

ESG REPORT

2021

smiSS
YOUR LIFE. WE CARE.

SMISS Technology Company Limited



An abstract graphic composed of several overlapping, curved, ribbon-like shapes in various shades of green, ranging from a light sage green to a dark forest green. The shapes flow from the bottom left towards the top right, creating a sense of movement and depth.

2021

SMISS ESG Report

Your life, We care!

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About This Report

| Report description

This report details the social responsibility concept of SMISS Technology Company Limited (hereinafter referred to as SMISS, the Company, the Organization), focusing on disclosure of the Company's performance in terms of management and operation, production and service, environment, employee, and social community engagement.

| Reporting principle

This report covers the situation from 1 January 2021 to 31 December 2021 based on the Global Reporting Initiative's Standard 2021.

| Reporting scope and boundary

Unless otherwise specified, the time range of the information contained in this report is from 1 January 2021 to 31 December 2021 (hereinafter referred to as "this year" or "reporting period").

The entities covered in this report include:

Songgang Base of SMISS Technology Company Limited: 101-201, 801-901 Building 1, 501 Building 2, 101-501 Building 3, Industrial Park, No.1, Songgang Avenue, Tantou Community, Baoan District, Shenzhen, China.

Guangming Base of SMISS Technology Company Limited Guangming Branch: 501, 601,701, Kenuo Building, No.7, Yutang Street, Tianliao Community, Guangming District, Shenzhen, China.

In the reporting period, Dongfang Base has not been completed and not been operated, which is not included in the boundary of this report.

| Information sources and reliability assurance

The data in this report sources from the Company's internal data, investigation and interview records and related files. The monetary amounts involved in this report are measured in RMB unless otherwise specified. This is the first Environment, Social and Governance (ESG) Report issued by SMISS Technology Company Limited, no restatement required.

The board of directors of the Company promises this report does not contain any false information or misleading information, and is responsible for the authenticity, accuracy and completeness of its contents.

| Publication and acquisition of this report

This report is published once a year, and electronic versions in Chinese and English are available on the Company's official website (<https://cn.smisstech.com/>). For inconsistencies between the Chinese and English versions of this Report, the Chinese version shall prevail.

| Contacts

SMISS Technology Company Limited

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Chairman's Speech



Ten years of focusing and forging ahead, SMISS's leading on electronic atomization equipment and manufacturing services

In 2021, the world was continued facing various challenges brought by the COVID-19, the socio-economic level will continue to be affected, and the external environment will continue to change. Meanwhile, this year was also the 100th anniversary of the founding of the Communist Party of China, which was the beginning of the "14th Five-Year Plan". In the face of constant changes both in the internal and external environment and severe market tests, we have driven development with innovation, deepened the adjustment of product, business, and market structure, and continuously promotes the improvement of operation quality and efficiency.

Since we were established in 2012, we have always been focusing on the research and application of electronic atomization technology and electronic cigarette OEM/ODM services. With solid technical ability, we focused on providing high-quality products for our clients. Our business covers different fields such as electronic nicotine delivery system (ENDS), CBD/THC atomization equipment and dry burning equipment, low temperature non-combustion hardware (HNB Device), inhalation medical atomization device (IMV) and electronic cigarette juice and other fields. We also committed to provide a healthier and safer way of smoking for smokers around the world.

We realized that research & development (R&D) and technology can create the core of longevity. Since 2012, we have successively established Guangming Base and Songgang Base. Guangming base mainly focused on R&D of ODM product, while Songgang base, as a basic research institute, mainly focuses on material science, atomization technology, electronic control technology, and development of major customer products. Relying on basic theory and electronic and structural innovation, our independent development has core competitiveness, therefore, our products could meet the demand of customer and market.

We know that sustainable development is the key to an enterprise's long-term development. We actively responded to the national goal of carbon peaking and carbon neutrality, passed the ISO14001: 2015 environmental management system certification, formulated environmental management policies, comprehensively promoted Green Production, fully advocated our employees and suppliers to practice green and low carbon strategies. While we accelerated the world's transition to a healthy life, we also contributed to the green development of the world.

For all employees of SMISS, we are not only work partners but also family members. In the past year, we have been committed to creating a safe, healthy, friendly, inclusive and open working environment for our employees. We have successively formulated a number of safety production rules and regulations, and carried out safety fire drills for many times, so that employees could keep safety knowledge in mind. In addition, we have also held several cultural and sports activities such as basketball games and singing competitions, which provided a platform for employees to show up themselves and enrich the cultural life of employees.

We are coming into our 10th year of electronic cigarettes manufacturer. This ten-year vaping road is full of passion and challenges. We have been constantly trying and self-innovating until we gradually mature and grow. Persistence is the key to success. In order to better empower our partners, use technology to create value for customers, and always maintain a competitive advantage in the industry. We are seizing market and policy opportunities, actively responding to risks and challenges, and continuing to carry out high-level research and development in order to achieve high-quality development and build core competitiveness. In the future, we will keep working with a common wish, sailing on our way and breaking the winds and waves, building a first-class enterprise, and creating the legend!

About SMISS

3 technology-leading automated factories

3 seats

10000+ manufacturing staffs

10000+ staffs

10000+ million pcs monthly production capacity

10000+ million pcs/month

170000+ square meters of manufacturing area

170000+ square meters

4 sales and service subsidiaries

4 sites

business distributed in 50+ countries around the world

50+ countries



World famous

SMISS Technology Company Limited ("SMISS"), established in 2012 in the "City of Design" – Shenzhen, China, is a comprehensive ODM/OEM manufacturer. The business covers electronic nicotine delivery systems (ENDS), CBD/THC atomization equipment and dry-burning equipment, low-temperature non-combustion hardware (HNB Device), inhalation medical atomization equipment (IMV) and atomizing liquids and other different fields.



One-stop service

Up to now, SMISS has three technology-leading automated production bases, including Guangming base, Songgang base and Dongfang base. Three technology-leading automated production bases with a total area of over 170,000 square meters, a manufacturing team of over 10,000 people, and a total production capacity of 100 million pieces. With a class 100,000 Good Manufacturing Practice (GMP) clean workshop in line with ISO 14644 & ISO 14698 standards, SMISS is providing global customers with a stable and reliable one-stop service integrating R&D, design and manufacturing.



Closed-loop quality management

SMISS has adopted advanced quality management concepts, established FDA QSR 820/110 & ISO13485 medical and food industry standard systems, and formed all-round closed-loop quality control from supply chain management, manufacturing process and product delivery. All products meet the requirements of national registration certification and regulations, such as the European Union CE certification, Restriction of Hazardous Substances (RoHS) certification, Tobacco Products Directive (TBD) certification, and the United States Premarket Tobacco Application (PMTA) registration certification. SMISS has an industry-leading CNAS certification laboratory, which strictly follows the ISO/IEC 17025 laboratory standard system and makes SMISS laboratory a first-class brand laboratory in the industry, escorting the quality of the Company's products.



Global layout

Since our establishment, SMISS has continuously integrated cutting-edge design and technology and has gradually formed an international business system with China as the R&D and manufacturing center, serving the world. SMISS has also established a whole industry chain system from research and development to sales, its business distribution has expanded to more than 50 countries around the world. In 2015, SMISS established a branch in the United States and became a world-famous ODM/OEM manufacturer, where the shipment of disposable atomization equipment is in the forefront.

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
SMISS officially founded Passed ISO system certification and introduced ERP system	Obtained independent invention patent for the first time	Obtained the 'Shenzhen High-tech Enterprise' Qualification	Signed a strategic cooperation agreement with China Tobacco Guizhou Established the U.S. branch in November	Obtained 'National High-tech Enterprise' Qualification	Obtained GB/T 29490 'Intellectual Property Management System Certification' Obtained 'ISO 13485 Medical Device Quality Management System Certification'	SMISS Guangming Base was established	SMISS Songgang Base was officially put into use	New provincial SMISS CNAS laboratory was put into use The world's largest shipment of disposable electronic vaping equipment	SMISS Dongfang site was established



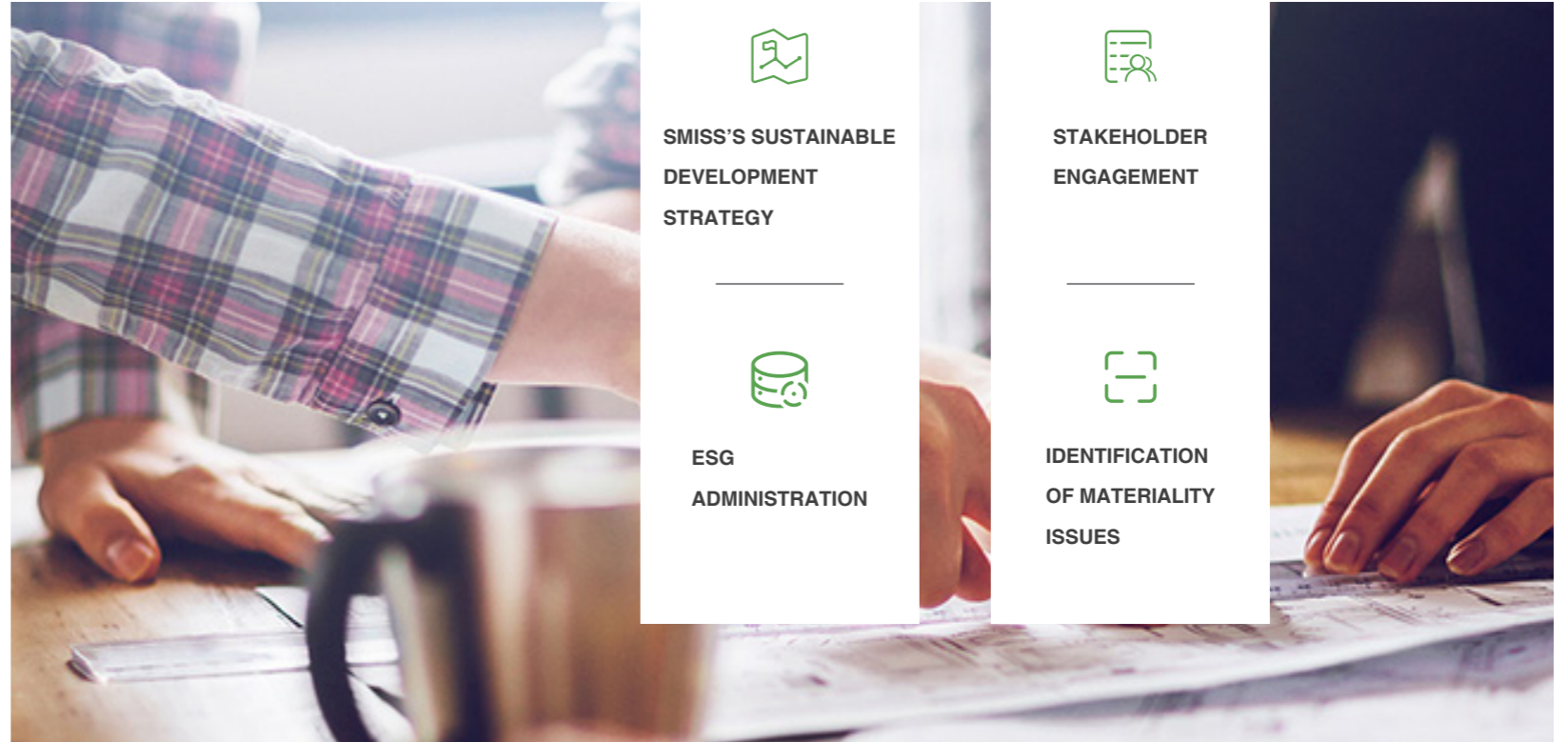
Won the "High-tech Industry Certificate"

Served as the Vice President unit of the Electronic Cigarette Industry Committee of China Electronic Chamber of Commerce

Won the 19th "Shenzhen Famous Brand"
Won the contract-honoring and credit-worthy enterprise in Guangdong Province



SMISS'S Sustainable Development Concept



PART 01

SMISS'S SUSTAINABLE DEVELOPMENT STRATEGY



SMISS always adheres to the corporate vision of "Leading the global smart manufacturing of atomization and accelerating the world's transformation to a healthy life". It is committed to providing with healthier e-cigarette products and a healthier and safer way of smoking for smokers around the world. We contributed our strength to continuous and sustainable development of the entire industry and the entire society by consistent breakthrough research and development spirit, strict and effective quality management, and comprehensive and considerate service system.

In addition, we have also actively integrated environmental, social and governance issues into our daily operations and business decision-making process. Besides, we have formulated a top-down system-wide ESG related control measures to deal with major ESG risks, as to fulfill corporate social responsibility, and achieve common sustainable development both inside and outside the enterprise.



Corporate Vision

Leading the global smart manufacturing of atomization and accelerating the world's transformation to a healthy life.



Our Mission

Use technology to create value for customers, so that it always maintains the industry's competitive advantage.



Enterprise Spirit

Emancipate the mind, seek truth and innovation, work hard, and dare to take responsibility



Corporate Beliefs

Small victory depends on wisdom, big victory depends on virtue

ESG ADMINISTRATION

In order to standardize and improve the Group's ESG practices, meet the requirements of customers and laws, and fulfill ESG responsibilities, we have formulated "SMISS Environment, Social and Governance Policy" to define the division of responsibilities and work content of SMISS's ESG administration and other aspects.

A good ESG administration is inseparable from an ESG organizational structure with clear rights and responsibilities. Therefore, we have established a multi-level ESG organizational structure from the board level to the functional department level from top to bottom. The Board of Directors is responsible for researching and approving the Company's ESG mission, goals, and strategies, and reviewing the completion of ESG key performance and ESG information disclosure. We have also set up an ESG Management Team and an ESG Execution Team, which are respectively responsible for the establishment and supervision of ESG key performance objectives and the specific implementation of ESG work, to ensure that SMISS's ESG administration can be implemented and effectively monitored.

We regularly provided with different levels of ESG knowledge and training to the Board of Directors, ESG Management Team and ESG Execution Team.

