

CRYSTAL OPTECH



2024

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT



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Zhejiang Crystal-Optech Co., Ltd.

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About This Report

Introduction

This report is the first Environmental, Social and Governance Report released by Zhejiang Crystal-Optech Co., Ltd. Adhering to the principles of objectivity, standardization, transparency and comprehensiveness, the report details the management strategies, practices and performance of Zhejiang Crystal-Optech Co., Ltd. and its holding subsidiaries in the areas of environmental, social and corporate governance during 2024.

Reporting Scope

Reporting Period: The timeframe for the report is January 1, 2024 to December 31, 2024. In order to improve the comparability and completeness of the report, some of the statements and data are retrospective and extended as appropriate.
Scope of Organization: This report takes "Zhejiang Crystal-Optech Co., Ltd." as the main body, including its subordinate holding subsidiaries, unless otherwise specified, the scope of this report is consistent with the scope of the Company's annual report.

Release Cycle

This Environmental, Social and Governance Report is released on an annual basis.

Preparation Basis

- Guidelines No. 1 of the Shenzhen Stock Exchange for the Self-regulation of Listed Companies - Standard Operation of Companies Listed on the Main Board
- Guidelines No. 17 of the Shenzhen Stock Exchange for the Self-regulation of Listed Companies - Sustainability Report (Trial)
- Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards)
- China Enterprise Reform and Development Society Chinese Corporate Sustainable Development Report Guidelines (CASS-ESG6.0)
- Task Force on Climate-related Financial Disclosures (TCFD) Framework
- UN Sustainable Development Goals (SDGs)
- Sustainability Accounting Standards Board (SASB) Standards

Data Sources and Explanations

The financial data in this report are sourced from the 2024 Annual Report of Zhejiang Crystal-Optech Co., Ltd. , and other information and data are from the statistical summaries of the data of the relevant departments of the Company or public documents, and there are no false records, misleading statements or material omissions in the content of the report. Unless otherwise stated, the monetary amounts covered in this report are measured in RMB.

Definition

For the ease of expression and readability, the following terms are used in this report:

Term	Interpretation
Crystal-Optech, the Company or we/us	Zhejiang Crystal-Optech Co., Ltd.
Crystal-Optech Jiangxi	Crystal-Optech Jiangxi-Optech Co.,Ltd.
Jiangxi Jingchuang	Jiangxi Jingchuang Technology Co., Ltd.
T-Best Electronics	Zhejiang T.Best Electronic Information Technology Co., Ltd.
Crystal-Optech Linhai, New T.Best	New T.Best Optoelectronics Co., Ltd.
Yeshili	Yeshili New Materials Co., Ltd.
Yeshili Xianju	Yeshili New Materials (Xianju) Co., Ltd.
Crystal-Optech Hongkong	Crystal-Optech Technology (Hongkong) Co., Ltd.
Crystal-Optech American	Crystal-Optech technology (California) Co.,Ltd.
Crystal-Optech Japan	Crystal-Optech (Japan) Co., Ltd.
Crystal-Optech Vietnam	CRYSTAL-OPTECH VIETNAM CO., LTD
COTC	COTC HOLDING PRIVATE LIMITED
COTV	COTV HOLDING PRIVATE LIMITED
COT Vietnam	COT VIETNAM CO., LTD
Crystal Display	Zhejiang Crystal Display Technology Co.,Ltd.
Crystal-Run Opto	Zhejiang Crystal-Run Opto-Electronics Technology Co.,Ltd.
Crystal-Schott	Zhejiang Crystal-SCHOTT Optical Technology Co.,Ltd.
Lumus	Lumus Ltd.
OPTORUN Japan	OPTORUN Co.,Ltd.
OLPF	Optical Low Pass Filter
AR-HUD	Augmented Reality-Head Up Display

Access and Feedback

This report is published in both Chinese and English versions. When there is ambiguity or conflict between the two languages, the Chinese version shall prevail. You can check and download the report in electronic version from the official website of Shenzhen Stock Exchange (<http://www.szse.cn/>), CNINFO Information Network (<http://www.cninfo.com.cn/>), the official website of Zhejiang Crystal-Optech Co., Ltd. (<https://www.crystal-optech.com/>) and the Company's WeChat Official Account.

If you have any comments or suggestions on the report, please contact us by the following means:

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Message from the Chairman

Dear shareholders, investors, partners and friends from all walks of life:

Hello, everyone!

The year 2024, as a key point in the promotion of the 14th Five-Year Plan, is full of challenges and opportunities. In the complex and ever-changing global economic situation and increasingly severe environmental issues, Crystal-Optech has achieved remarkable results by adhering to the business policy of "Adjusting Structure and Optimizing Layout, Limiting Expenses and Reducing Risks, and Building Endogenous Competitiveness". At the same time, we have always adhered to the core concepts of "Excellent Governance, Green Development and Social Responsibility", deeply integrated ESG concepts into our corporate development strategy, and actively fulfilled our social responsibilities in the course of realizing our own high-quality development, contributing to the building of a harmonious society.

This year, we have been deeply cultivating excellence in governance and consolidating the foundation of development.

The Company continues to improve its governance structure, strengthen compliance risk management and internal control system, and continuously enhance its governance effectiveness. We have always put the interests of investors in the first place, standardized information disclosure, strengthened communication with stakeholders through diversified channels such as performance exchange meetings and Easy Interaction Q&A, and made every effort to shape an open, transparent and responsible corporate image.

This year, we have practiced green development and led low-carbon change. We are well aware that green development is the only way for sustainable development of enterprises. The Company continues to strengthen the management of water resources and promote technological upgrading to achieve efficient recycling of water resources; optimize the energy structure and vigorously promote the use of photovoltaic, green power and other clean energy; and actively participate in climate change action, and be committed to reducing carbon emissions, leading the industry towards a green and low-carbon future, and making a little contribution to the construction of a beautiful China.

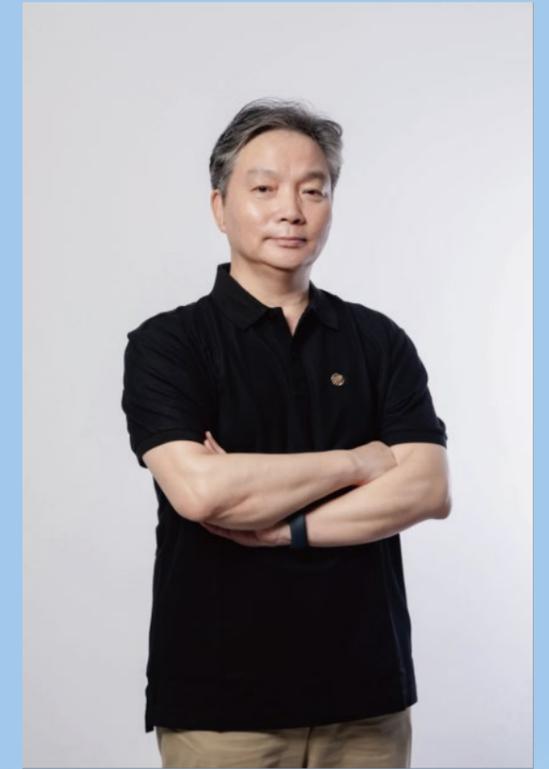
This year, we have taken social responsibilities bravely and written a new chapter in development. We keep up with the cutting-edge trends in the industry, continue to increase investment in research and development, build a perfect talent training and technological innovation system, and drive the enterprise development with scientific and technological innovation. We practice the concept of circular economy, improve the efficiency of material utilization, work together with suppliers to improve the whole life cycle management of products, and continuously improve the quality of products and services. We adhere to the people-oriented, create a harmonious workplace environment, effectively protect the rights and interests of employees, pay attention to employee growth, and build a broad platform for employees to realize their self-worth.

This year, we have been enthusiastic about public welfare and jointly painted a picture of love. We actively respond to the national strategy of rural revitalization, and help the development of the countryside through a variety of ways, such as consumer

assistance, education assistance, employment assistance, etc., in order to give back to the society through practical action.

Looking ahead to the future, we will continue to uphold the corporate mission of "Innovation makes optics more powerful, optics make the world a better place", unswervingly follow the path of sustainable development, continuously improve ESG governance level, and make unremitting efforts to realize high-quality development of the enterprise and create greater value for the society!

Finally, I would like to sincerely thank all shareholders, investors, partners and friends from all walks of life for their long-term concern and support for Crystal-Optech!



Lin Min, Chairman of Crystal-Optech



01

About Crystal-Optech

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- Company Profile
- Development Strategy
- Corporate Culture
- Honors
- Development History
- Performance in 2024

Company Profile

Zhejiang Crystal-Optech Co., Ltd. was established in August 2002, headquartered in Taizhou, Zhejiang, and listed on the Shenzhen Stock Exchange in September 2008 (Stock Abbreviation: Crystal-Optech; Stock Code: 002273).

The Company specializes in R&D, production and sales of products related to optical imaging, thin film optical panels, automotive electronics (AR+), reflective materials and other fields, and its products are widely used in consumer electronics, automotive optics, AR/VR, etc. For more than two decades, the Company has adhered to the innovative development in the optical industry, committed to becoming a globally outstanding one-stop optical solution expert. Under the guidance of the three strategic principles of "Globalization, Technology-based, and Open Cooperation", Crystal-Optech has established comprehensive, in-depth, and stable cooperative relationships with domestic and foreign end customers, and has strong comprehensive competitive advantages in fields such as thin film optics, semiconductor optics, and precision manufacturing. At present, the Company has built six production bases with a land area of nearly 1,000 mu, which are located in Taizhou, Zhejiang Province (Binhai, Cluster Area, Linhai), Yingtan, Jiangxi Province, Dongguan, Guangdong Province and Vietnam.

Development Strategy

● Globalization

Markets: Seven subsidiaries and offices covering Greater China, Pan-Asia Pacific, and European and American markets

Production: Six production bases at home and abroad, providing services for international and domestic customers

R&D: Building an international R&D cooperation system with the platform of overseas subsidiaries

● Technology-based

In 2017, the Central Research Institute was established, accumulating optical thin film design technology, semiconductor optical technology, precision optical processing technology, automated intelligent technology, hardware structure design technology, optical system design technology, system testing technology, measurement and analysis technology, and providing customers with one-stop optical solution service through the construction of technology platforms

● Open Cooperation

Maintain close technical and business cooperation with the upstream and downstream industry chain

企业文化

● Mission

Innovation makes optics more powerful
Optics make the world a better place

● Vision

Becoming a globally outstanding one-stop optical solution expert

● Core Values

Learning, growth, gratitude, and sharing

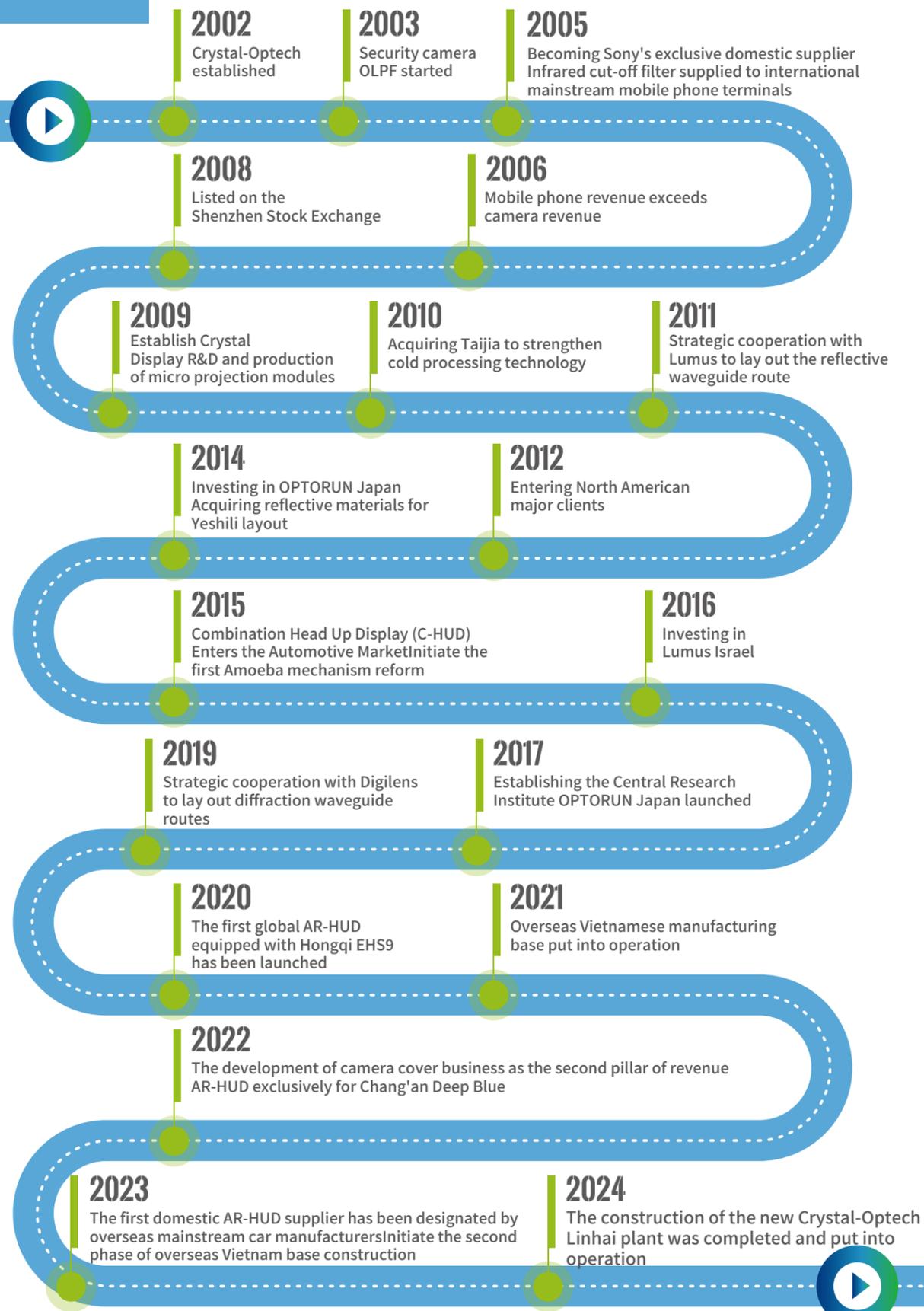
● Business Philosophy

Being a noble person and doing excellent things

Honors

Awarding Time	Honor Winner	Award Name	Awarder	Award Picture
December 2024	Crystal-Optech	Zhejiang Eagle Enterprise	Economy and Information Technology Department of Zhejiang	
December 2024	Crystal-Optech	2024 Taizhou Municipal Water-saving Enterprise	Economy and Information Technology Department of Zhejiang	
December 2024	Crystal-Optech	High-tech Enterprises	Economy and Information Technology Department of Zhejiang	
February 2024	Crystal-Optech	Major Technical Innovation Award in 2023	CPC Taizhou Jiaojiang District Committee, Taizhou Jiaojiang District People's Government	
December 2023	Crystal-Optech	2023 Taizhou Municipal Water-saving Enterprise	Economy and Information Technology Department of Zhejiang, Taizhou Water Resources Bureau, Taizhou Comprehensive Administrative Law Enforcement Bureau	
December 2023	Crystal-Optech	National Advantageous Intellectual Property Enterprise	Application Promotion Department of China National Intellectual Property Administration	
December 2020	Crystal-Optech	Manufacturing Single Champion Demonstration Enterprises	Ministry of Industry and Information Technology of the People's Republic of China	
December 2019	Crystal-Optech	Zhejiang Hidden Champion Enterprise	Economy and Information Technology Department of Zhejiang	

Development History



Performance in 2024



Operating Income	62.78 RMB 100 million
Net Profit Attributable to Shareholders of the Listed Company	10.30 RMB 100 million
Total Assets	116.80 RMB 100 million



Environmental Investment	302.17 RMB10,000
Rectification Rate of Environmental Hazards	100 %
Number of Environmental Training Sessions	7 /
Pollutant Monitoring Compliance rate	100 %
Hazardous Waste Recycling Rate	23 %
Proportion of Recycled Water in Total Water Consumption	48 %
Other Clean Energy Usage	157,281,000.00 kWh
Scope 1 Greenhouse Gas Emissions	365.94 tCO ₂ e
Scope 2 Greenhouse Gas Emissions	22,506.09 tCO ₂ e
Total Greenhouse Gas Emissions (Scope 1 and Scope 2)	22,872.03 tCO ₂ e
Greenhouse Gas Emission Intensity	0.049 tCO ₂ e/10,000 yuan (value of production)
Reduction of GHG Emissions	15,558.35 tCO ₂ e



Percentage of Female Directors	16.67 %
Percentage of Independent Directors	33.33 %
Number of Anti-corruption Training Sessions	7 /
Easy Interaction Response Rate	100 %
Total Cash Dividend	41,261.99 RMB10,000



R&D Investments	40,779.48 RMB10,000
Cumulative Number of Authorized Patents	525 Item
Product Yield	88.75 %
Customer Satisfaction	89.50 %
Investment in Safety Education and Training	59.70 RMB10,000
Total Hours of Employee Training	32,899.89 Hour
Total Investment in Rural Revitalization	11.00 RMB10,000
Total Investment in Social Welfare	16.80 RMB10,000

02

ESG Management

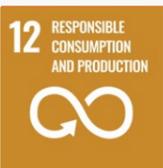
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- ESG Goal and Vision
- ESG Governance
- Communication with Stakeholders
- Management of Material Topics

ESG Goal and Vision

Crystal-Optech takes ESG concept as an important part of the Company's development strategy, focusing on corporate governance, green manufacturing, social responsibility and other areas, grasping the opportunities for sustainable development in the new era, striving to achieve the United Nations Sustainable Development Goals (SDGs), and leading the Company towards a higher quality and more sustainable development path.

Focus Areas	Corresponding Title Below	Action of Crystal-Optech in 2024	SDGs
Corporate Governance	Excellence in Governance, Building the Cornerstone of Development	The Company continuously improves its governance structure, strengthens compliance risk management and internal control, and builds the cornerstone of the Company's development. At the same time, the Company standardizes information disclosure behavior, protects the legitimate rights and interests of investors, and strengthens communication with stakeholders through various activities such as performance exchange meetings and Easy Interaction Q&A.	
Green Manufacturing	Green Leadership, Co-Creating a Low-Carbon Future	The Company strengthens water resource management, enhances the water-saving awareness, and promotes the recycling of water resources with technological upgrading; optimizes the structure of energy utilization, and promotes the use of clean energy such as photovoltaics and green power; and actively participates in coping with the governance of climate change, reduces carbon emissions, and leads the industry in low-carbon transformation.	  
Social Responsibilities	Value Co-creation, Writing a New Chapter of Development	The Company keeps up with the industry's cutting-edge continuous technological innovation, builds a perfect supporting mechanism for talents and technological innovation system; practices the concept of recycling economy, improves the efficiency of material utilization; maintains long-term and stable cooperative relationship with suppliers, improves the whole life cycle management process of products, and promotes the improvement and optimization of the quality of products and services.	  

Focus Areas	Corresponding Title Below	Action of Crystal-Optech in 2024	SDGs
Social Responsibilities	People-oriented, Building a Harmonious Workplace	The Company establishes a perfect safety production management system to guarantee the safety of employees; relies on the Crystal Business School and employee training programs to accelerate the construction of the talent team; formulates the <i>Labor Protection Management Procedures for Female Employees</i> to safeguard the legitimate rights and interests of female employees; recruits talents through various channels such as social recruitment, campus recruitment, online recruitment, etc., and at the same time recruits veterans and people with disabilities; establishes a fair and reasonable salary management system and a scientific performance appraisal mechanism; respects the cultural differences and customs of different nationalities, races and religions, and rejects any form of forced labor to build a harmonious workplace.	    
	Walk Hand in Hand in Public Welfare and Jointly Paint a Scroll of Love	The Company actively responds to the national rural revitalization strategy and promotes local development through consumption assistance, education assistance and employment assistance.	



ESG Governance

Governance Framework

In order to standardize the Company's ESG management and ensure the effective operation of the ESG management system, Crystal-Optech has formulated the *Environmental, Social and Governance (ESG) Working Rules*, built an ESG governance framework consisting of the Board of Directors, the Strategy and Sustainability Committee, and the ESG Joint Working Group, and fully considered ESG-related impacts, risks and opportunities in the process of strategy implementation, risk management and major decision-making, and has comprehensively enhanced the Company's ability to fulfill ESG responsibilities.

Crystal-Optech's ESG Governance Framework and Responsibilities			
Level	Governance subject	Components	Responsibilities
Decision-making Level	Board of Directors	Board members	Responsible for overseeing and approving ESG strategies and policies to ensure alignment with the Company's long-term development objectives.
	Strategy and Sustainability Committee		Responsible for developing ESG strategy, overseeing ESG performance and major decisions; identifying and monitoring ESG-related risks and opportunities and guiding management to take appropriate countermeasures.
Managerial Level	ESG Joint Working Group	The Company's general manager, each ESG matter related functional department, ESG contact person of subsidiaries	Responsible for developing and implementing ESG policies, strategies and objectives, managing risks and improving systems, and supervising the implementation of practices to fully promote the Company's ESG work.
Executive Level			

ESG Training

Case Toward a new chapter of sustainable development, Crystal-Optech held an ESG kickoff meeting

On June 27, 2024, Crystal-Optech held an ESG kickoff meeting. The Company has hired external experts to provide training for the management team and ESG joint working group, covering cutting-edge environmental protection strategies, social responsibility implementation, and optimization and improvement of corporate governance. This enables personnel at all levels to clearly grasp the close relationship between ESG and daily operations of the enterprise, and comprehensively enhance their profound understanding of the connotation of ESG.



ESG Training Site

Communication with Stakeholders

Crystal-Optech emphasizes the communication and exchange with its stakeholders. The Company has established a diversified communication platform to obtain the demands, expectations and constructive opinions of all stakeholders in a broad and in-depth manner, and has fully considered and responded to them positively in an effort to create greater comprehensive value of sustainable development for the stakeholders and to realize mutual benefits and win-win situation between the Company and the stakeholders.

