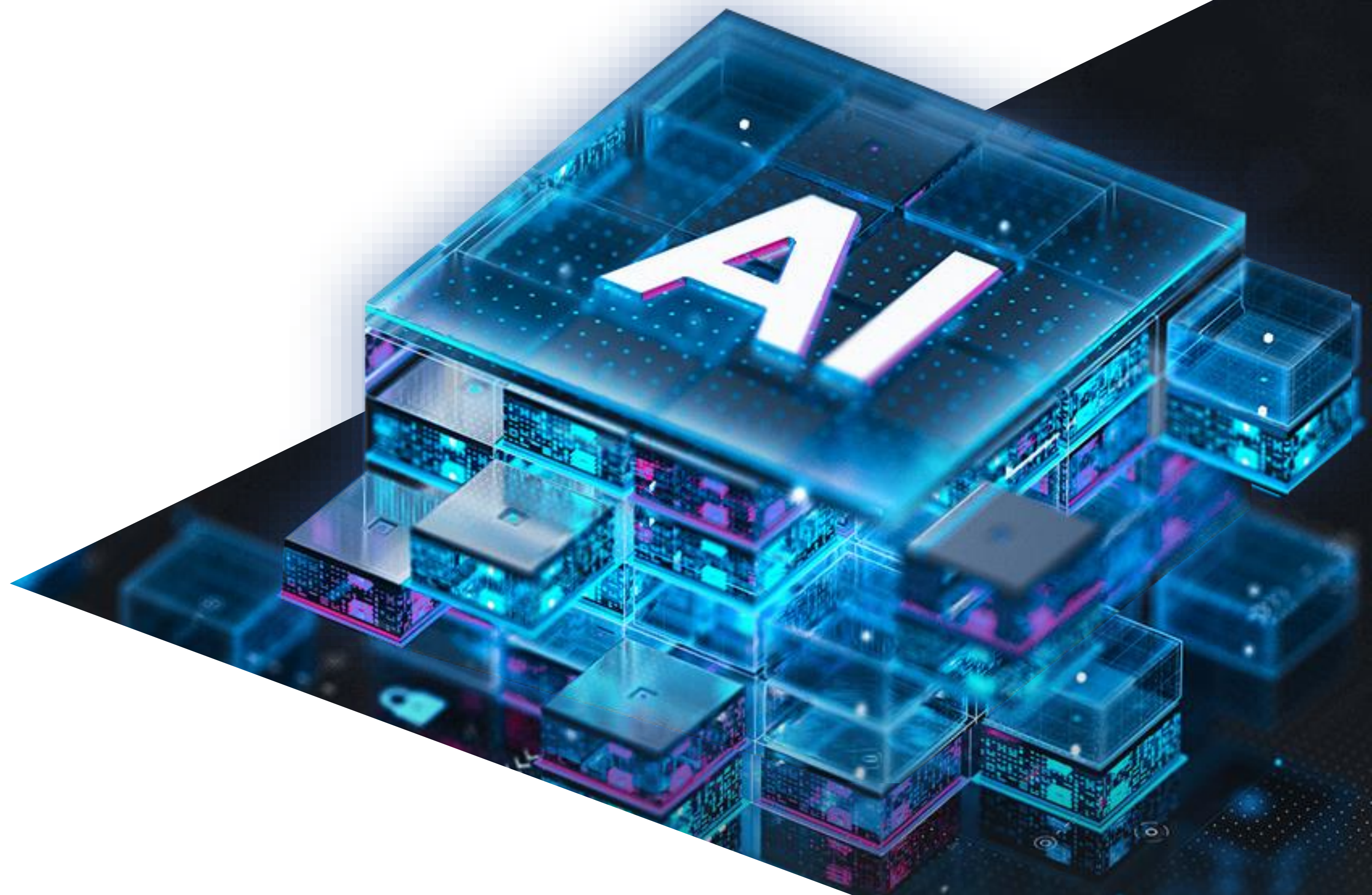


SUSTAINABILITY REPORT 2024

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ABOUT THIS REPORT

This report is the sustainability report released by Suzhou TFC Optical Communication Co., Ltd. for its stakeholders. The report provides a detailed disclosure of Suzhou TFC Optical Communication Co., Ltd.'s practices and performance in 2024 in areas such as environment, society, and corporate governance, aiming to effectively communicate with stakeholders and systematically respond to their expectations and demands.

Reporting Year

This report is the 2024 sustainability report released by Suzhou TFC Optical Communication Co., Ltd. for its stakeholders. The report primarily covers textual information and performance from January 1, 2024, to December 31, 2024. Some information and performance data may pertain to previous years or reflect future policies and practices.

Report Scope

The report discloses information regarding Suzhou TFC Optical Communication Co., Ltd. and its subsidiaries' fulfillment of responsibilities in the areas of environment, society, and governance. Related case studies come from the company and its affiliated enterprises.

Data Description

The information disclosed in this report comes from Suzhou TFC Optical Communication Co., Ltd.'s internal official documents, statistical reports, and annual reports. The data disclosed in this report are derived from the actual operational data of Suzhou TFC Optical Communication Co., Ltd., publicly available data from government departments, annual financial data, and related internal statistical reports. The financial data in this report are presented in CNY. In cases of discrepancies with the financial report, the financial report shall prevail.

Appellation Description

In this Report, 'TFC', 'we', 'the Group' and 'the company' all refer to 'Suzhou TFC Optical Communication Co., Ltd.'. For details on the scope of the report, please refer to our Annual Report of 2024.

Basis of Preparation

United Nations 2030 Sustainable Development Goals (SDGs)
Global Reporting Initiative (GRI) Standards
Chinese National Standard *Guidelines on Social Responsibility Reporting (GB/T36001-2015)*
Shenzhen Stock Exchange (SZSE) *Self-Regulatory Guidelines No. 2 for Companies Listed on Shenzhen Stock Exchange — Standardized Operation of Listed Companies on GEM Board*
Shenzhen Stock Exchange (SZSE) *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange — Sustainability Report (For Trial Implementation)*

Report Access

This Report is published in electronic format and can be accessed on the Company's official website (<http://www.tfcsz.com/>).

LETTER FROM CHAIRMAN



Mike Zou

Chairman of the Board

The world is in an era of booming emerging technologies such as the IoT, big data, and AI. Optoelectronic technology and products have always been the foundation of the future information and communication industry. TFC is committed to the vision of **Wonderful Optical Network, Wonderful Life**.

In the relentless journey, we have traversed an extraordinary 2024: the wave of AI has swept across countless industries, placing humanity at a historical turning point. This era of transformation is set to rewrite the way humans live, as well as the structure and future of the world.

Looking back on this year, every stride made by TFC has been inseparable from the collective efforts of all our partners. We have achieved certain successes in business performance, technological innovation, and management refinement, injecting new vitality into the company's development. In May, we obtained the IATF 16949:2016 quality management system certification, gaining access to the automotive industry supply chain. In December, we passed the RBA certification and received a Silver-level certificate, marking an important step in fulfilling our social responsibility and reflecting our efforts and achievements in supply chain management, labor rights protection, environmental protection, and business ethics. The concept of sustainable development is highly aligned with our values of win-win cooperation with society, customers, shareholders, employees, and other stakeholders. The company regards the release of a sustainability report as an important means to deepen the concept of sustainable development and to continually advance sustainable development practices.

Strengthening the Foundation for Sustainable Development.

We continuously improve our corporate governance structure and strengthen our risk management mechanisms to ensure our operations are legal and compliant. We understand that standardized corporate governance is the cornerstone of sustainable development and the key to gaining societal trust.

Practicing Green Actions Based on Our Core Business.

On one hand, we actively implement environmental protection, address climate change, and emphasize the reduction of pollutant emissions. On the other hand, we promote lean production, improve operational efficiency, continually upgrade our operational management system, and strengthen green management of the value chain.

Giving Back to Society through Sustainable Development.

We always focus on employee development and community well-being, and are committed to creating a safe and healthy working environment for every employee. At the same time, we actively engage in social welfare projects, giving back to society with the results of our development.

Reflecting on the twenty-year journey of TFC, we thank every partner who has accompanied us along the way and every customer who has trusted and supported TFC.

What's past is prologue.

On the journey to excellence, moving towards the light.

Setting sail and venturing forth, winning the future.

In 2025, we set off again, running together!

Milestones in 2024

Business Performance



3252 Million CNY

Total Operating Revenue



1344 Million CNY

Net profit attributable to shareholders of listed companies

4737 Million CNY

Total Assets



396 Million CNY

Cash dividend amount
(2024 annual equity distribution)



R&D Innovation



232 Million CNY

R&D Investment



20

Patents granted in 2024

549

R&D Employees

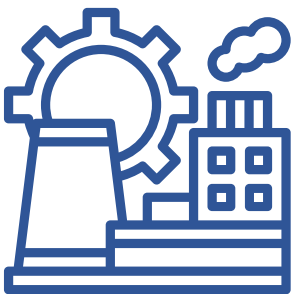


15.17%

R&D Employees Ratio



Environment & Safety



0

Environmental pollution accident occurred during the reporting period



0

Serious production accident occurred during the reporting period

Employee Development



3619

Employees in all



50%

Percentage of Female Directors

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ABOUT US COMPANY INTRODUCTION

TFC Communication is a leading provider of optical sub-assembly integrated solutions and advanced optoelectronic package manufacturing services. Our products are widely used in fields such as AI, data center, fiber-optic communication, and optical sensing.

TFC Communication is dedicated to becoming a world leading optical device enterprise, delivering value to our customers and driving photonics integration.



COMPANY INTRODUCTION

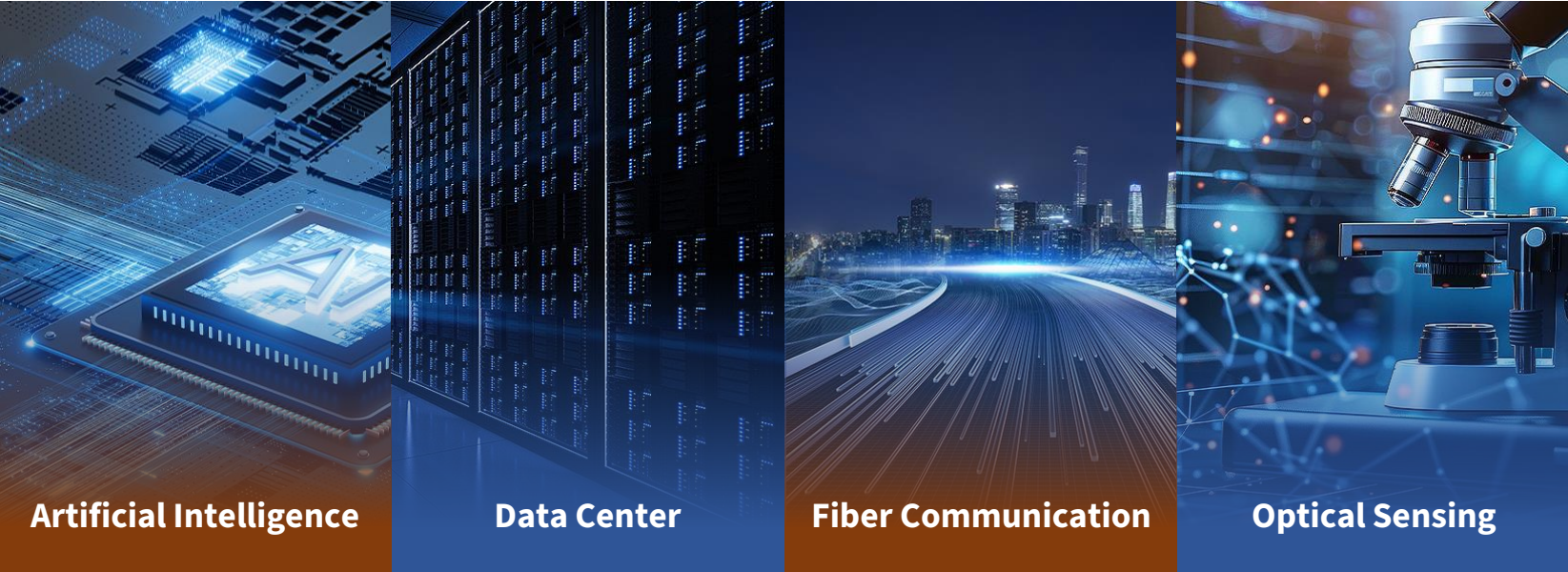
After twenty years of dedicated cultivation, TFC has accumulated and developed multiple globally leading process technologies in the fields of advanced materials such as precision ceramics, engineering plastics, and optical glass. These advancements have led to the creation of several innovative platforms. These technologies enable TFC to provide vertically integrated, one-stop product solutions and continually create new value for customers.

Founded in	Listed on GEM in	Stock Code	Patents
2005	2015	300394.SZ	200+

Products Application

Rooted in the optical communication field, TFC has long been committed to the research, development, production, and sales of various high-speed optical devices.

Leveraging its mature optical communication industry R&D platform for optical devices and the team's expertise in areas such as advanced materials and components, optical design, and integrated packaging, TFC is expanding to develop new products for downstream sectors like LiDAR and biophotonics.



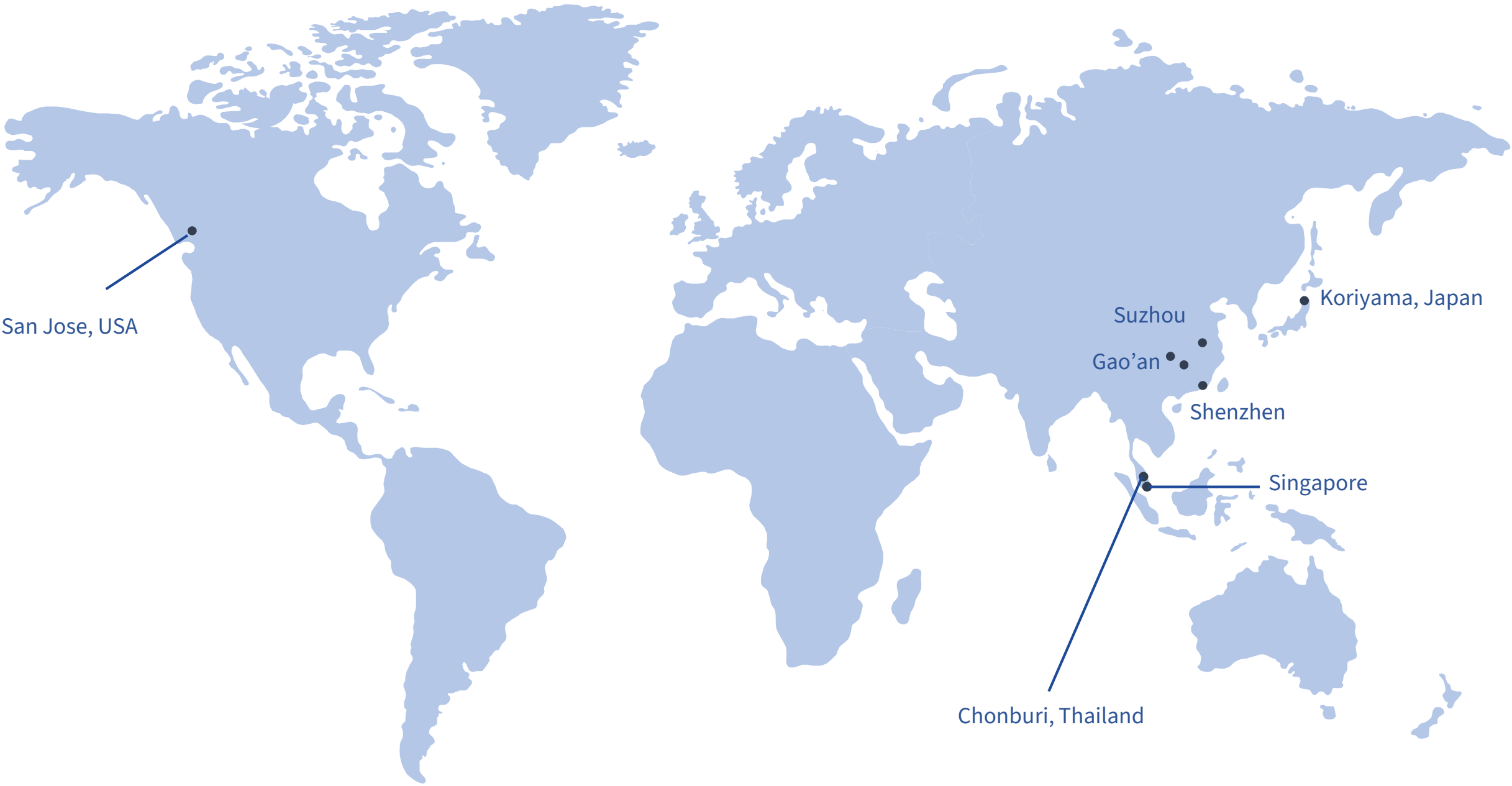
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Global Layout

Dual Headquarters	China: Suzhou Singapore
R&D centers	China: Suzhou, Shenzhen Japan: Koriyama
Main production bases	China: Gao'an Thailand: Chonburi
Sales branches	China: Suzhou, Wuhan, Shenzhen, Hong Kong Singapore USA: San Jose



Company Culture



Vision

Wonderful Optical Network, Wonderful Life



Mission

Leading Provider of Optical Sub-Assembly Integrated Solutions and Advanced Optoelectronic Package Manufacturing Services



Core Values

- Customer Success: Customer satisfaction is the sole reason for our existence.
- Great Virtue Pursuit: Small wins by wit, great wins by virtue. Uphold integrity, innovate wisely, and stride towards enduring success.
- Talent First: Embrace all talents, as talent is the foremost element in enterprise development.
- Result-Oriented: Actions speak louder than words, and results are what matters most.
- Win-win Strategy: Strive for joint-development of customers, shareholders, employees, partners, and society.



Enterprise Spirit

Progressive Innovation, Efficient Performance, Teamwork and Cooperation, Keep the Passion, Aim at Perfection

Since its establishment two decades ago, TFC has increased investment in R&D to improve product capabilities, and always adhere to the high-end market positioning and high-quality product concept, and has developed into a leading provider of optical sub-assembly integrated solutions and advanced optoelectronic package manufacturing services

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Awards and Certifications

2024Top 10 Most Competitive Enterprises in China's Optical Devices, Auxiliary Equipment and Raw Materials Industry

The 18th Top 50 Most Valuable Companies on China's Growth Enterprise Market

The 15th Tianma Award for the Best Investor Relations of Chinese Listed Companies

Top 100 Innovative Private Enterprises in Suzhou

A Rating in the Shenzhen Stock Exchange's Information Disclosure Evaluation

2024 Sino Securities Index's Top 100 Initial ESG Report of A-share Listed Company



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Development History

Years Before Listing （2005-2015）
Business Startup and In-depth
Technological Exploration

- 2005**
Suzhou TFC Precision Ceramics Co., Ltd. was **founded**.
- 2006**
ISO 9001 Quality Management System Certification.
- 2009**
Chairman Zou Zhinong and Zhu Guodong were recognized as **leading talents in Suzhou High-tech Zone**.
- 2011**
Raised \$9.5 million through **equity financing** to construct Gao'an TFC.
- 2012**
The company was renamed as Suzhou TFC Optical Communication Co., Ltd. following **share reform**.
- 2015**
The company was **listed on the Growth Enterprise Market** (GEM) on February 17th, raising \$50.20 million.

10 Years After Listing （2016-2025）
Success from Long-term Efforts and
Platform Transformation

- 2016**
 - Suzhou TFC Precision Optics Co., Ltd. was founded.
 - Invested in **Japan’s Tsuois Mold Corporation**, strategically positioning the company in the data center market.
 - Branches in Shenzhen and Wuhan were established to provide localized technical services.
- 2017**
 - ISO 14001 and OHSAS 18001** certifications.
- 2018**
 - Established a strategic partnership with AIDI, gaining access to AWG wafer resources, and acquired AIDI’s **AWG product line**.
 - A subsidiary in the United States** was established to strengthen development in overseas markets.
- 2019**
 - Won “**Top 10 Most Competitive Enterprises in China’s Optical Devices, Auxiliary Equipment and Raw Materials Industry**”.
 - Won “**Top 50 Most Valuable Companies Listed on China’s GEM**”.
 - Raised \$27.68 million through **additional share issuance**, seized the opportunities brought by 5G, and invested in new projects such as 25G OSA, TO CAN packaging, AWG, FA, and PM.

- 2020**
 - Fully **acquired Japan’s TFF Corporation** and the capabilities of designing and developing lens array nanoscale molds.
 - Fully **acquired Auxora (Shenzhen) Co., Ltd.**, obtaining LWDM coating technology, TFF micro-optical component technology, DWDM passive device (ODM) technology.
- 2021**
 - Recognized as a national specialized and innovative “**Little Giant**” enterprise.
 - Won “**Top 10 Most Investable Listed Companies in China’s Optical Communication Sector in 2021**”.
 - Raised \$123.28 million through **additional share issuance** for the investment and construction of the high-speed optical engine project.
- 2022**
 - The subsidiary in Thailand, **TFC Technology (Thailand) Co., Ltd.**, was established, marking the launch of our overseas production base.
- 2023**
 - AEO Advanced Certification**, boosting development of overseas operations.
 - IATF 16949:2016 Quality Management** System Certification.
 - The global headquarter in Singapore** was established, forming a layout of dual-headquarters in Singapore and Suzhou.
- 2024**
 - Thailand production base** became operational, marking a key milestone in the company’s globalization strategy.
 - Jiangxi Engineering Building** was completed.
 - Upgrade of IT system** and the new SAP, ERP, PLM, and MES platforms launched.
 - Responsible Business Alliance (RBA) Certification**, reflecting the company’s efforts and achievements in areas like supply chain management, labor rights protection, environmental protection, and business ethics.

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OPERATION RESPONSIBILITIES PRUDENT DEVELOPMENT

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SDGs



Sustainable Governance

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TFC takes sustainable management as an important support to lead the transformation and upgrading of the company and enable sustainable development.

TFC integrates ESG development concepts into all aspects of company's business, practices green actions based on the main business, adheres to a development path of low-carbon and ecological priority, and makes comprehensive efforts in the fields of employee safety and health, product safety and quality, supply chain management and social welfare to promote healthy and sustainable development.

