



2023 | ESG

Sustainability Report

HKC Corporation

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Report Overview

Period and Scope of Report

This is the first ESG report issued by HKC Corporation Limited and its manufacturing enterprises, and the information and data in the report cover all environmental, social, and corporate governance-related practices for the period from January 1 to December 31, 2022, and some of the data and information are not limited to 2023 for sake of continuity and comparativeness of the report. Unless otherwise noted, this Report primarily covers subjects including HKC Corporation Limited Headquarters and its eight manufacturing enterprises, and applies to all entities operationally controlled by HKC Corporation Limited. The eight manufacturing enterprises are: Chongqing HKC Optoelectronics Technology Co., Ltd., Chuzhou HKC Optoelectronics Technology Co., Ltd., Mianyang HKC Optoelectronics Technology Co., Ltd., Changsha HKC Optoelectronics Technology Co., Ltd., Chongqing HKC Jinyang Technology Co., Ltd., Yichang HKC Technology Co., Ltd., Hefei HKC Jinyang Technology Co., Ltd., Guangxi HKC Intelligent Display Co., Ltd.

Referenced Standards and Guidelines

This report refers to the requirements of the GRI Sustainability Reporting Standard (GRI Standard) issued by the Global Sustainability Standards Board (GSSB), ISO 26000:2010 Guidelines for Corporate Social Responsibility of the International Organization for Standardization, and GB/T36001-2015 Guidelines for the Preparation of Social Responsibility Reports.

Defining Report Content

During the selection process of the report content, the company followed the principles of criticality, completeness, and responsiveness of the GRI standard, elaborating from three aspects: organizational governance, society, and environment, with a focus on disclosing information about the company's ESG governance, product responsibility, environmental responsibility, employee responsibility, and common development. The collection of data and information for this report is in line with existing workflow of HKC Corporation Limited.

Abbreviations

For ease of presentation and reading, HKC Corporation Limited is referred to as "HKC" or "the Company" or "We" in the report; manufacturing enterprises under HKC Corporation Limited, e.g. Chongqing HKC Optoelectronics Technology Co., Ltd. is referred to as "HKC". HKC reserves the copyright of this report.

Data Description

The data cited in this report are final data as of December 31, 2023.

Publication

Our reports are published annually, both in print and in electronic file. The electronic file is available on the Company's website: (<http://www.szhk.com.cn/>).



Message from our Chairman



As a comprehensive service provider committed to intelligent manufacturing of core components in the semiconductor display field and providing intelligent IOT solutions, HKC has always integrated environmental, social and governance (ESG) principles into its development strategy and daily operations. We have made significant progress in achieving carbon neutrality, promoting green factory construction and implementing cleaner production, laying a solid foundation for the company's future development.

As a global leader in the field of semiconductor displays, HKC has not only demonstrated strong strength in technological innovation and market expansion. It has also set an industry benchmark in environmental, social and governance (ESG). According to the latest industry rankings and market analysis, HKC has firmly ranked among the top three large-size LCD panel manufacturers in the world, and both the monitor and gaming monitor are among the top sellers in the Chinese market, and the global TV OEM shipments are also among the top five. These achievements not only highlight the core position of HKC in the industrial chain, but also reflect the company's strong commitment and practical action in sustainable development.

We are dedicated to the innovation and application of green production technology, reduced environmental impact while promoting industrial upgrading with the power of science and technology and created more value for the society. All of HKC production sites have obtained environmental management system certification in accordance with international standards, while complying with relevant laws and regulations, we continue to deepen our carbon neutral strategy, promote green factory construction and cleaner production practices, aiming to reduce the consumption of natural resources and strengthen waste utilization and recycling. In recent years, our company has invested more than billions RMB in safety and environmental protection, and the water reuse rate and waste recovery rate have been greatly improved. HKC will continue to deepen the practice of green production and energy management, and make greater contributions to the realization of carbon neutrality goals and environmental protection through continuous technological innovation and process optimization.

We always regard our employees as our most valuable asset and are committed to creating a safe, healthy, fair and vibrant work environment. In 2023, a number of innovative initiatives were implemented in the areas of occupational health and safety, staff development, and welfare benefits, as well as the establishment of a diversified employee support program to enhance the overall sense of well-being and belonging of employees, thereby promoting the harmonious integration of employees and society. Also, in 2023 years, the company successfully achieved a record of no major safety accidents and no occupational disease cases.

HKC will continue to deepen ESG practice, continuously improve the level of environmental management, strengthen the fulfillment of social responsibility, and optimize the governance structure to achieve long-term sustainable development of the enterprise. We'll work with all partners to address global challenges and contribute to a greener and more harmonious society. Looking forward to the future, we'll work hand in hand to face the challenges together, and unswervingly move forward toward the broad vision and mission of "enriching human visual enjoyment and becoming a respected integrated service provider of display solutions".

王智勇

W.Z.Y

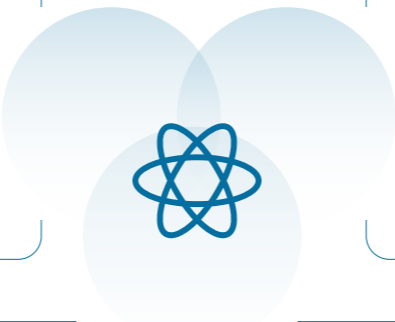
Chairman of HKC

Mission, Vision and Values



Vision: Enrich visual enjoyment

We are specialized in the semiconductor display field; we aspire to change the future of the display industry; We continue to enrich visual enjoyment by providing integrated quality display services.



Mission: Become a respectable comprehensive service provider of display solutions

We are customer-centered, continuously meeting customer needs, and never letting them down; We are committed to the creation of vertical display industry chain, providing customers with richer and more valuable display solutions and comprehensive services; We respect engineers, and are constantly devoted to R&D efforts, pursuing and ensuring best cost utilization, highest efficiency, and excellent services.

Corporate values: Pursuit of truth and reality, honesty and integrity, pioneering and innovation, excellence-oriented

Pursuit of truth and reality: We strive for actual results with cautious, careful, and realistic working style; honesty and integrity: We are customer-centered, trustworthy, respectable, and influence others with our own actions as promised; Pioneering and innovation: We focus on technological innovation, stick to self-criticism and learning, keep improving ourselves, and provide excellent services with constant innovation; Excellence-oriented: We believe that management serves operation. We strive for maximized innovation results, to provide best cost, efficiency, and service for our customers.

Company ESG Performance

Type	Performance Data	2023
Economics	Total assets (in 100 million yuan)	1005.27
	Panel production (10,000 large boards)	601.35
	Intelligent display production (10,000 units)	1505.03
	Sales revenue (in 100 million yuan)	361.81
	Operation cost (in 100 million yuan)	18.07
	Total tax payments (in 100 million yuan)	16.28
	R&D investment (in 10,000 yuan)	15.71
	Government reward and subsidy (in 10,000 yuan)	9.57
Environment	Investment of safety and environmental protection (RMB 100 million/year)	1.14
	Total amount of consumed water (tons/year)	18219995.98
	Wastewater discharge (ton/year)	15230281
	Wastewater treatment compliance rate (%)	100%
	Waste gas emission compliance rate (%)	100%
	Emission of solid wastes (tons/year)	1626733.29
	The amount of waste that can be reused or recycled (tons/year)	1623962.61
	Proportion of waste that can be reused or recycled (%)	99.83%
	Total amount of water reused by panels (tons/year)	590241746
	Rate of recycling water reused by panel (%)	97.20%
	Greenhouse gas emissions(tCO ₂ e/year)	7429437
	GHG emission intensity of RMB10, 000 output value (tCO ₂ e/RMB10,000)	0.739
	Total amount of electricity consumption (MWh/year)	2966129914

HKC ESG Performance Facts & Figures 2023

Type	Performance Data	2023
Environment	Natural gas (m ³ /year)	4927542
	Liquefied gas (kg/year)	19300
	Diesel fuel (kg/year)	28321
Social	Medical examination coverage of corporate employees (%)	100%
	Number of casualties on duty (person/year)	0
	No. of occupational disease break-out (case/year)	0
	Proportion of women administrative personnel at middle management level and above amongst managerial staff (%)	21%
	Average salary of operation staff vs. local minimum wage (%)	236%
	"Five insurances and one pension" coverage for corporate employees (%)	96.7%
	Employee compensation growth rate (%)	5.91%
	Same position compensation, male vs. female	1:1
	Labour contract signature ratio (%)	100%
	Total employee training duration (hours)	297691.4
	Supplier integrity commitment letter Signing Rate (%)	98%
	Number of ESG criteria violations (child and forced labour) identified in supplier behavior (times)	0
	Follow RBA's standard to select key material suppliers	100%
	Proportion of total R&D investment in sales revenue (%)	4.34%
	Authorized patents (number)	6265
	Authorized patents for inventions (number)	3725
	Customer complaint handling rate (%)	100%
	Customer satisfaction (%)	94.5%

Approaching HKC



1.1 Company profile

HKC adheres to the corporate philosophy of "Serving the society with advanced technology and a warm heart", strive to enrich visual enjoyment, and become a respected provider of comprehensive services for display solutions.

During 2023, it was awarded the honorary titles of "Industrial Product Green Design Demonstration Enterprise" and "National Intellectual Property Advantage Enterprise". Its products have won many industry heavyweight awards such as the German IF Design Award and the Red Dot Award. It was awarded the title of "Top 500 Chinese Manufacturing Enterprises"

Founded in 2001, HKC Corporation Limited is a leading Chinese and world-renowned technology company specializing in semiconductor display, with the main business including research, development and manufacture of semiconductor display panels and other core display devices and intelligent display terminals. The Company adheres to its mission of enriching and improving human visual experience to satisfy people's continuous pursuit of information interaction quality and efficiency in various activities such as life, work, business and entertainment through continuous scientific and technological innovation and focus on customer experience. Devoted to the display field for more than twenty years, the Company has formed a series of core technologies matching its business development direction and market demands based on its deep understanding and agile grasp of the market demands for display terminals and through continuous R&D activities and technological innovations. It also deeply integrates the scientific research achievements such as the core technologies with the industry to integrate the industry chain from the semiconductor display panels to the intelligent display terminals, and actively explores the integration with new industries such as Internet of Things. actively explores the integration with new industries such as Internet of Things.

Always oriented to the market and customers, the Company comprehensively optimizes its production efficiency, manufacturing costs and product quality to rapidly respond and cover market applications and customer needs on the base of its comprehensive technology and product portfolio layout, efficient and fine and elastic process and the continuously improved intelligent manufacturing capabilities and on reliance of its four G8.6 TFT-LCD high-generation production lines with different technical characteristics and four display terminal production bases. After years of steady operation, the Company has built a positive brand image, as well as a relatively broad and high-quality customer base. It has imported many international brands with high influence such as and will continue to deepen the strategic cooperative relationship with high-quality customers.

In the semiconductor display panel business, the Company actively promotes the construction of Oxide TFT, current-type backplane and process platforms and product technology development while laying out its mainstream amorphous silicon a-Si TFT-LCD technology. It takes the lead in China to successfully develop the G8.6 high-generation Oxide RGB OLED backplane and construct the production technology platform and has completed the mass production technology and product validation of Oxide LCD. In addition, supported by its independently developed Oxide backplane technology platform, the Company actively lays out the advanced technology reserves in the field of high-generation OLED display while conducting research and development of innovative Mini LED technology to continuously improve its comprehensive layout with multi-technology routes in the new semiconductor display field. The Company continues to enrich the application scenarios of display panel products, and has achieved mass production and shipment of display panels for various application scenarios such as televisions, monitors, laptops, tablets, mobile phones, automotive, industrial control, etc., and continuously expands new application fields such as electronic paper, medical, and outdoor displays.

In the intelligent display terminal business, the Company currently has four display terminal production bases in Chongqing Jinyang, Hefei Jinyang, Guangxi Intelligent Display and Yichang HKC, mainly producing TV terminals such as smart TVs and monitors, all-in-one PCs, laptops, tablet PCs, advertising machines, and intelligent fitness mirrors and other IT and intelligent IOT terminals. Relying on the core resources and technology accumulation in the field of semiconductor display panels and display terminals, the Company enters the field of smart IoT display terminals, providing smart IoT display terminal products for various application scenarios such as intelligent manufacturing, smart education, smart office, smart transportation, smart new retail, smart home and smart security. While further enriching the product line, it also effectively promotes the growth of the business and the upgrading of the core competitiveness.

Against the backdrop of favorable development opportunities in the global semiconductor display industry, the Company will continue to uphold the core values of "honesty and integrity, pioneering and innovation, pursuit of truth and reality, and excellence-oriented", intensify R&D and innovation, promote vertical integration of resources across the industry chain, and give full play to its competitive edges in technology research and development, customer resources, and industrial operations, improve efficiency and reduce costs to further build its strong core competitiveness, and provide its customers with high-quality products. Meanwhile, the Company will actively promote the deep integration of display with 5G, AI and IoT, make unremitting efforts to enrich human visual enjoyment.

