



ESG

Xiamen Solex High-tech Industries Co., Ltd. Stock Code 603992

2024 Environmental, Social, and Governance (ESG) Report



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About This Report

Introduction

This is the 5th Environmental, Social and Governance Report ("ESG Report") publicly released by Xiamen Solex High-tech Industries Co., Ltd. It objectively discloses to stakeholders such as shareholders, employees, governments, clients, and consumers the efforts and achievements made by Solex in aspects such as safety production, environmental protection, social welfare, corporate governance, and talent development.

Reporting Period

The Reporting Period of this report is consistent with that of the Company's Annual Report. To improve the comparability and completeness, some sections of this report may be appropriately backdated to previous years or extended to 2025.

Reporting Scope

The content of this report covers Xiamen Solex High-tech Industries Co., Ltd. and its wholly-owned and controlled subsidiaries. Unless otherwise specified, the scope of this report is consistent with that of the Company's Annual Report.

Preparation Basis

- Shanghai Stock Exchange "Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operation of Listed Companies" (Revised in December 2023)
- Shanghai Stock Exchange "Self-Regulatory Guidelines for Listed Companies No. 14 - Sustainability Report (for Trial Implementation)"
- Shanghai Stock Exchange "Self-Regulatory Guidelines for Listed Companies No. 4 - Preparation of Sustainability Reports"
- HKEX "Environmental, Social and Governance Reporting Guide (Main Board)" (Reference Basis)
- China Enterprise Reform and Development Society "Guidelines for Sustainable Development Reports of Chinese Enterprises (CASS-ESG6.0)"
- China National Standardization Administration Committee (CNSA) "Guidelines for Preparing Social Responsibility Reports" (GB/T36001-2015)
- UN Sustainable Development Goals (SDGs) 2030
- "2021 Sustainability Reporting Standards (GRI Standards)" of the Global Reporting Initiative (Reference Basis)

Data Sources and Reliability Assurance

Data sources used in this report include public data from government agencies, and Solex's official documents, statistical reports and third-party questionnaire surveys, which have been collected, audited and summarized by the Company's functional departments and operating units. This report doesn't contain any false records, misleading statements, or material omissions. For any discrepancy between the data in this report and that in the annual report, the data in the annual report shall prevail. Unless otherwise specified, all amounts in this report are expressed in RMB.

Appellation Description

For the ease of expression and readability, "Xiamen Solex High-tech Industries Co., Ltd." is also referred to as "Solex", "the Company" or "we" in this report. Furthermore, "country" and "government" in this report refer to the People's Republic of China and its administrative agencies.

Short Name	Full Name
Zhangzhou Solex	Zhangzhou Solex Smart Home Co., Ltd.
Bestter	Bestter (Xiamen) Technology Inc.

Access to this Report

You may access and download the electronic version of this report at the websites of Xiamen Solex High-tech Industries Co., Ltd. (<https://www.solex.cn/>), Shanghai Stock Exchange (www.sse.com.cn) or cninfo (www.cninfo.com.cn) to learn more information about the Company.

Message from the Chairman

Dear shareholders, partners, employees, and colleagues from all sectors of society,

It is with immense pride that I share the progress made by Solex in the past year in the areas of environmental, social, and governance. The year 2024 marks a breakthrough year in China's sustainable development information disclosure. Guidelines, manuals, and standards for ESG and sustainable development information disclosure have been continuously issued after solicitation of opinions. As a responsible enterprise, we not only pursue economic benefits but also actively respond to societal expectations. We strive to set an example in corporate governance, environmental protection, and social responsibility, and are committed to building a high-quality and sustainable future.

Since its establishment, Solex has always emphasized the core value of "believing in the power of technological innovation." We regard technological innovation as the cornerstone of the Company's development. Based on outstanding technological innovation, product development capabilities, and the ability to understand customer needs, we empower product values with intelligence, health, and green solutions, and conduct targeted research and development in technology and products. In 2024, the Company's R&D investment has reached RMB 225 million, accounting for 7.47% of revenue. We have 818 technical personnel and our R&D team is expanding year by year. As of December 31, 2024, the Company holds 1,337 valid domestic and international patents, including 422 invention patents and 756 utility model patents. It is worth mentioning that products designed by the Company's design team, such as faucets, smart toilets, and water flossers, have won top international industrial design awards, including the "IF Design Award," "Red Dot Award," "IDEA," and "G-Mark." The eco-friendly plastic shower slide rail won the IDEA Silver Award for the first time. As of December 31, 2024, Solex has received 170 domestic and international design awards, showcasing the Company's extraordinary strength in industrial design.

In terms of corporate governance, we have established an ESG governance system, formed a Board Strategy and ESG Committee, and set up an ESG working group under it. We have clearly defined their responsibilities and comprehensively planned ESG-related work, creating a vertically and horizontally integrated ESG network across the Company, ensuring that ESG concepts are deeply embedded in every aspect of the Company. At the same time, we are also continuously optimizing our governance structure, gradually improving the composition and operational mechanisms of the Board of Directors, further clarifying the responsibilities and authority of each department, optimizing internal management processes, and enhancing the Company's operational efficiency and decision-making execution. Additionally, we have formulated compliance rules and regulations to ensure the safety and reliability of the Company's business operations. We have strengthened internal audit and supervision functions, and conducted regular compliance reviews of all business activities of the Company to ensure that all operations comply with national laws, regulations, and industry standards. This effectively protects the legitimate rights and interests of the Company and its shareholders, creating a favorable internal environment for the Company's sound operations.

In terms of environmental protection, we continue to strengthen our efforts in energy conservation and emission reduction. By adopting advanced environmentally friendly production technologies and equipment, we have upgraded our production processes. At the same time, we actively carry out pollution prevention and control measures to control the emission of pollutants such as exhaust gases and wastewater and properly dispose of waste to ensure environmental safety. Moreover, we are accelerating the use of clean energy, increasing investments in and applications of solar energy, and gradually achieving a green transformation of the energy structure. In July 2024, the Phase II of the roof photovoltaic project of the subsidiary Zhangzhou Solex was successfully connected to the grid, achieving photovoltaic power generation and further optimizing the energy structure.

We always uphold our social responsibilities, and make every effort to safeguard employees' rights and interests, employee rights and continuously improve our employee welfare system. We offer not only competitive salaries and comprehensive social security benefits but also a variety of employee care programs. These include support for employees in need, protection of female employees' rights, attention to employees' mental health, and the organization of cultural and sports activities, ensuring a holistic approach to the physical and mental well-being of our employees. We attach great importance to employees' career development and have established a systematic training system and career advancement channels. We offer various professional skills and management training courses, encouraging employees to continuously learn and grow, thus achieving an organic integration of individual value and corporate development. Additionally, we are committed to public welfare investments, covering areas such as education and assistance for people with disabilities. Through financial and material donations of funds and goods, we strive to address social issues and promote social equity.

Finally, I would like to express my gratitude to all the employees and partners who have worked hard for the development of the Company and to our shareholders and all sectors of society for their trust and support. Let us join hands and embark on a new chapter of sustainable development together!

Thank you, everyone!



Chairman of Xiamen Solex High-tech Industries Co., Ltd.

Sustainable Development Highlights in 2024



Economic Performance

RMB **4,364,103,600**

Total Assets

RMB **3,014,989,600**

Operating Income

RMB **493,198,500**

Total Profit

RMB **63,686,300**

Total Tax Payment

1.10 yuan/share

Basic Earnings per Share

RMB **446,415,000**

Net Profit Attributable to Shareholders of the Listed Company



Governance Performance

2 times

General Meeting of Shareholders Convened

8 times

Meetings of the Board of Directors Convened

7 times

Meetings of the Board of Supervisors Convened

44.44%

Percentage of Female Directors in the Board of Directors

33.33%

Percentage of Independent Directors in the Board of Directors



Environmental Performance

RMB **10,945,000** **5,044,965** kWh

Total Environmental Investment

PV Generation

689.02 tCO₂e

Greenhouse Gas Emission Reduction

2.20 tCO₂e/10,000 yuan of output value

Greenhouse Gas Emission Intensity

573,813 tons

Total Water Consumption

1.69 tons/10,000 yuan of output value

Water Consumption Intensity

257,455.53 tce

Total Energy Consumption

0.76 tce/10,000 yuan of output value

Energy Consumption Intensity



Social Performance

4,877

Total number of employees

98.69%

Employee Satisfaction

RMB **225,113,700**

Investment in R&D

98.76%

Product Percent of Pass

RMB **1,040,000**

Total Investment in Data Security

RMB **6,873,500**

Total Investment in Safety Production

RMB **109,400**

Total Public Welfare Input

(For detailed information on the Company's economic performance, please refer to the 2024 Annual Report of Solex.)



About Solex

Company Profile

Founded in 2004, Xiamen Solex High-tech Industries Co., Ltd. (SHA: 603992) insists on integrating R&D innovation and industrial design into products, with the "Intelligent Hardware IDM (Innovation/Design/Manufacture) Shared Platform" as its compass and capitalizing on its excellent technological innovation, product development and user demand mastery capabilities. With the concept of model, manufacturing, and technology sharing, it focuses on the R&D design and intelligent manufacturing of IDM products in such categories as kitchen & bathroom and health, beauty and health, and emerging intelligent health hardware. It aims to enhance the coverage of products in market segments, and spares no effort to provide high-value added IDM hardware products with "innovation, design, and manufacture" for professional well-known brands, large chain retailers and brand e-commerce players around the world.

The Company has received eight national-level honors, including: "High-tech Enterprise", "National Intellectual Property Demonstration Enterprise", "National Enterprise Technology Center", "Service-Oriented Manufacturing Demonstration Enterprise", "National Green Factory", "National Industrial Design Center", "Postdoctoral Research Station", "Solex Famous Trademark". The innovative products designed by the Company's design team have won 170 domestic and international design awards, including top global industrial design awards such as the Red Dot Award (Germany), iF Design Award (Germany), IDEA Award (United States), and Good Design Award (Japan). Solex firmly believes in the power of technological innovation. As of December 31, 2024, the Company holds 1,337 valid patents both domestically and internationally, including 422 invention patents and 756 utility model patents, demonstrating the Company's outstanding strength in innovation!



Corporate Culture



Corporate Culture

Customer First, Team Legacy, Innovation and Improvement, Technology as Basics, Compliance with Laws, Quality Assured



Mission

Create a better health life for the people through continuous innovation



Vision

Maintain a single world champion and become a leader in health hardware



Core Values

Believe in the power of technological innovation



Enterprise Business Strategy

Customer Strategy

Insist on the IDM model, deeply explore the human health life demand to provide B-end customers with smart, healthy, and green hardware product solutions

Product Strategy

Empower product values with intelligence, health, and green solutions, based on the idea of technology sharing, lay out various segmented categories around the underlying logic

Business Layout

Introduction to Businesses

The Company's main product categories include kitchen & bathroom and health products, beauty and health products, and emerging intelligent health products. Its main business model is the IDM (Innovation Design Manufacturer) model, where the Company uses its own resources to analyze and study regional market conditions and consumer demand trends, proposes innovative product concepts, forms complete product planning solutions, and delivers product models, technical modules, or finished products containing the Company's patented technology and creative designs to customers. In this process, creative design of products and research & development of related technical solutions are all independently completed by the Company.



Kitchen & Bathroom and Health

Focusing on kitchen & bathroom and health space scenarios, the main products include shower systems, micro-bubble showers, micro-current showers, smart care faucets, smart toilets, and smart bathroom cabinets.



Beauty and Health

Focusing on skin care and testing, oral care testing, hair care, and other scenarios, the main products include commercial analyzers, facial cares, hair removal devices, beauty shower heads, hair care combs, smart water flossers, and AI electric toothbrushes.



Emerging Intelligent Health

Focusing on the categories and scenarios of smart sleep monitoring and smart fitness, the Company has currently developed products such as smart anti-snoring pillows, sleep monitors, and smart yoga mats.



Domestic and Overseas Business Layout

The Company's IDM hardware business primarily engages in direct sales to specific customers, including internationally renowned/high-end kitchen & bath, home, beauty and health brands, large chain retailers, and brand e-commerce platforms. The customer base covers more than 50 countries and regions worldwide, including the US, Europe, Japan, and Australia. Currently, the Company has set up multiple production bases in Xiamen, Zhangzhou, Vietnam, and other locations, effectively ensuring product delivery and supply capacity.

Milestones in 2024

- April 27, 2024 — The groundbreaking ceremony for Solex High-tech Industries (Vietnam) factory project was held in the Bac Tien Phong Industrial Zone, Quang Ninh Province, Vietnam, with an initial construction area of over 50,000 square meters
- May 14-17, 2024 — Solex participated in the 28th Kitchen & Bath China
- May 22-24, 2024 — Solex participated in the 28th China Beauty Expo
- July 22, 2024 — The second phase of the Zhangzhou Solex Roof Photovoltaic project was completed and successfully connected to the grid
- September 13, 2024 (U.S. Time) — Solex's eco-friendly plastic slide rail Pioneer Elmo won the 2024 IDEA Silver Award in the U.S.
- November 12-15, 2024 — Solex participated in the 27th Cosmoprof Asia
- November 22, 2024 — Solex High-tech Industries (Vietnam) factory project in the Bac Tien Phong Industrial Zone, Quang Ninh Province, Vietnam, successfully topped off

Major Honors

June 2024

"Future Unicorn" Innovation Enterprise in the Core Digital Economy Industry of Fujian Province

Fujian Provincial Bureau of Data Management



September 2024

Ranked **71st**

Top 100 Private Manufacturing Enterprises in Fujian Province

Fujian Federation of Commerce & Industry



October 2024

Specialized and Sophisticated Small and Medium-sized Enterprise in Fujian Province

Fujian Provincial Department of Industry and Information Technology



November 2024

Ranked **38th**

Top 100 Strategic Emerging Industry Enterprises in Fujian

Fujian Enterprises and Entrepreneurs Confederation, Fujian Academy of Social Sciences, Fujian Media Group



November 2024

Ranked **82nd**

Top 100 Xiamen Enterprises

Xiamen Enterprises and Entrepreneurs Association, School of Management Xiamen University, Xiamen Daily, Xiamen Media Group



November 2024

Ranked **3rd**

Top 10 Xiamen IP Enterprises

Xiamen Enterprises and Entrepreneurs Association, School of Management Xiamen University, Xiamen Daily, Xiamen Media Group



November 2024

Ranked **8th**

Top 10 Xiamen Green Enterprises

Xiamen Enterprises and Entrepreneurs Association, School of Management Xiamen University, Xiamen Daily, Xiamen Media Group



November 2024

Ranked **69th**

Top 100 Xiamen Private Enterprises

Xiamen Federation of Industry and Commerce



November 2024

Ranked **12th**

Top 20 Xiamen Private Technology Innovation Enterprises

Xiamen Federation of Industry and Commerce



November 2024

Ranked **20th**

Top 20 Xiamen Private Manufacturing Enterprises

Xiamen Federation of Industry and Commerce





Membership in Industry Associations



**Leading Development
 Advancing Green and Intelligent Upgrades,
 Responsibility Focus - Special Topics**

With the improvement of living standards and the upgrading of consumer concepts, people's demands for home environments are also increasing daily. As the most private space in the home environment, the decoration and accessories of the kitchen and bathroom are closely related to the quality of family life. Therefore, kitchen and bathroom products have been receiving increasing attention from consumers, becoming essential necessities in daily life.

In recent years, the government has vigorously advocated green and environmental protection and the upgrading of electronic products. The *Several Measures for Promoting the Consumption of Electronic Products* proposed promoting new consumption scenarios for health-oriented bathroom products, smart sleep, air purification, and supporting enterprises' personalized design and flexible production. Currently, the application of smart and green technologies in the kitchen and bathroom market has become an industry trend, such as smart toilets and sensor faucets. At the same time, as consumers pursue higher quality of life, the trend in kitchen and bathroom products is evolving from basic functionality to a focus on personalization and comfort. The competition in the industry is fierce, and technological innovation and sustainable development will be the key driving forces for the future.

By empowering product values with intelligence, health and green, Solex focuses on energy saving, water conservation, zero PVC, and recycled materials to make products greener, reduce the environmental impact throughout the product life cycle, and improve the green quality of products to meet customers' demand for eco-friendly products. Additionally, the Company actively participates in industry events and exchanges, engages in deep discussions about innovative ideas, and explores breakthroughs in product technologies to inject vitality into the development of the industry.

Practicing Innovative Ideas, Creating Green Products

In recent years, in response to market changes, Solex has always adhered to technological innovation as the core driving force. The Company combines customer needs with innovative ideas and integrates the concept of sustainable development with design processes to create high-value-added IDM products with "innovation, design, and manufacture". Currently, multiple innovative products designed by the Company have won top international industrial design awards. As of December 31, 2024, Solex has received 170 domestic and international design awards, showcasing its extraordinary strength in the field of industrial design. Furthermore, the Company's factories and supply chains have obtained green certifications, injecting green energy into Solex's industrial design innovation, supporting the creation of more eco-friendly and sustainable products and production models, and further highlighting Solex's green competitiveness and social responsibility in the industry.



Green Supply Chain Certification



Green Factory Certification

Case Study: Eco-friendly Shower Slide Rail "Pioneer Elmo"

The eco-friendly plastic shower slide rail "Pioneer Elmo" developed by Solex won the 2024 IDEA Silver Award in the U.S. It uses recycled composite plastics as raw materials, maintaining the hardness and toughness of common plastics, while also setting an example for promoting resource recycling in the industry. The surface treatment process of this slide rail avoids metal contamination, ensuring long-term reliability and stability of the product while reflecting Solex's dedication to product quality and user experience.

Eco-Friendly Plastic Shower Slide Rail "Pioneer Elmo"



Exploring Industry Development, Leading Trends with Innovation

Adhering to the concepts of intelligence, health, and green, Solex continues to break traditional household product boundaries. With relentless innovation as its driving force, the Company consistently injects high-value energy into products. On the path to excellence, Solex has successfully developed a series of leading smart products that not only lead the industry trends but also bring users unprecedented convenience and comfort. In order to better understand consumer needs and continuously expand the boundaries of product innovation, Solex actively participates in industry exhibitions, engaging in in-depth exchanges and collaborations with industry leaders to explore new trends and opportunities for the development of the industry.



Case Study: Empowering by AI Technology, Starting A New Trend in Beauty and Health

Solex showcased its facial cares, hair removal devices, innovative toothbrushes, and water flossers at the 28th China Beauty Expo in Shanghai and the 27th Cosmoprof Asia in Hong Kong. These two influential and large-scale beauty industry events gathered top brands and high-quality companies from around the world, showcasing the latest products and cutting-edge technologies, and jointly discussing the future development trends of the beauty industry.

The beauty and health category has become the Company's second growth driver. In the digital era, the Company has integrated AI algorithms into beauty devices to meet users' smart skincare needs and enhance the product experience. Solex, through continuous innovation, has further developed technologies such as radiofrequency, microcurrent, and ultrasound for skin and hair care. Additionally, the Company integrates image processing technology and proprietary AI algorithms for applications such as skin detection and oral examination.

Through deep participation in these two exhibitions, Solex not only gained valuable industry insights, providing fresh ideas and inspiration for upgrading the beauty and health category, but also seized the opportunity to engage in in-depth communication with numerous internationally renowned brands and establish deeper connections with industry peers.



⤴ Solex at the 28th China Beauty Expo

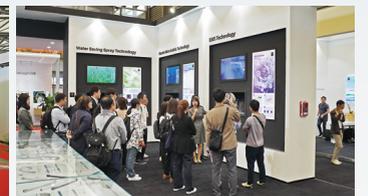


⤴ Solex's debut at the Cosmoprof Asia



Case Study: Smart & Green Philosophy for A Quality Life

On May 14-17, 2024, Solex participated in the 28th Kitchen & Bath China. At this exhibition, adhered to the philosophy of "intelligence, health, and green," Solex created four major exhibition areas: shower space, kitchen space, basin beauty space, and toilet space. Focusing on smart bathroom and kitchen water applications, the Company showcased products such as water-saving showers, home soda machines, care faucets, water purification faucets, smart toilets, smart beauty mirror cabinets, and lifting mirror cabinets. With its deep insights into market demand, continuous technological innovation, and human-centered design philosophy, Solex brought an unprecedented experience to visitors, leading the trend of future home living.



⤴
Solex at the 28th Kitchen & Bath China

ESG Management

ESG Governance System

Aligned with its green innovation strategy, Solex is committed to building a sustainable ESG governance system. The Company has formulated the *Board Strategy and ESG Committee Rules and the Environmental, Social, and Governance (ESG) Management System*, established the Board Strategy and ESG Committee, and set up an ESG working group to plan and coordinate the Company's ESG-related work in the future. The Company continuously enhances ESG governance, creating greater value for shareholders, employees, customers, and society, while effectively driving the Company's practices and development in the ESG field.

Solex's ESG Management Structure:



- Review and approve the Company's ESG development strategy and goals, major issues, management structure, management systems, etc.;
- Review the Company's ESG report.



- Research the Company's ESG goals, strategy, governance structure, and other related matters, and make recommendations to the Board of Directors;
- Identify ESG risks and opportunities that have a significant impact on the Company's business and guide management in taking responsive actions;
- Supervise the establishment of ESG goals, implementation plans, performance, review the progress towards achieving ESG goals, and propose improvements;
- Review the Company's ESG-related disclosure documents.



- Implement the Company's ESG strategy and goals, coordinate various departments in implementing ESG initiatives;
- Draft ESG policies, issues, plans, and implementation schemes;
- Collect ESG information and prepares reports and related documents;
- Liaise with consulting and rating agencies, organize ESG business training, and monitor ESG policy developments;
- Summarize ESG work results, report progress to the committee in a timely manner, and propose improvement suggestions.

Case Study: ESG Training

On November 7, 2024, the Company specially invited a professional organization to hold an ESG training session for the ESG Working Group. During this training, the group members delved into the latest regulations and policies issued by the stock exchanges, and experts provided detailed analysis and interpretation of the Company's ESG ratings. These sessions not only helped the members gain a comprehensive understanding of the latest trends and developments in ESG but also enhanced their ability to comprehend and apply ESG practices.



Specialized Training on ESG

Response to Sustainable Development Goals

Solex is committed to promoting ESG progress, focusing on implementing energy conservation and emission reduction measures, strictly controlling pollutant emissions, and dedicating itself to green technological innovation to contribute to achieving the United Nations Sustainable Development Goals.



