



# Hayco Group

Environmental, Social and  
Governance Report 2023

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# About this Report



At Hayco, open and transparent communication forms the foundation of our sustainable efforts. This inaugural sustainability report represents a milestone for the Hayco Group, encompassing the following entities:

Hong Kong Headquarter

- Hayco Manufacturing Limited

Shenzhen Sites

- Hayco Technology and Development (Shenzhen) Ltd.
- Hayco Enterprises (Shenzhen) Ltd.
- Hayco Enterprises (Shenzhen) Ltd. Luotian Branch
- Hayco Industries (Shenzhen) Ltd.

DR Site

- Hayco Dominican Republic Co., S.R.L

This report provides sustainability information relevant to a wide range of stakeholders and outlines Hayco's business activities. Throughout this document, The Hayco Group (referred to herein as the "Company," "Hayco," "our", or "we") fulfill corporate responsibility by actively integrating relevant issues into our operations and obtaining third-party verification for selected environmental and social KPIs, all while maintaining open and transparent communication as the cornerstone of our sustainable efforts.

This report is produced in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI) and aligned with the recommendations outlined by the Sustainability Accounting Standards Board (SASB). It covers the period from January 1 to December 31, 2023. The report includes a GRI Content Index as well as SASB indices in the Annex, which can be found on pages 89-102, summarizing the GRI standards, SASB recommendations, and/or their related content areas covered in this document. It is important to note that the highest governance body of Hayco is responsible for reviewing and approving both this report and the organization's materiality. The review and approval process ensures the accuracy and completeness of the reported information, reflecting our commitment to transparency and accountability.

This report is available in electronic format and can be viewed or downloaded online via the official Hayco website.

For further inquiries, please visit Hayco's website: [www.hayco.com](http://www.hayco.com).

# Introduction

## A Note From Our CEO

At Hayco, we see accountability and sustainability issues as critical to the running of a modern business. We hold ourselves to high moral standards and recognise the role we play in shaping the future and making a positive impact.

Since my father founded the company, we have always strived to be a good partner with the communities in which we operate, aligning with our vision to be the trusted partner for the world's leading consumer brands, in the pursuit of innovation and excellence.

I am honoured to introduce the inaugural Sustainability Report of The Hayco Group, which represents a significant milestone in our pursuit of a more sustainable future. We have made significant progress, and I am proud of the dedication our team has demonstrated in our efforts to incorporate sustainability into our business operations. These behaviours have never been as important as they are today.

We at Hayco believe that we are in a favourable position to lead the way in addressing environmental, social, and governance (ESG) issues while supporting our customers in achieving their own goals. To accomplish this, we have internally established the ESG committees to advance us in our sustainability journey and to offer new opportunities for growth, value creation, and long-term business resilience. Our ESG committee is chaired by our Managing



Director, Amii Tam, who oversees the team leaders from Compliance, Ethics, Finance, Human Resources, Operation, and Supply Chain.

This Sustainability Progress Report covers our operations from January 1 to December 31, 2023. The purpose of this report is to be transparent about our sustainability performance, achievements, and aspirations. To align with our strategic pillar, core values and principles, we made significant progress in various areas of sustainability during the reporting period. Here are some highlights:

### Our world

- We continually reduce our carbon footprint by invest in implementing energy-efficient technologies and renewable energy sources across our operations.
- 2023 carbon marketing exchange: In August 2023, Hayco China sold 4,845 tons of carbon credits in the carbon market.
- Ocean protection initiative: We have actively involved in ocean protection initiatives since 2009, including prohibition of single use plastic bottles in our facilities, incorporating PCR plastics into our products and supporting company participation in beach cleaning activities.

### Our people

- We believe that our employees are our most valuable asset, and we are committed to creating a supportive and inclusive work environment where everyone can thrive, promoting a culture of respect, fairness, growth and development, recognition and rewards and equal opportunities.
- Community Support: Hayco volunteers gave back more than 400 hours of service in local communities in calendar year 2023. We actively participated in various neighbourhood community activities, fostering strong bonds with local aged care residents, blood donation, environmental clean-up, tree planting & supporting NGO's such as WWF.
- 100% of our employees had access to our EAP program: Employee Assistance Program provides confidential counselling services 24 hours a day, 7 days a week for all our employees and their family members, including:
  - Confidential Emotional support
  - Legal Guidance
  - Financial Information
  - Online Resources

- Sunshine Program: The Sunshine Program was developed in 2013 for equal treatment of hearing / physically Impaired staffs. We have provided job opportunities for more than 400+ sunshine workers.

### Our approach

- We support sustainable procurement practices by engaging with suppliers who share our commitment to ethical conduct, environmental responsibility, and social equity.
- 100% increase in the number of suppliers who participated in information sessions related to environmental, social responsibility (human rights, safety, forced labour, local regulation/law compliance), and business ethics training.

In these coming years, sustainability will remain a top priority for us at Hayco. As our footprint expands, we will continue to prioritise being a good corporate citizen in the communities in which we operate and encourage all our business partners to do the same.

I would like to express my heartfelt gratitude to our employees, customers, partners, and stakeholders for their unwavering support and dedication in our sustainability journey. Together, we can work toward creating a brighter, more sustainable future.

Regards,

A handwritten signature in blue ink, appearing to read 'CH', written over a horizontal line.

Christopher Hay  
CEO



# About Us

## Hayco at a Glance

Including economic performance, product range, and industrial footprint

Hayco started out as a family business in 1983, we have been pursuing manufacturing excellence for over 40 years, delivering quality and consistency for many of the world's leading consumer brands.

Hayco's fully integrated manufacturing processes, ensure innovation, reliability, and security, at every step – from product design, prototyping, mold design and fabrication, injection molding, product assembly and packaging; all verified and validated in-house, and always exceeding the highest certified quality standards. Our commitment to partnership, innovation and excellence has made us a global leader in plastics-engineering, and device assembly.

We're proud to be an employer of choice and we value the wellbeing of our 7,000-strong team, which is why we prioritize their comfort, security, ongoing training, and career development. Being a team member at Hayco means participating in a community that is relentlessly creative and motivated. Every day we work to make things better for our people, our customers, and our planet.

In 2023, Hayco has acquired Portugal based CTR, a world leading developer and manufacturer of diffusion devices and consumables for air care, pest control and pet care. This acquisition gives Hayco a broader offering for customers, access to new market segments, and greater capacity for the creation and manufacture of reliable consumer products.

We operate seamlessly across seven locations worldwide, ensuring global accessibility and exceptional service delivery to our esteemed customers. We treat every customer as a partner, working closely with them to develop products and end-to-end solutions that save time, money and delight consumers worldwide.



## CORPORATE STRUCTURE

Our mission is to partner with customers for their success by co-innovating in product development, sustainable manufacturing, and global distribution, leveraging plastics engineering and device assembly. As a fully vertically integrated organization, from first design sketch to final delivery, from mold-making to injection stretch blow molding, and from packaging assembly to packaging-print solutions and beyond, Hayco work closely with our partners to understand the complexities of their businesses and deliver simple, seamless production solutions. We also continue to invest in equipment that is more efficient, cost-effective, and environmentally conscious.

## INDUSTRIES

Hayco product segments including Cleaning and Brush, Surface Care, Personal and Beauty Care, Oral Care, Water Filtration, Personal Hydration, Diffusion Technology and Actives and Fragrance.



## LOCATIONS

Hayco is a global company headquartered in Hong Kong, with seven additional locations worldwide. Four of these sites are in China, located in Shenzhen and Zhongshan; one site is in India; one site is in Portugal; and the remaining one is in the Dominican Republic. This global footprint gives Hayco the ability to serve global customers from multiple regions.

Hayco China in Shenzhen is the Global Technology Center of the Hayco Group. From design and development to precision mold making, injection molding, automated and manual assembly and manufacture of complex electronic components, industrial cleaning equipment, and even quality-assured baby products, our Mainland China sites offer end-to-end solutions. We believe in keeping our teams flat. Engineers work closely with design teams to solve problems collectively and meet the challenges of each new product.



Global Technology Center opening



By investing in state-of-the-art equipment and new technology, we have earned the Smart Manufacturing Capability Maturity Level 3 for the manufacturing process of our plastic products in China.



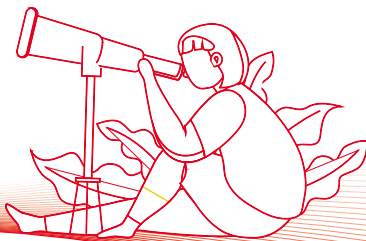
Hayco Sites Photo- China C, Site E, Plant B6, B7

Hayco Dominican Republic is the LEED Platinum Plastic Molding Facility. The Donald Espie Hay Building focuses on high-quality injection molding and assembly. Our presence in the Caribbean puts us in close proximity to our United States and European customers. This enables us to respond quickly to changes in demand, new product promotions, marketing requirements, packaging alterations, and more. We stay nimble and flexible so that we can fully support the changes facing our customers’ businesses.



Hayco Sites Photo – DR

Our state-of-the-art facility is not only the first LEED-compliant plastic molding facility; it also runs 1.5 MW of solar panels on the roof, helping us to move towards sustainable power dependence and reducing our carbon footprint to create a better future.





Our Culture and Values

At Hayco, we partner with customers for their success, by co-innovating in product development, sustainable manufacturing and global distribution, leveraging plastics engineering and device assembly. At the heart of pursuing this mission is the collective strength of our people in our transformation journey from regional to global provider with footprint extended to multiple continents.

We grow our business, strengthen our organization capability and also cultivate our people capability to meet the business needs not only today but also the future. Hayco cultivates a bias-free and safe environment for our employees where everyone is committed and engaged to contribute their best. In our culture of continuous improvement and collaboration, we value ownership, can-do attitude and extra miles which is also related to our value – Partnership, Innovation and Excellence.

At Hayco, our people's philosophy is at the heart of everything we do. We believe that our employees are our most valuable asset, and we are committed to creating a supportive and inclusive work environment where everyone can thrive. Our philosophy centers around the following principles:



Respect and Fairness

We treat all employees with respect, fairness, and equality, fostering a culture of trust and collaboration. We value diverse perspectives and encourage open communication.



Growth and Development

We are dedicated to the professional and personal growth of our employees. We provide opportunities for learning, skill development, and career advancement through training programs, mentorship, and continuous feedback.



Recognition and Rewards

We recognize and celebrate the achievements and contributions of our employees. We have a comprehensive rewards and recognition program in place to acknowledge their hard work, dedication, and exceptional performance.



By embracing these principles, we create a positive and engaging work environment where our employees can thrive, grow, and achieve their full potential. Our philosophy of people is the foundation of our success and drives our commitment to building a strong and motivated team.



PARTNERSHIP  
Build Trust



INNOVATION  
Create Value

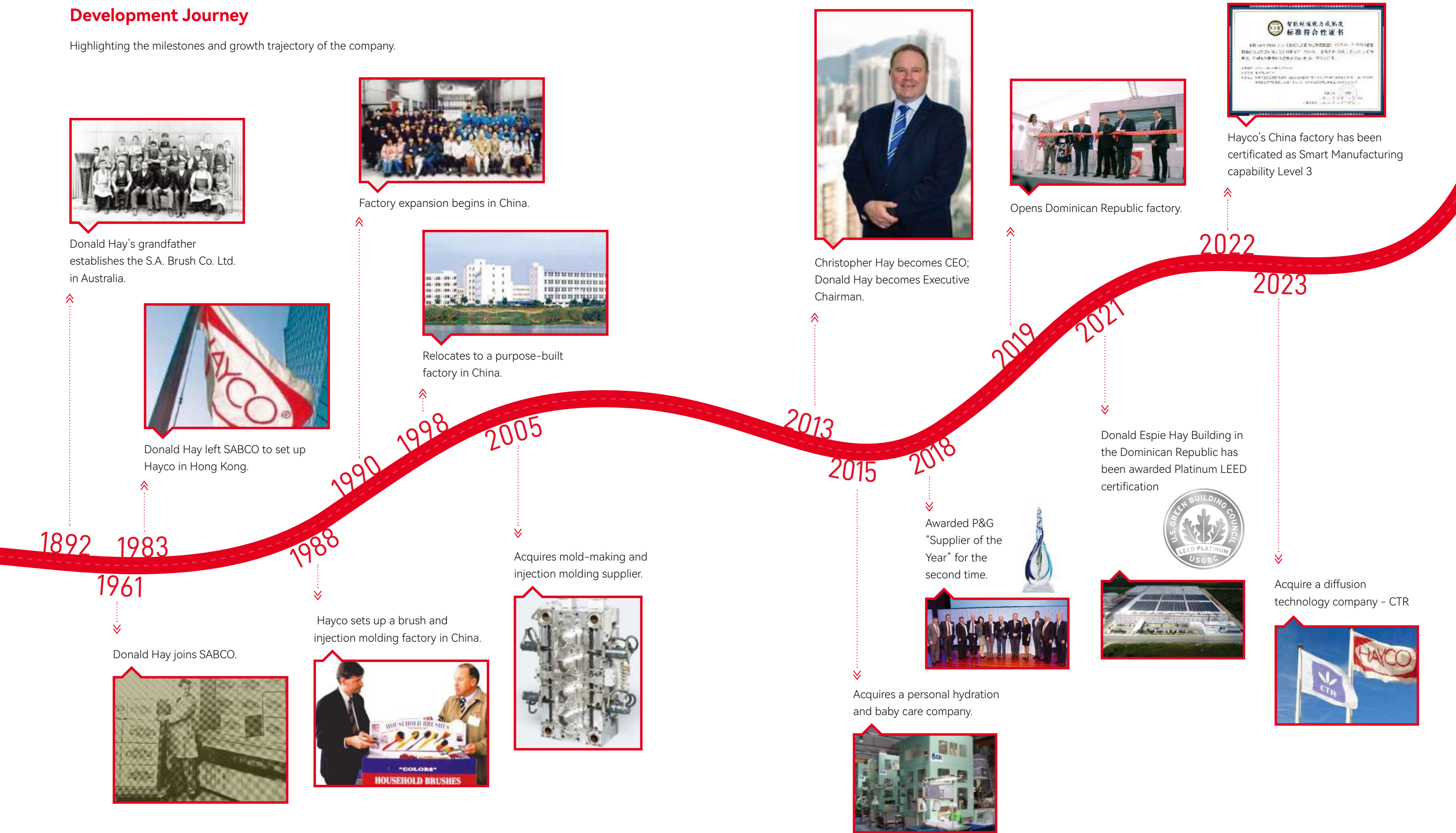


EXCELLENCE  
Achieve Results



Development Journey

Highlighting the milestones and growth trajectory of the company.






Awards & Recognition


Showcasing significant awards, honors, external initiatives, and association memberships obtained by the company related to ESG

WWF Diamond Member




5 Years Plus Caring Company


recognition of the positive contributions of your company in the areas of “Caring for the Community”, “Caring for the Employees” and “Caring for the Environment” over the past years.




Ecovadis Gold Medal Award for Environment, Labour&Human Rights, Ethics and Sustainable Procurement




ISCC Plus Certificate




Global Security Verification




LEED Platinum





SCS (Supply Chain Security)  
QS License





UNGC Member




Shenzhen Outstanding Health Enterprises



Shenzhen Blood Donation Unit


3 Enterprises – Level 3 Certificate in Intelligent Manufacturing



CN National Level Recognition – Green Factory

2020 & 2021 – Both Factories -Shenzhen City Water Saving Enterprises





# Our Commitment to Sustainability

## Our ESG strategy

### Our Commitment to Creating a Sustainable Future

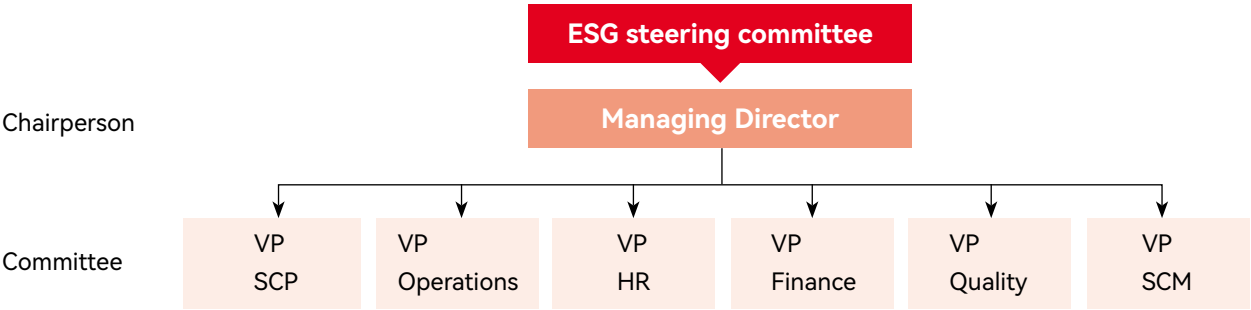
At Hayco, we are committed to creating a sustainable future by driving positive environmental, social, and governance outcomes.

We aim to lead by example, embedding ethical and responsible practices into everything we do. Our vision is to be a catalyst for change, fostering a healthier planet, strong communities, and transparent equitable governance.

