



中际旭创
ZHONGJI INNOLIGHT

Stock code:300308



2022 SOCIAL RESPONSIBILITY REPORT



About the Report

This Report is the second corporate social responsibility report issued by Zhongji InnoLight Co., Ltd. ("Zhongji InnoLight", the "Company" or "we/us") to its stakeholders, sets forth our practices and performance in connection with economic, environmental, social, corporate governance and other responsibilities, and intends to effectively communicate with, and systemically respond to the expectations and requirements of, all stakeholders.

Reporting Period

From January 1, 2022 to December 31, 2022. For purpose of comparison and forward looking, this Report may cover certain information of prior and subsequent years.

Reporting Scope

This Report discloses the information about, and typical cases of, the fulfillment of economic, social and environmental responsibilities by us and our subsidiaries.

Information Source

The information disclosed herein comes from our internal official documents, statistical reports and annual reports, and the data disclosed herein come from our original data, data published by the government authorities, annual financial data, internal statistical statements, third-party questionnaires, third-party assessments and interviews, etc. The financial data contained herein are denominated in RMB.

Abbreviations

- Zhongji InnoLight Co., Ltd. ("Zhongji InnoLight", the "Company" or "we/us")
- InnoLight Technology (Suzhou) Ltd. ("InnoLight Technology")
- Chengdu Tsuhan Science & Technology Co., Ltd. ("Tsuhan Science & Technology")
- InnoLight Technology (Tongling) Ltd. ("InnoLight Tongling")
- Innolight Technology Pte. Limited Taiwan Branch ("InnoLight Taiwan")
- InnoLight Technology Pte. Limited (Thailand) ("InnoLight Thailand")

Basis of Preparation

- 2030 Sustainable Development Goals of the United Nations (SDGs)
- *Global Reporting Initiative Standards (GRI Standards)* issued by Global Sustainability Standards Board
- *Guide for the Preparation of Corporate Social Responsibility Report in China (CASS-CSR5.0)* issued by the Chinese Academy of Social Sciences
- *Guide for the Preparation of Social Responsibility Report (GB/T 36001-2015)* (Chinese national standards)
- *ISO 26000: Guidance on Social Responsibility (2010)* issued by the International Organization for Standardization
- *Guide on Self-regulatory Supervision for Companies Listed on the Shenzhen Stock Exchange No. 2 – Code of Operations for ChiNext-listed Companies* issued by the Shenzhen Stock Exchange

Access to the Report

This Report is available in electronic form. You may visit our official website at <https://www.zj-innolight.com> or www.cninfo.com.cn to view this Report. If you have any question or suggestion about this Report, please contact us at info@zj-innolight.com or 0535-8573360.

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Message from the President

In 2022, amid a great variety of complicated and volatile objective factors, we still achieved splendid results and significant growth, demonstrating our strong overall strength. We made continuous improvements in business model, customer service, investor relations and social responsibilities, adhered to the philosophy of win-win and sharing, and strived to create an environment in which the businesses and the society co-exist friendly and help each other. Meanwhile, we are committed to changing lives through technology, and lighting up the future with innovations, and strive to grow into a premium and sustainable information transmission service provider.

Press forward in face of difficulties, and make steady progress based on a sound governance structure. We have strictly complied with the applicable laws, regulations and industrial requirements, developed the relevant management and governance systems, promptly and effectively disclosed all material information to our stakeholders, and provided the investors with accessible communication channels. We attach great importance to internal control and risk control, continuously enhance information security, anti-corruption education and protection of intellectual property rights, and promote our long-term development with concrete actions.

Make innovations on the basis of what has worked in the past, strive for excellence and lead the development. With the mission to "Innovate optoelectronic technologies, embrace the intelligence era", we have continuously provided funds for scientific research, enhanced technological innovations, successfully launched series of optical module products and competitive new products, and gained satisfactory achievements. This year, we promoted the application of intelligent manufacturing technologies in production, balanced the utilization of resources, optimized the production capacity, improved the operating efficiency, and actively applied the artificial intelligence technologies, to improve the quality and efficiency. While promoting intelligentization, we have also designated the special departments to strictly control product quality, and carried out responsible brand marketing in order to provide our customers with satisfactory services, and lead our long-term development with a good brand image.

Fulfill the mission and make progress together with the stakeholders. We closely cooperate with all stakeholders. Internally, we attach importance to the value of our employees, protect their rights and interests fairly, care for their physical and mental health, and build a good work environment for them. Externally, we have strict procurement and supplier standards in place and enhance cooperation with the industry, in order to build and maintain long-term and stable relationships with the suppliers. We also have actively participated in the development of domestic and international industrial standards, closely cooperated with the governments and schools, and accelerated the applica-

tion of achievements made through industry-university-research cooperation and talent training, to achieve win-win industry-university cooperation. With respect to public welfare, we take the lead in fulfilling social responsibilities. The Xiangrong Public Welfare Foundation has been actively contributing to the society, and strives to promote our long-term development through win-win cooperation.

Pursue energy-saving development, and build a green and low-carbon enterprise. We implement green management, adhere to the concept of "green creation and environment protection" in our operation, strictly control the waste gas emissions, discharge of waste water and other wastes, actively enhance our employees' awareness of environment protection and sense of responsibility, advocate green office, foster the green and environment-friendly style, utilize resources, save energy and reduce emissions in production to the maximum extent practicable, actively respond to the carbon peak and neutrality strategy of China, strive to achieve the sustainable development of the human society, and maintain our long-term development with low carbon and environmental protection efforts.

In 2023, we shall be fully aware of crisis, continue to build our capacity, improve the capability to pass through the economic cycle, and cope with the changes in the complicated environment with our sound management and high efficiency, to usher in beautiful spring. We will keep our unshakable faith, advance bravely, make continuous innovations and always retain our youthful vitality. We will continue to reform and rebuild ourselves, rise to challenges with a completely new posture, grasp opportunities, and strive to make more brilliant achievements and build a beautiful future!

**Liu Sheng,
President**



Stakeholder Engagement

We attach great importance to the communications and exchanges with our internal and external stakeholders, and conduct dialogues with the stakeholders through various channels, to thoroughly understand their demands and expectations, strive to gain their confidence and support, and promote the continuous improvement of our social responsibility management.

Stakeholders	Concerned issues	Actions
 Government and regulatory authorities	Operate in compliance with regulations Pay taxes according to the law Innovation and development	Comply with laws and regulations Cooperate with regulatory inspections Improve the management system Enhance core technologies
 Investors	Transparent information disclosure Preservation and appreciation of assets Steady growth of operating results	Comply with laws and regulations Moderate corporate governance Timely and accurate information disclosure Multiple communication channels for investors Reasonable return to shareholders
 Suppliers and partners	Common development Sunshine procurement Premium products and services	Improve the safety and environmental performance of products Improve product quality and efficiency of delivery Enhance intercompany strategic cooperation Strengthen supply chain management
 Employees	Protection of employees' rights and interests Reasonable remunerations and benefits Vocational training and opportunities for development Welfare and well-being Humanistic care	Establish democratic management system Establish employee complaint handling process Improve the compensation and incentive policies Care for employees' health and safety Enrich employees' after-hours activities
 Community and public	Rural revitalization Public benefit	Xiangrong Foundation Public benefit and benevolent activities

About Zhongji InnoLight

Company Profile

Zhongji InnoLight Co., Ltd. (SZ: 300308) is an industry-leading integrated high-speed optical interconnection solution provider. Our optical module and device products are applied in cloud computing data center, 5G wireless network, telecommunication transmission and other fields, and designed to provide more efficient information transmission in the era of intelligent interconnection. In recent years, we have maintained strong revenue performance and excellent capital operation ability, and integrated industrial resources by leveraging our platform advantage as a listed company to secure sustainable development.

We have been awarded many honors, including National High and New Technology Enterprise, National Enterprise Technical Center, First Prize of the State Science and Technology Advancement Award, and National Champion Manufacturer in Individual Fields. We make continuous improvements in business model, customer service, investor relations and social responsibilities, adhere to the philosophy of win-win and sharing, and strive to create an environment in which the businesses and the society co-exist friendly and help each other.



Corporate Culture



Vision

Innovation Lights Our Future



Mission

Innovate optoelectronic technologies, embrace the intelligence era



Corporate values

Innovation

Driving success with technological innovation, and improving efficiency with process innovation

Taking an open-minded and collaborative approach to ensure efficient implementation

Speed

Getting personally involved in problem solving from the customer's perspective

Taking action with a focus on priorities

Discipline

Aligning information and respecting facts

Focusing on details with excellent quality

Teamwork

Being honest, sincere, and ready to face challenges

Supporting and trusting each other to achieve mutual success

Milestones

2022

- The construction of Phases I and II of our Thai manufacturing base was completed, which was ready for going into operation.
- We launched 800G pluggable OSFP 2 xFR4 and QSFP-DD800 DR8+ silicon optical modules.
- We and Marvell jointly launched 100G QSFP-DD series optical module products for 5G backhaul and aggregation.
- We achieved the batch shipment of 400G series coherent products, and launched new 100G/400G QSFP-DD coherent products with fixed wavelength.
- Our headquarter settled in Suzhou InnoLight Technology Opto-electronics Park, starting our platform-driven development.

2020

- We acquired Tsuhan Science & Technology, forming an integrated development layout of "data communication + 5G + access network".
- We launched 5G mid- and back-haul 50G/200G products, and 100G/200G/400G CFP2 DCO series coherent optical module products.
- Our wholly owned subsidiary InnoLight Technology was recognized as a National Enterprise Technical Center.
- We launched the first 800G pluggable OSFP and QSFP-DD800 series optical modules in the industry.

2018

- We launched the first 400G QSFP-DD FR4 optical communication module in the industry.

2016

- We launched 100G QSFP28 LR4-Lite/ ER4-Lite/ CWDM4/ AOC breakout products, marking we offered the most complete series of 100G products in the industry.

2010 年

- We were restructured into Shandong Zhongji Electrical Equipment Co., Ltd.

2005

- Longkou Zhongji Electrical Machinery Co., Ltd., our predecessor, was founded.

2021

- We launched 100G QSFP-DD, 400G QSFP-DD ZR/OpenZR+ and 400G LH CFP2 DCO coherent optical module products, providing customers with coherent solutions with smallest package and highest rate in China.
- Our R&D oriented sub-subsidiary InnoLight Chengdu was established, to increase funding for technology development on the domestic market.
- In order to focus our resources on the development of optical communication-related business, we transferred 100% shares of our wholly-owned subsidiary Zhongji Intelligent to Zhongji Holdings.
- We completed a private placement, the RMB2.699 billion of offering proceeds from which would be used to build the production capacity for 800G, 400G, 200G and other high-end optical module products and the construction of the optoelectronic industrial park and R&D center.

- We shared the first place with II-VI in the 2021 rankings of optical module vendors in the world.

2019

- We launched 400G QSFP-DD (SiPh) DR4 and 200G Coherent CFP DCO products, demonstrating our design and manufacturing capabilities in the field of silicon optical modules and long-distance coherent transmission modules.
- Our wholly owned sub-subsidiary InnoLight Tongling went into operation, further increasing our production capacity.

2017

- Shandong Zhongji Electrical Equipment Co., Ltd. and InnoLight Technology completed a material asset restructuring, after which our stock short name was changed into **Zhongji InnoLight** and stock code was 300308.

2012 年

- We launched the industry-leading 40G QSFP+ series products.
- **Shandong Zhongji Electrical Equipment Co., Ltd.** was listed on the Shenzhen Stock Exchange.

2008

- **InnoLight Technology (Suzhou) Ltd.** was established in the Suzhou Industrial Park.

Honors in 2022

Top 10 Most Competitive Optical Device Manufacturer in the World in 2022

The 23rd China Patent Award of Excellence

Top 100 Most Competitive Electronic Information Enterprises of China in 2022

National Intellectual Property Model Enterprise 2022

Top 10 Most Competitive Manufacturer of Optical Devices, Auxiliary Equipment and Raw Materials of China in 2022

The Seventh Batch of National Manufacturing Individual Champion Products

The 13th Best Investor Relations Award for Chinese Listed Companies

Award for Outstanding Contribution to Manufacturing of Jiangsu (Outstanding Enterprise)

Outstanding Enterprise in Labor Relations of Jiangsu in 2021

Pioneer Workers of Jiangsu (granted to the R&D team of InnoLight Technology)

May Day Labor Award of Suzhou

Top 100 Private Enterprise of Suzhou, Top 100 Innovative Private Enterprise of Suzhou

Second prize, third prize and outstanding organization prize for Outstanding Achievements of QC Teams of Suzhou Optoelectronic Industry

2022 Infostone Award for Most Competitive Optical Communication Products

Tonghuashun Pioneer Award for Investor Relations 2022

01

Moderate Operation, Corporate Governance

Philosophy

We have continuously improved our corporate governance level, strictly complied with the applicable laws, regulations and industrial requirements, developed the relevant management systems, promptly and effectively disclosed all material information to our stakeholders, and provided the investors with accessible communication channels. We attach great importance to internal control and risk control, continuously enhance information security, anti-corruption education and protection of intellectual property rights, and promote our long-term development with concrete actions.

Our Actions

- Organization Structure
- Internal Control
- Risk Management
- Anti-corruption
- Investor Relationship Management
- Intellectual Property Rights

SDGs
Benchmarking



Organization Structure

Operation of the General Meeting, the Board of Directors and the Board of Supervisors

We have established and improved the governance structure of the general meeting, the Board of Directors, the Board of Supervisors and the management in strict accordance with the requirements of the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on the ChiNext Market of the Shenzhen Stock Exchange* and other applicable laws and regulations, defined their respective powers and responsibilities, developed mutual restraint mechanisms with scientific and effective division of duties, so as to improve our corporate governance level, and effectively ensure orderly operation of the corporate governance structure and protect the legitimate rights and interests of all stakeholders fairly.



Company Organization Structure

Shareholders and the General Meeting

We have convened and held general meetings in strict accordance with our Articles of Association and Rules of Procedure for the General Meeting, engaged counsels to issue legal opinions on the legality of our general meetings, fairly treated all shareholders, and ensured the shareholders, in particular, minor shareholders, have legitimate and equal rights.

Directors and the Board of Directors

Our directors have been elected in strict accordance with the director election and appointment procedures set forth in the *Company Law* and our Articles of Association. We now have **9** directors, including **4** independent directors and **1** female director. The number of members and composition of our Board of Directors comply with the applicable laws and regulations. All of our directors have performed their tasks and duties in accordance with the Rules of Procedures for the Board of Directors, the Work Regulations for the Independent Directors, our Articles of Association and the relevant work rules, seriously attended the meetings of the Board of Directors and shareholders, actively participated in the relevant training, and are familiar with the applicable laws and regulations.

In order to improve our corporate governance structure, our Board of Directors has set up four specialized committees, namely Audit Committee, Strategy Committee, Nomination Committee and Compensation and Appraisal Committee, all of which comprise our directors. Except the Strategy Committee, the chairman of each Committee is an independent director. These Committees provide scientific and professional advice for the decision making by our Board of Directors.

Our Board of Directors operates on the principle of honesty and good faith and in compliance with the regulations, and continuously improves all management regulations according to our actual situations and the latest laws and regulations. In 2022, we amended our Articles of Association, the Information Disclosure Management Regulations, the Investor Relationship Management Regulations, the Rules of Procedures for the Board of Directors and other regulations.

Supervisors and the Board of Supervisors

In accordance with the provisions of our Articles of Association and the Rules of Procedure for the Board of Supervisors, our Board of Supervisors has **3** supervisors, including **1** supervisor as staff representative. The number of members and composition of our Board of Supervisors comply with the applicable laws, regulations and our Articles of Association. Our supervisors have seriously performed their duties, and effectively supervised and expressed independent opinions on our significant issues and financial positions and the performance of duties by our directors and managers in accordance with our Articles of Association, the Rules of Procedure for the Board of Supervisors and other relevant requirements.

During the reporting period

we held **2** general meetings, **11** meetings of the Board of Directors,

10 meetings of the Board of Supervisors

had **17** resolutions considered and passed by the general meeting

had **48** resolutions considered and passed by the Board of Directors

had **35** resolutions considered and passed by the Board of Supervisors



Information Disclosure

We have fulfilled our obligation of information disclosure and made information disclosures in strict accordance with the *Administrative Measures for Information Disclosure by the Listed Companies*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange* and other relevant requirements, ensured the truthfulness, accuracy, timeliness, completeness and fairness of the information disclosed to the shareholders and investors, and continuously improved the quality of information disclosure.

Periodic reports

In 2022, we completed the preparation, review and disclosure of the annual report, in which we made an in-depth analysis of the development of the optical module industry, our advantages and the risks we face, to enable the investors to make informed decisions.



Ad hoc announcements

We have issued ad hoc announcements in accordance with the applicable listing rules, information disclosure management regulations and other relevant requirements, which covered resolutions of the general meeting, the Board of Directors and the Board of Supervisors, implementation of profit distribution, pledge or de-pledge of shares by the shareholders, share repurchase, the third employee share ownership plan, external investment, purchase of wealth management products with idle offering proceeds, operating results forecast, etc.

During the reporting period

we issued **4** periodic reports and **207** ad hoc announcements, and did not issue any announcement of material correction or modification.

We have been rated by the Shenzhen Stock Exchange as **Class A for information disclosure for five consecutive years.**



Internal Control

We have developed the *Regulations for Internal Control* and the *Regulations for Internal Audit*, set up the Audit Department under the Audit Committee, which is responsible for independently and objectively exercising the internal control, audit and supervision functions within the Company. We reasonably monitor and inspect potential corruption and bribery in internal audit, and strictly manage and control key risk areas and posts through review of complaints received every week, and assessment and investigation of such complaints on a case-by-case basis, in order to effectively control the risks. In addition to regular internal audits, we also conduct external inspections, external audits, internal tests and other audit and supervisory activities. During the reporting period, we have not identified any material weakness or significant deficiency in internal control.



Risk Management

Risk Management

We have continuously enhanced our risk management, set up a risk and opportunity assessment team, defined its duties, and actively conducted risk assessments and ongoing risk monitoring, in order to enhance risk control and protect the legitimate rights and interests of all investors. We have reviewed and assessed all kinds of risks identified, and developed corresponding mitigation strategies, to effectively control the risks. During the reporting period, we have not identified any issue of high risk.



Process of Risk Analysis



Risk Management Training



Risk type	Potential risk	Mitigation measures
Macroeconomic fluctuations	The global political and economic incidents pose challenges to the domestic and international economic environment, and our strategies and business management.	Develop forward-looking strategic plans, improve management capabilities, IT capabilities and operating efficiency, and enhance overall competencies.
Competition on the optical module market	Though we have relative advantages in the field of optical modules, we still face fierce market competition.	Enhance technological capabilities through continuous funding for R&D, accelerate investments to improve the production capacity and technical capabilities of the products; in addition, increase the production capacity steadily and enhance market development, to actively cope with market competition.
Fluctuations in raw material prices	As the prices of our main raw materials are affected by government policies, we need to pay close attention to the prices.	Optimize the order structure, accelerate technological innovations and enhance cooperation with the suppliers, to ensure the stability of the supply chain, and diversify and reduce the supply risks.
Business management	Along with the expansion of geography of operations, increase in the size of assets, expansion of business scope and increase in product categories, we will face greater challenges in implementation of strategies, operations management, financial management and control, among others.	Improve the incentive measures, management regulations, processes and systems, and internal controls, and enhance management of all branches and subsidiaries, to prevent the management risks caused by the expansion of the scale of operation.

Common Risks Faced by the Company and Our Countermeasures

Information Security

We have developed the *Information Security Risk Management Procedures* and the *Cybersecurity Management Procedures*, and enhanced the identification of safety hazards in the production environment and information security examinations, to ensure our production environment complies with the applicable laws and regulations and our information security principles, and the compliance of the planning, design, building, operation and security management of our networks. We also enhance our employees' awareness of information security through information security training and monthly publications. We have got ISO/IEC 27001 information security management system certification.

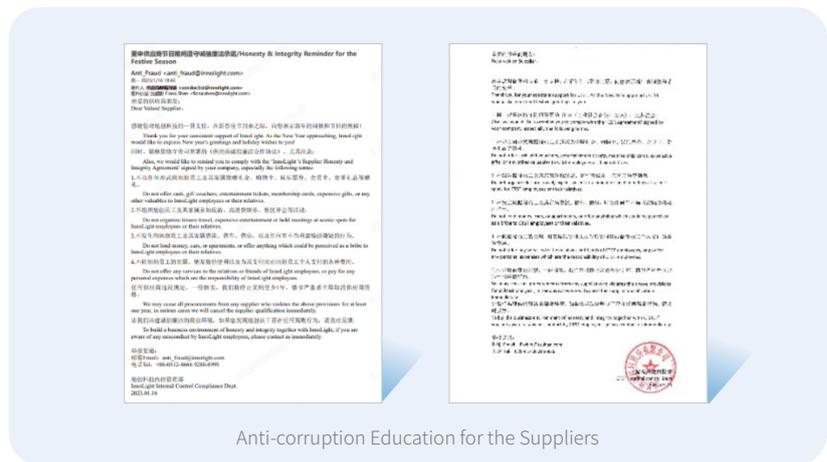


Anti-corruption

We have developed the *Anti-corruption and Self-discipline Code*, which sets forth our management principles and requirements for combating corruption and bribery, and encourages our employees and partners to be self-disciplined, and enhanced supervision of the violations of the Code, to build a culture of honesty, integrity, self-discipline and compliance. We also actively conduct honesty and anti-corruption self-examinations, in order to create a sunshine, honest and healthy internal environment.

Anti-corruption Management of the Suppliers

We enter into a Supplier Honesty and Anti-corruption Agreement with each supplier, and strictly comply with the honesty and anti-corruption requirements of our partners. We give education and alerts to our partners before each major festival and after the update of any important policy.



Anti-corruption Education for the Suppliers

Anti-corruption Management of the Employees

We have developed the *Employee Handbook*, the *Employee Complaint Handling Process*, the *Management Regulations for Gifts and Presents*, the *Code of Commercial Ethics* and other regulations, and given training to all employees in commercial ethics, honesty, anti-corruption, anti-fraud and other compliance issues. Both of our regulations and operating rules reflect that we attach great importance to, and set forth strict requirements for, the honesty and integrity of our employees.

Regulations and codes

- Establish the whistle-blower protection policy.
- Set forth definite standards for business entertainment in the financial management regulations, and review the reasonableness and compliance of the expenses incurred.
- Set honesty and anti-corruption as a basic code of conduct that the employees must observe.

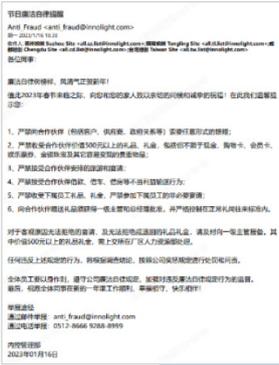
Channels and measures

- Establish a special corruption and bribery reporting hotline.
- Enter into a Declaration of Anti-corruption and Self-discipline with each employee.
- Request the employees on sensitive posts to conduct honesty and anti-corruption self-examinations every year.
- Seriously handle each negative incident and issue a report thereon.

Education and training

- List honesty, anti-corruption, anti-fraud and compliance as fixed training courses (which are compulsory for the officers).
- Include commercial bribery and anti-fraud in on-boarding training and special training for the employees.

Anti-corruption Management of the Employees



Anti-corruption Education for the Employees



Anti-corruption Training at Tsuhan Science & Technology

Investor Relationship Management

Communications with the Investors

We attach great importance to the communications with the investors and are committed to establishing long-term and stable relationships with them. We have established the investor liaison stations consisting of our official website, investor.org.cn, the CSI Shandong Mediation Station and the Shandong Supervision Bureau of the China Securities Regulatory Commission. We also enhance interactions with the investors through performance briefings, investor days, investment strategy sessions, teleconferences or online meetings, investor on-site investigation or otherwise, to introduce our values to the investors and enhance investors' understanding and recognition of the Company.

Due to our good performance, growth potential and image of operational compliance on the capital market, we have gained approbation of the regulatory authorities, the capital market and the investors. In 2022, we got the 13th Tianma Best Investor Relations Award for Chinese Listed Companies.





