

Shanghai HIUV New Materials Co., Ltd.

2023

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE (ESG) REPORT**

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About This Report

Report Instruction

This report is the 2023 Environmental, Social, and Governance (ESG) Report published by Shanghai HIUV New Materials Co., Ltd. For all stakeholders, it is intended to disclose the company's concepts, actions, and achievements in ESG and sustainable development. We hope stakeholders will gain a deeper understanding of us through this report and provide valuable feedback.

Report Scope

This report covers an organizational scope including Shanghai HIUV New Materials Co., Ltd. and its subsidiaries (referred to as "HIUV," "the Company," "the Group," or "we"), focusing on fulfilling social responsibility. It provides a truthful and objective reflection of the company's significant information related to social responsibility in the course of its business and management activities.

Time Range

This report covers a time range from January 1, 2023 to December 31, 2023. To enhance readability, some content may extend beyond this timescale.

Report Preparation Criteria

This report has been prepared with reference to relevant standards and guidelines including Announcement No. 29 [2018] of the China Securities Regulatory Commission—Code of Corporate Governance of Listed Companies (2018), the SSE Guidelines No.2 on the Application of Self-Regulation Rules for Listed Companies on SSE STAR Market - Voluntary Information Disclosure (2022), the SSE Guidelines on Self-Regulation for Listed Companies on SSE STAR Market.

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Data Source

The financial data in this report is derived from the audited 2023 annual report. In case of any discrepancies, the annual report shall prevail. Other data is sourced from the company's internal management system. All monetary amounts mentioned in this report are denominated in RMB, unless otherwise specified.

Report Access

This report is available in both physical and electronic versions. The electronic version can be accessed and downloaded from the Shanghai Stock Exchange website at www.sse.com.cn.

Disclaimer

Some parts of this report are forward-looking, including statements about business plans, innovative products, and strategic planning. These statements refer to predictions of future events based on current circumstances and may be subject to unknown and uncertain factors, which could result in significant differences from actual outcomes. These forward-looking or expectation statements do not constitute substantial commitments to investors by the company.

Message from Our Chairman

Registered in 2005 in the Shanghai Zhangjiang Hi-Tech Park, Shanghai HIUV New Materials Co., Ltd. is a high-tech enterprise specializing in R&D, production, and sales of specialty polymer films. Centered on film technology, the company is committed to the new energy and the new materials industries, providing mid-to-high-end film products to its customers. At present, the company provides various innovative films as its main products, including a set of encapsulation films for photovoltaic modules, new automotive intelligent dimming films, eco-friendly surface materials, thermal and noise reduction adhesive films .

Currently, the company's core business focuses on the photovoltaic module encapsulation industry. Leveraging advanced technology and rapid innovation capabilities, HIUV continuously launches high-quality, differentiated film products to meet the ever-increasing quality standards of photovoltaic modules and the growing market demand of its customers. The company capitalizes on its solid foundation and innovative capabilities in polymer film materials, film equipment, and film processing technology to actively explore and develop new film material products in fields such as new energy vehicles. Its goal is to evolve into a leading technology-driven manufacturer of specialty polymer films.

In the future, the company aims to continuously provide innovative and cost-effective products to clients across multiple sectors through technological innovation, information empowerment, and lean management. HIUV is dedicated to promoting technological advancements and cost efficiency in the photovoltaic industry while fostering environmental protection, energy conservation, innovation, and progress in new automotive film materials. The company strives to accelerate the development of a clean, low-carbon, safe, and efficient energy system, fulfilling its social responsibilities and contributing to ecological protection, pollution prevention, and stakeholder involved cooperation and development.

Chairman of HIUV



About HIUV

Registered in September 2005 in Shanghai Zhangjiang Hi-Tech Park, HIUV is a high-tech enterprise specializing in R&D, production, and sales of specialty polymer films. Centered on film technology and grounded in the new energy and the new materials sectors, the company integrates film materials, equipment, and processing technologies. It focuses on innovative research and development, intelligent manufacturing, and application sales of new film materials. It is dedicated to providing new mid-to-high-end polymer film products, technical services, and comprehensive solutions to various clients in its strategic emerging industries. The company continually strives to meet the needs for energy conservation, environmental protection, safety, convenience, and consumption upgrades, aspiring to become a technical leading enterprise in the film industry with a market value exceeding ten billion yuan.

OUR VISION
Be a top tech-driven manufacturer of specialty polymer films

OUR GOAL
Be a leading film industry company over 10 billion yuan

OUR MISSION
Advance the development of every polymer materials industry we are in

Our Strategy

Innovation as the core competitiveness
Producing the most cost-effective specialty film products
Promoting technological progress and development in the photovoltaic and automotive industries

*In January 2021, the company was listed on the STAR Market under the stock name HIUV New Materials, with the stock code 688680.

About HIUV



About HIUV

- **2005** Established in Shanghai Zhangjiang Hi-Tech Park, founded the HIUV R&D Center
- **2005** Established a joint laboratory with East China University of Science and Technology
- **2008** Successfully conducted trial production of EVA films for solar photovoltaic cell encapsulation
- **2009** Commenced construction of the industrialization project in Jinshan District, Shanghai
- **2010** Began production on the EVA film production line at the Shanghai Jinshan manufacturing base
- **2012** Launched the EVA film production base in Baoding, Hebei Province
- **2014** Completed the corporate restructuring
- **2015** Listed on the National Equities Exchange and Quotations (NEEQ) system for SMEs
- **2017** Recognized as a "Little Giants of Technology," a Shanghai Enterprise Technology Center, and a Specialized, High-end and Innovation-driven Enterprise in Shanghai
- **2018** Opened photovoltaic film production bases in Suzhou and Changzhou
- **2019** Its products are included in the 2019 Shanghai Innovation Products Recommendation Catalogue
- **2020** Recognized as a Shanghai Patent Demonstration Enterprise; launched the Taizhou photovoltaic film production base
- **2021** Listed on the STAR Market; launched the Shangrao photovoltaic film production base project
- **2022** Began production at the Taizhou and Shangrao bases; initiated the Vietnam production base project
- **2023** **Achieved industrialization of new film products for the automotive sector**



Honors and Recognitions

National Intellectual Property
Advantageous Enterprise



China National Intellectual Property Administration

Shanghai Patent Work
Demonstration Enterprise



Shanghai Intelligent Property Administration

“Little Giants” Enterprise



Ministry of Industry and Information
Technology of The PRC

Shanghai Enterprise
Technology Center



Shanghai Municipal Economic And IT Commission
Shanghai Municipal Tax Service, State Taxation Administration
Shanghai Municipal Finance Bureau
Shanghai Customs District P.R.China

