Sunny Optical Technology (Group) Co., Ltd.

Hazardous Substances Management Policy

I. Purpose

Sunny Optical Technology (Group) Co., Ltd. (here in after referred to as "Sunny" or the "Group") proactively identifies chemicals of concern present in its product portfolio, restricts and reduces their use throughout the entire product lifecycle, and develops less-harmful alternatives. This policy is formulated to specify the basic management requirements for hazardous substances in products, packaging and production processes of the Group and its subsidiaries. The Group not only ensures that its products comply with applicable laws and regulations, environmental labels and customer requirements, but also takes the initiative to stay ahead of current regulatory requirements by launching compliance preparation and substitution initiatives prior to the official entry into force of relevant regulations, and drives the management of hazardous substances with internal control standards that exceed the minimum requirements of laws and regulations, so as to mitigate potential impacts on human health and the environment, and promote safe substitution and the development of a green supply chain.

II. Scope of Application

This Policy applies to the products designed, procured, manufactured, subcontracted, sold or delivered by Sunny and its subsidiaries, as well as the relevant parts, raw materials, auxiliary materials, packaging materials, semi-finished products and finished products; it also applies to suppliers, outsourced processors, contract manufacturers and other partners participating in the aforesaid activities. Materials or components provided by customers shall be handled in accordance with the agreements with customers, but shall not derogate from the compliance liabilities borne by Sunny Optical in accordance with the law.

III. Definitions

• Restricted Substances: Chemical substances, groups of substances or materials that are subject to prohibitions on use, bans on intentional addition, limits on content or release, information transmission or other requirements in specific products, materials, applications or production processes. A single substance may be subject to multiple requirements simultaneously.

• Declarable/Regulated Substances: Substances that are in principle usable, but shall be identified, recorded, disclosed or reported when they reach the thresholds specified by laws and regulations, customers or the group, or when used for specific purposes.

• Homogeneous material: A material that is uniform in composition and cannot be further divided into different materials by mechanical means such as unscrewing, cutting, crushing, or grinding.

• Article: An object that is given a specific shape, surface or design during the production process, and whose function is mainly determined by such shape, surface or design rather than mainly by its chemical composition.

• Not Detected (ND): The test result is below the detection limit of the corresponding method when tested in accordance with the specified sampling, pre-treatment and detection procedures. ND only means that no analyte was detected under the stated test method and conditions, and does not indicate the complete absence of the substance in question.

• Exemption: refers to the conditional, limited-scope or time-limited permission for the use of specific substances in specific materials, components or applications as stipulated by applicable laws, regulations or customer specifications. As an exception mechanism to restriction requirements, exemption must be supported by clear grounds and subject to validity period management.

IV. Management Principles and Standards

4.1 Management Principles

• Compliance First: Comply with the laws and regulations applicable to the place of product sale, place of production and the supply chain; where there is inconsistency among regulatory requirements, customer requirements and group standards without violating laws, the stricter requirement shall be implemented.

• Source prevention: Prioritize risk identification at the stages of product design, material selection and supplier admission, reduce reliance on substances of very high concern and other chemicals of concern, and introduce viable, less-harmful alternative materials and processes.

• Whole-process control: covers links such as design, procurement, incoming material inspection, manufacturing, change management, shipment, non-conformity disposal and record keeping, and prevents cross-contamination during the production process.

• Risk categorization: The intensity of control and verification is determined based on material composition, intended use, regulatory changes, supplier performance and historical testing results to form traceable compliance evidence.

• Dynamic Update: Continuously track regulations, standards, customer specifications and requirements for emerging substances, and update internal controlled lists, testing requirements and substitution plans in a timely manner.

4.2 Framework of Major Laws, Regulations and Standards

The group implements proactive hazardous substance control, conducts advance identification and assessment on substances to be regulated, initiates substitution assessment and compliance transition voluntarily before mandatory regulatory requirements are imposed, drives hazardous substance control with internal standards that exceed the requirements of current regulations, and continuously improves its hazardous substance control capabilities.

