2025 Sustainable Development Report

CONTENTS

About this Report

This is the first *Sustainable Development Report* of Guangdong Vanward New Electric Co., Ltd. (Stock Code: 002543). It is intended to disclose to investors and other stakeholders the Company's philosophy, established management methods, implemented initiatives and achieved results regarding sustainable development issues in its operations.

Basis of this Report

This report is compiled with reference to relevant standards, frameworks and principles including the *Shenzhen Stock Exchange Guidelines for Self-Regulation of Listed Companies No.17 – Sustainable Development Reports (Trial)*, the *Sustainability Reporting Standards (GRI Standards)* issued by the Global Sustainability Standards Board (GSSB), and the United Nations Sustainable Development Goals (UN SDGs).

Report Period

Time Scope: January 1 to December 31, 2025. To ensure the continuity and comparability of disclosed information, certain information is appropriately extended forward or backward.
Release Cycle: Annual report.

Abbreviation Notes

Guangdong Vanward New Electric Co., Ltd.	>	Vanward Electric, Vanward, the Company, we
Guangdong Vanward Electric Co., Ltd.	>	Yanghe Factory
Gaoming Branch of Guangdong Vanward Electric Co., Ltd.	>	Genghe Factory
Guangdong Vanward Thermal Energy Technology Co., Ltd.	>	Xingtan Factory
Gaoli Factory of Guangdong Vanward New Electric Co., Ltd.	>	Gaoli Factory

Data Notes

Data sources in this report include publicly available government data; operating data is derived from the 2025 audited financial report of Guangdong Vanward New Electric Co., Ltd.; other data is sourced from the Company's interim announcements disclosed in 2025, as well as statistics and internal documents of all departments and subsidiaries of the Company.

Report Scope

This report covers Guangdong Vanward New Electric Co., Ltd. and its subsidiaries, consistent with the scope of the Company's consolidated financial statements. Environmental data includes Gaoli Factory, Yanghe Factory, Genghe Factory and Xingtan Factory.

Contact Information

For any questions or suggestions regarding the content of this report and Vanward Electric's ESG initiatives, please contact us via the following channels:

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We will carefully review your feedback and ensure the strict confidentiality of your personal information.

Other Statements

The Board of Directors of Guangdong Vanward New Electric Co., Ltd. warrants that there are no false records, misleading statements or material omissions in the content of this report, and shall bear individual and joint liabilities for the authenticity, accuracy and completeness of its content.

Message from the Chairman

2025 marks a pivotal year for Vanward Electric in deeply integrating the concept of sustainable development into corporate governance and strategic planning. We have always upheld the philosophy of "Customer Success, Striving-Oriented, Co-creation and Win-Win", and taken ESG management as a key engine for high-quality development. We hope to work with partners from all sectors through transparent communication to jointly advance toward a low-carbon and inclusive sustainable future.

Governance-led, Strategy-focused

We have established an ESG governance system with the Board of Directors at its core, integrating sustainable development into the entire operation process. In 2025, we've identified material topics of dual materiality (impact and financial), and formulated corresponding risk management measures. Meanwhile, we actively respond to the UN Sustainable Development Goals (SDGs), integrating 14 SDGs into business operations to fulfill our corporate responsibilities.

Solid Foundation, Compliance-backed

We continuously improve our corporate governance structure and establish a checks-and-balances mechanism among the shareholders ' meeting, the board of directors, the board of supervisors, and management to ensure the effectiveness of corporate governance. We strengthen the foundation of compliant operations, establish robust safeguards for business ethics and information security, and continuously optimize governance efficiency through regular internal audits and risk assessments, thereby supporting stable and sound development.

Ingenious Quality, Co-created Value

Adhering to stringent quality benchmarks, we've implemented the "Double-Zero" quality management framework and have established a full-life-cycle quality management system. Through our own digital service system, "Zero-Travel Service" system, "One Free Small Favor" initiative and other service, we provide reliable products and superior experiences for millions of users worldwide. By enhancing skills of service, we practice the concept of "benefting the people with value"continously.

Innovation-driven, Industrial Upgrading

Relying on 10 major innovation platforms and a professional technical team, we continue to increase R&D investment and achieve breakthroughs in technologies. In 2025, Vanward added 544 new patents and actively participated in formulating national and group standards. We keep overcoming industry technical challenges and making breakthroughs in new energy fields including hydrogen energy and air energy, driving industrial progress while injecting new momentum into the Company's sustainable development.

Green Compliance, Ecological Win-Win

We strictly implemented the ISO 14001 environmental management system and established a full-chain control mechanism covering “monitoring, treatment, and emergency response.” Through processes such as water spray towers and activated carbon adsorption, we ensured that exhaust emission concentrations remained far below the national standard limits. The wastewater treatment system has been regularly maintained, and a dedicated hazardous waste warehouse has been set up to ensure compliant disposal. Furthermore, we participated in tree-planting activities, integrating biodiversity conservation into our operational practices.

Improved Efficiency, Resource Circulation

We implemented lean production and optimized energy and resource management based on the principles of the circular economy. Through management-based energy conservation, production energy savings, and energy transition, we continuously improved production efficiency. We placed great emphasis on water conservation through reclaimed water reusing, rainwater recycling, and the introduction of water-saving equipment. We also promote the use of recyclable packaging to build a circular operating model.

Strategic Response, Long-term Emission Reduction

Based on the TCFD framework, we systematically identified climate-related risks and opportunities, assessed the actual and potential impacts of physical and transition risks on operation, and develop transition plans. We seized transition opportunities, enhance our emergency response capabilities to address climate change risks, capture opportunities in low-carbon and green markets, and strengthen supply chain resilience.

People-centric Care, Growth Empowerment

We have built a comprehensive talent development system, continuously improving employees' professional skills and overall competence through diversified training programs and career development paths. We respect human rights and foster a diverse workforce including ethnic minorities and overseas employees. We've strictly implemented ISO 45001 occupational health and safety management system, promoted automation to reduce labor intensity, and created a fair and safe working environment.

Supply Chain Responsibility

We have established a full-life-cycle supplier management system, realizing transparent supply chain management through digital tools and dynamically monitoring suppliers' compliance and operational risks. We promote green procurement and diversified cooperation to build a safe, reliable and responsible supply chain ecosystem with enhanced resilience and sustainability.

Digital Transitions

We actively advanced digital transformation, achieving significant improvements in production efficiency through system integration and injecting new momentum into operational optimization and green development through data-driven intelligent decision-making. By optimizing service processes through the VOC system, we have enhanced the customer service experience and driven the continued progress toward intelligent and low-carbon development.

Advance Public Welfare

We have established a systematic public welfare framework that goes beyond simple charitable donations. Using the “12.12 Vanward Public Welfare Day” as a platform, we addressed the livelihood needs of disadvantaged groups and people in remote areas through initiatives such as the Caring Kitchen and Hot Water Projects, in response to the national call for “rural revitalization.” We also support community cultural and sports activities, actively participate in local park greening initiatives, and contribute to the sustainable development of communities.

Looking ahead, Vanward will uphold its strategic vision of becoming a “global leader in comprehensive hot water and heating solutions.” Driven by technological innovation and grounded in sustainable development, Vanward will work hand in hand with all stakeholders to create a greener future.

Guangdong Vanward New Electric Co., Ltd.
Chairman
YU CONG LOUIE LU

About Vanward New Electric Co., Ltd.

Corporate Profile

Guangdong Vanward New Electric Co., Ltd. is a domestic A-share listed company with the stock code 002543. Founded in 1993, the Company owns seven major manufacturing bases worldwide and has grown into a leading professional manufacturer of water heaters, kitchen appliances and hot water systems in China. Vanward is also an initiator and promoter of China's gas appliance development strategy, a key high-tech enterprise under the National Torch Program, a National Residential Industrialization Base awarded by the Ministry of Housing and Urban-Rural Development, and a Strategic Partner of China's Aerospace Industry.

"Technological innovation" is the core driving force behind Vanward's development. To date, Vanward possesses more than 80 industry-leading technologies in the kitchen and bathroom appliance sector, and has led or participated in the drafting and revision of national and industrial standards over 200 times. It has built 10 major innovation platforms including a National-level Enterprise Technology Center and Guangdong Engineering Technology Research and Development Center, committing to becoming a Leader of Comprehensive Hot Water and Heating Solutions Worldwide.

Guangdong Vanward New Electric Co., Ltd.

A-Share Listed Company
Stock Code 002543

Founded in 1993
Owned 7 Manufacturing Bases

Possesses 80+ Leading technologies
Among Kitchen Appliance Industry

Development History

1993
Vanward was founded.

1994
Launched the fitst computer-controlled forced-draft gas water heater in China.

1999
Released China's first remote-controlled gas water heater.

Launched the first balanced flue gas water heater in China in the same year.

2001
Successfully developed the first condensing gas water heater in China.

2006
Unveiled the first full-premix gas water heater, achieving a thermal efficiency of 107% and setting a new industry benchmark for energy conservation in China.

2011
Listed on the Shenzhen Stock Exchange;

Put into operation the fully automatic production line for Vanward new energy products.

2012
Won the "Most Influential Brand Award in Gas Water Heater Industry" for 20 years in China's consumer market;

Became the only "Partner of China's Aerospace Industry" and "Sponsor of China's Aerospace Industry" in the gas appliance sector.

2013
Opened the country's first experience center for hot water systems and engineering projects;

Took the lead in extending independent enterprise subsidies for energy-saving gas water heaters;

Product laboratory passed CNAS accreditation.

2014
Launched China's first-class energy efficiency gas water heater with zero condensate discharge;

Vanward became the host of the third "Guangdong Solar Energy Application Demonstration Community";

Released "Cloud Smart" technology in Beijing, ushering the hot water lifestyle into the mobile intelligent era.

2015
Established the industry's only research laboratory for gas adaptive technology;

Built the industry's first engineering center dedicated to R&D in energy conservation, environmental protection, intelligent control and new materials for kitchen appliances.

2016
Pioneered the zero-cold-water gas water heater equipped with low-nitrogen combustion technology, setting a new industry benchmark.

2017
Became the first gas appliance enterprise in China certified for energy management system;

Launched independent brand operation overseas, with the first overseas specialty store opened in the commercial center of Azerbaijan;

Selected into China Top 500 Most Valuable Brands.

2018
Operated the first Vanward Product Experience Store in Bangkok, Thailand;

Obtained the **Integration of Informatization and Industrialization Management System Assessment Certificate**.

2020
Launched the LS5 series of first-class energy efficiency zero-cold-water gas water heaters with a thermal efficiency of up to 103.5%, leading the industry.

2021
Released a full range of household gas appliances compatible with hydrogen-enriched natural gas.

2022
Built a 5G digital factory and created new IoT-enabled consumption scenarios;

Vanward household gas water heaters were selected into the 7th batch of national single champion products in manufacturing;

Planned to invest in overseas production bases in Egypt and Thailand.

2023
Vanward Electric (Thailand) Co., Ltd. officially laid the foundation in Thailand.

2024
Vanward Electric Egypt Base officially laid the foundation.

2025
Released the first product carbon footprint certificates and greenhouse gas verification report.

Business Layout

The Company will stay committed to its core business of hot water and heating, focus on the layout of multi-energy applications and system integration, and follow the evolutionary path of single products – product suites – scenario-based solutions. It will combine brand licensing with the development of its own brand, continuously expand into the kitchen and bathroom sectors, and upgrade its overseas marketing model through the iterative evolution from OEM/ODM to OBM. The Company will further expand and strengthen the household appliances industry, and steadfastly advance toward its strategic vision of becoming a Leader of Comprehensive Hot Water and Heating Solutions Worldwide.

Relying on strong Research and Development(R&D), manufacturing and marketing capabilities, Vanward integrates three business models: Own Brand Operator (OBO), Original Design Manufacturer (ODM) and Original Equipment Manufacturer (OEM). It responds rapidly to domestic and international user demands and provides high-quality products matching market changes.

Business Models

- Own Brand Operator(OBO)
- Original Design Manufacturer(ODM)
- Original Equipment Manufacturer(OEM)

Based on strategic layout, Vanward takes its own brand as the core in the domestic market, enhances brand influence, improves brand authorization mechanisms, integrates resources and increases brand premium. In the global market, the Company continuously optimizes its business structure, has invested in overseas production bases in Thailand and Egypt, and gradually strengthens global market development and service capabilities to enhance international competitiveness.

Corporate Culture

中国万和 天生可靠 China Vanward

Vision
Becoming a Leader of Comprehensive Hot Water and Heating Solutions Worldwide.

Mission
Creating a healthy, comfortable and harmonious life.

Values
Customer Success, Striving-Oriented, Co-Creation and Win-Win

Slogan
China Vanward · Born Reliable

Honors and Qualifications

National-level Associations

Gas Appliance Branch, Gas Appliance Branch, China National Hardware Association
Chairman Unit,

China National Hardware Association
Vice Chairman Unit,

Gas Heating Professional Committee, Gas Branch, China Civil Engineering Society (NCPE)
Deputy Director Unit,

Household Electric Water Heater Professional Committee, China Household Electrical Appliances Association
Deputy Director Unit,

Provincial-level Associations

Guangdong Gas Appliance Association
Chairman Unit,

Guangdong Gas Heating Water Heater Chamber of Commerce
Executive Chairman Unit,

Guangdong Industrial Design Association
Vice Chairman Unit,

Guangdong Trademark Association
Vice Chairman Unit,

Guangdong Household Electrical Appliances Chamber of Commerce
Vice Chairman Unit,

Municipal-level Associations

Shenzhen Gas Industry Association
Vice Chairman Unit,

District-level Associations

Foshan Shunde District Household Electrical Appliances Chamber of Commerce
Chairman Unit,

Foshan Shunde District Intellectual Property Association
Chairman Unit,

Foshan Gaoming District Intellectual Property Association
Vice Chairman Unit,

Foshan Shunde District Gas Appliances Chamber of Commerce
Executive Vice Chairman Unit,

Awards


证书
制造业单项冠军培育企业
（2019年—2021年）


证书
制造业单项冠军产品
（2023年—2025年）


中国轻工业五金制品行业十强企业


中国轻工业二百强企业


中国轻工业科技百强企业


CERTIFICATE
中国行业标志性品牌证书


CERTIFICATE
中国行业标志性品牌证书


CERTIFICATE
中国行业标志性品牌证书


Vanward万和
让家更温馨
1亿用户
万和家电产品累计服务全球超1亿用户


统计信息证明
“万和”燃气热水器
荣列2024年度
同类产品市场综合占有率第一位


广东万和新电气股份有限公司
国家住宅产业化基地
中华人民共和国住房和城乡建设部
二〇一三年八月


广东万和新电气股份有限公司
全球燃气具领导品牌培育示范企业
中国五金制品协会
二〇二三年八月


国家知识产权示范企业
国家知识产权局
2022年10月-2025年9月


CSA Group
广东万和新电气股份有限公司
Guangdong Vanward New Electric Co.,Ltd.
CSA认可实验室
CSA QUALIFIED TESTING LABORATORY
CSA 中国


广东省战略性新兴产业骨干企业
广东省经济和信息化委员会
二〇一三年六月


广东省政府质量奖
Guangdong Provincial Government Quality Award
（2015年度）
广东省人民政府
二〇一六年一月


兹授予
广东万和新电气股份有限公司为
中国航天事业战略合作伙伴
A STRATEGIC PARTNER OF CHINA AEROSPACE
二〇一六年十月


中国出口质量安全示范企业
国家质量监督检验检疫总局
二〇一六年十二月

01

ESG Governance

1 ESG Governance

1.1 ESG Governance Structure

Under the strategic framework of sustainable development, Vanward has initially established an ESG governance structure to ensure that the ESG strategy is highly aligned with the Company's overall development goals and promote the implementation of ESG objectives through effective management mechanisms. Currently, the Company has built an ESG governance structure with the Board of Directors and the Strategy and Development Committee as the decision-making level, the ESG Management Committee as the management level, and various functional departments as the main executive level, clearly defining the responsibilities and division of labor of management institutions at all levels.

As the supreme decision-making body for corporate governance, the Board of Directors has established the Strategy and Development Committee as a pre-deliberation body under the Board for corporate strategy and development affairs. The ESG Management Committee serves as the core management body for the Company's ESG governance, under the leadership of and accountable to the Strategy and Development Committee. It ensures that core members of the ESG Task Force perform their respective duties, and continuously advances the improvement of environmental management, product responsibility, employee rights and development, supply chain management, community relations and other related matters.

Vanward ESG Governance Structure

Board of Directors

- Reviews and approves the Company's ESG strategy and policies.

Strategy and Development Committee

- Conducts preliminary review of ESG-related proposals;
- Forms professional opinions and submits them to the Board of Directors for decision-making.

ESG Management Committee

- Oversees the formulation of the Company's ESG strategic plans;
- Implements ESG risk management;
- Supervises and evaluates ESG performance.

Functional Departments

- Carry out the daily implementation of the Company's ESG initiatives;
- Coordinate cross-departmental collaboration and ensure the execution of relevant matters.

1.2 Stakeholder Engagement Activities

Identifying core stakeholders is the first step in the Company's stakeholder management. The Company comprehensively identifies internal and external stakeholders through questionnaires, interviews, industry analysis, public data collection and other methods.

Stakeholders	Engagement Channels	Relevant Topics
Shareholders and Investors	• Annual/Sustainable Development Reports • Investor Meetings • Investor Relations (IR) Special Communications • Earnings Presentation	• Stakeholder Engagement • Anti-commercial Bribery and Anti-corruption • Anti-unfair Competition
Governments and Regulatory Authorities	• Government Announcements • Special Policy Communication Meetings • On-site Environmental/Safety Inspections	• Anti-commercial Bribery and Anti-corruption • Anti-unfair Competition • Environmental Compliance Management
Customers/Consumers	• Customer Demand Surveys • Customer Audits • Product Launch Events and Product Manuals • After-sales Services • Satisfaction Surveys	• Product and Service Safety and Quality • Data Security and Customer Privacy Protection • Product Design and Life Cycle Management
Employees	• Internal Training • Internal Channels such as Email/ DingTalk • Employee Satisfaction Surveys • Communication Meetings including Trade Unions and Employee Representative Congresses	• Talent Training and Development • Diversity, Equity and Inclusion • Employee Rights and Benefits • Occupational Health and Safety
Suppliers	• Contract Signing and Execution • Online Procurement Platforms • Supplier Training • Supply Chain Assessment and Audits	• Supply Chain Management • Due Diligence • Equal Treatment of Small and Medium-sized Enterprises
Communities	• Sponsorship of Community Cultural and Sports Activities • "Vanward Charity Kitchen" Project	• Rural Revitalization • Social Contributions

Stakeholders	Engagement Channels	Relevant Topics
Industry Partners	• Industry Summits and Technical Forums • Industry Standard Formulation • Industry-University-Research Projects	• Innovation-driven Development • Science and Technology Ethics
Non-Governmental Organizations (NGOs)	• Response to Sustainable Development Initiatives	• Climate Change Adaption and Mitigation • Supply Chain Management • Diversity, Equity and Inclusion • Anti-commercial Bribery and Anti-corruption
Environment	• Environmental Monitoring and Environmental Information Disclosure • R&D and Launch of Environmentally Friendly Products • Third-party Environmental Audits	• Climate Change Adaption and Mitigation • Pollutant Emissions • Waste Disposal • Ecosystem and Biodiversity Protection • Environmental Compliance Management • Energy Management • Water Resource Management • Chemical Management • Circular Economy

1.3 Identification and Assessment of Material Topics

With reference to the requirements of standards such as the *Shenzhen Stock Exchange Guidelines for Self-Regulation of ChiNext Listed Companies No. 3 – Compilation of Sustainable Development Reports (Exposure Draft) and GRI 3: Material Topics 2021*, the Company conducts the identification, screening and importance assessment of ESG material topics through the following methods:

Background Review	Conduct internal and external environmental analysis by integrating the Company's activities, business relationships, objective external environment, industry characteristics and stakeholder communication feedback, providing a reference basis for material topic analysis.
Inventory Establishment	Identify material topics highly relevant to the Company based on international trends, national policy orientations, ESG standard analysis and industry benchmarking, and summarize them to form the Company's topic inventory.
Dual Materiality Assessment	Invite key stakeholders to participate in on-site interviews or online questionnaires on material topics; Based on the survey results, assess and integrate the impact importance and financial importance of each topic.
Topic Reporting	Verify the results of the material topic assessment in combination with the Company's strategic planning and business policies, and disclose the dual materiality topic matrix.

Based on questionnaire survey and industry research results, with reference to domestic and foreign standards and framework guidelines, we have sorted out the environmental, social and governance (ESG) topics concerned by various stakeholders. Combined with the Company's business characteristics, 26 key topics have been screened out, and a dual importance topic matrix has been generated.

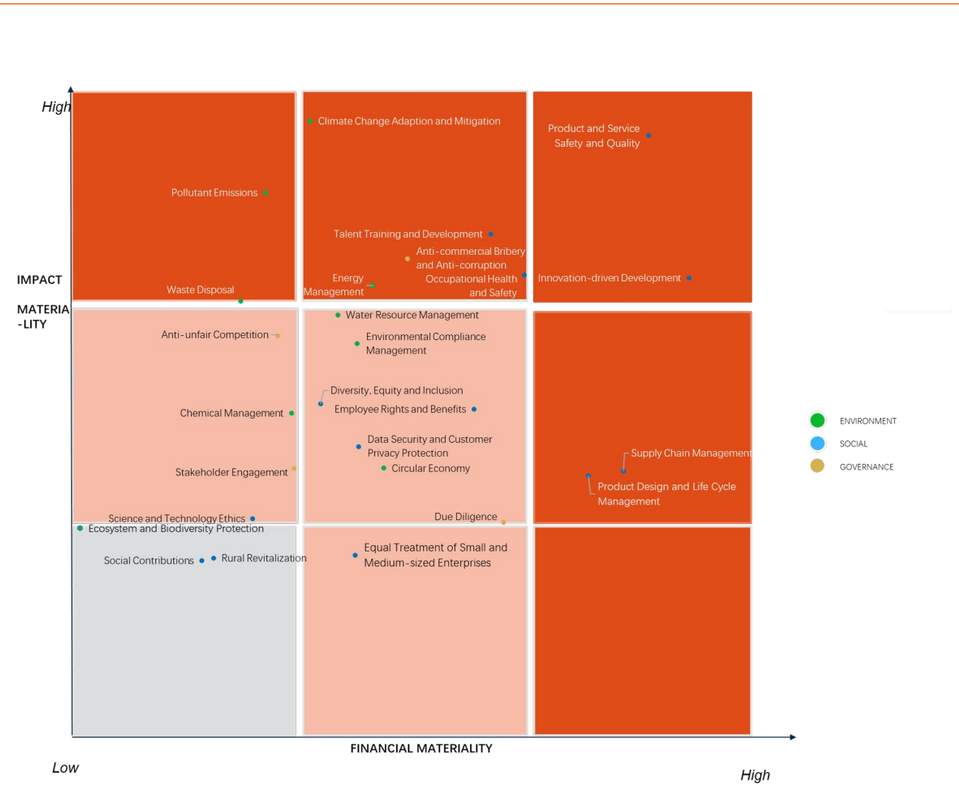
Impact Importance Assessment

Adopt a combination of quantitative and qualitative methods to evaluate the potential impact scale, scope, probability and irreparability of each topic, and identify high-impact and high-priority topics.

Financial Importance Assessment

Evaluate the financial impact of each material topic on the Company (such as cash flow, costs, return on investment, etc.) and the probability of affecting the Company's financial performance, and integrate the financial importance ranking.

After identification, among the 26 topics, 2 are of financial importance and impact importance to the Company. For topics of financial importance, the Company attaches great importance to and fully identifies their impacts, risks and opportunities, and improves management policies, guidelines and measures in management and operations.



1.4 Risk and Opportunity Analysis of Material Issues

We have conducted risk and opportunity analysis on issues of double materiality, and based on this, improved our management strategies and measures in the field of sustainable development.

