



Environmental Social Governance Report 2021





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A letter from the Chairman

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A letter from the Chairman

Actively performing our social responsibilities has been the motive for the sustainable development of the Group. It is our unswerving pursuit.

Over the past 30 years, Hengtong has always adhered to the principle of honesty and righteousness in management and integrity and law-abidance for development. The Group has paved a bright road for itself by adhering to business law and sticking to integrity and justice. Hengtong has set itself firmly on its path of development, and is committed to building a trustworthy enterprise trusted by the government, satisfied by the society and supported by employees.

Over the past 30 years, Hengtong has always persisted in industrial development and innovation. Loyal to the manufacturing industry, we sought development through innovation and promoted innovation through development. The six in one innovation ecosystem we established made breakthroughs, and as a result we have mastered core technology and pioneered internationalization for Chinese national enterprises. Hengtong is committed to building a leading enterprise in global communication and energy interconnection.

Over the past 30 years, Hengtong has always kept pace

with development and shouldered the duty of contribution and responsibility towards society. We've established a harmonious community consisted of government, society, enterprises, and employees which has promoted the scientific and harmonious development of the enterprise. Hengtong has pioneered a road of high-quality development led by social responsibility, and is committed to creating a century-old enterprise with an everlasting foundation.

Over the past 30 years, Hengtong has always adhered to the concept of Openness and Cooperation, Co-construction and sharing, led industry, benefited the society, and worked hard to leave the image of perfection to customers, the image of integrity to partners, image of trust for investors, the image of admiration to competitors, and last but not least, the image of care and compassion to employees. We will continue on the road of promoting win-win cooperation and development with a community of common destiny, and strive to build a responsible enterprise respected by the society.

Chairman of the Board of Directors
Hengtong Group



Chairman of the Board of Directors Hengtong Group
CUI GENLIANG

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Overview of Hengtong Group

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Overview of Hengtong Group

Hengtong Group is an international enterprise with a diverse range of expertise covering optical fiber, power, marine and offshore cable, EPC turnkey service and maintenance, as well as IoT, big data and e-commerce, emerging materials and new energy.

Hengtong is the largest optical fiber and power cable manufacturer in China. Ranking among the top 3 optical fiber communication manufacturers in the world, it accounts for approximately 15% of the international market share.

As of 2021, Hengtong has over 70 wholly-owned companies and holding companies (3 of which are listed on the Shanghai, Hong Kong and Indonesian stock exchanges), with 11 manufacturing facilities and 9 sales companies based in Europe, South America, Africa, South Asia and Southeast Asia. It operates sales offices in over 40 countries and regions around the world, supplying products to over 150 countries and regions.

Commitment to innovation, ESG and social responsibility is the core values of the company. Hengtong is steadily transforming to intelligent manufacturing, with the aim of becoming a most advanced communication and power transmission system integrator and network service provider in the world.

Relying on the platform of independent innovation (national enterprise technology center, academician workstation, post-doctoral scientific research stations, etc.), Hengtong continuously achieves independent control of key technologies in the fields of optical fiber communication, ultra-high voltage submarine cable and semiconductor materials. With intelligent manufacturing and green manufacturing, it has won many well-recognized titles and applause.

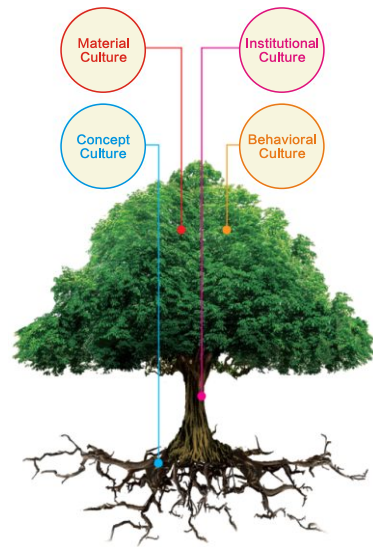
Committed to sustainable development and carbon emission reduction, Hengtong adheres to the pathway of circular economy transformation, practices the concept of recycling



and utilization, and realizes the win-win situation of ecological and economic benefits. The green preform it developed saves roughly 18,000 tons of poisonous hydrochloride. This zero-pollution technology makes Hengtong China's only, and world's second company that possesses this technology.



Hengtong's Tree of Corporate Culture



The relationship between the four main cultures of the Hengtong cultural system is just like the relationship between the parts of an evergreen tree. Concept culture is the root, institutional culture is the trunk, material culture is the branch, and behavioral culture is the leaf.



“Shang shan ruo shui, dao fa tong bian.” The greatest virtue has the characteristics like water – it nurtures the world without taking or contending. Water is always aware of rationale of change, properly altering and keeping pace with times.

Hengtong's Values

Success and failure depend on strategy, excellence depends on management, product depends on integrity, status depends on action

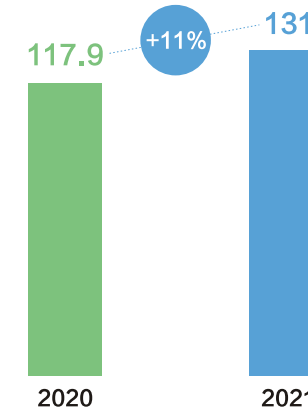
Corporate Vision

Create a world-renowned brand, build an excellent global enterprise

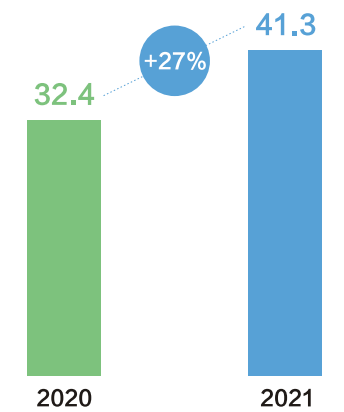
Corporate Mission

Creating Excellence, Advocating Civilization

Revenue of Hengtong Group (RMB: Billion)

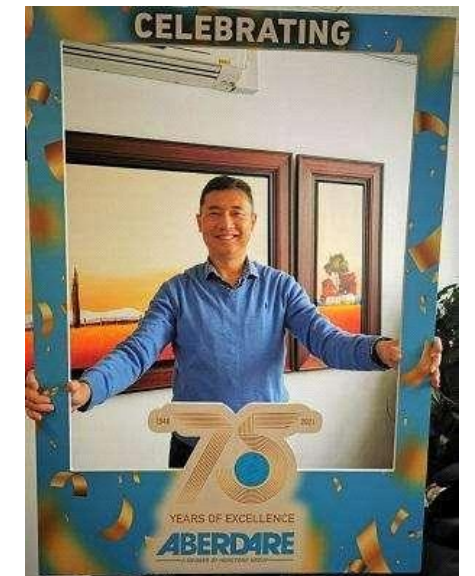


Revenue of Hengtong Optic-Electric (RMB: Billion)



The 30th anniversary of the founding of Hengtong Group

2021 marks the milestone of 30 years' development of Hengtong Group. Nearly 20,000 Hengtong employees celebrated the occasion globally. A conference on development and cooperation was held on December 11, reviewing the path to today's success and looking into the future for sustainable development. Throughout the year, Hengtong's subsidiaries in South Africa, Aberdare, and in Spain, Cablescom also celebrated their 75th and 50th anniversaries.



Mr. Jorge Azcón, Mayor of Zaragoza, Spain, where Cablescom locates, congratulates Hengtong



Mohamed Nars, Assistant Minister, ICT for Global Information Infrastructure, Egypt, congratulates Hengtong



Mr. Salvador Malheiro, Mayor of Ovar, Portugal, where Alcobre locates, congratulates Hengtong

3.0

Executive Summary

Executive Summary

Hengtong is dedicated to making the world a better place and creating a better future for everyone. Hengtong's management is constantly asking itself, "How can we serve others better?" .

To achieve that, Hengtong incorporates ethics and values in its technology and products, and it tries its best to care for people and the environment. Hengtong's values and management approaches described in this report demonstrate its standing dedication to Environment, Social, and Governance (ESG) affairs.

For years, Hengtong has woven these concepts in the yearly CSR Reports and Circular Economy Report. This year, we changed the formality of reporting into a Sustainability Report, or ESG Report, in accordance with the GRI standard to make ourselves more clear of what we have done in these areas and in the meantime, help ourselves form a more clear understanding and guideline for lasting development for a lasting future.

This report starts from the ESG management structure in Hengtong, though a few basic facts of the business of Hengtong Group in 2022 is introduced beforehand. In the mainstay part, the report narrates from the following perspectives:

Environment

Hengtong demonstrates its commitment through advancing environmentally friendly approaches, internally and externally.

In line with the world efforts to address global warming, Hengtong is dedicated to a green development by contributing to carbon reduction, observing the Paris Accord's road map to limit the global warming within 1.5–2 Celsius degrees.

Hengtong's headquarters, located in east China's Jiangsu province, sets the goal within the grand framework of China's aim to achieving carbon peak by 2030 and carbon neutrality by 2060. To this end, Hengtong strengthened relevant techniques in fields of green product design,

technical improvement, R&D and innovation, supply chain management, clean energy promotion, ecosystem monitoring and circularity, to name a few.

Hengtong's numerous innovation platforms enable the innovation. Its innumerable patents, certificates and awards testify its strong capacity and achievement in the innovation regard.

Across the world in Hengtong's subsidiaries, Hengtong follow through on environmental protection in close accordance with local resolutions, such as the carbon neutrality goal by 2050 in Europe and South Africa and by 2070 in India, and the low carbon and climate resilience goal by 2050 in Indonesia. Some subsidiaries, for instance the Spanish subsidiary Cablescom, participate in the international initiatives such as the Global Compact.

Social

Deeply rooted in its corporate culture, Hengtong's management is constantly reviewing with itself on how to serve the society even better.

"The greatest virtue has the characteristics like water – it nurtures everything without taking or contending" . The old tenet from Lao Tzu's Tao Te Ching provides the fundamental philosophy in Hengtong's culture, within which creating values and giving back to society tops the company's agenda.

Hengtong established its Charity foundation in 2011, which is China's first private charity foundation that certificated by China's Ministry of Civil Affairs. As of 2021, the foundation has donated over 700,000,000 yuan to various regions in China, helping lift tens of thousands of people out of poverty.