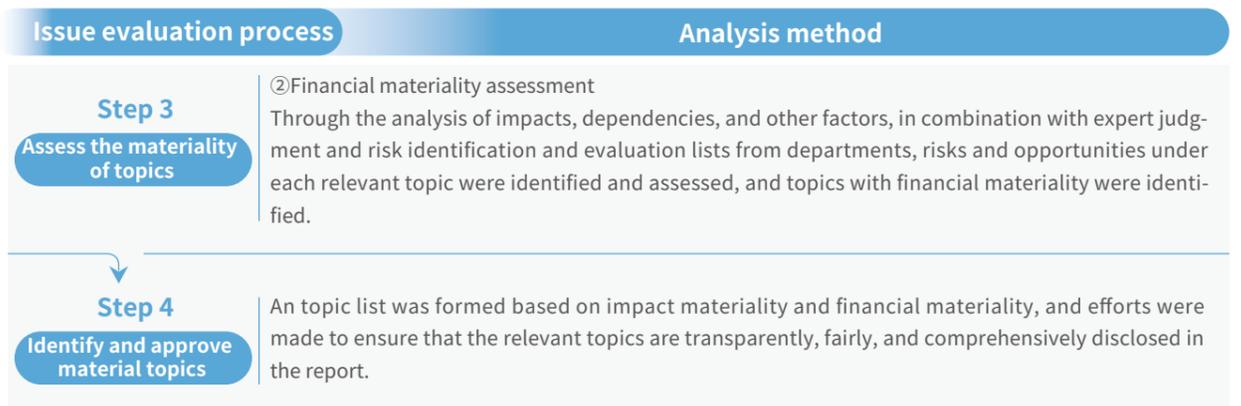
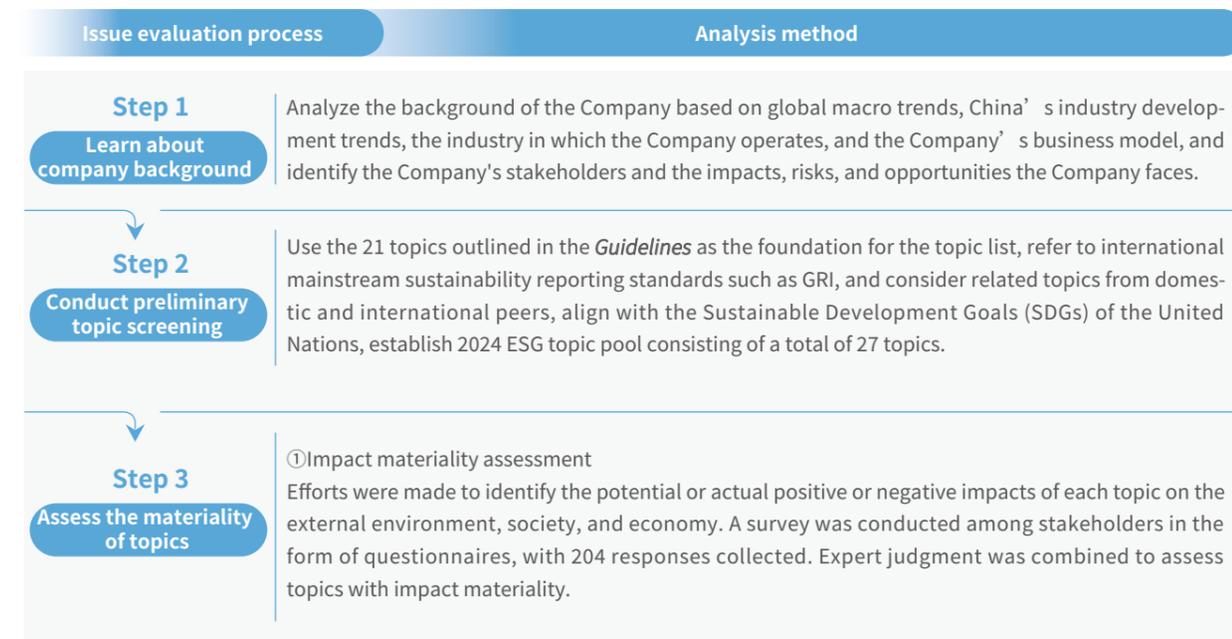
Stakeholders	Expectations and Requirements	Our Responses
 Government and Regulatory Authorities	Regulating Corporate Governance Compliance and Risk Management Tax Compliance Anti-bribery and Anti-corruption	Regulating corporate governance Conducting internal audits Tax risk management Practicing business ethics
 Shareholders and Investors	Protection of Shareholder Equity Anti-bribery and Anti-corruption Stakeholder Communication	Enhancing information disclosure Investor relationship management Protecting the legitimate rights and interests of small and medium-sized shareholders
 Employees	Occupational Health and Production Safety Employee Training and Development Protecting the Legitimate Rights and Interests of Employees	Occupational disease hazard factor detection and protection Protection of employees' rights and interests Salary and benefit system Staff training management Employee development access Strengthening democratic management and employee care
 Customers	Data Security and Privacy Protection Product and Service Safety and Quality	Customer privacy protection Controlling product quality and safety Protecting the rights and interests of customers
 Suppliers	Supply Chain Security	Building a responsible supply chain Conducting supplier safety training Conflict minerals management
 Guild/Association	R&D and Innovation	Carrying out school-enterprise cooperation Building innovation platforms

Stakeholders	Expectations and Requirements	Our Responses
 Environmental	Addressing Climate Change Environmental Compliance Management Pollutant Emissions Waste Disposal Energy Utilization	Greenhouse gas emission management Helping to save energy and reduce emissions Environmental compliance management Pollution compliance emissions Improving resource utilization efficiency Implementing green office
 Communities	Rural Revitalization Social Contribution	Helping to revitalize rural areas Participating in public welfare and charity activities

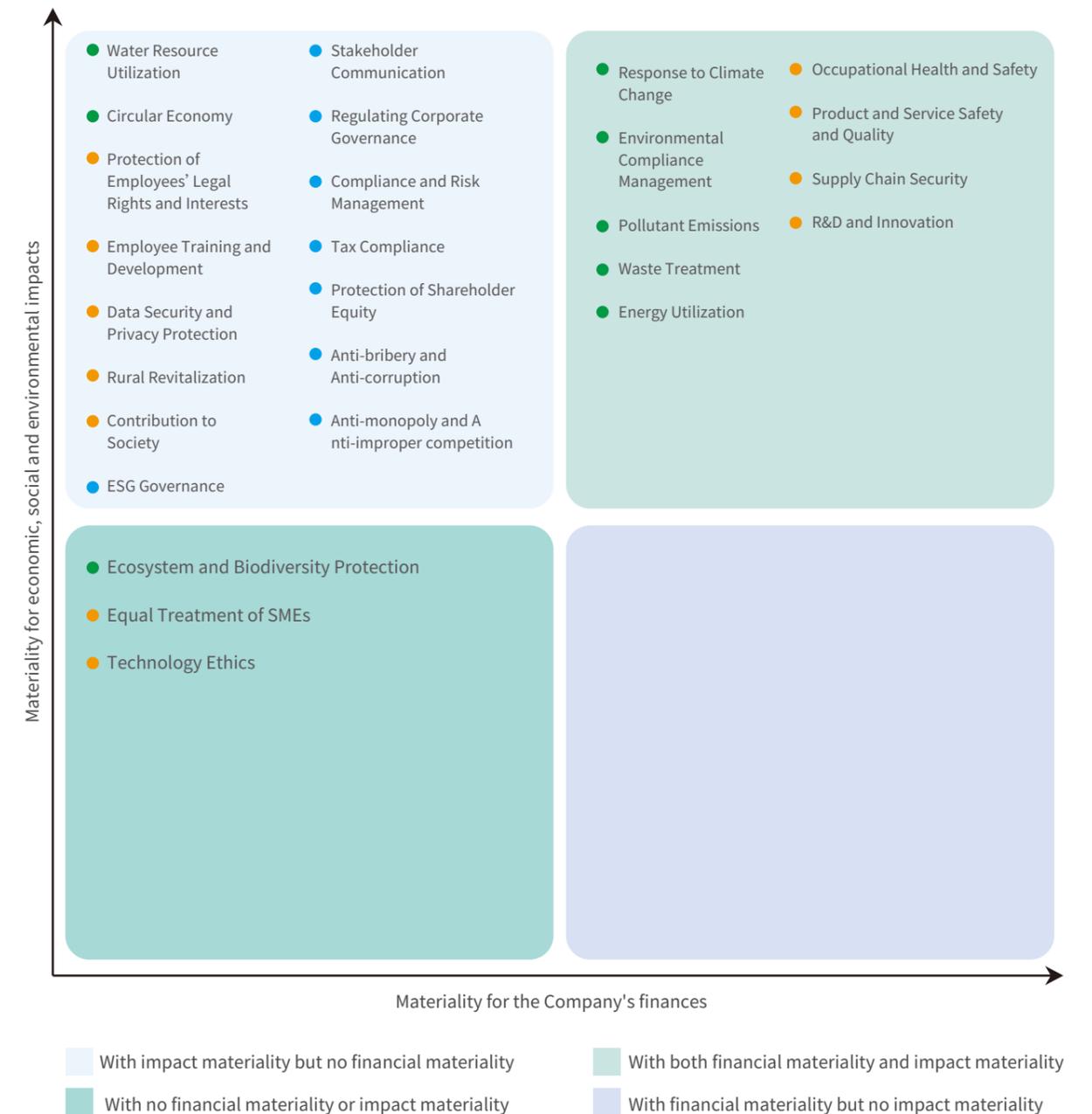
Management of Material Topics

Assessment Process and Methods

With reference to the *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 17 - Sustainable Development Reports (For Trial Implementation)* (hereinafter referred to as the “the Guidelines”), and based on the characteristics of the industry and the business realities of the Company, we conducted a comprehensive assessment of the Company’s performance on various relevant topics to see whether they will have a material impact (i.e., impact materiality) on the economic, social, and environmental aspects. We also evaluated whether each topic will have a material effect (i.e., financial materiality) on the business model, operations, development strategy, financial situation, cash flow, financing methods and costs, value chain of the Company. Through such materiality assessment, and with reference to the relevant requirements of the international mainstream sustainability reporting standards, the Company conducted the materiality assessment of the topics in the topic pool, The specific implementation steps are as follows:



Identification Results of Material Topics



Dimension	Topics	Materiality
E	Response to Climate Change	Dual Materiality
	Environmental Compliance Management	Dual Materiality
	Pollutant Emissions	Dual Materiality
	Waste Treatment	Dual Materiality
	Energy Utilization	Dual Materiality
	Water Resources Utilization	Impact Materiality
	Circular Economy	Impact Materiality
	Ecosystem and Biodiversity Protection	Neither Financial Materiality nor Impact Materiality
S	Protection of Employees' Legal Rights and Interests	Impact Materiality
	Employee Training and Development	Impact Materiality
	Occupational Health and Safety	Dual Materiality
	Data Security and Privacy Protection	Impact Materiality
	Product and Service Safety and Quality	Dual Materiality
	Supply Chain Security	Dual Materiality
	Rural Revitalization	Impact Materiality
	Contribution to Society	Impact Materiality
	R&D and Innovation	Dual Materiality
	Equal Treatment of SMEs	Neither Financial Materiality nor Impact Materiality
	Technology Ethics	Neither Financial Materiality nor Impact Materiality
	G	ESG Governance
Stakeholder Communication		Impact Materiality
Regulating Corporate Governance		Impact Materiality
Compliance and Risk Management		Impact Materiality
Tax Compliance		Impact Materiality
Protection of Shareholder Equity		Impact Materiality
Anti-bribery and Anti-corruption		Impact Materiality
Anti-monopoly and Anti-improper Competition		Impact Materiality



03

Excellence in Governance, Building the Cornerstone of Development

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Standardize Corporate Governance
Protecting Investors' Rights and Interests
Practicing Business Ethics

Our Philosophy

Crystal-Optech adheres to high-quality development, establishes an internal governance system with clear powers and responsibilities, and effectively prevents and controls risks. At the same time, the Company attaches importance to investor relations management, adheres to integrity management, abides by business ethics, and safeguards the Company's high-quality development.

Our Actions

Standardize corporate governance, strengthen internal control, protect investors' rights and interests, and practice business ethics

Responsive SDGs

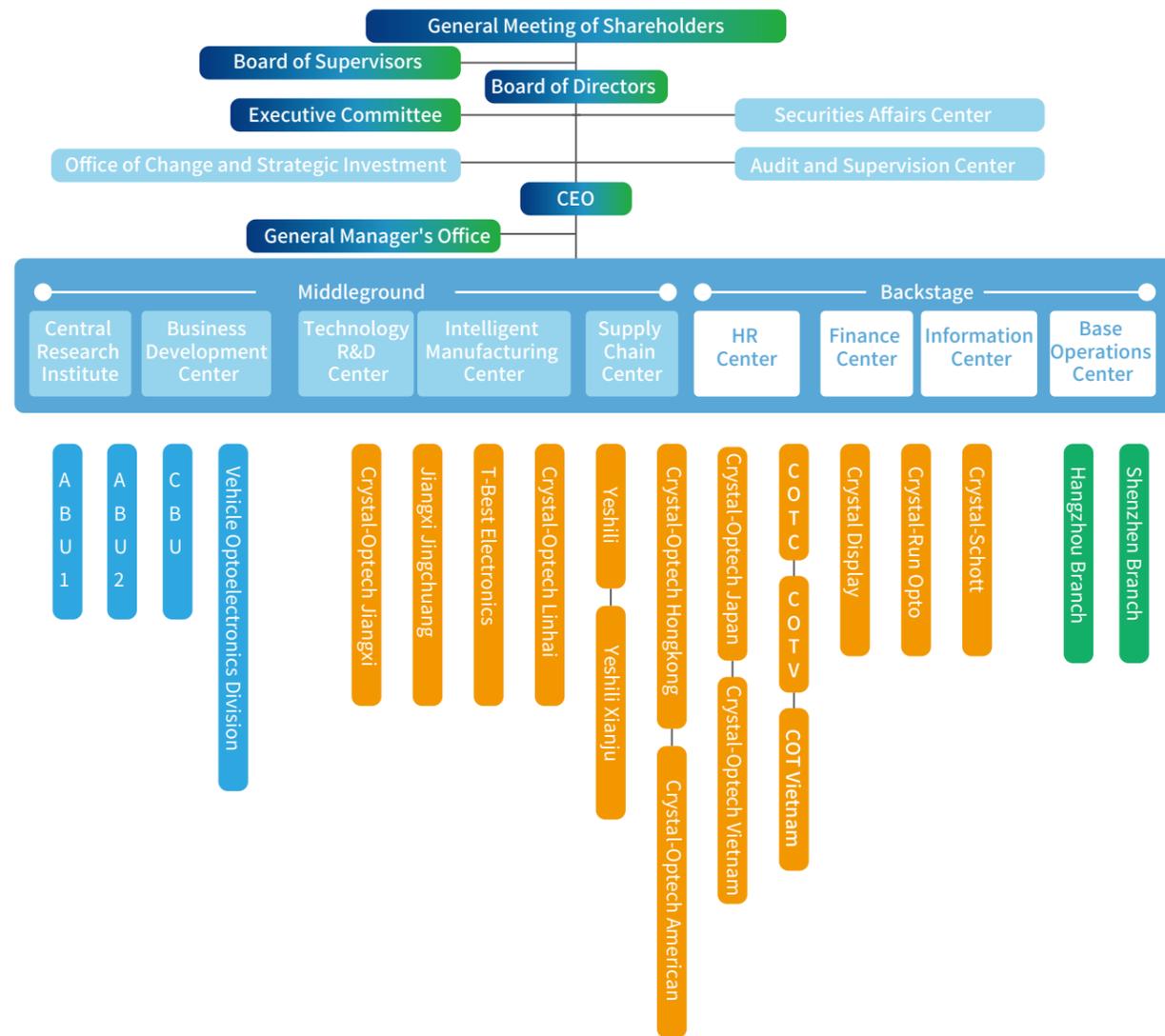


Standardize Corporate Governance

Good corporate governance is the foundation and guarantee of high-quality enterprise development. Crystal-Optech adheres to the principle of compliance with the law, constantly optimizes the information disclosure mechanism, strengthens the communication and exchange with investors, and strives to build a harmonious investor relations. At the same time, the Company further deepens its internal governance, improves its management effectiveness, and transforms its governance advantages into a powerful driving force to promote the high-quality development of the enterprise.

Governance Framework

Crystal-Optech strictly follows the requirements of the *Company Law of the People's Republic of China* (hereinafter referred to as the *Company Law*), the *Securities Law of the People's Republic of China* (hereinafter referred to as the *Securities Law*), the *Listing Rules of Shenzhen Stock Exchange* and other relevant laws and regulations. Crystal-Optech has formulated the *Articles of Association of Zhejiang Crystal-Optech Co., Ltd.* (hereinafter referred to as the *Articles of Association*), forming a corporate governance structure consisting of the General Meeting of Shareholders, the Board of directors, the Board of Supervisors and the Senior Management, which ensures the Company's compliant operation and effective operation.



Organizational Chart of Crystal-Optech

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

General Meeting of Shareholders

The General Meeting of Shareholders is the highest authority of the Company. Crystal-Optech strictly follows the requirements of the *Articles of Association*, the *Rules of Procedure for General Meetings of Shareholders* and other rules and regulations. The notification, convocation, convening method, proceedings and voting method of the shareholders' meeting are all in compliance with the regulations, which fully guarantees the right of all shareholders to be informed of, participate in and make decisions on important matters. The General Meeting of Shareholders is conducted by a combination of on-site voting and online voting to facilitate the exercise of shareholders' rights.

Key Performance:

During the reporting period, the Company held a total of **3** meetings of the General Meeting of Shareholders, **1** meeting of the annual General Meeting of Shareholders and **2** meetings of the extraordinary General Meeting of Shareholders, at which **15** proposals were reviewed and approved.

Board of Directors

The Board of Directors is the decision-making body of the Company, elected by the General Meeting of Shareholders, and is responsible for the formulation and execution of the Company's day-to-day business decisions. The Company regulates the deliberation and decision-making procedures of the Board of Directors in accordance with the provisions of the *Articles of Association* and the *Rules of Procedure of the Board of Directors* to ensure the timeliness and effectiveness of the board's decisions. The Board of Directors of the Company has set up four specialized committees, namely the Strategy and Sustainable Development Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Audit Committee, each of which gives full play to its professional functions and performs its duties and responsibilities in accordance with the working rules to provide professional advice and support for the decisions of the Board of Directors, and to safeguard the rights and interests of shareholders and creditors effectively. During the reporting period, the Company won the "Golden Secretary Award" at the "2024 China Listing Forum", which not only recognized the professional ability and outstanding performance of office team of its Board of Directors, but also acknowledged the Company's overall governance level and high-quality development path.

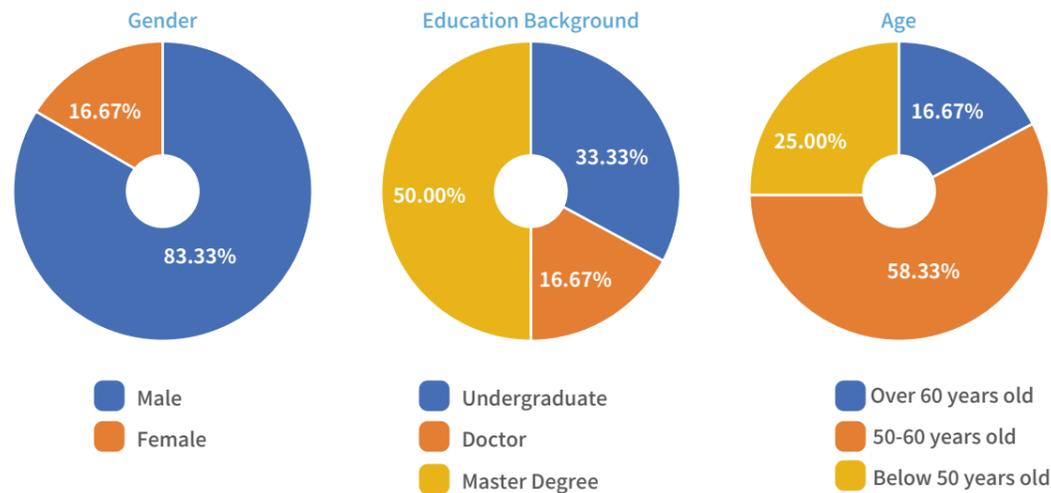


Trophy of "Golden Secretary Award"

Diversity

Crystal-Optech attaches importance to the diversified construction of the Board of Directors and continues to optimize the composition of the Board of Directors, fully considering factors such as gender, age, race, culture, educational background, skill knowledge, professional experience, etc., to ensure that it brings a diversified perspective to the Company's strategic decisions. The Board of Directors of the Company consists of 12 directors, each with complementary specialties covering a wide range of fields such as business management, economics, finance, financial accounting, auditing, legal compliance, electronics, etc., thus providing good protection for the Company's decision-making.





Diversity of Board Members

Independence

The Company has formulated the *Working System of Independent Directors* and other systems to clarify the responsibilities of independent directors and the way of performing their duties, to continuously improve the efficiency of independent directors in performing their duties. During the reporting period, the Company further established and improved the working mechanism of the special meeting of independent directors to improve the performance efficiency of independent directors and ensure their independence and professionalism in the decision-making process. The independent directors of the Company maintain full independence in their work, actively participate in relevant meetings, carefully consider the proposals, and effectively safeguard the rights and interests of the Company and all shareholders. During the reporting period, the Company had 4 independent directors, accounting for 33.33%.

Key Performance:

During the reporting period, the Company held **10** board meetings and passed **36** board resolutions;
 The special meeting of independent directors held **3** meetings and reviewed **3** proposals;
 The Strategy and Sustainable Development Committee held **1** meeting and reviewed **1** proposal;
 The Nomination Committee held **2** meetings and reviewed **2** proposals;
 The Audit Committee held **4** meetings and reviewed **18** proposals;
 The Remuneration and Appraisal Committee held **3** meetings and reviewed **5** proposals.

Board of Supervisors

The Board of Supervisors is the supervisory body of the Company, responsible for supervising the decisions and business activities of the Board of Directors and senior management. The Board of Supervisors carries out its work in strict accordance with the requirements of the *Articles of Association*, the *Rules of Procedure of the Board of Supervisors* and other provisions to ensure that it performs its supervisory functions in a fair, just and effective manner, and safeguards the rights and interests of the shareholders, the Company and the employees. During the reporting period, the Board of Supervisors of the Company consisted of three supervisors, including 2 shareholder representative supervisors and 1 employee representative supervisor. The number and composition of supervisors were in compliance with the requirements of laws and regulations.

Key Performance:

During the reporting period, the Company held **5** meetings of the Board of Supervisors and reviewed **15** proposals.

Remuneration Management for Directors, Supervisors and Senior Management

Remuneration Plan for Directors, Supervisors and Senior Management

In order to establish and improve the scientific and effective incentive and constraint mechanism, effectively mobilize and give full play to the enthusiasm and creativity of the directors within the Company, further enhance the Company's operation and management level and core competitiveness, and ensure the realization of the Company's strategies and medium- and long-term goals, Crystal-Optech has formulated the Directors' Compensation Program for FY2024 in accordance with the *Company Law*, the *Articles of Association*, and the *Rules of Procedure of the Remuneration and Appraisal Committee of the Board of Directors*. The internal directors of the Company are subject to an annual salary system based on structural salary, which consists of three components: basic salary, performance salary and efficiency incentives. The remuneration of independent directors is determined, based on the allowance scheme considered and approved by the Board of Directors and the General Meeting of Shareholders; the internal supervisors of the Company are subject to an annual salary system based on structural salary, which consists of three components: basic salary, performance salary and efficiency incentives, and the additional allowance plan is reviewed and determined by the Board of Supervisors and the General Meeting of Shareholders.

