



# 2023

## Environmental, Social and Governance Report





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# | About Heno

Since 2011, Hubei Heno Biological Engineering Co., Ltd. has been dedicated to the production of natural nicotine and its multifunctional applications.

Reflecting on the new developments in 2023, Heno has upheld the principle of stability. The company seeks progress through steady development, proactively overcoming challenges, and addressing multiple constraints. Heno has improved its internal governance structure and actively advanced the construction of its compliance management system. The core competitiveness of its products has consistently increased, while its growth momentum and vitality have been significantly enhanced. In 2023, Heno's tax and fee contributions rose by 58.64% year-on-year. The company's total assets increased by 28.88% year-on-year, with net assets at year-end up by 61.62%. Moreover, the cumulative net profit for the year surged by 160.37% compared to the previous year.

As of 2023:

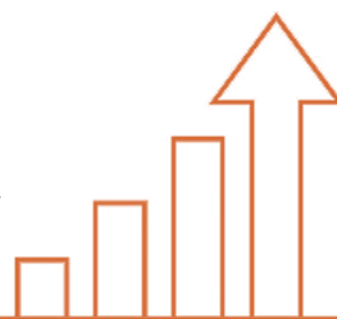
Taxes and fees paid

rose by  
**58.64** %

Total assets grew by  
**28.88** %

Net assets increased by  
**61.62** %

Cumulative net profit  
surged by  
**160.37** %



Since its establishment, Heno has been focused on the recycling of tobacco waste. Currently, we hold a leading position in the domestic market for natural nicotine.

As of 2023:

- ③ Heno has **94** intellectual property achievements, including 6 new invention patent applications, 4 utility model patent applications, 4 authorized invention patents, and 2 authorized utility model patents by China National Intellectual Property Administration.
- ③ **5** national and provincial honors, including the titles of National Specialized, Refined, Distinctive, and Innovative (SRDI) "Little Giant" Enterprise, Provincial Technology "Little Giant," Hidden Champion, Gazelle Enterprise, and National Intellectual Property Advantageous Enterprise.
- ③ In terms of tobacco production, technological capabilities, and brand building, we established **two** provincial-level research and innovation platforms.
- ③ The company's application to establish local standards for natural nicotine production and processing in Hubei Province has been approved, addressing existing gaps in technical control.

Upholding the concept of green development, we actively promoted energy management system certification and green factory evaluations in 2023, aiming to grow into a green and eco-friendly enterprise.

“

Looking ahead, we will continue to advance research on the multifunctional applications of nicotine, striving to become a domestic leader and a world-class high-tech enterprise in nicotine utilization, driving new progress and breakthroughs in high-quality development.

”





# | About This Report

## • Report Overview

This report presents the key performance indicators of Hubei Heno Biological Engineering Co., Ltd. in the areas of environment, social responsibility, and corporate governance for 2023, highlighting the company's achievements in these fields for stakeholders and the public.

## • Report Scope

The report covers the company's environmental, social, and governance activities from January 1, 2023, to December 31, 2023.

## • Preparation Basis

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards, the United Nations 2030 Agenda for Sustainable Development, and the ISO 26000:2010 Guidance on Social Responsibility, reflecting the company's specific circumstances.

## • Terminology

In this report, Hubei Heno Biological Engineering Co., Ltd. is referred to as "Heno," "the company," or "we."

## • Data Description

All data cited in this report is derived from Heno's official documents, statistical reports, and financial statements.

## • Report Access

This report is available in electronic format and can be accessed through the contact information on Heno's official website. (Website: Heno Culture - Social Responsibility)



# I Speech by the Executive

Moving forward with courage and purpose, 2023 marks a pivotal year for our company as we officially launch our new factory and adapt to the first year of the Regulations on E-Cigarette Management. Thanks to the collective efforts of all Heno employees, we remain committed to a steady approach, tackling challenges head-on and proactively addressing various constraints. Our internal governance system has improved significantly, enhancing our core product competitiveness and strengthening our momentum for high-quality development. Through refined and intelligent management, we continue to explore paths for ESG development, promoting sustainable and healthy growth for our company.

## Strengthening Supply and Demand for Resilient Growth

We adhere to the principles of “safety, health, environmental protection, and satisfaction,” with a focus on customer satisfaction. We are innovating and expanding our presence in the natural nicotine market while fostering collaborative development across our supply chain. On the supply side, we prioritize supply chain management to ensure a steady flow of raw materials. On the demand side, in light of global economic pressures, we are working tirelessly to stabilize our product sales. We implement a “one strategy for each enterprise” approach for our downstream clients, ensuring seamless high-quality service delivery. Leveraging our resource advantages, we continue to strengthen our research and innovation capabilities, establish a robust intellectual property management system, and enhance our testing and inspection standards. Our goal is to build the Heno brand while continuously increasing our resilience against risks. In 2023, we achieved all our

set targets, receiving an AA rating in the national integration of information technology and industrialization standardization management system, as well as numerous honors including National Intellectual Property Advantage Enterprise, first batch of Hubei Excellent Products, Provincial Intelligent Manufacturing, Provincial Industrial Internet Platform, and Provincial 5G Fully Connected Factory. Our testing center has also obtained laboratory certification from the China National Accreditation Service for Conformity Assessment (CNAS), significantly enhancing our brand influence.

## Remaining True to Our Mission and Sharing Development Benefits

While advancing our own development, we have never forgotten our origins, sharing the benefits of our success with employees and society. On one hand, we actively provide platforms for employees to grow and succeed, establishing sound talent development mechanisms and offering diversified training to support employee growth. In 2023, we nominated one employee for a senior professional title and 45 employees received special operations certificates. Our colleague Liu Hong was awarded the title of "Most Beautiful Industry Worker" in Enshi Prefecture, and the company received honors such as "Worker Pioneer of Enshi Prefecture," "Enshi Artisan," and "Model Workers' Home of Enshi Prefecture." At the same time, we actively give back to society, staying committed to local development and creating sustainable value in a responsible manner. For many years, we have engaged in charitable activities, focusing on poverty alleviation, children's education, and caring for veterans. In August 2023, the company spon

sored the first "Heno Bio · Shuangyong Cup" Men's Basketball Invitational Tournament in Enshi City, organized by the Enshi Veterans Care Association, which received positive social feedback..

## Fulfilling Environmental Commitments and Protecting Our Green Waters and Blue Mountains

Guided by the principles of a circular economy, we remain committed to green development and strive to develop into an eco-friendly enterprise with blue skies, green lands, clear waters, and clean air. We have accelerated the implementation of circular transformation projects, constructing a seamless and pollution-free green production line for natural nicotine according to "smart, safe, eco-friendly, and green" standards. We strictly enforce the environmental protection measures outlined in the project environmental impact report and approval documents. We have established wastewater treatment plants and waste gas disposal systems, and we entrust professional institutions to monitor the environment, ensuring that emissions meet national standards. Meanwhile, we are committed to improving energy efficiency, firmly following the path toward net-zero, and actively pursuing energy management system certifications and green factory assessments. Our work follows four key strategies: low-carbon development, circular economy, social harmony, and co-creating value. We integrate green environmental concepts throughout the product lifecycle, and in 2023, our successful relocation and transformation experience was recognized by the Hubei Provincial Government as one of the top ten green transformation cases for the Yangtze River Protection Initiative.

The journey ahead is long, and only through hard work will we succeed. 2024 marks the 75th anniversary of the founding of the People's Republic of China and is a critical year for achieving the goals set in the 14th Five-Year Plan. We will stay firmly on course, focusing on sustainable development, prioritizing ecological and green initiatives, and advocating for value creation through green quality services. With technological innovation breaking traditional boundaries, we will deepen our ESG practices together with stakeholders, striving to become a world-class enterprise that earns the trust of customers, the pride of employees, and the respect of society, accelerating our growth as a global leader in the comprehensive utilization of nicotine.



# Company Honors

## 2023 Key Milestones

## Previous Honors

April 2023



Top 10 Gold Medal Enterprises in Enshi

Hubei Province Manufacturing Single Champion Product (Nicotine Products)

May 2023



Leading Enterprise in Agricultural Industrialization in Enshi Prefecture

June 2023



Included in the Hubei Province Trademark Advantage List

Established the Intellectual Property Protection Office in Enshi Prefecture

November 2023



National Intellectual Property Advantage Enterprise

Completed the submission process for Good Manufacturing Practices (GMP) certification of active pharmaceutical ingredients

October 2021



Gazelle Enterprise title by Hubei Province

December 2021



Specialized, Refined, Distinctive, and Innovative (SRDI) "Little Giant" Enterprise of Hubei Province

April 2022



May 1st Labor Award by Enshi Prefecture

July 2022



National SRDI "Little Giant" Enterprise

October 2022



Contract-Abiding and Credit-Trustworthy Enterprise title by Hubei Province



# Company Honors

## January 2023

Received the Work Safety Permit



## March 2023

National Intellectual Property Advantageous Enterprise



## April 2023

Top 10 Gold Medal Enterprises in Enshi.



## June 2023

Top 10 High-Tech Enterprises in Enshi Prefecture.



## June 2023

Renewed the Tobacco Monopoly Production Enterprise License



## July 2023

Provincial Pilot Demonstration Enterprise for Intelligent Manufacturing



## October 2023

Received ESG Evaluation Certificate from the China Quality Certification Center (CQC)



## November 2023

Obtained the Drug Manufacturing Certificate



## November 2023

Provincial Honor for Industrial Internet Platform



## December 2023

China National Accreditation Service for Conformity Assessment (CNAS) Laboratory Accreditation



## December 2023

AA Rating in the National Integration of Information Technology and Industrialization Standardization Management System



## March 2024

First Batch of Hubei Province Premium Quality Certification







## Stakeholder Engagement

As a responsible company which values corporate citizenship, Heno prioritizes stakeholder engagement by actively seeking to understand and listen to their expectations regarding our ESG practices. This input is a vital consideration in our strategic planning. In 2023, we identified our key stakeholders based on our operational realities, geographical location, and industry best practices. These stakeholders include government and regulatory agencies, customers, shareholders and investors, suppliers, engineering service providers, business partners, local communities, the public, and the natural environment. We have established tailored communication methods to effectively address the concerns of each stakeholder group.

Stakeholder Group	Main Stakeholders	Topics Of Interest	Communication Channels
Government and Regulatory Agencies	Ministries, Local Governments, Securities Regulatory and Market Management Authorities, Emergency Management Institutions, Ecology and Environment Institutions, Tax Authorities, Customs, etc.	Emissions Management, Community Co-Development, Anti-corruption, Climate Change, Energy Management, Environmental Protection, Resource Management, Health Promotion	Institutional Inspections, Official Correspondence, Policy Implementation, Information Disclosure
Customers	Companies in the Tobacco and Pharmaceutical Industries, Startups, Research Institutions, Scientists, Entrepreneurs, Pharmaceutical Companies, etc.	Intellectual Property Protection, Information Security, Quality Management and Service Assurance, Anti-corruption, Responsible Marketing, Sustainable Procurement	Market Research, Technical Discussions, Customer Service Hotline, Customer (Satisfaction) Surveys

Stakeholder Group	Main Stakeholders	Topics Of Interest	Communication Channels
Shareholders and Investors	Investors in the company' s equity and bonds, Investment Firms, Rating Agencies	ESG Strategy, Risk Management, Capacity Building, Scaleup	Shareholders' Meetings, Disclosure and Reporting, Roadshows
Employees	Company Employees	Employee Development, Compensation and benefits, Occupational Health and Safety, Diversity and Inclusion	Policy Announcements, Management Meetings and Employee Assemblies, Internal Online Communication Platforms, Employee Training, Corporate Events, Employee Management Committees
Contractors	Infrastructure Project Contractors	Occupational Health and Safety, Resource Management	On-site Communication, Contractor Training
Suppliers	Raw Material and Equipment Suppliers	Sustainable Procurement	Supplier Evaluation, Supplier Communication and Training
Business Partners	Industry Associations	Industry Collaboration	Company Visits, Industry Forums
Community and Public	Residents around the Operating Sites, NGOs, Social Organizations, Media, etc.	Community Relations, Health Promotion	Volunteer Services, Community Activities, Interviews
Natural Environment	Natural Environment Affected by the Company' s Operations	Emissions Management, Climate Change, Energy Management, Environmental Management, Resource Management	Monitoring and Evaluation



Materiality Assessment



Category	High-Importance Topics	Medium-Importance Topics
Corporate Governance and Business Ethics	Risk Management, ESG Strategy	Anti-Corruption, Sustainable Procurement, Responsible Marketing
Products and Services	Tobacco Traceability, Quality Management and Service Assurance, Intellectual Property Protection	Capacity Building and Scaleup
Environment	Climate Change	Energy Management, Environmental Management, Resource Management, Emissions Management
Employees	Employee Development, Employee Compensation and Benefits, Occupational Health and Safety,	Diversity and Inclusion
Community	/	Industry Collaboration, Health Promotion, Community Co-Development



01.

