SUNMI

# 2024
# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

# contents

# About This Report

## Preparation Instructions

ESG stands for Environmental, Social, and Governance, which represent standards of corporate performance and business conduct distinct from financial principles, with the core concept being sustainable development. The ESG report is a crucial component of non-financial information disclosure for listed companies and serves as a key reference for investors assessing corporate non-financial risks and sustainable development potential.

This report is the first Environmental, Social, and Governance (ESG) report issued by Shanghai Sunmi Technology Co., Ltd. for stakeholders. The report covers Shanghai Sunmi Technology Co., Ltd. and its subsidiary companies, with financial data sourced from the consolidated financial statements of the 2024 annual report. Following principles of objectivity, standardization, transparency, and comprehensiveness, this report provides a detailed disclosure of the company's practices and performance in governance, environmental, and social areas for the year 2024.

## Criteria and Basis

- I. Guidelines on Corporate Social Responsibility Reporting in China (CASS-ESG5.0), issued by Chinese Academy of Social Sciences;

- II. Guidelines on Social Responsibility Reporting (GB/T36001-2015), issued by National Standards of People's Republic of China;

- III. Global Reporting Initiative Standards (GRI Standards), issued by International Sustainability Standards Board (ISSB);

- IV. ISO 26000: Guidance on Social Responsibility (2010) by International Organization for Standardization.

## Reporting Scope

Shanghai Sunmi Technology Co., Ltd. ( hereinafter referred to as "SUNMI Group")

## Reporting Period

The Shanghai Sunmi Technology Co., Ltd. will publish an annual ESG report starting in 2024. This report covers the period from January 1, 2024, to December 31, 2024. To enhance the comparability and foresight of the report, certain content is moderately extended to include previous and subsequent years.

## Data Description

The report utilizes data from various sources, including our actual operational raw data, open government data, annual financial data, internal statistical reports, third-party surveys, and evaluations through third-party interviews. The financial data in this report is presented in Chinese Yuan. In case of any inconsistencies with financial reports, the data in the financial reports shall prevail.

## Report Publication Format

This report is released in electronic format. You can download the electronic text of this report on the company's official website (https://www.sunmi.com).



**sunmi**

# Message from the Chairman

Since the establishment in 2013, SUNMI has journeyed through eleven years of challenges and growth. Today, as we stand at a new starting point, we are first unveiling the SUNMI ESG Report. This not only showcases our efforts and achievements in the realm of digital transformation of the business sector but also signifies our steadfast commitment to sustainable development. It marks a significant milestone in fulfilling our corporate social responsibility.

Since its inception, SUNMI has embraced the core value of "altruism," dedicating itself to achieving Business 4.0, a goal and a mission we relentlessly pursue. In 2020, we officially unveiled our BIoT strategy, signaling a firm step forward on the path to achieving Business 4.0. This also embodies our commitment to the vision of becoming the global leading BIoT brand. We firmly believe that in the era of the Internet of Things, the future of the business world will be undoubtedly interconnected, where data interconnection in brick-and-mortar businesses will be achieved through BIoT. SUNMI is poised to become a company encompassing hardware, software, platforms, and ecosystems. By developing a product and service ecosystem that includes smart business devices, operating systems for business, and IoT platforms for management, we leverage a profound understanding of the digital economy and years of exploration in various business scenarios. We are determined to embed digitalization into every business scenario, promoting deep integration of smart devices with business sectors on a global scale. Collaborating with partners worldwide, we aim to create solutions tailored for diverse businesses, building an interconnected business world.

We are also committed to advancing sustainable development through technological innovation. Over the past two years, we have successively launched the third-generation of SUNMI Android flagship series and the new generation of dual-system devices— "SUPER POS", which have achieved comprehensive upgrades in both functionality and performance, as well as from hardware to software. Built upon the concept of modular design using CBB, the new products ensure usability and stability, leading to extended product lifecycle, minimized design costs, and enhanced material reusability. Additionally, we have employed sustainable packaging made of compact and lightweight all-paper materials, guaranteeing 100% recyclability.

Moreover, we have introduced the concept of "S.U.P.E.R" as the guiding principle for SUNMI's ESG system with initiative. Rooted in the spirit of altruism, we uphold long-term customer value, pursue a path of mutual growth, and advocate for a scientifically pragmatic approach to sustainable development. This embodies our commitment to the corporate philosophy of "Value our employees by treating them with respect, recognition and understanding. Contribute to the development of society."

Today, propelled by the trust and support from our clients, partners, government, and various sectors of society, SUNMI has solidified its brand presence in the global BIoT field. We have established 32 branches worldwide, collaborating with over 58,000 ecosystem partners to create digital transformation solutions for industries including retail, food & beverage, finance, healthcare, and services. Our products and services are deployed across more than 200 countries and regions globally.

We are fully aware of our responsibilities and will continue to deepen our ESG practices in the future. We will promote the digital transformation for more brick-and-mortar businesses, bringing smart and digitalized future for traditional business models. SUNMI looks forward to living up to expectations and embarking on the new chapter of Business 4.0 with you together!

# Company Profile

## Overview

Shanghai Sunmi Technology Co., Ltd., established on December 11, 2013, is an IoT technology company driven by the core value of "altruism," leading innovation in smart hardware for global businesses. SUNMI is committed to providing smart IoT hardware and integrated software-hardware digital transformation solutions for the business sector, building an interconnected business world, and ultimately achieving Business 4.0.
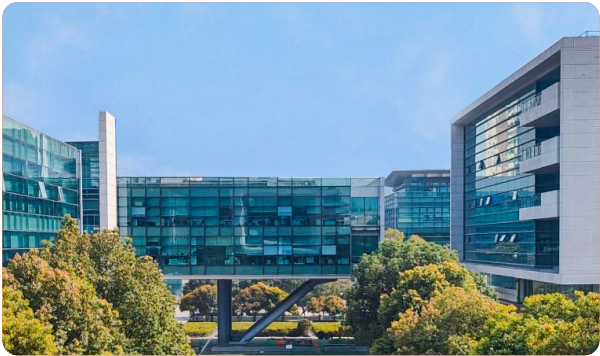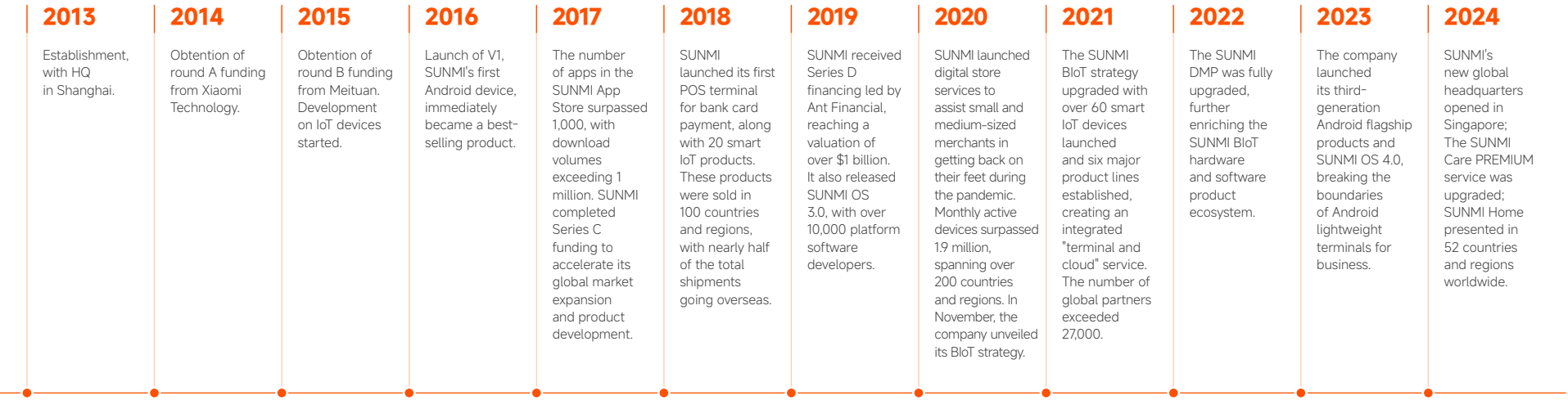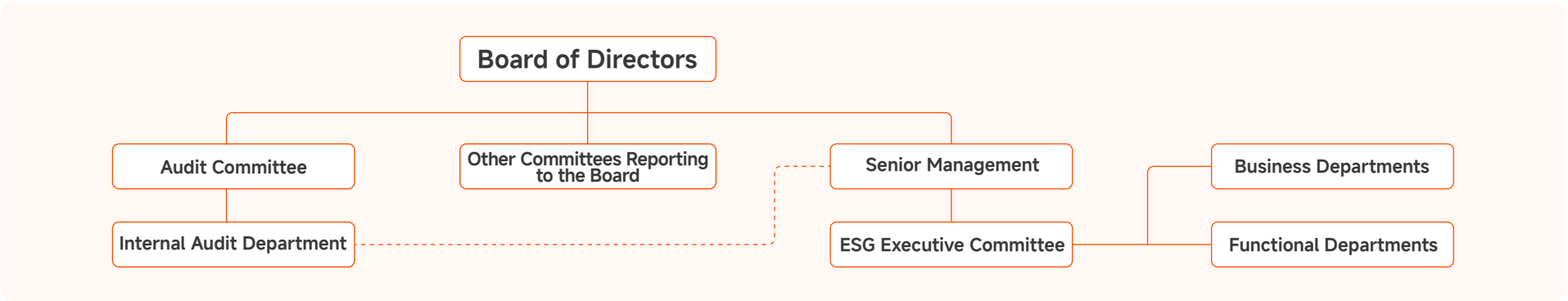
## Development Milestones

- Shanghai Sunmi Technology Co., Ltd. has received strategic investments from Ant Group, Meituan, Xiaomi Technology, Shenzhen Capital Group, Jiashan County State-owned Assets Investment Co.,Ltd., ABC International, and Lightspeed China Partners.

- In 2014, SUNMI secured Series A funding from Shenzhen Capital Group and Xiaomi Technology, etc.

- In 2015, SUNMI obtained Series B funding from Meituan, etc.

- In 2019, SUNMI received hundreds of millions in Series D financing from Ant Group and ABC International. This achievement gave SUNMI a valuation of $1 billion, making it a unicorn enterprise.

- In 2020, SUNMI was awarded the national-level honor of Specialized and Innovative "Little Giant" Enterprise.

## History of SUNMI

Shanghai SUNMI Technology Co., Ltd.（hereinafter referred to as "SUNMI Group"）

**2013** — Establishment, with HQ in Shanghai.

**2014** — Obtention of round A funding from Xiaomi Technology.

**2015** — Obtention of round B funding from Meituan. Development on IoT devices started.

**2016** — Launch of V1, SUNMI's first Android device, immediately became a best-selling product.

**2017** — The number of apps in the SUNMI App Store surpassed 1,000, with download volumes exceeding 1 million. SUNMI completed Series C funding to accelerate its global market expansion and product development.

**2018** — SUNMI launched its first POS terminal for bank card payment, along with 20 smart IoT products. These products were sold in 100 countries and regions, with nearly half of the total shipments going overseas.

**2019** — SUNMI received Series D financing led by Ant Financial, reaching a valuation of over $1 billion. It also released SUNMI OS 3.0, with over 10,000 platform software developers.

**2020** — SUNMI launched digital store services to assist small and medium-sized merchants in getting back on their feet during the pandemic. Monthly active devices surpassed 1.9 million, spanning over 200 countries and regions. In November, the company unveiled its BIoT strategy.

**2021** — The SUNMI BIoT strategy upgraded with over 60 smart IoT devices launched and six major product lines established, creating an integrated "terminal and cloud" service. The number of global partners exceeded 27,000.

**2022** — The SUNMI DMP was fully upgraded, further enriching the SUNMI BIoT hardware and software product ecosystem.

**2023** — The company launched its third-generation Android flagship products and SUNMI OS 4.0, breaking the boundaries of Android lightweight terminals for business.

**2024** — SUNMI's new global headquarters opened in Singapore; The SUNMI Care PREMIUM service was upgraded; SUNMI Home presented in 52 countries and regions worldwide.

## Organizational Chart

- **Board of Directors**
  - **Audit Committee**
    - **Internal Audit Department**
  - **Other Committees Reporting to the Board**
  - **Senior Management**
    - **ESG Executive Committee**
    - **Business Departments**
    - **Functional Departments**

## Products



SUNMI Group specializes in delivering comprehensive smart hardware solutions for merchants. They offer a variety of smart POS systems, POS terminals, routers, self-service checkout devices, and other smart terminals and IoT devices. Additionally, they provide cloud platform services and an operating system known as "SUNMI OS." This system supports their smart hardware and offers cloud-based device management, software solutions, and payment technology integration services to merchants across diverse industries.

## Business Overview

SUNMI Group has multiple branches worldwide, covering five key regions: Asia-Pacific, Europe, North America, Latin America, and the Middle East & Africa. We partner with over 58,000 ecosystem partners to develop digital solutions for industries like retail, food & beverage, finance, healthcare, and services. With our global reach and localized services, SUNMI Group effectively supports the digital transformation of brick-and-mortar businesses around the world. In 2024, we participated in ten major industry associations, notably including the Shanghai Industrial Technology and Innovation Association (SITIA) and the Shanghai Information Service Association (SISA) among other authoritative organizations.

## Key Performance Indicators

| Key Economic Performance | 2022 | 2023 | 2024 |
|---|---|---|---|
| Operating Revenue (100 million yuan) | 34.04 | 30.71 | 34.56 |
| Net Profit Attributable to Shareholders of the Parent Company (100 million yuan) | 1.60 | 1.01 | 1.81 |

| Key Social Performance | 2023 | 2024 |
|---|---|---|
| Total Number of Suppliers | 494 | 648 |
| Key Supplier Code of Conduct Signing Rate (%) | 100% | 100% |
| Total Number of Employees | 1073 | 1227 |
| Employee Turnover Rate (%) | 13.96% | 23% |
| Number of Valid Applied and Authorized Patents | 735 | 806 |
| R&D Investment (100 Million Yuan) | 3.54 | 3.94 |

| Key Environmental Performance Indicators | | | | | |
|---|---|---|---|---|---|
| | Category | Unit | 2022 | 2023 | 2024 |
| Total Greenhouse Gas Emissions and Density[1] | Scope 1 – Direct Emissions | Tons | N/A | N/A | N/A |
| | Scope 2 – Energy Indirect Emissions | Tons | 497.49 | 621.65 | 672.42 |
| | Scope 3 – Other Indirect Emissions | Tons | 206.24 | 446.67 | 753.22 |
| | Total Emissions | Tons | 704 | 1,068 | 1,426 |
| | Total Emissions Density[2] | Tons/Million Yuan | 0.15 | 0.20 | 0.19 |

Notes:
1. The data related to Scope 3 greenhouse gas (GHG) emissions are calculated based on Appendix 2 of the Hong Kong Stock Exchange's guidelines titled How to Prepare an ESG Report: Reporting Guidance on Environmental KPIs, and also reference ISO 14064-1 standards, which provide specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. Additionally, it combines our internal records and best estimates. Scope 3 greenhouse gas emissions mainly cover certain data categories, including indirect emissions from transportation and those generated from products and services used by our organization.
2. The total emissions density is based on the sum of emissions from Scope 1 and Scope 2, calculated against revenue per million yuan for the corresponding periods.

## Company Culture

The founder of SUNMI Group, Lin Zhe (Jack), advocates for an "altruistic mindset" in conducting business and upholds the spirit of "altruism, friendliness, openness, and cooperation." He aims to leverage years of experience in smart hardware development to collaborate with various resources, empowering partners and providing rich industry solutions for businesses. This approach seeks to minimize waste in business, improve efficiency, and ultimately benefit consumers, creating a healthier and better business environment.

| | |
|---|---|
| SUNMI's philosophy | Value our employees by treating them with respect, recognition and understanding. Contribute to the development of society. |
| SUNMI's mission | To build a next-gen business IoT platform with an altruistic mind and eventually achieve business 4.0. |
| SUNMI's vision | To become a top-10 IoT company in the world. |
| SUNMI's altruism | Altruism × Six Endeavors = Long term value for customers & the healthy development of SUNMI |
| SUNMIers' Six Endeavors | Customer Centric, Innovative, Remarkable, Practical, Accountable, Respectful. |



## Honors Earned by SUNMI (2023-2024)

During the 2023-2024 period, Sunmi Technology consistently received recognition from both government and industry for its innovation and design capabilities, being successively awarded several prestigious qualifications and honors including Shanghai's "Zhangjiang Star" Leading Enterprise, National Industrial Design Center, and Shanghai's First Batch of Innovative Enterprise Headquarters. We also won six international design awards such as Germany's iF Design Award and Red Dot Design Award. With its leading comprehensive corporate strength, technological innovation, and industrial design capabilities, Sunmi continues to empower commercial digital transformation.