In order to facilitate the understanding and implementation of ESG work by various functional departments, and comprehensively improve the Company's sustainable development level, we have identified and described the ESG related work of each department in the "SMISS Environment, Social and Governance Policy" to ensure that the concept of sustainable development could permeate all aspects of the Company.



STAKEHOLDER ENGAGEMENT

In order to make the Company's sustainable development strategy fully reflect the expectations and demands of the Company's stakeholders, we have identified our main stakeholders through interviews with various departments within the Company, communication and daily information collection and sorting. Our stakeholders mainly include employees, customers, suppliers and partners, shareholders and investors, government and non-government organizations, and communities. We have established varieties of communication channels to maintain timely and close contact with various stakeholders. We have also collected their opinions on our sustainable development as important basis for improving our operating policy and sustainable development strategy. Our communication channels with various stakeholders are as follows:

Stakeholders	Communication and Channels	Stakeholders	Communication and Channels
 Employees	<ul style="list-style-type: none"> • Interview • Training • Cultural activity • Performance evaluation 	 Shareholders and investors	<ul style="list-style-type: none"> • Investor conference • Regular information disclosure • Publicity through media
 Customers	<ul style="list-style-type: none"> • Complaint • Satisfaction survey • Product exhibition • Official website 	 Government and NGOs	<ul style="list-style-type: none"> • Regular communication and reporting • Qualification review • Policy implementation
 Suppliers and partners	<ul style="list-style-type: none"> • Supplier audit • Bidding process in procurement 	 Community	<ul style="list-style-type: none"> • Social welfare activities • Promotion of green and low-carbon development

IDENTIFICATION OF MATERIALITY ISSUES

We have established a complete ESG materiality issue identification process, including four steps:



Understand the environment of the organization

We have a comprehensive understanding of the organizational environment in terms of company activities, business relationships, sustainability context, stakeholders (including minority interests) and other aspects.

The key factors that we mainly considered are:

- Main values, policies, strategies, goals, and objectives of the Company
- Direct financial impacts
- Interests and expectations of stakeholders (e.g., employees, shareholders, suppliers)
- Significant risks and opportunities for the Company, peers, and competitors
- Relevant laws, regulations, international and voluntary agreements, etc.



Identify material and potential impacts

By comprehensively considering the above factors, refer to Sustainability Reporting Standards published by the Global Reporting Initiative (GRI Standards 2021), the Sustainability Accounting Standards Board (SASB) Materiality Matrix, Morgan Stanley International Capital (MSCI) Materiality Matrix, combined with extensive stakeholder communication channels and expert consultation, we have identified our actual and potential impacts on economy, environment, and employees, including impacts on human rights. We have also integrated a total of 25 issues to assessed, covering 5 major topics: operation and governance, products and services, environment, employees, and community involvement.



The importance of impact assessment

We have ranked the importance of impact through quantitative and qualitative analysis. According to internal research, expert consultation, and targeted distribution of substantive issue analysis questionnaires to stakeholders, through two dimensions of "importance to stakeholders" and "importance to SMISS sustainable development", we have analyzed and identified the high, medium, and low importance issues of SMISS.



Prioritize to report the most important impacts

We will provide responses and disclosures on various materiality issues, and give priority to reporting issues of high importance.

The general manager of our company supervises the process, and reviews then approves the material issues matrix. In each reporting period, we shall review the previous material issues of last reporting period to account for changes in impacts.

Materiality Matrix of SMISS



Issues of Management and Governance

1. Compliance Operation
2. Risk Management
3. ESG Management
4. Business Ethics
5. Legal Tax Payment

Environmental Issues

13. Coping with Climate Change
14. Green Product
15. Energy Management
16. Water Management
17. Biodiversity Social Issues
18. Air Pollution Management
19. Waste Management

Social Issues

24. Charity
25. Localized Operation

Issues of Products and Services

6. Responsible Marketing
7. Product Quality and Safety
8. Customer Service
9. Intellectual Property Protection
10. Customer Information Security
11. Supply Chain Management
12. R&D and Innovation

Employee Issues

20. Equal Employment and Diversity
21. Occupational Health and Safety
22. Employees Rights Protection
23. Employees Development and Training

Note: The issue in bold is of high importance



Governance Framework



**CORPORATE
GOVERNANCE**



**COMPLIANCE
OPERATION**



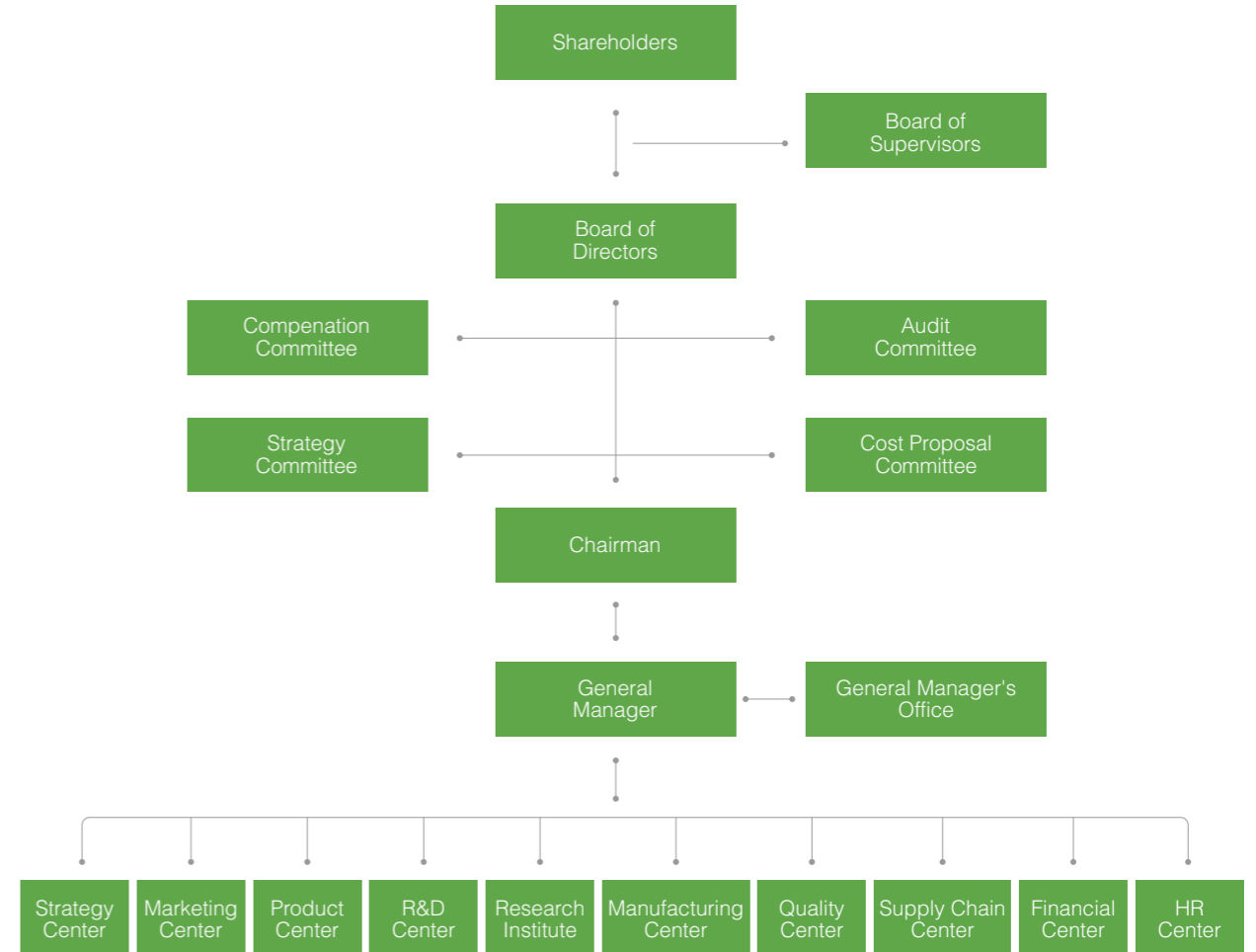
**ANTI-
CORRUPTION**

CORPORATE GOVERNANCE

As a leader in Chinese electronic atomization equipment manufacturing and electronic cigarette industry, we strictly complied with "Company Law of the People's Republic of China" and other domestic and foreign laws and regulations applicable to our Company. We realized that scientific and standardized governance was the cornerstone of the Company's efficient and stable operation. Therefore, we have formulated the "Responsibility and Authority Management Specification" to clarify the responsibilities of each department of the Company to ensure that the work is carried out and that everyone is responsible for everything. We have built a completed governance infrastructure. By the end of the reporting period, our Board of Director consists of 5 members, including 1 executive director. There are four committees under the Board of Directors, namely Compensation Committee, Strategy Committee, Audit Committee, and Cost Proposal Committee.

The decision-making procedure and determination of remuneration of the Company's directors, supervisors and senior executives were based on the "Articles of Association". The chairman is the legal representative of the Company and is elected by the shareholders meeting for every 3 years. Directors were recommended by shareholders and elected by the shareholders' meeting. The term of directors is 3 years, and upon expiration of the term of directors, directors may be re-elected.

Corporate Governance Architecture of SMISS





COMPLIANCE OPERATIONS

| Fair Competition

We strictly complied with Law of the People's Republic of China on Anti-Unfair Competition which explicitly prohibits employees from obtaining competitive intelligence by means of commercial espionage, bribery, theft or wiretapping, or maliciously spreading false information about competitors or their products or services. During the reporting period, there was no lawsuit of unfair competition practices, antitrust and antitrust practices.

| Conflict of Interest

In order to enhance the normative development of the Company's business and prevent behaviour that damages the Company, employees were required to make fully disclosure of any situation that might cause a conflict of interest. Besides, employees should declare conflicts of interest when they realize or should be aware of that the conflict of interest may occur.

| Legal Tax Payment

Every year, we declare tax and fulfill our tax obligations in accordance with national tax laws and regulations with the evaluation and support of external and internal tax experts. Each one of our tax plans is in line with principles of sustainable development, corporate responsibility and risk management.

SMISS'S SUSTAINABLE DEVELOPMENT CONCEPT

GOVERNANCE FRAMEWORK

CHASE FOR GOOD QUALITY

OUR RESPONSIBILITY

GREEN OPERATION

DEVELOPMENT OF EMPLOYEES

CORPORATE WITH PARTNERS

ANTI-CORRUPTION



Employees



Suppliers



Customers



The public

Compliance with laws and regulations and abidance by business ethics are the obligations and responsibilities of enterprises to the public. We attached great importance to anti-corruption and strictly require every employee to be in accordance with the highest standards of business ethics. We strictly abided by relevant applicable laws and regulations of the country, industry and place of operation, including the Criminal Law of the People's Republic of China, Anti-monopoly Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, Anti-money Laundering Law of the People's Republic of China, and Interim Provisions on Prohibiting Commercial Bribery and so on. We adamantly prohibited any behaviours that might be involved in violation of business ethics. We formulated the "Business Ethics Control Procedures" and "Management System for Receiving Courtesies in Business" to maintain the openness, transparency, integrity, and integrity of business operations, and conducted regular self-examinations on all business locations in accordance with the "Business Ethics Self-Inspection Report". All employees


were required to accept training of the relevant procedures mentioned above after joining the Company. During the reporting period, the acceptance rate of employees' anti-corruption training was 100%.


We have formulated the "Opinion and Complaint Management Procedures" to collect opinions from relevant stakeholders, such as employees, suppliers, customers, or the public can provide opinion and get feedback from our website. We strictly protected whistle-blower's personal detail and strictly prohibited any retorsions. Externally, we actively promoted suppliers to sign the "Anti-Commercial Bribery Agreement" during the contract signing process to enhance suppliers' awareness of business ethics and compliance. During the reporting period, there was no case of corruption or occupation.



Chase for Good Quality




**R&D AND
INNOVATION**


**PURSUE
EXCELLENT
QUALITY**


**MANUFACTURE
GREEN
PRODUCTS**



We always regarded ensuring product quality as an important strategy of the Company. Through excellent research and development capabilities, strict quality control procedures, and the corporate philosophy of green development, we dedicated to producing high-tech, high-quality, high-green electronic atomization products for consumers.

PART 03

R&D AND INNOVATION

As the one of the pioneers of atomization ODM/OEM manufacturers in the world, we always adhered to the innovative concept of "design first, technology follow-up; continuous innovation, never-ending", and committed to empowering manufacturing with science and technology. We will keep expanding the scientific boundaries of the field of electronic atomization, continue to optimize product performance, and continue to develop healthier products for smokers around the world.



Investment of research and development

We always attached great importance to the research and development and innovation of technology, and more than 10% of our annual revenue was used for research and development. We have built up R&D centres and research institutes, and has formed a number of strong professional teams, which included more than 100 people having more than five years of experience in the electronic atomization industry. In terms of academic background, undergraduates accounted for more than 75% and postgraduate students accounted for more than 15% in the R&D team. In the aspect of team structure, it included professionals from product development to comprehensive technology to project follow-up.



Capacity of research and development

Since the establishment of our R&D team, we have insisted on continuing innovation and outputting high-quality R&D results. In terms of technology and products, we have we have obtained more than 450 patents, covering software copyrights, invention patents, product appearance rights, utility model patents and PCT patent rights and other aspects.

We have been focusing on basic research of heating element technology, industrial design and human-computer interaction applications, structural innovation, application and testing of new electronic technologies. At present, we are at the forefront of the industry in terms of heating element technology. We have a number of independent patents. Disposable atomization equipment, dry burning and POD products that we developed independently also enjoyed a high reputation in the market. From atomization technology to industrial design, every detail was embodiment of our pursuit of excellence, which made us gain a pivotal position in the electronic atomization OEM/ODM industry.



Intellectual property protection

During the reporting period, we have obtained the certification of intellectual property management system (GB/T 29490-2013) standard and maintained the intellectual property management system in accordance with it. In order to prevent the leakage of intellectual property rights and unauthorized plagiarism, we have formulated and updated the "Intellectual Property Management Procedures" in accordance with the protection laws of patent, trademark, copyright and other intellectual property to standardize the intellectual property monitoring of competitors and the early warning of intellectual property risks, strengthen the protection of intellectual property rights already owned. During the reporting period, we have carried out the annual review of intellectual property standards and promoted the new intellectual property regulations and policies. Besides, we have held intellectual property-related trainings such as "How to Write Patented Technology" and "E-cigarette Patents and Intellectual Property Rights", which improved employees' awareness and capacity of intellectual property protection.

