

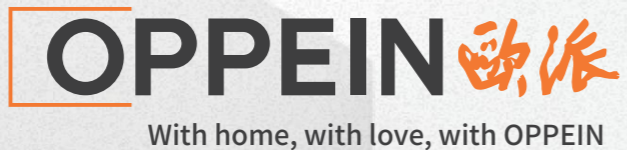
OPPEIN 欧派

With home, with love, with OPPEIN

OPPEIN Home Group Inc.

2023 Sustainable Development Report





ABOUT THIS REPORT

This report is the third sustainable development report released by OPPEIN Home Group Inc. (hereinafter referred to as "OPPEIN", "the Group" or "we"). Based on the principles of objectivity, standardization, transparency and comprehensiveness, the report systematically displays OPPEIN's sustainable development concepts, practices and major sustainable development progress in the reporting year. We hope to strengthen communication and exchanges with internal and external stakeholders by publishing reports.

Preparation basis

This report is prepared in accordance with the "Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operations", and also refers to the "GRI Sustainability Reporting Standards" (GRI Standards) issued by the Global Sustainability Standards Board (GSSB), The "United Nations Sustainable Development Goals" (SDGs) issued by the United Nations, and the "Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 - Sustainability Reporting (Trial)" issued by the Shanghai Stock Exchange.

Reporting scope

This report is based on the consolidated scope of the annual financial report and discloses the Group's management methods, measures and performance in environmental, social and governance aspects from January 1, 2023 to December 31, 2023. The scope of the report content covers OPPEIN's Guangzhou headquarters and five major production bases including Tianjin, Qingyuan, Wuxi, Chengdu and Wuhan. In order to make the report more comparable and forward-looking, some of its contents have been extended.

Data sources

The financial data in this report comes from the 2023 annual financial report, and other information comes from the group's official documents, statistical reports and public information. The monetary amounts involved in the report, unless otherwise stated, are measured in RMB. The Group's Board of Directors is responsible for the authenticity, accuracy and completeness of the contents of this report.

Access method

This report is released in Chinese and English versions and as a PDF electronic version. If there is any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail. Readers and stakeholders are welcome to log on to the Group's official website (www.oppein.com) or the Shanghai Stock Exchange website (www.sse.com.cn) to view and download this report. For further inquiries, or if you have any comments or suggestions on this report, please contact us via email at oppeinir@oppein.com.

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PREFACE



“ With sustainable development as the core, we will work together with you to change the future.”

BOARD STATEMENT

In 2023, the real estate market is still struggling due to a complex and constantly changing external environment. As a result, the home building materials industry has experienced increased internal competition, the whole decoration large home furnishing model has emerged, the market share of retail homes has shrunk significantly, and the home industry's ecosystem has changed rapidly. Since the external environment cannot be changed, OPPEIN must adapt to the market's needs or risk being left behind. Despite the challenging market environment, the Group is determined to keep exploring and climbing to the top of the large home furnishing industry.

In the current era of home consumption, consumers are increasingly demanding personalization, customization, one-stop shopping, and environmental protection. Green quality consumption is gradually becoming a crucial direction for upgrading home consumption. OPPEIN understands these trends and market needs, and adheres to the concept of the "perfect life". We are dedicated to creating high-quality, green, healthy, and beautiful new home experiences for consumers. Under the corporate vision of "building OPPEIN into a world-class home furnishing enterprise", we integrate the concept of sustainable development into our daily business management, and comprehensively monitor and manage sustainability-related risks. We have established six core strategies: "Steady Operation, Win-win Partnership, Public Harmony, Employee Empowerment, Pioneering Innovation, and Natural Environment Protection". We are fully committed to practicing green and low-carbon environmental protection, striving to create green and healthy living spaces, and working together with various sectors of society to build a better life.

Steady operation, ensures the corporate sustainability

OPPEIN has always prioritized sustainable development and ethical business practices. In 2023, we focused on enhancing our risk management and internal control system to ensure the sustained and sound operation of the group. We established transparent communication channels and fulfilled our obligation to disclose information, earning an A grade for five consecutive years in the Shanghai Stock Exchange evaluation. We uphold the principles of "fairness, brightness, cooperation, and freedom", and have established an anti-corruption system and regulatory mechanism, and consistently combat unfair competition. We have also conducted 164 training courses on ethical business practices, with a total of 32,602 trainees, achieving a training coverage rate of 100%.

Environmentally friendly, create a green and healthy home

OPPEIN prioritizes environmental protection as the fundamental standard for production and operations. We systematically build a green home industry chain and implement an environmental management system for the whole product life-cycle. In 2023, we achieved full compliance with exhaust and noise emissions, achieved a solid waste recycling rate of 100%, and had zero fire incidents and environmental complaints throughout the year. We actively engaged in energy-saving and emission-reduction activities, promoted the transformation of green raw materials, and implemented energy-saving improvements in factories, to ensure the low-carbon and health of our home products. We actively embrace renewable energy and continue to invest in renewable energy construction projects at Guangzhou headquarters, Qingyuan base, Tianjin base, and Wuxi base. The total PV power generation is about 41,270 MWh throughout the year, which is equivalent to reducing carbon dioxide emissions by about 29,300 tons.

Win-win cooperation, build sustainable supply chain

Ensuring an efficient, strict, and eco-friendly supply chain is crucial for OPPEIN's sustainable development. In 2023, we continue to guarantee environmentally-friendliness, material safety and integrity during the procurement process, so that the quality of our products can be effectively guaranteed from the source. We strive to strengthen supplier management by promoting digitalization, intelligence, and process-oriented management and construction, continue to conduct ESG performance assessments for suppliers, and build a diversified, efficient, and complete resilient supply chain management system. We benchmark the requirements of world-class home furnishing companies, actively participate in industry standard formulation, empower our dealer partners, and work together to build a sustainable supply chain.

Pioneer innovation, continuously improve products' quality

OPPEIN has always adhered to the principle of "building homes with the spirit of building airplanes", constantly improving product and service quality according to consumers' needs, and providing consumers with a high-quality customized home product and living experience. In 2023, we actively implemented a full-process quality management system for the new product research and development as well as production, and control the entire process from design, production to sales, to ensure product quality. We fully deployed the quality management system, and the Group and the subsidiary, Guangzhou Owell Decoration Materials Co., Ltd, have passed the certification of the ISO9001 quality management system and the IQNET quality management system. We emphasize the rights and interests of customers, continuously improve the after-sales service system and upgrade the quality of our services, to ensure that every customer can enjoy a better service experience.

People-oriented, actively fulfill social responsibilities

OPPEIN prioritizes protecting the rights and interests of employees while also actively participating in community construction and social welfare initiatives. In 2023, we actively create an equal and diversified working environment, fully protect labor rights and interests as well as occupational health and safety, and provide employees with broad career development opportunities and rich spare-time activities. As a result, we won the "Extraordinary Employer of the Year in Guangdong". We take our social responsibilities seriously and uphold the vision of "making every home warm with love". We continue to carry out various special public welfare activities, including rural revitalization, educational assistance, and the "Love Core" program. Throughout the year, we participated in over 2,000 hours of public welfare activities, with more than 200,000 participants and public welfare donations totaling RMB 5.25 million.

We would like to express our sincere gratitude to all the employees, partners, governments, and other stakeholders who have supported and collaborated with OPPEIN in 2023. Going forward, we will continue to enhance our corporate governance capabilities, and actively fulfill our environmental and social responsibilities. We will turn sustainable development into a lasting driving force for the company's future change and development, and strive tirelessly to build a world-excellent home furnishing enterprise.

ABOUT OPPEIN

Company Profile

OPPEIN Home Group Inc. was established in 1994 and has its headquarters in Guangzhou, Guangdong Province. It is the first publicly listed company in China's customized home furnishing industry with a market value exceeding 100 billion. The Group's business areas started from integrated kitchen cabinets and have expanded into wardrobes, whole house customization, wooden doors, bathrooms, soft furnishings, kitchen appliances, metal doors and windows, armored doors, supporting furniture, and whole decoration large home furnishings, forming a diversified industrial structure. The Group has established a double ace category matrix of integrated cabinets and wardrobes, making it a comprehensive modern integrated home furnishing service provider that integrates R&D, manufacturing, and sales in China. Currently, the Group has more than 8,000 stores worldwide, and its products are sold in 118 countries across six continents.

世界的 欧派
OPPEIN
AROUND THE WORLD



Business layout

The company has five advanced production bases located in Tianjin, Qingyuan, Wuxi, Chengdu, and Wuhan. The combined construction area of these bases is over 3.10 million square meters. Each of the major bases has a supply system covering a radius of 600km, creating an efficient "8-hour logistics circle" that spans the entire country.



Qingyuan China

OPPEIN's "Southern Production Base" covers an area of 825 acres, with a total construction area of nearly one million square meters. This base greatly meets the needs of the central and southern China markets, while also radiating to all parts of the world.

Tianjin China

The Tianjin base covering an area of 370 acres was put into use in July 2011, and the second phase of the project was completed and put into use in 2013.

Wuxi China

In 2014, OPPEIN signed a strategic cooperation with the Wuxi Huishan District People's Government, and was approved for 460 acres of industrial land in Wuxi Huishan District, which was built in two phases with a total investment of RMB 2.8 billion.

Chengdu China

On April 10, 2019, OPPEIN's Chengdu base, which invested approximately RMB 2.5 billion and covers an area of 414 acres, was officially put into production. Positioned as a smart home production base, it completely unleashes the potential for intelligent transformation of customized homes.

Wuhan China

In July 2021, the "OPPEIN Intelligent Manufacturing Base in Central China" with a total investment of RMB 5 billion and an area of 840 acres officially started construction in Caidian District, Wuhan City. Taking the Central China Intelligent Manufacturing Base as a new starting point, will further release high-quality production capacity and radiate across the country and serve the world.

Corporate culture

<p>MISSION</p> <p>Providing world-class, personalized home furnishing products and services to families around the globe</p> 	<p>VISION</p> <p>Building OPPEIN into the world's outstanding home furnishing brand</p> 	<p>CORE VALUES</p> <p>Fairness, brightness, cooperation, and freedom</p> 	<p>ENTERPRISE SPIRIT</p> <p>Pursuing perfection</p> 
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Brand matrix

The Group has multiple brands including OPPEIN (mid-to-high-end brand), MIFORM (high-end brand), OPPOLIA (light luxury brand), BAUNIS (whole decoration large home furnishing brand), OPLONI (national brand), OPPEIN-Outu (doors and windows brand), forming a multi-level consumer groups brand development matrix, all-round meet the needs of the differentiated market.

<p>High-end brand</p> <p>miform 美 廷 美</p>	<p>Whole decoration large home furnishing brand</p> <p>BAUNIS 铂尼思 整装大家居 一体化整家定制</p>
<p>Mid-to-high-end Brand</p> <p>OPPEIN 欧派 有家 有爱 有欧派</p>	<p>National brand</p> <p>OPLONI 欧铂尼</p>
<p>Light luxury brand</p> <p>OPÔLIA 欧派日丽 轻奢全案定制</p>	<p>Doors and windows brand</p> <p>OPPEIN 欧图 高端门窗 欧派家居出品</p>

Annual honors



- China Iconic Brand Review Committee
The 9th China Cabinet Industry Iconic Brand
- China's Top 500 Most Valuable Brands Review Committee
List of the top 500 most valuable brands in China
(Ranked first in the home furnishing industry)
- Sponsored by Zhongju Culture, China Furniture & Decoration Chamber of Commerce, China Building Materials Circulation Association
Top ten home furnishing brands trusted by consumers in 2023
- NetEase News (Home)
NetEase Home Furnishing Industry Service Model in 2023
- E-house China R&D Institute
Top five investment value listed companies in the real estate supporting supply chain in 2023
- China Building Materials Circulation Association
2023 Model enterprise for promoting home consumption
- China Building Materials Circulation Association
2023 Excellent practical cases for promoting home consumption
- China Building Materials Circulation Association
2023 Excellent cases of green building materials to the countryside activity
(Obtained by Guangzhou OPPEIN Integrated Home Furnishing Co., Ltd.)
- Zhaopin Recruitment
2023 Preferred Employer in China
- Liepin
Extraordinary Employer of the Year in Guangdong
- Guangzhou Municipal Social Organization Administration Bureau
Outstanding contribution unit in helping rural revitalization among social organizations in Guangzhou
(obtained by Guangzhou OPPEIN Charity Foundation)
- Rural Work Leading Group of the Guangdong Provincial Committee of the Communist Party of China
Bronze Cup of Guangdong Poverty Alleviation Red Cotton Cup
(Obtained by Guangzhou OPPEIN Charity Foundation)

SUSTAINABLE DEVELOPMENT MANAGEMENT

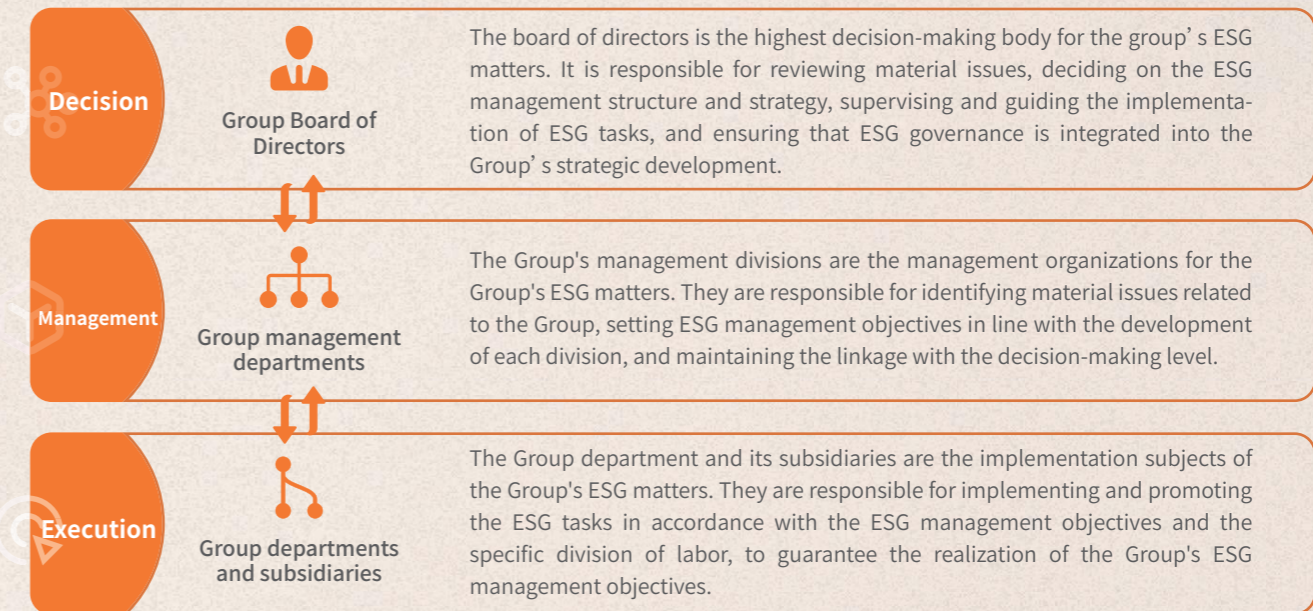
Sustainable development is a common choice for building a community with a shared future for mankind. As a national favorite household brand, OPPEIN upholds the vision of "making every home warm with love", and consistently adheres to the social responsibility concept of "derive from society, return for society". We continue to optimize our corporate sustainability management system, enhance internal sustainability management while strengthening external sustainability disclosure, and strive to create long-term shared value for our stakeholders.

Management structure

The Group proactively integrates the concept of sustainable development into daily operations and management activities and continuously improves the ESG management structure. We follow the structure of "Decision-Management-Execution" and strive to achieve top-to-bottom and target-driven coordination, so as to lay a solid foundation for the sustainable development-related goal and strategy setting, regular evaluation, execution performance, and management of associated risks.

Management policy

The Group focuses on six major aspects: "Steady Operation, Win-win Partnership, Public Harmony, Employee Empowerment, Pioneering Innovation, and Natural Environment Protection". We strive to implement a sustainable development strategy, and build a new business form of green development in the home furnishing industry. We integrate sustainable development into our business management activities and continuously improve our corporate governance structure. We establish solid partnerships with all parties to build a world-class supply chain. We actively fulfill our social responsibilities and are committed to community building and public welfare. We value talent as the first resource for enterprise development and continue to provide a good working environment. We make customer-centered continuous innovation to ensure the sustainable operation of the innovation platform. We strictly follow environmental protection standards and build integrated green production solutions.



Steady Operation

Fairness, Brightness, Cooperation, and Freedom

Win-win Partnership

Mutual Benefit and Trust, Progressing Together

Public Harmony

Equity and Pragmatism, Harmonious Development

Employee Empowerment

Selecting Talents Only, Utilizing Each One's Full Potential

Pioneering Innovation

Building homes with the spirit of aircraft manufacturing








Natural Environment Protection

Green as the Foundation, Ecology as the Pillar



Sustainable Development Strategy

Critical goals

Critical Goals	Sustainable Development Goals	OPPEIN's Sustainable Development Goals	Progress in 2023
Governance	  	Optimize sustainable development management	Develop a three-level management structure that comprises of strategic decision makers, strategic planning management and strategic working group, and formulate sustainable development management policies and management goals.
		Strengthen stakeholder communication	Maintain active communication with stakeholders through various channels such as employee representative conferences, dealer conferences, supplier conferences, etc.
		Strengthen risk and compliance management	Improve the risk management and internal control system, establish management methods or specifications for each ESG high-risk area, and conduct 33 risk and compliance training courses.
		Strengthen the promotion of business ethics	Conducted 164 "Righteousness culture" training sessions, with a business ethics training coverage of 100%; conducted external training and publicity for business partners, with a total of 42 suppliers and 114 dealers visited.
		Ensure the quality of information disclosure	Obtained an evaluation of A in the "Evaluation Results of Information Disclosure of Listed Companies on the Shanghai Stock Exchange (2022-2023)" and has maintained an A-level evaluation for five consecutive years.
Environment	   	Promote environmental management system certification	Improve the environmental management system, pass the ISO14001 environmental management system certification review, and promote the green factory certification of the Qingyuan base.
		Carry out climate risk identification and response	Fully identify the climate-related risks that may affect the Group, establish a list of climate change risks and opportunities, and improve climate change risk response measures.
		Increase the proportion of clean energy use	Renewable energy construction projects are carried out at the headquarter and bases, the total PV power generation is about 41,270 MWh throughout the year, which is equivalent to reducing carbon dioxide emissions by about 29,300 tons.
		Reduce energy consumption and carbon emissions	Carry out energy-saving renovation of production equipment and promote the implementation of various office energy-saving measures; the Qingyuan base has passed ISO50001 energy management system certification.
		Improve water resource utilization	Water resources management improvement projects such as VOC cyclone tower water replenishment and energy-saving improvement, Cooling circulating water usage, and Energy-saving improvement of water replenishment pump in spray booth air supply cabinet are all implemented.
		Increase investment in Pollutants control	The organic waste gas and production dust during the production process are disposed of and discharged in compliance with regulations, and the hazardous waste generated by the production process is entrusted to professional institutions for compliance disposal; the annual investment in environmental protection is RMB 64.30 million.
		Establish an environmentally friendly production system	In-depth implement the environmentally friendly design, clean production, streamlined packaging, and low-carbon transportation, and gradually improve the environmental management system for the whole product life-cycle

Critical Goals	Sustainable Development Goals	OPPEIN's Sustainable Development Goals	Progress in 2023
Supply chain	   	Supervise the procurement process strictly	Guarantee environmentally-friendliness, material safety and integrity during the procurement process; the legal traceability rate of plate raw materials reaches 100%, and the supplier's "Integrity Cooperation Commitment Letter" signing rate is 100%.
		Regulate the sustainable management of suppliers	Establish a supplier collaborative SRM system, introduce ESG dimensions to evaluate new suppliers, conduct monthly and annual performance appraisals of suppliers, and monitor the ESG performance of supplier partners throughout the process.
		Empower the development of dealers	Adhere to the concept that "dealers are the root of OPPEIN", and have created a dealer benefit sharing mechanism, regularly held dealer empowerment conferences, and continued to improve dealer operating efficiency.
		Strengthen the industry development and cooperation	Support and participate in industry association promotional activities, co-organize or host industry association meetings, and participate in the compilation of various standards in the home furnishing industry, with a cumulative total of 27 items as of the end of the reporting period.
Products and services	 	Promote quality management system certification	Improve the quality management system, the Group and its subsidiary Guangzhou Owell Decoration Materials Co., Ltd have passed both the certification of ISO9001 and the IQNET quality management systems.
		Ensure product safety and health	Designed on the principle of ergonomics, continuously research safer materials and production processes, strengthen the monitoring and management of hazardous chemicals, and ensure design and process safety as well as chemical safety.
		Increase investment in innovative research and development	The annual R&D investment is RMB 1.126 billion, accounting for 4.94% of business income; the number of R&D personnel is 2,730, accounting for 11.35% of the total; a total of 65 patents were applied for.
		Continuously improve the after-sales service system	The timely handling rate of complaints increased by 9% year-on-year; the handling satisfaction rate increased by 15% year-on-year; won the "2023 Home Furnishing Five-Star Service Store Award" and "2023 Home Furnishing Industry Service Model".
		Strengthen information security and privacy protection	Continue to increase investment in informatization, and the number of APPs related to relevant businesses that have been publicly notified or removed from the shelves by national regulatory agencies is zero, and no information leakage has occurred.
Employees and society	      	Ensure compliant employment and equal opportunities	Won honorary titles including "2023 Preferred Employer in China" and "Extraordinary Employer of the Year in Guangdong"; the annual labor contract signing rate is 100%, and no incidents involving human rights violations or discrimination have occurred.
		Improve employee compensation and benefits	The proportion of employees covered by performance appraisal and incentive bonus is 100%, and the employee social security coverage rate is 100%; 29 employees in need are assisted (including repeated assistance), 36 sick or bereaved employees were consoled; carry out 38 cultural and sports care activities.
		Attach importance to employee development and training	Focus on the "dual-engine creation" of talent development and system construction; our employees received 806,233 hours of training, with an average training time of 34.34 hours per person, and a total training investment of RMB 8.74 million.
		Ensure the occupational health and safety of employees	The Qingyuan base obtained the ISO45001 occupational health and safety management system certification; the rate of lost operating hours (workdays lost) per million of man-hours dropped by 44% year-on-year, and the employee physical examination rate is 100%; carry out 104 firefighting and other special drills, and 162,110 safety knowledge publicity and training sessions.
		Establish smooth communication channels for employees	Set up multi-party communication channels including OA monitoring feedback platform and performance E-based system; a total of 2,141 employee suggestions (Category A) are adopted, with an increase of 26.69% in the adoption rate year-on-year; employee satisfaction is 79.74%, and engagement rate is 80.10%.
		Increase public investment in community development	Carry out special public welfare activities such as rural revitalization and educational assistance; participated in over 2,000 hours of public welfare activities, with more than 200,000 participants and public welfare donations totaling RMB 5.25 million.

Stakeholder communication

OPPEIN places significant emphasis on maintaining effective communication with all stakeholders. We actively build a good internal and external communication platform, establish a smooth and transparent communication mechanism, and incorporate the opinions of stakeholders into the Group's decision-making. During the reporting period, we established close contact with important stakeholders, including shareholders and investors, government or regulatory authorities, employees, customers, suppliers, distributors and partners, community members and other stakeholders through diversified channels, and took the initiative to understand and proactively respond to the expectations and needs of each stakeholder.



Stakeholders	Government and regulatory authorities	Shareholders and investors	Consumers	Employee	Supplier	Distributors and other partners	Community and environment
Main issues of concern	Corporate Governance Risk control and compliance Climate change risks and opportunities Water resources use and management Energy consumption and management Carbon emissions management Pollutants control Occupational health and safety Innovative research and development	Corporate Governance Risk control and compliance Anti-corruption Anti-unfair competition Climate change risks and opportunities Carbon emissions management Product safety and quality Innovative research and development Occupational health and safety	Climate change risks and opportunities Green Production Product safety and quality Customer rights protection Information Security and Privacy Protection responsible marketing Raw material consumption and management	Employee training and career development Occupational health and safety Compliant employment and equal opportunities Employee compensation and performance Employee communication and grievances	Supply chain management Anti-corruption Anti-unfair competition Climate change risks and opportunities Responsible procurement Product safety and quality Occupational health and safety Raw material consumption and management	Product safety and quality Information Security and Privacy Protection Climate change risks and opportunities responsible marketing Industrial development promotion Innovative research and development Compliant employment and equal opportunities	Community Involvement Occupational health and safety Compliant employment and equal opportunities Climate change risks and opportunities Water resources utilization and management Energy consumption and management Raw material consumption and management Carbon emissions management Pollutants control Green Production
Communication channels and methods	Supervision and assessment Regular submission and mailing of information or reports Special meeting Survey questionnaire Information disclosure	Information disclosure Shareholders meeting Investor networking events Electronic Interaction Platform of Shanghai Stock Exchange Official website and investor relations hotline or email Survey questionnaire	Official website, official microblog and customer service hotline Customer complaints and return visits Satisfaction survey	Employee representatives' conferences Employee Feedback Service Center Employee training Employee activity Enterprise WeChat group Engagement and Satisfaction Survey	SRM platform Supplier Conference Supplier visits Supplier training Public bidding Survey questionnaire	Official website, official microblog and customer service hotline Information disclosure Dealer Conference Dealer visits Dealer training	Official website, official microblog and customer service hotline Charitable activities Information disclosure On-site visits

Material issues assessment

Based on the "materiality" principle in the "Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards)", and the results of the 2022 materiality analysis, OPPEIN continues to identify, evaluate and disclose sustainability issues, and conclude issues that are material to both the Group and stakeholders.

Identify

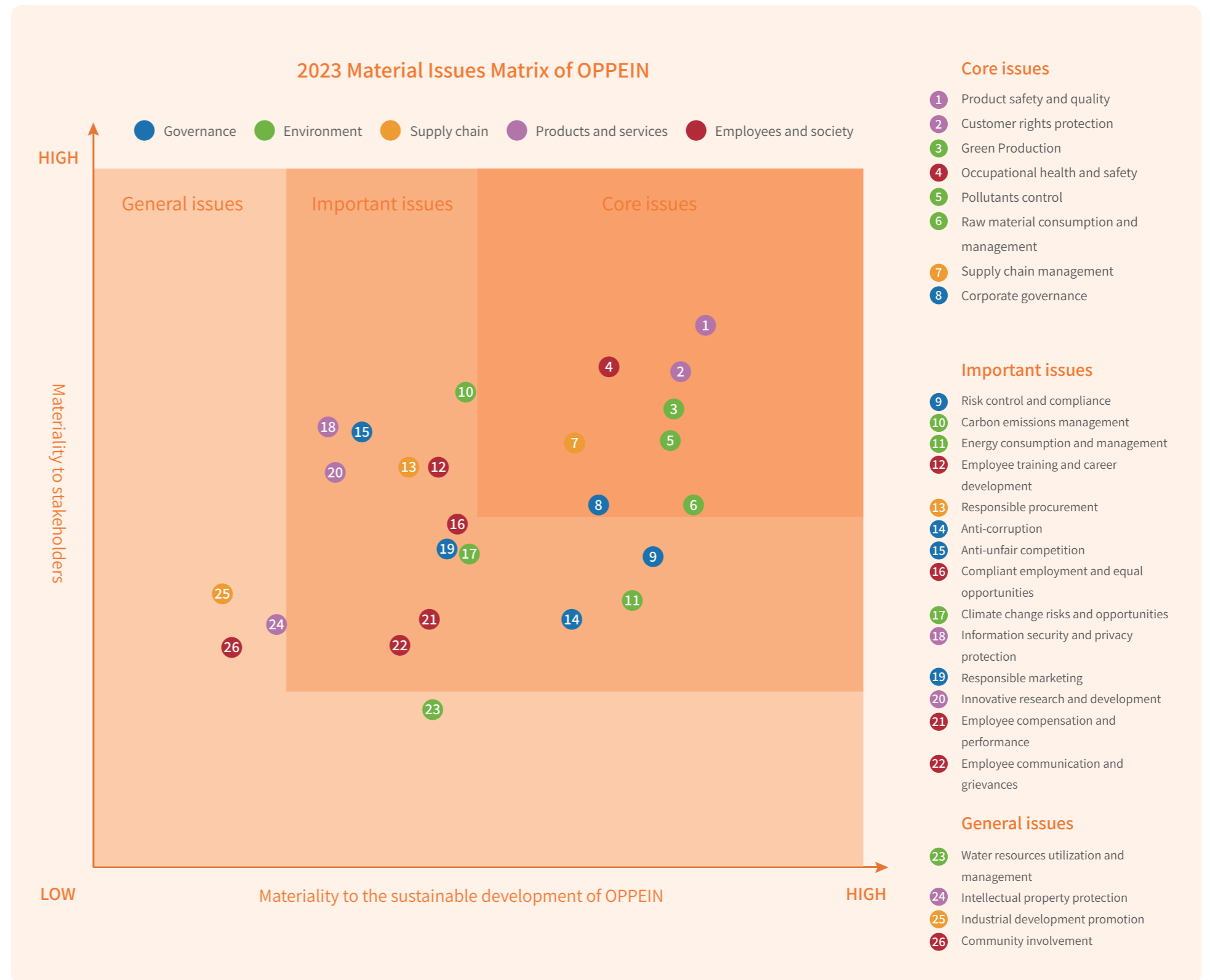
Through the analysis of policy documents, disclosure standards, and peer-to-peer benchmarking, we have identified a total of 26 issues in the areas of governance, environment, supply chain, products and services, and employees and society, and form the pool of sustainable development issues.

Evaluate

We collect opinions from both internal and external stakeholders, and combine with the suggestions of experts in the field of sustainable development, to evaluate the materiality of each issue from two dimensions of "materiality to stakeholders" and "materiality to the sustainable development of OPPEIN".

Disclosure

The board of Directors of the Group is responsible for reviewing the evaluation of material issues and ultimately forming an analysis matrix of material issues, which serves as the focus of the Group's sustainable development management and report disclosure.





GOVERNANCE

OPPEIN has established a comprehensive corporate governance system. This system operates on the principles of independent governance bodies, mutual checks and balances, and effective collaboration. It continuously improves the company's management rules and regulations to achieve anti-corruption, anti-unfair competition, responsible marketing and other business ethics-related matters. Additionally, it continuously improves the levels of risk control and compliance management to ensure the company operates smoothly, creating long-term value for shareholders, customers, employees, and other stakeholders.

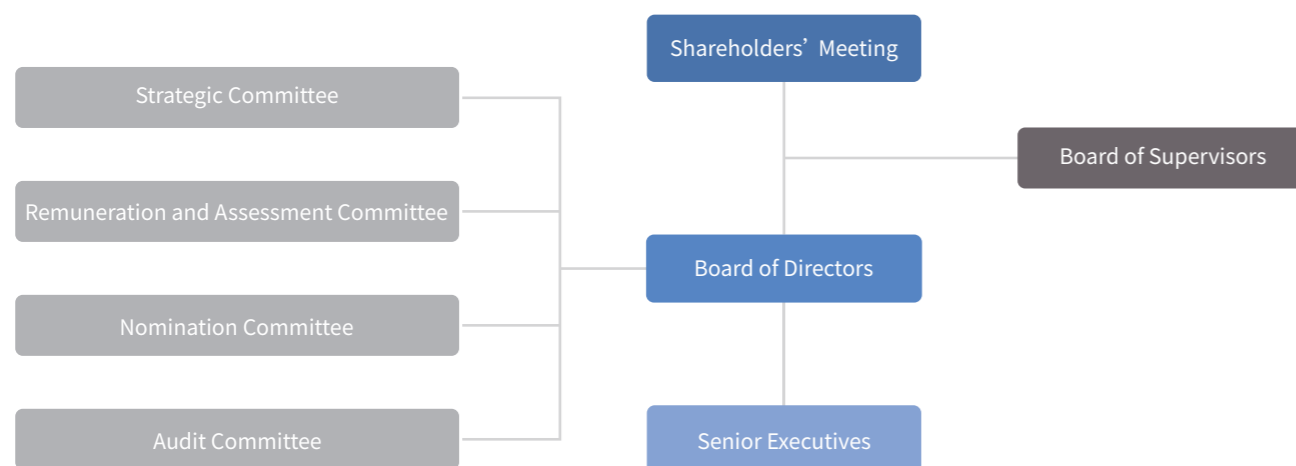
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CORPORATE GOVERNANCE

A comprehensive and scientific corporate governance mechanism is the foundation and assurance for the sustainable and healthy development of enterprises. The Group considers corporate governance as a long-term systematic project and continuously improves its corporate governance structure in strict accordance with the requirements of various laws, regulations, and normative documents, taking into account the actual situation of the Group. We establish and improve the standardized operating mechanisms, enhance the responsibility for information disclosure, and ensure the healthy and stable operation of the Group.

Governance structure

The Group has established a corporate governance structure comprising the general meeting of shareholders, the Board of Directors with its special committees, the Supervisory Committee, and the management of the Company. We adhere to the requirements of the "Company Law of the People's Republic of China", the "Securities Law of the People's Republic of China", the "Code of Governance for Listed Companies", the "Rules Governing the Listing of Stocks on the Shanghai Stock Exchange", and the "Guidelines for Self-discipline and Supervision of Listed Companies of the Shanghai Stock Exchange". We also comply with the provisions of the "Articles of Association of Oppein Home Group Inc." to regulate its operation and formulate the basic management system that covers corporate governance, including the "Rules of Procedure for the General Meeting of Shareholders of Oppein Home Group Inc.", the "Rules of Procedure of the Board of Directors of Oppein Home Group Inc.", the "Rules of Procedure of the Board of Supervisors of Oppein Home Group Inc.", and the "Working System of Independent Directors of Oppein Home Group Inc." We convene regular shareholders' meetings, Board of Directors' meetings, and board of supervisors' meetings to make management decisions and monitor operations.



Governance practice

The Group's general meeting of shareholders enjoys the decision-making power stipulated in laws, regulations, and the "Articles of Association of Oppein Home Group Inc.", and exercises the decision-making power on major matters such as the company's operating policy, financing, investment, and profit distribution.

The Board of Directors plays an important role in the company's decision-making on major matters. During the reporting period, the Group's Board of Directors consisted of 7 directors, including 4 non-independent directors: Mr. Yao Liangsong (Chairman and Group President), Mr. Tan Qinxing (Vice Chairman and Group Vice President), Mr. Yao Liangbai (Vice Chairman and Group Vice President) and Mr. Liu Shunping; and 3 independent directors: Mr. Qin Shuo, Mr. Jiang Qi and Mr. Li Xinquan. The qualifications, number and proportion of independent directors are in compliance with the "Administrative Measures for Independent Directors of Listed Companies" and other relevant regulatory regulations.

The Board of Supervisors is composed of shareholder representatives and company employee representatives. It supervises corporate governance, major matters, financial status, and the legality and compliance of the company's directors, managers and other executives in performing their duties, promotes the company's legal and standardized operations, and protects the interests of the company, shareholders and employees. During the reporting period, the Group's Board of Supervisors consisted of 3 supervisors, including Mr. Zhu Yaojun (Chairman of the Board of Supervisors), Ms. Zhao Lili, and Mr. Meng Qingwei (Employee Representative Supervisor).

The management is responsible for the production and operation management of the Group, organizing and implementing the resolutions of the general meeting of shareholders, the resolutions of the Board of Directors, the company's annual business plan and investment plan, formulating the company's specific regulations, as well as implementing the functions granted by the "Articles of Association of Oppein Home Group Inc." and the Board of Directors. During the reporting period, among the company's 5 executives, 2 were female executives, namely Ms. Wang Huan (financial director) and Ms. Ou Yingying (board secretary).





During the reporting period, the Group held a total of 2 general meetings of shareholders to review 18 proposals, 8 meetings of the Board of Directors to review 41 proposals, and 6 meetings of the Board of Supervisors to review 16 proposals. The convening of each meeting complied with the requirements of relevant regulations.



Responsibilities of special committees

The Board of Directors has established relevant special committees including the Audit Committee, the Strategy Committee, the Nomination Committee, and the Remuneration and Assessment Committee. Each special committee performs duties consistent with the Articles of Association and carries out specific work consistent with the working rules of each committee to promote scientific decision-making and standardized operations of the Board of Directors. The members of the special committees are all composed of directors, and the selection of members achieves an appropriate balance in terms of skills, experience and diversity of perspectives. The independent directors are in the majority and serve as conveners in the Audit Committee, the Nomination Committee, and the Remuneration and Assessment Committee; the convener of the Audit Committee is an accounting professional.

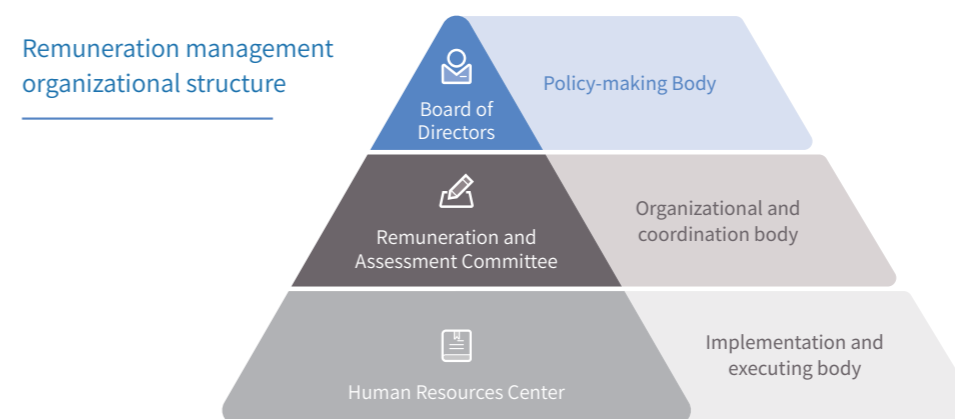
During the reporting period, the Remuneration and Evaluation Committee held 1 meeting to consider 2 proposals, including the "Remuneration of Non-Independent Directors of the Company" and the "Remuneration of Senior Management of the Company"; and the Audit Committee held 4 meetings to consider 9 proposals, including periodic Reports, the "Internal Control Evaluation Report of the Company" and the "Report on the Utilization of Proceeds".

