



## Reporting Boundary

This report covers all significant entities over which Eaglerise has operational control. Unless otherwise stated, its reporting boundary is consistent with that of consolidated financial statements in our annual report. Descriptions and data herein cover the period from January 1, 2023 to December 31, 2023, with a small amount of information outside of this time frame included, too.

## Basis for Compilation

## Data Sources

All information and data disclosed herein comes from the official documents, statistics, and annual reports of Eaglerise and its subsidiaries, while financial information comes from Eaglerise's annual financial statements. All amounts in this report are presented in CNY.

## Our Statement

This report has been deliberated by our Board of Directors, and Eaglerise is responsible for the authenticity, accuracy and completeness of its content.

## Third-party Assurance

This report has been assured by independent third-party TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch. Please find the independent assurance statement produced by TÜV SÜD at Chapter 8.

## Language Versions and How to Obtain

This report is published online in simplified Chinese and English. Should there be any discrepancies between the two versions, the simplified Chinese version shall prevail. You may view or download it on our website (<http://www.eaglerise.cn/>) or designated information disclosure website <http://www.cninfo.com.cn/>.

## Stakeholder Feedback

For comments and suggestions regarding this report, please contact us at:

● Tel.: 86-0757-86256516 (ESG Management Department)

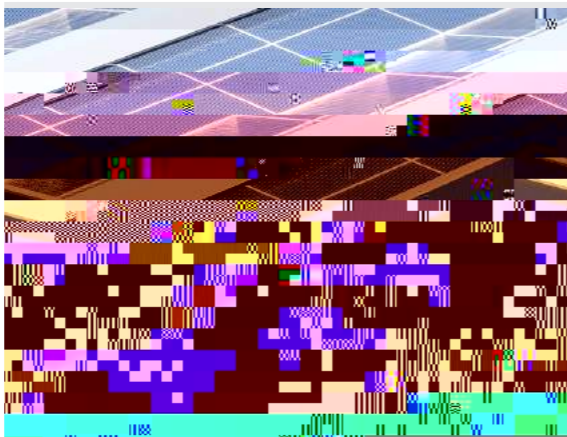
● Email: [president\\_office@eaglerise.com](mailto:president_office@eaglerise.com)

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Responsible Citizenship



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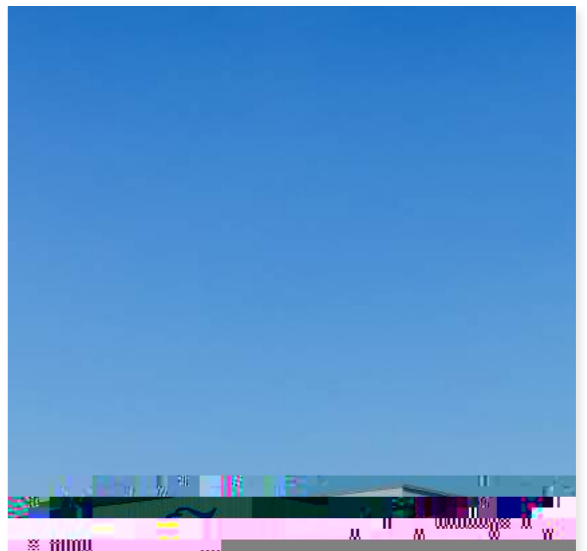
Protect Lucid Waters and Lush Mountains



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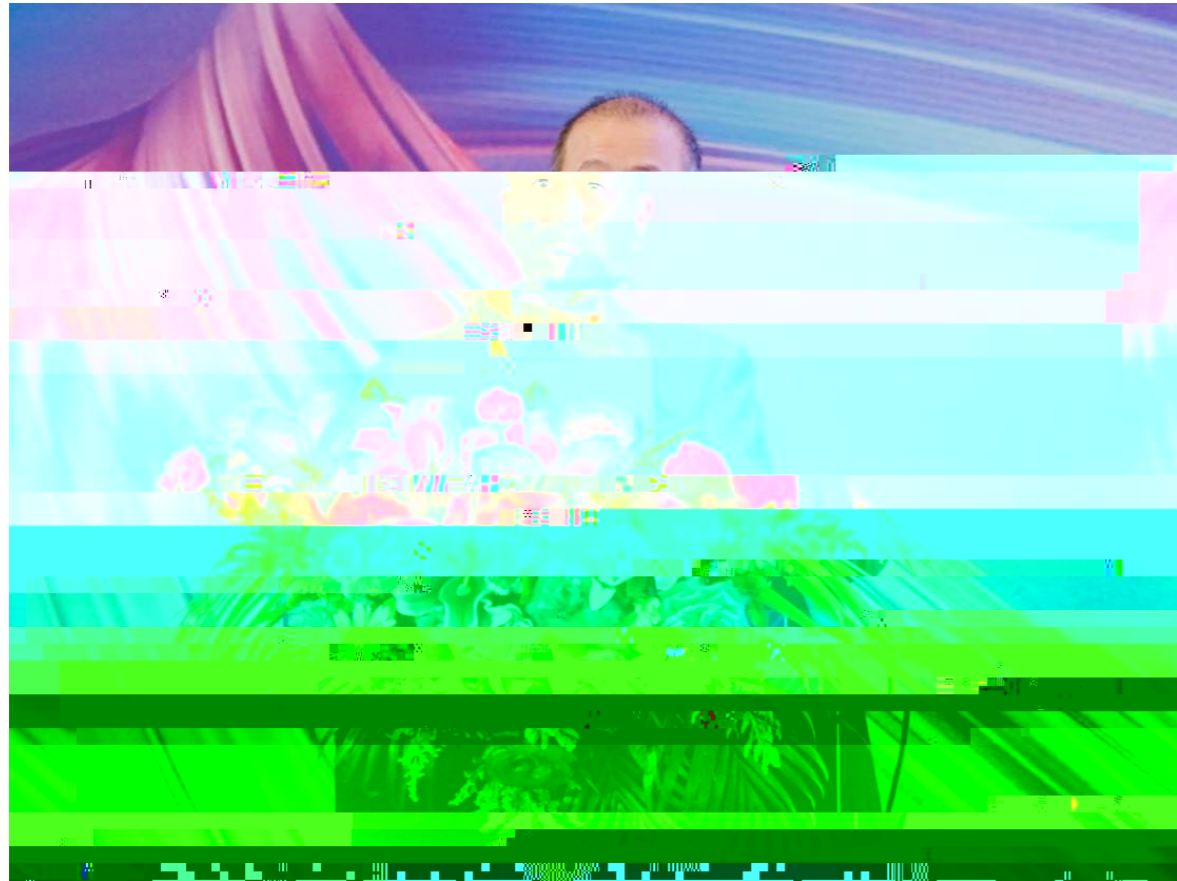
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# Chairman's Message



The year 2023 was marked by global turbulence and a slowdown in trade. It also saw sustainable development increasingly intertwined with economic growth. Amidst unstable economic, international, and natural environments, various previously latent issues have emerged around the world, leading to a surge in conventional energy prices and more urgent, diversified global demands for energy. Eaglerise, upholding the principles of sustainable development, actively responded to China's goals to peak carbon emissions by 2030 and achieve carbon neutrality by 2060 to propel our own ESG agenda forward.

We continue our efforts to forge ahead, guided by the mission and vision of "focusing on the energy and communication industries, by applying power electronics technology, we aim to become a first-class tech-innovation enterprise that provides products, solutions, and services to the global market, and creates continuous growing value for our customers, employees, and society." By advancing our objectives in renewable energy solutions and smart, we contribute to global energy transformation.

In the midst of changing landscape, we stand united with all stakeholders, and rise to meet the challenges that lie ahead. Our

efforts have garnered much recognition from society. By concentrating on energy and information sectors and strengthening our sustainability efforts, we achieved significant milestones in 2023 in terms of financial performance, management systems, environmental protection, professional capabilities, employee empowerment, and manufacturing.

**We kept improving corporate governance.** We recognize that an adaptive corporate governance model is crucial for sustainable development. Accordingly, we have built a sound governance architecture, devised internal control mechanisms, and enhanced integrity management to ensure effective oversight and achievement of performance goals in all spheres, and to better identify and respond to major opportunities and challenges related to sustainable development. By harnessing collective wisdom from top to bottom, we unleashed the full potential of the Company, integrated environmental stewardship into our products, and leveraged digital technologies to achieve sustainable production. In the near future, each business unit will explore and define its ESG responsibilities and objectives in alignment with the Company's development trajectory.