# Excellence in Governance

Creating a harmonious, transparent, fair and  
robust governance mechanism

1.1 Management Commitment

1.2 Governance Structure

1.3 Effective Operation of the Board of Directors,  
Supervisory Committee and Shareholders' Meeting

1.4 Compliance Management and Risk Prevention





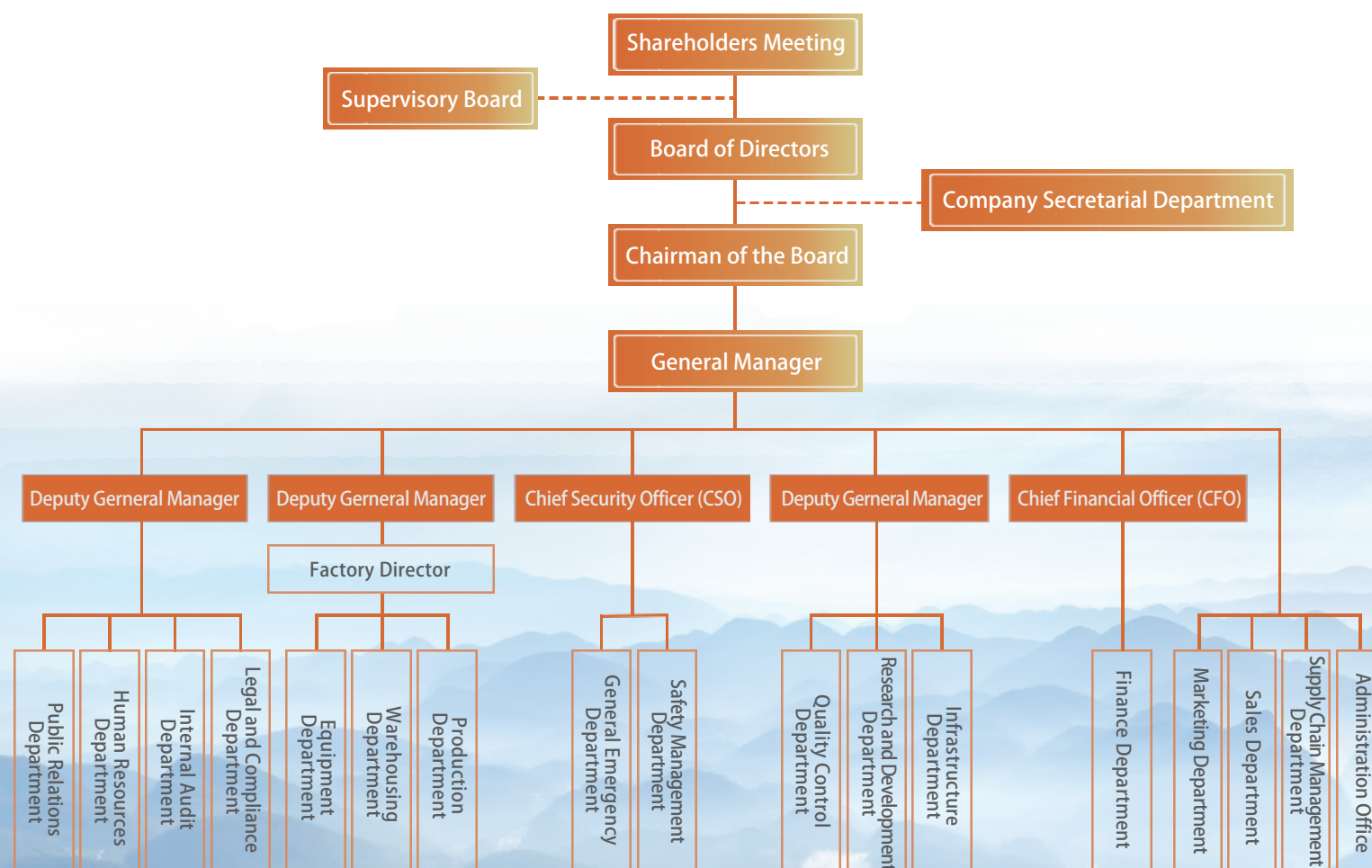
## Management Commitment

A robust corporate governance framework is the cornerstone and essential foundation of our company's sustainable development. We are dedicated to integrating the philosophy of "Harmony with Nature, Promise Over Treasure" into every aspect of our sustainable governance practices. This commitment encourages board members and management to fulfill their responsibilities while continuously improving governance transparency. We firmly believe that good governance practices clarify the distribution of responsibilities, protect shareholder rights, enhance corporate value, and enable us to share the benefits of our growth with all stakeholders.



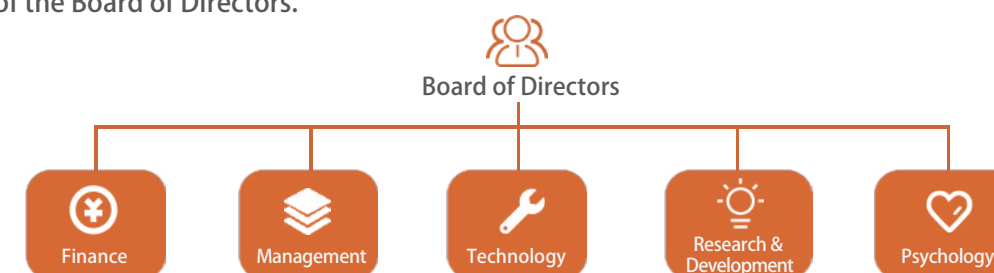
## Governance Structure

The organizational structure of corporate governance is continuously optimized in accordance with the relevant laws and regulations of the Company Law of the People's Republic of China and the Articles of Association of Hubei Heno Biological Engineering Co., Ltd., in conjunction with the company's development strategy.



## Effective Operation of the Board of Directors, Supervisory Committee and Shareholders' Meeting

The Company's Board of Directors adheres to diversified development, taking into account the age, educational background, ethnicity and expertise of its members to ensure that the Board of Directors is able to provide professional decision-making through a multi-dimensional perspective and to enhance the Company's ability to develop in a sustainable manner. **The Board of Directors consists of five members, whose expertise covers the fields of finance, management, technology, R&D, psychology, etc.,** providing strong support for the efficient operation of the Board of Directors.



Corporate governance continues to improve, building on the previously established regulations and systems. In 2023, the company completed the revision and compilation of **103** management systems across **11** categories, along with **84** manufacturing safety management systems. This has provided strong support for the company to fully achieve law-based governance and improve its corporate governance system.

According to the Board of Directors Meeting Rules of Hubei Heno Biological Engineering Co., Ltd., the Board of Directors, as the highest authority on product and service quality, is responsible for regularly reviewing relevant management systems and ESG performance, ensuring that the related management frameworks are implemented and monitored. It promotes close collaboration among all business departments to jointly advance efforts in quality, service, and supply chain management, integrating every employee into the collaborative framework of ESG management.

The General Manager is nominated by the Chairman of the Board and appointed by the Board of Directors. The Deputy General Manager (responsible for internal audit, legal compliance, and sustainability), Chief Financial Officer, Board Secretary, and Chief Security Officer are nominated by the General Manager and appointed by the Board. The company's management goal is to ensure that product and service quality meets international and industry certification standards, legal and regulatory requirements, as well as customer expectations. To achieve this goal, the company has established a comprehensive production monitoring system, quality management system, supplier management system, and a series of systematized management standards and processes that meet practical needs, continuously improving its ESG management.

**The company adheres to an internal control philosophy of "management institutionalization,** process standardization, and process digitization," with the aim of establishing a strict, standardized, comprehensive, and effective internal control system that is risk-management-oriented and compliance-focused. This system has established an all-encompassing risk prevention mechanism that involves the entire company, all employees, all processes, and the entire system, to achieve the control objectives of "strengthening internal control, promoting compliance, and preventing risks," effectively ensuring the company's high-quality development.

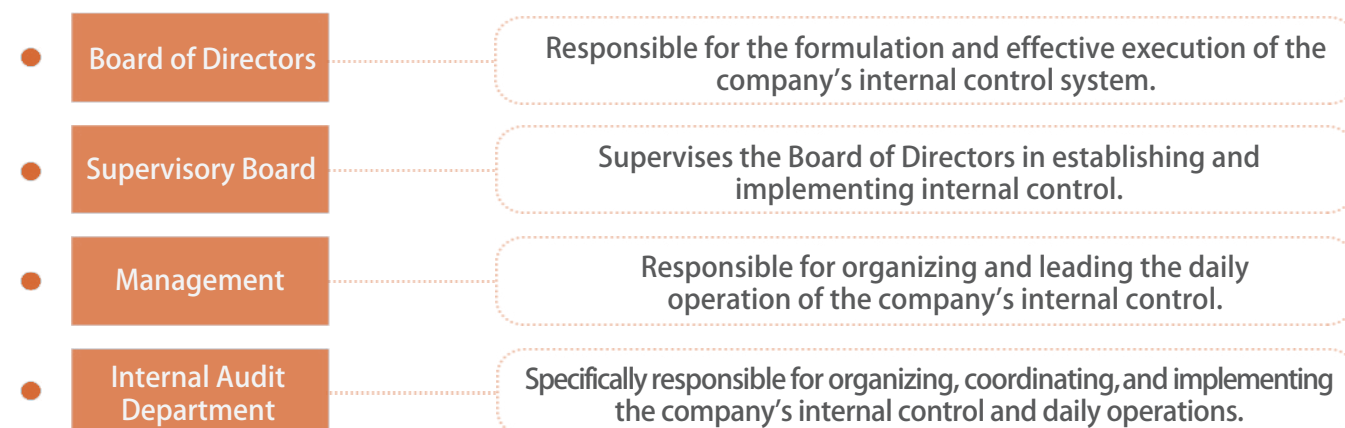


The company's internal control system implements tiered and categorized management, establishing a solid "three lines of defense" composed of the lead management department (the Legal and Compliance Department), the business functional departments (based on the principle of "whoever manages the business, is responsible for internal control, compliance, and risk management"), and the Internal Audit Department (responsible for audit supervision and accountability). These departments each perform their duties and work together to ensure the rigor and effectiveness of the internal control system.



Three Lines of Defense of Internal Control

The Hubei Heno Biological Engineering Co., Ltd. Compensation Management Plan aims to inspire employees' enthusiasm for their work, enhance their sense of belonging, and thereby motivate and increase their work efficiency. The Hubei Heno Biological Engineering Co., Ltd. Employee Performance Management Plan emphasizes the impact of operational activities on the economy, the environment, and people, including:



The Hubei Heno Biological Engineering Co., Ltd. Anti-Corruption and Anti-Bribery Policy focuses on supervising and managing personnel in key departments and positions, establishing a long-term mechanism for anti-corruption and anti-bribery efforts to prevent illegal activities and conflicts of interest, ensuring the company's compliance in operations. During the reporting period, the signing rate of the Compliance Code of Conduct and Anti-Corruption and Anti-Bribery Commitment by management personnel was 100%.

We believe that good corporate governance practices are crucial for effective risk management. The Board of Directors and Internal Audit Department extensively oversee governance risks to control the company's risk, enhance the reliability of information disclosure, and ensure the legality and compliance of the company's actions, all to achieve the company's strategic objectives.

The Ninth Meeting of the Second Board of Directors reviewed and approved documents including the Internal Control System, the Legal Affairs Management System and the Implementation Measures for Internal Control Compliance and Risk Management of Hubei Heno Biological Engineering Co., Ltd. These documents cover various areas such as environmental control, business control, accounting system control, information system control, information transmission control, and internal audit. They span all departments, business units, and process stages within the company and identify the key areas for internal control compliance risk management as: **market transactions, safety and environmental protection, quality management, employment, financial taxation, intellectual property, and business partnership.**

The Board of Directors, as the core governance body, is responsible for operational management and strategy formulation, overseeing the implementation of management strategies, and monitoring the company's operational and financial performance, ensuring the soundness and completeness of the internal control and risk management system. To continuously enhance compliance levels, the company regularly provides training for directors to improve their professional skills, disseminates updates on laws and regulatory documents, and encourages all directors to participate in compliance training related to internal policies, codes of conduct, and securities market laws and regulations. During the reporting period, the company held two compliance training sessions for the Board of Directors.

01

Set "zero safety accidents and zero environmental incidents" as a non-negotiable performance threshold.

02

Promote energy conservation and reduce the waste of materials and fuel, while lowering production costs to boost employee performance bonuses.

03

Offer compensation above market rates to motivate employees to explore and innovate in improving production efficiency and optimizing processes.

The company encourages employees to actively participate in building a strong risk management culture, promoting the core values of "compliance with the law and integrity in business." To support this, the Internal Audit Department is tasked with organizing regular risk management training and audit activities, strengthening compliance assessments, and integrating internal control and compliance risk management into each department's annual performance reviews. Additionally, the company conducts compliance evaluations for all employees, establishing compliance records that serve as a key reference for employee appraisals, promotions, and selection for recognition.

We **advocate for gender equality and respect for human rights**. To that end, we have implemented the Prevention and Disciplinary Measures for Workplace Harassment, Violence, and Discrimination, and established a Complaint Committee. This committee includes five members: the Chairman of the Board as Chairperson, the General Manager, one Deputy General Manager, and two staff union representatives (one of whom must be female), ensuring the protection of employee rights.

### Case Study: Legal Training Initiatives

The company conducted nine specialized legal training sessions in 2023. In strict adherence to national regulations governing the e-cigarette industry, the company began by ensuring that all employees thoroughly understood relevant laws such as the Tobacco Monopoly Law and the Regulations on E-cigarette Management. Through a series of shareholder, board, and management meetings, regular work sessions, and lectures delivered by legal advisors, these laws were taught in a structured approach. These efforts ensured that employees not only grasped the laws but also applied them in practice. To ensure compliance, the company installed 322 video surveillance cameras across raw material storage and production areas, directly connecting the footage to the tobacco regulatory authority's monitoring system for real-time oversight. In 2023, the company compiled 31 volumes of closed-loop management documents as part of its comprehensive risk management system, aimed at preventing operational risks. Additionally, the company hired three part-time lawyers specializing in intellectual property, criminal law, and civil-commercial law to proactively mitigate legal risks. Throughout the year, a total of 389 contracts and general approvals were reviewed by the legal team, with 20 rejections (a rejection rate of 8.2%). For general approvals, 144 cases were reviewed, of which 16 were rejected (a rejection rate of 11.1%). This proactive legal oversight helped the company avoid various operational risks. Notably, **in 2023, the company reported no incidents of unfair competition.**



# 02.

## Green Development

Growing into a Green, Eco-Friendly Enterprise  
Characterized by Blue Skies, Green Lands,  
Clear Waters, and Clean Air.

2.1 Overview

2.2 Climate Change Management

2.3 Emissions Management

2.4 Green Operations





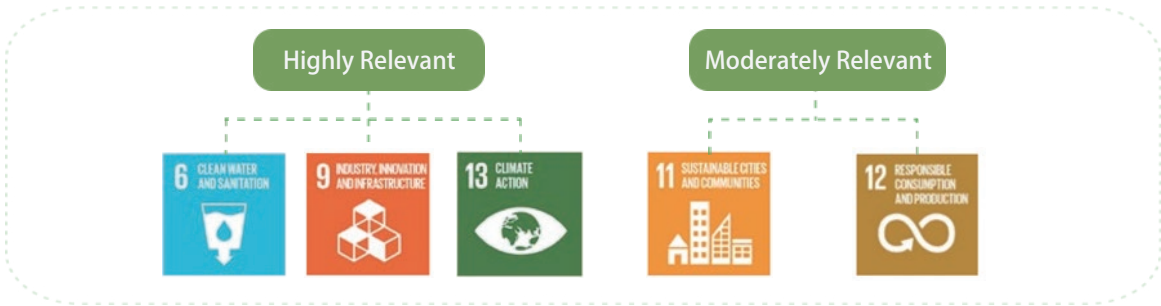
# Management Commitment

We fully recognize the importance of environmental sustainability and strive to minimize our ecological impact throughout the entire production process. In line with the principles of green, low-carbon, and circular development, we proactively explore scientifically sound and forward-looking methods to mitigate climate and environmental pressures, while ensuring compliance with environmental management regulations. We adhere to the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), comprehensively identifying the risks and opportunities posed by climate change, and establishing management strategies and action paths to address these challenges.