Category	Responsibilities	Members
 Audit Committee	<ul style="list-style-type: none"> Monitor and evaluate the work of external audit institutions Supervise and evaluate the internal audit work Review and express opinions on the company's financial reports Supervise and evaluate the company's internal controls Coordinate communication between management, internal audit department and related departments and external audit institutions 	Committee Chair Jiang Qi* <hr/> Committee Members Yao Liangbai, Li Xinquan*
 Nomination Committee	<ul style="list-style-type: none"> Make recommendations to the Board of Directors on the size and composition of the Board of Directors based on the company's operating activities, asset size and equity structure Study the selection criteria and procedures for directors and executives and make recommendations to the Board of Directors Extensive search for qualified directors and executives Review and make recommendations on director candidates and executive candidates Review and make recommendations on other senior executives that are required to be appointed by the Board of Directors 	Committee Chair Qin Shuo* <hr/> Committee Members Tan Qinxing, Li Xinquan*
 Remuneration and Assessment Committee	<ul style="list-style-type: none"> Approval of the company's annual remuneration plan prepared by the company's business organization Formulate and conduct assessment standards for company directors and executives Formulate and review remuneration policies and plans for the company's directors and executives 	Committee Chair Li Xinquan* <hr/> Committee Members Jiang Qi*, Liu Shunping
 Strategy committee	<ul style="list-style-type: none"> Conduct research and make suggestions on the company's long-term development strategic plan Conduct research and make recommendations on major investment and financing plans that are required to be approved by the Board of Directors Conduct research and make recommendations on major capital operations and asset management projects that are required to be approved by the Board of Directors Conduct research and make recommendations on other major matters affecting the company's development Check the implementation of the above matters 	Committee Chair Yao Liangsong <hr/> Committee Members Yao Liangbai, Qin Shuo*

Note: * represents the independent director member of the Group.

Resolution procedure for executives' remuneration

We establish a mechanism that links remuneration with company performance and individual performance. In accordance with the "Code of Corporate Governance for Listed Companies" and "Articles of Association of Oppein Group Inc.", combined with the company's business philosophy and management model, we formulate the "Remuneration Management Regulations of Oppein Group Inc." and the "Measures for the Administration of Remuneration and Performance Appraisal of Directors (Non-Independent Directors) and executives of Oppein Group Inc." to clarify the performance appraisal process for directors and executives. The Remuneration and Assessment Committee conducts an annual review of remuneration-related matters. Once the remuneration of non-independent directors and executives is reviewed and approved by the committee, it is then presented to the Board of Directors and shareholders' meeting for further review and determination.



For executives, we adopt a remuneration structure that combines "basic pay + performance-related pay" to realize risk sharing and benefit sharing between executives and shareholders, ensuring the realization of the company's future development strategy and business objectives. The basic pay is determined with reference to the salary level in the same industry and combined with the position situation, ability and work intensity; the performance-related pay is based on the company's relevant remuneration management system, combined with the company's performance, individual performance and contribution and other comprehensive judgment.

During the reporting period, the Group continued to strengthen its remuneration incentive mechanism to fully stimulate the innovation consciousness of executives, promote the realization of high-performance targets, further enhance the Company's operational efficiency and management efficiency, and promote the sustainable development of the Company. For details of remuneration obtained by directors and executives, please see the "Section IV Corporate Governance" - "IV. Directors, Supervisors and Executives" - "Current and resignation directors, supervisors and executives during the reporting period" of the "OPPEIN Home Group Inc. 2023 Annual Report".

Information disclosure

We actively safeguard the rights and interests of the Group's investors, establish an effective information reporting system, and strictly fulfill our information disclosure obligations. In accordance with laws and regulations such as the "Code of Corporate Governance for Listed Companies", "Measures for the Administration of Information Disclosure of Listed Companies" and other laws and regulations, we have formulated information disclosure-related systems such as the "Information Disclosure Management System of Oppein Home Group Inc." and "Internal Material Information Submission Management Regulations of Oppein Home Group Inc.", requiring companies and other disclosure subjects to disclose information truthfully, accurately, completely, timely and fairly, without any false records, misleading statements, major omissions or other improper disclosures. The Group's directors, supervisors, and executives are responsible for ensuring that the company's disclosed information is true, accurate, complete, timely, and fair, promoting market transparency, and maintaining market order.

During the reporting period, we issued 4 regular reports, which included annual reports, 1 ESG report, and 108 temporary announcements during the reporting period to further convey the Group's value to domestic and foreign investors. The Group's information disclosure work has been evaluated by the Shanghai Stock Exchange (2022-2023) for class A again, where only 18.52% of companies on the Shanghai Stock Exchange received class A, and has been evaluated by class A for five consecutive years.



Issued **4** regular reports



Issued **108** temporary announcements



Obtained class **A** in the evaluation of information disclosure work of SSE for 5 consecutive years

RISK AND COMPLIANCE CONTROL

To actively adapt to the challenging market environment and prevent major risks, the Group is continuously increasing its efforts toward risk management and internal control systems. We develop risk management strategies, promote the internal audit process, identify and manage the risks involved in the operation process, and focus on the environmental, social and governance (ESG) related risks to promote sustainable and stable operations.

Risk management

The Group and its subsidiaries strictly follow the "Risk and Opportunity Management System of Oppein Home Group Inc." and "Risk and Opportunity Identification and Evaluation Management Process of Oppein Home Group Inc.", "Internal Control Management System of Oppein Home Group Inc." and other internal system documents and risk management processes, focusing on the construction of risk and compliance control system, and timely updating the domain map of the group's risk and compliance control structure.

With the goal of risk prevention and efficiency enhancement, we integrate risk management into our business processes and clarify the departments responsible for risks and opportunity management. The Audit Committee supervises and evaluates the internal control of the company. The audit department and the supervision Department have established a self-evaluation working group, which is responsible for carrying out internal checks and supervision, continuously identifying and resolving problems, and improving the overall collaboration capabilities and risk resistance of the group. Each department is required to establish methods for identifying and responding to risks and opportunities, identify the risks present in the department and record the results in the "Risk and Opportunity Identification and Analysis Assessment Form", and comprehensively identify and respond to risks and opportunities in production and management activities.

We set strategic goals based on the group's risk appetite and adopt the risk management and control process of "risk factor identification - risk management planning - risk response assessment - risk operation monitoring", striving to achieve the closed-loop management of risk events.



Closed-loop management of risk events

Internal control

The Group's self-assessment of internal control is divided into 24 modules, based on guiding norms such as the "Basic Standards for Enterprise Internal Control" and "Internal Control Guidelines for Listed Companies on the Shanghai Stock Exchange", as well as the group's business characteristics and internal control construction status. Among these modules, there are 8 major modules that are ESG-related high-risk areas, including Group Governance, Contract Management, Sales and Collection Management, Procurement and Payment Management, Quality Management, Research and Development Management, Human Resources Management, Safe Production and Environmental Management. Corresponding internal control management measures or standards have been established for these modules.



Internal Control Module	Main Risk Factors	Management and Control Measures
Group Governance	Risk of corporate governance	Improve the company's institutional system, standardize the company's production operations, improve the corporate governance structure, and conduct management decisions and operational supervision in accordance with regulations.
Contract Management	Risk of business Ethics	Establish a work order that maintains integrity, anti-corruption, and righteousness, and incorporate the commitment to honest cooperation into procurement contracts, regularly conduct internal audits of business ethics, and strengthen inspections of suppliers and dealers.
Sales and Collection Management	Risk of dealer management	Strengthen the risk prevention and daily management of dealers' business, timely judge the dealers' operating conditions, conduct regular assessments on them, and timely deal with their violations.
Procurement and Payment Management	Risk of supplier Management	Create a supply chain system that matches the large home furnishing model, strengthen the access review and performance assessment of suppliers, and continue to practice responsible procurement.
Quality Management	Risk of product quality	Build an integrated quality assurance system, carry out a series of quality reform projects, optimize the quality management process, and improve the management of the product life cycle including R&D, production, logistics and sales.
Research and Development Management	Risk of research and development	Improve the R&D incentive mechanism, actively invest in the development of new technologies and products, introduce and cultivate R&D talents, and strengthen independent R&D capabilities and employee innovation capabilities.
	Risks of intellectual property protection	Establish an intellectual property management system to manage attribution, confidentiality, data and infringement, and timely register intellectual property rights including patents and trademarks to prevent the loss of the group's intangible assets.
Safe Production and Environmental Management	Risks of occupational health and safety	Carry out various emergency drills, regularly organize physical checkups for employees, eliminate occupational disease hazards in the workplace, and avoid work-related injuries to the greatest extent.
	Risks of climate change	Continuously adjust the energy structure, optimize resource utilization, and improve the resilience to climate change by promoting the group's energy conservation and consumption reduction, introducing renewable energy and other measures.

Note: Regarding the management of climate change risks, please refer to the "Addressing Climate Change" section of this report.

Capacity building

We continue to strengthen our capacity to manage risk and compliance and enhance the operation and maintenance management of our risk and compliance platform. We also enhance the organization and talent management, and conduct targeted risk and compliance training courses to empower our employees and raise awareness of rules. During the reporting period, we conducted a total of 33 training courses, which covered topics such as material quality risk identification and management, product liability risk prevention, dispute resolution and so on.



Conducted a total of **33** risk and compliance training courses

BUSINESS ETHICS

With the principles of "Fairness, Brightness, Cooperation, and Freedom" as the core concept, the Group continues to improve various internal guidelines and codes of conduct. We establish and improve the anti-corruption system and supervision mechanism, and strengthen whistleblower protection. We have incorporated the mechanisms of fair competition and responsible marketing into our enterprise management system, resolutely eliminated false propaganda, and resisted any improper behavior that restricts market competition. We continue to build an honest, anti-corruption, and upright work order, and create a fair and healthy business environment, to ensure the high-quality development of the enterprise.

Anti-corruption

Upholding the philosophy of operating with honesty and integrity, the Group adopts a zero-tolerance attitude toward any form of corruption and constantly improves anti-corruption system construction. To ensure transparency and accountability, we have established a platform called "Integrity OPPEIN". This platform provides smooth reporting and complaint channels for all our employees, suppliers, and dealers. We continue to expand our internal and external supervision channels, adopt multiple measures to protect the legitimate rights and interests of whistleblowers, and strive to build a robust anti-corruption system that relies on self-discipline, joint prevention, and joint governance.

OPPEIN has implemented various measures to prevent commercial bribery like the "Integrity Management System of Oppein Home Group Inc.", "Reward and Punishment Management System of Oppein Home Group Inc.", and "Gift Handover Management Regulations of Oppein Home Group Inc." The Audit Department, which operates under the Audit Committee of the Board of Directors, and the Supervision Department, a third-party supervision agency under the President's Office of the Group, work together to oversee corruption practices. Both departments are independent of each business unit, subsidiary, and all levels of marketing systems, and are responsible for supervising the Group's corruption practices and taking preventive measures to deepen anti-corruption work within the enterprise. We adhere to the working principle of taking care of both publicizing and investigating cases, continuing to carry out anti-corruption and integrity training and publicizing, and carrying out regular briefings on anti-corruption and integrity work. The "Letter of Integrity Commitment" is included as an attachment to the labor contract, requiring all employees to sign. During the reporting period, The signing rate of the Employee's Letter of Integrity Commitment is 100%.

In addition, we vigorously promote the Group's righteous culture among the pan-OPPEIN enterprises and continue to strengthen the business ethics supervision of our business partners. According to the "Supply Chain Management System of Oppein Home Group Inc.", we improve the integrity assessment and management system of upstream and downstream suppliers and dealers, and improve the reward and guarantee mechanism for complaints and reports. We have intensified our inspections of suppliers, dealers and other business partners, and continued to publicize and implement the group's anti-corruption policies and procedures. We conduct in-depth excavation and collection of clues of violations of laws and disciplines involving corruption and other irregularities from employees in key positions and business partners, and comprehensively and timely investigate and punish those involved in corruption and bribery. During the reporting period, the Group conducted anti-corruption inspections on business partners across the country, including 42 suppliers and 114 dealers.

Anti-unfair competition

The Group actively creates a fair and just corporate environment, and regulates various business behaviors in accordance with the "Anti-Unfair Competition Law of the People's Republic of China", "Several Provisions on Prohibition of Infringement of Trade Secrets" and other relevant laws and regulations. We strive to create a safe consumption environment, protect the legitimate rights and interests of consumers and business partners and maintain the order of fair competition in the market.

We have formulated the "Trade Secret Management Regulations of Oppein Home Group Inc." to prohibit employees from obtaining trade secrets by improper means that violate the principle of integrity or business ethics. We have formulated the Dealers' "Cross-scope Business Management Regulations of Oppein Home Group Inc.", which specifies the standards for dealing with dealers' cross-region, cross-category and cross-channel, malicious interference, malicious competition, malicious slander and other behaviors. We have adopted the "Brand Infringement and Counterfeiting Management Regulations of Oppein Home Group Inc." to combat counterfeiting and counterfeiting of our products. We have issued the "Ten inaccuracies in interactions between Supply Chain Management Center Personnel and Suppliers of Oppein Home Group Inc.", which strictly prohibits the transfer of unfair interests between employees and suppliers or dealers.

We support our employees and Pan-OPPEIN business related parties to complain about the unfair competition behaviors they have suffered, including unfair and dishonorable, inconsistent with system norms, inconsistent with contract/agreement, inconsistent with normal business norms, inconsistent with laws and regulations, to maintain the "fair and bright" management order and competition order inside and outside OPPEIN.

During the reporting period, the Group had no anti-unfair competition or anti-monopoly related legal proceedings.

Responsible marketing

In order to ensure the legal compliance of all marketing work, we follow the "Advertising Law of the People's Republic of China", formulate the "Advertising Project Management System of Oppein Home Group Inc.", to regulate the marketing activities of the group and its subsidiaries within the administrative regions of China (excluding Hong Kong, Macao and Taiwan), enhance the compliance awareness of marketing business personnels and strengthen marketing management.

We ensure that advertising is truthful, legal, and free of misleading content that could deceive consumers. If the marketing content relates to life and health, it should comply with the appropriate national standards. If there is any indication of the performance, function, origin, purpose, quality, composition, price, manufacturer, expiration date and commitment of the goods, or the content, provider, form, quality, price, and promise of the services, it should be accurate, clear and understandable. If any information involves the rights of others, the prior written consent of the right holder shall be obtained.

We require dealers to strictly follow the "Outdoor Advertising Management Regulations of Oppein Home Group Inc." and other standardized procedures for advertising operations to carry out advertising work. Our legal department reviews the potential risks in advertising business cooperation in a timely manner, and examines the compliance and legality of advertising images. Our Customer Service and Marketing Supervision Center, as well as the Audit Department and the Supervision Department, work together to conduct random checks on the release of advertisements from time to time, and penalize violations according to the "Reward and Punishment Management System of Oppein Home Group Inc.", and the "Dealer Subsidy Audit Management Regulations of Oppein Home Group Inc."

Tax transparency

We resolutely oppose any form of tax corruption and always fulfill our tax obligations with integrity, transparency and cooperation, and we are committed to maximizing economic contributions to the operation locations and continue to promote high-quality local economic development.

We comply with the requirements of tax-related laws and regulations of each operation location, formulate the "Tax Management System of Oppein Home Group Inc.", and establish a sound tax management system. We adopt effective tax risk assessment and appraisal mechanisms for the early warning, monitoring, and response to potential tax risks. We also regulate tax-related activities such as accounting, declaration, and assessment, and require each legal person company to declare all tax statements to the local competent tax authorities in a timely manner and pay taxes according to regulations. In addition, we consolidate the foundation of our tax management system by randomly checking the tax risk assessment reports of each legal entity, conducting daily training, and continuously improving our tax management practices to avoid and prevent potential tax risks.

During the reporting period, the Group complied with the requirements of national taxation, accounting and other laws and regulations, and obtained tax compliance certificates issued by the competent tax authorities, with a total tax payment of RMB 1.497 billion.



NO

anti-unfair competition or anti-monopoly related legal proceedings



Signing rate of the Employee's Letter of Integrity Commitment **100%**

Conducted anti-corruption inspections on business partners, including



42 suppliers



114 dealers



Total tax payment RMB **1.497** billion

Reporting and complaint management

We accept and encourage all OPPEIN employees, as well as our suppliers, dealers and other business partners to complain about violation of the laws and disciplines, fraud, or corruption. We have established the "Complaints and Reporting Management Regulations of Oppein Home Group Inc.", and we have established a regularized reporting and complaints management mechanism throughout the entire Pan-OPPEIN system. Our Supervision Department, Marketing Supervision and Customer Service Department, and Supply Chain Audit Branch are responsible for managing and investigating complaints, and strive to protect the rights and interests of the whistleblowers. In accordance with the principle of "complaints must be investigated, and violations must be punished", we require the accepting departments to handle the complaints and reports received in a timely manner. For complaints and reports accepted by the receiving department, we require specialized staff to immediately investigate and handle the issue. Once the complaints about fraud, corruption, unfair competition and other behaviors are confirmed after proper investigation and verification, we will seriously deal with them according to the principle of "four no matter" and the system specifications, and feedback the results of the investigation to the whistleblowers. We firmly protect the rights and interests of whistleblowers and ensure that the receiver and investigators of all types of complaints and reports keep the information confidential. It is strictly prohibited to disclose any relevant information to the relevant personnel. Upon receiving complaints and reports, regulatory authorities must file the case according to the relevant category or transfer it to the appropriate department for processing. All work must be carried out in compliance with professional ethics and the group's confidentiality system. We strongly prohibit any form of retaliation against whistleblowers. If any such violation occurs, the Supervision Department and the department responsible for handling complaints and reports will initiate a special anti-retaliation investigation. Once verified, we will take strict action against the personnel who committed retaliation, and different types of whistleblowers will receive different forms of assistance and support.

During the reporting period, the Group received a total of 186 complaints and reports, all of which were handled one by one, and the handling rate of complaints and reports was 100%.

Received
186 complaints

Complaints and reports handled at
100%

Complaint and reporting protection mechanism

- Complaint and reporting protection for OPPEIN employees**
Job transfers, preferential welfare policies
- Complaint and reporting protection for suppliers**
Immunity, cooperation guarantee, cooperation upgrade guarantee
- Complaint and reporting protection for dealers**
Immunity, agency rights protection, dealer economic interest protection, resource support, opportunity support

Complaint and Reporting Channels

Email of the Chairman	opceo@oppein.com
Email of the Supervision Department	opjcb@oppein.com
Hotline of the Supervision Department	020-36733955
WeChat of the Supervision Department	13538731145
Wechat official accounts platform	"Integrity OPPEIN" official account
Address for receiving visits and letters	Supervision Department of OPPEIN Group, No. 366, Guanghua 3rd Road, Baiyun District, Guangzhou (Room 506, 5th Floor)

Business ethics training

164 "Righteousness Culture" training sessions
32,602 people trained
Training coverage rate **100%**

In order to improve the construction the "Righteousness Culture" and convey the core values of "fairness and brightness", we have conducted various activities in different production bases, business divisions, and functional departments. We have incorporated anti-corruption, fair competition and responsible marketing into our training documents, guiding all employees to establish a professional awareness of practicing and establishing their careers in the right way, and preventing the occurrence of serious violations of rules and regulations.

We have developed a system for business ethics training that incorporates various forms of training such as on-site training, online courses, company internal magazine, and official account tweets, and regularly conduct theme-based training on "joint prevention, joint governance, and righteousness escort". For new employees, we consider cultural education on righteousness as an essential part of onboarding training, and require the group and the bases' examination and supervision lines to conduct timely training and publicity. For management cadres, we organize a special lecture on righteousness culture and require them to participate in at least two trainings per year, and the training records are included in the annual training assessment. For suppliers, we conduct "Righteousness Culture" training through supplier conferences to convey the group's core values of "fairness, brightness, cooperation, and freedom."

During the reporting period, we conducted a total of 164 "Righteousness Culture" training sessions, with 32,602 people trained, and the training coverage rate reached 100%.





ENVIRONMENT

OPPEIN values environmental protection and considers it as the foundation of production and business operations, and continuously promotes the construction of eco-friendly enterprises. To comply with the "Environmental Protection Law of the People's Republic of China", the "Energy Conservation Law of the People's Republic of China", and "Regulations on the Management of Pollution Emission Permits", OPPEIN has established the "Environmental Protection Management Regulations of Oppein Home Group Inc.", which clarifies the environmental protection responsibilities and tasks of management organizations at all levels, and continue to promote the construction of environmental management systems. OPPEIN actively carries out energy conservation and emission reduction upgrading, increases investment in environmental protection, integrates green and low-carbon policies into the entire product production and manufacturing process, and improves the company's environmental performance continuously.

ENVIRONMENTAL MANAGEMENT SYSTEM

The Group is committed to strictly adhering to the national environmental protection laws, regulations, and relevant policies and to complying with the local standards set by local environmental authorities, implementing the principles of "Prioritize Protection, Focus on Prevention, Comprehensive Management, Public Participation, Liability for Damage", and established an environmental management system in accordance with the "Environmental Management System Requirements and User Guide (GB/T24001-2016)" to provide a structured operating mechanism for the company's environmental management.

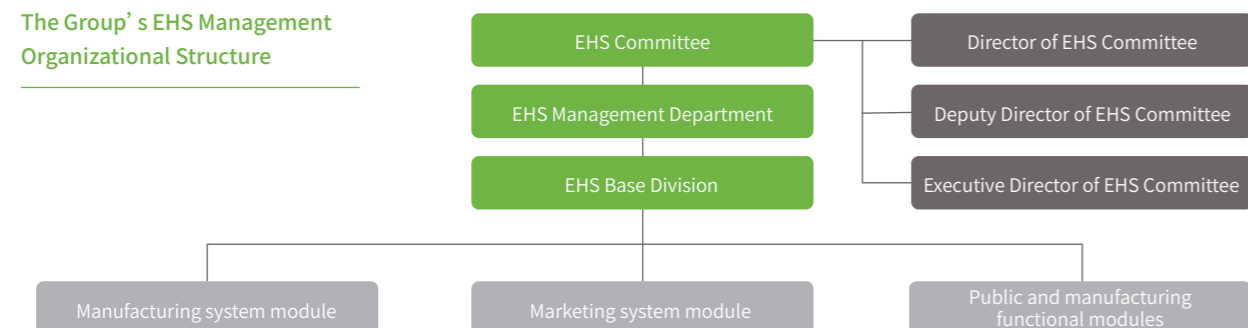
Management guidelines and goals

We place great importance on the environmental pollution problem and sustainable development of the company. Taking into account the nature of the company's activities, products and services, we have formulated environmental guidelines to guide the effective operation of the Group's environmental management system and further strengthened management of pollutant discharge and resource recycling. During the reporting period, we achieved a 100% compliance rate for exhaust gas, noise, and wastewater discharge, a 100% proper waste-disposal rate, and 0 environmental complaints from customers or relevant parties, and successfully achieved our annual environmental management goals.



Management structure

We have established a three-tier EHS management organization, including a leadership organization, a unified management organization, and a branch organization, implementing principles of "one post, two responsibilities" and "whoever is in charge, whoever is responsible, whoever takes the lead", and effectively assign responsibilities according to environmental management functions. To comprehensively coordinate the Group's environmental protection management work, which covers the Group's manufacturing system, marketing system, and public function system in a holistic manner, and integrates EHS risk management into various aspects of the Group's production and operation activities, to identify, evaluate, and control risks in a comprehensive and sustained manner, in order to maximize the prevention of accidents such as personal injuries, fires and explosions, environmental pollution, and to create a safe, environmentally friendly, and healthy corporate culture.



Management systems

As the first company in the industry to pass ISO14001 Environmental Management System Certificate and Environmental Labeling Product Certificate, we always regard environmental protection as the basic standard for production and operation, and have formulated the "Environmental Management Manual of Oppein Home Group Inc.", "Environmental, Health and Safety (EHS) Management Guidelines of Oppein Home Group Inc.", "Procedures for Environmental Factor Identification and Determination Control of Oppein Home Group Inc.", and other management systems, actively build a systematic all-green industrial chain, vigorously carry out green factory construction and certification work, standardize and systematically promote the construction of environmental management systems, and comprehensively improve our environmental management level.



Management review

We have established and implemented "Procedures for Environmental Monitoring and Measurement Control of Oppein Home Group Inc." and "Procedures for Compliance Evaluation Control of Oppein Home Group Inc." to detect and measure the key characteristic parameters of activities related to important environmental factors, as well as to evaluate and supervise the degree of compliance with applicable laws and regulations and the degree of achievement of target indicators, and keep archives of "Environmental Operation Checklist, Environmental Target Indicators and Management Plan Completion Statistics Table" and periodic evaluation results.

Internal review

We set up Audit Implementation Plan in accordance with the requirements of the "Internal Review Control System of Oppein Home Group Inc.", and conduct an internal review of the environmental management system once a year, with the scope of all provisions of the environmental management system and all departments, in order to whether the environmental management system is in the line with the requirements of "GB/T24001-2016 Standard" and the pre-arrangements for environmental management work, as well as whether it has been appropriately implemented and maintained.

Management evaluation

We conduct an annual review of the Group's environmental management system based on the "System Management Evaluation System of Oppein Home Group Inc.", which is usually carried out either after an internal environmental management audit or before a third-party audit to ensure the continued suitability, adequacy, and effectiveness of the system. The number of management reviews will be appropriately increased when there are major changes in the external environment, or when requests are imposed by environmental protection agencies and certification organization.

Rewards, penalties and improvements

We are committed to overseeing and addressing any irregularities, environmental pollution incidents, and cases where proper EHS practices are not being followed, and at the same time, in the event of a violation of the "Environmental Protection Management Regulations of Oppein Home Group Inc." or any relevant laws and regulations resulting in hazardous consequences, we will take appropriate action against the responsible individuals in accordance with the "Safety Production and Environmental Protection Rewards" and "Punishment Management Regulations of Oppein Home Group Inc." as well as the "Reward and Punishment Management System of Oppein Home Group Inc." In addition, as per the "Nonconformity and Corrective and Preventive Measures Management System of Oppein Home Group Inc.", we follow up on and deal with any non-conformity with the environmental management system through daily monitoring, internal audits and management reviews, take the necessary corrective measures, and follow up on the effectiveness of its implementation to ensure its effectiveness.

ADDRESSING CLIMATE CHANGE

In order to ensure the effective operation of the environmental management system and achieve continuous improvement, the Group established the "Procedures for Risk & Opportunity Identification and Evaluation Management of Oppein Home Group Inc." to clarify operational requirements including risk response measures, risk avoidance, risk mitigation and risk acceptance, establish a comprehensive Risk and opportunity management measures and internal control procedures, and enhance the Group's risk resilience.

Governance, strategy and risk management

We have been fully aware of the imminent problem of climate change and attach great importance to the response to climate change, have incorporated climate change-related risks and opportunities into the scope of ESG management, and continuously improve risk response measures, and are enhancing the extent of disclosure of environmental information. During the reporting period, we strengthened climate change risk management in accordance with the Group's "Procedures for Risk & Opportunity Identification and Evaluation Management of Oppein Home Group Inc.". We focused on identifying climate risks and potential opportunities in the company's business processes, continuously adjusting our energy structure and optimizing resource utilization, and improving the effectiveness of climate risk management by promoting energy conservation, consumption reduction, adoption of renewable energy, and other measures.

Climate change risks and opportunities checklist

In order to enhance our resilience to climate change and mitigate the associated risks, we followed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), fully identified the Group's climate-related risks (both physical and transition risks) by conducting policy research, benchmarking with peer, and consulting with experts. We have taken effective measures to better integrate these risks into the Group's ESG management framework and risk management system.

Transition risk		
Risk type	Risk description	Response measures
Policy and legal risks	<p>Medium term and long term</p> <p>Since 2020, when China formally proposed the goal of carbon peaking and carbon neutrality, national and local governments have introduced green and low-carbon laws, regulations and initiatives to mitigate climate change, which would increase corporate compliance work and the risk of related lawsuits or claims.</p>	<ul style="list-style-type: none"> Pay close attention to the requirements of local governments and relevant organizations on pollutant discharge and environmental information disclosure to ensure compliance and reduce related risks.
	<p>Medium term and long term</p> <p>Dual-carbon requirements for industries are gradually becoming clearer, and the policy pressure to reduce greenhouse gas emission is increasing.</p>	<ul style="list-style-type: none"> Actively carry out energy conservation and emission reduction work to increase the amount of energy generated from clean sources.
	<p>Short term, medium term and long term</p> <p>Carbon emission rights control & adjustment mechanisms have been launched gradually on a global scale may increase business costs.</p>	<ul style="list-style-type: none"> Implement energy conservation and emission reduction strategies, pay close attention to carbon pricing mechanisms in China and globally, and flexibly meet challenges.
	<p>Medium term and long term</p> <p>Environment-related compliance risks due to employees' failure to understand local work procedures in overseas office locations due to regional or language barriers.</p>	<ul style="list-style-type: none"> Actively carry out training on relevant local laws and regulations, assign full-time legal and compliance personnel, and strictly implement relevant policy requirements.
Technology risk	<p>Medium term and long term</p> <p>Failure to invest in R&D and retrofitting of energy-saving and environmentally friendly technologies.</p>	<ul style="list-style-type: none"> Through introducing and training professional talents, we strengthen the technology import, actively carry out external learning, and enhance the Group's R&D capabilities.
	<p>Medium term and long term</p> <p>Failure to promptly identify and apply energy-saving and environmentally friendly technologies has resulted in the low-carbon transition of factories and products lagging behind peers.</p>	<ul style="list-style-type: none"> Continue to increase research investments on low-carbon energy-saving technology innovation, and actively carry out industry communication and cooperation.

Transition risk		
Risk type	Risk description	Response measures
Market risk	<p>Medium term and long term</p> <p>Raw material and energy costs are gradually rising.</p>	<ul style="list-style-type: none"> Recycle and reuse resources; Establish long-term and stable sustainable cooperation relationships with raw material suppliers; Continue to promote the research, development and application of energy-saving technologies and increase the amount of energy generated from clean sources.
	<p>Medium term and long term</p> <p>Failure to meet consumer's demands for green products.</p>	<ul style="list-style-type: none"> Actively develop green and environmentally friendly products to meet consumer needs.
Reputation risk	<p>Short term, medium term and long term</p> <p>The Group, suppliers, and distributors have a negative impact on the environment during production and operation, which damages the Group's reputation and lowers stakeholder investment willingness.</p>	<ul style="list-style-type: none"> Strengthen the Group's sustainable development management and actively tackle climate change; Strictly require the Group's upstream and downstream industrial chains to follow the principles of sustainable development and operate legally and greenly; Improve the transparency of relevant information disclosure, and disclose relevant management information regularly and irregularly by annual reports, sustainability reports and other channels.
Physical risk		
Risk type	Risk description	Response measures
Acute risk	<p>Short term, medium term and long term</p> <p>Extreme weather may damage factories, office buildings and equipment, resulting in asset losses.</p>	<ul style="list-style-type: none"> Identify potential asset damage risks and obtain insurance for necessary facility equipment.
	<p>Short term, medium term and long term</p> <p>Extreme weather causes equipment damage, employee inability to work normally, and transportation blockages, ultimately affecting the Group's regular operations and production.</p>	<ul style="list-style-type: none"> Formulate "Emergency Response Plan for Extreme Weather Disasters of Oppein Home Group Inc. and Guidelines for the Management of Outdoor Operations in Different Weather Conditions of Oppein Home Group Inc." and other related emergency mechanisms; Carry out extreme severe weather response and protection training, and continuously improve the natural disaster emergency response mechanism.

Physical risk		
Risk type	Risk description	Response measures
Chronic risk	<p>Short term, medium term and long term</p> <p>Continuous high temperatures lead to increased risks of operational failures and accidents of power facilities and equipment, affecting productivity and causing safety hazards.</p>	<ul style="list-style-type: none"> Strengthen inspection and maintenance of equipment, and promptly troubleshoot various faults; Equipped with refrigeration cooling system.
	<p>Short term, medium term and long term</p> <p>High temperatures affect employees' health and prevent them from working outdoors for long periods of time, which affects operational efficiency.</p>	<ul style="list-style-type: none"> Manufacturing areas are equipped with appropriate refrigeration and cooling facilities; Ensure an adequate supply of water for domestic and production purposes, and implement effective measures to prevent heatstroke and equip with health emergency rescue measures Scientifically arrange production plans, if necessary, adjust working schedules or halt operations.
	<p>Short term, medium term and long term</p> <p>Long-term drought may lead to insufficient water supply and affect the stability of production and operations.</p>	<ul style="list-style-type: none"> Reserve water for production and domestic use and strengthen water recycling; Avoid building factories in areas with higher water supply risks, and continue to promote water conservation and environmental improvements.
Sustained high temperatures, drought, etc.		
Opportunity		
Opportunity type	Opportunity description	Response measures
Resource efficiency	<p>Medium term and long term</p> <p>Develop or apply more energy-efficient equipment and technologies; National and regional supportive policy incentives.</p>	<ul style="list-style-type: none"> Actively explore, develop or apply new technologies, equipment and processes to fully improve the efficiency of resources; Actively respond to government supportive policies, apply new technologies and invest in green projects with government financial support.
Products and services	<p>Medium term and long term</p> <p>Research, development and application of green and low-carbon products;</p>	<ul style="list-style-type: none"> Increase R&D and investment in green products.
Market	<p>Medium term and long term</p> <p>Increased consumer demand for low-carbon products; Development of emerging markets.</p>	<ul style="list-style-type: none"> Increase the market share of green products; Actively identify and participate in emerging markets.
Adaptability	<p>Medium term and long term</p> <p>Use renewable energy; Energy substitution and diversification options.</p>	<ul style="list-style-type: none"> Increase the development and utilization of renewable energy.

RESOURCE CONSUMPTION AND MANAGEMENT

The Group has integrated the concept of sustainable development into the entire process of production and operation, continuously strengthened the management of resource utilization, practiced the concept of green development, and strictly complied with relevant laws and regulations such as the "Energy Conservation Law of the People's Republic of China", the "Water Law of the People's Republic of China and the Circular Economy Promotion of the People's Republic of China", implement standardized and systematic resource utilization management plans, and vigorously promote the improvement of resource efficiency.

Water resources utilization and management

We pay close attention to the policy requirements of the state and local governments on water usage, water reuse, and the quality of discharged effluent, etc. During the reporting period, there were no major accidents related to water intake and drainage.

Water resources utilization

The water resources we use are mainly obtained from the municipal water supply system and are utilized for domestic purposes, indirect cooling of refrigeration equipment during product manufacturing, and a small amount of other production water that enters the production line. In order to improve our water resource management and to better cope with the rising water pressure and risks, we actively carried out various water conservation and upgrading measures, and have invested significant resources in water-saving initiatives as well as put into use wastewater treatment equipment.



Water resources management improvement and renovation projects

Case

Cooling circulating water usage

At each base, the cooling water used in the cutting process at the countertop workshops is treated by water treatment equipment, and re-pumped back into the workshop for recycling. For instance, at the Qingyuan base countertop factory, compared with the direct use of tap water, using recycled water could save water over 720,000 tons/year.



using recycled water could save water over **720,000** tons/year



Schematic diagram of OPPEIN countertop workshop cutting process cooling water circulation



Water resources management improvement and renovation projects

Case

Energy-saving improvement of water replenishment pump in spray booth air supply cabinet

In the Qingyuan base, the original water curtain paper water replenishing pump power is 370W, which led to serious water overflow issues and wastage. We replaced all 13 water supply pumps with 60W low-power equipment to avoid wastage of water and electricity due to overflow of water pressure. This renovation project is expected to save about 6,500 tons of water and approximately RMB 19,500 per year in water bills; and save about 24,000 kWh of electricity, which is approximately RMB 16,900 per year in electricity bills.



Before modification



After modification

VOC cyclone tower water replenishment and energy-saving improvement

It would take 0.5h to manually open the valves to replenish water in the VOC cyclone tower on a regular basis, which results in wasted water when employees fail to close them in time. We replaced the water valve switches of the 5 cyclone tower pools with electromagnetic water valves and installed sensors to detect liquid levels in the pool, which could automatically stop discharging water when the pools are replenished. This renovation project is expected to save around 1,200 tons of water and approximately RMB 3,800 in water costs annually.