**Specialized and Innovative "Little Giant" Enterprise (2020-2026, Second Batch Review)**
Ministry of Industry and Information Technology of the People's Republic of China

**Sixth Batch of National Industrial Design Center (2024-2027)**
Ministry of Industry and Information Technology of the People's Republic of China

**National Manufacturing Single Champion Demonstration Enterprise (2023 - 2025)**
Ministry of Industry and Information Technology of the People's Republic of China

**Shanghai Municipal Enterprise Technical Center**
Shanghai Municipal Commission of Economy and Informatization

**Shanghai "Quality Benchmark"**
Shanghai Municipal Commission of Economy and Informatization

**Shanghai Design-Led Demonstration Enterprise**
Shanghai Municipal Commission of Economy and Informatization

**2022 Shanghai Zhangjiang Star Leading Enterprise**
Shanghai Municipal Commission of Economy and Informatization

**Shanghai Independent Foreign Trade Brand Demonstration Enterprise**
Shanghai Municipal Commission of Commerce

**Shanghai Innovative Enterprise Headquarters**
Office of the Leading Group of Shanghai Municipality for Strategic Emerging Industries

**Shanghai Brand-Led Demonstration Enterprise**
Shanghai Municipal Commission of Economy and Informatization

Chapter 01

# Spirit of Altruism Drives Sustainable Development and Governance

# Structure

To align with international sustainable development trends and its strategic goals, SUNMI Group evaluates its business practices through the lenses of environmental protection, social responsibility, and corporate governance. This comprehensive review, combined with a gap analysis, aims to enhance its competitiveness in key markets around the world and build a sustainable development edge. With approval from the SUNMI AT, an ESG Executive Committee has been established to report to the SUNMI ST, overseeing the promotion of ESG initiatives.
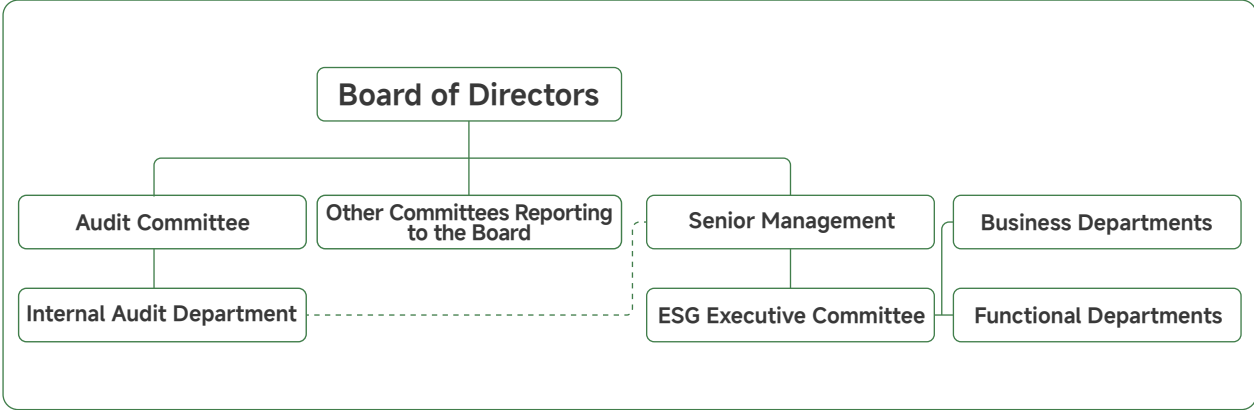


⌃ Governance Structure of SUNMI Group
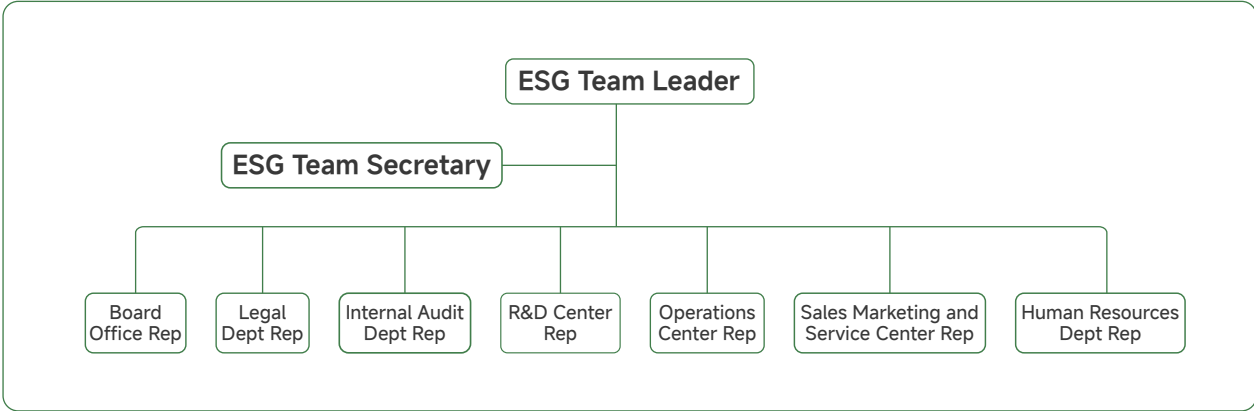


⌃ ESG Team of SUNMI Group

# Goals and Strategies

Shanghai Sunmi Technology Co., Ltd. is an IoT technology company at the forefront of global innovation in smart business hardware, with "altruism" as its core value. SUNMI has developed a new generation of impressive products and solutions centered around the concept of "SUPER," and introduced the S.U.P.E.R. framework for sustainable development. This Spirit of Altruism is evident in SUNMI's ESG management approach. Externally, SUNMI focuses on growth and mutually beneficial partnerships with suppliers (Unity). Internally, it fosters scientific governance and stakeholder welfare with a pragmatic approach (Practicality). The company actively tackles climate and environmental challenges to balance social progress with green, low-carbon development (Environment). It prioritizes responsibility by putting people first, respecting employee rights, supporting the less fortunate, and encouraging acts of kindness (Responsibility).

## Values of SUNMIers

At SUNMI, we embrace Business 4.0 with an altruistic mindset, dedicated to creating long-term value for our customers and making open business data circulation beneficial for humanity.

We strive for lasting and sustainable mutual benefits, connecting business data like rivers, lakes, underground water systems, and the vast Atlantic and Pacific Oceans.

Altruism is our driving force and the source of our happiness. Together, we sow the seeds of altruism, nurturing a spirit of selflessness that enriches society.



## **S**pirit of Altruism

**U**nity          **P**racticality          **E**nvironment          **R**esponsibility

## Unity

SUNMI works to grow together with its suppliers, fostering a positive relationship based on cooperation and mutual benefit for shared development. Through implementing a strong supply chain social responsibility management system, SUNMI aims to improve its ESG performance.

ESG Practices: Win-Win Partnerships
Responsible Procurement & Green Supply Chains

## Practicality

Upholding the concept of "sustainable development and operation", in order to enhance the long-term value of SUNMI, we stick to scientific governance, optimizing the governance structure, and adhering to business ethics. SUNMIers practice the six endeavors with the intention of "altruism" while deliberately cultivating a "benevolent heart", which is "Being customer-centric, practical, innovative, accountable, remarkble and respectful."

ESG Practices: Practical
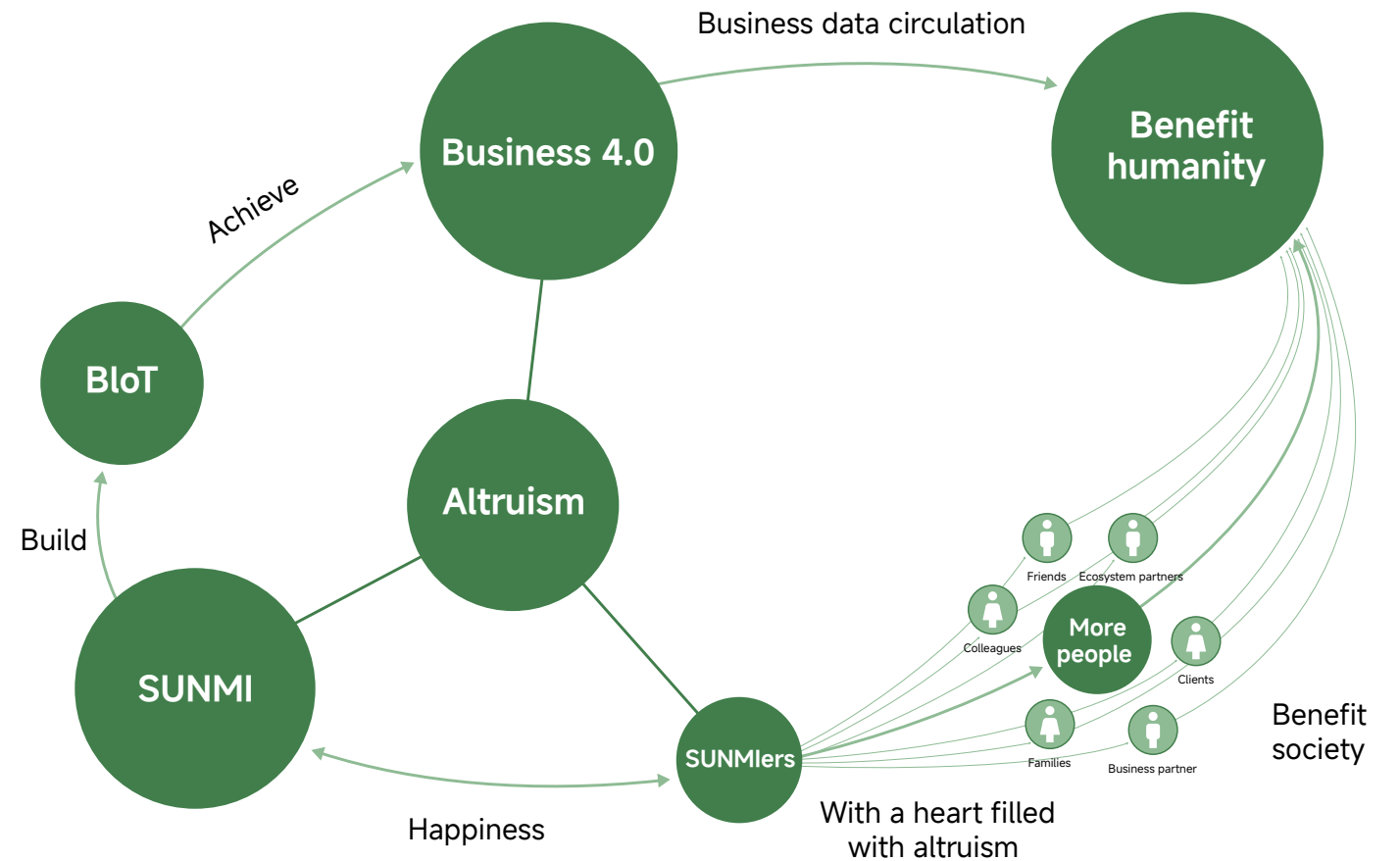Scientific Governance & Six Endeavors

## Environment

SUNMI actively addresses climate and environmental challenges by continuously promoting energy conservation, increasing the use of renewable energy, developing clean technology products, and fostering a circular economy.

ESG Practices: Green and Low-Carbon
Energy Saving and Emission Reduction &
Green Products & Circular Economy

## Responsibility

Upholding the talent philosophy of "proactive, open, and diverse", SUNMI adheres to a people-oriented approach, ensuring the health and safety of employees, and promoting diverse talent development. Also, SUNMI always encourage to assist the weak and help those in needs, actively participating in the civilized practice and spreading acts of kindness and love for the new age.

ESG Practices: Accountable
People-Centric & Supporting the Vulnerable

Business data circulation

Business 4.0

Benefit humanity

Achieve

BIoT

Altruism

Build

More people

SUNMI

SUNMIers

Happiness

Friends    Ecosystem partners

Colleagues

Clients

Families    Business partner

Benefit society

With a heart filled with altruism

# Communication With Stakeholders and Material Topics

## Communication With Stakeholders

SUNMI Group fully respects the legitimate rights and interests of its stakeholders, consistently prioritizing their expectations and needs to achieve mutual benefit and win-win outcomes. During the reporting period, we identified 17 key material topics by considering national policies, industry trends, and our own circumstances. We used various methods, such as surveys, to understand stakeholders' concerns on different issues and responded proactively.

| Stakeholders | Government and Regulatory Authorities | Shareholders and Investors | Suppliers | Customers |
|---|---|---|---|---|
| Key Areas of Concern | Sustainable Supply Chain (G) Economic Contribution and Equity Assurance (G) Information Security Management (G) Carbon Emission and Energy Management (E)) Management of Emissions, Wastewater, and Waste (E) Rights Assurance (S) Compensation and Benefits Assurance (S) Occupational Health and Safety (S) | Sustainable Supply Chain (G) Corporate Governance and Risk Management (G) Economic Contribution and Equity Assurance (G) Business Ethics (G) Information Security Management (G) Addressing Climate Change (E) Talent Development and Training (S) Occupational Health and Safety (S) | Sustainable Supply Chain (G) Business Ethics (G) Information Security Management (G) Creating Eco-Friendly Products (E) | Sustainable Supply Chain (G) Business Ethics (G) Information Security Management (G) Addressing Climate Change (E) Creating Eco-Friendly Products (E) |
| Communication Channels | Acceptance of Oversight Regular Disclosures Policy Implementation Institutional Inspections | Financial Reports Roadshows Performance Reports ESG Reports Surveys Conference Calls | Regular Training for Suppliers Supplier Management and Verification Daily Communication with Suppliers Open Bidding Research Questionnaires | Research Questionnaires Technical Seminars Product Exhibitions |

| Stakeholders | Employees | Community Members | Partners and Media |
|---|---|---|---|
| Key Areas of Concern | Business Ethics (G) Addressing Climate Change (E) Rights Assurance (S) Employee Well-Being (S) Employee Activities (S) Compensation and Benefits Assurance (S) Talent Hiring and Promotion (S) Diversity and Equity (S) Talent Development and Training (S) Occupational Health and Safety (S) | Management of Emissions, Wastewater, and Waste (E) Employee Well-Being (S) Employee Activities (S) Occupational Health and Safety (S) | Sustainable Supply Chain (G) Business Ethics (G) Information Security Management (G) Creating Eco-Friendly Products (E) |
| Communication Channels | Employee Satisfaction Surveys Employee Complaints and Appeals Employee Training Employee Handbook Employee Activities | On-site Visits Volunteer Activities Community Media Social Welfare Projects Information Disclosure | Information Disclosure Communication Interviews Participation in Industry Exchange Activities Industry Exhibitions Industry Training |

## Material Topics Identified

SUNMI Group conducts a thorough analysis of stakeholders' demands and expectations, assessing the significance of issues that matter to them and their impact on the company. These topics are ranked and analyzed from two perspectives: "importance to sustainability impact" and "importance to financial impact" resulting in the following core topics matrix.



● Sustainability Impact    ● Financial Impact

Sustainable Supply Chain (G)
Corporate Governance and Risk Management (G)
Economic Contribution and Equity Assurance (G)
Business Ethics (G)
Information Security Management (G)
Addressing Climate Change (E)
Developing Eco-Friendly Products (E)
Carbon Emission and Energy Management (E)
Management of Emissions, Wastewater, and Waste (E)
Rights Assurance (S)
Employee Well-Being (S)
Compensation and Benefits Assurance (S)
Employee Activities (S)
Talent Hiring and Promotion (S)
Diversity and Equity (S)
Talent Development and Training (S)
Occupational Health and Safety (S)

0    1    2    3

⌃ Important Topics Identified

About This Report    Message from the Chairman    Company Profile    Spirit of Altruism Drives Sustainable Development and Governance    **Unity**    Practicality    Environment    Responsibility    Key Performance Indicators    GRI Indicator Index

☰ 10

Chapter 02

# Unity

# Supplier Compliance Risk Management

SUNMI Group has implemented a series of management systems and procedures, such as the "Supplier Evaluation Control Procedure," to uphold high standards for supplier conduct regarding labor rights and environmental responsibilities. We oversee the entire supplier lifecycle through three phases: development and admission, tiered management, and evaluation audits.
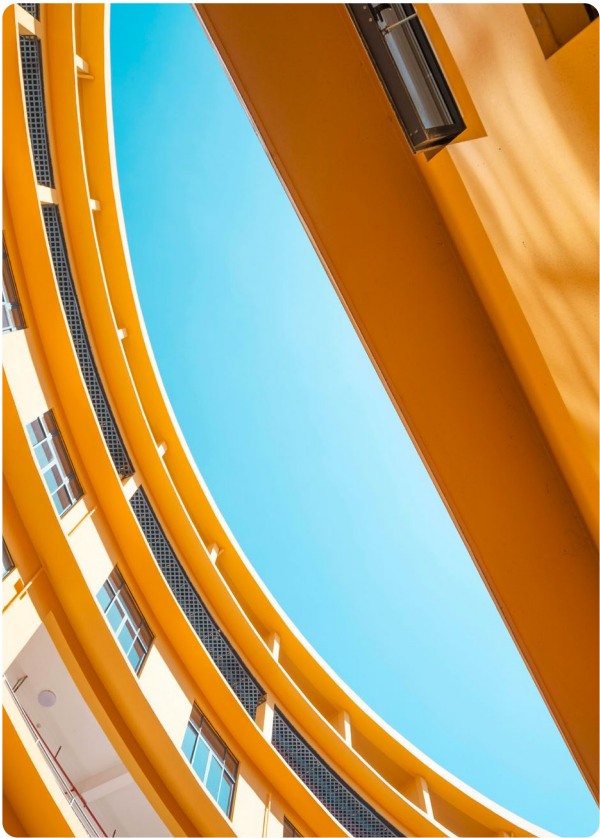
## New Supplier Development and Admission

SUNMI Group rigorously controls the criteria for admitting new suppliers, prioritizing high-quality candidates and fostering a fair competitive environment. Through continuous communication and collaboration, the company actively protects the legal rights and interests of both suppliers and customers. Prospective suppliers are required to obtain one of the following third-party quality system certifications: ISO9001, IATF16949, TL9000, or equivalent.

When introducing a new supplier, sourcing engineers proactively gather and assess information on potential candidates. They conduct investigations and preliminary assessments, completing the "Supplier Information Table." Once a supplier meets the criteria for evaluation, sourcing engineers coordinate with quality assurance and R&D teams to thoroughly evaluate the supplier's quality, delivery time, price, service, R&D capabilities, systems, and sustainability using the "Supplier Audit Form." Suppliers rated as satisfactory or good are deemed qualified. Resource development engineers draft a "Framework Agreement" and annexes with these qualified suppliers, while supplier quality management engineers are responsible for drafting the "Quality Agreement" and related documents.

During the reporting period, SUNMI Group actively promoted the signing of the "Supplier Social Responsibility Agreement" and the "EHS Notification Agreement for Stakeholders" to enhance supplier management in terms of sustainable development.

## Tiered Supplier Management

SUNMI Group classifies procurement materials into three categories according to the technical standards set by the IoT R&D platform, based on their impact on subsequent processes and outputs.

| Category | Definition | Examples |
|---|---|---|
| Main Materials (Category A) | These materials have a significant impact on the core functionality of the final product, greatly influence product costs, and have strict procurement conditions with long lead times (requiring advance preparation). | Finished products, screens, PCBA, cameras, chipsets |
| Main Materials (Category B) | These materials are not critical to the key parts of the final product. They either directly affect product quality or have a minor impact, which can be corrected with appropriate measures. | Casings, hardware components |
| Main Materials (Category C) | These materials serve a supportive role and are not directly used in the product itself. | General packaging materials |

Suppliers are categorized into three types based on the importance of Terminal Quality Management  (TQM):

Category 1: A supplier who supplies services, components or parts that are not critical to compliance of the product with TQM requirements.

