



SECOND PARTY OPINION (SPO)

Sustainability Quality of Sunwoda and Green Finance Framework

Sunwoda Electronic Co.

08 September 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Green Finance Instruments

Relevant standards

- Green Bond Principles, as administered by the International Capital Market Association (ICMA) (as of 2021 with June 2022 Appendix 1)
- Green Loan Principles, as administered by the Loan Market Association (LMA) (as of February 2023), Asia Pacific Loan Market Association (APLMA), and Loan, Syndication and Trading Association (LSTA) (as of February 2023)

Scope of verification

- Sunwoda Green Finance Framework (as of August 22, 2023)
- Sunwoda Eligibility Criteria (as of August 22, 2023)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

Sunwoda Electronic Co. (“the Issuer”, “the Company” or “Sunwoda”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Finance Framework by assessing three core elements to determine the sustainability quality of the instruments:



1. Sunwoda’s Green Finance Framework (as of August 22, 2023) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndication and Trading Association (LSTA)’s Green Loan Principles (GLP).
2. The Eligibility Criteria – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Linking the transaction(s) to Sunwoda’s overall Environmental, Social, and Governance (ESG) profile – drawing on the issuance-specific Use of Proceeds (UoP) categories.

SUNWODA BUSINESS OVERVIEW

Sunwoda Electronic Co. is classified in the Electrical equipment industry, as per ISS ESG’s sector classification.

Sunwoda Electronic Co. engages in the research and development, design, production and sale of lithium-ion battery cells and modules. Its products include 3C batteries, smart hardware, EV batteries, energy services, intelligent manufacturing and industrial internet and testing services. The firm products are used in mobile phones, notes, computers, virtual reality, wearable equipment, energy internet, power tools, electric bicycles, medical equipment, and electric vehicle powertrain and energy storage. Its business covers computers, communication, and consumer electronics and intelligent hardware, electric car, energy internet, intelligent manufacturing, and testing service. The company was founded by Ming Wang and Wei Wang on December 9, 1997, and is headquartered in Shenzhen, China.

ASSESSMENT SUMMARY

| SPO SECTION | SUMMARY | EVALUATION ¹ |
|--|---|---|
| Part 1: Alignment with GBP and GLP | The Issuer has defined a formal concept for its Green Financing Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles (GBP), and Green Loan Principles. | Aligned |
| Part 2: Sustainability quality of the Eligibility Criteria | <p>The Green Financing Instruments will (re)finance eligible asset categories which include:</p> <p>Clean Transportation, Energy Efficiency, Renewable Energy, Sustainable Water Management, Green Buildings and Waste prevention, minimization, recycling.</p> <p>Product related use of proceeds categories ² individually contribute to one or more of the following SDGs:</p> <div style="text-align: center;">  </div> <p>Process-related use of proceeds categories ³ individually improve (i) the Issuer’s operational impacts and (ii) mitigate potential negative externalities of the Issuer’s sector on one or more of the following SDGs:</p> <div style="text-align: center;">  </div> <p>The environmental and social risks associated with those use of proceeds categories are managed.</p> | Positive |
| Part 3: Linking the transaction(s) to Sunwoda’s ESG profile | The key sustainability objectives and the rationale for issuing Green Financing Instruments are clearly described by the Issuer. The majority of the project categories considered are in line with the sustainability objectives of the Issuer. | Consistent with the Issuer’s sustainability strategy |

¹ The evaluation is based on Sunwoda’s Green Finance Framework (August 22, 2023 version), and on the ISS ESG Corporate Rating updated on the March 28, 2023 and applicable at the SPO delivery date.