1.2 Product and customers

Scientific and technological innovation has always been the core driving force for the development of HKC, focusing on the three industrial pillars of semiconductor display panels, intelligent terminals and intelligent iot solutions. In the field of semiconductor display panels, the company provides a variety of display panel applications covering the full size range, with ultra-high definition, ultra-thin, high color gamut, high refresh rate and other characteristics; In the field of intelligent terminals, the company produces smart TV and other TV terminals and displays, all-in-one machines, laptops, tablets, advertising machines, smart fitness goggles and other IT equipment and smart Internet of Things terminal products to provide users with excellent display terminal experience; In the field of smart iot solutions, the company creates smart iot solutions for intelligent manufacturing, intelligent education, intelligent office, intelligent transportation, intelligent new retail, intelligent household and intelligent security and other application scenarios, comprehensively enabling a better smart life.

Our products

Smart Life Application



Mobile Phone Screen



Tablet Display



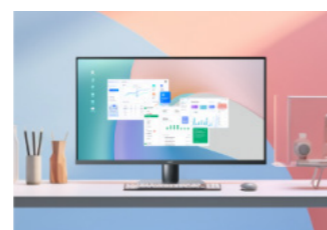
Laptop Display



TV Display



Feature phone Display



Monitor Display

Smart Commercial Display Application



Electronic Signage



Interactive White Board

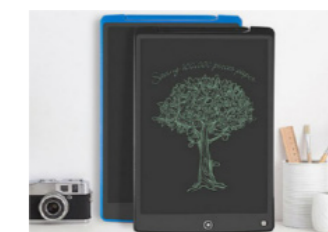
Smart and innovative display applications



Automotive Display



Wearable Display



Electronic Paper Display



Industrial Control Display



Medical Display



MLED Display

Our products - intelligent display terminal

IT Terminal



HKC Monitor

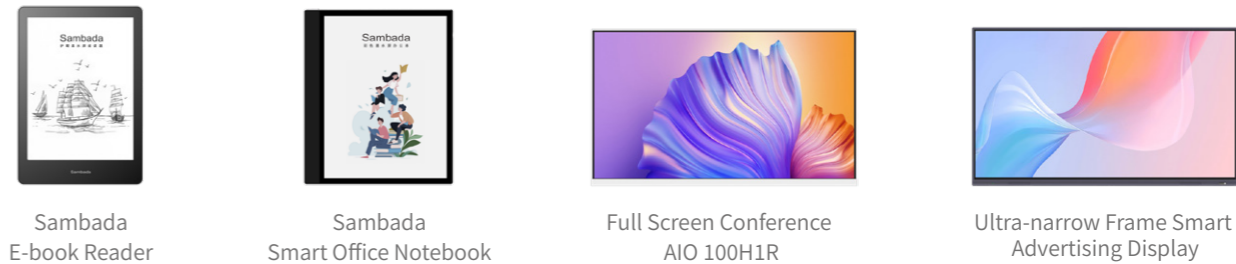


ANTGAMER Monitor

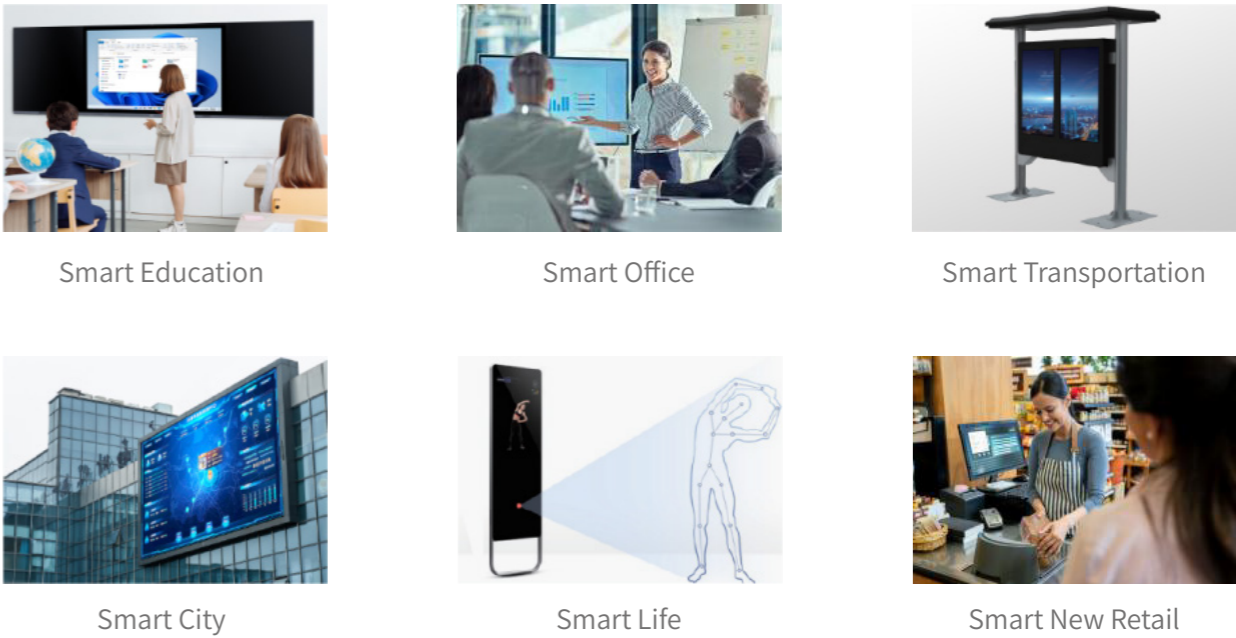


KOORUI Monitor

Smart Commercial Display Terminal



Smart IoT Solutions



Smart TV

Provide various types of TV licensing solutions:
GoogleTV、ROKU TV、Tizen TV、WebOS TV、VIDDA TV



107" Ultra Wide UHD TV & Display



85" metal frameless large screen TV



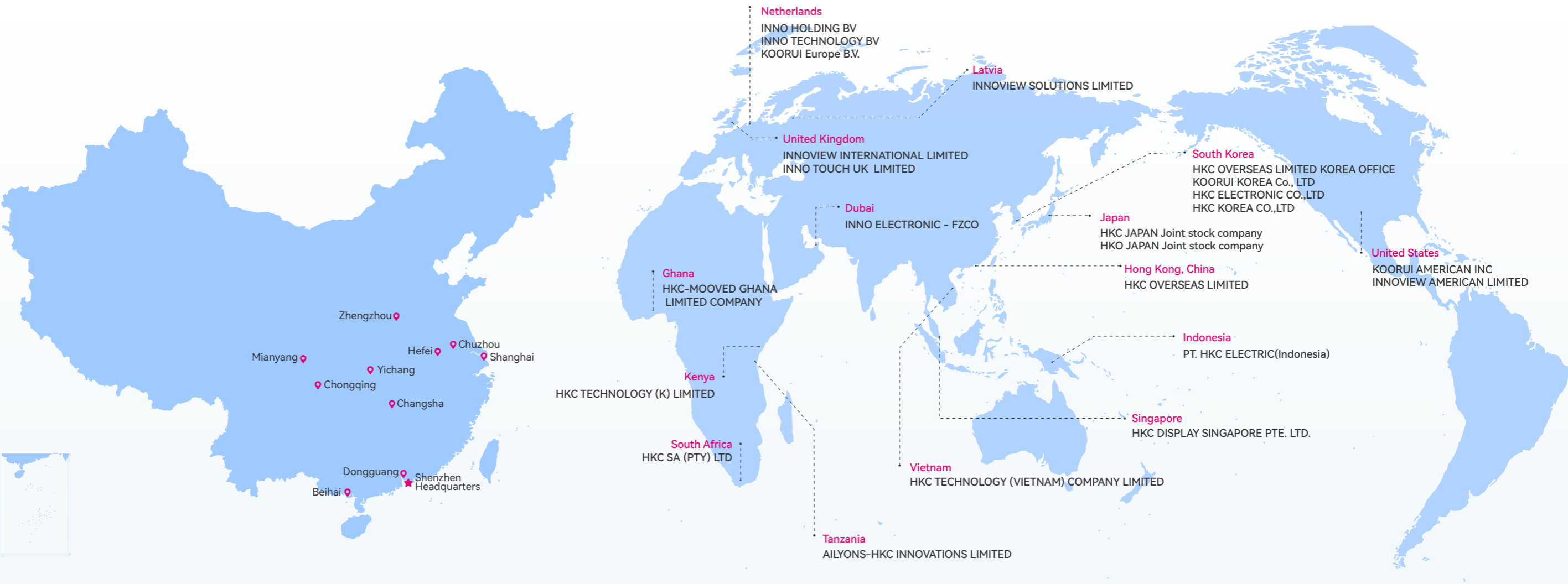
100"FX super large metal frameless product

HKC's Customers



1.3 Industrial layout and cooperation with customer

Domestically, we have established production and R&D bases in Shenzhen, Chongqing, Chuzhou, Mianyang, Changsha, Hefei, Yichang, Beihai, Shanghai and other places. Overseas, HKC has industrial layout in Korea, Japan, the United States, the United Kingdom, Singapore, the Netherlands, Indonesia, Ghana, Latvia and other countries and regions. Its products are sold in more than 100 countries around the world, and it has established cooperative relations with many well-known brands at home and abroad. Its service system covers major regions of the world such as Europe, America, Asia and Africa.



1.4 Economic performance

HKC achieved significant gains in panel market share and intelligent displays, expanding the market beyond TVS and displays, and achieving diversified product and development breakthroughs in 2023.

2023 year

Panel production	Year-on-year increase	Intelligent display production	Year-on-year increase
601.35 (10,000 large boards)	18.7 (%)	1505.03 (10,000 units)	60.7 (%)
Sales revenue	R&D investment	Proportion of R&D investment	
361.81 亿元	15.71 亿元	4.34%	

Key Economic Data for 2023


Items	2021	2022	2023
Total assets (in 100 million yuan)	1,068.99	902.07	1,005.27
Panel production (10,000large boards)	434.36	506.49	601.35
Intelligent display production(10,000 units)	835.79	936.61	1505.03
Sales revenue (in 100 million yuan)	357.09	271.34	361.81
Operation cost (in 100 million yuan)	10.49	11.71	18.07
Total tax payments (in 100 million yuan)	23.06	10.27	16.28
R&D investment (in 10,000yuan)	13.30	16.19	15.71
Government reward and subsidy (in 10,000 yuan)	5.43	28.30	9.57
Investment in safety and environmental protection (RMB 100 million)	3.84	1.99	1.14


1.5 Strategic Planning


- 1) Continuous innovation and cost reduction, Provide customers with quality products
- Under the background of good development opportunities in the global semiconductor display industry, HKC will continue to strengthen R&D and innovation efforts, promote the vertical integration of resources in the whole industry chain,give full play to the company's competitive advantages in technology research and development, customer resources, industrial operation and other aspects, improve efficiency, reduce costs, build strong core competitiveness, and provide customers with high-quality products.
- 2)Continue to promote the transformation of the IOT, Vigorously expand product application fields
- Driven by new technologies such as 5G, AI, and IOT, the IOT industry is experiencing rapid growth. HKC will actively promote IOT innovation and launch intelligent IOT display terminal products, focusing on various segments within the IOT sector .
- 3)Continue to strengthen research and development investment, leading the technology frontier of the industry.
- HKC actively develops new semiconductor display cutting-edge technologies such as Oxide, Mini LED, Micro, LED and W-OLED, and successfully develops the second-generation oxide technology, which greatly enhances the core competitiveness of the company's products.
- 4) Actively pursuing digital transformation to continuously improve management efficiency


Strengthen the construction of online process system, and continue to promote the construction of process data Digital operation, with the digital transformation project as the key starting point, identify the key control points of the process, and consolidate the promotion and landing effect of the system results. At the same time, we continue to improve the digital construction in various fields, and closely cooperate with the smooth development of key projects and business work.