Category 2: A supplier who supplies services, components or parts which may have an effect on compliance of the product with TQM requirements, e.g. a supplier of critical components or a supplier who purchases critical components  under their control.

Category 3: Suppliers who supply services, components or parts which are critical to the compliance of the product with the TQM requirements e.g. suppliers who carry out design, validation testing,manufacturing testing, critical processes.

Suppliers in Type 2 and Type 3, who provide Category A and Category B materials, should undergo an on-site review annually in principle, with evaluations conducted using the "Supplier Audit Form."

## Supplier Assessment Audit

During the reporting period, SUNMI Group added a sustainability evaluation module to the "Supplier Audit Form," which includes four assessment areas: corporate governance, environmental protection, labor practices, and social responsibility.

The company conducts an annual audit for all critical component suppliers, generally through on-site reviews. The evaluation covers quality, delivery times, price, service, research and development, compliance systems, and sustainability. Scores are categorized into three levels: A, B, and C, from highest to lowest. Suppliers with an A rating maintain their qualified status. Suppliers with a B rating require guidance for improvement and reevaluation. Suppliers with a C rating will have their qualified supplier status revoked.

During the reporting period, SUNMI Group completed on-site audits for 35 core suppliers. The table below summarizes the on-site audit results.

| Index | Unit | 2024 |
|---|---|---|
| Total Number of Core Suppliers | / | 51 |
| Total Core Suppliers Due for Audit | / | 35 |
| Of which, ODM & OEM Suppliers | / | 3 |
| Of which, Buy-Sell Component Suppliers | / | 28 |
| Of which, Packaging Suppliers | / | 4 |
| Of which, Other Core Suppliers | / | 0 |
| Core Supplier Sustainability Audit Rate | % | 67 |
| Non-Compliance Rate | % | 0 |
| Rate of Completed Improvements | % | 100 |

# Enhancing Supplier Capability

During the reporting period, SUNMI Group organized an ESG training session for suppliers. We evaluated each supplier's performance in sustainable development for the year, shared relevant success and failure cases, and communicated SUNMI Group's ESG governance philosophy and requirements. In 2024, a total of 40 suppliers participated in our ESG training for suppliers.



| Index | Unit | 2024 |
|---|---|---|
| Number of times ESG-related training sessions conducted | Time | 1 |
| Number of suppliers participating in ESG-related training | / | 40 |
| Duration of ESG-related training sessions | Hour | 1 (for each) |

# Optimizing Conflict Mineral Management

## Management Policy

SUNMI Group adheres to the requirements outlined in the "SUNMI Conflict Mineral Management Regulations." We strictly comply with the relevant standards set by international and industry organizations, refusing to accept or use "conflict minerals" from the Democratic Republic of the Congo and surrounding countries and regions. We also demand that suppliers trace all "conflict minerals" contained in their products, including gold (Au), tantalum (Ta), tin (Sn), and tungsten (W), and provide the relevant information. Additionally, all downstream suppliers must comply with the legal requirements concerning the prohibition of conflict minerals.

## Management Practice

During the reporting year, SUNMI Group established a comprehensive organizational structure for conflict mineral management, clearly defining the functional responsibilities of each department:

| Responsible Team | Functions |
|---|---|
| R&D | The Mechanical Team and the Hardware R&D Team conduct material selection and perform preliminary conflict risk assessments based on actual product needs. |
| Supply Chain – Components Sourcing Team | Selects suitable suppliers based on material selection requirements communicated by the R&D team. They assist product environmental engineers in conducting conflict mineral investigations for in-house and AVAP material suppliers, ensuring these materials are conflict-free. |
| Product environmental engineer | Responsible for the compliance review of the "Conflict Minerals Reporting Template (CMRT)" and the "Extended Minerals Reporting Template (EMRT)" completed by suppliers. |
| Partner Factories | Conduct investigations regarding the use and source of conflict minerals for all in-house materials supplied to the factories, using the latest version of the "Conflict Minerals Reporting Template (CMRT)" and "Extended Minerals Reporting Template (EMRT)" available on the official website. The results are promptly reported back to SUNMI. |

During the reporting year, conflict mineral investigations were initiated with several suppliers (as a pilot project), requiring 100% response from the audited suppliers and the signing of the "No Conflict Mineral Use Declaration."
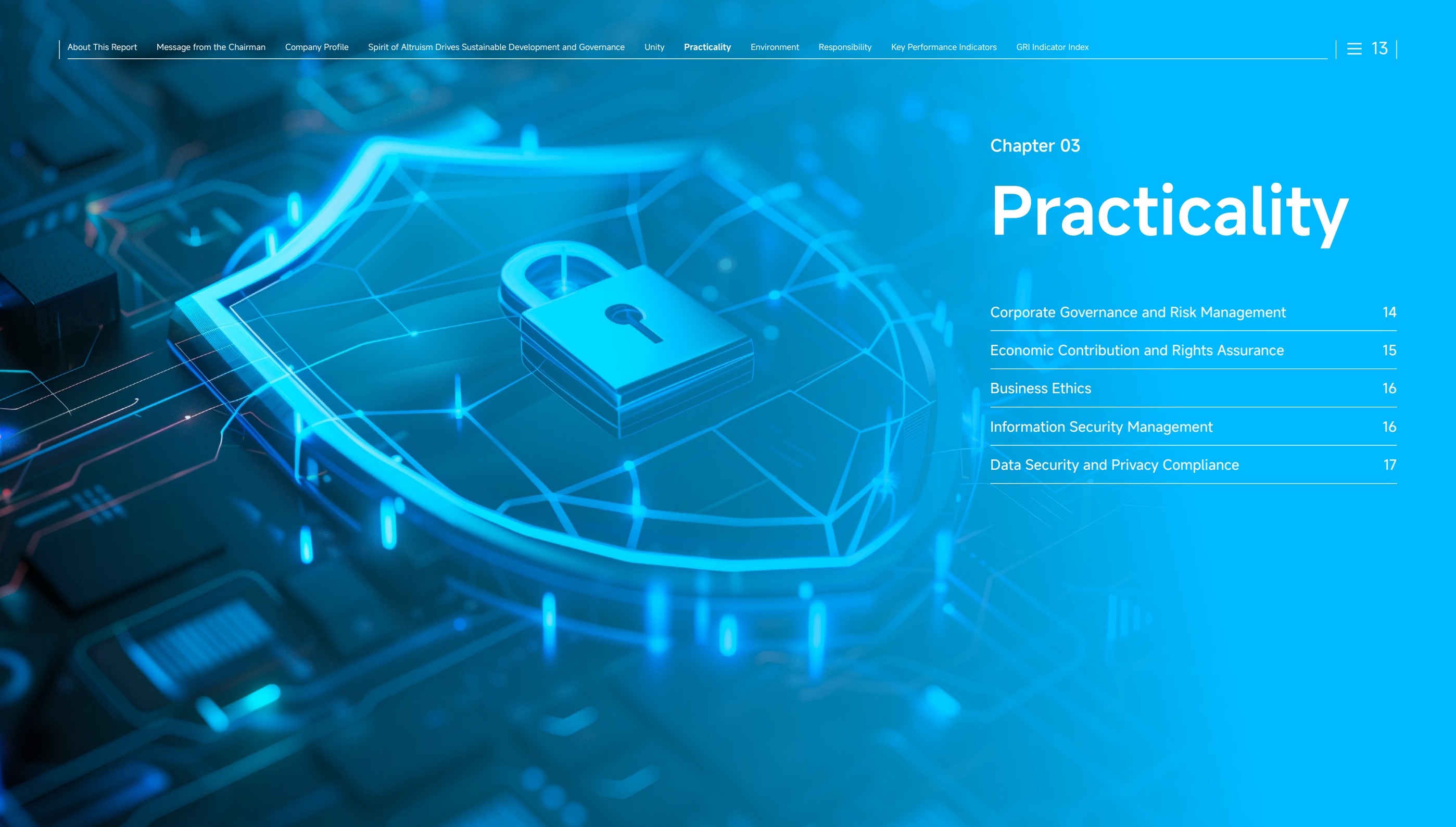
## Conflict Mineral Management Plan

SUNMI Group conducted a conflict mineral risk assessment for current parts suppliers. The ratings are as follows:

| Supplier Conflict Mineral Risk Rating | Number | Notes | |
|---|---|---|---|
| High Risk | 91 | Requires conflict mineral investigation (submission of the latest CMRT & EMRT required). | High Risk: Materials directly involve conflict mineral metals. |
| Medium Risk | 156 | | Medium Risk: Materials may not directly involve conflict minerals, but elements or materials related to conflict minerals might be used in their manufacturing process. |
| Low Risk | 33 | No conflict mineral investigation needed (send a risk self-assessment form to suppliers for collection and archiving, with periodic sampling audits). | Low Risk: Materials and their manufacturing processes do not involve conflict mineral metals. |
| Total | 280 | / | / |

SUNMI Group has set the following three-year conflict mineral investigation plan for suppliers with different risk ratings, aiming for 100% coverage of high-risk and medium-risk suppliers by 2027.

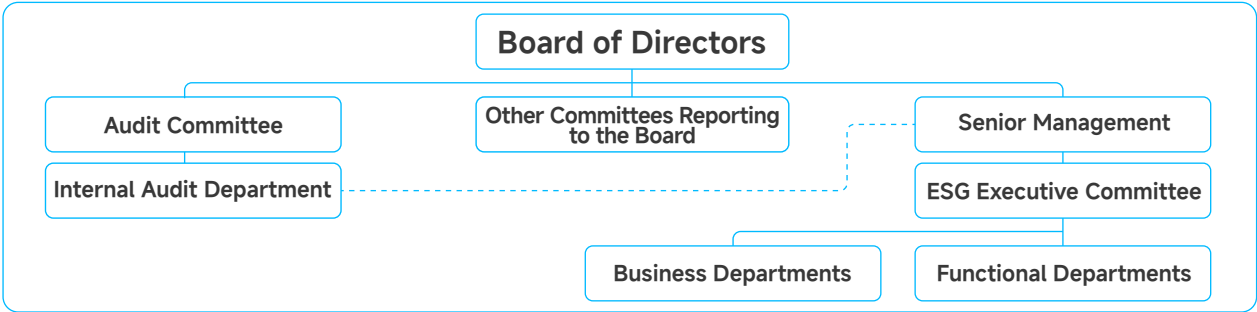| SUNMI Conflict Mineral Investigation Plan (for all current parts suppliers) | | | |
|---|---|---|---|
| Category/Year | 2025 | 2026 | 2027 |
| Supplier Audit Coverage in Conflict Mineral Field | 36.8% | 77.3% | 100% |
| Among Which, Chinese Supplier Audit Coverage in Conflict Mineral Field | 36.8% | 77.3% | 100% |
| Of Which, Overseas Supplier Audit Coverage in Conflict Mineral Field | Currently not applicable | | |
| Supplier Qualification Rate in Conflict Mineral Field | 36.8% | 77.3% | 100% |
| Of Which, Chinese Supplier Qualification Rate in Conflict Mineral Field | 36.8% | 77.3% | 100% |
| Of Which, Overseas Supplier Qualification Rate in Conflict Mineral Field | Currently not applicable | | |
| Notes | Mainly are high-risk suppliers | High-risk suppliers and some medium-risk suppliers | All high-risk and medium-risk suppliers |