Case Analysis and Communication of Periodic Reports

After the disclosure of each periodic report, we will promptly explain and analyze our business situation and market demands in the relevant quarters or year to the investors through teleconference, online meeting, collective online performance briefing or otherwise, and answer the main questions raised by the investors, to enhance the investors' understanding of us and effectively protect their rights and interests.



2021 Online Performance Briefing



2022 Collective Reception Day for Investors of the Shandong Region



Case Communication with the Investors Through Media Channels

We actively explain and publicize our main events, and promptly release news about our business operation and the industry through our official website, WeChat official account or other channels. Our official website and WeChat official account include a separate "Investor Relations" section, which comprises six sub-sections, namely news, financial reports, research reports, corporate social responsibility reports, investor events and investor education, to help the investors better understand the development of the Company and the industry in which we operate, and publicize the investor contact channels, in order to enhance the communications and exchanges between the Company and the investors, and protect the legitimate rights and interests of the investors.



"Investor Relations" section on Our Official Website



Case Investor Protection Propaganda Activities

We have actively carried out investor protection propaganda activities. On "March 15" Consumer Rights Day, and "May 15" National Investor Protection Propaganda Day and in the World Investor Week, we released a set of articles on investor education, to inform the investors of their rights and interests, and invited our employees and investors to participate in the "Welcome Shareholders" event, to arouse the investors' enthusiasm for knowledge of the capital market, help them acquire correct investment philosophy, and create a sound environment for the protection of legitimate rights and interests of the investors.



Return to Investors

We attach great importance to providing reasonable returns to the investors through profit distribution, taking into account the needs of our sustainable development. We have established a continuous, stable and scientific return mechanism for the investors taking into full consideration of our actual business situations, requirements and wishes of the shareholders, social capital cost, external financing environment, etc., and set forth such mechanism in our *Articles of Association* and other policies, to effectively protect the rights and interests of our shareholders.

In order to boost the confidence of the market and deliver returns to our shareholders, we effected 3 share repurchases in 2022, through which we repurchased 27,665,985 shares at the aggregate price of RMB782,270,392.88 million, to be used in our share incentive and employee share ownership plans. Such share repurchases will promote our long-term, sustainable and healthy development, and greatly boost the investors' confidence.

Between 2017 and 2022

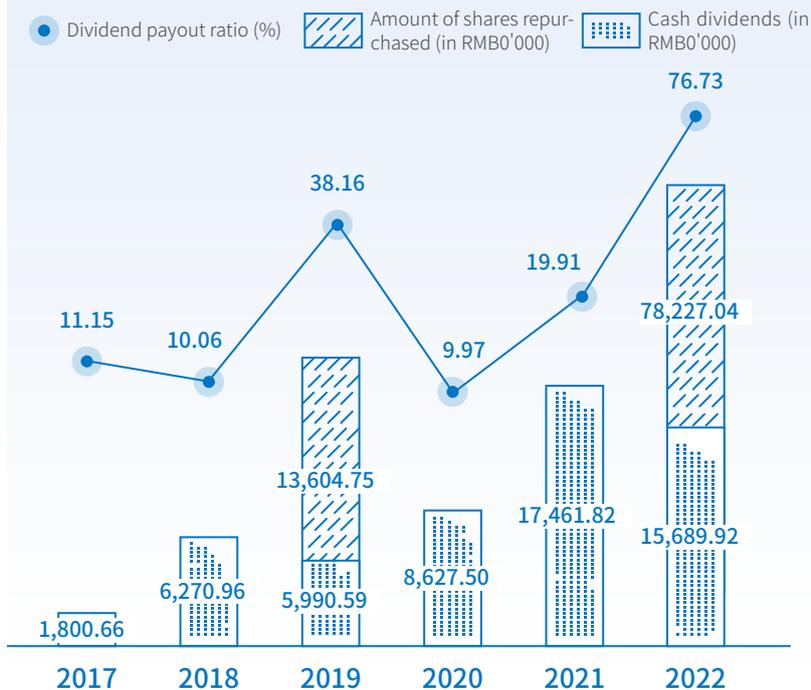
we distributed RMB

1.477 billion of profits in total

including RMB

0.918 billion of shares repurchased through call auction 

Profit distributions between 2017 and 2022



Note: The data of 2022 shall be subject to the profit distribution plan finally approved by the general meeting.



Intellectual Property Rights

We attach great importance to the protection of intellectual property rights (IP), strictly comply with the *Trademark Law of the People's Republic of China*, the *Patent Law of the Peoples Republic of China* and other applicable laws and regulations, vigorously protect our IPs while enhancing innovation, to safeguard our legitimate rights and interests, and also respect the IPs of the third parties, strive to eliminate unfair competition and promote fair competition.



Patents owned by the Company as of the end of the reporting period:

		Obtained this year	Total
Number of patents	US patents	7	38
	PCT patents	21	46
	Domestic patents (including those issued in Hong Kong, Macau and Taiwan)	75	246
Number of registered trademarks and word marks (worldwide)		12	104

Note: Including those owned by InnoLight Suzhou, InnoLight Chengdu, InnoLight Singapore, InnoLight Tongling and Tsuhan Science & Technology.



A patent of InnoLight Technology got an Excellence Award in the 23th China Patent Award



The "High-speed Optical Module High-Value Patent Cultivation Program" of InnoLight Technology was officially authorized



InnoLight Technology was elected as a National Intellectual Property Model Enterprise 2022



An IP engineer of InnoLight Technology, won a third prize in the Second Suzhou Youth Patent Drafting Skills Competition



Suzhou Trade Secret Protection Demonstration Site



Case

The Second Legal Form of InnoLight Technology



In December 2022, the Second Legal Form of InnoLight Technology was successfully held in Suzhou InnoLight Technology Optoelectronics Park. The Director General of the Suzhou Industrial Park Administration for Market Regulation High-end Manufacturing & International Trade Zone Office, General Manager of the Visionox IP Center, Professor Wang Jian of the Suzhou University Law School, lawyers of DeHeng Law (Suzhou) Office, General Manager and other officers of InnoLight Technology and other guests attended the Forum, discussed hot topics related to corporate IP, to promote the high-quality development of the hi-tech industry.



Propaganda Poster



Scene of the Event

02

Make Innovations and Breakthroughs to Lead the Development

Philosophy

We attach great importance to the manufacturing and quality management, and strive to provide our customers with premium products and responsible marketing solutions. While pursuing development through continuous automation upgrade, we promote automation-based digitalization and intelligentization, and strive to achieve stable and long-term development in the industry with a firm attitude towards innovation.

Our Actions

- Innovation and R&D
- Intelligent Manufacturing
- Premium Products
- Responsible Marketing
- Satisfactory Services

SDGs Benchmarking



Innovation and R&D

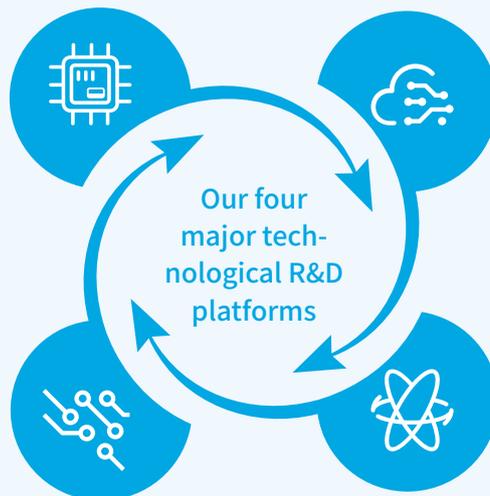
As a leader in the optical communication industry, with the vision to "Innovation Lights Our Future" and the mission to "innovate in the research and development of optoelectronics technology, embrace the era of intelligent interconnection", we have continuously increased funding for R&D and enhanced technological innovation, striving to make breakthroughs in core technologies. We have been well received by domestic and foreign customers with our leading technological R&D capabilities, low-cost manufacturing capabilities, comprehensive delivery capabilities and other advantages. We are committed to manufacturing innovation, in order to provide our customers with fine and premium products.

High-speed optoelectronic chip design and integrated packaging technology

Adopt optoelectronic integrated chip and multi-channel high-efficiency alignment technology, to promote the development of the high-density and high-speed optoelectronic integration technology

Multi-channel chip-on-board module design

Adopt COB structure and parallel optical integration design, characterized by high performance, low cost and high reliability



High-speed digital-analog mixed circuitry design

The professional high-speed link design and high-frequency testing capability support 8*100G PAM4 hermetic packaging and non-hermetic packaging

Self-developed testing platform and intelligent production line

Adopt optoelectronic integrated chip and multi-channel high-efficiency alignment technology, to promote the development of the high-density and high-speed optoelectronic integration technology

Honors

We won the Cisco Excellence in Technology Enablement Award 2022.



Excellence in Technology Enablement Award

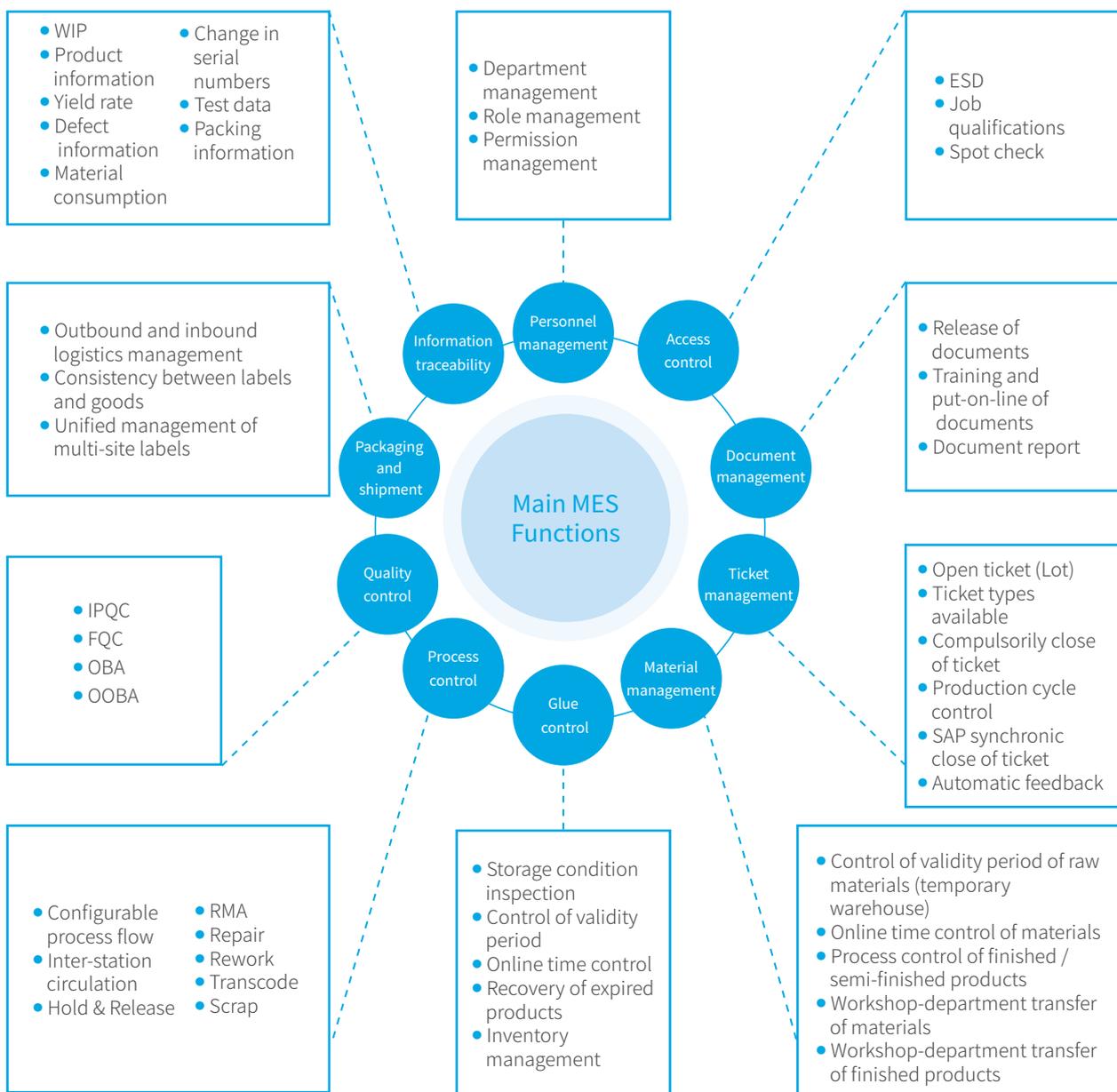
Congratulations, InnoLight Technology!

Cisco
Supplier Appreciation Event

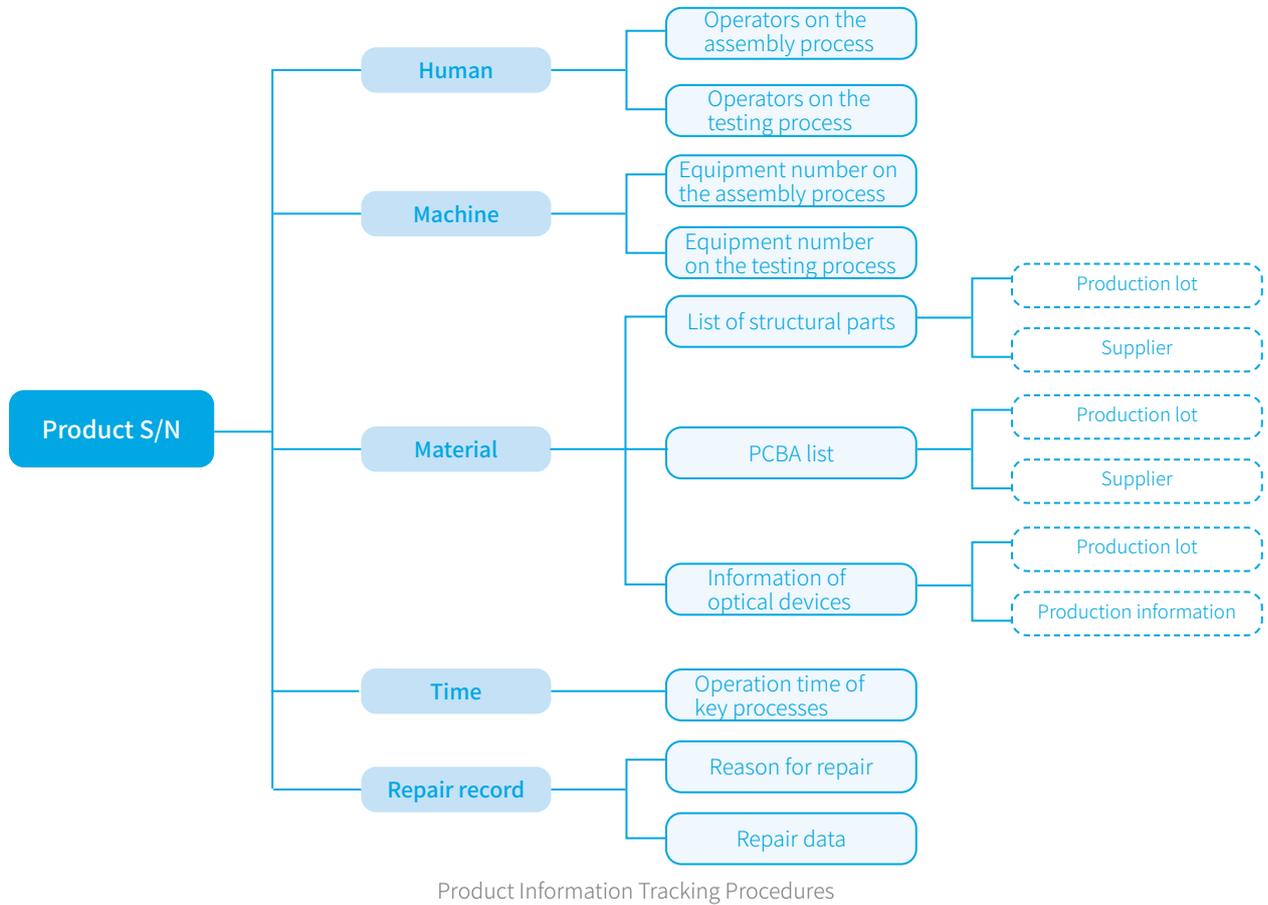


Intelligent Manufacturing

We have vigorously promoted intelligent manufacturing, upgraded the main MES functions, optimized our manufacturing management model, enhanced process management and control, balanced the utilization of resources, optimized the production capacity and improved the operating efficiency to achieve standardized, streamlined and lean management, and ensure the personal, material, process, exception handling and other information collected at the manufacturing execution level can be accurately and completely transmitted to the manufacturing management level, to enable the manufacturing management level to make accurate decisions. We have also promoted the production process automation, including large-sized site-level automation and automated operations at work. In addition, we have actively applied artificial intelligence technologies, to reduce labor and avoid human errors.



A "data query" section was developed in the MES, which, through material S/N, enables direct and rapid query of product information, increases the transparency of the verification and query of the authenticity, quality, source, circulation, test, sales and other information of products, significantly reduces time costs, and improves work efficiency.

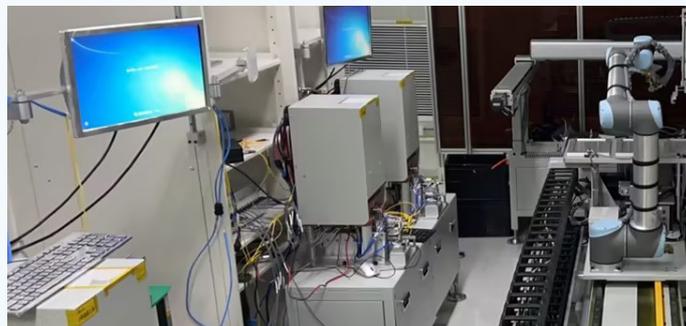


Automated Operation

We use machines or devices to realize unattended automatic operation or running according to the established procedures or orders, thereby increasing the automation level, shortening the production cycle, improving the product quality and safety, reducing labor costs and employees' labor intensity, and achieving energy saving and emission reduction.

Case Factory Automation of InnoLight Tongling

The new-type automatic feeding and discharging equipment used by InnoLight Tongling can judge and clean module ends, automatically inspect the modules automatically fed and discharged, and judge whether the modules have passed the test without the need of manual analysis, thereby improving the production efficiency, reducing manual operation, increasing the automation level and reducing the risk of outflow of defective products.

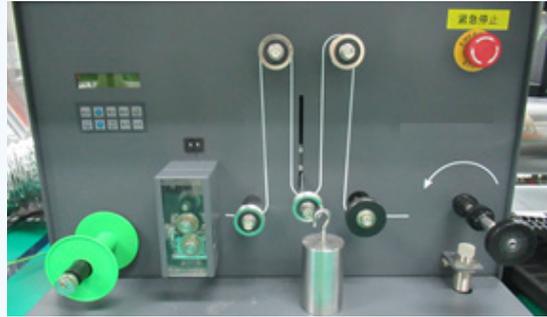


Automated Equipment of InnoLight Tongling



Case Small-sized, Desktop Automated Operation

In order to reduce flux spattering inside tin wires during high temperature welding, and solder beads, solder slag, residual flux and other defects after welding, we upgraded the tin breaker to improve the welding quality and employees' work efficiency, and in turn the product quality.



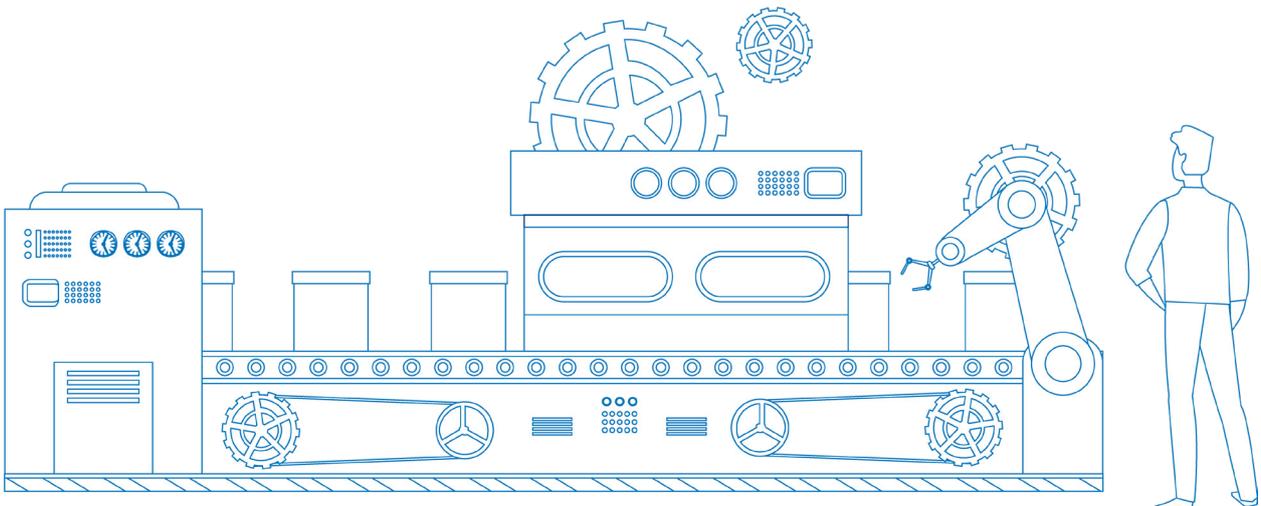
Automatic Tin Breaker



Tsuhun Science & Technology made efforts to increase the automation level of its TO workshop, OSA workshop and module workshop, and established a complete product R&D and manufacturing industry chain from chip packaging, optoelectronic assembly packaging to optical modules. In reliance of its complete industry chain and automated equipment R&D capability, Tsuhun Science & Technology has built city moat for us in product quality, low-cost manufacturing and delivery capability, and further promoted the development of digitalization and intelligentization, and integrated development of automation, digitalization and intelligentization, thereby improving our innovation and market development capabilities.



Module Workshop - QR Scanner



Improvement of Manufacturing Capability

We attach importance to product quality, have established production line operation, inspection and management procedures covering the whole product life-cycle from production to finished products, and provided comprehensive specialized training to our employees to standardize their operations on the production lines, and achieve lean manufacturing.



Case Lean Manufacturing Training

In July 2022, InnoLight Technology and InnoLight Tongling conducted on-site lean manufacturing training to improve skills, which covered four strategies for improvement of TPM work and on-site visual management. Such training let the employees understand that the objectives of lean manufacturing are to improve production efficiency and product quality and reduce production costs, and deepened their understanding about our strategy to "create values and eliminate wastes through improvement of processes".



Lean Manufacturing – Factory Training in InnoLight Technology



Lean Manufacturing – Factory Training in InnoLight Tongling

During the reporting period

284 employees in total attended the lean manufacturing training

including **186** employees of InnoLight Technology

98 employees of InnoLight Tongling

95.44% of whom were satisfied with the training





Case Technical Training

In February 2023, we conducted training in the use of module testing equipment attended by 10 employees, which deepened the employees' understanding about the testing equipment and their parameter settings, and improved their skills to handle abnormal situations.



Technical Training in the Use of Module Testing Equipment

In December 2022, we got an Award for Outstanding Contribution to Manufacturing of Jiangsu (Outstanding Enterprise) granted by the CPC Jiangsu Provincial Committee and the Jiangsu Provincial People's Government, which award was established with a view to commending outstanding entities and individuals, setting examples, and fully arousing the enthusiasm and creation of all parties for promoting the high-quality development of the manufacturing industry.



Award for Outstanding Contribution to Manufacturing of Jiangsu

Premium Products

We have seriously implemented ISO 9001 quality management system, TL 9000 quality management system and applicable laws and regulations of the country, complied with the requirements for strictly controlling product quality, implementing lean management, developing innovative products, leading brands and fulfilling social responsibilities, and passed the review of "Made in Suzhou" brand certification.