1.6 Honors and awards


- 


2023 Shenzhen Top 500 enterprises
Shenzhen Enterprise Federation 2023.09
- 


2022 Baoan District five categories of top 100 enterprises
Baoan District Bureau of Industry and Information Technology 2023.1
- 


Intellectual property management system certification
State Intellectual Property Office 2023.04
- 


2023 China's top 500 manufacturing enterprises
China Enterprise Confederation 2023.09
- 


2023 Baoan District five categories of top 100 enterprises
Baoan District Bureau of Industry and Information Technology 2023.11
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Guangdong Industrial Design Center
(Huike Co., LTD)
Guangdong Provincial Department of Industry and Information Technology 2023.12
- 


2023 Guangdong Top 500 Enterprises, Top 100 manufacturing enterprises in Guangdong
Guangdong Enterprise Federation,Guangdong Entrepreneurs Association 2023.10
- 


Industrial products green design demonstration enterprises
Ministry of Industry and Information Technology 2023.10
- 


National intellectual property advantage enterprises
State Intellectual Property Office 2023.11
- 


The 24th China Patent Excellence Award
State Intellectual Property Office 2023.07
- 


Red Dot International Design Award 2023
(HKC Falcon Series Display) German Design Center 2023.03


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Zhongguancun online 2023 annual recommended products
(KOORUI X41 Display) Zhongguancun Online 2023.12
- 


Zhongguancun Online 2023 annual Performance flagship Award
(Ant E-sports ANT27VQmax display) Zhongguancun Online 2023.12
- 


Zhongguancun Online Technology Innovation Award 2023
(HKC OG27QK Display) Zhongguancun Online 2023.12
- 


2023 Top 500 manufacturing enterprises in Hunan
Hunan Federation of Enterprises and Industrial Economics 2023.11
- 


Anhui health enterprise
Chuzhou Huike photoelectric Technology Co., LTD
Anhui Provincial Health Commission, Anhui Provincial Health Care Office... 2023.05
- 


Mianyang City 2023 "zero waste cells" to create demonstration units
Mianyang City "zero waste city" construction leading group 2023.06
- 

Safety production standardization secondary enterprises (Machinery)
Changsha Huike photoelectric Co., LTD Hunan Safety Technology Center 2023.12.19
- 

Green and Low carbon Award
Chongqing Huike Jinyu photoelectric Technology Co., LTD
China Optical Optoelectronics Industry Association LCD Branch,
China Electronic Materials Industry Association 2023.07
- 

Chongqing Science and Technology Award
Chongqing Huike Jinyu photoelectric Technology Co., LTD
Chongqing Municipal People's Government 2023.07
- 

Hunan Province "5G+ Industrial Internet" demonstration factory
Changsha Huike photoelectric Co., LTD
Changsha Huike 5G+ Industrial Internet smart factory
Hunan Provincial Department of Industry and Information Technology 2023.05
- 

The first Guangxi advanced collective to promote employment
CPC Guangxi Zhuang Autonomous Region Committee,
Guangxi Zhuang Autonomous Region People's Government 2023.01
- 

Changsha Technology Innovation Center
Changsha Science and Technology Bureau 2023~2026

- 

2022 Beihai Private Enterprises (Business Association) "Star of Public Welfare"
Beihai Huike photoelectric display Co., LTD
Beihai Federation of Industry and Commerce, Beihai General Chamber of Commerce 2023.12
- 

2022 production safety and fire work advanced unit
Chuzhou Economic and Technological Development Zone Administrative Committee 2023.04
- 

Advanced unit of production safety in 2022
Liuyang Economic and Technological Development Zone Management Committee 2023.03
- 

Advanced unit of ecological and environmental protection in 2022
CPC Liuyang Economic and Technological Development Zone Working Committee,
Liuyang Economic and Technological Development Zone Management Committee 2023.04
- 

2023 China Electronic Video Industry Association Science and Technology Innovation Award Innovative Product Award
Chongqing Huike Jinyu photoelectric Technology Co., LTD
China Electronic Video Industry Association 2023.12
- 

Innovation Breakthrough Award
Chuzhou Huike photoelectric Technology Co., LTD
China Optical Optoelectronics Industry Association LCD Branch,
China Electronic Materials Industry Association 2023.07
- 

Hunan industrial Internet platform
Changsha Huike photoelectric Co., LTD
New display device intelligent industrial Internet platform,
Hunan Provincial Department of Industry and Information Technology 2023.12
- 

Sichuan health enterprises
Mianyang HKC photoelectric technology Co., LTD
Sichuan Provincial Health Commission 2023~2027
- 

Autonomous region level green factory
Department of Industry and Information Technology of
Guangxi Zhuang Autonomous Region(GZAR) 2023.08
- 

2023 Chongqing Top 100 enterprises
Chongqing Huike Jinyu photoelectric Technology Co., LTD
Chongqing Enterprise Federation (Entrepreneurs Association) 2023.09
- 

2022 "Safe Enterprise " establishes advanced units
CPC Liuyang Economic and Technological Development Zone Working Committee,
Liuyang Economic and Technological Development Zone Management Committee 2023.04



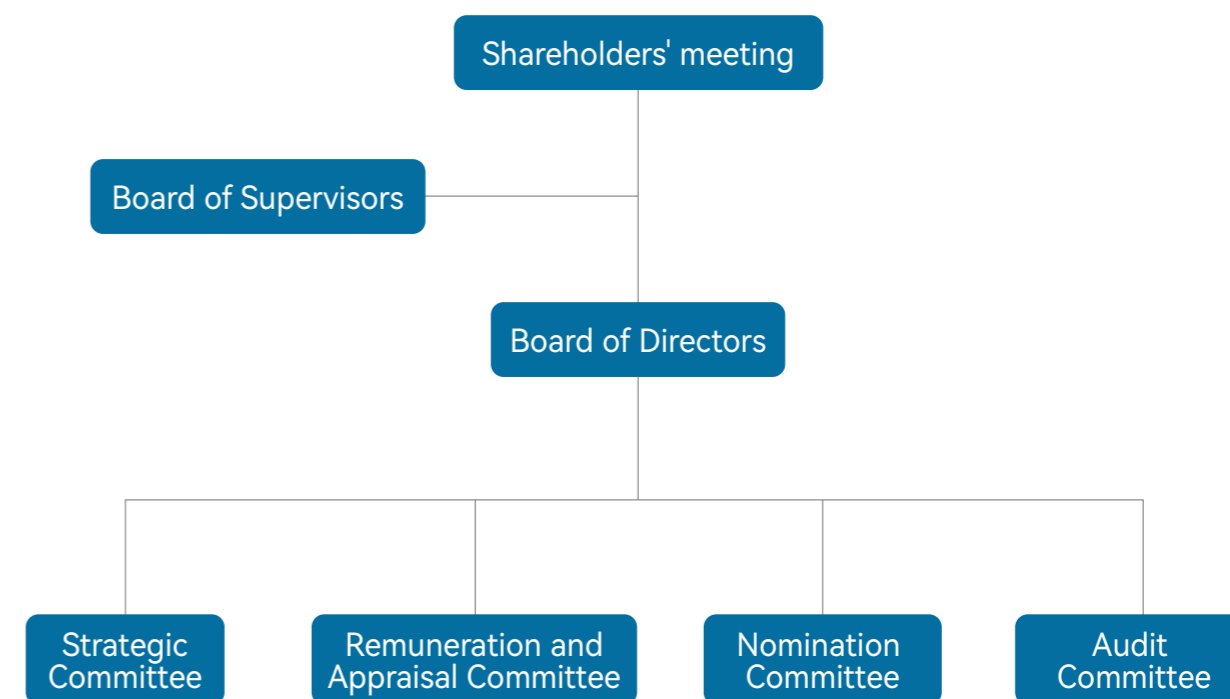
ESG Governance, Stable Development



The Company establishes a code of ethics promoting fairness and integrity, credit management, and compliance with regulations; Develops and implements ESG strategy and comprehensive risk management for sustainable development of the Company.

2.1 Enhancing governance structure

HKC continues to optimize its governance structure, improve its internal management system and enhance its corporate governance. Strictly abiding by the Company Law, the Articles of Association and other relevant requirements, we have established a governance system centered on the Shareholders' Meeting, the Board of Directors and the Board of Supervisors with clearly divided responsibilities and authorities to form a legal person governance structure with “clearly defined powers and responsibilities, each in its respective areas of responsibility, effective check and balance and coordinated operation”, to jointly promote the healthy and sustainable development of the Company.



2.2 Code of ethics

In 2023, the company's board of Directors met nine times and the supervisory Board met five times. We continue to strengthen the construction of the board of directors to ensure compliance with laws and regulations and corporate strategy requirements. According to the articles of association, the board of directors consists of 9 directors (4 women), including 3 independent directors. All the members of the Board of directors have good professional background and the knowledge, skills and quality necessary to perform their duties. They are able to understand and continue to pay attention to the company's production and operation, financial situation, the impact of major events and risks. All the members give full play to their professional functions, exercise their functions and powers in a standardized manner, earnestly implement the resolutions of the shareholders' meeting, and provide scientific decision-making for the company's development.



“

In 2023, **2** anti-corruption and integrity training sessions were held with self-audits conducted on **109** requirement of **8** projects. Through self-correction and self-inspection, **528** issues were found and **100%** full improved. These included 1 corruption violation. The response rate to complaints is **100%**.

”



2.3 Conflict minerals management and control

No cases of suppliers using conflict minerals by the end of 2023

The Company is committed to not supporting or using conflict metals from conflict minerals regions; and requires all suppliers to comply with conflict-free minerals regulations by all means.

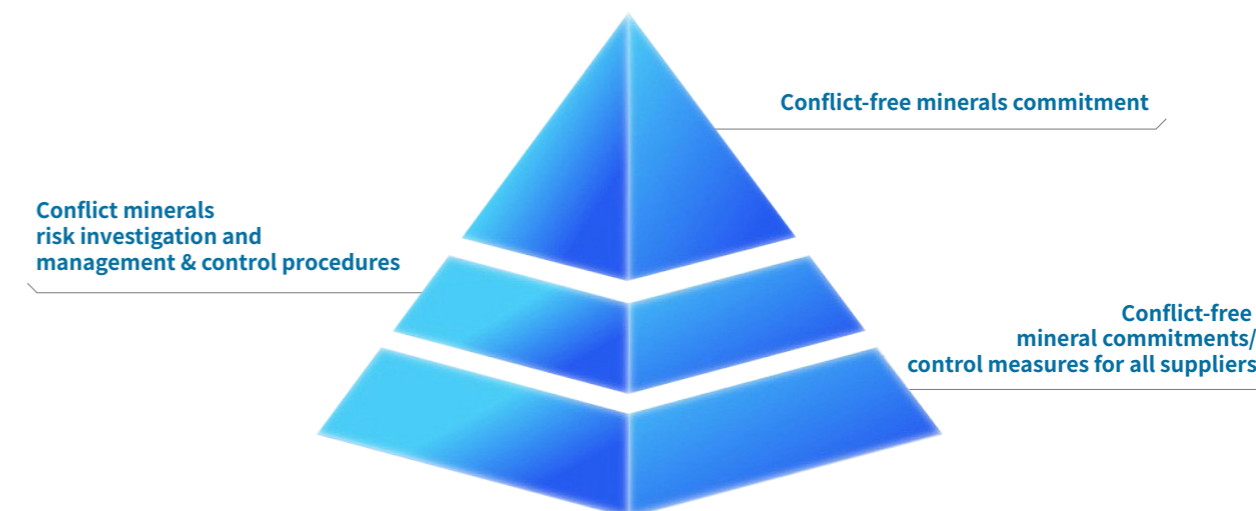
The mining of rare metals such as tin (Sn), tungsten (W), tantalum (Ta) and gold (Au) in Congo and its surrounding countries and regions has caused serious human rights and environmental problems. Many mining activities in these areas are linked to (financed by) armed groups in conflict, leading to chronic instability in the area, which is why the four metals produced in the area, i.e. tin (Sn), tungsten (W), tantalum (Ta) and gold (Au), are considered "conflict minerals". HKC is committed to corporate social responsibility and firmly rejects armed violence, child labor, or violation of human rights.

1) In terms of raw materials, the Company refuses to use materials containing conflict minerals, and has made a public commitment statement on its official website, formulated Management Procedures for the Control and Management of Investigating Conflict Minerals, and the Company requires its suppliers to sign off Guarantee of Not Using Conflict Minerals accordingly.

2) The Company conducts risk assessments and investigations of suppliers whose products contain conflict metals and confirms their sources. Suppliers are required to complete the Conflict-Free Metals Reporting Template, and Quality Department shall determine whether the material in use meets the requirements.

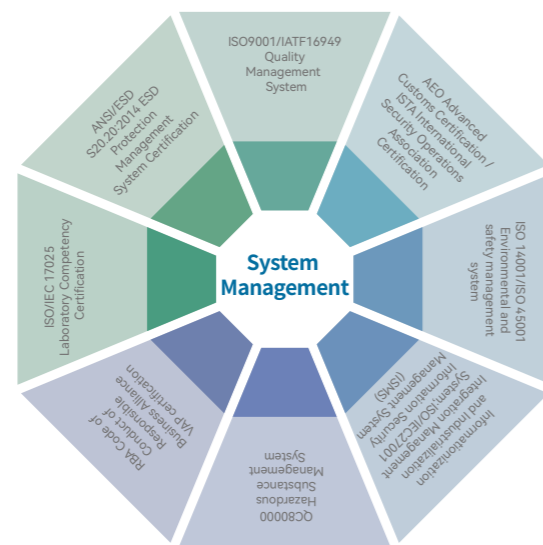
3) If conflict minerals are identified in the material, the supplier is required to provide a written explanation and immediately cease the procurement and use of such conflict minerals, and a new source of minerals shall be selected with valid evidence that the new minerals are free of conflict metal.