### Hayco ESG Steering Committee: Driving Sustainability and Ethical Governance

Hayco established an ESG (Environmental, Social, and Governance) Steering Committee, chaired by Amii Tam, with key members from various departments such as supply chain, operations, HR, quality, and finance.

The committee is responsible for developing, integrating, and monitoring sustainability, ethics, and governance practices. Its key roles include overseeing environmental impact reduction, promoting social responsibility (like diversity and inclusion), and ensuring strong corporate governance. The overall goal is to drive sustainability and create long-term value for stakeholders.



#### Environmental Lead :

- Focus on environmental strategy aspects
- Identify improvement areas (e.g., carbon emissions, waste management)
- Implement sustainability initiatives (e.g., renewable energy)
- Ensure compliance with environmental regulations
- Report on environmental risks and opportunities

#### Social Responsibility Lead :

- Manage diversity, equity, and inclusion (DEI), labor practices, and community engagement
- Develop diverse and inclusive workplace programs
- Oversee CSR activities (e.g., charitable giving, volunteerism)
- Monitor and report social KPIs (e.g., employee engagement, diversity metrics)
- Ensure human rights and fair labor practices

#### Governance Lead :

- Focus on corporate ethics, risk management, and compliance
- Develop and monitor governance policies
- Align with best practices in transparency, financial reporting, and anti-corruption
- Report governance risks and recommend improvements

## Highlights

**Annual Community Donation Investment:** Invested annually from 2021 to 2022.

**Service Hours Growth:** Increased from 88.5 hours in 2022 to 238 hours in 2023.

**Community Beneficiaries:** Grew from 72 to 142, with a total of 2,000 beneficiaries in 2023.

**Caring Company Recognition:** Awarded by the Hong Kong Council of Social Service for over 5 years.

**WWF Partnership:** Awarded diamond membership for the "Work for Nature" campaign (2023).

**Training Hours in China:** Averaged 21 hours per staff in 2023.

**Training Participation Rate:** Achieved 100% participation in skill training across HK, Shenzhen, and mainland CN from 2021 to 2023.

## UN SDGs



## Highlights

**Clean Energy:** In 2023, Hayco enhanced photovoltaic power generation and energy-efficient equipment upgrades, advancing clean energy adoption globally.

**Climate Change:** Hayco's 2023 total carbon emissions reached 52,511.67 tons, with renewable energy usage rising by 5.62% compared to 2022.

**Water Resources:** 57% recycled water used for production

## UN SDGs



## Highlights

**Business Ethics:** 0 confirmed corruption and bribery incidents

**Supplier Code of Conduct:** 58% of suppliers signed the supplier code of conduct.

**Supplier On-site Audit:** 51% of suppliers covered by on-site audit on environmental or social issue.

## UN SDGs





Materiality: Identifying Priority Areas

Stakeholder engagement

The impact of Hayco’s operations extends from the local level to wider society. To evaluate our impacts on key ESG material topics, we actively engage with various stakeholder groups: employees, suppliers, clients, government and regulators, shareholders and investors, communities. We aim to promote dialogue with our stakeholders to better understand their needs for information and expectations regarding Hayco, which would help us address any risks related to the key ESG material topics and enhance our ESG performance.

Materiality Assessment

This year, Hayco conduct out first double-materiality assessment, which involved evaluating economic, environmental, and social topics and their impact on Hayco’s business from the stakeholders’ viewpoint, considering both impact materiality and financial materiality. This assessment plays a crucial role in shaping the content of our ESG report by considering the perspectives of various stakeholder groups on the significance of different ESG topics.

External context establishment

Analyzing the environment by referencing ESG ratings, peer company best practices, and the latest ESG trends.



HAYCO Materiality Matrix



HIGH PRIORITY

- 1 Corporate governance
- 2 Business ethics
- 4 Supply chain management
- 7 Waste and pollutants
- 10 Human rights
- 12 Human capital development
- 13 Occupational health and safety

MEDIUM PRIORITY

- 3 Information security
- 5 Climate change
- 6 Water management
- 8 Sustainable product
- 11 Diversity, equity, and inclusion

LOW PRIORITY

- 9 Packaging
- 14 Community



## RESPONSIBLE CORPORATE GOVERNANCE

- 22 Corporate Governance
- 28 Business Ethics
- 33 Information Security and Data Protection
- 37 Supply Chain Management and Integrity





# Corporate Governance

## Governance Structure and Oversight

The Board of Directors at Hayco, consisting of seven members, sets the company’s strategic direction and oversees both financial and non-financial performance. The board includes two female directors. It brings together a diverse group of professionals from various industry, business, and social sectors. This blend of expertise strengthens Hayco's commitment to sustainable growth and innovation, fostering a balanced approach to ESG practices and governance.

The board meets every quarter, during which management teams and respective committees are invited to present on the functions and operations they oversee. Board minutes are approved by the Chairman and circulated to all board members within three weeks after each meeting. Supporting the Board’s efforts, the Audit & Risk Management Committee (ARMC) ensures financial reporting accuracy and manages ESG-related risks, maintaining compliance with international standards and promoting operational efficiency. Additionally, the Ethics Committee upholds ethical practices throughout the organization, aligning Hayco's operations with environmental and social goals through regular compliance reviews. Together, these governance bodies reinforce Hayco's integrity, transparency, and accountability in all aspects of its business.

At Hayco, robust corporate governance is integral to our mission of creating sustainable value, fulfilling our environmental and social commitments, and meeting our due diligence and reporting obligations. Our governance framework, designed to drive our ESG and sustainability strategy, ensures that we operate with integrity, transparency, and accountability across all areas of the business.

## ESG steering committee

The ESG Steering Committee at Hayco plays a pivotal role in executing the company’s sustainability strategy. Comprised of senior leaders from various departments including operations, finance, HR, and quality, the committee ensures a comprehensive approach to sustainability across all areas of the business. It oversees the development, integration, and monitoring of sustainability and ethical practices, ensuring alignment with Hayco’s corporate strategy.

The committee’s responsibilities include setting specific ESG goals, such as reducing environmental impact, enhancing social responsibility, and ensuring robust governance practices. It facilitates meetings, sets agendas, and oversees the implementation of ESG initiatives, while also tracking performance using KPIs and ensuring transparent reporting to stakeholders. The ESG Steering Committee is central to driving sustainability efforts, fostering a culture of integrity, and supporting Hayco’s commitment to long-term value creation.

## Reporting and Transparency

To promote transparency, Hayco regularly shares progress on ESG key performance indicators (KPIs) and other sustainability metrics. Our goals are integrated into executive incentives, with targets tied to emission reductions and energy efficiency improvements. Additionally, our Dominican Republic Solar Project exemplifies our commitment to renewable energy, reducing reliance on non-renewable sources, and supporting Hayco’s long-term vision of achieving zero waste to landfill.

With governance as a foundation, Hayco remains committed to continuous improvement and responsible growth, with a focus on making meaningful contributions to our industry and society. This governance structure underscores our dedication to integrating sustainable practices across all operations and ensures we remain accountable to our stakeholders.



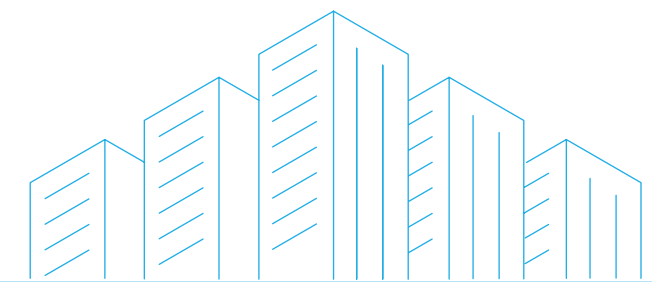
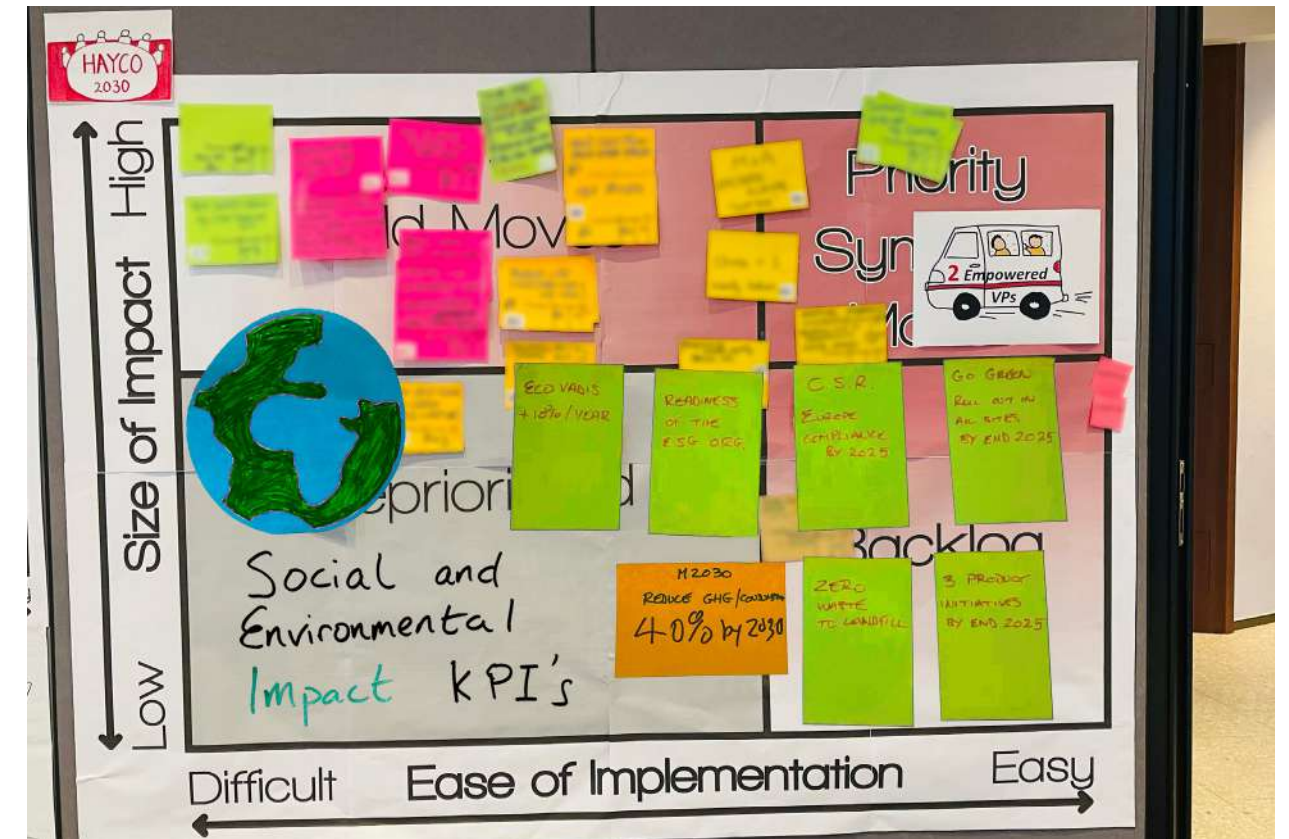


## 2023 Strategy Day

The 2023 Strategy Day held in Hong Kong provided Hayco with a platform to outline its "Strategy for 2030," where leadership gathered to shape the company's long-term vision and strategic objectives. This ambitious plan aims to establish Hayco as the first choice destination for the world's largest corporate consumer goods companies. The strategy emphasizes becoming a global leader in revenue generation, with a product focus on delivering high-volume, durable, fit-for-purpose goods.



During Strategy Day, Hayco's leadership evaluated key initiatives based on their impact and ease of implementation. High-impact and easily implementable actions were prioritized for immediate execution and more complex yet promising initiatives were included in a strategic roadmap, ensuring Hayco's adaptability and forward-looking approach. The collaborative efforts demonstrated during the Strategy Day reflect Hayco's commitment to sustainable growth and its pursuit of industry leadership by 2030.





# Our Governance and implementation Structure

## Board of Directors

The Board of Directors is responsible for Hayco's overall strategy and governance, including oversight of both financial and non-financial performance. It ensures that ESG initiatives align with the company's objectives, approving key sustainability goals and ensuring accountability to stakeholders.

## Board Committees

- The Audit & Risk Management Committee (ARMC):** Oversees financial reporting integrity and manages risks associated with ESG practices. It is responsible for ensuring compliance with financial standards and risk mitigation in sustainability projects. The committee holds two meetings per year, and members are excused if there is any conflict of interest, ensuring impartiality and ethical decision-making. In conjunction with the ARMC's oversight, Hayco's Internal Audit Department (IAD) provides independent, objective assurance and advisory services, enhancing efficiency through risk management, internal controls, and governance.
- Ethics Committee:** Focuses on upholding ethical standards and regulatory compliance, this committee promotes transparency and integrity across operations and ensures that company practices align with Hayco's values and stakeholder expectations. The committee convenes twice annually, with members excused in cases of potential conflicts of interest, thus safeguarding the integrity of its decisions and maintaining an unbiased approach to governance.
- ESG steering committee:** Oversees sustainability integration at Hayco, sets ESG goals, monitors progress, and ensures compliance with corporate strategy. Facilitates meetings, aligns initiatives across departments, and reports on performance to stakeholders, promoting sustainability, ethical practices, and governance for long-term value creation.

## Executive Management

The Executive Management team, led by the CEO, is tasked with implementing the sustainability strategy approved by the Board. This includes overseeing operations and coordinating with various departments to achieve set ESG targets, manage compliance, and integrate sustainable practices throughout production and supply chains.

## Management Teams and Sustainability Operations

Cross-functional management teams within Hayco handle the execution of specific sustainability initiatives, ensuring alignment across functions such as supply chain, product development, and energy management. This includes implementing renewable energy solutions, sustainable packaging initiatives, and responsible sourcing policies.

## Sustainability Targets

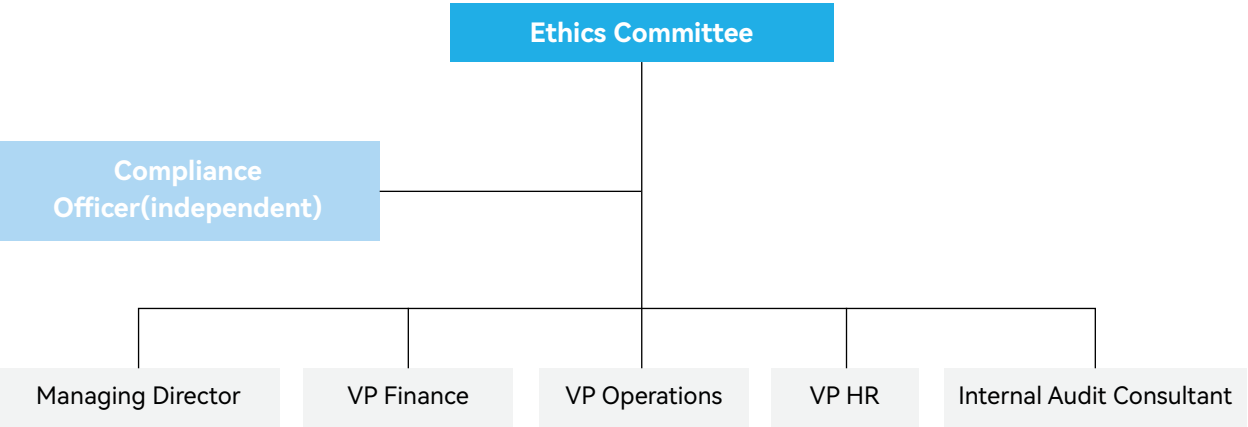
- Emission Reduction: Target to reduce overall emissions by 50% by 2030, with a focus on implementing energy-efficient machinery and exploring renewable energy options such as the Dominican Republic Solar Project.
- Sustainable Product Initiatives: Integrating 50% recycled material into new product lines, including plastic bottles, aiming for a circular economy in product design.
- Zero Waste to Landfill: Committing to a zero-waste approach by enhancing recycling and waste management practices across all facilities.



# Business Ethics

Hayco’s Business Ethics Management emphasizes integrity, respect, honesty, and fairness as core values guiding all our business operations. We operate in compliance with laws and regulations, ensuring that all interactions—whether with employees, suppliers, customers, or other stakeholders—are ethical and transparent. Our Business Ethics Handbook, along with a risk-based ethics framework, ensures adherence to high standards across the value chain, protecting our reputation and fostering ethical partnerships.

## Organizational Structure



The business ethics framework at Hayco includes an Ethics Committee responsible for overseeing compliance and ethical conduct across the company. The committee comprises senior leaders from various functions, ensuring diverse perspectives. An independent Compliance Officer handles reported ethical incidents, while a third-party-operated Business Ethics Hotline allows stakeholders to report concerns confidentially, promoting transparency and accountability.

## Responsible Business Practices

Directors and employees are not allowed to accept or solicit cash, financial benefits, loans, or gifts from customers, suppliers, or other business partners that could create conflicts of interest or be seen as bribery. Exceptions are made for small gestures, like nominal red pocket money during festivals, or general discounts that apply to all customers.