Topics	Risk and Opportunity Analysis	Response Measures
Anti-commercial Bribery and Anti-corruption	• Poor management may lead to regulatory investigations and business suspension, resulting in huge fines and damage to brand reputation. ✓ Strengthen the compliance system can enhance investor confidence and reduce risks when entering overseas markets.	• Conduct regular publicity on anti-corruption requirements; • Sign dedicated compliance agreements with overseas employees and strictly regulate self-discipline standards for sensitive positions; • Convey the Company's anti-corruption requirements to partners to build a sunshine supply chain
Product and Service Safety and Quality	• Quality incidents may lead to regulatory penalties, class-action lawsuits by consumers, and reputation crises, directly impacting revenue and share prices. ✓ Establish a high-standard quality control system can enhance customer trust, build brand effect, and further expand order volume.	• Improve full-lifecycle quality control processes and quality risk management mechanisms; • Build multiple safety defense systems to precisely control safety performance; • Build a user-centric service system and user voice closed-loop management mechanism.
Innovation-driven Development	• Insufficient R&D investment may lead to product iteration lag and market share erosion by competitors. ✓ High value-added innovation can improve product gross margin and expand new business scenarios.	• Build 10 major innovation platforms and continuously invest funds to enhance innovation capabilities; • Improve innovation incentive mechanisms; • Improve innovation incentive mechanisms.
Product Design and Life Cycle Management	• Failure to complete full life cycle carbon accounting may lead to failed overseas market entry. ✓ Develop new energy products can improve full life cycle management, and thus reduce maintenance and recycling costs.	• Consider product recyclability in design to ensure product renewable rate; • Respond to the national "old-for-new" policy and launch related products.
Supply Chain Management	• Supply chain disruptions may lead to delivery delays and order cancellations. ✓ Optimizing the supply chain layout can improve risk resistance and supply chain resilience.	• Improve supply chain risk management to ensure supply stability, increase supplier diversification, and stabilize supply chain resilience; • Continuously improve supply chain social responsibility management.
Talent Training and Development	• Loss of core talents may lead to technical disruption and increased recruitment and replacement costs; insufficient training input-output ratio may affect financial efficiency. ✓ Improve talent team building can enhance organizational efficiency, and attract high-end technical talents to drive innovation.	• Formulate annual training plans and launch "Vanward Navigation" series training; • Establish a sound career development and promotion channel to support employees in obtaining professional qualifications and skill certificates.
Occupational Health and Safety	• Work accidents may lead to employee claims and regulatory penalties, resulting in production suspension and negative brand criticism, weakening brand appeal. ✓ Reduce work injury rates and losses; optimize the working environment to improve production efficiency.	• Obtain ISO 45001 certification; • Conduct regular hidden danger investigations and safety risk assessments with classified hierarchical management; • Deploy automated equipment to reduce labor intensity.
Climate Change Adaption and Mitigation	• Failure to establish climate emergency measures may expose organizations to extreme weather, leading to production disruptions; environmental public sentiment may also trigger consumer boycotts. ✓ Early implementation of greenhouse gas reduction strategies could secure priority market access in overseas markets.	• Develop emergency response plans for typhoon and flood prevention, and promptly replenish emergency supplies; • Regularly conduct greenhouse gas inventory surveys to enhance the data foundation.
Energy Management	• Fluctuating energy prices, policy limits, and insufficient investment in energy-saving transformation may lead to rising costs. ✓ Promote energy-saving technological transformation to reduce energy costs and indirectly reduce greenhouse gas emissions.	• Obtain ISO 50001 energy management system certification; • Reduce energy costs through energy-saving renovation and elimination of high-energy-consuming old equipment; • Continuously increase the proportion of clean energy use.
Pollutant Emissions	• Non-compliant emissions may trigger environmental law enforcement and production suspension rectification, directly affecting production capacity and order delivery; environmental incidents may trigger consumer boycotts. ✓ Meet overseas market access requirements.	• Monitor pollutant emissions to ensure compliance with discharge regulations and requirements. • Achieve source control through process optimization, gradually reduce pollutant emissions.
Waste Disposal	• Non-compliant disposal practices may lead to penalties, community complaints, and other incidents, thereby damaging corporate reputation and increasing operational costs; ✓ Establishing a circular supply chain reduces waste generation and lowers disposal costs.	• Improve the treatment systems and procedures for hazardous waste and general solid waste, and collaborate withqualified third parties to ensure compliant disposal. • Use reusable standard turnover boxes for transportation to reduce waste generation.

1.5 Response to the United Nations Sustainable Development Gaols (SDGs)

Vanward aligns its development with the framework of the global sustainable development agenda and has systematically conducted a materiality analysis of the United Nations 2030 Sustainable Development Goals (SDGs). By identifying the core impacts of the Company's operations on the economy, society and the environment, we have defined 14 SDGs that are highly relevant to the Company's strategy and business. For each goal, we have formulated specific action plans and management targets, committed to translating the global agenda into tangible corporate actions and contributing to the achievement of the Sustainable Development Goals.

SDGs	Relevance	Our Actions
1 NO POVERTY	Provide employment opportunities and help improve the living standards in poor and remote areas.	Conduct employee recruitment in southern Guizhou to address the employment issues in remote areas and sign annual labor service agreements.
2 ZERO HUNGER	Address the hot food preparation needs of vulnerable groups through public welfare initiatives.	Launch the "Vanward Charity Kitchen" project, providing free kitchen appliances, tableware disinfection facilities, etc., to help them meet basic living needs.
3 GOOD HEALTH AND WELL-BEING	Focus on employees' health and provide a safe working environment.	Regularly conduct occupational safety risk monitoring to identify and eliminate potential hazards; Equip with labor protection supplies and organize regular employee physical examinations; Promote automated facilities to reduce workers' labor intensity.
4 QUALITY EDUCATION	Enhance employees' skills through education and training.	Provide multi-level and multi-field vocational skills training for employees; Carry out university-enterprise cooperation, establish internship bases, and conduct targeted training of professional talents in thermal energy, machinery, automation and other fields.
5 GENDER EQUALITY	Ensure equal opportunities and welfare benefits for women within the Company.	Strictly implement a non-gender discrimination policy; Establish "Caring Mother's Rooms" to provide breastfeeding and rest spaces for female employees.
6 CLEAN WATER AND SANITATION	Optimize water management and reduce water waste.	Promote water-saving technologies and optimize production processes to reduce water consumption; Ensure sewage is discharged after meeting treatment standards to avoid environmental pollution.
7 AFFORDABLE AND CLEAN ENERGY	Promote the R&D and application of clean energy such as hydrogen energy and solar energy.	Participate in the compilation of alliance standards for hydrogen-enriched natural gas series and take the lead in launching hydrogen energy gas appliances; Construct photovoltaic power generation facilities and purchase green electricity certificates (GECs) to support the development of renewable energy.
8 DECENT WORK AND ECONOMIC GROWTH	Provide fair employment opportunities and career development paths.	Regularly conduct salary surveys to ensure employees' salary levels are competitive; Formulate career development paths for employees and provide promotion and growth opportunities.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Promote industrial upgrading through technological innovation.	Establish R&D platforms, maintain stable R&D investment, and develop efficient and environmentally friendly products and technologies.
10 REDUCED INEQUALITIES	Implement inclusive policies to reduce inequalities both internally and externally.	We provide equal employment opportunities and comprehensive benefits for persons with disabilities, ethnic minorities, and foreign employees; furthermore, we ensure the equitable treatment of small and medium-sized enterprise (SME) partners.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Optimize production processes to achieve sustainable management and efficient utilization of natural resources, and ensure product quality and consumer safety.	Introduce the "Double Zero" quality management method with Chinese aerospace characteristics to ensure products meet environmental and safety standards; Promote lean production and circular economy; Strictly implement supply chain quality management to avoid quality issues at the raw material stage; Improve production efficiency and ensure product quality through digital means.
13 CLIMATE ACTION	Reduce carbon emissions and address climate change.	Conduct greenhouse gas inventories and promote product carbon footprint management; Use photovoltaic power generation to reduce reliance on fossil energy; Identify and address climate change-related risks with reference to the TCFD framework.
15 LIFE ON LAND	Protect biodiversity and reduce damage to ecosystems.	Participate in tree-planting activities in Yanghe Industrial Park to increase green coverage; Obtain EIA reports before launching new projects to ensure no impact on the surrounding ecology.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Ensure compliant operations and transparent management.	Establish a transparent corporate governance structure to ensure the openness and impartiality of the decision-making process; Abide by laws and regulations, eliminate corrupt practices, and promote the construction of business ethics.

02

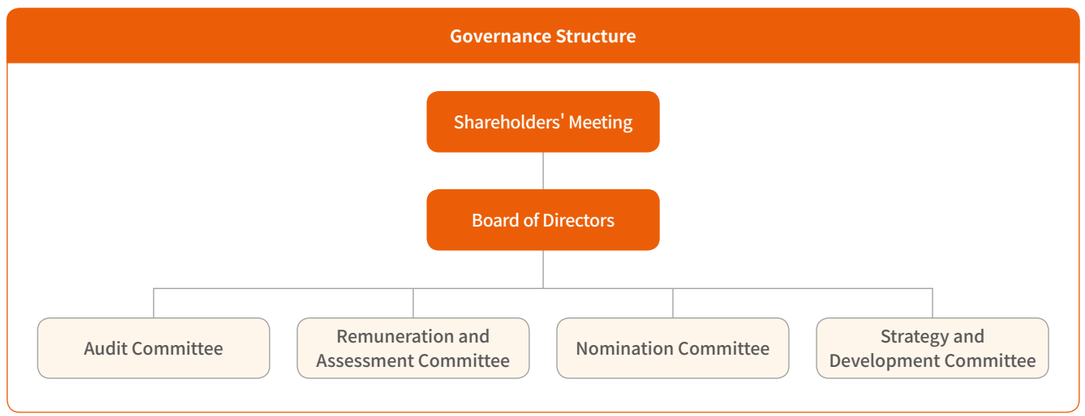
Coporate Governance

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

2 Corporate Governance

2.1 Governance Structure

Vanward strictly complies with the requirements of relevant laws and regulations such as the *Company Law of the People's Republic of China* (hereinafter referred to as the "*Company Law*") and the *Guidelines for Corporate Governance of Listed Companies*. The Company continuously improves its corporate governance structure and the standard system for protecting shareholders' rights and interests, clarifies the division of responsibilities and powers among the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management, ensuring clear rights and responsibilities and effective checks and balances.



General Meeting of Shareholders

To effectively protect shareholders' rights and interests, the Company clarifies that the General Meeting of Shareholders is the highest authority, ensuring that all shareholders enjoy the right to know, participate in and make decisions on major matters of the Company. Each General Meeting of Shareholders is attended by lawyers as witnesses, and the legal opinion is disclosed together with the meeting resolution to ensure the legality and validity of the General Meeting of Shareholders.

For major matters, the Company implements separate voting and counting for medium and small investors, further protecting the rights and interests of medium and small investors and ensuring that all shareholders, especially medium and small shareholders, can fully exercise their rights.

During the reporting period, the Company completed the renewal of members of the Board of Directors and the Board of Supervisors through the General Meeting of Shareholders.

Board of Directors

Directors	Independent directors	Female directors
9	3	2

Board of Directors

The Board of Directors has established four specialized committees: Audit Committee, Remuneration and Assessment Committee, Nomination Committee, and Strategy and Development Committee. These committees convene and hold meetings in strict accordance with laws, regulations and the *Articles of Association of the Company*, fully discuss and carefully vote on submitted proposals. Each committee performs its duties diligently in accordance with its working rules, providing professional support for the scientific decision-making of the Board of Directors. All resolutions were effectively implemented during the reporting period.

Operation of the Three Governing Bodies

General Meeting of Shareholders:	Board of Directors Meetings:	Board of Supervisors Meetings:
5 sessions	8 sessions	4 sessions

In 2025, all directors participated in special training on listed company governance organized by regulatory authorities such as the Guangdong Securities Regulatory Bureau and the Guangdong Listed Companies Association. The training covered the interpretation of the new *Company Law* and the latest regulatory requirements including investor relations management, continuously consolidating the foundation for compliant performance of duties. The Company also held an ESG Construction Launch Meeting and Empowerment Training during the year, with the Board of Directors, as the core of governance, participating in depth to comprehensively enhance ESG awareness and management capabilities, and promote the integration of ESG concepts into strategic decision-making and daily operations.

2.2 Internal Control and Risk Management

To ensure operational stability, the Company has established an Audit and Supervision Department. Staffed with full-time personnel nominated by the Audit Committee, the department ensures that its members are familiar with the Company's business operations and internal control norms. In principle, the Company implements an appointment system for subsidiaries, and sets up or appoints corresponding internal audit institutions or full-time internal audit personnel based on the scale of the subsidiaries, who are directly led by the Company's Audit and Supervision Department.

In terms of tax risk management, Vanward has built a sound tax management system, implementing the separation and restriction of incompatible positions. The Company has established an independent Tax Department, with the Board of Directors coordinating the tax management strategy, the General Manager responsible for overall deployment, and a Tax Director in charge of tax work, forming a complete management chain to ensure legal operation and honest tax payment.

To prevent and mitigate tax management risks, the Company proactively implements tax compliance programs and carries out systematic arrangements under the premise of legality and compliance to ensure tax security, with risk prevention and control as the core focus. The Company strictly abides by tax laws and regulations, continuously identifies internal and external risks, conducts regular assessments and dynamic control, and establishes a classified management system and full-process internal control measures. It standardizes compliance processes such as invoice management, tax filing and document reporting, optimizes the tax burden structure, controls tax costs, and builds an efficient information communication mechanism.

2.3 Business Ethics

The Company has always prioritized business ethics and compliant operations, and formulated the *Anti-Fraud Management System*. As a permanent institution, the Audit and Supervision Department is responsible for investigating various corruption-related fraud cases under the leadership of the Audit Committee. Through regular internal audits, internal control self-evaluations, risk assessments and other measures, it ensures the healthy, stable and sound operation of the Company.

The Company regularly carries out anti-fraud prevention publicity, organizing employees to study the *Anti-Fraud Management System*, clarifying professional code of conduct and fraud consequences, informing them of reporting rights and channels, and guiding employees to abide by laws, regulations, professional ethics and company systems, so as to create an honest and diligent working atmosphere.

Anti-Corruption

Taking integrity in employment as the core business ethics principle, the Company has built a multi-dimensional anti-corruption control mechanism. Targeting risks such as commercial bribery and duty-related embezzlement, it has systematically constructed a "precision-oriented and long-term" integrity training system to build a solid compliance defense line:

Regular management	The Audit and Supervision Department issues official notices before major holidays to reiterate integrity requirements to all employees; integrity performance is included in employees' annual performance evaluations and promotion criteria; anonymous reporting channels are set up to encourage employees to supervise irregular behaviors.
Strengthening integrity education	Adopting an online + offline training model, through system training and case warnings, it clarifies the rigid bottom line of prohibiting the acceptance or payment of commercial bribes, and informs reporting channels and responsibilities.
Targeted constraints	Overseas employees sign special integrity agreements upon employment; the "Family Harmony System" homepage publicly displays the "Eight Red Lines" for a long time to strengthen warnings for all employees.
Special post norms	For financially sensitive positions, it clarifies requirements for abiding by laws and regulations, integrity, avoiding conflicts of interest and protecting financial information security; for procurement-sensitive positions, it strictly standardizes integrity standards and prohibits commercial bribery.

Integrity training coverage rate

100%

In addition, the Company also attaches importance to the standardization and compliance of transactions with external partners, signing integrity cooperation agreements with suppliers, customers and other partners, and adhering to the principles of fairness, impartiality and openness.

Anti-Unfair Competition

Adhering to the principle of fair competition, the Company has established a full-process control mechanism to safeguard market order and its own legitimate rights and interests:

Multi-dimensional supervision and verification	Partner management
Through annual fraud risk assessment, daily operation supervision, verification of reporting clues, and control of key links such as transaction records, it strengthens the monitoring of abnormal capital flows and false transactions. When necessary, it initiates special investigations and holds relevant personnel accountable.	Explicitly prohibits partners from seeking cooperation opportunities through unfair competition means, and maintains a fair business environment through compliance control.

In addition, the Company clarifies reporting channels to employees at all levels and all sectors of society, smoothing multiple reporting channels such as telephone, email and correspondence to accept reports of violations of business ethics such as bribery and unfair competition. After receiving a report, the Audit and Supervision Department will form an audit team within 3 working days to conduct investigation and evidence collection, keep written records and promptly report to the Company's management or the Board of Directors. If necessary, a special investigation team will be set up for verification, and the report materials of fraud cases after reporting and investigation will be filed in a timely manner.

Processing Timeframe

Simple Cases Within	Complex Cases Within
7 Working Days	30 Working Days

For verified acts of corruption, unfair competition, money laundering, etc., the Company will pursue direct and leadership responsibilities. Involved employees will be punished in accordance with regulations, including termination of labor contracts and economic compensation depending on the circumstances; those who violate the law will be transferred to judicial authorities. Involved partners will be included in the cooperation blacklist, and legal liability for compensation will be pursued. The informant's information is strictly confidential to ensure that the informant is not retaliated against.

Reporting Hotline	0757-28389920
Email Address	vwshenjibu@vanward.com
Mailing Address	Audit and Supervision Department of Vanward Electric, No. 13, Jianye Middle Road, Ronggui, Shunde District, Foshan, Guangdong

2.4 Due Diligence

To continuously reduce compliance and operational risks in cooperation with suppliers, the Company has established a third-party due diligence mechanism for suppliers, implementing the dynamic management principle of "mandatory inspection before access, random inspection during cooperation, and re-inspection in case of abnormalities". Specific measures include:

Qualification review	Conduct due diligence on new and existing suppliers through national recognized third-party institutions with credit investigation business qualifications, covering core dimensions such as equity structure, judicial litigation and execution information, intellectual property rights, and administrative penalties.
Document review	Requires suppliers to submit key materials such as valid product certification certificates (e.g., RoHS, REACH) and third-party test reports annually to ensure subsequent deliveries continue to meet regulatory and customer requirements.
File establishment	Establishes supplier compliance files, links due diligence results with the internal "Qualified Supplier List", and implements risk classification management.

Through the above mechanisms, the Company has achieved dynamic monitoring of suppliers' credit status, compliance capabilities and continuous operational risks, effectively reducing supply chain disruptions and brand reputation losses caused by supplier dishonesty, quality defects or sudden lawsuits.

2.5 Information Security and Privacy Protection

In the digital era, information security is the core guarantee for stable business operations. We have built a full-chain protection system covering organization, technology, risk and emergency response, safeguarding data and system security through systematic measures.

To consolidate the management foundation, we have formulated the *Information Security Management System* and established a cross-level and cross-departmental Information Security Leading Group to provide solid organizational support for information security protection. We irregularly invite third-party professional security institutions to conduct comprehensive risk assessments, accurately identify potential vulnerabilities and optimize prevention and control strategies. We actively cooperate with Shunde Network Security Department's irregular external port scans, establish special rectification accounts, and ensure the completion of closed-loop governance on schedule.

In terms of technical protection, the Company has built an all-scenario defense line from network boundaries to terminal data. At the export end, firewalls, intelligence analysis systems and internet behavior audit equipment are deployed to real-time control network access and data transmission security. At the terminal level, enterprise-level anti-virus software is fully equipped to resist malicious programs, core data is protected through encryption machine systems and document encryption tools, and cloud desktops are used to replace traditional PC terminals to reduce equipment security risks from the source. Core data is regularly backed up to ensure business continuity and data recoverability.

An efficient emergency response mechanism is crucial for dealing with sudden security incidents. We have formulated an information security emergency disposal plan and established long-term cooperation with professional security vendors to ensure rapid response and professional technical support in emergency scenarios. When the export protection system detects abnormalities, information is pushed in real time through WeChat to facilitate operation and maintenance personnel to intervene and dispose of them in a timely manner. Multi-dimensional feedback channels are smoothed to form an emergency link with multi-party collaboration and efficient disposal.

2.6 Intellectual Property Protection

The Company has an Intellectual Property Development Department responsible for patent work, staffed with professional talents. It has gradually formulated and improved intellectual property management systems, introduced patent data platforms, intellectual property management work and intellectual property service institutions, and standardized patent work in all aspects.

The Company's intellectual property management system complies with the standard GB/T29490-2023 and was first certified in 2016.

知识产权合规管理体系认证证书

证书号码：165IP160016R3L

兹证明

广东万和新电气股份有限公司

统一社会信用代码：91440606756473330XL

注册地址：佛山市顺德高新区（容桂）建业中路13号

经营地址：广东省佛山市顺德高新区（容桂）建业中路13号

（子证书信息见附件）

知识产权合规管理体系符合标准：

GB/T29490-2023

通过认证的范围如下：

燃气热水器的研发、生产、销售，电热水器、热泵热水器、灶具、洗碗机、电蒸烤箱、电蒸箱、电烤箱、消毒柜、吸油烟机的销售的知识产权管理

注：认证注册范围不包括未获得有效的国家规定的相关行政许可、资质许可的产品/服务范围

初次发证日期：2016年01月28日　本次发证日期：2025年01月16日　有效期至：2028年01月27日

本证书有效期三年，证书有效性通过年度监督确认保持。证书有效信息可登陆国家认证认可监督管理委员会官方网站www.cnca.gov.cn或中知（北京）认证有限公司官方网站查询。

签发：

中知（北京）认证有限公司

地址：北京市海淀区花园路5号133幢3层302室（100088）

http://www.zzbjrz.com

To fully stimulate employees' innovation vitality and continuously strengthen intellectual property protection, the Company has embedded a "patent infringement assessment and review" node in the R&D process, requiring all design schemes to complete infringement comparison. For schemes with infringement risks, technical routes are adjusted immediately or patent circumvention design is initiated. In addition, the Company also attaches importance to the restriction of infringement liability in the supply chain, stipulating patent infringement liability clauses for suppliers in procurement contracts.

To strengthen the protection of intellectual property rights and encourage employees' enthusiasm for inventions and creations, the intellectual property management system regulates the management of patent applications and patent rights protection, and provides rewards to patent inventors, patent application departments and participants in rights protection.

03

Quality Commitment

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

3 Quality Commitment

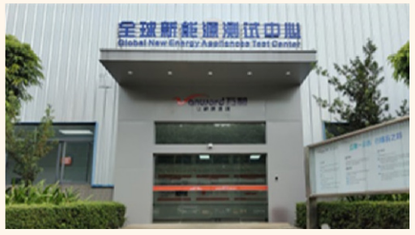
3.1 Product Quality and Safety

In 2016, Vanward became a "Strategic Partner of China's Aerospace Industry" under the highest-level cooperation category. Adhering to the management philosophy of **"Zero Defect Quality, Aerospace-Grade Standards",** the Company continuously improves product quality and management capabilities, striving to create products with "aerospace-grade" quality.

Governance

The Company has formulated quality management procedure documents such as the *Quality, Environment, Occupational Health and Safety Management System Manual* and *Process Quality Control Management Regulations*. Meanwhile, it has introduced the "Double Zero" quality management method—an R&D, production and quality management approach with Chinese aerospace characteristics. Guided by the management principle of "Zero Defect Quality, Aerospace-Grade Standards", the Company pursues exquisite manufacturing and continuously delivers products of "aerospace-grade" quality.

To reinforce its brand image of "Innately Reliable", the Company continuously enhances product reliability testing capabilities and develops reliability solutions based on user scenarios. During the reporting period, the Company invested over RMB 9 million in reliability testing equipment.

Global New Energy Test Center	New additions: 46-station electric heating life test laboratory vibration test chamber, 9-station heat pump long-operation test chamber, 100kW enthalpy difference chamber, Electrodynamic vibration table	
Kitchen Appliances Test Center	New additions: 5-station cooker energy efficiency performance test chamber, 4-station range hood long-term oil circuit test bench, 30-station under-cabinet appliance life test bench Capacity expansion: High-low temperature test chamber, Thermal shock chamber	
Global Gas Appliances Test Center	New additions: Electronic control aging life test bench (192 stations). Capacity expansion: High/low temperature test chamber, Thermal shock test chamber, Water hammer test bench. Upgrades: Combustion life test bench (56 stations)	

The Company has obtained the ISO 9001 Management System Certification from SGS since December 2008, which is stil valid until December until December 2026.

Strategy

In the full-life-cycle quality management, the Company has established a leading internal control standard system and continuously implemented the management initiative of **"One Vanward, One System, One Standard",** ensuring that product technical indicators remain at the forefront of the industry.

Quality Risk Management

The Company has established hierarchical quality risk management objectives, forming a precise risk control mechanism covering quality safety and quality compliance. It formulates and implements risk management goals, supported by the *Risk Management Procedure*, to achieve early identification, dynamic monitoring and timely disposal of quality risks.