As the end of the reporting period, we have obtained:

44 patents

44 Items

239 design patents

239 Items

168 Utility models

168 Items

108 trademarks

108 Items

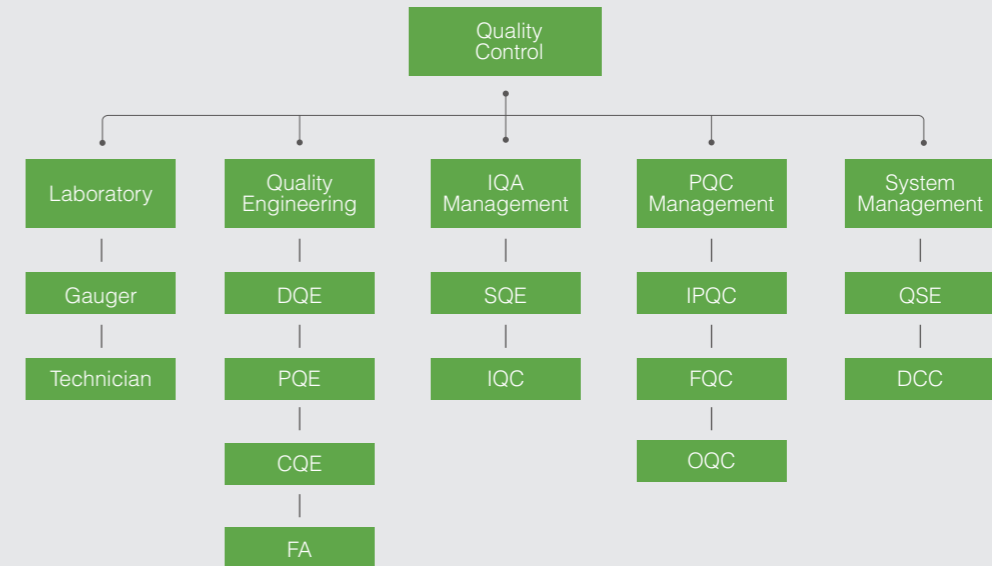
PURSUE EXCELLENT QUALITY

In order to deliver the highest quality products to consumers, we have devoted to improving quality. After years of practical experience, we have formed a unique set of active and preventive quality control models.

Quality control process

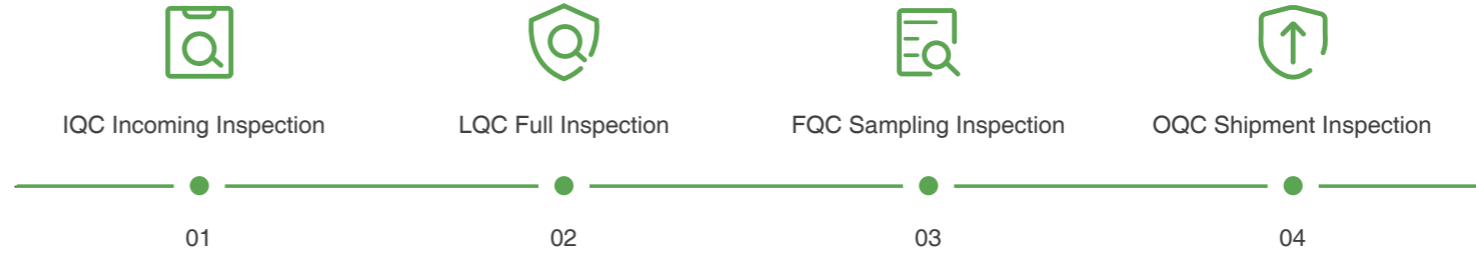
We have formulated a strict quality control system and process and checked every procedure to enhance quality management thus to improve quality of products from material procurement to finished product delivery, from workshop to laboratory, from product process analysis to customer failure product analysis, without missing any procedure that might influence quality of product. As the end of reporting period, we have taken the lead in being equipped with the industry's top production hardware and environment that meet the FDA system standard, supporting 7S management mode, GMP standard production environment, ISO 9001 quality management system, and laboratories that meet CNAS/MEMKO/WEDP standards, provided a strong guarantee for manufacturing and quality control.

Quality Management Mode of SMISS



Quality control process of SMISS

Our quality control process includes incoming quality control (IQC, raw material), process quality control (IPQC, product), finished product quality control (FQC & OQC, finished product). Only after the product was met the specific standards of each production node could it flow to the next operation link. Once there was any unqualified or defective product that appeared during the inspection process, the factory would immediately rectify or rework, and recorded then analyzed the reasons for the unqualified products, and formulated detailed rectification plans according to the problems that occur to reduce the subsequent immediately rectify or rework.



We strictly abided by domestic and international mandatory standards and have conducted US FDA 21 CFR tests on various materials that come into contact with consumers to ensure product safety. During the reporting period, there were no violations involving the health and safety of products and services.

Smiss family companies are well prepared for tobacco industrial transformation together with our clients, better alternative and enhancing the technology in all novel products are what we need brought to the world to targeted audience, we are fully aware of the underage-use and fair trade issue of the industry, we will integrate the notion into our product design and material choice.

Quality standard of SMISS:

- I GMP 820 US medical device GMP certification QSR820 Good Manufacturing Practice
- II RoHS Directive on Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment
- III FDA21CFR US FDA food contact material testing
- IV GB 41700-2022 Electronic cigarettes
- V ISO 13485 Medical Device Quality Management System for regulatory requirements
- VI FCC certification
- VII CE certification

MANUFACTURE GREEN PRODUCTS



We carried concept of green environmental protection throughout all phases of the product declaration cycle, practiced the concept of sustainable development from the entire process of design and development, material procurement, manufacturing, product use and product recycling, and continued to work on environmentally friendly materials such as the development and use of degradable materials and recyclable materials.

For example, under the condition of ensuring the performance of electronic cigarette products, we have developed and used white kraft oil-treated paper boxes to replace the metal or plastic materials used in traditional electronic cigarette shells, which have the advantages of being renewable, recyclable, and biodegradable. This greatly improved the convenience of recycling and processing of electronic cigarette shells, which made the product greener. During the reporting period, we have calculated the recyclable rate of one-piece cigarette products according to the Guidelines for the Calculation of Product Recyclability Rate (GB/T 20862-2007), which reached 62%.



Design and R&D

Promote the research and development of environmentally friendly materials, including degradable materials, recyclable materials, etc., to improve the degradable and recyclable rates of products



Material procurement

Promote sustainable procurement, supervise and assess the environmental management system and environmental protection-related compliance of important suppliers, strictly ensure the quality and safety of raw materials, and strictly manage restricted substances



Manufacturing

Scientifically manage the use and loss of raw and auxiliary materials, improve the efficiency of raw material use, train employees on energy saving, material saving and quality, and reduce the loss caused by operation



Product usage

Improve product quality and maximize product service life

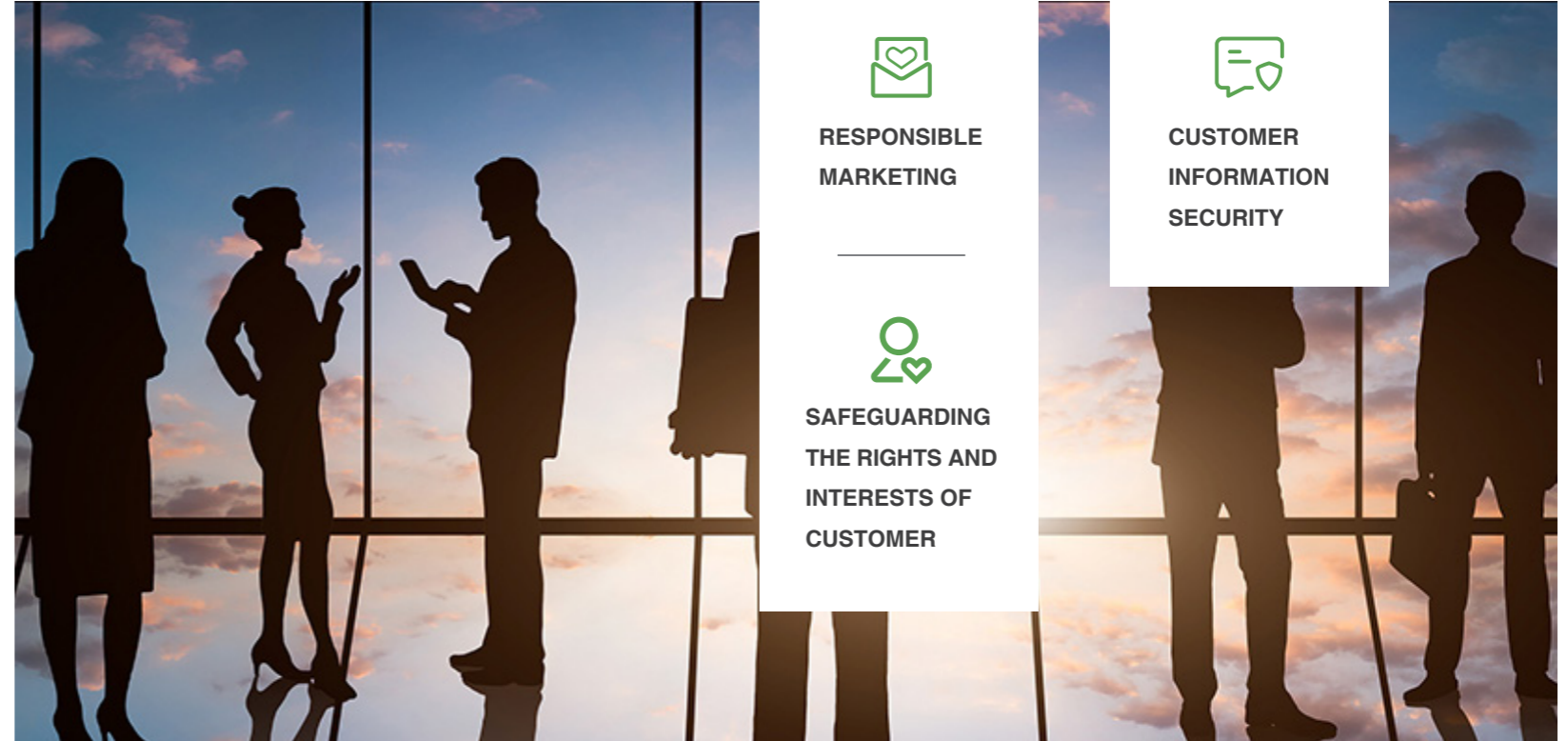


Product recycling

Use environmentally friendly materials to replace plastics and improve the degradable rate of products



Our Responsibility



We have regarded responsibility as our business philosophy, thoroughly implemented in the entire business process of pre-sale, in-sale and after-sale, and took responsibility for customers with continuously improving responsible management.

PART 04

RESPONSIBLE MARKETING

We have always placed the impact of its products on the society in an important position. Besides, we have always taken it as our responsibility to accelerate the transformation of the world to a healthy life and passed on responsibility and health while standardizing marketing.

! | Health warning for electric cigarette

In order to be responsible for consumers' health and their rights to know, we have formulated regulations such as "Administrative Specifications for Domestic Sales of Electronic Cigarette Warnings, Logos and Instructions" in accordance with the requirements of relevant national laws and regulations to regulate electronic cigarettes, which standardized e-cigarette warnings, labelling and instructions requirements, fully revealing the hazards of e-cigarette products and admonishing young consumers. During the reporting period, there were no violations involving product and service information and logos or violations involving marketing.

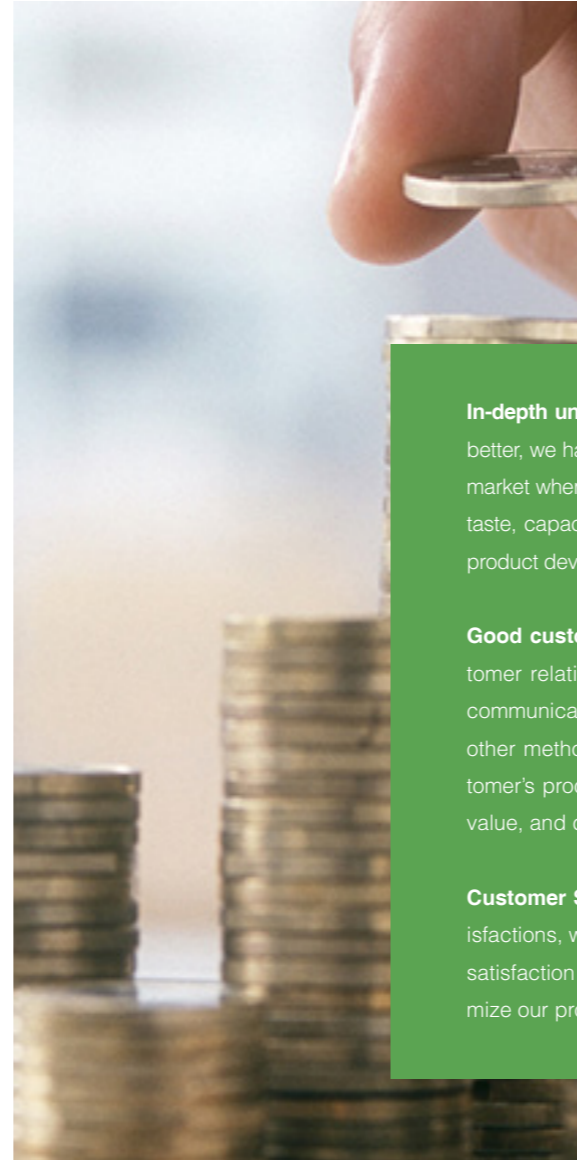
🛡️ | Protection for minors

We thoroughly implemented the notices issued by the State Tobacco Monopoly Administration and the State Administration for Market Regulation on the Protection of Minors and the Law of the People's Republic of China on the Protection of Minors. Even though we could not directly contact end customers, we still fully protected minors in product packaging and product design. When producing and designing all electronic cigarette products, the product packaging boxes, or instructions were specially designed with eye-catching logos and warnings such as "minors are prohibited from using" and "nicotine is addictive". In product design, we have specially set a child lock function on e-cigarette products to prevent minors from inhaling e-cigarette products by mistake.