HKC initiates annual conflict minerals investigations with suppliers to confirm compliance of raw material sources. According to supplier investigation results, by the end of 2023, none of the suppliers had been using conflict mineral materials.



2.4 Risk management & mitigation mechanism

In 2023, in terms of internal control management, HKC will simultaneously implement the IT-oriented internal control system construction, carry out risk assessment and internal control system evaluation planning through digital system construction management standards, and ensure the timely and effective design and operation of internal control. In terms of internal audit, we continue to strengthen the pre-audit, in-process and post-audit services, and carry out special audit of major construction projects to ensure the compliance of the company's business. Improve and optimize internal control and audit processes to improve organizational effectiveness.



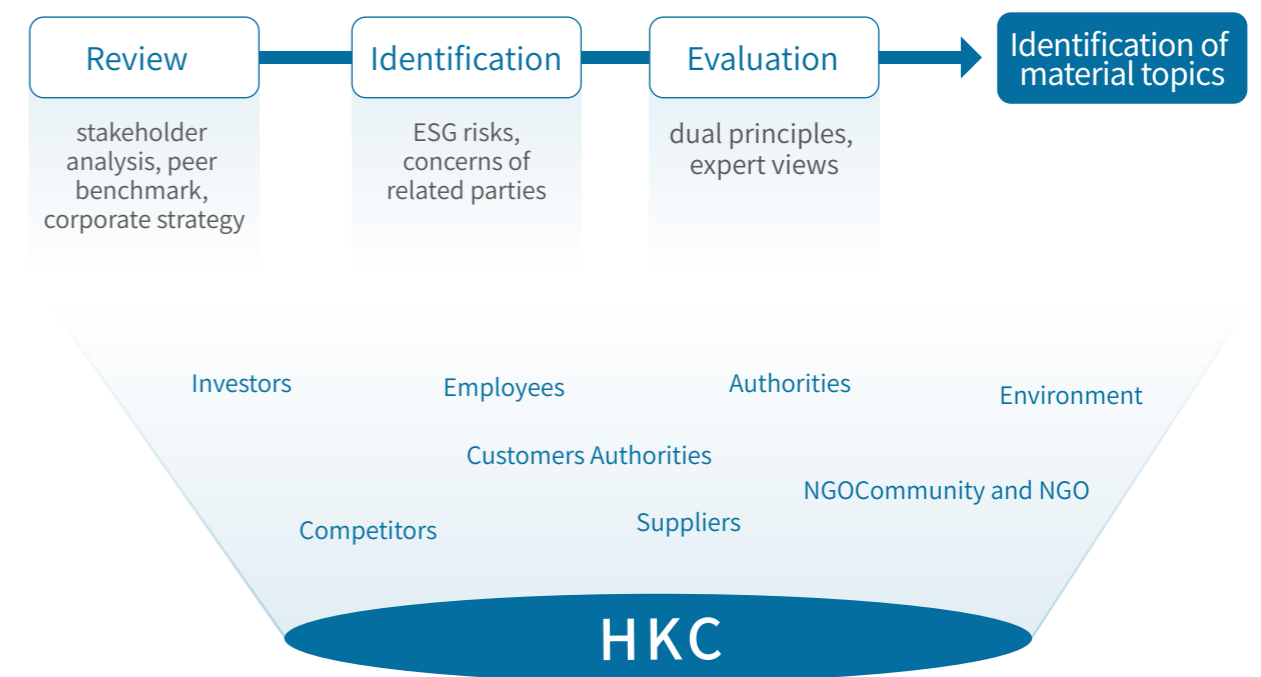
HKC ensures its strong and stable operation with a risk management mechanism by integration of multiple certification systems

Internal audits for compliance

To ensure corporate operation in a compliant, legal and sound manner, the Company has formulated a series of internal control systems to regulate its business activities. Internal control process: The Company has established and incorporated a complete set of internal control process, including financial control system, procurement management system, sales management system, etc. into the OA system, to ensure all business activities are performed in a normalized, standardized and process-oriented manner. Evaluation criteria for internal control: Internal audit department regularly scores and evaluates internal control of each unit, imposes rectification requests of units with internal control deficiencies within a certain period of time, and credits the general manager with an annual appraisal based on the scoring results. The Audit Department carried out a number of special audits and routine internal control audits, and rectified the defects found in the internal control audits within a time limit, providing a strong guarantee for the sustainable development and stable operation of the company in 2023.

2.5 ESG material topics

To obtain and respond to the needs of stakeholders in a timely manner, HKC actively communicates with stakeholders through multiple channels and methods in accordance with the requirements of the ISO 26000:2010 Guidelines on Social Responsibility, the GRI Standard and the EU Sustainability Reporting Directive (CSRD). During this process, the company identified and sorted out the requirements and expectations of stakeholders, adopted the "matrix evaluation method", and evaluated and determined the key ESG issues from the two dimensions of "the degree of impact on the sustainable development of the enterprise" and "the concern of stakeholders on ESG issues". In addition, key issues are disclosed in the report, which effectively improves the pertinence and responsiveness of the report.



Identification and evaluation results of Key ESG topics

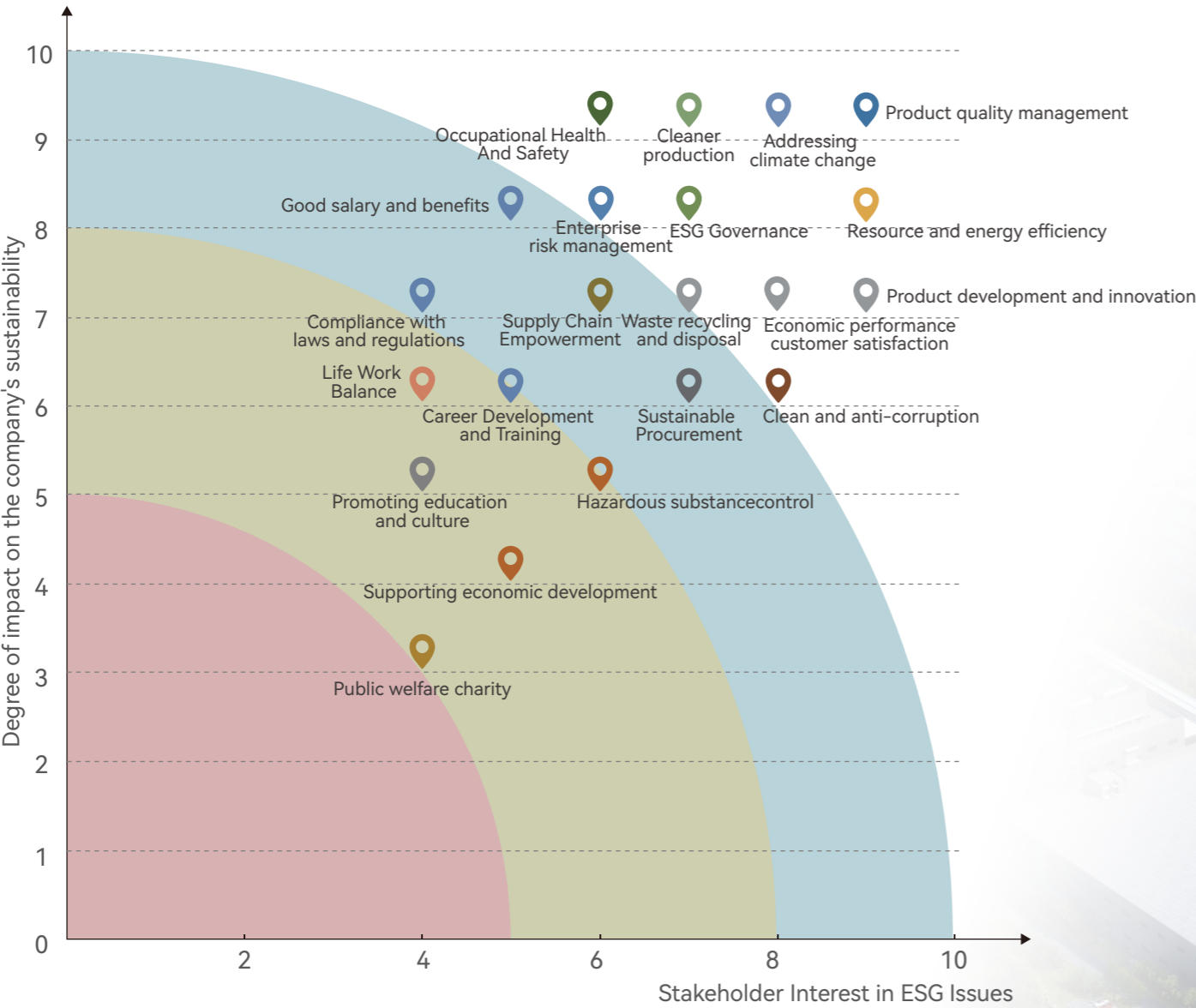
No.	Stakeholders	Material topics	Communication methods	Disclosure section	Location
1	Customers	Product quality management Hazardous substance control Customer Satisfaction Survey Product R&D and innovation	Customer Satisfaction Survey Client communication meetings	Chapter 3 Chapter 4 Chapter 3 Chapter 3	9*9 6*5 8*7 9*7
2	Investor	Enterprise risk management ESG governance Economic performance	Release of finance report Shareholder communication meeting	Chapter 2 Chapter 2 Chapter 1	6*8 7*8 8*7
3	Suppliers	Integrity and anti-corruption Sustainable procurement Supply chain empowerment	Supplier meetings/on-site audits	Chapter 2 Chapter 6 Chapter 6	8*6 7*6 6*7

No.	Stakeholders	Material topics	Communication methods	Disclosure section	Location
4	Employees	Good compensation package Occupational Health & Safety Career development and training Life-work balance	Employee satisfaction survey Security management system Internal meetings	Chapter 5	5*8 6*9 5*6 4*6
5	Environment	Waste recycling and disposal Resource and energy efficiency Addressing climate change Clean production	Monitoring for contaminants ESG report Product promotions	Chapter 4	7*7 9*8 8*9 7*9
6	Authorities	Legal compliance Support economic development	Government conference and seminar On-site visit and communication	Chapter 2 Chapter 4	4*7 5*4
7	Community and NGO	Promote education and culture Public charity	Visit	Chapter 6 Chapter 6	4*5 4*3

Sustainable development goals (SDGs)



We support the United Nations Sustainable Development Goals ("SDGs") and will continue to contribute through our actions to Goal 1 No Poverty, Goal 3 Good Health and Well-Being, Goal 4 Quality Education, Goal 5 Gender Equality, Goal 7 Affordable and Clean Energy, Goal 8 Decent Work and Economic Growth, Goal 10 Reduced Inequalities, Goal 11 Sustainable Cities and Communities, Goal 12 Responsible Consumption and Production, Goal 13 Climate Action, Goal 15 Life on Land, Goal 17 Partnerships for the Goals, Goal 11 Sustainable Cities and Communities, Goal 12 Responsible Consumption and Production, Goal 13 Climate Action, Goal 15 Terrestrial Organisms and Goal 17 Partnerships for Goal Achievement, Response to SDGs and corresponding relationships are reported in different chapters.



Technological Innovation, Product First



With the vision of "enriching visual enjoyment", HKC adheres to the quality policy of "excellent quality and customer satisfaction, pioneering innovation and continuous improvement", continues to increase R&D investment for new products, constructs the ecological model of comprehensive quality management of Digital Intelligence, and is committed to becoming a respected comprehensive service provider of display solutions.

3.1Product R&D and innovation

▀ R&D investments

45.2 billion (RMB)

Total R&D investment from 2021 to 2023

6000+ patent

Patents obtained as of 2023

3000+ patent

Invention patents obtained as of 2023

R&D and innovation is key to corporate sustainable development, laying a solid basis for continuous innovation of the Company, and serving as an important means for high-quality corporate development and market competitiveness. HKC has established R&D management and R&D incentive mechanisms to better promote motivation and creativity of employees to continuously improve R&D and innovation capabilities.

HKC improves its market position in the industry by attracting talents, increasing investment in research and development and improving product performance. According to statistics, during 2021-2023, HKC invested a total of 4.52 billion yuan in research and development funds, of which 1.571 billion yuan was invested in 2023, accounting for 4.34% of sales revenue, higher than the industry average.