Full-Life-Cycle Quality Control Process

Comprehensive standardized management is implemented throughout the production process, with hierarchical control based on quality requirements of different links. A closed loop is formed from incoming raw material inspection, in-production process control to finished product testing and evaluation. Cross-base quality collaboration is strengthened to prevent process quality risks; regular system audits are conducted, and customer factory audits are coordinated to continuously optimize control processes. During the reporting period, the Company underwent more than 20 customer factory audits and passed all successfully.

R&D Quality

For project initiation, evaluation and measurement deliverables, the benchmark dimensions and judgment criteria for core selling points have been added:

- Charter DCP: Added requirements for key performance indicators (KPIs) of basic performance and core selling points of products.
- Quality Assurance Plan: Added quality objectives for basic performance.
- Test and Evaluation Report: Upgraded requirements for basic performance indicators and conducted qualification assessment against competing products.

The company has set up a Design Reliability Project Team and established a reliability evaluation mechanism to score and report on the quality of deliverables in the development process. It has built up reliability testing capabilities, invested in complete machine life testing equipment, and established a Fault Excitation Method Outline and Accelerated Test Method Calculation Tool.

During the reporting period, the company invested in 7 sets of complete machine life testing equipment, and delivered:Reliability life test indicators and methods for 6 product categories，1 set of Fault Excitation Method Outline，1 set of Accelerated Test Method Calculation Tool.



Market Quality

We have improved the institutional framework for market quality management by adding internal and external material flow systems, complementing standards for semi-finished product logistics links. We have also newly established and revised relevant approval processes and system documents for customer complaint handling, clarifying the handling processes and delivery requirements.

We launched the QMS (Quality Management System) Market Quality Module, integrating 6 core data systems including customer service, production, R&D, and sales. This enables the structured analysis and reliability assessment of market quality data, and sorts out 42 "bottleneck" solutions for quality issues, providing rapid judgment tools for front-end service personnel.

We carried out 6 Six Sigma projects and QC projects, organized QMS user training, and established 24-hour technical expert teams to ensure real-time response. We also developed an automated barrier-free barrier and service APP, empowering users and front-line service personnel to solve problems independently.

We organized user return visits to accurately pinpoint pain points during usage, conducted comparative analyses with other internal models and competing products, and provided targeted training for front-line service teams, forming an effective closed loop of "Problem Discovery - Cause Analysis - Implementation & Improvement".

Materials & Process Quality

We unified the confirmation of sample receiving, sampling for incoming inspection, and supplier factory inspection standards. We streamlined the pull-through process and standardized the management requirements for **key process pull-through**, integrating them into the review clauses for new supplier introduction. During the reporting period, the Company identified and resolved 124 issues including non-compliance by suppliers, unsatisfactory inspection records, incorrect methods, and non-compliant standards.

Pull-through Electric Control Box Manufacturer

Increase Torque Standards

We built a management system for authorized brand quality, establishing monthly inspections of supplier resource quality to achieve visualization of supplier quality performance and standardization of product specification books. We also established sales and after-sales channel audits to realize standardized quality control of product process quality across the entire sales and after-sales channel.

Process and Finished Product Quality

Conduct a monthly document improvement audit on association standards to ensure the implementation of corrective measures;	Organize standard benchmarking, revise contents and missing items that fail to meet customer requirements, and revised 11 standards in total;	Based on the risks of various major quality issues in products, sort out key quality control requirements in processes and incorporate them into daily process management.

Defective Product Recall Management

To address potential quality defect risks after product delivery, the Company formulated the *Defective Product Recall Management Measures* and established a standardized defective product recall mechanism.

When batch products are detected to have defects or hazards and are no longer within the Company's control (e.g., after delivery or transfer of ownership), the recall process is initiated immediately, product traceability is conducted, and recall information is released through appropriate communication channels within 0.5 working days after the recall decision is made; the recall methods, channels, time limits and subsequent product disposal plans are clarified to ensure the recall work is efficient, transparent and controllable.

Closed-Loop Handling of Customer Complaints and After-Sales Service

To quickly and effectively handle customer complaints, grievances and claims arising from quality or service issues after product delivery, the Company formulated the Customer *Complaint, Grievance and Claim Management Procedure*, realizing "one-time effective handling" of problems. Through review and analysis, it promotes continuous improvement of product and service quality, prevents recurrence of similar issues, and effectively safeguards the Company's reputation and market trust.

Quality Mnagement Indicators and Objectives

To effectively manage product quality, the Company establishes annual quality management objectives and monitors their achievement.

2025 Quality Management Objectives

Indicator	Target	2025 Actual Achievement
Troubleshooting Orders	＞6000 orders	10955 orders
Troubleshooting Success Rate	＞30%	30.64%
Customer Inspection Non-conformity Rate	10% reduction	35.99% reduction

Safety Performance

Focusing on the core demand for product safety, the Company strictly adheres to domestic and international safety standard systems during product R&D. It ensures product safety and reliability through full-process control, builds a multi-layered safety protection system, and achieves precise control of safety performance indicators.

Safety Limit Control

Setting strict limits for product safety indicators is a core means of safety performance control, aiming to avoid potential safety hazards through pre-set standards. Vanward implements strict safety limit management for product safety indicators; scientifically defines standard limit ranges, and proactively adopts stringent limits that far exceed national and industrial standards as internal control benchmarks. This further enhances product safety redundancy and builds a safety protection barrier higher than industry standards.

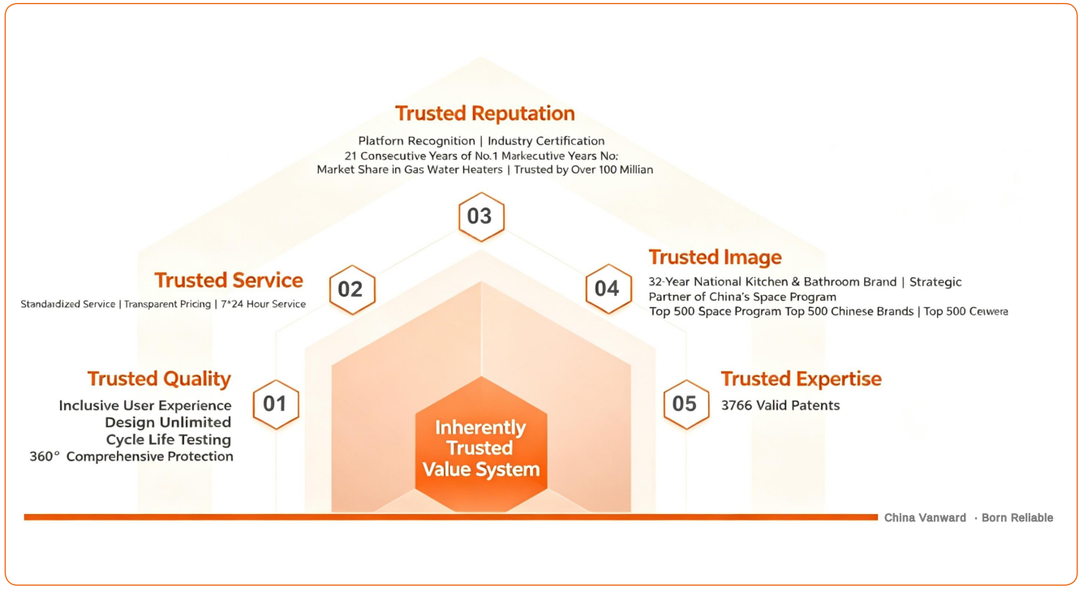
Application of Narrow Limit Criteria

Vanward accurately applies the narrow limit criteria method to scientifically calculate quality margins in the manufacturing process. On the premise of ensuring quality compliance, it minimizes the impact of system errors and process fluctuations at the lowest cost, achieving an optimal balance between product compliance and production economy, which meets the safety performance control needs of the enterprise's large-scale production.

Development of Gas Appliance Air Tightness Testing Technology

Air tightness is a core safety indicator for gas appliances. Vanward has developed exclusive testing technology targeting this indicator, innovatively adopting a standardized limit management model to strengthen full-process control of air tightness-related indicators. This significantly improves the ability to predict and prevent non-conformity risks, builds a solid safety defense line for products at the core technology level, and demonstrates benchmark strength in safety control of household gas appliances.

Based on improved systems and technological development capabilities, Vanward has established the **"Inherently Reliable Value System",** continuously driving products towards higher quality and greater reliability.



3.2 Quality Culture Development

The Company strengthens quality awareness through multi-channel and scenario-based communication: at the group level, more than 50 quality promotion materials are released through bulletin boards, the DingTalk "Quality Center" official account and other platforms, systematically promoting excellent Six Sigma projects and deeds of quality models; each factory builds quality promotion boards and updates quality non-conformity information boards based on actual conditions, intuitively presenting quality goals and stimulating the sense of quality responsibility among all employees.

Quality Month Activities with Multi-Base Collaboration

With the "Premium Quality Month" as the core carrier, the Company has established an activity mechanism of "group-led, multi-factory collaboration". Through knowledge empowerment, quality activities and other methods, it builds a multi-level honor incentive system to achieve full-scenario penetration of quality culture.

Knowledge Empowerment	Conductd systematic courses such as special training on product compliance and reliability, and MSA (Measurement System Analysis) training; Invited industry experts to interpret professional content such as the impact of high-altitude environments on products, parameter design and tolerance design.
Quality Activities	Organized activities such as quality knowledge competitions, quality improvement contests, "Quality Knowledge Monopoly" competitions and quick-response quizzes; Built communication platforms including quality tea parties, quality salons and premium product seminars, and hold activities such as "I Contribute to Quality", "I Have Ideas to Share" and "Quality Defect Spotting" to encourage frontline employees to identify workpiece defects and enhance sensitivity to abnormal issues.
Honor Incentives	Established a three-in-one evaluation and incentive mechanism covering "individual - team - project", selecting honors such as Quality Models and Excellent Promotion Units; Set up Gold Idea, Silver Idea and Bronze Idea Awards as well as Excellent Six Sigma Project Awards, and provide material rewards such as e-gift cards for effective improvement projects to stimulate full participation enthusiasm.

Reliability Training

Experiential Thematic Activities

Highlight Performance

Collected more than **200** effective improvement suggestions, including **5** Gold Ideas, **30** Silver Ideas and **40** Bronze Ideas;

Focused on product and process pain points, collected **28** core issues and **3** effective improvement directions;

Selected **45** Quality Models and **6** Design Reliability Management Implementation Quality Models;

Recognized **3** Excellent Activity Promotion Units, **7** Excellent QC Teams and **3** Design Reliability Management Implementation Teams, commending the effectiveness of cross-departmental collaborative improvement.

External Honors

During the reporting period, the Quality Assurance Department of Gaoli Factory won the First-Class Achievement Award for the "Quality Trustworthy Team" construction typical experience issued by the China Quality Association, providing a replicable benchmark model for quality upgrading in the manufacturing industry; the Linghang QC Team won the First Prize for Quality Management Group Achievements at the 2025 China Quality Association, continuously accumulating experience in quality culture development.

Honored by China Quality Association

Quality Assurance Department of Gaoli Factory

Typical Experience in the Construction of "Quality-Trustworthy Teams"

Linghang QC Team

First Prize for Achievements of Quality Management Teams

3.3 Marketing and Labeling

Vanward recognizes that compliant marketing is a key carrier for fulfilling the responsibility of protecting consumer rights and interests. The Company formulated the *Vanward Electric Brand Management Specifications*, integrating compliance requirements into the entire marketing process. Based on this, it clarifies standards, divides responsibilities and strengthens control, realizing the unification of legal compliance of marketing activities and brand responsibility.

The Company strictly adheres to the *Advertising Law of the People's Republic of China*, prohibiting the use of promotional materials that are unlicensed, have expired copyrights or unknown sources. It sets clear compliance requirements for promotional language; all external promotional materials must go through an online joint approval process, and materials that are unapproved or fail to pass approval are prohibited from being launched without authorization.

To help users more intuitively understand product functions and differentiated features, the Company explicitly displays product functions through on-body materials, identification stickers and other methods, facilitating users to make quick choices. It also attaches great importance to the application of environmental protection and safety labels in product design and production, conveying product environmental protection and safety information to consumers through an intuitive and standardized labeling system.

Environmental Protection Labels

Vanward widely applies environmental protection labels on its products to convey its environmental protection commitments to consumers.

First-Class Energy Saving Label

China Energy Label

The Company actively invests in the research and development of hydrogen energy technology and products in the field of household gas appliances, and has formulated the **"Hydrogen Vision"** label for hydrogen-enriched natural gas household gas appliances and pure hydrogen gas appliances.

Hydrogen-Enriched Natural Gas Gas Appliance Label

Pure Hydrogen Gas Appliance Label

Safety Labels

Safety labels are set to ensure user safety. Vanward widely applies safety labels on its products, and sets intuitive operation safety, maintenance and care prompts on the product operation interface to help users use products correctly and avoid safety accidents.

CE Certification Label

Usage Safety Tips

04

Topic 1:
User Centric Service

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

4 Topic 1: User Centric Service

Implementation of Standardized Service Processes

To thoroughly practice the "user-centric" philosophy, Vanward has established a User Service Center and fostered a customer-oriented corporate culture. Through five core dimensions—system upgrading, process digitalization, service warmth, privacy security, and team professionalism—we have built a full-link service ecosystem featuring "assured purchase, worry-free use, and hassle-free return/exchange". This not only safeguards consumer rights but also conveys the brand's warm value.

During the reporting period, the Company leveraged its QMS (Quality Management System) to track the customer complaints in real time, conducting weekly inspections and monthly reviews. A dual verification mechanism combining multi-level leadership decision approval and post-rectification random checks was established. More than 400 historical customer complaint cases were consolidated into a knowledge base, enabling regular reviews and root-cause analysis to prevent recurrence across similar issues.

The Company has formulated institutional documents such as the *Vanward After-sales Service Manual* and *After-sales Engineer Service Standards*, clarifying the purpose, mechanisms, and processes of Vanward's user services, as well as prohibitive clauses and penalty measures for service providers and engineers.

Pre-service	Contact users to make appointments within 1 hour and confirm 30 minutes in advance; carry standardized toolkits.
In-service	Strictly implement the "Three-Zero" requirements (zero stains, zero dirt, zero unauthorized changes); conduct test operation after installation/repair and explain product usage and maintenance knowledge simultaneously.
After-service	Clean the site and restore the premises; proactively invite users to confirm the service report and provide feedback via the APP or QR code.

The Company has established the *User Voice Management Measures* and launched a 24/7 national unified service hotline (400-830-8383), supplemented by consultation channels such as official website messages and service emails. User opinions and complaints are handled by classification and level, with comprehensive support including technical consultation, installation guidance, and troubleshooting provided. For products such as gas heating boilers, free regular on-site follow-up visits and maintenance services are offered, forming a closed-loop mechanism of "collection - analysis - improvement - monitoring".

Special User VOC Walkthrough Activity

Currently, the Company has realized the full-process online handling of "three guarantees" (repair, replacement, and refund) services, connecting online and offline service links. Users can submit return/exchange applications through e-commerce platforms or the official WeChat account of Vanward, and check the progress and results in time without on-site trips, truly achieving "hassle-free return/exchange".

Digital Services

Vanward fully leverages intelligent connectivity technology and digital tools to provide users with convenient service access and transparent service experiences.

Vanward Intellectual APP

One-click Service Request Submission

Users can quickly submit service requests via the Vanward Craftsman APP without making calls or filling out complex forms. Service applications can be completed by selecting the problem type, filling in basic information, and submitting.

Real-time Order Tracking

Users can check the processing progress of service orders in real time through the APP, ensuring full awareness of service dynamics and reducing uncertainty during waiting.

Precise Engineer Matching

The system automatically matches the most suitable engineer based on the user's service needs and geographic location, ensuring service professionalism and efficiency; users can evaluate and provide feedback on service quality.

Wechat Official Account

Convenient Access

Users can submit service requests through Vanward's WeChatOA, which also provides rich product information, user guides, and FAQs to help users better understand and use products.

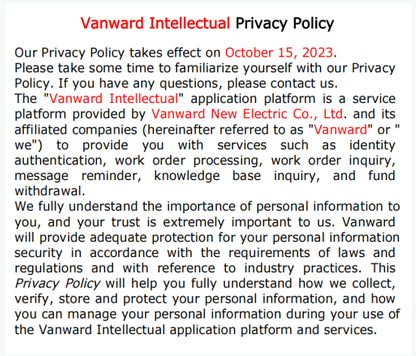
Reminders and Notifications

Users can receive real-time notifications of service progress via the WeChat OA, avoiding inconveniences caused by information asymmetry.

Privacy and Data Security: Fortifying the Foundation of User Trust

The Company has formulated and strictly obeyed the privacy policy, which clearly disclosed the scope of information collection, purposes of use, storage period, and sharing scope on the user registration/login page. In actual data usage scenarios, users are promptly informed through pop-ups and prompts to protect their right to know; users are granted full data control rights, including options to allow data tracking and consent to data sharing. The "Do Not Disturb Principle" is implemented: no more than 3 contacts with the same user within a week, and no disturbance for at least 3 months after a user explicitly refuses, respecting user wishes.

The Company adopts double-layer encryption technology and the SDDP sensitive data protection solution to implement dual encryption for the transmission and storage of sensitive data such as user personal information and service records. Regular cybersecurity training is conducted, and a safety management team is established with designated responsible persons for emergency handling to prevent data leakage risks.



Vanward Intellectual Privacy Policy

Our Privacy Policy takes effect on October 15, 2023.
Please take some time to familiarize yourself with our Privacy Policy. If you have any questions, please contact us.
The "Vanward Intellectual" application platform is a service platform provided by Vanward New Electric Co., Ltd. and its affiliated companies (hereinafter referred to as "Vanward" or "we") to provide you with services such as identity authentication, work order processing, work order inquiry, message reminder, knowledge base inquiry, and fund withdrawal.
We fully understand the importance of personal information to you, and your trust is extremely important to us. Vanward will provide adequate protection for your personal information security in accordance with the requirements of laws and regulations and with reference to industry practices. This *Privacy Policy* will help you fully understand how we collect, verify, store and protect your personal information, and how you can manage your personal information during your use of the Vanward Intellectual application platform and services.

Service System Upgrade: Building Core Capabilities of "Zero-Travel Service"

The "Zero-Travel Service" system, centered on intelligent connectivity technology, aims to provide users with more efficient, convenient, and transparent after-sales service experiences, ensuring that users receive professional and efficient service immediately when encountering problems.

Full -process Rapid Response Standards	
Fault Response within **1 minute**	After users submit service requests through channels such as Vanward Intellectual APP or WeChat Official Account, the system automatically responds within 1 minute to confirm the request and initiate the service process.
Remote Guidance within **15 minutes**	The service team provides remote guidance within 15 minutes of receiving the request, saving user waiting time and avoiding delays in on-site service for minor issues.
On-site Appointment within **1 hour**	If the problem cannot be resolved through remote guidance, the system completes engineer appointment arrangements within 1 hour and schedules on-site service.
Problem Resolution within **1 day**	Vanward commits to resolving most user problems within 1 day, ensuring efficient and timely service. For complex issues, close communication with users is maintained to ensure proper handling of their needs.

User Emotional Connection: Doing 1 Free Favor for Users

Adhering to the "user-centric" strategy, Vanward launched the "Do 1 Free Favor for Users" activity, providing free assistance for small daily problems of users. Proactive help is offered based on users' personalized needs to convey brand warmth.

Waterway Cleaning	Free adjustment and cleaning for water outlets such as kitchen faucets, bathroom faucets and showerheads, to ensure comfortable and healthy water usage for users.
Small Hardware Replacement	Free replacement or installation of angle valves, faucets, pipelines, etc. according to users' requests, to make users' lives more convenient.
Gas Appliance Safety Inspections	Special safety inspections, including gas pipeline leakage detection and equipment hidden danger investigation, especially for elderly users or families with long-unmaintained equipment, to accurately eliminate potential risks.
Equipment Debugging and Optimization	Debugging of equipment parameters for users, such as adjusting gas stove firepower and optimizing water heater temperature settings, to improve usage comfort and energy efficiency.

Team Professionalism: Building a Multi-level Training System

The Company has established a three-level training system of "Headquarters - Operation Center - Distributor/Store". Through various forms including regional on-site courses, return-to-factory empowerment, and online live/recorded broadcasts, an AI training support system is built to enhance engineers' capabilities in handling complex scenarios, covering marketing teams, frontline business personnel, and store guides.

As of June 2025

the digital empowerment platform has 5,258 registered users

5,258

with a total of 342 professional courses launched

342

a monthly active rate of nearly 90%

90%

Online Promotion: User Usage Tips

To further enhance users' safety awareness and usage skills, Vanward popularizes product usage tips and safety knowledge through various online platforms such as the WeChat public account, helping users improve their usage experience and prevent potential safety hazards.

Currently, certified by the National Household Electrical Appliances Industry Information Center, Vanward's products have served over 100 million users worldwide.

05

Innovation Driven

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

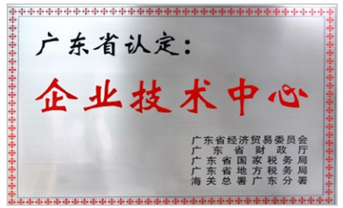
5 Innovation Driven

5.1 Research and Development(R&D) and Innovation

Governance and Strategy

Enterprise Technology Innovation Platform

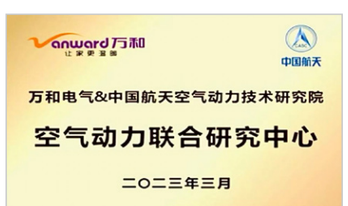
"Technological innovation" is integral to Vanward's strategic development and corporate growth. We have **10 major innovation platforms**, including 1 national-level enterprise technology center, 1 post-doctoral research workstation, 3 Guangdong provincial enterprise technology centers, 4 Guangdong provincial engineering technology research and development centers, and 1 Guangdong provincial industrial design center. These form a full-chain support system from technological breakthroughs to product launch.



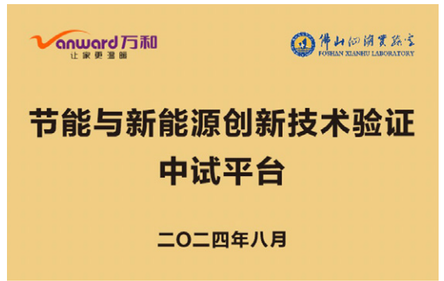
Open Innovation Platform

Vanward continues to deepen open innovation, and has jointly built special joint laboratories/pilot platforms covering 7 different technology directions with industry institutions, leading enterprises and research institutes, opening up the transformation channel for industry-university-research achievements.

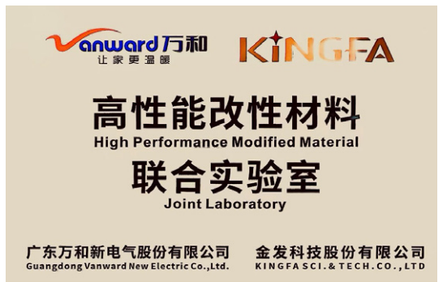
Platform Name		
Household Appliance Fault Safety Lab	Aerodynamics Joint Research Center	Advanced Materials Joint Laboratory



Household Clean Energy R&D and Application Joint Laboratory



Energy Saving and New Energy Innovation Technology Verification Pilot Platform



High-Performance Modified Materials Joint Laboratory

Plateau Gas Appliances Joint Research Center

R&D Organization and Personnel

Currently, the Company has **4 domestic and overseas R&D bases** (Lizhi, Xingtan, Yanghe and Thailand), with **709 R&D personnel**, including **47 senior title holders**, providing solid human resources for the Company's technological innovation and product R&D.

