any comments from them by telephone, fax, email and letter. Committed to solving customers' problems in a timely and effective manner, we have developed a systematic process to respond to customers' comments and complaints. All comments and complaints received from customers will be promptly responded to by relevant departments so that remedial actions can be taken in a timely manner. All complaints and feedback will be reported to relevant departments and archived so that they can be used as reference for future improvements. We collect information on customer satisfaction through various means on a regular basis. Comments received will be reported to the management in a timely manner, properly handled, and actively followed up for improvement. Based on the results of our investigations, we can improve and optimise our quality management system to further enhance customer satisfaction.

Data Protection and Privacy Policy

We recognise that proper data preservation and privacy are essential to the protection of stakeholders' rights and to the Group's daily operations. The Group has established a comprehensive protocol for data backup and requires each department to back up important data and hand it over to relevant departments for proper preservation. Moreover, through the establishment of control procedures for information security management and confidentiality, we strictly regulate the information security standards and data confidentiality principles of our employees' use of computers and network equipment, as well as the process of destroying confidential information. In the event of a breach, we will take remedial actions immediately to reduce potential losses. The Group was not aware of any significant non-compliance with laws and regulations on customer data privacy that had a significant impact on its operations during the Reporting Period, including but not limited to the "Personal Data (Privacy) Ordinance" of Hong Kong and the "Regulations on Safety Protection of Computer Information Systems" of the PRC.

Innovation and Research

During the Reporting Period, we were granted 14 patents, including 2 invention patents (an intermittent filling device and process for factice, and a device and method for generating quad-frequency optical millimeter wave BPSK vector signals) and 12 utility model patents (such as an optical tap facilitating packaging, and a wavelength division multiplexing device with novel packaging structure). Moreover, 30 more patents are being processed, including 12 invention patents and 18 utility model patents. We have 5 registered trademarks in the PRC and 1 registered trademark in Hong Kong. To enhance our competitiveness in technological innovation, we are committed to the protection of intellectual property. The Group was not aware of any non-compliance with laws and regulations on intellectual property by its products and services during the Reporting Period, including but not limited to the "Patents Ordinance" of Hong Kong and the "Patent Law" of the PRC.

Business Ethics

Employees' integrity and business ethics are the foundation on which we build trust with our stakeholders. We adhere to strict ethical standards in all our business operations. The Group was not aware of any significant non-compliance with laws and regulations on bribery, extortion, fraud and money laundering during the Reporting Period, including but not limited to the "Prevention of Bribery Ordinance" of Hong Kong and the "Anti-Money Laundering Law" of the PRC, nor was it aware of any concluded corruption case brought against the Group or its employees during the Reporting Period.

Anti-corruption

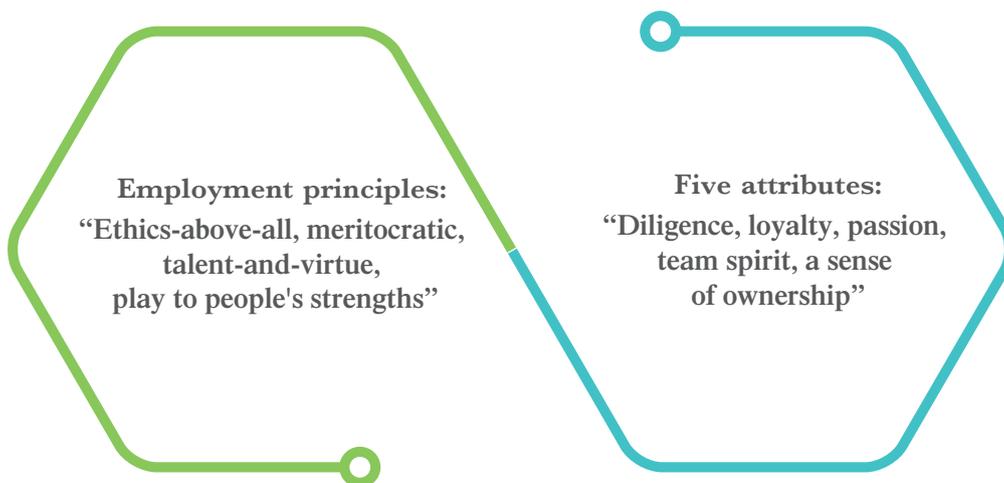
The Group has zero tolerance for all forms of bribery and unethical business practices. All our employees and suppliers have signed a letter of undertaking of integrity, with their activities regulated by the Group's anti-commercial bribery system. Violators will be punished and/or reported. The Group has established a taskforce for the prevention of commercial bribery, which is responsible for carrying out corruption prevention management. We recognise that the key to the eradication of corrupt practices is education. Therefore, the Group conducts research from time to time and, after considering the characteristics of corrupt behavior and commercial bribery, proposes educational actions such as anti-bribery and anti-corruption activities, which help to eliminate corruption at its source. During the Reporting Period, we provided our directors and employees with anti-corruption training material and ensured that they kept abreast of the latest anti-corruption rules.