New product of the Company (100" 16:9 screen)

We are equipped with R&D and testing equipment in each base, among which panel BG has invested more than 349 million RMB in equipment and owns 738 sets of equipment, most of which are imported from Korea or Japan, such as battery ion meter, color film differential photometer, automatic optical camera, optical microscope and other advanced equipment in the industry. We will continue to increase investment in research and development, gradually improve and perfect the software and hardware conditions for R&D, and strongly support and guarantee the smooth development of scientific research projects.

As of the end of 2023, HKC has a total of 2,508 professional R & D personnel and technical experts, and has obtained a total of 6000+ patents . The continuous resource investment and talent reserve provide strong and powerful technical support for the high-quality development of the company.

Product development performance highlights

Items	2022	2023
R&D investment funds (in 10000 yuan)	16.19	15.71
Proportion of total R&D investment in operating revenue (%)	6.0%	4.34%
R&D staff (number)	2,366	2,508
Patents granted	5,229	6000+
Invention patents granted	2,802	3000+

Technological progress is the key to maintain competitiveness, since 2021 HKC began to layout oxide technology (Mianyang HKC) and only two years to complete the equipment transformation, new process development and product design upgrade, has made a series of outstanding achievements.

On May 30, 2023, H4 (Ming Yang HKC) carried out a special achievement exhibition with the theme of "Oxide", and released a series of Oxide/HMO(High Mobility Oxide, high transfer oxide) samples, fully covering traditional LCD display technology such as desktop display/laptop/flat panel/car display/mobile phone. And OLED/ MLED new semiconductor display technology, showing HKC's high-end application layout in LCD display technology, as well as its determination to break through in future new display technology.



27-inch ultra-cost-effective 4K 160Hz (HMO)



27-inch high refresh rate QHD 360Hz (HMO)



27-inch ultra-high refresh rate QHD 500Hz (HMO)



14.5-inch ultra-low refresh rate laptop panel (10Hz)



14.5-inch ultra-high refresh rate laptop panel (240Hz)



12.3-inch OLED



15.6-inch automotive display (QHD in-cell touch)



1.55-inch mini LED (DV LED)



10.95-inch tablet (2.5K in-cell touch)



6.58-inch FHD smartphone (in-cell touch)



27-inch ultra-high refresh rate gaming monitor (MNT)

At the end of August 2023, HKC brought the above-mentioned oxide samples to 2023 Shanghai DIC (International Display Technology and Application Innovation Exhibition). Among them, the 27-inch Ultra-high brush gaming MNT won the DIC Display Application Innovation Silver Award for ultra-high refresh rate (QHD 500Hz), ultra-high color gamut (DCI-P3 100%), ultra-high contrast ratio (1,000,000 :1) and multi-partition (2048 partition).

The first oxide laptop panel passed the certification of brand customer Lenovo and obtained CAS(Customer Approval Specification)in September. In November, the Oxide desktop display panel passed the Acer brand customer certification and obtained CAS. It means that HKC oxide has reached the level of mass production.

R&D performance & achievements

HKC's products have won the industry's first batchof performance certifications for gaming monitors

Three models of HKC displays have received the Shenzhen Standard Certification

HKC has been awarded the national-level enterprise standard 'Leader' title

Through independent research and innovation, HKC has mastered the independent core technology related to the key process of the industry, and is widely used in the company's products to continuously enrich the enjoyment of human vision. By the end of 2023, 6,265 patents have been granted.

1) HKC panel BG from TV/MNT/IOT commercial display/electronic paper/function machine and other dimensions of new product development, many products won the German Westfalen Nord Design Center, Hannover Industrial design Forum Red Dot award and IF design award.



Red Dot Honor Certificate

IF Design Certificate



NB Panel Design Department based on market demand and customer demand, proposed TED high penetration product concept. TED IC set Mianyang HKC unique high penetration technology, to achieve 9.05% of the module transmission rate, to achieve the industry benchmark. TED IC is used to simplify PCB design, reduce mold composition, and improve product competitiveness. The higher penetration rate results in lower power consumption to achieve energy saving and consumption reduction. Power consumption is reduced by more than 20% year-on-year, reducing CO2 emissions, more in line with market demand, and providing the main core competitiveness for subsequent products.

In the field of super size, 107 inch Mini LED suspended wall mounted TV, the industry's latest ultra-wide screen (21:9), ultra-thin wall mounted products, can achieve 5K 120Hz high refresh rate HDR display, equipped with Local Dimming technology, Using direct-down Mini-LED backlight to achieve local dimming number of 5184, high dynamic contrast, using quantum dot technology can reach 100NTSC% high color gamut, providing excellent picture performance and visual experience. The display effect and technical uniqueness were recognized by customers, and won the Gold medal for display application innovation at the DIC Exhibition in Shanghai in 2023.



107 Mini LED floating wall-mounted TV won the Gold Award for Display Application Innovation at the 2023 DIC

5) The company has not only become a leader in the industry's development but also one of the formulators of industry standards. It is a member of organizations such as the LCD Branch of the China Optoelectronics Industry Association, the China Electronic Video Association, and the Chongqing Ultra-High Definition Industry Technology Alliance. HKC actively participates in the formulation of national and industry technical standards. In 2023, it collaborated with the China Electronic Industry Standardization Technology Association to discuss and establish group standards such as the "Technical Specification for Mini LED Backlit LCD Displays" and the "Optical Performance Technical Specification for Micro LED Displays."

2023 National and Industry Standards Formulation Participation Statistics (Partial)

No.	Standard name	Standard level
1	Quality grading and 'Leader' Evaluation requirements-Monitor	Group standard
2	For Risk Assessment of Electronic and Electrical Equipment Guide-Flat Panel TV	Group standard
3	For Risk Assessment of Electronic and Electrical Equipment Guide-Computer Monitor	Group standard
4	Mini LED Backlit LCD Displays technical Specification	Group standard
5	Micro LED Displays-Automotive Transparent Optical Performance Technical Standard	Group standard
6	Micro LED Displays-Automotive Transparent Optical Performance Technical specificatio	Group standard
7	Flicker Performance Certification of Display Devices Technical Specification	Technical Certification Code
8	Mini LED Backlit LCD Displays Technical Specification	Technical Certification Code

HKC actively involved in the development of group standards



3.2 Total Quality Management (TQM)

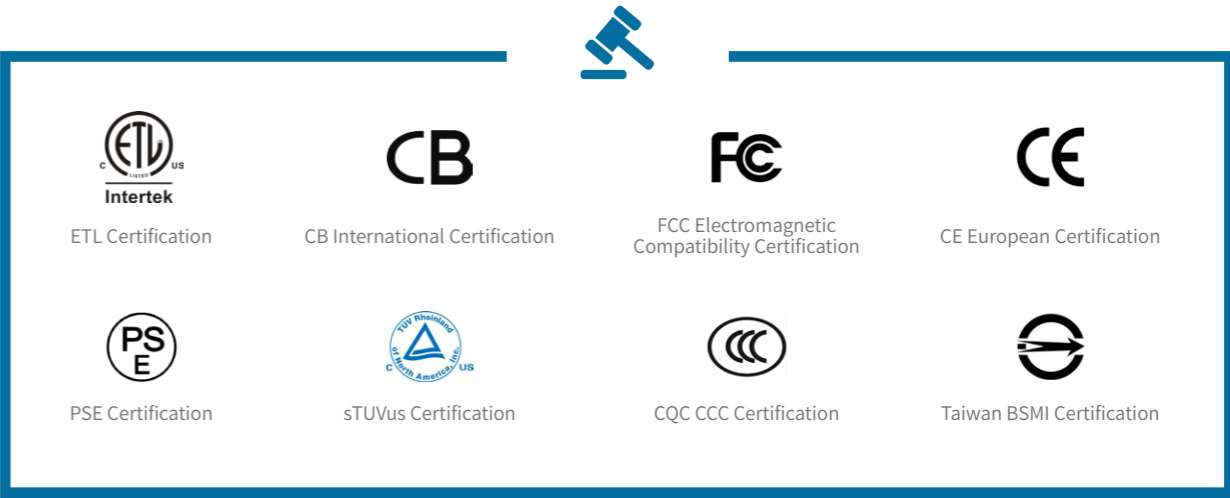
HKC takes "enriching human visual enjoyment" as its corporate vision, takes "becoming a respected integrated service provider of display solutions" as its direction, and adheres to the core values of "seeking truth and pragmatism, honesty and integrity, pioneering and innovation, and pursuing perfection"

In the field of quality management, strategic put forward the quality vision of "digital intelligence total quality management ecology, escort human visual enjoyment". Strive to build industrial automation as the carrier, integrated information system to establish digital business processes, through the full life cycle of automation, information and quality management integration of quality management, to achieve R & D, procurement, manufacturing, quality control, marketing, service of the whole process of digital intelligent change. 2023 Won a number of customer awards.



In 2023, the company's panel BG won the "TPV Quality Progress Award", "Guangdong Changhong Best After-sales Support Award" and other honors. In addition, HKC products have successfully passed various strict international certifications, including ETL certification, CB international certification, CE EU certification, China CCC certification, product quality, safety and performance have been recognized by customers and third-party authoritative certification bodies.

HKC products have been certified by various third-party international certification bodies





HKC Panel BG QCC/QIT improvement activities

2023 Panel BG Synchronously Implemented

QCC Project Improvement Activities


A total of **100** improvement projects have been completed

More than **850** participants.


Total benefits amounting to **415.8153** million RMB.



3.3 Customer service satisfaction



No data breach of customer information or hazard of customer health and safety



No major customer loss or major market sampling quality incidents

2023

Customer complaint response rate

100%

Customer satisfaction

94.5%

Fig. Domestic Customer-Service Network

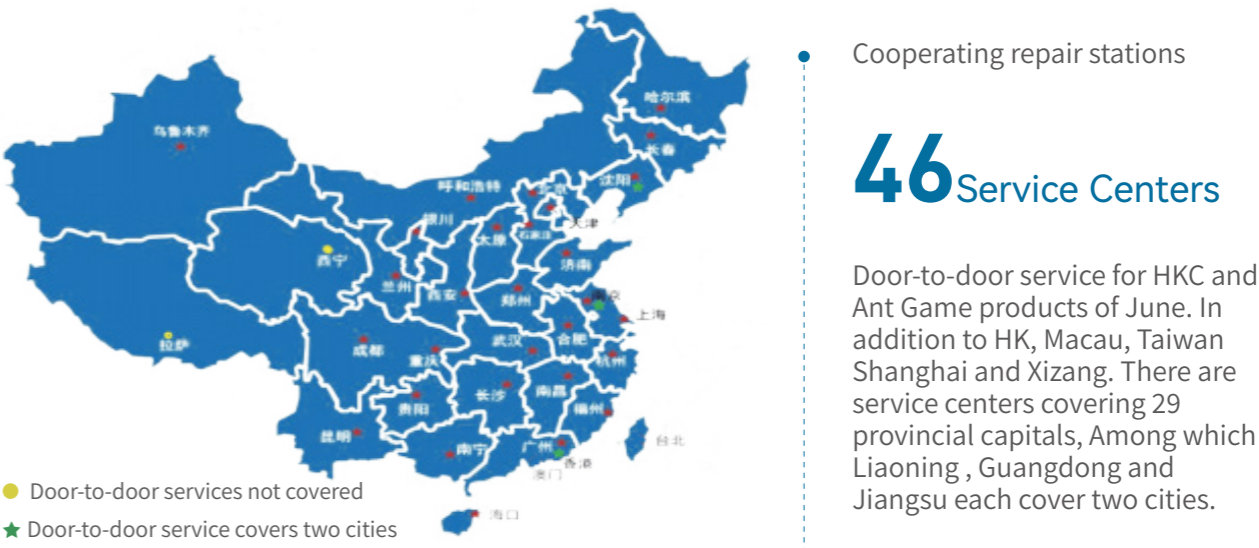


Fig. Overseas customer service network



Clean and Reduce Carbon Emissions, Using Green as the Source



Addressing climate change is a global challenge. HKC actively practices green and low-carbon development philosophy, contributing to a beautiful home for mankind through clean production and carbon-neutrality strategies.

As a leading ministerial enterprise in the field of LCD panels and even terminal displays, HKC fully recognizes the importance and necessity of protecting the environment and giving priority to life, safety and law-abiding. HKC has established an environmental and energy management system to control harmful substances in products, and has integrated clean production, energy control and carbon neutrality strategies into the company's operations and production processes to promote environmental management in the life cycle of products and operations.