Sustainable Development Governance Structure

TFC has established a three-tier governance structure of Board of Directors - Strategy Committee - Sustainability Task Force according to governance status, business scale, and the social impact of its operations. The responsibilities at each level are clearly defined, ensuring that environmental, social, and governance factors, as well as related risks and opportunities, are fully considered in the decision-making process.

The company’s sustainability-related management and execution personnel possess professional skills and capabilities to supervise and implement strategies, policies, and frameworks related to the impacts, risks, and opportunities of sustainable development.

Organization	Character	Members	Responsibilities
 Board of Directors	Decision Level	Directors	<ul style="list-style-type: none">Decision-making and supervision of sustainability mattersLeading the implementation of sustainability concepts and strategiesSupervising the execution of sustainability risk managementReviewing and approving annual sustainability report
 Strategy Committee	Management Level	Members of Strategy Committee	<ul style="list-style-type: none">Researching and formulating the company's sustainability concepts and strategiesResearching and formulating the company's sustainability risk management strategiesReviewing and approving the sustainability topic assessment reportOrganizing the preparation of the company's annual sustainability report and submitting it to the Board of Directors for review
 Sustainability Task Force	Task Force	Designated personnel from relevant departments such as the product lines, securities department and HR department.	<ul style="list-style-type: none">Implementing sustainability goals and indicators, and planning and executing projects in line with the company's sustainability strategyCommunicating with stakeholders on sustainability mattersPreparing the sustainability topic assessment reportPreparing the company's annual sustainability report

TFC has formulated the *Information Communication, Participation, and Consultation Management Procedures* and established information reporting mechanism to ensure smooth communication with stakeholders. TFC gathers feedback from stakeholders to continuously improve work effectiveness.

In accordance with the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange – Sustainability Report (For Trial Implementation)* TFC discloses Sustainability Report within 4 months after the end of each fiscal year. The report is reviewed and approved by the Board of Directors prior to disclosure.

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Importance Analysis of Issues

Stakeholder Identification

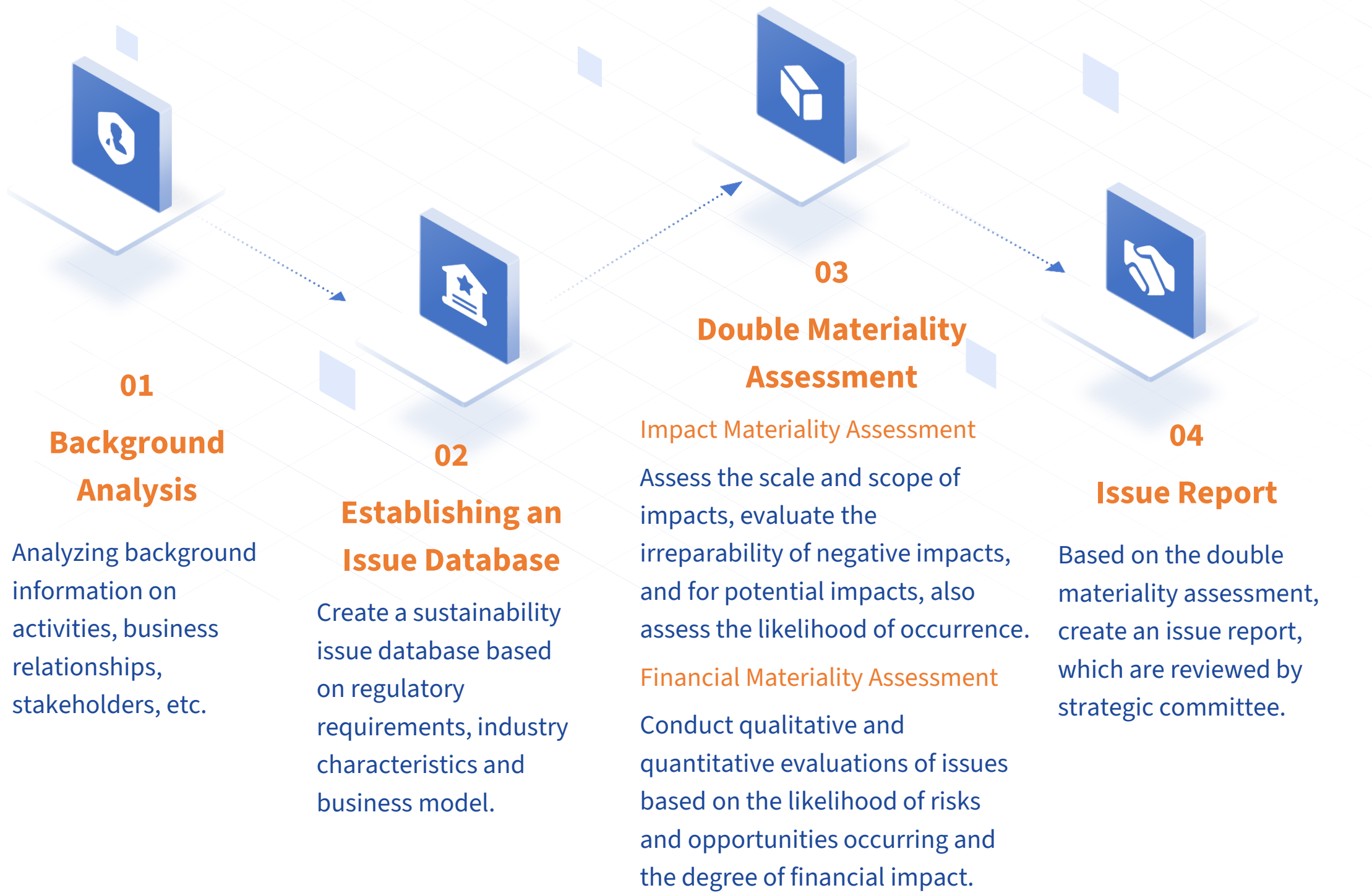
Our key stakeholders include investors, employees, customers, regulatory authorities, suppliers and partners, as well as communities and the public. TFC maintains dynamic communication with all stakeholders as required.

Stakeholder	Concerning Issues	Channels
Investors	Innovation-Driven Development	stockholders' Meeting
	Supply Chain Security	Performance Presentation
	Product Safety and Quality	Investor activities
	Investor Relations	Official Website
	Compliance Governance	Investor Hotline
Employees		SZSE Interactive Platform
	Diversity, Equity, and Inclusion	Labor Union
	Talent Attraction and Retention	Team Building Activities
	Talent Cultivation and Development	Satisfaction Survey
	Employee Rights	
Customers	Innovation-Driven Development	Official Website
	Supply Chain Security	Exhibitions and Meetings
	Product Safety and Quality	Customer Visit
	Data Security and Customer Privacy	
Regulatory Authorities	Climate Change Mitigation	Information Disclosure
	Pollutant Emissions	Correspondence
	Waste Management	Daily Communication
	Environmental Compliance	Visit and Investigation
	Energy Utilization	Policy Implementation
	Rural Revitalization	
Suppliers and Partners	Social Contribution	
	Supply Chain Security	Official Website
	Fair Treatment of SMEs	Exhibitions and Meetings
	Anti-Bribery and Anti-Corruption	Customer Visit

Stakeholder	Concerning Issues	Channels
Communities and the Public	Pollutant Emissions	Official Website
	Ecosystem and Biodiversity	WeChat Official Account
	Environmental Compliance	Community Activities
	Social Contribution	

Double Materiality Assessment

TFC adheres to the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange – Sustainability Report (For Trial Implementation)*. TFC identifies whether each issue is expected to have a significant impact on business operations, operating results, and costs in the short, medium, and long term (hereinafter referred to as financial materiality). Additionally, TFC assesses whether its performance on the corresponding issues has a significant impact on the economy, society, and the environment (hereinafter referred to as impact materiality).



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Sustainability Issues Database

TFC organizes and conducts the identification of sustainability issues and double materiality assessment. This involves a comprehensive analysis of the impact of sustainability issues on the company's finances as well as economic, environmental, and social aspects. The report focuses on responding to 20 significant issues.

TFC Sustainability Issues Database			
Scope	Issue		
Environment	◆ Climate Change Mitigation	◆ Environmental Compliance	
	◆ Pollutant Emissions	◆ Energy Utilization	
	◆ Waste Management	◆ Water Utilization	
	◆ Ecosystem and Biodiversity	◆ Circular Economy	
Social	◆ Rural Revitalization	◆ Data Security and Customer Privacy	
	◆ Social Contribution		
	◆ Innovation-Driven Development	◆ Investor Relations	
	◆ Technological Ethics	◆ Diversity, Equity, and Inclusion	
	◆ Supply Chain Security	◆ Talent Attraction and Retention	
	◆ Fair Treatment of SMEs	◆ Talent Cultivation and Development	
	◆ Product Safety and Quality	◆ Employee Rights	
Governance	◆ Due Diligence	◆ Anti-Bribery and Anti-Corruption	
	◆ Compliance Governance	◆ Anti-Unfair Competition	
	◆ Stakeholder Communication		

Sustainability Issues Materiality Matrix

TFC conducts a quantitative analysis based on the assessment results of impact materiality and financial materiality, presenting the overall priority of each issue in the form of a matrix.



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In 2024, by combining policy analysis, and industry benchmarking, TFC updated issue database based on the sustainability issues identified in 2023.

Changes in TFC Sustainability Issues Database		
Issues in 2023	Issues in 2024	Reason for Changes
Corporate Governance	Compliance Governance	Update issues according to the <i>Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange — Sustainability Report (For Trial Implementation)</i> .
R&D Innovation	Innovation-Driven Development	
Shareholder Return	Investor Relations	
Career Development	Talent Cultivation and Development	
Talent Acquisition	Talent Attraction and Retention	
Health and Safety	Employee Rights	
Quality Management	Product Safety and Quality	
Data Security	Data Security and Customer Privacy	
Anti-corruption	Anti-Bribery and Anti-Corruption	
Environmental Protection	Climate Change Mitigation	
	Pollutant Emissions	
	Waste Management	
Energy Management	Environmental Compliance	Add 4 issues according to the <i>Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange — Sustainability Report</i> .
	Energy Utilization	
Water Utilization	Water Utilization	
	Social Contribution	
Social Responsibility	Social Contribution	
Supply Chain Management	Supply Chain Security	
	Stakeholder Communication	
	Anti-Unfair Competition	

Business Performance	Delete 4 issues.
Information Disclosure	
Employee Wellness	
Production Safety	

Sustainability-Related Impacts, Risks, and Opportunities

We have integrated sustainability-related factors such as environmental and occupational health and safety into the company's risk assessment and internal control management processes, and regularly conduct risk identification and assessment.

TFC has developed the *Risk and Opportunity Management Procedure*. A systematic risk management mechanism is established and operated to promote the company's sustainable, healthy, and stable development.



Sustainability-Related Impacts, Risks, and Opportunities

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The results of the importance assessment of issues have been reviewed and confirmed by the Strategic Committee. For issues with high and medium importance, this report focuses on disclosing relevant management and actions based on the disclosure framework of the four elements: Governance—Strategy—Impact, Risk and Opportunity Management—Metrics and Targets.

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Issues	Related Stakeholder	Risks	Opportunities	Financial Impacts	Impact Cycle	Chapter
Climate Change Mitigation	Customers Regulatory Authorities Suppliers and Partners Communities and the Public	Natural disasters and climate change-induced energy supply instability can result in physical and transitional risks, potentially increasing costs, affecting company profits, and causing fixed asset losses.	Enhancing the company’s adaptability to environmental risks and reducing carbon emissions. Improving the company’s reputation and image while boosting its sustainability and market competitiveness.	Future increase in costs and capital expenditures	Medium- to long-term	Climate Change Mitigation
Pollutant Emissions	Regulatory Authorities Communities and the Public	Non-compliance with emissions management laws regulations can pose compliance risks, leading to fines and other economic losses, damaging the company's reputation and image.	Enhancing environmental management standards to reduce the impact on the environment, comply with relevant laws and regulations, and strengthen reputation and image.	Future increase in non-operating expenses	Short-term	Pollution Control
Waste Management	Regulatory Authorities Communities and the Public	Waste disposal must strictly comply with environmental regulations, or the company may face legal penalties, increasing operational costs and harming public image.	Effective waste management and resource recycling can reduce the demand for raw material procurement, achieving cost savings.	Future increase in costs/ Decrease in costs	Short-term	Pollution Control, Resources and Circular Economy
Ecosystem and Biodiversity	Communities and the Public	Limited natural resource supply can lead to rising costs; damaging ecosystems or biodiversity may harm the brand and result in customer loss.	Implementing sustainable practices can improve resource utilization efficiency and reduce waste; actively protecting ecosystems can enhance brand image.	Future increase in costs, decrease in revenue	Medium- to long-term	NA
Environmental Compliance	Regulatory Authorities Communities and the Public	Stricter regulatory requirements can increase compliance costs; environmental violations may draw attention from the public, media, damaging corporate reputation and affecting customer trust. Failure to meet environmental requirements could force production interruptions, affecting supply chain stability; environmental violations may lead to government fines, and increase environmental remediation costs.	By implementing rigorous environmental management measures, companies can optimize resource utilization, reduce waste, and lower operational costs; actively fulfilling environmental responsibilities and demonstrating commitment to sustainability can enhance social image and brand influence.	Future increase in non-operating expenses and costs/ Decrease in costs	Medium- to long-term	Pollution Control, EHS Management
Energy Utilization	Suppliers and Partners Communities and the Public	Limited traditional fossil fuel resources and over-reliance may lead to future supply instability; energy price uncertainty may increase operational costs; high energy consumption in production cause pollution and damage reputation.	Advancements in energy efficiency technologies can help companies reduce energy consumption and improve production efficiency; adopting green energy solutions can also enhance brand image.	Future increase in costs/ Decrease in costs	Short-term	Resources and Circular Economy
Water Utilization	Suppliers and Partners Communities and the Public	With population growth and climate change, companies may face water scarcity challenges during production.	Proactive water management and sustainable development practices can improve the company’s social responsibility image and increase brand value.	Future increase in costs	Short-term	Resources and Circular Economy

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Issues	Related Stakeholder	Risks	Opportunities	Financial Impacts	Impact Cycle	Chapter
Circular Economy	Customers Suppliers and Partners Communities and the Public	Transitioning to a circular economy may require significant investment, such as developing new technologies, retrofitting production lines, and establishing recycling networks.	The circular economy promotes the reuse of resources, helping lower resource costs; designing products that are repairable and recyclable can extend their lifecycle.	Future increase in costs/ Decrease in costs	Medium- to long-term	Resources and Circular Economy
Rural Revitalization	Communities and the Public	Attention to social responsibility is necessary, or the company may face legal and public pressure.	Actively participating in rural revitalization projects may enhance social responsibility image and increase brand value.	Future increase in costs	Medium- to long-term	NA
Social Contribution	Communities and the Public	Fulfilling social responsibility requires additional resource allocation, including financial, human, and time investments, which may affect short-term profitability.	Positive social contributions can improve brand image and help attract and retain talented employees.	Future increase in costs	Medium- to long-term	Community Responsibilities
Innovation-Driven Development	Investors Employees Customers	Innovation requires substantial capital investment, but short-term returns are not guaranteed; there is a risk of insufficient technological maturity or incorrect technological path choices; during innovation, companies may face risks of intellectual property infringement or their technologies being imitated.	Through technological and product innovation, companies can develop unique products and services to increase market share and brand influence; process innovation and technological upgrades can improve production efficiency, reduce operational costs, and increase profitability.	Future increase in costs/ Increase in revenue and decrease in costs	Medium- to long-term	Innovation and Impact
Technological Ethics	Suppliers and Partners	Companies need to invest resources to ensure compliance with tech ethics issues, or they may face fines and legal consequences.	Proactively identifying and addressing potential ethical issues can reduce legal and financial risks and achieve long-term sustainable development.	Future increase in non-operating expenses	Medium- to long-term	NA
Supply Chain Security	Customers Suppliers and Partners	Natural disasters and climate change may cause supply chain disruptions, affecting production and delivery capabilities. With increased digitization, the risk of cyber attacks in the supply chain increases; improper supply chain management may lead to pollution and resource waste, affecting social reputation.	Strengthening supply chain security can increase the ability to respond to unexpected events; improving supply chain management can reduce waste, lower operational costs, and improve resource utilization efficiency; a robust and secure supply chain helps companies respond quickly to market changes and seize business opportunities.	Future decrease in revenue and increase in costs/ Decrease in costs	Medium- to long-term	Supply Chain Development
Fair Treatment of SMEs	Suppliers and Partners	SMEs are usually smaller in scale and may lack the flexibility and resources to respond to market changes, affecting supply chain security.	Reducing market monopolies, creating a fair competition environment, fostering innovation, and increasing market vitality.	Future increase in costs	Long-term	NA

Sustainability-Related Impacts, Risks, and Opportunities

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Issues	Related Stakeholder	Risks	Opportunities	Financial Impacts	Impact Cycle	Chapter
Product Safety and Quality	Customers Suppliers and Partners	Products that do not meet safety and quality standards may result in legal lawsuits and reputational damage, affecting the overall operational efficiency of the enterprise; product recalls, compensation, and repair costs may exert financial pressure on the company.	High standards for safety and quality can become a key competitive advantage for companies; delivering high-quality and safe products or services can enhance customer satisfaction. Enhancing the safety and quality of products and services can support a company’s sustainable development.	Future increase in non-operating expenses and costs/ Increase in revenue	Long-term	Product Quality
Data Security and Customer Privacy	Employees Customers Suppliers and Partners	Data breaches or privacy violations can severely damage the company's reputation, leading to customer loss and decreased investor confidence; data security and privacy protection require continuous investment in advanced technologies such as encryption, access control, and data backup.	Strong data protection measures can enhance customer trust. The demand for data security and privacy protection can encourage companies to adopt advanced technologies; Building a comprehensive data security system can effectively reduce the occurrence of data breaches or privacy violations, minimizing potential legal, financial, and reputational losses.	Future increase in non-operating expenses and costs	Medium- to long-term	Data Security
Investor Relations	Investors Regulatory Authorities	Failure to disclose financial or other important information and poor investor relations management may affect reputation and market valuation; non-compliance with securities regulatory requirements may result in penalties and reputational damage.	Solid communication strategies help companies better showcase their value, attract more investors, and improve market valuation. Investor feedback provides valuable insights for strategic adjustments and management improvements.	Future increase in non-operating expenses and costs	Medium- to long-term	Investor Relations
Diversity, Equity, and Inclusion	Employees	Additional resources are needed; in diverse teams, differences in culture, language, or perspectives may lead to communication misunderstandings or conflicts.	A diverse team brings varied perspectives and experiences, fostering innovation in research and development. It also contributes to higher employee satisfaction and engagement.	Future increase in costs	Long-term	Talent Acquisition
Talent Attraction and Retention	Employees	If newly introduced talent does not align with the existing company culture, it may lead to internal conflicts, affecting team collaboration efficiency and cohesion.	Attracting high-quality talent injects fresh ideas and innovation capabilities into a company, enhancing the competitiveness of its products and services. A stable workforce reduces recruitment and training costs, improves resource efficiency, and supports sustainable development.	Future increase in costs/ Decrease in costs	Medium- to long-term	Talent Acquisition Employee Wellness
Talent Cultivation and Development	Employees	Talent development requires time and financial investment; if talent development plan fails to keep pace with industry trends or market demands, it may lead to a disconnect between employees' learned skills and actual needs.	Efficient talent cultivation and development programs enhance employee skills and knowledge, making the company more competitive in rapidly changing market environments. Providing structured learning and development opportunities increases employees’ sense of belonging and satisfaction.	Future increase in costs	Medium- to long-term	Employee Development

Sustainability-Related Impacts, Risks, and Opportunities

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Issues	Related Stakeholder	Risks	Opportunities	Financial Impacts	Impact Cycle	Chapter
Employee Rights	Employees	If the company fails to meet legal or industry standards in employee rights protection, it may face legal lawsuits, fines, or penalties from regulatory agencies, impacting its reputation; inadequate employee rights protection may lead to employee dissatisfaction and attrition risks, affecting normal operations and production efficiency.	Employee rights protection enhance employees’ sense of belonging, providing stable talent support for growth. Protecting employee rights can mitigate potential legal risks from labor disputes or regulatory issues. By emphasizing employee rights protection, companies can create a positive corporate culture, ensure sustainable development.	Future increase in non-operating expenses and costs	Medium- to long-term	Health and Safety, Democratic Governance
Due Diligence	Investors Customers Regulatory Authorities	Due diligence requires time and financial investment; if significant issues are discovered during the investigation, it may lead to reputational damage and legal lawsuits.	Due diligence helps companies identify potential risks, prompting improvements in internal processes, and establishing a more effective risk management system.	Future increase in non-operating expenses and costs	Long-term	Internal Control
Compliance Governance	Investors Employees Customers Regulatory Authorities	To meet compliance requirements, we need to invest considerable resources in establishing compliance management systems; failure to meet compliance requirements may result in heavy fines or legal lawsuits.	A sound compliance system improves social image and brand value. Compliance governance helps avoid potential risks, improve transparency, and optimize resource utilization efficiency, elevating corporate management standards.	Future increase in non-operating expenses and costs	Long-term	Compliance Governance
Stakeholder Communication	Investors Employees Customers Regulatory Authorities Suppliers and Partners Communities and the Public	Unclear communication or inaccurate information may lead to stakeholder misunderstandings, damaging company reputation; sensitive information may be inadvertently disclosed during communication; communication requires time and resource investment, and inefficient communication may lead to resource waste.	Effective communication builds a company’s positive reputation, strengthens stakeholder trust, and fosters long-term cooperative relationships. Stakeholder feedback provides innovative ideas and suggestions for improvements, helping companies optimize their products and services.	Future increase in costs	Long-term	Importance Analysis of Issues
Anti-Bribery and Anti-Corruption	Customers Regulatory Authorities Suppliers and Partners	Failure to comply with anti-bribery regulations may result in legal lawsuits or other legal consequences, posing a risk of reputational damage and affecting customer and partner trust.	Anti-corruption measures help companies identify potential legal and financial risks. Establishing a culture of integrity provides long-term competitive advantages.	Future increase in non-operating expenses	Long-term	Internal Control
Anti-Unfair Competition	Customers Regulatory Authorities Suppliers and Partners	Unfair competition may lead to hefty fines, economic compensation, business suspension, and damage to corporate reputation; legal lawsuits and related crisis management can also consume significant company resources.	Anti-unfair competition initiatives encourage companies to improve their compliance management systems, creating a transparent and fair operating environment.	Future increase in non-operating expenses and costs	Long-term	Internal Control

Note: TFC refers to the relevant provisions of the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange — Sustainability Report (For Trial Implementation)*, and defines the short, medium, and long term as follows, in conjunction with the company's strategic development planning and resource allocation plan:

Short-term: Generally refers to within 1 year (inclusive) after the end of the company's sustainable information reporting period.

