



LAZZEN

2024

Environmental, Social and Governance Report



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About This Report

Report Description

This report is the third ESG report issued by Shanghai Liangxin Electrical Co., Ltd. (hereinafter referred to as "LAZZEN", "the Company", or "We") for stakeholders. It provides a detailed disclosure of the Company's practices and performance in the areas of environmental, social and governance for the year 2024, aiming to systematically respond to the expectations and requirements of stakeholders.

Reporting Scope and Boundaries

The reporting period spans from January 1, 2024, to December 31, 2024 (hereinafter referred to as the "Reporting Period"), covering the performance in fulfilling environmental, social, and governance responsibilities in 2024. For the sake of continuity and comparability, certain content appropriately traces back to previous years.

The scope of disclosure is consistent with the financial information disclosed in the 2024 Annual Report.

Data Explanation

The financial data in this report originates from the audited financial statements, while other data is derived from the internal documentation and statistical summaries. Unless otherwise stated, all monetary figures are denominated in RMB. This report contains no false records, misleading statements, or major omissions. The Company takes individual and joint responsibility for the authenticity, accuracy, and completeness of its content.

Compilation Guidelines

- 2030 United Nations Sustainable Development Goals (SDGs)
- Global Sustainability Standards Board (GSSB) *Sustainability Reporting Standards (GRI Standards 2021 Edition)*
- Chinese Academy of Social Sciences *China CSR Report Preparation Guide (CASS-ESG 6.0)*
- China National Standard *Guidance on Social Responsibility Reporting (GB/T 36001-2015)*
- International Organization for Standardization *ISO 26000: Social Responsibility Guidance (2010)*
- Shenzhen Stock Exchange *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)*
- Shenzhen Stock Exchange *Self-Regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange – Sustainability Report Compilation*

Data Sources

The ESG data and information in this report come from the original records of LAZZEN and its subsidiaries. The currency unit for all amounts mentioned is RMB. In case of any discrepancies with the financial report, the financial report shall prevail.

Reporting Principles

Timeliness

As an annual report, the reporting period is from January 1, 2024, to December 31, 2024. The report is prepared promptly after the end of the 2024 fiscal year and released after reviewing of the Board of Directors, but not earlier than the release of the annual report.

Accuracy

LAZZEN strives to ensure the accuracy of information. Quantitative data is based on actual production and operations and contains no false records, misleading statements, or major omissions.

Completeness

The data covers LAZZEN and its controlled entities, consistent with the scope of the annual report, and fully discloses relevant information.

Clarity

Charts, data references, and technical terms are explained clearly, with sources cited where necessary.

Sustainability:

LAZZEN actively responds to sustainability trends, identifies stakeholders and key issues based on the characteristics of the electrical equipment industry and its operations, and engages in stakeholder communication. For details, please refer to section 6.1 on Sustainable Development Management.

Balance

The content reflects the LAZZEN's operations objectively, avoiding exaggeration or misleading descriptions, and fully discloses both positive and negative information to maintain fairness and objectivity.

Verifiability

The cases, management systems, and quantitative data come from actual operations and are traceable.

Quantification

Quantitative data is disclosed continuously and with improved reliability to demonstrate the development trend of ESG management.

Report Release and Contact Information

The electronic version of this report can be viewed or downloaded from the official website of Shanghai Liangxin Electrical Co., Ltd.(www.sh-liangxin.com). The Company will continuously improve the disclosure quality and ESG governance. For any questions or suggestions, please contact via the following channels:

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Message from the Chairman



Dear colleagues, partners, and members of the community:

In 2024, under the strategic guidance of "Dual Intelligence, One Innovation, Dual Transformation, One Value Chain", LAZZEN remains committed to the mission and vision of "Achieving Excellence in Low-Voltage Electrical Appliances and Building a Smart Electrical Zero-Carbon New Ecosystem". With unwavering determination, all LAZZEN employees strive to drive corporate high-quality development through innovation-led growth, green-oriented leadership, and responsibility-driven actions.

Chairman: Silong Ren

Shanghai Liangxin Electrical Co., Ltd.