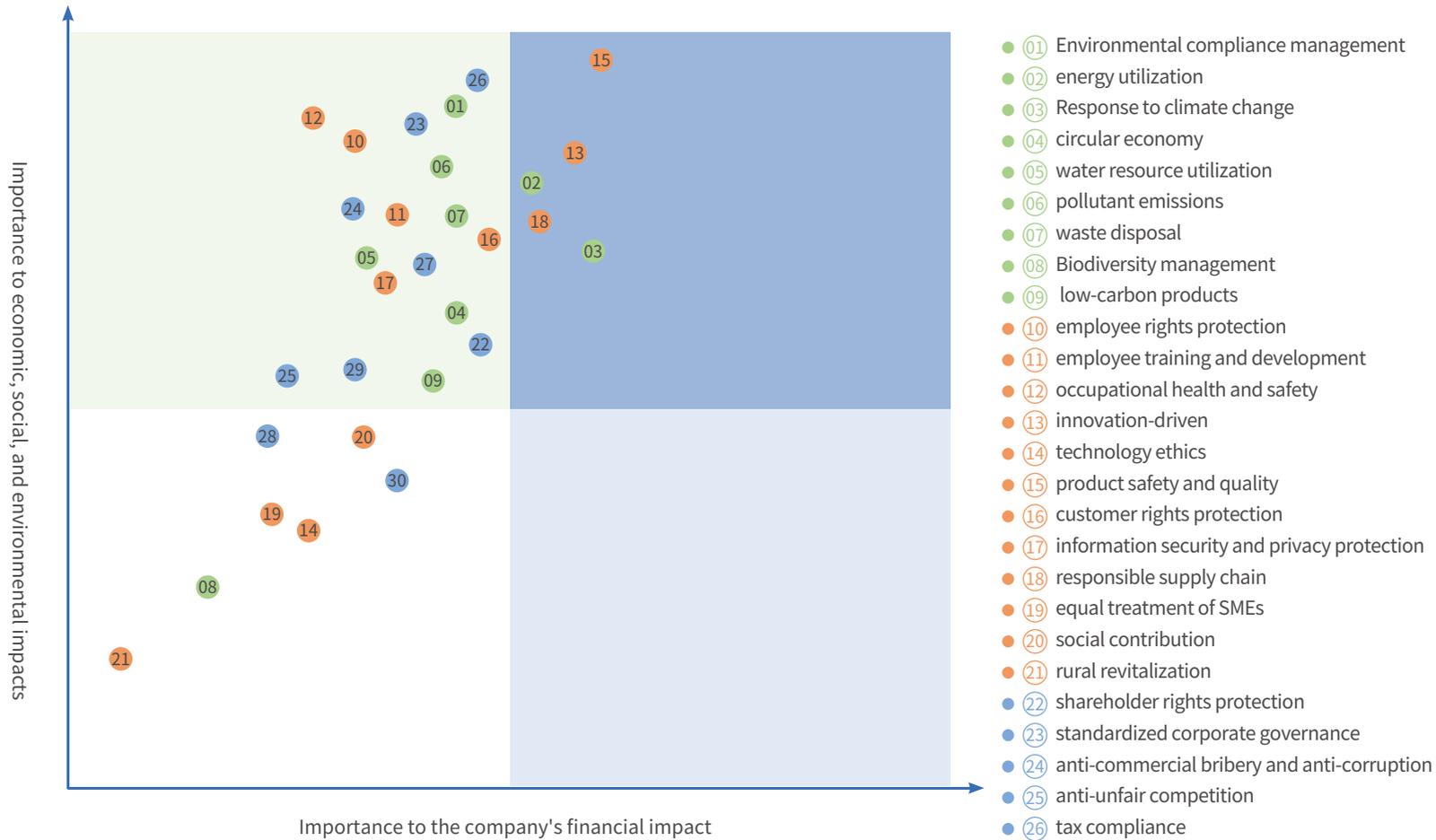
SDGs	Solex's actions	SDG Icon	Solex's actions
1 NO POVERTY 	The Company has established an employee mutual aid fund to provide financial assistance to employees in difficulty. At the same time, the Company actively participates in public welfare, donating to organizations in need and promoting social harmony and progress.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Solex adopts the IDM model, developing efficient, intelligent, low-carbon, and environmentally friendly products based on user needs, leading industry trends, and has won multiple international awards, making it a benchmark for the green transformation of the industry.
3 GOOD HEALTH AND WELL-BEING 	The Company regularly organizes a variety of cultural and sports activities, conducts regular employee health check-ups, provides labor protection equipment, and creates a safe and healthy working environment to ensure that employees can work and live in a caring atmosphere.	10 REDUCED INEQUALITIES 	The Company is committed to creating a fair and just workplace culture, ensuring that all employees have equal opportunities for promotion, expanding communication channels, promoting a democratic management mechanism, and firmly resisting the use of child labor and forced labor.
4 QUALITY EDUCATION 	The Company has developed a complete talent training system and established a cloud learning platform to help employees successfully complete various training tasks, offering them the right to self-learn according to their job needs and personalized interests, providing unlimited growth potential.	11 SUSTAINABLE CITIES AND COMMUNITIES 	The Company actively promotes energy-saving transformation measures, strengthens communication with surrounding communities, and strives to build environmentally friendly, economically efficient, and socially inclusive sustainable cities and communities.
5 GENDER EQUALITY 	The Company resolutely eliminates all forms of discrimination and violations of female workers' rights, ensuring that female employees enjoy equal work opportunities and rights in the workplace.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	The Company has established a complete quality management system, conducts risk and opportunity assessments for product quality, and implements corresponding measures at key nodes throughout the product lifecycle.
7 AFFORDABLE AND CLEAN ENERGY 	The Company actively promotes the photovoltaic power generation technology, and reduces dependence on fossil fuels, thereby reducing carbon emissions.	13 CLIMATE ACTION 	To respond to carbon peaking and carbon neutrality goals, the Company actively organizes carbon inventory and energy-saving efforts, taking practical actions to assist in carbon emission reductions and green development.
8 DECENT WORK AND ECONOMIC GROWTH 	The Company has established a comprehensive salary and benefits system and set up a dual-career development system, encouraging employees to specialize in their fields and continuously refine their skills, achieving a win-win situation between individual value and corporate development.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	The Company regularly carries out information disclosure work, establishes and improves audit and supervision systems, and implements comprehensive supervision and review of daily operations to ensure that the Company operates in compliance with laws, regulations, and maintains integrity and honesty.
		17 PARTNERSHIPS FOR THE GOALS 	The Company has established a comprehensive supplier management system, optimizes supplier management processes through digital means, and conducts regular comprehensive evaluations and reviews of suppliers to ensure that the qualifications, product quality, delivery capabilities, and service levels of suppliers meet the Company's standards.

Materiality Assessment

The Company closely tracks ESG ratings in the capital markets, analyzes the challenges of sustainable development based on national policies, industry trends, and its own strategy, and establishes a key issue identification system. A survey was conducted among stakeholders in the form of questionnaires and expert judgments, with 263 responses collected. Based on this, 30 key issues were identified to be the focus of the 2024 report.



Matrix of Material Issues



- 01 Environmental compliance management
- 02 energy utilization
- 03 Response to climate change
- 04 circular economy
- 05 water resource utilization
- 06 pollutant emissions
- 07 waste disposal
- 08 Biodiversity management
- 09 low-carbon products
- 10 employee rights protection
- 11 employee training and development
- 12 occupational health and safety
- 13 innovation-driven
- 14 technology ethics
- 15 product safety and quality
- 16 customer rights protection
- 17 information security and privacy protection
- 18 responsible supply chain
- 19 equal treatment of SMEs
- 20 social contribution
- 21 rural revitalization
- 22 shareholder rights protection
- 23 standardized corporate governance
- 24 anti-commercial bribery and anti-corruption
- 25 anti-unfair competition
- 26 tax compliance
- 27 risk management
- 28 due diligence
- 29 stakeholder communication
- 30 ESG governance

	Dual materiality issues		Financial materiality issues
	Impact materiality issues		Relevant issues

Dual materiality issues
Response to climate change, innovation-driven, product safety and quality, responsible supply chain, energy utilization
Impact materiality issues
Environmental compliance management, circular economy, water resource utilization, pollutant emissions, waste disposal, low-carbon products, employee rights protection, employee training and development, occupational health and safety, customer rights protection, information security and privacy protection, shareholder rights protection, standardized corporate governance, anti-commercial bribery and anti-corruption, anti-unfair competition, tax compliance, risk management, stakeholder communication
Relevant issues
Biodiversity management, technology ethics, equal treatment of SMEs, social contribution, rural revitalization, due diligence, ESG governance



Analysis of Stakeholders

The Company focuses on communication and exchange with all stakeholders, establishing regular communication channels to ensure timely and accurate understanding of stakeholders' expectations and demands, jointly promoting the Company's steady development.

Stakeholder Category	 Government and regulatory agencies	 Suppliers and Partners	 Investors and Shareholders	 Employees	 Customers	 Public welfare and community organizations
Demands and Expectations	<ul style="list-style-type: none"> ● Legal compliance ● Environmental protection ● Business ethics and anti-corruption 	<ul style="list-style-type: none"> ● Win-win cooperation ● Promotion of industrial development ● Equal reciprocity ● Supplier Management 	<ul style="list-style-type: none"> ● Improvement of Corporate Governance ● Return and growth ● Timely information disclosure ● Risk Management 	<ul style="list-style-type: none"> ● Employee Care ● Diversified training ● Career Development and Promotion ● Compensation and benefits ● Health and safety ● Performance appraisals ● Upholding the Rights and Interests of Employees 	<ul style="list-style-type: none"> ● Product Innovation ● Fostering open communication channels ● Product quality assurance ● Protecting the rights and interests of customers 	<ul style="list-style-type: none"> ● Employment Promotion ● Public welfare and charity
Communication and Response	<ul style="list-style-type: none"> ● Complying with laws and regulations ● Ecological environmental protection, fulfillment of social responsibilities ● Supervision and inspection 	<ul style="list-style-type: none"> ● Building of cooperation platforms ● Strengthening innovation and R&D ● Responsible industry chain ● Building of a green supply chain 	<ul style="list-style-type: none"> ● Optimization of governance structure ● Driving improved business performance ● Improvement of information disclosure system ● Improvement of Internal Control 	<ul style="list-style-type: none"> ● Organization of cultural activities ● Regularly organization of training activities ● Improvement of employee career advancement mechanisms ● Enhancement of compensation and benefits ● Regular occupational health checkups ● Improvement of performance appraisals ● Employee communication and feedback mechanisms 	<ul style="list-style-type: none"> ● Strengthening product innovation and R&D ● Improvement of communication efficiency ● Quality and safety management ● Optimization of service processes 	<ul style="list-style-type: none"> ● Provision of Employment Opportunities ● Conducting public welfare activities

Standardized Governance Bolstering Steady Development

Our Philosophy

Solex has adhered to the principle of prudent governance. By establishing a governance structure with clear rights and responsibilities, coordinated checks and balances, the Company continuously improves the governance system, enhances governance capabilities and levels, ensures the legality and compliance of the Company's operations, protects the rights of shareholders and stakeholders, and achieves sustainable development of the enterprise.

Our Actions

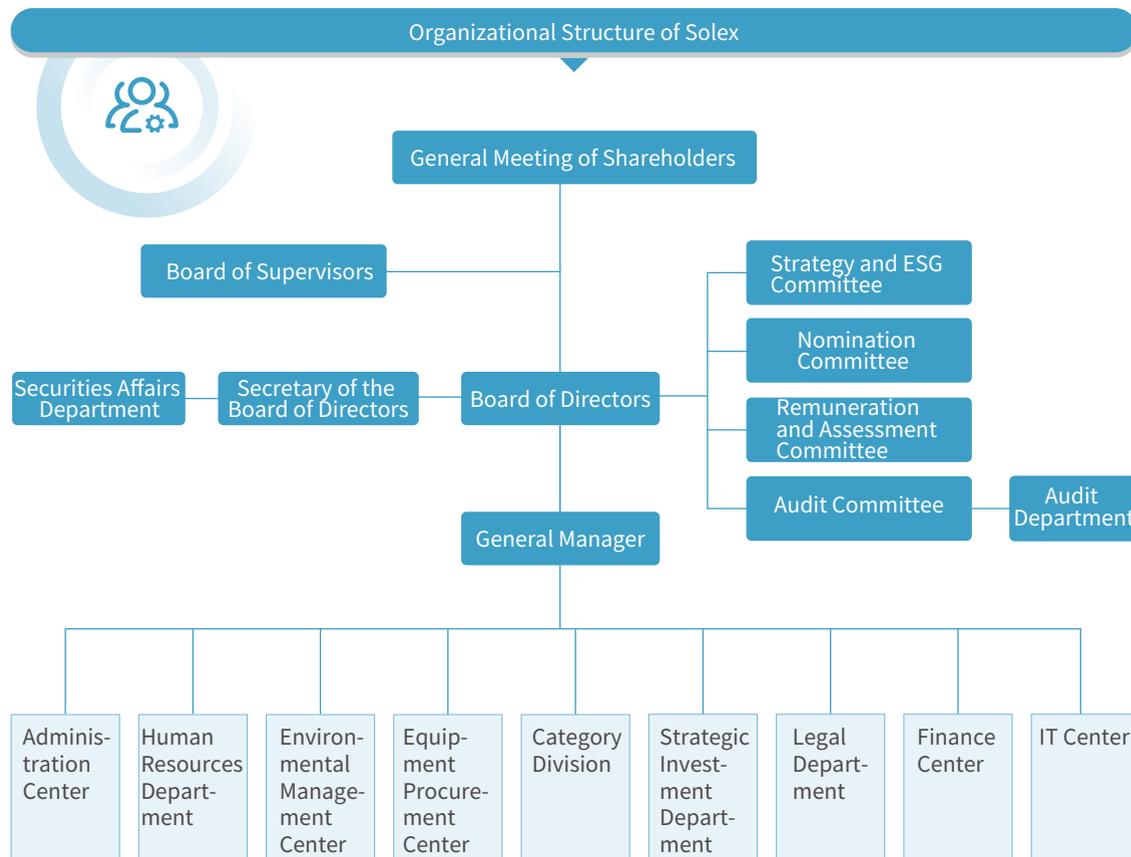
Governance through the General Meeting of Shareholders, Board of Directors, and Board of Supervisors
Risk control and internal control
Information disclosure and investor relations management
Business Ethics

SDGs



Governance through the General Meeting of Shareholders, Board of Directors, and Board of Supervisors

Solex has formulated the *Articles of Association*, the *Rules of Procedure for Shareholders' Meetings*, the *Rules of Procedure for Board Meetings*, and other systems in accordance with relevant laws and regulations such as the *Company Law of the People's Republic of China* ("Company Law") and the *Securities Law of the People's Republic of China* ("Securities Law"), actively constructing a relatively complete modern governance system and structure for listed companies. The Company has established the General Meeting of Shareholders, Board of Directors, Board of Supervisors, professional committees, and management team, with clear responsibilities and checks and balances among various functional institutions to promote the Company's standardized operations.



Board of Directors

The Company has set up the Board of Directors, which is accountable to the General Meeting of Shareholders. The Board of Directors is responsible for executing the resolutions of the General Meeting of Shareholders, deciding the Company's business plans and investment proposals, etc., ensuring compliant operation of the Company. The Board of Directors consists of four specialized committees: the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee and the Strategy and ESG Committee. These committees have clear responsibilities and perform their duties in accordance with the *Articles of Association* and related working systems, to contribute to the Company's standardized operation.

The Company attaches great importance to the diversity of members in the Board of Directors, and gives full consideration to factors such as gender, age, educational background, professional experience, and skills. Currently, the Company's 9 board members have expertise in multiple fields, providing strong support for the scientific and efficient decision-making of the board.

Key Performance

During the Reporting Period,

- The Board of Directors had **9** members, including: **3** independent directors; **4** female directors, accounting for **44.44%**;
- The Board of Directors held **8** meetings and passed **52** resolutions.
- The Audit Committee of the Board of Directors held **5** meetings and deliberated **11** proposals;
- The Nomination Committee of the Board of Directors held **0** meetings;
- The Remuneration and Assessment Committee of the Board of Directors held **2** meetings and deliberated **4** proposals;
- The Strategy Committee of the Board of Directors held **2** meetings and deliberated **4** proposals.

Board of Supervisors

The Company has set up the Board of Supervisors, which acts as a supervisory body and is accountable to all shareholders. The Board of Supervisors carries out their work in accordance with the *Articles of Association*, the *Rules of Procedure for the Supervisory Board* and other provisions, inspects and supervises the Company's major matters, financial status, and the performance of duties by the directors and the management team, and safeguards the legitimate rights and interests of the Company and all shareholders.

Key Performance

During the Reporting Period

- The Board of Supervisors has **3** members, including: **1** employee supervisor; **3** female supervisors, accounting for **100** %;



- The Board of Supervisors convened **7** meetings and deliberated **36** proposals in total.

General Meeting of Shareholders

The Company has set up the General Meeting of Shareholders as the highest authority, and through the establishment of the *Rules of Procedure for Shareholders' Meetings* and other system documents, defined the responsibilities and powers of the General Meeting of Shareholders, ensuring decision-making power on major matters like business policies and changes to the Articles of Association, protecting shareholders' rights to information and participation.

Key Performance

During the Reporting Period

- the Company convened a total of **2** General Meetings of Shareholders, during which **17** proposals were deliberated and adopted.

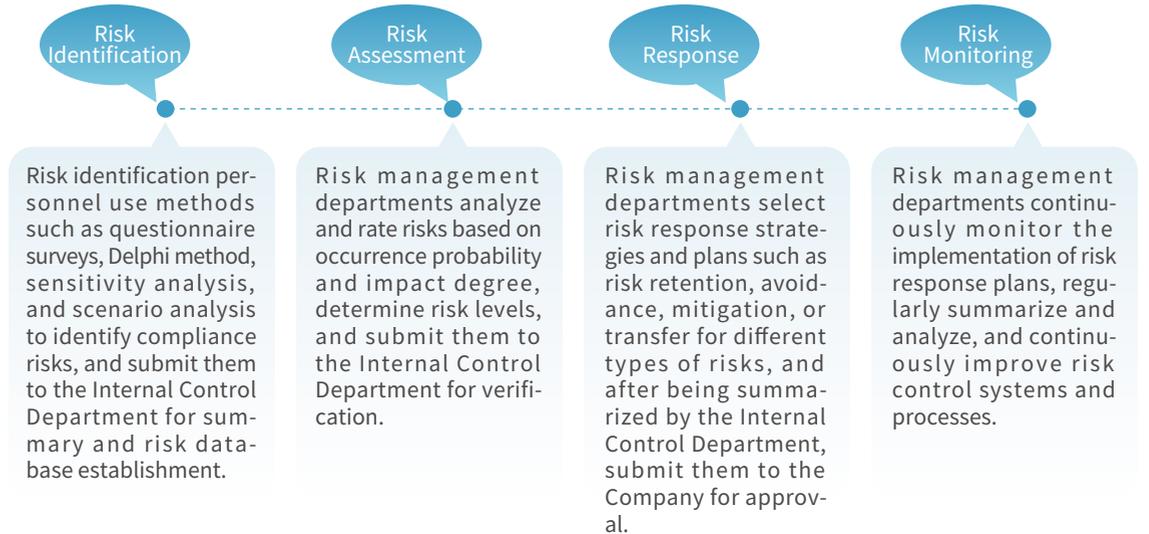


Risk Control and Internal Control

Compliance Risk Management

To ensure the Company's business compliance and stable operation, the Company identifies, classifies, and assesses risks during its operations, and strengthens the daily monitoring of compliance risks and the implementation of risk response strategies. To this end, the Company has formulated the *Compliance Management Manual*, the *Compliance Obligation Management System*, the *Compliance Risk Management System*, the Compliance Review and Reporting Management System and other compliance rules and regulations, to ensure the safety and reliability of business operations.

Compliance Risk Management Process



Key Performance

During the Reporting Period

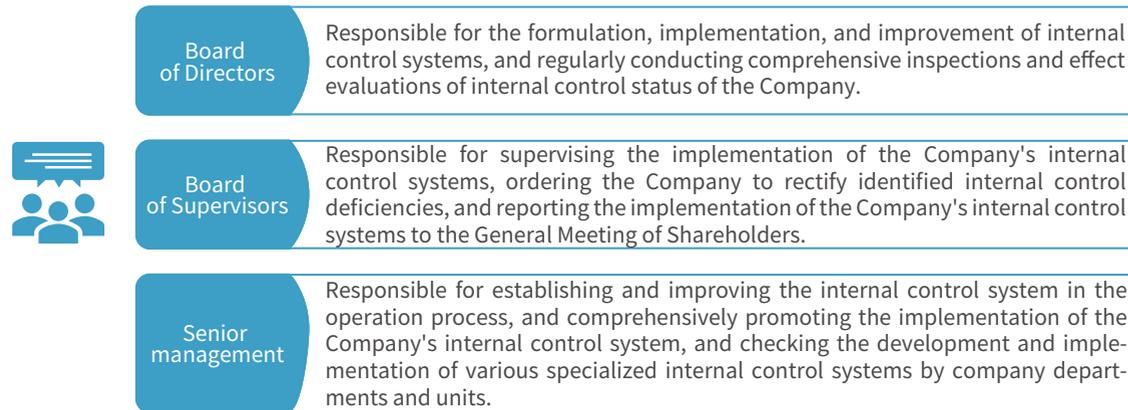
- the Company provided **7** sessions of training on internal risk, with a total of **12** participants and for a total training duration of **14** hours.



Internal Control Construction

The Company has formulated the *Internal Control Manual*, the *Internal Control System*, the *Internal Audit System* and other systems to ensure that the Company's operations and core business systems run in an orderly and efficient manner, while effectively preventing and controlling related risks. The Company also focuses on internal control matters in social responsibility areas like safety production, quality control, environmental protection, resource conservation, employee rights protection, and public welfare donations, actively fulfilling social responsibilities and improving corporate governance and risk management capabilities.

Internal Control Governance Framework

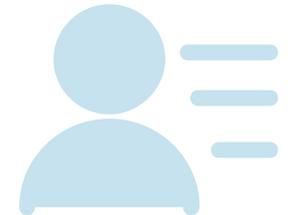


The Company has set up an audit department under the Audit Committee as the internal audit body, which handles routine audits, special audits, and complaint handling. During the Reporting Period, the Company conducted spot checks and audits on the use and management of seals in various business divisions, the implementation of use and control processes of parts samples, and warehouse risk management, further standardizing the seal management process and improving the control process for parts samples. In addition, the Company hired third-party professional intermediary institutions for independent internal audits each year and issued the *Internal Control Audit Report* to enhance the objectivity and credibility of the audits, and improve the effectiveness of the Company's internal control system.

Key Performance

During the Reporting Period

- the Company conducted **3** audit projects, covering **8** business divisions, and identifying **38** areas for improvement, with a **100%** deficiency rectification rate.



Tax Management

To improve the Company's tax management, strengthen the tax management organizational system, and prevent and control tax risks, Solex has formulated the Tax Management Measures in accordance with the *Tax Collection and Administration Law of the People's Republic of China*, the *Enterprise Income Tax Law of the People's Republic of China*, and other tax laws and regulations, to standardize the entire process of tax related business research, accounting, declaration, monitoring, planning, evaluation, forecasting, and reporting, ensuring the Company pays taxes lawfully and in full.

Key Performance

During the Reporting Period

- the Company paid a total of **RMB 63,686,300** in taxes.



Financial Management

The Company focuses on improving the construction of the financial management system, developing the *Financial Management Rules* and other systems, strengthening the construction of the financial team, enhancing work efficiency, fully leveraging financial functions to provide solid support for business management and economic growth, contributing to the Company's steady development and value enhancement.