Job creation is another contribution that Hengtong can make to the communities. Throughout the world, Hengtong recruits some 20,000 employees. With its booming business, the number of jobs is constantly growing. Hengtong actively involves itself in different social activities to enlarge its brand recognition with social impact, and in doing so absorbs talents from all walks of life.

Among its employees, Hengtong stresses cultural

integration which it believes will provide optimized work environment to people from a diverse range of cultural backgrounds to work together. Cultural exchanges also strengthen the mutual understanding between the peoples from different countries.

Hengtong regards highly the interests of its shareholders. The fundamental way of increasing their interests is to ever improve its business in a profitable way. For consecutive years Hengtong has never stalled but increased its value, with its turnover reaching 130,000,000,000 yuan in 2021.

Governance

Governance paves the way to sustainable development. The triannual strategic seminar set the macro tone for the business development of every incoming 3 years since the establishment of Hengtong Group.

While the strategic seminar plays the role of mapping the future in the near and long run, Hengtong spare no efforts to

take immediate substantial actions to expedite its technical upgrading. The “Three Improvement” , (factory intelligentization, management informatization and lean manufacturing), and the Four Transforms (transform production to creation and innovation, transform manufacture to platform service, transform product supply to full value chain integration, and transform the vernacular culture to global culture) among others, represent the evolutionary approach Hengtong takes to build itself to a sustainable business.

In addition to supply chain management and customer cooperation, which is more in terms of external governance, Hengtong regulate its inner compliance seriously. The Business Conduct, among other things, provides comprehensive guidelines to all employees on how to work in an ethically right manner.

Among multiple spheres therein, the labor relations, ethnic and gender equality, disabled, QHSR, etc., have all reached remarkable achievement in recent years, which is manifested by a wealth of certificates and awards.



4.0

Sustainability Management

Organizational Structure

Hengtong Group has established a special working mechanism for ESG management, in sync with the CSR management, of the enterprise. The basic rationale lies in Hengtong's endeavor to reach international standards of sustainability.

The ESG work is led by the (executive) president of Hengtong Group. The president sets the goal of ESG development in the short-, medium- and long-terms in strategic terms. Assisting the president to breakdown the strategic goal in to policies is the ESG committee, which is affiliated by the ESG promotion office, with a function to coordinate ESG affairs in an executive manner among the Group and all the Hengtong subsidiaries at various fronts. The execution of ESG affairs is rolled out with cooperation among different departments in different subsidiaries, with a company-level leader designated as the person-in-charge in the subsidiary and another person designated as the

liaison.

Policy making principle: Adhere to the scientific, reasonable and clear direction of sustainable development, and ensure the integration, effectiveness and sustainability of businesses and operations in all subsidiaries.

Innovation principle: Develop new products and services that are not only leading cutting-edge technologies, but also environmentally friendly; ensure that sustainability-orientation is widely penetrated throughout the R&D and innovation process.

Normative Process: Establish the screening mechanism and decision-making process of projects, standardize the operation mode of pre-analysis, in-process tracking and post-evaluation, and control project execution and coordination.



Sustainable Development Goals

The sustainability Hengtong is seeking is not so much as for the company or for any country, but rather in a larger sense for the globe. The reason is because Hengtong is a global enterprise with its people around the world; Hengtong reaps

benefits from the world and hence the effort to give back. The following global/national goals provide sound guidance to Hengtong's sustainability strategy.

The UNSDGs

UN SDG



End poverty in all of its forms everywhere

Hengtong's supporting initiatives

Hengtong Charity Foundation and its donation of 700 million yuan to impoverished regions in China

Aberdare's AberSchool ...



End hunger, achieve food security and improved nutrition and promote sustainable agriculture

HT CABOS's donations of foods to local communities and orphanages



Ensure healthy lives and promote well-being for all at all ages

Healthcare for employees
Annual health checks
Environmental, health, and safety checks
Create jobs for the disabled



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

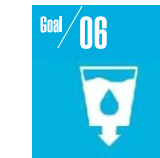
Training for employees
Open, fair, and inclusive hiring
Hengtong University
Firefly Library



Achieve gender equality and empower all women and girls

Support for women's rights
Female leaderships in Hengtong

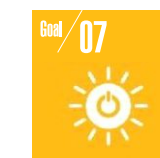
UN SDG



Ensure availability and sustainable management of water and sanitation for all

Hengtong's supporting initiatives

Management approaches to save water such as improving the water circulation system to maximize cooling water recycling
Taihu Lake water ecology monitoring



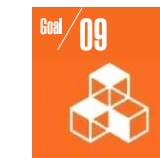
Ensure access to affordable, reliable, sustainable and modern energy for all

Business activities in clean energy such as offshore, photovoltaic, solar, and wind stations



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Inclusive hiring (20,000 employees)
Hengtong's goal to maximize recycling
Business Conduct



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Optical fiber accounting for 25% of the global market
Communications and power connectivity projects in more than ??countries
Annual investment in R&D reaching ?% of the sales

The UNSDGs

UN SDG



Reduce inequality within and among countries

Hengtong's supporting initiatives

Inclusion and diversity at Hengtong and its subsidiaries, such as taking part in the BBEE program
Supplier diversity programs



Make cities and human settlements inclusive, safe, resilient and sustainable

Charging piles for electrical cars
Taihu Lake water ecology monitoring



Ensure sustainable consumption and production patterns

Circularity
Green fiber



Take urgent action to combat climate change and its impacts

Hengtong Global Forest Action
Green Month Initiative



Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Hengtong Aquatic Ecosystem Smart Solutions Center
WindFloat Atlantic
Solar energy utilization (complementary fishing–light)

UN SDG



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

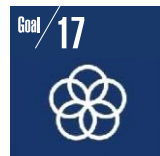
Hengtong's supporting initiatives

Hengtong Global Forest Action
Green Month Initiative



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Cultural integration at Hengtong's overseas subsidiaries
Disabled People's Performing Art Troupe



Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Jiangsu International Chamber of Commerce New Energy Committee
Cablescom's membership in the Global Compact

The Paris Agreement

The Paris Agreement also provides a significant reference to Hengtong's sustainability endeavor. As an ICT infrastructure enterprise, Hengtong is well known that, according to a 2018 study, "if unchecked, ICT GHGE [greenhouse gas emissions] relative contribution could grow from roughly 1–1.6% in 2007 to exceed 14% of the 2016 level worldwide GHGE by 2040 [sic], accounting for half of the current relative contribution of the whole transportation sector." Although smartphones and tablets are big players in energy use and are on a steep upward growth curve, "it's the ICT infrastructure that consumes the most energy, uses the most electricity, and emits the most GHGE, accounting for 70% of the ICT carbon footprint."

- Limit the increase in global average temperatures to "well below 2°C above pre-industrial levels" ;
- "Pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change" .



The Carbon peak and carbon neutrality plan of China

In 2020, China put forward its carbon emission reduction plan, namely the Carbon Peak and Carbon Neutrality plan. According to the plan, the Chinese government promises to peak carbon dioxide emissions by 2030 and achieve carbon neutralization by 2060. The plan is leading China into the era

of climate economy and setting off a green change with both opportunities and challenges. China aims to gradually increase the share of non-fossil energy consumption to around 20 percent by 2025, around 25 percent by 2030, and over 80 percent by 2060.



Materiality issues & Materiality matrix 2021

We take a prudent approach to the materiality assessment. After widely soliciting the opinions of our stakeholders and discussing within the Group's ESG working mechanism, we identify people, environment, products, and corporate governance as material topics we prioritize on our

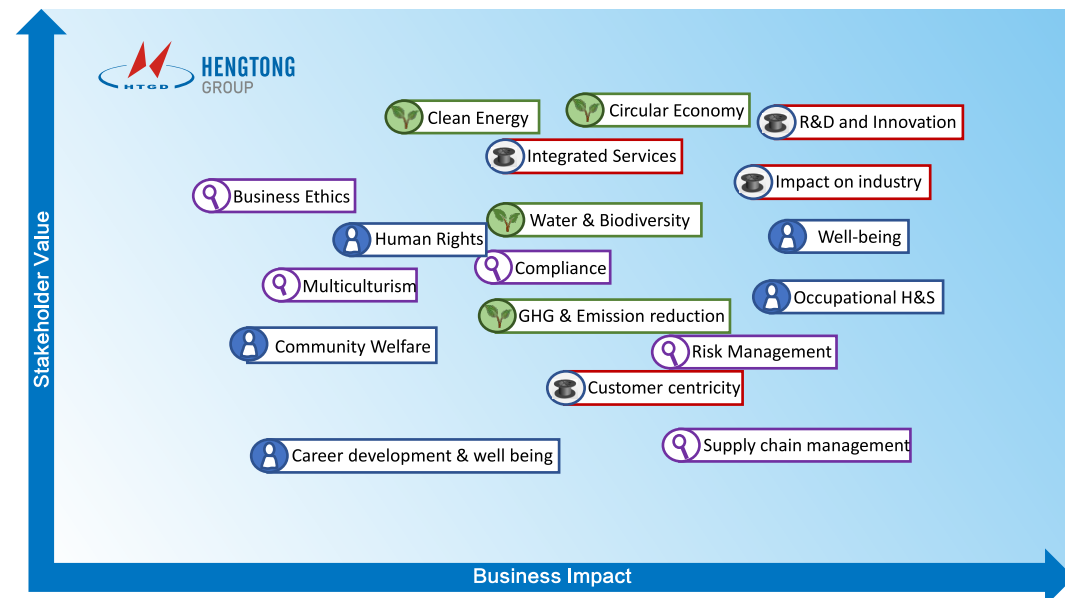
sustainability agenda. We believe these affairs exerts comparative impacts on the exterior environment and affects the decision making of our incumbent and potential stakeholders.

Hengtong Material Issues

People	Environment	Products, services, and industry	Corporate governance
Occupational health and safety	GHG and hazardous emissions reduction	R&D and innovation	Business ethics and compliance
Life-long career development and well-being	Clean energy	Global network for integrated service provision	Supply chain management
Human rights and equality	Water and biodiversity	Customer-centricity	Risk management
Community welfare	Circular economy	Impacts on the industry and the pioneering role	Multiculturalism

The materiality matrix enables the identification and prioritization of social and environmental issues presenting risks and opportunities for Hengtong and stakeholders. The

matrix furthermore supports the visualization of global changes and trends and their potential effect on the business.