SAFEGUARD THE RIGHTS AND INTERESTS OF CUSTOMERS

We always took "creating value for customers" as our mission, and we were committed to providing every customer with the best experience in product, communication, complaint handling, product recall and other aspects.



| Optimizing customer service

From product design to feedback, we have always regarded customers' satisfaction as our eternal insistence. From product design, customer communication, feedback survey and other aspects, we truly considered of customers and effectively improved customer satisfaction.

In-depth understanding of customer needs: in order to provide customers with products that meet their needs better, we have carried out in-depth research on the current situation and industry development trends of the local market where customers were located, and gained insight into local consumers' product needs in terms of health, taste, capacity, design, etc. , and conducted in-depth discussions on the Company's existing product lines and product development plans to effectively improve customer satisfaction from a product perspective.

Good customer communication: we realized that communication was the basis for establishing good customer relationships. Through on-site visits to key customers, participation in overseas exhibitions, actively communicating about daily business, organizing customer team construction, holding product seminars and other methods, we had a deep understanding of customer demands and sore points, understood the customer's product design concept and market layout, continued to research customer value, created customer value, and disseminated and delivered customer value.

Customer Satisfaction Survey: In order to provide customers with consumption experiences with more satisfactions, we regularly conducted customer satisfaction surveys every year, and conducted special customer satisfaction surveys for special issues to understand customer needs and suggestions, so as to better optimize our products and services.

➔ | Handling customer complaints

Prompt and proper handling of customer complaints is an important part of optimizing customer experience. In order to establish a standard process for handling customer complaints, handle customer complaints quickly and effectively, and prevent similar complaints from happening again, we have formulated the "Customer Complaint Handling Control Procedure".

We divide product complaints into three categories: Category I (general dissatisfaction complaints), Category II (no complaints of illness) and Category III (complaints of illness). For Category I, when there are three or more complaints for a batch or product, we shall conduct a review and investigation. For Category II and III complaints, the complaint report would be submitted to the Quality Unit to determine whether a complaint investigation was required. Once the quality engineer submitted the Level III disease report, the complaint would be reviewed and evaluated by a qualified person for a potential serious adverse event report. When serious adverse events are observed, the "Serious Adverse Event Reporting" procedure would be followed. In addition, we have also designed tools such as "Customer Complaint Report" and "Customer Complaint Tracking List" to facilitate the staff to follow up on customer complaints. During the reporting period, we received and handled 3 customer complaints. The complaint handling rate was 100%.

📅 | Product recall process

In order to standardize our steps and procedures for product recall, we have formulated the "Recall Control Procedure", which stipulated the categories, department responsibilities and procedures of product recall in detail.

Our product recall levels were divided into three categories:

⊗ | Category I

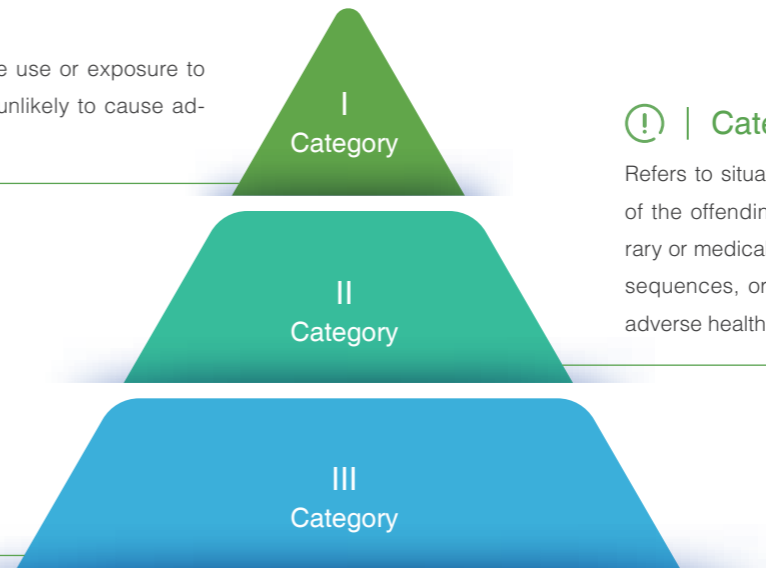
Refers to situations where use or exposure to the offending product is unlikely to cause adverse health effects.

⚠ | Category II

Refers to situations where the use or exposure of the offending product may result in temporary or medically reversible adverse health consequences, or where the likelihood of serious adverse health consequences is low.

☑ | Category III

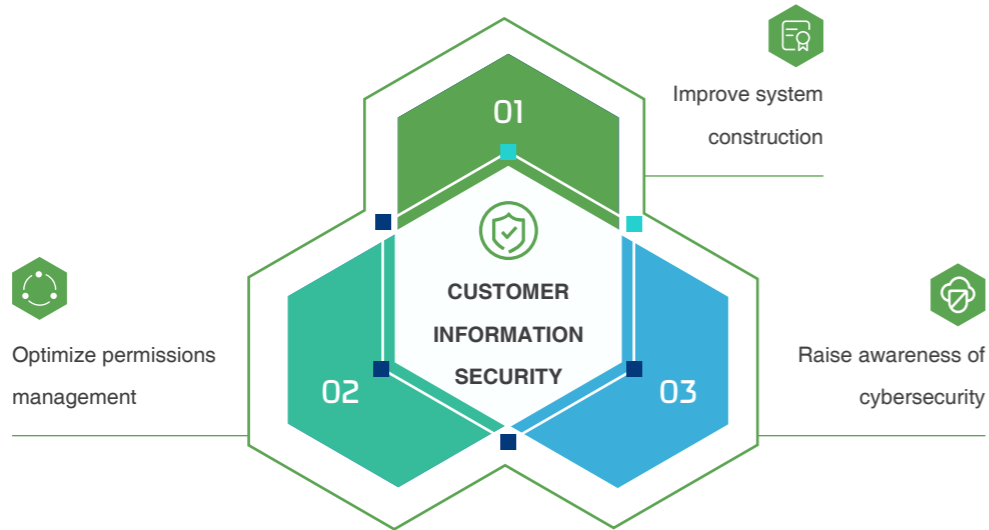
Refers to situations where the use or exposure of the offending product is reasonably likely to result in serious adverse health consequences or death.



During the reporting period, there was no products recalls. In order to test the effectiveness of the recall procedure and ensure that finished products and/or raw materials could be tracked and traced in a timely and effective manner, we held a "mock recall" campaign every six months to improve the familiarity of the staff with the recall work.

CUSTOMER INFORMATION SECURITY

We realized that the protection of customer privacy and information security is one of the important prerequisites for establishing a good long-term relationship with customers. We have attached great importance to the protection of customer information security and have established multiple information security mechanisms to protect customer privacy. During the reporting period, there were no complaints related to violation of customer privacy and loss of customer data.



| Improve system construction

We have established a series of internal regulations, including "Information Resource Control Program", "IT Equipment Control Program", "Data Development and Utilization Management Control Program", "Information Security Control Program", "Computer Network Management System", "Data Centre Management System", "Information Security Management System", "Information Security Emergency Response Plan Management System", "Media Management System", "Project Information Security Management System", "Personal Privacy Management System", "Information Security Incident Management System", "Data Security Management System", and so on, strictly manage the production, transmission, use, preservation, backup, destruction and other aspects of data.

| Optimize permissions management

Our internal files are adopted encryption management, implemented hierarchical management for personnel with different security and confidentiality levels, and strictly managed data access administration authority. Internal employees needed to fill in the "IT Permission Application Form", and customers needed to fill in the "Customer Platform Access Registration Form" when applying for query data. In addition, externally, both upstream suppliers and downstream customers needed to sign corresponding confidentiality agreements, while internal of the Company, personnel involved in Company information and customer information also needed to sign a security confidentiality agreement to ensure complete and effective information security management in all aspects of the Company's business.

| Raise awareness of cybersecurity

We have continuously strengthens the training of employees' information security awareness, regularly conducted employee network security application training, required employees to strictly abide by relevant requirements, protect the security of customer information, and strictly prohibited the leakage, transaction and abuse of customer information.



Green Operation



GREENHOUSE GAS MANAGEMENT



ENERGY MANAGEMENT



WATER MANAGEMENT



WASTE MANAGEMENT



EXHAUST EMISSION MANAGEMENT

During the reporting period, we established an environmental management system that complies with the ISO 14001 international standard. According to standardized management system, we continued to manage greenhouse gases, energy, water resources, waste, and exhaust emission effectively, while accelerating the world's transition to a healthy life, reducing our impact on the environment.

PART 05

GREENHOUSE GAS MANAGEMENT



In September 2020, President Xi Jinping delivered an important speech at the general debate of the 75th United Nations General Assembly, pointing out that China will increase its nationally determined contribution, strive to peak carbon dioxide emissions by 2030, and strive to achieve carbon neutralization by 2060. During the reporting period, we paid close attention to the risks and opportunities of climate change, advocated all employees to practice green production and green office, continuously reduced environmental impact, and facilitated the practice of the country's green economy, low-carbon economy, circular economy and "double carbon" goals.

| Climate Change Administration

As the severe impact of climate change were increasing, global warming and frequent occurrence of extreme weather, we have realized that actively addressing climate risks was a required course and obligation for every enterprise. We actively guided all employees to practice the concept of energy saving and low carbon, continuously reduced the carbon footprint of our operations, and helped to cope with the global climate crisis.

In accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD), we identified and disclosed out policies and actions to address climate risks and seize climate opportunities. Our ESG management team of was responsible for monitoring and reviewing domestic and international ESG situations, including climate impacts, and assessing the potential impacts, opportunities and risks to our business. Besides, ESG management team was also in charge of the annual review of Environmental, Social and Governance reports including the issue of addressing climate change.

| Strategy

We have identified the possible impacts of climate change on its own business in different time scales, such as short-term (1-2 years), mid term (3-5 years), mid-long-term (6-9 years) and long-term (10 years and above) in accordance with the TCFD climate risk disclosure framework.

Climate Risk Identification Matrix

Risk Type	Factors	Risk Classification	Risk Examples	Time Dimension	Business Involved	Impact Intensity
Physical Risk	Heat Wave	Acute Operational Risk	During heat waves, employees may be unable to work due to heat exhaustion, heat stroke or other illnesses caused by the extreme heat, resulting in higher operating costs. Production machines may face overheating problems, resulting in a shortened service life. Both scenarios have the potential to result in lost revenue.	Long-term	Whole Group	High
	Earthquake	Acute Operational Risk	As the Company's manufacturing plants are located in Shenzhen and its geographical location is not in an area with high seismic risk, it is exposed to low seismic risk.	Long-term	Whole Group	Low
	Typhoon	Acute Operational Risk	As the Company's manufacturing plant is located in Shenzhen, which is a high-incidence area for typhoons, an increase in the frequency of typhoons may lead to closures due to property or equipment damage, and/or employees may not be able to go to work, directly resulting in loss of revenue.	Long-term	Whole Group	Low
	Mosquito breeding	Chronic Operational Risk	Temperature rising and precipitation increase leads to mosquito breeding, thus increasing the risk of mosquito-borne disease transmission.	Long-term	Whole Group	Low
	Sea level rise	Chronic Operational Risk	Since the Company's manufacturing plant is located in Shenzhen, which is a low-lying area, it may face the risk of flooding caused by rising sea levels.	Long-term	Whole Group	High

Risk Type	Factors	Risk Classification	Risk Examples	Time Dimension	Business Involved	Impact Intensity
Trans-formation Risk	Energy stress	Acute Operational Risk	The local government's power restriction policy may lead to a direct shutdown or reduction in production, and the power restriction may also affect the upstream supply chain, thus increasing production costs.	Short-term	Whole Group	High
	Water stress	Acute Operational Risk	As the Company's production plants are located in Shenzhen, a non-high water stress area, the risk of water shortage faced by the Company is low.	Short-term	Production department	Low
	New policies for low carbon economy transition	Market and Technology Risk	With China's commitment to a 3060 dual carbon targets and new government policies to support a low carbon transition, high emission economic activity will come under pressure, increasing the cost of research and development for green production.	Long-term	Whole Group	High
	Energy transition policy	Market and Technology Risk	As a result of more stringent government policies to reduce emissions, the Company needs lower-emission green energy to replace existing higher-emission energy sources, increasing the cost of transitioning to lower-emission technologies.	Mid-long Term	Production department	Medium
	Carbon market price volatility	Market and Reputation Risk	The Company's cash flow may be affected by fluctuations in carbon market prices due to the introduction of more stringent government policies on carbon emissions.	Mid-long Term	Whole Group	High
	Mandatory Disclosure	Operation and Reputation Risk	Regulators require mandatory disclosure of climate-related financial information. Lack of historical data and accurate accounting methods affects the quality of disclosure.	Short-term	Whole Group	Low
	Environmental standards increase	Market and Technology Risk	As a result of the government's more stringent environmental protection policy, the Company needs to improve its production energy standard and invest in energy saving and environmental protection improvement.	Long-term	Whole Group	High

 | Risk Management

We conducted industry-level risk reviews based on public materials and industry analysis, we listed common risks in the industry by reviewing materials published by peers, industry reviews, media reports, and expert communication. Meanwhile, we encouraged internal managerial personnel to communicate with stakeholders to identify climate risks that could be easily ignored by internal management. We adopted the method of qualitative assessment to rank the identified risks as "low", "medium", and "high" in terms of impact intensity based on the likelihood, impact, resilience, and resilience of the event.