Transparency of Board Remuneration

The Remuneration and Appraisal Committee has been established under the Board of Directors of the Company, which is responsible for formulating the remuneration system and remuneration standards for non-independent directors and senior management, and making reference to the industry standards and market levels to ensure the fairness and reasonableness of the remuneration plans. The remuneration plans of directors and senior management are submitted to the Board of Directors for consideration and approval, of which the remuneration plans of directors, after being submitted to the Board of Directors for consideration and approval, are required to be submitted to the General Meeting of Shareholders for consideration and approval. In order to ensure the openness and transparency of the directors' remuneration plans, the Company discloses the announcement of the directors' remuneration plans to shareholders and the public in a timely manner. In addition, the Company also discloses the detailed information on the remuneration of directors, supervisors and senior management in the annual report, so as to facilitate shareholders' and the public's understanding and monitoring.

Compliance Construction

Internal Control

Crystal-Optech has formulated the *Internal Audit System* in accordance with the requirements of the *Basic Standard for Enterprise Internal Control*, the *Guidelines for the Governance of Listed Companies* and other relevant laws and regulations, to establish a sound internal audit system and to safeguard the healthy development of the business activities of the enterprise. The Company has established the Audit Committee of the Board of Directors and the Audit Department to inspect and supervise the establishment and implementation of the Company's internal control system and the authenticity and integrity of the Company's financial information. During the reporting period, the Company carried out a total of 21 audit projects, with a 71% correction rate of audit issues.

The Company continuously strengthens the construction of internal control and takes the effectiveness of internal control as an effective guarantee and support for its operation, and continuously promotes the construction of internal control in five aspects: internal environment, risk assessment, control activities, information and communication, and internal supervision. The Company evaluates the effectiveness of internal control annually and discloses the internal control self-evaluation report truthfully.

Tax Risk Management

Crystal-Optech strictly follows the *Law of the PRC on the Administration of Tax Collection*, *Provisional Regulations of the People's Republic of China on Value-Added Tax*, *Enterprise Income Tax Law of the People's Republic of China* and other relevant national laws, regulations and policies. Crystal-Optech has formulated the *Financial Management System*, continuously improving the tax management system, actively fulfilling the tax obligations and publicly disclosing the relevant tax situation, effectively reducing tax risks and improving the Company's tax management level.

● Prevention of Related Party Transactions

In order to further standardize the management of the Company's related party transactions, Crystal-Optech has formulated the *Measures for Related Party Transactions* to clarify the decision-making procedures and management responsibilities and division of labor for related party transactions, to safeguard the lawful interests of the Company, the Company's shareholders and creditors, in particular the small and medium-sized investors, and to ensure that the contracts for related party transactions entered into by the Company and its related parties are in line with the principles of fairness, impartiality and openness.

Protecting Investors' Rights and Interests

● Information Disclosure

In order to further standardize the Company's information disclosure behavior, improve the quality and transparency of information disclosure, and enhance the truthfulness, accuracy, completeness and timeliness of information disclosure, Crystal-Optech has formulated the *Rules for the Implementation of Information Disclosure Management System*, *Information Disclosure System for Accountability for Material Errors*, *Internal Reporting System for Material Information* and other systems to establish an effective information disclosure management mechanism, to clarify the manner, frequency and standard of information disclosure, etc., and to actively safeguard the lawful rights and interests of the investors and other stakeholders.

Key Performance:

During the reporting period, the Company disclosed **4** regular reports and **82** interim announcements.

● Investor Relationship Management

The Company strengthens its interaction and communication with investors through various forms such as receiving investors online and offline, holding online performance briefings, setting up investor hotlines, and actively participating in strategy meetings. The Company's management attaches importance to investor relations, and has participated in investor relations activities many times, interacting with investors online and offline in an intimate manner. The attendance rate of the Company's core executives at the performance presentation meeting was 100%. In order to communicate with investors from multiple angles and channels and convey the Company's voice, the Company took the initiative to publish the "Reading the Company's Regular Reports in One Picture" series, the "Digital Human Interpretation" series, and the "Investor Q&A Selection" on the official public account. Among them, for the "Digital Human Interpretation" series, the Company innovatively introduced the new quality productivity of the digital humans, producing the chairman's digital human video, explaining the key data of the periodic report for the majority of investors, interpreting the driving factors behind the performance, and increasing the interest through the dynamic video. In these aspects, better results were achieved. In order to better serve the majority of investors, in 2024, Crystal-Optech officially launched the "Investor Relations" section on the Company's official public account, including "Share Price Inquiry", "Financial Overview", "Investor Calendar" and other functions, and introduced the AI digital human reply function, combining AI tools with investor relations, interpreting the PPT content of the Company's performance briefing in an innovative way, allowing investors to interact with the Company in a faster and more efficient manner, and providing investors with more ways and channels to understand the Company's operating conditions. In 2024, the Company won the "Best Institutional Coverage Award" in the "2024 Listed Company Awards - Annual Investment Data List" organized by Comein Finance, which is based on multi-dimensional data. Obtaining this award is proof that the Company's efforts made in relations with investors are recognized by the market.



Investor Reception Day Event



Online Performance Briefing



Crystal-Optech "Investor Relations" Section



Crystal-Optech "Digital Human Interpretation" Series Section



Medal for "Best Institutional Coverage" Award

Key Performance:

- During the reporting period, the Company effectively responded to **127** investor questions through Easy Interaction, with a response rate of **100%**;
- Took the initiative to disclose **13** records of investor relations activities;
- Organized **4** online regular report performance briefings;
- Took the initiative to publish **4** "Reading the Company's Regular Reports and Performance Previews in One Picture";
- Held **1** "investor open exchange" meeting;
- Hosted **2** "Investors into Listed Companies Activity".

● Protection of Shareholder Equity

Crystal-Optech is committed to protecting the legitimate rights and interests of small and medium-sized shareholders and operates in accordance with the profit distribution policy and share repurchase provisions in the *Articles of Association*. The Company's profit distribution policy maintains continuity and stability while taking into account the long-term interests of the Company, the overall interests of all shareholders and the sustainable development of the Company.

Cash Dividend Distributed by the Company in the Past Three Years				
Indicator	Unit	2022	2023	2024
Cash dividend per share	RMB	0.2	0.3	0.3
Total cash dividend	RMB10,000	27,636.85	41,239.49	41,261.99
Percentage of net profit attributable to shareholders of the listed company in consolidated financial statements	%	47.97	68.70	40.07

Practicing Business Ethics

● Anti-corruption Construction

Integrity Management System

Crystal-Optech strictly abides by the relevant laws and regulations on anti-corruption and anti-bribery, and has formulated the *Control Procedures for Anti-Corruption, Commercial Bribery and Misappropriation of Public Funds* and other systems to regulate and manage the business behaviors of its employees. The Company's audit department is responsible for receiving and handling reports and complaints regarding corruption, extortion and misappropriation of public funds. The Audit Committee is responsible for approving the results of the audit department.

In order to implement the relevant provisions of the Company's integrity and self-discipline, and enhance the sense of integrity and self-discipline, the Company requires employees to sign a *Letter of Commitment on Integrity and Self-Discipline*, consciously resist commercial bribery, and not use their powers and work convenience to seek undue advantage or damage the interests of the enterprise, thus protecting the Company's healthy, sustainable and rapid development.

Key Performance:

During the reporting period, the signing rate of the Company's *Letter of Commitment on Integrity and Self-Discipline* was **100%** (for personnel above P4, the number of people who should sign was **510**, and the actual number of people who signed was 510).

Business Ethics Audit

From time to time, the Company conducts audits related to business ethics, focusing on the performance of its subsidiaries, supply chain, and manufacturing in terms of business ethics, and reports the results of the audits and corrective measures to the Board of Directors and management. The Company summarizes the problems identified and discloses them to all employees through meetings, internal corporate platforms and other channels, thus increasing the transparency of problem handling. At the same time, the Company regularly organizes and carries out re-inspection and revision of system documents such as *Ten Articles of Self-Discipline for Cadres, Integrity and Honesty Agreement and Employee Handbook* that have been issued, so as to continuously improve the internal management system and enhance the level of business ethics.

Creating an Integrity Atmosphere

"Anti-corruption" is the escort of Crystal's steady progress, and "integrity and self-discipline" is the cornerstone of Crystal's foundation industry success. In order to create "Sunshine Crystal", the Company regularly carries out anti-corruption training, strengthens staff education, establishes a culture of integrity, ensures that the Company is clean and upright, and builds a defense line of integrity. At the same time, the Company actively carries out anti-corruption publicity and publishes relevant tweets on the official account to continuously improve employees' awareness of anti-corruption.

Case

Publicity and Education Event on the Theme of "Combating Economic Crime and Optimizing the Business Environment"

In November 2024, Crystal-Optech joined hands with the Economic Investigation Brigade of Jiaojiang Public Security Bureau to carry out the publicity and education event on the theme of "Fighting Economic Crimes Together and Maintaining a Fair and Transparent Business Environment". At the event, the Economic Investigation Brigade of Jiaojiang Public Security Bureau took actual cases as a vehicle to introduce common economic crimes of private enterprises and emphasized the importance of police-enterprise cooperation in maintaining a fair and transparent business environment.



Publicity and Education Event on the Theme of "Combating Economic Crime and Optimizing the Business Environment"

Key Performance:

During the reporting period, the Company conducted **7** anti-corruption training sessions with **6,480** participants.

Whistleblower Protection

Crystal-Optech encourages all employees, partners, and any other informed individuals to report any corrupt practices or provide relevant evidences as witnesses in corruption investigations. The Company offers corresponding rewards based on investigation results and enforces a strict policy of confidentiality for whistleblower information. The Company has published reporting channels on its official website and official account, and whistleblowers can contact investigators via an anonymous email or phone to provide relevant clues.

Reporting email address: sjb@crystal-optech.com Reporting phone: 0576-89811996

● Promoting Fair Competition

Crystal-Optech advocates fair competition, strictly complies with national laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*. The Company resolutely opposes the use of unfair means in market transactions and any behavior that harms competitors. The Company mutually maintains trade secrets with all parties in transactional activities and explicitly prohibits employees from illegally obtaining, disclosing, or using the trade secrets of others.

Additionally, the Company adheres to responsible marketing. All published advertisements, introductions, brochures, and announcements, etc., are truthful and credible, with no illegal activities such as fabricating or spreading false information to disrupt the market. During the reporting period, the Company was not involved in any legal disputes related to anti-monopoly or anti-unfair competition.



04

Green Leadership, Co-Creating a Low-Carbon Future

CRYSTAL OPTECH >>>>



Response to Climate Change
Environmental Compliance Management
Resource Management

Our Philosophy

Crystal-Optech actively fulfills its environmental protection responsibilities, guided by the principles of green development, economic efficiency, and intelligence. The Company is committed to building an ecological civilization, strengthening pollution control and efficient resource utilization, and leading the industry's low-carbon transition. Through concrete actions, the Company demonstrates its firm belief and relentless pursuit of sustainable development, striving to create a harmonious coexistence of economic prosperity and ecological balance.

Our Actions

Addressing climate change, managing greenhouse gas emissions, improving the environmental management system, managing pollutants and waste, optimizing energy utilization, conserving water resources, and implementing the principles of a circular economy.

Responsive SDGs



Response to Climate Change

Climate change is profoundly impacting the operations and development of enterprises, while increasingly stringent policies and regulations brought new challenges. Crystal-Optech adheres to the concept of sustainable development, implements the national goals of “carbon peaking and carbon neutrality”, and identifies climate-related risks and opportunities by referencing the TCFD (Task Force on Climate Related Financial Disclosure) framework. The Company actively deals with climate change, seeking a path to green transition amidst challenges, and demonstrating its commitment and insistence on values in the journey toward carbon reduction.

Governance

The Company has established the *Greenhouse Gas Management System*, with the Public Utilities Department responsible for greenhouse gas management, including the verification and calculation of greenhouse gas emissions, thereby strengthening the Company's climate governance. The Company has set up incentive bonuses for energy-saving and consumption-reduction project team to boost overall team motivation. Additionally, the Company focuses on enhancing its capabilities and knowledge in carbon management. It has participated in the emission reduction conference for key account suppliers and actively engaged in carbon management training.



Emission Reduction Conference for Key Account Suppliers

Case

Crystal-Optech participated in international carbon management training, embracing the commitment of "carbon peaking and carbon neutrality"

In April 2024, Crystal-Optech enrolled in the "International Carbon Management Practices" training program under the Industrial and Information Technology Talent Development Project. By learning about carbon footprint compilation and corporate carbon account establishment, the Company can more accurately calculate carbon emissions, providing data support for formulating effective emission reduction measures.



"International Carbon Management Practices" Training Program

Strategy

Climate change not only threatens the natural environment but also has profound impacts on corporate operations, supply chain stability, and long-term profitability. Crystal-Optech, following TCFD recommendations, identifies climate-related risks and opportunities, and formulates corresponding Countermeasures.

Type of Risk/ Opportunity	Description of Risk/Opportunity	Likelihood of Occurrence ¹	Impact Duration ²	Expected Financial Impact	Countermeasure
Physical Risks	Acute Risk Extreme weather events such as low temperatures, snow, raistorms, and typhoons may damage infrastructure, including factories, warehouses, and transportation systems.	High	Short Term	Facility repairs and transportation disruptions may affect raw material supply, leading to production or service interruptions, increased costs, and reduced revenue.	<ol style="list-style-type: none"> 1. Establish and improve emergency management mechanisms and develop contingency plans. 2. Reinforce and protect critical equipment and buildings. 3. Monitor raw material supply conditions and establish a supply chain risk management mechanism.
	Chronic Risk Global warming causes sea level to rise, leading to high temperatures, droughts, and other natural disasters. This may impact the Company's production and operations.	Medium	Medium and Long Term	Factory production efficiency is affected, leading to decreased revenue.	<ol style="list-style-type: none"> 1. Develop high-temperature emergency plans and monitor temperature and humidity in real time. 2. Implement water-saving measures to reduce water consumption.
Transformation Risks	Policy Risk Governments worldwide are increasingly stringent in their requirements for greenhouse gas accounting and management, with carbon emission standards becoming stricter.	High	Short, Medium and Long Term	Failure to disclose environmental information in accordance with relevant laws, regulations, and policies may result in increased fines or affect export business.	<ol style="list-style-type: none"> 1. Collect relevant laws and regulations, update them quarterly, and conduct compliance evaluations. 2. Continuously monitor disclosure requirements from regulatory and investment institutions, strengthen carbon emission management, and enhance climate change-related information disclosure.

Type of Risk/ Opportunity	Description of Risk/ Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasure
Transformation Risks	Technology Risk	Low	Short, Medium and Long Term	Increased R&D costs due to new technology R&D, potential fines, and compliance costs.	1. Strengthen internal R&D team building 2. Foster industry-academia-research cooperation. 3. Explore technology introduction and rapidly improve the Company's technical capabilities by integrating external mature technologies.
	Market Risk	High	Short, Medium and Long Term	If competitors launch optical products with greater environmental advantages, demand for Crystal-Optech's traditional optical products may decline, leading to reduced revenue.	1. Strengthen market research and trend analysis to understand changes in consumer environmental demands, competitors' green product trends, and industry policy directions. 2. Accelerate green product R&D and innovation. 3. Develop green marketing strategies to address consumer concerns about eco-friendly products.
Opportunities	Technological-Opportunities	High	Short, Medium and Long Term	Reduced operational costs.	Develop energy-saving and carbon-reduction technologies to reduce greenhouse gas emissions.

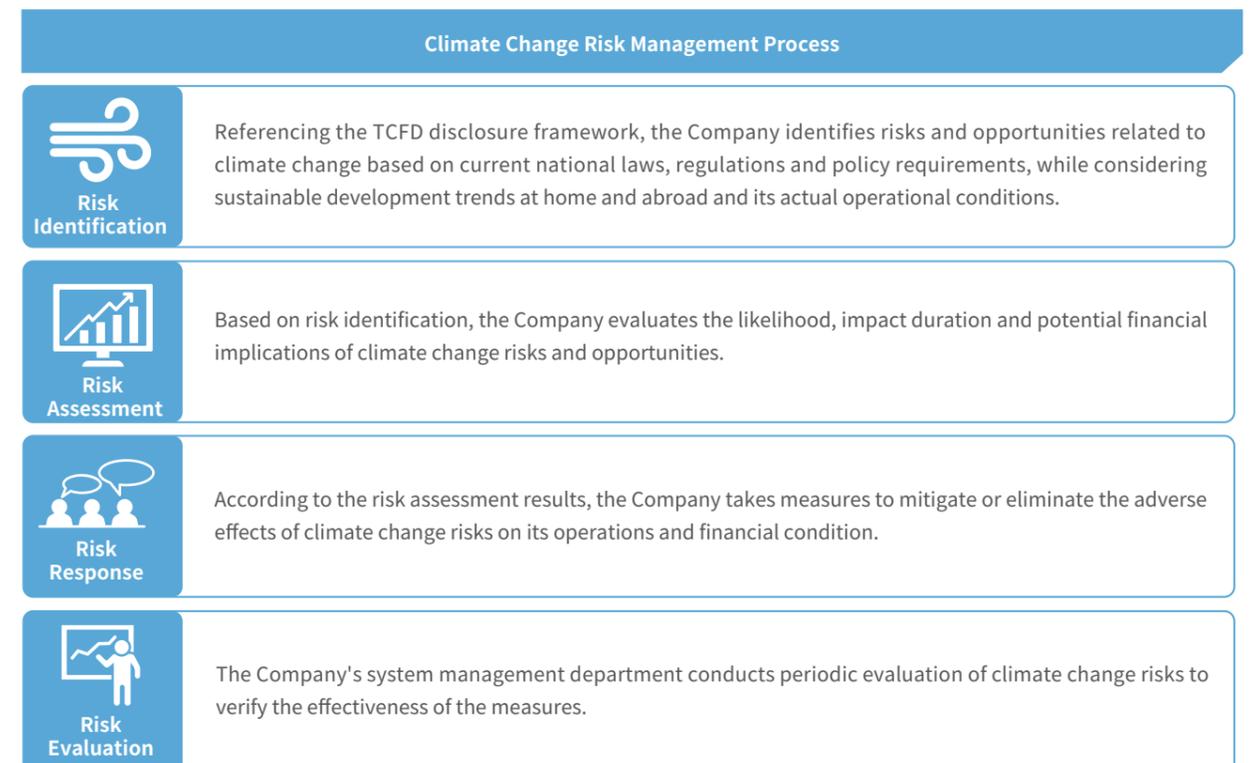
Type of Risk/ Opportunity	Description of Risk/ Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasure
Opportunities	Policy Support	High	Short, Medium and Long Term	Reduce operating costs.	Accelerate energy transition, reduce reliance on traditional fossil fuels, and lower carbon emissions.

1. Likelihood of occurrence refers to the frequency or probability of a risk/opportunity occurring, primarily based on historical occurrence probability, external scenarios, progress in policy implementation, and expert predictions. The likelihood of occurrence ranges from "low" to "high".

2. The Impact Duration refers to the different periods when different climate-related risks and opportunities will affect the Company. The Company categorizes the impact duration into short-term (0-1 year), medium-term (1-5 years), and long-term (over 5 years).

● Impact, Risk and Opportunity Management

Crystal-Optech has established the *Risk and Opportunity Countermeasures Management Procedure* to continuously improve its climate risk management processes.



● Indicators and Goals

In line with its operational policy of “Two Reductions, Three Declines, Strategic Focus, and Addressing Challenges”, Crystal-Optech is advancing energy conservation and consumption reduction efforts to contribute to cost efficiency and performance improvement. The Company has formulated its 2024 energy conservation and consumption reduction work plan, with the objectives within the reporting period already achieved.

Indicator	Objectives	Achievement
Carbon emission equivalent per RMB10,000 of output value	A 5% year-on-year decrease from 2023 to 2024	Achieved, with a 75.5% reduction

● Greenhouse Gas Emission Management

Greenhouse Gas Emissions

Crystal-Optech places high importance on greenhouse gas emission management, accurately calculating and strictly controlling greenhouse gas emissions. The Company actively explores low-carbon development pathways, contributing to global sustainable development goals through concrete actions. The Company's greenhouse gas emissions from its operations primarily come from purchased electricity, gasoline, diesel, and natural gas, with carbon dioxide as the main greenhouse gas. Fixed emission sources account for 99.87%, mobile emission sources for 0.13%, and fugitive emissions are negligible.

Indicator	Unit	2022	2023	2024
Greenhouse Gas Emissions (Scope 1)	tCO ₂ e	305.42	431.10	365.94
Greenhouse Gas Emissions (Scope 2)	tCO ₂ e	86,072.41	73,706.37	22,506.09
Total Greenhouse Gas Emissions (Scope 1 and Scope 2)	tCO ₂ e	86,377.83	74,137.47	22,872.03
Greenhouse Gas Emission Intensity	tCO ₂ e / 10,000 yuan	0.283	0.200	0.049
Reduction of GHG Emissions	tCO ₂ e	6,730.68	39,921.00	15,558.35

Clean Energy Usage

To diversify carbon reduction pathways and align with national carbon neutrality goals, Crystal-Optech is enhancing its renewable energy capacity through green electricity procurement, photovoltaic systems, and energy storage facilities, reducing reliance on traditional fossil fuels and lowering carbon emissions.

Photovoltaic Power Generation

In 2024, Crystal-Optech's distributed photovoltaic projects reached a total installed capacity of 8.015 MW, including 3.8 MW at the Taizhou Binhai plant, 1.89 MW at Crystal-Optech Jiangxi, and 2.325 MW at Yeshili. The Crystal-Optech Linhai distributed photovoltaic project is also under active implementation.



3.8 MW at Taizhou Binhai



2.325 MW at Yeshili



1.89 MW at Crystal-Optech Jiangxi



3.4 MW at Crystal-Optech Linhai (new installation)



Energy Storage 5 MW/10 MWh Project

Green Electricity Procurement

The Company continues to increase its green electricity procurement ratio, applying it across all production and operational processes. In 2023, the Company purchased Green Electricity Certificates with 70 million kWh; in 2024, it purchased Green Electricity Certificates with 205 million kWh, where the Binhai plant alone purchased Green Electricity Certificates with 27.281 million kWh.



Green Electricity Certificate Transaction Vouchers

Carbon Asset Management

The Company actively participates in the carbon trading market, optimizing carbon asset allocation through flexible market mechanisms to preserve and increase the value of carbon assets. This demonstrates its commitment to addressing climate change and its dedication to green development.