5.0

Environmental - A Green Approach Toward Global Sustainable Development

5.1 Carbon and hazard gas emissions reduction



Hengtong Group takes U.N. SDG Goal 7, “Ensure access to affordable, reliable, sustainable and modern energy for all” as a guideline. Hengtong is very concerned about climate change and has taken many measures to mitigate climate risks throughout the years. Hengtong recognizes that human activity contributes to climate change, where great risks lay, which cause serious environmental, economic, and social risks. To secure a better future for humans, animals, the sea, the land, and the earth, Hengtong has strictly adhered to GRI standards.

Hengtong is striving to minimize and mitigate climate risks. It is committed to reducing carbon emission and hitting the carbon peak. Hengtong demonstrates its commitment through actively implementing zero carbon initiatives, internally and externally.

5.1.1 Green Manufacturing

Hengtong firmly follows the concept of green development, recycling, and low-carbon development. Hengtong integrates ESG indicators into its management through which it cuts resource consumption and reduces

environmental impact. Hengtong's goal is to build 100% green factories.

Green Manufacturing Projects

Applying Energy-Saving Aluminum Alloy Wires in Multiple Scenarios

Hengtong has applied energy-saving aluminum alloy wires in multiple scenarios and broke through in technologies such as conductivity, strength and heat resistance, which once had a long period of stagnation. The project's achievements have reached the international advanced level: the annual energy loss of the line can be reduced by more than 100 million kW/h, saving 36000 tons of standard coal, and reducing more than 420000 tons of carbon emission.

New Generation of Green Optical Fiber Preform R&D

Hengtong has successfully developed a new generation of green optical fiber preform, hence taking the lead globally and ranking second in the world, coming right after Corning. Hengtong has established the largest single manufacturing base of green optical fiber preform in the world. The new project has allowed Hengtong to reduce carbon emission, recycle 18000 tons of hydrogen chloride in the

manufacturing process, and reduce the importation of scarce gas by 860000 m³. Hengtong has set an example for green manufacturing for China's optical fiber industry, and successively won projects including the industrial foundation project, intelligent manufacturing project, and green manufacturing demonstration project. This is a successful case of China's independent innovation and contributes green to the world's optical communication industry.

5.1.2 The Hengtong Global Forest Action

Advancing U.N. SDG Goal 15, “Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss, Hengtong has carried out the Hengtong Global Forest Action for five consecutive years. In 2021, over 50 Hengtong volunteers planted 200 trees on Arbor Day in Wujiang this year. Across the country, Hengtongers in other cities such as Chengdu and Sichuan are also performing their green mission.

Dedicated to environment protection, Hengtong initiated the Global Forest Action in 2018, then known as the Hengtong Forest Initiative, aiming to plant over 20,000 trees within 5 years. With the total number standing at 12,000 this year, the target is underperformed, majorly due to pandemic reasons. However, actions have never been stalled. In 2021, we also planted ten Sakura trees for all the IBG industrial companies, one for each, as a gift from the headquarters on the occasion of its 30th anniversary, as well as to honor the 50th anniversaries of CablesCom and VOKSEL, and the 75th anniversary of Aberdare.

If one tree could cut 4–18kg carbon a year, then about 4.8–21.6 tons of carbon sequestration has been added over the past 5 years through the efforts of Hengtongers.

4-18 kg
carbon a year per tree

4.8-21.6 tons
of carbon sequestration with 12,000 trees

5 years
through the efforts of Hengtongers

Under the slogan of “Greening the world”, Hengtong now wishes to roll out this green action globally by taking advantages of its 10 IBG industrial companies in 8 countries, making its contribution to a sustainable world.

Responding to Hengtong's green effort, the Spanish subsidiary, Cablescom, also planted an olive tree in the compound, representing its agreement to the headquarters' green ambition.



5.1.3 Carbon Footprint Third-Party Certification

Hengtong is committed to reducing the carbon footprint of its business activities. In 2021, two of Hengtong's optical fiber products were verified by SGS China.

Hengtong cooperated with a third party in producing the carbon footprint verification statements for two major fiber

optic products, namely the 1km ADSS non-metallic strength member and 1km GCYFY/GYCFY non-metallic strength member. According to the statements, the two products produce respectively 2087.39 kg and 303.09 kg of CO₂ in their manufacturing, meeting the requirements of environmental-friendly production.



5.2 Clean Energy

Hengtong is working both externally and internally to mitigate climate risks. Over the years, Hengtong's business activities in ocean, wind, and photovoltaic energy have won the high praise from home and abroad.



5.2.1 Offshore Wind Energy

Hengtong Group understands the contributions offshore energy makes to the environment. Hengtong is a pioneer in utilizing its submarine technologies to facilitate the transfer of the wind energy to land, with itself engaged in many major ocean energy projects globally.

- Zhanjiang Xuwen 600MW Project
- Vietnam Tra Vinh II 48MW Offshore Wind Farm Project
- Vietnam Tinh Ben Tre 30MW Offshore Wind Farm Project
- Uzbekistan Sirdarya 1500MW CCGT Independent Power Project 500kV Power Cable
- CNOOC'S Bozhong-Kenli Oilfield Group Shore Power Connection
- The Marine Power Grid Project in Northern Europe
- WINDFLOAT ATLANTIC Power Export Project
- Marine Optical Network Project in North Africa



WINDFLOAT ATLANTIC Power Export Project



Zhanjiang Xuwen 915MW



Vietnam Tra Vinh II 48MW Offshore Wind Farm Project

In 2020, China Central Television reported in its documentary Colorful Portugal that Hengtong's offshore wind farm project in Portugal, "the WindFloat Atlantic OWF", "pioneers a new era of renewable energy and in particular floating offshore wind in Europe and the world, and takes a giant leap towards the European Commission's goal to become the first carbon neutral continent by 2050. It can meet the electricity consumption of 60,000 households every year. The project is the largest current floating offshore wind park in the world."

At present, Hengtong has formed a complete industrial chain of offshore wind farm operation from cable R&D and manufacturing, transportation, rock-socketed piling, integrated piling, fan installation, cable laying, wind farm operation, to maintenance.

5.2.2 Photovoltaic Energy

Besides activities in offshore clean energy, Hengtong has taken part greatly in other clean energies such as

photovoltaic energy. Hengtong's major photovoltaic projects include:

- 900MW Photovoltaic Power Station, Pakistan
- 100MW Photovoltaic Power Generation Project "Fishery-Solar Hybrid" in Dongying Xihe

"Fishery-Solar Hybrid" in Shandong Province Dongying Xihe (built by and belonging to Hengtong till 2021): The annual average on grid power is 142,000 GWh of clean energy, which is equivalent to planting about 513 hectares of broad-leaved forest, saving about 51300 tons of standard coal, cutting about 145000 tons of carbon dioxide emission and about 52000 cubic meters of deforestation. By this project, Hengtong contributes to China's plan to hit the "Carbon Peak" and realize "Carbon Neutrality".



5.2.3 Applying Clean Energy within the Company

One of Hengtong's top priorities is to reduce climate risks internally. Hengtong uses clean energy to save electricity in its offices and dorms.

Case A:

All of the lights in the workshop of are LED. The office and plant utilizes glass roofs, walls and windows, and the production workshop has transparent skylights, which makes full use of natural light.



Case B:

Up until 2019, the workshop used ordinary energy efficient lights, which were high in energy consumption and had a short life span, which was unfriendly to the environment. These lights have been replaced with more environmentally friendly LED lights since 2019. Annually, this saves about 20,000 kWh energy, equivalent to saving 8 tons of standard coal.

Case C:

Energy Conservation in Lighting System: In 2019, the lighting system of the drawing workshop in Area No. 2 consumed about 58,102 kWh of energy every year. In 2018, the number was 80,923 kWh. Through saving energy through the lighting system, 22,821 kWh of energy was saved per year, reducing 28.2% of the energy used, equivalent to saving 7.15 tons of coal and 19.4 tons of carbon emission.

Before the improvement:

Normally the lights in the workshops were on full time, but there may have been periods where some parts of the workshop were not operating. In this case, electricity was being wasted.

Improvement Measures:

According to the operation of each area and the inspection route, the company regulated the lighting and established partial lighting in the area without operators.

Switching Table for Lighting of the Drawing Workshop in No. 2 Area								
Floor	Emergency switch	East No.1	East No.2	East No.3	West No.1	West No.2	West No.3	Emergency switch at entrance of elevator
the 2 nd floor	Turn off	Turn on (warm yellow)	Turn on (warm yellow)	Turn on (warm yellow)	Turn off	Turn on	Turn off	
the 3 rd floor	Turn on	Turn off	Turn off	Turn off	Turn off	Turn off		Turn on
the 4 th floor	Turn on	Turn off	Turn off	Turn off	Turn off	Turn off		Turn on
the 5 th floor	Turn on	Turn off	Turn off		Turn off	Turn off	Turn off	Turn on
the 6 th floor	Turn on	Turn off	Turn off		Turn off	Turn off	Turn off	Turn on
the 7 th floor	Turn off	Turn off			Turn off			Turn on

Remark: In the routine inspection process, for the lights do not need to be turned on for a long time should be turned off to save electrical energy.

Case D:

Smart Warehouse Lighting:

After adoption, there are now a total of 6 sets of control loops covering the whole warehouse. The control method is to install an LCD control panel on the wall of the warehouse office, and set the scene mode and switching time of each set of lamps through the panel. It saves 59568 kWh of energy per year.

5.3 Sustainable Product Design

In the global tide of clean and low-carbon campaign, Hengtong as a world-leading enterprise in fiber-optic communications and power transmission, takes full advantage of its capacities in new material developing and adoption, and smart charging and storage solution, to come up with zero carbon products and solutions focused on green development.