Our response measures to climate-related risks are as follows:

In terms of mitigating GHG emissions, our sources of GHG emissions were mainly purchased electricity, natural gas, coal gas, our own vehicles and generators that used diesel fuel and emissions caused by refrigerants. In the future, our main countermeasures would be to change the energy structure, control the use of fossil fuels, increase the proportion of renewable energy, give priority to construction or lease of environmentally friendly and energy efficient buildings, use green refrigerants, encourage green commuting, online conference and so on.

In terms of climate change adaptation, we dynamically identified domestic and international climate-related policies and regulations, formed a monitoring and early warning mechanism for extreme weather and climate events, and regularly conducted emergency drills and training for natural disaster. In construction projects, we give priority to climate resilient infrastructure, such as seismic design, wind protection design, lightning protection design, flood protection design, fire protection design and so on.

 | Metrics & Targets

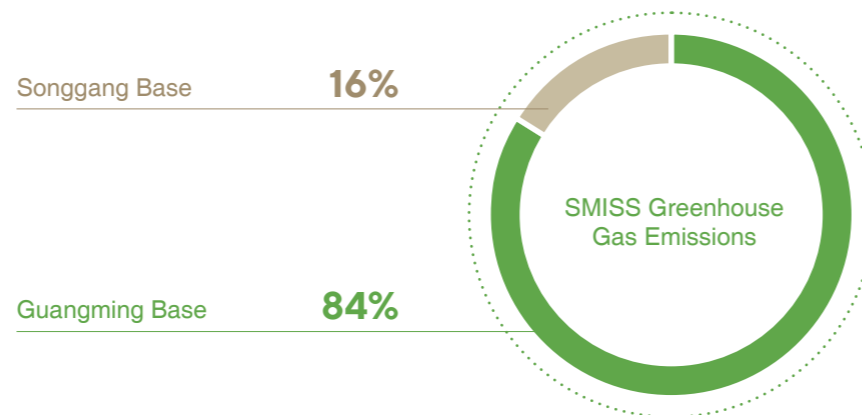
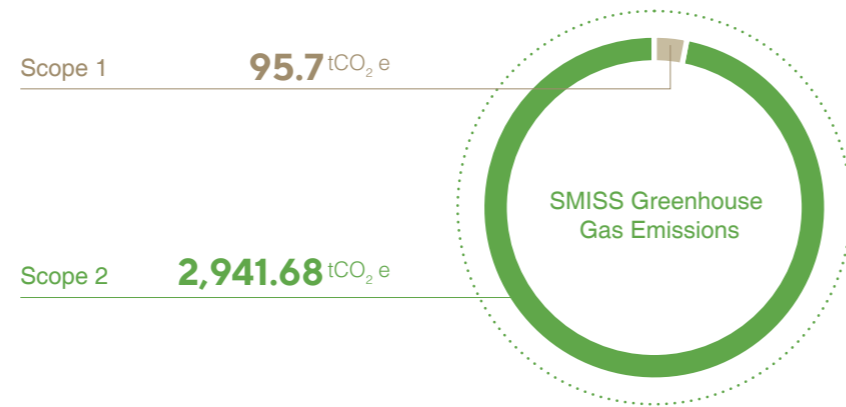
In 2021, we identified the greenhouse gas emission sources of our two bases and calculated the greenhouse gas emission data by itself.

Number	Scope	Category	Total carbon emission(t CO ₂ e)	Proportion (%)
1	One	Natural gas	52.64	1.733
2	One	Coal gas	0.05	0.002
3	One	Gasoline	9.08	0.299
4	One	Refrigerant	33.85	1.114
5	One	Fire Extinguisher	0.08	0.003
Scope One Total			95.70	3.151
6	Two	Purchased electricity	2941.68	96.849
Total			3037.38	100

Our greenhouse gas emissions were mainly from the purchase of electricity, fossil fuel combustion and refrigerant emissions. The greenhouse gases involved include carbon dioxide, methane, and nitrous oxide. Greenhouse gas emissions data were presented in carbon dioxide equivalents. The emission factor for electricity used in this calculation was taken from the 2012 China Southern Power Grid emission factor in the "2011 and

2012 China Regional Power Grid Average Carbon Dioxide Emission Factors" issued by the National Development and Reform Commission in 2014, calorific value of gasoline was derived from General Principles of Comprehensive Energy Consumption Calculation (GB/T 2589-2020), and the calorific value emission coefficient is derived from the default value of the 2006 IPCC Guidelines.

During the reporting period, our direct greenhouse gas emissions (scope 1) were 95.70 tons of carbon dioxide equivalent, the indirect greenhouse gas emissions from energy (scope 2) were 2,941.68 tons of carbon dioxide equivalent, and the per capita greenhouse gas emission intensity was 1.56 tons of carbon dioxide equivalent.



We shall start from reducing carbon emissions in the scope of operations and reducing carbon emissions in the value chain, to realize green transition, cultivate green awareness, develop green design, and enhance carbon management in the value chain to comprehensively promote the road to carbon neutrality. We have formulated short-term goals, medium-term and long-term carbon neutrality goals for energy conservation and carbon reduction, and strive to achieve:



Reduce greenhouse gas emissions by 3% in 2022 compared to 2021

3%



Achieve carbon neutrality in pilot base by 2030

Year **2030**



Achieve carbon neutrality in our own operation by 2050

Year **2050**

Our Path To Achieve Carbon Neutrality:

Operation

Green transition

Energy saving	Continuously improve energy efficiency and reduce energy consumption per unit of output value through technological transformation, equipment upgrades and energy-saving management.
Reduce consumption	Reduce resource consumption and improve energy efficiency by methods of electrification transformation and optimization of energy consumption in new buildings.
Renewable energy	Promote the transformation of the energy structure by installing distributed photovoltaic systems and purchasing electricity from renewable energy sources.
Green refrigerant	Use green refrigerants to replace traditional refrigerants to effectively reduce greenhouse gas emissions.
Green office	Use an electronic paperless office system to reduce resource consumption
Green commuting	Promote commuting through bicycle/electric vehicle to achieve the goal of low-carbon travel.
Logistics transformation	Change the logistics mode from air transportation to sea transportation, which improves transportation efficiency and reduces carbon emissions.

Value chain

Develop awareness

Afforestation	Advocate tree planting activities to raise awareness of carbon neutrality among employees and enterprises.
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Green design

Reduce product carbon footprint	In the process of design and development, material procurement, production and manufacturing, and the use of raw and auxiliary materials, comprehensively consider reducing the carbon footprint of products.
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Carbon neutrality in industrial chain

Supplier management	Recommend major raw and auxiliary material suppliers to provide GHG-related data in order to promote carbon neutrality goals.
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ENERGY MANAGEMENT

Energy management is an essential part of our road to carbon neutrality. Therefore, we have formulated management measures such as "Energy Resource Control Procedures" to control and manage energy consumption indicators and integrate energy-saving elements into daily operations. We have also formulated systems and tools such as "Equipment Fixtures and Measuring Tools Management Control Procedures", "Equipment Update Procedure Documents", "Equipment Operation Regulations", "Regular Maintenance Records Form", "Equipment Daily Checklists" and other systems and tools to ensure the normal use and operation of equipment and prevent the phenomenon of running and dripping occurs.

We regularly update equipment, carried out energy-saving renovation, and eliminated equipment with high energy consumption and low energy efficiency. During the reporting period, we carried out an energy-saving improvement project for air compressor equipment and improved the 150P air compressor with excess energy consumption to a 50P air compressor, which reduced the loss by more than 50% and helped save about 23,000 kWh of electricity per month.

In addition, we have formulated the "Vehicle Management System" to regularly inspect and maintain the use of fuel vehicles. The commuter vehicles uses in our industrial park were new energy vehicles, which greatly reduced energy consumption and greenhouse gas emissions.

WATER MANAGEMENT

We complied with the Water Law of the People's Republic of China and conducted statistics on water consumption. The water we used came from the local municipal water supply system, and there was no problem in obtaining suitable water sources.

The wastewater produced by our production and operation was mainly domestic sewage. The amount of cleaning wastewater produced in production was very small (the average daily production volume in the production process is ≤ 1 ton/day). The amount of wastewater discharged could not be counted due to it was discharged to the municipal sewage pipeline for comprehensive treatment.

We advocated employees to save water and raised their awareness of saving water by posting water-saving slogans in the restrooms. In addition, we have also conducted regular check of water supply device to eliminate the leakage of the faucet, therefore, reduce the water consumption from the source and reduce the production of domestic sewage.



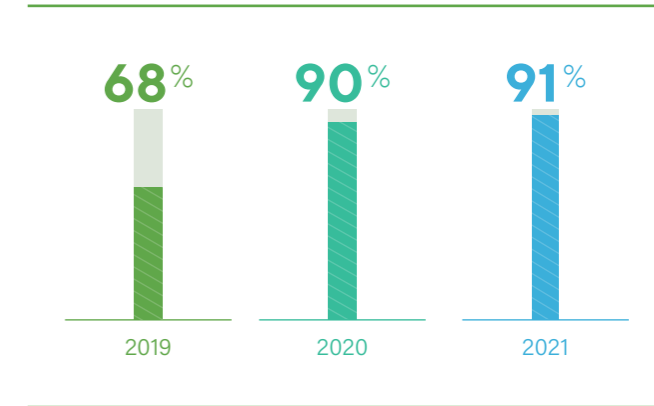
WASTE MANAGEMENT

We strictly abide by the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes” and “Measures for the Prevention and Control of Environmental Pollution by Discarded Hazardous Chemicals.” We have classified and managed the hazardous and non-hazardous wastes generated by our production operations and then took proper treatment measures.

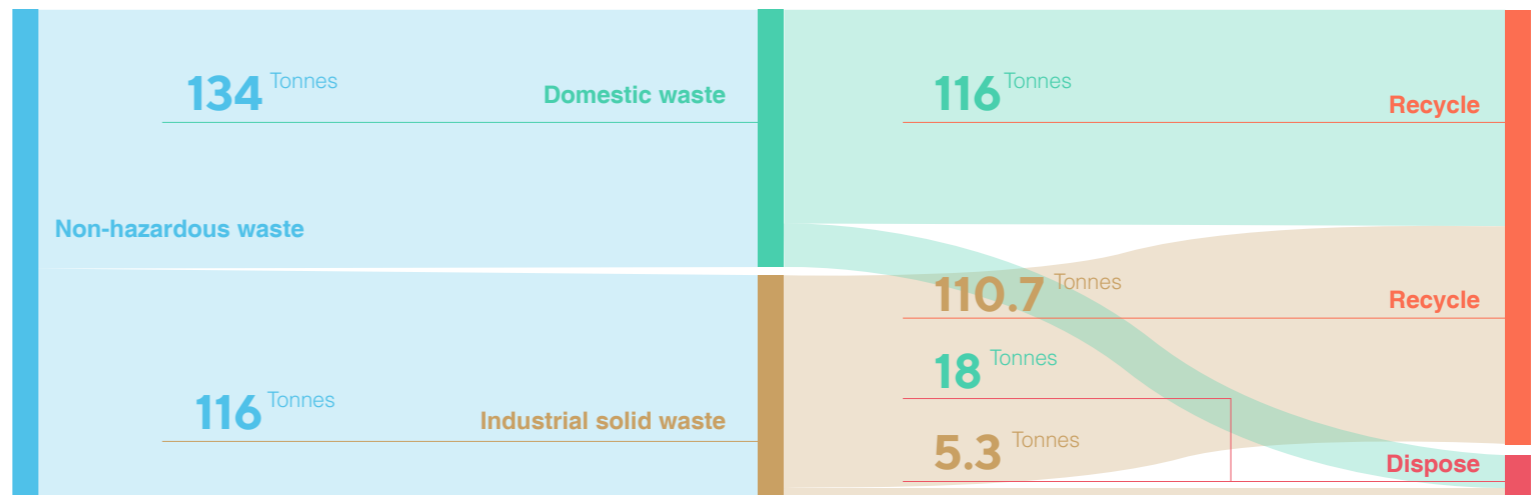
The hazardous and non-hazardous wastes that we generated in production and operation were mainly tin slag, waste containers, waste e-liquids, waste dust-free cloths, waste composite packaging, waste activated carbon and household waste, which domestic waste was regularly transported to the environmental sanitation department for disposal, general industrial solid waste was handed over to professional recycling companies for recycling or disposal. The hazardous waste was entrusted to qualified companies for recycling. The non-hazardous waste that has been disposed of has been incinerated according to the Waste Disposal Measures of Shenzhen, which achieved zero landfill.

We have followed the concept of "Reduction, Recycling, and Reuse" to minimize the adverse impact of waste on the environment. During the reporting period, we have produced a total of 250 tons of non-hazardous waste, of which 134 tons were domestic waste, 116 tons were general industrial solid waste. Meanwhile, 91% of the non-hazardous waste has been recycled. 100% of hazardous waste has been handed over to qualified units for recycling.

Non-hazardous waste recycling rate (%)



Waste generation and disposal of SMISS





Our waste reduction initiatives include:

Paperless office

During the reporting period, we successfully introduced a paperless and electronic MES manufacturing management system, which replaced the paper reporting system at the end of the work period. Besides, the data could be traced back and production information could be shared with customers in real time while saving office paper.



Training for actual operation

We regularly conducted training for employees in equipment operation, use and maintenance, to improve employees' awareness and ability to use equipment scientifically, safely and efficiently, and reduce waste rate and defective product rate.



Promote garbage classification

We focused on promoting garbage classification. Recyclable garbage, kitchen waste, other garbage and hazardous garbage were separately placed to improve the recycling rate. The recycling rate of non-hazardous waste has increased year by year, from 68% in 2019 to 91% in 2021.

achieved 100% treatment of exhaust gas and
100% met emission standards

100%

EXHAUST EMISSION MANAGEMENT

We strictly abide by the Law of the People's Republic of China on the Prevention, Control of Air Pollution and the Comprehensive Emission Standard of Air Pollutants, and other laws and regulations. The main exhaust gas that we generated was volatile organic compounds (VOCs), tin and its compounds. After effectively collected, exhaust gas was discharged after being treated by purification equipment and reached the emission standards. During the reporting period, we achieved 100% treatment of exhaust gas and 100% met emission standards.