China Photovoltaic 20 Years
Innovation Pioneer Award



Organization Commission of China
International PV Industry

Tongwei Module Supplier Quality



Organization Commission of China
International PV Industry
Conference

GREENPV Technology
Innovation Award 2023



Organization Commission of China
International PV Industry
Conference

N-Type Photovoltaic Materials
Industry Pioneer 2023

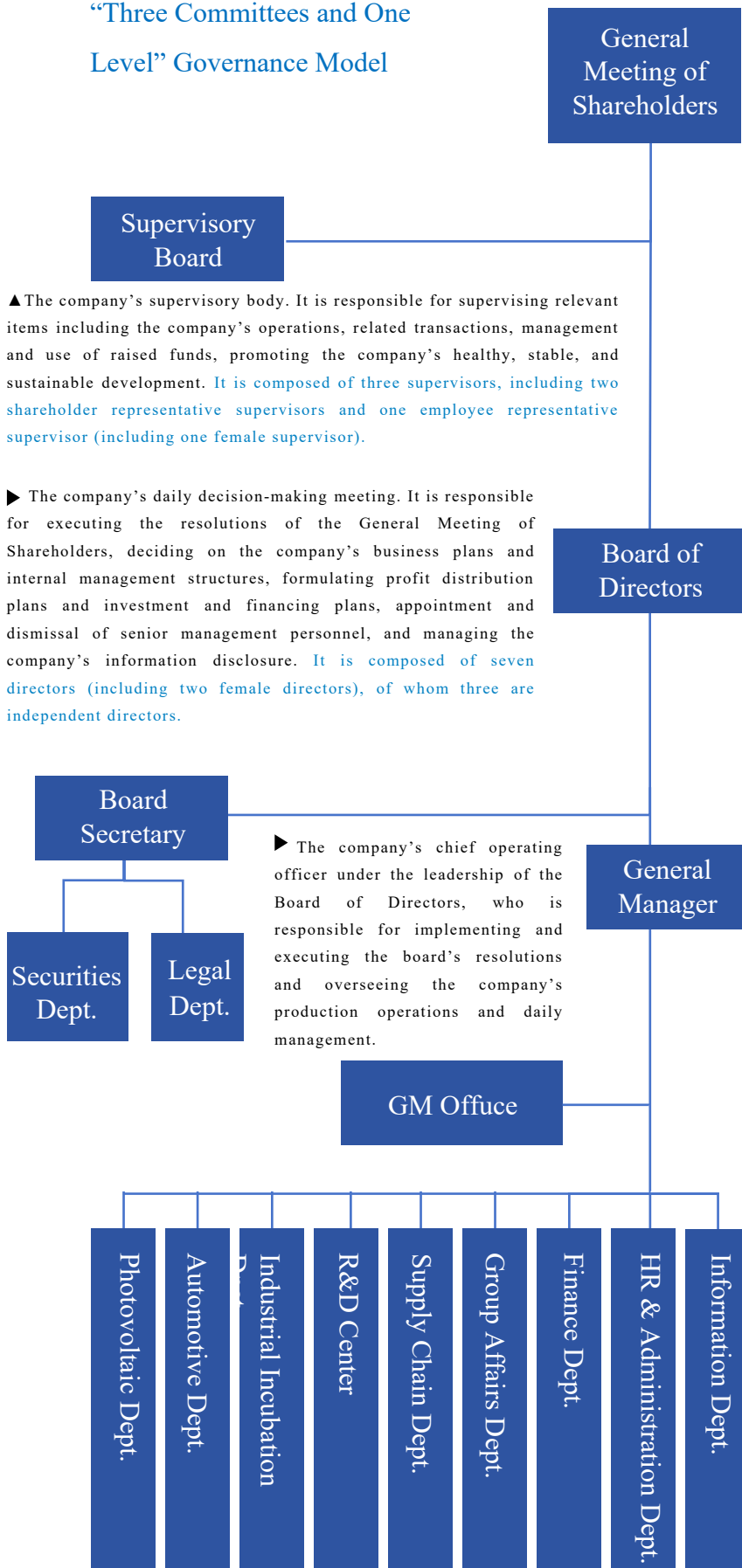


PV Pioneer Innovation Forum
Shanghai Solar Energy Society



Governance And Management

“Three Committees and One Level” Governance Model



◀ The highest authority of the company. The procedures for convening, holding, and voting at the General Meeting of Shareholders comply with the Company Law of China, Articles of Association, Rules of Procedure for the General Meeting of Shareholders, and other relevant regulations, ensuring that all shareholders, especially minority shareholders, enjoy equal status and legitimate rights.

Strategy and ESG Committee

▲ One of the specialized committee established by the Board of Directors. It is mainly responsible for researching and making recommendations on the company’s medium and long-term development strategies, ESG work, and major investment, and financing matters. It is composed of three directors, with the chairman of the board serving as the chief committee member.

Audit Committee

▲ One of the specialized committee established by the Board of Directors. It is mainly responsible for communication between internal and external audits, reviewing the company’s internal control systems and their effectiveness, recommending the appointment or replacement of external auditors, and reviewing the company’s financial information and disclosures. It is composed of three directors (including one female member), with an independent director serving as the chief committee member.

Compensation and Appraisal Committee

▲ One of the specialized committee established by the Board of Directors. It is mainly responsible for formulating compensation plans and appraisal standards for the company’s directors and senior management personnel, and submitting appraisals to the board for review and decision. It is composed of three directors (including two female members), with an independent director serving as the chief committee member.

Nomination Committee

▲ One of the specialized committee established by the Board of Directors. It is mainly responsible for selecting and recommending candidates for the company’s directors and senior management personnel, as well as defining selection criteria and procedures. It is composed of three directors, with an independent director serving as the chief committee member.

Governance And Management

Key Performance

2023 ▼

Board Meetings Held:	Shareholder Meetings Held:	Supervisory Board Meetings Held:	Announcements Published on SSE Website:
14	3	8	
Resolutions Reviewed:	Resolutions Reviewed:	Resolutions Reviewed:	106
65	23	34	

Protection of Minority Shareholders' Rights

The company places great importance on safeguarding the rights of minority shareholders. Shareholders have the legal rights to receipt of asset returns, participation in major decisions, and selection of management. The company actively engages with minority shareholders and investors, thoroughly considers their feedback, addresses their inquiries, and maintains a positive communication relationship with them.

Investor Relations Management

The company prioritizes communication with investors and transparent information disclosure. It has established the "Investor Relations Management System of Shanghai HIUV New Materials Co., Ltd" based on relevant legal regulations and regulatory requirements. Through various communication channels such as statutory disclosure platforms, SSE E-Interaction, shareholder meetings, investor performance briefings, roadshows, and institutional research, the company ensures open, timely, and transparent information disclosure to meet investors' communication needs.