Whistleblowing and Investigation

The Group has adopted a whistleblowing policy to provide an open and transparent procedure and reporting channel to whistleblowers, as we encourage our employees to report any suspected bribery and dishonest behavior directly to our anti-commercial bribery taskforce by telephone. All cases will be promptly and properly investigated by the taskforce. The identity of any whistleblower and the details of any case will be kept strictly confidential to protect the whistleblower from retaliation or harassment.

CREATING VALUE FOR EMPLOYEES

Adhering to our people-oriented philosophy, we endeavour to create a vibrant and motivated, fair and safe workplace for our employees, and we attach great importance to their well-being. During the Reporting Period, the Group's total number of employees was 316 and the turnover rate was approximately 10.44%. The Group was not aware of any non-compliance with laws and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that had a significant impact on its operations during the Reporting Period.



Our employee data as at the end of the Reporting Period is summarised below:

		2021	2020
Total number of employees		316	390
Number and percentage by gender	Male	210 (66.46%)	241 (61.79%)
	Female	106 (33.54%)	149 (38.21%)
Number and percentage by age group	Below 30	62 (19.62%)	71 (18.21%)
	30-50	224 (70.89%)	288 (73.85%)
	Above 50	30 (9.49%)	31 (7.95%)
Number and percentage by employee category	Full-time	316 (100%)	390 (100%)
	Part-time	0 (0%)	0 (0%)
Number and percentage by geographical region	China and Hong Kong	316 (100%)	390 (100%)
Employee turnover rate			
Total rate		10.44%	28.21%
Percentage by gender	Male	12.38%	17.01%
	Female	6.60%	20.81%
Percentage by age group	Below 30	19.35%	29.58%
	30-50	9.38%	14.58%
	Above 50	0%	29.03%
Percentage by geographical region	China and Hong Kong	10.44%	22.05%

Health and Safety

We aim to provide our employees with a safe and healthy working environment, promote work-life balance among them and safeguard their well-being, ensure their mental and physical health, and reduce workplace accidents, health and safety risks. We have formulated occupational health and safety management policies and procedures in accordance with relevant regulations and have been accredited ISO 45001:2018 for our occupational health and safety management system, which helps us to prevent injuries and diseases caused by work in a more systematic manner and protect our employees' and other stakeholders' health and safety. The Group was not aware of any non-compliance with laws and regulations on providing a safe working environment that had a significant impact on the Group during the Reporting Period, including but not limited to the "Labour Law", "Work Safety Law", "Measures for the Supervision and Administration of Employers' Occupational Health Surveillance", "Provisions on the Supervision and Administration of Occupational Health at Work Sites" and "Provisions on the Supervision and Administration of Labour Protection Articles" of the PRC. During the past three years including the Reporting Period, we had no work-related fatalities, work injuries or lost days due to work injury.

To further enhance the implementation of safe production practices, we have adopted the following safety and health management policies and measures:

Safe Production Management

- ✓ A leading group for safe production has been set up, which is led by the management and heads of different departments to coordinate and oversee safe production, study and develop safe production technical measures as well as labour protection plans, and investigate and handle accidents.
- ✓ The leading group is also responsible for educating employees on safe production and formulating implementation rules and operating procedures for safe production.
- ✓ Each department implements the 6S management system for safe production on a daily basis, inspects on-site situations regularly, and rectifies identified problems in a timely manner.

Contingency Planning

- ✓ The Group has established a leading group for the command of emergency rescue operations and formulated a sound contingency plan under the supervision of the management and the coordination of different departments.
- ✓ In the event of a health and safety accident, the leading group will play a coordinating role and organise emergency rescue operations. The contingency plan lists groups to notify and actions to take as well as escape and rescue plans in detail in the event of an accident.
- ✓ We strictly abide by administrative provisions on fire safety, inspect firefighting equipment regularly, ensure that escape routes are unobstructed, and install explosion-proof devices for lighting and power supplies in high-risk areas such as chemical warehouses and woodworking rooms.
- ✓ We have developed a hazardous chemical management system to regulate the procurement, storage and use of chemicals and reduce the risk of leakage.