Medium-term: Generally refers to 1 to 5 years (inclusive) after the end of the company's sustainable information reporting period.

Long-term: Generally refers to more than 5 years after the end of the company's sustainable information reporting period.

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TFC settles its sustainable development goals by integrating our development with the United Nations 2030 Sustainable Development Goals (SDGs).

Sustainability Issues	SDGs	Goals	Progress
Climate Change Mitigation		Implement the requirements of the environmental management system, systematically identify physical and transition risks, and incorporate climate change response into the company's overall development strategy.	The physical risks and transition risks have been identified, and addressing climate change has been integrated into sustainable development strategy.
Pollutant Emissions		During the reporting period, 100% of wastewater and exhaust emissions were compliant with standards.	Achieved.
Waste Management		During the reporting period, 100% of solid waste was compliant with standards.	Achieved.
Environmental Compliance		Prevent environmental pollution incidents.	During the reporting period, the number of environmental pollution incidents was 0.
Energy Utilization		Achieve low-cost, high-efficiency production through technological improvements and process optimization. By 2025, the company's electricity intensity (calculated per revenue) would decrease by 12% compared to 2023.	During the reporting period, the company's electricity consumption was 179 kWh per ten thousand yuan, decreased by 9% compared to 2023.
Water Utilization		Reduce water waste through technological transformation and regular monitoring. By 2025, water consumption intensity (calculated per revenue) would decrease by 12% compared to 2023.	During the reporting period, the company's water consumption was 1.10 tons per ten thousand yuan, decreased by 10% compared to 2023.
Circular Economy		Improve resource utilization to achieve waste recycling and comprehensive utilization.	During the reporting period, all recyclable waste such as scrap metal, wood, and cardboard was fully sorted and recycled.
Social Contribution		Support local community development and enhance the company's social influence.	Since 2022, TFC has made annual donations through the Suzhou New District Charity Federation (Foundation) to support charity. In 2024, TFC's total charitable donations amounted to CNY 50,000.
Innovation-Driven Development		Strengthen pre-research of new technologies to maintain leadership in niche fields and provide more innovative solutions to customers. Cultivate a high-quality R&D team and maintain continuous growth in R&D investment.	TFC continues to focus on leveraging sustained high-intensity R&D investments. In 2024, TFC's R&D expenses totaled CNY 232 million, representing a 62.11% YoY increase.
Supply Chain Security		Primary raw material manufacturers must be certified under the ISO9001 quality system. New suppliers involving conflict minerals must sign the "Conflict-Free Minerals Guarantee" before introduction. Suppliers must sign the "Supplier Commitment to RBA Code of Conduct" before formal integration.	100% of first-tier primary raw material manufacturers were certified under the ISO9001 quality system. 100% of new suppliers involving conflict minerals signed the <i>Conflict-Free Minerals Guarantee</i> . Starting in Nov. 2024, 100% of new suppliers signed the <i>Supplier Commitment to RBA Code of Conduct</i> .

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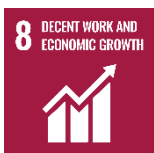

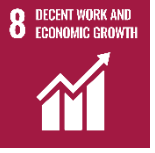




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Sustainability Issues	SDGs	Goals	Progress
Product Safety and Quality		At TFC, we are dedicated to becoming a world leading optical device enterprise and driving photonics integration.	During the reporting period, TFC continued to provide high-quality products and services to global customers.
Data Security and Customer Privacy		Enhance information risk management capabilities. Regularly back up data, and conduct vulnerability management and penetration testing regularly. Prevent major data security incidents and customer privacy breaches.	TFC initiated ISO27001 Information Security System certification in 2024. The number of major data security incidents and customer privacy breaches in 2024 was 0.
Investor Relations		Value investor returns and protect shareholder rights. Ensure information disclosure is legal and compliant.	For 2023, TFC distributed total cash dividends of approximately CNY 396 million (including tax).TFC’s information disclosure has been rated Grade A by the SZSE for 8 years.
Talent Attraction and Retention	 	Implement diverse, equal, and inclusive employment policies to attract talent.	During the reporting period, TFC created 145 new job positions.
Talent Cultivation and Development	 	Provide skill training and career development opportunities, ensuring full coverage of management training.	During the reporting period, TFC achieved 100% coverage of management personnel training.
Employee Rights	  	Provide a healthy and safe work environment to prevent production safety accidents.	0 serious production accident occurred during the reporting period.
Due Diligence		No significant or major deficiencies in internal controls of financial and non-financial reports.	Achieved.
Compliance Governance		Establish and improve the company's internal management and control systems, ensuring corporate governance complies with the regulatory documents related to listed company governance issued by the China Securities Regulatory Commission.	TFC’s corporate governance structure is standardized and complete, in compliance with relevant laws, regulations, and normative documents.
Anti-Bribery and Anti-Corruption		Prevent commercial bribery and corruption incidents.	0 commercial bribery or corruption incident occurred during the reporting period.

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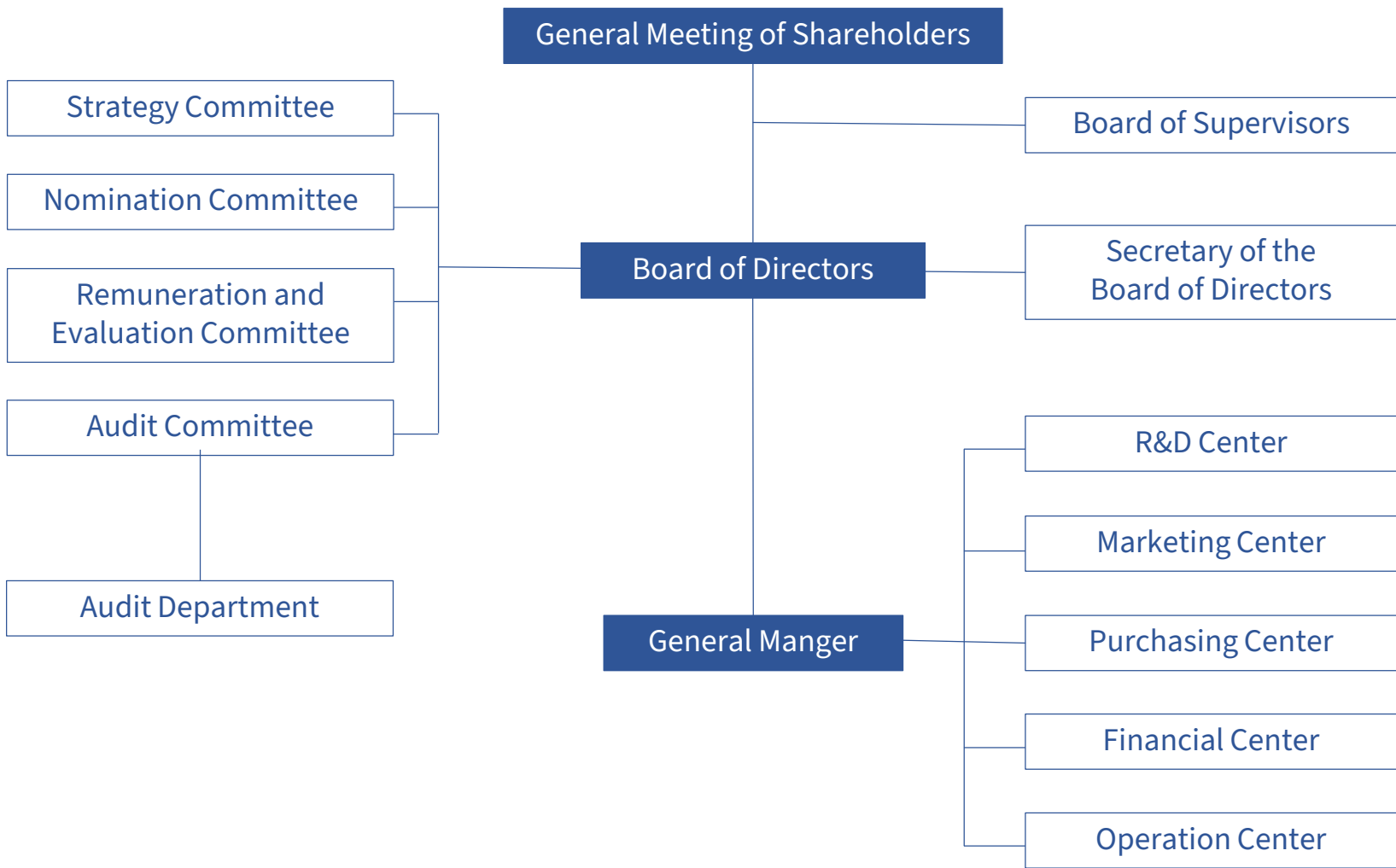
Compliance Governance

TFC strictly follows the *Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Regulations on the Governance of Listed Companies, SZSE GEM Stock Listing Rules* and other relevant regulations. TFC constantly improves its governance framework, establishes and improves internal management and control system, and promotes standardize operations and improve corporate governance.

As of the end of the reporting period, the governance situation of TFC complied with requirements of the regulatory documents on the governance of listed companies issued by the China Securities Regulatory Commission.

Governance Structure

➤ Governance Structure



Strictly following the requirements of the *Company Law of the People's Republic of China, the Securities Law of the People's Republic of China* and relevant securities laws and regulations, TFC established governance bodies including the general meeting of shareholders, the board of directors, and the board of supervisors, and established special committees within the board of directors. The general manager is responsible for daily operation and management.

Board of Directors

The number and composition of TFC board of directors follows the requirements of laws. The nomination and selection of directors is open, fair, impartial and independent, and the director selection procedure is legal and effective. All directors can carry out their work in accordance with the company's *Rules of Procedure for the Board of Directors* and the *Shenzhen Stock Exchange (SZSE) Self-Regulatory Guidelines No. 2 for Companies Listed on Shenzhen Stock Exchange — Standardized Operation of Listed Companies on GEM Board*

Board of Supervisors

TFC board of supervisors consists of 3 supervisors, including 1 employee representative supervisor. The procedures for the election and appointment of supervisors comply with relevant laws and regulations. Supervisors supervise the company's major matters, financial status, and the compliance of directors and senior managers in the exercise of their powers, and protect legitimate rights and interests of the company and all shareholders.

General Meeting of Shareholders

TFC held shareholders' meetings in strict compliance with relevant regulations. Lawyers are hired to attend and witness to ensure that the convening, holding and voting procedures of the meeting are legal and valid, so that small and medium-sized investors can fully exercise their rights. TFC board of directors strictly follows the decision-making procedure and submits relevant matters to the general meeting of shareholders for review and approval.

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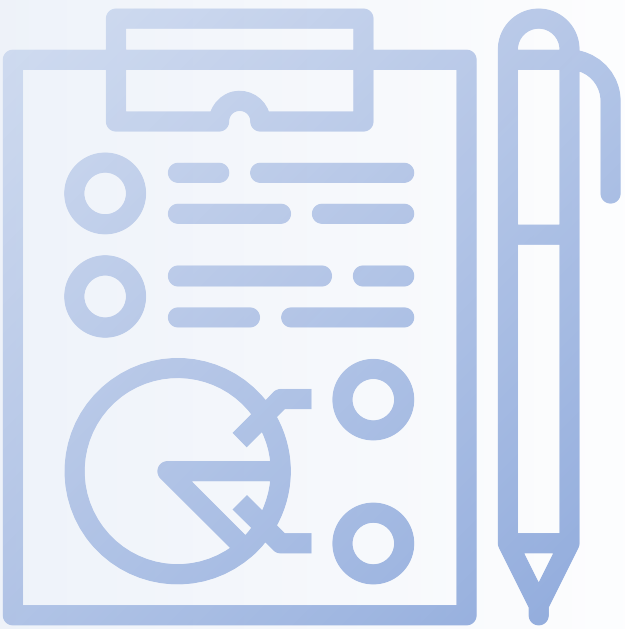
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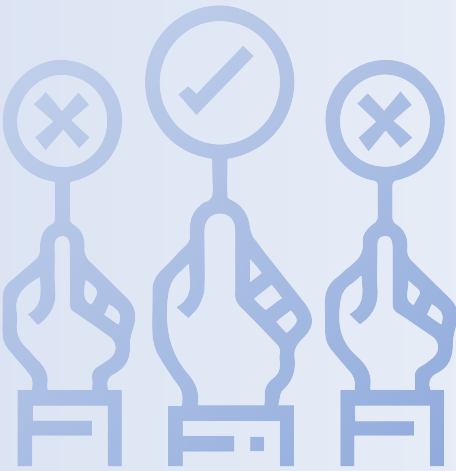
Key Performance

The fifth board of directors consists of **6** directors, including **2** independent directors and **3** female directors.

The fifth board of supervisors consists of **3** supervisors, including **1** employee representative supervisor



Key Performance



In 2024, we held **11** meetings of the board of directors. A total of **54** resolutions were made.

Held **11** meetings of the board of supervisors. A total of **33** resolutions were made.

Held **4** general meetings of shareholders. A total of **18** resolutions were made.

Information Disclosure

In strict accordance with the requirements of relevant laws and regulations on information disclosure, we disclosed important business information timely, accurately and completely to ensure that all investors have fair access to information. Securities Times and Juchao Information website (www.cninfo.com.cn) are designated newspaper and website for the company's information disclosure in 2024.

Key Performance

We disclosed **127** announcements and did not issue correction or supplementary announcement in 2024.

Our information disclosure work has been evaluated as **A**-level by Shenzhen Stock Exchange for **8** consecutive years

Classification of Announcements	Numbers
Periodic Reports and Related	8
Performance Previews, Bulletins and Forecasts	3
Equity Distribution	6
Board of Directors and Supervisors	21
General Meeting of Shareholders	8
Transactions	3
Related Transactions	3
Management of Raised Funds	6
Equity Incentives Plans	10
Corporate Governance and Prudent Operation	25
Basic Information changes	6
Intermediary Organ	16
Others	12

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Investor Relations

We attached great importance to the return to shareholders. Our profit distribution policy is based on sustained profitability, good financial position and expectations for future development, and fully considered demands of small and medium-sized investors, and prudently makes the policy while ensuring the healthy and sustainable development of the company.

Since our listing in 2015, we have continuously implemented cash dividends every year, and has distributed a total cash dividend of CNY 1506 million. The amount of cash dividend accounted for more than 40% of our net profit for 10 consecutive years.



To protect rights of shareholders, we reexamine the future shareholder return plan every 3 years in strict accordance with relevant laws and regulations and the *Articles of Association* to ensure the stability and sustainability of our profit distribution policy.

Investor Relations

Through investor hotline, E-mail, fax, network platform, visits and other means, we timely and accurately introduces to shareholders the dynamic information that should be disclosed in our daily operation, including but not limited to production and operation status, financial status, R&D of new products and internal management. At the same time, we listen to minority shareholders' opinions on operation and development.

Communication Channels



In 2024, we responded to investors' concerns through various forms to help investors' know our operation.

Key Performance

We answered **162** investor questions through SZSE interactive platform.

The response rate was **100%**.

Held **1** performance presentation.

Announced **6** records of investor relations activities.

Recorded **65** questions.

Questions on SZSE Interactive Platform	Numbers
Production and operation situation	126
Shareholder and equity changes	68
Technology and Innovation	22
Industry Situation	17

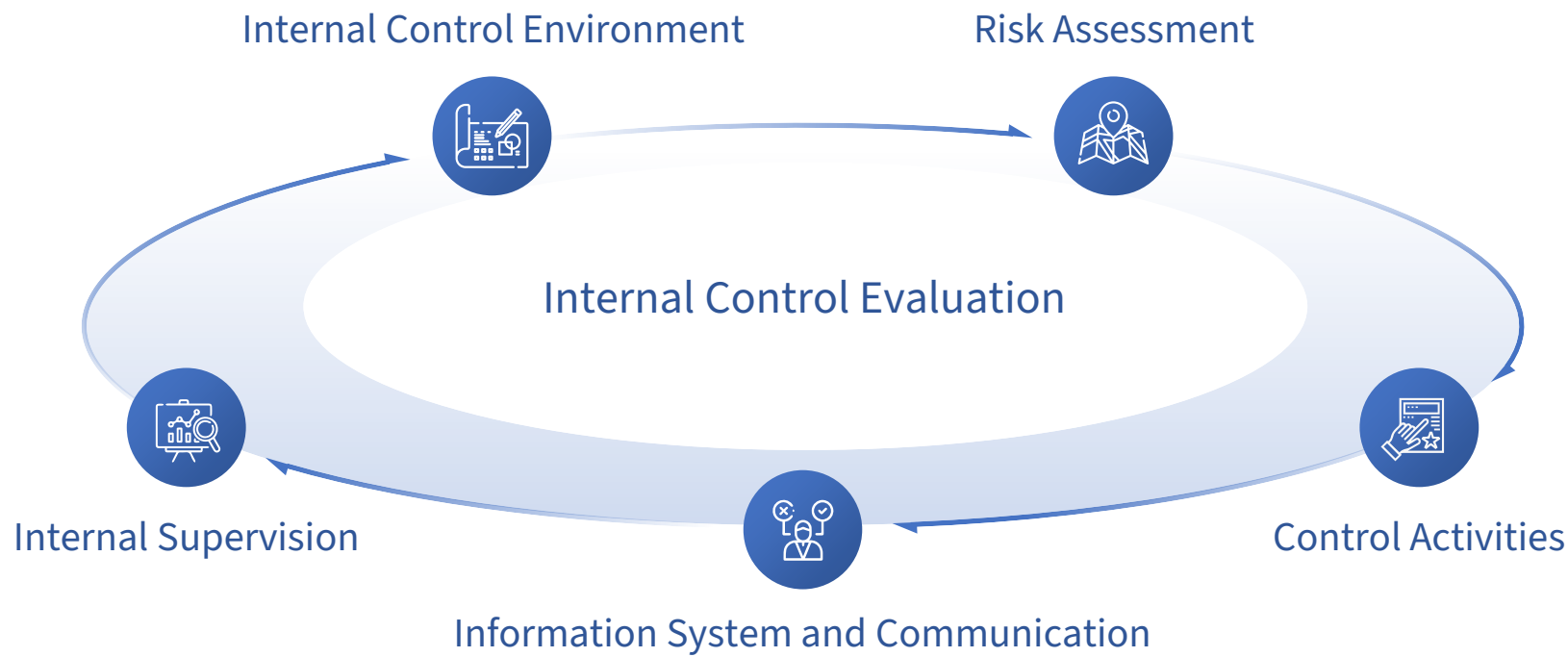
Internal Control

We have established internal audit system and other systems for standard operation and healthy development. In 2024, we standardized operation, optimized governance and managed risks in strict accordance with various laws and regulations and the company's internal documents, improved efficiency of internal control.

Through the operation, analysis and evaluation of internal control system, we have effectively prevented risks in operation and management and promoted the realization of internal control objectives. In the future, we will continue to improve internal control system, strengthen supervision and inspection, and promote healthy and sustainable development.

Internal Audit

The Audit Committee of the Board of Directors and the internal Audit Department jointly constitute our internal risk control system, which supervises and evaluates internal control management, and conducts annual internal control self-evaluation on the basis of daily and special supervision of internal control. In 2024, our internal control evaluation mainly included internal control environment, risk assessment, control activities, information system and communication, and internal supervision, covering the control and management of all links of business activities.



Integrity Promotion

TFC has made the Sunshine Clean Management Regulations. It is taken as a company-level course that all employees are required to learn. TFC has publicized informing channels and reward guidelines, required employees to abide by business ethics, and organized relevant departments to cooperate to establish a supervision mechanism.

Integrity Promotion Principles



Specific Code of Conduct

Code for giving and receiving gifts
Code for issue and receipt of invitations
Code for rebates or excessive pricing are not allowed to participate
Code for cooperating with intermediaries
Code for cooperating with suppliers
Code for personal integrity and self-discipline of employees
Code for conduct on corruption

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Case Transparency Purchasing

We made *Norms for the Management of Purchasing Bidding*, which requires the bidding activities to follow principles of fairness, justice and faithfulness, to prevent secret operations, not to restrict or exclude potential bidders with unreasonable conditions, and not to discriminate against potential bidders. Purchasing subject to internal audit supervision.

TFC requires all long-term suppliers to sign the *Honesty and Integrity Agreement*. Suppliers with bribery or other malpractices will be disqualified.

In conducting business activities, TFC strictly abides by national and local laws and regulations, eliminates all commercial bribery, and strives to create a clean and fair business environment through internal supervision, case reporting, ideological education and other means.