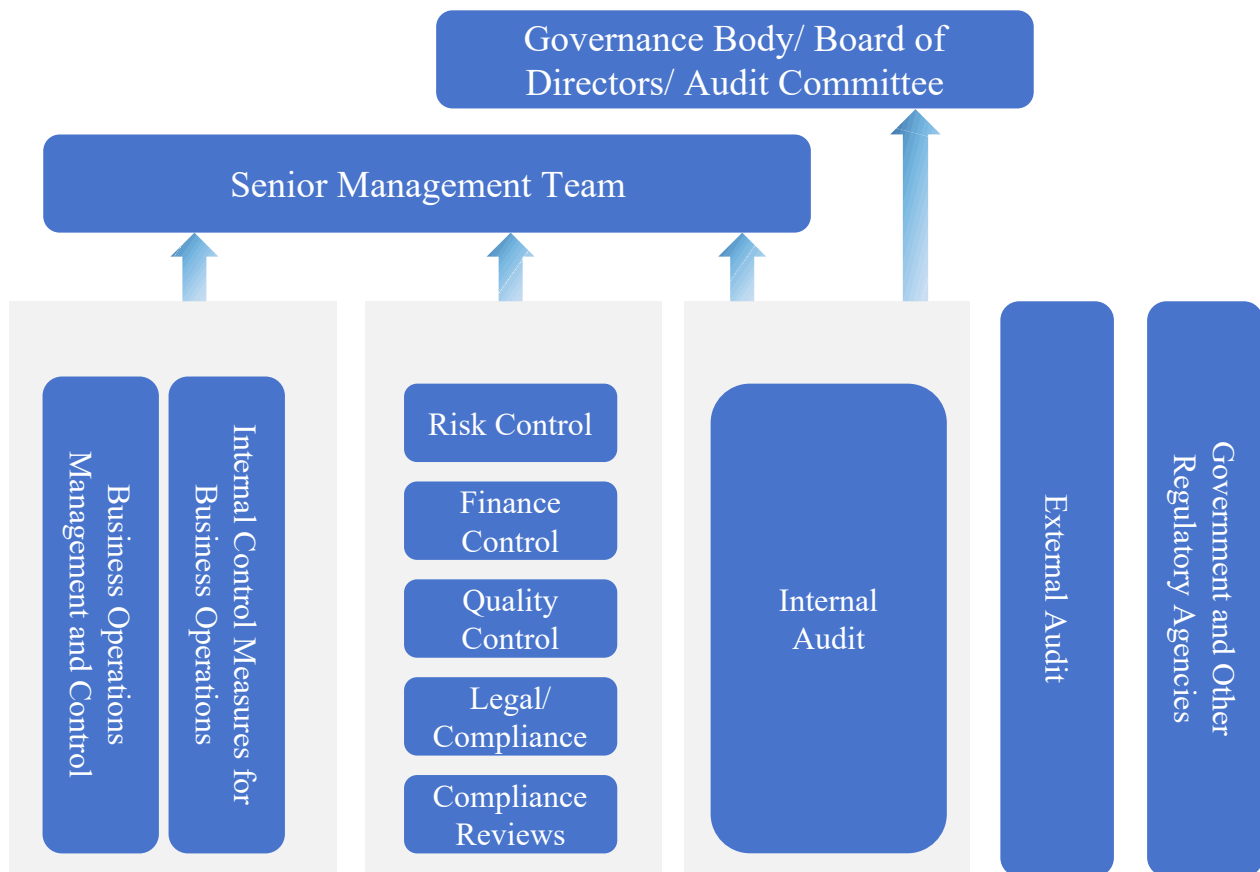
Key Performance

2023 ▼

Performance Briefings Held:	Research and Roadshows Conducted:	Announcements Published on SSE Website:
3	121	106

Risk Management and Control

We continuously improve and standardize the company’s operational and management processes, optimize compliance organization, and enhance compliance and risk control capabilities.



Business Operations Management Team

Enhance the risk identification and management capabilities of business departments, strengthen the risk management awareness and accountability of business personnel, and fully leverage the risk identification, prevention and control functions of these departments.



Risk Management and Other Compliance Departments

Responsible for internal monitoring and supervision, integrating internal control management processes into daily operations and product development to ensure the effectiveness of internal control measures.



Audit Department

Maintain high degree of independence and objectivity, and provide independent confirmation of the effectiveness of corporate governance, risk management, and internal controls, including whether the above two option lines have met the objectives of risk management and control.

Risk Management and Control

Major Measures



Develop the “Investor Relations Management System,” and enhance communication with institutional and minority investors through various channels including the SSE website, SSE E-Interaction platform, shareholder meetings, performance briefings, online and offline investor research, phone calls, and email;

Respond to investors via the SSE E-Interaction platform;

Strictly comply with the *Company Law of China*, *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, and *Regulations on Information Disclosure of Listed Companies*, ensuring the authenticity, accuracy, completeness, and fairness of information disclosure;

Improve internal control systems including corporate governance, work procedures, process flow, and internal audit systems by increasing process supervision personnel and conducting training to ensure that all employees are aware of the system;

Develop and optimize the “Code of Conduct for Employees Interacting with Suppliers” and the “New Supplier Inspection Report;”

Establish a series of information security management systems, including the “Information Security Management System,” “Company Confidentiality System,” “Emergency Response Plan for Information Security,” and “Intellectual Property Management Regulations,” to strictly regulate information flow, permission levels, property ownership, and emergency handling;

Set up a commercial secret protection complaint hotline and email for reporting to eliminate information security risks.

We have appointed RSM China as the internal control audit institution for 2023. They evaluated the effectiveness of internal controls at functional departments in the headquarters and subsidiaries, finding no significant deficiencies in internal control design and execution, and issued an “Internal Control Audit Report” with an unqualified opinion, which is disclosed by the company annually.

Business Ethics

HIUV understands the importance of a compliance culture in corporate governance and places great emphasis on business ethics. We continuously enhance our ethics and compliance management system to promote sustainable development. We strictly adhere to laws and regulations such as the Criminal Law of the People's Republic of China, the Civil Code of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and the Interim Provisions on Banning Commercial Bribery. We firmly oppose and prohibit corruption and aim to foster a culture of integrity and honesty within the company.

Establish “Anti-Corruption Management System”

In April 2023, the company established the “Anti-Corruption Management System,” conducted internal briefings on its provisions, required all employees to comply strictly in their daily work and business activities, and organized employees to sign the “Anti-Corruption Discipline Commitment.”

Revise the “Supplier Commitment Letter”

HIUV extends business ethics to its partners, setting up expectations and requirements to suppliers on integrity, transparency, information confidentiality, compliance, and social responsibility for building stable, healthy, and sustainable partnerships.

Key Performance

2023



Tender Projects: Special Audit Conducted: Corruption Cases:

63

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Public Reporting Platform

To build a positive company image and maintain the company's interests and sustainable development, we have established a public reporting platform to encourage employees and other stakeholders to report violations of laws and company policies by HIUV employees.

Tel: 15900564361

Email: shenjjubao@hiuv.net

Address: Audit Department, 29 Shande Road, Jinshan District, Shanghai

Stakeholder Communication

Stakeholder communication and engagement are crucial components for achieving sustainable development. The company places great emphasis on addressing the concerns and interests of various stakeholders. By examining the types and contents of stakeholders affected by different aspects of our operations, we take targeted measures to address their needs. We continuously refine and improve our stakeholder management mechanisms to enhance operational transparency.

Stakeholder	Expectations and Requests	Response
Government and Regulatory Agencies	<ul style="list-style-type: none"> Compliance with laws and regulations Creation of employment opportunities Legal tax payments Risk prevention Promotion of local industry development 	<ul style="list-style-type: none"> Ensuring legal and regulatory compliance Creating Job Opportunities Meeting tax obligations Regular approvals and regulatory supervision Participating in research activities and meetings
Shareholders	<ul style="list-style-type: none"> Improvement of corporate governance Transparency in information disclosure Strengthening investor relations management Creation of stable returns 	<ul style="list-style-type: none"> Holding shareholders' meetings Timely and comprehensive information disclosure Conducting roadshows and performance briefings Hosting meetings with investors and analysts
Employees	<ul style="list-style-type: none"> Protection of basic rights Career advancement and development Attention to employee health Enhancement of compensation and benefits Work-life balance 	<ul style="list-style-type: none"> Holding employee representative meetings Comprehensive talent development programs Conducting employee care activities Improving compensation and benefit systems Conducting employee satisfaction surveys
Customers	<ul style="list-style-type: none"> Safe and stable product performance Rapid product innovation and iteration Competitive price Fast delivery and good service 	<ul style="list-style-type: none"> Building customer service systems Conducting needs and satisfaction surveys Engaging in technical exchanges Maintaining product quality control
Partners	<ul style="list-style-type: none"> Fair competition Integrity and mutual benefit Openness and transparency Expansion of cooperation channels 	<ul style="list-style-type: none"> Holding supplier meetings Conducting partnership discussions Participating in industry associations Engaging in routine meetings
Community	<ul style="list-style-type: none"> Protection of community environment Participation in social welfare activities Promotion of community economic development Targeted poverty alleviation services 	<ul style="list-style-type: none"> Organizing public welfare activities Engaging in volunteer services Participating in poverty alleviation efforts