Innovation-led Growth of New Quality Productivity

With a focus on high R&D investment and continuous innovation, LAZZEN continuously increases R&D investment, focusing on intelligent power distribution, smart living, and new energy fields to become a leader in smart electrical solutions. During the reporting period, we were honored with the Second Prize of National Science and Technology Progress Award for our exceptional research achievements. By strengthening the transformation of technological achievements, improving R&D efficiency and quality, and optimizing the intellectual property management system, we have built a leading research team, collaborated with partners to establish a comprehensive cooperation mechanism, shared frontier technology insights, and incubated innovative ideas, thereby creating a smart electrical ecosystem.

Green and Low-Carbon Sustainable Development

LAZZEN actively responds to the carbon peaking and carbon neutrality goals, deeply integrating ESG concepts with corporate development, and has positioned green and low-carbon initiatives as long-term development goals. We actively conduct carbon audits and inspections, have built a smart energy management platform, improved energy efficiency, and reduced carbon emissions. During the reporting period, the consumption of clean energy reached 4,705.14MWh. Additionally, we incorporate green ecological concepts into product design, seize opportunities in new energy products, strive to build a clean, low-carbon, safe, and efficient future energy system, and advance zero-carbon factory construction to contribute to the national carbon peaking and carbon neutrality strategy.

Quality Improvement and Efficiency Enhancement for Building a Smart Future Factory

LAZZEN leverages industrial internet data, simulation technology, and digital twin technology to achieve full transparency, measurability, and traceability in production processes. The LAZZEN Hangzhou Bay Super Factory was recognized as a "Future Factory of Zhejiang Province" and passed the Intelligent Manufacturing Capability Maturity Certification. We promote digital and intelligent transformation in four areas: smart and intelligent factories, production, logistics, and agile supply chains, thereby accelerating high-quality development.

Responsibility and Full Lifecycle Management

LAZZEN builds a green and sustainable supply chain and conducts social and environmental impact assessments of suppliers. Upholding the quality philosophy of "Customer-Centered, Quality as Dignity", we have completed multiple management system certification updates, with 100% coverage of the quality management system. We are committed to improving customer service quality and ensuring that customer feedback is handled in a closed-loop manner. In 2024, we continuously launched the "Pursuing Knowledge Together for a Shared Future" series of activities, partnering with the industry to explore frontier technologies and development trends.

From Accumulated Efforts to Shared Prosperity

LAZZEN strictly complies with national laws and regulations, protects employees' legal rights, continuously optimizes the compensation and benefits system, expands communication channels for employee participation in decision-making, and improves promotion and performance evaluation processes to foster employees' professional growth. Additionally, LAZZEN actively participates in social welfare projects, supports rural revitalization, focuses on education, and provides assistance to disadvantaged groups.

Looking ahead, LAZZEN will always be guided by customer needs, continuously improving the quality of our products and services, driven by technological innovation, we will tackle "bottleneck" challenges in key fields, and adhering to the principles of sustainable development to build a green and low-carbon industrial ecosystem. We will enhance communication and cooperation with stakeholders, explore new paths for sustainable development, and strive for the construction of a smart electrical zero-carbon ecosystem.



About LAZZEN

Company Profile

Founded in 1999, LAZZEN positions itself as an "Expert in Intelligent Electrical Solutions", focusing on the research, production, sales, and service of terminal electrical appliances, distribution electrical appliances, control electrical appliances, intelligent distribution, and smart living. LAZZEN's products and solutions are widely applied across various scenarios, from power generation and transmission to end-user consumption, covering over 30 sub-industries, including intelligent computing centers, new energy, infrastructure, rail transit, smart buildings, power grids, and industrial control.

As a listed company on the Shenzhen Stock Exchange (Stock Code: 002706.SZ), LAZZEN achieved a revenue of RMB 42.37 billion in 2024. We adhere to the core value of "Pursuit of Customer Success", driving product development through customer needs. The R&D center has earned recognition as a "National Enterprise Technology Center". We've established a "Postdoctoral Research Workstation". Moreover, our laboratory has been granted dual certification from CNAS (China National Accreditation Service) and UL (Underwriters Laboratories) in the U.S.

Mission and Vision

To achieve excellence in low-voltage apparatus and collaboratively build a new zero-carbon ecosystem of smart electrical solutions.



Core Values

Pursuit of customer success

Remain customer-centric, consistently meet customer demands, help customers succeed, and realize common development for our customers, our company, our team, and individuals.