To prevent conflicts of interest, we require employees to declare any potential issues, such as financial relationships with suppliers or recruitment candidates. Before engaging in external activities that may conflict with their responsibilities, employees must obtain written consent from the Ethics Committee.

Similarly, outside employment requires prior written approval to ensure there are no conflicts with their duties to Hayco. All such requests are thoroughly reviewed for possible conflicts.

We are also committed to the proper use of company assets. Directors and employees must not misuse company resources, funds, or proprietary information for personal gain. Maintaining the integrity of company information and adhering to privacy laws are crucial for safeguarding against unauthorized use or disclosure.

## Fair Market Engagement

We are committed to competing fairly and ethically, providing customers with diverse products and services at competitive prices. We strictly prohibit any anti-competitive practices, such as counterfeiting, false advertising, and improper use of competitors’ information. Our employees are required to avoid unauthorized contact with competitors and follow strict guidelines to ensure transparency and compliance with antitrust laws, safeguarding both market integrity and consumer trust.

## Anti-Money Laundering Commitment

We are committed to preventing money laundering in all business activities. We verify customer identities to ensure compliance, avoid complex or window-dressing transactions, and do not accept cash payments. Our practices include thorough verification of payment sources, genuine business transactions, and refraining from dealing with suspicious entities. We take appropriate actions in case of unusual or high-risk activities, ensuring transparency and safeguarding against illegal financial behavior.

## Data Protection Measures

We safeguard personal and sensitive business information through adherence to high standards of security and privacy. All data, whether stored electronically or physically, is protected by ensuring its integrity, confidentiality, and accessibility only to authorized personnel. We handle personal information ethically, without sharing, selling, or transferring it to third parties without consent, and only for legitimate purposes. Intellectual property is respected, while efforts are taken to minimize risks, secure data, and address potential vulnerabilities. Employees must comply with data protection regulations, avoiding unauthorized access or misuse, and report any security incidents to maintain the highest level of integrity in information handling.



Supplier Integrity Standards

We maintain high standards for our suppliers, integrating key elements of our Business Ethics Handbook into a dedicated Supplier Code of Conduct. This Code defines Hayco's expectations regarding ethical practices, anti-bribery, and compliance for our suppliers. Before initiating or continuing any business relationship, all suppliers are required to agree to and uphold these principles. Through these measures, we aim to ensure that our suppliers align with our values, fostering responsible business conduct throughout our supply chain. This commitment guarantees that all business dealings are fair, transparent, and compliant with our ethical standards.

Reporting Mechanisms and Protection for Whistleblowers

Hayco requires that all declarations regarding potential conflict of interest; gift and hospitality be submitted in writing by completing the "Business Ethics Declaration Form" within seven working days of the occurrence. Complaints and reporting on unethical behaviors should be reported to the Business Ethics Center as below:

- Website: <http://ethics.hayco.com>
- Toll-free lines:
  - Hong Kong: 800 906 069
  - China: 400 120 3062
  - Dominican Republic: 1 829 200 1123
- Email: [ethics@hayco.com](mailto:ethics@hayco.com)

We commit to protecting all informants and upholding confidentiality throughout the process. Any instances of retaliation against informants will result in summary dismissal, and, if criminal behavior is involved, the matter will be referred to law enforcement.

Hayco Business Ethics: Golden Rules and Zero Tolerance Policy

The graphic features a top section with a photo of three people and the text 'ZERO TOLERANCE'. Below this is a red banner with 'BUSINESS ETHICS' and 'GOLDEN RULES'. The main body contains eight red boxes, each with a prohibition icon and a rule: 'Expensive Meals and Excessive Entertainment', 'Gamble', 'Private Job Offers or Solicitation', 'Gifts', 'Loans, Cash or Money of Any Kind', 'Free Services', and 'Recruitment or Promotion Arrangements Involving Family Members, Close Relatives or Close Friends'. The bottom section includes the Hayco logo and the hotline information: 'HAYCO BUSINESS ETHICS HOTLINE : HK 800 906 069 · SZ 400 120 3062 · DR 1 829 200 1123'.

Performance Training

In 2023, Hayco conducted comprehensive business ethics training for all employees, covering topics such as conflicts of interest, anti-bribery, social responsibility, integrity, sexual harassment, competition, money laundering, and fraud. All new employees are also required to attend a onehour induction training on business ethics to ensure consistent standards across the organization. Supplier ethics training was also introduced, including modules on conflict of interest, diversity, anti-bribery, competition, and money laundering. These training sessions aim to foster a culture of integrity and compliance, ensuring ethical conduct both internally and throughout the supply chain.

Topic	Course Name
Conflicts of Interest	Conflicts of Interest Diagnostic
Anti-Bribery & Anti-Corruption	Bribery: It's Everybody's Problem
Code of Conduct (Social Responsibility)	Ethical Tip: Whistleblowing
Integrity	Ethical Culture: The Core of Our Success
Sexual Harassment and Abuse	Recognizing Sexual Harassment: But I Didn't Mean It
Competition & Antitrust	A difficult agreement
Money Laundering & Fraud	Money Laundering: A Global Issue
Knowledge Check	
Declaration Form	
Declaration Page	
Total	

Metrics	Percentage
% of our employees who received business ethics awareness training	100%
% of our key employees (marketing and sourcing departments) who have received the anti-competitive practices awareness training	100%
% of our key employees who have received a fraud awareness training	100%
% of our key employees (of finance and the management) who have received an anti-money laundering awareness training	100%

■ **Performance Incident Report**

In 2023, Hayco identified and addressed a total of 8 incidents involving unethical conduct, non-compliance, and operational issues. Proactive measures have successfully resolved all of these cases through actions such as team restructuring, coaching, vendor disqualification, and collaboration with authorities.



# Information Security and Data Protection

Hayco places a strong emphasis on safeguarding company and stakeholder information through robust security practices. Our Information Security Policy, aligned with ISO/IEC 27001 is designed to ensure the confidentiality, integrity, and availability of sensitive information processed, transmitted, and stored across our IT and OT (Operation Technology) systems. This policy applies to all employees, business units, contractors, and partners, ensuring that comprehensive protection measures are implemented throughout our operations. Hayco aims to minimize information risk, enhance security awareness, and maintain alignment with international standards to create a secure and trusted operational environment.

## Organizational Structure

Hayco's approach to information security involves a comprehensive strategy that integrates efforts from its IT department, all employees, and business partners. The IT Security and Infrastructure Team, consisting of seven members led by a senior manager with over 20 years of experience in IT infrastructure, plays a crucial role in upholding cybersecurity measures and IT infrastructure. This team brings together industry expertise to establish robust cybersecurity practices and safeguard company information.

Information security is not solely an IT responsibility but a collective commitment throughout the organization. To ensure the confidentiality, integrity, and availability of information assets, Hayco has established defined functional roles and responsibilities. These responsibilities are distributed across multiple roles, as shown below:

Functional Role	Key Responsibilities
Management Board	Governance, policy approval, awareness promotion
Director of IT	Policy enforcement, resource allocation, breach reporting
Departmental VP	Area compliance assurance
Security Team	Security measures, risk monitoring, control implementation
Business Owner	System security management, operational oversight
Information Owner	Data security, access management, policy compliance
System Owner	System operations, maintenance, documentation
Hayco Staff	Mandatory training, policy adherence



Cybersecurity Roadmap

Hayco's Cybersecurity Roadmap is designed with five distinct levels of protection. Level 1 aims to increase phishing awareness among employees to help "Make People Aware." Level 2 focuses on system protection by implementing comprehensive Endpoint Detection and Response (EDR) in monitoring and eliminating malicious activities in the computing environment and implementing Zero-Trust Networks and other security measures to "Make It Difficult" for attackers. Level 3 establishes a Security Operations Center (SOC)

that provides real-time security analysis, monitoring, and detection of cybersecurity threats to "Monitor & Prevent." Level 4 includes incident response teams that act swiftly to manage and mitigate cyberattacks, ensuring that systems remain "Clean." Finally, Level 5 emphasizes rapid recovery, aiming to resume critical services within 48 hours, ensuring that Hayco's operations continue smoothly. This strategy is strengthened through collaboration with trustworthy third-party cybersecurity professionals.

Level	Focus Area	Objective	Responsibility
1	People Awareness	Increase phishing email awareness	Hayco
2	System Protection	Implement EDR, Zero-Trust Networks & OT Security	Hayco
3	Security Operations	24x7 Monitor and Detect Cybersecurity Threats	Third-party professional Partners
4	Incident Response	Dedicated team to respond to cyberattacks	Third-party professional Partners
5	Recovery	Resume critical services within 48 hours	Hayco

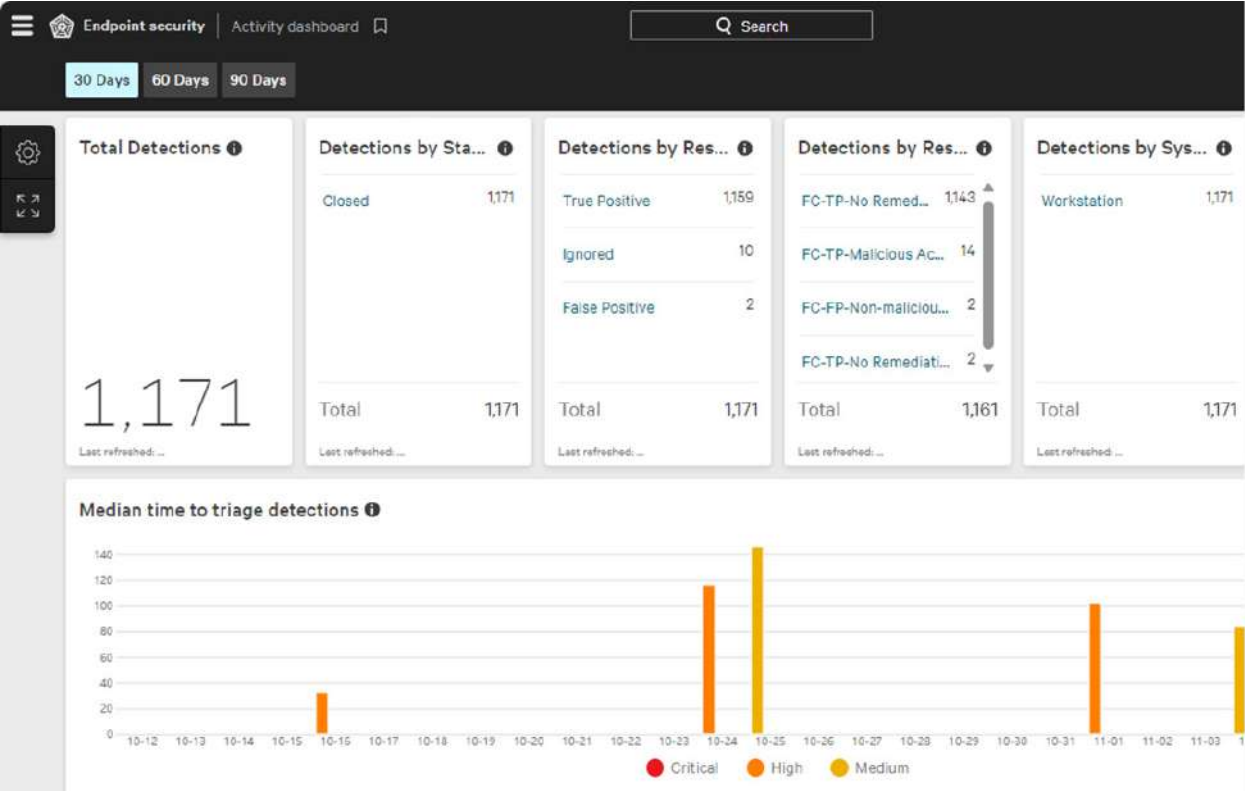
Hayco's Cybersecurity Roadmap incorporates an Improvement Action Plan to address identified risks and prioritize mitigation efforts. The action items are classified based on remediation urgency, ranging from short-term (0-6 months) to long-term (13-24 months). The plan includes addressing high-severity risks such as enhancing data flow documentation, IT policies, network diagrams and multi-factor authentication (MFA) implementation, as well as medium-severity risks like implementing comprehensive vulnerability management and change management. The proactive approach ensures that cybersecurity measures are continually evaluated and enhanced.

The summary below provides a detailed breakdown of some improvement actions and their respective statuses:

- Short-term actions are centered on addressing critical issues, such as ensuring proper data flow documentation, refining a Business Impact Analysis, and enhancing Data Loss Protection (DLP) policies.
- Mid-term actions include addressing network design issues, improving privileged account management, and implementing vulnerability management.
- Long-term actions target systemic improvements like incident response plan evaluation, playbook creation, and public relations sections within incident management.

Leveraging Advanced Threat Detection for Enhanced Security

Hayco has partnered with a trusted third-party cybersecurity platform to ensure the highest level of digital protection across all systems. The platform provides comprehensive monitoring and real-time threat detection across multiple host types, including workstations, servers, and domain controllers. With over 1,500 detections monitored, Hayco's approach includes a mix of active triaging and automated responses, enabling swift remediation and minimizing the risks of malicious activities. This centralized threat intelligence allows Hayco to manage threats efficiently, maintain transparency in detection statuses, and prioritize the security of its operational environment.



Comprehensive Threat Detection and Response Dashboard

Comprehensive Global Security Awareness Initiative

Hayco adopts a proactive and comprehensive approach to security awareness training across its global workforce. Every month, all employees receive a security knowledge update, which helps reinforce key security concepts and maintain a high level of awareness. This regular engagement also includes phishing simulations, where employees are tested to identify and avoid potential phishing attacks, providing valuable insights into areas for improvement.

In addition to the monthly digital initiatives, Hayco conducts quarterly in-person training sessions for staff based in China, ensuring that crucial cybersecurity skills are instilled effectively at a local level. Furthermore, Hayco’s Management Committee (MC) oversees an annual security awareness training and examination for all global employees, ensuring that the entire organization is consistently educated and up to date on the latest cybersecurity practices and potential threats.

This layered approach combines digital learning with in-person sessions to cultivate a culture of vigilance and ensure employees have both the knowledge and skills to identify and handle potential cyber threats. Through the use of third-party platforms, Hayco effectively manages and delivers these programs, empowering employees worldwide to be the first line of defense against security breaches.



Supply Chain Management and Integrity

Sustainable Procurement Management Summary

Hayco prioritizes the procurement of environmentally friendly products and ensures compliance with local and international standards such as RoHS and ISO certifications. The company requires suppliers to complete an environmental review, adopt measures for recycling, reduce carbon emissions, and manage waste responsibly. Suppliers are encouraged to meet standards for chemical safety and energy efficiency.

Hayco emphasizes responsible supplier conduct, including ensuring labor laws are respected and that there is no forced or child labor. Suppliers must ensure safe working conditions, provide fair compensation, and support employee growth through training and non-discriminatory practices. The company mandates a supplier code of conduct to maintain social responsibility throughout procurement.

Hayco enforces a robust governance structure to ensure that suppliers operate ethically and meet all relevant regulatory standards. Suppliers must have valid business licenses and must comply with detailed contractual obligations before and during the partnership. Hayco selects suppliers based on environmental, social responsibility, and diversity criteria, reinforcing its commitment to sustainable and responsible sourcing. Additionally, Hayco has strict requirements for data security, ensuring all suppliers protect sensitive information and follow industry guidelines for sustainable business.

Environmental (E)

Social (S)

Governance (G):



# Hayco's supplier qualification requirements

## Mandatory Requirements:

- 1.Valid business license/permit.
- 2.Compliance with laws, regulations, and quality standards
- 3.Completion of a self-assessment form (Supplier Factory Assessment Report) with a minimum acceptable score.
- 4.Certification of some locations with ISO 9001:2015, ISO 13485:2016, and ISO 14001:2015
- 5.Completion of REACH Compliance Declaration Form, ensuring:
  - Compliance with European Regulation (EC) No. 1907/2006 (REACH).
  - No Substances of Very High Concern (SVHCs) exceeding 0.1% content.
  - Providing information on request within 45 days.
  - Notifying Hayco if any Substance of Very High Concern is present in products.

