



Sunny Optical Technology (Group) Company Limited 舜宇光學科技 (集團) 有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2382.HK)



2024 Environmental, Social and Governance Report

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About the Report

This report is the 2024 Environmental, Social and Governance ("ESG") Report issued by Sunny Optical Technology (Group) Company Limited (the "Company" or "Sunny Optical Technology"), which mainly summarizes the ESG work methods, commitments and strategies of the Company and its subsidiaries (the "Group").

Reporting Period

Unless otherwise stated, the report covers the period from 1 January 2024 to 31 December 2024 (the "Reporting Period").

Reporting Frequency

This report is an annual report.

Definitions

For ease of presentation and reading, in this report, all of the "Group", "we" or "us" refer to Sunny Optical Technology (Group) Company Limited and all its subsidiaries, and the "Company", "Sunny Optical Technology" refers to Sunny Optical Technology (Group) Company Limited.

Reporting Boundary

The scope of this report covers the Company and its main subsidiaries located in Yuyao City, Zhejiang Province, the People's Republic of China (the "PRC" or "China"), namely Zhejiang Sunny Optics Co., Ltd. ("Sunny Zhejiang Optics"), Ningbo Sunny Opotech Co., Ltd. ("Sunny Opotech"), Ningbo Sunny Automotive Optech Co., Ltd. ("Sunny Automotive Optech"), Yuyao Sunny Optical Intelligence (Yuyao) Technology Co., Ltd. ("Sunny Optical Intelligence (Yuyao)") and Zhejiang Sunny SmartLead Technologies Co., Ltd. ("Sunny SmartLead") (Note 1,2). During the Reporting Period, the main operating revenue of the five subsidiaries covered in this report accounted for more than 90.0% of the revenue of the Group.

Compared to the Company's 2023 ESG Report, there are some adjustments to the coverage of key performance indicators ("KPIs") in the environmental and social topics within this report (Note 3), with no significant changes in other topics.

NOTE

- 1.The content of sustainable governance, collaborating with employees for common creation, community welfare and related KPIs covered the Group.
- 2.The content of Green Operation, Product Liability, Sustainable Supply Chain Management and related KPIs covered the Company and five subsidiaries including Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech, Sunny Optical Intelligence (Yuyao) and Sunny SmartLead.
- 3.To demonstrate the implementation of environmental and social sustainability management measures across more subsidiary companies, the scope of environmental and social KPIs covered in this report has been expanded compared to 2023, with data of Sunny SmartLead incorporated.

Reporting Principles

This report has been prepared in accordance with *the Environmental, Social and Governance Reporting Guide in Appendix C2* (《環境、社會及管治報告指引》附錄 C2) to the Rules Governing the Listing of Securities published by the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and *Global Reporting Initiative Standards* (《可持續發展報告指南》) ("GRI standards") issued by the Global Sustainability Standards Board ("GSSB"), and complies with its reporting principles:

"Materiality"

During the preparation of this report, important stakeholders have been identified, and important ESG issues have been determined through materiality assessment.

"Quantitative"

This report employs quantitative data to present the environmental and social KPIs, with explanatory notes to clarify their objectives and impacts.

"Balance"

This report adheres to the principle of balance to objectively present the current state of the Group's ESG management.

"Consistency"

Unless otherwise stated, this report employs consistent data statistics methods compared with those in the 2023 ESG Report, and no significant changes have been made.

Data Explanation

Unless otherwise stated, the data used in this report mainly include the internal statistical data and relevant public data of the Company and its five subsidiaries. The currency in this report is denominated in Renminbi ("RMB"). The Group reasonably ensures that there are no deceptive records, misleading statements or major omissions in the content of this report. In this report, limited assurance has been conducted for selected greenhouse gas emission intensity data during the Reporting Period.

Publication Method

This report is published in an electronic format on the websites of the Company (<http://www.sunnyoptical.com>) and HKEXnews of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>). This report is in Chinese and English. If there is any inconsistency, please refer to the Chinese version.

Contact Method

If you have any queries or suggestions in relation to this report or the ESG management of the Group, please contact us through e-mail (bgs@sunnyoptical.com).

Chairman's Statement

W

Over the past year, the global political and economic environment has been complex and ever-changing. Sustainable development is no longer just a concept but has become the core competitiveness for corporate survival and development. The Group has always been driven by innovation, continuously deepening its efforts in the optical field. Our products are widely used in smartphones, automobiles, security and multiple other fields. We do not only create value for customers, but also actively apply the ESG principles, striving to achieve a harmonious balance between economic benefits and environmental-social benefits.

W

Green Operation Reducing Carbon and Increasing Efficiency

We actively respond to climate change, integrating green development throughout the entire process of corporate operations. In 2024, we built an Internet of Things (IoT) digital intelligence platform to achieve integrated energy and carbon management. We also established an online greenhouse gas (Scope 1, Scope 2) accounting platform to assist the Group in achieving dual-carbon goals. Currently, solar photovoltaic power generation has covered multiple production bases of ours, while increasing the use of renewable energy, with the proportion of clean energy usage reaching approximately 26% of total energy consumption. Through the above technological innovations and equipment upgrade measures, greenhouse gas emission intensity decreased by approximately 30% year-on-year. In November 2024, our subsidiary company Sunny Automotive Optech committed to joining the Science Based Targets initiative (SBTi) . Additionally, we actively promote the reduction, resource utilization, and harmless treatment of waste. These efforts not only save costs for the enterprise but also contribute strength to addressing global climate change.

Perfecting Systems to Benefit Society

We continue to deeply cultivate clean technology and green low-carbon product research and development, promote low-carbon product design and improve product energy and resource efficiency. Additionally, employees are the Company's most precious asset. We are committed to providing employees with fair development opportunities, good working environments and comprehensive welfare guarantees. In 2024, we further improved the talent cultivation system, investing approximately RMB 6 million in employee training and career development planning, with per capita training hours exceeded 40 helping employees continuously enhance professional skills and comprehensive qualities. We highly prioritize employee health and safety, establishing a complete occupational health and safety management system. Furthermore, we actively fulfill social responsibilities, conducting multiple public welfare activities including educational poverty alleviation and environmental protection initiatives, benefiting thousands of members of the public.

Optimizing Governance to Enhance Reputation

Corporate governance is the cornerstone of an enterprise's stable development. We consistently adhere to standardized operations and transparent management, continuously improving corporate governance structures and internal control systems. The proportion of female directors of the Group is approximately 14.3%, and we will appropriately increase the number of female directors in the future to further ensure board diversity. We have also strengthened risk management by establishing a comprehensive risk early warning mechanism to ensure the company progresses steadily in complex and ever-changing market environments. We actively advance digital transformation to enhance management efficiency and the scientific rigor of decision-making. Simultaneously, we highly emphasize communication and cooperation with stakeholders, actively respond to concerns from all parties and continuously elevate the enterprise's social image and credibility.

Through years of unremitting efforts, the Group has received sustained recognition from all sectors of society for our ESG-related work. In 2024,the Group consecutively achieved an AA rating in the MSCI ESG rating by international authoritative rating agency Morgan Stanley Capital International Inc. ("MSCI") for two years, was listed on the 2024 Fortune China ESG Impact List, and won the "Green Sustainable Development Contribution Award" at the 2024 International Green Zero-Carbon Festival. These achievements are attributed to the efforts of all employees collectively practicing the Company's sustainable development strategy.

Looking ahead, we will continue to uphold ESG principles and constantly enhance the enterprise's sustainable development capabilities. We will increase investments in green technology research and development, social responsibility fulfillment, and corporate governance optimization, striving to achieve higher-quality and more sustainable development. We believe that only through harmonious coexistence with the environment and mutual progress with society can enterprises realize long-term development.

Chairman and Executive Director

Ye Liaoning



About the Group

Group Profile

- Established: In 1984
- Stock Code: 2382.HK
- Number of employees: 33,884 (as of December 31, 2024)
- Headquarter Location: No. 66-68, Fengle Road, Yuyao, Zhejiang Province, China
- Scope of Business: Global leading integrated optical components and products manufacturer
- Website: <https://www.sunnyoptical.com>

As of the end of the Reporting Period, the Company has achieved an MSCI ESG Rating of AA and a Hang Seng Index ESG Rating of A+. It has been included in multiple ESG-focused indices, including the Hang Seng ESG Index, the Hang Seng ESG Enhanced Index, the Hang Seng Low Carbon Index, the Hang Seng ESG 50 Index, the Hang Seng China Enterprises ESG Index, the Hang Seng Climate Change 1.5° C Target Index, and the FTSE4Good Index series.


The Group is principally engaged in the design, research and development (the "R&D"), manufacture and sales of optical and optical-related products. The development and manufacture of such products should integrate optics, electronics, algorithm and mechanical technologies and the application fields of such products cover vehicles, extended reality ("XR"), pan internet of things ("pan-IoT"), smartphones and optical instruments. The Group's operating segments include: (1) optical components (such as vehicle lens sets, optical parts of vehicle light detection and ranging ("LiDAR"), XR optical elements, handset lens sets, spherical and aspherical glass lenses and other optical components) (the "Optical Components"); (2) optoelectronic products (such as vehicle modules, XR visual modules, smart glass camera modules, robotic vision subsystems, handset camera modules and other optoelectronic products) (the "Optoelectronic Products"); and (3) optical instruments (such as intelligent equipment and microscopes) (the "Optical Instruments").




坚定不移实施名配角战略 共同创造 打造驰誉全球的光电企业

Global Deployment

The Group's production bases in China are located in Yuyao of Zhejiang Province, Zhongshan of Guangdong Province, Shanghai and Xinyang of Henan Province, respectively. In order to promote its global layout and satisfy the demand in overseas markets, the Group has established production bases in India and Vietnam. Meanwhile, in order to have timely insight into the industry opportunities and cater to the customers for rapid R&D, the Group has set up R&D centers in China and South Korea to provide more international technical support and reserves.

 Production base

 R&D centers



6 Production base

Zhejiang, Guangdong, Henan, Shanghai,
Vietnam, India

6 R&D centers

Zhejiang, Henan, Guangdong, Shanghai,
Shaanxi, South Korea

Products

Brief introduction of five subsidiaries covered in this report are as follows:

Sunny Zhejiang Optics

Primarily engaged in the design, manufacture and sales of handset lens sets, sensing lenses, display optics, refractive and diffractive optics and other optical components.

Sunny Automotive Optech

Primarily engaged in the design, manufacture and sales of optical components and assemblies applied in the vehicle industry. Such products include optical components, such as vehicle lens, LiDARs, head-up displays ("HUD") , and smart headlamps.

Sunny SmartLead

Primarily engaged in the design, manufacturing and sales of automotive camera modules.

Sunny Opotech

Primarily engaged in the design, manufacture and sales of optoelectronic products including handset camera modules, three-dimensional ("3D") optoelectronic products, etc.

Sunny Optical Intelligence (Yuyao)

Primarily engaged in the design, manufacture and sales of vision sensing products applied in the areas such as augmented reality ("AR") /virtual reality ("VR") /mixed reality ("MR") , smart home (smart door locks/smart home appliances/ home services robots) , smart commercial (personal verification terminals/commercial service robots/smart logistics terminals) .

Brand Image

The Group attaches great importance to the construction of brand management and improves our brand recognition through unified visual images.

We conduct semi-annual and annual self-inspections on various Visual Identity ("VI") projects, implementing prompt corrective actions for any non-compliant items. Additionally, we enhance employee awareness of brand management through training programs on logo ("Logo") design principles and usage guidelines. During the Reporting Period, the Group's mascot was named Shun Bao, which means the baby of the Group, who continues to grow, progress, grow taller and stronger, and move towards the universe, implying that the Group will become stronger, bigger and go further.

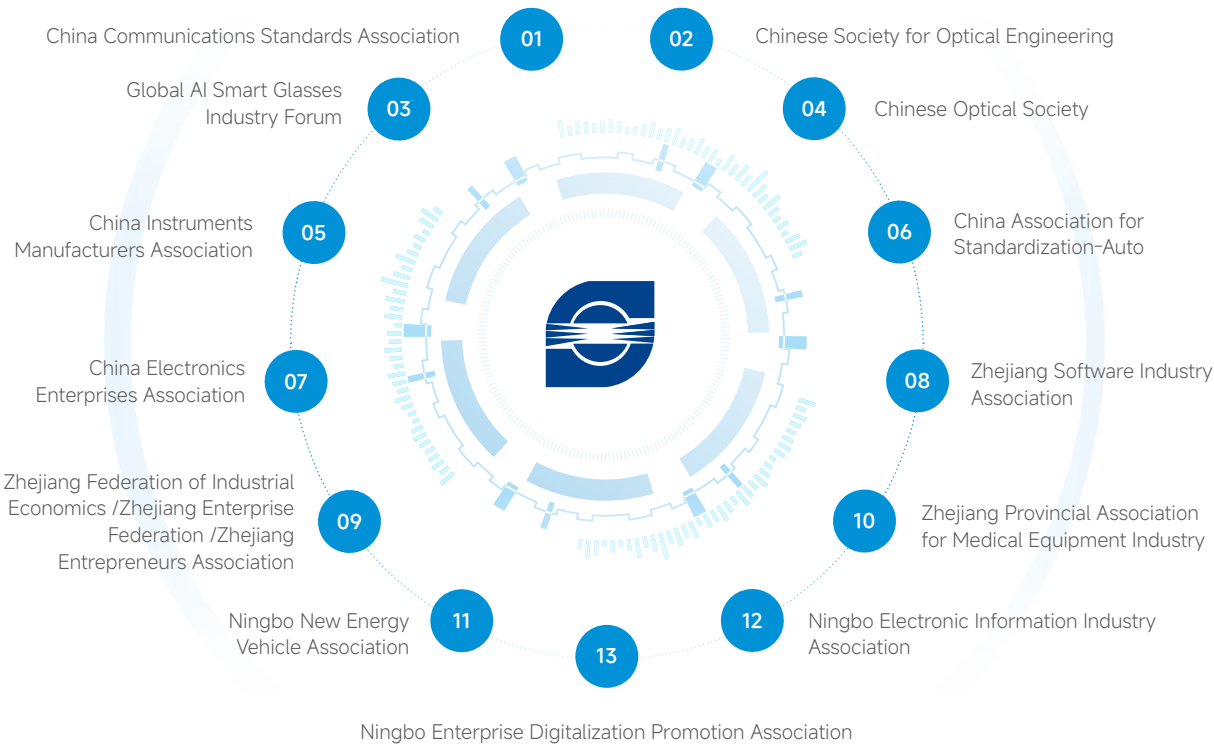
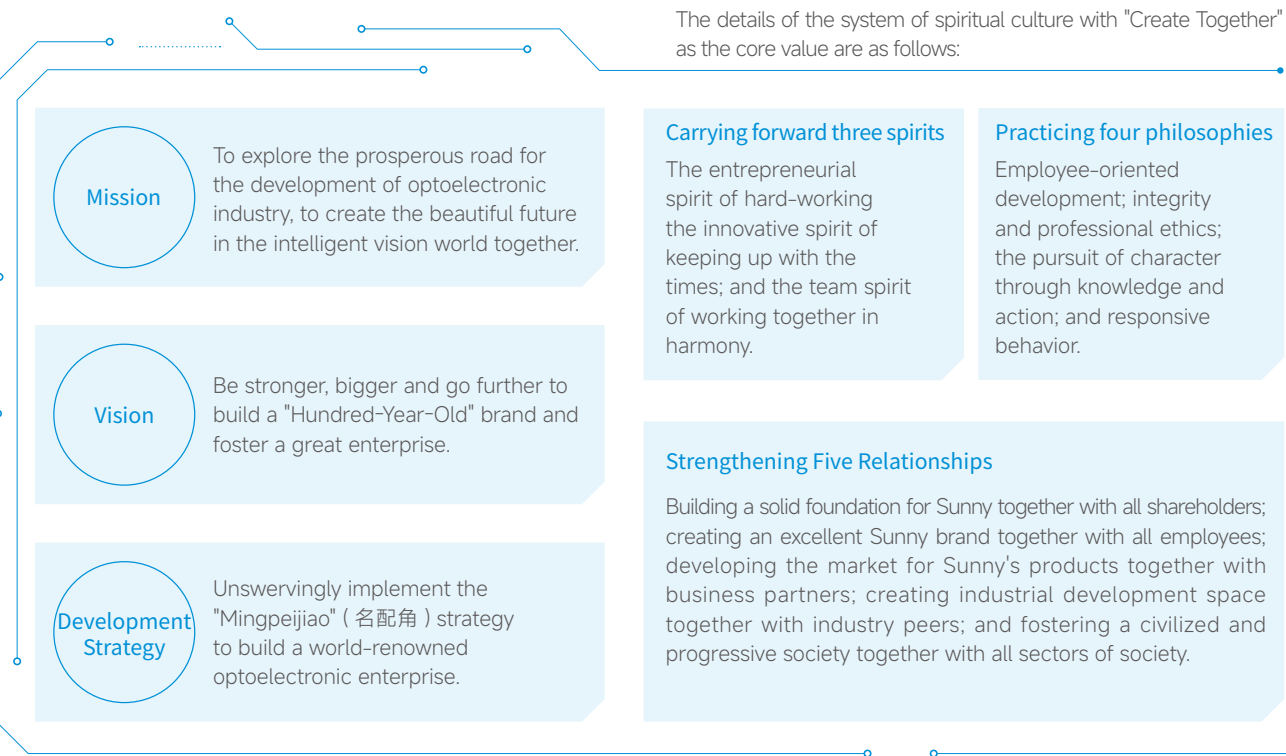


Industry Associations

To better fulfill our social responsibilities and collaborate with industry peers in creating growth opportunities for the sector, the Group actively maintains close ties with industry associations and various sectors of society.

As of December 31, 2024, the industry associations the Group has joined are as follows:

Corporate Culture



Awards and Recognition

Corporate Comprehensive Strength

Awards and Recognitions	Awarded by	Awarded to
Fortune 500 Ranking No. 441	Fortune China	Sunny Optical Technol- ogy
Best Collaborative Partner	Xiaomi Technology Co., Ltd.	Sunny Optical Technol- ogy
2023 Wah Fu Excellence in Investor Relations Award Investor Relations Award (Category: Hang Seng Index Com- ponent)	China Tonghai Investor Relations Co., Ltd.	Sunny Optical Technol- ogy
2023 Most Trusted Partner Award	Shenzhen Transsion Holdings Co., Ltd.	Sunny Zhejiang Optics
2023 Best Innovation Award	Vivo Mobile Communication Co., Ltd. (VIVO)	Sunny Zhejiang Optics
2024 Outstanding Quality Award	OPPO Guangdong Mobile Communica- tions Co., Ltd.	Sunny Zhejiang Optics
Sixth Batch of National-level Specialized, Sophisticated, Innovative and Emerging (SSIE) Little Giant Enterprises	Ministry of Industry and Information Technology (MIIT)	Sunny SmartLead
2023-2024 Zhejiang Provincial Enterprise Patent Navigation Project	Zhejiang Provincial Market Supervision and Administration Bureau	Sunny Opotech
"Fifth Industry Development Outstanding Contribution Award"	Ningbo Electronics Industry Association	Sunny Opotech
XPeng Motors "2024 Technology Contribution Award"	Guangzhou XPeng Motors Technology Co., Ltd.	Sunny SmartLead
Quality Excellence Partner	Shanghai NIO Automotive Co., Ltd.	Sunny SmartLead
Technology Contribution Award	Shenzhen Kaadas Intelligent Technolo- gy Co., Ltd.	Sunny Optical Intelli- gence (Yuyao)
Excellence in Quality Award	Ecovacs Robotics Co., Ltd.	Sunny Optical Intelli- gence (Yuyao)
Ningbo Municipal Government Quality Award	Ningbo Municipal Government	Sunny Automotive Optech
2023 Zhejiang Top 100 Most Innovative Enterprises List	Zhejiang Intellectual Property Associa- tion	Sunny Automotive Optech
2024 Excellent Delivery Supplier	ZF (Shanghai) Anting Plant	Sunny Automotive Optech

Corporate Social Responsibility

Awards and Recognitions	Awarded by	Awarded to
2024 Fortune China ESG Influence List	Fortune China	Sunny Optical Technolo- gy
2023 Zhejiang Top 100 Private Enterprises in Social Respon- sibility List	Zhejiang Provincial Federation of Industry and Commerce	Sunny Optical Technolo- gy
Green Sustainable Development Contribution Award	2024 International Green Zero-Car- bon Festival	Sunny Optical Technolo- gy
Zhejiang Province "Zero-Waste Group"	Leading Group for Beautiful Zhejiang Construction of Zhejiang Province	Sunny Optical Technolo- gy
2023 Ningbo Caring Blood Donation Units	Ningbo Municipal Health Commis- sion	Sunny Optical Technolo- gy
Ningbo "Quiet Factory"	Ningbo Municipal Bureau of Ecolo- gy and Environment	Sunny Opotech
2023 Ningbo Outstanding Enterprises in Safe Development	Ningbo Municipal Emergency Man- agement Bureau	Sunny Zhejiang Optics

Labor Management

Awards and Recognitions	Awarded by	Awarded to
2024 Most Loved Employer by College Students	NFuture	Sunny Optical Technolo- gy
Craftsmen's Academy	Yuyao Federation of Trade Unions	Sunny Optical Technolo- gy
2024 Most Loved Employer by College Students	Liepin	Sunny Optical Technolo- gy

Corporate Governance

Governance Framework

The Group recognizes that corporate governance helps to enhance corporate value and strengthen the core competitiveness of enterprises. We attach great importance to the construction of corporate governance and continue to improve our governance structure and mechanism in our governance practices. The board (the "Board") of directors (the "Directors", each a "Director") is accountable to all stakeholders and drives and leads the business development and operation of the Group in a responsible and effective manner by developing strategies and governance policies that align with the corporate culture.

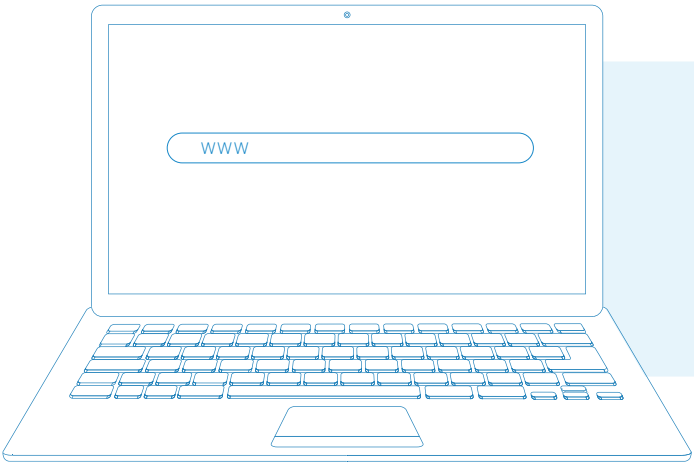
As of the release date of this report, the Board comprises seven directors, among whom the Chief Executive Officer (CEO) is responsible for information security management and climate change management. In accordance with the articles of association of the Company, one-third of the current Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire by rotation at each annual general meeting ("AGM") of the Company, provided that every Director shall be subject to retirement through rotation at an AGM at least once every three years.

The Board has established four specific committees, namely Audit Committee, Remuneration Committee, Nomination Committee and Strategy and Development Committee. Each

committee has adequate resources to carry out its functions and may seek independent professional advice where appropriate. The terms of reference for each committee have been published on the website of the HKEXnews of the Hong Kong Stock Exchange and the website of the Company for stakeholders to review. The external auditor, Deloitte Touche Tohmatsu, acts as the provider of independent auditing services of the Company since 2006. The Audit Committee of the Board ("Audit Committee") and the Board assess the independence of the external auditor annually.

The remuneration of the Directors is recommended by the Remuneration Committee and determined by the Board, having regards to the Group's operating results, individual performance and/or comparable market statistics. Please refer to the Sunny Optical Technology (Group) Company Limited Annual Report 2024 ("2024 Annual Report") for more details.

To fully motivate the operators, the remuneration consists of fixed and variable components, with the variable component tied to individual performance. To enhance corporate governance and ensure the reliability of the Company's financial results, a clawback provision was set up that entitles the Company to cancel or reclaim the variable compensation already granted to the General Manager, within the scope permitted by applicable laws.



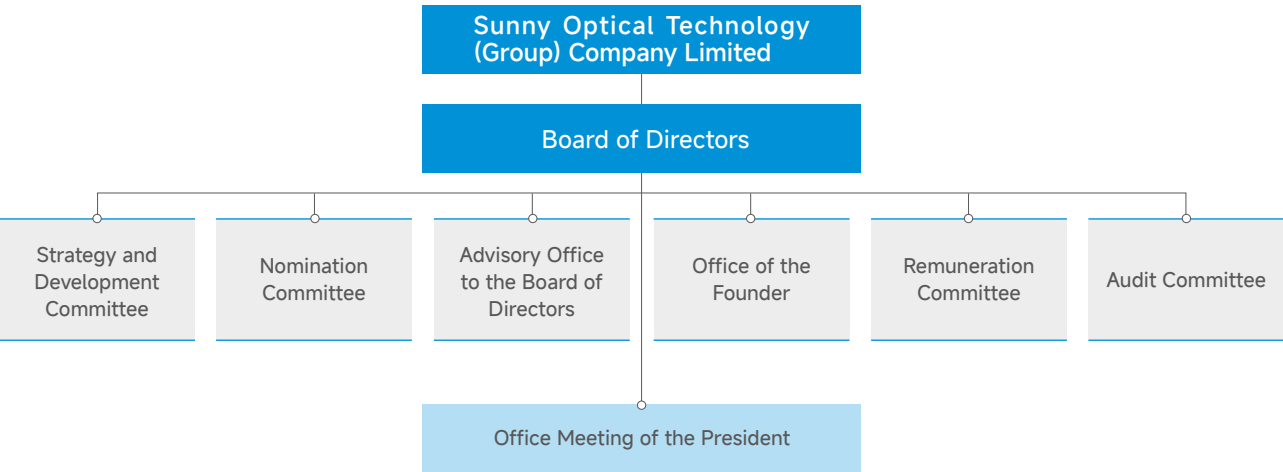
HKEX Disclosure Platform Website
<http://www.hkexnews.hk>



Company Website
<http://www.sunnyoptical.com>

01 Sustainability Governance

Board of Directors



Board Independence

The Company's Board comprises seven members, including two executive Directors, two non-executive Directors, and three independent non-executive Directors. Independent non-executive directors account for 43.0% of the Board, effectively ensuring the rationality and fairness of the Board's decisions. Each independent non-executive director of the Company has submitted a written confirmation, affirming his or her compliance with the relevant provisions of the guidelines

for assessing director independence under Rule 3.13 of the Listing Rules. All the independent non-executive Directors unanimously adhere to the relevant guidelines set out in the rules and maintain their independent status. To strengthen the professionalism and independence of the operation of the Board, all members of the Audit Committee and the Remuneration Committee are independent and non-executive.

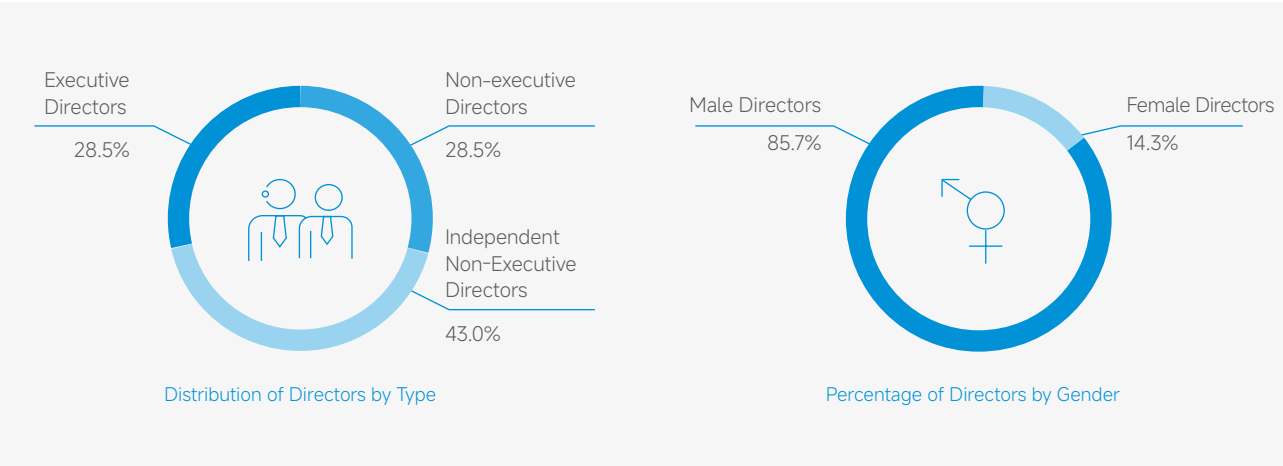
Board Diversity

We believe that board diversity can enhance corporate governance standard and decision-making capabilities, and it is a key factor in achieving the Group's strategic goals and sustainable development. Therefore, the Company has issued the *Board Diversity Policy* (《董事會成員多元化政策》), which fully considers diversity when identifying suitable candidates for board membership, including but not limited to factors such as skills, knowledge, gender, age, cultural and educational background, or professional experience, to meet the needs of various business segments and ensure a diverse and effective

governance structure. In 2024, the Group has one female independent non-executive Director. We hope that a diverse Board composition can provide different perspectives, insights and questions, enabling the Board to more effectively fulfill its duties and responsibilities and formulate sound strategies for our Group's core businesses. We have also clearly defined the roles and authorities of Chairman of the Board ("Chairman") and Chief Executive Officer ("CEO") of the Company in relevant documents, to strengthen the normativity and effectiveness of the Group's corporate governance.

The composition of the Board of Directors is summarized as below:

Name		Ye Liaoning	Wang Wenjie	Wang Wenjian	Wang Tan Jiong (Note 1)	Feng Hua Jun	Chen Gang (Note 2)	Thoeng Wai Yee Cheryl (Note 3)
Gender		Male	Male	Male	Male	Male	Male	Female
Age		59	57	77	49	61	43	62
Skills/ knowledge/ professional experience	Operation management	✓	✓	✓	✓		✓	✓
	Strategic planning	✓	✓	✓	✓	✓	✓	✓
	Risk management	✓	✓	✓		✓	✓	✓
	Capital market	✓	✓	✓	✓		✓	
	Financial management	✓	✓	✓	✓		✓	✓
	Professional audit service							✓
	Board committee leadership	✓		✓		✓		✓
	Experience in optical and other related industries	✓	✓	✓		✓		



NOTE

1. Mr. Wang Tan Jiong, has been appointed as a non-executive Director of the Company since 1 October 2024.

2. Mr. Chen Gang, has been appointed as an independent non-executive Director of the Company with effect from 1 January 2025.