**We contributed to mitigating climate crisis.** Through measures such as establishing environmental management system, creating dedicated task forces, regulating the use of environmentally friendly chemicals, offering carbon-related training, and optimizing our energy infrastructure, we actively drove energy conservation and emissions reduction within the Company. We exerted continued efforts to enhance professionalism in the industry, and harnessed sustained technological innovation to boost energy transformation, foster low-carbon regional development, and strive towards shared prosperity. We also maintained stringent standards in manufacturing and operations, infused green principles into our products, and implemented environmentally friendly practices to solidify our position as a trusted green enterprise built on technology and innovation.

**We actively fulfilled our corporate social responsibilities.** The growth of Eaglerise relies on the collective efforts of our diligent employees and recognition and support by various sectors of society. We abide by labor laws and regulations, establish comprehensive systems and regulations, and continually enhance our occupational health and safety management and welfare programs. We safeguard the well-being of our employees by elevating their quality of life and nurturing a diverse and supportive work environment. Furthermore, we give back to society based on our strengths. We create employment opportunities, contribute to rural revitalization, and allow all stakeholders to benefit from our progress.

We are acutely aware that sustainable development is an imperative that demands steadfast commitment. ESG is not merely a compass, but it embodies our unwavering belief and attitude towards continuous self-improvement. We are grateful for the support and encouragement we have received from all sectors of society, and we firmly believe that Eaglerise, with its inherent advantages, will shoulder its mission, embrace responsibility, build upon its existing achievements, and lead the charge towards a sustainable future by making meaningful contributions to the earth.

Xiao Juncheng

Chairman of Eaglerise

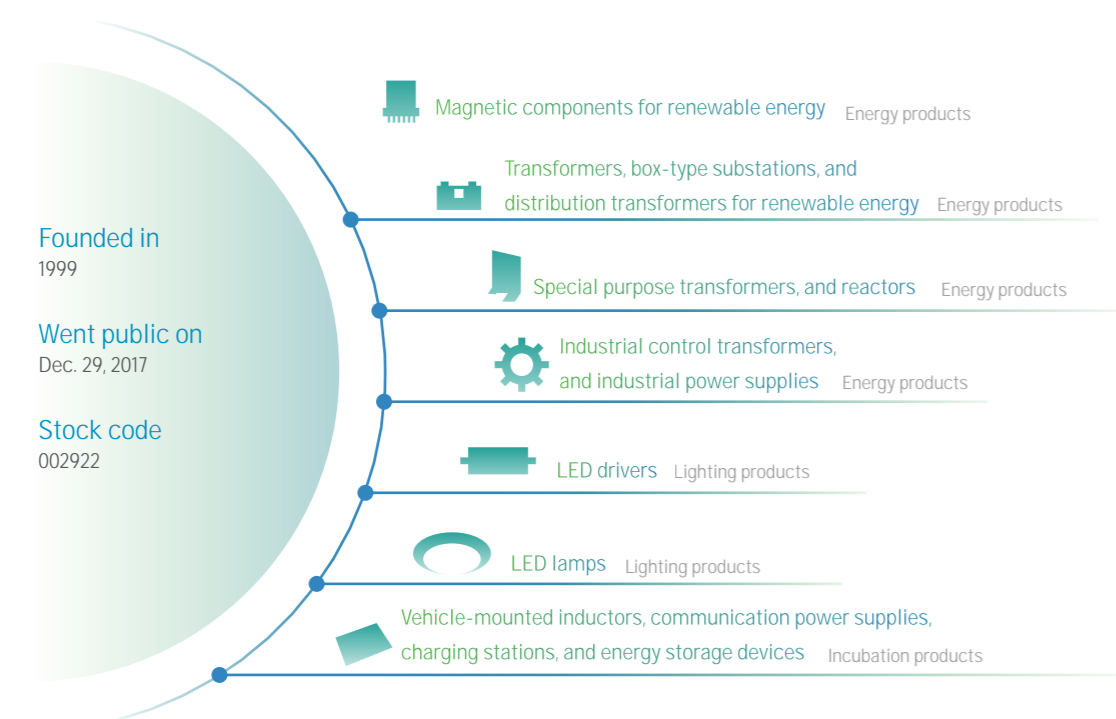
# About Eaglerise

## Company Overview

Eaglerise, founded in 1999, is headquartered in Foshan, China. We specialize in the energy and information industries, providing a range of products and solutions — from power electronics to communication systems — to global markets. We strive to become a leading innovative enterprise that creates continually increasing values for customers, employees, and society.

Over the past two decades, we have achieved significant milestones. In terms of manufacturing capabilities, we own five production bases worldwide, and gradually implement intelligent digital manufacturing to meet increasing market demands. Regarding product R&D, we run five R&D centers which constantly innovate in electric and electronic products in line with industry trends. As for marketing, we follow a market-oriented and customer-centric approach. With sales and after-sales service branches in China, the US, Japan, Singapore, and Malaysia, we nurture reciprocal partnerships with core customers across the globe.

On December 29, 2017, Eaglerise successfully went public, becoming an A-share listed company with a stock code of 002922. In 2018, we launched all-round digital transformation to optimize processes, and began to implement medium and long-term strategic plans in an organized manner. We place great importance on ESG planning and implementation, which serve as fundamental principles and action guidelines for our development, and enable us to effectively fulfill our mission and vision.



### Our manufacturing bases



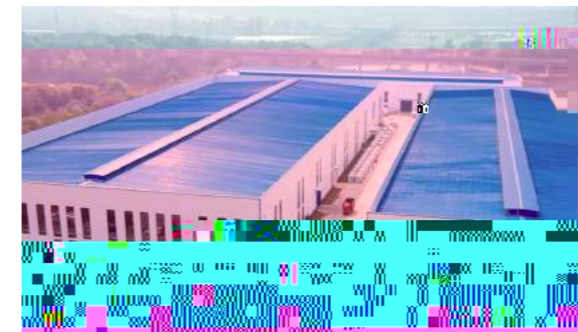
Shunde District, Foshan (Phase I)



Shunde District, Foshan (Phase II)



Ji'an, Jiangxi Province (Phase I)



Ji'an, Jiangxi Province (Phase II)



Negeri Selangor, Malaysia

### Our R&D centers



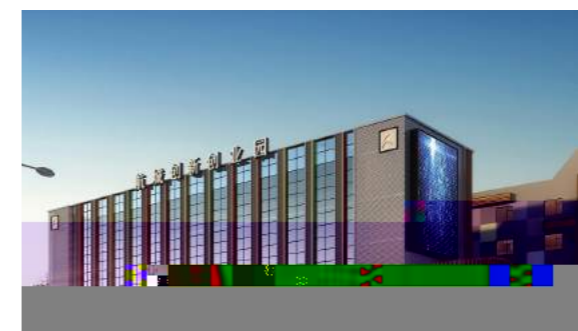
Eaglerise Shunde R&D Center



Eaglerise Electronics R&D Center



Eaglerise Ji'an R&D Center



Eaglerise Shenzhen R&D Center



Eaglerise Shanghai R&D Center

## Business Milestones

Sunrise E&E was relocated to Guicheng Science and Technology Park in Nanhai District, and began to focus on lighting transformers in addition to power transformers

Sunrise E&E was renamed as Foshan Eaglerise Power Co., Ltd., since when the trademark "EAGLERISE" was used

Our headquarters and part of manufacturing capacities were relocated to Shunde District, and LED drivers became our flagship products

Foshan Eaglerise Power Co., Ltd. was renamed as Eaglerise Electric & Electronic (China) Co., Ltd.

We launched digital transformation, and began to manufacture transformers for renewable energy

Our grid-connected intelligent photovoltaic power generation equipment manufacturing project and China's first digital factory for oilimmersed transformers were put into operation

Our manufacturing base in Malaysia was put into operation, and manufacturing bases in Anhui Province, China, and Mexico were under preparation