Green Workshop & Green Design

In 2021, Hengtong's fiber manufacturing factory was awarded the "Green Workshop" title by the Chinese government. In meantime, three products were awarded "Products of Green Design" :

- Outdoor optical cable (GYTA)
- Rail signal cable (WDZA-PTYA23)
- Copper Drawing Stock for Electrical Purpose (T1 m20 8.0)

Improvement in Raw Materials

At Hengtong, silicon tetrachloride is used in the manufacturing of preforms, which produces hydrogen chloride gas that can pollute the environment. To protect the environment, Hengtong independently developed green preforms, using organic silicon, a kind of green and efficient material, to replace the high pollution material. It is the first company in China and the second in the world to master this intellectual property. This green technology has been recognized as one of the Green Intelligent Manufacturing Projects of China.

Cases:

Subsidiary A:

Subsidiary A reduced hydrogen chloride emissions by 18,000 tons, 860,000 cubic meters of rare gas consumption, 100 million kWh of line loss, 36,000 tons of coal consumption, and 420,000 tons of carbon dioxide emissions per year. Hengtong has the largest single manufacturing base of green optical fiber.

Organic silicon is used to replace SiCl₄ as a new generation raw material for optical fiber preforms production, with the characteristics of green sourcing, green manufacturing, and clean discharge.

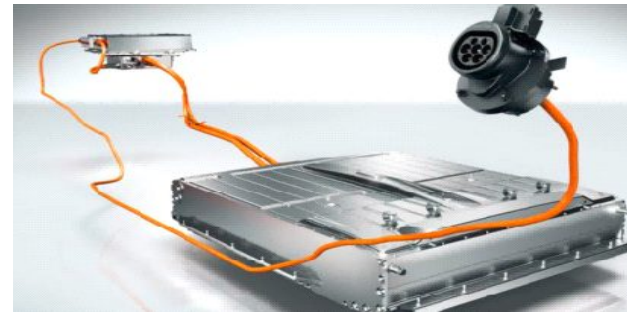
Subsidiary B:

Subsidiary B introduced the idea of ecological design and

environmental protection into product design. Subsidiary B took the environmental impact of product-end-of-life into consideration and improved the product design, therefore minimizing the negative impact of products on the environment.

Subsidiary C:

Subsidiary C lightened the load of high-voltage wiring Harness and integrated on-board car charger products.



The battery cable is the main component of electric power transmission in automobiles. The original design used copper as a conductor, which was expensive and heavy. At present, the subsidiary is working on the R&D of aluminum conductor power cable products. It would not only save energy and reduce emissions, but also improve the functions of pure electric or hybrid electric vehicles.

The charger head and the car charge control box are synthesized into one:

- The on-board charger control box shell and charger shell are integrated to decrease the cost to develop the control box mold and the control box parts;
- The control box structure is no longer used, the seat for control box assembly is removed, therefore labor hours are reduced;
- After removing the control box housing, vehicle charge protection is enhanced as the the risk of leakage is reduced.

5.4 Water

Water Saving

Water scarcity poses severe challenge to the world's sustainability. At present, over 80 countries are confronted with water problem with 300,000,000 people affected. The problem still deteriorating, it is expected that by 2025, 3 billion people in 40 countries and regions will be affected by water scarcity.



Hengtong understands the importance of water, and it takes many approaches to increase the amount of water it can recycle and reuse. One of Hengtong's management approaches to save water is improving the water circulation system to maximize cooling water recycling, which saves a great quantity of water every year and thereby reduces carbon emissions. Water cooling is a process that consumes a large amount of power and produces a large amount of carbon emissions.

Case A:

Saves 42,000 tons of water every year.

Improvement 1:

A large centralized water circulation system that covers the entire workshop has now been installed, supplying the production lines.

Improvement 2:

By use of a cooling tower, production lines have been improved from independent refrigeration to centralized

refrigeration.

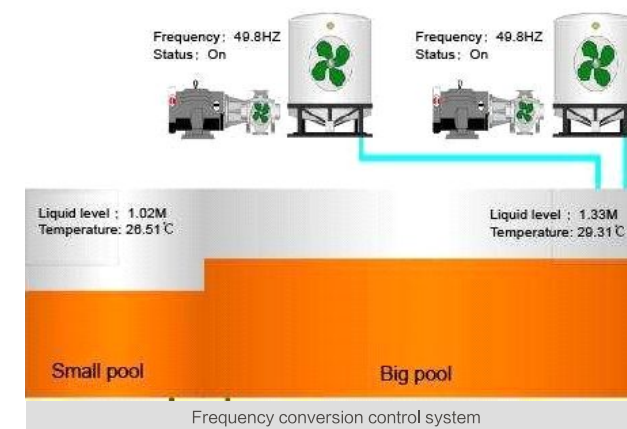
Subsidiary B: Saves 2.64 million tons of water per year.

All cooling water equipment of the company now uses a centralized water supply system, and the cooling water is recycled through the reservoir. An automatic temperature control cooling system is used to keep the circulating water at a fixed temperature and ensure that technical and equipment requirements are met whilst reducing overall energy consumption.



Case B:

The carbon in the water is separated by purifying the water in the casting machine. Then the purified water is recycled and reused, saving energy and reducing carbon emissions.



Hengtong designed and developed the Water Ecological Perception Network, which can observe the entire scale and

weather surrounding the water environment. The network can sustainably detect and obtain high-resolution and high-precision water environment data real time, it can monitor the ecological environment of rivers and lakes real time, and provide data support for the assessment of the quality of the water environment.

Now piloting in the East Taihu Lake, the network has built a technical foundation for "smart waters" and provided the "strongest brain" for the full implementation of "The River Management System" and "The Lake Management System".



5.5 Circularity

A circular economy is a systemic approach to economic development designed to benefit businesses, society, and the environment. At Hengtong it's encapsulated with three steps: Reduce, Reuse, and Recycle. It puts the philosophy of environment protection in every step of production ranging from product design, material selection, manufacturing, waste, logistics, to product-end-of-life. Hengtong evaluates its subsidiaries not only through business performance, but also through a variety of ecological factors that include resource consumption, hazardous and non-hazardous waste, environmental impact, and ecological results. From reducing materials, using renewable materials, to disposing hazardous wastes, Hengtong takes hold of every opportunity it can get to enhance its circular economy.

Recycle and Reuse

Hengtong understands the importance of recycling and reusing materials in its production. With its direct operations, Hengtong has made progress in saving trees, saving

resources, and cutting emissions. Hengtong's approaches are effective, scientific, and modern, and they adhere to its philosophy "the greatest virtue has the characteristics like water – it nurtures the world without taking or contending".

Reuse

The following subsidiaries use drums made from multi-layer boards made of recycled and compressed wood chips. This practice greatly cuts the annual use of new materials and wood, slowing down deforestation.

Cases A:

Reduces the consumption of wood by around 180 tons saving about 230 adult trees per year.

Improvements:

The side plates of the drums were replaced by multi-layer compressed panels, therefore using less wood.

Case B:

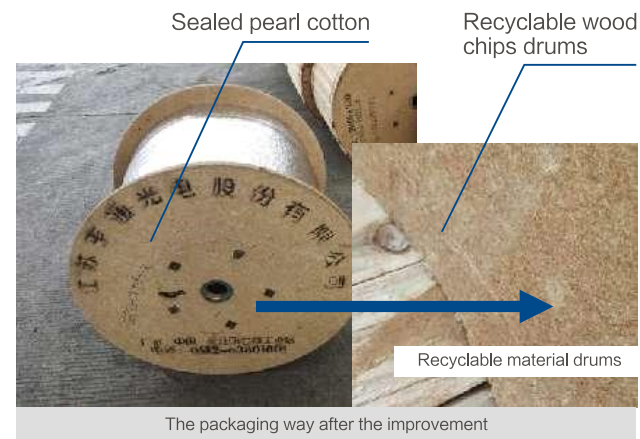
Saves about 53 kg of wood per drum, saving 572.4 tons of wood per year, saving 715 trees.

Improvement 1:

Uses recyclable material molded drums for packaging, which meets the requirement for packaging, and reduces the consumption of solid wood.

Improvement 2:

Replaces the solid board on the outer layer with sealed pearl cotton packaging to reduce the consumption of wood for orders that do not need to be stacked high.



Case C:

Saves 2,040 plastic pallets per year; Subsidiary C uses plastic pallets as the base for packaging raw materials and finished products. In order to effectively improve the utilization of plastic pallets, the company cleans the incoming 1m*1m pallets and reuses them as delivery pallets of finished products.



Case D:

Donates waste drums to local kindergartens to make into tables and stools.



Recycling Waste Material and Exhaust Gas

Case A:

Recycled copper is used in manufacturing. Each ton of recycled copper can reduce 100 tons of industrial waste residues and 2 tons of sulfur dioxides. Also used are old motor, waste wire, and cables as the main raw materials in manufacturing copper wire billets. The renewable resources used in the copper wire billets account for more than 70% of the material content. Each ton of

recycled copper can reduce about 100 tons of industrial waste residues and 2 tons of sulfur dioxides.

Case B:

The waste recovery rate is 100%, the recycling rate of Helium gas is 70%, and the reuse rate of production water is 99.86%;



Case C:

The average recovery rate of helium reaches 79%, reducing helium gas emissions from 507.9 to 406.4 kg, saving 300,000 cubic meters gas per jumper and cutting natural gas consumption by 18.5% per year.

Before, the helium used in the drawing production line was directly discharged, resulting in air pollution. As an approach to perform its responsibilities towards the environment, the subsidiary installed a helium recovery device to collect the used helium gas for reuse, reducing the amount of helium emitted directly.