Sunny's hazardous substance management system integrates process management requirements such as IECQ QC 080000, and identifies applicable laws, regulations, standards and industry norms based on the product's sales locations, production locations, application scenarios and customer requirements. The main framework is as follows, and the listed references include their current revisions, replacement documents and applicable transitional arrangements:

Region/Category	Main Applicable Laws, Regulations, Standards and Requirements (Current Versions and Applicable Transition Arrangements)
China	Administrative Measures for the Restriction of Hazardous Substances in Electrical and Electronic Products; Catalogue for the Compliance Management of Restriction of Hazardous Substances in Electrical and Electronic Products (2026 Edition) and List of Exceptions for the Application of Restricted Substances in the Compliance Management Catalogue (2026 Edition); the currently effective GB/T 26572-2011 and its Amendment No. 1, as well as GB 26572-2025 Requirements for the Restriction of Hazardous Substances in Electrical and Electronic Products to be implemented as of August 1,2027;Applicable standards including GB 30981.2-2025 *Limit of Harmful Substances in Coatings - Part 2: Industrial Coatings*, GB 33372-2020, GB 38508-2020, GB 38507-2020, etc.
the European Union	RoHS Directive 2011/65/EU and its current amendments and delegated directives; REACH Regulation (EC) No 1907/2006; POPs Regulation (EU) 2019/1021; Packaging and Packaging Waste Regulation (EU) 2025/40; Batteries and Waste Batteries Regulation (EU) 2023/1542; WEEE Directive 2012/19/EU; Ozone-Depleting Substances Regulation (EU)

	2024/590;Regulation (EU) 2026/1738 on vehicle design circularity for automotive products and end-of-life vehicle management (in accordance with its phased application arrangements) shall apply.
North America	US Toxic Substances Control Act (TSCA) and its amendments, Consumer Product Safety Improvement Act (CPSIA), California Proposition 65, as well as applicable state-level regulations on chemicals in products, toxic substances in children's products and packaging; Canada Canadian Environmental Protection Act (CEPA) and its related regulations; and other applicable federal, state or provincial chemical and product safety requirements in the jurisdictions where the products are sold.
Japan and the international/industrial sectors	Japan's Chemical Substance Control Law (CSCL) and J-MOSS (JIS C 0950:2021); the Stockholm Convention, the Montreal Protocol; IEC 82474-1:2025, IEC 61249-2-21:2003, IECQ QC 080000:2017 and their current amendments or technical notices; as well as industry and customer requirements such as the automotive industry GADSL, IMDS and customer restricted substance lists.

V. End-to-end Process Management

5.1 Design and Material Selection

The group commits to taking reducing the negative impacts of products on human health and the environment as the basic principle for new product development. During the stages of new product development, material selection and design change, the group follows the ecosystem design concept, refers to the principles of green chemistry, fully identifies the applicable regulations on products and customers' requirements for restricted substances, carries out material Compliance Evaluation, and gives priority to materials that are low-risk, traceable and feasible for substitution. The group introduces the Life Cycle Assessment (LCA) method in the feasibility study and design review stages, which covers the entire life cycle from raw material acquisition, manufacturing to delivery and use, and extends to the waste recycling link, when necessary, to systematically and quantitatively evaluate the potential impact of products on the environment, and takes the assessment conclusion as an important reference for design review. The group is committed to fully integrating the requirement of hazardous substance reduction into the whole process of R&D, manufacturing process and supply chain management, giving

priority to the selection of harmless or low-hazard chemical materials, so as to reduce the potential impact of products on human health and the environment in the production, use and disposal stages from the source. When any new materials, new processes or new applications are involved, necessary compliance confirmation and feasibility analysis of alternative solutions shall be completed before introduction, and the assessment conclusions and alternative analysis results shall be documented to ensure the traceability of the control process.

5.2 Supplier and Procurement Control

The group incorporates hazardous substance requirements into supplier access, contracts, Technical Specifications and Performance Management. Suppliers shall provide hazardous substance compliance guarantees, material composition or substance declarations, Safety Data Sheets (SDS), test reports and other compliance evidence as required, and give prior notice and obtain confirmation before any changes to materials, formulas, processes, production locations or upstream supply chain.

5.3 Feed and Process Control

The group conducts document reviews, screenings or laboratory verification on incoming materials, auxiliary materials, packaging materials and process chemicals based on risk levels, and implements key control over high-risk materials, abnormal batches and changed materials. During the production process, controls are exercised over auxiliary materials, consumables, tooling fixtures and equipment cleaning that come into contact with products, so as to prevent the mixing, migration or cross-contamination of hazardous substances.

5.4 Product Release and Compliance Evidence

Prior to product shipment, the group conducts compliance verification based on product risks, regulatory requirements and customer demands to ensure that product labeling, substance information disclosure, testing or declaration documents are consistent with the actual products. Relevant technical documents shall be authentic, complete, valid and traceable.