Before modification - manual valve

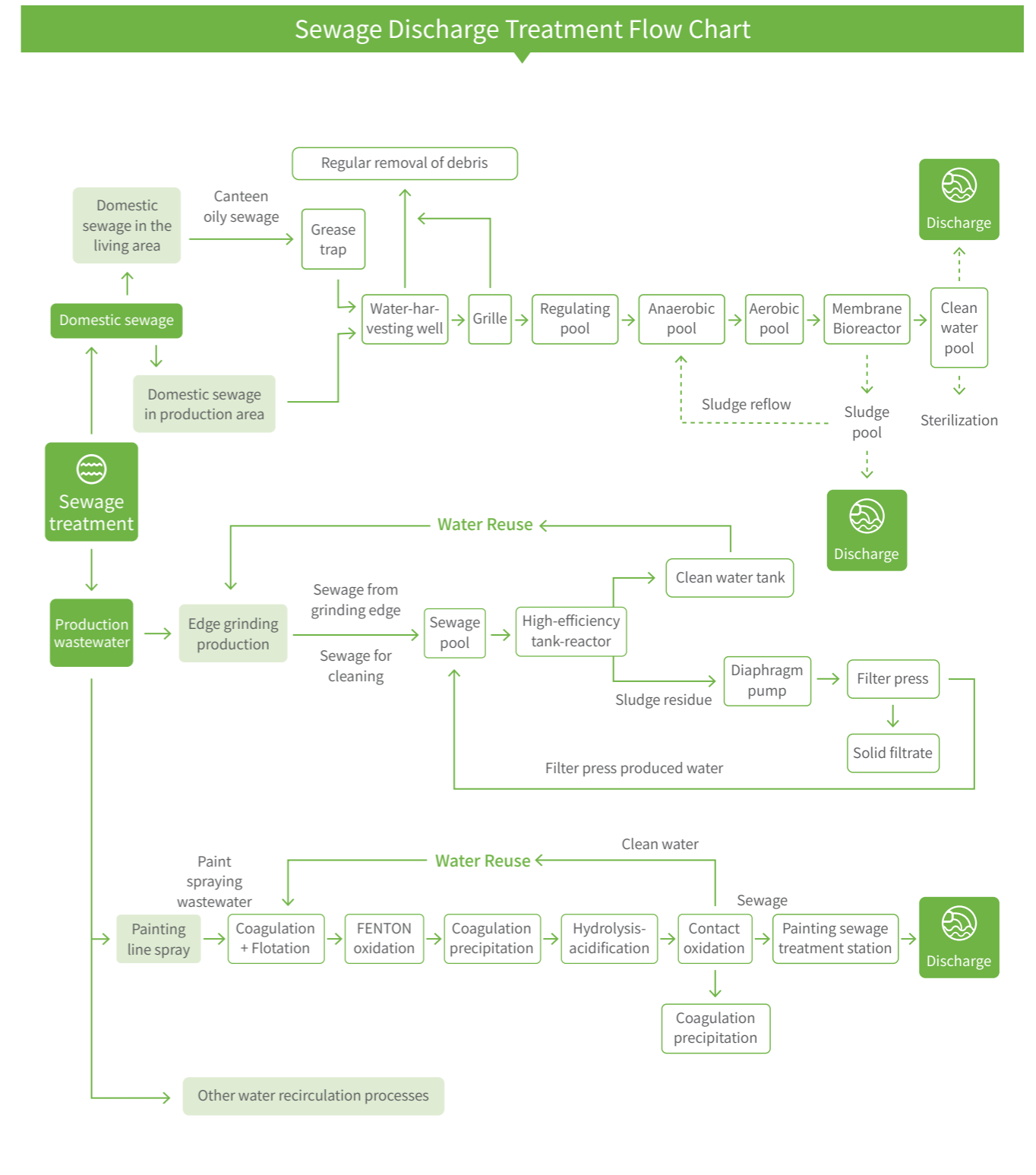


After modification - automatic valve

Wastewater Discharge

We strictly adhere to the "Water Pollution Prevention and Control Law of the People's Republic of China", "Urban Drainage and Sewage Treatment Regulations", and other relevant laws and regulations, and in accordance with the Group's "Environmental Protection Management Regulations of Oppein Home Group Inc." and the requirements of local environmental departments, we strictly control the discharge standards of domestic sewage and production wastewater. We have also adopted modern wastewater treatment equipment and water quality online monitoring technology to ensure that the quality of wastewater discharged from our factory meets the "Integrated Wastewater Discharge Standard (GB 8978-1996)", "Pollutant Discharge Standards for Urban Sewage Treatment Plants (GB 18918-2002)", and other national and local discharge standards, minimize the impact on receiving water bodies.

Wastewater discharge treatment		
Wastewater type	Processing method	Discharge channel
Domestic sewage	Domestic sewage in the living area	Grease trap pretreatment of canteen oily sewage
	Domestic sewage in production areas	Integrated sewage treatment equipment
Production wastewater	Painting line spray wastewater	Recycling in water curtain paint mist treatment systems, regular replacing
	Countertop production process wastewater	After treatment with the water treatment equipment of the Italian Fraccaroli & Balzan company, reused in other links except waterjet cutting
	Quartz stone rough plate workshop production wastewater	After undergoing flocculation and sedimentation treatment in the sedimentation treatment system, recycling in the workshop



Wastewater discharge monitoring



Energy consumption and management

We adhere to the sustainable development policy of energy conservation, consumption reduction and green production, and actively build the Group's energy management system, comprehensively carry out energy-saving renovation projects through management improvement and technological innovation, continuously promote the utilization of renewable energy within the scope of business and production. At the same time, we vigorously promote intelligent energy management and continuously strengthen energy control. As of the end of the reporting period, the Qingyuan Oppein Integration Home Co., Ltd., has passed GB/T 23331-2020/ISO 50001:2018 and EWC-R-En-FM:2019 energy management system certification.



Energy control

We organize statistics and analysis of energy consumption such as water, electricity, and oil products every month, and inspect the conditions of water & electricity management, raw and auxiliary materials, and energy consumption of each department and production workshop, and send out data reports. When there is an abnormality or increase in energy consumption, the head of the head of the division is supposed to organize an investigation and analyze the causes, and propose a corresponding energy-saving plan to the CEO.

Renewable energy utilization

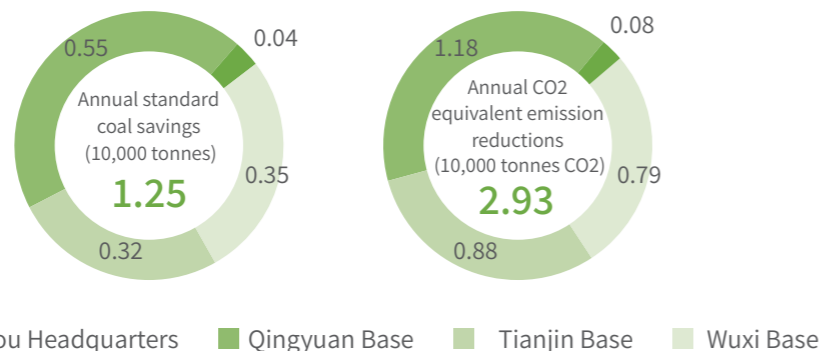
We are fully committed to supporting the national low-carbon development goals and promoting low-carbon production and development. We have invested in renewable energy projects at our Guangzhou headquarters, Qingyuan, Tianjin, and Wuxi bases adopting the "self-generation and self-consumption, with the surplus power going online" model, prioritizing the use of the generated power for production and operations, and integrating the surplus power into the national power grid. We continuously promote the use of clean energy and reduce greenhouse gas emissions, contributing to the early realization of the national goal of carbon peak and carbon neutrality.

Renewable energy projects which have been put into operation during the reporting period

Project location	Renewable energy type	Installed capacity (MW)	Annual power generation (MWh)	Project brief introduction
Guangzhou Headquarters	PV	0.94	1,200	The project is mainly distributed on the roofs of the office buildings and dormitory buildings, with a construction area of approximately 12,000m ² , and was put into operation in August 2023.
Qingyuan Base	PV	17.74	18,000	The project is distributed on the roof of the factory building ABCDEFHIJ, the factory parking shed and the roof of the dormitories, with construction area of about 155,000m ² ; the phase I was connected to the grid in December 2021, and the phase II was connected to the grid in June 2023.
Tianjin Base	PV	8.3	10,630	The project is mainly located on the roof of the factory building ABCDEFGH and was put into production in May 2022.
Wuxi Base	PV	10.7	11,440	The project is mainly distributed on six roofs of ABCDEF, with a construction area of approximately 82,000m ² , and was connected to the grid in August 2018. *Building G of the project with construction area of approximately 17,000m ² and will be connected to the grid in January 2024. By then, the total installed capacity will be approximately 13 MW.

During the reporting period, the Group's PV projects generated a total electricity of approximately 41,270 MWh, which could save 12,500 tonnes of standard coal and reduce 29,300 tonnes of carbon dioxide emissions per year.

PV project



Note: The Calculation of the annual carbon dioxide emission reduction of PV projects with reference to the "China Regional Power Grid Baseline Emission Factor for Project Reduction in 2019" issued by the Ministry of Ecology and Environment.



Energy-saving renovation

We deeply practice the principle of energy conservation and consumption reduction in production, and each factory has formulated its own annual energy conservation plans and targets based on the actual production and operation conditions. During the reporting period, Qingyuan Oppein formulated and strictly implemented the "14th Five-Year Plan" Energy-saving Plan of Qingyuan Oppein Integration Home Co., Ltd., and comprehensively improved the Group's energy efficiency and conservation performance from structural, technical and managerial energy conservation, and constantly track the progress of energy conservation renovation plans.

Some energy-saving renovation projects completed during the reporting period			
Project type	Project name	Project Description	Energy-saving effect
Technical energy conservation	Lighting tube upgrade	Adopt high-efficiency, low-power LED lamps instead of ordinary lamps, which can save about 46% of energy.	All bases have completed the renovation of approximately 27,000 energy-saving lighting, which are supposed to save about 2.1 million Kwh/year of electricity.
	Air compressor unit upgrade	Replace secondary and tertiary units with Ingersoll Rand's first-level energy efficiency units, which can save 8%-20% of energy.	Wuhan and Chengdu bases have purchased 12 first-class energy-efficient air compressors, which are supposed to save about 1.03-2.58 million kWh/year of electricity.
	Optimization of gas consumption in VOC exhaust gas treatment system	Upgrade the control system, increase the concentration of RTO exhaust gas, and reduce natural gas supplementation during waste combustion, which can reduce gas consumption by about 25%.	The renovation of 2 sets of VOC equipment at Qingyuan and Wuxi bases can save about 150,000 m ³ /year of gas consumption.
	Optimization of sanding machine operation	Upgrade the control system so that the equipment automatically shuts down to energy-saving mode when no one is operating.	Qingyuan base has optimized 10 sanding machines, which can save approximately 51,000 KWh/year of electricity.
Managerial energy conservation	Daily management of lights and fans	Remove excess light tubes and use light-controlled lighting control switches instead; remove excess fans.	Qingyuan Base has already implemented, which can save approximately 600 kWh/year of electricity.
	Daily management of vacuum cleaner/air compressor	Set the central vacuum fan stop at a scheduled time, and add a solenoid valve to the tracheal blower to operate intermittently.	Qingyuan base has already implemented, which can save approximately 2,160 kWh/year of electricity.
	Management of air conditioning and office equipment	Air conditioning temperature should not be lower than 26°C in summer; no people no air conditioning; close doors and windows when air conditioning is on; air conditioning be on for less than an hour a day. Office equipment should be powered off after getting off work.	Qingyuan base has already implemented, which can save approximately 3,200 kWh/year of electricity.

Raw material sourcing and management

We prioritize excellence in selecting raw materials for our products and setting procurement standards that are stricter than national requirements. We strictly control the incoming inspection of raw materials, including artificial boards and adhesives, tend to purchase recyclable and renewable or environmentally friendly materials. We actively engage in dialogues with suppliers to encourage the use of environmentally friendly product processing, lightweight packaging, and other sustainable development and carbon-reduction solutions.

Raw material energy conservation

We insist on using high-quality raw materials, which consumes less energy than low-quality raw materials in the processing and production process. In addition to wood such as solid wood, MDF, particle board, plywood, branch board, etc., the main raw materials we use also include high-quality quartz stone, rock board, glass board, glue, paint, hardware and so on. We strive to avoid reworks and improve the qualification rate of products, thereby improving the efficiency of energy utilization.

Green raw materials

The wood-based panel industry plays a crucial role in efficiently utilizing wood resources and it is also an important means to achieve sustainable forestry development. In order to support sustainable and circular forestry exploitation, we use formaldehyde-free wood-based panels as our primary raw material for production, and prioritize purchasing panels from suppliers with FSC-FM Forest Management Certification to protect forest resources.

At the same time, we continue to increase the source substitution of raw and auxiliary materials with low (no) volatile organic compounds (VOCs) content, and require the raw materials provided by suppliers to comply with the "Technical Requirements for Environmental Labeling Products - Cabinets (HJ/T 432-2008)", "Technical Requirements for Environmental Labeling Products - Furniture (HJ 2547-2016)", "Technical Requirements for Environmental Labeling Products - Wooden Doors (HJ 459-2009)" and other relevant environmental requirements and national standards, to provide a solid guarantee for green products.

During the reporting period, the pass rate of certification of ENF plates purchased by the Group was 100%.



100%

Pass rate of certification of ENF plates purchased by the Group



Green and healthy panel

Case

We are committed to creating a formaldehyde-free home. The formaldehyde-free artificial panels provided by our main suppliers are made of crop straw fragments as the main raw material, applied with formaldehyde-free MDI adhesive, and produced through high temperature and high pressure. The finished products all comply with the ENF (formaldehyde-free addition) grade in relevant testing standards such as "Formaldehyde Release Classification (GB/T 39600-2021)" and "Guidelines for Indoor Loading Limits of Artificial Panels Based on Limits of Formaldehyde (GB/T 39598-2021)". Besides, the recycling of straw, the raw material for making formaldehyde-free artificial panels, can greatly reduce pollutant emissions caused by straw burning, while effectively reduce deforestation and protect forest resources.



Supplier FSC-FM Forest Management Certificate



Raw material Panel BGFC "Formaldehyde-free Artificial Panels and Products" certificate



EMISSIONS MANAGEMENT

The Group strictly abides by the relevant national and local environmental laws and regulations, including the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", the "Standards for Pollution Control of General Industrial Solid Waste Storage and Landfill (GB 18599-2020)", and the "Standards for Pollution Control of Hazardous Waste Storage (GB 18597-2023)" to regulate discharged pollutants. We actively cooperate with government authorities and stakeholders in environmental management, ecological protection, environmental quality improvement, and pollutants discharge standardization. During the reporting period, the Group had no environmental related violations and did not receive any relevant administrative penalties.

Carbon emissions management

We conduct self-inventory of GHG emissions in accordance with the "Guidelines for Verification of Corporate Greenhouse Gas Emission Reports (Trial)" and other standards, continuously optimize GHG emissions management, proactively seek opportunities for energy conservation and carbon reduction measures to reduce carbon footprint. We continuously pay close attention to the policy development of carbon accounting standards in the home industry, aim to calculate carbon emissions more accurately, and gradually carry out supply chain GHG inventory, in order to formulate scientific and feasible plans and emission reduction path based on complete baseline emissions, and assist the Group in reducing carbon emissions.

OPPEIN GHG emissions in 2023 (unit: tCO ₂ e)			
Base	Direct GHG emissions (Scope 1)	Indirect GHG emissions (Scope 2)	GHG emission intensity (Scope 1 and 2)
Guangzhou Headquarters	418.45	11,734.66	12,153.11
Qingyuan Base	3,992.12	79,385.76	83,377.88
Tianjin base	4,684.85	30,404.40	35,089.25
Wuxi base	704.60	48,865.28	49,569.89
Chengdu Base	560.09	22,226.55	22,786.64
Wuhan base	8.56	230.86	239.41
Total	10,368.67	192,847.51	203,216.18

Pollutants control

In accordance with the "Atmospheric Pollution Prevention and Control Law of the People's Republic of China" and the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", we formulate "Exhaust Gas Treatment and Emission Management Regulations of Oppein Home Group Inc.", "Solid Waste Management Regulations of Oppein Home Group Inc. and Noise Management Regulations of Oppein Home Group Inc." The dust and organic waste gas generated in the production process are discharged in a compliant manner, the hazardous waste generated by the production process is entrusted to professional qualified organizations for compliant disposal, all construction projects are subject to environmental impact assessment, and internal and external environmental monitoring is carried out regularly every year. The investment in environmental protection is about RMB 64.30 million this year.

Pollutant monitoring and management				
Monitoring items	Monitoring method	Monitoring period	Monitoring methods or standards	Records
Exhaust gas and dust emissions	Outsourcing monitoring	Once/year	"Air Pollutant Emission Limits, Emission Standards for Volatile Organic Compounds in the Furniture Manufacturing Industry (DB 44/814-2010)"	Third-party testing report
Solid waste discharge	Internal monitoring	Once/quarter	The Group's Solid Waste Management Regulations	"Environmental Operation Checklist"
Noise emissions	Internal monitoring	Once/year	The Group's "Noise Management Regulations"	"Environmental Operation Checklist"
	Outsourcing monitoring	Once/year	"Environmental Noise Emission Standards for Industrial Enterprises at Boundaries (GB 12348-2008)"	Third-party testing report

Air emissions

The main air emissions emitted from our manufacturing process include dust, organic waste gas (VOCs, toluene and xylene, styrene, etc.) and kitchen fumes, and we strictly control the emission of air pollutants such as nitrogen oxides, sulfur oxides and particulate matter.

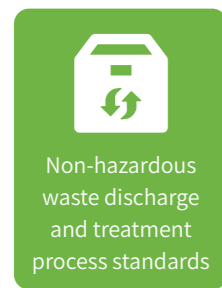
Types of air pollutants		Processing methods and standards
Manufacturing and processing dust		After the central dust removal system collects the air in the collecting hood, the bag dust removal process is used to control the dust and then discharge it through the exhaust pipe.
Exhaust gas	Spray painting exhaust	Pre-treated by automatic water curtain cabinet;
	Paint mixing exhaust gas and drying exhaust gas	After being collected with the pre-treated spray painting exhaust gas, "multi-stage filtration + rotary adsorption concentration + RTO treatment system" is used for further treatment and then emit at high altitude.
Kitchen fume in the living area		After the electrostatic oil fume removal treatment to meet the "Food Fume Emission Standard for Catering Industry (GB18483-2001)" standard, and then emit through a special exhaust pipe to the roof of the building.

Waste management

We manage the waste generated during the production and operation of the Group according to the classification of non-hazardous waste and hazardous waste, and clarify the full-process management regulations for waste from classification, storage, and disposal to record.

Non-hazardous waste

The non-hazardous solid waste contains domestic waste and general industrial solid waste, including wood scraps, dust, glass, countertop scraps, aluminum scraps, etc.



Domestic waste

Separate collection of garbage and delivery to the sanitation department for treatment and disposal.

General industrial solid waste

Classified and temporarily stored in the general industrial solid waste warehouse regularly handed over to qualified solid waste treatment organizations, while the storage site is constructed and maintained under the "Standards for Pollution Control of General Industrial Solid Waste Storage and Landfill (GB 18599-2020)".

Hazardous waste

The hazardous waste includes waste paint slag, waste activated carbon, grinding dust, sewage from treatment station sludge and other hazardous wastes listed in the "National Hazardous Waste List". All bases have formulated "Hazardous Waste Operation Rules" to strictly control the entire process of classification, packaging, storage, transfer & disposal, and compliant management of hazardous waste.

Classification & packaging

Strictly identify and classify hazardous wastes in accordance with their characteristics with the "National Hazardous Wastes List", set corresponding hazardous waste identification labels, and update and print hazardous waste identification labels according to the requirements of the latest national standards.



Storage

Strictly follow the requirements of the "Hazardous Waste Storage Pollution Control Standard" to set up a temporary storage warehouse in the factory area, and take pollution control measures such as anti-seepage, anti-corrosion, rain-proof, and sun-proof according to the characteristics of hazardous waste, and equipped with trenches or cofferdams treated with anti-seepage and anti-corrosion treatments.



Transfer & disposal

Take pollution prevention measures to prevent scattering, loss, and leakage during the process of transfer and disposal, entrust qualified organizations for transfer and disposal, and verify whether the "Road Dangerous Goods Transport Business License" of the transport unit and the "Hazardous Waste Operating License" of the receiving unit are consistent with the type of hazardous waste to be transferred.



Compliant management

All bases are required to establish a hazardous waste management ledger, truthfully record the detailed information of hazardous waste including entry and exit time, source and destination, weight, container/packaging type and quantity, storage facility number and others, as well as submit the solid waste management plans to the local government environmental supervision information platform annually.



Noise management

Noise pollution mainly comes from the process of cutting, grinding, air compressor operation and vehicles, as well as the operation of fans and water pumps in sewage treatment stations. To mitigate the negative impact of noise from various sources, we take different measures including using low-noise production equipment, implementing sound insulation measures for individual high-noise equipment, placing high-noise equipment as far away from the plant boundaries as possible, implementing green isolation around the plant boundaries, etc.

Reducing environmental impact

We require all bases to formulate a corresponding implementation plan for heavily polluted weather in accordance with the requirements of the local environmental department and report it to the local environmental protection department for review and filing. When there is an early warning of heavily polluted weather, all bases are supposed to cooperate with requirements of local governments to reduce production volume, and reduce the emission of pollutants such as VOCs, nitrogen oxides, particulates and sulfur dioxide, to minimize the impact of business operations on the environment.



GREEN PRODUCTION SYSTEM

The Group has always regarded green and environmentally friendly as the basic principle of production and operation, and endeavors to ensure that every link from material selection, and production process to installation strictly follows environmental standards. In addition, with sustainable development at the core of our environmental design concept, we continue to build a full-process green industry chain, from integrated green production solutions to systematic environmental monitoring standards, to build a rigorous green and environmental production system, and continuously save energy and reduce pollution and effectively promote the sustainable development of enterprises and society.

Clean manufacturing

As a leader in "Green Residence", we have always regarded environmental protection and emission reduction as an important driving force for product development and upgrading. We have actively carried out technological research and upgrading, and continuously strengthened the promotion and application of green and low-carbon materials, technologies, equipment and production processes. We have applied and built Asia's first furniture powder coating production line to achieve no VOC emissions in the entire coating process, reducing overall carbon emissions by more than 75% compared to baking paint. At the same time, we are exploring the implementation of water-based paint to replace oil-based paint, low-energy PUR edge sealing molding technology and other production processes, using advanced pollution treatment facilities, to control pollution from the source.



Low energy consumption PUR edge banding and molding technology

Case

During the reporting period, we invested in researching and implementing an environmentally friendly PUR edge banding adhesive to replace traditional EVA hot melt adhesive technology, which not only does not release any harmful substances in the process of use, but also can better resist the humid environment and improve the swelling phenomenon caused by the moisture in the edges of the wood veneer panels and sealing the edge of the adhesive seams and other problems. The application and processing of this adhesive is simpler, not require drying, which effectively improves production efficiency and saves energy.

Schematic diagram of green and environmentally friendly production system



Green raw materials

- European E1 level plate certification
- ENF level environmental friendly board certification



Green production

- Environmentally friendly production process
- Advanced pollution treatment facilities



Green packaging

- Streamlined packaging process upgrade
- Replacement of wooden pallets with recyclable steel pallets



Green delivery and installation

- Environmentally friendly, formaldehyde-free and pollution-free installation
- Green whole-house delivery

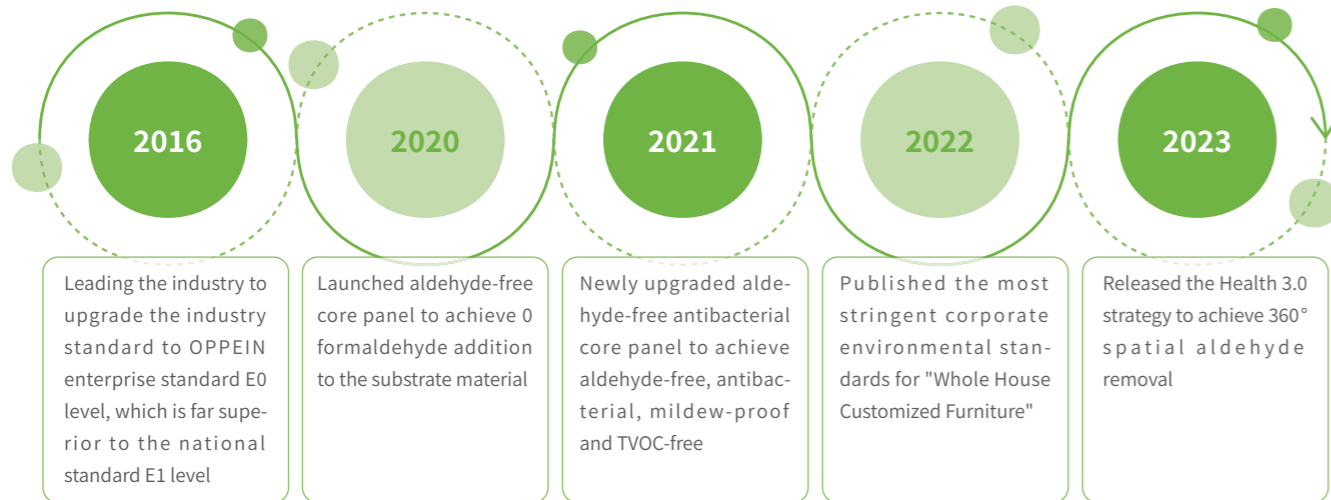


Green transportation

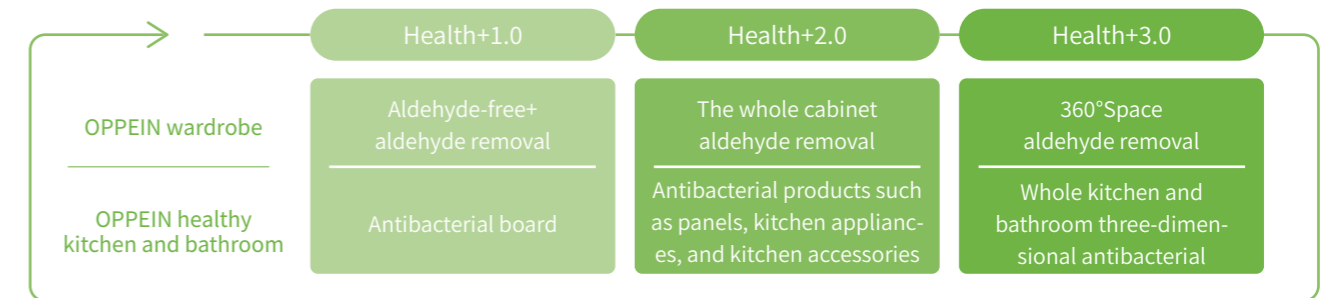
- Logistics and transportation resource integration
- Warehousing quantity reduction

Green product

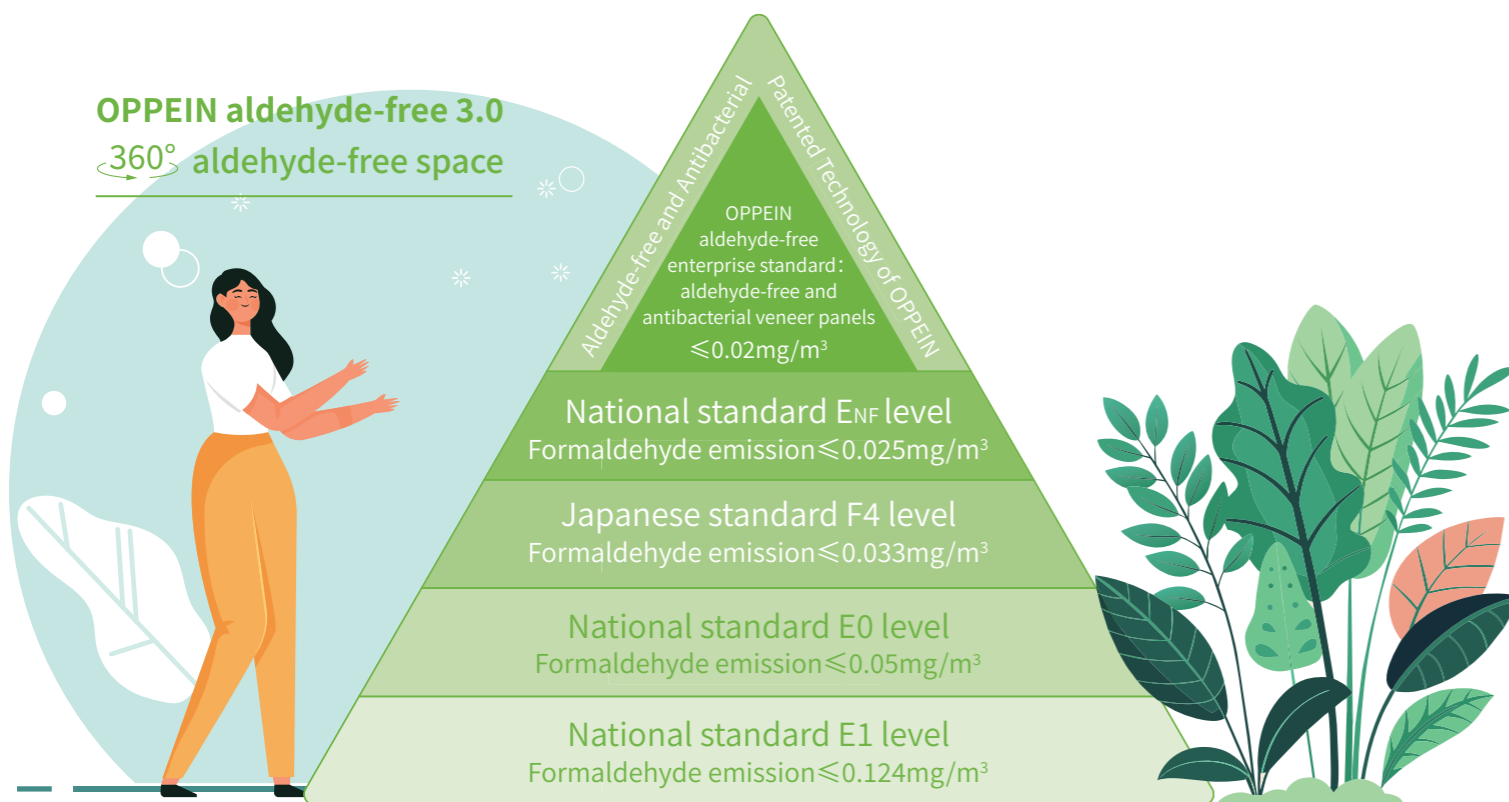
We are committed to the production of environmentally friendly green products, constantly refreshing the environmental standards of products, and strive to provide consumers with more high-quality green products, to build a new healthy home ecology. We released the "net aldehyde enterprise standard of Oppein Home Group Inc.", with lower formaldehyde limit value requirements, become a more stringent formaldehyde emission standard of the plate (formaldehyde emission limit value of only $\leq 0.02\text{mg}/\text{m}^3$), which is superior to the new national standard ENF, and gradually become the leader of the Whole-house customization industry environmental protection.



Upgrading of green environmental protection standards



OPPEIN aldehyde-free 3.0 360° aldehyde-free space



In-cabinet PCO air purification system Case

During the reporting period, we form a perfect set of in-cabinet PCO air purification system modules by researching the combination of air purification products and customized cabinets, designing and developing intelligent shoe cabinets, care wizards, laminate back-loaded clothing care modules, laminate back-loaded clothing care machines and other application products, which have the functions of killing mildew and removing germs, purifying the air, removing odors, and efficiently removing aldehydes, etc., and do not require consumables and consume very low energy, so that we can provide consumers with environmentally friendly, refreshing and healthy living environments.



Rendering of lighting



Rendering of deodorizer in shoe cabinet



OPPEIN Green Factory Tour

Case

On April 14, the closing ceremony of the "OPPEIN Green Factory Tour" and the "Green Homes for Every Family, Health for All in China" public welfare action was grandly held at OPPEIN Guangzhou headquarters. OPPEIN green factories and laboratories welcomed nearly 100 medias, environmental experts, and evaluation institutions, they used the most stringent perspectives and standards to examine OPPEIN environmental protection efforts and unveil the real power of OPPEIN aldehyde-free products with the most authentic and transparent perspective. The OPPEIN aldehyde-free and antibacterial core panel received positive feedback from the visiting medias, and high recognition from authoritative institutions and experts present for the "aldehyde-free 3.0" initiative.



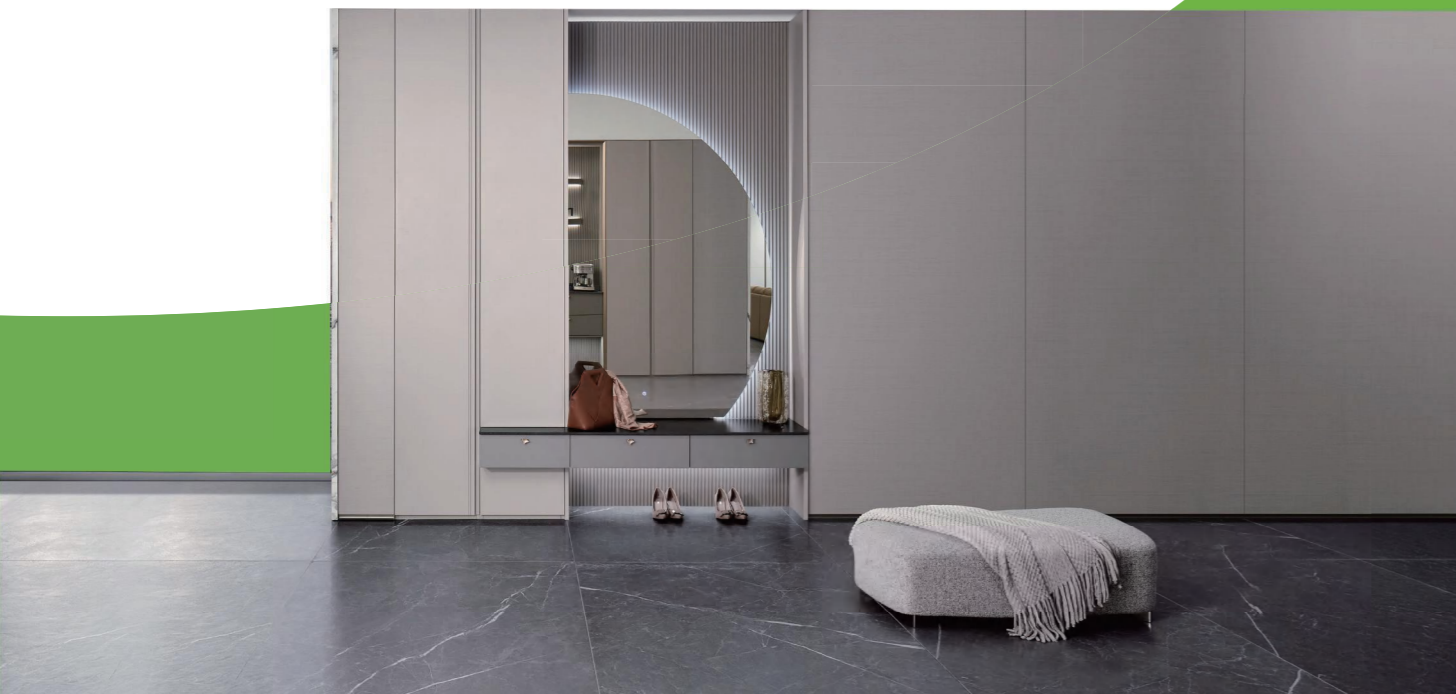
Streamlined packaging

We actively promote the reduction of product packaging materials, use environmentally friendly and recyclable packaging materials as much as possible, and improve the level of resource utilization. At the same time, we have made standard and design corrections to the redundant the packaging parts in the new model, through the improvement of packaging process, and optimized the packaging protection effect to reduce product damage in the transportation process, thereby reducing costs and energy consumption to meet environmental goals and customer expectations.



Packaging process upgrade

- Continuous optimization of board-level panelizing software rules, and reduction of the unnecessary single-board packaging or fragile paneling patterns.
- Optimization of packaging materials, research & development of alternative materials for filling foam particles with competitive cost.
- Replacement of wooden bottom brackets with recyclable steel brackets.



Technology of environmentally friendly low-cost carton

Case

During the reporting period, we innovatively developed a partially integrated folding carton that is both protective and economical. This package has the function of partially strengthening the protection of the outer packaging and the main damaged surface, and uses carton folding as a buffer to simultaneously replace the foam. This new carton reduces the product shipping loss rate, packaging production costs and packaging process time, and simultaneously improves environmental and economic benefits. It has now been gradually put into use in factory packaging.



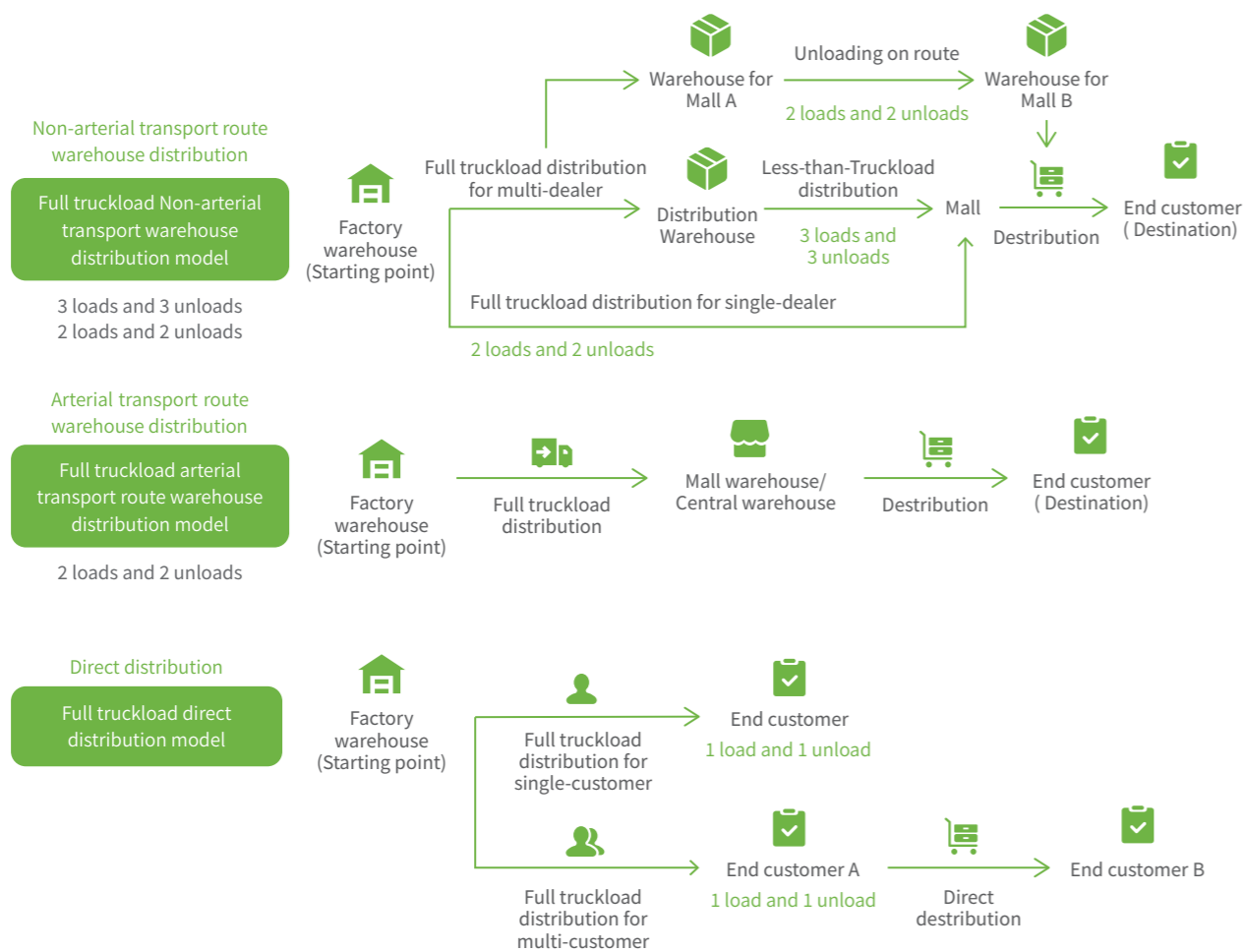
Low-carbon transportation

In order to create an integrated, transparent, intelligent and green home furnishing delivery system, we continue to optimize and reform the logistics delivery model and facilitate the systematic upgrade of the green delivery system.