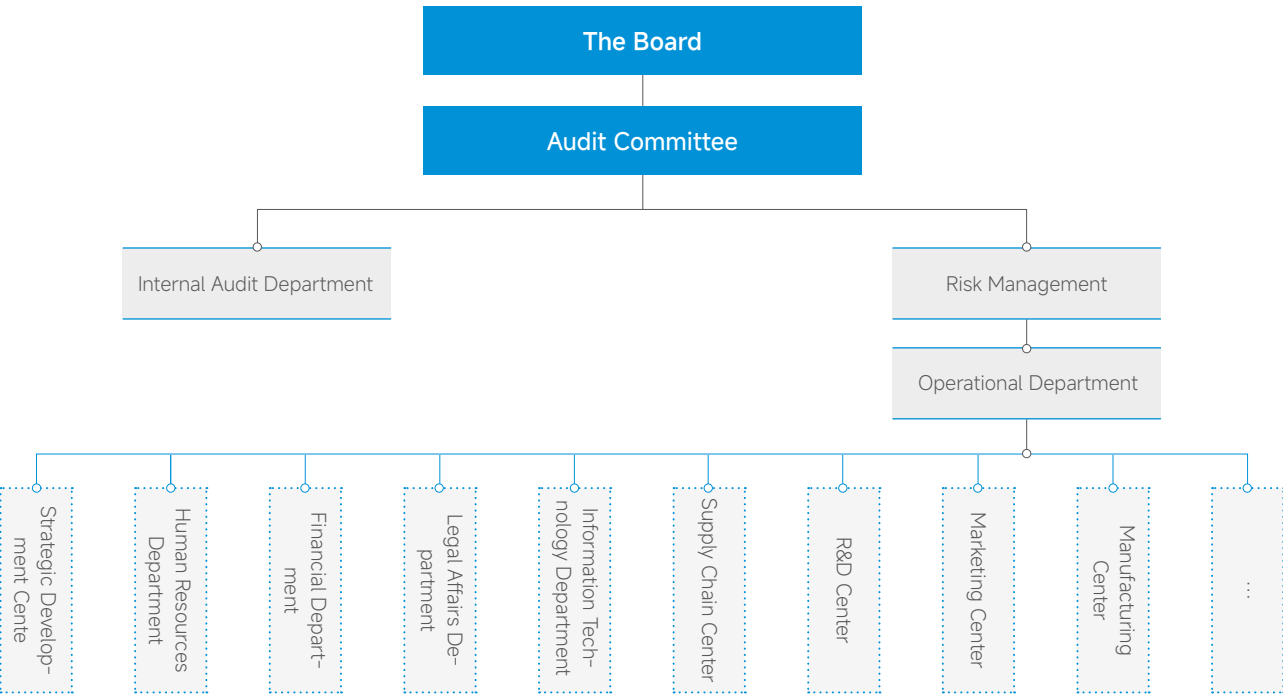
3. MS. Thoeng Wai Yee Cheryl, has been appointed as an independent non-executive Director of the Company with effect from 22 April 2025.

Evaluation of Board Operations and Effectiveness

Our Group strictly adheres to external and internal regulations such as the *Hong Kong Stock Exchange Listing Rules* and the *Articles of Association*, regularly convening board and committee meetings. In 2024, a total of 10 board meetings and 17 committee meetings were held. In addition, the Company conducts internal evaluations of Board effectiveness on an irregular basis each year to ensure the effective fulfillment of its duties and to enhance the quality of management development. Please refer to 2024 Annual Report for more information on the operation of the Board of Directors.

Risk Management

The Group attaches great importance to enterprise risk management ("ERM") and has established an ERM system. We have formulated the *Risk Management System* (《風險管理制度》) and established a corresponding risk management policy framework, The Board and Audit Committee are the highest decision-making bodies for risk management within the Group. Meanwhile, in order to ensure the orderly conduct of risk management efforts, the detailed daily risk management work has been defined and executed through the *Overall Risk Management Procedures* (《全面風險管理程序》) and *Key Risk Indicators Regulatory Requirements* (《關鍵風險指標監管要求》). For information on the Group's risk management, please refer to the Enterprise Risk Management section in Corporate Governance Report in 2024 Annual Report.



To comprehensively identify and control risks, the Group has established three lines of defense for risk management to continuously identify, manage, and address economic, social, legal and regulatory and environmental risks that may arise during the organization's operations.



All business activities of the Group must strictly comply with national and regional laws and regulations and regulatory requirements. We require all employees to have a thorough understanding of risk control and compliance knowledge related to their business activities, and to proactively identify potential risks in the business process, thereby avoiding illegal and non-compliant behavior. Meanwhile, the Group has formulated the *Comprehensive Risk Management Performance Evaluation Methodology* (《全面風險管理績效考核辦法》) and the Comprehensive Risk Management Evaluation Team updates its membership annually based on business situation. The team is responsible for evaluating and supervising the comprehensive risk management work and promoting the implementation of the annual comprehensive risk management efforts across all subsidiaries. We have integrated ERM into the business management and combined our ERM system with the International Organization for Standardization ("ISO") quality management system, strategic system and other systems to establish a normalized and dynamic risk management model. We also guide business departments to formulate corresponding improvement measures based on risk indicators, continuously optimizing the implementation of risk management work.

The Group's risk management work is constructed in accordance with COSO ERM "*Enterprise Risk Management—Integrated Framework*" established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) , which clarifies specific control processes for target setting, risk identification, risk assessment, risk response, control activities, and monitoring. Relevant processes and business activities are also formalized and standardized on the risk management platform. In addition, the risk management team regularly reports to Audit Committee on the risk management system, routine progress of risk management implementation, significant risk events

and indicator warnings. The team also invites Audit Committee members to participate in the annual risk management meeting to solicit their suggestions on risk management.

In 2024, Sunny Optical Technology strengthened the promotion of risk management culture and risk management training to comprehensively enhance the risk management awareness of management personnels at all levels. During the Reporting Period, we launched risk management training covering all employees at all levels across all subsidiaries through a combination of online and offline courses, with a coverage rate of over 98.0%. Additionally, in 2024, the Group held offline special courses on risk management to share knowledge on key Tier 2 risks.

The Group's risk management system integrates ISO 31000 and FEMA standards and aligns with the Company's strategy and business operations. During product development and service process, we identify potential risk points based on the six-step risk management methodology. We then quantitatively assess the risk value of the identified risk points according to the likelihood of occurrence and the degree of impact. For risks with higher risk values, we establish risk control objectives and responding measures. Furthermore, for all identified risks, the internal risk management team of each subsidiary follows up on the implementation on a monthly basis and conducts annual self-inspection. The Group's Audit Department carries out regular inspections and implement special audit projects for significant risks, through the risk management platform, aiming to keep risks within an acceptable range. All the Group's risk management-related work has been included in the annual performance appraisal of CEO and General Managers of subsidiaries. Monthly reports are provided on the progress of risk management work and the control of significant risks.



Sustainability
Governance






Low-Carbon
Green Operation

Product Liability

Sustainable Supply
Chain Management

Creating Together
with Employees

Community
Welfare

Emerging Risk	Type	Exposure	Risk Description/Impact	Mitigation Measures
 Cyberattack risk	Operational risk	Likelihood: Very likely Impact: Moderate	Cyberattacks such as malware, phishing, vulnerability exploitation, advanced persistent threat (APT) , etc. may cause system downtime, affecting the Group's production and operations.	<ul style="list-style-type: none">Establishing a data backup and disaster recovery plan to ensure rapid recovery of system data.Strengthening network security technical defenses, reducing the network exposure, and utilizing a situational awareness platform to integrate security data.Leveraging big data analysis to promptly identify attack patterns. Introducing threat intelligence, Security Orchestration, Automation and Response systems, enabling automatic response to cyberattacks and timely warnings, thereby enhancing the Group's overall security defense capabilities.
 Data breach risk	Operational risk	Likelihood: Low Impact: Moderate	Data breaches caused by management deficiencies such as technical vulnerabilities, human errors, external malicious attacks, etc., may result in financial and reputational losses for the Group, and consequently lead to legal risks and competitive disadvantages in business.	<ul style="list-style-type: none">Continuously optimizing information security measures effectively preventing breaches through technologies such as data transmission encryption and data leak prevention systems.Actively fostering an information security culture and enhancing the information security awareness of all employees.Regularly auditing the implementation of information security policies and continuously improving the information security system.
 Geopolitical risks	Strategic risk	Likelihood: Low Impact: High	The rising uncertainty of bilateral or multilateral conflicts between countries or non-state actors, the evident global shift to the right, and increasing trade protectionism all have impacts on tariff, exchange rate, and resource prices, posing risks to corporate operations and investments.	<ul style="list-style-type: none">Adhering to the strategy of going global and invest across regions to reduce dependence on a single region.Paying attention to the long-term geopolitical trends, continuously tracking and studying the nature of geopolitics and formulating scientific and reasonable response strategies.Flexibly adjusting the Group's strategies and policies, actively establish alternative supply chains, and strengthen the resilience and security of key component supplies.
 Trade control risks	Legal risks	Likelihood: Low Impact: High	Major countries such as the United States and China are imposing increasingly strict export controls, successively introducing various export control regulations and policies. If the Group violates relevant export control requirements during business operations, it may result in restrictions on our imports and exports, and even potential sanctions, inclusion on control lists, as well as administrative and criminal penalties.	<ul style="list-style-type: none">Engaging outstanding external lawyers, law firms and trade compliance advisors to seek relevant legal advice and review trade compliance status.Continuously improving the Group's trade control compliance systems and processes, conducting inspections on the implementation and constantly optimizing the trade control compliance management.Proactively monitors potential impacts arising from legal changes in trade controls and economic sanctions within its major trading partner countries, providing timely alerts to the organization and implementing effective countermeasures to address regulatory compliance risks.
 Energy shortage and transition risks	Operational risk	Likelihood: Very likely Impact: High	As climate change and environmental pressures increase, countries around the world are promoting energy transitions to address this challenge. Currently, new energy technologies are not yet mature, energy storage technologies are inadequate, renewable energy sources are insufficient, and costs are relatively high. These factors may adversely affect the Group's operating costs, reputation, market position, and legal compliance. Additionally, due to global climate change, the Group may face asset losses and supply chain disruptions.	<ul style="list-style-type: none">Incorporating climate and energy management into the Group's long-term development strategy, continuously monitoring and collecting information on climate issues.Establishing a systematic energy management mechanism, promoting renewable energy innovation, optimizing the energy structure, actively implementing energy-saving projects, adopting high-efficiency equipment, and reducing the Company's carbon emissions.Actively developing a diversified supply chain to mitigate supply chain disruptions caused by climate change.

Emerging Risk Identification, Assessment and Management

The Group strictly adheres to the requirements of national and regional export control and economic sanctions laws and regulations. Meanwhile, the Group has formulated compliance policies such as the *Trade Control Compliance System* (《貿易管制合規制度》), the *Statement of Management Commitment on Trade Control Compliance* (《關於貿易管制合規的管理層承諾聲明》) and the *Implementation Rules for Trade Control Compliance* (《貿易管制實施細則》), etc., to prompt employees to properly handle matters related to export controls and economic sanctions. This ensures that the Group's overall business processes and transaction activities operate in a compliant, healthy, and efficient manner. In addition, we have established a Trade Control Compliance Working Group under the Risk Management Committee and systematically built a trade control compliance management framework for the Company and its subsidiaries. Collaborating with the IT Department, the Trade Compliance Working Group improves online compliance process construction based on subsidiaries' business workflows. Currently, Sunny Opotech and Sunny Optical Intelligence (Yuyao) have achieved full-process online

operation of the trade control process, systematically collecting and analyzing data to comprehensively monitor our trade activities. The Trade Control Compliance Working Group conducts real-time tracking and research on trade control laws, regulations, and policies in major countries and regions such as China and the United States, having issued 61 risk warnings to all subsidiaries in a timely manner and synchronized follow-ups on risk assessments. Targeted guidance is provided for trade control risks identified during the assessment process, with relevant response strategies developed and effectively implemented to ensure the safe business operations.

During the Reporting Period, the Trade Control Compliance Working Group completed an inspection of the implementation of trade control compliance work in the subsidiaries. Additionally, they conducted a specialized empowerment training on the issues identified during the inspection, aiming to comprehensively enhance the professional capabilities of trade compliance personnel in all subsidiaries.



Specialized Training for Trade Compliance Officers



Business Ethics

The Group places paramount importance on business ethics and upholds the principle of integrity in all operations. We are committed to fostering strong business partnerships and maintaining an impeccable reputation by adopting a zero-tolerance stance towards any unethical conduct, including bribery, corruption, extortion, embezzlement, money laundering, and other violations of business ethics standards. We remain committed to combating corruption through comprehensive measures, including corruption case investigations, related-party transaction reviews, integrity training, institutional system development, and corruption risk assessments. By continuously enhancing internal controls and implementing disciplinary actions, we strive to achieve the overarching goal of fostering an environment where corruption is "deterred by fear", "prevented by systems", and "eradicated by mindset." Our efforts are dedicated to maintaining a transparent and ethical business ecosystem, ensuring a clean and self-disciplined operational environment.

We strictly abide by the laws and regulations related to business ethics in the countries and regions where we operate, such as the *Anti-Unfair Competition Law of the PRC* (《中華人民共和國反不正當競爭法》), the *Regulations of the PRC on Administrative Penalties for Public Security* (《中華人民共和國治安管理處罰條例》), the *Law of the People's Republic of China on Anti-money Laundering* (《中華人民共和國反洗錢法》), and the *Basic Norms on Internal Control of Enterprises* (《企業內部控制基本規範》). We have adopted [the Anti-Corruption System](#) (《反貪污制度》) to prevent and control various corruption and fraud incidents such as commercial bribery, commercial benefit transmission, and financial embezzlement. During the

Reporting Period, we updated the *Administrative Measures for Rewards and Punishment of Employees* (《員工獎懲管理辦法》). In conjunction with the established Measures for the *Investigation and Administration of Fraud Cases* (《舞弊案件調查管理辦法》), *Commitment for Honesty in Key and Sensitive Positions* (《關鍵敏感崗位廉潔從業承諾書》), *Integrity Report on Key and Sensitive Positions* (《關鍵敏感崗位述廉報告》), and *List of Negative Behaviors of Cadres* (《幹部負向行為清單》), we fully leveraged the supervisory role of internal audits to regulate the investigation of corruption cases, clarified the responsibilities of different departments in case investigation and personnel handling, and included anti-corruption performance as a one-vote veto in the year-end assessment for the subsidiaries. Any employee found in violation of the business ethics code will be subject to disciplinary actions in accordance with *Administrative Measures for Rewards and Punishment of Employees* (《員工獎懲管理辦法》). Serious offenses will be referred to local courts for legal proceedings. The outcomes of these actions will be directly reflected in the employee's performance evaluation, compensation adjustment, merit-based awards, and career progression decisions, including potential promotion, demotion, or termination. Furthermore, we have established a comprehensive gift management system through the Special Integrity Repository mechanism to standardize the handling of business gifts and monetary presents that are difficult to decline. Concurrently, we require all suppliers to sign Integrity Operation Commitment Letter (《誠信經營承諾書》) and *Social Responsibility Agreement* (《社會責任協議》) as binding commitments to ethical business practices.




Business Ethics Adult

We have established a business ethics management team directly led by the Chairman to continuously supervise, audit and evaluate the business ethical work. The Inspection Division within the Audit Department is responsible for publicizing business ethics throughout the Group, establishing an integrity and compliance policy system, maintaining reporting channels, and receiving and investigating the matters reported. The Group's enterprise cultural group is responsible for building a culture of honesty and integrity, and supervising and evaluating the cadres by formulating a negative list of the value of cadres. During the Reporting Period, the Group's business ethics audits were conducted in accordance with our annual business ethics policy, covering all its subsidiaries. The audit items included routine audit projects (related-party declarations, related-party compliance audit, supplier related-party declarations, and procurement-related items) and contingencies. A completion rate of 100% was achieved. High-risk areas in business ethics were surveyed, investigated, and addressed, with all problematic areas fully rectified. Additionally, the Audit Department is responsible for annually auditing the compliance of related-party transactions and the status of related-party declarations in all businesses of the previous year, reporting to the Audit Committee. We also engage external auditors to review the Group's ongoing related-party transactions.

During the Reporting Period, the number of cases involving violations of business ethics and compliance with the code of conduct within our Group was as follows:

Reported Cases	Number of Cases in 2024
Corruption or Bribery	1 (Note)
Discrimination or Harassment	0
Customer Privacy Data Breach	0
Conflict of Interest	0
Money Laundering or Insider Trading	0

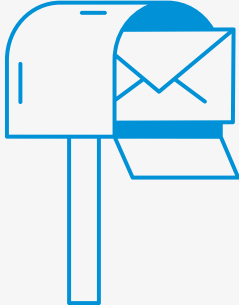
 **NOTE**


The case has been tried and closed by the local People’s Court in accordance with the law, and the relevant personnel have been subject to legal sanc-
tions.


Supervision and Reporting


The Group has strengthened internal controls over business ethics to prevent employee corruption, bribery, extortion, fraud, money laundering and other violations of discipline and regulations. The Group hasformulated the [Guide to Reporting Corruption, Rewards and Protection Methods](#) (《舉報須知和獎勵、保護辦法》) to explicitly define the scope of acceptable whistleblowing matters, reporting channels, whistleblower rewards , and whistleblower protection policies. After receiving reports, the Audit Department will arrange verification and investigation of reported matters according to the management level or qualifications of the reported personnel, and temporarily transfer personnel to establish investigation teams based on work requirements We have established strict confidentiality measures and procedures. During investigations, no one may disclose investigation progress, evidence materials, or information to third parties. Regarding whistleblower information, especially content involving personal data privacy, as well as data provided by whistleblowers, all shall be kept confidential. The Group conducts evidence collection and impartial investigations through multiple channels. All collected evidence shall retain documentation with signatures, making every effort to protect the legal rights of both whistleblowers and the reported individuals. In cases involving legal crimes, the Group will pursue appropriate legal liabilities against relevant personnel in accordance with applicable laws.


To promptly receive and handle reports of improper conduct related to business ethics, we have established various reporting channels, including telephone, email, WeChat, and the company's official website. These channels are available for use by suppliers, customers, and any other third parties. Each channel is managed by dedicated personnel who will accept reports within 24 hours.



 Telephone: +86-574-62550607

 Email: Audit Department (audit@sunnyoptical.com) , Audit Committee (auditcommittee@sunnyoptical.com)

 Online platforms: "Integrity Sunny" WeChat official account, "Sunny Family" WeChat official account, and the official website of Sunny Optical Technology

 Postal address: Audit Department, No. 66-68, Fengle Road, Yuyao, Zhejiang Province, Postal code: 315400

Business Ethics Culture

To cultivate a culture of integrity and ethical business practices, in 2024 the Group conducted a total of 26 sessions of business ethics training and promotion, covering all employees (including temporary workers and contractors) . We also irregularly released related courses and articles through platforms such as online academy, internal journals, TikTok, and WeChat Official Accounts. Through methods like promotional boards, integrity speeches, integrity pledges, and integrity-themed computer screensavers, we carried out integrity publicity in all subsidiaries, allowing employees to gain a profound understanding of the corporate culture through constant exposure, strengthening their professional integrity, forming a positive situation where everyone acts as a supervisor of "unclean behaviors". During the Reporting Period, the Audit Department organized the "Women's Integrity, Joyful Advocacy of Clean Practices" lecture, attended by the Group's female

senior executives and the spouses of male senior executives, who committed to leveraging women's indispensable power in corporate integrity prevention and family ethos development. An anti-fraud training was organized for on-site supplier personnel, focusing on four content modules: what fraud is, the severe consequences it may cause, Sunny's anti- fraud measures, and fraud reporting channels. This enhanced the integrity awareness of supplier personnel and encourage self-discipline and self-reflection in their interactions with Sunny, avoiding both active and passive corruption. Additionally, for overseas companies, the Group conducted integrity interviews and trainings for managerial staff, emphasizing red-line awareness through case sharing, fraud risk analysis, and integrity promotion, ensuring adherence to the "Three Nos of Corruption" requirement.



"Women's Integrity, Joyful Advocacy of Clean Practices" Lecture



Integrity Training for Supplier On-site Personnel

On December 9 International Anti-Corruption Day, the Group carried out a series of novel integrity activities, including hanging integrity banners, rolling integrity slogans on electronic screens, distributing integrity posters, an integrity ring toss game, and an online integrity emoji puzzle guessing. Over 5,000 people directly participated in these activities. Through the interactive activities and integrity promotion in all these sessions, the concept of integrity was deeply rooted in people's minds, creating a positive atmosphere where "everyone participates in anti-corruption, and anti-corruption benefits everyone."

Tax Management

We believe that honest fulfillment of social responsibility through tax payment can promote the sustainable development of the enterprise's long-term operations. The Group strictly adheres to all applicable tax laws and regulations in every jurisdiction where we operate, ensuring timely filing and payment of all tax obligations. In accordance with the *Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得稅法》) and the *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得稅法實施條例》), the applicable tax rate for Chinese subsidiaries has been 25% since January 1, 2008. However, during the Reporting Period, all 5 subsidiaries of the Group are have been recognized as High-Tech Enterprises, entitled to a preferential tax rate of 15%.

The Group has established a database of tax laws and regulations to promptly collect and interpret local regulations and policies. A hierarchical tax training system has been established to enhance employees' awareness of tax compliance. Additionally, we conduct tax audits and self-inspections on a regular basis. Meanwhile, we have formulated a *Tax Risk Management System* (《稅務風險管理制度》) and formed a dedicated tax risk response team to proactively identify and address tax risks and opportunities arising from shifts in economic policies and industry tax trends. During the Reporting Period, the Group identified two third-level risks, namely tax penalty risk and overseas tax risk, and formulated corresponding measures to address. At the same time, in order to enhance tax compliance, the Group has sorted out the transfer pricing arrangements of related parties and promoted the research on the two-pillar tax policies for overseas bases. In addition, we leverage ESG-related tax incentives and policies to encourage and reward initiatives that reduce resource consumption and lower carbon emissions, thereby reinforcing our commitment to environment.

By continuously improving our tax management system, increasing the interpretation of tax policies, and developing response strategies, we enhance our tax management level. We are committed to achieving our sustainable development goals with determination and action. For more information on tax management, please refer to 2024 Annual Report.

ESG Governance

ESG Strategy

Upholding the core value "Create Together", we are committed to creating a civilized and progressive society with all walks of life and firmly practicing the concept of sustainable development concept. By setting a series of specific sustainable development goals, establishing a sustainable development management system, and creating corresponding evaluation indicators, the Group's capacity building for sustainable development will be further strengthened.

We believe that the harmonious development of the society requires the joint efforts of every individual and every organization. It has always been one of our goals to work together with friends from all walks of life to create a civilized and progressive society, and to contribute our own strength to social development. We believe that enterprises, as the cells of society, grow under the nurturing of the social organism, while also bearing the responsibility to give back to society.

We believe that promoting environmental sustainability is a responsibility that enterprises must undertake. As an enterprise with social responsibility, we fully consider the environmental protection requirements in our business activities, comply with various international environmental laws and regulations, and achieve the objectives of environmental protection and sustainable development through technological innovation and manufacturing reforms.

We are willing to consciously undertake the responsibilities of a corporate citizen in economic development, social security, cultural education, and other aspects, and are committed to the progress and sustainable development of society in the long term.

Major Targets:

Environmental & Social Targets

Achieving **carbon peaking** by 2028 and **carbon neutrality** by 2058

In FY 2024, the proportion of clean energy use will be increased by compared to FY 2023 more than

10.0%

Energy and resource conservation

No significant safety liability accidents

Reducing the intensity of Scope 1 and Scope 2 greenhouse gas emissions (tCO₂e/RMB million revenue) by fiscal year ("FY") 2025 compared with the FY2021 baseline (Note1)

20.0%

Compared to the baseline in FY 2023, we will reduce Scope 1 and Scope 2 greenhouse gas emission intensity (tons of CO₂ equivalent per RMB million of revenue) by FY 2024 more than

10.0%

Reduction of hazardous waste emissions

Consistently providing training and development opportunities to employees

Providing an equal, healthy and safe working environment

Environmental & Social Progress in 2024

Proportion of clean energy use in FY2024

25.9%

The intensity of Scope 1 and Scope 2 greenhouse gas emissions (tCO₂e/RMB million revenue) in FY2024

9.7

an increase of compared to FY2023

10.0%

a decrease by compared to FY2023

30.7% (Note2)

Total energy was saved in FY2024

18,878_{MWh}

The number of major safety accidents

0

Reduction in hazardous waste emissions in FY2024

22_{tons}

The number of occupational diseases

0

NOTE

1. The intensity of Scope 1 and Scope 2 greenhouse gas emissions was 10.3 tCO₂e/RMB million revenue in FY2021.

2. The GHG emission intensity for FY 2024 covers the company and five subsidiary companies, and the calculation is based on the 2022 national average carbon dioxide emission factor for electricity (excluding non-fossil energy electricity traded in the market) as stated in Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factors issued by the Ministry of Ecology and Environment. If the original electricity emission factor is used, the GHG emission intensity for FY 2024 will be 11.6 tCO₂e/RMB million revenue, a decrease of 17.1% compared to FY 2023.

ESG Management Structure and Responsibilities

The Group has established an ESG management structure composed of the Board, the Audit Committee, the ESG Management and Implementation Team and the ESG operation team, to conduct the top-down supervision over ESG matters and ensure the smooth implementation of the Group's ESG work.

The Board is the ESG leading and decision-making body. The main responsibilities are:

- ◆ Reviewing and approving the Company's ESG strategies, targets, management guidelines and medium- and long-term plans;
- ◆ Reviewing and approving response plans for ESG-related risks and opportunities with significant impact, and supervising their execution;
- ◆ Reviewing and approving external disclosure materials including the ESG report;
- ◆ Reviewing and approving the Company's ESG-related management policies.

The Board has also authorized the Audit Committee to supervise the Company's ESG matters on behalf of the Board. The main responsibilities are:

- ◆ Evaluating and recommending the Company's ESG strategies and policies, and supervising the implementation;
- ◆ Reviewing ESG work plans;
- ◆ Reviewing the Company's annual ESG report;
- ◆ Evaluating and examining the effectiveness of the Audit Committee in supervising the Group's ESG matters;
- ◆ Reporting the above matters to the Board.

Responsibilities of ESG Management and Implementation Team:

- ◆ Developing ESG strategic planning schemes, goals, and annual work plans in line with the development of the Company (Group/subsidiaries) ;
- ◆ Organizing the development of ESG-related management policies;
- ◆ Conducting the Company's materiality assessment, organizing to identify and manage ESG-related risks and opportunities with material impacts on the Company's business, and formulating the response measures;
- ◆ Monitoring the implementation of all ESG related work;
- ◆ Organizing the preparation and review of the Company's annual ESG report;
- ◆ Reporting the above matters to the Audit Committee and the Board;
- ◆ Other related responsibilities authorized by the Board.

Responsibilities of ESG Operation Team:

- ◆ Monitoring and researching the laws, regulations, and policies in the Company's ESG field;
- ◆ Implementing the annual ESG work plan and reporting regularly to the ESG Management and Implementation Team;
- ◆ Participating in the establishment of ESG-related management policies and urging and ensuring the implementation;
- ◆ Participating in the company's ESG materiality assessment;
- ◆ Organize ESG promotion and communication activities within the Company;
- ◆ Routine collation and summarization of ESG-related data;
- ◆ Other related responsibilities assigned by the ESG Management and Implementation Team.

During the Reporting Period, the Group updated the members of the ESG Management and Implementation Team and the ESG Operation Team. The ESG Management and Implementation Team is composed of the CEO and the Vice President respectively as the team leader and deputy team leader, and management members from functional departments and relevant subsidiaries of the Group involved in ESG matters. To assist the ESG Management and Implementation Team in executing and implementing ESG initiatives, ESG Operation Team was established. This team consists of responsible personnel from the Company’ s Legal Affairs Department, Internal Audit Department, Administration Office, Financial Department, Human Resource Department, Party & Masses Office, Information Technology Department, Strategic Development Center, Investor Relations Management Department and relevant departments of subsidiaries.

Board Involvement in Sustainable Governance

The Group's Strategy and Development Committee oversees the setup and fulfillment of the sustainable development goals. Chairman of the Board, CEO, and General Managers of all subsidiaries participate in at least 2 ESG meetings per year, during which suggestions are provided on ESG performance. The Board of Directors and the Audit Committee review the ESG Report annually, discussing and planning the implementation of the sustainability issues.

During the Reporting Period, the Group invited third-party consulting firms to share knowledge and practical cases on sustainable development and lighthouse factory construction, with the Chairman, President, and General Managers of subsidiaries participating together.

In addition, the Group participated in training organized by customers, investment institutions, third-party rating agencies, and others on topics including the latest ESG trends, domestic and international ESG policies, ESG rating standards, green energy, and corporate low-carbon development, to enhance the ESG professional knowledge and skills of relevant personnel.






Board Statement

The Group has established an ESG management structure, and the Board takes the overall responsibility for ESG management. We carried out materiality assessment, identified material ESG issues and performed targeted management, to assess the importance of ESG issues. Please refer to the chapter of Materiality Analysis for details. Under the supervision of the Board, the Group has formulated ESG related targets, and will adhere to the concept of sustainable development in the future, strive to achieve corresponding targets and actively fulfill its environmental and social responsibilities.

Communication with Stakeholders

We are fully aware that the expectations and demands of our stakeholders can help elevate the Group's ESG management and strengthen our relationship. We maintain close communication with shareholders and investors, customers, suppliers, employees and other stakeholders through various channels such as meeting, e-mail, telephone, and WeChat official account, to promptly understand and respond to the expectations and requirements of various stakeholders, and provide timely and positive feedback, driving sustainable development and mutual success for the Group and the stakeholders.