Case D:

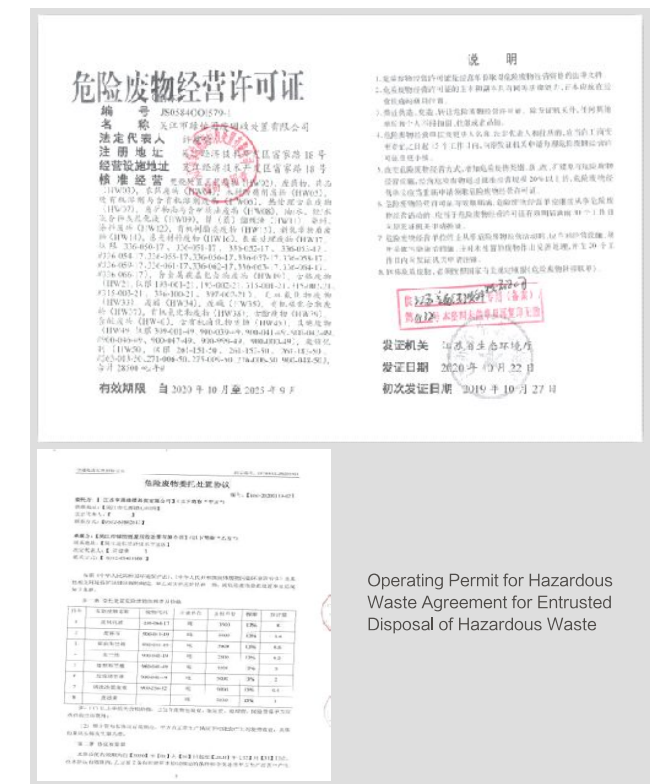
Saves about 300,000 cubic meters of gas per year per line. To preheat the air with waste gas, each burner is equipped with a burner nozzle, each burner nozzle is equipped with a regenerative bed with alumina ball as the heat storage medium, two burner nozzles combust alternately, and the two regenerative beds store up heat in turn. This technique avoids energy waste caused by direct emission of hot exhaust gases.

Case E:

Subsidiary E concentrates passivation liquids for secondary use. Through doing this, annual consumption of passivation liquids is reduced by 50%;

To ensure that hazardous waste is properly managed with minimal impact on the environment, at Hengtong's subsidiaries, waste is separated, collected, and then disposed of through third-party waste management companies in accordance with legal requirements.

To increase cable ductility, passivation liquids are used in the production of through-railway ground wire. Through third-party waste management companies, the used passivation liquids are exposed to sun light, which causes the water within the passivation liquids to evaporate, therefore completing oil-water separation and increasing the concentration of passivation liquids, allowing it to be reused. Hengtong requires all environmental incidents, including waste-related incidents, to be reported. Up to now, no waste-related incidents have been reported and Hengtong's activities on recycling waste have no negative effect on the quality of product.



Case F:

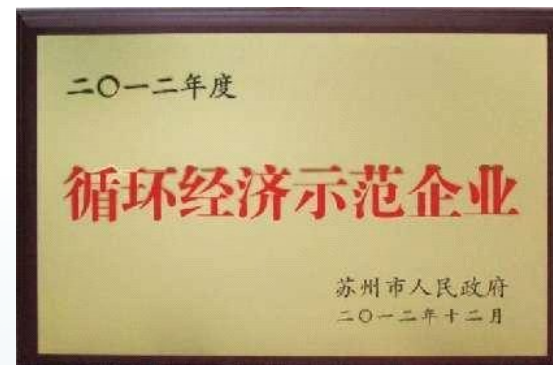
Reduces consumption of natural gas by 18.5% after improvement;

Improvement measures: Thermal energy is recovered, in line with exhaust gas emission standards through RTO, a heat storage organic exhaust gas oxidation treatment equipment.

5.6 Memberships and Awards

Thanks to effective energy saving programs and environmental protection work, Hengtong is one of the first enterprises to win China's Energy Efficiency Stars – Five Star Energy Efficiency Industrial Enterprise (the only enterprise in the cable industry). Hengtong was also awarded the “Green Manufacturing System Integration Project”, “Green Energy Conservation Innovation Award of China's Communication Industry”, “National Green Environmental Protection Products” and won the “Green Technology Model for Global Human Settlements” award.

To actively shoulder the responsibility of working for a sustainability, Hengtong joined various national and international regimes, including the Sustainable Development Committee of China Chamber of International Commerce (founding member), New Energy Special Committee of Jiangsu Chamber of International Commerce (founding member), Jiangsu Province Renewable Energy Association (permanent member of the standing committee), etc.



6.0

Social - CSR as the No. 1 Responsibility

6.1 Hengtong's Philosophy

The Greatest Virtue has the Characteristics Like Water

Hengtong's philosophy is "the greatest virtue has the characteristics like water – it nurtures the world without taking or contending". This philosophy strikes its root in the ancient China's Taoist thoughts which had been incorporated into the ruling ideology in numerous dynasties.

This philosophy lays the foundation of Hengtong's corporate culture, and hence its operation and management. As the hub of the wheel, it underpins the ultimate goal of Hengtong's activities: to benefit the society.

Gentle, rippling water only nurtures the environment around it gently; it never harms the environment around it. A person of the highest moral standing should live humble like water, have a giving heart like water, conduct and govern in a kind way like water.

6.2 Social welfare, Charity & Poverty alleviation

Hengtong Charity Foundation

Hengtong Charity Foundation was established in 2011. In 2011, in line with the concept "benefiting from the society and returning to the society", Hengtong Group and Cui Genliang, Chairman of the Board of Directors, initiated a donation of 50 million yuan and was approved by the Ministry of Civil Affairs to establish the "Hengtong Charity Foundation". This is the first private enterprise charity foundation in Jiangsu province to be directly administered by the Ministry.

In 2018, Hengtong Charity Foundation won the 4A rating from the National Industry Association of the Ministry of Civil Affairs of China, being one of the 13 foundations in China to receive this award.

So far, a total of 700 million yuan has been donated to a dozen of provinces in China.

Hengtong's charity foundation helps the disabled, children, and disaster-inflicted areas.

- Cui Genliang was awarded Philanthropic Entrepreneur of National Charity Association 2020
- Hengtong was awarded Excellent Charity 2021 by

Suzhou

- Cui Genliang was awarded Ambassador for the Disabled 2021 by Suzhou
- Hengtong Charity Foundation's project "Fulfilling Dreams" was awarded Most Influential Project Supporting the Disabled 2020 by Suzhou



Covid 19 Response

When Covid-19 hit Wuhan, China in the beginning of 2020, Hengtong responded immediately and donated some 3-million-yuan worth of power cables to the cabin hospital construction. Hengtong also mobilized all the overseas subsidiaries and collected over 230,000 sets of medical supplies across the world to support China.



As the Chinese saying goes, "If someone gives me a drop of water, I will return him with the favor like a fountain", Hengtong further implemented the "water philosophy" by giving medical supplies in return to the world when the pandemic spread. Since 2020, Hengtong has amassed over 260,000 masks to support the overseas employees, customers, hospitals, and social welfare organizations.



6.3 Cultural Integration

Cultural exchanges pave the way to mutual understandings between different peoples of the world. This is conducive to the lasting peace of humanity. With this belief, Hengtong promotes cultural integration between the headquarters and its subsidiaries in an open, inclusive, equal manner.

Hengtong Group believes its employees who come from unique cultural backgrounds and 150 different countries and regions is its greatest asset. Hengtong's employees, all with unique perspectives and experiences, is the reason it is contributing to communication and clean energy around the world. Hengtong has noticed how important cultural integration is for its activities across the world – it has become a great binding force for its employees who are so different from one another.

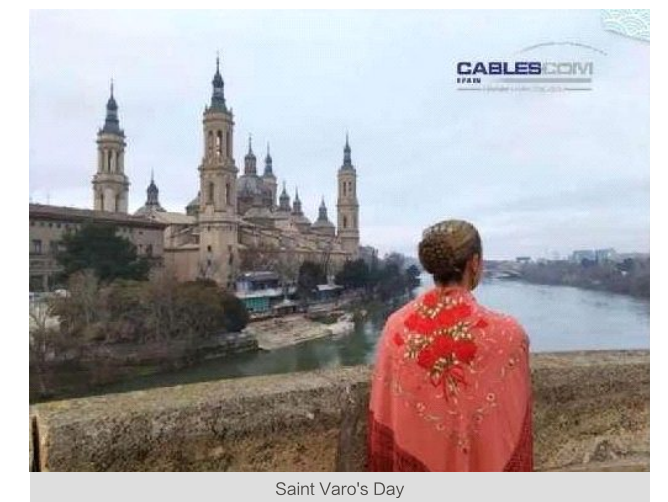


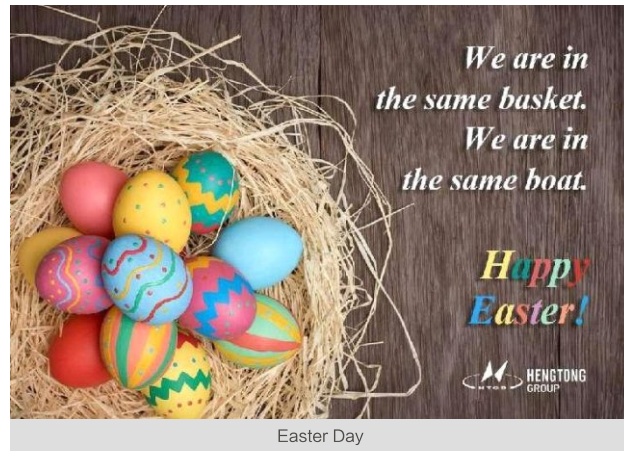
6.3.1 Holidays & Social Conventions

Chinese New Year has become a tradition for all of Hengtong's overseas subsidiaries. The celebration brings employees a chance to accept each other's differences and share food, music, and cultures, enhancing unity among the multi-cultural environment. Through this management approach, Chinese employees and local employees have formed strong bonds and become strong teams, doing the best work of their lives together.



Local cultures and festivals are extremely important and Hengtong grabs every chance it comes across to enhance unity and team spirit.





Easter Day

Hengtong is trying to build a more open and inclusive culture. International holidays such as Christmas and Halloween are celebrated at all of the offices in China, and Hengtong is trying to raise awareness on other holidays such as Arbor Day, World Book Day, World Earth Day, and World Diabetes Day.



Christmas



Arbor Day

6.3.2 Intercultural Exchanges

Hengtong's management approaches don't stop at holidays. Intercultural exchanges have been essential to fostering Hengtong's company culture in diversity and inclusion.