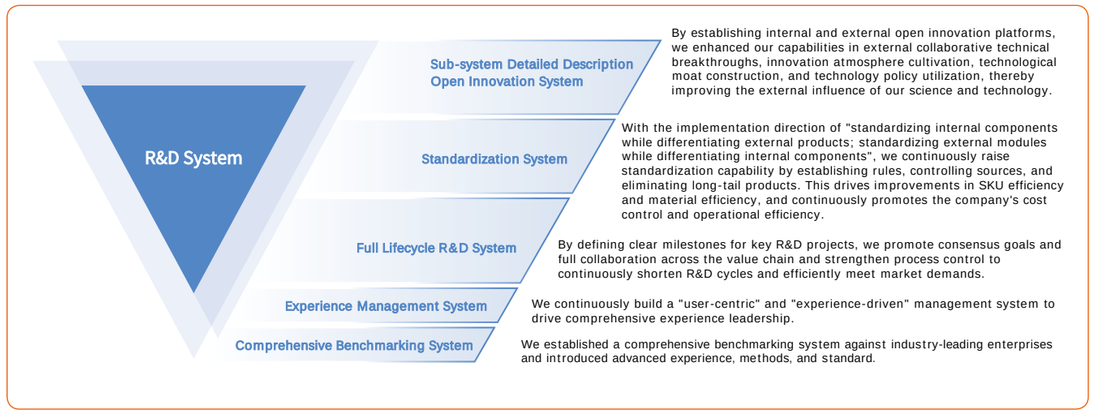
R&D Team

Number of master's degree or above in 2024	Proportion of master's degree or above in 2024	Number of master's degree or above in 2025	Proportion of master's degree or above in 2025
59	7.43%	64	9.03%

R&D Innovation System

To build a sustainable system for technological breakthroughs, product innovation and achievement output, Vanward has established a three-level R&D system of **"pre-research – development – market launch"**, focusing on improving organizational and structural capabilities, human resource capabilities and project structure, promoting the separation of technical research and product development, and implementing the path of "technology → platform → product → product line → scenario → ecosystem" to drive the landing of technological leadership and product leadership goals.

During the reporting period, the Company vigorously promoted the new R&D innovation system 2.0, and built an innovation engine with technological competitiveness and sustainable value creation through the coordinated operation of the five major systems: "open innovation, standardized full-life cycle R&D, comprehensive experience management, and full benchmarking".



R&D cycle optimization

Through the construction of a full-life-cycle R&D system, the Company has defined milestones for key R&D projects, promoted consensus on value chain goals and full collaboration through project implementation mechanisms, and strengthened process control to continuously shorten the R&D cycle and efficiently meet market demands.

Standardization system construction

The Company has continued to promote the delisting of non-compliant platforms, formulated rules such as the "one addition, one reduction" principle and general approval for new material development, strictly restricted the addition of new materials, emphasized the importance of standardization across the entire value chain, and continuously improved standardization awareness and level.

Internal and external open innovation platforms

Over the past three years, the construction of internal and external open innovation platforms has led to significant progress in invention patent applications and the identification of leading scientific and technological achievements, supporting technological breakthroughs and enhancing brand influence.

R&D Laboratories

Supported by diverse innovation carriers, Vanward has established **15 specialized laboratories**, which have obtained **CNAS recognition**, as well as international authoritative accreditations such as **Dutch KIWA, GASTEC, and North American CSA**, with R&D and testing capabilities covering the globe. In recent years, Vanward has focused on core technologies in the field of green energy conservation. In March 2026, it won the "China First-Class Energy Efficiency Gas Water Heater Seven-Year Cumulative Sales Volume First" certification issued by Aowei Cloud Network, establishing a leading position in the energy-saving water heater segment.

Innovation Culture Development

To foster an organizational culture that advocates innovation and encourages breakthroughs, the Company invests more than 3% of its product sales revenue in R&D each year for the development of new technologies and products. In 2025, Vanward's R&D investment reached 30,657.29 thousand yuan, accounting for 4.24% of operating revenue.

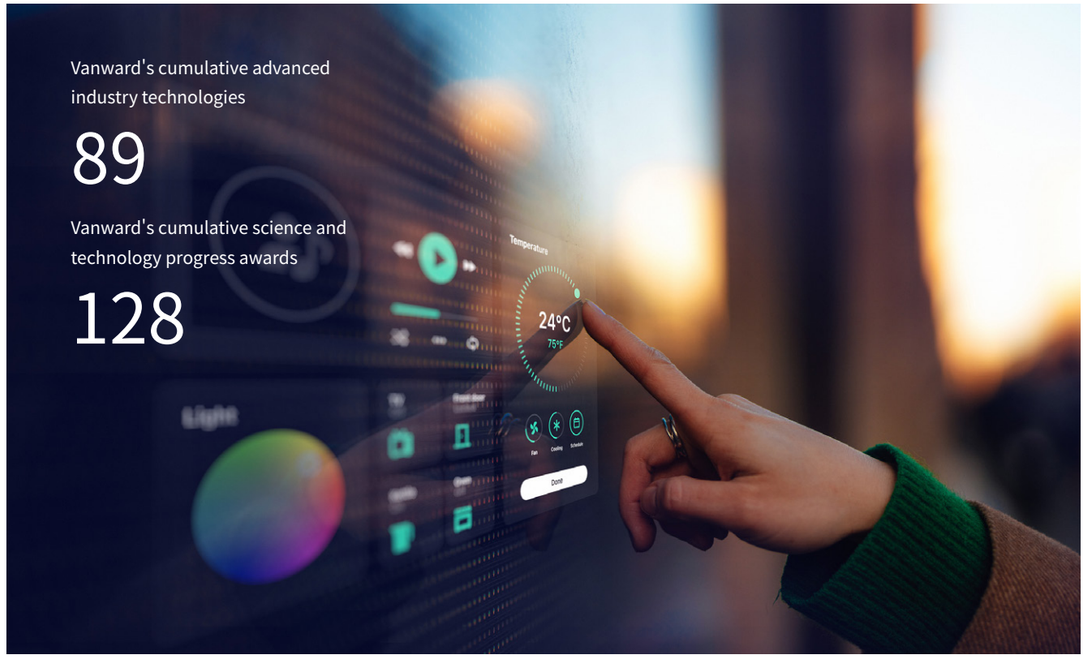
To transform innovation achievements into core competitiveness, the Company has issued the *Patent Management Regulations*, defining a special incentive mechanism for inventors, directly linking innovation achievements with incentives to encourage employees to take the initiative in technological research and patent applications.

For the technical personnel group, the Company formulated the *Measures for the Administration of Internal Professional Title Evaluation*, clarifying the evaluation criteria for the comprehensive capabilities of technical personnel, and providing special allowances for those who have obtained professional titles through internal and external evaluation.

To stimulate the vitality of technological innovation, the Company has built the **Vanward Science and Technology Month** into one of the core activities for innovation culture development. It encourages internal teams to explore cutting-edge technologies, and at the same time showcases the latest scientific and technological achievements and product innovations to the industry and consumers, enhancing technological leadership.

R&D Achievement

With years of continuous R&D investment and open innovation accumulation in the gas appliance and kitchen appliance industry, Vanward has a total of **89 advanced industry technologies**, including 18 reaching the international leading level, 23 reaching the international advanced level, 40 reaching the domestic leading level, and 8 being the first in China. 9 new items were added during the reporting period; it has won a total of **128 science and technology progress awards**, including 83 provincial-level awards and 45 municipal/district-level awards. The advanced industry technologies have laid a solid foundation for the Company to lead the industry.



Driven by product innovation, Vanward's brand image has been comprehensively enhanced. The Company's key R&D projects during the reporting period include:

Research and Application of First-class Energy Efficiency Non-condensation Neutralization Atomization Emission Technology for Gas Water Heaters	Enhances the energy-saving user experience of gas water heaters; the first in the industry to use neutralization atomization emission technology to realize condensed water discharge.
Research and Application of Water Purification Technology (First-class Healthy Water) for Electric Water Heaters	Improves the water use experience of electric water heaters, solves the pain points of inner tank scaling and skin damage caused by residual chlorine in tap water, and achieves industry-leading water purification technology.
Research and Application of Top-side Dual Suction Mark-free Material Technology for Range Hoods	Enhances the easy-cleaning user experience of range hoods and solves the pain point of difficult cleaning.
Research and Application of Ultra-low Temperature Household Floor Heating Technology for Air Source Heat Pumps in Severe Cold Areas	Breaks through industry technical bottlenecks and solves the problems of unstable operation and significant heat output attenuation of air source heat pumps in severe cold areas.
Mark-free Q3 Golden Firewheel Series Gas Stoves	Improves the user experience of easy cleaning and high fire power for gas stoves.

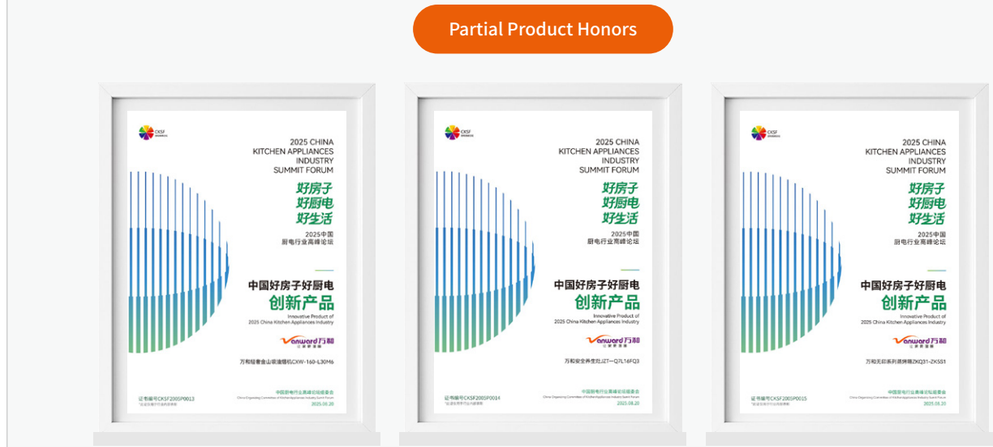
R&D Achievement: Application of Ultrasonic Green Atomization Technology in Condensing Gas Water Heaters

The application of ultrasonic green atomization technology in condensing gas water heaters realizes pipeless installation and avoids acid water contact, pioneering the definition of the first-class green atomization standard; the large water volume pressurization technology has achieved a 500% breakthrough, realizing constant pressure and flow for multi-point water use, and pioneering the definition of the ultra-first-class waterfall shower standard.

Ultrasonic Green Atomization Technology

At the 21st China Home Appliance Innovation Achievement Release Ceremony hosted by the China Household Electric Appliances Research Institute, Vanward won the honorary title of Annual Technological Innovation with its "Research and Application of Ultrasonic Green Atomization Technology in Condensing Gas Water Heaters".

Addressing the practical dilemma of condensing gas water heaters being "energy-saving but troublesome to use", Vanward applied ultrasonic green atomization technology and five key technologies – ultrasonic oscillation atomization, dual-cavity diversion and pressure division mist exhaust system, dual Hall differential induction start-stop control, atomization power supply safety control and condensed water filtration treatment – providing a new path for the industry to break the contradiction between "energy saving" and "practicality".



Patents

By the end of 2025, Vanward had a total of 3,766 valid patents. During the reporting period, it filed 826 patent applications and added 544 new valid patents.

By the end of 2025

Total valid patents

3,766

National Invention patents: 448
National Utility model patents: 2,577
National design patents: 726
International patents: 15
Registered computer software copyrights: 27

During the Reporting Period

Patent applications

833

Invention patents: 240
Utility model patents: 466
National design patent applications: 108
International patent applications: 19

Newly granted valid patents

544

Invention patents: 94
Utility model patents: 338
Chinese design patents: 108
International patents: 4

5.2 Industry Cooperation and Development

Vanward has long been committed to promoting industry cooperation and development. By the end of the reporting period, the Company has led or participated in the formulation of more than 100 national/industrial standards, published more than 100 core papers, solved many key technical problems in the gas appliance field, and promoted the implementation of the gas appliance "CGC" certification system. It proposed and assisted Shunde in being awarded the title of China's Capital of Gas Appliances, making important contributions to the progress and sustainable development of the entire industry.

Industry-University-Research Cooperation

Established a High-Performance Materials Joint Laboratory with Kingfa

On February 12, 2025, Vanward Electric and Kingfa Science & Technology Co., Ltd. formally signed an agreement to jointly establish the "High-Performance Materials Joint Laboratory". Kingfa Technology is a leading enterprise in advanced new materials, covering modified plastics, special engineering materials and other fields. The two parties will carry out long-term technical cooperation in gas appliances and home appliances through the laboratory, focusing on breaking through the application bottlenecks of high-performance modified materials. This strong alliance will promote the technological upgrading of materials in the home appliance industry and achieve mutual benefits and win-win results.

Vanward Electric & Xi'an Jiaotong University Heat Pump Technology Cooperation Project Successfully Completed

On July 3, 2025, the heat pump technology industry-university-research cooperation project between Vanward and Xi'an Jiaotong University successfully passed the final acceptance. This project focused on the core technology of heat pump, optimizing product efficiency and structural design by leveraging dynamic gas circulation.

The two teams have overcome the core technical challenges in heat pump speed field and temperature field, significantly improved the efficiency and reliability of Vanward's heat pump products and provided solid support for the next generation of product upgrades. This cooperation marks important phased achievements in the integration of industry-university-research,and the two parties will continue to deepen cooperation to promote technological innovation in the heat pump sector.

Standard Formulation

Vanward actively participates in the formulation and promotion of domestic and overseas industry standards. Through cooperation with industry associations, research institutions and other enterprises, it promotes technological progress and the improvement of industry norms. By the end of 2025, the Company has led or participated in the formulation of a total of 313 standards, including 3 international standards, 90 national standards, 46 industrial standards, 16 local standards, 148 group standards and 10 alliance standards.

Led the Compilation of the Local Standard *Technical Guidelines for Domestic Gas Appliances in Tropical Climates*

In July 2025, the Guangdong provincial local standard *Technical Guidelines for Domestic Gas Appliances in Tropical Climates* (with Vanward as the primary drafting unit) and the *Technical Guidelines for the Safe Service Life of Domestic Gas Appliances* (with Vanward as the core co-drafting unit) were officially approved and issued by the Guangdong Provincial Administration for Market Regulation. This marks the 13th time Vanward has taken the lead in formulating local standards, demonstrating its core leading role in promoting the standardization and high-quality development of the gas appliance industry. The release of these two standards fills the gap in technical standards for gas appliances in tropical regions in China and provides consumers with safer and more reliable product choices. In November of the same year, the publicity conference for the two local standards, including *Technical Guidelines for Domestic Gas Appliances in Tropical Climates*, was held at Vanward Electric. As the main drafting unit of both standards, Vanward hosted the event.

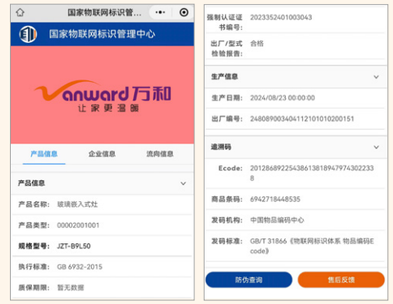
Industry Pilot Project

The implementation of the two-dimensional code traceability system for gas appliances is an important step toward digitalization, intelligence and standardization in the gas appliance industry. As a pilot unit, Vanward has achieved full lifecycle traceability of products through internal system integration and external docking, enhancing industry safety and supervision efficiency and strengthening consumer trust.

Vanward: Pilot Enterprise for the QR Code Traceability System for Gas Appliances

The QR code traceability system for gas appliances is a full-life-cycle management system for gas appliance products using QR code technology. Each gas appliance product is assigned a unique QR code, serving as its "electronic ID card" that integrates full-life-cycle information. It records key data such as basic product information, production date and inspection records, enabling full-process traceability from production, circulation and installation to use.

In 2024, in collaboration with the provincial and municipal Bureaus of Quality and Technical Supervision, Vanward was designated as the pilot enterprise for the QR code traceability system for gas appliances. Through QR code traceability, regulatory authorities can promptly identify and address potential safety hazards, reduce the risk of gas accidents, implement dynamic supervision, and improve regulatory efficiency and accuracy. Consumers can scan the QR code to access detailed product information, verify product authenticity and inquire about after-sales services, obtaining a complete product resume. This truly realizes the transparency and traceability of full-link product information, helping to raise the industry's safety level and regulatory efficiency, improve product quality and after-sales service standards, and simultaneously promote the standardized development of the gas appliance industry.



AIR SOURCE HEAT PUMP

06

Topic 2: Green Product

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

6 Topic 2: Green Product

Governance and Strategy

At the critical juncture of global energy transition and climate change mitigation, Vanward is committed to integrating environmental protection closely with product Research and Development(R&D), driving the industry towards a greener and more sustainable development path.

Hydrogen Energy Technology

While maintaining a firm grasp on the quality and technology of intelligent products, the Company has taken the lead in the industry to launch hydrogen energy gas appliances and hydrogen-enriched natural gas application technology for household use, significantly reducing pollutant and greenhouse gas emissions during natural gas combustion.

In March 2021, the Company launched a full range of household gas appliances compatible with 20% hydrogen-enriched natural gas at the Appliance & Electronics World Expo (AWE), including 7 models such as gas water heaters, gas heating and hot water boilers, gas stoves, outdoor gas grills and gas ovens. In April 2023, the Company released hydrogen-enriched natural gas products adaptable to a hydrogen blend ratio of up to 30% at AWE, adopting the **HENG Ready** solution that minimizes the impact on existing gas pipelines and household gas appliances.

Hydrogen-enriched Gas Water Heater JSG11ST-S21

Pure Hydrogen Gas Stove JZG40-Q3H

Vanward's debut 30% hydrogen-enriched gas appliance product series was awarded the first domestic certification certificate for 20% hydrogen-enriched natural gas gas appliances issued by the British Standards Institution (BSI). In 2024, Vanward's pure hydrogen gas stove received the EU Gas Appliance Regulation Certificate issued by BSI at AWE2024, which is also the first such certificate issued by BSI China for pure hydrogen gas stoves.

Became **the first domestic enterprise** to obtain the certification certificate for **hydrogen-enriched gas water heaters**

Won BSI China's **first** EU Gas Appliance Regulation Certificate for pure hydrogen gas stoves

By the end of the reporting period, all of the Company's hydrogen-enriched natural gas gas appliances and pure hydrogen gas stoves had obtained CE certification and passed various safety tests, ensuring the safety and combustion stability of hydrogen energy products under normal operating conditions and preventing risks such as fire and explosion.

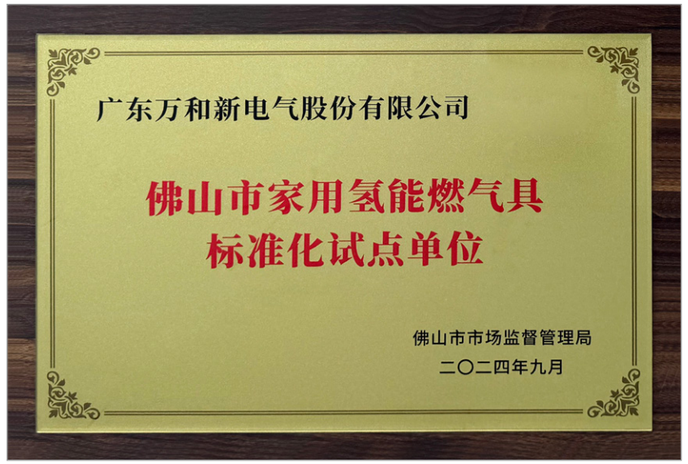
CE Certification for Hydrogen-enriched Natural Gas Gas Appliances

CE Certification for Pure Hydrogen Gas Stoves

In 2025, at the scientific and technological achievement appraisal meeting organized and presided over by the Guangdong Light Industry Federation, the Company's R&D project about Key Technology Research and Product Development of Green Pure Hydrogen Gas Water Heaters was recognized by the appraisal committee as reaching the international leading level, ensuring the safe, stable, reliable and efficient combustion of pure hydrogen in gas water heaters.

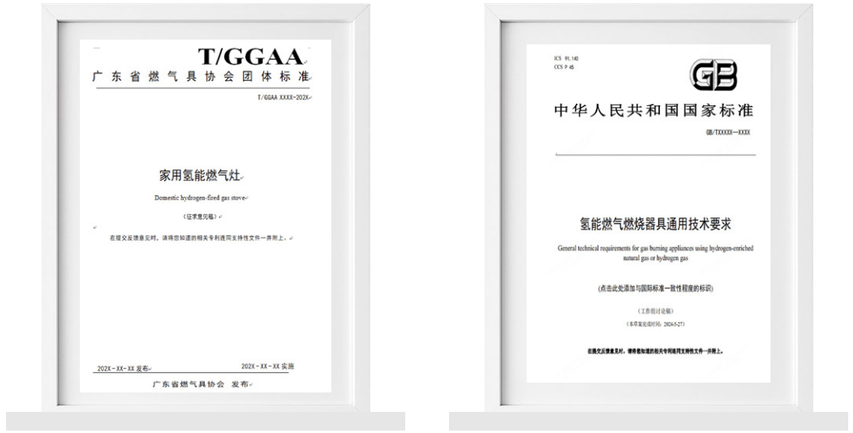
Site of the Technological Achievement Appraisal Meeting

In terms of formulating hydrogen energy product standards, back in 2021, Vanward became the first domestic gas appliance manufacturer to join the China City Gas Hydrogen Energy Development and Innovation Alliance, and also the first gas appliance enterprise to undertake the research of key projects under the national 14th Five-Year Plan Key R&D Program on Hydrogen Energy Technology. The Company collaborated with the Alliance to compile a series of alliance standards for hydrogen-enriched natural gas, and was awarded the plaque of Foshan Hydrogen Energy Standarization Pilot Unit by Foshan Municipal Administration for Market Regulation.



Foshan Hydrogen Energy Standarization Pilot Unit

By the end of the reporting period, the series of group standards *Household Gas Burning Appliances Using Hydrogen-enriched Natural Gas* compiled by the Company as the lead editor had been released, and the national standard G*eneral Technical Requirements for Hydrogen Energy Gas Burning Appliances* led by the Company had passed the review, thus promoting the compilation of alliance standards for hydrogen-enriched natural gas series.



Air Source Heat Pump Products

As the concept of green and low-carbon development gains widespread recognition, Vanward has launched air source heat pump products, with the new frequency conversion technology as the core driving force. Through hardware upgrading and algorithm optimization, the products have achieved all-round breakthroughs in energy efficiency, safety, convenience and environmental protection, providing sustainable energy solutions for various scenarios and supporting the achievement of carbon reduction and consumption reduction goals.

• Ultra-high Energy Conservation and Consumption Reduction

Based on the air source heat pump heating principle, the units absorb a large amount of free thermal energy from the air and convert it into usable heat. Compared with traditional coal-fired and gas-fired heating equipment, they save operating costs, reduce users' expenses, cut fossil energy consumption and contribute to the optimization of the energy structure.

In addition, the units can sense changes in operating load in real time and achieve precise and refined frequency conversion regulation. They can quickly respond to heating demands and shorten the start-up cycle, while maintaining a constant indoor temperature stably. This avoids energy waste in terms of operation logic and achieves high-efficiency and energy-saving operation throughout the year.

• Safe and Eco-friendly Operation

Air source heat pump products involve no combustion during operation, eliminating waste gas and residue emissions from the source. They avoid safety and environmental hazards such as flammability, explosion and pollutant leakage of traditional boilers, realizing zero-pollution operation and safeguarding the ecological environment and usage safety.

• Wide Range of Application

The units can be activated with only electricity, free from restrictions such as gas pipeline laying and unstable gas pressure. They are suitable for various building scenarios around the clock, can flexibly replace traditional high-pollution heating equipment, and expand the application coverage of green energy.

• Intelligent and Convenient Operation & Maintenance

After simple initial setup, the units can realize full-process intelligent and automatic operation without dedicated on-site attendance and maintenance, which reduces labor costs, avoids additional energy and resource consumption that might occur during operation and maintenance, and further strengthens the advantages of green operation.

The Outstanding Capability of Heating at -46°C

In December 2025, Vanward launched the "Warming Mohe - Experience the Heating Capacity at -46°C in Homestays" at the internet-famous homestays in Arctic Village, allowing customers, HVAC media and industry technical experts from all over the country to experience comfortable heating in an ultra-low temperature environment in person.

During the event, the outdoor temperature dropped to as low as -46 ℃ , yet Vanward's Air Source Heat Pump Yan 46 Super Heat Pump Floor Heating Unit still operated stably in the homestays. Certified as an international advanced ultra-low temperature heat pump product by the China Light Industry Federation, the product relies on self-developed ultra-low temperature refrigerant and a self-developed cascade refrigerant high-efficiency heat pump system. Even in the extreme cold of -30°C to -50°C outdoors, the indoor temperature remains as warm as spring. This demonstrates Vanward's strong heating capability of air source heat pumps – not only providing powerful heating at -46°C , but also achieving attenuation - free heating **at -35°C** , perfectly integrating the mild climate of the south with the severe cold of the north.