The group has completed 100% identification and risk assessment of all chemical substances used in all its products, and continues to maintain a complete chemical list and hazard analysis files. The group conducts systematic chemical safety hazard assessment on products subject to regulatory constraints, discloses the registration and use of regulated substances in accordance with applicable regulatory registration requirements, provides Safety Data Sheets (SDS) available for customers to consult, and implements Full Material Disclosure (FMD) in accordance with customer requirements to disclose chemical substance information in products to downstream customers in a targeted manner, so as to meet the core compliance needs of regulations and downstream customers.

5.5 Control of Changes and Nonconformities

Any changes to design, materials, suppliers, formulations, processes or sites that may affect compliance with hazardous substance requirements shall be assessed prior to implementation. When non-compliance or potential risks are identified, the group will take measures including isolation, suspension of use or shipment, traceability, root cause analysis, corrective and preventive actions, and necessary information notification.

5.6 Audit, Training and Records

The group conducts internal audits, supplier assessments and employee training on a regular basis, and accepts external audits as required by risks or customers. Compliance documents, test records, change records and non-conformity disposal records shall be retained for the period specified by applicable laws, customer requirements and the group's policies.

VI. Restricted Substance Control Framework

To balance the readability of public documents on the official website and the timeliness of regulatory updates, this policy adopts a two-tier management approach of "public principles + internal controlled list". The group's internal list is maintained in three categories: "substances restricted in products, substances for product declaration/ management, and substances restricted in manufacturing processes", which specifies in detail the substance name, CAS number, applicable materials or uses, limit values, detection methods, exemption conditions and regulatory basis. Only stable, general and representative control benchmarks are disclosed in the official website policy.

Applicability and Status Description: Where different requirements apply to the same substance depending on the region, product, material or end use, the applicable requirements shall be determined in combination with the product's place of sale, application scenario and customer specifications; the stricter requirement shall be implemented provided that it does not violate laws. Standards that have been issued but not yet implemented shall be enforced in accordance with their effective dates; subsequent revisions, superseding regulations, repealed documents and transitional arrangements shall be continuously managed via the internal controlled regulation list.

6.1 Control Mode and Judgment Rules

Control Mode / Judgment Rules	Meaning and Basic Requirements

Prohibited from use / Not intentionally added	Prohibition of use means that the relevant substances shall not be used or introduced into the specified products, materials, applications or processes; "No intentional addition" means that such substances shall not be actively added for the purpose of achieving specific functions of products, materials or processes. Both control the act of use, but the scope of application of prohibition of use is usually stricter. Technically unavoidable trace impurities must still comply with the applicable limit values or ND requirements; an ND result in finished product testing alone cannot prove that the substance was not used in production or processes.
Limit Control (Including ND Determination)	The content, migration amount or release amount of a substance shall not exceed the applicable legal, customer or group limits. When non-detectable (ND) is required, the test result shall be lower than the detection limit of the specified method; ND only means that no substance is detected under the method and conditions, and does not mean that the substance is absolutely zero.
Declaration and Information Transmission	When a substance reaches the specified threshold, is detected or is intended for the specified use, it shall be identified and documented, and disclosed, transferred or reported in accordance with regulatory, customer or group requirements. Declaration management in itself does not automatically imply a prohibition on use.
Exemption Management	Exemption is an exception mechanism to restriction requirements, which shall only be applied within the scope of materials, components, applications, conditions and validity periods explicitly permitted by applicable laws, regulations or customer specifications, and the management of approval, documentation, expiry alert and substitution shall be implemented.

6.2 Public Benchmark Limits

Controlled Items	Public Benchmarks/Thresholds (Representative)	Instructions for Use

Restricted Substances Related to EU RoHS and China RoHS	Cadmium (Cd) ≤ 0.01%(100 mg/kg); Lead (Pb), Mercury (Hg), Hexavalent Chromium [Cr (VI)], Polybrominated Biphenyls (PBB), Polybrominated Diphenyl Ethers (PBDE), DEHP, BBP, DBP, DIBP each ≤ 0.1%(1000 mg/kg)	EU RoHS is generally based on homogeneous materials for determination; China RoHS shall be implemented in accordance with the 2026 version of the Compliance Management Catalog, applicable standards and implementation/transition periods. Exemptions that are legally valid shall be excluded; where customers require stricter requirements, the customer requirements shall prevail.
Heavy Metals in Packaging Materials	The sum of lead, cadmium, mercury and hexavalent chromium ≤ 100 mg/kg	It applies to relevant packaging or packaging components, and shall be implemented in accordance with the scope of application, exemptions and transitional arrangements stipulated by the regulations of the place of sale.
Customer/Industry Halogen-Free Requirements	Chlorine (Cl): <900 mg/kg; Bromine(Br): <900 mg/kg; Total of chlorine and bromine: <1500 mg/kg	This benchmark is not a universal statutory limit for all products; control over the corresponding materials shall be implemented only when the product is declared as halogen-free, the customer puts forward halogen-free requirements, or the requirements of applicable industry standards are met.
Substances of Very High Concern (SVHC) on the	When a single candidate list substance in an article exceeds 0.1%(mass fraction), the	0.1% serves as the information transmission threshold, and is not a general ban limit for all substances