Development of Employees



EMPLOYMENT



EMPLOYEE HEALTH



EMPLOYEE
DEVELOPMENT

PART 06

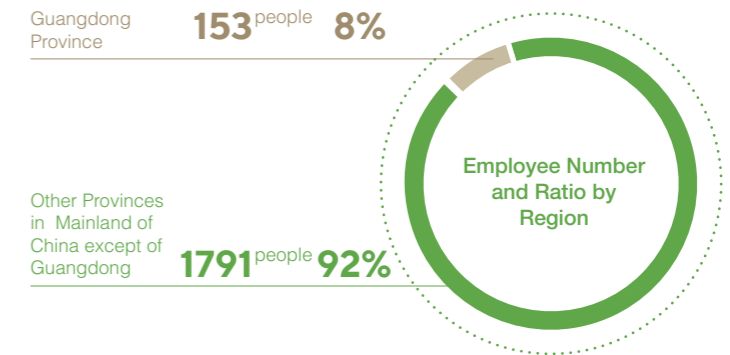
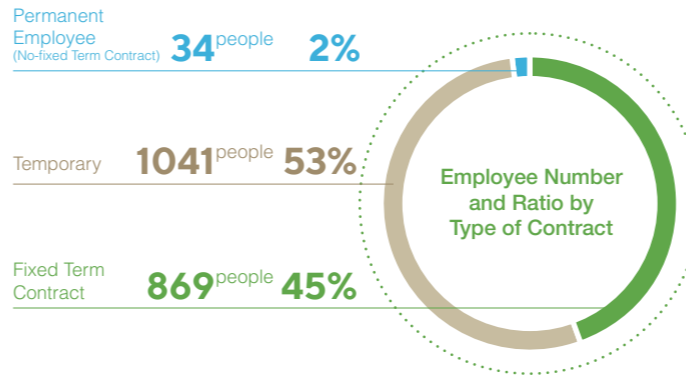
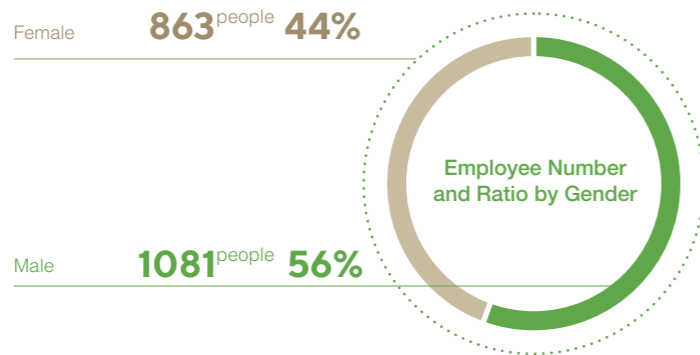
We know how talents are essential to our development, therefore we kept consummating and completing human resource management system. We aim to provide a well working environment and improve the personal value of employee and the Company.

EMPLOYMENT

| Compliance Employment

During operation, we strictly abide by the "Labor Law of the People's Republic of China", "Labor Contract Law of the People's Republic of China", "Law of the People's Republic of China on the Protection of Minors" and other laws and regulations. In addition, we established the management system of recruitment and management system of employment onboard. We strictly prohibited to hire child labour and forced labour. During the process of recruitment, employment, promoting employees, and training employees, we treated all employees equally. We prevented any discriminated behaviours which might involve in factors of gender, age, education background, religion, political positions and so on. In the reported year, we continue to support diversity in employment. Besides, we enter employment contracts on the basis of self-willingness of employees. The establishment of labour relations were all in accordance with the law, therefore, the basic rights of employees could be guaranteed.

By the end of the reporting period, the total number of our employees was 1944. We counted the number of employees in different categories, gender, age, region, staffing level, type of contract.



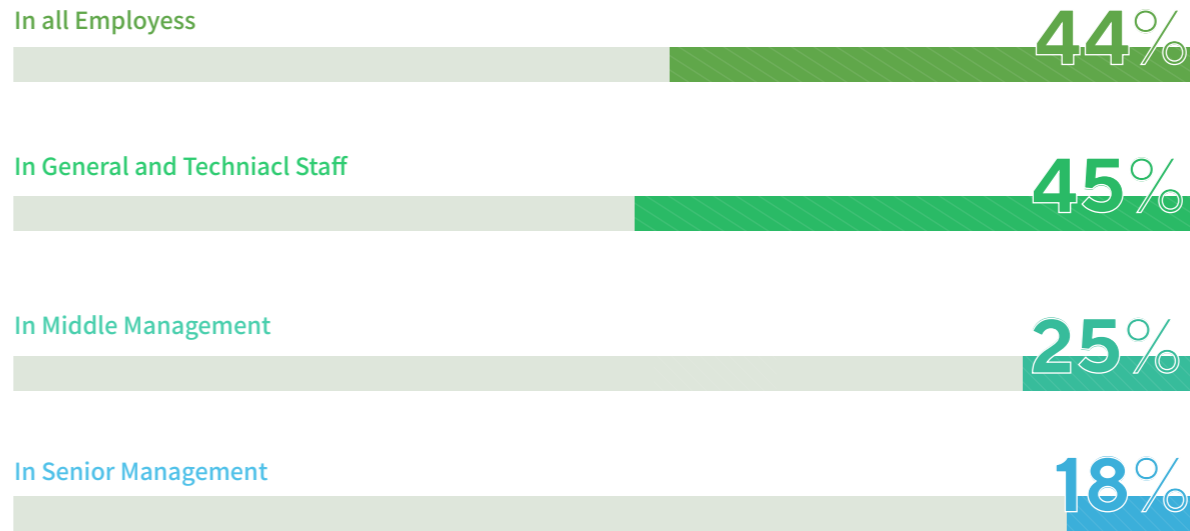
🔗 | Equality and Diversity

The diversity of talents is the motivation of sustainable development of us. We hope to establish a work environment with more diversity and equality to enhance employment and retention of talents with diversified background, therefore, to improve an inclusive and equal organizational culture. Employees could report any behaviors that involved in discrimination according to the suggestion box then to be disposed by human resource department after investigation. In the reporting period, there was no complaint about any discriminated behaviors.

We actively advocate equality in gender. We strongly support the individually development of female employments by encouraging them to participate in dialogue, discussing, and making decision in all aspects of the development of our organization. We were willing to create more possibilities of growing paths for female employments to help them realize self-value. During the reporting period, there are 44% of female in all employees. In middle management level, the proportion of female is 25%, while the proportion in senior management is 18%.

We adhere to pay equality, strive to avoid pay differences caused by gender. We have made statistics and traced the gender pay gap, the average salary ratio of male to female in middle management in 1.23: 1 in 2021, which was a decreasing compared with the ratio of 2019, which was 1.7: 1. The ratio in general and technical staff is 1.01:1 in 2021, which was 1.28:1 in 2019. We promised to make continue efforts on shrink the salary difference in genders.

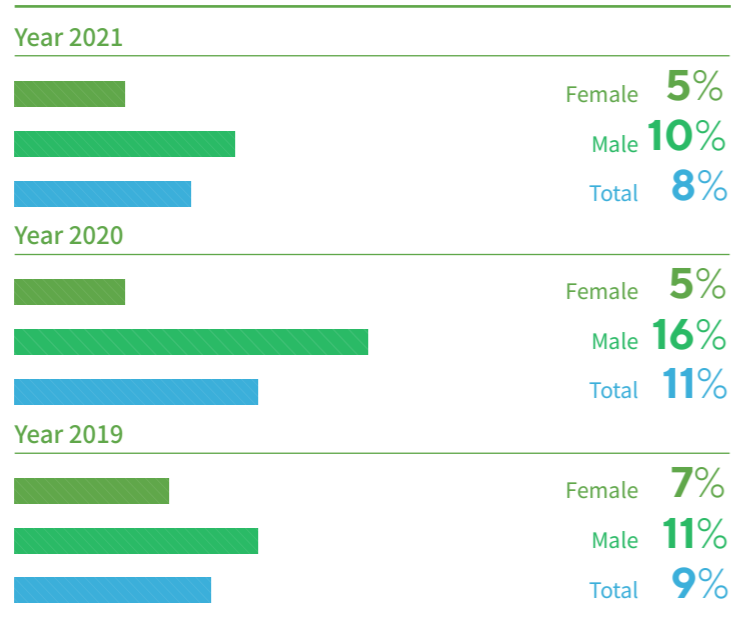
Proportion of Female in all Staffing Level



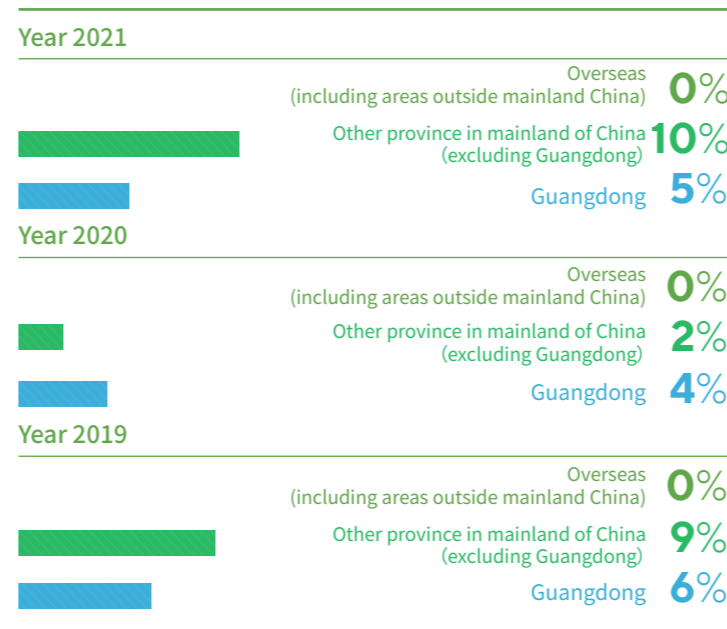
 | **Employee Retention**

We attach great importance to the attraction and retention of talents. We attracted and recruited new employees by education recruitment, social recruitment, and other channels. At the same time, we intensively developed the talent retention plan. During the reporting period, the overall employee turnover ratio was 8%. The employee turnover ratio by gender, region and age are as follows:

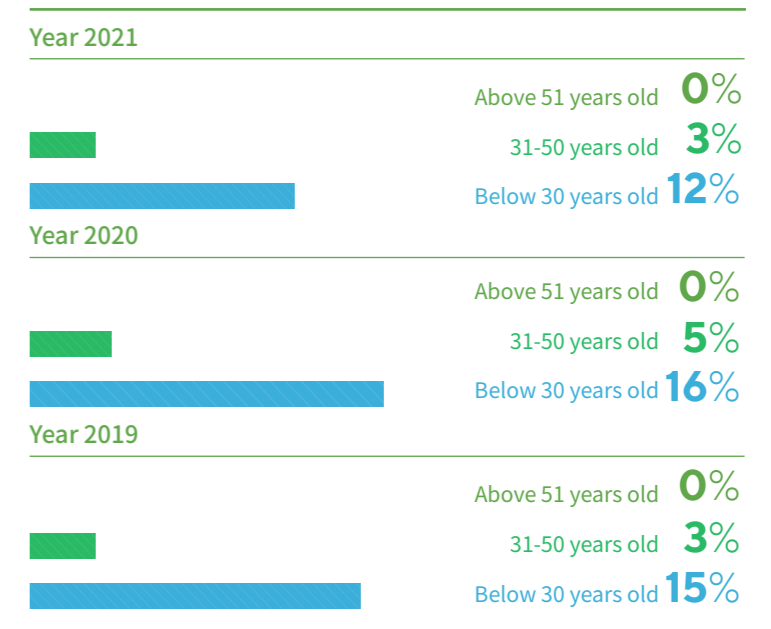
Employee turnover ratio by gender



Employee turnover ratio by region



Employee turnover ratio by age



 | **Incentive Compensation**

The organisational culture that we advocate is respecting labour, knowledge, talent, and creation. To praise the people that make great efforts to the Company and the society, we established Excellent Selection Management System. In addition, to spread our organization culture, we also founded an Annual Special Contribution Award for inspiring creation and enthusiasm for all our people.

 | **Democratic Communication**

In order to implement the people-oriented management philosophy, demonstrate humanized care for our employees, and understand need of employees in time, we established an effective communication mechanism by providing employee communication hotline, Email for feedback, suggestion box and so on. The entire staffs could make suggestions for Company's improvement from the aspect of management, process, welfare, environment, complaint etc. In addition, we abide by the statutory notice period to give notifications about operational changes to staffs.

EMPLOYEE DEVELOPMENT

We gave emphases on development and progress of employees that from different positions and different levels. Besides, we devoted to creating a nice atmosphere and environment for all staffs to make progress, combined by providing internal and external training, establishing a scientific and admirable training system. Meanwhile, various of promotion channels were provided for employees to expand their opportunities of promotion.

🗨️ | Providing Diversity Training

We have built a tutor mechanism to let experienced staffs tutoring new employees, therefore, to help them fit in the working environment, learn about rules and regulations of the organization, know well about work process, clear everyone's responsibilities, master skills. The tutor mechanism could make new employees enter their role of position sooner and obtain a sense of belonging. We also built an internal teaching team to provide employees with in-service training and technical training. Besides, to upgrade their academic qualifications and position, and reward those who improve their academic qualifications.



Award for best tutor

Moreover, external courses were introduced into the organization, such as course of improving leadership, execution, negotiation skills, business etiquette, and English ability for managers and administrative staffs. Besides, some staffs also have been sent to outside the organization to improve their skills. These were all for helping employees to make progress then to reserve talents for the Company. During these training, the team leader training camp, foreign trade training camp, English training camp, and other training camps were all well praised by staffs.



English Training Camp of SMISS



Foreign Trade Training Camp of SMISS

 | **Broaden Career Pathways**

In order to promote developments for employees from different positions, we provided 3 career pathways, which were "professional ability promotion channel", "technical ability promotion channel", "marketing promotion channel", as foundation for employees' career promotion to help whom clear their goals and have equal opportunities to have a promotion. From 2019 to 2021, the percentage of employees receiving regular performance and career development reviews was increased from 93% to 100%.