Personal Protective Equipment and Prevention of Occupational Hazards

- ✓ The Group will strive to protect its employees from the exposure to dust, toxic substances, radiation, heatstroke and noise at the workplace.
- ✓ Our employees will be given personal protective equipment according to the nature of their work and be instructed how to use the protective equipment properly.
- ✓ Personnel engaged in high-risk operations will receive an annual physical examination. Proper arrangements will be made for employees diagnosed with occupational diseases, such as job transfers.

Education on Safe Production

- ✓ New recruits must first complete a three-level education programme on safe production before they can start their job; transferees must be re-educated on safety before they can start their new post.
- ✓ Workers engaged in special types of work must complete professional safety technical training. They can only begin to work after being strictly evaluated by competent authorities and obtaining licenses and must receive regular safety education.

To enhance the effectiveness of our safe production education, we organise “Safe Production Month” each year, during which we raise our employees’ safety awareness through a series of activities and publicity campaigns. Some of the events that took place during the Reporting Period are described below:

Emergency Evacuation and Escape Drills

To enhance our emergency management and improve our employees’ fire safety awareness as well as their self-defense and self-rescue abilities, we conducted an emergency evacuation and escape drill. Instructions were given to our employees prior to the drill, and those who failed to follow the instructions were given more guidance afterwards. Simulating the smoky conditions in a fire, the drill was aimed at further enhancing our employees’ awareness of fire safety and improving their emergency preparedness.



Firefighting Tips and Drills

We invited fire specialists to give a talk to our employees about fire prevention, emergency escape, basic firefighting skills and the use of firefighting equipment, which familiarised them with ways to rescue themselves and deal with the situation in the event of a fire. A firefighting drill was conducted with the whole process covered: the discovery of a fire, reporting, estimation of the situation, the activation of contingency plans, fighting the fire at the simulated scene, and evacuation, people counting and reporting at the assembly point.



Safety Training on the Prevention of Machinery Injuries

After identifying potential machinery injuries under professional guidance, we optimised common safety devices and developed machine safety training to familiarise our employees with the risks and their precautions. On-site training on machinery injury prevention and first aid procedures was arranged for relevant employees by the Company.

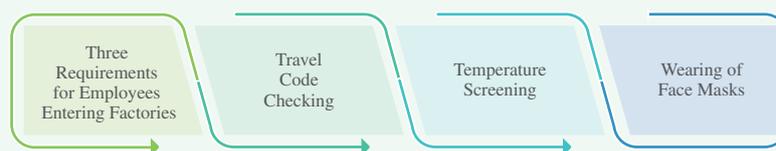


Combatting the Pandemic Together

In view of the ongoing COVID-19 pandemic, the Group is committed to collaborating with all employees to implement the required pandemic prevention and control measures to ensure their health and safety. We have strictly implemented corporate management systems for pandemic prevention, which include:

- ✓ The designation of responsible personnel for pandemic prevention
- ✓ The active promotion of the awareness of pandemic prevention and control through slogans, posters and electronic screens
- ✓ The development of contingency plans, such as the preparation of facilities for quarantine and diversion arrangements

Apart from that, we have strictly implemented risk investigations, utilising the Travel Code to closely monitor whether there are employees who have recently traveled to or come from medium- and high-risk areas. Our employees are strictly prohibited from travelling to medium- and high-risk areas unless necessary. Large-scale conferences and events have also been suspended. Participants in our regular meetings are required to wear face masks and maintain social distancing.



In addition to the above measures, we have meticulously prepared a management account book for employee health screening. We also carry out regular disinfection at our factories, store adequate anti-pandemic supplies, and make arrangements for our employees to have meals in canteens at different time slots to ensure a safe and healthy work environment for them.

Labour Relations

Our employees are the key to our success and our most valuable asset. Therefore, caring for our employees is our top priority, which includes providing them with competitive and attractive remuneration packages. The Group was not aware of any significant non-compliance with applicable laws and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare during the Reporting Period, including but not limited to the “Labour Law” and “Labour Contract Law” of the PRC and the “Employment Ordinance” of Hong Kong.