Case Crystal-Optech participated in marine blue carbon (shellfish) trading

In November 2023, a marine blue carbon (shellfish) trading project—the Dachen Island Mussel Farming Carbon Sequestration Project—was successfully auctioned in Jiaojiang District, Taizhou City, Zhejiang Province. Crystal-Optech acquired 2,223 tons of shellfish carbon sinks for a total of RMB 100,500, equivalent to RMB 45.2 per ton. Wang Zhenyu, General Manager of Crystal-Optech, stated that the 2,223 tons of shellfish carbon sinks would serve as a strategic carbon reserve and investment, positioning the Company advantageously in carbon asset trading.

Environmental Compliance Management

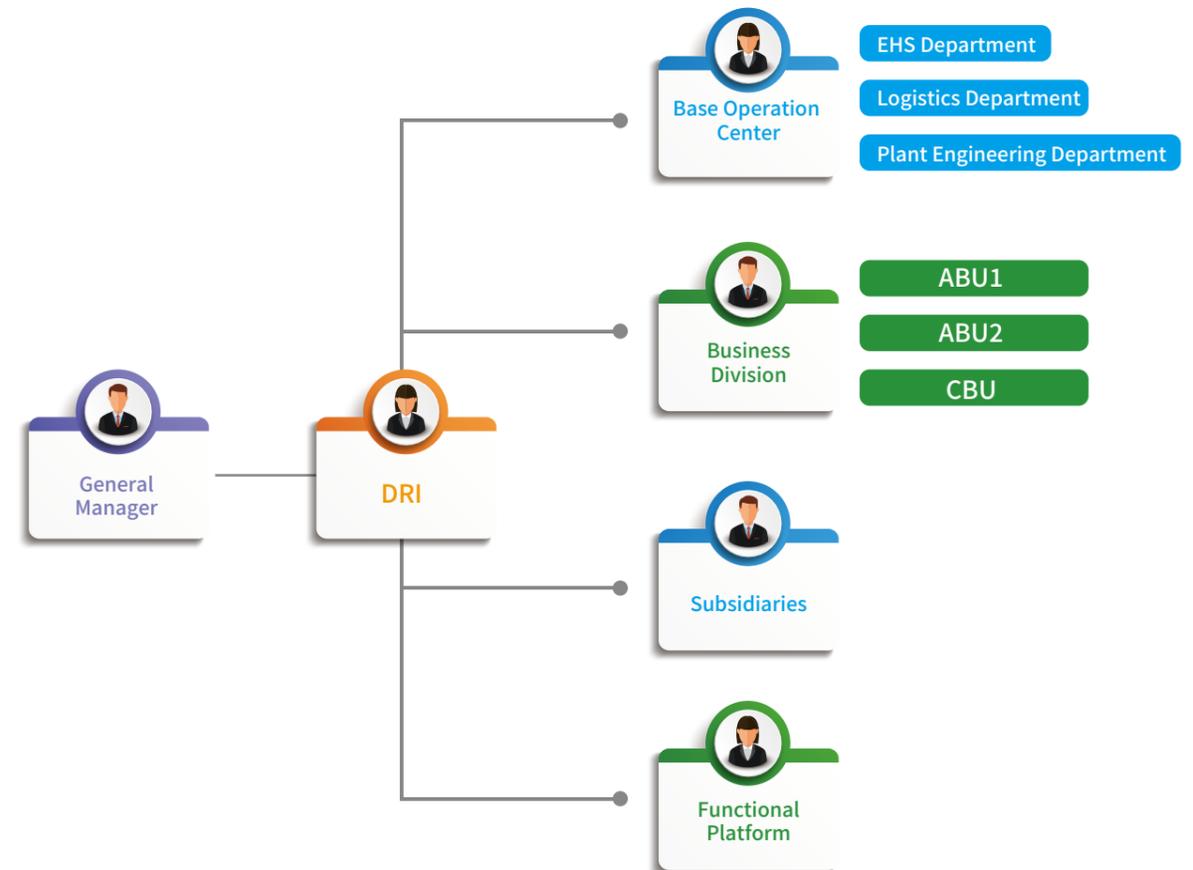
Crystal-Optech adheres to the environmental policy of “controlling environmental substances and creating a green environment,” continuously improving its environmental management system. The Company accurately identifies environmental substances that may be involved in various production and operational processes, implements strict control measures to minimize the use and emission of harmful substances, reduces potential impacts on the ecological environment, and continues to set an example in the field of environmental protection.

Environmental Management System

Crystal-Optech strictly complies with national laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, 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 Environmental Pollution by Solid Waste*, as well as local operational requirements. The Company actively promotes the construction of its environmental management system, ensuring its stable and efficient operation to deliver practical environmental management outcomes. The main categories of pollutants and waste generated by the Company include, but are not limited to, production wastewater, process exhaust gases, solid waste, and noise generated during production processes. These pollutants and wastes primarily originate from etching, screen printing, photolithography, coating, and cleaning processes. During the reporting period, the Company did not incur any penalties for violations of environmental management laws and regulations, and there were no significant deficiencies in its environmental monitoring plans or risk management measures.

Governance

The Company has formulated and implemented environmental management systems such as the *Wastewater Management Measures*, *Exhaust Gas Management Measures*, *Noise Management Measures*, *Industrial Waste Management Measures*, *Environmental Audit Rules*, and *Environmental, Occupational Health, and Safety Performance Monitoring and Measurement, and Compliance Evaluation Control Procedures*. The Company has established an environmental management team led by the General Manager, with clear responsibilities and authorities assigned to each department, incorporating environmental protection into performance evaluations to ensure that the Company's production and operational activities comply with relevant legal and regulatory requirements.



Environmental Organization Chart

In 2019, Crystal-Optech was recognized as a "Green Manufacturing" enterprise by the Ministry of Industry and Information Technology. In December 2023, the Company passed the clean production audit, implementing 21 projects that reduced water and energy consumption and pollutant generation, to achieve energy conservation, consumption reduction, pollution reduction, and efficiency improvement. In September 2024, the Company was awarded the title of "Zero-Waste Enterprise Group". Subsidiary Yeshili passed the "Zero-Waste Factory" assessment in Zhejiang Province in November 2023 and was recognized as a "Zero-Waste City Cell".



Yeshili: Zero-Waste City Cell



Crystal-Optech: "Green Manufacturing" Enterprise

During the reporting period, Crystal-Optech and its subsidiaries—New T.Best, Crystal-Optech Jiangxi, Jiangxi Jingchuang, Yeshili and Jingte Optics—were reviewed and comply with ISO 14001:2015 standards, and obtained corresponding certificates.



Crystal-Optech's Environmental Management System Certification Certificate



New T.Best's Environmental Management System Certification Certificate



Crystal-Optech Jiangxi's Environmental Management System Certification Certificate



Jiangxi Jingchuang's Environmental Management System Certification Certificate



Yeshili's Environmental Management System Certification Certificate



Crystal-Schott's Environmental Management System Certification Certificate



Crystal-Optech Vietnam's Environmental Management System Certification Certificate

Indicator	Unit	2022	2023	2024
Environmental Investment	RMB10,000	420.21	390.06	302.17
Environmental Protection Taxes Paid	RMB10,000	0.23	0.18	0.04

Strategy

Crystal-Optech is classified as a key pollutant discharge unit. The Company always maintains a high degree of alertness to environmental issues, and regards the identification of environment-related risks and opportunities as a key aspect of corporate development. The Company emphasizes risk prevention and control, strengthens monitoring and early warning, formulates Countermeasures, and practices green development concepts.

Type of Risk/Opportunity	Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasure	
Risk	Policy Risk	The government strengthens pollution and waste prevention and control, requiring the Company to invest more in technology upgrades and management to reduce leaks caused by sudden environmental incidents.	High	Short Term	Potential high fines and litigation compensation, increasing operational costs.	<ol style="list-style-type: none"> 1. Pay attention to and comply with the laws and regulations on pollutants and waste. 2. Maintain and update environmental protection facilities promptly. 3. Conduct regular environmental risk inspections.
Opportunities	Resource Efficiency	Reduce water consumption and wastewater discharge through wastewater reuse and water-saving technologies; upgrade exhaust gas treatment equipment/technology and switch to cleaner energy sources to improve energy efficiency and reduce emissions; enhance resource efficiency and reduce waste through waste classification, recycling, and reuse.	High	Long Term	Reduced operational costs.	<ol style="list-style-type: none"> 1. Optimize production processes and introduce advanced technologies and equipment to improve resource utilization. 2. Strengthen energy management and waste resource utilization, tapping potential across all processes to achieve efficient resource allocation and benefit conversion.

Impact, Risk, and Opportunity Management

Environmental Factor Identification and Evaluation

To further strengthen environmental risk control, the Company has established systems such as the *Environmental Factor Identification and Evaluation Control Procedure* and the *Risk and Opportunity Countermeasures Management Procedure*. Departments and business units first conduct self-identification, then confirm the identified environmental factors, output the *List of Significant Environmental Factors*, and conduct regular monitoring and reviews. Each department designates a dedicated person responsible for risk identification, mastering risk identification methods to fully identify and assess existing risks, achieving efficient environmental risk control.

Identification of Hidden Hazards

Crystal-Optech places great importance on environmental management hazard investigations. Monthly inspections are conducted across production processes, with detailed records of identified issues, clear responsibilities and deadlines for rectification, and follow-up by designated personnel until hazards are resolved, ensuring environmental safety.

Key Performance:

In 2024, the Company conducted **42** environmental inspections and **12** hazard investigations, with a **100%** rectification rate.

Emergency Response Drills

The Company has established the *Emergency Preparedness and Response Procedure*, with the Base Operation Center's EHS Department responsible for developing and implementing emergency response plans to ensure rapid, efficient, and scientific responses to sudden environmental incidents, minimizing environmental impacts and safeguarding ecological safety. To ensure the suitability, effectiveness, and adequacy of emergency plans, the Company conducts annual emergency drills to test the scientific feasibility of the plans.

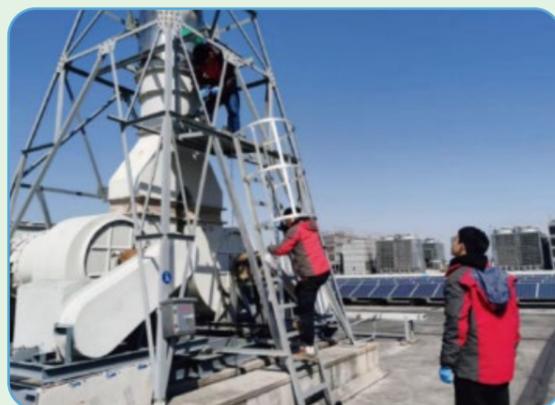
Case

Crystal-Optech emergency drill for exhaust gas facility malfunction

In May 2024, Crystal-Optech's Base Operation Center conducted an emergency drill for exhaust gas facility malfunctions. By simulating an alarm in the PSS workshop and abnormal exhaust gas facility operations, the Company enhanced its emergency response capabilities for sudden environmental incidents, ensuring timely and effective handling to reduce losses and casualties.



Repair Team Arrived for Repairs



Emergency Monitoring Team Conducted Sampling

Key Performance:

In 2024, Crystal-Optech and its subsidiaries conducted a total of **4** environmental emergency drills.

Indicators and Goals

Crystal-Optech sets annual environmental protection goals in accordance with the requirements of its environmental management system and strictly monitors various pollution and waste emission indicators to ensure continuous improvement in environmental management, demonstrating the Company's commitment to green practices.

Indicator	Goals	Achievement
Exhaust Gas, Wastewater, Noise	Zero pollution incidents	Achieved
Solid Waste (including Hazardous Waste)	Zero improper disposal, 100% recycled to qualified units	Achieved
Waste Container Disposal	Zero improper disposal, 50% container recycling rate	Achieved

Environmental Training and Awareness

Crystal-Optech regularly conducts diverse environmental training and awareness activities to ensure that every employee deeply understands the importance and urgency of environmental protection. The Company promotes environmental awareness by posting environmental posters in office areas, playing promotional videos, and organizing offline environmental training sessions. These efforts help employees internalize environmental concepts and translate them into actions, injecting continuous momentum into the Company's green development.



Environmental Awareness Campaigns



Environmental Training

Indicator	Unit	2022	2023	2024
Number of Environmental Training Sessions	Times	4	4	7
Number of Participants in Environmental Training	Person-times	434	890	912
Total Hours of Environmental Training	Hour	12	12	21

Pollutant Emissions

Crystal-Optech consistently prioritizes reducing pollutant emissions as a core task of its environmental management. The Company strictly implements the "Environmental Impact Assessment System" and the "Three Simultaneities" system (i.e., environmental protection facilities are designed simultaneously, constructed simultaneously, and put into operation simultaneously with the main project). This ensures that all new, modified, and expanded projects undergo environmental impact assessments and are constructed in compliance with the "Three 'Simultaneously'" principle to minimize environmental impacts. The Company participates in the emissions trading market in accordance with laws and regulations, obtaining reasonable emission quotas through fair competition to ensure production activities remain within legal emission frameworks. In line with the *Measures of National Key Monitoring Enterprises for Self-Monitoring and Information Disclosure (Trial)*, the Company has developed an environmental self-monitoring plan and discloses the information on the Zhejiang Enterprise Self-Monitoring Information Disclosure Platform. Additionally, the Company regularly commissions third-party testing agencies to monitor wastewater, exhaust gases, and noise. During the reporting period, all test results met standards, with no adverse effects on employees or surrounding residents.

Indicator	Unit	2022	2023	2024
Pollutant Monitoring Compliance rate	%	100	100	100
Synchronization Rate of Environmental Protection Facilities	%	100	100	100
Implementation rate of "Three Simultaneous" Environmental Protection for Construction Projects	%	100	100	100

Wastewater Management

The Company's wastewater primarily originates from cold processing and various cleaning processes. The Company operates wastewater treatment facilities with capacities of 3,700 t/d and 2,100 t/d, using physical sedimentation and secondary advanced treatment methods. The discharged wastewater meets the indirect discharge standards for "Display Devices and Optoelectronic Devices" under the *Discharge Standard of Water Pollutants for Electronic Industry* (GB 39731-2020), with ammonia nitrogen levels complying with the *Indirect Discharge Limits for Nitrogen and Phosphorus Pollutants in Industrial Wastewater* (DB33/887-2013). During the reporting period, 100% of the Company's wastewater was treated and discharged in compliance with standards.

Indicator	Unit	2022	2023	2024
Wastewater Discharge	Tonne	1,022,793.36	1,707,410.82	1,622,847.23
Chemical Oxygen Demand (COD)	Tonne	148.51	223.75	354.41
Ammonia Nitrogen (NH ₃ -N)	Tonne	6.08	3.71	2.01
Total Nitrogen (N)	Tonne	10.54	7.70	6.59

Exhaust Gas Management

The Company's exhaust gases mainly originate from the product manufacturing process. The Company is equipped with 8 sets of exhaust gas treatment facilities, which use activated carbon adsorption and acid-base scrubbers. After treatment, the emissions of non-methane hydrocarbon, methanol, xylene, and nitrogen oxides meet the new source secondary standards under the *Comprehensive Emission Standard of Air Pollutants* (GB 16297-1996); ethyl acetate and cyclohexanone meet the calculated values under the *Technical Methods for Making Local Emission Standards of Air Pollutants* (GB/T 3840-1991); and VOCs in the plant comply with the *Standard for Fugitive Emission of Volatile Organic Compounds* (GB 37822-2019).

Indicator	Unit	2022	2023	2024
Waste Gas Emissions	Tonne	1.582	3.384	3.814
Volatile Organic Compounds (VOC)	Tonne	1.112	2.225	2.421

Noise Management

The Company strictly adheres to the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB 12348-2008) for noise monitoring. Noise sources under control include those produced by the operation of production equipment such as air compressors, fans, pumps, and chillers, as well as noise generated by contractors during construction within the plant area. Noise reduction measures include setting up soundproof rooms, installing soundproof covers on strong noise units, applying sound absorption treatment in workplaces, installing silencers on sound sources or sound pathways, and providing vibration isolation treatment for equipment. The Base Operation Center's EHS Department commissions qualified occupational health agencies to monitor workshop noise quarterly, with all results meeting standards.

Waste Management

Crystal-Optech places high importance on waste prevention, reduction, and recycling. By strengthening standardized management and compliant disposal of waste, the Company ensures compliance with legal requirements and minimizes environmental pollution and damage. General solid waste generated during production includes biochemical sludge, waste glass, scrap metal, plastic waste, cardboard, and other industrial waste. Hazardous waste includes waste oil, waste stripping solution, waste strong alkali solution, spent activated carbon, and waste mineral oil. Hazardous waste is temporarily stored in a waste storage area with wind, rain, sun, and leak protection. All hazardous waste is transported and disposed of harmlessly by qualified units.

Indicator	Unit	2022	2023	2024
General Waste Production Volume	Tonne	859.00	2,135.34	2,463.40
General Waste Recycling Volume	Tonne	402.67	589.12	1,015.80
General Waste Disposal Volume	Tonne	848.24	2,146.47	2,463.40
Hazardous Waste Production Volume	Tonne	322.55	400.71	380.58
Hazardous Waste Disposal Volume	Tonne	331.93	393.08	397.75
Hazardous Waste Recycling Rate	%	15	24	23

Reducing Waste Generation

Optimizing Production Processes

By selecting precise materials, controlling input quantities, and adjusting reaction conditions, the Company reduces by-product generation and waste emissions. Process adjustments in cutting technology improve raw material utilization and reduce scrap generation, thereby reducing waste emissions.

Strengthening Material Management

The Company implements fine management of materials during production to ensure rational use and recycling. Reusable materials such as dust-free cloths, transfer boxes, and packaging boxes are recycled and reused.

Promoting Environmental Awareness

The Company actively conducts environmental awareness campaigns to enhance employees' environmental consciousness and encourage them to reduce waste generation in their daily work.

Waste Recycling and Reuse

The Company strictly implements a waste classification system, separating recyclables, non-recyclables, hazardous waste, and general waste. Recyclables such as paper, plastic, and metal are sent to recycling stations for reuse. Non-recyclables are sent to power plants for energy recovery through incineration. Hazardous waste is transported to specialized treatment facilities for safe disposal.

Resource Management

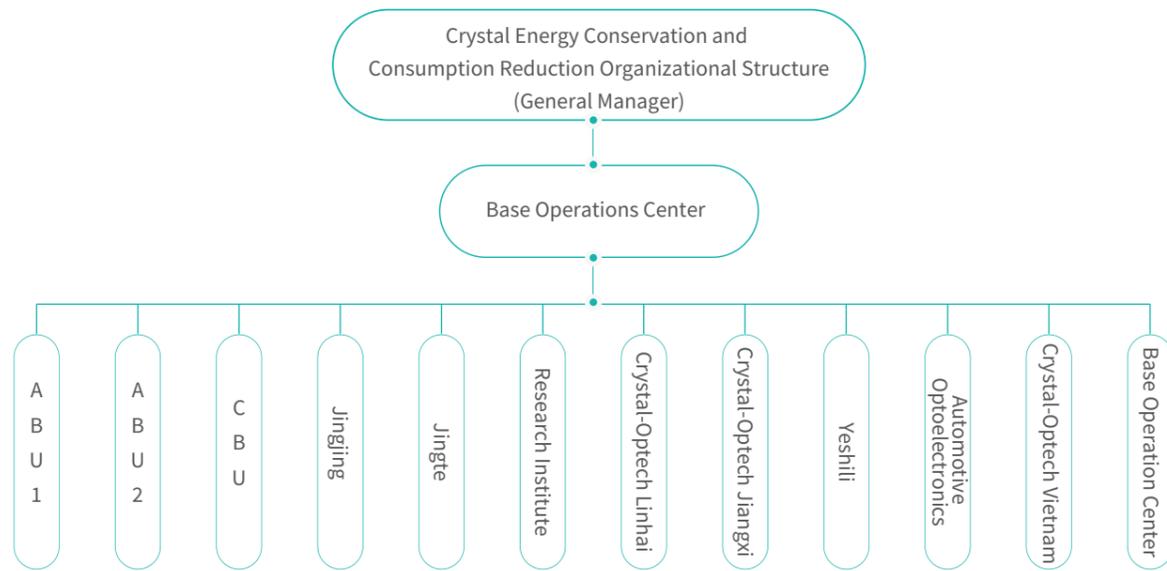
Crystal-Optech deeply explores efficient pathways for energy utilization, continuously optimizes water resource recycling and conservation models, and implements refined resource management to vigorously develop a circular economy. These efforts lay a solid foundation for the Company's green transformation and long-term stable development.

Resource Management System

Crystal-Optech strictly complies with the *Law of the People's Republic of China on Conserving Energy* and the *Water Law of the People's Republic of China* and other relevant laws and regulations and rules, implementing refined resource management to achieve efficient resource utilization. The main types of energy used by the Company include natural gas, diesel, gasoline, electricity, and other clean energy sources; the primary source of production water is municipal supply.

Governance

Energy is a crucial material foundation for national economic development. To ensure sustainable economic development, Crystal-Optech has established the *Energy Management System*, adopting technically feasible and economically reasonable measures to reduce energy consumption losses and waste in all production processes, thereby utilizing various energy sources more effectively and efficiently. The Company has established the Crystal Energy Conservation and Consumption Reduction Organization, led by the General Manager, with the Base Operation Center taking the lead to guide various business divisions and subsidiaries in achieving the Company's energy conservation and consumption reduction goals.



Energy Conservation and Consumption Reduction Organizational Structure

In order to ensure the effective implementation of energy saving and consumption reduction incentives, the Company has established corresponding assessment indicators and supervision mechanisms. Additionally, the Company focuses on cultivating energy-saving awareness and capabilities among team members. By regularly holding monthly energy conservation meetings, employees can accurately identify and effectively implement energy-saving measures in their daily work, translating environmental concepts into practical actions and helping the Company continuously advance on the path of improving resource utilization efficiency.



Monthly Energy Conservation Meetings

Strategy

With the firm pursuit of sustainable development, Crystal-Optech deeply analyzes the energy consumption structure within its production processes. Using scientific and rigorous methods, the Company accurately identifies and comprehensively assesses risks and opportunities.

Type of Risk/ Opportunity	Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasure
Risk	Market Risk	High	Short and Medium Term	Increased energy costs and reduced profits.	1. Adopt energy hedging strategies and adjust production plans. 2. Optimize energy usage structure and continue promoting photovoltaic power generation and green electricity trading.
Opportunities	Policy Opportunities	High	Medium and Long Term	Reduced investment costs and increased revenue streams.	Monitor government policies closely.

Impact, Risk, and Opportunity Management

The Company has established an energy usage ledger and the Seed Energy System to record and analyze energy consumption, identify and evaluate risks and opportunities that may be faced in the process of energy utilization, and formulate corresponding strategies and improvement measures to effectively improve the efficiency of corporate energy utilization, reduce energy costs, reduce the impact on the environment, and promote the sustainable development of the enterprise.

Indicators and Goals

Crystal-Optech consistently pursues efficient resource utilization, setting phased goals to comprehensively drive the Company's production and operations toward green, low-carbon, and circular development.

Indicator	Goals	Achievement
Electricity Consumption per RMB 10,000 of Output Value	A 5% year-on-year decrease from 2023 to 2024	Achieved, with a 13.46% reduction
Water Consumption per RMB 10,000 of Output Value	10% year-over-year decrease in 2024 compared to 2023	Achieved, with a 20.23% reduction

Energy Utilization

Crystal-Optech anchors energy conservation practices as one of the core power sources driving the Company's sustainable development. Through the implementation of a series of scientific and reasonable energy-saving measures, the Company controls energy consumption at the source, optimizes energy utilization structures, and achieves a win-win situation for both environmental and economic benefits.

During the reporting period, the Company had two representative and promotional projects. For the project "Evaporation Coater - Diffusion Pump Oil Change and Heating Power Saving Renovation", after the transformation, the current of a single diffusion pump of the machine decreased by approximately 5A. Combined with the diffusion pump to increase the power regulator and full-synthetic diffusion pump oil, a single coating machine can save 153-175 kWh of electricity per day, the Company can cut down RMB 8.1 million on electricity costs in a year. In 2024, the renovation completion rate was 76.92%. For project "Coating Equipment Energy-Saving Solution", the whole company can cut down RMB 1.4618 million per year in total.

Case Seed Energy Management System – the Foundation of Refined Energy Management

Crystal-Optech's Seed Energy Management System covers the measurement of pure water, RO water, tap water, electricity, CDA (compressed air), nitrogen (N₂), and chilled water. With the implementation of the refined management model, the Company is able to accurately control energy consumption in an all-round way, realizing the visualization and refinement of energy management.



Seed Energy Management System

Case BA Chiller Plant Group Control System – the Smart Hub for Efficient Energy Saving

The BA Chiller Plant Group Control System is one of the smart hubs for Crystal's green development. Among them, the chiller group control function uses intelligent algorithms and automated control to adjust operating conditions. During periods of low production demand, the system automatically reduces the power of chillers or decreases the number of operating units, avoiding non-essential energy consumption. During peak production periods, it can automatically increase the number of operating units to ensure sufficient supply of cooling capacity, guaranteeing the smooth progress of production. The unmanned operation feature of the BA system saves significant labor and energy costs while reducing energy waste caused by human factors, becoming an important booster on the road of green emission reduction.

Crystal-Optech Energy Consumption Overview				
Type	Unit	2022	2023	2024
Natural Gas	10,000 m ³	11.27	16.41	11.42
Petrol	Tonne	21.68	22.8	29.12
Diesel	Tonne	4.32	3.12	10.92
Total Purchased Electricity	kWh	150,924,800.00	199,241,400.00	196,744,594.00
Non-fossil Energy Consumption	kWh	3,319,230.00	3,489,630.00	1,813,714.00
Other Clean Energy Usage	kWh	18,549.00	70,000,000.00	157,281,000.00
Total Energy Consumption	tce	18,444.77	22,893.98	23,187.04

Water Resources Utilization

The production process of Crystal-Optech involves a number of steps, which require a certain quality and volume of water for production. For example, in the manufacturing of optical products, processes such as cleaning and dicing require large amounts of pure water and RO water to ensure product quality and precision. Additionally, the cooling of production equipment demands a stable and continuous water supply. In order to strengthen the management of water conservation in daily work and to protect and rationally utilize the Company's water resources, the Company has established the *Planned Water Use Management System* and the *Water Conservation Management System*.

Technological Upgrades for Water Conservation

The Company achieves water conservation goals through process optimization, the introduction of water-saving equipment, and wastewater recycling.

Optimizing Production Processes

In cleaning processes, advanced laser cutting technology is used instead of the traditional water-based dicing methods, including the use of advanced ultrasonic cleaning technology and precise constant flow control, which improves the cleaning efficiency and significantly reduces water consumption at the same time.

Introducing Water-Saving Equipment

The Company actively introduces a series of advanced water production and water conservation equipment, such as ultrapure water equipment, high-efficiency cooling towers, constant-flow devices and so on.



Key Water Conservation Projects at Crystal-Optech		
Project Name	Project Type	Water Conservation Benefit
Maintaining a relative balance between water production and consumption to prevent excessive reflux and tank overflow	Process optimization	8,000 tons
Optimizing the water production sequence for different types of machinery to reduce tap water usage	Process optimization	7,400 tons
Ultra-concentrated water reuse	Wastewater recycling	518,100 tons
Rinse water reuse	Wastewater recycling	336,900 tons
RO concentrated water reuse	Wastewater recycling	392,000 tons
Ultra-concentrated water recovery	Wastewater recycling	159,800 tons
Optimizing cleaning processes	Process optimization	15,000 tons
Clean room/restroom faucet renovation	Process optimization	4,000 tons
Converting slow-pull heating tanks into circulation tanks	Process optimization	1,000 tons
Water treatment systems for scribing and cutting machines	Wastewater recycling	4,600 tons
Installing automatic throttle control devices on cleaning machines	Process optimization	8,000 tons
Reuse of cooling tower rinse water	Process optimization	3,000 tons
Installing constant-flow devices on cleaning machines	Process optimization	19,000 tons

Crystal-Optech Water Resource Utilization				
Type	Unit	2022	2023	2024
Total Water Consumption	Tonne	1,609,399.00	2,322,982.00	2,118,395.50
Intensity of Water Consumption	tons/10,000 yuan	5.28	5.36	4.28
Recycled Water Consumption	Tonne	704,132.20	834,460.89	1,012,340.00
Proportion of Recycled Water in Total Water Consumption	%	44	36	48

Enhancing Water Conservation Awareness

In order to enhance employees' awareness of water conservation, the Company organizes diversified water conservation training and publicity activities. By organizing lectures on water conservation, distributing publicity materials on water conservation and carrying out water conservation competitions, the Company makes all employees understand the importance and methods of water conservation, and cultivates good habits of water conservation in their daily work and life.



Water Conservation Posters

● Circular Economy

Crystal-Optech is actively exploring and deeply cultivating in the field of circular economy, and is committed to building an all-round and multi-level circular economy ecosystem. The Company has formulated the *Recyclable Resource Utilization Management Regulations* and developed green design focuses at the stage of the whole life cycle of the products, vigorously implemented clean production through technological innovation and process optimization, maximized the efficiency of material utilization, reduced the burden on the environment, and led the industry towards the road of high-quality development of green, low-carbon and recycling.

Crystal-Optech Material Recycling		
Product Life Cycle Stage	Green Design Focus	Performance Progress
Distribution, storage, and transportation	Reducing plastic and packaging materials	Increasing the number of items per packaging box and eliminating bubble wrap, saving 10% annually in packaging material usage
	Packaging material recycling	Recycling approximately 350 tons of plastic trays, 10 tons of wooden pallets, and 50 tons of cardboard, totaling a reduction of 410 tons of waste generated

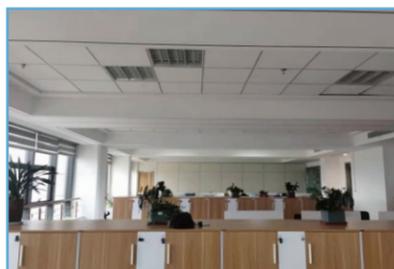
● Green Office

The Company is fully committed to the implementation of the green office concept, and through the release of the *Low-Carbon Lifestyle Initiative*, calls on all employees to start from the smallest actions, and continues to enhance the eco-efficiency of the corporate office segment, helping to build a new model of green and low-carbon development.

Energy Conservation	<ul style="list-style-type: none"> ● Office areas: Make full use of natural light and reduce the time of lighting; ensure that computers, printers and other electrical equipment are turned off in a timely manner when leaving the office; ● Meeting rooms: Improve meeting efficiency, rationalize meeting time and reduce equipment and air-conditioning energy consumption; ● Set the central air conditioning in my office area to a uniform temperature of 26 degrees and timed it to turn on and off every day to save energy; ● Use LED lights with light sensing and timely control for lighting in the factory area, corridors, and basements to save energy; ● Use recycled water for flushing toilets in the factory area.
Green Travel	<ul style="list-style-type: none"> ● Encourage everyone to choose public transportation, bike or walk to and from work. For necessary driving trips, carpooling is encouraged to reduce vehicle emissions; ● Reduce business travel frequency and prioritize low-carbon travel options such as high-speed rail.
Paper-saving	<ul style="list-style-type: none"> ● Promote paperless office practices, reduce paper usage. Documents are circulated and kept in electronic form as far as possible. When printing, use double-sided printing to minimize paper waste.
Eliminating Waste	<ul style="list-style-type: none"> ● Encourage employees to take reasonable portions in the cafeteria to reduce food waste.
Reducing Disposable Supplies	<ul style="list-style-type: none"> ● Minimize the use of disposable cups and utensils in the office, encouraging employees to bring their own cups and cutlery.
Energy-efficient and Eco-friendly Procurement	<ul style="list-style-type: none"> ● Prioritize energy-efficient and eco-friendly equipment and office supplies during procurement.



Reducing Disposable Supplies



Energy Conservation



Garbage Sorting

CRYSTAL OPTTECH

05

Value Co-creation, Writing a New Chapter of Development

CRYSTAL OPTECH >>>>



- Innovation-Driven
- Supply Chain Management
- Product and Service Safety and Quality
- Data Security Guarantee

Our Philosophy

Crystal-Optech adhere to the innovation-driven development strategy, with a global vision and pattern to promote R & D innovation, market development, product development, resource integration, organization and team building; practice responsible purchasing, build a safe and reliable supply chain synergy system; do a good job in the whole life cycle management, standardize the use of hazardous substances and disposal, to provide customers with high-quality products; the implementation of the main responsibility for information security management and safeguard data security effectively.

Our Actions

We insist on R&D innovation, strengthening supply chain management, responsible purchasing, conflict minerals management, full life cycle quality management, hazardous substance management, optimizing customer service, information security and privacy protection

Responsive SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	17 PARTNERSHIPS FOR THE GOALS
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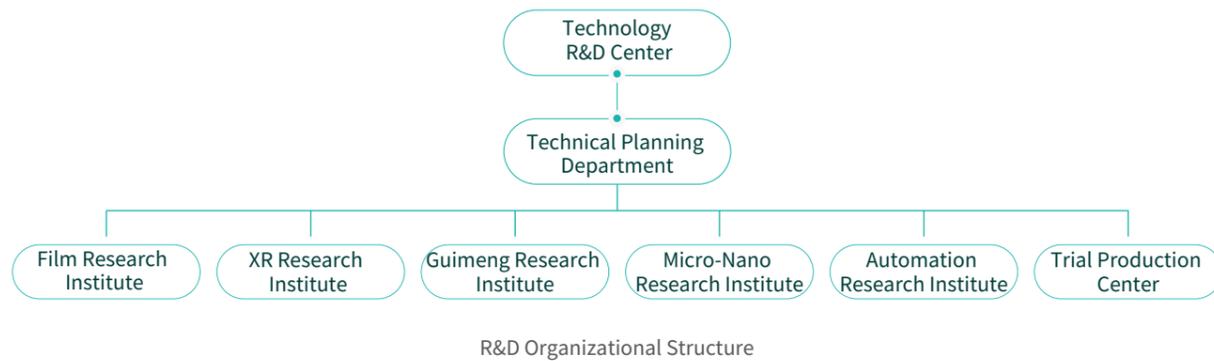
Innovation-Driven

Crystal-Optech builds its core competitiveness driven by technology and is committed to becoming a global provider of outstanding optical interactive core components and solutions. The Company keeps up with the industry's cutting-edge continuous technological innovation, gathering advantageous innovation resources, building a perfect supporting mechanism for talents and technological innovation system, providing inexhaustible power for innovation and development.

● Innovation Management System

Governance

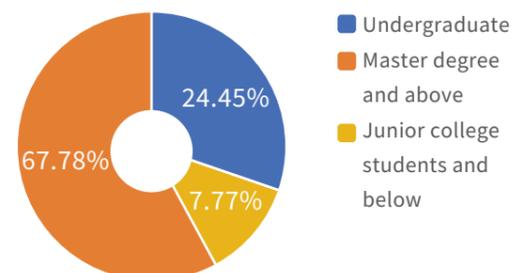
The Company attaches great importance to R&D and innovation, formulates *IPD (Integrated Product Development) Management Measures* and other systems, takes market demand as the driving force for product development, optimizes the investment portfolio, relies on project management and builds a structured R&D process, and realizes the product development process of cross-departmental teams. The management approach divides the R&D project into five stages according to the process, and conducts nodal reviews at each stage, i.e., TR1 Requirement Review, TR2 Project Establishment Review, TR3 Technical Review, TR4 Technical Review, and TR5 Project Completion Review, which effectively manages the entire project R&D process.



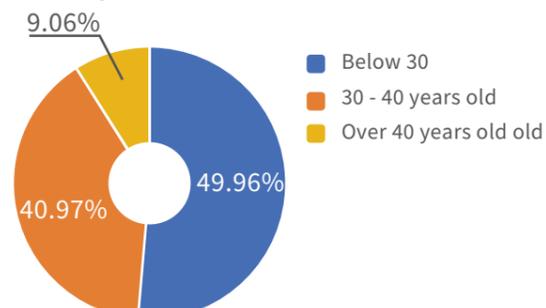
The Company regards the construction of innovation team as the core of building the enterprise technology innovation system, and has established an enterprise university with a leadership academy and an engineering academy to train the management team and senior engineer team for the Company. At the same time, the Company continues to introduce high-precision scientific and technological talents, and builds a multidisciplinary internal innovation team to ensure that the company always maintains a leading position in technology in the fierce market competition.

R&D Team		
Key Indicators	Unit	2024
Number of R&D employees	Person	1,313
Proportion of R&D employees	%	16.05

Educational Background Structure



Age Structure



Strategy

There are many uncertainties in scientific and technological innovation, Crystal-Optech can identify, analyze and respond to the risks and opportunities arising from the innovation process in a multidimensional manner, and continuously improve the team's ability to cope with risks and enhance the company's independent innovation capability.

Type of Risk/ Opportunity	Description of Risk/ Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risks	Market risks 1. New products or services may not be widely accepted in the market; 2. The product sampling cycle is long and can't keep up with the changes in the market.	Medium	Medium Term	Decrease in revenue	1. When developing and projecting new products, repeatedly demonstrate the market demand; 2. Increase the resource investment in design and development, and shorten the product R&D cycle as much as possible.
Opportunities	Technology leadership With the rapid development of emerging technologies such as 5G, AI and IoT, the application areas of optical technology will continue to expand.	High	Short, Medium and Long Term	Increase in revenue	Optimize the strategic layout, develop the VR/AR field, and cooperate with internationally renowned optical waveguide manufacturers.
	Transformation and upgrading Through continuous scientific and technological innovation, it can promote the company to realize transformation and upgrading.	High	Short, Medium and Long Term	Reduction in costs	Strengthening the construction of information technology and digitalization to continuously improve work efficiency.

Impact, Risk, and Opportunity Management

Crystal-Optech integrates risk management into every aspect of project management to minimize unnecessary losses and ensure the robustness and continuity of its business by identifying, assessing, managing and monitoring risks.

Risk identification	● Gather and analyze market demand and define the objectives and scope of risk identification.
Risk assessment	● Identified risks are assessed to determine the likelihood of their occurrence and the impact cycle.
Risk monitoring	● Establish a risk monitoring mechanism to identify and resolve potential problems in a timely manner.
Risk management	● Pay close attention to the progress of project R&D, take timely and effective measures to control the risks associated with new product R&D, and continuously improve the company's innovation capability.

Indicators and Goals

As a leader in the field of optical segments, Crystal-Optech attaches great importance to the development of technological innovation, through independent innovation and technological R&D to master the precision optical thin film design, micro-nano optical technology and other industry core technologies, covering the core industry chain. During the reporting period, the Company set corresponding technological innovation targets to promote the development of the industry with continuous technological leadership.

Key Performance:

In 2024, the Company will invest RMB **407,794,770.43** in R&D, accounting for **6.50%** of operating revenue.

R&D Innovation Initiatives and Results

Encouragement of R&D and Innovation

The Company continuously improves the intellectual property incentive mechanism, formulates the *Patent and Soft Writings Management Measures* and other systems, and gives corresponding material rewards and spiritual rewards to employees who create, protect and utilize intellectual property rights. The Company organizes several trainings every year, encourages employees to actively apply for patents, sets up special bonuses, and takes patents as an important consideration factor for the promotion of employees' ranks, thus stimulating the enthusiasm and potential for innovation of employees within the enterprise.

Construction of Innovation Platforms

The Company establishes a platform for technological innovation and knowledge sharing, gathers diversified innovation resources, and introduces external wisdom power through open cooperation, to build a favorable innovation ecosystem and promote the sustainable development of the Company. By the end of the reporting period, the company has built a national enterprise technology center, Zhejiang Provincial Key Enterprise Research Institute of Thin Film and Micro-Nano Optical Technology, Thin Film and Micro-Nano Zhejiang Engineering Research Center, Zhejiang Postdoctoral Workstation and other R&D platforms.

Developing School-Enterprise Cooperation

The deep integration of education and industry is an important force in promoting social progress and scientific and technological innovation. Crystal-Optech to build an innovation consortium, and College of Optical Science and Engineering of Zhejiang University to carry out cooperation, deepen the cooperation in scientific research, personnel training, results transformation and other areas of cooperation, and jointly explore the depth of the integration of industry, academia and research of a new model, in order to promote China's optoelectronics industry, technological advances and industrial upgrading contribute to the strength. During the reporting period, the Company and Changchun University of Science and Technology jointly trained post-doctoral researchers to further promote the deep integration of industry, academia and research.

R&D Innovation Achievements

Crystal-Optech deep plowing in the optical track, with core technologies such as thin film optics, optical cold working, semiconductor optics, and optical system design, covering three major industries of consumer electronics, automotive optoelectronics, and AR/VR, and build the second and third growth curves. Crystal-Optech is now a National Manufacturing Individual Champion Demonstration Enterprise, Top 50 Enterprises in China's Electronic Material Industry, Xiongying Cultivation Enterprise of Zhejiang Province, Innovative Leading Enterprise of Zhejiang Province, Invisible Champion of Zhejiang Province, National High-tech Enterprise, National Advantageous Enterprise in Intellectual Property Management. By the end of the reporting period, the Company participated in the formulation and revision of four national standards and two industry standards.

During the reporting period, the Company was awarded the "2024 Auto Intelligence Innovation Awards-Excellence in Application Award" and "China VR/AR Top Enterprises", which recognized the Company's outstanding achievements and technological innovations, and fully demonstrated the Company's strength and influence in the field of VR/AR optical parts and solutions.

Innovation Achievements		
Key Indicators	Unit	2024
Cumulative number of authorized patents	Item	525

By Type of Patent		
Cumulative number of authorized invention patents	Item	92
Cumulative number of authorized utility model patents	Item	377
Cumulative number of authorized design patents	Item	56
Other Intellectual Property		
Cumulative number of software copyrights	Item	106

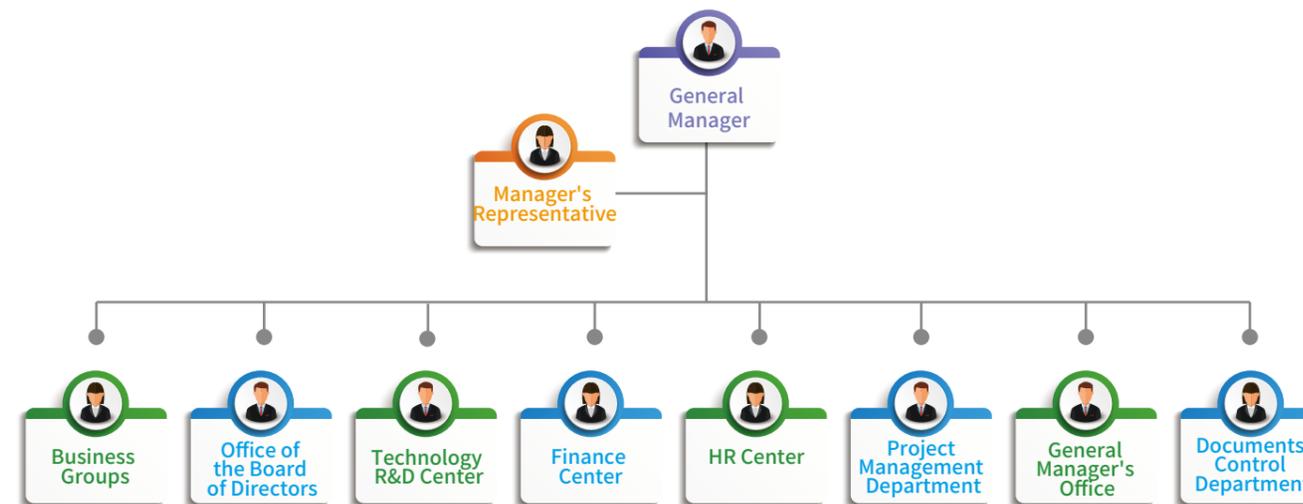
Protection of Intellectual Property Rights

Management System

Crystal-Optech strictly abide by the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, *Copyright Law of the People's Republic of China* and other relevant laws and regulations, the formulation of *Intellectual Property Rights Protection Control Procedures* and other systems, and the establishment of a specialized intellectual property rights management organization. The Company has passed the certification of intellectual property management system and won the title of "National Advantageous Intellectual Property Enterprise" and "Intellectual Property Demonstration Enterprise of Zhejiang Province".



Intellectual Property Management System Certificate



Organizational Structure of Intellectual Property Management

Management Measures

Crystal-Optech in accordance with the *Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China* and other laws and regulations require timely application for patents, effective protection of their own intellectual property rights from infringement. When the Company discovers that others are infringing on its intellectual property, it will collect evidence and take decisive measures in a timely manner to safeguard its legitimate rights and interests.

The company integrates intellectual property into the whole process of product R&D, purchases patent commercial database, regularly understands the industry patent information, and does a good job of patent risk warning and product R&D avoidance. Before using the software and hardware provided by the customer involving intellectual property protection requirements, the Company requires the customer to provide written authorization documents and use them only within the scope of the license to avoid disputes over property rights. In using intellectual property provided by customers, the Company protects it from being obtained by unauthorized persons or disclosed to third parties. When signing contracts with suppliers, the purchasing department should clarify the ownership of intellectual property arising from the supplier's operations related to the supply of goods to the company and sign confidentiality agreements or confidentiality clauses to avoid infringing on other people's trademarks, copyrights, patents, business secrets or other intellectual property rights.

Supply Chain Management

Crystal-Optech continues to optimize its supplier management system, integrates environmental, social and governance factors into supply chain management, and maintains long-term and stable cooperative relationships with suppliers while strictly controlling supply chain risks, thus building a fair, just and sustainable supply chain system.

● Management System of Supply Chain Governance

Crystal-Optech has formulated the *Strategic Sourcing and Supplier Management Measures, Procurement Delivery and Fulfillment Management Measures*, and other systems to establish a full life cycle management approach for supplier sourcing, access, grading, performance, elimination, and so on. The Company's Strategic Sourcing and Supplier Management Department (hereinafter referred to as the Supplier Management Department) is responsible for co-ordination and management, and the Division Purchasing is responsible for the management of suppliers under the Division's account set, and, in conjunction with the performance management of the suppliers, assists the Supplier Management Department to do a good job in supplier grading, consolidation, elimination, development, and resource layout, etc. For supplier resources shared by multiple business division, the Supplier Management Department coordinates supplier grading and elimination.

Type	Management Measures
Supplier development	<ul style="list-style-type: none"> ● Prepare a supplier development program based on the supplier status of the purchased category, such as supply capability and stability, response time, service and management level, price and payment method, and the number of suppliers. ● Multi-channel development to establish a list of eligible access conditions and select suitable suppliers for sample inquiry.
Supplier review	<ul style="list-style-type: none"> ● An audit team is formed by the purchasing, quality, and technical departments to conduct on-site audits or document audits of new suppliers. ● Conduct annual audits of qualified suppliers to optimize supply chain management and improve overall competitiveness.
Supplier introduction	<ul style="list-style-type: none"> ● Supplier introduction is divided into three stages: temporary -- appraisal -- qualification. Temporary suppliers can trade for 1 month only, and appraisal suppliers can trade for a 6-month appraisal period. Qualified suppliers are generally not subject to a deadline requirement unless they are naturally or actively phased out. ● During the 1-month trading period, the temporary buyer may apply for a transfer of assessment to a supplier if it meets the company's needs. ● During the 6-month assessment period, if the quality is stable, the service is timely, and the cost is reasonable, the assessing buyer can apply for supplier review and apply for conversion to qualified supplier if it meets the requirements.

Type	Management Measures
Supplier hierarchy	<ul style="list-style-type: none"> ● Suppliers are categorized into five levels: strategic, preferred, alternative, restricted, and eliminated, based on their R&D and production capabilities, bidding and cost reduction capabilities, willingness to cooperate, and cooperation.
Supplier performance	<ul style="list-style-type: none"> ● Evaluate suppliers in four dimensions: quality, delivery, cost, and technology. ● Upgrade, downgrade or eliminate suppliers based on the results of performance evaluation.
Supplier elimination	<ul style="list-style-type: none"> ● Establishment of supplier elimination plan, elimination list. ● Suppliers who have been eliminated or naturally eliminated and who need to resume trading can initiate a request, write down the reasons, and make it effective after the Company's approval.

Strategy

Crystal-Optech actively identifies and evaluates risks and opportunities in the supply chain and takes measures to minimize the impact, continuously enhancing the resilience of the supply chain and promoting the sustainable development of the supply chain.

Type of Risk/ Opportunity	Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures	
Risks	Supply chain disruption	1. Purchase materials arrive untimely or suddenly stop supply, affecting the Company's subsequent production program; 2. The quantity and quality of purchase materials do not meet the requirements.	Medium	Short Term	Decrease in sales revenue	1. Develop alternate suppliers; 2. IQC inspection of incoming materials to reduce non-compliant materials into the factory.
Opportunities	Sustainable development trend	With the increasing awareness of environmental protection, sustainable development has become an important consideration in supply chain management. By practicing responsible purchasing and creating a green supply chain, the Company is able to build a good brand image.	High	Short, Medium and Long Term	Reduction in costs and increase in market share	Continuously promote supplier ESG management and build a sustainable responsibility chain.

Impact, Risk, and Opportunity Management

Crystal-Optech strengthens supply chain risk management, develops a set of perfect risk management process, to protect the supply chain stable and healthy operation.

Risk identification	<ul style="list-style-type: none"> Collect relevant information about the supply chain, including but not limited to supplier information, logistics and transportation information, raw material sources, etc., and identify risks based on the collection of ethical information.
Risk assessment	<ul style="list-style-type: none"> A comprehensive assessment of risks in the supply chain, using both qualitative and quantitative methods.
Risk management	<ul style="list-style-type: none"> Develop countermeasures, and for high-risk suppliers, consider methods such as establishing alternate suppliers and increasing inventory.
Risk monitoring	<ul style="list-style-type: none"> Strengthen the monitoring of the supply chain, obtain timely information related to the supply chain, and adjust and update the risk according to the actual situation.

Indicators and Goals

The Company sets reasonable supply chain management Indicators to manage and optimize each link in the supply chain, so as to improve the Company's operational efficiency and competitiveness. At the same time, the company treats SMEs upstream and downstream of the supply chain equally, and there are no cases of overdue payments to SMEs.

Supplier Status		
Key Indicators	Unit	2024
Total number of suppliers	pcs	762

Supplier Review		
Key Indicators	Unit	2024
Number of suppliers with Quality Management System Certification	pcs	569
Number of suppliers with Environmental Management System Certification	pcs	287
Number of suppliers with Occupational Health and Safety Management System Certification	pcs	195
Number of suppliers suspended for non-compliance	pcs	0
Number of potential suppliers rejected for non-compliance	pcs	0

Supplier ESG Management

Crystal-Optech incorporates ESG standards into its supply chain management, establishes a multi-dimensional supplier evaluation system, and promotes the sustainable development of the supply chain in three aspects: quality, environmental safety, and social responsibility. The Company requires suppliers to sign a *Supplier Social Responsibility Commitment*, which covers environmental protection, health and safety, business ethics, and labor human rights. For suppliers who violate the requirements, take the initiative to urge them to carry out rectification; for suppliers who fail to meet the standards within the rectification period, take the corresponding elimination procedures. In addition, the company actively conducts supplier safety training to meet the requirements of supplier ESG management.

Multi-dimensional supplier evaluation system	
Quality	<ul style="list-style-type: none"> ISO 9001 Quality Management Systems (Consumer electronics product certification) IATF 16949, Automotive Quality Management System Standard (In-vehicle product certification) QCDS Supplier Cyclical Evaluation System Material acceptance standard Abnormal feedback process and closed-loop tracking system Intellectualization and systematization requirements
Environmental safety	<ul style="list-style-type: none"> ISO 14001 Environmental Management System Chemicals management (general chemicals & hazardous chemicals management) Fire and emergency management
Social responsibilities	<ul style="list-style-type: none"> Human rights requirements Environmental assessment requirements Conflict minerals management Information security

Key Performance:

During the reporting period, the signing rate of the Company's *Supplier Social Responsibility Commitment* was **100%**.

Responsible Purchasing

Integrity Purchasing

Crystal-Optech has always adhered to the principle of mutual benefit, honesty and trustworthiness, the implementation of “sunshine purchasing”, suppliers are required to sign a *Commitment of Honesty and Integrity*, to put an end to commercial bribery, monopolization and other unfair competition, to protect the legitimate rights and interests of both parties, to create a level playing field, a sunny and healthy market environment.

Key Performance:

During the reporting period, the signing rate of the Company's *Commitment of Honesty and Integrity* was **100%**.

Green Purchasing

Crystal-Optech is committed to building a green supply chain. At the source of the supply chain, priority is given to suppliers with environmental protection or social responsibility certifications, and in the purchasing process, priority is given to products and services that have a low impact on the environment, have a high utilization rate of resources, and are in compliance with environmental protection standards, so as to further reduce the environmental impact of the supply chain and build a more sustainable business model.

Digital Purchasing

Crystal-Optech continues to promote big data management of raw materials, simplifying operational processes and improving business efficiency through digital technology. The Company builds a supplier quality abnormality system, which automatically sends an abnormality warning by message when the received material is non-conforming, which is conducive to the Company's timely response to ensure that the supply chain system is safe and reliable.

Conflict Minerals Management

Crystal-Optech adheres to responsible mineral procurement, strictly abides by the requirements of the Responsible Minerals Initiative (RMI), the *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas of the Organization for Economic Cooperation and Development (OECD)*, and formulates the *Conflict Minerals Control Policy* to strengthen the procurement management of metallic materials such as tantalum (Ta), tin (Sn), gold (Au), tungsten (W), cobalt (Co), and mica (Mica), enhance the transparency of the supply chain, and ensure the traceability of minerals used in the supply chain.

During the reporting period, the Company carried out mineral traceability for junction boxes and solder strips involving the use of conflict minerals (tin), and issued conflict minerals questionnaires based on the principles of the Conflict Minerals Reporting Template (CMRT) issued by the Responsible Minerals Initiative (RMI) to all suppliers of metal raw materials for photovoltaic soldering tapes and wires, with the traceability ratio reaching 100%, and there was no procurement of conflict minerals.

Policy requirements	<ul style="list-style-type: none"> Suppliers sign a <i>Supplier Social Responsibility Commitment</i> to ensure that no metals used in raw materials supplied to the company are from conflict areas. Suppliers shall impose the same conflict minerals management requirements on their upstream suppliers.
Due diligence	<ul style="list-style-type: none"> Due diligence was conducted on the identified suppliers using the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT) provided by RMI. Compliance with CMRT, EMRT, and other questionnaires is confirmed, and if the supplier response information is incomplete or incorrect, it is requested to be refilled or supporting evidence is provided.



Crystal-Optech ISO9001 Quality Management System Certification



Crystal-Optech Jiangxi ISO9001 Quality Management System Certification



New T.Best ISO9001 Quality Management System Certification

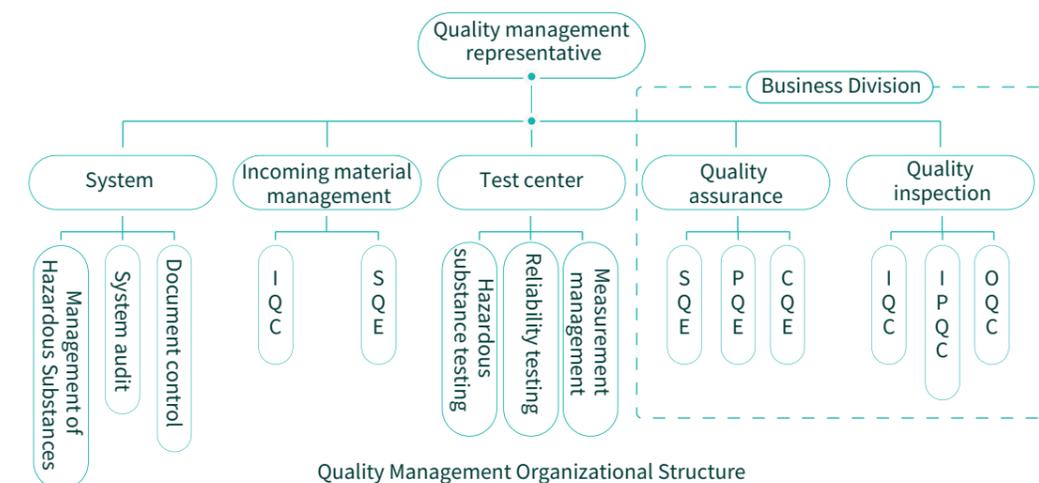


Crystal-Optech Vietnam ISO9001 Quality Management System Certification



Crystal-Optech IATF16949 Quality Management System Certification

Crystal-Optech builds a scientific and effective quality management structure, and the quality management representative is responsible for coordinating and supervising all quality-related activities. Under the leadership of the quality management representative, the Company has set up five modules, namely, system, incoming material management, test center, quality assurance, and quality inspection, in order to realize the whole life cycle management of product quality.



Quality Management Organizational Structure

Product and Service Safety and Quality

Quality is the lifeline of Crystal-Optech, craftsmanship is the vitality of quality construction, Crystal-Optech adhere to the “customer satisfaction is our eternal pursuit” of quality management policy, customer demand-oriented, continuous improvement of the product life cycle management process, and constantly promote the improvement and optimization of the quality of products and services to enhance customer satisfaction.

Quality Assurance System

Governance

Crystal-Optech strictly abide by the *Product Quality Law of the People's Republic of China* and other laws and regulations, and formulate *Quality, Environment/HSF, Occupational Health and Safety Integrated Management System Management Manual* and other systems to ensure that the quality of each link is effectively controlled. By the end of the reporting period, the Company had not experienced any major quality and safety accidents or large-scale quality and safety complaints.

The Company continues to improve the quality system construction, is committed to providing customers with high-quality products and services, and has passed ISO9001, IATF16949 quality management system certification. The Company conducts quality internal audits every year to identify and solve the deficiencies and potential problems in the quality management system in a timely manner, so as to continuously improve the effectiveness and efficiency of the quality management system.

Modules	Main Responsibilities
System	<ul style="list-style-type: none"> Ensure that the Company's quality management system complies with standards and is continuously improved.
Incoming material management	<ul style="list-style-type: none"> Control the quality of raw materials and components to ensure that they meet production requirements.
Test center	<ul style="list-style-type: none"> Perform product testing to ensure that products meet quality standards before leaving the factory.
Quality assurance	<ul style="list-style-type: none"> Ensure quality throughout the entire production process, from design to manufacturing to after-sales service.
Quality inspection	<ul style="list-style-type: none"> Quality inspections are carried out during the production process and before the products leave the factory.

Strategy

Crystal-Optech identifies and evaluates risks and opportunities in the production process, formulates the *Risk and Opportunity Countermeasures Management Procedure* establishes comprehensive risk and opportunity management measures, and follows up on the implementation in a timely manner to ensure the effectiveness of the measures, thus reducing or eliminating the impacts caused by the risks.

Type of Risk/ Opportunity	Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Expected Financial Impact	Countermeasures
Risks	Quality issues or customer complaints	Medium	Short and Medium Term	Increase in costs	<ol style="list-style-type: none"> Strengthen the quality control and develop a reasonable sampling plan; Strengthen the training and learning of relevant management personnel; Strengthen the communication with customers and handle customer feedback in a timely manner.
Opportunities	Intelligent and digital transformation	High	Short, Medium and Long Term	Increase in market share	Increase the construction of intelligent systems to promote the company's digital transformation.

Impact, Risk, and Opportunity Management

Crystal-Optech continuously improves the quality risk management process and strengthens the quality risk management through the steps of risk identification, risk assessment, risk response and risk evaluation.

Risk identification	<ul style="list-style-type: none"> Using a variety of material information and experience to identify risks in processes of technique, equipment, systems and operations.
Risk assessment	<ul style="list-style-type: none"> Risks are analyzed in terms of their likelihood of occurrence and the timeframe of their impact, and the impact of the risk on products, corporate property, corporate image, corporate production and operations, and customer satisfaction is assessed.
Risk response	<ul style="list-style-type: none"> Measures are taken against risks based on the results of the assessment, and when potential risks can be effectively avoided by taking avoidance measures, a risk avoidance program is developed, and risk avoidance measures are identified and implemented until the risk is partially or completely eliminated. When there are no feasible options for risk avoidance, effective risk reduction measures are taken to minimize the impact of potential risks.
Risk evaluation	<ul style="list-style-type: none"> Regularly organize and implement reviews of risks and opportunities to validate their effectiveness. The review of risks and opportunities is completed with a risk assessment report, opportunities for continuous improvement, residual risk analysis and improvement measures.

Key Performance:

During the reporting period, the Company carried out **1** quality risk assessment.

Indicators and Goals

Crystal-Optech with high standards and strict requirements to control product quality, and develop a scientific and effective quality management objectives, by the quality department to monitor the achievement of the objectives, such as substandard items will be proposed to improve the proposal to achieve product quality closed-loop management.

Indicator	Objective Content	Achievement
Product yield	88%	Achieved, with an actual product yield of 88.75%.

Measures for Product Quality Management

● Full Life Cycle Management

Crystal-Optech as established a quality management system throughout the entire product life cycle to ensure that every aspect from product design, production to service achieves superior quality. The Company strictly implements the quality control standards, through advanced technology and sophisticated testing equipment, to ensure that from the beginning of the incoming material inspection, to the production process control, finished product factory testing are in line with the quality requirements. At the same time, the Company has also formulated systems such as *Management Measures for Review of Nonconforming Products and Nonconformity/Nonconformity Control Procedures*, organized a professional team to review and analyze the situation of nonconformity and take effective measures for correction and improvement. For products that fail inspection, the Company takes measures such as rework, special procurement, scrapping, return, downgrading, full inspection and sub-picking, etc. to prevent them from being used and delivered incorrectly, so as to continuously improve the non-conforming items in order to ensure that the integrated management system operates continuously and effectively.



Quality Management Process	
Product development	<ul style="list-style-type: none"> Gather market needs and develop product design specifications.
Feed inspection	<ul style="list-style-type: none"> Select conforming raw material suppliers and carry out raw material inspection to ensure the quality of raw materials.
Production quality inspection	<ul style="list-style-type: none"> Strictly follow the requirements of the production process to ensure the quality of the production process.
Outbound inspection	<ul style="list-style-type: none"> Sampling and testing of finished products to ensure that product quality meets standards.
Continuous optimization	<ul style="list-style-type: none"> Gather customer feedback and address quality issues in a timely manner. Continuously optimize product quality management processes based on market feedback.

Hazardous Substance Management



IECQ QC080000 Certification Certificate

Crystal-Optech has formulated *Management Regulations on Hazardous Substances, Hazardous Substance Control Standards, Hazardous Substance Identification and Evaluation Control Procedures, Hazardous Substance Detection Standards* and other systems to standardize the management of hazardous substances and to ensure that the procurement and implementation of departmental materials, the Company's production process control and the hazardous substances contained in the final product comply with the EU REACH regulation, the EU ROHS Directive/Packaging and Packaging Waste Directive, Norway POHS ban, SS-00259 *Management Regulations of Hazardous Substances in Components and Materials* and other domestic and overseas laws and regulations and customer requirements. As of the end of the reporting period, the Company has passed the Hazardous Substance Process Management System (IECQ QC080000) certification.

Crystal-Optech strictly controls hazardous substances in the process of product design, procurement, manufacturing and shipment. The relevant responsible departments test raw and auxiliary materials, packaging materials and finished products in accordance with the *Hazardous Substance Detection Standards*. At the same time, the Company regularly identifies hazardous substances, evaluates existing or potential sources of significant hazardous substance pollution, and conducts control planning.

Management Process of Hazardous Substances	
Product design	<ul style="list-style-type: none"> Collect the information on hazardous substances and give full consideration to domestic and overseas laws and regulations as well as customer standards for hazardous substance management.
Material purchasing	<ul style="list-style-type: none"> Require suppliers to provide valid test reports on hazardous substances (ICP reports) and material safety data sheets (MSDS). Sign CG-B07 "Non-Use Guarantee of Prohibited Substances" with suppliers. High-risk materials or materials provided by high-risk suppliers are sampled and confirmed as appropriate.

Management Process of Hazardous Substances	
Inspection of incoming materials	<ul style="list-style-type: none"> The incoming material inspector does a good job of sampling raw and auxiliary materials and sends them to the measurement resource management department for testing.
Process management	<ul style="list-style-type: none"> When receiving raw and auxiliary materials, each product line's material receiver needs to confirm whether the outer packaging is labeled with environmental protection markings, such as ROHS and GP markings. Each product line follows the cadmium-free factory requirements defined in the <i>Sony Group Environmental Quality Management Procedures</i> in terms of use restrictions and use site restrictions, not to use raw and auxiliary materials that exceed the hazardous substance content requirements of the <i>Hazardous Substance Control Standards</i>, and not to intentionally add hazardous substances that are prohibited for use. For products with contents exceeding those specified in the <i>Hazardous Substance Control Standards</i>, it is necessary to arrange for dedicated production lines to prevent misuse, mixing and contamination. If products with different control requirements are produced on the same line, a line needs to be changed for cleaning. When introducing new machines, tooling and jigs/activating idle machines (machines that have been out of service for more than 3 months are considered idle) and tooling and jigs to support production, HSF compliance assessment of the machines, tooling and jigs should be conducted. An HSF compliance assessment is also required after equipment repair. Process XRF testing is required when there are risks associated with the product manufacturing process.
Finished product guarantee	<ul style="list-style-type: none"> Do a good job of sampling products from the factory and send them to the measurement resource management department for testing. Trace hazardous substances for products leaving the factory. When information on hazardous substances contained in products is changed, the customer should be notified in advance.

Digital Enablement

Crystal-Optech built a digital quality management system suitable for its own development based on its own actual situation, and achieved total quality management by relying on digital, intelligent system. Through real-time collection and analysis of various types of data in the production process, the Company is able to quickly identify quality problems and accurately locate the root causes of the problems, thus improving the efficiency and accuracy of quality management and promoting the continuous optimization and upgrading of products and services.



ERP system

By relying on this system, achieve the purchase, warehousing, inspection and management of raw materials and ensure the supply of raw materials and quality control.

MES system

Through real-time data collection, monitoring and analysis, the MES system can improve product quality and traceability, providing strong support for enterprises to realize efficient management.



Digital cloud platform

Real-time monitor quality data, provide refined control of different links, and timely discover and resolve quality problems in the production process, thus effectively improving product quality.

Promoting the Spirit of Craftsmanship

In order to further improve the quality of the Company's products, enhance the staff's quality awareness, improve quality skills, and create a quality culture atmosphere of full participation and the pursuit of excellence, Crystal-Optech carried out a quality training, explaining the quality-related knowledge to the staff, and made the staff understand the various types of quality hazards and risks that are prone to occur in the production process through the case narratives, so as to establish the concept of work: "quality matters", constantly improve the Company's quality management level and core competitiveness, and promote the Company's product quality to a new level.



Product Quality Training

Key Performance:

During the reporting period, the Company carried out quality training **15** times, with a total training duration of **26** hours; trained 656 man-times in total.

Customer Service Management

Customer Service Process

Crystal-Optech formulates systems such as *Customer-Related Process Control Procedure*, strengthens communication with customers, maintains good cooperative relationships with customers, and responds to customer needs in a timely manner. The Company's marketing department is responsible for communicating with customers, identifying customer requirements, and organizing the review of product-related requirements; responsible for pre-sale, sale and after-sale services of products, collecting and collating customer-related information, and providing timely feedback to the Company's relevant functional departments. The relevant functional departments are responsible for the processing and feedback of the information within the scope of their duties.