Information Disclosure and Investor Relations Management

Information Disclosure Management

To regulate the Company's information disclosure process and ensure the authenticity, completeness, accuracy, timeliness, and fairness of disclosures, the Company has formulated the *Information Disclosure Management System*, to improve the quality of information disclosure, strengthen the management of disclosure affairs, promote the Company's standardized operation, protect the legitimate rights and interests of investors, and respond to regulatory requirements to ensure that the Company's information disclosure behavior complies with the latest changes in laws and regulations. Since its listing, the Company has maintained an information disclosure rating of B and has kept communication with shareholders, regulatory authorities, analysts, and other investors through multiple channels, establishing a good corporate image in the capital market.

Key Performance

During the Reporting Period

the Company disclosed **4** periodic reports and **86** interim reports, with a total of **148** documents posted online.



Communication with Investors

The Company attaches great importance to communication and interaction with investors, and has formulated the *Investor Relations Management System* to regulate and enhance interaction with investors and potential investors. The Company has appointed the board secretary as the person responsible for investor relations, overseeing the planning, arrangement, and organization of various investor relations activities and daily affairs. Through close contact with investors, the Company is committed to improving operating performance to achieve substantial returns for investors.



- Company announcement
- General Meeting of Shareholders
- Company website
- Investor hotline, email
- Regular open investor forums, performance briefings
- Shanghai Stock Exchange e-interactive platform
- Reception of various institutional research activities
- Media interviews and reports



Visit to Listed Companies

Key Performance

During the Reporting Period

the Company hosted **150** on-site investor research visits, received a total of **1,230** investors during these visits;

conducted **8** interactions with investors on e-Interactive, and answered **70** investor calls;

held **4** open investor forums.



Protection of Shareholders' Rights and Interests

The Company has formulated the *Rules for the Implementation of Cumulative Voting* and the *Prevention of Misappropriation of Company Funds by Controlling Shareholders and Related Parties* in accordance with the *Articles of Association* and other documents to protect the legitimate rights and interests of all shareholders, especially minority shareholders. In addition, to establish and improve the shareholder return mechanism, the Company has formulated the Shareholder Dividend Return Plan (2022-2024) and strictly follows these planning documents in actual operations to enhance the transparency of profit distribution policy decision-making, improve its operability, and actively deliver returns to investors.



Cash Dividends in the Past 3 Years

	Unit	2022	2023	Mid-2024
Cash dividend per share	yuan/share	0.20	0.44	0.27
Total cash distribution (including tax)	In 10,000 yuan	7,859.85	17,736.31	11,015.69
Proportion to net profit attributable to shareholders of the listed company in consolidated financial statements	%	30.10	50.32	49.79



Business Ethics

Professional Integrity

The Company has formulated the *Integrity and Compliance Manual* and the *Integrity and Self-Discipline Management System of Solex* to require employees to maintain integrity and self-discipline, prevent illegal and disciplinary behaviors, and has set up a discipline inspection committee as a specialized institution for discipline supervision, which monitors and investigates employee violations and imposes penalties based on the severity of violations.

Organizational Structure

Discipline Inspection Committee

The committee consists of representatives from the labor union, human resources department, administration department, internal audit department, and department heads. It has the authority to formulate the Integrity and Self-Discipline Management System and supervise, investigate, and handle violations of the integrity and self-discipline requirements.



Department heads

Conduct comprehensive promotion and strict supervision of integrity and self-discipline culture for department employees, and report any violations of integrity and self-discipline requirements to the Discipline Inspection Committee promptly.

All employees of the Company.

Comply with discipline, accept supervision, and cooperate fully with the work of the Discipline Inspection Committee.

Commercial Secret Protection Management System

Anti-corruption Measures

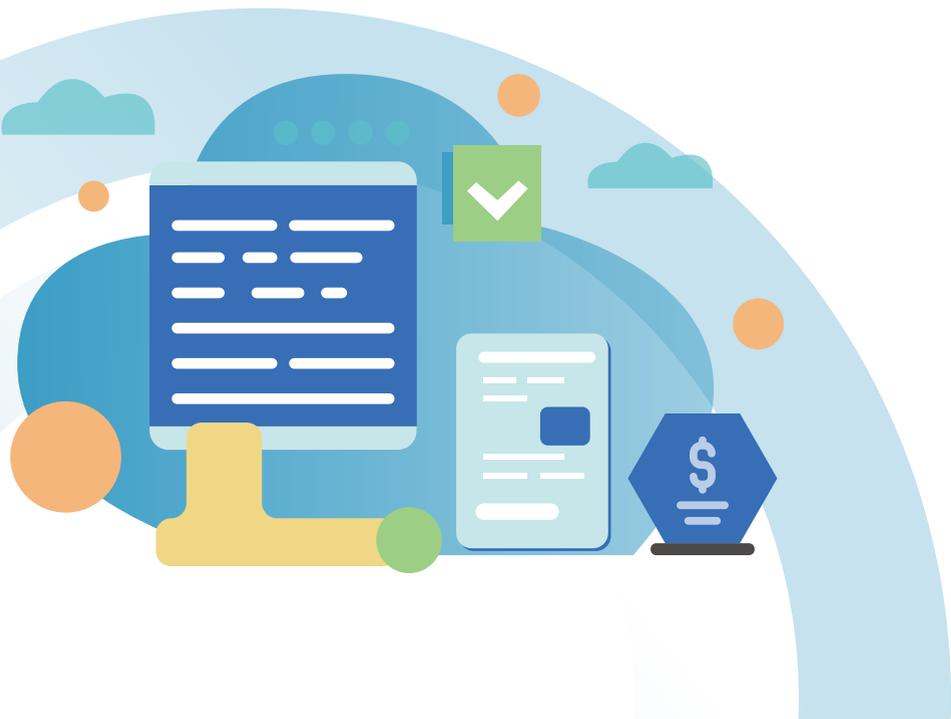
Employees are prohibited from using the convenience of position to illegally take company assets for personal use through methods such as embezzlement, theft, or fraud.

Employees are prohibited from exceeding their authority during the performance of their duties, not following company rules and procedures, handling matters beyond their authority, or improperly exercising their power to harm the interests of the Company or others.



Employees are prohibited from soliciting or accepting money or other forms of benefits (bribes) from others during business interactions or while performing their duties, or from offering bribes to others.

Employees are prohibited from privately using company resources for personal or others' benefit, causing losses to the Company's interests.



Anti-monopoly and Anti-unfair Competition

To create an orderly and healthy competitive environment, the Company has formulated the *Anti-Monopoly and Anti-Unfair Competition Management System*, the *Due Diligence Management System*, and the to build a system of integrity and fair competition. The Company's top management are responsible for supervising the compliance officer to create a company-wide anti-monopoly culture and establish a sound internal control system to prevent monopoly and unfair competition, and continuously monitor the Company's anti-monopoly efforts.

Anti-monopoly and Anti-unfair Competition Measures

The Company is prohibited from reaching or implementing monopoly agreements or other similar collusive behaviors in business interactions with competitors, industry associations, or upstream and downstream business partners.

The Company is prohibited from abusing its market dominance to manipulate the services, quantities, or other trading conditions of goods.



The Company is prohibited from engaging in or participating in behaviors that disrupt market competition order and harm the legitimate rights and interests of other operators or consumers.

The Company will proactively report any concentration of undertakings that meets the reporting standards to the enforcement agencies for anti-monopoly review.

Compliance Reporting System

The Company has formulated the Reporting and Investigation Management System and other documents, set up a reporting hotline, email, and other platforms. The Internal Control Department is responsible for handling internal and external reports, complaints, and reconsideration applications, verifying the matters, and forming corresponding investigation teams. The compliance officer is responsible for reviewing and approving the investigation results, disposal reports, and reconsideration results. The Company encourages public reporting and complaints and also accepts anonymous reports and complaints, and maintains confidentiality for the person making a report/complaint and related content to safeguard the legitimate interests of the person making a report/complaint.

Energy Saving and Carbon Reduction for Green Development

Our Philosophy

Solex actively faces the challenge of climate change, strictly controls pollutant emissions, optimizes resource utilization efficiency, promotes green product development and green management models, and is committed to creating an industry ecosystem that promotes harmonious coexistence between humans and nature.

Our Actions

Response to Climate Change
Environmental Compliance
Resource Utilization

SDGs



Response to Climate Change

Governance

To effectively respond to the challenges posed by climate change, the Company actively supports the national carbon peaking and carbon neutrality goals, continuously builds and improves the greenhouse gas (GHG) emission inventory system, and has formulated the *Greenhouse Gas Inventory Procedure*, and established a GHG inventory team. The Company's Energy Department assigns a dedicated person to lead the inventory team, while other departments each appoint a dedicated representative to act as team members, and the Administrative Director is designated as the management representative to jointly advance the tracking tasks.

Responsibilities of GHG Inventory Management Organization

Management Representative

- Responsible for approving GHG policies, emission reduction targets, and policy statements.
- Lead the GHG management review meetings, and listen to reports from the Energy Department on GHG project progress and implementation.
- Provide necessary resources for the smooth implementation of GHG projects.

Energy Department

- The department head is the first responsible person for GHG management.
- Formulate GHG policies, emission reduction targets, plans, and policy declarations.
- Coordinate the implementation and maintenance of the ISO 14064 system, organize boundary setting, and identify the Company's GHG emission sources.
- Responsible for reporting the progress of the GHG project to the management representative and preparing the GHG inventory and GHG report.
- Plan the GHG work in the plant, coordinate relevant departments to support all GHG-related matters, serve as the main contact point, and organize internal verification before completing the inventory report.

GHG Inventory Team Leader

- Assist various departments in setting GHG reduction targets and track implementation.
- Lead the completion of the annual GHG inventory, formulate and issue the GHG inventory and GHG report.

GHG Inventory Team Member

- Involving all departments of the Company, responsible for providing various activity data.
- Identify GHG emission sources within the department, verify the department's GHG activity data, calculate carbon emissions, and provide raw data.
- Implement GHG reduction measures in the department and supervise target achievement.

Strategy

As global climate change intensifies, the enterprises face increasing climate risks, which may not only disrupt daily operations but also affect their long-term survival and development. The Company identifies climate risks and opportunities related to its operations, conducts climate change risk management, and develops corresponding response measures.



Risk Type		Risk Description	Probability of Occurrence	Impact Size ¹	Impact Time-frame ²	Value Chain Links of Impact ³	Priority Ranking ⁴	Potential Financial Impact	Response Measures
Physical Risks	Acute risk Typhoon Flood Heavy Rain	Maintenance and Updates of Production Equipment and Environmental Protection Facilities: Extreme weather conditions may damage factories, warehouses, etc., leading to production disruptions and equipment damage; Production Interruption: Extreme weather may cause power or gas outages, interrupting production.	Low	High	Short to medium term	Upstream, operations, downstream	Medium	Increased operating costs Decreased operating income	Strengthen daily maintenance and repair of equipment, and conduct unscheduled inspections; Develop and implement detailed disaster response plans to ensure rapid and effective recovery of production operations during disasters.
	Chronic risk Sea level rise High humidity Average temperature rise	Increased Long-term Operating Costs: Rising temperatures, humidity, etc., may require the Company to consume more electricity and fuel to regulate production environment temperatures, leading to a significant rise in energy costs; Employee Health and Safety: The rise in temperature may cause employees to suffer from heatstroke, increasing health and safety risks, and decreasing work efficiency.	Low	Medium	Long-term	Upstream, operations, downstream	Medium	Increased operating costs	Promote and implement energy alternatives to reduce carbon emissions; Formulate heatstroke prevention plans and concrete measures, and strengthen education on heatstroke prevention for all employees.
Transformation Risks	Policy and Legal Risks	The government's increasingly strict environmental protection control requirements and carbon peak plans promote mandatory corporate carbon emission disclosure and regulation, increasing compliance costs for the Company.	Medium	Medium	Medium and long-term	Operations	Medium	Increased operating costs	Continuously monitor and strictly comply with relevant laws and regulations, and actively respond to the latest environmental protection requirements in operational areas.
	Technology Risks	Transitioning to low-emission technologies will incur corresponding costs.	Medium	Medium	Medium and long-term	Operations	Medium	Increased operating costs	Actively develop green and energy-efficient products, improve research and development of product design capabilities, and continuously enhance R&D personnel reserves and capabilities.
		The risk of failure in investing in new technologies will cause losses for the Company.	Medium	Medium	Mid-term	Operations	Medium	Increased non-operating expenses	
	Market Risks	If the products provided do not meet customers' low-carbon requirements, it may result in the loss of orders.	Medium	Medium	Medium and long-term	Downstream	Medium	Decreased operating income	Increase R&D investment and actively communicate with customers.
		Rising raw material costs will increase procurement costs of the Company, leading to higher product pricing, causing consumer loss.	Medium	High	Short to medium term	Operations, Downstream	Medium	Increased operating costs	Optimize product structure, improve production processes, and promote the recycling of raw materials.
Reputation Risks	Suppliers subject to environmental administrative penalties, judicial rulings related to environmental issues will affect the Company's reputation.	Low	Medium	Short to medium term	Operations	Medium	Decreased operating income	Regularly conduct environmental compliance assessments for suppliers and develop environmental training programs.	

¹Low: If the risk occurs, it will have little to no noticeable impact on the enterprise's finances, reputation, or operations, and losses can be easily absorbed.
Medium: If the risk occurs, it will cause some negative impact on the enterprise's finances and reputation, and measures may be needed to mitigate the losses.
High: If the risk occurs, it will cause severe financial loss to the enterprise, damage to the brand, and may even affect business continuity, and significant resources may be needed to recover.

²Short-term: Generally refers to within 1 year after the end of the Company's sustainability reporting period (including 1 year).
Medium-term: Generally refers to 1 to 5 years after the end of the Company's sustainability reporting period (including 5 years).
Long-term: Generally refers to more than 5 years after the end of the Company's sustainability reporting period.

³Upstream: Involves raw material suppliers, procurement, and logistics, affecting the stability of the supply chain and raw material costs.
Operations: Involves production, manufacturing, and internal processes, affecting daily operations and production efficiency.
Downstream: Involves distribution, sales, and customer service, affecting customer satisfaction, market share, and brand image.

⁴Low: The risk has relatively minor impact on the business and can be handled in routine operational management.
Medium: The risk has some impact on the business but can be addressed or mitigated within a reasonable timeframe.
High: The risk could lead to significant financial loss, business disruption, or severe legal consequences, requiring immediate action.

Opportunity Type	Opportunity explanation	Probability of Occurrence	Impact Size	Impact Timeframe	Value Chain Links of Impact	Priority Ranking ⁵	Potential Financial Impact	Response Measures
Technical	Introduce new equipment, upgrade processes.	High	High	Medium and long-term	Operations	Medium	Decreased operating costs	By introducing new equipment, improving product processes, lower product unit prices, and enhance the Company's competitiveness.
Energy alternatives	Adopt green and low-carbon photovoltaic energy, which is beneficial for achieving carbon peaking and carbon neutrality.	High	High	Short to medium term	Operations	Medium	Decreased operating costs	Assess the pros and cons of investing in photovoltaics within the park and fully utilize the advantages of photovoltaics.
Products and services	Develop new products or services.	Medium	High	Medium and long-term	Operations	Medium	Augmented operating income	Encourage innovation, increase R&D investment, and develop green and environmentally friendly products.
Market	Gaining AEO certification from customs can increase customer recognition.	High	High	Short to medium term	Downstream	Medium	Augmented operating income	Actively promote AEO certification from customs.

⁵Low: The opportunity has relatively minor impact on business is relatively small, but it can still bring some revenue or efficiency improvements, and can be handled routine operational management without the need for significant resource investment or strategic adjustments.

Medium: The opportunity can bring certain business growth or market share improvements, has a positive impact on the business, but requires the enterprise to invest resources and adjust strategies within a certain period to address and seize the opportunity.

High: The opportunity can bring significant market breakthroughs, business growth, or technological innovations, significantly improves the enterprise's competitiveness and profitability, and requires the enterprise to take immediate action, invest considerable resources, and possibly adjust its overall strategy to fully leverage this opportunity.

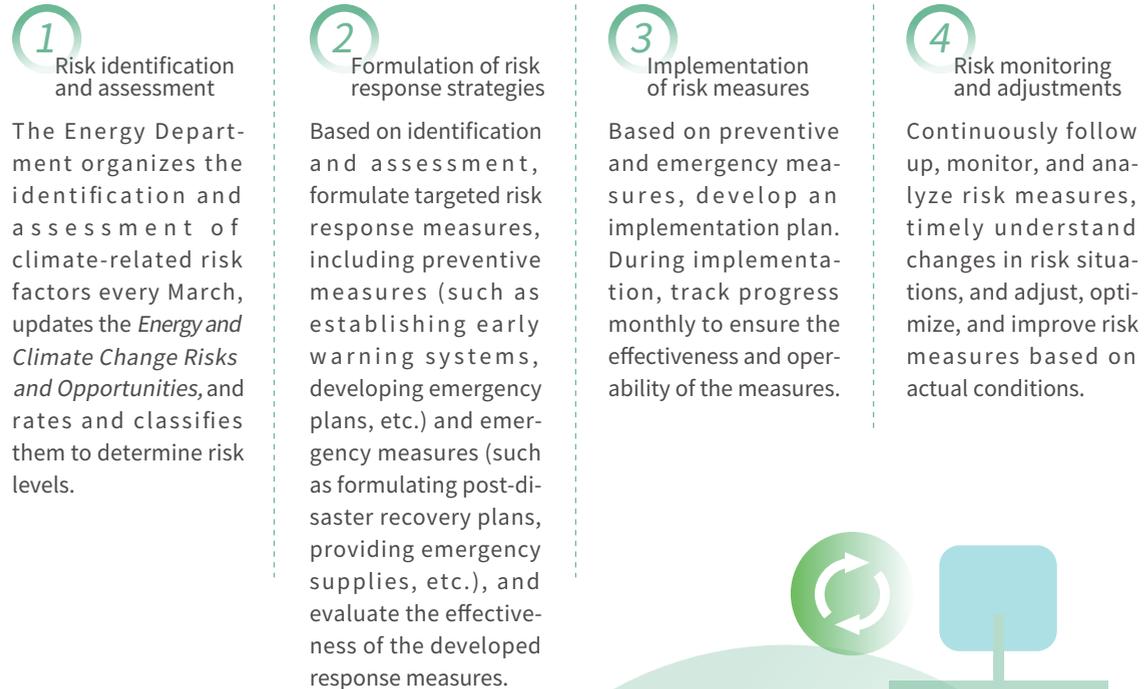


Impact, Risk and Opportunity Management

Management Process

During the Reporting Period, in order to effectively identify, assess, and manage the risks and opportunities posed by climate change, the Company has established a set of climate risk identification and assessment processes to ensure the Company maintains competitive advantage and steady development in a constantly changing climate environment.

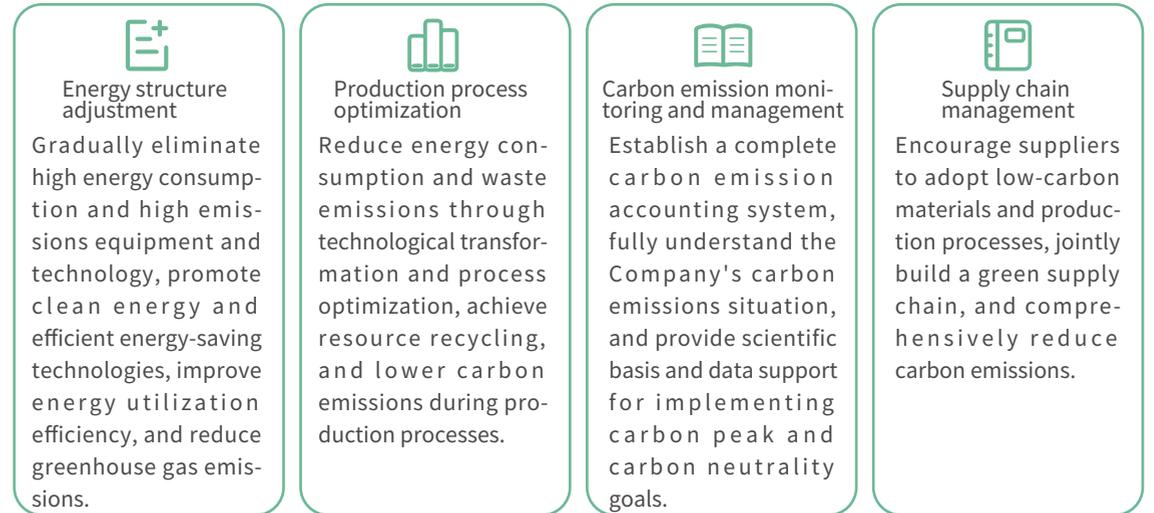
Climate Risk Identification, Assessment, and Management Processes



Management Measures

To achieve climate strategy goals, including carbon reduction, carbon peaking, and carbon neutrality, the Company has formulated a series of specific carbon reduction measures, and actively uses smart carbon emission management platforms to track carbon footprints precisely.

Carbon Reduction Measures



To enhance employees' awareness and ability in carbon management, the Company organized training on carbon management and carbon inventory systems, emphasizing the importance of carbon management through lectures, quizzes, and other methods, to encourage employees to actively incorporate energy-saving and carbon-reduction concepts into their daily work and life.



Carbon Management Training

Indicators and Objectives

Solex fully implements the national carbon peaking and carbon neutrality strategy, and is committed to strictly monitoring and optimizing greenhouse gas emissions in all production and operational links. The Company conducts monthly greenhouse gas inventory and develops an annual *Greenhouse Gas Inventory*.



Key Performance Indicators

	Unit	2024
Total Emission of Greenhouse Gases	tCO ₂ e	241,757.95
Greenhouse Gas Emission Intensity	tCO ₂ e/10,000 yuan of output value	2.20
Direct Greenhouse Gas Emissions	tCO ₂ e	876.31
Indirect Greenhouse Gas Emissions	tCO ₂ e	240,881.64
Greenhouse Gas Emission Reduction	tCO ₂ e	689.02



Environmental Compliance

Environmental Management

Solex implements the environmental policy of "preventing environmental pollution, complying with environmental regulations, promoting energy conservation and consumption reduction, and creating a harmonious coexistence between people and water." In accordance with the *Environmental Protection Law of the People's Republic of China*, the Company has formulated documents such as the *Solex Environmental Protection Management System* and the *Solex Environmental Protection Reward and Punishment System*, integrated environmental event indicators into performance evaluations, established reward and penalty mechanisms for environmental pollution, constantly improved the environmental management system, and actively fulfilled environmental protection responsibilities to become an environmentally friendly enterprise.

Environmental Management Organizational Structure

Environmental Management Center

Responsible for the Company's daily environmental supervision, management, and monitoring work, and responsible for formulating the Company's environmental plans, goals, and annual work plans, and organizing environmental protection awareness campaigns and training, improve the Company's environmental conditions, reduce pollution to the surrounding environment while meeting national emission standards, and coordinate the Company's work with government departments of ecology and environment.

Departments

Actively cooperate with the Environmental Management Center, adhere to the policy of "prevention in the first place and integrating prevention with control", advocate clean production and recycling in workshops, and eliminate pollutants from the source.

Administration Center

Responsible for the warehouse management of industrial solid waste and entrusting the waste to a qualified third party for disposal.