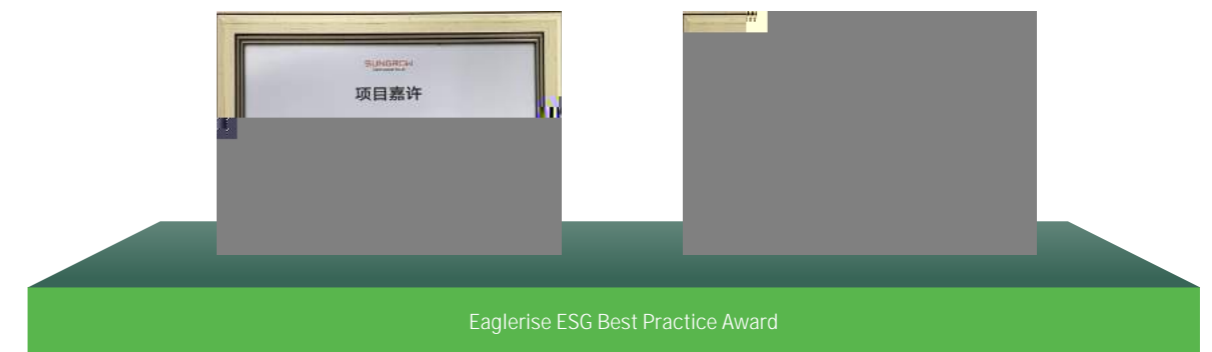
## Mission and Vision

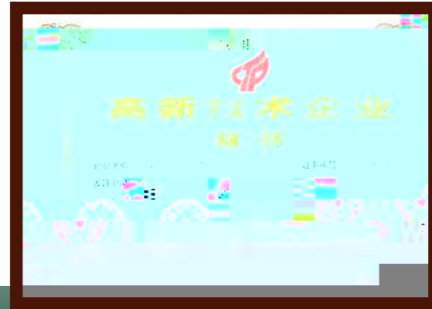
## Business Philosophy

|        |  |  |      |  |
|--------|--|--|------|--|
| Foshan | Eaglerise Electric & Electronic (China) Co., Ltd.              | Green Design Platform for Intelligent High-frequency Power Supply  | 2018 | China's Ministry of Industry and Information Technology  |
|        |  | Green Factory  | 2019 | China's Ministry of Industry and Information Technology  |
|        |  | National Intellectual Property Advantage Enterprise  | 2022 | China Intellectual Property Administration   |
|        |  | Foshan Hidden Champion Enterprise in Manufacturing   | 2020 | Foshan Federation of Industry and Commerce, and Foshan General Chamber of Commerce   |
|        |  | Foshan Enterprise with Harmonious Labor Relations  | 2023 | Foshan Municipal Human Resources and Social Security Bureau, Foshan Federation of Trade Unions, and Foshan Federation of Industry and Commerce |
|        |  | Carbon Management Recognition Award  | 2023 | Sungrow Power Supply Co., Ltd.   |
|        |  | ESG Best Practice Award  | 2023 | Sungrow Power Supply Co., Ltd.   |
|        | Foshan Eaglerise Power Science & Technology (Shunde) Co., Ltd. | National Intellectual Property Advantage Enterprise  | 2023 | China Intellectual Property Administration   |
|        |  | "Green + Smart Factory" Pilot on Project Management Standardization  | 2023 | National Technical Committee 343 on Project Management of Standardization Administration of China  |
|        |  | Guangdong "Little Giant" Small and Medium Enterprise (that specialize in niche sectors, command a high market share and have strong innovative capacity and core technologies) | 2023 | Department of Industry and Information Technology of Guangdong Province  |
|        |  | Guangdong Technology Research Center for High-power Vertical Wound Inductor Engineering  | 2022 | Department of Science and Technology of Guangdong Province   |
|        |  | Guangdong Famous High-tech Product "Oil Immersed Transformer"  | 2023 | Guangdong Hi-tech Enterprise Association   |
|        |  | Guangdong Provincial Enterprise Technology Center  | 2023 | Department of Industry and Information Technology of Guangdong Province  |
|        |  | Guangdong Manufacturing Individual Champion  | 2023 | Department of Industry and Information Technology of Guangdong Province  |
|        |  | Carbon Management Recognition Award  | 2023 | Sungrow Power Supply Co., Ltd.   |

|        |   |  |      |  |
|--------|---|--|------|--|
| Foshan | Eaglerise Electronics (Foshan) Co., Ltd.          | Guangdong Intellectual Property Demonstration Enterprise   | 2022 | Guangdong Intellectual Property Protection Association                                   |
|        | Eaglerise Electronics (Foshan) Co., Ltd.          | Guangdong Brand with High-value Trademark  | 2023 | Guangdong Trademark Association  |
| Ji'an  | Eaglerise Intelligent Device Corporation Ltd.     | Guangdong Innovative Small and Medium Enterprise   | 2023 | Department of Industry and Information Technology of Guangdong Province                  |
|        |   | Jiangxi "Little Giant" Small and Medium Enterprise (that specialize in niche sectors, command a high market share and have strong innovative capacity and core technologies) | 2022 | Department of Industry and Information Technology of Jiangxi Province                    |
|        |   | Jiangxi Professional "Little Giant" Enterprise   | 2023 | Department of Industry and Information Technology of Jiangxi Province                    |
|        |   | Jiangxi Demonstration Enterprise for Management Innovation   | 2023 | Department of Industry and Information Technology of Jiangxi Province                    |
|        | Eaglerise Electric & Electronic (Ji'an) Co., Ltd. | Jiangxi Manufacturing Pilot (Cultivation) Enterprise   | 2023 | Office of Leadership Group for Building a Powerful Industrial Sector in Jiangxi Province |
|        |   | Zero Waste Factory   | 2023 | Office of Leadership Group for Creating a "Zero Waste" Ji'an City                        |
|        |   | Eaglerise Magnetolectric Technology (Ji'an) Co., Ltd.  |      |  |
|        |   | inno7 Co., Ltd.  |      |  |

Jiangxi Manufacturing (ComOrganiz 0.9ation Admino..)JT44 ttro51 Bloom C2anropApplicartmee





National High-tech Enterprise



National Intellectual Property Advantage Enterprise



5G Digital Factory + Logo Analysis Smart Industrial Application



Jiangxi "Little Giant" Small and Medium Enterprise (that specialize in niche sectors, command a high market share and have strong innovative capacity and core technologies)



Foshan Hidden Champion Enterprise in Manufacturing



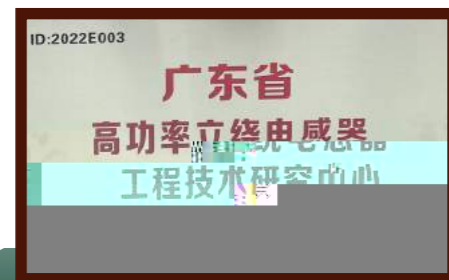
"Green + Smart Factory" Pilot on Project Management Standardization



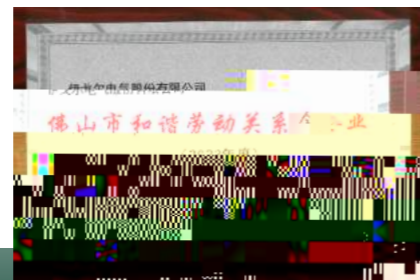
Jiangxi Professional "Little Giant" Enterprise



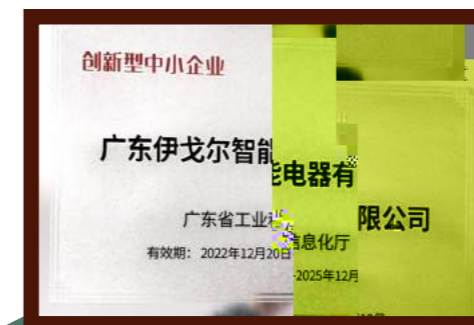
Jiangxi Demonstration Enterprise for Management Innovation



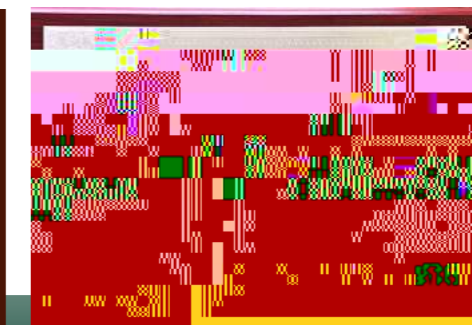
Guangdong Technology Research Center for High-power Vertical Wound Inductor Engineering



Foshan Enterprise with Harmonious Labor Relations



Guangdong Innovative Small and Medium Enterprise



Guangdong Intellectual Property Demonstration Enterprise

# Sustainability Management

## ESG Governance Structure

As sustainable development increasingly gains prominence globally, robust ESG governance has become a crucial factor for corporate competitiveness. Recognizing this importance, Eaglerise established an ESG Committee in 2023, and formulated the Rules of Procedure for the ESG Committee. These steps were taken to enhance our ESG practices and standardize our ESG management processes.