## Preferred Requirements:

- 1.Suppliers providing paper packaging materials are encouraged to maintain certifications from:
  - Forest Stewardship Council (FSC)
  - Sustainable Forest Initiative (SFI)
  - Programme for the Endorsement of Forest Certification (PEFC)



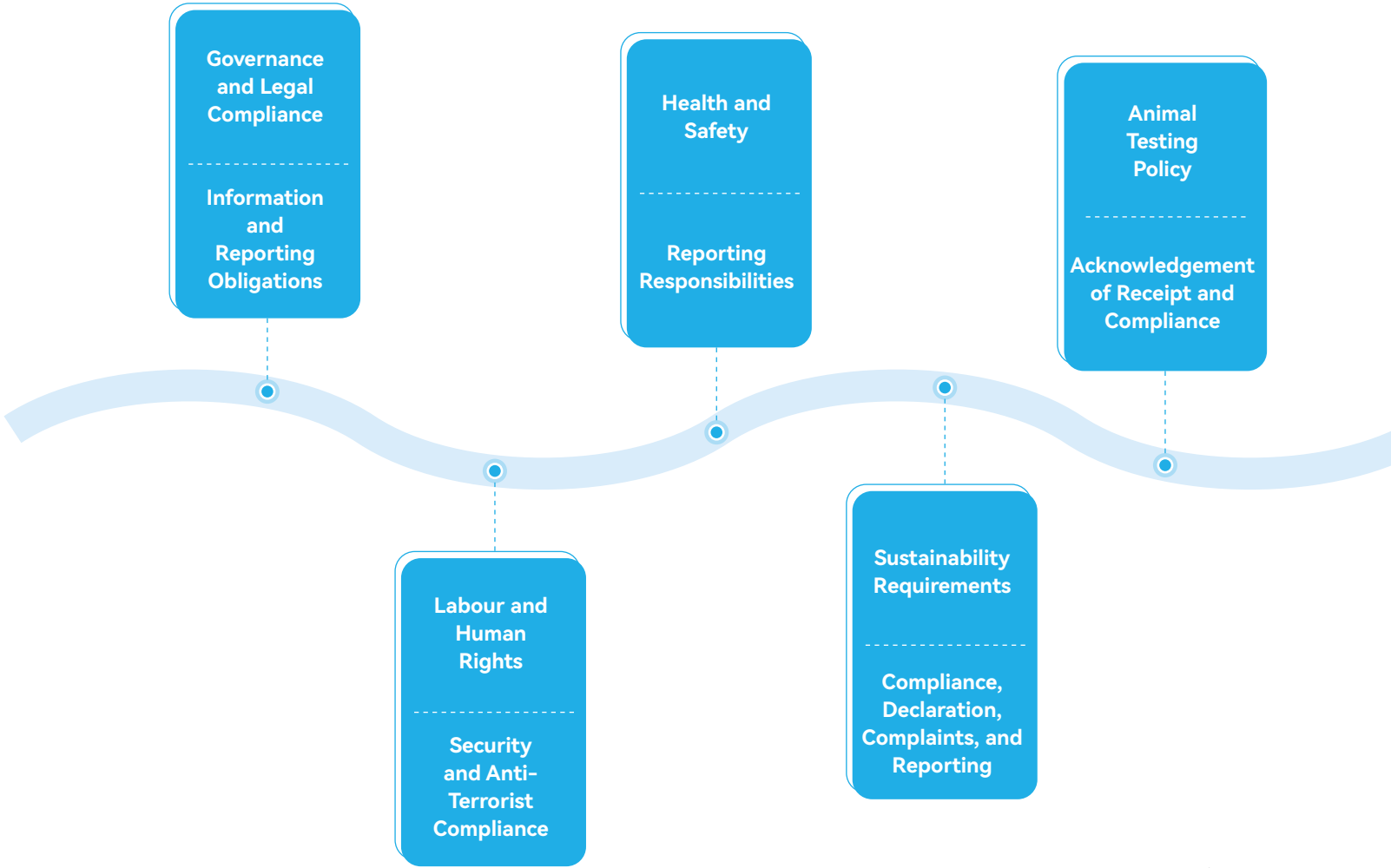
# Supplier Code of Conduct

We are committed to working with suppliers who adhere to responsible business practices in line with Hayco's Supplier Code of Conduct (the Supplier Code). Our Supplier Code covers critical aspects such as labor rights, ethical conduct, environmental responsibilities, and overall business integrity. All suppliers are required to sign and comply with the Supplier Code to maintain a business relationship with us.

The Supplier Code requires suppliers to comply with local and international labor laws, ensure non-discrimination, and maintain a safe working environment for employees. Suppliers are prohibited from engaging in practices like forced labor or child labor, and must take appropriate steps to protect worker rights, including freedom of association and fair treatment.

We emphasize transparency and ethical conduct in all operations. This includes respecting human rights, prohibiting bribery, and ensuring the confidentiality of sensitive information. Suppliers are also responsible for enforcing these standards among any subcontractors involved in our supply chain.

In 2023, we achieved significant progress: 58% of our suppliers signed the Supplier Code, exceeding our initial target of 50%. This highlights our shared commitment to ethical standards and sustainable practices.



Supply Chain Due Diligence

Hayco has implemented a rigorous CSR audit program to ensure responsible practices throughout its supply chain. The CSR audit covers critical areas such as labor rights, health and safety standards, environmental protection, and business integrity, as highlighted in comprehensive evaluation forms. In 2023, Hayco achieved a 100% CSR audit rate for 29 new suppliers, demonstrating a strong commitment to maintaining social responsibility standards. Across all suppliers, the CSR audit coverage stands at 51%, ensuring that Hayco's expectations are effectively communicated and upheld. In collaboration with suppliers, Hayco also extends these audits to secondary suppliers, ensuring full compliance along the supply chain. Audit reports and agreements specifically address the management of secondary suppliers, reinforcing ethical standards and improving supply chain transparency.

In addition to CSR audits, Hayco performs a Supplier Sustainability Risk Analysis to assess potential risks in areas like non-compliance, information security, anti-corruption, and labor issues. Controls such as adherence to the code of conduct, REACH Compliance Declarations, ISO audits, and cybersecurity audits help mitigate these risks, ensuring the supply chain maintains high standards.

Moreover, supplier traceability is central to Hayco's responsible sourcing practices. Metal component suppliers are required to avoid conflict minerals and must submit the Conflict Minerals Reporting Template (CMRT) annually, with a response rate exceeding 90%, ensuring transparency and alignment with ethical sourcing standards throughout Hayco's supply chain.

In 2023, we obtained the ISCC Plus certification, demonstrating our commitment to sustainability, traceability, and reducing greenhouse gas emissions across our supply chain. This certification ensures that our sourcing practices meet high environmental and social standards.



ISCC Plus Certificate

Capacity building

In 2023, Hayco actively promoted capacity building to enhance sustainable practices across its supply chain. Training initiatives were designed to cover both suppliers and buyers, ensuring alignment with Hayco's sustainability standards. The supplier training focused on key elements of corporate social responsibility (CSR), including labor standards, environmental compliance, and ethical business practices, fostering a responsible and transparent supply chain. Training for buyers emphasized sustainable procurement, including risk management, total cost of ownership, and sourcing from sustainable suppliers to enable informed decisions that support sustainability goals while minimizing risks and optimizing overall cost efficiency. As a result, Hayco achieved significant engagement, with 28% of suppliers participating in capacity building programs and 68% of buyers receiving training on sustainable procurement, effectively reinforcing sustainable practices throughout the supply chain.



Global Business Ethics Training

Green Procurement Practices

Hayco is dedicated to green procurement practices to enhance the environmental sustainability of its operations. By adopting comprehensive measures across its supply chain, the company aims to reduce its environmental footprint while optimizing cost efficiencies. Green procurement initiatives focus on reducing transportation distances, lowering carbon emissions, and implementing cost-effective logistics practices—all of which contribute to the company's overarching ESG objectives.

Logistics Cost Saving



Hayco has implemented a series of cost-saving measures, resulting in a total reduction of approximately USD 53,000 in transportation costs. These initiatives include adjusting import material delivery terms for improved efficiency, increasing LCL shipment frequency to reduce expenses, optimizing cross-region pick-up processes, simplifying VGM submissions, and minimizing import container storage fees. These actions deliver financial benefits while supporting Hayco's dedication to sustainable and efficient supply chain management.

Electric Vehicle Adoption



Hayco has made significant progress in reducing its environmental impact by adopting electric forklifts across its facilities. The increased use of electric forklifts compared to diesel-powered units marks an important step towards minimizing emissions and promoting sustainable practices. Electric forklifts operate without producing harmful exhaust emissions, thereby reducing air pollution and contributing to a cleaner work environment. Since adopting electric forklifts, the company has observed a notable reduction in its carbon footprint, aligning with Hayco's commitment to sustainability and emission reduction targets.

Logistics route optimization



Route optimization initiatives have led to a significant reduction in transportation distances, contributing to environmental sustainability by decreasing carbon emissions. Previously, the logistics route from Hayco's factory to Yantian International Port was approximately 77-80 km. By optimizing the logistics process with two new routes—Route 1 via Nanping Highway and Route 2 via Longda Highway—the distance has been reduced to approximately 65 km. This optimization reduces the distance per vehicle by 12-15 km, resulting in a total reduction of around 36,000 km annually, thereby cutting fuel consumption and lowering greenhouse gas emissions.

Digital Supplier Management

Hayco has integrated a Warehouse Management System (WMS), in combination with SAP software and barcode scanning technology, to enhance the precision and efficiency of inventory management. The system offers several key features, including real-time tracking of inventory quantities, intelligent forecasting for optimized stock management, streamlined operational workflows from goods receipt to shipment, and data-driven reporting for informed decision-making. This digital transformation has improved overall warehouse efficiency, minimized errors, and enabled transparent and accurate stock management.



# 04

# ENVIRONMENTAL STEWARDSHIP

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# Corporate Governance Climate Change

## Governance

Hayco recognizes the environmental and business risks posed by climate change and has established a systematic governance framework to mitigate its impact. Based on key documents such as the “Climate Response Policy Guidelines”, “Net-Zero Business Model Transformation Plan”, “Risk Management Policy Guidelines”, and “Greenhouse Gas Inventory Management Guidelines”, Hayco has constructed a comprehensive governance structure for climate management to ensure compliance, systematization, and effectiveness.

The Board of Directors holds ultimate responsibility for climate management, with the ESG Steering Committee overseeing this area. The Committee comprises core management personnel, including VP-SCP, VP-Operations, VP- Finance, VP-Quality, VP- HR/Admin. The ESG Steering Committee meets regularly to review Hayco’s progress on carbon emissions, energy consumption, and reduction targets, ensuring transparency and accountability in executing climate strategy. The Committee also oversees the effectiveness of climate risk identification and assessment, adjusting climate management measures as necessary to adapt to evolving risks, in line with the “Risk Management Policy Guidelines”.

In 2023, Hayco made significant advancements in addressing climate change by strengthening governance frameworks, optimizing climate strategies, implementing rigorous risk controls, and establishing clear performance metrics. As a core component of our long-term sustainable development, climate change management is deeply embedded in company operations. We are committed to maintaining industry leadership in reducing carbon emissions, improving resource efficiency, and minimizing environmental impact, providing transparent and systematic disclosures for stakeholders.

Internally, Hayco has established dedicated Environmental, Health, and Safety (EHS) teams within each department to manage day-to-day climate management activities. These teams handle greenhouse gas monitoring, energy consumption control, and staff environmental training. Quarterly, the EHS teams report on greenhouse gas emissions data, energy consumption levels, and the effectiveness of energy-saving measures to the ESG Steering Committee. In compliance with the “Greenhouse Gas Inventory Management Guidelines” and “Energy Management Policy Guidelines”, the EHS team ensures data accuracy, completeness, and consistency.



## Strategy

Hayco has implemented short-, medium-, and long-term low-carbon transition goals encompassing greenhouse gas reduction, clean energy applications, and improvements in resource efficiency. The “Net-Zero Business Model Transformation Plan” identifies five pathways toward achieving net-zero emissions, which guide the company’s approach to climate strategy.

### Carbon Reduction

Gradually reduces corporate carbon emissions by modifying production methods, using low-carbon technologies, and conserving energy.

### Renewable Energy Applications

Increase the use of renewable energy, reducing reliance on fossil fuels by progressively replacing traditional energy sources.

### Circular Economy

Embrace and practice circular economy principles by recycling and reusing resources to minimize waste generation and environmental pollution.

### Enhanced Environmental Awareness

Strengthen environmental awareness training for employees and suppliers to foster collective involvement in environmental protection and sustainable development.

### Corporate Image Enhancement

Elevate corporate image through the transformation of the net-zero business model, gaining recognition from society and customers.

Within this framework, Hayco SZ sites have set a long-term target of achieving a 42% annual reduction in carbon emissions by 2030. In 2023, the company expanded photovoltaic power generation and upgraded energy-efficient equipment across its facilities, progressively adopting clean energy throughout global operations. By implementing the ISO 50001 Energy Management System, Hayco ensures that its energy-saving measures are effectively integrated into operations, advancing its sustainability goals.

In the areas of supply chain and product design, Hayco integrates sustainability strategies into operational decisions. Through low-carbon product design and energy-saving upgrades, the company has significantly reduced its carbon footprint across its supply chain and works collaboratively with suppliers to advance carbon neutrality goals. According to the “Climate Response Policy Guidelines”, all stages of a product’s lifecycle undergo environmental impact assessments to quantify greenhouse gas emissions and evaluate climate-related business risks and opportunities, ensuring comprehensive execution of the climate strategy.



Risk Management

Hayco has established Climate Risk Management policy and guidelines with reference to established standards such as ISO 31000:2018 and COSO ERM. Hayco has developed WI's to follow these practices. Climate risks are integrated into company's Overall Risk management Process.

Hayco’s climate risk management plan includes phased strategies for mitigating, preventing, and recovering from risks, ensuring preparedness for climate-related impacts. In collaboration with various departments, the company performs scenario analyses and financial impact assessments for significant climate risks.

In practice, Hayco has developed a process for identifying, assessing, and responding to risks based on the “Greenhouse Gas Inventory Management Guidelines” and “Climate Response Policy Guidelines”. By working closely with various departments, the company conducts scenario and financial impact analyses for significant climate risks and updates its risk management strategies regularly based on the latest information. Furthermore, the company implements rigorous quality control of greenhouse gas emissions data under the “Greenhouse Gas Inventory Management Guidelines”, providing robust support for scientific risk assessments and decision-making.

For physical risk management, Hayco performs extreme weather scenario analyses to identify potential impacts of climate change on production facilities and transportation, developing response measures as needed. Regarding transition risks, Hayco closely monitors global carbon policies and market demand shifts, proactively taking steps to mitigate the potential financial impacts of future policy changes. Through investments in energy-efficient equipment and low-carbon technologies, the company ensures that its production processes and energy use comply with the latest regulatory requirements, effectively managing transition risks associated with policy changes.

Carbon Emissions Management and Revenue Generation

Since 2013, three entities within the Hayco have implemented carbon compliance measures, demonstrating the company's responsibility and commitment to addressing climate change. In 2023, Hayco Technology was exempt from carbon compliance due to its annual carbon emissions being ≤3,000 tons. Over 2023, Hayco successfully generated significant revenue by selling 4,845 tons of carbon credits.

Following the 2023 carbon compliance and credit sales, the Group retained 37,163 tons of carbon credits, with 26,637 tons held by Hayco Enterprise and 10,526 tons by Hayco Industrial. This case highlights Hayco’s exemplary performance in carbon emissions management while showcasing the economic benefits achieved through sustainable practices.

With these systematic and measurable metrics, Hayco demonstrates comprehensive management capacity and a long-term commitment to addressing climate change, setting a benchmark for sustainability in the industry.



The Identification, Assessment, and Management Process of Climate Risks and Opportunities at Hayco

Metrics and Targets

To effectively assess the performance of its climate strategy, in 2023, Hayco conducted a systematic inventory of Scope 1, Scope 2, and Scope 3 carbon emissions in reference to ISO 14064-1 standards, disclosing annual data in the CDP and Ecovadis questionnaires. Total annual carbon emissions reached 143780.707tons, and renewable energy use increased by 5.62% over 2022 levels. By setting relevant targets, Hayco is progressively increasing the share of renewable energy to meet its 2030 carbon reduction goal.

## Target of Energy Consumption & Greenhouse Gas Emissions



# 100%

employee training in energy conservation (2023)



# 10%

solar energy in Hayco DR (2025)



# 3%

annual energy savings in Hayco China (2030)



# 3%

annual carbon offset increase in Hayco China (2025)



# 2025

Annual energy/ carbon audits



# GHG reduction

with customers

## Water Management and Efficiency

### Governance

Hayco views water resource management as an integral part of its sustainability strategy and is committed to establishing a systematic and standardized approach. This approach ensures efficient water use while achieving environmental protection and resource conservation. In accordance with various water management policies and Shenzhen's water conservation regulations, We have built a comprehensive water management governance framework that incorporates international best practices. The company has established a Water Management Leadership Team responsible for overseeing and managing corporate water usage. The team, comprised of senior management members, includes water supervisors and multiple water management specialists, each with designated roles. Together, they collaborate closely with department heads to ensure effective implementation of water-saving measures and regulatory compliance.

Hayco regards water resource management as a core aspect of its environmental responsibility, recognizing its role in conserving resources and reducing environmental impact. In 2023, we enhanced our governance and management processes in water resources, significantly improving water efficiency. By setting water-saving targets and implementing technological measures, We have promoted water conservation and reuse across its global operations. We aim to reduce water consumption while ensuring sustainable business growth and preserving surrounding ecosystems.