Certificate of "Made in Suzhou" Brand

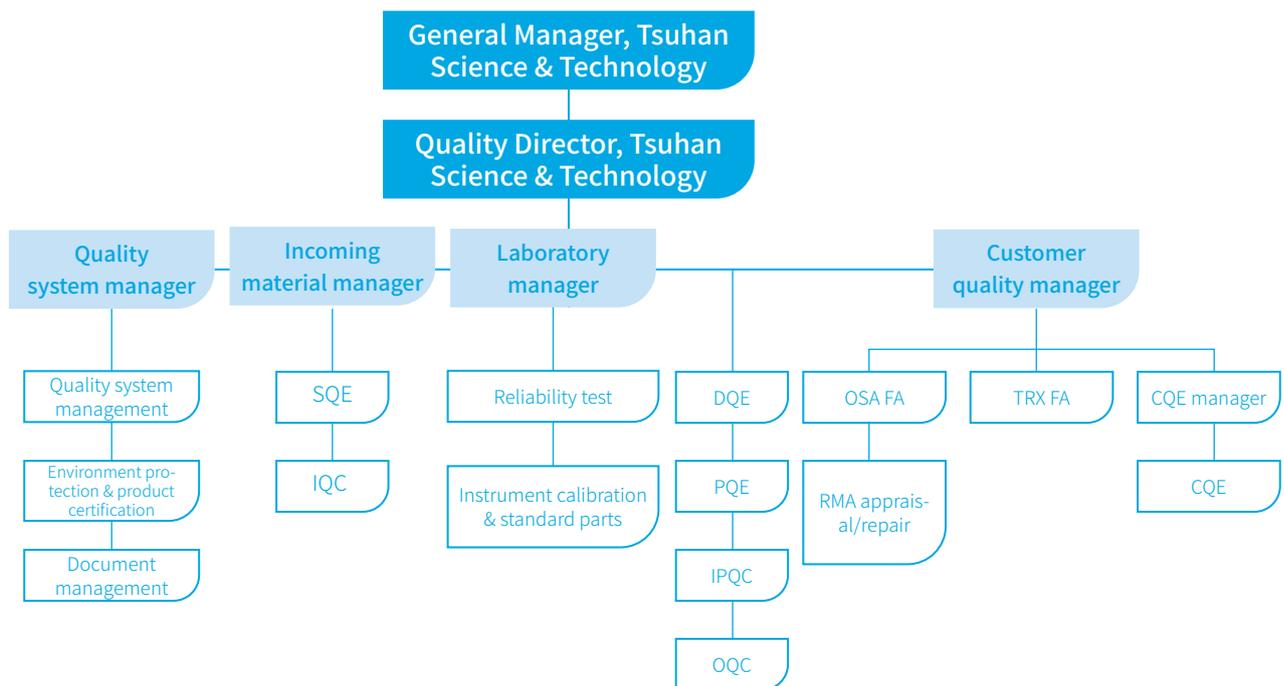


ISO 9001 & TL 9000

Our subsidiaries have seriously complied with all group rules and regulations, and developed their own rules and regulations according to their respective business situations. Tsuhan Science & Technology has developed the *Administrative Measures for QCC Activities*, the *Quality Veto Management Procedures*, the *Non-conforming Product Control Procedures* and other rules and regulations, and established the quality organization structure to ensure the premium quality of products. In 2022, Tsuhan Science & Technology got a Certificate of Quality Award of the Shuangliu District Government of Chengdu.



Certificate of Quality Award of the Shuangliu District Government of Chengdu



Quality Organization Structure of Tsuhan Science & Technology

Quality Management System

In order to realize systemic and intelligent quality inspection of raw materials in an all-round way, we use the IQC incoming material quality management system to perform intelligent allocation of raw materials, integration of measured data, analysis of testing data, generation of test reports, real-time monitoring of multi-site test status and other tasks. We use the QMS in fiber array (FA) laboratory, reliability test result analysis, customer quality requirements and other functional modules, achieving the integration of the whole-process quality control data.



IQC Incoming Material Quality Management System

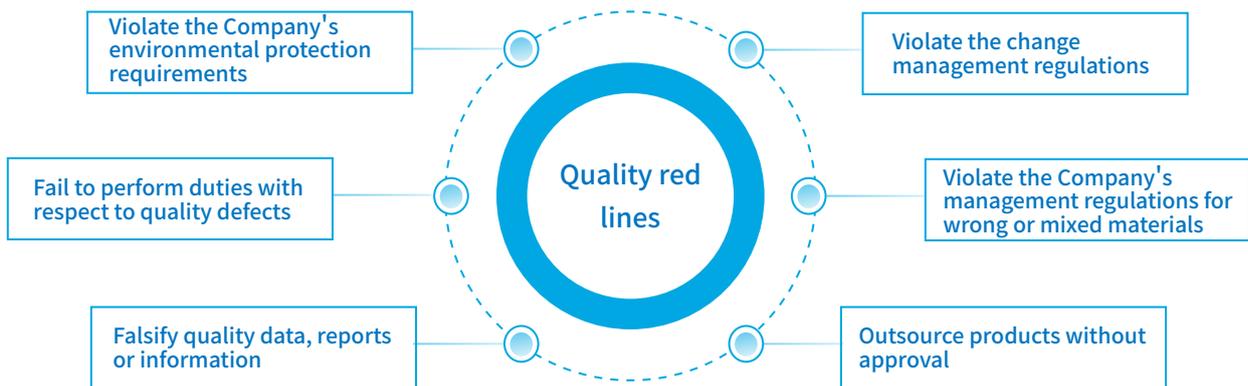
In order to achieve finer product quality management and tests, we and our subsidiaries have systematically optimized the quality platforms, to reduce the testing and time costs, and improve testing efficiency.

Platform	Purpose of optimization	Efficiency after optimization
IQC	Realize rapid identification - test - inbound process	The efficiency of the whole processed increased by 70%
FQC	Use self-developed equipment to integrate the resources, and achieve operation of multiple devices by one person	The testing efficiency increased by 22%
OQC	Realize direct use of export data, without needing to modify the shipment data	The efficiency increased by 100%
Manufacturing process	Realize automatic printing of isolation labels for risk products, identification of risk products, ban on use of materials, ban on shipment of finished products, email alert of expiration of risk products, and release from isolation	The efficiency increased by 100%

System Optimization of Quality Platforms

Improvement of Quality

We have adhered to the principle of "quality first", had executed the Letter of Undertaking on Quality Responsibilities, established six quality red lines, and developed the appraisal system for improvement of the level of intelligent management, production automation, operation standardization and professionalism, to ensure independent quality assessment and uphold the quality principle. In addition, we conduct quality-related training from time to time, to promptly consolidate and update the employees' knowledge and operating skills, and lay the foundations for the improvement of product quality.



Improve the Level of Intelligent Management, Production Automation, Operation Standardization and Professionalism



Intelligent management

- Optimize the MES
- Automatically generate barcode serial numbers
- Modularize the packages
- Bind the delivery notes with case numbers upon delivery of goods from warehouse
- Realize SPC and CPK control of first article data, and optimize the IT system

Production automation



- Apply Combo automatic mounting and PT full-automatic coupling
- Realize automatic call of engraving module by scanner along with ticket numbers
- Apply automatic welding to motherboard and flexible printed circuit board



Operation standardization

- QE staff inspects whether the SOPs are complete and executable on the site

Professionalism



- Give SOP training to the employee, to ensure they meet the job qualifications



Case IPQC Guarantees Quality Control

In order to promptly detect certain potential quality problems at certain high-risk work stations or 4M change process on the production lines, we improved the dynamic inspection performance of the IPQC, to realize flexible and targeted routine patrol inspections, thereby reducing quality risks, and ensuring product quality control from feeding of materials to the final packing of the products.



IPQC Dynamic Inspection



Case Training in Quality Improvement

We conducted training in product quality improvement, to help our employees deepen their understanding of product quality, master technical terminology related to quality and foster their awareness and sense of responsibility for producing premium products.



Training in Quality Improvement

During the reporting period

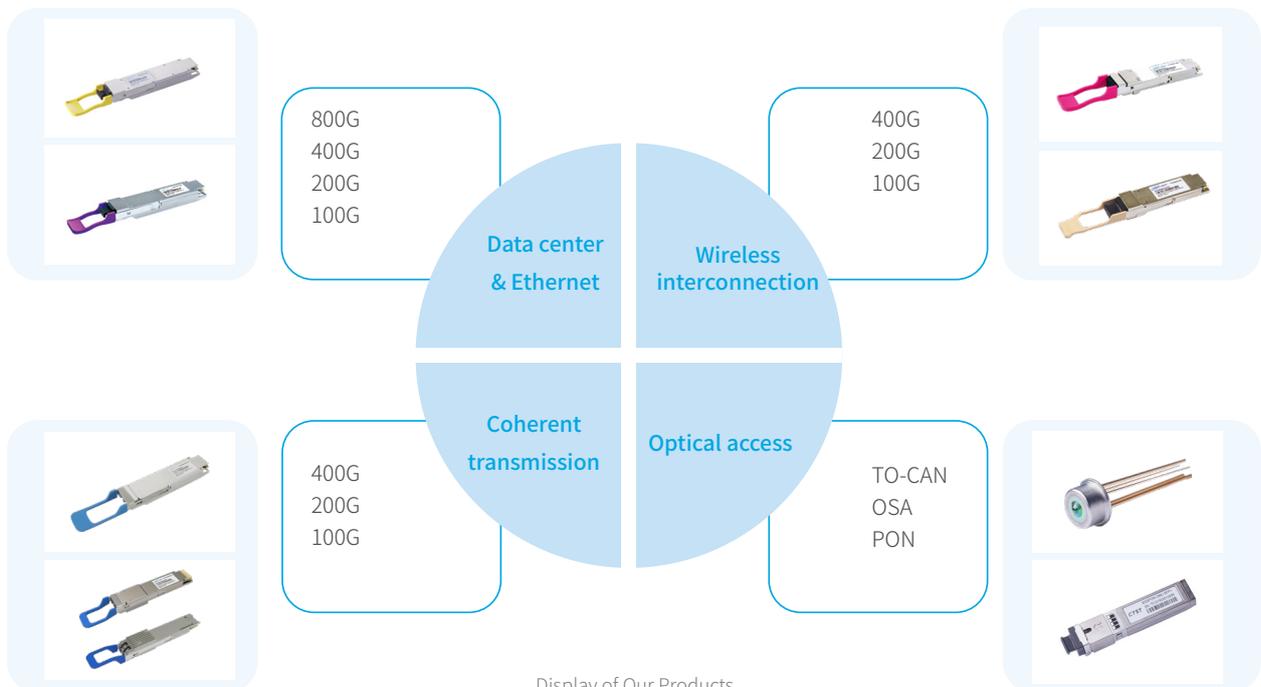
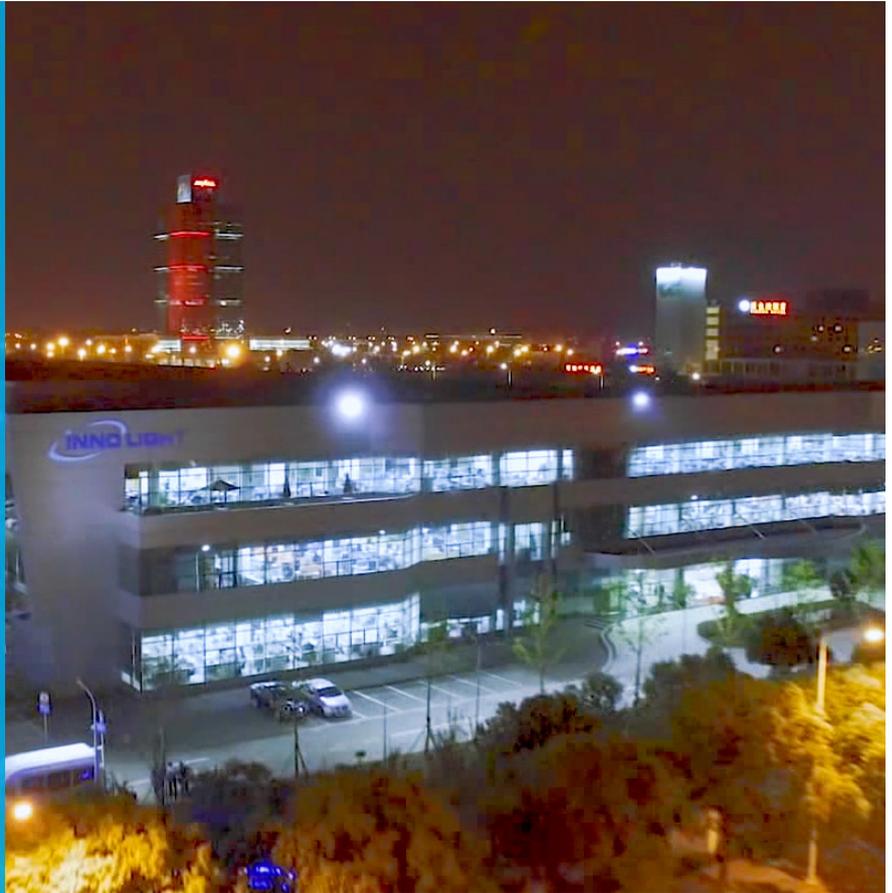
We conducted

52 training in quality improvement



Display of Premium Products

We are primarily engaged in optical module and optical devices for use in cloud computing data centers, data communication, 5G wireless network, telecommunication transmission, fixed-line network access and other fields. We focus on technological R&D, and strive to provide high-speed, small-sized, low-power consumption and low-cost products. We provide cloud data center operators with 100G, 200G, 400G and 800G high-speed optical modules, and telecommunication equipment manufacturers with 5G front-, mid- and back-haul optical modules, and optical modules for metropolitan area network, backbone network and core network transmissions, optical devices for fixed-line network FTTX optical access and other high-end overall solutions, and take the lead in the industry in shipments and market share.



Responsible Marketing

We adopt appropriate marketing models and promotional approaches according to the characteristics of our products. We ensure our marketing personnel comply with our marketing management regulations, build trust with the stakeholders, and advertise and popularize our products in a manner responsible to the society. In order to maintain our competencies in the field of optical modules, we have actively promoted our brands and corporate image, and strived to improve the product delivery efficiency according to the demands of the customers and market, develop domestic and international market, expand the size of business, further increase the shares of our products on the domestic and international market, and enhance the competitive advantages of our products on the market and in the industry.

Marketing Model

We are primarily engaged in the R&D, manufacturing and sale of high-end optical transceiver modules and optical devices. At present, our business is mainly conducted through our wholly owned subsidiary InnoLight Technology and controlled subsidiary Tsuhan Science & Technology, where InnoLight Technology is primarily engaged in the R&D, design, packaging, testing and sale of high-end optical transceiver modules, and Tsuhan Science & Technology is primarily engaged in the manufacturing and sale of optical modules and devices for access network, and owns vertically integrated production lines from chip packaging, optoelectronic devices to optoelectronic modules.



High-end optical transceiver module business

Our sales models include direct sale and agency sale. Direct sale is our main sales model, in which we directly market our technologies and products to the down-stream customers, enter into contracts with, and deliver and provide after-sale technical support and services to the customers.



Optical modules and devices for access network

Our main sales model is direct sale on the domestic market and agency sale on the overseas market.

Sales Model of Main Business

Brand Promotion

During our operation and development, we have remained true to our original aspiration to promote social development and benefit the lives of the public with our technologies and products, and actively disclosed the updated information about our corporate governance, product services, technological innovations, public benefit activities and operations, that the customers, investors, governmental authorities, the industry and public may wish to know.

Long-term vision



Light up the future with innovation

Philosophy



Timely disclosure, full coverage, objective and true, two-communication

Vision and Philosophy of Our Brand Promotion

All publicity materials are released after being reviewed according to our internal publicity policy, to ensure their objectiveness, truthfulness and unity. In addition, we have provided interaction functions on our official website, WeChat official account, video account, third party platforms and other official publicity platforms, to receive feedback from and actively communicate with the audience, and build an exchange environment that understands and supports each other.



- Company publication "InnoLighter"
- Withyou platform
- Life in InnoLight
- Sunflower community
- Internal big screen



Company publication "InnoLighter" 



- Official website
- WeChat official account and video account
- Exhibition hall
- Media platform



《股东来了》2022 | 投资者权益知识竞赛等你来战!

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"Welcome Shareholders" Quiz Show

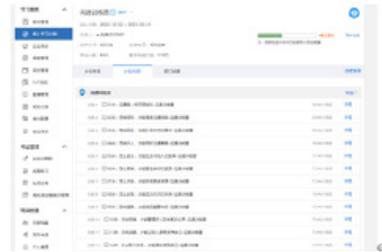


人走灯灭，节约用电，从我做起。

Propaganda Video on Energy Saving and Consumption Reduction

Training in Business Etiquette and Marketing

In order to improve the efficiency of sales training, we organized an online communication and training course, which required the employees to observe the sales etiquette, foster the concept of responsible marketing, strive to satisfy the demands of the customers, gain consumers' confidence, and take the initiative to follow market developments and improve professional marketing capabilities.



Online Communication and Training Course

Satisfactory Services

In order to communicate and establish mutual-trust and close cooperation relationship with the customers, direct respond to the demands of the customers, and continuously gain the customers' satisfaction, royalty and praise, we have continuously improved our customer service system, strictly complied with the service process to improve customer satisfaction, attached great importance to the customers' advice and suggestions, developed the relevant customer information protection regulations, and protected the rights and interests of the customers through execution of non-disclosure agreement or otherwise.

Customer Service System

We actively coordinate the relationships among all departments, maintain sound technical service and system maintenance teams, respond to the requests of users and deal with all kinds of problems and failures occurred in customer systems within the shortest time, to ensure the normal operation of customer systems, provide the customers with comprehensive, timely and sound after-sale services, address the customers' concerns, and minimize the risks that may arise during the use of our products by the customers.



Give priority to troubleshooting and ensuring normal operation of the equipment

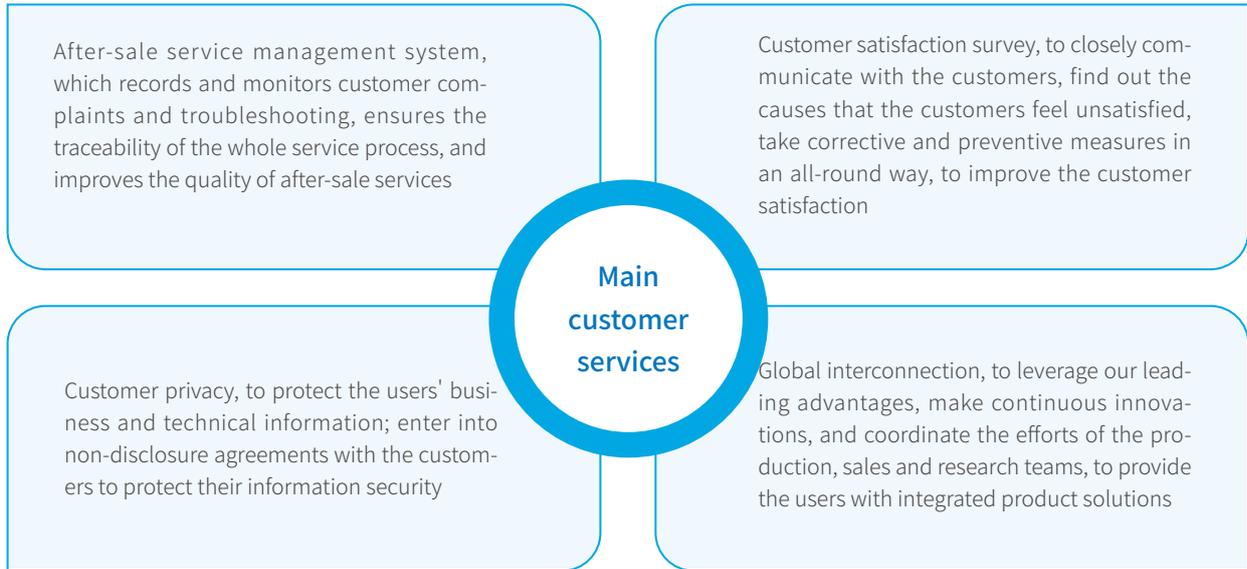


7/24 telephone and email, providing remote or on-site support as needed



One-stop service, setting up a "special technical service team" according to the needs of project, to provide all services required

Rapid Response Mechanism for Customer Service



Improve Customer Satisfaction

We mainly inquire of the customers about their demands in respect of product quality, services, quality of sales services, pricing quality, delivery and environmental protection (green products), to accurately assess our daily customer services and final commitments to the customers.

We have developed the *Management Procedures for Sales Forecasts and Delivery Schedules*, the *Management Procedures for Customer Development and Communications*, the *Customer Requirements and Contract Review Procedures*, the *Outbound Logistics Operation Process* and other rules and regulations, to ensure our product delivery speed and quality.

With respect to the management of medium-to-long term forecasts, our domestic sales teams update 6-month rolling sales forecasts on a monthly basis, taking into account the market demands and internal plans, and coordinate with all departments of the Company in preparation of materials, production capacity planning, building of safety stock, and production scheduling, update and rapidly respond to market demands.



Any purchase order formally placed by a customer will be reviewed in strict accordance with the *Customer Requirements and Contract Review Procedures*, in order to correctly understand the customer's requirements and expectations, and meet the product standards requested by the customer.



With respect to product delivery, we have developed the Outbound Logistics Operation Process and logistics performance appraisal system, in order to ensure safe and rapid delivery of products to the customers, and improve customer satisfaction to the maximum extent practicable.



With respect to product services, we communicate and coordinate with the customers in strict accordance with the *Management Procedures for Customer Development and Communications* by email or otherwise in writing as far as practicable, to fully and accurately understand the customers' requirements about our products and services.



The Process to Ensure the Speed and Quality of Product Delivery

We attach great importance to the results of customer satisfaction surveys, analyze such results and take corrective measures in accordance with the Control Procedures for Customer Satisfaction Survey. According to the result of market surveys and customer satisfaction surveys, we request the relevant departments to propose corresponding corrective and preventive measures pursuant to the Control Procedures for Corrective and Preventive Measures, and actively take such measures.

During the reporting period

Average customer satisfaction score

95.76

An increase of

1.53 points from the previous year



Case

Our 100G LX4 Solution Passed the Customer Performance Test at the First Attempt



A major customer requested us to customize a 100GLX4 product solution, which was a big challenge to us as the product did not have any industrial standard and had high technical requirements. After repeated designs, verification and optimizations, it passed the performance test by the customer at the first attempt in May 2022. Meanwhile, we produced the codes for the first time and passed the customer's on-site inspection, rapidly obtained the formal codes, thereby ensuring the fulfillment of the commitment on the delivery of the first batch of products to the customer.

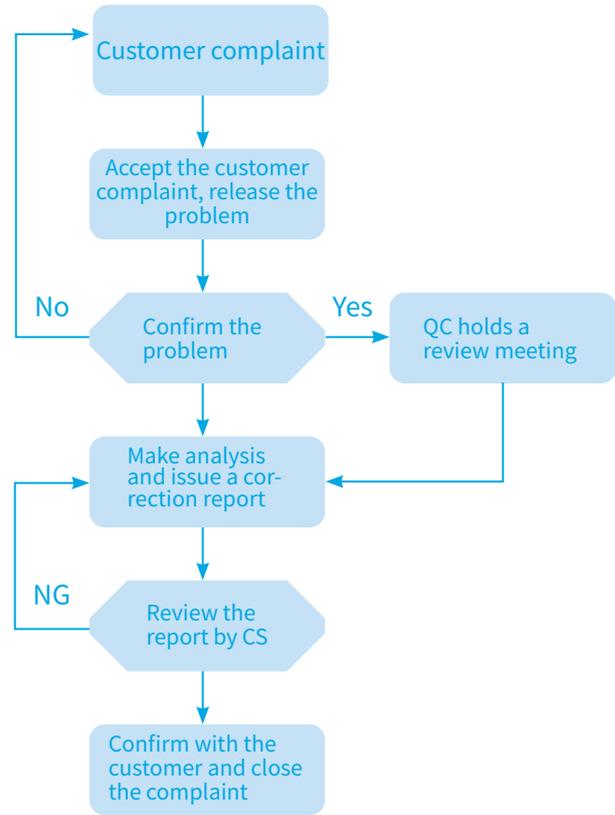
Through this project, we demonstrated our strong technological R&D capability and mass production and delivery capabilities to our customers again, which will increase the opportunities and market shares of our high-end customized products in the future, and further enhance our customers' confidence in us.