## Values Created in 2023

**UN SDGs addressed**

### Steadfast governance

**Key performance indicators**

- 2 independent directors, who make up 40% of total board members
- 100% coverage of Letter of Commitment to Integrity and Self-discipline among employees in China
- CNY 3.63 billion operating income
- CNY 201 million net profit attributable to shareholders after deducting non-recurring gains and losses

**UN SDGs addressed**

### Low carbon development

**Key performance indicators**




- 3,260.5 million kWh of cumulative solar power generation, which reduces CO<sub>2</sub> emissions by 1,858.48 tons
- 100% coverage of ISO14001:2015 certification in all our factories

**UN SDGs addressed**

### Community building

**Key performance indicators**

- Total employees: 2,775
- Female representation: 43.75%
- 100% coverage of performance appraisals among regular employees
- 19.08 hours of training per ordinary employees on average

| Stakeholder  | Topics of concern   | Engagement channels  |
|--|---|--|
|  Employees                            | Employee rights<br>Employee training and development<br>Occupational health and safety<br>Human rights protection<br>Equality, diversity and inclusion        | Workers Congress<br>Employee surveys<br>Complaint hotline and emails   |
|  | Product quality and safety<br>Customer relationship management<br>Technological innovation<br>Product lifecycle management                                    | Surveys<br>Eaglerise's website and emails<br>Customer visits   |
|  Shareholders and investors           | Corporate governance<br>Business ethics<br>Compliance in operations   | General Meeting of Shareholders<br>Information disclosures<br>Investor communication platforms<br>Eaglerise's website and emails |
| Suppliers and other partners   | Business ethics<br>Sustainable supply chain   | Supplier reviews and evaluations<br>Surveys<br>Supplier conferences<br>Eaglerise's website and emails                            |
|  Government and regulatory agencies | Compliance in operations<br>Human rights protection   | Meetings by securities regulators<br>Information disclosures<br>Surveys  |
| Industry associations and companies in the same industry   | Sustainable supply chain<br>Technological innovation  | Industry seminars<br>Exhibitions and conventions<br>Academic exchanges   |
|  | Compliance in operations<br>Human rights protection   | Surveys<br>Eaglerise's website and emails<br>Information disclosures<br>New media platforms                                      |
|  | Community relations   | Surveys<br>Information disclosures<br>Eaglerise's website and emails   |
|  | Product life-cycle management<br>Climate action<br>Energy management<br>Waste management<br>Water resources management<br>Environmental compliance management | Monitoring and compliance measures<br>Information disclosures  |

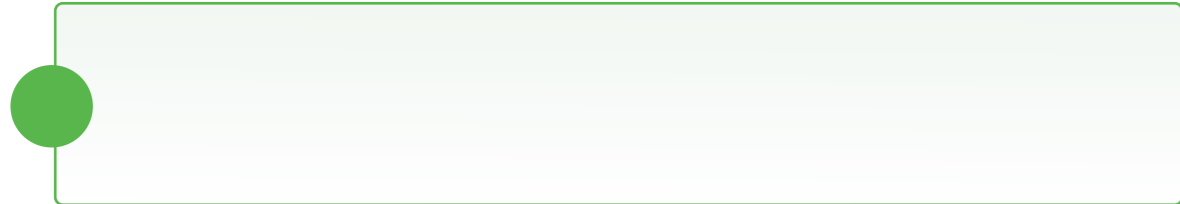
# 01

## ***Robust Governance and***

### Responsible Citizenship

|                                   |    |
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| Strengthened Corporate Governance | 20 |
| Customer Empowerment              | 25 |
| Supply Chain Management           | 34 |





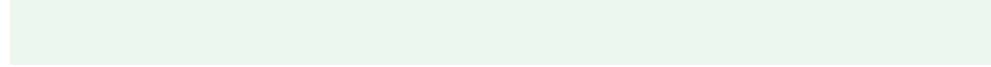
|  |                  |                   |                   |
|--|------------------|-------------------|-------------------|
| Operating income   | CNY2.23 billion  | CNY2.821 billion  | CNY3.63 billion   |
| Net profit attributable to shareholders after deducting non-recurring gains and losses | CNY69.00 million | CNY172.00 million | CNY201.00 million |



Email: [shenjibu@eaglerise.com](mailto:shenjibu@eaglerise.com);

Tel: 0757-8252 3553, 0757-8625 9710

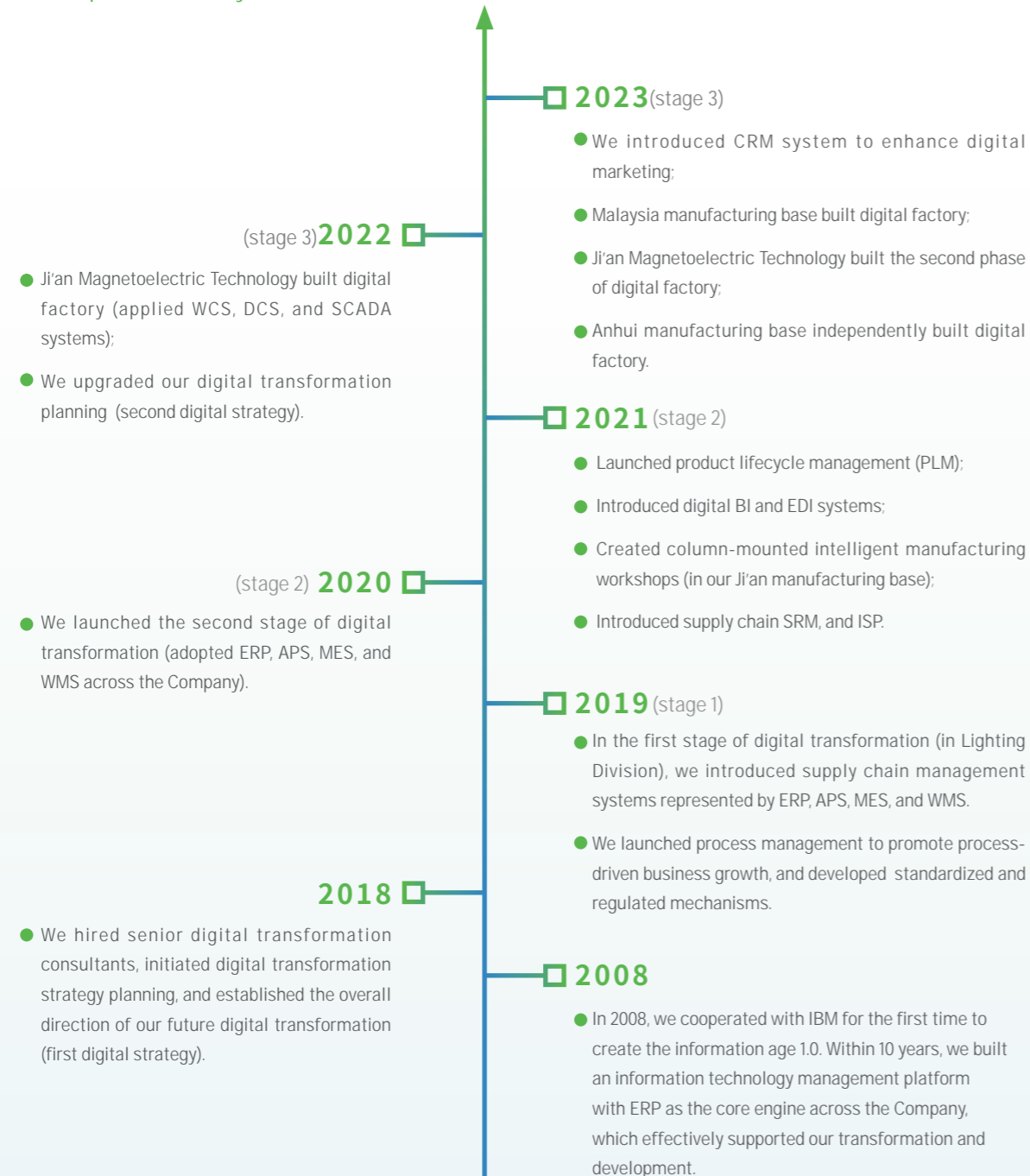
Address: Audit and Supervision Department, Eaglerise Electric & Electronic (China) Co., Ltd., No. 4 Huanzhen East



# Digital Transformation

Our digital transformation, guided by strategic vision, represents a long-term integration of business and IT. Over the course of 6 years, we underwent 2 digital strategy plans and 3 digital transformation stages. Our endeavor encompassed not only a transformation in business ideologies, organization, and processes, but also strategic utilization of cutting-edge information technologies such as cloud computing, big data, the Internet of Things (IoT), and artificial intelligence (AI) to achieve "digital operations and operationalization of digitality" to propel our overall business growth.

## Eaglerise's information technology development history



## Planning for digital transformation

**Digital strategy:** In 2018, we initiated the Company's digital strategy plan, which provides a clear direction for our digital transformation. In 2022, we upgraded our the plan, embarking on a data-driven approach to fuel our digital transformation journey.

## Stages of our digital transformation

### Stage 1: introduced digital systems, and piloted operation digitization

**Digital management:** By integrating ERP, APS, MES, and WMS systems, we have digitized end-to-end information flows spanning processes from order to collection, procurement to payment, R&D to manufacturing, manufacturing to cost, demand to delivery, and vouchers to reports.

### Stage 2: performed process-driven business transformation, launched digital promotion, and built digital factories

**Process management:** We embrace "process-driven" management as delineated in our corporate system and standard operating principles. Through effective implementation of a process management system, we have enhanced our process management maturity, and gradually established a customer-centric process-oriented organizational structure. Additionally, the launch of our process specification management system has laid a solid foundation for the Company's digital transformation journey.