Stakeholders	Communication methods	Expectations and requests	Our responses
 Shareholders and investors	<ul style="list-style-type: none">Annual general meetings and extraordinary general meetingsInvestor presentationsAnnual reports, interim reports and announcementsInvestor meetings	<ul style="list-style-type: none">Safeguarding shareholders' interestsObtaining investment returnsDisclosing important information	<ul style="list-style-type: none">Assessing on various indicatorsEnsuring the healthy development of the CompanyHolding annual general meetings and extraordinary general meetingsDisclosing important information
 Customers	<ul style="list-style-type: none">Customer satisfaction surveysSeminars and symposiumsCustomer site visitSupplier conferences held by customersQuestionnaires	<ul style="list-style-type: none">Product R&D and technological innovationProduct safety and quality managementInformation security and trade secrets (commercial secrets) protectionClimate change risks and opportunitiesBusiness ethicsAvoiding the use of conflict mineralsCarbon management	<ul style="list-style-type: none">Strictly control over R&D, procurement, production and other operation processesQuick response to customers' demandsImproving the quality management systemEstablishing the information security system and authorization settingConducting climate change impact analysisEstablishing business ethics policiesEstablishing conflict minerals management policiesOrganizing the Company's carbon inventory and setting up carbon emission targets

Stakeholders	Communication methods	Expectations and requests	Our responses
 Suppliers	<ul style="list-style-type: none">Annual supplier meetingsSupplier trainingsOn-site audits on suppliersRoutine communication with suppliersPublic tendering	<ul style="list-style-type: none">Supply chain management and sustainable developmentAnti-corruption and anti-fraudInformation security and trade secrets (Business Secrets) protection	<ul style="list-style-type: none">Implementing the supplier introduction and removal mechanismConducting suppliers' training and auditsSigning undertakings for operating with integrityEstablishing information security system and set up access permissions
 Employees	<ul style="list-style-type: none">Employee representative meetingsEmployee satisfaction surveysGeneral Manager's mailbox"Sunny Family" WeChat official account"Sunny Journal" internal journal"Sunny Family" Tik Tok accountInternal posterBulletin boardAll kinds of trainings	<ul style="list-style-type: none">Employee recruitment and team buildingEmployee development and trainingEmployees' interests and safeguardingOccupational health and safety	<ul style="list-style-type: none">Following labor principlesImproving the occupational development and training mechanismSetting up Trade Union (the "Trade Union") to protect employee rights and interestsProviding competitive salaries and welfaresImplementing health and safety management system
 Government/ Communities	<ul style="list-style-type: none">News coverageRegulatory information submissionParticipation in Communication Activities and MeetingsRegular DisclosureAcceptance of Oversight	<ul style="list-style-type: none">Complying with laws and regulationsPromoting employmentClimate change risks and opportunitiesCorporate governance and risk managementEnvironmental protectionEnergy managementConducting community public welfare activities	<ul style="list-style-type: none">Adhering to green and compliant operationsHiring local residentsOrganizing volunteer activitiesParticipating in community construction and public welfare activitiesConducting climate change impact analysisDeveloping energy management measures

Materiality Analysis

In 2024, the Group actively engaged with internal and external stakeholders and conducted a materiality analysis based on our operational situation, industry characteristics, and domestic and international peers'ESG management practices. We conducted materiality analysis from dual dimensions of financial materiality and impact materiality.

In the process of issue identification and materiality assessment, the Group extensively collected and fully considered the opinions and expectations of internal and external stakeholders through questionnaire surveys. We distributed and collected materiality survey questionnaires, conducted in-depth analysis to identify sustainability-related material issues closely aligned with the Group's operations, developed a double materiality matrix, and the results were reviewed and approved by the Board.

Step1

Identifying Material Issues

- In accordance with the *Environmental, Social and Governance Reporting Guide* issued by HKEX, and by integrating business operations with internal and external environmental changes, referencing regulatory requirements, industry standards, and other relevant information, as well as consulting with stakeholders for their input, the Group has identified 26 ESG-related issues.

Step 2

Assessing the Materiality of Issues

- The Group distributed stakeholder questionnaires and conducted a comprehensive analysis of the survey results.
- Based on expert opinions, peer experiences, management analysis and discussions, combined with the stakeholder survey results, the Group prioritized the identified issues and developed a double materiality matrix.
- Financial materiality was determined based on the likelihood of occurrence and magnitude of impact; Impact materiality was determined based on the likelihood of occurrence and scope.

Step 3

Reviewing Assessment Results

- The ESG Management reviewed the assessment outcomes.
- Results were reviewed and approved by the Board of Directors.

Double Materiality Assessment Process

Recognizing the significant influence of material issues on business development and sustainable management, the Group established targeted management strategies for identified priorities. These strategies aim to enhance operational capabilities and mitigate internal and external risks that may affect business performance or stakeholder interests.



Double Materiality Matrix in 2024

NO.	Issue	Materiality	NO.	Issue	Materiality
1	R&D Innovation	⌘ ⌘	14	Salary and Bonus	⌘
2	Green Product Management	⌘	15	Business Ethics	⌘
3	Energy and Carbon Emission Management	⌘ ⌘	16	Occupational Health and Safety	
4	Operational Performance	⌘ ⌘	17	Clean Technology Opportunities	⌘
5	Responding to Climate Change	⌘ ⌘	18	Intellectual Property	
6	Talent Development	⌘	19	Human Rights	⌘
7	Information Security & Privacy Protection	⌘	20	Environmental Management	
8	Product Quality and Safety	⌘ ⌘	21	Talent Attraction and Retention	
9	Corporate Governance	⌘	22	Emissions Management	
10	Supply Chain Management	⌘	23	Efficiencyin Use of Resources	
11	Risk Management	⌘ ⌘	24	Employee Diversity	
12	Customer Relationship Management	⌘ ⌘	25	Public Welfare Investment	
13	Compliance Operation		26	Biodiversity Conservation	

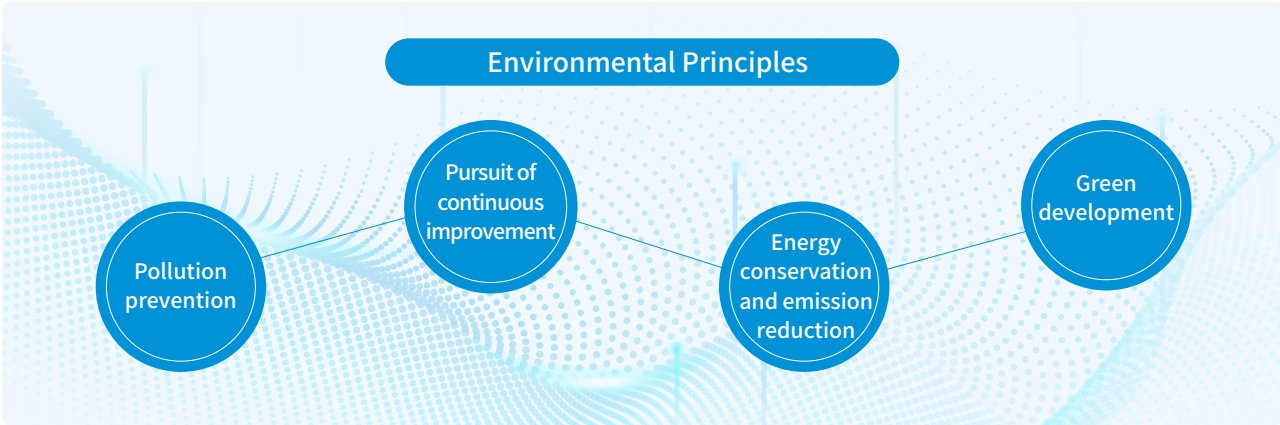
Issues Sorted by Materiality Level

⌘ Financial Materiality ⌘ Impact Materiality

02

Low-Carbon Green Operation

Environmental Management Principles and Policies



- For source controlling, we actively seek substitutes for toxic and hazardous substances to ensure the Group's products comply with customer requirements and the legal regulations of importing countries. All materials entering the Group must possess Green Product Certification and pass inspection reports from third-party testing agencies recognized by the Group. For process management, we continuously improve production techniques, strictly control manufacturing processes, increase product qualification rates, and optimize resource efficiency. For waste management, we classify, collect, store, and dispose of generated waste in compliance with regulatory standards.
- We continuously refine the environmental management system, enhance employees' environmental awareness and skills, improve environmental performance, drive innovation, and adopt new eco-friendly technologies and processes to achieve long-term environmental goals.
- We establish an energy management system to optimize energy usage, increase the proportion of renewable energy, introduce energy-saving equipments and technologies, improve energy efficiency, reduce consumption and pollutant emissions, and achieve economic-environmental synergy.
- Adhering to the principles of sustainable development, we design and develop environmentally friendly products, construct eco-friendly facilities, actively fulfill our environmental responsibilities, and integrate environmental requirements into supply chain management.

The Group is committed to balancing economic development with environmental protection, reducing emissions, and advancing green operations. To regulate environmental management, the Group strictly complies with the following laws and regulations: *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), *Environmental Impact Assessment Law of the People's Republic of China* (《中華人民共和國環境影響評價法》), *Water Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國水污染防治法》), *Air Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國大氣污染防治法》), *Noise Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國噪聲污染防治法》), *Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China* (《中華人民共和國固體廢物污染環境防治法》), *Energy Law of the People's Republic of China* (《中華人民共和國能源法》), *Energy Conservation Law of the People's Republic of China* (《中華人民共和國節約能源法》), and *Cleaner Production Promotion Law of the People's Republic of China* (《中華人民共和國清潔生產促進法》), thereby advancing standardized, systematic, and measurable environmental governance.

Environmental Management System

To comprehensively strengthen environmental management and advance the implementation of energy conservation and emission reduction, the Group has established a multi-tiered operational mechanism that includes accountability by subsidiary companies, oversight by the Group headquarters, decomposition of target responsibilities, and multi-level participation in management, with clearly defined roles for personnel at all levels. At the beginning of each year, environmental management KPIs are set, and progress is regularly reported. Additionally, the Group has formulated the following environmental policies: *Environmental Protection Management Regulations* (《環境保護管理辦法》), *Environmental Factor Identification and Evaluation Control Procedures* (《環境因素識別與評價控制程序》), *Environmental Operational Control Procedures* (《環境運行控制程序》), *Regulations on the Management of Waste Gas, Waste Liquid, Noise, and Solid Waste* (《廢氣、廢液、噪聲及固體廢棄物管理規定》), and *New Technology Development and Implementation Regulations* (《三新技術開發導入管理規定》),

which are designed to identify and mitigate the environmental impacts of production and operational activities.

The Group has been continuously improving environmental management system. Five subsidiaries, namely Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech, Sunny Optical Intelligence (Yuyao) and Sunny SmartLead have all obtained ISO 14001 Environmental Management System Certification. During the Reporting Period, the Group's environmental management system continued to operate stably and was widely recognized by our key customers and China Quality Certification Center (CQC). To address major environmental emergencies, all five subsidiaries have developed an Emergency Response Plan for Environmental Incidents, submitted to local environmental authorities for filing. Regular environmental emergency drills are organized annually. During the Reporting Period, no penalties related to environmental or ecological violations were imposed.

Green Factories

The Group actively supports China's "30·60" Dual Carbon Strategy and advocates green production principals. Each subsidiary company actively implements green practices. Sunny Optical Intelligence (Yuyao) was awarded the title of "National-level Green Factory" (國家級綠色工廠). Sunny Zhejiang Optics and Opotech received "Zhejiang Provincial-level Green Factory" (浙江省級綠色工廠) titles. Sunny Automotive Optech and Sunny SmartLead were recognized as "Ningbo Municipal-level Green Factory" (寧波市綠色工廠). Sunny Zhejiang Optics, Opotech, and Sunny Optical Intelligence (Yuyao) passed government-organized voluntary cleaner production audits.

Environmental Training and Activities

While strengthening the environmental management system and related policies, we also focus on the education, training, and supervision of green culture. The Group communicates environmental goals and requirements to every employee via diverse channels, such as Sunny Academy, information boards, WeChat official account, on-site campaigns. These efforts enhance employees' environmental awareness, helping them understand how their roles impact the environment and the risks of non-compliance with laws and internal policies.

During the Reporting Period, all five subsidiaries incorporated waste management into their new employee orientation programs, ensuring staff understand requirements of waste classification and control, and achieve proper waste sorting at the source. Sunny Zhejiang Optics and Sunny Automotive

Optech organized Energy Conservation and Dual Carbon Training to enhance employees' carbon inventory skills and energy-saving awareness. Sunny Optical Technology also arranged ESG management personnels from its subsidiaries to attend Ningbo Municipal Government's Decarbon and Energy Conservation Training, where they learned about carbon markets, carbon footprints, and strategies to improve carbon management capabilities.

To further enhance environmental awareness, the Group organized various promotional activities such as World Clean-ups on June 5th World Environment Day, Energy Conservation Awareness Week. Sunny Family WeChat Official Account campaign posts on National Ecology Day. Environmental slogans displayed through banner across production facilities.



Clean-up Activities



Training on Solid Waste Treatment



Promoting Environmental Knowledge via Bulletin Boards

Green Office

The Group is committed to transforming environmental awareness into self-driven actions by calling on all employees to adopt Green Office Practices and promote digitalized operations. We set our office air conditioners no higher than 20° C in winter and no lower than 26° C in summer. We encourage energy-saving habits, such as turning off unused devices and faucets immediately. We also embed green operations into every workflow and fostering low-carbon office environments through employee-wide environmental responsibility.

Respond to Climate Change

The Group fully recognizes the profound impact of climate change on socio-economic development and corporate growth, as well as the critical role of climate-related information disclosures in helping stakeholders understand Sunny Optical Technology's climate strategy. To systematically identify, assess, and manage climate-related risks and opportunities, the Group plans to conduct climate scenario analysis and quantitative financial impact assessments by

2025, aligned with the International Sustainability Standards Board ("ISSB") General Requirements for Sustainability-related Financial Disclosures ("IFRS S1") and Climate-related Disclosures ("IFRS S2") These analyses will evaluate the climate resilience of corporate strategies through quantified metrics. Climate-related Disclosure Report is scheduled for release in the second half of 2025, including detailed information about governance, strategy, risk management, metrics and targets.

Greenhouse Gas Emissions

The Group has established a greenhouse gas (GHG) emission reduction target to reduce Scope 1 and Scope 2 GHG emission intensity by approximately 20.0% by fiscal year 2025, compared to the fiscal year 2021 baseline. During the Reporting Period, Sunny Automotive Optech established a Carbon Management Committee, which conducted regular meetings to assess the impacts of clean energy adoption and carbon emissions on traditional production operations. Through initiatives such as energy conservation, green logistics optimization, increasing the proportion of green recyclable materials, introduction of photovoltaic (PV) , Sunny Automotive Optech advanced its carbon reduction efforts. Sunny Opotech also formulated *the Administrative Policies on Greenhouse Gases* (《溫室氣體管理制度》), which define the authorized departments

responsible for GHG emission accounting, specify operational requirements, standardize procedures and workflows and establish clear pathways to achieve GHG emission reduction.

Sunny Opotech formulated Scope1 and Scope2 carbon emission reduction targets in early 2024 and successfully achieved them during the Reporting Period. Additionally, Sunny Automotive Optech has committed to joining the Science Based Targets initiative ("SBTi") and is currently establishing science-based carbon targets and developing emission reduction pathways. In the future, the Group will continue optimizing GHG emission management and track progress towards its goals in future reports.

Company Name	2024 Targets	2024 Implementation Progress	2025 Targets
The Group	Over 10.0% decrease in Scope 1 and Scope 2 GHG emission in-tensity, compared to the baseline of fiscal year 2023	Achieved	20.0% decrease in Scope 1 and Scope 2 GHG emission intensity, compared to the baseline of fiscal year 2021
Sunny Opo-tech	2.5% year-on-year decrease in carbon emission intensity	Achieved	2.0% year-on-year decrease in carbon emis-sion intensity

To scientifically inventory all emission sources across the Group, during the Reporting Period, we conducted a GHG audit based on the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (《溫室氣體核算體系：企業核算與報告標準》) published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development ("WBCSD") . By applying the Operational Control Method, we conducted a comprehensive GHG audit covering all facilities of the Company and its 5 subsidiaries located within the Yuyao area of Zhejiang Province, China. Ultimately, the audit identified the following GHG types involved in the Group's operations: carbon dioxide

(CO₂) , methane (CH₄) , nitrous oxide (N₂O) , hydrofluorocarbons (HFCs) , and sulfur hexafluoride (SF₆) .

To better address the expectations of our stakeholders and leverage capital markets and financial instruments to enhance the Group's ESG management capabilities while setting an industry benchmark, in January 2023, the Group became the first in Asia's technology manufacturing sector to issue Sustainability-Linked Bonds (SLB) . For details, please refer to the ["Sustainability-Linked Financing Framework"](#) released on January 4, 2023.

emissions accounting to the Company and the 5 subsidiaries within the reporting scope, while actively driving the green and low-carbon transformation of the upstream supply chain.

We fully recognize the importance of Scope 3 emissions accounting. During the Reporting Period, we completed a pilot Scope 3 emissions accounting initiative in collaboration with Sunny Automotive Optech. By 2025, we will expand Scope 3

Sustainability Gov-
ernance

Low-Carbon
Green Operation

Product Liability

Sustainable Supply
Chain Management

Creating Together
with Employees

Community
Welfare

During the Reporting Period, the key performance indicators (KPIs) for GHG emissions of our company and its five subsidiaries are as follows:

Indicator	Unit	2024	2023	2022
GHG Scope 1 (Note 1)	tCO ₂ e	8,740.1	5,122.0	4,878.5
Air conditioning coolant (Note 2)	tCO ₂ e	6,900.9	4,955.1	4,746.8
Diesel oil (Note 3)	tCO ₂ e	23.0	22.0	24.8
Gasoline (Note 3)	tCO ₂ e	152.3	144.9	106.9
Other emissions	tCO ₂ e	1,663.9	/	/
GHG Market-based Scope 2 (Note 4)	tCO ₂ e	340,919.1	378,427.2	362,501.6
GHG Location-based Scope 2 (Note 5)	tCO ₂ e	441,211.2	/	/
Total GHG (Scope 1 and Market-based Scope 2)	tCO ₂ e	349,659.2	383,549.2	367,380.1
Total GHG (Scope 1 and Location-based Scope 2)	tCO ₂ e	449,951.3	/	/
GHG (Scope 1 and Market-based Scope 2) emission Intensity	tCO ₂ e/ RMB million revenue	9.7	14.0	12.0
GHG (Scope 1 and Location-based Scope 2) emission intensity	tCO ₂ e/ RMB million revenue	12.5	/	/

NOTE

1.

During the GHG audit in the Reporting Period, the Group also identified other emission sources of Scope 1, including fugitive emissions from septic tanks, rust removers, high-voltage switchgear, CO₂ cylinders, and CO₂ /heptafluoropropane (HFC-227ea) fire extinguishers,the emissions generated are included in the results of this inventory. Furthermore,the reporting boundary has been expanded to include Shunyu Zhiling Technology. Concur-rently, increased production capacity at other subsidiaries, expansion of production and office facilities, and higher refrigerant usage have collectively resulted in a 70.6% year-on-year increase in Scope 1 GHG emissions compared to 2023.

2.

The air conditioning refrigerant emission factors used by the Group are referenced from *the 2006 IPCC Guidelines for National Greenhouse Gas Inventories* (《2006 年聯合國政府間氣候變化專門委員會國家溫室氣體清單指南》), while the global warming potential values are based on *the IPCC 6th Assessment Report in 2022 (AR6)* (《IPCC 2022 年第六次評估報告》). To enhance the accuracy and completeness of refrigerant-related GHG emission data, the Group has adopted the fugitive emission method for refrigerant emission accounting since 2022.

3.

The Group's CO₂ emission factors of diesel and gasoline are referenced from *the Guidelines on Greenhouse Gas Emission Accounting and Reporting for Industrial and Other Enterprises (Trial)* (《工業其他行業企業溫室氣體排放核算方法與報告指南（試行）》) issued by the National Development and Reform Commission (NDRC) .

4.

The Group's Scope 2 GHG emissions solely originate from purchased electricity. For the market-based Scope 2 calculation, the CO₂ emission factor applied to the Group's purchased electricity references the 2022 national average CO₂ emission factor for electricity (excluding non-fossil energy electricity volumes from market-based transactions) as published in the "Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factors" by the Ministry of Ecology and Environment.

5.

For the location-based Scope 2 GHG emissions, the CO₂ emission factor applied to the Group's purchased electricity references the average CO₂ emission factor of the East China regional grid as stipulated in the "Announcement on the Release of 2022 Carbon Dioxide Emission Factors for Elec-tricity" issued by the Ministry of Ecology and Environment.

Progress on Sustainability-Linked Financing Performance Targets:

The Group's sustainability-linked financing performance targets (Note1) were set with 2021 as the baseline year. For calculating the baseline year emission intensity, the grid emission factor for purchased electricity adopted the 2012 average CO₂ emission factor of the East China Regional Grid from the 2012 China Regional Grid Average CO₂ Emission Factors. However, the 2021 and 2022 electricity CO₂ emission factors newly released by the Ministry of Ecology and Environment (MEE) show a significant reduction compared to the 2012 values. Consequently, the Group has recalculated and benchmarked the GHG emission intensity for the baseline year.

Indicator	Unit	CO ₂ Emission Factor 1 (Note 2)		CO ₂ Emission Factor 2 (Note 3)	
		2024	2021	2024	2021
GHG (Scope 1 and Scope 2) emission intensity	tCO ₂ e/ RMB million revenue	12.0	10.3	10.0	8.6

Recalculation and Comparison of Baseline Year GHG (Scope 1 & Scope 2) Emission Intensity

NOTE

1.

The financing performance targets of SLB set by our group cover our company and four subsidiary companies, namely Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech, and Sunny Optical Intelligence (Yuyao) .

2.

CO₂ Emission Factor 1 refers to the average CO₂ emission factor of the East China regional power grid in the "2012 China Regional Power Grid Aver-age CO₂ Emission Factor".

3.

CO₂ Emission Factor 2 refers to the 2022 national average CO₂ emission factor for electricity (excluding non-fossil energy electricity traded in the market) as stated in the Ministry of Ecology and Environment's announcement on the release of CO₂ emission factors for electricity in 2022. The CO₂ emission factors for electricity in 2021 and 2022 announced by the Ministry of Ecology and Environment in 2024 showed a downward trend. To be conservative, the emission factors for 2022 will be used when recalculating for 2024 and the base year 2021.

External Assurance

To ensure the accuracy of GHG emission data and information in this report, we engaged an independent assurance provider to perform a limited assurance engagement on selected GHG emission intensity data During the Reporting Period, in accordance with the *International Standard on Assurance Engagements 3410, Assurance Engagements on GHG Statements* (《國際鑒證業務準則第3410 號 – 溫室氣體排放報告鑒證業務》) issued by the International Auditing and Assurance Standards Board (IAASB). The independent assurance report can be found in Appendix I of this report.

Resource Utilization and Energy Management

The KPIs of the Group's resource consumption during the Reporting Period are as follows:

Category	Unit (of measure)	2024	2023	2022
Total direct energy (Note 1)	MWh	646.9	616.5	485.8
Diesel oil	MWh	83.6	80.4	90.3
Gasoline (Note 2)	MWh	563.3	536.1	395.5
Total Indirect Energy (Note 3)	MWh	785,492.7	639,457.5	605,485.5
Electricity	MWh	582,170.7	537,920.7	515,283.1
Green Electricity	MWh	203,322.0	101,536.8	90,202.4
Total Energy Consumption	MWh	786,139.5	640,074.0	605,971.3
Energy consumption intensity (Note 4)	MWh/ RMB million revenue	21.8	23.3	19.7
Consumption of packaging materials	tons	3,186.2	2,126.3	2,548.5
Packaging material intensity (Note 5)	Kg/ RMB million revenue	88.5	77.4	83.0
Water Withdrawal (Note 6)	tons	2,808,667.4	2,639,878.9	2,318,717.1
Water Withdrawal intensity (Note 7)	tons/RMB million revenue	78.0	96.0	75.5
Water consumption	tons	561,733.5	527,975.8	463,743.4

NOTE

1. The average low level heating capacity coefficients for diesel and gasoline used by the Group are with reference to the "Guidelines for Accounting and Reporting of GHG emissions from Electronic Equipment Manufacturing Enterprises" issued by the National Development and Reform Commission in 2015.
2. The inclusion of Sunny SmartLead in this disclosure and the increased frequency of the Group's business communication activities during the Reporting Period led to a 5.1% increase in gasoline consumption.
3. The inclusion of Sunny SmartLead in this disclosure, along with the increased production capacity of the Group's other subsidiaries and the expansion of production office areas during the Reporting Period, resulted in an 22.8% increase in electricity consumption compared to the full year of 2023.
4. During the Reporting Period, although the Group's total energy consumption increased by 22.8% compared to 2023, the Group's revenue increased year-on-year, leading to a decrease in energy consumption intensity of approximately 6.4% compared to the full year of 2023.
5. The inclusion of Sunny SmartLead in this disclosure, combined with the increased production capacity of the Group's other subsidiaries and adjusted their product structures,which has led to a 49.8% rise in packaging usage during the Reporting Period, resulted in a 14.3% increase in the density of packaging materials compared to the full year of 2023, despite year-on-year increase in revenue.
6. The inclusion of Sunny SmartLead in this disclosure, along with the increased production capacity of the Group's other subsidiaries and the expansion of production office areas during the Reporting Period, led to a 6.4% increase in Water Withdrawal compared to the full year of 2023.
7. During the Reporting Period, water Withdrawal intensity decreased by approximately 18.8% compared to the full year of 2023, as the Group's Water Withdrawal increased by 6.4% year-on-year while revenue increased year-on-year.

Management of Energy Use

The Group adheres to relevant laws and regulations, including *Energy Law of the People's Republic of China* (《中华人民共和国能源法》), the *Energy Conservation Law of the PRC* (《中華人民共和國節約能源法》), the *Electric Power Law of the People's Republic of China* (《中華人民共和國電力法》), the *Measures of Zhejiang Province on energy conservation supervision* (《浙江省節能監察辦法》), and the *Measures for the Supervision and Administration of Energy Conservation in Special High-Energy Consumption Equipment* (《高耗能特種設備節能監督管理辦法》). Additionally, the Group has established energy conservation leadership teams responsible for setting energy-saving goals and developing implementation plans. We are committed to achieving our energy-saving and carbon reduction targets through initiatives such as technological innovation in manufacturing processes, the introduction of energy-efficient equipment, optimization of equipment operating parameters, Adjustment of the energy consumption structure, and the phasing out of high-energy-consuming or outdated equipment.

During the Reporting Period, the Group also set energy management targets:

2024 Performance Targets	Achievement in 2024	2025 Performance Targets
Increase the share of renewable energy use by more than 10% compared to 2023	Achieved	More than 35% of renewable energy use through purchase of green power and green certificates and laying of photovoltaic
Saves 18,000 MWh of electricity	Achieved	Promotion of high-efficiency machine rooms and improvement of high-efficiency energy-saving lamps et al., resulting in electricity savings of 20,000 MWh

Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech and Sunny Optical Intelligence (Yuyao) have all obtained ISO 50001 energy management system certification. Sunny SmartLead has also established its own energy management system in alignment with ISO 50001 standards and tailored to its specific production activities. Moving forward, we will continue to refine our energy management systems and encourage our subsidiaries to carry out energy management practices in a more standardized and efficient manner.

The Group's primary source of GHG emissions stems from electricity consumption. As such, improving our energy structure, enhancing electricity efficiency, and increasing the proportion of renewable energy are key focus areas in our ongoing energy management efforts. By the end of the Reporting Period, Sunny Automotive Optech had completed the installation of photovoltaic power generation systems with a total capacity of 2.5 MWp, expected to generate approximately 2.4 million kWh annually. Additionally, the Group has commenced the installation of photovoltaic systems at its Chengxi Industrial Base, which is projected to be completed by June 2025. This project will have an installed capacity of 5.5 MWp and is expected to generate over 5 million kWh annually. Meanwhile, Sunny Zhejiang Optics, Sunny Opotech, and Sunny Optical Intelligence (Yuyao) have collectively reduced carbon emissions by 119,065.4 tons through the procurement of green electricity.

To enhance the precision of new energy usage management, the Group has implemented an energy management platform. This platform enables real-time monitoring of electricity consumption data across subsidiaries' facilities, allowing the Group to optimize the energy efficiency of power-intensive equipment and ensure the safe and efficient operation of power distribution systems. Furthermore, the platform provides real-time accounting of GHG emissions within operational areas and offers early warning management for total energy consumption, energy intensity, carbon emissions, and carbon intensity targets. By 2025, the Group plans to expand the platform's capabilities to include Scope 3 GHG emissions accounting. This will enable more comprehensive management of GHG emissions, facilitate the planning of carbon reduction pathways, and support the Group in achieving its dual-carbon goals.



Sunny Automotive Optech's installation of photovoltaic



During the Reporting Period

The Group carried out

13

energy conservation and consumption reduction projects

which resulted in a total of

18,878,000 kWh

of electricity saving

reduction in carbon emissions

11,055.0 tons of carbon dioxide equivalent



Name of the company	Energy Saving and Consumption Reduction Project	Project Description	Energy saving (KWh)	Corresponding Carbon Reductions (tons of carbon dioxide equivalent)
Sunny Automotive Optech	Energy efficient screw machine replacement	Replace energy-efficient chiller screw units	225,718	132.2
	Inverter Retrofit	13 units of fan cabinet motors and pump inverters were imported.	290,000	169.8
Sunny Optical Intelligence (Yuyao)	Multi-hour operation of fresh air conditioners in changing rooms	Adjustment to multi-hour operation based on staff mobility pattern	44,576	26.1
	Line Change Process Optimization	Optimization of the wire change over process, shortening the time for a single wire change over by an average of 7 hours, and realizing energy loss savings	378,000	221.4
Sunny Opotech	Vacuum Generator Replacement	Replacement of vacuum generators by centralized vacuum systems for energy savings	4,448,000	2,604.8
	Office Air Conditioning Remodeling	Adoption of full heat exchange fresh air unit + water system air-conditioning, realizing the reduction of energy consumption.	160,000	93.7
	Efficient Plant Construction	Reduction of annual energy consumption through the use of heat recovery units and the construction of a highly efficient plant.	274,000	160.5
Sunny Zhejiang Optics	Efficient Machine Room Construction	Building Efficient Server Rooms through Intelligent Integration of Energy Efficiency	6,750,000	3,952.8
	Coating Machine Energy Saving Oil Replacement	The coating machine adopts more energy-efficient diffusion pump oil to save energy.	81,729	47.9
	Optimization of the layout of the workshop	Optimization of workshop layout and consolidation of some workshops, reducing unit energy consumption.	5,530,713	3,238.8
	Air compressor energy saving	Through piping modification, air-conditioning chilled water is used as cooling water for the dryer.	250,000	146.4
Sunny SmartLead	Process Optimization	Workshop optimization and consolidation	45,114	26.4
	Air Conditioning Equipment Replacement Optimization	Adoption of air-cooled heat pump for air-conditioning unit instead of electric heating	400,000	234.2

Efficient Machine Room Pilot Project

During the Reporting Period, we selected Sunny Zhejiang Optics, a high-energy-consuming facility, as a pilot site. Based on the on-site equipment installation conditions, we developed a "Mechanical Framework +Artificial intelligence (AI) " performance prediction model at the equipment level. Through system simulation and global optimization, we identified the optimal combination of control parameters to minimize system energy consumption. This intelligent integration of energy efficiency has delivered significant energy-saving results and will be fully implemented across other facilities in the future.



Sunny Zhejiang Optics' efficient machine room



Green transportation is an essential way to achieve a low-carbon lifestyle and sustainable development. The Group recognizes the critical role of green travel in addressing climate change and promoting environmental protection. During the Reporting Period, the Group phased out high-emission vehicles and introduced two hybrid electric official vehicles to optimize the structure of our company's fleet. Additionally, we installed electric vehicle charging stations in our parking lot to provide charging services for visitors and employees, supporting the use of electric vehicles.

