

### Environmental, Social and Governance Report 2024

Employee Welfare | Product Quality | Green Operation | Environment Protection

Quality, Innovation, Service, Network With our passion to encourage the people around us. With our enthusiasm to change the world better.







### Content

01 02 03 04 Greetings Product Quality Control & Sustainable Operation Environmental Protection



### Greetings

#### 3F's Objectives:

To become a world-class electronic component supplier, provide suitable solutions for our clients' demand.

#### 3F's style: Enthusiastic and passionate

With our passion to encourage the people around us. With our enthusiasm to change the world better.

#### 3F's Social Responsibilities:

Let our product be safer for our clients to use; Be efficient on resources to make the world better!

#### 3F's Programme of Action:

"3F Spirit": Fast, Flexible, Feedback, proactive approach to clients/suppliers.

#### 3F's Purpose:

Quality, delivery, service, customer, step by step improvement, zero defect management.

#### 3F's Sustainability Strategy:

Follow the sustainability laws and regulations, we urge energy saving, increase the awareness of sustainable development, improve environmental objectives, low-carbon production, and provide eco-friendly products.



William Bale Senior Strategic Development Consultant



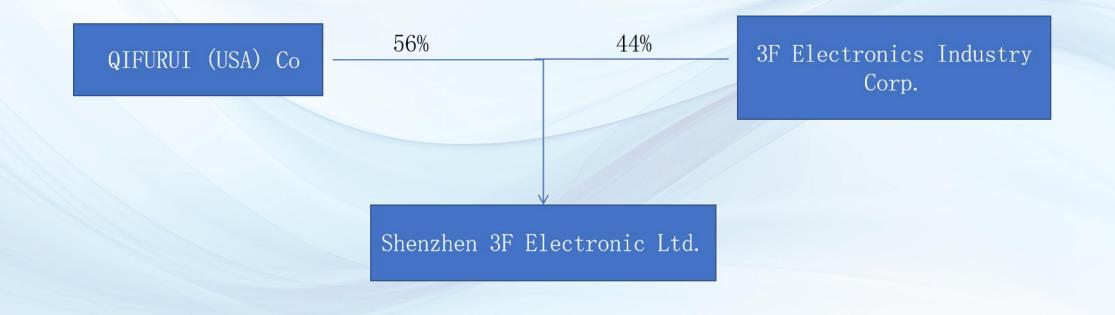
### Company Overview

3F Ltd. was established in 1996, with over 20 years of accumulation, 3F has transformed into a conglomeration. The company's registered capital is worth  $\pm 23$ bn, annual revenue of  $\pm 0.8$ bn. 3F is now a qualified professional cable manufacturer that is able to produce insulating materials, copper conductors, irradiation processing, specialty cable, PVC cable, XLPE cable, fluoroplastics cable, SIHF cable, Automotive cable, insulating casing, etc products. Selected as a National High-tech Enterprise in 2009. The headquarters is located at 6 Zhenxing Road, Guangming District, Shenzhen, covers an area of 20,000m<sup>2</sup>, with a total factory area of 36,000m<sup>2</sup>.





### Company Equity Structure





#### **Employees**

Total employees:	266
Total female employees:	65
Total male employees:	201
Under age 30:	47
Age 30-50:	185
Above age 50:	34
High school and under:	203
Bachelor's degree:	60
Master's degree and above:	3

#### Employee Training

Headcounts of engagement:	4076
Total training expense:	¥715,278
Average training expense:	¥175

#### Employee Rights

Labor contract signing rate: Social insurance coverage:

100% 100%





### 3F Overview and Certificate

#### Overview (2023) (Unit: RMB)

Total Asset: 0.539 bn

Total Revenue: 0.725 bn

Net Profit: 42 mn

Tax Payable: 10 mn

Total Employees: 266

Proportion of Female: 25%

Patents: 56

### CERTIFICATE OF REGISTRATION

#### This is to certify that the management system of:

**3F Electronics Industry Co.**, **Ltd**.

Main Site: No. 5, Zhenxing Road, Liyuhe Industrial Park, Loucun Village, Gongming Street, Guangming New District, Shenzhen, Guangdong, 518107, China IATF USI Number: 3FWSLN

has been registered by Intertek as conforming to the requirements of:

IATF 16949:2016

The management system is applicable to: Manufacture of Insulated Wires. Permissible exclusions include: Product design 2023-0465 Certificate Issue Date: 5 January 2024 Certificate Expiry Date: 4 January 2027

IATF Certificate Number:

0495235 Certificate Number

intertek





Intertek – 4700 Broadmoor, Suite 200, Kentwood MI 49512, USA

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FAST

### Corporate Culture Structure

FLEXIBLE

3F's Objectives: To become a world-class electronic component supplier, provide suitable solutions for our clients' demand.

3F's Slogan: High quality, well produced, great management, consulting retail, proactive service

#### FEEDBACK

3F's Purpose: Quality, delivery, service, customer, step by step improvement, zero defect management.

3F's Sustainability Strategy: Follow Sustainability laws and regulations, energy saving, increase the awareness of sustainable development, improve environmental objectives, lowcarbon production, provide ecofriendly products.



### The Senate System

The company Senate system was established in June 2010, focusing on handling 3F's operating activities and voting on proposals relative to operating strategies and activities. Process: Proposals are raised through the Senator who represents each department through WeCom, all Senators would enter WeCom to review and scrutinize the proposal, and the CEO confirms and signs the proposals for them to come into force (the CEO has the veto power within the Senate), in the occasions that the Senate need a discussion, it shall be reported to the Head of Senate in advance. The regular meeting will be convened at 10:00 every Saturday, there could be ad hoc meetings be convened in the situation of emergencies.

2024 Head of Senate: Ying Gao (高莹) 2024 Members of the Senate: Yong Ding (丁勇), Wei Wang (王伟), Xiongyan Pan (潘雄燕), Fangzhong Tan (覃方 忠), Xiaodong Li (黎晓东), Shaokai Wu (吴少凯), Yingjuan Feng (冯映娟), Weixi Wu (吴玮晞).





### The Senate





### Client Relationship Management

3F insists our service of "place client's needs as centre, provide one-stop service", provide our clients with suitable digital solutions, services and product design plans to maintaining our relationship with clients.

- 1. Understand the basic information of clients, generate client profile
- 2. Understand the project demands, fully review the client profile
- 3. Design our solutions > Provide quotes, samples or PDCA to clients
- 4. The client approves > Order placement Production > Following up till handover
- 5. Receive complaints/returns investigation investigation
  - Document client's complaints and analsis
- 6. Checking > Invoice > Payment Collection > Case Closed
- 7. After service and client relationship maintainence





### Incorruptibility, Business Ethics and Incorruptibility Governance

3F highly values incorruptibility management, established anti-corruption regulations and strategies, urging the construction and realization of an anti-corruption system, strengthening our regulatory capacity on suppliers and important corporate partners, to ensure we exercise full governance on corruption from inside and outside the company. The employees have signed incorruptibility self-discipline commitments. 3F has become a member of the Honest Business Alliance under the government's supervision.

## 光明区廉洁企业联盟 成员单位

光 明 区 纪 委 區 委 光 明 区 委 统 战 部 光明区工业和信息化局



### Supply Chain Management

1. Digital Management Platform Automatically review orders Automatic tickets and queuing for production Automatic inventory transfer

2. Construct a logistic platform with a third-party company, inventory is divided into Southern China and Eastern China Warehouse to centralize distribution.

3. Sign distribution contracts and quality insurance agreements with suppliers.

4. Supplier selection process: Form a supplier selection group with three Senators, one is the group leader and two are the members. The group leader should lead the review on the supplier, the supplier shall only supply to 3F after it qualifies for the review.