Responsibility and ambition

Be ambitious, innovative, and willing to assume and embrace responsibility, and become an industry leader trusted by customers.

Pursuit of truth and introspection

Respect the law, seek truth from facts, be honest and trustworthy, grow by self-reflection, find the root cause, constantly pursue excellence, and maintain diligence.

Openness and collaboration

Be inclusive to different cultures, listen to different opinions and suggestions, embrace changes, recruit talents, make concerted efforts towards the same goal, and pursue overall optimal results.

Development Strategy



Focus on low-voltage apparatus and implement a target concentration strategy.



Excel in intelligent power distribution, smart homes, and new energy electrical technologies.



Become an expert in smart apparatus solutions.

Business Presence

LAZZEN's core business includes terminal electrical appliances, distribution electrical appliances, control electrical appliances, intelligent distribution, and smart living. The service network covers over 140 cities nationwide and more than 30 countries and regions globally, providing professional and efficient services to customers worldwide through an end-to-end organization and system.

2024

Key Events of LAZZEN

LAZZEN Hangzhou Bay Super Factory awarded Zhejiang Province Future Factory recognition



LAZZEN Hangzhou Bay Super Factory certified for Intelligent Manufacturing Capability Maturity



LAZZEN awarded 2023 National Science and Technology Progress Award (Second Prize)



Xinhua News Agency interviewed the Hangzhou Bay Super Factory, analyzing digitalization and the dual-carbon strategy from three perspectives: zero-carbon park, smart park, and intelligent manufacturing



LAZZEN hosted the "Converging Power, Advancing Miles" Global Partner Conference, recognizing 41 outstanding suppliers



LAZZEN held the 2024 Intelligent Building Sustainable Development Conference and Human Settlements Technology & Innovation Forum, launched the LAZZEN Magic Cube Digital Home Integration Box, leading new standards for smart living



LAZZEN signed a strategic cooperation agreement with Bureau Veritas to co-create a zero-carbon intelligent electrical ecosystem



LAZZEN and Sineng inaugurated a joint laboratory at the Shanghai headquarters, exploring future new energy technology



The latest products passed UL certification in the U.S., Australian standards certification, and Korea's KC certification, demonstrating that the product quality and safety performance have received high recognition



Approved to establish a National Postdoctoral Research Workstation to conduct in-depth research in areas such as source-network-load-storage integration and low-carbon energy-saving



Honors in 2024

LAZZEN

2023 National Science and Technology Progress Award (Second Prize)

Central Committee of the Communist Party of China, State Council of the People's Republic of China



National Postdoctoral Research Station (National Level)

Shanghai Talent Work Bureau



Shanghai High-Tech Achievement Transformation Project Certificate - Residual Current Operated Circuit Breaker (NDB2LM-63, ND-B2LM-40)

Shanghai Science and Technology Commission



8th International Energy Storage Innovation Competition 2024 Excellent Project in Energy Storage Safety Track - Application of Innovative Energy Storage Isolation Switch Product

International Energy Storage Technology and Industry Alliance, Zhongguancun Energy Storage Industry Technology Alliance



LAZZEN

2021-2024 China Best Managed Companies

Deloitte China Best Managed Companies



China Engineering Survey and Design Industry Building Electrical Competitiveness Brand - Low Voltage Cabinet and Components

Intelligent Building Electrical Technology Magazine



2023 Outstanding Contribution Award for Private Enterprises in Pudong New Area

People's Government of Pudong New Area, Shanghai



Gaohang Town Outstanding Contribution Award

Gaohang Town Committee of the Communist Party of China, People's Government of Gaohang Town, Pudong New Area



2024 Top 100 Shanghai Manufacturing Enterprises

Shanghai Enterprise Association, Shanghai Economic Association, Shanghai Entrepreneur Association, Jiefang Daily



Best Carbon Coordination Exploration Award

Bureau Veritas Group



Most Popular Electrical Supplier

China Architectural Society Building Electrical Branch



Best Cooperation Award

Hopewind



2024 Top 100 Shanghai Private Manufacturing Enterprises

Shanghai Enterprise Association, Shanghai Entrepreneur Association, Jiefang Daily