² Clean Transportation

³ Energy Efficiency, Renewable Energy, Sustainable Water Management, Green Building, Waste Prevention Minimization and Recycling,

SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES

This section evaluates the alignment of the Sunwoda’s Green Finance Framework (as of August 22, 2023) with the Green Bond Principles and Green Loan Principles.

| GBP AND GLP | ALIGNMENT | OPINION |
|--|-----------|--|
| 1. Use of Proceeds | ✓ | <p>The Use of Proceeds description provided by Sunwoda’s Green Finance Framework is aligned with GBP and GLP.</p> <p>The Issuer’s green categories align with the project categories as proposed by ICMA’s Green Bond Principles. Criteria are defined in a clear and transparent manner. Disclosure of distribution of proceeds by project category is provided and environmental benefits are described. The Issuer defines exclusion criteria for harmful projects categories.</p> <p>Sunwoda defines a look-back period of three years and defines exclusion criteria for harmful projects categories, in line with best market practice.</p> |
| 2. Process for Project Evaluation and Selection | ✓ | <p>The Process for Project Evaluation and Selection description provided by Sunwoda’s Green Finance Framework is aligned with GBP and GLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process⁴. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> |
| 3. Management of Proceeds | ✓ | <p>The Management of Proceeds provided by Sunwoda’s Green Finance Framework is aligned with GBP and GLP.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed per bond (bond-by-bond approach). Moreover,</p> |

⁴ Sunwoda would manage and mitigate the ESG risk at the project level in accordance with Sunwoda’s ESG Risk Management process as stated on page 10 of Sunwoda’s Environmental, Social, and Governance report 2022, <https://www.sunwoda.com/upload/portal/20230427/1dfc58184aaf763d5b6f136106bc0df2.pdf>

| | | |
|----------------------------|----------|--|
| | | <p>the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>Sunwoda has defined an expected allocation period of 24 months and discloses the nature of temporary investments, in line with best market.</p> |
| <p>4. Reporting</p> | <p>✓</p> | <p>The allocation and impact reporting provided by Sunwoda’s Green Finance Framework is aligned with GBP and GLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website⁵. Sunwoda explains that the level of expected reporting will be at the project category level and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>Sunwoda is transparent on the information reported in the impact report. Sunwoda defines the reporting frequency of the impact reporting and the duration of the impact reporting in line with best market practice.</p> |

⁵ The Allocation and Impact reporting would be available on Sunwoda’s website, <https://www.sunwoda-evb.com/index.html>

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE GREEN FINANCE FRAMEWORK TO THE UN SDGs⁶

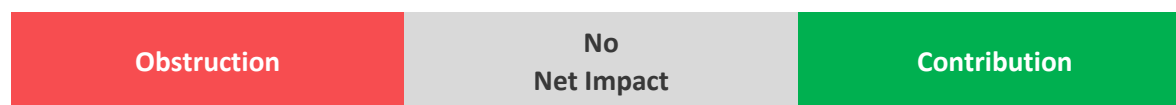
Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by Sunwoda in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services, GBP and GLP
- improvements of operational performance.



1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale (see Annex 1 for methodology):



Each of the Green Finance Framework's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