Protection of the Customers' Rights and Interests

We have released the procedure document titled "Security Management Regulations", designed the security work mechanisms and plans, and organized the relevant personnel to protect the legitimate rights and interests, information and trade secrets of the customers. We receive the customers according to our *Management Regulations for Internal Reception* and *Management Regulations for Secret-involved Areas*, in order to protect the legitimate rights and interests and information of the customers. We enter into a Non-disclosure Agreement with each customer before entering into business cooperation, and require that confidential information may only be provided to any customer due to business needs and with due approval.

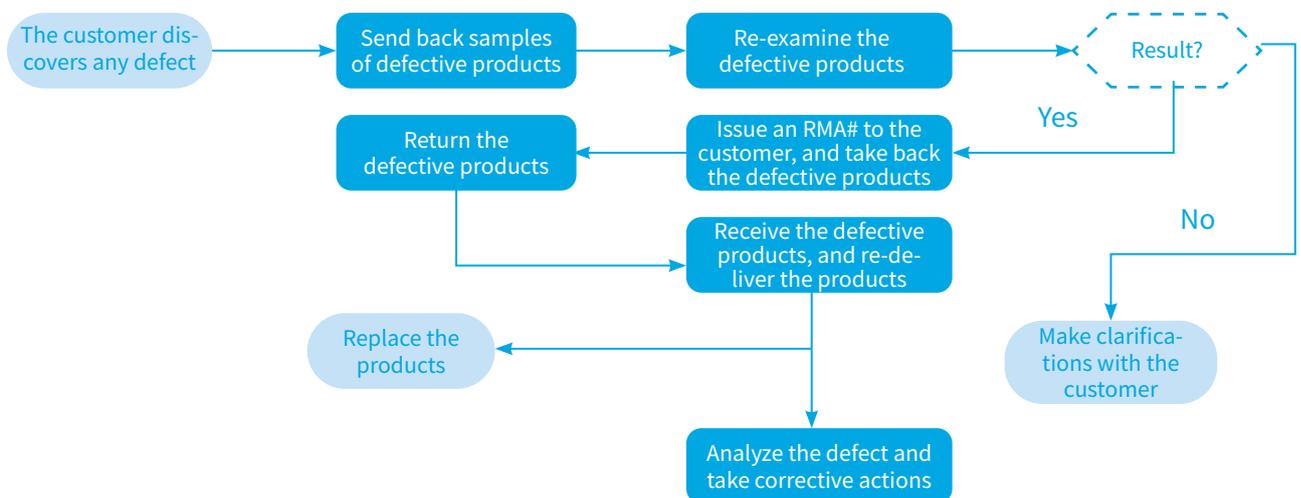
Any person has the right to report any employee who violates the Security Management Regulations or other relevant provisions. We will reward the whistle-blowers according to the truthfulness and significance of the violations reported by them. If it is found that any confidential information of the Company may be disclosed, the person responsible for the management of such information shall immediately take remedial measures, and promptly report to the departmental manager and the security team, to investigate and handle the case of disclosure, and submit a written report. Any serious case of disclosure shall be promptly reported to the General Manager of the Company. In addition, we inspect the security operations of the secret-involved departments and personnel, and the implementation of the relevant security measures on a regular basis.

We have established the customer complaint process and implemented closed-end management of the information processing process. We record and handle customer complaints and pay return calls to the customers, and keep their privacy information in strict accordance with the *Law on the Protection of Consumer Rights and Interests*.



Customer Complaint Management Process

Any customer that discovers any defect in our products may submit a return request to us. We will analyze the problem with the products according to the *Operating Procedures for Customer Complaints and RMA Returns*, and if the products are confirmed defective, will replace the products for the customer as soon as possible and issue any analysis report.



RMA Return Process

03

Cooperation, Sharing and Win-win

Philosophy

We wish to achieve a win-win situation and grow together with our suppliers and the industry. In order to establish and maintain long-term and stable supply chain relationships, we have developed strict procurement standards and supplier management standards, and included environmental protection, social responsibilities and other concepts of sustainable development in the supplier appraisal standards. We have also continuously enhanced cooperation and exchanges with the colleges, universities and peers, expanded talent "boundaries", and strived to contribute to the development of the industry through learning and innovation.

Our Actions

- Sustainable Supply Chain
- Industry-university-research Cooperation
- Industrial Exchange

SDGs
Benchmarking



Sustainable Supply Chain

We have developed and continuously improved the *Procurement Control Procedures*, the *New Supplier Assessment Procedures*, the *Bidding Management Standard for Suppliers*, the *Qualified Supplier Management Procedures* and other documents related to requirements for procurement, and built a set of fair and justifiable supplier system. In 2022, we optimized our procurement system again, to improve the procurement operation process, and ensure efficient management and smooth running of procurement activities.



Optimization of the Procurement System

We have transferred all procurement-related scenarios, such as supplier introduction, inquiries, quotations, placement and confirmation of purchase orders, and supplier performance appraisal, to the procurement system and directly linked the procurement system with the ERP system. Our procurement system can automatically generate a purchase order with respect to a purchase request, based on the relevant inquiries, quotations, tender prices and shares allocated, and send such purchase order to the relevant supplier. We have also improved the purchase report monitoring system, which can monitor the cost reduction indicators, prices, shares, placement of purchase orders and receipt of goods in real time.

During the reporting period

we had more than

400 suppliers in total.



Supplier Management

We attach great importance to the fulfillment of social responsibilities by our suppliers, and include the fulfillment of environmental and social responsibilities in the standards for selection and assessment of new suppliers and training and appraisal of the existing suppliers. Upon introduction of a new supplier, we will conduct a social responsibility system certification on such new supplier, request it to produce proofs of environmental management system certification and occupational health and safety system certification, and assess its management level in workplace safety, occupational health, resource saving and other areas, to identify and determine its potential risks, and assess and prevent the relevant risks.



Submit an internal request



Pre-selection by the team



Sort out the Sourcing proposals



Report the result to the Procurement Committee

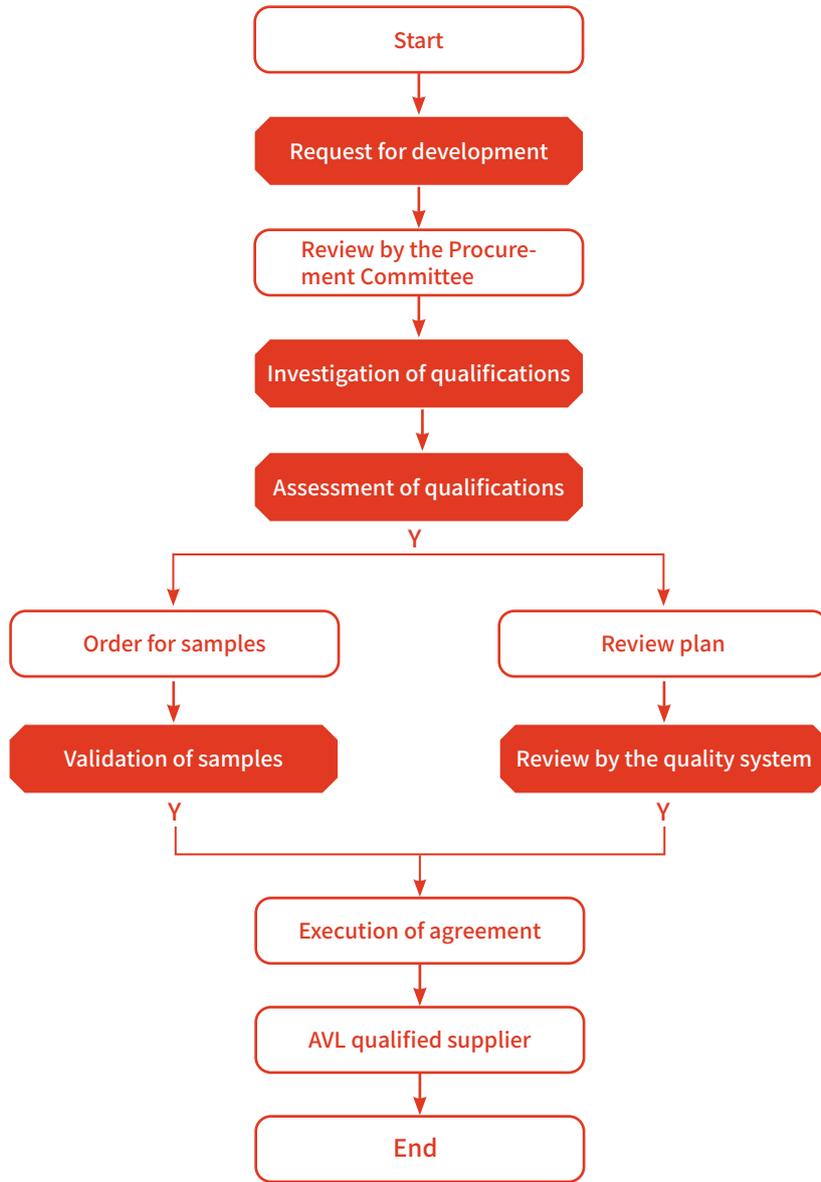


Make selections and assessments according to the proposals



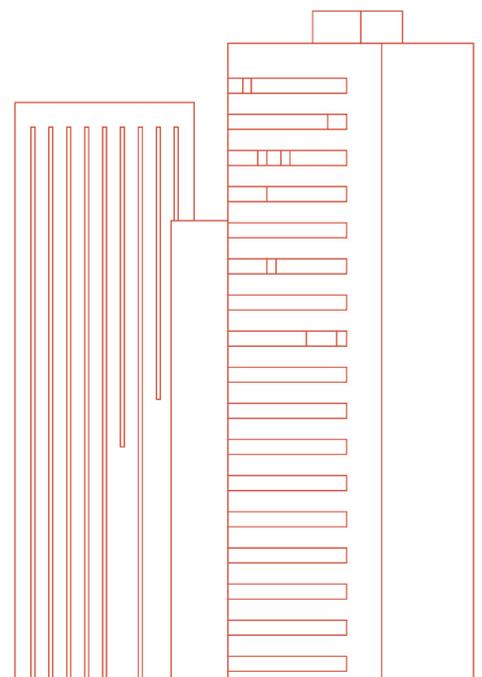
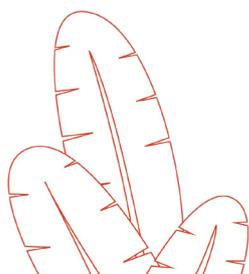
Review the proposals by the Procurement Committee

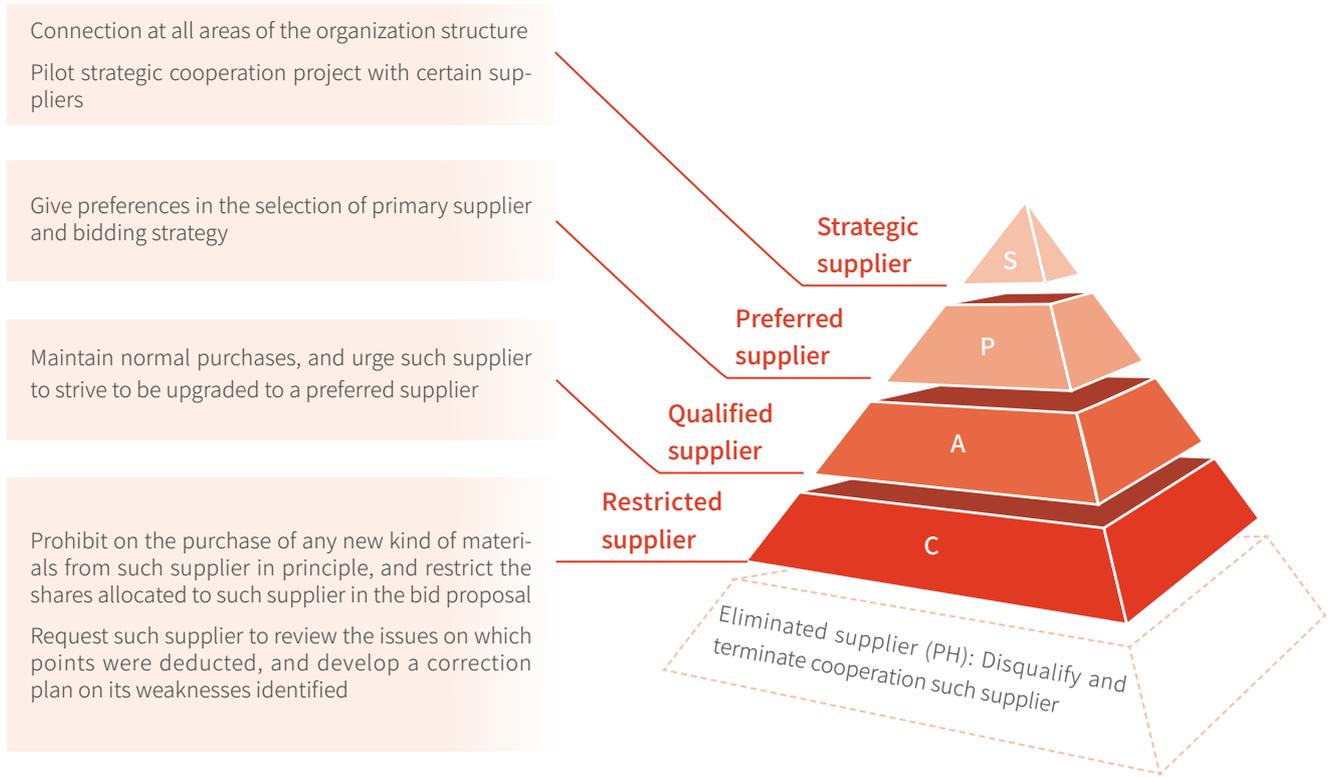
New Supplier Selection Process



New Supplier Certification Process

With respect to all suppliers entering into our supplier system, we will appraise their performance in prices, delivery period, quality, technology, services, as well as anti-corruption, environmental and other social responsibilities on a semi-annual and annual basis, rate them according to their objective performance, and classify them into strategic, preferred, qualified, restricted and eliminated suppliers based on the result of appraisal. We take corresponding administrative measures against different categories of suppliers, in order to urge the suppliers to become qualified suppliers, and the qualified suppliers to improve their quality and delivery performance, fulfill social responsibilities and strive to be upgraded to preferred suppliers.





Categories of Suppliers and Corresponding Administrative Measures

In order to prevent the purchase of non-conforming materials that may affect our product quality, we have developed different sets of management strategies and corresponding plans and measures with respect to different types of suppliers, taking into account of the routes of our operation and development:

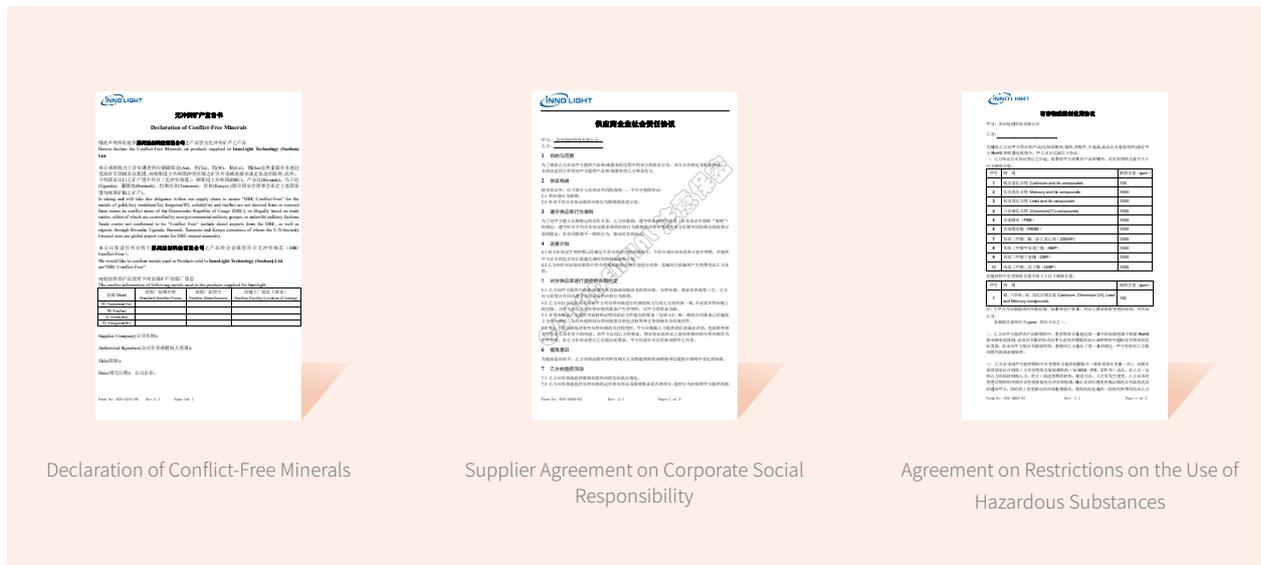
Top 10 and international suppliers	Domestic mature suppliers	Suppliers to grow together
<p>The high-level management promotes the management of raw material quality risks.</p> 	<p>Maintain the cooperation relationships while urging them to guarantee quality and reduce costs, in order to pursue high-quality common development.</p> 	<p>Jointly solve quality problems, set up special quality problem solving projects, and urge the suppliers to improve their quality management with the incentive of share of supply.</p> 

Cooperation Plans for Different Suppliers

Responsible Procurement

We regard the suppliers as our important partners, and are committed to maintaining long-term and stable cooperation relationships with them. We have continuously improved the supply chain management platform, optimized the inquiry, quotation and bidding system, and strictly regulated the operations and management in the procurement process, to fully protect the legitimate rights and interests of the suppliers, and build a sunshine, efficient and transparent procurement eco-system.

We enter into anti-corruption agreement, letters of undertaking on social responsibilities, safety, environmental protection and non-use of hazardous substances, and other agreements with our suppliers, and request all suppliers to take measures to improve their performance in social responsibilities. We conduct due diligence and raw material risk rating on our suppliers every year based on the *Supplier Questionnaire*, the *Supplier Agreement on Corporate Social Responsibility*, the *Declaration of Conflict-Free Minerals* and other relevant documents, to appraise the quality level of the goods supplied by them and their performance in environmental and social responsibilities in the relevant year. In case of any new regulations related to raw materials promulgated during the period of cooperation, we will immediately notify the relevant suppliers to make corresponding adjustments, and carry out the relevant examinations on a regular basis.



In the reporting period

Percentage of suppliers having executed the Code of Conduct for Suppliers:

100%

Nearly all suppliers have executed an anti-corruption agreement.

Percentage of suppliers having passed the environmental and social standard screening:

100%



Supplier Training

We have been committed to achieving a mutual benefit and win-win situation and common development with our suppliers, put forward the comprehensive enablement plan, given preference to the suppliers with technological innovation and stable quality in the bidding process, in order to establish strategic partnerships, build a professional and high-quality supply chain, and enable us to become an expert in the field of optical chips. We also actively help our suppliers to improve their management and technical capabilities, and establish inter-company technology and information sharing platforms with them, to enhance their competencies and pursue long-term common development with them.



Case Overseas Training on Thai Suppliers

In July 2022, we conducted overseas training to expand the lines of business. Our supply chain and quality departments gave training to our Thai suppliers, to improve their capabilities, quality and efficiency, achieve the delivery of the entire SMT product lines, and promote friendly cooperation with them.



Training on Thai Suppliers



Case Supplier Conference

In February 2023, we held the Supplier Conference 2022 with "Ride Out The Winter Side By Side, Create The Future Hand In Hand" as the theme. Nearly 169 representatives from 82 core suppliers attended the conference on line. The conference provided a platform for the suppliers to learn, exchange and share experience with each other, and would promote common development of the Company and our suppliers.



InnoLight Technology Global Supplier Conference 2022

Industry-university-research Cooperation

Leveraging our superior resources, we cooperate with well-known universities to seek business development and a win-win situation with the academic circles. In 2022, we entered into cooperation with the government and certain universities, discussed and interacted with the Dalian University of Technology, the Chengdu University of Information Technology and other universities on the promotion of industrial development, and improvement of product performance and advantages through commercialization of scientific and technological achievements, talent training, talent introduction or otherwise, to accelerate industry-university-research cooperation and talent training, and achieve a win-win situation for the industry and universities.

Case

Integrated Industry-education Program for Professional Degrees with the Dalian University of Technology

In August 2022, the activity was jointly held by the Company and the Dalian University of Technology School of Economic Management, with the assistance of the Guotai Junan Securities Co., Ltd. Suzhou Branch, and designed to help the students understand our business and management models, and the financial and tax issues in practice, combine theory with practice, and promote their growth.



Case

Execution of the Production and Practice Base Agreement between Tsuhan Science & Technology and Certain Universities

Tsuhuan Science & Technology entered into a production and practice base agreement with the University of Electronic Science and Technology of China, the Chengdu University of Information Technology and other universities, pursuant to which such universities would arrange for their students to practice at Tsuhan Science & Technology, in order to improve their practical abilities and skills and educate them through social practice.



Open day of the Practical Base of the University of Electronic Science and Technology of China



Industrial Exchange

We pay close attention to the technological development of the industry, attach great importance to industrial and external exchanges and cooperation, deeply participate in all kinds of exchanges at home and abroad, promote friendly exchange and mutual learning with other enterprises, and participate in the development of domestic and international industrial standards, to enhance our strength, create values together with all stakeholders, continue to seek innovations, and promote the advancement and rapid development of the industry.

Standard title	Number of standard	Nature of standard	Capacity
QSFP-DD Hardware Specification for OSFP Double Density 8x Pluggable Transceiver	N/A	International industrial standard	Participant
Specification for OSFP Octal Small Form Factor Pluggable Module	N/A	International industrial standard	Participant
OpenZR+ Specifications, v.1.0	N/A	International industrial standard	Participant
QSFP112 Specification	/	Domestic industrial standard	Constitutor (Leader)
800G PSM8 100M SPECIFICATION V1.0	/	Domestic industrial standard	Participant
400Gb/s Intensity Modulation Pluggable Optical Transceiver Unity Part 3: 4 × 100Gb/s	YD/T 3538.3-2020	Domestic industrial standard	Participant
Parallel Active Optical Cable Transceiver - Part 5:400Gb/s AOC	YD/T 2796.5-2021	Domestic industrial standard	Participant
Onboard Optical Transceiver Module Part 1: N×50Gb/s	YD/T 3945.1-2021	Domestic industrial standard	Participant
Enhanced SFP Transceiver (SFP+) Used in Communication - Part 3: Tunable 10Gb/s	YD/T 3125.3-2021	Domestic industrial standard	Participant
Enhanced SFP Transceiver (SFP+) Used in Communication - Part 1: 8.5Gbit/s and 10Gbit/s	2020-0631T-YD	Domestic industrial standard	Constitutor (Leader)

Industrial Standards Whose Development We Participated in

Case On-site Demonstration of 800G Silicon Optical Modules

In March 2022, we attended the Optical Fiber Communication Conference (OFC) 2022 at San Diego Convention Center, California, at which we demonstrated our 800G pluggable OSFP 2xFR4 and QSFP-DD800 DR8+ silicon optical modules, which supported 2km communication. At this most influential exhibition in the industry, we fully displayed our new products and technologies developed in the preceding year, demonstrated our capability to make great progress in the era of 800G ultra-high speed optical network, and promoted mutual-learning and exchange with the peers.



OFC Exhibition Poster

Case We and Marvell Jointly Launched Series Optical Module Products

In September 2022, at the ECOC held in Basel, Switzerland, we and Marvell announced the launch of the first 100G QSFP-DD series coherent optical module products for 5G backhaul and aggregation. The coherent optical modules adopt Marvell® Deneb™ Coherent DSP (CDSP), represent the latest achievements of our long-term strategic partnership with Marvell. We intend to launch the innovative optical modules packaged in multiple forms on the market, to accelerate the transition of coherent wavelength division solutions from 10G to 100G. This cooperation has achieved a mutual benefit and win-win situation for the Company and Marvell, increased mutual trust and promoted joint R&D and innovation.