In addition, the Company actively carries out environmental management system certification, and as of the end of the Reporting Period, Solex and its subsidiary Zhangzhou Solex both obtained the GB/T24001-2016/ISO 14001:2015 environmental management system certification.



Solex Environmental Management System Certification Certificate



Zhangzhou Solex Environmental Management System Certification Certificate

Identification of hidden hazards

The Company has established the Environmental Hazard Identification System and conducts regular environmental monitoring in accordance with pollutant discharge permit requirements. The Environmental Management Center is responsible for identifying the Company's environmental hazards and proposing corrective measures. Monthly environmental protection meetings are held to review and summarize the environmental hazards from each department, and the findings are documented in a report for record-keeping.

Emergency Environmental Management

To effectively prevent, respond to, and properly control environmental emergencies, the Company has formulated the *Contingency Plans for Environmental Emergencies* and other normative documents in accordance with relevant laws and regulations, established procedures for dealing with leakage of waste gas, waste water, hazardous waste, chemicals, and other environmental emergencies, and organized emergency rescue operations in an orderly and efficient manner to protect the safety and health of employees and the public, and prevent environmental pollution.



Training on Emergency Response Plans



Emergency Response Drill for Wastewater Intrusion into Stormwater Drain

Key Performance

During the Reporting Period



- the Company invested RMB **10.945 million** in environmental protection and paid RMB **10,600** in environmental protection taxes;
- with **0** environmental incidents occurred, and **0** violations of laws and regulations concerning environmental protection.

Key Performance

During the Reporting Period

- the Company conducted **17** emergency drills and **3** emergency training sessions specifically for leakage of waste gas, waste water, and hazardous chemicals.



Environmental Rights Trading

On June 6, 2024, the subsidiary Zhangzhou Solex purchased five years of Chemical Oxygen Demand (COD) emission rights from Fujian Fuwei Co., Ltd., with an annual allocation of 0.8778 tons, effectively alleviating environmental pressure and providing an environmental discharge guarantee for its production activities, contributing to both economic and environmental benefits.



Emission Rights Trading Certificate

Pollution Prevention and Control

Solex strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, actively carried out pollution prevention and control work, controlled emissions of waste gas, waste water, and other pollutants, and properly handled waste, to minimize the environmental impact of business activities. The Environmental Management Center is in charge of pollution prevention and control, and designated individuals in charge of sewage treatment plants and hazardous waste are responsible for water treatment and hazardous waste management.

The Company regularly entrusts third-party professional monitoring organizations to monitor the factory environment and pollutant emissions, and provides monitoring reports to ensure that the Company's operations do not have an adverse impact on the surrounding environment.

Clean Production

Solex attaches great importance to clean production, aiming to reduce and minimize the generation and emission of pollutants from the source. In December 2023, the Company completed its third round of clean production audits and prepared the clean production audit report. In 2024, the Company continued to promote clean production, supervised the implementation of clean production plans, regularly organized employee training on clean production, and established clean production incentive mechanisms.



Waste Gas Management

Solex has formulated documents such as the *Soil, Water, and Air Pollution Prevention and Control Management Measures* to manage waste gas emissions. The Company has set up corresponding waste gas treatment equipment for waste gas generated during electroplating, spraying, injection molding and other processes and dust generated during the production process, and regularly carried out maintenance to ensure that waste gas emissions meet standards.

Exhaust Gas Treatment Measures:

- Install dust treatment systems, and use cyclone dust removal, water spray dust removal, and pulse dust removal methods to treat dust.
- Install exhaust systems to collect acidic exhaust gases, which are then treated by matching acid mist scrubbers and discharged through the exhaust stack.
- Install organic waste gas purification equipment, and use water curtain absorption, water spray, catalytic combustion, and activated carbon adsorption processes to treat organic waste gases.



⚡ Polishing Exhaust Gas Treatment Facilities



⚡ Spray Painting Exhaust Gas Treatment Facilities



⚡ Injection Molding Exhaust Gas Treatment Facilities

Case Study: Specialized Training on Exhaust Gas Treatment

On August 26, 2024, the Company held a special training session on VOCs and ODS, providing a detailed explanation of the environmental hazards posed by volatile organic compounds and ozone-depleting substances, as well as the relevant laws and regulations. The training enhanced employees' understanding of the hazards of air pollutants and raised awareness of waste gas control.



Special Training on Exhaust Gas Treatment



Key Performance Indicators

	Unit	2024
Waste Gas Emissions	10,000 m ³	513,305.88
Nitrogen oxide (NOX)	ton	0.0095
Sulfur dioxide	ton	0.0095
Hydrogen chloride	ton	0.2175
Volatile organic compounds (VOC)	ton	0.8012
Sulfuric acid mist	ton	0.0635
Particulate matter (PM)	ton	9.2822

Wastewater Management

The Company actively carries out wastewater management work and has formulated the *Sewage Treatment Center Operation Management Measures*. The third party environmental monitoring unit is entrusted to monitor the Company's sewage discharge situation every year to ensure compliance with local environmental protection bureau requirements. The Company's wastewater includes both domestic and industrial wastewater. Domestic wastewater is treated by biological treatment technology before discharge, while industrial wastewater is treated using chemical precipitation and anaerobic and aerobic treatment technologies before discharge. In 2024, The Company recycled 51,787 tons of wastewater, with a wastewater recycling rate of 35%.

Case Study: Standardized Training on Wastewater Discharge

On November 13, 2024, the Company conducted standardized training on wastewater discharge, carefully explaining wastewater discharge-related systems, wastewater treatment processes, and discharge requirements. Through this training, employees' understanding of the Company's wastewater treatment work was effectively improved, laying a solid foundation for the further advancement of the Company's environmental protection work.



Standardized Training on Wastewater Discharge



Key Performance Indicators

	Unit	2024
Wastewater Discharges	10,000 m ³	28.9458
Chemical oxygen demand (COD)	ton	8.4357
Five-day biochemical oxygen demand (BOD5)	ton	2.7311
Suspended solids	ton	5.2513
Ammonia nitrogen (NH3-N)	ton	2.5293
Total phosphorus (P)	ton	0.0033
Animal and plant oils	ton	0.0015

Management of Wastes

Solex has formulated the *Waste Management System* and the *Hazardous Waste Environmental Pollution Prevention and Control Responsibility System* to standardize the disposal process of general waste and hazardous waste, ensuring environmental safety.



Waste type

Hazardous waste

General waste

Household garbage



Main wastes

Waste mineral oil, paint waste, waste organic solvents, waste emulsified liquids, etc.

Waste cardboard, waste sand, scrap metal, waste wood, plastic scrap, etc.

Household garbage



Main disposal measures

Transported to the Company's temporary storage area for hazardous waste for treatment by qualified third-party service providers

Entrusted to qualified third-party general solid waste disposal companies for treatment

Handed over to the environmental health management department for unified processing

Key Performance

During the Reporting Period

Quantity of general waste generated: **1,914.29** tons;
Quantity of general waste disposed of: **1,914.29** tons;

Quantity of Hazardous Waste Generated: **1,287.94** tons;
Quantity of hazardous waste disposed of: **1,287.94** tons.



Case Study: Standardized Training on Hazardous Waste Management

On March 19, 2024, the Company conducted standardized training on hazardous waste management, introducing employees to hazardous waste laws and regulations, the Company's hazardous waste management system, major hazardous waste categories, and the environmental protection bureau's hazardous waste assessment through PPT presentations. This training enriched employees' professional knowledge in hazardous waste management and encouraged them to consciously and rigorously practice standardized hazardous waste management concepts and operational procedures in their daily work.



Standardized Training on Hazardous Waste Management

Other Pollution Emissions

The Company also actively carries out noise pollution control and soil pollution control by installing noise reduction and vibration reduction equipment, using double-glazed windows, employing soundproof rooms, and factory soundproofing techniques for noise control, while strictly storing, collecting, recycling, or disposing of substances that could cause soil pollution in an orderly manner to minimize the potential for soil pollution.

Green Operations

Green Office

The Company actively promotes the concept of green office and encourages employees to integrate energy-saving and environmental protection awareness into their daily work and life, making contributions to environmental protection and sustainable development.

Green Office Initiatives

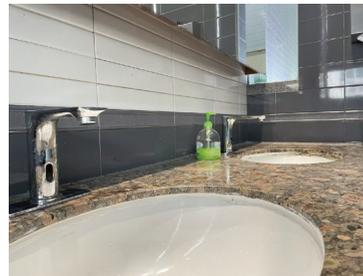
- Use double-sided printing and advocate paperless office to save paper.
- Set the air conditioning temperature to 26°C in offices, turn off lights, computers, and projectors in meeting rooms after use, and turn off lights and air conditioning when leaving the office to save electricity.
- Install automatic faucets in water sinks to effectively avoid employees forgetting to turn off the faucet after use to save water.
- Set up classified trash bins and post waste sorting posters in the environmental protection bulletin board.



Garbage Sorting Posters



Air Conditioning Temperature Control



Use Automatic Faucets

Environmental Public Welfare

In order to cultivate employees' environmental awareness, the Company actively carries out environmental protection publicity and education, and encourages employees to practice environmental protection concepts in daily life and work through interactive games, quizzes, and on-site promotions.

Case Study: Environment Day "Comprehensively promote the construction of a beautiful China"

On June 5, 2024, the Company held the Environment Day "Comprehensively promote the construction of a beautiful China", and conveyed the importance of environmental protection to participants through interactive games, quizzes, and other activities. Employees generally provided feedback that it strengthened their environmental awareness. In the future, the Company will continue to promote the popularization and practice of environmental protection concepts.



Environment Day event





Resource Utilization

Improving resource utilization efficiency is an important part of the Company's sustainable development practices and a key measure to protect the ecological environment. Solex is committed to optimizing the efficiency of energy, water, and material utilization, actively developing a circular economy, and building a resource-saving enterprise.

Energy Management

Corporate Governance

Solex adheres to the energy management policy of "compliance with law, fine management, low-carbon manufacturing, and sustainable development," and has formulated documents such as the *Solex Energy Management Manual* and the *Company Energy Consumption Indicator Assessment Management Measures* to guide and regulate the Company's energy usage behavior and improve energy utilization efficiency. In 2025, Solex and its subsidiary Zhangzhou Solex both passed the ISO 50001:2018 Energy Management System Certification, marking a new step forward in the standardization and normalization of energy management.

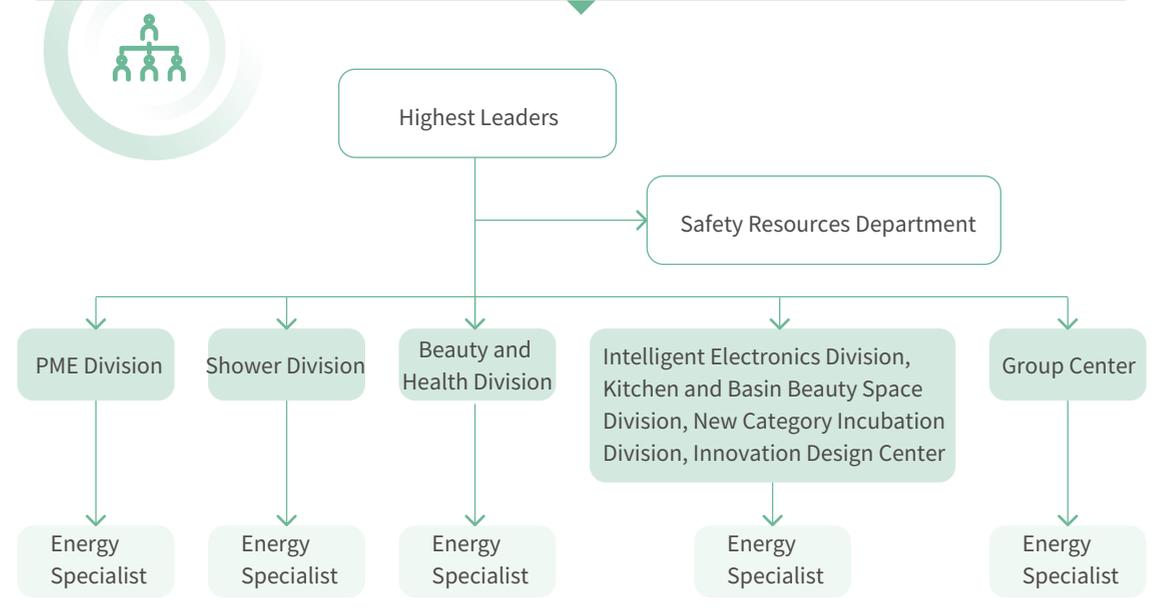


Solex's Energy Management System Certification



Zhangzhou Solex's Energy Management System Certification

Energy Management Organizational Structure



Strategy

Under the increasingly strict energy regulation background, enterprises are facing growing energy usage risks. These risks may not only disrupt the daily operations of enterprises but could also harm the brand reputation and market position accumulated by enterprises over the long term. The Company actively identifies related energy risks and develops response measures.

Risk Type	Risk Description	Description	Probability of Occurrence ⁶	Impact Size	Impact Timeframe	Value Chain Links of Impact	Priority Ranking	Potential Financial Impact	Response Measures
Physical Risks	Extreme temperature events, extreme storms, heavy rainfall, droughts, etc., may cause damage to the Company's energy facilities, energy supply interruptions, and increased energy costs.	Increase the ability to resist risks from extreme weather events and enhance the enterprise's management capability to cope with energy risk challenges.	Low	Medium	Short to medium term	Upstream, Operations	Medium	Increased energy costs	Protect energy facilities, increase energy diversity, optimize energy structure, develop emergency response and disaster recovery plans, etc..
Policy Risks	New energy policies and environmental protection regulations may increase enterprises' energy compliance costs or even restrict energy usage, indirectly affecting production and energy efficiency.	The government has introduced subsidy, incentive, and other policies to encourage enterprises to adopt clean energy or improve energy efficiency.	Medium	Medium	Medium and long-term	Operations	Medium	Increased energy compliance costs	Optimize energy structure, invest in clean energy technologies.
Technology Risks	Investment in new energy technologies or energy efficiency-enhancing products may fail, causing losses to enterprises.	Successful energy transition and process upgrades make it easier to attract green investors.	Low	Medium	Short to medium term	Operations	Medium	Increased cost expenditure	Reduce technical development difficulty and risks through technology introduction and collaborative R&D.
Market Risks	Rising energy costs affect the Company's costs and profits.	Develop energy-saving products and technologies, explore new markets.	High	Medium	Short to medium term	Operations	Medium	Increased operating costs	Increase energy diversity and develop higher-quality products.

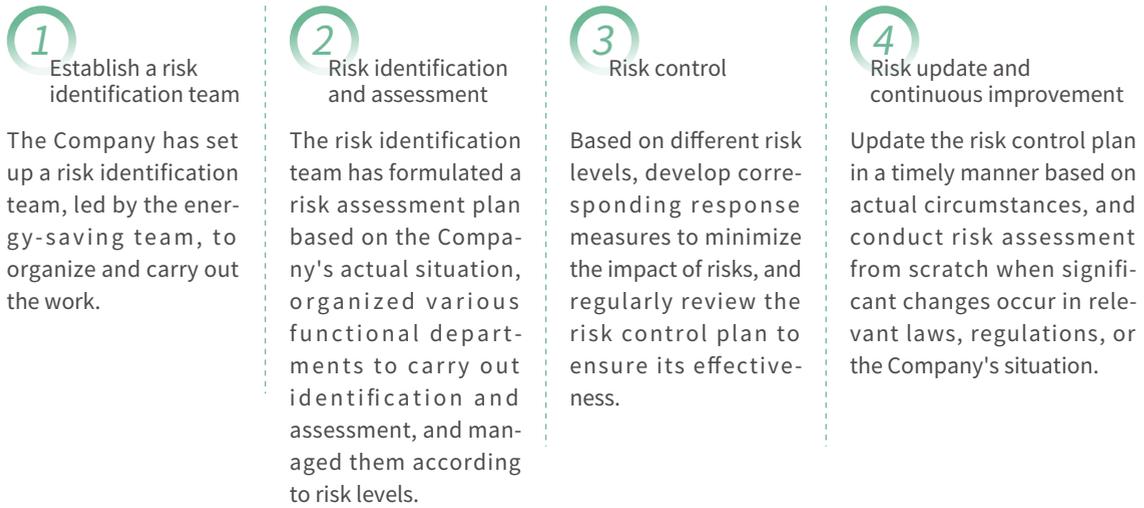
⁶The probability of occurrence, the magnitude of impact, the time span of the impact, the value chain links of impact, priority ranking, and potential financial impact are all used to assess the risks.

Impacts, Risks, and Opportunities

Management Process

During the Reporting Period, the Company formulated the *Energy Risk and Opportunity Control Procedures* and other documents, and established a complete set of processes for identifying, assessing, and managing energy risks and opportunities to effectively enhance its ability to resist risks.

Energy risk and opportunity identification, assessment, and management process



Management Measures

Solex formulates an energy management plan every year and follows up on the implementation of the plan and energy-saving benefits. During the Reporting Period, the Company's energy management plan mainly focused on energy-saving transformation plans, the promotion of intelligent energy monitoring system construction, replacement of old, high-energy-consuming equipment, and the adoption of energy-saving equipment to improve energy efficiency. At the same time, in August 2024, the second phase of the roof photovoltaic project of the subsidiary Zhangzhou Solex was successfully connected to the grid, achieving photovoltaic power generation, and the energy structure was further optimized.

During the Reporting Period, the Company conducted several energy-saving training activities for employees. At the same time, the Company actively carried out energy-saving promotional activities. In July 2024, it hosted an energy-saving outdoor activities across three parks, with 454 participants. Through activities such as mini-game challenges and energy-saving science popularization video contests, the event effectively raised employees' awareness of energy conservation, promoted the learning and sharing of energy-saving skills, and fostered a green, energy-efficient park environment.



Energy-saving Outdoor Activities Site

Indicators and Objectives

The Company has set an energy-saving target for 2024, specifically aiming to reduce energy consumption by 3% compared to the 2023 levels. To achieve this, each department has set corresponding energy-saving targets and established an energy-saving incentive mechanism to encourage active participation in the formulation of energy-saving plans and the implementation of energy-saving measures.



Key Performance Indicators

	Unit	2024年
Total Energy Consumption	tce	257,455.53
Energy Consumption Intensity	tce/10,000 yuan of output value	0.76
Natural gas	10,000 m ³	24.56
Gasoline	liters	96,997.36
Diesel	liters	71,822.31
Purchased electricity	MWh	63,827.86
Total purchased heat	GJ	10,649.62
Photovoltaic Power Capacity	kWh	5,044,965
Clean energy consumption	tce	280.59
Fossil energy consumption	tce	256,554.91
Non-fossil energy consumption	tce	620.03

Water resource management

In accordance with the *Water Law of the People's Republic of China* and other laws and regulations, the Company has formulated the *Solex Water Management System* to strengthen water management and improve water efficiency. The Company regularly conducts comprehensive inspections of the water supply system and water-using facilities, tests water quality for raw water, treated water, etc., identifies water risks, and develops response measures. The Company monitors the water consumption of each factory through the intelligent water management system to improve the fine management of water resources, and also recycles wastewater through a reclaimed water system, with a wastewater reuse rate of 35%.

Material Management

Upholding the concept of environmental protection, the Company has formulated the *Rules on the Use of Returnable Items and Early Warning Mechanism Management Measures*, with a focus on using environmentally friendly materials that are non-plasticized and biodegradable in packaging, and has implemented green packaging initiatives to minimize environmental impact. At the same time, the Company advocates material recycling and requires suppliers to promptly recycle cartons, pallets, plastic blisters, and other returnable items for reuse, and incorporates the management cost of returnable items into the performance assessment of the responsible personnel to effectively reduce returnable item costs.

Key Performance

During the Reporting Period



The Company's total water consumption is **573,813** tons, with a water consumption intensity of **1.69** tons/10,000 yuan of output value.

Key Performance

During the Reporting Period



the Company used **17.05** tons of non-plasticized and biodegradable materials.



Recyclable Returnable Pallet



Recyclable Transparent PVC Blister

Innovation for Quality, Responsibility First

Our Philosophy

Solex adheres to the product policy of "technological innovation, quality-oriented" and injects strong momentum into the Company's continuous high-quality growth through the establishment of a sound R&D structure, implementation of comprehensive product lifecycle quality management, active protection of consumer rights, and strengthening of the resilience and sustainability of the supply chain.

Our Actions

Innovation-driven
Product quality
Protection of Customers' Rights And Interests
Information Security and Privacy Protection
Supply chain management

SDGs

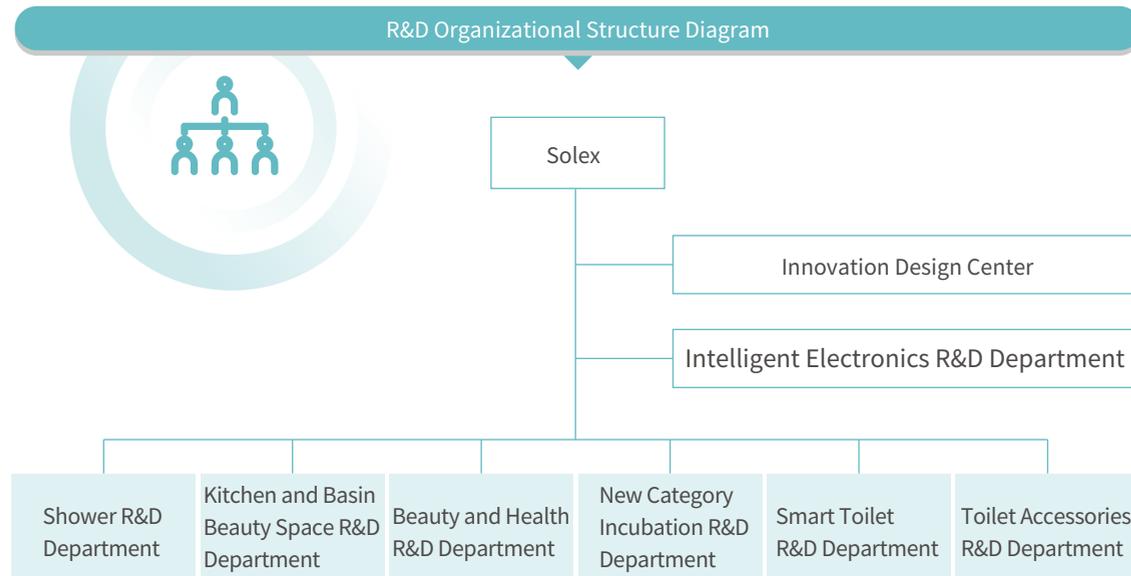


Innovation-driven

Governance

Solex has always followed the business philosophy of "innovation, design, and manufacture" and attaches great importance to the driving force of innovation for the Company. The Company has formulated documents such as the *New Product Development Work Guidelines* and the *New Product Development Control Procedures* to standardize the new product development process and promote the rapid transformation of new products into mass-produced products. The Company also has an Intelligent Electronics Division that provides R&D support in electronic and intelligent technologies to various business divisions. In addition, each product division of the Company has set up a dedicated R&D department to promote the innovative upgrading of each product category, closely linking the R&D stage with the sales stage, ensuring that the R&D process is market-driven, and improving the transformation rate of new product development.