The Water Management Leadership Team meets quarterly to assess the company's overall water usage and progress on water-saving initiatives, while evaluating departmental performance in water conservation. During these quarterly meetings, each department submits reports on its quarterly water consumption and conservation target achievements. The leadership team uses this feedback to evaluate annual progress, allocating water usage targets and specific conservation measures to each department at the beginning of the year. This structure ensures gradual progress towards the company's conservation objectives. If water usage does not meet expectations, the team devises corrective plans and guides departments in implementing preventative measures to minimize unnecessary water consumption. Furthermore, Hayco emphasizes maintaining communication with external environmental and regulatory bodies to ensure compliance with the latest environmental regulations.

#### Summary of Water Conservation Meetings

- Convened by the Water Management Leadership Team
- Attended by water management specialists from each department
- Ensures timely and efficient implementation of water-saving initiatives

#### Meeting Details

- Regular reporting and tracking of conservation targets
- Sets specific departmental water-saving targets and ensures execution
- Resolves issues encountered by departments during conservation implementation



In terms of facility maintenance, we conduct regular inspections and maintenance of water supply equipment to prevent wastage. The company has installed various water-saving devices, including automated faucets, and delayed shut-off valves, to control unnecessary water flow. Additionally, Hayco offers regular employee training programs to enhance environmental awareness and encourage adherence to water-saving principles in both daily life and work. This approach has embedded water conservation into our corporate culture. Hayco has also developed emergency plans to address unforeseen water resource issues, ensuring uninterrupted company operations in case of external water supply disruptions.



Training on the Topic of Water Conservation

### Goals and Performance Metrics

Hayco has established a set of clear, quantifiable water conservation goals that cover both company-wide and departmental metrics. These goals are designed to systematically reduce water consumption and enhance water recycling efficiency. The company aims to achieve a 5% increase in recycled water usage by 2025 and relies on a robust data monitoring system to record and analyze daily water usage, generating monthly and quarterly reports. Through this systematic data monitoring, Hayco can promptly identify any fluctuations, allowing management to conduct rapid investigations and develop corrective actions to ensure rational and efficient water use.

We integrate water management performance into the annual performance evaluations of each department, linking water conservation outcomes with year-end assessments to strengthen employee awareness. Departments that fail to meet targets face

penalties, while those with outstanding conservation performance receive recognition or incentives. This approach encourages all levels within the company to actively participate in resource conservation, fostering a culture of sustainability and instilling a sense of environmental responsibility in daily operations.

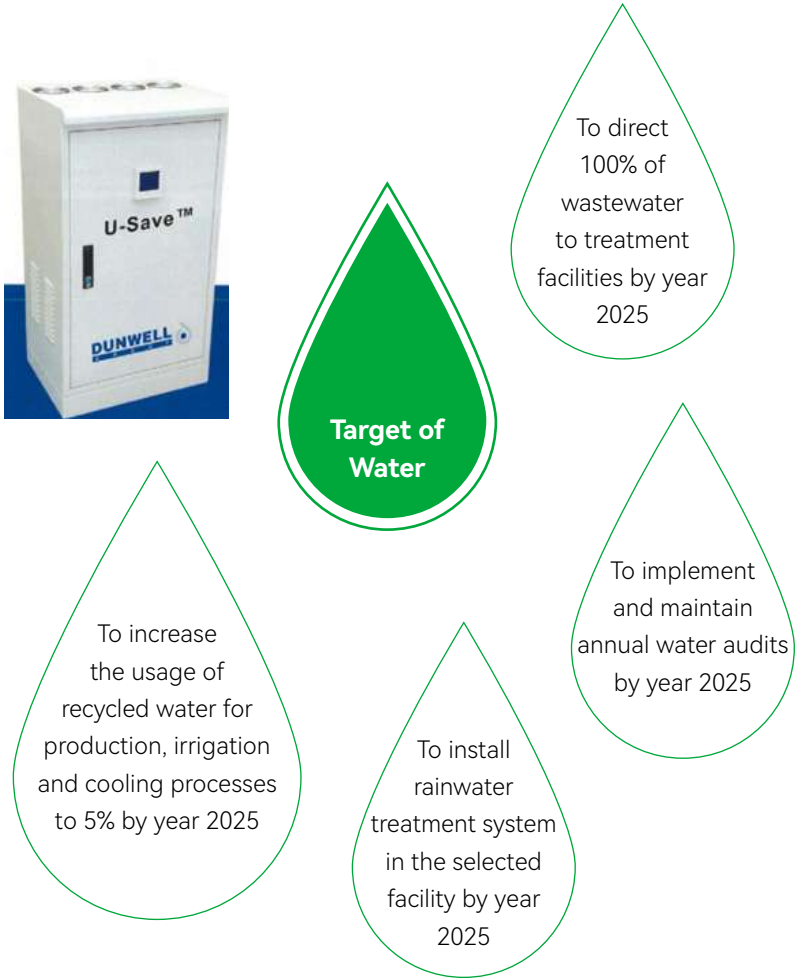
The company prioritizes investments in water recycling systems and closely monitors changes in government water conservation policies and emission standards, mitigating potential increases in water treatment and conservation costs due to regulatory shifts. Hayco has established specific annual water-saving targets across its global operations to ensure that each conservation measure produces measurable, quantifiable water-saving benefits. The company continually evaluates water usage to ensure a steady decline in consumption and the sustainable use of water resources.

Hayco implemented a hydrocarbon cleaning technology within the aluminum tube processing line, replacing the conventional water-based washing method, which required around five tons of fresh water daily. This new hydrocarbon cleaning technology uses cleaning agents and ultrasonic vibration to remove lubricants, saving approximately 1,500 tons of water annually, significantly reducing wastewater discharge, and lowering cleaning costs. This innovation showcases Hayco's commitment to balancing environmental sustainability with operational efficiency.



IM machine energy-saving server

In 2023, through the quantitative evaluation of various water performance indicators, we achieved a 100% compliance rate for wastewater discharge standards. By implementing systematic and standardized water management practices, Hayco not only improved resource utilization efficiency but also ensured regulatory compliance. This approach has enabled the Company to meet short-term conservation targets while laying a solid foundation for long-term sustainability. The company is committed to sharing its water resource management practices with industry partners, advancing environmental protection on a broader scale, and setting a benchmark for resource conservation in the industry. Moving forward, we will continue to increase investments in water-saving and recycling systems to further improve water utilization efficiency.



# Waste and Pollutants Management



Hayco is firmly committed to achieving sustainable waste and pollutant management, ensuring that waste generated throughout the production process is carefully sorted and recycled, and that pollutant emissions meet regulatory standards to minimize environmental impact. In 2023, Hayco made notable progress in the governance framework, management measures, and performance evaluations related to waste and pollutant management. By setting achievable yet ambitious targets and reinforcing risk controls, the company has strengthened transparency in waste and emissions management, providing stakeholders with reliable environmental information.

Under the guidance of standardized procedures, Hayco implements waste classification and recycling, pollutant monitoring, and control, with regular progress assessments for each management initiative. The company performs annual risk monitoring and auditing of waste disposal processes to ensure compliance with the latest environmental regulations. To further reduce waste generation, we have actively promoted a circular economy model, where materials such as metals and plastics used in production are recycled and reused, effectively reducing the demand for new raw materials. This approach not only conserves resources but also contributes to cost savings in materials procurement and waste disposal.

In 2023, Hayco's waste management performance was disclosed through rating agencies such as EcoVadis, underscoring the company's dedication to transparency and accountability. During regular engagements with stakeholders, Hayco provides detailed updates on waste management progress and data, building trust with customers and reinforcing the company's brand as an environmentally conscious leader. Moving forward, Hayco will continue to refine waste management procedures and embrace new technologies that further reduce waste generation and pollutant emissions, thus advancing towards even higher environmental standards.

# Sustainable Product Development



In 2023, Hayco achieved remarkable progress in sustainable product development, emphasizing the use of innovative design and environmentally-friendly materials to reduce the environmental impact of products and promote a circular economy. Hayco integrates sustainability throughout the product lifecycle by minimizing raw material consumption, enhancing recyclability, and extending product lifespan. This approach further consolidates the company's leadership in industry sustainability.

Hayco management has established clear, quantifiable targets for sustainable product development. For product development, Hayco advocates for low-carbon materials, gradually reducing plastic usage with recycled materials > 85% by following validated throughout 'Material Recycling Process' with GRS certification.". Additionally, new products are required to avoid using mixed plastics, instead prioritizing single-material or recyclable eco-friendly materials, to minimize landfill waste. This policy enables the company to deliver on its sustainability commitments in a measurable way.

In packaging, we continue to enhance environmental performance and ensure all packaging materials display recycling symbols to facilitate correct consumer recycling practices. The company prohibits aluminum or steel in packaging due to recycling challenges, thereby reducing resource waste and environmental pollution.

These sustainable product initiatives have been widely recognized by both clients and the market, enhancing Hayco's reputation as a leader in environmental responsibility. Looking ahead, we plan to increase the use of recycled materials and adopt innovative designs in a greater variety of products. This continued effort not only meets the rising market demand for sustainable products but also helps reduce environmental impact across the entire product lifecycle.



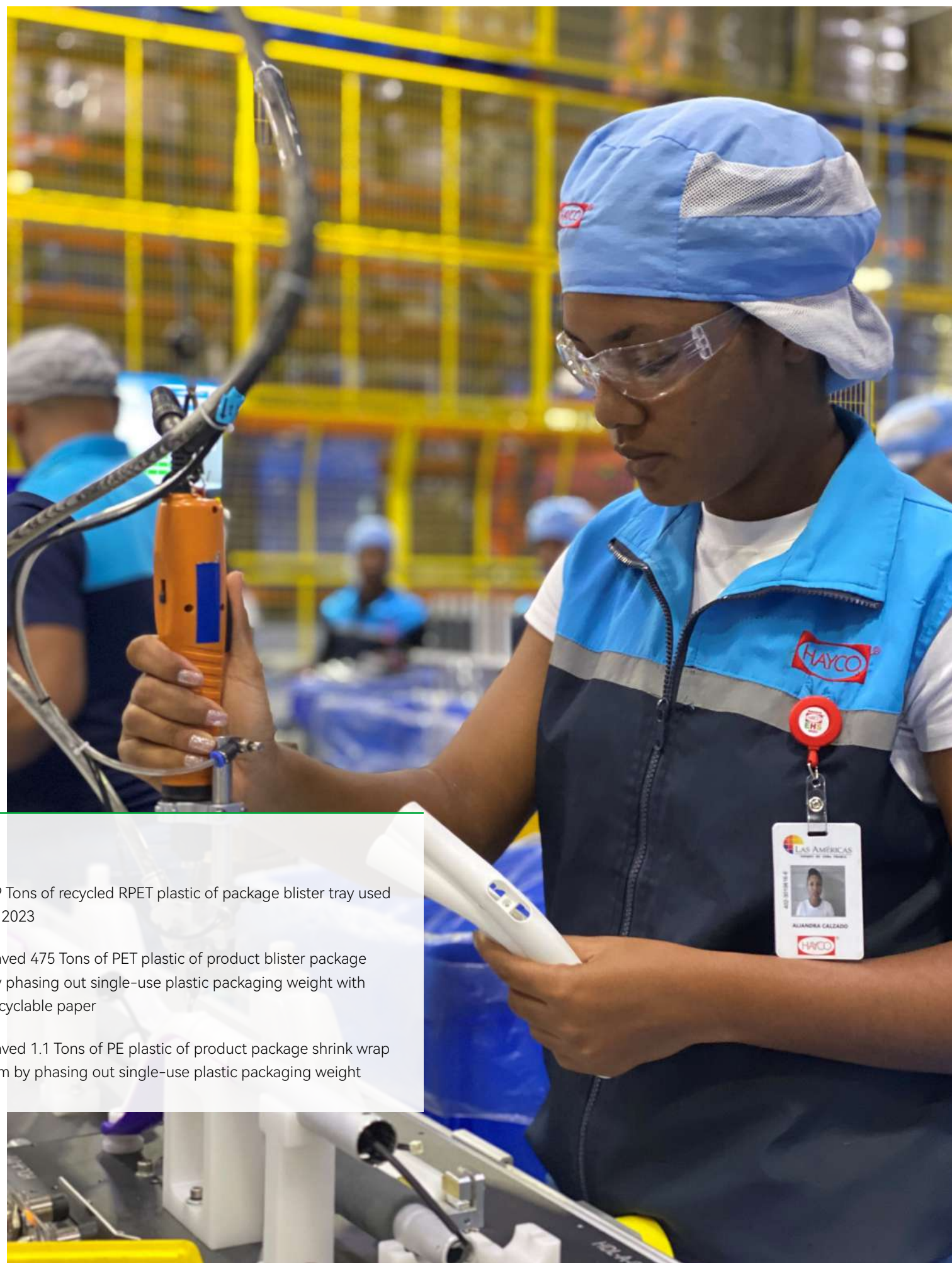
# Green Packaging

In 2023, Hayco's efforts in green packaging were centered around reducing resource consumption, enhancing material recyclability, and improving the sustainability of packaging design. Through the introduction of eco-friendly design principles, reduction of single-use plastics, and promotion of renewable materials, we are committed to minimizing the long-term environmental impact of our packaging. The Company provides more sustainable packaging solutions for clients and the supply chain by requiring all packaging materials to meet environmental and recyclability standards, thus ensuring the ecological compatibility of product packaging.

In 2023, the company achieved significant progress in green packaging by fully promoting FSC-certified paper and significantly reducing the use of composite plastics and non-recyclable materials to simplify and upgrade its packaging for environmental benefits.

## Sustainable Material-Packaging Implementation

- 2,165.9 Tons of FSC-certified material of product package used in 2023
- 50 KG of PLA(a biodegradable thermoplastic of product's poly bag used in 2023
- 95%(253 Tons of recycled paper material) of the product package is recyclable in the US, Europe
- 19 Tons of recycled RPET plastic of package blister tray used in 2023
- Saved 475 Tons of PET plastic of product blister package by phasing out single-use plastic packaging weight with recyclable paper
- Saved 1.1 Tons of PE plastic of product package shrink wrap film by phasing out single-use plastic packaging weight



Hayco has also set a target to ensure 100% of packaging materials are labeled as recyclable by 2025, making it easier for consumers to correctly sort and recycle packaging. Additionally, the company has stipulated that aluminum and steel, which are difficult to recycle, are prohibited in packaging materials, further reducing resource waste. For plastic packaging, we are gradually decreasing the use of mixed plastics and promoting single-material eco-friendly plastics to facilitate recycling.

Our green packaging initiatives have enhanced its brand's eco-friendly image and received positive feedback from customers and the market. Looking ahead, the company will continue to increase investment in eco-material research, actively promote the use of low-carbon and renewable materials, and further optimize packaging design to meet the high demand for green packaging in global markets.

## Target of Packaging

Transition to a higher percentage of recycled packaging content in line with our customer sustainability goals.



# 05 OUR PEOPLE

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# Human Rights

## 2023 Human Rights Targets

Child labor, forced labor & human trafficking

- To implement ID checks of potential hires at 100% of our site from 2023 towards
- To conduct risk assessments on all new hires at 100% of our sites to determine if any child labor and/or slavery was involved from 2023 onwards
- To conduct an annual training on our child and forced labor policy to 100% of our employees to increase awareness from 2023 onwards
- To include child labor as part of the reportable incidents in whistleblower procedure at 100% of our site from 2023 towards
- To conduct risk assessment on child labor and forced labor & human trafficking at 100% of our site from 2023 towards

Respect for human rights is an integral part of our daily operations. At Hayco, compliance of national/ local/international labor laws and regulations is the bottom line, and we are deeply committed to respecting human rights and adhering to the internationally recognized labor standards and international conventions set by the International Labor Organization, the UN Global Compact, and the UN Guiding Principles on Business and Human Rights. During this reporting period, we don't have any major violation on human rights.

Social dialogue

- To hold annual town-hall meetings with Hayco Management from 2023 onwards
- To achieve a 100% coverage rate at town-hall meetings through all the sites by 2025

### Policy and approach

Our global Manual of Social Responsibility specifies our policies, principles, objectives, procedures, and practices in the area of social responsibility, including human rights. This manual aims to maintain good labor relations, improve working conditions, and continuously improve employees' wages and benefits. To ensure this manual operates effectively, we regularly arrange internal and external audit activity. The scope of this manual is applicable to all activities related to Shenzhen Site, and management of suppliers and subcontractors. In addition, the Dominican Site has established particular policies aimed at respecting human rights, including measures to prohibit child labor and regulate working hours.