4.1 Hazardous substance control

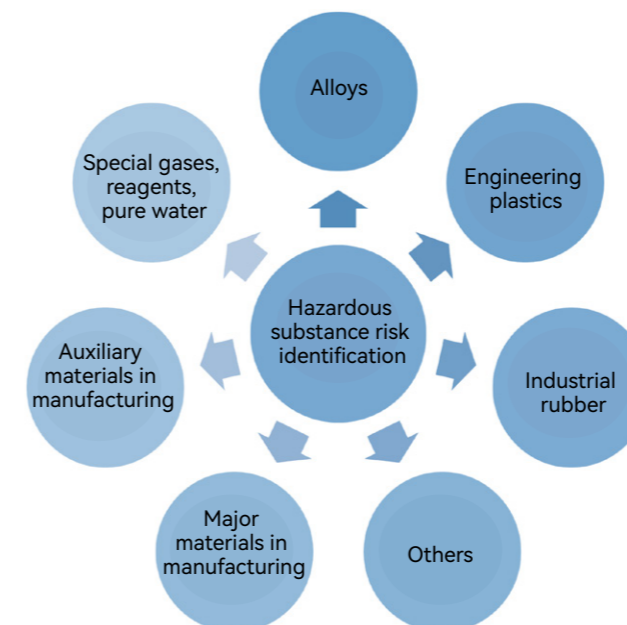
“

7 manufacturing bases under Huike have passed the IECQ/QC 080000 hazardous substances process management system certification.

The annual incident rate of hazardous substance exceedances in 2023 is 0.

”

Since 2017, HKC has started the management of hazardous substances and the identification of hazardous substance pollution risks. According to domestic and foreign regulations and customer requirements, we have compiled the Hazardous Substances Management Standard, which covers the requirements of RoHS, Halogen Free, PPW, RAECH, POPs, VOCs and PFAS. We carry out hierarchical control of hazardous substances to ensure the conformity of suppliers, materials, finished products and hazardous substances involved in the manufacturing process. At present, 7 companies under HKC have obtained and passed the IECQ/QC 080000 hazardous substance process management certification.



Hazardous substance risk identification



The Company has been certified to IECQ/QC080000 Hazardous Substances Process Management System Requirements

4.2 Environmental Management

“ 9 manufacturing bases of HKC have all passed ISO14001 environmental system certification

Corporate investment in environmental protection and safety amounted to RMB 1.14 billion for 2023

100% compliance of wastewater and air pollutants emissions for 2023

97.2%+ water recycling rate of Panel BG in 2023

99.83% of waste reusable or recyclable in 2023 ”



Compliance with regulations: consciously comply with environmental protection laws and regulations, actively cooperate with the supervision of the competent authorities, and pursue a new height of environmental awareness.

Environmental protection: The application of advanced production technology, production energy saving and emission reduction, the use of new environmental protection technology, sewage treatment standards, environmental protection zero pollution, the pursuit of green environmental protection industry.

Energy saving and consumption reduction: Optimize the production process, use energy-saving and environmental protection materials, everyone follows the principle of saving, and maximize the conservation of resources and energy.

Continuous improvement: Strengthen and improve the environmental management system, continuously improve and enhance environmental performance, and gradually pursue perfection.



HKC Shares overall resources, continue to increase investment in environmental protection, during 2023, the company invested a total of 114 million yuan of environmental safety funds, and in accordance with ISO14001:2015 environmental management system standards, actively carry out the environmental management system construction of subsidiaries.

By the end of 2023, all 9 production sites of HKC had established ISO14001:2015 environmental management systems and received third-party certification.

Water Resource Recycling and Utilization

The water recycling rate of HKC Panel BG is 97.2% which is of great significance for saving water resources in 2023.

Control of Air Pollutants

In 2023, the company's exhaust emission compliance rate is 100%, the emission of various pollutants is far lower than the emission standard requirements, and the total emission meets the total control requirements of the environmental protection department.

Industrial Waste Management

The waste reuse rate in 2023 increased from 96.3% in 2022 to 99.83% in 2023, achieving significant environmental performance.

4.3 Addressing climate change

Addressing climate change is biggest Challenges across the globe. In September 2020, China announced its goal to peak carbon emissions before 2030 and achieve carbon neutrality by 2060. HKC actively responds to the national "dual carbon" strategy by formulating a carbon neutrality strategy and plan, conducting greenhouse gas verification, establishing an energy management system to achieve energy conservation and emission reduction, and gradually promoting carbon neutrality at the operational level and throughout the value chain.

“ In 2023, the company's fossil energy GHG emissions amounted to **2.2** million tons of CO₂e.

In 2023, the carbon emission intensity per unit product was **0.353** tons of CO₂e per unit.

”

HKC Energy and GHG Emissions Statistics for 2023

Performance Data	2023
Greenhouse gas emissions(tCO ₂ e/year)	7429437
GHG emission intensity of RMB 10,000 output value (tCO ₂ e/RMB 10,000)	0.739
GHG emission intensity per unit of product (tCO ₂ e/unit)	0.353
Total amount of electricity consumption (MWh)	2966129914
Natural gas (m ³ /year)	4927542
Liquefied gas (kg/year)	19300
Diesel fuel (kg/year)	28321
Note: Annual greenhouse gas emissions are calculated based on annual energy consumption data, with the calorific value of fuels calculated as calorific value data in the General Rules for Comprehensive Energy Consumption Calculation (GB/T 2589-2020).	

Product Carbon Footprint Certification

In 2023, the Guangdong-Hong Kong-Macao Greater Bay Area (Shenzhen-Hong Kong) will benchmark international standards, formulate a scientific and reasonable certification implementation plan, take the lead in establishing a carbon footprint certification system in the country, and launch the Guangdong-Hong Kong-Macao Greater Bay Area carbon footprint certification public service platform on November 30.HKC quickly responded and became one of the first companies to apply for carbon footprint identification certification. After nearly a month of data technology review and on-site verification, three monitors won the carbon footprint identification certification on December 28.



Comprehensive Energy Conservation and Emission Reduction

According to the "2022 Annual Green Manufacturing List" published by the Ministry of Industry and Information Technology of the People's Republic of China in February 2023, Two factories of HKC’ s MianYang HKC Photoelectric Co., LTD and ChuZhou HKC Photoelectric Co., LTD, were awarded the title of "National Green Factory" Following ChongQing HKC Jinyu Optoelectronics Technology Co., LTD., HKC now has three factories awarded the title of "National Green Factory", which is another important milestone on the road of sustainable development of HKC.

HKC has been adhering to the concept of green, low-carbon and sustainable development, taking environmental protection as an important strategic direction of enterprise development, adopting green, low-carbon and circular production mode, promoting energy-saving and environmental protection technologies and concepts, striving to improve the environmental performance of product life cycle, and constantly committed to promoting the green transformation of enterprises, promoting sustainable development, and achieving a win-win situation of environmental protection and economic benefits.

Green Production Index has increased significantly

First of all, HKC implements comprehensive energy conservation and emission reduction, and adopts a number of energy-saving and environmental protection measures in the production process, such as intelligent scheduling, waste gas purification treatment, etc., to achieve the maximum output benefit with the smallest resource input. At present, HKC's energy consumption and waste emission levels have been significantly reduced, and the green production index has also been significantly improved.

Achieve sustainable utilization of resources

Secondly, HKC implements recycling to maximize the utilization of resources. A number of waste recycling technologies have been adopted, such as the use of recycled materials and the application of water-saving and environment-friendly equipment. Through these technical means, waste is not only reduced to a minimum, but also converted into useful energy and raw materials, achieving sustainable use of resources.

Achieve a win-win situation of economic and social benefits

In addition, HKC actively responds to national policies, actively promotes the development of low-carbon economy, continuously optimizes product performance in research and development, and promotes low-carbon, environmentally friendly and sustainable products to meet market demand and social expectations. In this process, HKC has always taken environmental protection as an important indicator of product development, promoted the whole process of green enterprise from production to sales, and achieved a win-win situation of economic and social benefits.

2023 Huike Energy Conservation and Emission Reduction Measures and Achievements

Energy Use System (Equipment)	Energy Saving Effect	Benefits (10,000 yuan)
Process Production Equipment	Reduce water, electricity, and gas energy consumption of process equipment, and lower product energy consumption.	2176
HVAC System	Reduce electricity consumption of the chilled water system and lower product energy consumption.	605
Air Compressor System	Reduce the load of medium-temperature ice machines and dryers by adding chillers.	745
Water Supply and Drainage System	Increase wastewater recovery rate, reduce tap water usage, and lower product energy consumption.	684

Participation in carbon trading

ChongQing will comprehensively promote the management of carbon emission rights in 2023, and has completed the verification, compliance and settlement of carbon emissions in 2021 and 2022. ChongQing HKC JinYu Optoelectronic Technology Co., Ltd. has been completed according to the requirements of the competent authorities.

序号	履约通知书名称	履约年份	应履约量	履约递增量	履约开始时间	履约截至日期	完成状态	操作
1	2021履约通知书	2021	481743	481743	2023-11-30 00:00:00	2023-12-31 00:00:00	已履约	
2	2022履约通知书	2022	455189	455189	2023-11-30 00:00:00	2024-03-31 00:00:00	已履约	

HKC won the title of "Industrial Product Green Design" Demonstration Enterprise, creating new advantages in green development!

In November 2023, the Ministry of Industry and Information Technology of the People's Republic of China publicized the list of demonstration enterprises of "Green Design of Industrial products", of which HKC Co., Ltd. and Chongqing HKC JinYu Optoelectronics Technology Co., Ltd. were both awarded the title of national demonstration enterprises of "Green Design of Industrial products"

Green design is based on the concept of life cycle, in the product design and development stage to systematically consider the selection of raw materials, production, circulation, use, recycling and treatment of all aspects of the impact on resources and the environment, and strive to minimize the consumption of resources and energy in the whole life cycle of the product, as little as possible to use or do not use harmful raw materials, so as to achieve pollution reduction and carbon reduction, green circular development activities.As a leading enterprise in the field of semiconductor display, HKC has always adhered to the concept of green design, assisted the sustainable development of the industry through scientific and technological innovation, led the semiconductor display industry towards high-end, intelligent and green direction, and promoted the high-quality development of China's semiconductor display industry.



Environmental Protection Typical Case 1-Rainwater Recycling Project

In 2023, a rainwater recovery system was built, which mainly uses the existing rainwater pipe network and pipes to collect rainwater from the whole plant. The collected rainwater enters the wastewater recovery system and is used for production. 27,900 meters of rainwater can be recovered in a year, reduced water waste.



Environmental Protection Typical Case 2-Domestic Sewage Utilization Project

In 2023, the domestic sewage utilization system will be established and completed, the domestic sewage collection tank will be built, and the domestic sewage will be reused into the wastewater treatment system to increase the biodegradability of the production wastewater. After the system is completed, it will not only deepen the treatment of domestic sewage in the factory, but also reduce the carbon source added to the production wastewater system and reduce environmental pollution.



4.4 Environmental protection-related charity activities

We have integrated the philosophy of respecting and protecting nature as part of HKC environmental protection concept and behavioral norms. We are active in undertaking our own responsibilities with joint efforts in building a beautiful home for mankind, to practice green development in daily work.

▀ Afforestation

"Turn trees into forests, make accumulated knowledge shine". The Company is actively involved in public welfare for social environmental protection events, organizes staff to plant trees on March 12 every year, enhances the greenery around the plant, and improves environmental protection and green awareness of all employees.

Tree planting activity



▀ Environmental emergency drill

Mianyang HKC Optoelectronics Technology Co.,Ltd. and Mianyang Fucheng Ecological Environmental Bureau conducted an environmental on December 26th/December 26 2023. emergency drill of "one river, one policy, and one map" to improve the ability to prevent environmental risks and deal with sudden environmental incidents, and ensure ecological and environmental safety. Relevant departments of the Municipal Ecological Environment Bureau, relevant municipal departments, ecological and environmental departments of counties, cities and districts (parks), relevant departments of Fucheng District, and heads of towns and streets and some key enterprises observed the drill on site.