Bidding Criterion
Strategic coordination
Transparency and justice



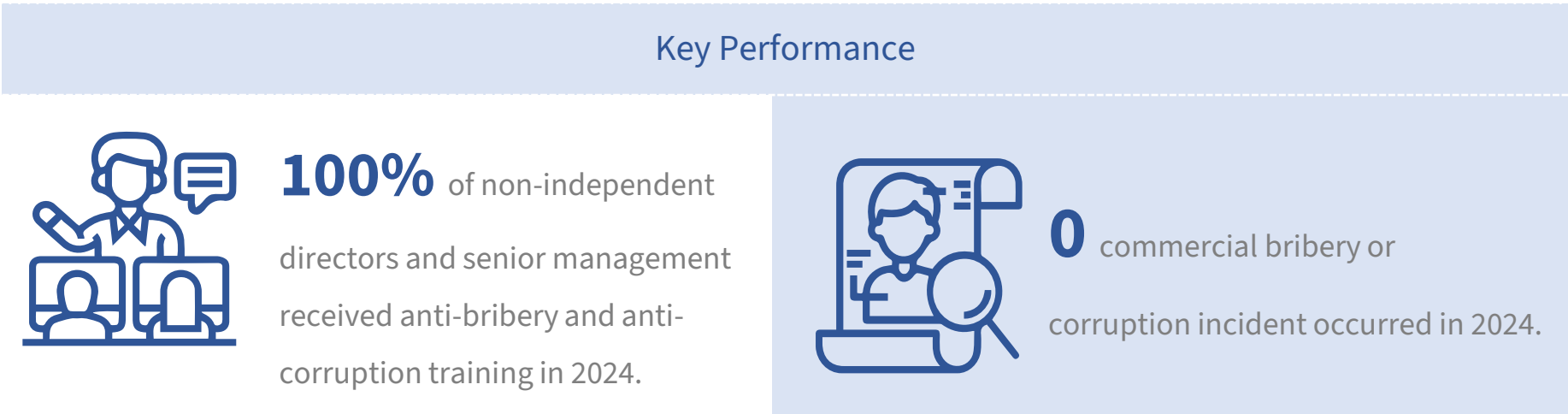
Appeal Mailbox
shenji@tfcsz.com

Whistleblower Protection Policy

TFC complies with national laws and regulations and the company's confidentiality requirements regarding whistleblowers and whistleblowing information. Confidentiality is strictly maintained at all stages, including acceptance, registration, storage, and investigation, to prevent any leaks or losses.

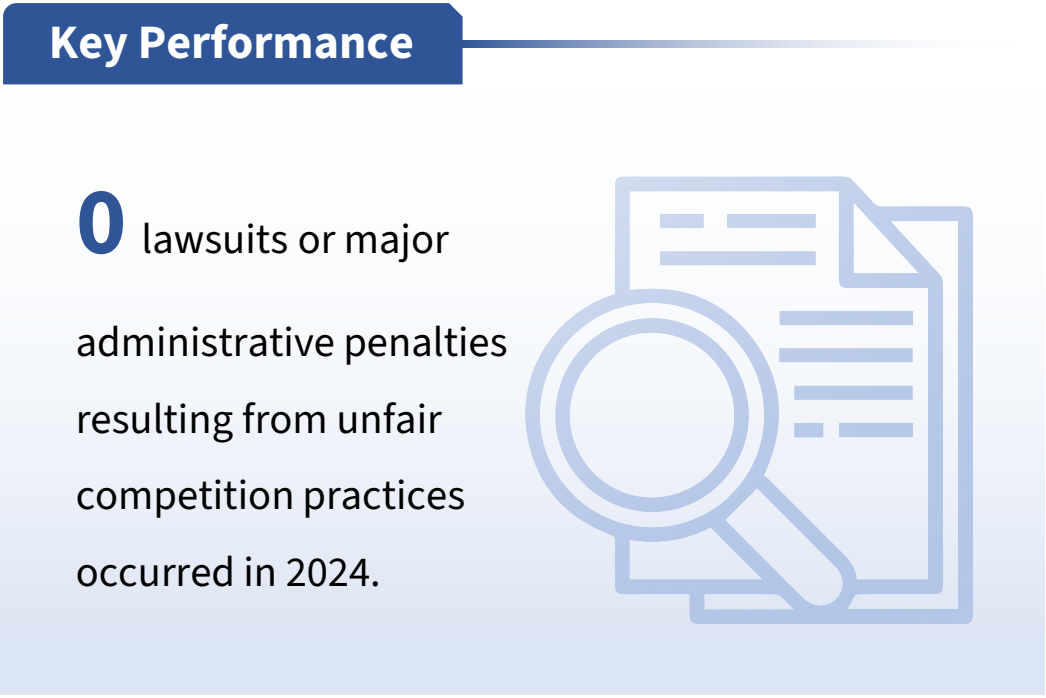
TFC strictly prohibits any form of retaliation against whistleblowers. Any form of retaliation will be dealt with severely in accordance with national laws and regulations and company policies, and any illegal acts will result in the legal responsibility of the perpetrator being pursued.

The company will make every effort to protect the legitimate rights and interests of whistleblowers from infringement. For whistleblowers who report under their real names, the company's audit department will include them in a special personnel list, which only the general manager of the company can access. Rewards will be given in a special form to ensure the protection of confidentiality.



Anti-Unfair Competition

To ensure fair competition, TFC has established the *Advertising and Fair Trade Control Procedures*. TFC does not engage in unfair competition practices and creates a favorable environment and conditions for fair competition. TFC does not participate in collusion, conspiracy, or mutual scheming, nor does it disrupt the environment and conditions for fair competition or harm the legitimate rights and interests of other operators.



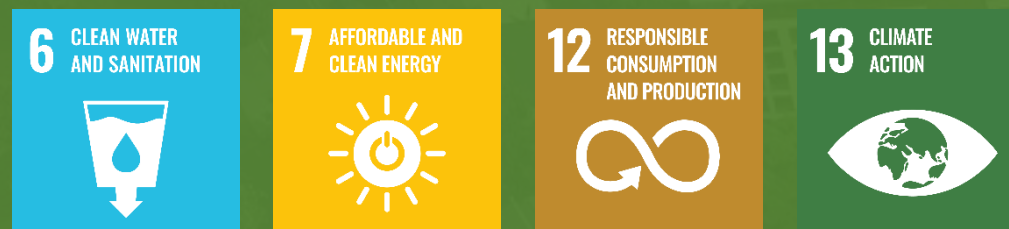
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Climate Change Mitigation

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TFC continuously adjusts its strategies, business models, and resource allocation across multiple dimensions to address climate-related risks and seize climate-related opportunities. These efforts aim to ensure adaptation to the changing environment while achieving sustainable development goals.

Related Risk and Opportunity	Strategy	Metrics and Targets	Progress Achieved in 2024
<div>◆ Physical Risks:</div> <div>A. Acute Risks: Extreme weather events (such as floods, typhoons, and heat waves) affecting facilities, supply chains, and production.</div> <div>B. Chronic Risks: Long-term climate changes (such as sea level rise and altered rainfall patterns) posing threats to business operations and supply chains.</div> <div>◆ Transition Risks:</div> <div>A. Policy and Regulation: The impact of climate policies such as carbon taxes, emissions trading systems, and mandatory emission reduction targets.</div> <div>B. Technological Changes: The introduction of low-carbon technologies and the phasing out of outdated technologies.</div> <div>C. Reputation Risk: Failure to take climate action may damage corporate reputation and affect brand value.</div> <div>◆ Opportunities:</div> <div>A. Improving resource efficiency and reducing costs.</div> <div>B. Enhancing brand image and meeting customer and investor expectations for sustainable development.</div>	<div>◆ Strategic Adjustments</div> <div>A. Developing a Climate Strategy</div> <div>Systematically identify physical risks and transition risks, incorporate climate change into the company's overall development strategy.</div> <div>B. Enhancing Policy Response Capabilities</div> <div>Tracking global and local climate policy changes: Adjust corporate strategy promptly to ensure compliance and maintain competitiveness.</div>	Prevent environmental pollution incidents.	During the reporting period, the number of environmental pollution incidents was 0.
	<div>◆ Business Model Optimization</div> <div>A. Promoting Business Model Transformation</div> <div>Gradually reduce reliance on high-carbon industries or products; build a circular economy framework to improve resource utilization, minimize waste emissions.</div> <div>B. Strengthening Supply Chain Resilience</div> <div>Select low-carbon suppliers and optimize transportation and logistics to reduce carbon footprints; Reduce reliance on specific regions or resources to address supply chain disruption risks caused by climate change.</div>	During the reporting period, 100% of wastewater and exhaust emissions were compliant with standards.	Achieved.
	<div>C. Digital Empowerment</div> <div>Optimize energy and resource utilization to achieve more efficient operations and management.</div>	Achieve low-cost, high-efficiency production through technological improvements and process optimization.	During the reporting period, the company's electricity consumption was 179 kWh per ten thousand yuan, decreased by 9% compared to 2023.
	<div>◆ Resource Allocation Optimization</div> <div>A. Investing in Sustainable Development Projects</div> <div>Renovate existing facilities to make them more energy-efficient and environmentally friendly.</div> <div>B. Human Resource Training</div> <div>Enhance understanding of climate-related issues and develop skills to address climate change challenges.</div>	Improve operational efficiency, implement lean production, and reduce waste.	In 2024,employee efficiency achieved RMB 916,900 per person, increased by 49.8% compared to 2023.

Pollution Control

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TFC responds to national environmental protection policy and strictly complied with relevant regulations. Following the concept of green development, TFC constantly promotes energy conservation, emission reduction and environmental protection.

Environmental Incident Risk Assessment

- ◆ **Identifying Environmental Risk Factors:** Companies should first identify potential environmental risk factors that may arise during the production process, such as pollutant emissions and natural disasters.
- ◆ **Assessing Risk Magnitude and Probability:** Evaluate the likelihood and potential impact of risk events through analysis of historical data and on-site investigations.
- ◆ **Determining Risk Levels:** Based on the results of the risk assessment, categorize environmental risks to facilitate the development of appropriate preventive measures.

Risk Prevention Management Measures

- ◆ **Enhancing Production Processes and Equipment:** Use advanced production techniques and equipment to reduce pollutant emissions.
- ◆ **Regular Training and Drills:** Conduct regular training and drills on environmental protection knowledge and emergency response capabilities to enhance their environmental awareness.
- ◆ **Routine Equipment Inspection and Maintenance:** Perform regular inspections and maintenance on production equipment to ensure proper functioning and reduce the likelihood of malfunctions.

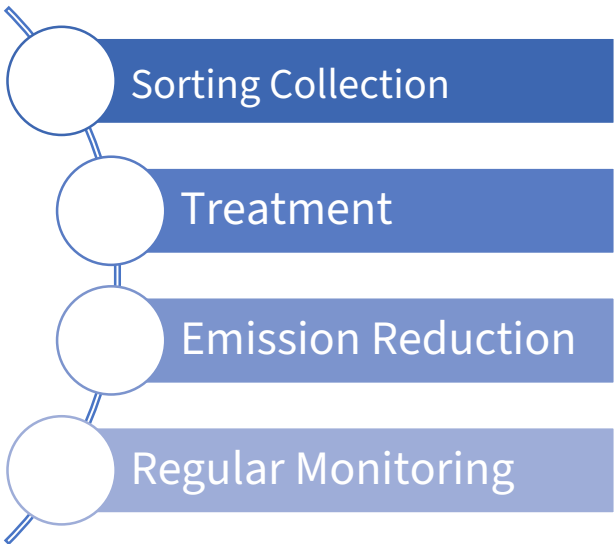
Emergency Response Plan for Sudden Environmental Incidents

- ◆ **Developing Emergency Plans:** Formulate emergency response plans based on potential sudden environmental incidents, clearly outlining response measures and responsible personnel.
- ◆ **Forming an Emergency Response Team:** Establish a specialized emergency response team responsible for handling emergencies during sudden environmental incidents.
- ◆ **Equipping Emergency Equipment and Supplies:** Stock necessary emergency equipment and supplies, such as protective clothing and respirators, to ensure timely response in emergencies.
- ◆ **Establishing an Information Reporting and Communication System:** Create an effective information reporting and communication system to ensure rapid response.

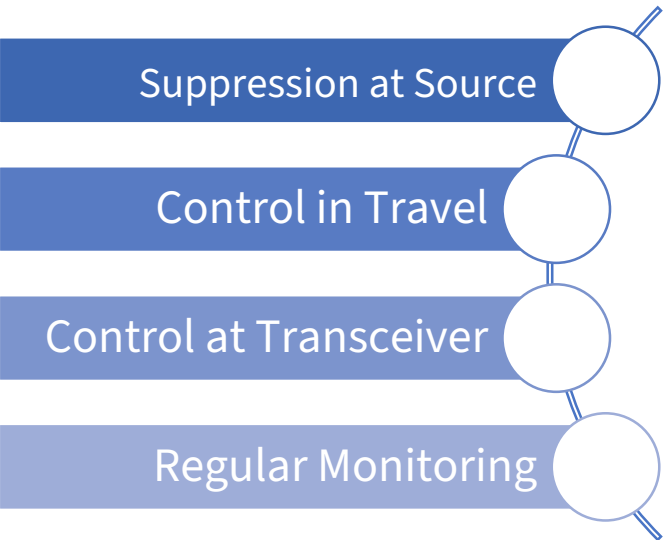
Waste Minimization

In accordance with requirements of relevant laws and regulations, combined with current situation of the company, TFC has made *Waste gas Management Procedures*, *Waste water Management Procedures* and *Solid Waste Management Procedures* to control the exhaust emission, waste water and solid waste. In 2024, TFC commissioned qualified testing organizations to test exhaust emission, noise emission and waste water, and the discharge was up to standard.

Case Treatment of Wastewater and Exhaust



Case Treatment of Noise



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Treatment of Exhaust

TFC has made *the Exhaust Management Procedures, EHS Monitoring and Measurement Management Procedures* and *Non-conformity*, corrective and preventive measures management procedures, designating relevant departments to be responsible for the daily maintenance of exhaust treatment facilities, ensuring well function of treatment facilities, and organizing qualified organizations to do regular tests.

We designated relevant departments to inspect and maintain production equipment regularly to ensure its function and up-to-standard emission.



Treatment of Wastewater

TFC has made *the Waste Water Management Procedures*, designating relevant departments to be responsible for the regular cleaning of wells, sewage ditches and sediments of the whole plant, and designating EHS Committee to supervise the discharge of waste water.

We organize qualified organizations to conduct regular tests of wastewater to reach discharge standards.



Treatment of Solid Waste

TFC has made *the Solid Waste Management Procedure*. Disposing of solid waste follows the principle of ‘classified release and centralized treatment’. We set up special storage facilities for hazardous waste generated in production and operation, and regularly handing over to qualified organizations for disposal.

Key Performance

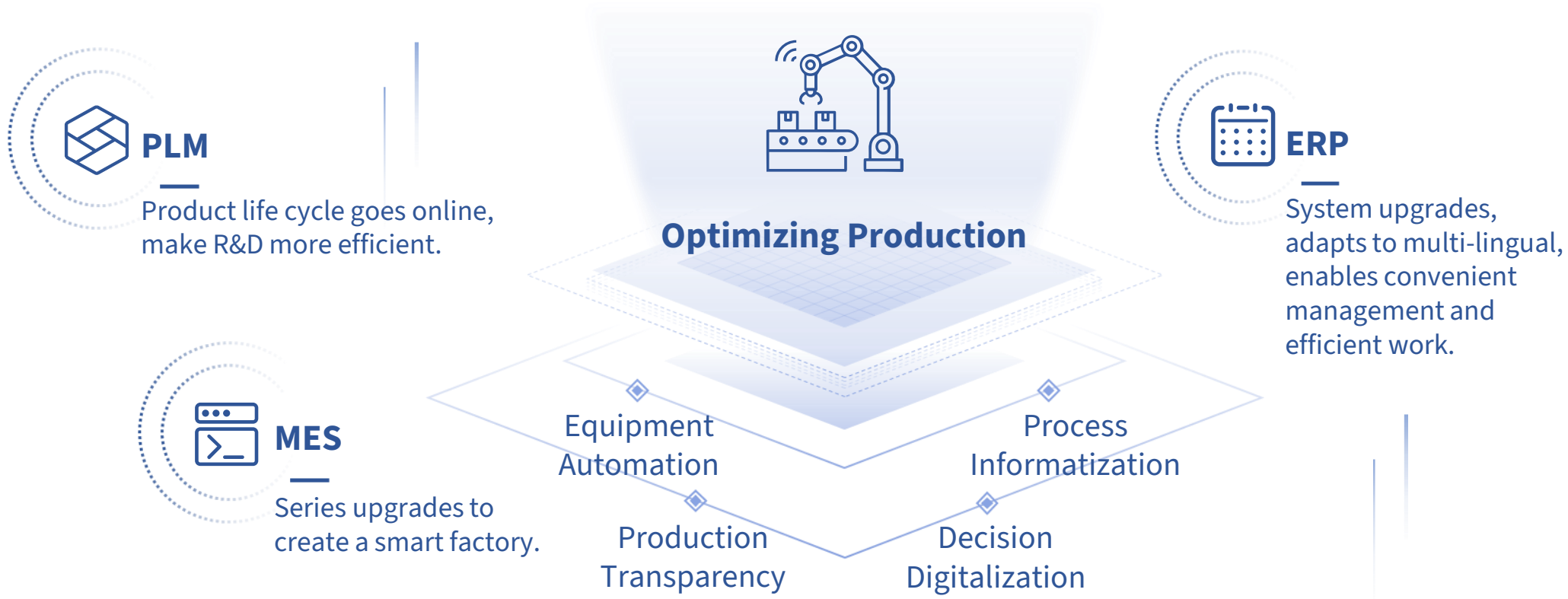
During the reporting period, 0 environmental pollution accidents occurred.

Green Factory

Optimizing production process provides for additional energy savings. TFC promotes intelligent manufacturing and improves operational efficiency by equipment automation, production transparency, process informatization, decision digitalization and other technological means.

In 2024, TFC continued to promote the construction of intelligent and digital systems in accordance with the 3-years development plan for information construction, and started the upgrading of ERP, MES, PLM and other systems to improve management.

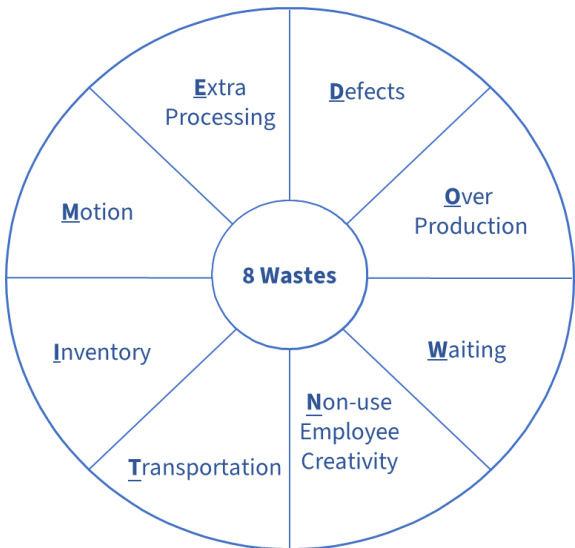
Optimizing Production



Case Lean Manufacturing

TFC has improved process management in R&D and operation, continuously optimized standards to establish standardized operating norms for all departments and positions, which has made institutional and talent preparation for the large-scale development of the company.

TFC pushes forward with construction of informatization and automation, and uses big data analysis to improve communication and operation efficiency. TFC promotes lean manufacturing, reduces eight wastes, and continues to upgrade the company's operation management system.



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- Climate Change Mitigation
- Pollution Control
- Green Factory
- EHS Management
- Resources and Circular Economy

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EHS Management

In order to protect the environment, reduce pollution and achieve sustainable development goals, to guarantee safety and health of employees, TFC makes every effort for environmental protection and occupational health and safety.

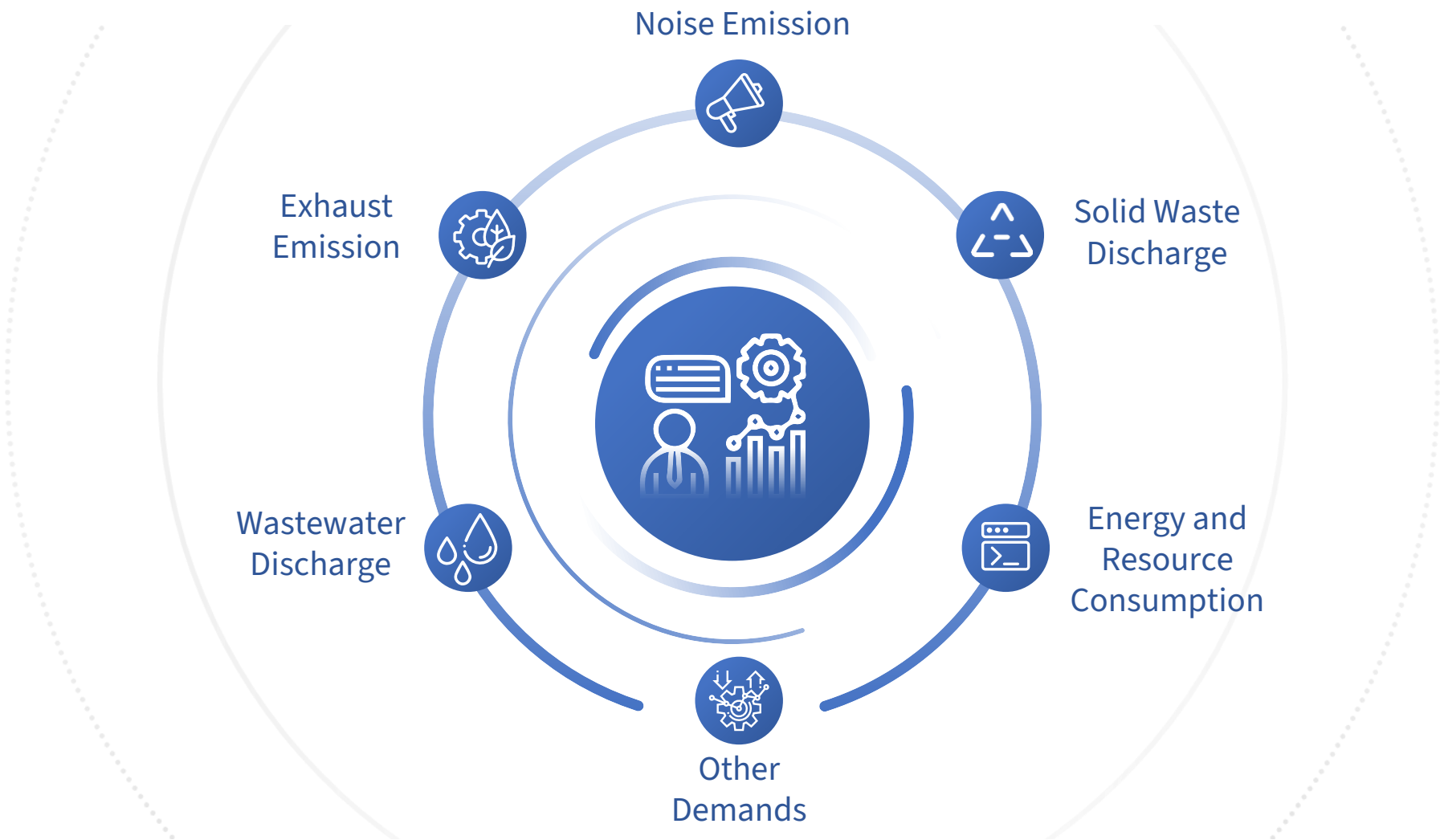
In accordance with GB/T24001-2016/ISO14001:2015(EMS) Environmental Management System - Requirements and Guidelines for Use, GB/T45001-2020 /ISO45001:2018 Occupational Health and Safety Management System - Requirements and Guidelines for Use and relevant laws and regulations, combined with actual situation of our business, we made the Environmental/Occupational Health and Safety Management Manual.