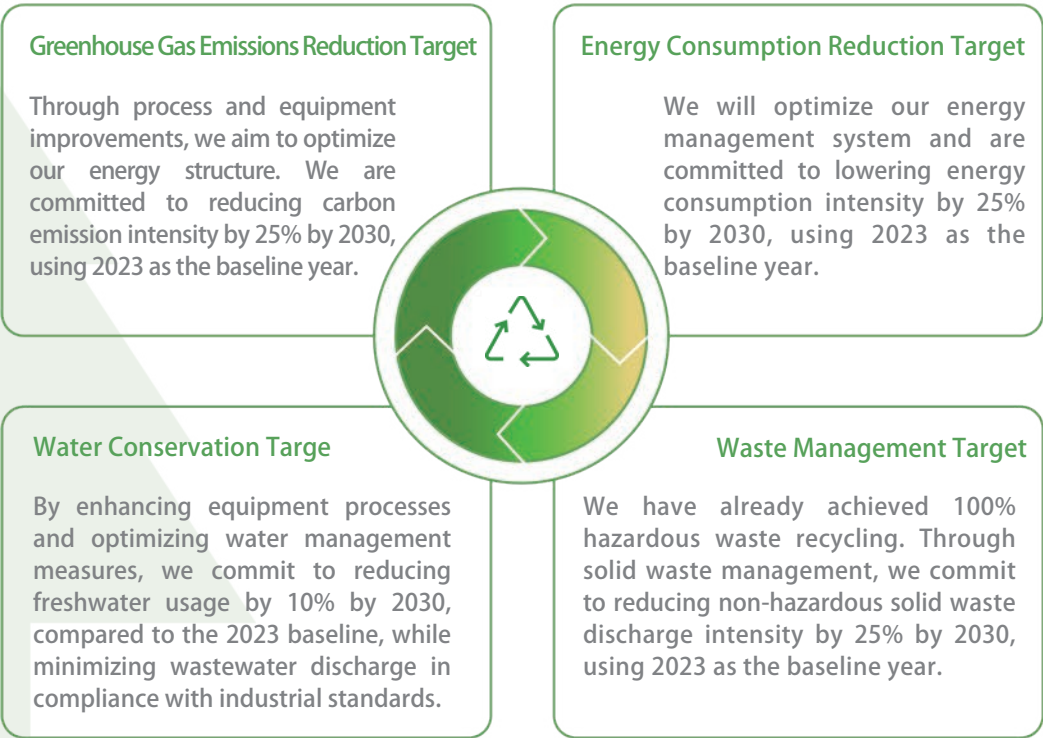
At Heno, we integrate environmental sustainability into every aspect of our operations and supply chain processes, considering environmental benefits from the project initiation and supplier selection stages, and prioritizing sustainability during the development and reconstruction of production sites. We actively promote technological innovation and process optimization, achieving a win-win outcome by enhancing both environmental and economic benefits through equipment upgrades and energy-saving technologies.



## Aligning with the United Nations Sustainable Development Goals



## Our Targets



# Climate Change Management

## Task Force on Climate-related Financial Disclosures (TCFD)

In response to the international community's attention to climate change, as a leading enterprise in the green development of the national nicotine sector, we aim to enhance our ability to address climate change, effectively seize climate-related opportunities and manage relevant risks. We use the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify, analyze, and assess potential climate-related risks and opportunities that may arise in the short, medium, and long-term operations of Heno, as well as the corresponding financial impacts.



## Climate Assessment Results

	Climate Risk Description	Financial Impact Description	Heno's Response Measures
 Policies and Regulations	With the introduction of national "dual carbon" policies and other climate-related regulations, it is necessary for enterprises to accelerate their green and low-carbon transitions. Climate-related disclosure requirements are becoming increasingly stringent, with higher expectations for the timeliness, accuracy, and transparency.	As climate-related policies and regulations evolve, an increase in carbon pricing may result in higher emissions costs, subsequently driving up operational expenses.  Inadequate or untimely disclosure may result in public criticism and increased compliance costs.	<ul style="list-style-type: none"><li>We strictly comply with national and local regulations, closely monitoring changes in domestic and international climate policies.</li><li>We have developed the Energy Management System Manual of Hubei Henor Biological Engineering Co., Ltd. to continuously optimize production technologies and reduce energy consumption and carbon emissions.</li><li>We actively identify relevant laws, regulations, and disclosure requirements.</li><li>We establish an environmental data management system for greenhouse gas (GHG) emissions, verify our carbon footprint, and obtain third-party certifications.</li><li>We benchmark against mainstream disclosure standards to enhance our sustainability-related reporting.</li></ul>
 Technology	Enterprises must invest in low-carbon technologies as part of their green	The costs associated with the transition to low-carbon technologies, including research and development expenditures for new and alternative technologies, as well as costs for implementing or constructing operational processes.	<ul style="list-style-type: none"><li>From project construction to production, we prioritize environmental and low-carbon governance, ensuring high standards and expectations throughout the project development process.</li><li>We actively promote green development in factories.</li></ul>
 Market	Consumer attitudes towards smoking (including e-cigarettes) may change, with a possible shift toward choosing not to smoke, which could reduce the demand in the nicotine market. Climate change could also lead to energy price fluctuations, as the global energy industry undergoes a systematic transition, affecting fuel costs and electricity structures for companies.	Shifts in consumer preferences can lead to a decrease in product demand.  Due to uncertainties in global energy prices, fluctuations in energy costs may affect the company's energy consumption, resulting in higher manufacturing expenses.	<ul style="list-style-type: none"><li>We completed the small-scale process R&amp;D for L-ortho-nicotine (quit-smoking medicines) in 2023, with plans for production facility construction and pilot production in 2024, along with the submission of registration documents. We aim for mass production by the end of 2025.</li><li>We enhance energy efficiency by implementing a specialized energy management system.</li><li>We proactively explore opportunities to better apply renewable energy in operations.</li></ul>
 Reputation	As stakeholder attention to climate change continues to rise, so do expectations for companies to effectively manage climate-related risks, disclose relevant information, and engage in stakeholder communication.	Failure to promptly address and respond to climate-related concerns raised by stakeholders may impact brand reputation and customer trust, potentially resulting in a decline in the company's valuation.	<ul style="list-style-type: none"><li>We identify high-risk suppliers and implement timely, effective measures to mitigate risks.</li><li>We provide transparent ESG reporting in compliance with local regulations, enhancing the company's credibility and reputation.</li></ul>
 Acute Risks	The increasing frequency of extreme weather events such as hurricanes and floods impacts the production and supply of raw materials for enterprises.	Extreme weather leads to frequent natural disasters, which may result in supply chain disruption risks and increased operating costs.	<ul style="list-style-type: none"><li>We pay close attention to the impacts of severe natural factors and conduct stress tests to simulate supply chain disruption risks, comprehensively assessing the impact of extreme weather on suppliers and their response capabilities.</li><li>Optimize supplier management to streamline the supply chain by establishing strategic reserves and procurement practices, thereby improving cost control.</li></ul>



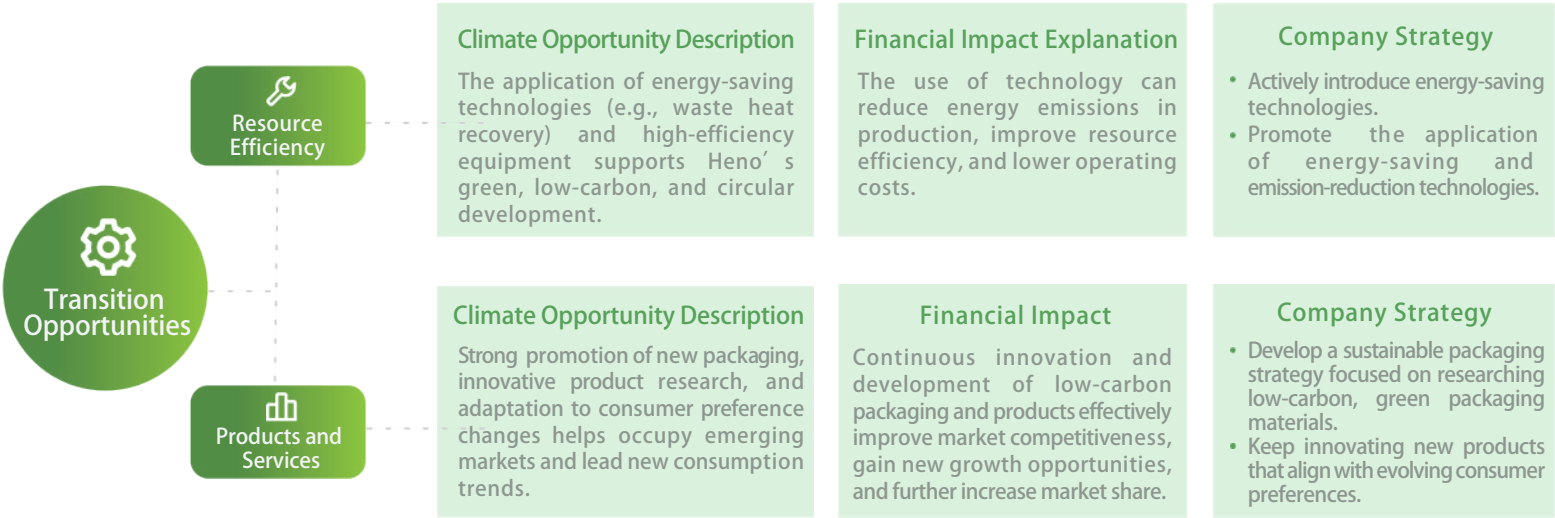


Climate policies, sea level rise, and other longer-term shifts in climate patterns pose challenges to business stability.

Global climate change impacts raw material yields, product safety, and emission standards, leading to increased operational costs.

- We continuously monitor trends in long-term risks.
- Climate risk should be a key factor in our decision-making process for project location, planning, and design.

### Climate-Related Opportunities



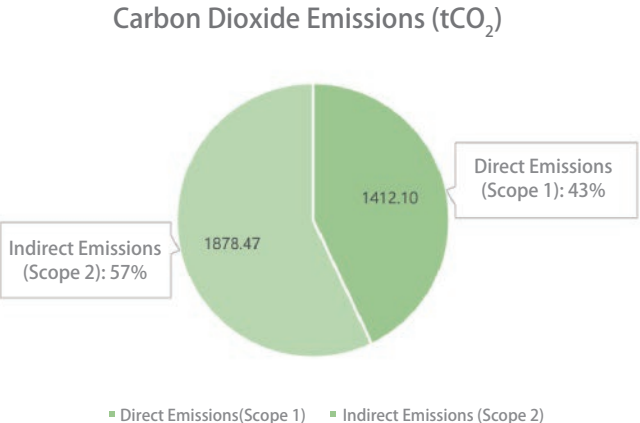
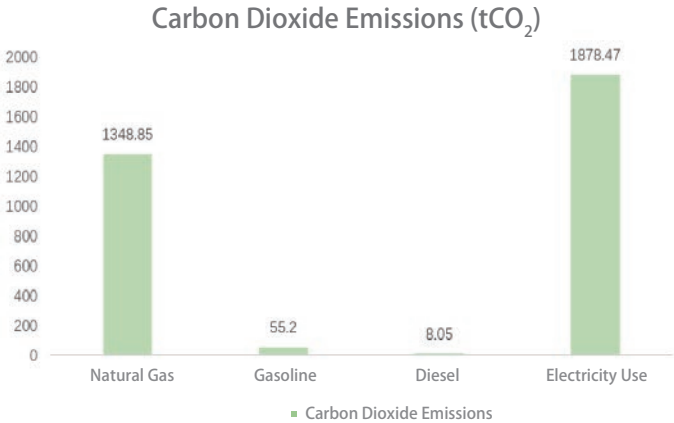
### Responding to Climate Change

To better address climate change and reduce the environmental impact of business activities, we have implemented the following energy-saving and carbon-reduction measures:

#### Greenhouse Gas (GHG) Emission Accounting

We calculate GHG emissions according to the **Guidelines for Accounting and Reporting Greenhouse Gas Emissions in the Food, Tobacco, Alcohol, Beverage, and Refined Tea Sector (Trial Version)** and have conducted a third-party audit. Additionally, we led the organizational-level verification and certification in compliance with the ISO 14064 Standard for GHG Emissions Verification. The company's direct emissions totaled **1,412.10 tons of CO<sub>2</sub>**, and indirect emissions amounted to **1,878.47 tons of CO<sub>2</sub>**.

2023 GHG Emissions Data:



During the reporting period, Heno's GHG emission intensity was 36.56 tCO<sub>2</sub>/t; the company's total energy consumption was 1162.90 tce, with an energy consumption per unit product of 12.79 tce/t.

#### Decarbonization measures



Electricity consumption during production is a major source of Heno's GHG emissions. We are committed to improving overall energy management, through technological upgrades and the use of renewable energy.



We have set up energy management procedures and developed SOPs for on-site energy management at our production sites to advance energy-saving initiatives efficiently. We actively seek employee suggestions to optimize these efforts, with our energy management staff regularly participating in initiatives to raise awareness.



Most of our electrical equipment uses variable frequency technology to save energy. Equipment upgrades and innovations have further reduced energy consumption. Online monitoring systems at our main operational sites help detect energy anomalies, allowing effective analysis and management of energy data, guiding our energy-saving efforts.



We also explore eco-friendly applications of our products. We submitted a patent application for a slow-release nicotine microcapsule emulsion and launched a new slow-release marine coating material in May 2023, aimed at tackling ocean pollution. For soil improvement, we finished a provincial R&D project on heavy metals selenium and cadmium in soil. The research reduces plant absorption of these metals, with the project set to conclude in 2024.



We continuously enhance our processes to save energy. By optimizing extraction and controlling key parameters, we reduced solvent oil consumption, increased recycling rates to over 85%, boosted production efficiency by more than 50%, and cut energy use by 20%. Industrial application of these improvements began in January 2023.