Scene of ECOC

04

Empower Employees, All-round Development

Philosophy

Employees are the cornerstone for the development of an enterprise. Zhongji InnoLight provides employees with competitive salaries and benefits and a good development platform, and also attaches great importance to the employees' physical and mental health. Guided by its core value, the Company has developed detailed regulations and training on employee benefits, promotion and training, occupational health, etc., and has built a sound HR management system.

Our Actions

- Employee Management
- Employee Development
- Employee Rights
- Employee Health
- Employee Benefits

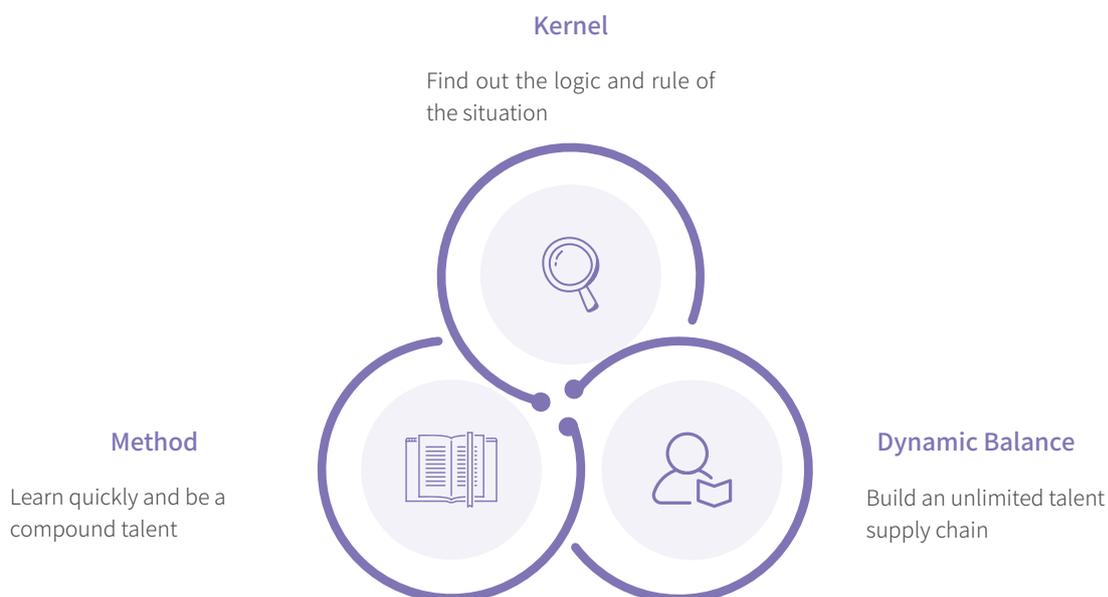
SDGs Benchmarking



Employee Management

Zhongji InnoLight strictly abides by requirements under the *Company Law*, the *Labor Contract Law* and other laws and regulations, strictly implements the national employment system, ensures its employees are entitled to various legitimate rights and benefits, and actively promotes full employment. In 2022, the Company built a management system based on the Governance Committee and supported by the Special Employee Security Committee, the Special Management Reform and Talent Management Committee, etc., further optimizing the employee management system, so as to better adapt to the growing staffing size and business volume and ensure the efficient and smooth operation of the Company.

Talent Management Philosophy



Equal Employment

The Company pays attention to applicants' abilities, selects the best ones based on job responsibilities and job requirements, prohibits the employment of child labor and underage workers, and prohibits any discriminatory words and deeds in the recruitment and promotion of employees. The Company adheres to equality and tolerance, strives to create a diversified, relaxed and harmonious workplace, opposes any form of discrimination, and ensures that all employees will not be treated differently due to religion, gender, age, disability, education, nationality and other factors.

Employment Philosophy

Recruit competent people

Set up job positions based on people's merits, utilize people's strengths and regard people as the key

Higher challenges, more rewards, equal opportunities and value-oriented environment

Promote the growth of both employees and the Company for win-win situation

During the reporting period

Total number of employees

5,634

Number of disabled employees

14

Number of minority employees

203

Number of employees from Macao, Taiwan and other countries/regions

751

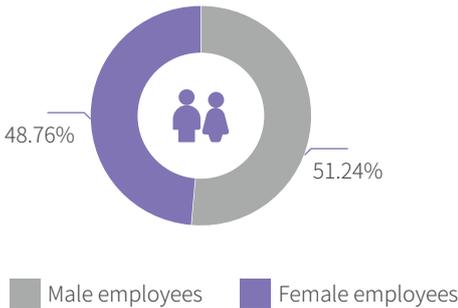
For some positions such as security guards, drivers and firefighters, **give priority to veterans**

The labor contract signing percentage is up to:

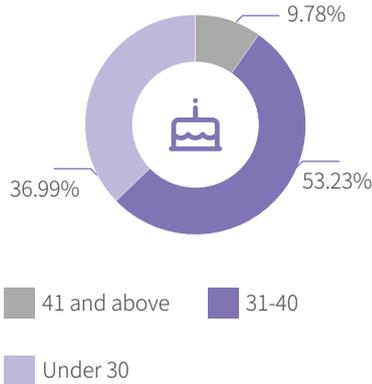
100%



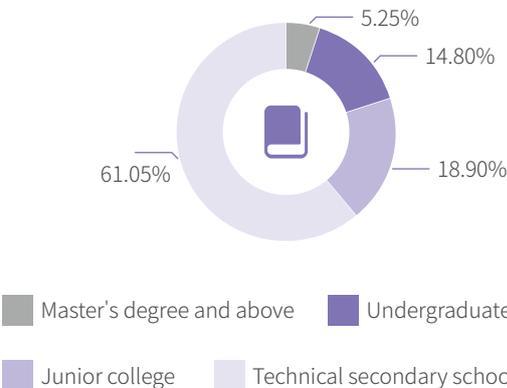
Male-female ratio



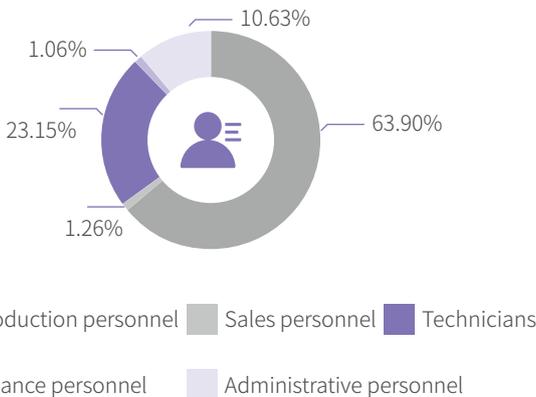
Age distribution



Education level



Profession distribution



Composition of staff

Talent Introduction

Talents empowering the development of the Company is a key boost for the Company in market competition. The Company attaches great importance to the introduction of talents, and has updated the *Human Resources Management Procedures* and other institutional documents in accordance with laws and regulations to meet the talent needs generated by the long-term strategic layout and the rapid development of the industry, recruit more targeted talents, and conduct regular campus recruitment. The implementation of the employment promotion plan for college students and the continuous strengthening of the construction of the talent team have provided the Company with strong human resource support.




Encourage internal referrals and return of old employees

The Company released the *Regulations on Internal Referral Award and Employee Return Policy in 2022*, to encourage those who have separated normally or resigned urgently to return to the Company, and implemented supporting measures for returning employees to extend their length of service and purchase social insurances.



Establish and implement the "Bole Award", to encourage talent referrals by employees

The Company has established a "Bole Award" talent referral reward system for employees other than HR staff and executives above the supervisor level, encouraging the employees to recommend suitable external talents to join the team of engineers (i.e. production support personnel). Once the recommended person is successfully transferred to a regular employee, the Company will grant the referrer the "Bole Award" bonus.

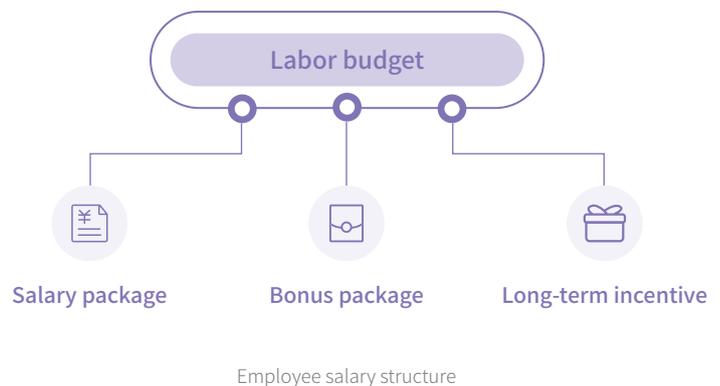
Internal referral means

Employee Development

Salary Incentives

Salary is the embodiment of the value of an employee. In order to better attract, motivate, develop and retain employees, Zhongji InnoLight has continued to deepen the reform of its salary system, updated and released the *Worker Salary Management Rules* and other rules, established a clear salary structure and an effective incentive mechanism, implemented a confidential salary system, respected and protected the personal privacy of employees, and guided all the employees to achieve their objectives together.

The Company implements the strategy of overall compensation. To be specific, labor budgets are decomposed from top to bottom level by level to each department, forming an overall labor budget of the Company. The specific decomposition idea is to split it into fixed compensation package, a bonus package, and a benefit package:



Employee salary structure

The Company adheres to the principle of "incentive and fairness", and has established a corresponding salary structure for different staff categories. In 2022, the Company optimized the salary system for first-line employees, which is mainly reflected in the increase of the proportion of performance-based salary, aiming to bring out the best in outstanding employees and provide more significant outcomes for their efforts. This has greatly motivated the employees.

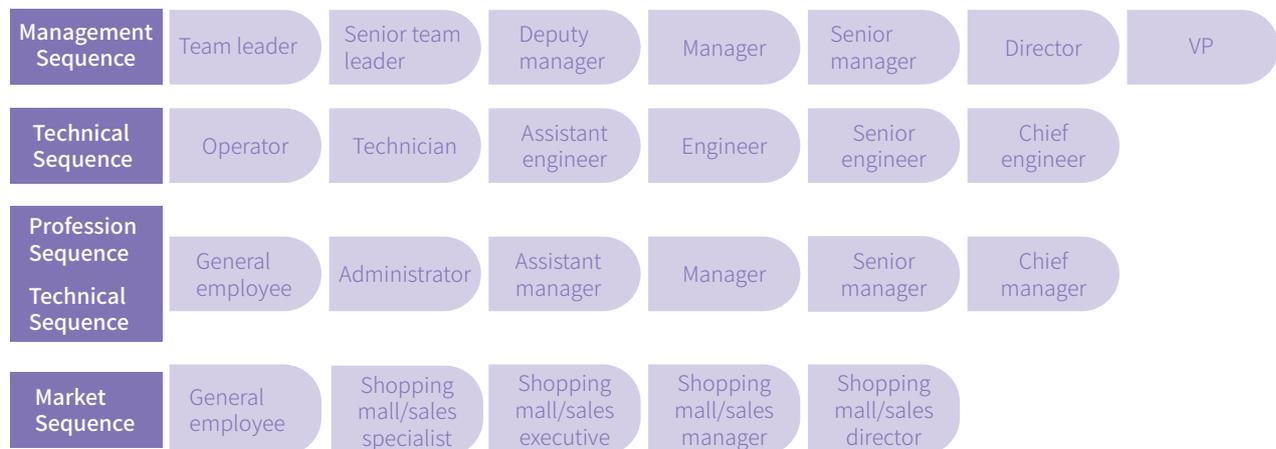
The Company believes that outstanding employees are an important boost for the Company's development. It has established an employee stock ownership plan, hoping that the employees will act like owners of the Company and be a part of the Company's stable development for the long term.

Case The 3rd Session of ESOP

In December 2022, the Company formulated the *Administrative Measures for the 3rd Session of ESOP of Zhongji InnoLight Co., Ltd.* for its senior employees and outstanding employees. The plan is formulated in accordance with the *Company Law*, the *Securities Law*, the *Guiding Opinions* and other relevant laws and regulations, regulatory documents and the *Articles of Association* based on the participation principles of compliance with laws and regulations, voluntary participation and self-assumption of risks, aiming to improve the corporate governance of the Company, realize a win-win mechanism integrating employees and the Company, for the joint support of the Company's future development strategies and business objectives with efforts from all parties. Participating employees can unlock in three phases, and the incentive will be unlocked proportionally at each phase according to the individual performance level of each employee. During the reporting period, the Company introduced the 3rd ESOP draft, which would be implemented in January 2023. This ESOP covers 249 employees in total, accounting for 4.4% of the total number of employees in the Company.

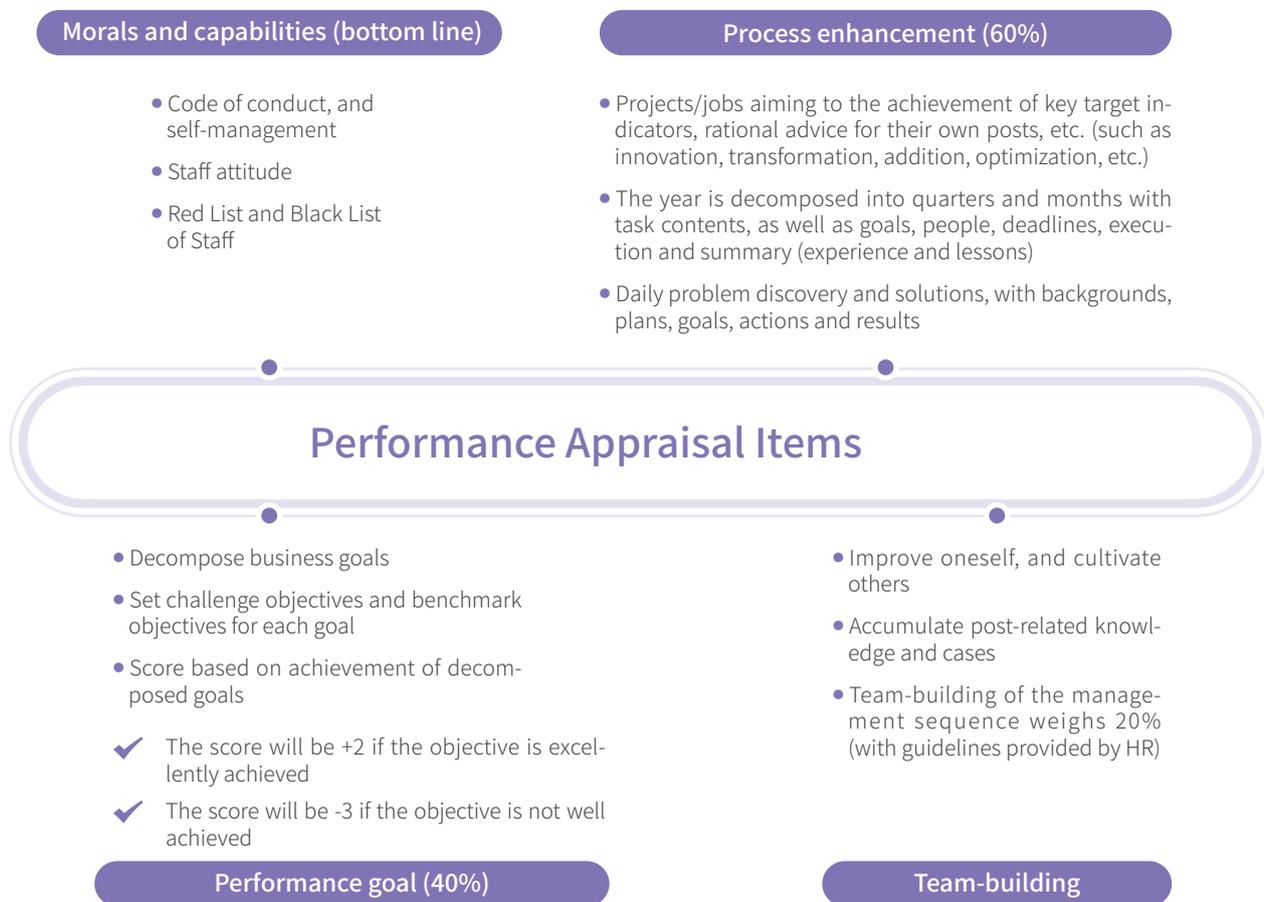
Evaluation and Promotion

Zhongji InnoLight has established a sound talent promotion system and promotion review process, and has formulated the *Human Resource Administrative Procedures*, the *Administrative Measures for Key Posts*, the *Trial Document for Employee Reward and Punishment System* and other regulations. The Company divides its employees into four professional lines, creating a customized career development planning path for them and providing them with sufficient career development space, so as to motivate them to devote themselves to their posts in a more effective manner, and promote the common development of the employees and the Company. The Company conducts promotion review for employees of different roles each year, and adopts the method of "quota-based application by department + spot check by professional committees + employee debriefing review", with the final review result being submitted to the Corporate Governance Committee for review.



Our ranking system

Performance management is of great significance in promoting the development of the Company. The Company improves and implements the performance plan for its future team-building by reviewing its past HR management. The Company's performance evaluation items are mainly based on four indexes, namely, morals and capabilities, process management, team-building, and target indicators.

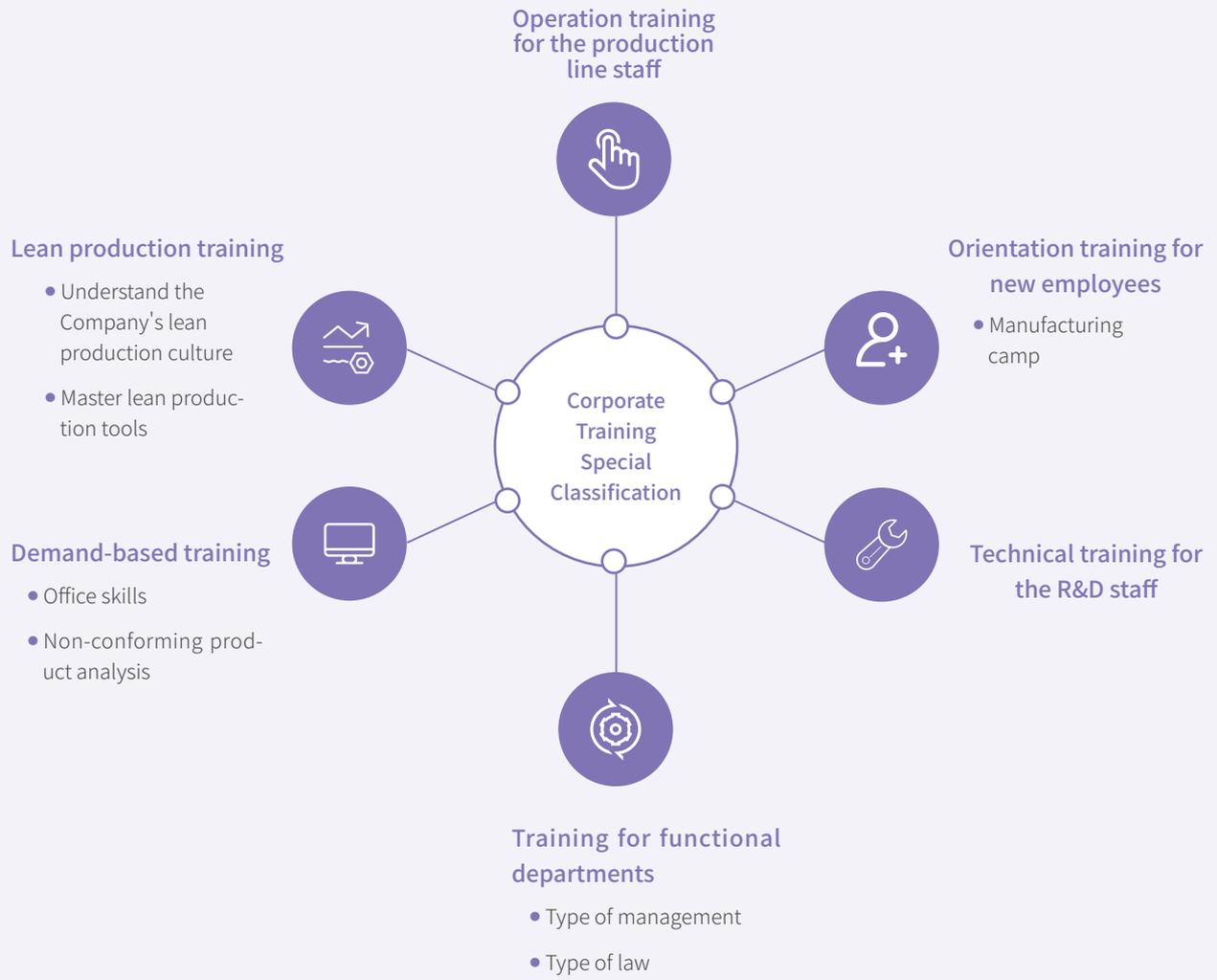


Employee Training

Zhongji InnoLight attaches great importance to talent training, and is always committed to incubating "practical" talents, to enable the employees to have the greatest career development and realize the personal value of each employee. The Company has integrated its existing training resources and training policies, updated and released the *Operating Guidelines on Training Management*, kept optimizing the Company's training system, established special classification for employee training, reinforced the training of its management, professional and skilled personnel, improved the perspectiveness of its talent cultivation work, and enhanced the core competitiveness of talents, striving to achieve the win-win development goal of "promoting the growth of both employees and the Company", and providing a talent pool for the business development of the Company.



Development history of our training system



During the reporting period

The Company has completed
377 sessions of training

Completion rate
100%

Total number of trainees
20,709

Total hours of training
35,828.5 hours





Case Special Training of "Chip Innovation Class"

"Chip Innovation Class" is a training program for fresh undergraduates organized by InnoLight Technology. The program will provide new employees with a full range of knowledge and skill training, including but not limited to training on the R&D process, production process, marketing, corporate management, corporate culture, etc. Through the enriched and colorful course contents and practical opportunities, new employees will have a deep understanding of knowledge and skills in various fields, for the improvement of their professional skills and practical abilities. New employees can accumulate practical experience and improve their professional skills and practical abilities through participating in the R&D of simulation projects.

In 2022, InnoLight Technology launched the special training of "Chip Innovation Class", which lasted for one week, covering R&D, manufacturing, sales, simulation project drills, corporate culture, outdoor development and other areas, to further help trainees understand the characteristics of and skill requirements for their positions. The training has greatly accelerated the integration of the trainees into the group, so as to help them enter the department fast to adapt to their roles.



Special training of "Chip Innovation Class"



Case Leadership Development Program

In 2022, InnoLight Technology launched a leadership training program, including the *Reproducible Performance Management Model*, *HR Management Course for Business Supervisors* and other courses. The leadership development program aims to improve the skills and knowledge of leaders, to enable them to better manage the team. The training forms include classroom teaching and case study, etc. A total of 50 employees of the Company participated in the training. All the participating employees said that they had benefited a lot from the training, with their capabilities improved. The training has received a lot of praise.



Leadership development plan

Case In-house Mentor Management System

Tsuhun Science & Technology continues to implement the in-house mentor system. Its core employees can apply to become in-house mentors, to provide new/transferred-in employees with guidance on daily affairs and business skills on a regular basis, so as to help them understand and get familiar with the Company's corporate culture and relevant rules and master skills required for their positions as soon as possible. This system also provides a career development platform for the employees and gives core backbone employees a sense of honor as mentors, so as to realize win-win development.