In this way, we have not only let more people witness the outstanding performance of our air source heat pumps in extreme cold conditions, but also highlighted our technical confidence and innovative strength.

Gas Water Heater – Banfu Atomization External Discharge Super Grade 1 Energy Efficiency Light Luxury Jinshan Series MLVS6

Focusing on users' core demands and pain points, this innovative product addresses the installation impact caused by condensate drainage of Grade 1 energy efficiency water heaters. Equipped with ultrasonic green atomization technology, it realizes condensate water external discharge without the need for dedicated condensate pipelines.

Super Grade 1 Energy Efficiency	Adopting the new-generation dual-chamber pressure-divided condensation heat exchange and atomization technology, the maximum energy efficiency reaches 107.3%.
Atomized External Discharge of Condensate Water	Compared with the traditional downward condensate drainage method, this solution eliminates the need for pre-installed drainage pipes or additional piping modifications, facilitating the wider promotion and application of super high energy-efficiency products.
Intelligent Temperature Control	The integrated intelligent temperature control valve eliminates water temperature fluctuation, optimizes constant-temperature bathing experience and improves energy utilization efficiency.

Electric Water Heater - Safe & Skin-friendly Bath Banfu Fengquan H7

This product addresses common pain points of traditional electric water heaters: low energy efficiency, cumbersome operation, and multiple safety hazards. With its compact body, it balances large capacity and space-saving design, meeting the demand of small apartment or high-end condo users for “aesthetics and function in one”.

Energy Saving	Complies with national Grade 1 energy efficiency standards. Equipped with smart scheduling and medium-temperature insulation functions to reduce unnecessary heating and lower energy consumption.
Compact Size & Fast Heating	Small size with large water volume, fast heating speed; mini dual-tank structure, volume reduced by 16.2% compared to same-capacity products, achieving 10-fold capacity expansion, lightweight and resource-reduced design.

Gas Heating Boiler - Ultra Smart Combustion Self-cleaning Fully Premixed Heating Boiler NB5 Series

With "double 108%" ultra-high energy efficiency and multiple original technological innovations, it effectively solves users' pain points in energy consumption, environmental protection and usage costs, setting a new energy efficiency benchmark for home heating.

Fully Premixed Combustion Technology	Both thermal efficiency and comprehensive efficiency reach 108%, saving more than 30% gas compared with traditional secondary heat exchange equipment.
Wide-frequency Adaptive Constant Temperature Technology	The device can flexibly match power according to daily demand, ensuring stable hot water supply while saving energy.
Variable Frequency Noise Reduction Technology	Operating noise reaches an ultra-quiet level of 38.3 dB, and has obtained the Group Standard Level 1 Quiet Certification.

Range Hood - Vanward AI Dual Suction Range Hood [Light Luxury Jinshan]

The first self-driving exhaust range hood, with 35m³/1700Pa leading industry air volume and static pressure, ensures smooth exhaust.

Triple Certifications	Level 1 Smoke Purification & Level 1 Noise Reduction Certification, Level 1 Easy-to-clean Surface Certification.

Gas Stove - Vanward Energy-concentrating Even-flame Stove [Safe Pot-fitting Stove]

Industry Innovation	The industry's first liftable center flame, fitting the pot for more efficient heating.
High Fire & Energy Saving	5.2kW with 70% thermal efficiency, balancing high power and energy saving.
Precise Temperature Control	5-gear damping fire control, accurate heat control without relying on feel, reducing energy waste.

Dishwasher - Double Waterfall Dishwasher WQP16-D3-X1-Pro

Level 1 Water Efficiency Certification	Adopts intelligent water level sensing technology: automatically adjusts water consumption according to tableware; recycled water utilization with multi-stage filtration to reuse washing water.
Silent Noise Reduction Technology	Uses BLDC variable frequency motor, stable operation with noise below 45dB; multiple shock-absorbing structures reduce vibration noise, high-quality sound-absorbing cotton absorbs operating noise.

Water Purifier - Level 1 Waterfall Spring "Silver Ink" Water Purifier M600-1A

Passed national Level 1 water efficiency certification, water-saving and efficient. Small under-sink installation saves space, supports smart APP monitoring of water quality and filter status, providing families with safe, convenient and energy-saving direct drinking water experience.

Level 1 Water Efficiency Certification	High-efficiency RO membrane: imported RO membrane with high desalination rate, reducing wastewater generation; Intelligent wastewater ratio: automatically adjusts the recovery ratio according to water quality, up to 3:1; Water-saving mode: automatically enters water-saving mode during daily use.
Smart Connectivity	Filter life reminder: APP displays filter usage status in real time; Water quality monitoring: TDS value displayed in real time for clear water quality visibility; Remote control: mobile APP control of flushing and switch; Fault early warning: automatic detection and push of maintenance information; Water usage statistics: records household water consumption to help develop water-saving habits.

In addition, a number of the Company's products have obtained first-class energy efficiency certificates.

Product Carbon Footprint

Vanward is committed to technological innovation and green development, providing more efficient and eco-friendly products for global consumers and contributing to the achievement of global carbon neutrality goals. In May 2025, Vanward's condensing constant temperature forced exhaust gas water heater obtained the ISO 14067 **Product Carbon Footprint Certification**, an international standard. Based on the product's cradle-to-grave life cycle assessment method, the certification comprehensively measures the carbon footprint of the JSLQ27-16V9L Turbo model from raw material acquisition to final disposal, marking an important step for Vanward in the field of green environmental protection and sustainable development.

The certification results show that the product carbon footprint of one JSLQ27-16V9L Turbo condensing constant temperature forced exhaust gas water heater is **3.1857 t CO_2eq**.

07

Environmental Compliance Management

7 Environmental Compliance Management

7.1 Environmental Management

To mitigate the environmental impact of its operational activities, Vanward has established a scientific environmental management system. The Environment, Health and Safety Department serves as the responsible department to coordinate the advancement of environmental compliance, tracks and identifies applicable environmental laws and regulations, regularly conducts closed-loop management for the collection, verification and rectification of environmental hazards, coordinates various departments to implement environmental management measures, and promotes cross-departmental collaboration in environmental management.

In response to environmental emergencies and hazards, the Company has established a hazard control process of "reporting - verifcation - handling - rectifcation - rewards and penalties". Our employees can report relevant issues at any time, and the Company will provide performance rewards to employees with valid reports. Regular environmental emergency drills are conducted. During the reporting period, the Company carried out emergency response drills for waste gas leakage and sewage treatment to enhance employees' emergency awareness and capabilities.

Currently, the Company has established and is effectively operating an environmental management system compliant with ISO 14001:2015, with the certification valid until December 8, 2026.

7.2 Pollutant Emissions

Air Pollution

Vanward strictly complies with national and local emission standards such as the *Emission Limits for Air Pollutants*. It adopts various measures including water spraying, activated carbon adsorption, and catalytic combustion, to ensure that exhaust emissions meet regulatory standards, and we have reduced the total volume of exhaust emissions generated during production through the adoption of new processes and equipment.

Factory	Air Pollutants	Treatment Measures
Gaoli Factory	VOCs, particulate matter, total non-methane hydrocarbons, sulfur dioxide, sulfuric acid mist, nitrogen oxides, Ringelmann blackness, benzene, toluene, xylene, odor concentration	1 Adopts wet + dry treatment process, removing particulates and moisture from waste gas through water spray, multi-faceted balls and filter cotton; 2 Employs activated carbon adsorption and concentrated catalytic combustion process to burn concentrated organic waste gas while realizing the regeneration of activated carbon.
Yanghe Factory	VOCs, particulate matter, total non-methane hydrocarbons, sulfur dioxide, sulfuric acid mist, nitrogen oxides, Ringelmann blackness, benzene, toluene, xylene, odor concentration	1 Treats dust through water spray dust suppression process; 2 Handles spray waste gas via activated carbon adsorption + catalytic combustion process.
Genghe Factory	VOCs, particulate matter, total non-methane hydrocarbons, sulfur dioxide, sulfuric acid mist, nitrogen oxides, Ringelmann blackness, benzene, toluene, xylene, odor concentration, tin	1 Removes dust particulates, partial oil mist and viscous particulates from waste gas through die-casting waste gas treatment system; 2 Traps dust on the outer surface of filter bags via aluminum melting waste gas treatment system.
Xingtan Factory	VOCs, particulate matter, total non-methane hydrocarbons, sulfur dioxide, sulfuric acid mist, nitrogen oxides, Ringelmann blackness, benzene, toluene, xylene, odor concentration, tin	1 Adopts a series of processes including water curtain cabinet (for spray painting) + spray tower + demister + filter cotton + activated carbon adsorption + desorption-catalytic combustion to treat spray painting and printing waste gas; 2 Treats pickling waste gas through acid mist purification tower; 3 Uses electrostatic oil fume purifier to handle oil fume waste gas.

The Company regularly entrusts third-party institutions to test waste gas emissions, adopting a "monitoring + process" dual approach to control waste gas pollution at the source and ensure emission concentrations meet relevant standards. Test data shows that during the reporting period, the company's emissions of particulate matter, sulfur dioxide, nitrogen oxides, VOCs, fluorides, and total non-methane hydrocarbons all comply with the total emission limits for air pollutants.

Exhaust emissions

Total emissions 1,485.55 million cubic meters	Emissions density 0.25 cubic meters per 10,000 yuan of output value
Particulate matter emissions 2.65 tons	Sulfur dioxide emissions 0.65 tons
Nitrogen oxide emissions 1.22 tons	VOCs 0.77 tons

Waste Gas Treatment Facilities

Waste Water

In terms of waste water management, the Company strictly implements the local standard *Emission Limits for Water Pollutants* (DB44/26-2001) of Guangdong Province. Through optimized production processes and improved wastewater treatment facilities, we ensure that wastewater discharge meets applicable standards and, for certain indicators, reaches the higher Class I standard.

Wastewater Treatment Method

Oily Waste Water	Organic Waste Water
Adopts "physical-chemical + biochemical treatment process" – first adds flocculants and coagulants to remove suspended solids, then removes organic matter in water through aerobic biofilm method.	Employs "three-tower purification treatment process" – sequentially removes colloids, particulates and other large-size impurities through sand filtration, carbon filtration and ultrafiltration, then removes dissolved salts and bacteria via reverse osmosis, and achieves a desalination rate of over 96% with RO pure water equipment.

Sand Filtration Equipment

Reverse Osmiosis(RO) System

During the reporting period, the total waste water discharge of the Company was 547,049.92 tons, all of which were discharged after meeting treatment standards.

547,049.92tons waste water discharge

Noise

The Company attaches great importance to noise pollution prevention and control, strictly implementing the *Emission Standards for Industrial Enterprise Boundary Noise*. It conducts comprehensive identification and evaluation of noise sources from equipment and process links that may generate noise during production. Through various measures such as optimizing factory design, selecting low-noise equipment and installing noise reduction facilities, the Company actively creates a low-noise production environment, ensuring that the acoustic environment quality inside and outside the factory meets national standards.

- **Factory Design for Noise Reduction:** During factory design and construction, wall materials with sound absorption and insulation properties are prioritized, such as the sound-absorbing panels, sound insulation cotton and porous sound-absorbing materials.
- **Selection of Low-noise Equipment:** When purchasing equipment, low-noise equipment is preferred, and old equipment with high noise levels is gradually phased out.
- **Installation of Noise Reduction Facilities:** Noise-reducing bases are installed for some high-noise equipment to isolate noise generated during equipment operation.

7.3 Waste Disposal

The general solid waste generated by the Company during production and operation includes metal leftover materials, settled metal dust, spray powder dust, waste packaging materials, water spray sediment containing grinding dust and domestic waste. Among them, domestic waste is handled by environmental sanitation departments, and other general solid waste is recycled and reused by resource recycling companies in accordance with the national standard *Pollution Control Standards for the Storage and Disposal of General Industrial Solid Waste*.

Hazardous waste mainly includes waste engine oil and rags generated from equipment maintenance, engine oil barrels, raw material packaging, waste activated carbon and sludge. The Company has set up a dedicated hazardous waste warehouse for storing hazardous waste, equipped with anti-leakage, rainproof, fireproof and other facilities to ensure the safe storage and management of hazardous waste.

Household Waste Holding Area

Hazardous Waste Storage Facility

7.4 Chemical Management

Vanward strictly complies with national laws and regulations such as the *Regulations on the Safety Administration of Hazardous Chemicals*, and has established a scientific and standardized chemical management system covering transportation, storage and emergency drills of chemicals to ensure the safe use and management of chemicals, and protect employees' health and environmental safety.

Transportation Specifications

Select logistics companies with hazardous chemical transportation qualifications, ensuring that drivers and escorts hold hazardous chemical transportation qualifications and are familiar with the characteristics of chemicals and emergency handling methods.

Chemical Storage

Designate a dedicated chemical storage area with prominent safety signs; the storage area is equipped with fire prevention, explosion prevention, leakage prevention, static electricity prevention and other safety facilities, and chemicals are stored classified according to their properties to avoid chemical reactions or cross-contamination.

Emergency Drills

Based on the characteristics of chemicals and potential accident types, the Company formulates detailed emergency plans and regularly organizes chemical accident emergency drills, simulating emergencies such as chemical leakage and fires to verify the feasibility and effectiveness of the emergency plans.

7.5 Protection of Ecosystem and Biodiversity

Vanward continuously pays attention to the impact of its activities on ecosystems and biodiversity, and strictly complies with laws, regulations and guiding policies such as the *Environmental Protection Law of the People's Republic of China*, the *Soil Pollution Prevention and Control Law of the People's Republic of China* and the *Opinions of the General Office of the State Council on Further Strengthening Biodiversity Protection* to carry out risk identification and hidden danger investigation.

During the reporting period, the Company had no operating locations in nature reserves or areas with rich biodiversity. Its production and operation bases are located in mature industrial parks, all of which are industrial land.

No significant impact of the Company's business activities, products or services on biodiversity has been identified.

In addition, the Company actively participates in tree and flower planting activities in Yanghe Industrial Park organized by the town's Water Conservancy and Water Affairs Bureau, supporting local ecological environment construction and contributing to regional green development through practical actions.

08

Energy Efficiency & Circular Economy

8 Energy Efficiency & Circular Economy

8.1 Energy Utilization

Energy Management System

In accordance with ISO 50001:2018 *Energy Management Systems - Requirements* and other relevant standards, Vanward has established an energy management system tailored to its actual operational needs. The system adopts a source-control approach to achieve energy conservation, consumption reduction and continuous improvement.

The Company has set up an energy management leading group and a dedicated management department, improved energy management procedures, and coordinated system construction and performance improvement, forming a three-level management mechanism of **decision-making - coordination - implementation**. At present, Vanward has obtained the ISO 50001 energy management system certification, valid until March 2026.

Energy Conservation Projects and Measures

The main energy sources used by the Company include electricity, natural gas, liquefied petroleum gas, gasoline and diesel, covering the entire processes of production and processing, power supply and auxiliary operations. To effectively control energy consumption per unit of output value, the Company regularly monitors energy consumption data and sets periodic energy conservation targets. All types of energy are utilized efficiently through hierarchical metering and precise control.

Management-based Energy Conservation

The Company optimizes the management of four key energy links: **purchasing and storage - processing and conversion - transmission and distribution - end use**. It formulates economic operation procedures for equipment, standardizes the operation processes of key energy-consuming equipment, and timely identifies and corrects abnormal energy consumption through monthly statistics and quarterly analysis.

Product-based Energy Conservation

The Company promotes advanced energy-saving technologies and equipment, phases out obsolete and high-energy-consuming processes, and achieves energy conservation and consumption reduction through waste heat and residual pressure recovery. For key energy-consuming equipment such as curing furnaces and brazing furnaces, it regularly conducts energy efficiency testing and optimization, and improves operational efficiency through preventive maintenance and parameter adjustment. Harmonic governance and reactive power compensation are implemented for the power supply and distribution system to enhance electricity utilization efficiency.

Energy Conservation Project - Servo Motor Upgrade for Die-casting Machines

The original die-casting machines were equipped with an **asynchronous motor + fixed displacement pump** power system, which could not dynamically adjust flow according to production load, resulting in low operational efficiency. During the reporting period, the Company upgraded the servo systems of 6 die-casting machines in the workshop, replacing the original configuration with a **servo motor + variable displacement pump** system. Through precise flow control matching production demand, the energy waste of equipment during no-load and low-load operation was significantly reduced, leading to a substantial drop in single-equipment energy consumption with a **70.7% power saving rate per unit**.

Energy Conservation Project - Energy Efficiency Improvement for Air Compressors

The Company's original air compressors suffered from reduced energy efficiency due to aging and high no-load energy consumption as they could not dynamically adjust power based on air demand. During the reporting period, the Company phased out two old and high-energy-consuming compressors and installed two 110KW permanent magnet variable frequency air compressors meeting first-class energy efficiency standards, which realize precise matching of air volume and load through frequency conversion technology.

The new equipment achieves an overall **20% power saving rate**. In addition, permanent magnet variable frequency compressors feature lower noise and failure rates, extending equipment service life, reducing production costs, and simultaneously cutting down equipment maintenance frequency and operational costs.

Structural Optimization

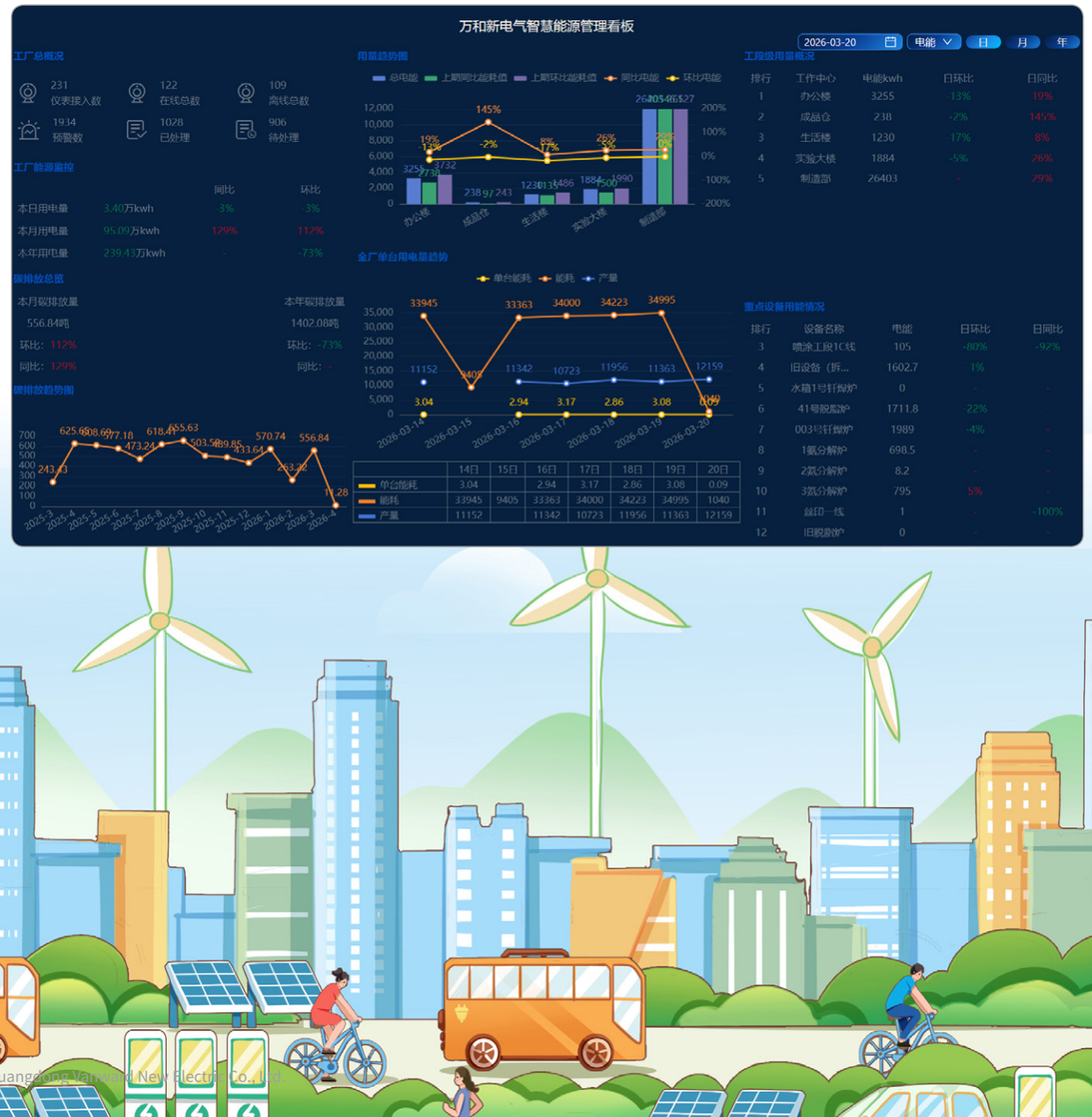
The Company continuously optimizes its energy structure by increasing the proportion of clean and renewable energy, and drives the upgrading of products towards high energy efficiency. For new construction, renovation and expansion projects, it prioritizes the adoption of energy-saving technologies, processes and equipment, and strictly prohibits the use of high-energy-consuming equipment explicitly eliminated by the state, achieving source-based energy consumption reduction.

2024	2025
Total energy consumption: **20,523.25** tons of standard coal equivalent	Total energy consumption: **19,201.04** tons of standard coal equivalent
Energy intensity: **29.13** kgce per 10,000 yuan of output value	Energy intensity: **31.94** kgce per 10,000 yuan of output value

Smart Energy System

To realize efficient energy utilization and refined management, Vanward has launched a smart energy project. Leveraging advanced Internet of Things (IoT) technology, data analysis and intelligent management tools, the project aims to build a full-process intelligent energy management system featuring monitoring-warning-rectification-verification. The system intuitively displays energy usage data such as factory power consumption distribution and power loss statistics, enabling rapid detection of abnormal scenario about energy consumption and identification of energy waste links. It automatically triggers an abnormal early warning when equipment energy consumption exceeds standards, ensuring the efficiency and timeliness of energy management.

In terms of green energy consumption control, the system can collect real-time power generation data from photovoltaic new energy systems, analyze and evaluate power generation efficiency and equipment operational efficiency. Through dynamic tracking of energy flow and visual statistics of power generation benefits, it achieves comprehensive oversight of the operational status and economic benefits of photovoltaic power generation.



Clean Energy Utilization

In recent years, to continuously optimize its energy consumption structure, the Company has constructed solar photovoltaic power generation systems at Gaoli Factory, Yanghe Factory and Xingtan Factory, with real-time collection of photovoltaic power generation data through an energy consumption online monitoring system. The total photovoltaic power generation of the Company during the reporting period reached **22.139 million kWh**.

Photovoltaic Power Generation Status		
Gaoli Factory	Photovoltaic installed capacity: **2.99** MWP	Power generation: **3,035** MWh
Yanghe Factory	Photovoltaic installed capacity: **12.52** MWP	Power generation: **15,480** MWh
Xingtan Factory	Photovoltaic installed capacity: **3.48** MWP	Power generation: **3,624** MWh

Gaoli Factory

Xingtan Factory

In addition, the Company increases the proportion of green energy in total energy consumption by purchasing green electricity certificates. During the reporting period, the Company purchased 14,540 green electricity certificates, corresponding to a total electricity consumption of 14,540 MWh.

8.2 Water Resource Utilization

In response to the national water conservation policy and the United Nations Sustainable Development Goals (SDGs), Vanward has continuously strengthened water conservation efforts and optimized water management. In recent years, the Company has significantly reduced water consumption in production through a series of technological innovations and process optimizations.

Process and Equipment Improvement

Water Conservation Project	Core Technologies
Washing Process Optimization	Adopts multi-stage serial water reuse technology, retrofitting the water supply system for serial operation where the wastewater from the previous process is directly used as the inlet water for the next, with fresh water only supplemented in the final process. Uses D-type filter tank pipes for retrofitting pipelines to form a stable water level difference, ensuring stable water supply pressure and flow without additional booster equipment.
Test Water Reuse for Assembled Dual-purpose Furnaces	The original direct discharge mode for the test water of assembled dual-purpose furnaces is replaced by a test water recovery system. The originally discharged test water is collected into a water storage tank through pipelines and reused for toilet flushing. The original water supply pipelines are simultaneously overhauled to completely solve ground water leakage and realize cyclic reuse of test water.
Elimination of Cleaning Processes	Replaces traditional engine oil lubrication with volatile oil, which is completely volatilized through high-temperature degreasing to eliminate cleaning processes; Uses water-based environmental protection flux JH601L instead of traditional flux to avoid the need for post-welding cleaning.