EHS Policy of TFC

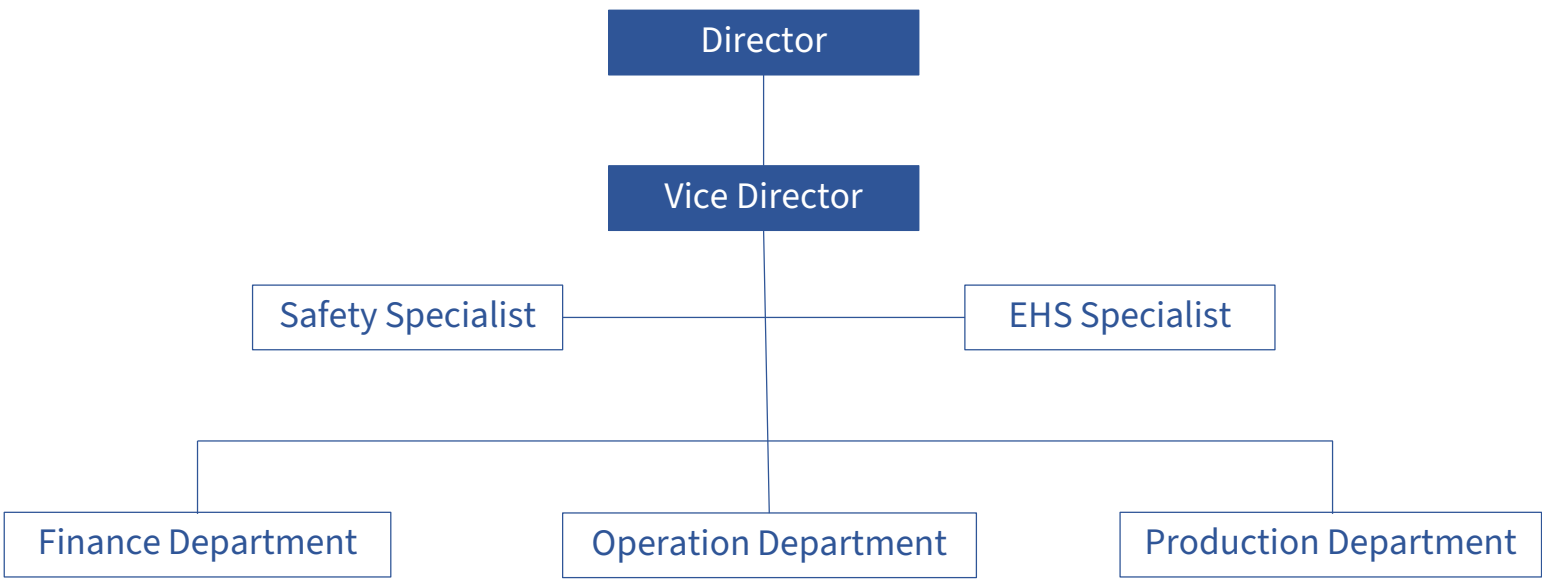


- Smooth Network and Green Efforts
- Health, Safety and Prevention First
- People-oriented and Full Participation
- Legal Compliance and Continuous Improvement

Environmental Factor Management



Organization Chart of EHS Committee



The General Manager establishes EHS targets based on our management policy, environmental factors, compliance obligations, applicable requirements, risks and opportunities, as well as the results of consultations with employees, and breaks them down at relevant functions and levels.

Environmental Protection

Protecting the global environment has been an important responsibility. We respect the nature with environmental production. We make every effort to reduce our impact on the air, water and soil by the following methods:

- By the pollution prevention and reduction of harmful chemicals to reduce the impact on the environment.
- By recycling and material substituting to reduce waste in the process of production and packaging.
- Set up and evaluate goal indicators of environmental safety and health and make improvement continuously.
- By improving yield and quality, TFC could bring down the mutual quality cost for TFC and our customers, and reduce the adverse effect to the environment.

Greenhouse Gas Emission	
Direct Greenhouse Gas Emission (Scope I)	Indirect Greenhouse Gas Emission (Scope II)
385.4tCO2	33056.4tCO2
Total Greenhouse Gas Emission	Greenhouse Gas Emission per ten thousand yuan
33441.8tCO2	0.10tCO2

Referring to Greenhouse Gas Protocol and IPCC Sixth Assessment Report. The scope of the organization is determined by operational control rights. The main source of greenhouse gas emissions is the indirect emissions from purchased electricity.

Resources and Circular Economy

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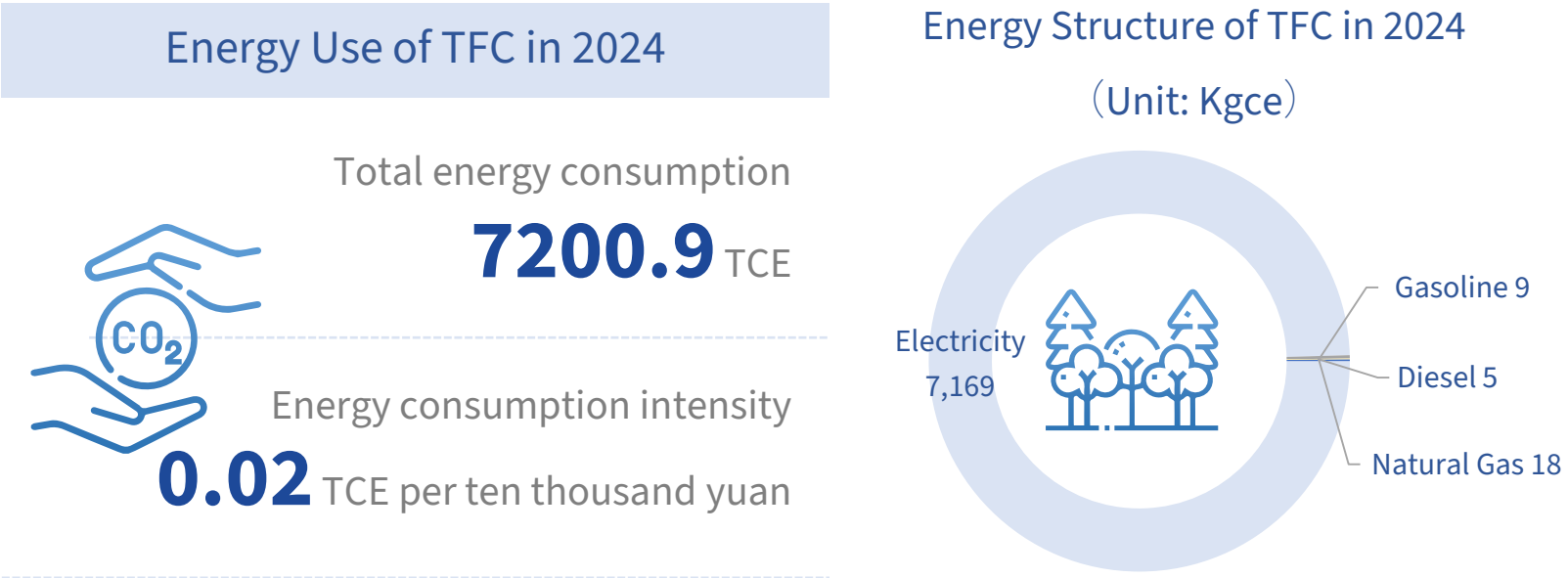
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TFC responds to national environmental protection policy and strictly complied with relevant regulations. Following the concept of green development, TFC constantly promotes energy conservation, emission reduction and environmental protection.



Green Office

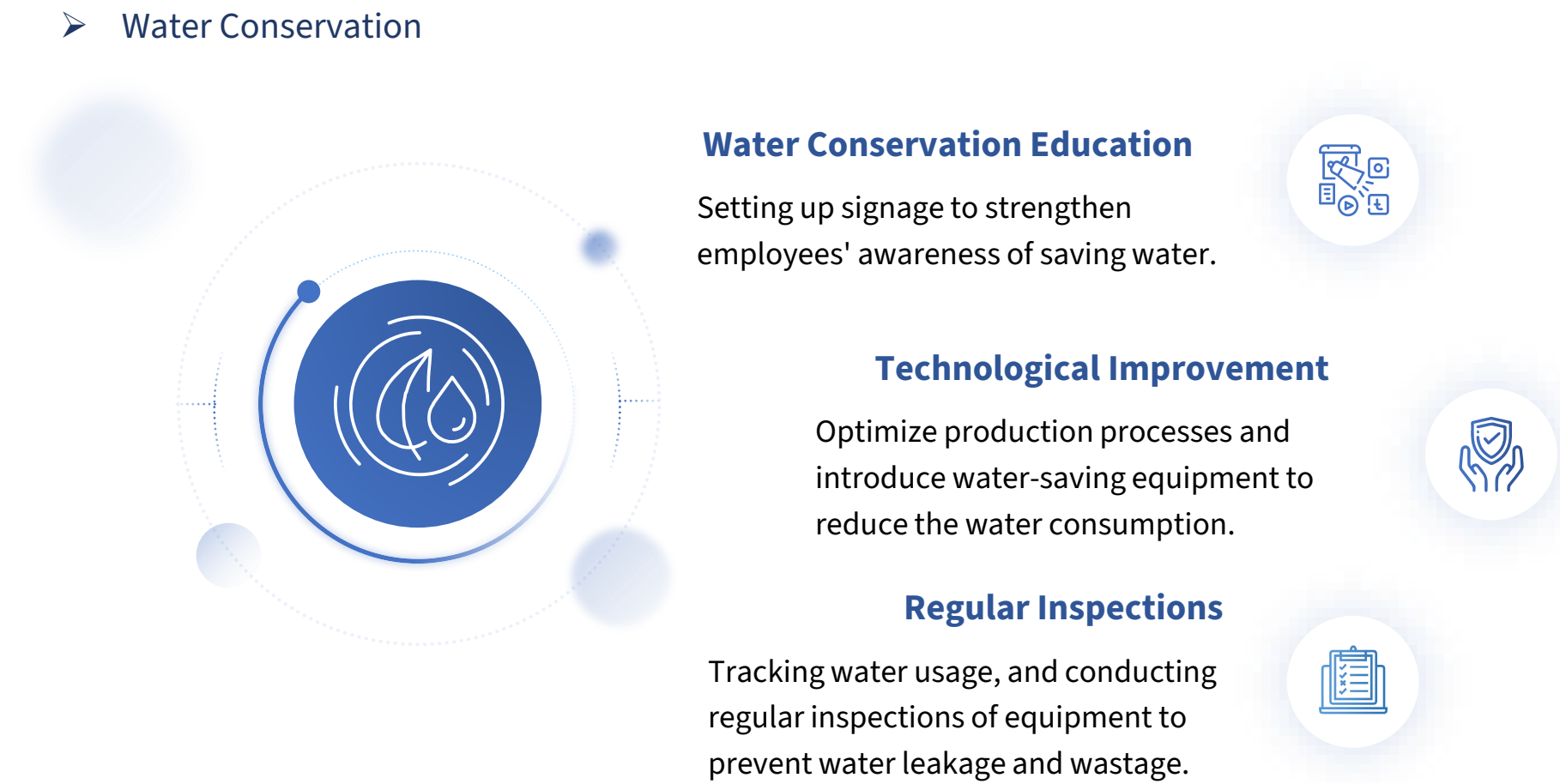
TFC is committed to build a green office and create a low-carbon production ecology. Our facility team evaluates opportunities to operate facilities, equipment and production processes in a more efficient, less energy-intensive manner. TFC participates in green home construction by promoting energy-efficient products and paperless office.



Water Efficiency

Through regular inspections, energy-saving technological improvements, and water conservation education, TFC aims to raise water efficiency. TFC has installed rainwater collection systems to recycle and utilize rainwater.

Key Performance of Water Efficiency			
Indicator	Unit	2023	2024
Water Consumption	t	236,934	356,724
Water Efficiency	t/ten thousand yuan	1.22	1.10



Circular Economy

TFC promotes carbon reduction in the whole production process for ecological, economic and social benefits by embedding in circular economy principles. Our waste metal, wood, cardboard and other recyclable waste are all sorted and recycled.



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EMPLOYEE RESPONSIBILITIES TALENT EMPOWERMENT

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- Health and Safety
- Democratic Governance
- Production Safety
- Employee Wellness
- Employee Development
- Employee Activities

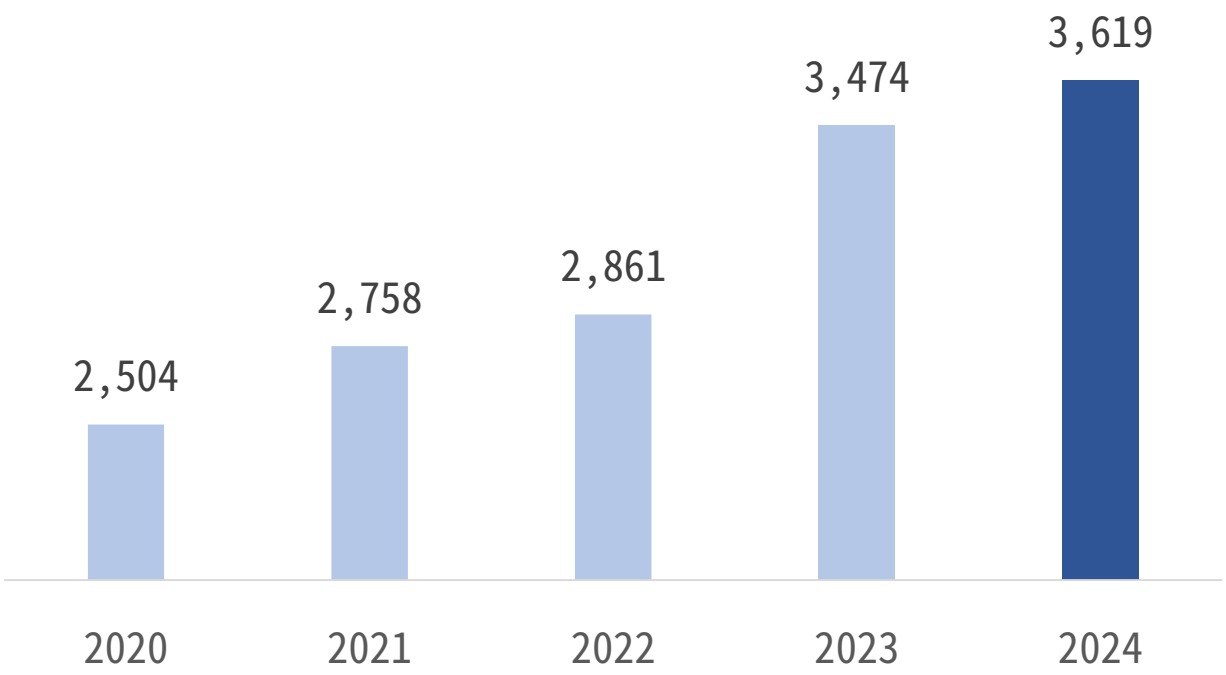
SDGs



Talent Acquisition

Under the guidance of ‘Talent First’, TFC has gathered a group of professional R&D and management talents, who have knowledge of development directions and dynamics of the industry. We value the skills and experiences of our employees and are committed to attracting, developing, and retaining a high-performing, diverse workforce at all stages of people’s careers to meet the needs of our customers and achieve our business goals. TFC actively cultivated a high-quality R&D team to and build a reserve talent pipeline. This provided strong support for our innovative development. At the end of 2024, the Group has 3,619 employees in total around the world, created 145 new job positions.

Global Employees



Legal Employment

We have made the Regulations on the Protection of Minors, promise to implement the Prohibition of Child labor and other laws and regulations. We also express our social responsibility, safety and health policies to all employees, potential employees and other stakeholders. Our employee contract signing rate was 100% in 2024. TFC paid salaries to all formal employees as agreed and contributed to employee social insurance in full compliance with regulations.

Diversity and Equity

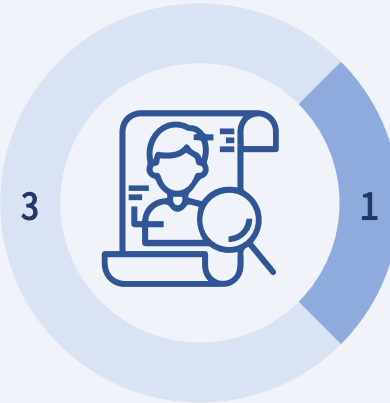
TFC opposes all forms of discrimination based on race, gender, nationality, religion, age, etc., and promises to eliminate employment discrimination, care for vulnerable groups, adhere to equal employment, and oppose employment discrimination.

Gender Distribution of the Board



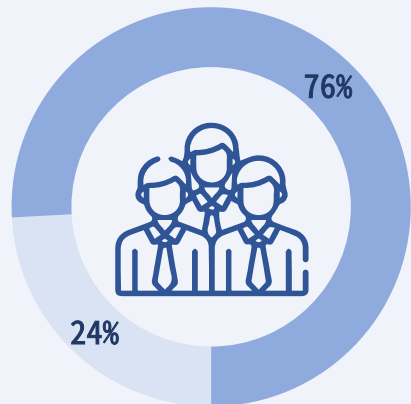
Male Female

Gender Distribution of Senior Managers



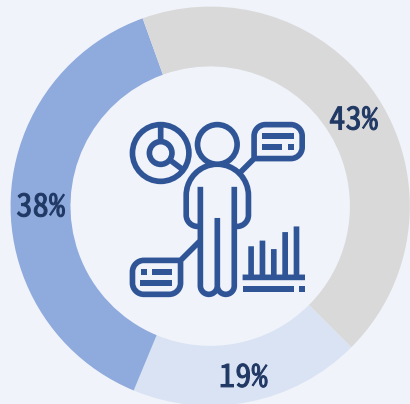
Male Female

Gender Distribution of All Employees



Male Female

Age Distribution of All Employees



Under 30 30-40 Over 40

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Diversity, Equation and Inclusive

Adhering to the principles of openness and inclusiveness, TFC values contributions of diverse talents. We provide equal employment opportunities to employees of different backgrounds around the world to come together as a stronger and more sustainable team.

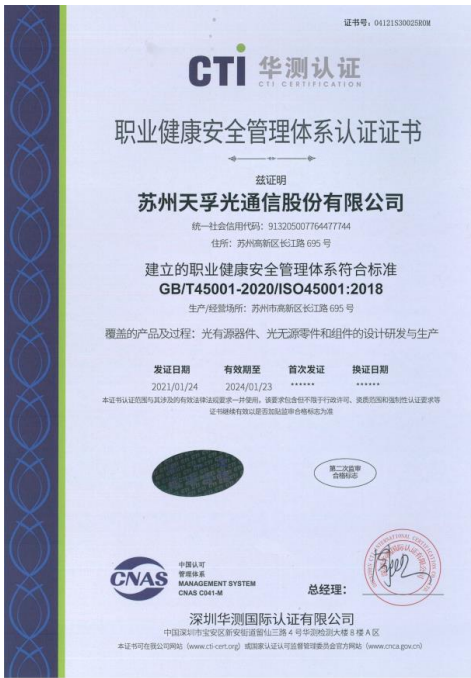
➤ League construction of TFC Thailand



Health and Safety

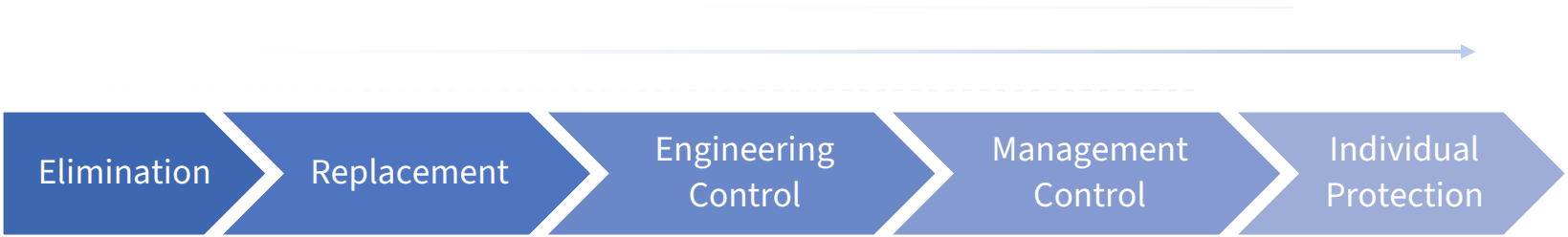
TFC controls environmental factors and hazards to prevent occupational injuries and environmental pollution. Our commitment to environmental protection and the health and safety of our employees is maintained through operation and continuous improvement of protection system. TFC established the ISO14001 and OHSAS18001 EHS environmental safety and health management system in 2016, and got the ISO14001 and OHSAS18001 management system certification in 2017. Since then, the three systems have been running in parallel, laying a solid foundation for sustainable development.

TFC has obtained ISO45001 occupational health and safety and ISO14001 environmental management system certification.



Health Protection

➤ Control of occupational hazard factors



TFC strives to ensure the safety and health of our employees and is committed to strengthening environmental protection and occupational health and safety. We have made the *Environmental/Occupational Health and Safety Management Manual* in accordance with GB/T24001-2016/ISO14001:2015 (EMS) *Environmental Management System Requirements and Usage Guide* GB/T45001-2020 /ISO45001:2018 *Occupational Health and Safety Management System Requirements and Usage Guide*.