Greenhouse Gas Verification Certificate

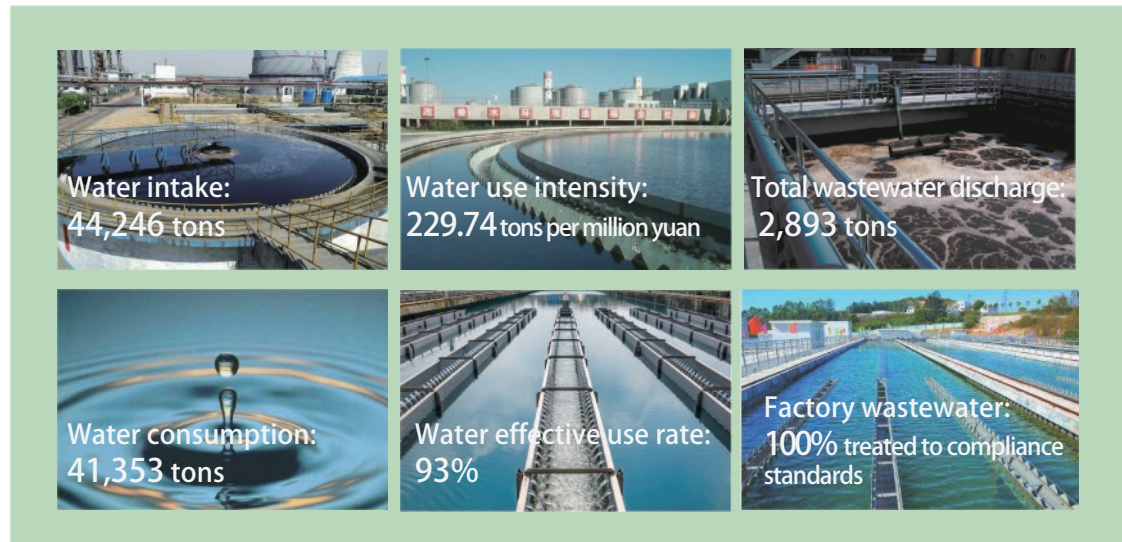


Energy Management System Certificate



## Water Management

To prevent chemical residues in wastewater from polluting local water bodies, Heno has put in place comprehensive water management measures to maximize resource efficiency. Following the principles of "separate rain and sewage" and "clean and polluted water diversion," the park has standardised its water systems. In 2023, the factory recorded:



### Case Study

The wastewater treatment process uses a combination of technologies, including aeration, equalization tank, aerobic tank, multiphase catalytic oxidation, hydrolysis acidification, A/O contact oxidation, and MBR membrane, with a treatment capacity of 400 m<sup>3</sup>/day. After treatment, the effluent meets Class A standards of both the Discharge Standard of Water Pollutants for the Pharmaceutical Industry (GB 21905-2008) and the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB 18918), before being sent to the factory's wastewater treatment plant. The drainage system uses anti-corrosion PE pipes with galvanized external sleeves, laid in an overhead structure using a Parshall flume for flow measurement. At the discharge outlet, the company has installed automatic monitoring systems for key pollutant indicators, including COD, ammonia nitrogen, total nitrogen, total phosphorus, and pH. The monitoring data is uploaded to local and municipal environmental protection bureaus via an automated system, ensuring compliance with regulatory requirements.



## Environmental Management System

- Heno has not only established environmental management policies but also implemented a comprehensive Environmental Management System (EMS), certified under ISO 14001. The company employs multidimensional management strategies to minimize the environmental impact of its operations and mitigate potential environmental risks.
- The company has set up an emergency response center for environmental incidents and established a robust hazard monitoring system. We conduct regular inspections and monitor sources of potential environmental incidents. Internally, Heno carries out awareness campaigns on emergency response, educating employees and potentially affected areas through lectures, newspapers, brochures, announcements, and media outlets. This enhances the staff's preparedness and equips them with emergency response knowledge. Heno has completed the revision of its environmental emergency response plan, which is valid for three years and has been officially registered.



Environmental Management  
System Certificate

Emergency Plan  
Registration Form

### Case Study: Emergency Response Drill for Hazardous Chemical Spills

On March 25, 2023, Heno conducted a hazardous chemical spill emergency drill in compliance with relevant laws and regulations. This exercise aimed to enhance the effectiveness and practicality of our emergency response. The drill improved our emergency handling capabilities and refined the associated response mechanisms.



Training



Response Drill

## Air Quality Management

The company has identified risks related to air emissions, including odors from accumulated tobacco waste and dust generated during curing processes. To prevent air pollution from uncontrolled emissions, we have continuously invested in the effective collection and treatment of waste gases from production facilities and wastewater treatment plants. During the reporting period, the company discharged 171,609,600 cubic meters of exhaust gas, maintaining emission levels consistently better than national standards. Emissions are continuously monitored through automated systems to ensure year-round compliance.

### Case Study 1 Air Treatment System



The system comprises a multi-stage air treatment process, including a three-stage spray absorption device, demister, UV photolysis unit, and activated carbon filtration. Organic solvents are delivered through sealed pipelines. To minimize fugitive emissions, the company ensures the quality of pipeline sealing and installs automatic monitoring systems at exhaust points for key pollutants such as VOCs, H<sub>2</sub>S, and NH<sub>4</sub>. This ensures that emissions comply with the Pharmaceutical Industry Air Pollutant Emission Standard (GB 37823-2019).

### Air Quality Monitoring Station

### Case Study 2

Heno has established two air quality monitoring stations on its east and west sides. These stations are equipped with NO-NO<sub>2</sub>-NO<sub>x</sub> analyzers, SO<sub>2</sub> analyzers, and particulate matter analyzers for PM<sub>2.5</sub> and PM<sub>10</sub>. Using ultraviolet fluorescence, chemiluminescence, infrared gas filtration, and Ultraviolet - visible spectroscopy methods, they provide real-time monitoring of conventional gaseous pollutants (SO<sub>2</sub>, NO<sub>2</sub>, H<sub>2</sub>S, NH<sub>3</sub>, H<sub>2</sub>S), particulate matter (PM<sub>2.5</sub> and PM<sub>10</sub>) and meteorological parameters (humidity, temperature, wind direction, wind speed, and atmospheric pressure).



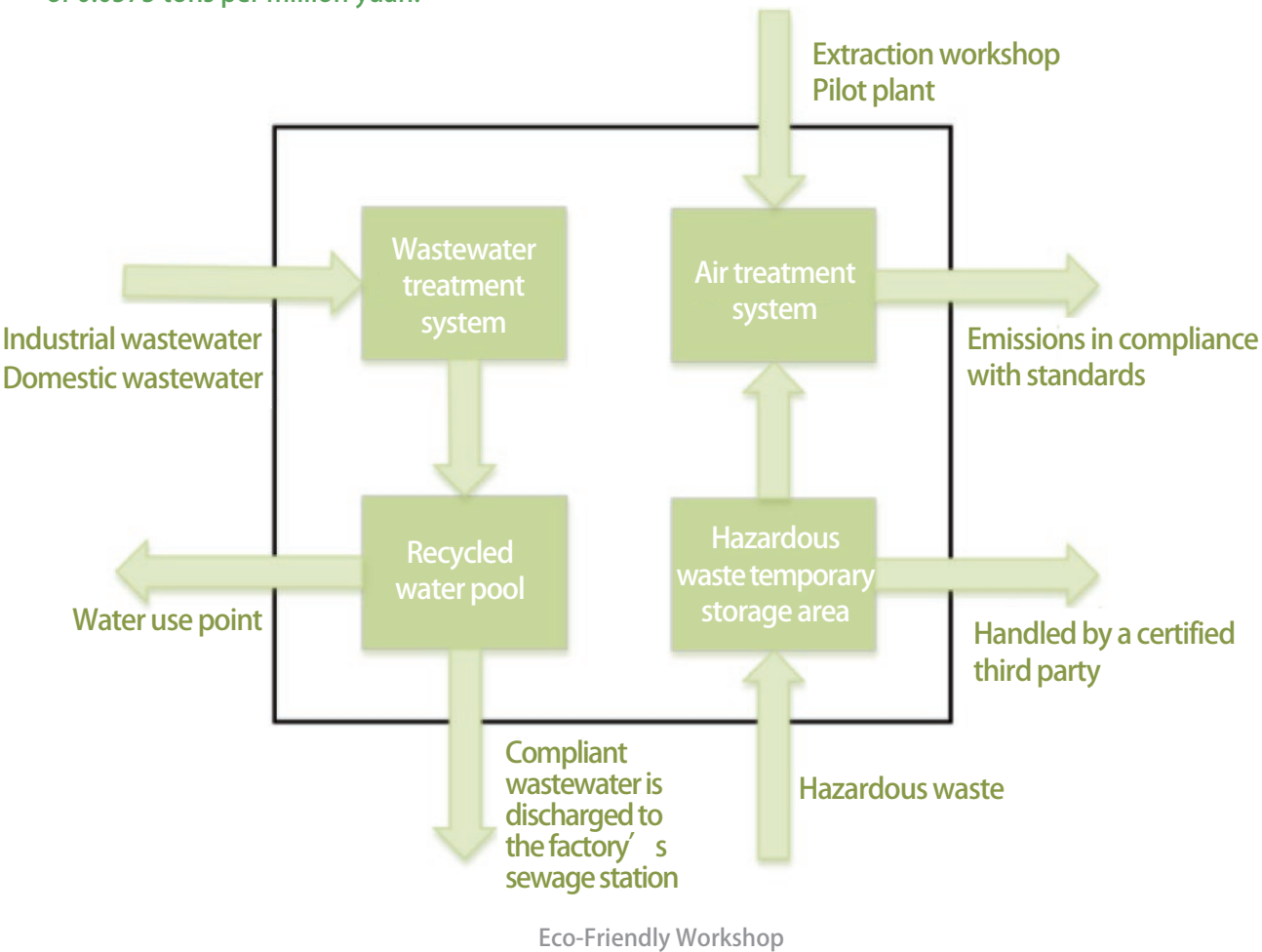


## Hazardous Waste Management

### Hazardous waste

Hazardous waste at Heno mainly includes waste testing liquids, spent activated carbon, and waste lye, as identified by local laws and regulations. Following the principles of reduction, resource utilization, and harmlessness, Heno has designed eco-friendly workshops, implemented pollution prevention measures for hazardous waste, established compliant temporary storage facilities, and signed disposal agreements with certified units, achieving a 100% compliance rate in hazardous waste transfer. Boundaries of hazardous waste reception areas are secured with walls or safety barriers, marked clearly with hazardous waste signs at entry and exit points. Effective occupational protection measures ensure no leaks or unauthorized access during hazardous waste transportation.

During the reporting period, 10.35 tons of hazardous waste were processed, with an emission intensity of 0.0575 tons per million yuan.



### General Waste

Heno's general waste includes industrial residues (general industrial solid waste from production) and domestic waste. We standardize the management of industrial waste and transfer it to specialized stations for recycling and reuse. Domestic waste is collected daily and regularly transported to disposal stations. During the reporting period, we processed 25,668.91 tons of waste, with an emission intensity of approximately 142.60 tons per million yuan.

## Green Management

### Packaging Material Use

Heno is dedicated to reducing packaging material usage and improving utilization rates to minimize our environmental impact. We have established a packaging recycling process that meets basic requirements while maintaining quality. By recycling and reusing materials, we reduce overall consumption. During the reporting period, Heno's packaging material usage was as follows:

Packaging Material Categories	Unit	Annual Usage
Bulk Bags	Piece	1300
Reusable Containers	Piece	200
Cartons	Piece	13776
Fluorinated Bottles	Piece	13656

#### Case Study: Reusable Plastic Containers

Heno has introduced reusable plastic containers, replacing the original packaging of fluorinated bottles and cartons. This initiative allows for recycling and reusing containers, reducing safety risks from cardboard boxes during product transportation, and increasing the recycling rate of packaging materials, thereby lowering annual carton usage.

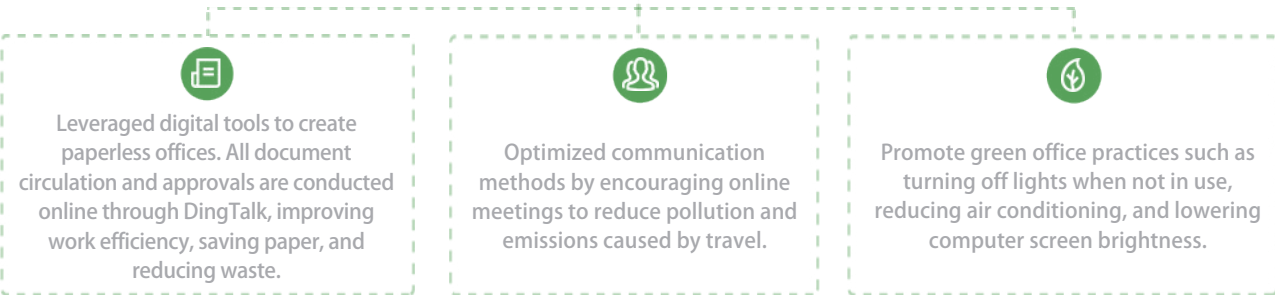


Reusable Plastic Containers

### Green Office

The company promotes the green office concept internally, advocates for eco-friendly work practices, and encourages employees to adopt sustainable office behaviors, all in line with its green and low-carbon

#### 2023 Green Office Initiatives





03.

# Empowering Society

Achieving Shared Growth through Corporate Citizenship

3.1 Employee Care

3.2 Health and Safety

3.3 Excellence in Quality

3.4 Supply Chain Management





# Employee Care

## ○ Respect for Human Rights

Respect for human rights is a core aspect of corporate social responsibility. The company adheres to a people-oriented approach as its fundamental business philosophy, consistently regarding "realizing employee value" as a key mission in its development. By implementing various measures to respect human rights, the company has built a good corporate reputation, enhanced employee satisfaction, reduced legal risks, protected employees' rights, fostered employee growth, and eliminated all forms of discrimination. Specific measures include:



Aligning with the United Nations Sustainable Development Goals (SDGs).



Developing a clear human rights policy to ensure that all employees and business partners understand the company's commitment regarding human rights, and integrating this commitment into all business activities.



Protecting labor rights by ensuring fair wages, occupational safety, and reasonable working hours for all employees.



Implementing a zero-tolerance policy against discrimination and harassment, and providing relevant training to ensure all employees are respected and treated fairly. The company has established the Prevention and Disciplinary Measures for Workplace Harassment, Violence, and Discrimination to prevent discrimination based on gender, race, religion, age, and disability. A grievance committee has been established to handle complaints of workplace harassment, violence, and discrimination.



Strengthening supply chain management to ensure all suppliers adhere to human rights standards and avoiding collaboration with entities that violate human rights.



Actively engaging in and addressing community human rights issues, and giving back to the community through donations and volunteer work.

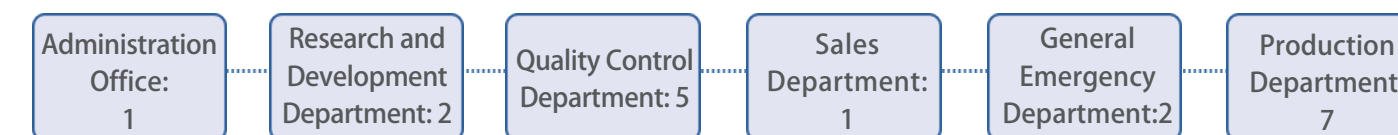


Providing transparent reports on the company's human rights policies and practices to stakeholders and undergoing external audits to align with best practices.

The company strictly prohibits child labor, complying with laws including the Labor Law, Civil Code, and Minors Protection Law of the People's Republic of China. We sign and fulfill labor contracts with employees in accordance with the law. In 2023, the employee contract signing rate was 100%. We modify, terminate, or renew contracts as needed.

## ○ Overview of 2023 New Employees

In 2023, 18 new employees were onboarded:



As of 2023, the company has a total of 111 employees, including 84 full-time employees and 27 dispatched employees, among whom:

99 employees are male, including 10 senior managers (8 are local to Enshi) and 8 middle managers.

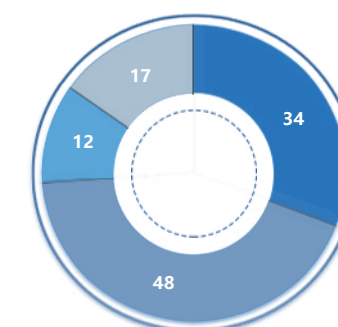


12 employees are female, including 4 middle managers.

