



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)



To explore the prosperous road for the development of optoelectronic industry,
to create the beautiful future in the intelligent vision world together.

2025 Environmental, Social and Governance Report

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About the Report

This report is the 2025 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

This report is an annual report. Unless otherwise stated, the report covers the period from January 1, 2025 to December 31, 2025 (the "Reporting Period").

Definitions

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

Reporting Boundary

Unless otherwise specified, This report covers the Company and its subsidiaries, which is consistent with the scope of the Group's consolidated financial report for the year ended 31 December 2025.

Compared to the Company's 2024 Environmental, Social and Governance Report ("2024 ESG Report"), there are some adjustments to the coverage of key performance indicators ("KPIs") in the environmental and social topics within this report (Note), with no significant changes in other topics.

Reporting Principles

This report strictly complies with the *Environmental, Social and Governance Reporting Code ("ESG Code")* as set out in Appendix C2 to the *Main Board Listing Rules* of Stock Exchange of Hong Kong Limited ("HKEX"), and fully aligns with the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board ("ISSB"), namely IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. It also refers to the Global Reporting Initiative Standards ("GRI standards") and proactively benchmarks against the United Nations Sustainable Development Goals ("UN SDGs"). Besides, it adheres to the following 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 2024 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 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 procedures were performed on selected greenhouse gas emission intensity data during the reporting period.

Publication Method

This report is published in an electronic format on the website of the Company (<http://www.sunnyoptical.com>) and the website of HKEXnews (<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 via e-mail (bgs@sunnyoptical.com).

Note

To demonstrate the implementation of environmental and social sustainability management measures across a wider range of subsidiaries, the reporting scope has been adjusted compared to 2024. The scope has been expanded from covering the Company and five subsidiaries—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 Technology Co., Ltd. ("Sunny Optical Intelligence (Yuyao)") and Zhejiang Sunny SmartLead Technologies Co., Ltd. ("Sunny SmartLead")-to covering the Company and its principal subsidiaries, which is consistent with the scope of the Group's consolidated financial report for the year ended 31 December 2025 and better reflects the Group's overall environmental and social performance. Accordingly, this report boundary is aligned with the Group's consolidation perimeter.

Chairman's Statement

“

Dear Partners,

The global wave of sustainable development surges forward. Artificial intelligence ("AI") is profoundly reshaping the logic of industrial innovation, standards for intelligent manufacturing, and paradigms of business management. Adhering to our founding mission - "to explore the prosperous road for the development of optoelectronic industry, to create the beautiful future in the intelligent vision world together", we remain proactive in identifying, adapting to, and driving change. In 2025, guided by reform and innovation and grounded in solid execution, we deeply integrated ESG concepts into the lifeline of our corporate development. We delivered solid results across environmental, social, and governance dimensions, interpreting the path of high-quality development with our responsibility and commitment.

”

Governance Upgrade: Anchoring a Sustainable Future

Robust governance is the core safeguard for sustainable development. In 2025, we optimized our key ESG governance framework by assigning ESG decision-making and oversight responsibilities to the Strategy and Development Committee of the Board. The former ESG Working Group was upgraded to an ESG Management Committee directly under senior management, and a dedicated department was established, creating a systematic management system ranging from Board decision-making to frontline execution. Board members actively engaged in training on topics such as climate change, and regular ESG strategy discussions and report reviews were conducted to ensure that sustainable development resonates with our long-term strategy. Simultaneously, we refined our comprehensive risk management system to bring potential risks of all types under control, reinforcing company-wide compliance and risk prevention awareness through comprehensive specialized training. Furthermore, material ESG-related issues were identified through internal assessments, risk reviews and management discussions, and are prioritised according to their relevance to the Group's operations, stakeholder concerns and potential impact on business performance.

Green Empowerment: Practicing Low-Carbon Commitments

In the face of global climate challenges, we pushed forward our green transformation with greater determination. We bring the Group's carbon neutrality target forward from 2058 to 2050, with an interim target of a 20% reduction in total carbon emissions by 2030 (from 2024 levels). We ramped up investment in energy conservation and carbon reduction, advancing technological upgrades and renewable energy adoption. With the ISO 14001 Environmental Management System implemented company-wide, multiple subsidiaries were certified as national or provincial green factories, and hazardous waste disposal achieved 100% compliance. Extending our green philosophy to the supply chain, we drove collaborative low-carbon transformation across upstream and downstream sectors to build a green ecosystem across the value chain.

Innovation-Driven Development: Leading Industry Growth

Innovation is the core engine of our growth. We deepened our footprint in optoelectronics, steadily increasing research and development ("R&D") investment and securing numerous green-related patents. We introduced innovations including low-power optical modules and highly recyclable products. Embracing AI as an effective tool to address ESG challenges, we empowered the production process to boost inspection efficiency and product yields simultaneously. We also established an active safety protection system to safeguard employees, reducing resource consumption while lowering costs and increasing efficiency. Committed to innovation and green optics, we implemented a full lifecycle quality control system. Our multiple subsidiaries obtained relevant system certifications, and our products achieved a 100% compliance rate for hazardous substances, earning global customer trust through consistent quality.

People First: Uniting the Power of Growth

Employees are our most treasured asset. We built three career tracks—management, professional, and technical—and optimized the full-cycle talent mechanism covering "recruitment, cultivation, utilization, and retention" to

foster a diverse, inclusive workplace. In 2025, with record-high sales revenue and significantly increased operating profits, we established a special "Record High Award", awarding nearly RMB 28 million in bonuses to all eligible staff. This action vividly exemplifies our core value of "Create Together". Through pragmatic measures like interest-free housing loans and hardship relief funds, we ensured employees shared in our success, with relief funds benefiting hundreds of employees this year. Prioritizing employee health and safety, all our subsidiaries achieved ISO 45001 certification. We attained zero work-related fatalities and zero occupational diseases, alongside a notable decrease in the work-related injury rate.

Responsible Growth: Co-Creating a Better Future

Upholding the core value of "Create Together", we actively engaged in social welfare initiatives. We invested nearly RMB 3 million annually, prioritizing education to support educational equity and talent development. Employees were organized to participate in volunteer activities like voluntary non-remunerated blood donation (VNRBD) and environmental cleanups, conveying warmth and responsibility. By deepening industry-academia-research collaboration and building innovation consortiums with universities, we integrated industrial upgrades with talent cultivation to give back to society.

We are committed to forging a century-old brand and building a great enterprise. At this new starting point, we will leverage ESG as a pivotal driver. Seizing the AI trend, we will deepen governance efficacy, accelerate green innovation, foster humanistic care, and expand our philanthropic reach. Hand in hand with global partners, we will forge ahead in the optoelectronics sector, writing a new chapter of sustainable development!



Mr. Wang Tan Jiong
Chairman and Executive Director

About the Group

Group Profile

-  **Date of Establishment:** 1984
-  **Stock Code:** 2382.HK
-  **Number of Employees:** 34,393 (as of December 31, 2025)
-  **Headquarter Location:** No. 66-68, Fengle Road, Yuyao City, Zhejiang Province, China
-  **Scope of Business:** Global leading manufacturer of integrated optical products with large-scale and a globally competitive provider of intelligent optical system solutions (whole device).
-  **Global Presence:** China, Vietnam, India, Korea, USA, Japan, Germany
-  **Website:** <https://www.sunnyoptical.com>

As of the end of the reporting period, the Company achieved a Hang Seng Index ESG Rating of A+, and a S&P Global Corporate Sustainability Assessment (S&P Global CSA) score 51. Furthermore, it was included in various indices, including the Hang Seng Corporate Sustainability Benchmark Index, Hang Seng ESG Index, Hang Seng ESG Enhanced Index, Hang Seng Low Carbon Index, Hang Seng ESG 50 Index, Hang Seng China Enterprises ESG Index, and the FTSE4Good Index Series.

Production Overview

Sunny Optical Technology, together with its subsidiaries, "the Group") (Stock Code: 2382.HK) is a global leading manufacturer of integrated optical products with large-scale and a globally competitive provider of intelligent optical system solutions (whole device). The Group is engaged in the design, R&D, production, and sales of comprehensive optical products and intelligent optical system solutions. By deeply integrating cutting-edge technologies such as optics, electronics, algorithms, software, mechanics, and artificial intelligence, it empowers global customers to achieve innovative breakthroughs and value growth in application fields including smart phones, automobiles, extended reality ("XR"), pan-Internet of Things ("Pan-IoT") and precision optics.



Global Layout

The Group's production bases in China are located in Yuyao City, Zhejiang Province; Zhongshan City, Guangdong Province; and Xinyang City, Henan Province. To advance its global layout and meet overseas market demands, the Group has established production bases in India and Vietnam. Meanwhile, to timely identify industry opportunities and support customers' rapid R&D, it has set up R&D centers in China and North America, providing international technical support and building a talent reserve.



Production sites

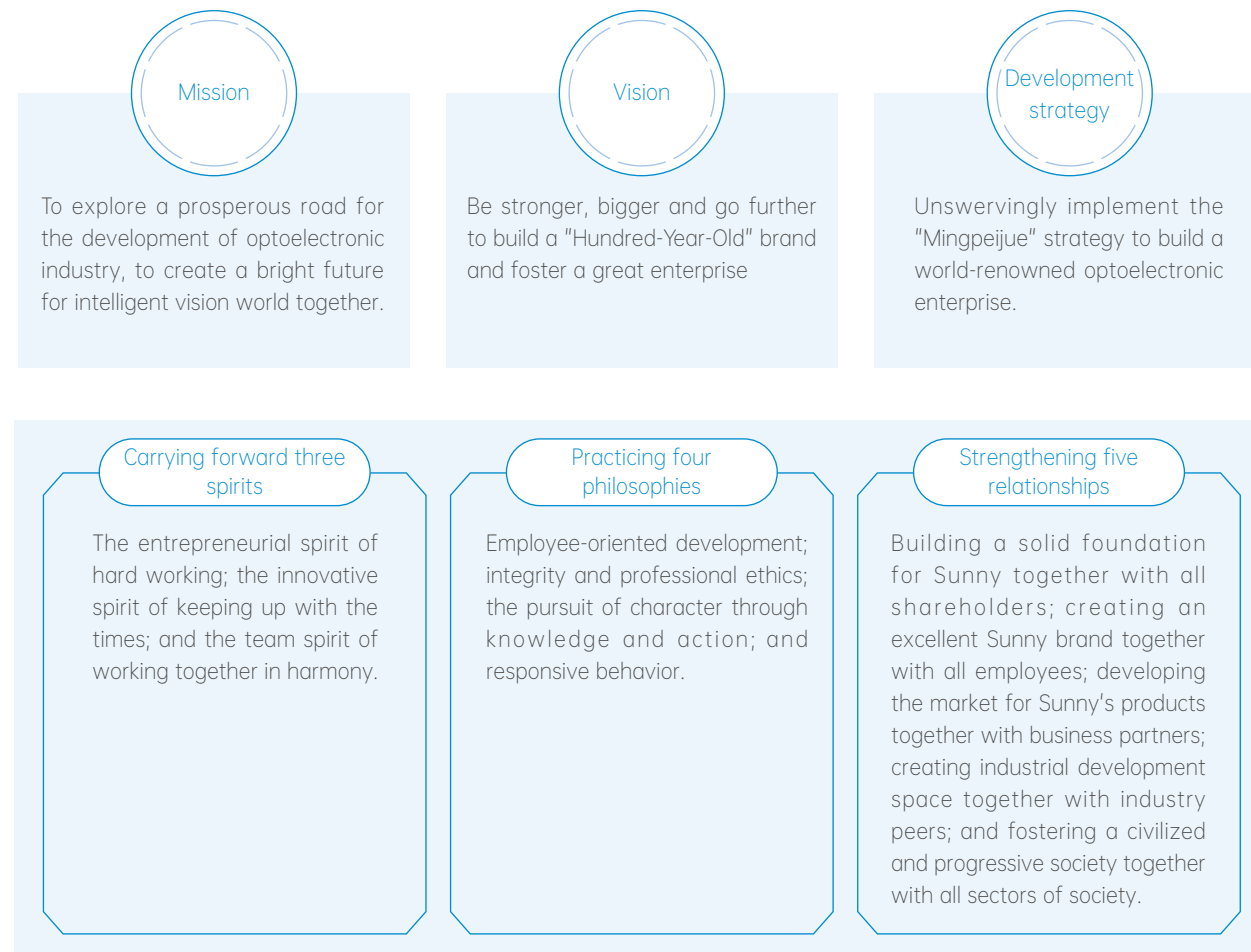
Yuyao City (in Zhejiang Province), Hangzhou City (in Zhejiang Province), Zhongshan City (in Guangdong Province), Xinyang City (in Henan Province), Vietnam, India

Regional Platform Organization

Korea, Japan, Chinese Taiwan, Germany, USA

Corporate Culture

The details of the corporate culture system with "Create Together" as the core value are as follows:



Brand Image

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

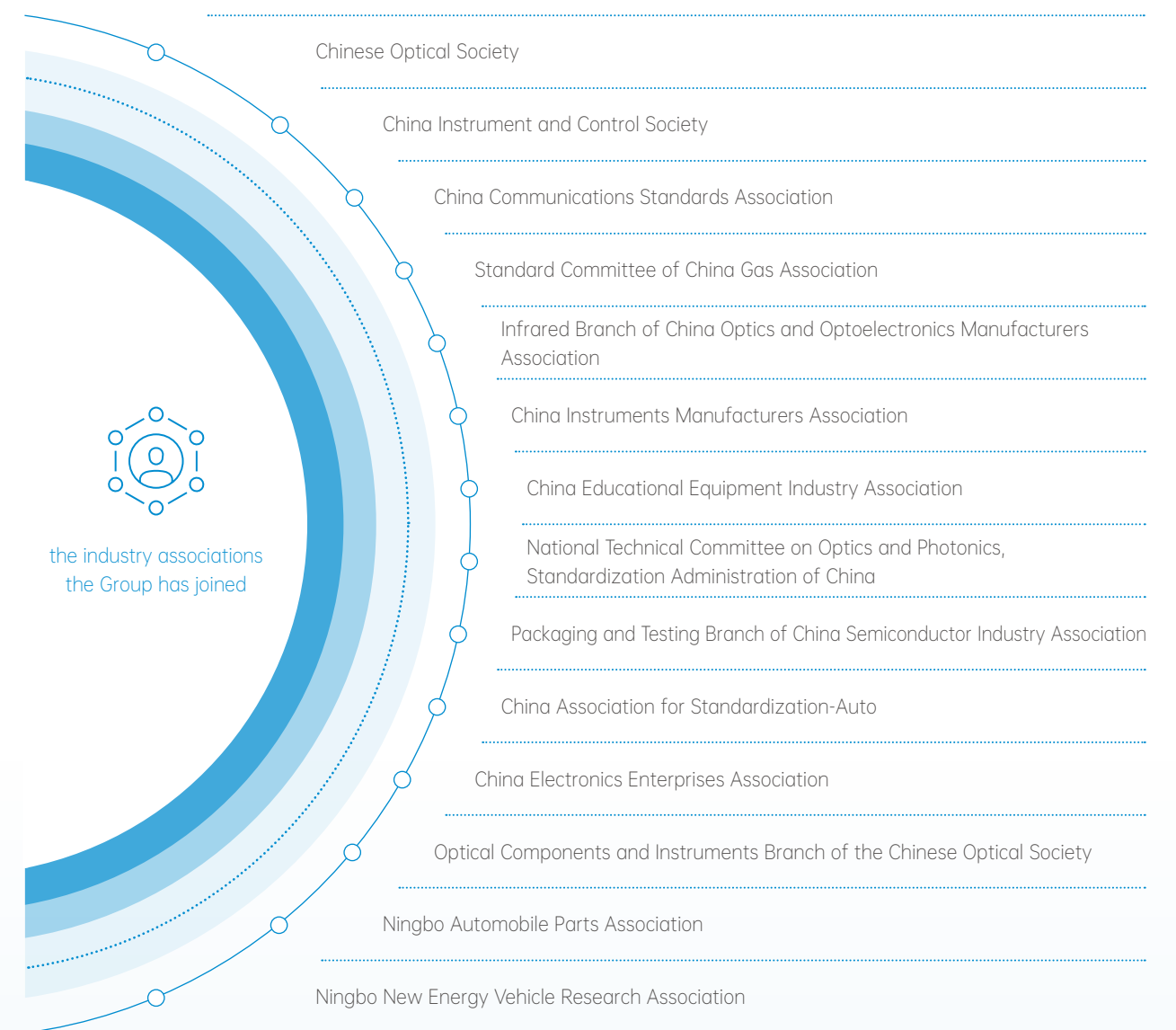
We conduct semi-annual and annual self-inspections on various Visual Identity ("VI") projects, implementing prompt corrective actions for any non-compliant items. Additionally, we enhance employee awareness of brand management through training programs on logo design principles and usage guidelines. 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, 2025, the industry associations the Group has joined are as follows:



Awards and Recognition



Ranking 369th on the Fortune China 500 list



Best Corporate Brand and ESG Action Award at the 9th CSR China Responsibility Award 2025



National Civilized Unit



2025 *Fortune* China ESG Impact List



2025 Best Partner for Employment of University Graduates in Zhejiang Province



Best Strategic Partner of Hangzhou Dianzi University



Forbes Sustainable Development Industrial Enterprise Award



Excellence in Disclosure Scheme Hong Kong ESG Reporting Awards



2025 NFUTURE AI Recruitment Practice Excellence Award



2025 Key Cooperative Enterprise of Zhejiang University of Technology



Enterprise for Good



"EY Sustainability Excellence Awards 2025"
- Excellent Case Award



2025 Zhejiang Annual Outstanding Employer



2025 China Human Resources Sirius Award: Best Employer Brand Award for High-Tech Enterprises

Response to United Nations Sustainable Development Goals

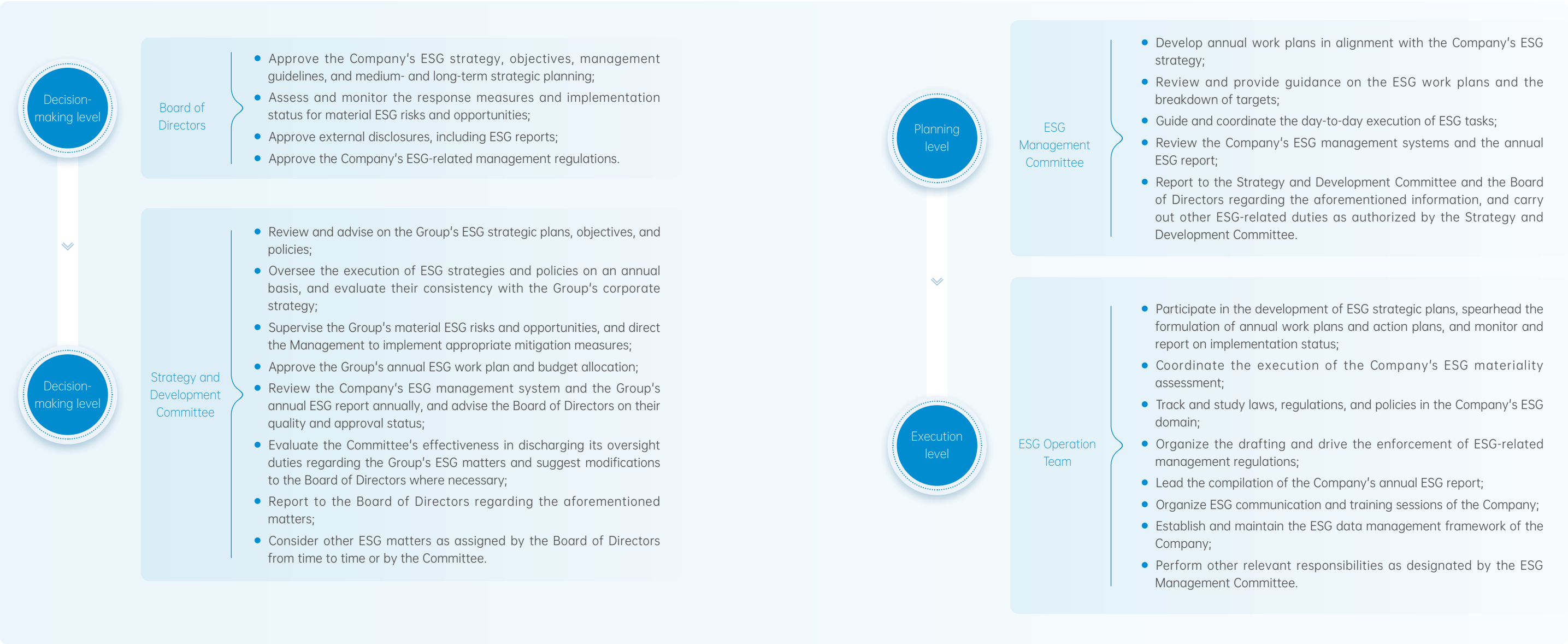
UN SDGs	Concrete Actions	ESG Chapters Involved	KPIs
	• Targeted poverty alleviation: We helped vulnerable groups enhance their economic capacity through charitable donations and livelihood support projects. • Disaster relief: We provided emergency funds and supplies to alleviate community distress during natural disasters or crises.	Community Engagement & Value Sharing	• We donated RMB 1 million to a named charitable fund. • We donated RMB 0.89 million to support the rescue efforts following the major fire in Hong Kong.
	• Occupational health and safety: We managed occupational risks for our workforce and promoted their psychological health. • Product safety: We rigorously controlled hazardous substances (HS) to ensure customer well-being. • Community health: We provided support for public health programs and community service initiatives.	Employee Well-being & Joint Creation Innovation Empowerment & Green Optics Community Engagement & Value Sharing	• The lost time injury frequency rate 1.2. • 100% rate of compliance for hazardous substances in our products. • A total of 752 employees participated in voluntary blood donation, contributing 251,900 ml of blood.
	• Employee empowerment: We offered skill development programs and opportunities for continuous learning. • Community support: We provided funding for educational infrastructure, set up scholarship programs, and organized science popularization and vocational training initiatives.	Employee Well-being & Joint Creation Community Engagement & Value Sharing	• The average annual training hours per employee 54.6 hours. • We had a total of 1,652 internal trainers. • A donation of RMB 931,186 was made to support education.
	• Diverse governance: We advanced gender diversity across the Board of Directors and the Management. • Fair workplace: We guaranteed equal remuneration for equal work and took a firm stance against workplace discrimination and harassment.	Governance Leadership & Sustainable Foundation Employee Well-being & Joint Creation	• Female directors accounted for 25% of the total. • The Group's overall male-to-female salary ratio was 1.03:1.
	• Energy management: We improved energy efficiency and elevated the share of renewable energy in our production and operational processes.	Green Development, Carbon Reduction and Enhanced Efficiency	• Renewable energy accounted for 38.1% of total energy use. • Total energy conservation achieved 20,198.5 MWh.
	• Employee rights: We guaranteed equitable remuneration, benefits, the right to freedom of association, and a secure working environment. • Supply chain responsibility: We mandated that suppliers uphold labor rights in accordance with our code of conduct. • Employer brand: We provided growth pathways to attract and retain top talent.	Employee Well-being & Joint Creation Transparent Supply Chain & Ecological Prosperity	• Employee satisfaction reached 83.5. • The employee turnover rate stood at 35.5%. • The proportion of Tier 1 significant suppliers covered by labor standards audits is 100%.
	• Clean technology innovation: We researched and commercialized low-carbon and eco-friendly products and technologies. • Smart manufacturing and resilience: We established a digital and robust production system and supply chain. • Infrastructure sustainability: We invested in sustainable factory and park facilities.	Innovation Empowerment & Green Optics Green Development, Carbon Reduction and Enhanced Efficiency	• The ratio of R&D investment: 7.5%. • The share of revenue generated by clean technology: 30.0%. • Productivity growth in smart manufacturing

UN SDGs	Concrete Actions	ESG Chapters Involved	KPIs
	• Inclusive workplace: We eradicated discrimination based on gender, ethnicity, disability, and other grounds. • Responsible procurement: We addressed conflict minerals and upheld the rights of communities in their areas of origin.	Employee Well-being & Joint Creation Transparent Supply Chain & Ecological Prosperity	• The count of employees with physical or mental disabilities was more than 700. • All conflict minerals 100% were sourced from certified smelters. • The proportion of the supply chain covered by human rights due diligence was 100%.
	• Circular economy: We minimized waste generation and enhanced resource efficiency. • Product lifecycle responsibility: We managed the environmental impact of our products from design to recycling. • Sustainable supply chain: We incorporated ESG criteria into the comprehensive management of our suppliers throughout their lifecycle.	Green Development, Carbon Reduction and Enhanced Efficiency Innovation Empowerment & Green Optics Transparent Supply Chain & Ecological Prosperity	• A total of 350,000 tons of wastewater were recovered and reused. • The usage of packaging materials was lowered by approximately 300 tons. • Recyclable materials comprised 95.2% of Sunny Automotive Optech's products. • The proportion of suppliers signed social responsibility agreements: 100%.
	• Climate strategy: We formulated carbon neutrality goals and managed climate-related risks. • Emission reduction actions: We accounted for and mitigated carbon emissions in our operations (Scope 1 & 2) and supply chain (Scope 3). • Green products: We offered clean technology solutions to assist customers in reducing their emissions.	Green Development, Carbon Reduction and Enhanced Efficiency Innovation Empowerment & Green Optics	• Own operational carbon emissions (market-based): 397,172.1 tonnes of CO₂ equivalent. • Scope 3 emissions 942,160.2 CO₂. • The revenue share of clean technology products: 30.0%.
	• Green ecology: We conserved and restored biodiversity and utilized land resources sustainably during our operations.	Green Development, Carbon Reduction and Enhanced Efficiency	• All major construction projects underwent environmental impact assessments and were approved in accordance with laws and regulations. • We organized initiatives to remove Solidago canadensis and clean waterways.
	• Corporate governance: We built a transparent, compliant, and anti-corruption governance framework and business ethics system. • Responsible mineral sourcing: We carried out due diligence regarding conflict minerals. • Information security: We safeguarded the data privacy and security of our customers and employees.	Governance Leadership & Sustainable Foundation Transparent Supply Chain & Ecological Prosperity	• Independent Non-executive Directors comprised 50% of the total. • Anti-corruption training achieved 100% coverage. • Traceability rate of conflict mineral sources reached 100%. • The number of data leakage incidents was 0.
	• Partnership development: We conducted ESG collaboration and capacity-building initiatives with suppliers, local communities, and NGOs. • Stakeholder communication: We systematically listened to and addressed the concerns of various stakeholders. • Global standards alignment: We adhered to international ESG disclosure frameworks to improve transparency.	Transparent Supply Chain & Ecological Prosperity Community Engagement & Value Sharing Governance Leadership & Sustainable Foundation	• The ESG reporting frameworks that we complied with (e.g., GRI, ISSB, the ESG Code published by HKEX).

ESG Governance

ESG Governance Framework

The Group established a four-tier ESG management structure comprising the Board of Directors, the Strategy and Development Committee, the ESG Management Committee, and the ESG Operation Team. To reinforce ESG management efficacy and strategic alignment, the Group optimized its organizational functions during the reporting period. The core duties for ESG decision-making and supervision were transferred from the Audit Committee to the Strategy and Development Committee, thereby elevating the priority of ESG within strategic planning. Furthermore, the former ESG Management and Implementation Team was upgraded to the ESG Management Committee to enhance its leadership and executive powers. A dedicated ESG Management Office was established to oversee daily coordination, data integration, and internal and external communication. These adjustments were designed to create a more synergistic governance mechanism, facilitating the deep integration of ESG into the corporate strategy and operations.



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 Focus on Key Topics with Double Materiality Assessment for details. Under the supervision of the Board, the Group has formulated ESG related targets. Looking ahead, it will uphold the philosophy of sustainable development, strive to achieve corresponding targets and actively fulfill its environmental and social responsibilities.

ESG Strategy

Upholding the three pillars of social, environmental, and economic responsibility defined in the "ESG Management Framework Leading Change", the Group integrates sustainable development into its core strategy, generating long-term corporate and social value through its ESG strategy.

Social Responsibility

We believe that enterprises are the cells of society, and shoulder the responsibility of giving back to society and advancing the progress of civilization. Adopting a people-oriented approach, the Group is dedicated to building a safe, healthy, and equitable workplace. It safeguards employee well-being through a robust occupational health and safety management system, while offering diverse career development and lifelong learning opportunities to foster continuous growth amidst the wave of optical technology. Simultaneously, we actively engage in community development and public welfare. Leveraging our professional expertise in optics, we conduct science education initiatives such as the "Optics on Campus" program to ignite a passion for science among the youth. Furthermore, we promote a culture of diversity, equality, and inclusion, respecting employees and communities of all backgrounds, with the aim of collaborating with all sectors to create a more enlightened, progressive, and harmonious society.

Environmental Responsibility

We view promoting environmental sustainability as an inescapable mission, striving to infuse every beam of light with green energy. The Group strictly adheres to international environmental regulations and proactively integrates climate change risks and opportunities into our strategic considerations. We are actively advancing carbon footprint inventories at both organizational and product levels, setting ambitious emission reduction pathways to enhance climate resilience. In our manufacturing processes, we continue to drive green, smart manufacturing reforms. Through eco-design, we achieve product lightweighting and miniaturization to improve resource efficiency. Simultaneously, we explore optical material recycling technologies to minimize waste, leading the industry toward a net-zero future through technological innovation.

Economic Responsibility

We consciously embrace the responsibilities of a corporate citizen in economic development, social welfare, and cultural education, anchoring our sustainable operations in the highest standards of business ethics and corporate governance. The Group has established a comprehensive risk management system overseen by the Board of Directors, covering anti-corruption, anti-unfair competition, and export controls to ensure compliance with international norms and local regulations. We also extend this responsibility to our supply chain by conducting rigorous ESG audits and risk assessments based on the Responsible Business Alliance (RBA) Code of Conduct. Besides, we implement conflict minerals traceability management, driving mutual improvement with upstream and downstream partners through technical exchange and green procurement mechanisms. Committed to transparency, we adhere to the HKEX *ESG Code* and international disclosure standards, communicating ESG performance to stakeholders in a timely and accurate manner to drive social progress and sustainable development through robust governance and responsible business practices.

Management of Impacts, Risks, and Opportunities

Through systematic stakeholder communication and double materiality assessment, the Group identifies ESG issues with significant impact on the Group and society, incorporating them into strategic planning and daily operations.

Communication with Stakeholders

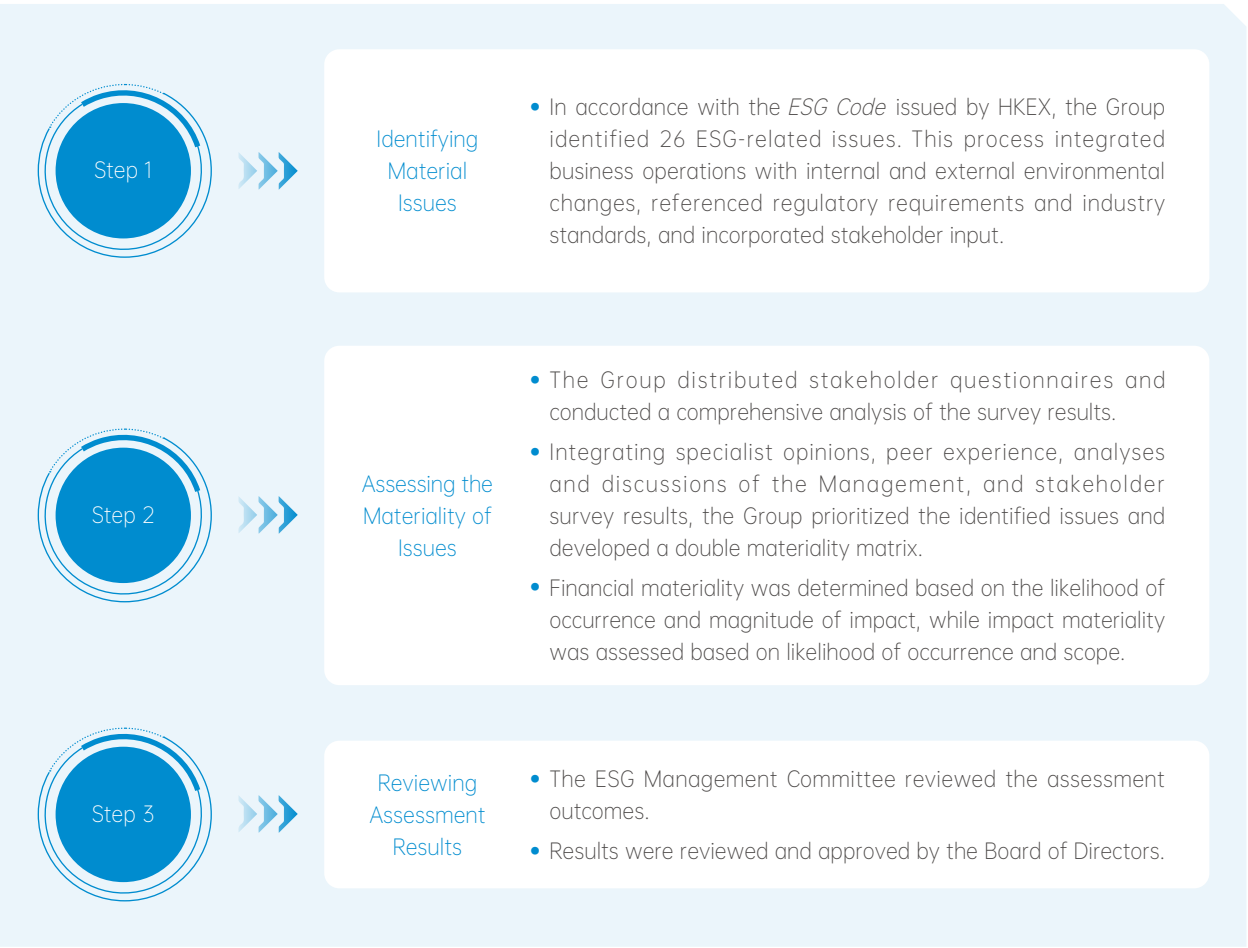
The Group understands that in-depth and systematic communication with stakeholders is the foundation for enhancing ESG management standards and strengthening long-term relationships. We have maintained close ties through multiple channels and established a systematic workflow involving identification, communication, analysis, and response, guided by international frameworks such as the AA1000 Stakeholder Engagement Standard (AA1000 SES). This enabled us to timely understand and effectively address the expectations and demands of stakeholders, fostering shared sustainable development.

Stakeholders	Communication Methods	Expectations and Requests	Our Responses
 Shareholders and investors	- Annual general meetings and extraordinary general meetings - Investor presentations - Annual reports, interim reports and announcements - Investor meetings	- Safeguarding shareholders' interests - Obtaining investment returns - Disclosing important information - Disclosing long-term ESG risks and opportunities	- We evaluated key performance metrics. - We ensured the sound development of the Company. - We held annual general meetings. - We disclosed key information.
 Customers	- Customer satisfaction surveys - Seminars and symposiums - Customer site visit - Supplier conferences held by customers - Questionnaires	- Product R&D and technological innovation - Product safety and quality management - Customer privacy and data security - Climate change risks and opportunities - Business ethics - No conflict minerals - Carbon management	- We strictly controlled R&D, procurement, production, and other operational processes. - We responded rapidly to customer demands. - We improved the quality management system. - We established the information security system and authorization settings. - We conducted an analysis of the impact of climate change. - We formulated policies related to business ethics. - We formulated a management policy for conflict minerals. - We organized the Company's carbon inventory and set carbon emission targets.
 Suppliers	- Annual supplier meetings - Supplier trainings - On-site audits on suppliers - Routine communication with suppliers - Public tendering	- Fair procurement - Supply chain management and sustainable development - Anti-corruption and anti-fraud - Information security and protection for business secrets - Business ethics and labor rights	- We implemented a supplier admission and removal mechanism. - We conducted supplier training and audits. - We signed undertakings for operating with integrity and social responsibility agreements. - We established a comprehensive information security framework with defined access control protocols. - We integrated ESG performance into our procurement evaluation process.
 Employees	- Congress of Workers and Staff - Employee satisfaction surveys - General Manager's mailbox "Sunny Family" WeChat official account "Sunny Journal", an internal journal "Sunny Family" Douyin account - Internal poster - Bulletin board - All kinds of trainings	- Employee recruitment and team building - Employee development and training - Employee rights and protection - Occupational health and safety - Salary and bonus - Diversity & equality	- We followed labor principles. - We improved the occupational development and training mechanism. - We established a Trade Union to protect employee rights and interests. - We provided competitive salaries and benefits. - We implemented the health and safety management system. - We set up internal complaint and grievance handling mechanism.
 Governments/communities	- News coverage - Regulatory information submission - Participation in communication activities and meetings - Regular disclosure - Acceptance of oversight	- Compliance with laws and regulations - Employment promotion - Climate change risks and opportunities - Corporate governance and risk management - Compliant operation and environment protection - Work safety - Community engagement & value sharing activities	- We adhered to green and compliant operations. - We employed local residents. - We organized volunteer activities. - We participated in community building and public welfare activities. - We conducted a climate change impact analysis. - In accordance with regulatory requirements and needs, we ensured full operational compliance and capitalized on policy trends.

Focus on Key Topics with Double Materiality Assessment

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

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



Double Materiality Assessment Process

Recognizing the significant impact of material issues on business development and sustainable management, the Group established management strategies for identified priorities. These strategies aim to continuously improve management standards, mitigate internal and external risks affecting operations and stakeholders, and seize sustainable development opportunities.

Double Materiality Matrix



Issues ranked by materiality

⌘ Financial materiality ⌘ Impact materiality

NO.	Issue	Materiality	NO.	Issue	Materiality
1	R&D Innovation	⌘ ⌘	14	Business Ethics	⌘
2	Green Product Management	⌘	15	Occupational Health and Safety	
3	Energy and Carbon Emission Management	⌘ ⌘	16	Corporate Governance	
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	Supply Chain Management	⌘	22	Emissions Management	
10	Risk Management	⌘ ⌘	23	Efficiency in Use of Resources	
11	Customer Relationship Management	⌘ ⌘	24	Employee Diversity	
12	Compliance Operation		25	Public Welfare Investment	
13	Salary and Bonus	⌘	26	Biodiversity Conservation	



The following are the core material issues identified by the Group that are highly rated in both financial and impact materiality dimensions, along with an analysis of their associated risks and response strategies:

Core Material Issue	Risk Analysis	Response Strategy	Corresponding Chapter
R&D Innovation	Financial Risk: Inadequate R&D investment or strategic misalignment could result in technological obsolescence and weakened product competitiveness, leading to a loss of market share. Lagging innovation speeds relative to industry changes may pose a risk of disruption. Impact Risk: Absence of technological innovation may slow overall industry advancement and prevent the fulfillment of societal expectations for greener, safer, and more efficient products and services.	• Embed the sustainability philosophy throughout the R&D lifecycle, and prioritize green technology, low-carbon processes, and circular economy design to create environmentally and socially beneficial products and solutions. • Build an open innovation platform to jointly address key technological challenges with universities, research institutes, and partners, thereby improving innovation efficacy. • Refine the intellectual property (IP) management system to safeguard innovation outcomes and drive industry progress through technology licensing and sharing. • Refer to initiatives by leading enterprises, such as science exploration awards, to foster internal innovation and talent growth, cultivating an innovative culture that tolerates trial and error and embraces diversity.	Innovation Empowerment & Green Optics
Energy and Carbon Emission Management	Financial Risk: Energy price volatility and carbon pricing mechanisms could substantially drive up operational costs. Low energy efficiency leads to resource waste and erodes cost competitiveness. Impact Risk: Greenhouse Gases (GHG) emissions intensify global climate change, resulting in irreversible negative impacts on ecosystems and society. High-energy-consumption operational models run counter to the global trend of low-carbon transition.	• Establish a sound energy management system with regular energy audits to identify opportunities for energy conservation and emission reduction, driving the optimization of the energy mix and efficiency enhancement. • Organize company-wide carbon inventories, account for greenhouse gas emissions based on international standards, and establish carbon reduction targets. • Actively explore and utilize renewable energy to progressively increase the proportion of renewable energy use and lower the carbon footprint of operations. • Periodically disclose data on energy consumption and carbon emissions to improve transparency and address investor and stakeholder concerns on climate action.	Green Development, Carbon Reduction and Enhanced Efficiency
Responding to Climate Change	Financial Risk: Extreme weather events (physical risks like floods and droughts) may interrupt supply chains and operations, leading to asset loss. Policies, technological advancements, and market shifts related to the low-carbon transition (transition risks) may challenge current business models and drive up compliance and operational costs. Impact Risk: Ineffective response to climate change will intensify the global climate crisis, inflicting extensive and far-reaching harm on the natural environment, biodiversity, and human society.	• Adopt the Task Force on Climate Related Financial Disclosures framework ("TCFD framework") to build a mechanism for identifying, assessing, and managing climate risks and opportunities, integrating the findings into corporate strategy and risk management systems. • Develop specific mitigation and adaptation strategies for key physical and transition risks, including diversifying supply chains, strengthening infrastructure, and building low-carbon technology reserves. • Capitalize on climate-related opportunities by developing climate-friendly products and services, broadening green financing channels, and boosting climate resilience and competitiveness. • Support and engage in industry climate initiatives and policy dialogues to collectively promote global climate governance.	Green Development, Carbon Reduction and Enhanced Efficiency

Core Material Issue	Risk Analysis	Response Strategy	Corresponding Chapter
Product Quality and Safety	Financial Risk: Product quality issues could result in recalls, claims, and regulatory fines, directly driving up operational costs. Such incidents could also tarnish brand reputation and erode customer trust, impacting market share and long-term revenue. Impact Risk: Products non-compliant with safety standards may threaten customer health and safety, inciting public trust crises and even social panic, thereby negatively affecting social stability and well-being.	• Exercise strict control over the entire lifecycle from R&D and procurement to production and logistics, ensuring adherence to international, national, and industry quality and safety standards. • Optimize the quality management system, maintain international certifications like ISO 9001, IATF16949, ISO 26262, ISO 21434, and perform periodic internal audits, external audits, and management reviews. • Implement a rapid response mechanism for customer complaints and product recalls, and perform traceability analysis and continuous improvement on quality issues to form a closed-loop management process. • Integrate supplier quality performance into the assessment framework to promote the elevation of overall supply chain quality levels.	Innovation Empowerment & Green Optics
Risk Management	Financial Risk: Imperfections in the risk management system could hinder the timely identification, assessment, and mitigation of internal and external risks. This may lead to poor decision-making and inadequate emergency response, causing substantial financial losses and harm to the reputation. Impact Risk: Breakdowns in risk management could trigger systemic risks, impact industrial chain stability, undermine stakeholder confidence, and extend to negatively influence regional economic and social stability.	• Build and refine a comprehensive risk management system that addresses all types of risks, with clearly defined risk management responsibilities for the Board, the Management, and functional departments. • Integrate ESG risks into the corporate processes for risk identification, assessment, and response, while factoring ESG considerations into major investment decisions. • Supervise the response plans and execution regarding significant ESG risks and opportunities through the Strategy and Development Committee, with regular reporting to the Board. • Implement risk early warning systems and emergency response plans, and conduct periodic drills to bolster organizational resilience and the capacity to handle emergencies.	Governance Leadership & Sustainable Foundation
Customer Relationship Management	Financial Risk: Reduced customer satisfaction and mishandled complaints can result in the loss of customers and higher customer acquisition costs, undermining brand loyalty and market standing. Data breaches or weak privacy protection may lead to litigation, regulatory penalties, and a loss of trust. Impact Risk: Failure to respect and uphold customer rights could intensify social injustice and damage the trust between the Company and the public.	• Establish diversified customer communication channels (such as satisfaction surveys, seminars, and site visits) to promptly identify and address customer expectations and needs. • Optimize the customer complaint and feedback handling mechanism to ensure effective follow-up and closed-loop management, incorporating customer insights into product and service enhancements. • Implement information security management systems such as ISO 27001, Trusted Information Security Assessment Exchange (TISAX), enforce strict data access controls and privacy protection measures, and safeguard customer information security. • Enhance the professional capabilities and response speed of the customer service team, and deepen long-term partnerships through personalized services and value co-creation.	Innovation Empowerment & Green Optics Governance Leadership & Sustainable Foundation

The Group acknowledges the significant impact of the aforementioned core material issues on business growth and sustainable management. We are committed to creating and refining our management strategies for these issues to enhance governance standards. This enables us to better address and mitigate internal and external risks that may affect our operations and stakeholders, while seizing opportunities arising from sustainable development to create long-term shared value for society, the environment, and the economy.

Targets and Objectives

The Group has established ESG-related targets and objectives and continuously monitored progress to enhance management performance and address stakeholder expectations.

Dimension	Issue	Target	Performance Indicators for 2025
Environmental	Responding to Climate Change	- Reduce carbon emission intensity by 20% in 2025 compared to 2021; - Achieve carbon peaking by 2028; - Reduce carbon emissions by 20% in 2030 compared to 2024; - Attain a renewable energy share of over 50% by 2030; - Achieve carbon neutrality in own operations by 2050.	- Carbon emission intensity within the Sustainability-Linked Bond (SLB) coverage of 7.0 tCO₂e per million RMB revenue, a decrease of 32.0% compared to 2021; - Energy savings of 20,198.5 MWh; - Renewable energy share of 38.1%.
	Environmental Management	- Attain 100% ISO 14001 certification coverage for production units; 0 environmental violation incidents.	100% of production units certified under ISO 14001 Environmental Management System; 0 environmental violation incidents.
	Emissions Management	100% of waste treated in compliance with regulations;	100% of waste treated in compliance with regulations; 1 subsidiary certified under the "Zero landfill" program.
	Efficiency in Use of Resources	- Water savings $\geq$ 350,000 tons; - Water recycling rate $\geq$ 95%.	- Water savings of 350,000 tons; - Water recycling rate of 98%; - Reduction of packaging materials by approximately 300 tons.
	Biodiversity Conservation	Conduct biodiversity awareness activities more than 2 annually.	- Launching of awareness activities on the removal of Solidago canadensis (Canadian Goldenrod); - Organization of "River Guardians" environment cleanup activities.

Dimension	Issue	Target	Performance Indicators for 2025
Social	Clean Technology	Clean technology-related revenue share reaches over 25%.	Clean technology-related revenue share reached 30%.
	R&D Innovation	- R&D investment as a percentage of revenue not less than 6%; - Zero major IP infringement lawsuits.	- R&D investment as a percentage of revenue at 7.5%; - No major IP infringement lawsuits.
	Occupational Health and Safety	100% certification under ISO 45001 Occupational Health and Safety Management System; 0 work-related fatalities; 0 occupational diseases;	100% certification under ISO 45001 Occupational Health and Safety Management System; 0 work-related fatalities; 0 occupational diseases.

Dimension	Issue	Target	Performance Indicators for 2025
Social	Talent Development	Annual average professional training hours per employee not less than 40 hours.	- Annual average training hours per employee reached 54.6 hours; 1,652 internal trainers were cultivated.
	Product Quality and Safety	- Zero Hazardous Substance Free (HSF) non-conformity incidents; - Zero product recalls due to safety or health reasons; - Zero customer information leakage incidents; - Customer satisfaction score not less than 85.	100% compliance of products with customer HSF requirements; - Zero product recalls due to safety or health reasons; - No customer information leakage incidents; - Customer satisfaction score of 86.2.
	Supply Chain Management	100% of raw materials traceable to the source; 100% of conflict mineral smelters listed on third-party certification lists (Responsible Minerals Initiative (RMI) certification list).	100% of raw materials traceable to the source; - All conflict mineral smelters listed on third-party certification lists with no non-conformities identified.

Dimension	Issue	Target	Performance Indicators for 2025
Governance	Corporate Governance	- Regular internal and external performance evaluations for the Board and specialized committees; - Review of ESG-related matters by the Board annually.	- Annual Board self-assessment completed; - The Board led the review of 2 key reports (the <i>2024 ESG Report</i> and the <i>Climate-related Disclosure Report</i>).
	Management of Risks and Opportunities	100% completion rate of risk education and training; - Advance the establishment of a risk management system in accordance with ISO 31000 Risk Management Guidelines.	100% completion rate of risk education and training; - The Group has established a risk management system in accordance with ISO 31000 Risk Management Guidelines.
	Information Security & Privacy Protection	- Ensure Zero information security incidents; - Ensure 100% completion rate of information security training and awareness programs; - Advance ISO 27001, TISAX Information Security Management System certification.	- Zero information security incidents; 100% completion rate of business ethics training and awareness programs; - The Company and 4 subsidiaries have been certified to ISO 27001 Information Security Management System, and 2 subsidiaries have obtained TISAX information security management system certification for the automotive industry.
	Business Ethics	100% completion rate of business ethics training and awareness programs.	100% completion rate of business ethics training and awareness programs.

Target Management Mechanism

The Group formulates annual ESG work plans and target decomposition schemes, which are reviewed by the ESG Management Committee with budget and resource allocation approved by the Strategy and Development Committee. The ESG Operation Team tracks and reports the progress regularly. The Board reviews goal attainment on a regular basis to ensure continuous improvement in ESG management. We are exploring the establishment of an ESG performance evaluation methodology encompassing dimensions such as scale, quality, and impact to quantitatively measure management effectiveness, thereby upholding the philosophy of sustainable development and actively fulfilling environmental and social responsibilities in the future.

01

Governance Leadership & Sustainable Foundation

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Corporate Governance

Governance Framework

With great importance attached to corporate governance, the Group has established a sound and rational corporate governance framework. The Board (the "Board") of Directors (the "Directors", each a "Director"), accountable to all stakeholders, drives and leads the business development and operation of the Group in a responsible and effective manner by developing corporate strategies, governance policies and practices that align with the corporate culture.

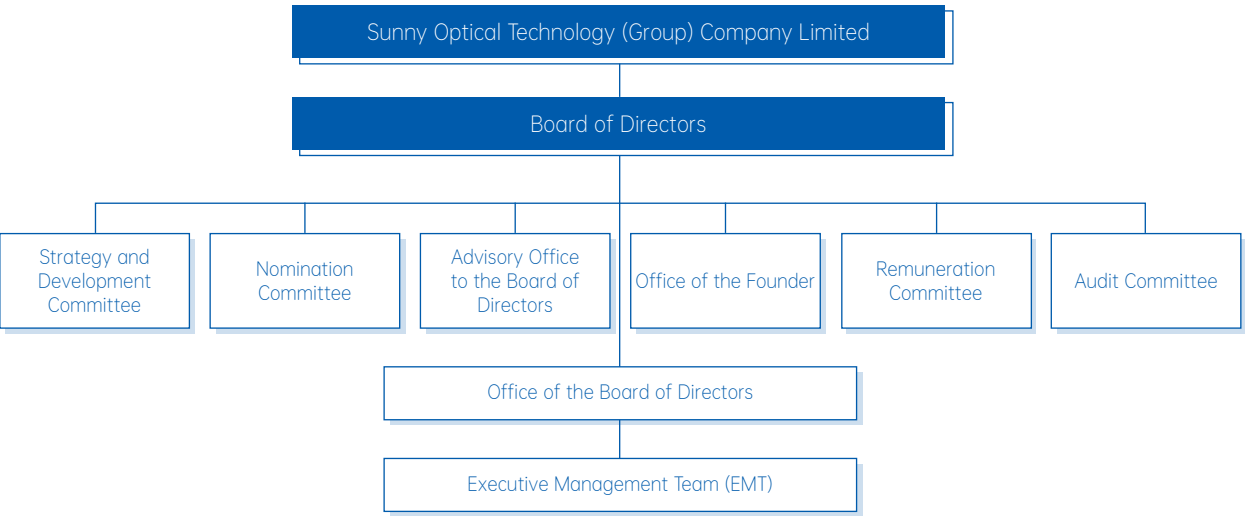
As of the release date of this report, the Board comprises eight Directors, including three Executive Directors, one Non-executive Director and four Independent Non-executive Directors. In accordance with the *Articles of Association* of the Company, one-third of the current Directors (or, if their number 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 HKEXnews (<http://www.hkexnews.hk>) and the website of the Company (<http://www.sunnyoptical.com>) for stakeholders to review. The external auditor, Deloitte Touche Tohmatsu, acts as the provider of independent auditing services of the Company. 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 *2025 Annual Report of the Company* ("*2025 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 Senior Manager of the Company, within the scope permitted by applicable laws.

Structure of the Board of Directors



Board Independence

The Company's Board comprises eight Directors, including three Executive Directors, one Non-executive Director and four Independent Non-executive Directors. Independent Non-executive Directors account for 50.0% of the Board, effectively ensuring the rationality and fairness of the Board's decisions. Each Independent Non-executive Director 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* on HKEX. 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 are Independent and Non-executive Directors.

Board Diversity

We believe that Board diversity can enhance corporate governance standard and decision-making capabilities, and that it is a key factor in achieving the Group's strategic goals and sustainable development. Therefore, the Company has issued the *Board Diversity Policy*, 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 framework. As of the date of issuance of this report, the Group had two 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 business. 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.

As of the date of issuance of this report, the composition of the Board of Directors is summarized as follows:

Name		Wang Tan Jiong	Wang Wenjie	Ni Wenjun	Wang Wenjian	Feng Hua Jun	Chen Gang	Thoeng Wai Yee Cheryl	Ching Wan Fung
Gender		Male	Male	Male	Male	Male	Male	Female	Female
Age		50	58	57	78	62	44	63	56
Skills/knowledge/professional experience	Operation management	√	√	√	√		√	√	√
	Strategic planning	√	√	√	√	√	√	√	√
	Risk management	√	√	√	√	√	√	√	√
	Environment/Climate change management	√	√	√					
	Social responsibility management	√	√	√					
	Capital market	√	√	√	√		√		√
	Financial management	√	√	√	√		√	√	√
	Professional audit service							√	√
	Board committee leadership	√	√	√	√	√	√	√	
	Experience in optics and other related industries	√	√	√	√	√			

Evaluation of Board Operations and Effectiveness

The Group strictly adheres to external and internal regulations such as the *HKEX Listing Rules* and the *Articles of Association*, regularly convening Board and committee meetings. In 2025, a total of 12 Board meetings and 24 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 the Management. Please refer to the *2025 Annual Report* for more information on the operation of the Board of Directors.

Board Involvement in Sustainable Governance

During the year, the Board actively participated in and oversaw the Company's sustainability matters to strengthen leadership in ESG strategies. Specifically, the Board reviewed the *2024 ESG Report* and the *Climate-related Disclosure Report*, ensuring compliance of information disclosure and authenticity of performance reflection. Concurrently, the Board discussed over "ESG Governance Framework Optimization" thoroughly at dedicated meetings to refine relevant management mechanisms. To continuously enhance governance standards and the ability to address emerging challenges, the Board also participated in two specialized training sessions on "Deepening Corporate Governance and Integrating Climate Risks", and "Climate Change Response Strategies and Opportunities". For more details on Directors' training, please refer to the *2025 Annual Report*. These initiatives demonstrate the Board's strong commitment to sustainable development and guide the Company toward long-term value creation through forward-looking oversight and learning.

Risk and Compliance Management

The Group regards risk management as the cornerstone for sustainable business operations and long-term value creation. We have established a systematic and forward-looking risk and opportunity management framework designed to effectively identify, assess, monitor, and address economic, ESG risks encountered during operations, enabling us to transform potential challenges into growth opportunities to enhance corporate resilience and competitiveness.

Governance Framework and Management System

To ensure the effectiveness of risk management, the Group has established a governance framework with clear three lines of defense, for which the Board bears ultimate responsibility.



To identify and control risks on all fronts, 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.

Systematic Management Process

The Group has formulated management systems such as the *Risk Management System*, the *Overall Risk Management Procedures*, and the *Key Risk Indicators Regulatory Requirements* with reference to international standards including ISO 31000:2018 Risk Management Guidelines and Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management (COSO ERM) *Framework*. These documents establish specific control processes covering objective setting, risk identification, risk assessment, risk response, control activities, and monitoring, deeply integrating risk management into strategic planning and daily operations. We scan risks across financial, operational, strategic, compliance, and ESG dimensions through annual comprehensive risk assessments, ongoing iterative identification, and due diligence for new projects/ investments. Unified criteria are employed for the assessments to rate risks based on the likelihood of occurrence and impact severity, with cross-level discussions and reviews focusing on key issues of high and moderate risks. For key risks, we develop clear response strategies and specific action plans. We also establish KPIs for key risks, enabling routine monitoring and early warning through a management dashboard to ensure risks remain under control. All risk management operations and early warning data are processed through the risk management platform and timely displayed on the corporate risk management dashboard. We also integrate important ESG topics such as climate change and supply chain management into the Group's risk management processes.

Emerging Risk Management

Amid a rapidly changing external environment, we pay special attention to risks and opportunities arising from emerging technologies, regulations, and market trends.

Emerging Risk	Type	Exposure	Risk Description/Impact	Mitigation Measures
AI risk	Emerging technology	Moderate	The application of artificial intelligence technology in the Company's business and management may lead to data security and privacy breaches, algorithmic bias, insufficient system stability, IP disputes, compliance policy changes, ethical risks, and third-party technology dependence, potentially resulting in compliance risks, decision-making deviations, reputational damage, and operational disruptions, thereby affecting the effectiveness of the Company's ESG management and sustainable operations.	- Control data by category and class, and take security measures to protect data security and privacy information from infringement. - Strengthen system testing and vulnerability remediation to enhance the fairness and stability of AI applications. - Organize specialized training to raise risk awareness, develop emergency response plans, and promptly address unexpected situations related to AI applications.

Risk Culture and Capability Building

We firmly believe that a proactive risk culture is the foundation for the effective operation of the management system. We require all employees to thoroughly understand risk control and compliance knowledge relevant to their business conduct and actively identify potential risks in business processes, thereby effectively avoiding violations of laws and regulations. We also design tiered and targeted training programs to enhance governance responsibilities of Board members, risk decision-making of managers, as well as compliance awareness and basic risk identification capabilities of all employees. During the reporting period, the Group organized a total of 10 training sessions on risk management, with a coverage rate exceeding 95%. We have also established the *Comprehensive Risk Management Performance Evaluation Methodology*, incorporating the fulfillment of key risk management responsibilities into the performance evaluation systems of relevant management teams and units to drive effective implementation of risk management responsibilities.

Business Continuity

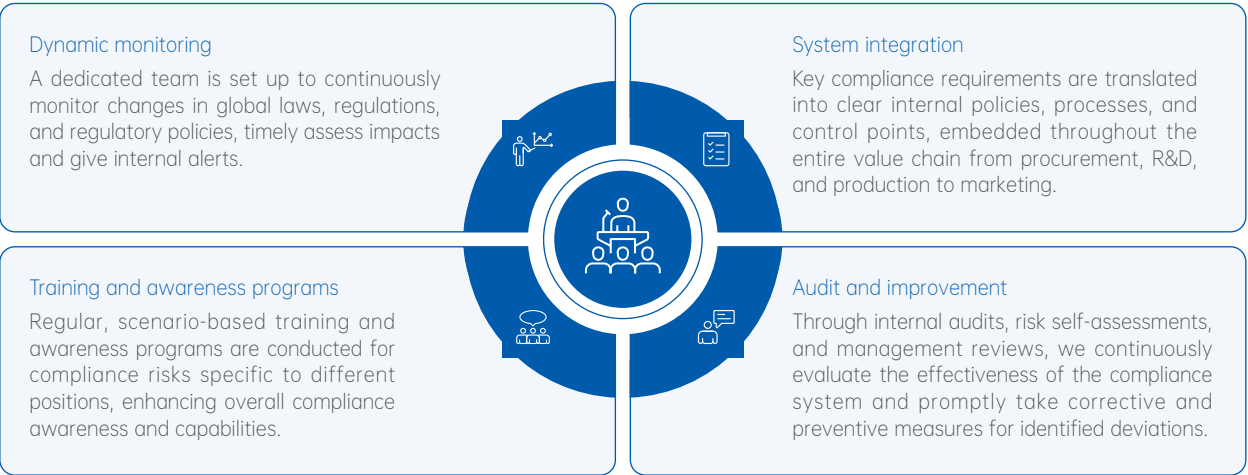
To ensure rapid recovery and continuous service provision during major operational disruption events, we promote the development of a Business Continuity Management System (BCMS) in accordance with the ISO 22301:2019 standard. By analyzing business impacts, developing recovery strategies and emergency response plans, and conducting regular drills, we continuously strengthen organizational resilience to safeguard our commitments to customers, employees, and the society. The Group has established emergency response plans covering environment, safety, and information security. During the reporting period, the Group organized 2 information security drills, 2 extreme weather drills and 233 sessions of safety emergency drills, among others.

For information on the Group's risk management, please refer to the Enterprise Risk Management section in corporate governance report - the *2025 Annual Report*.

Compliance Management

The Group regards compliant operation as the foundation for sustainable development and a business bottom line. We are committed to strictly abiding by applicable local laws, regulations, and regulatory requirements in all countries and regions where we operate globally, while observing international conventions, industry codes, and business ethics standards that we have voluntarily joined.

We not only aim for passive compliance but also strive to build a proactive and systematic compliance culture:



We actively maintain open and candid communication with regulators, investors, customers, and other stakeholders. In event of any significant non-compliance incident, we will disclose information timely and accurately according to regulatory requirements and assume corresponding liabilities to demonstrate our image as a responsible corporate citizen. During the reporting period, the Group did not incur any major administrative penalties, criminal litigation, or public censure from regulatory authorities due to violations of laws and regulations.



Trade Compliance Management

Amid growing complexities in the global trade environment and frequent regulatory changes, the Group places trade compliance at the core of sustainable operations and globalization strategy. We are committed to strictly abiding by international trade regulations, export controls, and economic sanctions requirements in all jurisdictions where we operate, ensuring the lawful and steady operation of our business and safeguarding corporate reputation and supply chain security through an institutionalized management system, intelligent control tools, and a deeply rooted compliance culture.

Under the Risk Management Committee, we have established a Trade Control Compliance Working Group responsible for cross-departmental coordination, system implementation, and daily supervision to ensure management requirements are implemented across all relevant business units. We have formulated the *Trade Control Compliance System* and the *Implementation Rules for Trade Control Compliance*, embedding trade compliance review as a mandatory control point into key business processes such as "Customer and Supplier Onboarding", "Sales Contract Approval", and "Logistics Shipment", achieving compliance control throughout the transaction chain.

We have established a closed-loop management mechanism covering pre-transaction prevention and screening, in-process assessment and decision-making, and post-transaction monitoring and improvement, ensuring compliance requirements are implemented in every business segment. During the reporting period, we successfully launched our self-developed intelligent compliance screening system. This system automates the comparison with major global sanctions lists and provides real-time alerts, upgrading manual operations to system-based identification, significantly enhancing screening coverage, accuracy, and efficiency, thereby strengthening the technical defense line.

The Trade Compliance Working Group of the Group specializes in monitoring regulatory developments in key markets such as China, the United States, and the European Union. In 2025, the Group issued 88 targeted internal risk alerts and regulatory interpretations, providing timely and precise decision-making support for frontline operations. Additionally, it has conducted specialized spot checks on trade compliance to identify areas for improvement, forming a virtuous cycle of "Plan-Do-Check-Act". During the reporting period, we identified eight items for improvement, all of which have been improved.

During the reporting period, the Group did not incur any major administrative penalties, litigation, or operational disruptions due to violations of trade control regulations, effectively ensuring the stability and smooth operation of the global supply chain.

Regarding employees as the most critical element in the compliance system, we continuously invest in organizational capability and cultural development. Through our online learning platform, we provide basic trade compliance courses for all employees, ensuring that compliance awareness reaches every staff member potentially involved in trade activities, fostering a culture where "everyone knows compliance and every action follows rules". For trade compliance specialists and key business personnel, we organize specialized training sessions to thoroughly analyze core regulations such as China's *Export Control Law* and the U.S. *Export Administration Regulations* (EAR), as well as complex cases, enhancing the team's professional judgment and practical capabilities.

Business Ethics

The Group regards business ethics and integrity as fundamental to corporate development, actively responding to the UN SDGs, i.e., promoting peaceful and inclusive societies, providing equal access to justice, and building effective, responsible, and inclusive institutions. Committed to establishing a transparent, responsible, and clean governance system, we follow the principles of the *United Nations Global Compact* and the requirements of the *Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises*, deeply integrate ethical governance into the entire process of corporate value creation and risk management, and practice the core values of "integrity, honesty, and trustworthiness" in all global operations. The Group maintains a zero-tolerance approach to bribery, extortion, fraud and money laundering, and has implemented corresponding internal controls and compliance procedures to prevent and address such conduct.

Governance Framework and System

The Group has established a three-tier governance framework with comprehensive oversight by the Board of Directors, direct leadership by the Management, and execution by dedicated departments. The Board of Directors who bears ultimate oversight responsibility for the formulation and implementation effectiveness of business ethics and anti-corruption policies reviews relevant work reports on a regular basis. Under the Management, a dedicated mechanism has been established, with the Supervision Division of the Audit and Supervision Department coordinating the development of the integrity management system across the Group, promoting integrity training, maintaining reporting channels, and handling violation investigations. Besides, the Corporate Culture Team of the Group collaborates to advance clean culture development, integrating ethical requirements into cadre management and evaluation systems through regulations such as the *Values and Behavioral Standards of Sunny Group*, the *Regulations on Strengthening Education and Management of Close Associates of Management Personnel*, and the *Performance and Value Assessment Measures for Managerial and Technical Employees*.

We strictly abide by local laws and regulations and international standards in jurisdictions where we operate, including *Anti-Unfair Competition Law* of the People's Republic of China, the *Law of the People's Republic of China on Anti-money Laundering*, the U.S. *Foreign Corrupt Practices Act* (FCPA), and the *United Nations Convention against Corruption*. Accordingly, we have formulated internal regulations such as the *Anti-Corruption System*, the *Measures for the Investigation and Administration of Fraud Cases*, the *Bidding Management Measures*, the *Values and Behavioral Standards of Sunny Group*, and the *Integrity Commitment Letter for Sensitive Positions*, explicitly prohibiting commercial bribery, embezzlement, conflicts of interest, and disclosure of trade secrets. Besides, integrity clauses are fully incorporated in supplier contracts, investment agreements, and employees' employment contracts. Violations of business ethics are strictly handled in accordance with the *Management Measures of Sunny Optical Technology (Group) Company Limited on Rewards and Punishments for Employees*. Cases suspected of illegal activities are transferred to judicial authorities according to law.

Supervision and Reporting

To strengthen internal controls over business ethics to prevent corruption, bribery, extortion, fraud, money laundering and other violations of discipline and regulations. The Group have formulated the *Guide to Reporting Corruption, Rewards and Protection Methods* to explicitly define the scope of acceptable whistleblowing matters, reporting channels, whistleblower rewards, and whistleblower protection policies. The Audit and Supervision Department arranges investigation entities based on the management level, qualifications, and number of individuals involved after receiving reports, and temporarily transfers personnel to establish investigation teams based on work requirements. Strict confidentiality procedures are enforced throughout the process; no one may disclose investigation progress or evidentiary information to third parties. Whistleblowers' personal information and materials are fully protected. We ensure the lawful rights of both whistleblowers and reported parties through evidence collection from multiple channels, impartial investigations, and complete preservation of evidence and signature records. The Group will pursue appropriate legal liabilities against individuals involved in suspected illegal activities according to law.

To ensure timely response and handling of business ethics reports, the Group has established a 24/7 reporting response mechanism, guaranteeing prompt information control and follow-up. Each channel is staffed with dedicated personnel and provides multilingual support (including Chinese, English, and languages commonly used in jurisdictions where we operate) to ensure barrier-free access for global employees and partners.

During the reporting period



we received and handled

27

complaint reports

achieving a

100%

case closure rate

 **Dedicated hotline:** +86-574-62550607

 **Emails:** Audit and Supervision Department (audit@sunnyoptical.com), and 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

 **Mailing address:** Audit and Supervision Department, No. 66-68 Fengle Road, 315400 Yuyao City, Zhejiang Province

Review Assessment and Risk Control

The Group has established a Corporate Culture Team directly led by the Chairman to conduct continuous supervision, review, and assessment of business ethics practices, while promoting integrity and credibility culture through mechanisms such as the negative list of managers' values to monitor their conduct. The Audit and Supervision Department is responsible for the promotion of business ethics across the Group, development of the integrity and compliance system, whistleblowing channel maintenance, and investigation handling. Among these, systematic review of related-party transactions constitutes one of the core components of our risk control. We have established an annual specialized audit mechanism to independently evaluate the compliance, declaration completeness, pricing fairness, and procedural conformity of all related-party transactions. During the reporting period, this audit was 100% completed, with compliance reviews conducted for 47 significant related-party transactions, revealing no violations of fairness principles or undisclosed transactions. Audit results were reported directly to the Board of Directors and the Audit Committee. Meanwhile, we engaged an external auditor to perform independent reviews of continuing connected transactions of the Group to enhance external oversight.

The Group conducts a business ethics review every year, covering all subsidiaries. During the reporting period, the business ethics review was advanced according to the annual policy, with 100% of the subsidiaries subject to the review, covering routine audit items (such as supplier-related party declarations and procurement business areas) and ad hoc special projects. The completion rate for all audit items reached 100%, with investigations and dispositions in high-risk areas fully implemented, and all identified issues rectified.

During the reporting period, the Group recorded one violations of business ethics and codes of conduct, with specific statistics as follows:

Reported Cases	Number of Cases in 2025
Corruption or bribery	0
Job-related embezzlement	1 (Note)
Discrimination or harassment	0
Customer privacy data breach	0
Conflict of interest	0
Money laundering or insider trading	0

Note

Sunny Zhejiang Optics had one case of job-related embezzlement and external sale of company property, which has been transferred to local judicial authorities.

Business Ethics Culture

In 2025, the Group formulated and issued the *Values and Behavioral Standards of Sunny Group*, and organized specialized learning and promotion activities covering all employees (including temporary workers) to further unify value orientation and behavioral norms. Aiming at the long-term goal of "do not have the audacity, opportunity, or desire to become corrupt", we carried out multi-level integrity education and cultural development activities in multiple forms:

Full-coverage training

We regularly pushed courses and articles through the e-learning academy, internal journal, Douyin, and WeChat Official Account; offline initiatives included bulletin boards, integrity speeches, integrity pledges, and computer integrity screensavers to foster a subtle integrity atmosphere, encouraging all employees to become supervisors of anti-corruption behaviors.



Computer Integrity Screensaver



Sunny Academy

Prior to major holidays, integrity reminders were pushed via the WeChat Official Account, with regular releases of anti-corruption cases and regulatory interpretations.

Key node reminders



On This Festival, We Accept No Gifts Except Integrity and Probity



Celebrate Double Festivals with Integrity, Embrace Mid-Autumn with Clean Practices

Anti-corruption Day activities

During the reporting period, we organized themed activities for "December 9 International Anti-Corruption Day", enhancing all employees' integrity awareness through integrity slogans, short films, and training sessions.



Integrity Commitment Signing



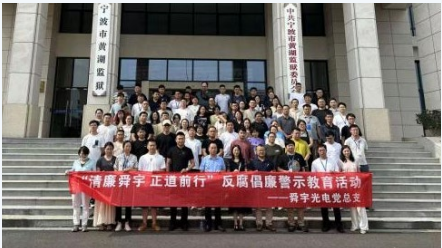
Integrity Warning Slogan

In-depth thematic education

In April 2025, Sunny Zhejiang Optics conducted a specialized training session themed with "Fortify Integrity Defenses to Protect the Great Cause of the Company", covering nearly 200 people including employees holding sensitive positions and management personnel. In July of the same year, Sunny Opotech organized over 100 employees to visit prisons for on-site warning education, strengthening voluntary compliance through immersive learning.



Fortify Integrity Defenses to Protect the Great Cause of the Company



Anti-Corruption Warning Education Activity

Value Chain Extension and Partner Collaboration

We extend business ethics requirements throughout the value chain, requiring all suppliers, contractors, and business partners to sign the *Undertaking for Operating with Integrity*, jointly pledging to resist commercial bribery and other improper practices. Through regular assessments and communication, we promote enhanced integrity governance across the value chain, co-building a fair, transparent, and sustainable cooperation ecosystem.

Going forward, we will continuously optimize the business ethics and anti-corruption management system, driving deep integration of policies, technology, and culture to further improve the systematic and forward-looking nature of compliance management, thereby laying a solid ethical foundation for the Group's high-quality development and global sustainable competitiveness.

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. Upholding the tax principle of "Compliance, Transparent Disclosure, and Substantive Operation", the Group opposes aggressive tax planning and any form of tax avoidance. We are committed to fulfilling tax obligations in the jurisdictions where we create value, contributing to local economic and social development as well as public finances.

The Board bears ultimate oversight responsibility for the Group's tax management, implementing closed-loop supervision of the entire tax process through a mechanism of "Setting Rules, Monitoring Implementation, and Reviewing Outcomes". The Board focuses on strategic control, approval of major matters, and fulfillment of oversight responsibilities. It approves the Company's tax compliance management system and major tax risk response plans, ensuring that relevant systems and measures comply with laws and regulations as well as the Company's overall development strategy, thereby reinforcing management accountability and preventing significant tax risks.

To ensure standardized and orderly business activities, the Group has established a comprehensive standardized tax management system based on industry characteristics, business scale, and the latest tax policy requirements, defining the responsibilities of each department in tax-related work, detailing operational procedures, and establishing tax risk self-assessment and review mechanisms. Through dedicated personnel and multi-tiered verification, we ensure all tax treatments strictly comply with national and regional tax laws and regulations, achieving full tax compliance and effectively mitigating tax risks. According to the *Enterprise Income Tax Law of the People's Republic of China*, the *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China*, the *Enterprise Income Tax Law of Vietnam*, the

Tax Administration Law, and the *Income Tax Act of India*, the applicable tax rate for Chinese subsidiaries is 25% since January 1, 2008. However, during the reporting period, several Chinese subsidiaries of the Company were recognized as high-tech enterprises and are entitled to a preferential tax rate of 15%. The statutory applicable tax rate for Vietnamese subsidiaries is 20%. The statutory applicable tax rate for Indian subsidiaries is 30%.

During our operation, we continuously monitor and assess various tax risks, primarily including policy interpretation and application risks, tax accounting and declaration risks, business activity-related tax risks, and external environment and tax administration risks. To address these, we strengthen the tax compliance management system, enhance policy learning and precise application, standardize tax accounting and declaration processes, and take risk prevention measures targeted at key business areas. Meanwhile, we establish regular risk self-assessment and emergency response mechanisms to ensure effective identification, evaluation, and control of tax risks.

Valuing open communication with tax authorities and relevant stakeholders, the Group conducts regular tax health checks and compliance filings to ensure all tax matters are clear, accurate, and timely. We also actively participate in policy discussions, and proactively adapt to changes in the tax environment, demonstrating the law-abidance, integrity and social responsibility of a corporate citizen.

Going forward, we will continue to improve the tax management system by enhancing the sound approach to tax planning and the systematic nature of compliance management, thus supporting the Group in achieving steady operations and sustainable development. For more information on tax management, please refer to the *2025 Annual Report*.



Information Security and Privacy Protection

In the industrial wave of deep integration between digitalization and intelligence, information assets have become the core lifeline of enterprises. The Group recognizes that a robust information security and privacy protection system is not only the cornerstone of operations but also a core competency for winning customers' trust and ensuring sustainable business development. To this end, upholding the management principle of "Proactive Prevention, Ongoing Improvement, Risk Control, Security and Efficiency, Customers' Trust, and Enhancement of Core Competitiveness", the Group has built a comprehensive information security and privacy protection system that coexists with business operations, integrates with governance, uses technology as a shield, and fosters culture as its essence.

We identify information assets involved in business operations and customer services using a systematic approach, classify them and assess their risks in a science-based way, and take appropriate control measures to reduce risks and ensure asset security, thereby enhancing customers' trust and business continuity.

Top-down governance and integration

To fulfill the information security mission, we have established an organizational structure comprising the Information Security Management Committee, the Information Security Working Group, and information security management departments of subsidiaries, ensuring effective implementation of strategic decisions.



Information Security System

Following the principle of "proactive defense, continuous monitoring", we have established a systematic and standardized information security management system covering the entire data lifecycle, using international standards as the framework and institutional mechanisms as the driving force. The Group has established and continuously improved a system document library comprising 38 institutional documents, covering assets, personnel, physical security, network security, data security, etc. Sunny Zhejiang Optics have specifically formulated documents such as the *Detailed Rules on the Management of Key Information Assets* and the *Detailed Rules on the Management of Information Security Incidents* for core information assets and security incidents, enabling fine control from principles to detailed rules. So far, in addition to the Company, four subsidiaries have been certified to ISO 27001 Information Security Management System, and two subsidiaries have obtained TISAX (Trusted Information Security Assessment Exchange) certification for the automotive industry, providing a trust foundation for global market expansion.

The Group's system development follows the principle of "equal emphasis on management and technology". In terms of technology, systems such as Data Loss Prevention (DLP), Endpoint Detection and Response (EDR), Intrusion Prevention System (IPS), Next-Generation Firewall (NGFW), and situational awareness have been deployed to build a multi-layered defense system. In terms of management, we effectively identify and control core information security risks by establishing comprehensive systems, managing assets by classification, controlling personnel security, embedding "security requirements" into business processes, and conducting secure onboarding and reviews of suppliers.

Privacy Protection

We regard privacy protection as a crucial component of corporate social responsibility and integrate its principles throughout the business operation process. In accordance with laws and regulations such as the *Personal Information Protection Law of the People's Republic of China*, we have established internal systems including the *Data Security Management Measures*, and regulate all employees through documents such as the *Code of Conduct for Employees*, the *Employee Handbook*, and the *Compilation of Provisions on Rewards and Punishments*, explicitly prohibiting violations of personal privacy and disclosure of commercial secrets. We require employees to sign a specific authorization form during onboarding information collection, and visitors must agree to the *Privacy Policy* before providing registration information. Meanwhile, we prioritize protecting and auditing sensitive personal information through technical measures such as anonymization and encryption.

Emergency Response for Information Security

To effectively respond to various information security incidents, the Group has established a comprehensive emergency management mechanism covering prevention, monitoring, response, and recovery. As physical security serves as the foundational barrier for emergency prevention, data centers are equipped with access control systems, real-time monitoring, fire warning systems, and uninterruptible power supply systems to prevent sudden risks such as power outages, intrusions, and fires at the physical level. At the network level, technical measures, including firewalls, intrusion prevention systems, and network situational awareness platforms, enable 24/7 dynamic monitoring across the entire network so that we can accurately identify and alert potential risks such as cyber-attacks and illegal intrusions, providing preemptive support for emergency responses. At the system level, redundant backup strategies are implemented for core business systems, and regular data recovery drills are conducted to strengthen emergency recovery capabilities from a business continuity perspective, ensuring rapid system restoration during emergencies. We have also established a trinity full-cycle emergency response mechanism involving the Group, police, and support units, and developed a clear information security incident handling process encompassing key stages such as "discovery and reporting, incident assessment, evaluation and response, qualitative handling, and rectification filing". Through flowcharts and tiered response regulations, we ensure that incidents are handled swiftly, orderly and compliantly, with decisive control measures taken for severe violations. Additionally, we regularly organize emergency drills such as phishing email simulations and network protection exercises, testing and enhancing overall vigilance and response capabilities by simulating real attack scenarios.



Information Security Culture

We fully recognize that technology and systems ultimately rely on human execution. Therefore, the Group is committed to fostering a deep-rooted security culture of "Information Security is Everyone's Responsibility". Customized training programs are designed for different groups. For all employees, universal education is promoted through the *Information Security Awareness* series of courses. During the reporting period, the Group released six awareness materials including *Information Security in the AI Era* and *Information Security Management in Ten Major Risk Scenarios*. Specialized courses closely aligned with their work scenarios were provided to key business personnel. The Group also offered information security management courses related to four business areas, namely *Corporate Information Security Governance and Compliance Management*, *Supplier Information Security Management and Assessment*, *Data Security and Privacy Protection in Marketing Activities*, and *Information Security Management Throughout the R&D Project Lifecycle*, based on scenarios such as R&D projects, marketing, procurement resources, and corporate functional management, delivering training to over 1,000 participants. Destination country-specific compliance training was conducted for personnel dispatched overseas.

Through themed activities such as "Information Security Month" and "Risk Culture Month", coupled with engaging online/offline interactions including situational skits, knowledge contests, and field promotions, we significantly enhanced employees' participation and awareness. Continuous awareness campaigns via emails, posters, screensavers and other channels were used to integrate security consciousness into daily work environments. Sunny Zhejiang Optics also established a system named "Sunshine Point for Information Security" with recognition awards to motivate information security officers of all departments and all employees to proactively report hazards and share experience. This positive incentive mechanism transforms information security from a compliance-driven "security imposed on me" requirement into a collective consciousness of "I want security, we ensure security" for co-governance.

During the reporting period



No

information security incidents occurred within the Group

the Group was certified as a



Zhejiang Provincial Demonstration Site for Trade Secret Protection

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02

Green Development, Carbon Reduction and Enhanced Efficiency

The Group firmly believes that outstanding environmental performance stems from robust governance, systematic management, and concrete actions implemented across every operating unit. We have not only established a Group-wide unified framework, but also strived to translate green concepts into daily practices at each subsidiary and factory, weaving a tangible picture of sustainable development from optical lens manufacturing to precision module assembly.

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Environmental Management System Development





For source control, we actively seek substitutes for toxic and hazardous substances to ensure that our products comply with customer requirements and the legal regulations of importing countries. All materials entering the Group must be accompanied by a Green Product Guarantee and a qualified test report issued by a third-party testing institution recognized by the Group. For process management, we continuously improve production techniques and strictly control manufacturing processes. We also 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.



For the purpose of achieving long-term environmental goals, we continuously refine the environmental management system, enhance employees' environmental awareness and skills, and improve environmental performance. We also drive innovation and adopt new eco-friendly technologies and processes.



We establish an energy management system to optimize energy usage. We increase the proportion of renewable energy and introduce energy-saving equipment and technologies. We also improve energy efficiency and reduce consumption and pollutant emissions for economic-environmental synergy.



Adhering to the principles of sustainable development, we design and develop environmentally friendly products, and construct eco-friendly facilities. We actively fulfill our environmental responsibilities and integrate environmental requirements into supply chain management.

To systematically advance environmental management and energy conservation & carbon reduction, the Group has elevated key issues such as climate change and circular economy to strategic importance and integrated them into its medium-to-long-term development plan. This strategic commitment is directly overseen by the ESG Management Committee under the Board of Directors to ensure deep integration of environmental goals with business growth.

To implement this strategy, we have established a clear governance framework in which "subsidiaries take primary responsibility while the Group oversees", and implemented a target responsibility decomposition mechanism. At the beginning of each year, we set clear KPIs for environmental management and track progress through regular reporting, making green transformation a core mission shared across the Group.

At the management system and institutional level, all subsidiaries of the Company have established and obtained certification for the ISO 14001 Environmental Management System. Building on this foundation, we have formulated and implemented institutional documents including the *Environmental Protection Management Regulations*, the *Environmental Factor Identification and Evaluation Control Procedures*, the *Environmental Operational Control Procedures*, and the *Three Wastes Management Regulations* to ensure comprehensive identification, effective control, and continuous reduction of environmental factors in production and operational activities.

During the reporting period, our environmental management system operated stably and effectively, receiving recognition from multiple authoritative certification bodies including China Quality Certification Center (CQC) and key clients. To strictly prevent environmental risks, all subsidiaries prepared and registered the *Emergency Response Plan for Sudden Environmental Incidents* with the government and implemented annual emergency drills according to strict standards. Besides, we established an emergency response team to regularly identify environmental risks within the company and analyze pollutant types, affected areas and treatment measures for potential risk incidents, ensuring minimal environmental impact. As of the end of the reporting period, the Group had no major sudden environmental incidents and received no environmental administrative penalties.

While developing a preventive management system and an emergency plan, the Group recognizes that a comprehensive risk management system must include prudent arrangements for financial impacts arising from potential environmental incidents. To this end, we actively explore market-based risk transfer instruments. During the reporting period, Sunny Zhejiang Optics and Sunny Infrared Optics took the lead in purchasing green insurance.

To enhance the Group-wide capability in responding to sudden environmental incidents, during the reporting period, the Group organized an emergency response drill for a sudden incident of hazardous chemical leakage, simulating a secondary accident caused by ethanol-ether leakage and diffusion from a hazardous chemical delivery vehicle. Environmental emergency personnel used sandbags to intercept rainwater pipelines, preventing contaminated water from entering the pipelines, while switching off rainwater block valves to prevent sewage from flowing into municipal pipelines. They also formulated a monitoring plan and monitored characteristic pollutants. In addition, they analyzed, collected and cleaned pollutants from the rainwater pipelines, and reported data. Through the concerted efforts of all emergency response personnel, the emergency response operation was successfully concluded. This emergency drill strengthened the emergency response capabilities of all departments.

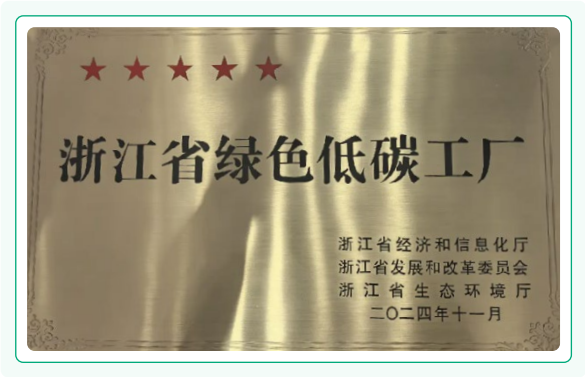
The Group deeply integrates stakeholder communication into the development and operation of its environmental management system. We communicate environmental policies and requirements to all relevant parties through institutionalized channels. Internally, we organize cross-departmental representatives to participate in system planning and enhance overall awareness through diversified training. For suppliers, we embed requirements related to environmental protection, low-carbon initiatives, and hazardous substance management into supply chain management by signing responsibility agreements, incorporating audit criteria, and conducting on-site training. Externally, we actively respond to customers' and regulatory requirements while establishing communication and complaint handling mechanisms to ensure information transparency and timely responses. The Company's environmental policy explicitly extends to all suppliers and partners. Through binding agreements and ongoing assessments, it works jointly to fulfill environmental responsibilities and drive synergistic sustainable development across the value chain.



Emergency Response Drill for A Sudden Incident of Hazardous Chemical Leakage

Green Factories

The Group have actively supported China's "30·60" Dual Carbon Strategy and advocated green production principles. The subsidiaries have actively implemented green practices. To be specific, 2 companies received National Green Factory certification; 4 companies were recognized as Zhejiang Provincial Green and Low-Carbon Factories; 3 companies passed voluntary clean production audits; 7 companies were put on the List of Positive Environmental Protection of local environmental protection authorities; 1 company obtained TÜV Zero Waste to Landfill Two-Star Certification.



Zhejiang Provincial Green and Low-Carbon Factory

Environmental Protection Training and Activities

We recognize that excellent environmental performance ultimately relies on the improvement of all employees' awareness and change of their behaviors. Therefore, the Group has established a systematic environmental training framework, fostering a green culture involving all staff through diversified activities.

Systematic Capacity Building

We incorporate environmental protection training into the overall framework of employees' competency development. For new hires, environmental and safety requirements form an essential component of three-tier pre-job education, ensuring their compliance awareness from the start of their careers. For all incumbent employees, every year, we develop and implement environmental training plans covering core topics such as environmental management system requirements, waste management by classification, energy-saving and carbon-reduction practices, and chemical safety. During the reporting period, our subsidiaries held training sessions on environmental protection laws and regulations, management systems, cases, and daily behavioral norms to raise environmental awareness of employees.



Environmental Protection Training

Professional Competence Development

For key positions and the Management, we have held specialized training sessions with greater depth. For example, in response to the national "Dual Carbon" strategy, we organized thematic training on greenhouse gas inventory and carbon management, and encouraged relevant employees to obtain national vocational qualification certificates such as "Carbon Emission Manager", with several employees already certified. We have also actively participated in advanced topic seminars hosted by clients, such as net-zero emissions and product carbon footprint, ensuring that team capabilities align with industry trends and clients' expectations.

Immersive Culture Building

Beyond formal training, we emphasize integrating environmental concepts into daily routines through immersive activities. During the reporting period, we organized the community waste sorting activity for the "World Environment Day". We utilized the Feishu (a productivity superapp for teams) online platform to regularly distribute ESG knowledge popularization series, enhancing overall ESG awareness. These initiatives collectively shape a corporate culture where "everyone focuses on environmental protection and every action reflects conservation", laying the broadest grassroots foundation for the long-term effective operation of the environmental management system.



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 digital office solutions. We set our air conditioners in offices no higher than 20°C in winter and no lower than 26°C in summer, and encourage energy-saving habits, such as turning off power sources and faucets immediately, thereby permeating green development and carbon reduction efficiency throughout all processes, embedding environmental awareness in every employee to create a low-carbon office environment.

Climate Strategy and Risk Management

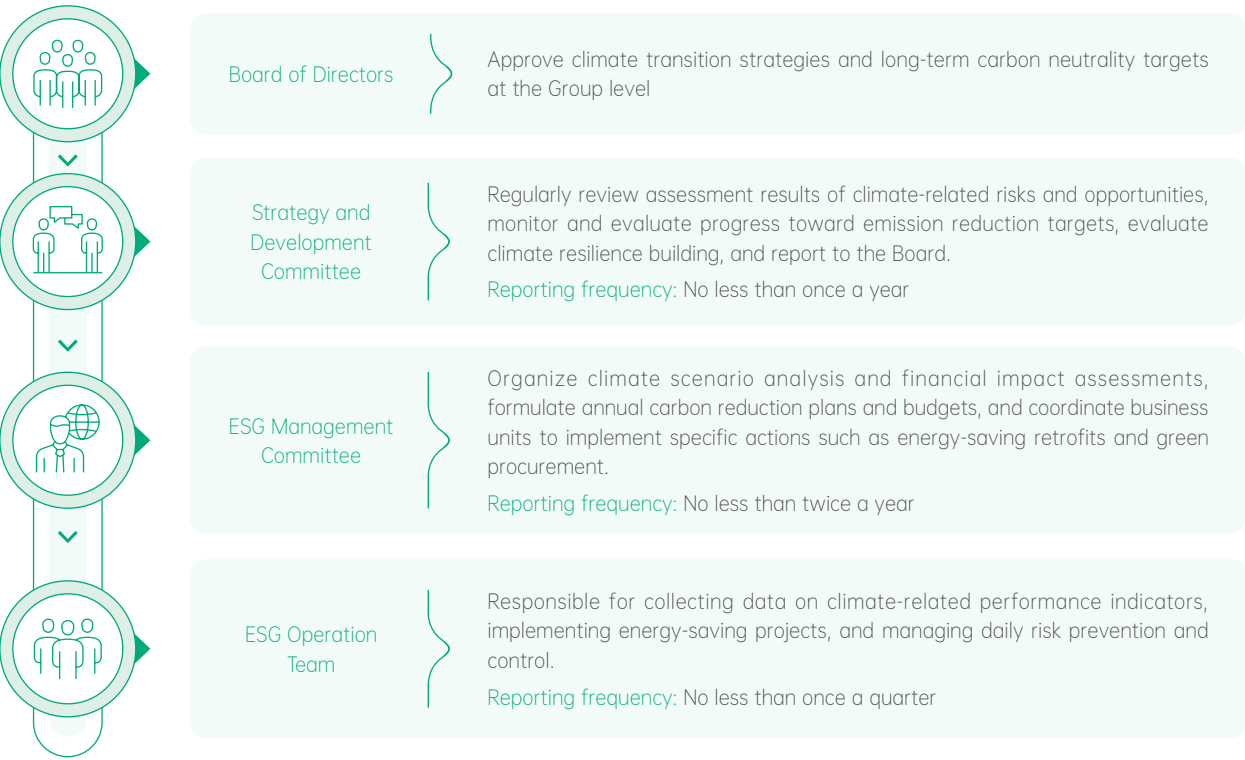
We fully recognize the extensive, profound impacts of climate change on socio-economic development and corporate growth. We firmly support the global temperature control goals of the *Paris Agreement*, actively respond to international initiatives such as the UN SDGs, and strictly comply with climate-related regulations in all jurisdictions where we operate. We regard climate change as a core issue affecting long-term resilience and value creation of a company, committed not only to managing risks but also seizing development opportunities offered in the transition to a low-carbon economy.

To this end, we integrate climate factors into corporate governance and strategic decision-making. The Group established a comprehensive action system spanning governance, strategy, risk management, and metrics & targets based on the TCFD framework, and released a dedicated *Climate-related Disclosure Report* in August 2025 to continuously enhance transparency. We are steadily advancing decarbonization initiatives across our operations and value chain. Through measures such as enhancing energy efficiency, transforming our energy mix, and deploying on-site photovoltaic systems, we are resolutely moving toward our vision of achieving operational carbon neutrality by 2050.

Climate Governance

The Group has elevated climate issues to the highest decision-making level and integrated them into the existing ESG governance framework (see the "ESG Governance Framework" chapter of this report) for systematic management. The Board of Directors is responsible for oversight of climate-related risks and opportunities, the Strategy and Development Committee guides climate strategies and targets, and the ESG Management Committee composed of the senior management specifically coordinates the planning and implementation of climate actions.

To ensure effective implementation of the climate strategy, we have specifically defined the collaborative operation and special responsibilities of this framework regarding climate issues:



During the reporting period, the Board of Directors and the Strategy and Development Committee, drawing on their extensive industry operational experience and professional expertise in climate change, approved the Company's latest carbon reduction plan, which brings forward the carbon neutrality target from 2058 to 2050 and adds a medium-term emission reduction goal of reducing carbon emissions by 20% in 2030 compared to 2024.

Professional Skills and Abilities

The Board of Directors of the Group attaches great importance to climate change issues, regarding them as a critical component of corporate strategy and risk management. To continuously enhance the Board's decision-making and oversight capabilities in climate-related matters, we have established a regular director training mechanism to ensure that the governance body masters cutting-edge climate governance knowledge and industry trends. During the reporting period, the Board participated in two specialized training sessions themed with "Deepening Corporate Governance and Integrating Climate Risks", and "Climate Change Response Strategies and Opportunities", respectively. Through training, the Board gained a deeper understanding of the complexity and urgency of climate change, laying a solid foundation for integrating climate factors into the Group's strategic planning, capital allocation, and risk management system. In overseeing the Group's strategy, major decisions and risk management framework, the Board and relevant committees take into account climate-related risks and opportunities by assessing their potential impact on business operations, capital allocation and long-term value creation, and by considering the associated trade-offs between short-term costs and long-term resilience and growth.

The Group's ESG Management Committee and ESG Operation Team are composed of personnel with professional backgrounds in environmental management, risk management, energy management, supply chain management, etc., enabling the effective execution and implementation of the Group's related work. At the same time, the Group continuously strengthens the professional capacity building of the ESG Management Committee and the ESG Operation Team. During the reporting period, members of the ESG Management Committee received no fewer than two specialized training sessions on climate change risks, fully ensuring the professionalism of climate-related strategic oversight and decision-making. The ESG Operation Team received no fewer than ten specialized ESG training sessions during the reporting period, covering key climate-related areas such as carbon emission accounting. As of the end of the reporting period, no fewer than ten team members have obtained carbon emission manager certificates, providing solid professional support for the full-process implementation of the Company's climate-related work.

Going forward, the Group will continue to strengthen its climate governance capabilities. We have planned to incorporate climate-related training into the annual mandatory courses for directors and senior executives, ensuring that the governance body consistently maintains forward-looking insights and effective supervision on climate issues, so that they can lead the Group steadily towards a low-carbon, resilient, and sustainable development path.

Compensation and Evaluation

To effectively drive the implementation of climate-related actions, climate performance indicators have been deeply integrated into the compensation assessment system for executives to establish a long-term incentive mechanism of "risk sharing and benefit sharing", ensuring the effective transmission of climate governance from the strategic level to the execution level. The Group has incorporated operational indicators (including key performance indicators such as energy consumption intensity and carbon emission intensity) into the annual performance appraisal system for the senior management, which applies to the ESG Management Committee and general managers of all subsidiaries.

Strategy

Climate Risk and Opportunity Identification

Based on our business planning and strategy, we analyzed climate change risks and opportunities across three time dimensions: short-term (within 1 year), medium-term (1-5 years), and long-term (5 years and above). Following TCFD recommendations and combining the Group's business characteristics and industry research findings, we identified 10 high-impact risks and opportunities:

Type	Risk Item	Current and Anticipated Impact on Business Model and Value Chain	Timeframe	Current and Expected Financial Impact	Response Measures	Percentage of vulnerable business operations
Transition risk	Shift of customers' behaviors	According to internal customer surveys, 17–30% of revenue comes from customers with low-carbon preferences—now a key competitive factor for orders and market access. This drives R&D investment in low-carbon products and renewable materials, low-carbon production capacity, and supply chain upgrades. As low-carbon barriers rise in EVs and consumer electronics, failure to adapt will lead to customer loss, shrinking market share, and harm to long-term profitability.	Mid-term Long-term	During the current period, the Group's products fully met customers' demand for low-carbon products, with no revenue loss incurred. Future failure to do so may lead to revenue loss and reduced bargaining power.	- Continuously monitor customers' needs and prioritize supplying low-carbon products (e.g., products manufactured using green electricity) to customers demonstrating preference for such products - Persistently enhance low-carbon product supply capabilities and explore the feasibility of using renewable materials without compromising product performance and quality - Steadily advance energy conservation, emission reduction, and energy transition to reduce product carbon footprint	63%
	Costs associated with shift to low-emission technologies	Low-emission tech investments are embedded in our routine cost control model. Current Energy Management Contract (EMC) and other market-based approaches have achieved savings without harming profitability. Production upgrades to equipment and energy systems have driven upstream collaboration, making low-carbon synergy a key cost lever. As global carbon neutrality policies tighten, low-emission tech will accelerate. Failure to keep pace risks declining compliance and unit costs above industry averages.	Long-term	During the current period, the Group's subsidiaries implemented various technological upgrades for energy saving and carbon reduction, investing approximately RMB 14.872 million. These initiatives achieved electricity savings of nearly 20,198.5 MWh, collectively imposing no additional financial burden. In the future, costs may increase and revenue may decrease.	- Reduce energy conservation costs through market-based mechanisms like EMC - Continuously monitor and explore emerging low-emission technologies along with relevant incentive and subsidy policies	100%
	Increasing greenhouse gas pricing	The domestic carbon market currently does not cover the optical manufacturing industry, so the company's profitability and supply chain management are not directly affected by carbon pricing. However, we have started internal research on carbon pricing to prepare for future carbon cost accounting and product carbon footprint management. If the industry is included in the national carbon trading market or faces Carbon Border Adjustment Mechanism (CBAM)-related tariffs at export destinations, profit per unit will be impacted. Upstream carbon costs will pass through the supply chain, and downstream exports will face carbon tariffs. Without effective control, export competitiveness may decline and costs may rise.	Long-term	During the current period, the industry in which the Group operates was not included in the local carbon trading market, and no related costs or expenses were incurred. In the future, this may bring the risk of rising non-operating expenses.	- Continuously promote energy conservation, emission reduction, and energy transition - Actively explore and research internal carbon pricing solutions - Closely track carbon policy developments in various countries and proactively plan compliance and response strategies.	100%

Type	Risk Item	Current and Anticipated Impact on Business Model and Value Chain	Timeframe	Current and Expected Financial Impact	Response Measures	Percentage of vulnerable business operations
Transition risk	Rising raw material costs	Currently, raw material price fluctuations are not significantly affected by climate transition factors, and the company's profitability remains stable. Upstream procurement is the key area, with risks hedged through diversified suppliers, long-term contracts, and alternative materials. Under global low-carbon transition, long-term price volatility of traditional energy and high-carbon raw materials is likely to increase, directly raising procurement costs and squeezing profit margins. Upstream commodities and material processing are risk hotspots; any supply chain disruption will directly impact midstream production and delay capacity delivery.	Long-term	Based on monitoring and assessment of energy prices and raw and auxiliary material prices, no climate change-induced increase in raw material costs or related cost escalations occurred during the current period. In the future, costs will rise and revenue will fall, and increased cost volatility may affect cash flow stability.	- Continuously increase the proportion of renewable energy usage and reduce energy costs through measures such as EMC - Persistently strengthen supply chain management to ensure steady supply sources and prices - Advance R&D of lightweight raw materials and substitutions to reduce reliance on high-carbon raw materials	100%
	Flood	Currently, flood risks have not materially impacted the Company's production, order delivery, or procurement activities—only minor emergency maintenance costs have been incurred, and profitability remains unaffected. In the long term, the frequency and intensity of extreme weather-induced flood events are rising. A major flood disaster could directly damage plant facilities and production equipment at core manufacturing bases, leading to production shutdowns and order delays. Meanwhile, logistics for both upstream raw material supply and downstream product delivery would be disrupted, severely affecting operational continuity across the entire value chain, potentially resulting in customer loss and brand reputation damage.	Long-term	No operational disruptions or revenue losses due to climate change occurred during the current period, with emergency and maintenance expenses related to extreme weather events amounting to approximately RMB 471,000 for the full year.	Continuously enhance climate resilience, including building resilience in production and supply chains, as well as ongoing monitoring and emergency measures for flood disasters	95%
Physical risk	Typhoon	Current typhoons have caused no major impact on production, deliveries, or procurement—only minor emergency costs; core operations remain stable. Climate change is raising typhoon intensity and frequency along coasts. Extreme typhoons could damage plants, cut power, disrupt logistics, and halt production, severely undermining the company's stable-delivery business model.	Long-term	According to the World Wildlife Fund (WWF) database, the regions of Yuyao (Zhejiang), Guangdong, and Vietnam face a certain degree of flood risk, which may cause asset damage, operational and supply chain disruptions, leading to higher costs and lower revenue.	Continuously enhance climate resilience, including building resilience in production and supply chains, as well as ongoing monitoring and emergency measures for typhoon disasters	95%
	Extreme heat	Current extreme heat has not materially affected productivity or capacity delivery—only slightly increased cooling costs, with no impact on core profitability. Production and worker operations are the main areas affected, but cooling measures have ensured stability with no value chain disruption. Global warming will worsen extreme heat, reducing worker attendance and efficiency, increasing equipment failures and downtime, raising cooling costs, and disrupting mass production. It also affects upstream delivery and logistics. Poor response will lead to lower capacity and higher costs.	Long-term		Continuously enhance climate resilience, including building resilience in production and supply chains, as well as ongoing monitoring and emergency measures for extreme heat	1%

Type	Risk Item	Current and Anticipated Impact on Business Model and Value Chain	Timeframe	Current and Expected Financial Impact	Response Measures	Percentage of vulnerable business operations
Opportunity	Product and service opportunities	The New Energy Vehicle (NEV) low-carbon transition is driving the growth in the automotive business. NEV optics now account for ~9.6% of revenue, shifting the model to "consumer electronics + automotive optics." Higher-margin products improve profitability. Increased R&D, dedicated capacity, and Original Equipment Manufacturer (OEM) collaboration extend the value chain toward full life-cycle automotive optics solutions, enhancing whole-chain added value. Fast-growing demand for automotive optics and LiDAR components continues to drive the rising share of the automotive business, making it a core long-term growth driver for the Company.	Long-term	During the current period, approximately 9.6% of the Group's revenue was derived from customers in the new energy vehicle industry.	Continue to focus on existing customers' demand for low-carbon products and persistently explore potential new demand from new energy vehicle manufacturers to create new growth points.	17%
	Resource efficiency opportunities	Currently, energy efficiency improvements and lean production have reduced energy use per unit, lowering product costs and operational expenses. Energy efficiency is now part of supply chain management, pushing suppliers to improve as well, enhancing cost control across the value chain. Continued optimization will further cut unit costs, strengthening the low-cost mass production model. Extending efficiency gains from production to R&D, supply chain, and logistics will boost resource efficiency, optimize costs, meet clients' low-carbon requirements, and increase customer stickiness.	Long-term	During the current period, the Group's subsidiaries implemented various technological upgrades for energy saving and carbon reduction, investing approximately RMB 14.872 million, achieving electricity savings of nearly 20,189.5 MWh, with no material impact reflected in the current financial statements. In the future, costs may decrease and revenue may increase.	- Integrate energy conservation and emission reduction with lean production and cost-reduction and efficiency-improvement initiatives to continuously enhance energy utilization efficiency. - Incorporate energy efficiency requirements into supplier management to drive overall efficiency improvement across the supply chain.	17%
	Energy source opportunities	Currently, through green power procurement and on-site solar PV, clean energy accounts for ~38.1%, reducing carbon intensity and energy cost volatility while meeting core clients' low-carbon supply chain requirements and stabilizing energy costs. Suppliers are also increasing green power use, enhancing value-chain low-carbon performance. As green power supply grows and prices improve, the company will further raise clean energy share, lower energy costs, and strengthen life-cycle low-carbon product capabilities—supporting the shift to low-carbon manufacturing, meeting global low-carbon access requirements, and expanding high-end overseas market share.	Long-term	During the current period, no significant cost savings from electricity price reductions were observed in any of the jurisdictions where the Group operates. In the future, costs may decrease and revenue may increase.	Continue to focus on and expand new energy application scenarios, such as green power procurement.	17%

We have established an integrated climate strategy centered on three pillars—"Enhancing Climate Resilience", "Driving Low-Carbon Transition", and "Innovating Green Finance"—to ensure business continuity and competitiveness. Meanwhile, the company coordinates relevant departments, allocates necessary resources, and fully aligns investment divestment and financing arrangements. Building on its existing climate risk management strategy, it defines the expected trajectory of changes in financial statements over the short, medium, and long term, ensuring a steady alignment between financial performance and cash flow. At the same time, based on its investment and divestment plans and funding sources, the company continuously reviews the impact of climate factors on financial data to ensure consistency between strategy implementation and financial disclosure.

Scenario Analysis

The Group assessed climate resilience through scenario analysis, covering all jurisdictions where we operate and all business segments. Key assumptions included the pace of global temperature control policy implementation, carbon price trends, frequency of extreme weather events, and growth rate of the new energy vehicle industry. Based on the analysis results, the Group optimized its climate strategy and risk response measures. The existing strategy can effectively withstand climate-related uncertainties and demonstrates sufficient climate resilience. Considering the characteristics of climate risks faced by the industry in which the Company operates, the need for financial materiality forecasting, and the likelihood of various future climate scenarios, we adopt the following climate scenarios for analysis.

We have integrated our business characteristics and development plans, while comprehensively considering major uncertainties under various business scenarios, such as extreme weather events, long-term climate trends, as well as relevant policy and market adjustments. We conducted transition risk scenario analysis of the Group with reference to the International Energy Agency (IEA)'s Net Zero Emissions by 2050 Scenario (NZE), Announced Pledges Scenario (APS), and Stated Policies Scenario (STEPS):



Net Zero Emissions by 2050 Scenario

The NZE is a normative pathway proposed by the IEA, requiring the energy sector to achieve net zero by 2050 without relying on external offsets.



Announced Pledges Scenario

The APS represents a future energy and emissions development pathway based on climate policies and commitments announced by governments, considering the impact of policy pledges on energy demand, prices, and emissions.



Stated Policies Scenario

The STEPS reflects the development trends of future energy and emissions under the current policy framework without changes, used to assess the potential impact of existing policies on climate change.

For scenario analysis of physical climate risks, we referenced the Representative Concentration Pathways SSP1-RCP2.6, SSP2-RCP4.5, and SSP5-RCP8.5 developed by the Intergovernmental Panel on Climate Change (IPCC):

SSP1-RCP2.6

SSP1-RCP2.6 (low emissions scenario) achieves net-zero emissions after 2050 through collaborative emission reductions, with temperature rise controlled to around 1.8°C by 2100.

SSP2-RCP4.5

SSP2-RCP4.5 (medium emissions scenario) indicates global CO₂ emissions maintaining current levels before the mid-century without reaching net-zero, projecting a 2.7°C temperature rise by 2100.

SSP5-RCP8.5

SSP5-RCP8.5 (high emissions scenario) assumes fossil fuel-dominated development pathways, with radiative forcing reaching 8.5 W/m² and temperature rise around 4.4°C by 2100.

Additionally, based on the latest 2025 financial data, we updated our assessment of climate-related risks and opportunities, with no material adjustments compared to the 2024 assessment. During the reporting period, climate-related risks and opportunities did not have a material impact on the Group's financial position, financial performance, or cash flows. According to the assessment, short-term climate-related capital/operational expenditures are expected to impact the Group's profits by <1%. Mid-term transition risk-induced cost increases will affect <5% of operations, while low-carbon product-related revenues are projected to drive 5%-10% revenue growth. Under long-term NZE scenarios, transition risks will impact <10% of operations, with low-carbon transition delivering sustained cost savings and revenue growth.

Enhancing Climate Resilience

To address the escalating impacts of climate change, the Group regards strengthening climate resilience as a strategic priority for ensuring operational continuity and long-term sustainable development. In 2025, the Group conducted a scenario analysis based on uncertainties under various climate scenarios published by institutions including the IEA and the IPCC, to assess the resilience of our business model under different climate pathways and to quantify the potential impacts across strategic and operational risks. We have developed a dynamic resilience system covering environment, supply, and operations to withstand extreme weather impacts and ensure steady business operations.

During the reporting period

 the Group's extreme weather emergency maintenance expenditure was RMB **0.471** million

Environmental resilience

We completed specialized flood and wind protection upgrades for existing plants, prioritized high-risk area avoidance in new site selection, and introduced sponge city design to enhance disaster resistance of infrastructure on all fronts.

Supply resilience

We built a resilient supply chain through measures including emergency power deployment, backup supplier development, and inventory/production plan optimization to minimize climate-related operational disruptions.

Dynamic resilience

We established an active management mechanism spanning "monitoring, early warning, and response", including meteorological disaster monitoring, flexible production scheduling, regular emergency drills, and material reserves, to achieve rapid and precise responses to extreme climate events.

Driving Low-Carbon Transition

Low-carbon transition is the core strategy of the Group in responding to global climate action and achieving high-quality development. The Group is committed to implementing a low-carbon transition plan aligned with the 1.5°C temperature rise target set out in the *Paris Agreement*. Through three core pathways -lean production transformation (see Energy Management), energy mix transformation (see Energy Management), and low-carbon product transformation (see Clean Technology and Green Products),we reduce carbon footprints across the entire value chain, synergistically promote green supply chain development, optimize operational costs, and advance forward-looking market positioning, enabling the integration of environmental and economic benefits and providing a practical model for industry-wide low-carbon transition.

During the reporting period

 the Group invested approximately RMB **14.872** million in technological upgrades for energy saving

 achieving electricity savings of nearly **20,198.5** MWh



Innovating Green Finance

To address climate change risks more effectively and seize low-carbon transition opportunities, the Group actively explores leveraging capital markets and financial instruments to enhance its climate change and sustainable development management capabilities. In January 2023, the Group became the first enterprise in Asia's technology manufacturing sector to issue SLBs. For details, please refer to **the Sustainability-Linked Financing Framework of Sunny Optical Technology (Group) Company Limited**.

SLBs directly link financing costs to sustainability performance targets, incentivizing enterprises to accelerate green transition, optimize their energy mix, and enhance climate resilience. This not only provides the Group with low-cost funding support but also facilitates internal management upgrades through market mechanisms, strengthening long-term control capabilities for climate-related risks.

Progress on Sustainability-Linked Financing Performance Targets

The sustainability-linked bonds issued by the Group cover Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech, Sunny Optical Intelligence (Yuyao). With 2021 as the baseline year and 2025 as the target year, the performance target was set to reduce GHG emission intensity by 20% in 2025 compared with the baseline year. In 2025, the Group's GHG emission intensity stood at 7.0 tons of CO₂e per RMB one million in revenue, representing a decrease of 32.0% from the baseline year, thereby achieving the set target.

Indicator	Unit	2025	2021
GHG emission intensity (Scope 1 and Scope 2)	tCO ₂ e/RMB million revenue	7.0	10.3

The baseline year electricity emission factor used the then-latest national data, i.e., the *2012 China Regional Grid Average CO₂ Emission Factor*. As the share of renewable energy in China's grid continues to increase and the GHG emission factor accounting system improves, the Ministry of Ecology and Environment subsequently updated and published the electricity emission factors for 2021, 2022, and 2023 in April 2024, December 2024, and December 2025, respectively. Therefore, the 2025 GHG emission intensity calculation adopts the latest 2023 factor. For refrigerant emissions (approx. 1.6%), to improve data accuracy and completeness of greenhouse gas emission data related to air conditioning refrigerants, the Group optimized its statistical method from the charge-based method to the fugitive emission method starting in 2022. To ensure rigorous target achievement, we have also considered the impact of changes in emission factors and the refrigerant accounting method, and conducted a conservative analysis and comparison of emission intensity between the target year and the baseline year.

Change in refrigerant accounting method

If the fugitive emission method were used to recalculate for 2021, the emission intensity would be 10.4 tCO₂e / RMB million revenue, and the 2025 emission intensity would decrease by 22.1% compared to the baseline year, achieving the target. If the charge-based method were used for the 2025 calculation, the emission intensity would be 8.0 tCO₂e / RMB million revenue, a decrease of 22.3% compared to 2021, also achieving the target. Therefore, regardless of whether the fugitive emission method or the charge-based method is used for accounting, the target can be achieved.

Change in emission factor

Benefiting from the optimization of China's energy mix and the increasing share of renewable energy in the grid, our company's GHG emission intensity from electricity has decreased significantly. Nevertheless, we conducted a conservative comparative analysis, examining target achievement under two scenarios: (1) the baseline year using the same lower emission factor as the target year, and (2) the target year using the same higher emission factor as the baseline year.

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

Indicator	Unit	Emission Factor 1 (Note 1)		Emission Factor 2 (Note 2)	
		2025	2021	2025	2021
GHG emission intensity (Scope 1 and Scope 2)	tCO ₂ e/RMB million revenue	8.1	10.3	7.0	8.9

Notes

1. Emission Factor 1 references the average CO₂ emission factor of the East China Regional Grid from the *2012 Average CO₂ Emission Factors for Regional Power Grids in China*.

2. Emission Factor 2 references the 2023 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 2023*. The CO₂ emission factors for electricity in 2023 announced by the Ministry of Ecology and Environment in 2025 showed a downward trend. For conservatism, the emission factors for 2023 were used when recalculating for 2025 and the baseline year 2021.

Through a conservative comparison, we found that even if the baseline year adopts a lower electricity emission factor, the emission intensity in the target year is still 21.3% lower than the baseline year. When the target year adopts a higher emission factor, the emission intensity is 21.4% lower than the baseline year. Thus, under both conservative scenarios accounting for changes in the emission factor, the target is achieved.

In summary, regardless of whether the original or optimized accounting method is used, and regardless of whether the 2012 or 2023 electricity emission factor is selected, the 2025 emission intensity is more than 20% lower than the 2021 baseline year, successfully meeting the performance target set under the SLB.

Risk and Opportunity Management

The Group has integrated the management mechanism for climate change-related risks and opportunities into its enterprise risk management system. In compliance with the international standards ISO 31000:2018 *Risk Management Guidelines* and the COSO ERM *Framework*, the Group has established and continuously improved its enterprise risk management system, covering the four key processes of risk identification, assessment, response and monitoring, forming a closed-loop management mechanism.

Identification

Assessment

Prioritization and Response

Monitoring

With reference to global climate-related policy trends, the ESG Operation Team takes the lead in identifying climate risks and opportunities, develops a risk and opportunity inventory incorporating input from various stakeholders, and conducts regular reviews and updates.

For identified risks and opportunities, qualitative and quantitative analyses are conducted on their likelihood and impact based on scenario analysis, operational status and risk exposure. On this basis, and on the premise of ensuring consistency between climate change risk assessment and other types of enterprise risk assessment, risk assessment results are generated using tools such as internal risk rating scales.

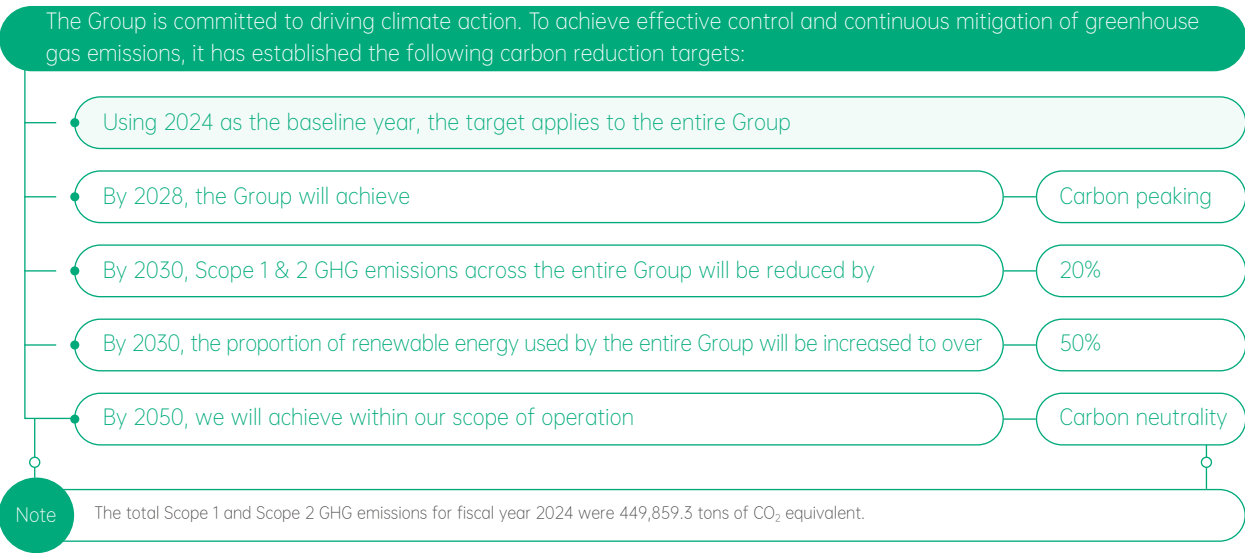
Scenario analysis is adopted to prioritise risk items by considering their likelihood, impact, adaptability and resilience, followed by targeted analysis and formulation of corresponding response measures.

We integrate climate risk and opportunity monitoring into the company's overall risk management process. By establishing a repository of key risk indicators and conducting real-time monitoring and early warning via the risk management system, the Group ensures that risk levels are maintained within acceptable limits.

Targets and Metrics

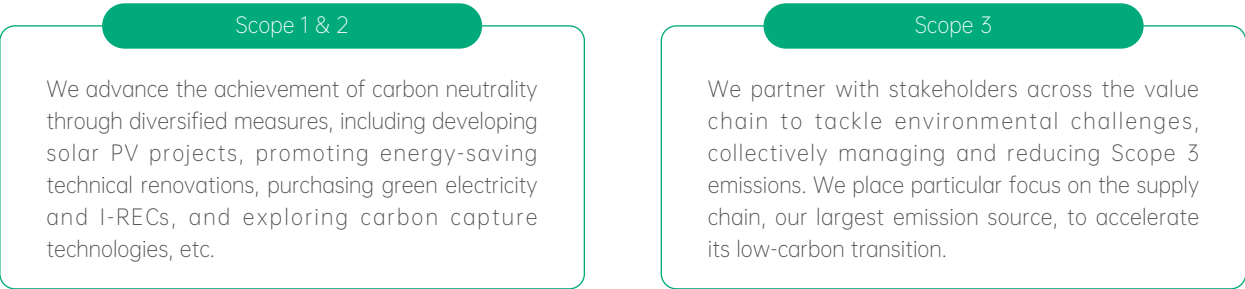
The Group always aligns its carbon neutrality pathway with the 1.5°C temperature control goal set out in the *Paris Agreement*, establishing systematic emission reduction targets accordingly. We are committed to advancing clean technology applications throughout operational and product lifecycles, and ensuring transparency and sustainability in decarbonization progress through regular reviews of the dynamic relationship between GHG emissions metrics and business growth. Furthermore, Sunny Automotive Optech has pledged to join the Science Based Targets initiative ("SBTi") and is currently establishing science-based targets and developing emission reduction pathways.

Our Commitments



Target Setting Process: The ESG Management Committee drafts targets based on national policies, group strategy, operations, and peer benchmarking. The draft is reviewed by the Strategy and Development Committee and approved by the Board. Meanwhile, the Group has established a target progress monitoring mechanism. The Board of Directors and the Strategy and Development Committee regularly review target implementation progress, while the ESG Management Committee conducts quarterly execution reviews to ensure the orderly achievement of targets.

Carbon Reduction Pathway



In the short term (by 2030), the Group will achieve its Scope 1 and Scope 2 emission reduction targets without planning to rely on purchasing carbon credits. These targets will be met entirely through its own operational emission reduction measures, including specific pathways such as improving energy efficiency, increasing the proportion of renewable energy usage, and self-built photovoltaic power generation. In the medium to long term (2030–2050), the Group aims to achieve carbon neutrality for Scope 1 and Scope 2, as well as a strategy for offsetting Scope 3 emissions, which is currently under assessment. In the future, if considering the use of carbon credits, the Group will strictly comply with the requirements of the *ESG Code* set by HKEX and disclose the third-party verification status, type (nature-based or technology-based, emission reduction or carbon removal), and degree of reliance on such carbon credits.

Internal Carbon Pricing

To systematically integrate carbon costs into business decisions, drive low-carbon transition, and enhance climate risk management capabilities, the Group has established a scientific and forward-looking internal carbon pricing mechanism. This mechanism applies to the Group and its principal subsidiaries, covering core scenarios such as investment decisions, operational optimization, supply chain management, and financial analysis.

We adopt a "shadow price" model, using a virtual carbon price to influence budget allocation and investment evaluation without generating actual cash flows, offering both flexibility and strategic foresight. The shadow carbon price is based on the average trading price of the previous year in the China carbon market, multiplied by a dynamic forward-looking coefficient, to address the upward trend in carbon prices and the impact of policies such as the EU CBAM. In the retrofitting of auxiliary equipment, including carbon costs shortens the payback period by approximately 7%. For new equipment selection, Class 1 energy-efficient models demonstrate better cost-effectiveness within a two-year cycle due to carbon cost savings. In 2025, the Group priced its greenhouse gas emission cost at RMB 96 per metric ton of CO2 equivalent.

GHG Emission Indicators

To more scientifically inventory all emission sources across the Group, we comprehensively considered factors such as business characteristics and operating locations, and selected the applicable factors and methodologies as follows: Based on the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)*, the *Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)*, and the *Technical Guidance for Calculating Scope 3 Emissions* (collectively referred to as the "GHG Protocol") published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), we adopted the operational control approach to conduct a greenhouse gas inventory of all facilities within the Group. Ultimately, we identified that the greenhouse gases involved in the Group's operations include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, and sulfur hexafluoride. The Group's greenhouse gas emission sources within its operational boundary are mainly divided into two categories: Scope 1 emission sources include refrigerant leakage from cooling equipment, gasoline and diesel consumption from official vehicles, the use of CO₂ fire extinguishers, and septic tanks; Scope 2 emission sources are primarily from purchased electricity. Among these, Scope 1 emissions account for a relatively small proportion of total emissions, approximately 3%; Scope 2 emissions from purchased electricity are the Group's most significant source of greenhouse gas emissions. Scope 3 emissions are mainly concentrated in two categories: "purchased goods and services" and "use of sold products".

Category			Unit	2025	2024 (Note 1)
Scope 1 GHG Emissions	By emission source	Gasoline (Note 2)	tCO ₂ e	174.5	191.6
		Diesel oil (Note 2)	tCO ₂ e	123.0	75.0
		Refrigerant (Note 3)	tCO ₂ e	9,744.0	15,138.8
		Other	tCO ₂ e	3,080.1	2,554.9
	By region	China	tCO ₂ e	11,703.8	16,537.1
		Overseas region	tCO ₂ e	1,417.8	1,423.2
	Total (Note 4)		tCO ₂ e	13,121.6	17,960.3
Market-based Scope 2 GHG emissions (Note 5)			tCO ₂ e	384,050.5	431,899.0
Location-based Scope 2 GHG emissions (Note 6)			tCO ₂ e	539,372.1	509,861.1
Total GHG emissions (Scope 1 and market-based Scope 2)			tCO ₂ e	397,171.1	449,859.3
Total GHG emissions (Scope 1 and location-based Scope 2)			tCO ₂ e	552,493.7	527,821.4
GHG (Scope 1 and market-based Scope 2) emission intensity			tCO ₂ e/RMB million revenue	9.2	11.7
GHG (Scope 1 and location-based Scope 2) emission intensity			tCO ₂ e/RMB million revenue	12.8	13.8

Category		Unit	2025	2024 (Note 1)
Scope 3 GHG Emissions (Note 7)	Category 1: Purchased goods and services	tCO ₂ e	647,142.9	735,724.1
	Category 2: Capital goods	tCO ₂ e	22,025.9	24,540.8
	Category 3: Fuel- and energy-related activities	tCO ₂ e	24,425.6	22,735.1
	Category 4: Upstream transportation and distribution	tCO ₂ e	67,139.0	33,179.8
	Category 5: Waste generated in operations	tCO ₂ e	30,597.2	23,568.5
	Category 6: Business travel	tCO ₂ e	1,784.2	1,787.2
	Category 7: Employee commuting	tCO ₂ e	17,242.8	8,298.4
	Category 9: Downstream transportation and distribution	tCO ₂ e	5,771.8	3.0
	Category 11: Use of sold products	tCO ₂ e	125,239.8	751.8
	Category 13: Downstream leased assets	tCO ₂ e	791.0	1,238.0
	Category 15: Investments	tCO ₂ e	/	3.2
Total		tCO ₂ e	942,160.2	851,829.9
Total GHG emissions (Scope 1 + market-based Scope 2 + Scope 3)		tCO ₂ e	1,339,331.3	1,301,689.2
Total GHG emissions (Scope 1 + location-based Scope 2 + Scope 3)		tCO ₂ e	1,494,653.9	1,379,651.3
GHG (Scope 1 + market-based Scope 2 + Scope 3) emission intensity		tCO ₂ e/RMB million revenue	31.0	34.0
GHG (Scope 1 + location-based Scope 2 + Scope 3) emission intensity		tCO ₂ e/RMB million revenue	34.6	36.0

Notes

1. Considering the adjustments to the disclosure scope in 2025 and data comparability, the 2024 data is sourced from the *Climate-Related Disclosure Report*; data prior to 2024 is not restated. For reference, please refer to previous *Environmental, Social and Governance Reports*.
2. 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)* issued by the National Development and Reform Commission (NDRC).
3. The refrigerant emission factors used by the Group are referenced from the *2006 IPCC Guidelines for National Greenhouse Gas Inventories*, while the global warming potential values are based on the *IPCC 6th Assessment Report in 2022 (AR6)*. 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.
4. In 2025, the Group conducted a comprehensive compliance review and standardization of the accounting boundary for Scope 1 refrigerant emissions. On the one hand, emissions from leased equipment (e.g., externally rented canteens, employee dormitories, etc.) over which the Group has no control were excluded and simultaneously included in Scope 3 for accounting. On the other hand, due to business adjustments, Shanghai Sunny Yangming Precision Optics Co., Ltd. (Sunny Shanghai Optics) and Sunny OmniLight NanoOptics Co., Ltd. (Sunny OmniLight NanoOptics), among others, were no longer included in the consolidation scope. As a result of the above boundary adjustments, the Group's total Scope 1 emissions decreased by 27% compared to 2024.
5. In the Group's market-based Scope 2 greenhouse gas emissions accounting, the purchased green electricity and domestic Green Electricity Certificates (GECs) are all sourced from certified renewable energy projects (wind power and photovoltaics). All GECs have been retired within this reporting period, and the corresponding electricity volume has been completely excluded from the calculation of the market emission factor to avoid double counting. The environmental attributes of the green electricity have not been resold to other users. For market-based Scope 2 emissions, the CO₂ emission factor for purchased electricity in China references the "2023 National Average CO₂ Emission Factor for Electricity (excluding non-fossil fuel energy from market-based transactions)" as stated in the *Announcement on the Release of 2023 CO₂ Emission Factors for Electricity* by the Ministry of Ecology and Environment. Vietnam adopts the electricity emission factor from joint research by Hanoi University of Science and Technology and the Ministry of Agriculture and Environment of Vietnam, while India utilizes the grid emission factor list from the Institute for Global Environmental Strategies (2025). Furthermore, although the Group's production capacity, production area, and electricity consumption increased in 2025, the proportion of renewable energy used by the Group increased, resulting in an 11.1% decrease in market-based Scope 2 emissions compared to 2024.
6. For location-based Scope 2 emissions, the CO₂ emission factor for the Group's purchased electricity references the average CO₂ emission factor for national regional electricity as stated in the *Announcement on the Release of 2023 CO₂ Emission Factors for Electricity* published by the Ministry of Ecology and Environment.
7. The Group is not involved in upstream leased assets or franchises, and the greenhouse gas emissions generated during the processing, use, and end-of-life recycling of sold products are minimal and difficult to track, and are therefore considered negligible. For Category 15, as complete and verifiable greenhouse gas emission data from investees are currently unavailable, the Group will continue to promote relevant data collection efforts and gradually improve the accounting and disclosure of this category.

External Assurance

To ensure the accuracy of GHG emission data and information in this report, we engaged an independent assurance provider to perform limited assurance on the GHG emission intensity data of subsidiaries covered by the SLB targets during the reporting period, in accordance with the *International Standard on Assurance Engagements 3410, Assurance Engagements on GHG Statements* issued by the International Auditing and Assurance Standards Board (IAASB). The independent assurance report can be found in Appendix I of this report.

Energy Management

The KPIs of the Group's resource consumption during the reporting period are as follows:

Category	Unit	2025 (Note 1)
Total direct energy	MWh	11,885.8
Diesel oil (Note 2)	MWh	466.6
Gasoline (Note 2)	MWh	645.5
Natural gas	MWh	1,316.4
Self-developed PV project	MWh	9,457.3
Total indirect energy	MWh	991,071.8
Electricity	MWh	854,906.5
Green electricity	MWh	135,766.9
Steam	MWh	398.4
Total energy consumption	MWh	1,002,957.6
Energy consumption intensity	MWh/RMB million revenue	23.2
Consumption of packaging materials	ton	7,957.3
Packaging material intensity	kg/RMB million revenue	184.1
Water withdrawal	ton	4,687,654.1
Tap water volume	ton	4,683,268.4
Groundwater Volume (Note 3)	ton	4,385.7
Water withdrawal intensity	ton/RMB million revenue	108.4
Water consumption	ton	937,530.8

Notes

1. The disclosure scope for 2025 includes the Company and its subsidiaries, aligning with the consolidation scope of the annual financial report. Given the adjustments to the reporting scope in 2025 and considerations regarding data comparability, data prior to 2025 has not been restated. For reference, please consult previous editions of the *Environmental, Social, and Governance Report*.
2. 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.
3. The groundwater intake reported here refers to the well water used at the factory of Sunny Opotech India Private Limited.

Energy Usage Management

The Group positions energy management as a core strategy for addressing climate change and achieving sustainable development. Committed to building an "efficient, clean, low-carbon, and intelligent" energy ecosystem, we seek to systematically enhance energy performance through robust

management systems, cutting-edge technology applications, and continuous operational optimization, thereby driving green collaboration across the value chain and laying a solid foundation for realizing long-term carbon neutrality goals.

Energy Management System

The Group has established an energy management policy centered on "strategic guidance, system empowerment, technology-driven solutions, and full-staff participation", deeply integrating energy conservation and carbon reduction targets into operational decision-making and daily management processes to build a systematic and standardized mechanism for energy performance improvement.

Regarding system development, we have utilized the ISO 50001 Energy Management System as the core framework to promote comprehensive adoption of standardized management across subsidiaries. Currently, four major energy-consuming entities have obtained ISO 50001 certification, covering 70% of the Group's primary energy consumption processes. Other subsidiaries have also followed the same standards to establish management systems, ensuring full lifecycle coverage of energy procurement, conversion, utilization, and performance evaluation.

At the implementation level, we have created a closed-loop management mechanism of "target setting - action execution - performance monitoring - continuous improvement". Through institutional documents such as the *Operational Control Procedure for Energy Management* and the *Energy Review Control Procedure*, regular energy audits have been

conducted to identify key consumption areas and energy-saving opportunities, thereby setting rational and quantifiable energy performance targets. Each subsidiary has implemented specific energy-saving projects based on these targets, with the top management regularly participating in management reviews to assess progress toward the targets, ensure the effectiveness and adaptability of the energy management system, and provide strategic direction and resource allocation for continuous improvement.

In practice, the Group employed multiple approaches to achieve carbon reduction targets. First, it introduced high-efficiency energy-saving equipment while phasing out high-energy-consumption or obsolete facilities. Second, it enhanced equipment operation efficiency through process innovation and parameter optimization. Third, it adjusted the energy consumption mix and actively explored clean energy alternatives. Additionally, we prioritized energy performance as a key management review topic, regularly tracking progress and dynamically adjusting strategies.

During the reporting period, the Group established the following energy management targets:

Performance Targets for 2025	Achievement Status for 2025	Performance Targets for 2026
Achieve over 35% renewable energy usage through procurement of green electricity, green certificates, and installation of photovoltaic systems	Achieved	Achieve over 38% renewable energy usage through procurement of green electricity, green certificates, and installation of photovoltaic systems
Save 20,000 MWh through promotion of high-efficiency equipment rooms and adoption of high-efficiency energy-saving lighting	Achieved	Keep advancing energy-saving improvements to save over 20,000 MWh and reduce the energy consumption intensity by more than 2.5%

Digital Operations

Drawing on industry-leading practices, the Group explores innovative energy management models by deploying a unified digital energy management platform. This enables real-time monitoring and data integration of subsidiaries' buildings and key energy-consuming equipment such as air compressors and chillers, facilitating fine energy efficiency analysis. The platform automatically generates energy consumption insight reports, accurately identifies abnormal consumption points, and provides real-time data support for management decisions.

Building on this foundation, the system has been further extended to carbon emissions and target warning management. It synchronously calculates GHG emission data within the

operational scope while controlling budgets and tracking targets for metrics including total energy consumption, energy intensity, carbon emissions, and carbon intensity. The warning functionality of the system enables the Group to proactively manage energy conservation and carbon reduction processes. Through optimized production scheduling, equipment efficiency baselines, and quarterly energy-saving audits, the Group drives equipment and production lines to operate within optimal efficiency ranges. This enables a continuous transition from "experience-driven" to "data and intelligence-driven" energy management, supporting the achievement of the Group's dual-carbon goals.

Technology Innovation Driving Energy Efficiency Improvements

We continuously invest in technological transformations for energy saving, implementing a series of impactful initiatives across three key areas, namely, "high-energy-consuming equipment replacement, system efficiency optimization, and waste heat & waste pressure recovery".



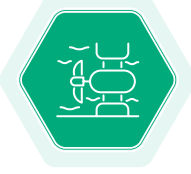
Replacement with high-efficiency LED lighting

With continuous advancements in LED energy-saving lighting technology, low-wattage fixtures now deliver high-illuminance lighting, significantly enhancing energy utilization efficiency and achieving savings in both energy and costs. During the reporting period, the Group actively promoted its lighting system upgrade program, replacing over **50,000** traditional fixtures with high-efficiency LED lamps. This initiative has cumulatively saved over **2,000** MWh of electricity, reducing energy consumption for operation and associated costs while making tangible contributions to GHG reduction.



Energy savings from water bath wastewater recycling

Sunny Zhejiang Optics added a recycling and insulation system to water bath equipment. Wastewater generated during product immersion is purified and stored in insulated containers, requiring only minimal water replenishment and minor electric heating for temperature compensation. This system achieves annual electricity savings of **3,840** MWh while conserving approximately **63,000** tons of water.



Water supply optimization based on production scheduling for energy saving

Sunny Infrared Optics optimized the energy management mode during shift changes, adjusting operational parameters for the water supply system while ensuring the normal standby status of production equipment to appropriately relax the temperature and pressure settings of water supply. The cumulative annual electricity savings reached **48** MWh.



Replacement of air-cooled heat pumps with water-cooled screw chillers

Sunny Automotive Optech upgraded long-used and low-efficiency air conditioning systems with air-cooled heat pumps in certain areas. The original equipment relied on air heat exchange, resulting in low energy efficiency ratios and further reduced cooling efficiency during high-temperature seasons. By replacing them with high-efficiency water-cooled screw chillers and integrating them into the central control system, the company installed a new system that allows overall coordination and intelligent regulation using cooling tower circulating water as the heat exchange medium. The upgraded air conditioning system is expected to save **513** MWh of electricity annually, not only significantly reducing energy costs but also providing a replicable practical model for the company to advance green development for carbon reduction efficiency enhancement, and energy efficiency improvement.



Improvement of air ionizing bars of gold wire welding machines for energy saving

Air ionizing bars installed in gold wire welding machines at Sunny Opotech and Sunny Optical Intelligence (Yuyao) continued to operate inefficiently in equipment standby and shutdown states. Statistics showed daily ineffective operation time of more than 4 hours (inclusive), causing energy waste. The improvement of the pneumatic circuit of the air ionizing bars enabled the linkage of their operation to the equipment status. That is, the bars automatically turn on during equipment operation for production and automatically turn off if the equipment is standby or shut down. During the reporting period, the Company upgraded **98** gold wire welding machines, saving electricity of **1,225** MWh annually.



Optimizing Energy Mix for Greener Transformation

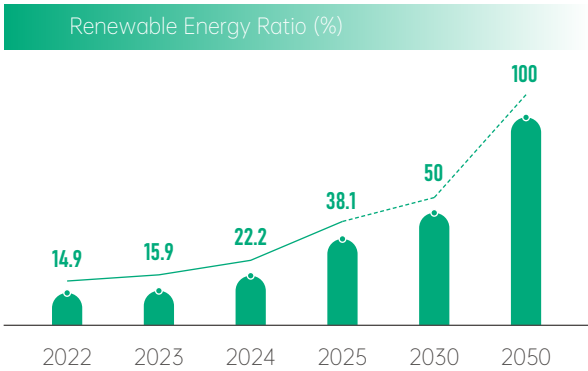
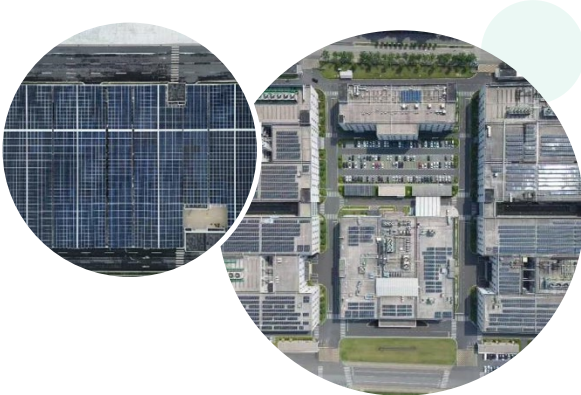
To fundamentally reduce carbon emissions from operations, the Group has formulated and implemented a proactive green energy strategy. We have adopted a dual-path approach of "Photovoltaic Development" + "Renewable Energy Procurement":

Photovoltaic development

The Group fully utilized factory rooftop resources to accelerate the construction of distributed photovoltaic (PV) power generation systems. Currently, the annual power generation of completed PV projects is approximately **9,457.3** MWh, equivalent to reducing carbon dioxide emissions by **5,765.2** tons. We plan to further expand PV installations, expecting the Group's total installed PV capacity to reach **44MWp** by 2030, with an estimated annual power generation of **39,400** MWh.

Renewable energy procurement

The Group actively participated in national and local green electricity market transactions, continuously expanding the scale of clean energy use through the parallel implementation of direct green power procurement and green certificate purchases. During the reporting period, the Group purchased a total of **369,710.9** MWh of renewable energy, equivalent to reducing GHG emissions by approximately **225,375.8** tons of carbon dioxide equivalent. It further improved its green energy traceability system across multiple regions and scenarios, and flexibly supported the sustainable development of clean energy industries such as wind power and PV.



Full Participation in Building an Energy-Saving Culture

We firmly believe that employees' awareness and action are the cornerstone of successful energy management. The Company promotes energy conservation concepts and knowledge to all employees through various channels including the "Sunny Academy" online platform, specialized training sessions, energy-saving knowledge competitions, and Energy Conservation Promotion Week activities. We encourage employees to propose suggestions on improvements for energy saving, fostering a green cultural atmosphere where "everyone values energy and all matters prioritize conservation". During the reporting period, our subsidiaries organized training such as the *Synchronous Training on Energy Management* and the *Training on Energy Conservation Awareness*, involving over 20,000 participants, enhancing employees' energy-saving awareness.

Additionally, green commuting serves as a vital pathway to achieving low-carbon living and sustainable development. The Group recognizes the critical role of green commuting in addressing climate change and promoting environmental protection. During the reporting period, the Group progressively

phased out high-emission vehicles and introduced two hybrid official cars, optimizing the corporate fleet structure. Besides, electric vehicle charging stations were installed in our parking lots to provide charging services for visitors and employees, supporting the use of electric vehicles. Meanwhile, to reduce the carbon footprint from employees' commuting, we not only actively promoted environmental concepts but also encouraged employees to purchase new energy vehicles through substantive incentive mechanisms and resource allocation. Leveraging the synergistic advantages of the supply chain, we proactively communicated and collaborated with high-quality new energy vehicle manufacturers and suppliers. Partners were regularly invited to organize exclusive events such as "Green Car Purchase Festivals" within our premises, offering employees one-stop convenience from vehicle viewing and test drives to purchases. Competitive exclusive employee discount schemes were secured to effectively lower the economic threshold for employees' green commuting. As of the end of the reporting period, new energy vehicles had accounted for 25% of commuting vehicles owned by the Group's employees.

Circular Economy

Water Resource Management

Water resources are critical natural capital supporting corporate operations and ecological balance. The Group attaches great importance to water resource management and continues to commit itself to water conservation. It strictly complies with relevant laws and regulations, with water resources being one of the key considerations in factory site selection. During the reporting period, except for Sunny Opotech India Private Limited (Sunny Opotech (India)) sourcing groundwater, all other subsidiaries utilized municipal water supply, thus ensuring sufficient water availability with no issues in obtaining suitable water sources that is fit for purpose.

Upholding the principles of "conservation first, cyclic utilization, pollution prevention, and systematic management", the Group strives to establish a resilient, efficient, and responsible water resource management system. Referencing international water management standards, we promote sustainable water utilization on all fronts through risk assessment, target setting, technological innovation, and performance tracking.

Water Risk Identification and Response

The Group has systematically identified and assessed water-related risks in operations, including water supply stability, water quality safety, drainage compliance, infrastructure aging, and drought and flood pressures induced by climate change. We have also identified water-related environmental risks at all plants in accordance with the *Guidelines on Assessment of Corporate Sudden Environmental Event Risks (Trial)*, focusing on potential impacts of chemical leakage, wastewater treatment and other anomalies on water bodies. To effectively manage water risks, we have established a tiered response mechanism:

Preventive monitoring

We built plant-wide water metering networks for real-time water usage monitoring and analysis. We commissioned third-party organizations for drinking water quality testing on a regular basis to ensure compliance.

Emergency response plan

We developed the *Emergency Plan for Water Supply Interruption*, defining organizational responsibilities, emergency procedures, and resource allocation. We installed emergency water tanks on rooftops to maintain normal production during municipal water supply interruption.

Infrastructure maintenance

We conducted regular inspections and maintenance of water supply networks, stormwater/sewer pipelines, discharge outlets, and related valves to minimize leakage risks.

Water Conservation Technology Innovation

We have established clear management requirements for water resource usage and recycling. During operations, the Group has set the following sustainable water management goals and actively implemented key management initiatives:

Goals	Measures	
Water management	Enhance employees' water conservation awareness	We post water-saving signage, and conduct publicity campaigns for environmental protection and energy conservation.
Water balance	Control water consumption per unit product and improve water resource utilization efficiency	We adopt water-saving equipment, optimize process flows, and retrofit water-saving fixtures to enhance water resource utilization efficiency.
	Water balance accounting	We conduct water balance accounting, track water usage, and reduce water resource waste
Water quality	Monitor water quality	Municipal authorities regularly provide test reports for tap water, while third-party institutions are commissioned to test drinking water quality to ensure drinking water safety.

During the reporting period, we implemented enhancement projects for water resource management 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, the water bath wastewater recycling project of Sunny Zhejiang Optics saved approximately 63,000 tons of water annually. Sunny Infrared Optics installed automatic shut-off valves on older equipment and equipped new devices with intelligent solenoid valves in high water-consumption processes such as ultrasonic cleaning, achieving automatic water shut-off during non-operation periods and saving 12,000 tons of water in total. All production bases saved 280,000 tons of water annually by reusing reclaimed water.

During the reporting period, four subsidiaries were honored with the title of "Water-Saving Enterprise". Going forward, the Group is committed to creating higher value with a lower water footprint and contributing to water security and ecological sustainability in jurisdictions where we operate.

During the reporting period



Achieving a total water saving of

350,000 tons



4 subsidiaries were honored with the title of "Water-Saving Enterprise"

Sustainable Material Management

The Group places material management at the core of its sustainable development and competitiveness reshaping. We are acutely aware that traditional consumption models of linear material are unsustainable amid increasingly severe resource and environmental constraints and the pursuit of the global supply chain for resilience and green balance. Therefore, we are committed to moving beyond the traditional linear model of "extract-manufacture-discard" toward a closed-loop system of "design-use-recycle". By formulating sustainable material policies, promoting green design, and implementing source reduction and resource recycling initiatives, we maximize resource efficiency, minimize environmental footprints, and create long-term value for customers and the society, while ensuring supply chain stability.

The procurement, product manufacturing, transportation, and sales of the Group involve materials including resins, glass, plastic, metal, adhesive, chemicals, cartons, blister boxes, corrugated paper, vacuum bags, and tape. Upholding the principles of "green procurement, efficient utilization, and closed-loop recycling", we deeply integrate environmental and social responsibility considerations throughout the material management process. Notably, Sunny Automotive Optech formulated its *Regulations on the Administration of Green Substance*, requiring all raw and auxiliary materials to comply with international standards for prohibiting hazardous substance such as the *Measures for Administration of the Hazardous Substance Restricted Usage of Electric and Electronic Products* ("RoHS") and the *Regulation on Registration, Evaluation, Authorization and Restriction of*

Chemicals ("REACH"). Suppliers must provide third-party test reports to ensure compliance every year. Sunny Optics (Zhongshan) Co., Ltd. (Sunny Zhongshan Optics) developed classification and recycling standards for black/white plastic and plastic scraps, prioritizing the use of recyclable modified plastic for non-optical component processing or packaging material production.

In packaging material management, we actively respond to customers' "zero to landfill" policies by promoting packaging reduction and circularity. Through streamlined packaging design, improved loading efficiency, and packaging reuse, we maximize the use of eco-friendly materials and minimize packaging consumption. Meanwhile, we are committed to transitioning from "internal corporate circularity" to "industrial co-circularity", collaborating with suppliers to establish reuse systems for packaging containers such as turnover boxes, blister boxes, and plastic pallets. During the reporting period, packaging material usage was reduced by over 300 tons.

Technological innovation is the fundamental pathway to achieving a deep circular economy. Our implementation cases during the reporting period include the following:

Innovation Aspect	Implementation Direction	Specific Cases and Benefits
Design innovation	Design for easy recycling, material reduction, and functional integration	- Sunny Automotive Optech adopted lightweight and green product design to enhance product recyclability. During the reporting period, according to the <i>Directives of the Calculation Method for Recyclability Rate of Products</i>, the recyclability rate of an automotive lens reached 95.2%. - Xinyang Sunny Optics Co., Ltd. (Sunny Xinyang Optics) transitioned cleaning baskets from "integrated" to "modular" design for easier maintenance and sorted recycling, reducing resource consumption. - Sunny SmartLead implemented integrated lens design to reduce the number of structural components. It optimized circuit board layout and processes to minimize auxiliary material usage. It also reduced raw and auxiliary materials by 7.8 tons during the reporting period. - Through process innovation and production workflow optimization, Sunny Infrared Optics achieved low-cost development of chalcogenide glass, reducing annual glass procurement by 10.6 tons.
Process innovation	Green process substitution and precision control for efficiency enhancement	- Sunny SmartLead replaced hard-to-recycle multi-layer composite materials with single-material packaging, and substituted EPE cushioning with recyclable paper padding; - Sunny Automotive Optech optimized the dispensing process to reduce syringe consumption and improve adhesive utilization, saving 0.6 tons of adhesive annually.
Circular technology	Chemical recycling, physical reprocessing, and downgraded utilization	- At the premises of Sunny Zhejiang Optics, and Sunny Automotive Optech, resin waste, waste lenses, etc., were 100% recycled and reused by downstream suppliers. - Sunny Infrared Optics recycled raw and auxiliary materials such as germanium and selenium, saving 6.6 tons annually. - Sunny Infrared Optics established a recycling process to collect, classify, and clean scrapped lenses, which are then returned to smelting furnaces for manufacturing new lens blanks. During the reporting period, 24.7 tons of waste lenses were recycled.
Model innovation	Product-as-a-service, packaging-as-an-asset, sharing & leasing	A closed-loop turnover system was established for packaging containers such as injection molding trays, blister trays, and extraction trays with suppliers and customers, promoting reusable logistics carriers.

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Emissions Management

The Group regards emission management as a core measure of corporate environmental resilience and green competitiveness, and is committed to upgrading it from compliance-driven end-of-pipe control to a full-chain, systematic environmental risk management system spanning "strategic governance - intelligent operations - source prevention". Strictly following relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China*, the *Law on the Prevention and Control of Water Pollution of the People's Republic of China*, the *Cleaner Production Promotion Law of the People's Republic of China*, the *Interim Regulations on the Management of Carbon Emissions Trading, etc.*, we build a comprehensive prevention network covering air emissions, discharges into water and land and generation of hazardous and non-hazardous waste and noise to ensure 100% compliant treatment of all emissions. Our goal is to continuously reduce our environmental footprint and maximize resource cycling efficiency, protecting the ecological environment through responsible operations.

The Group pledges to classify, monitor, and treat waste generated during production and operations as required before discharge. Air pollutants generated by the Group mainly include volatile organic compounds ("VOCs"), nitrogen oxides, sulfur dioxide, and particulate matter. Air pollutants are primarily sourced from workshop processes, vehicle exhaust, and natural gas emissions from canteens. Wastewater generated by the Group mainly comes from domestic water, as well as cleaning wastewater, grinding wastewater, etc., from production processes; while waste generated by the Group primarily includes non-hazardous waste such as domestic garbage, and hazardous waste from production processes such as cleaning agents and organic solvents.

Upholding the management principle of "proactive prevention, intelligent monitoring, and recycling priority", we have established a vertical management structure with coordination by the Group and implementation by individual plants. All our subsidiaries formulate and implement a series of institutional documents, including the *Control Procedures for Waste Liquid, Exhaust Gas, Noise, and Solid Waste Emission*, defining management standards, responsibility allocation, and emergency procedures for various emissions. During the reporting period, 100% of the Group's operating sites met standards in third-party testing for wastewater, exhaust gas, and noise, with no environmental administrative penalties incurred, achieving effective environmental risk control.

Wastewater Discharge Management

We implement fine management of wastewater through "segregation of clean and polluted streams, separate treatment based on quality, and conservation through reuse". All plants strictly implement rainwater and sewage diversion. Industrial and domestic wastewater undergoes pretreatment to meet national and local standards such as the *Integrated Wastewater Discharge Standard* before discharged into municipal sewage pipelines. Currently, all plants have obtained permits for discharging urban wastewater into municipal sewage pipelines.

Three-tier control system

Wastewater Resource Utilization

We have established a three-tier control system comprising "source control at workshop level, pretreatment within plants, and regular terminal monitoring". Notably, Sunny Xinyang Optics and Sunny Infrared Optics have installed online monitoring instruments for COD, ammonia nitrogen, pH, and flow rate at key discharge points, with data transmitted in real time to the platform of the local ecological environment department, ensuring transparency and traceability of discharge status. Additionally, we have established buffer tanks before wastewater enters urban sewage pipelines. We have taken water samples to monitor water quality. Upon detecting substandard or abnormal data, we will initiate immediate shutdown followed by prompt investigation and disposal. For specific, high-concentration, organic waste liquid, full volume is collected, and a qualified third-party institution is entrusted for harmless treatment to eliminate environmental risks.

We actively promote water resource recycling. During the reporting period, reclaimed water reuse systems were constructed in all plants. Part of the cleaning wastewater was treated through sand filtration, activated carbon filtration, RO reverse osmosis, and other devices for reuse in cooling tower makeup or toilet flushing water. Furthermore, Sunny Opotech replaced hot air soldering with laser solder ball melting, and eliminated the ultrasonic cleaning process, resulting in annual reductions of 100.0 tons of wastewater discharged, 300.0 L of organic cleaning agents, 1.0 kg of solder paste used, 0.2 tons of hazardous waste generated, 0.1 tons of VOCs emitted, and approximately 227.0 MWh in electricity consumption.

Waste Gas Management

We are committed to reducing waste gas at the source and implementing efficient purification treatment for unavoidable emissions to minimize adverse environmental impacts from gaseous pollutants.

Green substitution at the source

Process enclosure for efficient collection

End-of-pipe treatment

This is our primary strategy. We fundamentally reduce generated pollutants by introducing environmentally friendly raw and auxiliary materials through R&D, or by optimizing production processes to minimize the use of volatile chemicals. During the reporting period, Sunny Infrared Optics replaced organic solvent cleaners with environmentally friendly, low-volatility cleaning agents, reducing VOCs emissions at the source. Sunny Xinyang Optics developed a new cleaning process, reducing annual alcohol usage by 13.2 tons. It also developed finished hot-melt adhesive to replace in-house glue cooking operations, both reducing VOCs emissions at the source. Sunny SmartLead introduced semi-aqueous and neutral cleaning agents to replace isopropyl alcohol for wiping, reducing isopropyl alcohol usage by 0.9 tons and minimizing VOCs generation at the source. Sunny Optical Intelligence (Yuyao) adopted cleaning soft gel instead of alcohol for maintenance cleaning, reducing alcohol consumption by 80.0 kg.

We strictly control production processes, with centralized layout and enclosed operation for pollution-generating procedures. Ductwork are installed for centralized collection and treatment, and our daily inspections ensure normal operation of treatment facilities. During the reporting period, Sunny Infrared Optics added enclosed covers to cleaning machines and reflow soldering equipment, and collected waste gas by negative pressures of ducts, elevating collection efficiency above 90.0%, effectively preventing fugitive emissions.

We employ high-efficiency treatment equipment, utilizing mature technologies such as "two-stage activated carbon adsorption" and "activated carbon adsorption concentration + catalytic combustion" for VOCs. We adopt "mechanical, dynamic oil mist removal + high-voltage electrostatic precipitation" and "pulse-cyclone bag dust removal" for oil mist and dust to achieve compliant emissions. We regularly commission third-party qualified organizations for monitoring to ensure compliant emission of exhaust gas.



Solid Waste Management

The Group strictly complies with relevant laws and regulations including the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, adhering to the principles of reduction, resource utilization, and harmless treatment of waste. We implement full life-cycle management of solid waste while actively exploring circular economy pathways. We precisely identify and classify all waste in strict accordance with the *National Hazardous Waste List*, providing separate temporary storage areas for general industrial solid waste, domestic waste, and hazardous waste.



For non-hazardous waste

Primarily including general industrial solid waste (e.g., scrap metal, waste plastic, and waste paper) and domestic waste, our primary principle is to explore recycling opportunities to maximize resource value. Non-recyclable portions are regularly transported offsite by licensed third-party contractors.



For hazardous waste

Primarily including spent activated carbon, waste organic solvents, and discarded rubber hoses, we have implemented stricter controls. Our subsidiaries have conducted standardized management of their names, sources, characteristics, and hazards, establishing dedicated accident emergency response mechanisms. We have provided dedicated compliant areas for storage by category, and ultimately entrusted 100% of such waste to institutions holding the *Hazardous Waste Operation License* for safe disposal. Throughout this process, we not only conduct regular audits of qualifications of the treatment institutions but also strictly implement the manifest management system during transfer and disposal, ensuring the traceability, compliance and controllability of the whole process.

We regard waste as misplaced resources and promote cross-process and cross-factory recycling. During the reporting period, the following are some practical cases of the Group in waste reduction and resource circulation:

Recycling of auxiliary materials for production

The cutting fluid used in the turning process is repurposed for edge grinding operations, replacing specialized grinding oil, thereby reducing procurement of new chemicals and waste liquid generation.

Limited times of efficient reuse of quartz bottles

After verification, We recovered and cleaned partially reusable quartz bottles, achieving 1-2 cycles of reuse.

Activated carbon regeneration

The Group introduced Carbon Guardian to regenerate saturated waste activated carbon from exhaust gas treatment facilities.

Intelligent yield control for precision waste reduction

We have developed automated equipment and AI inspection devices to reduce defective products during production, thereby minimizing scrap generation and emissions.

Suppliers' collaboration in waste reduction

The Group promoted green packaging among suppliers and required them to recycle reusable containers such as empty cleaning agent drums. During the reporting period, hazardous waste generation was reduced by 151.5 tons.

Sunny Optical Intelligence (Yuyao) launched the "Zero Waste to Landfill" program, detailing waste classification, recycling, and reuse processes. It clarified waste types, classification standards, and disposal pathways for each department, and enhanced recycling of recyclables (e.g., waste cartons, scrap metal, and waste plastic). It also promoted compliant disposal and resource utilization synergy for hazardous waste, and ensured transportation of domestic waste and non-recyclable general industrial solid waste offsite by classification. Throughout the year, waste resource utilization steadily increased, with a waste transfer rate of 98.2%, achieving TÜV Rheinland's Zero Waste to Landfill Two-Star Certification. Additionally, Sunny Optical Technology was among the first batch selected for "Waste-Free Group" initiative of Zhejiang Province in 2024. Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech, and Sunny Optical Intelligence (Yuyao) passed the "Waste-Free Factory" acceptance.

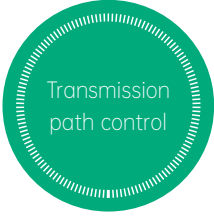
Noise Management

To protect employees' health and the tranquility of surrounding communities, we have implemented the "Quiet Factory" initiative, proactively preventing and controlling noise.



Planning and source control

During the planning of new factories and equipment procurement, priority is given to low-noise equipment, and noise sources are distanced from factory boundaries and office areas through rational layout. For existing high-noise equipment in factories, noise-reducing facilities such as silencers and damping pads are installed to mitigate noise from equipment operation.



Transmission path control

Comprehensive noise reduction measures are applied to main noise sources such as power rooms, air compressors, and water chillers. During the reporting period, Sunny Opotech installed calcium silicate sound-absorbing panels on walls near production areas in facility equipment rooms to reduce noise impact. Sunny Xinyang Optics installed main blowers for equipment in separate rooms to minimize the impact of their operation on the surrounding environment. Sunny Zhongshan Optics extended vacuum generator air tubes and placed them inside equipment for sound insulation, achieving a 7% reduction in noise.



Regular monitoring and maintenance

The Group has established standards for regular noise monitoring of factory boundaries and commissioned third-party organizations for periodic testing to ensure compliance with emissions regulations. We have also strengthened equipment maintenance to prevent abnormal noise caused by equipment aging.





Key Performance Indicators for Emissions

During the reporting period, the KPIs at the emission level are as follows:

Category	Unit	2025 (Note 1)
Sulfur dioxide (Note 2)	kg	1.5
Nitrogen oxides	kg	941.9
Particulate matter	kg	89.5
Total hazardous waste	ton	487.4
Total hazardous waste intensity	kg/RMB million revenue	11.3
Total non-hazardous waste	ton	12,732.2
General non-hazardous waste	ton	7,035.4
Recycled waste	ton	5,696.8
Total non-hazardous waste intensity	kg/RMB million revenue	294.5
Wastewater discharge (Note 3)	ton	3,786,874.5

- Notes
1. The disclosure scope for 2025 includes the Company and its subsidiaries, aligning with the consolidation scope of the annual financial report. Given the adjustments to the reporting scope in 2025 and considerations regarding data comparability, data prior to 2025 has not been restated. For reference, please consult previous editions of the *Environmental, Social, and Governance Report*.

2. The emission factors of sulphur dioxide of the Group's diesel and gasoline are based on the *EMFAC-HK Vehicle Emission Calculation*.

3. The wastewater discharge volume was empirically calculated at 80% of water consumption.

Green Ecosystem

The Group regards biodiversity as a key natural capital for long-term corporate resilience and sustainable development. We recognize that protecting and enhancing biodiversity is not only central to fulfilling environmental responsibilities, but also an essential choice for creating shared value and addressing climate change risks. To this end, we are committed to deeply integrating biodiversity considerations into the entire decision-making and operational processes of the Company, following the mitigation hierarchy principle of "Avoid, Minimize, Restore, and Offset", and striving to achieve a net positive impact on nature.

All major construction projects of the Group underwent environmental impact assessments and were approved in accordance with the relevant laws and regulations. During project construction and operation, we strictly complied with environmental regulations to ensure minimal environmental impact.

The Group's largest production base, the Yuyao West Industrial Park, is located within the National 3A-level Scenic Area - Yuyao Intelligent Optoelectronics Town, and its planning consistently follows the "ecology-first" concept. During the reporting period, we maintained the ecological and recreational functions of the riverside park between factory areas. Furthermore, safeguarding the aquatic ecological environment of the Shiluqiao River is a firm commitment of the Group. We persistently conducted regular sampling and inspections of stormwater discharge outlets in factory areas to ensure no abnormal discharges, with all comprehensive testing data meeting discharge standards, thereby protecting the surrounding aquatic ecology.

The Group plans to assess biodiversity risks and potential impacts, and formulates corresponding risk management strategies. In terms of supply chain management, we will collaborate with suppliers to protect biodiversity in the future, incorporating biodiversity conservation and zero-deforestation commitments into supplier management requirements to advance biodiversity protection on all fronts.

During the reporting period, we actively organized and supported multiple site conservation and public education projects, contributing to local ecology through concrete actions. As part of our efforts to continuously manage invasive species, we formed an employee volunteer team to remove *Solidago canadensis* in targeted locations in areas surrounding the factory premises, effectively controlling the spread of this invasive alien species and protecting native plant communities.

Sunny Zhongshan Optics organized the "River Guardians" environment cleanup activity where dozens of volunteers cleared accumulated domestic waste such as plastic and paper, significantly improving the ecological environment within the factory area. Meanwhile, during Arbor Day, a native tree species planting activity was carried out, which not only stabilized soil and protected slopes but also added new green nodes to the regional ecological network, directly contributing to carbon sink enhancement and habitat restoration.



03

Innovation Empowerment & Green Optics

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Clean Technology and Opportunities

With the growing global focus on environmental sustainability, the Group prioritizes clean technology R&D and application as a core strategy. We promote green innovation to drive improvements in environmental performance and seize market opportunities arising from the low-carbon economy. During the reporting period, the Group's R&D investment reached RMB 3,258.6 million, an increase of 11.4% compared to 2024. In addition, we actively undertook national and local green technology projects, and in 2025, the share of clean technology-related revenue exceeded 30.0%.

Green Low-Carbon Products and Services	Core Products/ Services	Environmental Benefits	Share of Revenue
Serving the green and low-carbon industry	New energy vehicle onboard camera solution	- In new energy vehicles, onboard camera solutions empower advanced driver assistance systems and optimize energy management strategies, thereby reducing power consumption and directly cutting carbon emissions during vehicle operation. - The electronic replacement enabled by head-up displays in new energy vehicles contributes to vehicle lightweighting. Combined with the low-power design of the products themselves, this further reduces the environmental footprint of vehicles throughout their life cycle.	9.6%
Empowering industrial automation and intelligentization	Visual sensing products, Personal Verification Terminal / Commercial Service Robot/ Intelligent logistics terminals	Personal verification terminal: Adopting high-precision AI visual algorithms, these terminals significantly improve the one-pass recognition rate in identity verification scenarios, effectively reducing equipment standby and fill-light energy consumption caused by repeated recognition. This helps users lower terminal power consumption, achieving both convenience and energy conservation and carbon reduction goals. Commercial service robots: When performing navigation, cleaning or delivery tasks in public areas, intelligent path planning and low-power visual sensors greatly reduce energy waste from ineffective movement and repetitive operations. They also replace traditional manual high-frequency inspection, cutting implicit carbon emissions in management activities. Intelligent logistics terminals: Applied in industrial and warehousing scenarios, 3D vision and AI algorithms optimize material grasping and sorting processes. This reduces material loss and rework energy consumption caused by misoperation, while indirectly lowering the life-cycle carbon footprint of logistics facilities by improving warehouse space utilization.	0.8%
Improve energy and resource utilization efficiency of end devices	Ultra-thin optical modules with low power consumption	- The power consumption of the module is reduced by 30%, directly cutting electricity consumption of smartphones, tablets and other end devices during use. Meanwhile, the 25% smaller size helps optimize internal space layout and improve heat dissipation efficiency, further reducing overall energy consumption. - A 15% reduction in material usage effectively lowers embodied carbon emissions in the manufacturing process	15.0%
Design optimization and material substitution	Lightweight and compact design of lenses	- The compact design directly reduces the consumption of raw materials such as glass and plastic, lowering energy consumption and greenhouse gas emissions during upstream raw material extraction and manufacturing. - The lightweight design reduces the overall device weight. Combined with the low-power consumption feature brought by miniaturization, it extends the battery life of end devices with the same battery capacity and reduces charging frequency, thereby lowering electricity consumption and corresponding indirect carbon emissions over the device life cycle.	2.1%
Digitalization of offline scenarios	Virtual Reality ("VR"), Augmented Reality ("AR"), Smart Glasses	Through technology terminals, originally necessary offline scenarios (such as fitness and entertainment, conferences, training, etc.) are transformed into convenient and efficient online modes, saving redundant offline activity processes and reducing carbon footprint.	2.5%

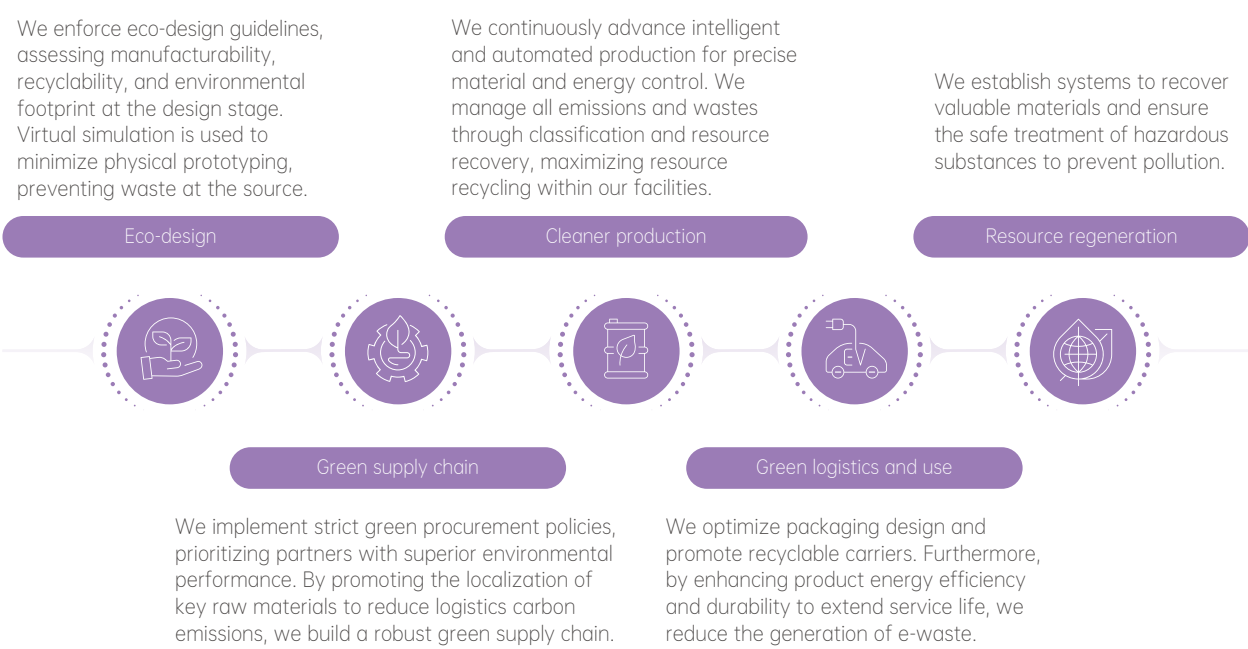
The Group embeds the green and low-carbon philosophy across the entire R&D lifecycle. Guided by the principles of "technology leadership, customer orientation, green manufacturing, and systematic innovation", and aligned with our core strategy of "vertical integration + key technology breakthroughs", we drive the development of green, low-carbon, sustainable products and technologies. In terms of R&D management, we prioritize customer needs and global technology trends to establish a future-oriented green R&D system, integrating environmental impact assessment into a key dimension in product design and technology selection.

The Group has established a clearly defined three-tier R&D organizational system to facilitate the rapid application of self-developed or introduced high technologies into products:



Full Lifecycle Green Practices

We uphold a "Cradle to Cradle" philosophy, integrating environmental considerations across all business operations:



Key Performance

Our efforts have translated into tangible, measurable environmental and business outcomes. During the reporting period, our clean technology practice cases are as follows:

Representative Cases	Core Innovation Points	Benefits
Lightweight design for lens	We optimize optical architecture and structural topology to achieve lightweighting of main lenses. This enhancement improves the portability and battery life of terminal equipment and reduces energy consumption during transportation.	The average weight of a single lens is reduced by 20%, and the product volume is decreased by 12%.
Development of green packaging technology	We apply semiconductor packaging technology to image sensors, minimizing size and optimizing heat dissipation.	The energy consumption of a unit module is lowered by 20%, and the material usage is cut by 15%.
Green drive technology for piezoelectric motor	We replace traditional motors with the ones with piezoelectric technology.	The power consumption is lowered by 30% and the volume is reduced by 25%.
Development of miniaturized ultra-thin primary camera lens with glass-plastic hybrid multi-aperture and four-cut edge design	We utilize glass-plastic hybrid optical design and miniaturized structures, integrated with a high-efficiency drive solution.	It reduces energy consumption of terminal devices and assists customers in carbon reduction. Overall product dimensions are reduced by 15%. It leads the market trend for lightweight designs, becoming the preferred choice for high-end clients and enhancing brand image and market share.
Substitution of adhesive bonding process	We introduce precision O-rings as physical seals, successfully replacing the original adhesive bonding process.	The new structural design facilitates easier disassembly and separation at the end of the product lifecycle, enhancing material recyclability. Additionally, it saves 80 kg of adhesive usage annually.
Intelligent, water-saving lens cleaning system	We pioneer industry-first micro-quantity, gas-liquid, composite cleaning technology, achieving precise on-demand supply.	The water consumption per cleaning cycle is reduced by 99%, significantly conserving water resources. It has been granted 6 patents. It has addressed a core challenge in the autonomous driving sector, secured orders from top global automakers, and established a significant first-mover advantage.
Shortened the production cycle for glass aspherical lenses	We optimize the molding process and pressure settings, shortening the production cycle of glass aspherical lenses by 36%.	This reduces the unit cost by approximately 5%, resulting in annual savings of RMB 4.98 million.

Representative Cases	Core Innovation Points	Benefits
Development of lens reliability simulation technology	We build temperature variation and optical imaging models to predict lens reliability under extreme environments, reducing the frequency of physical testing and lowering material and energy consumption.	It shortens the R&D cycle by approximately 20% and saves over RMB one million in trial production costs annually.
Modular component design	We develop detachable modular components, allowing users to replace damaged modules individually rather than scrapping the entire unit.	It extends product lifecycle and reduces waste generation by approximately 252 tons.
Sleep mode and energy management system	We design an automatic sleep function for digital microscopes and optimizes circuit board designs to reduce standby power consumption.	It reduces equipment energy consumption by approximately 10%.
Energy-saving optimization for lens focus solution	We replace the motor focusing solution with a liquid lens auto-focus solution in scanning projects.	The product power consumption is reduced by 50%, extending the standby time of end products.
Application of high-efficiency algorithms	For the action camera project, the introduction of self-developed autofocus algorithms has increased hourly production output by 33%. With the integration of integrated testing equipment, automated upgrades and improved software testing efficiency have boosted hourly production output by 30% to 90%.	It saves approximately 500Mwh of production energy in total.
Development and application of intelligent AI camera technology	Through AI, miniaturization, and lightweight design, a complex system (including camera module, dual mics, Wi-Fi/Bluetooth, multiple PCBs, battery, and various sensors) is integrated into a minimal space (between the front cover glass and the back cover glass). This combines "AI Camera + AI Charging Dock + Communication Module" functions into a lightweight, wearable all-in-one device.	The overall performance of the smart AI hardware is optimized, reducing material usage by over 20% and power consumption per unit by more than 50%. This creates a smarter, more eco-friendly, lightweight, and wearable all-in-one device. It achieves a balance of 2 hours of continuous recording and 13 hours of standby time under a limited battery capacity of 800mAh.

Intellectual Property Protection

In a knowledge-driven era, we firmly believe that innovation is the core engine of corporate development, while a sound IP management system serves as the cornerstone for protecting innovation outcomes, transforming technical value, and building market competitive advantages. We are committed to establishing an IP management system that spans the entire process of creation, protection, utilization, and risk prevention, transforming intangible intellectual assets into a key force supporting our sustainable operation and green transition.

We approach IP with the utmost seriousness, underpinned by a clear and systematic top-level design. Our IP activities strictly comply with relevant laws and regulations such as the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, etc. We have formulated core internal norms, such as the *Intellectual Property Management Policy*, aimed at integrating management processes, incentivizing innovation, guiding the output of high-value results, and strengthening the R&D and application of core technologies. Ultimately, this facilitates a strategic shift from pursuing "quantity" to emphasizing "both quantity and quality", thereby effectively reducing operational risks and enhancing our overall competitiveness and economic benefits.

Our subsidiaries, Sunny Zhejiang Optics, Sunny Opotech, Sunny Automotive Optech, and Sunny Optical Intelligence (Yuyao) have all been certified to the *Standards for the*

Management of Corporate Intellectual Property Rights (GB/T 29490). Furthermore, Sunny Zhejiang Optics and Sunny Opotech have been certified to ISO 56005 *Innovation and IP Management Capability* Level 4. These demonstrate that the Group has established a sound and systematic IP management system, bolstering promotion of technological innovation, enhancement of core competitiveness, and pursuit of sustainable development.

We believe that people are the source of innovation. To effectively stimulate the enthusiasm of all employees, particularly R&D personnel, we have formulated the attractive *Rules for Granting Incentives for Intellectual Property Rights*. During the reporting period, we distributed over RMB 2.15 million in IP rewards, benefiting 2,251 individuals. This mechanism has significantly enhanced the awareness of innovation and protection across the workforce, providing direct momentum for the continuous emergence of high-value IP.

Through sustained R&D investment and effective incentive mechanisms, we have achieved solid results in IP accumulation. The Group's global patent portfolio has grown steadily, with cumulative granted patents exceeding 1,358 as of 2025, including 47 green-related patents. These represent the technological vehicles through which we contribute to global sustainable development goals.

	Unit	2025	Cumulative Data as of the End of 2022
Total Number of Granted Patents	Nos	1,358	7,561
Number of Granted Invention Patents	Nos	998	4,408
Number of Granted Utility Model tents	Nos	349	3,057
Number of Granted Design Patents	Nos	11	96
Number of Domestic Authorized Patents	Nos	1,244	6,416
Number of Foreign Authorized Patents	Nos	114	1,145
Number of Green-related Granted Patents	Nos	47	3,506



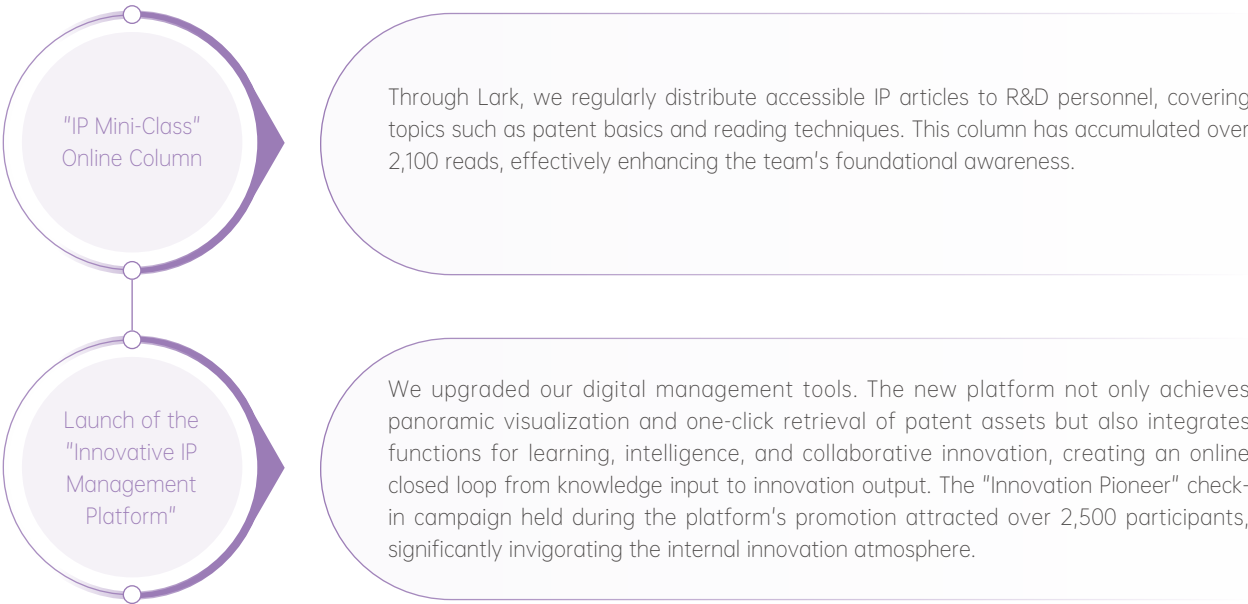
While pursuing innovation, we attach great importance to IP risk management. We have integrated this function into our overall risk management platform, monitored by KRI such as "Core Patent Ratio" and "Timely Completion Rate of Project Patent Risk Assessments". Our subsidiaries have identified and assessed potential IP risks based on their specific circumstances and formulated corresponding control measures. This two-tier management mechanism, spanning from the Group to business units, ensures the effective protection of our core technologies and the proactive prevention and mitigation of external infringement risks. During the reporting period, no major IP infringement lawsuits occurred.

During the reporting period



No major IP infringement lawsuits occurred

We believe that a strong IP culture requires continuous cultivation and empowerment. Therefore, we conducted diverse IP awareness and educational activities:



Quality Control

We view product quality as the bedrock of our survival and growth, adhering to the core principles of "think before we leap, strive for excellence, and win through quality". Guided by customer needs, we emphasize a preventive approach by conducting thorough assessments of potential risks and opportunities to implement quality planning. Through continuous improvement, we deeply integrate the full-value data chain into management processes, pursuing the constant perfection of process management. Ultimately, we sustain our market advantage through exceptional quality competitiveness.

Quality Management System

We strictly comply with national laws & regulations and maintain a comprehensive quality management system. All 10 subsidiaries of the Company have certified to ISO 9001 Quality Management System, with 6 also certified to the IATF 16949 Quality Management System in Automotive Industry. All subsidiaries of the Company have established hazardous substance management requirements in accordance with the Hazardous Substance Process Management ("HSPM") QC 080000 standards, with 4 subsidiaries having obtained relevant certifications. Furthermore, Sunny SmartLead has been certified to ISO 26262 Functional Safety Management System and ISO 21434 Road Vehicle Cybersecurity Management System. Sunny Optical Intelligence (Yuyao) and Sunny SmartLead have been certified under the ESD S20.20 Electrostatic Discharge Control System, while Ningbo Sunny Instruments Co., Ltd. (Sunny Instruments) has been certified to the ISO 13485 Medical Devices - Quality Management System.



Certificate of Quality Management System in Automotive Industry



Certificate of Quality Management System



Certificate of Electrostatic Discharge Control System



Certificate of Hazardous Substance Process Management System



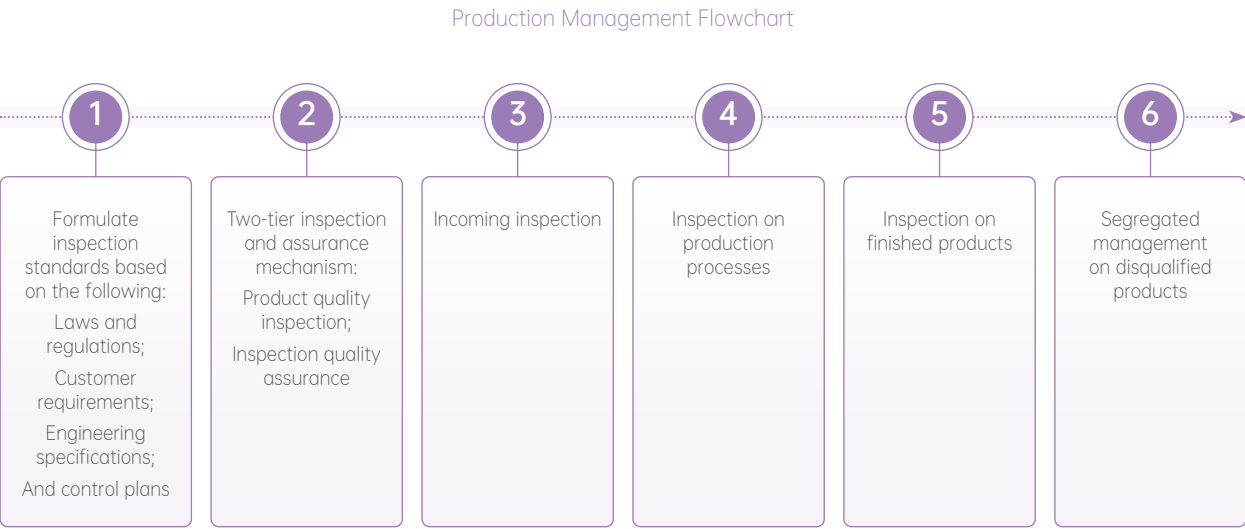
Safety Function Certificate



Certificate of Medical Devices - Quality Management System

The Quality Assurance ("QA") departments of each subsidiary under the Group serve as the primary departments responsible for quality supervision, with functions including system establishment and maintenance, as well as HSF management. We have formulated the *Quality Manual* as a guiding document and established a full-process management system covering design & development, production & manufacturing, inspection & testing, non-conforming product control, and customer complaint handling. Through regular internal audits, management reviews, and process audits, we continuously assess the suitability, adequacy, and effectiveness of the system. This ensures the robust operation of the quality management system, providing a solid institutional guarantee for product quality.

Full-Process Quality Control



The Group implements quality control covering the entire product lifecycle, ensuring that every stage, from raw material receipt to finished product delivery, remains under strict control.

Through multiple inspection checkpoints, including Incoming Quality Control ("IQC"), In-Process Quality Control ("IPQC"), and Final/Outgoing Quality Control ("FQC/OQC"), combined with quality tools such as Statistical Process Control ("SPC") and Measurement System Analysis ("MSA"), we manage the "Man, Machine, Material, Method, Environment, and Measurement" elements of the production process. Furthermore, we have introduced digital platforms such as the Manufacturing Execution System ("MES") and Quality Management System ("QMS") to enable real-time data collection, monitoring, and traceability, facilitating early warning and error prevention. We have also established the *Nonconforming Product Control Procedure* to identify, segregate, review, and dispose of any non-conforming products found, preventing their unintended use or release. All quality anomalies follow a closed-loop management principle of "root cause analysis → corrective and preventive actions → effectiveness verification" to drive continuous improvement.

We operate a comprehensive laboratory with a floor area of approximately 3,000 m², equipped with over 70 sets of large-scale instruments and systems. Core testing capabilities include reliability testing, material analysis testing, failure analysis testing, and electromagnetic compatibility testing. Adhering to the principles of "Impartiality, Reliability, and Rapid Response", the laboratory continuously explores development pathways. While serving internal clients, it is dedicated to building a testing support platform for upstream and downstream industries as well as the optoelectronics complex. It has been accredited by the China National Accreditation Service for Conformity Assessment ("CNAS") and holds the certificate of ISO/IEC17025 *General Requirements on Detection and Calibration on Laboratory Capabilities*. For special inspection requirements that cannot be met internally, we collaborate with third-party laboratories for necessary inspections.



Continuous Quality Improvement

The Group is dedicated to the continuous improvement of quality performance. Through systematic improvement activities and technological innovation, we drive product quality toward excellence.

Case Studies		
Case Name	Improvement Measures	Improvement Results
Yield improvement of white sheets	We established a normalized improvement organization and defined process quality indicators such as pick-up rates and yield rates at each stage, making quality improvement and innovation a part of daily routines. It optimized and innovated equipment, materials, processes, and structures to enhance product yield.	Yield of white sheets increased by 18%.
Improvement of tooth profile structure for black inserts	We optimized the machining process by introducing stress simulation and tool path simulation technologies, and designing new cutting tools, thereby improving the processing yield of inserts.	The overall processing yield of black inserts increased by 35%, generating an annual economic benefit of RMB 8.28 million.
Bare chip AA process reliability and defect control improvement	We streamlined the connection between chip surface and component-side processes, modified AA inline equipment and carriers, optimized motor cleaning process parameters, and added machine air curtains. These measures improved process efficiency while reducing the risks of chip exposure, board drop, and particle contamination.	Achieved compliance with both process and reliability standards.
First pass yield improvement for lens	We conducted special improvement projects, supplemented by Define-Measure-Analyze-Improve-Control (DMAIC) targeted campaigns to address pain points in various processes.	First pass yield increased by 9.8%.
Establishment of an information management platform for quality anomalies	Through the system, anomaly information from production and inspection stages was uploaded to the online platform in real time. A mechanism for timeliness control and hierarchical linkage was established synchronously, achieving full-process online closed-loop management of quality anomaly information.	Anomaly tracking success rate increased by 10%.
Improvement of glue debonding and overflow	We developed and deployed automatic dispensing equipment, reducing glue debonding and overflow anomalies caused by inaccurate manual dispensing positions and quantities.	The debonding rate and overflow rate reduced from 7% to 1.3% and from 5% to 0.68% respectively.
Yield and efficiency improvement of glue scraping	We developed and utilized automatic glue scraping equipment, reducing lens contamination and scrap caused by manual glue scraping.	Glue scraping yield increased by 2.4%, and efficiency improved by 71.4%.
Defect spot improvement	We optimized the SMT cutting method and added solution cleaning processes.	Defect spot rate reduced by 86%.
Light spot deviation improvement	We introduced high-precision, automatic wire adjustment equipment and performed specific equipment optimizations to prevent external interference during production.	Defect rate reduced by 85%.
Component collision improvement	We optimized fixtures, operating procedures, and the on-site environment.	Component collision rate $\leq$ 4.6 ppm.
Improvement of black spots and image alignment issues in optical modules	We implemented targeted measures such as two-color finger cots, Class 100 workbenches, and adjustments to sealing methods.	First pass yield increased by 10%.

Product Safety and Emergency Management

We prioritize identifying "where risks lie and their severity". Quality risk assessment serves as the starting point of risk management, with the core objective of quantifying risk levels to provide a basis for subsequent responses. Currently, our subsidiaries have established the *Procedure for Risk and Opportunity Management* to systematically identify and assess potential risks related to product quality on a regular basis. They have also formulated corresponding prevention and response measures. Addressing potential emergencies, we have formulated the *Management Provisions on Emergency Plans* to ensure rapid response and minimize impact on customers and ourselves.

Furthermore, we have established the *Procedures for Product Recall Mechanism*, clarifying initiation conditions, tiered response mechanisms, communication workflows, and disposal methods. If a defect is discovered in delivered products that may affect safety or seriously violate regulatory standards, we will proactively initiate the recall process and assume corresponding responsibilities. During the reporting period, the Group had no product sold or shipped subject to recall incidents due to safety or health reasons.

Quality Culture

Upholding the belief that "quality is the responsibility of all", we provide regular training on quality awareness, tools, and SOPs for new hires, existing employees, and management at all levels. During the reporting period, the Group held over 500 quality-related training sessions, covering 150,000 participants, significantly elevating the workforce's quality competency.

We institutionalized "Quality Month" campaigns through role model selections, knowledge contests, case sharing, and culture handbooks. These activities foster an atmosphere where "everyone values quality and pursues excellence", ensuring that quality principles are internalized and practiced.

Case Studies

To deepen the "customer-centric" strategy and translate it into measurable sustainable actions, Sunny Zhejiang Optics successfully held a Quality Month event themed "Deep into the Frontline, Solving Problems" during the reporting period. Through a series of measures including quality improvement projects, the release of a culture handbook, the selection of role models, and environmental improvements, the event drove the closed-loop resolution of 19 specific quality issues and empowered 488 key personnel on-site. This not only directly enhanced product reliability and customer satisfaction but also reinforced the quality culture of continuous improvement and company-wide participation, laying a solid foundation for long-term sustainable development.



In active response to the national call for high-quality development, Sunny Opotech concurrently launched a Quality Month series themed "Do It Right the First Time". The activities covered quality benchmark interviews, quality pledge ceremonies, company-wide quality knowledge quizzes, offline interactive challenges, empowerment training, quality seminars, and quality benchmark selection and awards. These initiatives promoted employee participation across multiple levels, reinforcing quality awareness.



Sunny Optical Intelligence (Yuyao) organized senior engineer sharing sessions to strengthen tool empowerment. Through systematic learning, employees mastered advanced quality control methods and tools. Additionally, interactive quiz contests with prizes were also conducted, enabling participants to acquire knowledge engagingly, effectively reducing defects and enhancing product quality during production and service processes.

Zhejiang Sunnyverse Technology ("Sunny Verse") launched a Quality Month campaign themed "Strengthen Awareness, Improve Yield, Reduce Costs and Increase Efficiency for Building a Solid Foundation for High-Quality Production". The company organized a series of activities, including knowledge contests with prizes, Quality Lecture Halls, and improvement project evaluations, employing a multi-pronged approach to consolidate the production quality foundation. Notably, the Quality Lecture Halls utilized a dual "online + offline" training model covering classic case studies, basic professional knowledge, and practical problem-solving skills. This approach empowered employees to apply their learning, ensuring that training outcomes were transformed into capabilities for enhancing product quality.



Smart Manufacturing

Smart manufacturing is the core engine driving industrial upgrading and achieving sustainable development. Actively responding to national policies, the Group prioritizes smart manufacturing as a strategic focus. Through digital transformation integrated with AI, it continuously improves production efficiency, product quality, resource utilization, and environmental performance. We are dedicated to creating a safer and more efficient working environment for employees, realizing the synergistic development of economic benefits, social responsibility, and environmental protection. Currently, our investment in digital transformation exceeds RMB 800 million. We have established a digital factory integrating multiple business management software systems, including Enterprise Resource Planning ("ERP") and MES. Besides, we have constructed high-bay warehouses and smart logistics systems, and completed a full-modal data lake.

In practice, our smart manufacturing platform has become a key vehicle for creating ESG value. Through the construction of smart energy management systems and full-process traceability systems, we have achieved refined energy management and precise control of material consumption, promoting energy conservation, emission reduction, and waste reduction at the source. Meanwhile, the widespread application of automated equipment and AI visual recognition technology not only liberates employees from repetitive and high-risk labor but also builds a proactive safety protection system to effectively safeguard employee health. Furthermore, we empower employee growth through an AI-powered knowledge base.

During the reporting period



Sunny Zhejiang Optics was selected for
**the List 2025 of Zhejiang
Provincial Future Factory**



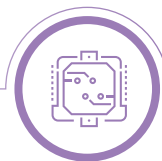
AI technology has further become the intelligent hub for addressing ESG challenges. On the environmental front, AI process optimization and predictive maintenance models have significantly reduced material waste and abnormal energy consumption. Regarding social and governance aspects, AI visual inspection systems ensure "zero defects" with precision and stability surpassing human capabilities, while strengthening quality governance through objective and unified judgment standards. These practices collectively constitute an intelligent ecosystem that continuously creates value for environmental protection, friendliness, and transparency.

AI Application Case Studies



AI-empowered quality inspection

We applied AI visual algorithms to automatically identify defects such as scratches and stains during stray light testing for prisms and visual inspection for small-aperture lenses. This saved significant manpower for quality inspection and improved detection efficiency by 92%. In addition, it increased yield significantly and reduced complaint rates by 70%, transforming quality control into an objective, precise, and standardized process.



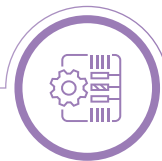
AI-empowered process optimization

We utilized AI for parameter tuning, reverse-optimizing injection molding machine parameters for the next batch based on the inspection results of the previous batch. This reduced non-conforming products and material waste at the source, enhanced process standardization and refinement, and achieved cost reduction and efficiency improvement.



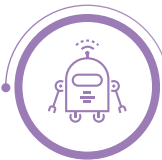
AI-empowered employee safety

We deployed AI for safety monitoring, using computer vision to identify in real time whether employees comply with safety procedures. This built a proactive safety protection system to prevent workplace injuries and empowered employees to resolve issues rapidly.



Application of AI focusing based on inverse light path

We combined AI with simulation training on a vast collection of captured images to skip the focusing process and directly predict the optimal Z-axis position for lens clarity. This enhanced testing accuracy and efficiency significantly.



AI-empowered baking monitoring for leak prevention

We utilized AI technology to create an intelligent leak prevention and control solution for the baking process. AI models intelligently determine whether baking is initiated and executed in full compliance. This eliminates quality risks such as baking omission, idle baking, transfer without baking, and interrupted baking at the source. It ensures 100% execution of the baking process via digital means, supporting efficient, stable, and standardized operations of production lines.

Chemical Management

Upholding the development philosophy of "Green, Safety, and Sustainability", the Group has established a lifecycle-based chemical management system, achieving 100% identification and classified control of chemicals used in production and operations. We have also categorized chemicals into distinct groups, such as "immediate prohibition", "phased prohibition", "recommended use", and "controlled use", ensuring that the procurement, storage, usage, discharge, and disposal of all chemicals comply with international standards and regulatory requirements.

Management of Hazard-Free Chemicals

The Group actively promotes green chemical alternatives, prioritizing chemicals with lower impacts on human health and the ecological environment. The hazard-free chemicals involved in our production and operations primarily include low-toxicity, biodegradable, or renewable-source substances, such as high-purity ethanol and sodium bicarbonate. For such chemicals, we have formulated the *Management and Control Procedures for Chemical Safety* for standardized management covering procurement traceability, usage records, storage conditions, discharge monitoring, and emergency response, thereby ensuring environmental safety throughout their lifecycle.

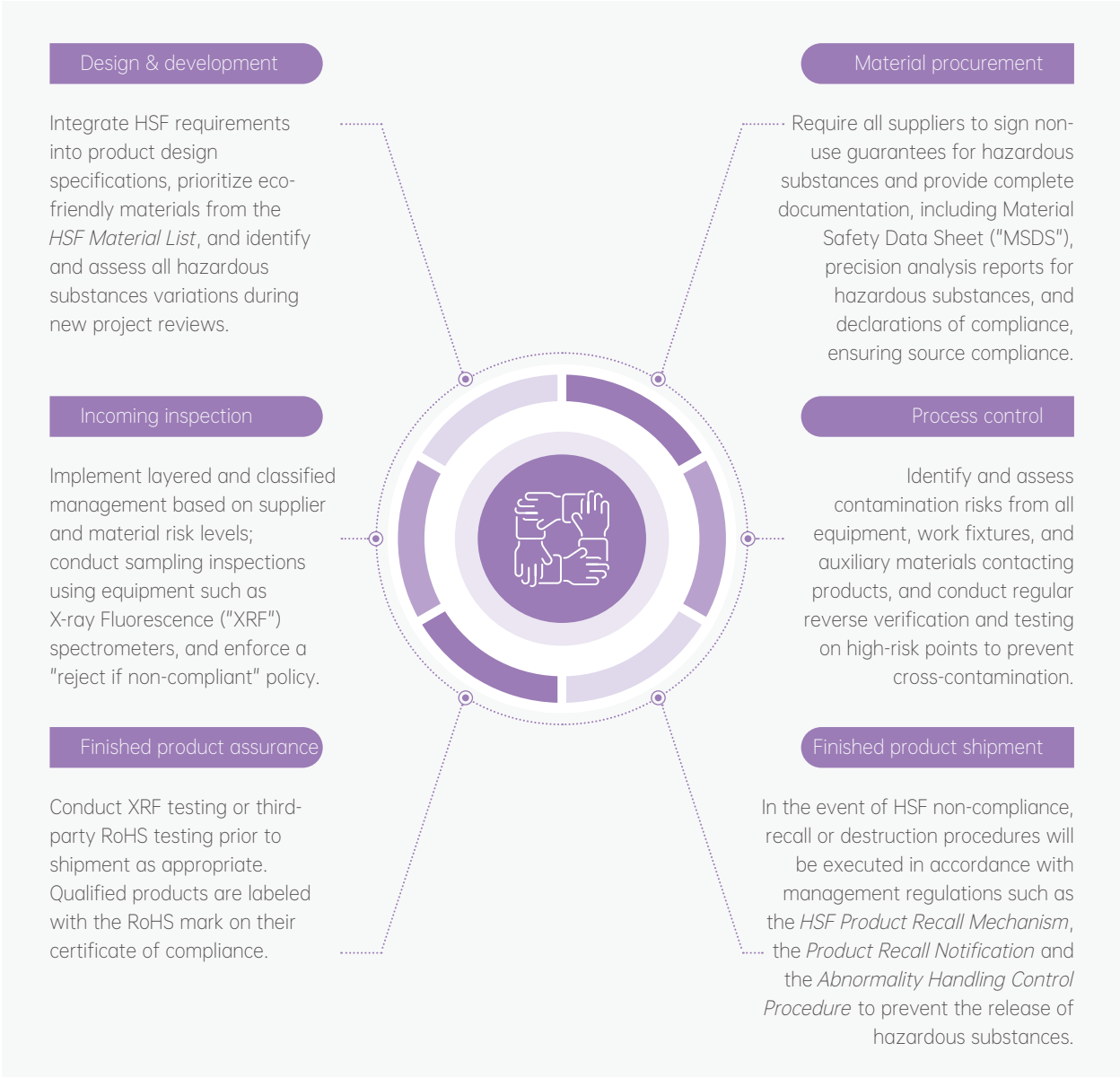
Hazardous Substance Management

In active response to global sustainability initiatives and to fulfill our corporate social responsibility towards the environment and health, the Group has established a comprehensive and systematic management system for HSF. We are dedicated to identifying, controlling, and gradually reducing hazardous chemical substances throughout the product lifecycle. This ensures product safety and compliance, mitigates potential risks to the environment and human health, and provides customers with green, reliable solutions.



We have established documents such as the *HSF Management Manual* and the *Technical Standards on Environmental Management of Products* based on the requirements of IECQ QC 080000 *Hazardous Substance Process Management System*, ensuring the standardized and systematic management activities. We provide customers with information such as chemical composition lists for products via product labels, client platforms, and third-party platforms like the International Material Data System ("IMDS"). We continuously track laws, regulations, customer standards, and industry norms to dynamically update our internal regulation - *Technical Standards on Environmental Management of Products*. These clearly define controls for over 200 hazardous substances, including lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls ("PBBs"), phthalates, and halogens, ensuring that control requirements meet or exceed laws and regulations.

Upholding the "Cradle to Grave" management philosophy, we implement rigorous controls across the stages of product development, incoming materials, manufacturing processes, and finished products:



HSF Management Targets	2025 Target Achievement Status
100% compliance of products with customer HSF requirements	Achieved
Zero HSF non-conformance incidents	

Chemical Phase-out

We are not content with static compliance; rather, we are dedicated to proactive management and active reduction to drive innovation in technology and materials. We formulate an *Annual Plan for Hazardous Substance Reduction* benchmarked against the latest international regulations and leading customer standards, implementing stricter limits or total bans on specific substances. During the reporting period, Sunny Opotech imposed restrictions on 42 substances, including beryllium dust & fumes and arsenic & its compounds, that were stricter than regulatory requirements, and established future restrictions for 20 substances, including cobalt & its compounds and melamine.

Sunny SmartLead initiated a comprehensive investigation and substitution plan for PFAS, mandating their prohibition in new projects and promoting the gradual phase-out of existing materials. Sunny Instruments prioritized the use of materials free of phthalate plasticizers, such as Thermoplastic Elastomers ("TPE") and Polyurethane ("PU"), to replace flexible Polyvinyl Chloride ("PVC"), and used eco-

friendly materials like Polyethylene ("PE") and Polypropylene ("PP") to replace rigid PVC, effectively mitigating health risks to users. Besides, Sunny Optical Intelligence (Yuyao) adopted finished white glue sticks to replace red glue, achieving a phase-out rate of over 90% during the reporting period.

During the reporting period, the Group had no recalls of sold or shipped products due to safety and health reasons. Furthermore, the Group did not record any incidents of non-compliance concerning product and service information and labeling, nor any incidents concerning marketing communications.

We firmly believe that responsible manufacturing begins with a respect for material risks and meticulous management. Looking ahead, we will continue to deepen its management system and strengthen collaboration with industry, academia, and research institutions. We aim to explore cutting-edge green chemistry and circular solutions, working with value chain partners to build a safer, cleaner, and more sustainable future.

Protection of Customer Rights and Interests

Committed to going beyond traditional transactions, the Group has built a transparent, efficient, and trust-based customer relationship management system. This ensures comprehensive safeguards for customer rights and interests regarding product quality, information confidentiality,

and service experience. Treating customer feedback as a catalyst for continuous improvement, it has utilized systematic management and innovative services to solidify long-term partnerships and co-create value.

Customer Communication

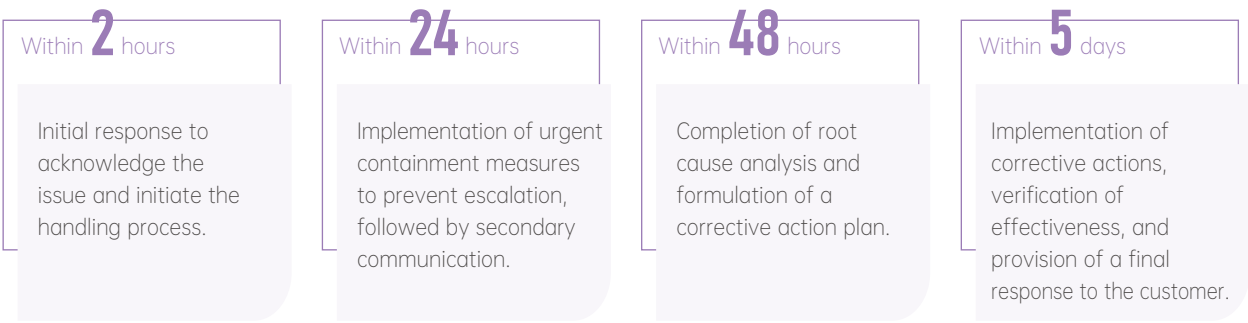
Upholding the principle of "where customers are, communication follows", the Group has established an omnichannel communication network covering both online and offline channels. Customers can engage seamlessly with our sales, R&D, engineering, and quality teams through various channels, including dedicated WeChat work groups, email, hotlines, scheduled and ad-hoc business meetings, customer visits, and industry exhibitions. For key projects, we have implemented a "Customer Team" model to integrate cross-departmental resources for providing one-stop services, ensuring efficient collaboration and enhancing the customer experience.

We have formulated and strictly implemented regulations such as the *Customer Service Control Procedure*, the *Customer Feedback Management Policy*, the *Customer Complaint Control Procedure*, and the *Customer Feedback Management Process*, standardizing and institutionalizing customer relationship management. Annually, based on customer satisfaction survey results, complaint analysis, and business plans, we have formulated the *Customer Service Plan* for the following year, defining specific arrangements for customer visits, technical exchanges, and satisfaction surveys. Through proactive, planned engagement, we not only stay abreast of customer needs and market trends but also deepen trust and partnerships through continuous interaction.

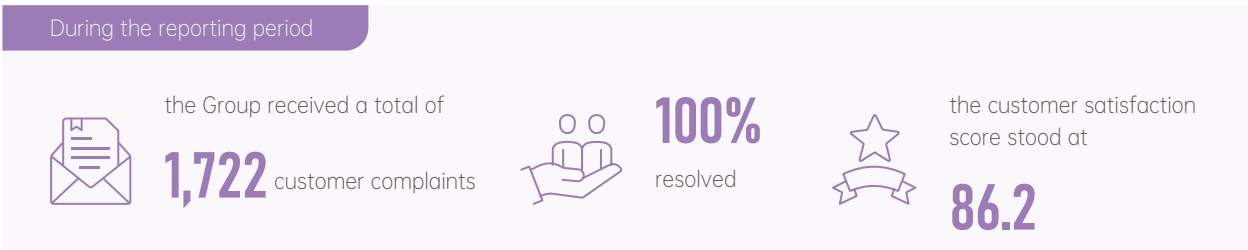
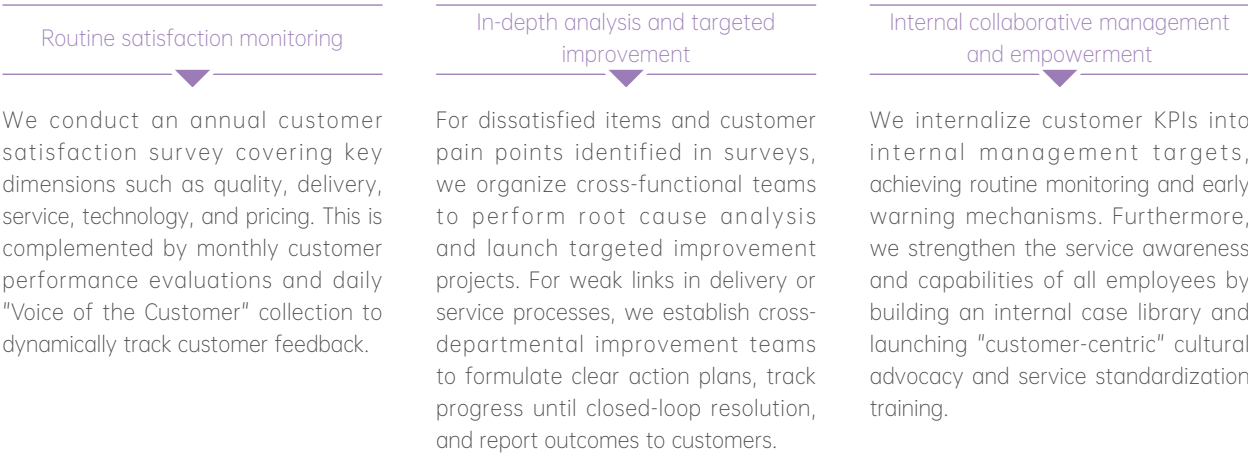
Improvement of Customer Satisfaction

We regard customer complaints as critical opportunities to improve our services and products. Through rigorous processes and proactive measures, we transform customer feedback into tangible actions that enhance satisfaction.

We have established and adhered to a clear customer complaint handling mechanism centered on the "2485" rapid response principle to ensure that every complaint is addressed in a timely and professional manner with closed-loop management:



Through multi-dimensional monitoring and proactive management, we have achieved a systematic enhancement of customer satisfaction.



Customer Information and Data Protection

Safeguarding customer trade secrets and personal information is a non-negotiable responsibility. We have built a comprehensive information security defense system spanning policies, technology, and culture. Our core principle is to ensure the security and compliance of customer information throughout the entire lifecycle—collection, storage, usage, transmission, and destruction. All business collaborations are premised on the signing of Non-Disclosure Agreements to clarify the confidentiality obligations and scope for both parties. Internally, we implement the principles of "least privilege" and "need-to-know" to classify customer information. In systems such as Customer Relationship Management ("CRM") and ERP, data access rights are precisely configured based on employee roles and responsibilities, with permissions revoked immediately upon resignation or transfer. In daily communications and reports, sensitive information is desensitized or coded. Restricted areas are subject to access control, and important customer documents are encrypted, backed up, and stored in protected internal systems. All customer data are retained for the long term.

During the reporting period, the Group had zero incidents of customer information leakage, effectively upholding customer rights and trust.

04

Transparent Supply Chain & Ecological Prosperity

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Supply Chain Management System

The Group is dedicated to building a responsible, resilient, and sustainable supply chain. We deeply integrate ESG risk control into the entire process of supplier selection, evaluation, and collaboration to drive continuous improvement toward a green, fair supply chain. With "Sustainable Supply Chain" as our core strategy, we adhere to the framework of "Strategic Leadership - Policy Support - Process Control - Technology Empowerment" to establish an ESG management system covering the full supply chain lifecycle.

The system aims to "reduce environmental risks, safeguard social rights, and enhance governance transparency". Through a closed-loop mechanism of "goal decomposition - division of responsibilities - process monitoring - result review", we ensure that ESG requirements are deeply integrated into every supply chain link. To ensure orderly management, our subsidiaries have formulated and refined multiple core policy documents, forming systematic institutional support. These documents include the *Procedures for Management & Control of Suppliers*, the *Substance Standards on Environmental Management of Products*, the *Control Procedures on Development and Appraisal of Suppliers*, and the *Management Measures for Mineral Control Related to Social Responsibility*. All these documents have been formulated with reference to international standards such as ISO 26000 Guidance on Social Responsibility, ISO 14064 Greenhouse Gas Requirements, and SA8000 Social Accountability Standard, and revised in line with industry regulations and actual business scenarios to ensure compliance and operability.

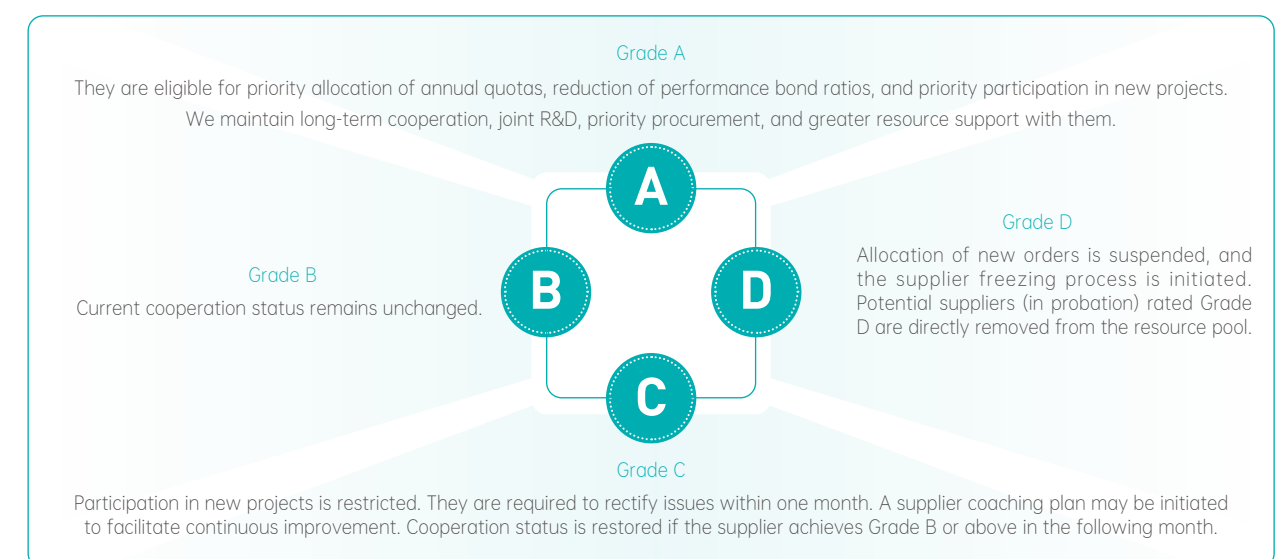
In terms of environmental and social risks for managing the supply chain, we have established a lifecycle-wide risk control system centered on the principles of "compliance baseline, risk prevention, and shared value". Our specific objectives include the following: ensuring supply chain compliance with global ESG regulations to minimize environmental violations; identifying and mitigating key risks such as labor rights, carbon footprints, and conflict minerals, with a target of 100% rectification for high-risk items by core suppliers; and promoting collaborative decarbonization across the upstream and downstream supply chain with clear targets for carbon intensity reduction.



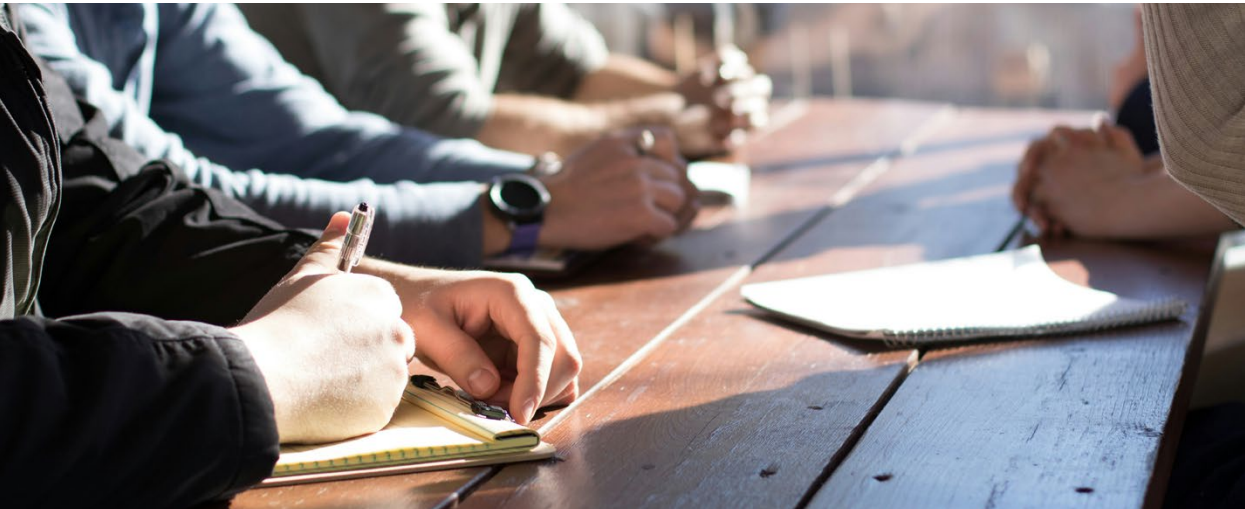
Supplier Lifecycle Management

The Group implements full lifecycle management for suppliers, spanning development, admission, evaluation, and delisting, with ESG factors integrated throughout the process.

During the development phase	We have formulated plans based on business needs and sourced potential suppliers through multiple channels. We have prioritized partners that have established or are committed to establishing management systems such as ISO 14001 Environmental Management System, IECQ QC 080000 Hazardous Substance Process Management System, and ISO 45001 Occupational Health and Safety Management System. We have conducted initial qualification investigations and verified environmental and social violation records of suppliers through public platforms.
During the admission phase	We have enforced a rigorous qualification review process. In addition to assessing qualifications, delivery capabilities, technical capabilities, quality assurance, financial stability, and trade security, we have embedded an ESG module that accounts for approximately 30% of the total score. This module covers multiple indicators such as environmental compliance, labor rights, business ethics, and conflict minerals. Furthermore, all suppliers must sign a series of agreements and commitments incorporating ESG requirements. These include the <i>Social Responsibility Agreement</i> , the <i>Undertaking for Non-Use of Conflict Minerals</i> , the <i>HSF Guarantee</i> , the <i>Undertaking for Operating with Integrity</i> , and the <i>Environmental/Safety Requirements Notification</i> . These documents cover the four dimensions of labor rights, health & safety, environmental protection, and business ethics. Suppliers failing to sign these documents are denied admission. We have also encouraged suppliers to provide environmentally friendly products and services, such as utilizing renewable energy and recyclable or eco-friendly materials.
During the selection and evaluation phase	We have established a performance-based continuous evaluation mechanism. For qualified suppliers, we have launched regular assessments (monthly/quarterly/annually) across the dimensions of Quality (Q), Cost (C), Delivery (D), Service (S), Technology (T), and the increasingly critical ESG. This process specifically integrates RoHS environmental requirements and the <i>RBA Code of Conduct</i> . Based on evaluation results, we have classified suppliers into grades from A (Excellent) to D (Unqualified). These grades are directly linked to incentive measures, such as procurement share, to achieve differentiated management. Simultaneously, we have ensured rectification and risk control through regular audits (on-site/remote) and the <i>Deficiency Improvement Schedule</i> . Moreover, we are dedicated to providing targeted enablement for suppliers at different levels, promoting step-by-step capability improvements to form a dynamic "Assessment - Grading - Enablement" ecosystem.



The Group has established a clear exit mechanism. Suppliers face penalties for major quality issues, repeated delivery delays, or violations of integrity and ESG commitments. Consequences include freezing, elimination, or termination of cooperation. This ensures the sustained health and overall competitiveness of the supply chain. Prior to initiating termination procedures, we fully consult with the suppliers to clarify and properly resolve outstanding issues, thereby safeguarding the legitimate rights and interests of both parties.



Supplier Resilience and Risk Management

To navigate the increasingly complex global trade environment and operational risks, the Group actively identifies and manages various supply chain risks to enhance supply chain resilience. Identified risks include geopolitical and trade compliance risks, environmental and social risks, supplier concentration or single-source dependency risks, and operational disruption risks caused by natural disasters.

To mitigate or avoid these risks, we have taken multiple measures. In terms of procurement strategy, we promoted supplier diversification by introducing at least two qualified suppliers for critical materials to avoid single-source dependency. We prioritized localized procurement to shorten supply chain distances, reduced logistics carbon emissions, and enhanced responsiveness. Simultaneously,

we established long-term strategic partnerships with core suppliers, signed annual stockholding agreements, and maintained 3 to 6 months of safety stock to balance costs with supply continuity risks. We incorporated suppliers' ESG performance into the annual audit system to drive improvements in their risk management. Furthermore, we continuously monitored raw material prices and exchange rate fluctuations, and strengthened overall supply chain resilience and security through high-level engagement, technical exchanges, and domestic material substitution. Additionally, we conducted simulation drills for sudden supply chain incidents (such as labor strikes, hazardous waste leaks, and floods) on a regular basis and refined the *Manual for Supply Chain Crisis Management* to ensure supply chain continuity and minimize the spillover of ESG risks.

Supplier Collaboration

We firmly believe that collaboration with suppliers is key to driving sustainability across the entire value chain. We actively promote the development of a green supply chain, integrating environmental and social responsibility requirements into our procurement policies. In practice, we have prioritized the procurement of materials meeting environmental standards, required suppliers to provide HSF certifications, and encouraged the use of renewable or recyclable materials. We have also promoted the recycling of packaging materials and collaborated with suppliers on waste recovery projects, effectively reducing raw material consumption and waste discharge. During the reporting period, Sunny Opotech partnered with suppliers to replace high-energy-consuming chillers and water pumps, helping suppliers save approximately 2,980 MWh of energy. Sunny Infrared Optics collaborated with selenium raw material suppliers to purify and recycle waste residue, reducing

hazardous waste discharge by 20 tons. Moreover, Sunny Automotive Optech assisted two suppliers in introducing photovoltaic power generation. Sunny Optical Intelligence (Yuyao) partnered with tin bar suppliers to purify and recycle tin dross, with an annual tin dross reuse of 0.2 tons.

As of the end of the reporting period, the Group had 4,248 Tier 1 suppliers (Note), among which there were 1,765 key Tier 1 suppliers. All of them complied with the supplier engagement practices set out in the *Supply Chain Management System*. Approximately 93.4% of these suppliers are located in Mainland China, with the remainder primarily distributed in Hong Kong. We prioritize local suppliers in our procurement. In 2025, procurement spending in Zhejiang Province accounted for approximately 13.2% of the total annual amount. Information on Tier 1 suppliers is as follows:

As of the end of the reporting period

the Group had

4,248 Tier 1 suppliers (Note)

among which there were

1,765 key Tier 1 suppliers

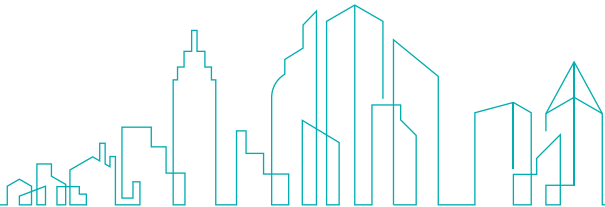
Category	Total (Nos)
Number of Tier 1 suppliers	4,248
Number of key Tier 1 suppliers	1,765
Number of key Tier 1 suppliers in Mainland China during the year	1,649
Number of key Tier 1 suppliers in other regions during the year	116
Number of new key Tier 1 suppliers during the year	344
Number of key Tier 1 suppliers implementing access practices during the year	344

The following table presents the completion status of management audits for corporate social responsibility among key Tier 1 suppliers:

Category	Total (Nos)
Number of suppliers who have signed agreements related to environmental and social responsibility	1,765
Total number of suppliers undergoing environmental and social responsibility audits during the year	673
Number of suppliers recognized as having negative environmental and social impacts	0
Number of suppliers whose contracts were terminated due to environmental and social impact	0
Number of suppliers who have signed agreements related to hazardous substances	1,765
Number of suppliers using environmental friendly products and services	1,765

Note

Key Tier 1 suppliers are defined as suppliers having a direct trading relationship with the Group that provide key raw materials which are components of the product.



Conflict Minerals

Policies and Measures on Conflict Minerals Management

The Group solemnly pledges not to support or use conflict minerals from areas of armed conflict that have not passed third-party certification. We have established a series of policies, including the *Management Measures for Mineral Control Related to Social Responsibility*, the *Regulations on the Administration of Green Substance*, the *Technical Standards on Environmental Management of Products*, and the *Conflict Minerals Management Specification*. These documents define our responsible mineral sourcing policies and closed-loop management processes, which are publicly disclosed in the sustainability section of the official website.

The Group's management of conflict minerals is integrated throughout the supply chain management process.

Policy and agreement compliance

We communicate the requirements of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and relevant international standards to our suppliers. During the supplier admission stage, we require suppliers to sign the legally binding *Undertaking for Non-Use of Conflict Minerals*. This requirement is also incorporated into our quality and procurement agreements.

Due diligence and traceability

Throughout our ongoing cooperation, we conduct systematic due diligence across the supply chain. We require all suppliers involving tin, tantalum, tungsten, gold, cobalt, and mica to utilize tools such as the *Conflict Minerals Reporting Template* ("CMRT") and the *Extended Minerals Reporting Template* ("EMRT") developed by the RMI to disclose the sources of minerals and information on smelters. We cross-reference the collected information against the lists of qualified smelters published by organizations such as RMI to ensure the mineral sourcing compliance and achieve 100% traceability of raw materials to the source.

Risk assessment

For suppliers identified as high-risk during our investigations, we take escalated management measures, including requiring corrective actions, conducting on-site audits, and even terminating cooperation.

During the reporting period, the Group initiated CMRT and EMRT surveys for a total of 275 suppliers involving incoming minerals such as tin, tantalum, tungsten, gold, cobalt, and mica. We confirmed that all smelters involved are listed on third-party certification lists, with no non-conformities identified.

As of the end of the reporting period, the conflict mineral audit results of the Group's Tier 1 suppliers are as follows:

Category	Total (Nos)
Number of suppliers involving tantalum, tin, gold, tungsten, cobalt, and mica	217
Number of suppliers subject to CMRT and EMRT surveys	627



Continuous Improvement

We integrate conflict minerals management with digital platforms to expand the scope of management and refine on-site working groups, thereby enhancing the accuracy and credibility of audit inspections. We provide training for auditors and inspectors to improve their work efficiency and professional standards. Furthermore, we design additional training programs for suppliers to enhance their awareness and management capabilities regarding conflict minerals. We ensure that all qualified suppliers sign the *Undertaking for Non-Use of Conflict Minerals*. Simultaneously, we collaborate with suppliers to further raise their awareness and due diligence capabilities concerning conflict minerals.

Supplier Engagement

Regarding supplier empowerment, we engage in communication and collaboration with suppliers through various channels. We regularly organize supplier training conferences covering updates on environmental regulations, information security management, social responsibility standards, and anti-corruption and integrity requirements to enhance operational compliance capabilities of suppliers. We also conduct specialized technical exchanges with suppliers to jointly develop new technologies and materials, integrating environmental concepts at the source of product design to reduce material usage or utilize recyclable materials. For suppliers requiring performance improvement, we form cross-functional teams to provide targeted guidance, assisting them in technological upgrades, process optimization, and system refinement, thereby achieving continuous improvement in overall supply chain capabilities.

During the reporting period, Sunny Zhejiang Optics held training and promotion activities concerning RBA standards for suppliers during the audit process, covering labor, human rights, health & safety, environmental protection, and supply chains, while also conveying requirements for greenhouse gas management and carbon target management. The 2025 Supplier Training Conference held by Sunny Opotech focused on empowerment regarding environmental management, information security, social responsibility, and anti-corruption and integrity. Sunny Automotive Optech carried out green material management and empowerment activities. Sunny Infrared Optics developed quality standard software, while simultaneously empowering suppliers to enhance their quality inspection capabilities. Sunny Instruments established a performance results-oriented supplier support system to target and improve weak links in the supply chain.

On March 22, 2025, Sunny Xinyang Optics organized a supplier meeting with representatives from core suppliers to engage in in-depth exchanges centered on core topics such as business growth trends, strategies for coping with supply challenges, and future cooperation plans. The meeting also featured an award ceremony for outstanding suppliers, commending those who demonstrated excellence in product quality, delivery timeliness, and service levels over the past year, thereby inspiring all suppliers to follow these examples and continuously improve the quality and efficiency of cooperation.

05

Employee Well-being & Joint Creation

Talent is the primary resource of an enterprise and the source of innovation breakthroughs. We regard employees as our most valued partners and are committed to building a sustainable, people-oriented workplace that respects rights, embraces diversity, ensures safety, promotes well-being, and provides equal development opportunities. Strictly following international human rights conventions, the *Responsible Business Alliance Code of Conduct* ("RBA"), national laws & regulations, and industry best practices, we deeply integrate ESG concepts throughout the human resource management process. Through systematic management policies, transparent communication mechanisms, and continuous resource investment, we safeguard the legitimate rights and interests of all employees, unleash their potential, and share development achievements with employees, jointly moving toward a sustainable future.

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Employer Brand Value

The Group firmly believes that employees are the core force driving sustainable development. We are committed to creating an attractive, belonging-oriented, and growth-focused employer brand. Through the principle of "People First, Value Co-Creation", we continuously optimize employees' experience to attract outstanding talent and achieve mutual growth for both the enterprise and employees.

Protection of Employees' Rights

We consider the protection of fundamental human rights and labor rights as the cornerstone of business operations, committing ourselves to implementing the highest standards of ethical practices in global operations, including a zero-tolerance approach to child labour and forced labour.

The Group have publicly pledged to comply with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Universal Declaration of Human Rights*, the *Core Conventions* of the International Labour Organization, the *RBA Code of Conduct*, SA8000, and other domestic and international standards. Additionally, we have formulated the *Employee Handbook*, which specifies policies covering ten core areas including prohibition of forced labor and child labor, anti-discrimination & anti-harassment, protection of vulnerable employees (juvenile workers, female employees, and employees with disabilities), freedom of association & collective bargaining, working hour management, and fair remuneration, ensuring operational compliance and exceeding legal requirements. We have also signed the *Social Responsibility Agreement* with suppliers, explicitly setting forth requirements for suppliers regarding labor and human right protection.

The Group has established a systematic and dynamic management mechanism for human rights risks. Using the *Employee Handbook* as the institutional foundation and the *Responsible Business Alliance Code of Conduct* as the core standard, we have regularly analyzed the probability and impact of various human rights issues in operations, thereby identifying high-risk issues including prohibition of forced labor, wages and benefits, and working hours. Following the "Plan-Do-Check-Act" (PDCA) cycle principle, we have conducted systematic human right audits of the Group and its subsidiaries every year through RBA VAP, internal system audits, SAQ self-assessment questionnaires, and other methods. We have combined independent audits with clients' audits to ensure comprehensive and impartial assessments. Furthermore, this due diligence process has extended to the value chain. In this way, we have ensured that the employment practices of logistics service providers comply with our management standards for corporate human rights through RBA training and specialized audits, thereby achieving full-chain coverage and continuous improvement in human rights risk management.

Plan
P

Do
D

- Systematically analyze our own operations and supply chain activities to identify issues that may cause potential human rights impact;
- Assess and prioritize issues based on the likelihood of occurrence and severity of potential impact, identifying "salient human rights risks" requiring priority attention;
- Establish specific improvement objectives and quantifiable key performance indicators for salient risks.

- Own operations:** Revise or establish relevant management procedures based on risk assessment results; conduct targeted training on human rights policies and issues for management, human resources, procurement, and employees holding high-risk positions; implement various risk mitigation actions.
- Supply chain:** Incorporate human rights requirements into supplier contracts and codes of conduct, provide capacity-building training and on-site audits for high-risk suppliers, and require them to develop corrective and preventive action plans.

Check
C

Act
A

- Regularly collect and analyze preset KPI data to monitor goal achievement;
- Analyze monitoring and audit results to evaluate the actual effectiveness of implemented actions in preventing and mitigating adverse human rights impacts, and identify emerging or unresolved issues.

- Systematically review and update human rights policies, risk assessment models, management procedures, and training content based on annual monitoring & audit results, and internal/external policy and business changes.
- Based on human rights audit results, we have taken corrective and improvement measures for different risk levels, including time-bound rectification and on-site follow-up visits.

Issue	Description	Risk Mitigation Measures	Remedial Measures
Prohibition of forced labor	The Group strictly complies with the provisions of the <i>Employee Handbook</i> , explicitly prohibiting any form of forced labor, including but not limited to bonded labor, indentured servitude, and involuntary overtime work. We undertake to not charge job seekers or employees any recruitment or onboarding-related fees, nor withhold their personal documents such as identity cards, graduation certificates, or driver's licenses. We prohibit sexual harassment and corporal punishment to ensure labor relationships are established on the principles of voluntariness and equality.	- Regular awareness campaigns and training sessions are conducted for all employees to enhance the management's and staff's awareness of forced labor risks. - Anonymous employee interviews and questionnaire surveys are implemented to proactively monitor and prevent potential risks. - A due diligence mechanism for human rights across the supply chain is established and implemented, incorporating clauses on prohibition of forced labor into supplier contracts.	- Upon detection of forced labor incidents, internal investigations are immediately initiated to pursue legal liabilities, while affected employees are provided with psychological, legal, and financial support. - A logistics supplier monitoring team is established to conduct routine attendance tracking and compliance reviews regarding labor practices.
Prohibition of child labor and protection of juvenile workers	The Group strictly complies with the <i>Provisions on Prohibition of Child Labor</i> and relevant labor laws, committing itself to neither employing nor supporting the employment of child laborers under the age of 14. We have formulated the <i>Management Regulations on the Protection of Female Employees and Juvenile Workers</i> , explicitly requiring applicants to be at least 16 years old in recruitment materials. Multi-layered identity verification mechanisms are strictly implemented to prevent accidental hiring of child laborers, while legally protecting the legitimate rights and interests of employed juvenile workers.	- Regular specialized training is provided for human resources personnel and user department managers to ensure their clear identification and prevention of child labor risks. - Standardized recruitment procedures require lawful verification and retention of identity documents, along with verification through the online system when necessary. - Appropriate job placements, regular health examinations, and special labor protections are provided for employed juvenile workers.	- If accidental employment of child labor is discovered, we will immediately stop the individual's work and terminate the employment relationship in accordance with the law. Due wages will be paid within one working day, and the child shall be safely escorted home to his or her parents or guardians. The Company shall bear all corresponding costs including medical examination and transportation expenses. - Recruitment review procedures are examined and improved to prevent recurrence of similar incidents.
Protection of female employees	We are dedicated to safeguarding female employees' rights to equal employment, equal pay for equal work, and career development. It is explicitly prohibited to discriminate against or dismiss female employees due to pregnancy, childbirth, breastfeeding, or related reasons. We provide all legally mandated leaves, including prenatal check-up leave, maternity leave, breastfeeding leave, and childcare leave. Through job risk assessments, work adjustments, and provision of necessary protective facilities, a safe, healthy, and non-discriminatory working environment is ensured for them. At the 2025 Congress of Workers and Staff, we signed the <i>Special Collective Contract on Labor Protection for Female Employees</i> with the Trade Union.	- A dedicated management register for female employees during the "Three Periods" (pregnancy, maternity, and breastfeeding) is established to dynamically track and ensure the fulfillment of their statutory rights. - Amenities such as baby care rooms and rest areas for pregnant women are provided, and regularly checked for their usage status. - Themed awareness campaigns and seminars on safeguarding women's rights are conducted to enhance gender equality awareness among all employees.	- If, upon verification, it is true that a female employee's rights are infringed upon, the relevant department will be immediately instructed to rectify the situation and restore the employee's lawful rights, with corrective measures and disciplinary actions imposed against the violation. - Necessary legal consultation and psychological support are provided.

Issue	Description	Risk Mitigation Measures	Remedial Measures
Wages and benefits	Upholding the principle of "equal pay for equal work", the Group has established an open and transparent compensation and benefit system. We pledge to pay wages no lower than the local minimum wage standard, legally calculating and fully paying overtime compensation, and never using wage deductions as a disciplinary measure. We regularly review our salaries using market salary levels as a benchmark, and provide our employees with clear and comprehensible pay statements.	- More efforts are devoted to promote the policy of "zero disciplinary deductions" and train managers to ensure compliant execution. - Specialized internal audits on compensation are performed at least once a year to examine compliance, fairness, and timeliness of wage payments. - Labor service suppliers are required to strictly comply with clients' and regulatory standards, with their social insurance contributions and other obligations included in the scope of supervision.	- If wages or benefits are found unpaid in full or untimely per legal requirements, immediate rectification through back payments and corresponding indemnification will be mandated, with relevant management liabilities pursued. - Non-compliant suppliers are urged to rectify by deadlines to fulfill their statutory obligations, while severe violators will also be imposed punitive measures.
Working hours	The Group implements a standard working hour system, guaranteeing employees at least one rest day per week and a daily working time not exceeding eight hours. All overtime work follows voluntary principles, requiring prior application and approval. Through reasonable scheduling and efficiency improvement, we strive to control overtime duration and safeguard employees' right to rest.	- Skills training and efficiency improvement programs are launched to reduce unnecessary overtime needs at the source. - A digital attendance system is applied to monitor overtime situations in real time, providing warnings and interventions for abnormalities. - Diversified recruitment channels are expanded and a flexible human resource reserve mechanism is established to address production capacity fluctuations.	- A workforce replenishment plan is immediately initiated for overtime caused by labor shortages. - Efficiency incentive schemes are developed and optimized to encourage the achievement of production targets through upskilling and process improvement.
Freedom of association and collective bargaining	We have established a Trade Union in accordance with the law, respecting and safeguarding employees' rights to organize and join the Trade Union, and to engage in collective bargaining as legally prescribed. We pledge to neither interfere with nor retaliate against activities of the Trade Union or employees' lawful expressions, while providing necessary resources to build an unimpeded and equal labor-management dialogue mechanism that promotes a harmonious and steady labor relation.	- The formation and operation of the Trade Union are supported in accordance with the law, and its independent activities are ensured. - Employees' cohesion and engagement are strengthened through Trade Union initiatives including welfare, right protection, and emergency assistance programs. - Congresses of workers and staff are organized from March to April every year to establish a regular consultation channel.	Should any of the employees' freedom of association or collective bargaining rights is infringed upon, the Group will promptly intervene to investigate, ascertain the fact, rectify the violation in accordance with the law, and provide affected employees with legal assistance and support.
Diversity and anti-discrimination	We pledge to provide an equal and inclusive work environment where employees' hiring, treatment, or promotion are not influenced by their ethnicity, race, nationality, gender, religion, age, skin color, disability, sexual orientation, political affiliation, marital status, Trade Union membership, protected veteran status, or protected genetic information and their other social identities. We have formulated the <i>Anti-Harassment and Anti-Abuse Management Regulations</i> , explicitly prohibiting workplace discrimination, harassment, and bullying while establishing accessible grievance channels.	- Training on diversity, anti-discrimination, and anti-harassment is regularly provided for all employees to enhance awareness and foster a culture of respect. - Diversity principles are incorporated in recruitment advertisements, interview processes, and promotion systems, with specialized training provided for relevant responsible persons. - The company policies and management practices are continuously reviewed and optimized to promote the development of an inclusive workplace.	If, upon investigation, it is true that there exists discrimination, harassment, or bullying, the perpetrator will be immediately imposed disciplinary actions in accordance with regulations, while the affected employee's reputation will be restored and provided with psychological counseling and necessary indemnification.
Health and safety protection	We prioritize employees' safety and health by establishing and improving an occupational health and safety management system. We provide necessary labor protection equipment to employees in accordance with regulations, regularly inspect safety and assess risks in the workplace, and handle work-related injury accidents in accordance with the law to ensure a safe and hygienic working environment for employees.	- Safety education and training are provided for all employees and regular emergency drills are organized to enhance safety awareness and skills. - Procedures for investigation of safety incidents and analysis of root causes are established, and action plans for improvement are developed and tracked. - Regular occupational health examinations are provided, and high-risk positions are especially monitored.	In event of a safety incident, we will immediately activate the emergency response plan and provide proper medical treatment for the injured. We will also have work-related injuries identified and pay compensation in accordance with the law. In addition, we will investigate the causes and take corrective measures to prevent recurrence of similar incidents.

During the reporting period



our investigation results showed **no** incidents of forced labor, child labor, or other violations of human rights

we signed an annual collective agreement covering **100%** of the employees

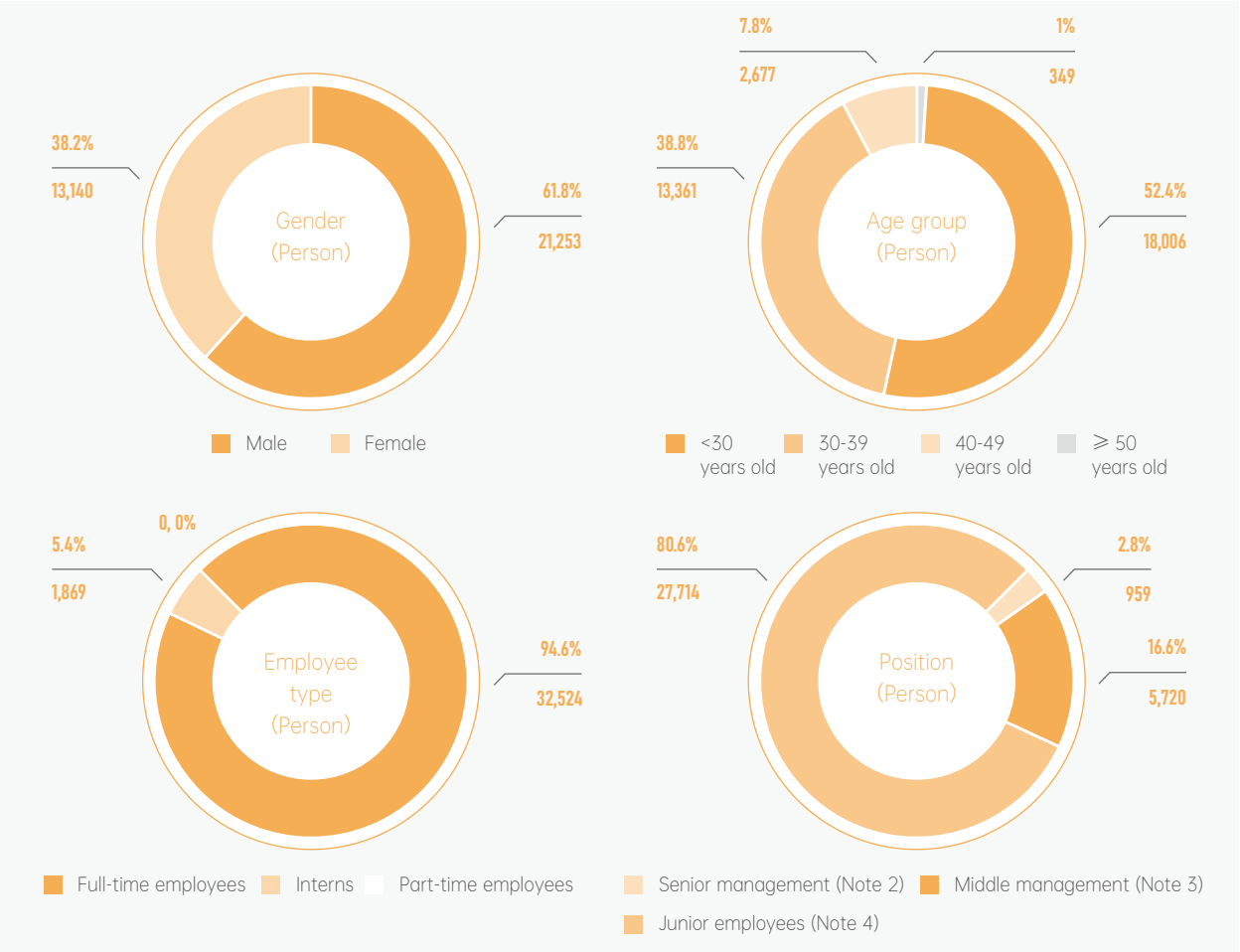
Talent Attraction and Retention

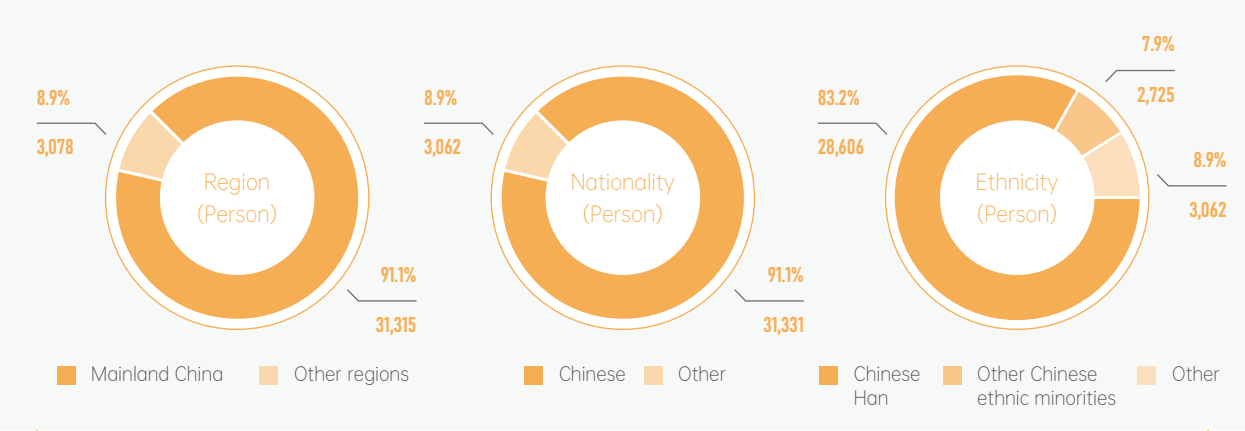
Sunny Optical Technology firmly believes that an inclusive and diverse workplace environment is the cornerstone for stimulating innovation and driving industrial development. We are committed not only to creating an internal environment where every employee is respected, supported, and free to leverage their strengths, but also to extending this people-oriented philosophy to the building of the industrial ecosystem. Since 2016, the Group has invested a total of over RMB 10 billion, focusing on four core optical sectors. Actively exercising its role as an "industrial chain leader", the Group has taken the lead in establishing an innovation consortium, collaborating with 14 universities, research institutes, and upstream and downstream enterprises to jointly tackle 9 core technologies, thereby building an innovative ecosystem with an annual output value of over RMB 40 billion.

This strategic initiative has not only injected new vitality into the local economy and fostered the agglomeration development of dozens of industrial chain enterprises, but has also created extensive high-quality employment and talent development platforms. We recruit nearly 1,000 university graduates every year and provide over

10,000 effective jobs throughout the year. Through a fair and transparent talent selection mechanism and ongoing industry-academia collaboration, we transform industrial opportunities into momentum for talent growth. We maintain that only in a safe environment free from barriers, discrimination, and harassment can employees comfortably explore their optimal work rhythms, thereby co-creating value and growing in tandem with the Company and partners across the ecosystem.

As of December 31, 2025, the Group had 34,393 employees, representing an increase of 509 people from the previous year. Among them, senior management accounted for approximately 2.8%, with local personnel comprising about 51.7% of the senior management and female employees representing around 18.6% of the senior management. Middle management accounted for approximately 16.6%, with female employees comprising about 24.9% of the middle management. The number of employees in revenue-generating functional departments is 3,021, and the number of employees engaged in STEM (Note 1) is 2,826. The table below details the distribution of employees by category:





- Notes**
- 1. STEM (Science, Technology, Engineering, Mathematics): refers to personnel with functions related to science, technology, engineering, and mathematics.
 - 2. Senior management includes personnel holding management positions at the level of senior manager or above, or professional and technical positions at the level of senior engineer or above.
 - 3. Middle management includes personnel holding management positions at the level of manager or professional and technical positions at the level of engineer.
 - 4. Junior employees include all personnel other than senior management and middle management.

We solemnly promise to foster a work environment with zero tolerance for any form of harassment and discrimination, explicitly prohibiting all inappropriate behaviors including physical violence, gender-based violence, sexual harassment, psychological coercion, verbal abuse, workplace bullying, and public humiliation. To this end, we have established corresponding rigorous investigation and disciplinary systems. We also respect the diverse backgrounds of employees, including their religious beliefs, and strive to provide reasonable accommodations in work arrangements.

The Group extends its organizational culture of "Diversity, Inclusion, and Equality" to employment support for persons with disabilities. Guided by the principle of "Equal Opportunity, Merit-Based Selection", we have formulated the *Recruitment and Management Measures for Employees with Disabilities*, actively expanded recruitment channels, and innovatively implemented a flexible employment model of "tailoring positions to individual strengths", customizing roles based on employees' expertise while providing a barrier-free work environment, systematic training, and a clear career progression path. With dual safeguards in both systems and emotional well-being, we ensure that employees with disabilities receive comprehensive support in compensation, benefits, and development opportunities, and are fully integrated into the organizational culture.

Since the initiation of the systematic disabled people employment program in 2022, the Group has cumulatively recruited over 700 employees with disabilities, including 290 hired during this reporting period. Viewing every employee with disabilities as a key partner creating value, we will continue to optimize the employment environment, expand job categories, and strengthen an inclusive and thriving workplace ecosystem.



Themed Activity on the Disability Awareness Day



Recognition Event for Employees with Disabilities



Care Activity for Employees with Disabilities on the Mid-Autumn Festival



Barrier-Free Facility



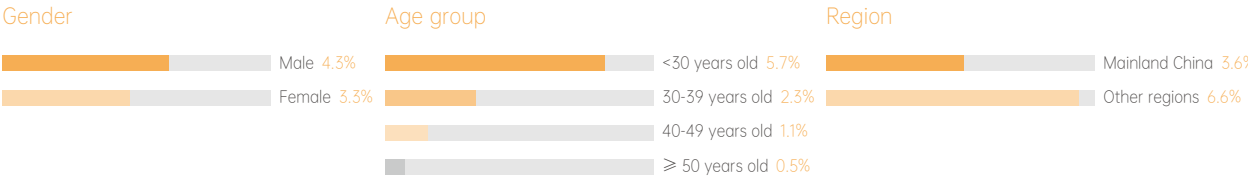
The Group have implemented talent recruitment and development initiatives guided by business strategy and functional requirements. Following the principles of legality, compliance, and equal opportunity, we have established a fair, transparent, and efficient talent selection mechanism strictly, and attracted outstanding domestic and international talent through diversified recruitment channels (including internal referrals, campus recruitment, online platforms, headhunter partnerships, and Recruitment Process Outsourcing [RPO], etc.). During the selection process, we employ science-based and objective assessment tools to ensure match between persons and positions, thereby positioning the Group for continued innovation and growth.

To facilitate the rapid adaptation and long-term development of new employees, we have implemented a comprehensive onboarding and retention system. From the beginning of employment, new hires receive dedicated guidance through the "Mentorship Program" and participate in systematic training and cultural adaptation activities to accelerate their adaptation to the organizational environment and enhance their sense of belonging. In terms of talent retention, we have not only optimized internal mobility and rehire mechanisms, but also actively established R&D platforms in talent hubs such as Shanghai, Hangzhou, and Xi'an, achieving a strategic upgrade from "attracting talent" to "creating a stage for talent".

Committed to maintaining steady and harmonious labor relations, the Groups strictly complies with statutory notification obligations for all operational changes to safeguard the rights and interests of employees and relevant stakeholders. During the reporting period, the Group experienced no layoffs or work stoppages, and labor relations remained stable and harmonious.

The Group strictly implements standardized offboarding management procedures in accordance with the principles of legality, reasonableness and fairness. To this end, we have established the Specifications for the *Termination of Employee Labor Relations* to manage employee resignations in an institutionalized manner. In strict accordance with laws, regulations, and labor contracts, the Human Resources Department handles relevant procedures for departing employees, including issuing certificates of rescission or termination of labor contracts, and completes salary settlements and welfare matters such as social insurance and housing provident fund in accordance with the *Compensation Management Policy* and the *Benefit Management Policy*. We also value exit interviews, continuously analyzing turnover causes based on feedback systematically collected to inform the optimization of talent retention strategies.

To monitor talent stability on all fronts, the Group regularly tracks and analyzes employee turnover. In 2025, the employee turnover rate by category of our Group (note) is as follows:



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 were dismissed, retired or died for each month/Total number of employees of each category for each month*100%.

Compensation and Incentives

Adhering to the development philosophy of "shared success and mutual prosperity", the Group has formulated the *Compensation Management Policy*, the *Benefits Management Policy*, and the *Performance and Values Assessment Measures for Management and Technical Employees*, striving to build a fair, transparent, and competitive performance and compensation management system that closely aligns employee contributions with organizational development and enables shared growth outcomes. We strictly adhere to the principle of "equal pay for equal work", and provide an overall compensation package that not only complies with statutory standards in jurisdictions where we operate but also benchmarks against the market to maintain competitiveness, demonstrating high respect for talent value. During the reporting period, statistical data showed that the Group's standard entry-level salary was 1.06 times the local minimum wage, reflecting our commitment to providing competitive starting compensation for our employees. Besides, the Group's overall male-to-female salary ratio was 1.03:1. According to our observations, this minor difference is primarily attributable to the gender distribution across different job functions. To be specific, female employees are relatively more concentrated in administrative and support roles, while male employees are more heavily represented in technical positions such as production and R&D. Due to differences in job nature, market compensation levels, and performance structures between these two role categories, a slight disparity in overall salary ratio has objectively emerged.

Our compensation system is built on the core philosophy of "pay for position, capability and performance", following four management principles, namely, strategic orientation, external

competitiveness, internal equity, and overall balance. The compensation structure consists of three components, namely, base salary, variable bonuses, and long-term incentives (e.g., equity awards), designed to accurately reward employees' position value, individual capabilities, and actual performance contributions.

To ensure comprehensive and fair evaluation, we have established a systematic performance management system. KPIs are set for individuals every year based on decomposed strategic objectives of the company, and assessed through multiple methods including annual debriefing, 360-degree feedback, and management by objectives. The assessment process emphasizes two-way communication and continuous feedback, helping employees to continuously improve through performance interviews and specialized coaching. The final performance results must be jointly reviewed and confirmed through cross-level "Performance Calibration Meetings" to ensure objectivity and fairness. During the reporting period, the performance assessment coverage reached 100%.

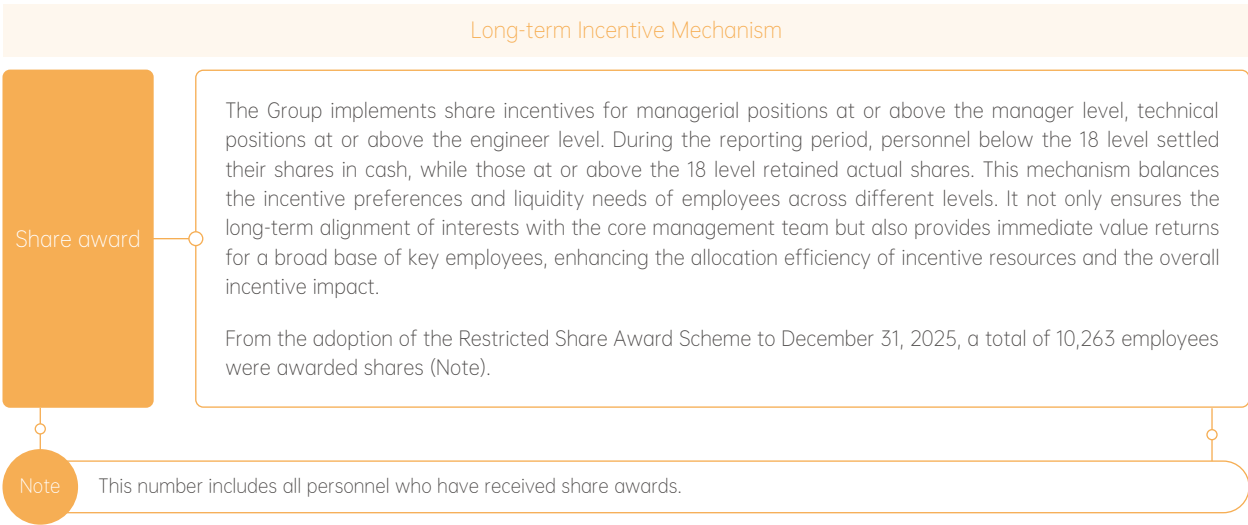
Additionally, we have deeply integrated "Values Assessment" into the evaluation system, not only regulating employees' business conduct but also proactively identifying and rewarding outstanding talents who highly align with the corporate culture, closely linking this with long-term incentives and promotion development. This integrated evaluation mechanism combining performance outcomes and behavioral recognition has effectively driven the mutual growth of the organization and individuals, laying a solid talent foundation for the Group's long-term sustainable development.

Employee Performance Assessment

Assessment Target Level	Assessment Cycle	Assessment Content					
		Performance Assessment				Values Assessment	
		Work Performance	Team Management	Personal Capability Development	Work Attitude	Business Conduct Standards	Corporate Culture Practice
Senior executives	Annual assessment	●	○	/	○	●	●
Mid-level executives	Annual assessment	●	○	○	○	●	●
Junior managers	Annual assessment	●	○	○	○	●	●
	Process assessment	●	○	○	○	/	/
Other employees	Annual assessment	●	/	○	○	●	●
	Process assessment	●	/	○	○	/	/

① ● indicates a mandatory assessment item; ○ indicates an optional assessment item; "/" indicates an item not subject to assessment.
② Process assessment refers to semi-annual, quarterly, or monthly performance assessments.

The Group has also formulated policies such as the *Administrative Measures on Economic Value Added (EVA) Sharing Prize*, the *Share Incentive Scheme of Sunny Optical Technology for Employees*, and the *Selection and Incentive Measures on Outstanding Talents* to enrich the ways in attracting, motivating, and retaining talents, for the purpose of promoting a more stable, sound, and sustainable development of the talent team. Meanwhile, it has allocated dedicated Human Resources Business Partners (HRBPs) 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 build consensus on rules. Additionally, HRBPs will gradually establish standardized operations and management for the platform.



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, parental leave, and prenatal checkups, breastfeeding leave, and family planning surgery leave), parental leave (5/10 days a year in Mainland China, and 20 days a year in Vietnam plants), work-related injury leave, medical leave, home leave, paid annual leave and sick leave, etc.

Complementary Welfare

Emergency relief fund

To promote solidarity and mutual assistance and provide tangible support to employees facing financial pressures due to critical illnesses or sudden accidents, the Group's Trade Union established the Employee Emergency Relief Foundation (the "Foundation"). The Foundation aims to provide timely financial assistance to member employees experiencing emergencies, alleviating their urgent needs, thereby enhancing organizational cohesion and demonstrating the Company's humanistic care and collective support for employees.

Based on the urgency of members' difficulties and actual expenditures, the Foundation provides corresponding assistance at a corresponding proportion according to its rules and regulations after evaluation by the Trade Union, with the maximum amount of single assistance reaching RMB 0.045 million. During the reporting period, the Foundation extended assistance to 375 employees facing urgent difficulties, distributing a total relief amount of RMB 1.43 million, effectively fulfilling its role in providing emergency support and delivering warmth.

Supplementary insurance

The Group provides commercial insurance such as personal accident insurance for foreign employees, employees working overseas, interns, frequent business travelers, or retained employees after retirement according to the years of employment and relevant insurance regulations, and enrolls in-service employees in the "Medical Insurance of Special and Serious Diseases for Employees in Ningbo City" program on a voluntary basis according to the requirements of the Ningbo Federation of Trade Unions. As of December 31, 2025, the Group had enrolled 4,146 employees in the "Medical Insurance of Special and Serious Diseases for Employees in Ningbo City" program, with a total contribution of RMB 82,920.0.

Supplementary leave

Employees at job grade 11 and above are entitled to paid sick leave of up to 3 days (inclusive) per month and 15 days (inclusive) cumulatively per year for illness or non-work-related injuries, with full salary maintained during sick leave.

Interest-free housing loan

To alleviate employees' housing pressure and support long-term talent development, the Group has formulated and implemented the *Management Measures for Employee Housing Loan*, providing interest-free housing loans to employees at the rank of Assistant Engineer and Section Manager or above. To ensure alignment of the policy with local needs, we have adopted a differentiated loan quota system based on housing price levels in locations where subsidiaries operate, with loan amounts ranging from RMB 0.2 to 0.4 million. All loans feature a uniform 5-year repayment period with clear repayment rules, reducing employees' short-term burdens while ensuring standardized and sustainable fund management. This program aims to help employees achieve homeownership in locations where they work through substantive financial support, thereby enhancing their sense of belonging, improving team stability, and laying a solid talent foundation for the Company's long-term development.

During the reporting period, a total number of 76 employees were successfully approved for loan qualification, with the total amount of housing loans being RMB 22.88 million.

Meals and accommodation

To ensure employees' basic living standards, the Group provides complimentary work meals and night-shift suppers, along with dormitories or housing allowances based on commuting distance and convenience. We have established a differentiated housing allowance mechanism with reasonable standards set according to position, seniority, and other factors. Employees may choose dormitory accommodation or apply for allowances based on their needs, with a maximum support period of 5 years. Policies are regularly reviewed to ensure effective resource utilization and genuinely assist employees in settling down.

Health check-ups

The Group provides free health check-ups for its employees on a regular basis in accordance with the relevant national and/or local regulations, including organizing pre-employment, on-the-job, off-the-job and emergency occupational health check-ups for personnel who are exposed to occupational hazards.

During the reporting period, we invited attending physicians from major hospitals in Yuyao to our premises to interpret physical examination reports and provide on-site consultations for our employees, an activity that received enthusiastic praise from the staff.

Employee care

The Trade Union of the Group distributes holiday gifts to employees during traditional Chinese festivals such as the Spring Festival, the Dragon Boat Festival, and the Mid-Autumn Festival, and visits the families of overseas employees during holidays. It provides in-kind condolences for employees during their illness and childbirth. It also provides life welfare products for employees in summer and offers birthday gifts to employees on their birthdays. Besides, it would pay wedding red envelopes to employees with three years of service or more and retirement red envelopes to employees with ten years of continuous service or more who have retired normally from the Group.

Employee activity funds

The Group sets up special activity funds for team building activities such as cultural entertainment and sports activities for all employees to enrich their spare-time cultural life and enhance communication between employees at different positions and levels.

During the reporting period, the Group invested RMB 16.86 million in festival care expenses throughout the year and distributed birthday vouchers worth RMB 1.17 million. Additionally, it extended sincere congratulations to 326 employees on their marriage, distributing a total of RMB 0.24 million in wedding red packets, and presented retirement red packets totaling RMB 0.11 million to 32 retirees.

Flexible working hours

Multiple office hours are set for the same shift (e.g., the day shift has two time slots, namely, 8:00-17:00 and 8:30-17:30). Individual employees who need to adjust their working hours due to family care, personal study, or avoiding peak traffic congestion may apply for a change in their working hours after obtaining approval from their leader.

Remote work (working from home)

To reduce the risk of business interruption due to natural disasters, fires, statutory infectious diseases, and other factors, a remote work model is applied.

Other allowances and subsidies

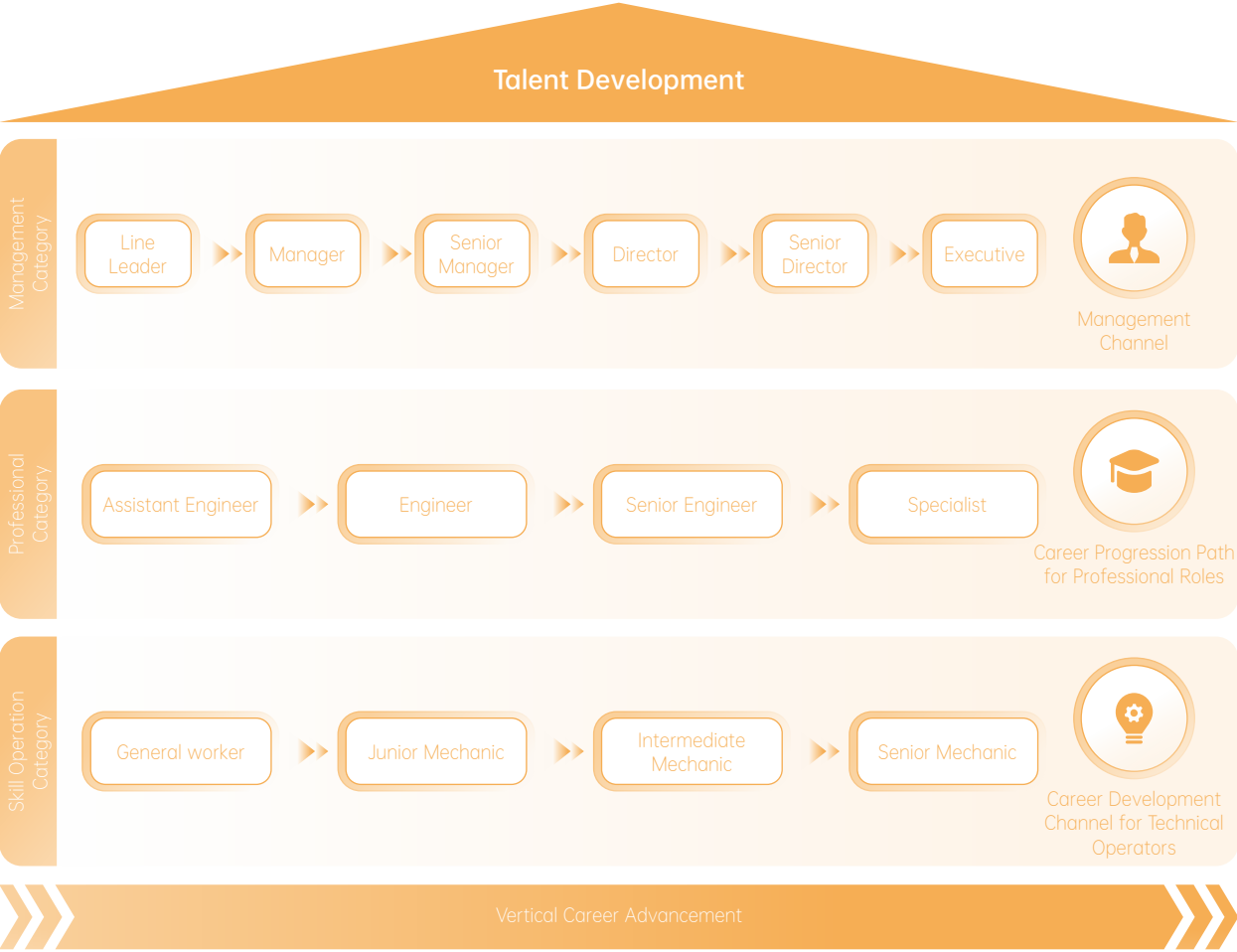
The Group provides eligible employees with high-temperature allowance, communication allowance, special position nutrition allowance as well as benefits and subsidies for employees transferred to other places and dispatched overseas.

We have also formulated the *Administrative Measures for Preferential Business Partners*. During the reporting period, through the cooperation with 82 high-quality business partners, we obtained more than RMB 9 million of preferential benefits for employees, benefiting about 117,000 persons.

Development and Training of Employees

We regard employees as our 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.

Based on our human resource development strategy, we have set up three career development channels according to the characteristics of different positions to establish the talent echelons. We have also formulated and released the *Administrative Measures on the Organizations of Professional Position Qualification*, the *Administrative Measures for Cadre Management*, the *Management Measures for Accreditation and Appointment of Professional Position Qualifications* and other policies to specify the procedures for the selection, appraisal, appointment and promotion through different career development channels. According to these policies, employees can switch between different career channels according to their own development needs and the Group's development plan, so as to achieve their personal career development goals and seek more suitable career development opportunities.



The unique talent development system of the Group underpins the sound growth of our business. We have established a clear three-tier training management architecture: the Group handles strategic planning and resource integration; specialized committees provide technical guidance and specialist support; and subsidiaries execute localized training programs to ensure efficient operations and alignment with business needs.

We have designed and implemented four tiered, categorized core training programs to meet the growth needs of employees at different stages:

New Employee Integration Program

Through the "Chenghui Program" (for university graduates) and the "Qihang Program" (for experienced hires), we help new employees adapt and integrate into the organization rapidly.

Professional Competency Enhancement Program

The "Jiaoyang Program" provides in-depth empowerment for specific professional sequences to strengthen job competency.

Full-Cycle Leadership Development Program

Covering the "Chengfeng Program", "Yulang Program", "Jihai Program", and continuing education programs for in-service managers, this program cultivates management talent at all levels.

Frontline Management Development Program

Focusing on standardized training for frontline team leaders, this program enhances on-site management effectiveness and stabilizes frontline teams.

Notes

Chengfeng Program: It is aimed to cultivate managers and their successors to enhance their capabilities in task delegation and team management.

Yulang Program: It is aimed to cultivate "intermediate strength" and improve the capabilities of Directors and Senior Managers in strategic interpretation, department performance improvement, enterprise culture inheritance and publicity.

Jihai Program: It is aimed to cultivate the abilities of leadership, strategic planning and decision-making capability for managers including the assistants of general manager and above.



Chenghui Program



Chengfeng Program



Yulang Program



Jihai Program

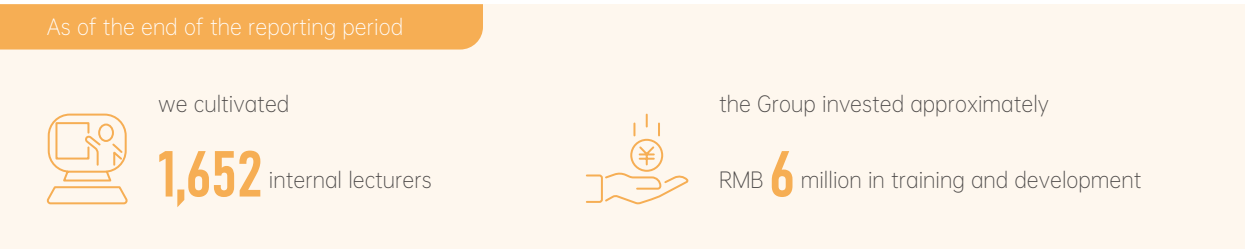


Qihang Program

To support the effective operation of the system, we have established a comprehensive training support system. The Group has actively promoted internal knowledge transfer by formulating the *Internal Lecturer Management Measures* and the *Tutor Management Measures*, encouraging senior managers and specialists to share their experience. As of the end of the reporting period, we cultivated 1,652 internal lecturers. Through diverse channels such as the "Sunny Hall", online learning platforms, and the national-level post-doctoral workstation, we facilitated the accumulation, sharing, and innovation of knowledge.

We place equal emphasis on employees' long-term academic and professional growth. The Group has formulated a series of documents, including the *Management Policy on Training*, the *Whitepaper on Employee Learning and Development*, and the *Management Standards for Skilled Worker Education and Training*, to provide diverse support for employee development. We have collaborated with institutions such as the Yuyao College of Ningbo Open University to offer pathways for academic advancement. Upon successful graduation, certification, submission of valid invoices, and the signing of a training agreement with the Company or relevant subsidiaries, employees are eligible for a 70% tuition reimbursement, with the remaining 30% borne personally. Meanwhile, we have established the "Outstanding Trainee Scholarship" to reward trainees ranking in the top 15% in academic performance. During the reporting period, we assisted 299 employees in obtaining high school diplomas and provided 81 employees with opportunities for college or undergraduate studies.

In 2025, the Group invested approximately RMB 6 million in training and development, supporting employees in enhancing their professional capabilities and comprehensive qualities on all fronts, thereby laying a solid talent foundation for its continuous innovation and steady development.



Tanyue Program - International Talent Empowerment

To support the expansion of overseas business, the Group launched the "Tanyue Program". Focusing on cultivating international talent required for Vietnam operations, the program centers on two key modules: core overseas competencies and cross-cultural adaptation. By integrating internal knowledge transfer, it improves the adaptability and stability of expatriate employees systematically. The Phase 1 training covered 29 employees with 33 hours of systematic training, achieving a satisfaction rate of 97.08% and excellent average examination scores. The program successfully deployed 15 qualified talents to the Vietnam base, effectively strengthening talent support for overseas business expansion.



Tanyue Program



Category		Annual Average Training Hours per Person (hours/person)	Percentage of Employees Trained (Note)
Gender	Male	56.3	61.8%
	Female	52.0	38.2%
Position	Senior management	36.5	2.8%
	Middle management	48.7	16.6%
	Junior employees	56.4	80.6%

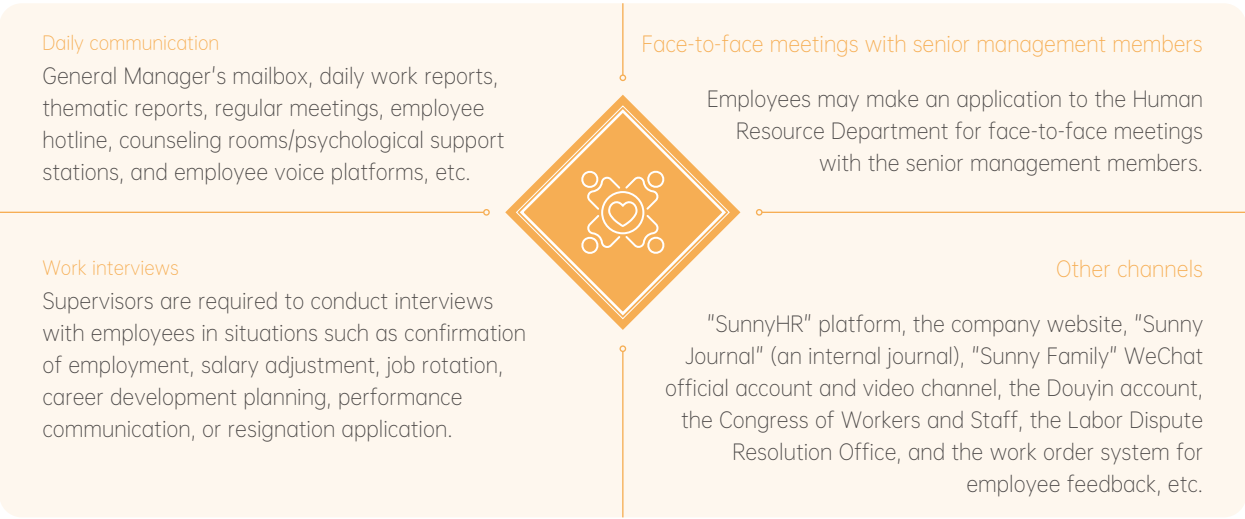
Note Percentage of trained employees = Number of trained employees in each category during the reporting period/Total number of trained employees * 100%.

Employee Care

Upholding the core philosophy that "employees are the most valuable asset of the enterprise", the Group regards a systematic and institutionalized employee care system as a strategic cornerstone and core competitiveness for sustainable development. Since the establishment of our Trade Union in 1994, we have centered on the corporate culture of "Create Together" to build a support network covering the entire employee lifecycle. Through four key initiatives - "Navigation, Talent Development, Empowerment, and Cohesion", we are dedicated to fostering a workplace characterized by a sense of security, fulfillment, and happiness. Leveraging the "Sunny Family" platform and various measures, we fully support employees in realizing their aspirations for education, housing, relationships, health, and professional pride.

To further promote harmonious labor relations, we actively encourage employee involvement in corporate governance and decision-making. As of the end of the reporting period, the Trade Union membership rate reached 100% across the Group. We engaged staff in key corporate development issues, ensured open communication channels, and promoted collective contribution. Regarding institutional safeguards, we formulated the *Emergency Management Plan for Labor Relations and Sudden Incidents* and the *Management Provisions on Handling Employee Abnormalities*. Furthermore, in collaboration with government authorities, we established the resident Labor Dispute Resolution Office of the Yuyao Human Resources and Social Security Bureau in Sunny Group to prevent and resolve labor disputes. Adhering to the principles of legality, fairness, timeliness, and a focus on mediation, we handled all labor relation matters properly, striving to protect the legitimate rights and interests of both employees and the company, thereby continuously reinforcing a stable, harmonious, and win-win labor relations framework.

Open and transparent communication underpins harmonious labor relations. We respect and safeguard employees' rights to freedom of association and collective bargaining, having established diversified internal and external communication channels.



Furthermore, we have established a robust complaint and grievance handling process. An investigation team composed of the Human Resources Department, the Administrative Department, and the Trade Union conducts investigations and provides feedback within 3 to 7 working days, depending on the urgency of the case. In addition, we strictly protect the privacy and safety of complainants and prohibit any form of retaliation. During the reporting period, we received a total of 2,673 grievances, comprising 1,880 daily operational grievances, 730 logistics-related grievances, 41 cases mediated by the resident Labor Dispute Resolution Office of the Yuyao Human Resources and Social Security Bureau, and 22 information security cases. All grievances were properly resolved.

Thanks to our long-term efforts in building harmonious labor relations and enhancing employee well-being, the Group and its Trade Union have been awarded multiple national honors, including the "National Civilized Unit", the "National Model Home for Staff", and the "National Demonstration Enterprise for Creating Harmonious Labor Relations". Additionally, we were named a pilot unit for the "Improving Employee Quality of Life" program by the All-China Federation of Trade Unions. Moving forward, we will further refine our employee care framework to rally collective efforts and drive high-quality corporate development.

Employee Activities

The Group firmly believes that diverse employee activities are essential vehicles for conveying corporate culture, enhancing team cohesion, and fostering a sense of belonging. Through systematic planning, we have established a multi-dimensional activity framework covering cultural promotion, physical and mental well-being, social connection, and charity, dedicated to creating a positive, warm, and vibrant workplace.

Cultural Integration and Team Cohesion

We drive core values through flagship events. During the reporting period, a Group-wide choral competition for corporate anthem was held, featuring participation from 9 teams composing of over 700 employees, led by the Board and subsidiary executives. By leveraging various channels to achieve company-wide singing of the corporate anthem, we facilitated the deep internalization of our culture, ensuring that it is heard, understood, and embraced by all.

To support holistic development of employees, we have established a normalized, high-quality club ecosystem. Currently, we operate 56 interest clubs spanning sports, outdoor activities, and arts & culture. During the reporting period, a total of 594 activities were held with over 0.013 million attendances, creating a dynamic community atmosphere. Notably, the Badminton Club was awarded an "Outstanding Interest Group 2025 of Zhejiang Provincial Employee Cultural and Sports Activity".



During the reporting period

a total of

594 activities were held

with over

0.013 million attendances





Physical & Mental Health and Special Care

We prioritize employee well-being through systematic measures. We have established a crisis intervention mechanism and anonymous communication channels, while regularly organizing mental health lectures, such as the "Efficient Communication and Emotional Management" course, to help employees master stress adaptation techniques.

Regarding physical health, the Group has established a multi-tiered health support system. It has normalized the "Caring for Employee Health: Charity Clinic in the Enterprise" initiative, inviting experts from public hospitals to provide basic services such as one-on-one consultations and Traditional Chinese Medicine (TCM) therapy, thereby shifting health care to a proactive stage. In terms of emergency response, it has centrally deployed Automated External Defibrillators (AED) across major production bases and held regular training courses for first aid skills to ensure that employees are able and confident to provide rescue during emergencies. In terms of medical support, to meet deeper health management needs, its Trade Union has actively integrated high-quality medical resources to establish a "Distinguished Physician Resource Database" in Shanghai. This database provides major disease treatment coordination and daily health management services for senior executives and their immediate families, while also offering medical consultation and resource guidance to all employees, forming a one-stop health service network ranging from daily prevention to targeted support. During the reporting period, an employee at the Yuyao Base suffered a sudden cerebral hemorrhage. Crucial time was won thanks to the decisive CPR and AED first aid administered by colleagues. Subsequently, the Labor Union promptly activated the network of medical specialists to coordinate experts from both Ningbo and Yuyao for an emergency overnight surgery. Ultimately, the employee made a full recovery without any sequelae. This lifesaving relay vividly validates the Group's end-to-end protection capability ranging from daily prevention and emergency rescue to precision medical support, demonstrating the commitment to a "people-oriented" philosophy through concrete actions.



Lecture on Efficient Communication and Emotional Management



Charity Clinic Activity



Sanfu Patch Application



Traditional Chinese Medicine Physiotherapy



A Silk Banner of Appreciation Presented by the Employee

In terms of family support and livelihood security, we are committed to providing comprehensive care. Our Trade Union partnered with local schools to help non-local employees secure public school placements for their children, relieving educational burdens. A routine support mechanism for employees facing hardship provided material and emotional aid through regular visits. Targeting specific groups such as working parents, we offered specialized programs including flexible work arrangements, parent-child events, and nursing rooms. These initiatives effectively boost well-being and retention, fostering a deep sense of belonging and cohesion.



Festive Atmosphere and Emotional Connection

We curate traditional festival activities to deepen emotional connections. During the Spring Festival, the "Celebrating Chinese New Year at Sunny" series featured activities such as "Fu" character rubbing, New Year photo sessions, lucky draws, and large-scale garden fairs. These events attracted thousands of participants, creating a strong festive atmosphere.

The Group's "Matchmaker Team" hosts regular social events for single young employees. For instance, the "Spring Blossoms & Romantic Encounters" themed event utilized immersive interactions such as handicrafts and sports to build a platform for young talents to meet and connect.



Sports Competitions

We promote healthy living and team morale. This year, we held internal events like the “Lingying Cup” Basketball Tournament and the 10th Sunny Sports Meetings. We also organized staff to support the “Zhejiang City Basketball Association” city team sponsored by the Group, enhancing collective pride.



"Lingying Cup" Basketball Tournament



Cheering for the "ZheBA" City Team



Intense Competition in Basketball Match



Cheering at Basketball Match



Sunny Sports Meetings



Sunny Sports Meetings

Looking ahead, we will continue to innovate activity formats and enrich our cultural substance. Through designs that offer greater warmth and engagement, we aim to continuously enhance employee cohesion and well-being, injecting enduring humanistic momentum into our high-quality development.

Caring for Female Employees

The Group firmly believes that gender equality and women's empowerment are intrinsic drivers of sustainable corporate development. Through institutional safeguards, welfare support, and cultural initiatives, we have fostered a workplace that is friendly, respectful, and supportive, empowering every woman to thrive professionally and personally.

Strictly complying with local laws and regulations, we have formulated internal policies that exceed statutory standards to safeguard female employees' rights and interests. The Group has signed the *Special Collective Contract on Labor Protection for Female Employees* with the Trade Union to uphold women's legitimate rights at the source. We are committed to equal pay for equal work and ensuring equal career development opportunities for all women.

Regarding maternity and family support, we offer a comprehensive leave policy:

Maternity leave Over 158 days for Mainland China sites; 180 days for the Vietnam plant; and 182 days for the India plant. Competitive leave entitlements are provided in accordance with local regulations.	Breastfeeding leave An additional 60 minutes of paid breastfeeding time per day.	Prenatal check-up leave 4 hours per visit for Mainland China sites; 5 days for the Vietnam plant; and 5 days for the India plant. Paid leave is provided based on regional regulations.
Paternity leave 15 days for Mainland China sites, and 5-14 days for the Vietnam plant, supporting employees in balancing family responsibilities.	Parenting-related leave We support applications for parental and family care leave as mandated by law and actively facilitate return-to-work transitions.	Supportive facilities Our initiatives include comfortable nursing rooms, shift adjustments for pregnant staff, priority parking, and maternity subsidies, addressing the practical needs of women during pregnancy, lactation, and childcare stages.

We also attach great importance to the health of female employees. During the reporting period, the Group's Trade Union invited experts from Yuyao People's Hospital to deliver a specialized health lecture on "Prevention and Healthcare of Breast Diseases". The event included on-site charity consultations and breast ultrasound examinations, attracting over 200 female participants and bringing professional health knowledge and services directly to employees.



Specialized Health Lecture on "Prevention and Healthcare of Breast Diseases"



On-Site Charity Consultations and Breast Ultrasound Examinations

We are dedicated to unlocking the potential and passion of female employees, enhancing their sense of belonging and well-being through diverse activities. During the reporting period, we held a variety of celebrations for International Women's Day, including flower gifting, the "Executive Image Enhancement Workshop", the "Sharing Heroines' Stories, Gathering Her Power for Progress" cultural speech contest, the "Dancing Ropes, Enjoying Health" jump rope competition, the "Joy at Fingertips, Colorful Nails" themed manicure activity, and the public performance of the stage play "With You". These initiatives effectively ignited the enthusiasm of female employees for both their work and daily lives.



Flower Gifting for International Women's Day



"Sharing Heroines' Stories, Gathering Her Power for Progress" Cultural Speech Contest



"Dancing Ropes, Enjoying Health" Jump Rope Competition



Stage Play "With You"



Employee Flower Arranging Activity

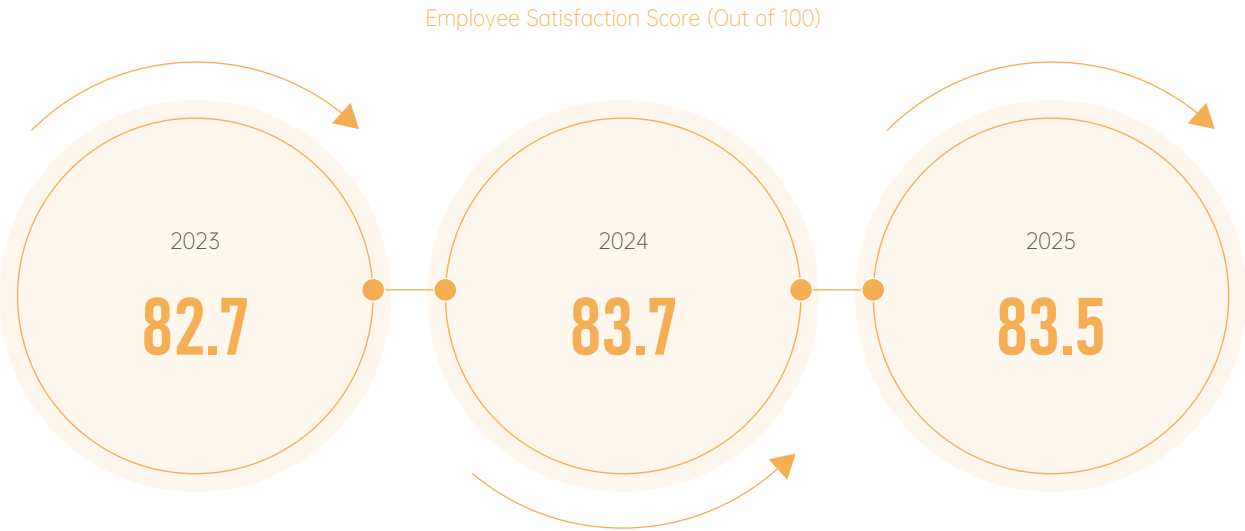


"Joy at Fingertips, Colorful Nails" Themed Manicure Activity

Employee Satisfaction

We view employee satisfaction and engagement as key indicators of organizational health and sustainable development. For over ten consecutive years, we have conducted Group-wide satisfaction and engagement surveys. Through continuous management improvements driven by data insights, we have achieved significant enhancements in overall employee satisfaction and engagement over the years.

We have established a sound and rigorous survey management process. The annual survey focuses on five core dimensions: job responsibilities, management effectiveness, work environment, compensation and benefits, and career development. It is further subdivided into specific aspects such as personal sentiment, leadership style, training systems, policies and procedures, and welfare support, allowing for precise insights into employee needs and the assessment of management effectiveness. The process encompasses a full closed-loop management cycle ranging from questionnaire design, compliance application, distribution tracking, and data analysis to report generation, as well as the formulation and tracking of improvement plans, ensuring a rigorous process and credible results.



Building on recent survey findings, we implemented a series of targeted improvement measures: By monitoring work schedules and optimizing shifts, we safeguarded employees' right to rest and work-life balance. Responding to policies, we introduced parental leave and extended marriage leave. We supplemented annual health checkups with charity clinics and report interpretation services, demonstrating our dual care for physical and mental well-being. Furthermore, we enriched employees' spare-time cultural life. Through interest group alliances and factory anniversary activities, we enhanced employees' sense of belonging, identity, and cohesion.

To ensure continuous improvement, we formulated clear action plans to address optimization opportunities identified in the surveys: Regarding career development, we will further refine training mechanisms to provide richer learning resources and smoother promotion pathways. In terms of organizational collaboration, we are committed to strengthening information transparency and cross-departmental communication to break down "invisible walls" and foster teamwork. For employee experience, we will continuously reinforce communication and feedback mechanisms to enhance employees' sense of participation and well-being.

Looking ahead, the Group will deepen data-driven employee experience management, converting the findings of satisfaction surveys into management actions. It aims to build a more open, supportive, and growth-oriented work environment, thereby gathering consensus, stimulating organizational vitality, and laying a solid foundation of talent and culture for the long-term corporate development.

Employee Health and Safety

Occupational Health and Safety Management System

The Group always places the safety and occupational health of employees as its top priority, strictly adhering to the core principle of "safety first, prevention-oriented". We strictly comply with relevant laws and regulations in our operating locations and promote safety governance Group-wide using the ISO 45001 Occupational Health and Safety Management System as the framework. Currently, all our subsidiaries are 100% ISO 45001 certified, demonstrating the Group's solid commitment and consistent high standards regarding occupational health and safety.

To ensure continuous and effective safety management, we have established a clear three-tier linked management structure spanning "Headquarters - Subsidiary - Factory". The Chief Executive Officer of Sunny Optical Technology serves as the primary person responsible for work safety, overseeing overall decision-making and supervision. A Safety Management Department has been established to coordinate inspections, assessments, and guidance. The General Manager of each subsidiary acts as the primary safety person responsible for their respective company, authorizing full-time safety personnel to implement work safety initiatives on all fronts. Furthermore, we have established a Work Safety Management Committee comprising senior leadership, Trade Union representatives, safety professionals, and employee representatives, building a responsibility network characterized by full participation and accountability at every level.

Guided by the policy of "Safety First, Prevention-Oriented, Full Participation, Continuous Improvement", we have established and continuously refined an institutionalized, process-oriented management system. Core documents include the *Management Manual*, the *Work Safety Responsibility System*, the *Procedure for Hazard Identification and Risk Assessment Control*, and

the *Procedure for Occupational Health and Safe Operation Control*, covering the full management lifecycle from risk identification, target setting, and operational control to emergency preparedness, monitoring & inspection, and continuous improvement. Through the dual prevention mechanism of dynamic risk classification & control and hidden hazard identification & rectification, we have achieved systematic prevention and control of various occupational health and safety risks. During the reporting period, the Group's total investment in occupational health and safety management amounted to approximately RMB 26.848 million, ensuring the effective implementation of all systems and measures.

Regarding specific measures, we introduced industry best practices and intelligent technologies to transform safety management from passive response to active prevention. These measures are as follows: We implemented special improvements for high-risk operations in accordance with the RBA standards and customer requirements. We reduced intrinsic operational risks by introducing automated equipment, substituting highly hazardous chemicals, and upgrading engineering protection facilities (such as noise control and exhaust gas treatment systems). We also utilized AI video monitoring and other technical means to identify unsafe behaviors and enhance on-site supervision efficiency. Simultaneously, we conducted safety training, emergency drills, regular monitoring of occupational hazard factors, and employee occupational health surveillance to build a strong line of defense for personnel protection and emergency response.

During the reporting period, the Group achieved significant results in occupational health and safety management, with all key targets successfully met:

Target	Status
Zero work-related fatalities	Achieved
Zero occupational diseases	
Zero major work safety accidents	



Occupational Health and Safety Risk Control

The Group places risk pre-control at the core of occupational health and safety management. Adhering to the principle of "prevention foremost and proactive intervention", we have established a systematic and institutionalized mechanism for risk identification, assessment, and control. Our goal is to eliminate or reduce potential hazards in the workplace at the source, ensuring operational safety and employee health.

Risk Management Policy and Framework

Based on the framework under ISO 45001 Occupational Health and Safety Management System, we have formulated a series of core policies and procedures for risk management. The Group have implemented the regulations such as the *Procedure for Hazard Identification and Risk Assessment Control*, the *Procedure for Risk and Opportunity Management & Control*, and the *Provisions on the Investigation and Governance of Accident Hidden Hazards* across all subsidiaries. These explicitly require its subsidiaries to conduct comprehensive, dynamic risk identification for all production, operation, and service activities.

Risk Identification and Assessment

We adopt a sound, systematic approach to risk identification and assessment. Annually, we organize departments to conduct comprehensive hazard identification regarding operational activities, equipment and facilities, working environments, management of changes (such as the introduction of new processes, materials, or equipment), and external changes (such as regulatory updates and supplier changes). In the assessment phase, we apply qualitative and quantitative tools, including the yes-no judgment method, the hazard assessment by operating conditions (LEC method), and the risk matrix method, to grade identified risks in a science-based way.

Based on the assessment results, we classify risks into four levels: Major Risk (Red), Significant Risk (Orange), Moderate Risk (Yellow), and Low Risk (Blue), using a "Four-Color Risk" graded control system. This classification provides a clear basis for subsequent targeted resource allocation and the formulation of control measures. Through dynamic list updates, we ensure the timeliness and accuracy of risk information. During the reporting period, the main types of occupational health and safety risks identified by the Group included mechanical injury, falls from heights, chemical hazards, and fire safety.

Risk Category	Potential Risks	Mitigation Measures
Mechanical injury	Equipment operation risks	Install protective devices and interlock systems; perform regular equipment maintenance; implement Lockout/Tagout (LOTO) procedures and standardize operating procedures; provide Personal Protective Equipment (PPE) and strengthen emergency response training.
Chemical hazards	Non-compliant procurement acceptance, substandard storage conditions, leakage during transportation, improper usage/operation, and non-compliant waste disposal	Take specific measures to ensure safety including green substitution at the source, engineering controls (ventilation, containment, and spill prevention), administration procedures and permits, PPE, emergency drills, and hierarchical control on equipment and health.
Falls from heights	Falling risks during equipment maintenance	Install guardrails, safety lifelines, and protective plates; mandate the use of work platforms and safety harnesses for work at height; enforce strict approval processes, training assessments, and routine inspections; and conduct regular emergency drills.
Fire safety	Aging electrical wiring, blocked fire exits, and ineffective firefighting equipment	Organize fire emergency drills for all employees biannually, covering fire alarms, initial fire suppression, and evacuation; equip facilities with fire extinguishers, fire hydrants, and emergency lighting per standards; and conduct monthly validity checks on equipment to ensure 100% availability.

Risk Control and Mitigation Measures

For risks of different levels, we adhere to the hierarchy of controls principle—"Elimination, Substitution, Engineering Controls, Administrative Controls, and Personal Protective Equipment"—to formulate and implement multi-level, comprehensive control measures:



Engineering and technical measures

We have prioritized eliminating risks through intrinsic safety design. Examples include introducing fully automated equipment (such as automated guided vehicles) to replace high-risk manual operations, substituting with low-hazard chemical solvents, and upgrading noise control and exhaust gas collection & treatment systems.



Administrative and control measures

We have established and strictly enforced various safety management systems, including signing work safety responsibility agreements with all employees, implementing work safety target assessments, and conducting multi-level safety inspections and hazard screenings (such as daily patrols, special inspections, and system audits). For major risks, we have implemented "designation-based management" to clarify responsible departments and regulatory requirements.



Education and training measures

We have held comprehensive safety training sessions covering onboarding, in-service, and specialized topics for all employees, combined with effectiveness assessments. These ensure that employees possess the capability to identify risks and perform safe operations, thereby enhancing overall safety awareness.



Personal Protective Equipment (PPE)

Based on risk assessment results, we have provided employees with compliant labor protective equipment (such as safety goggles, earplugs, and protective gloves) and mandated their correct usage. We have also verified the distribution, usage, and maintenance of PPE on a regular basis.



Emergency preparedness and response

We have developed specialized emergency response plans for major risks and held emergency drills on a regular basis, including fire evacuation, chemical leakage, and first aid. We have also ensured that emergency facilities (such as eyewash stations and alarm systems) remain functional and effective, thereby improving emergency response capabilities.

Monitoring, Review, and Continuous Improvement

We have continuously monitored and verified the effectiveness of risk control through multiple channels. These measures include daily safety patrols by full-time and part-time safety officers, regular verification of hazard identification lists and control measures updated by departments, annual testing of occupational hazard factors and occupational health screenings commissioned to third-party agencies, and compliance & effectiveness assessments via internal and external audits under ISO 45001 Occupational Health and Safety Management System. All identified hazards have been incorporated into a closed-loop management system, with rectification tracked until closure. During the reporting period, through systematic risk control, the Group successfully kept the work injury rate below the annual target, advancing its progress toward the long-term goals of "zero major accidents and zero occupational diseases".

Safety Training, Drills, and Employee Participation

To build a solid foundation for work safety, the Group is committed to establishing a systematic system for safety capability building, a diversified employee participation mechanism, and normalized emergency drills. We firmly believe that only through continuous education and training, active employee engagement, and realistic emergency exercises can safety awareness be internalized and translated into action, ultimately shaping a corporate safety culture where "everyone values safety and everyone is emergency-ready".

Systematic Safety Capability Building

With "zero accidents, zero injuries" as our core objective, we have established a tiered and classified training system that covers all employees, processes, and aspects. In this system, the Group coordinates policies and frameworks, while its subsidiaries execute specific programs, ensuring the relevance and effectiveness of training.

We have developed a tiered and classified training framework. For new employees, we strictly enforce the "Three-Level Safety Education" system (company, department, and team levels), ensuring that new hires are 100% trained and pass assessments before assuming their posts. During the reporting period, the new employee three-level safety training across the Group reached 18,496 person-times. For incumbent employees, we conducted specialized training programs based on specific job risks, covering 17 topics such as machinery safety, chemical management, electrical safety, fire safety practice, forklift operation, and first responder training. For management personnel and special operation workers, we focused on safety leadership, laws & regulations, and qualification training sessions for special equipment operations, ensuring 100% certified operation for key positions.

In addition, we innovated diverse training methods by adopting a combined "Online + Offline" and "Theory + Practice" model. Online, we expanded coverage through web-based academies, compulsory courses, and quizzes with rewards, achieving over 90,000 cumulative participations. Offline, we enhanced learning outcomes through specialized lectures, skills competitions, case study seminars, and Red Cross training.

We have achieved full-process, digital, closed-loop management, spanning from needs analysis, plan formulation, and course implementation to effectiveness evaluation and record archiving.



Sunny Academy Online Training

New Employee Orientation Training

Safety Management Personnel Training



Safety Warning Video

First Aid Training

Occupational Health and Safety Training

Diversified Employee Participation Mechanisms

We regard employees as the most direct observers and the most effective line of defense for on-site safety. Therefore, the Group has established multi-channel, normalized employee participation and consultation mechanisms to encourage active involvement in all aspects of safety management.



Open communication channels

We have collected opinions and suggestions regarding work safety and occupational health through channels such as the Trade Union, the Congress of Workers and Staff, the Health and Safety Committee, WeChat official accounts, hotline numbers, the Feishu platform, regular safety meetings, and the "Snapshot Hidden Hazards" initiative.



Active adoption of opinions and incentives

We have established a rapid assessment and response process for employee feedback. During the reporting period, we conducted 10 special consultations covering the entire process for safety management system and received 566 reports regarding hidden hazards. Following cross-departmental assessment, 541 suggestions were adopted, representing a high adoption rate of 95.6%. All adopted suggestions were rectified, and detailed explanations were offered to employees for those not adopted. Through this deep engagement mechanism, we achieved significant results: the efficiency of hidden hazard identification in production workshops increased by 30% year-on-year, the recurrence rate of similar hazards decreased by 25%, and the volume of proactive hazard reporting by employees increased by 40% year-on-year. These promoted the dynamic optimization and continuous improvement of the safety management system.

Normalized Emergency Drills

To continuously test and enhance practical capabilities in responding to emergencies, the Group views emergency drills as a core component of safety management. We adhere to the principle of "promoting training through drills and preparing for response through practice", utilizing the annual "Work Safety Month" and "Fire Safety Publicity Month" as key platforms for systematic drills.

We are committed to implementing systematic drill planning. At the beginning of each year, we formulate detailed annual emergency drill plans with scenarios covering all potential risks, including fires, chemical leaks, electric shocks, natural disasters, and confined space operations. Each subsidiary holds at least two fire drills annually covering all employees (including employees for day and night shifts), ensuring zero blind spots in drills and no omissions in response.

We focus on practical drills. All drills simulate real-life scenarios and include key emergency chain elements such as early warning reporting, personnel evacuation, initial fire suppression, and medical rescue. Leveraging the "Work Safety Month" and "Fire Safety Publicity Month", all our subsidiaries hold immersive activities such as "hands-on extinguisher training", "simulated escape house experiences", and "firefighting skills competitions". These initiatives aim to ensure every employee masters escape routes and firefighting equipment, translating emergency knowledge into muscle memory.

We adhere to a closed-loop approach for drill evaluation and improvement. Following each drill, we conduct in-depth reviews and effectiveness assessments, directly applying identified issues to optimize emergency plans and response procedures. Post-drill reinforcement training significantly enhances employees' awareness of specific risks such as equipment safety interlocks and elevated work. Through the complete closed-loop cycle of "Plan-Implementation-Evaluation-Improvement", we continuously strengthen our overall emergency resilience and employees' self-rescue and mutual aid capabilities.

Highlights from Work Safety Month and Fire Safety Publicity Month



Safety Knowledge Competition



Firefighting Skills Competition



Hands-on Extinguisher Training



Fire Drill



Emergency Drill for Electric Shock

Fire Safety Management

The Group recognizes fire as a critical potential risk in business operations and consistently prioritizes fire safety in its safety management. Adhering to the policy of "prevention first, prevention and fire fighting integrated" outlined in the *Fire Protection Law of the People's Republic of China*, we have established a multi-dimensional fire safety defense line integrating "personnel prevention, physical prevention, and technical prevention". This is achieved through a systematic management responsibility system, the deployment of advanced smart fire protection facilities, and regular inspections and drills, thereby safeguarding the lives of all our employees and our property.

Systematic Management Framework and Responsibility System

We have established a clear, comprehensive fire safety management framework. All our subsidiaries have formulated and enhanced the *Fire Safety Management System* or equivalent regulatory documents, ensuring that fire safety responsibilities are implemented at all levels. This system explicitly designates the company's principal leader as the primary person responsible for fire safety, bearing overall responsibility for fire safety. Concurrently, full-time or designated fire safety managers are appointed to organize and implement daily fire safety management activities. Furthermore, through the *System of All-Employee Responsibility for Work Safety*, we extend fire safety duties to every employee, ensuring the philosophy that "fire safety is everyone's responsibility" permeates all positions and operational processes.

Comprehensive Fire Prevention and Hardware Assurance

Regarding hardware facilities and routine prevention, we strive to achieve full coverage without blind spots. We have established a comprehensive fire facility system equipped with automatic fire alarm systems, automatic sprinkler systems, fire hydrant systems, smoke control and exhaust systems, emergency lighting and evacuation signage systems, gas extinguishing systems, and various types of fire extinguishers. Strict maintenance and testing policies have also been implemented. All fire facilities have been entrusted to qualified third-party agencies for monthly maintenance and annual testing to ensure operational readiness. Internally, all our subsidiaries have implemented daily patrols and monthly inspections, and conducted routine checks on fire extinguishers and evacuation routes, ensuring the timely identification and elimination of hazards. During the planning and construction of new projects or production lines, the safety management department will intervene in advance. This approach enhances the rationality of fire safety at the source of layout design, ensuring that fire facilities are simultaneously planned, constructed, and put into operation.

Smart Fire Protection Empowering Management Efficiency

To enhance the precision and response efficiency of fire management, the Group actively embraces digital transformation and vigorously promotes the construction and application of the "Smart Fire Protection" system. The Group has installed a smart fire protection IoT system. This system continuously collects key data in real-time 24/7 through sensors, including fire alarm signals, fire water pipe network pressure, and fire water tank levels, and links with a remote monitoring platform. Upon detecting anomalies, the system triggers automatic alarms within seconds via multiple methods such as platform pop-ups, SMS, and phone calls, and pushes messages to relevant responsible persons. This significantly shortens the time from hazard detection to the initiation of emergency response. Simultaneously, we have utilized the enterprise collaboration platform to digitize fire equipment inspections and hazard rectification tracking, upgrading traditional manual records to an online closed-loop management system, thereby significantly improving management efficiency and transparency.

Chemical Safety Management

The Group recognizes that chemical safety management is critical to safeguarding employee health, protecting the ecological environment, and achieving sustainable operations. Aligning with the vision of the United Nations' *Strategic Approach to International Chemicals Management* (SAICM) and the UN SDGs, we are committed to minimizing the release of toxic and hazardous substances. To this end, we have established a chemical safety management system centered on "source prevention, full-cycle control, and continuous substitution and reduction". This system covers the entire process from procurement, storage, and usage to waste disposal, ensuring effective identification and control of chemical risks.

Sound Chemical Management Systems and Source Access Control

To achieve systematic chemical management, all our subsidiaries have established regulations such as the *Management and Control Procedures for Chemical Safety* and the *Regulations on Process Safety Management of Hazardous Chemicals*, clarifying departmental responsibilities and standardizing management processes. Our core strategy is strict source access control, and all our chemicals must undergo a rigorous approval and assessment process before introduction. This process requires suppliers to provide complete qualification certificates and the latest Material Safety Data Sheets (MSDS). The safety and technical departments conduct a comprehensive review of the ingredients, hazard characteristics, and environmental impact, comparing them against the Group's internal list of prohibited and restricted substances. Only chemicals that pass this assessment are permitted for procurement and use, thereby eliminating the introduction of non-compliant or high-risk substances at the source.

Full Lifecycle Risk Control and Emergency Preparedness

We implement closed-loop management for approved chemicals throughout their entire lifecycle:



During the reporting period, Sunny Zhejiang Optics organized a drill for hazardous chemical leakage. The simulation involved a corroded and loose valve at the drainage outlet of a hardening tank, causing hardening liquid to leak beneath the raised floor. Upon receiving an alarm from the combustible gas detector, the fire control center immediately contacted the on-site area manager for verification. The manager used tools to open the raised floor, discovered a small accumulation of liquid underneath, and immediately notified the emergency response team to initiate handling procedures. This drill fully utilized the principle of combining prior training with practical exercises, enhancing employees' safety awareness and enhancing their on-site disposal capabilities.



Continuous Improvement: Green Substitution and Reduction Practices

Going beyond regulatory compliance, we proactively advance the continuous optimization and green transition of chemical management. All our subsidiaries pursue chemical substitution programs, leveraging technological innovation and process optimization to replace toxic and hazardous substances with safer, eco-friendly alternatives.

During the reporting period, Sunny Infrared Optics successfully substituted glacial acetic acid and petroleum ether entirely with safe substances through continuous verification, reducing the unit consumption of ethyl- ether and isopropyl alcohol by 37% and 33%, respectively. Since 2022, Sunny Xinyang Optics has fully phased out isopropyl alcohol, achieving an annual reduction of 59.4 tons. Compared with the previous reporting year, the use of ethanol was further eliminated, with an annual reduction of 13.2 tons. Sunny Optical Intelligence (Yuyao) prohibited toluene-containing adhesives in new projects, opting for alternatives without occupational disease hazards. Besides, Sunny SmartLead substituted isopropyl alcohol with a neutral solvent in solder paste printing, expecting an annual reduction of 0.9 tons.

Incident Management

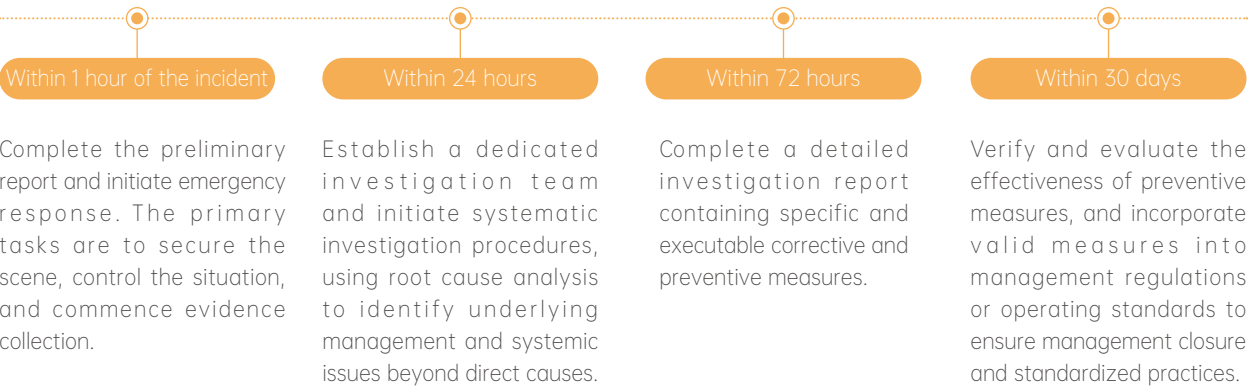
Upholding rigorous incident management policies, we are committed to building a "zero major incident" workplace. Through proactive risk prevention, standardized emergency response & investigation, in-depth experiential learning, and continuous improvement, we safeguard the safety and health of every employee.

Clear Policies and Systematic Prevention Mechanisms

The Group has formulated the *Control Procedures for Incident Reporting, Investigation, and Handling* to establish emergency incident response workflows. We have continuously implemented the safety management responsibilities of heads at subsidiaries. In the event of an incident, the responsible persons must report immediately to the Group's safety management lead and file a report with the local government regulators within the prescribed timeframe based on the incident severity.

Standardized Emergency Response and Root Cause Investigation Processes

To ensure prompt, rigorous, and thorough incident handling, we have established standardized emergency response and investigation processes. Clear timeframes are mandated for critical steps to drive management efficiency and depth:



This standardized process ensures control and traceability from emergency handling through to root cause rectification. Its core objective is not only to resolve individual incidents but also to prevent recurrence through systemic improvement, thereby continuously enhancing the resilience of the overall safety management system.

Experience Learning, Closed-Loop Improvement, and Safety Culture Cultivation

We regard incident lessons as critical resources for safety management enhancement. All corrective and preventive measures identified through investigations are tracked and verified until closure, forming a rigorous management closed-loop. Furthermore, we have established a proactive "Incident Experience Sharing and Learning Mechanism". During the reporting period, the Group organized 12 cross-company incident experience sharing sessions, aiming to transform individual lessons into collective risk knowledge and standardize best practices. Additionally, we linked safety performance to management responsibilities at all levels and inspired full participation through continuous training and communication, thereby gradually fostering a culture where "everyone values and proactively pursues safety".

As of the end of the reporting period, the Group recorded 3,538 lost workdays due to work-related injuries, with a Lost Time Injury Rate (LTIR) of 1.2. Work-related fatalities for the past three years are presented below:

Category	2025	2024	2023
Number of work-related fatalities	0	1 (Note 1)	0
Work-related fatality rate (Note 2)	0	0.003%	0

Notes

1. In 2024, the Group had one fatal traffic accident involving an employee on official business travel.

2. Work-related Fatality Rate = (Number of work-related fatalities / Total number of employees) *100%.

Safety Management among Contractors

The Group recognizes that the safety performance of contractors is an indispensable component of safeguarding overall operational safety and achieving sustainable development. Treating contractors as vital value chain partners, we uphold the principle of "equivalent management and shared risk" through a full-lifecycle safety management system covering admission, operations, and performance evaluation. This system aims to ensure that all operational activities within the Group's premises maintain safety standards consistent with internal management requirements through strict qualification reviews, systematic training & supervision, and continuous performance improvement, thereby jointly building a solid safety defense line.

Strict Admission Screening and Contractual Responsibility Management

We mitigate risks at the source through rigorous admission screening for all contractors. Contractors must pass a comprehensive assessment regarding safety, environment, and social responsibility, and their professional qualifications, safety performance records, and technical service capabilities must all meet the Group's standards. Upon contract signing, a *Work Safety Management Agreement* is executed to define the responsibilities of both parties regarding safety, health, and environmental protection during operations. In particular, we reinforce the territorial management principle of "whoever awards the contract is responsible", assigning contractor safety management responsibilities to the specific contracting and oversight departments.



Systematic Operational Supervision and Capacity Building

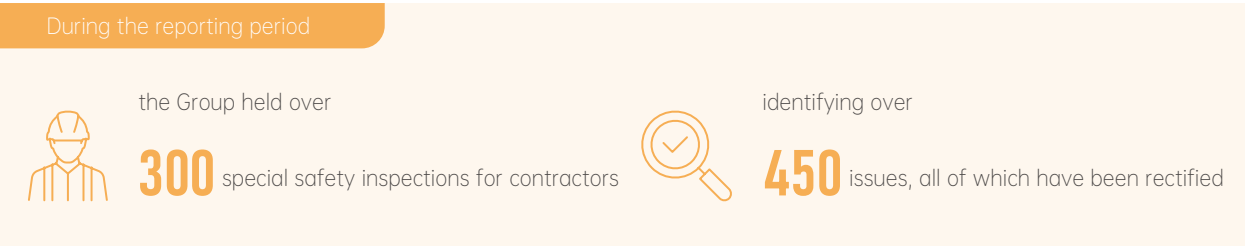
To ensure safe and controllable operational sites, we enforce systematic supervision and management throughout the contractor work process:

Pre-work safety briefing and training

Prior to entering the site, contractor personnel must undergo three-level safety training organized by the Group. The training covers site-specific risks, safety regulations, and emergency procedures, and personnel must pass an assessment. For high-risk operations, a strict work permit approval system must be enforced, and the qualifications of personnel for special operations must be verified.

Dynamic supervision and inspection during operations

During operations, the contracting department and full-time safety personnel conduct onsite grid-based inspections and behavioral observations to monitor the use of personal protective equipment and the implementation of safety measures. We have established mechanisms such as "ticket-based entry for hazardous operations" and taken clear corrective and disciplinary measures for violations to ensure regulatory effectiveness.



Performance Evaluation and Continuous Improvement Closed-Loop

We incorporate the safety performance of contractors into their overall performance evaluation system. Through regular, unscheduled onsite inspections and post-completion safety assessments, we assess the effectiveness of safety management among contractors. Assessment results are directly linked to the maintenance of their status on the qualified supplier list and future cooperation opportunities, thereby incentivizing contractors to continuously improve their safety management standards. During the reporting period, no contractors were disqualified due to major safety violations, reflecting the positive role of this system in promoting the standardized, normalized contractor safety management.



Occupational Disease Prevention

Upholding the core principles of "people-oriented and prevention first", the Group regards the protection of employee occupational health as a cornerstone of corporate sustainable development. Beyond complying with laws and regulations such as the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, we have established a systematic occupational health management system that goes beyond compliance requirements. Centered on risk management, this system spans the entire process of "hazard identification, assessment, control, and health surveillance", and integrates ergonomic concepts. It aims to create a safe, healthy, and human-centric working environment for all employees and achieve the long-term goal of zero occupational disease cases.

The Group has formulated documents such as the *Procedure for Occupational Health and Safety Management* and the *Specification for Occupational Health Management*. These documents clarify the Group's protocols for the diagnosis and management of occupational diseases, occupational disease reporting, and hazard warning & notification, in order to maximize the prevention of occupational diseases. At the forefront of risk management, we have utilized rational methods for comprehensive risk identification and assessment. We have not only identified traditional occupational hazards such as chemicals, noise, and dust, but also focused on ergonomic risks arising from heavy manual labor, prolonged standing, and highly repetitive operations. Besides, we have referred to the US EPA model, Singaporean occupational exposure assessment method for toxic substances, and GBZ/T national standards to conduct semi-quantitative and quantitative analyses of hazard factors. Furthermore, we have formulated hierarchical control strategies based on risk levels to ensure precise resource allocation to high-risk areas.

The occupational disease hazard factors involved in our workplaces mainly include noise, chemicals, dust, and radiation. In this regard, we have strictly followed the priority hierarchy principle of "elimination, substitution, engineering controls, administrative controls, and PPE" to take comprehensive control measures.

Elimination and substitution at source

We have actively identified and substituted hazardous chemicals with safer alternatives to eliminate hazards at the source.

Engineering controls

Where elimination is not feasible, engineering measures have been prioritized. We have installed local exhaust ventilation and dust collection devices for dust-generating equipment and VOCs areas, added sound insulation and silencing facilities in noisy areas, and enclosed or isolated high-risk processes to minimize the concentration and intensity of hazardous factors in the workplace.

Administrative controls and Personal Protective Equipment

We have formulated detailed operating procedures and safety notification systems to ensure employee awareness of hazards and protection requirements. Meanwhile, we have strictly issued and supervised the use of effective Personal Protective Equipment (PPE) according to standards, such as protective masks, earplugs/earmuffs, and safety goggles, to establish a robust final line of defense.

We firmly believe that the active monitoring and care of employees' health conditions is an indispensable part of occupational health management.

We have legally mandated occupational health examinations for all employees throughout the entire employment cycle. Those exposed to occupational hazards have undergone specific examinations pre-employment, during employment, and upon departure. During the reporting period, the Group arranged medical examinations for 10,861 employees. Employees identified with occupational contraindications were promptly transferred from their original posts to prevent occupational diseases. In 2025, the Group recorded zero confirmed occupational disease cases. Simultaneously, we extended health management beyond compliance. We cared for the physical and mental well-being of employees through annual welfare health checks, chronic disease monitoring (e.g., hypertension), health knowledge lectures and free medical consultation activities. Furthermore, we formulated and rehearsed emergency plans for occupational hazard accidents, equipped workplaces with first aid kits and facilities, and trained first aid personnel. We also established a mechanism for the prevention and control of infectious diseases to respond to public health emergencies and safeguard collective health and safety.

06

Community Engagement & Value Sharing

The Group firmly believes that corporate success and community prosperity are intertwined. Upholding the core value of "integrating social responsibility into our core mission", we prioritize community development and public welfare as key corporate citizenship missions. Through systematic management planning and diversified practical actions, we create long-term social value in education, rural revitalization, and charitable care, encouraging employees to spread warmth and strength throughout society.

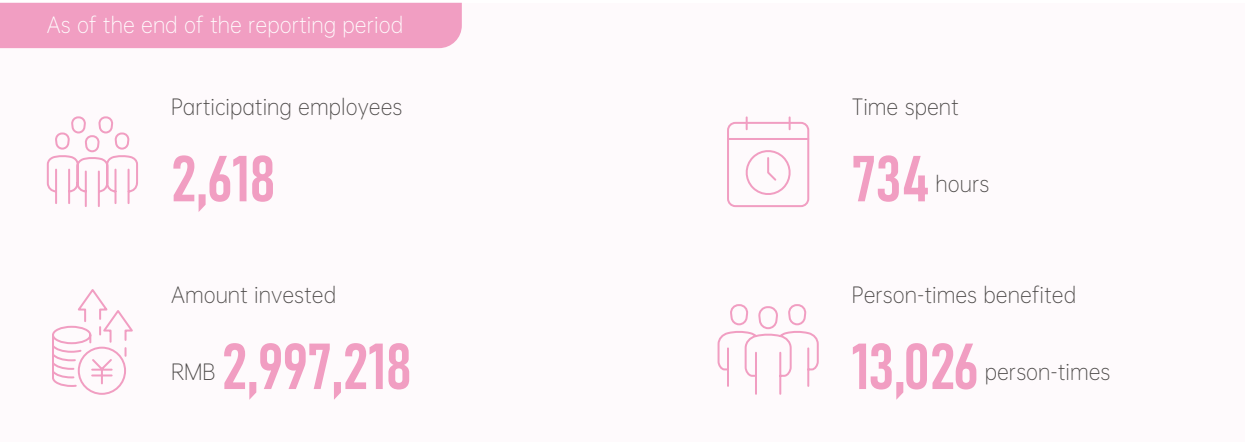
Support for Education 136

Public Welfare and Volunteer Services 137



To ensure the sustainability and effectiveness of our community engagement and value-sharing endeavors, we have established an institutionalized management and incentive framework. We have also established the Federation of Voluntary Services to promote the professional and normalized volunteer services. Besides, we have innovatively introduced a "Volunteer Star Rating System" and a "Points Reward System", certifying and incentivizing volunteers based on their service hours. Outstanding teams and individuals are commended each year and eligible for corresponding rewards. This mechanism has significantly ignited the enthusiasm of employees for participation.

During the reporting period, the Group's public welfare activities attracted 2,618 employees, with a total investment of RMB 2,997,218, benefiting over 13,026 person-times. This has fostered a strong culture of "universal participation and shared value".



The Group's donation details during the reporting period are as follows:

Type of Donation	Project	Amount (RMB)
Support for Education	Named charitable fund	1,000,000.0
	Donation to Opt-Sci-Tech Competition of National University Students	100,000.0
	Yuyao City Education Foundation	400,000.0
	Scholarships 2025 for Sichuan University	60,000.0
	Sponsorship for Career Planning Competition of China Jiliang University	50,000.0
	Sponsorship for Zhejiang University of Technology	50,000.0
	Scholarships 2025 for Wuhan University of Technology	50,000.0
	Donation to Ningbo Polytechnic	50,000.0
	Donation to 2025 "Sunny Cup" Optoelectronic Design Competition of China Jiliang University	50,000.0
	Donation to University-Enterprise Cooperation of School of Mechanical Engineering, Hangzhou Dianzi University	50,000.0
	Donation to Harbin University of Science and Technology	30,000.0
Disaster Relief and Poverty Alleviation	"One-Day Charity Donation: Building Rural Primary School Libraries" Campaign	41,186.0
	Donation for the Tai Po, Hong Kong fire disaster	890,000.0
Total Donations		2,821,186.0

Support for Education

Education is the cornerstone of social development and a vital pathway for driving social progress and cultivating talent. As a responsible corporate citizen, we deeply understand the importance of education for individual growth, community prosperity, and the future of the nation. Therefore, we have actively supported the cause of education through means, including financial donations, scholarships, and industry-university-research cooperation, contributing our strength to improve educational quality and promote educational equity.

Simultaneously, we have maintained long-term talent cooperation partnerships with domestic and international universities, including Zhejiang University, Changchun University of Science and Technology, the University of Rochester, and the University of Arizona. Through the joint construction of employment bases, technical exchanges, and joint R&D, we have bridged the talent and innovation chains, cultivating future leaders for both the industry and society.



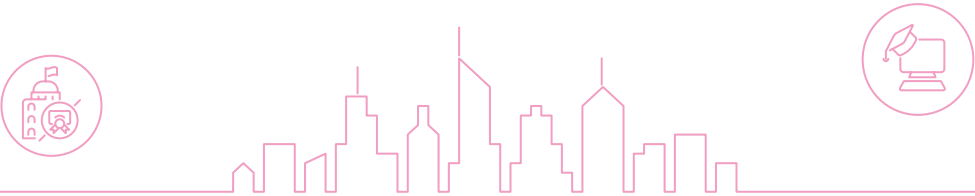
Technology on Campus Initiative



Sunny Instruments' Summer Camp and "Technology on Campus: The Microscopic World" Volunteer Service



Fifth-grade Teachers and Students from Xinjian Primary School Visit Sunny Zhejiang Optics for a Science Field Trip



Public Welfare and Volunteer Services

Dedicated to social responsibility, we extend our public welfare initiatives to grassroots communities, addressing the multi-dimensional needs of vulnerable groups and carrying out various forms of caring activities. During the reporting period, the Group continued to promote volunteer service activities, organizing charitable volunteer events such as visits to elderly people living alone, charitable donations, and charity bazaars.

Rural revitalization and cultural support

We focus on rural education and cultural development. In 2025, we donated a total of 3,800 books to Zhixing Primary School and Ruiyun School to support the construction of "Rural Primary School Libraries", providing spiritual nourishment for children.



Book Donation

Life Relay and Health Care

Unpaid blood donation is a regular expression of our care for life. During the reporting period, the Group successfully organized two large-scale unpaid blood donation activities with 752 participants, collecting 0.2519 million ml of blood to support regional clinical needs.

Support for the vulnerable and needy

We have regularly organized employee volunteers to carry out activities such as visits to elderly people living alone, charity bazaars, and material donations to convey warmth.



- Unpaid Blood Donation Activity
- Volunteer Visit to Elderly People Living Alone Held by Sunny Zhongshan Optics

Environmental protection

The Group have organized eco-friendly activities such as "Beautifying the Environment, Cleaning Our Home", safeguarding our green home through practical actions.



- "Green & Environmental Protection" Charity Exchange Event Held by Sunny Instruments
- "Making the City More Beautiful, We Are in Action" - Public Welfare Activity to Beautify Yuhuangshan Park Organized by Sunny Instruments



- Arbor Day Tree Planting Activity Launched by Sunny Optical Intelligence (Yuyao)
- World Environment Day - Cleaning Campaign Launched by Sunny Optical Intelligence (Yuyao)

Appendix I: Data Assurance

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 2025 (the "2025 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 2025 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 Optech 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 2025 ESG Report as stated above only and did not cover any other indicators or information disclosed in the 2025 ESG Report or related to previous years.

The Subject Reporting Standards

The Scopes 1 and 2 GHG emissions intensity data in the 2025 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 2025 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 2025 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 2025 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 2025 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 2025 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 2025 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
24 April 2026

Appendix II: Responsibility KPIs

Aspects	KPIs Description	Unit	2025	2024	2023
E Environmental KPIs	GHG Scope 1	tCO ₂ e	13,121.6	8,740.1	5,122.0
	GHG market-based Scope 2	tCO ₂ e	384,050.5	340,919.1	378,427.2
	GHG location-based Scope 2	tCO ₂ e	539,372.1	441,211.2	/
	GHG Scope 3	tCO ₂ e	942,160.2	/	/
	Total GHG (Scope 1 and market-based Scope 2)	tCO ₂ e	397,172.1	349,659.2	383,549.2
	GHG (Scope 1 and market-based Scope 2) emission intensity	tCO ₂ e / RMB million revenue	9.2	9.7	14.0
	Total GHG (Scope 1 and market-based Scope 2 and Scope3)	tCO ₂ e	1,339,332.3	/	/
	Electricity	MWh	854,906.5	582,170.7	537,920.7
	Green Electricity	MWh	135,766.9	203,322.0	101,536.8
	Steam	MWh	398.4	/	/
	Total indirect energy	MWh	991,071.8	785,492.7	639,457.5
	Diesel oil	MWh	466.6	83.6	80.4
	Gasoline	MWh	645.5	563.3	536.1
	Natural gas	MWh	1,316.4	/	/
	Self built photovoltaic	MWh	9,457.3	/	/
	Total direct energy	MWh	11,885.8	646.9	616.5
	Total energy consumption	MWh	1,002,957.6	786,139.5	640,074.0
	Energy consumption intensity	MWh/ RMB million revenue	23.2	21.8	23.3
	Water Withdrawal	tons	4,683,268.4	2,995,329.6	2,639,878.9
	Wastewater emission	tons	3,750,123.3	2,396,263.7	2,111,903.1
	Water Withdrawal intensity	tons/ RMB million revenue	108.4	83.2	96.0
	Hazardous waste	tons	487.4	115.3	93.0
	Total non-hazardous waste	tons	12,732.2	9,805.6	7,197.7
	Recycled waste	tons	5,696.8	6,635.7	3,929.6
	Recycling rate of non-hazardous waste	%	44.7	67.7	54.6
	Non-hazardous waste intensity	Kg / RMB million revenue	294.5	272.4	261.9
	Nitrogen oxides	Kg	941.9	567.7	605.7

Note

The 2024 and 2023 performance data are sourced from the 2024 *Environmental, Social, and Governance Report* and the 2023 *Environmental, Social, and Governance Report*, respectively.

Aspects	KPIs Description	Unit	2025	2024	2023
E Environmental KPIs	Sulphur dioxide	Kg	1.5	1.1	1.0
	Particulate matter	Kg	89.5	54.2	57.8
	Number of environmental violations	Case	0	0	0
	Existing certified "Green Factories"	Number	8	5	4

Aspects	KPIs Description	Unit	2025	2024	2023
S Social KPIs	Number of employees	Person	34,393	33,884	29,524
	Male employees	Person	21,253	21,002	17,702
	Female employees	Person	13,140	12,882	11,822
	Proportion of female employees	%	38.2	38.0	40.0
	Senior management	Person	959	987	891
	Number of female in senior management	Person	178	181	223
	Proportion of female in senior management	%	18.6	18.4	25.0
	Middle management	Person	5,720	5,775	5,124
	Junior employees	Person	27,714	27,122	23,509
	Turnover rate of male employees	%	4.3	5.2	3.6
	Turnover rate of female employees	%	3.3	4.2	3.3
	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)	54.6	52.7	52.7
	Employee satisfaction score	%	83.5	83.7	82.7
	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)	3,538	1,574.1	2,194.0
	Amount devoted in public welfare activities	RMB	2,997,218	1,304,767	1,869,770
	Employees participated in public welfare activities	Person	2,618	1,267	3,275
	Time devoted in public welfare activities	Hour(s)	734	188	606
	Persons benefited in public welfare activities	Person	13,026	3,172	2,365
	Total number of class I suppliers	Number	1,765	1,204	946
	Percentage of suppliers from Mainland China	%	93.4	89.9	92.8

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

Aspects and KPIs Description		Title of chapter
A. Environmental		
A1. Emissions		
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Development, Carbon Reduction and Enhanced Efficiency
KPI A1.1	The types of emissions and respective emissions data.	
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.	Green Development, Carbon Reduction and Enhanced Efficiency
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.	Green Development, Carbon Reduction and Enhanced Efficiency
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
B. Social		
Employment and Labor Practices		
B1. Employment		
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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Well-being & Joint Creation
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), 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: (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.	Employee Well-being & Joint Creation
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	

Aspects and KPIs Description		Title of chapter
KPI B2.2	Lost days due to work injury.	Employee Well-being & Joint Creation
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. Description of training activities.	Employee Well-being & Joint Creation
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: (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.	Employee Well-being & Joint Creation
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.	
Operating Practices		
B5. Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Innovation Empowerment & Green Optics
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 implemented 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.	Transparent Supply Chain & Ecological Prosperity
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.	Governance Leadership & Sustainable Foundation
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.	
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 Engagement & Value Sharing
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.	

Part D: Climate-related Disclosures				
(I) Governance				
D19	19. An issuer shall disclose information about:	(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	Climate Governance
			(ii) how and how often the body(s) or individual(s) is informed about climate related risks and opportunities;	
			(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	
			(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and	
		(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	
			(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	
(II) Strategy				
Climate-related risks and opportunities				
D20	20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	Climate Risk and Opportunity Identification	
		(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;		
		(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and		
		(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision making.		
Business model and value chain				
D21	21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	Climate Risk and Opportunity Identification	
		(b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).		

Part D: Climate-related Disclosures				
Strategy and decision-making				
D22	22. An issuer shall disclose information that enables an understanding of the effects of climate related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	(a) information about how the issuer has responded to, and plans to respond to, climate related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities	Climate Risk and Opportunity Identification Enhancing Climate Resilience Driving Low-Carbon Transition Innovating Green Finance
			(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);	
			(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan;	
			(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	
		(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).		
D23	23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).			Climate Risk and Opportunity Identification Enhancing Climate Resilience Driving Low-Carbon Transition Innovating Green Finance
Financial position, financial performance and cash flows				
D24	Current financial effect 24. An issuer shall disclose qualitative and quantitative information about:	(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and		Climate Risk and Opportunity Identification
		(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.		
D25	Anticipated financial effect 25. The issuer shall provide qualitative and quantitative disclosures about:	(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	(i) its investment and disposal plans; and	Climate Risk and Opportunity Identification
			(ii) its planned sources of funding to implement its strategy; and	
		(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.		
		(c) provide quantitative information about the combined financial effects of that climate-related risk or opportunity with other climate-related risks or opportunities and other factors unless the issuer determines that quantitative information about the combined financial effects would not be useful.		

Part D: Climate-related Disclosures							
Climate resilience							
D26	26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;			Climate Risk and Opportunity Identification Scenario Analysis	
			(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and				
			(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;				
		(b) how and when the climate-related scenario analysis was carried out, including:	(i) information about the inputs used, including:	(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;			
				(2) whether the analysis included a diverse range of climate-related scenarios;			
				(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;			
				(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;			
				(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;			
				(6) time horizons the issuer used in the analysis; and			
				(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);			
			(ii) the key assumptions the issuer made in the analysis; and				
			(iii) the reporting period in which the climate-related scenario analysis was carried out.				
(III) Risk Management							
D27	27. An issuer shall disclose information about:	(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate related risks, including information about:	(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);			Climate Risk and Opportunity Identification	
			(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;				
			(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);				
			(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;				
			(v) how the issuer monitors climate-related risks; and				
			(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;				

Part D: Climate-related Disclosures				
D27	27. An issuer shall disclose information about:	(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and		Climate Risk and Opportunity Identification
		(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.		
(IV) Metrics and Targets				
Greenhouse gas emissions				
D28	28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as:	(a) Scope 1 greenhouse gas emissions;		GHG Emission Indicators
		(b) Scope 2 greenhouse gas emissions; and		
		(c) Scope 3 greenhouse gas emissions.		
D29	29. An issuer shall:	(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;		GHG Emission Indicators
		(b) disclose the approach it uses to measure its greenhouse gas emissions including:	(i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;	
			(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	
			(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	
		(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and		
		(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).		
Climate-related transition risks				
D30	30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.			Climate Risk and Opportunity Identification
Climate-related physical risks				
D31	31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks			Climate Risk and Opportunity Identification
Climate-related opportunities				
D32	32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.			Climate Risk and Opportunity Identification

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Capital deployment			
D33	33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Innovating Green Finance	
Internal carbon prices			
D34	34. An issuer shall disclose:	(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	Internal Carbon Pricing
		(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;	
		or an appropriate negative statement that the issuer does not apply a carbon price in decision making.	
Remuneration			
D35	35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Compensation and Evaluation	
Industry-based metrics			
D36	36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	GHG Emission Indicators	
Climate-related targets			
D37	37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	(a) the metric used to set the target;	Our Commitments
		(b) the objective of the target (for example, mitigation, adaptation or conformance with science based initiatives);	
		(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	
		(d) the period over which the target applies;	
		(e) the base period from which progress is measured;	
		(f) milestones or interim targets (if any);	
		(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and	
		(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	
D38	38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	(a) whether the target and the methodology for setting the target has been validated by a third party;	Climate Governance Our Commitments
		(b) the issuer's processes for reviewing the target;	
		(c) the metrics used to monitor progress towards reaching the target; and	
		(d) any revisions to the target and an explanation for those revisions.	
D39	39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	GHG Emission Indicators	

Part D: Climate-related Disclosures				
D40	40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	(a) which greenhouse gases are covered by the target;		Our Commitments Carbon Reduction Pathway Internal Carbon Pricing
		(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;		
		(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;		
		(d) whether the target was derived using a sectoral decarbonisation approach; and		
		(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	
			(ii) which third-party scheme(s) will verify or certify the carbon credits;	
			(iii) the type of carbon credit, including whether the underlying offset will be nature based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	
(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).				
Applicability of cross-industry metrics and industry-based metrics				
D41	41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).			GHG Emission Indicators

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 2025/1/1 – 2025/12/31 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	Employee Well-being & Joint Creation
2-8	Workers other than employees	
2-9	Governance structure and composition	
2-10	Nomination and selection of the highest governance body	Governance Leadership & Sustainable Foundation
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	All chapters
2-23	Policy commitments	
2-27	Compliance with laws and regulations	
2-28	Membership associations	
2-29	Approach to stakeholder engagement	Governance Leadership & Sustainable Foundation
2-30	Collective bargaining agreements	Employee Well-being & Joint Creation
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Governance Leadership & Sustainable Foundation
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	Green Development, Carbon Reduction and Enhanced Efficiency
201-3	Defined benefit plan obligations and other retirement plans	Employee Well-being & Joint Creation
GRI202: Market Practices 2016		
202-1	Ratio of standard starting salary to local minimum wage, by gender	Employee Well-being & Joint Creation
202-2	Proportion of senior management hired from the local community	
GRI204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Transparent Supply Chain & Ecological Prosperity
GRI205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	Governance Leadership & Sustainable Foundation
205-3	Confirmed incidents of corruption and actions taken	
GRI207: Tax 2019		
207-1	Approach to tax	Governance Leadership & Sustainable Foundation
207-2	Tax governance, control, and risk management	
Environment		
GRI301: Materials 2016		
301-1	Materials used by weight or volume	Green Development, Carbon Reduction and Enhanced Efficiency
301-2	Recycled input materials used	
301-3	Reclaimed products and their packaging materials	
GRI302: Energy 2016		
302-1	Energy consumption within the organization	Green Development, Carbon Reduction and Enhanced Efficiency
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	Green Development, Carbon Reduction and Enhanced Efficiency
303-2	Management of water discharge-related impacts	
303-3	Water withdrawal	
303-4	Water discharge	
303-5	Water consumption	

GRI Standards	Disclosure	Location
GRI304: Biodiversity 2016		
304-2	Significant impacts of activities, products and services on biodiversity	Green Development, Carbon Reduction and Enhanced Efficiency
GRI305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Green Development, Carbon Reduction and Enhanced Efficiency
305-2	Energy indirect (Scope 2) GHG emissions	
305-3	Other indirect (Scope 3) greenhouse gas emissions	
305-4	GHG emissions intensity	
305-5	Reduction of GHG emissions	
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	
GRI306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Green Development, Carbon Reduction and Enhanced Efficiency
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	Transparent Supply Chain & Ecological Prosperity
308-2	Negative environmental impacts in the supply chain and actions taken	
Society		
GRI401: Employment 2016		
401-1	New employee hires and employee turnover	Employee Well-being & Joint Creation
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	Employee Well-being & Joint Creation
GRI403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Employee Well-being & Joint Creation
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	

GRI Standards	Disclosure	Location
403-8	Workers covered by an occupational health and safety management system	Employee Well-being & Joint Creation
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	Employee Well-being & Joint Creation
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	Governance Leadership & Sustainable Foundation Employee Well-being & Joint Creation
405-2	Ratio of basic salary and remuneration between men and women	Employee Well-being & Joint Creation
GRI406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Employee Well-being & Joint Creation
GRI408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Employee Well-being & Joint Creation
GRI409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Well-being & Joint Creation
GRI413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement & Value Sharing
GRI414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Transparent Supply Chain & Ecological Prosperity
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	Innovation Empowerment & Green Optics
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	Innovation Empowerment & Green Optics
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	Innovation Empowerment & Green Optics

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:

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

If convenient, please provide your personal information:

Name_____	Position _____
Company/Organization_____	Fax _____
Contact No. _____	Email _____

Our Contact Details:

Address: No. 66-68 Fengle Road, Yangming Street, Yuyao City, Ningbo, Zhejiang Province

Telephone: 0574-62539225

Email: bgs@sunnyoptical.com



Sunny Optical Technology (Group) Company Limited

舜宇光學科技 (集團) 有限公司

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