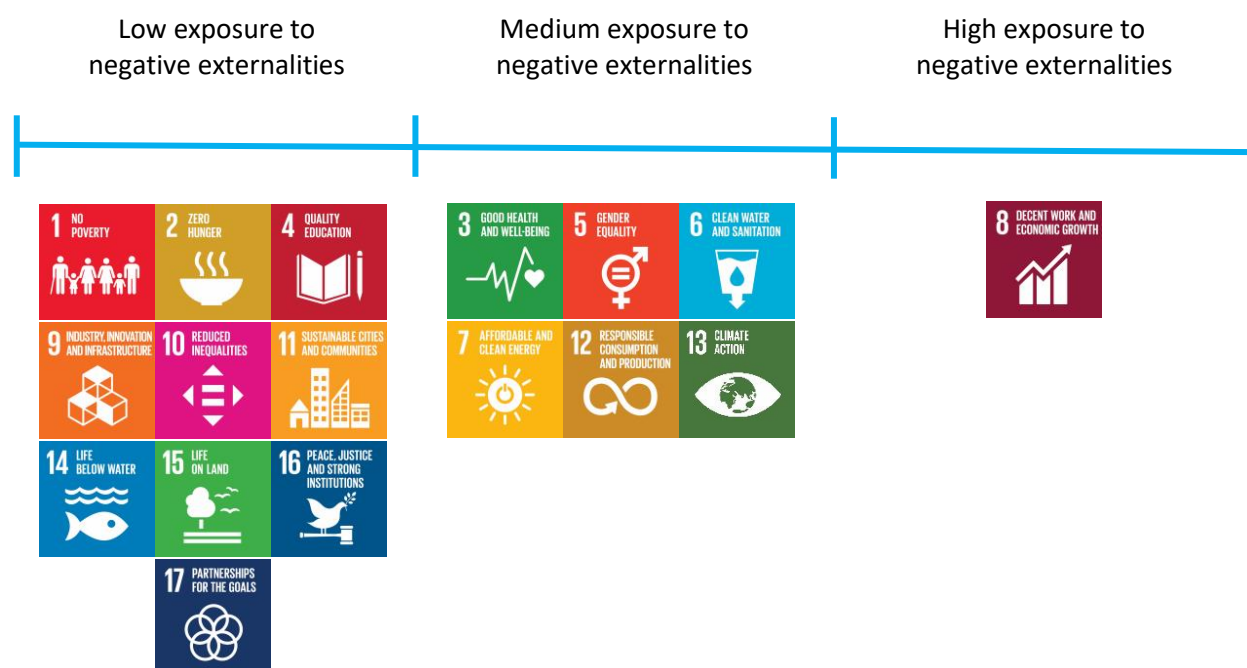
| USE OF PROCEEDS (PRODUCTS/SERVICES) | CONTRIBUTION OR OBSTRUCTION | SUSTAINABLE DEVELOPMENT GOALS |
|---|-----------------------------|---|
| <p>Clean Transport</p> <p><i>Capital investment and/or operating expenditures related to the construction and research and development of manufacturing facilities for the development and production of lithium battery cells, modules, batteries, and battery management systems (BMS) for electric vehicles</i></p> | Contribution |   |

⁶ The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.


2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of Sunwoda.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities⁷ in the Electronic Components industry (to which Sunwoda belongs) are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

| USE OF PROCEEDS (PROCESSES) | OPERATIONAL IMPACT IMPROVEMENT ⁸ | SUSTAINABLE DEVELOPMENT GOALS |
|--|---|---|
| <p>Energy Efficiency</p> <p><i>Capital investment in construction of manufacturing facilities and R&D for energy storage system (ESS) design.</i></p> | <p>✓</p> |   |

⁷ Please, note that the impact of the Issuer’s products and services resulting from operations and processes is displayed in section 3 of the SPO.

⁸ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

Energy Efficiency

Expenditures on upgrading the energy efficiency of enterprises and manufacturing facilities.



Renewable Energy

Investments and expenditures for the production and transmission of energy from renewable sources (including solar, wind)

(In the case of photovoltaic power generation facilities and concentrating solar thermal power plants, ≥ 85% of the electricity shall be derived from solar energy)



Sustainable Water Management

Investments in technologies, projects, and infrastructure for collecting, transporting, treating, recycling or reusing water, rainwater or wastewater.

- Industrial wastewater
- Water reuse in production process
- Water balance test



Waste prevention, minimization, and recycling

Investments for the design, development, and implementation of:

Recycling of various types of batteries or related products, components, and raw materials



Waste prevention, minimization, and recycling

Use of recycled materials



Sustainable Water Management

Investments in technologies, projects and infrastructure for collecting, transporting, treating, recycling or reusing water, rainwater or wastewater.