Ethnic identity of the 111 employees: 54 are Han, 54 are Tujia, 1 is Dong, and 2 are Miao.

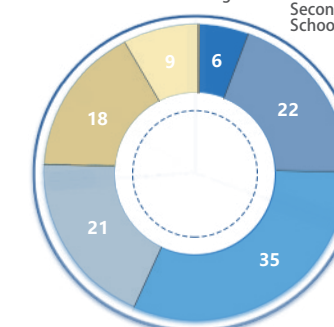
### Age Distribution of Employees

■ 20-30 years ■ 31-40 years ■ 41-50 years ■ 50-59 years



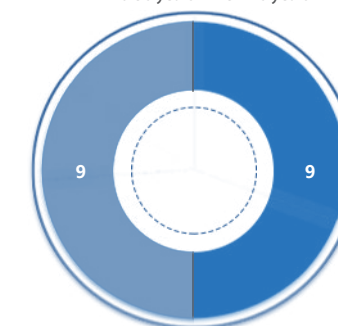
### Educational Background of Employees

■ Masters ■ Bachelors ■ Associate Degree ■ Senior Secondary School ■ Secondary Vocational School ■ Junior Secondary School



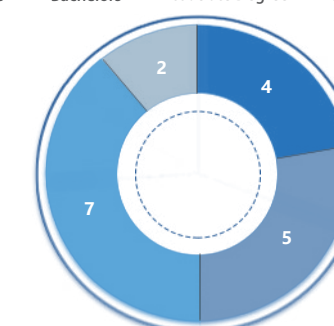
### Age Distribution of New Employees

■ 20-30 years ■ 31-40 years



### Educational Background of New Employees

■ Masters ■ Bachelors ■ Associate Degree ■ Senior Secondary School



Unit: Number of People

## Employee Benefits

The company prioritizes employee welfare, creating a comfortable, safe, and healthy work environment. This ensures employees feel cared for and respected, boosting motivation, creativity, and cohesion. Employees receive the five social insurances and one housing fund (endowment, medical, unemployment, work-related injury, childbirth, and housing accumulation). Additionally, the company provides work safety and employer liability insurance, with plans for comprehensive occupational insurance coverage in 2024.

### Comprehensive Benefits for a Happy Work Atmosphere

#### Dining Benefits

- The company has an in-house cafeteria providing four meals: breakfast, lunch, dinner, and a late-night snack.
- Dining Activities and Theme Days: We regularly organize dining activities and theme days, such as employee birthday parties and healthy eating seminars, to enhance employee engagement and social interaction.
- Providing Healthy Meal Options: We ensure employees receive healthy, balanced meals at the company cafeteria, including fresh vegetables and whole grains, to meet their nutritional needs.
- Special Dietary Needs Support: We address employees' special dietary requirements by offering options such as vegetarian and gluten-free foods, ensuring everyone can enjoy suitable dining benefits.

#### Accommodation Benefits

- We provide free, fully-equipped accommodation for employees. Security personnel and surveillance systems are in place to ensure the safety of the accommodation area.
- We have established waste sorting stations and set up 24-hour emergency contacts to handle situations like medical aid and repairs. Additionally, nap pods are installed in the office building to provide temporary rest areas for employees.



#### Retirement Benefits

- We provide retirees with souvenirs and hold retirement ceremonies. We award pensions or retirement benefits based on their years of service and contributions.
- We make 1-2 visits to retirees each year, inviting them to join company events to boost their sense of belonging and pride.

#### Staff Union Benefits

- The Staff Union organizes birthday parties and gives employees birthday cards, and occasionally provides groceries and heatstroke prevention supplies.

#### Holiday Benefits

- Paid Leave: In addition to national public holidays, we offer paid annual leave, allowing employees to fully rest and relax.
- Holiday Gifts: We distribute gifts before major holidays, including Spring Festival, Women's Day, and Dragon Boat Festival.



## Salary Guarantee

We constantly refine our salary structure for fair and reasonable compensation. We manage work hours and rest breaks to ensure employees get sufficient rest. Salaries include basic pay, position allowance, seniority allowance, special allowances, overtime pay, performance bonuses, and year-end bonuses. We uphold equal pay for equal work, with the starting salary ratio of men to women at 1:1. In 2023, our starting salary was 2.05 times the local minimum wage in Enshi.

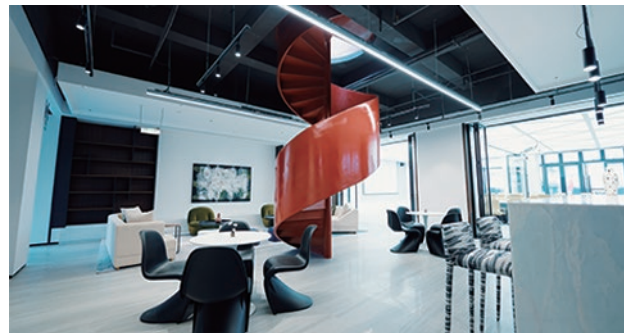




## Employee Care and Well-being

- We provide robust support for employees in need, addressing urgent issues promptly. We organize fundraising events for those facing difficulties and offer allowances for marriage, childbirth, illness, and bereavement. Additionally, we make occasional visits to the families of workshop employees.
- We are committed to gender equality, respecting and protecting women's rights. We ensure fair compensation for female employees and safeguard their rights to maternity leave, prenatal check-up leave, and breastfeeding leave, granting 158 days of maternity leave. Additionally, employees receive annual leave as mandated by national laws.
- We prioritize our employees' physical and mental health by conducting regular health check-ups and inviting doctors to give lectures on mental well-being and healthy eating. We also offer a library, gym, and counseling rooms for employees to use whenever they need.

Comprehensive Indoor Facilities



### Comprehensive Benefits for a Happy Work Environment

In 2023, Heno held its Annual Health Awareness Event, inviting experts to give lectures on nutrition, physical exercise, mental health, and disease prevention. The aim was to disseminate health knowledge, improve employees' health literacy, and enhance their self-care abilities. Employees actively engaged in Q&A sessions with the experts. One participating employee shared, "The lecture filled gaps in my health knowledge and emphasized the importance of health. Life and exercise are continuous. I will cultivate a healthy lifestyle."



### Honoring Veterans and Providing a Safe Haven

Heno highly values the resilience and teamwork of veterans, recognizing them as indispensable to the company. We provide a platform for 32 veterans to showcase their talents and integrate their military spirit into our corporate culture. On July 31, 2023, we organized a forum to show our respect and care for veterans.



### Sharing Warmth, Supporting Employees' Families

We recognize the support employees receive from their families. To show our gratitude, we provide care packages and letters to employees' families, offering practical assistance and warmth. Many families expressed their appreciation, noting the company's care and support, which helped them better understand and support our employees' work.

## Democratic Management

We conduct an annual employee satisfaction survey covering 18 aspects, including corporate culture, benefits, and promotion channels, to fully understand employees' job satisfaction and encourage their participation in management and decision-making. In 2023, the survey results showed: **97% very satisfied, 2% satisfied, and 1% somewhat satisfied, with no reports of dissatisfaction.**

The company values communication, actively listening to employees' feedback and providing timely responses to ensure effective collaboration. After any operational management changes, we promptly inform employees, continuously enhancing transparency about our operations and financial status. This helps employees understand the company's development and decision-making processes. The company promotes internal team discussions and consultations, allowing employees to freely express their opinions and suggestions and collaboratively develop work plans.







### Basketball : Boosting Team Spirit and Employee Engagement

To relieve work stress, enhance team cohesion, improve fitness, and enrich employees' leisure time, we held a basketball tournament on May 19, 2023. The event allowed employees to enjoy sports, strengthen friendships, and inject new energy into the company's development.



### Book Festival: Enriching Minds and Inspiring Growth



From April to May 2023, we hosted a book festival to foster a strong reading culture and enhance employees' overall skills. The event provided a platform for showcasing reading achievements, subtly boosting thinking and innovation abilities, spreading positive energy, and promoting a culture of growth.



### Spring Outing: Enjoying Nature Together

On April 14, 2023, we organized a spring outing, allowing employees to relax and enjoy nature amidst their busy work schedules. The outing fostered team cohesion, bringing fun and relaxation, and enhancing trust and understanding among colleagues.

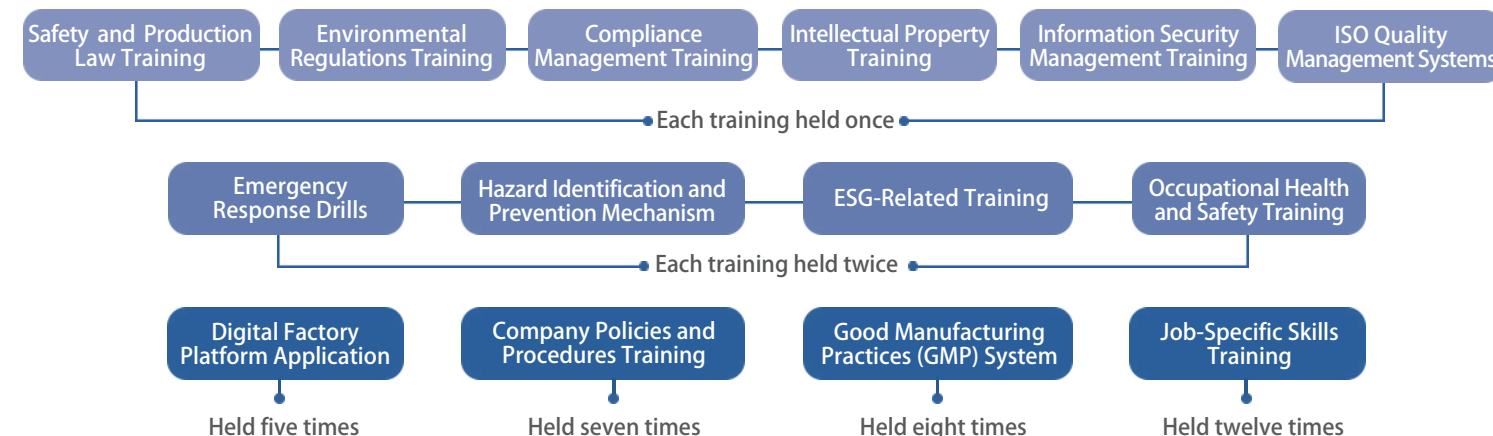


## Talent Development



- We established a Training Management System to enhance employees' professional skills and improve middle management's capabilities, continuously boosting management efficiency and company growth.
- Employees have access to an online learning platform to choose courses based on their job and development needs, with a requirement to complete at least five courses per person per month.

In 2023, the company conducted 46 training sessions, totaling 358 hours of instruction. Each session had an average of 35 participants, with employees receiving an average of 10.22 hours of training.



## Employee Promotion

Heno's Promotion Management System encourages the improvement of abilities of employees and management, fully mobilizing the initiative and enthusiasm of all employees, and creating a fair, just, and open competition mechanism within the company. We conduct monthly performance evaluations for all employees and semi-annual promotion assessments. Employees who believe they meet the promotion criteria can apply for assessment, followed by a comprehensive evaluation by the company. We provide training and guidance related to promotion, helping employees improve their job skills and management abilities to prepare for promotion. At the same time, we have established clear promotion channels and pathways, offering employees clear promotion routes and development opportunities.

### Managerial Track Promotion



### Technical Track Promotion



## Occupational Health Management

In accordance with the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other relevant regulations, the company has established over ten policies, including the Occupational Disease Prevention and Control Responsibility System, the Occupational Disease Hazard Warning and Notification System, and the Occupational Disease Hazard Monitoring and Evaluation Management System. A comprehensive occupational disease prevention plan has been implemented, and following the principle that "those who manage production must also manage health," the company has continuously strengthened its management of occupational disease prevention and workplace health protection. In 2023, the company achieved certification for the ISO 45001 Occupational Health and Safety Management System.



Occupational Health and Safety Management System Certificate



Aligning with the United Nations Sustainable Development Goals (SDGs).



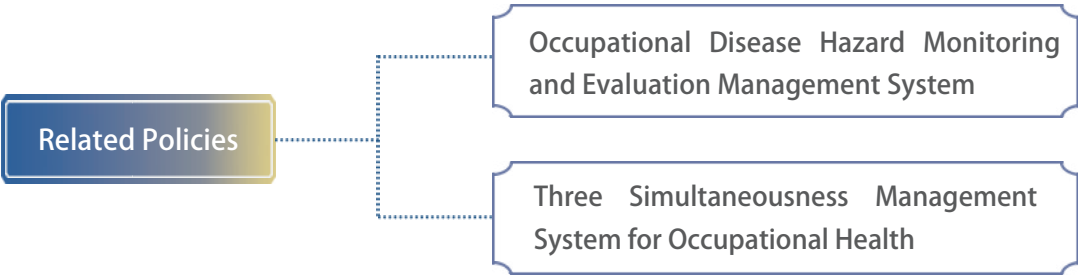
## Control Structure

The company has set up an occupational health management organization and a three-tier management network. We formulate and implement plans for preventing and controlling occupational diseases. We regularly review our prevention efforts and report progress to the employee representative conference each year. We actively seek and incorporate employees' suggestions on occupational health.



## Occupational Disease Hazard Prevention and Control

The company has formulated the Occupational Disease Hazard Monitoring and Evaluation Management System to carry out occupational disease prevention with a focus on prevention and treatment. The Finance Department has set up special funds for the detection and evaluation of occupational disease hazards, commissioning qualified occupational health service agencies for annual testing. Any non-compliance found during testing is promptly rectified, and preventive measures are implemented to ensure employees' occupational health and safety. For new, rebuilt, expanded, and modified projects, we have established the Three Simultaneous Management System for Occupational Health. This includes pre-assessments of occupational disease hazards during the feasibility study phase, reviewed by the occupational health management department. All prevention facilities must be designed, constructed, and implemented alongside the main project.



## Occupational Health and Safety Assurance

 Safety Training

The company has established the Occupational Disease Hazard Warning and Notification System and the Occupational Disease Hazard Prevention Publicity and Education Training System to prevent, control, and eliminate occupational hazards, effectively protecting employees' health and related rights. Notice boards in prominent positions in the workshops publish relevant regulations, operating procedures, emergency response measures for occupational disease hazard accidents, and workplace hazard detection results. Based on training content and job characteristics, employees receive daily and special group training. New employees undergo occupational safety skills training and occupational health training before starting work, with assignments given only after passing the training.



 Safety Training



In accordance with the Specifications for the Provision of Personal Protective Equipment Part 1: General Provisions (GB 39800.1-2020) and Selection, Use, and Maintenance of Respiratory Protective Equipment (GB/T18664-2002), employees are equipped with personal protective equipment. Each production area is equipped with 2-3 eyewash stations to rinse off chemicals accidentally splashed on employees. We've boosted occupational health protection for employees by improving production processes. Increasing equipment airtightness and shifting from intermittent to continuous automated production have reduced chemical spill risks, increased safety, and minimized negative health impacts on employees.