Cablescom Interacts with the Zaragoza Chinese Community

In 2021, Cablescom interacted with the Zaragoza Chinese Community. The School of the Chinese Development and Cooperation Association Spain visited CablesCom, framed in the celebrations of CablesCom's 50th anniversary. CablesCom had the visit of 30 children from the school. It was able to bring their manufacturing process closer to both CablesCom and the Hengtong Group. On the other hand, to strengthen ties with the Chinese community in Zaragoza was very important for the company. Spanish and Chinese were the main languages spoken in the visit, which coincides with the cultural diversity cherished at CablesCom.



China-Africa Cultural Exchange and Skills Training Projects at AMHT



Since August 2020, Hengtong Group, Suzhou Technical Vocational College and relevant South African institutions have worked together to train South African students at

Hengtong's production base in China. Hengtong and its partners are planning to establish China-South Africa Hengtong Intelligent Manufacturing College in South Africa to carry out training for students and teachers and academic exchanges.

Under Hengtong's China-Africa Cultural Exchange and Skills Training Projects at AMHT, students now show stronger capability to integrate culturally and cooperate better with their teams and leaders at AMHT. It has helped AMHT form a young and dynamic team organization, positive integration, unity, and positive working environment. This year, on February 17, Mr Wayne Adams, General Manager of MerSeta, an iconic institution of higher technical skills training in South Africa, and Dr. Lu Zhilei, Director of the South African Chinese Culture and International Education Exchange Center visited AMHT. The purpose of this visit was to discuss the overall situation of the students who were sent to China to train through the MerSeta and the South African Chinese Culture and International Education Exchange Center and now work in South Africa. This visit witnesses Hengtong's contribution to China-Africa Cultural Exchange.



Hengtong Contributes to China-Brazil Cooperation

2021 marked the 25th anniversary of the establishment of sister-city relations between Jiangsu Province, China and the State of Minas Gerais, Brazil. To celebrate this occasion and chart a new course for further cooperation, the Jiangsu Foreign Affairs Office, joined by the Minas INDI and the Brazilian CG in Shanghai, held the Jiangsu-Minas Gerais Online Seminar on Investment & Brazil-Jiangsu Roundtable for Entrepreneurs in Nanjing.

During the event, the congratulatory message from the Vice-Governor of Minas Gerais, Mr. Paulo Brant, was read. As an important investor from Jiangsu in Minas Gerais, Hengtong Group was invited to give a speech at the Roundtable.

The VP for International Cooperation of Hengtong IBG introduced the close relations between Hengtong and Brazil. Thanks to the support from the Minas Gerais government, as he said, Hengtong Brazil was able to develop at a faster pace and said that Hengtong will continue to make contributions to the cooperation between the two peoples with expertise in the future.



6.4 Job creation

Creating jobs is of imperative importance to the social welfare and economic development of local communities. Operating in 9 countries with its business reaching some 150 countries and regions, Hengtong has created 20,000 jobs altogether across the world.

Cablescom's expansion of recruitment

Cablescom has incorporated 112 employees as a result of increase in production that has been experienced between 2018 and 2019 at Zaragoza plant. Though the COVID 19 pandemic stalled the momentum for a year, it continues in 2021 and into 2022.



Chinese Ambassador's recognition of Aberdare's job creation



At Aberdare's high voltage plant launch ceremony in 2019, ambassador Lin Songtian spoke highly of the assistance given by the South African government departments to Chinese-funded enterprises in South Africa. Lin Songtian said Hengtong as a private sector plays a leading role in growing the South African economy and addressing the major social challenges South Africa faces, especially inequality, unemployment and poverty.

On another occasion, the Second ACETA Job Fair in South Africa, Ambassador Lin gave credits to Hengtong's Aberdare by saying that Hengtong invested in three major cities and with only four Chinese expatriates created over 1,300 jobs for the localities in South Africa.

Hengtong University (Hengtong College of Management)

Providing jobs is not a once-and-for-all issue. Hengtong stresses life-long study in the course of every employee's

career. Hengtong established Hengtong University for all its employees, a fairly rare case in the private sector to have its own educational system.

Every employee is the student of the University, which provides courses over the year in a way that is tailored according to each employee's level and job type. Further more, all the management is required to give lessons every year, cultivating a teaching-learning virtuous circle.

In a word, Hengtong provides every facilitation to help you reap success in your career and life.



6.5 Commitment to stakeholders

Hengtong promises to its stakeholders and investors that it will implement truthful and ethical management. Information of business conditions and major matters are disclosed truthfully. Great importance is attached to the rights and interests of shareholders and investors and especially protecting the interests of minority shareholders. Hengtong hopes to enhance communication with stakeholders, build consensus and promote high-quality development by issuing this ESG report.

Training for Stakeholders

Every year, Hengtong organizes education and training to educate its employees and stakeholders on energy saving and environmental protection.

Partner Management

Suppliers are required to commit to innocuous, clean, low carbon production processes and recycling.

Shareholders

Creating value and bring benefits to shareholders is a sustainable approach to Hengtong's lasting development. At the 17th World Brand Conference held in Beijing in August 2021, the World Brand Lab released the analysis report China Top 500 Valuable Brand in 2020. Having been on the list for 17 consecutive years, Hengtong Optic-Electric CO., LTD. reached a new level with a brand value of 50.657 billion yuan (doubling the 2019 figure), ranking 134th.

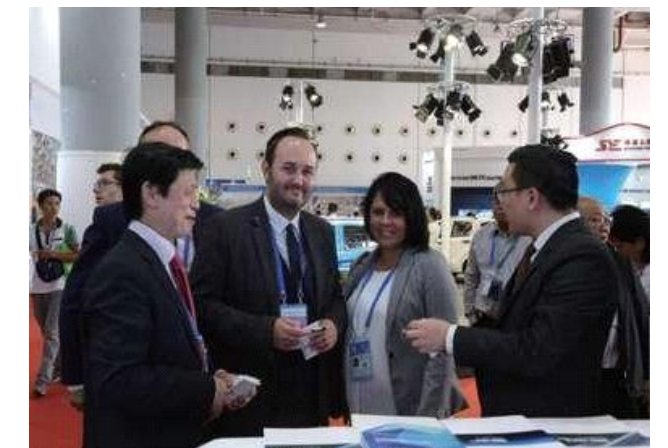
Customers

Customer Training

Hengtong actively participates in exchanges with external entities and training related to environmental protection to access the latest policy related information.



Exhibitions



Hengtong Global Strategic Partners



Provide Quick and Close Service with Global Presence



Layout diagram of overseas industrial bases

11
11 Industrial Bases

40+
Sales & Marketing Branches in over 40 Countries

150+
Products and Services Covering more than 150 Countries



Year 2021 Excellent Cooperation Partner



Cui Genliang, Chairman of the Board, speaks at the All China Federation of Industry and Commerce



Jerome Qian, Executive President, at the Forum of Cooperation between Private Enterprises

INDUSTRIAL PANEL
SEP12 9:00-11:30

Prof. Takahiro FUJIMOTO
藤本浩史 教授
Professor, Keio University
Professor, Masuda University
Professor of Toyota Motor Manufacturing System
日本汽车大学客座教授 (Emeritus Professor)
丰田汽车制造系统教授
丰田汽车制造系统

Prof. Jian CHU
傅建 教授
Founder & President of Hengtong International Investment Institute
亨通国际投资研究所所长
亨通工业互联网研究院院长

Mr. Huiliang TAN
谭惠良 先生
President of Hengtong International Business Group
亨通国际“一带一路”委员会

Mr. Jiandang GU
顾建堂 先生
Executive Committee member of Hengtong Group, CEO
President of Proton Control (China) Holding Co., Ltd.
亨通集团“一带一路”委员会成员
顾同泰汽车电子系统有限公司董事长

Chunyan Wang, Vice President of Hengtong International Business Group, at the China-South Africa Investment and Trade Promotion Conference

Understanding production costs and supply constraints

Veronica Iliescu
CEO
Cablescom - Hengtong Group

Veronica Iliescu, CEO of CablesCom, at the CRU Wire & Cable 2021 Virtual Conference the "Fibre&Communications Cable Market Leadership Strategies" panel

David Tan, President of Hengtong International Business Group, gave a speech on the "Industrial Panel" of the 17th International Symposium on Global Manufacturing and China

The 17th International Symposium on Global Manufacturing and China
RETHINKING GLOBAL MANUFACTURING: RESILIENCE, DIGITISATION AND INNOVATION
第十七届全球化制造与中国国际会议
重新思考全球化制造：韧性、数字化与创新
2021年11-12月20日

7.0

Governance - People-oriented, Environmental-friendly Practices

Hengtong—China's No. 3 CSR Company

At the All-China Federation of Industry and Commerce's fifth meeting of the 12th Executive Committee, the list of top 100 private enterprises with Social Responsibility of China in 2021 was released. Hengtong Group ranked No.3.

附录一 2021 中国民营企业社会责任100强榜单

序号	企业名称	所属省份	规模
1	正泰集团股份有限公司	浙江省	大型
2	新希望控股集团有限公司	四川省	大型
3	亨通集团有限公司	江苏省	大型
4	蓝鹰智飞生物制品股份有限公司	重庆市	大型
5	上海复星高科技(集团)有限公司	上海市	大型
6	德力集团有限公司	江苏省	大型
7	吉利汽车控股有限公司	浙江省	大型
8	鸿星集团有限公司	浙江省	大型
9	金晟科技投资有限公司	广东省	大型
10	蒙牛乳业股份有限公司	河北省	大型
11	杭州娃哈哈集团有限公司	浙江省	大型
12	正邦集团有限公司	江西省	大型
13	德威利金科技发展有限公司(集团)有限责任公司	重庆市	大型
14	宁波方大炭素股份有限公司	浙江省	大型
15	通威集团有限公司	四川省	大型
16	威可曼股份有限公司	江苏省	大型

Cui Genliang, Chairman of the Board of Directors of Hengtong Group, was selected as the entrepreneur in "2021 Excellent Examples of Social Responsibility of China's Private Enterprises".