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Chapter 03

# Practicality

# Corporate Governance and Risk Management

## Establishing a Scientifically Structured Governance Framework

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                    ┌─────────────────────┐
                    │ Board of Directors  │
                    └─────────────────────┘
   ┌──────────────────┐ ┌──────────────────┐ ┌──────────────────┐
   │ Audit Committee  │ │ Other Committees │ │ Senior Management│
   └──────────────────┘ │ Reporting to the │ └──────────────────┘
   ┌──────────────────┐ │      Board       │ ┌──────────────────┐
   │ Internal Audit   │ └──────────────────┘ │ ESG Executive    │
   │ Department       │                      │ Committee        │
   └──────────────────┘                      └──────────────────┘
                    ┌──────────────────┐ ┌──────────────────┐
                    │ Business         │ │ Functional       │
                    │ Departments      │ │ Departments      │
                    └──────────────────┘ └──────────────────┘
```

🔼 Governance Structure of SUNMI Group

SUNMI Group is dedicated to promoting the establishment and improvement of a modern corporate system and governance structure. In accordance with the requirements of the Company Law and the Securities Law, the company has established and refined a governance structure consisting of a General Meeting of Shareholders, Board of Directors, Board of Supervisors, and Executive Management. We have developed comprehensive systems for the General Meeting of Shareholders, Board of Directors, Board of Supervisors, Independent Directors, and the Board Secretary. Additionally, four specialized committees have been established under the Board of Directors: the Strategic Committee, Nomination Committee, Compensation and Assessment Committee, and Audit Committee. The company adheres rigorously to the election and appointment procedures specified in the Company Law and the Articles of Association for selecting and hiring directors. The board's size and composition meet legal requirements and the stipulations of the Articles of Association, ensuring the prevention and mitigation of potential conflicts of interest. We are committed to the principles of meritocracy and diversity, evaluating candidates based on a range of criteria, including gender, age, cultural and educational backgrounds, professional expertise, relevant experience, and tenure. This approach fosters effective governance

and informed decision-making within the board. Our shareholders' meetings, board of directors, board of supervisors, and senior management all exercise their rights and fulfill their responsibilities in line with the mandates of the Company Law and the Articles of Association. Under the strategic guidance of the board, the company has established an ESG Executive Committee, which is chaired by a board director.

The company has formulated the Rules of Procedure for the Board of Directors, which details regulations on convening meetings, proposals and notifications, voting, and resolutions. Similarly, the Rules of Procedure for the Board of Supervisors provide detailed instructions on the convening of meetings, proposals and notifications, voting, and resolutions. The Internal Control and Audit Team is fully responsible for establishing and improving the internal control system, ensuring compliance while providing recommendations for refined management. The company consistently adheres to laws, regulations, and the Articles of Association in convening the General Meeting of Shareholders. In 2024, the General Meeting was convened five times, during which shareholders made prudent decisions and approved 33 proposals.

## Executive Compensation and Performance Policy

The compensation, performance, and promotion of senior management at the SUNMI Group adhere to the Compensation Management System for Chinese Employees, Performance Management System, and Promotion Management System. The company's compensation incentive policy emphasizes the principle of "celebrating the efforts put into the process, and providing financial rewards based on the results," determining salary levels based on contributions. All compensation schemes are established in compliance with relevant national policies and regulations, as well as the company's management systems.
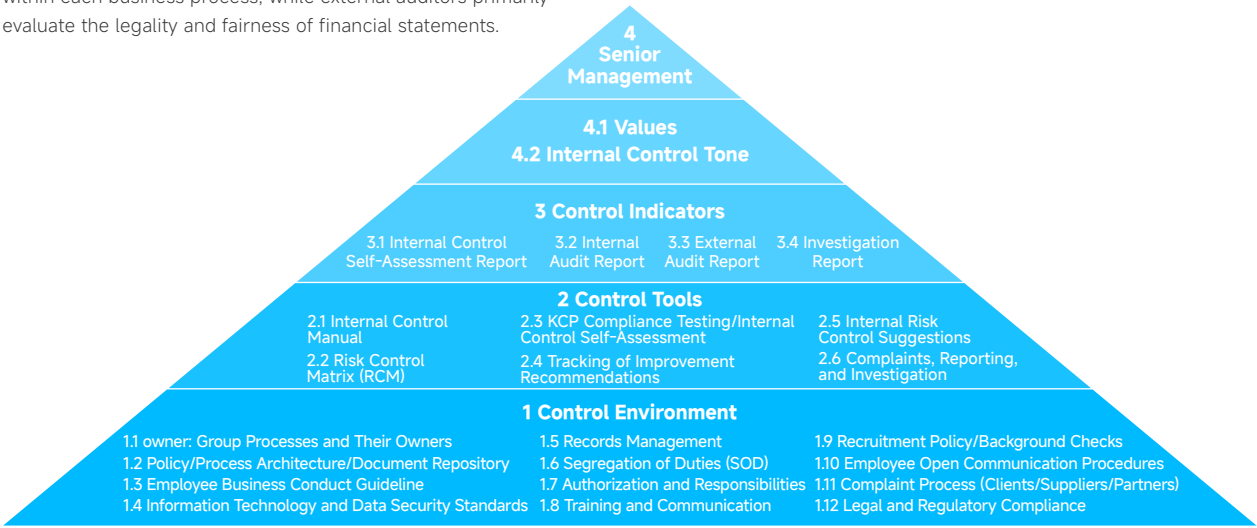
## Enhancing Internal Controls to Effectively Mitigate Risks

To strengthen internal risk control within Shanghai Sunmi Technology Co., Ltd., improve the maturity level of internal control management, promote strategy implementation, ensure healthy operations, maintain integrity and compliance, and protect investors' legitimate rights, the company has developed the SUNMI Group Internal Control White Paper based on the Basic Norms of Enterprise Internal Control and industry best practices, tailored to the group's internal control characteristics.

The group has established an internal control responsibility system with two main lines: internal control construction and independent evaluation. Internal control construction is the responsibility of business managers, process owners, and internal control business partners. Independent evaluation is managed by the Internal Audit Department and external auditors hired by the group. The Internal Audit Department assesses the effectiveness of internal controls within each business process, while external auditors primarily evaluate the legality and fairness of financial statements.

The Internal Audit Department functions as the group's dedicated internal audit body. In line with the group's development plans, it establishes multi-level, multifunctional internal audit roles and regularly reports evaluation results to management, with annual results reported to the Board of Directors. By providing independent supervision, evaluation, consultation, and recommendations on the group's internal control status, the Internal Audit Department assists in the implementation of the group's strategy.

SUNMI Group has developed an internal control framework to guide the systematic expansion of the group's internal control efforts. This framework includes four major components—control environment, control tools, control indicators, and senior management—comprising a total of 24 elements. Detailed explanations of the framework and each element are illustrated in the chart below:

SUNMI Group values and continuously enhances employees' awareness and capabilities regarding internal controls. The Human Resources Department, along with various levels of management, process owners, and internal control business partners, use promotion and training to ensure employees understand the group's internal control tone and direction.

SUNMI Group engages in active and open communication and collaboration with clients and partners to convey its internal control philosophy and practices. This includes adherence to the Supplier Integrity Commitment and providing a publicly accessible integrity reporting email on the company's website for adequate information resources and smooth communication channels.

Employees and third parties can report violations of the SUNMI Employee Business Conduct Guideline via the integrity email (daode@sunmi.com). Business supervisors who receive allegations or information regarding employee financial issues must forward them to this email. Upon receiving a report, the group conducts an independent investigation following the SUNMI Fraud Reporting and Investigation System and holds responsible parties accountable based on the findings. Legal violations are referred to judicial authorities. The group maintains strict confidentiality regarding informants' identities throughout the investigation and resolution process.

### Pyramid Diagram

**4 Senior Management**
4.1 Values
4.2 Internal Control Tone

**3 Control Indicators**
3.1 Internal Control Self-Assessment Report
3.2 Internal Audit Report
3.3 External Audit Report
3.4 Investigation Report

**2 Control Tools**
2.1 Internal Control Manual
2.2 Risk Control Matrix (RCM)
2.3 KCP Compliance Testing/Internal Control Self-Assessment
2.4 Tracking of Improvement Recommendations
2.5 Internal Risk Control Suggestions
2.6 Complaints, Reporting, and Investigation

**1 Control Environment**
1.1 owner: Group Processes and Their Owners
1.2 Policy/Process Architecture/Document Repository
1.3 Employee Business Conduct Guideline
1.4 Information Technology and Data Security Standards
1.5 Records Management
1.6 Segregation of Duties (SOD)
1.7 Authorization and Responsibilities
1.8 Training and Communication
1.9 Recruitment Policy/Background Checks
1.10 Employee Open Communication Procedures
1.11 Complaint Process (Clients/Suppliers/Partners)
1.12 Legal and Regulatory Compliance

# Economic Contribution and Rights Assurance

## Economic Contribution

| Economic Indicators | Revenue (100 million) | Net Profit Attributable to Shareholders of the Parent Company (100 million) | Tax Amount (100 million) | Compensation Expenses (100 million) |
|---|---|---|---|---|
| 2022 | 34.04 | 1.6 | 0.41 | 5.81 |
| 2023 | 30.71 | 1.01 | 0.50 | 5.35 |
| 2024 | 34.56 | 1.81 | 1.97 | 6.36 |

Note: Compensation expenses refer to employee salaries and other benefits.

## Rights Assurance

According to Chapter Five, Compensation and Benefits, of the SUNMI Employee Handbook V2.0, the company generally contributes to local social insurance, housing fund, and related benefits based on the social security policies of the jurisdiction where the employment contract is executed. The company provides contributions for basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, maternity insurance, and the housing fund according to local policies in the contract location. Retiring employees may negotiate with the company to determine whether to delay retirement in accordance with national policy after reaching the statutory retirement age, based on personal preference and company circumstances. The company also offers employees commercial insurance, bereavement allowances, maternity gifts, marriage gifts, annual health check-ups, and paid leave.

The SUNMI Group's Salary Management System for Chinese Employees outlines that salary determination must be guided by competitive principles, ensuring that the company's compensation structure maintains a market advantage within its industry and region. Additionally, salary decisions are required to comply with legal standards, guaranteeing that all compensation plans align with relevant national laws and the company's management policies. Employees at SUNMI Group receive starting salaries that exceed the local minimum wage. Furthermore, the Salary Management System for Chinese Employees mandates that the social security and housing fund contributions made by SUNMI Group for its employees must not fall below the minimum base established by local regulations, with contribution rates determined in accordance with local guidelines.

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# Business Ethics

## Anti-Fraud Measures

To regulate anti-fraud activities, clarify reporting channels, and ensure all fraud cases are handled appropriately, SUNMI Group has established the SUNMI Fraud Reporting and Investigation System. This system outlines behaviors that violate the company's "red lines," including but not limited to falsification, bribery, embezzlement, improper transactions, leaking confidential information, conflicts of interest, and illegal activities.

The company has set up the following dedicated reporting channels for fraudulent activities:

- Email: daode@sunmi.com
- Mailing Address: Mailbox for Complaints, Shanghai Sunmi Technology Co., Ltd., Building 7, 388 Songhu Road, Yangpu District, Shanghai, China, 200433
- Phone: 021-61480326

According to regulations, once a report is accepted, the Internal Audit Department must determine the investigation team members and scope, then submit an investigation proposal to the Audit Committee. Upon approval, the investigation and evidence collection proceed. The Internal Audit Department is a fixed part of the investigation team, with additional members selected as needed.

## Promotion and Training of Business Ethics



Online anti-corruption promotions

SUNMI Group has developed the SUNMI Employee Business Conduct Guideline, which every employee is required to sign. This guideline mandates that employees adhere to business ethics and applicable laws in all business activities, whether in procurement, sales, or other areas. SUNMI has relationships with various organizations, entities, or individuals, including clients, authorized business partners, ODM manufacturers, and government departments. Regardless of the nature of these relationships, employees must maintain business ethics in all external dealings.

SUNMI promotes business ethics through activities such as cultural displays, internal control and online anti-corruption promotions, complaint and reporting hotlines, and an internal control and anti-corruption awareness month.

# Information Security Management

To enhance the company's information security management, ensure the safety of information and systems from various threats and damages, and maintain business continuity, SUNMI Group has established an Information Security Management System based on the ISO/IEC 27001:2022 standard. The company has developed an Information Security Management Manual to guide the establishment and implementation of the management system, ensuring effective operation and continuous improvement.

SUNMI Group actively promotes information security management across the organization. It has obtained certification for the Information Technology Service Management System (ISO/IEC 20000-1:2018) and Information Security Management System (GB/T 22080-2016 / ISO/IEC 27001:2022) from XINGYUAN CERTIFICATION CENTER CO., LTD.



Information Technology Service Management System and Information Security Management System

# Data Security and Privacy Compliance

The SUNMI Group Data Compliance Team was established in 2023 and has since published ten guidelines on data security and privacy compliance. The team conducts multiple training sessions to empower various departments. Below are some key achievements since the team's inception:


🔼 Data Security and Privacy Compliance Training


SUNMI GDPR WHITE PAPER

🔼 SUNMI GDPR White Paper

### Virtual Organization Updates

- On June 5, 2023, the company established a virtual Data Compliance Team responsible for comprehensive management and risk assessment of the company's data security. The team has provided practical and effective improvement plans and measures regarding compliance challenges in data collection, processing, localization, and cross-border transmission.
- In 2024, based on the current business conditions and adjustments in the organizational structure, the compositions and responsibilities of the Data Compliance Team were updated.

### Management System Upgrades

- In December 2024, the company released the Commercial Secrets Protection System.
- It also updated and published several key documents, including the Privacy Data and Personal Information Protection Control Procedures, the Information Asset Management Procedures, and the Data Destruction Management System.
- The planning of the data security and management system is complete, and implementation efforts will continue into 2025.
- Establish data compliance review processes.

### Support for Overseas Business Compliance

- A Data Protection Officer (DPO) was appointed in Singapore, and registration was completed on the official PDPC website.
- In 2023, efforts were made to support the EU data localization initiative, and in 2024, support will continue for the North American data localization initiative.
- Progress has been made in implementing GDPR compliance evaluations for the after-sales platform, completing the signing of the Standard Contractual Clauses (SCC) for cross-border data transfer with the EU, and releasing the overseas version of the SUNMI after-sales privacy policy.
- Compliance support has been provided for SUNMAX's overseas business promotion.
- Interpretation of the DORA Act.
- Interpretation of AIGC compliance.

### Privacy Policy Updates

- As of December 2024, there are a total of 20 privacy policies within the SUNMI Group.
- In 2024, nine new product privacy policies were added, including those for the North American website, SUNMI Partners, the Developer Forum, the SUNMAX Max Program Platform, PosRouter, SUNMI After-sales, the SUNMI Overseas Channel Center, as well as privacy policies for job applicants and employee personal information protection.
- In 2024, five product privacy policies were updated, including those for SUNMI Devices, SUNMI Assistant, SUNMI Account, and the SUNMI Partners Platform.

### Streamlining Compliance Templates

- Frequently encountered common issues were abstracted and transformed into standardized working document templates, including the streamlined processes for privacy policy standards and GitHub complaint guidelines.

### Website Privacy Compliance Transformation

- In 2023, the GDPR white paper and the privacy compliance section of the official website were successfully published.
- To make it easier relevant content, SUNMI Group completed a transformation of the privacy compliance section on sunmi.com. A "Privacy and Security" button was added next to the "Legal Documents" section at the landing page of the website, providing direct access to privacy compliance-related content.

### Data Compliance Training Empowerment

- In 2024, three internal training sessions on data compliance were conducted, along with participation in one external data compliance training.
- The training covered various topics, including interpretations of data compliance regulations, GDPR, data protection for the company's overseas operations, and the protection of employee personal information.

**Respect Customer Data, Safeguard Privacy Compliance.**

**With an Altruistic Heart, We Honor Every Trust from Our Customers.**

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Chapter 04

# Environment

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# Creating Eco-Friendly Products

## Control of Toxic and Hazardous Substances

SUNMI Group has developed the Hazardous Substances Control Procedure to establish, implement, and maintain a management system for hazardous substances. This system is designed to prevent the use of restricted or banned harmful substances in materials, semi-finished products, and processes. By controlling these substances, SUNMI ensures that its products consistently comply with legal, market, and customer environmental requirements, while also protecting the environment, human health, and ensuring the rational use of natural resources.

SUNMI Group requires suppliers to sign an environmental agreement and provide the following environmental documentation as per SUNMI Technology's requirements:

- "Restricted Substances Survey" (SUNMI's template)
- "Split Table" (SUNMI's template)
- "Statement of Substances of Very High Concern" (SUNMI's template)
- Third-party hazardous substances test report within the last year

As of the end of the reporting year, SUNMI has completed the 100% collection of environmental documentation from suppliers for all second and third-generation products on sale, excluding the K series.

| SUNMI Product Model (Products for Sale) | | Environmental Data Collection |
|---|---|---|
| V Series | V3 MIX | All data collected |
| | V2 PRO | All data collected |
| | V2s PLUS | All data collected |
| | V2s | All data collected |
| L Series | L2s PRO | All data collected |
| | L2Ks | All data collected |
| | L2H | All data collected |
| M Series | M2 MAX | All data collected |
| | M2 | All data collected |
| P Series | P2 Xpro | All data collected |
| | P2 | All data collected |
| | Dragonfly (Unionpay version) | All data collected |
| Desktop | T3 PRO | All data collected |
| | T2s | All data collected |
| | T2s LITE | All data collected |
| | T2 | All data collected |
| | T2 MINI | All data collected |

| SUNMI Product Model (Products for Sale) | | Environmental Data Collection |
|---|---|---|
| D Series | D3 PRO | All data collected |
| | D3 MINI | All data collected |
| | D2s KDS | All data collected |
| | D2s PLUS COMBO | All data collected |
| | D2s PLUS | All data collected |
| | D2s COMBO | All data collected |
| | D2s | All data collected |
| | D2s LITE | All data collected |
| | D1s | All data collected |
| | D2 MINI | All data collected |
| S Series | S2 CC | All data collected |
| | S2 | All data collected |
| | S2L CC | All data collected |
| | FT2 | All data collected |
| | FT1 MINI | All data collected |
| | FT2 MINI | All data collected |

| SUNMI Product Model (Products for Sale) | | Environmental Data Collection |
|---|---|---|
| K Series | K2 | Some data collected (>80%) |
| | K2 MINI | Some data collected (>80%) |
| Network | 4G Wi-Fi Base Station | All data collected |
| | 80mm Kitchen Cloud Printer | All data collected |
| | Smart Electronic Shelf Label | All data collected |
| Accessories | MAX Cash Drawer | All data collected |
| | Blink ScanBox | All data collected |
| | 2D Handheld Scanner | All data collected |
| | POS Power Bank | All data collected |
| | 89-Key POS Keyboard | All data collected |
| | Mini Cash Drawer | All data collected |

SUNMI Group requires all its complete products to pass third-party environmental tests and obtain testing reports.

In summary, SUNMI Group ensures the control of toxic and harmful substances by collecting environmental information from suppliers and conducting environmental tests on different models.

## Material Management

SUNMI Group's third-generation products use recyclable materials for the casing. Each casing is marked with the recyclable symbol, allowing for appropriate disposal at the end of the product's lifecycle.



Each casing is marked with the recyclable symbol

During the reporting period, SUNMI Group launched its third generation of paper-based packaging. Unlike the second-generation packaging, which primarily used plastic foam for inner trays, the new generation is entirely paper-based and features a 100% recyclable outer carton. Additionally, the third-generation packaging reduces transportation pollution and resource waste. Its volume is approximately 30% smaller than that of the second-generation packaging, which allows for about a 40% increase in pallet stacking capacity and about a 40% improvement in shipping efficiency.

# 100%

the new generation is entirely paper-based and features a 100% recyclable outer carton

# 30%

Its volume is approximately 30% smaller than that of the second-generation packaging

# 40%

allows for about a 40% increase in pallet stacking capacity and about a 40% improvement in shipping efficiency

Note: Data is derived from a before-and-after comparison of specific SUNMI projects.
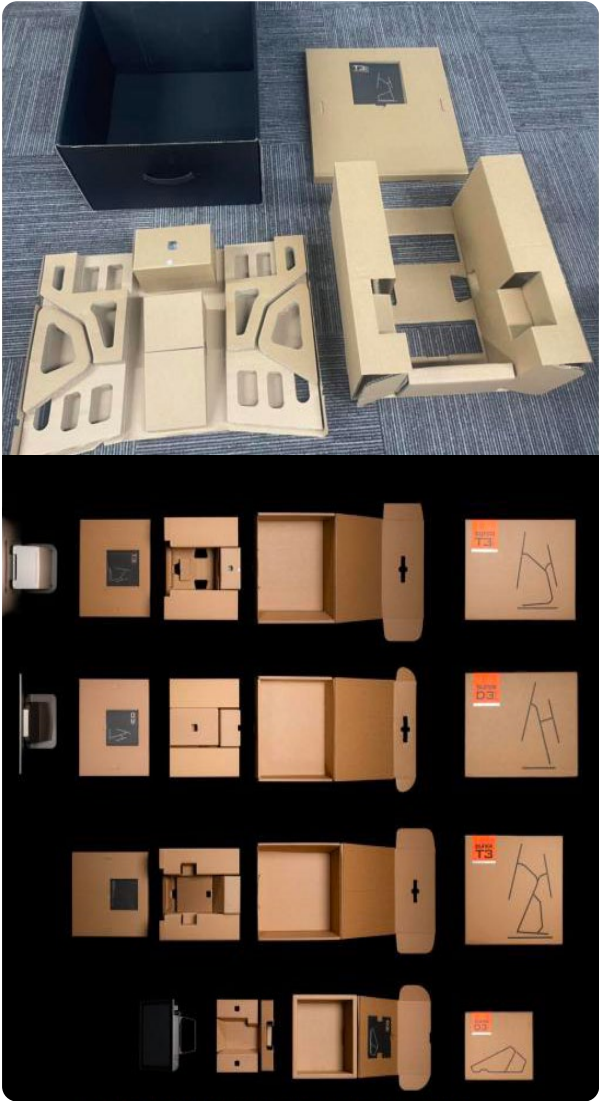


⌃ Characteristics of the second and third generation packaging

The report disclosed by SUNMI Group lists the total quantity of various components purchased during the reporting period, along with the proportion of renewable materials used, as shown in the table below:

| Component Category | Quantity Purchased (Unit) | Quantity of Renewable Materials (Unit) | Percentage of Renewable Materials |
|---|---|---|---|
| EMI Devices | 1300 | 0 | 0% |
| Integrated Circuit Materials | 19953260 | 0 | 0% |
| IC Card Slot Components | 44200 | 0 | 0% |
| RFID Card Slot Components | 30 | 0 | 0% |
| Packaging Materials | 213833 | 213833 | 100% |
| Straps/Cases/Lanyards | 185770 | 0 | 0% |
| Labels/Manuals | 560200 | 0 | 0% |
| Touch Screen Components | 79900 | 0 | 0% |
| Touch Panel/Display Device Materials | 15841 | 0 | 0% |
| Sensor/Optoelectronic Materials | 276528 | 0 | 0% |
| Magnetic Head Components | 1783137 | 0 | 0% |
| Memory | 3100176 | 0 | 0% |
| Printer Materials | 148050 | 0 | 0% |
| Printer Components | 6000 | 0 | 0% |
| Printhead Components | 3244236 | 0 | 0% |
| Battery Materials | 2984121 | 0 | 0% |
| Circuit Boards / Motherboard Semi-Finished | 357351 | 0 | 0% |
| Structural Functional Parts | 1494160 | 0 | 0% |

| Component Category | Quantity Purchased (Unit) | Quantity of Renewable Materials (Unit) | Percentage of Renewable Materials |
|---|---|---|---|
| Functional Modules | 16321 | 0 | 0% |
| Keyboard Components | 8000 | 0 | 0% |
| Connectors/Plug Materials | 1047 | 0 | 0% |
| Metal Parts | 10000 | 10000 | 100% |
| Cards | 152050 | 0 | 0% |
| Flexible Boards | 6000 | 0 | 0% |
| Scanner Components | 30031 | 0 | 0% |
| Camera/Camera Modules | 833981 | 0 | 0% |
| Camera Materials | 28200 | 0 | 0% |
| Camera Components | 26124 | 0 | 0% |
| Adapters | 2487548 | 0 | 0% |
| Plastic Parts | 101120 | 97120 | 96% |
| Semi-Finished Plastic Parts | 1000 | 0 | 0% |
| Display Screen Semi-Finished | 3031 | 0 | 0% |
| Cables | 29350 | 0 | 0% |
| Cable Components | 3988239 | 0 | 0% |
| LCD/Touch Screen Components | 1105607 | 0 | 0% |
| Fingerprint Modules | 30935 | 0 | 0% |

## Low-Carbon Product Development

SUNMI actively promotes the development of low-carbon products and has achieved initial success. During the reporting period, the products T3 PRO MAX, M2 MAX and D3 PRO from SUNMI Group received ENERGY STAR certification.



The products T3 PRO MAX, M2 MAX and D3 PRO from SUNMI Group received ENERGY STAR certification

# Carbon Emissions and Energy Management

During the reporting period, production of SUNMI Group's products was completed by ODM and OEM partners. The entity boundary of the organization primarily includes the headquarters of Shanghai Sunmi Technology Co., Ltd., located at 388 Songhu Road, Yangpu District, Shanghai. This report only includes energy consumption and greenhouse gas emissions data for the headquarters building of Shanghai Sunmi Technology Co., Ltd.

## Energy Management

The main energy consumption at SUNMI Group's headquarters building is office electricity. The company disclosed electricity usage for the years 2022 to 2024 and calculated electricity intensity over these three years based on revenue distribution.

The table below lists the quantitative data regarding the company's energy and resource usage for the years 2022, 2023, and up to December 31, 2024:

| Category | | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Energy Consumption | Electricity | MWh [1] | 801.76 | 1001.85 | 1,083.68 |
| | Total Energy Usage Density | MWh/ Million Yuan | 0.24 | 0.33 | 0.31 |

Notes:

1. Energy consumption is calculated based on the indirect energy usage obtained and the conversion factors listed in Appendix III of the International Energy Agency's Energy Statistics Manual.

Due to an increase in laboratory equipment, SUNMI Group's actual electricity consumption rose annually from 2022 to 2024. In response, SUNMI Group took the initiative to support renewable energy by purchasing Green Energy Certificates (GECs) to reduce energy intensity.



SUNMI green electricity certificate transaction vouchers

SUNMI Group also actively promoted energy saving and environmental protection. Below is a poster from SUNMI Group encouraging all employees to participate:



In addition to advocacy work, during the reporting period, SUNMI Group replaced some lighting in its headquarters with energy-efficient lights, reducing office lighting electricity consumption.

| 2F Office Area After Replacement | | | | | 2F Office Area Before Replacement | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Model | QTY | Unit | Wattage | Estimated Annual Electricity Consumption (kWh) | Model | QTY | Unit | Wattage | Estimated Annual Electricity Consumption (kWh) | |
| LED595*595 Panel Light | / | 个 | 48 | 8999.42 | Tube Light | 180 | / | 25 | 14061.60 | Approximately 5230.92 kWh saved annually |
| Grille Light 600*600 | / | 个 | 48 | 299.98 | Tube Light | 6 | / | 25 | 468.72 | |
| Total | | | | 9299.40 | Total | | | | 14530.32 | |

In December 2024, during one of the "Orange Shine Public Welfare" initiatives, SUNMI Group introduced air conditioning energy-saving slogans.



In addition to promoting energy saving and consumption reduction in operations, SUNMI Group actively develops low-energy products. During the reporting period, two of their products, the T3 PRO MAX and M2 MAX, received ENERGY STAR certification.

## Water Resource Management

SUNMI Group disclosed the water consumption for its office buildings from 2022 to 2024.

| Water Consumption | Category | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| | Total Water Usage | Tons | 1,034.00 | 1,454.00 | 1,337.00 |
| | Total Water Usage Density | Ton/Million Yuan | 0.30 | 0.48 | 0.39 |

Compared to 2023, SUNMI Group's water usage intensity decreased in 2024. The water fixtures in the headquarters are primarily faucets, urinals, and squat toilets, all of which are either sensor-based or press-type fixtures, achieving a 100% usage rate of water-saving devices.

## Greenhouse Gas Emission Management

SUNMI Group commissioned Hangzhou DEKRA Certification Co., Ltd. to conduct a cradle-to-gate product carbon footprint verification for its T3 PRO product, obtaining a carbon footprint verification statement.

SUNMI Group disclosed its Scope 1 and Scope 2 greenhouse gas emissions data within its operational control boundary (i.e., headquarters building) from 2022 to 2024. The main emission sources are purchased electricity and refrigerants. The greenhouse gas emission intensity for the three years was calculated by distributing emissions based on the number of employees.

| SUNMI Greenhouse Gas Emission Data | 2022 | 2023 | 2024 |
|---|---|---|---|
| Greenhouse Gas Emissions (Tons, after GEC offset) | 497.49 | 435.50 | 474.86 |
| Operating Revenue (Million Yuan) | 3404 | 3071 | 3456 |
| Emission Intensity (Ton/Million Yuan) | 0.146 | 0.142 | 0.137 |
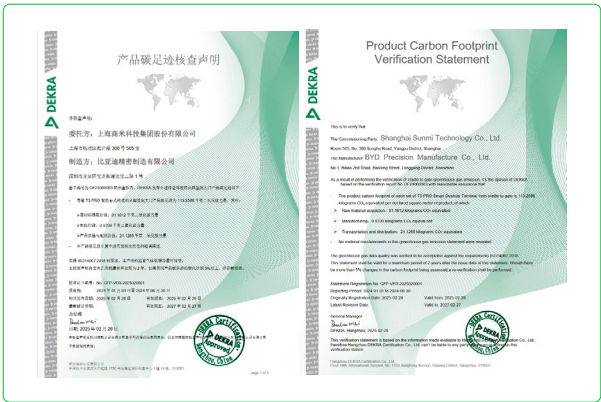


⌃ Carbon footprint verification statement

# Exhaust, Wastewater, and Waste Management

During the reporting period, SUNMI Group did not have any production facilities; all products were manufactured through ODM and OEM. The organizational boundary primarily refers to the headquarters building of Shanghai Sunmi Technology Co., Ltd., located at 388 Songhu Road, Yangpu District, Shanghai. Therefore, there are no exhaust emissions, and the wastewater generated is solely domestic sewage.

## Waste Management

The company does not engage in direct greenhouse gas emissions or exhaust emissions; the wastewater generated primarily consists of domestic sewage from office locations. To enhance the management of emissions, we have established a series of management policies that specify standards and processing procedures for greenhouse gases, wastewater, solid waste, and other emissions. Our company's non-hazardous waste[1] mainly comprises domestic garbage generated from office spaces, while hazardous waste primarily consists of lithium batteries used in laboratories. The specific emission data is as follows:

| Category | | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Waste | Hazardous Waste[2] | Kg | 8.64 | 13.20 | 11.40 |
| | Hazardous Waste Density[3] | Kg/Million Yuan | 0.0025 | 0.0043 | 0.0033 |

Notes:
1. Non-hazardous waste data could not be quantified, as it primarily consists of domestic garbage, which was not weighed during processing.
2. The company experienced a reduction in research and testing due to the pandemic in 2022, resulting in a lower emission of lithium batteries (hazardous waste) for that year.
3. Waste density is calculated based on the quantity of waste emitted and the corresponding revenue of one million yuan for the respective period.

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Chapter 05

# Responsibility

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# Protection of Rights and Interests

We consistently uphold SUNMI's core value of "altruism", respect and protect the legitimate rights and interests of all employees, strictly adhere to applicable laws and regulations of both domestic and international operational regions, and implement international labor conventions and initiatives to a high standard. These include the Universal Declaration of Human Rights, International Labour Organization Convention, The UN Guiding Principles on Business and Human Rights, Labour Contract Law of People's Republic of China, Labour Law of People's Republic of China, and Rules of Shanghai Labor Contract. To establish a comprehensive mechanism for labor rights, SUNMI has developed SUNMI Employee Handbook, Recruitment and Hiring Policy, Prohibition of Forced Labor and Freedom of Choice Controls, Prohibition of Child Labor and Child Labor Rescue Controls, Work Attendance Policy, Protection of Freedom of Association and Collective Rights Controls, Anti-Discrimination, Harassment and Bullying Procedure, and Chinese Employee Welfare System. These regulations standardize employee recruitment, hiring, and work conduct, effectively preventing illegal activities such as forced labor, child labor, discrimination, and harassment. The company ensures reasonable working hours and legally required compensation, including overtime pay, while respecting employees' rights to freedom of association and collective bargaining. We periodically publish and update relevant regulations on our intranet to demonstrate our firm commitment to protecting labor rights. Meanwhile, we regularly conduct CSR risk assessments and audits of our suppliers to enhance the management and mitigation of labor rights risks within the supply chain. SUNMI adheres to the legal requirements regarding the shortest notification period for operational changes, fully protecting the legitimate rights and interests of all stakeholders. As of the end of the reporting period, SUNMI has not been involved in any matters requiring notification to stakeholders.



| Document Name | Document Number and Version | Document Level | Managed by |
|---|---|---|---|
| Social Accountability Management Manual | V1.0 | Level One | Human Resources Department |
| SUNMI Employee Handbook | SM-SC-HR-008, V2.0 | Level One | Human Resources Department |
| Recruitment and Hiring Policy | SM-ZD-HR-025, V1.0 | Level Three | Human Resources Department |
| Prohibition of Forced Labor and Freedom of Choice Controls | SM-ZD-HR-029, V1.0 | Level Three | Human Resources Department |
| Prohibition of Child Labor and Child Labor Rescue Controls | SM-ZD-HR-030, V1.0 | Level Three | Human Resources Department |
| Work Attendance Policy | SM-ZD-HR-007, V1.1 | Level Three | Human Resources Department |
| Protection of Freedom of Association and Collective Rights Controls | SM-ZD-HR-031, V1.0 | Level Three | Human Resources Department |
| Anti-Discrimination, Harassment and Bullying Procedure | SM-ZD-HR-032, V1.0 | Level Three | Human Resources Department |
| Chinese Employee Welfare System | SM-ZD-HR-010, V1.0 | Level Three | Human Resources Department |

To ensure the effective protection of employee rights, SUNMI has established a mechanism for workforce risk management based on the OECD (Organization for Economic Co-operation and Development) Due Diligence Mechanism for Human Rights, following the steps of "Identification – Prevention – Supervision – Resolution". In 2024, we established a special task force led by the Internal Audit Department to develop employee satisfaction surveys and self-assessment forms. We plan to fully implement the labor risk identification and self-assessment of labor risks across the company in 2025. The task force will also verify the company's risk assessment and urge timely rectification of any potential risks or non-compliance.



SUNMI Self-assessment Form (Part of the content)

## Anti-Sexual Harassment

The company strictly prohibits any form of sexual harassment in the workplace, including sexual coercion, threats, insults, and any inappropriate language, gestures, or physical contact. A dedicated complaints mailbox has been set up to receive reports of harassment. Upon receiving a complaint, the labor union and the management will conduct investigations to verify the allegations. If the allegations are substantiated, the harasser will be educated for minor infractions, allowing them to recognize their error. For severe cases, criminal liability will be pursued against the offenders.

## Anti-Abuse

The company strictly prohibits any form of abuse in the workplace, including physical punishments, verbal insults, psychological mistreatment, and other behaviors of a similar nature. A dedicated complaints mailbox has been set up for individuals to report incidents of abuse. Upon receiving a complaint, the Human Resources Department will conduct thorough investigations to verify the claims. If the allegations are substantiated, the relevant offenders will be held accountable according to the severity of the circumstances.

## Preventing Child Labor

We carefully verify the authenticity of identification documents provided by individuals. If there is any doubt about the documents presented, the applicant may be asked to provide other sufficient identification documents that can prove their identity and age. If we discover any child labor, the following rescue control procedures will be adhered to: 1. Upon discovery of any employee under the age of 16 (child labor) falsifying their true age, their work shall be immediately suspended, and the child shall be arranged for a health examination at a hospital within three days, with the local Human Resources and Social Security Bureau being notified simultaneously. 2. If the child laborer is found to be in good health, upon approval from the labor authorities, arrangements will be made for a designated individual to

escort the child directly home, with all associated expenses covered by SUNMI. If the child laborer is diagnosed with an illness, SUNMI shall arrange treatment until full recovery, with all medical expenses borne by SUNMI. 3. SUNMI will conduct an investigation into the family circumstances of the child laborer. If the average income of the child's family is below the local minimum standard of living, SUNMI will provide sufficient economic assistance to the child laborer to ensure they receive education until reaching the age of 16. And opportunities for employment will be extended to members of the child's family to improve their living conditions if necessary. When the child laborer reaches the legal age and voluntarily wishes to return to SUNMI, we will unconditionally accept their return. 4. Investigate the reasons for the mistaken hiring of underage workers and take effective corrective actions to prevent such incidents from happening again.

## Prohibition of Forced Labor

SUNMI prohibits the collection of any form of deposits or collateral. All work uniforms, employee ID badges, labor protection gear, tools, and related items are provided free of charge by SUNMI. Employees are free to apply for resignation as long as they notify SUNMI according to the stipulated resignation procedures. SUNMI may communicate with employees through proper means, but it is not allowed to force employees to remain in their positions. Employees who resign with approval and complete the handover procedures are entitled to receive their final wages on the day of departure. In the event that an employee needs to leave early due to an emergency, the company should facilitate an early resignation process after investigating and confirming the situation.

## Non-Discrimination

SUNMI's policies and codes shall be formulated in accordance with national laws and must not contain discriminatory content or behavior. During the recruitment process, SUNMI shall not discriminate based on ethnicity, race, social class, gender, region, nationality, political affiliation, etc. For specific guidelines, please refer to the Recruitment and Hiring Policy. In the event of complaints filed by individuals, the Human Resources Department will investigate the situation, and if the allegations are substantiated, the responsible parties will be held accountable based on the severity of the circumstances.

## Freedom of Association and Collective Bargaining

Employees are free to establish, join, or withdraw from labor unions or similar lawful organizations, and can elect representatives to negotiate with management regarding working conditions, wages, and other relevant policies. The company respects employees' lawful rights to freely associate and engage in collective bargaining, including the right to either join or not join any association.

## Occupational Health and Safety

The company has implemented the following risk control measures to identify, assess, and minimize potential health and safety risks as much as possible: a) Eliminate hazards or risks where possible, such as replacing all hazardous materials with safer alternatives. b) Where risks cannot be eliminated, efforts should be made to reduce them, such as using low-voltage electrical appliances. c) Enhance control measures through engineering controls and leverage technological advancements. d) Post warning signs and labels. e) Personal protective equipment is used as a final measure after considering all other control options.