## ○ Prevention of Occupational Diseases

When signing labor contracts, we inform employees about potential occupational disease hazards, consequences, and preventive measures. We also have them sign the Notification of Occupational Hazard Factors. The company regularly conducts health check-ups for employees in high-risk positions, truthfully informs them of the results, and establishes health monitoring files. In 2023, there were zero cases of employees affected by occupational diseases.

Unit	Position	Work Area	Prevention Measures
Main Production Engineering Unit	Material Preparer	Material Preparation Workshop	Provision of dust masks, dust-proof clothing, safety goggles, and earplugs.
	Extraction Worker	Extraction Workshop	Provision of earplugs, acid-alkali resistant gloves, and splash protection face shields; installation of splash protection covers on flanges; emergency shower areas set up on-site; static electricity bridges installed between flanges; safety instruments such as pressure gauges and thermometers, as well as accessories like breathing valves, safety valves, and rupture disks installed on relevant equipment; use of brass tools required for on-site inspection and maintenance.
	Refinement Worker	Refinement Workshop	Provision of earplugs, acid-alkali resistant gloves, and splash protection face shields; installation of splash protection covers on flanges; emergency shower areas set up on-site; static electricity bridges installed between flanges; safety instruments such as pressure gauges and thermometers, as well as accessories like breathing valves, safety valves, and rupture disks installed on relevant equipment; use of brass tools required for on-site inspection and maintenance.

Public Auxiliary Engineering Unit	Warehouse Keeper	Slag Treatment Room	Provision of dust masks, dust-proof clothing, etc.
		Class C Warehouse	Provision of dust masks, dust-proof clothing, safety goggles, etc.
		Finished Product Cold Storage	Wear specialized thick clothing when entering the cold storage.
		Storage Tank	Personnel are arranged to regularly inspect the solvent oil and sulfuric acid pipelines and address abnormalities promptly; the storage tank area is equipped with acid-alkali resistant gloves, protective face shields, chemical protective clothing, and foam fire extinguishers; storage tanks are fitted with level gauges, pressure gauges, thermometers, and safety accessories like breathing valves and safety valves, monitored in real-time by the control room.
	Auxiliary Operator	Air Pressure Chlorination Room	Provision of earplugs, etc.
		Freezing Room	Provision of earplugs, etc.
		Power Distribution Room	Provision of earplugs, anti-radiation glasses, etc.; regular health check-ups for employees.
	Boiler Operator	Boiler Room	Provision of earplugs, etc.; warning signs are installed on-site.
	Maintenance Worker	Machine Repair Workshop	Provision of earplugs, protective masks, face shields, gloves, and other protective equipment; regular health check-ups for employees.
	Environmental Operator	Environmental Equipment	Provision of earplugs, protective gloves, face shields, and other protective equipment.





## Occupational Health Examination Standards

Pre-employment Health Examination	New employees must complete a pre-employment health examination before starting work. They are only cleared for tasks involving occupational hazards if no contraindications are found. We also create personal health monitoring files for each employee.
Periodic Occupational Health Examination During Employment	We regularly organize health check-ups for employees in high-risk positions, summarizing and filing the results annually, and promptly informing employees of their health status.
Occupational Health Check-Up on Leaving Work	Employees must complete a health examination before leaving the company. Labor contracts cannot be terminated without this final health check.
Emergency Health Examination	For employees exposed or potentially exposed to acute occupational hazards, timely health checks and medical observations are organized.

## Manufacturing Safety Management

### Manufacturing Safety Policy

The company strictly implements national manufacturing safety policies, based on the Law of the People's Republic of China on Work Safety and other regulations. We have established the All-Employee Manufacturing Safety Responsibility System, Manufacturing Safety Reward and Punishment Management System, and Safety Standardization Self-Evaluation Management System.

Safety First, Prevention Foremost;  
Risk Control, Comprehensive Management;  
Peace and Harmony, Continuous Improvement;  
Compliance and Safe Development

The Chairman is fully responsible for manufacturing safety and oversees all related work. The General Manager assists in implementing these safety duties. Each role has set up relevant safety responsibility systems and fulfills its obligations. In 2023, the company's manufacturing safety expenses amounted to 1.0695 million yuan, used for improving and upgrading safety-related facilities and equipment. In December 2023, the company successfully passed the Level 2 enterprise manufacturing safety standardization assessment. In 2023, the company only experienced three minor safety incidents.

#### Our Principles:

We adhere to strict process management, effectively monitoring every aspect of production, procurement, supply, storage, and sales. We strengthen safety risk level control and hazard identification and management, continuously improving the work environment.

#### Our Commitments:

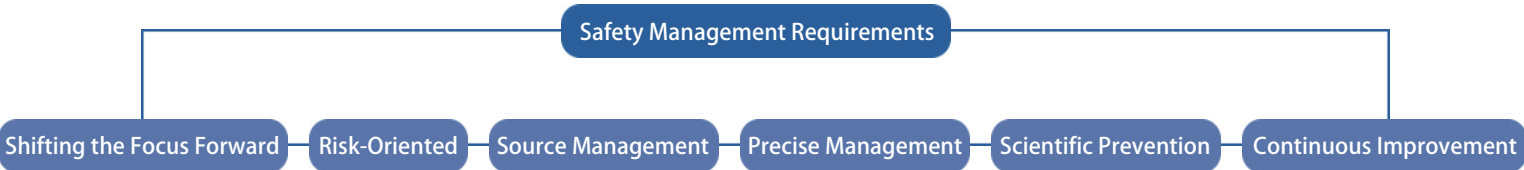
We prioritize the safety of our chemical operations, adhering to national laws and regulations. Our approach focuses on prevention and combines proactive and reactive measures.

#### Our Aspirations:

We continuously aim to enhance the intelligent management of our manufacturing processes.

### Safety Risk Control

To meet safety management requirements like "shifting the focus forward, risk-oriented approaches, source management, precise management, scientific prevention, and continuous improvement," we have gradually reduced and eliminated risks, minimizing and preventing safety hazards and accidents. We've established a dual prevention mechanism for risk control and hazard identification. By identifying risk factors and recognizing hazards, we comprehensively analyze risks in all company facilities, equipment, and production activities. Through risk assessments and hazard management, we keep potential risks under control.





## Manufacturing Safety Control Structure

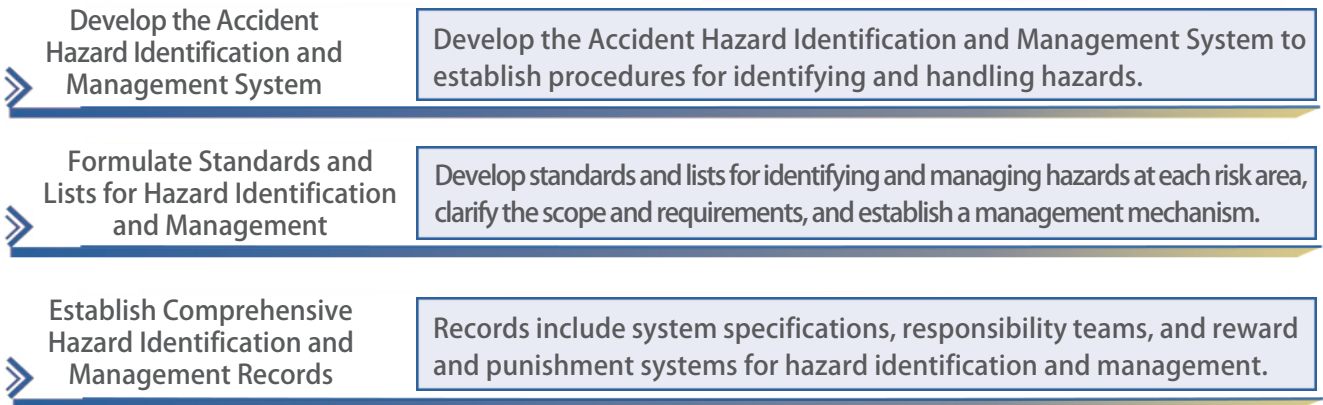
The company set up two teams to implement a dual prevention mechanism for controlling safety risk levels and identifying hazards in manufacturing.



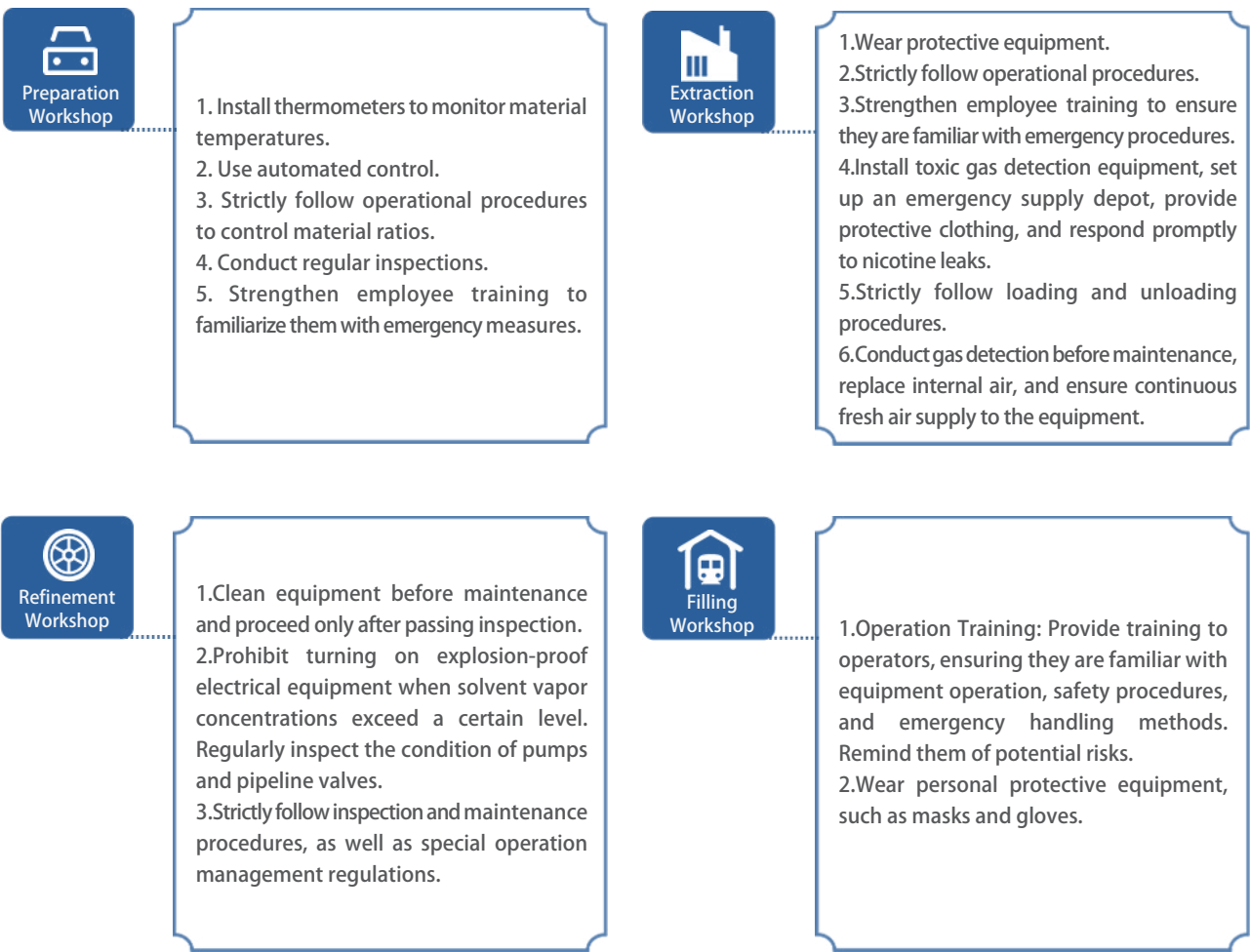
## Building the Risk Level Control System



## Hazard Identification and Management System



## Safety Risk Control Measures







## Hazard Identification

The company has set up a mechanism for daily, monthly, seasonal, and holiday inspections to identify safety hazards. We strictly implement hazard management plans, ensuring the "Five Implementations" of responsibility, measures, funds, timelines, and plans. The Safety Management Department conducts weekly inspections across the company, with monthly inspections led by the Chairman. If hazards are found, the department issues a rectification notice and verifies the status in the next cycle.

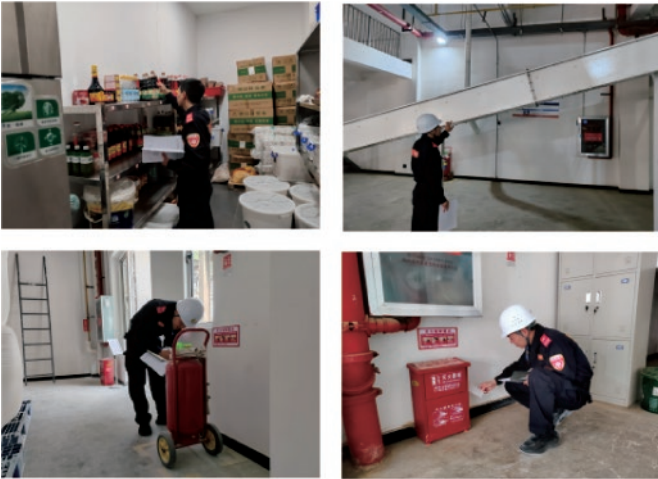
### Dual Inspections to Eliminate Safety Hazards

For delivery vehicles of 6# solvent oil and concentrated sulfuric acid, dual safety checks are conducted by security upon entry. The checks include vehicle integrity, static electricity control facilities, flame arrester configuration, clarity of vehicle labels, and driver qualifications.

### On-Site Monitoring for a Safe Factory

During auxiliary material unloading, the company assigns two personnel for on-site monitoring and equips them with static eliminators, emergency facilities, and firefighting equipment.The company has developed specific on-site handling plans for auxiliary material transportation and conducts emergency drills to ensure safety.

The company has signed **92** safety responsibility agreements with all key positions. We conducted comprehensive risk identification in the production areas **twice**, carried out **58** safety inspections, identified **169** safety hazards, issued **13** hazard rectification notices, and achieved a **100%** rectification rate.