2024 Top 100 Shanghai Private Enterprises

Shanghai Enterprise Association, Shanghai Entrepreneur Association, Jiefang Daily



2024 Outstanding Project Award for Shanghai Industry-Academia-Research Cooperation (Nomination Award) - Key Technology R&D and Application of Intelligent Molded Case Circuit Breakers Project

Shanghai Technology Achievement Transformation Promotion Association, Shanghai Education Development Foundation, Shanghai Science and Technology Commission



LAZZEN Haiyan

Best New Supplier

Goldwind



Future Factory of Zhejiang Province

Zhejiang Provincial Department of Economy and Information Technology



LAZZEN Shanghai Liangyun Technology

Software Enterprise Certificate

China Software Industry Association





01

Digital-Intelligent New Quality Production

Concept

LAZZEN focuses on high R&D investment and continuous innovation, centering on the "Dual Intelligence, One Innovation" strategy (Intelligent Power Distribution, Smart Living, and New Energy). With a customer-centric approach, we respond swiftly to market demands by developing tailored products. We prioritize talent development, building a world-class technical talent ladder, enhancing R&D efficiency and quality through the application of scientific achievements, and optimizing the intellectual property management system. Furthermore, we actively promote organizational innovation by establishing comprehensive cooperation mechanisms with partners for sharing cutting-edge technologies and incubating innovative ideas, thereby creating a new smart electrical ecosystem.

Our Actions

- Innovation-led Growth
- Digital-Intelligent Ecosystem Products
- Smart Future Factory

Key Performance

LAZZEN has **348** invention patents applied to its core business operations

The product quality PPM (Parts Per Million) at LAZZEN's Hangzhou Bay Super

Factory decreased by **15.3** %

LAZZEN successfully completed **10** digital transformation projects





Innovation-led Growth

LAZZEN places great emphasis on scientific innovation, continuously refining research management and incentive mechanisms while strengthening intellectual property protection. The Company consistently expands investment in R&D, builds a world-class R&D team, and actively promotes the transformation and application of scientific achievements, striving to provide exceptional products to customers.

R&D Management

Innovation-Driven Governance

LAZZEN has established and optimized the internal *Technical Innovation Award Selection System*, continuously improving the structure of R&D teams and the incentive policies for scientific researchers, such as the Mozi Expert Allowance. We continuously enhance talent reserves by building an industry-academia-research cooperation system, strengthening postdoctoral research stations, and setting up specialized groups and LAZZEN University training programs. Through the strategic management tools, we comprehensively evaluate new industry technologies, customer needs, and internal shortcomings to formulate targeted risk response measures. The well-established scientific research training system promotes stable development and governance optimization under the innovation-led growth strategy.

We have established the ITMT Integrated Technology Management Team, responsible for enhancing the competitiveness of the public and cutting-edge technologies. By organizing technology roadmap planning, technology investment decisions, project initiation, and evaluation, we strengthen product technology competitiveness and establish product leadership. Assessment indicators are closely tied to the "Dual Intelligence, One Innovation and Dual Transformation, One Value Chain" strategy, including analyzing future three-to-five-year technology roadmap, customer needs, competitor and patent analysis, frontier technology analysis, and producing accurate and forward-looking technical strategies and panoramic reports. Additionally, the evaluation includes the implementation rate, achievement rate, and transfer rate of the technology planning output projects to ensure smooth implementation and timely completion, ultimately applying them to products.

In 2024, LAZZEN achieved significant scientific research results, including DC frame, intelligent molded case, high-voltage disconnect switch, Magic Link Power intelligent distribution platform, NEA smart brand cabinet, load identification, and load prediction. Joint R&D projects with customers also achieved significant breakthroughs.