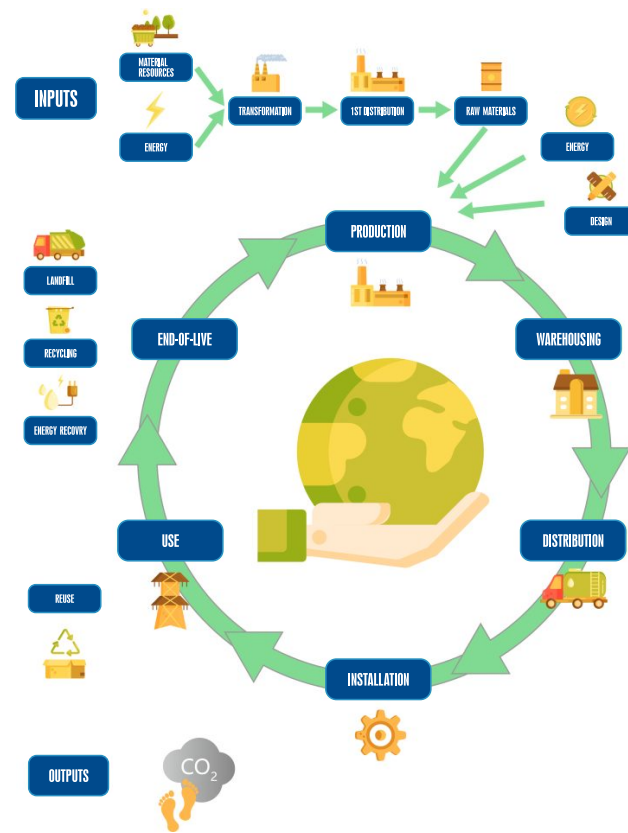
Governance paves the way to sustainable development. Premised on a complete set of business compliance and workplace safety, sustainability-oriented governance has been woven into the fabric of daily operation, management and external relations. The “Three Improvement”, (factory intelligentization, management informatization and lean manufacturing), and the Four Transforms (transform production to creation and innovation, transform manufacture to platform service, transform product supply to full value chain integration, and transform the vernacular culture to global culture) among others, represent the evolutionary approach Hengtong takes to build itself to a sustainable business. In external relations, Hengtong upholds the purpose of creating value for the upstream and downstream stakeholders and the industries.

The Purpose of Hengtong

- To lead the market is our orientation.
- To serve the customer is our focus.
- To create value for the customer is our target.
- To drive the evolution of the industry is our purpose.

7.1 Supply Chain & Supplier Management

Supply Chain



Suppliers are required to have environmental safety certificates
 Hengtong carefully selects suppliers and prefers to award business to quality suppliers focused on win-win growth. With a sustainable and stable supply chain system and a well-established quality assurance system, we ensure the quality of all products for our customers.
 Hengtong strictly follows the principles shown below while carrying out business with its partners.

- Hengtong has close cooperation and partnership with its suppliers and partners;
- Hengtong supports its suppliers in improving their production capacity and developing their production technologies;
- Hengtong conducts proper due diligence on any supplier

or partner it cooperates with for the first time according to the internal management requirements of Hengtong;

- Hengtong always assesses risks before bidding.

Case

Hengtong and its subsidiaries give assistance to its suppliers. Aberdare, Hengtong's subsidiary in South Africa has provided much help for its suppliers. Gladile Global, a logistics company, and MPJ PROJECTS, a marketing company received Enterprise Development assistance from Aberdare in 2021. Both companies have contributed greatly to the local people and schools. Aberdare knew it was time to perform its social responsibilities when it noticed that the two companies had to outsource because they could not afford certain equipment. Gladile looked after the needs of schools in rural and outlying areas and Aberdare supported it by donating the company a vehicle. Aberdare gave MPJ Projects a high-end printer, which will assist them in cutting costs and becoming more competitive.

7.2 Practices and Policies on Ethics

Hengtong Business Conduct Guidelines

In 2020, Hengtong released its Business Conduct Guidelines. The Business Conduct Guidelines set out the fundamental principles and rules of conduct Hengtong expects from its employees. These well-established guidelines, which are applicable to all employees, provide detailed instructions on how to develop self-discipline, promote sustainable partnership, support affiliated transactions, compete fairly for business, etc. With the Business Conduct Guidelines, Hengtong demonstrates the commitment to full compliance with all applicable rules and regulations wherever it does business.



Compliance

Hengtong is committed to managing business ethically and in full compliance with local laws and regulations.

Anti-Competition Compliance We Act Fairly and Honestly

Hengtong seeks business opportunities and customer recognition with competitive products and quality services. Hengtong acts fairly and honestly with its business partners and will never make any false declaration on the function, quality and availability of its products, nor will it deceive its customers or create business through improper means.

Hengtong always respects competitors

Hengtong will not preclude competitors from fair competitions with fraud offenses, nor will it maliciously disparage their products or unfairly damage their reputation with false statements. Hengtong expects a fair and healthy business environment which will lead to a better future of the industry.

We Comply With International Competition Law and Antitrust Law

Hengtong's employees are expected to follow corporate policies on fair competition as well as all applicable fair competition laws and regulations enacted by a local government wherever business is done. Creating a business environment encouraging fair competition is Hengtong's duty. Free and fair competition is always supported at Hengtong:

- Hengtong never abuses its market position to preclude or inhibit competitors through pricing agreement, price discrimination, or monopoly agreement;
- Hengtong never makes anti-competition agreements with its suppliers, distributors or customers to offer tie-in sales, limit resale of products or prevent sales to any party or purchasing from any supplier;
- Hengtong reports every merger, acquisition or overseas investment to the competent anti-trust authorities according to local laws and regulations.

We Comply With Trade and Export Control Regulations

Wherever Hengtong does business, it takes various factors such as international responsibilities, state interests, technology development and market competition into

consideration first, after which it takes applicable export control measures on certain products, technologies and services.

- Hengtong strictly abides by the applicable import and export control laws as well as the regulations of the Group wherever it does business. It will never export any product prohibited for export by law, and will go through formalities for any product restricted for export by law.
- Hengtong always keeps properly the accurate information of products exported or imported, including product name, price, country of origin, and place of origin.

Our Commitment to International Agreements and Recommendations

As a global enterprise, Hengtong is committed to strictly complying with all applicable international conventions and agreements within the framework of domestic laws and actively participating into the construction of a fair international business order.

We Fight Against Any Antisocial Behavior

Hengtong always respects laws and regulations of the country or region where business is done and makes contributions to the local administration, public safety and social stability. Hengtong strictly forbids employees from organizing or participating in any unlawful activity that may disrupt the stability of the society.

AntiBribery and Corruption

Hengtong strictly prohibits its employees from taking advantage of their positions to embezzle, steal, defraud or by other means to illegally possess any corporate asset. Any employee who violates this article will be liable for civil compensation, and face serious cases criminal penalties. To be more specific, Hengtong employees shall NOT:

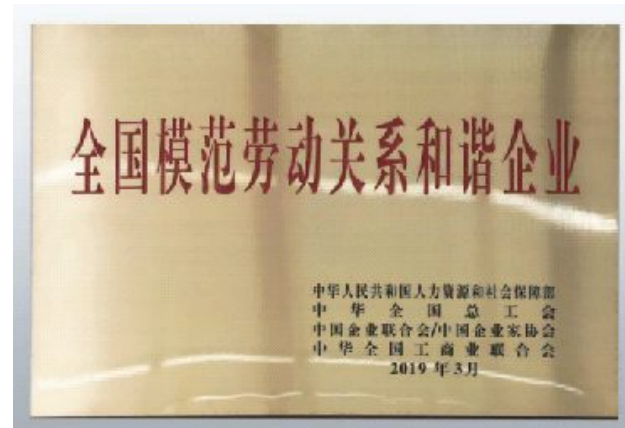
- Dispose of corporate assets held by them without authorization;
- Take possession of or use profits of the Group's transactions for personal use by means of not recording such profits in corporate accounts;
- Draw corporate funds without authorization of the Group, and refuse to return such funds upon request;
- Apply for reimbursement of any non-business personal expense;

- Collude with others to provide a higher quotation when purchasing materials for the Group or providing services in the name of the Group for the purpose of keeping the difference or accepting kickbacks.

Respect for Human Rights

Hengtong always cares for people and respect for human rights, which is reflected by its business operations. It's continuously improving the internal incentive and control system for the purpose of developing a people-centered culture and ensuring the lawful rights and interest of employees. Over the years, Hengtong has developed a feedback-friendly culture. Any employee who has issues with the company can access the Group via: tellus@htgd.com.cn.

7.3 Employees



Hengtong's employees are its greatest asset. Hengtong has 20,000 talented and dedicated employees over the world, and it is committed to supporting their development and securing their well-being. Hengtong is continuously building its strong cultural principles, and creating an environment that allows its employees to succeed. Its leaders throughout the world are committed to these principles and are driven by a sense of long-term responsibility.

Under the pandemic that brought the world so many changes and challenges, Hengtong also made sure that its employees around the world received the help and support they needed to secure their health, safety, and mental well-being.



Wellbeing

Hengtong values employees as wealth and family. With care, Hengtong and its subsidiaries have established a host of benefits to provide its employees the resources they need to succeed in their professional and personal lives. Hengtong's benefits helps its employees to live healthier, more fulfilled, and happier lives in and outside the workplace.

- Hengtong has set a host of benefits to secure the physical well-being of its employees, including:
- Physical and mental health coverage that also extends to spouses
 - Covid insurance and allowances for expatriates working abroad
 - Information sharing
 - Family care



Inviting employees' family members to visit Hengtong and having fun together

7.4 Ethnic and Gender Equality

With subsidiaries in 8 countries, Hengtong understands the significance of ethnic and gender equality in its internationalization. With diverse representation, employees from different cultures can work together in harmony and form deep bonds that benefit their lives in the workplace and beyond. Hengtong's success in internationalization is its driving force to foster a diverse and inclusive culture. Committed to SDG Goal 16, "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all", Hengtong hires inclusively and focuses on increasing diverse representation at every level.

7.4.1 Ethnic Equality

Hengtong's employees come from dozens of countries with different backgrounds. Hengtong knows that so many unique experiences and colorful backgrounds are the building blocks that have built its foundation for internationalization. Diversity is honored at Hengtong. Many management approaches have been made to hire from underrepresented communities and engage in activities that encourage diversity.