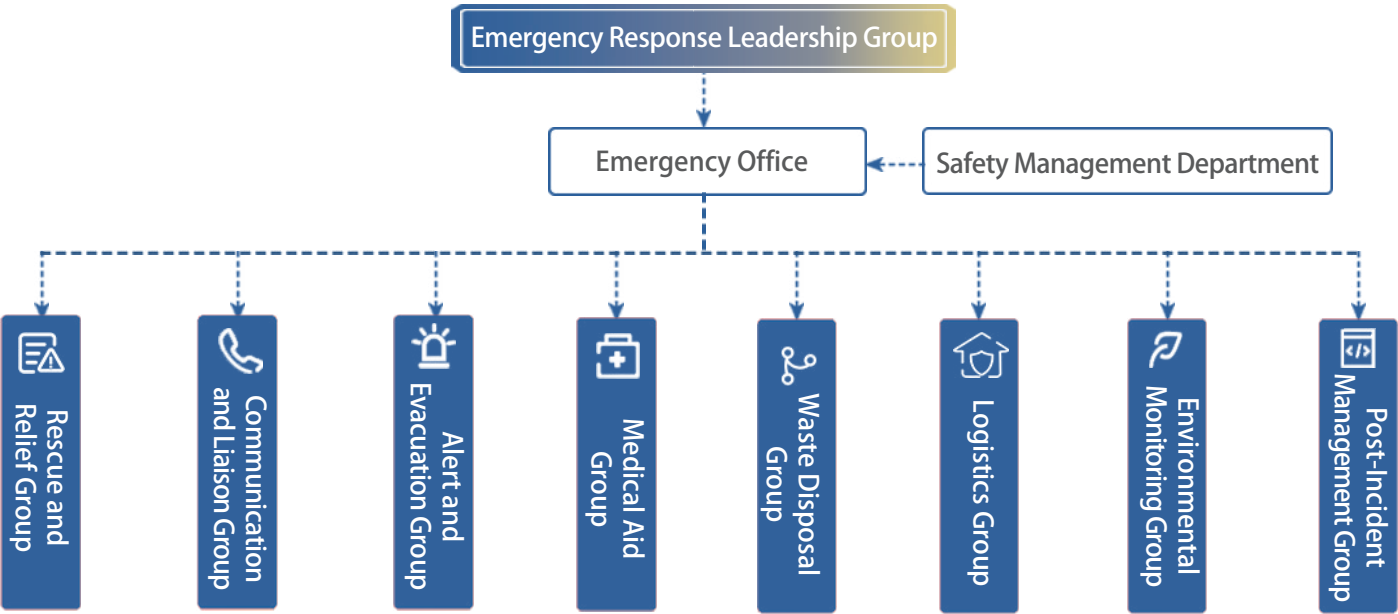
## Manufacturing Emergency Response

The company developed the Manufacturing Safety Accident Emergency Plan in line with the Regulations on Emergency Response to Manufacturing Safety Accidents and other relevant laws. This plan was registered at the Enshi Emergency Management Bureau on November 21, 2022. It categorizes emergencies into three response levels based on their nature, severity, controllability, impact, and possible accident scenario analyses. Level I and II incidents are managed according to the emergency plan, while Level III incidents are handled by the responsible department following on-site emergency response protocols.



## Management Structure

The company established an Emergency Response Leading Group, led by the Chairman and General Manager, with an emergency office and eight specialized groups: Rescue and Relief, Environmental Monitoring, Alert and Evacuation, Communication and Liaison, Logistics, Waste Disposal, Post-Incident Handling, and Medical Aid.



This Leading Group is responsible for formulating and implementing Heno's emergency plan for production safety accidents and organizing on-site emergency rescue efforts.

## Emergency Drills

Emergency drills are a crucial part of safety management. It helps the company identify potential risks, improve employees' ability to handle emergencies, and ensure stable operations. To ensure the effectiveness and practicality of emergency drills, the company has established the Emergency Rescue Management System, led by the Production Department, and conducts monthly emergency drills. These drills simulate real emergency scenarios, such as fires, chemical spills, hazardous material transportation, and struck-by incidents, allowing employees to practice emergency response procedures, enhancing their response capabilities and risk awareness. Every six months, the company teams up with fire departments, emergency services, and medical units for a large-scale comprehensive drill.

In **2023**,  
the company organized **11** emergency drills.  
The emergency response team participated in **11** rescue operations, including fires, traffic accidents, and drowning incidents.





## Walking Together, Building a Path for Rescue

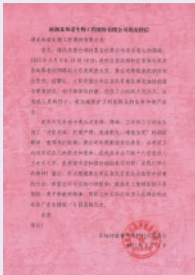
In 2023, guided by the principle of "people-oriented and giving back to society," we actively responded to social needs and participated in 11 community rescue activities. Through these actions, we demonstrated our corporate responsibility and commitment. During rescue operations, we closely collaborated with local governments and other rescue organizations. Together, we developed rescue plans, coordinated resource allocation, and leveraged our strengths to provide professional rescue equipment and technical support, ensuring robust backing for the rescue efforts.

### Case One

On September 9, 2023, around 12 PM, we received a fire alarm from the Safety Committee Office of Baiyangping Government, reporting a house fire in Baiyantou, Luzhu Dam Village, Baiyangping Town. We quickly dispatched personnel to the scene and worked with the Shizhou Fire Rescue Station to extinguish the fire. Afterwards, we educated residents on fire prevention and self-rescue techniques to improve their fire safety awareness.



Photos of the Fire Scene



Letter of Commendation

### Case Two

On May 14, 2023, at 2:05 AM, the company received a notification from the Baiyangping Police Station about a traffic accident. We quickly responded and dispatched personnel to the scene for rescue operations.



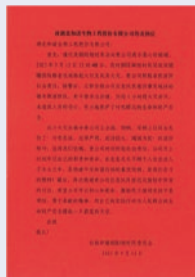
Photos of the Rescue Scene

### Case Three

On September 12, 2023, at approximately 12:52 PM, the company received a call from the Safety Committee Office of Baiyangping, reporting a house fire in Si'er Lake Group, Chaoyangpo Village. The company quickly responded and dispatched personnel to the scene for rescue. Afterwards, we educated the household on fire prevention and self-rescue knowledge, emphasizing the management of fire use in daily life to prevent household fires.



Photos of the Fire Scene



Letter of Commendation

## Outstanding Skills, Competition Honors

In March 2023, at the inaugural "Blue Flame at the Selenium Capital" Firefighting Skills Competition in Enshi, Heno secured second place in the team category and third place in the 100-meter firefighting obstacle event.

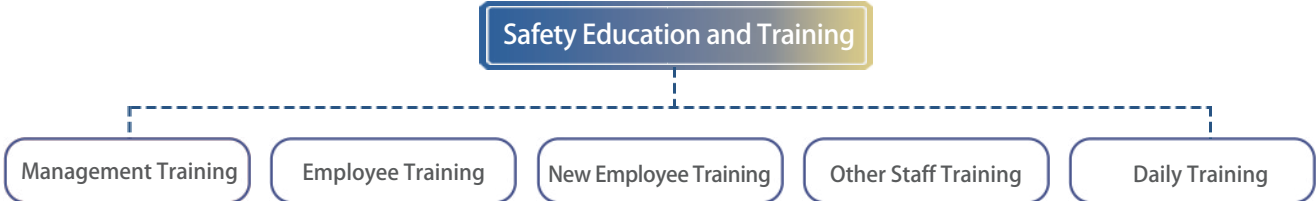


In November 2023, at the Annual Multi-Form Firefighting Teams Competition of Enshi City, the company secured third place in the team category.



## Manufacturing Safety Education

Based on the Manufacturing Safety Training Management Approach and other laws and regulations, we developed a Safety Training Education System. This system educates employees on manufacturing safety, spreads safety knowledge, and promotes a culture of safety. By boosting employees' safety skills and awareness, we aim to prevent accidents and injuries. In 2023, the company held 182 safety training sessions and activities.





## Excellence in Quality

## Quality Management

As a company dedicated to natural nicotine production, we recognize the crucial role of tobacco monopoly management in maintaining market order, safeguarding consumer rights, and supporting national fiscal health. We steadfastly adhere to legal operations and prioritize quality, strictly following the provisions of the Law of the People's Republic of China on Tobacco Monopoly.



Aligned with the United Nations Sustainable Development Goals (SDGs)



## Quality Guidelines

## Pioneering and Leading

We continually drive technological inventions and innovations in our production practices, overcoming various technical challenges to achieve a range of groundbreaking results.

## Pursuing Excellence

We strive for excellence in quality. Each batch of our products undergoes multiple quality tests, ensuring they meet high standards and providing our customers with peace of mind and satisfaction.

Customer First, Service Foremost

Our quality management is founded on seven core principles, utilizing process methodology to establish a comprehensive quality management system. We apply the Plan-Do-Check-Act (PDCA) cycle across all processes and the entire management system, ensuring alignment between our quality policy and strategic direction through process control.

The company oversees the entire production process, clearly defining the responsibilities of each department. This ensures compliance with manufacturing standards, and maintains control over equipment capacity and operational status, meeting quality standards and fulfilling customer orders.

In October 2023, the Hubei Provincial Medical Products Administration completed an on-site inspection for the company's active pharmaceutical ingredients (APIs) production license. In November, the company received the Drug Manufacturing Certificate issued by the Hubei Provincial Medical Products Administration. As of December 2023, we completed the drug manufacturing certification for nicotine APIs. We also prepared, internally reviewed, and issued 412 GMP system documents, and conducted 8 GMP training sessions.

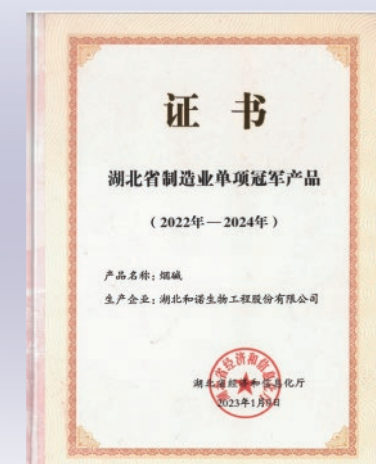
## Quality Control

The company has established the Incoming Material Inspection System, Sampling Management System, and Acceptance Management System to comprehensively control and manage product quality throughout its lifecycle. Quality control is integrated into all aspects of production, operation, and service, from raw materials, auxiliary materials, semi-finished products, to finished products, ensuring quality at every stage. We ensure standardization in the R&D phase, raw material specifications, and production processes. The company currently has 68 testing devices, with over 40 new testing instruments and equipment purchased in 2023.

In December 2023, the company's testing center received CNAS laboratory accreditation, becoming the third company in the country to obtain CNAS certification for pure nicotine.



In 2023, the company obtained ISO 9001 quality management system certification.

[illegible]



### Raw Material Inspection

The raw material for our products is tobacco dust. We mainly test the moisture content and nicotine content of the raw materials.

### Auxiliary Material Inspection

The auxiliary materials for our products are quicklime and sodium hydroxide.

### Semi-Finished Product Inspection

Nicotine content is measured.

### Sampling Inspection

During extraction, nicotine purity is measured. Only when the purity reaches 99.9% is the nicotine collected in the tank.

### Finished Product Inspection

Nicotine content is measured. According to the National Standard for E-Cigarettes (GB41700-2022, 4.2.2.1), the purity of nicotine extracted from e-cigarette products must be no less than 99%. The company's nicotine products maintain a purity level of 99.9%, much higher than the national standard. The Quality Control Department issues quality reports based on the finished products and sends them to customers together with the products. In 2023, the company did not experience any violations related to product health and safety impacts.

## Product Marking

The main product of the company is nicotine, an essential component of e-cigarettes. The company has implemented the Product Identification and Traceability Management System to manage product labeling, prevent product confusion, and avoid safety accidents:

We attach Incoming Material Identification Cards with information including name, number, model specifications, supplier, entry date, quantity, and supplier production batch number.

Attach Warehouse Semi-Finished Product Identification Cards with information including product name, team, operator/machine, quantity/weight, and production date.

Attach identification cards to the inner and outer packaging of finished products. The inner identification card includes: name, model, quantity, production batch number; the outer identification card includes: name, model, quantity, production batch number, gross weight, and volume.

When signing contracts with customers, Heno provides a safety notice detailing product hazards, precautions, preventive measures, and safety requirements for operation, use, transportation, and storage. In 2023, the company did not experience any violations related to product and service information or labeling.

## Innovative, Research and Development

Heno is dedicated to driving technological innovation, firmly implementing the national strategy of innovation-driven development. We place great emphasis on the R&D of new products and technologies. Heno has established two provincial-level research and innovation platforms and formed industry-university-research strategic alliances with several institutions.





## ○ Integration of Industry, Academia, and Research for Local Scientific Development



We signed an agreement with the School of Foreign Languages at Hubei Minzu University for a Master's internship project. This initiative enhances the practical skills and professional qualities of Translation Masters students while effectively integrating industry, academia, and research to serve regional economic development.



We established the Heno - Hubei University of Technology Joint Innovation Center for Nicotine-Based Pharmaceutical Products. This center fosters mutual growth between academia and industry, achieving industry-school cooperation and mutual benefits.



We established an Academician Workstation at the School of Chemistry and Environmental Engineering, Hubei Minzu University, to co-develop heavy metal control processes for bio-organic fertilizer, supporting sustainable social and economic development in Hubei. This initiative also provides the intellectual and technical support needed to accelerate the transformation of scientific achievements.



Our focus is on expanding our products in the pharmaceutical field. In October 2023, we conducted a study on key parameters for the nicotine sulfate extraction process. Currently, we have completed small-scale process development for the key technology project for L-ortho-nicotine.



We focused on improving product quality by conducting a study on the refining fraction removal process from January to March 2023. By enhancing the extraction process, we increased the original nicotine mass fraction from 99.5% to 99.9%, significantly reducing the proportion of harmful substances in the final products.



In 2023, we conducted 58 experiments to explore fermentation material ratios and temperatures through small trials, optimizing the fermentation process parameters for the extraction section. Coinciding with our high-tech enterprise status re-evaluation, an audit confirmed our R&D expenditures met the certification criteria, totaling 7.4286 million yuan, which accounted for 4.38% of our annual revenue.



The company established the Intellectual Property Management System to safeguard our intellectual property, encourage innovation, and strengthen its management. We formed an Intellectual Property Leading Group, comprising the Chairman, General Manager, Deputy General Manager in charge, and department heads. The Chairman leads this group, overseeing the management of intellectual property. The Intellectual Property Management Office within the Research and Development Department, headed by the Deputy General Manager of R&D, handles daily intellectual property management tasks.



Heno holds 94 intellectual property achievements. In 2023, we filed 6 new invention patents and 4 utility model patents, with the National Intellectual Property Administration granting 4 invention patents and 2 utility model patents. In April 2023, the company was designated as the Enshi Prefecture Intellectual Property Protection Workstation. That same month, the company was included in the Hubei Province Advantageous Trademark Directory. In October 2023, the company successfully obtained the China Intellectual Property Management System Certification. In November 2023, the company was recognized as a National Intellectual Property Advantageous Enterprise.





## Smart Management

Upholding the principles of "safety, environmental protection, green development," the company has leveraged big data, artificial intelligence, and 5G internet technologies to build a smart factory control platform. This platform enables data interaction among personnel, equipment, and information systems, while implementing full-process closed-loop management for raw material storage, production, packaging, and sales, ensuring traceability, trackability, and controllability.

### Integrated Emergency Response Platform

The platform follows a model of "intelligent pre-event perception and warning, real-time detection and tracking during events, and comprehensive post-event analysis and handling."