- Domestic wastewater



Green Building

New construction or remodeling projects certified to third-party green building standards, including residential, industrial, and commercial use buildings:

- China Green Building Evaluation Standard: Pre-evaluation or evaluation of two stars or above



- *Building Research Establishment BREEAM Green Building Assessment Standard: Excellent rating or above*
- *U.S. Green Building Council LEED Green Building Certification: Attainment of Gold Standard Certification or above*
- *Hong Kong BEAM Plus Gold or above.*

Waste prevention, minimization, and recycling

Extended product life cycle

-

Sustainable Water Management

Water balance test

-

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

All Categories

The table below evaluates the Eligibility Criteria against issuance specific KPIs. All of the assets will be located in China, India, USA, Europe, Israel, South Korea, Japan, and Vietnam.

ASSESSMENT AGAINST KPIs

All categories

Labor, Health, and Safety



Sunwoda has high labour, health and safety standards for own employees and contractors in place. The Company abides to International Labor Organization Declaration on Fundamental Principles and UN Global Compact and respects and protects the legitimate rights and interests of its employees and signs labor contracts with 100% of its employees. The Issuer confirms that ISO 45001 will be available for all assets financed under this framework.

Energy Efficiency, Renewable Energy

Labor, Health, and Safety in the supply chain



The Issuer has measures in place systematically ensuring that assets financed under this framework provide for high labour and health and safety standards in the supply chain. The supplier standard refers to adherence to the code of conduct of the Responsible Business Alliance (RBA) which prohibits child labor, in accordance with the ILO Minimum Age Convention. The RBA further covers policies on forced labor, discrimination, Harassment and abusive behavior, Health and safety, Wages, and working hours. The supplies for all assets financed under this framework are covered by a health and safety management system that is certified to ISO 45001 standard.

The Supplier Code of Conduct covers freedom of association and collective bargaining and allows the establishment of means to facilitate freedom of association and collective bargaining in situations where they are restricted under law (e.g. works councils).

Green Buildings

User Safety



The Issuer has measures in place systematically ensuring that assets financed under this framework provide measures to ensure operational safety in buildings (e.g. fire sprinklers, and fire alarm systems). Additionally, the Issuer has a Fire protection system maintenance management regulation in place to standardize the maintenance and management of the fire protection system and ensure the effectiveness of the fire protection system of the building.

Water



The Issuer confirms to have planned measures to achieve water use reductions such as regularly inspecting water main taps, pipes, and flushing toilets to avoid leaks, water recycling, water resource recovery, and the replacement of water-saving appliances for all assets financed under the framework. According to their Environmental, Social and Governance (ESG) Report, Sunwoda has assured to reduce the use of water and has formulated the Management Regulations on Water Conservation. The Company's Water Conservation Management Regulation implies regular inspections in accordance with the Water Conservation Point Checklist to prevent water leakage in a timely manner. Every year, the Company develops a water conservation plan and facilitates the water conservation work based on the Plan, Do, Check, and Act (PDCA) principle. There is no information available on whether the company has set any water use reduction targets.

Sustainable Procurement of Building Material



The Issuer does not have policies or measures in place systematically ensuring that assets financed under this framework provide for sustainable procurement of construction materials. However, during the onboarding process, the Company focuses on suppliers' performance in product quality and Environmental, Social and Governance (ESG), and decides whether a supplier is qualified based on the result of risk evaluation and on-site review. The newly selected suppliers are required to sign the Basic Principles for Cooperation with Suppliers, the Commitment of Suppliers to Environmentally friendly Materials, the Quality Assurance Agreement, and the Law Compliance and Trade Safety Agreement for Business Partners.

In accordance with the conflict mineral guidelines and the RBA plan of the Organization for Economic Cooperation and Development (OECD), the Issuer conducts due diligence on the supply chain for the procurement of five minerals, including tantalum, tin, tungsten, gold (3TGs) and cobalt, contained in products. Also, the Company requests its suppliers to use 3TGs and cobalt that are approved by RBA and declared to be conflict-free minerals upon review based on the Responsible Minerals Initiative (RMI).⁹

Site Selection



The Issuer cannot assure that assets financed under this framework are located within a maximum of 1 km from one or more modalities of public transport. However, electric shuttle buses are provided for employees to travel from public transport to the Company site.