Integration of logistics resources

We integrate the transportation trunk line services for all our sales products (except projects) in the same city. We apply a new service mode consolidating multiple lines and carriers into "1-3 lines, 1-3 carriers" based on cargo volume, integrate logistics transportation trunk lines with contractor resources in the same city, and reduce the number of cargo transfers from 3-6 times to just 1-2 times. This will create new opportunities for point-to-point direct delivery and improve logistics and transportation efficiency, ultimately leading to a more convenient and eco-friendly transportation system.

Schematic diagram of transportation mode after trunk line integration



Reduction in warehousing quantity

We have improved our logistics system by integrating trunk lines and implementing the shuttle system. As a result, we have reduced the number of approach terminal distribution warehouses and front-end warehouses. This has effectively decreased the amount of cargo loading and unloading, reducing the risk of cargo damage. Additionally, this has helped us save on manpower and resources in the intermediate logistics links, leading to improved logistics efficiency. We have achieved dual optimization by reducing both time and energy consumption costs in the logistics transportation process.



Purchased and leased a total **22** new energy vehicles



Reduce emissions of nitrogen oxides, non-methane carbon gas, particulate matter and other pollutants by approximately **0.82** tons

Vehicle transportation emission reduction

We eliminate high-emission vehicles by purchasing or leasing new energy buses. At the same time, we strictly require the environmental performance of vehicles and personnel entering the factory area, and signed the "Operational Safety and Environmental Protection Agreement for External Vehicles and Personnel" with the outsourcing transportation company, prohibiting vehicles that failed annual inspections, scrapped, excessive exhaust emissions, leak oil or emit other waste, and require all carriers to dump and store garbage at designated locations. And vehicles parking in the factory are supposed to turn off the engine for energy conservation.

During the reporting period, we purchased and leased a total 22 new energy vehicles, which can reduce carbon dioxide emissions by approximately 1.37 tons per year and reduce emissions of nitrogen oxides, non-methane carbon gas, particulate matter and other pollutants by approximately 0.82 tons.



PRACTICE ENVIRONMENTAL CONCEPTS

We have taken a strong stance on green production, energy conservation, and consumption reduction. Our commitment to the green concept in all aspects of our business, from strategic planning to employee training and implementation, as well as through our efforts to promote public welfare. We have implemented scientific planning and strict management practices, and also promoted environmentally-friendly working methods such as paperless offices, energy-saving lighting, and video conferencing. Our ultimate goal is to promote comprehensive energy conservation and consumption reduction, recycle resources and collaborate with others to create an environmentally-friendly enterprise.

Energy-saving and environmental protection training

We prioritize environmental protection and energy-saving measures in our office, control costs and reduce energy consumption, encourage staff to identify resource waste and suggest improvements, and have personnel dedicated to monitoring our carbon reduction efforts.

On-site training

Qingyuan base organized all personnel to learn the requirements of the "anti-waste" special workgroup and organized a total of 17 on-site training and promotion, a total 633 staffs participated, and the training satisfaction score was 9.42 points.



Conducted

17 training sessions on "Anti-waste" special workgroup

Online training

We encourage employees to take stock of the waste in their respective positions and provide suggestions for improvement. They will provide feedback in the corporate WeChat group, and have dedicated personnel follow up and implement improvements point-to-point:



Office power-saving measures

Turn off the screen in time when the computer is idle; make lights, air conditioners, exhaust fans and other office appliances power off when people leave; double-sided printing, use second-hand paper for printing, etc.;



Workshop power-saving measures

Shut down exhaust fans in non-essential areas; install induction lighting equipment; optimize and improve induction devices in manual spray booths; install induction devices on conveyor belts to avoid no-loading, etc.;



Resource recycling and conservation

Employees' labor protection supplies are replaced with used ones to avoid waste; recycle used tools, damaged equipment, and electrical appliances in the factory; install sensor faucets in wash basins; collect rainwater in the factory as a water curtain replenishment source, etc.

Environmental protection and low-carbon action

We encourage all employees to firmly establish the concept of green ecology, advocate employees to take practical action to pay attention to the ecological environment and resource recycling, and deeply practice a simple and moderate, thrifty and low-carbon lifestyle, and motivate employees and all sectors of society to jointly take up their environmental responsibilities and contribute to the beautiful earth.



Love green, plant green and protect green, build green rural together

Case

On March 10, at the call of Jianggao Town, Baiyun District, Guangzhou, we actively participated in the Arbor Day tree planting activities in Xiashi Village, planting 160 Phoenix seedlings together with cadres, the masses, and other business representatives, and taking practical actions to benefit Jianggao. We will pave the way for greenery, add new greenery, and effectively enhance the environmental awareness and ecological awareness of volunteers to further promote the construction of a livable and beautiful countryside.



Idle Material Management Platform

Case

Idle material management platform is a second-hand trading platform for the Group, providing functions such as release, browsing, communication, trading, and removal of idle materials, and assisting various departments to quickly revitalize idle materials. We link the idle platform entrance when purchasing materials in the OA system. It is recommended that all departments give priority to checking whether there are suitable materials on the idle platform when purchasing various materials, so as to improve the utilization rate of idle materials.



Sofas	Electrical appliances	Chairs
Cameras	Whiteboard	Stationeries
Printers	IT equipments	Projectors
Equipment Accessories	Office Supplies

SUPPLY CHAIN

Efficient, stringent and eco-friendly supply chain construction is the key to ensuring the sustainable development of OPPEIN. Despite the cyclical downturn in the "pan-home furnishing" industry, the Group continued to push forward the large home furnishing strategy and achieved double growth in performance and profit with the strong support and long-term collaboration of its partners. We are building a supply chain system that aligns with the large home furnishing model, constantly improving the supply chain management system, and deepening channel reform and dealer transformation. We work closely with our partners to develop and implement a sustainable development strategy, and build a green ecological chain.



RESPONSIBLE PROCUREMENT

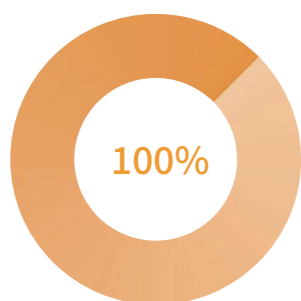
The Group continues to practice responsible procurement with a focus on addressing consumers' home furnishing consumption needs. We comply with the "Tendering and Bidding Law of the People's Republic of China" and other relevant laws and regulations. We have created the "Materials and Service Procurement Tendering Management Regulations of Oppein Home Group Inc." to standardize the procurement process and realize the unification of internal material specifications and technical quality standards across the company. Based on the mid-to-high-end brand positioning, we develop and integrate high-quality procurement resources, and guarantee environmentally-friendliness, material safety and integrity during the procurement process. so that the quality of our products can be effectively guaranteed from the source.

Environmentally friendly guarantee

To meet the current demands of the domestic market and build a sustainable procurement supply chain, our group is committed to implementing strict environmental protection standards in the selection of materials. The raw materials we purchase, including boards and functional hardware and other production raw materials, product accessories, as well as supporting products like finished furniture and home appliances, are all subject to these standards. We prioritize companies that have passed the "Chinese environmental labeling product certificate" as raw material suppliers, in accordance with the "Raw Materials Procurement Technical Standards and Management Specifications of Oppein Home Group Inc.". We also require our suppliers to provide a "Self-Declaration" of product ingredients for the materials they provide, ensuring the materials do not contain any harmful substances that could negatively impact the environment.

At the same time, we strictly manage the sources of wood used by our suppliers, give priority to suppliers who strictly supervise the sources of wood, and strive to prevent raw materials from illegal sources from entering the Group.

During the reporting period, the raw materials for panels purchased by the Group were 100% legally traceable.



Legal traceability rate of raw materials for panels purchased



Chinese environmental labeling product certificate provided by the suppliers



Self-declaration of product ingredients provided by the suppliers

Material safety guarantee

We prioritize material safety as the cornerstone of responsible procurement. By ensuring the safety and reliability of raw materials in the supply chain and strictly monitoring the environmental, health, and safety (EHS) standards of our suppliers, we endeavor to provide customers with safer and more reliable products for their homes.

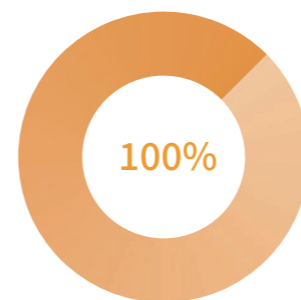
We have established a strict quality and safety inspection system for raw materials, formulated the "New Materials (Products) Appraisal and Trial Management Regulations of Oppein Home Group Inc.", and require suppliers to provide MSDS material safety data sheets, test reports issued by third-party authoritative testing agencies and other materials, and also use the group's CNAS certified laboratory to conduct product safety testing and spot checks to ensure that our products meet the safety performance requirements of flame retardancy, corrosion resistance, compressive elasticity and the safety limits of formaldehyde, TVOC, toluene and other chemical substances. At the same time, we issued the "Contractor Safety Management Regulations of Oppein Home Group Inc.", which clarified the requirements of contractors and suppliers regarding employee occupational health and safe working conditions during procurement, reviewed their safety qualifications and signed a safety agreement, requiring partners to provide their employees with qualified labor protection equipment and a safe working environment, eliminate occupational health risk factors, and comprehensively ensure the safety and health of raw material production.

Integrity guarantee

We have formulated the "Work Management Rules for the Peripheral Department of the Supply Chain Management Center", "Supply Chain Management Center Audit Operational Rules (Trial)", "Supply Chain Management Center Bonus Points Management Operational Rules (Trial)" and "Ten Code in Supply Chain Management Center Personnel's Interactions with Suppliers", strictly regulate interactions between Supply Chain Management Center personnel and our suppliers to prevent bribery and create a fair and honest supply and demand relationship.

In view of the common purpose of pursuing a fair, just and transparent operating environment, we have included the "Integrity Cooperation Commitment Letter" as part of the procurement contracts of the Group and the affiliated enterprises, and have clarified in the document that each supplier should comply with various requirements for integrity and self-discipline, and also lists out the reporting methods for improper interests, ensuring integrity cooperation and safeguarding the interests of both parties.

During the reporting period, all suppliers of the Group had signed the "Integrity Cooperation Commitment Letter", with a signing rate of 100%.



Signing rate of the "Supplier Integrity Cooperation Commitment Letter"

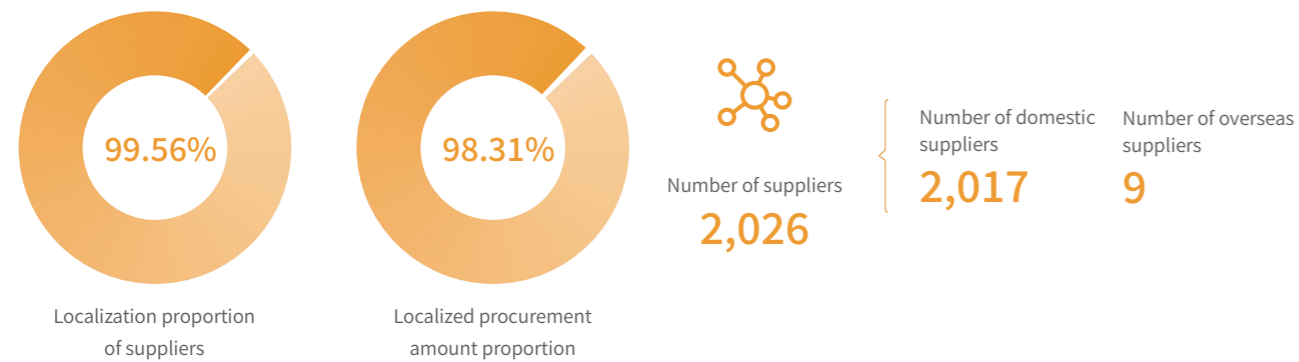


Integrity Cooperation Commitment Letter

SUPPLIER MANAGEMENT

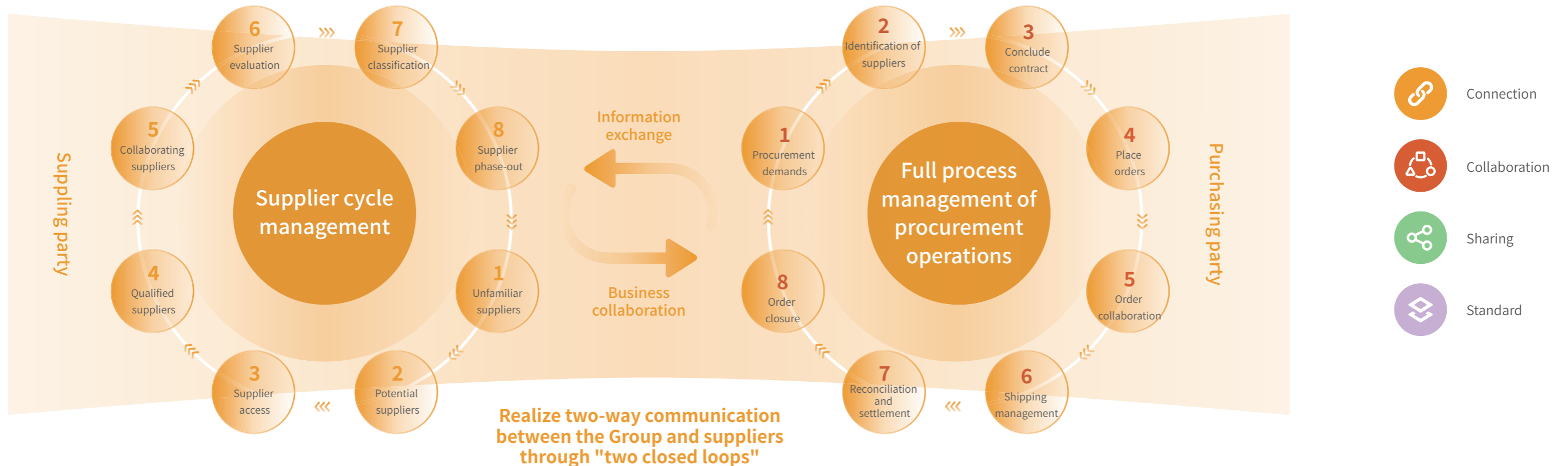
The Group strives to strengthen supplier management and improve the level of sustainable supply chain management through digital, intelligent, and process-based management and construction. Meanwhile, we continue to promote the ESG performance evaluation of suppliers, and firmly join hands with our partners to promote sustainable cooperation. Implement the sustainable development strategy, build a win-win and symbiotic green ecological chain, and create a diversified, efficient and complete resilient supply chain management system.

During the reporting period, the total number of suppliers in the database was 2,026, including 1,800 domestic suppliers and 200 overseas suppliers; the proportion of localization of suppliers reached 99.56%, and the proportion of localized procurement amount was 98.31%.



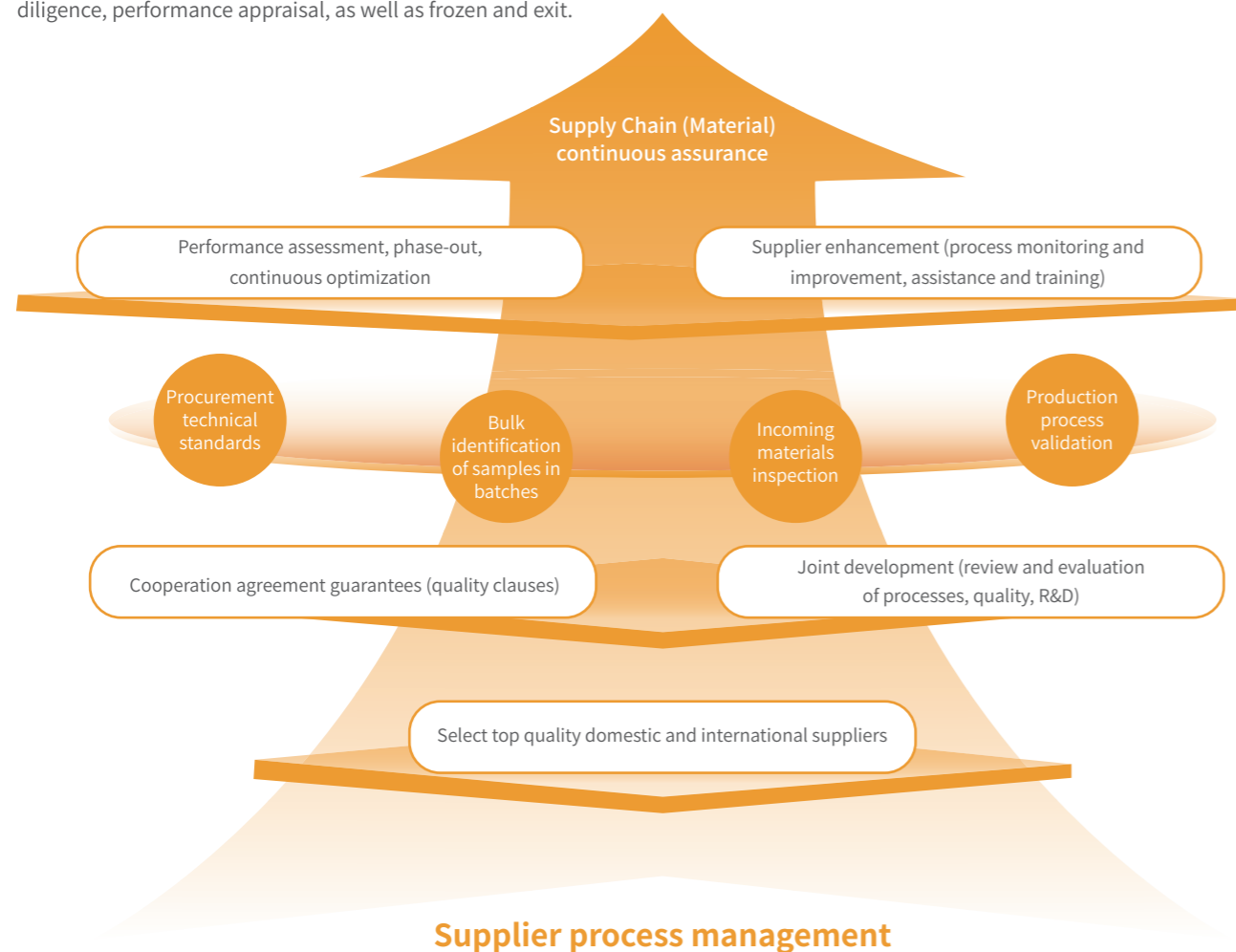
Digitalization management

Based on the principles of "connection, collaboration, sharing, and standard", we set up an SRM system for supplier collaboration and develop digital supplier management solutions. We implement cycle management of suppliers through the platform, starting from supplier admission, cooperation to evaluation and grading, and from potential suppliers to qualified suppliers, to ensure that the enterprise's supplier system operates in an orderly and monitored manner. At the same time, we realize the full management of the procurement business through the platform. Suppliers can sign procurement contracts on the platform and obtain information such as inquiry prices, bidding information, purchase orders, deposit collection notices, and quality abnormalities. Through the "two closed loops", we achieve integrated corporate procurement coordination, realize two-way communication between the Group and suppliers, and improve the efficiency of the supply chain information flow.



Whole process management

We benchmark the requirements of the world's outstanding home furnishing companies, and select the industry's first-class and professional suppliers to establish long-term strategic cooperative relationships. We follow a series of management systems and procedures including "Supplier Development and Selection Management Regulations of Oppein Home Group Inc." and "Supplier Freezing and Withdrawal Management Regulations of Oppein Home Group Inc.", "Supplier Operation Performance Appraisal Management Regulations of Oppein Home Group Inc.", and "Supplier Change and Replacement Management Regulations of Oppein Home Group Inc.", to conduct a whole-process management of suppliers from the dimensions of development and access, due diligence, performance appraisal, as well as frozen and exit.



Development and access

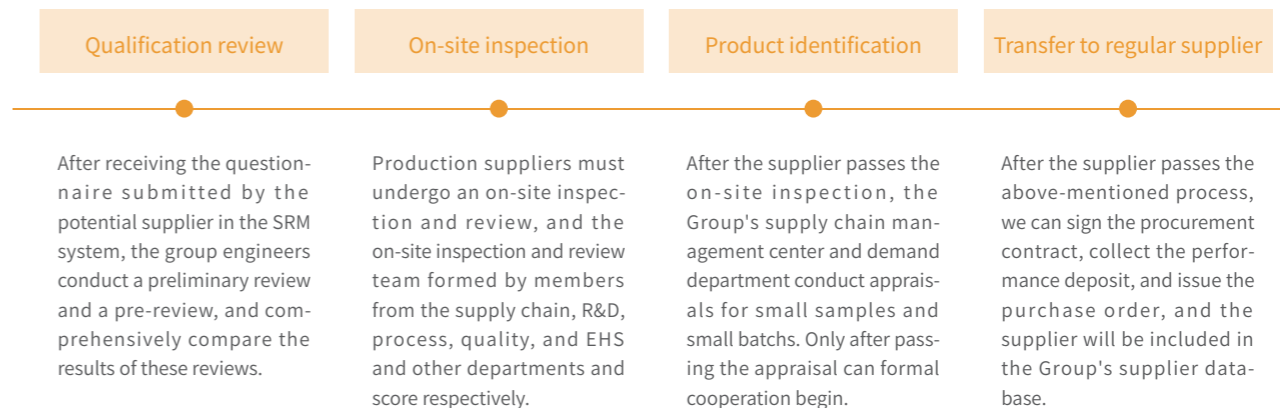
We are working on standardizing the criteria for suppliers to access our company. We have created the "Supplier Development and Selection Management Regulations of Oppein Home Group Inc." and are enforcing a new supplier selection process that focuses on reviewing qualifications, conducting on-site inspections, identifying products, and converting suppliers. Based on the type of business, we categorize our suppliers into two types including production suppliers and non-production suppliers such as traders or agents, and we require all suppliers to provide qualification certificates mandated by national laws and regulations and have implemented a classified access management system for all types of suppliers.

During the reporting period, the Group evaluated a total of 758 suppliers and selected 621 suppliers who passed the assessment.

Evaluated suppliers
756

Regularized suppliers
621

Process of access



After receiving the questionnaire submitted by the potential supplier in the SRM system, the group engineers conduct a preliminary review and a pre-review, and comprehensively compare the results of these reviews.

Production suppliers must undergo an on-site inspection and review, and the on-site inspection and review team formed by members from the supply chain, R&D, process, quality, and EHS and other departments and score respectively.

After the supplier passes the on-site inspection, the Group's supply chain management center and demand department conduct appraisals for small samples and small batches. Only after passing the appraisal can formal cooperation begin.

After the supplier passes the above-mentioned process, we can sign the procurement contract, collect the performance deposit, and issue the purchase order, and the supplier will be included in the Group's supplier database.

Qualification checklist

Supplier type	Questionnaire	Content
Production	Production questionnaire	Legal person information; Enterprise qualifications; Production and business capabilities; Quality and technical capabilities; Pre-sales and after-sales service capabilities; Financial information; Affiliated suppliers, etc.
Non-production	Non-production questionnaire	Legal person information; Enterprise qualifications; Pre-sales and after-sales service capabilities; Financial information; Agency qualifications, etc.
Other	Simple questionnaire	Legal person information; Financial information

Due diligence

We prioritize due diligence for our suppliers, mandating on-site inspections and reviews. These inspections are organized by the Supply Chain Management Center, and the inspection and evaluation team is formed by supply chain, R&D, process, quality, EHS and other related departments. The team is committed to fairness, objectivity, and responsibility, adhering to strict guidelines during the review process. Any misconduct, such as fraud or interference, will result in the revocation of the responsible party's review and certification qualifications, with serious violations being escalated to the Audit and Supervision Departments for further action.

We emphasize quality and process management of our supply chain, inspecting suppliers' production processes to ensure the reliability of raw materials. We also incorporate ESG criteria in evaluating new suppliers, covering environmental management, production safety, labor practices, and social responsibility. We continue to promote the standardization and systematization of suppliers' social responsibility management, and strive to build a sustainable supply chain.

During the reporting period, the Group continued to conduct on-site inspections of new suppliers, with a total of 88 inspections.



Conduct on-site inspections of
88 new suppliers

Supplier ESG inspection	
Review items	Review content
Environmental management	On-site 5S management
	Environmental protection management system and environmental impact assessment documents
	Environmental substances control procedures
	Hazardous chemicals management
Safety production management	Safety production management system
	Safety precautions
	Safety production files
	Safety production training
	Occupational Health and Safety
Labor management	Fair and reasonable salary and benefits
	Labor rights protection
	Diverse and inclusive work environment
Social responsibility	Impact on social well-being

Supplier quality and process inspection	
Review items	Review content
System management	Institutional certification, quality goals
Document control	Quality manual
Staff training	Quality training
Client needs	Customer communication
Warehouse management	Raw material and finished product warehouse management
Measuring equipment	Monitoring and measuring device control
Product testing	Sample testing, incoming inspection, process inspection, shipping inspection, type testing
Quality improvement	Disposal of unqualified products and quality improvement
Production process control	Equipment management, key processes, label traceability, process control
Design development control	Design input, output and review, sample verification, product reliability, R&D capabilities

| Performance appraisal

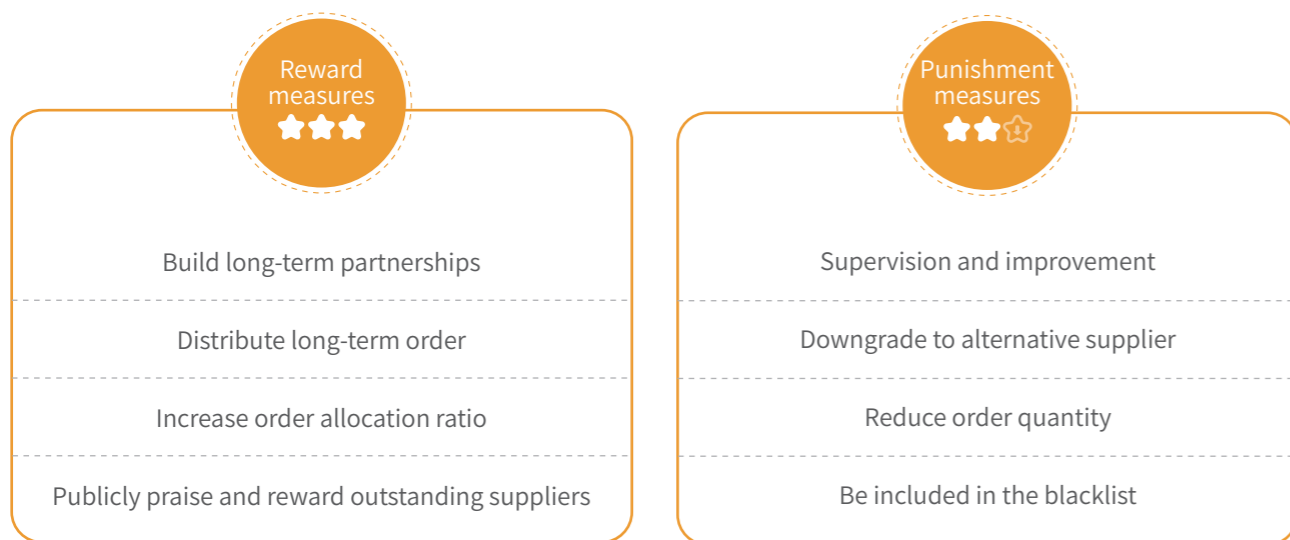
We have formulated the "Supplier Operation Performance Appraisal Management Regulations of Oppein Home Group Inc." to promote standardized management of suppliers. The Group's Supply Chain Management Center cooperates with the EHS management department, process research and development department, and quality department to conduct comprehensive assessments of suppliers. Through monthly quality performance evaluation and annual operational performance evaluation, the Group's Supply Chain Management Center regularly reviews whether the Group's suppliers always meet compliance requirements.

The monthly evaluation is based on the quality dimension, and the evaluation targets are suppliers who have business relationships with the Group in that month. Based on the monthly evaluation results, the Supply Chain Management Center will allocate and adjust the supply ratio of suppliers, and provide regular guidance and improvement to suppliers that need key improvements. Suppliers with scores lower than 60 points for 2 consecutive months will become warning suppliers. In the annual evaluation, the Supply Chain Management Center organizes the quality departments and procurement execution departments of each business line to conduct annual operational performance evaluations on the quality, delivery time, price and service of suppliers, forming four grades of A, B, C and D. After the annual assessment is completed, we will automatically send the assessment grade results and similar rankings to relevant suppliers through the SRM platform, and provide rewards and punishments based on the supplier rankings; for suppliers whose assessment results are D-level, they will be rewarded according to the "Supplier Quality Counseling Management Regulations of Oppein Home Group Inc." organizes special improvement meetings for suppliers to coach and improve them. If all improvements are implemented, normal procurement will be carried out and tracking will be continued. Otherwise, the supplier's qualifications will be canceled and included in the blacklist.

During the reporting period, the Group conducted performance appraisals on all non-one-time procurement suppliers, with a total of 1,630 suppliers assessed.



Conduct annual performance evaluations for **1,630** suppliers



Reward and punishment incentives

| Freezing and withdrawal

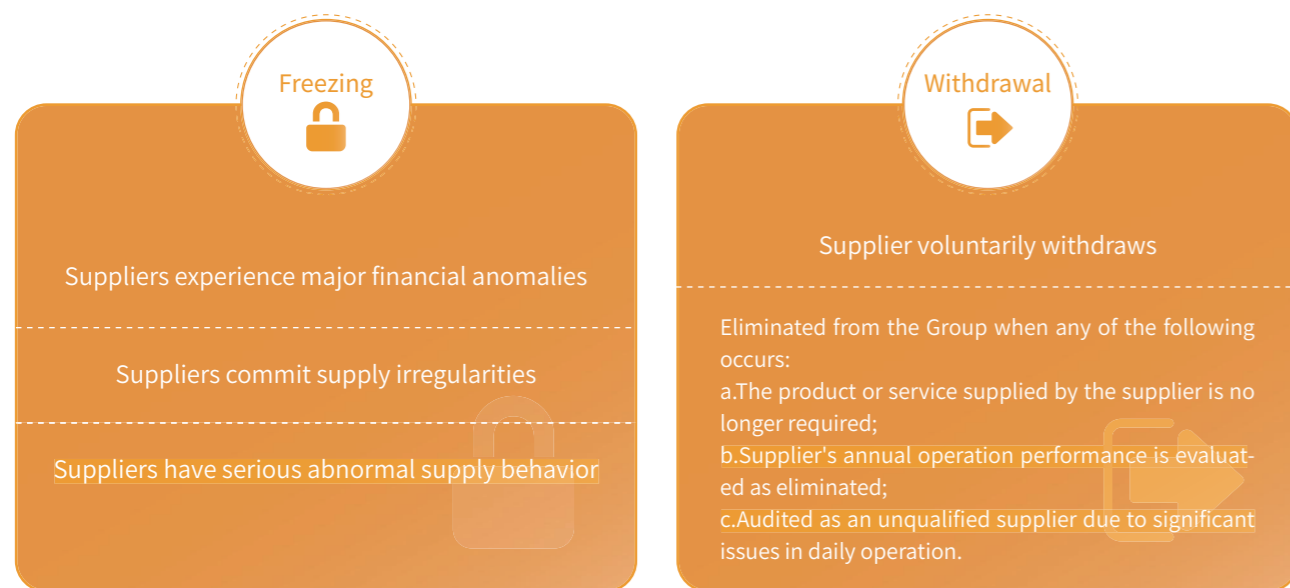
In order to ensure standardized management of the supply chain, we have formulated the "Supplier Freezing and Withdrawal Management Regulations of Oppein Home Group Inc." to improve the operating procedures and requirements for each link in the supplier frozen and exit process, and ensure that the quality of products or services provided by suppliers meets OPPEIN and customer requirements.

During the reporting period, the Group had a total of 52 suppliers whose cooperation was terminated due to non-compliance.



The supplier terminated due to non-compliance

52



Freezing and withdrawal situations

Indirect supplier management

In order to control the quality of products from the source and improve the stability of the supply chain, we have included the suppliers who indirectly supply materials or products into the management of the Group's supplier system (hereinafter referred to as "indirect suppliers"). We have formulated the "Designated Tier-two (and above) Supplier Management Regulations of Oppein Home Inc." to standardize the business processes, duties and operations of indirect suppliers in the entire supply process, and to continuously build an efficient, reliable and competitive supply chain.

We require all responsible parties to effectively fulfill their management responsibilities for the indirect suppliers, form an effective quality control mechanism, and strive to create a benign supply chain ecology. The R&D Center proposes the development requirements of indirect suppliers. The Supply Chain Management Center carries out the inspection, introduction and performance assessment work. The Production and OEM development department regularly evaluates the production capacity and updates and releases indirect suppliers' supply information, to promote the implementation of the indirect suppliers' information control. Each base's Supply Chain Department improves the base local development information in the "indirect suppliers information for the record of Oppein Home Group Inc.", and completes the contract management and performance evaluation of the indirect suppliers. The Quality Department incorporates the indirect suppliers into the quality management system, and formulates the quality management rules and quality default processing methods; the supplier who is monitored to replace or imitate the materials/products of the indirect supplier is prohibited from selection for a new product in the second year; and the supplier who is monitored in the two consecutive years of replacing or imitating will be dismissed and included in the blacklist.

Supplier classification		Definition
	Direct supplier	Suppliers who directly supply products or materials to OPPEIN.
Indirect suppliers	Tier-two suppliers	OPPEIN requires Tier-one suppliers to direct procure part of the raw materials or semi-finished products from these Tier-two suppliers.
	Tier-three suppliers	OPPEIN requires Tier-two suppliers to direct procure of some raw materials or semi-finished products from these Tier-three suppliers.

Training and communication

We attach great importance to good cooperative relationships with suppliers and actively carry out supplier training and communication activities. We look forward to all supplier partners working with us to write a new chapter of "co-evolution, win-win and sharing". During the reporting period, the Group conducted a total of 67 supplier trainings.

Conducted supplier trainings **67** times

| External supplier training and communication

We establish a good communication mechanism and supplier assistance channels through timely mutual visits with suppliers, global supplier conferences, supplier quality audits, various analysis communication meetings and supplier coaching, to ensure that both parties work together for mutual benefit and quality collaboration.



| Internal supply chain personnel training

We strictly control the quality of the product input, and enhance the professional skills and knowledge of our supply chain personnel through training and testing, so that they are capable of performing supply chain management duties, and require that only those who have passed the test will be able to hold a license to take up the job. The test consists of theoretical and practical parts, both accounting for 50%.



INDUSTRIAL DEVELOPMENT PROMOTION

The Group attaches great importance to the common development of the home furnishing industry and looks forward to working with industry colleagues to evolve and iterate. We actively undertake the responsibility to keep pace with the times as an industry leader. We actively contribute to the improvement of industry standards by assisting in the formulation of industry standards and participating in industry conferences and forums. We also explore new models of industry development through dealer training conferences and industry communication meetings, and continue to promote high-quality development of the industry.

Empower partners' growth

We have huge dealer resources, always adhering to the concept that "dealers are the root of OPPEIN". We attach great importance to dealers' benefit sharing, establish a complete service network and mature service mechanism, and provide training in operations, marketing, advertising, design and other aspects to empower dealers to better face the changes in consumer demand and jointly meet the challenges brought about by industry changes.



OPPEIN Soft Decoration core dealer empowerment summit meeting Case

In August 2023, the "Break the momentum, Focusing innovation" OPPEIN Soft Decoration core dealer empowerment summit meeting was held in Ningbo. We gathered together with top companies and dealers from all over the country, to deeply review and summarize the year 2023, and deeply discuss the development direction and planning for 2024. The summit helps us to deeply understand consumers, realize win-win situations, enhance the operational efficiency of dealers with altruistic thinking, and firmly explore the new developments of the industry with self-innovation and self-iteration thinking.



OPPEIN Marketing mid-year dealer training conference Case

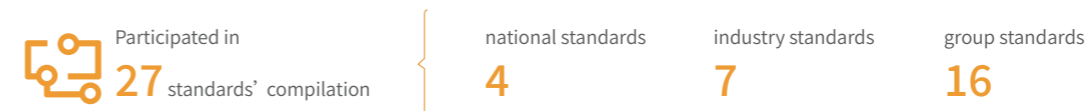
In July 2023, we held a mid-year dealer training conference in Guangzhou with the theme of "Unite as one, Achieve victory". The Group's executives and dealers gathered together to have an in-depth discussion on the future trends and success strategies of the large home furnishing industry. We emphasize deepening core capabilities, focus on intelligent production, and promote the transformation of our business into the large home furnishing market. Carry out omni-channel traffic operations and refined management, promote online and offline integrated marketing, and adapt to industry changes. We are determined to work with dealers to create a new chapter for the large home furnishing and achieve win-win developments.



Industrial cooperation

As a leading company in the customized home furnishing industry, we are committed to leading the development of the industry, solving industry pain points, and actively exploring paths and standards for high-quality development in the industry. We actively respond to the call of government policy, support and participate in the promotion activities of industry associations, and help improve the quality of the industry by participating in the preparation or compilation of various standards for the home furnishing industry, co-organizing or hosting industry association meetings and related forums.

As of the end of the reporting period, the Group had participated in the compilation of a total of 27 standards, including 4 national standards, 7 industry standards and 16 group standards.



OPPEIN made a strong appearance at China Building Expo, jointly exploring new models for high-quality industry development Case

China Construction Expo (Guangzhou) is the world's No. 1 exhibition in the large home construction and decoration industry. It is the "debut platform for champion companies" and "the best investment platform in the industry", and also the international exhibition with the largest scale, the most complete brands and the most TOP enterprises exhibiting in China and even in the world among similar exhibitions. At this construction expo, OPPEIN brought high-quality products and new strategies, and jointly explored industry trends with the majority of home furnishing companies, discussed effective strategic guidelines to establish higher standards for products and face the challenging market environment.