In addition, the Company attaches great importance to the conservation and efficient utilization of water resources in daily operations. Water-saving faucets are installed throughout the factory areas to reduce water consumption through flow control, minimize water waste and optimize water use efficiency.

2024

Total water withdrawal:
1,023,806 tons

2025

Total water withdrawal:
925,805 tons

a decrease of 9.57% compared to 2024
9.57%

2024

Total recycled water volume:
41,710 tons

water recycling rate:
4.07%

2025

Total recycled water volume:
30,035 tons

water recycling rate:
3.24%

8.3 Circular Economy

Vanward integrates the concept of circular economy into the entire value chain including raw material procurement, production and manufacturing, product full life cycle and supply chain collaboration. Through full-process control featuring **source consumption reduction - efficient process - end resource utilization**, the Company realizes efficient circular utilization of resources and reduces environmental impact.

Production Side

In production material selection, the Company prioritizes recyclable materials such as steel and copper to ensure the feasibility of resource recycling from the source. Industrial solid waste such as leftover materials generated in production is uniformly recycled and reprocessed by professional recycling stations to maximize resource value.

In transportation and packaging, the Company adopts recyclable standard turnover boxes and uses recyclable and renewable packaging materials - replacing expandable polystyrene foam with honeycomb cardboard to reduce disposable packaging waste.

It promotes resource recycling at the supply chain end, encouraging suppliers to adopt renewable material production and environmental protection packaging solutions. The circular economy concept is extended to upstream cooperation links to build a collaborative circular **ecosystem of enterprise-supplier**.

Product Side

The Company's product design concept focuses on full life cycle management, with multiple safety protection mechanisms equipped to extend product service life and reduce resource consumption caused by frequent replacement.

In addition, to activate terminal circular value, the Company vigorously promotes a product trade-in strategy, implementing **point-to-point solutions** for consumers' trade-in difficulties to respond to demand rapidly and improve participation convenience.

Trade-in Program

To fully realize the environmental protection value of the trade-in program, Vanward has built a three-dimensional full-chain guarantee system of **management - resources - channels** to promote the scale and normalization of environmental protection effects.

In addition, the Company guides consumers to phase out old, high-energy-consuming and low-efficiency products by lowering trade-in thresholds, reducing resource consumption and carbon emissions throughout the full life cycle from the usage end, and realizing an environmental protection transmission effect of replacement, which leads to a loewer energy consumption and less pollution.

In addition to product subsidies, the Company optimizes its retail system to enable more stores to meet trade-in access standards. Through omni-channel communication including high-speed rail advertising, short video promotion and offline store material display, the environmental protection value of the trade-in program is delivered to a wider audience.

09

Strategic Alignment for Carbon Mitigation

9 Strategic Alignment for Carbon Mitigation

9.1 Greenhouse Gas Emissions

The Company has established a Dual Carbon Management Committee and a comprehensive greenhouse gas emission management system. We have incorporated greenhouse gas inventory into our annual work and compiled greenhouse gas emission reports to quantify the organizational carbon footprint, laying a solid data foundation for emission reduction plans.

During the reporting period, Gaoli Factory, Yanghe Factory, Genghe Factory and Xingtan Factory all completed organizational carbon inventories in accordance with the ISO 14064 standard, and identified major emission sources based on the inventory data.

Direct Greenhouse Gas Emssion Sources	Stationary source emissions from energy sources such as diesel, natural gas and liquefied petroleum gas; mobile source emissions from vehicles; and fugitive emissions from refrigerants and other substances
Indirect Greenhouse Gas Emission Sources from Energy Use	Electricity

In addition, we purchased 14,540 MWh of green power certificates during the reporting period.

In 2025, the Company's total greenhouse gas emissions were as follows:

Greenhouse gas emissions[1]

Indicator	Unit	2024 Emissions	2025 Emission
Total Emissions (Location-Based)	Tonnes of carbon dioxide equivalent	51,742.75	47,430.01
Scope 1 Emissions	Tonnes of carbon dioxide equivalent	13117.27	11,489.00
Scope 2 Emissions (Location-Based)	Tonnes of carbon dioxide equivalent	38,625.48	35,941.01
Greenhouse Gas Emissions Intensity (Location-Based)	Tons of carbon dioxide equivalent per 10,000 yuan of output value	0.07	0.08

[1]Stationary source emission factors were derived from the original IPCC emission factors and the lower heating value of fuels through conversion. The original IPCC emission factors are sourced from Chapter 2 of the Energy Volume in the *IPCC Guidelines for National Greenhouse Gas Inventories, 2019 Revision*, while the lower heating values are sourced from the *General Rules for Comprehensive Energy Consumption Calculation (GB/T 2589-2020)*. The global warming potentials (GWPs) of greenhouse gases are all taken from the corresponding values for each gas in the *IPCC Sixth Assessment Report*. Electricity emission factors are sourced from the *Announcement by the Ministry of Ecology and Environment and the National Bureau of Statistics on the Release of 2023 Electricity Carbon Dioxide Emission Factors*. Among these, location-based electricity emission factors use the Guangdong Province electricity emission factor of 0.4419 tCO_2 /MWh; the market-based electricity emission factor uses the grid emission factor of 0.6096 tCO_2 /MWh, which is the national average electricity CO_2 emission factor (excluding electricity from non-fossil energy sources traded in the market).

9.2 Climate Change Adaptation and Mitigation

Climate-related Impacts

At present, Vanward has built a climate governance system. In alignment with the Company's dual carbon development strategy, all departments identify emission reduction projects based on their respective businesses, conduct supervision and evaluation on such projects, and assist in the formulation of carbon emission management standards and processes to ensure the effective implementation of the strategy.

With reference to the TCFD framework, we have carried out an analysis of climate risks and opportunities by integrating the core conclusions of the IPCC Sixth Assessment Report (AR6) and China's dual carbon goals:

Climate Risks

Physical Risks	Core Risks	Impact Period	Impact Level
Acute risks	Cascading effects of production disruption and component supply shortage caused by rainstorms and typhoons		
	Core production bases: Foshan is located in the Pearl River Delta, a region prone to typhoons. Rain leakage in the processing areas of riverside factories may lead to equipment malfunctions and production halts; rainstorms are likely to cause production equipment failures, resulting in high maintenance costs for core components.	Short-term	High
	Inventory and warehousing risks: Product components are sensitive to humidity. Warehouse dampness during the "Dragon Boat Festival rainy season" may cause component deterioration; corrosion from rain or moisture-induced deterioration will result in batch scrapping losses across business lines.	Short-term	High
	Supply chain disruption: A high proportion of core components are supplied locally. Logistics stagnation caused by typhoons will directly affect the delivery of components. Given the Company's parallel operation of multiple businesses with high requirements for component availability, supply shortages will severely impact production continuity.	Short-term to medium-term	High
	Hazardous chemical risks: Humidity-sensitive hazardous chemicals such as sealants and high-temperature resistant coatings are used in the production of multiple businesses. Concentrated rainfall during the rainy season may cause warehouse dampness,leading to caking and deterioration of materials, leading to potential batch problems across businesses.	Short-term	High
	Product malfunctions caused by extreme cold snaps		
	Downstream (product usage phase) and after-sales service: Against the backdrop of climate change, frequent extreme cold snaps (with temperatures plummeting below freezing) have caused the internal pipes and water tanks of gas water heaters installed by the company in unheated areas (or areas without frost protection) to freeze and burst due to expansion.	Long-term	Medium
Chronic risks	Long-term impacts of high temperatures and sea level rise		
	Energy costs: The number of high-temperature days in summer is on the rise, and the peak-valley difference of industrial electricity prices is widening. Coupled with high energy consumption links in the production process and capacity expansion of multiple businesses, the average annual electricity cost has increased significantly, bringing sustained pressure on production costs.	Long-term	Medium

Physical Risks	Core Risks	Impact Period	Impact Level
Chronic risks	**Warehousing risks:** Sea level rise in the Pearl River Estuary exposes the finished product warehouses of riverside factories to the risks of foundation settlement and moisture erosion. Future capital investment will be required for the special renovation of warehousing facilities across all business lines.	Long-term	High

Transitional Risks	Core Risks	Impact Period	Impact Level
Policy and regulatory risks	Products are subject to the superimposition of dual standards for energy efficiency and emissions, with fast and cross-domain differences in standard upgrades. Failure to keep pace in a timely manner will result in the loss of centralized procurement and export qualifications.	Short-term	High
	Increased pressure of carbon accounting and compliance performance. Export products are required to undergo CBAM product carbon footprint verification, leading to a rising proportion of accounting costs in operating revenue.	Medium-term	High
Market risks	Price wars for low-margin products are spreading to multi-energy and scenario-based products, and the mid-to-high-end market is facing competition from leading brands.	Short-term	High
	Consumers' preference for low-carbon and energy-saving products is evolving rapidly with high technical adaptability requirements. As the demand fluctuations of multiple businesses are not synchronized, the difficulty of capacity scheduling is increased.	Medium-term	Medium
Reputational risks	Inconsistencies between low-carbon publicity and actual energy efficiency and emission data may trigger accusations of greenwashing, increasing the risks of regulatory penalties and media exposure.	Short-term	High

Climate Opportunity Analysis

Climate Opportunities	Description
Policy Dividends	Global warming has driven the introduction of low-carbon policies (the EU's gradual phase-out of high-GWP refrigerants, and the extension of China's coal-to-electricity program). Meanwhile, heating demand exists in the Pearl River Delta and northern China in winter. Heat pumps, as clean temperature control equipment, have both climate adaptability and low-carbon attributes.
Industry Development	As the leading compiling unit, we take the lead in formulating industry standards adapted to the climate of the Greater Bay Area, clarifying the core indicators of heat resistance, moisture resistance and durability; seizing the discourse power of standards in advance to save adaptation costs.
Market Opportunities	High temperatures in summer have spurred the demand for refrigeration. Based on the climatic characteristics of different regions, we analyze the impact of different indicators such as temperature, humidity and air pressure on product performance, and develop personalized products adapted to different climates to seize market opportunities.

Response to Cimate Risks and Opportunties

Physical Risks	○ Select water-proof building materials to ensure a stable production environment for core and precision components; strengthen the management of drainage systems, conduct cleaning of factory drainage pipelines and inspection of doors and windows before the rainy season every year to prevent blockage and rain leakage. ○ Promote energy-saving transformation on the production side by installing waste heat recovery devices and popularizing photovoltaic power generation; on the operation side, deploy hyper-converged architecture servers to replace traditional decentralized servers, and gradually replace traditional PCs with cloud desktops to reduce electricity costs. ○ Formulate emergency plans for flood and waterlogging prevention, and conduct emergency drills. ○ Appoint backup suppliers to ensure the continuous production needs of multiple business lines under extreme weather conditions; expand the resources of overseas component suppliers by virtue of the layout of overseas factories in Thailand and Egypt. ○ Strictly implement the storage standards for hazardous chemicals in the industrial and trade sector, store humidity-sensitive materials such as sealants and high-temperature resistant coatings in special moisture-proof warehouses, and regularly carry out special training and drills on the storage, use and emergency disposal of hazardous chemicals.
Transition Risks	○ Sort out the law enforcement standards in different regions at home and abroad; in response to carbon footprint verification requirements such as the EU CBAM, conduct organizational carbon inventory and product carbon footprint measurement, improve the traceability management of carbon data, and enhance the efficiency of compliance disclosure. ○ Lay out the hydrogen energy and air energy sectors, and launch green products with low energy consumption and low carbon footprint; jointly build laboratories with local universities to break through cross-border technological research and development(R&D) barriers.
Climate Opportunities	○ Take the lead in formulating the *General Technical Requirements for Tropical Climate Type Household Gas Burning Appliances* for the Guangdong-Hong Kong-Macao Greater Bay Area to consolidate the industry's technological discourse power. ○ Increase the sales proportion of ultra-first-class/first-class energy efficiency products and establish an energy-saving and environmental protection brand image.

10 Employees

10 Employees

10.1 Talent Attraction and Retention

In alignment with its strategic business plan, business development needs and human resource indicators, the Company formulates a detailed recruitment plan each year. It expands talent sources through diverse channels including online recruitment, campus recruitment and employee referrals, ensuring recruitment efficiency and accuracy.

Online Recruitment	Releases recruitment information via job recruitment websites, social media and the official corporate website to attract more job seekers; leverages big data analytics to accurately match candidates with job requirements and improve recruitment efficiency.
Employee Referral Program	Implements an employee referral scheme, encouraging existing employees to recommend outstanding talents to the Company and providing rewards to employees for successful referrals.
Campus Recruitment	Conducts regular campus recruitment activities each year and launches systems such as the one-on-one mentorship program and the three-year key position training program to attract outstanding graduates.
Re-employment of Retirees	Formulates the *Measures for the Administration of Re-employed Retirees* to offer re-employment opportunities for retirees, giving full play to their professional skills and experience advantages. The re-employment targets are healthy retirees with excellent performance and professional technical skills.

In addition, the Company attaches great importance to the introduction of scientific and technological talents. It has jointly built laboratories with key science and engineering universities such as Central South University and Xi'an Jiaotong University, and cooperated with local vocational and technical schools to jointly develop courses for cultivating skilled talents. Through joint laboratory construction, joint development of industry-university-research projects, establishment of scholarships and internship bases, the Company conducts targeted training of professional talents in thermal energy, machinery, automation and other fields.

Number of new employees hired during the reporting period:
1,824

To retain talents, the Company regularly conducts employee satisfaction surveys to understand employees' opinions and reduce employee turnover rate. The overall employee satisfaction score during the reporting period was 82.27, an increase compared with the previous year.

10.2 Diversity and Equal Opportunities

In the processes of recruitment, employment, promotion and assessment, Vanward strictly abides by laws and regulations such as the *Labor Law* and the *Employment Promotion Law*, and adheres to the principle of equality at all times. It ensures that all job seekers are not subjected to unfair treatment due to gender, ethnicity, nationality, physical health and other factors, and avoids employment discrimination. The Company regularly carries out inclusive culture training to build a diverse workforce. During the reporting period, the Company was awarded as a "Model Collective for National Unity and Progress of Guangdong Province" by the Government of Guangdong Province.

Ethnic Minorities	Proactively conducts labor cooperation projects with western regions and carries out targeted recruitment to provide a fair competition platform and suitable job options for ethnic minority job seekers; builds a Muslim canteen in the factory area to meet ethnic dietary customs and respect employees' religious beliefs.
Overseas Employees	Conducts overseas campus recruitment to hire fresh graduates with professional capabilities and cross-cultural communication skills, reserving international young talents for the enterprise; cooperates with international headhunting agencies to tap into senior overseas industry talents, high-end technical talents and management talents.
Employees with Disabilities	Strictly complies with the statutory requirements for the employment proportion of persons with disabilities, and cooperates with disability sheltered workshops to provide special education resources such as vocational rehabilitation and training guidance for persons with disabilities, ensuring their employment placement and reducing social isolation.

Total number of employees at the end of 2025:
5,782

Female employees: **2,193** accounting for **37.93 %**

Ethnic minority employees: **295** accounting for **5.10 %**

Foreign employees: **859** accounting for **14.86%**

Employees with disabilities: **55** accounting for **0.95%**

10.3 Employment Training and Development

Talent Cultivation

Vanward is committed to building a learning organization and has formulated systematic management systems. It develops training plans based on business and personal development needs collected through questionnaires and interviews, and builds a training system covering management capabilities, professional fields and skill requirements, improving both online and offline training channels. After training, the Company collects suggestions for improvement and optimizes training programs based on the results.

Job Competency Improvement	Establishes dual-track job qualification standards and learning maps for professional and management positions to help employees quickly master the knowledge and skills required for their posts; meanwhile, launches special course training for common needs.
Key Talent Training	Develops the Vanward Navigation series of training programs for campus-recruited new employees, high-potential reserves, middle and senior management cadres and their reserves, consolidating the talent echelon.

During the reporting period, the Company organized the **Dream Chaser Navigation Training Camp** and the **Navigation Training Camp** for the training of fresh graduates and the capacity improvement of high-potential talents.

Dream Chaser Navigation Training Camp

This program aims to help fresh management trainees master the core skills required for their posts through a systematic training system and complete the role transition from students to workplace professionals. A total of 1,474 person-times participated in the training camp, and all 67 management trainees performed excellently and successfully entered the department rotation practice stage to further improve their job competency through practical work.

Navigation Training Camp

Launched in June 2025, this program selected 30 high-potential talents for admission through a competitive process. Adopting an integrated online and offline training model, combined with IDP formulation, project practice and mentor guidance, the program organized 5 offline training sessions and 15 online self-study courses focusing on the common shortcomings of the trainees and their capacity development needs, with a total of 140 person-times participating.

Vanward Lecture

Hosted by the Human Resources Center, it invites field experts to deliver lectures on cutting-edge knowledge and general education for all employees.

Departmental Independent Learning

Each department organizes relevant training internally based on actual business conditions and common competency gaps.

In addition to internal training, the Company also provides external learning resources for employees and has formulated the *Measures for the Administration of Employees' On-the-job Further Education*, offering overseas learning opportunities and encouraging employees to improve their academic qualifications and skills through further education during employment. It fully reimburses the relevant costs of courses, examinations and materials, and provides a one-time incentive subsidy for employees who successfully obtain academic certificates or professional qualification certificates, encouraging continuous self-improvement.

Career Development

Through the dual-track career development path for management and professional positions, scientific recruitment plans, systematic training systems and improved incentive policies, the Company is committed to providing employees with fair and transparent career development opportunities and building a high-quality and professional workforce.

Managemment Track

Formulates clear employment standards for management cadres, defining the competency requirements and performance objectives for management positions; regularly conducts debriefing, inventory and empowerment training for management cadres to conduct a comprehensive evaluation of their capabilities and performance.

Professional Track

Builds a dynamic certification system for professionals based on competency requirements, and conducts annual certification and promotion for professionals through job qualification certification.

Besides, the Company has an internal transfer mechanism that allows employees to transfer posts according to their personal wishes and capabilities, in light of job needs.

Performance Appraisal

The Company has established the *Performance Management System*, which closely aligns the corporate strategic goals with employees' personal goals and sets differentiated appraisal indicators for different positions to ensure that each employee's work results are consistent with the overall development direction of the enterprise. Performance appraisal results are linked to compensation and serve as an important basis for employee promotion and incentive distribution.

At the same time, the Company attaches importance to the fairness and transparency of performance appraisal and has established an open communication and feedback mechanism. Department heads conduct performance interviews with employees on the appraisal results to help them clarify their work goals and improvement directions. Employees may also raise objections to the performance appraisal results, and the Company will make an assessment and judgment based on facts.

10.4 Employee Rights and Benefits

Human Rights Protection

Vanward strictly abides by the *Labor Law of the People's Republic of China*, taking the elimination of child labor as a red line for compliant employment. It has established a closed-loop management mechanism of **prevention in advance - monitoring in the process - disposal afterwards** to ensure the legality and compliance of employment practices.

Prevention in Advance	○ Formulates strict recruitment compliance policies, taking age verification and identity checks as core recruitment links to eliminate illegal employment from the source, ○ Strengthens control through information tools, completing multiple identity information authentication during contract signing, and setting an age interception mechanism in the personnel system entry link to automatically block persons who have not reached the statutory working age, ○ Conducts legal and compliance background checks on employees to ensure all hired personnel meet the statutory employment standards, ○ Regularly organizes special training on labor laws and regulations for management personnel and recruitment staff.
Monitoring in the Process	○ Establishes an internal audit mechanism to regularly check attendance records and investigate signs of abnormal employment, ○ Conducts random inspections at various workplaces from time to time to detect suspicious behaviors in a timely manner.
Disposal Afterwards	○ Once child labor employment is verified, the employment relationship shall be terminated in accordance with the law immediately, and the local government departments shall be reported without delay, with full cooperation in the follow-up disposal work, ○ Provide necessary support and reasonable compensation for the affected employees, ○ Impose disciplinary penalties on the responsible management personnel in accordance with rules and regulations, and carry out company-wide compliance warning education simultaneously to prevent the recurrence of similar problems.

In addition, the Company attaches great importance to the protection of the human rights of on-the-job employees, and strictly prohibits all forms of discrimination, including but not limited to discrimination based on gender, age, race, religion, nationality, disability, marital status, sexual orientation, etc.; it has a zero-tolerance policy for all forms of harassment, including sexual harassment, verbal abuse, physical threats, etc.

To ensure employees can unimpeded feedback on labor human rights incidents, the Company has established a multi-channel and efficient reporting mechanism:

President's Mailbox	Employees can submit complaints through the "Vanward Home Platform" to the President's Mailbox, which is handled by dedicated personnel to ensure closed-loop processing within 24 hours and timely resolution of employee issues.
Vanward Voice	The Company has built a characteristic platform "Vanward Voice". Employees can submit real-name or anonymous complaints by scanning the QR code of "Vanward Voice", and the responsible department will reply with solutions and resolve the issues directly within 24 hours.

Employees can choose to file complaints in real name or anonymously. The informant's information is strictly confidential, and the Company has a zero-tolerance policy for retaliatory acts, which will be severely dealt with once verified. For anonymous complaints, the Company will also conduct a thorough investigation to protect employees' human rights to the maximum extent.

During the reporting period, the Company had no violations related to child labor, forced labor, discrimination or harassment, nor did it face any lawsuits or reports.

Democratic Communication

The Company clearly respects employees' freedom of association. Employees have the right to establish, join or withdraw from trade unions or other legal organizations in accordance with the law, and the Company shall not interfere with employees' association activities. Employees may participate in the democratic management and decision-making of the enterprise through forms such as the employee representative congress. In the event of collective labor disputes, the employees of the Company have the right to apply for mediation, arbitration or file a lawsuit in accordance with the law.

In addition, Vanward has established a multi-level and multi-channel communication and feedback mechanism, including new employee tea parties, employee satisfaction surveys, offline forums and anonymous feedback channels. It is committed to creating an open and transparent communication culture and promoting two-way interaction between employees and the enterprise.

Compensation and Benefits

The Company has established a dynamic adjustment mechanism based on market compensation research, and built a compensation system based on the relative value of positions and market compensation data, with performance contribution as the core dimension, without differential treatment due to gender differences. It has improved bonus incentives such as performance bonuses, department performance bonuses and project incentives, as well as medium and long-term incentive mechanisms such as the employee stock ownership plan, realizing the in-depth binding of core talents with the enterprise's development.

The Company has established a comprehensive employee welfare system, paying the five social insurances and housing fund in accordance with the law. Employees are entitled to statutory holidays and paid annual leave, marriage leave, paternity leave and other statutory leave, as well as welfare leave such as home leave for overseas employees, team building leave and blood donation leave. The Company also provides a variety of allowances including fuel allowance, phone allowance, rental allowance, on-site allowance and meal allowance, and has built various welfare facilities in the factory area to help employees balance work and life.

Caring Mother's Room

The Company has built a "Caring Mother's Room" for female employees to provide convenience for female employees in special periods such as pregnancy and lactation. The room is elegantly and warmly decorated, with partition curtains in the breastfeeding area to protect privacy, and is equipped with refrigerators, lockers and other facilities. An access control system is adopted to ensure safety, providing a comfortable and safe rest place.

The Company does not advocate overtime work in principle. If overtime is necessary due to work needs, employees can apply for it on their own and choose to take compensatory leave or receive overtime pay afterwards. To help employees balance work and life, the Company allows employees to apply for remote work and shift adjustment, and offers additional leave such as the **Family Companion Day** activity, with multiple working shifts set to meet the needs of different positions.

In addition, the Company pays attention to employees' mental health. In cooperation with the Trade Union of Ronggui Sub-district and Shunde Maternal and Child Health Hospital, it regularly carries out employee mental health salons and other activities to provide mental health knowledge training for employees and reduce occupational burnout.

Vanward Family Day

10.5 Occupational Health and Safety

The Company has established a Work Safety Committee as the core decision-making and coordination body for work safety and occupational health work. Specialists with professional qualifications are responsible for promoting safety risk control, hidden danger investigation and treatment, and occupational health protection work in a coordinated manner. The job responsibilities of all levels are clearly defined to effectively protect employees' operational safety and physical and mental health.