**Digital R&D:** By incorporating RS, CREO, and PLM systems, we have achieved product lifecycle management, and heightened design efficiency and quality.

**Digital supply chain:** By implementing SRM and ISP systems, we have boosted online procurement collaboration, and regulated end-to-end management for supplier relationships, demand management, RFQ processes, quotation management, procurement execution, delivery coordination, and financial management. And our procurement operations have undergone a meticulous digital transformation.

**Digital manufacturing:** Eaglerise is dedicated to building pioneering digital factories. We keep optimizing our business operations and develop sophisticated information systems to seamlessly integrate industrialization, informatization, and automation. Through the integration of WCS, DCS, and SCADA systems with advanced automation equipment like AGV, PAD, and RFID, we have achieved remarkable automation in both manufacturing and logistics.

### Stage 3: data-driven business transformation, and international factory expansion

**Digital marketing:** We have built an integrated smart digital marketing management information platform (CRM system) which enables end-to-end marketing information flow covering market to lead (MTL), lead to cash (LTC), and management of the customer relationship (MCR).

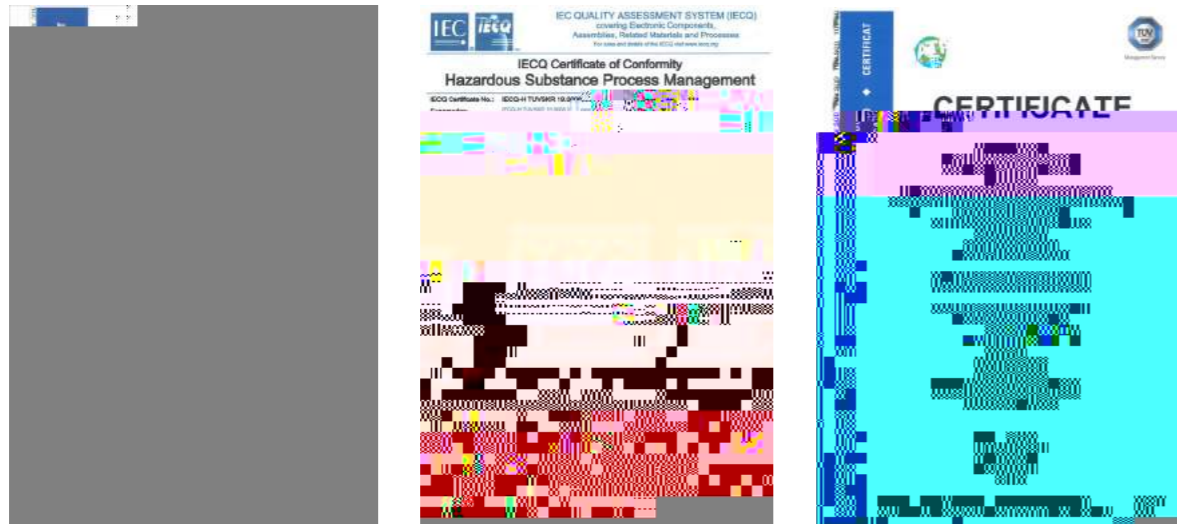
**International factory expansion:** We have established a factory in Malaysia, which marks Eaglerise's first overseas manufacturing facility.

**Digital R&D:** By integrating electromagnetic simulation and fluid simulation systems, we have empowered comprehensive finite element analysis that encompasses product structure, fluid dynamics, electric fields, magnetic fields, and more. This capability ensures product performance reliability, and drives efficiency improvements in our R&D processes.

**IT infrastructure development:** We run a robust cybersecurity situational awareness platform which enables us to gain real-time insights into our network environment, monitor network operations, and forecast future network trends.

# Quality Assurance

At Eaglerise, we prioritize product quality management, and strictly adhere to domestic and international laws and regulations related to quality. We are fully committed to meeting the requirements of international management standards, and strive to ensure consistent delivery of high-quality and safe products across our business processes. As of the reporting period, we have successfully obtained ISO 9001:2015 quality management system certification, IECQ QC080000:2017 hazardous substance process management system certification, and ISO/IATF 16949:2016 automotive industry quality system certification.



## Key performance indicators

Number of product recalls due to quality issues: Number of violations of product health and safety-related regulations and warnings received: 0

Our commitment to quality management is embedded in every stage of product lifecycle, including R&D, raw material procurement, manufacturing, storage, and transportation. Each division takes full ownership of product development and manufacturing, and establishes specialized capabilities to ensure high-quality outcomes. We set annual quality management goals, assign responsibilities to relevant departments, and report on goal achievement at monthly quality meetings to drive continuous improvements in product quality.



Product R&D

During the development of new products at Eaglerise, we meticulously evaluate the feasibility of their functionality, performance, parameters, and structure. During product trials, we conduct comprehensive product confirmation tests, reliability trials, and application assessments.



Raw material procurement

Incoming materials undergo rigorous sampling inspections to ensure that purchased raw and auxiliary materials meet our stringent quality requirements. In the event of non-conforming incoming materials, we promptly isolate and mark them, and trigger internal reviews. We collaborate with suppliers to facilitate ongoing improvements, and hold them accountable for any non-conforming items. Quality inspection: Adhering to Sampling Regulations, we conduct inspections on each individual item to ensure no omissions occur. Environmental inspection: We review third-party testing reports provided by suppliers, and send samples to RoHS laboratories for testing according to environmental requirements.



Manufacturing

Process inspection: We verify testing equipment and conduct initial inspections, self-inspections, mutual inspections among production workers, process inspections, as well as specialized inspections for key positions and projects. Finished product inspection: Based on finished product inspection instructions, we conduct sampling or full inspections before products are placed into storage. Non-conforming product management: Non-conforming semi-finished products and finished products must be isolated, disposed of, and marked within specified time. We also conduct root cause analysis, develop corrective and preventive measures, and follow up on improvement results.



Storage

At Eaglerise, we rigorously adhere to regulated processes for both incoming and outgoing finished products to ensure the preservation of product quality during storage.



Transportation

In adherence to Cargo Safety Management Regulations, we maintain the integrity and safety of goods throughout transportation process.



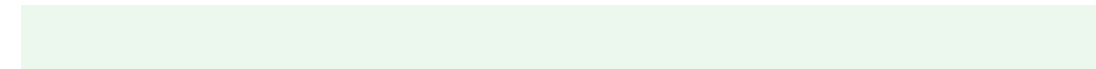
After-sales

We prioritize prompt and effective resolution of product complaints and returns, and promptly address feedback and other customer requirements.

We relentlessly pursue lean production, and leverage years of extensive manufacturing experience to refine production processes and manufacturing techniques and improve product quality. Each division formulates tailored theoretical and operational training plans to empower employees with enhanced knowledge and business acumen. During the reporting period, we delivered a total of 488 quality-related training sessions.



Starting from 2021, Eaglerise has actively implemented lean management principles in accordance with our strategic plan, aiming to transition from lean efficiency to lean quality, and achieve the ultimate goal of becoming a benchmark enterprise for exceptional operations and elevating our manufacturing influence. Since the launch of lean management, significant benefits have been realized, as presented in the following graph:



To foster a stronger quality consciousness, and emphasize accountability for each product, Energy Business Division (II) organized Quality Month events centered around "Today's Quality, Tomorrow's Market".

Consumer Electronics Division also launched Quality Month activities spanning from September to December. The activities focused on building a culture of quality, delivering comprehensive quality training, and facilitating specialized skill competitions. The aim was to holistically enhance employees' product quality capabilities across dimensions such as awareness, knowledge, and skills.



In our commitment to providing targeted and tailored services to customers, we actively collect feedback and opinions from them. Each year, we establish customer satisfaction goals and conduct regular assessments following the guidelines outlined in Customer Satisfaction Survey Method. In 2023, we conducted an annual customer satisfaction survey, and achieved a 100% response rate from our core and key customers. Survey results demonstrated that all business divisions met or exceeded customer satisfaction levels.

|    |   |                             |
|----|---|-----------------------------|
| 6  | Intersolar Europe 2023  | June 14-16, 2023            |
| 7  | Philreca Annual General Membership Meeting  | August 9-11, 2023           |
| 8  | InterSolar South America 2023   | August 29-31, 2023          |
| 9  | Solar Power International 2023  | September 11-14, 2023       |
| 10 | Interlight Moscow 2023  | September 18-21, 2023       |
| 11 | All-Energy Australia 2023   | October 25-26, 2023         |
| 12 | Hong Kong International Lighting Fair (Autumn Edition) 2023                       | October 27-30, 2023         |
| 13 | International (Shanghai) Solar Photovoltaic Conference and Exhibition (SNEC 2023) | October 31-November 2, 2023 |
| 14 | PV EXPO 2023 (Winter)   | November 15-17, 2023        |

## Supply Chain Management

At Eaglerise, we take our social responsibility seriously and extend our ESG requirements to our suppliers. Our Supplier Guide outlines our expectations for our partners in terms of social responsibility, environmental protection, production safety, and ethical conduct. Any breach of these commitments by our partners will result in revocation of their supply qualifications, inclusion in Eaglerise's supplier blacklist, and termination of all collaborations.