Salaries and Rewards

We fix and adjust salaries according to the individual performance and efficiency of our employees, after taking into account factors such as fairness and sustainable development. To enhance the sense of belonging and productivity of our employees, we have established fair and transparent systems for promotion and rewards. We make regular adjustments to the salaries of our employees in accordance with their contribution, abilities and responsibilities as well as the financial performance of the Group. The grant of bonuses is based on the results of annual appraisals and the operating results of the Company.

Employee Benefits

As a token of appreciation for their contribution, we provide additional benefits to some of our permanent employees to help reduce their cost of living. Such benefits include contributions to pension, medical and unemployment insurance schemes and housing funds. We also provide our employees with supplementary commercial insurance and union medical mutual insurance. Our employees can enjoy benefits such as free meals, shuttle buses, bodychecks, home leave, festival allowance and other regularly organised group activities.

Work-Life Balance

Work-life balance is essential to a healthy workplace, as it enhances the mental well-being of our employees. We do not encourage unnecessary overtime work, and provide employees who are required to work overtime with additional pay. We have adopted five- or six-day work weeks. In addition to national statutory holidays, our employees are entitled to additional annual leave, personal leave, sick leave, work-related injury leave, marriage leave, maternity leave and bereavement leave. We organise social events for our employees from time to time to enhance their physical and mental health and boost workplace cohesion.



New Year's Eve Gala



Mooncake DIY event at the Mid-autumn Festival

Prevention of Child Labour and Forced Labour

The prevention of child labour and forced labour is essential for the protection of children and labour rights. The Group has developed control procedures for the prevention of child labour and forced labour in accordance with the SA8000 international social accountability standard and the framework set out in the “International Labour Organization Conventions”. We have also taken proactive measures to avoid the use of child labour and forced labour by mistake in our operations. We not only strictly adhere to child labour and forced labour prevention standards throughout our entire recruitment and operational processes, but we are also in close contact with our suppliers to ensure that they comply with our child labour and forced labour prevention standards. The Group was not aware of any significant non-compliance with applicable laws and regulations on the prevention of child labour and forced labour during the Report Period, including but not limited to the “Labour Contract Law” and “Law on Protection of Minors” of the PRC, as well as the “International Labour Organization Conventions”.

Prevention of Child Labour

When recruiting our staff, the Group will review identification documents to ensure that the candidates are of legal working age. We do not allow any employment of child labour, and check whether any child labour is employed on an irregular basis. If children are found to have been mistakenly employed, we will take prompt actions to protect their legal rights, including escorting them back to their place of residence while ensuring their health and safety, and providing them with financial, educational or other forms of assistance, as the case may be. As to minors of legal working age, the Group will manage their registration in accordance with relevant laws and regulations, arrange appropriate work for them, avoid assigning to them work that is hazardous or may have adverse effects on their health, and arrange for them occupational safety education and training as well as regular medical check-ups.

Prevention of Forced Labour

The Group fully protects the personal freedom of our employees and ensures that all our employees are employed on a voluntary basis. We have developed control procedures for the prevention of forced labour. We do not tolerate any restriction on the personal freedom of our employees and ensure that our employees have free access to dormitories and factories during non-working hours. Any breach of the procedures can be reported to the management or employee representatives through various channels and will be followed up by the Group in a timely manner.

Training and Development

Training and development enhance the self-improvement of our employees as well as their productivity. We also aim to enhance the skills of our employees through different forms of training, which are essential to their long-term development and growth. The Group arranges a variety of training for its employees, including induction training for new recruits. For the promotion of the career development of our employees, the Group conducts regular performance reviews to evaluate and enhance their performance through the four phases of planning, implementation, appraisals and feedback, thereby improving their work quality and productivity. The results of performance appraisals will determine the grant of year-end bonuses and internal promotion. We have established career development paths to help our employees climb up their career ladder through internal promotion and external training in accordance with relevant development paths.



The Group's employee training data during the Reporting Period is summarised below:

	2021	2020
Total training hours of employees	126	133
Average training hours per employee (percentage of employees trained)	0.4 (39.87%)	0.34 (34.10%)
Average training hours by gender (percentage of employees trained)		
Male	0.44 (43.81%)	0.32 (31.54%)
Female	0.32 (32.08%)	0.34 (33.56%)
By employee category		
Management	0.46 (45.83%)	0.33 (32.56%)
Staff	0.39 (38.81%)	0.34 (34.29%)

Building Talent Pool

From the Front-Line to R&D

Chen Tao, the team leader of our R&D and process technology department, joined Nanfang Communication in September 2015. Originally hired as a front-line operator, he seized opportunities afforded by the Company's external training programmes to gain a deeper understanding of the production process technology and theoretical knowledge related to optical fibre cables. He was later transferred from operation to our R&D and process technology department and was promoted to team leader in a mere four years.