Water Use Management

Water resources are the fundamental basis for the survival of all living beings on Earth. The Group places great emphasis on water resource management and is committed to the ongoing protection of these vital resources. In strict compliance with relevant laws and regulations, the Group considers water availability a key factor when selecting factory locations. During the Reporting Period, the Group primarily relied on municipal water supply and has guarantees on obtaining sufficient and suitable water resources that is fit for purpose,and there was no issue in sourcing water that is fit for purpose. As part of its operations, the Group has established the following sustainable water management objectives and is actively implementing key management measures:

Objectives		Measures
Water Management	Enhance staff awareness of water conservation	Posting of water-saving signs; launching of environmental protection and energy-saving publicity campaigns
Water Balance	Controlling water consumption per unit of product and improving the utilization rate of water resources.	Adoption of water-saving equipment, optimization of chemical processes, modification of water-saving appliances, and enhancement of water resource utilization.
	Accounting for water balance	Developing water balance accounting to track water use and reduce water wastage
Water Quality	Monitoring of sewage discharge	Regularly monitor water quality, conduct periodic cleanups of surrounding rivers, and assist relevant authorities in their remediation efforts.

During the Reporting Period, we implemented water resource management enhancement projects across our subsidiaries, achieving a total water saving of 350,000 tons through measures such as water reuse and the adoption of water-saving equipment. Notably, Sunny Zhejiang Optics reduced its water consumption per 10,000 yuan of output value by 20% by reusing water, modifying wastewater pipelines for water bath equipment, and integrating water consumption data into its intelligent energy monitoring system. In 2025, the Group will continue to refine its water resource management measures, aiming to save over 350,000 tons of water.

Sunny Zhejiang Optics, Sunny Opotech, and Sunny Automotive Optech were recognized as "Zhejiang Provincial Water-saving Enterprises," while Sunny Optical Intelligence (Yuyao) was honored as a "Ningbo Water-saving Enterprise".

Material Consumption Management

The Group's product manufacturing, transportation, and sales processes involve the use of materials such as packaging boxes, blister boxes, corrugated paper, vacuum bags, and adhesive tapes. In line with the principle of "Reducing Resource Consumption and Pollutant Emissions at the Source," we have optimized our production and packaging processes to minimize material usage. This includes streamlining packaging designs, improving loading efficiency, reusing packaging materials, and using environmentally friendly as much as possible. Additionally, the Group actively collaborates with suppliers and customers to promote the

optimization and recycling of packaging materials.

To enhance the management of packaging materials, the Group has established a series of policies. For instance, Sunny SmartLead has developed the Regulations on Packaging Design to specify design requirements and guidelines for the recycling of packaging materials. Meanwhile, Sunny Opotech has introduced the Tray Recycling Management Measures, which outline the roles and responsibilities of departments involved in tray recycling, while also setting targets and monitoring recycling rates.

The material-saving projects carried out by the Group during the Reporting Period are as follows:

Name of the company	Materials saving project	Measures and results
Sunny Zhejiang Optics	Packaging Reuse	Reuse of outsourced material packaging materials, reducing the consumption of packaging materials by approximately 66.7 tons
	Package Design Optimization	Optimized package design specifications, reducing consumption of packaging materials per unit of product by about 45.6 tons.
	Process Optimization	Application of advanced abrasive technology, using multi-point technology, reducing the consumption of material heads and shanks by about 12.1 tons.
	Molding Process Improvement	Adjust the waiting time according to the cycle to reduce the carbonization of the resin, saving about 10.5 tons of resin.
	Vibratory disk introduction	Replaced the hanging tray machine with flexible trays, increasing material utilization by 8% and saving RMB 4.16 million annually.
Sunny Optical Intelligence (Yuyao)	Packaging Optimization	Sweeping robot packaging optimization, annual material saving of about 12.5 tons
	Disposable Blister Product Replacement	Replacing disposable blister products with rotational blister products to promote green production and save 75 tons of plastic.
Sunny Optical Intelligence (Yuyao)、Sunny Opotech	Increased utilization of laminates	Reduced the proportion of process edges and changed the boards from 1*5 to 5*6, which increased the utilization rate by 78% and saved about 25 tons of materials.
Sunny Opotech	Vacuum bag design for blister box packaging	Reduce the use of vacuum plastic bags, change the vacuum bag packaging from one box to five boxes to one package, saving about 0.4 tons of external packaging volume
Sunny SmartLead	Reuse of crates and trays	Promoted the reuse of crates and pallets in cooperation with customers, with a utilization rate of about 65%.

Emission Management

The Group is committed to classifying, monitoring, and treating waste generated during production and operations before its discharge. The air pollutants produced by the Group are mainly volatile organic compounds ("VOCs") , nitrogen oxides (NOx) , sulfur dioxide (SO₂) , and particulate matter (PM) . These pollutants primarily originate from the volatilization of organic solvents used in workshops and vehicle exhaust emissions. The wastewater generated by the Group mainly comes from domestic water and production-related cleaning and grinding wastewater. The solid waste includes non-hazardous solid waste such as domestic garbage, as well as hazardous waste such as detergents and organic solvents generated during production.

We strictly adhere to relevant laws, regulations, and local emission standards, continuously refining our emission management policies and standardizing the handling of various emissions. We are actively exploring ways to minimize waste emissions. Sunny SmartLead has formulated the *Solid Waste Management Specification* (《固體廢棄物管理規範》) , clarifying the responsibilities of departments, the classification list of solid waste, and storage requirements, strengthening the company's solid waste management. Sunny Automotive Optech has established the *Administrative Measures on Waste Gas, Effluent, Noise and Solid Waste* " (《廢氣、廢

液、噪聲及固體廢棄物管理規定》) , specifying the classification, collection, storage, and disposal methods for wastes, and assigning responsibility for environmental management to ensure proper handling of emissions during operations. Sunny Zhejiang Optics has also established the *Administrative Measures on Waste Gas, Effluent and Solid Waste* (《廢氣、廢液、固體廢棄物等管理制度》) , aiming to reduce the impact of waste emissions on the local environment and human health. Additionally, we engage qualified third-party agencies to conduct emission testing to ensure compliance with standards.

During the Reporting Period, the Group implemented the following emission reduction projects:

Company Name	Emission Reduction Project	Measures and Effects
Sunny Optical Intelligence (Yuyao)	Disposable Gaskets Substitution	Replacing disposable washers with reusable washers has reduced the annual generation of solid waste by approximately 16 tons
	Solder Paste Management Optimization	Optimizing the usage and packaging control of solder paste has achieved a 44% reduction in solder paste consumption, resulting in a decrease of hazardous waste by about 0.4 tons
	Improvement of Glue Tail Bubbles	Enhancing the quality of glue tail bubbles has increased glue utilization by 15%, reducing hazardous waste by about 5 tons
Sunny Zhejiang Optics	Optimization of Hardening Solvent Usage	By optimizing the process to extend the service life of organic solvents, the company has reduced the generation of waste liquid, decreased solvent consumption by 1.5 tons per year, and lowered hazardous waste output by 1.0 tons per year
Sunny SmartLead	Chemical Substitution	Replacing isopropyl alcohol cleaning agents with neutral cleaning agents, reducing VOCs emissions by 0.1 tons

Waste Gas Emission Management

We adhere strictly to both domestic and international standards for waste gas emission management, implementing measures such as source reduction, process control, and end-of-pipe treatment to minimize the environmental impact of gaseous pollutants.

Source Reduction

We optimize production processes to reduce the use of volatile chemicals and have developed a chemical substitution plan, replacing alcohol-based solvents with non-toxic, water-based alternatives. This approach significantly reduces the generation and emission of VOCs at the source.

Process Control

We maintain strict control over production processes. Workstations emitting VOCs are centralized and sealed, with air ducts installed for centralized collection and treatment. Daily inspections are conducted to ensure the proper functioning of treatment facilities.

End-of-Pipe Treatment

High-efficiency treatment equipment is employed to process collected waste gas through multiple stages, ensuring compliant discharge. To verify compliance, we regularly engage qualified third-party agencies to monitor emissions.

Wastewater Emission Management

The wastewater generated by the Group primarily stems from domestic and production activities. We strictly regulate wastewater discharge in accordance with national standards. Within the factory premises, rainwater and sewage systems are separated, with rainwater directed into nearby rivers through dedicated pipelines. Additionally, we have established a wastewater treatment system on-site and obtained the necessary permits to discharge domestic and production wastewater into the municipal sewage network, ensuring compliance. In Addition, a buffer tank is installed before wastewater enters the municipal sewage system. Regular sampling and monitoring are conducted, and in the event of non-compliant or abnormal data, discharge is immediately halted, and inspections and corrective actions are promptly initiated.

Waste Management

The Group rigorously complies with local laws and regulations, adhering to the principles of waste reduction, resource utilization, and harmlessness. We continuously refine production technologies to enhance resource efficiency and product quality, thereby reducing the proportion of defective products. For waste generated, we classify, collect, store, transfer, and dispose of it in accordance with legal requirements. Priority is given to qualified treatment providers capable of recycling waste, ensuring compliant treatment and resource recovery. Our ultimate goal is to achieve "zero waste to landfill."

Sunny Opotech and Sunny Optical Intelligence (Yuyao) also formulated hazardous waste emission-related targets during the Reporting Period in early 2024 and successfully achieved them.

Company Name	2024 Hazardous Waste Emission Target	2024 Implementation Status
Sunny Opotech	Hazardous waste emission density decreased by 10% year-on-year	Achieved
Sunny Optical Intelligence (Yuyao)	Hazardous waste emission density decreased by 10% year-on-year	Achieved

Guided by the new development philosophy of innovation, coordination, greenness, openness, and sharing, the Group is committed to promoting source reduction and resource utilization of solid waste across its subsidiaries. This approach minimizes landfill usage and minimize the environmental impact of solid waste. Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech, and Sunny Optical Intelligence (Yuyao) gained the "Zero Waste Factory" certification. During the Reporting Period, Sunny Optical Technology was among the first companies to be recognized as a "Zero Waste Group" in Zhejiang Province.



Non-Hazardous Waste

Non-hazardous waste primarily includes industrial byproducts such as scrap metal, plastic, paper, and packaging materials, as well as office and domestic waste. For non-hazardous waste, we actively explore recycling opportunities to maximize resource value. Materials that cannot be recycled are regularly collected and transported by sanitation departments for proper disposal.



Hazardous Waste

Hazardous waste includes items such as discarded rubber hoses, used activated carbon, waste reagent bottles, and spent organic solvents. Each subsidiary has established standardized management practices for hazardous waste, detailing its name, source, characteristics, potential hazards, and disposal methods. Additionally, emergency response mechanisms for related incidents have been implemented. We have designated storage areas for hazardous waste, where materials are categorized and stored according to regulatory requirements. Ultimately, the waste is handed over to qualified third-party agencies for compliant disposal, and the agencies' hazardous waste treatment credentials are regularly reviewed.

Noise Emission Management

The Group strategically plans workshop layouts to reduce noise levels and prioritizes the use of low-noise equipment. We also install equipment on solid foundations to prevent noise caused by vibrations. Regular maintenance is conducted to esure that problems are found and fixed in time. During the Reporting Period, Sunny Zhejiang Optics invested approximately 450,000 yuan to install silencers on each air compressor, resulting in a 17% reduction in noise levels from the compressor room. Sunny Opotech implemented specialized noise control measures and optimized workshop layouts, earning the title of "Quiet Factory" of Ningbo.

During the Reporting Period

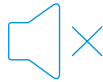
Sunny Zhejiang Optics invested approximately

450,000yuan

resulting in a

17%

reduction in noise levels from the compressor room



Emission Key Performance Indicators

During the Reporting Period, the KPIs at the emission level are as follows:

Category	Unit	2024	2023	2022
Sulphur dioxide (Note 1)	Kg	1.1	1.0	0.8
Nitrogen oxides	Kg	567.7	605.7	466.2
Particulate matter	Kg	54.2	57.8	44.4
Hazardous waste (Note 2)	tons	115.3	93.0	86.8
Hazardous waste intensity (Note 3)	Kg / RMB million revenue	3.2	3.4	2.8
Total non-hazardous waste (Note 4)	tons	9,805.6	7,197.7	8,706.0
General non-hazardous waste	tons	3,169.9	3,268.1	5,057.6
Recycle waste	tons	6,635.7	3,929.6	3,648.4
Non-hazardous waste intensity	Kg / RMB million revenue	272.4	261.9	283.6
Wastewater emission (Note 5)	tons	2,246,933.9	2,111,903.1	1,854,973.6

NOTE

- The emission factors of sulphur dioxide of the Group's diesel and gasoline are based on the EMFAC-HK Vehicle Emission Calculation 《香港環境保護署汽車排放計算模型》。
- The reporting scope has been expanded to include Sunny SmartLead. During the Reporting Period, increased production capacity and expanded operational facilities across the Group's subsidiaries resulted in a 24.0% rise in total hazardous waste compared to the full year 2023.
- During the Reporting Period, the Group's hazardous waste intensity increased by approximately 24% compared with the year of 2023, however the revenue grew, Consequently, the hazardous waste intensity per revenue unit decreased by 5.9% compared to 2023 levels.
- The reporting scope has been expanded to include Sunny SmartLead. During the Reporting Period, increased production capacity and material usage across the Group's subsidiaries resulted in a 36.2% rise in non-hazardous waste compared to the full year 2023.
- Wastewater emission is empirically calculated at 80% of water withdrawals.

Green Ecology and Biodiversity

The Group fully recognizes the critical importance of biodiversity in maintaining ecological balance and supporting human well-being. Biodiversity not only provides abundant resources for the planet but also forms the foundation for human survival and development. Therefore, we are committed to minimizing the negative environmental impacts of our operations while actively implementing measures to protect and promote biodiversity.

All major construction projects have undergone environmental impact assessments (EIAs) in compliance with legal requirements and have obtained the necessary approvals. Throughout project implementation and operations, we strictly adhere to environmental regulations to ensure that the impact on the environment is minimized. Through regular environmental monitoring of the company, we ensure that all indicators meet the standards, thereby protecting the surrounding ecological environment.

The Group's Chengxi Industrial Base is located in the National 3A-level scenic area-Yuyao Smart Optoelectronics Town, adjacent to the Shilugiao River in the east. To preserve the surrounding natural environment, we have developed a riverside park between Phase I and Phase II of the industrial base, creating a green space for employees and local residents to enjoy for leisure and recreation. Thanks to its beautiful environment and unique ecological design, the Smart Optoelectronics Town has been ranked ninth in the "China's Most Beautiful Characteristic Towns" list.

We place great emphasis on the water quality of the surrounding rivers. We regularly sample and test the rainwater before it is discharged from the company, and conduct routine inspections of the discharge status at each discharge outlet to ensure that no water flows into the river from the rainwater discharge outlets on sunny days. Through these measures, we are committed to safeguarding water resources and minimizing potential impacts on aquatic ecosystems.

The Group plans to assess biodiversity risks and potential impacts, formulating corresponding risk management strategies. In terms of supply chain management, we collaborate with suppliers to protect biodiversity, integrating biodiversity conservation and no-deforestation commitments into supplier management requirements to comprehensively advance biodiversity protection efforts.

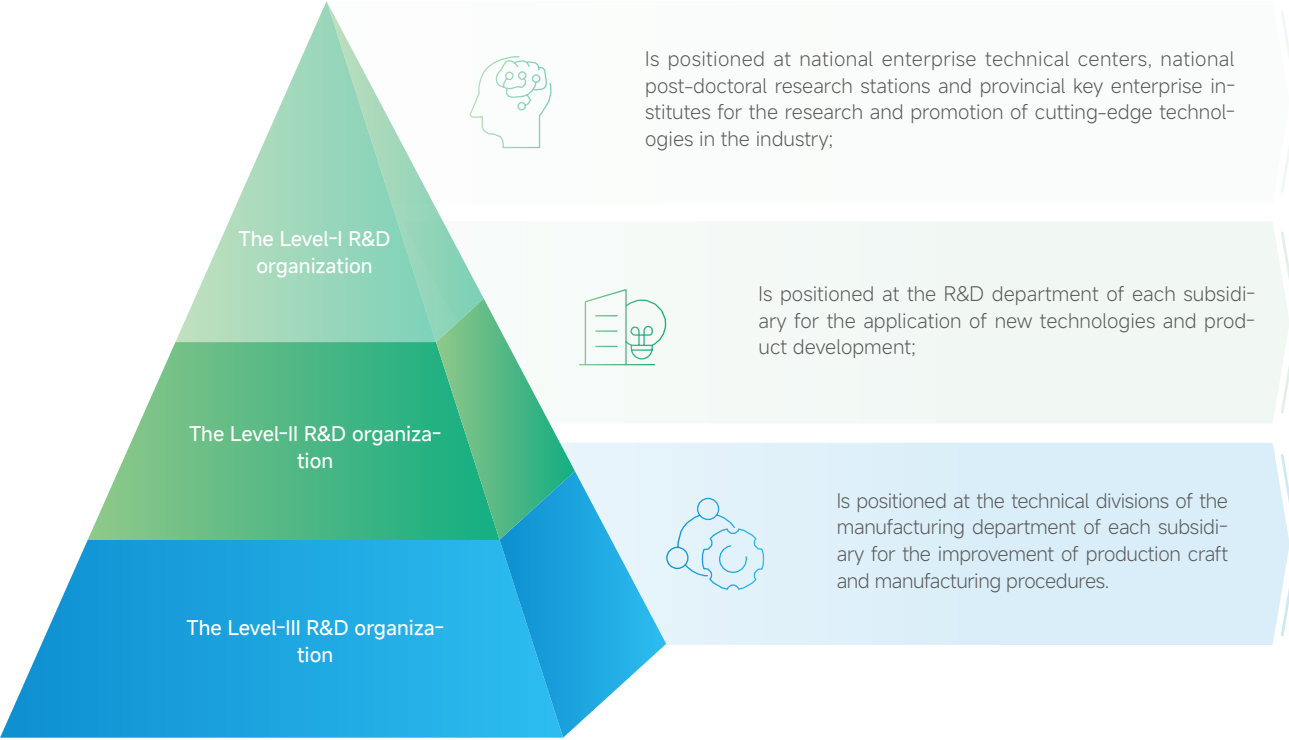
During the Reporting Period, we participated in several initiatives aimed at protecting and restoring ecosystems, including tree planting, garbage cleanup campaigns, and ecological education programs.



R&D Innovation

Adhering to the enterprise vision of "Be stronger, bigger and go further to build a 'Hundred-Year-Old' brand and foster a great enterprise", the Group attaches great importance to technological innovation and continues to optimize the technological innovation strategy and R&D system, and constantly moves toward a new model "driven by technology and innovation". We continue to focus on cutting-edge technologies and market needs in the industry, and make early development in strategic areas. Meanwhile, the Group continues to enhance the capabilities of its R&D personnel with a view to sustaining a stable and intense R&D development.

The Group has established a three-level R&D organizational system with clear positioning to ensure that the self-developed or introduced high-end and new technologies can be quickly applied to products:

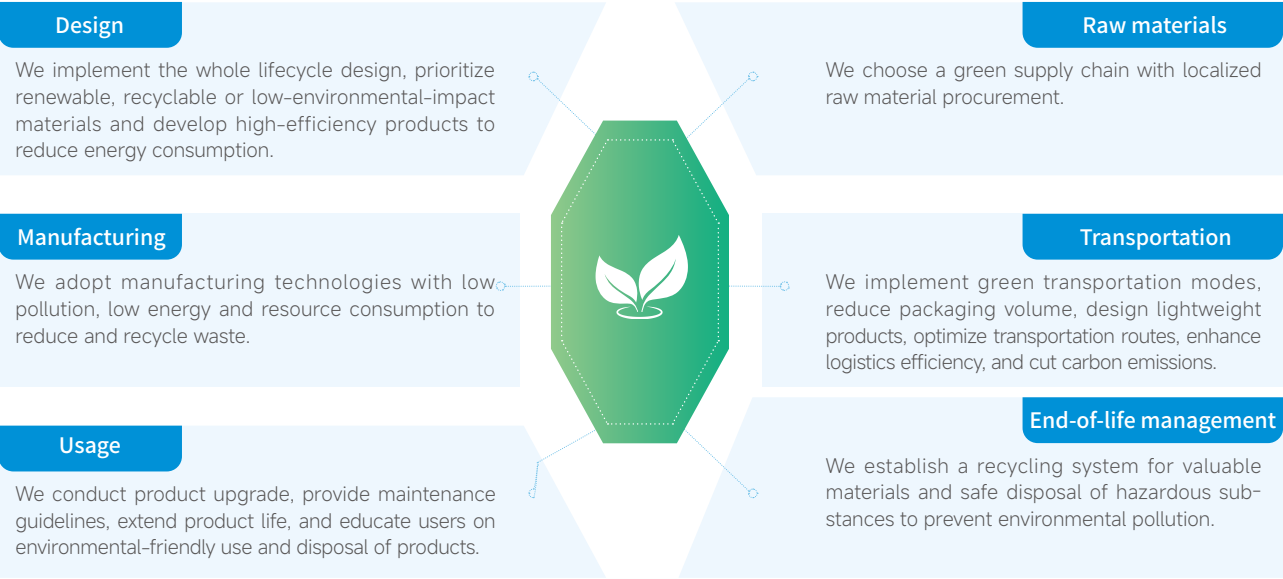


03

Product Liability

Clean Technologies & Green Products

The Group also integrates the concept of sustainable development into the R&D strategy and actively promotes the R&D and application of clean technologies. We implement green design and planning across many phases including product design, raw materials, manufacturing, and transportation, reducing both material usage and environmental impact.



The clean technology projects launched by the Group during the Reporting Period are shown as follows:

Company Name	Clean Technology Projects	Measures and Achievements
Sunny Optical Intelli- gence (Yuyao)	Process optimization of floor mopping robots	The process and raw material optimization of floor mopping robots was carried out, reducing electroplating procedures and significantly lowering environmental pollu- tion and resource consumption during production.
Sunny SmartLead	Processing time optimization of Computer number control machines	Precision forged blanks were adopted for metal casings, reducing the processing time of CNC machines by 55s and per-unit energy consumption by approximately 31%.
Sunny Opotech	Lens and VCM small clearance height alignmentdesign	The constant height gap tolerance was reduced through rear-focal compen- sating lenses, decreasing AA glue usage.
	Gold wire optimization	Without compromising performance, 1.0mil gold wires were replaced with 0.8mil wires, reducing gold wire usage by approximately 0.3t and lowering processing energy consumption.
Sunny Automotive Optech	Optimization of injection molding processes	Low-VOC grades of injection molding materials were selected, reducing VOC emissions during production.
Sunny Zhejiang Optics	Process optimization	The production line efficiency was increased from 85% to 90% through refined mainte- nance, improved staff proficiency, process optimization, and faster downtime response.

Products Carbon Footprint

In accordance with the ISO 14067 Products Carbon Footprint, the Group calculates products carbon footprint by using lifecycle assessment methodology for selected representative products. During the Reporting Period, Sunny Automotive Optech and Sunny Opotech calculated the carbon footprint for five series of lens and module products. In the future, the Group will collaborate with value chain partners to reduce products carbon footprints through circular economy practices, green product design, energy efficiency improvements, renewable energy usage, green logistics, and green supply chains.

Protection of Intellectual Property Rights

Strengthening the refined management of intellectual property rights ("IPR") and controlling potential IPR risks are the basis for cultivating core competitiveness. Strictly abiding by the *Patent Law of the PRC* (《中華人民共和國專利法》), the *Rules for the Implementation of the Patent Law of the PRC* (《中華人民共和國專利法實施細則》), the *Anti-Unfair Competition Law of the PRC* (《中華人民共和國反不正當競爭法》) and other laws and regulations, the Group has formulated the *Intellectual Property Management Policy* (《知識產權管理制度》) to reduce the potential risks of IPR infringement during the operation

Our subsidiaries, Sunny Zhejiang Optics, Sunny Opotech and Sunny Automotive Optech , have all been certified to the *Standards for the Management of Corporate Intellectual Property Rights* (GB/T 29490) . This demonstrates that the Group has established a sound and systematic intellectual property management system, bolstering promotion of technological innovation, enhancement

of the Group. We have also strengthened R&D innovations and the cultivation of core intellectual property achievements and further enhanced the effectiveness of their application, realizing the shift to emphasizing on both quantity and quality of intellectual property management, and enhancing the support of intellectual property management to the business operation and management objectives. The Group has established a professional IPR management team to timely evaluate and protect various innovation achievements, so as to raise professional technology barriers and expand technological advantages.

of core competitiveness, and pursuit of sustainable development. During the Reporting Period, Sunny Zhejiang Optics and Sunny Opotech were certified to ISO 56005 *Innovation and Intellectual Property Management Capability* Level 4.

In 2024

The Group had authorized patents

1,417

Including invention patents

1,135

Utility model patents

274

Design patents

8

Were domestic patents

1,170

Were foreign patents

247



To encourage employees to engage in R&D and technology upgrading, build up market competitiveness and technological innovation capability, and promote the collective progress of our intellectual property management team, the Group has formulated the *Rules for Granting Incentives for Intellectual Property Rights* (《知識產權激勵實施細則》) and the *Intellectual Property Agency Management Rules* (《知識產權代理機構管理細則》) . During the Reporting Period, we not only rewarded 3,551 individuals for their contributions to patents/technical secrets but also awarded patent management personnel and patent agents. We selected 5 outstanding patent management personnel, 6 outstanding patent agents, and 3 outstanding patent agencies.

To effectively support innovation in the XR field, achieve efficient acquisition and utilization of external technical information, and realize internal information sharing and efficient work collaboration, the Group has established an intellectual property information sharing platform. During the Reporting Period, we have launched an AI-powered search platform covering 323 R&D personnel in the XR field.

On 26 April, we celebrated the 9th Intellectual Property Day. Our Legal Affairs Department collaborated with the intellectual property departments of subsidiaries to host the 2024 'Intellectual Property Day' Activity in a combined online and offline format. The group executives, subsidiary executives, and intellectual property leaders gathered to discuss the critical role of intellectual property in corporate development.



Quality Control

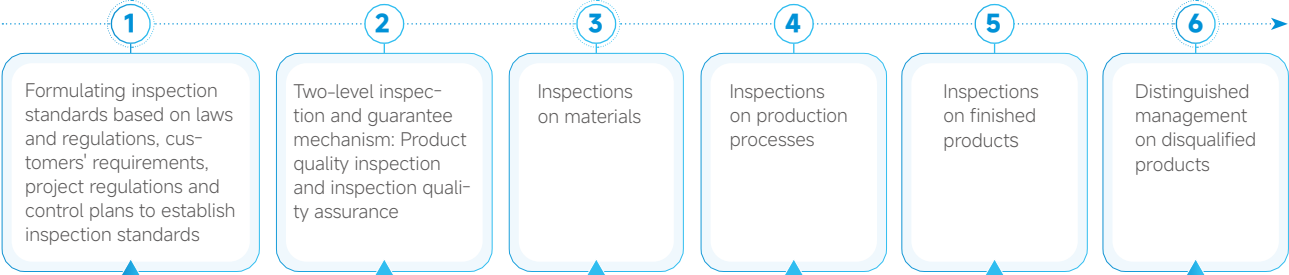
Quality Principle: Think before We Leap, Strive for Excellence

Product quality and safety are the basis on which the Group stands. We strictly abide by the national laws and regulations, including the *Product Quality Law of the PRC* (《中華人民共和國產品質量法》) and the *Tort Law of the PRC* (《中華人民共和國侵權責任法》) etc., and establish a sound quality management system. Four subsidiaries of the Company, namely Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech and Sunny Optical Intelligence (Yuyao) have passed the ISO 9001 quality management system certification. Sunny SmartLead has obtained certification for both the ISO 26262 Functional Safety Management System and the ESD S20.20 Electrostatic Discharge Control System. Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech, Sunny Optical Intelligence (Yuyao) and Sunny SmartLead have established hazardous substance management requirements in accordance with the relevant standards of QC 080000 hazardous substance process management ("HSPM").

Among them, Sunny Opotech, Sunny Zhejiang Optics and Sunny SmartLead have obtained relevant certifications. In addition, Sunny Automotive Optech, Sunny Optical Intelligence (Yuyao), and Sunny SmartLead have passed the IATF 16949 certification on the quality management system in automotive industry.

The quality assurance ("Quality Assurance") department of each subsidiary of the Company is the main responsible department of quality supervision with its functions including the establishment and maintenance of the system and the management of hazardous substance free ("HSF"), etc. We also defined the requirements and contents of quality management, environmental management and hazardous substance management through a series of management policies, and are committed to continuously improve product quality and providing customers with more quality products.

Improving Product Quality



We conduct reliability verification of products at different stages to ensure product quality and meet customers' demands. We have a laboratory with a floor area of approximately 3,000m². The laboratory has a total of more than 70 sets or units of large instruments, equipment and systems, and is a comprehensive laboratory focusing on reliability testing, material analysis and testing, failure analysis and testing, and Electromagnetic compatibility testing. Following the principle of "impartiality, reliability, and rapid response", the laboratory has been exploring the paths of development, serving internal customers and striving to build a testing support platform for the upstream and downstream industries as well as optoelectronic complexes. The laboratory has passed the approval of China National Accreditation Service for Conformity Assessment ("CNAS") and obtained the certificate of the ISO/IEC17025 *General Requirements on Detection and Calibration on Laboratory Capabilities* (《檢測和校準實驗室能力的通用要求》). When products cannot be tested in

the Group's laboratories under special inspection requirements, we will conduct the inspections through cooperation with third-party laboratories.

During the Reporting Period, Sunny Zhejiang Optics launched a "Zero-defect" quality management program, which aimed to actively seek changes and improve quality management; Sunny Automotive Optech established a zero-defect committee, and designated every 26 August as the annual "Zero-defect Day" and the 26th day of each month as the monthly "Zero-defect Day". It continuously implements the "Zero-defect" quality management program, establishing the concept of doing things right at the first time. In this way, employees can enhance their sense of responsibility for quality and achieve Zero-defect" quality, thereby improving product quality, continuously reducing quality costs, and enhancing efficiency.