01

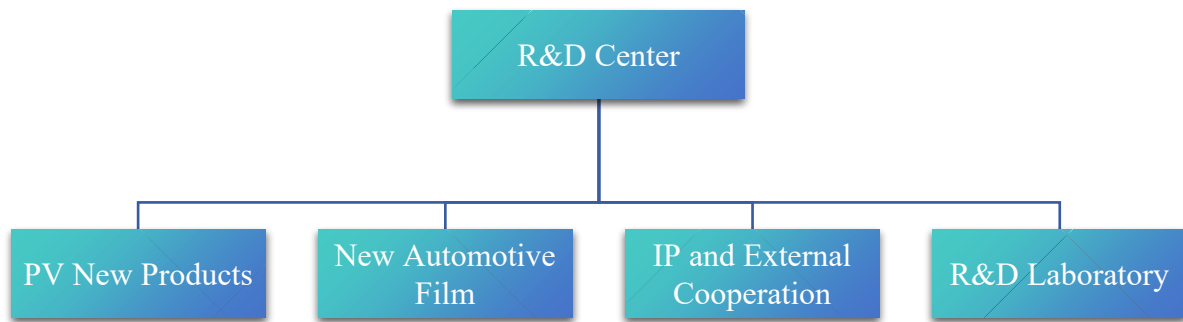
Focusing on R&D Innovation

- ▶ Highly Innovative and Dynamic R&D Team
- ▶ Maintaining Leading-edge Technology
- ▶ Professional Intellectual Property Protection



Highly Innovative and Dynamic R&D Team

We continually improve our R&D system, foster a supportive R&D environment, and establish internal communication and sharing channels. We encourage learning, exchange, and sharing of cutting-edge forum information, periodic achievements, and professional insights. By promoting internal and cross-team communication, we foster flexible communication and experience sharing among R&D personnel in both theory and practice, with the aim to develop multidisciplinary teams integrating R&D experience and professional technology, and positioning the company as a hub for high-end talent in polymer materials and engineering.



Additionally, we have established an incentive system for R&D personnel, including rewards for research achievements, performance evaluations, equity participation, and personal development. These multi-dimensional incentives are designed to motivate R&D personnel, stimulate their creativity and potential, and enhance innovation capabilities.

2023 ▼

R&D Personnel:

180

Proportion of R&D
Personnel in Total
Employees:

16.26 %



Maintaining Leading-edge Technology

Independent R&D Products

Since entering the photovoltaic encapsulation film industry in 2008, HIUV has focused on independent R&D, guided by technological innovation, application development, and industrial chain layout. Through continuous R&D innovation, HIUV has further improved the product structure, enhanced the cost-effectiveness of products, and accelerated the product iteration to maintain its technological leading edge.



Independent Equipment and Process Design

As one of the leading manufacturers in the industry, HIUV adheres to the business philosophy that "R&D innovation is the core competitiveness," consistently designs encapsulation film production equipment, develops production processes independently, and relies on its self-developed product formulations to maintain its leading position in the industry.

Key Performance

2023 ▼

R&D Investment >

100 million yuan



HIUV was recognized as “Little Giant” Enterprise by the Ministry of Industry and Information Technology

Maintaining Leading-edge Technology

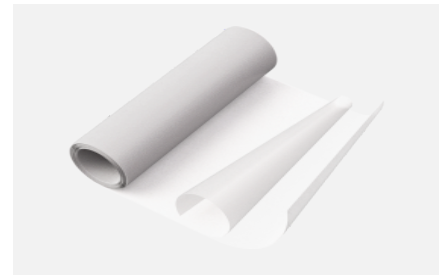
The company has introduced strategic new solutions for panel module encapsulation, covering various technological routes such as TOPCon module encapsulation, HJT module encapsulation, and 0BB interconnection technology lamination. By breaking through international patent barriers of core raw materials for luminescent films, product reliability is further improved. High-quality differentiated encapsulation solutions for special environments like deserts, snowfields, and oceans are provided. Examples are as follows:

Solutions for Anti-PID and Anti-snail Grain Encapsulation of PV Modules

Transparent EVA-S201MT

A fast-curing EVA suitable for various solar photovoltaic modules encapsulation

Develop double EVA film encapsulation solutions for TOPCon modules

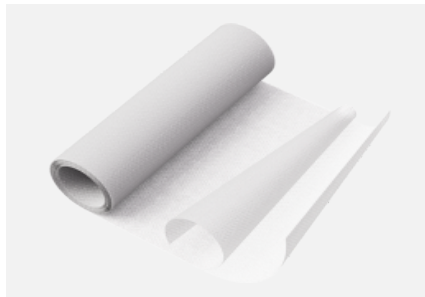


Solutions for Anti-PID and High Yield Encapsulation of N-type TOPCon and PERC Modules

EPE-P507



Pure POE-P507(M)



New encapsulation films for photovoltaic modules, suitable for encapsulating N-type, PERC, and other modules with high weatherability requirements.

Solutions for Power-Enhancing Encapsulation of Modules

White EVA-S201W

A lower layer encapsulation film for modules lamination (backsheet of the panel)

Product advantage: Can enhance module power by

0.5%—1%(absolute

value)



Maintaining Leading-edge Technology

More Innovative Product Solutions



New Eco-friendly Surface Material

◀ XPO Leather

- ✓ Soft
- ✓ Comfortable
- ✓ Eco-Friendly
- ✓ Dirt-Resistant
- ✓ High Weatherability

Product Advantages:

XPO leather is superior to traditional PU and PVC leather in softness and comfort, which can even simulate genuine leather with its unique elasticity and texture, while offering greater sustainability. It is a perfect combination of fashion and eco-friendliness, meeting consumer demands for high-quality leather materials.

XPO Leather ▶

Applied in Automotive Industry

- ✓ Products have been mass-produced in collaboration with supplier partners.

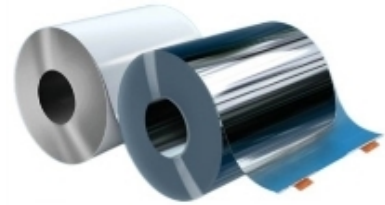


Maintaining Leading-edge Technology

More Innovative Product Solutions

New Automotive Film PDCLC Intelligent- Color Dimming Film

- ✓ Intelligent Dimming
- ✓ Privacy Protection
- ✓ Energy-Saving
- ✓ UV Protection

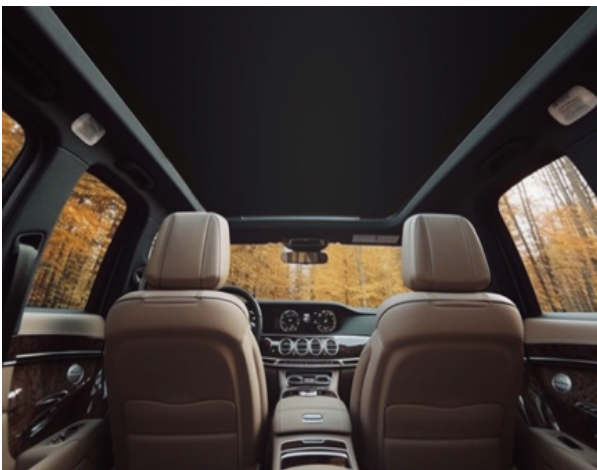


Product Advantages:

Hshade PDCLC intelligent-color dimming film can adjust the voltage to switch the glass between transparent and opaque states, transparent when powered, opaque when not. It can be used for finished laminated switchable glass or for making rear-projection LCD film. Utilizing the electric field principle of switchable glass, it maintains spatial transparency while conveniently protecting privacy. Unlike conventional PDLC on the market, HIUV PDCLC incorporates black dye into the liquid crystal, making the dimming film more sophisticated, suitable for various scenarios. Especially in automotive sunroofs, it can achieve smart dimming, privacy protection, energy-saving, and UV protection functions.