OPPEIN Premium Materials leads the new ecology for the supply chain of the construction and decoration industry Case

Launched in 2021, OPPEIN Premium Materials is a material supply platform directly responsible and promoted by the OPPEIN President Marketing Office. It empowers the whole industry through the leading effect of leading companies, the common participation of cross-industry, and the deep cooperation of multi-category enterprises, and promotes the home furnishing industry towards high-quality development.



Standards engaged by OPPEIN		
Category	Standard	Standard name
National standards	GB/T 39598-2021	A guide to the limited quantity in indoor loading for wood-based panel based on its ultimate formaldehyde emission
	GB/T 39600-2021	Formaldehyde emission grading for wood-based panel and finishing products
	GB/T 39019-2020	Custom furniture—Technical requirements for composite assembly identification
	GB/T 18884.4-2015 GB/T 18884.1-2015	Household kitchen equipment
	QB/T 5660-2021	Test method of resistance to yellowing for surface coating of wooden furniture
Industry standards	LY/T 3236-2020	Grading and evaluation methods for odor of wood-based panels and its products
	JG/T 219-2017	Module series of kitchen furniture and equipment of residence
	QB/T 4990-2016	Household and similar central water purification equipment
	QB/T 4991-2016	Household and similar water purification dispenser
	JZ/T 1-2015	The all and the one custom-made housing products
	SB/T 11013-2013	Specification of after-sales service for integral ambry
	T/CADBM 32-2021	Waterborne multicolor stone-like coatings for exterior wall
Group standards	T/CSTM 00456-2021	Specifications of powder coating for medium-density fiberboard (MDF)
	T/CFDCC 0206-2020	Guidance on scene and function for intelligent home
	T/SDHW 0002-2019	Hardware for multifunction wall bed
	T/WD 105.2-2019	Home furnishing logistics management and service specifications part 2: customized and upholstered furniture
	T/CFDCC 0207-2019	Custom home furnishing product installation service specification

Category	Standard	Standard name
Group standards	T/CHEAA 0007-2019	Electronic instructions for household electrical appliances—General principles
	T/CRECC 02-2018	Evaluation standards for full residential decoration
	T/CNHA 1003-2017	Home hardware- sliding door roller system
	T/CNHA 1007-2017	Household kitchen waste disposal device
	T/CNHA 1001-2016	Soft closing drawer slide for home use
	T/CNHA 1002-2016	Soft closing concealed hinge for home use
	T/GCHA 1-2018	Custom-made housing products—customized wood-based panel custom wardrobe
	T/BQI 0001-2019	General specification for scale customized products
	T/BQI 0002-2019	Specification for scale customization - integrated home
	T/CFDCC 0202-2017	Ecologic Interior door for building





PRODUCTS AND SERVICES

OPPEIN adheres to the "Consumer-centered spirit of Building homes with the spirit of aircraft manufacturing", constantly improves the quality of products and services according to user needs, builds unique core competitiveness, deeply explores the value of services, and implements the strategy of "quality + service". The Group's multi-channel layout and innovatively promotes the upgrading and transformation of brand service models, integrates the concept of sustainable development into every aspect of the group's production and services, increases the proportion of green and healthy product supply, accelerates the development of new smart home business formats, and strive to provide consumers with a more comfortable and healthy life experience with high-quality customized home products.

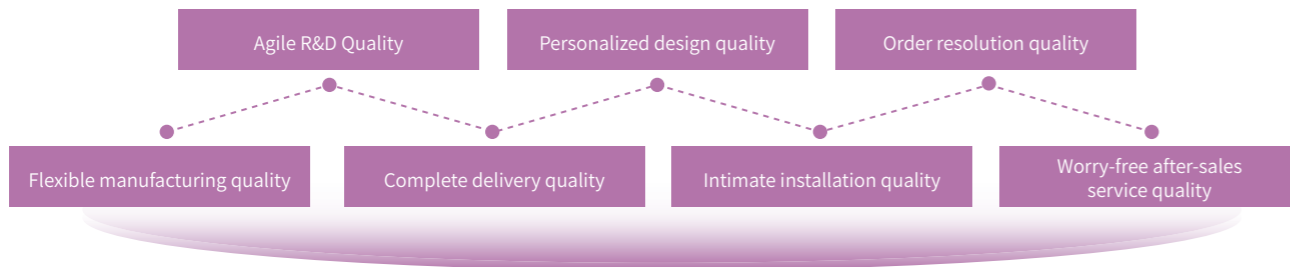
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PRODUCT QUALITY UPGRADES

The Group prioritized product quality as the foundation of business, and valued customer experience as the cornerstone of corporate development. With the increased demand for quality of living environments, the Group is deeply committed to improving product safety, environmentally friendly quality for more families, through innovative technology, research and development.

Product quality assurance

We strictly comply with the "Product Quality Law of the People's Republic of China" and other quality-related laws, regulations and standards applicable to each operating location, and formulate a full set of quality management system procedure documents, build an integrated quality assurance system, integrate and establish the Base Department of Quality, carry out a series of quality reform projects, and start the "Era of OPPEIN Quality Reform".



Quality management system

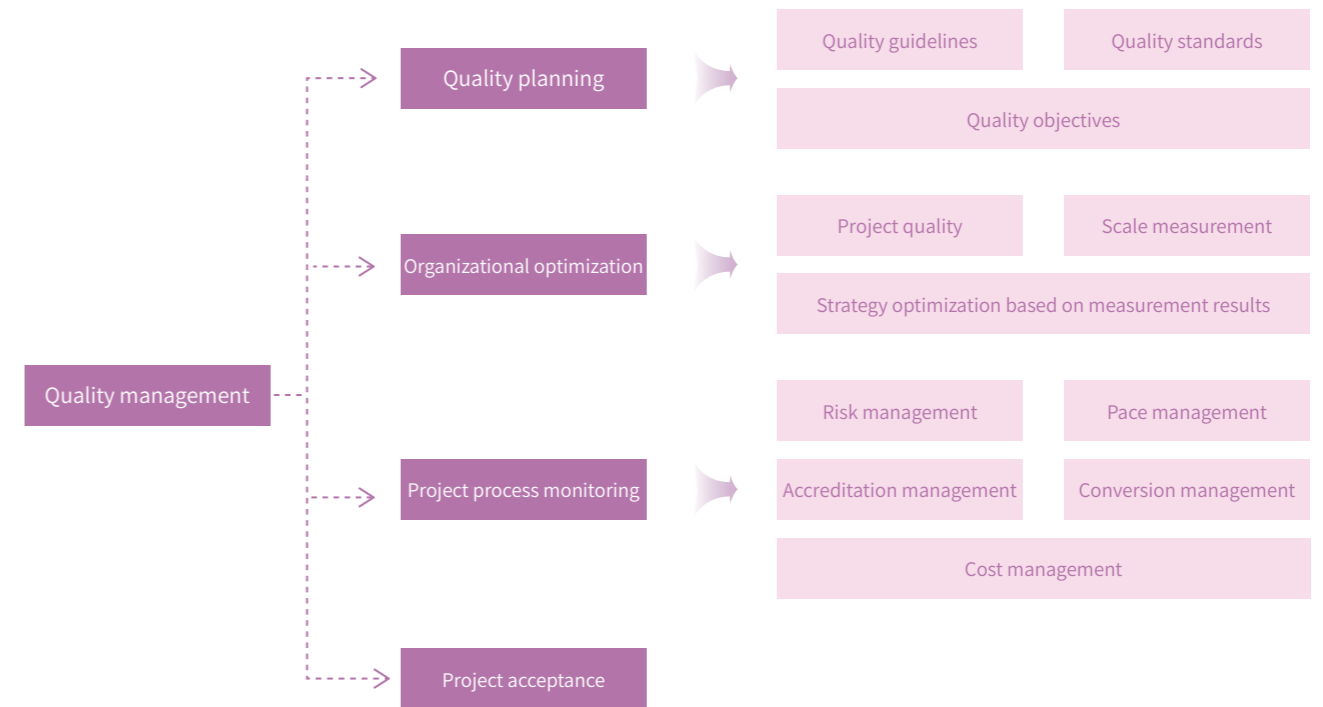
We formulate the "Quality Assessment Management Regulations of Oppein Home Group Inc.", "Quality Integrity Management Measures of Oppein Home Group Inc.", "Quality Rejection Assessment Mechanism of Oppein Home Group Inc.", "Quality Break-through Award Incentive Mechanism of Oppein Home Group Inc.", "Quality Key Negative Event Management Specifications of Oppein Home Group Inc.", "Quality Accident Management Specifications of Oppein Home Group Inc." and other quality management systems, continue to improve the quality management system covering the entire life cycle of product research and development, production, logistics, sales and other phases. We continuously improve the quality management mode, and form a "prevention first" quality management goal to ensure that the quality of products throughout the life cycle is safe and controllable. During the reporting period, the Group and its subsidiaries Owell have passed the CQC and IQNET ISO9001:2015 Quality Management System certificate.



IQNET Quality Management System Certificate

CQC Quality Management System Certificate

R&D quality management process



New product development and production full-process quality management

R&D planning



On the basis of fully understanding the industry market and user/consumer needs, we strictly abide by the "New Product Development Process Quality Management Regulations of Oppein Home Group Inc.", "Product Planning and Management Specifications of Oppein Home Group Inc." and "R&D Process Quality Control Management Specifications of Oppein Home Group Inc." to formulate "New Product Quality Planning Book of Oppein Home Group Inc." for each new product in the planning phase. We formulate quality management plans, quality measurement indexes, quality benchmarks and other key management plans for new products to be released, which are supposed to be strictly audited and approved by the Quality Department, R&D Center, Home Crafts and Technology Center, and the Chief Quality Officer before implementation.

Design and production



According to the "New Product Rendering Scheme Quality Review Project List of Oppein Home Group Inc.", the new products are supposed to be strictly reviewed in terms of "three new" identifications, effectiveness models and risk analysis to output quality review reports output. Relevant departments strictly review the new processes and new materials with trial production, sample identification, inspection, re-evaluation and other processes to ensure that each product meets quality standards in accordance with the "Manufacturing Line Production Quality Management Measures of Oppein Home Group Inc.".

Product launches and sales



Output quality planning for new products to be launched, conduct strict quality inspections on the new product R&D process system, track and manage the entire process of sample trial production and submit for inspection and review for confirmation.

Product life cycle management



For products that have entered the market, we strictly follow the "Product Quality Supervision and Management Measures of Oppein Home Group Inc." and other systems, and conduct full-process tracking and monitoring of product processes, material elimination, product existing and elimination, abnormal parts discontinuation, etc. Products that do not meet the target will be discontinued, eliminated or upgraded through R&D and design.

Quality management measures

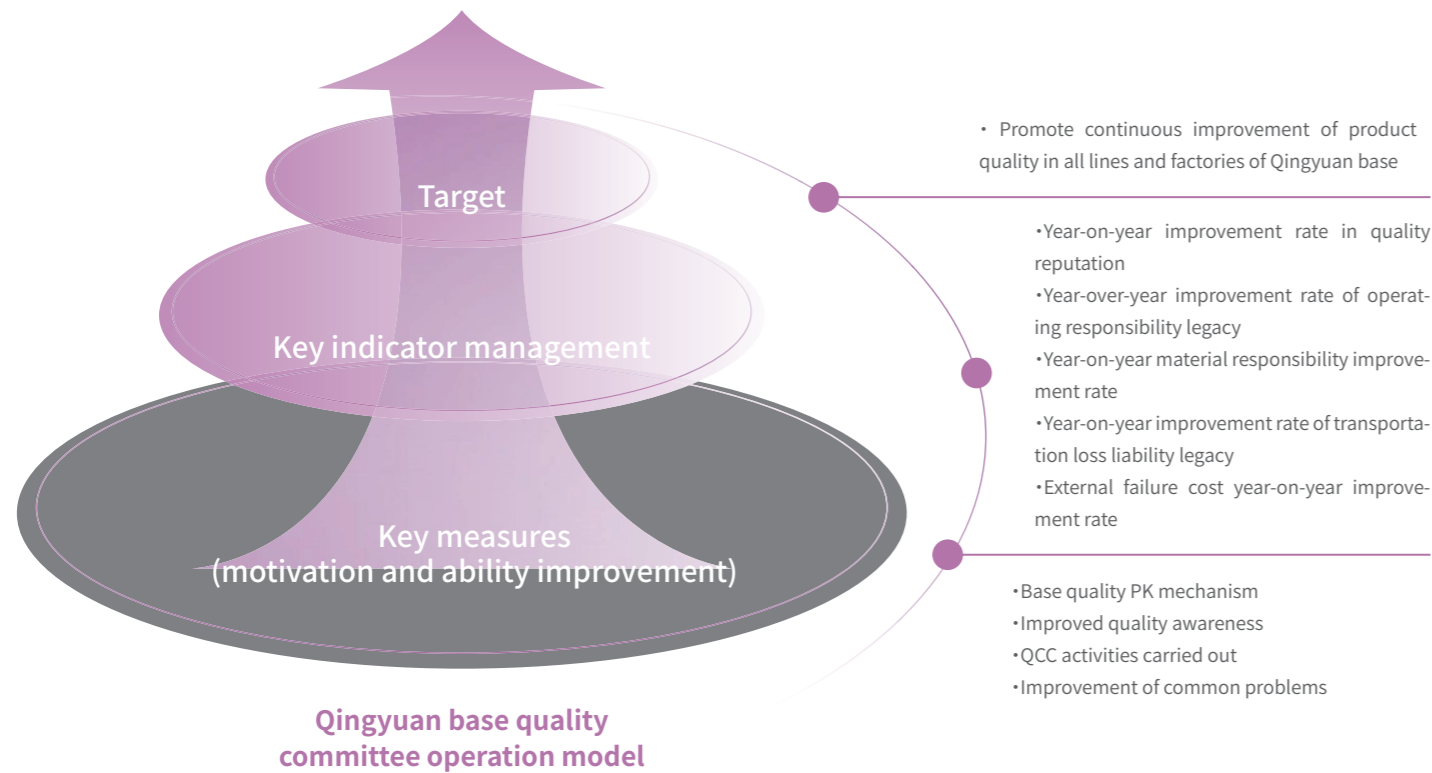


Quality management technology achievements during the reporting period

Technology applications	Quality improvement results
Strictly selected equipment and automation upgrades line, using industry-leading robotic electronic sawing-flexible edge-sealing connections-automatic sorting-automatic packaging fully automated lines.	Ensure quality stability during processing
Build an industry-leading testing laboratory recognized by CNAS with 154 testing capabilities and a strict product reliability testing system.	Improve the quality and reliability of raw materials and products
Build QMS, make full use of the company's full-process information system, and realize IT-based quality control of the entire order process.	Improve information quality
Build the Group's BI quality theme construction, including a quality management module, quality inspection module, quality analysis module and root cause positioning knowledge base, to provide internal and external quality decision-making data in real time for the executives.	Improve systematic quality
Develop automated detection technology and apply it to improve the design and development of closed-loop systems, and innovatively design a "soft & hard combination" quality control improvement mode for panel furniture embedded with automated detection technology.	The defective rate of dimensional inspection improved by 30.82% year-on-year The defective rate of edge sealing inspection improved by 88.19% year-on-year
Improve the assessment mechanism for key material suppliers, realize the sharing of inspection information across categories, bases, and factories, and upgrade the material quality/technical assurance system.	Material responsibility improved by 23.51% year-on-year
Reform the transportation damage determination system, set up a professional position of "packaging quality improvement engineer", and innovatively implement the "shuttle system" + "consignment transportation" logistics delivery mode.	Overall loss rate improved by 28.14% year-on-year

Quality culture development

We publicize and implement the Group's important quality systems, mechanisms and policies, formulate the "Quality Talent Certification and Empowerment Management Standards of Oppein Home Group Inc.", establish base quality committees, clarify the quality responsibility subjects, and adhere to a quality culture of "Focus on the core, keep eyes on the head, go deep into the field, benchmark the lead, engage the all", ensures that the quality management system is "interconnected and everyone takes responsibility". We regularly organize employees to carry out quality training, including pre-employment education, online course learning, case education and other quality activities, which drive to enhance employees' quality awareness, and continuously improve employees' professional skills, carry out quality empowerment, and form a quality management culture of "everyone takes responsibility".



Commend outstanding quality workers and set advanced benchmarks

普惠设计质量课程

3类基础工艺课程 + 5类设计技能课程 + 4大系列防错视频

- 产品
- 计价
- 沟通
- 方案
- 复尺
- 下单

- 基础工艺
 - 橱柜基础工艺知识与应用
 - 衣柜基础工艺知识与应用
 - 木护专题课程
- 设计基础技能
 - 橱柜标准化与计价规则
 - 沟通技能提升课程
 - 复尺流程规范与注意事项
 - 设计防错与规范
 - 下单/传单操作指引

- CAXA操作教学系列 (4大品类)
- 设计出错系列 (8类设计场景)
- 遗留风险系列 (4类常见风险)
- 安装系列 (方法、工具、技巧、现场改制)

【学习知识库】 【证书手册库】 【新品课程直播】

端↓端赋能商场

Online + on-site quality professional training



Quality competition for front-line employees

Product safety and health

According to the "China Healthy Home Consumption Awareness Survey Report", more than 85% of consumers are more concerned about health issues when purchasing home products. In an environment of great health for all, we focus on people-oriented and are committed to creating healthy, environmentally friendly, and low-carbon home products. Whole-house customized products and the raw materials used are implemented with reference to the relevant standards of the "Technical Requirements for Environmental Labeling Products" to provide consumers with an environmentally friendly and healthy home environment.

Chemical safety

We have passed the China Environmental Labeling Product Certification, and the environmental performance indicators of the materials used in the whole-house customized products are all in line with national standards, where formaldehyde emission of the board materials meets the current strict European standards (E1 level). At the same time, we strictly abide by the "Regulations of the People's Republic of China on the Management of Controlled Chemicals", "Regulations on the Safety Management of Hazardous Chemicals", "Interim Provisions on the Supervision and Management of Major Hazardous Sources of Hazardous Chemicals", "Catalogue of Hazardous Chemicals" and other laws and regulations related to chemical safety in China and overseas, formulated the "Hazardous Chemicals Management Regulations of Oppein Home Group Inc.", "Experimental Testing Management Regulations of Oppein Home Group Inc." and "Code of Practice for Raw Materials Odor Detection of Integrated Homes" to strengthen chemical management, comprehensively identify, understand and track the use of chemical substances throughout the product life cycle, and evaluate their potential risks, as well as manage and minimize their impacts on the environment, health and safety, to ensure that employees are not threatened by hazardous chemical substances in their working environments, and that consumers are not exposed to toxic and hazardous substances in their life-use scenarios.

Chemical testing and certification

According to the "Brand Evaluation of Healthy Cabinets (T/GIEHA 061-2023)" standard issued by the China Brand Developing Indoor Air Brand Cluster and the Guangdong Indoor Environmental Hygiene Industry Association, we have passed the assessment of the industry designated third-party certification authority, which indicated that the formaldehyde emission of healthy cabinets, TVOC emission rate, antibacterial rate, antibacterial durability and other indicators qualification rate were 100%, and our products are awarded the "Healthy Cabinets" brand mark. All of our other home products have also passed the "General Principles for Customized Evaluation of Healthy Whole Homes (T/CFDCC 0607-2023)" and are recognized as green home products.



Healthy Cabinet Brand Identity



Prohibition of chemicals

We strictly require our suppliers to make self-declaration on the list of product ingredients and whether or not contain hazardous substances, and to provide test reports on hazardous substances for each product (such as test reports issued by third-party national authoritative testing organizations, such as SGS, CTT, ITTC, etc.), MSDS Material Safety Data Sheet, product ingredient lists, and confirmation of changes in environmental management on time. We conduct random inspections of formaldehyde, TVOC, toluene and other chemical indicators from time to time through our internal laboratories and external third-party organizations, and achieve compliance supervision of the whole process of chemicals and their suppliers' access, formulation and use through information technology, so as to ensure that each product must comply with the requirements of the environmental quality management system and the laws and regulations on the prohibition and restriction of the use of chemicals in the local market.

During the reporting period, we did not have any major incidents or fines related to chemicals, and did not use any prohibited chemicals.



NO prohibited chemicals used

Chemical disclosure

We list the "harmful substances limit table" in the product manual, and show the harmful substances limit of decorative wood-based panels, paints, stone, adhesives and other raw and auxiliary materials used in household products to consumers.

Panel coating								
Component type	Items	Limit value	Formaldehyde Emission Content (Climate box method)	Soluble Pb	Soluble Cd	Soluble Cr	Soluble Hg	methanol
Genuine wood			-	-	-	-	-	-
Medium Density Fiberboard			≤0.124mg/m ³	-	-	-	-	-
Particleboard			≤0.124mg/m ³	-	-	-	-	-
Plywood			≤0.124mg/m ³	-	-	-	-	-
Paints and Coatings			-	≤90mg/kg	≤75mg/kg	≤60mg/kg	≤60mg/kg	≤500mg/kg
Stone materials								
Component type	Items	Limit value	Internal exposure index (IRa)	External exposure index (Ir)	median lethal dose (LD50)			
Domestic quartz stone			≤0.6	≤0.8	>5000mg/kg			
Imported quartz stone			≤0.6	≤0.8	>5000mg/kg			
Adhesive								
Component type	Items	Limit value	Free formaldehyde	Benzene	Toluene + Xylene	Ketones	Total volatile organic compounds	
Adhesive			≤0.05g/kg	Should Not Detectable	Should Not Detectable	Should Not Detectable	≤40g/L	

| Design & process safety

We take ergonomics as the design principle, give full consideration to the convenience, humanization and safety of product design, and insist on creating a safe, comfortable and loving home environment for our customers. We incorporate love and care into our design, and strive for excellence in craftsmanship in pursuit of higher quality. Our products are produced with international first-class advanced equipment with good environmental indicators and durability, and the hinges and rails of our products are of stable and durable quality, which can guarantee decades of usage.



A set of hinges with a service life of 200,000 cycles

Case

Each set of hinges installed on our products has undergone more than 200,000 times of rigorous testing in the laboratory, based on normal use standards, the service life is estimated more than 20 years. We firmly believe that high-quality details can guarantee our customers a safer and more comfortable living experience.



Blum standard door hinge



Golden triangle efficient cooking line of movement

Case

After countless precision experiments, we combine the four functional areas of kitchen storage, washing, cooking and meal preparation with the user's human body characteristics, cooking process and frequency of use of tableware, and design the kitchen right-angle or isosceles golden triangle dynamic line. It not only improves the efficiency of kitchen cooking, but also improves and eliminates the safety hazards of users' operation in the kitchen.



User care design

Case

We have been paying attention to children's safety hazards in the home environment since 2005, and have specially introduced curved impact resistant counter-tops to provide a safe and loving living environment for children. At the same time, in order to eliminate the safety hazards caused by furniture tipping, we have developed and improved cost-effective anti-tipping fittings, synchronized with the reduction of workshop assembly processes, improve work efficiency, and ensure that the anti-tipping fittings are accurately utilized in the installation process.



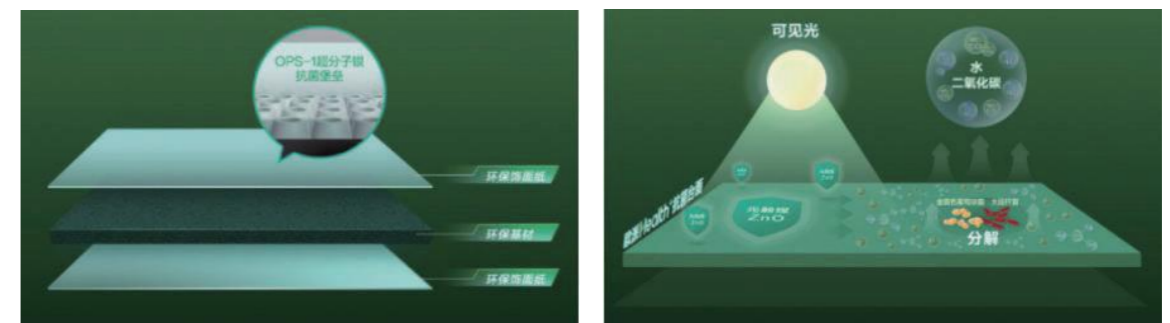
Furniture anti-tip design



Antibacterial technology for kitchen counter-tops

Case

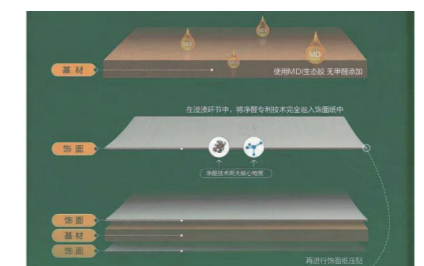
We have deeply researched the antimicrobial materials for quartz stone slabs for kitchen counter-tops and the antimicrobial treatment process for kitchen countertop surfaces. Through the antimicrobial agent to fills the surface micro-porous quartz stone counter-tops, so that the antimicrobial agent and the Si in the plate to form chemical and physical adsorption and form an antibacterial layer on the surface, so as to achieve the antimicrobial rate and antimicrobial durability (brushing and washing for 5,000 times) to reach $\geq 99.0\%$, and to prolong the service life of the quartz stone counter-tops, to customers to create a healthy and bacteria-free kitchen environment.



Spatial formaldehyde-free technology

Case

The formaldehyde purification technology we developed is deeply applied to customized cabinets, wooden doors and background walls. It mainly relies on nano active silicon to generate negative charge adsorption of formaldehyde molecules free on the surface of the plate, and by chitin biodegradation into water molecules and non-toxic and harmless organic matter aldoxime, so as to realize the effect of comprehensive purification of formaldehyde in 360° space.



INNOVATIVE RESEARCH AND DEVELOPMENT

The Group continues to innovate in the five aspects of technology, products, modes, management and services, adheres to the advancement of science and technology, and injects humanistic care into intelligent technology. We focus on production process innovation, energy conservation & carbon reduction, digital manufacturing, intelligent manufacturing and other fields, strengthen independent research and development capabilities and employee innovation capabilities, aiming to establish technological advantages, the industrialization of scientific and technological research and development achievements, to maintain a leading position in the home manufacturing industry. As of the end of the reporting period, we have CNAS certified laboratory, won the National Industrial Design Center, Guangdong Province Government Quality Award, Guangzhou High Level Enterprise Research Institute, Postdoctoral Research Workstation, High-tech Enterprise Certification.



High-tech Enterprise Certificate



R&D investment and achievements

We attach great importance to the construction of a research and development team and the cultivation of high-tech talents, set up a home furnishing product research and development center and product planning and R&D Department for each business sector, and set up research and development design center in Milan. We actively promote external communications and cooperation among industries, universities and research institutes, and have conducted deep school-enterprise cooperation and talent exchange with professional colleges and universities to promote technical innovation and technological development of the home industry. During the reporting period, our R&D investment amounted to RMB 1.126 billion, accounting for 4.94% of our revenues; the cumulative R&D investment in the past five years amounted to RMB 4.498 billion, which is at the leading level in the industry.

Our R&D team has a total of 2,730 highly educated and enterprising R&D personnel, accounting for 11.35% of total employees. In order to mobilize the enthusiasm and creativity of R&D personnel, we have formulated the "Implementation Measures for Incentive Pay for Developer and Designers of the Home Products R&D Center of Oppein Home Group Inc.", "Implementation Measures for Incentive Pay for Piece-rate Personnel in the Product Technology Division of the Home Products R&D Center of Oppein Home Group Inc.", "Implementation Measures for Incentive Pay for the Design Team of Cabinet Product Planning and R&D Department", "Design Award Application and Reward Management Measures of Oppein Home Group Inc.", "Design Award Application and Reward Management Measures of Oppein Home Group Inc.", "Implementation Measures for Remuneration Incentives for Piece-rate Personnel in the Product Technology Division of the Home Products R&D Center of Oppein Home Group Inc." and other related incentive policies, set up project R&D innovation incentives to encourage employees to give full play to the innovative ability to actively research, development and creation.

R&D investment
RMB **1.126** billion

R&D investment as a percentage of operating income
4.94%

Cumulative R&D investment in the last 5 years
RMB **4.498** billion

R&D personnel
2,730

R&D personnel to total headcount
11.35%

Informatized manufacturing production mode

We have fully absorbed the TPS production mode, with the self-developed informatization management system as a link, efficiently connecting, integrating and fusing. We are committed to realizing the linkage between design and digital manufacturing, the integration of the information system of the whole business chain, and the integration of automation and intelligence of the production process and equipment, so as to build a leading home furnishing enterprise in information manufacturing.



Cloud platform for digital factory

Case

We deeply implement the dual-core strategy of large home and informatization to build the Digital Lighthouse Factory of OPPEIN Manufacturing 2025, focusing on constructing a digital factory cloud to help the production process with digital management.

We synergistically integrate bases XMES/MPCS/QMS/automated line control systems and other information technology systems (flexible production line, automated warehousing, automated testing, automated transportation, production data collection, and data integration). We connect the "OPPEIN digital factory cloud" (cloud management) and the base workshop systems (end computing) by integration of the IoT, cloud and end system data process, to lead the industry into the AI factory era of "what you see is what you get, what you feel is what you want, what you design is what you make, what you make is what you serve".

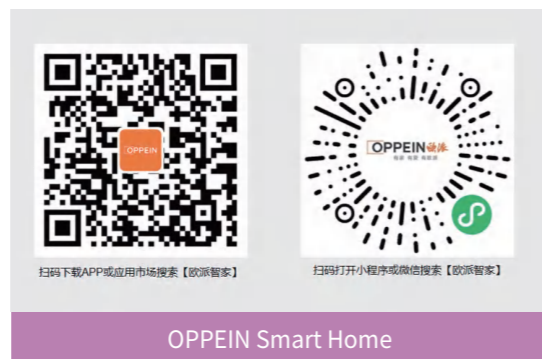




"OPPEIN Smart Home" AIOT smart home IoT platform

Case

Adhering to the philosophy of "smart home", we launched the AIOT smart home IoT platform during the reporting period, of which the user device management application "OPPEIN Smart Home" has been launched on major application markets. The platform serves as a platform for the intelligent upgrading and development of products within the system and a base for external connection, with the long-term goal of becoming an intelligent ecological base for the Group's large home industry. OPPEIN Smart Home offers a flexible, friendly, stable, and reliable system that supports real-time monitoring and control of all smart devices in the house. It enables one-stop management of OPPEIN-branded and partner-branded smart devices, integrating cloud and endpoint capabilities to create a customized, intelligent living scenario. Continuously upgrading to provide consumers with an open and friendly smart living experience.



"Sea Flamingo" intelligent ecological foundation

Case

We actively cultivate a smart home ecosystem, supporting the integration of smart home technology and spatial art to create innovative solutions for our customers. Our technology brand, Sea Flamingo, is the first ALL IN smart upgrade product for traditional customization, empowering all OPPEIN brands to upgrade to smart homes and create a warm and intelligent living space. During the reporting period, our "OPPEIN Smart Home Solution" based on the Sea Flamingo platform was selected as one of the two solutions in the "Intelligence + Quality" residential solution by the Guangzhou Municipal Bureau of Industry and Information Technology and the Guangzhou Municipal Housing and Urban-Rural Development Bureau in 2023, marking a significant milestone in our smart home development.

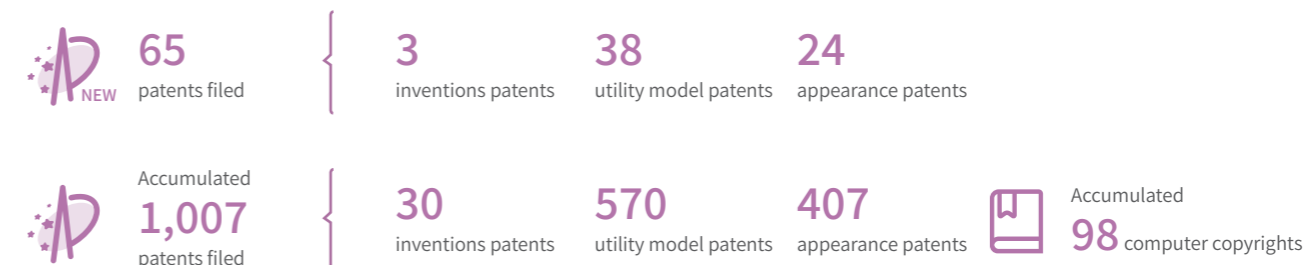


Patents and intellectual property

We have emphasized the protection of independent intellectual property rights in the long term, such as patents and original designs, and have established the "Intellectual Property Management Regulations of Oppein Home Group Inc." to regulate enterprise intellectual property management. We have set up a group intellectual property management institution to strengthen risk control, prevent the loss of intangible assets, and encourage employees to invent and create.

Our overall management framework revolves around "rights confirmation - rights maintenance - rights protection - rights utilization", and we strictly manage intellectual property ownership, confidentiality, data, and infringement risks. We have also established rigorous business processes for patent, trademark, and copyright applications, maintenance, protection, and utilization. Furthermore, to encourage our employees' research and innovation capabilities, we have established patent reward principles and standards to incentive the development and protection of intangible technologies. We reward inventors based on factors such as patent protection status, technical stability, potential value, and implementation benefits etc.

During the reporting period, the Group applied for a total 65 patents, including 3 invention patents, 38 utility model patents and 24 appearance patents. As of the end of the reporting period, the Group had accumulated 1,007 patents, including 30 invention patents, 570 utility model patents, and 407 appearance patents; and a total of 98 computer software copyrights.

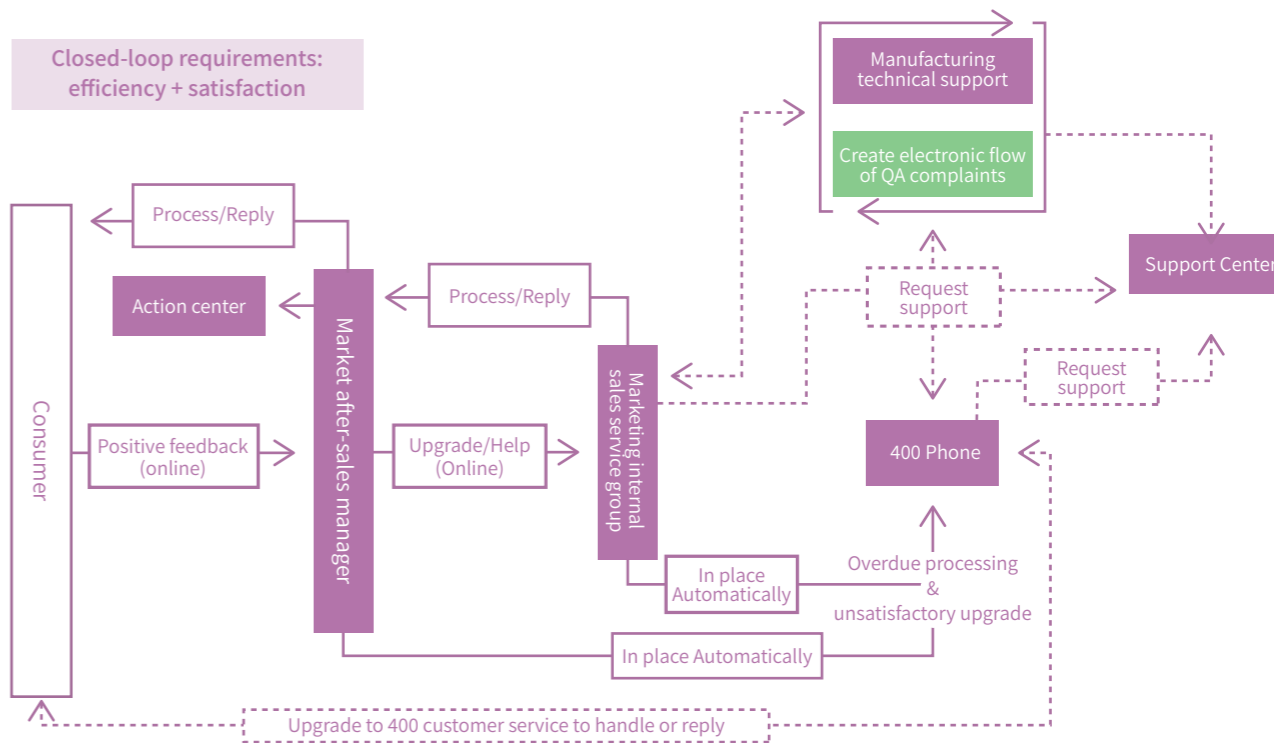


CUSTOMER RIGHTS PROTECTION

The Group strictly abides by relevant laws and regulations such as the "Civil Code of the People's Republic of China", the "Product Quality Law of the People's Republic of China" and the "Consumer Rights and Interests Protection Law of the People's Republic of China", protects the legitimate rights and interests of customers, provides consumers with high-quality services, and enhances the Group's brand reputation and customer service satisfaction.

Increasing customer satisfaction

With the core of "Fairness and Brightness + Pursuit of Perfection", we gave birth to the OPPEIN culture of "with family, with love". We are committed to providing consumers with a high-quality "family and love" experience, and deeply focus on the efficiency of handling positive feedback from customers. To improve quality and satisfaction, we conduct strict tracking and assessment of relevant indicators of product services and customer satisfaction to ensure that customer voices are transmitted "without attenuation" within the Group.



Consumer feedback quick response system

Customer feedback processing

We establish "Customer Survey Management Regulations of Oppein Home Group Inc.", "End-Customer Complaints and After-sales Service Management Regulations of Oppein Home Group Inc.", "Customer Complaints and After-sales Service Management Measures of Customer Service and Marketing Supervision Center of Oppein Home Group Inc." and other management regulations, to standardize the Group's service complaints and service crisis handling process, the establishment of the customer complaints (after-sales service + Complaints) processing "I acceptance stage - II processing stage - III return visit stage - IV rectification stage" four-step process, through the customer service center to urge the effective implementation of the service. During the reporting period, the rate of complaint orders and timely handling increased by 9% year-on-year, and the rate of satisfaction with handling increased by 15% year-on-year.