"One river, One Policy and One Map"



Value Sharing, People-oriented



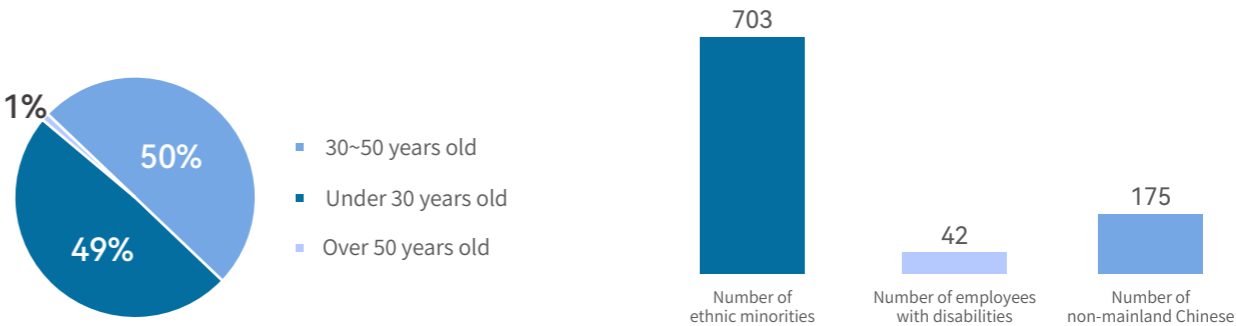
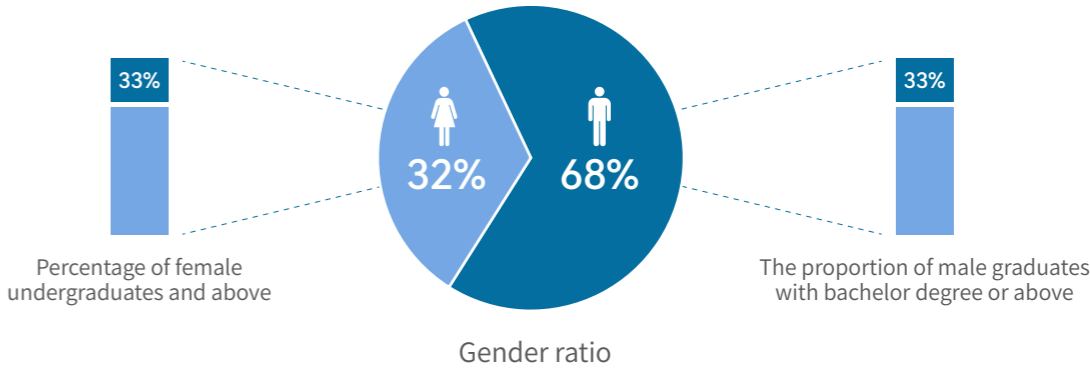
Human Resources Management 2023 Performance Data

• Total employees	• Bachelor degree or above	• Non-mainland employees	• Female managers
16258人	33%	175人	21%

HKC adheres to the core value of "people-foremost" and regards the needs of "people" as the core of corporate development. The Company provides a healthy and safe working environment and a fair development platform for common growth with employees.

5.1 Diversified workforce

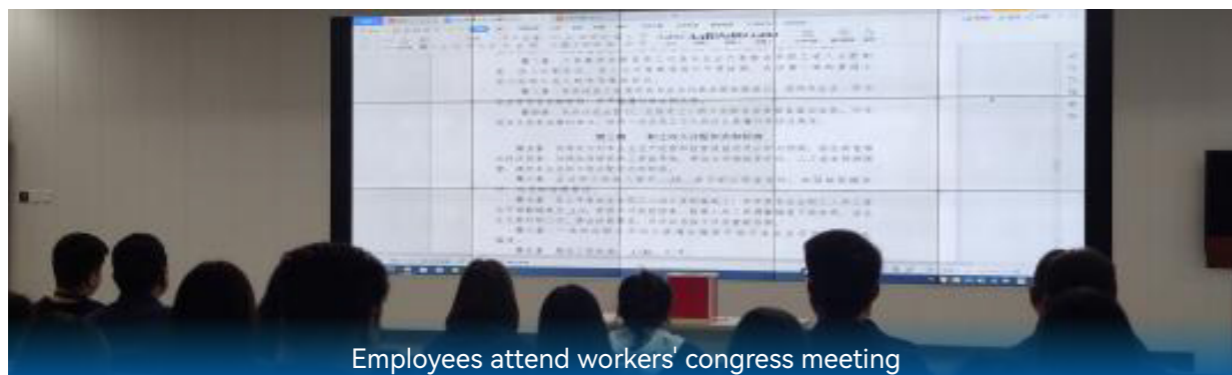
Human resources are HKC's most valuable asset. Realizing and enhancing employee value will contribute to the company's overall development and performance growth. We are committed to being a fair and attractive employer. Our goal is to become the preferred employer of employees and to attract, develop and retain talent in the long term.



5.2 Protection of employee rights and interests

HKC strictly abides by national labor laws and regulations, safeguards the legitimate rights and interests of employees, prohibits child labor and protects underage workers. HKC conscientiously protects the legitimate rights and interests of employees according to Labor Contract Law, and promotes common development of employees and the Company. The Company continuously improves its remuneration system in line with the needs of corporate development and local and industry remuneration standards, and promotes harmonious and stable labor-management relationship. The Company signs and strictly fulfills labor contracts with all employees in accordance with the law, and ensures full coverage of the five basic types of employee insurance, namely, pension, unemployment, medical care, work injury and maternity.

The Company implements a "people-foremost" management culture and strives to build harmonious, win-win labor relationships. The Company has formulated and published the Management System for Religious Beliefs, the Management System for the Prohibition of Forced and Compulsory Labor, the Management System for the Operation of Employee Freedom of Association and the Right to Collective Negotiation, and the Management System for Anti-Discrimination and Humane Treatment for protection the freedom of beliefs and the human rights of employees.



Employees attend workers' congress meeting

Compensation incentives

The Company implements "people-foremost" policy in production and operation, staff training, labor protection, salary and welfare, five insurances and one fund payment, etc. The Company applies both cultural guidance and relevant system for all-round, multi-angle care for the work, life and career development of all staff. We have established a remuneration incentive system entailing fixed and variable remuneration, statutory and corporate benefits, as well as promotion and development incentives for outstanding talents. We grant staff remuneration according to their contributions to ensure market competitiveness in this regard. The Company respects and cherishes employees by means of scientific and reasonable compensation package, and also cares for their daily work and life by organizing community activities, arrange employee care, annual festival benefits, etc. upon access to the Company until retirement.

“

the Company's employee compensation increased by **5.91%** year-on-year in 2023, the ratio of the average salary of frontline employees to the local minimum wage was **236%**, and the coverage rate of "Five Social Insurances and Housing Fund" for employees reached **96.7%**.

”

Data of human resource indicators	2021	2022	2023
Average salary of operation staff vs. local minimum wage (%)	275%	274%	236%
"Five insurances and one pension" coverage for corporate employees (%)	95.20%	96.85%	96.7%
Employee compensation growth rate (%)	11.42%	7.51%	5.91%
Same position compensation, male vs. female	1:1	1:1	1:1
Labour contract signature ratio (%)	100%	100%	100%

5.3 Occupational health and safety

No cases of work-related deaths or occupational diseases were reported for 2023

Safety Management

Occupational health and safety data	2021	2022	2023
Medical examination coverage of corporate employees (%)	100%	100%	100%
Number of casualties on duty (person/year)	0	0	0
No. of occupational disease break-out (case/year)	0	0	0

7 production bases of HKC have established a comprehensive occupational health and safety management system in accordance with the ISO45001 international standard. The Company continues to build up safety infrastructure, strengthen "red line awareness and bottom line mindset", and continue to ensure "inspection, removal, and protection", effectively fulfilling main body responsibility of safety production and the "five implementation and five in place" safety management regulations. The Company has delivered good safety performance with zero line-of-duty fatalities or occupational diseases reported for 2021-2023.

Chemical spill emergency drill



Safety Month Activities Highlights



5.4 Training and Career Development

HKC has carried out extensive cooperation with various universities to form a joint force between schools and enterprises. Through campus employment guidance and technology development cooperation, it has built a bridge of innovation and development between enterprises and universities, provided a display platform for cultivating compound, technical and innovative talents, and continuously supplied talents for enterprise and social development, achieving sustainable development of talents. HKC introduced 556 graduates from various universities in 2023. The post involve four categories: R&D, marketing, manufacturing and functional.

Total hours of annual employee training in 2023

297691.4 H

Currently has internal lecturer resources

330 people

Indicator data	2021	2022	2023
Total employee training duration (hours/year)	93755	112827	297691.4



Team development training



Team development training



"Team Management and Motivation" Training for Team Leaders



Training for mid- and senior-level managers

5.5 Employee care activities

Employee comfort and assistance

The company's trade union committee has established a long-term and effective mechanism to send warmth project, launched the "Staff condolences management Measures", established the "difficult staff help Ledger", and held warm activities every year to benefit all employees of the company. Grassroots trade unions regularly visit and sympathize with sick and difficult employees and offer help according to actual needs.

“

In 2023, Mianyang HKC has visited and comforted more than **18** employees with a total amount of **68,000 yuan**; Beihai HKC has assisted **19** employees in need and distributed **30,000 yuan** in assistance funds.

”



Sichuan Federation of Trade Unions' Warmth-Giving Activities



Helping Party Members in Difficulties

Cultural and recreational activities

HKC continues to care for employee's lives and increase investment in hardware, whereby rich cultural and recreational activities are organized for better satisfaction of employees both at work and at leisure. For example: Staff birthday parties, various kinds of clubs and fellowship activities, etc. are organized to facilitate emotional release and social networking of all employees. In addition, the Company regularly organizes festive cultural activities, open family days, anniversary celebrations, and sports and athletic events to ensure a rich, relaxing, and enjoyable life for all employees after a stressful workday.

We believe that an excellent team is in unity and collaboration. Colorful cultural and sports activities not only help to strengthen communication and collaboration amongst departments, enhance team cohesion and centripetal force, but also lay a solid foundation for sustainable development of the Company.



Social activities



Painting Activities



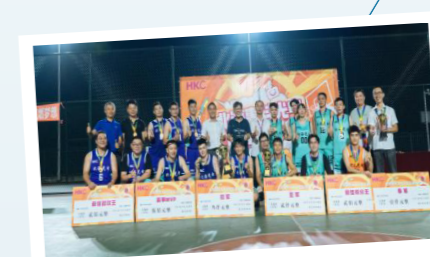
Making herbal sachets for Dragon Boat Festival



Mid-autumn festival art activities



Outward bound training



HKC Basketball Game

Cooperate for Mutual Benefit and Contribute to Society



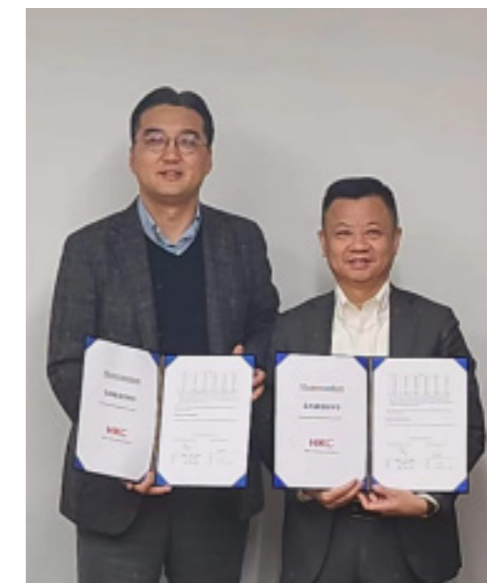
The Company adheres to the business philosophy of "win-win collaboration", ensures responsible procurement to build a sustainable industrial chain; We are actively engaged in charity and public welfare to contribute to the community in good faith, and ensure a win-win situation for the benefit of the society in general.

6.1 Cooperation and win-win



In January 2023, TCL and HKC signed the 2023 Strategic Cooperation Memorandum, in which the two sides will achieve in-depth cooperation and seek long-term development based on common interests. This strategic cooperation is for the consideration of long-term win-win, will increase complementary advantages in the display industry chain, especially in the super-size TV cooperation to continue to make efforts, showing the high recognition and firm confidence of the future development between enterprises, work together build a medium - and long-term cooperation blueprint, jointly promote the sound development of the industry.

On November 29, 2023, Samsung and HKC signed a 24-year Memorandum of Understanding (MOU) contract, marking a new phase in their partnership. At the signing ceremony, senior executives such as JC.Yang, Managing Director of Samsung Electronics, and Vice President of HKC attended this important cooperation event. The signing of this cooperation has opened up a broader cooperation space for Samsung and HKC, bringing more opportunities and challenges to both sides. The two sides will work together to achieve the goals of business growth, technological innovation and sustainable development, and inject new vitality and impetus into the development of the industry.



6.2 Sustainable procurement

2023

• RBA audit rate of key material suppliers	• Child labor and forced labor violation cases among suppliers	• Local Procurement rate
100%	0	74.17%

From the five aspects of quality, delivery, service, cooperation and corporate social responsibility, HKC conducts multi-dimensional supplier performance evaluation throughout the life cycle, builds a high-quality procurement ecological chain, ensures the quality of purchased materials, reduces environmental pollution, and jointly maintains an honest, clean, fair and just supply chain environment with suppliers.



HKC hosts supplier conference

Supply chain management and control on ESG

HKC has always been committed to promoting honest and clean business conduct in the supply chain, resolutely resisting the behavior of restricting or excluding market competition by improper means, and creating a fair and healthy industrial ecological chain. The signing rate of the Supplier Sunshine Commitment Letter was 98% in 2023. By 2027, we strive to achieve 100% signing rate for the Supplier Sunshine Behavior Commitment Letter

In order to improve suppliers' social responsibility awareness and management performance, we follow the RBA social responsibility standards to screen suppliers. The proportion of key material suppliers screened by RBA standards is 100% in 2023

In order to control the CSR risks of suppliers, for key suppliers, In addition to requiring them to sign the RBA Statement of Social Responsibility, HKC also arranges professionals to audit suppliers according to RBA standards. And issue audit reports after the audit, guide and promote suppliers to continuously improve and improve. Key materials of the company in 2023 RBA audit rate of material suppliers reached 100%. As of 2023, without any cases about suppliers violating RBA (child Labour and forced Labour).