PDCLC Intelligent-Color Dimming Film

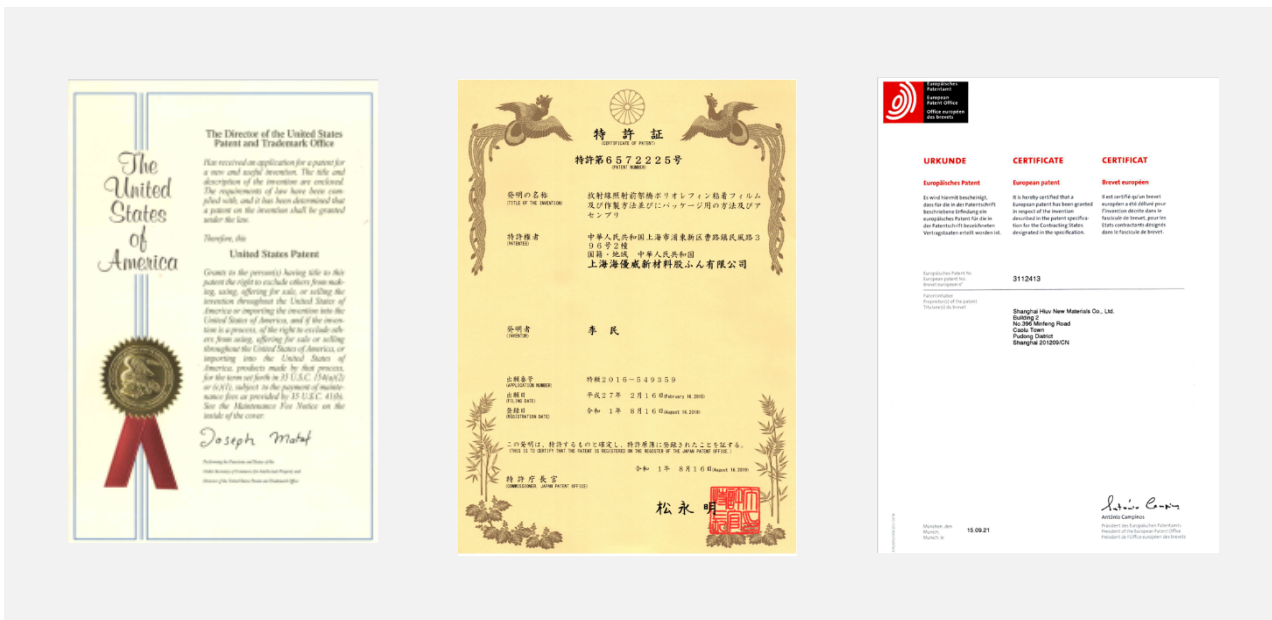
Applied in automotive sunroofs



Professional Intellectual Property Protection

Intellectual Property System Management

The company has established a comprehensive intellectual property management system and standardized control procedures. Specialized departments and personnel manage the company's intellectual property, including acquisition, maintenance, utilization, risk management, and dispute resolution. The company has obtained the Intellectual Property Management System Certificate and receives professional services such as patent strategy and patent searches from specialized intellectual property service providers.



Professional Intellectual Property Protection

Intellectual Property Platform Establishment

In accordance with the National Intellectual Property Office's requirements, Shanghai HIUV New Materials Co., Ltd. was recognized as a National Intellectual Property Advantageous Enterprise by the National Intellectual Property Office in September 2023. This marks a breakthrough for the company in establishing a national-level intellectual property platform and indicates the company's strong intellectual property strategic management, comprehensive competitive advantage in intelligent property, and high industry influence.



51	上海凯泉泵业(集团)有限公司
52	上海电巴新能源科技有限公司
53	上海德福伦新材料科技有限公司
54	盛趣信息技术(上海)有限公司
55	隆磁智能科技(上海)有限公司
56	上海兰宝传感科技股份有限公司
57	上海痕谱检测科技集团股份有限公司
58	上海维凯光电新材料有限公司
59	上海塞特斯信息技术股份有限公司
60	上海上讯信息技术股份有限公司
61	上海移远通信技术股份有限公司
62	达闻机器人股份有限公司
63	上海奥吉生物医药科技股份有限公司
64	南亚新材料科技股份有限公司
65	上海富山精密机械科技有限公司
66	上海来鹰新材料有限公司
67	上海平卡机器人科技有限公司
68	上海锦湖日丽塑料有限公司
69	上海海优威新材料股份有限公司
70	上海南汤智能科技有限公司
71	上海极磁科技发展有限公司
72	上海多伦化工有限公司
73	上海长园电子材料有限公司

Key Performance

2023 ▼

Invention patents applications:

60

Granted:

5

Practical patents applications:

25

Granted:

21

Product Appearance Design patents applications:

5

Granted:

3个

Total applications:

90

Total granted:

29个

*As of 2023, the company has applied for 316 patents and granted 144 patents.

02

Optimizing Customer Service

- ▶ Full-process Quality Management
- ▶ First-rate Service



Full-process Quality Management

In accordance with ISO 9001 quality management system requirements, HIUV, always prioritizing customer satisfaction, enhances product and service quality from multiple dimensions, including production, R&D, quality control, and supply chain.

Production Quality Management

HIUV employs advanced production technology and equipment to ensure efficiency, stability, and reliability of production processes. The company optimizes production workflows by utilizing energy-efficient techniques, and reduces waste to enhance production efficiency.

R&D Quality Management

HIUV invests significantly in developing new products and improving existing ones, focusing on energy conservation and environmental protection. The company strengthens communication with customers to better meet their needs.

Product Quality Improvement

HIUV boasts a comprehensive quality management system that includes quality testing, control, and improvement. The company uses advanced testing equipment and techniques to ensure products meet customer requirements and standards.

Supplier Management

HIUV enhances supplier management and oversight, establishing a supplier evaluation system to improve supply chain integration and transparency, reduce energy consumption and emissions during logistics, and enhance ecological and social benefits.

First-rate Service

In addition to product innovation and reliability, HIUV places high importance on customer service. The company offers a variety of products tailored to different customer needs and continuously conducts industry and market research to meet customer demands. In 2023, HIUV implemented customer demand analysis and response initiatives, increasing both customer numbers and their satisfaction.