During the Reporting Period, the Group's cases of quality improvement are as follows:

Company Name	Project Name	Project Description
Sunny Zhejiang Optics	Lens design optimization	Adjust the stress position of lens to avoid the lens stress point from hanging in the air, increasing the lens yield rate by 20% and saving costs of RMB 3.5 million
	Guide fixture improvement	Optimize the guide, add L-shaped locating blocks to the bearing platform, drill holes and take other measures to reduce the crushing injuries caused by guide replacement, increasing the lens yield rate by 2% and generating a revenue of approximately RMB 1.8 million
Sunny Optical Intelligence (Yuyao)	Optimization of bad point interception function	Adjust the light source and parameters for bad point control, reducing the bad-point reject ratio by 78% and achieving an annual revenue of approximately RMB 1.07 million
	Color block and angle optimization of standard plates	By enhancing the optimization of color block and angle as well as specification of the standard plates, reduce the reject ratio of products from 0.42% to 0.05% and achieve an annual revenue of approximately RMB 1.32 million
Sunny Opotech	Improvement of camera yield rate	By improving hardness, and optimizing the Mylar thickness, fixture and pressure, reduce the reject ratio by 90% and achieve a revenue of approximately RMB 11 million
	Fixture warping improvement	By changing the cylinder structure of the equipment, increase the yield rate of the wire body by 1.6% and achieve a revenue of approximately RMB 1.26 million
Sunny SmartLead	Improvement of welding yield rate	By improving the laser solder ball welding, reduce the reject ratio from 5.8% to 1.7%
	Stain optimization	By improving the measurement of stain, reduce the reject ratio from 0.3% to 0.1% and achieve a project revenue of approximately RMB 1.07 million
Sunny SmartLead	Introduction of automatic glue dispensing technology	Replace the manual air-outlet glue dispensing with an automatic glue dispensing machine, improving the operating efficiency and increasing the first pass yield by 5%



Quality Training and Relevant Activities

To create an atmosphere of quality culture in the Company, enhance the quality awareness of all employees, we have set up a series of quality training courses and activities together with subsidiaries. During the Reporting Period:

Sunny Automotive Optech organized the *Green Substances* (《绿色物质》) training for all employees. The course contents included the control requirements for *Use of Certain Hazardous Substances in Electrical and Electronic Equipment* (《關於限制在電子電氣設備中使用某些有害成分的指令》) (the "RoHS"), halogen, *Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals* (《化學品的註冊、評估、授權和限制規則》) (the "REACH"), conflict minerals and other green substances, enhancing the employees' quality management awareness.

Sunny Opotech is committed to improving all employees' quality awareness and establishing quality as its core competitiveness. It published monthly quality magazines every month, shared quality knowledge and industry trends, and carried out more than 56 quality empowerment activities from top to bottom. Focusing on the theme of "Improving Quality Awareness and Implementing Digital Management", it carried out the quality month activities, including quality seminars, interesting contests, knowledge contests, setting of quality benchmark figures, organization of special quality evaluations. On the World Quality Day, we launched the "Leader Interview, Wisdom Sharing" videos and promoted them to all employees, sharing the leaders' correct and penetrating views on quality.



Quality Month Launching Ceremony of Sunny Opotech

Sunny SmartLead held a seminar on "Improving Service Quality and Efficiency by Focusing on Customers", continuously enhancing the company's customer service awareness. More than 40 employees including leaders of the company's General Manager Office, all department heads and cadres closely related to the company's businesses attended the seminar. This seminar emphasized the value of customer-first awareness, reshaped the service awareness and view on overall situation, and highlighted the leadership of cadres and close team collaboration to ensure the project delivery quality and improve the customer satisfaction.



Seminar on Improving Service Quality and Efficiency by Focusing on Customers

Sunny Zhejiang Optics designated the whole year as the quality year with one quality subject for every month and carried out a series of quality improvement activities. Sunny Zhejiang Optics organized totally 21 quality classes, empowering the quality management from different angles and levels. At the same time, the company specially planned the "Monthly Wisdom Sharing" activity, providing employees with a convenient learning platform by publishing quality-related learning data on its WeChat official account monthly. The contents covered quality management theory, industry best practices, quality cases, etc., helping employees fully understand the knowledge system and practical experience for quality management.



Quality Month Launching Ceremony of Sunny Zhejiang Optics

Sunny Optical Intelligence (Yuyao) carried out the quality activities with the theme of "Thinking before We Leap, Taking Responsibility for Oneself, Seeking Teamwork and Striving for Excellence", such as special training concerning quality, self- and mutual inspection of quality problems, quality-related reading and sharing sessions, quality knowledge answer contests. A favorable new quality trend has been formed in the company, laying a solid foundation for lifting its quality work to a new level.



Quality-related Reading and Sharing Session

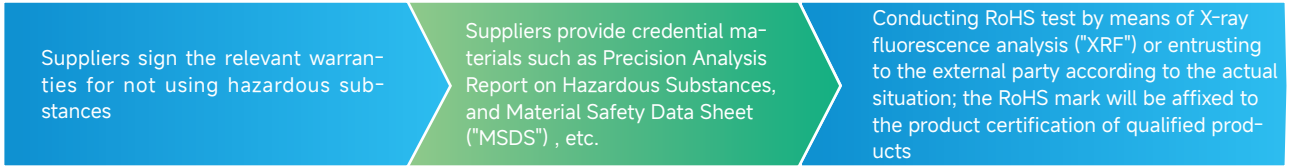
Management of Hazardous Substances

We have been adhering to the concept of "Environmental Protection and Health" since the very beginning of product design. To guarantee that our products do not have significant environmental impact, we select green and environmental materials from the self-developed database of environmental materials that are in line with the requirements of laws and regulations, as well as conduct the whole life cycle environmental testing. The Group strictly abides by international norms including the Directive on the Restriction of the RoHS of the European Union, the REACH of the European Union and the *Regulation on Persistent Organic Pollutants* (《持久性有機污染物法規》) (the "POPs"), as well as the national standards such as the *Limit of Volatile Organic Compounds Content in Adhesive* (《膠粘劑揮發性有機化合物限量》). In addition, Sunny Automotive Optech and Sunny SmartLead comply with the requirements of the *Global Automotive Declarable Substance List* (《全球汽車申報物質清單》) (the "GADSL"), and comply with the agreement on the *End-of-Life Vehicles* (《報廢車輛指令》) (the "ELV") in accordance with customers' requirements. Sunny Opotech and Sunny Optical Intelligence (Yuyao) comply with the provisions on the *Waste Electrical and Electronic Equipment* (《報廢電子電氣設備指令》) (the "WEEE"). Our professional team is responsible for the monitoring on laws and regulations, standards and other requirements, regularly

reviewing the compliance with regulations on chemicals, confirming and updating current materials based on the updates to regulations in a timely manner and conveying relevant laws and regulations and other requirements to employees at all levels through trainings, meetings, announcements, blackboard newspapers, internal network and other forms.

We have set the HSF management targets, established the comprehensive hazardous substance control processes, and publicly disclosed the *Chemical Management Statement* (《化學品管理聲明》) on the sustainable development section of Company's website. The Group has identified 100% of the chemicals used and classified chemicals into categories such as forbidden immediately, forbidden in stages and recommended as inappropriate substances. In addition, the Group takes the initiative to manage chemicals and reduces the use of certain chemicals in advance. During the Reporting Period, Sunny SmartLead introduced more environmentally friendly A543 to replace isopropanol, in order to reduce the related impacts on the environment. Meanwhile, Sunny Zhejiang Optics replaced Per- and Polyfluoroalkyl Substances (PFAS) materials with no-PFAS materials.

Company Name	HSF Management Targets	Completion of Targets in 2024
Sunny Zhejiang Optics	<ul style="list-style-type: none">100% products of conforming to the HSF requirements proposed by customersZero HSF non-conformity incident	Achieved
Sunny Opotech	<ul style="list-style-type: none">100% completion rate for HSF order reviews100% completion rate for raw material HSF sample inspectionZero pollution incident in manufacturing process100% qualification rate of reverse verification100% pass rate for finished product HSF sample inspectionZero complaint from customers related to HSF	Achieved
Sunny Automotive Optech	<ul style="list-style-type: none">Conduct new supplier introduction audits according to the <i>Guideline on HSF Risk Appraisal for Suppliers</i> (《供應商HSF風險評估指南》) and achieve a 100% new supplier induction compliance rate	Achieved
Sunny Optical Intelligence (Yuyao)	<ul style="list-style-type: none">100% pass rate for green products100% safe disposal rate for hazardous solid wasteZero environmental complaint from related parties	Achieved
Sunny SmartLead	<ul style="list-style-type: none">Zero HSF non-compliance complaints100% qualified rate of HSF material inspection100% traceability rate of HSF product batch number100% identification rate of HSF materials	Achieved



HSF Management Process

Sunny Zhejiang Optics: All materials meet the requirements of RoHS and REACH, and the *HSF Management Manual* (《HSF 管理手冊》) was formulated according to the requirements of IECQ QC 080000 hazardous substance process management system. The HSF organizational structure has been established according to *HSF Management Manual* (《HSF 管理手冊》), led by the general manager, and has specified the control procedures for the identification, recording, isolation and disposal of HSF unqualified products, clarified the reporting channel and handling methods of HSF unqualified products through *HSF Unqualified Product Management Standard* (《HSF 不合格品管理標準》) to ensure that HSF unqualified products do not flow into the next process or leave the factory. Sunny Zhejiang Optics has also designated a management representative as the chairman of the Standardization Committee to orally report to the customer within 3 hours after discovering the HSF unqualified products, and submit a formal written report to the customer within 24 hours.

Sunny Opotech: All materials meet the requirements of RoHS and REACH. Sunny Opotech has formulated the *Substance Standards on Environmental Management of Products* (《產品環境管理物質標準》) to conduct effective management on environmental management substances, and prepared the hazardous substance reduction plan to control the consumption of 195 chemical substances such as lead, cadmium and mercury. Meanwhile, Sunny Opotech has RoHS specialists to deal with HSF related customer complaints. If HSF unqualified products are found, they shall be recalled or destroyed in accordance with the *Abnormality Handling Control Procedure* (《異常處理控制程序》) to prevent the spread of toxic and hazardous substances.

Sunny Automotive Optech: All materials meet RoHS and REACH requirements, and the general manager is responsible for formulating green substance management targets and policies. Sunny Automotive Optech has formulated the *Administration of Green Substance and Technology* (《綠色物質技術管理規定》) and transmitted relevant requirements to suppliers, and has conducted risk analysis on suppliers' materials, scale, HSF performance and related information and system through the *HSF Risk Appraisal* (《HSF 風險評估指南》). Individual suppliers will log in the chemSHERPA platform (Note) according to the specific requirements of customers and submit questionnaires concerning chemical substances, so as to assist customers in better managing the chemical substances. Sunny Automotive Optech also discloses chemical substance information to customers through the International Material Data System (the "IMDS"), the China Automotive Material Data System (the "CAMDS") and other platforms or customers' platforms.

Sunny Optical Intelligence (Yuyao) : All materials meet the requirements of RoHS and REACH. Sunny Optical Intelligence (Yuyao) has formulated the *Substance Standards on Environmental Management of Products* (《產品環境管理物質標準》) to conduct effective management on environmental management substances, and to control 247 chemical substances such as anthracene, sodium chromate and boric acid. In order to better manage its suppliers, Sunny Optical Intelligence (Yuyao) has investigated the environmental management system, product design, material usage, supplier control, defective product handling, production process management and delivery process of such suppliers through the *HSF Audit Form* (《HSF 稽核表》).

Sunny SmartLead: All materials comply with RoHS, ELV and REACH requirements, and Sunny SmartLead passes the IECQ QC 080000 hazardous substance process management review every year. The company has formulated the *Hazardous Substances Management Standards* (《有害物質管理規範》) and the *Identification List of Prohibited and Restricted Substances* (《禁限物質識別清單》), and signed the *Commitment Letter of Not Using Prohibited and Restricted Substances in Relevant Environmental Regulations* (《不使用有關環境法規中禁用限用物質承諾書》) with suppliers and transmitted relevant requirements to suppliers through the SOR end of each project. In terms of HSF non-conforming products, they shall be handled in accordance with the *Hazardous Substances Management Standards* (《有害物質管理規範》) and the *Nonconforming Product Control Procedure* (《不合格品控制程序》). Sunny SmartLead will also disclose the material information of products to customers through platforms such as the International Material Data System (the "IMDS") and the China Automotive Material Data System (the "CAMDS").

Product Recall Mechanism

The Group has established systems such as the *Procedures on HSF Product Recall Mechanism* (《HSF 產品召回控制程序》), the *Product Recall Notification* (《產品召回通知單》), and the *Procedures on Product Quality Control* (《產品質量控制程序》) to manage product recalls. During the Reporting Period, there were no products sold or shipped of the Group subject to recalls for safety and health reasons. At the same time, the Group had no violations related to product, service information, labeling or marketing communications.



NOTE

The platform is able to accurately and efficiently transmit the information of chemical substances contained in products.

Information Security Management

Management Policy Enhancing the core competitiveness through active prevention, ongoing optimization, risk control, safety and efficiency, and customer trust. Information security control is an important part of our business operation. Therefore, we attach great importance to the protection of employees' privacy and commercial secrets. The Group strictly abides by laws and regulations such as the *Cybersecurity Law of the PRC* (《中華人民共和國網絡安全法》), the *Data Security Law of the PRC* (《中華人民共和國數據安全法》) and the *Personal Information Protection Law of the PRC* (《中華人民共和國個人信息保護法》), and professional management personnel of the Information Technology Department and the Legal Affairs Department are responsible for information security management. Sunny Optical Technology, Sunny Zhejiang Optics and Sunny Opotech have established a comprehensive information security management system and have passed the certification of ISO 27001 information security management system. In addition, Sunny SmartLead and Sunny Automotive Optech have both passed the Trusted Information Security Assessment Exchange ("TISAX") certification.

To fulfil the mission of information security, we have established the Information Security Management Committee as the steering body for daily information security management activities and have designated the Chief Executive Officer (CEO) as the primary accountable officer for information security. The committee makes decisions on major information security management issues after reviewing the Group's policies and strategies, annual plans, general management principles and normative documents. Representatives of information security managers are appointed to set up a working group that oversees the operation of the information security management system. During the Reporting Period, the Company

The Group has established 38 management systems, including the *Information Security Risk Assessment and Control Procedures* (《信息安全風險評估控制程序》) and the *Information Technology Management Policy* (《信息技術管理制度》) to ensure full lifecycle management of information security. Additionally, information security is incorporated into employee performance evaluations. According to the *Information Security Rewards and Penalties Management Regulations* (《信息安全獎懲管理規定》), we

To guide and regulate employees' information security behavior and effectively enhance their awareness of confidentiality, we organize three-level (company, department and position levels) training. We have introduced advocacy courses such as *Information Security Knowledge Sharing* ("信息安全知多少") and *Information Security Guardian* ("信息安全守護者"), ensuring comprehensive employee training, reaching a total of 80,122 participants annually. During information security month, we invite internal and external experts to conduct a series of information security-themed lectures and training sessions. Additionally, we organize activities such as information security scenario simulations, quiz competitions on information security and anti-corruption, comic contests, and debates.

established an information security inspection mechanism whereby the Legal Affairs Department and the Information Technology Department jointly conducted information security audits, covering five subsidiaries, namely Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech, Sunny Optical Intelligence (Yuyao) and Sunny SmartLead, and provided feedback reports for on-site inspection. The company holds two information security meetings each year, attended by senior management across the entire group, to review information security efforts, summarize progress, and analyze issues.

During the Reporting Period, Sunny Zhejiang Optics further strengthened its information security management by launching the *Information Security White Paper* (《信息安全白皮書》).

Management Policy

Proactive Prevention

Continuous Improvement

Risk Control

Safety and High Efficiency

Customer Trust

Enhance the Company's Core Competitiveness

impose penalties for employees' violations of information security, and the consequences are applied to performance assessments, salary adjustments, award evaluations, job and rank promotions, as well as demotions. Meanwhile, the Group has smooth internal communication channels, allowing employees to report and provide feedback on information security issues through the internal "Complaint Ticket System". Customers can complain about information security through telephone or e-mail, etc.

Reaching a total of

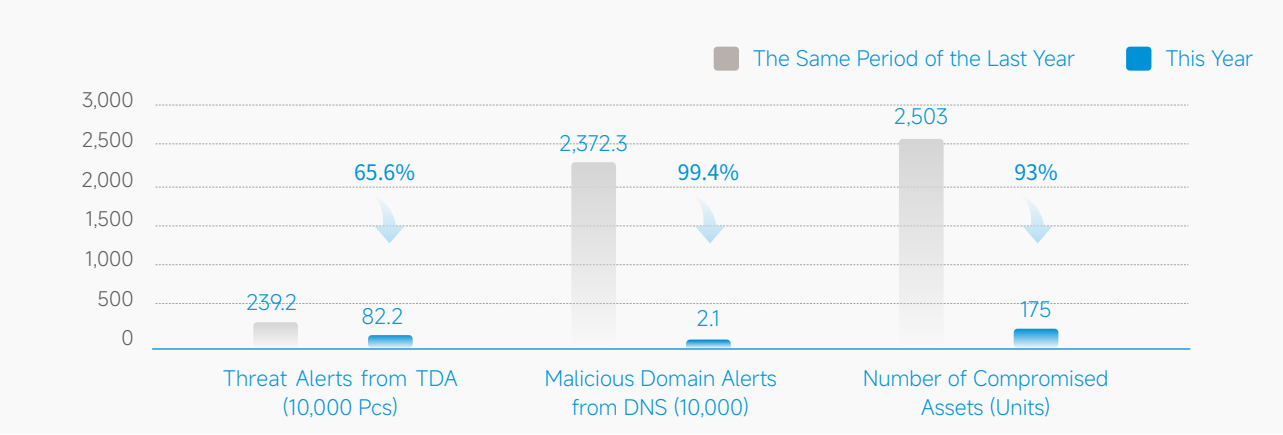
80,122

participants annually



The Group has established the *Emergency Response Plan for Information Security Incidents* (《突發事件應急預案(信息安全事件)》), outlining contingency procedures for business system failures and network terminal emergencies. These plans are tested through annual drills to ensure effectiveness. In the event of an information security breach, the incident is handled in accordance with the *Information Security Incident Handling Procedure* (《信息安全事件處置管理程序》). This process includes reporting, assessment, remediation, and notification, ensuring a consistent and effective response to mitigate

the impact and prevent further escalation. Additionally, we place a strong emphasis on business-side management by focusing on core tasks such as attack prevention, leakage prevention, and privilege management to ensure information security. During the Reporting Period, an internal network virus remediation was carried out by the Group, resulting in a significant decrease in threat alerts from Threat Detection Appliances (TDA), malicious domain alerts from Domain Name Servers (DNS), and the number of compromised assets, achieving substantial improvements.



In 2024, the Group conducted the second three-party simulated penetration attack drills, participated in provincial and municipal-level "Cyberguard Action", successfully resisting various types of attacks and addressing identified vulnerabilities to enhance overall security defenses. For the first time, we took part in the Zhejiang Provincial Cyber Defense Drill, implementing 24-hour continuous monitoring throughout the event. During the drill, we received 2 million attack alerts, blocked 554 malicious IP addresses, and urgently patched vulnerabilities in the system. By the end of the drill, our defenses remained uncompromised, ranking 12th out of 187 participating defense units. Meanwhile, internal phishing email simulation exercises are conducted annually to enhance employees' ability to recognize and prevent phishing attacks. During the Reporting Period, the Group did not experience any network intrusions or major information security incidents.

We received attack alerts **2million** blocked malicious IP addresses **544** rankin out of 187 participating defense units **12th**



Customer Rights and Interests Protection

The Group continues improving the customer service system. A comprehensive customer complaint management framework has been established, which includes regulations such as the *Customer Relationship Control Procedure* (《顧客關係控制程序》), *Customer Feedback Management Policy* (《客戶心聲管理規定》), *Service Management Procedure* (《服務管理程序》), and *Customer Complaint Control Procedure* (《客戶抱怨控制程序》) in order to standardize the customer complaint handling processes and discover the problems in the management system in a timelier manner. Customers can express their opinions or raise their complaints through e-mail, telephone, letter and other means. Each subsidiary has implemented a well-structured customer feedback mechanism based on its specific business operations.

To improve the matching of products with customer needs, the Group organizes the customer satisfaction survey every year to understand customers' satisfaction on the Group's product quality, service, price, technology, etc., and then carries out

an internal systematic improvement according to the survey results to enhance customer satisfaction. During the Reporting Period, each subsidiary conducted an in-depth analysis of the areas where points were lost in the customer satisfaction survey. Policies such as the *Customer Feedback Management Policy* (《客戶心聲管理規定》) and *Corrective Action Control Procedure* (《糾正措施控制程序》) were formulated. Relevant departments were assigned to develop corrective and preventive measures and ensure thorough follow-ups. Sunny SmartLead has launched an initiative to promote the integration of international team cultures, accelerating the cohesion and collaboration between local talents and domestic teams. This initiative aims to enhance operational effectiveness and improve overseas customer satisfaction.

Information on customer complaints and satisfaction surveys (on a percentage basis) for the five subsidiaries of the Company in the Reporting Period is shown in the table below:

Company Name	Number of Customer Complaints (Items)	Customer Complaint Resolution Rate (%)	Customer Satisfaction (Percentage System)
Sunny Zhejiang Optics	561	100	87.2
Sunny Opotech	411	100	98.4
Sunny Automotive Optech	50	100	88.0
Sunny Optical Intelligence (Yuyao)	82	100	96.7
Sunny SmartLead	56	100	93.2

In addition to satisfaction surveys, we engage with customers through various channels, including online communication, proactive visits, and invitations to our company so as to obtain the customers' opinions and requirements more effectively, and enhance customer stickiness and promote long-term and stable cooperation with customers. During the Reporting Period, Sunny Zhejiang Optics invited customer quality engineers to conduct quality-related audit training at the company. More than 100 participants, including the General Manager and relevant personnel from the business division, attended the training. Sunny Opotech has conducted multiple customer visits and invited customers to our company for offline discussions on the industry development trends of the modular sector. Meanwhile, Sunny SmartLead facilitated exchanges with customers on AR/VR industry insights and current market solutions to collaboratively advance leading "AR/VR vehicle" integration initiatives. Sunny Automotive Optech engaged with customers on quality control, delivery efficiency, and supply stability. The customers expressed satisfaction with Sunny Automotive Optech's continuous 24-month zero-defect and 100% on-time delivery performance.



Customer visits by Sunny Opotech



Sunny Zhejiang Optics invited Customer Quality Engineers to carry out quality-related audit training

Customer Information and Data Protection

The Group takes privacy issues very seriously and protects the data information and privacy of its customers, business partners and employees to the utmost. The Group has complied with relevant laws and regulations in relation to customer information protection. The Information Security Management Committee has been delegated to manage, implement and monitor the Group's customer data protection and privacy policies.

During the Reporting Period, there was no leakage of customer information happened in the Group.

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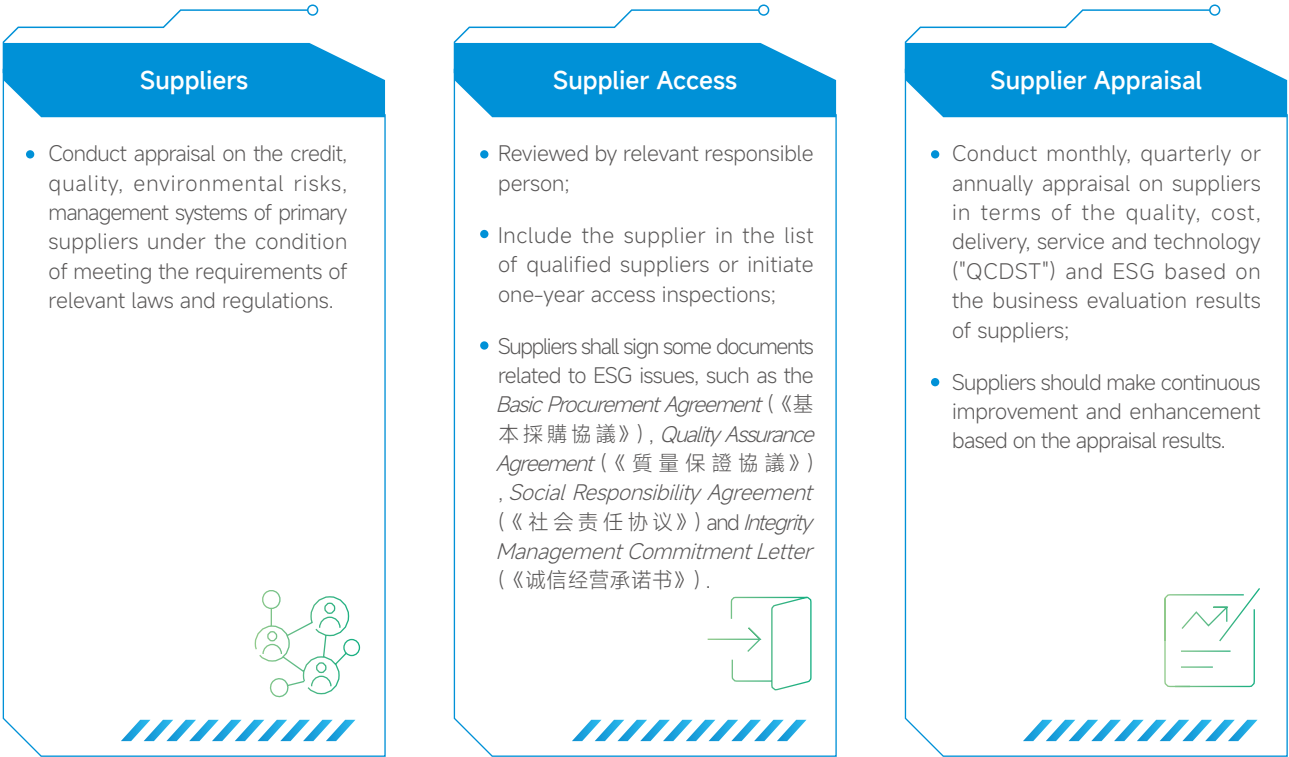
Sustainable Supply Chain Management

Supply Chain Management

Sunny Optical Technology is committed to building harmonious and long-term business cooperation relationship. Through the framework of "institutional management - technological empowerment - and ecological co-construction", the company aims to establish a green supply chain system that combines compliance and innovation. This approach drives the sustainable development of the industrial ecosystem, creating long-term, sustainable value for investors and customers.

Therefore, we have drawn upon international and domestic standards, customer requirements, and our own developmental needs to establish a comprehensive and standardized supplier management system. It includes: *Procedures for Management Control of Suppliers* (《供應商管理控制程序》) and *Control Procedures on Development and Appraisal of Suppliers* (《供應商開發和評價控制程序》), etc. These guidelines cover the entire lifecycle of supplier management, including development, evaluation, onboarding, performance assessment, annual audits, information updates, freezing and unfreezing, risk management, and delisting.

The procedures for the management of suppliers of the Group are outlined below:



We have formulated a compliance and sustainable management system for the whole chain of supplier "access-management-risk-coexistence":

Supplier Access and Screening

A "cost-controllable + ESG" access mechanism has been developed to ensure supply chain compliance and sustainability from the source. Our review process follows a "qualification compliance-ESG commitment-on-site verification", and requires 100% of suppliers to sign ESG-related documents such as the *Agreement on Social Responsibilities* (《社會責任協議》), the *Commitment Letter of Environmentally Prohibited Substances* (《環境禁用物質承諾書》), *The Undertaking for Operating with Integrity* (《誠信經營承諾書》) and the *Environmental/Safety Requirements Notification* (《環境安全要求告知書》); At the same time, in addition to considering qualifications, delivery capabilities, technical expertise, quality assurance, financial stability, and trade security, ESG (Environmental, Social, and Governance) topics have also been incorporated into the evaluation process. The ESG factors account for approximately 30% of the overall evaluation (including environmental compliance, labor rights, business ethics, conflict minerals and other indicators). Suppliers are encouraged to provide eco-friendly products and services, such as renewable energy, recyclable materials, and eco-friendly materials.



Suppliers required to sign ESG-related documents

100%



The ESG factors account for approximately

30%

Full Cycle Dynamic Management

A comprehensive "evaluation-grading-empowerment" management system is established to manage the suppliers' processes dynamically. Regular supplier appraisals are conducted each year, expanding beyond the traditional QCDST evaluation to include ESG issues. Additionally, we have incorporated the Responsible Business Alliance (RBA) standards into supplier audits. Suppliers are required to rectify identified issues within a specified timeframe based on the *Supplier's Deficiency Improvement Schedule* (《供應商缺失改進計劃表》), and risk classifications are assigned based on the assessment results. Suppliers are divided into four levels: A (excellent), B (good), C (qualified) and D (unqualified); and differentiated allocation of order shares and resource support is given. Targeted empowerment programs are provided to suppliers at different levels to help them gradually enhance their capabilities. A delisting mechanism is also established. If a supplier has issues related to quality, environmental protection, fraud, or other concerns, their status will be frozen. If no effective improvement measures are taken within a specified timeframe, the supplier will be delisted.

Supply Chain Resilience Management

A resilience management strategy based on "prevention - buffering - response" has been established to ensure supply chain risk controllability. A supply chain distribution map has been developed, and the supply chain database has been improved, allowing unexpected events or force majeure factors to be quickly identified and addressed. For critical materials, we select at least two qualified suppliers to mitigate single-source dependency risks. A safety stock of 3 to 6 months for high-volatility raw materials has been established to buffer the risk of supply chain disruptions. The path of domestic substitution is actively explored, which can reduce the impact of uncontrollable factors such as geopolitical issues and natural disasters, while enhancing self-reliance and control capabilities. Moreover, regular simulated exercises for supply chain emergencies (such as labor strikes, hazardous waste leaks, and floods) are conducted. The *Supply Chain Crisis Management Manual* (《供應鏈危機管理手冊》) is continuously improved to ensure supply chain continuity and reduce the spillover of ESG risks.

Collaborative Innovation in Supply Chain

While striving for high-quality products and services, we also work hand in hand with our suppliers to create a positive business and environmental ecosystem, minimizing the environmental impact of the supply chain and enhancing the added value of the industry chain. Green technology processes have been jointly developed with key suppliers. During the Reporting Period, Sunny Zhejiang Optics collaborated with suppliers to develop NO-PFAS coating technology. Sunny Automotive Optech collaborates with suppliers to optimize process flows. Adoption of cold extrusion process, which reduces the number of manufacturing processes and processing time, resulting in an annual revenue of approximately RMB1.52 million. At the same time, suppliers are encouraged to reuse plastic and blister packaging, adopt environmentally friendly and recyclable packaging, reduce the input of raw materials for packaging, and minimize energy consumption and carbon emissions during transportation. In addition, suppliers from local regions are prioritized, taking into account factors such as quality and delivery time, in order to reduce the environmental impact caused by transportation.

Sustainability Gov-ernance

Low-Carbon Green Operation

Product Liability

Sustainable Supply Chain Management

Creating Together with Employees

Community Welfare

Supply Chain Decarbonization Management

Building a green supply chain system and promoting green upgrading of the supply chain are critical tasks for developing a green economy and achieving low-carbon transformation. Our Group actively promotes carbon reduction among suppliers. During the Reporting Period, Sunny Automotive Optech conducted carbon emission assessments for its top 10 suppliers by procurement value, and will assist these suppliers in setting carbon reduction targets and developing tailored carbon reduction roadmaps in the future.