Since his transfer to the R&D and process technology department, Chen has been principally engaged in R&D on technology and assisted in the improvement of production processes, focusing on the improvement of product quality and pass rates. Having made significant contributions to the R&D of new optical fibre cables, he was recognised as one of our Innovative Employees in 2021.



Workplace Learning

Zhu Kai, an employee from our production management department, joined Nanfang Communication after graduation in 2013. His learning journey did not end after he left the school campus. Taking advantage of the learning opportunities provided by the Company, he kept learning and was transferred from front-line production to production management thanks to his efforts and strengths. In addition, he has been continuously involved in academic research, published various papers in the journals of the China Institute of Communications, and actively participated in the preparation of industry and association standards. Adhering to the philosophy of lifelong learning and continuous innovation, Zhu has been granted various patents and was therefore selected as one of our "Wujin Craftsmen" in 2021.



Building Social Capital

Promoting School-Enterprise Cooperation

Our efforts in nurturing talents and building social capital have been recognised by society. We are committed to promoting school-enterprise cooperation, as we are convinced that close cooperation between schools and enterprises can bring numerous opportunities to both parties, create synergy and drive innovation. In 2021, we organised a guided visit for the teachers and students from Changzhou Institute of Technology. Teachers and students took an in-depth tour of our workshops, took a close look at how our front-line workers did their jobs, and had an in-depth discussion with some of our outstanding employees who are alumni of Changzhou Institute of Technology. Looking forward, we hope to establish a strategic partnership with the institute to closely cooperate with it in technological innovation, high- and new-technology and talent acquisition and, together with it, promote the industrialisation of scientific research achievements.



CREATING VALUE FOR THE COMMUNITY

We fully support the communities in which we operate. We pay particular attention to cyber security and health and safety projects in the community. Through active participation in and support for various philanthropic activities, we take up the responsibility to support the community and grow with it. With a sound external donation management system, we communicate with the government and the community on a regular basis to gain a first-hand understanding of what the community needs.

In May 2021, we actively responded to Changzhou's "Qinglang 2021" campaign, establishing the "Rainbow Internet Civilisation Volunteer Team" which helps to maintain community network security. Heavy rains in Henan caused severe damage to the surrounding areas in July of the same year. Upon learning of the disaster, we immediately dispatched vehicles to transport optical fibre cables to the areas in Zhengzhou that were heavily hit by the flood to assist in restoring regional communications. After that, we launched a fundraiser to support the post-disaster reconstruction of Zhengzhou. During the Reporting Period, the Group made charitable and other donations totaling RMB312,000 and participated in volunteer work for a total of 16 hours.