REACH Candidate List	corresponding information transmission or notification obligation shall be triggered	on the candidate list; separate judgment shall be made for authorization, restriction, waste information declaration or customer requirements.

Note: 1 mg/kg = 1 ppm. The values in this table are publicly available representative general benchmarks, and do not replace the regulatory provisions, customer specifications, testing methods, implementation timelines and applicable exemptions for specific products.

6.3 Dynamic Control Category

In addition to the above representative benchmarks, the group also implements dynamic management for the following categories. The specific names of the substances of concern and the applicable product scope are as follows:

Control Category	Substances of Concern	Scope of Applicable Products
Heavy metals and their compounds	Cadmium and its compounds (CAS: 7440-43-9), lead and its compounds (CAS: 7439-92-1), mercury and its compounds (CAS: 7439-97-6), hexavalent chromium compounds, antimony and its compounds (CAS: 1309-64-4), arsenic and its compounds (CAS: 7440-38-2), beryllium and its compounds (CAS: 7440-41-7), nickel and its compounds (CAS: 7440-02-0), cobalt and its compounds (CAS: 7440-48-4), selenium and its compounds (CAS: 7782-49-2), barium and its compounds (CAS: 7440-39-3), thallium and its compounds (CAS: 7440-28-0), tellurium and its compounds (CAS: 13494-80-9), zinc and its compounds (CAS: 7440-66-6), etc.	Applicable to all product materials
Brominated flame retardants	Polybrominated biphenyls (PBBs), polybrominated diphenyl ethers (PBDEs), hexabromocyclododecane (HBCDD),	Applicable to all non-metallic materials such as

	tetrabromobisphenol A (TBBPA/TBBA), and other organobromine compounds	plastics, rubbers and resins, as well as for use as flame retardants
Chlorinated paraffin	Short-chain chlorinated paraffins (SCCP), medium-chain chlorinated paraffins (MCCP), long-chain chlorinated paraffins (LCCP), etc.	Applicable to applications such as plastic flame retardants, plasticizers, and lubricants
Per- and Polyfluoroalkyl Substances (PFAS)	Perfluorooctane sulfonic acid (PFOS) and its derivatives, perfluorooctanoic acid (PFOA) and its salts, perfluorohexane sulfonic acid (PFHxS) and its salts, perfluorobutane sulfonic acid (PFBS) and its salts, perfluorocarboxylic acids (C9-C14 PFCA) and their salts, perfluorohexanoic acid (PFHxA) and its salts, long-chain perfluorocarboxylic acids (LCPFCAs), etc.	Applicable to uses such as coatings, lubricants, and surface treatment agents in all products and materials
Phthalates	bis (2-ethylhexyl) phthalate (DEHP), dibutyl phthalate (DBP), diisobutyl phthalate (DIBP), butyl benzyl phthalate (BBP), diisononyl phthalate (DINP), diisodecyl phthalate (DIDP), di-n-octyl phthalate (DNOP), diisooctyl phthalate (DiOP), etc.	Applicable to all plasticizer-containing materials such as plastics, rubbers, adhesives, and coatings
Organotin compounds	Tributyltin (TBT), triphenyltin (TPT), dibutyltin (DBT), dioctyltin (DOT), monobutyltin (MBT), tetrabutyltin (TeBT), etc.	Applicable to applications such as plastic stabilizers, catalysts, and coatings
Specified Chemical	Mineral oil (MOAH/MOSH), UV-328 (ultraviolet absorber, CAS: 25973-55-1),	Applicable to process chemicals such as