#### Comprehensive Map

The map displays relevant information about government units and enterprises within 500 meters of the Baiyangping Chemical Plant Park, clearly presenting the internal structure of the buildings.



#### Environmental Map

The environmental map interfaces with real-time monitoring data for water quality, geology, air, and hazardous waste. Water quality monitoring includes data on chemical oxygen demand, ammonia nitrogen, flow, and pH values, while air data includes humidity, temperature, and PM2.5 levels.



#### Safety Map

The safety map primarily covers four modules: major hazard sources, dual prevention mechanisms, special operations management, and fire protection facilities management.



#### Access Management

The factory is managed according to closed-off protocols, mainly through video surveillance and access control points to monitor and track personnel and vehicles, ensuring safety.



#### Emergency Map

The emergency map is based on the principles of "prevention beforehand, rescue during the event, and investigation afterwards," establishing a comprehensive emergency rescue system. In case of emergencies, it ensures prompt response.

### Digital Factory Control Platform

The platform ensures safety management of the production process. The platform consists of four application modules, including the following:

#### Real-Time Monitoring and Alarm Module

Using Safety Instrumented System (ISI), Distributed Control System (DCS), Gas Detection and Alarm System (GDS), and other systems, 523 sensors perform real-time monitoring of liquids and gases in key workshops and warehouses. Monitoring data is integrated in real time with the production area and emergency response center. When high or low alarms occur, real-time audio-visual alarms ensure that the production process remains controllable.

#### Dual Prevention Mechanism Module

The factory is managed with graded risk control, marked in red, orange, yellow, and blue.

#### Personnel and Vehicle Localization Module

Personnel and vehicles in the production area are equipped with trackers that display real-time positions on a map. Different departments and roles are distinguished by colors and icons, allowing dynamic monitoring of personnel and vehicle movements at any time.

#### Operational Safety Module

The system uses explosion-proof surveillance hemispheres for real-time monitoring of operations and gas detection equipment to monitor combustible and toxic gas concentrations in work areas. Data is transmitted in real time to the emergency response center via base stations, ensuring the safety of special operations.

### Intelligent Monitoring System

The company's monitoring system ensures 24/7 real-time surveillance of the entire factory. Video signals from raw material storage and production areas are actively connected to the dedicated monitoring computers of the tobacco regulatory authorities. The company's surveillance footage is linked with the Tobacco Monopoly Bureau, achieving full-process management of raw material storage, production, packaging, and sales, effectively preventing unauthorized product flow.

## ○ Responsible Marketing



The company remains consumer-centric, striving to improve marketing quality and service levels. Our marketing activities are conducted objectively and truthfully, without exaggeration, risk concealment, or excessive marketing. We have established the Sales Management System, clearly stipulating that the sales process must be honest and trustworthy, without deceiving customers or passing off inferior goods as superior ones. The company places great importance on customer privacy protection. All Sales Department employees sign confidentiality agreements and strictly safeguard customer information. In 2023, the company did not experience any violations related to marketing activities or incidents of customer privacy breaches.

## ○ Customer Satisfaction

To ensure our product quality, delivery times, and service levels meet customer requirements, and to promptly identify and resolve issues, we periodically conduct follow-up surveys with customers to collect feedback. Additionally, we conduct an annual customer satisfaction survey.

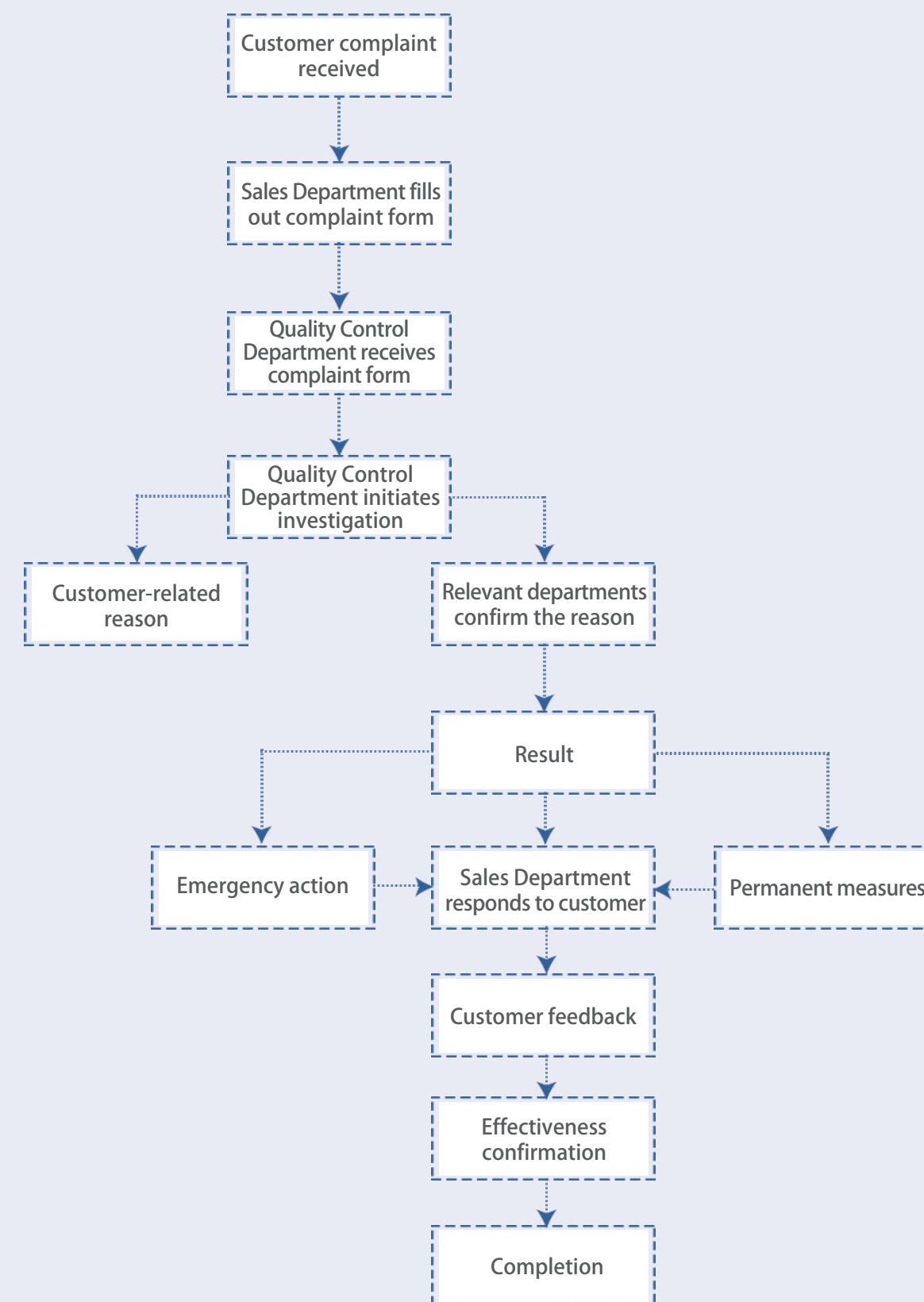
 This year, the company distributed **32** satisfaction surveys and received **28** responses, achieving a customer satisfaction rate of **96%**



## ○ Customer Complaint Management

To ensure timely responses and resolutions to customer complaints, we established the Customer Complaint Management System, outlining departmental responsibilities and the complaint handling process. This promotes product quality improvements and enhances after-sales service. The company categorizes customer complaints based on their causes into general complaints and serious complaints. General complaints must be resolved within one week, while serious complaints must be resolved within two weeks. In 2023, the company did not receive any customer complaints.

客诉流程图





## Supply Chain Management

All raw material procurement is initiated through the National E-Cigarette Transaction Management Platform. After approval by the State Tobacco Administration, we sign contracts for nicotine raw material transactions for e-cigarettes and then apply for the necessary transportation permits.

We have established the Supplier Management Regulations to strengthen control over suppliers, ensuring that the quality of procured products or services meets company requirements. We also sign an Environmental Protection and Occupational Health Notice with suppliers, promoting ESG principles.

We conduct annual evaluations of suppliers based on criteria like legal compliance, unlawful behavior, management system certification, product quality, and delivery service. Suppliers who fail the evaluation are suspended from procurement. They are given a month to make improvements and then re-evaluated. If they still do not meet the standards after re-evaluation, we terminate cooperation.

In 2024, we plan to conduct ESG training for auxiliary material suppliers to enhance their ESG awareness and initiate ESG audits within the supply chain.

In 2023, Heno sourced **60.4%** of its primary materials and **57%** of its auxiliary materials from Hubei Province, contributing to the local industry's development.

## Public Impact

While creating social wealth, the company remains committed to fulfilling its social responsibilities. We actively participate in philanthropy, sharing the benefits of corporate development with society, creating long-term social value for the enterprise, and giving back to the community through tangible actions. We integrate philanthropy into our daily operations and development strategies, spreading warmth and strength, and promoting social progress.



### Rural Revitalization and Poverty Alleviation

Heno recognizes the importance of rural revitalization and poverty alleviation. In March 2023, we donated 20,000 yuan to the Enshi City Charity Federation, specifically for the rural revitalization and poverty alleviation project in Bailongba Group 19, Shuanglong Village, Tunpu Township. A well-maintained road is vital for improving travel conditions for villagers and boosting local economic development. Our goal is to enhance infrastructure, offering more convenient transportation for residents. This, in turn, fosters rural economic growth, improves the quality of life for villagers, and helps them move out of poverty toward prosperity. In June 2023, Heno actively responded to the call of the Enshi Municipal Committee of the Communist Party of China and Municipal Government, participating in the city's "Creating a Better Life Together - One-Day Charity Donation" event. Heno donated a total of 28,000 yuan.



### Rural Revitalization and Poverty Alleviation Work

In November 2023, Heno donated 50,000 yuan to the Enshi City Charity Federation for the development project in Hefengkou Village, Shadi Township, supporting local education, healthcare, culture, and other infrastructure construction, creating better living conditions and development opportunities for local residents.

In August 2023, the Enshi City Veterans Care Association organized the first "Heno Bio - Shuangyong Cup" Men's Basketball Invitational Tournament and the Enshi City Gala celebrating the 80th anniversary of the Yan'an Shuangyong Movement and the 40th anniversary of the establishment of the prefecture. Heno sponsored 80,000 yuan to support the event, expressing Heno's deep care and respect for veterans. We also hope to promote military-civilian integration through cultural and sports activities, fostering social harmony.



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## Appendix | ESG Policies and Laws




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Management Commitment		
Governance Structure	Company Law of the People's Republic of China	Articles of Association
Effective Operation of the Board of Directors, Supervisory Committee, and Shareholders' Meeting	Company Law of the People's Republic of China	Board of Directors Meeting Rules, Supervisory Committee Meeting Rules, Shareholders' Meeting Rules
Compliance Management and Risk Preventions	Anti-Unfair Competition Law, Tax Collection and Administration Law of the People's Republic of China, Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China, Tobacco Monopoly Law, Regulations on E-cigarette Management	Anti-Corruption and Anti-Bribery Policy, Compliance Commitment Letter, Anti-Corruption and Anti-Bribery Commitment, Internal Control System, Legal Affairs Management System, Implementation Measures for Internal Control Compliance and Risk Management, Compensation Management Plan, Prevention and Disciplinary Measures for Workplace Harassment, Violence, and Discrimination
02 Green Development - Growing into a Green, Eco-Friendly Enterprise Characterized by Blue Skies, Green Lands, Clear Waters, and Clean Air		
Climate Change Management	Opinions of the CPC Central Committee and the State Council on Fully and Accurately Implementing the New Development Concept to Achieve Carbon Peak and Carbon Neutrality, Action Plan for Carbon Peak by 2030, Guidelines for Accounting and Reporting Greenhouse Gas Emissions in the Food, Tobacco, Alcohol, Beverage, and Refined Tea Sector (Trial Version), Greenhouse Gas Accounting System: Corporate Accounting and Reporting Standards, Water Pollution Prevention and Control Law of the People's Republic of China, Water Law of the People's Republic of China, Energy Conservation Law of the People's Republic of China	Energy Management System Manual
Emissions Management	Environmental Protection Law of the People's Republic of China, Emergency Response Law of the People's Republic of China, Air Pollution Prevention and Control Law of the People's Republic of China, Solid Waste Pollution Prevention Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China	Emergency Environmental Incident Response Plan, Emergency Rescue Management Policy, Wastewater Discharge Management Policy, Waste Gas Discharge Management Policy, Hazardous Waste Management Policy, Standardized Operating Procedures Policy
Green Operations		Administrative Document Management Policy

Chapter	Laws and Regulations	Internal Systems
03 Empowering Society - Achieving Shared Growth through Corporate Citizenship		
Employee Care	Labor Law, Civil Code of the People's Republic of China	Prevention and Disciplinary Measures for Workplace Harassment, Violence, and Discrimination, Training Management System
Health and Safety	Law on Prevention and Control of Occupational Diseases, Regulations on the Supervision and Management of Occupational Health in the Workplace	Occupational Disease Prevention and Control Responsibility System, Occupational Disease Hazard Warning and Notification System, Occupational Disease Hazard Monitoring and Evaluation Management System, Three Simultaneous Management System for Occupational Health, Occupational Disease Hazard Prevention and Treatment Publicity Education and Training System, All-Staff Manufacturing Safety Responsibility System, Manufacturing Safety Reward and Punishment Management System, Safety Standardization Self-Assessment Management System, Double Prevention Mechanism Workflow, Accident Hazard Investigation and Management System, Manufacturing Safety Accident Emergency Plan, Emergency Rescue Management System, Safety Training and Education System
Excellence in Quality	Advertising Law of the People's Republic of China, Consumer Protection Law of the People's Republic of China, Trademark Law of the People's Republic of China, Personal Information Protection Act	Quality Manual, Incoming Materials Inspection System, Sampling Management System, Acceptance Management System, Product Identification and Traceability Management System, Intellectual Property Management System, Sales Management System, Customer Complaint Management System

# Feedback Questionnaire

Dear Readers,

Thank you for taking the time to read Heno Biological Engineering Co., Ltd.'s 2023 ESG Report. To continuously improve our ESG governance and enhance our social responsibility practices, we look forward to your valuable feedback and suggestions on this report. Thank you!

-  Contact Number: 0718-8305899
-  Email: sales@heno.net.cn
-  Address: Baiyangping Industrial Park (Chemical Zone), Enshi City, Hubei Province

1. What is your overall assessment of this year's ESG report?

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

2. Do you find the report accurate, clear, and complete?

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

3. Do you think this report is readable?

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

4. Do you think this report comprehensively reflects the company's significant impacts on the economy, society, and the environment?

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

5. How do you rate the logical flow, structure, and design of this report?

☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor

6. Which topics in this year's ESG report interest you the most?

7. What additional information would you like to obtain from the report?

8. Any comments or suggestions on our ESG report, ESG efforts, or sustainable development management:

