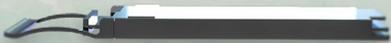


# 2023

## ENVIRONMENTAL SOCIAL & GOVERNANCE (ESG) REPORT



# About the Report

This Report is the third ESG report issued by Zhongji InnoLight Co., Ltd. ("Zhongji InnoLight", the "Company", or "we/us") to its stakeholders, sets forth our practices and performance in connection with economic, environmental, social, corporate governance and other responsibilities in 2023, and intends to effectively communicate with, and systemically respond to the expectations and requirements of, all stakeholders.

## Reporting Period

From January 1, 2023, to December 31, 2023. For comparison and forward-looking, this Report may cover certain information from prior and subsequent years.

## Reporting Scope

This Report discloses the information about, and typical cases of, the fulfillment of economic, environmental, social, and corporate governance responsibilities by us and our subsidiaries.

## Information Source

The information disclosed herein comes from our internal official documents, statistical reports, and annual reports, and the data disclosed herein come from our original data, data published by the government authorities, annual financial data, internal statistical statements, third-party questionnaires, third-party assessments, interviews, etc. The financial data contained herein are denominated in RMB.

## Abbreviations

Zhongji InnoLight Co., Ltd. ("Zhongji InnoLight", the "Company" or "we/us")

InnoLight Technology (Suzhou) Ltd. ("InnoLight Technology")

InnoLight Technology (Tongling) Ltd. ("InnoLight Tongling")

InnoLight Technology Pte. Limited Taiwan Branch ("InnoLight Taiwan")

InnoLight Technology Pte. Limited (Thailand) ("InnoLight Thailand")

## Basis of Preparation

2030 Sustainable Development Goals of the United Nations (SDGs)

*Global Reporting Initiative Standards (GRI Standards)* issued by the Global Sustainability Standards Board

*Guide for the Preparation of Corporate Social Responsibility Report in China (CASS-ESG5.0)* issued by the Chinese Academy of Social Sciences

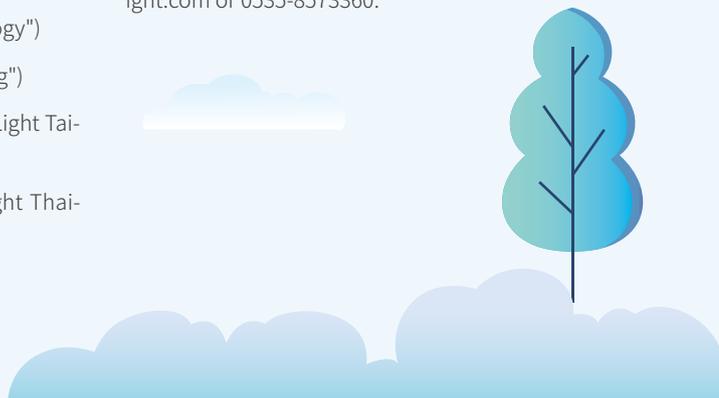
*Guide for the Preparation of Social Responsibility Report (GB/T 36001-2015)* (Chinese national standards)

*ISO 26000: Guidance on Social Responsibility (2010)* issued by the International Organization for Standardization

*Guide on Self-regulatory Supervision for Companies Listed on the Shenzhen Stock Exchange No. 2 - Code of Operations for ChiNext-listed Companies* issued by the Shenzhen Stock Exchange

## Access to the Report

This Report is available in electronic form. You may visit our official website at <https://www.zj-innolight.com> or [www.cninfo.com.cn](http://www.cninfo.com.cn) to view this Report. If you have any questions or suggestions about this Report, please contact us at [info@zj-innolight.com](mailto:info@zj-innolight.com) or 0535-8573360.



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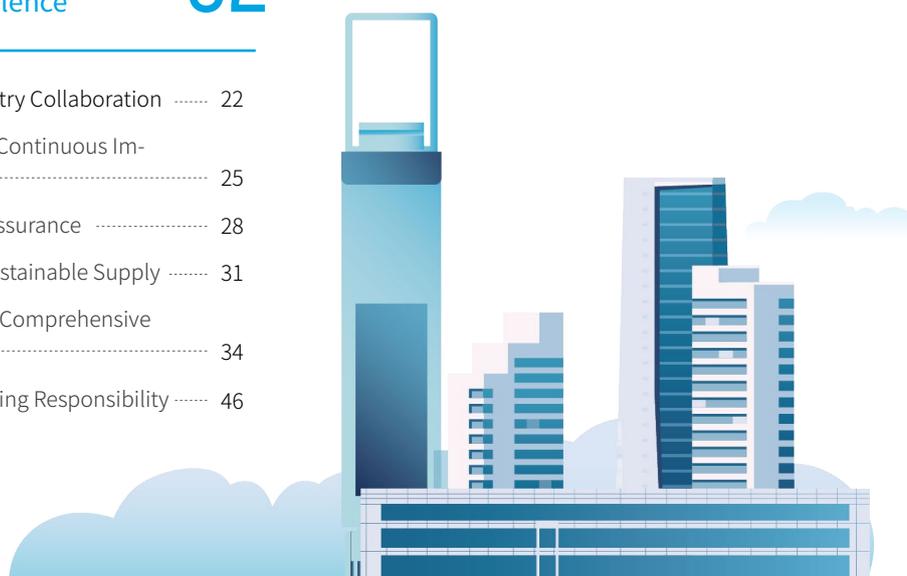
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# Message from the Chairman



2023 marked a year of remarkable achievements for Zhongji InnoLight, made possible by the strong support of stakeholders and the dedication of our employees. Throughout the year, we actively pursued the Company's development strategy, focusing on the mission to "innovate optoelectronic technologies, embrace the intelligence era". Our progress was evident in three key areas.

**LIU Sheng, Chairman and President of Zhongji InnoLight**

**We prioritized balanced development to ensure robust governance practices.** Over the past year, we achieved significant growth in both operating revenue and operating profits, demonstrating strong profitability and sustainable development potential. We continuously enhanced our governance structures and systems, facilitated communication with investors, ensured timely and reliable information disclosure, and enhanced our ESG governance. Furthermore, we strengthened internal management, improved risk prevention measures, enhanced productivity and operational performance, and safeguarded intellectual property rights. We were committed to promoting a culture of integrity and taking concrete actions to support high-quality company development.

**We upheld integrity while fostering innovation, and collaborating with all stakeholders to pursue excellence to-**

**gether.** Driven by our vision of "Innovation Lights Our Future", we invested heavily in research and development innovations, and successfully launched a series of innovative products, which elevated our brand influence. At the same time, we also introduced smart manufacturing equipment, optimized production processes, standardized supplier management, and continuously improved product quality and service levels, in order to provide customers with better products and services. Our focus on employees' career development and well-being offered them excellent training and promotion opportunities and created a harmonious, equal, and inclusive work environment. We earnestly implemented safety precautions to ensure the health and safety of our employees. As a socially engaged company, we actively participated in public welfare activities to fulfill our social responsibilities, contributing to sustainable company growth through cooperative efforts.

**We championed energy-efficient development to establish a green, low-carbon company.** Demonstrating our proactive stance towards China's carbon peaking and carbon neutrality goals, we remained committed to green development principles and took environmental protection as one of the key tasks in our development. We implemented stringent controls over the construction and operation of wastewater and waste gas treatment facilities, promoted energy conservation, and optimized resource utilization throughout our production and operations, in order to reduce negative impacts on the environment and contribute to sustainable development.

In 2024, Zhongji InnoLight will remain dedicated to its core values of "Innovation, Speed, Discipline, and Teamwork". We will embrace opportunities and challenges to fuel internal innovation, advancing towards a brighter future alongside all our cross-sector partners!

# About Zhongji InnoLight

## Company Profile

Zhongji InnoLight Co., Ltd. (SZ: 300308) is an industry-leading integrated high-speed optical interconnection solution provider. Our optical module and device products are applied in cloud computing data centers, wireless networks, telecommunication transmission, and other fields, and are designed to provide more efficient information transmission in the era of intelligent interconnection. In recent years, we have maintained strong revenue performance and excellent capital operation ability, and integrated industrial resources by leveraging our platform advantage as a listed company to secure sustainable development.

We make continuous improvements in business models, customer service, investor relationships, and social responsibilities, adhere to the philosophy of win-win and sharing, and strive to create an environment in which the businesses and the society co-exist friendly, and help each other.



# Corporate Culture

● Innovation Lights  
Our Future

● Innovate optoelectronic  
technologies, embrace  
the intelligence era

Vision

Mission

Corporate values

**Innovation:** Driving success with technological innovation, and improving efficiency with process innovation; taking an open-minded and collaborative approach to ensure efficient implementation

**Speed:** Getting personally involved in problem-solving from the customer's perspective; taking action with a focus on priorities

**Discipline:** Aligning information and respecting facts; focusing on details with excellent quality

**Teamwork:** Being honest, sincere, and ready to face challenges; supporting and trusting each other to achieve mutual success



## Milestones

2005

- Longkou Zhongji Electrical Machinery Co., Ltd., our predecessor, was founded.

2008

- InnoLight Technology (Suzhou) Ltd. was established in the Suzhou Industrial Park.

2010

- Zhongji Electrical Machinery was restructured into Shandong Zhongji Electrical Equipment Co., Ltd.

2017

- Shandong Zhongji Electrical Equipment Co., Ltd. and InnoLight Technology completed a material asset restructuring, after which our stock short name was changed to Zhongji InnoLight and the stock code was 300308.

2016

- We launched 100G QSFP28 LR4-Lite/ER4-Lite/CWDM4/AOC breakout products, marking that we offered the most complete series of 100G products in the industry.

2012

- We launched the industry-leading 40G QSFP+ series products.
- Shandong Zhongji Electrical Equipment Co., Ltd. was listed on the Shenzhen Stock Exchange.

2018

- We launched the first 400G QSFP-DD FR4 optical communication module in the industry.

2019

- We launched 400G QSFP-DD (SiPh) DR4 and 200G Coherent CFP DCO products, demonstrating our design and manufacturing capabilities in the field of silicon optical modules and long-distance coherent transmission modules.
- Our wholly-owned sub-subsidiary InnoLight Tongling went into operation, further increasing our production capacity.

2021

- We launched 100G QSFP-DD, 400G QSFP-DD ZR/OpenZR+, and 400G LH CFP2 DCO coherent optical module products, providing customers with coherent solutions with the smallest package and the highest rate in China.
- We completed a private placement, the RMB 2.699 billion of offering proceeds from which would be used to build the production capacity for 800G, 400G, 200G, and other high-end optical module products and the construction of the optoelectronic industrial park and R&D center.

2022

- Our Thai manufacturing base was completed and put into operation.
- We launched 800G pluggable OSFP 2xFR4 and QSFP-DD800 DR8+ silicon optical modules.
- We and Marvell jointly launched 100G QSFP-DD series optical module products for 5G backhaul and aggregation.
- We achieved the batch shipment of 400G series coherent products and launched new 100G/400G QSFP-DD coherent products with fixed wavelengths.
- Our headquarter settled in InnoLight Technology Optoelectronics Park, starting our platform-driven development.

2023

- We launched a 1.6 TOSFP-XD DR8 + pluggable optical communication module.

## Honors in 2023

### Zhongji InnoLight Awards

18th China Listed Companies Board of Directors  
Best Board of Directors of the "Golden Round  
Table Award"

17th GEM Listed Companies  
Top 50 Most Valuable

p5w.net Investor Relationship Gold Award  
"Outstanding IR Team"

2023  
Best Institutional Coverage IR Team

2023 Tonghuashun  
Annual Investor Relationship Award for  
Listed Companies

2023 Listed Companies  
Best ESG Practice Award

Chinese Listed Companies  
ESG Top 100

### InnoLight Technology Awards

Next-generation Silicon Optical Mod-  
ule winning  
"Lightwave 2023 Innovation Award"

Included in the List of "Top 100 Inno-  
vative Private Enterprises in Jiangsu in  
2023"

No. 1 of the Top 100 Innovative Private  
Enterprises in Suzhou in 2023

Top 10 R&D Investment Enterprises in  
Suzhou in 2023

# Coordination and Synergy

## Standardized Governance and Steady Operations

### Philosophy

We place high importance on standardizing internal governance. Through the robust operation of the General Meeting, the Board of Directors, and the Board of Supervisors, we ensure the stability and efficiency of our daily operations. Meanwhile, we have established and strictly enforced an internal control system to mitigate risks, ensure compliance, and lay a solid foundation for long-term growth. Regarding anti-corruption efforts, we steadfastly adhere to relevant laws and regulations, uphold business ethics, and foster a transparent corporate environment. Additionally, we prioritize investor relationship management by actively enhancing communication with investors to boost their confidence. Regarding intellectual property protection, we vigorously safeguard our legal rights over technological assets to provide robust support for the Company's innovative development. The effective implementation of these internal governance measures collectively contributes to our sustained and stable operation.

### Our Actions

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### SDGs Benchmarking



# Operations of the General Meeting, the Board of Directors, and the Board of Supervisors

## Organization Structure

We have established a governance structure comprising the General Meeting, the Board of Directors, the Board of Supervisors, and the management in strict accordance with the requirements of the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on the ChiNext Market of the Shenzhen Stock Exchange* and other applicable laws and regulations and defined their respective powers and responsibilities. Each entity within the Company operates in its own capacity, working collaboratively and mutually constraining each other to enhance corporate governance standards, drive company development, and effectively protect the legitimate rights and interests of all stakeholders.

## Shareholders and the General Meeting

We have convened and held general meetings in strict accordance with our *Articles of Association* and *Rules of Procedure for the General Meeting* and engaged counsels to issue legal opinions on the legality of our general meetings. We have treated all shareholder groups fairly, justly, and openly, and paid attention to and protected the interests of our shareholders, in particular, minor shareholders, and guaranteed that they fully enjoy their legitimate rights.

## Directors and the Board of Directors

Our directors have been elected in strict accordance with the director election and appointment procedures outlined in the *Company Law* and our *Articles of Association*. The number of members and composition of our Board of Directors comply with the applicable laws and regulations. All of our directors have performed their tasks and duties in accordance with the *Rules of Procedures for the Board of Directors*, the *Work Regulations for the Independent Directors*, our *Articles of Association*, and the relevant work rules, seriously attended the meetings of the Board of Directors and shareholders, actively participated in the necessary compliance and management training, and are familiar with the applicable laws and regulations.

Type	Name	Gender	Education	Term		Expertise		
				0-3 years	3-6 years	Industry experience	Risk management	Financial management
Chairman	LIU Sheng	Male	Ph.D	✓	✓			
Non-independent director	WANG Xiaodong	Male	Bachelor	✓	✓			
Non-independent director	WANG Xiaoli	Female	Master	✓			✓	✓
Independent director	XIA Chaoyang	Male	Ph.D		✓		✓	✓
Independent director	ZHAN Shuping	Female	Bachelor	✓			✓	✓
Independent director	CHENG Bo	Male	Ph.D	✓		✓		
Independent director	QU Wenzhou	Male	Ph.D	✓			✓	✓

Independence and diversity of Board members

### Data

The Company now has

**7** directors

including

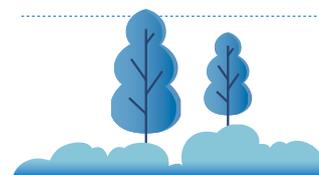
**4** independent directors and

**2** female directors

and

**57.14%**

of them hold doctoral degrees



In order to improve our corporate governance structure, our Board of Directors has set up four specialized committees, namely Audit Committee, Strategy Committee, Nomination Committee, and Compensation and Appraisal Committee, according to the *Code of Corporate Governance for Listed Companies*, all of which comprise our directors. Except for the Strategy Committee, the chairman of each Committee is an independent director. These Committees provide professional advice and references for the decision-making by our Board of Directors.

Name of Committee	Committee Independence
Audit Committee	<ul style="list-style-type: none"> <li>The committee consists of 3 independent directors.</li> <li>The committee is composed of Ms. ZHAN Shuping (Chairperson), Mr. XIA Chaoyang, and Mr. QU Wenzhou.</li> </ul>
Strategy Committee	<ul style="list-style-type: none"> <li>The committee consists of Mr. LIU Sheng (Chairperson), Mr. WANG Xiaodong, and Mr. CHENG Bo.</li> </ul>
Nomination Committee	<ul style="list-style-type: none"> <li>The committee is composed of Mr. QU Wenzhou (Chairperson), Ms. WANG Xiaoli, and Ms. ZHAN Shuping;</li> <li>The committee includes 2 independent directors.</li> </ul>
Compensation and Appraisal Committee	<ul style="list-style-type: none"> <li>The committee is composed of Mr. XIA Chaoyang (Chairperson), Mr. WANG Xiaodong, and Mr. CHENG Bo.</li> <li>The committee includes 2 independent directors.</li> </ul>

#### Committee Independence

Our Board of Directors continuously strengthens internal governance according to our actual situations and the latest laws and regulations and improves 8 management regulations including our *Articles of Association*, the *Rules of Procedures for the Board of Directors*, and the *Work Regulations for the Independent Directors*.

## Supervisors and the Board of Supervisors

In accordance with the provisions of our *Articles of Association* and the *Rules of Procedure for the Board of Supervisors*, our Board of Supervisors has 3 supervisors, including 1 supervisor as staff representative. The number of members and composition of our Board of Supervisors comply with the applicable laws, regulations, and our *Articles of Association*. Our supervisors have seriously performed their duties, reviewed the implementation of major matters of the Company, overseen the establishment of the internal control system, and ensured the smooth operation of the Company in accordance with our *Articles of Association*, the *Rules of Procedure for the Board of Supervisors* and other relevant requirements.

### Data

During the reporting period, we held

**5** general meetings

had

**28** resolutions considered and passed by the general meeting

**10** meetings of the Board of Directors

had

**57** resolutions considered and passed by the Board of Directors

**10** meetings of the Board of Supervisors

had

**37** resolutions considered and passed by the Board of Supervisors

## Information Disclosure

We have formulated the *Information Disclosure Management System* in strict accordance with the *Administrative Measures for Information Disclosure by the Listed Companies*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*, and other relevant requirements to standardize our information disclosure procedures, ensure the truthfulness, timeliness, accuracy, legality, and completeness of the information disclosed, improve the management level and quality of information disclosure, and protect the legitimate rights and interests of investors.

### Principles of information disclosure

- Disclose information in accordance with the law
- Disclose information promptly and fairly
- Faithfully and diligently fulfill duties
- Limit those who are informed to the minimum scope
- Individuals with insider information are obliged to keep the insider information confidential
- Strictly adhere to relevant systems
- Follow closely on public media reports about the Company
- Ensure consistency between media disclosures and stock exchange registration information
- Use factual descriptive language when disclosing information
- Have a board secretary authorized by the Board of Directors or a securities affairs representative to handle information disclosure affairs on behalf of the Company

## Data

During the reporting period, we disclosed a total of

**228** announcements

and

**222** ad hoc announcements

including

**6** periodic reports

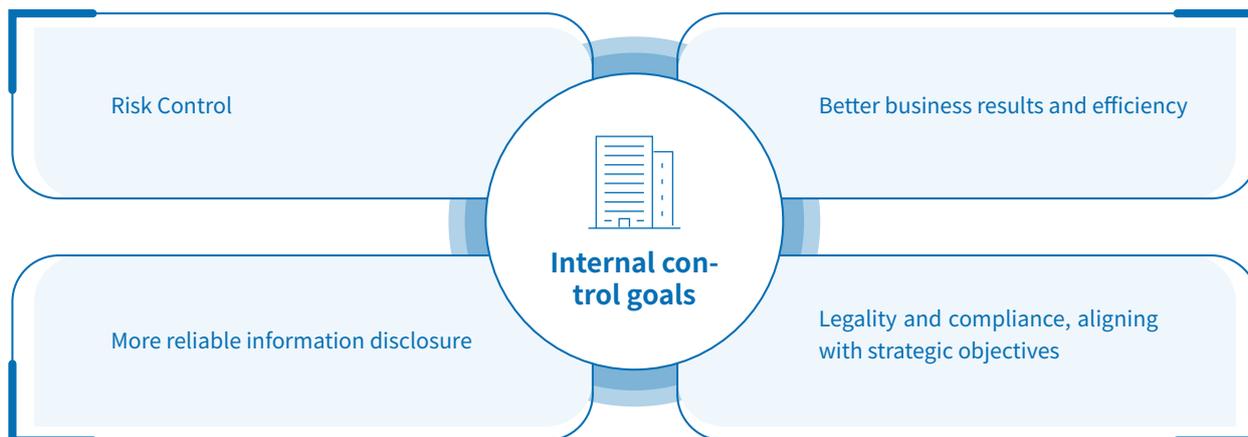
We have been rated by the Shenzhen Stock Exchange as Class

**A** for information disclosure for six consecutive years.



## Internal Control

We have set up an Audit Department under the Audit Committee to clarify the responsibilities of internal audit institutions and personnel. The *Regulations for Internal Audit* and the *Regulations for Internal Control* among other regulations have been developed to fully leverage the role of internal audit in strengthening internal control, improving operations and management, and boosting economic efficiency. Our Audit Department reports to the Audit Committee every quarter to ensure robust internal control, promote the establishment and improvement of internal control, improve operations and management, effectively avoid operational risks, and enhance corporate value.



Our internal auditors are equipped with specialized skills and backgrounds in auditing, accounting, economics, law, or management that make them well-suited for their roles. They also have the necessary audit experience and proper interpersonal skills to ensure effective internal audit operations.



### Duties of the Audit Department

- Inspecting and assessing the completeness, reasonableness, and effectiveness of internal control systems.
- Auditing economic activities, accounting data, and other relevant financial information.
- Participating in establishing a robust anti-fraud mechanism.
- Investigating contracts involving fraud and violations that harm company interests, as well as irregular contracts.
- Conducting special audits on significant projects and economic contracts of the Company.
- Conducting economic responsibility and special audits during the term of office on management personnel and key positions.
- Completing other audit tasks assigned by the Audit Committee.

As required by the China Securities Regulatory Commission and the Shenzhen Stock Exchange, we are mandated to have our Audit Department conduct inspections and evaluations of our internal control status annually. A third-party professional organization will then issue an independent inspection report on our internal control status, which will be disclosed to the public.



## Business Ethics

We have established an anti-fraud mechanism, sticking to the principle of "combining punishment with prevention and focusing on prevention". We have clearly defined the key areas, crucial processes, and responsibilities of relevant departments in our anti-fraud endeavors, and standardized our reporting, investigation, handling, reporting, and remedial procedures in anti-fraud cases.

### Regulations

We have developed a series of anti-corruption regulations including the *Integrity and Self-discipline Code*, the *Employee Complaint Handling Process*, the *Management Regulations for Gifts and Presents*, the *Employee Handbook*, the *Supplier Honesty and Integrity Agreement*, and the *Supplier Corporate Social Responsibility Agreement* to regulate business operations at both the company level and the operational level, demanding our employees, suppliers, and partners to prioritize ethical business practices.

#### Data

During the reporting period

**100** % of our employees received training in business ethics



We are committed to protecting anyone who refuses to engage in bribery or corruption, as well as anyone who makes good-faith reports of any actual or potential corrupt behavior from facing consequences such as dismissal, disciplinary action, threats, or any other unfavorable treatment related to their reporting. If an employee or any third-party representative feels that they have been treated unfairly or improperly in any way, they have the right to report to the relevant department within the Company. We will take immediate necessary measures to ensure the rights of those involved are properly safeguarded.

#### Reporting Channel

Zhongji InnoLight welcomes real-name or anonymous reporting from internal employees, partners, and the public via Tel: 0512-86669288-8999; email: anti\_fraud@innolight.com.



## Internal Education

To effectively control the risk of corruption and bribery as outlined in the table, we provided anti-fraud compliance training for our employees to promote integrity and honest behaviors. All our suppliers were required to sign and adhere to the *Supplier Honesty and Integrity Agreement*, working together to create a clean and compliant work environment.

Sensitive position	Potential risk	Risk consequences	Likelihood	Severity
Procurement	Suppliers bribe the purchasing officers or engage in other misconduct to secure production orders	Possibility of procuring substandard materials	Low	High
		Potential impact on fair competition among other suppliers	Medium	High
		Possible increase in procurement costs, adding to financial burden	Medium	High
Construction projects	Construction units bribe the engineering manager or engage in other misconduct to secure projects	Potential cause of construction team using inferior materials, even leading to collapse and injuries	Low	High
		Possible impact on fair competition among other construction teams	Medium	High
		Potential increase in processing costs, adding to financial burden	Medium	High
Business sales	Customers bribe salespeople or engage in other misconduct to obtain lower purchase prices	Likely disruption of market prices, sparking industry competition, ultimately yielding no profits	Low	High
		Salespeople give gifts to customers or engage in other misconduct to increase sales revenue	Medium	High
	Salespeople give gifts to customers or engage in other misconduct to increase sales revenue	Potential cause of colleagues doubting their own abilities and affecting motivation	Medium	High
		Possible influence on fair competition	Medium	High
Equipment procurement	Store owners give gifts to purchasing officers or engage in other misconduct to boost sales	Likelihood of colleagues imitating, creating a vicious cycle environment	High	High
		Possibility of purchasing substandard equipment, impacting productivity	Medium	High
		Possible impact on competition among other colleagues	Medium	High
		Potential disclosure of company confidential information to competitors, and even facing infringement lawsuits from competitors	Low	High
Quality supervision	Suppliers bribe quality control personnel or engage in other misconduct	Possibility of substandard materials placed in the warehouse, affecting shipping or company reputation	Low	High
	Quality managers bribe inspection personnel or engage in other misconduct	Product non-compliance leading to foreign complaints requesting returns, impacting the company's reputation	Low	High

Corruption and bribery risk assessment table



### Case

### Anti-Fraud and Compliance Policy Training

During the reporting period, InnoLight Technology offered training sessions for employees on anti-fraud and compliance policies, including topics such as the code of conduct for employees' integrity and self-discipline, declaring conflicts of interest, requirements for information confidentiality, guidelines for giving and receiving gifts, prohibition of collusive behaviors, whistleblower management, and protection mechanisms for whistleblowers. This training session reiterated the Company's regulatory boundaries, enhanced employees' awareness of anti-fraud practices, and emphasized the importance of business ethics in the Company's operations.



InnoLight Technology(Suzhou)Ltd.

#### 舞弊及合规政策宣导

Anti-fraud and compliance policy promotion

Control Department

Integrity Confidential

INNO LIGHT

Anti-corruption training

# Investor Relationship

## Communications with the Investors

We have developed the *Investor Management System* in accordance with relevant laws and regulations such as the *Company Law*, the *Securities Law*, the *Guide on Self-regulatory Supervision for Listed Companies*, the *Guidelines for Investor Relationship Management of Listed Companies*, and the *Articles of Association*, in order to enhance communication with investors as well as potential investors, promote external awareness of the company, advocate for rational investment decision-making, and increase our investment value. We have established the investor liaison stations consisting of our official website, investor.org.cn, the CSI Shandong Mediation Station, and the Shandong Supervision Bureau of the China Securities Regulatory Commission.



### Honors

During the reporting period, we won the p5w.net Investor Relationship Gold Award "Outstanding IR Team" and the "2023 Best Institutional Coverage IR Team" by Comein Finance.

### Purposes of Investor Relationship Management

- Foster positive relationships between the Company and investors, enhancing their understanding and familiarity with the Company
- Establish a stable and high-quality investor base to gain long-term market support
- Cultivate a corporate culture that serves and respects investors
- Maximize corporate benefits while also promoting shareholder wealth
- Enhance transparency in information disclosures and improve corporate governance

We have established phone, fax, and email channels for investors, which are managed by dedicated personnel within the Securities Department, to ensure communication during working hours, and provide attentive and friendly responses to investors through effective feedback mechanisms. In handling unexpected events related to investor relationships, we adhere to principles of "legality, compliance, honesty, timeliness, fairness, unified leadership, and minimal impact on the Company", promptly issuing announcements to communicate with investors in a sincere manner.



### Case

### Anti-illegal Fundraising Awareness Month



Poster on protection of investors' legitimate rights and interests

In May 2023, during the 5th National Investor Protection Promotion Day and Anti-illegal Fundraising Awareness Month, we reached out to investors through case studies and discussed common fraud tactics and ways of identification, in order to empower investors to better safeguard their legitimate rights and interests under a comprehensive registration system.

We advised investors to actively follow up on the latest developments in corporate governance and information disclosure, make prudent investment decisions, and allocate assets sensibly, to ensure effective protection for their legitimate rights and interests.

## Return to Investors

We place great importance on providing investors with a reasonable return on investment, establish a sustainable, stable, and scientific mechanism to ensure continuous investor returns, and explicitly prioritize protecting the interests of shareholders and safeguarding stable returns for investors in our various regulations.

### Data

Between 2019 and 2023, we distributed RMB

**8.32** billion of profits in total

including RMB

**918.31** million of shares repurchased through call auction



Year	Dividend payout ratio by year (%)	Amount of shares repurchased (in RMB 0'000)	Cash dividends (in RMB 0'000)
2019	38.16	13,604.75	5,990.59
2020	9.97	-	8,627.50
2021	19.91	-	17,461.82
2022	76.73	78,227.04	15,689.92
2023	16.28	-	35,386.21

Profit distributions between 2017 and 2023

Note: The data of 2023 shall be subject to the profit distribution plan finally approved by the general meeting.



## IPR Protection

We strictly adhere to intellectual property laws such as the *Trademark Law* and the *Patent Law*. We have established an internal system for managing intellectual property rights. Internally, we promote awareness of the importance of intellectual property, implement measures to protect intellectual property and prevent infringement of others' intellectual property rights. Externally, we safeguard our legal rights, eliminate unfair competition practices, and promote fair competition.

Patents owned by the Company as of the end of the reporting period:

	Obtained this year	Total
PCT patents	40	93
<b>Number of patents</b>		
Domestic patents (including those issued in Hong Kong, Macau and Taiwan)	65	332
<b>Number of registered trademarks and word marks (worldwide)</b>	8	59
<b>Number of software copyrights</b>	11	5

## ESG Management

To address our strategic and sustainable development needs, we have strengthened ESG management and driven ESG management work from the top down. An ESG working group has been established under the Strategic Committee to form a three-tier sustainable development management structure with the Board of Directors overseeing decision-making, the Strategic Committee in charge of comprehensive management, and the ESG working group in charge of collaborative execution, integrating sustainability into the Company's overall development.



### Board of Directors (decision-making)

- Take full responsibility for planning and disclosing sustainable development.
- Regularly review ESG reporting from the Strategic Committee.
- Propose and manage sustainable development strategies and set sustainable development goals.
- Review and decide on ESG-related matters, and formulate sustainable development action plans.



### Strategic Committee (management)

- A specialized working body set up under the Board of Directors to assist in formulating or amending ESG-related policies.
- Research and propose recommendations on ESG development strategies and significant ESG decisions, and oversee the implementation of specific matters.
- Identify, evaluate, and manage risks and opportunities related to ESG issues.



### ESG working group (execution)

- Comprised of leaders from various functional departments.
- Monitor, collect, and analyze relevant data and information, and report regularly on the progress of ESG work to the Strategic and Sustainable Development Committee.
- Implement the ESG arrangements of the Strategic and Sustainable Development Committee, and coordinate and improve ESG management.

ESG group structure and responsibilities

## Interest-related Communication

We attach great importance to the communications and exchanges with our internal and external stakeholders, and conduct dialogues with the stakeholders through various channels, to thoroughly understand their demands and expectations, strive to gain their trust and support, and promote the continuous improvement of our social responsibility management.

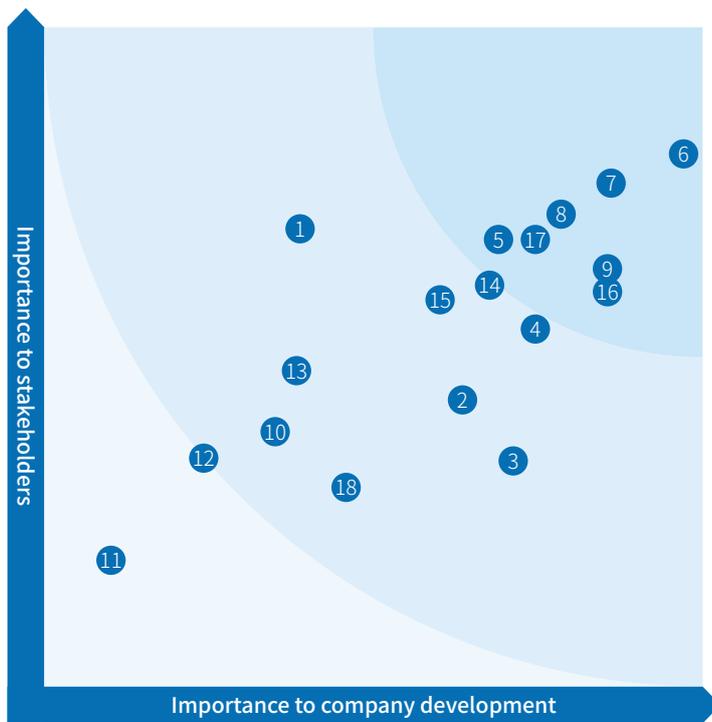
Stakeholders	Concerned issues	Actions
 <p><b>Government and regulatory authorities</b></p>	<ul style="list-style-type: none"> <li>• Operate in compliance with regulations</li> <li>• Pay taxes according to the law</li> <li>• Innovation and development</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with laws and regulations</li> <li>• Cooperate with regulatory inspections</li> <li>• Improve the management system</li> <li>• Enhance core technologies</li> </ul>
 <p><b>Investors</b></p>	<ul style="list-style-type: none"> <li>• Transparent information disclosure</li> <li>• Preservation and appreciation of assets</li> <li>• Steady growth of operating results</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with laws and regulations</li> <li>• Moderate corporate governance</li> <li>• Timely and accurate information disclosure</li> <li>• Multiple communication channels for investors</li> <li>• Reasonable return to shareholders</li> </ul>
 <p><b>Suppliers and partners</b></p>	<ul style="list-style-type: none"> <li>• Common development</li> <li>• Sunshine procurement</li> <li>• Premium products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the safety and environmental performance of products</li> <li>• Improve product quality and efficiency of delivery</li> <li>• Enhance intercompany strategic cooperation</li> <li>• Strengthen supply chain management</li> </ul>
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>• Protection of employees' rights and interests</li> <li>• Reasonable remunerations and benefits</li> <li>• Vocational training and opportunities for development</li> <li>• Welfare and well-being</li> <li>• Humanistic care</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a democratic management system</li> <li>• Establish employee complaint handling process</li> <li>• Improve the compensation and incentive policies</li> <li>• Care for employees' health and safety</li> <li>• Enrich employees' after-hours activities</li> </ul>
 <p><b>Community and public</b></p>	<ul style="list-style-type: none"> <li>• Rural revitalization</li> <li>• Public benefit</li> </ul>	<ul style="list-style-type: none"> <li>• Xiangrong Public Welfare Foundation</li> <li>• Public benefit and benevolent activities</li> </ul>

## Analysis of Substantive Issues

We invited employees, suppliers, partners, customers, the general public, investors, industry associations, media, government, and regulatory agencies to participate in a questionnaire and identify important issues related to governance, operations, society, and the environment, so as to better understand the expectations and needs of stakeholders and enhance the professionalism, relevance, and substance of our reporting. We analyzed the responses and identified 18 key substantive issues that will help us build the foundation for a sustainable development system.



Process of analysis of substantive issues



Substantive issue matrix

Highly relevant Moderately relevant Weakly relevant

1	Response to national strategies
2	Business ethics and anti-corruption
3	Risk control and internal control
4	IPR protection
5	Information security
6	Technology research and development and innovation
7	Product quality management
8	Customer service and rights protection
9	Supply chain management
10	Establishment of environmental management system
11	Reduction of greenhouse gas emissions
12	Electronic waste
13	Resource conservation and utilization of renewable resources
14	Equal employment opportunities for employees
15	Employee communication and democratic management
16	Employee training and development
17	Occupational health and safety
18	Industry-university-research cooperation
19	Community public welfare

## Response to SDGs

We embrace the United Nations' 2030 Agenda for Sustainable Development, delving deep into the fundamental principles and specific targets of the UN SDGs 2030, and taking proactive steps within our organization to contribute towards these goals.

### Corresponding chapter: Integrity and Innovation, Joint Pursuit of Excellence



- We provide employees with safe and healthy working and living conditions, organizing annual health check-ups and emergency drills to ensure the health and safety of employees and related parties in the process of operation and service.
- We have signed the Supplier Corporate Social Responsibility Agreement with our suppliers covering health and safety management practices, and developed annual audit plans to effectively ensure that suppliers carry out health and safety management activities for their employees.

### Corresponding chapter: Integrity and Innovation, Joint Pursuit of Excellence



- We continue to refine our training system by consolidating existing resources and devising annual training plans. We strengthen efforts to cultivate managerial, professional, and technical talents, aiming to enhance our workforce's core competitiveness.
- Xiangrong Public Welfare Foundation has built a public welfare service platform for rural education with an innovative model, ensuring that every rural schoolchild can enjoy a fair and quality education through projects such as Book Culture Campus and Local Sunshine Course.



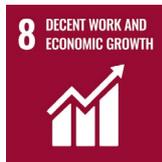
### Corresponding chapter: Integrity and Innovation, Joint Pursuit of Excellence

- We value the rights of female employees, with women making up 48.6% of our workforce.



### Corresponding chapter: Energy Conservation and Development, Creating a Green and Low-Carbon Company

- We have been committed to exploring the use of renewable energy as a substitute for traditional sources by constructing solar panels and developing NEVs. Our goal is to increase the proportion of renewable energy in our energy mix as replacements of conventional sources.



### Corresponding chapter: Integrity and Innovation, Joint Pursuit of Excellence

- We provide our employees with competitive salaries, establishing and implementing long-term stock incentive plans and a sound welfare system.



### Corresponding chapter: Integrity and Innovation, Joint Pursuit of Excellence

- We are committed to promoting innovative research and development by investing resources and establishing innovation teams to drive the development of new products and technologies.

10  
REDUCED  
INEQUALITIES

### Corresponding chapter: Integrity and Innovation, Joint Pursuit of Excellence

- We uphold an equal employment policy and provide fair compensation and benefits for our employees to foster a harmonious and equal working environment. By engaging in charitable practices, we seek to support vulnerable groups and reduce inequality gaps.

11  
SUSTAINABLE CITIES  
AND COMMUNITIES

### Corresponding chapter: Energy Conservation and Development, Creating a Green and Low-Carbon Company

- We drive the standardization of environmental and safety practices within the industrial park, elevating our management capabilities of environmental protection and safety.

12  
RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

### Corresponding chapter: Energy Conservation and Development, Creating a Green and Low-Carbon Company

- From the design to material selection, we adhere to international regulations and value chain requirements, collaborating with the supply chain to minimize environmental harm to the greatest extent possible. A six-dimensional matrix has been formed for green product management, meeting domestic and international regulatory requirements including RoHS and REACH, and ensuring effective control of harmful substances.

13  
CLIMATE  
ACTION

### Corresponding chapter: Energy Conservation and Development, Creating a Green and Low-Carbon Company

- Besides actively responding to China's carbon neutrality and carbon peaking goals, we also continue to monitor our own greenhouse gas emissions, we has set goals for energy saving and emission reduction for 2024 by using solar energy to power street lights, paving photovoltaic panels on rooftops of office buildings and auxiliary structures, purchasing green electricity, recycling residual heat from air compressors and otherwise.

16  
PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS

### Corresponding chapter: Coordination and Synergy, Standardized Governance and Steady Operations

- We place high importance on standardizing internal governance. Through the robust operation of the General Meeting, the Board of Directors, and the Board of Supervisors, we ensure the stability and efficiency of our daily operations.
- We steadfastly adhere to relevant laws and regulations, uphold business ethics, and foster a transparent corporate environment.

17  
PARTNERSHIPS  
FOR THE GOALS

### Corresponding chapter: Integrity and Innovation, Joint Pursuit of Excellence

- We actively engage in industry events, fostering communication among peers and maintaining strong collaboration with upstream and downstream partners. By pooling resources, we drive industry advancement forward.
- We have established partnerships with suppliers built on honesty, transparency, equality, and mutual trust, to create a responsible supply chain, driving win-win collaboration across the entire industry chain.

# Integrity and Innovation

## Joint Pursuit of Excellence

### Philosophy

We are committed to promoting innovative research and development by investing resources and establishing innovation teams to drive the development of new products and technologies. We strictly control the quality of products and services, with a sound quality management system in place. We value customer service, having established a professional customer service team to provide timely and effective pre-sales consultation and after-sales support. We respect our employees, value their training and development, and offer them a good working environment and welfare benefits. We actively promote sunshine procurement and abide by the principle of integrity. We prioritize social responsibility, actively engaging in social welfare activities and projects.

### Our Actions

Innovation and R&D, Industry Collaboration	22
Intelligent Manufacturing, Continuous Improvement	25
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Sunshine Procurement, Sustainable Supply	31
Employee Empowerment, Comprehensive Development	34
Giving Back to Society, Taking Responsibility	45

### SDGs Benchmarking



# Innovation and R&D, Industry Collaboration

## R&D and Innovation

We place great importance on innovation and R&D, strengthening our ability to research, design, and manufacture optical communication products by establishing an expert team composed of outstanding individuals from both domestic and international backgrounds. Our team is dedicated to achieving our vision of "Innovation Lights Our Future" and fulfilling our mission to "innovate optoelectronic technologies, embrace the intelligence era", so as to keep up with the latest trends of the times to promote industrial upgrading.

### During the reporting period

We have	RMB	compared with RMB	an increase of
<b>1,329</b>	<b>80,938.89</b>	<b>79,216.83</b>	<b>2.17</b> %
R&D personnel	of R&D investment	in last year	

#### High-speed transmission technology

- Develop optical modules that support higher data transmission rates to meet the growing demands of data centers and communication networks.
- Research and develop low-power optical modules that align with the trend of energy efficiency and environmental sustainability.

#### Integrated optics

- Improve integration of optical components to reduce complexity, enhance performance, and decrease the size and cost of optical modules.
- Reliability and stability: Prioritize the enhancement of reliability and stability of optical modules, reduce failure rates, and ensure consistent performance under various environmental conditions.
- Fiber optic communication standards: Maintain an understanding of fiber optic communication standards to ensure optical modules comply with the latest communication protocols and standards.
- Cost-effectiveness in manufacturing: Explore methods to optimize manufacturing processes, reduce production costs, and enhance overall cost-effectiveness.
- Testing and quality assurance: Invest in robust testing procedures and quality assurance measures to ensure the reliability and functionality of optical modules.

#### Our annual key R&D goals

InnoLight Technology is a leading integrated high-speed optical interconnection solution provider committed to swiftly delivering innovative products to support the construction of global-scale data centers. It actively harnesses our innovative spirit, leveraging its strength in innovation to explore new markets for optoelectronic technologies.

InnoLight Technology R&D department attracts top talents with competitive benefits and excellent conditions for collaborative research on new technologies. With an employee-centric approach that values talent cultivation, its workforce is motivated and empowered to unleash their creativity and innovation. Through autonomous development of new processes, product innovation, quality enhancements, and cost reduction initiatives, its employees contribute to the Company's profitability, meeting the demands of production and operations with a wealth of core technologies across various product development and production domains.

To efficiently manage its R&D team, InnoLight Technology has established the *Research and Development Performance Management System* and the *Research and Development Attendance Management System*, regulating employee attendance and fostering time management habits. Monthly performance bonuses are instituted to reward innovative achievements, fueling employees' dedication to their work.

## Industry Cooperation

As a leader in the optical communication sector, we actively engage in industry events, fostering communication among peers and maintaining strong collaboration with upstream and downstream partners. By pooling resources, we drive industry advancement forward.

Type	Industry-standard organization	List of standard documents
International industry standards	QSFP-DD MSA	QSFP-DD Hardware Specification for QSFP DOUBLE DENSITY 8X PLUGGABLE TRANSCEIVER 7.0
	SFP-DD MSA	SFP-DD Hardware Specification for SFP DOUBLE DENSITY 2X PLUGGABLE TRANSCEIVER 5.2
	OSFP MSA	OSFP-XD Specification_Rev 1.0
	100G Lamda MSA	400G-ER4-30 Specification_Rev 1.0
	OpenZR+ MSA	OpenZR+ MSA Specification_Rev 3.0
Domestic industry standards	CCSA	Enhanced SFP Optical Transceiver Module (SFP+) for Communication - Part 1: 8.5Gbit/s and 10Gbit/s Optical Transceiver Module Software Management Interface - Part 1: SFP/SFP+/SFP28

Industry standards co-drafted by InnoLight Technology



Case

### U.S. Optical Fiber Communication Conference and Exhibition (OFC)



In March 2023, InnoLight Technology participated in the OFC 2023 held in San Diego, California, showcasing pluggable optical communication modules and setting new industry benchmarks for communication speeds of pluggable optical modules. Its optical communication module offers customers a low-risk, easily implementable, and cost-effective solution to drive bandwidth expansion. At the exhibition, it also presented various featured products, bringing new research and development to customers and peers to meet the customers' demands.



U.S. Optical Fiber Communication Conference and Exhibition (OFC)



Case

## China International Optoelectronic Expo (CIOE)



In September 2023, we participated in the 24th CIOE, and created an open exhibition area with the theme of "Innovation and Infinite Possibilities", attracting numerous professionals for exchanges. We showcased our innovative achievements in a full range of solutions, including data centers, 5G networks, coherent transmission, and access networks. Customers from around the world showed strong interest in our products, engaging in friendly discussions and exchanging contact information, laying a solid foundation for further cooperation.



Our booth

One of InnoLight Technology's silicon optical module products won a silver award in CIOE.



Award certificate



Case

## European Conference on Optical Communication (ECOC)



In October 2023, InnoLight Technology participated in the 49th ECOC held in Glasgow, Scotland, showcasing our advanced technology - 200G PAM4, which stands as the primary technology for optical intensity modulation and direct detection pluggable optical interconnects. We also demonstrated a comprehensive range of coherent module products and telecommunication application products, engaging in communication with customers and expressing intentions for collaboration.

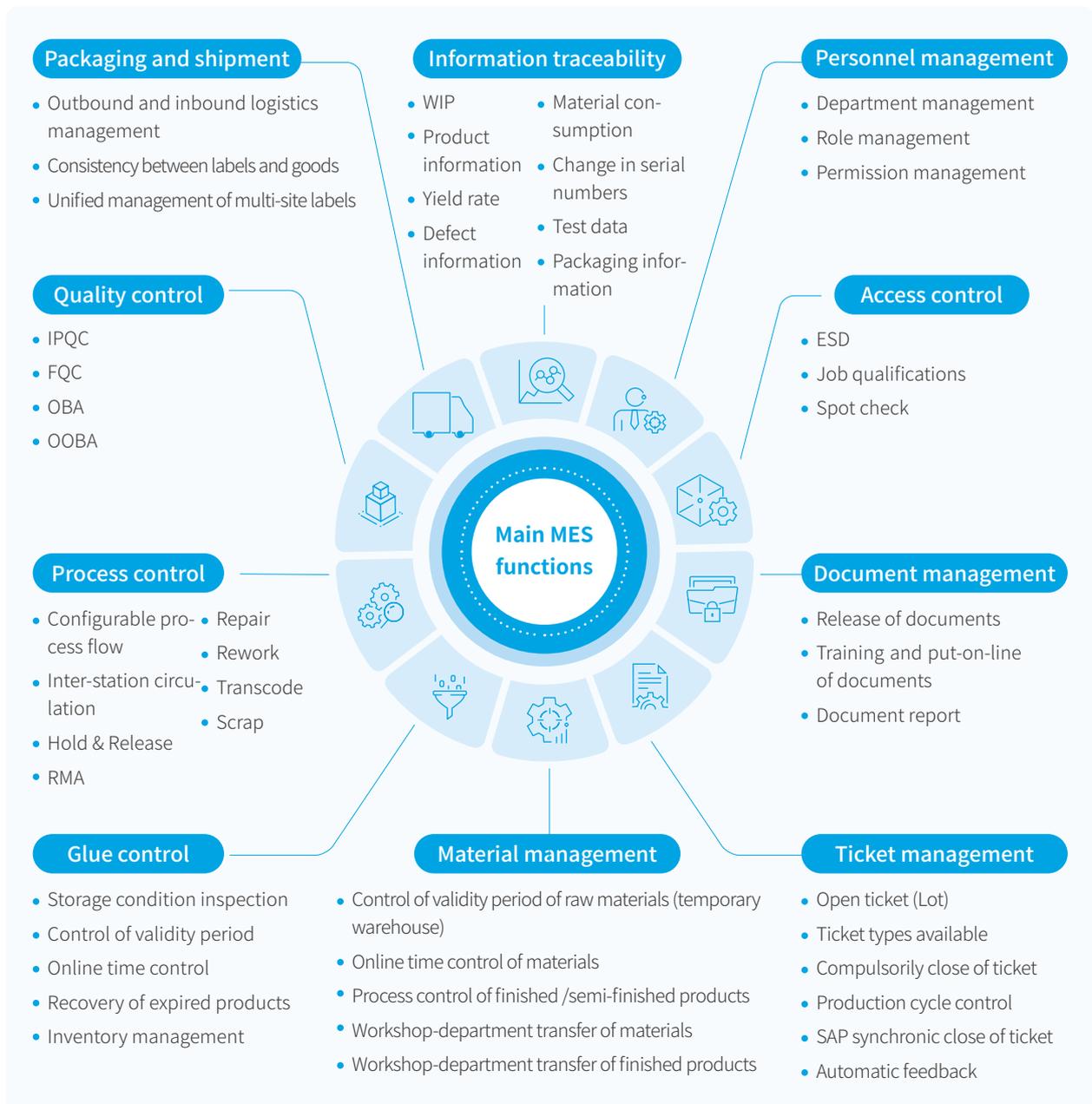


European Conference on Optical Communication (ECOC)

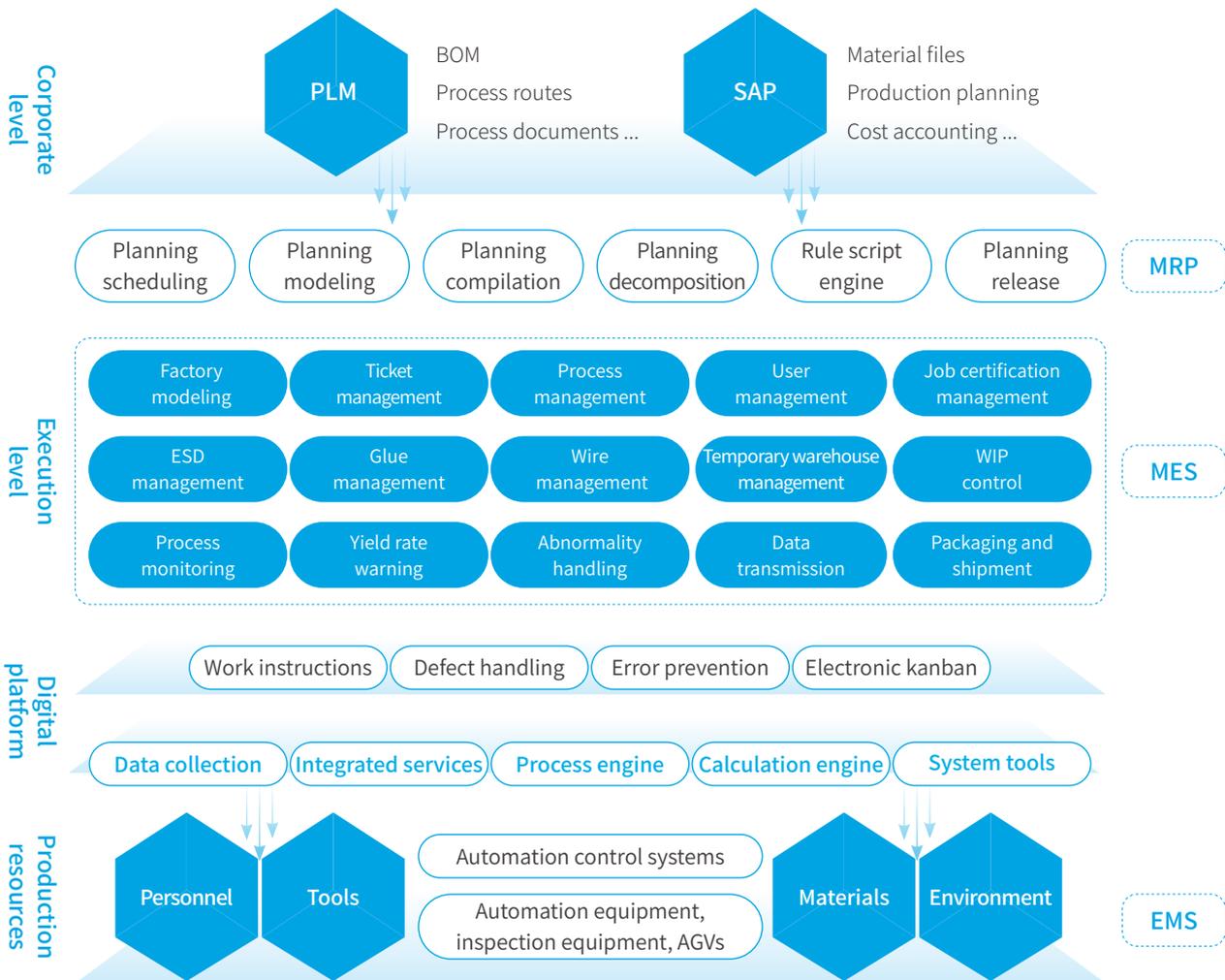
# Intelligent Manufacturing, Continuous Improvement

## Intelligent Construction

We have vigorously promoted intelligent manufacturing, upgraded the main MES functions, optimized our manufacturing management model, enhanced process management and control, balanced the utilization of resources, optimized the production capacity, and improved the operating efficiency to achieve standardized, streamlined, and lean management, and ensure the personal, material, process, exception handling and other information collected at the manufacturing execution level can be accurately and completely transmitted to the manufacturing management level, to enable the manufacturing management level to make accurate decisions. We have also promoted production process automation, including large-sized site-level automation and automated operations at work. In addition, we have actively applied artificial intelligence technologies, to reduce labor and avoid human errors.



Information architecture diagram



Case | Material Kanban Promotion

To achieve more efficient and precise production management, we have deployed material kanbans in optical workshops, module workshops, shipping areas, and other locations. This allows for visual control of material consumption on the production site, daily plan achievement status, temporary warehouse material inventory, and overdue raw materials enhancing production transparency. It also provides true feedback on the current status of production line materials, effectively alerts material personnel to handle abnormalities promptly, optimizes material planning and procurement decisions, and reduces production costs and risks.



Material kanban



Case

## TEC Equipment Import



As of the end of the reporting period, we have imported a total of 1,050 TEC lite pro devices. These devices serve as high-low temperature testing equipment, characterized by temperature stability, safety, reliability, and core standardization, which facilitate energy conservation, reduce the generation of process cooling water, and lower production costs.



TEC lite pro device



Case

## FA Coupling Process Improvement



Prior to the separation of TRX FA, it involves lengthy processes such as cleaning, visual inspection, and baking, consuming considerable time and manpower. In April 2023, InnoLight Technology upgraded its equipment and software, enabling TRX FA to be integrated into a single device. This greatly shortens the processing time, enhances production efficiency, and saves over a million yuan in labor costs annually.

## Information Security

We have established documents such as the *Information Security Risk Management Procedure* and the *Cybersecurity Management Procedure*, actively conducting comprehensive information security training to enhance employees' understanding and awareness of information security, as well as to strengthen their information security prevention skills. We have obtained the ISO 27001 Information Security Management System certification.



Case

## Confidentiality Management System Training



During the reporting period, InnoLight Technology conducted training on the confidentiality management system to standardize our confidentiality management work effectively, ensuring the security of technical and business secrets, and other confidential information of the Company and its branches and subsidiaries. The goal is to promote awareness of the confidentiality management system, regulate the management authority and usage principles of confidential information, educate on remedial measures and disciplinary actions for confidential incidents, further enhance employees' awareness of information security, and elevate the level of information security management.



Confidentiality management system training

# Customer Focus, Quality Assurance

## Quality Management

We diligently uphold our commitment to quality, ensuring strict compliance with national laws and regulations. We rigorously monitor product quality, implement meticulous management practices, and foster innovation in product development. Our dedication to excellence not only enhances our brand image but also fulfills our social responsibilities. By signing the *Letter of Undertaking on Quality Responsibilities* and clarifying quality red lines, we demonstrate our unwavering dedication to quality. Both our Company and subsidiaries hold ISO 9001 Quality Management System certification.

### Quality Goal

- Our goal is to continuously improve quality to enhance our overall competitiveness in the market, striving to become a leading enterprise in the optoelectronic module industry known for high quality.

### Quality Policy

- **Courageous Innovation:** We dare to innovate technologically to achieve product excellence. Through method and process innovation, we enhance manufacturability and consistency, ensuring stable product quality.
- **Swift Response:** We accurately comprehend and convey the needs of our customers and the market, actively collaborating to provide high-quality products and services, and remaining committed to creating value for our customers.
- **Attention to Detail:** Embracing the spirit of craftsmanship, we meticulously execute every detail throughout the entire product realization process. By refining management practices and respecting procedures, we strive for excellence in every task from the beginning.
- **Continuous Improvement:** We encourage full participation from all employees, leveraging their potential to drive continuous improvement and collectively contribute to superior quality.

Our quality goal and policy



ISO 9001 Quality Management System Certification

Violate the Company's environmental protection requirements

Fail to perform duties with respect to quality defects

Falsify quality data, reports, or information



Violate the change management regulations

Violate the Company's management regulations for wrong or mixed materials

Outsource products without approval

### During the reporting period

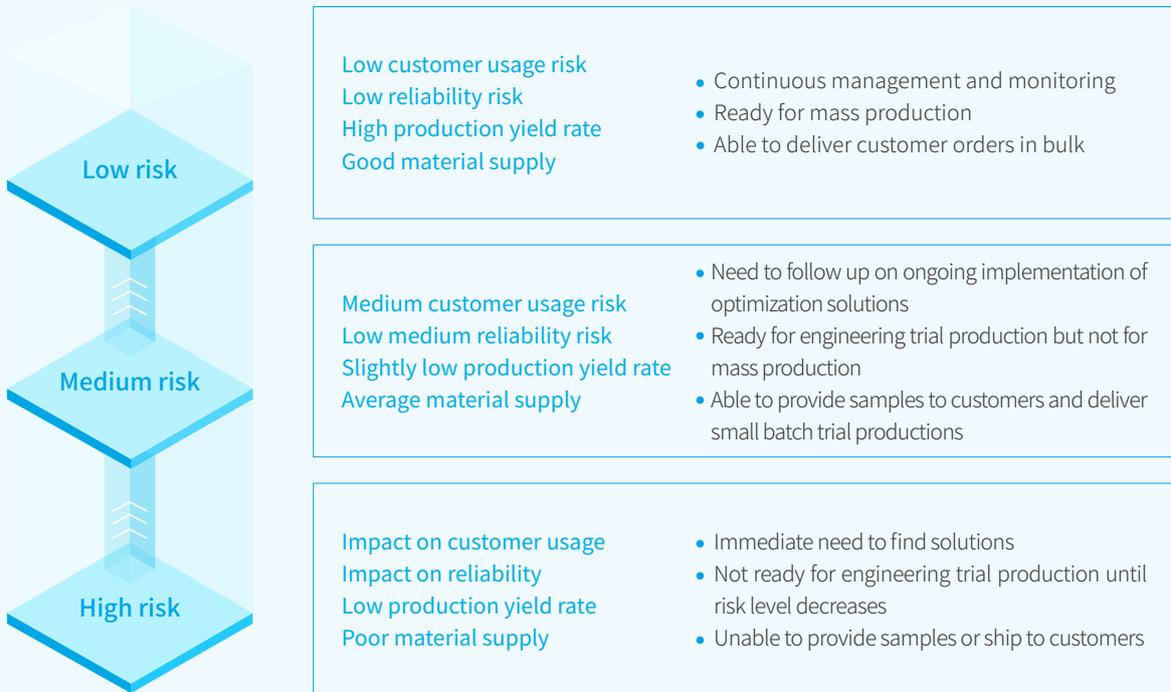
Our domestic and overseas factories, along with subsidiaries, have conducted a total of

**286** quality training sessions



**Case | DQE Quality Management**

We have established DQE positions to conduct risk assessments during the project design phase, evaluating DFP, DFM, DFR, DPA, and DFC. This ensures meticulous planning and implementation of quality control measures during the new product development and transition phases. DQE actively participates in quality reviews at various project milestones, driving improvements and optimizations to mitigate transition quality risks and ensure the quality of new products.



DQE quality risk management



DQE Thailand team training



IQC quality training across multiple plants



Quality awareness training

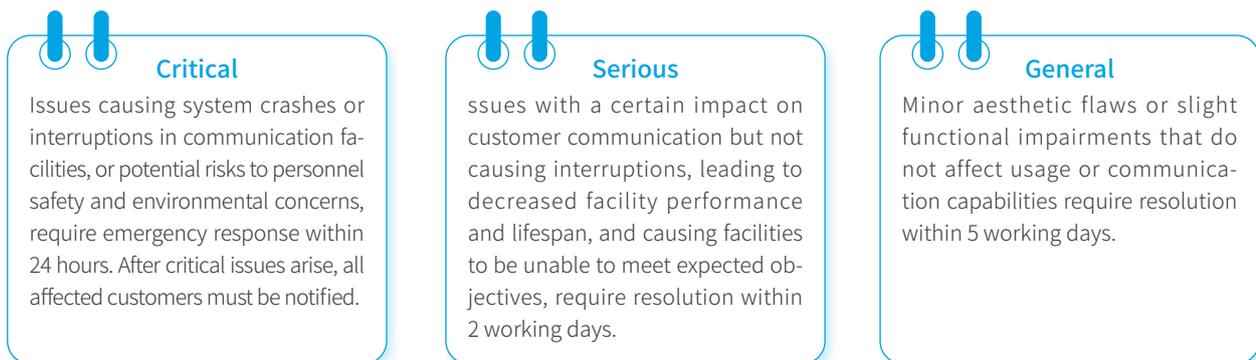
## Customer Service

We are dedicated to providing exceptional service to our customers. We have developed the Management Procedures for Sales Forecasts and Delivery Schedules, the Management Procedures for Customer Development and Communications, the Customer Requirements and Contract Review Procedures, and the Outbound Logistics Operation Process and other rules and regulations, to ensure our product delivery speed and quality.



The process to ensure the speed and quality of product delivery

We have categorized and identified customer feedback issues, actively coordinated departmental relationships, and adhered to a comprehensive technical service and system maintenance team to respond to user requests at the fastest speed. We handled various problems and faults in customer systems to ensure normal operation, providing customers with comprehensive, timely, and perfect after-sales service, relieving customers of worries, and minimizing customer usage risks to the greatest extent possible.

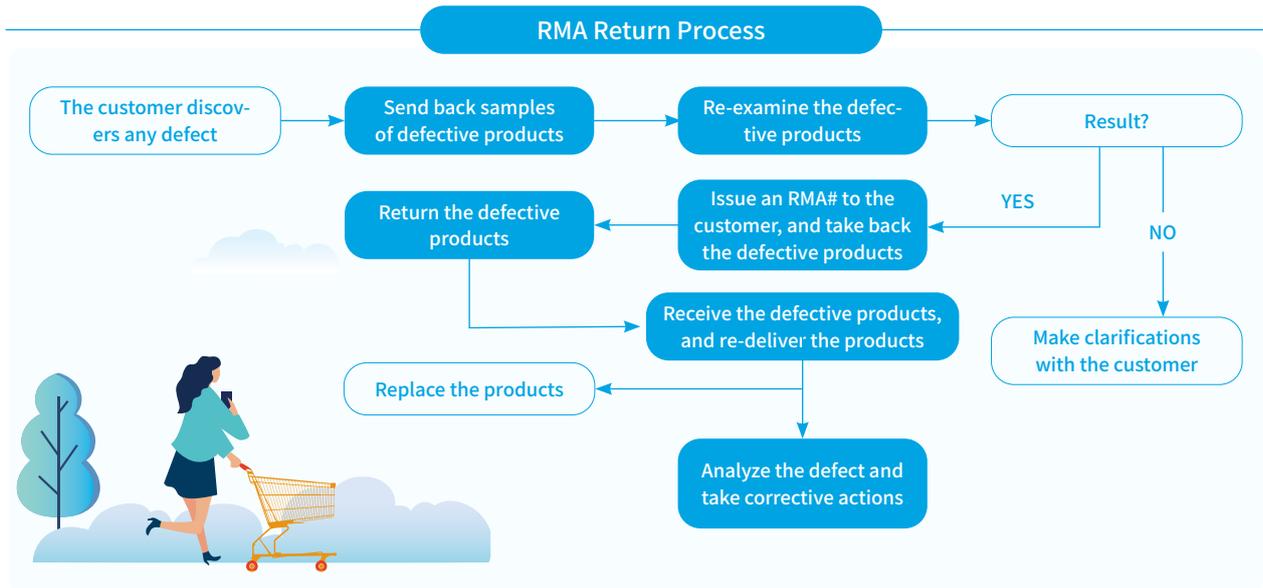


Rapid response to customer complaints

We have established the customer complaint handling process and implemented closed-end management of the information processing process. We record and handle customer complaints and pay return calls to the customers, and keep their privacy information in strict accordance with the *Law on the Protection of Consumer Rights and Interests*.



Any customer who discovers any defect in our products may submit a return request to us. We will analyze the problem with the products according to the Operating Procedures for Customer Complaints and RMA Returns, and if the products are confirmed defective, will replace the products for the customer as soon as possible and issue an analysis report.



We have established the *Customer Satisfaction Survey Procedure* to conduct regular customer satisfaction surveys every year. The survey covers five major areas: product quality, service, sales service quality and pricing, delivery, and eco-friendliness.

During the reporting period

The domestic customer satisfaction score is

**90.5** (out of 100)

The international customer satisfaction score is

**95** (out of 100)



## Sunshine Procurement, Sustainable Supply

### Supplier Management

We have established the *Supplier Quality Management Operation Specification*, implementing effective quality management for suppliers. We conduct quarterly and annual quality performance evaluations of suppliers across multiple dimensions, including incoming batch qualification rate, incoming defect rate, major quality issues, timeliness and effectiveness of quality issue responses, customer complaint incidents, and critical events. Suppliers have been graded and targeted management measures have been developed based on performance evaluation scores.

Meanwhile, we regularly conducted on-site audits and performed reviews when suppliers introduced new technologies, or new materials, or encountered significant quality issues, ensuring stable and controllable supplier processes, ensuring continuous provision of products that meet company requirements, and safeguarding product quality.

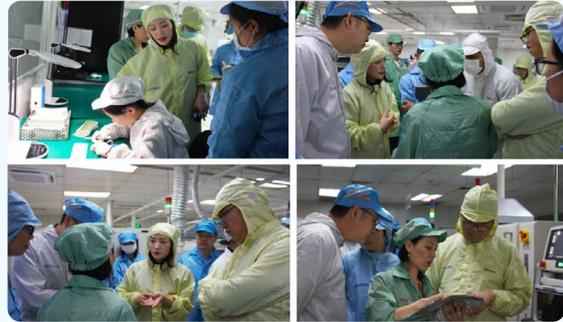


Case

Supplier Quality Training



Aligning with our quality control standards, we offered comprehensive "PCBA Process Key Control Points" training to our suppliers, elucidating the process requirements and procedures, with on-site inspections and training covering the entire process and all its nuances. Moreover, we facilitated open communication sessions where suppliers could engage directly with our team, fostering deeper mutual understanding. A comprehensive training package was formulated, empowering suppliers to better meet our quality standards.



Supplier quality training

## Sunshine Procurement

We signed the *Integrity Mutual Support Agreement* with suppliers to combat unethical business practices, in our commitment to fostering honest and trustworthy business partnerships, and to standardize the business transactions between the Company and suppliers, safeguarding the legitimate rights and interests of both parties.

During the reporting period

We signed integrity agreements with **100** % of our suppliers



## Responsible Procurement

We are committed to ensuring that suppliers understand and adhere to the requirements of corporate social responsibility standards, thereby improving their social responsibility performance. To achieve this, we have signed the *Supplier Agreement on Corporate Social Responsibility* with our suppliers, the rule of conduct and audit clauses of which are based on RBA standards and cover five aspects: labor, health and safety, environment, business ethics, and management systems.

We assess suppliers across multiple dimensions such as material type, nature of the business, system certification, product certification, government penalties, etc., and categorize them into three levels of risk: low, medium, and high. An annual audit plan is then devised accordingly. During audits, if any violations of social responsibility terms are found, suppliers are required to make improvements within a specified period. Failure to do so will result in the termination of the partnership.

We ensure that 100% of our suppliers sign the *Declaration of Conflict-Free Minerals* to ensure that all of our products are compliant with conflict minerals management regulations. Our latest SRM system features a "Mineral Origin Management" module. Through this module, we collect information on mineral usage from all our suppliers. Upon submission by suppliers, we conduct online audits of the mineral usage information provided. If conflict minerals are detected, the submission will be rejected.

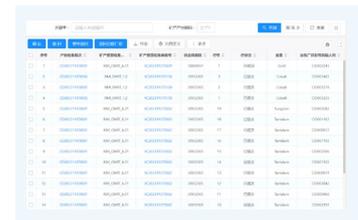
### During the reporting period

We have signed supplier code of conduct agreements with

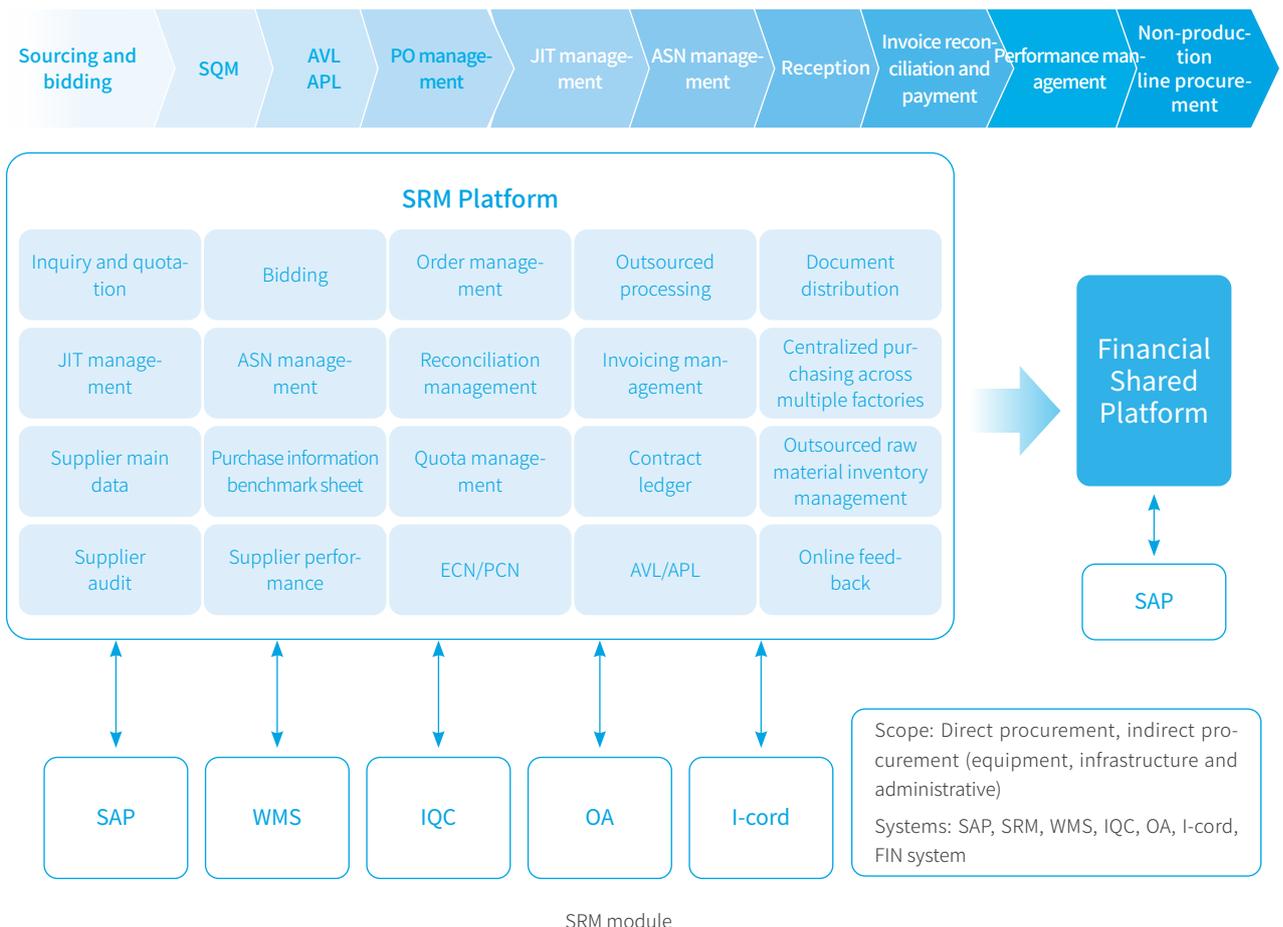
**100** % of suppliers

We have utilized environmental and social standards to select

**100** % of suppliers



"Mineral Origin Management" module



## Employee Empowerment, Comprehensive Development

We adhere firmly to the principles of fairness and justice. Through a series of rigorous and comprehensive selection procedures and interview processes, we are committed to identifying and attracting outstanding talents with professional qualities and excellent teamwork spirit. We understand that excellent employees are the core driving force behind the sustained development of an enterprise. Therefore, we not only offer competitive and fair compensation and benefits but also provide our employees with broad development avenues and excellent career development platforms. We encourage employees to maintain an innovative mindset and continuously pursue excellence, providing them with ample opportunities for promotion and development to achieve win-win progress between individual value and company growth.

### Recruitment and Employment

We ensure employees' legitimate rights and interests through standardized recruitment and employment processes, optimizing talent management continually. We provide a fair performance and compensation system, fostering an equal and orderly work environment. Complying strictly with laws and regulations, we have established a management system centering on the Governance Committee, supported by the Special Employee Security Committee, the Special Management Reform and Talent Management Committee, etc, ensuring fair employment practices.

#### Employment Philosophy

Recruit competent people

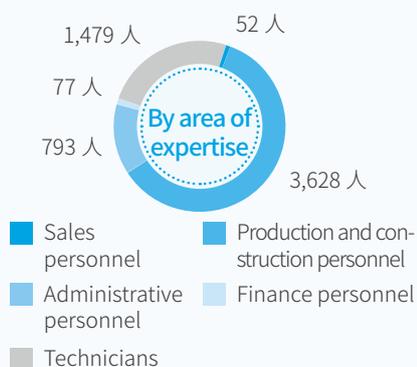
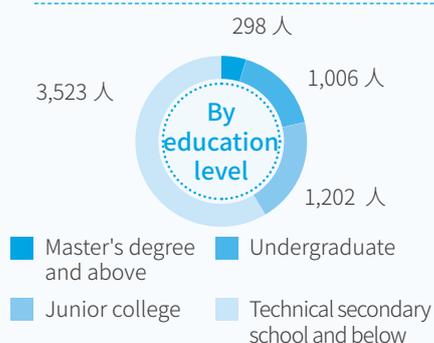
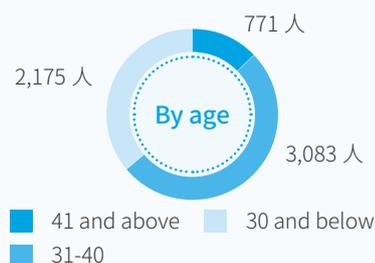
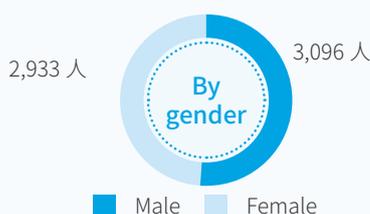
Set up job positions based on people's merits, utilize people's strengths, and regard people as the key

Higher challenges, more rewards, equal opportunities, and a value-oriented environment

Promote the growth of both employees and the Company for a win-win situation

#### Composition of Staff

We have a total of  
**6,029**  
employees



#### During the reporting period

We have maintained a

**100** % labor contract signing rate for three consecutive years

We have a total of

**19** employees with disabilities

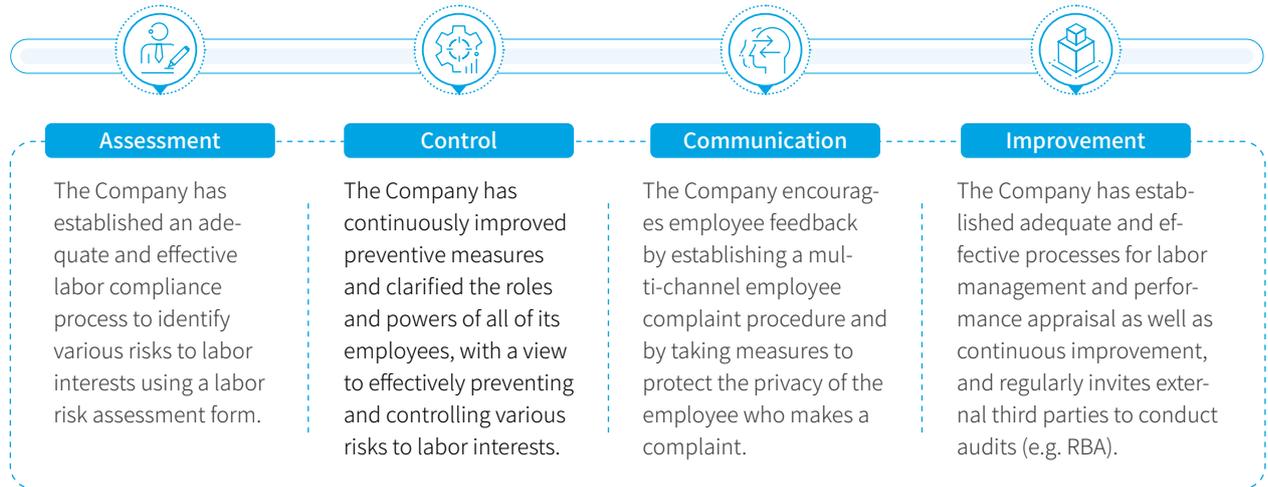
A total of

**1,816** employees departed

a turnover rate of

**30** %

We pay attention to applicants' abilities, select the best ones based on job responsibilities and job requirements, and prohibit the employment of child labor and underage workers or any discrimination during the recruitment and promotion of employees. We adhere to equality and tolerance, strive to create a diversified, relaxed, and harmonious workplace, oppose any form of discrimination, and ensure that all employees will not be treated differently due to gender, age, disability, education, nationality, and other factors. Additionally, we give priority to hiring veterans for certain positions.



Labor Risk Management Process

### Labor risk management measures

#### FREELY CHOSEN EMPLOYMENT

- Any type of forced, involuntary or exploitative prison, indentured, bonded (including debt bondage), trafficked, or slave labor is not permitted.
- Terms and conditions of employment are provided in writing and in their native language prior to employment and the key terms and conditions of employment are explained verbally in their native language.
- The worker's government-issued identification and personal documentation originals are not held by the employer.

#### WAGES AND BENEFITS

- Wages for regular and overtime hours are correctly calculated and paid timely to all workers.
- For each pay period, workers are paid timely and provided with understandable wage statements.

#### WORKING HOURS

- Workers receive at least one day off every seven days. The longest consecutive working days are 6 days worked.
- Workers are allowed mandated breaks, holidays and vacation days, including time off when ill or for maternity leave.

#### YOUNG WORKERS

- Workers (including indirect workers) are not below the minimum age. The youngest worker is 18 years old.

#### HUMANE TREATMENT

- Records of all cases of disciplinary action are available.
- All records of disciplinary action against workers must be reviewed by management and verifiably communicated to them.

#### NON-DISCRIMINATION

- The Company shall not engage in discrimination or harassment based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training.

#### FREEDOM OF ASSOCIATION

- Workers can form or enroll in a trade union of their own free will.
- Legal rights of all workers to bargain collectively, or refrain from doing so, are respected.
- Participants respect the legal right of all workers to peacefully assemble.

We value talent introduction, having formulated the *Human Resources Administrative Procedures* and other institutional documents to meet the talent needs generated by the long-term strategic layout and the rapid development of the industry. We have been committed to recruiting more targeted talents and conducted regular campus recruitment. The implementation of the employment promotion plan for college students and the continuous strengthening of the construction of the talent team has provided the Company with strong human resource support.

### Talent Introduction Channels

- Recruiting talents through employee referrals, and adopting a referral award system
- Online recruitment
- Participating in local talent recruitment fairs
- Participating in campus job fairs held by universities

## Training and Promotion

We attach great importance to talent training and are always committed to incubating "practical" talents, to enable the employees to have the greatest career development and realize the personal value of each employee. We continue to refine our training system by consolidating existing resources and devising annual training plans. We strengthen efforts to cultivate managerial, professional, and technical talents, aiming to enhance our workforce's core competitiveness. Our goal is to achieve a win-win situation where both employees and the Company thrive, contributing to our overall business growth with talent assurance.

### During the reporting period

The total number of employees who received training amounted to

17,364

The total training duration was

35,438  
hours

Category	Class title	Targeted audience	Goal
General	DL Regular New Hire Training	New hires	Understand our development journey, corporate culture, and series of regulations and systems, helping new hires quickly familiarize themselves with the work environment and get into the working mode.
	IDL Dawn Plan	New hires	
	Starlight Plan	Training liaison officers	Strengthen communication among liaison officers, fostering relationships and promoting cross-departmental coordination.
Professional	Chuangxin Youth Forum	Recent graduates	Provide opportunities for self-reflection and sharing for Chuangxin participants, enhancing their presentation skills.
Technical	Technical Class	Engineers at various levels	Enhance professional and technical capabilities, cross-departmental communication skills, and project management abilities, fostering an innovative spirit among engineers.
Management	Management Class	Management	Facilitate the transition from technical to managerial roles, improving team management skills.
	Senior Executive Quarterly Strategic Seminar	Senior executives	Conduct multidimensional market analysis, cultivate strategic thinking, decompose, and communicate objectives.
Systematic	RBA System Tutoring	Leaders of various systems	Enhance legal and compliant management by improving the social responsibility system.

Training programs launched by some subsidiaries in 2023



**Case | InnoLight Technology Training**



**Chunlei Class**

The Chunlei Class empowered frontline production supervisors to understand their roles, responsibilities, and career development paths, fostering a professional mindset and building a proficient frontline management team. By acquiring core management skills, frontline production supervisors were able to enhance their overall qualities and capabilities, so that they can effectively fulfill their roles and maximize their impact as frontline managers.



Chunlei Class training

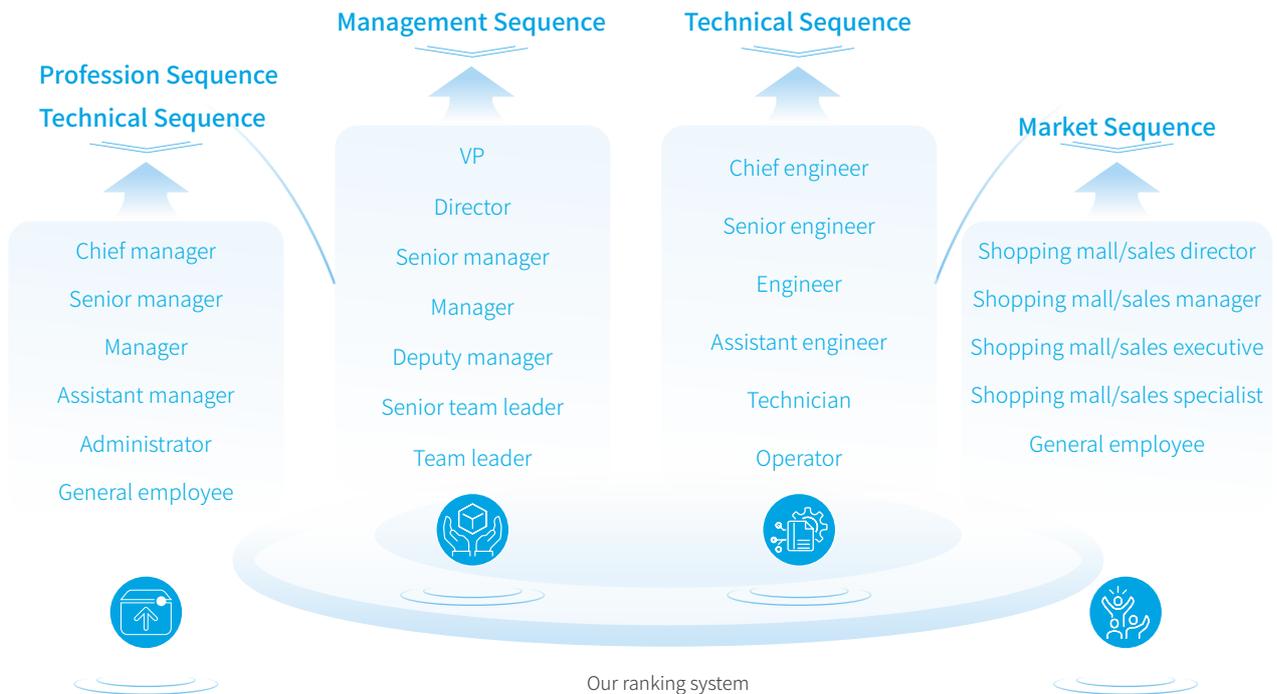
**Jinfeng Class**

The Jinfeng Class helped employees transition from technical roles to management, boosting their team leadership skills, and ensuring that team members fully understand the significance of their contributions, recognizing their importance and taking pride in their work.



Jinfeng Class training

We have established a sound talent promotion system and promotion review process, and have formulated the *Human Resource Administrative Procedures*, the *Administrative Measures for Key Posts*, the *Trial Document for Employee Reward and Punishment System*, and other regulations. Employees have been categorized into four professional lines, creating a customized career development planning path for them and providing them with sufficient career development space, so as to motivate them to devote themselves to their posts in a more effective manner and promote the common development of the employees and the Company.



## Democratic Management

Zhongji InnoLight adheres to the people-oriented concept, implements public supervision, and is committed to creating a democratic, fair, and just management system and creating a united and harmonious working atmosphere. We have established a trade union system, advocating democratic management, and mobilizing our employees to participate in economic and management activities of the Company in a democratic manner. Meanwhile, we have formulated the *Employee Complaint and Reporting Process* to standardize the internal employee complaint and handling process and protect the privacy and personal safety of whistleblowers, so as to ensure the channel for employee complaints is unblocked, enhance the accessibility of superiors to employees who bring forward opinions, and better maintain a working environment for open communications and quick solutions.

### Complaint Channel

- **In-person**
- **Email:** hr@innolight.com
- **Suggestion box:** available within the floors, letters are generally collected once every two weeks, and announcements and replies will be released on a monthly basis
- **Telephone**
- **Official anonymous complaint platform & Sunflower Community**
- **Official WeChat account:** One may file a complaint, suggestion, or question in the "Basic Application" section directly, and the Company will reply within 2 days



InnoLight Technology attaches great importance to the participation and engagement of employees and uses the Gallup Q12 model to test employee engagement. Based on the overall score of evaluation and the score of each step on each question, it seeks to understand and analyze the needs and concerns of each employee, find out any shortcomings in the management in terms of employee management measures and management capabilities, and offer corresponding improvement directions and suggestions.

### During the reporting period

The overall engagement score of InnoLight Technology is

# 4.16

an increase of

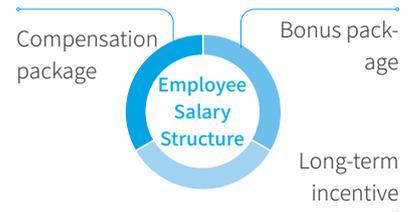
# 0.06

 compared with that in 2022




## Salary and Benefits

In order to better attract, motivate, develop, and retain employees, we have developed the *Worker Salary Management Rules* among other rules, establishing a clear salary structure and an effective incentive mechanism. Upholding the principles of "incentive and fairness", we have tailored salary structures for different personnel categories. Recognizing that outstanding employees are vital drivers of company growth, we have implemented an employee stock incentive plan, encouraging employees to grow alongside the Company as true partners, thus contributing to our long-term and robust development.



We have established a sound and complete benefits management system and provided a variety of benefits for employees. We strictly implement various paid vacations, social security, and other benefit policies that the employees are entitled to in accordance with relevant national regulations, purchase additional commercial insurance, and organize annual physical examinations, to ensure the health of our employees.

### Zhongji InnoLight Employee Benefits

 Commercial insurance	 High-level talent subsidy	 Annual medical examination	 Year-end bonus	 Project bonus	 Allowance for weddings, funerals, and childbirth
 Equity incentives	 Local household registration	 Year-end salary adjustment window	 Annual tour	 Rental concessions	 Paid annual leave
 Five insurances (endowment insurance, medical insurance, unemployment insurance, employment injury insurance, and maternity insurance) and One Fund (housing provident fund)					



Case

## Colorful Employee Activities



March 2023



We held a flower-giving event for female employees.

September 2023



We organized a Mid-Autumn Festival canteen celebration.

December 2023



We organized a winter solstice lamb soup and dumpling-making event.



Case

## "Women Stress-Relief and Empowerment" Event



In November 2023, our company union organized a special event to empower women and help them relieve stress. Over ten employees participated in the activity, which involved creating mandala art using fresh flowers. By painting with flower petals and stems, employees were able to connect with their emotions and express themselves naturally, a great stress-relieving method for busy working women.



"Women Stress-Relief and Empowerment" event

## Health and Safety

We adhere to the principle of "people-oriented, safety first", and have established an occupational health and safety policy of "prevention first, law-abiding, people-oriented, continuous improvement", providing employees with safe and healthy working and living conditions, and ensuring the health and safety of employees and related parties in the process of operation and service. We have also established a special safety and health management organ and an environmental health and safety (EHS) committee, and have developed various occupational health and safety rules and regulations. We have obtained ISO 45001 occupational health and safety management system certification.



ISO 45001 occupational health and safety management system certification by InnoLight Technology

Employee Health and Safety Policy, Objectives, and Main Implementation Projects			
<b>Policy</b>	Prevention first, law-abiding, people-oriented, continuous improvement		
<b>Objectives</b>	Reduce annual occupational injuries	Prevent fire accidents	Prevent occupational diseases
<b>Implementation projects</b>	<ul style="list-style-type: none"> <li>Strengthen training</li> <li>Conduct special inspections and comprehensive hidden danger investigations</li> <li>Regularly inspect and maintain mechanical equipment</li> <li>Improve personnel emergency response capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Regularly conduct fire drills</li> <li>Strengthen the mechanism of fire safety inspections to eliminate potential safety hazards</li> <li>Regularly conduct spot checks of and maintain fire and electrical facilities</li> </ul>	<ul style="list-style-type: none"> <li>Protect labor in the workplace</li> <li>Distribute and supervise the use of protective equipment</li> <li>Establish occupational health monitoring records</li> <li>Achieve a 100% coverage rate of occupational health and safety education training</li> </ul>



### During the reporting period

We invested over RMB

**8.31** million in work safety

with a total of

**220** first aid personnel

### Responsibilities of the EHS Committee

- Adhere to the policy of "safety first, prevention-oriented, and comprehensive governance", implement the *Work Safety Law* and national, provincial, and municipal laws, regulations, and systems related to work safety, and study important issues regarding work safety.
- Implement comprehensive management of safety work across the entire Company, responsible for coordinating, guiding, and supervising work safety.
- Review and participate in the preparation and evaluation of the Company's work safety policy, goals, management plans, rules and regulations, safety technical measures, work safety plans, etc., and supervise their implementation.
- The Work Safety Committee is responsible for supervising the implementation of the work safety responsibility system across the entire Company.
- Organize and convene meetings of the Work Safety Committee, timely study and analyze the overall work safety situation of the entire Company, and fully understand the work safety situation.
- Handle all kinds of accidents, organize investigations and handling of accidents, responsible for supervising the investigation, analysis, statistics, and reporting of accidents, formulate preventive measures, and decide on punishment.
- Make decisions on commending and rewarding departments and individuals who have made significant contributions to work safety, as well as on punishing operators who are derelict or violate regulations in safety management work.
- Urge relevant departments to do a good job in occupational safety health management and labor protection.
- Organize monthly company safety inspections, supervise and guide the work safety of various departments and workshops, and correct safety hazards found during inspections in a timely manner.

2021-2023 occupational disease risk data	2021	2022	2023
Number of employees in high-risk occupational disease positions	2,333	3,573	3,022
Number of employees who participated in occupational disease medical examinations	2,333	3,573	3,022
Number of employees who developed occupational diseases	0	0	0

Occupational disease risk data over the recent three years

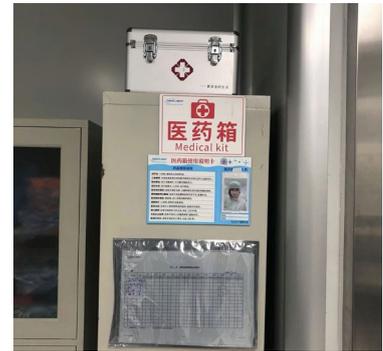
2021-2023 work-related accident data	2021	2022	2023
Number of employees who suffered work-related injuries	12	8	12
Number of work-related accidents that occurred	12	8	12
Number of work-related fatal accidents that occurred	0	0	0
Number of fatalities due to work-related accidents	0	0	0

Note: Work-related accidents mainly come from car accidents that occur during commuting.

Data on work-related accidents over the recent three years

We have established safety reward regulations, providing performance rewards to employees who diligently adhere to various safety production regulations, and recognizing outstanding performers. Rewards are given based on both material and honorary forms, encouraging, praising, and rewarding individuals to motivate the Safety Committee to do a good job in safety management.

Guided by the safety policy of "prevention first and people-oriented", we also organize Safety and Environmental Protection Month activities every June. Through these activities, employees are encouraged to embrace our safety culture, enhancing their awareness of environmental protection and health and safety measures, and promoting the construction of an environmental safety responsibility system.



Medical kit



Case

Safety and Environmental Protection Month

In June 2023, InnoLight Technology hosted the Safety and Environmental Protection Month event, with over 2,400 participants from its Suzhou, Tongling, and Thailand factories.

Awareness Campaign

InnoLight Technology promoted safety and environmental protection knowledge through posters, banners, and broadcasting safety and environmental protection videos in public areas.



Safety and environmental protection posters

Firefighting Competition

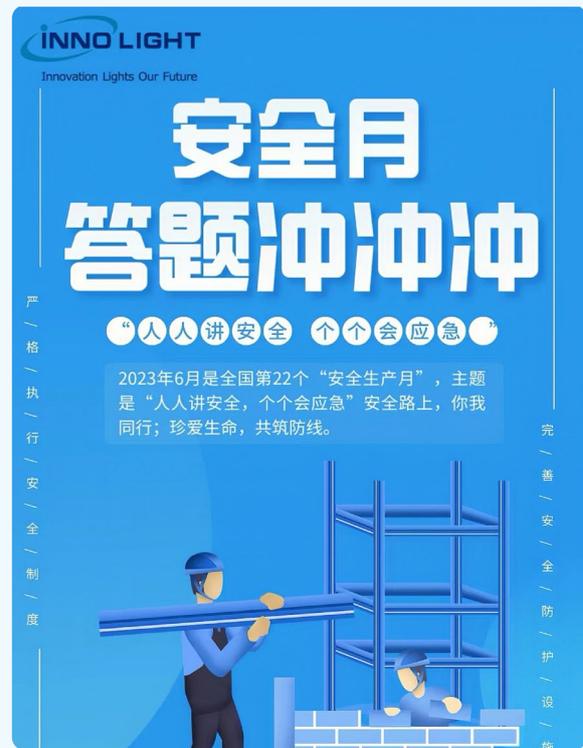
InnoLight Technology organized a prize-winning firefighting competition to encourage employee participation in fire safety activities and help them become proficient in using firefighting equipment.



Firefighting Competition

Quizzes

InnoLight Technology motivated employees through a prize-winning safety and environmental protection knowledge quiz, reinforcing their awareness of safety and environmental protection.



Quizzes

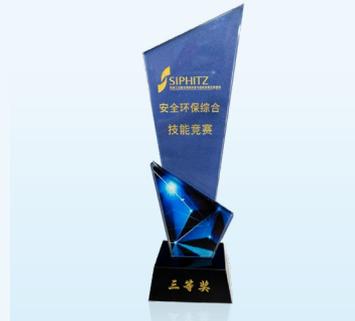


Case

## Safety and Environmental Protection Comprehensive Skills Competition



In June 2023, on the occasion of "Safety Production Month" and "World Environment Day", InnoLight Technology organized its EHS, manufacturing, and R&D personnel to participate in a Safety and Environmental Protection Comprehensive Skills Competition with the theme of "promoting modernization featuring harmony between man and nature", and won a third-place award.



Third place in the Safety and Environmental Protection Comprehensive Skills Competition



Case

## "One for Three Safety" Paired Assistance



From July to November 2023, InnoLight Technology participated in the "One for Three Safety" paired assistance project initiated by the High-end Manufacturing and International Trade Zone. Through "mutual inspection, mutual learning, and mutual assistance", it fully utilized its advantageous resources to help enhance the safety production level of the supply chain steadily by sharing advanced, distinctive, and replicable safety management experiences, thus fulfilling social responsibility.

In December 2023, InnoLight Technology was awarded "Safe Production Social Responsibility Enterprise", and its assisted suppliers were given the "Enterprise Progress Award".



Awarded "Safe Production Social Responsibility Enterprise"



Case

## Employee Clinic



To provide more convenient and detailed medical services for employees, InnoLight Thailand has set up an employee clinic, offering medical consultation services every Tuesday and Friday to ensure the accessibility of healthcare resources for employees and pay attention to their physical health. At InnoLight Taiwan, we regularly invite medical professionals to provide on-site services, answer employee inquiries, and teach them how to prevent epidemics.



Employee clinic at InnoLight Thailand

## Emergency Drills

Throughout the year, we held a total of **76** emergency drills comprising comprehensive emergency plans, specialized response plans, and on-site handling procedures tailored to different risk scenarios to enhance employee safety awareness, foster mutual assistance and self-rescue capabilities in emergencies, and improve the coordination and cooperation abilities of various functional departments in handling unforeseen events, with roles and responsibilities clarified for each department.



### Case | Emergency Drills



During the reporting period, InnoLight Technology organized multiple emergency drills to enhance the adaptability of employees and emergency response units. These drills aimed to strengthen the sense of responsibility among emergency response personnel and raise employee awareness of emergency preparedness.



Forklift accidents



Kitchen fires



Elevator accidents



Air compressor equipment failures



Fire extinguisher operations



Gas leaks



Fire evacuation



Confined space

## Giving Back to Society, Taking Responsibility

We have been committed to practicing social responsibility and becoming an active contributor to society, continuously strengthening our internal culture of charity while enhancing our external public welfare image. During the reporting period, we followed the relevant provisions of the *Management Standards for Public Welfare and Charity Activities* and adhered to the guiding principles of documents such as the *Charity Law* and the *Public Welfare Donation Law*. We advocated voluntary and equal participation in every public welfare activity, ensured the public welfare nature of such activities, and organized multiple public welfare events in compliance with laws and regulations while closely monitoring social issues such as urban-rural education fairness.

### 99 Public Welfare Day

We organized a variety of charitable events during the "InnoLight Public Welfare Month" to encourage more employees to participate in public welfare activities.



Case

99 Public Welfare Day, Love Market

In September 2023, InnoLight Technology hosted the third annual Love Market event. The event had 23 booths where employees gathered to demonstrate their love and support. The event theme, "Do Good Together" was evident as employees came together to contribute to a meaningful cause - rural children's education.



The third InnoLight Technology Love Market Event

## Xiangrong Public Welfare Foundation

Since its establishment in 2017, Xiangrong Public Welfare Foundation has been committed to fulfilling the spirit of philanthropy, reaching out to the rural land of China to build a public welfare service platform for rural education with an innovative model. Projects such as Book Culture Campus and Local Sunshine Course were implemented to ensure that every rural schoolchild can enjoy a fair and quality education so that they can have a sense of belonging, a loving environment, and a bright future.

Together with its partners, Xiangrong Foundation launched the "Future in Rural Areas" project, aimed at supporting the development of rural children in their local culture and helping them find their identity and love towards themselves and their hometown so that they can grow in positive relationships with teachers, peers, and families. Such effort also contributed towards the revitalization of rural areas. In December 2023, the third annual China Philanthropy Forum was held in Beijing, where the Beijing Xiangrong Public Welfare Foundation was recognized and awarded the **"Top 10 Chinese Public Welfare Projects of 2023"** for its "Future in Rural Areas" project. The award recognized the achievements of the project and the continuous contributions made by Xiangrong to the public welfare industry.

As of the end of the reporting period, its projects covered **four** core regions and have supported **251** schools and **83,262** children. A joint mechanism has been established featuring government support, university collaboration, industry participation, media advocacy, and public engagement. Through practical implementation, the project has established a systematic rural education service system in 35 schools, pioneering a comprehensive methodology for rural education based on district-level units. Over **3,000** informative rural classes have been taught, accompanying children in their growth journey.

Over the past 6 years, Xiangrong Public Welfare Foundation has made earnest efforts for philanthropy, dedicating itself to four major projects: campus improvement, reading support, IT support in education, and rural education, empowering teachers to grow confidently with a sense of value and enabling children to blossom joyfully within a sense of achievement.



Case

### Empowering Rural Children Education

2023 marked the 6th year of collaboration between InnoLight Technology and Xiangrong Public Welfare Foundation. Over these **6** years, it has conducted a diverse range of activities such as campus reading programs and summer camps in **45** primary schools across **13** counties in **7** provinces. It has established **288** classroom reading corners and one multifunctional campus library. More than **14,000** children have benefited from the classroom reading corner program, allowing them to explore a wider world with a limitless future through reading. InnoLight Technology has made a significant contribution to the education of rural children.



InnoLight Reading Corner



Case

### Charity Banquet

In October 2023, the sixth-anniversary charity banquet hosted by Xiangrong Public Welfare Foundation, themed "Blooming Together in Love", was successfully held in Shanghai. Nearly 150 philanthropic entrepreneurs and partners from various sectors gathered here, collectively advocating for the idea of providing quality education and reading opportunities for rural children through concrete actions. During the event, we expressed our hope to open more avenues of promising opportunities in rural education with the support and companionship of all sectors.



Charity Banquet

# Energy Conservation and Development

## Creating a Green and Low-Carbon Company

### Philosophy

We have established a robust environmental management system, ensuring strict compliance with environmental laws and regulations, focusing on environmentally friendly design and production, and introducing green products. We have optimized our energy usage structures to improve energy efficiency. We have rigorously controlled waste, emissions, and chemical usage throughout our production process. Embracing a green office philosophy, we advocate for paper conservation, energy efficiency, and resource recycling, fostering a workplace culture that minimizes environmental footprint.

### Our Actions

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### SDGs Benchmarking



## Environmental Management

We uphold the environmental concept of "green innovation, environmental protection first", dedicated to constructing a comprehensive environmental policy system. Guided by this principle, we continuously deepen our environmental management efforts. From top to bottom, we have instilled a strong sense of responsibility and mission, integrating environmental concepts into every aspect of our operations. We clearly require and motivate all plants and employees to actively participate in environmental management practices, collectively safeguarding our green Earth and achieving sustainable development.

### Data

During the reporting period, we invested RMB

**3,735,600**  
in environmental protection



Comply with laws and regulations and keep improving



Prevent pollution, conserve energy, and reduce energy consumption and emissions



Strictly control hazardous substances and manufacture green and environmentally friendly products

Environmental management policy



### InnoLight Technology

InnoLight Technology has made continued efforts to promote environmental management. During the reporting period, the new plant in Thailand has obtained ISO 14001 environmental management system certification. 14 training courses have been conducted including environmental management, participated by a total of 256 individuals. Furthermore, its subsidiary factories in Thailand have initiated 15 courses, covering energy conservation management, engaging 930 participants. Monthly meetings focused on environmental sustainability were held across its facilities in Suzhou, Tongling, Taiwan, and Thailand, featuring typical case studies and internal audits at factories, driving ongoing improvement efforts.



Environmental management system



## Case

## InnoLight Technology Factory Environmental Training



Suzhou Factory: In September 2023, the factory conducted environmental training for various departments, focusing on waste classification, the latest hazardous waste regulations, and major considerations for on-site waste management.

Thailand Factory: In September and October 2023, the factory conducted chemical and waste management training for personnel in various departments and shifts, including chemical users and cleaning staff.



In June 2023, InnoLight Technology was recognized by the Ecology and Environment Bureau for its outstanding practices in environmental protection and awarded the "2022 Exemplary Environmental Protection Enterprise".



## Case

## Comprehensive Industrial Carrier Management



InnoLight Technology has collaborated with multiple enterprises in Suzhou to establish the Suzhou Optical Communication Innovation Alliance with industrial parks acting as carriers to create shared platforms for research and testing. During the reporting period, the InnoLight Technology Optoelectronics Park conducted comprehensive management activities for industrial carriers. Through responsibility implementation, system development, personnel and material provisioning, environmental safety training, and corrective action verification, it has enhanced the management system for industrial carriers, driving the standardization of environmental and safety practices within the industrial park, and elevating its management capabilities of environmental protection and safety.



## Actions for Standardizing Environmental and Safety Practices within the Industrial Park

- Provide training on environmental and safety responsibilities for everyone from senior management to frontline employees across all companies within the industrial park, and require each participant to sign a letter of commitment.
- Develop rules for managing environmental and safety issues, announce them publicly, and send them to all tenants.
- Establish an EHS management institution and integrate EHS management into leasing operations in the industrial park, ensuring full life cycle management of environmental and safety issues.
- Conduct at least one specialized safety inspection every month and regularly organize targeted remediation efforts.
- Spread EHS awareness through videos, banners, posters, and social media platforms.
- Establish an environmental safety emergency team, provide emergency supplies, and regularly conduct various environmental safety emergency drills.



In December 2023, InnoLight Technology Optoelectronics Park was awarded Outstanding Industrial Carrier in High-end Manufacturing and International Trade Zone and recognized as a Demonstrative Carrier of Ecological Environment in Industrial Parks.

# Green Products

We have integrated sustainable principles into our business operations through green product management. From the design to material selection, we adhere to international regulations and value chain requirements, collaborating with the supply chain to minimize environmental harm to the greatest extent possible. A six-dimensional matrix has been formed for green product management. By enhancing environmentally friendly design and meeting domestic and international regulatory requirements, including RoHS and REACH, we identify and control over 50 categories of chemical substances such as ozone-depleting substances and radioactive materials in products and packaging materials. All these substances are included in the hazardous substance reduction management system, achieving environmental sustainability at the product design stage.



We require suppliers to implement a "full material declaration" to control the use of hazardous substances at the source of materials, thereby promoting the reduction and substitution of harmful substances in the industrial chain. Simultaneously, through the SRM-GP management system (GPM), we significantly enhance the full material information disclosure of the supply chain and improve the efficiency of environmental compliance verification, ensuring effective control of hazardous substances throughout the product life cycle.

## Data

During the reporting period, there was **no** incident resulting in disqualification due to the use and provision of products and services in violation of regulations related to hazardous substance control.

InnoLight Technology has continued to integrate environmental friendliness into its supply chain assessments. Its *Supplier Corporate Social Responsibility Agreement*, based on RBA standards, prioritizes supplier environmental performance as a key assessment criterion, mandating suppliers to comply with the provisions outlined in the agreement.

## Energy Management

	2021	2022	2023
Natural Gas Consumption (m <sup>3</sup> )	241,692	194,296	218,390
Liquefied Gas Consumption (kg)	0	0	16,128
Gasoline Consumption (L)	53,174.1	53,546.08	197,316.24
Purchased Electricity Consumption (0'000 kWh)	8,829.25	10,857.62	11,980.44
Renewable Energy Consumption (0'000 kWh)	74.454	163.13	242.3

Note:

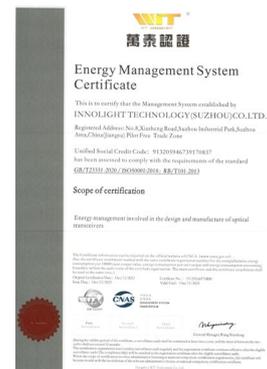
1. In 2022, data collection expanded to include InnoLight Taiwan and InnoLight Thailand based on 2021;
2. In 2023, data collection expanded to include the second phase of InnoLight Thailand based on 2022.



## Energy Conservation and Emission Reduction

In an active response to China's carbon neutrality and carbon peaking goals, we have established relevant energy management procedures and developed comprehensive energy conservation and emission reduction systems such as the *Energy Management Manual* and the *Energy Management Procedures*, according to the ISO 50001 energy management system. Each plant implements green practices through energy-saving initiatives, empowering the industry chain and ensuring the rational use of resources, in order to enhance resource efficiency and minimize energy consumption as much as possible.

Our subsidiaries have established energy management committees and implementation teams to identify energy-saving opportunities, set goals, and take practical measures for implementation. We regularly review energy performance and assess goal completion to maximize both economic and social benefits. In 2023, InnoLight Technology set an annual energy-saving target of a 5% reduction in carbon emissions and a 5% reduction in energy consumption, which was successfully achieved by the end of the reporting period.



Energy management system certification



Strictly comply with national energy conservation and environmental protection laws, regulations, and standards, fulfill international environmental conventions, and implement stricter internal energy control standards.



Optimize energy structure, reduce energy consumption, and decrease energy costs through continuous innovation and improvement of production processes.



Illuminate dreams through technology and light up the future with innovation.

Our energy policy

With 2021 as the benchmark year, InnoLight Technology has established energy benchmarks and goals and follows up on their achievement.



InnoLight Technology's energy benchmarks, goals, and achievements

InnoLight Technology has set goals for energy saving and emission reduction for 2024, and plans to cut carbon dioxide emissions by 4,800 tons by using solar energy to power street lights, paving photovoltaic panels on rooftops of office buildings and auxiliary structures, purchasing green electricity, recycling residual heat from air compressors and otherwise.



**Case | Energy-saving Technical Renovation Project**



InnoLight Suzhou has reduced wasteful energy consumption by inspecting, consolidating, and tracking idle equipment, resulting in a daily energy saving of 620 kWh per specialized team. It achieved an annual reduction of 14,880 kWh, roughly equivalent to cutting carbon emissions by **11.8 tons**.

InnoLight Suzhou has achieved a 27% reduction in daily electricity consumption by replacing fixed-frequency air compressors with variable-frequency units, enhancing flexibility in energy regulation. It achieved an annual electricity saving of approximately 646,100 kWh, roughly equivalent to cutting carbon emissions by **510.42 tons**.

InnoLight Thailand has implemented automatic lighting control in dining areas, precisely activating illumination only during periods of use. It achieved an annual energy saving of 12,960 kWh, roughly equivalent to cutting carbon emissions by **6.478 tons**.

InnoLight Tongling has implemented a project to improve energy efficiency in workshop lighting, enhancing brightness, reducing power usage, and prolonging product lifespans. As a result, it achieved a daily energy saving of 280 kWh, amounting to an annual reduction of 100,000 kWh, roughly equivalent to cutting carbon emissions by **79 tons**.



InnoLight Suzhou air compression system renovation

## Renewable Replacements

We have been committed to exploring the use of renewable energy as a substitute for traditional sources by constructing solar panels and developing NEVs. Our goal is to increase the proportion of renewable energy in our energy mix as replacements of conventional sources.

Our self-built photovoltaic project is progressing steadily according to plan at Tongling plant. Once fully operational, it is expected to generate 4,200,000 kWh of electricity annually, constituting 15.2% of the total energy usage in the area. Currently, four rooftop photovoltaic structures have been completed, generating 2,423,000 kWh of electricity during the reporting period, representing 8.7% of total energy consumption, cutting 2,400 tons of carbon emissions per year. In the future, we plan to build an additional rooftop photovoltaic structure, projected to generate 1,800,000 kWh annually and reduce carbon emissions by 1,400 tons.

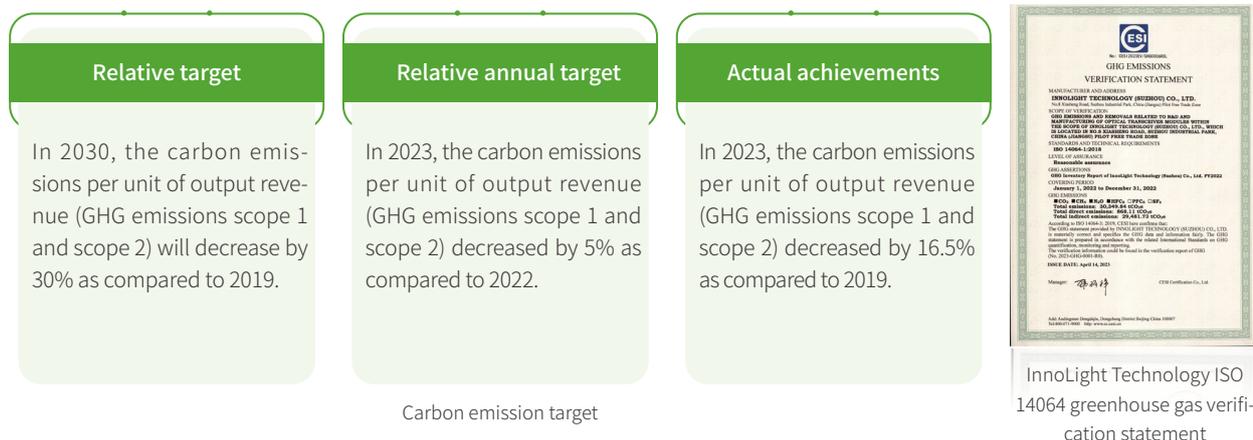


Completed photovoltaic projects at Tongling plant

InnoLight Technology has been gradually increasing the use of NEVs in place of traditional gasoline vehicles. As of the end of the reporting period, the Suzhou plant has 80 self-use NEVs, accounting for 15% of the total usage, with 20 NEVs outsourced, constituting 63% of the total usage. The Tongling plant has 16 self-use NEVs, representing 5% of the total usage.

## Greenhouse Gas Emissions

During the reporting period, we progressed our greenhouse gas inventory efforts to comprehensively assess ESG risks and opportunities within our supply chain. This provides a solid basis for developing and implementing relevant policies and measures, further enhancing our sustainability capabilities.



		Unit	2021	2022	2023
Direct emissions (scope 1)	Tons of CO <sub>2</sub> equivalent		533.04	868.11	1,088.12
Indirect emissions (scope 2)			70,574.07	84,311.80	86,632.18
Indirect emissions (scope 3)			/	160,482.957	*
<b>Total GHG emissions</b>			71,107.11	245,662.8	/
<b>GHG emission intensity (scope 1 + scope 2)</b>	Tons of CO <sub>2</sub> equivalent/ RMB 0'000 revenue		0.092402	0.088344	0.081844

Note:

- Direct emissions (scope 1) represent GHG emissions from fossil energy combustion activities such as coal, natural gas and oil, and industrial production processes;
  - Indirect emissions (scope 2) represent GHG emissions resulting from purchased electricity and heat, etc.;
  - Indirect emissions (scope 3) represent the three types of emissions from goods and services purchased by InnoLight Technology, employee travel, and employee commuting;
  - Direct emissions are accounted for in accordance with the *Technical Guidelines for GHG Accounting for the Removal of Pollutants from Pollution Control Facilities in Industrial Enterprises for Cooperative Control (for Trial Implementation)*;
  - Indirect emissions are accounted for in accordance with the *2019 Emission Reduction Project China Regional Grid Baseline Emission Factors*;
- \*: Verification of indirect emissions (scope 3) in 2023 is ongoing and disclosure is planned for the next annual report.

# Waste and Emissions

## Waste Management

We have established a comprehensive waste management system, including the *Waste Management Procedures*, coordinated and supervised by the EHS department of each plant. We have categorized waste into six classes, with each type of waste being handled by qualified suppliers and undergoing regular audits.

Waster category	Handling method
General industrial waste (non-recyclable)	Regularly transported by qualified suppliers to the power plant for incineration and power generation
General industrial waste (recyclable)	Recycled and treated by qualified suppliers
Hazardous waste	Collected and stored at designated locations, cleared and disposed of by qualified manufacturers (incineration and recycling)
Household waste	Regularly transported and processed by government-appointed qualified suppliers
Food waste	Harmless treatment by government-appointed qualified suppliers
Building/construction waste	Uniformly handled according to government regulations by construction parties

Furthermore, we have actively explored methods to conserve resources and promote material recycling. Internally, we have established a robust system for waste recycling to achieve comprehensive win-win outcomes for resources and the environment, the Company, and society, as well as economic development.

	2022	2023
Total amount of hazardous waste (ton)	55.04	60.50
Total amount of non-recyclable waste (ton)	405.54	577.01
Total amount of recyclable waste (ton)	83.62	101.39



## Wastewater Management

We have formulated the *Wastewater Discharge Management Measures* to regulate wastewater discharge in various plant areas, aiming to reduce environmental pollution caused by wastewater. Our plants primarily source water from municipal networks, with no industrial wastewater generation. Our wastewater discharge mainly consists of domestic sewage. Qualified third-party organizations are hired at plants to conduct an annual test on domestic sewage, with test parameters including PH, Chemical Oxygen Demand (COD), Biochemical Oxygen Demand (BOD), Ammonia Nitrogen, Total Phosphorus, Total Nitrogen, to ensure that wastewater discharge complies with relevant local water pollution control regulations.

Wastewater discharge data	2021	2022	2023
Total water consumption (ton)	218,661.9	278,987	440,783.8
Water consumption per RMB 0'000 of revenue (ton/RMB 0'000)	0.31	0.31	0.41
Total wastewater discharge (ton)	174,929.52	223,189.6	352,627.07
Wastewater discharge per RMB 0'000 of revenue (ton/RMB 0'000)	0.22	0.23	0.33
Ammonia nitrogen emissions (ton)	3,520.57	1,507.29	3,854.4
Ammonia nitrogen emissions per RMB 0'000 of revenue (ton/RMB 0'000)	0.0046	0.0016	0.0036
Chemical Oxygen Demand (ton)	10,181.5	8,817.02	58,533.80
Chemical Oxygen Demand emissions per RMB 0'000 of revenue (ton/RMB 0'000)	0.0132	0.0091	0.0546

Note: The significant increase in water consumption in 2023 is mainly due to water usage for new factory construction and the increase in the number of employees in 2023.

## Waste Gas Management

We have formulated the *Air Pollution Management Measures* to manage effective collection and treatment of various waste gases generated by the Company, and regularly hire third-party testing agencies to test emissions. The goal is to ensure that emission indicators meet national and local regulations, preventing environmental pollution caused by non-compliant emissions. During the reporting period, we did not have any incidents of non-compliant air emissions.

## Noise Management

In accordance with relevant laws and regulations, we periodically hire third-party testing agencies to test noise levels. During the reporting period, we did not have any violations related to noise.

# Chemical Safety

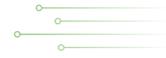
We have formulated internal Chemical Management Procedures to establish rigorous and standardized management processes involving the introduction, procurement, storage, transportation, usage, and abandonment of chemicals according to relevant chemical laws, international standards, and customer requirements. We implement green management practices, aiming to maximize environmental friendliness within our chemical management processes.





Case

## Chemical Spill Drill



During the reporting period, we conducted emergency drills for alcohol spills, clarifying the emergency response procedures and operational standards for chemical spills. Additionally, targeted cleaning demonstrations were carried out on handling sudden anomalies such as chemical skin contact or eye splashes, enabling employees to better understand emergency responses to chemical spill accidents and safeguard their occupational health and safety.

Site isolation/wearing  
protective equipment

Controlling the source of the leak

Personnel emergency  
reporting to superiors

Cleaning up the source  
of the leak

Chemical  
sub-package  
leakage

Collecting  
and handling  
leaked waste



Wearing protective equipment



Collecting and handling leaked waste

## Green Office

We actively encouraged employees to participate in environmental protection activities by posting energy-saving and environmental protection slogans, organizing environmental drills, and launching activities such as "Energy Saving and Consumption Reduction Quizzes" to cultivate employees' environmental awareness and promote green office.



Case

Environmental Public Welfare Activities

To raise awareness of the theme of "promoting modernization featuring harmony between man and nature" for the 2023 Environmental Protection Month and to develop a green circular economy, we organized environmental public welfare clean-up activities for employees and their families at Lingyan Mountain. Besides, we conducted online quizzes for employees with prizes and an environmental graffiti activity based on eco-friendly bags within our factories. Through these initiatives, we actively responded to the international and national calls for energy conservation and low-carbon endeavors, jointly promoting modernization featuring harmony between man and nature.



A group photo of our employees participating in the clean-up activity



Safety and environmental protection QR code quiz



Environmental graffiti activity

# Key Performance



## Economic Performance

Indicator	Unit	2021	2022	2023
Revenue	RMB 0'000	769,540.48	964,179.48	1,071,798.45
Net profit attributable to the parent company	RMB 0'000	87,697.71	122,399.09	217,352.77
Total assets	RMB 0'000	1,656,468.08	1,655,698.82	2,000,674.75



## Environmental Performance

Indicator	Unit	2021	2022	2023
Electricity consumption intensity	kWh/RMB 0'000 revenue	114.73	112.61	114.04
Water consumption intensity	t/RMB 0'000 revenue	0.3121577	0.312461	0.411256
GHG emission intensity (scope 1 + scope 2)	Tons of CO <sub>2</sub> equivalent/ RMB 0'000 revenue	0.092402	0.088128	0.081844



## Social Performance

Indicator	Unit	2021	2022	2023
Total number of employees	Person	5,583	5,634	6,029
Percentage of female employees	%	48	49	49
Total hours of training received by employees	Hour	18,303	35,828.5	35,438
R&D investment	RMB 0'000	56,584.58	79,216.83	80,938.89

# Index of Indicators

## Chinese Academy of Social Sciences CASS-ESG 5.0 Standard Index

Topic	Indicator No.	Indicator	Related Chapters	
<b>Preface to the Report (P)</b>				
Report standard	P1.1	Quality assurance	About the Report	
	P1.2	Information description	About the Report	
	P1.3	Reporting system	About the Report	
Message from the Senior Management	P2.1	Formal analysis and strategic considerations of ESG work	Message from the Chairman	
	P2.2	Annual ESG Progress	Message from the Chairman	
Company profile	P4.1	Basic information	Company Profile	
	P4.2	Strategy and culture	Corporate Culture	
	P4.3	Business overview	Company Profile	
<b>Governance Responsibility (G)</b>				
Corporate governance	G1.1	Diversified composition of the board of directors	Operation of the General Meeting, the Board of Directors, and the Board of Supervisors	
	G1.2	Independence of the board of directors	Operation of the General Meeting, the Board of Directors, and the Board of Supervisors	
	G1.3	Compliance system	Business Ethics	
	G1.4	Compliance training performance	Business Ethics	
	G1.6	Appeal and reporting mechanism	Business Ethics	
	G1.7	Anti-commercial bribery and anti-corruption system	Business Ethics	
	G1.8	Anti-corruption training performance	Business Ethics	
	G1.10	Information transparency	Investor Relationship	
	ESG governance by the Board of Directors	G2.1	Board of Directors ESG Management Policy	ESG Management
		G2.2	Board of Directors ESG Leadership Mechanism	ESG Management
ESG management	G3.1	Sector responsible for ESG work	ESG Management	
	G3.5	ESG Critical Issues Identification	ESG Management	
	G3.6	Stakeholder communication activities	ESG Management	
	G3.11	ESG honors	Honors in 2023	

Topic	Indicator No.	Indicator	Related Chapters
<b>Environmental Risk Management (E)</b>			
<b>Environmental management</b>	E1.1	Environmental management system	Environmental Management
	E1.3	Environmental protection investment	Environmental Management
	E1.4	Environmental protection warning and emergency mechanism	Chemical Safety
	E1.7	Environmental protection training, promotion and education	Environmental Management
	E1.8	Research and application of environmentally friendly products or technologies	Green Products
<b>Resource utilization</b>	E2.1	Energy management system	Energy Management
	E2.2	Energy consumption	Energy Management
	E2.4	Policy for clean energy use	Energy Management
	E2.5	Clean energy usage	Energy Management
	E2.10	Freshwater usage	Waste and Emissions
	E2.11	Water consumption intensity	Waste and Emissions
	E2.12	Water-saving amount	Waste and Emissions
	E2.14	Green office measures	Green Office
<b>Emission</b>	E3.1	Wastewater discharge reduction policy	Waste and Emissions
	E3.2	Wastewater discharge	Waste and Emissions
	E3.3	Waste gas emission reduction policy	Waste and Emissions
<b>Response to climate change</b>	E5.4	Targets and performance on climate-related risks and opportunities	Energy Management
	E5.5	Direct greenhouse gas emissions	Energy Management
	E5.6	Indirect greenhouse gas emissions	Energy Management
	E5.7	GHG emission intensity	Energy Management
<b>Social Risk Management (S)</b>			
<b>Employment</b>	S1.1	Comply with labor standards	Employee Empowerment, Comprehensive Development
	S1.2	Diversity and equal opportunities	Employee Empowerment, Comprehensive Development
	S1.3	Employee composition	Employee Empowerment, Comprehensive Development
	S1.4	Labor contract signing rate	Employee Empowerment, Comprehensive Development
	S1.5	Employee turnover rate	Employee Empowerment, Comprehensive Development
	S1.6	Democratic management	Employee Empowerment, Comprehensive Development
	S1.7	Salary and benefits system	Employee Empowerment, Comprehensive Development
	S1.10	Employee care	Employee Empowerment, Comprehensive Development

Topic	Indicator No.	Indicator	Related Chapters
Development and training	S2.1	Occupation development channel	Employee Empowerment, Comprehensive Development
	S2.2	Occupational training system	Employee Empowerment, Comprehensive Development
	S2.4	Occupational training performance	Employee Empowerment, Comprehensive Development
Occupational health and safety production	S3.1	Occupational health management	Employee Empowerment, Comprehensive Development
	S3.2	Certified by the occupational health and safety management system	Employee Empowerment, Comprehensive Development
	S3.3	Number of new occupational diseases	Employee Empowerment, Comprehensive Development
	S3.4	Safety production management system	Employee Empowerment, Comprehensive Development
	S3.5	Safety promotion and training	Employee Empowerment, Comprehensive Development
	S3.6	Hazard investigation and rectification	Employee Empowerment, Comprehensive Development
	S3.7	Emergency management system	Employee Empowerment, Comprehensive Development
	S3.8	Inputs to safety production	Employee Empowerment, Comprehensive Development
	S3.9	Safety production training performance	Employee Empowerment, Comprehensive Development
	S3.11	Number of occupational injuries/deaths	Employee Empowerment, Comprehensive Development
	Customer responsibility	S5.1	Product/Service quality management
S5.4		Stop-loss and compensation mechanism	Customer Focus, Quality Assurance
Customer responsibility	S5.5	Deal with customer complaints	Customer Focus, Quality Assurance
	S5.6	Information safety and privacy protection	Intelligent Manufacturing, Continuous Improvement
	S5.7	Customer satisfaction	Customer Focus, Quality Assurance

Topic	Indicator No.	Indicator	Related Chapters
Responsible supply chain management	S6.1	Supply chain ESG management system	Sunshine Procurement, Sustainable Supply
	S6.2	Supplier ESG review and assessment	Sunshine Procurement, Sustainable Supply
	S6.6	Supplier ESG Training System	Sunshine Procurement, Sustainable Supply
<b>Value creation (V)</b>			
Industrial value	V2.1	System and mechanism for technological innovation	Innovation and R&D, Industry Collaboration
	V2.2	Actions and measures for technological innovation	Innovation and R&D, Industry Collaboration
	V2.3	R&D investment	Innovation and R&D, Industry Collaboration
	V2.4	Significant technological innovation achievements	Innovation and R&D, Industry Collaboration
	V2.5	Drive the coordinated development of upstream and downstream industrial chains	Innovation and R&D, Industry Collaboration
	V2.7	Participate in industry standard setting	Innovation and R&D, Industry Collaboration
	V2.8	Strategic cooperation mechanism and platform	Innovation and R&D, Industry Collaboration
	Livelihood value	V3.4	Field of public welfare actions
V3.5		Create brand public welfare projects	Giving Back to Society, Taking Responsibility
V3.7		Volunteer service performance	Giving Back to Society, Taking Responsibility
Environmental value	V4.1	Carbon peak and carbon neutrality strategy and goals	Energy Management
	V4.2	Carbon peak and carbon neutrality action plan and path	Energy Management
	V4.3	Effectiveness of carbon reduction	Energy Management
<b>Report Epilogue (A)</b>			
	A2	Key performance table	Key Performance
	A4	Reference index	Index of Indicators
	A5	Feedback	Feedback Form

## Global Reporting Initiative GRI Standard Index

GRI STANDARD	Disclosure	Related Chapters
Statement of use	Zhongji InnoLight has reported the information cited in this GRI content index for the period from January 1, 2023, to December 31, 2023, with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
<b>The organization and its reporting practices</b>		
2-1	Organizational details	Company Profile
2-2	Entities included in the organization's sustainability reporting	About the Report
2-3	Reporting period, frequency and contact point	About the Report
<b>Activities and workers</b>		
2-6	Activities, value chain and other business relationships	Company Profile
2-7	Employees	Employee Empowerment, Comprehensive Development
<b>Governance</b>		
2-9	Governance structure and composition	Operation of the General Meeting, the Board of Directors, and the Board of Supervisors
2-10	Nomination and selection of the highest governance body	Operation of the General Meeting, the Board of Directors, and the Board of Supervisors
2-11	Chair of the highest governance body	Operation of the General Meeting, the Board of Directors, and the Board of Supervisors
2-12	Role of the highest governance body in overseeing the management of impacts	Operation of the General Meeting, the Board of Directors, and the Board of Supervisors
2-14	Role of the highest governance body in sustainability reporting	ESG Management
2-19	Remuneration policies	See the Annual Report
2-20	Process to determine remuneration	See the Annual Report
<b>Strategy, policies and practices</b>		
2-22	Statement on sustainable development strategy	Message from the Chairman
2-27	Compliance with laws and regulations	Internal Control
<b>Stakeholder engagement</b>		
2-29	Approach to stakeholder engagement	ESG Management

GRI STANDARD	Disclosure	Related Chapters
<b>Material Topics</b>		
3-1	Process to determine material topics	ESG Management
3-2	List of material topics	ESG Management
3-3	Management of material topics	ESG Management
<b>Economic Performance</b>		
201-1	Direct economic value generated and distributed	Key Performance
201-3	Defined benefit plan obligations and other retirement plans	See the Annual Report
<b>Anti-corruption</b>		
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics
<b>Energy</b>		
302-1	Energy consumption within the organization	Energy Management
302-3	Energy intensity	Energy Management
302-4	Reduction of energy consumption	Energy Management
302-5	Reductions in energy requirements of products and services	Energy Management
<b>Water and Effluents</b>		
303-4	Water discharge	Waste and Emissions
303-5	Water consumption	Waste and Emissions
<b>Energy Management</b>		
305-1	Direct (Scope 1) GHG emissions	Energy Management
305-2	Energy indirect (Scope 2) GHG emissions	Energy Management
305-3	Other indirect (Scope 3) GHG emissions	Energy Management
305-4	GHG emissions intensity	Energy Management
305-5	Reduction of GHG emissions	Energy Management
<b>Waste</b>		
306-2	Management of significant waste-related impacts	Waste and Emissions
306-3	Waste generated	Waste and Emissions
<b>Supplier Environmental Assessment</b>		
308-1	New suppliers that were screened using environmental criteria	Sunshine Procurement, Sustainable Supply

GRI STANDARD	Disclosure	Related Chapters
<b>Employment</b>		
401-1	New employee hires and employee turnover	Employee Empowerment, Comprehensive Development
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Empowerment, Comprehensive Development
401-3	Parental leave	Employee Empowerment, Comprehensive Development
<b>Occupational Health and Safety</b>		
403-1	Occupational health and safety management system	Employee Empowerment, Comprehensive Development
403-2	Hazard identification, risk assessment, and incident investigation	Employee Empowerment, Comprehensive Development
403-3	Occupational health services	Employee Empowerment, Comprehensive Development
403-5	Worker training on occupational health and safety	Employee Empowerment, Comprehensive Development
403-6	Promotion of worker health	Employee Empowerment, Comprehensive Development
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Empowerment, Comprehensive Development
403-8	Workers covered by an occupational health and safety management system	Employee Empowerment, Comprehensive Development
403-9	Work-related injuries	Employee Empowerment, Comprehensive Development
403-10	Work-related ill health	Employee Empowerment, Comprehensive Development
<b>Training and Education</b>		
404-1	Average hours of training per year per employee	Employee Empowerment, Comprehensive Development
404-2	Programs for upgrading employee skills and transition assistance programs	Employee Empowerment, Comprehensive Development
<b>Diversity and Equal Opportunity</b>		
405-1	Diversity of governance bodies and employees	Employee Empowerment, Comprehensive Development
<b>Non-discrimination</b>		
406-1	Incidents of discrimination and corrective actions taken	Employee Empowerment, Comprehensive Development
<b>Supplier Social Assessment</b>		
414-1	New suppliers that were screened using social criteria	Sunshine Procurement, Sustainable Supply
<b>Customer Health and Safety</b>		
416-1	Assessment of the health and safety impacts of product and service categories	Chemical Safety

# Independent Assurance and Statement of Opinion

InFaith Group (hereinafter referred to as "InFaith"), as entrusted by Zhongji InnoLight Co., Ltd. (hereinafter referred to as "Zhongji InnoLight"), has conducted independent limited assurance of the environmental, social and governance information and data disclosed in Zhongji InnoLight 2023 Environmental, Social and Governance (ESG) Report (hereinafter referred to as the "Report"), and disclosed the assurance result and conclusion to readers of the Report and stakeholders in the form of independent assurance and statement of opinion.

## Independence and Capability

All the assurance team members of InFaith have no business relationship with Zhongji InnoLight that leads to conflicts of interest; The team of InFaith has performed this assurance work independently.

The assurance team of InFaith consists of experienced professionals in the industry. Relevant persons have received professional training on the GRI Standards issued by the Global Reporting Initiative, AA1000AS v3, ISO 14001, ISO 26000, SA 8000, EcoVadis global supply chain rating and other sustainability-related standards and have adequate understanding and practical experience in relevant international principles, evaluation systems and assurance standards.

## Assurance Statement

Zhongji InnoLight management shall be fully held accountable for the preparation and content of the Report. It is the responsibility of InFaith to conduct an assurance based on the scope as described herein, and to provide professional assurance opinions to readers of the Report and stakeholders.

Based on the assurance scope limits, InFaith shall, in accordance with AA1000AS v3, conduct independent limited assurance and guarantee conclusion for the matters within the scope defined in the Report. In addition to providing independent assurance and making other statements of opinion on the facts of assurance under the conclusion, InFaith will not assume any legal or other liabilities for any inquiries for any other purposes, or for any other persons who read this Independent Assurance and Statement of Opinion.

If you have any questions about the contents contained herein or related matters, Zhongji InnoLight will reply in a lump sum.

In the event of any conflict or inconsistency between the Chinese version and the English version of this Independent Assurance and Statement of Opinion, the Chinese version shall prevail.

## Assurance Standard

InFaith adopts AA1000AS v3 type-2 medium assurance level, which includes Zhongji InnoLight's evaluation of the compliance situation and degree of the four AA1000AS v3 assurance principles, including inclusiveness, substantiality, responsiveness and impact.

## Assurance Scope

The assurance scope is limited to the information and data of Zhongji InnoLight and its affiliated companies covered by the Report, excluding the data and information of Zhongji InnoLight's suppliers, contractors and other third parties;

InFaith adopts AA1000AS v3 type-2 medium assurance level to evaluate Zhongji InnoLight's compliance nature and degree of the four assurance principles in AA1000AS v3;

Zhongji InnoLight and InFaith have reached an agreement to select specific performance information in the Report as part of the assurance contents. The selected specific performance indicators are as follows:

- Renewable Energy Consumption
- Environmental Protection Investment
- Purchased Electricity Consumption
- Total Amount of Hazardous Waste
- Total Water Consumption
- Number of Employees Who Suffered Work-related Injuries
- Total Hours of Training Received by Employees
- Total Number of Employees

### Assurance Process and Work

In order to gather evidence relevant to the formation of the conclusion, InFaith has done the following work:

Had interviews with the management team and employees of Zhongji InnoLight, to understand the overall situation and relevant processes of the fulfillment of its environmental, social and governance responsibilities.

Verified key developments and policy implementation of the relevant Zhongji InnoLight's organizations and reviewed supporting evidence for the claims made in the Report.

Through the interviews and the assurance of relevant documents, learned about Zhongji InnoLight's main stakeholders and their expectations and demands, the specific communication channels between both parties, and how Zhongji InnoLight responds to their expectations and demands.

Selected the relevant part of environmental, social and governance information in this Report, performed analytical assurance procedures for such information, confirmed the overall performance situation, and evaluated and verified whether the contents of the Report are complied with.

Verified the process management of the principles of inclusiveness, substantiality, responsiveness and impact in the Report and its related AA1000 to confirm the appropriateness of this Statement.

Sampled inspection on supporting evidence of data reliability and quality of selected specific performance information.

Recalculated and verified the selected specific performance information.

Performed other procedures that we deemed necessary.

### Assurance Conclusions

According to the information provided by Zhongji InnoLight and the sample test, there is no material misrepresentation in the Report. For the principles of inclusiveness, substantiality, responsiveness and impact included in AA1000AS v3, the detailed assurance conclusions are as follows:

Inclusiveness	According to the Report, Zhongji InnoLight has taken important measures including continuously seeking the participation of stakeholders in the business operation, understanding their expectations and concerns, communicating about and confirming substantive issues in a timely manner, etc., to respond responsibly and strategically to stakeholders related to its environmental, social and governance responsibilities.
Substantiality	Zhongji InnoLight has announced major topics that will have substantial influence and impact on the evaluation, decision-making, actions and performance of the organization and its stakeholders, and judged and improved the management and performance of the issues.
Responsiveness	Zhongji InnoLight has implemented relevant policies, and is able to respond to issues that concern the stakeholders in a timely manner.
Impact	Zhongji InnoLight has the adequate ability to identify substantive issues. It has implemented balanced and effective evaluation and disclosure methods, and has established a systematic process for monitoring, measurement, evaluation and management impact, so as to achieve more efficient management of decision-making and results within the organization, and demonstrate the impact of the substantive issues in an impartial and objective manner.

Based on the procedures implemented and the evidence obtained by InFaith, we have found nothing that causes us to doubt the reliability and quality of the specific performance indicators selected in the Report.

### Limitation

The assurance process was carried out at the location within the scope of the Report.

Because there is no internationally recognized and commonly used standard for the evaluation and measurement of non-financial information, the application of different but acceptable information and measurement technologies may affect the comparability with other institutions.

If you have any advice for this Independent Assurance and Statement of Opinion, you may contact:

Tel: 021-20740303

Email: [esg@inafaith.com.cn](mailto:esg@inafaith.com.cn)

Address: 8F, 388 Fushan Road, Pudong New District, Shanghai

*Tina Zhong*

ZHONG Wentang, Managing Partner of the Sustainable Development Department of InFaith

InFaith Group

Shanghai, April 2024



# Feedback Form

Dear readers:

Thank you very much for taking time out of your busy schedule to read the Zhongji InnoLight 2023 Environmental, Social and Governance (ESG) Report. In order to provide you and other stakeholders with more valuable information, and effectively promote the Company's ability and level to fulfill ESG responsibilities, we sincerely look forward to your comments and suggestions.

## Multiple-choice Questions (please tick ✓ in the appropriate place)

Your overall assessment of this report is:

Very good       Good       Fair       Poor       Very poor

How do you evaluate the response and disclosure of this report to the concerns of stakeholders?

Very good       Good       Fair       Poor       Very poor

What do you think of Zhongji InnoLight's performance on economic responsibility?

Very good       Good       Fair       Poor       Very poor

What do you think of Zhongji InnoLight's performance on environmental responsibility?

Very good       Good       Fair       Poor       Very poor

What do you think of Zhongji InnoLight's performance on safety management?

Very good       Good       Fair       Poor       Very poor

What do you think of Zhongji InnoLight's performance on employee responsibility?

Very good       Good       Fair       Poor       Very poor

What do you think of Zhongji InnoLight's performance on community responsibility?

Very good       Good       Fair       Poor       Very poor

Are the information, indicators and data disclosed in this report clear, accurate and complete?

Very good       Good       Fair       Poor       Very poor

Do you think the content arrangement and layout design of this report are easy to read?

Yes       No

## Open Questions

Do you have any comments or suggestions on this report and the performance of Zhongji InnoLight Co., Ltd. on its social responsibility?

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## 中际旭创股份有限公司

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