5. The outstanding supplier will be rewarded annually at the end of each year. 3F will certify the outstanding supplier reward.

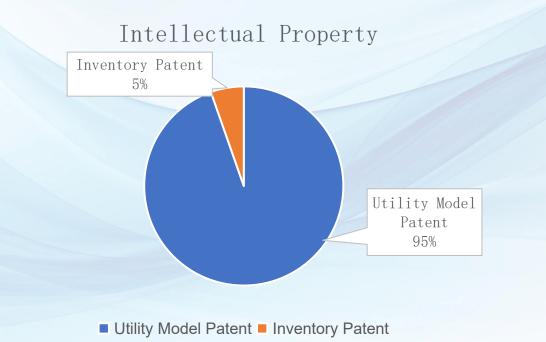
6.3F would run performance ratings to suppliers monthly.

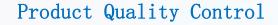




### Intellectual Property Protection

3F consists of the principle of "Respect other's intellectual property, protect own intellectual property", to protect our own competitive advantages and brand reputation with professional intellectual property management while avoiding violation of other's intellectual property. Until August 2024, 3F holds in total of 56 patents, among them, it includes 53 utility model patents and 3 inventory patents.





3F insists on our principle of "quality, delivery, service, customer, step by step to improve, zero defect management", seeking to deliver exceptional products to clients. For such objectives, we have created a refined quality management system, every step of production, from raw materials to the final product, is securely scrutinized, ensuring every product can achieve and even exceed the expectations of clients.

First, at the stage of procurement of raw materials, we choose suppliers with good reputations and consistent quality and regularly review each supplier. By signing the quality insurance agreement, we ensure the raw materials are compliant with our high standard demand. Other than that, we have also established a strict Incoming Quality Control system, to conduct random sampling inspection to every batch of raw materials to ensure the quality.

In the manufacturing process, we used advanced production equipment and technology to ensure the stability and controllability of the manufacturing process. Production lines are equipped with automatic inspection devices, to monitor the Critical Process Parameters in real time, timely discover and correct potential protection errors. Meanwhile, we have introduced the concept of "Quality First", encourage our employees to proactively engage in quality improvement activities, and increase employees' awareness and responsibility for quality control.





#### **Product Quality Control**

To further improve the product quality, we have established a specialized laboratory with advanced testing and inspection equipment. To test the products produced by the accuracy of dimensions, mechanical properties, appearance quality and other details. Through multi-dimension, multi-angle inspections, make sure the products are in optimal condition before distributing them to clients.

Meanwhile, we also value the quality of after-service. 3F built a complete customer feedback system, and promptly collected and analyzed the client's feedback and reflections. On any issues regarding the quality of products from clients, we aim to respond quickly, actively deal with complaints and utilize reflections on consistently improving product quality.

Through the above measures, 3F continuously optimizes our product quality control system, to stand out in the fierce market competition. We believe we can only win our client's trust and the market's confidence by striving for excellence.





#### Strengthen environmental protection

3F highly values the issue of environmental protection. While pursuing 3F's development, we seek to proactively take the social responsibility of protecting the environment, make great efforts for sustainability growth. 3F actively responds to the Chinese Government's demand for green development, and strictly follows the relevant laws and regulations such as "The Environmental Protection Law of the People's Republic of China", "Atmospheric Pollution Prevention and Control Law of the People's Republic of China",

"Water Pollution Prevention and Control Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste" etc., and continuously refine ESG strategies and system documents, to ensure the ESG management system to function and improve, pushing 3F's management ability on environmental protection.

Organize a specialized environmental protection team to inspect the environmental conditions of each factory and department, follow up with known issues and the progress of rectification, and record and report any discovered problems to the system. The main person in charge of each department is obligated to take direct responsibility for the ESG framework management of their department, this includes: Arranging rectification of problems discovered, reporting the rectification progress within a set time, and preventing any violations against laws and regulations.