The Intelligent Electronics Division is the Company's main R&D department, divided into internal R&D teams (Smart R&D Center) and external R&D teams (Smart Health Joint Research Center, Optoelectronic Beauty and Health Joint Research Center, and Postdoctoral Research Workstation). Additionally, an experimental center is set up to provide one-stop experimental and testing environments for products.



R&D Personnel Information



Master' s Degree or above **18**Person
 Bachelor' s degree **542**Person
 College **134**Person
 High school or below **124**Person



Under 30 (exclusive) years old **373**Person
 30 (inclusive) to 40 (exclusive) years old **302**Person
 40 (inclusive) to 50 (exclusive) years old **123**Person
 50 (inclusive) to 60 (exclusive) years old **19**Person
 60 years old or above **1**Person



Total R&D team members **818**Person

Innovation Incentive Mechanism

The Company has formulated documents such as the *Research and Development Achievement Reward Measures* and the *R&D Incentive Management Rules* to encourage R&D personnel to fully engage their innovative potential. Different bonus bases have been set for IDM, ODM, and OEM projects, and evaluated and graded based on innovation, difficulty, and contribution as bonus coefficients. These measures aim to maximize the development of new products, technologies, and projects, promote the commercialization of scientific research achievements, enhance the enterprise's competitiveness, and improve economic benefits.

- Patent reward
- Project reward
- Proposal reward



- Technological innovation and transformation reward
- Intellectual property implementation reward
- Scientific research achievement transformation reward

Key Performance

During the Reporting Period

the Company's innovation incentive expenditure was RMB**530,868.36**, with **159** people receiving incentives.



Technological Innovation Platform Construction

Solex's R&D innovation capabilities have been recognized by government departments and industry associations, receiving awards such as National Service-Oriented Manufacturing Demonstration Enterprise, National Postdoctoral Research Station, National Enterprise Technology Center, National Industrial Design Center, and National Intellectual Property Demonstration Enterprise. The subsidiary, Zhangzhou Solex, has been awarded the Fujian Provincial Specialized and Innovative Small and Medium Enterprise and National High-tech Enterprise.



Additionally, the Company actively collaborates with universities, top-tier hospitals, and other institutions for cooperative R&D, leveraging each other's strengths to jointly build a research and development platform based on industry-university-research cooperation, promoting the transformation and application of technological achievements. For example, the Company collaborates with Huaqiao University to establish the Smart Health Research Center, focusing on AI + smart health key technology R&D; and the Company collaborates with the Stomatological Hospital of Xiamen Medical College for the development of oral care monitoring products, and the development and industrialization of smart water flossers.

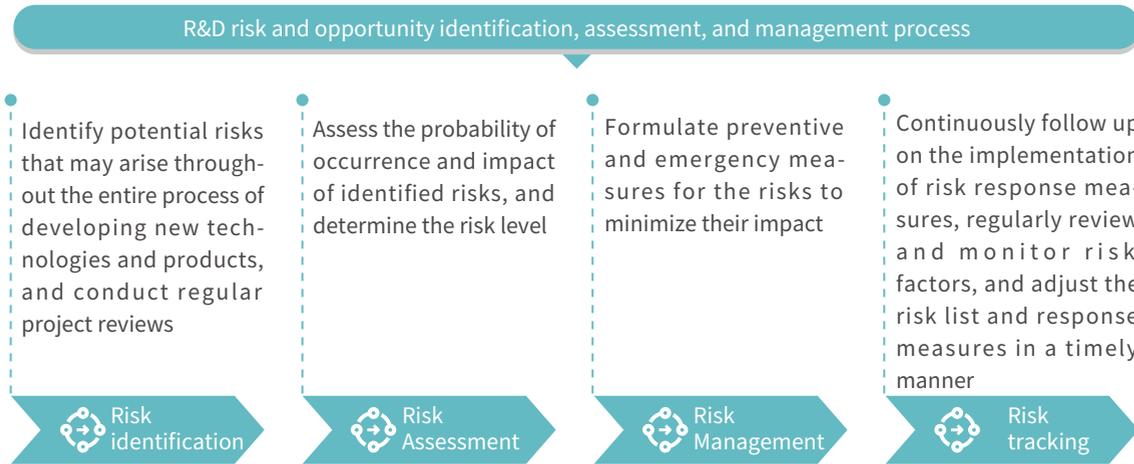
Strategy

As market competition intensifies, developing more energy-efficient products that better meet customer needs is key to maintaining the Company's competitiveness. The Company actively identifies and evaluates the risks and opportunities in R&D innovation and formulates corresponding response measures to enhance its R&D capabilities.

Risk Type	Risk Description	Opportunities	Probability of Occurrence	Impact Size	Impact Timeframe	Value Chain Links of Impact	Priority Ranking	Potential Financial Impact	Response Measures
Legal risks	During the process of technological innovation, the Company may face legal disputes such as patent infringement, trademark disputes, etc..	Product innovation helps the enterprise strengthen its core competitiveness, attract more customers, increase market share, and improve profits.	Low	Large	Mid-term	Operations	Medium	Increased operating costs	Conduct patent retrieval and analysis to avoid infringing on others' intellectual property during R&D; and promptly apply for patents to protect its own R&D results.
Technology Risks	New products or technologies may face quality issues or fail to meet market trends.		Low	Medium	Short to medium term	Operations	Medium	Increased operating costs	Conduct research and determine the correct direction and topics for R&D, establish and implement control processes for new technology research and product development, strictly adhere to quality planning and process control, and ensure that new technologies and products meet quality requirements.
Talent turnover	Key members leaving the R&D team, causing knowledge loss.		Low	Medium	Short to medium term	Operations	Medium	Increased operating costs	Motivate R&D personnel who produce innovative results, improve their compensation, and strengthen team cohesion.

Impact, Risk and Opportunity Management

The Company has established a complete process for identifying, evaluating, and managing R&D innovation risks and opportunities to actively respond to R&D innovation risks and ensure the smooth progress of R&D projects.



Indicators and Objectives

To promote technological innovation, the Company has set R&D innovation goals and is firmly advancing technological innovation, focusing on building an intelligent hardware IDM shared platform, integrating and optimizing the Company's three major resource-sharing platforms of "model, technology, and manufacturing," and based on HOME scenarios and health scenarios, leveraging AIOT technology and the concept of big health to empower the development, design, and intelligent manufacturing of kitchen and bathroom and health products, beauty and health products, and emerging intelligent health hardware IDM products.

Key Performance

During the Reporting Period

The Company's R&D investment: RMB **225,113,700**,
Percentage of R&D investment in main operating income: **7.47%**.

Innovation-driven Management Measures

Protection of Intellectual Property Rights

The Company attaches great importance to intellectual property protection, and has formulated systems such as the *Patent Management System*, the *Intellectual Property Records Management System*, and the *Intellectual Property Emergency Handling Measures*, covering the generation, maintenance, and application of intellectual property comprehensively. The Company has also established an Intellectual Property Center responsible for managing patents, trademarks, etc., tracking updates to laws and regulations, handling intellectual property disputes, and has been awarded as National Intellectual Property Demonstration Enterprise and Xiamen Intellectual Property Demonstration Enterprise.

During the R&D project development process, the Company focuses on the timely registration, application, and filing of intellectual property to ensure that innovative results are legally protected. In 2024, the Company successfully applied for a total of 265 domestic and international patents and 1 copyright. Additionally, the Company conducts comprehensive intellectual property due diligence through cross-department collaboration and seminars to reduce the risk of the products infringing on others' intellectual property. Moreover, the Company organizes intellectual property training to strengthen the intellectual property awareness of all employees, fostering a culture of respecting and protecting intellectual property across the Company.



Trade Secrets Protection Seminar



Leaders from the Fujian Provincial Administration for Market Regulation provided guidance on Solex's intellectual property protection efforts

Key Performance

As of the end of the Reporting Period

the Company had a total of **23** trademarks and **1,337** authorized patents, including **422** invention patents, **756** utility model patents, and **159** design patents.





Participation in Standard Development

Solex attaches great importance to industry communication and actively participates in industry standard-setting to jointly build a standardized and harmonious industry environment. The Company has participated in the development of multiple kitchen and bath industry standards, covering 8 national standards, 12 industry standards, and 4 group standards.

Some major standards:

Ceramic cartridge faucets
National Standard GB 18145-2014

Sanitary ware - Pressure assistant water flushing devices
National Standard GB/T 26750-2011

Sanitary ware - Gravity water flushing devices and supports
National Standard GB 26730-2011

Sanitary fixture for water saving
National Standard GB/T 31436-2015

Terminology and classification for the kitchen and sanitary ware fittings
National Standard GB/T 33733-2017

Minimum allowable values of water efficiency and water efficiency grades for showers
National Standard GB 28378-2019

Quality grading of consumer products - Kitchen and sanitary ware fittings (Zhangzhou Solex)
National Standard GB/T 44212-2024

General technical requirements for kitchen and sanitary ware fittings (Zhangzhou Solex)
National Standard GB/T 44180-2024

Digitalization Construction

Solex actively promotes the digitalization of R&D innovation, leverages SAP and OSAP software to manage various business processes such as finance, human resources, materials, and procurement, and collects, analyzes, and monitors data from the R&D and production processes through the Manufacturing Execution System (MES) to ensure precise execution of production plans and on-time delivery. At the same time, the Company also uses Business Intelligence (BI) to organize, analyze, and visualize internal and external data, helping business managers make wiser decisions.



Digitalization Construction

Product Quality

Governance

Since its establishment, Solex has always adhered to the quality policy of "Customer-Centric, Continuous Improvement; Technology Innovation, Quality Primacy," and has formulated quality management systems such as the *Inspection and Test Control Procedures*, the *Production Management Control Procedures*, and the *Incoming Management Specifications*, and implemented strict quality control in all aspects such as product R&D, material procurement, production, and product testing, thereby establishing a good brand image. To ensure the effective operation of the Company's quality management system, the business divisions have a separate quality management department responsible for product quality control. During the Reporting Period, the Company and its subsidiary Zhangzhou Solex have obtained the quality management system certification.



Solex's ISO 9001 Quality Management System Certificate



Zhangzhou Solex's ISO 9001 Quality Management System Certificate

Strategy

The Company actively identifies quality safety risks and potential opportunities related to its products and implements product quality safety risk management measures to ensure that the product quality meets standards.

Risk Type	Risk Description	Description	Probability of Occurrence	Impact Size	Impact Timeframe	Value Chain Links of Impact	Priority Ranking	Potential Financial Impact	Response Measures
Risk of changes in laws and regulations	Failure to promptly understand updates to product standards and laws and regulations, or current systems not in line with new standards.	Product structure adjustments and changes in the industry's production environment bring potential customers to the Company.	Low	High	Long-term	Upstream, operations, downstream	Medium	Compensation, fines	Timely collect and assess laws, regulations, and standards, and translate them into internal company standards for implementation; Increase market development.
Product manufacturing and quality safety risks	Low production efficiency or high defect rate; Unclear product labeling, mixed materials; Substandard product quality.	Improve the Company's product percent of pass and production efficiency, reduce customer complaints, and increase customer satisfaction.	Low	Medium	Long-term	Operations, downstream	Medium	Compensation, fines	Timely post nonconforming labels; The Logistics Department formulates reasonable production plans; The Production Department produces according to plan and ensures proper labeling; The Quality Department follows up on inspections to ensure the product meets customer requirements.
Customer demand risks	Misjudging market development trends, failing to understand and meet customer needs.	Understand market development trends, identify potential customer needs, ensure contract fulfillment, and improve customer satisfaction.	Low	Medium	Short- and medium-term	Operations, downstream	High	Increased storage costs and capital occupation, reduced sales revenue	Repeatedly verify market demand and product development trend analysis, and monitor and measure customer requirements.
Customer complaint risks	Failure to effectively resolve customer complaints.	Reduce customer complaints, improve customer service quality and satisfaction, bring new projects or products to the Company.	Medium	High	Short- and medium-term	Operations, downstream	Medium	Increased after-sales service costs and operational costs	Establish a complaint handling process to ensure timely feedback and handling of customer complaints.
Production equipment risks	Insufficient equipment capacity and capability, frequent equipment breakdowns.	Properly maintain equipment to create a good production environment, and reduce product costs by introducing advanced production technology and equipment.	Medium	High	Medium- and long-term	Upstream	Medium	Reduced profit margin	Provide maintenance and spare parts inventory of equipment; Establish a complete emergency plan for equipment failures to ensure the smooth continuation of the production process.

Impact, Risk and Opportunity Management

Management Process



Each department identifies risks and opportunities within its department, and the Quality Department organizes a risk and opportunity assessment team to list the assessment plan.

Risk and Opportunity Identification



The assessment team evaluates and summarizes the risks and opportunities identified by each department.

Risk and Opportunity Assessment



Each department takes measures based on the risk assessment results to reduce or eliminate risks.

Risk and Opportunity Management



Each department reviews the measures taken for risks and opportunities annually to verify their effectiveness.

Risk and Opportunity Review

Management Measures

The Company focuses on managing and maintaining production equipment. All relevant departments have formulated equipment management systems, such as the *Annual Equipment Maintenance Plan* and the *Annual Shower Assembly Equipment Maintenance Plan*, and regularly conduct equipment maintenance to ensure efficient operation of equipment and smooth production processes.

The Company organizes quality training and related skill competitions every year, including training on quality systems, sampling plans, and incoming quality inspection standards, aiming to continuously enhance employees' quality awareness and improve operational skills.

Case Study: Inlet Valve Product Knowledge Training

On May 28, 2024, the Company conducted an internal knowledge training on inlet valve product to strengthen employees' understanding of product performance and usage techniques. On November 4, the Company expanded the training scope and provided the same product knowledge training to suppliers, followed by an assessment of the training effectiveness to ensure a consistent high standard of product knowledge across all stages of the supply chain.



Internal Inlet Valve Product Knowledge Training

Indicators and Objectives

The Quality Departments of each business division adhere to the development strategy of "intelligent hardware IDM" and the business philosophy of "innovation, design, manufacture", and have set quality objectives.

	Company Product Service Quality Objectives in 2024	
	Achievement	
	Monthly return loss rate \leq 0.16%	Achieved
	Customer complaint handling timeliness rate: 100%	Achieved
	FQC finished product batch acceptance rate \geq 98.5%	Achieved
Customer finished product batch acceptance rate \geq 98.5%	Achieved	

Key Performance

During the Reporting Period

- Number of products that are required to be withdrawn and recalled for health and safety reasons: **0**;
- Solex recorded **zero** instances of negative public opinion about our company;
- Number of risk assessments conducted: **27**;
- Product Percent of Pass: **98.76%**;
- Number of annual internal quality audits: **14**;
- Number of times third-party agencies were engaged for sampling: **20**;
- Number of participants in quality training: **2,459**;
- Total hours of quality training: **1,205.50**;
- Number of quality training sessions: **244**.

Product Quality Management Measures

Key Node Management in Product Manufacturing Process

To ensure product quality, the Company has developed a set of procedures covering the entire product manufacturing lifecycle, ensuring strict control at every stage from raw material procurement to manufacturing, and to after-sales service and product recalls, with the aim of achieving continuous stability and optimization of product quality.

Product Manufacturing Process

1 Incoming Material Inspection

- Inspectors conduct inspections based on the delivery order or pending inspection records in the OA system;
- Inspectors determine inspection plans based on the quality inspection plan and select samples for inspection according to relevant inspection standards. Products that fail the inspection are rejected on the Inspection Sheet based on the final judgment in the Incoming Inspection Report and are marked accordingly;
- Warehouse personnel notify suppliers through the OA to handle product returns for nonconforming materials;
- If the materials provided contain hazardous substances, it is required to ensure that the received materials are accompanied by the supplier's *Environmental Declaration* and have undd-party sampling and testing prior to inspection.

2 Process Inspection

- Inspectors should inspect the first finished product according to the *Quality Inspection Plan* and submit the first product sample and report to the team leader for approval once it is confirmed to be conforming;
- Operators should perform self-inspection and mutual inspection on products and materials based on the process card, and mark and isolate any defective items found;
- The inspectors of the Quality Department should focus on key process or those where quality issues frequently occur.

3 Final Inspection

- Inspectors conduct sampling inspections based on inspection standard documents and record the inspection results in the corresponding Inspection Report;
- If inspectors find that the product does not meet the requirements, they should issue a *Quality Issue Handling Formand* follow the *Nonconforming Product Control Procedure* for r-ework.

Protection of Customers' Rights and Interests

Solex adheres to the customer service philosophy of "providing valuable product solutions, putting customers first, offering professional team support, ensuring stable points of contact, and maintaining transparency and sincerity." The Company continuously refines every aspect of pre-sales consultation, in-sales service, and after-sales support, with a commitment to building a high-quality, comprehensive customer service system.

Customer Service Management

The sales departments of each business division have developed documents such as the *Process Management Procedures for Customer-Related Processes* to effectively and promptly understand and address customer service needs. Through collaboration between the Marketing Center, R&D Center, Quality Assurance Department, Production Department, and Warehouse Department, the Company ensures that customer requirements for product quality and other related demands are met, thereby maintaining long-term, stable customer relationships and laying a solid foundation for the Company's high-quality growth. During the Reporting Period, the Company received the Excellent Supplier Award.



 The Company Received the Excellent Supplier Award

The Company has established a monthly KPI evaluation system for customer service, focusing mainly on customer visits, complaints, factory inspections, and other aspects of customer service handling. The Company also organizes non-scheduled training, project sharing sessions, and other activities to enhance employees' customer service awareness and improve their skill levels. Additionally, the Company uses Yingdao software to complete processes such as order placement, booking, and invoicing, thereby improving the efficiency and accuracy of customer service.

Case Study: Induction Training

For new employees joining in the current year, the Company regularly conducts SOP training, covering a series of customer service tasks from the quotation process to customer visits and relationship maintenance, to effectively enhance new employees' professional knowledge and skills in customer service.



 New Employee Induction Training

Customer Complaint Response Mechanism

The Company has established systems such as the *Customer Complaint Management Procedures*, the *Customer Complaint Handling Work Instructions*, the *External Quality Issue Management Procedures*, and the *Customer Feedback and Complaint Control Procedures*, and set up a dedicated complaint handling team to ensure prompt response and proper resolution of customer complaints.

Sources of customer complaints

Customers provide feedback and complaints through written messages, emails, verbal communication, refusals, returns, and other means.

Timely response

Upon receiving a complaint, the Sales Department confirms the issue, immediately communicates with the customer, and attempts to record product/problem-related information, and promptly clarifies this with the customer if the issue is not related to the Company;

Customer complaint level classification

The Quality Department verifies the complaint/feedback, classifies it by severity, and determines whether an investigation is needed, and explains the reason and records it if no investigation is conducted;

Root cause analysis

The responsible department investigates the complaint, and if necessary, invites the general manager to participate in a complaint meeting to analyze the issue, discuss the root cause, and determine corrective and preventive actions;

Customer complaint response

Once the complaint is fully understood, the Quality Department prepares a report, and the Sales Department communicates the improvement measures or results to the customer;

Follow-up and tracking

The responsible department follows up on the implementation of corrective and preventive measures. The Quality Department supervises and collects evidence of corrective actions, and keep records.

Case Study: Timely and Accurate Handling of Customer Complaints

On January 6, 2024, the customer reported that 800 sets of 82ZM42-000-0008 F10 back shell assemblies had cracked screw posts during assembly. The Company's salesperson went to the customer's warehouse to conduct a full inspection, found 144 defective items, and sent them back to the factory for rework. The Production Department investigated and determined the cause of defects. During process adjustment, the glue flow speed was reduced to minimize surface flow marks on the back shell, resulting in a thin, slow-melting glue line near the screw post, which caused cracking. The Company quickly determined a solution. The mold for the screw posts was modified by adding reinforcement ribs around the post to increase its strength.



Investigation of the Cause of Screw Post Cracking

Customer Satisfaction

The Company attaches great importance to customer satisfaction and has established system documents such as the *Customer Satisfaction Survey Procedure* and the *Customer Satisfaction Management Procedure*. The Company conducts customer satisfaction surveys annually, focuses on evaluating customer satisfaction in the areas of product quality, pricing, sales service, and delivery process, and makes improvements based on the survey results.

Responsible Marketing

The Company is committed to providing truthful, transparent, and responsible information through responsible marketing strategies to promote sustainable development and enhance consumer trust. The Company regularly provides sales training for sales personnel, focusing on the marketing content of various products to ensure that the sales process with customers is honest, transparent, and compliant.

Key Performance

During the Reporting Period

Customer satisfaction: 82.49%



Responsible Marketing Training

Information Security and Privacy Protection

To regulate management activities and ensure information security and privacy management, the Company has formulated the *Information Security and Privacy Management Manual* and the *Information Security Management Procedures*, based on principles regarding information security of “Active prevention, total employee involvement, ensuring the security of company and customer data”, and based on national information security regulations and other relevant requirements, as well as the Company's actual situation. During the Reporting Period, Solex actively pushed forward the application for ISO 27001 Information Security Management System certification and ISO 27701 Privacy Information Management System certification to obtain the relevant certificates in 2025.



ISO 27001 Information Security Management System certification

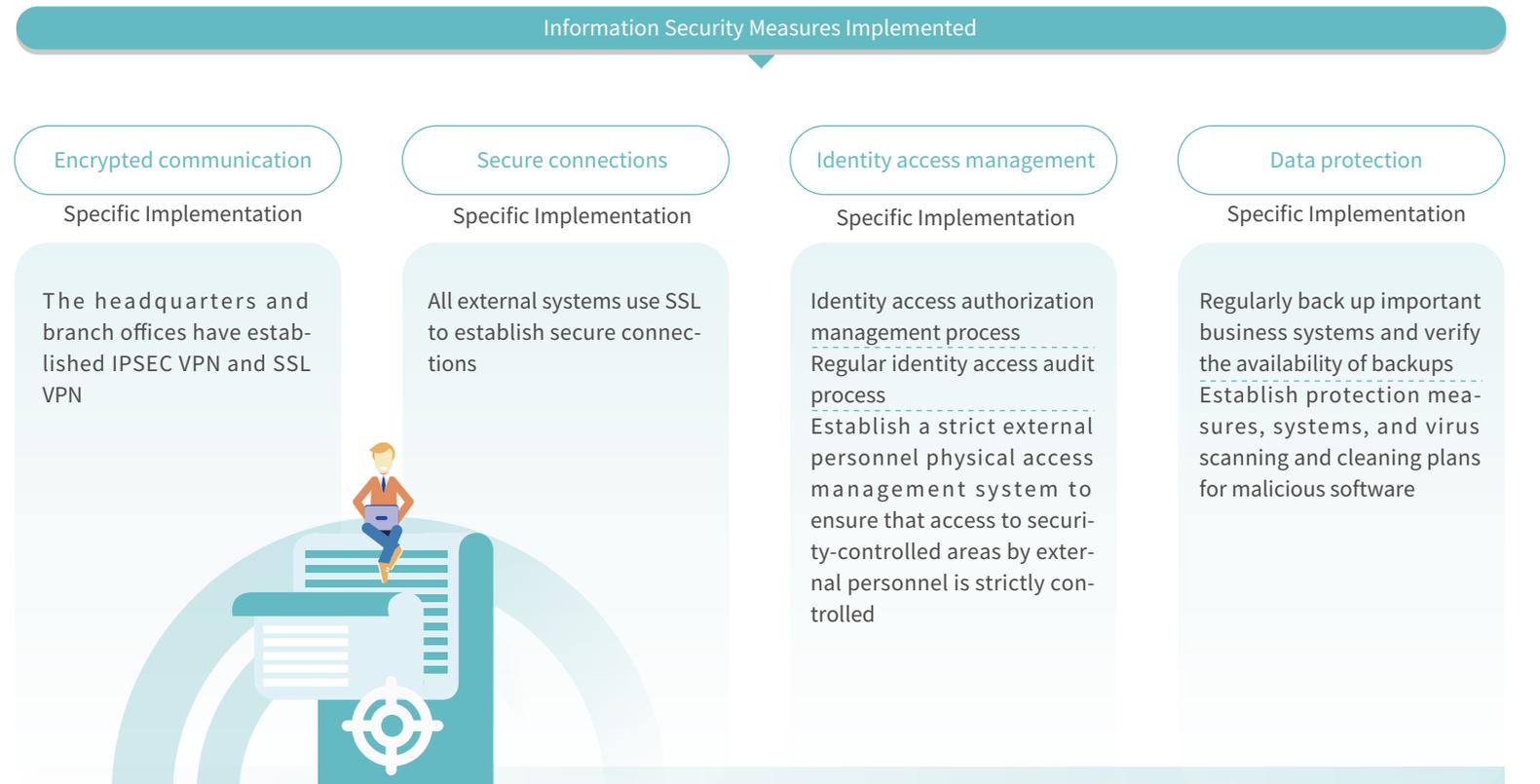
ISO 27701 Privacy Information Management System certification

The Company has established a dedicated Information Security Management Committee to manage and approve the Company's information security management system, protect internal information security, and coordinate information security tasks across departments, to support the Company's operations and business development comprehensively.