Career Pathways of SMISS

Employment Grade	Level	Position	Class
S1	Chairman	Chairman	1
S2	General Manager	General Manager	2
S3	Deputy General Manager	Deputy General Manager	3
		Director	4
S4	Manager	Senior Manager	5
		Manager	6
		Deputy Manager	7
S5	Supervisor	Senior Supervisor	8
		Supervisor	9
		Deputy Super	10
S6	Commissioner	Senior Commissioner	11
		Commissioner	12
		office clerk	13

Employment Grade	Level	Position	Class
T1	Deputy Manager	Deputy General Manager	1
T2	Director	Dean/technical director	2
T3	Technical Manager	Expert	3
		Manager	4
		Deputy Manager	5
T4	Engineer	Engineer/Project manager	7
		New media operation/Overseas promotion graphic design/flavorist	
		Assistant engineer	8
T5	Specialist	Technician/assistant	9
		office clerk	10

Employment Grade	Level	Position	Class
M1	Chairman	Deputy General Manager	1
M2	General Manager	Sales/Business Director	2
M3	Deputy Manager	Regional/Sales Manager	3
M4	Manager	Key Account Manager/Supervisor	4
M5	Specialist	Key Account Specialist/Salesman Sales assistant/CHIC foreign trade business Customer Documentary/CHIC Graphic Design	5

EMPLOYEE HEALTH

We have placed occupational health and safety at the top of our business operations. We also attached great importance to management of occupational health and safety and aimed to build a safe and healthy work environment. During the past year, we strictly complied with "Work Safety Law of the People's Republic of China" and other laws or regulations. In accordance with the requirements of ISO 45001, we have developed work safety plan and kept completing internal safety rules and guidelines. Through daily supervision, safety check, and other measures, we have ensured adequate protections in workplace for employees to make sure their safety in both mental and physical. We have also regularly conducted comprehensive risk assessments on existing workplaces in organization and subordinate bases. The assessment results illustrated that there were no occupational hazards. In addition, we have also created a safe work atmosphere and improved employees' safety and health awareness through activities such as safety knowledge publicity and training.

 | Occupational Health and Safety

SMISS carried out safety emergency drills for lithium battery warehouses

 | Case

In order to strengthen the safety management of lithium batteries, the relevant personnel's emergency response and organizational handling capabilities for fire emergencies, enhance the fire prevention awareness of all employees, and improve firefighting skills, the Company's administrative security department plans to organize employees to carry out lithium battery warehouse safety emergency drills, emergency fire drills, lectures on fire safety knowledge, operation explanations and exercises on the correct use of firefighting facilities and emergency materials, enhance employees' safety awareness, and improve employees' emergency self-rescue capabilities.



Evacuation of personnel



Practice on how to use fire-fighting equipment and facilities

During the reporting period, there were a total of 4 work-related injuries. There was no serious work-related injuries or fatalities that resulted in workers being unable, not or expected to be unable to fully recover to their previous health conditions within 6 months. We have eliminated and investigated work-related injury risks.

📍 | Caring for Employees in Need

We regarded employees as our most valuable asset. Whenever there are employees in difficulty, we would reach out a helping hand as soon as possible to help them. We established a "Love Fund" and improved its management system, according to in-depth investigation and approval process to provide a variety of assistance measures for employees in needs who meet the conditions. Therefore, to help reduce the pressure of employees, enhance the cohesion of the enterprise, and promote the harmonious development of the enterprise. During the reporting period, Love Fund has subsidized a total of 3 employees in needs, with a subsidy amount of RMB15,000.

🏀 | Enrich Employees' Life

We paid great attention to and continuously improved employees' sense of happiness, belonging and security in workplace. Except of holding birthday parties, we also regularly carried out variety of cultural and sports activities to provide employees with a platform to display their personal skills and talents and enrich their cultural life.

The First SMISS Basketball Game



| Case

In 2021, at the moment of the ninth anniversary of the establishment of SMISS, the first basketball game was held inside of the Company, established 6 teams between departments, and finally the Research & Development center team won the game. This game let employees show their youth and vitality and enhanced the cohesion and centripetal force of the employees.



The Voice of SMISS



| Case

To enrich the cultural life of employees and support their individual personalize development, The Voice of SMISS singing competition was organized. All employees were encouraged to actively participate to display their personal talents.





Corporate with Partners



 SUPPLY CHAIN MANAGEMENT

 CREATE A HARMONIOUS COMMUNITY

In order to build a high-quality and sustainable supply chain, we improved our management of responsible procurement internally, strengthened the publicity of the concept of supplier responsibility externally, strictly complied with the requirements of relevant laws and regulations. We actively aimed to create a fair, equal, green and transparent procurement culture, and we also committed to win-win of economic benefits and social responsibility.

PART 07

SUPPLY CHAIN MANAGEMENT

Under the background that our country proposed planning to realize 'dual carbon goals', at the same time, current pandemic situation would still bring some factors that caused unstable in supply chain. We continued to promote localized procurement to drive local economic development. According to localized procurement, the risk that might be caused by the pandemic and long-distance transportation could be reduced, the adverse impact on the environment during transportation could also be decreased. During the reporting period, there were 113 suppliers in total, of which 104 were located in Guangdong Province, accounting 92% of the total, while 9 were located in other provinces in mainland China excluding Guangdong Province.

| Entry of Supplier

We have formulated detailed "Supplier Management Control Procedures", which divided suppliers into three categories I, II and III according to the safety and functional impact of materials on finished products and the degree of procurement market, and also formulated evaluations for different categories of suppliers. Excluding foreign service providers, during the first on-site audit, suppliers were required to fill in the "Supplier Survey Form" and "Supplier Evaluation Form". Only the suppliers who had the evaluation score greater than 70 points could be included as qualified.

Environment	<ul style="list-style-type: none"> • Comply with national and local environmental laws and regulations • Sign the statement of environmental protection guarantee • Meet environmental protection requirements during production • Use environmentally friendly materials in advance
Quality	<ul style="list-style-type: none"> • Sign the "Quality Assurance Agreement" • Meet the requirements of the quality management system • Manage quality objectives
Business Ethics	<ul style="list-style-type: none"> • Sign the "Purchase Agreement" • Sign the "Confidentiality Agreement" • Fill in the "Supplier Intellectual Property Record Form" (applicable only to the intellectual property system) • No commercial bribery in any form or acts that violate fair competition

We encouraged suppliers to build and complete management systems for environment and quality and obtain third-party management system certification. By the end of the reporting period, 90% of the suppliers passed the certification of ISO 14001 environmental management system, ISO 45001 occupational health and safety management system, and ISO 9001 quality management system.

In addition, in order to practice the concept of equality and fairness in procurement, prevent commercial bribery or private fraud, and safeguard the common legitimate rights and interests of both SMISS and suppliers, the "Anti-Commercial Bribery Agreement" needs to be signed when suppliers are admitted. During the reporting period, the signing rate of the "Supplier Anti-Commercial Bribery Agreement" reached 95%.

| Supplier Assessment

To ensure the continuous high-quality, healthy development and virtuous circle of us and our partners, after the supplier was admitted, we combined the opinions of quality centre, purchasing department, and other departments to conduct monthly assessment of suppliers. During the assessment, suppliers' performance would be recorded in the "Monthly Supplier Evaluation Form" and the results will then be summarized in Annual Supplier Evaluation Form. According to the result, supplier would be ranked as A, B, C, D, E five grades. Suppliers who were under B grade would receive Supplier Corrective Action Request and required to rectify, and the purchase amount would also be reduced. Suppliers who were lower than C grade would be guided by our quality department and procurement department for rectification. Suppliers who still could not reach C grade within 3-month rectification then will be eliminated eventually.

| Management of Conflict Minerals

Conflict minerals, originated in the Democratic Republic of Congo and its neighbours, directly or indirectly finance ongoing military conflict in the region, including Tin, Tantalum, Tungsten, Gold and their derivatives. We highly understand and attach great importance to the human rights and environmental issues related to conflict minerals. Therefore, in the practise of our raw material procurement policy, we strictly complied with CFSI (Conflict-Free Sourcing Initiative), and "OECD Responsible Supply Chain of Minerals in Conflict-Affected Areas and High-Risk Areas Due Diligence Guidelines" raised by the Organization for Economic Cooperation and Development (OECD). We committed not to support or procure any conflict minerals that directly or indirectly fund, or support areas affected by armed conflict. Suppliers also required to fill out the "Conflict Minerals Reporting Template" questionnaire and sign the "Conflict Metals Free Declaration". In addition, we regularly conducted internal conflict minerals training to improve the awareness and ability of conflict minerals management.

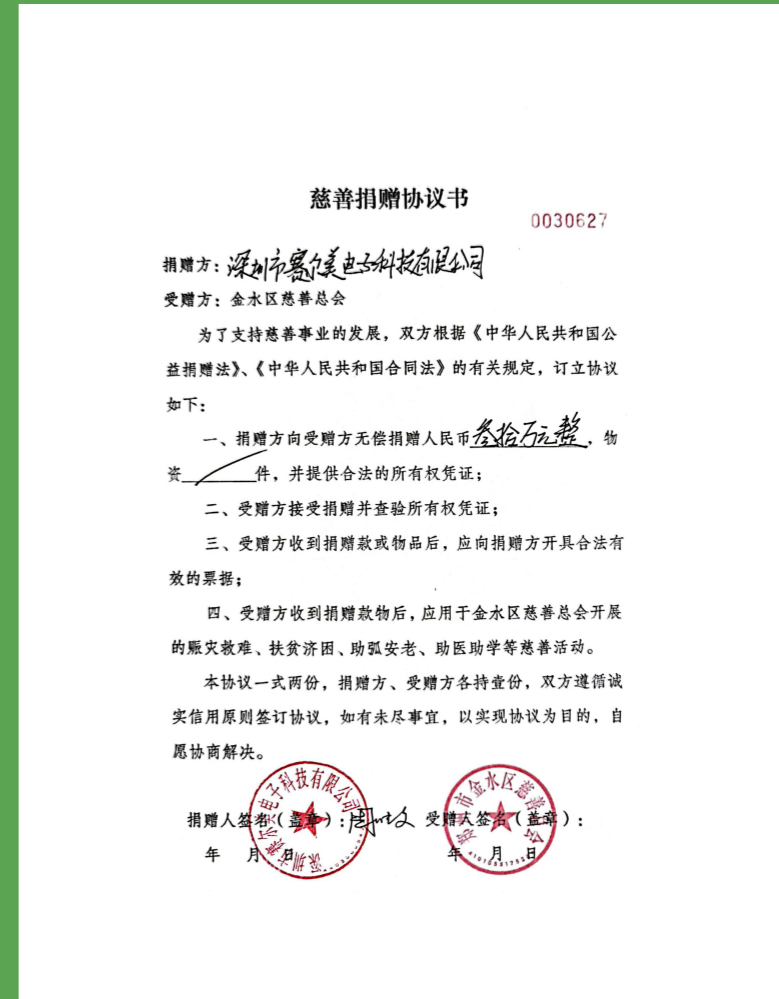


Internal training of conflict minerals

CREATE A HARMONIOUS COMMUNITY

In the process of our producing and operation, we always took the social responsibility, adhered to the cultural concept of dedication and gratitude, paid attention to what the society need, actively fulfilled social responsibilities, and devoted ourselves to social welfare undertakings. During the reporting period, some areas in Henan Province were suffered from the rare rainstorms, where the rainfall lasted for a long time and the accumulated rainfall was large, resulting in in emergency flood conditions in

many cities, serious water accumulation on roads, flooded roads in many places, traffic blocked, people suffered the disaster were lacked daily necessities, and basic facilities were damaged. After hearing about the news, we responded immediately and donated RMB300,000 to the Jinshui District Charity Federation of Zhengzhou City, Henan Province to help the people in the disaster-stricken areas rebuild their homes.



Donation for Zhengzhou floods certificate

APPENDIX TO THE REPORT

Content index of GRI Standard

Statement of use	SMISS Technology Company Limited has reported the situation from 1 January 2021 to 31 December 2021, in accordance with GRI standards.
Applicable GRI 1	GRI 1: Standard 2021
Applicable GRI Industry Standards	No applicable GRI industry standard

GRI Standard	Item	Index
GRI 2 General disclosure 2021	2-1 Organizational details	P3
	2-2 Entities included in the organization's sustainability reporting	P12
	2-3 Reporting period, frequency and contact point	P1
	2-4 Restatements of information	P1
	2-5 External assurance	This report has no external assurance
	2-6 Activities, value chain and other business relationships	P3
	2-7 Employees	P36-38
	2-8 Workers who are not employees	Not applicable, the Company does not involve non-employed workers
	2-9 Governance structure and composition	P12
	2-10 Nomination and selection of the highest governance body	P12

GRI Standard	Item	Index
GRI 2 General disclosure 2021	2-11 Chair of the highest governance body	P12
	2-12 Role of the highest governance body in overseeing the management of impacts	P12
	2-13 Delegation of responsibility for managing impacts	P12
	2-14 Role of the highest governance body in sustainability reporting	P12
	2-15 Conflicts of interest	P12
	2-16 Communication of critical concerns	P13
	2-17 Collective knowledge of the highest governance body	P12
	2-18 Evaluation of the performance of the highest governance body	
	2-19 Remuneration policies	P36
	2-20 Process to determine remuneration	

GRI Standard	Item	Index
GRI 2 General disclosure 2021	2-21 Annual total compensation ratio	
	2-22 Statement on sustainable development strategy	P2
	2-23 Policy commitments	P13
	2-24 Embedding policy commitments	P13
	2-25 Processes to remediate negative impacts	P12
	2-26 Mechanisms for seeking advice and raising concerns	P13
	2-27 Compliance with laws and regulations	P12
	2-28 Membership associations	P4
	2-29 Approach to stakeholder engagement	P8
	2-30 Collective bargaining agreements	There were no collective bargaining agreement covering employees