BBBEE

South Africa's BBBEE Act sets out to redress inequality, boost economic growth, and create a better life for all. Aberdare, Hengtong's South African subsidiary, managed to maintain its Level 1 BBBEE score again this year, the highest level of the Act.

An EMPOWERDEX Generic Scorecard Preliminary Report
ABERDARE CABLES (PTY) LTD
AAA+
LEVEL 1 CONTRIBUTOR

Category	Score	Weight	Sub-Category	Score
Ownership & Control	100	100%	100% Black Ownership	100
Skills Development	100	100%	Skills Development Contribution	100
Employment Equity	100	100%	Employment Equity Contribution	100
Supplier Development	100	100%	Supplier Development Contribution	100
Community Development	100	100%	Community Development Contribution	100
Preferencing	100	100%	Preferencing Contribution	100
Management Development	100	100%	Management Development Contribution	100
Responsible Procurement	100	100%	Responsible Procurement Contribution	100
Total	1000	100%	Total	1000

Preliminary Report for discussion purposes only.
 Date: 22 May 2021

CablesCom Awarded "Most Diverse and Inclusive SME"

In 2021, CablesCom was awarded "Most Diverse and Inclusive SME" by Fundacion Diversidad. "Cablescom deserves this award for its broad view of diversity, its selection processes, support for labor—insertion for groups at risk of social exclusion and migrants, its initiatives to promote mental health, its promotion of conciliation, and the wide range of awareness activities (eg on HIV)", Fundaci ón Diversidad reported. This prize more than well demonstrates that CablesCom is committed to undressing inequality and giving opportunities to the underrepresented.



7.4.2 Women's Rights

Hengtong firmly believes that SDG Goal 5 is integral to all dimensions of inclusive and sustainable development, and all the SDGs depend on the achievement of Goal 5. Achieving gender equality and empowering all women and girls is one of Hengtong's greatest priorities. Hengtong effectively safeguards the basic rights and interests of female workers in accordance with national laws and regulations.

As of 2021, at the group level of Hengtong, there is one female top leader in six leaders. Women leaders also head Hengtong's subsidiaries and departments.



Hengtong understands and very much appreciates the importance of women's contribution to society. Every year, Hengtong takes International Women's Day as an opportunity to celebrate women's rights. Discussions are held, gifts are distributed; Hengtong uses this day to respect and appreciate its female employees and foster a more open and inclusive company culture.



7.5 The Disabled

Since its founding in 1991, Hengtong has kept helping the disabled, so far having provided over 3,000 jobs to disabled people.



Cui Genliang, founder of Hengtong Group, once said, "Some normal things in life may require unimaginable hardships for disabled people to realize! Helping one disabled person sometimes equals to saving his/her family." The disabled people working in Hengtong enjoy the same pay and welfare as others.

In the same year of the establishment of Hengtong Charity Foundation in 2011, Hengtong Group, Wujiang district government, and the District Disabled Persons' Federation jointly provided modern household electric appliances to nearly 2000 poor families with disabled people. It later turns out to be an annual practice for 10 years.

Hengtong is not only helping the disabled get rid of material troubles, but also committed to enriching their cultural life. Since 2015, Hengtong Charity Foundation has donated money annually to help Wujiang Disabled People's Art Troupe conduct rehearsals and performances, and organized dozens of operas in the countryside every year.

Talent Show for the Disabled



Donation Ceremony "Dream Realization Action"



In Hengtong's South African subsidiary Aberdare, equality for the disabled is also well recognized. It funded the Aberdare Disability Care Center, helping the local handicapped people solve physical, mental, and living problems.



Occupational health & Workplace safety



Hengtong sees its employees as its greatest assets and protecting the safety of its employees is one of its biggest priorities. Hengtong has taken safety management approaches such as safety training seminars, QHSE checks, and quarterly safety checks between the headquarters and subsidiaries at home and abroad.

In 2021, Hengtong's overseas subsidiaries adhered to the quarterly safety management approaches and made the changes below:

To improve safety on production areas, Hengtong's Portuguese subsidiary Alcobre changed the position of the stairs, reinforced protection for water control on the test tank, and built storage facilities for gas containers.



At the Spanish subsidiary Cablescom, safety fences were installed around dangerous places such as the tension control dancer pulleys in the sheathing line, the gas main entrance, and the control station in order to prevent employees from accessing. To comply with legal regulations, all the low voltage installation was audited by the local authorities. Some parts installed several years ago were upgraded in order to comply with the legal safety requirements.

At South African subsidiary Aberdare, guard rails were placed around wheels and piping to prevent employees from walking into the wire running on 6A17. Tanks and sensors were installed in the compounding room to control the water levels from the plant, pumping them back into the main line pond to save water.

Hengtong is always looking for ways to improve safety management. Other approaches include implementing intelligent equipment to reduce the physical work of employees and ensure their safety. All manufacturing enterprises of Hengtong have passed the ISO45001 occupational safety and health system certification, 13 of which have passed the national first-class and second-class safety production enterprise certification.

Each year there are careful trainings on QHSE.



outside China. In the meantime, Cablescom planted in its compound an olive tree as an echo, demonstrating the implication of seeking peace and green development.

“We think it's meaningful for tow companies to do the same good things in different places at the same time for the same purpose,” Bruce Chen, Director for International Cooperation at Hengtong International Business Group said.

In addition, as part of the We Are in Sync program, Hengtong and Cablescom also put the milestones in their histories together, elaborating the hard work their forefathers were doing and looking into the future that became more cherishing-worthy.

Mechanism 2: Global Forest Action

Hengtong initiated the Global Forest Action in 2018. The total number of trees planted through the action stands nearly at 12,000 in 2021. Under the slogan of “Greening the world”, Hengtong now wishes to advance the action to its 11 IBG industrial companies in 8 countries, making its contribution to a sustainable world.



Mechanism 3: Celebrating each other's celebrations

Example 1: 2021 marks the 30th anniversary of Hengtong Group, as well as the 50th anniversary of Voksel (Hengtong's partner in Indonesia) and Cablescom (Hengtong's subsidiary in Spain) and the 75th anniversary of Aberdare (Hengtong's South African subsidiary).

the 50th anniversary of Voksel (Hengtong's partner in Indonesia)



the 50th anniversary of Cablescom (Hengtong's subsidiary in Spain)



the 75th anniversary of Aberdare (Hengtong's South African subsidiary)



make plan to enjoy each other's happiness.



Ramadan in Egypt



Cablescom in Mid-Autumn Festival



7.6 Global actions

“Wherever Hengtong develops, it will bring along the CSR there.”
—Cui Genliang, Founder and Chairman of the Board

With over 11 manufacturing bases and 20,000 employees working around the world, Hengtong stands as a big family. With common understanding of the instruction from Cui Genliang, Chairman of the Board, Hengtongers echo with each other and carry out many efforts through several mechanisms together to form global actions for a more sustainable world.

Mechanism 1: We are in sync
In 2021, Hengtong and Cablescom exchanged congratulations on each other's anniversaries of 30 years and 50 years. To make the celebrations more meaningful and oriented toward green development, the headquarters and its Spanish subsidiary worked together to carry out a We Are in Sync tree planting program.

To welcome the Arbor Day in China, Hengtong planted some 200 trees in its place of origin, Qidu township of Jiangsu province, including 10 trees for its subsidiaries

Example 2:
Holiday sharing. Every year, we compose the holidays of all Hengtong-related countries together into a calendar and

7.7 International Affairs Protocol

To manage its international communications according to international protocol, to respect the customs of people of different religions, to secure harmony between Hengtong and its clients and partners, Hengtong issued its international affairs protocol in 2020. The protocol is included in the training of all sales personnel. The protocol demonstrates Hengtong's commitment to respect all cultures and exist in harmony with clients and partners overseas and guides Hengtong's business people to communicate with customers of different nationalities in a decent manner.



7.8 Emergency Response Protocol

Hengtong has issued the emergency protocol response to enhance preparedness to various emergencies and risks comprehensively, and to prevent emergencies and minimize their consequences to employee safety, company property, and customer interests. This management approach is formed in accordance with relevant regulations and actual conditions in compliance with the “National Overall Emergency Response Plan for Public Emergencies” and “Suzhou City Public Emergencies” .

This protocol applies to all functions of IBG and all personnel in China and abroad, and is specifically designed for IBG companies and sales & project companies. The evaluation of emergencies should comply with the relevant regulations

of the state or provincial, municipal and district governments.

The emergency response protocol follows the below principles:

- Prioritize preventing emergencies
- Put people as the number one priority
- Put clients first, be honest and truthful
- Centralized and unified leadership

Emergency Response to the COVID Pandemic

When COVID 19 swept the world in 2020, Hengtong initiated an emergency response and formed a team with the reach to 10 manufacturing bases outside China to conduct the pandemic response. The emergency response team optimized functional frameworks of the team which helped them lead and unify subordinate functional teams. Under the response, protocols and information were exchanged and drawn upon by each other, equipment was collected to prevent and control the virus, and the Covid-19 weekly report was collected. In this manner, the pandemic was successfully withheld in Hengtong.



Description of report preparation

Hengtong strives to better the world while pursuing the green and sustainable development of enterprises. The report is prepared in accordance with the Global Reporting Initiative (GRI) Standards (Core option) and organized around the performance of enterprises in economic, social and environmental aspects. We hope that we can enhance communication with stakeholders, build consensus and promote high-quality development by issuing ESG reports.

Scope of Time

The report covers January 1, 2021 to December 31, 2021 in which some parts trace back to earlier times and earlier times.

Release Cycle

This report is an annual report.

Introduction

This report focuses on the principle of " truth, objectivity and justice ", and discloses the practice and accomplishments of Hengtong in terms of environmental, social and governance in 2021 in detail.

Notes for References

For the convenience of expression and explanation, “Hengtong Group CO. Ltd.” , “Hengtong” , “the Group” and “We” may all refer to “Hengtong Group” in this report.

Scope of the report

The branches, subsidiaries and professional institutions of Hengtong Group.

Sources

The data cited in this report is obtained from Hengtong's official documents and related statistics.

How to Get a Copy of the Report

This report is provided in both paper and electronic form which is available on the company website: www.hengtonggroup.com/en