Statistics Table of Sustainable Procurement Performance Indicators

Indicators of responsible procurement performance	2021	2022	2023
Proportion of local procurement (%)	73%	78%	74.17%
Signing rate of suppliers' sunshine behavior commitment letter (%)	96%	93%	98%
RBA audit rate for key material suppliers (%)	96%	93%	100%
Number of ESG criteria violations (child and forced labour) identified in supplier behavior (times)	0	0	0

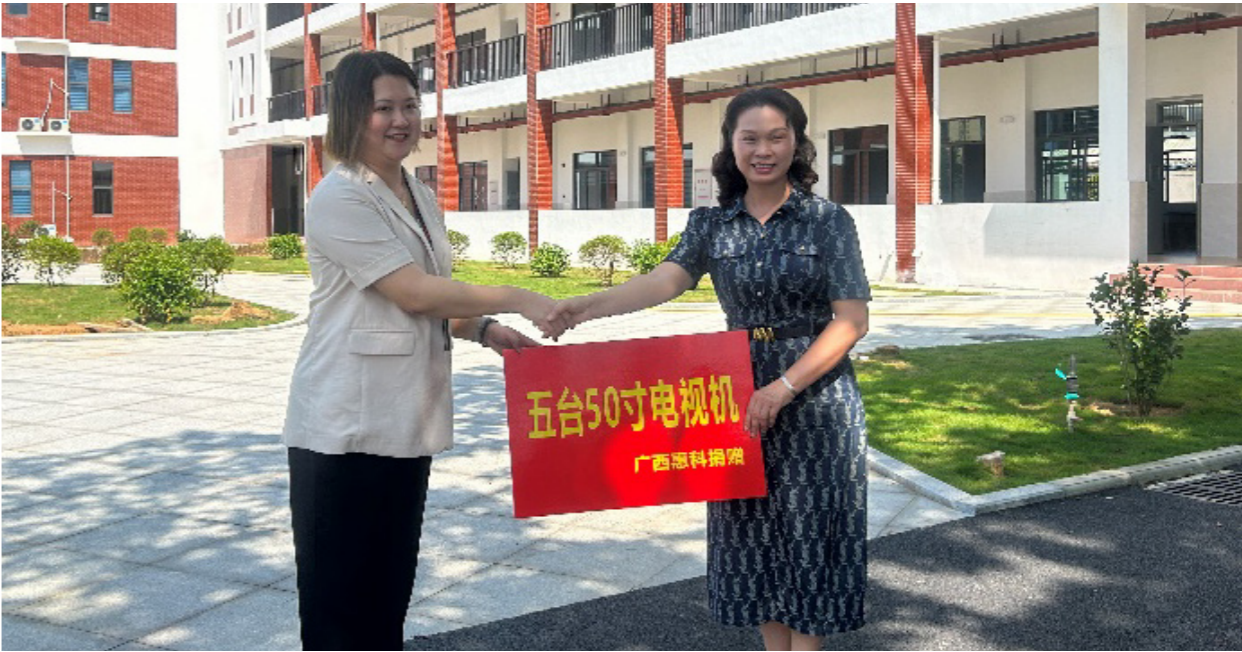
6.3 Various charitable donations

Condolences to the masses

In March 2023, Chongqing HKC organized volunteers to go to Guihua Village, Jieshi Town, Banan District, and donate quilts and cooking oil etc. to some people in straitened.



In September 2023, Beihai HKC donated 5 TV sets to Haicheng Foreign Language School.



Helping farmers



Charity blood donation activities



Reader Feedback



Scan QR code to fill in

Reader's feedback

Distinguished reader,

Thank you for reading the ESG Report of HKC Corporation Limited for 2023. If you have any comments and suggestions concerning this report, please fill in the feedback table below and return it to us via online feedback or e-mail. We are very much grateful of your invaluable comments!

Name: _____ Tel: _____ Email: _____

1. Which chapters as listed below provide you with critical information?

- ☐ About HKC
- ☐ Technology innovation and product focus
- ☐ Shared value and people-foremost
- ☐ EESG strategy and governance for robust development
- ☐ Energy-saving and Carbon-reduction with green sourcing
- ☐ Win-win collaboration and contribution to society

2. How do you evaluate this report?

Integrity	<input type="checkbox"/> Good	<input type="checkbox"/> Not so good	<input type="checkbox"/> Poor
Balance	<input type="checkbox"/> Good	<input type="checkbox"/> Not so good	<input type="checkbox"/> Poor
Responsiveness	<input type="checkbox"/> Good	<input type="checkbox"/> Not so good	<input type="checkbox"/> Poor
Legibility	<input type="checkbox"/> Good	<input type="checkbox"/> Not so good	<input type="checkbox"/> Poor
Overall impression	<input type="checkbox"/> Good	<input type="checkbox"/> Not so good	<input type="checkbox"/> Poor

3. Any suggestions for our next annual report?

4. Contact us:
Email: ESG-HKC@szhk.com.cn

GRI Standards Index

Annex: GRI index

Part I: General Standard Disclosures		
Organization profile		
No.	Reporting Requirements	Pages
102-1	Name of the organization	9
102-2	Activities, brands, products and services	10
102-3	Location of Headquarters	10
102-4	Location of operations	10
102-5	Ownership and legal form	10
102-6	Markets served	11
102-7	Scale of the organization	11
102-8	Information on employees and other workers	51
102-9	Supply chain	61
102-10	Significant changes to the organization and its supply chain	/
102-11	Precautionary principle or approach	25
102-12	External initiatives	/
102-13	Membership of associations	/
Strategy		
102-14	Statement from senior decision-maker	/
102-15	Key impacts, risks and opportunities	/
Moral and Integrity		
102-16	Values, principles, standards and codes of conduct	5
102-17	Mechanisms for advice and concerns about ethics	22
Governance		
102-18	Governance structure	21
102-19	Delegating authority	21
102-20	Executive-level responsibility for economic, environmental and social topics	21
102-21	Consulting stakeholders on economic, environmental and social topics	26/27
102-22	Composition of the highest governance body and its committees	21

Annex: GRI index

No.	Reporting Requirements	Pages
102-23	Chair of the highest governance body	21
102-24	Nominating and selecting the highest governance body	21
102-25	Conflicts of interest	/
102-26	Role of highest governance body in setting purpose, values and strategy	21
102-27	Collective knowledge of highest governance body	21
102-28	Evaluating the highest governance body's performance	21
102-29	Identifying and managing economic, environmental and social impacts	26
102-30	Effectiveness of risk management process	26
102-31	Review of economic, environmental and social topics	27
102-32	Highest governance body's role in sustainability reporting	21
102-33	Communicating critical concerns	26/27
102-34	Nature and total number of critical concerns	26/27
102-35	Remuneration policies	53
102-36	Process for determining remuneration	21/53
102-37	Stakeholder's involvement in remuneration determination process	26/27
102-38	Annual total compensation ratio	54
102-39	Percentage increase in annual total compensation ratio	54
Stakeholder engagement		
102-40	List of stakeholder groups	26/27
102-41	Collective bargaining agreements	53
102-42	Identifying and selecting stakeholders	26/27
102-43	Approach to stakeholder engagement	26/27
102-44	Key topics and concerns raised	26/27
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102-45	Entities included in the consolidated financial statements	1
102-46	Defining report content and topic boundaries	1
102-47	List of material topics	26
102-48	Restatements of information	null
102-49	Changes in reporting	null
102-50	Reporting period	1
102-51	Date of most recent report	null
102-52	Reporting cycle	1

Annex: GRI index

102-53	Contact point for questions regarding the report	1
102-54	Claims of reporting in accordance with the GRI standards	Annex
102-55	GRI content index	65
102-56	Third-party assurance	26/27
Management approach		
103-1	Explanation of the material topics and its boundary	26/27
103-2	The management approach and its components	26/27
103-3	Evaluation of the management approach	26/27

Part II: Specific Standard Disclosures		
Management approach		
201-1	Direct economic value generated and distributed	7
201-2	Financial implications and other risks and opportunities due to climate change	18
201-3	Defined benefit plan obligations and other retirement plans	54
201-4	Financial assistance received from government	/
Market presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	54
202-2	Proportion of senior management hired from the local community	/
Indirect economic impacts		
203-1	Infrastructure investments and services supported	/
203-2	Significant indirect economic impacts	/
Procurement practice		
204-1	Proportion of spending on local suppliers	60
Procurement practice		
205-1	Operations assessed for risks related to corruption	22
205-2	Communication and training about anti-corruption policies and procedures	22
205-3	Confirmed incidents of corruption and actions taken	null
Anti-competitive behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	null
物 料		
301-1	Materials used by weight or volume	43
301-2	Recycled input materials used	43
301-3	Reclaimed products and their packaging materials	43

Energy		
302-1	Energy consumption within the organisation	/
302-2	Energy consumption outside of the organisation	/
302-3	Energy intensity	/
302-4	Reduction of energy consumption	47
302-5	Reductions in energy requirements of products and services	47
Water resources		
303-1	Interactions with water as a shared resource	/
303-2	Management of water discharge-related impacts	/
303-3	Water withdrawal	/
303-4	Water discharge	/
303-5	Water consumption	/
Biodiversity		
304-1	Organizational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	null
304-2	Significant impacts of activities, products and services on biodiversity	null
304-3	Habitats protected or restored	null
304-4	IUCN Red List of Threatened Species and national conservation list species with habitats in areas affected by operations	null
Emission		
305-1	Direct (Scope 1) GHG emissions	/
305-2	Energy indirect (Scope 2) GHG emissions	/
305-3	Other indirect (Scope 3) GHG emissions	/
305-4	GHG emissions intensity	/
305-5	Reduction of GHG emissions	/
305-6	Emissions of ozone-depleting substances (ODS)	/
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	/
Waste water and wastes		
306-1	Water discharge by quality and destination	/
306-2	Total waste by type and disposal method	/
306-3	Significant spills	null
306-4	Transportation of hazardous wastes	/
306-5	Water bodies affected by water discharges and/or runoff	/

Annex: GRI index

Environmental compliance		
307-1	Non-compliance with environmental laws and regulations	null
Supplier environmental assessment		
308-1	New suppliers that were screened using environmental criteria	60
308-2	Negative environmental impacts in the supply chain and actions taken	/
Employment		
401-1	New employee hires and employee turnover	/
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	53/54
401-3	Parental leave	54
Employment relations		
402-1	Minimum notice periods regarding operational changes	/
Occupational health and safety		
403-1	Occupational health and safety management system	54
403-2	Hazard identification, risk assessment, and incident investigation	54
403-3	Occupational health services	54
403-4	Worker Participation, consultation and communication on occupational health and safety	54
403-5	Worker training on occupational health and safety	54
403-6	Promoting the health of workers	54
403-7	Prevention and mitigation of occupational health and safety impacts directly related to business relationships	54
403-8	Workers covered by an occupational health and safety management system	54
403-9	Work-related injuries	54
403-10	Work-related ill health	54
Training and education		
404-1	Average training hours per employee per year	56
404-2	Programs for upgrading employee skills and transition assistance programs	56
404-3	Percentage of employees receiving regular performance and career development reviews	/
Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	51
405-2	Ratio of basic salary and remuneration of women to men	54
Anti-discrimination		
406-1	Incidents of discrimination and corrective actions taken	null
Freedom of association and collective bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	null

Child labour		
408-1	Operations and suppliers at significant risk for incidents of child labor	null
Forced labour or compulsory labour		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	null
Security practice		
410-1	Security personnel trained in human rights policies or procedures	56
Rights of indigenous peoples		
411-1	Incidents of violations involving rights of indigenous peoples	null
Human rights assessment		
412-1	Operations that have been subject to human rights review or impact assessments	null
412-2	Employee training on human rights policies or procedures	null
413-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	null
Local communities		
413-1	Operations with local community engagement, impact assessments and development programs	/
413-2	Operations with significant actual or potential negative impacts on local community	null
Supplier social assessment		
414-1	New suppliers that were screened with social criteria	60
414-2	Negative social impacts in the supply chain and actions taken	/
Public policy		
415-1	Political contributions	/
Customer health and safety		
416-1	Assessment of the health and safety impacts of product and service categories	42
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	null
Marketing and labeling		
417-1	Requirements for product and service information and labeling	/
417-2	Incidents of non-compliance concerning product and service information and labeling	/
417-3	Incidents of non-compliance concerning marketing communications	null
Customer privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	null
Socio-economic compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	null