Energy Efficiency

Environmental aspects of construction (or production) and operation



The Issuer has an Environmental Management System in place systematically ensuring that assets financed under this framework meet high environmental standards and requirements in the supply chain. Sunwoda confirms that all assets financed under this

⁹ ESG Report 2022, page 85, <https://www.sunwoda.com/upload/portal/20230427/1dfc58184aaf763d5b6f136106bc0df2.pdf>

framework will be covered by an environmental management system that is certified to the ISO 14001 standard.

Clean Transportation, Energy Efficiency, Renewable Energy, Waste prevention, reduction, recycling and Green Buildings

Environmental aspects of construction (or production) and operation

- ✓ According to the Environmental, Social and Governance (ESG) Report, the Company insists that all products must meet environmental protection requirements and standardizes the control of harmful substances in the process of raw material procurement, new product development, manufacturing, packaging, storage, and transportation in order to ensure that the products do not contain prohibited harmful substances. To this end, the Company has set up posts for environmental protection specialists on the supply chain to review the composition of materials provided by suppliers and necessary third-party testing reports (including Restriction of Hazardous Substances in electrical and electronic equipment (RoHS), The Regulation on the registration, evaluation, authorization, and restriction of chemicals (REACH), and halogen-free issues). Additionally, the Company has formulated documents such as the Technical Standards for Environmental Management Substances and the Hazardous Substances Management Process.

Clean Transportation, Renewable Energy, Sustainable water management, Waste prevention, minimization, recycling

Community Dialogue

- The Issuer confirms that Environmental and social risk assessment would be conducted for all assets financed under the framework. However, there is no information available on whether community dialogue would be an integral part of the planning process. There is no information on whether the Issuer would collect sound information of communities, have community advisory panels and committees, conduct surveys, and have dialogue platforms, or have grievance mechanisms and compensation schemes in place.

Clean Transportation, Waste prevention, minimization, recycling

Environmental aspects of construction (or production) and operation

- ✓ According to the Environmental, Social, and Governance (ESG) Report, Sunwoda has an environmental management system in place. The Issuer confirms that all assets financed under this framework will be covered by an environmental management system that is certified to the ISO 14001 standard.

Energy Efficiency

- ✓ Sunwoda has formulated the Energy Management Regulations and established the Energy Conservation Committee to facilitate all business units and subsidiaries to complete the construction of their energy management systems and build an intelligent

energy management information system, so as to manage and control energy in an information-based, systematic, and standardized manner. The Issuer's ISO 50001 energy The Issuer has energy-saving technical transformation projects in place to reduce energy consumption and improve energy utilization.

Waste prevention, minimization, recycling

Environmental aspects of construction (or production) and operation

- There is no information in place systematically ensuring that assets financed under this framework for which life-cycle assessments that have been conducted.

✓ The Issuer has an Environmental protection regulation in place systematically ensuring that assets financed under this framework provide for high standards regarding the environmentally safe operation of plants. The Company has self-monitoring that complies with National technical specifications for environmental monitoring which includes air, noise, and water. Additionally, the Company also has quality control measures in place. Sunwoda confirms that all assets financed under this framework will be covered by an environmental management system that is certified to the ISO 14001 standard.

Sustainable Water Management

Environmental aspects of construction (or production) and operation

- Sunwoda does not have measures in place systematically ensuring that assets financed under this framework feature clear measures for leak detection methods such as Leak detection and repair (LDAR) systems such as the use of thermal imaging cameras, Sonic leak-detection equipment etc., or ensure that repair systems are in place.
- The Issuer does not have measures in place systematically ensuring that assets financed under this framework feature measures to reduce the environmental impacts of sewage sludge disposal.
- The Issuer does not have policies or measures in place systematically ensuring that assets financed under this framework provide for high standards regarding water quality (i.e., healthiness and purity requirements).