Substances	Dechlorane Plus (DP, CAS: 13560-89-9), bisphenol A (BPA, CAS: 80-05-7), dimethyl fumarate (DMF), formaldehyde, toluene, xylene, styrene, n-hexane, N-methyl-2-pyrrolidone (NMP), N, N-dimethylformamide (DMF), N, N-dimethylacetamide (DMAC), etc.	adhesives, coatings, inks, detergents, solvents, and product contact materials
Persistent Organic Pollutants and Other Substances	Asbestos, polychlorinated biphenyls (PCBs), polychlorinated naphthalenes (PCNs), polychlorinated terphenyls (PCTs), azo dyes/aromatic amines/anilines, polycyclic aromatic hydrocarbons (PAHs), ozone-depleting substances (ODCs/CFCs/HCFCs), fluorinated greenhouse gases, hexachlorobutadiene (HCBD), pentachlorobenzene, hexachlorobenzene (HCB), tetrachlorobenzene (TeCB), etc.	Applicable to all products, packaging and process materials
Declarable and Information-Transmission Substances	EU REACH Regulation Substances of Very High Concern (SVHC) Candidate List, REACH Annex XIV Authorisation List, REACH Annex XVII Restricted Substances (also subject to control in accordance with the restriction limits or use restrictions set forth in their respective entries), IEC 62474 Declarable Substances, California Proposition 65 Chemical List, GADSL Declarable Substances, etc.	Applicable to corresponding products and materials as required by laws and regulations

The above substances are managed in accordance with applicable regulations, customer specifications, and the Group's internal controlled substance list, through measures including prohibition of use, restriction of intentional addition, concentration limits or non-detectable (ND) thresholds, declaration, and exemption management. No single universal limit is applied.

VII. Supplier Management

Suppliers, subcontract manufacturers and contract manufacturers shall fully understand and comply with this policy, procurement contracts and Sunny Technical Specifications, and pass on the relevant requirements to their upstream supply chain. The main responsibilities include:

• Sign a conformity guarantee for hazardous substances or a commitment letter stating that no substances prohibited/restricted in relevant regulations are used, and be responsible for the authenticity, completeness and continuous validity of the submitted information.

• Provide material composition/substance declarations, SDS, product compliance declarations, third-party inspection reports or other technical evidence as required; third-party inspections shall be conducted by laboratories with corresponding capabilities and accreditation qualifications.

• Notify Sunny in writing and obtain confirmation before making any changes to raw materials, formulations, suppliers, processes, production locations or product structures that may affect compliance.

• Cooperate with Sunny in conducting audits, investigations, sampling verifications, traceability and corrective actions; when potential non-conformities are identified, immediate notification and control measures shall be taken.

• Retain compliance documents in accordance with applicable laws, customer requirements and Sunny's policies to ensure the traceability of product and material information.

VIII. Exemptions, Phase-Out and Continuous Improvement

For exemptions permitted by law, the group shall use them only within the scope, conditions and validity period of such exemptions, and conduct approval, recording and expiration management thereof; relevant exemptions shall not apply where customers explicitly prohibit the use of such exemptions or impose stricter requirements. The group has established a management system for its chemical phase-out plan, formulates the Hazardous Substance Reduction Plan on an annual basis, and defines the scope of products and chemicals of concern targeted for phase-out, the applicable limit values and reduction targets, and the assessment milestones for the plan. Concurrently, the group requires suppliers to immediately phase out restricted substances, provide a phase-out schedule, and conduct assessments of alternative substances, so as to ensure the completion of necessary conversions of materials, processes and supply chains before the exemption expires or the regulation comes into force. The group maintains a demonstrated track record of phasing out and reformulating products containing chemicals of concern, and of introducing viable alternatives to high-concern substances. Alternative solutions shall take into account environmental, health, quality, reliability and life-cycle impacts, so as to avoid simple replacement with another high-risk substance.

The group continuously monitors domestic and international regulations, standards, customer specifications and scientific research progress, regularly assesses the risks of hazardous substances, and updates its internal controlled list, verification plan and supply chain requirements. Through training, audits, data analysis and corrective and preventive actions, the group continuously improves its hazardous substance management capabilities to provide customers with products that are safe, environmentally friendly and compliant with regulatory requirements.

This policy serves as the publicly disclosed principled management document of the group. For the applicable substances, limit values, testing methods, declaration requirements and exemptions of specific products, the currently effective laws, regulations, standards, customer specifications and internal controlled standards of Sunny Optical at the place where the products are sold and produced shall prevail, including their subsequent amendments, replacement regulations and applicable transitional arrangements. For the dynamically updated list of restricted substances, declaration list and exemption list, the group continuously identifies and manages them through the internal controlled regulation list.

IX. Supplementary Provisions

This policy shall come into force as of the date of issuance and shall be revised as necessary from time to time.