Information Security Risk Management

The Company has formulated the *Information Asset Management Rules*, the *Information Resource Management Procedures*, the *Information Security and Privacy Risk Assessment Procedures*, and other systems, classifying information and information assets within the Company into five levels based on information security and managing them accordingly. The Company updates the information assets and risk assessments annually to identify new risks and determine whether additional control measures are required. Each department summarizes the risk assessment results to the Information Security Management Committee. The results of the assessments are used as one of the inputs for management review.



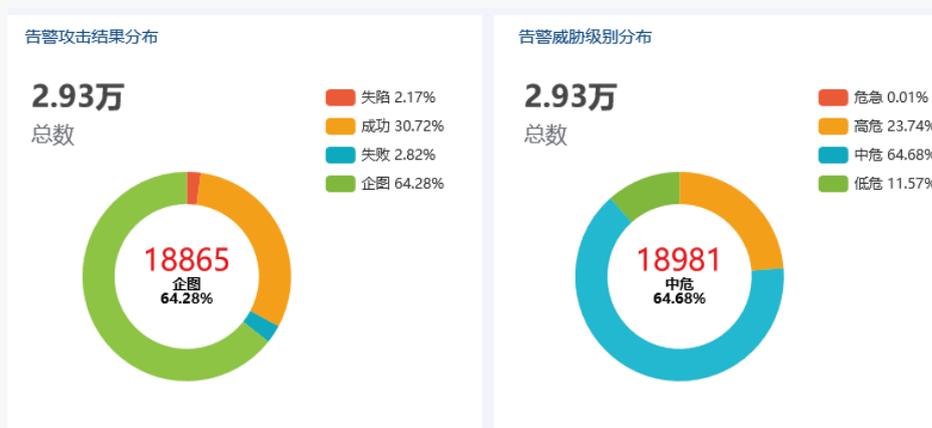
Information Security Emergency Management

To respond to potential emergencies, implement a scientific, procedural, and standardized emergency response system for network and information security incidents, and build an information and network security guarantee system, the Company has formulated the *Information System Emergency Plan* and established a professional information security team to provide round-the-clock security operations services, regularly conduct security assessments, vulnerability scans, and emergency drills, and take timely measures during information security emergencies.

The Company always considers information security and privacy protection as a top priority. Each year, it conducts comprehensive, multi-level training on information security and privacy protection for both new and old employees, aiming to strengthen security measures from the ground up, thus ensuring the security of the Company's information assets and promoting steady progress in privacy protection efforts.

Technical Cooperation

Solex ensures data storage security and efficiency through the construction of data centers and other information security infrastructure, and is equipped with firewalls, employee internet management systems, and other hardware and software facilities, building a physical-logical dual-layer defense system. The Company also actively collaborates with external security technology service providers, such as Haichuang Security, to conduct security checks on Solex's information systems, perform deep penetration tests, and monitor traffic situations. It will identify potential security risks and system vulnerabilities, and promptly fixes vulnerabilities and reduce security risks.



⤴ Traffic Situation Monitoring

Key Performance

During the Reporting Period

- The number of relevant data security training sessions conducted: **7**;
- The number of participants in training: **56**;
- Employee coverage rate in training: **100%**;
- Total investment in data security: RMB **1.04** million;
- Number of incidents of information security and privacy protection violations during the Reporting Period: **0**.



Supply Chain Management

Governance

To conduct strict screening and performance management of business partners to ensure that every product and service provided by the Company meets quality standards, the Company has established systems such as the *Business Partner Development and Management System* and the *Business Partner Security* and set up a cross-department collaboration mechanism to carefully plan the supplier screening, evaluation, and assessment processes, thus establishing a comprehensive supply chain quality management system.

The Company treats small and medium-sized enterprises equally and pays them within the contract payment terms. There were no overdue payments to small and medium-sized enterprises at the end of the Reporting Period.



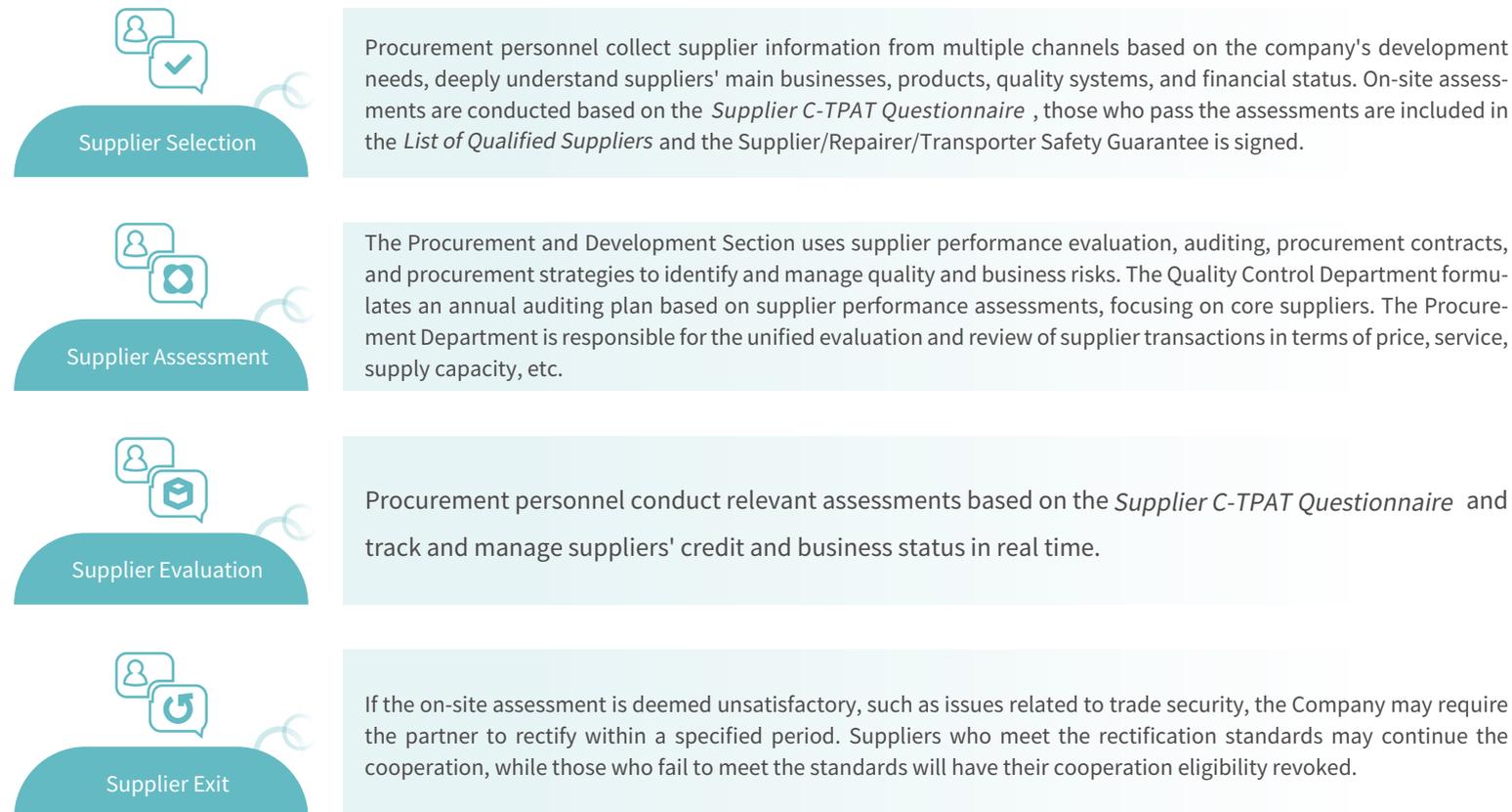
战略

Risk Type	Risk Description	Description	Probability of Occurrence	Impact Size	Impact Timeframe	Value Chain Links of Impact	Priority Ranking	Potential Financial Impact	Response Measures
Geopolitical risks	Due to uncertain geopolitical policies, there may be trade route restrictions or changes in market access, affecting supply chain stability and cost-effectiveness.	Reduce dependence on a single region and promote local procurement.	Medium	Large	Short- and medium-term	Upstream, Operations	High	Increased operating costs	Backup verification for domestic models; Small batch introduction and production.
Market Risks	Due to anti-dumping investigations and other reasons, raw material prices have significantly increased.	Comparing prices from multiple suppliers helps obtain better raw material prices.	Medium	Large	Short- and medium-term	Upstream, Operations	Medium	Increased operating costs	Adopt multi-supplier and multi-brand material procurement backup measures to reduce risks from market price fluctuations.

Impact, Risk and Opportunity Management

To ensure supply chain stability, the Company has established risk management processes, created long-term partnerships with key suppliers, diversified the supplier base to reduce reliance on a single supplier, developed contingency plans to address potential supply disruptions, and regularly evaluates supplier performance to ensure they meet quality, delivery, and cost requirements.

Whole-life-cycle management of suppliers



Supplier ESG management

The Company comprehensively examines the overall strength of suppliers, not only considering product quality and supply capability but also focusing on their performance in environmental protection, safety production, and social responsibility. The Company prepares supplier employee rights evaluation reports to examine whether suppliers engage in inappropriate practices such as child labor or forced labor and whether they adequately protect occupational health and employee rights. The Company has also developed the *Supplier Environmental and Occupational Health and Safety Guarantee* for suppliers to ensure workplace safety and employee occupational health and safety, ensuring that every employee works in a safe environment and promoting long-term stable cooperation and common development between the Company and suppliers. The Company also adheres to the local procurement principle, which helps reduce transportation costs and time, enhances supply chain response speed, and promotes the development of the local economy.



Key Performance Indicators

	Unit	2024
Number of suppliers certified under quality management systems	Units	484
Number of suppliers certified under environmental management systems	Units	260
Number of suppliers certified under occupational health and safety management systems	Units	138
Percentage of suppliers that have signed the Integrity Agreement	%	100
The proportion of spending on purchasing from local suppliers was	%	63.87

The Company regularly conducts ESG training sessions for suppliers to enhance their awareness and capabilities in environmental protection, social responsibility, and corporate governance. These training sessions help promote suppliers' understanding and implementation of ESG concepts and strengthen the overall sustainable development practices of the supply chain.

Case Study: ESG Training for Suppliers

On November 25, 2024, the Company held an ESG-related training session for suppliers, focusing on enhancing suppliers' awareness and practical capabilities in the ESG field, aiming to build a more sustainable, responsible, and efficient supply chain system together.



ESG Training for Suppliers

Supplier Digital Management

The Company has developed a supplier MES system, an efficient material receipt call-number system, and an intelligent digital procurement platform. With the MES system, we have achieved precise scheduling and detailed management of customer names, product names, customer material numbers, and delivery dates. The material receipt call-number system cleverly controls the timing of suppliers' material delivery, effectively avoiding logistics congestion. In addition, we have optimized the supplier reconciliation and assessment processes through the OA system, enhancing overall operational efficiency.



Supplier MES System

Indicators and Objectives

The Company has established a comprehensive supply chain management system, ensuring that suppliers meet the Company's standards and requirements through full lifecycle reviews, while striving to create an open and fair business environment, thereby achieving a comprehensive improvement in the Company's supply chain in terms of ESG.

Key Performance

During the Reporting Period

- Total number of suppliers: **1,147**;
- Total number of overseas suppliers: **36**;
- Number of suppliers suspended due to non-compliance: **3**.

Working Together for Success

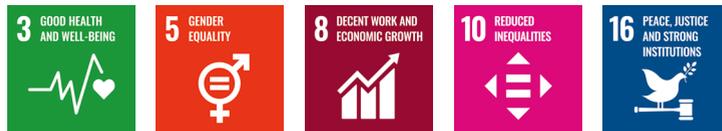
Our Philosophy

Based on a multi-channel talent acquisition strategy, Solex has developed a comprehensive talent development system that provides each employee with a tailored career development path, aiming to create a dynamic corporate ecosystem that nurtures talent and fosters mutual growth between employees and the enterprise.

Our Actions

Protection of Employees' Rights And Interests
Training and development
Occupational health and safety

SDGs



Protection of Employees' Rights and Interests

Solex adheres to the people-oriented principle, respects employees' rights, optimizes human resources management and performance evaluation, and enhances human resource efficiency. The Company focuses on employee health and safety, and implements strict measures to ensure a safe working environment. At the same time, we provide growth opportunities for employees, facilitate career development through training and promotions and enhance employee satisfaction and sense of belonging. We firmly believe that the mutual growth of employees and the enterprise is the foundation of long-term development and are committed to creating a harmonious and win-win working atmosphere.

Diversity of employment

In strict compliance with the *Labor Law of the People's Republic of China* and *the Labor Contract Law of the People's Republic of China*, Solex continuously improves its internal *Human Resources Management Manual* and *Human Resources Management System*, standardizing employee recruitment and onboarding processes. Adhering to the principle of fairness, justice, openness, and competition, the Company eradicates all forms of discrimination and bias, standardizes employee recruitment and onboarding processes and provides each job applicant with a fair opportunity to fully demonstrate their talents.

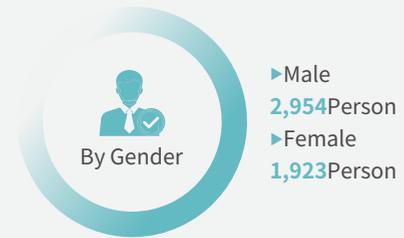
Key Performance

During the Reporting Period

- Percentage of contract workers: **100%**;
- Number of new employees: **1,773**;
- Total number of employees: **4,877**;
- Number of part-time employees: **43**;
- Overall employee turnover rate: **5.88%**.



Employee Distribution in 2024



Employee Recruitment

The Company attaches great importance to talent recruitment, employing both social recruitment and on-campus recruitment to select outstanding talents. During recruitment interviews, it is forbidden to ask applicants personal information, detailed family address, or other questions that infringe on personal privacy. Applicants have the right to refuse to answer questions unrelated to the job. Through resume submission, departmental screening, written tests, interviews, and recruitment, the Company ensures the transparency of the recruitment process.

Regarding campus recruitment, the Company held a total of 40 campus recruitment presentations and 133 career fairs in collaboration with universities such as Fuzhou University, Jimei University, Huaqiao University, and Fujian University of Technology, recruiting 93 talents. Regarding social recruitment, the Company mainly uses various recruitment websites (such as Boss Zhipin, Zhaopin, etc.) and headhunter channels for external recruitment.



Case Study: Campus Recruitment Presentations and Job Fairs

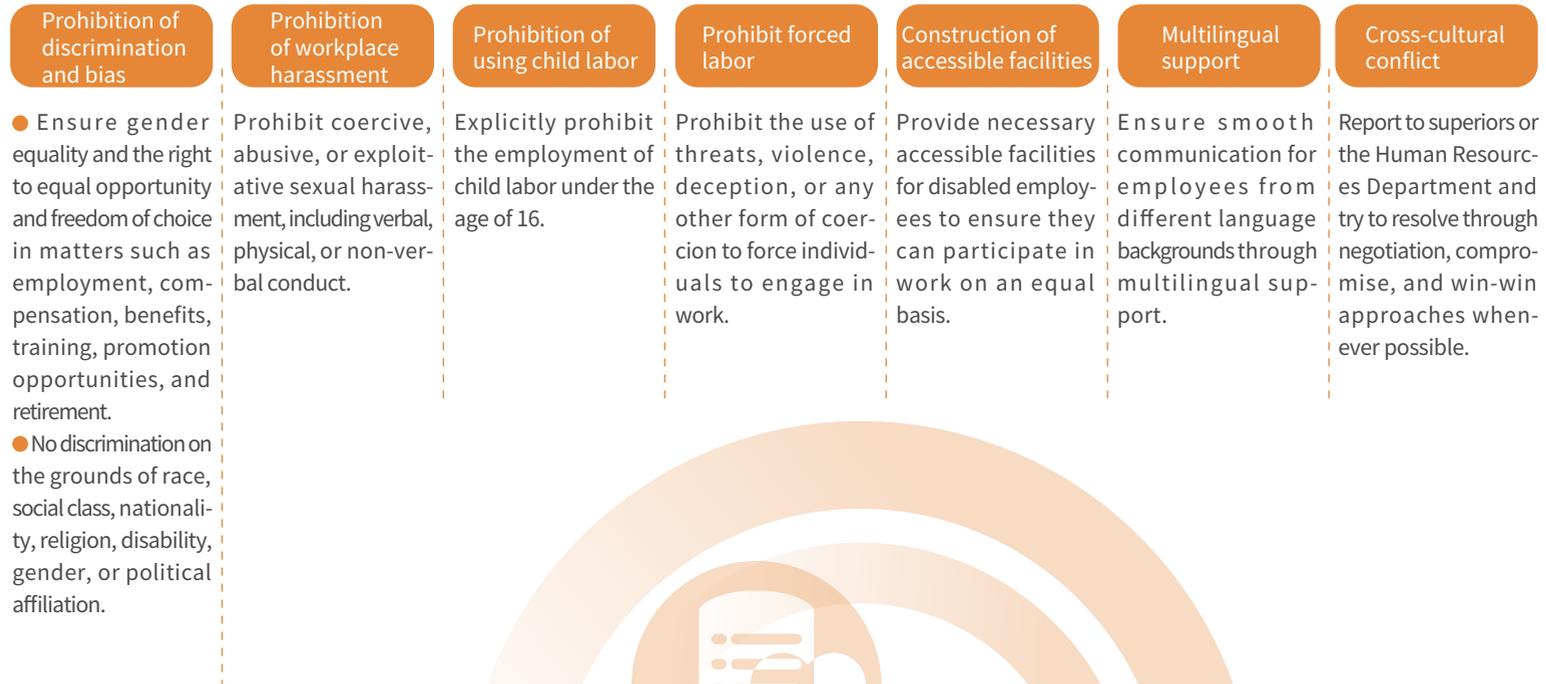
In 2024, the Company visited many local universities, including Fuzhou University, Fujian Agriculture and Forestry University, and Xiamen University of Technology, to host a series of campus recruitment presentations, career fairs, and job fairs, focusing on attracting local university graduates and contributing to the development of the local employment market.

📍 Campus Recruitment Presentations and Job Fairs

Diversity, Equality and Inclusivity (DE&I)

The Company has developed the *Diversity, Equality and Inclusivity (DEI) System*, clearly outlining its commitment to diversity, equality, and inclusion. The Company regularly organizes diversity and inclusion training sessions and awareness campaigns for employees to enhance their understanding of multiculturalism, equality, and inclusion values, aiming to foster mutual understanding and respect among employees, improve teamwork efficiency, and strengthen the Company's innovation capacity. In 2024, the Company employed 4 individuals with disabilities and 45 veterans, primarily in positions such as production staff, security personnel, drivers, and warehouse keepers.

DE&I Initiatives

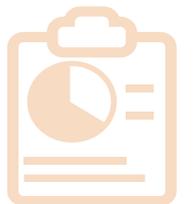


Knowledge Contest for Veterans in 2024

Key Performance

During the Reporting Period

- Number of employees of minority nationalities: **659**;
- Number of employees with disabilities: **4**;
- Percentage of employees of minority nationalities in the management: **5.94%**.

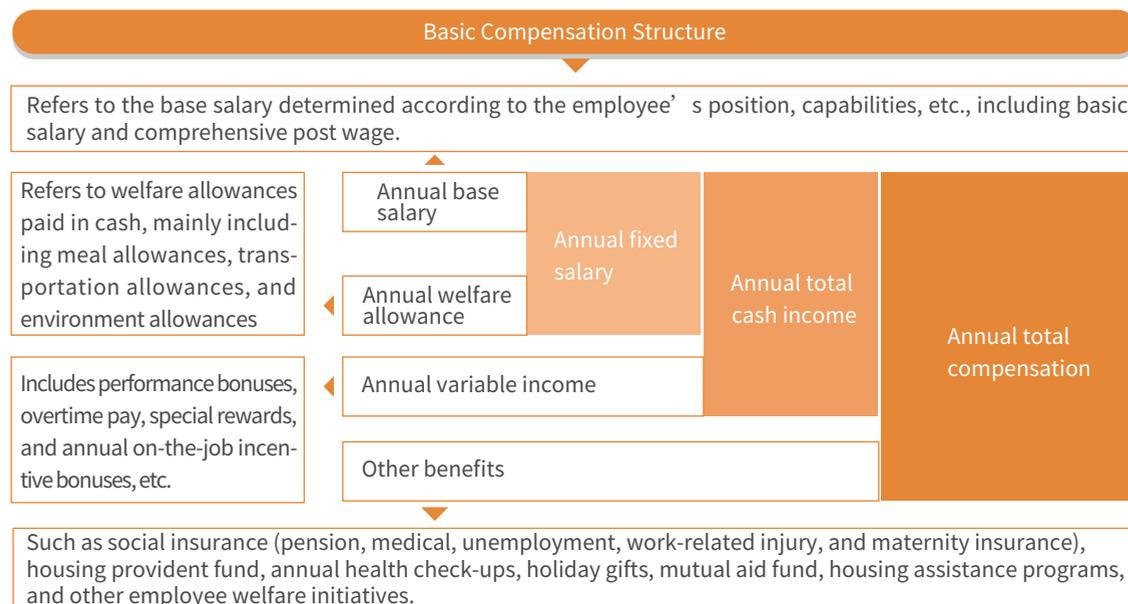


Compensation and Benefits

The Company has formulated the *Salary Management System* and the *Performance Evaluation System* and other systems to further regulate the salary management of the Company's business unit leaders, ensure fairness and reasonableness in salary distribution, establish effective incentive and restraint mechanisms, and inspire employees' enthusiasm and creativity to drive the successful achievement of the Company's strategic and annual goals.