## Working Hours

SUNMI generally adopts a standard workweek system of 8 hours per day and 40 hours per week. For employees under special work schedules, the terms of their signed employment contracts shall prevail. SUNMI implements an attendance system. Employees on the standard work schedule should clock in and out at the beginning and end of each workday. The methods for time-attendance include clocking in and out via the mobile OA app or using the employee badge to tap at the access control. The daily attendance calculation period is from 04:00 a.m. on the current day to 03:59 a.m. on the next day. SUNMI generally does not arrange overtime work for employees, who should plan their tasks in advance and complete them within regular working hours. If overtime is necessary, employees must get approval from their line manager beforehand. Non-statutory holiday overtime and extended working hours during regular days require approval from both the line manager and the head of team of the applicant. And overtime during statutory holidays is only effective after getting approval from the line manager, the head of the team, and the Human Resources Department.

# Employee Well-being

## Overtime Compensation

1. Weekday Overtime: If work is extended on weekdays due to work requirements, employees should be given priority to adjust their rest days. With the approval of their line managers, they can adjust their working hours for the next day, and neither day will be counted as overtime. 2. Overtime on Weekends: Overtime worked on weekends and non-statutory holidays is converted to time off in lieu at a rate of 1:1. Employees must first complete the "Weekend/Holiday Overtime Application" process. Once the process is approved, the overtime hours will automatically be converted into time off. Time off in lieu is valid for two years from the date of the overtime worked. Employees should use it within the validity period; otherwise, any unused hours will be considered automatically forfeited. 3. Statutory Holiday Overtime: If employees are required to work during statutory holidays, they will be compensated with overtime pay, which is 300% of their daily wage on the day of the overtime. The standard for calculating overtime pay during statutory holidays is based on the approval of the applicant's line manager, the head of team, and the Human Resources Department through the "Weekend/Holiday Overtime Application" workflow in OA system.

## Personal Data Privacy

Upon employment with SUNMI, SUNMI processes employee personal information for HR management and other purposes. This includes collecting, using, storing, and, in some cases, sharing your personal information. To clarify how employee information is managed, SUNMI has formulated the Employee Information Protection Policy (hereafter referred to as the "Policy"). SUNMI undertakes to strictly adhere to the Policy in processing employees' personal information, encompassing how it is collected and used, how it is stored, as well as how it is entrusted for processing, shared, transferred, or publicly disclosed.

| 2023 Employee Requests and Satisfaction Survey Table | | |
|---|---|---|
| **Type** | **Data** | **Unit** |
| SUNMI Trade Union | 0 | / |
| Total employee requests and suggestions received in 2024 | 8 | / |
| Case resolution rate | 100 | % |
| Responses of the Survey | 709 | / |



SUNMI always pays attention to employees' needs, offering competitive compensation and continuously improving the company's welfare system. We value the well-being of our employees and are dedicated to creating a warm, harmonious, and fulfilling working environment. This aligns with SUNMI's philosophy of "Value our employees by treating them with respect, recognition and understanding. Contribute to the development of society."

## Creating a Harmonious Workplace

We are committed to building a harmonious working environment, providing diverse communication channels to encourage employee feedback and promptly addressing their concerns through designated personnel. Additionally, we conduct employee satisfaction surveys to comprehensively understand viewpoints on work and the company, developing targeted improvement plans to effectively resolve issues employees face in both life and work.

## Employee Communication

We respect and protect the rights of our employees to engage in equal consultation, collective bargaining, and free association. We have established effective communication channels for employees, with various online and offline platforms and methods available at the company level. We listen to employees' voices from multiple perspectives.

## Communication Channels

WeChat Official Account, TikTok Official Account, Staff Forum, SUNMI Official Website.

## Employee Satisfaction

SUNMI regularly conduct satisfaction surveys for all employees. In 2023, we used a combination of online questionnaires and face-to-face interviews. Designated personnel from each team conducted interviews, and we collected a total of over 709 valid questionnaires, achieving a response rate of 70%. Based on the survey results, SUNMI implements feasible improvements to ensure a steady increase in employee satisfaction. The 2024 employee satisfaction survey is currently in progress.

## Employee Honor Wall

We have established an Employee Honor Wall with the theme "Thank you for your efforts to achieve Business 4.0." This recognizes outstanding employees who contribute significantly to SUNMI. Employees who have received an "S" rating in their performance evaluations during the period will be nominated for the end-of-year recognition list.



Employee Honor Wall

# Compensation and Benefits

According to the Salary Management System for Chinese Employees, employee compensation consists of base salary, allowances, overtime pay, and bonuses. SUNMI Group has established a performance management system that covers all employees and adheres to four key principles: fairness, competitiveness, incentivization, and distribution. The fairness principle ensures that employees in the same position and level receive the same salary within the established pay range. Salaries are dynamically adjusted based on market levels, individual performance, capabilities, and years of service. The competitiveness principle reflects the company's compensation structure, which maintains a competitive edge in the industry and region. The incentivization principle emphasizes rewarding employees based on their contributions, following the guideline of "celebrating the efforts put into the process, and providing financial rewards based on the results" when determining salary levels.

Additionally, all compensation plans are based on compliance with relevant national policies and company regulations. To continuously improve its benefits system, SUNMI Group offers various non-monetary perks, such as annual health check-ups, commercial insurance, and wedding gifts. These initiatives not only enhance employees' sense of belonging and satisfaction but also foster a caring and harmonious workplace.

## Salaries and Wages

We continually refine our compensation system to provide employees with market-competitive salaries. Upholding the principle of "equal pay for equal work," we ensure that our compensation remains at the upper tier of the industry, while not falling below the statutory minimum wage standards in each of our operational locations. During the reporting period, we have consistently advanced the scientific and rational adjustment of salaries, intergrating actual employee performance, and making adjustments from the perspectives of internal equality and external market competitiveness.

## Performance Evaluation

SUNMI has established a regular performance evaluation system that covers all employees. This system is designed based on principles of being respectful and practical, striving for excellence, and implementing differentiated assessment. The evaluation process assesses different targets through three dimensions: performance outcomes, management achievements, and core values. This forms the semi-annual or annual performance evaluation results. The evaluation results will also undergo multiple rounds of reviews with feedback to ensure the objectivity and fairness of the results.

## Employee Benefit

We focus on the comfort of employees in both their workplace and personal lives, continuously improving employee benefits. SUNMI provides social, pension, medical, and other insurances for all employees by law, as well as paid holidays such as parental leave. Additionally, we offer commercial insurance for employees, monetary wedding gifts, monetary childbirth gifts, and bereavement allowances. We also provide an annual health check-up to enhance employee well-being through diverse forms of support.

# Employee Activities

## Leisure Activities

We care for every SUNMIer and provide a variety of benefits to create a comfortable and warm working and living environment. We have set up various functional living areas, including entertainment space, lounge areas and a gym for all employees.

At the same time, SUNMI continuously enriches employees' leisure life by organizing diverse activities, such as holiday celebrations, the SUNMI Engineers' Day at the 24th of October, and public welfare events. These all aim to enhance employee satisfaction and strengthen company cohesion.


Working Environment and Lounge Area
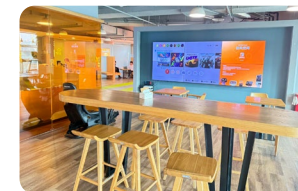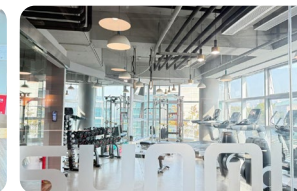

Employee Birth Month Celebration


Entertainment Space


Gym


International Women's Day Events

# 10/24 SUNMI Engineers' Day



"SUNMI Engineers' Day" is a special event dedicated to all engineers at SUNMI, expressing gratitude for each engineer's contributions to the company.

We distributed free coffee at our locations in Shanghai, Shenzhen, Hangzhou, and Jiashan. Department heads and project leaders personally wrote thank-you cards and delivered coffee to everyone. Through these small gestures, we aim to convey SUNMI's heartfelt care and hope that engineers feel abundant love and warmth on this special day.

### Extra Surprise

All coffee expenses for this event was covered by the company. SUNMI Street Coffee Shop donated all proceeds at double the cost to support future Orange Shine Public Welfare initiatives, ensuring employee care while promoting the spirit of kindness.

In addition, through the SUNMI Community, we actively organize employees to participate in various free time activities, such as badminton club, karaoke club, camping, and more.



SUNMI Community

## Public Welfare Initiatives

"Orange Shine" is a public welfare service initiated by SUNMI, bringing together a group of compassionate and caring individuals to collectively engage in meaningful and heartfelt endeavors. We believe that every person has at some point been illuminated by light and has also passed on warmth, shining upon others. Our commitment remains steadfast: we will continue to act, radiating love and positivity!

### Initiative 1: Collaborative Efforts in Pandemic Situation for Vulnerable Groups

In 2022, as the COVID-19 situation in Shanghai intensified, SUNMI actively responded to government initiatives by partnering with the Yangpu District Government to support vulnerable groups within the community, particularly homebound elderly individuals, including those who are at advanced ages, living alone, disabled, and families in extreme poverty. This collaboration led to the formation of volunteers of "Online Elderly Care Consultant and Vulnerable Groups Support" for Yangpu District. More than 200 volunteers from SUNMI joined this initiative, creating 12 volunteer teams. These teams conducted telephone interviews with over 20,000 individuals of the community, including solitary elderly residents, impoverished households, and persons with disabilities, across 12 streets in Yangpu District. The first round of mapping was completed within 2-3 days. The volunteer groups of Orange Shine Program were recruited from SUNMI

employees, who facilitated to coordinate with eldercare consultants of the community. Additionally, volunteers conducted follow-up visits to ensure ongoing support for the special groups within the district and jointly establishing protective measures with the government. In particularly urgent situations, on-site volunteers took the initiative to coordinate with workers of the community, streets, and civil affairs for integration of resources to meet residents' needs. They were also responsible for delivering essential supplies directly to residents, working closely with government departments to ensure a compassionate and responsive approach to pandemic control efforts.



Collaborative Efforts in Pandemic Situation

| Overview of Volunteer Assistance for Homebound Elderly Individuals | | | | | | |
|---|---|---|---|---|---|---|
| Total Outbound Calls | 18124 | Answered | 11549 | Assistance Needed | 4060 | Medications | 1530 |
| | | | | | | Food | 2787 |
| | | | | | | Daily Necessities | 328 |
| | | | | No Assistance Needed | 6280 | |
| | | | | Unspecified Need for Assistance | 1174 | |
| | | Not Answered | 6575 | | | |
| Total Inbound Calls | 2138 | Answered | 1751 | | | 82% |
| | | Not Answered | 387 | | | |
| No Number | 560 | | | | | |

### Initiative 2: Orange Shine on Campus – Educational Donations to Students

As the Children's Day on June 1st, 2024, approached, volunteers from the Orange Shine visited Yangfan School in Yangpu District. We celebrated this special occasion with the children, bringing along gifts to commemorate Children's Day, with the aim of providing care and companionship to support the children's growth.

Children represent the future; it is our responsibility to protect their innocence and uplift their dreams. SUNMI will continue to support these colorful dreams in the future.





Educational Donations to Students

## Initiative 3: Charitable Sale and Fundraising Activity

In June 2024, volunteers of Orange Shine Program participated in a charitable sale organized by Yangpu Subdistrict Office, aiming to bring warmth and assistance to a broader community. In the lead-up to the event, SUNMI volunteers generously donated a variety of second-hand items. During the event, these items were sold through a charity sale, transforming them into a force of love and compassion. The proceeds from the sale have been entirely donated to the Shanghai Charity Foundation to support those in need. Additionally, SUNMI provided assistance to struggling families and elderly people living alone. Among these cases, a family has a senior who had gone missing multiple times at that time. To ensure the safety of the elderly, we have donated a home surveillance camera to prevent any potential incidents.



⌃ Charitable Sale and Fundraising Activity

## Initiative 4: Elderly Care and Support Activity for the Double Ninth Festival

In 2024, during the Double Ninth Festival brimming with respect and love for the elderly, volunteers of the Orange Shine actively engaged in community service by visiting senior residents in the neighborhood. This event not only honored this traditional festival but also reflected the altruistic spirit and social responsibility of SUNMI.

Led by SUNMI's CHO, Jeep Zhang, the volunteers meticulously prepared nutrition products suitable for the elderly, aiming to bring warmth and convenience to their lives. They personally visited to the seniors' homes for face-to-face interactions, listening to their stories and sharing moments from everyday life. This companionship allowed the elderly to feel the care and warmth of the society.



⌃ Elderly Care and Support Activity for the Double Ninth Festival

# 474 / 66 / 9,098.01

As of December 2024, our total investment in public welfare amounted to 474 hours of service, with a total of 66 participants. The charitable contributions totaled 9,098.01 RMB.



## Orange Shine Public Welfare Initiatives for Our Community

### Caring Activity for the Double Ninth Festival

**SUNMI**    Orange Shine Initiative: Shine for Love    Join Us

# Talent Acquisition and Promotion

SUNMI Group adheres to the principles of fairness, impartiality, transparency, and strategic planning in its recruitment and hiring processes. We actively seek and employ individuals who resonate with our company culture and values, and who meet the requirements of their respective positions. We provide employees with a clear pathway for career development, supporting them in achieving their personal growth. SUNMI is committed to fostering an equitable and diverse workforce and creating an inclusive workplace environment.



Part of the documents of promotion management system

## Recruitment

SUNMI remains dedicated to campus recruitment, and has launching the "Campus Talent Reserve" program, targeting both Chinese and international recent graduates. This includes online promotional events and live broadcasts, as well as specialized on-site recruitment fairs and university-enterprise collaborations, reaching multiple institutions both in China and other countries. It attracts thousands of students to submit their resumes, with nearly 30 graduates choosing to join SUNMI each year.



Group Photo of Campus Hires Joining in 2024

During the reporting period, the company was honored with an employer award (2024 Sirius Award for Human Resources in China).



Best Employer Brand Award

## Career Advancement

| Statistics of the Employed Staff in 2024 | | |
|---|---|---|
| **Gender** | **Quantity** | **Unit** |
| Male | 788 | Persons |
| Female | 439 | Persons |
| **Age** | **Quantity** | **Unit** |
| 25 years old and below | 103 | Persons |
| 25 years old – 29 years old | 289 | Persons |
| 30 years old – 34 years old | 325 | Persons |
| 35 years old – 39 years old | 281 | Persons |
| 40 years old and above | 229 | Persons |
| **Region (Chinese Mainland)** | **Quantity** | **Unit** |
| Shanghai | 817 | Persons |
| Shenzhen | 155 | Persons |
| Hangzhou | 64 | Persons |
| Beijing | 7 | Persons |
| Other cities | 184 | Persons |
| **Other** | **Quantity** | **Unit** |
| Full-time | 1159 | Persons |
| Part-time | 68 | Persons |

SUNMI has established dual career development pathways for employees, encompassing both management and professional tracks. Our ongoing efforts aim to clarify and enhance the promotion system and mechanisms, ensuring a fair, just, and reasonable approach to human resources management while boosting employee engagement and sense of belonging. We provide all employees with a transparent promotion process that adheres to four key promotion principles, striving to create a scientific and rational advancement system. In 2024, the promotion statistics are as follows: The promotion ratio for Senior Managers/Job Level as Executives is 1.8%. The promotion ratio for Middle Managers/Job Level at M2/P4 to M5/P7 is 43.3%.

## 1.8%

In 2024, the promotion statistics are as follows: The promotion ratio for Senior Managers/Job Level as Executives is 1.8%.

## 43.3%

The promotion ratio for Middle Managers/Job Level at M2/P4 to M5/P7 is 43.3%.

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# Diversity and Equality

We are committed to creating a diverse, fair, inclusive, and equitable workplace. We strictly prohibit any form of discrimination and adhere to principles of fairness and diversity throughout the recruitment and hiring processes. We pay special attention to vulnerable groups among our employees and support their integration into the SUNMI family.

In 2024, we have 12 employees with disabilities currently employed, with 8 new hires. Additionally, we have 439 female employees, comprising 35% of our workforce, among which there are 38 women in senior management positions.





▲ Diversity of enterprise employees

# Talent Development

SUNMI Group is talent development-oriented, establishing a scientific and reasonable training system for our employees. We offer a diverse range of training courses to enhance employees' professional skills, promote leadership development, and support the comprehensive and sustainable growth of each individual.

To ensure that employees have opportunities to improve their knowledge and skills and to better realize their potential, we continuously refine our training system. We provide all employees with customized courses and training programs that are diverse in format and content.

## Employee Training System

SUNMI's training is guided by the principles of effectiveness, practicality, relevance, and follow-up. Training is categorized as follows: based on employee type, it is divided into three categories: onboarding training, job-specific training, and company-wide training. Based on the delivery method, training is further divided into internal training (including both in-house and external trainers) and external training.

## Onboarding Training Content

The onboarding training covers company business, corporate culture, and management systems. The courses include training on hardware and software products, information security, corporate culture, and system courses such as IPD (Integrated Product Development) and ITR (Issue to Resolved).