As at the end of the Reporting Period, the number of Class I suppliers (Notes) of five subsidiaries of the Company, namely Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech, Sunny Optical Intelligence (Yuyao) and Sunny SmartLead was 1,204. All of which have complied with the supplier engagement practices in the *Supply Chain Management System* (《供應鏈管理體系》). Approximately 90% came from Mainland China, with the rest mainly located in Hong Kong. In our procurement, we prioritize local suppliers. In 2024, the procurement amount from the Zhejiang Province supply chain accounted for approximately 13.7% of the annual total amount. The information of Class I suppliers is as follows:

Category	Sunny Zheji-ang Optics (Number)	Sunny Opotech (Number)	Sunny Automot-ive Optech (Number)	Sunny Optical Intelligence (Yuyao) (Num-ber)	Sunny SmartLead (Number)	Total (Number)
Number of Class I suppliers in Mainland China during the year	129	625	71	109	148	1,082
Among which the number of Class I suppliers in Zhejiang Province during the year	47	127	27	15	25	241
Number of Class I suppliers in other regions during the year	8	68	3	26	17	122
Number of new suppliers during the year	10	82	10	11	4	117
Number of suppliers implementing ac-cess practices during the year	10	82	10	11	4	117

The following table presents the completion status of corporate social responsibility management audits among suppliers:

Category	Sunny Zhejiang Optics (Number)	Sunny Opotech (Number)	Sunny Auto-motive Optech (Number)	Sunny Optical Intelligence (Yuyao) (Num-ber)	Sunny SmartLead (Number)	Total (Number)
Number of suppliers who have signed agreements related to environmental and social responsibility	99	570	74	135	148	1,026
Total number of suppliers undergoing environmental and social responsibility audits	99	124	65	11	25	324
Number of suppliers recognized as having negative envi-ronmental and social impacts	0	0	0	0	0	0
Number of suppliers whose contracts were terminated due to environmental and social impact	0	0	0	0	0	0
Accumulative number of suppliers that signed the agree-ments related to hazardous substances	119	550	74	135	163	1,041
Accumulative number of suppliers using environmental products and services	132	301	74	135	163	805

NOTE

1. The Class I suppliers of Sunny Zhejiang Optics refer to suppliers that provide product components, processing raw materials, packaging materials, hazardous chemicals and chemicals in direct contact with products.

2. The Class I suppliers of Sunny Opotech refer to suppliers that provide direct components of products, equipment and treatment tools.

3. The Class I supplier of Sunny Automotive Optech refers to the supplier that provides the direct components of products.

4. The Class I suppliers of Sunny Optical Intelligence (Yuyao) refer to suppliers providing direct components of products as well as raw materials that come into contact with the product or material during the processing stage.

5. The Class I suppliers of Sunny SmartLead refer to suppliers that provide structural components, electronic components, auxiliary materials, and other constituent parts of the product.

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Conflict Minerals Management

Policies and Measures on Conflict Minerals Management

The Group actively responds to the policy of banning the use of conflict minerals, fulfilling its social responsibility by committing not to support or use conflict minerals from conflict regions that have not been certified by third parties. Subsidiaries of the Company have formulated the Regulations on the Administration of Green Substance (《綠色物質管理規定》), the Technical Standards on Environmental Management of Products (《環境管理物質技術標準》), the Regulations for the Recognition of Parts (《部品承認規範》), the Management Measures for Mineral Control Related to Social Responsibility (《社會責任相關礦產控制管理辦法》) and other policies to manage conflict minerals. Our raw materials are 100% traceable to their source. In addition, we have published the relevant summary and regulations of the Conflict Minerals Management (《衝突礦產管理》) on the sustainable development section of the Company's website.

We transmit the relevant requirements of Dodd-Frank Wall Street Reform and Consumer Protection Act (《多德 - 弗蘭克華爾街改革和消費者保護法》) to suppliers, and require them to comply with the regulations on conflict-free metals, strictly implement the relevant standards of international organizations and industries, and sign the Undertaking for Non-Use of Conflict Minerals (《不使用衝突礦產承諾書》). We also investigate suppliers whose

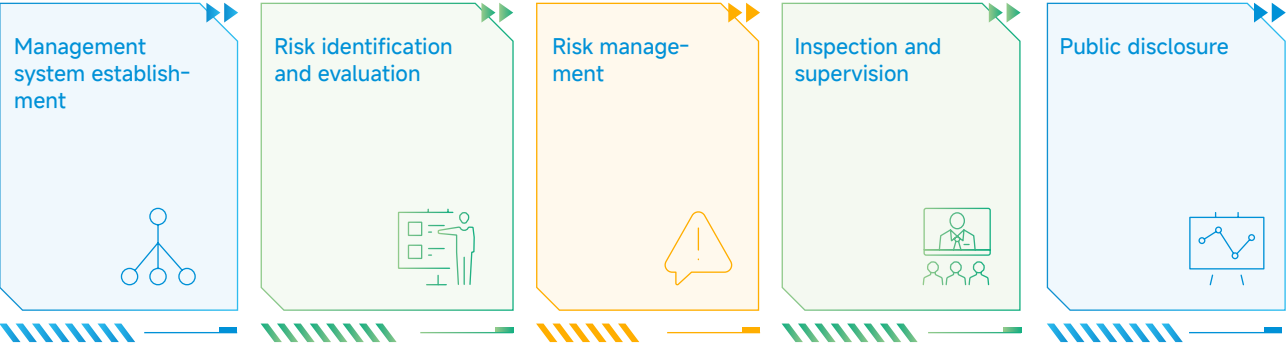
products contain tantalum, stannum, gold, tungsten and cobalt to ensure that these metals and minerals come from qualified smelters. We have conducted due diligence of metals involved in the supply chain using conflict minerals questionnaires such as the Conflict Minerals Reporting Template (《衝突礦產報告範本》) (CMRT) and the Extended Minerals Reporting Template (《擴展礦產報告範本》) (EMRT) developed by the Responsible Minerals Initiative (RMI). If a supplier is involved in conflict minerals and without a third-party certification, it will be prohibited from supplying goods to the Group.

Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech, Sunny Optical Intelligence (Yuyao) and Sunny SmartLead have conducted due diligence of metals involved in the supply chain using conflict minerals questionnaires such as Conflict Minerals Reporting Template (CMRT) and (Extended Minerals Reporting Template) EMRT developed by the (Responsible Minerals Initiative) RMI. During the Reporting Period, all subsidiaries completed the investigation and audit on all incoming product material suppliers and found no non- conformities. No non-compliance issues were found, and it was confirmed that all involved smelters were listed in third-party certification lists such as RMI.

Continuous Improvement

We integrate conflict minerals management with a digital platform to expand the scope of management, enhance on-site teams, and improve the accuracy and credibility of audits. We provide training for auditors and inspectors to improve work efficiency and professionalism. We design additional training programs for suppliers to raise their awareness and management capabilities regarding conflict minerals. We maintain a 100% response rate for supplier due diligence forms, ensuring that all qualified suppliers sign the Undertaking for Non-Use of Conflict Minerals (《無衝突礦產承諾書》). At the same time, we work closely with suppliers to further enhance their awareness and due diligence capabilities related to conflict minerals.

Through the above measures, Sunny Optical Technology has established a closed-loop conflict minerals management system to ensure the transparency and sustainability of the supply chain



The audit results of conflict minerals of the Group's Class I suppliers as at the end of the Reporting Period were as follows:

Category	Sunny Zheji- ang Optics (Number)	Sunny Opo- tech (Number)	Sunny Au- tomotive Optech (Number)	Sunny Optical Intelligence (Yuyao) (Number)	Sunny SmartLead (Number)	Total (Number)
Cumulative number of suppliers who completed conflict minerals reports	103	191	67	34	163	558
Number of suppliers conducting conflict minerals audits	103	191	0	26	163	483
The number of suppliers involving tantalum, tin, gold, tungsten, and other minerals	14	79	0	26	4	123

Suppliers Training and Communication

Each year, the five subsidiaries regularly organize supplier communication and training sessions, including but not limited to: training, activities, conferences on topics such as quality management, environmental and social risks, conflict minerals, business ethics, etc. At the same time, we hold exchange meetings with core suppliers every year to review the cooperation in the previous year, recognize outstanding suppliers, and set goals and expectations for the coming year. In addition, we keep on promoting and empowering our suppliers on ESG-related matters.

During the Reporting Period, Sunny Opotech conducted online HSF training for key suppliers, covering regulatory consultation, explanation of HSF requirements by Sunny Opotech, explanation of special requirements for customers and explanation of the operation of the supplier relationship management system. Sunny SmartLead carried out technical exchanges on PCB technology and domestic chip technology, while Sunny Optical Intelligence (Yuyao) provided training on conflict minerals.



Conflict Minerals Training



Exchange Conference

05

Creating Together with Employees

The Group identified the key words of the Employer Value Proposition (EVP) as "Professionalism, Innovation, and Development" based on the employer brand value house model, and further refined the Group's EVP as "Pursue in Optics, Create in Optics and Achieve in Optics". In the future, we will continue improving the working experience of employees, as well as our reputation in the society to form an internal and external synergy and attract more talents to join the Group.

Employer Brand Value

The Group's human resource management practices have been recognized by the industry and external organizations, and won the 2024 China Human Resources Sirius Award for Most Popular Employer Brand among College Students, 2024 NFuture Most Loved Employer among College Students, 2024 NFuture AI Leading Employer in AI Recruitment and Liepin 2024 Zhejiang Annual Outstanding Employer.

Labor Rights

Equal Employment

In terms of talent recruitment, the Group strictly abides by the requirements of laws and regulations such as the *Labor Law of the PRC* (《中華人民共和國勞動法》), the *Labor Contract Law of the PRC* (《中華人民共和國勞動合同法》), the *Provisions on the Prohibition of Using Child Labor* (《禁止使用童工規定》), and the *Labor Dispute Mediation and Arbitration Law of the PRC* (《中華人民共和國勞動爭議調解仲裁法》). Based on the actual situation of the Company, the Group has established policies such as the *Regulations on the Management of Employee Work Resumption* (《員工復職管理規定》), the *Internal Recruitment Management Method* (《內部招聘管理方法》), the *Internal Recommendation System* (《內部推薦獎勵辦法》), the *Social Recruitment Employment Implementation Measures* (《社會招聘錄用實施辦法》), and the *Administrative Measures for Employee Probation Period* (《員工試用期管理辦法》). *Employee Labor Relationship Termination Regulations* (《員工勞動關係解除管理規範》). These systems standardize and systematize recruitment and termination processes to ensure hiring quality. Throughout talent selection, we rigorously uphold the principles of fairness, impartiality, transparency, mutual respect, and bidirectional choice. Additionally, we have formulated policies such as the *Regulations on the Protection and Management of Child Labor and Juvenile Workers* (《童工及未成年工保護管理規範》), *Anti-Harassment and Anti-Abuse Management Regulations* (《反騷擾與虐待管理規範》), and *Employee Handbook* (《員工手冊》). These explicitly prohibit child labor and forced labor, with mandatory compliance audits conducted periodically to align with the latest legal requirements, thereby eliminating risks of such violations. We have published the *Labor Policy* (《勞工政策》) which can be accessed on the sustainable development section of the website of the Company and promise that the employment, treatment or promotion of employees shall not be affected by their social identities such as ethnicity, race, nationality, gender, religion, age, skin color, disability, sexual orientation, political affiliation, marital status, labor union membership, protected veteran status, protected heritage information and other social status.

We prohibit the use of child labor or forced labor, and conduct regular trainings for the management. In the promotional materials of recruitment, we clearly require the applicants to be over 16 years old, and check the identity information of applicants strictly to prevent mistakenly employing child labor. In case of hiring child labor by mistake, we will immediately terminate the relevant employment contracts, arrange the children to return to their original residence and send them to their parents or other legal guardians. The Group prohibits all forms of forced labor, such as forcing employees to perform certain duties or forcing them to work. The Group regularly reviews the phenomenon of child labor and forced labor to ensure that such incidents do not occur. During the Reporting Period, there was no hiring of child labor by mistake or forced labor in the Group.

We recruit through multiple channels, including internal referrals, internal company recruitment, cross-company internal recruitment, online recruitment, on-site recruitment, headhunting, and RPO recruitment. In 2024, the average recruitment cost for new hires is approximately RMB 900.

In 2024

The average recruitment cost for new
hires is approximately

RMB 900

Protection of Employees' Rights and Interests

We have established a trade union in accordance with the law, respect, and protect the legitimate rights and interests of all employees, and implement high standards in line with the *Universal Declaration of Human Rights* (《世界人權宣言》), *International Labour Organization Core Conventions* (《國際勞工組織核心公約》), and the *Responsible Business Alliance Code of Conduct* (《責任商業聯盟行為準則》), as well as other international labor conventions and initiatives. During the Reporting Period, the Group revised the labor rights-related matters in the *Employee Handbook* (《員工手冊》). The revision fully considered and incorporated reasonable suggestions from employees. Additionally, the Group completed the annual collective agreement signing, with 100% employee coverage.

The Group has formulated policies in determining the working hours and rest periods for employees based on local laws. The Group implements a working system with a two-day off every week and the working hours of no more than 8 hours per day. Meanwhile, the employees can enjoy local statutory holidays and leaves. Employees work overtime on a willing basis. When employees work overtime, they shall fill in the application forms in advance for confirmation and approval by the senior leaders. Overtime pay of overtime pay system personnel will be distributed based on the actual situation. Employees with fixed salaries shall apply for overtime leaves.

The Group also values the privacy rights of applicants and employees and strictly follows the provisions of the *Personal Information Protection Law of the PRC* (《中華人民共和國個人信息保護法》) and related regulations. In the *Employee Handbook* (《員工手冊》), we explicitly state that when collecting, storing,

processing, transmitting, and sharing employee personal information, we strictly comply with privacy and information security laws and regulatory requirements. We also take necessary and reasonable management and technical measures in daily operations to prevent unauthorized access, use, disclosure, loss, leakage, damage, alteration, or other such actions. Additionally, when new employees join, we organize training related to personal privacy protection to raise awareness and enhance employees' ability to protect personal information. Furthermore, employee files of the Group are managed by designated personnel, and personal file data must not be discussed, disclosed, casually reviewed, or modified without authorization, thereby maintaining the integrity and confidentiality of employee information.

The Group manages labor in accordance with the RBA Code of Conduct, regularly undergoing external customer and third-party audits. For any identified issues, we propose improvement plans and make necessary improvements within the specified timeframe. During the Reporting Period, the Group's Human Resources Department organized RBA standard training for various subsidiaries and some suppliers to reinforce key management points.

The Group strictly abides by the national laws and regulations regarding the minimum notification period for operational changes, ensuring the protection of the legitimate rights and interests of all stakeholders. During the Reporting Period, the Group did not involve any matters requiring notification to stakeholders.



Inclusiveness and Diversity

The Group actively creates a friendly and equal working environment and provides barrier-free, non-discriminatory and non-harassment facilities and services.

Inclusiveness

The Group is committed to providing a workplace free from harassment and unlawful discrimination. We prohibit any form of violence, gender-based violence, sexual harassment or abuse, psychological or verbal harassment, corporal punishment, mental or physical coercion, bullying, public humiliation, or other severe inhumane behaviors. We also prohibit any threats or actions intending to carry out such behavior, and have established and implemented relevant disciplinary systems accordingly. Additionally, the Group respects employees' religious beliefs and provides reasonable accommodations for their religious activities.

The Group has also established the *Regulations on the Recruitment and Management of Employees with Disabilities* (《殘疾員工招聘與管理辦法》), recruiting through multiple channels to provide suitable job positions and benefits for employees with disabilities. As of the end of the Reporting Period, the Group employed a total of 208 disabled employees.



On-site Workplace for Employees with Disabilities

Diversity

As at 31 December 2024, the Group had a total of 33,884 employees, increase of 4,360 over the previous year. Among the employees, approximately 2.9% were senior management, of whom approximately 42.7% were local personnel while around 18.4% were female; approximately 17.1% were middle management, of whom approximately 25.3% were female. The breakdown of the employees in different categories is set out as below:

As at 31 December 2024

The Group had a total of

33,884

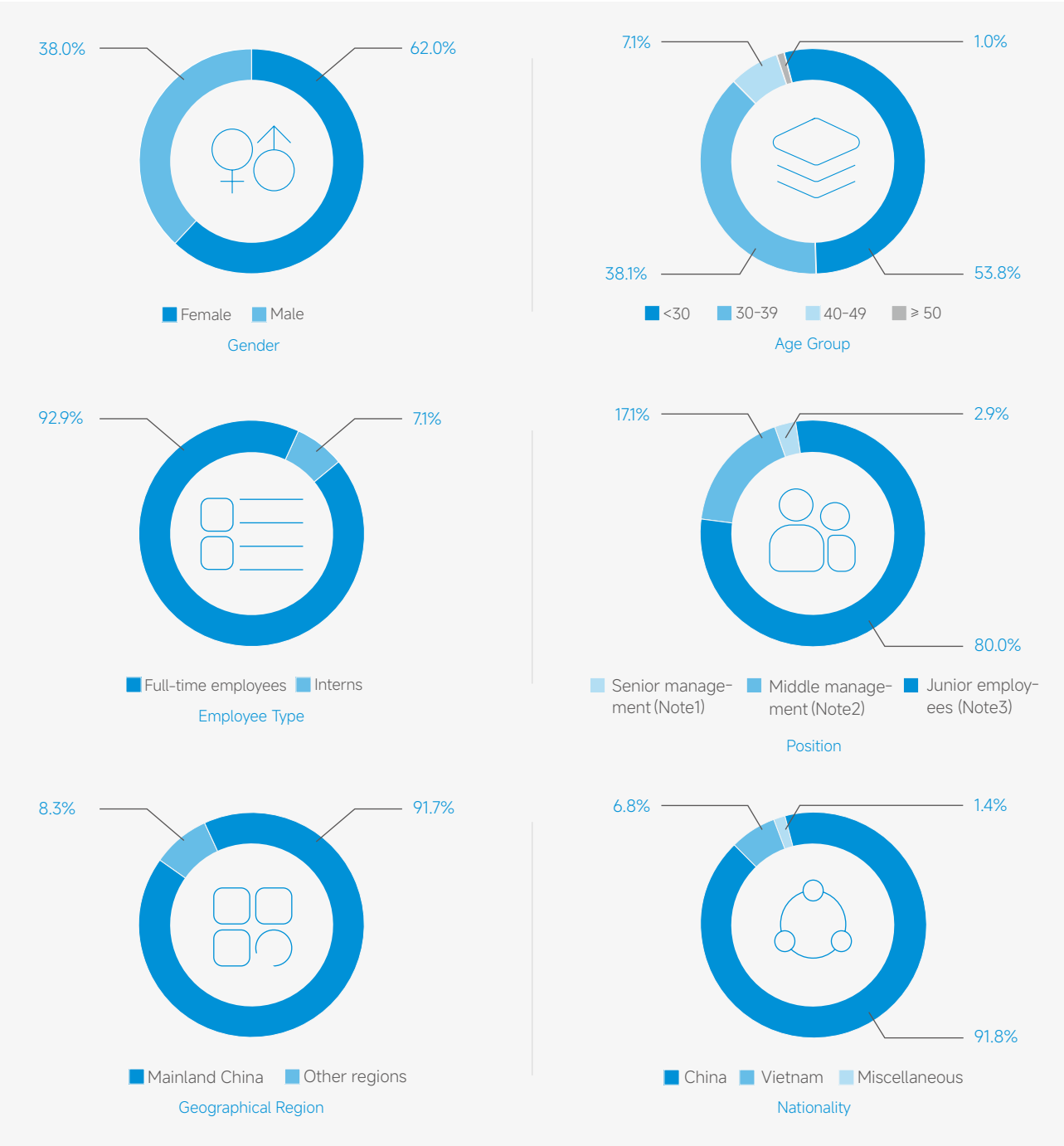
employees

Increase of

4,360

over the previous year





NOTE

1. Senior management includes personnel with management title of associate department manager and above or with professional technical title of senior engineer and above.

2. Middle management includes personnel with management title of division manager and assistant of department manager or with professional technical title of engineer.

3. Junior employees include all personnel other than senior management and middle management.

The Group regulates the resignation procedures in accordance with relevant laws, regulations and labor contracts, including a certificate of rescission or termination of the labor contract issued by the Human Resources Department for departing employees, and the settlement for their compensation and insurances according to the *Remuneration Management Policy* (《薪酬管理制度》) and the *Welfare Management Policy* (《福利管理制度》). The turnover rate of the Group's full-time employees as at the end of the Reporting Period is indicated in the table below:

Category		Turnover Rate of Employees (Note)
Gender	Male	5.2%
	Female	4.2%
Age Group	<30	6.5%
	30-39	3.4%
	40-49	1.2%
	≥ 50	1.4%
Geographical Region	Mainland China	4.8%
	Other regions	5.7%



NOTE

The turnover rate of each category of employees is the annual average of the monthly turnover rate of each category of employees. The monthly turnover rate of each category of employees = Number of employees of each category who resigned voluntarily or being dismissed, retired or died for each month/Total number of employees of each category for each month*100%.

Remuneration and Incentive

We adhere to the development concept of "Win-Win and Common Prosperity", emphasizing that employee benefits should be combined with enterprise development to form a harmonious labor relationship. We adhere to the principle of "equal pay for equal work" and provide employees with salaries that are no lower than the statutory minimum wage standards in each operational location, while remaining competitive in the market. To promote employees' career development, the Group has formulated the *Remuneration Management Policy* (《薪酬管理制度》), the *Welfare Management Policy* (《福利管理制度》), and the *Performance Management Policy* (《绩效管理》), and continuously improved the remuneration system based on performance assessment. Diversified performance assessment methods such as annual debriefing evaluation, performance assessment, objective management assessment and personnel evaluation are implemented for different positions according to position characteristics. Corresponding remuneration and incentive policies are implemented as well based on the assessment results. The assessment results are also subject to multiple rounds of approval and feedback to ensure that the assessment results are objective and fair. During the Reporting Period, the coverage of performance assessment was 100%.

During the Reporting Period

The coverage of performance
assessment was

100%



Employee Performance Assessment

Method	Target	Contents	Frequency	Execution
Annual De-briefing Evaluation, and Performance Assessment	Senior man- agement	1. Annual work progress 2. Problem analysis 3. Next year's work targets, ideas, and measures	Annual	Following the principle of "Hierarchical Debriefing & Evaluation"; A maximum score of 100 points will be awarded based on the debriefing evaluation. Setting performance assessment indicators should focus on the management's concerns and priorities in daily operations. The performance assessment form adopts a hundred-mark system, with the high-est score is 100 points.
Objective Management Assessment	Middle man- agement	Key work + KPL	Annual	According to individual work plans and assessment objectives, which are approved and evaluated by the leaders.
Standardized Assessment	Junior em- ployees	Daily practices	Monthly	Standardization and compliance assessment of their dai-ly work by their direct supervisors.
Personnel Eval- uation	Employees in service or administrative positions	Code of work behaviors	Annual	Assessment suggestions are proposed byline managers, and final decisions are made by department heads.

The Group has also formulated policies such as the Administrative Measures on *Economic Value Added (EVA) Sharing Prize* (《EVA 分享獎管理辦法》), the *Restricted Share Award Scheme* (《限制性股份獎勵計劃》) and the *Selection and Incentive Measures on Outstanding Talents* (《優秀人才評選與激勵辦法》) to enrich the ways in attracting, encouraging, and retaining talents, so as to promote a more stable, healthy, and sustainable development of the talent team. Shifting from "Creating a Stage for Talents" to "Customizing a Stage for Talents", we have established R&D platforms in talent highlands such as Shanghai, Hangzhou and Xi'an to attract local outstanding talents. At the same time, the Group allocated dedicated Business Partners (BPs) for daily operation management to address common demands, enhance employee services and experiences, and lead various parties to complete and streamline the processes based on platform characteristics and have common consensus on rules; In doing so, we gradually establish the standardized operation construction of the platform.

Short-term Incentive Mechanism

Basic Salary

The basic salary offered by the Group meets the minimum salary requirements of local governments and is competitive in the same industry and region. We formulate salary adjustment plans each year based on the Group's operating conditions and the salary level of our peers, including regular salary adjustment and rank change-related salary adjustment, to implement the Group's salary management principle of "Adapting to the Market Environment, Realizing the Value of Talents and Giving Full Play to Motivation".

Year-end Bonus

The Group distributes the year-end bonuses to employees who meet the requirements according to the *Remuneration Management Policy* (《薪酬管理制度》). The specific distribution amount is determined depending on the employees' year-end performance results, annual attendance status, wage level and other factors.

EVA Sharing Prize

The EVA sharing prize is a sharing mechanism after the Group has excessive profits. Employees can be rewarded after meeting the requirements such as the certain levels of positions, performance results and other requirements.

Prize for Outstanding Talents

In the evaluation year, employees with management positions below the level of director who are employed through-out the year are eligible to participate in the excellent talent evaluation. Employees who have been employed for less than one year but have made significant breakthroughs or innovations in their work, or benefited or contributed to the Company greatly can be exceptionally recommended. The prize is divided into the gold prize, the silver prize, the bronze prize and the progress prize. The selection of outstanding talents is based on the comprehensive consideration on the professional ethics, quality, capability and performance of the candidates in the year. The prizes are distributed in the form of granting the corresponding shares with a fixed amount.

Excellent Junior Management Cadre

Assistant engineers, who have worked continuously in the Group for more than three years and have served in the junior management position for two years or more, and who have a year-round management position of division manager or below or have direct subordinates in the daily practical work in the evaluation year, are eligible to participate in the excellent junior management cadre assessment. The selection of excellent junior management cadre is based on the comprehensive consideration on the candidates' professional ethics, quality, capability, assessment and performance in the evaluation year, and involving a democratic assessment by employee representatives and interviews with candidates randomly selected by the Group's Trade Union. The final winners of the award will be announced and recognized within the Group, and the honorary certificates and cash award will be presented.

Production Pacesetter

Assistant engineers and below employees, who have worked continuously in the Group for more than two years and have no subordinates, are eligible to participate in the production pacesetter evaluation. The evaluation of production pacesetter is based on the comprehensive consideration on the candidates' performance, job skills and innovation ability in the evaluation year. The final winners of the award will be announced and recognized within the Group, and the honorary certificates and cash award will be presented.

Long-term Incentive Mechanism

Share Award

The eligible participants of the Group's share awards scheme include: 1. employees holding management title of division manager and above, or professional technical title of engineer and above; and 2. employees awarded the annual "Prize for Outstanding Talents".

From the adoption of the Restricted Share Award Scheme to 31 December 2024, a total of 10,263 employees were awarded shares (Note) .



NOTE

This number includes all personnel who have received share awards.

Safeguarding Employees' Benefits and Welfare

The Group has established a welfare system consisting of statutory welfare and complementary welfare to safeguard employees' benefits and welfare.

Statutory Welfare

Social Insurance: The Group contributes to social insurance for employees in accordance with the national laws, regulations and relevant rules of local governments. Currently, the basic social insurance for domestic employees includes pension, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and overseas employees can enjoy relevant security coverage according to local laws.

Housing Provident Fund: The Group contributes a certain percentage of housing provident fund for employees in accordance with national and local regulations and policies.

Holidays: All employees of the Group can enjoy local statutory holidays, marriage leave, funeral leave, family planning leave (maternity leave, nursing leave, perinatal examination, leave breastfeeding leave, family planning surgery leave) , parental leave, work-related injury leave, medical leave, paid annual leave and sick leave, etc. During the Reporting Period, the Group adjusted the marriage leave to 13 days in accordance with the *Regulations on Marriage Leave of Zhejiang Province* (《浙江省婚假规定》), and the national statutory holidays and rest days were not included in the marriage leave. In addition, the Group introduced parental leave. Employees in Zhejiang, Henan, Guangdong, and Shaanxi provinces can enjoy 10 days of parental leave for each year of their child's age up to the child's third birthday. Employees in the Shanghai region are entitled to 5 days of parental leave for each year of their child's age.

As of the end of the Reporting Period

Employees who successfully passed the approval and obtained loan eligibility

110 individuals

Total Loan Amount

34.24 million yuan

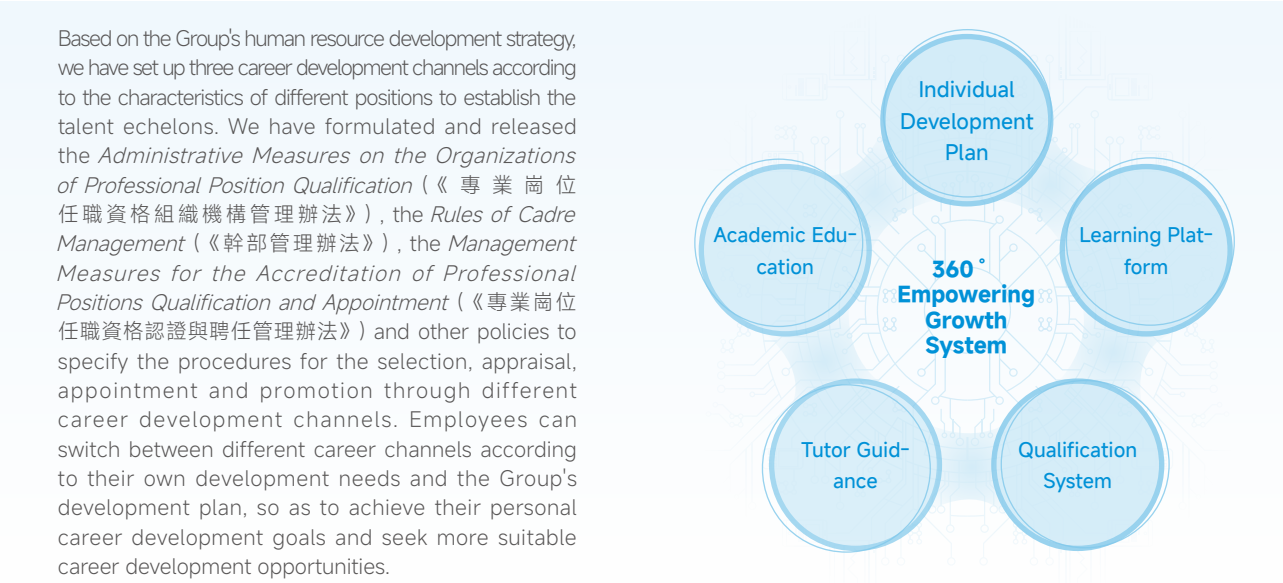
Complementary Welfare



We have also formulated the *Administrative Measures for Preferential Business Partners* (《特惠合作商家管理辦法》) . During the Reporting Period, through the cooperation with 74 high-quality business partners, we obtained more than RMB 7,500,000 of preferential benefits for employees, benefiting about 90,397 person-time.

Development and Training of Employees

We regard employees as the Company's greatest asset, always caring about their growth, respecting their value as individuals, and unlocking their potential. We provide broad space for development and strive to empower our employees.