#### Strengthen environmental protection

Our company is persistent in regulating project construction management and production operation, we have built a strict Safety Environmental Protection system to effectively guide ESG works within each factory. At the same time, we continuously making improvements in our production technology, consistently running regular inspections and technology upgrading in our eco-friendly facilities, increasing our ability to manage production wastes and production hygiene levels, and ensuring each indicator is functioning properly.





#### Environmental Factors Investigation, Identification and Decision

Each department should list all factors that production may have influences on the environment, and identify the environmental risk factors and decisions on production.

#### Eco-friendly Facilities Operation Management

When discovered that eco-friendly facilities are not functioning or are broken, the factory should promptly acknowledge the relevant department for repair or replacement.

The factories should regularly conduct maintenance and record the status of eco-friendly facilities.

#### Environment Monitoring

3F would update reports on the China Administration of Permitting Pollutant Platform, the reports are open to the public after audits of the local Environmental Protection Department.





#### Working with Enforcing Authorities to Compliance Supervisation

According to China's environmental protection requirements, we employ certified third-party organizations to regularly inspect and issue reports on our production line on pollutants including emissions, effluents, noise, etc.

Includes ineffective environmental protection management in our emergency rescue drills.

In the occasions that incidents take place, 3F strictly obeys the four no-excuses principle (No excuses for uninvestigated causes of the incident, no excuses for unpenalized responsibles, no excuses for uneducated or untrained staff, no excuses for absence of precaution measures), no concealing, no falsely reporting, no late reporting and no misreporting.





#### Environment Influence Management

3F is fully aware of the importance of biodiversity, we consistently reflect on the influence of production activities on biodiversity and identify hidden risks in line with China's laws and regulations of "guidelines to further biodiversity protection work", "Law of the People's Republic of China on Prevention and Control of Soil Contamination", "Regulation on Groundwater Management".





#### Green working environment

3F is urged to create a low-carbon working environment, encourage employees to fulfill green concepts in production and the office, strengthen energy-saving awareness, and implement resource saving activities.

#### Paper Usage Management

Encourage paperless working, all paper documents must be double-printed

• Strictly controls color printing, cease all unnecessary color printing power

• Documents are to be delivered through email and the ERP System, reducing the number of paper documents

#### Eco-friendly stationery purchases

Purchase eco-friendly stationary, such as recycled paper, refillable ballpoint pen

- Purchase recyclable ink cartridges and pencils
- Purchase electric appliances with energy efficiency signs
- Purchase office furniture with recycled materials





#### Saving energy

Switch off the light, air conditioner, computer, printer and water dispenser, etc after work

• Avoid computers, printers and other office tools staying vacant after use

• In areas without centralized air-con, prevent the case where air-con is on while windows or doors remain open or no people are in the room, the air-con should always be at  $25^{\circ}$ C or above

• Shall always attempt to use LED light bulbs in the office area





#### Disposable Management

Separately collect wasted selenium drums, wasted light bulbs, outdated laptops and other office wastes

- Employ a qualified third-party organization to handle wastes
- When recycling, toner cartridges and batteries should be wrapped before disposal, some items need to be placed into specific recycling bins.
- Household garbage will be centrally collected and handed over to urban sanitation workers.

#### **Others**

Strictly manage business cars, the cars should be arranged and used efficiently

- Post notices in the office area to remind workers to save energies
- Promote green commuting, motivate workers to travel through public transportation and reduce the usage of private cars.