**Case Study One**

To help new employees quickly integrate into SUNMI, we hold onboarding training sessions that facilitate swift learning and growth for new hires. During the intensive training courses, the training team provides detailed insights into the company's core business, corporate culture, and regulations. This helps new hires gain a comprehensive understanding of our fundamentals and operations, laying a solid foundation for their future work and career development.



▲ Training Attendance Sheet



▲ New Employee Training Site

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## Position Training Content

The training includes job responsibilities, job skills, specialized knowledge, and leadership and management training. The courses encompass job knowledge and skills training, as well as leadership and management training.

### Case Study Two

We offer various skill enhancement training programs for all employees and encourage them to actively participate in external skill certifications. During the reporting period, we conducted skill enhancement training tailored to specific positions, combining theoretical and practical approaches, and supported employees in obtaining professional skill level recognition. This initiative contributes to the employees' career development.

## Comprehensive Training Content

The training covers knowledge of management systems, safety awareness, fire safety, and first aid. The courses include various management system training programs, safety awareness training, fire safety courses, and first aid training.


▲ First Aid Skills Training


▲ Management System Training

### 2024 Training Overview

| | | |
|---|---|---|
| Total Expenditure on Employee Training | 6.60 | Million RMB |
| Total Training Hours | 17011.5 | h |
| Number of Trainees | 1227 | Persons |
| Trainee Attendance | 10294 | Times |

### Typical Training Topics

| Type | Duration (h) | Number of Trainees (Persons) | Attendance (Times) |
|---|---|---|---|
| Labor Rights Protection | 613.5 | 1,227 | 1,227 |
| Anti-Corruption | 613.5 | 1,227 | 1,227 |
| Quality Control | 1,840.5 | 1,227 | 1,227 |
| Information Security and Intellectual Property | 2,454 | 1,227 | 4,908 |
| Altruism Cultivation | 1,280 | 40 | 80 |
| Global Training Empowerment | 1,920 | 80 | 640 |
| IPD Specialized Training | 720 | 30 | 240 |
| Project Management | 320 | 40 | 40 |
| Emotional Intelligence in Communication | 160 | 40 | 40 |
| Saying Hello to Your Stress | 60 | 20 | 20 |
| The Super Dingtalk That You Should Know | 60 | 30 | 30 |
| Data Analysis and Presentation | 100 | 50 | 50 |
| SUNMI Self-Service BI | 270 | 30 | 90 |
| Little Orange Specialized Training | 1000 | 25 | 125 |
| Onboarding Training | 5600 | 350 | 350 |

# Occupational Health and Safety

SUNMI Group is committed to providing a healthy, safe, and environmentally friendly working environment for its employees. This ensures that all business processes and related activities can be conducted under these conditions, safeguarding both SUNMI's production safety and the health and safety of its employees, in accordance with SUNMI's environmental and occupational health and safety goals.

## Management System

We have established and continuously improved our Occupational Health and Safety Management System. An EHS Management Committee has been formed to oversee EHS matters within SUNMI, strictly adhering to relevant laws and regulations, such as the Law of the People's Republic of China on Production Safety and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases. We have developed and implemented various operational procedures, including the EHS Monitoring and Measurement Control Procedure, EHS Operational Control Procedure, EHS Emergency Preparedness and Response Control Procedure, and Identification of Environmental Factors and Hazard Sources with Risk Assessment Procedures. We monitor compliance across all departments and manage specific details.
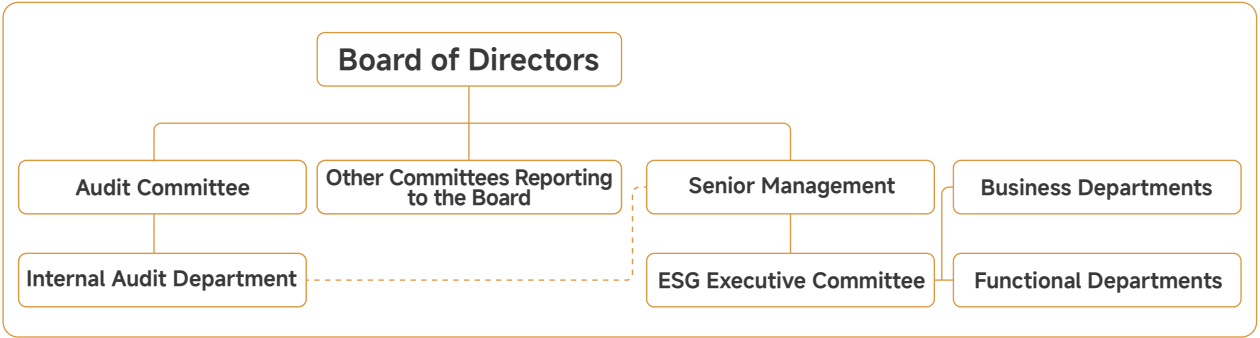


⬆ SUNMI Group Governance Structure
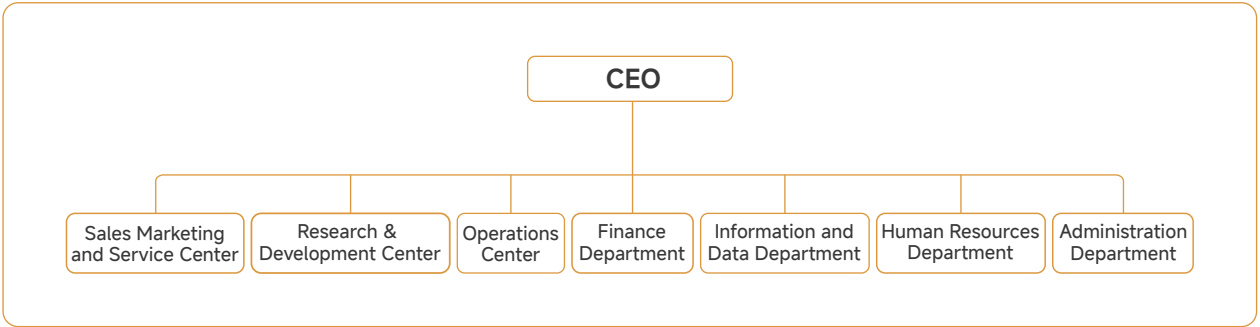


⬆ Department Structure Diagram

## EHS Management Structure

We have established an occupational health and safety system that covers all employees, forming an efficient centralized management framework. The committee includes employee representatives to ensure their full participation in the management of occupational health and safety.

## Board of Directors

1. Responsible for overall coordination of EHS-related work within the company. 2. Reviews reports from the EHS Chief Officer.

## Committees and Departments

1. Develops EHS inspection plans, standards, and conducts audits, following up on any identified issues for improvement. 2. Coordinates and directs emergency response, managing public relations based on the severity of incidents and activating emergency response procedures as necessary. 3. Responsible for collecting, organizing, and analyzing EHS-related data. 4. Conducts EHS-related promotion and training activities.

## Senior Management

1. Establishes and continuously improves the EHS Management System. 2. Develops various management norms and operational processes, and organizes EHS audits across all departments. 3. Tracks and resolves EHS issues in a timely manner. 4. Holds quarterly EHS meetings to coordinate and oversee the overall EHS efforts of SUNMI Group.

## Internal Audit and Quality Department

Collect and update the latest EHS-related laws and regulations, forming internal implementation standards.

## Information Files Management

Utilizes the online platform SUNMI Office Automation/SUNMI Collaborative Management Platform to manage all reports, enhancing management efficiency.

| Document Title | Number | Responsible Team |
|---|---|---|
| Environmental Factors Investigation and Assessment Form | SM-BD-ZL-071 | Quality Team |
| Significant Environmental Factors and Control Measures | SM-BD-ZL-074 | Quality Team |
| Hazard Identification and Assessment Form | SM-BD-ZL-072 | Quality Team |
| Significant Hazardous Sources and Control Measures | SM-BD-ZL-073 | Quality Team |
| Daily/Weekly Laboratory Maintenance Inspection Form | SM-BD-CS-005 | R&D Test |
| Training Sign-in Sheet | SM-BD-RS-001 | Human Resources Department |
| Goal Achievement Analysis Report | SM-BD-ZL-037 | Quality Team |
| ____ Year Goal Management Plan | SM-BD-ZL-034 | Quality Team |
| Compliance Evaluation Records for Applicable Laws, Regulations, and Other Requirements | SM-BD-ZL-038 | Quality Team |
| Receipt for Battery Recycling in Office Areas | SM-BD-ZL-133 | Quality Team |
| HSF & WEEE Environmental Design Baseline for SUNMI Products | SM-BD-ZL-102 | Quality Team |

# Risk Identification and Control

## EHS Risk Management

SUNMI Group has established a series of documents, including the Identification of Environmental Factors and Hazard Sources with Risk Assessment Procedures, EHS Monitoring and Measurement Control Procedure, EHS Operational Control Procedure, and EHS Emergency Preparedness and Response Control Procedure. These documents actively facilitate the identification, monitoring, control, and management of hazardous sources. Based on the risk identification and control flow chart, the Quality Team organizes annual identification and updates of environmental factors and hazardous sources. Utilizing the LEC method, various EHS incident risks are classified to implement dynamic risk management, which serves as the foundation for conducting EHS work audits.

| Responsible Department | Flowchart | Related Records |
|---|---|---|
| All Departments | Identification of Environmental Factors / Hazards | Environmental Factors Investigation and Assessment Form |
| Quality Team | Aggregation and Organization | |
| Quality Team | Organizational Assessment and Control Measures Development | Hazard Identification and Assessment Form |
| Management Representative | Approval — NG / OK | |
| Quality Team | Release and Execution | |

︿ Environmental Factors and Hazard Source Control Flowchart

In response to the identified EHS hazards, we organize activities such as safety drills to comprehensively enhance employees' awareness of occupational health and safety risks and to improve their risk response capabilities.



︿ Fire Drill

## EHS Incident Management Process

We strictly implement the management responsibilities of personnel at all stages of EHS management. 1. After an incident occurs, on-site personnel must report it according to the reporting procedures outlined in SUNMI's emergency plan. 2. The Quality Team will organize an investigation based on the nature and severity of the incident, in collaboration with company leaders. If necessary, they will work together with relevant government departments, such as Environmental Protection, Fire Safety, and Health and Epidemic Prevention, to investigate and handle the situation, while maintaining records of the investigation results and related documents. 3. For all incidents, we must ascertain the causes, assess environmental impacts, determine personnel injuries and property losses, identify those responsible for the incident, and produce an incident report. Effective corrective and preventive measures must then be formulated. 4. Following an incident, we will communicate internally based on the principles of "no tolerance" and "education first." We will review the emergency plan and emergency measures, and amend any problematic clauses to prevent the recurrence of similar incidents.

## EHS Training

For regular employees, we conduct various occupational health and safety training sessions regularly in each department. Using a combination of online and offline methods, we provide learning opportunities to comprehensively enhance employees' awareness of EHS. For management, we regularly offer training on EHS management skills to improve the EHS management capabilities of all leaders and to promote an elevated level of EHS management throughout SUNMI.



︿ Employee Fire Safety Training



︿ Vendor EHS Supervision and Management Training

## Work Injury Handling Procedures

We have established policies such as the Work Injury Handling Procedures and EHS Emergency Preparedness and Response Control Procedures to create a standardized process for handling work injuries and responding to emergencies. This framework provides guidelines for addressing and resolving health and safety incidents. In the event that an employee suffers an accident or is diagnosed and recognized as having an occupational disease according to occupational disease prevention laws, we will notify the local labor protection administrative department and the relevant social insurance agency within twenty-four hours. Additionally, within thirty days from the date of the injury or diagnosis, we will submit a written application for work injury recognition to the local labor protection administrative department.

**Table 1: 2024 EHS Compliance Status of Suppliers**

| | | |
|---|---|---|
| Number of Supplier Audits Completed | 35 | Suppliers |
| Number of Unannounced Inspections Conducted | 0 | Times |
| Total Rectifications Supervised | 16 | Items |

**Table 2: 2024 Employee Health Status**

| | | |
|---|---|---|
| Work Injuries | 0 | Times |
| Year-over-Year Decrease | 0 | % |

**Table 3: 2024 EHS Training Status**

| | | |
|---|---|---|
| Training Hours | 40 | h |

# Key Performance Indicators

## Social Performance Table

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| **GRI 2-6 Activities, Value Chain, and Other Business Relationships** | | | |
| Total number of suppliers onboarded | / | 648 | 494 |
| Suppliers outside of China | / | 18 | 17 |
| Suppliers in China | / | 332 | 230 |
| Service suppliers | / | 4 | 2 |
| Raw material suppliers | / | 294 | 245 |
| **GRI 2-7 Employees** | | | |
| Total number of employees | Persons | 1227 | 1073 |
| Gender | | | |
| Male employees | Persons | 788 | 706 |
| Female employees | Persons | 439 | 367 |
| Age | | | |
| Employees aged 25 and under | Persons | 103 | 43 |
| Employees aged 25-29 | Persons | 289 | 220 |
| Employees aged 30-34 | Persons | 325 | 306 |
| Employees aged 35-39 | Persons | 281 | 274 |
| Employees aged 40 and above | Persons | 229 | 230 |
| Region | | | |
| Shanghai | Persons | 817 | 781 |
| Shenzhen | Persons | 155 | 141 |
| Hangzhou | Persons | 64 | 44 |
| Beijing | Persons | 7 | 8 |
| Other regions | Persons | 184 | 99 |
| Others | | | |
| Full-time employees | Persons | 1159 | 1018 |

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| Part-time employees | Persons | 68 | 55 |
| **GRI 2-28 Membership Association** | | | |
| Total number of important associations | NA | 10 | 9 |
| **GRI 201-1 Direct Economic Value Generated and Distributed** | | | |
| Revenue amount | 100 Million Yuan | 34.56 | 30.71 |
| Revenue growth rate compared to last year | % | 12.56% | -9.81% |
| **GRI 201-2 Financial Implications and Other Risks and Opportunities Due to Climate Change** | | | |
| Investment in energy conservation and emissions reduction | 10,000 Yuan | / | / |
| Energy conservation and emissions reduction target for 2024 | 10,000 Yuan | / | / |
| Amount insured for all-risk property insurance (i.e., insurance compensation amount) | 10,000 Yuan | / | / |
| Annual insurance premium for all-risk property | 10,000 Yuan | 81.43 | 155.85 |
| **GRI 205-1 Operations Assessed for Risks Related to Corruption** | | | |
| Percentage of subsidiaries that conducted internal risk assessments for integrity/anti-corruption this year | % | 100% | 100% |
| **GRI 205-2 Communication and Training on Anti-Corruption Policies and Procedures** | | | |
| Number of employees signing integrity commitments or receiving integrity communication letters | Persons | 1227 | 1073 |
| Number of members of governance bodies signing integrity commitments or receiving integrity communication letters | Persons | 7 | 7 |

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| Chinese Mainland | % | 100% | 100% |
| Hong Kong, Macau, and Taiwan | % | 100% | 100% |
| Outside Chinese Mainland, Hong Kong, Macau, and Taiwan | % | 100% | 100% |
| Number of suppliers signing the Supplier Integrity Commitment | / | 256 | 66 |
| Service suppliers | % | 100% | 100% |
| Raw material suppliers | % | 100% | 100% |
| Total number of employees trained in anti-corruption | Persons | 1227 | 1073 |
| Number of governance body members trained in anti-corruption | Persons | 7 | 7 |
| Total anti-corruption training attendance | Times | 1227 | 1073 |
| Total hours of anti-corruption training | Hours | 1227 | 1073 |
| **GRI 205-3 Confirmed Incidents of Corruption and Actions Taken** | | | |
| Number of corruption reports received | / | 0 | 0 |
| Total number of confirmed corruption incidents | / | 0 | 0 |
| Total number of incidents involving employee dismissal or disciplinary action | / | 0 | 0 |
| Total number of incidents involving termination or non-renewal of contracts with business partners | / | 0 | 0 |
| Confirmed legal proceedings involving the company and employee corruption | / | 0 | 0 |
| Completed anti-corruption lawsuits involving the company and employees | / | 0 | 0 |

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| Compensation amount for completed anti-corruption lawsuits involving the company and employees | Yuan | 0 | 0 |
| **GRI 206-1 Legal Actions for Anti-Competitive Behavior, Anti-Trust, and Monopoly Practices** | | | |
| Identified lawsuits for unfair competition, antitrust, and anti-monopoly law violations | / | 0 | 0 |
| Completed lawsuits involving the company for anti-unfair competition behavior, antitrust, and anti-monopoly law violations | / | 0 | 0 |
| Compensation amount for completed lawsuits involving the company for anti-unfair competition behavior, antitrust, and anti-monopoly law violations | Yuan | 0 | 0 |
| **GRI 401-1 New Employee Hires and Employee Turnover** | | | |
| Employee turnover rate (including resignations, dismissals, and terminations) | % | 23% | 13.96% |
| **GRI 401-3 Parental Leave** | | | |
| Number of male employees eligible for parental leave | Persons | 85 | 79 |
| Number of male employees actually taking parental leave | Persons | 85 | 79 |
| Number of female employees eligible for parental leave | Persons | 33 | 36 |
| Number of female employees actually taking parental leave | Persons | 33 | 36 |
| **GRI 403-5 Worker Training on Occupational Health and Safety** | | | |
| Total hours of EHS training | Hours | 2454 | 2146 |
| Total number of people trained in EHS | Persons | 1227 | 1073 |

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| Total EHS training attendance | Times | 1227 | 1073 |
| Total hours of EHS training for leadership | Hours | 112 | 112 |
| Total number of leadership trained in EHS | Persons | 7 | 7 |
| Total EHS training attendance for leadership | Times | 14 | 14 |
| **GRI 403-8 Workers Covered by Occupational Health and Safety Management Systems** | | | |
| The number of employees covered by operational sites with established occupational health and safety management systems | Persons | 1227 | 1073 |
| Percentage of employees covered by operational sites with established occupational health and safety management systems | % | 100% | 100% |
| Number of employees covered by operational sites with occupational health and safety management systems that passed internal audits | Persons | 1227 | 1073 |
| Percentage of employees covered by operational sites with occupational health and safety management systems that passed internal audits | % | 100% | 100% |
| Number of employees covered by operational sites with occupational health and safety management systems that passed external audits | Persons | 1227 | 1073 |
| Percentage of employees covered by operational sites with occupational health and safety management systems that passed external audits | % | 100% | 100% |

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| **GRI 403-9 Work-related Injuries**<br>**GRI 403-10 Work-Related Ill Health** | | | |
| Total work hours | Hours | 2463816 | 2146000 |
| Number of employee deaths from work-related injuries | Persons | 0 | 0 |
| Number of employee deaths per hour from work-related injuries | Person/Hour | 0 | 0 |
| Number of employee serious injuries from work-related incidents | Time | 0 | 0 |
| Serious injuries per hour from work-related incidents | Time/Hour | 0 | 0 |
| Number of other employee injuries (excluding deaths and serious injuries) | Time | 0 | 0 |
| Total recordable employee injury occurrences | Time | 0 | 0 |
| Recordable employee injuries per hour | Time/hour | 0 | 0 |
| **GRI 404-1 Average Hours of Training per Year per Employee** | | | |
| Total training hours for employees | Hours | 17011.5 | 7909.5 |
| Total training hours for male employees | Hours | 10925.1 | 5224.4 |
| Total training hours for female employees | Hours | 6086.4 | 2685.1 |
| Average training hours per employee | Hours | 13.9 | 7.4 |
| Total training attendance | Times | 10294 | 5458 |
| **GRI 404-2 Programs for Upgrading Employee Skills and Transition Assistance Programs** | | | |
| Total training expenditure | 10,000 Yuan | 660 | 350 |

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| **GRI 404-3 Percentage of Employees Receiving Regular Performance and Career Development Reviews** | | | |
| Percentage of indirect employees receiving regular performance and career development evaluations | % | 100% | 100% |
| **GRI 405-1 Diversity of Governance Bodies and Employees** | | | |
| Total number of governance body members | Persons | 7 | 7 |
| Male | % | 71% | 71% |
| Female | % | 29% | 29% |
| Total number of employees | Persons | 1227 | 1073 |
| Male | % | 64% | 66% |
| Female | % | 36% | 34% |
| Employees with disabilities | % | 1% | 0.6% |
| **GRI 308-1 New Suppliers That Were Screened Using Environmental Criteria**<br>**GRI 308-2 Negative Environmental Impacts in the Supply Chain and Actions Taken**<br>**GRI 414-1 New Suppliers That Were Screened Using Social Criteria**<br>**GRI 414-2 Negative Social Impacts in the Supply Chain and Actions Taken** | | | |
| Total number of new suppliers | NA | 51 | 56 |
| Percentage of new suppliers undergone CSR audits | % | 100 | 100 |
| Number of suppliers completing CSR audits for 2024 | NA | 51 | 56 |
| Among which, number of suppliers completing on-site audits | / | 51 | 56 |
| Number of suppliers determined to have significant actual and potential negative environmental and social impacts | / | 0 | 0 |

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| Percentage of suppliers agreeing to improvements after assessment | % | 100 | 100 |
| Percentage of suppliers with terminated relationships after assessment | % | 0 | 0 |
| **GRI 418-1 Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data** | | | |