During the Reporting Period

The cumulative investment in training and education was approximately

RMB 6,000,000

The Group assisted a total of

149 individuals in obtaining high school diplomas

The Group assisted a total of

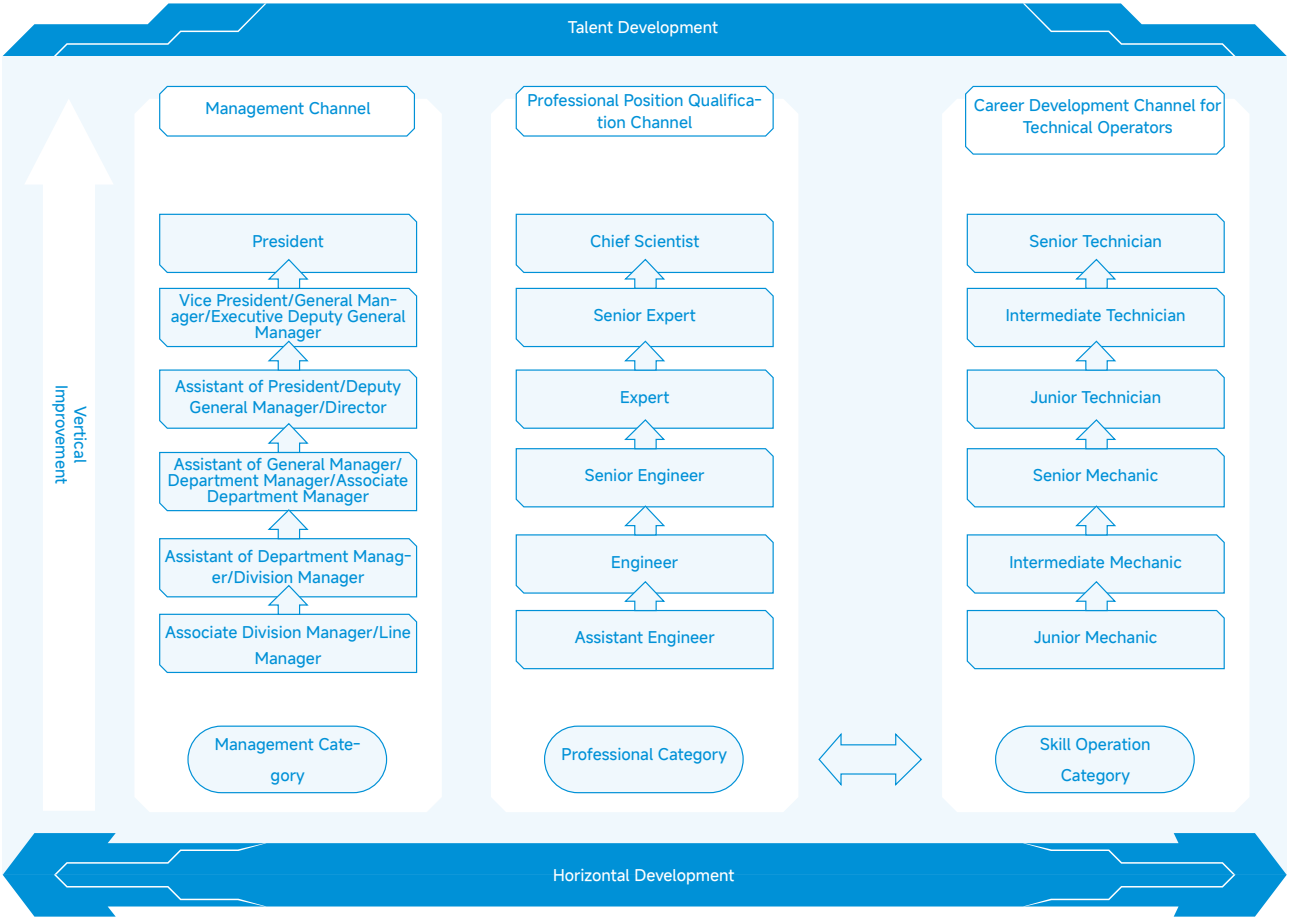
13 individuals in obtaining specialized college study opportunities

The Group assisted a total of

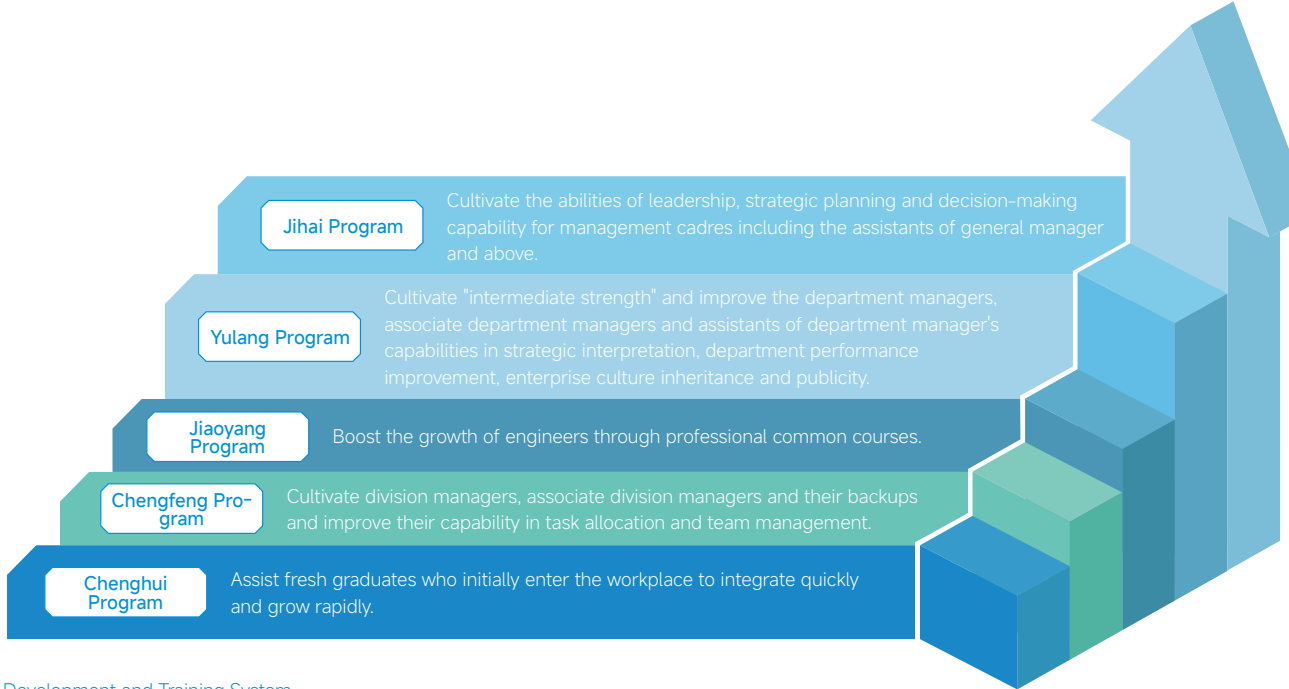
37 individuals in obtaining undergraduate study opportunities

The unique talent development system of the Group ensures the provision of talent team matching the sound business development of the Group, to enhance their knowledge and skills for discharging duties at work. Based on the development needs of different levels, we have established a development and training system which covers all employees with new employee development module, professional and technical personnel development module, and leadership development module as its core to consistently encourage them to keep learning. During the Reporting Period, a total of approximately RMB 6 million was invested in training and education to support employees in enhancing their professional skills. We have formulated a series of documents such as the *Management Policy on Training* (《培訓管理制度》), the *Whitepaper on Employee Learning and Development* (《員工學習發展白皮書》) and the *Skilled Worker Education and*

Training Management Standards (《技能工教育培訓管理標準》) to provide employees with various methods for improvement. Among them, eligible employees can apply for the academic education classes offered by the Group in a centralized manner or participate in external academic education training. After graduation with a certificate and a valid invoice and signing the corresponding training agreement with the Company or its subsidiaries, the trainees can reimburse 70% of the tuition fees to the Company or the subsidiaries, and bear the other 30% by themselves. During the Reporting Period, through cooperation with Yuyao College of the Open University of Ningbo, the Group helped 149 individuals obtain a high school diploma, and provided 13 individuals with opportunities for junior college degree studies and 37 individuals with opportunities for undergraduate studies.



Management and professional channels can be interconverted based on the principle of taking into account the needs of the organization and personal wishes.



Development and Training System

The Group further promotes the establishment of a development and training system, to realize the formalized and scientific management of internal lecturers and promote the accumulation, sharing and dissemination of internal knowledge to form a good culture of knowledge transmission. We have formulated the *Internal Lecturer Management Measures* (《內部講師管理辦法》) and the *Tutor Management Measures* (《導師管理辦法》). We provide the lecturers with extra pay beyond their own salaries to motivate the experienced managers and experts to become internal lecturers. As at the end of the Reporting Period, the Group had a total of 1,652 internal lecturers.



Yulang Program



Chengfeng Program



Chenghui Program



Jihai Program

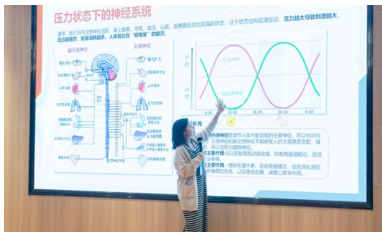
Enhancement of Supporting Capabilities for Electronic Computing Positions

As a key position with high-risk focus within the company, the improvement of the supporting staff's capabilities for the electronic computing role is particularly important. During the Reporting Period, the Human Resources Department of Sunny Automotive Optech identified training needs from the gaps in supporting staff capabilities, developed a training plan, and organized courses on 35 key topics, including *Electronic Component Development Process System* (《電子件開發流程體系》) and *Introduction to EMC* (《EMC 介紹》). A total of approximately 200 participants attended the training, greatly benefiting colleagues in the computing position and significantly enhancing their professional capabilities.



Stress Relief Series Training

To address employees' concerns about work pressure and work-life balance, the Group organized multiple stress relief sessions, including stress management and energy enhancement training, psychological stress relief & communication empowerment activities for cadres, physical & mental relaxation sound therapy stress relief activities, etc. A total of over 1,300 participants took part. In addition, Sunny Opotech issued the *2024 Mental Health Knowledge* (《2024 年心理健康科普知識專題》) to help employees understand common psychological issues and provide methods for them to alleviate stress.



Employees From Overseas Factory Attend Training in China

To enhance the management standards of our overseas factories, we organized visits for overseas teams to our China headquarters for learning and experience-sharing. This initiative allows them to bring back best practices, fostering a culture of excellence leading excellence and strengthening the overseas team as a whole. Additionally, to promote Sunny's corporate culture and encourage overseas employees to learn Chinese, we also organized a Chinese speech competition.



Optical Seminar

Sunny Zhejiang Optics regularly holds the "Optical Seminar" and invites management personnel to share insights. During the Reporting Period, sessions such as *Small Knowledge of VR Large Lenses* (《VR 大鏡片的小知識》), *What is Engineering Thinking* (《什麼是工程思維》), and *How to Grow with Your Team* (《如何與團隊共同成長》) were held. These initiatives foster internal knowledge sharing, reinforce corporate values, and strengthen employees' sense of identity with the company's mission and culture.



"My Story with Sunny" Thematic Forum

To celebrate Sunny's 40th anniversary, the Group held the "My Story with Sunny theme" forum. 4 executives and 24 outstanding employee representatives from subsidiaries shared their impactful memories around four themes of "Struggle", "Legacy", "Innovation", and "Transformation". More than 1,200 employees attended the event, which enhanced cross-team collaboration, inspired their professional growth, and reinforced a sense of belonging and unity among them.



English Training

To support the Group's global strategy and accelerate the development of "expertise + language" talent echelon, the Group has officially launched the English Training Camp Seed Program. The first English Training Camp focuses on practical international business needs. Through a structured selection process, 25 high-potential talents from core business functions such as marketing, engineering, and quality were chosen to form a cross-functional learning organization. Through a tiered training system, knowledge co-creation ecosystem, experience-sharing mechanism, and standardized assessment framework, each participant engaged in over 40 hours of interaction with native-speaking instructors, significantly improving employees' English proficiency.



As at the end of the Reporting Period, the training participation rate of the Group's employees reached 100%, with an annual average of 48.2 hours per person.

Category		Annual Average Training Hours per Person (hours/person)	Percentage of Employees Trained (Note)
Gender	Male	55.2	62.0%
	Female	37.2	38.0%
Position	Senior management	34.9	2.9%
	Middle management	51.6	17.1%
	Junior employees	47.9	80.0%



NOTE

Percentage of trained employees = Number of trained employees in each category during the Reporting Period/Total number of trained employees * 100%.

Employee Care

We respect and protect employees' rights to equal consultation, collective bargaining, and freedom of association. Listening to the opinions and voices of employees, understanding their needs and helping them resolve their difficulties are important parts of the Group's daily work. We provide employees with diversified communication channels and create an open and transparent communication environment.



Daily Communication

General Manager's mailbox, daily work reports, Special report, Regular meeting, Employee hotline, Talk room/Spirit lounge, Employee voice platform, etc.



Face-to-face Meetings with Senior Management

Members Employees may make an application to the Human Resource Department for face-to-face meetings with the senior management members of the Company



Work Talk

The superiors shall have a face-to-face talk with employees for their regularization, salary adjustment, change of position, occupational development planning, communications on performance or applications for resignation, etc.



Other Channels

The website of the Company, "Sunny Journal" internal journal, "Sunny Family" WeChat official account and video channel, Douyin account, the employee representative congress, The Labor Dispute Resolution Office, Employee feedback work order system, etc.

As of the end of the Reporting Period, we received more than 100 "voices" covering issues such as: business process improvement, office environment, office resources, personnel attendance, canteen, parking, corporate culture and the Trade Union. All the issues were solved upon detailed communication.

As of the end of the Reporting Period

Received

more than 100 "voices"

Employee participation rate of the Trade Union of the Group

100%

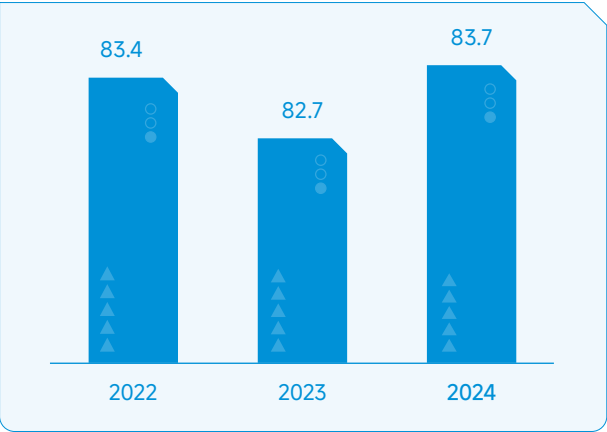
To meet the needs of employees for democratic management and democratic communication, the Group strictly abides by the *Trade Union Law of the PRC* (《中華人民共和國工會法》) and has established the Trade Union. The Group promotes a sense of belonging, responsibility, identity, well-being and proud by creating "a home for growth, a home for vitality, a home for civilization and a home for happiness". As at the end of the Reporting Period, the Group's employee participation rate of the Trade Union was nearly 100%. We encourage employees to actively participate in the relevant decision-making of the Group, motivate all employees to pay attention to the hotspot, thorny and focal issues during the development process of the Group, and pool their wisdoms and efforts to jointly push forward the Group's development.

In addition, the Group has formulated the *Emergency Management of Labor Relations and Emergency Response Plan for Sudden*

Events (《勞動關係應急管理和突發性事件應急處置預案》) and the *Administration on Handling Abnormal Incidents of Employees* (《員工異常事件處理管理規定》), and cooperated with relevant government departments to set up the resident Labor Dispute Resolution Office of the Yuyao Human Resources and Social Security Bureau in Sunny Group to handle emergencies including strike or production efficiency decrease resulting from employees' dissatisfaction with working conditions, sudden incidents occurring to employees and labor dispute incidents. We handle labor disputes in accordance with the principles of legality, fairness, timeliness and focusing on mediation to protect the legitimate rights and interests of both employees and the Group and facilitate the harmony and stability of labor relations.

Employee Engagement and Satisfaction

To genuinely understand and meet employees' diverse needs, the Group conducts employee satisfaction surveys to continuously improve the human resource management practices. In 2024, the Group strictly controlled employees' consecutive workdays and daily working hours to ensure work-life balance. Measures such as system monitoring and extended break times during work were implemented to safeguard employees' well-being. Additionally, in response to government policies, the Group introduced parental leave and extended marriage leave, which received widespread employee appreciation. Additionally, after the annual health check-ups, the Group supports employees' well-being through free medical consultations and health report interpretation. Employee satisfaction has slightly increased compared to 2023. In the future, the Group will continue to pay attention to the low-satisfaction factor, improve the cultivation mechanism, help employees grow, break down the invisible wall, enhance the sense of achievement at work, and strengthen the dissemination and sharing of information, so as to enhance the sense of participation and happiness of employees.



Employee Satisfaction score (100 mark system)

The Group has established twelve categories and 46 interest group alliances ("Alliance") and has formulated the *Management Measures for the Interest Group Alliance* (《興趣小組聯盟管理辦法》) to further standardize the management of employees' leisure activity groups, enrich their leisure cultural life and promote the construction of corporate culture. During the Reporting Period, the Group celebrated its 40th anniversary, marking 40 years of striving and golden memories. The Group carried out a series of diverse employee activities under the theme of "Summarizing Experience, Uniting Hearts, Boosting Morale, and Moving Forward" including the publication of the 40th-anniversary book series, the new launch of the company song *Creating Together* (《共同創造》), the "Through Thick and Thin, Hand in Hand" appreciation event for long-term employees, the "Stepping Globally, Walking Together for Health" global step challenge, the 40th-anniversary old photo exhibition, and the "United Strength, Striving Together" tug-of-war competition. These initiatives celebrated achievements, uphold corporate culture, and inspire future growth, strengthened employees' sense of belonging, recognition, and team cohesion within the company.



Mountaineering and Hiking



DIY Mooncake-Making



Visiting Relatives Overseas



Badminton



Three Books



Thoughtful Health Care Gifts for the Hottest Days of Summer



DIY Sachet-Making



Employee Mental Health Lecture on "Caring for Mental Health"



The "Working Together in Wind and Rain" Gratitude Activity for Old Employees

Caring for Female Employees

The Group protects the rights of female employees through formulating various policies, and respects their contributions in the workplace. During the Reporting Period, the Group entered into the 2024 Special Collective Contract on Labor Protection for Female Employees (《2024 年女職工勞動保護專項集體合同》) with the labor union to care for and protect female employees from different perspectives. To safeguard the legitimate rights and interests of female employees, we constantly pay attention to the latest development in employee rights at home and abroad, and conscientiously implement China's regulations on maternity and lactation leave. We are committed to providing all women with equal opportunities of career development and ensuring that they enjoy equal pay and benefits.

We also continuously strengthen our care for women. For example, we have set up warm and comfortable maternity rooms for female employees. On Women's Day, we held various celebration activities, such as sending flowers, the "Blossoming Happiness" garden tour, the "Carnation Rendezvous: Marriage and Family" workshop, the "Bloom as Expected, Radiate in Every Way" themed nail art salon, DIY mugwort therapy hammer, and yoga ball relaxation therapy. These activities aimed to inspire female employees in both work and life, enhancing their sense of security, belonging, and happiness.



"Blossoming Happiness" Garden Tour



The "Bloom as Expected, Radiate in Every Way" Themed Nail Art Salon



"Carnation Rendezvous: Marriage and Family" workshop



Warm Wishes for Women's Day



DIY Mugwort Therapy Hammer, and Yoga Ball Relaxation Therapy

Occupational Health and Safety

"Be vigilant in peace time, and keep a sense of tribulation". The Group attaches great importance to the health and safety of employees and prioritizes life safety and occupational health of employees. The Group protects its employees against occupational hazards by providing them with a safe working environment and taking various measures. We strictly abide by the *Work Safety Law of the PRC* (《中華人民共和國安全生產法》), the *Fire Protection Law of the PRC* (《中華人民共和國消防法》), the *Law of the PRC on the Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》) and other relevant laws and regulations. In addition, five subsidiaries of the Company namely Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech, Sunny Optical Intelligence (Yuyao), and Sunny SmartLead have passed the certification of ISO 45001 on Occupational Health and Safety Management System.

Occupational Health and Safety Policy: Safety First, Prevention-Oriented, Full Participation, Continuous Improvement

- In all production and business activities, employees' life safety and health are always the top priority, ensuring that safety considerations come first in all work and decision-making processes.
- By implementing effective preventive measures, we aim to prevent accidents and reduce occupational health risks.
- Encouraging full employee participation in safety management to enhance safety awareness and foster a shared responsibility for maintaining a safe work environment.
- Summarizing experiences, adopting new technologies and management methods, and continuously improving safety management standards.

Safety Management Structure

CEO of the Company	First person responsible for safe production, is responsible for deploying and establishing management rules and regulations of safe production and regularly convening safety leading group meetings.
Safety Production Management Division of the Company	Person responsible for safety inspection, is responsible for the inspection and assessment on the safety work of all subsidiaries and reporting the assessment results to the management.
General Manager of Each Subsidiary	First person responsible for safe production of the subsidiary, is responsible for establishing relevant rules and regulations of each subsidiary to supervise the implementation of safe production work.
Safety Managers of Each Subsidiary (Note)	Person responsible for the implementation of safe production of the subsidiary, is responsible for comprehensively managing the safe production of each subsidiary and reporting production safety accidents.

The Group has established a professional safety management team to protect the life safety and occupational health of employees, and to ensure safe and stable operation, provide a safe environment and protect employees from occupational hazards. In addition, the Group regularly organizes safety training to enhance the professional knowledge and safety skills of safety management personnel. During the Reporting Period, the Group organized 12 training sessions where employees having outstanding performances from each subsidiary are selected to share their knowledge and experience on management. These sessions covered all security managers.



NOTE

Security supervisor: The general managers of each subsidiary are authorized to appoint personnel responsible for managing safety affairs.



Safety Production Management

Safe production targets and achievement during the Reporting Period

Target	Completion Status
Zero production-related fatalities	Achieved
Zero occupational disease	Achieved
Zero major safe production accident	Achieved

The Group continues to improve the standardized management system on production safety and to build a safe factory in an all-round way.

Implementing the Responsibility for Safe Production

We have formulated specific targets on safe production, signed the *Targets and Responsibilities on Safe Production* (《安全生產目標責任書》) and issued the *Appraisal Measures on Safe Production Accountability* (《安全生產責任制考核辦法》) to clarify the standards of responsibility and assessment. The evaluation results are directly linked to the annual performance assessment of each subsidiary and employee with additional rewards for the annual safety award. In case of a safety accident, the Group will give corresponding administrative and financial penalties such as criticism, warning, demerit recording and termination of labor contracts according to the severity of the accident and the responsibilities of relevant personnel. The most serious penalty is criminal responsibility after transferring to judicial authorities.

Establishing a Dual-prevention Mechanism

We combined hierarchical control on safety risks with investigation and management of hidden hazards. Every year, the Group organizes investigations on safety risks and screens out major potential safety hazards for key follow-up management. At the same time, the Group increases efforts to investigate hidden hazards, integrates mid-year and year-end large-scale safety inspections by the assessment team, comprehensive mutual monthly inspections, inspections before holidays and various special inspections. As of the end of the Reporting Period, we identified 1,315 hidden hazards through inspections and formulated targeted rectification plans. All hidden hazards had been rectified.

Strengthening Safety Emergency Response

We have updated our policies on emergency management, and added or revised special emergency plans. For workshop safety, we implemented a strategy of "three types of safety staff": every workshop is provided with evacuation guidance personnel, fire extinguishing personnel and first aid personnel in a certain proportion, and regularly provided these personnel with training. In addition, to improve the Company's emergency response ability, we have also provided evacuation guide rods, alarms, reflective rescue vests, first-aid kits, etc. and ensured that the emergency response team is ready to respond 24 hours a day. During the Reporting Period, we carried out 192 emergency drills, covering 90,000 people-time and multiple scenarios. These drills were related to the response to chemical leakage, fire evacuation, elevator failure, abnormal waste water discharge, etc.

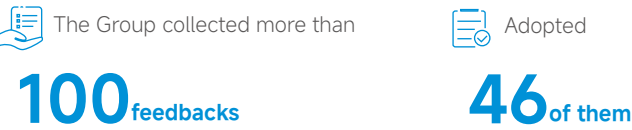
5S(Note) + Safety


We have carried out the special construction of 5S + safe workshops, and formulated *the Instruction Manual on Visualized Standards of Safety Hazards* (《安全隱患標準目視化指導手冊》). The Manual sets forth requirements on the reasonable layout on firefighting points in workshops, intrinsically safe equipment, basic quality of employees, clean and nice appearance of the site, etc., aiming to promote the standardized construction of each production workshop, create a favorable safe production environment, and enhance the 5S awareness of employees. Through these efforts, we have provided employees with a safer and tidier working environment. During the Reporting Period, the Group extended its 5S + Safety initiatives to overseas subsidiaries. This included conducting cross-border mutual inspections, online guidance, and fire safety skills training, all aimed at enhancing the safety management level of overseas companies.

Bearing Safety Culture in Mind

We continually carry out featured safety culture construction and started a monthly EHS journal. The relevant measures include organizing activities such as "everyone is a safety officer" for hidden danger inspections, safety knowledge quizzes for employees, and employees' article contributions on safety perceptions. We uphold the concept of no bystanders on safety issues. We listen to the opinions of front-line employees when formulating or revising safety policies, and also invite them to identify hazard sources, there are no bystanders to safety. During the Reporting Period, the Group collected more than 100 feedbacks and adopted 46 of them.

During the Reporting Period

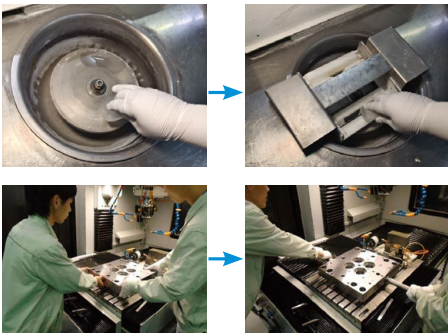


NOTE

5S is an abbreviation for the five Japanese terms: Seiri (Sort) , Seiton (Set in order) , Seiso (Shine) , Seiketsu (Standardize) , and Shitsuke (Sustain)


Collection of "Best Safety Practices" Case Studies

To promote experience sharing among subsidiaries and achieve a win-win situation between safety and development, the Group launched a "Best Safety Practice" case collection campaign under the theme of "Promoting Development through Safety". This initiative fully integrates production, processes, equipment, and on-site management, with a focus on safety management measures and their effectiveness. For example, in the case of the grinding machine at Sunny Automotive Optech, where there was a risk of slipping and injury during chamfering operations, the use of simple tooling fixtures effectively ensured safe operations for the workers. Sunny Zhejiang Optics changed the bare-hand handling of VR mold base to knurled handling and dry handling to avoid the risk of crushing fingers; Sunny SmartLead added bases to gas cylinders to prevent tipping and reduce wear during transportation. A total of 84 safety practices were collected, with 16 best practices selected and shared across the Group. The initiative received positive feedback.




The Group also launches diversified safety training to standardize of safe production processes and in turn prevent and reduce the occurrence of safety incidents.

As of the end of the Reporting Period

Number of completed answer sheets of the online safety knowledge quiz with rewards

84,302

Number of employees who have completed the training

22,874 Individuals

June 2024 was the 23rd national production safety month themed "everyone understands work safety and knows about emergency response - smooth passage of life". Focusing on the theme, the Group office designed a series of activities with the participation, improvement and practice covering all employees. These activities included safety production discussions, safety knowledge learning sessions, escape room simulation experience activity covering all employees, hands-on fire extinguisher training, best safety practice collection, a shared EHS resource library, safety knowledge and practice exchange, and the "Workplace Safety Protection - Preventing Occupational Injuries" initiative. These efforts have effectively raised safety awareness, enhanced employees' safety skills, and fostered a strong culture of "Sunny Safety - Everyone's Responsibility".

We also launched an online prize quiz on safety knowledge and received a total of 84,302 answer sheets with over 91% of participants scoring above 80 points. In the mandatory "Eight-Minute Escape Tips" course, 22,874 employees completed their studies. Through these activities in the production safety month, we further clarified the safety-related red line and bottom line across the entire area. By strengthening the "responsibility chain", densifying the "safety net" and securing the "safety wall", we promoted the implementation of production safety responsibilities and enhanced the awareness of safety risk prevention of all employees.



The Group always prioritizes the life safety of our employees. We regularly organize various safety and first-aid training sessions to improve the emergency response capabilities of our workforce. Additionally, we have procured and installed 18 AEDs to safeguard the health and safety of everyone in the workplace.



Fire Safety Management

Fire is one of the biggest potential safety hazards in the operation process of the Group. In terms of fire safety, the Group takes multiple measures to safeguard fire safety:



To enhance the efficiency and accuracy of fire safety management, the Group has implemented an intelligent fire safety platform. This platform integrates fire detection, early warning, emergency response, equipment management, data analysis, training drills, and public education, effectively preventing fire incidents and ensuring the safety of personnel and assets.

In addition, the Group conducts fire prevention month activities regularly to popularize fire prevention knowledge and improve fire prevention skills of all employees to reduce the risk of fire. November is the 33th month for publicizing fire prevention nationwide. This November also coincided the Company's 12th 119 fire safety publicity month. To extensively popularize fire safety knowledge and improve fire safety awareness of employees, the Group and its subsidiaries organized and carried out fire prevention publicity activities in various forms and rich contents in an all-round and multi-dimension manner by centering on the theme of "national fire, life first", aiming to guide cadres and employees to pay attention to fire prevention, learn about knowledge on fire prevention and participate in fire prevention publicity and education. These activities have helped create a strong atmosphere of "everyone pays attention to fire prevention, learns about knowledge on fire prevention and participates in fire prevention".