Setting up the Internet Civilisation
Volunteer Team



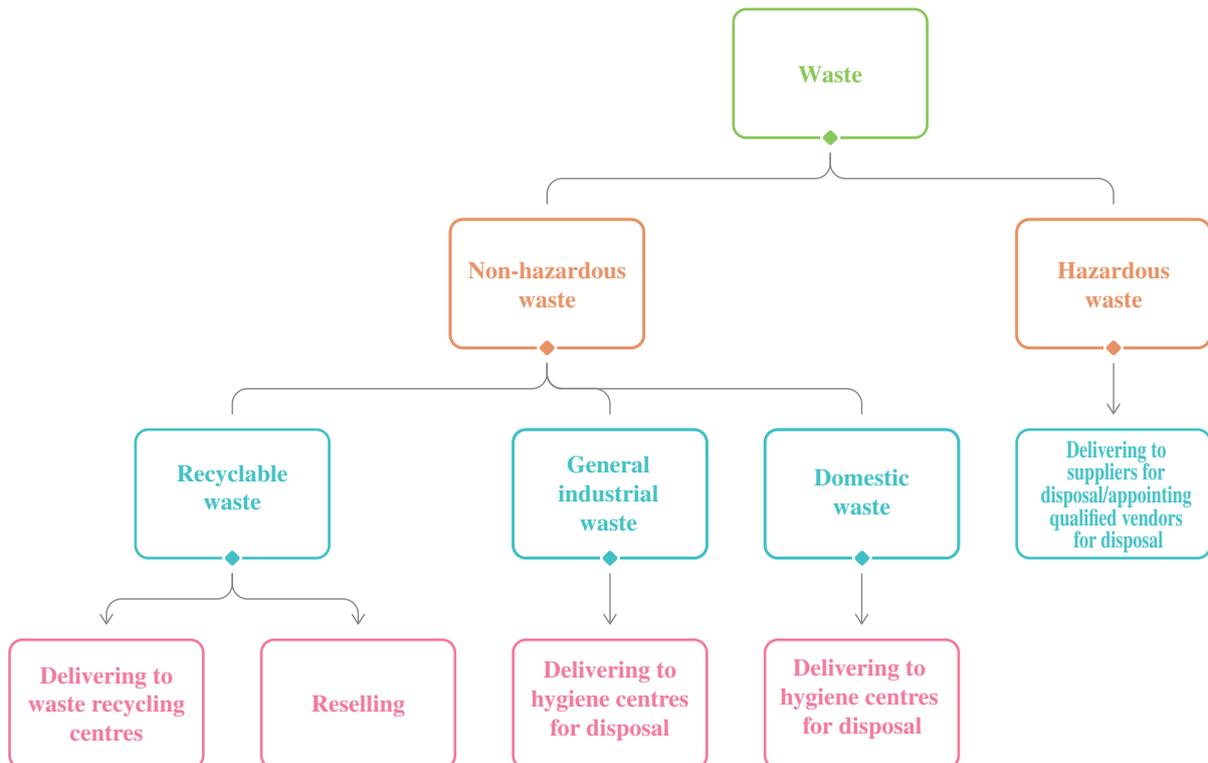
Disaster Relief Contribution Award

CREATING VALUE FOR THE ENVIRONMENT

Both factories of Nanfang Communication have established environmental management systems accredited by the international standard of ISO 14001:2015. These systems form the framework for the Group's environmental management. We have identified all significant environmental risks involved in the production processes and ensure that we have adopted effective measures to manage the risks, including the establishment of and compliance with control procedures on wastewater, air emissions, noise, energy management and waste, which help us control the potential impacts of our production on the environment. The Group was not aware of any significant non-compliance with applicable laws and regulations on air and greenhouse gas emissions, discharges into water and land, generation of wastes and use of resources during the Report Period, including but not limited to the "Environmental Protection Law" and "Law on Prevention and Control of Atmospheric Pollution" of the PRC. The Group did not have any issue in sourcing water that was fit for purpose during the Reporting Period.

Waste Management

Waste generated by us can be mainly divided into non-hazardous waste that is either recyclable or non-recyclable, and hazardous waste derived from production processes. Hazardous waste mainly comprises waste stained with oil and packaging materials for chemicals. We strictly comply with our internal waste control procedures to reduce impacts on the environment and surrounding communities. The control procedures provide guidance on the classification, storage, collection and disposal of waste, which are summarised below:



Our target is to reduce non-hazardous waste by 30% from 2018 baseline by the end of 2030.

Air Emissions

Air pollutants generated by us are mainly nitrogen oxides, sulfur oxides and particulate matter in vehicle exhaust emissions. Moreover, air pollutants are released during the colouring and sheathing processes in the production of optical fibre cables. To reduce pollution, secondary discharge equipment of photocatalytic oxidation and activated carbon fibre has been installed, as we strive to ensure that the air quality meets the requirements of relevant emissions standards before it is discharged. In addition, we engage relevant qualified inspection units to carry out annual inspections on the exhaust gas from the air outlet to ensure that our emissions are stable and meet the standards.

Wastewater, Air Emissions and Noise Management

The pollution caused during our production processes mainly comprises wastewater, air emissions and noise. Our mitigation measures to reduce the impacts of our production processes on the environment are summarised below.

Wastewater Control

- ✓ Use a rag to wipe off oil and chemicals on the floor and forbid car washes inside factories to prevent oil and chemicals from flowing into sewers.
- ✓ Forbid the discharge of chemicals into sewage outfalls.

Air Emissions Control

- ✓ Enhance workshop ventilation so that the air emissions meet the requirements under the “Integrated Emission Standard for Air Pollutants” of the PRC.
- ✓ Conduct exhaust emission tests for vehicles and install exhaust purification devices for vehicles found to be not complying with national emissions standards.