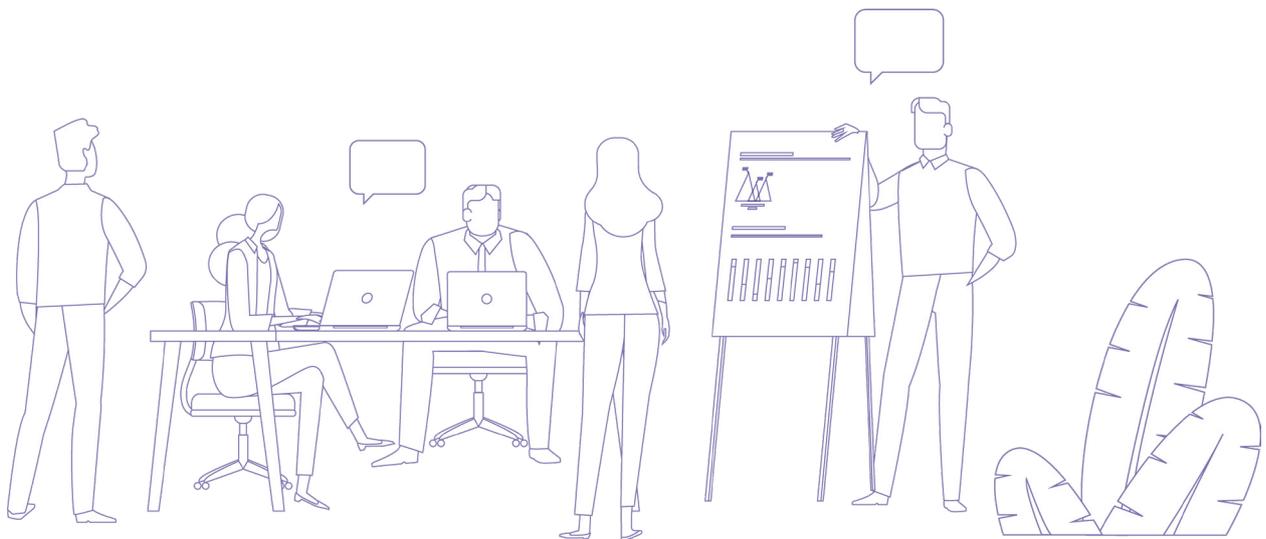


Case Tsuhan Science & Technology Engaged External Experts for Training

During the training, our external expert introduced the standard evolution process of PON, discussed the development direction of next-generation PON technology, and analyzed the current distribution in the PON market. Tsuhan Science & Technology has made market share analysis and given advice on subsequent market development according to the current situation of the Company.



Internal training



Employee Rights

Democratic Management

Zhongji InnoLight adheres to the people-oriented concept, implements public supervision, and is committed to creating a democratic, fair and just management system and creating a united and harmonious working atmosphere. The Company has established a trade union system, advocates democratic management, and mobilizes its employees to participate in economic and management activities of the Company in a democratic manner. Every quarter, the Company's labor union committee holds a meeting on certain matters such as the adjustment of policy information related to employees' interests released by the Company's HR Department, discusses revisions, and organizes voting by a show of hands. The Company holds employee representative meetings from time to time as needed.



Case Employee Representative Meeting

In February 2022, InnoLight Technology held the 6th session of the 3rd employee representative meeting, discussing two major matters, namely, the recommendation of InnoLight Technology (Suzhou) Ltd. as a candidate for the 2022 May 1st Labor Award of Jiangsu Province, and the recommendation of the R&D team of InnoLight (Suzhou) Ltd. as a candidate for the 2022 Worker Pioneer Award of Jiangsu Province.



Employee representative meeting

Employee Engagement

Zhongji InnoLight attaches great importance to the participation and engagement of employees, and uses the Gallup Q12 model to test employee engagement. The Gallup Q12 model is the most commonly used employee engagement management tool nowadays, which is easy to operate, applicable to all employees, directly linked to corporate performance, and with unified questionnaires. It helps the Company to understand and analyze the capability, working status, working environment and other information of each employee through a questionnaire with 12 questions. Based on the overall score of evaluation and the score of each step on each question, the Company can understand and analyze the needs and concerns of each employee, finds out any shortcomings in the management in terms of employee management measures and management capabilities, and offers corresponding improvement directions and suggestions.

During the reporting period

Overall average score of the Company

4.10

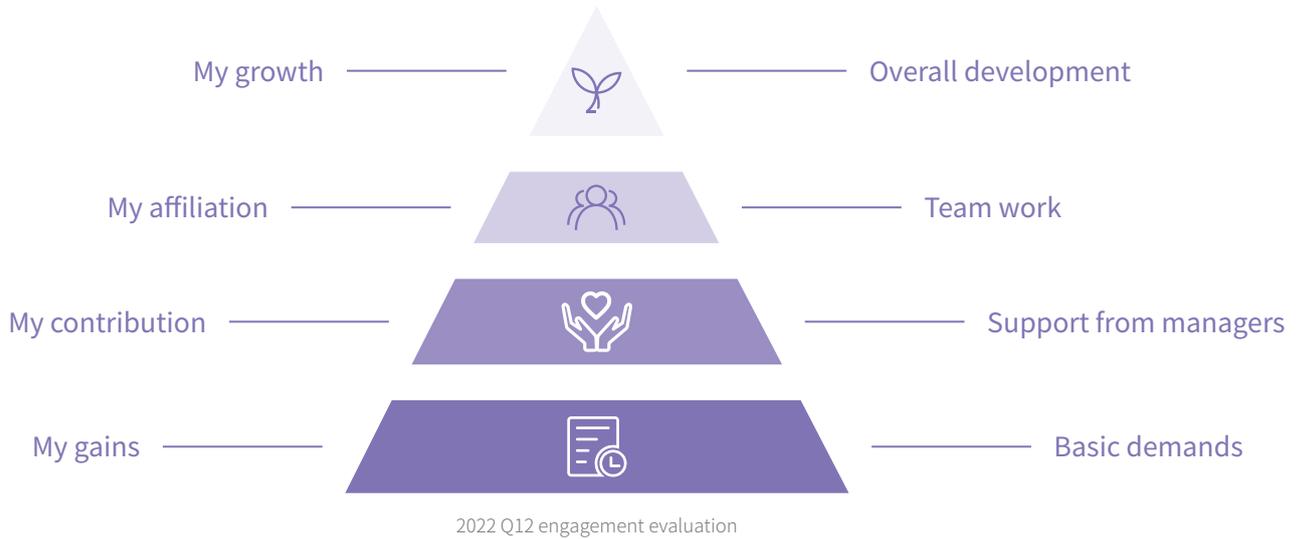
Overall average score in 2021

3.96

An increase of

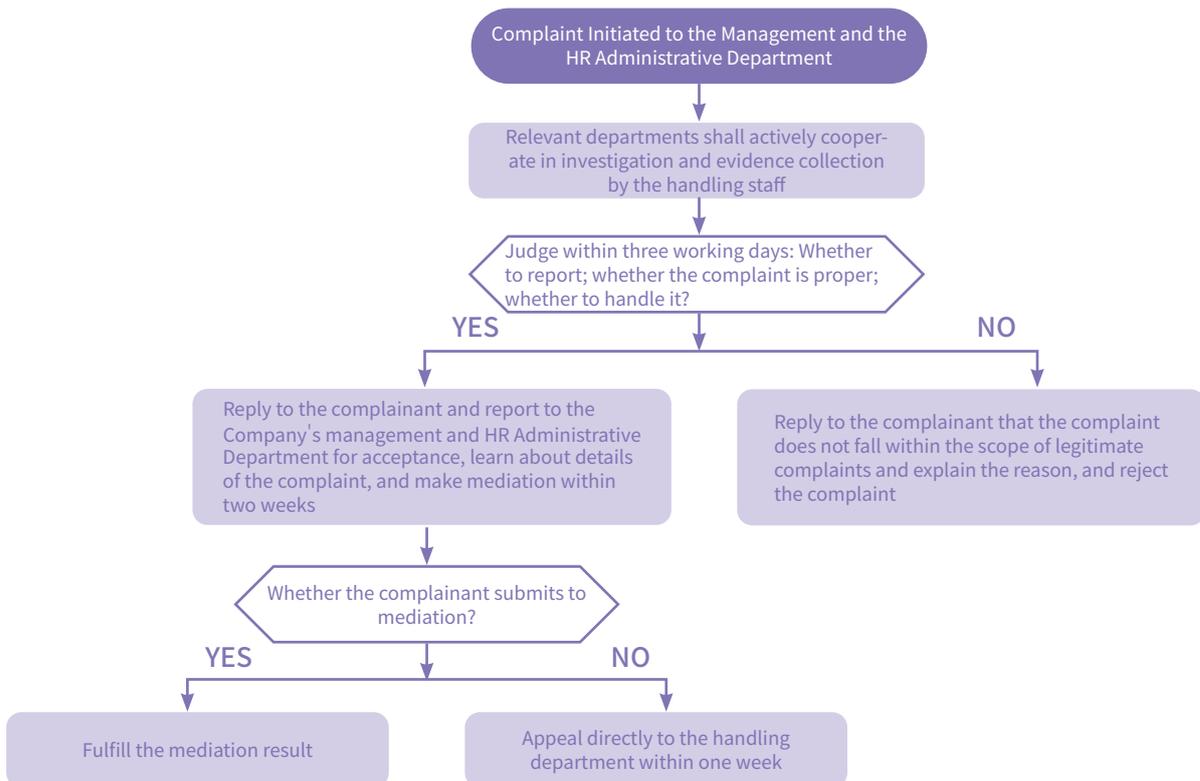
0.14





Employee Communication Channel

Zhongji InnoLight actively communicates with employees, listens carefully to their opinions, establishes various communication channels for employees, and fully respects and understands employees. The Company has formulated the *Employee Complaint and Reporting Process*, to further standardize the internal employee complaint and handling process, and protect the privacy and personal safety of whistleblowers, so as to achieve the purpose of encouraging employees to bring forward questions, different opinions and suggestions to their immediate superiors and the HR Department, ensure the channel for employee complaints is unblocked, enhance the accessibility of superiors to employees who bring forward opinions, and better maintain a working environment for open communications and quick solutions.



Employee complaining and reporting process

Complaint Channel



Face to face interview



Official WeChat account: One may file an application, suggestion or question at the "Basic Application" section directly, and the Company will reply within 2 days



Email: hr@innolight.com



Official anonymous complaint platform & Sunflower Community



Suggestion box: Available in the restrooms on each floor, letter in which are generally collected once every two weeks, and announcements and replies will be released on a monthly basis



Telephone

Employee Health

Safety Management System

Zhongji InnoLight adheres to the principle of "people-oriented, safety first", and has established an occupational health and safety policy of "prevention first, law-abiding, people-oriented, continuous improvement", providing employees with safe and healthy working and living conditions, and ensuring the health and safety of employees and related parties in the process of operation and service, so as to achieve the goal of zero occupational accidents and zero occupational diseases.

The Company has obtained ISO 45001 occupational health and safety management system certification, and has formulated a reasonable and effective occupational health and safety policy. Meanwhile, the Company has established a special safety and health management organ and an environmental health and safety (EHS) committee, and has developed various occupational health and safety rules and regulations. It identifies and controls occupational health and safety risks, and carries out the management of occupational health and safety for employees. The Company adopts a P-D-C-A cycle mode, to keep improving the health and safety management system.



ISO 45001 occupational health and safety management system certification

2022

Investments in employees' health and safety exceeded RMB

4.40 million

Number of employees who were seriously injured or encountered fatal accidents:

0

Fire accident rate:

0

Safety education rate for in-service employees:

100%

Occupational health examination rate:

100%

Occupational hazard detection pass rate:

100%



The Company has formulated the *Environmental Factors and Hazardous Sources Identification Procedures*, the *Operational Control Management Procedures*, the *Unacceptable Safety Risk List* and other safety risk management documents, to identify, assess, analyze and control various hazard sources in production and operation activities.

Risk Identification



Identify various hazard sources in production and operation activities in accordance with the *Environmental Factors and Hazardous Sources Identification Procedures*

Risk Assessment



Conduct hazard source assessment according to the possibility and severity of consequences of the accident

Risk Analysis



Analyze the assessment result, and draw a four-color safety risk spatial distribution map

Risk Management



Risks are classified into different levels in accordance with the *Operational Control Management Procedures*, and control is carried out at five levels, namely, elimination, replacement, engineering control, management control and individual protective equipment

The Company carries out spot check and maintenance on relevant equipment and facilities on a regular basis, and invites eligible third-party organizations to test occupational hazards, and at the same time, carries out health and safety training for relevant personnel. The Company conducts hazard investigations, special inspections and daily routine safety inspections on a regular basis, and carries out drills for possible emergencies on a regular basis, to improve the employees' professional skills in responding to emergencies, keep improving the health and safety management system, and reduce the impact of various risks on the personnel.

During the reporting period

A total of

315 non-conforming items were found in the Company's hazard investigation

Improvement completion rate:

100%



To protect the occupational health of employees, the Company provides various physical examinations for each employee in accordance with local laws and regulations. To ensure that the working environment of the workshop does not have any negative impact on the health and safety of the employees, the Company has conducted occupational health factor detection in all plants in 2022, with a 100% conformity rate.



Occupational physical examination



Occupational hygiene testing

The Company has established an EHS Committee in each plant to ensure the timely monitoring of risks related to environment, health and safety, and to grasp the operation of the EHS system. Its members come from various departments at various levels, so as to ensure that risk monitoring and management are integrated into all parts of work of the Company. The Company's EHS Committee is committed to ensuring the smooth channels for dual-direction communication with employees. It holds EHS-related meetings on a regular basis, reviewing, coordinating and making resolutions on EHS-related issues, and providing employees with feedback and advice via various channels, such as official WeChat account and email.



EHS meeting

Occupational Safety Training

Zhongji InnoLight actively organizes various health and safety trainings and activities, to fully protect the occupational health of its employees. The Company attaches great importance to developing employees' safety awareness, and carries out health and safety training as well as three-level education for new employees in accordance with the annual training plan. The training mainly covers occupational health and safety laws and regulations, rights and obligations of the staff, fire safety, accident handling, emergency countermeasures, hazardous chemicals, work-related injury prevention, etc. Assessment is carried out through oral and written tests, to prevent and reduce work-related accidents with all efforts.



Case Emergency Drill

In 2022, the Company's plants carried out over 30 emergency drills in total, covering chemicals, special equipment, fire evacuation, food poisoning, power outage, flood, earthquake, abnormal weather and other critical situations, to improve the employees' professional ability to respond to emergencies.



Extreme weather drill in Suzhou



Flood control exercise in Tongling



Food poisoning drill



InnoLight Taiwan's earthquake drill



Case Trauma First-aid Training

To enhance the professional skills and awareness of the emergency response team, protect the life and property safety of employees, and reduce the Company's losses arising from safety accident, the Company invites external organizations to provide first-aid training for members of the first-aid team every year, and has carried out over 40 emergency trainings on firefighting, first aid, chemicals, etc. throughout the year.



Suzhou InnoLight's first-aid training



InnoLight Thailand's first-aid training



Case Safety and Environmental Protection Month

In June 2022, the Company launched a Safety and Environmental Protection Month event, to publicize safety and environmental protection knowledge by safety promotion posters, videos, personnel training, prize-winning quiz contests, safety and environmental protection improvement proposals, emergency drills and many other means.

During the Safety and Environmental Protection Month event, an online safety and environmental protection knowledge quiz contest was held, with as many as 9,543 online visits and 1,848 participants. This event has created a sound safety culture atmosphere for the Company, enriched the communication channels for the Company's safety culture, and enhanced the awareness of all the employees.



Safety and Environmental Protection Month



Case Fire Safety Month

In November 2022, the Company launched a Fire Safety Month event, aiming to popularize fire safety knowledge, improve the fire safety awareness of all employees, and enhance the "four capabilities" on fire safety of the staff. During the event, the Company actively conducted fire drills and trainings, to help the employees have an in-depth understanding of the fire handling process, improve their coordination ability to respond to emergencies, further enhance their awareness of mutual assistance and self-rescue in case of fire accidents, and clarify the fire prevention responsibilities of each department and each person in charge.

Meanwhile, to enhance the fire safety awareness of the employees and get familiar with the fire escape route in the area where they are located, the Company carries out an evacuation drill for all the employees in the first half and second half of each year respectively.

"Four Capabilities" on Fire Safety

- Enhance the ability to detect fire hazards
- Enhance the ability to organize to put out fires at the very beginning
- Enhance the ability to organize the personnel to evacuate and escape
- Enhance the ability of fire protection propaganda, education and training



Fire safety knowledge training



InnoLight Thailand's fire drill



Suzhou InnoLight's emergency evacuation drill



InnoLight Tongling's emergency evacuation drill



Case The Company Provides a Medical Room to Ensure the Health of Employees

To provide employees with more convenient and attentive medical services, InnoLight Thailand has set up a medical room to provide medical consultation services every Tuesday and Friday, to ensure the availability of medical resources for employees and ensure their health. InnoLight Taiwan invites medical staff to provide services in the Company, provide consultation services for employees, and teach them how to prevent epidemics.



Medical consultation



Employee Benefits

Special Benefits

Zhongji InnoLight attaches great importance to employee benefits. Relying on various management systems, the Company has established a sound and complete benefit management system and provided a variety of benefits for employees, to enhance the sense of belonging and engagement of employees, and build a cohesive enterprise. The Company strictly implements various paid vacations, social security and other benefit policies that the employees are entitled to in accordance with relevant national regulations, purchases additional commercial insurances, and organizes annual physical examinations, to ensure the health of its employees. In addition, the Company provides a full range of care for employees, covering birthday parties, shuttle buses, care for women, cultural events and other benefits.



Case Birthday Forum

The Company prepares birthday benefits and special birthday parties for nearly 300 employees who celebrate their birthdays every month with themed activities and games, to make them feel the care of the Company. Meanwhile, the Company's senior executives are also invited to the activities, who listen to the voices of the employees, and respond to questions raised by them during the activities.



Birthday forum



Case One-stop Service Center, Face-to-face Response to Employee's Questions

The Company attaches great importance to employees' demands, and has established a one-stop service center for them, to gather the strength of all departments with service attributes such as the Administration Department, the HR Department, the IT Department and the Security Department, and respond to employees' questions face to face in an employee-oriented manner. In 2022, the One-stop Service Center organized 6 service activities in total, including ID photo taking, registration of electric vehicles, accident insurance, work-related injury insurance policy, etc., covering all aspects of the employees' life, and giving them a full range of care and assistance.



One-stop Service Center



Case Shuttle Bus Service to Ensure Convenient Commuting for Employees

InnoLight Technology provides employees with the shuttle bus service, helping them solve traffic jam, long commuting time, uncomfortable commuting and other problems and challenges, and reducing the energy and time spent during commuting by the employees. Tsuhan Science & Technology has also set up a special bus line SD08 and rented buses as shuttle buses for employees who live far from the Company. The shuttle bus service not only brings convenience and speed to employees, but also allows them to wholly devote themselves to work and improve their work efficiency.



InnoLight Technology's shuttle bus service

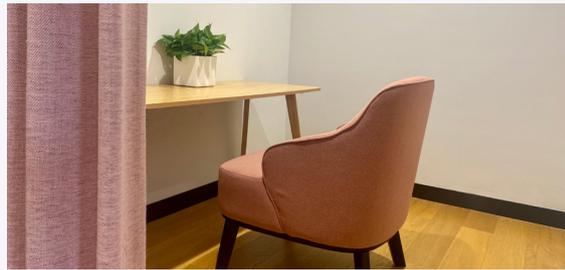


Tsuhuan Science & Technology's shuttle bus service



Case Care for Physical and Mental Health of Female Employees

Aiming to make female employees healthy and happy, the Company respects and cares for every female employee, and gives them humanized management and all-round care. The Company attaches much importance to the physical and mental health of female employees, provides mother and baby rooms and courtesy seats, organizes special physical examinations including gynecological examination every year, and invites gynecological experts to give health lectures that women are concerned about. Besides, for female employees, especially those pregnant, the Company organizes lectures on newborn-related knowledge, to help them get prepared for the birth of the newborns. The warmth and care given by the Company has enhanced the female employees' sense of identity and sense of belonging for the Company, and allow them to maintain a better attitude at work and grow and develop together with the Company.



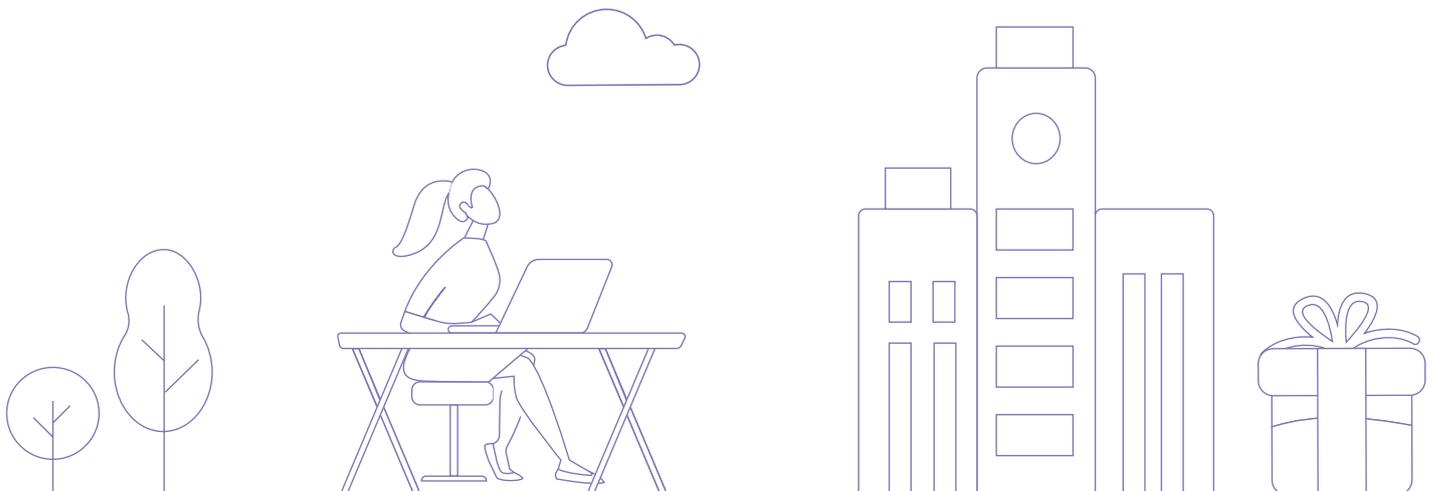
Mother and baby room



Courtesy seat for female employees



Lecture on newborn-related knowledge





Case Join Hands with All Efforts to Care for Employees Building Plant in Thailand

In January 2022, with the expansion of the Company's business and the rapid development of the project, some employees of the Company went to Thailand to prepare for the full launch of production of InnoLight Technology's manufacturing base in Thailand. Adhering to the people-oriented principle, the Company provides overseas employees with overseas insurance services, including medical insurance for accidents and diseases, and also provides them with reasonable and comfortable accommodation, catering and transportation, to help the employees in Thailand better adapt to the local environment. The Company also arranges return visits for returning employees, and takes care of the expatriate employees during the full period of their assignment in terms of health and benefits. The Company attaches great importance to the satisfaction and comfort of the overseas employees by keep improving their work enthusiasm and sense of belonging and creating an atmosphere like home with happy work and happy life.



InnoLight Technology's team building the plant in Thailand



Case Heatstroke Prevention and Cooling Measures to Protect the Health of Employees

In July 2022, the high temperature and extreme weather in Sichuan and Chongqing caused a sharp increase in power supply pressure. As a result, Tsuhan Science & Technology experienced power outages repeatedly. To protect the employees from being affected, the Company requests all functional departments to continue taking heatstroke prevention and cooling measures, and carry out "heatstroke prevention and cooling" activities in various forms.

The Company introduced three supporting measures

- To provide sufficient Huoxiang Zhengqi Water, heatstroke prevention tea or other food and drink for cooling;
- To implement staggered production based on peak and valley hours to avoid operation under high temperature;
- To provide temporary transitional dorms to ensure employees have enough rest.



Cooling from the superior trade union



Heat-relieving summer drinks for employees under high temperature

Recreational Activities

Zhongji InnoLight completes the construction of corporate culture through corporate activities, demonstrating its care for employees and the great importance that it attaches to in-depth exchanges with employees. Through various activities organized by the Company, the employees have shown a positive mental outlook with enhanced self-confidence, team cohesion and centripetal force.