Social responsibility policy					
<b>A general policy that states the commitment:</b> <div>1) Prohibit the use of child labor; 2) Respect the freedom of employees and prohibit any form of forced labor; 3) Provide healthy, safe and hygienic working and living conditions and ensure the safety and health of employees; 4) Promote co-operation between workers and employers and respect the freedom of association and the right of collective bargaining of employees; 5) Provide an equal and fair working environment and prohibit any form of discrimination; 6) Respect the basic human rights of employees and prohibit any form of degrading behavior; 7) Reasonably arrange the production plan, reasonably arrange the working time and rest and vacation of the employees; 8) Provide reasonable wages and benefits to meet the basic needs of employees; 9) Comply with international environmental conventions, national and local environmental laws and regulations, and continuously improve environmental performance; 10) Comply with business ethics and sustainable procurement, and do not engage in corruption, bribery and other unethical behaviors with suppliers, customers and other stakeholders.</div>					
Child labor and underage worker	Forced labor and human trafficking	Freedom of association and right of collective bargaining	Punitive measures	Working conditions (hours & salary)	Personal privacy
<div><ul style="list-style-type: none"><li>Identify the real age of employees by checking ID cards and other certificates</li><li>Establish and maintain a complete personnel file</li><li>Stop cooperation with any supplier who uses child labor</li></ul></div>	<div><ul style="list-style-type: none"><li>Respect the freedom of employees</li><li>Prohibit the use and non-support of any form of forced labor and salary</li><li>Clarify the situation when recruiting</li><li>Prohibit the use of any act that restricts the freedom of work</li><li>The company's rules and regulations shall be agreed upon by the trade union or employee representative</li></ul></div>	<div><ul style="list-style-type: none"><li>Establish the management procedure for employee representatives</li><li>Respect employees' right to freedom of association and collective bargaining</li><li>Support employee representatives to carry out their activities independently</li><li>Establish a system of regular dialogue with employee representatives and arrange dialogue activities</li></ul></div>	<div><ul style="list-style-type: none"><li>Prohibit any form of improper punishment including corporal punishment, intimidation or verbal abuse of employees</li><li>The security personnel shall be trained by the local public security department and receive the work permit, and are not allowed to beat and scold employees, forcibly search employees or restrict their freedom</li></ul></div>	<div><div>Working hours:</div><ul style="list-style-type: none"><li>Prohibit forcing employees to work overtime, strictly control underage workers to work overtime</li><li>Implement the 5-day and 8-hour working system, and arrange employees to work overtime in advance with the consent of the employees themselves</li></ul><div>Salary</div><ul style="list-style-type: none"><li>Employees' salaries shall be paid in time and directly to the employee themselves</li><li>Not punish employees in any way by deducting wages</li><li>Pay the minimum salary required by local regulations to ensure that the salary is sufficient to a decent life</li><li>The salary list shall clearly list the details</li></ul></div>	<div><ul style="list-style-type: none"><li>Keep all employees' personal information confidential, such as educational background, work history, contact information, home address, and internal job title.</li></ul></div>

Risks identification, mitigation, and remediation

The dedicated CSR team is responsible for conducting regular human rights risk assessments. In accordance with the results, we implement both preventative and corrective measures within our own operations, as well as within the upstream supply chains. During the reporting period, we have analyzed risks factors, impacts in respect of labor rights and evaluated risk level by cross considering the severity, frequency, and possibility throughout the Shenzhen

Site. Based on the assessment outcomes, a series of measures have been implemented with the objective of preventing and mitigating negative impacts, while simultaneously maintaining a continuous monitoring of the controlling performance. In addition, we receive the Sedex Members Ethical Trade Audit (SMETA) from our customers. These audits include requirements of human rights.

Records of identification, mitigation, and remediation in respect of labor rights

IDENTIFIED RISK	IMPACT	MITIGATION AND REMEDIAL MEASURES TAKEN
Labor and underage worker protection	Employees: Affecting physical, mental, and health safety, leading to lowered morale. Child Labor: Increasing risks of trafficking and forced labor, resulting in more security incidents. Management: Facing legal and reputational risks, along with decreasing employee engagement. Operations: Incurring economic penalties, experiencing shutdowns, or requiring reorganization. The Company: Encountering legal challenges and reputational damage, while declining customer trust. Investors: Suffering damage to goodwill, leading to divestment and strained relationships with financial providers. Customers: Experiencing reductions in orders or cancellations of business partnerships. Supply Chain: Violating laws and facing increased compliance risks.	For employees: Formulate and comply with "Administrative Procedures for the Prohibition of Child and Juvenile Labor".  For suppliers: Sign a code of conduct with suppliers. Ensure that such practices are eliminated through supplier assessments and surveys as well as audits
Forced labor and human trafficking	Employees: Affecting physical and mental health and safety, and reducing employee morale. Child labor: Increased risk of trafficking and forced labor, and increased safety incidents. Management: Legal and reputational risks, and decreased employee engagement. Operations: Financial penalties and production halts for rectification. The Company: Legal and reputational risks, reduced customer trust. Investors: Damaged goodwill, divestment by investors and financial providers. Customers: Fewer orders or cancellation of business partnerships Supply chain: Legal violations, increased compliance risks.	For employees: Formulate and comply with "Policy for forced labor and human trafficking". Comply with the Hayco working hours policy and overtime approval process. Strengthen employee training including but not least to working hours, salary, and welfare system. Make a production plan to ensure compliance. The finance staff should make a budget in advance to prevent delays in salary payments.  For suppliers: Sign a code of conduct with suppliers. Ensure the elimination of forced labor and human trafficking through supplier assessments and surveys, as well as audits.

Whistleblowing and transparency report

In the event of an incident of human rights violation, employees could report through various channels such as 3<sup>rd</sup> party whistle-blowing platform, E-HR platform, or directly send complaints within the department. They have the option to report anonymously or provide their real names. We guarantee the protection and well-being of all whistleblowers, explicitly prohibiting any form of retaliation against them. In cases of violations, the company will enforce strict penalties on the offender, and any regulatory breaches will be promptly reported to the relevant judicial authorities. During this reporting period, the employee response rate is 100%.

Communication procedures are established and maintained with the objective of ensuring appropriate communication to all stakeholders on matters pertaining to the reporting of CSR issues. Information may be conveyed orally or in writing, or via other suitable channels, such as telephone, fax, e-mail, symposia, seminars, and press conferences.

The CSR team regularly engages with local stakeholder groups, soliciting their opinions and suggestions, apprising the company of the progress and impact of implementing the standards, and furnishing pertinent data and information, including the results of management review and oversight activities.





# Diversity, Equity, and Inclusion

## Key features

0 discrimination and harassment incident

53.64% female employees

19.35% female employees in senior management position

54 sunshine workers

- Whistleblower hotline numbers  
HK: 800 906 069  
SZ: 400 120 3062  
DR: 1 829 200 1123
- Email: [ethics@hayco.com](mailto:ethics@hayco.com)
- Website: <http://ethics.hayco.com>



The implementation of diversity, equity, and inclusion (DEI) is a crucial factor in success and sustainability of any organization. Hayco understand that enhancing diversity and inclusion within our organization boosts our performance. Our target is trying to create a diverse working environment of mutual respect, equality & harmony, comfort & safety, and gender tolerance. We also prohibit any discrimination, harassment, and abuse behaviors as always.

## Anti-discrimination

Hayco certainly prohibit all forms of discrimination and adhere to the principles of fairness and equality in formulating and implementing policies on recruitment, wages, benefits, training, promotion, dismissal, or retirement, etc. Never discriminate based on an employee's race, social class, nationality, religion, disability, gender, sexual orientation, marital status, social orientation, trade union or political party membership, minority/vulnerable group, and etc. Do not interfere with the employee's beliefs, standards and specific rights in those above areas.

## Anti-harassment

Hayco insist that employees respect each and not harass or abuse; will definitely not harass, physically punish, or insult their subordinates for any reasons.

## Gender equality

Male and female employees enjoy equal employment rights. Prohibit any form of discrimination against female employees, particularly those who are pregnant or breastfeeding.

## Family support

Family support can enhance employees' job satisfaction and commitment, leading to increased motivation in the workplace. Additionally, meeting employees' family-related needs can alleviate stress and anxiety, which in turn boosts work productivity.

Hayco offers various family-oriented benefits for parent employees, including childcare programs, breastfeeding facilities, and paid parental leave, among others.



Nursery room



Father's Day activities



Family open day



EAP Training – Family Communication Skill

### Sunshine Program

The Sunshine Program is a recruitment initiative designed to help workers with hearing impairments find employment and develop within the manufacturing industry. We not only provide these workers with proper training to help them acquire essential skills, but also organize engaging and diverse activities, such as sign language training and team-building exercises, to ensure their active involvement. Sunshine workers who demonstrate outstanding performance are recognized as 5-star Sunshine Workers.

Feedback from the Sunshine workers indicates that they feel respected and valued at Hayco. Since 2015, we have provided job opportunities for more than 400 Sunshine workers, with many

of them staying employed for over three months. As of the latest report, 28 Sunshine workers are currently part of the Hayco team. Our target is to maintain a workforce of over 35 Sunshine workers each month and continue to optimize our training and support system for their development.

The Sunshine Program not only provides meaningful employment opportunities for workers with hearing impairments, but also promotes inclusivity and diversity in the workplace, contributing to a more equitable society. Through this initiative, we help break down barriers and foster a culture of respect and understanding for people with disabilities.



## Human Capital Development

At Hayco, we support our people's growth through continuous learning and development, focusing on both the enhancement of professional skills and the cultivation of lifelong learning for personal growth. Acknowledging that our team members constitute our most significant competitive edge, we place utmost importance on nurturing an inclusive workplace where every individual feels empowered to embody their true selves daily. Beyond merely promoting diversity in hiring, we implement strategies that guarantee the retention and advancement of our employees' distinct talents, harnessed from a vibrant array of backgrounds. This ongoing development of their skills and capabilities is paramount to achieving our organization's short and long-term goals.

### Employee Growth and Training Programs

Hayco is dedicated to fostering a culture of continuous learning and development among its employees, as evidenced by its comprehensive Employee Training System. This system encompasses several key policies: the "Human Resource Training Management System," which outlines detailed training processes and methods; the "Internal Trainer Management System," regulating the management of internal trainers; and the "External Training Sponsorship Policy," which addresses the guidelines for external training opportunities.

In addition to offering in-house training to support the growth of its team members, Hayco also considers applications for company sponsorship to attend external training programs, demonstrating its commitment to lifelong learning and personal development.

### Performance Evaluation and Structured Career Pathways

#### Performance Management & Reward System

Hayco is committed to implementing a comprehensive performance management system that fosters transparency and accountability. Our annual performance evaluations provide a solid foundation, allowing employees to clearly understand their accomplishments and areas for growth. This meticulous process aligns individual objectives with the company's strategic goals, promoting a culture of ongoing improvement and excellence. By acknowledging and rewarding exceptional performance, Hayco ensures that our workforce stays motivated and engaged, propelling sustainable success.

Furthermore, we have established a robust framework for career development and recruitment. The "Performance Appraisal System" outlines clear promotion channels and assessment criteria for employees, fostering a transparent and merit-based career progression path. The "Internal Job Application Management Document" governs the internal job application process, ensuring fairness and efficiency in recruitment. To further encourage skill development, Hayco continues to implement the "Technical and Multi-Skill Operator Program Policy," which aims to develop a versatile and adaptable workforce that meets future business needs. These policies include standardizing key job skills and their certification process, providing monthly skill allowances upon certification, and formalizing technical operator job positions and career paths.

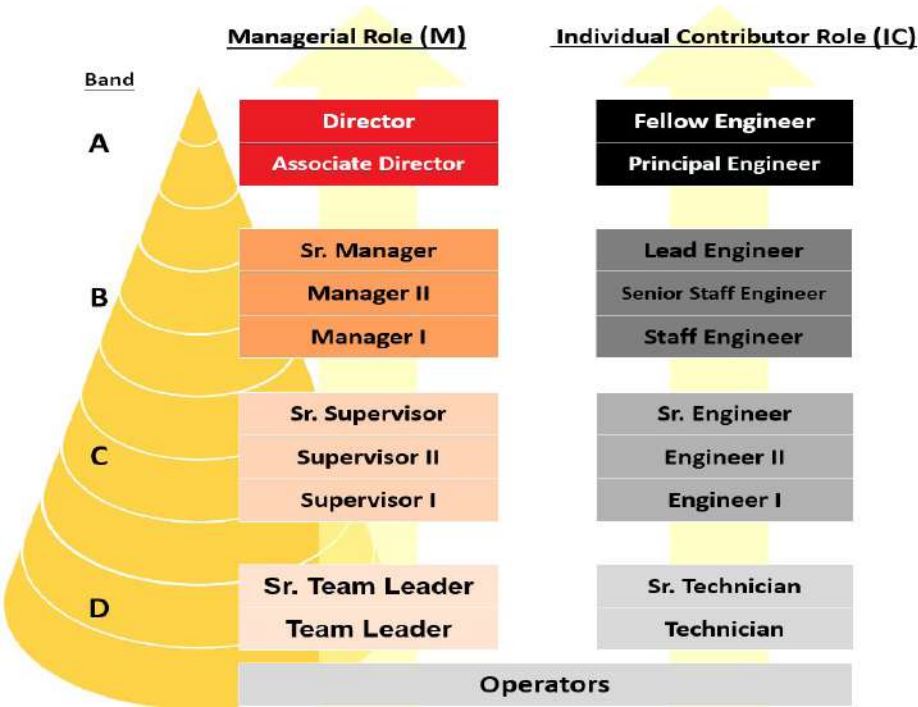
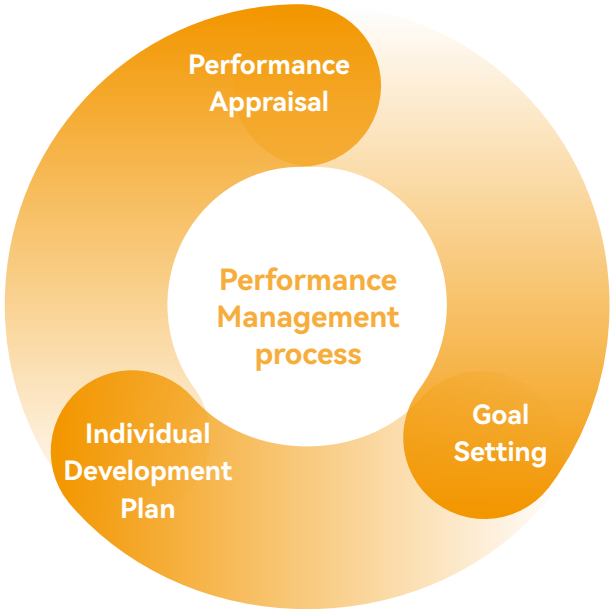


Career Development Highlights

The career development path at Hayco shines brightly as a beacon of opportunity, offering a clear and structured progression from entry-level positions to senior roles in both management and technical fields. This comprehensive system, rooted in equal opportunities, emphasizes performance appraisal, KPI/goal setting, and tailored individual development plans. By aligning employee aspirations with our organizational objectives, Hayco ensures sustainable growth, as evidenced in our ESG initiatives. The clear pathways and rewards system motivate employees to excel, contributing to Hayco's long-term success and societal impact.

Our dual career tracks—Management and Technical—ensure that every employee can chart their own course based on their strengths and aspirations. The discretionary bonus system, a key feature of our rewards program, incentivizes excellence and longevity, fostering a sense of belonging and loyalty. Furthermore, the Individual Development Plans (IDPs) empower employees to set ambitious career goals and identify the skills and experiences

needed to achieve them. By integrating performance management with career development, Hayco demonstrates its dedication to nurturing a talented and diverse workforce that contributes positively to society and the environment.



Job Grading System & Career Development

Detailed Training Plan Implementation

Training Activities and Hours Overview

Our training plans are crafted to cater to the diverse needs of our workforce. They encompass a range of activities, including structured classroom sessions, hands-on workshops, and self-paced online learning modules. We ensure that our employees receive a substantial number of training hours, with a focus on quality and effectiveness.

At the CN site, training hours have increased across all levels of management – Senior, Middle, and Grassroots – between 2021 and 2023. Specifically, Senior Management training hours have risen from 90 to 308, reflecting Hayco's emphasis on leadership development. This overall increase in training hours underlines the company's dedication to enhancing the skills of its workforce. At the DR site, although smaller in scale, Hayco has maintained competitive training hours per employee, with a focus on targeted skills development.





“From 2021 to 2023, the employee skill development training participation rate reached 100% in Hong Kong, Shenzhen, and the mainland CN regions, indicating comprehensive training coverage and efficient investment.”

## Highlight Cases:

### Blue Bird Program for Front-Line Employees

The Blue Bird Program, established in 2014, has been a cornerstone of our training initiatives. This program is specifically designed to enhance the work and life skills of our front-line employees, fostering their personal and career development. The comprehensive training plan includes both foundational and advanced courses, covering topics such as personal finance, career development, stress management, effective communication, leadership, and team-building. By leveraging internal trainers and cultivating a culture of continuous learning, we have seen a significant increase in employee retention rates, underscoring the program's success.



### Technician Training Program

This program acknowledges the unique skills required by our technicians, and we have created a specialized training program tailored to meet those needs. The program emphasizes the enhancement of technical skills, adherence to safety protocols, and improved efficiency in the workplace. This ensures that our technicians are well-equipped to handle the demands of their roles.





Online Learning Platforms and Initiatives

Hayco University offers an extensive selection of over 2,000 online courses, catering to the diverse learning needs of our employees. Our course offerings are divided into two tiers: Premium Courses and Classic Courses. Premium Courses encompass specialized subjects such as Comprehensive Management, Professionalization, Production Management, Human Resources, Leadership, Personal Development, and Political Theory. These courses provide in-depth knowledge and skills for professional and personal growth. Classic Courses focus on foundational areas like R&D Management, Sales Management, Market Operations, and Financial Management, offering a solid foundation for academic pursuits.