Noise Control

- ✓ Control noise so that its level meets the “Standard of Noise at Boundary of Industrial Enterprises”.
- ✓ Regularly repair, maintain and lubricate items of equipment to reduce the noise generated during their normal operation.

Energy and Resource Management

Resources consumed during our operations are mainly energy and water. By developing control procedures on energy management and closely monitoring their annual consumption, we continuously enhance the level of our energy consumption management to achieve our resource-saving targets.

Energy Consumption

Our production sites and offices have implemented various energy-saving initiatives to reduce resource consumption and the respective greenhouse gas emissions. For example, we will select energy efficient appliances in accordance with green procurement principles and turn off machines and equipment when they are not in use.

Our target is to reduce total greenhouse gas emissions intensity by 80% from 2018 baseline, total absolute greenhouse gas emissions by 20% from 2017 baseline, and electricity consumption by 30% from the 2017 baseline, by the end of 2030.

Water Consumption and Effluent Discharge

To enhance the consumption efficiency of water resources, we advocate the use of recycled water as water for production purposes. We also conduct spot checks on a regular basis on major industrial water supply points. We will take corrective and preventive measures promptly if any problems are found. All our production sites have obtained relevant discharge permits. Wastewater generated for industrial purposes, before it is discharged, will receive three-stage treatment by sewage treatment facilities to ensure strict compliance with relevant discharge standards.

Our target is to reduce water consumption by 20% from 2017 baseline by the end of 2030.

COPING WITH CLIMATE CHANGE

Climate change has increased the frequency of extreme weather events. The Group has developed contingency plans for extreme weather to minimise our losses and potential business disruption. Focusing on the climate of the geographical area in which we operate, we have taken the following measures to address potential physical climate risks and protect our employees' safety:

Potential Risks

The production sites of the Group may be affected by extreme weather events such as storms, floods and extremely hot weather due to local climate change, which may cause damage to the facilities and affect the safety of its employees. For instance, our employees working in workshops and outdoors may become more likely to suffer from heatstroke in extremely hot weather, and storms may pose safety risks to the operation of our electrical equipment.

How We Cope with Them

- We have developed procedures for the prevention of heatstroke accidents and stipulated that cooling equipment such as electric fans should be installed and cold drinks should be provided in our workshops during summer, and workshop offices should be equipped with medication for the prevention and treatment of heatstroke.
- In case of strong winds and heavy rain, the power supply of our production sites will be temporarily cut off in accordance with relevant procedures and work will be halted.
- We will enhance our safety management of electrical equipment in adverse weather. For instance, inspections of electrical rooms will be carried out more frequently during thunderstorms, rainstorms and typhoons, and any equipment failures or abnormalities will be reported and handled as soon as possible according to relevant procedures.

ENVIRONMENTAL PERFORMANCE

The Group's environmental performance during the Reporting Period is summarised in the table below:

	Unit	2021	2020
Air emissions ¹			
Nitrogen oxides	kg	54.24	41.02
Sulfur oxides	kg	0.59 ¹	0.23
Particulate matter	kg	4.67	3.71
Energy consumption			
Electricity	kWh	12,935,295	11,603,950
Intensity	kWh per RMB ten thousand of revenue	295.11	185.26
Unleaded gasoline	litre	36,730 ¹	12,429
Intensity	litre per RMB ten thousand of revenue	0.84	0.20
Diesel oil	litre	3,138	3,189
Intensity	litre per RMB ten thousand of revenue	0.07	0.05
Greenhouse gas emissions			
Scope 1 ²	Tonne of carbon dioxide equivalent ("tCO ₂ e")	95.37	38.05
Scope 2 ³	tCO ₂ e	10,246.05	9,191.49
Scope 3 ⁴	tCO ₂ e	29.85	41.82
Total	tCO ₂ e	10,371.26	9,271.36
Intensity	tCO ₂ e per RMB ten thousand of revenue	0.24	0.15

¹ The air emissions data only cover vehicles with records of vehicle mileage. The increase in air emissions and gasoline consumption was due to the Group's increased use of vehicles.

² Scope 1: direct greenhouse gas emissions are generated from the combustion of fuels by vehicles owned by the Group. The increase in Scope 1: direct greenhouse gas emissions during the Report Period was due to the Group's increased use of vehicles.