Case Cultural Activities

The Company organizes a variety of cultural activities and traditional festival activities, to stimulate the vitality of the employees and enrich their cultural life, such as annual meetings, talent shows, and festival gifts, to meet the spiritual and cultural needs of employees to the maximum extent, and at the same time promote exchanges among employees, create a harmonious work atmosphere and build a positive corporate culture for the Company.



Cloud annual meeting



Cultural Arts Festival



Benefits for Dragon Boat Festival

Case "Love Together" Family Day

In May 2022, the Company organized an InnoLight Technology Family Day themed "Love Together". A variety of interesting games were organized in the event, which enhanced the relationship between employees and their family members, helped create a more harmonious family atmosphere, and further strengthened the emotional communication between employees as well as their family members and the Company, so that the employees could work with peace of mind and live a happy life.



Scene of Family Day





Case A Variety of Sports Events

The Company provides a variety of sports club activities for employees, which enrich the sports life of the employees, advocating a positive lifestyle of loving sports and life to the employees. In 2022, the Company organized a number of soccer games, table tennis games, basketball games and other events for employees, which strengthened exchanges among departments and promoted friendly relationships among employees.



A variety of sports events for employees

05

Low-Carbon and Environmental Protection, Energy Conservation and Emission Reduction

Philosophy

As environmental protection is an indispensable responsibility for enterprises, Zhongji InnoLight is committed to mitigating the impact of operation on environment and actively improving the efficiency of energy-conservation and carbon-reduction equipment, so as to reduce greenhouse gas (GHG) emissions. With focuses on promotion and training of green office and environmental protection awareness, the Company requires employees to practice environmental concepts in deed. During the whole process of production, the Company strictly monitors the discharge of three wastes and manages chemical safety to reduce the use of hazardous substances. The Company strives to provide the whole society with greener products and services.

Our Actions

- Green Management
- Energy Conservation and Carbon Reduction
- Green Office

SDGs Benchmarking



Green Management

With adherence to the environmental protection concept of "green creation and environmental protection", Zhongji InnoLight attaches great importance to the organic connection between human social development and natural environment and actively formulates the Company's environmental policy and sustainable management measures according to ISO14001 certification for environmental management system. In 2022, taking "improving continuously through energy conservation and efficiency increase; illuminating the future with light of technology" as the energy policy, the Company insisted on maintaining enterprise operations in a low-carbon and environmental-friendly way of working and living, and devoting to guarding the future of sustainable development for human society.



ISO 14001 environmental management system certification



Improving Continuously Through Energy Conservation and Efficiency Increase; Illuminating the Future with Light of Technology

Strictly comply with national energy conservation and environmental protection laws, regulations and standards, fulfill international environmental conventions, and implement stricter internal energy control standards.

Optimize energy structure, reduce energy consumption, and decrease energy costs through continuous innovation and improvement of production processes.

Illuminate dreams through technology and light up the future by innovation.

Our energy policies

Management of "Three Wastes"

The Company has always been committed to the management of three wastes. We have set up specialized departments to supervise and manage the treatment of wastewater, waste gas and waste residues such as hazardous waste, and to maintain environmental protection facilities, so as to comprehensively improve the management level for treatment of three wastes. At the same time, we have formulated relevant internal document system to strengthen the investment and management of the treatment of three wastes, so as to continuously improve the environmental protection level of enterprises to make positive contributions to the environment protection.

Formulate the *Wastewater Discharge Management Measures* to manage effective collection and treatment of various wastewater generated by the Company, in order to reduce wastewater pollution to the environment and improve the protection of water resources.



Formulate the scientific and reasonable *Waste Management Procedures* to realize full recycling through resource classification, and establish a good waste recycling system within the Company, thus realizing a comprehensive win-win situation for resources and environment, company and society as well as economy and development.

Formulate the *Air Pollution Management Measures* to manage effective collection and treatment of various waste gases generated by the Company, in order to ensure that the waste gas emission indicators meet national and local standard requirements, and prevent environmental pollution caused by emission of non-compliant waste gases.

Water supplied to each factory of the Company is mainly sourced from the municipal pipe network, and the discharged wastewater is mainly domestic sewage since the Company does not generate industrial wastewater. The Company has formulated the *Wastewater Discharge Management Measures* in accordance with national and local regulations, and discharges sewage into the municipal sewage network as required and hires qualified institutions to test the quality of the discharged water regularly, in order to ensure compliance with local water pollution prevention and control regulations.

During the reporting period

The domestic sewage discharged from the Company amounted to

223,189.6 tons

The Company's total water consumption amounted to

278,987 tons

The water consumption per unit of output decreased by

3.74% as compared to 2021.



The Company has formulated internal management systems such as the *Waste Management Procedure* in accordance with national laws and regulations and local labeling requirements to regulate the process of various types of waste. The Company classifies solid waste into general industrial waste, hazardous waste, and household garbage. Each type of waste is processed by suppliers with corresponding qualifications as entrusted and reviewed regularly. Meanwhile, by exploring methods of saving resources and recycling materials, the Company establishes an internal sound waste recycling system to realize a comprehensive win-win situation for resources and environment, company and society as well as economy and development.

2022 waste output data (Suzhou + Tongling + Taiwan + Thailand) are set out as below:

Classification	Quantity (Ton)	Production waste per unit of revenue (Ton/ RMB0'000)
Total amount of hazardous waste	55.0425	0.00004433
Total amount of non-recyclable waste	405.542	0.00032663
Resource recycling waste	83.619	0.00006735



Case Reuse of Tsuhan Science & Technology Packaging Materials

Tsuhan Science & Technology packaging is designed according to customer requirements, and produced and supplied by a third party according to technical specifications after customer confirmation, for which quality agreements, environmental protection agreements, etc. are executed. In the disposal process of general waste, priority is given to the recycling or reuse of resources, such as the internal and external recycling of packaging cardboard boxes after suppliers' delivery of goods and tray packaging after label removal.



Reuse of turnover boxes among the module workshop, component workshop, and TO workshop

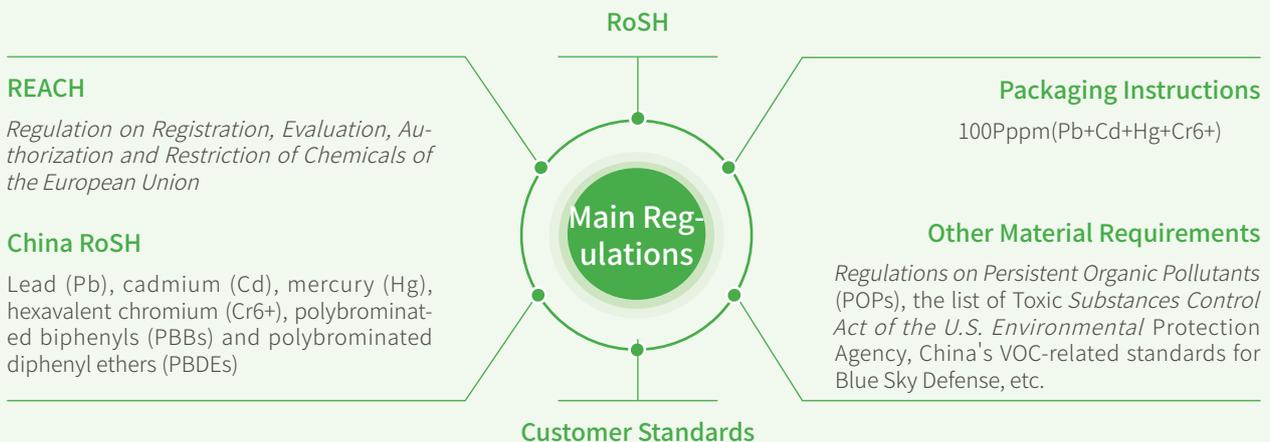
Green Product Management

The Company enhances green procurement to provide customers with a product design concept of reducing hazardous substances. From the design to the material selection, the Company advocates and meets the requirements of customers and regulatory standards, such as EU RoHS, REACH and other international regulations, and controls projects requiring prohibited/restricted substances that have significant impact on environment. By comparing regulations with customers' requirements for green products, the Company incorporates controlled substances subject to current international environmental regulations into the hazardous substance reduction management system one by one, thereby achieving sustainable development in green product design.

To ensure the control over hazardous substances of all products at each stage, namely, from customer demand to production and delivery, and to prevent product from contamination, the Company requires suppliers to provide raw materials that meet the Company's hazardous substance control standards, and encourages suppliers to adopt "full material declaration" measures to control the use of hazardous substances. The Company constructs the SRM-GP management system (GPM) to vigorously promote the full material information disclosure of the supply chain and improve the efficiency of environmental compliance verification, so as to achieve compliant management of hazardous substances.

In 2022, there was no incident resulting in disqualification due to the use of products and services in violation of regulations related to hazardous substance control.

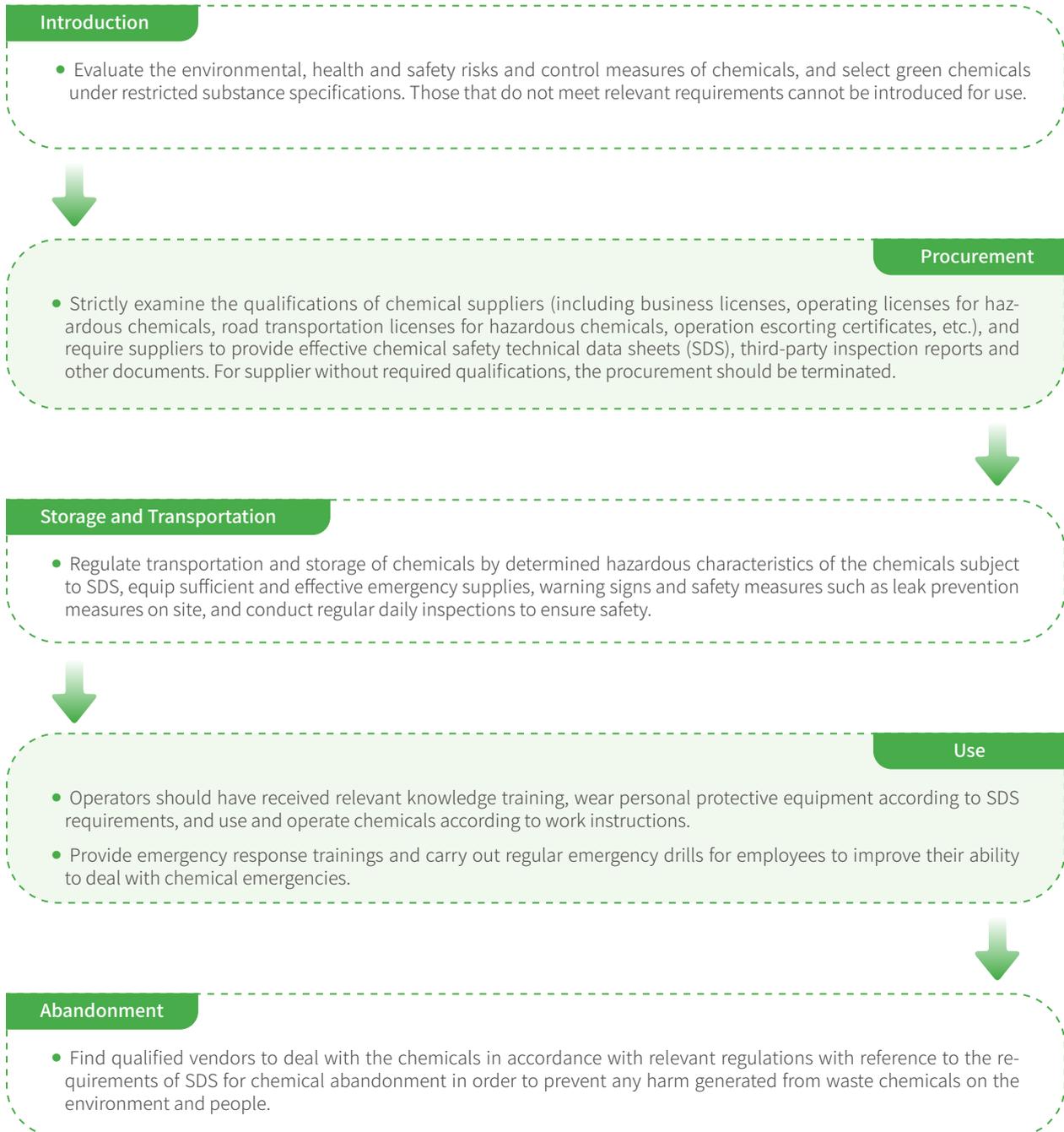
Lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr6+), polybrominated biphenyls (PBBs), polybrominated diphenyl ethers (PBDEs), diisobutyl phthalate (DIBP), phthalic acid (2-ethylhexyl ester) (DEHP), butyl benzyl phthalate (BBP), and dibutyl phthalate (DBP)



Hazardous substance management requirements from customers of InnoLight

Chemical Management

The Company strictly controls environmental, health and safety risks related to chemicals in accordance with international and local regulations and standards related to chemicals as well as customer requirements, and has formulated internal *Chemical Management Standards* and *Restricted Substance Standards* to establish standardized management processes involving the introduction, procurement, storage, transportation, usage, and abandonment of chemicals. The Company also regularly checks safety status of chemicals through the *Chemical Inspection Record Form*.





Case Emergency Drills for Chemicals in Various Factories of the Company

In August and September 2022, InnoLight Thailand and Suzhou InnoLight conducted chemical emergency drills with the training theme of emergency response to liquid chemical leaks. Through drills, employees can quickly and accurately respond to emergency events with clarified responsibilities and ensure reasonable implementation of emergency procedures with completion of tasks. Through these drills, suggestions for improvement of future emergency handling are put forward to reduce possible harm.



Chemical emergency drill of Suzhou InnoLight



Chemical emergency drill of InnoLight Thailand



Case Chemical Safety Training

The Company has carried out chemical safety training with detailed description on hazards of chemicals, standardized operations, labeling, personnel protection and other aspects. Through this training, employees are able to clearly distinguish the types of chemicals, identify chemical safety signs, and correctly operate chemical practical tools, which enhances their professionalism.



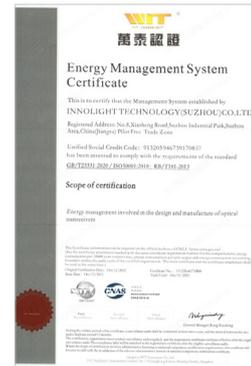
General-chemical safety training

Energy Conservation and Carbon Reduction

As a company committed to sustainable development, Zhongji InnoLight is well aware of the importance of environmental protection for society and enterprises. In order to respond to global climate change and the national strategy of "carbon peak and carbon neutrality", the Company has been exploring the possibility of energy conservation and carbon reduction to promote energy-saving measures, and is committed to achieving green, low-carbon, and circular economic development. The Company's goal is to use resources and save energy in maximum in the production process, so as to protect our common homeland in a better way. The Company will continue to promote green production, protect the environment, actively respond to climate change, and work together with all sectors of society to promote sustainable development.

Energy Conservation

The Company understands that the advancement of modernization requires various resources, and energy is the guarantee for sustainable social development. According to the ISO 50001 energy management system, the Company has formulated energy management related procedures to update the *Energy Management Manual* and the *Energy Management Procedures*, set energy target indicators, analyze energy performance, and actively promote energy-saving renovation projects in the Company and its subsidiaries, so as to ensure the rational use of various resources and improve resource utilization efficiency to minimize energy consumption. Meanwhile, each subsidiary has established an energy management committee and implementation team to identify energy-saving opportunities, formulate energy-saving measures and regularly review energy-saving performance to obtain maximum economic and social benefits.



ISO 50001 energy management system certification

With 2021 as the benchmark year, InnoLight Technology has established energy benchmarks and goals, and follows up their achievement.

	Parameter name	Energy benchmark (Completion value in 2021)	2022 goal	Actual achievement
Company	Comprehensive energy consumption per product (kgce/pcs)	1.059	-5%	-7%
	Comprehensive energy consumption for RMB0'000 output value (kgce/RMB0'000)	10.26	-5%	-27%

InnoLight Technology's energy benchmarks, goals and their achievements



Case InnoLight Technology Energy-saving Renovation Project

Group Control Energy-Saving Optimization Project for Refrigeration Machinery Rooms

In 2022, InnoLight Technology attached great importance to the energy-saving renovation for group control optimization of refrigeration machinery rooms in order to continuously promote the energy consumption reduction. After the renovation, the room equipment can be automatically monitored, adjusted and controlled by computers, which greatly optimized the operating status with obvious energy-saving effects, namely, a year-on-year decrease of 9.6% in energy consumption, thereby saving 768,300 Kwh electricity or RMB 583,000 per year.

The cooling water pump, chilled water pump, and cooling tower are changed from fixed frequency to variable frequency automatic regulation, thus being able to operate in the optimal energy-saving mode.

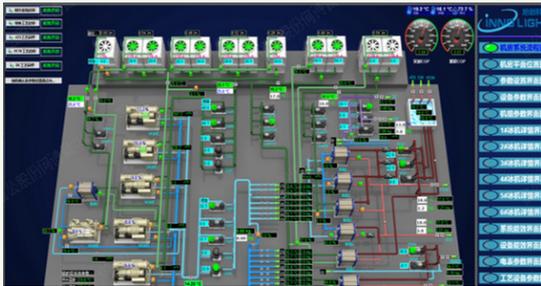


Device energy consumption data is stored in real time, which makes the system energy consumption analysis easier and provides reference basis for continuous optimization of the system.

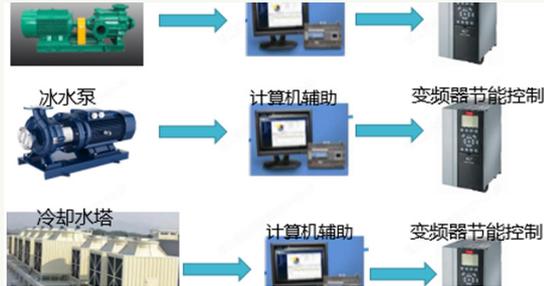
Content of energy-saving renovation for group control of Refrigeration Machinery Room

BI Workshop High-Heat Area Renovation Project

In order to extend the free cooling usage time in winter, InnoLight Technology reduced the temperature in the workshop to 23.6 °C and increased the humidity to 59.1% through BI workshop high-heat area renovation. The electricity consumption in 2022 decreased by 10.47% as compared to 2020.



Real-time monitoring of the operation status of the Refrigeration Machinery Room after renovation



Best energy-saving mode operation

Holiday energy-saving control patrol

Through inspection, consolidation and tracking processing, InnoLight Technology reduces the problem of "liquid or gas evaporating, emitting, dripping or leaking" in the workshop to reduce ineffective energy consumption and saves energy. The production department and the R&D department of InnoLight Technology jointly complete to turn off idle or standby equipment during the holiday shift period, which has formed an effective mechanism at present. Through data comparison, turning off standby equipment on each shift day can save 10,000 kWh electricity or RMB 7,500, and according to estimation, turning off equipment on shift days throughout the year can save about RMB 300,000.

During the reporting period

InnoLight Technology found a total of **67** abnormal conditions, including **35** for compressed air in the workshop, **12** for nitrogen, **8** for vacuum, **5** for electricity, **4** for air conditioning, and **3** for special gases, during the inspection by factory workshop and R&D department, and processed **100%** abnormalities timely after detecting them.





Case InnoLight Tongling Renovation Project

Free refrigeration system project

InnoLight Tongling uses part of the existing cooling tower system to be the cold source recovery system that can provide cold source by switching end demand equipment according to different outdoor air temperatures in winter. According to operational data, after being put into use in the winter of 2022, the average electricity consumption decreased by 62.3% comparing with the same period of last year, saving 680,000 kWh electricity and about RMB 510,000 electricity costs in 2022.



Free Cooling System

Frequency Conversion Renovation for Air Conditioning Water Pump

The water pump does not need to run at full load in winter according to actual usage requirements. Therefore, the electricity consumption can be reduced by increasing the frequency converter to reduce the frequency of the water pump operation and using water temperature and pressure to control the frequency of the water pump operation.



Frequency Conversion System of Air Conditioning Water Pump

	Power (kw)	Actual operating power in current state (kw)	Annual power consumption (kwh)	Electricity fee (RMB)
Raw water pump	90	78	664,560	505,066
Water pump after renovation	75	50Hz in Summer 35Hz in Winter	470,610	357,664

Frequency conversion renovation benefit table of air conditioning water pump



Case Energy-saving Measures of InnoLight Thailand

Energy-saving in Power System

In 2022, InnoLight Thailand set a goal of reducing annual energy consumption by 12% and implemented actions toward the goal in four directions to create an energy-saving and low-carbon factory.

Lighting system	Facilities and equipment	Air conditioning system	Manufacturing area
<ul style="list-style-type: none"> Reduce the lighting in public areas such as offices and canteens during night shifts. 	<ul style="list-style-type: none"> Close the air compressor system and standby equipment at night and on holidays according to the production schedule. Minimize the set pressure of CDA (compressed air) and increase the compressed air dew point from -55 to -45 upon meeting usage requirements to reduce post-treatment regeneration volume and operating load. 	<ul style="list-style-type: none"> Set the air conditioning temperature to 25 degrees Celsius in the office, hallway, cafeteria, and public areas. Turn off the air conditioning and fresh air system in the cafeteria, office, and hallway areas from 7:00 pm to 7:00 am. Reduce the ventilation rate of the workshop air conditioning unit, the frequency of the air conditioning unit motor, and electricity consumption. 	<ul style="list-style-type: none"> Turn off unused computers, which does not affect the night shift and holiday.

Power energy-saving measures of InnoLight Thailand

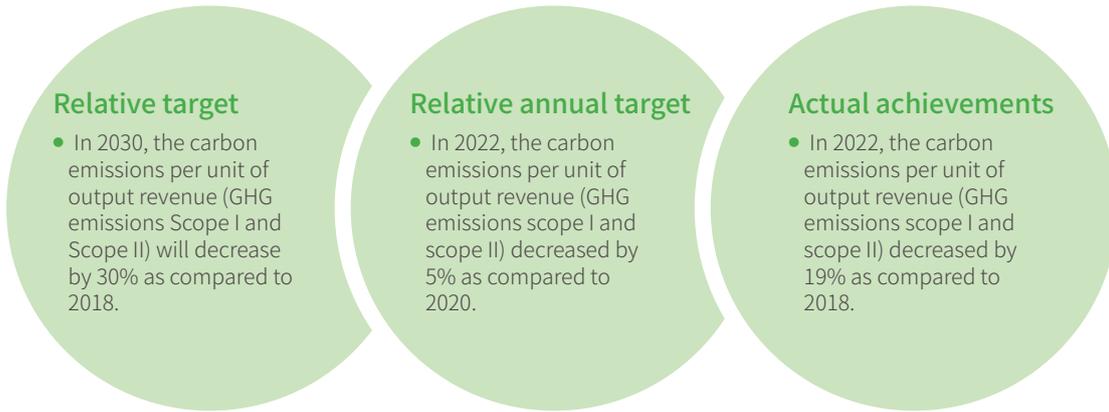
The Company recognizes that energy conservation and emission reduction are more than solving environment pollution problems caused by enterprise production and automobile exhaust gas emissions, and every employee should have a clear awareness of energy conservation and emission reduction because people are the backbone of energy conservation and emission reduction. Only by correctly understanding the issue of energy conservation and emission reduction and keeping the concept of "consciousness determines action, action determines results" in mind, can we inspire all employees to consciously participate in energy conservation and emission reduction. Therefore, the Company provides energy-saving training for employees to help them understand the importance of promoting energy conservation and emission reduction and achieving harmonious development of the enterprise.



Energy-saving training

Response to Climate Change

With active response to the national dual-carbon strategy, the Company contributes to global sustainable development by introducing the ISO 14064 GHG emission verification project and formulating relative annual targets from 2018 to 2030 to strive for coordination and balance of possible conflicts between development and environment, so as to continuously reduce carbon emissions while developing, and strives to exceed relative targets.