Customer feedback channel

- 📞 Set up the Group's 400 hotline, number 400-884-1868;
- 🌐 Group website www.oppein.com;
- ✉ E-mail op@oppein.com;
- 🗨 WeChat service account OPPEIN Home Customer Service, WeChat mini program: OPPEIN Home Group;
- ✉ Postal mail Customer Service Center of OPPEIN Home Inc, No. 366, Guanghua 3rd Road, Jianggao Town, Baiyun District, Guangzhou, Postal Code: 510450;
- 📍 The shopping mall needs to inform customers of the group's service channels, including but not limited to the following channels purchase contracts, store plaques, store service columns, etc.

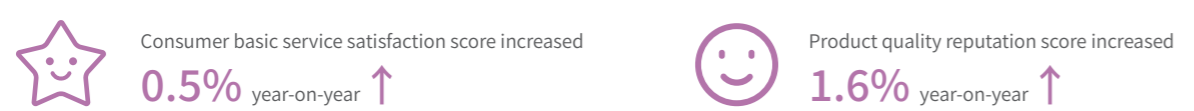
OPPEIN won the 3.15 double service awards Case

On 315 International Consumer Rights Day, OPPEIN Cabinets and OPPEIN Sanitary won the "2023 Annual Home Five-Star Service Store Award" and "2023 Annual Home Industry Service Role Model" service awards for their more professional and high-quality trendy cabinets, showing consumers the professionalism and reputation with constantly improving quality and service of OPPEIN.



Customer service system

We adhered to the concept of "customer first, service by heart", actively reformed the after-sales service system, opened up channels for customer feedback issues, launched the full range of applications of the Customer Support Center, and streamlined the Group's 400, ISFS system and non-customized product feedback process. During the reporting period, according to the internal statistics, showing a positive trend in consumer evaluations, with a consumer basic service satisfaction score of 8.92 out of 10, which increased by 0.5% year-on-year; and a product quality reputation score of 8.63 out of 10, which increased by 1.6% year-on-year.

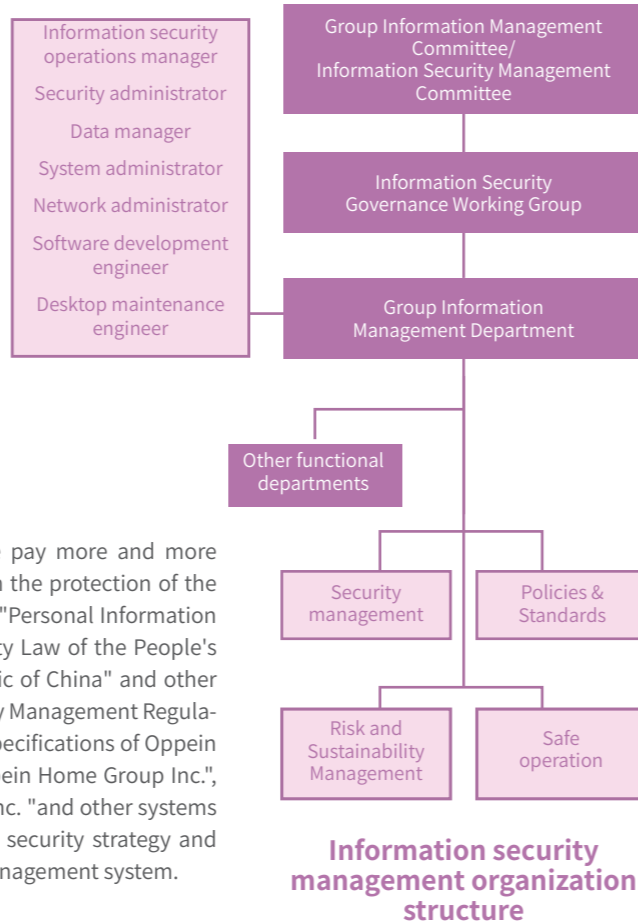


Information security and privacy protection

We attach great importance to data and privacy security, adhere to the principles of "prevention first, unified standards, standardized management, comprehensive control", establish a complete internal information security management system, organization structure, procedures and systems, and continuously improve technology in the field of information security capabilities, standardize data security management, and comprehensively protect the Group and customer information security. During the reporting period, we obtained the DCMM Data Management Capability Maturity Robust Level (Level 3) Certificate.



DCMM Data Management Capability Maturity Level Certificate- Robust Level (Level 3)



Information security management system

With the intelligent and digital development of the Group, we pay more and more attention to network information security. In order to strengthen the protection of the Group's key data and information assets, in accordance with the "Personal Information Protection Law of the People's Republic of China", "Cybersecurity Law of the People's Republic of China and Data Security Law of the People's Republic of China" and other relevant laws and regulations, formulate the "Information Security Management Regulations of Oppein Home Group Inc.", "Data Security Management Specifications of Oppein Home Group Inc.", "Anti-Virus Management Specifications of Oppein Home Group Inc.", "Trade Secret Management Regulations of Oppein Home Group Inc." and other systems and protocols and documents, establish and maintain the data security strategy and security standards, and form the OPPEIN information security management system.

Privacy protection

We strictly regulate the user privacy policies, collection and use of personal information in APPs (OPPEIN Smart Home APP, Sea Flamingo APP, etc.) and mini-programs, and regularly conduct privacy impact assessments and APP privacy compliance testing on relevant business scenarios. Correct problems promptly if problems are discovered. We fully respect and protect users' rights to know, choose and control their personal information, and elaborate on the policies and measures for the acquisition, manage and protect users' personal information in the APP and mini-programs, and obtain users' consent before collecting and using their information. At the same time, we use strict data access rights control, multiple identity authentication, data anonymization, encrypted transmission and other technologies to comprehensively protect personal information.

Contingency plan

We have formulated the "Information Security Incident Emergency Management Specifications of Oppein Home Group Inc." and other emergency plans and response mechanisms. Once an information leakage incident or security risk occurs, we will immediately take remedial measures and follow up in a timely manner to minimize the loss and impact of the incident. At the same time, we follow the "Information Security Vulnerability Management Specifications of Oppein Home Group Inc.", and based on the vulnerability management life cycle and the actual situation of the group, and conduct penetration testing to evaluate network system security by simulating malicious attacks methods.

Partner supervision

We attach great importance to the management of privacy and business secrets of our partners, and include the "Confidentiality Clause" in the purchase contracts or cooperation agreements signed with them. We require suppliers, dealers and other partners to strictly fulfill relevant confidentiality commitments and protect product confidential information and users' private information.

During the reporting period, the Group did not have any information leakage incidents, and relevant business apps have not been publicly notified or removed from the shelves by national regulatory agencies.



NO information leakage occurred

Information security training

We regularly organize and carry out training and publicity on information security and privacy protection every year, through centralized on-site training, email distribution, "E-Orange College" online learning and office computer desktop tweets, etc., including publicity and implementation of national information security laws, establishment of network security awareness, office email security, software download security, computer virus protection, prevention of telecommunications fraud, etc. The training targets cover all current employees and new employees, and occasionally provide specialized training for those engaged in information security related work. During the reporting period, the Group conducted email phishing drills and tests for all employees, covering more than 8,000 individuals, and conducted warning education on potential risks to improve employees' network security awareness and skill levels.



Phishing drills and tests covered more than 8,000 person-time

Cyber Security Awareness Week
Case

In order to enhance the cyber security awareness of the Group's employees and enhance their cyber security defense capabilities, during the reporting period, we organized the "Cyber Security Publicity Week" activities and invited external experts to conduct network information security awareness training for employees and provide employees with network data security protection practical improvement suggestions and focus on network compliance and security.





EMPLOYEES AND SOCIETY

OPPEIN insists on "Cultivating love for family and society, from small to large, from individual love to great love". We internally emphasize that "talent is the first resource for enterprise development", prioritize the respect and protection of every employee's rights and interests. We strive to create a safe and healthy working environment and stimulate potential of employees. We offer diverse activities to employees to enhance their sense of fulfillment, happiness, security, and satisfaction. Externally, we focus on fulfilling our corporate social responsibility, increasing support for rural revitalization, poverty alleviation, education for children with disabilities, and public welfare education at red bases, and constantly strengthening the public's high recognition of OPPEIN "home-loving culture" brand awareness and sense of social responsibility, so that we can embrace and give back to the society.



05

EMPLOYEE RESPONSIBILITY

The Group comprehensively protects the legitimate rights and interests of employees, and occupational health and safety, creates a fair, just and open career development platform, provides employees with diversified training opportunities, and accomplishes employees' personal career development; At the same time, the Group continues to improve the remuneration and benefits and performance appraisal system, strengthens the welfare protection of employees, promotes the development of employees' physical and mental health, and endeavors to provide employees with satisfactory work and life experiences.

Compliant employment and equal opportunities

We respect human rights and uphold justice, insisting on equal treatment and equal opportunities for every employee during recruitment and employment. At the same time, we protect the reasonable working hours of employees, respect the right of employees to free association and collective bargaining, and prohibit the occurrence of illegal practices such as child labor and forced labor.

During the reporting period, the Group was honored as "2023 China Preferred Employer of the Year" and "Guangdong Extraordinary Employer of the Year", etc. As at the end of the reporting period, the Group had a total of 24,044 employees, including 5,850 newly recruited employees.



2023 Guangdong Extraordinary Employer of the Year

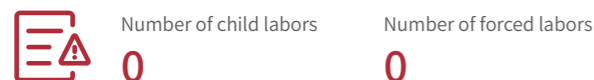


2023 China Preferred Employer of the Year



Compliant employment

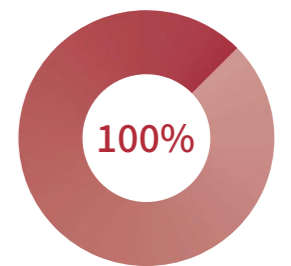
We respect strict compliance with the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Employment Promotion Law of the People's Republic of China", the "Provisions on Employment Services and Employment Management" and other laws and regulations of the places where we operate. We formulated the "Employee Recruitment and Employment Management Regulations of Oppein Home Group Inc.", the "Onboarding and Labor Contract Management Regulations of Oppein Home Group Inc." and "Recruitment and Employment Management Standards for Fresh Graduates of Oppein Home Group Inc.", "Recruitment and Employment Management Regulations", "Employees' Overtime Wage Accounting Management Regulations of Oppein Home Group Inc." and other systems. We resolutely prohibit the employment of child labor, guarantee reasonable working hours and overtime compensation for our employees, oppose any form of discrimination and harassment, and continue to create a diverse and inclusive working environment. During the reporting period, no instances of child labor or forced labor were found within the Group.



Automated alerts on under-age candidates in the personnel system control module

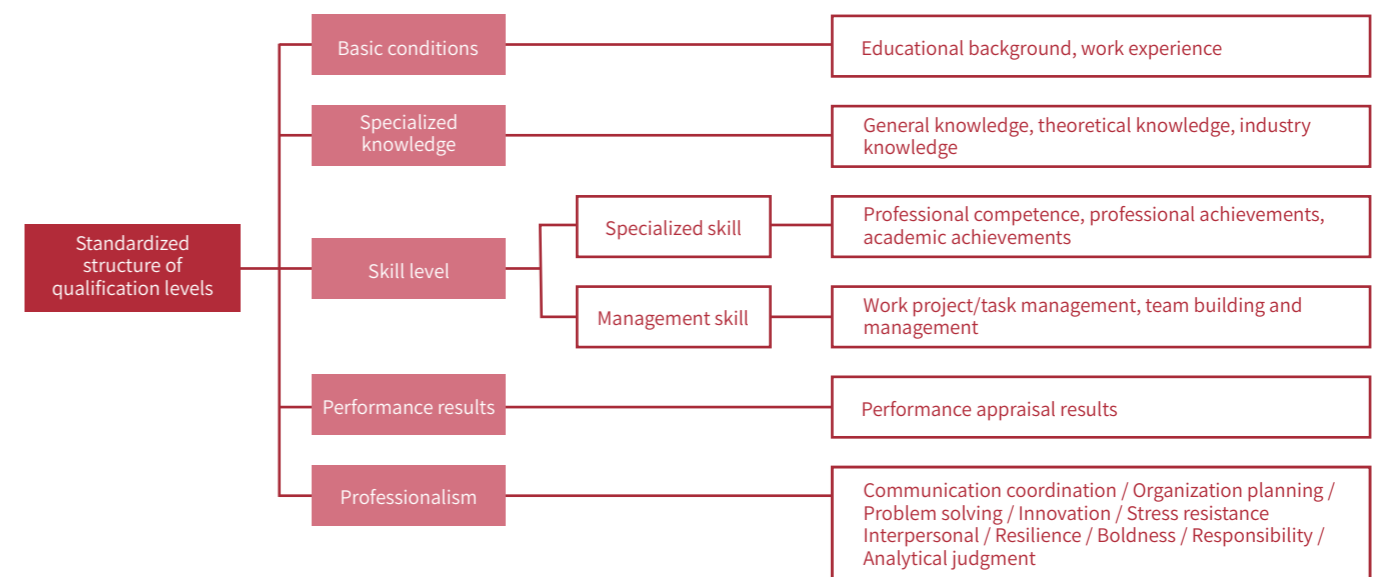
Equal employment

We abide by the employment philosophy of "merit-based appointment, full utilization of talents, fair competition, and mobility both upward and downward", and provide equal opportunities to all candidates and employees regardless of gender, race, marital status, injury, health, or family status. We have established a clear hierarchical structure of qualification standards and defined the qualification standards for each category, type and position. During the reporting period, the Group's labor contract signing rate was 100%.

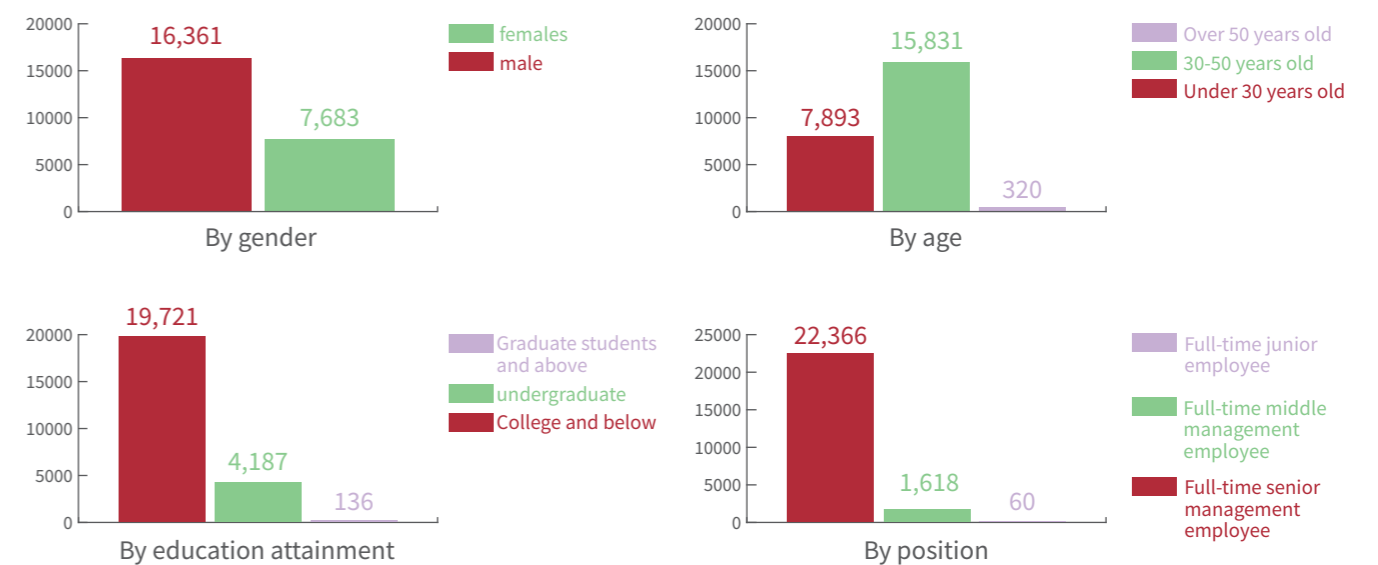


Signing rate of labor contracts

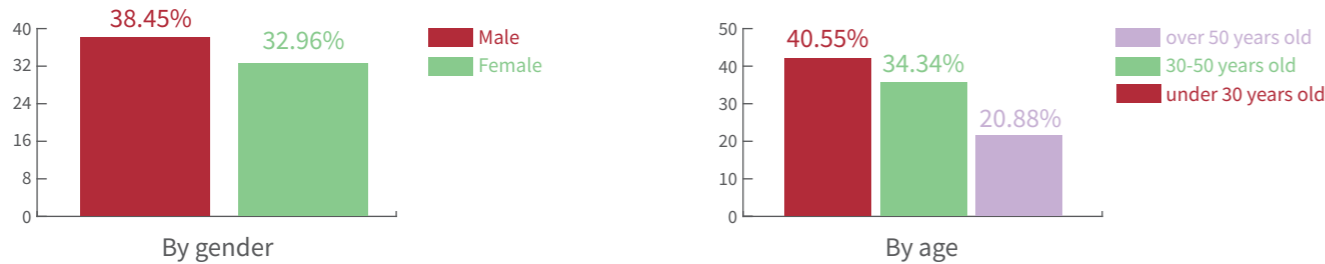
Standardized structure of qualifications



Employee attrition



Employee attrition



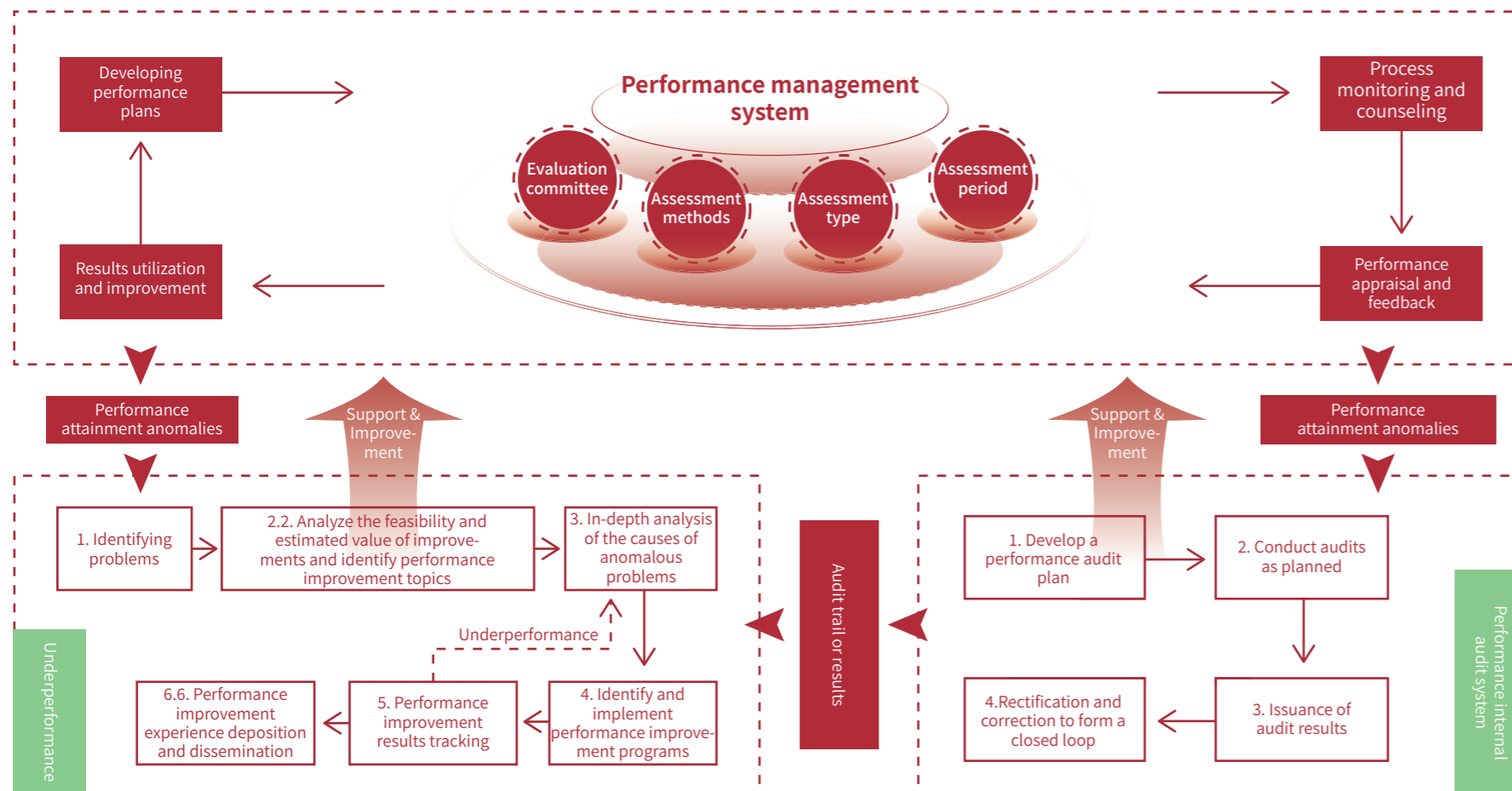
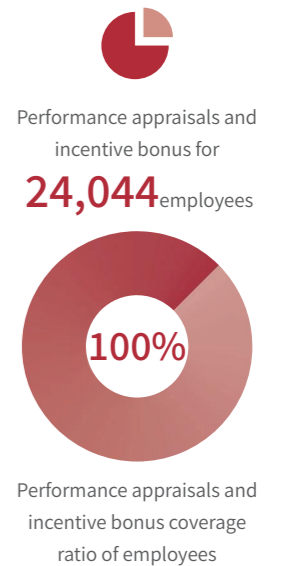
Employee compensation and performance

We formulate fair and just salary system such as "Salary Management Regulations of Oppein Home Group Inc.", "General Management Regulations on Incentives and Accounting for Employees of Oppein Home Group Inc.", create a competitive salary system for all employees, provide employees with rich welfare benefits, motivate employees to create value. We strictly abide by the "Labor Law of the People's Republic of China", "Labor Contract Law of the People's Republic of China" and other laws and regulations, and we have set up a labor union committee and established sound rules and regulations on labor contracts, social insurance, salary distribution, parental leave, employee medical checkups, and management of work-related injuries, so as to effectively protect the legitimate rights and interests of employees.

Performance incentives

In strict compliance with relevant laws and regulations, we have formulated "Performance Management Regulations of Oppein Home Group Inc." and "Incentive Mechanism Construction Management Regulations of Oppein Home Group Inc." to establish a performance management incentive mechanism that is scientific, comprehensive, objective, fair, efficient, practical, and precise in evaluation, consisting of three major components including the "Performance Management System", the "Performance Internal Audit System", and the "Performance Improvement System". It closely connects organizational and personal performance goals, maximizes the activation of organizational effectiveness and personal effectiveness, and ensures the realization of organizational strategic goals while improving the personal performance of employees.

The performance management system mainly consists of 5 parts which includes "appraisal type, appraisal cycle, appraisal method, appraisal team and performance process", and the appraisal results shall be used for the accounting of performance incentive. If the appraisee has any objection to the appraisal results, he/she can initiate objection feedback to his/her superior within 3 working days upon receipt of the appraisal results. As of the end of the reporting period, the system has covered all employees, with different emphasis on the appraisal varies for personnel at different levels, mainly categorized into senior, middle and junior levels. During the reporting period, the performance appraisal and incentive bonus scheme covers 100% of employees in the Group.



Focus of performance appraisal	
Senior level	The assessment focuses on 4 major aspects: finance (Group strategy decomposition, annual business planning), customers (internal and external customer service enhancement needs), internal operations, and learning & growth.
Middle level	The assessment focuses on 3 major aspects: the decomposition of business planning for business divisions/bases, the planning of departmental key work, and the fulfillment of core functions.
Junior level	The assessment focuses on 3 major aspects: core job duties, work priorities for the time period, assessment deficiencies and key improvement directions.

| Employee benefits

We attach great importance to the humanistic care of employees, formulate "Employee Welfare Subsidy Management Regulations of Oppein Home Group Inc.", continue to provide a number of benefits for employees, construct a 360° all-round care, to create a co-creation, sharing and win-win mechanism of mutual enrichment. Put attention to the front-line employees, female employees, retirees and employees in difficulty in their work and life, and continue to improve the mechanism of employee assistance and relief. At the same time, we carry out cultural and sports care activities, innovatively organizing the distribution of red packets at the start of work, enterprise peripheral design competitions, workshop fun activities, parent-child study activities, etc., and strive to enhance the sense of well-being at work and the sense of belonging of employees.

In order to further implement the Group's cultural philosophy of "Family and Love", and to inspire our employees to improve their working efficiency while increasing their happiness index, we advanced the off-duty time by 15~30 minutes again in 2023, realizing 36 hours/week in summer and 35 hours/week in winter, so as to allow all employees of the Group to work more efficiently and to shorten commuting time after staggering the off-duty peak, spares more time for family.

During the reporting period, the Group's social insurance coverage rate was 100%; the total number of employees who used childcare leave was 109, including 87 female employees and 22 male employees; 29 employees in difficulties were assisted (including duplicated assistance), 36 sick or bereaved employees were consoled; and 38 cultural and sports care activities were carried out.



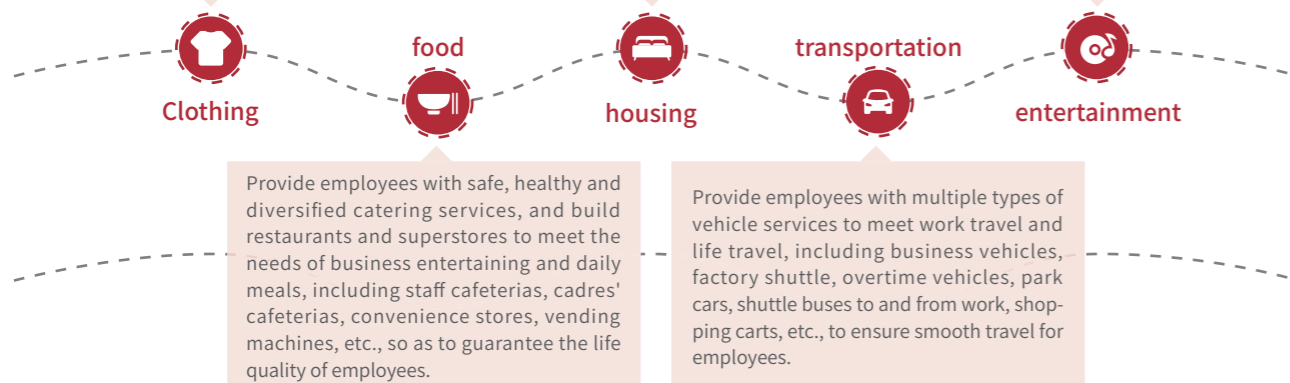
Welfare treatment

- ① Employee welfare expenses are accrued and utilized in accordance with the law;
- ② In accordance with the relevant regulations on the expenditure of elementary labor union funds, carry out activities such as holiday sympathy, birthday care, sick visits, as well as wedding, funeral, birth and retirement sympathy;
- ③ In accordance with the law, guarantee 100% of employees' entitlement to maternity leave, sick leave, marriage leave, family visit leave, childcare leave, etc.;
- ④ Provide "five social insurances and one housing fund" and group insurance purchase discount.

Provide free uniforms for employees, including summer uniforms for staff cadres, summer/winter uniforms for Class A employees, etc., to improve the working efficiency of employees, provide safety and security, and shape the corporate image.

Provide employees with staff dormitories, talent apartments and various types of flexible housing, including staff dormitories, cadre dormitories, couples dormitories, hospitality rooms, vacation family rooms, etc., to meet the diversified needs of staff with a good living environment;

Provide employees with indoor and outdoor cultural and sports venues, all kinds of leisure and recreational facilities, including not limited to basketball courts, badminton courts, soccer fields, gymnasiums, table tennis rooms, billiard rooms, KTV rooms, libraries, etc., to ensure that employees combine work and leisure, and enrich the spare time cultural life.



Settling talents in delightful homes

Case

In June 2023, the Group issued keys to the first batch of employees who moved into the talent apartment. The apartment is located in the northern part of the headquarters of Oppein Home Group Inc. in Baiyun District, Guangzhou, with four buildings planned to be completed, totaling 526 housing units. The apartment is delivered according to the hardcover standard and is also equipped with a central garden, an underground parking lot, a non-motorized parking lot, a gymnasium, a convenience store and relevant conventional basic facilities. In the future, the Group's internal affairs will also study the addition of a variety of paid services, such as "house keeping", and increase the variety of super products to improve the convenience of apartment life.



Warm consolation, caring for employees

Case

In January 2023, Mr. Yang Yaoxing, the Chairman of the Group's labor Union, led a team to visit the Qingyuan base, the ladder surface factory, and the Guangzhou headquarters in succession, to console the staff on duty during the Spring Festival. He presented them with New Year shopping cards and warm consolation gifts, conveying the care and concern from the Group Party Committee and leaders.



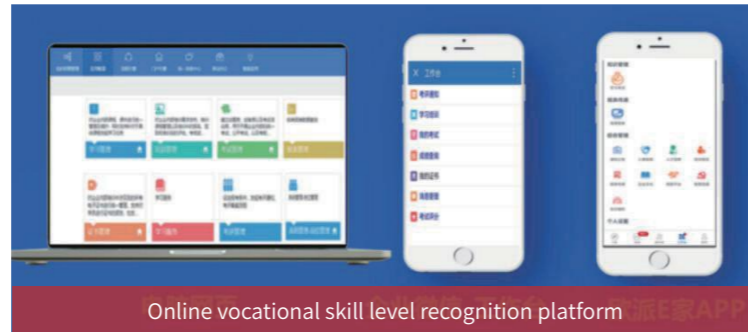
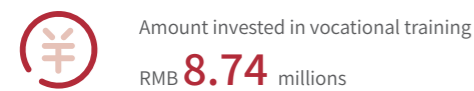
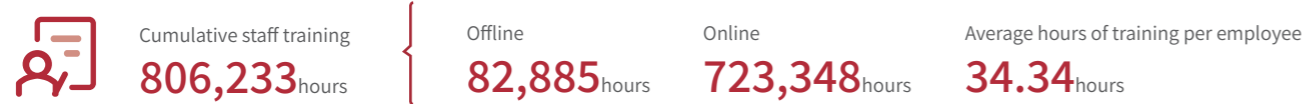
Employee training and career development

We prioritize talent retention and attraction, focusing on the "dual-engine" approach of talent development and system construction. We aim to create an "all-employee, full-process, targeted, and multi-dimensional" talent learning and development ecosystem. We support staff participation in internal training, external training, and academic education certification programs, and provide manufacturing system support to comprehensively assist employee development. We offer every employee effective upward mobility channels and strengthen our internal training faculty, providing training opportunities for different types of employees. Through the establishment of talent development plans, we empower employee growth and offer vast opportunities for personal advancement, fostering a healthy talent competition mechanism where the capable rise and the mediocre fall, thereby building a high-quality, high-performance professional team.

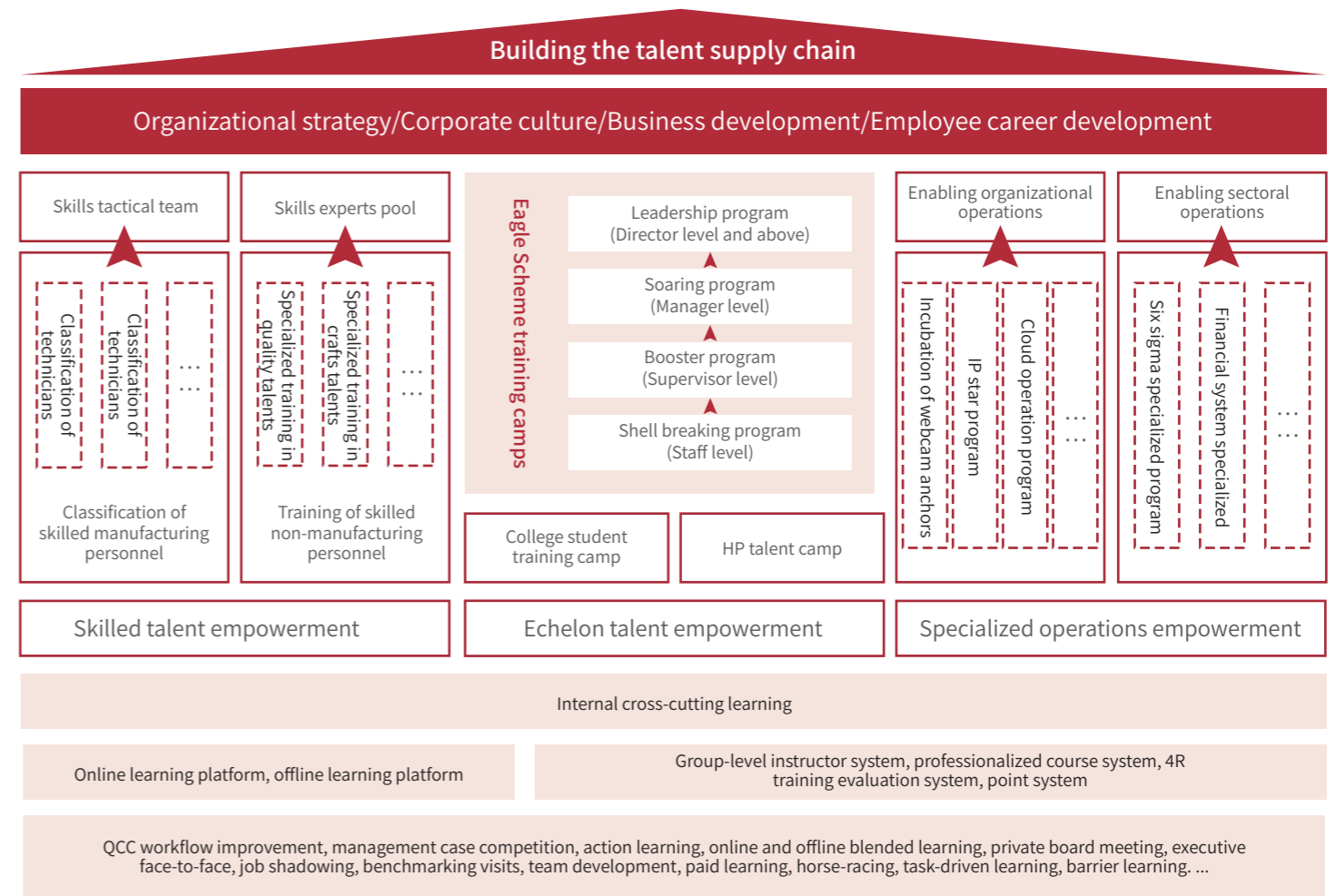
Talent training

With the new positioning of "talent deployment, organizational management upgrading, and comprehensive market-oriented operation", we are committed to building a more systematic, scientific, and market-oriented training development work by comprehensively cultivating the internal training system, continuously building the online platform of "E Orange College", and continuously exploring external services. We are committed to building a more systematic, scientific, precise and market-oriented training and development work. Internally, we use the "rammed earth wall" style to strengthen the foundation of training management and realize the system upgrade of internal management in line with the times; externally, we combine the company's strategic development needs on the one hand, and carry out the "total design deal", "cloud operation" and "master operation". On the one hand, combined with the company's strategic development needs, we carry out "full design transaction", "cloud operation", "anchor incubation" and other talent training programs, gradually covering the dealer system, empowering the terminal; on the other hand, combined with the external market and policy trends, to carry out the "close to OPPEIN" and "skill talent leveling certification" to realize the comprehensive output of curriculum system, evaluation system and examination system.

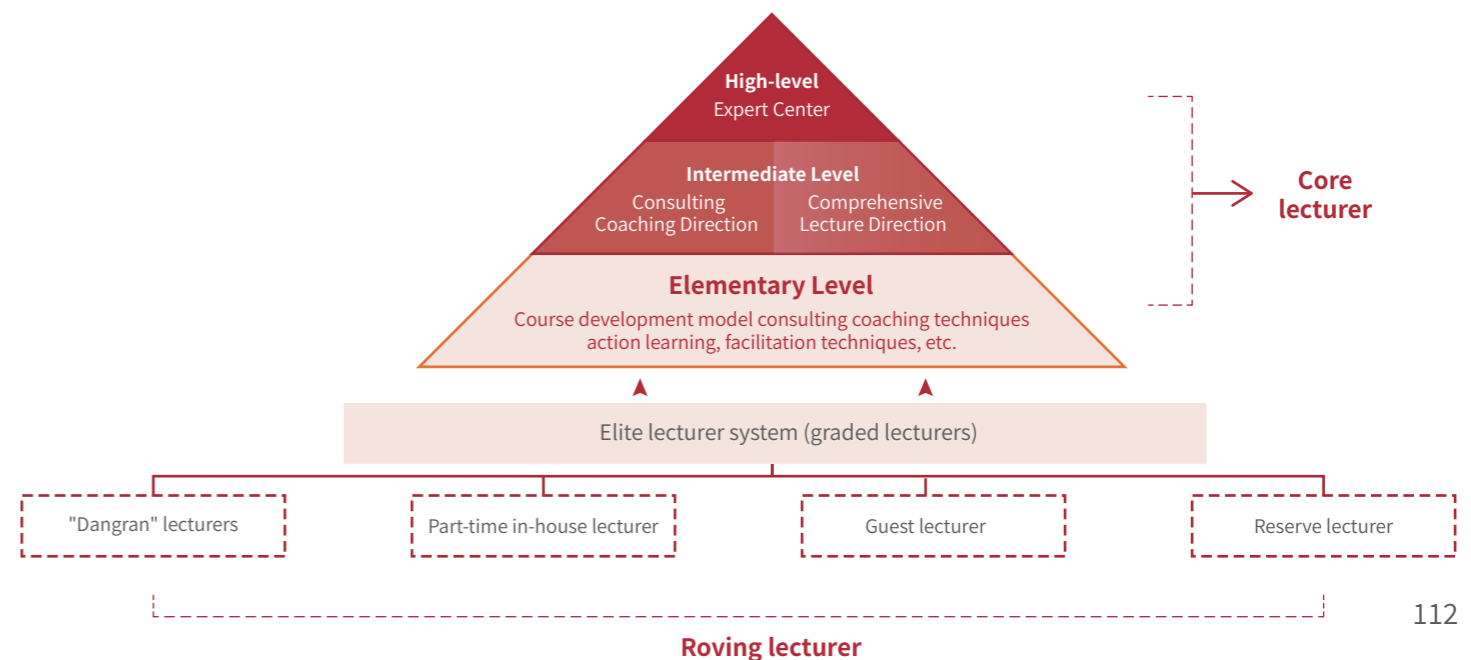
During the reporting period, the Group's employees received a total of 806,233 hours of training, of which 82,885 hours were offline and 723,348 hours were online, with an average length of training per person of 34.34 hours, and the total amount invested in vocational training amounted to RMB 8.74 million.