³ Scope 2: energy indirect greenhouse gas emissions are generated from the use of purchased electricity by the Group during its production processes.

⁴ Scope 3: other indirect greenhouse gas emissions are generated from the business travel of the Group's employees by air.

	Unit	2021	2020
Water consumption			
Total	m ³	35,411.00	32,809.45
Intensity	m ³ per RMB ten thousand of revenue	0.81	0.52
Waste			
Hazardous waste	tonnes	5.70 ⁵	0.94
Intensity	tonnes per RMB ten thousand of revenue	0.00013	0.00002
Non-hazardous waste ⁶	tonnes	47.40	58.50
Intensity	tonnes per RMB ten thousand of revenue	0.001	0.001
Material consumption			
Office paper	tonnes	2.93	2.08
Intensity	tonnes per RMB ten thousand of revenue	0.00007	0.00003
Packaging material (wood)	tonnes	2,938.14	2,375.44
Intensity	tonnes per RMB ten thousand of revenue	0.07	0.04

⁵ The increase in hazardous waste was due to the increase in the Group's sales during the Reporting Period. The waste has been recycled in accordance with relevant procedures.

⁶ It was estimated based on the number of employees at the end of the Reporting Period and the average daily quantity of domestic waste generated by each employee.

APPENDIX – HKE_x ESG REPORTING GUIDE CONTENT INDEX

General Disclosures and KPIs of the HKE _x ESG Reporting Guide		Explanation/Reference Section
Aspect A Environmental		
A1 Emissions	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and nonhazardous wastes.	CREATING VALUE FOR THE ENVIRONMENT
KPI A1.1	The types of emissions and respective emissions data.	ENVIRONMENTAL PERFORMANCE
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	CREATING VALUE FOR THE ENVIRONMENT
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	CREATING VALUE FOR THE ENVIRONMENT

General Disclosures and KPIs of the HKEx ESG Reporting Guide		Explanation/Reference Section
A2 Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials.	CREATING VALUE FOR THE ENVIRONMENT
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	CREATING VALUE FOR THE ENVIRONMENT
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	CREATING VALUE FOR THE ENVIRONMENT
KPI A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, with reference to per unit produced.	ENVIRONMENTAL PERFORMANCE
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	CREATING VALUE FOR THE ENVIRONMENT
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	CREATING VALUE FOR THE ENVIRONMENT
A4 Climate Change	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	COPING WITH CLIMATE CHANGE
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	COPING WITH CLIMATE CHANGE

General Disclosures and KPIs of the HKEx ESG Reporting Guide		Explanation/Reference Section
Aspect B Social		
B1 Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	CREATING VALUE FOR EMPLOYEES – Labour Relations
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	CREATING VALUE FOR EMPLOYEES
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	CREATING VALUE FOR EMPLOYEES
B2 Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	CREATING VALUE FOR EMPLOYEES – Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	CREATING VALUE FOR EMPLOYEES – Health and Safety
KPI B2.2	Lost days due to work injury.	CREATING VALUE FOR EMPLOYEES – Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	CREATING VALUE FOR EMPLOYEES – Health and Safety

General Disclosures and KPIs of the HKEx ESG Reporting Guide		Explanation/Reference Section
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	CREATING VALUE FOR EMPLOYEES – Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	CREATING VALUE FOR EMPLOYEES – Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	CREATING VALUE FOR EMPLOYEES – Training and Development
B4 Labour Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	CREATING VALUE FOR EMPLOYEES – Prevention of Child Labour and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	CREATING VALUE FOR EMPLOYEES – Prevention of Child Labour and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	CREATING VALUE FOR EMPLOYEES – Prevention of Child Labour and Forced Labour

General Disclosures and KPIs of the HKEx ESG Reporting Guide		Explanation/Reference Section
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Supply Chain Management

General Disclosures and KPIs of the HKEx ESG Reporting Guide		Explanation/Reference Section
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Meeting Customers’ Expectations
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Meeting Customers’ Expectations
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Meeting Customers’ Expectations
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Meeting Customers’ Expectations
KPI B6.4	Description of quality assurance process and recall procedures.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Meeting Customers’ Expectations
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Meeting Customers’ Expectations

General Disclosures and KPIs of the HKEx ESG Reporting Guide		Explanation/Reference Section
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Business Ethics
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	CREATING VALUE FOR THE COMMUNITY
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	CREATING VALUE FOR THE COMMUNITY
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	CREATING VALUE FOR THE COMMUNITY