Carbon emission target

Name	Unit	2020	2021	2022
Direct emissions (scope 1)	Tons of CO ₂ equivalent	580.45	533.04	659.48
Indirect emissions (scope 2)		75,394.04	70,574.07	84,311.8
Total GHG emissions		75,974.49	71,107.11	84,971.28
GHG emission intensity	Tons of CO ₂ equivalent/ RMB0'000 revenue	0.107771497	0.092402036	0.088128

Our GHG emission data

Note:

1. Direct emissions (scope 1) represent GHG emissions from fossil energy combustion activities such as coal, natural gas and oil, and industrial production processes;
2. Indirect energy emissions (scope 2) represent GHG emissions resulting from purchased electricity and heat, etc.;
3. Direct emissions are accounted for in accordance with the *Technical Guidelines for GHG Accounting for the Removal of Pollutants from Pollution Control Facilities in Industrial Enterprises for Cooperative Control (for Trial Implementation)*;
4. Indirect emissions are accounted for in accordance with the *2019 Emission Reduction Project China Regional Grid Baseline Emission Factors*.

Case

InnoLight Tongling New Photovoltaic Project

The Company's GHG emissions are mainly sourced from electricity consumption. In order to respond to the carbon reduction target, the Company actively seeks for using renewable energy in addition to reducing electricity consumption through technological transformation. The photovoltaic project on rooftops of 2#, 3#, 4#, and 5# building of InnoLight Tongling has been completed in two phases totaling in 2.4 MW, with an annual power generation of 2.6 million kwh, accounting for 8.9% of the factory's total electricity consumption. In 2022, the photovoltaic project generated 1.62 million kwh electricity, saving about RMB 200,000 electricity costs and reducing 2,400 tons of carbon emissions.



Photovoltaic power generation project



Zhongji InnoLight strives to achieve sustainable development by enhancing employees' awareness of resource conservation and environmental protection, gradually regulating employees' behavior and cultivating employees' good ethical and moral standards, so as to promote the formation of a good corporate culture in the Company. Zhongji InnoLight also guides customers to implement sustainable consumption and encourages customers to purchase and use low-emission "green products". The Company gradually infiltrates the awareness and actions of protecting the environment, improving ecology and reasonably using and saving various resources into the daily life of employees.

Case

Publicity of Environmental Awareness by the Company Through Promotional Posters

The Company produced the poster of "energy conservation, emission reduction, and low-carbon life" to emphasize that employees should maintain good habits of saving electricity and water in both work and life. InnoLight Thailand produced the poster of "garbage classification" to advocate that employees should conduct correct classification according to product nature after using products, in order to reduce environmental hazards and respect sanitation workers.



Environmental protection publicity

InnoLight Thailand produced garbage classification posters to advocate employees to reasonably classify waste from the source. According to the waste management requirements of the Company's headquarters, InnoLight Thailand makes garbage classification posters and promotes the concept of material recycling through posters, thereby reducing the generation and emission of waste and the emission of waste gas during waste treatment to mitigate the impact on the atmospheric environment.



Garbage classification poster of InnoLight Thailand

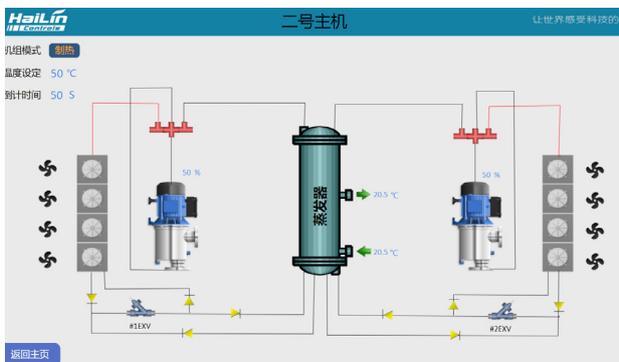


Green Office

With intelligent control system, in addition to ensuring safe operation of security system equipment, protection of employee safety in maximum and prevention from loss of articles and admission of external strangers, Zhongji InnoLight can check whether power supply, air conditioning and other energy-consuming equipment in unmanned office areas have been timely closed, so that supervisors can detect the use status of energy-consuming equipment for the first time, thereby reducing patrol time and energy waste.



Work monitoring of intelligent control system



Intelligent control system for heating and cooling sources

According to the *Resource and Energy Control Procedures* document, the Company has actually formulated target indicators for water, paper, and liquid nitrogen consumption, in order to achieve the rational, efficient, and standardized use of resources and reduce waste of resources.

In daily operation, water conservation is achieved through methods such as replacing energy-saving induction faucets, regularly checking the water-saving situation of faucets, posting relevant water-saving slogans in the sink, etc. The factory achieves the goal of water conservation through methods such as RO water recycling, cooling tower water optimization, online intelligent water meter monitoring, etc.



During rapid development, the Company not only attaches importance to the work efficiency and quality of employees, but also requires employees to be aware of environmental protection and reasonable use of resources and energy during work. Therefore, the Company promotes paperless office among various departments.

Case Paperless Office

As a manufacturing company, with the acceleration of modernization and information construction, paperless office has gradually been applied to multiple departments from concept. By adopting paperless office, the Company can improve office efficiency, save time and office expenses, use resources reasonably, increase economic benefits, and be available for working anytime and anywhere without time and space constraints.



Paperless Office



In order to beautify the working environment, improve air quality and reduce environmental pollution to ensure the physical and mental health of employees and the working environment in optimal condition, Tsuhan Science & Technology has designed a greening plan for the park and arranged dedicated personnel responsible for daily management and maintenance.



Case Company Park Greening

By planting trees in the park to regulate the temperature of the office environment, increase air humidity, absorb dust and harmful gases, the Company achieves the goal of protecting the environment and beautifying the park while bringing significant improvements to the physical and mental health of employees and the working environment.



InnoLight Technology Park greening



Tsuhun Science & Technology Park greening

Honors

InnoLight Tongling named "2022 Municipal Garden-style Entity"



06

Give Back to Society, Dedication of Love

Philosophy

Zhongji InnoLight always bears in mind the social responsibility of being a listed company, persisting in fulfilling its obligations, gathering love, and spreading hope. Since its establishment, the Company has been practicing corporate citizenship responsibility with practical actions, contributing to society through various forms such as the "InnoLight Public Welfare Charity Month" and Xiangrong Public Welfare Foundation.

Our Actions

- Public Welfare and Charity
- Xiangrong Public Welfare Foundation

SDGs Benchmarking



Public Welfare and Charity

In order to actively fulfill social responsibilities, form a good public image, establish a corporate culture of giving back to society, and strengthen the management of the Company's public welfare and charity undertakings, Zhongji InnoLight has formulated the *Management Standards for Public Welfare and Charity Activities* in accordance with relevant laws and documents such as the *Charity Law* and the *Public Welfare Donation Law*.



Principle of Advocating Equality and Voluntariness

- The Company encourages more partners and internal employees to actively participate in various public welfare and charity activities within the Company or social organizations, and respects donors' voluntary donation without imposing, indirectly imposing, or forcing others to make donations during the activity meanwhile.



Principle of Taking Public Welfare as the Basis

- The Company does not engage in any profit-making activities under the guise of public welfare and charity, and participates in public welfare and charity activities within the limits of its capacity without affecting normal business operations.



Principle of Legality and Compliance of Activities

- The Company should comply with the national laws and regulations, not violating social morality or harming public interests and the legitimate rights and interests of others when participating in public welfare and charity activities.

Principles of public welfare and charity activities





Case "InnoLight Public Welfare Charity Month"

In order to create better public welfare and charity atmosphere, the Company designates September of every year as the "InnoLight Public Welfare and Charity Month" to encourage more employees to participate in public welfare and charity activities. During the "InnoLight Public Welfare and Charity Month", when employees donate to a charity organization that carries out public welfare and charity activities, the Company will donate to the same organization with the same amount.

In September 2022, the Company held the second InnoLight Technology public welfare market activity with the concept of "making the best use of things to recycle resources, and serving public welfare with love". Since the InnoLight public welfare market mainly sells second-hand items and donated items, etc., surplus idle items can be reused to reduce purchases and waste. At the same time, proceeds from this charity sale were used to support rural children's education, enabling old things useful and love passing on.



InnoLight Technology public welfare market activity

InnoLight Technology and Beijing Xiangrong Public Welfare Foundation jointly conducted charity fundraising within the Company, launching the "Add a Good Book for Children in the Mountains" campaign to support the construction of book campus in rural schools.



InnoLight Technology charity fundraising campaign



Case Garbage Classification Volunteer Activity

On March 5, 2022, the "Learn from Lei Feng Day" per year, in order to further promote the policy of garbage classification and enhance employees' awareness of low-carbon environmental protection, the Company organized the Learning from Lei Feng volunteer service activity with the theme of "Learning from the good example of Lei Feng to bear responsibilities through volunteer services", organizing volunteers to clean up garbage in the riverway and lawn next to the Xiasheng Road factory area.



Garbage classification volunteer activities



Case Donation of Materials to Primary Schools by InnoLight Thailand

On June 1, 2022, the Children's Day, InnoLight Thailand donated bicycles, children's clothing, shoes and other materials to Thung Din Kho Primary School, through which teachers and students felt warmth and care. This activity is conducive to promoting the Company's corporate culture and inheriting the Company's fine tradition of caring for students.



InnoLight Thailand donated materials to Thung Din Kho Primary School

Xiangrong Public Welfare Foundation

Zhongji InnoLight cares about the people's livelihood, the disadvantaged and the needs of the society. At the end of 2017, Mr. Liu Sheng, President of the Company, jointly established Xiangrong Public Welfare Foundation with a number of caring entrepreneurs to shine the light of public welfare to rural education. Xiangrong Public Welfare Foundation is committed to supporting rural education and providing useful and meaningful education, so that children in mountain villages can experience the beauty around them, grow up loving their hometown, being confident and having a healthy and sunny mentality. With such an original intention, Xiangrong Public Welfare Foundation was established to reach out to the rural land of China and build a public welfare service platform for rural education with an innovative model. Through projects such as Book Culture Campus and Local Sunshine Course, every rural schoolchild can enjoy a fair and quality education, so that they can have a sense of belonging, loving environment and a bright future.



By the end of the reporting period

1. Xiangrong Public Welfare Foundation's achievements included supporting **26** schools in Hunan, Sichuan, Henan, Gansu, Shaanxi and other provinces and cities, training **88** principals and teachers, benefiting **3,840** children, establishing **1** rural education model school, completing the construction of **128** classroom book corners and **2** rural reading rooms, and donating numerous high-quality children books containing literature, science, rural and other categories.
2. Xiangrong Public Welfare Foundation organized **1** summer camp to enrich the horizons of rural school children.



Case Yunnan Honghe Public Welfare Tour

In August 2022, caring entrepreneurs and families from Suzhou, Shanghai, and Beijing gathered in Honghe, Yunnan. The Company sends volunteers and experience officers to rural schools to effectively inspect the implementation of public welfare projects by exploring the current situation of village primary schools, learning knowledge with children together through activities, and deeply communicating and interacting with teachers to feel industrious work and thoughts of frontline educators.



The Company's participation in Yunnan Honghe Public Welfare Tour

Key Performance

	Indicator	Unit	2020	2021	2022
Economic performance	Revenue	RMB0'000	704,959.01	769,540.48	964,179.48
	Net profit attributable to the parent company	RMB0'000	86,548.36	87,697.71	122,399.09
	Total assets	RMB0'000	1,361,573.23	1,656,468.08	1,655,698.82
Environmental performance	Electricity consumption intensity (electricity consumption for RMB0'000 revenue)	Kwh/RMB0'000	133.93	114.73	112.61
	Water consumption intensity (water consumption for RMB0'000 revenue)	t/RMB0'000	0.3438413	0.3121577	0.312461
	Total GHG emissions	Tons of CO2 equivalent	75,974.49	71,107.11	84,971.28
	GHG emission intensity	Tons of CO2 equivalent/RMB0'000 revenue	0.1077715	0.092402	0.088128
Social performance	Total number of employees	Person	5,815	5,583	5,634
	Percentage of female employees	%	46	48	49
	Total hours of training received by employees	Hour	16,789	18,303	35,828.5
	R&D investment	RMB0'000	52,150.31	56,584.58	79,216.83

Index of Indicators

Index of CASS-ESG 5.0 Standards of the Chinese Academy of Social Sciences

Issue	Indicator Code	Indicator	Related Chapters
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	P1.2	Information description	About the Report
	P1.3	Reporting system	About the Report
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	P4.2	Strategy and culture	About Zhongji InnoLight
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	G1.5	Anti-unfair competition	Risk Management Intellectual Property Rights
	G1.6	Appeal and reporting mechanism	Internal Control
	G1.7	Anti-commercial bribery and anti-corruption system	Anti-corruption
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	G1.10	Information transparency	Investor Relationship Management
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	E1.6	Certified by Environmental Management System	Green Management
	E1.7	Environmental protection training, promotion and education	Energy Conservation and Carbon Reduction
	E1.8	Research and application of environmentally friendly products or technologies	Energy Conservation and Carbon Reduction

Issue	Indicator Code	Indicator	Related Chapters
Resource utilization	E2.1	Energy management system	Energy Conservation and Carbon Reduction
	E2.2	Energy consumption	Energy Conservation and Carbon Reduction
	E2.5	Clean energy usage	Energy Conservation and Carbon Reduction
	E2.6	Policy to reduce the use of packaging materials for finished products	Green Office
	E2.9	Water resource utilization policy	Green Management
	E2.10	Freshwater usage	Green Management
	E2.11	Water consumption intensity	Key Performance
	E2.12	Water-saving amount	Green Office
	E2.14	Green office measures	Green Office
Emission	E3.1	Wastewater discharge reduction policy	Green Management
	E3.2	Wastewater discharge	Green Management
	E3.3	Waste gas emission reduction policy	Green Management
	E3.5	Waste emission management policy	Green Management
	E3.6	General waste emissions	Green Management
	E3.8	Hazardous waste emissions	Green Management
	E3.10	Performance of waste recycling and utilization	Green Management
Response to climate change	E5.2	Climate-related risks and impact of opportunities on business operations	Energy Conservation and Carbon Reduction
	E5.3	Climate-related risk management	Energy Conservation and Carbon Reduction
	E5.5	Direct greenhouse gas emissions	Energy Conservation and Carbon Reduction
	E5.6	Indirect greenhouse gas emissions	Energy Conservation and Carbon Reduction
	E5.7	GHG emission intensity	Energy Conservation and Carbon Reduction
Social Risk Management (S)			
Employment	S1.1	Comply with labor standards	Employee Management
	S1.2	Diversity and equal opportunities	Employee Management
	S1.3	Employee composition	Employee Management
	S1.4	Labor contract signing rate	Employee Management
	S1.6	Democratic management	Employee Rights
	S1.7	Salary and benefits system	Employee Development
	S1.10	Employee care	Employee Benefits
	S1.11	Employee satisfaction	Employee Rights
Development and training	S2.1	Occupation development channel	Employee Development
	S2.2	Occupational training system	Employee Development
	S2.3	Investment in occupational training	Employee Development
	S2.4	Occupational training performance	Employee Development
Occupational health and safety production	S3.1	Occupational health management	Employee Health
	S3.2	Certified by the occupational health and safety management system	Employee Health
	S3.4	Safety production management system	Employee Health Green Management
	S3.5	Safety promotion and training	Employee Health
	S3.6	Hazard investigation and rectification	Employee Health
	S3.7	Emergency management system	Employee Health

Issue	Indicator Code	Indicator	Related Chapters
Customer responsibility	S4.1	Product/Service quality management	Intelligent Manufacturing Premium Products
	S4.3	Responsible marketing	Responsible Marketing
	S4.4	Stop-loss and compensation mechanism	Satisfactory Services
	S4.5	Proactively deal with customer complaints	Satisfactory Services
	S4.6	Information safety and privacy protection	Satisfactory Services
	S4.7	Customer satisfaction	Satisfactory Services
Responsible supply chain management	S5.1	Supply chain ESG management system	Sustainable Supply Chain
	S5.2	Supplier ESG review and assessment	Sustainable Supply Chain
Value creation (V)			
National value	V1.2	Major strategic contribution areas of the country	Xiangrong Public Welfare Foundation
	V1.3	Actions and measures that serve the major strategies of the country	Xiangrong Public Welfare Foundation
	V1.4	Achievements of serving the major strategies of the country	Xiangrong Public Welfare Foundation
Industrial value	V2.1	System and mechanism for technological innovation	Innovation and R&D
	V2.2	Actions and measures for technological innovation	Innovation and R&D Intelligent Manufacturing Premium Products
	V2.3	R&D investment	Innovation and R&D Key Performance
	V2.4	Significant technological innovation achievements	Innovation and R&D Premium Products
	V2.5	Drive the coordinated development of upstream and downstream industrial chains	Sustainable Supply Chain
	V2.6	Ensure the security and stability of the industrial and supply chains	Sustainable Supply Chain
	V2.7	Participate in industry standard setting	Industrial Exchange
	V2.8	Strategic cooperation mechanism and platform	Industry-university-research Cooperation
Livelihood value Environmental value	V3.1	Actions and measures that drive employment	Industry-university-research Cooperation
	V3.2	Number of new employments	Employee Management
	V3.3	Participate in infrastructure construction	Green Office
	V3.4	Field of public welfare actions	Public Welfare and Charity Xiangrong Public Welfare Foundation
	V3.5	Create brand public welfare projects	Public Welfare and Charity
V3.7	Volunteer service performance	Public Welfare and Charity Xiangrong Public Welfare Foundation	
Environmental value	V4.1	Carbon peak and carbon neutrality strategy and goals	Energy Conservation and Carbon Reduction
	V4.2	Carbon peak and carbon neutrality action plan and path	Energy Conservation and Carbon Reduction
	V4.3	Effectiveness of carbon reduction	Energy Conservation and Carbon Reduction
	V4.4	Actions and measures to protect the green ecology	Green Office
Report Epilogue (A)			
	A1	Future plans	Message from the President
	A2	Key performance table	Key Performance
	A4	Reference index	Index of Indicators
	A5	Feedback	Feedback Form

Global Sustainability Standards Board GRI Standards Index

GRI Indicators	Related Explanation	Related Chapters
The Organization and Its Reporting Practices		
G2-1	Organizational details	About the Report
G2-2	Entities included in the organization's sustainability reporting	About the Report
G2-3	Reporting period, frequency and contact point	About the Report
G2-4	Restatements of information	About the Report
Activities and Workers		
G2-6	Activities, value chain and other business relationships	About Zhongji InnoLight
G2-7	Employees	Employee Management
G2-8	Workers who are not employees	Industry-university-research Cooperation Public Welfare and Charity Xiangrong Public Welfare Foundation
Governance		
G2-9	Governance structure and composition	Organizational Structure
G2-12	Role of the highest governance body in overseeing the management of impacts	Organizational Structure
G2-13	Delegation of responsibility for managing impacts	Internal Control
G2-15	Conflicts of interest	Anti-corruption Intellectual Property Rights
G2-16	Communication of critical concerns	Risk Management
G2-17	Collective knowledge of the highest governance body	Message from the President
G2-19	Remuneration policies	Employee Development
G2-20	Process to determine remuneration	Employee Development
Strategy, Policies and Practices		
G2-22	Statement on sustainable development strategy	Message from the President
G2-23	Policy commitment	Investor Relationship Management Sustainable Supply Chain Employee Management
G2-25	Processes to remediate negative impacts	Anti-corruption
G2-26	Mechanisms for seeking advice and raising concerns	Risk Management
G2-27	Compliance with laws and regulations	Internal Control Risk Management
G2-28	Membership association	Industrial Exchange
Stakeholder Engagement		
G2-29	Approach to stakeholder engagement	Stakeholder Engagement Investor Relationship Management
G2-30	Collective bargaining agreements	Employee Rights
Economic Benefits		
G201-1	Direct economic value generated and distributed	Key Performance
G201-3	Defined benefit plan obligations and other retirement plans	Employee Benefits

GRI Indicators	Related Explanation	Related Chapters
Indirect Economic Impacts		
G203-1	Infrastructure investments and services supported	Innovation and R&D Public Welfare and Charity Xiangrong Public Welfare Foundation
G203-2	Significant indirect economic impacts	Innovation and R&D Intelligent Manufacturing Premium Products Industry-university-research Cooperation Industrial Exchange
Anti-corruption		
G205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption
Materials		
G301-2	Recycled input materials used	Green Management
G301-3	Reclaimed products and their packaging materials	Green Management
Energy		
G302-1	Energy consumption within the organization	Green Management
G302-3	Energy intensity	Energy Conservation and Carbon Reduction
G302-4	Reduction of energy consumption	Intelligent Manufacturing Green Management Energy Conservation and Carbon Reduction Green Office
G302-5	Reductions in energy requirements of products and services	Green Management Energy Conservation and Carbon Reduction Green Office
Water Resources		
G303-2	Management of water discharge related impacts	Green Management
G303-5	Water consumption	Green Management
Emission		
G305-1	Direct (Scope 1) GHG emissions	Energy Conservation and Carbon Reduction
G305-2	Energy indirect (Scope 2) GHG emissions	Energy Conservation and Carbon Reduction
G305-4	GHG emission intensity	Energy Conservation and Carbon Reduction Key Performance
G305-5	Reduction of GHG emissions	Energy Conservation and Carbon Reduction
Wastes		
G306-1	Waste generation and significant waste-related impacts	Green Management
G306-2	Management of significant waste-related impacts	Green Management Energy Conservation and Carbon Reduction
G306-3	Generation of wastes	Green Management
G306-4	Waste diverted from disposal	Green Management

GRI Indicators	Related Explanation	Related Chapters
Supplier Environmental Assessment		
G308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain
G308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain
Employment		
G401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	Employee Benefits
Occupational Health and Safety		
G403-1	Occupational health and safety management system	Employee Health
G403-2	Hazard identification, risk assessment, and incident investigation	Employee Health
G403-3	Occupational health services	Employee Health
G403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Health
G403-5	Worker training on occupational health and safety	Employee Health
G403-6	Promotion of worker health	Employee Health
G403-8	Workers covered by an occupational health and safety management system	Employee Health
G403-10	Work-related ill health	Employee Health
Training and Education		
G404-2	Programs for upgrading employee skills and transition assistance programs	Employee Management Employee Development Intelligent Manufacturing Premium Products
Diversity and Equal Opportunity		
G405-1	Diversity of governance bodies and employees	Employee Management
Freedom of Association and Collective Bargaining		
G407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employee Rights Sustainable Supply Chain
Local Communities		
G413-1	Operations with local community engagement, impact assessments, and development programs	Xiangrong Public Welfare Foundation
Supplier Social Assessment		
G414-1	New suppliers that were screened using social criteria	Sustainable Supply Chain
Marketing and Labeling		
G417-1	Requirements for product and service information and labeling	Responsible Marketing
Customer Privacy		
G418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Satisfactory Services

Feedback Form

Dear readers:

Thank you very much for taking time out of your busy schedule to read the 2022 Social Responsibility Report of Zhongji InnoLight Co., Ltd. In order to provide you and other stakeholders with more valuable information, and effectively promote the Company's ability and level to fulfill corporate social responsibility, we sincerely look forward to your comments and suggestions.

Multiple-choice Questions (please tick ✓ in the appropriate place)

1. Your overall assessment of this report is:

Very good Good Fair Poor Very poor

2. How do you evaluate the response and disclosure of this report to the concerns of stakeholders?

Very good Good Fair Poor Very poor

3. What do you think of Zhongji InnoLight's performance on economic responsibility?

Very good Good Fair Poor Very poor

4. What do you think of Zhongji InnoLight's performance on environmental responsibility?

Very good Good Fair Poor Very poor

5. What do you think of Zhongji InnoLight's performance on safety management?

Very good Good Fair Poor Very poor

6. What do you think of Zhongji InnoLight's performance on employee responsibility?

Very good Good Fair Poor Very poor

7. What do you think of Zhongji InnoLight's performance on community responsibility?

Very good Good Fair Poor Very poor

8. Are the information, indicators and data disclosed in this report clear, accurate and complete?

Very good Good Fair Poor Very poor

9. Do you think the content arrangement and layout design of this report are easy to read?

Yes No

Open Questions

Do you have any comments or suggestions on this report and the performance of Zhongji InnoLight Co., Ltd. on its social responsibility?



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