#### IEC QUALITY ASSESSMENT SYSTEM (IECQ)

For rules and details of the IECQ visit www.iecq.org

#### IECQ Certificate of Conformity Hazardous Substance Process Management

IECQ Certificate No .:	IECQ-H SAIG 14.0009	Issue No.:	8	Status:	Current
Supersedes:	IECQ-H SAIG 14.0009 Issue 7	Issue Date:	2023/09/05	Org Issue:	2014/06/05
CB Reference No .:	ENHAZ40005	Expiration:	2025/06/04		

#### Applicable to:

- EU Directive 2011/65/EU ("RoHS Restriction of the use Of certain Hazardous Substances") in electrical and electronic equipment. Including all published amendments
- Customer specified requirements

3F Electronics Industry Corp

No. 5, Zhenxing Road, Liyuhe Industrial Park, Loucun Village, Gongming Street, Guangming New District, Shenzhen, Guangdong China

The organization has developed and implemented restricted/hazardous substances process management procedures and related processes that have been assessed by the IECQ Certification Body in accordance with IECQ 03-1 and IECQ 03-5 for the issuance of this certificate and found to be in conformity with the applicable requirements of the IECQ Hazardous Substances Process Management Scheme and in respect of the IECQ Specification:

· IECQ QC 080000:2017 - Hazardous Substance Process Management System Requirements

This Certificate is applicable for the following scope of activity: Manufacture of Heat-Resistant Insulated Electrical Wires & Cable

#### Issued by the Certification Body: SAI Global

Beijing AVIC Building, No 10B, East 3rd Ring Road, Chaoyang District, Beijing 100022 China



Authorized person: Calin Moldovean



The validity of this certificate is maintained through on going surveillance audits by the ECO CB issuing this certificate. This Cordinate the certificate of Conformity may be suspended or withdrawn in accordance with the Rules of Procedure of the IECO System and its Schemes. This certificate is and any schedule(s) may only be produced in full. This certificate is not transformable and remains the property of the issuing IECO CB. This certificate is not transformable and remains the property of the issuing IECO CB. The Status and authentick of this certificate may be verified by video one the Status and authentick of this certificate may be verified by video one of the status and authentick of the certificate may be verified by video one of the status and authentick of the certificate may be verified by video one of the status and authentick of the certificate may be verified by video one of the status and authentick of the certificate may be verified by video one of the status and authentick of the certificate may be verified by video one of the status and authentick of the certificate may be verified by video one of the status and authentick of the certificate may be verified by video one of the verificate by the status and authentick of the certificate may be verified by video one of the status and authentick of the certificate may be verificated by verifications where one of the certificate beneficiated by the verification of the verification of the certificate beneficiated by the verification of the verification of the certificate beneficiated by the verification of the verific

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### Facilitate green operation

#### Greenhouse gases emission

Facing the impact of global climate change, the manufacturing industry is entering an accelerating period of transformation and upgrading. 3F has always insisted on our eco-friendly and energy-efficient principle, actively innovating our technology to improve the efficiency of our energy usage and reduce carbon emissions in each stage of production. The main source of emission of our company is from the use of petrol and gasoline that cause direct emission of greenhouse gas, and the indirect emissions from outsourcing electricity for production.





### Facilitate Green Operation

#### Optimizing energy structure

3F is proactive in following up with the progress of policies and measures against climate change in China and globally, refining the carbon emission management system and tailoring our emission reduction measures according to 3F's status. 3F pushes the transformation of the vehicles used from petrol to new energy vehicles, and promotes the use of photovoltaic power. In our plant, we used a distributed photovoltaic system to replace the outsourcing electricity to implement cleaner energy usage, to take advantage of peak-and-valley electric charges.





### Emission Management

3F highly values the environmental impact of our operation, strengthens environmental management and improves the environmental performance, to ensure we effectively manage emissions and efficiently use resources. In certain stages of products, for example, printing on cables would emit air pollutant Dimethylbenzene Xylene. The company runs an air pollutant management program, the wasted gas collected must be filtered according to the "Integrated emission standard of air pollutants" before emitting to the air.

The company has regular checks and inspections on wasted gas emissions and handling systems to ensure the system is functioning properly. Meanwhile, the company would employ third-party organizations to assess wasted gas emission levels according to legal regulations and guarantee we obey the emission standard of air pollutants.