Customers' Demands	Our Response and Measures Taken
<p>Product Innovation</p>	<p>R&D and innovation are foundational to business development, upgrading technology R&D systems and strengthening R&D facilities; Continuous R&D innovations upgrade product structures to help customers reduce costs and increase efficiency; Accelerate product iteration to maintain technological leadership;</p>
<p>Privacy Protection</p>	<p>Sign confidentiality agreements with customers to clarify privacy protection; Encrypt customer privacy on product packaging as required; Define confidentiality requirements in specific collaborations with detailed confidentiality clauses for mutual protection;</p>
<p>Differentiated Products and Services</p>	<p>Provide differentiated packaging solutions for various environments, including deserts, snowfields, lakes, and offshore; Promote new surface materials in the automotive industry and partner with leading collaborators in industry for mass production;</p>
<p>Quick Response</p>	<p>Adjust production capacity promptly to meet the surging demand and customers' needs for photovoltaic encapsulation films; Develop related technologies independently to overcome international patent barriers;</p>
<p>Optimizing Supply Chain</p>	<p>Establish and improve supplier management system and workflow for key processes, such as supplier access, procurement contract management, material procurement progress, and warehouse entry inspection of raw materials, promoting suppliers ESG risks identification and control;</p>

03

Eco-friendly Growth Model

- ▶ Improve Environmental Management
- ▶ Optimize Energy Utilization
- ▶ Minimize Waste Discharge
- ▶ Green Production and Operation



Improve Environmental Management

HIUV strictly adheres to national and local environmental protection laws and regulations, such as the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on Energy Conservation, and has developed and revised environmental management documents, including the "Environmental Protection Facility Operation Management Measures," "Waste Management Regulations," and "Noise Management Regulations," to enhance environmental management.

In the future, the company will continuously enhance environmental management top-level design, establish and complete a clear environmental management mechanism, comprehensively deal with climate change response and environmental management efforts.

Environmental Management Mechanism

Strengthen Environmental Monitoring

Develop self-monitoring plans using manual, automatic, and combined methods to ensure compliance.

Environmental Performance Evaluation

Develop the "Environmental Protection Reward and Penalty Assessment System" for oversight and evaluation, with strict adherence to annual environmental protection indicators in department or workshop.

Environmental Emergency Management

Improve emergency response and handling capabilities for environmental accidents according to relevant laws and regulations such as "Measures for the Administration of Contingency Plans for Emergencies."

Key Performance

2023 ▼

Environmental input around
6.78 million yuan



Environmental
Pollution Incidents:

0



Environmental Training
Rate for All Levels:

100%



Optimize Energy Utilization

Energy-Saving Management Measures

Ongoing Energy-Saving Technological Improvements

- ✓ Utilize advantages of photovoltaic-enterprise nature to install distributed solar power stations across each production base, maximizing energy efficiency in production processes ;
- ✓ Innovate processes to enhance raw material and energy utilization;
- ✓ Strengthen management practices to monitor high-energy-consuming equipment, reducing energy consumption;
- ✓ Continuously upgrade production equipment and environment to lower energy consumption;
- ✓ Develop and gradually implement long-term technological improvement plans;

Non-Production Energy Management

- ✓ Remind and encourage employees to turn off air conditioners, computers, water dispensers, and other energy-consuming devices after use;

Capability and Awareness Enhancement

- ✓ Popularize energy-saving education to improve employees' energy-saving consciousness;
- ✓ Strengthen training for energy-saving technology supervisory personnel;
- ✓ Plan training for energy management personnel to achieve energy management engineer qualifications;

Examples

○ Equipment Upgrades

Replaced the motors in the Pinghu base workshops with variable frequency motors, annually saving

333,990

kWh



○ Production Wastewater Reuse

We separate industrial production wastewater and employee domestic wastewater, treating them accordingly. The former mainly comes from production line circulating cooling, equipment washing and floor cleaning. Recyclable wastewater is reused, while non-recyclable wastewater is treated and discharged after meeting standards.

Reducing Waste Emissions

The company strictly adhere to the *Environmental Protection Law of the People's Republic of China* and other relevant environmental laws and regulations, ensuring effective environmental protection.

- ✓ Implement synchronized operation, maintenance, and repair of both environmental protection facilities and production facilities to ensure their stable operation;
- ✓ Strengthen the management of environmental facilities' operational processes to enhance stability and efficiency;
- ✓ Regularly monitor pollutant emissions to ensure compliant discharge;
- ✓ Enhance pollution and waste treatment;
- ✓ Utilize various resources and online recycling systems to reduce waste generation;
- ✓ Ensure waste water, gas, and boundary noise emissions meet standards after testing;
- ✓ Classify solid waste for treatment, disposing of hazardous waste as per regulations;
- ✓ Obtain and comply with pollutant discharge permits (including pollutant discharge registration management) for all pollutant-generating processes;
- ✓ Employ advanced cleaning techniques and production processes to minimize hazardous waste generation.



Environmental
Pollution Incidents:

0



Wastewater, Gas, and
Noise Emissions
Compliance Rate:

100%



Hazardous Waste
Disposal Rate:

100%

Green Production and Operation

Promoting green development requires every enterprise starts from every details of production and operation. HIUV integrates environmental protection concepts into its daily operations and management by implementing various measures to promote green office practices, encouraging employees to contribute to energy-saving, environment protection, thereby creating a favourable atmosphere for green office and operations.

Major Measures



Advocate Environmental Protection Concept

Regular propaganda of environmental protection and energy-saving;

Promote waste classification.



Energy-saving Practices

Save energy by using LED and solar lights for illumination;

Reduce internal document printing and distribution, promoting paperless offices.



Online Work and Green Commuting

Utilize online office apps for meetings, favoring video conferencing over in-person meetings;

Install charging stations in parking lots to encourage purchasing new energy vehicles and green commuting.

Examples

○ Apply Online Softwares

Use OA and various online systems throughout the process, reducing paper usage.



Green Production and Operation

○ PV Roofs

HIUV assumes social responsibility for carbon reduction by installing distributed solar power stations on factory rooftops and encouraging employees to install rooftop stations at home.

Over the past six years, the company's photovoltaic power generation has achieved significant reductions in carbon dioxide, standard coal consumption, and deforestation. Details are as follows.



Electricity of PV Roofs Generated at HIUV Factories



CO₂ Reduction:

5795.5 t



Standard Coal Savings:

2325.2 t



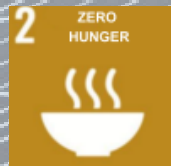
Deforestation Reduction:

319709 t

04

Employee and Social Care

- ▶ Harmonious and Inclusive Work Environment
- ▶ Employee Career Development Plan
- ▶ Occupational Safety And Health
- ▶ Employee Benefits
- ▶ Social Responsibility

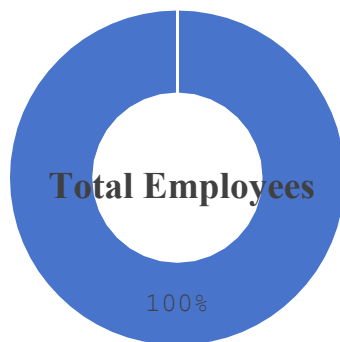


Harmonious and Inclusive Work Environment

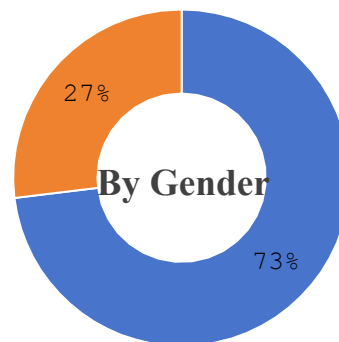
We recognize that safeguarding employee rights is a fundamental responsibility for any company. In recruitment and employment practices, we ensure that every employee's basic rights are protected in accordance with the law. We continuously improve the "Employee Recruitment Management Measures," establish a market-oriented recruitment and employment mechanism, treat employees of different genders, ages, ethnic minorities, and cultural backgrounds equally, and provide equal job opportunities for all applicants.