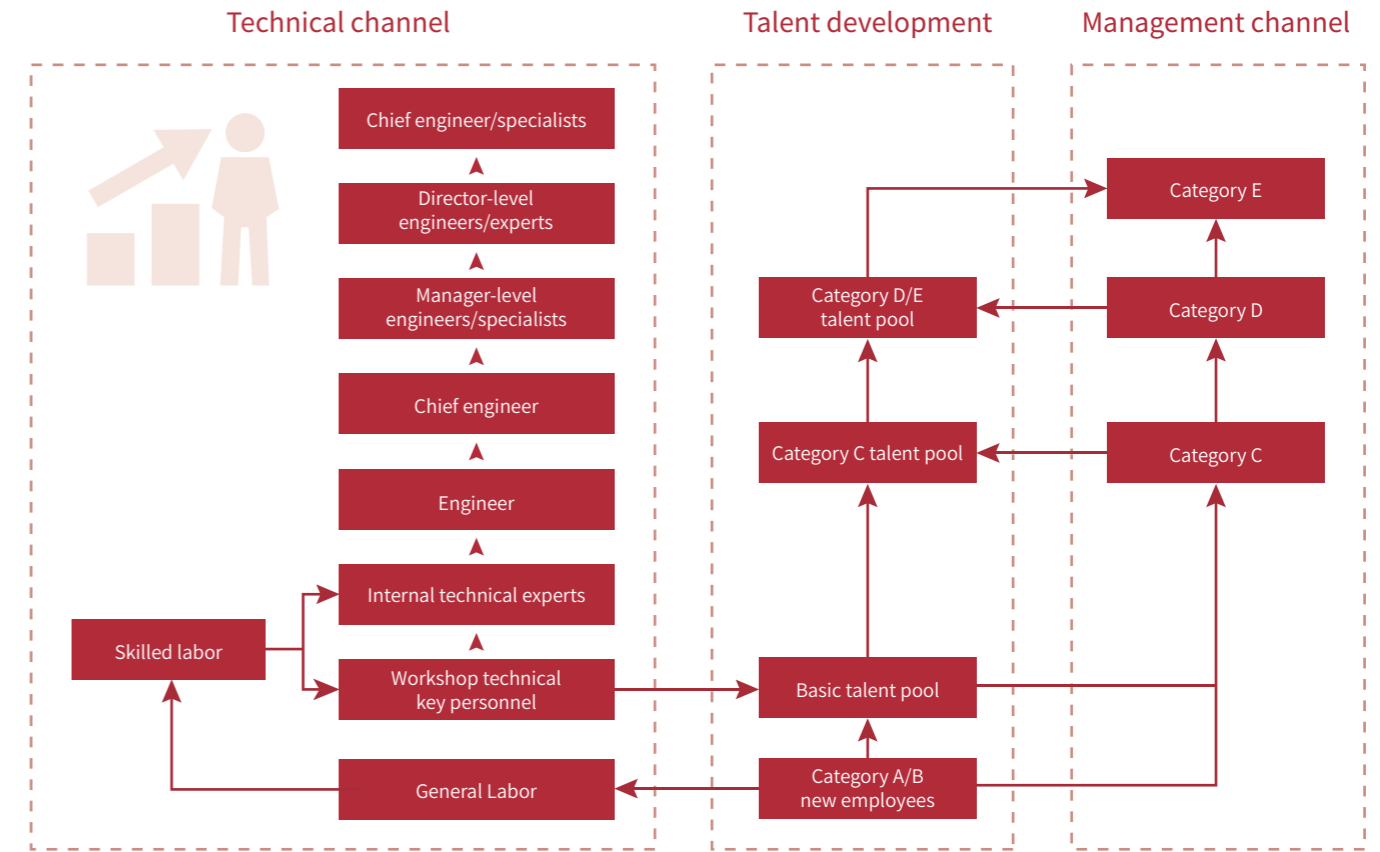


Talent Development and Cultivation System



OPPEIN Lecturer System





Oppein talent promotion channel

Occupational health and safety

We attach great importance to the occupational health and safety of employees, and are committed to providing healthy and safe working conditions for them and continuously improving the occupational health and safety management system. We implement "Production Safety Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases", "Regulations on Safety Training for Production and Business Units", and "Fire Protection Law of the People's Republic of China", etc. to formulate the "Occupational Health Management Regulations of Oppein Home Group Inc.", "Eight Prohibitions on Environmental, Safety and Health (EHS) of Oppein Home Group Inc.", "EHS (Environmental, Safety and Health) Assessment and Incentive Management Regulations of Oppein Home Group Inc.", "EHS Meeting and EHS Inspection Management Regulations of Oppein Home Group Inc." and other systems. Resolutely implement the production safety policy of "safety first, prevention first, comprehensive management", continuously implement the responsibility of production safety, and make every effort to create a favorable environment for production safety.

Safety production mechanisms

We are adhering to the management concepts of "to manage production must manage safety" and "who is in charge, who is responsible" management concept, We have formulated the "Base Safety Production Responsibility System", adopted the responsibility system contracting and staff safety commitment, and signed the "Safety Responsibility Letter" to clarify the safety management responsibilities of all levels of personnel. At the same time, we combine the characteristics and laws of safety production in the furniture manufacturing industry, and utilize the core management tools of risk classification and control and hidden danger investigation to establish a double prevention mechanism for accidents.

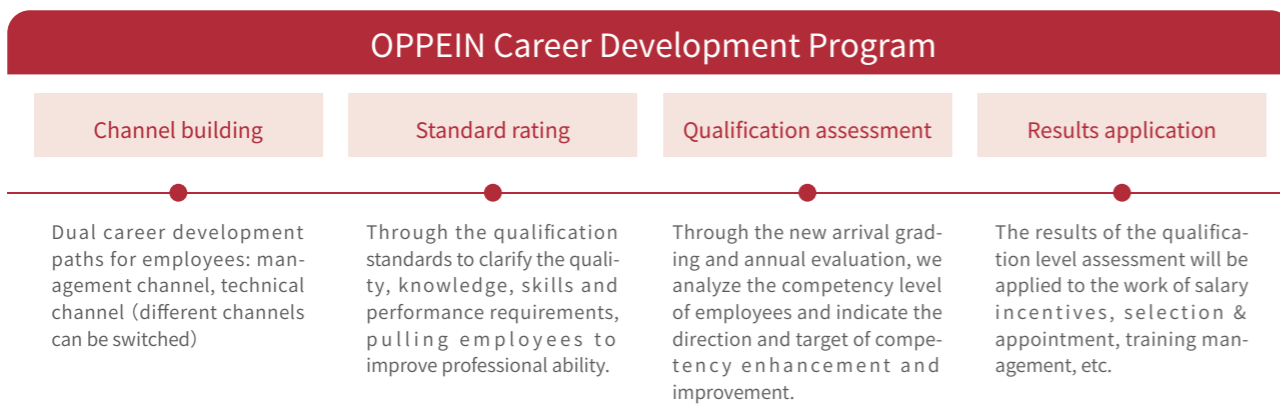
We implement safety risk grading and control according to "Management Regulations on Hazard Source Identification and Risk Classification of Oppein Home Group Inc.", starting from risk identification and using risk control as a means to control risks before the formation of hidden dangers; and according to "Management Regulations on Accident Hazard Investigation and Management of Oppein Home Group Inc.", graded management of hidden dangers, to find out the possible deficiencies and loopholes in the process of risk control in a timely manner, and eliminate the hidden dangers before the occurrence of accidents. During the Reporting Period, the Group's rate of lost operating hours (workdays lost) per million of man-hours decreased by 44% year-on-year.



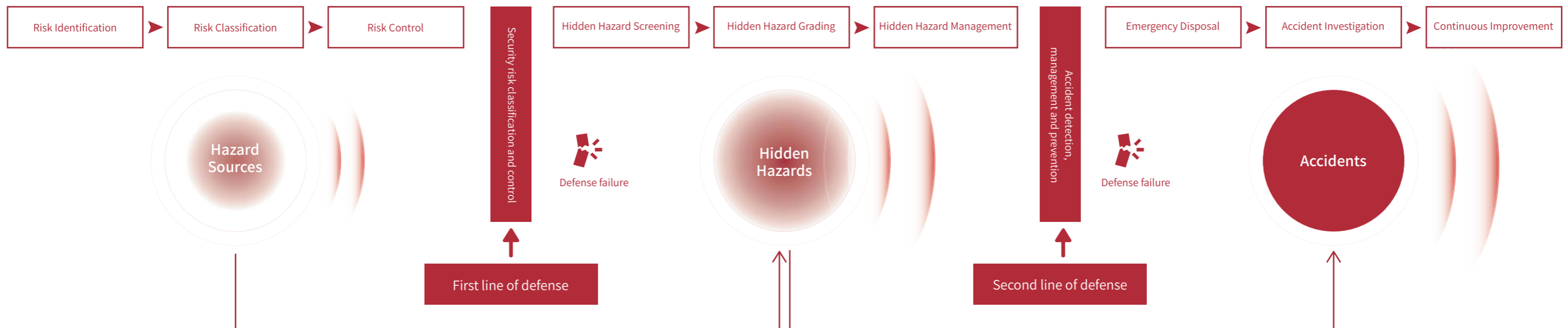
Career development

We respect the strengths and talents of each employee, establish a talent standard system, formulate the "OPPEIN Talent Development Management Regulations", "Employees' Career Development and Qualification Management Regulations of Oppein Home Group Inc." and other systems, select, cultivate, and develop the Group talent resources, layering to build the OPPEIN talent pool, accelerate the empowerment of high-potential, high-performance talent, improve the quality of talent, optimize the talent structure, and push forward the implementation of the talent elitism strategy, to ensure the continuous supply of high-quality talent resources.

Combined with the characteristics of the home furnishing industry, we set up a talent pool with management and skill personnel as the core of the echelon, plan, cultivate and use talents from a systematic point of view, stimulate the vitality of internal talents, accelerate the iterative growth of internal talents, strengthen the soft power of the enterprise, form a talent magnetic field, and provide a solid talent guarantee for realizing the vision and strategic goals of the enterprise.



Dual prevention work mechanism for safety risk classification and hidden accident detection and management



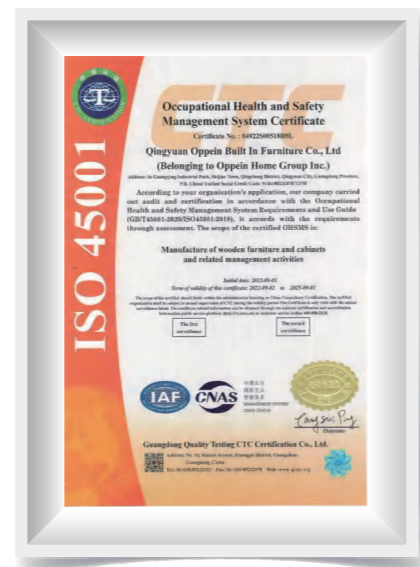
Risk Level	Red: inadmissible, significant risk, must stop operations immediately, immediate rectification	Orange: Highly hazardous, greater risk, must develop measures to control management	Yellow: significant danger, general risk, need to control rectification	Blue: slightly hazardous, low risk, requires attention or negligible, acceptable
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Occupational health management

According to the ISO45001 occupational health and safety management standard, we have formulated "Management Regulations on Flammable and Explosive Sites Operations of Oppein Home Furnishing Group Inc.", "Management Regulations on Hot Work of Oppein Home Group Inc.", "Management Regulations on Limited Space Operation of Oppein Home Group Inc.", "Management Regulations on Work at Heights of Oppein Home Group Inc." and "Labor Protection Equipment Management Regulations of Oppein Home Group Inc.". Through regular physical examination, technical transformation, increase of labor insurance supplies and other ways, constantly improve the occupational health supervision mechanism. We establish employee occupational health monitoring files, organize employees to conduct a comprehensive physical examination every year, and conduct a professional physical examination for some special professional positions half a year, so as to timely grasp the health status of employees and prevent the accumulation of various occupational injuries. At the same time, we entrust the evaluation and testing agency to carry out the occupational hazard factor test on the workplace every year, and take immediate measures to rectify and control the workplace where it is found that the workplace does not meet the national standards and industry standards, so as to eliminate the occupational hazard factors in the workplace, ensure that the workplace meets the occupational health requirements, and allow employees to work safer, healthier and more comfortable.

During the reporting period, the Group employees medical check-up rate reached 100%; at the end of the reporting period, the furniture and cabinetry factories of Qingyuan base had passed the ISO45001 certification.

Employee medical check-up rate
100%



Occupational Health and Safety Management System Certificate



Caring for health, one RMB medical consultation

Case

In June 2023, Guangdong first enterprise-supporting version of the "one RMB to visit doctor" program was launched in OPPEIN clinic. In addition to the medical insurance fee, the employees of the enterprise can enjoy the service of seeing the doctor and getting medicine by paying only one RMB to the enterprise medical clinic. The drugs included in the "one RMB to visit doctor" program are up to 167 types, which can basically meet the needs of staffs' diagnosis and treatment of common diseases. OPPEIN medical clinic and village health station, no registration fee. All employees who participate in the "one RMB to visit doctor" program can enjoy the same service in any village health station within the jurisdiction of Jianggao Town.





Chengdu base | Care for life "Red cross emergency care training"

Case

In May 2023, the labor union and EHS team of Chengdu base jointly organized the activity covering all departments and workshops of the base, and 24 employees registered to participate in the "Red Cross Rescuer" training organized by the district government. During the training, instructors taught theoretical knowledge such as the concept of rescue, CPR, the use of external defibrillation, the removal of respiratory foreign matter obstruction, and the response to emergencies and accidents, as well as on-site hands-on experience, so that trainees could really know how to carry out trauma rescue, CPR and other rescue work.

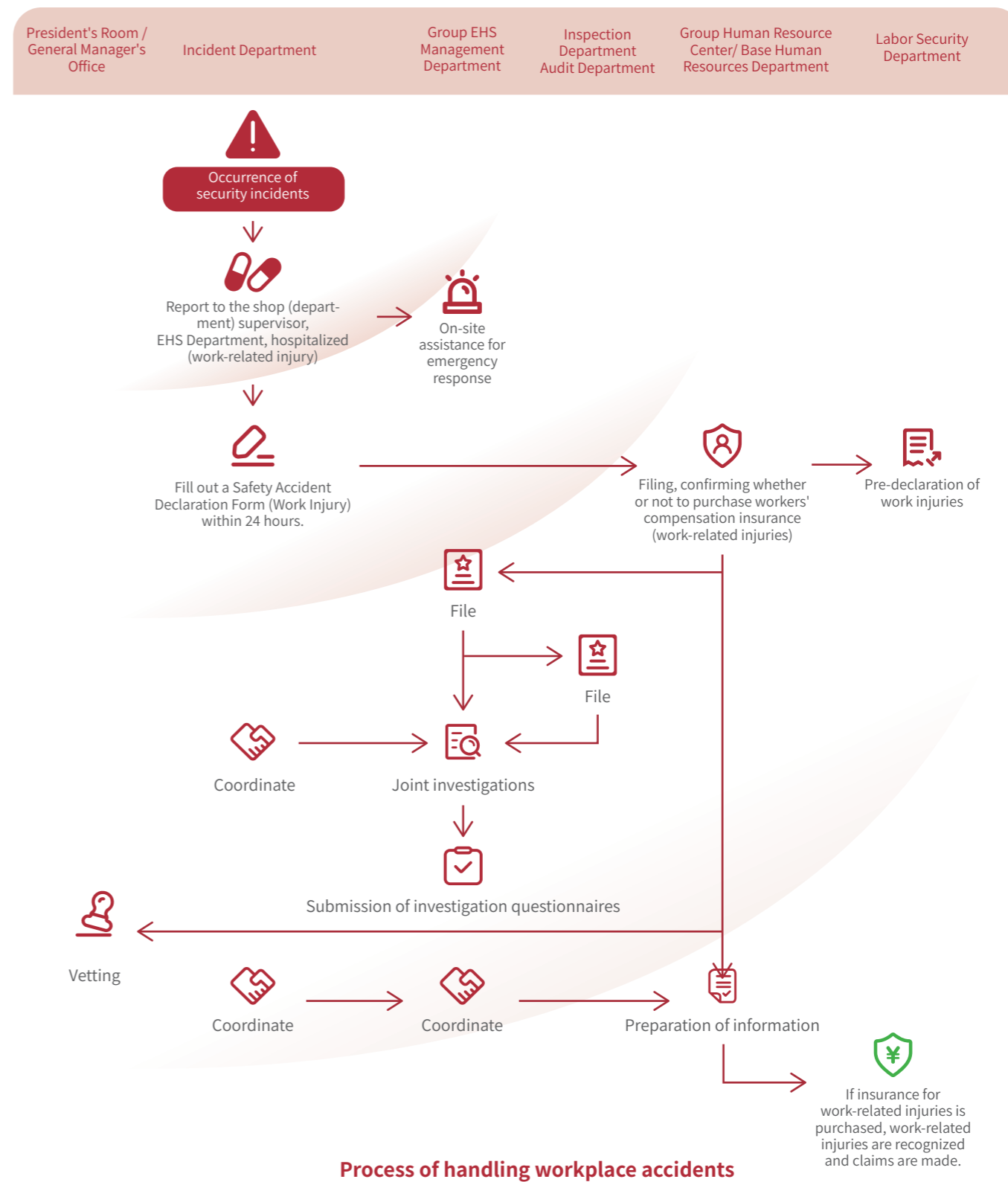


| Handling workplace accidents

In accordance with the "Production Safety Law of the People's Republic of China", "Regulations on Reporting", "Investigation and Handling of Production Safety Accidents" and other relevant laws and regulations, we have issued "Management Regulations on Safety Incident Reporting and Disposal of Oppein Home Group Inc.", investigating, analyzing, identifying and statistics on work safety accidents.

We formulate the "Emergency Management Implementation Code of Base" and require that all bases and factories should formulate accident emergency response plans according to the actual situation, and organize training and previews so that the employees are skilled in accident emergency response, and in the event of an accident, we require that the accident emergency response plan be activated immediately in order to strive to minimize the loss of the accident; the department where the accident occurs should, through the OA system, within 24 hours after the occurrence of the safety accident fill in the "Application Form for Safety Accident" for approval, and the Group Human Resources Center shall promptly report to the Bureau of Labor and Social Security for record after receiving the declaration form, not later than 48 hours.

In terms of accident investigation, the Group EHS Management Department will form an investigation team according to the type of accident, and each department shall support and cooperate with the investigation and handling of the accident. The investigation team shall complete the investigation within 7 working days from the date of the accident, analyze the causes, formulate and implement corrective and preventive measures, form an accident investigation report and submit it to the compliance approver for approval before closing the accident.



| Security education and awareness-raising

In order to ensure that employees understand the job safety production knowledge and master the safe operation skills, improve the safety awareness and quality of employees, and then prevent casualties and reduce occupational hazards, we continue to carry out various emergency drills, and formulate "Safety Education and Training Management Regulations of Oppein Home Group Inc." to standardize the safety education and training system, through classroom lectures, safety forums, group discussions, activity competitions, speeches, practical exercises, video observation, Internet online courses, learning safety manuals and other ways to continue to carry out production safety education. We continuously carry out production safety education through classroom lectures, safety forums, group discussions, activity competitions, speeches, practical exercises, video observation, internet online courses, and study of safety manuals. During the reporting period, a total of 104 fire-fighting and other special drills were conducted, and 162,110 training sessions were conducted to publicize safety knowledge.

times of
104 fire-fighting and other special drills conducted
162,110 training sessions conducted to publicize safety knowledge

Type of training



Safety education and training for the main person in charge of production safety and production safety management personnel



Three-level safety education training for new employees



Safety education and training for transfer, "four new" and return to work



Safety education and training for special operators



Specialized safety education and training



Qingyuan base | Fire emergency rescue drill

Case

In November 2023, in order to implement the basic policy of "prevention first, combination of prevention and elimination, comprehensive management", and to improve the staff ability to deal with unexpected accidents, Qingyuan base carried out a comprehensive emergency rescue drill, the drill took 6 minutes and 22 seconds, the evacuation of the whole factory took 4 minutes and 48 seconds; the evacuation of the injured took 1 minute and 34 seconds. Staff were all evacuated from the workshop site to the open space outside the plant in an emergency and orderly manner according to the predetermined evacuation route, without any overcrowding. According to the predetermined evacuation route, the employees were evacuated from the workshop to the open space outside the factory in an emergency and orderly manner, without any mutual crowding, and achieved excellent results of the drill.



Qingyuan base | Fire emergency rescue drill



Qingyuan base | 2023 Work Safety Month

Case

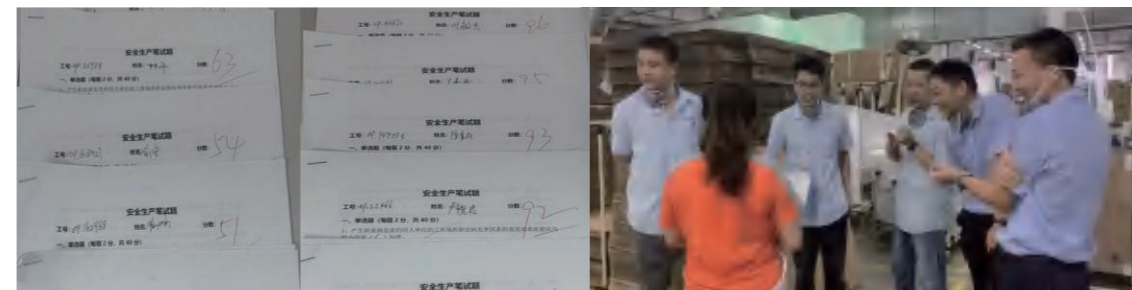
The theme of the 2023 National Work Safety Month is "everyone talks about safety, everyone knows emergency response". In order to promote safety awareness and emergency response knowledge of all staff, OPPEIN Qingyuan base carried out relevant activities according to the guidelines of the base safety and environmental department. Personnel at all levels study the theme knowledge of safety activities, carry out special case education, "no stop" case review simulation, safety management personnel certification, emergency stop device special inspection and other activities.



Activity launch document and launch site



Training and case review



Safety culture sampling and testing

Employee communication and grievances

We are fully aware that the development of the Group cannot be separated from the contribution of employees, and attach great importance to the voice of everyone. The Group sort out and review the system and process system in 2023, and continue to optimize the management mechanism and workflow of the staff council, pleadings, rationalized proposals, collective consultation, factory affairs disclosure, mediation of labor disputes, etc., to further build a more three-dimensional, efficient and smooth communication and dialogue system, so as to better provide protection for the rights and interests of all the employees. During the reporting period, the Group was awarded the title of "Guangzhou Harmonious Enterprise in Labor Relations AAA Grade" by the Guangzhou Human Resources and Social Security Bureau, the Guangzhou Federation of Trade Unions, the Guangzhou Federation of Enterprises/Guangzhou Entrepreneurs Association and the Guangzhou Federation of Industry and Commerce.



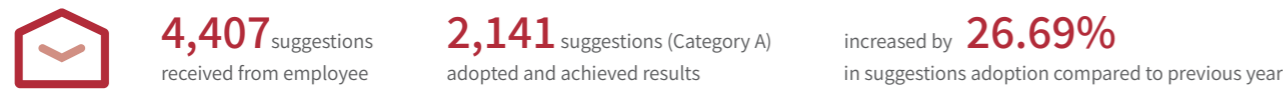
Guangzhou Harmonious Enterprise in Labor Relations

AAA

| Employee communication channels

In order to effectively solve the practical problems of employees, we have formulated the "Employee Congress Work Management Standards of Oppein Home Group Inc.", "Employee Representative Symposium Management Standards of Oppein Home Group Inc.", "Employees' Thoughts Dynamic Investigation Management Regulations of Oppein Home Group Inc.", "Factory Affairs Disclosure and Democratic Management System of Oppein Home Group Inc.", "Rationalization Suggestions Management Regulations of Oppein Home Group Inc.", and set up OA monitoring and feedback platforms, performance E-systems, canteen mailboxes, staff congresses, enterprise WeChat, employee relations branch and other channels to listen to the voice of employees. We look forward to employees' reasonable suggestions on production, process, technology and management. We handle the suggestions immediately after receiving them, and give appropriate rewards to encourage the employees to actively contribute to the development of the enterprise, so as to promote the common development of the enterprise and employees.

During the reporting period, we received a total of 4,407 employee suggestions, and a total of 2,141 suggestions (Category A) were adopted and achieved results, representing an increase of 26.69% in the adoption rate of suggestions compared with the previous year.



Employee's congress

Case

In December 2023, the second session of the 18th Employee's Congress of the Group (Guangdong Region) was solemnly held in the training center on the first floor of the headquarters. Yao Liangsong, Chairman of the Group and other Group leaders and heads of relevant public functions, manufacturing and marketing centers/departments attended the conference; deputies to provincial People's congresses and Party representatives from districts and towns attended the conference as non-voting delegates; a total of 111 employee representatives from Guangdong region attended the conference. The conference listened to and deliberated and approved the 2023 Work Report of the Trade Union, discussed the "conference proposal" and the on-site proposal of the staff representatives of the second session of the 18th staff Congress, and commended 10 outstanding staff representatives. At the conference, the concerns of the majority of workers got a positive response from the management.



Employee feedback service center

Case

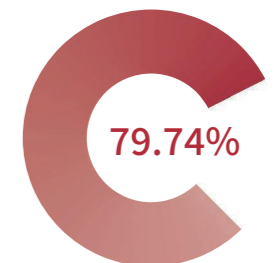
At the beginning of 2023, we upgraded and launched the version 3.0 of "Employee Feedback Service Center", which supports anonymous feedback from employees, sets up a reply cycle for messages, and supports likes, pulls and follows, etc. As a regular supplement to the "Group Employee Representative Meeting", the message platform mainly receives and solves employees' daily problems about collective life, work, environment and other immediate needs, which allows employees to raise questions, and also allows the relevant departments to reply/resolve problems in a more open and transparent manner with the closed loop guarantee.



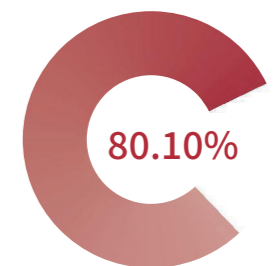
| Employee engagement and satisfaction survey

We are committed to building an agile organization with high satisfaction and engagement. We carry out group-level surveys, reports and action plans based on the engagement-driven model and factors, so as to continuously improve employee engagement and enhance employee identity and loyalty to the Group. We conduct an engagement and satisfaction questionnaire survey once a year to deeply understand the needs of employees and respond to and meet their demands in a timely manner from the perspectives of remuneration and incentive mechanism, welfare, performance management, training and career development, management, working environment and job responsibilities. The HR department of the Group will formulate and implement corresponding improvement action plans based on the satisfaction survey results.

During the reporting period, the Group's employee satisfaction rate was 79.74% and dedication rate was 80.10%. According to the survey, about 81% of the participants indicated that they would not leave the company easily; about 79% of the participants indicated that they were willing to put in efforts to promote the development of the company; and about 80% of the participants were proud of being OPPEIN people.



employee satisfaction rate



employee dedication rate

SOCIAL RESPONSIBILITY

The Group adheres to the vision of "making every home warm with love", strictly abides by external laws, uses its own resources and advantages to serve the society, and actively practices social responsibilities. With social welfare in mind, we launched the Guangzhou OPPEIN Public Welfare Foundation with the purpose of "helping vulnerable groups, strengthening education, paying attention to poor and sub-healthy families, and promoting steady social development", we continue to carry out featured public welfare activities such as rural revitalization, educational assistance, and the "Love Core" Program. We adhere to the faith, let the Party guide the thoughts, adhere to the combination of Party building and production and operation, actively cooperate with all parties in society, and make unrepentant efforts to enhance the increasingly diverse needs of the public for happiness.

Educational assistance

We bear in mind the social mission, strictly abide by external laws, utilize our own resources and advantages to serve the community, and constantly practice the pace of public welfare. We launched the "Guangzhou OPPEIN Public Welfare Foundation" at the end of 2020, with the aim of "helping the disadvantaged groups, insisting on assisting education, paying attention to the plight of families with sub-health, and promoting the healthy development of society", and adhering to the vision of "Let every home be warmed by love". With the vision of "making every home warm because of love", we will carry forward and pass on OPPEIN "home-loving culture".

In 2023, the OPPEIN Public Welfare Foundation took "education assistance" as its main focus, and set up independent public welfare brands such as "Green pine Plan" (focusing on education for the poor), "Flying Geese Plan" (focusing on education for disabled children) and "Spark Inheritance Plan" (focusing on education and training for red bases), raising the hope of nation with love.

By the end of the report period, the Group has participated in various public welfare activities for total 2,000+ hours, covering 200,000+ people (including the number of repeated participants in different activities), and donated a total of 5.2537 million yuan through Guangzhou OPPEIN Public Welfare Foundation. During the reporting period, Guangzhou OPPEIN Public Welfare Foundation was successfully awarded as 3A social organization.



Oppein public welfare brand system



Case: "Love core bookstore" helps students to fulfill their dreams

Case

In September 2023, OPPEIN together with OPPEIN Public Welfare Foundation and Guangzhou Municipal Administration of Social Organizations, inaugurated the "love core bookstore" donated to Qingdao Town Central Primary School. The public welfare action not only brought specially customized OPPEIN net formaldehyde love core bookcases, comfortable sofas, small stools, curtains, but also brought them classic books on education and teaching, literature and novels, psychological quality, children's picture books and other classic books, so that the teachers and children can see a wider world beyond the mountains.



Case: Gathering goodness with one heart and walking together for the public good

Case

From March 21 to 23, under the call and leadership of Guangzhou Civil Affairs Bureau, Guangzhou Municipal Administration of Social Organizations and Charity Association, Guangzhou OPPEIN Public Welfare Foundation joined hands with OPPEIN Wardrobe to make public welfare donations to Linzhi area in Tibet. After learning the actual situation of the central elementary school in Qingduo Town, Bomi County, Linzhi, the Group made use of the OPPEIN Public Welfare Foundation, hand in hand with OPPEIN Wardrobe, in order to meet the urgent needs of Bomi, and donated to the central elementary school in Qingduo Town, Bomi County, with a value of about 200,000 yuan of teachers' bookstores, learning bookshelves or bookcases, students' reading desks and chairs and books, etc., so as to improve the teaching conditions of the local schools, and to create a green, healthy and comfortable and happy space of learning and growing for the teachers and the children.



Rural revitalization

We actively respond to and implement President Xi's important instructions on the implementation of the strategy of rural revitalization and the promotion of the realization of common prosperity, further improve and strengthen the work system of rural revitalization, give full play to the Group's professional advantages, actively participate in the "10,000 enterprises to help 10,000 villages" precision poverty alleviation activities, "10,000 enterprises to revitalize 10,000 villages" rural revitalization action, "Green building materials to the countryside activities" and other activities to comprehensively promote rural revitalization.

The Guangzhou Oppein Public Welfare Foundation initiated by the Group effectively helped to repair rural roads in Fengshun in Meizhou, revitalize rural areas in Bijie, Guizhou, build factories in Pingyuanling Industrial Park in Meizhou, and rebuild schools after the disaster in Xinxiang, Henan, improve the rural living environment and support the construction of beautiful villages. We actively responded to the joint call of six departments, including the Ministry of Industry and Information Technology and the Ministry of Housing and Urban-Rural Development, and actively participated in the activities of green building materials to the countryside as the main promotion unit, promoted the consumption of green building materials, and promoted the revitalization of rural industries. We revitalize the countryside with our hearts, benefit the people with our hearts, and continue to inject more vitality into rural development.

During the reporting period, Guangzhou Oppein Public Welfare Foundation was awarded the "Guangdong Poverty Alleviation Red Brocade Cup Bronze Cup" by the Rural Work Leading Group of the Guangdong Provincial Committee of the Communist Party of China, and the honorary title of "Guangzhou Social Organization Outstanding Contribution Unit to Rural Revitalization" by the Guangzhou Social Organization Administration. In the future, while growing bigger and stronger, we will strengthen our responsibility for practical work, continue to carry forward the spirit of charity and poverty alleviation, and effectively consolidate and expand the achievements of poverty alleviation with rural revitalization, so as to make greater contributions to rural revitalization.



Guangdong Poverty Alleviation Red Jin Cup Bronze Cup



Outstanding contribution unit of Guangzhou Social Organizations for rural revitalization



Targeted donations to help rural development

Case

In 2023, Yao Liangbai, Vice President of the Group, and Gu Jian, General Manager of the Group's Manufacturing Operations, made targeted donations to the Wenmo Pagoda Repair Project of the Pushan Zen Temple in Pingyuan County, the Hakka Mountain Song Inheritance Protection Center in Meizhou City, Guangdong Province, and Fengjie Middle School in Chongqing Municipality, respectively, to contribute to the revitalization of the countryside.



Party building activities

The Party Committee of the Group adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, focuses on learning and implementing the spirit of the 20th CPC National Congress, and adheres to the goal of "building OPPEIN into an outstanding home furnishings enterprise in the world", and adheres to the leadership of Party building. Throughout the year, the Party Committee has strengthened the organizational construction by carrying out "three meetings and one lesson", implementing the first issue system, organizational life meeting, thematic study seminars, red evaluation and other forms. Strictly require the Party committee and each branch to rely on the Party school, "E Orange College" and other platforms, take various forms, so that the majority of Party members in-depth learning, repeated learning, theory and practice, to strengthen the ideological construction of the majority of party members, the top and bottom of the heart, and work together for the development of the company.

During the reporting period, the Group held 12 Party committees, organized 12 thematic studies, thematic party days activities 5 times and 2 thematic education special learning activities; the Party Committee developed 2 new party members, approved the conversion of 2 preparatory party members to full party members, and organized special training courses for 3 party activists and 2 developing party members; the Committee of the CPC Oppein Home Group Inc. was selected as the "Double-strength and Six-good" Benchmark Party Organization of Non-publicly-Owned Economic Organizations of Guangzhou Municipality.



12 Party committees

12 thematic studies

5 thematic party day activities

2 thematic education activities



The Group's Party Committee was awarded the "Double Strength and Six Good" benchmarking party organization in Guangzhou.