### Social responsibility

**Compliance:** Adhere to all local laws, regulations, and applicable requirements in the countries and regions where we operate.

**Prohibition of child labor:** Comply with local laws and regulations to prevent the use of child labor and forced labor.

**Remuneration:** Ensure fair and timely payment of wages in accordance with relevant legal requirements and provide employee benefits for all.

**Prohibition of forced labor:** Employ workers voluntarily, do not use prison labor or slave labor, and refrain from inflicting physical harm or engaging in any form of forced labor.

**Non-discrimination:** Foster a workplace that is free from discrimination based on race, age, gender, social status, political beliefs, religion, marital status, sexual orientation, disability, pregnancy, or any other factors irrelevant to work ability.

### Environmental protection

Dedicated to minimizing our environmental footprint, we require proper management of wastewater, emissions, noise, hazardous waste, and other byproducts generated during the operational processes of our products in line with national laws, regulations, and our internal requirements.

### Conflict minerals

We undertake not to source conflict minerals, including tin, gold, tantalum, tungsten, and cobalt, from the Democratic Republic of Congo and its neighboring countries/regions where armed groups violating human rights control local mining operations.

### Chemical safety

We strictly adhere to control requirements outlined in Chemical Safety Management Regulations during the procurement, transportation, handling, storage, usage, and disposal of chemicals.

### Integrity and ethical conduct

We conduct business activities with fairness, transparency, integrity, and honesty. We demonstrate trustworthiness, adhere to ethical standards, and strictly prohibit any form of bribery towards our employees or stakeholders.

Our manufacturing and operations involve minerals such as tin, gold, tantalum, tungsten, and diamonds. We do not directly procure mineral raw materials, and we require our suppliers to refrain from using conflict minerals. We ensure zero use of conflict minerals sourced from the Democratic Republic of Congo and its neighboring countries/regions where armed groups violating human rights control mining operations during the reporting period.

We actively support local procurement for specific materials to promote local economic development while reducing logistics transportation, energy consumption, and pollution emissions. This approach contributes to environmental protection. During the reporting period, approximately 32% of our procurement budget was dedicated to local suppliers.

# 02

## Low-carbon Development to

### Protect Lucid Waters and Lush Mountains

|  |    |
|--|----|
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## Environmental System Certification

Eaglerise remains committed to green development, embracing a risk-based strategy and fulfilling comprehensive environmental management responsibilities. We strictly adhere to a range of laws and regulations, including the Environmental Protection Law of the People's Republic of China, to ensure that our operational bases are not located within ecological protection areas, thereby safeguarding ecological security. Moreover, we have established a robust environmental management system aligned with ISO 14001 standards, and we take into account the impacts of our business activities on the surrounding environment. Under the guidance of the Board of Directors, all employees are required to comply with local ecological protection laws and regulations. As of 2023, our major manufacturing bases in Guangdong, Ji'an, and Foshan have obtained ISO 14001:2015 certification, achieving a 100% coverage. Moving forward, we will continue to enhance our environmental management, increase environmental investments, optimize manufacturing processes, and reduce energy consumption and emissions. We firmly believe that through sustained effort and innovation, Eaglerise can make even greater contributions to global sustainable development.

## Environmental Management Initiatives

We have taken a range of proactive measures in environmental management to minimize the environmental impact of our operations. Firstly, we have developed an emergency response plan for unforeseen environmental incidents, and registered it with the Ecological Environment Protection Bureau in Longhua District, Haikou. This plan ensures that we can swiftly initiate emergency responses, implement effective measures, and prevent the escalation of incidents. Additionally, we have formed a dedicated EHS (Environment, Health, and Safety) team responsible for continuous monitoring of our environmental impact throughout our operations. The team's responsibilities extend beyond compliance monitoring to encompass the achievement of environmental goals, as well as the implementation of management plans. At the operational level, we have devised Annual Environmental Monitoring Plan and Emergency Preparedness and Response Control Procedures to ensure timely and effective handling of environmental issues. They not only offer specific operational guidelines, but also reinforce our ability to respond promptly to environmental challenges.

During the reporting period, we did not experience any environmental violations, which is a testament to the successful implementation of above measures and the collective efforts of our employees. We will maintain vigilance and enforce strict environmental measures to make even greater contributions to environmental protection.

Eaglerise wholeheartedly responds to China's "dual carbon" strategy, and is firmly committed to taking action against climate change. In order to achieve carbon neutrality at the earliest opportunity, we actively collaborate with customers and suppliers, demonstrating unwavering resolve in addressing climate change. As a socially responsible company, we recognize our responsibility and role in environmental conservation. As climate change poses immense challenges to global ecosystem and social environment, we wholeheartedly support the Paris Agreement and the Chinese government's National Climate Change Adaptation Strategy. By taking a range of concrete measures, we not only contribute to global emission reduction targets, but also drive the effective implementation of China's goals to peak carbon emissions by 2030 and achieve carbon neutrality by 2060.

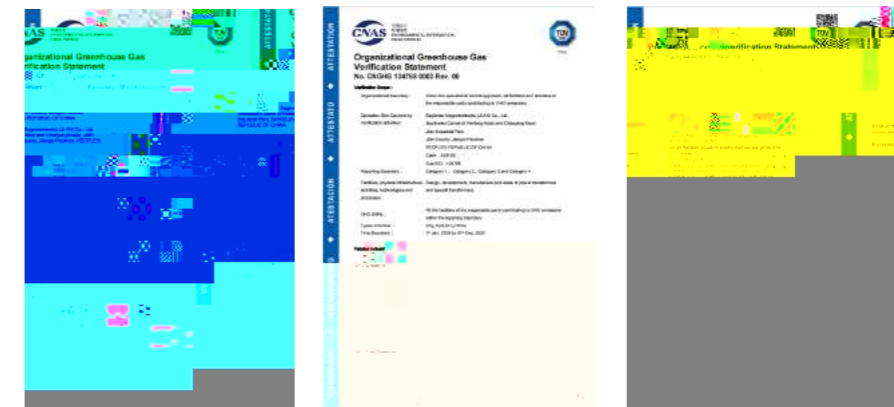
In response to climate change, we have implemented a range of proactive measures. Firstly, taking 2023 as the baseline year, Eaglerise Quality Management Department coordinates greenhouse gas initiatives, and has engaged third-party professional organizations to establish, maintain, and compile emission inventories. This helps facilitate the ongoing quantification and reporting of greenhouse gas emissions.

To regulate greenhouse gas emissions, data collection, and reporting, we have drawn upon international and domestic standards such as ISO 14064-1:2018 (Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals), GB/T 32150-2015 (General guideline of the greenhouse gas emissions accounting and reporting for industrial enterprises), and the Greenhouse Gas Protocol developed by the World Business Council for Sustainable Development (WBCSD) to develop our Greenhouse Gas Emission Source Identification, Data Collection, and Quality Management System to ensure comprehensive and robust practices.

Furthermore, in order to enhance employee awareness of greenhouse gas issues, we have invited external experts to provide training sessions on ISO 14064 and ISO 14067 in September and October 2023, respectively. ISO 14064 focuses on quantifying, reporting, and controlling greenhouse gas emissions and removals within an organization, while ISO 14067 introduces methodologies for quantifying product carbon footprints and guides organizations in conducting organizational carbon inventories and product carbon footprint verification.



Certificates of ISO 14001:2015 Environmental Management System



During the reporting period, our total greenhouse gas emissions amounted to 17,860.91 metric tons of CO<sub>2</sub> equivalent, with Scope 1 and Scope 2 emissions as detailed in the table below:

| Category                                   | Unit                         | 2023      | Percentage |
|--|------------------------------|-----------|------------|
| Scope 1                                    | tCO <sub>2</sub> e           | 2,023.39  | 11.33%     |
| Scope 2                                    | tCO <sub>2</sub> e           | 15,837.52 | 88.67%     |
| GHG emission intensity (Scope 1 & Scope 2) | tCO <sub>2</sub> e/CNY10,000 |           |            |

Note: The above figures represent the carbon emissions inventory of our 20 companies.