Occupational Health Security		
	Social Insurance	TFC pays social insurance and medical insurance for employees in accordance with national laws to protect legitimate rights and interests of employees, and pays attention to the health of employees.
	Health Examination	TFC provides free health examination programs for employees.
	Medical Kit	TFC provides free essential OTC drugs (including emergency medicine and daily basic drugs), and provides basic help for employees in emergency.
	Employment with Certificates	TFC has made the <i>Position Qualification Management Standards</i> , ensuring employees have necessary abilities through the identification and management of position qualifications.
	Labor Protection Appliance	TFC provides employees with safety goggles, earplugs and masks according to the needs of the position, so that employees can be protected at work.

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Safety Training

TFC fully implements the safety work policy of ‘safety and prevention first, comprehensive management and full participation’. We organize safety production and safe operation skills trainings following the idea of 'lifelong safety training for all employees'. TFC ensures that all employees would receive safety trainings before taking up their posts through 3-level safety training for new employees, safety training for handovers, regular safety training, and annual safety training. During the reporting period, the completion rate of safety training in the company was 100%.

TFC Company Safety Trainings (Excerpt)

Contents	Objects	Assessment
Safety Training for New Employees	New Employees	Q&A
Annual Safety Production Start-up Training Meeting	All	Q&A
Traffic Safety	All	Q&A
Safety Accident Case Study	All	Q&A
Red Cross Ambulance Training	Involved Managers	Theoretical and Practical Operation
Fire Emergency Drills	All	Practical Operation
Factory Truck Driver Safety Training	Involved Employees	Q&A
Training for Safety Management Personnel	Safety Management Personnel	Writing Exam
Emergency Plan Drills (Evening Shift)	Involved Employees	Q&A, Drill
Use of Labor Protection Supplies	Involved Employees	Q&A, Practical Operation
Safety Production Management Knowledge, Safety Production Technology Expertise	Involved Employees	Q&A

Occupational Disease Prevention

In accordance with our EHS policy and objectives, we have made *the Occupational Disease Prevention Management Procedure* to ensure that employees in positions with potential occupational disease risks are effectively protected to prevent occupational diseases.

Occupational Disease Prevention

Occupational Health Surveillance

Including occupational health examination and occupational health surveillance files.

Occupational Health Examination

Including pre-employment, during employment, leaving or retirement and emergency health examinations.

Labor Protection

We offer labor protection supplies based on the occupational hazard factors of the position, informs employees of the protective wearing requirements.

Democratic Governance

TFC has established a labor union and employee representative assembly. Employees participate in democratic decision-making, management, and supervision within the company through these organizations.

Case TFC Held a Union Committee Meeting

In Nov. 2024, TFC held a union committee meeting to review performance evaluation and other related proposals, fully demonstrating the central role of employees and the effectiveness of democratic governance.



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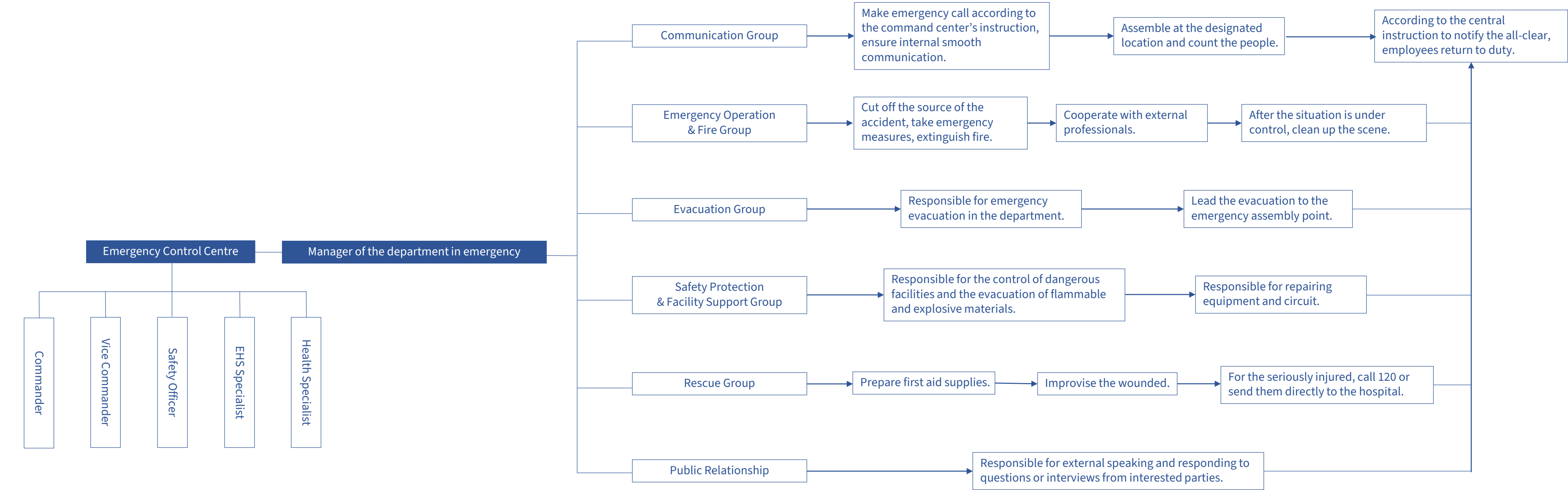
HARMONY SOCIETY

Production Safety

To strengthen labor protection and improve work environment, and to ensure the safety and health of our employees in the production process and enable healthy and sustainable development, we made *the Safety production Management Document*. We set up trainings of production safety for our employees to strengthen the sense of production safety and eliminate production safety accidents.

In addition to various special and regular inspections, our safety management department organizes employees to conduct practical exercises such as fire fighting and emergency rescue. Occupational health and safety management system GB/T45001-2020/ ISO45001:2018 and environmental management system GB/T24001-2016/ ISO14001:2015 have been effectively running in the company for 8 years.

Organization Chart of Emergency Control



Management of Dangerous Chemicals

TFC has made *the Chemical Management Procedures*, and designates relevant departments to inspect the procurement, storage, use, and waste disposal processes of dangerous chemicals.

Special Work

All special operators of TFC shall, in accordance with relevant regulations, receive special safety operation trainings and obtain corresponding qualifications before they can operate.

Key Performance



During the reporting period,
0 serious production accidents occurred.

Fire Safety

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Adhering to the policy of ‘Prevention First’, TFC has designed a comprehensive fire management system and emergency plan applicable to the actual situation, and designated related departments to inspect fire safety facilities regularly .

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Activities of Production Safety Month

In Sep. 2024, TFC organized a series of activities for the 2024 Safety Production Month on the theme of ‘Everyone Talks Safety, Everyone Masters Emergency Response—Unblocking the Lifeline’.



Case Emergency Rescue Training

To enhance employees' ability to respond to emergency, TFC held a first aid knowledge training session in Sep. 2024, inviting doctors to deliver lectures to employees.

During the training, the instructors explained first aid skills such as cardiopulmonary resuscitation (CPR), the use of automated external defibrillators (AED), and the management of airway obstructions. Every participant engaged in hands-on first aid practice, which effectively enhanced employees' safety awareness and emergency response capabilities.

➤ Emergency Rescue Training



➤ Hands-on First Aid Practice



Case Traffic Safety Training

To raise awareness of traffic regulations, and disseminate safety knowledge, TFC organized road traffic safety training session. Employees were urged to comply with traffic safety regulations, increase self-protection awareness, and serve as role models in adhering to traffic rules.

➤ Traffic Safety Training



Case Snap Hidden Dangers

To further guide employees in strengthening safety awareness, and improving safety production skills, TFC launched the “Snap Hidden Dangers” themed practical activity. Employees were encouraged to use their cameras to identify and capture safety hazards in their surroundings.

➤ Snap Hidden Dangers



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Employee Wellness

We are dedicated to supporting the quality of life, health, and wellness of our employees and their families. We offer social insurance, housing provident fund and excellent benefits. Furthermore, we constantly improve the wellness mechanism to achieve positive interaction between the company and our employees.

Wellness System

Wellness System	
Compensation	Competitive compensation.
Incentive	Employee stock ownership platform, stock incentive plans.
Insurance	Social insurance and housing provident fund.
Holidays	Paid time off and paid holidays.
Life	Offer dormitory, canteen, subsidies, birthday and holiday gifts, etc.
Activities	Social and sports Activities.

Bonus Incentive

We set targeted performance evaluation and incentive programs for different departments. The remuneration and assessment Committee of the Board of Directors evaluates the remuneration of directors and senior managers. We set monthly, quarterly and annual awards, including Quality Star, Efficiency Star, Improvement Star, etc., to encourage employees to pursue personal development and improve competitiveness of the company.

Case

Canteen

We have canteens in Suzhou and Gao'an factories, providing set meals, pasta, drinks, snacks and fruits. We are engaged in improving the dining experience. We have made the *Food bidding Management Document*, which requires canteen personnel checks the quality of the food every day for health and safety.

TFC Canteen



Case

Dormitory

We set up staff dormitories with complete dormitory facilities, providing bathroom, laundry machine, electric water heater, air conditioning and other household appliances, to provide superior accommodation experience for employees. Dormitories are also equipped with gym and activity rooms.

TFC Dormitory



Case

Shuttle Bus

We provide shuttle service in Gao'an factories and advocate green travel. We strive for sustainable development through carbon emission reduction. We make every effort to facilitate the life of our employees in a energy-efficient and low-carbon way.



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Employee Development

We continue to improve compensation and wellness system, and offer a series of training courses in various forms to promote the development of our employees.

Compensation

We offer employees with competitive compensation to mobilize employees' enthusiasm for work and to improve employee satisfaction.

We have *made the Remuneration Management Document* to provide employees with a comprehensive compensation and wellness system, including subsidies, bonuses, equity incentives, etc.

➤ Remuneration System

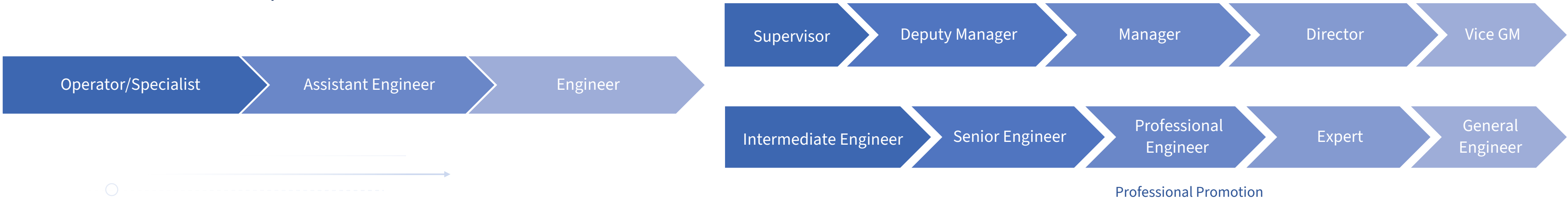


Key Performance

Till the end of 2023, we have carried out 4 rounds of long-term incentives.	Adopted various methods such as employee stock ownership platform, stock options, restricted shares.	Covered over 1000 person-times in all.
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Assessment and Promotion

➤ TFC's Dual-channel Promotion System



Training System

We established TFC Academy as a platform for continuous talent development to build a strategic development system that spans the entire career lifecycle of employees. This system covers new employee onboarding, fresh graduates integrating, management talent pipelines cultivating, expert talent pipeline developing, international talent training, and production safety and standardization training.

Multi-dimensional and Multi-tiered Talent Training Mechanism

New Employee Onboarding	Through onboarding training, new employees are assisted in understanding the corporate culture and acquiring the skills required for their roles.	
Fresh Graduates Integrating	Accelerating employees' ability to adapt and excel in their roles by combining mentorship with on-the-job training and assessments.	
Management Talent Pipeline	Identifying high-potential talents to continuously build high-performing teams by enhancing leadership and management capabilities.	
Expert Talent Pipeline	Helping employees improve their professional skills, foster an understanding of industry trends, and maintain a leading edge in technological innovation.	
International Talent	Strengthening the cultivation of international talent to provide support for the company's global strategy through language and local culture training.	

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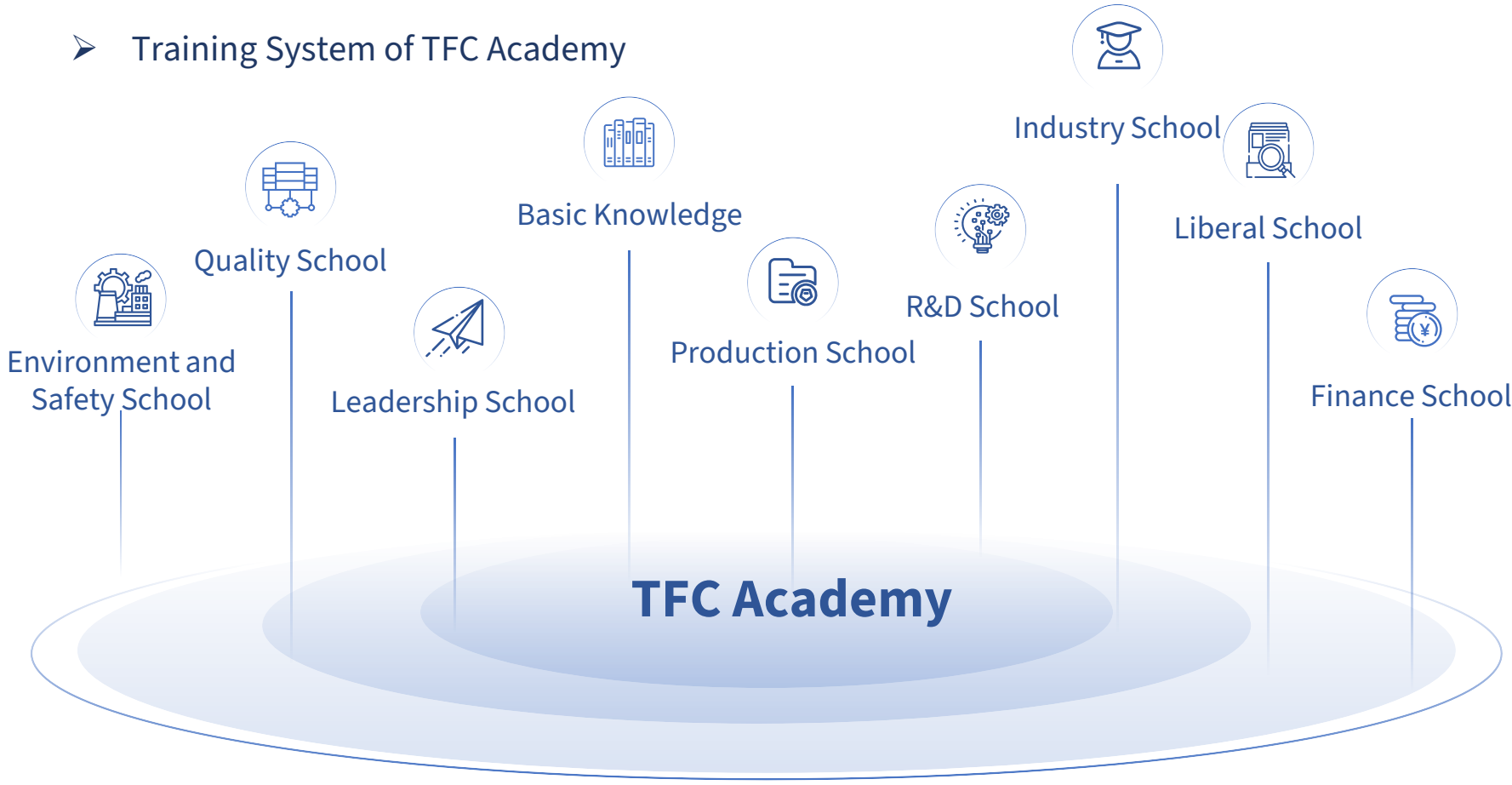
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TFC Academy

Leveraging its leading technological advantages, TFC Academy has developed a comprehensive and targeted internal and external course knowledge system. By integrating training systems with course frameworks, it offers comprehensive training camps tailored for specific groups to achieve personal development.

Training System of TFC Academy



Training Performance

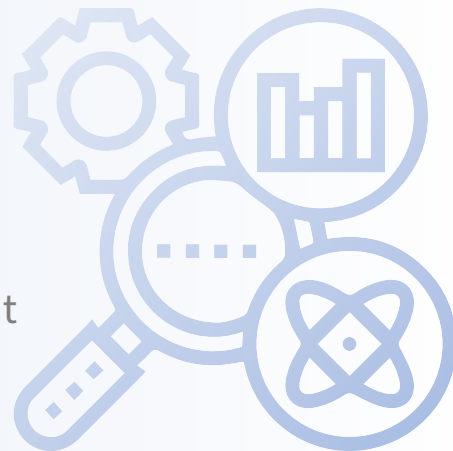
Key Performance

We organized **1625** training courses in 2024.

Covered **34457** person-times.

Total Output CNY **689.4** thousand.

Coverage of management staff: **100%.**



Employee Activities

TFC is committed to ensure physical and mental health of all employees. We strive to improve our wellness system and organize a variety of employee activities.

Case Team Building Activities

To improve work efficiency and cohesion, stimulate employees' enthusiasm and initiative, and promote employees' career and personal development, TFC and its subsidiaries have organized a series of team building activities.

Team Building Activities



Case Club Activities

TFC is dedicated to supporting the health of our employees. We established eight employee activity clubs and organized a series of activities. We have basketball, badminton, billiards, table tennis, fishing, walking, reading and TFC Good Voice Club. Various sports facilities are available.

Climbing Club



Basketball Club



Badminton Club



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COMMUNITY RESPONSIBILITIES HARMONY SOCIETY

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- Product Quality
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Innovation and Impact

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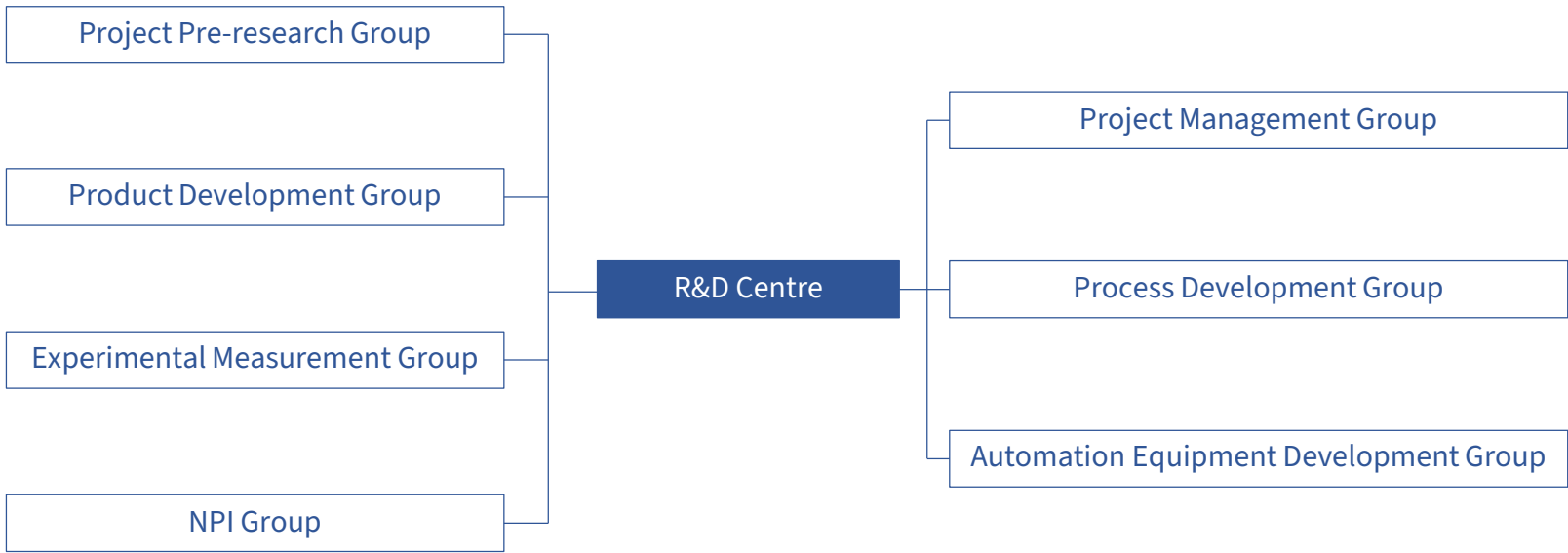
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TFC has a professional multinational R&D team. The team has simulation capabilities of optical, mechanical, electrical, thermal and RF, and has established a full range of optical device product platforms including TO/OSA, CoC and Box. Adhering to the philosophy of 'R&D as the leader, market as the orientation, and efficient operation as the basis', TFC provides customers with one-stop product solutions.

Organization Chart of R&D Center



Case New Quality Productive Forces

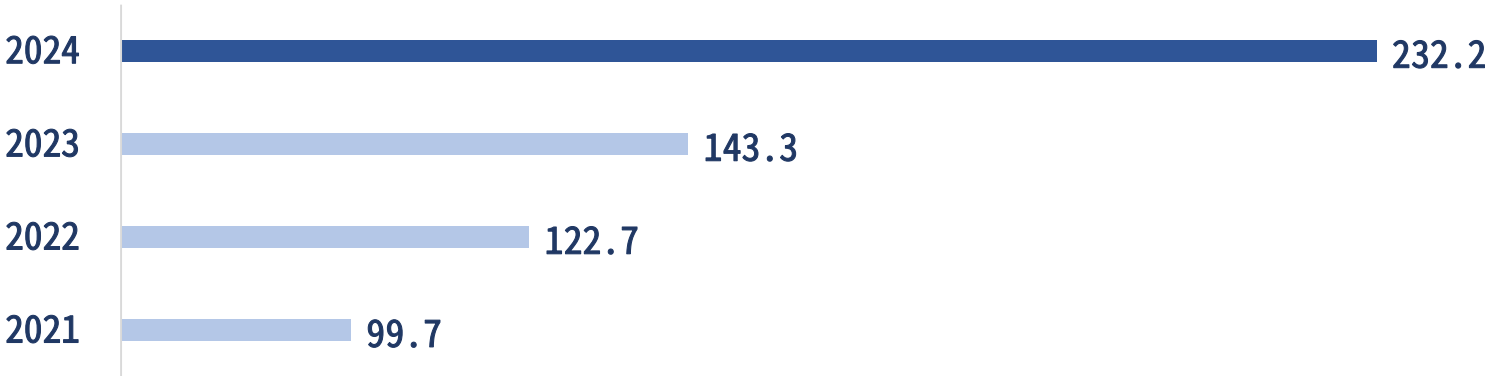
TFC will continue to focus on its core business, accelerating global capacity layout, actively expand its global key customer base, and promote stable and sustainable business growth.