GRI Standard	Item	Index
	Material Topics	
GRI 3 Material Topics 2021	3-1 Guidance to determine material topics	P10
	3-2 Disclosures on material topics	P10
GRI 201 Economic Performance 2016	3-3 Management of Material Topics	P10
	GRI 201-2 Financial implications and other risks and opportunities due to climate change	P27/28
GRI 205 Anti-corruption 2016	3-3 Management of Material Topics	P10
	GRI 205-1 Operations assessed for risks related to corruption	P13/14
	GRI 205-2 Communication and training about anti-corruption policies and procedures	P13/14
	GRI 205-3 Confirmed incidents of corruption and action taken	P13/14

GRI Standard	Item	Index
GRI 206 Anti-competitive Behavior 2016	3-3 Management of Material Topics	P10
	GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P13/14
GRI 207 Tax 2019	3-3 Management of Material Topics	P10
	GRI 207-1 Approach to tax	P13
	GRI 207-2 Tax governance, control, and risk management	P13
	GRI 207-3 Stakeholder engagement and management of concerns related to tax	P13
	GRI 207-4 Country-by-country reporting	Not applicable
GRI 301 Materials 2016	3-3 Management of Material Topics	P10
	GRI 301-1 Materials used by weight or volume	P53
	GRI 301-2 Recycled input materials used	There was no use of recycled materials for products.
	GRI 301-3 Reclaimed products and their packaging materials	P33

GRI Standard	Item	Index
GRI 302 Energy 2016	3-3 Management of Material Topics	P10
	GRI 302-1 Energy consumption with the organization	P29
	GRI 302-2 Energy consumption outside of the organization	P29
	GRI 302-3 Energy intensity	P51
	GRI 302-4 Reduction of energy consumption	P32
	GRI 302-5 Reductions in energy requirements of products and services	Not applicable
GRI 303 Water and Effluents 2018	3-3 Management of Material Topics	P10
	GRI 303-1 Interactions with water as a shared resource	P32
	GRI 303-2 Management of water discharge-related impacts	P32
	GRI 303-3 Water withdrawal	Not applicable
	GRI 303-4 Water discharge	Not applicable
	GRI 303-5 Water consumption	Not applicable

GRI Standard	Item	Index
GRI 305 Emissions 2016	3-3 Management of Material Topics	P10
	GRI 305-1 Direct (Scope 1) GHG emissions	P29
	GRI 305-2 Energy indirect (Scope 2) GHG emissions	P29
	GRI 305-3 Other indirect (Scope 3) GHG emissions	No data yet
	GRI 305-4 GHG emissions intensity	P30
	GRI 305-5 Reduction of GHG emissions	Not applicable
	GRI 305-6 Emissions of ozone-depleting substances (ODS)	Not applicable. The import of ODS was not involved of the companyCompany.
GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P34	

GRI Standard	Item	Index
GRI 306 Waste 2020	3-3 Management of Material Topics	P10
	GRI 306-1 Waste generation and significant waste-related impacts	P33
	GRI 306-2 Management of significant waste-related impacts	P33
	GRI 306-3 Waste generated	P33
	GRI 306-4 Waste diverted from disposal	P33
GRI 306-5 Waste directed to disposal	P33	
GRI 308 Supplier Environmental Assessment 2016	3-3 Management of Material Topics	P10
	GRI 308-1 New suppliers that were screened using environmental criteria	P44
	GRI 308-2 Negative environmental impacts in the supply chain and actions taken	P44

GRI Standard	Item	Index
GRI 401 Employment 2016	3-3 Management of Material Topics	P10
	GRI 401-1 New employee hires and employee turnover	P38
	GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P36
	GRI 401-3 Parental leave	P55
GRI 402 Labor/ Management Relations 2016	3-3 Management of Material Topics	P10
	GRI 402-1 Minimum notice periods regarding operational changes	P38
GRI 403 Occupational Health and Safety 2018	3-3 Management of Material Topics	P10
	GRI 403-1 Occupational health and safety management system	P41
	GRI 403-2 hazard identification, risk assessment, and incident investigation	P41
	GRI 403-3 Occupational health services	P41
	GRI 403-4 Worker participation, consultation, and communication on occupational health and safety	P41

GRI Standard	Item	Index
GRI 403 Occupational Health and Safety 2018	GRI 403-5 Worker training on occupational health and safety	P41
	GRI 403-6 Promotion of worker health	P41
	GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P41
	GRI 403-8 Workers covered by an occupational health and safety management system	P41
	GRI 403-9 Work-related injuries	P41
	GRI 403-10 Work-related ill health	P41
GRI 404 Training and Education 2016	3-3 Management of Material Topics	P10
	GRI 404-1 Average hours of training per year per employee	P55
	GRI 404-2 Programs for upgrading employee skills and transition assistance programs	P40
	GRI 404-3 Percentage of employees receiving regular performance and career development reviews	P39

GRI Standard	Item	Index
GRI 405 Diversity and Equal Opportunity 2016	3-3 Management of Material Topics	P10
	GRI 405-1 Diversity of governance bodies and employees	P36
	GRI 405-2 Ratio of basic salary and remuneration of women to men	P37
GRI 406 Non- discrimination 2016	3-3 Management of Material Topics	P10
	GRI 406-1 Incidents of discrimination and corrective actions taken	P36/37
GRI 414 Supplier Social Assessment 2016	3-3 Management of Material Topics	P10
	GRI 414-1 New suppliers that were screened using social criteria	P44
	GRI 414-2 Negative social impacts in the supply chain and actions taken	P44
GRI 416 Customer Health and Safety 2016	3-3 Management of Material Topics	P10
	GRI 416-1 Assessment of the health and safety impacts of product and service categories	P23
	GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	P23

Table of Key Performance Index

GRI Standard	Item	Index
GRI 417 Marketing and Labelling 2016	3-3 Management of Material Topics	P10
	GRI 417-1 Requirements for product and service information and labelling	P21
	GRI 417-2 Incidents of non-compliance concerning product and service information and labeling	P21
	GRI 417-3 Incidents of non-compliance concerning marketing communications	P21
GRI 418 Customer Privacy 2016	3-3 Management of Material Topics	P10
	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P24

Category	Unit	2019	2020	2021
Environmental				
Energy Consumption				
Natural gas	m ³	9800	55200	24050
Coal gas	m ³	4500	8650	5970
Gasoline	liters	1800	5500	4000
Purchased electricity	kWh	556645	9968585	5234922
Comprehensive energy	kgce	86262.62	1310140.63	683587.12
Comprehensive energy consumption intensity (per capita)	kgce	52.73	704.38	351.64
Greenhouse Gas				
Scope 1 GHG emissions	tCO ₂ eqv	28.8	139.4	95.7
Scope 2 GHG emissions	tCO ₂ eqv	293.4	5254.4	2941.68
Total GHG emissions	tCO ₂ eqv	322.2	5393.8	3037.38

Category	Unit	2019	2020	2021
GHG emission intensity (per capita)	tCO ₂ eqv	0.20	2.90	1.56
Water Consumption				
Water consumption	tonnes	15964	155665	74441
Water consumption intensity (per capita)	tonnes	9.76	83.69	38.29
Exhaust gas				
Volatile organic compound (VOC)	kilograms	9	6	7
Tin and its compounds	kilograms	0.001	0.005	0.007
Waste				
Non-hazardous waste (generated)	tonnes	32	462	250
Domestic waste (recyclables)	tonnes	12	215	116
Domestic waste (other waste)	tonnes	6	21	15
Domestic waste (kitchen waste)	tonnes	2	11	3
General industrial solid waste	tonnes	12	215	116

Category	Unit	2019	2020	2021
Non-hazardous waste (recycled)	tonnes	21.6	414.6	226.7
General industrial solid waste	tonnes	9.6	199.6	110.7
Domestic waste (recyclables)	tonnes	12	215	116
Non-hazardous waste (disposed)	tonnes	10.4	47.4	23.3
General industrial solid waste	tonnes	2.4	15.4	5.3
Domestic waste (other waste)	tonnes	6	21	15
Domestic waste (kitchen waste)	tonnes	2	11	3
Hazardous waste	tonnes	12.21	216.36	117.07
Domestic waste (hazardous)	tonnes	0.2	1.3	1
HW08 Waste mineral oil and waste containing mineral oil (waste motor oil)	tonnes	12.01	215.03	116.04
HW49 Other waste	tonnes	0.01	0.03	0.04

Category	Unit	2019	2020	2021
Materials				
Packaging Materials - Paper	tonnes	650	1200	700
Packaging Material - Plastic	tonnes	280	350	300
Social				
Supplier				
Inside of Guangdong province	numbers	69	89	104
Other provinces in mainland of China (excluding Guangdong)	numbers	6	8	9
Overseas (including areas outside mainland China)	numbers	0	1	0
Total number of suppliers	numbers	75	98	113
Employment and diversity				
Number of employees	numbers	1636	1860	1944

Category	Unit	2019	2020	2021	
Employee by gender	Male	numbers	786	980	1081
	Female	numbers	850	880	863
Employee by type of contract	Permanent employee (non-fixed term contract)	numbers	24	29	34
	Fixed term contract	numbers	815	977	869
	Temporary	numbers	797	854	1041
Employee by region	Inside of Guangdong province	numbers	111	120	153
	Other provinces in mainland of China (excluding Guangdong)	numbers	1525	1740	1791
	Overseas (including areas outside mainland China)	numbers	0	0	0
Employee by class of position	Senior management	numbers	12	11	11
	Middle management	numbers	104	60	64
	General and technical staff	numbers	1520	1789	1869

Category	Unit	2019	2020	2021	
Employee by age	Below 30 years old	numbers	1157	1349	1368
	31-50 years old	numbers	466	493	552
	Above 51 years old	numbers	13	18	24
Proportion of female employees in senior management	%	25%	18%	18%	
Proportion of female employees in middle management	%	26%	22%	25%	
Proportion of female employees in General and technical staff	%	38%	40%	45%	
Proportion of female in all employees	%	52%	47%	44%	
Recruitment and retention					
Total number of new employees	numbers	1300	1550	2000	
Employee by gender	Female	numbers	800	700	1100
	Male	numbers	500	850	900
Employee turnover rate	%	9%	11%	8%	

Category	Unit	2019	2020	2021	
Employee turnover rate by gender	Female	%	11%	16%	10%
	Male	%	7%	5%	5%
Employee turnover rate by region	Inside of Guangdong province	%	6%	4%	5%
	Other provinces in mainland of China (excluding Guangdong)	%	9%	2%	10%
	Overseas (including areas outside mainland China)	%	0%	0%	0%
Employee turnover rate by age	Below 30 years old	%	15%	16%	12%
	31-50 years old	%	3%	5%	3%
	Above 51 years old	%	0%	0%	0%
Training and development					
Total training hour	hours	62	64	61	

Category	Unit	2019	2020	2021	
Employee by class of position	Senior management	hours	100	100	100
	Middle management	hours	80	80	80
	General and technical staff	hours	60	60	60
Percentage of employees receiving regular performance and career development reviews	%	93%	91%	100%	
Parental leave					
Total number of employees taking parental leave - female	numbers	4	3	5	
Total number of employees taking parental leave - male	numbers	4	6	10	
Return rate	%	100%	100%	100%	
Retention rate	%	100%	100%	100%	

Category	Unit	2019	2020	2021
Compensation ratio				
Gender pays – middle management	male:female	1.7:1	0.67:1	1.23:1
Gender pays – general and technical staff	male:female	1.28:1	0.91:1	1.01:1
Annual Total Compensation Ratio ¹	%	7500%	1300%	1650%
Change in the annual total compensation ratio ²	%	200%	2000%	2000%

1. The annual total compensation ratio = (Annual total compensation for the organization's highest paid-individual/ Median annual total compensation for all of the organization's employees excluding the highest-paid individual) * 100%

2. The change in the annual total compensation ratio = (Percentage increase in annual total compensation for the organization's highest-paid individual/ Median percentage increase in annual total compensation for all of the organization's employees excluding the highest-paid individual) * 100%hours on vacation*200,000/total working hours that all employees should be on duty for the whole year

Category	Unit	2019	2020	2021
Occupational health and safety				
Total working hour	hours	1316723.61	1573131.61	1792812.57
Number of work-related injuries	number of people	0	1	4
Number of work-related injuries	numbers	0	1	4
Rate of work-related injuries ³	-	0	0.13	0.45
Number of high-consequence work-related injuries	numbers	0	0	0
Rate of high-consequence work-related injuries	-	0	0	0

3. Calculated on the basis of 200,000 hours, the rate of work-related injuries = the lost working time of employees who were injured on duty during the reporting period * 200,000/the total working hours that all employees should be on duty for the whole year

4. Calculated on the basis of 200,000 hours, during the reporting period, employees who were injured on duty lost their working hours on vacation*200,000/total working hours that all employees should be on duty for the whole year

Category	Unit	2019	2020	2021
Working days lost due to work-related injuries	hours	0	944	1928
Number of lost day due to work-related injury ⁴	-	0	120.02	215.08
Number of fatalities as a result of work-related injury	numbers	0	0	0
Rate of fatalities as a result of work-related injury	%	0	0	0
Customer complaint				
Number of customer complaints accepted	numbers	6	4	3
Complaint handled	numbers	6	4	3

READER'S FEEDBACK

We anticipate your opinions and suggestions to continuously improve our ESG efforts, as well as our competence in ESG management.

We hope you could complete the questions in the feedback form below and sent it back to us via the following contacts.

SMISS Technology Company Limited
Address: Plant 1, No.1, Songgang Avenue, Baoan District, Shenzhen, China.
Email: olive.gao@smisscigarette.com

Your Information	
Name	Tel. No.
Company Name	Email
Opinions& Suggestions	

1. What do you think of our ESG report?

- Excellent Good Average

2. Do you think this report has presented the significant impact of our ESG issues?

- Yes More or less Don't know

3. How do you rate the clarity, accuracy and completeness of the information, data and indicators disclosed in this Report?

- Very high High Average Low Very low

4. Which aspect of this Report are you most satisfied with?

5. What kind of information do you want to learn more about?

6. Do you have any suggestions for the ESG reports to be released in the future?



SMISS Technology Company Limited Every fogging, every attention.

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