Eaglerise wholeheartedly embraces the principles of sustainable development, and actively engages in environmental protection and resource conservation endeavors. We strictly adhere to laws and regulations such as the Law of the People's Republic of China on Energy Conservation to ensure that energy-saving and emission-reduction measures are consistently prioritized in our business operations. To minimize our environmental impacts, we advocate for green office practices, and have implemented initiatives such as upgrading to a private cloud system.

During the reporting period, our energy consumption data are as follows:

| Energy type | Unit | 2023 |
|-------------|------|------|
|-------------|------|------|

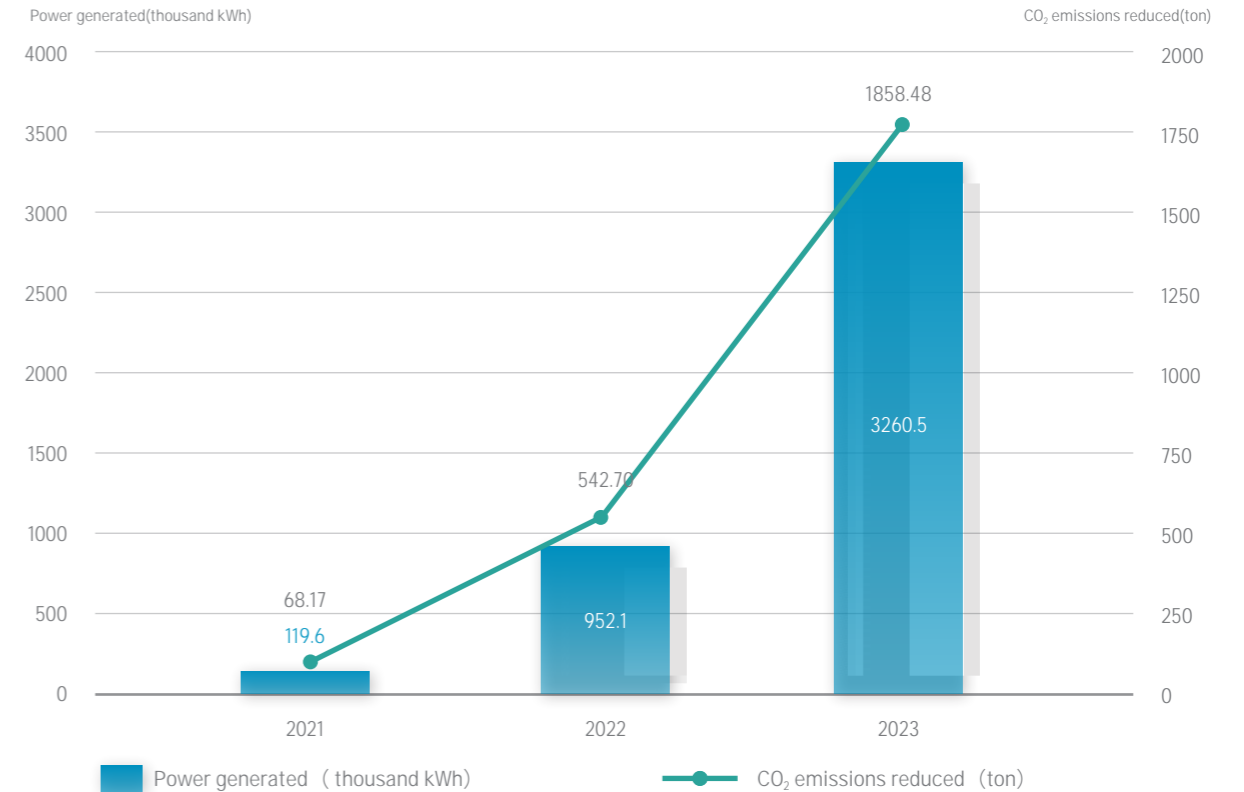
| Energy type | Unit | 2023 |
|-------------|------|------|
|-------------|------|------|

Note: The lower heating value of one kilogram of coal equivalent is considered as 29,307.6 kJ.

## Optimizing Energy Structure

Eaglerise has made remarkable progress in promoting clean energy transition and boosting sustainable development. Clean energy plays a vital role in achieving carbon neutrality and optimizing energy structure, and makes invaluable contributions to social harmony and steady economic growth. We place great emphasis on reducing external electricity purchases as a key part of our decarbonization efforts. To this end, we exert continued efforts to promote photovoltaic projects, striving to optimize our energy structure and curtail greenhouse gas emissions. Photovoltaic power generation, renowned for its remarkable environmental friendliness, significantly mitigates adverse environmental impacts associated with conventional energy sources. In July 2022, we commissioned a large solar power generation facility with a capacity of 8.90 MW. In 2022 and 2023, our photovoltaic power generation amounted to 952,100 kWh and 3,260,483 kWh, respectively, which reduces carbon emissions by 542.70 metric tons and 1,858.48 metric tons.

Our photovoltaic power generation and CO<sub>2</sub> emissions reduction in the past three years



Note: Electricity consumption excludes green electricity. The heating value of one ton of standard coal equivalent is considered as 29,307.6 kJ.

Note: Data disclosed in this report encompass a total of five companies within the organizational boundary, namely Eaglerise, Eaglerise Shunde, Ji'an Eaglerise, Eaglerise Magnetolectric Technology, and Eaglerise Malaysia.

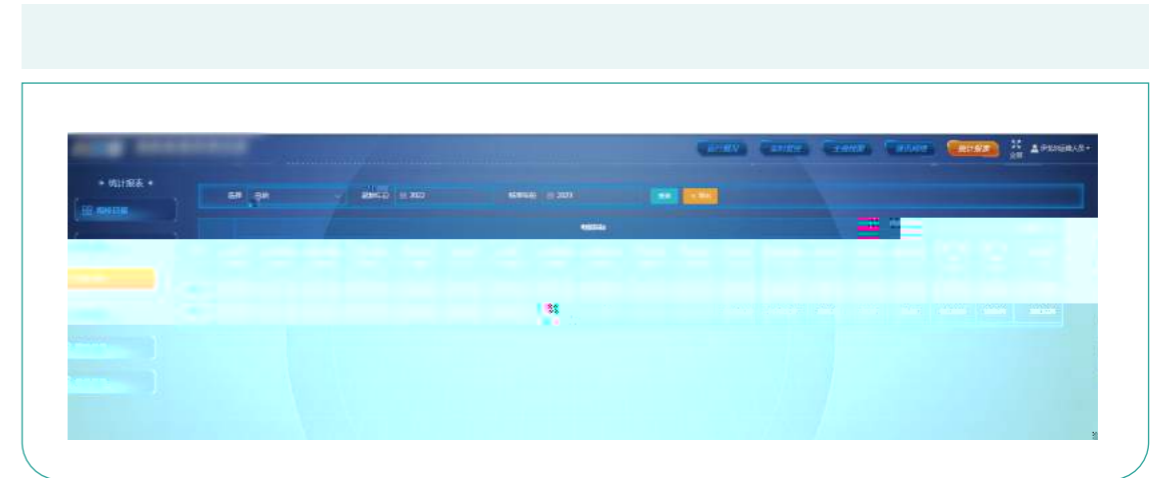
**case** Green manufacturing: high-efficiency data center system for air conditioning units

We integrate green manufacturing into our operations, having significantly reduced energy consumption and operating costs by adopting a state-of-the-art high-efficiency data center system for air conditioning units and energy-saving energy storage cabinets.

The high-efficiency data center system incorporates cutting-edge PLC technology from Germany and WinCC industrial monitoring software. This system enables intelligent interlock control of variable-frequency pumps, main units, and related electric valves. It automatically adjusts equipment load and operation based on actual demand, thus effectively enhancing energy utilization efficiency. The system helped us save CNY308,000 of electricity expenses in 2023, which marked a remarkable reduction of 39.63% and proved its outstanding energy conservation effectiveness.



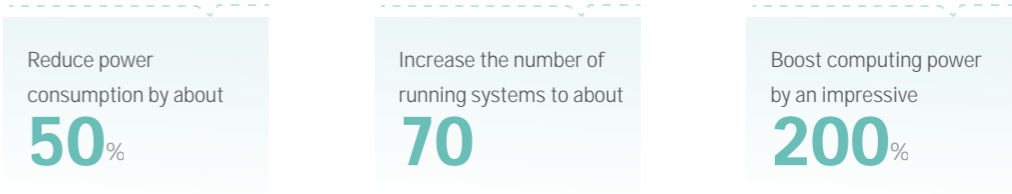
Furthermore, we have adopted an energy storage cabinet-based scheme to optimize energy usage by leveraging price differentials and charging-discharging strategies. By installing 1.451 MW energy storage cabinets and performing charging and discharging based on electricity price variations during different time periods, we achieved savings of CNY223,149 in 2022 and CNY457,675 in 2023. This initiative not only underscores our commitment to energy conservation and emissions reduction, but also delivers substantial economic benefits to the Company. By combining technology and strategic approaches, we jointly contribute to a green and low-carbon manufacturing paradigm.