### Emission Management

3F has disposable classification management, in that household garbage and production wastes are disposed of separately, and place bins are in the production area according to the needs for recyclable wastes. Unrecyclable wastes and hazardous wastes will be stored in specific disposable waste points at each factory and will be marked with unified, clear signs in the area. All disposables are handled by qualified third-party organizations.

3F strictly obeys relevant laws and regulations of "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution",

"Measures for the Administration of Permit for Operation of Dangero us Wastes", "Measures for the Transfer of Hazardous Wastes" to formulate "Dangerous Wastes Management Measures", to fully monitor the process of collection, storing, packaging and handling process, make sure our dangerous wastes disposal is to realize "reducing, reusing, and recycling".

According to China's dangerous wastes list or by the national regulated dangerous wastes identification standard and method, every production department should identify, count and sum up the volume of dangerous wastes produced and be included in the dangerous waste management program to be securely managed.





#### Dangerous Waste Collection

All dangerous waste production points must create a dangerous waste management notice card; develop a "dangerous waste registration book", honestly record the circumstances of dangerous waste collection; establish dangerous waste temporary storage points with obvious hazardous signs; recruit specialized agents for dangerous wastes to promptly collect and transit dangerous wastes to the dangerous wastes warehouse. The dangerous wastes must not be exposed directly outdoors.

#### Dangerous Wastes Storage

Each production line should set temporary storage points by the type of dangerous wastes, ordinary wastes and dangerous waste containers should be clearly labeled, and must be separately stored, mix storage is forbidden.



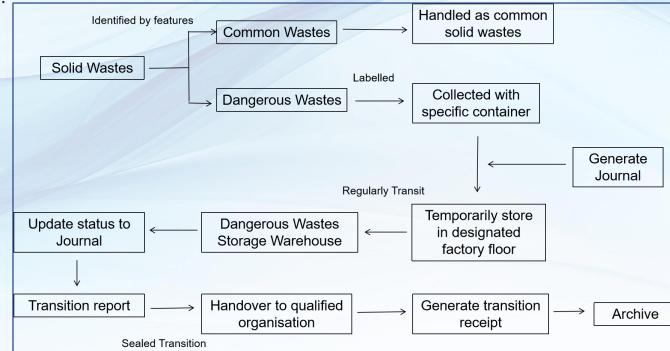


#### Dangerous Wastes Handling

Handlings are carried out by certified organizations and sign the "Dangerous Waste Handling Agreement", strictly obey the dangerous wastes transition management measures, develop dangerous wastes management book, and reports to the Ministry of Ecology and Environment through the online platform.

#### Water Resources:

The production usage water is circulating water.





#### Employee Rights Protection

3F strictly follows the National laws and regulations, signs and fulfills labor contracts with our employees, develops a detailed "employee handbook" according to the company's circumstances, and ensures our regulations and system are transparent to employees.

#### Our Duty

To guarantee that all employees are treated fairly in recruitment, employment, salary, promotion, distribution of workload, working hours and training (regardless of their race, age, religion, political stances, nationality, social status, disability and any other circumstances that are irrelevant to working abilities; Ensure all employee is free from harassment, threat, bully, and debasement, to improve our employee's satisfaction.

#### Employee Salary Claim

3F values employees' benefits and needs for daily life, ensuring all employees receive a salary that can at least satisfy the basic demands for living. As outlined in our wages policy, the salary of workers must not be lower than the minimum wage level, continuously monitor the local economic situations and changes in the cost of living to adjust our employees' wage level.





#### Talent Recruitment

3F insists on our openness and fairness principle, treats every applicant equally, selects the most suitable candidates without any discrimination on age, disability, race, gender, marriage status, nationality, political stances etc. Force employment and child employment are strictly forbidden, and random checks will be carried out in the company to guarantee the employment is legal.





#### Employee Wages and Benefits

3F promises that we will provide our employees with fair workload distribution and working hours to improve the work-life balance of employees. We follow the principle of "fair paid and be paid by the work done", The established system allows wages to rise over time and pays social insurance and Housing provident fund that guarantees our employee receives their legal rights.