Committed to its corporate spirit of "innovation and progress", TFC will maintain a strong focus on core products such as high-speed optical engines, optical devices for LiDAR and for high-speed optical modules. We will strive to seize first-mover advantages in new technologies, explore new opportunities and create value.

In 2024, TFC and its wholly-owned Gaoan TFC Photoelectric Technology Co., Ltd., Jiangxi TFC Technology Co., Ltd., and Auxora (Shenzhen),Inc.—were all recognized as high-tech enterprises.

Adhering to the spirit of innovation and progress, TFC invests CNY 232 million in R&D in 2024, accounting for 7.14% of revenue, maintaining a high investment proportion. Relying on accumulation of practical experience and continuous innovation, TFC has transformed from discrete components to hybrid integrated optical device platforms, using multi-material and multi-technology route platforms to deepen its core products and inject power for development.

R&D Investment of TFC from 2021 to 2024(In million CNY)



Case Research Supports High-quality Development

TFC has actively explored frontier technologies. We attach importance to exchanges and cooperation within the industry, jointly innovated with our partners and participated in various technical exchange activities.

TFC Exhibited at OFC2024



The 49th Optical Fiber Communications Conference (OFC), the most professional and influential global event in the optical communication field, held from Mar.26 to Mar.28 in San Diego. TFC highlighted its optical engine and solutions for 800G/1.6T Optical Transceiver Applications like Mux TOSA, Demux POSA, Lensed FAU, and related core technology platforms in this Exhibition.

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Development

Product Quality

Customer Service

Data Security

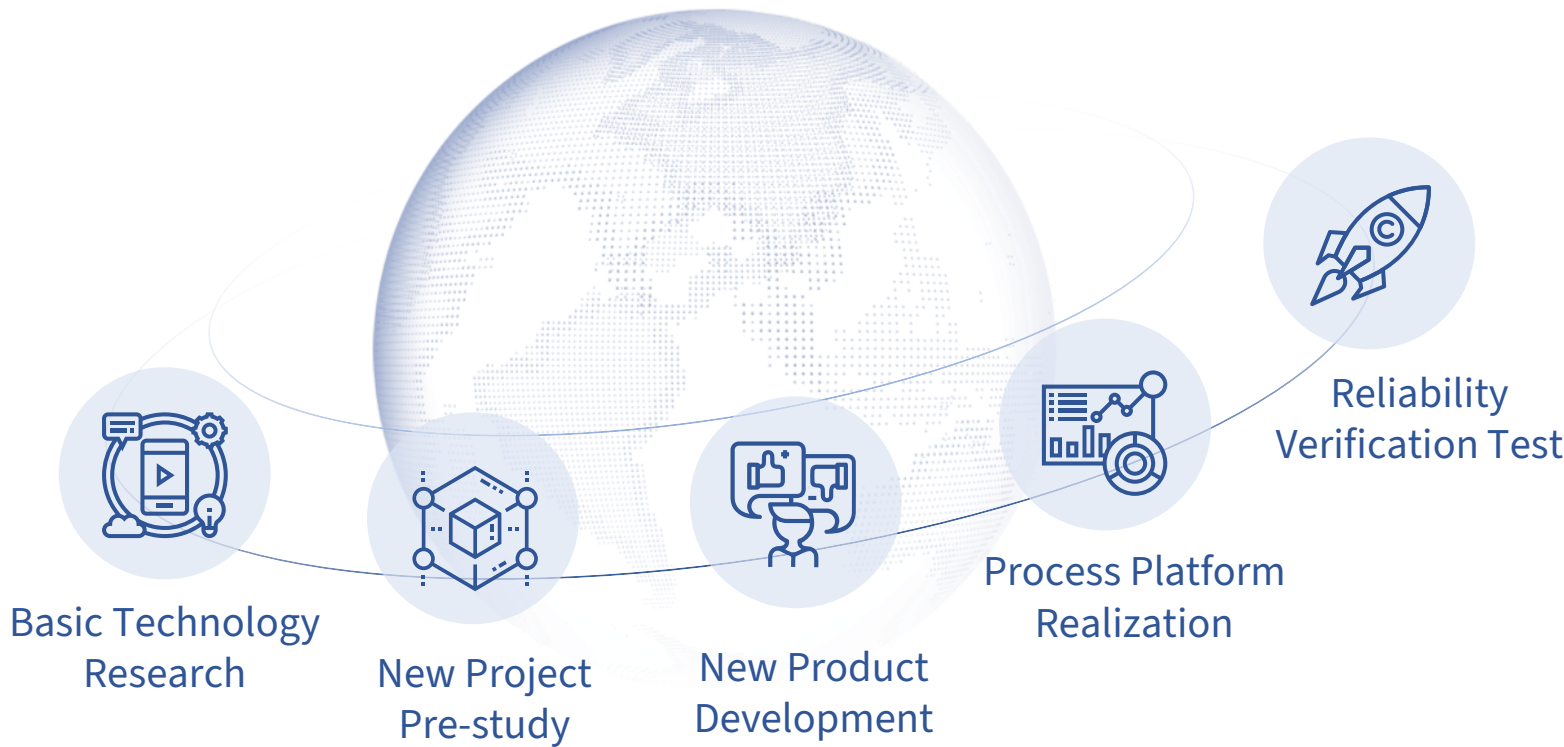
Community
Responsibilities

Community Activities

TFC adopts independent R&D mode. We have R&D teams of multiple specialties and fields, and various independent intellectual property rights.

Our R&D team has timely communication with customers, jointly design and develop products to help customers bring new products to the market as soon as possible with comprehensive R&D capabilities of multi-technology, multi-process and multi-platform.

TFC Multi-Level R&D System



Case

Integration of Industry, Academia, and Research

Nanchang University deeply collaborated with TFC by signing a cooperation agreement in 2024. TFC will continue to promote the integration of industry, academia, and research, driving technological innovation and industrial development.

Deep Collaboration with Nanchang University



Intellectual Property Protection

TFC made *the Patent Management Measures* to protect independent intellectual property rights and to further improve market competitiveness. TFC sets a patent administrator in the General Manager Office and is responsible for daily work of patent management under the guidance of the General Manager Office.

We regularly organize trainings on patent knowledge. Our R&D personnel and patent management personnel would be informed of the latest information of patent law and its implementation rules. TFC regularly organizes R&D personnel and patent administrator to learn relevant documents of the Intellectual Property Office, so that they can grasp the latest trends of patent laws at home and abroad.

Patent Protection Initiatives

Special Management	Appoint a special person to be responsible for daily work of patent management.	
Regular Training	Regularly organize trainings on patent knowledge.	
Data Security	Implement <i>the Information Confidentiality Management Document</i> , core technical personnel signed <i>Confidentiality Agreement</i> .	
Quality Improving	Strengthen patent management, improve patent quality.	

TFC has set up special funds for patents, which are used to reward patent inventors according to relevant national policies and the actual situation of the company.

Key Performance

In 2024, TFC applied **20** new invention patents.

In 2024, TFC were granted **20** invention patents.

Till the end of 2024, TFC owns **46** valid patents for invention

Till the end of 2024, TFC owns **203** valid patents in all.



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Supply Chain Development

In June 2024, TFC established a special initiative to enhance supply chain optimization under the theme of Supply Chain Competitiveness, aiming to comprehensively refine and optimize supply chain operations from organizational planning, talent development, and process procedures.

Supply Chain Risk Management

TFC established the Risk and Opportunity Management Procedure, regularly organizing the procurement department to identify supply chain risks and opportunities, analyze impacts, clarify risk levels, risk response methods, and control measures, assess the effectiveness of the measures taken, and continuously track implementation status.

➤ Supply Chain Risk and Opportunity Management



Case Green Purchasing

We have made the Supplier Management Procedures, clearly put forward that supplier behaviors should meet environmental protection requirements. Controlled, dangerous and toxic materials should meet safety and environmental requirements, and provide licenses of production, sales, transportation and other qualification documents.

Supplier Management

We have made the Supplier Development Management Standards. The purchasing department implements bidding management mechanism for purchasing important equipment, engineering, software and raw materials according to the annual budget. Bidders should participate in the competition. We strive for a fair, open and just purchasing process to establish long-term strategic relationships with core suppliers and to ensure the stability of our supply chain.

Supplier Management Requirements

Regulatory Requirements	Suppliers should comply with relevant regulations, and the products should be traceable.	
Business Requirements	Suppliers are required to adhere to TFC's expectations regarding delivery schedules, confidentiality, and cost control.	
Technical Requirements	Suppliers should have the capability to meet TFC's technical standards for products.	
Quality Requirements	Suppliers should establish quality control system to meet TFC's quality standards and provide testing reports.	
Environmental Requirements	Suppliers' actions should comply with environmental protection requirements, such as ROHS and REACH standards.	

Responsible Sourcing

TFC pledges not to purchase or support conflict minerals from illegal mining activities or profits used to fund armed conflicts, explicitly prohibiting the purchase of raw materials from regions that do not respect human rights, engage in illegal trade, or fund violence.

We trace the sources of all products containing Aurum (Au), Tantalum (Ta), Stannum (Sn), Tungsten (W), Cobalt (Co), and colored gemstones, refrain from participating in or supporting conflict mineral mining, and pass on conflict mineral management requirements to our suppliers.

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Product Quality

The advantages of our passive devices are highly precise, highly reliable, highly consistent, and good data dispersion. The optoelectronic integrated active products business, relying on our technical accumulation in passive devices and active coupling, and vertical integration of multiple product lines, can provide a variety of package platforms. Based on R&D centers in Suzhou, Shenzhen and Japan, and relying on production bases in Jiangxi and Thailand with advantages of localization and stability of personnel, we ensure the quality and timeliness production and delivery of ultra-precision products. TFC guides all staff to focus on customer’s needs. Our product functions, reliability, engineering capabilities have been praised by customers.

TFC Quality System

Quality Policy



Refining All Products: Quality is life, and efficiency is the soul.

Quality 120 Principle: Do it right the first time, don’t make the same mistake twice. Aim for zero critical quality incidents, strive for zero defects.

Craftsmanship in TFC: Keep improving, make continuous progress. Strive for perfection, exceed customer expectations.



Quality Certification

SGS ISO9001 Certification

ISO14001 Certification

IATF 16949: 2016 Certification

ISO45001 Certification

ANSI/ESD S20.20

REACH and RoHS

From suppliers to finished products and delivery, quality management runs through the entire process			
	Material Purchased	Accept NO defective material	IQC conduct material purchased inspection according to inspection management procedure and executive standard of material.
	Process	Make NO defective product	IPQC performs first, process and final part quality inspection according to IPQC inspection operation specification and product inspection table to avoid defective products.
	Produce Shipment	Release NO defective product	FQC performs shipment inspection according to FQC operation specification and finished product inspection standard to prevent defective products from flowing out.
	Continuous Improvement	For key performance indicators, we adopt SPC control chart for process monitoring. We analyze defective product by 7 methods of QC, track 8D response of responsible department, follow up the implementation of improvement measures and confirm the improvement and the standardization of measures to promote continuous quality improvement.	
Quality control			
Measurement equipment for quality detection		White light interferometer, Image measuring instrument, X - Ray fluorescence tester (RoHS tester), Two Dimension measuring instrument, Concentricity tester, non-contact laser diameter measuring instrument, Micrometre calliper, height gauge and microscopic, Image size measuring instrument	
Measurement equipment for reliability test		Salt spray tester, Constant temperature and humidity test chamber, Fatigue testing machine, Tension test machine, Mechanical durability test platform, Tensile test platform	
Quality control and tracking		OA: Office Automation ERP: Enterprise Resource Planning MES: Manufacturing Execution System	

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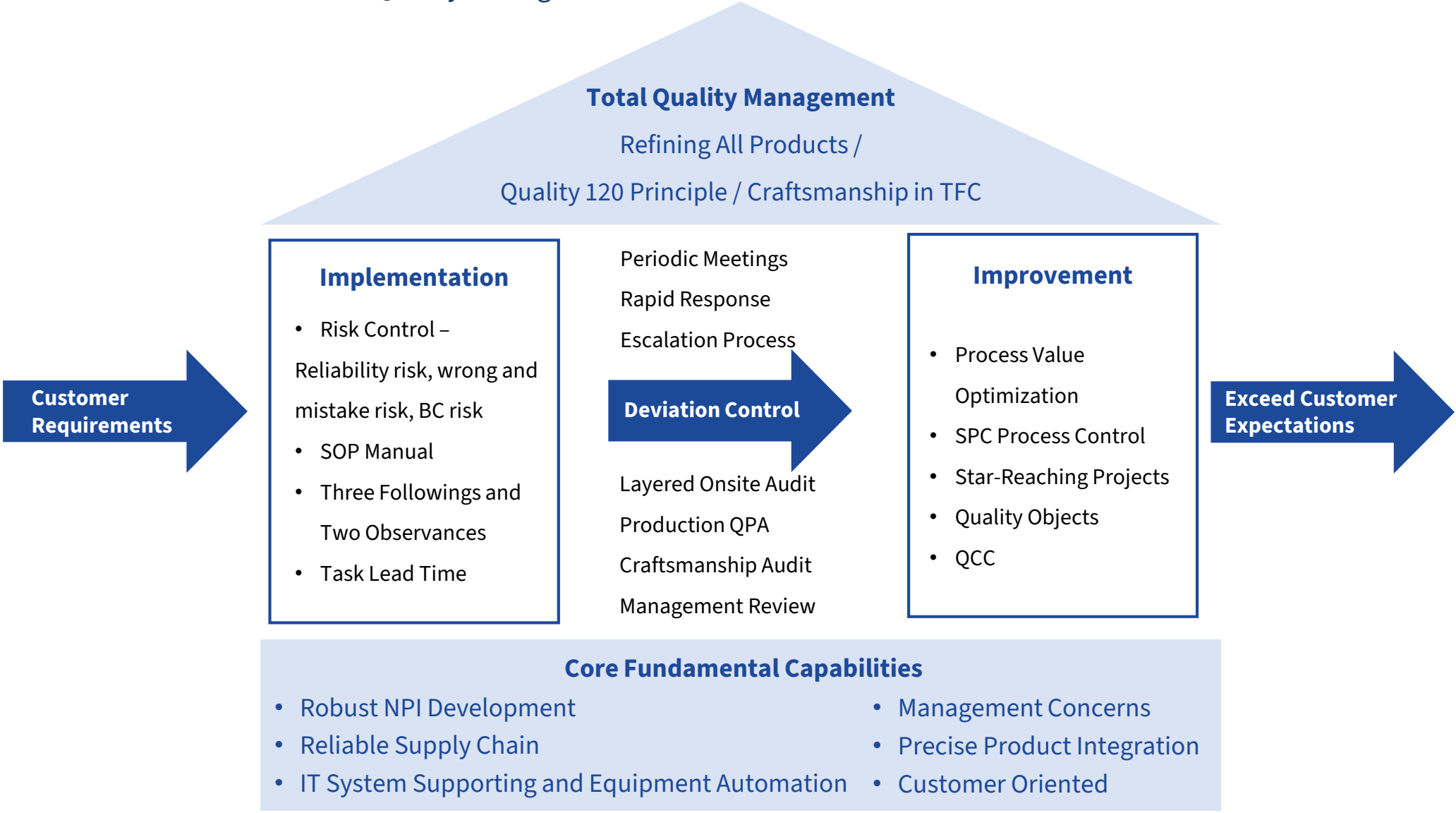
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TFC insists on implementing the quality principle of Quality 120, consolidating quality management system, raising quality awareness of all staff to create a lean cultural atmosphere.

Quality Management Mode		
Quality Planning		
	Reliability Ice Point	Identify products reliability risk
	Wrong and Mistake Risk	Identify products wrong and mistake risk
	Year of Process Optimization	Breakthrough horizontal node, strive for excellent process
Daily of TFC Quality Staff		
	Management Mode	Cross-level and cross-functional meetings to communicate and solve problems
	SOP	Detailed tasks and work steps for each post
	Three Followings and Two Observances	Following documents, process and instructions Observing labor discipline and process discipline
	Genba, Genbutsu, Genjitsu	All levels and functions of personnel to the workshop site to find and solve problems
	Timeline	Respond to customer complaint in 24 hours, reply preliminary improvement report in 3 days and close the case in 7 days
Quality Improvement		
	CI	Continuous Improvement
	Quality Process Audit	QPA team audits product lines regularly
	Management Concerns	Take Management concerns as focus of annual work

➤ Framework for TFC Total Quality Management



Since its establishment, TFC has consistently adhered to the quality policy of Refining All Products, Quality 120 Principle and Craftsmanship in TFC, aiming for customer satisfaction as its business goal. This quality policy is integrated into every stage of product development, production, and service, with strict quality control and a commitment to excellence. During the reporting period, while increasing customer delivery volumes, TFC has conducted a comprehensive checklist inspection, effectively preventing major quality issues and providing strong quality assurance for customers.

Case

IATF 16949: 2016 Quality Management System Certificate

TFC obtained the IATF 16949:2016 quality management system certificate in 2024. This certificate is not only an authoritative recognition of our production management but also a solid foundation for entering into the automotive industry supply chain. It injects new vitality into the promotion of our products within the automotive industry.



Customer Service

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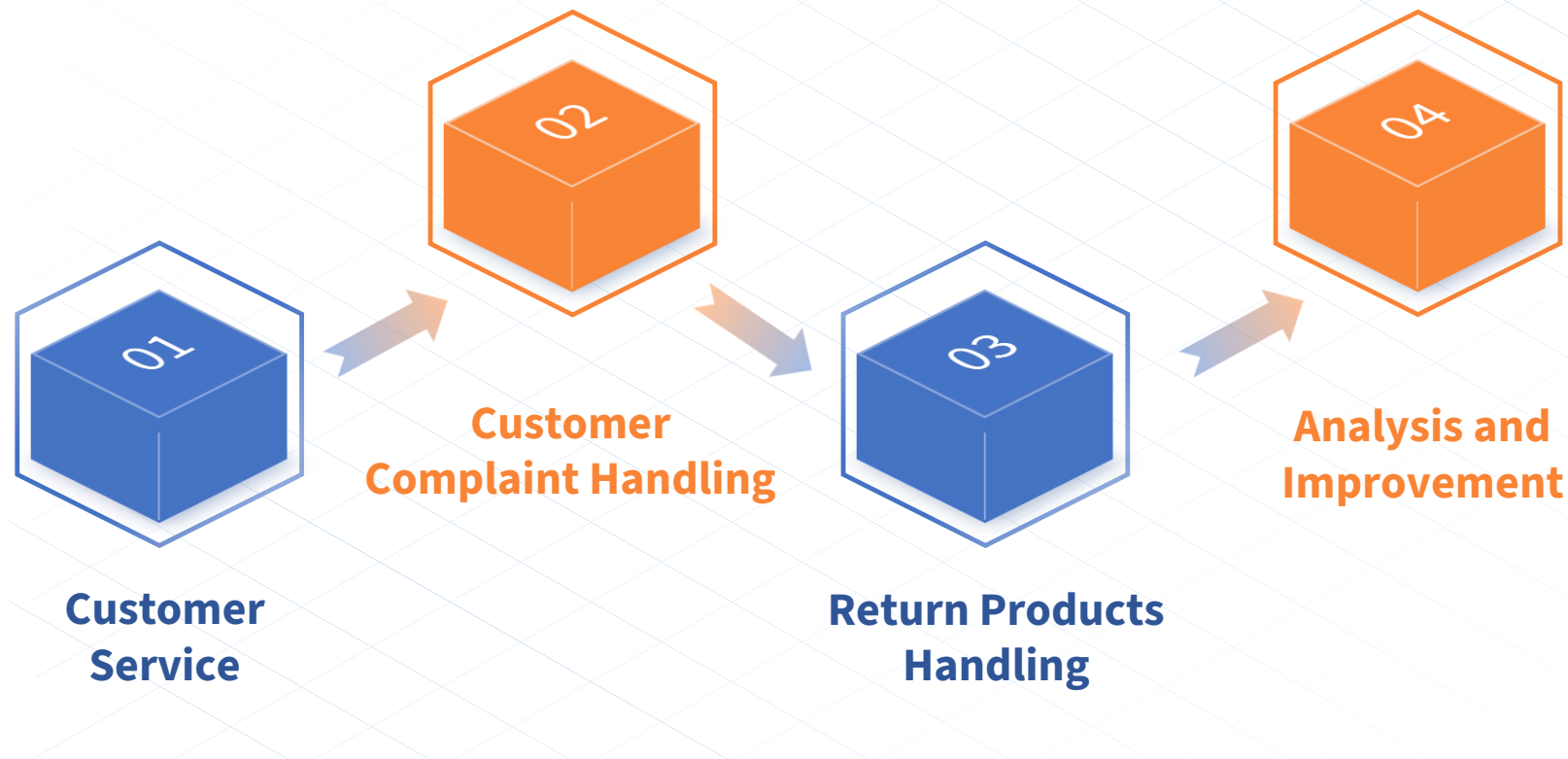
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To standardize the workflow for handling customer after-sales requirements, ensuring rapid response and assistance for customers in terms of products and services, TFC has established the *Product After-Sales Service Management Procedure*, which clarifies the responsibilities of relevant personnel and processing procedures.

Customer Service Responsibility Assignment



Customer Service Process



TFC takes the strategy of key customers. Relying on the global sales network, we ensure a rapid and collaborative response to customers.

Most Competitive Enterprises of Optical Devices, auxiliary Equipment and raw Materials

From 2018 to 2024, TFC has won the award of 'Top 10 Most Competitive Enterprises of Optical Devices, auxiliary Equipment and raw Materials in China' for 7 years.



Case Global Sales Support Network

With strong R&D capabilities, a good reputation for quality, rapid response service capabilities, large-scale production capacity, and stable and pragmatic operational capabilities, TFC has become the preferred supplier for many industry-leading customers.