**case** Green reform: cloud migration

On the basis of meticulous planning, we have upgraded conventional physical servers with advanced private cloud technology, which exemplifies our forward-thinking development vision. This transformation has not only significantly enhanced our operational efficiency, but also established a solid foundation for our sustainable growth.

In the past, we relied heavily on up to 40 physical servers, which consumed an astonishing amount of electricity and operated with subpar efficiency. Ineffective energy utilization constituted a significant portion of operating costs. This not only burdened us economically, but also contradicted the principles of sustainable development. Presently, our private cloud solution comprises merely 20 high-performance physical servers, but they bring about an approximately 50% reduction in annual power consumption. Encouragingly, despite reduced number of physical servers, the number of running systems has surged to around 70, with computing power soaring by an impressive 200%. This achievement not only brings substantial economic gains for us, but also reflects our unwavering commitment to environmental preservation.



From energy-intensive traditional servers to efficient and energy-saving private cloud services, this transformation represents more than a pursuit of technological innovation. It is a resolute manifestation of our dedication to building a green earth and attaining sustainable development objectives. This remarkable leap into the cloud not only signifies our technological advancement, but also embodies our unwavering choice and pledge to tread the path of sustainable development.

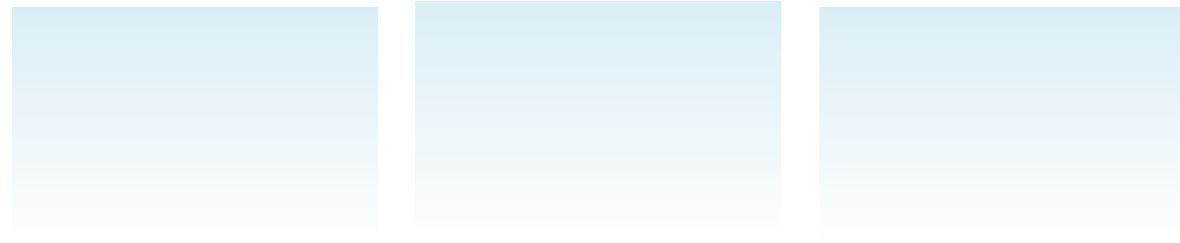
| Waste                     | 2023     |
|---------------------------|----------|
| Total waste (ton)         | 1,733.86 |
| Hazardous waste (ton)     | 93.91    |
| Non-hazardous waste (ton) | 1,639.95 |

Note: Hazardous waste is incinerated, while non-hazardous waste is sorted and valuable materials in it are recycled.

Water consumption (ton)  
 Water intensity (tons per CNY10,000 of revenue)

Note<sup>2</sup>







The 4th "Glorious Talent Training" at our Foshan manufacturing base



The 4th "Glorious Talent Training" at our Ji'an manufacturing base



Gifts for employees in need before the Spring Festival



50km hiking



Staff badminton competition



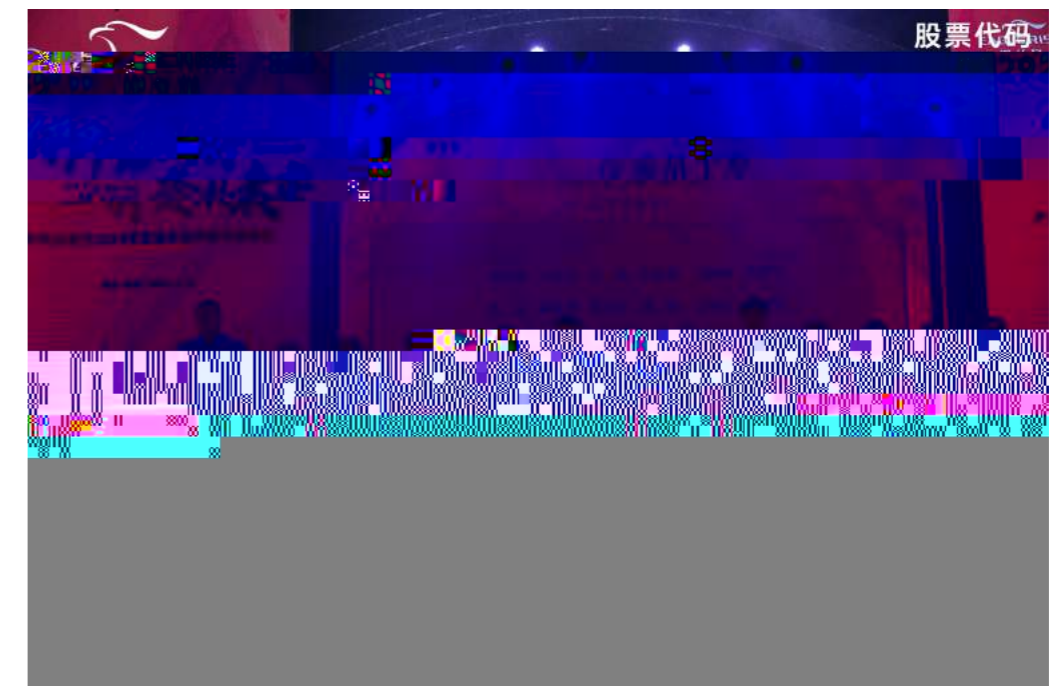
Lantern DIY to welcome the Mid-Autumn Festival

academic bonuses offered to employees CNY  
**31,000**

What's more, our Labor Union Committee runs Love Fund Committee, which executes Love Fund Management Measures and offers love fund to employees in need following the principles of earmarked fund for its specified purpose only, rational use, openness, and transparency. In 2023, CNY16,800 was granted to three employees. We also offer "Glorious Talent Training" fund. In 2023, we gave CNY 31,000 of academic bonuses to 31 children of employees.

### case Selected outstanding individuals and groups for 2023

Following the principles of "justice, fairness, openness, and quality before quantity", we conducted selection of outstanding individuals and groups for 2023, and finally 140 groups/individuals stood out from others. This event further stimulated the work enthusiasm of all employees, helped tap their abilities, and enhanced the Company's centripetal force and cohesion.







# Independent Assurance Statement



## Scope of Verification

Time frame of this verification:

The Report contains the data disclosed by Eaglerise during the reporting period from January 1st, 2023 to December 31st, 2023, including governance, environmental and social information and data, methods for management of material issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

The on-site verification sampling took place at below listed location:  
No.4 East Huanzhen Road, Beijiao Town, Shunde District, Foshan City, Guangdong Province

Scope of data and information for the verification:

The scope of verification is limited to the data and information of Eaglerise and all companies under its operational control covered by the Report.

The following information and data are beyond the scope of this verification:

Any information and contents beyond the reporting period of this Report; and

The data and information of Eaglerise's suppliers, partners and other third parties; and

The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

## Limitations

The verification process is conducted in the above scope and place. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the Company are interviewed; and

The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before January 1st, 2023 are beyond the scope of this verification.

## Basis for the Verification

Time frame of this verification:

International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, Limited Assurance

TÜV SÜD Procedure of Verification on Sustainability Report

In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

## Verification Conclusions

According to the verification, we believe that the data and information presented in Eaglerise's report are objective, factual and reliable, without systematic problems, and can be used by stakeholders.

The verification team has drawn the following conclusions on this Report:

|                       |   |
|-----------------------|---|
| <b>Inclusivity</b>    | Eaglerise has identified the internal and external stakeholders such as shareholders and investors, employees, customers, suppliers, governments and regulatory authorities, etc., and established a stakeholder communication mechanism to collect the demands of stakeholders on a regular basis.   |
| <b>Materiality</b>    | Eaglerise has established the prioritization process of material topics determination, identified and assessed the priority of the sustainability topics which are highly related to the industry, the Company disclosed the strategy, management approach as well as sustainability performance in corporate operation, therefore the Report's adherence to materiality principle is guaranteed. |
| <b>Responsiveness</b> | Eaglerise has disclosed the management approach and performance of high material topics that stakeholders concern such as product quality and safety, corporate governance, sustainable supply chain, employee rights, product lifecycle management and energy management, and has established a communication mechanism, to fully respond to the demands and expectations of stakeholders.       |
| <b>Impact</b>         | Eaglerise has identified its positive or negative, actual or potential impacts on the economy, environment and society. The company has taken certain mitigation measures to prevent, slow down and remedy the negative impacts and has disclosed them accordingly in the report..  |

## Recommendations on Continuous Improvement

It is recommended that the Company will disclose GHG reduction targets and specific measures in the next annual report.

## Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specializes in t1106.nable

Signature:

On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd.

TÜV SÜD Sustainability Authorized Signatory Officer

March 25th, 2024 Foshan, China