| Confirmed complaints regarding customer privacy violations or loss of customer data | / | 0 | 0 |

# Environmental Performance Table

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| **GRI 302-1 Energy Consumption Within the Organization** | | | |
| Non-renewable energy usage | MWh | 760.68 | 701.85 |
| Gasoline | MWh | / | / |
| Diesel | MWh | / | / |
| Liquefied petroleum gas | MWh | / | / |
| Natural gas | MWh | / | / |
| Renewable energy usage | MWh | / | / |
| Biomass energy (ethanol gasoline) | MWh | / | / |
| On-site photovoltaic power generation | MWh | / | / |
| Purchased municipal electricity | MWh | 1083.68 | 1001.85 |
| Total photovoltaic power generation | MWh | / | / |
| Purchased green electricity | MWh | / | / |
| Purchased green certificates | MWh | 320 | 300 |
| Purchased thermal energy | MWh | / | / |
| Purchased cooling energy | MWh | / | / |
| Purchased steam energy | MWh | / | / |
| Photovoltaic power sold | MWh | / | / |
| Total energy consumption | MWh | 1083.68 | 1001.85 |
| **GRI 302-3 Energy Intensity** | | | |
| Energy consumption intensity per revenue | kWh/ Million Yuan | 221 | 229 |
| Electricity consumption intensity per revenue | kWh/ Million Yuan | 221 | 229 |

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| **GRI 302-4 Reduction of Energy Consumption** | | | |
| Annual electricity savings | MWh | / | / |
| Total installed photovoltaic capacity | MW | / | / |
| **GRI 303-3 Water Withdrawal** | | | |
| Total water withdrawal | t | 1337 | 1454 |
| Surface water | t | / | / |
| Groundwater (renewable) | t | / | / |
| Groundwater (non-renewable) | t | / | / |
| Seawater | t | / | / |
| Water extracted / entrained / produced water | t | / | / |
| Third-party water sources | t | 1337 | 1454 |
| Total water withdrawal in stressed areas | t | 1337 | 1454 |
| **GRI 303-4 Water Discharge** | | | |
| Total discharge volume | t | / | / |
| Total surface water discharge | t | / | / |
| Total groundwater discharge | t | / | / |
| Total seawater discharge | t | / | / |
| Total discharge to third parties | t | / | / |
| Total industrial wastewater | t | / | / |
| Total domestic sewage discharge | t | / | / |
| Total discharge volume in stressed areas | t | / | / |
| Number of administrative penalties for sewage discharge | / | 0 | 0 |

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| **GRI 303-5 Water Consumption** | | | |
| Total water consumption | t | / | / |
| Total water consumption in stressed areas | t | / | / |
| **GRI 305-1 Direct (Scope 1) GHG Emissions** | | | |
| Total Scope 1 greenhouse gas emissions | $tCO_2e$ | / | / |
| **GRI 305-2 Energy Indirect (Scope 2) GHG Emissions** | | | |
| Scope 2 (Location-based) greenhouse gas emissions | $tCO_2e$ | 672.42 | 621.65 |
| Scope 2 (Market-based) greenhouse gas emissions | $tCO_2e$ | 474.86 | 435.50 |
| **GRI 305-4 GHG Emissions Intensity** | | | |
| Total Scope 1 & Scope 2 (Location-based) greenhouse gas emissions | $tCO_2e$ | 672.42 | 621.65 |
| Total Scope 1 & Scope 2 (Market-based) greenhouse gas emissions | $tCO_2e$ | 474.86 | 435.50 |
| Greenhouse gas emissions intensity (Location-based) | $tCO_2e$ / million yuan | 0.195 | 0.203 |
| Greenhouse gas emissions intensity (Market-based) | $tCO_2e$ / million yuan | 0.137 | 0.142 |
| **GRI 305-5 Reduction of GHG Emissions** | | | |
| Total greenhouse gas reductions | $tCO_2e$ | / | / |
| **GRI 306-3 Waste Generated** | | | |
| Total waste generated | t | 781.23 | 662.82 |
| Total non-hazardous waste generated | t | 176.26 | 167.95 |

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| Total municipal waste generated | t | 604.73 | 494.69 |
| Total hazardous waste generated | t | 0.24 | 0.18 |
| **GRI 306-4 Waste Diverted From Disposal** | | | |
| Total waste recycled | t | / | / |
| Total hazardous waste recycled | t | / | / |
| Hazardous waste sent for recycling | t | / | / |
| Hazardous waste sent to other recycling activities | t | / | / |
| Total non-hazardous waste recycled | t | / | / |
| Non-hazardous waste sent for reuse | t | / | / |
| Non-hazardous waste sent for recycling | t | / | / |
| Non-hazardous waste sent to other recycling activities | t | / | / |
| Total municipal waste recycled | t | / | / |
| Municipal waste sent for reuse | t | / | / |
| Municipal waste sent for recycling | t | / | / |
| Municipal waste sent to other recycling activities | t | / | / |

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| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| **GRI 306-5 Waste Directed to Disposal** | | | |
| Total amount of waste sent for disposal (including transfer) | t | / | / |
| Total amount of hazardous waste disposed | t | / | / |
| Amount of hazardous waste sent for incineration (with energy recovery) | t | / | / |
| Amount of hazardous waste sent for incineration (without energy recovery) | t | / | / |
| Amount of hazardous waste sent for landfill | t | / | / |
| Amount of hazardous waste disposed by other methods | t | / | / |
| Amount of non-hazardous waste disposed | t | / | / |
| Amount of non-hazardous waste sent for incineration (with energy recovery) | t | / | / |
| Amount of non-hazardous waste sent for incineration (without energy recovery) | t | / | / |
| Amount of non-hazardous waste sent for landfill | t | / | / |
| Amount of non-hazardous waste disposed by other methods | t | / | / |
| Amount of municipal waste disposed | t | / | / |

| Indicator | Unit | 2024 | 2023 |
|---|---|---|---|
| Amount of municipal waste sent for incineration (with energy recovery) | t | / | / |
| Amount of municipal waste sent for incineration (without energy recovery) | t | / | / |
| Amount of municipal waste sent for landfill | t | / | / |
| Amount of municipal waste disposed by other methods | t | / | / |

# GRI Indicator Index

**Usage Instructions:** This report is prepared by Shanghai Sunmi Technology Co., Ltd. for the period from January 1, 2024, to December 31, 2024, in accordance with GRI standards.

**GRI Standards Used: GRI 1:** Foundation 2021

| GRI Standard and Disclosure | Location | Omission | Reason | Explanation |
|---|---|---|---|---|
| **GRI 2: General Disclosures 2021** | | | | |
| 2-1 Organizational details | Company Profile | | | |
| 2-2 Entities included in the organization's sustainability reporting | About This Report | | | |
| 2-3 Reporting period, frequency and contact point | About This Report | | | |
| 2-4 Restatements of information | | 2-4-a | Lack of information | This is the first publication of the sustainability report. |
| 2-5 External assurance | | 2-5-a 2-5-b | Lack of information | No external assurance has been conducted. |
| 2-6 Activities, value chain and other business relationships | Company Profile | | | |
| 2-7 Employees | Talent Acquisition and Promotion | | | |
| 2-8 Workers who are not employees | | 2-8-a 2-8-b 2-8-c | Lack of information | Due to incomplete data compilation, full disclosure is not possible. |
| 2-9 Governance structure and composition | Corporate Governance and Risk Management | | | |
| 2-10 Nomination and selection of the highest governance body | Corporate Governance and Risk Management | | | |
| 2-11 Chair of the highest governance body | Corporate Governance and Risk Management | | | |
| 2-12 Role of the highest governance body in overseeing the management of impacts | Corporate Governance and Risk Management | | | |

| GRI Standard and Disclosure | Location | Omission | Reason | Explanation |
|---|---|---|---|---|
| 2-13 Delegation of responsibility for managing impacts | Corporate Governance and Risk Management | | | |
| 2-14 Role of the highest governance body in sustainability reporting | Sustainable Development Management Structure | | | |
| 2-15 Conflicts of interest | Corporate Governance and Risk Management | | | |
| 2-16 Communication of critical concerns | Corporate Governance and Risk Management | | | |
| 2-17 Collective knowledge of the highest governance body | Sustainable Development Goals and Strategies | | | |
| 2-18 Evaluation of the performance of the highest governance body | Corporate Governance and Risk Management | | | |
| 2-19 Remuneration policies | Compensation and Benefits, Corporate Governance and Risk Management | | | |
| 2-20 Process to determine remuneration | Compensation and Benefits, Corporate Governance and Risk Management | | | |
| 2-21 Annual total compensation ratio | | 2-21-a 2-21-b 2-21-c | Confidentiality restrictions | To protect employee privacy, some information are disclosed in a summarized manner. |
| 2-22 Statement on sustainable development strategy | Sustainable Development Goals and Strategies | | | |
| 2-23 Policy commitments | Protection of Rights and Interests | | | |

| GRI Standard and Disclosure | Location | Omission | Reason | Explanation |
|---|---|---|---|---|
| 2-24 Embedding policy commitments | Sustainable Development Goals and Strategies | | | |
| 2-25 Processes to remediate negative impacts | Communication With Stakeholders and Material Topics | | | |
| 2-26 Mechanisms for seeking advice and raising concerns | Communication With Stakeholders and Material Topics | | | |
| 2-27 Compliance with laws and regulation | Corporate Governance and Risk Management | | | |
| 2-28 Membership associations | Company Profile | | | |
| 2-29 Approach to stakeholder engagement | Communication With Stakeholders and Material Topics | | | |
| 2-30 Collective bargaining agreements | | 2-30-a 2-30-b | Lack of information | The company safeguards the legitimate rights and interests of its employees; and due to challenges in accurately compiling data, complete disclosure cannot be provided. |
| **GRI 3: Material Topics 2021** | | | | |
| 3-1 Process to determine material topics | Communication With Stakeholders and Material Topics | | | |
| 3-2 List of material topics | Communication With Stakeholders and Material Topics | | | |

| GRI Standard and Disclosure | Location | Omission | Reason | Explanation |
|---|---|---|---|---|
| **GRI 201: Economic Performance 2016** | | | | |
| 3-3 Management of material topics | Creating Eco-Friendly Products, Economic Contribution and Rights Assurance | | | |
| 201-1 Direct economic value generated and distributed | Key Performance Index | | | |
| 201-2 Financial implications and other risks and opportunities due to climate change | Creating Eco-Friendly Products, Key Performance Index | | | |
| 201-3 Defined benefit plan obligations and other retirement plans | Economic Contribution and Rights Assurance | | | |
| 201-4 Financial assistance received from government | Economic Contribution and Rights Assurance | | | |
| **GRI 202: Market Presence 2016** | | | | |
| 3-3 Management of material topics | Economic Contribution and Rights Assurance, Compensation and Benefits | | | |
| 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | Economic Contribution and Rights Assurance, Compensation and Benefits | | | |
| 202-2 Proportion of senior management hired from the local community | Corporate Governance and Risk Management | | | |
| **GRI 205: Anti-corruption 2016** | | | | |
| 3-3 Management of material topics | Business Ethics | | | |
| 205-1 Operations assessed for risks related to corruption | Business Ethics | | | |

| GRI Standard and Disclosure | Location | Omission | Reason | Explanation |
|---|---|---|---|---|
| 205-2 Communication and training about anti-corruption policies and procedures | Business Ethics | | | |
| 205-3 Confirmed incidents of corruption and actions taken | Business Ethics | | | |
| **GRI 206: Anti-competitive Behavior 2016** | | | | |
| 3-3 Management of material topics | Corporate Governance and Risk Management | | | |
| 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Social Performance Table | | | |
| **GRI 302:Energy 2016** | | | | |
| 3-3 Management of material topics | Addressing Climate Change,Carbon Emissions and Energy Management, Creating Eco-Friendly Products | | | |
| 302-1 Energy consumption within the organization | Carbon Emissions and Energy Management | | | |
| 302-2 Energy consumption outside of the organization | | 302-2-a 302-2-b 302-2- | Lack of information | The estimation methods are not yet fully developed, making accurate disclosure impossible. |
| 302-3 Energy intensity | Carbon Emissions and Energy Management | | | |
| 302-4 Reduction of energy consumption | Carbon Emissions and Energy Management | | | |

| GRI Standard and Disclosure | Location | Omission | Reason | Explanation |
|---|---|---|---|---|
| 302-5 Reductions in energy requirements of products and services | Creating Eco-Friendly Products | | | |
| **GRI 303: Water and Effluents 2018** | | | | |
| 3-3 Management of material topics, Water Resource Management | Carbon Emissions and Energy Management | | | |
| 303-1 Interactions with water as a shared resource | Water Resource Management | | | |
| 303-2 Management of water discharge-related impacts | Water Resource Management | | | |
| 303-3 Water withdrawal | Environmental Performance Table | | | |
| 303-4 Water discharge | Environmental Performance Table | | | |
| 303-5 Water consumption | Environmental Performance Table | | | |
| **GRI 305: Emissions 2016** | | | | |
| 3-3 Management of material topics | Addressing Climate Change, Carbon Emissions and Energy Management, Exhaust, Wastewater, and Waste Management | | | |
| 305-1 Direct (Scope 1) GHG emissions | Carbon Emissions and Energy Management | | | |
| 305-2 Energy indirect (Scope 2) GHG emissions | Carbon Emissions and Energy Management | | | |
| 305-3 Other indirect (Scope 3) GHG emissions | | 305-3-a 305-3-b 305-3-c 305-3-d 305-3-e 305-3-f 305-3-g | Lack of information | Due to difficulties in accurately compiling data, complete disclosure is not possible. |

| GRI Standard and Disclosure | Location | Omission | Reason | Explanation |
| --- | --- | --- | --- | --- |
| 305-4 GHG emissions intensity | Carbon Emissions and Energy Management | | | |
| 305-5 Reduction of GHG emissions | Carbon Emissions and Energy Management | | | |
| 305-6 Emissions of ozone-depleting substances (ODS) | Exhaust, Wastewater, and Waste Management | | | |
| 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Exhaust, Wastewater, and Waste Management | | | |
| **GRI 306: Waste 2020** | | | | |
| 3-3 Management of material topics | Addressing Climate Change, Exhaust, Wastewater, and Waste Management | | | |
| 306-1 Waste generation and significant waste-related impacts | Exhaust, Wastewater, and Waste Management | | | |
| 306-2 Management of significant waste-related impacts | Exhaust, Wastewater, and Waste Management | | | |
| 306-3 Waste generated | Exhaust, Wastewater, and Waste Management | | | |
| 306-4 Waste diverted from disposal | Exhaust, Wastewater, and Waste Management | | | |
| 306-5 Waste directed to disposal | Exhaust, Wastewater, and Waste Management | | | |
| **GRI 308: Supplier Environmental Assessment 2016** | | | | |
| 3-3 Management of material topics | Sustainable Supply Chain | | | |

| GRI Standard and Disclosure | Location | Omission | Reason | Explanation |
| --- | --- | --- | --- | --- |
| 308-1 New suppliers that were screened using environmental criteria | Supplier Compliance Risk Management, Enhancing Supplier Capability | | | |
| 308-2 Negative environmental impacts in the supply chain and actions taken | Supplier Compliance Risk Management, Enhancing Supplier Capability, Optimizing Conflict Mineral Management | | | |
| **GRI 401: Employment 2016** | | | | |
| 3-3 Management of material topics | Talent Acquisition and Promotion, Compensation and Benefits | | | |
| 401-1 New employee hires and employee turnover | Talent Acquisition and Promotion | | | |
| 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Compensation and Benefits | | | |
| 401-3 Parental leave | Compensation and Benefits | | | |
| **GRI 402: Labor/Management Relations 2016** | | | | |
| 3-3 Management of material topics | Protection of Rights and Interests, Employee Well-being | | | |
| 402-1 Minimum notice periods regarding operational changes | Protection of Rights and Interests, Employee Well-being | | | |
| **GRI 403: Occupational Health and Safety 2018** | | | | |
| 3-3 Management of material topics | Occupational health and safety | | | |

| GRI Standard and Disclosure | Location | Omission | Reason | Explanation |
| --- | --- | --- | --- | --- |
| 403-1 Occupational health and safety management system | Occupational health and safety | | | |
| 403-2 Hazard identification, risk assessment, and incident investigation | Occupational health and safety | | | |
| 403-3 Occupational health services | Occupational health and safety | | | |
| 403-4 Worker participation, consultation, and communication on occupational health and safety | Occupational health and safety | | | |
| 403-5 Worker training on occupational health and safety | Occupational health and safety | | | |
| 403-6 Promotion of worker health | Occupational health and safety | | | |
| 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Occupational health and safety | | | |
| 403-8 Workers covered by an occupational health and safety management system | Occupational health and safety | | | |
| 403-9 Work-related injuries | Occupational health and safety | | | |
| 403-10 Work-related ill health | Occupational health and safety | | | |
| **GRI 404: Training and Education 2016** | | | | |
| 3-3 Management of material topics | Talent Development Training | | | |

| GRI Standard and Disclosure | Location | Omission | Reason | Explanation |
|---|---|---|---|---|
| 404-1 Average hours of training per year per employee | Talent Development | | | |
| 404-2 Programs for upgrading employee skills and transition assistance programs | Talent Development | | | |
| 404-3 Percentage of employees receiving regular performance and career development reviews | Talent Development | | | |
| **GRI 405: Diversity and Equal Opportunity 2016** | | | | |
| 3-3 Management of material topics | Diversity and Equality | | | |
| 405-1 Diversity of governance bodies and employees | Diversity and Equality | | | |
| 405-2 Ratio of basic salary and remuneration of women to men | | 405-2-a 405-2-b | Confidentiality restrictions | Due to information confidentiality requirements, some details are disclosed in a summarized manner. |
| **GRI 406: Non-discrimination 2016** | | | | |
| 3-3 Management of material topics | Diversity and Equality | | | |
| 406-1 Incidents of discrimination and corrective actions taken | Diversity and Equality | | | |
| **GRI 407: Freedom of Association and Collective Bargaining 2016** | | | | |
| 3-3 Management of material topics | Protection of Rights and Interests | | | |

| GRI Standard and Disclosure | Location | Omission | Reason | Explanation |
|---|---|---|---|---|
| 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Protection of Rights and Interests | | | |
| **GRI 408: Child Labor 2016** | | | | |
| 3-3 Management of material topics | Protection of Rights and Interests | | | |
| 408-1 Operations and suppliers at significant risk for incidents of child labor | Protection of Rights and Interests | | | |
| **GRI 409: Forced or Compulsory Labor 2016** | | | | |
| 3-3 Management of material topics | Protection of Rights and Interests | | | |
| 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | Protection of Rights and Interests | | | |
| **GRI 413: Local Communities 2016** | | | | |
| 3-3 Management of material topics Giving back to society | Employee Activities | | | |
| 413-1 Operations with local community engagement, impact assessments, and development programs | Employee Activities | | | |
| 413-2 Operations with significant actual and potential negative impacts on local communities | Employee Activities, Exhaust, Wastewater, and Waste Management | | | |
| **GRI 414: Supplier Social Assessment 2016** | | | | |
| 3-3 Management of material topics | Sustainable Supply Chain | | | |

| GRI Standard and Disclosure | Location | Omission | Reason | Explanation |
|---|---|---|---|---|
| 414-1 New suppliers that were screened using social criteria | Supplier Compliance Risk Management, Enhancing Supplier Capability | | | |
| 414-2 Negative social impacts in the supply chain and actions taken | Supplier Compliance Risk Management, Enhancing Supplier Capability, Optimizing Conflict Mineral Management | | | |
| **GRI 416: Customer Health and Safety 2016** | | | | |
| 3-3 Management of material topics | Creating Eco-Friendly Products | | | |
| 416-1 Assessment of the health and safety impacts of product and service categories | Creating Eco-Friendly Products | | | |
| 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | Creating Eco-Friendly Products | | | |
| **GRI 418: Customer Privacy 2016** | | | | |
| 3-3 Management of material topics | Information Security Management | | | |
| 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Information Security Management | | | |