Our industrial layout features dual headquarters, dual mass production bases, and multiple R&D centers, providing our customers with diverse options paired with localized technical support and services. Our domestic headquarters are located in China (Suzhou). Our overseas headquarters are located in Singapore. Our R&D centers are located in Japan and China (Suzhou, Shenzhen), and our mass production bases are located in China (Jiangxi) and Thailand.

Key Performance



TFC recorded 0 major safety and quality liability incidents related to products in 2024.

Data Security

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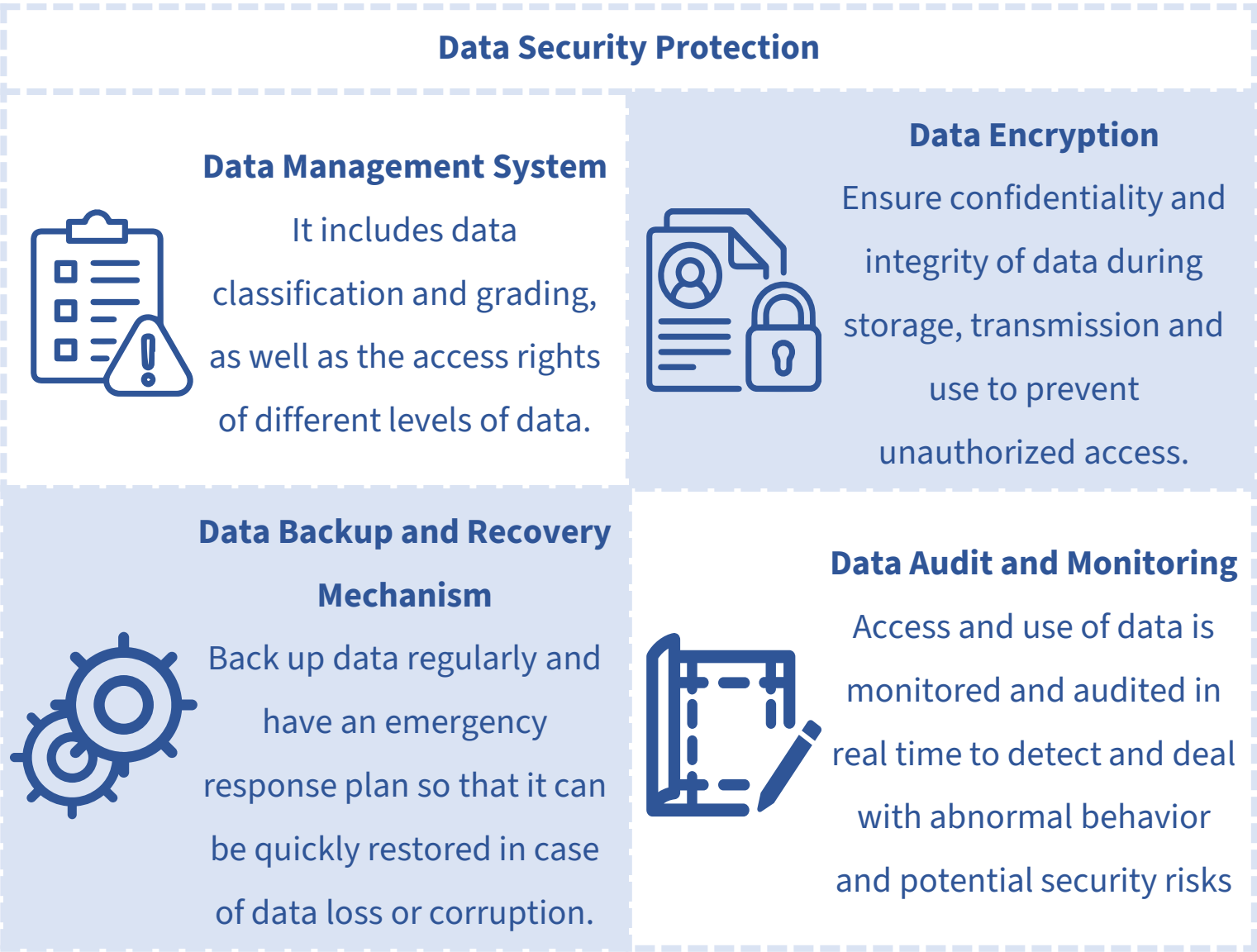
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We have made the Information Confidentiality Management Document, established and continuously improved data security management system, and adopted hierarchical management of information according to the importance of information and the impact of leakage. Furthermore, virtual desktop, file encryption system, watermark management system, file offline backup system and other technical means jointly ensure data security.



TFC attaches great importance to protect its own and customers' data security and privacy, strictly complies with the Data Security Law of the People's Republic of China and other laws and regulations, and fulfills its data security and privacy protection obligations. TFC collects and uses personal information under the principles of legality, propriety and necessity.

Key Performance

100% core business and technical personnel's signed rate of confidentiality agreement in 2024.

TFC hyper-converged platform provides rich software-defined security



Business Secret Protection

We organized special training on business secret management for all management personnel, effectively raise data security and anti-risk awareness. New employees training and participation rate was 100%.



Contents of Business Secret Training

- Regulations of Business Secrets
- Cases of External Law-breaking Behaviours
- Cases of Internal Violations

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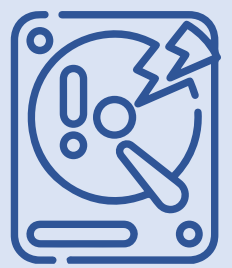
Community Responsibilities

Community Activities

Key Performance



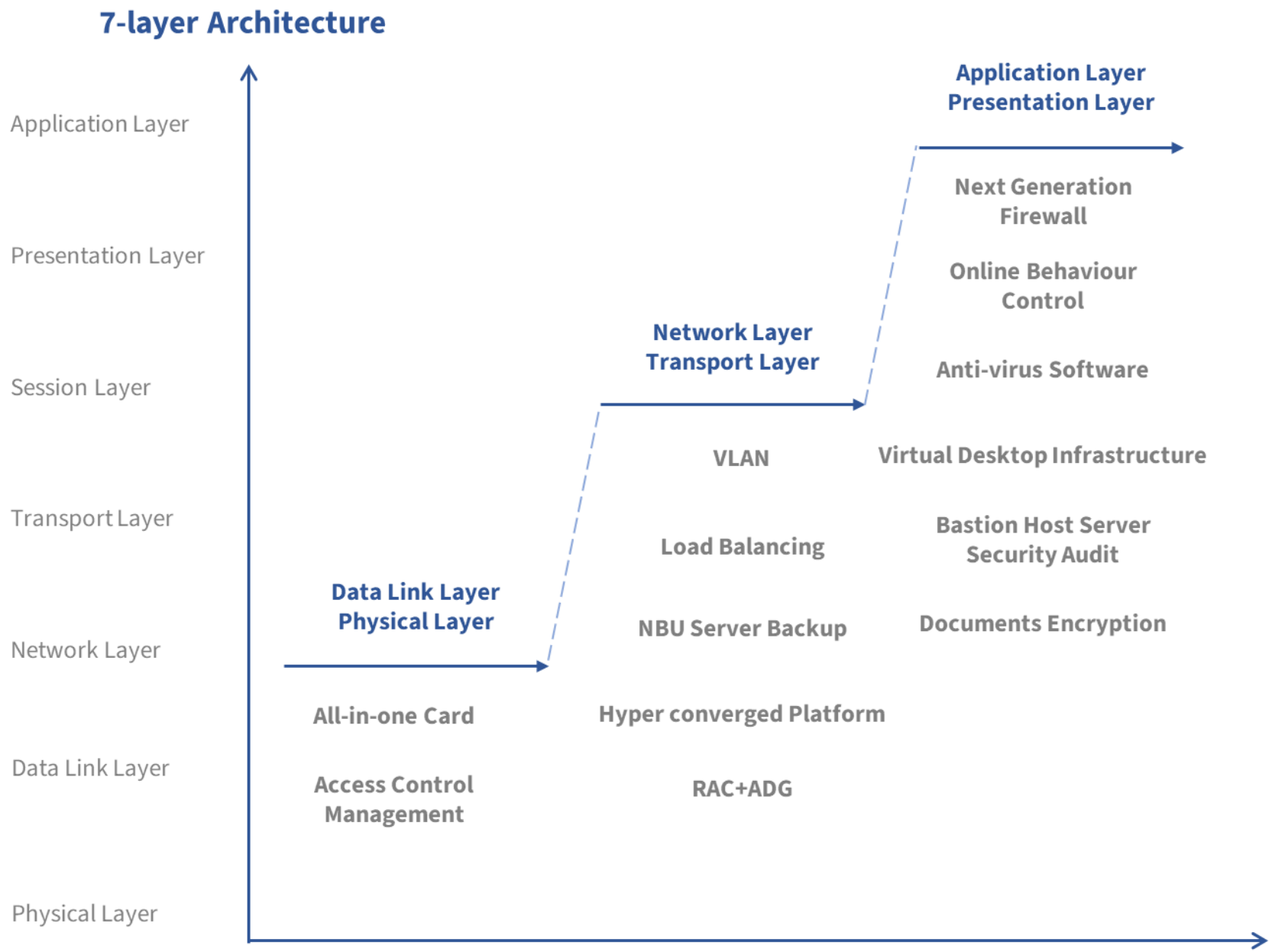
TFC recorded **0** major data security incidents in 2024.



TFC recorded **0** customer privacy breaches in 2024.

We have made *the Information Security Management Document*, following principles of 'information security is everyone's responsibility' and 'Who uses it, who is responsible', and standardized management of all kinds of software and hardware equipment to ensure data security.

- OSI 7-layer model provides all-round, multi-level protection of data security



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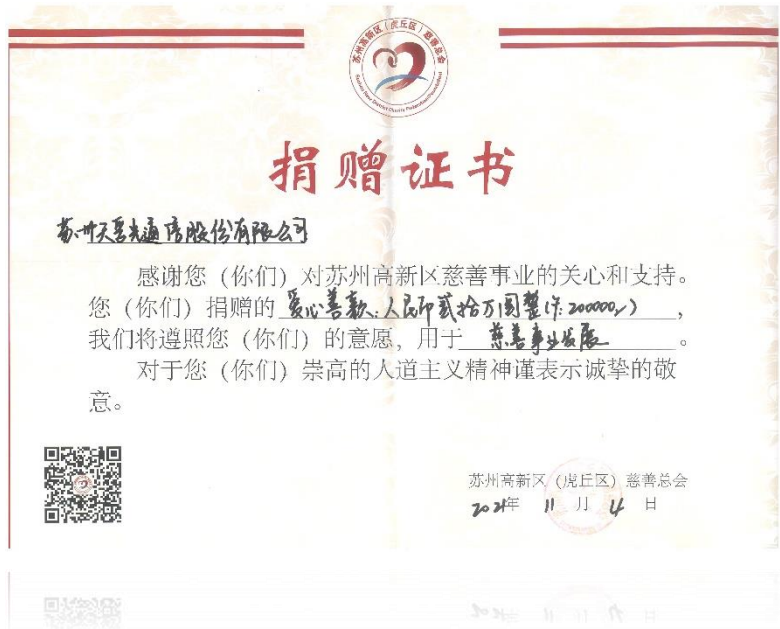
- Community Responsibilities
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Community Responsibilities

TFC has *made the Social Responsibility Management Measures*. We are committed to providing reliable, high-quality, and green products and services for the development of optical communication by incorporating social responsibility into our business strategy management. We strive for promoting comprehensive, coordinated and sustainable development, and better respond to expectations of stakeholders in terms of supply chain development, environmental protection, economic performance and social harmony. Following the idea of building a unified social responsibility brand throughout the company, TFC coordinates horizontally to undertake social responsibilities. TFC adheres to the principle of paying taxes with integrity, consciously fulfills its obligation to pay taxes in accordance with the law. At the same time, we openly recruit employees from the public and develop employment positions.

Case Philanthropy

Since 2022, TFC has been making annual donations through the Suzhou New District Charity Federation (Foundation) to support philanthropy development, helping to provide charitable assistance and making a positive contribution to building a Charity SND.



Key Performance



TFC donated a total of CNY **50,000** through in 2024.

Community Activities

Case Green Commuting

In response to global environmental trends and to promote sustainable development, TFC advocates for green commuting to raise public awareness of environmentally friendly travel methods and to reducing urban carbon emissions.

135 Green Commuting

When conditions allow, employees are encouraged to adopt the 135 green commuting method - walking within 1 kilometer, cycling within 3 kilometers, and taking public transportation within 5 kilometers to integrate the concept of green commuting into daily life.

Drive One Less Day

Promoting physical health and contributing to a shared and sustainable green lifestyle by taking public transportation, cycling, or walking.



Case Join in the First SND Listed Companies Sports Games

In Nov. 2024, the first SND Listed Companies Sports Games was held to inspire vitality through sports competitions and to promote cooperation and development among listed companies. We encourage employees to participate in sports and social activities to maintaining a healthy lifestyle.



Appendix: Sustainable Development Performance

Description	Unit	2024
Environment Performance		
Issue: Environment - E1 Climate Change Mitigation		
Total GHG Emissions	Tons of CO ₂ e	33441.8
Split by Scope		
Scope 1	Tons of CO ₂ e	385.4
Scope 2	Tons of CO ₂ e	33056.4
Reduction in GHG emissions	Tons of CO ₂ e	384.7
Split by Scope		
Scope 1	Tons of CO ₂ e	0
Scope 2	Tons of CO ₂ e	384.7
Carbon Credit	Tons of CO ₂ e	0
Issue: Environment – E5 Environmental Compliance		
The Amount of Major Administrative Penalties Due to Environmental Incidents	Ten Thousand Yuan	0
Issue: Environment – E6 Energy Consumption		
Total Energy Consumption	TCE	7200.9
Split by Type		
Coal	Tons	0

Description	Unit	2024
Gasoline	Liter	8294.4
Diesel	Liter	4338.4
Natural Gas	m ³	14233.0
Liquefied Petroleum Gas	m ³	0
Electricity	mWh	58329.3
Energy Consumption Intensity (calculated per revenue)	TCE/Ten Thousand Yuan	0.02
Issue: Environment – E6 Water Utilization		
Total Water Consumption	Tons	356724
Water Consumption Intensity (calculated per revenue)	Tons/Ten Thousand Yuan	1.1
Social Performance		
Issue: Social -S2 Social Contribution		
The Amount of Charitable Donation	Ten Thousand Yuan	5
Issue: Social –S3 Innovation-Driven Development		
R&D Expenses	Ten Thousand Yuan	23223.6
R&D Expense Ratio	%	7.14
Number of R&D Personnel	Persons	549
R&D Personnel Ratio	%	15.17

Appendix: Sustainable Development Performance

Description	Unit	2024
Valid Invention Patents	Items	46
Applications for Invention Patents	Items	20
Granted Invention Patents	Items	20
Total Valid Patents	Items	203
Issue: Social –S7 Product Safety and Quality		
Loss caused by Major Safety and Quality Liability Incidents Related to Products	Ten Thousand Yuan	0
Issue: Social –S8 Data Security and Customer Privacy		
Data Security		
Loss caused by Data Security Incidents	Ten Thousand Yuan	0
Customer Privacy		
Loss caused by Customer Privacy Incidents	Ten Thousand Yuan	0
Issue: Social –S9 Employee		
Total Number of Employees	Persons	3619
Split by Gender		
Male	Persons	874
Female	Persons	2745

Description	Unit	2024
Split by Age		
<30	Persons	679
30-40	Persons	1384
>40	Persons	1556
Employment Injury Insurance Coverage Rate	%	100
Frequency of Employee Training	Times	1625
Employee Training Expenses	Ten Thousand Yuan	68.4
Employee Training Coverage Rate	%	100
Governance Performance		
Issue: Sustainable Development Governance - G3 Anti-Bribery and Anti-Corruption		
Number Of Directors Covered by Anti-Bribery and Anti-Corruption Training	Persons	4
Issue: Sustainable Development Governance – G4 Anti-Unfair Competition		
The Amount Involved in Litigation or Major Administrative Penalties caused by Unfair Competition	Ten Thousand Yuan	0

Appendix: Reporting Framework

Shenzhen Stock Exchange (SZSE) Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange – Sustainability Report (For Trial Implementation) Index

DISCLOSURE	LOCATION
Article 11	Sustainable Governance
Article 12	Importance Analysis of Issues
Article 13	Importance Analysis of Issues
Article 14	Importance Analysis of Issues
Article 16	Importance Analysis of Issues
Article 18	Importance Analysis of Issues
Article 19	Sustainable Development Goals
Article 20	Climate Change Mitigation
Article 21	Climate Change Mitigation
Article 22	Climate Change Mitigation
Article 23	Climate Change Mitigation
Article 24	EHS Management
Article 26	EHS Management

DISCLOSURE	LOCATION
Article 27	Resources and Circular Economy
Article 29	Pollution Control
Article 33	Pollution Control
Article 34	Resources and Circular Economy
Article 35	Resources and Circular Economy
Article 36	Resources and Circular Economy
Article 37	Resources and Circular Economy
Article 40	Community Responsibilities
Article 42	Innovation and Impact
Article 45	Supply Chain Development
Article 47	Product Quality, Customer Service
Article 48	Data Security
Article 50	Talent Acquisition, Health and Safety, Democratic Governance, Production Safety, Employee Wellness, Employee Development, Employee Activities,
Article 53	Importance Analysis of Issues
Article 55	Internal Control
Article 56	Internal Control
Article 57	Reporting Framework

Appendix: Reporting Framework

GRI Index	
Statement of use	TFC has reported the information cited in this GRI content index for the period January 1, 2024 to December 31, 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD		DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	G2-1	Organizational details	Company Introduction
	G2-2	Entities included in the organization's sustainability reporting	About This Report
	G2-3	Reporting period, frequency and contact point	About This Report
	G2-6	Activities, value chain and other business relationships	Supply Chain Development, Customer Service
	G2-7	Employees	Talent Acquisition
	G2-9	Governance structure and composition	Compliance Governance
	G2-10	Nomination and selection of the highest governance body	Compliance Governance
	G2-11	Chair of the highest governance body	Compliance Governance
	G2-12	Role of the highest governance body in overseeing the management of impacts	Compliance Governance
	G2-13	Delegation of responsibility for managing impacts	Compliance Governance
	G2-16	Communication of critical concerns	Compliance Governance, Investor Relations
	G2-19	Remuneration policies	Employee Development

GRI STANDARD		DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	G2-20	Process to determine remuneration	Employee Wellness
	G2-22	Statement on sustainable development strategy	Sustainable Governance
	G2-23	Policy commitments	Letter from Chairman
	G2-24	Embedding policy commitments	Supply Chain Development
	G2-25	Processes to remediate negative impacts	Health and Safety, Production Safety
	G2-26	Mechanisms for seeking advice and raising concerns	Sustainable Governance
	G2-27	Compliance with laws and regulations	Compliance Governance, Internal Control
	G2-29	Approach to stakeholder engagement	Sustainable Governance
GRI 201: Economic Performance 2016	G201-2	Financial implications and other risks and opportunities due to climate change	Climate Change Mitigation
	G201-3	Defined benefit plan obligations and other retirement plans	Employee Wellness
GRI 203: Indirect Economic Impacts 2016	G203-1	Infrastructure investments and services supported	Community Responsibilities, Community Activities
	G203-2	Significant indirect economic impacts	Community Responsibilities
GRI 205: Anti-corruption 2016	G205-2	Communication and training about anti-corruption policies and procedures	Internal Control
GRI 302: Energy 2016	G302-1	Energy consumption within the organization	Resources and Circular Economy
	G302-4	Reduction of energy consumption	Resources and Circular Economy
	G302-5	Reductions in energy requirements of products and services	Resources and Circular Economy
GRI 303: Water and Effluents 2018	G303-2	Management of water discharge related impacts	Resources and Circular Economy
	G303-5	Water consumption	Resources and Circular Economy

Appendix: Reporting Framework

GRI STANDARD		DISCLOSURE	LOCATION
GRI 306: Waste 2020	G306-1	Waste generation and significant waste-related impacts	Pollution Control
	G306-4	Waste diverted from disposal	Resources and Circular Economy
GRI 308: Supplier Environmental Assessment 2016	G308-1	New suppliers that were screened using environmental criteria	Supply Chain Development
GRI 401: Employment 2016	G401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	Employee Wellness
GRI 403: Occupational Health and Safety 2018	G403-1	Occupational health and safety management system	Health and Safety
	G403-2	Hazard identification, risk assessment, and incident investigation	Production Safety, Health and Safety
	G403-3	Occupational health services	Health and Safety
	G403-5	Worker training on occupational health and safety	Production Safety, Health and Safety
	G403-6	Promotion of worker health	Health and Safety
	G403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety
	G403-8	Workers covered by an occupational health and safety management system	Health and Safety
GRI 404: Training and Education 2016	G404-1	Average hours of training per year per employee	Employee Development
	G404-2	Programs for upgrading employee skills and transition assistance programs	Employee Development
GRI 405: Diversity and Equal Opportunity 2016	G405-1	Diversity of governance bodies and employees	Talent Acquisition
GRI 414: Supplier Social Assessment 2016	G414-1	New suppliers that were screened using social criteria	Supply Chain Development

Appendix: Feedback Form

Valued Readers,

Thank you for reading this Report..

This is our 2024 Sustainable Report. We sincerely hope that you could evaluate this Report and provide valuable comments to help us make continuous improvement.

1. .Which of the following stakeholders do you belong to:

- ☐Employees☐Customers☐Shareholders and investors☐Suppliers
- ☐Government and regulatory authorities☐Community and public☐Others (Please specify _____)

2. What is your overall evaluation of this report:

- ☐Excellent☐Good☐Fair☐Poor☐Bad

3. What do you think of this report:

- Information disclosure

☐Excellent☐Good☐Fair☐Poor☐Bad
- Layout

☐Excellent☐Good☐Fair☐Poor☐Bad
- Readability

☐Excellent☐Good☐Fair☐Poor☐Bad

4. Is the information you are concerned about reflected in the report

- ☐Yes☐No (What other information would you like to see_____)

5. What other comments or suggestions do you have regarding our Sustainable Development performance?

Please leave your personal information if you are willing to.

Name:Telephone:

Our E-mail: zhengquan@tfc.sz.com