Compensation Structure

The Company adopts the 3P salary management model ("Pay for Position, Pay for Ability, Pay for Performance") to define the core components of the salary structure. At the group level, the salary control strategy fully takes into account the management characteristics of each subsidiary, allowing them to design and manage their salary structures independently within the framework of the group's overall compensation system, ensuring the precision and effectiveness of the incentive system. In addition, the Company's incentive mechanism integrates Maslow's hierarchy of needs theory and the total compensation theory, combining both material and spiritual incentives to effectively balance short-term and long-term employee motivation in line with the corporate culture.



Performance Evaluation Mechanism

The Company has implemented a "system-based, hierarchical" performance evaluation system, with assessment periods spanning monthly, quarterly, and annually, to align with the characteristics and skill levels of different positions. The performance results are used for performance salary and bonus calculation, salary adjustments, promotions, position adjustments, termination of labor relations, training, annual awards, and special welfare applications, among other dimensions. The Company promotes a culture of transparency and openness in performance management. It has established mechanisms for performance feedback, interviews, and appeals. Employees can raise objections either during the assessment period or within three days of receiving the results, and directly appeal to their department head or the Human Resources Department to ensure clear communication and protect the legitimate rights and interests of employees.

Enhancement of Employee Well-being

Bonuses	Performance bonus, festival bonus, R&D bonus, etc.
Insurance	Social insurance contributions as required by the law
Accommodation	Provide housing fund contributions, staff dormitories, etc.
Leave	Public holidays, special leave, leave in lieu, personal leave, sick leave, marriage leave, maternity leave, pregnancy check leave, breastfeeding leave, paternity leave, bereavement leave, work-related injury leave, parental leave, etc.
Education	The Company provides opportunities for further education and training
Health	Annual health check-ups, gynecologic examinations, special post-specific health checks, etc.
Subsidies	Birthday allowance, compassionate grants, marriage allowance, maternity allowance, and high-temperature allowance
Dining	Provide meal allowances or free meals
Leisure activities	Festival activities
Others	Equity incentives. Currently, 116 directors, senior management, middle management, and key technical (business) personnel of the Company have received equity incentives and hold 6.975 million shares.

Key Performance

During the Reporting Period

- Social insurance coverage rate: **100%**;
- Average paid annual leave days per employee: **6**;
- 95%** of employees underwent regular performance and career development assessments.



Democratic Management

During the Reporting Period, the Company held the first session of the Fifth Employee Congress and Labor Union Member Congress. During the meeting, a new election of the committee was held, and the *Solex Integrity and Self-Discipline Management System* and the revised *Human Resources Management System* were approved. The Congress collected proposals on key areas such as employee welfare, labor relations, occupational health and safety, and production operations, totaling 73. Each proposal was thoroughly discussed and carefully answered to ensure its rationality and effectiveness. Additionally, a dedicated Q&A session for employee representatives was established, where management sincerely listened to their opinions and feedback. This initiative aims to boost employee satisfaction and strengthen the enterprise's cohesion.

To improve the suggestion management system and foster an open and inclusive management atmosphere, the Company has placed suggestion boxes in prominent locations to collect employee opinions, suggestions, complaints, and feedback. In handling this information, the Company adheres to the principles of hierarchical responsibility and centralized handling, ensuring that each piece of information is kept confidential and responded to promptly, thereby effectively addressing employee concerns and improving internal communication efficiency. Additionally, the Company has established a Labor Dispute Mediation Committee, aimed at regulating the negotiation and mediation processes of labor disputes, promoting harmonious and stable labor relations.



Employee Suggestion Box

Key Performance

During the Reporting Period

- Number of proposals deliberated by the Labor Union: **46**;
- Proportion of Labor Union members to in-service employees: **91.27%**;
- Employees participating in the satisfaction survey: **3,290**;
- Employee participation rate in the satisfaction survey: **88.27%**;
- Employee satisfaction: **98.69%**.

Employee Care

The Company is committed to helping employees with difficulties, protecting women's rights and interests, paying attention to employees' mental health, and actively carrying out cultural and sports activities to create a caring, equal and healthy working environment, and enhance team cohesion and employees' sense of belonging.

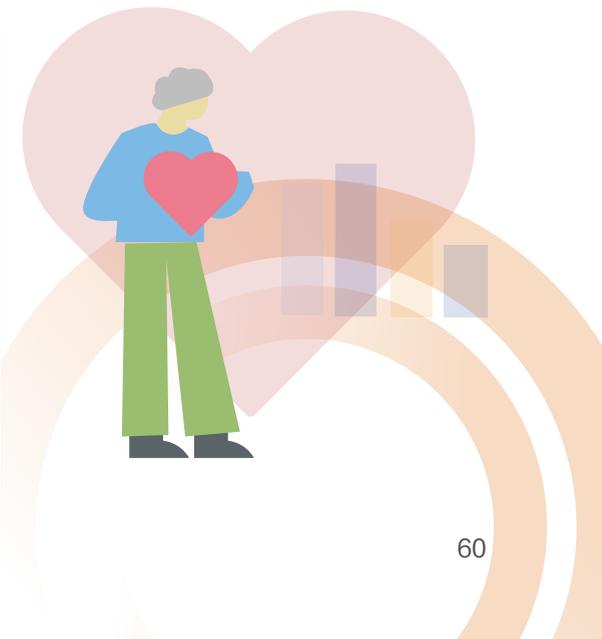
Supporting Employees with Difficulty

The Company has formulated the *Solex Employee Mutual Aid Fund Management Measures* and established the Solex Employee Mutual Aid Fund, aiming to provide additional financial support to employees facing temporary financial difficulties due to illness, accidents, and other unexpected events. The fund is raised through a combination of voluntary employee contributions and company subsidies, ensuring stable and sustainable funding. The Fund Management Committee is responsible for the daily administration of the fund, ensuring that all fund expenditures are transparent, reasonable, and in compliance with regulations. Employees facing personal or family financial crises may apply for assistance according to the procedures outlined in the management measures to alleviate their financial burden.

Key Performance

During the Reporting Period

- The Company's Mutual Aid Fund assisted a total of **30** employees and allocated RMB **118,400** for medical subsidies;
- the Settlement Plan assisted **3** employees with RMB **300,000**.



Protecting the Rights and Interests of Female Employees

Solex attaches great importance to the special needs of female employees and the challenges they face in balancing work and family. Therefore, the Company strictly complies with national and Fujian provincial regulations on special protections for female employees, ensuring that female employees are entitled to special leave such as prenatal check-up leave, maternity leave, and breastfeeding leave. Regarding the maternity leave policy, the Company offers up to 158 days of leave to ensure that female employees can have sufficient rest and physical recovery. We are committed to creating a supportive and life-respecting working environment for women and have specifically set up a comfortable and cozy mother-baby room to provide convenience for female employees after childbirth. Additionally, on International Women's Day (March 8), the Company organizes a variety of activities, such as floral arrangement, to further foster a corporate culture that respects and cares for women.



Women's Day Flower Arrangement Activity

Key Performance

During the Reporting Period

- Proportion of female managers: **23.81%**;
- Number of employees who took maternity leave: **17**;
- Return rate from maternity leave: **100%**;
- Number of employees who took parental leave: **166**;
- Return rate from parental leave: **100%**.



Employee Mental Health

The Company deeply recognizes the importance of employee mental health, and through establishing a psychological support system, encourages employees to cope with stress positively, advocates for open communication, and fosters a supportive and understanding work environment.

Case Study: Employee Emotional Support

The Company has set up an Employee Emotional Support Corner in the office building's lounge area, which features a suggestion box for employees to anonymously submit postcards to express their concerns or confusion. These are then addressed by emotional counselors and psychological consultants who offer professional psychological support. Additionally, a "Happy Sharing" board is set up each month to showcase employees' joyful moments, encouraging positive interactions. The Company also provides a mobile poster basket, containing candies, small gifts, and psychology books, available for employees to use. Employees are encouraged to leave sticky notes with comments on the displayed photos and events to promote virtual interactions among colleagues and spread positive energy within the team.



Emotional Support Corner



Interactive Candy Pickup Area

Organizing Employee Cultural and Sports Activities

Solex firmly believes that employee happiness and team cohesion are the cornerstone of business development. We are dedicated to creating a human-centered working environment by regularly organizing activities such as basketball tournaments, parent-child movie outings, Mid-Autumn Festival DIY events, and other cultural, sports, and holiday activities to enrich employees' spare time, enhance mutual understanding and friendship, and increase the sense of belonging among employees.



🏆 Basketball Tournament



🏆 Parent-Child Visit to Aquarium



🏆 Organizing Parent-Child Movie Outing



🏆 Mid-Autumn Festival Parent-Child DIY Mooncake Activity



Training and Development

Solex adheres to the philosophy that talent is the primary productive force, effectively transforms business development strategies into talent development strategies, and ensures the smooth realization of its strategic goals through the establishment of a comprehensive talent training system.

Employee Training

The Company has developed a series of standardized management systems for employee training, including the *Rules of Training Management*, the *Training Management System*, the *Internal Trainer Management System*, the *External Training Management System*, and the *Teaching Management Plan for Solex Middle and Senior Management*, and has set training plans and evaluation procedures. Training evaluations are based on the Kirkpatrick Four-Level Evaluation, which consists of four levels of evaluation: Reaction, Learning, Behavior, and Results. It aims to provide a solid institutional guarantee for the growth of talents and ensure the smooth implementation of training activities.

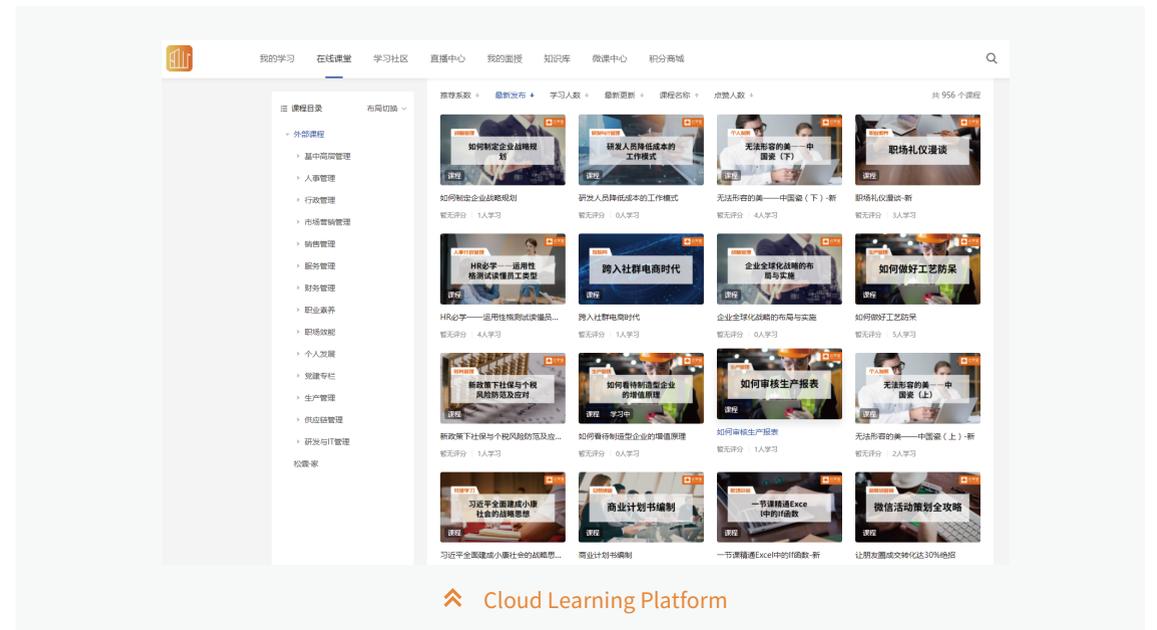


Building of Trainer Team

The Company has established an internal trainer team to effectively pass on the Company's corporate culture, professional expertise, and management experience, thereby fostering talent cultivation and organizational learning and development. To support this, we have developed the *Internal Trainer Management System*, which covers the assessment, selection, certification, teaching process, responsibilities, and incentive standards for internal trainers. Currently, internal trainers have delivered 156 courses this year, with a total teaching time of 310 hours.

Training Platform Construction

The Cloud Learning Platform of Solex efficiently integrates and consolidates abundant internal and external course resources, not only realizing detailed management and supervision of employee training courses, ensuring training quality and effectiveness, but also providing employees the opportunity to engage in self-learning. Employees can freely select courses on the platform according to their work needs and personal interests, enabling self-improvement and development, and contributing to the enterprise's continuous growth and the personal progress of employees.



Tiered Training

The Company has developed a tiered talent development program, which includes Xiaosong Camp, High-Potential Talent Training Camp, Grassroots Team Leader Training Camp, Qingsong Camp, and Jinsong Camp, extending all the way to the senior management. By analyzing the current capabilities of employees at each level, the Company implements targeted training measures for employees at different levels to bridge the gap between current skills and future competency requirements.

Tiered Training Recipients	Training Programs
Senior Management	Strategy decoding and strategy implementation, Business management, Change leadership
Jinsong Camp	Non-financial managers' financial management, Human resources management for non-HR managers, Efficient team building, Leadership
Qingsong Camp	Basic management communication and collaboration, Subordinate cultivation and coaching, Planning management, Review and growth
Grassroots Camp	Team leader role awareness, Work skills, TWI site management, Quality management, Office software application
High-Potential Camp	Execution, Communication and collaboration, Project management, Problem analysis and solution
Xiaosong Camp	Corporate culture, Enterprise systems, Role transformation, Career planning, Time management, Goal management, Mentor-mentee pairing

Case Study: "Xiaosong Camp" Training

In July 2024, new graduates from universities participated in the "Xiaosong Camp" training organized by the Human Resources Department. The purpose is to help them transition from students to professionals, cultivate a proactive learning attitude and communication skills, deepen their understanding and recognition of the Company culture, and enhance their ability to adapt to the job. The training methods include in-person lectures, class discussions, and online public courses. The training content is divided into four stages: skill development, public courses, production internships, and job trials. Additionally, department mentors provide one-on-one guidance to help fresh graduates quickly adjust to their roles.



Training Site

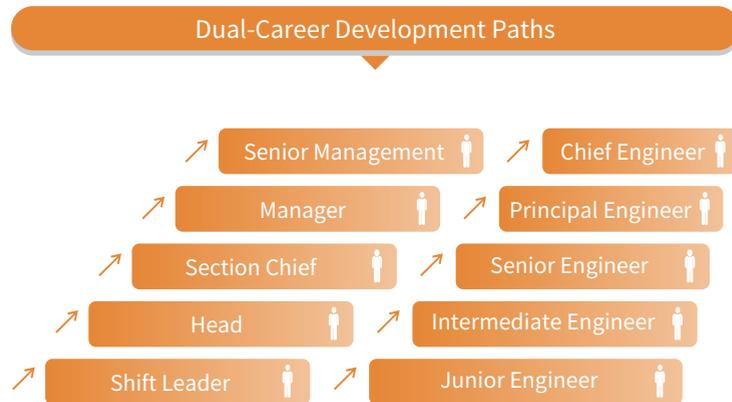
Key Performance

During the Reporting Period

- Investment in employee training: RMB **543,800**; Number of training sessions: **499**; Total training hours: **22,443**; Total number of employees trained: **4,016**;
- Total attendance (person-time): **8,654**; Average training hours per employee per year: **4.60**; Employee training coverage: **82.31%**.

Promotion and Development

Solex is dedicated to building diverse and seamless career development channels, along with a fair and impartial assessment mechanism. By creating a dual-career development system, the Company tailors development paths for both management and non-management roles. The Company also thoughtfully provides employees with personal development plans to ensure that each employee has the opportunity to grow and improve in roles and fields that suit their strengths.



Key Performance

During the Reporting Period

Number of employees having successfully transitioned or applied internally: **390**.

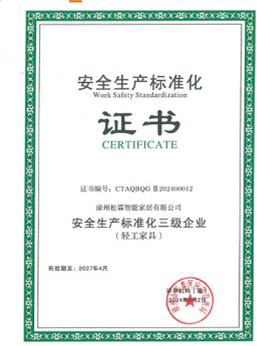
Occupational Health and Safety

Safety Production

In strict accordance with the *Law of the People's Republic of China on Work Safety*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, and other relevant laws and regulations, and upholding the principle of "safety first, prevention-oriented, and comprehensive management", Solex has formulated the *Safety Production and Occupational Health Target Management System* and established a dual prevention mechanism including a safety risk grading and control system as well as hazard identification and remediation measures, effectively preventing major safety accidents. The Company has built a sound "One Job, Two Responsibilities" safety responsibility system, ensuring that each department and position has clear safety production responsibilities, and has successfully passed the enterprise safety production standardization evaluation.



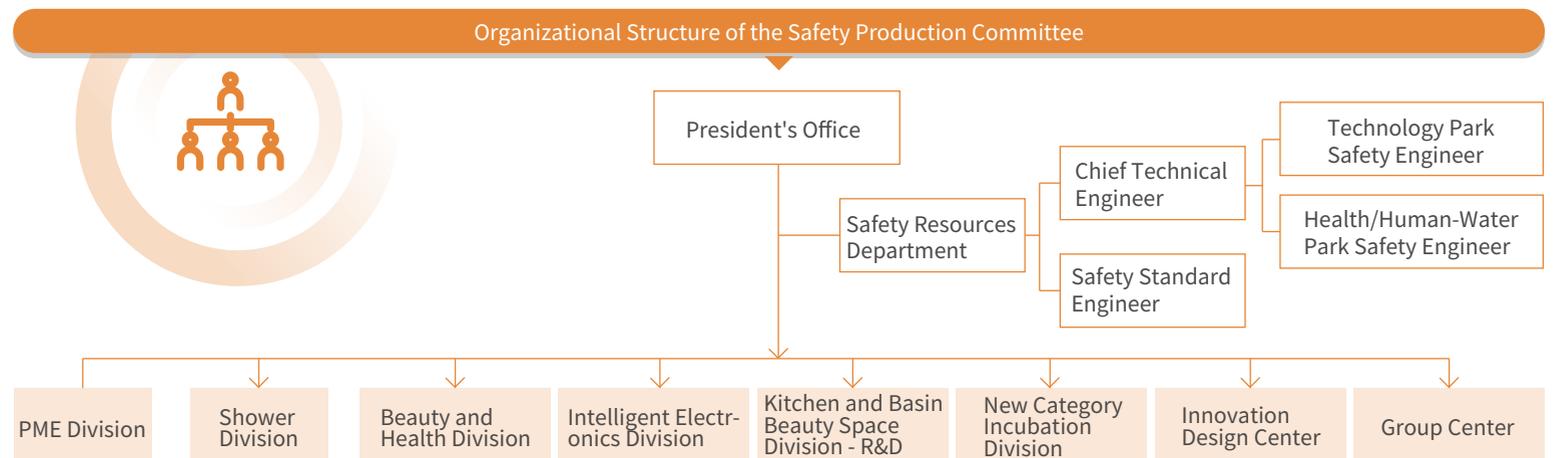
Solex's Level-Three Work Safety Standardization Certificate



Zhangzhou Solex's Level-Three Work Safety Standardization Certificate

Safety Committee

The Company has established a Safety Production Committee, which is responsible for the overall planning and supervision of the implementation of the Company's safety production tasks. Furthermore, the Company has established an evaluation mechanism, set safety evaluation standards and developed practical evaluation indicators, grading and standards.



Safety Production Targets

Solex's Goals and Planning

Achievements in 2024

- Continuous improvement of safety production management system
- Enhancement of employee safety awareness and skills
- Optimization of occupational disease prevention facilities
- Reduction of occupational disease incidence

Goals for 2025

- Achieve zero accidents for the year
- Enhance safety management
- Strengthen safety training
- Improve emergency rescue system

Long-term Plan

- Build a long-term safety production mechanisms
- Promote intelligent safety management
- Strengthen international cooperation and communication
- Foster a safety culture environment

Implementing Safety Accountability

Adhering to the principles that principles that "safety must be managed alongside production" and "whoever is in charge is responsible", the Company has created a safety production responsibility list and developed an annual safety production responsibility letter and set safety production goals. During the Reporting Period, the total number of safety responsibility letters signed by employees at all levels was 6,991.

Key Performance

During the Reporting Period

- Investment in safety production: RMB **6,873,500**;
- Number of work-related deaths: **0** person;
- Number of working days lost due to work-related injuries: **747** working days;
- Lost Time Injury Ratio LTIR: **2.05**.

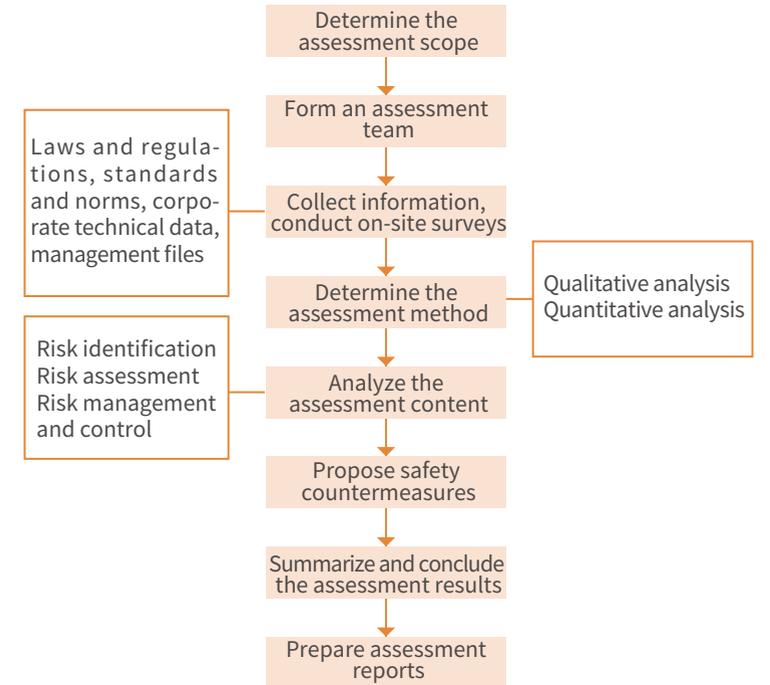
Safety Production Risk Management

The Company has established a dual prevention mechanism including a safety risk grading and control system as well as hazard identification and remediation measures, identifies and controls safety production risks and compiles a list of hidden dangers related to safety accidents, fundamentally preventing safety accidents and establishing a long-term safety production mechanism.

Meanwhile, the Company uses the LEC method to conduct risk assessments of potential safety hazards, systematically prepares a risk list, and then develops corresponding risk prevention and control measures according to the operation content outlined in the list. These measures aim to minimize safety risks and effectively protect employees' lives.

During the Reporting Period, the Company conducted multiple comprehensive safety checks on production sites according to the established safety inspection plan. In 2024, the Safety Department, on-site departments, and security personnel conducted a total of 287 inspections, including daily, monthly, special, and irregular inspections. A total of 4,143 safety hazards were identified, and all 4,143 were rectified with a 100% completion rate.