Customer Service Process	
Pre-sales services	<ul style="list-style-type: none"> Carry out relevant publicity to customers within the market target range, provide technical advice, and introduce the Company's products and general information. Respond promptly to customer's feedback (e.g., customer complaints), incoming calls and inquiries (e.g., inquiries about the processing of contracts or orders and their modifications, etc.). Receive and arrange for customer visits.
Services during sale	<ul style="list-style-type: none"> Timely track the order situation. When occurring such as delivery date, technical quality requirements, HSF requirements, transportation or other relevant contractual matters show abnormalities, the business staff should timely feed back information to the customer, and effectively communicate and dispose of them. After the product is shipped, the marketing department reports the information about the delivery process to the customer in a timely manner.
After-sales services	<ul style="list-style-type: none"> Follow up the delivered products, maintain communication with customers, and deal with customer complaints in a timely manner. If the customer needs to return the non-conforming product he/she selected after receiving it for inspection or using it, the business staff of marketing department need to first understand the reasons for product failure from the customer, and feed back the return information to the quality department in time after getting the customer's non-conforming notification. After the quality department confirms and agrees to the return of product, the product can be returned.

Customer Complaint Response

Crystal-Optech has formulated *Customer Complaint Handling Management Measures* to clarify the responsibilities and specific operation methods for receiving, handling, transferring and implementing measures for customer complaints. Through patient acceptance, serious handling and active feedback of customer complaints, the Company collects relevant information and data on the market, customers and products, and formulates quality improvement measures, to achieve the purpose of continuous improvement of customer management and customer services.

Complaint Handling Process	
Definition and handling of responsibilities for complaints	<ul style="list-style-type: none"> Relevant departments patiently receive complaints, confirm the real cause of complaints, actively follow up and feed back, and enthusiastically serve customers. If the defined result is a product quality problem, the relevant department will ship the problematic product back to the Company according to the actual situation of the customer, meanwhile, negotiate with the customer on the follow-up matters.
Acceptance and transmission of complaints	<ul style="list-style-type: none"> When the customer complaint receiver receives a customer complaint, the receiver needs to ask for the product model number, batch number, tracking number and a detailed description of the problem in detail and make a record. Transfer the complaint information to the head of the quality department, manufacturing manager, and responsible on-site quality engineer through the enterprise email.

Complaint Handling Process	
Complaint handling	<ul style="list-style-type: none"> Organize customer complaint response according to the 8D (8 Disciplines) steps. The 8D team leader organizes relevant personnel to develop short-term measures (D3) and implement them within one working day, and sends the information email to the customer complaint receiver, who will then pass it on to the customer as needed. Complete (return) testing, cause analysis, and implementation of improvement measures within 3 working days (or 2 working days after receiving the sample if the customer needs to return defective items). After the implementation of countermeasures, the results should be tracked and verified. If the verification does not meet the requirements, it should be ordered to rectify again until it meets the requirements. Complete 8D within 5 working days (4 working days after receiving the sample) and reply to the customer. The medium and long-term measures (such as document standardization) shall be implemented within 1 month at the latest; If the customer has special requirements on the time to reply to the complaint, the reply shall be completed within the time required by the customer. If the quality problem cannot be solved in a short time, an improvement plan (determine the improvement measures, responsible person and completion date) shall be made and submitted to the customer, and the implementation of the rectification measures shall be updated regularly.
Tracking and verification of complaints	<ul style="list-style-type: none"> Track the implemented improvement measures for three consecutive months or batches to ensure their continued effectiveness. For the customer complaints of designated major customers, the improvement measures should be maintained in the CAPA list, and they should be reviewed and confirmed regularly. The review frequency is once every three months, and it can only be closed after three consecutive confirmations. The responsible department shall give a reply within 5 days.

Key Performance:

During the reporting period, the Company received **334** customer complaints with a **100%** resolution rate.

Customer Satisfaction

Customer satisfaction evaluation of Crystal-Optech is conducted once a year, which is coordinated by the marketing department. After the customer satisfaction survey, the marketing department forms a customer satisfaction evaluation form and sends it to the business section chiefs, the heads of the marketing department and the leaders in charge of the marketing department. The heads of the marketing department analyze and improve the suggestions or opinions put forward by customers in the customer satisfaction questionnaire and the problems existing in the customer satisfaction evaluation form, organize relevant departments to participate when necessary, and form an improvement report, complete the service work of relevant customers in time, and continuously improve customer satisfaction.

Key Performance:

During the reporting period, the Company distributed **34** customer satisfaction questionnaires, and the customer satisfaction rate was **89.50%**.

Customer Privacy Protection

Market information is related to the Company's security and interests. Crystal-Optech has formulated the *Management System of Market Information Confidentiality*, which strictly keeps customer information confidential and monitors information security through IT technology, thus reducing the risk of information leakage and providing customers with a safe and reliable service environment. All business personnel (account managers, salesmen, business assistants) and those related to market information are forbidden to talk about information related to customer work to irrelevant personnel at any time and any place. If customer information needs to be exchanged, it will be transmitted and exchanged by customer code. All employees must strictly abide by the obligation of confidentiality and shall not disclose information such as customer files. During the reporting period, there was no customer privacy disclosure incident in the Company.

Data Security Guarantee

Ensuring information security is an important part of safeguarding customers' rights and interests and enhancing the Company's competitiveness. Crystal-Optech continuously strengthens the level of information security construction and management, and compacts the responsibility of network and data security layer by layer, thus promoting the safe, efficient and steady development of the Company's various businesses.

Information Security Management System

Crystal-Optech strictly adheres to national laws and regulations such as the *Data Security Law of the People's Republic of China* and the *Cybersecurity Law of the People's Republic of China*, formulates the *Information Security Management Manual*, and establishes a comprehensive information security management system to ensure the security of the Company's information infrastructure and information application systems. At the same time, the Company has established a clear information security reward and punishment mechanism, punishing employees who violate information security policies and procedures, and rewarding employees who effectively avoid information security incidents, thereby effectively preventing the occurrence of information security incidents. As of the end of the reporting period, the Company has not experienced any data security incidents.

Normalized Security Governance Measures

Crystal-Optech provides solid support for the Company's information security management from multiple aspects, including information system management, physical environment management, and information security training, in accordance with the requirements of program management documents such as the *Computer Room Security Management System and Vulnerability Scanning Measures*.

Type	Main Measures
Data security management	<ul style="list-style-type: none"> Backup the data, the person in charge of the data source needs to check daily whether the data they are responsible for is backed up, and promptly organize the backup files, and record any abnormal backup events. Develop disaster recovery plans to ensure that business systems and data can resume normal operation in the event of a major security incident.
System security management	<ul style="list-style-type: none"> Scan the vulnerabilities of the Company's main system hosts and repair them in time. Carry out computer virus inspection and regularly check the operation of computer equipment. Encrypt confidential documents to ensure that the internal information of the Company is not leaked. Carry out VPN multifactor authentication to ensure data security. An application form must be filled in when the OA account (external access), enterprise email account and other communication software and intranet (referring to the access of foreign computers to the Company LAN) are opened.

Type	Main Measures
Environmental management of computer room	<ul style="list-style-type: none"> ● Regularly check power supply, electrical equipment, fire control facilities, etc., and solve problems in time when found. ● Regularly check and sort out the physical connection lines of hardware, and regularly check the operation status of hardware (such as equipment indicator lights and meters).
Information security training	<ul style="list-style-type: none"> ● Regularly arrange computer network security training and strengthen the concept of computer network security. ● Regularly arrange network administrators to participate in safety training on computer networks to improve their network management ability.

Key Performance:

During the reporting period, the Company conducted **25** information security trainings with **2,000** participants.

● Emergency Incident Management

Crystal-Optech has formulated the *Emergency Management Procedures for Information Systems* and the *Emergency Plans for Network and Information Security* to form a scientific, effective and quick-response emergency working mechanism to ensure the safety of important computer information systems and prevent and reduce network and information security emergencies and their damage to the greatest extent. According to the nature of the incident, serious procedures, controllability, scope of influence and other factors, the Company divides the Company's information security incidents into two levels: company level and department level, and formulates different emergency plans to ensure that network information failures can be found, reported and handled early.

The IT management department of the Company decides and deploys emergency management. When network and information security emergencies occur, the Company responds quickly, takes effective measures to curb the spread of the events, and summarizes and analyzes the events afterward to learn lessons, so as to improve the future response ability and minimize the impact of data security incidents.



CRYSTAL OPTECH

06

People-oriented, Building a Harmonious Workplace

CRYSTAL OPTECH >>>>



Occupational Health and Safety

Protection of the Legitimate Rights and Interests of Employees

Employee Training and Development

Our Philosophy

Employees are the most valuable wealth of enterprises and an important support for business development. Crystal-Optech adheres to the core values of "people-oriented", always pays attention to and safeguards the legitimate rights and interests of employees, accompanies employees to grow safely, builds a diversified and inclusive working environment for employees, continuously optimizes the talent development system, and strives to broaden career development channels, so as to realize the common progress and development of individuals and enterprises.

Our Actions

Ensure occupational health and safety, protect the legitimate rights and interests of employees, pay attention to employee training and development, and carry out democratic management.

Responsive SDGs



Occupational Health and Safety

Crystal-Optech adheres to the safety production policy of "safety first, prevention first, comprehensive treatment", establishes the safety management concept of "hidden danger is accident", always puts occupational health and safety in an important position, conscientiously implements the laws and regulations such as the *Law of the People's Republic of China on Work Safety* and the *Law of the People's Republic of China on Prevention and Control of Occupational Disease*, adheres to the occupational health and safety policy of "building a harmonious living and working environment", and constantly educates employees to strengthen safety awareness to protect their safety and health.

Safety and Health Management System

Governance

The Company has formulated a series of health and safety production system documents, such as *Safety Production Management System*, *Safety Production Responsibility System* and *Safety Production Reward and Punishment System*, to strengthen the management and prevention of possible dangerous factors in the production process and promote the construction of safety system. During the reporting period, the Company passed the ISO 45001 occupational health and safety management system certification and obtained the second-class enterprise certificate of work safety standardization. Crystal-Optech Jiangxi, New T.Best, Crystal-Optech Vietnam, Crystal-Schott and Yeshili all passed the occupational health and safety management system certification.



Crystal-Optech's Occupational Health and Safety Management Systems Certificate



Crystal-Optech's Second-class Enterprise Certificate of Work Safety Standardization



In order to strengthen the work of safety in production, the Company has a safety management organizational structure with clear powers and responsibilities, comprehensively controls safety affairs from the organizational level, supervises the implementation of safety work and the completion of safety objectives, and resolutely holds the bottom line of safety in production. In addition, in order to implement the main body responsible for safety production of each unit, the Company signed a responsibility letter for safety production target assessment with employees and the Divisions. During the reporting period, the Company signed a total of 5,778 responsibility letters for safety production target assessment.

Organization	Responsibilities
Principal person in charge of the Company	Be responsible for organizing the formulation and implementation of overall and annual safety production targets, and assessing the results of safety production targets.
Base Operation Center - EHS Department	Responsible for formulating the annual production safety objectives, indicators, implementation plans and assessment methods, and conducting inspection, testing and assessment.
Functional Centers and Business Groups	Be responsible for implementing the implementation plan of safety production targets and indicators of the unit; to be responsible for the publicity and training of the safety production objectives, indicators, implementation plans and assessment methods of the unit; be responsible for the decomposition and assessment of the safety production objectives and indicators of the unit.

Strategy

The Company evaluates and identifies possible risks and opportunities in the production process and environment, and provides corresponding countermeasures to reduce potential risks and improve management efficiency.

Type of Risk/ Opportunity	Description of Risk/Opportunity	Likelihood of Occurrence	Impact Duration	Financial Impact	Countermeasures
Risk	Occupational health or safety accidents may lead to the decline of the Company's operating efficiency, and in serious cases may also lead to the interruption of the Company's business.	Medium	Short Term	Increase in operational costs/fines.	Establish standard procedures for hidden danger investigation, prevention and rectification, and timely control related risks.
Risk	Occupational health or production safety accidents may lead to a decline in customer trust and affect market share.	Low	Long Term	Decrease in operational income.	Formulate safety production plans and do a good job in emergency handling of safety production accidents; Timely and transparent disclosure of accident handling information.
Oppor tunities	Optimizing the financial budget and management process of occupational health and safety will improve the overall operating efficiency of the Company and reduce the time and cost of accident handling.	High	Medium and Long Term	Reduction in expense expenditure.	Optimize internal processes, strengthen risk assessment and hidden danger investigation, and improve response speed; Invest in research and development or introduce advanced safety management systems and technologies to improve the efficiency of occupational health and safety management.

Impact, Risk, and Opportunity Management

The Company has formulated such systems and procedures as *Hazard Identification and Risk Assessment Control Procedure*, *Emergency Preparedness and Response Procedure* and *Emergency Preparedness and Response Management Measures*, and formed a complete management process, which can effectively identify, evaluate and manage safety risks at different levels.

Management Process	Management Measures
Risk Grading and Control	Identify hazard sources by division, business and category, and provide control measures; update the hazard sources every year and count the number of newly identified, reduced and eliminated hazards.
Hazard Identification and Management	Formulate the <i>Safety Inspection and Hidden Danger Investigation and Rectification System</i> , conduct hidden danger investigation every month, and implement closed-loop management for hidden danger investigation and management; disclose safety hazard investigation data, company safety hazard inspection quantity trend chart, hidden danger type distribution chart, hidden danger rectification tracking table, etc., and conduct hidden danger type analysis. During the reporting period, the Company organized 159 hidden dangers investigations and found 480 hidden dangers, all of which have been rectified, with a rectification rate of 100%.
Emergency Plan	Formulate the <i>Emergency Plan for Production Safety Incidents</i> , including special emergency plans and on-site disposal plans, strengthen the construction of emergency teams and earnestly carry out emergency drills to effectively protect the lives and property of employees. During the reporting period, 9 safety emergency drills were conducted.

Case **Comprehensive Emergency Drill for Safety Production**

On May 31, 2024, the Company held the "Comprehensive Emergency Drill for Safety Production". According to the Company's emergency plan and the actual situation of the Company's safety work, it was determined that the main task of this fire drill was to conduct emergency drills for fire accidents. The whole drill was divided into three parts: scene simulated fire evacuation, outdoor fire hydrant fire extinguishing, and personnel rescue drill, with a total of 3,370 participants.




Comprehensive Emergency Drill for Safety Production



Indicators and Goals

The Company sets the occupational health and safety target for 2024.

Result-Oriented Indicators	Goals	Achievement
Fire Incidents	None in 2024	Achieved
New Occupational Diseases in 2024	None in 2024	Achieved
Serious Injury and Death Accidents in Production Safety	None in 2024	Achieved
Incidence Rate of Minor Injuries	The incidence in 2024 is $\leq 1\%$	Achieved

● Safety and Health Management Measures

Production Equipment Management

The Company formulates the *Equipment Management Regulations*, which manages the whole life cycle of equipment operation, and stipulates the responsibilities of equipment management and the management in the early, middle and late stages of equipment use. In addition, the Company regularly carries out the closed-loop work of equipment safety hazard identification and rectification supervision.



On-site Inspection Photo

Safety Management of Interested Parties

The Company formulates the *Contractor's Safety Management Regulations*, signs the *Contractor's EHS Management Agreement* with the contractor, reviews the contractor's qualification in advance, requires the contractor to provide the corresponding qualification certificate, and signs the *Contractor's Safety Management Instructions for Entering the Park*, including the safety and environmental protection instructions for on-site operation and how to carry out emergency treatment. When handling the contractor's construction certificate, the security department needs to review the *Contractor's EHS Management Agreement* and the *Contractor's Safety Education Instructions for Entering the Park*, and can handle the construction certificate only after it is confirmed to be correct. During the contractor's work, the Company assigns the project leader to supervise the work, and requires the contractor to fill in the "Contractor's Daily Inspection Record Form", and urge the rectification in time when problems are found.

Enhancement of Safety Awareness

The Company attaches great importance to enhancing employees' safety awareness. To this end, the Company regularly organizes occupational health and safety training for all employees, covering safety operation procedures, use of personal protective equipment, emergency response and other aspects. In addition, the Company will also carry out special safety training for contractors to ensure that they strictly abide by safety regulations during project implementation, jointly safeguard the Company's safe production order, and work together to build a harmonious working environment with zero accidents and zero injuries.

Case

Series of Activities of the Safe Production Month

June 2024 is the 23rd national "Safe Production Month". In order to implement the theme spirit of "Everyone pays attention to safety, everyone knows how to respond to emergencies-unlocking the life channel", the Company has launched a series of activities of Safe Production Month, including special training on *Safety Subject Responsibility Knowledge*, comprehensive emergency drills for safe production, special emergency drills, prize-winning answering activities, special safety inspections and many other activities. This activity has effectively improved the safety production skills and awareness of all employees and promoted the safe development of enterprises.



Emergency Drill for Chemical Leakage of Boston Division



Award-winning Answering Activity

Key Performance:

In 2024, the Company invested a total of RMB **597,000** in safety education and training;
210 safety education and training sessions; participated in safety education and training for **35,015** people;
 the total duration of safety education and training was **525.5** hours;
 safety education and training coverage rate was **100%**;
 the coverage of safety risk protection training was **100%**.

Fire Safety Management

In order to strengthen the Company's fire safety management, the Company formulated the *Regulations on Fire Safety Management*, entrusted a third-party organization with professional qualifications to conduct comprehensive fire facilities inspection on a regular basis, and promptly fed back the rectification report after the inspection was completed, so as to quickly implement various improvement measures. In addition, the Company will regularly maintain the fire-fighting facilities to ensure the effectiveness and safety of the fire-fighting facilities. In the safety management of hazardous chemicals, the Company strictly implements the storage and use specifications of chemicals, pays attention to taking anti-leakage measures, and comprehensively protects the safety of employees' lives and property and the harmony of the environment.



Protection Point and Facility



Protective Measures for Chemical Leakage

Occupational Health Protection

Occupational Disease Hazard Factor Detection

The Company formulates the *Occupational Health Comprehensive Management System*, which provides for the monitoring and evaluation management of occupational hazards. The Company shall entrust an occupational health technical service institution with corresponding qualifications to detect occupational hazards at least once a year and evaluate the occupational hazards at least once every three years to ensure that the intensity or concentration of occupational hazards in the workplace meets the national occupational health standards.

Key Performance:

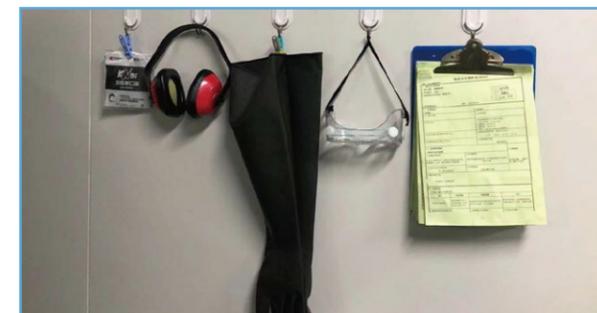
During the reporting period, the detection rate of occupational hazard factors was **100%**.

Occupational Disease Protection

The Company has formulated such systems as *Management Measures for Labor Protection Articles*, *Warning and Informing System for Safety and Occupational Health*, and *Management Measures for Occupational Health Examination*. In terms of occupational health examination, EHS Department, the Base Operation Center, identifies the occupational health hazard posts of the Company every year and issues the *Occupational Hazard Assessment Form*, which lists the occupational hazard factors of the posts, their impact on human body, possible occupational diseases, etc., and evaluates whether it is necessary to have a medical examination. The scope of physical examination includes pre-employment, on-the-job and emergency physical examination to protect the health and related rights and interests of all employees.

Key Performance:

During the reporting period, the physical examination coverage rate of employees was **100%**, and there were **0** new occupational diseases.



On-site Protective Clothing Photo



On-site Warning Sign Picture

Mental Health of Employees

The Company firmly believes that employees' mental health is an important cornerstone for the stable development of enterprises. Therefore, the Company has formulated the *Employee's Mental Health Protection Mechanism*, and through a series of measures and activities, it ensures that employees can maintain a good mental state and work-life balance while working efficiently. The Company has set up a mental health leading group and a mental health executive group to regularly carry out mental health training and team building activities for employees of the Company, and incorporate employees' mental health into the monthly assessment system, and constantly optimize the mental health guarantee mechanism according to the assessment results to create a healthy, harmonious and positive working environment for employees.

Protection of the Legitimate Rights and Interests of Employees

Crystal-Optech regards employees as the first resource for the Company's development, adheres to the people-oriented principle, cares about and respects employees' rights and interests, and is committed to creating a diverse, healthy and inclusive working environment for employees, paying attention to employees' physical and mental health, constantly optimizing the employee structure, improving employees' welfare protection, and enhancing employees' sense of belonging and cohesion.

Protection of Employees' Rights and Interests

Human Rights Protection

The Company strictly abides by the *Labor Law of People's Republic of China*, the *Labor Contract Law of People's Republic of China* and other laws and regulations, and formulates and improves the *Employee Manual*, *Work Procedures for Prohibiting Discrimination, Harassment or Abuse*, *Non-compulsory Work Procedures*, *Control Procedures for Child Labor and Juvenile Workers*, etc., to safeguard and respect the legitimate rights and interests of employees.

The Company insists on equal pay for equal work, prohibits all forms of disciplinary measures such as harassment, abuse, sexual harassment or corporal punishment in the Company, and stipulates that it is not allowed to discriminate against any worker in recruitment and other employment activities based on age, disability, nationality, gender, marital status, political affiliation, race, religion, sexual orientation, gender identity, membership of labor unions or any other status protected by applicable national or local laws. At the same time, the Company refuses any form of forced labor and ensures that all employees within the Company are voluntarily employed. If employees find that the Company has the above prohibited behaviors, they can complain to their superiors orally or in writing.

Key Performance:

During the reporting period, the signing rate of employee labor contracts was **100%**, and there was no employment discrimination, harassment, child labor and forced labor.

Women's Rights and Interests Protection

In order to safeguard the legitimate rights and interests of female employees, protect their physical and mental health and the healthy growth of their children, the Company has formulated the *Management Procedure for Labor Protection of Female Workers*, which stipulates that the principle of equality between men and women should be followed in terms of promotion, treatment and welfare, and protective measures should be taken for female employees during menstruation, pregnancy, childbirth and lactation. At the same time, the Company has a nursing room, which is cleaned regularly by a special person.