Energy Efficiency, Renewable Energy, Clean Transportation, Waste prevention, minimization, recycling

Environmental aspects of construction (or production) and operation

- ✓ Sunwoda has passed UL2799 Zero Waste to Landfill Platinum Operations¹⁰, committing to reduce waste within production processes. The Company works with upstream and

¹⁰ ESG Report 2022, page 55, <https://www.sunwoda.com/upload/portal/20230427/1dfc58184aaf763d5b6f136106bc0df2.pdf>

downstream manufacturers to recycle and reuse positive electrode waste in an environmentally friendly manner. Furthermore, the Company recycles all waste raw materials into resources instead of discharging them into the environment to maximize their value through resource recycling and reusing while creating economic and environmental benefits amounting to approximately RMB 2.6 million per year.

Renewable Energy, Sustainable water management, Green Buildings, Waste prevention, minimization, recycling

Conservation and biodiversity management

- ✓ Sunwoda confirms that Environmental Impact Assessment (EIA)¹¹, as a prerequisite for enterprises' environmental protection efforts, is the guarantee of legal compliance. When constructing or remodeling a factory, the Company will take the environment's effects into consideration completely and formulate an environmental impact report as required by the law. After obtaining EIA approval, the Company will apply for pollutant discharge permission according to the nature of the project, prepare the environmental emergency plan, accept environmental protection facilities, and make an announcement on the governmental platform. All EIA reports on construction projects are reviewed by internal environmental protection engineers.

Energy Efficiency, Waste prevention, minimization, recycling

On-site safety

- ✓ Sunwoda confirms to abide by Occupational Health and Safety (OSH) laws and regulations while establishing, operating, and improving the OSH system according to the requirements of the ISO 45001 system ensuring that assets financed under this framework for which high operational safety standards are in place. In 2022, the Company and 16 of its subsidiaries passed the ISO 45001 Occupational Health and Safety Management System Certification. The Company has set up a series of emergency management systems and rules including the Emergency Response and Response Management Regulations, the Management Regulations for Fire Emergencies, and the Implementation Rules for Non-Work-Safety Incidents. Additionally, the Company has established emergency organizations (including the command team, the communication team, the evacuation and alert team, the disaster relief team, the medical rescue team, and the logistic support team) to ensure timely and effective handling of unexpected work safety accidents. Environmental efficiency has already been considered in the design stage prior to the construction of a new production site. The new production site will adhere to local environmental regulations.

¹¹ ESG Report 2022, page 48, <https://www.sunwoda.com/upload/portal/20230427/1dfc58184aaf763d5b6f136106bc0df2.pdf>

PART III: LINKING THE TRANSACTION(S) TO SUNWODA'S ESG PROFILE

A. CONSISTENCY OF GREEN FINANCE FRAMEWORK WITH SUNWODA'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by Sunwoda

Sunwoda is in the Electronic Components industry, and its main activity is the production and distribution of lithium-ion battery cells and modules. The company is dedicated to creating a green and low-carbon environment with the goal of continuously reducing greenhouse gas emissions. Sunwoda has received ISO 14064 Green Factory Certification and follows a 'dual carbon target,' aiming to achieve 'carbon peaking' at the operational level by 2029 and carbon neutrality by 2050. In order to achieve the targets, the Company has established a Dual-Carbon Strategy Committee and the Dual-Carbon Management Office.

According to the Carbon Peak and Carbon Neutral Action Plan¹², in order to achieve Carbon neutrality by 2050, Sunwoda targets to reduce carbon emissions by 6.84 tons by 2030 and aims to reduce carbon emissions from transportation by 42.37 million tons by 2040. The Issuer publicly discloses and tracks the company's carbon emission reduction targets in the ESG report¹³.

Sunwoda has an ESG Management Committee, with the Chairperson of the Board of Directors as the Chairperson of the Committee to lead ESG management matters. The Vice Chairperson and the Secretary of the Board of Directors are responsible for the management and promotion of the Company's ESG development as well as the compilation of reports. Sunwoda has a process in place to identify and mitigate ESG risks¹⁴. The Issuer is a signatory to the United Nations Global Compact and has committed to the Science Based Targets initiative (SBTi) to guide target setting and progress reporting. Moreover, the sustainability report has been prepared in compliance with the Global Reporting Standards (GRI) and the Guidance on Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)

Sunwoda has never previously issued any green bonds or loans and does not provide a financial budget for achieving ESG goals.