Fire Safety: It's Not What You Think

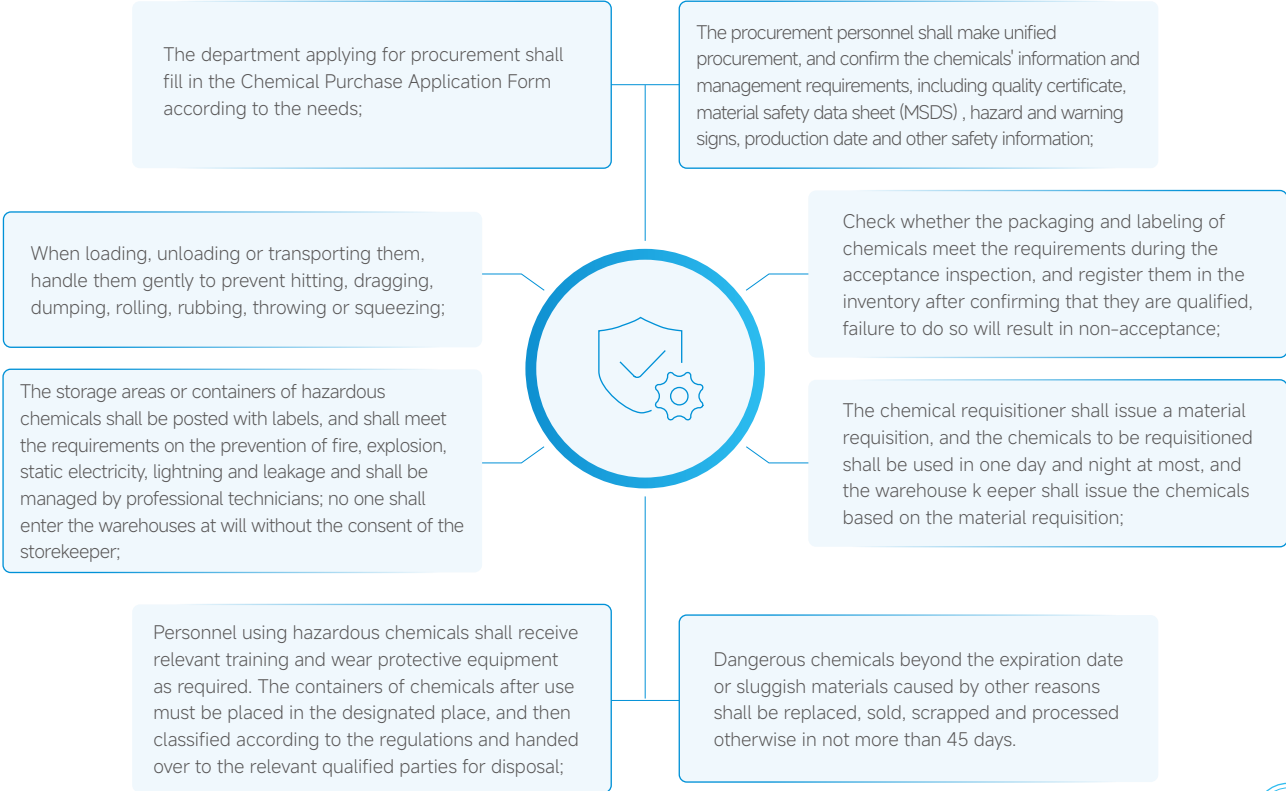
We organized a series of activities to enhance fire safety awareness among all employees, including the "Fire Safety Is Not What You Think" promotional video, a fire safety comic contest, a workplace safety micro-lesson competition, a fire safety skills competition, a company-wide fire evacuation drill, and fire hazard inspections.

Highlights of Activities in the Fire Prevention Month:



Chemical Safety Management

The Group strictly manages and controls substances with hazardous characteristics or listed in the *Catalogue of Hazardous Chemicals* (《危險化學品目錄》) of China. Five subsidiaries have formulated relevant regulations on hazardous chemicals management, which will be updated according to the actual business operation and the requirements of relevant laws and regulations. We have clarified the specific responsibilities of each department in each process in order to standardize the procurement, transportation, storage, use, and disposal of chemicals and prevented adverse effects of chemicals on personnel and environment. In addition, we formulated the *Emergency Plan on Chemical Leakage* (《化學品洩漏應急預案》) to enable employees to take the most effective methods to rescue trapped persons and goods, minimize economic losses, and ensure personnel safety in case of oil and hazardous chemicals leakage. During the Reporting Period, Sunny SmartLead Technologies updated the *Chemicals Control Management Regulations* (《化學品控制管理規定》), adding storage standards for explosion-proof cabinets.



Emergency Drill for Hazardous Chemical Leakage

In December 2024, Sunny Opotech organized an emergency drill for hazardous chemical leakage, with the participation by chemical warehouse managers, transporters and members of the emergency leadership group. The drill simulated a scenario where a material handler accidentally caused an acetone leak while retrieving chemicals in the controlled substances area of the chemical warehouse. The employee immediately reported the incident to the emergency response leadership team, which then initiated emergency rescue procedures. In this drill, we effectively integrated initial training with practical scenarios to enhance employee safety awareness and improve their on-site response capabilities.



Incident Management

To mitigate the frequency and severity of incidents, the Group developed the *Incident Reporting, Investigation, and Handling Control Procedures* (《事故報告、調查和處理控制程序》), and established an emergency response process. We consistently enforce the safety management responsibilities of the heads of our subsidiaries. In the event of an incident, the responsible personnel are required to immediately report to the Group's Safety Management Officer. Additionally, they must notify the local government regulatory authorities within the stipulated timeframe based on the incident severity. To prevent the recurrence of similar incidents, we have implemented improvements in the following areas:

Incident Root Cause Investigation and Training

We utilized systematic analytical methodologies to identify underlying causes, develop tailored preventive measures, and conduct responsive training sessions for employees and management, thereby solving problems at the source and ensuring zero recurrence of similar incidents. During the Reporting Period, the Group conducted root cause investigation and analysis of incidents and implemented near-miss incident management training sessions to strengthen employees' incident investigation competencies.

Incident Experience Sharing and Learning Mechanism

Through the analysis of the prevention and control measures of dangerous incidents and the resolution strategies of small and micro incidents, we facilitate the cross-subsidiary experience sharing and management capability improvement. This mechanism not only enables subsidiaries to detect latent risks, but also drives the standardization of management practices. During the Reporting Period, the Group conducted 12 sessions of cross-subsidiary incident experience sharing and exchange.

Continuous Optimization of Effectiveness Evaluation


We conduct periodic effectiveness evaluation of incident management measures, driving continuous optimization of management processes and improvement of preventive measures to safeguard sustainable advancement of incident management. Meanwhile, we integrate incident management into the performance assessment framework, incentivizing all employees' engagement in safety management to cultivate a safety culture with full participation.

Equipment Safety Inspection

To minimize the occurrence of equipment-related safety incidents, the Group has taken measures by establishing an Equipment Safety Inspection Team to enforce controls at the source. We have developed and promoted standardized safety inspection protocols, accompanied by comprehensive training programs across the entire organization. During the Reporting Period, we formulated 11 inspection standards encompassing electrical safety, safety control systems, equipment interlocking, ergonomics, and more. These efforts have led to a significant enhancement in equipment safety management.

As at the end of the Reporting Period, the Group had a total of 1,574.1 working days lost due to work-related injuries, with a Million Work Hours Injury Rate of 1.5%. The numbers of work-related fatality in recent three years are as follows:

	2024	2023	2022
Number of work-related fatality	1 (Note1)	0	0
Rate of work-related fatality (Note2)	0.003%	0	0

 **NOTE**

1. In 2024, there was a fatal traffic accident involving a Group employee during official business travel.

2. Rate of work-related fatalities = Number of work-related fatalities/Total number of employees * 100.0%.

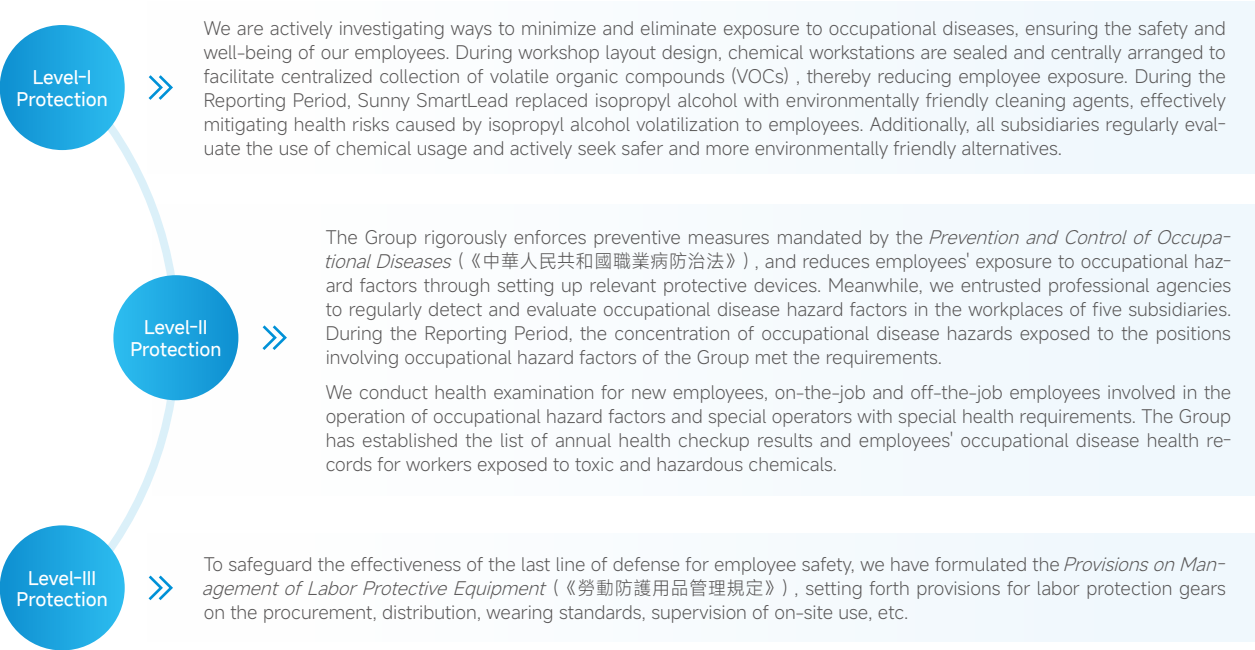
Occupational Disease Prevention

The Group commits to

- Providing a healthy and safe working environment for employees and distributing protection equipment and supplies, such as dust masks and protective gloves, as per requirements;
- Conducting annual occupational health examination for employees who work at positions that are exposed to occupational disease hazards according to the requirements of relevant national regulations on the prevention and control of occupational diseases.

Through on-site investigation and identification, the occupational hazard factors involved in the workplace of the Group are mainly noise and chemicals. Therefore, we have mapped out the *Management of Occupational Health Monitoring Policy* (《職業健康監護管理制度》) that specifies the work of the occupational health management of the Group from diagnosis and management of occupational diseases, reporting of occupational diseases and alarming and notification of hazards of occupational diseases, in order to prevent occupational diseases to the largest extent.

The Group implements a three-tier preventive approach to assess the risk of occupational diseases



Occupational Health Training

In the routine work, we have implemented a series of measures to protect employees against by occupational diseases, including but not limited to:

- Placing first-aid kits in workshops and office areas, which are checked and updated regularly to ensure that employees are treated as soon as possible; tracking the use of kits, and conducting incident investigation for work-related injuries to analyze the causes and formulate response and preventive measures.
- Identifying, evaluating and controlling the impact of strong manual labor on employees, including manual material handling and weightlifting, standing for a long time and highly repeated or heavy assembly; striving to enhance employee efficiency and reduce work-related injuries through the rational assessment and integration of human factors engineering.
- Conducting occupational health legal publicity to enhance employees' awareness of occupational health and safety, thereby fostering a robust corporate culture that prioritizes the prevention and control of occupational diseases.
- Issuing notification on occupational disease and posting occupational disease safety signs and labels at striking places.
- Maintaining the operation of the prevention equipment of occupational disease and enhancing routine supervision and inspection.

06
Community
Welfare

Guided by our unwavering dedication to "integrating social responsibility into our core mission", the Group consistently partakes in an array of initiatives, spanning education, environmental protection, poverty alleviation, and social charity, thereby actively enhancing social welfare endeavors. During the Reporting Period, the Group extended donations of goods and financial resources to numerous local educational institutions and social welfare organizations. Moreover, we organized and motivated our employees to engage proactively in a variety of community volunteer activities, ensuring that our corporate philanthropy permeates every facet of society.

The Group has established the Federation of Voluntary Services (志願服務聯合會) to promote the high-quality development of the Group's voluntary service organizations, further institutionalize and regularize voluntary services and to standardize the management of volunteer teams. We have established a star recognition system and a point reward system for volunteers. We recognize volunteers in terms of service hours and convert their points. We commend excellent volunteer teams every year, and the points can be redeemed for corresponding gifts once a year.

During the Reporting Period, the Group's involvement in public welfare activities is as follows:

Employees participated Over	Time devoted Over	Amount devoted Over	Persons benefited Over
1,267 people	188 hours	RMB 1,304,767	3,172 per-times

During the Reporting Period, details of the Group's donations are as follows:

Type of Donation	Project	Amount Devoted (RMB)
Support for education	Donation to Zhejiang University	60,000
	Donation to "Sunny Cup" Career Planning Fund of China Jiliang University	50,000
	Donation to the 12th National University Students' Opt-Sci-Tech Competition	100,000
	Title Donation to the Postgraduate Robot Innovation and Design Competition of Wuhan University of Technology	50,000
	Donation to "Sunny Cup" Optoelectronic Design Competition Donation of China Jiliang University	50,000
	Donation to School of Mechanical Engineering, Hangzhou Dianzi University	100,000
	Donation to Harbin University of Science and Technology	30,000
	Donation to Wuhan University of Science and Technology	20,000
	Donation to Ruiyun School	150,000
Poverty alleviation	Donation to Yuyao City Distinguished Teachers Incentive Fund	400,000
	Condolences to the left-behind elderly in mountainous areas, aid actions to Xinjiang, etc.	35,000
Total donation amount		1,045,000

Support for Education

Education serves as the bedrock of societal development and is a vital conduit for fostering social advancement and cultivating talent. As a socially responsible enterprise, we are profoundly aware of the critical role that education plays in fostering individual growth, driving community prosperity, and shaping the future of China. Accordingly, we have proactively engaged in a range of initiatives and activities aimed at enhancing educational quality and promoting educational equity. During the Reporting Period, the Group entered into a donation agreement with the Yuyao People's Education Foundation. We have committed to an annual donation of RMB 400,000 to the foundation over a ten-year period. This initiative is designed

to further cultivate a culture of respect and appreciation for teachers, thereby contributing to the high-quality development of education in Yuyao.

Meanwhile, we have established long-term talent cooperation with universities at home and abroad such as Zhejiang University, Changchun University of Science and Technology, University of Rochester and University of Arizona, actively carried out research cooperation and technical exchange activities, jointly constructed employment base and further deepened bilateral cooperation.



Donation to the Excellent Teachers Incentive Foundation



Activities of Introducing Science and Technology on Campus

Public Welfare and Voluntary Services

As a corporate entity deeply committed to social responsibility, the Group has consistently prioritized the advancement of social welfare initiatives and the nurturing of young volunteers. We approach voluntary service activities with unwavering dedication and enthusiasm, viewing them as essential pathways to promote the spirit of volunteering, disseminate our corporate culture, foster a harmonious enterprise environment, and fulfill our mission and responsibilities.

During the Reporting Period, the Group continued to promote voluntary services and organized volunteer activities such as visits to elderly individuals living alone, philanthropic donations, and charity fundraising events.

In addition, the Group organized the 15th voluntary blood donation activity. Over 600 employees participated in the event, with 342 individuals successfully donating blood, collectively contributing a total volume of 108,030ml.



Visiting Elderly People Living Alone



Blood Donation Activity



Honor of Blood Donation



"Respect Old People as We Do Our Own Elder Parents" Volunteer Activity



"Love in the Golden Autumn, Warmth in October" Charity Sale

Meanwhile, the Group also paid attention to the protection of community environment. During the Reporting Period, we conducted a series of public welfare activities for environmental protection, publicized the concept of environmental protection with practical actions, protected the environment with sincerity and joined all sectors in society to build a green homeland together.



Garbage Collection Activity



"Beautiful Environment, Clean Home" Activity

Appendix I: INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

Report No.: DTTHK(25)BAR00061

Report No.: DTTHK(25)BAR00061

To the Board of Directors of Sunny Optical Technology (Group) Company Limited:

We have been engaged by Sunny Optical Technology (Group) Company Limited (the "Sunny Optical Technology") to perform a limited assurance engagement in relation to certain greenhouse gas (the "GHG") emissions intensity data included in its Environmental, Social and Governance ("ESG") Report for the year ended 31 December 2024 (the "2024 ESG Report") and selected by the Sunny Optical Technology.

Subject Matter for Limited Assurance

We performed a limited level of assurance engagement in below specific information included in 2024 ESG Report:

Scopes 1 and 2 GHG emissions intensity data, covering the four main subsidiaries of the Sunny Optical Technology (i.e. Zhejiang Sunny Optics Co., Ltd., Ningbo Sunny Opotech Co., Ltd., Ningbo Sunny Automotive Optech Co., Ltd. And Yuyao Sunny Optical Intelligence Technology Co., Ltd.)

The limited assurance targeted the Scopes 1 and 2 GHG emissions intensity data in the 2024 ESG Report as stated above only and did not cover any other indicators or information disclosed in the 2024 ESG Report or related to previous years.

The Subject Reporting Standards

The Scopes 1 and 2 GHG emissions intensity data in the 2024 ESG Report were prepared in accordance with Environmental, Social and Governance Reporting Code – "Appendix C2 of Main Board Listing Rules" issued by The Stock Exchange of Hong Kong Limited (the "Reporting Standards").

Responsibilities of those Charged with Governance and Management of the Sunny Optical Technology

It is the Sunny Optical Technology management's responsibility to determine appropriate reporting standard and prepare the Scopes 1 and 2 GHG emissions intensity data in the 2024 ESG report in accordance with the Reporting Standards. Its responsibility shall include design, implementation and maintenance of internal control system relevant to the preparation of the Scopes 1 and 2 GHG emissions intensity data, so as to prevent material misstatement due to fraud or error.

Those charged with governance of the Sunny Optical Technology is responsible for overseeing the Sunny Optical Technology's ESG reporting process.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards).

Our firm applies International Standard on Quality Management 1, "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to perform assurance in accordance with the International Standard on Assurance Engagements 3000 (Revised) – "Assurance Engagements other than Audits or Reviews of Historical Financial Information", and, in respect of greenhouse gas emissions, International Standards on Assurance Engagements 3410 – "Assurance Engagements on Greenhouse Gas Statements" issued by the International Auditing and Assurance Standards Board. We prepared and published assurance conclusions with limited assurance on whether the Scopes 1 and 2 GHG emissions intensity data in the 2024 ESG Report have been disclosed in all material respects in accordance with the Reporting Standards.

Assurance Approach

As the nature and timing of the procedures implemented by limited assurance are different from and less extensive than the reasonable assurance, limited assurance obtains a lower degree of assurance than the reasonable assurance. We do not provide reasonable assurance that the Scopes 1 and 2 GHG emissions intensity data in the 2024 ESG Report were disclosed in all material respects in accordance with the Reporting Standards. The assurance included identifying areas where the Scopes 1 and 2 GHG emissions intensity data may be materially misstated in the 2024 ESG Report, designing and implementing assurance procedures to address these identified areas, and obtaining evidence accordingly. The assurance procedures we carried out depend on our professional judgment and assessment of the risks of assurance.

Procedures of assurance:

- Interviewed with the Sunny Optical Technology's managers and staff responsible for information collection, consolidation and disclosure of Scopes 1 and 2 GHG emissions intensity data to understand the process of reporting;
- Performed testing on a sample basis of the relevant supporting documents;
- Performed analytical procedures; and
- Performed recalculations.

Limitations of Assurance

We draw the attention of users to the fact that there is no universally accepted system of evaluation and measurement standards for non-financial information, which may affect the comparability of relevant data between companies.

Conclusions

Based on the above work performed and evidence we have obtained, nothing has come to our attention that would lead us to believe that there is any material misstatement related to Scopes 1 and 2 GHG emissions intensity data in the Sunny Optical Technology's 2024 ESG Report, is not prepared, in all material respects, in accordance with the Reporting Standards.

Use of Independent Limited Assurance Report

This independent limited assurance report is solely for the board of directors of the Sunny Optical Technology purpose of preparing the Sunny Optical Technology's 2024 ESG Report in accordance with our agreed term of engagement. As a result, the report may not be suitable for another purpose. However, for the avoidance of doubt, all duties and liabilities (including without limitation those arising from negligence) to third parties, are specifically disclaimed. As explained in our engagement letter governing this engagement, the Contracts (Rights of Third Parties) Ordinance does not apply, and only the signing parties to the engagement letter contract have any rights under it.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong

30 April 2025

Appendix II: Responsibility KPIs

Aspects	KPIs Description	Unit	2024	2023	2022
E Environmental KPIs	GHG Scope 1	tCO ₂ e	8,740.1	5,122.0	4,878.5
	GHG market-based Scope 2	tCO ₂ e	340,919.1	378,427.2	362,501.6
	GHG location-based Scope 2	tCO ₂ e	441,211.2	/	/
	Total GHG (Scope 1 and market-based Scope 2)	tCO ₂ e	349,659.2	383,549.2	367,380.1
	Total GHG (Scope 1 and location-based Scope 2)	tCO ₂ e	449,951.3	/	/
	GHG (Scope 1 and market-based Scope 2) emission intensity	tCO ₂ e / RMB million revenue	9.7	14.0	12.0
	GHG (Scope 1 and location-based Scope 2) emission intensity	tCO ₂ e / RMB million revenue	12.5	/	/
	Electricity	MWh	582,170.7	537,920.7	515,283.1
	Green Electricity	MWh	203,322.0	101,536.8	90,202.4
	Total indirect energy	MWh	785,492.7	639,457.5	605,485.5
	Diesel oil	MWh	83.6	80.4	90.3
	Gasoline	MWh	563.3	536.1	395.5
	Total direct energy	MWh	646.9	616.5	485.8
	Total energy consumption	MWh	785,139.5	640,074.0	605,971.3
	Energy consumption intensity	MWh/ RMB million revenue	21.8	23.3	19.7
	Water Withdrawal	tons	2,808,667.4	2,639,878.9	2,318,717.1
	Wastewater emission	tons	2,246,933.9	2,111,903.1	1,854,973.7
	Water Withdrawal intensity	tons/ RMB million revenue	78.0	96.0	75.5
	Hazardous waste	tons	115.3	93.0	86.8
	Total non-hazardous waste	tons	9,805.6	7,197.7	8,706.0
	Recycled waste	tons	6,635.7	3,929.6	3,648.4
	Recycling rate of non-hazardous waste	%	67.7	54.6	41.9
	Non-hazardous waste intensity	Kg / RMB million revenue	272.4	261.9	283.6
	Nitrogen oxides	Kg	567.7	605.7	466.2
	Sulphur dioxide	Kg	1.1	1.0	0.8
	Particulate matter	Kg	54.2	57.8	44.4
	Number of environmental violations	Case	0	0	0
	Existing certified "Green Factories"	Number	5	4	4

Aspects	KPIs Description	Unit	2024	2023	2022
S Social KPIs	Number of employees	Person	33,884	29,524	26,610
	Male employees	Person	21,002	17,702	15,933
	Female employees	Person	12,882	11,822	10,677
	Proportion of female employees	%	38.0	40.0	40.0
	Senior management	Person	987	891	783
	Number of female in senior management	Person	182	223	141
	Proportion of female in senior management	%	18.4	25.0	18.0
	Middle management	Person	5,775	5,124	4,670
	Junior employees	Person	27,122	23,509	21,157
	Turnover rate of male employees	%	5.2	3.6	2.7
	Turnover rate of female employees	%	4.2	3.3	2.7
	Labor contract signing rate	%	100	100	100
	Social insurance coverage rate	%	100	100	100
	Trade union membership rate	%	100	100	100
	Signing rate of collective agreements	%	100	100	100
	Average training hours	Hour (s)	48.2	52.7	53.4
	Employee satisfaction score	%	83.7	82.7	83.4
	Major safe production accident	Number	0	0	0
	Fire incidents	Number	0	0	0
	Occupational disease	Person	0	0	0
	Working days lost due to work-related injuries	Day (s)	1,574.1	2,194.0	1,535.6
	Amount devoted in public welfare activities	RMB	1,304,767	1,869,770	1,188,226
	Employees participated in public welfare activities	Person	1,267	3,275	3,712
	Time devoted in public welfare activities	Hour (s)	188	606	3,873
	Persons benefited in public welfare activities	Person	3,172	2,365	515,622
	Total number of class I suppliers	Number	1,204	946	916
	Accumulative number of local suppliers	Number	241	221	/
	Percentage of suppliers from Mainland China	%	89.9	92.8	90.3

Appendix III: Environmental, Social and Governance Reporting Guide Comparison Table

Aspects and KPIs Description		Title of chapter
A. Environmental		
A1. Emissions		
General Disclosure	Information on:	Low-Carbon Green Operation
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
KPI A1.1	The types of emissions and respective emissions data.	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility) .	
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility) .	
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility) .	
KPI A1.5	Description of emission target (s) set, and steps taken to achieve them.	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target (s) set, and steps taken to achieve them.	
A2. Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Low-Carbon Green Operation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in' 000s) and intensity (e.g. per unit of production volume, per facility) .	
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility) .	
KPI A2.3	Description of energy use efficiency target (s) set, and steps taken to achieve them.	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target (s) set, and steps taken to achieve them.	
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	
A3. The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Low-Carbon Green Operation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
A4. Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Low-Carbon Green Operation
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	

Aspects and KPIs Description		Title of chapter	
B. Social			
Employment and Labor Practices			
B1. Employment			
General Disclosure	Information on:	Creating Together with Employees	
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		
KPI B1.1	Total workforce by gender, employment type (for example, full time or part time) , age group and geographical region.		
KPI B1.2	Employee turnover rate by gender, age group and geographical region.		
B2. Health and Safety			
General Disclosure	Information on:	Creating Together with Employees	
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.		
KPI B2.2	Lost days due to work injury.		
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.		
B3. Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work.	Creating Together with Employees	
	Description of training activities.		
	KPI B3.1		The percentage of employees trained by gender and employee category (e.g., senior management, middle management) .
	KPI B3.2		The average training hours completed per employee by gender and employee category
B4. Labor Standards			
General Disclosure	Information on:	Creating Together with Employees	
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.		
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.		
KPI B4.2	Description of steps taken to eliminate such practices when discovered		

Aspects and KPIs Description		Title of chapter
Operating Practices		
B5. Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Sustainable Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are im-plemented and monitored.	
B6. Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Liability
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	
KPI B6.4	Description of quality assurance process and recall procedures.	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	
B7. Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Sustainability Governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	
Community		
B8. Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community Welfare
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport) .	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	

Appendix IV: GRI Index

Statement of use	Sunny Optical Technology (Group) Company Limited has reported the information cited in this GRI content index for the period 2024/1/1 – 2024/12/31 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards	Disclosure	Location
GRI 2: General Disclosures 2021		
2-1	Organizational details	About the Group
2-2	Entities included in the organization's sustainability reporting	About the Report
2-3	Reporting Period, frequency and contact point	About the Report
2-5	External assurance	Appendix I: Practitioner's Limited Assurance Report
2-6	Activities, value chain and other business relationships	About the Group
2-7	Employees	Creating Together with Employees
2-9	Governance structure and composition	Sustainability Governance
2-10	Nomination and selection of the highest governance body	
2-11	Chair of the highest governance body	
2-12	Role of the highest governance body in overseeing the management of impacts	
2-13	Delegation of responsibility for managing impacts	
2-14	Role of the highest governance body in sustainability reporting	
2-15	Conflicts of interest	
2-16	Communication of critical concerns	
2-17	Collective knowledge of the highest governance body	
2-18	Evaluation of the performance of the highest governance body	
2-19	Remuneration policies	
2-22	Statement on sustainable development strategy	
2-23	Policy commitments	All chapters
2-27	Compliance with laws and regulations	
2-28	Membership associations	About the Group
2-29	Approach to stakeholder engagement	Sustainability Governance
2-30	Collective bargaining agreements	Creating Together with Employees
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Sustainability Governance
3-2	List of material topics	
3-3	Management of material topics	

GRI Standards	Disclosure	Location
Economics		
GRI201: Economic Performance 2016		
201-2	Financial implications and other risks and opportunities due to climate change	Low-Carbon Green Operation
201-3	Defined benefit plan obligations and other retirement plans	Creating Together with Employees
GRI202: Market Practices 2016		
202-2	Proportion of senior management hired from the local community	Creating Together with Employees
GRI204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Sustainable Supply Chain Management
GRI205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Governance
205-3	Confirmed incidents of corruption and actions taken	
GRI207: Tax 2019		
207-1	Approach to tax	Sustainability Governance
207-2	Tax governance, control, and risk management	
Environment		
GRI301: Materials 2016		
301-1	Materials used by weight or volume	Low-Carbon Green Operation
301-2	Recycled input materials used	
301-3	Reclaimed products and their packaging materials	
GRI302: Energy 2016		
302-1	Energy consumption within the organization	Low-Carbon Green Operation
302-3	Energy intensity	
302-4	Reduction of energy consumption	
302-5	Reductions in energy requirements of products and services	
GRI303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Low-Carbon Green Operation
303-2	Management of water discharge-related impacts	
303-3	Water withdrawal	
303-4	Water discharge	
303-5	Water consumption	
GRI304: Biodiversity 2016		
304-2	Significant impacts of activities, products and services on biodiversity	Low-Carbon Green Operation
GRI305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Low-Carbon Green Operation
305-2	Energy indirect (Scope 2) GHG emissions	
305-4	GHG emissions intensity	
305-5	Reduction of GHG emissions	
305-7	Nitrogen oxides (NOx) , sulfur oxides (SOx) , and other significant air emissions	

GRI Standards	Disclosure	Location
GRI306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Low-Carbon Green Operation
306-2	Management of significant waste-related impacts	
306-3	Waste generated	
306-4	Waste diverted from disposal	
306-5	Waste directed to disposal	
GRI308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain Management
308-2	Negative environmental impacts in the supply chain and actions taken	
Society		
GRI401: Employment 2016		
401-1	New employee hires and employee turnover	Creating Together with Employees
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
401-3	Parental leave	
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Creating Together with Employees
GRI403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Creating Together with Employees
403-2	Hazard identification, risk assessment, and incident investigation	
403-3	Occupational health services	
403-4	Worker participation, consultation, and communication on occupational health and safety	
403-5	Worker training on occupational health and safety	
403-6	Promotion of worker health	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational health and safety management system	
403-9	Work-related injuries	
403-10	Work-related ill health	
GRI404: Training and Education 2016		
404-1	Average hours of training per year per employee	Creating Together with Employees
404-2	Programs for upgrading employee skills and transition assistance programs	
404-3	Percentage of employees receiving regular performance and career development reviews	
GRI405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Sustainability Governance, Creating Together with Employees
GRI406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Creating Together with Employees

GRI Standards	Disclosure	Location
GRI408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Creating Together with Employees
GRI409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Creating Together with Employees
GRI413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Community Welfare
GRI414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Sustainable Supply Chain Management
414-2	Negative social impacts in the supply chain and actions taken	
GRI416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Product Liability
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI417: Marketing and Labelling 2016		
417-1	Requirements for product and service information and labelling	Product Liability
417-2	Incidents of non-compliance concerning product and service information and labelling	
417-3	Incidents of non-compliance concerning marketing communications	
GRI418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Product Liability

Reader Feedback Form

Dear Distinguished Reader:

Thank you for your attention and support to Sunny Optical Technology's ESG initiatives. To provide you with more professional and valuable environmental, social, and corporate governance information, and to further enhance the quality of Sunny Optical Technology's ESG reports, we invite you to answer the following questions:

- Are you satisfied with the report? Please provide your evaluation.
- Do you believe our fulfillment of social responsibilities has been comprehensively disclosed?
- Is the information you wish to learn about fully disclosed in the report?
- What improvement suggestions do you have for the report?

If convenient, please provide your personal information:

Name	Position
Company/Organization	Fax
Contact No.	Email

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