Goals	
Target: **0** fire incidents across all departments and workshops	Actual achievement for 2025: **0 times**
Target: **0** cases of occupational disease	Actual achievement for 2025: **0 cases**
Target: **100%** coverage of occupational health examinations for positions involving occupational hazards	Actual achievement for 2025: **100%**
Target: **0** instances of safety production accident above level six	Actual achievement for 2025: **0 instances**

At present, the Company has obtained the ISO 45001 Occupational Health and Safety Management System certification, valid until December 2026. The Company regularly conducts internal audits of the management system to ensure its effectiveness.


SGS

Certificate CN19/31677.00

The management system of

Guangdong Vanward New Electric Co., Ltd.

has been assessed and certified as meeting the requirements of

ISO 45001:2018

For the following activities

The Scope of Registration appears on page 2 of this certificate

Full-process Work Safety Control

The Company has built a comprehensive work safety management system, focusing on production safety risk management and hidden danger investigation, refining control measures to prevent and resolve various safety risks.

The Company has established a dual mechanism of classified risk control + closed-loop hidden danger treatment, and regularly conducts comprehensive risk identification. Based on the characteristics of production processes, operating environments, equipment and facilities, it classifies risk levels and formulates targeted prevention and control measures. It has built a hidden danger investigation system combining daily inspections, special inspections and comprehensive supervision, defining rectification time limits, responsible persons and rectification measures to ensure the thorough rectification of hidden dangers. The Company has smooth hidden danger reporting channels, encouraging employees to participate in safety supervision and providing rewards, forming a good atmosphere of full-staff investigation and joint prevention and control.

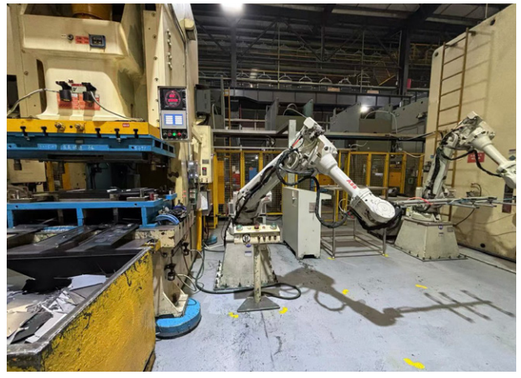
The Company strictly abides by on-site operation safety specifications. According to the occupational disease hazards and operational risks of different positions, it sets clear safety signs and is equipped with standard labor protection equipment such as gas masks, protective gloves, goggles and earplugs. It regularly checks the provision and use of labor protection equipment, urges employees to wear and use them in a standardized manner, and promptly corrects behaviors of failing to use labor protection equipment as required.

For special high-risk operations such as hot work, work at heights, and work in confined spaces, the Company implements a strict approval system, requiring operators to have corresponding qualifications and wear protective equipment such as safety belts and helmets. Warning signs and protective railings are set at the operation site; supervisors are on duty throughout the operation to monitor operational safety in real time and stop operations immediately if violations are found; the operation site can only be closed after passing the on-site inspection upon completion of the operation.

Occupational Health Management

The Company conducts a comprehensive assessment of positions with occupational hazards and ensures that employees are fully aware of the potential occupational hazards of their positions and the corresponding protection measures. In addition, it has established a comprehensive occupational health examination system covering the whole cycle of pre-employment, on-the-job and post-employment. For employees with abnormal physical examination results, the Company arranges re-examinations and diagnoses in a timely manner and adjusts their positions accordingly.

In addition, for repetitive tasks such as welding, stamping, die casting, injection molding, grinding, air tool assembly, and workpiece handling the Company is committed to reducing workers' labor intensity through automation means, introducing mechanical arms, AGV automatic guided vehicles and other equipment to replace manual labor in relevant operations, eliminating the need for employees to perform repetitive physical operations and reducing their labor burden.



Safety Culture Development

The Company continuously promotes the construction of a safety culture system, integrating safety culture into the entire process of production and operation to strengthen the safety awareness of all employees.

Safety Training	The Company carried out 393 safety training sessions of various types throughout the year, with a 100% training coverage rate. 8 special training sessions on the *Work Safety Law of the People's Republic of China* were held for senior management.
Safety Awareness Promotion	Released 37 editions of safety training videos and safety knowledge through the "Safety and Environmental Protection DingTalk Official Account".
Safet Month Activities	Organized safety culture promotion activities during the Work Safety Month in June and the Fire Safety Month in November.
Safety Emergency Drills	Each workshop conducts regular emergency drills adapted to the risk scenarios of the factory and workshop at least once a month.

Contractor Safety Management

Admission Stage	Verify the qualifications of contractors, their safety management systems and the qualifications of their operators. Sign a safety management agreement to clarify the safety responsibilities of both parties. Conduct safety technical disclosure and special training, and operators can only start work after passing the training.
Operation Process	Conduct regular on-site supervision to ensure contractors strictly abide by operation specifications and stop illegal operation behaviors in a timely manner.
Completion of Operation	Conduct a safety inspection of the operation site to ensure no potential safety hazards remain.

11

Supply Chain Collaboration & Resilience

11.1 Supply Chain Security

11.2 Sustainable Supply Chain

11 Supply Chain Collaboration & Resilience

11.1 Supply Chain Management

Governance and Strategy

Based on core policies including the Procurement Management Procedure and External Supplier Management Procedure, the Company has defined the full processes and responsibility allocation for supplier evaluation, quality control and order tracking, establishing a closed-loop management mechanism with clear accountability.

The Company has launched the SRM Supplier Management System, achieving end-to-end digital management of supplier registration, access, performance evaluation, order collaboration and financial reconciliation. It has built a product quality traceability system, driving the optimization of supply chain management with data and improving the collaboration efficiency and response speed of both buyers and suppliers.

In addition, the Company has strengthened internal management by formulating the Code of Integrity for Procurement Personnel, which strictly prohibits procurement staff from accepting kickbacks, banquets or gifts from suppliers. Bidding and tendering adhere to the principles of openness, fairness and impartiality, eliminating collusive bidding and information leakage to ensure the transparency and compliance of procurement processes.

Risk Management

1、Access Management

The admission of new suppliers follows the process of "document review + on-site assessment + sample verification", with stringent access criteria. Suppliers must pass on-site assessments for quality, technical capability and production capacity, sign the *Environmental Safety Commitment Letter*, and submit third-party authoritative test reports such as RoHS and REACH to be included in the qualified supplier list. A review mechanism for new supplier access has been established to continuously verify access effectiveness. Meanwhile, at least two suppliers are retained for the same type of materials to mitigate single-source risks.

2、Regular Assessment and Dynamic Control

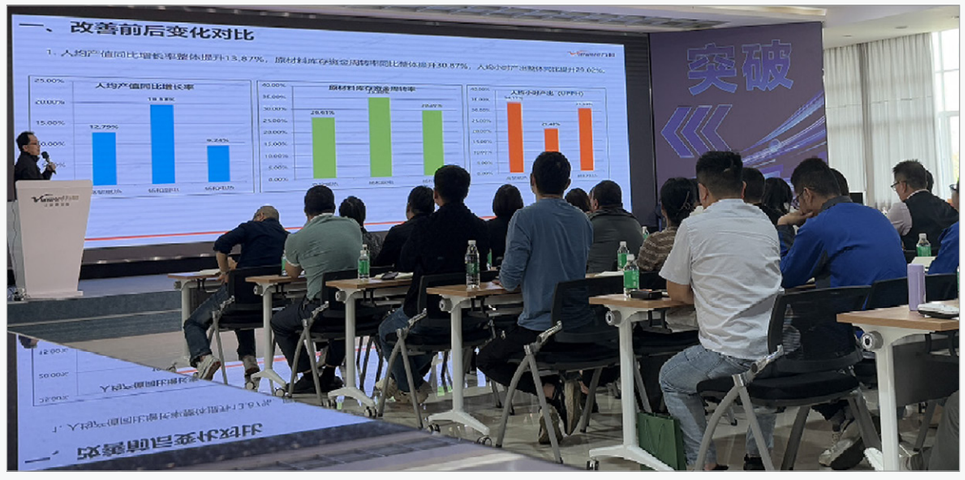
A monthly and semi-annual rating mechanism has been established based on supplier classification, with assessment indicators covering delivery quality, procurement services and trade security. Annual on-site audits focus on core dimensions including quality assurance systems, raw material management, EHS and trade compliance to ensure suppliers consistently meet cooperation requirements. In addition, the Company regularly conducts supplier due diligence through third-party institutions to verify industrial and commercial, judicial and operational information, and requires suppliers to submit product certification and test reports periodically to prevent cooperation risks.

During the reporting period,
the assessment rate of production material suppliers reached
100%

3、Empowerment and Communication

Suppliers with poor ratings and low audit scores are required to submit rectification reports within a time limit, with follow-up and closed-loop verification by relevant departments. Where necessary, R&D and quality teams are dispatched to provide on-site guidance.

The Company is committed to smooth communication and empowerment channels for suppliers, holding a Supplier Congress every two years and offering training courses based on supplier performance and actual needs. In 2025, the Company launched special training for suppliers on lean production and new functions of the SRM System, and periodically organize study tours for our key suppliers to leading domestic and international companies to help them improve their management and technical capabilities.



Diversified Supply Chain3

Vanward has actively implemented a supplier diversification strategy, optimizing the supplier structure to enhance supply chain resilience and inclusiveness. According to the latest data, the Company's suppliers are geographically distributed across Guangdong (72.43%), other domestic provinces (23.87%), overseas regions (3.3%) and Hong Kong, Macao and Taiwan (0.4%). The principle of local procurement is prioritized to reduce carbon emissions from transportation.

The Company attaches great importance to partner diversity, actively engaging enterprises of diverse backgrounds in cooperation. The current supplier pool includes enterprises owned by female legal persons, enterprises employing persons with disabilities and veteran-owned enterprises, all of which are provided with equal cooperation opportunities and treatment regardless of their scale.

Among our partners, women-owned businesses account for

10.58%

11.2 Sustainable Supply Chain

Vanward has integrated the concept of building a sustainable supply chain into its development strategy, defined green supply chain management goals, and committed to deepening collaboration with upstream and downstream enterprises to ensure supply chain resilience and achieve sustainable development with supply chain partners.

Environmental Dimension: Green Supply Chain Development

The Company has embedded green development concepts into the entire procurement process:

- At the supplier access stage, suppliers must obtain all statutory documents required by the state, including pollutant discharge permits and EIA approvals/reports,
- Regarding the storage, transportation, and disposal of hazardous waste and toxic chemicals, the Company audits process compliance and record accuracy to ensure that harmful substance levels in final products meet national regulatory standards.
- Prior to the first cooperation, new suppliers must sign the *Environmental Safety Commitment Letter* on-site or online, and submit the Carbon Emission Data Collection Form and environmental test reports of the past year simultaneously. Suppliers who fail to provide such documents or meet the requirements will not be included in the qualified supplier list.

Social Dimension: Responsible Supply Chain Practices

Vanward regards supply chain responsibility management as a core component of its ESG strategy, building a sound responsibility system, promoting diversified procurement and strictly controlling conflict minerals to develop a safe, transparent and responsible sustainable supply chain.

Through the *Stakeholder Notification* and procurement contract clauses, the Company clarifies core requirements for suppliers' social responsibility and establishes a full-process supervision mechanism. All suppliers are required to strictly abide by labor rights and EHS standards, including prohibiting child labor and forced labor, complying with the 48-hour weekly working hour limit, eliminating all forms of employment discrimination and protecting employees' right to freedom of association.

A systematic social responsibility supervision mechanism for suppliers has been established. Graded management is adopted for suppliers that violate relevant requirements to drive their continuous ESG improvement; for suppliers that refuse to improve their ESG performance, the Company will gradually seek alternatives, reduce cooperation share or terminate cooperation.

In addition, the Company strictly abides by regulations on conflict minerals, committing not to purchase gold, tantalum, tin, tungsten and other minerals from conflict-affected and high-risk areas. Suppliers are required to issue a written statement confirming that their products do not contain conflict minerals to ensure the compliance of procurement sources.

12

Digitalization

12 Digitalization

12.1 Digital Operations

Digital transformation is the core engine driving Vanward's improvement in operational efficiency, optimization of user value and intensive resource utilization. The Company has built a digital system covering the entire value chain of Research and Development(R&D), production, marketing and services, injecting technological impetus into its digital transformation.

Digital Management

Vanward's digital transformation adheres to the governance logic of **phased advancement and iterative upgrading**. Evolving from basic informatization to full-link digital and intelligentization, and gradually transitioning from the Digital 2.0 era to the Digital 3.0 era, the Company has established a solid digital governance framework:

2003-2010 (Initiation)	Launched informatization construction through third-party cooperation; built the marketing, logistics and after-sales service system in 2006, realizing the initial digital coverage of core businesses.
2011-2015 (Transformation)	Restructured the ERP system on the back of the IPO, initiated the cloud marketing project, and drove the shift of digitalization from **tool application** to **model innovation**.
2016-2019 (Intelligent Interconnection)	Explored the **Internet +** model, introduced the MES Manufacturing Execution System, restructured the PLM R&D system, completed the group-level transformation of the after-sales system, and launched the electronic invoice platform and official mall simultaneously.
2020 to present (In-depth Digitalization)	Achieved full informatization coverage of businesses; launched the financial shared service center, intelligent customer service and the digital marketing platform **Heyunxiao**; drove the transformation of data from **assets** into **productivity**.

At present, the Company is committed to taking data governance as the core and promoting the transformation of enterprise management from **experience-driven** to **data-driven:**

Unified Data Governance Framework	Established a group-level business analysis framework, unified indicator calibers and data terminology, and built a real-time dynamic data dashboard to provide accurate decision support for the management.
Upgrading of the Cockpit System	Launched the business cockpits for the group, domestic sales and planning sectors, built a **unified business network**, optimized the data output platform, and enabled direct conversion of data insights into business improvement actions.
Closed-loop Decision-making Mechanism	Through a complete closed loop of **data insights - decision optimization - business improvement**, the Company transforms data assets into productivity and drives management reforms across the entire value chain of R&D, production, marketing and services.

Digital Services

We integrate digital and intelligent technologies throughout the entire customer service journey. By deploying AI-powered applications—including intelligent Q&A, AI-assisted training, voice navigation, outbound calling, and digital humans—we simultaneously enhance operational efficiency and optimize user experience. Specifically, we enable end-to-end automation from online order placement to accounting, support online reconciliation for business partners to improve transaction efficiency, and connect the full value chain from factories to distributors to end consumers to strengthen channel coordination. In addition, we promote transparent and digitalized payment processes, safeguard consumer rights, and improve overall service satisfaction.

In addition, the Company has launched a digital Customer Experience Management System (VOC), which has been upgraded to version 3.0. This system enables full online integration of the service journey, including appointment booking, progress tracking, and feedback submission. Supported by AI-powered customer service and AI agent assistants for rapid response to user needs, the Company is driving a transformation from "smart standalone products" to "scenario-based solutions" and "ecosystem-oriented experiences." Through digital interactions, we deepen user engagement and operational capabilities, putting into practice our service philosophy of "meticulous and worry-free care."

12.2 Intelligent Maufacturing

The Company continues to increase investment in digital transformation, focusing on building a sustainable lighthouse factory. By leveraging digital and intelligent technologies, we are reshaping our production and operational systems to advance both smart manufacturing and green, sustainable development :

Smart Factory and System Integration

The Company continuously optimizes end-to-end operations across the entire value chain, including R&D, manufacturing, supply chain, marketing, logistics, and services. By integrating pre-event early warning, in-process control, and post-event analysis with a closed-loop management mechanism, we have connected digital systems such as PLM, ERP, SRM, MES, WMS, QMS, EAM, and energy management platforms. This integration enables full transparency, digitalization, and intelligent management throughout the production process, forming a comprehensive production data chain. At the same time, it supports intelligent quality inspection, personalized order fulfillment, and data assetization, thereby laying a solid foundation for advanced smart manufacturing.

Lean and Cost Optimization

With the Advanced Planning and Scheduling (APS) system at its core, the Company integrates end-to-end processes across R&D, marketing, production, and logistics. Through coordinated multi-site management, we advance lean, automated, and digital collaboration to enable intelligent production scheduling. This significantly improves operational efficiency, reduces energy consumption and management losses, and supports green and low-carbon manufacturing:

- Scheduling time reduced from 3-4 hours to **1** hour, representing a **250%** efficiency increase
- Workshop production efficiency increased by **3%-5%**, effectively reducing changeover losses
- Delivery planning calculation time cut from 2 hours to **5** minutes，representing a **24-fold** increase in efficiency
- The three-day work order closure rate increased from 93.3% to **99.5%**, while inventory capital turnover improved by **15%-18%**

In addition, the Company optimizes its supply chain system by introducing material substitution, adopting new technologies, and integrating digital management and control, thereby simultaneously reducing production costs and minimizing resource waste. The Company also enhances its quality process control capabilities and upgrades testing equipment. Through real-time production data monitoring and automated anomaly alerts, it improves product quality stability and reduces the output of defective products at the source. These measures decrease resource consumption across the entire production process and mitigate environmental impacts arising from manufacturing activities, thereby advancing low-carbon production practices.

13

Shared Value & Community Wellbeing

13.1 Social Welfare

13.2 Rural Revitalization

13.3 Community Relations

13 Shared Value & Community Wellbeing

13.1 Social Welfare

Leveraging its technological strengths in the hot water and kitchen & bathroom sectors, Vanward has proactively launched long-term public welfare initiatives and designated December 12 as the **Vanward Public Welfare Companion Day** each year. Through the development of the **Love Kitchen** project and the advancement of the **Love Hot Water Program**, the Company accurately meets people's livelihood needs and effectively addresses the practical difficulties of disadvantaged groups.

December 12

Vanward Public Welfare Companion Day

Love Kitchen

Launched in 2012, the **Love Kitchen** is a long-term public welfare project of the Company that has been rolled out in areas including Shaoguan and Zunyi. It is dedicated to providing kitchen facilities for schools, communities and disadvantaged groups in remote regions.

Upgrading and Renovation of **Love Kitchen**

A Love Kitchen has been built adjacent to Jiangxi Provincial Tumor Hospital, providing shared stoves, cookware and basic condiments for patients and their family members to meet their demand for hot meals during medical treatment.

In 2025, with the **12.12 Public Welfare Companion Day** as the practical carrier, Vanward launched a special upgrading project for the Love Kitchen, with the following initiatives:

- Equipping one energy-efficient water heater each for the food preparation area of the Love Kitchen and the family home of its operator, to meet the water demand for meal preparation and household shower needs;
- Installing a multi-functional steam oven in the kitchen to adapt to the scenario of simultaneous meal preparation for multiple people;
- Placing a household disinfection cabinet to establish a basic sanitation guarantee system for shared tableware;
- Providing a set of smart bathroom kits to solve the problems of insufficient storage space and poor shower experience.

Through the accurate matching of **problems and targeted actions**, this initiative has directly translated Vanward's product capabilities in the hot water and kitchen & bathroom sectors into tangible improvements in public welfare scenarios, effectively grounding the Company's public welfare practices in specific people's livelihood needs.

13.2 Rural Revitalization

Vanward has actively responded to the national rural revitalization strategy and contributed to rural revitalization through employment support, labor cooperation and other initiatives. The Company has signed cooperation agreements with the Human Resources and Social Security Bureaus of four counties in Qiandongnan Prefecture, namely Leishan County, Taijiang County, Jianhe County and Sansui County. At the end of each year, we hold special job fairs for east-west labor cooperation in southern Guizhou, providing local residents with stable employment opportunities and helping them increase income and achieve prosperity. Meanwhile, we attract more outstanding frontline employees for the enterprise, driving the common development of the enterprise and communities.

Through these recruitment activities, the Company has strived to the fullest to provide stable employment opportunities for residents in southern Guizhou, helping them boost income and attain prosperity, alleviating the local employment pressure, promoting the transfer of rural labor force, and supporting the implementation of the national rural revitalization strategy.

The "Heater Donation Project"

As a long-term public welfare initiative launched by Vanward for remote areas, the "Heater Donation Project" is dedicated to donating water heaters to teachers and students in schools in remote areas and helping these schools upgrade and renovate their hot water supply systems, infusing the genes of "warmth" and "reliability" into our products and actions.

On December 15, 2025, the "Heater Donation Project" was launched at the Weixin Town Central School in Changde, Hunan Province. Located in the central part of Shimen County, Changde, the school undertakes the important task of educating students in remote areas. Its basic supporting facilities have been severely aging for years, resulting in an acute and unstable supply of hot water. Upon learning of this situation, Vanward Electric took prompt action: we donated water heaters, installed a brand-new air-source heat pump water heater with a 70,000-liter water tank, and effectively addressed the urgent need to expand and upgrade the public bathroom facilities of the school. This has provided more convenient and comfortable bathing conditions for teachers and students, created a warm and healthy campus environment, and contributed to the development and progress of rural education.

13.3 Community Relations

In 2025, the Company supported local economic development and contributed to the improvement of education standards through initiatives such as educational donations, sponsorship of cultural and sports events, and the promotion of urban greening. During the reporting period, the Company made targeted donations totaling over RMB 1.6 million to support the construction and development of affiliated schools under the Shunde District Education Development Center in Foshan, as well as Rongshan Middle School in Shunde District, Foshan.

Cultural and Sports Events

Vanward · 2025 Shunde Ronggui Round-the-Island Marathon

In January 2025, the Vanward · 2025 Shunde Ronggui Round-the-Island Marathon, the first A1-class full marathon certified by the Chinese Athletics Association in Foshan, was held with great enthusiasm, sponsored by Vanward Electric. As the title sponsor of the event, Vanward Electric has provided support for the Shunde Ronggui Round-the-Island Marathon for two consecutive years, leaving a brilliant mark on this most beautiful marathon course in Ronggui.

"Vanward Cup": Enterprise Table Tennis Team Competition

In April 2025, Vanward sponsored the "Vanward Cup" Enterprise Table Tennis Team Competition for the 4th consecutive year. As one of the four major ball games held by the Federation of Trade Unions of Ronggui Sub-district in 2025, this event is part of Vanward's efforts to contribute to the development of cultural and sports undertakings in Ronggui through sponsorship.

Community Relationship

In response to the "Green and Beautiful Guangdong" ecological initiative, Vanward actively participated in the landscaping projects of local parks by making targeted donations of plants to enhance urban greening coverage. Additionally, we planted 15 acres of persimmon trees to promote sustainable development.

In addition, Vanward has participated in the "Startup Shunde" incubation initiative organized by the District Science and Technology Bureau, which aligns closely with the region's strategic efforts to foster new-quality productive forces. The company continues to build a multi-dimensional public welfare network spanning culture, sports, education, elderly care, healthcare, and ecology, demonstrating its commitment to corporate social responsibility. During the reporting period, the company was honored with the Outstanding Contribution Award for Social Forces Supporting the "Hundred, Thousand, and Ten Thousand Project" in Shunde.

Appendix

Appendix I: Key Performance Indicators[2]

Environment

Air Pollution

Indicator	Unit	2024	2025
Total air pollution emissions	10,000 cubic meters	266,543.39	148,555.21
Particulate matter emissions	tons	15.74	2.65
Sulfur dioxide emissions	tons	0.86	0.65
Nitrogen oxide emissions	tons	1.72	1.22
VOCs	tons	1.22	0.77
Non-methane hydrocarbon emissions	tons	0.12	0.00
Air pollution emission density	10,000 cubic meters per 10,000 yuan of output value	0.38	0.25

Wastewater

Indicator	Unit	2024	2025
Total wastewater discharge	tons	676,523.00	547,049.92
Domestic wastewater discharge	tons	148,274.93	92,329.84
Industrial wastewater discharge	tons	528,248.07	454,720.08
Wastewater discharge density	tons per 10,000 yuan of output value	0.96	0.91

Solid waste

Indicator	Unit	2024	2025
General solid waste generation volume	tons	16,528.48	22,915.97
General solid waste generation intensity	kilograms per 10,000 yuan of output value	23.46	38.12
Hazardous solid waste generation volume	tons	879.97	975.74
Hazardous solid waste generation intensity	kilograms per 10,000 yuan of output value	1.25	1.62

[2] The scope of the financial data is consistent with the company's annual report. The environmental data covers the Gaoli, Yanghe, Genghe, and Xingtan plants. The employee data covers the Gaoli, Yanghe, Genghe, and Xingtan plants, as well as overseas facilities.
[3] Clean energy includes solar power generation and the use of natural gas.
[4] Stationary source emission factors were derived by converting the original IPCC emission factors and the lower heating value of fuels. The original IPCC emission factors are taken from Chapter 2 of the Energy Volume of the *IPCC Guidelines for National Greenhouse Gas Inventories, 2019 Revision*, while the lower heating values are taken from the *General Rules for Calculating Comprehensive Energy Consumption (GB/T 2589-2020)*. The Global Warming Potential (GWP) values for greenhouse gases are all taken from the corresponding values in the IPCC Sixth Assessment Report. Electricity emission factors are derived from the *Announcement by the Ministry of Ecology and Environment and the National Bureau of Statistics on the Release of 2023 Electricity Carbon Dioxide Emission Factors*. Specifically, the location-based electricity emission factor uses the Guangdong Province electricity emission factor of 0.4419 tCO_2/MWh.