Rationale for issuance

Sunwoda's rationale for Green Finance Instruments issuance is in line with its ambition to achieve a Carbon carbon-neutral economy by 2050. The Issuer's Green Financing Framework aims to supplement the company's ESG strategy and China's dual carbon targets through financing project categories in areas such as Clean Transport, Energy Efficiency, Renewable Energy, Sustainable Water Management, Green Buildings, Waste prevention, and minimization.

¹² One picture to understand "Sunwoda Carbon Peak Carbon Neutral Action Plan (Abstract)", August 12, 2022. More information is available at: <https://www.sunwoda.com/article/751/9.html>

¹³ Sunwoda Electronic Co. Ltd 2022, 2022 ESG report: <https://www.sunwoda.com/upload/portal/20230427/1dfc58184aaf763d5b6f136106bc0df2.pdf>

¹⁴ Sunwoda Electronic Co., Ltd. Page 11, ESG Risk Management Measures. More information is available at: <https://www.sunwoda.com/upload/portal/20230427/1dfc58184aaf763d5b6f136106bc0df2.pdf>

Opinion: *The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by Sunwoda. The majority of the project categories financed are in line with the sustainability objectives of Sunwoda.*

B. SUNWODA’S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which Sunwoda is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with Sunwoda’s industry

Sunwoda is classified in the Electronic Components, as per ISS ESG’s sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

| ESG KEY ISSUES IN THE INDUSTRY |
|---|
| Labour standards and working conditions |
| Responsible sourcing of raw materials |
| Resource conserving production |
| Substances of concern |



ESG performance of Sunwoda

Leveraging ISS ESG’s Corporate Rating research, further information about Sunwoda’s ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and Sunwoda’s sustainability strategy is further detailed in Part III.A of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG’s Sustainability Solutions Assessment methodology, the contribution of Sunwoda’s current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along Sunwoda’s production process.

| PRODUCT/SERVICES PORTFOLIO | ASSOCIATED PERCENTAGE OF REVENUE ¹⁵ | DIRECTION OF IMPACT | UN SDGS |
|---|--|---------------------|---|
| Key components for electric vehicles | 7.9% | CONTRIBUTION |   |

¹⁵ Percentages presented in this table are not cumulative.

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which Sunwoda would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Electronic Components industry are as follows: Failure to respect the right to just and favourable conditions of work, Failure to respect the right to safe and healthy working conditions, Strike action.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

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ANNEX 1: Methodology

The ISS ESG SPO provides an assessment of labelled transactions against international standards using ISS ESG proprietary methodology. For more information, please visit:

<https://www.issgovernance.com/file/publications/SPO-Use-of-Proceeds-Bonds-and-Loans.pdf>

ANNEX 2: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: Quality management processes

SCOPE

Sunwoda commissioned ICS to compile a Green Financing Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the GBP and GLP and to assess the sustainability credentials of its Sustainable Financing Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- Green Bond Principles, (GBP) as administered by the International Capital Market Association (ICMA) (as of 2021 with June 2022 Appendix 1),
- Green Loan Principles, as administered by the Loan Market Association (LMA) (as of February 2023), Asia Pacific Loan Market Association (APLMA) and Syndication and Trading Association (LSTA) (as of February 2023)

ISSUER'S RESPONSIBILITY

Sunwoda's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the project category level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Green Finance Instruments to be issued by Sunwoda has been conducted based on a proprietary methodology and in line with the ICMA's Green Bond Principles, Green Loan Principles, as administered by the LMA, APLMA and LSTA.

The engagement with Sunwoda took place in August to September 2023

ISS ESG's BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of Sunwoda themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green Finance Instruments SPO, please contact: SPOOperations@iss-esg.com

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