Safety Risk Classification and Assessment Procedures



⚡ Zhangzhou Solex Safety Hazard Inspection Site

Management of Hazardous Chemicals

To further strengthen employee safety management, the Company has formulated the *Chemical Management Methods*, which regulates the management process of statistics, procurement, acceptance, storage and protection of chemicals, and also specifies emergency response measures for chemical fire, leakage, burning, and corrosion. The Company regularly conducts special inspections on hazardous chemicals and promptly rectifies identified safety hazards. Additionally, the Company attaches great importance to employee education and training regarding hazardous chemicals, and regularly organizes specialized training sessions to improve employees' emergency response skills.

Digital Management of Safety Production

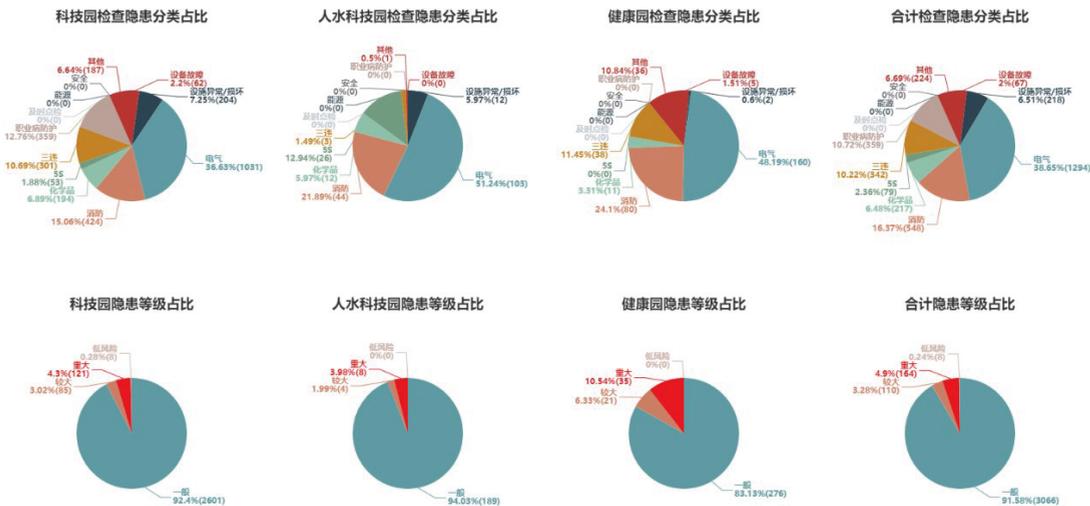
The Company follows a dual prevention mechanism and fully integrates safety management with information technology. By establishing a safety document system, a safety information platform, conducting safety culture management activities and training, and setting up an emergency materials management ledger, the Company has upgraded safety production standards and enabled real-time monitoring of potential safety hazards.

Emergency Response Plans and Training Drills

To prevent and control potential accidents or emergencies, the Company has developed the *First Aid Plans for Various Injuries*, specifying organizational structure, division of responsibilities, emergency facilities, and response measures. The plan is designed to effectively prevent and manage safety production accidents, minimizing casualties and property damage. The plan also includes detailed process supervision measures for daily supervision, dangerous operations, and safety management of related parties to ensure comprehensive safety management implementation.

The Company regularly conducts various forms of safety education and training, activities, and fire drills to continually enhance employees' safety awareness and improve their self-protection and emergency response abilities in the face of emergency situations, effectively reducing the likelihood of accidents and ensuring a safe and stable production environment.

Case Study: Special Emergency Drills



📍 Safety Information Platform - Hazard Identification Diagram



📍 Health Park Fire Emergency Drill

From January to December 2024, in order to strengthen employees' fire safety awareness and improve their evacuation, escape, and emergency response capabilities for various sudden incidents, the Company organized 28 fire and specialized emergency drills across various departments, involving approximately 6,931 participants, effectively enhancing their safety awareness and emergency response capabilities.

Key Performance

During the Reporting Period

- ↑ Total Investment in Safety Training: RMB 56,400;
- ↑ Total Hours of Safety Training: 8,263 hours;
- ↑ Safety Training Sessions: 1,371 sessions;
- ↑ Number of participants in safety education and training sessions: 22,049 person-times;
- ↑ Coverage rate for safety education and training: 100%;
- ↑ Coverage rate for safety risk protection training: 100%;
- ↑ The number of security emergency drills: 53.

Occupational Health

The Company adheres to the occupational health and safety policy of "Workplace Safety, Prevention-Centric; Employee Well-being, Sustainable Development" and has established the *Occupational Disease Protective Equipment Management System* and the *Through rigorous and comprehensive system development and practical implementation, the Company ensures that its occupational health and safety management system meets the requirements of industry standards. During the Reporting Period, the Company obtained the Occupational Health and Safety Management System Certificate.*



Solex's ISO 45001 Occupational Health Management System Certificate



Zhangzhou Solex's ISO 45001 Occupational Health Management System Certificate

Case Study: Safety Month Outdoor Activities

To further strengthen safety awareness and ignite employees' enthusiasm for safety management, the Company carefully planned and hosted a series of outdoor activities during the Work Safety Month. During the activities, employees participated in a series of creative activities, including energy-saving science popularization video challenges, smooth green safety channels, and safety knowledge skill challenges, which subtly embedded safety concepts in their minds. These creative activities not only enhanced employees' safety awareness but also fostered the dissemination and learning of safety knowledge.



↑ Safety Month Outdoor Activities

Occupational Disease Hazard Identification

The Company complies with laws and regulations such as the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Workplace Occupational Health Management Rules, and the Occupational Health Technical Service Organization Testing Standards*. It always prioritizes employee health and regularly conducts detailed inspections of occupational disease hazards and sources across its parks based on employees' needs to identify occupational disease hazards such as noise, laser radiation, formaldehyde, tin dioxide, grinding dust, isopropyl alcohol, alumina dust, and high temperatures have been identified as . Testing reports and analyses have been provided for each risk.

Some Hazard Factors and Their Sources:

Occupational Disease Hazard Factors

- Noise, tin dioxide, isopropyl alcohol
- Noise, alumina dust
- Noise, grinding dust
- Noise, high temperatures, formaldehyde

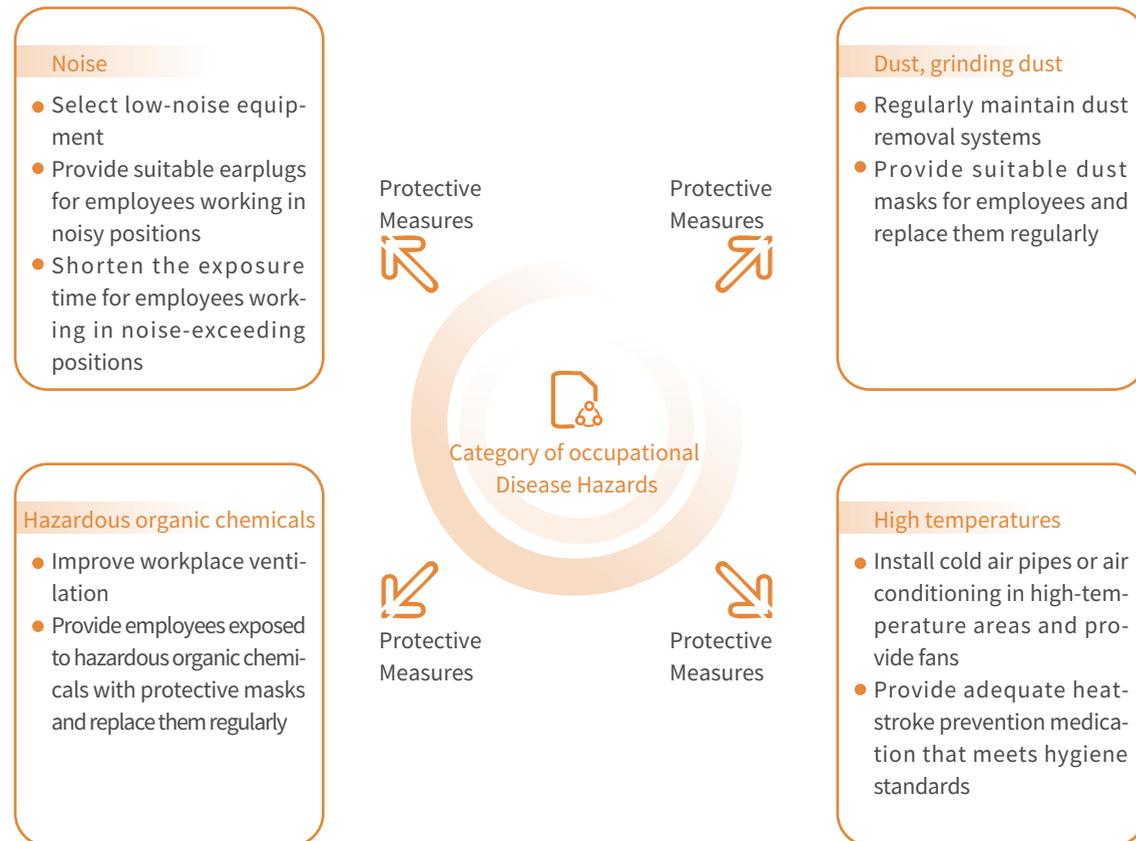


Hazard Factor Sources

- Reflow soldering, wave soldering
- Milling machines, mold polishing
- Grinding machines
- Injection molding

Occupational Disease Prevention Measures

Based on testing results, the Company selects and equips employees with protective equipment that meets national or industry standards, chooses occupational disease protective facilities, and conducts regular maintenance, and strictly implements occupational health management measures. During the Reporting Period, the Company arranged occupational health check-ups for its employees. The medical reports showed no signs of occupational diseases. In accordance with regulations such as the *Occupational Disease Hazard Warning Signs in the Workplace*, the Company has posted hazard notification cards in various departments and workshops of the Xiamen park to inform on-site personnel of potential hazards, ensuring that every employee works in a safe and healthy environment and strengthening the protection of employees' health.



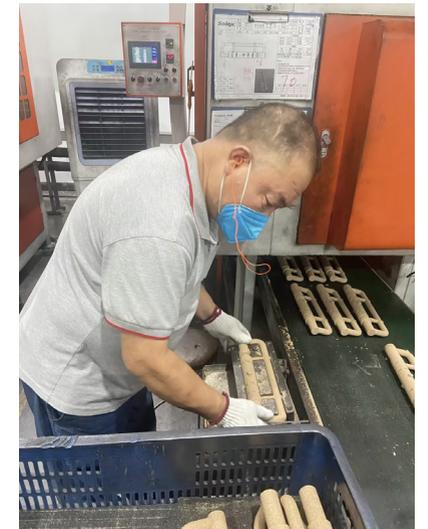
Key Performance

During the Reporting Period

- Percentage of special operators licensed: **100%**;
- Investment of work-related injury insurance for employees: RMB **2,229,700**;
- Coverage rate of work-related injury insurance for employees: **100%**;
- The detection rate of occupational disease hazards: **100%**;
- Number of new cases of new occupational diseases: **0**.



Notification Card of Occupational Disease Hazards in the Workshop



Employees Wearing Masks and Gloves at The Workplace

Giving Back to Society, Advancing Public Welfare Together

Our Philosophy

Solex, while pursuing excellence in business achievements, remains committed to its social responsibilities, and actively fulfills its role as a responsible corporate citizen. The Company firmly believes that the growth of a business should go hand in hand with the progress of society, and therefore, it has always adhered to the commitment of giving back to society, and participates in various aspects of social welfare through concrete actions.

Our Actions

Social Welfare
Rural Revitalization

SDGs



Social Welfare

Solex, with a strong commitment to social responsibility, proactively takes on its corporate duties. The Company is not only dedicated to excellence in the economic sector but also actively participates in public welfare, including education and support for the disabled, demonstrating its social responsibility through concrete actions.

Key Performance

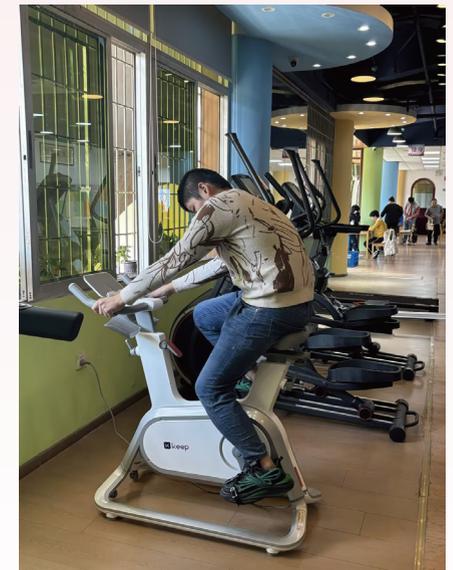
During the Reporting Period

Total public welfare input: RMB 109,400.



Case Study: Donation of Sports Equipment and Teaching Aids for the Disabled

On December 5, 2024, Solex donated sports and recreational equipment, along with daily educational toys valued at RMB 15,000, to Haicang Fule Home, a facility under the China Disabled Persons' Federation. This batch of materials includes table tennis tables, exercise bikes, speakers and microphones, projectors and screens, as well as a variety of educational toys such as clay, DIY materials, magnetic educational toys, etc. This donation is not only a heartfelt expression of care for the disabled residents at Haicang Fule Home, but also a tangible demonstration of Solex's commitment to social responsibility.



Donation of Sports Equipment and Teaching Tools for the Disabled

Case Study: Zhangzhou Solex 298 Youth Talent Apartment launched a book sharing and donation event

During the Reporting Period, Zhangzhou Solex 298 Youth City Talent Apartment meticulously planned and launched a unique book sharing event. This event aims to foster literary vibrancy, facilitate knowledge sharing, and ignite intellectual curiosity among young talents. It encourages young residents in the apartment to contribute pre-loved quality books within the community. By doing so, dormant books can be put to greater use, providing more people with access to valuable knowledge and the enjoyment of reading.



🔗 Zhangzhou Solex 298 Youth City Talent Apartment Book Donation Event

Case Study: Funding for the Gunong Farm Central Primary School Sports Meeting

On May 17, 2024, Zhangzhou Solex provided necessary financial support for the successful organization of the Gunong Farm Central Primary School Sports Meeting. The smooth progress of the sports meeting ignited students' enthusiasm for sports and strengthened their team spirit. This initiative by Zhangzhou Solex demonstrates the enterprise's attention and support for youth sports education, and contributes to the healthy growth of children.



🔗 Gunong Farm Central Primary School Sports Meeting

🏠 Rural Revitalization

The Company actively responds to the national employment poverty alleviation policy, and strictly follow the policies outlined in the *Notice by the Ministry of Human Resources and Social Security, Ministry of Finance, and the State Council Leading Group Office of Poverty Alleviation and Development of Further Improving Employment Poverty Alleviation Work*. The Company provides abundant employment opportunities to impoverished laborers and offers continuous career development support, helping many impoverished laborers achieve stable employment. The Company practices social responsibility with concrete actions, and contributes to poverty alleviation and rural revitalization, demonstrating the Company's proactive role in promoting sustainable social development.

Key Performance

During the Reporting Period



Number of poverty-alleviation employment beneficiaries: **336**.



Annex

Key Performance

Environmental Performance

Performance Indicator	Unit	2023	2024
Total environmental investment	RMB 10,000	1,448.81	1,094.50
Number of environmental incidents	case	0	0
Number of violations of laws and regulations concerning environmental protection	case	0	0
Energy Consumption			
Photovoltaic energy yield	kWh	5,000,000	5,044,965
Gasoline	liters	44,920.68	96,997.36
Diesel	liters	62,110.68	71,822.31
Natural gas	10,000 m ³	12.09	24.56
Total purchased electricity	MWh	60,054.01	63,827.86
Water Resource Consumption			
Total water consumption	m ³	463,751	573,813
Recycled water consumption	m ³	47,330	59,820
Pollutant Emission			
Waste gas emissions	10,000 m ³	373,907.82	513,305.88
Wastewater discharges	10,000 m ³	24.2750	28.9458
Quantity of general waste generated	ton	1,947.54	1,914.29
Quantity of hazardous waste generated	ton	1,100.17	1,287.94
Waste recovery rate	%	100	100

Social Performance

Performance Indicator	Unit	2023	2024
Percentage of contract workers	%	100	100
Employee Performance			
Total number of employees	person	4,688	4,877
Number of part-time employees	person	64	43
Number of new employees	person	1,143	1,773
Number of employees with disabilities	person	5	4
Number of employees of minority nationalities	person%	591	659
Employee turnover rate	%	4.56	5.88
Employee satisfaction	%	97.05	98.69
Protection of Women's Rights and Interests			
Proportion of female managers	%	24.17	23.81
Number of employees who took maternity leave	person	31	17
Return rate from maternity leave	%	90.32	100
Number of employees who took parental leave	person	115	166
Return rate from parental leave	%	100	100
Compensation and Benefits			
Social insurance coverage rate	%	100	100
Percentage of employees underwent regular performance and career development assessments	%	95	95
Training and Development			
Investment in employee training	RMB 10,000	48.85	54.38
Number of training sessions	session	452	499
Total number of employees trained	person	3,742	4,016
Total attendance	Person-time	8,005	8,654
Total training hours	hour	21,096	22,443
Average training hours per employee per year	hour/person	4.50	4.60

Performance Indicator	Unit	2023	2024
Occupational Health and Safety			
Number of work-related deaths	person	0	0
Number of safety emergency drills	session	35	53
Total hours of safety training	hour	1,802	8,263
Number of new cases of new occupational diseases	case	0	0
Research and Innovation			
R&D investment amount	RMB 10,000	20,353.17	20,511.37
Proportion of R&D investment to operating income	%	6.82	7.47
Number of R&D personnel	person	664	818
Customer Service			
Customer satisfaction	%	83.40	82.49
Information Security			
Number of relevant training sessions conducted	session	5	7
Number of incidents of information security and privacy protection violations during the Reporting Period	session	0	0
Supply Chain Management			
Total number of suppliers	entity	1,338	1,147
Number of incidents with significant risk and impact in the supply chain	case	0	0
Public Welfare			
Total public welfare input	RMB 10,000	38.88	10.94

Governance Performance

Performance Indicator	Unit	2023	2024
General Meeting of Stockholders			
Total number of General Meeting of Stockholders convened	meeting	5	2
Number of proposals deliberated	proposal	28	17
Board of Directors			
Number of members of the Board of Directors	person	9	9
Number of meetings of the Board of Directors convened	meeting	9	8
Number of proposals deliberated	proposal	62	52
Board of Supervisors			
Number of meetings of the Board of Supervisors convened	meeting	9	7
Number of proposals deliberated	proposal	40	36
Remuneration Policy			
Remuneration of directors, supervisors, and officers (including both current and departing)	RMB 10,000	1,128.62	1,199.50
Compliance and Business Ethics			
Number of legal training sessions conducted	meeting	5	5
Total hours of legal training conducted	hour	7.50	9.50
Number of participants in legal training	person	123	54
Number of individuals who signed the integrity commitment letter	person	451	3,646
Signing rate of integrity commitment letter	%	10	40.50
Number of corruption lawsuits filed and concluded	case	0	0

Indexes

Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 - Sustainability Report (for Trial Implementation) Topic Index Table

Dimension	S/N	Issues	Corresponding Section
Environmental	1	Response to Climate Change	Energy Saving and Carbon Reduction for Green Development
	2	Pollutant Emissions	Energy Saving and Carbon Reduction for Green Development
	3	Waste Disposal	Energy Saving and Carbon Reduction for Green Development
	4	Ecosystem and Biodiversity Protection	/ (The Company's production and operation activities have minimal impact on the ecosystem and biodiversity.)
	5	Environmental Compliance Management	Energy Saving and Carbon Reduction for Green Development
	6	Energy Utilization	Energy Saving and Carbon Reduction for Green Development
	7	Water resource utilization	Energy Saving and Carbon Reduction for Green Development
	8	Circular Economy	Energy Saving and Carbon Reduction for Green Development
Social	9	Rural Revitalization	Giving Back to Society, Advancing Public Welfare Together
	10	Contribution to Society	Giving Back to Society, Advancing Public Welfare Together
	11	Innovation-driven	Innovation for Quality, Responsibility First
	12	Technology Ethics	/ (the Company's business scope does not involve scientific research, technology development, or other activities sensitive to technology ethics, such as life sciences and artificial intelligence.)
	13	Supply Chain Security	Innovation for Quality, Responsibility First
	14	Equal Treatment of Small and Medium-Sized Enterprises	Innovation for Quality, Responsibility First
	15	Product and Service Safety and Quality Note: It includes two topics: product safety and quality, and customer rights protection.	Innovation for Quality, Responsibility First
	16	Data Security and Customer Privacy Protection	Innovation for Quality, Responsibility First
Sustainable Development Related Governance	17	Employees Note: It includes three topics: employee rights protection, employee training and development, and occupational health and safety	Working Together for Success
	18	Due Diligence	ESG Management
	19	Communications with Stakeholders	ESG Management
	20	Anti-commercial Bribery and Anti-corruption	Standardized Governance Bolstering Steady Development
Self-Determined Disclosure Topics	21	Anti-unfair Competition	Standardized Governance Bolstering Steady Development
	22	Low-carbon Products	Special Topic-Advancing Green and Intelligent Upgrades, Leading Development
	23	Protection of Shareholders' Rights and Interests	Standardized Governance Bolstering Steady Development
	24	Standardized corporate governance	Standardized Governance Bolstering Steady Development
	25	Tax Compliance	Standardized Governance Bolstering Steady Development
	26	Risk Management	Standardized Governance Bolstering Steady Development
	27	ESG Governance	ESG Management

2021 GRI Sustainability Reporting Standards ("GRI Standards") Topic Index Table

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About Solex	Company Profile	2-1
	Corporate Culture	2-1
	Business Layout	2-1
	Milestones in 2024	2-1
	Major Honors	2-1
	Membership in Industry Associations	2-1
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	Response to Sustainable Development Goals	2-22
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	Indexes	/
	Feedback Form	/



Feedback

Dear reader,

Thank you for reading this report! This is the 2024 Environmental, Social, and Governance (ESG) Report published by Solex. In order to continuously improve our ESG management work and enhance our ability to fulfill social responsibilities, we sincerely hope that you will evaluate this report and provide your valuable opinions.

1.Which of the following stakeholders is most relevant to you in relation to Solex?

Shareholder & Investor Customer Supplier Employee Social Organization Industry Partner Government Media

2.Your overall assessment of the report:

Excellent Good Average Below Average Poor

3.Your comments on the layout of this report:

Excellent Good Average Below Average Poor

4.How do you rate the information, data, and completeness disclosed in this report?

Very High High Average Low Very Low

5.What aspects of the report do you think need improvement?

Layout Length of Report Topic Coverage Publication Format/Media

6.What topics in the report are of most interest to you? (Multiple choices)

Corporate Governance Supply Chain Management Protection of Customers' Rights and Interests

Safety Production Environmental Protection Employee Care Social Welfare

Others

7.What other suggestions do you have for this report?

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Thank you again for your understanding and support of our work!