Fair and Transparent Recruitment

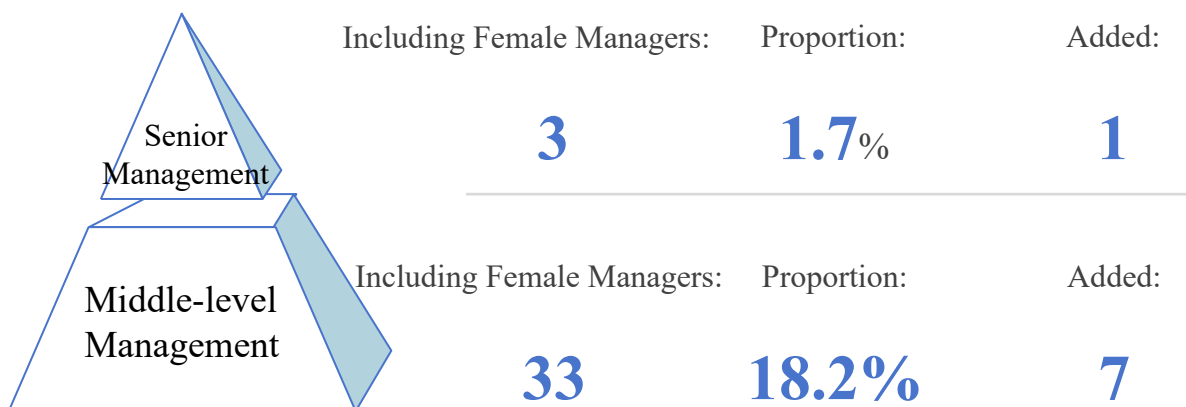
In line with our company's development plans, we implement an open recruitment system, expand diverse recruitment channels, and maximize the public availability of job information. We use standardized and regulated application processes to comprehensively evaluate candidates and select the best talent. Every employee is guaranteed equal opportunities in career development, compensation, and benefits, with female employees also having access to various decision-making and leadership roles.



■ Total Employees

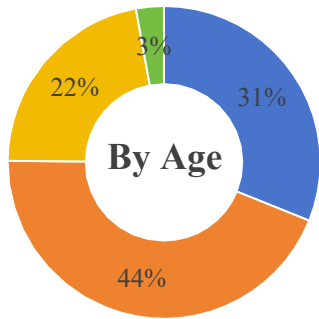


■ Male Employees ■ Female Employees

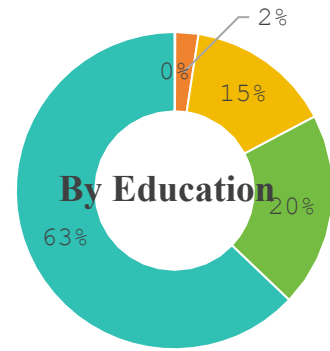


Harmonious and Inclusive Work Environment

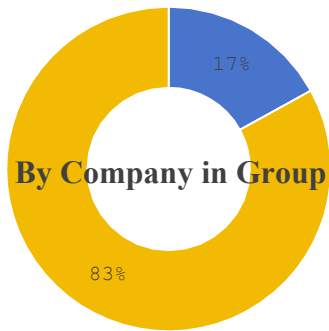
2023 Employee Distribution Structure



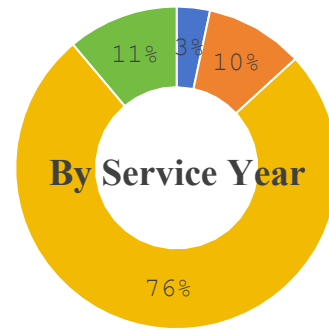
■ under 30 ■ 31-40 ■ 41-50 ■ Over 50



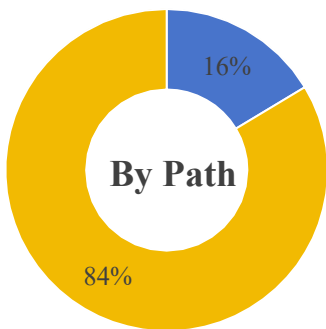
■ Dr. ■ Master ■ Bachelor ■ Associate Degree ■ Below Associate Degree



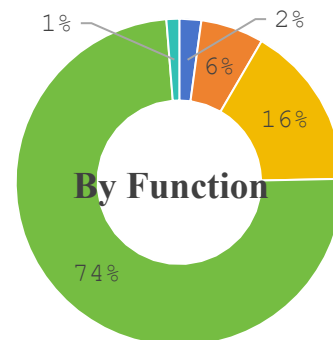
■ Shanghai New Materials ■ Other Subsidiaries



■ Over 10 yrs ■ 3-5 yrs ■ under 3 yrs ■ 5-10 yrs



■ Management Path ■ Professional Path



■ Finance ■ Management ■ R&D ■ Direct Production ■ Sales

Employee Career Development Plan

We focus on employee capability development and career advancement, adhering to the principles of "continuous innovation and pragmatic approach." We optimize talent development mechanisms, improve talent echelon construction, create a favorable environment for talent growth, and inject a driving force for the company's sustainable development.

We emphasize building a scientific employee training system, conducting training needs analysis based on company development, job requirements, corporate culture, and personal career goals, and developing annual training plans accordingly.

Key Performance

2023 ▼



Training Sessions:

1042



Total Training Hours:

1089.4h



Training Participants:

20,525



Training Costs:

¥657370

Employee Training System



New Employee Training

We arrange orientation training, "New Star" classes, and probationary training for new employees, combining online and offline methods. Training covers practical operations.



Leadership Training

We conduct leadership training to expand the strategic thinking of middle-level and senior management and enhance their leadership skills, enriching the reserve of high-level talents.



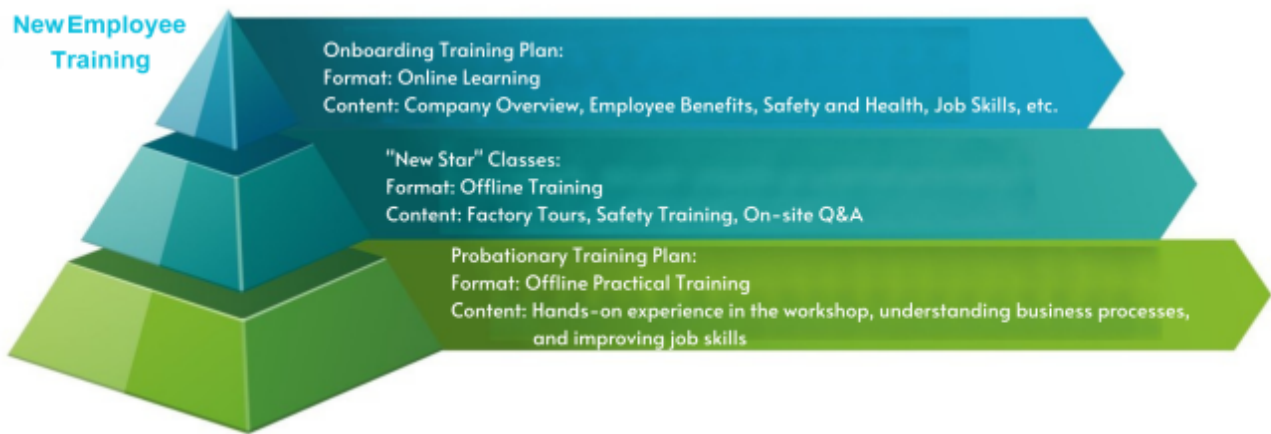
Occupational Skills Training

We offer practical training and technical skills training for special roles to help technical personnel improve their expertise, promoting team construction in specialized fields.