English Learning Club

In addition to technical skills, we also prioritize language proficiency, particularly in English and Spanish. Our business English training programs are designed to enhance employees' communication skills, enabling them to effectively collaborate with colleagues and clients across different regions and cultural backgrounds.



"VP TED Talk" Event

We organized the "VP TED Talk" event, featuring lectures by senior executives. This initiative aims to share insights and experiences from our leadership team, inspiring and motivating employees to strive for excellence in their careers.

Young Talent - Recruitment and Deveopment Plan

Hayco's Young Talent Development Program aims to recruit and nurture fresh graduates, preparing them to become global talents. The program offers a comprehensive suite of learning solutions, including professional skill training, leadership development, mentorship programs, and buddy-case initiatives. Over the two-year program, participants undergo various stages of acquisition, integration, haycolization, functionalization, contribution, and emerge as new emerging forces within the organization.





Business Process Reengineering II (BPR II) Training

HAYCO has expanded its Business Process Reengineering (BPR) Training program to include the DR region in addition to China. The goal of the BPR Training initiative is to improve operational processes, leading to increased efficiency and inventory accuracy company-wide. The 1.5-year program involves a thorough process of updating and validating processes, creating easy-to-understand

training materials, conducting exams to ensure understanding, selecting and training internal trainers, holding training sessions with rigorous exams, and producing comprehensive post-training reports to track progress and satisfaction. This comprehensive approach demonstrates HAYCO's commitment to fostering a culture of continuous improvement and sustainability throughout its operations.



Diversifying Recruitment for Global Talent Growth and Employee Transition Support

In 2023, Hayco's receipt of the LinkedIn "Talent Acquisition Award 2022" underscores the company's exceptional prowess in attracting and nurturing talent. This prestigious award recognizes Hayco's proficiency in utilizing LinkedIn's solutions, evidenced by high in-mail acceptance rates, extensive profile viewing and saving, robust search performances, and consistent team activity. This achievement not only reflects Hayco's internal pride in its 2022 performance but also publicly acknowledges the company's effective use of LinkedIn, reinforcing its strong talent acquisition strategies and contributions to growth and innovation.



Internal and External Recruitment Strategies

Hayco Group is committed to implementing diverse recruitment strategies. Some key highlights including an IJO program that encourage employees to recommend good talents and also can apply for internal job opportunities, that can enhance one quite stable hiring channel and also provide better career development to internal employees. The group also keeps good relationships with some targeted universities, holding regular campus talks and join in job fair to attract top graduates. Currently Hayco plans to hire some international young talents to build the stronger global mobile team.





Transition Assistance Programs

To ensure a seamless transition for employees experiencing involuntary changes or resignations, as well as those approaching retirement, Hayco offers tailored transition support programs in Shenzhen. These programs are designed to address the unique needs of each group and include:

For Employees Experiencing Involuntary Changes or Resignations:

- CV Enhancement: Assistance in refining resumes to highlight key skills and experiences, making candidates more competitive in the job market.
- Job Search Assistance: Support in identifying job opportunities, preparing for interviews, and negotiating job offers.
- EAP Services (Employee Assistance Programs): Providing resources and support for employees to manage personal and professional challenges



For Employees Approaching Retirement:



- Commemorative Items: Distribution of meaningful commemorative items to celebrate employees' years of service and dedication.
- Farewell Celebrations and Activities: Organizing farewell parties or ceremonies to honor retiring employees, allowing them to bid farewell to their colleagues and celebrate their careers. These events provide an opportunity to recognize their contributions and create lasting memories.

By offering these comprehensive and tailored support programs, Hayco demonstrates its commitment to caring for and supporting its employees throughout their career journey. This, in turn, helps attract and retain top talent, driving the company's continued growth and success.

Health, Safety and Wellbeing

Key features

0

fatality

0

occupational disease



Safety is No.1 KPI at Hayco

Occupational health and safety go beyond merely reducing illness and workplace accidents; they also focus on protecting and enhancing our employees' overall well-being. Hayco aims to take efforts and to progressively eliminate risks in the working environment and provide a safe workplace for both our employees, contractors, and subcontractors.

Health and Safety

Management System

Our health and safety management systems are developed in line with local/national/international EHS laws and regulations, our “Manual of Social Responsibility”, and the requirement of ISO 45001 – the International Standards Organization Certification for Occupational Health and Safety. We regularly review our policies and procedures when necessary. Up to now, we have established policies and procedures for special equipment, fire protection, electrical/chemical/equipment safety, etc. and regulate daily operation activity. We also have an EHS Committee to take responsibility for health and safety issues, which includes the senior management representative as the highest leader.



EHS committee structure





Hazard Identification, Assessment, and Incident Investigation

Hayco places great importance on the risk identification and assessment in occupational health and safety management. Through a systematic risk assessment process, we can effectively identify potential safety hazards, including equipment failures, chemical leaks, and human errors. In 2023, we applied the LEC assessment method to conduct a comprehensive identification and evaluation of hazards in all places where employees or third parties carry out work activities. This approach helped us systematically identify potential risks, assess their severity and likelihood of occurrence. Based on the identified risks and their ratings, we implement specific methods to control safety and health risks. By doing so, we can better manage and reduce risks, enhancing the overall level of safety.

In the event of a safety incident, we have established multiple channels for employees to report accidents, ensuring timely communication and effective handling of the situation. These channels include, but are not limited to, emails, and online platforms or report to EHS colleague directly. We are committed to protecting all res from any form of retaliation to encourage active participation in safety management.

For safety incidents, we have developed a comprehensive set of procedures designed to provide thorough guidance for incident handling. In accordance with the nature of various incidents, the company has developed multiple emergency plans, including procedures for handling workplace injuries, fire emergency response plans, and chemical spill emergency plans, to ensure a prompt and effective response in the event of unforeseen incidents. Through this standardized emergency plans, we aim to enhance the transparency and effectiveness of safety management, minimizing the impact of incidents on both employees and the company.

Training

To continuously enhance employee safety awareness and operational standards, Hayco has actively developed a variety of training materials related to occupational health and safety. These materials cover not only basic safety knowledge but also delve into operational protocols and emergency procedures. Through vivid case studies and illustrative content, we ensure that each employee can intuitively understand potential hazards and corresponding safety measures. Additionally, we regularly update the training materials to ensure alignment with the latest industry standards and regulations. By the end of the reporting period, we have published 7 training materials.

In 2023, the company conducted a total of 24 training sessions related to health and safety, ensuring that all employees covered.



Fire Fighting Equipment Skills Competition



Fire Drill



Cervical Vertebra Health Lecture



Emergency Center Experience



Breast Cancer Health Lecture



Aid Training

Safety Month

Safety Month is an annual event held in June in China to raise awareness about workplace safety. During this month, we conduct training sessions, awareness campaigns and emergency drills to promote safety knowledge, raise employee awareness and reduce accidents, ensuring a safer production environment.



EAP Program

EAP (Employee Assistance Program) program is designed to enhance employee well-being by providing support in areas such as mental health awareness, communication skills, conflict resolution, and work-life balance. EAP is now accessible to our colleagues across global, offering confidential, anonymous, and impartial support on a range of wellbeing topics, including mental health and financial challenges. In addition, we also organize a variety of lectures on topics that are of interest to our employees. During this reporting period, we had held 2 lectures on family communication skills and sleep problems. In the future, we will expand the scope of the EAP program.

Employees' Wellbeing Support

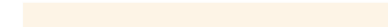
We place great emphasis on the work-life balance of its employees by offering a variety of benefits. This approach not only helps employees perform at their best and reach their full potential but is also critical to the company's overall performance.

To better understand the needs of our employees, we conduct an employee satisfaction survey every year. At the Shenzhen Site, we asked colleagues about their satisfaction with the dormitories and canteen; at the Dominican Site, we conducted a satisfaction survey on the overall working environment. The results of the satisfaction survey are shown in the table below:

Year	Shenzhen Site	Dominican Site
	Canteen: 67.82%  Dormitories: 78.54%	/
2022	Canteen: 69%  Dormitories: 78%	52.37
2023	Canteen: 70%  Dormitories: 86%	66.94



# Community Engagement



At Hayco, we share a profound commitment to make a positive impact, not only our internal team but also on the communities we serve and the environment we share.

In 2023, Hayco's dedication to the communities in Mainland China reached new heights. We actively participated in various neighborhood committee activities, fostering strong bonds with local residents. Additionally, we organized team-building events to have litterpicking activities, by protect and keep natural beauty in the mountains surrounding by company. Our clothing donation drive brought warmth to impoverished individuals in northwestern regions, underscoring our commitment to social welfare.

## Environmental Clean-up for a Greener Future

On March 5th, in celebration of the 60th "Learn from Lei Feng Day," 21 volunteers from Hayco participated event called "green home protection campaign" at Luotian Forest Park. During the campaign, the volunteers cleaned up plastic bags, fruit peels, cigarette butts, and other waste, promoting environmental care and responsibility. This initiative showcased Hayco's dedication to public welfare and environmental sustainability while inspiring citizens to protect our shared home.



## Blood Donation: Fueling Life with Love

On February 22nd, Hayco collaborated with the Bao'an District Blood Center for a voluntary blood donation campaign titled "Gathering Love, Walking with Love." A total of 53 employees took part, with a combined total of 15,200 milliliters of blood. This contributions demonstrated Hayco's commitment to supporting life-saving career and community well-being.



## Old Clothes Donation: Spreading Warmth and Sustainability

On June 5th, Hayco organized a clothing donation drive at the BCE employee dormitory, where 30 employees donated about 90 kilograms of clothing. The drive emphasized the spirit of "dedication, friendship, and mutual assistance," bringing warmth and support to those in need. Additionally, Hayco installed permanent clothing donation boxes in its dormitories, encouraging employees to recycle old uniforms, which are repurposed and donated to organizations in need. This initiative aligns with Hayco's promise to resource conservation and environmental sustainability.



Hayco was recognized as one of 45 enterprises awarded the "Healthy Enterprise" title by the Shenzhen government for its dedication to fostering health and well-being within its operations. This recognition, given by the Shenzhen Municipal Health Promotion Office, highlights Hayco's commitment to creating a positive, healthy work environment for employees and supporting broader community well-being.

In 2023, Hayco was honored as one of the 45 enterprises granted the "Healthy Enterprise" title by the Shenzhen government, acknowledged by the Shenzhen Municipal Health Promotion Office for its dedication to nurturing health and well-being within its operations. This recognition underscores Hayco's commitment to establishing a positive and healthy work environment for its employees, as well as supporting the overall well-being of the broader community.





### Giving and community service

Hayco has consistently invested for community donation, also leading to a steady increase in service hours and participation numbers. In 2023, service hours surged from 88.5 to 238 hours, and the number of beneficiaries rose significantly from 72 to 142, reaching a total of 2,000 people.

## Community Engagement in Hong Kong

### Donation and Community Support Initiatives:

Hayco organized various donation drives and fashion-related events to raise funds for those in need. Through the “Peace Box 2023 – Life Grows Through Action” initiative, we successfully donated 100–150 portions of canned food and other essential items to families in need. These efforts reflect our commitment to supporting vulnerable communities and providing vital assistance to low-income families.



Peace Box 2023 – Life Grow Through Action

### Environmental Protection Efforts:

As part of our environmental commitment, Hayco participated in the “Work for Nature” campaign organized by the World Wide Fund for Nature (WWF). This initiative aligns with our dedication to sustainability and protecting natural ecosystems.



### Blood Donation Drives:

Hayco actively participated in blood donation drives, contributing to societal harmony and progress. Partnering with the Hong Kong Red Cross Blood Transfusion Service, we organized a blood donation event where our employees came together at the Causeway Bay Donor Centre to donate blood. A single blood donation can help save three or more patients, embodying the spirit of giving and spreading positivity within the community.



Blood donation



In recognition of our outstanding contributions to society, Hayco has been honored with the Business Caring Company Award from the Hong Kong Council of Social Service for six consecutive years. This award highlights our ongoing efforts to positively impact the community through meaningful and sustainable actions.

## Community Impact in the Dominican Republic

Hayco's commitment to both China and the Dominican Republic (DR) is demonstrated through various initiatives. During the 2023 Safety Week, Hayco organized a beach cleanup event in the DR, with volunteers participating to highlight the company's dedication to environmental sustainability and community engagement. This event not only emphasizes Hayco's commitment to protecting the environment but also showcases its role as a responsible corporate citizen.



As we grow, we believe in extending our help and support to our communities and ecosystem partners, empowering them to thrive alongside us. Our social contributions reflect our deep understanding of the responsibility we hold to drive meaningful change and advocate for causes that resonate with our values.



# Data & Supporting Document

## Metrics

### Governance

Topics	Metrics	Unit	2021	2022	2023
Compliance	% of sites at which an SOP on competitor interaction guidelines has been implemented	%	0	33	100
	% of sites which have implemented a whistleblower mechanism for information security	%	0	100	100
	% of sites at which annual audits for information security has been performed	%	0	0	100
	% of sites at which an SOP regarding the storage duration and disposal of company documents has been implemented	%	100	100	100
	% of all operational sites with an information security management system (ISMS) certified to ISO 27000 (or other equivalent/similar standard)	%	33	33	33
	% of our key employees [>JG5] who have received fraud awareness training	%	0	37	100
	% of sites at which a whistleblower mechanism for fraud awareness has been implemented	%	100	100	100
	% of our key employees (of finance and the management) who have received anti-money laundering awareness training	%	100	100	100
	% of sites at which a whistleblower mechanism for anti-money laundering has been implemented	%	100	100	100
	% of suppliers who have signed supplier code of conduct	%	38	50	58
Sustainable Procurement	% of suppliers with contracts that include clauses on environmental, labour, and human rights requirements	%	29	44	50
	% of suppliers who gone through Supplier Factory Assessment Report including environmental or social practices	%	31	42	51
	% of suppliers covered by on-site audit on environmental or social issues	%	31	42	51
	% of suppliers who are engaged in capacity building	%	0	14	28
	% of buyers who received training on sustainable procurement	%	0	71	68

### Social

Topics	Metrics	Unit	2021	2022	2023
Diversity and inclusion	Total number of employees	People	5,815	5,254	5,226
	By gender				
	Male	People	2,852	2,401	2,423
	Female	People	2,963	2,853	2,803
	By age				
	Under 30 years old	People	2,473	2,303	2,228
	30-50 years old	People	3,203	2,784	2,761
	Over 50 years old	People	139	167	237
Human rights	Incidents of human rights violation	Number	0	0	0
	Percentage of sites received human rights audit	Percentage	100	100	100
	The number of employees received human rights training	People	5,818	5,268	5,194
	Total hours of training for human rights	Hour	2,585	1,867	1,276
Occupational health and safety	Fatality rate for employees	Rate	0	0	0
	Injury severity rate for employees	Rate	5.05%	2.08%	1.55%
	Recordable injury rate for employees	Rate	8.83%	2.77%	5.44%
	Occupational diseases rate for employees	Rate	0	0	0
	Fatality rate for suppliers	Rate	0	0	0
	Injury severity rate for suppliers	Rate	0	0	0
	Recordable injury rate for suppliers	Rate	0	0	0
	Occupational diseases rate for suppliers	Rate	0	0	0
% of employees who received skills development trainings	By Site				
	HK	Rate	100%	100%	100%
	Shenzhen	Rate	100%	100%	100%
	DR	Rate	100%	100%	100%



Topics	Metrics	Unit	2021	2022	2023
% of by gender and by employee category who received regular performance/ career development reviews	CN Site				
	Senior Management (Governing bodies: directors, supervisors, senior executives)				
	Male	Rate	100%	100%	100%
	Female	Rate	100%	100%	100%
	Middle Management				
	Male	Rate	100%	100%	100%
	Female	Rate	100%	100%	100%
	Grassroots Management				
	Male	Rate	100%	100%	100%
	Female	Rate	100%	100%	100%
	Employees				
	Male	Rate	100%	100%	100%
	Female	Rate	100%	100%	100%
	DR Site				
	Senior Management (Governing bodies: directors, supervisors, senior executives)				
	Male	Rate	100%	100%	100%
	Female	Rate	100%	100%	100%
	Middle Management				
	Male	Rate	100%	100%	100%
	Female	Rate	100%	100%	100%
	Grassroots Management				
	Male	Rate	100%	88%	83%
	Female	Rate	100%	37%	25%
	Employees				
	Male	Rate	26%	36%	33%
	Female	Rate	8%	9%	9%