Activities of the branch Party conference



Distribution of required reading books for Party members



Spring Festival visiting activities for old Party members



Specialized training for Party workers

APPENDIX

LIST OF ESG POLICIES

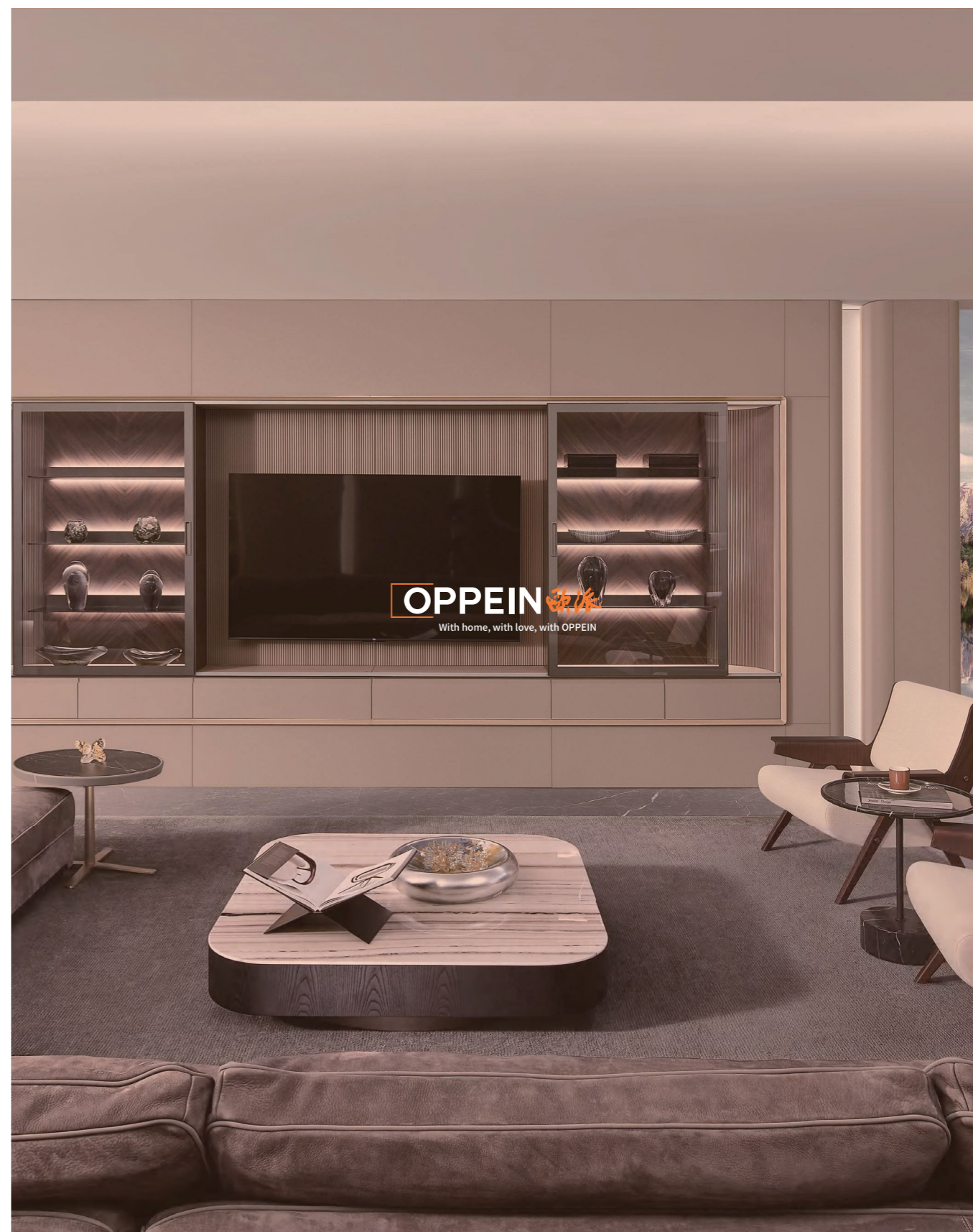
Correspond chapter	2023 Internal Policy Name	2023 Compliance with Laws and Regulations Name
Governance	Articles of Association of Oppein Home Group Inc.	
	Rules of Procedure for General Meeting of the Shareholders of Oppein Home Group Inc.	
	Rules of Procedure of the Board of Directors of Oppein Home Group Inc.	
	Rules of Procedure of the Board of Supervisors of Oppein Home Group Inc.	
	Working System of Independent Directors of Oppein Home Group Inc.	
	Remuneration Management System of Oppein Home Group Inc.	
	Measures for the Administration of Remuneration and Performance Appraisal of Directors (Non-Independent Directors) and executives of Oppein Home Group Inc.	Company Law of the People's Republic of China
	Management System for Information Disclosure of Oppein Home Group Inc.	Securities Law of the People's Republic of China
	Regulations on the Administration of Major Information Submission within Oppein Home Group Inc.	Code of Governance for Listed Companies
	Procedures for Risk & Opportunity Identification and Evaluation Management of Oppein Home Group Inc.	Rules for the listing of Stocks on the Shanghai Stock Exchange
	Internal Control Management System of Oppein Home Group Inc.	Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operations
	Risk and Opportunity Management System of Oppein Home Group Inc.	Measures for the Administration of Independent Directors of Listed Companies
	Legal Affairs Management System of Oppein Home Group Inc.	Measures for the Administration of Information Disclosure of Listed Companies
	Legal Risk Management Measures of Oppein Home Group Inc.	Basic Standards of Internal Control of Enterprises
	Integrity Management System of Oppein Home Group Inc.	Shanghai Stock Exchange Internal Control Guidelines for Listed Companies
	Reward and Punishment Management System of Oppein Home Group Inc.	Anti-Unfair Competition Law of the People's Republic of China
	Gift Handover Management Regulations of Oppein Home Group Inc.	Several Provisions on Prohibiting Infringement of Trade Secrets
	Supply Chain Management System of Oppein Home Group Inc.	Advertising Law of the People's Republic of China

Correspond chapter	2023 Internal Policy Name	2023 Compliance with Laws and Regulations Name
Environment	Environmental Management Manual of Oppein Home Group Inc.	Environmental Protection Law of the People's Republic of China
	Environmental Protection Management Regulations of Oppein Home Group Inc.	Energy Conservation Law of the People's Republic of China
	Environmental, Health and Safety (EHS) Management Guidelines of Oppein Home Group Inc.	Regulations on the Administration of Pollution Discharge Permits
	Procedures for Environmental Factor Identification and Determination Control of Oppein Home Group Inc.	Environmental Management System Requirements and Usage Guidelines (GB/T24001-2016)
	Procedures for Environmental Monitoring and Measurement Control of Oppein Home Group Inc.	Circular Economy Promotion Law of the People's Republic of China
	Procedures for Compliance Evaluation Control of Oppein Home Group Inc.	Water Law of the People's Republic of China
	System Management Evaluation System of Oppein Home Group Inc.	Water Pollution Prevention and Control Law of the People's Republic of China
	Safety Production and Environmental Protection Rewards and Punishment Management Regulations of Oppein Home Group Inc.	Urban Drainage and Sewage Treatment Regulations
	Procedures for Risk & Opportunity Identification and Evaluation Management of Oppein Home Group Inc.	Intergrated Wastewater Discharge Standard (GB 8978-1996)
	Reward and Punishment Management System of Oppein Home Group Inc.	Pollutant Discharge Standards for Urban Sewage Treatment Plants (GB 18918-2002)
	Nonconformity and Corrective and Preventive Measures Management System of Oppein Home Group Inc.	Technical Requirements for Environmental Labeling Products - Cabinets (HJ/T 432-2008)
	"14th Five-Year Plan" Energy-saving Plan of Qing RMB Oppein Integration Home Co., Ltd.	Technical Requirements for Environmental Labeling Products - Furniture (HJ 2547-2016)
	Exhaust Gas Treatment and Emission Management Regulations of Oppein Home Group Inc.	Technical Requirements for Environmental Labeling Products - Wooden Doors (HJ 459-2009)
	Solid Waste Management Regulations of Oppein Home Group Inc.	Classification of Formaldehyde Release from Artificial Panels and Their Products (GB/T 39600-2021)
	Noise Management Regulations of Oppein Home Group Inc.	Guidelines for Indoor Loading Limits of Artificial Panels Based on Limits of Formaldehyde (GB/T 39598-2021)
	Hazardous Waste Operation Rules of Oppein Home Group Inc.	Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste
	Green Factory Management System of Qing RMB Oppein Integration Home Co., Ltd.	General Industrial Solid Waste Storage and Landfill Pollution Control Standards (GB 18599-2020)
		Standards for Pollution Control of Hazardous Waste Storage (GB 18597-2023)
		Guidelines for Verification of Corporate Greenhouse Gas Emission Reports (Trial)

Correspond chapter	2023 Internal Policy Name	2023 Compliance with Laws and Regulations Name
Supply chain	<p>Raw Materials Procurement Technical Standards and Management Specifications of Oppein Home Group Inc.</p> <p>Code of Practice for Raw Materials Odor Detection of Integrated Homes Materials and Service Procurement Tendering Management Regulations of Oppein Home Group Inc.</p> <p>New Materials (Products) Appraisal and Trial Management Regulations of Oppein Home Group Inc.</p> <p>Contractor Safety Management Regulations of Oppein Home Group Inc.</p> <p>Supply Chain Management Center Audit Operational Rules (Trial)</p> <p>Supply Chain Management Center Bonus Points Management Operational Rules (Trial)</p> <p>Work Management Rules for the Peripheral Department of the Supply Chain Management Center</p> <p>“Ten Code in Supply Chain Management Center Personnel's Interactions with Suppliers</p> <p>Procurement Implementation Management Regulations of Oppein Home Group Inc.</p> <p>Procurement Technical Standards of Oppein Home Group Inc.</p> <p>Supplier Development and Selection Management Regulations of Oppein Home Group Inc.</p> <p>Supplier Freezing and Withdrawal Management Regulations of Oppein Home Group Inc.</p> <p>Supplier Operation Performance Appraisal Management Regulations of Oppein Home Group Inc.</p> <p>Supplier Change and Replacement Management Regulations of Oppein Home Group Inc.</p> <p>Supplier Quality Counseling Management Regulations of Oppein Home Group Inc.</p> <p>Designated Tier-two (and above) Supplier Management Regulations of Oppein Home Inc.</p> <p>Supply Chain Contract Management System of Oppein Home Group Inc.</p> <p>Dealer Information Communication Management Regulations of Oppein Home Group Inc.</p>	<p>Tendering and Bidding Law of the People's Republic of China</p> <p>Implementation Regulations of the Tendering and Bidding Law of the People's Republic of China (2019 Amendment)</p> <p>E-Commerce Law of the People's Republic of China</p>

Correspond chapter	2023 Internal Policy Name	2023 Compliance with Laws and Regulations Name
Products and services	<p>Quality Assessment Management Regulations of Oppein Home Group Inc.</p> <p>Quality Integrity Management Measures of Oppein Home Group Inc.</p> <p>Quality Rejection Assessment Mechanism of Oppein Home Group Inc.</p> <p>Quality Breakthrough Award Incentive Mechanism of Oppein Home Group Inc.</p> <p>Quality Key Negative Event Management Specifications of Oppein Home Group Inc.</p> <p>Quality Accident Management Specifications of Oppein Home Group Inc.</p> <p>New Product Development Process Quality Management Regulations of Oppein Home Group Inc.</p> <p>Product Planning and Management Specifications of Oppein Home Group Inc.</p> <p>R&D Process Quality Control Management Specifications of Oppein Home Group Inc.</p> <p>Manufacturing Line Production Quality Management Measures of Oppein Home Group Inc.</p> <p>Product Quality Supervision and Management Measures of Oppein Home Group Inc.</p> <p>Hazardous Chemicals Management Regulations of Oppein Home Group Inc.</p> <p>Experimental Testing Management Regulations of Oppein Home Group Inc.</p> <p>Product Quality Supervision Implementation Regulations of Oppein Home Group Inc.</p> <p>Quality Management Regulations of Oppein Home Group Inc.</p> <p>Implementation Measures for Incentive pay for Piece-rate Personnel in the Product Technology Division of the Home Products R&D Center of Oppein Home Group Inc.</p> <p>Implementation Measures for Incentive pay for Developer and Designers of the Home Products R&D Center of Oppein Home Group Inc.</p> <p>Implementation Measures for Incentive pay for the Design Team of Cabinet Product Planning and R&D Department</p> <p>Design Award Application and Reward Management Measures of Oppein Home Group Inc.</p> <p>Cabinet Product Design and Development Implementation Specifications of Oppein Home Group Inc.</p> <p>Intellectual Property Management Regulations of Oppein Home Group Inc.</p> <p>Customer Survey Management Regulations of Oppein Home Group Inc.</p> <p>End-Customer Complaints and After-sales Service Management Regulations of Oppein Home Group Inc.</p> <p>Customer Complaints and After-sales Service Management Measures of Customer Service and Marketing Supervision Center of Oppein Home Group Inc.</p> <p>News Communication and Crisis Public Relations Operation Management Regulations of Oppein Home Group Inc.</p> <p>Information Security Management Regulations of Oppein Home Group Inc.</p> <p>Data Security Management Specifications of Oppein Home Group Inc.</p> <p>Anti-Virus Management Specifications of Oppein Home Group Inc.</p> <p>Trade Secret Management Regulations of Oppein Home Furnishing Group</p> <p>Information Security Incident Emergency Management Specifications of Oppein Home Group Inc.</p> <p>Information Security Vulnerability Management Specifications of Oppein Home Group Inc.</p> <p>Quality Complaint Handling and Improvement Implementation Specifications of Oppein Home Group Inc.</p>	<p>Product Quality Law of the People's Republic of China</p> <p>Technical Requirements for Environmental Labeling Products</p> <p>Regulations of the People's Republic of China on the Management of Controlled Chemicals</p> <p>Regulations on the Safety Management of Hazardous Chemicals</p> <p>Interim Provisions on the Supervision and Management of Major Hazardous Sources of Hazardous Chemicals</p> <p>Catalogue of Hazardous Chemicals</p> <p>Brand Evaluation of Healthy Cabinet (T/GIEHA 061-2023)</p> <p>General Principles for Customized Evaluation of Healthy Whole Homes (T/CFDCC 0607-2023)</p> <p>Civil Code of the People's Republic of China</p> <p>Product Quality Law of the People's Republic of China</p> <p>Consumer Rights and Interests Protection Law of the People's Republic of China</p> <p>Personal Information Protection Law of the People's Republic of China</p> <p>Cybersecurity Law of the People's Republic of China</p> <p>Data Security Law of the People's Republic of China</p>

Correspond chapter	2023 Internal Policy Name	2023 Compliance with Laws and Regulations Name
Employees and society	Employee Recruitment and Employment Management Regulations of Oppein Home Group Inc.	
	Performance Management Regulations of Oppein Home Group Inc.	
	Talent Development Management Regulations of Oppein Home Group Inc.	
	Employees' Career Development and Qualification Management Regulations of Oppein Home Group Inc.	
	Safety Education and Training Management Regulations of Oppein Home Group Inc.	
	Management Regulations on Limited Space Operation of Oppein Home Group Inc.	
	Management Regulations on Work at Heights of Oppein Home Group Inc.	
	Management Regulations on Hot Work of Oppein Home Group Inc.	
	Management Regulations on Flammable and Explosive Sites Operations of Oppein Home Furnishing Group	
	Management Regulations on Hazard Source Identification and Risk Classification of Oppein Home Group Inc.	Labor Law of People's Republic of China
	Management Regulations on Accident Hazard Investigation and Management of Oppein Home Group Inc.	Labor Contract Law of the People's Republic of China
	Management Regulations on Safety Incident Reporting and Disposal of Oppein Home Group Inc.	Employment Promotion Law of the People's Republic of China
	Employee Congress Work Management Standards of Oppein Home Group Inc.	Employment Services and Employment Management Regulations
	Employee Representative Symposium Management Standards of Oppein Home Group Inc.	Production Safety Law of the People's Republic of China
	Employees' Thoughts Dynamic Investigation Management Regulations of Oppein Home Group Inc.	Law of the People's Republic of China on the Prevention and Control of Occupational Diseases
	Factory Affairs Disclosure and Democratic Management System of Oppein Home Group Inc.	Regulations on Safety Training for Production and Business Units
	Rationalization Suggestions Management Regulations of Oppein Home Group Inc.	Fire Protection Law of the People's Republic of China
	Recruitment and Employment Management Standards for Fresh Graduates of Oppein Home Group Inc.	Regulations on Reporting, Investigation and Handling of Production Safety Accidents
	Onboarding and Labor Contract Management Regulations of Oppein Home Group Inc.	
	Salary Management Regulations of Oppein Home Group Inc.	
General Management Regulations on Incentives and Accounting for Employees of Oppein Home Group Inc.		
Incentive Mechanism Construction Management Regulations of Oppein Home Group Inc.		
Employees' Overtime Wage Accounting Management Regulations of Oppein Home Group Inc.		
Employee Welfare Subsidy Management Regulations of Oppein Home Group Inc.		
Labor Protection Equipment Management Regulations of Oppein Home Group Inc.		
EHS Meeting and EHS Inspection Management Regulations of Oppein Home Group Inc.		
Eight Prohibitions on Environmental, Safety and Health (EHS) of Oppein Home Group Inc.		
EHS (Environmental, Safety and Health) Assessment and Incentive Management Regulations of Oppein Home Group Inc.		
Occupational Health Management Regulations of Oppein Home Group Inc.		
Implementation Code for Work Injury Management of Bases		
Safety Production Responsibility System of Bases		
Emergency Management Implementation Code of Bases		
Rules for Safety Operation of Hazardous Chemical Sites of Bases		
Cadre Management Regulations of Oppein Home Group Inc.		
Quality Talent Certification and Empowerment Management Standards of Oppein Home Group Inc.		



ESG KPI INDEX

Governance performance		
Norm	Unit	Performance in 2023
Corporate governance		
Business income	RMB 1 billion	22.782
Business income growth rate	%	1.35
Annual net profit	RMB 1 billion	3.036
Annual net profit growth rate	%	12.92
Business income per capita	RMB	947,513
Number of Board Directors	person	7
Of which: Independent directors	person	3
non-independent director	person	4
Number of supervisors	person	3
Number of executives	person	5
Of which: Male executives	person	3
Female executives	person	2
Number of General Meetings of shareholders	times	2
Number of proposals considered at the General Meeting of Shareholders	cases	18
Number of Board of Directors Meetings	times	8
Number of proposals considered by the Board of Directors Meetings	cases	41
Number of Board of Supervisors Meetings	times	6
Number of proposals reviewed by the Board of Supervisors	cases	16
Number of meetings of the Remuneration and Assessment Committee	times	1
Number of proposals considered by the Remuneration and Assessment Committee	cases	2
Number of meetings of the Audit Committee	times	4
Number of proposals considered by the Audit Committee	cases	9
Number of periodic reports issued	pieces	4
Number of ESG reports issued	pieces	1
Number of temporary announcement issued	times	108
Number of risk and compliance training courses conducted	times	33

Norm	Unit	Performance in 2023
Business ethics		
Employee' s Letter of Integrity Commitment signing rate	%	100%
Number of anti-corruption inspections	units	146
Of which: Suppliers	units	42
Dealers	units	114
Number of anti-unfair competition and anti-monopoly related legal proceedings	cases	0
Total tax payment	RMB 1 billion	1.497
Number of reported business ethics complaints received	cases	186
Handling rate of business ethics complaints	%	100
Number of Righteousness culture training sessions conducted	times	164
Number of employees trained in Righteousness culture training sessions	person-time	32,602
Righteousness culture training coverage rate	%	100

Environmental performance ¹⁾		
Norm	Unit	Performance in 2023
Resource consumption and management		
Total water consumption	tonnes	1,907,672
Water consumption intensity	Metric tons/RMB 1 million	84
Total wastewater discharge ²⁾	tonnes	1,213,605
Of which: Domestic sewage	tonnes	707,351
Production wastewater	tonnes	506,254
Direct energy: Petroleum consumption	cubic meters	3,429,510
Diesel consumption	liter	313,510.55
Gasoline consumption	liter	109,153.03
Indirect energy: Purchased electricity	MWh	338,150.99
Intensity of consumption of purchased electricity	MWh/RMB 1 million	14.84
Total energy consumption in standard coal ³⁾	tonnes	46,519.70

Environmental performance ⁱ⁾		
Norm	Unit	Performance in 2023
Total energy intensity	tonnes standard coal /RMB 1 million	2.04
Installed photovoltaic capacity	MW	36.74
Photovoltaic power generation	MWh	41,270
Of which:		
Guangzhou Headquarter	MWh	1,200
Qing RMB Base	MWh	18,000
Tianjin Base	MWh	10,630
Wuxi Base	MWh	11,440
Certification pass rate of procured ENF panels	%	100
Consumption of refrigerant HCFC-22 ⁱⁱⁱ⁾	kilograms	373
Consumption of refrigerant HFC-32	kilograms	60
Consumption of refrigerant R-410A	kilograms	480
Emissions management ²⁾		
Direct GHG emissions (Scope 1) ^{iv)}	tCO ₂ e	10,368.67
Region:		
Guangzhou Headquarter	tCO ₂ e	418.45
Qing RMB Base	tCO ₂ e	3,992.12
Tianjin Base	tCO ₂ e	4,684.85
Wuxi Base	tCO ₂ e	704.60
Chengdu Base	tCO ₂ e	560.09
Wuhan Base	tCO ₂ e	8.56
Type:		
CO ₂ emissions	tCO ₂ e	8,476.51
CH ₄ emissions	tCO ₂ e	1,858.00
N ₂ O emissions	tCO ₂ e	34.16
Indirect GHG emissions (Scope 2) ^{v)}	tCO ₂ e	192,847.51
Region:		
Guangzhou Headquarter	tCO ₂ e	11,734.66
Qing RMB Base	tCO ₂ e	79,385.76
Tianjin Base	tCO ₂ e	30,404.40
Wuxi Base	tCO ₂ e	48,865.28
Chengdu Base	tCO ₂ e	22,226.55
Wuhan Base	tCO ₂ e	230.86

Norm	Unit	Performance in 2023
Total GHG emissions (Scope 1+2) ^{vi)}	tCO ₂ e	203,216.18
Region:		
Guangzhou Headquarter	tCO ₂ e	12,153.11
Qing RMB Base	tCO ₂ e	83,377.88
Tianjin Base	tCO ₂ e	35,089.25
Wuxi Base	tCO ₂ e	49,569.89
Chengdu Base	tCO ₂ e	22,786.64
Wuhan Base	tCO ₂ e	239.41
Total GHG emissions intensity	tCO ₂ e/RMB 1 million	8.92
NOx emissions	tonnes	1.08
SOx emissions	tonnes	0.05
VOC emissions	tonnes	16.26
Hydrogen sulfide emissions	tonnes	0.00
Particulate emissions	tonnes	21.59
Waste management		
Waste gas, noise, waste water emission compliance rate	%	100.00
Total non-hazardous waste generated	tonnes	204,917.59
Of which: total domestic waste generated	tonnes	17,688.89
total industrial waste generated	tonnes	187,228.70
Amount of non-hazardous waste recycled	tonnes	187,228.70
Of which:		
Waste paper	tonnes	2,906.85
Waste metal	tonnes	1,882.80
Waste plastic	tonnes	1,834.90
Waste wood	tonnes	176,852.70
Waste glass	tonnes	3,142.53
Waste leather	tonnes	66.79
Waste mixed material	tonnes	511.14
Waste paperboard	tonnes	26.00
Waste foam	tonnes	3.00
Waste and scrap rubber	tonnes	2.00
Intensity of non-hazardous waste emissions	tonnes/RMB 1 million	8.99

Norm	Unit	Performance in 2023
Solid waste recycling rate	%	100
Proper waste disposal rate	%	100
Total paper consumption ^{vii)}	tonnes	308.93
Of which:		
A3	tonnes	1.14
A4	tonnes	264.51
A5	tonnes	23.80
Logistics consignment note	tonnes	10.65
Needle Duplex Printing paper	tonnes	7.09
Needle Triplex Printing Paper	tonnes	1.72
A0 150G 84*120cm	tonnes	0.02
A1 59*84cm	tonnes	0.01
A1 60*84cm	tonnes	0.01
Practice environmental concepts		
Number of environmental complaints from customers and stakeholders	times	0
Number of new energy buses, medium buses and minibuses purchased or leased	buses	22
Number of trees planted	trees	780
Amount of environmental inputs	RMB 1 million	64.2988

Notes:

- i) For the calculation of emissions, energy consumption and waste intensity, operating income is the current year's operating income in millions.
- ii) Discharge data include domestic and industrial wastewater discharges from major production sites;
- (iii) Recovery of refrigerants is entrusted to a third party specialized agency;
- iv) Scope 1 GHG emissions include direct emissions from gasoline, diesel, and natural gas;
- v) Scope 2 GHG emissions include indirect emissions from purchased electricity;
- vi) Carbon emissions data increased in 2023 as the Group further refined the scope of data statistics and management and optimized data statistics and estimation methods;
- (vii) The unit weights of various types of paper are as follows: 9.98g/sheet for A3 paper, 4.37g/sheet for A4 paper, 2.18g/sheet for A5 paper, 3.58g/sheet for logistics consignment note, 4.99g/sheet for pin 2-printing paper, 7.58g/sheet for pin 3 printing paper, 151.2g/sheet for A0-150G-84*120cm paper, 74.34g/sheet for A1-59*84cm paper, 75.60g/sheet for A1-60*84cm paper.

Data calculation reference standards:

1) The energy consumption discount calculation refers to the "General Rules for Calculating Comprehensive Energy Consumption (GB/T 2589-2020)" by the State Administration for Market Supervision and Regulation and the Standardization Administration of the People's Republic of China; GHG emissions are calculated with reference to China's Ministry of Ecology and Environment's "Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Power Generation Facilities (Revised 2022)".

Supply Chain Performance		
Norm	Unit	Performance in 2023
Responsible procurement		
Legally Traceable Ratio of Raw Materials for Panels	%	100
Integrity Cooperation Commitment Letter Signature Rate	%	100
Supplier management		
Total number of suppliers	suppliers	2,026
Number of suppliers in mainland China	suppliers	2,017
Of which:		
Northeast China	suppliers	20
North China	suppliers	133
Eastern China	suppliers	531
Southern China	suppliers	1,146
Central China	suppliers	76
Northwest China	suppliers	10
Southwest China	suppliers	101
Number of overseas suppliers	suppliers	9
Localization ratio of suppliers	%	99.56
Proportion of purchase amount from suppliers in mainland China	%	98.31
Of which:		
Northeast China	%	0.14
North China	%	5.84
Eastern China	%	27.20
Southern China	%	52.69
Central China	%	7.04
Northwest China	%	0.15
Southwest China	%	5.25
Proportion of procurement amount from overseas suppliers	%	1.69
Localization ratio of procurement amount	%	98.31
Number of suppliers signed up and compliant with the company's supply chain code of conduct	suppliers	2,026

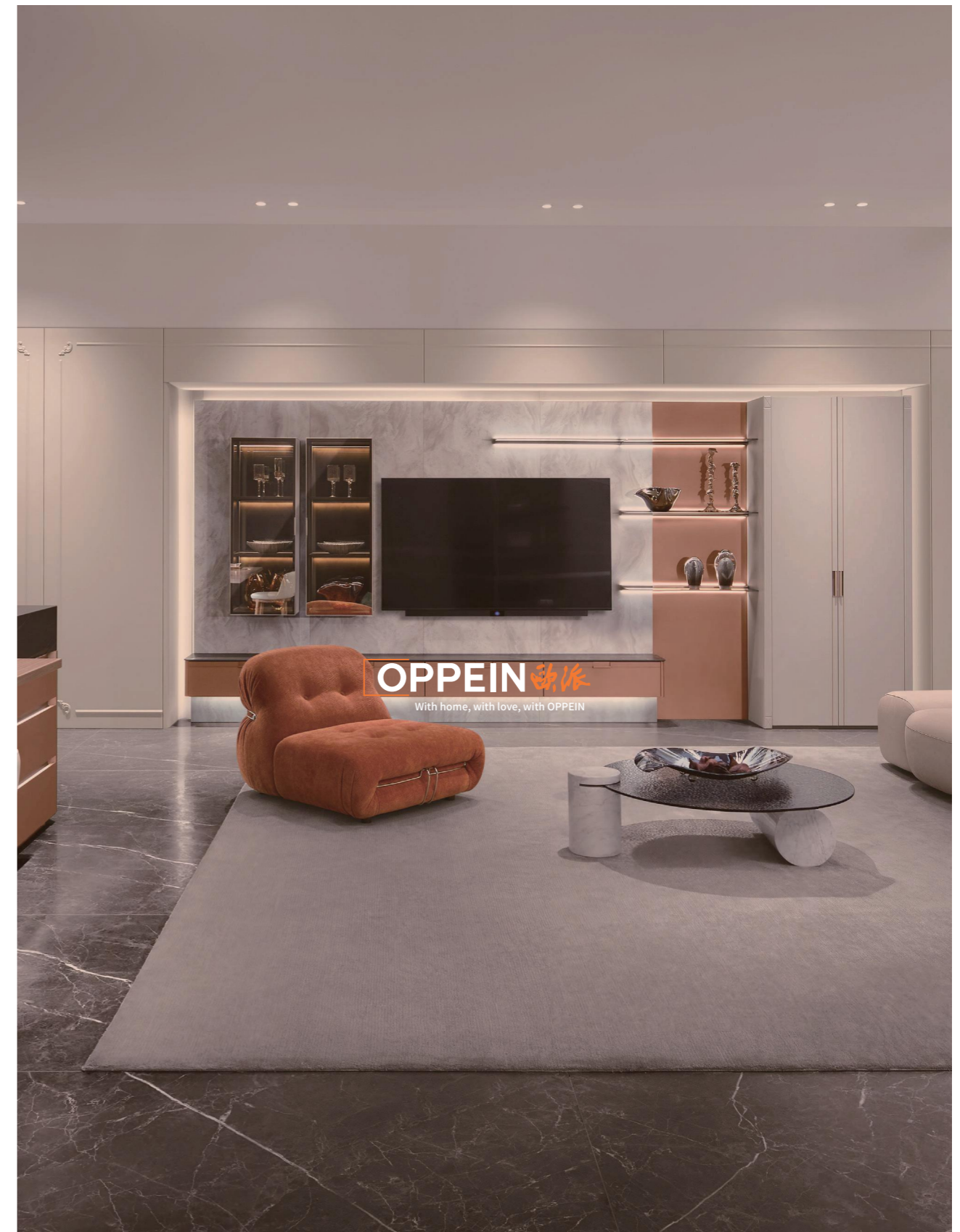
Norm	Unit	Performance in 2023
Number of suppliers involved in development selection	suppliers	758
Of which: Number of suppliers upgraded to regular supplier	suppliers	621
Number of new suppliers participating in site visits	suppliers	88
Number of suppliers participating in annual performance appraisals	suppliers	1,630
Of which: Cabinets	suppliers	487
Integrated home	suppliers	373
Door	suppliers	311
Sanitary	suppliers	373
Houseware	suppliers	86
Number of suppliers suspended for non-compliance	suppliers	52
Number of potential suppliers rejected for non-compliance	suppliers	143
Number of supplier trainings	times	67
Industrial development promotion		
Number of standards developing involved	items	27
Of which: National standards	items	4
Industry standards	items	7
Group standards	items	16

Products and Services Performance		
Norm	Unit	Performance in 2023
Innovative research and development		
Product R&D investment	RMB 1 billion	1.126
Percentage of revenue invested in product R&D	%	4.94
Product R&D investment in last 5 years	RMB 1 billion	4.498
Number of R&D personnel	person	2,730
Percentage of R&D personnel to total headcount	%	11.35
Number of patent applications	items	65
Of which: Invention patents	items	3
Utility model patents	items	38
Appearance Patent	items	24
Cumulative number of patent applications	items	1,007
Of which: Invention patents	items	30
Utility model patents	items	570
Appearance Patent	items	407
Cumulative computer software copyrights	items	98
Customer rights protection		
Consumer basic service satisfaction score	score	8.92
Product quality reputation score	score	8.63
Satisfaction growth rate year-on-year	%	0.50
Reputation growth rate year-on-year	%	1.60
Complaints timely handling growth rate year-on-year	%	9
Solution satisfaction growth rate year-on-year	%	15
Number of information leakage incidents	times	0
Number of people covered in Phishing Drills	person-time	8,000

Employee and Social Performance		
Norm	Unit	Performance in 2023
Compliant employment and equal opportunities		
Number of child labors detected	person	0
Number of forced labors detected	person	0
Number of strikes/lockouts	times	0
Labor contract signing rate	%	100
Social insurance coverage	%	100
Employee medical check-up rate	%	100
Total number of regular employees	person	24,044
By gender: Female employees	person	7,683
Male employees	person	16,361
By position: Full-time junior employees	person	22,366
Full-time middle management employees	person	1,618
Full-time senior management employees	person	60
By age: Employees under 30 years old	person	7,893
Employees aged 30-50	person	15,831
Employees over 50 years old	person	320
By education attainment: Graduate students and above	person	136
Undergraduate	person	4,187
College and below	person	19,721
Total new recruits	person	5,850
Total number of employees on short-term contracts (retired and rehired)	person	70
Total employee turnover rate	%	36.79
By gender: Female employee turnover rate	%	32.96
Male employee turnover rate	%	38.45
By age: Employee turnover rate for employees under 30 years old	%	40.55
Employee turnover rate for employees aged 30-50 year olds	%	34.34
Employee turnover rate for employees over 50 years old	%	20.88

Norm	Unit	Performance in 2023
Employee compensation and performance		
Number of employees covered by performance appraisals and incentive bonuses	person	24,044
Of which: Number of management employees	person	1,678
Number of non-management employees	person	22,366
Performance Appraisal and Incentive Bonus Coverage Employee Ratio	%	100
Of which: Management level employees	%	100
Non-management level employees	%	100
Employees took parental leave	person	109
Of which: Male employees	person	22
Female employees	person	87
Number of talent apartments provided	set	576
Assisted employees in difficulty (including repeated support)	person	29
Consoled sick and bereaved employees	person	36
Cultural and sports care activities	times	38
Employee training and career development		
Amount invested in vocational training	RMB 1 million	8.74
Total training hours for regular employee	hours	806,233
Of which: Offline training	hours	82,885
Online training	hours	723,348
Training hours per regular employee	hours	34.34
By gender: Training hours per female employee	hours	33.04
Training hours per male employee	hours	34.95
By position: Training hours per full-time junior employee	hours	33.94
Training hours per full-time middle management employee	hours	24.06
Training hours per full-time senior management employee	hours	55.62
Total number of regular employees trained	person	725,061
Total training hours on short-term contracts (retired and rehired employee)	hours	451.33
Average training hours for short-term contracts (retired rehired employee)	hours	6.74

Norm	Unit	Performance in 2023
Occupational health and safety		
Operating hours lost rate reduction per millions of man-hours	%	44
Employee medical check-up rate	%	100
Cumulative number of firefighting and other specialized drills conducted	times	104
Cumulative number of safety awareness training sessions conducted	times	162,110
Employee communication and grievances		
Total number of employee suggestions received	pieces	4,407
Number of suggestions adopted and achieve results (category A)	pieces	2,141
Suggestion adoption rate increase over previous year	%	26.69
Group employee satisfaction rate	%	79.74
Group employee dedication rate	%	80.10
Community involvement		
Hours of participation in the Group's public service activities	hours	2,000+
Number of people covered by the Group's public welfare activities	person-time	200,000+
Group Public Welfare Donation	RMB 1 million	5.2537
Number of Party Committee meetings held	times	12
Number of thematic studies held	times	12
Number of thematic party days held	times	5
Number of thematic education special learning activities	times	2



GRI INDEX

Statement of use	Oppein Home Group Inc. and its subsidiaries have reported the information referenced in this GRI Index from January 1, 2023 to December 31, 2023 by reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

Sustainability Reporting Standards	Disclosure content	Chapter	
GRI 2: General Disclosures 2021	1. Organization and reporting practices	2-1 Organizational details	About this report
		2-2 Entities included in the organization's sustainability reporting	About this report
		2-3 Reporting Period, frequency and contact point	About this report
		2-4 Restatement of Information	There have been no significant changes in the size, structure and ownership of the Group's organization compared to the 2022 ESG report
	2. Activities and workers	2-6 Activities, value chain and other business relationships	Board statement; About OPPEIN
		2-7 Employees	Employee responsibility
		2-8 Workers who are not employees	ESG KPI Index- Employee and Society
	3. Governance	2-9 Governance structure and composition	Corporate governance
		2-10 Nomination and selection of the highest governance body	Corporate governance
		2-11 Chair of the highest governance body	Corporate governance
		2-12 Role of the highest governance body in overseeing the management of impacts	Sustainable development management
		2-13 Delegation of responsibility for managing impacts	Risk and compliance control; Addressing climate change
		2-14 Role of the highest governance body in sustainability reporting	Sustainable development management
		2-15 Conflict of Interest	Please refer to the Group's Annual Report 2023
		2-16 Communication of critical concerns	Sustainable development management
		2-17 Collective knowledge of the highest governance body	Sustainable development management
		2-18 Evaluation of the performance of the highest governance body	Sustainable development management
		2-19 Remuneration policies	Corporate governance
		2-20 Process to determine remuneration	Corporate Governance; Employee responsibility

Sustainability Reporting Standards	Disclosure content	Chapter	
GRI 2: General Disclosures 2021	4. Strategy, policies and practices	2-22 Statement on sustainable development strategy	Board statement; Sustainable development management
		2-23 Policy commitments	About this report
		2-24 Embedding policy commitments	Environmental management system; Business ethics
		2-25 Processes to remediate negative impacts	Business ethics; Customer rights protection; Employee responsibility
		2-26 Mechanisms for seeking advice and raising concerns	Business ethics; Sustainable development management
		2-27 Compliance with laws and regulations	Business ethics
		2-28 Membership associations	About OPPEIN; Industrial development promotion
		5. Stakeholder engagement	2-29 Approach to stakeholder engagement
2-30 Collective bargaining agreements	Employee responsibility		
GRI 3: Material Topics 2021	3-1 Process to determine material topics		Sustainable development management
	3-2 List of material topics	Sustainable development management	
	3-3 Management of material topics	Sustainable development management	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Please refer to the Group's Annual Report 2023	
	201-2 Financial implications and other risks and opportunities due to climate change	Addressing climate change	
	201-3 Defined benefit plan obligations and other retirement plans	Employee responsibility	
	201-4 Financial assistance received from government	Please refer to the Group's Annual Report 2023	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investment and support services	Social responsibility	
	203-2 Significant indirect economic impacts	Social responsibility	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Supplier Management; ESG KPI Index - Supply Chain	
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Business ethics; Responsible procurement	
	205-2 Communication and training about anti-corruption policies and procedures	Business ethics; Responsible procurement	
	205-3 Confirmed incidents of corruption and actions taken	Business ethics	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business ethics	
GRI 207: Tax 2019	207-1 Approach to tax	Business ethics	
	207-2 Tax governance, control, and risk management	Business ethics	
	207-3 Stakeholder engagement and management of concerns related to tax	Business ethics	

Sustainability Reporting Standards	Disclosure content	Chapter
GRI 301: Materials 2016	301-1 Materials used by weight or volume	ESG KPI Index - Environment
	301-3 Recycled input materials used	Green production system
GRI 302: Energy 2016	302-1 Energy consumption within the organization	ESG KPI Index - Environment
	302-3 Energy intensity	ESG KPI Index - Environment
	302-4 Reduction of energy consumption	Resource consumption and management
	302-5 Reductions in energy requirements of products and services	Resource consumption and management
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Resource consumption and management
	303-2 Management of water discharge-related impacts	Resource consumption and management
	303-3 Water withdrawal	Resource consumption and management
	303-4 Water discharge	Resource consumption and management; ESG KPI Index - Environment
	303-5 Water consumption	ESG KPI Index - Environment
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Emissions management; ESG KPI Index - Environment
	305-2 Energy indirect (Scope 2) GHG Emissions	Emissions management; ESG KPI Index - Environment
	305-4 GHG emissions intensity	ESG KPI Index - Environment
	305-5 Reduction of GHG emissions	Emissions management; ESG KPI Index - Environment
	305-6 Emissions of ozone-depleting substances (ODS)	ESG KPI Index - Environment
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	ESG KPI Index - Environment
	306-1 Waste generation and significant waste-related impacts	Emissions management
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Emissions management
	306-3 Waste generated	ESG KPI Index - Environment
	306-4 Waste diverted from disposal	Emissions management
	306-5 Waste directed to disposal	Emissions management; ESG KPI Index - Environment
	GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria
308-2 Negative environmental impacts in the supply chain and actions taken		Supplier management
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	ESG KPI Index - Employees and society
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee responsibility
	401-3 Parental leave	ESG KPI Index - Employees and society

Sustainability Reporting Standards	Disclosure content	Chapter
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee responsibility
	403-2 Hazard identification, risk assessment, and incident investigation	Employee responsibility
	403-3 Occupational health services	Employee responsibility
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee responsibility
	403-5 Worker training on occupational health and safety	Employee responsibility
	403-6 Promotion of worker health	Employee responsibility
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee responsibility
	403-8 Workers covered by an occupational health and safety management system	Employee responsibility
	403-9 Work-related injuries	Employee responsibility
	403-10 Work-related ill health	Employee responsibility
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee responsibility; ESG KPI Index - Employees and society
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee responsibility
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee responsibility; ESG KPI Index - Employees and society
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Corporate governance; Employee responsibility
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Employee responsibility
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Employee responsibility
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee responsibility
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social responsibility
	414-1 New suppliers that were screened using social criteria	Supplier management
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Supplier management
	416-1 Assessment of the health and safety impacts of product and service categories	Product quality upgrades
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product quality upgrades
	417-1 Requirements for product and service information and labeling	Product quality upgrades
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Product quality upgrades
	417-3 Incidents of non-compliance concerning marketing communications	Business ethics
	GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data



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