Employee Career Development Plan

New Employee Training

We prioritize new employee training by designing various courses to familiarize them with company rules, corporate culture, and basic knowledge of safety, 5S, and quality, helping them understand and master job skills. Training accelerates their integration and role transition, with a 100% coverage rate.



Leadership Training

To build a high-performance team and nurture core talents, we regularly conduct leadership training for employees. This includes empowerment, project-based learning, and one-on-one coaching to help employees develop leadership skills and prepare them for management and leadership roles within the team.

Examples

○ "Lingxiang Plan" Leadership Training



In 2023, HIUV launched a leadership training program themed the "Lingxiang Plan." The training covered four key areas: information system for enterprise management, closed-loop management from goals to results, building a learning team, and establishing organizational systems and mechanisms. After the training, participating managers engaged in discussions and brainstorming sessions on "how to enhance leadership and team management skills," aiming to apply the training content to real-world management practices.

Employee Career Development Plan

Skills Training for Employees

To meet diverse and comprehensive learning needs, we tailor “Compulsory Courses” to enable employees to quickly grasp necessary knowledge, fostering skill development and enhancing their competitiveness.



SOP Video Project

By standardizing production processes and guidelines through SOP videos, we help employees better understand operational requirements, thus shortening training periods and reducing chances of making mistakes.

Mentorship Program

Through a mentorship approach, we harness employees' intrinsic motivation and potential, facilitating a swift enhancement in skill levels and their transition from skilled workers to highly skilled professionals.



Functional Team Empowerment Project

We conduct online video lessons and offline activities, fostering integration and mutual growth of functional teams in group and bases, and building stronger collaborative relationships.

Outdoor Team Building Training

This training strengthens corporate culture and team cohesion, helps alleviate employees' stress, and maximizes individual potential. It motivates the team to work with greater enthusiasm and innovation, empowering the teams with stronger cohesion and motivation.



Occupational Health and Safety

Employee health and safety are fundamental to the stable operation and business activities of the company. We prioritize employees' safety and occupational health, adhering to the principle of "life above all else." We comply with laws and regulations such as the "Law of the People's Republic of China on Work Safety" and the "Law of the People's Republic of China on Prevention and Control of Occupational Diseases." We have established and completed occupational health and safety management systems, strictly implementing various safety measures to enhance our safety production capabilities and ensure the well-being of every employee.

Occupational Health and Safety Measures



Safety Culture Training

The company's safety framework is primarily based on the identification of hazards and risk assessments. Building on these results, we have developed comprehensive mechanisms, measures, and plans to prevent various risks and hazards. We also conduct regular safety education and training for employees to reinforce our commitment to "Safety First, Prevention Foremost."



Occupational Disease Prevention

We prioritize employees' physical health by offering regular medical check-ups and health consultation services each year. These initiatives help employees monitor their health and implement effective interventions to prevent occupational diseases, thereby increasing their sense of belonging and recognition within the company.



Strict Assessment and Accountability

We enforce the main responsibility for safety production, enhance risk prevention, and focus on safety standardization and basic safety construction. We strive to improve the efficiency of hierarchical, professional, standardized, and digital safety management, creating a safe and stable environment for the company's reform and development.

Occupational Health and Safety

Example

Safety Training



Our EHS (Environmental, Health, and Safety) officers continue to expand their professional knowledge through exchange learning, continuously enhancing the internal management of safety practices.



We conduct employee safety education, fire safety training, and fire drills regularly.



Health and Safety Assurance

We proactively manage employees' mental health and offer common medicines for illnesses such as colds, coughs, various pains, and minor injuries.

We also provide transportation accident insurance, critical illness insurance, and other forms of insurance for employees.



Employee Benefits

Improving Employee Benefits


The company continuously improves its employee benefits management system, fostering a positive atmosphere that attracts and retains talents, and boosts employee happiness. Benefits include statutory benefits, universal benefits, position-based benefits, and incentive benefits, such as the five social insurances and housing fund, household registration and housing support, employee training and development, and mentorship programs, helping employees achieve life goals like home purchasing.


The company has established a long-term benefits system to attract, motivate, and retain core technical talents, arousing employee initiative and creativity, enhancing their cohesion and company core competitiveness for sustainable and healthy development of the company.

Example

○ Employee Stock Ownership Plan

Since 2021, the company has implemented an employee stock ownership plan for three phases in consecutive three years, transferring a total of 26.359 million shares to 199 incentive recipients, with the vested shares being unlocked and distributed in 2023.

199 incentive recipients 

26.359 million shares 

○ Employee Dormitory

We are committed to "people-centered" principle, consistently focusing on the promise and practice of employee benefits. The company provides fully-equipped dormitories for employees at each plant to better meet their accommodation needs, enhancing their sense of belonging and satisfaction, and improving their quality of life.



Employee Benefits

○ Rich Cultural Life for Employees



Badminton Game



Party Building Activity



New Year Kickoff Event



Women's Day Event



Employee Birthday Parties



Annual Party

Social Responsibility

HIUV carries a strong sense of mission and responsibility. While generating profits and fulfilling legal responsibilities to shareholders and employees, HIUV also bears responsibilities toward consumers, communities, and the environment. The company emphasizes the value of human well-being during production, contributing to the environment, consumers, and society. It actively fulfills its corporate social responsibility, contributing to the healthy development of society.

Promoting Local Employment

Complying with the principle of "adapting to local conditions," HIUV has established a local hiring policy: except for positions requiring specialized skills not available locally or technical staffs in limited supply, most roles are filled by local candidates, actively promoting local employment development.

Organizing Public Welfare Activities

Example

○ Relay of Love: Aid for A Sick Child

In November 2023, HIUV's Shanghai headquarters launched a fundraising campaign for a child suffering from chronic granulomatous disease in Shangrao, Jiangxi Province, raising a total of ¥ 52,503. The funds were fully donated to the child's family to alleviate their financial burden.



○ Patriotic Support for the Military: Warmth to Firefighters

On August 1, 2023, HIUV's Taizhou plant donated summer cooling drinks and solatium of ¥ 22,000 in total to the Taizhou Fire Brigade and Squadron who have long served on the frontlines of firefighting, extending heartfelt greetings of Army Day to them.



Feedback Form

Thank you for taking the time to read the "HIUV 2023 Environmental, Social, and Governance Report." We understand that there may be imperfections or omissions in the report. We sincerely appreciate your valuable feedback to help us continually improve our reports.

Which stakeholder group do you belong to?

Shareholder Employee Supplier Customer Government Community Bank Academic Institution Other (Please specify)

How would you rate the overall quality of this report?

Excellent Good Fair Poor

How well does the report address and disclose the issues of concern to stakeholders?

Excellent Good Fair Poor

How would you rate HIUV's performance in innovation and R&D?

Excellent Good Fair Poor

How would you rate HIUV's performance in quality management?

Excellent Good Fair Poor

How would you rate HIUV's performance in customer service?

Excellent Good Fair Poor

How would you rate HIUV's performance in environmental protection?

Excellent Good Fair Poor

How would you rate HIUV's performance in commitments to its employees?

Excellent Good Fair Poor

How would you rate HIUV's performance in social responsibility?

Excellent Good Fair Poor

Do you have any suggestions for future Corporate Environmental, Social, and Governance Reports?

Contact Information

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