Environment

Energy consumption

Indicator	Unit	2024	2025
Purchased electricity	MWh	99,313.29	95,317.24
Solar power generation	MWh	11,905.55	13,984.38
Natural gas	cubic meters	5,943,385.00	5,348,272.00
Liquefied petroleum gas	tons	151.00	93.00
Gasoline	Liters	95,173.80	97,793.10
Diesel	Liters	180,364.01	155,895.13
Share of solar power generation	%	11.99	14.67
Share of clean energy[3]	%	45.65	46.00
Total energy consumption	tce	20,523.25	19,201.08
Energy intensity	kilograms of standard coal per 10,000 yuan of output value	29.13	31.94

Water consumption

Indicator	Unit	2024	2025
Total water consumption	tons	1,023,806.00	925,805.00
Water consumption intensity	tons per 10,000 yuan of output value	1.45	1.54
Total recycled water	tons	41,710.00	30,035.00
Water recycling rate	%	4.07	3.24

Greenhouse gas emissions[4]

Indicator	Unit	2024	2025
Total emissions (location-based)	tCO_2e	51,742.75	47,430.01
Scope 1 emissions	tCO_2e	13,117.27	11,489.00
Scope 2 emissions (location-based)	tCO_2e	38,625.48	35,941.01
Greenhouse gas emissions intensity (location-based)	tCO_2e per 10,000 yuan of output value	0.07	0.08

Social Performance[5]

Employee Information

Indicator	Unit	2024	2025
Total number of employees	people	5,682	5,782

Gender composition

Indicator	Unit	2024	2025
Number of female employees	people	2,067	2,193
Number of male employees	people	3,615	3,589
Percentage of female employees	%	36.38	37.93
Percentage of male employees	%	63.62	62.07

Age Group

Indicator	Unit	2024	2025
Number of employees aged 30 and under	people	1,989	1,863
Number of employees aged 31–40	people	1,862	1,950
Number of employees aged 41–50	people	1,371	1,424
Number of employees aged 50 and over	people	460	545
Percentage of employees aged 30 and under	%	35.01	32.22
Percentage of employees aged 31–40	%	32.77	33.73
Percentage of employees aged 41–50	%	24.13	24.63
Percentage of employees aged 50 and over	%	8.10	9.43

Level of education

Indicator	Unit	2024	2025
Number of employees with a master's degree or higher	people	93	99
Number of employees with a bachelor's degree	people	1,430	1,535
Number of employees with an associate's degree or lower	people	4,159	4,148
Percentage of employees with a master's degree or higher	%	1.64	1.71
Percentage of employees with a bachelor's degree	%	25.17	26.55
Percentage of employees with an associate's degree or lower	%	73.20	71.74

Social Performance[5]

Job Grade Classification

Indicator	Unit	2024	2025
Number of senior management employees	people	48	48
Number of employees in middle management	people	164	148
Number of grassroots employees	people	5,470	5,586
Proportion of senior management staff	%	0.84	0.83
Percentage of intermediate management staff	%	2.89	2.56
Ratio of grassroots employees	%	96.27	96.61

Division of Responsibilities

Indicator	Unit	2024	2025
Number of production staff	people	3,173	3,317
Number of sales staff	people	1,221	1,297
Number of technical staff	people	794	709
Number of finance staff	people	136	129
Number of administrative staff	people	146	134
Number of management staff	people	212	196
Percentage of production staff	%	55.84	57.37
Percentage of sales staff	%	21.49	22.43
Percentage of technical staff	%	13.97	12.26
Percentage of finance staff	%	2.39	2.23
Percentage of administrative staff	%	2.57	2.32
Percentage of management staff	%	3.73	3.39

Ethnic Classification

Indicator	Unit	2024	2025
Number of employees from ethnic minority groups	people	296	295
Percentage of employees from ethnic minority groups	%	5.21	5.10

Disables

Indicator	Unit	2024	2025
Number of Employees with Disabilities	people	56	55
Percentage of Employees with Disabilities	%	0.99	0.95

[5] Due to rounding, the sum of some percentage figures may differ slightly from 100.00%.

Social Performance[5]

By Region

Indicator	Unit	2024	2025
Number of Employees in Mainland China	people	4,981	4,923
Number of Local Employees	people	1,539	1,344
Percentage of Local Employees	%	30.90	27.30
Number of Employees in Hong Kong, Macau, and Taiwan	people	0	0
Number of Employees in Overseas Countries and Regions	people	701	859
Thailand	people	670	811
Egypt	people	26	39
United States	people	1	1
Eastern Europe	people	4	8
Percentage of Employees in Overseas Countries and Regions	%	12.34	14.86
Percentage of Local Employees at Overseas Operations	%	91.67	88.35

Management Diversity

Indicator	Unit	2024	2025
Number of management staff	people	212	196

Gender composition

Indicator	Unit	2024	2025
Number of female employees in management	people	48	48
Number of male employees in management	people	164	148
Percentage of women in management	%	22.64	24.49
Percentage of men in management	%	77.36	75.51

Composition of the R&D Team

Indicator	Unit	2024	2025
Total number of R&D personnel	people	794	709

Social Performance[5]

Age Group

Indicator	Unit	2024	2025
Number of employees aged 30 and under	people	217	179
Number of employees aged 31–40	people	386	349
Number of employees aged 40 and over	people	191	181
Percentage of employees aged 30 and under	%	27.33	25.25
Percentage of employees aged 31–40	%	48.61	49.22
Percentage of employees aged 40 and over	%	24.06	25.53

Level of education

指标	单位	2024 年	2025 年
Number of Master's degree holders	people	59	64
Number of Bachelor's degree holders	people	507	486
Number of individuals with an associate degree or lower	people	228	159
Percentage of Master's degree holders	%	7.43	9.03
Percentage of Bachelor's degree holders	%	63.85	68.55
Percentage of individuals with an associate degree or lower	%	28.72	22.43

New Hires

Indicator	Unit	2024	2025
Number of new hires that year	people	2,413	1,824

Social Performance[5]

Gender Composition

Indicator	Unit	2024	2025
Number of new female employees	people	740	750
Number of new male employees	people	1,673	1,074
Percentage of new female employees	%	30.67	41.12
Percentage of new male employees	%	69.33	58.88

Age Group

Indicator	Unit	2024	2025
Number of new hires aged 30 and under	people	1,702	1,271
Number of new hires aged 31–40	people	506	395
Number of new hires aged 41–50	people	148	109
Number of new hires aged 50 and over	people	57	49
Percentage of new hires aged 30 and under	%	70.53	69.68
Percentage of new hires aged 31–40	%	20.97	21.66
Percentage of new hires aged 41–50	%	6.13	5.98
Percentage of new hires aged 50 and over	%	2.36	2.69

Regional Division

Indicator	Unit	2024	2025
Number of employees in Mainland China	people	1,623	1,057
Percentage of employees in Mainland China	%	67.00	58.00
Number of local employees	people	351	345
Percentage of local employees	%	21.63	32.64
Number of employees in Hong Kong, Macau, and Taiwan	people	0	0
Percentage of employees in Hong Kong, Macau, and Taiwan	%	0	0
Number of employees in overseas countries and regions	people	790	767
Percentage of employees in overseas countries and regions	%	33.00	42.00

Employee Turnover

Indicator	Unit	2024	2025
Employee turnover rate	%	8.96	8.44

Social Performance[5]

Employee Rights

Indicator	Unit	2024	2025
Employment Contract Signing Rate	%	100.00	100.00
Social Insurance Coverage Rate	%	100.00	100.00
Total Number of Discrimination Incidents	number	0	0
Total Number of Labor Violations	number	0	0
Employee Satisfaction	%	80.00	82.27

Employee Training

Indicator	Unit	2024	2025
Percentage of Employees Who Received Training	%	100%	100%
Number of Employee Training Programs	number	939	1,089
Average Training Duration per Employee	hour	27	27
Number of Employee Training Sessions Attended	people	39,820	45,270

By Gender

Indicator	Unit	2024	2025
Number of female employees participating in training	people	803	670
Number of male employees participating in training	people	916	1,235
Average training duration for female employees	hour	23	25
Average training duration for male employees	hour	29	30

By Rank

Indicator	Unit	2024	2025
Number of senior management participants in training	people	913	1,056
Number of middle management participants in training	people	2,956	3,336
Number of general staff participants in training	people	36,775	40,878
Average training duration for senior management	hour	145	163
Average training duration for middle management	hour	24	28
Average training duration for general staff	hour	23	23

Social Performance[5]

Percentage of Employees Who Undergo Regular Performance and Career Development Evaluations

Indicator	Unit	2024	2025
Male employees	%	100%	100%
Female employees	%	100%	100%
Senior management	%	100%	100%
Middle management	%	100%	100%
General staff	%	100%	100%

Health and Safety

Indicator	Unit	2024	2025
Number of work-related fatalities	people	0	0
Number of recordable work-related injuries	number	19	34
Recordable injury rate [6]	%	1.07	2.18
Hours lost	hour	420	2,480
Number of workers covered by the occupational health and safety management system	people	1,982	2,255
Safety emergency drills	number	129	266
Duration of safety training	hour	27,548	56,079
Safety awareness campaigns	number	99	72
Safety promotion activities	number	72	82
Scheduled safety inspections	number	255	310
Unscheduled safety inspections	number	78	261
Number of incidents resulting in penalties for violations of occupational health and safety laws and regulations	number	0	0
Coverage rate of employees receiving occupational health and safety training	%	100.00	100.00

Supply Chain Security

Indicator	Unit	2024	2025
Total number of suppliers	number	997	992
Total number of new suppliers	number	86	81

[6] Recordable injury rate = Number of recordable injuries ÷ Number of working hours × 1,000,000.

Social Performance[5]

Regional Division

Indicator	Unit	2024	2025
China (including Hong Kong, Macau, and Taiwan)	number	960	964
Within Guangdong Province	number	722	717
Outside Guangdong Province	number	238	247
Overseas	number	33	24
Hong Kong, Macau, and Taiwan	number	4	4

Supplier Profile

Indicator	Unit	2024	2025
Percentage of suppliers certified under quality, environmental, and occupational health and safety management systems	%	65.90	68.45
Total number of suppliers audited	number	997	992
Number of suppliers designated as outstanding	number	920	922
Number of contractors who have signed EHS agreements	number	30	36

Supplier Environmental Assessment

Indicator	Unit	2024	2025
Number of new suppliers screened using environmental criteria	number	997	992
Number of suppliers for whom an environmental impact assessment was conducted	number	997	992
Number of suppliers identified by the company as having actual or potential significant negative environmental impacts	number	0	0
Number of suppliers identified by the company as having actual or potential significant negative environmental impacts, who agreed to make improvements following an assessment	number	0	0
Number of suppliers identified by the company as having actual or potential significant negative environmental impacts, with whom the company decided to terminate the business relationship following an assessment	number	0	0

Social Performance[5]

Supplier Social Assessment

Indicator	Unit	2024	2025
Number of new suppliers screened using social standards	number	0	15
Number of suppliers for whom a social impact assessment was conducted	number	0	15
Number of suppliers identified by the company as having actual or potential significant negative social impacts	number	0	0
Number of suppliers identified by the company as having actual or potential significant negative social impacts who, following an assessment, agreed to make improvements	number	0	0
Number of suppliers identified by the company as having actual or potential significant negative social impacts with whom the company decided to terminate the relationship following an assessment	number	0	0

Customer Service

Indicator	Unit	2024	2025
Number of complaints received regarding products and services	number	29,233	30,459
Customer complaint response rate	%	89.60	98.70
Customer complaint resolution rate	%	95.00	95.80

Number of Complaints Received Regarding Products and Services

Indicator	Unit	2024	2025
Incidents resulting in fines or penalties for violations	number	0	0
Products	number	0	0
Services	number	0	0
Incidents resulting in warnings for violations	number	0	0
Products	number	0	0
Services	number	0	0

Social Performance[5]

Violations related to marketing (including advertising, promotions, and sponsorships)

Indicator	Unit	2024	2025
Incidents of non-compliance with regulations resulting in a fine or penalty	number	0	0
Products	number	0	0
Services	number	0	0
Incidents of non-compliance with regulations resulting in a warning	number	0	0
Products	number	0	0
Services	number	0	0

Incidents of Product Infringement

Indicator	Unit	2024	2025
Total number of confirmed product infringement incidents or related lawsuits	number	0	0
Total number of confirmed instances of product infringement or related lawsuits	number	0	0

Governance Performance

Confirmed Cases of Corruption

Indicator	Unit	2024	2025
Total number of confirmed corruption incidents	number	0	0
Total number of employees dismissed or disciplined for corruption	number	0	0
Total number of contracts with business partners terminated or not renewed due to corruption-related violations	number	0	0

Serious Violations of Laws and Regulations

Indicator	Unit	2024	2025
Incidents resulting in fines	number	0	0
Incidents resulting in non-monetary sanctions	number	0	0
Fines imposed for violations of laws and regulations during the reporting period	yuan	0	0

Governance Performance

Anti-corruption

Indicator	Unit	2024	2025
Total number of confirmed corruption incidents	number	0	0
Total number of employees dismissed or disciplined for corruption	number	0	0
Total number of contracts with business partners terminated or not renewed due to corruption-related violations	number	0	0
Percentage of employees covered by the company's anti-corruption policies and procedures	%	100.00	100.00
Number of operating locations where corruption risk assessments have been conducted	number	29	35
Percentage of operations where corruption risk assessments have been conducted	%	100.00	100.00

Information Security

Indicator	Unit	2024	2025
Number of incidents resulting in penalties for violations of information security laws and regulations	number	0	0
Number of confirmed incidents involving the leakage, theft, or loss of customer data	number	0	0
Amount of money involved in data security incidents	number	0	0
Amount of money involved in customer privacy breaches	10,000 yuan	0	0

Appendix II: Content Index

Shenzhen Stock Exchange Guidelines for Self-Regulation of Listed Companies No.17 – Sustainable Development Reports (Trial),

Dimension	Disclosure	Article	Corresponding Chapter
Environment	Climate Change Response	Articles 21 to 28	Strategic Alignment for Carbon Mitigation
	Pollutant Discharge	Article 30	Environmental Compliance Management
	Waste Management	Article 31	Environmental Compliance Management
	Ecosystem and Biodiversity Protection	Article 32	Environmental Compliance Management
	Environmental Compliance Management	Article 33	Environmental Compliance Management
	Energy Utilization	Article 35	Energy Efficiency & Circular Economy
	Water Resources Utilization	Article 36	Energy Efficiency & Circular Economy
	Circular Economy	Article 37	Energy Efficiency & Circular Economy
Society	Rural Revitalization	Article 39	Shared Value & Community Wellbeing
	Social Contribution	Article 40	Shared Value & Community Wellbeing
	Innovation-Driven Development	Article 42	Innovation Driven
	Tech Ethics	Article 43	Topic 1: User Centric
	Supply Chain Security	Article 45	Supply Chain Collaboration & Resilience
	Equal Treatment of SMEs	Article 46	Supply Chain Collaboration & Resilience
	Product & Service Safety and Quality	Article 47	Quality Commitment Topic 1: User Centric
	Data Security & Customer Privacy Protection	Article 48	Topic 1: User Centric
	Employees	Article 50	Eployees
Sustainability-Related Governance	Due Diligence	Article 52	ESG Governance
	Stakeholder Engagement	Article 53	ESG Governance
	Anti-Commercial Bribery & Anti-Corruption	Article 55	Corporate Governance
	Anti-Unfair Competition	Article 56	Corporate Governance
Voluntary Disclosure Topics	Product Design & Lifecycle Management	Article 47	Innovation Driven Topic 2: Green Products
	Chemicals Management	Article 48	Environmental Compliance Management
	Employee Rights & Benefits	Article 50	Eployees
	Talent Development & Growth	Article 50	Eployees
	Occupational Health & Safety	Article 50	Eployees
	Diversity, Equity & Inclusion	Article 50	Eployees

GRI Content Index

Statement of use	Guangdong Vanward New Electric Co.,Ltd. has reported with reference to the GRI Standards for the period from Jan 1 to Dec 31 of 2025
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD		DISCLOSURE	CORRESPONDING CHAPTERS
General disclosures			
1.Organization and its Reporting Practices	2-1	Organizational details	About Vanward New Electric Co., Ltd.
	2-2	Entities included in the organization's sustainability reporting	About This Report
	2-3	Reporting period, frequency and contact point	About This Report
2.Activities and Workers	2-6	Activities, value chain and other business relationships	About Vanward New Electric Co., Ltd.
	2-7	Employees	Eployees
	2-8	Workers who are not employees	Eployees
3.Governance	2-9	Governance structure and composition	Corporate Governance
	2-10	Nomination and selection of the highest governance body	Corporate Governance
	2-11	Chair of the highest governance body	Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance
	2-13	Delegation of responsibility for managing impacts	Corporate Governance
	2-14	Role of the highest governance body in sustainability reporting	ESG Governance
	2-15	Conflicts of interest	Corporate Governance
	2-16	Communication of critical concerns	ESG Governance
	2-17	Collective knowledge of the highest governance body	ESG Governance
	2-19	Remuneration policies	Eployees
	2-20	Process to determine remuneration	Eployees
4.Strategy, Policies and Practices	2-22	Statement on sustainable development strategy	Message from the Chairman
	2-23	Policy commitments	ESG Governance
	2-24	Embedding policy commitments	ESG Governance
	2-25	Processes to remediate negative impacts	Corporate Governance
	2-26	Mechanisms for seeking advice and raising concerns	ESG Governance
	2-27	Compliance with laws and regulations	Corporate Governance
4.Strategy, Policies and Practices	2-28	Membership associations	About Vanward New Electric Co., Ltd.
5.Stakeholder Engagement	2-29	Approach to stakeholder engagement	ESG Governance
	2-30	Collective bargaining agreements	ESG Governance
Material topics			
3. Material Topics	3-1	Process to determine material topics	ESG Governance
	3-2	List of material topics	ESG Governance
	3-3	Management of material topics	ESG Governance
Governance			
201 Economic Performance	201-1	Direct economic value generated and distributed	Appendix I:Key Performance Indicators
	201-2	Financial implications and other risks and opportunities due to climate change	Strategic Alignment for Carbon Mitigation
	201-3	Defined benefit plan obligations and other retirement plans	Appendix I: Key Performance Indicators
	201-4	Financial assistance received from government	Appendix I: Key Performance Indicators
203 Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Shared Value & Community Wellbeing
	203-2	Significant indirect economic impacts	Supply Chain Collaboration & Resilience
204 Procurement Practices	204-1	Proportion of spending on local suppliers	Supply Chain Collaboration & Resilience
205 Anti-corruption	205-1	Operations assessed for risks related to corruption	Corporate Governance
	205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance
	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance
206 Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Corporate Governance
207 Tax	207-1	Approach to tax	Corporate Governance
	207-2	Tax governance, control, and risk management	Corporate Governance
	207-3	Stakeholder engagement and management of concerns related to tax	Corporate Governance
Environment			
301 Materials	301-2	Recycled input materials used	Energy Efficiency & Circular Economy
302 Energy	302-1	Energy consumption within the organization	Appendix I: Key Performance Indicators
	302-3	Energy intensity	Appendix I: Key Performance Indicators
	302-4	Reduction of energy consumption	Energy Efficiency & Circular Economy
	302-5	Reductions in energy requirements of products and services	Energy Efficiency & Circular Economy

GRI STANDARD		DISCLOSURE	CORRESPONDING CHAPTERS
Environment			
303 Water and Effluents	303-1	Interactions with water as a shared resource	Energy Efficiency & Circular Economy
	303-2	Management of water discharge-related impacts	Energy Efficiency & Circular Economy Environmental Compliance Management
	303-3	Water withdrawal	Appendix I: Key Performance Indicators
	303-4	Water discharge	Environmental Compliance Management Appendix I: Key Performance Indicators
	303-5	Water consumption	Appendix I: Key Performance Indicators
304 Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Compliance Management
	304-2	Significant impacts of activities, products and services on biodiversity	Environmental Compliance Management
305 Emissions	305-1	Direct (Scope 1) GHG emissions	Appendix I: Key Performance Indicators
	305-2	Energy indirect (Scope 2) GHG emissions	Appendix I: Key Performance Indicators
	305-4	GHG emissions intensity	Appendix I: Key Performance Indicators
306 Waste	306-1	Waste generation and significant waste-related impacts	Environmental Compliance Management
	306-2	Management of significant waste-related impacts	Environmental Compliance Management
	306-3	Waste generated	Environmental Compliance Management
	306-4	Waste diverted from disposal	Environmental Compliance Management
	306-5	Waste directed to disposal	Environmental Compliance Management
308 Supply Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Supply Chain Collaboration & Resilience
	308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Collaboration & Resilience
Society			
401 Employment	401-1	New employee hires and employee turnover	Eployees
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Eployees
	401-3	Parental leave	Eployees
402 Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	Eployees
403 Occupational Health and Safety	403-1	Occupational health and safety management system	Eployees
	403-2	Hazard identification, risk assessment, and incident investigation	Eployees
	403-3	Occupational health services	Eployees
	403-4	Worker participation, consultation, and communication on occupational health and safety	Eployees
	403-5	Worker training on occupational health and safety	Eployees
403 Occupational Health and Safety	403-6	Promotion of worker health	Eployees
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Eployees
	403-8	Workers covered by an occupational health and safety management system	Eployees
	403-9	Work-related injuries	Eployees
	403-10	Work-related ill health	Eployees
404 Training and Education	404-1	Average hours of training per year per employee	Appendix I: Key Performance Indicators
	404-2	Programs for upgrading employee skills and transition assistance programs	Eployees
	404-3	Percentage of employees receiving regular performance and career development reviews	Appendix I: Key Performance Indicators
405 Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Eployees
	405-2	Ratio of basic salary and remuneration of women to men	Confidential Information – Not Disclosed
406 Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Eployees
407 Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Eployees
408 Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Eployees
409 Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Eployees
413 Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Shared Value & Community Wellbeing
414 Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Supply Chain Collaboration & Resilience
	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Collaboration & Resilience
416 Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Quality Commitment
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Appendix I: Key Performance Indicators
417 Marketing and Labeling	417-1	Requirements for product and service information and labeling	Quality Commitment
	417-2	Incidents of non-compliance concerning product and service information and labeling	Quality Commitment
	417-3	Incidents of non-compliance concerning marketing communications	Quality Commitment
418 Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Appendix I: Key Performance Indicators

SDGs Alignment Index

SDGs	Goals	Corresponding Chapters
	Goal 1: No Poverty	Shared Value & Community Wellbeing
	Goal 2: Zero Hunger	Shared Value & Community Wellbeing
	Goal 3: Good Health and Well Being	Employees
	Goal 4: Quality Education	Employees
	Goal 5: Gender Equality	Employees
	Goal 6: Clean Water and Sanitation	Compliance & Ecological Stewardship
	Goal 7: Affordable and Clean Energy	Topic 1: Green Products Energy Efficiency & Circular Economy

SDGs	Goals	Corresponding Chapters
	Goal 8: Decent Work and Economic Growth	Employees
	Goal 9: Industry, Innovation and Infrastructure	Innovation Driven Topic 2: Green Products
	Goal 10: Reduced Inequalities	Supply Chain Collaboration & Resilience Quality Commitment
	Goal 12: Responsible Consumption and Production	Topic 1: User Centric Supply Chain Collaboration & Resilience Digitalization Energy Efficiency & Circular Economy
	Goal 13: Climate Action	Strategic Alignment for Carbon Mitigation
	Goal 15: Life on Land	Environmental Compliance Management
	Goal 16: Peace, Justice and Strong Institutions	Corporate Governance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