Key Performance:

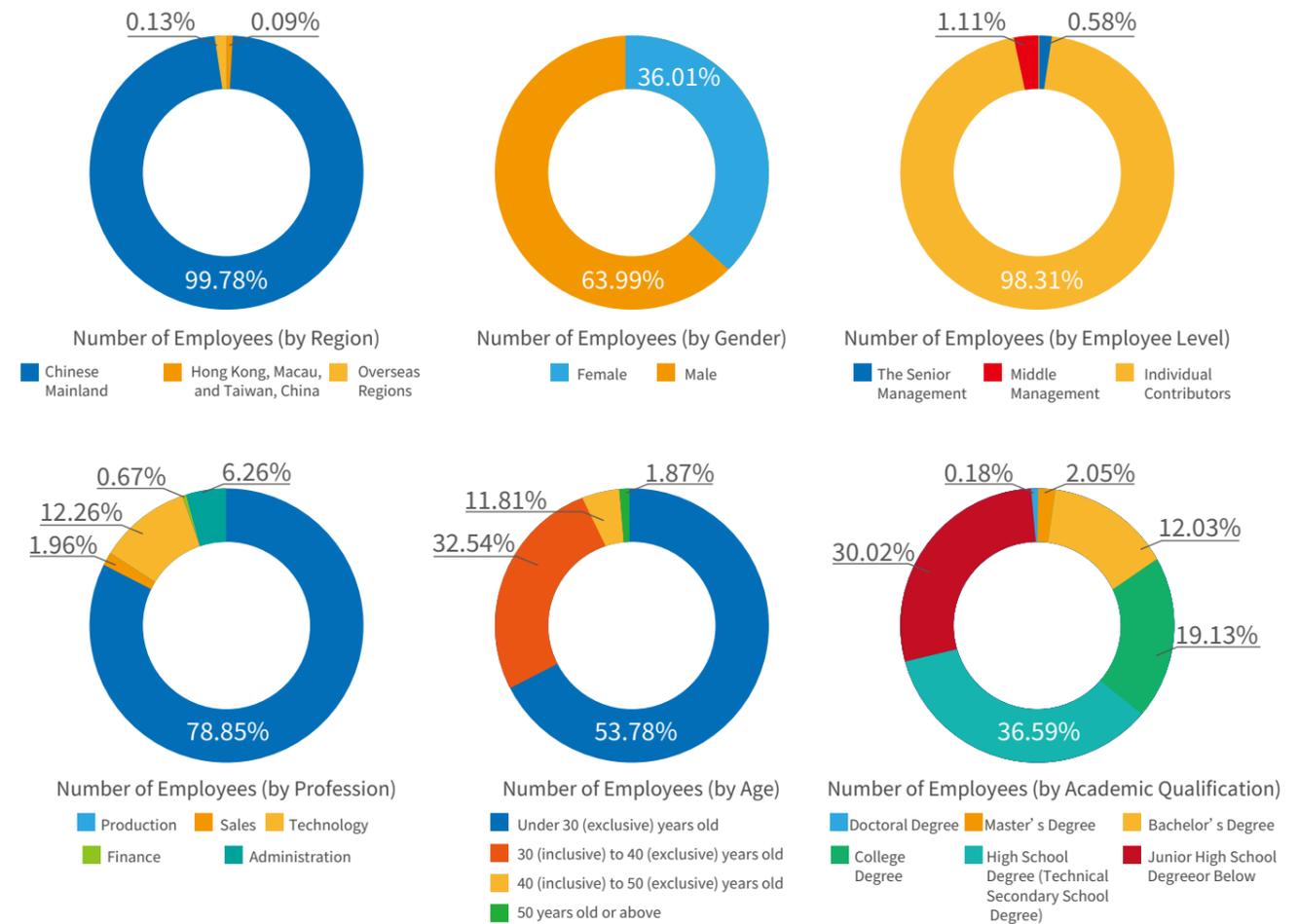
During the reporting period, the proportion of female managers in the Company was **27%**;
the number of employees enjoying maternity leave was **29**; enjoy the maternity leave return rate of **100%**;
the number of employees enjoying parental leave was **54**; the return rate of employees who enjoy parental leave was **100%**.



Talent Recruitment and Retention

Talent Recruitment

The Company formulates the *Recruitment and Employment Control Procedure*, which specifies the recruitment conditions, recruitment principles, interview procedures and employment procedures. The Company adheres to the principle of diversified recruitment, including social recruitment, online channels such as BOSS, 51job, Liepin and so on; School recruitment, including Changchun University of Science and Technology, Shaanxi University of Science & Technology, Xi'an Technological University, etc.; Entrusting the labor department to recruit and cooperating with headhunting companies, etc., and also including internal recruitment, labor dispatch, media recruitment and other channels. In addition, the Company has specially opened recruitment channels for veterans and disabled people, and tailored suitable positions according to their unique skills, experience and personal characteristics.



Employee Composition of Crystal-Optech in 2024

Talent Retention

Equity incentive is an indispensable tool to cultivate and bring up a professional, market-oriented and high-quality workforce. The Company has actively implemented the employee stock ownership plan, using a total of 29,875,084 repurchased shares for the implementation of the Company's Phase IV to Phase VIII employee stock ownership plans during the period from 2019 to 2024. At the same time, it set the unlocking conditions related to the performance appraisal results at the individual level, actively reserved talent resources, and continuously stimulated employees' work enthusiasm and enthusiasm.

Key Performance:

During the reporting period, the employee turnover rate of the Company's functional platforms was **19.06%**.

● Salary and Benefits Management

Management System

The Company formulates the *Salary Management Regulations*, and the salary design follows the concepts of fairness, competitiveness, incentive, legitimacy, differentiation and sustainability, aiming at building a system that meets the needs of employees and supports the strategic objectives of enterprises. The system principle emphasizes external competitiveness and internal balance, and the salary structure includes fixed income, floating income and long-term incentive, in which floating and long-term incentive are linked to company and individual performance.

Benefits

The Company has formulated the *Regulations on the Management of Employee Benefits* for all domestic employees, and employee benefits include social security benefits, working conditions benefits, employee living benefits, employee health benefits, entertainment and family activities benefits, etc. The Company shall pay social insurance and housing provident fund for employees who sign labor contracts with the Company according to law; Employees enjoy work benefits such as clean room allowance, night shift allowance and transportation allowance; The Company provides some employees with dormitory, holiday benefits, birthday benefits, retirement condolences and other living benefits.

Key Performance:

During the reporting period, the Company's social insurance coverage rate was **100%**;
welfare expenditure is RMB **9.63 million**; the per capita paid annual leave was **3.5 days**.

Assessment Mechanism

In order to standardize the management of the Company and form a scientific incentive and restraint mechanism, the Company established a performance appraisal mechanism according to the actual situation. The performance appraisal mechanism is quarterly KPI assessment, which covers both performance and personal growth. The process includes performance planning, implementation and counseling, assessment and interview, and complaints and results feedback. Individual assessment and team assessment results are linked to each other.

● Strengthened Democratic Management

The Company has established the *Labor Union Work Procedure* and *Employee Appeal and Handling Procedure*, and has set up a labor union and employees' congress. As an organization that represents and serves the interests of all employees, the employees' congress is elected by employees, and its daily work is to accept employees' complaints, collect employees' opinions and reflect them to the management of the Company; labor union members are democratically elected by the employees' congress, and employees are organized to participate in democratic decision-making, democratic management and democratic supervision of their own units through the congress of workers and staff in accordance with the law.

Employees can lodge complaints when they encounter behaviors that they think endanger their rights and interests or violate laws and regulations at work. In order to protect employees from retaliation, employees can lodge complaints anonymously, through the general manager's mailbox, WeChat official account, email, telephone and other channels.



Employees' Congress

Key Performance:

During the reporting period, the Company's employee satisfaction was **80%**;
the employee participation rate of employee satisfaction was **92%**.

● Employee Care

The Company attaches great importance to the construction of humanistic care for enterprises, cares for employees in all aspects in work and life, carries out rich employee activities, enhances mutual understanding and trust among employees by promoting communication and cooperation among teams, creates a harmonious and positive working atmosphere, and lays a solid humanistic foundation for the long-term development of the Company.



Celebrating the Dragon Boat Festival with Dumplings



Celebrating the Dragon Boat Festival with Tug of War



International Working Women's Day (March 8) Activity



Celebrating the Dragon Boat Festival with doing Sachet



The 9th Crystal-Optech Basketball Competition



Crystal-Optech Basketball Team Friendly Match



Team Building Activity



Manual DIY Activity

Employee Training and Development

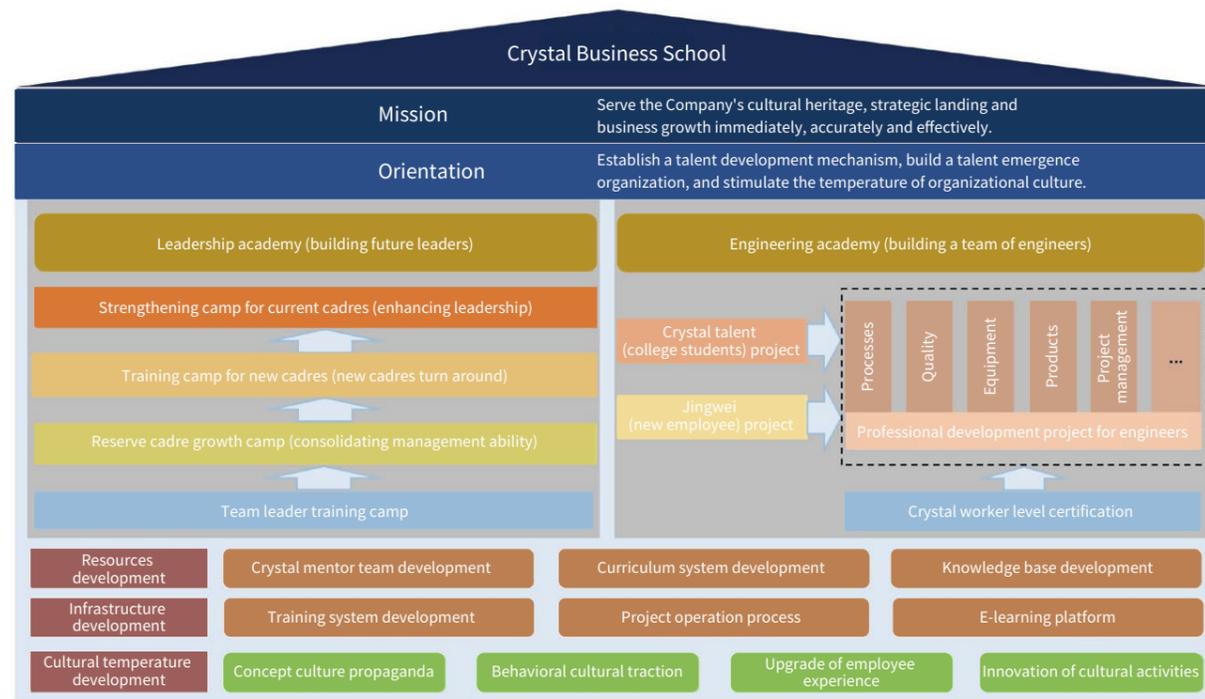
Crystal-Optech attaches great importance to talent development and training, sets up reasonable development channels for employees, builds a comprehensive training system, carries out diversified training programs, and gives employees the most appropriate resources and effective learning modes, so that employees can continuously improve themselves and fully demonstrate their professional value.

Staff Training Management

Training Platform Construction

The Company established Crystal Business School in 2017, adhering to the mission of "immediately, accurately and effectively serving the cultural heritage, strategic landing and business growth of Crystal" and the teaching philosophy of "integrating knowledge and practice, training and warfare", and creating a knowledge platform, learning platform and service platform covering the whole area of Crystal, so as to provide sufficient endogenous talent guarantee for the Company's development.

In addition, the Company established a learning growth system to evaluate and manage the learning growth of employee training, and at the same time formulated learning growth evaluation standards to evaluate the training results from three aspects: credits, learning ability Indicator and learning sharing Indicator.



Orientation and Planning of Crystal Business School

Organization and Implementation of Internal Training

The Company employs external lecturers to carry out internal training, with a total of more than 100 lecturers, ranging from junior to special, to provide internal training for all departments of the Company, help the Company create an internal learning atmosphere, strengthen internal communication, and improve employees' professional skills and quality.

Staff Training Program

The Company has a professional development program for engineers and is carrying out activities such as the 2024 Crystal Talent Plan and Crystal Worker Skill Level Certification. Through skill recognition, the Company aims to improve the growth path of employees from junior, intermediate, and senior workers to technicians and senior technicians, providing employees with a broader and more comprehensive platform for skill enhancement. In addition, the Company has established New Crystal Cadre Growth Camp, New Crystal Cadre Training Camp, and New Crystal Talent Growth Camp, aiming to enhance the comprehensive quality of employees and cultivate qualified cadres for Crystal.



New Crystal Cadre Training Camp

Case

Grinding Technician Training

In 2024, the Company conducted training for grinding technicians, aiming to enhance employees' grinding skills and cultivate a team of skilled technicians who can teach. There were a total of 3 trainers and 51 students participating in this training.



Grinding Technician Training

Key Performance:

In 2024, the Company invested a total of RMB 2,909,500 in employee training; 986 training sessions; the total number of trainees was 6,570; the total number of trainees was 25,697; the total training duration is 32,899.89 hours; staff training coverage rate was 53%.

● Employee Development Access

The Company provides support and platform for the growth of employees, and provides a broader development space for talents who dare to challenge themselves and develop in an all-round way. The Company has formulated the *Craftsman Ladder (T-sequence) Promotion System for Career Planning* and the *Management System for Excellence Ladder Promotion Path for Career Planning*, which divide professional promotion channels for front-line backbone employees. According to the above system, leaders assist subordinates in formulating and implementing career development plans, regularly evaluate the effectiveness of subordinates' career plans, propose improvement suggestions, and provide necessary support and assistance; employees follow the guidance of the craftsman ladder, continuously improve their professional abilities, actively participate in various training provided by the Company, and independently apply for professional levels.

Artisan Ladder Level Setting

Level Abbreviation	Core Values	Typical Portrait
T5	Development	Masters
T4		
T3	Practice	Experienced Personnel
T2		
T1	Learning	Beginner

Excellence Ladder Level Setting

Level Abbreviation	Core Values	Typical Portrait
P9	Leading	Authority
P8		
P7	Innovation	Expert
P6		
P5	Development	Masters
P4		
P3	Practice	Experienced Personnel
P2		
P1	Learning	Beginner



07

Walk Hand in Hand in Public Welfare and Jointly Paint a Scroll of Love

CRYSTAL OPTECH >>>>



Rural Revitalization
Public Welfare and Charity

Our Philosophy

Crystal-Optech has always regarded corporate social responsibility as an important mission, actively practicing social responsibility, focusing on rural revitalization, social enterprise co-construction, charitable donations and other fields, and contributing to social construction.

Our Actions

Increase community contributions, help rural revitalization, and participate in charity

Responsive SDGs



Rural Revitalization

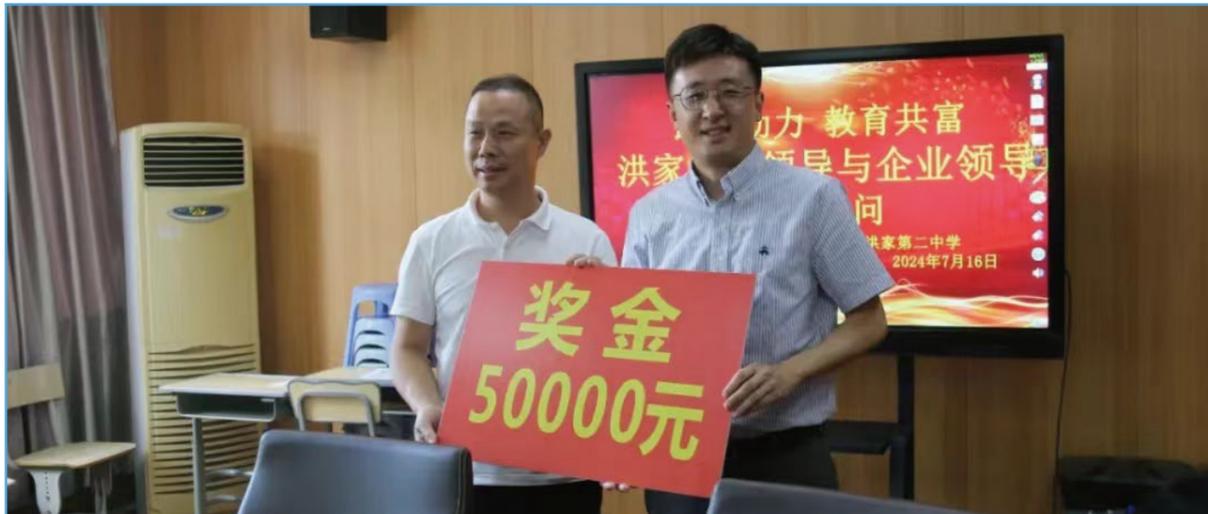
Crystal-Optech actively responded to the call of the country to "promote rural revitalization in an all-round way" and implemented the crystal gratitude culture. The Company set up the Gratitude Foundation to empower the rural revitalization in the help areas through consumption assistance, education assistance and employment assistance, constantly meeting the people's growing needs for a better life, and promoting the comprehensive rural revitalization to achieve new breakthroughs and a new level. In 2024, the Company invested a total of RMB 110,000 in rural revitalization.

Consumption Assistance

The Company actively carried out consumer assistance work, and carried out consumer assistance to poverty-stricken areas such as Ganzi Prefecture, Sertar County and Nanchong County in Sichuan Province, where Jiaojiang District of Taizhou City, Zhejiang Province helped counterparts, and purchased agricultural and sideline products in a way of "love subscription" totaling RMB 50,000.

Educational Assistance

The Company focuses on the development of rural education. In 2024, the Company's Gratitude Fund donated RMB 50,000 to Hongjia Second Middle School to support teaching facilities and improve the school's teaching environment; provide financial assistance to 5 impoverished students in Zhongtuo Town, Jia County, Henan Province, with a donation of RMB10,000. By continuously promoting poverty alleviation through education, we aim to build a culture of gratitude within the Company and contribute to the prosperity and development of rural education.



Donate Hongjia Second Middle School

Case Crystal-Optech has Helped Sertar 's Education Development for Three Consecutive Years

Since Jiaojiang was paired with Sertar, the Company has been committed to helping Sertar and always caring about Sertar education. The Company sponsored the implementation of Jiaojiang-Sertar education and employment integration project for three consecutive years, and donated a total of RMB 575,000 to support Sertar students' study and life in Jiaojiang. The injection of this fund will solve practical difficulties for Sertar students, relieve their worries, and let them study with peace of mind, improve their grades, broaden their horizons and increase their talents.



Signing Ceremony for the Integration Project of Vocational Education and Employment

Employment Assistance

Crystal-Optech has effectively participated in the action of helping agriculture through consumption. As the "Taizhou Demonstration Base for Employment and Poverty Alleviation", it has actively absorbed thousands of registered poor laborers and members of urban and rural low-income families and those on the verge of being low-income, created more employment opportunities for poor laborers and actively fulfilled their social responsibilities.

Public Welfare and Charity

Crystal-Optech actively participates in social welfare undertakings, orderly carries out external donation work, dedicates love with practical actions, and contributes to the construction of a harmonious society.

Key Performance:

In 2024, the Company's total public welfare investment was RMB168,000.

The Company has maintained a friendly relationship with the PLA resident forces for many years. On the occasion of the 97th anniversary of the founding of the PLA, the Company hereby applies for the Gratitude Fund, donating RMB 25,000 to the resident officers and soldiers, sending holiday condolences, actively providing help within its ability for the army building, and improving communication and joint construction with the army.

Case Crystal-Optech Donates RMB 2 Million to the College of Optical Science and Engineering at Zhejiang University

In this era of rapid technological advancement, the deep integration of education and industry has become an important force driving social progress and technological innovation. Crystal-Optech has taken practical actions to fulfill its social responsibility and donated RMB 2 million to the College of Optical Science and Engineering at Zhejiang University, with the aim of promoting educational development and technological innovation in the field of optics, and contributing to the cultivation of more outstanding optoelectronic talents. This donation is not only a high recognition of the educational capabilities of Zhejiang University by Crystal-Optech, but also demonstrates Crystal-Optech's deep concern for education and its high sense of responsibility for the cultivation of future scientific and technological talents.



Zhejiang University Leaders Present Honor Certificates and Gratitude Plaques to Crystal-Optech



Looking Ahead

2025 is the closing year of the "14th Five-Year Plan". Crystal-Optech will continue to uphold the corporate vision of "becoming a globally outstanding one-stop optical solution expert", adhere to sustainable development, practice corporate social responsibility with practical actions, continue to deepen the fields of environment, society and governance, and contribute more to global green transformation and sustainable development.

In terms of environment, the Company will continue to fully implement the concept of green manufacturing, and strive to achieve low-carbon, recycling and harmlessness in the production process, optimize the production process, reduce energy consumption and reduce emissions; in the process of product R&D and production, we will actively use environmentally friendly, degradable or recyclable materials to reduce environmental pollution, explore the application possibilities of more environmentally friendly materials, and contribute to the green development of the optical industry.

In terms of society, the Company will always pay attention to the protection of customer rights and ensure the quality and safety of products; keep up with the forefront of the industry and continue technological innovation, and continue to build and improve the technological innovation system; actively participate in community construction and public welfare activities, support the development of education, environmental protection, poverty alleviation and other undertakings; provide employees with more diverse training courses and career development opportunities, achieving a win-win situation between personal value and enterprise development.

In terms of governance, the Company will regard sustainable development as one of the core strategies for enterprise development, formulate clear sustainable development goals and plans, regularly evaluate the implementation of sustainable development strategies, adjust and optimize strategic directions in a timely manner, and ensure that the company continues to move forward on the path of sustainable development.

Annex Indexes

Sections of the Report	Global Sustainable Development Reporting Standard (GRI Standards)	Chinese Corporate Social Responsibility Report Guidelines (CASS-ESG6.0)	Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)	
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Sections of the Report		Global Sustainable Development Reporting Standard (GRI Standards)	Chinese Corporate Social Responsibility Report Guidelines (CASS-ESG6.0)	Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)
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	Feedback Form	/	A6	/

Feedback Form

Thank you for reading the *2024 Environmental, Social and Corporate Governance Report of Zhejiang Crystal-Optech Co., Ltd.* To improve the work of Crystal-Optech in environmental, social, and corporate governance aspects, further enhance the Company's ability and level of sustainable development, and strengthen communication and exchange with all sectors of society, we sincerely hope that you can provide valuable opinions and suggestions on our work and report amidst your busy schedule.

Your Information

Name: _____ Tel: _____

Unit: _____ Email: _____

Choice Questions (please tick in the appropriate box)

1. Your overall evaluation of the *2024 Environmental, Social and Corporate Governance Report of Zhejiang Crystal-Optech Co., Ltd.*

Good Fair To be improved Not understood

2. How do you think Crystal-Optech has done in terms of customer service?

Good Fair To be improved Not understood

3. How do you think Crystal-Optech has done in terms of technological innovation?

Good Fair To be improved Not understood

4. How do you think Crystal-Optech has done in terms of corporate governance?

Good Fair To be improved Not understood

5. How do you think Crystal-Optech has done in terms of employee team building?

Good Fair To be improved Not understood

6. How do you think Crystal-Optech has done in social welfare?

Good Fair To be improved Not understood

7. How do you think Crystal-Optech has done in terms of environmental protection?

Good Fair To be improved Not understood

8. How do you think Crystal-Optech is doing in terms of sustainable supply chain?

Good Fair To be improved Not understood

9. Do you have any other opinions on Crystal-Optech' ESG work?