## Environmental

Topics	Metrics	Unit	2021	2022	2023
Energy	Energy consumption	MWh	66,846	53,314	60,190
	-Diesel consumption	L	83,275	47,448	40014.7
	-Gasoline consumption	L	0	0	0
	-LPG (Liquefied Petroleum Gas) consumption	Ton	11.06	6.34	1.78
	-Electricity consumption	MWh	64,362.9	51,046.8	57,808.8
	Renewable energy consumption	MWh	2,049	2,146	2,268
	-Solar Energy consumption	MWh	2,049	2,146	2,268
Greenhouse Gases	Scope 1 GHG emissions	tons CO2e	154	75	871.5
	Scope 2 GHG emissions (Location Based)	tons CO2e	58,161	45,003	35,985
	Scope 3 GHG emissions	tons CO2e	N/A	N/A	106,838.61
Water Resources	Water consumption	Megalitres	424.5	389.0	327.6
	Proportion of recycled water used for production, irrigation and cooling processes	%	58	59	57
Waste	Hazardous waste generated	tons	139.1	287.3	72.7
	Non-hazardous waste generated	tons	2,799.5	2,915.6	2,609.4
Environmental Management	Proportion of sites at which an environmental risk assessment has been conducted	%	100	100	100
	Proportion of ISO 14001 certification Coverage	%	100	100	100
	Proportion of of sites with the environmental emergency response procedure	%	100	100	100
	Proportion of total workforce who received EHS training	%	100	100	100
	Plastics recycled for input materials	tons	1,181.32	1,763.22	1,271.95
Sustainable Products	Proportion of our durable finished products to be recyclable	%	50	75	85



# Index

## Index A GRI Standards Index General Disclosures

Statement of use	Hayco has reported in accordance with the GRI Standards for the period 1 January to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	About us	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organization's sustainability reporting	About this Report			
	2-3 Reporting period, frequency and contact point	About this Report			
	2-4 Restatements of information	About this Report			
	2-5 External assurance	Statement of Independent Assurance			
	2-6 Activities, value chain and other business relationships	About us			
	2-7 Employees	Our people			
	2-8 Workers who are not employees	Our people			
	2-9 Governance structure and composition	Corporate Governance			
	2-10 Nomination and selection of the highest governance body	Corporate Governance			
	2-11 Chair of the highest governance body	Corporate Governance			
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2-13 Delegation of responsibility for managing impacts	Corporate Governance			
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance			
	2-15 Conflicts of interest	Corporate Governance			
	2-16 Communication of critical concerns	Corporate Governance			
	2-17 Collective knowledge of the highest governance body	Corporate Governance			
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance			
	2-19 Remuneration policies	/		Confidentiality constraints	Sensitive information
	2-20 Process to determine remuneration	Corporate Governance			
	2-21 Annual total compensation ratio	/		Confidentiality constraints	Sensitive information
	2-22 Statement on sustainable development strategy	A Note From Our CEO			
	2-23 Policy commitments	Our Commitment to Sustainability			
	2-24 Embedding policy commitments	Our Commitment to Sustainability			
	2-25 Processes to remediate negative impacts	Business Ethics			
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics			
	2-27 Compliance with laws and regulations	Business Ethics			
	2-28 Membership associations	About us			
	2-29 Approach to stakeholder engagement	Materiality: Identifying Priority Areas			
	2-30 Collective bargaining agreements	Business Ethics			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality: Identifying Priority Areas			
	3-2 List of material topics	Materiality: Identifying Priority Areas			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	/		Information unavailable	No Contribution
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	/		Information unavailable	Non-listed company
	201-2 Financial implications and other risks and opportunities due to climate change	/		Information unavailable	No Contribution
	201-3 Defined benefit plan obligations and other retirement plans	Human capital development			
	201-4 Financial assistance received from government	/		Information unavailable	No Data
Market presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity, Equity and Inclusion			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Metrics			
	202-2 Proportion of senior management hired from the local community	Metrics			
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	/		Confidentiality constraints	Non-listed company
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	/		Confidentiality constraints	Non-listed company
	203-2 Significant indirect economic impacts	/		Confidentiality constraints	Non-listed company
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Supply Chain Management			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	204-1 Proportion of spending on local suppliers	/		Information unavailable	No data
<b>Anti-corruption</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics			
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics			
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics			
<b>Anti-competitive behavior</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics			
<b>Tax</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	/		Confidentiality constraints	Non-listed company
GRI 207: Tax 2019	207-1 Approach to tax	/		Confidentiality constraints	Non-listed company
	207-2 Tax governance, control, and risk management	/		Confidentiality constraints	Non-listed company
	207-3 Stakeholder engagement and management of concerns related to tax	/		Confidentiality constraints	Non-listed company
	207-4 Country-by-country reporting	/		Not applicable	Not Country by country Reporting
<b>Materials</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Product Development			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Metrics			
	301-2 Recycled input materials used	Metrics			



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	301-3 Reclaimed products and their packaging materials	Metrics			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance Climate change			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Metrics			
	302-2 Energy consumption outside of the organization	Corporate Governance Climate change			
	302-3 Energy intensity	/		Information unavailable/incomplete	low material impact
	302-4 Reduction of energy consumption	Corporate Governance Climate change			
	302-5 Reductions in energy requirements of products and services	Corporate Governance Climate change			
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Management and Efficiency			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management and Efficiency			
	303-2 Management of water discharge-related impacts	Water Management and Efficiency			
	303-3 Water withdrawal	/		Information unavailable/incomplete	No Data
	303-4 Water discharge	/		Information unavailable/incomplete	No Data
	303-5 Water consumption	Metrics			
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	/		Not applicable	low material impact
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	/		Not applicable	low material impact

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 3: Material Topics 2021	304-2 Significant impacts of activities, products and services on biodiversity	/		Not applicable	low material impact
GRI 205: Anti-corruption 2016	304-3 Habitats protected or restored	/		Not applicable	low material impact
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	/		Not applicable	low material impact
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance Climate change			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Metrics			
	305-2 Energy indirect (Scope 2) GHG emissions	Metrics			
	305-3 Other indirect (Scope 3) GHG emissions	Metrics			
	305-4 GHG emissions intensity	/		Information unavailable/incomplete	no Data
	305-5 Reduction of GHG emissions	Corporate Governance Climate change			
	305-6 Emissions of ozone-depleting substances (ODS)	/		Information unavailable/incomplete	no Data
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	/		Information unavailable/incomplete	no Data
Spills					
GRI 3: Material Topics 2021	3-3 Management of material topics	/		Not applicable	low material impact
GRI 306: Effluents and Waste 2016	306-3 Significant spills	/		Not applicable	low material impact
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste and Pollutants Management			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste and Pollutants Management			
	306-2 Management of significant waste-related impacts	Waste and Pollutants Management			
	306-3 Waste generated	Metrics			
	306-4 Waste diverted from disposal	Metrics			
	306-5 Waste directed to disposal	Metrics			
	<b>Supplier environmental assessment</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	Supply Chain Management and Integrity			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supply Chain Management and Integrity			
	308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Management and Integrity			
<b>Employment</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Human rights & Diversity, Equity, and Inclusion			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human capital development&Metrics			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human capital development&Metrics			
	401-3 Parental leave	Diversity, Equity, and Inclusion			
<b>Labor/management relations</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Human rights			
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Human rights			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Health, Safety and Wellbeing			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Health, Safety and Wellbeing			
	403-2 Hazard identification, risk assessment, and incident investigation	Health, Safety and Wellbeing			
	403-3 Occupational health services	Health, Safety and Wellbeing			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health, Safety and Wellbeing			
	403-5 Worker training on occupational health and safety	Health, Safety and Wellbeing			
	403-6 Promotion of worker health	Health, Safety and Wellbeing			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health, Safety and Wellbeing			
	403-8 Workers covered by an occupational health and safety management system	Health, Safety and Wellbeing			
	403-9 Work-related injuries	Health, Safety and Wellbeing &Metrics			
	403-10 Work-related ill health	Health, Safety and Wellbeing &Metrics			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	Human capital development			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human capital development			
	404-2 Programs for upgrading employee skills and transition assistance programs	Human capital development			



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	404-3 Percentage of employees receiving regular performance and career development reviews	Human capital development			
<b>Diversity and equal opportunity</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity, Equity and Inclusion			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men	Diversity, Equity and Inclusion & Metrics			
<b>Non-discrimination</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity, Equity and Inclusion			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Business Ethics			
<b>Freedom of association and collective bargaining</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Human rights			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human rights			
<b>Child labor</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Human rights			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human rights			
<b>Forced or compulsory labor</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Human rights			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human rights			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Security practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Human rights			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Human rights			
Rights of Indigenous Peoples					
GRI 3: Material Topics 2021	3-3 Management of material topics	/		Not applicable	low material impact
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	/		Not applicable	low material impact
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	Community engagement			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community engagement			
	413-2 Operations with significant actual and potential negative impacts on local communities	/		Not applicable	The organization does not have operating points with significant actual or potential negative impacts on local communities
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Supplier Chain Management			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supplier Chain Management			
	414-2 Negative social impacts in the supply chain and actions taken	Supplier Chain Management			
Public policy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Corporate Governance			
GRI 415: Public Policy 2016	415-1 Political contributions	Responsible Corporate Governance			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	/		Not applicable	low material impact
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	/		Not applicable	low material impact
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	/		Not applicable	low material impact
Marketing and labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Business Ethics			
	417-2 Incidents of non-compliance concerning product and service information and labeling	Business Ethics			
	417-3 Incidents of non-compliance concerning marketing communications	Business Ethics			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	/		Information unavailable	Low Impact Materiality
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	/		Information unavailable	Low Impact Materiality

## Index B. Alignment to the UN SDGs

SDGs Targets	Report Alignment	SDGs Targets	Report Alignment
	Human Capital Development Health, Safety and Wellbeing Community Engagement		Supply Chain Management
	Human Capital Development		Community Engagement Corporate Governance Climate change
	Diversity, Equity, and Inclusion		Waste and Pollutants Management
	Water Management and Efficiency		Corporate Governance Business Ethics
	orporate Governance Climate change		Supply Chain Management
	Human Capital Development Corporate Governance Supply Chain Management		



Index C. Alignment to SASB Household and Personal Products standard

Topics	Metrics	Unit	2021	2022	2023
Water Management	(1) Total water withdrawn	m <sup>3</sup>	/	/	/
	(2) total water consumed	Megalitres	424.5	389.0	327.6
	(3) percentage of each in regions with High or Extremely High Baseline Water Stress	%	/	/	/
Product Environmental, Health and Safety Performance	Revenue from products that contain substances of high concern	CNY	/	/	/
	Revenue from products designed with green chemistry principles	CNY	/	/	/
		Metric tonnes (t)	/	/	/
Packaging	(1) Total weight of packaging	Percentage (%)	/	/	/
Life cycle Management	(2) percentage made from recycled or renewable materials, and	Percentage (%)	/	/	/
	(3) percentage that is recyclable, reusable or compostable	Metric tonnes (t)	/	/	/
	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved,	Percentage (%)	/	/	/
		Metric tonnes (t)	/	/	/
Impacts of Palm Oil Supply Chain	(b) Segregated,	Percentage (%)	/	/	/
	(c) Mass Balance or	Metric tonnes (t)	/	/	/
		Percentage (%)	/	/	/
	(d) Book & Claim	Metric tonnes (t)	/	/	/
		Percentage (%)	/	/	/

Index D. Alignment to UNGC United Nations Global Compact Ten Principles

Principles	Content	Section
Human Rights		
Principle I	Businesses should respect and uphold all internationally recognized human rights	Human rights
Principle II	Companies will not be involved ("complicit") in any disregard or abuse of human rights	Human rights
Labor Standards		
Principle III	Companies should uphold freedom of association and recognize the right to collective bargaining between labor and management	Human rights
Principle IV	Companies should eliminate all forms of forced labor	Human rights
Principle V	Enterprises should eliminate child labor system	Human rights
Principle VI	Companies should eliminate any discrimination in employment and occupation	Diversity, Equity, and Inclusion
Environment		
Principle VII	Businesses respond to environmental challenges in a proactive manner	Corporate Governance and Climate Change
Principle VIII	Companies should take the initiative to increase their responsibility for environmental protection	Corporate Governance and Climate Change
Principle IX	Companies should encourage the development and promotion of environmentally friendly technologies	Sustainable Product Development Green Packaging
Anti-Corruption		
Principle X	Businesses should oppose all forms of corruption, including extortion and bribery	Business Ethics

# Independent Verification Statement



**To the management and stakeholders of Hayco,**

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as "TÜV SÜD") has been engaged by Hayco Manufacturing Limited (hereinafter referred to as "Hayco" or "the Company") to perform an independent third-party verification on "Environmental, Social and Governance Report 2023" (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with Hayco and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by Hayco and provided to TÜV SÜD. The scope of verification is limited to the given information. Hayco shall be held accountable for authenticity and completeness of the provided data and information.

**Scope of Verification**

Time frame of this verification:

- ❖ The Report contains the data disclosed by Hayco during the reporting period from January 1<sup>st</sup>, 2023 to December 31<sup>st</sup>, 2023, including governance, environmental and social information and data, methods for management of material issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- ❖ The on-site verification sampling took place at below listed location:  
No. 2 Longshan Fifth Road, Luotian, Yanluo, Baoan District, Shenzhen, Guangdong, China.

Scope of data and information for the verification:

- ❖ The scope of verification is limited to the data and information of Hayco and all companies under its operational control covered by the Report.

The following information and data are beyond the scope of this verification:

- ❖ Any information and contents beyond the reporting period of this Report; and
- ❖ The data and information of Hayco's suppliers, partners and other third parties; and
- ❖ The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

**Limitations**

- ❖ The verification process is conducted in the above scope and places. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the Company are interviewed; and
- ❖ The Company's standpoint, opinions, forward-looking statements, and predictive information as well as the historical data and information before January 1st, 2023 are beyond the scope of this verification; and
- ❖ TÜV SÜD's verification conclusions are based on the analysis of the data and information collected by TÜV SÜD and may not identify all problems and conditions, nor do they constitute a guarantee of the credibility or status of the subject of verification.

**Basis for the Verification**

TÜV SÜD Certification and Testing  
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# Independent Verification Statement



This verification process was conducted by TÜV SÜD's expert team with extensive experience in the economic, environmental, social and other relevant areas and drew the conclusions thereof. The verification conforms to the following standards:

- ❖ *International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, Limited Assurance*
- ❖ *TÜV SÜD Procedure of Verification on Sustainability Report*

In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

- ❖ Preliminary investigation of the relevant information before the verification;
- ❖ Confirmation of the presence of the topics with high level of materiality and performance in the Report;
- ❖ On-site review of all supporting documents, data and other information provided by Hayco; tracing and verification of key performance information;
- ❖ Special interview with the representative of Hayco's management; interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- ❖ Other procedures deemed necessary by the verification team.

**Verification Conclusions**

According to the verification, we believe that the data and information presented in Hayco's report are objective, factual and reliable, without systematic problems, and can be used by stakeholders.

The verification team has drawn the following conclusions on this Report:

<b>Inclusivity</b>	Hayco has identified the internal and external stakeholders such as employees, suppliers, clients, government and regulators, shareholders and investors, communities etc., and established a stakeholder communication mechanism to collect the real demands of stakeholders on a regular basis.
<b>Materiality</b>	Hayco has established the prioritization process of material topics determination, identified and assessed the priority of the sustainability topics which are highly related to the industry, the Company disclosed the strategy, management approach as well as sustainability performance in corporate operation, therefore the Report's adherence to materiality principle is guaranteed.
<b>Responsiveness</b>	Hayco has disclosed the management approach and performance of high material topics that stakeholders concern, such as human rights, occupational health and safety, supply chain management, business ethics, waste and pollutants, human capital development and corporate governance etc., and has established a communication mechanism, to fully respond to the demands and expectations of stakeholders.
<b>Impact</b>	Hayco has established a Sustainability Steering Committee to enhance the Company's efforts in the areas of environmental, social responsibility and corporate governance. By leading the development of the Company's ESG strategic planning, policies and work plans, reviewing and approving the ESG annual report, and regularly evaluating the implementation of the Company's ESG work, the Company will continue to promote the process of corporate

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Independent Verification Statement



sustainable development work. At the same time, the Committee is committed to strengthen the implementation of the Company's low-carbon development target, further taking into account the potential impact of climate change on the business, and optimizing the Company's performance in the field of sustainable development.

Recommendations on Continuous Improvement

- It is recommended that the Company continues to implement the low-carbon development target, and more directly reflects the impact of climate change on the Company's business.

Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specializes in testing, certification, auditing and advisory services. Since 1866, the company has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. Through expert teams represented by more than 26,000 employees, it adds value to customers and partners by enabling market access and managing risks. By anticipating technological developments and facilitating change, TÜV SÜD inspires trust in a physical and digital world to create a safer and more sustainable future.

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch is one of TÜV SÜD's global branches and has an expert team whose members have professional background and rich industrial experiences. TÜV SÜD and Hayco are two entities independent of each other and both TÜV SÜD and Hayco and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the Company. The verification is completely neutral.

Signature:

On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch

Zhu Wenjun  
TÜV SÜD Sustainability Authorized Signatory Officer

Nov 26<sup>th</sup>, 2024

Shanghai, China

Note: In case of any inconsistency or discrepancy, the simplified Chinese version "Independent Verification Statement CN" of this verification statement shall prevail, while the English translation is used for reference only.

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