The company developed a well-functioning human resources management system and KPI system to implement gender equality and fair wages principles. We have closely combined the KPI for management employees with the operation objectives, to generate close bonds of employees and the company to achieve the mutual goals by setting reasonable salary structures. This motivates our employees to be active in work and increases the sense of responsibility of employees to push the development of 3F together.



#### Female Employee Rights Protection

3F fulfills the "Law of the People's Republic of China on the Protection of Rights and Interests of Women" and "Special Rules on the Labor Protection of Female Employees" to protect the legal rights of female employees. We guarantee female employees would have the right to take maternity leave, lactation leave and parental leave, and forbid any actions of cutting wages or dismissing the reason for the female employee being pregnant, giving birth or breastfeeding.

3F highly values the right protection of our female employees in production and constantly improves female employees' working environment and conditions. We run regular health body checks and relevant measures to take care of both the physical and mental health of our employees, dedicated to providing an equal, healthy, safe working environment, to allow every female employee could fully express their ability and enjoy the opportunity of their career progression.





#### **Employee Training**

3F takes great importance in our employees' awareness and global perspectives, by taking online and in-person training in cultural and global situations, supporting our employees to better understand and respect the differences between cultures, and facilitates the development of multiculture diversity.

#### **Professional Health and Safety Caring**

3F puts our employee's dignity, happiness and satisfaction as our core values, wholeheartedly protecting employee's physical and mental wellness and prevention of sickness. We are aware, that healthy employees are the greatest assets of the company. Hence, we provide our employees with regular full health physical examinations and put great emphasis on safety management in the working environment. Through taking effective safety measures, we insist on reducing the risks of professional damage, ensuring every employee can work in a safe and comfortable environment.





#### Dual-level Prevention System for Safe Production

3F consistently strengthened safety production management to construct a dual-level prevention system for production safety and published the "Standard Safe Production Handbook" to guide employees in work. We have combined risk management and hidden-risks investigation process to prevent the potential danger of production from its root, significantly reducing potential harms. With our accurate reward system, we ensure that a safe production dual-level prevention system is able to operate efficiently, optimizes the protection of employees' health and assets.

#### Refine and Realization of a Dual-level Prevention System for Safe Production

3F continuously works on constructing the dual-level prevention system, which aims to avoid safe production risks from their roots. We investigate production lines with detailed potential risk inspection, implement control over different risk levels, the accuracy of identifying risks and respond to such risks in time. By the severity of risk, we have classed risks into 4 levels: "Major risk", "High risk", "Mild risk" and "Low risk", and distribute responsibilities accordingly to fulfill risk management objectives. This system is explicit on the responsibility of each level and the point of risk, provides solid guarantees against employees' lives and on production facilities.





#### Strengthen Potential Risk Identification and Governing

3F consists of strengthening our safe production potential risk identification and governing process and runs a monthly inspection on safe production and fire alarm systems. The potential risk identification plan and ensure the inspection covers all depth and details. At the same time, 3F runs random checks on production lines weekly to improve the effect of safety supervision, once discovered any potential risk, we would swiftly take rectification actions to ensure the sustainability of our safe production environment and protect employees' health and operation of the company.

#### Refine and Realization of the Safe Production Emergency Incident Plans

3F has developed a full set of safe production emergency incident plans and formed a professional emergency management team, to ensure that all production units are equipped with emergency equipment, devices and supplies to cope with potential emergencies. We regularly hold specific emergency plan implementation drills, fire alarm rescue and relevant training, to improve the capability and awareness of our employees to safety incidents. 3F has also actively cooperated with the local fire department, engaged in collaborative drills, improved our preventive and coping strategy, ensured swift response in case of emergency, and protected employees' lives and the safety of company assets.





# THANK YOU!

Employee Welfare | Product Quality | Green Operation | Environment Protection