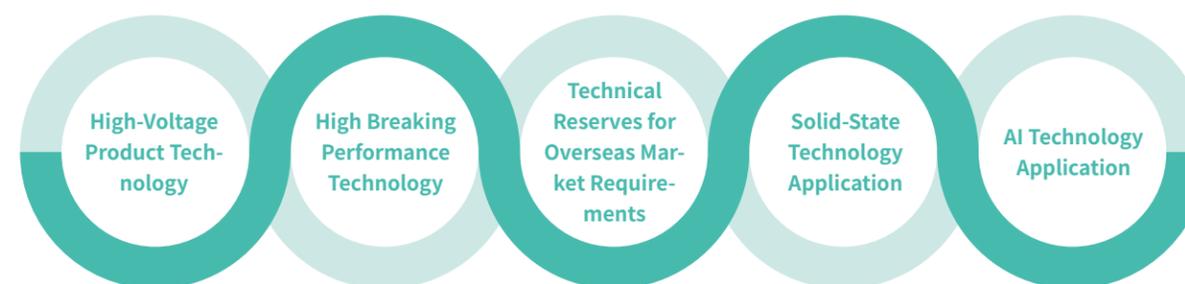
National Science and Technology Progress Award

Innovation-Driven Strategy

LAZZEN has formulated a three-year R&D strategic plan focusing on four strategic pillars: technological innovation, market expansion, talent cultivation, and international cooperation. From 2025 to 2027, LAZZEN will concentrate on high-voltage product technology, high-breaking performance technology, technology reserves for overseas market requirements, solid-state technology applications, and intelligent distribution AI technology applications to strengthen R&D capabilities and technical expertise.

- Increasing performance requirements for high-voltage and high-current products
- Product safety and reliability
- Inheritance of past technological trends

- Application of solid-state product technology in the low-voltage electrical field
- Early-stage technical reserve planning for cutting-edge technology products in the industry
- Innate digital-intelligent genes, enabling smart applications. Power industry transformation and grid interconnection

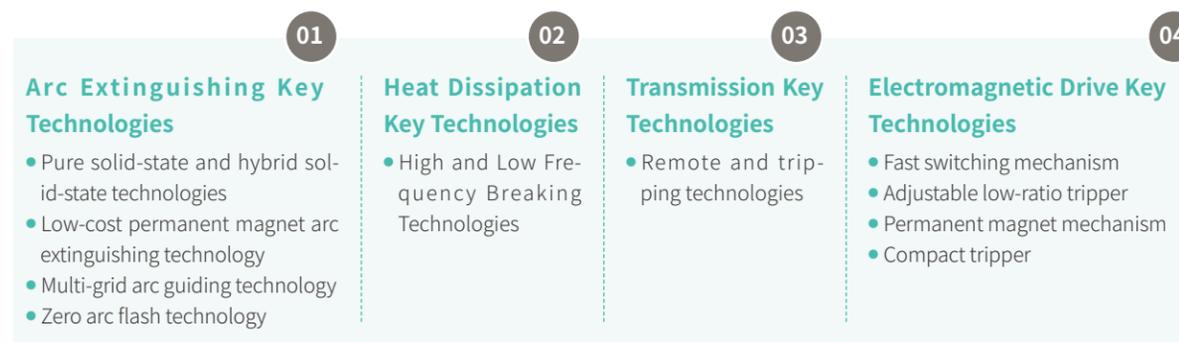


- Breakthrough in industry voltage levels (DC2000+, AC3300V) with a cost reduction trend
- Voltage upgrade expected to fully expand in the market within 1-2 years
- Inheritance of past technological trends

- High standards for overseas markets, such as UL standards including electrical endurance, breaking capacity, and temperature rise (UL077, UL98, UL489)
- Future product standardization to establish a technical foundation for cost advantages

- Enhancing product health prediction capabilities
- Integration of cross-industry technical expertise to empower new technological advantages in low-voltage electrical products

Innovation-Driven Three-Year Development Strategy



Four Strategic Pillars of LAZZEN

Scientific Research Incentives

LAZZEN has comprehensively updated and optimized the incentive mechanism for scientific research projects to fully catalyze employees' innovation vitality and work enthusiasm. These incentives play a positive role in technological innovation, project management, cost control, and talent cultivation, driving the Company's sustainable development and laying a solid foundation for steady progress.

Technological Innovation Award: 01

Designed to reward teams or individuals who achieve significant technological innovation breakthroughs during product development, thereby accelerating product innovation cycle. Evaluation criteria include the number of technological innovation achievements, the number of patents for innovative products, and successful commercial cases of technology transfer. The award categories include Grand Prize, First Prize, Second Prize, Third Prize, and Excellence Award. Recognition methods include medals, monetary rewards, OA system announcements, and offline conference commendations. Outstanding contributors may also receive full reimbursement for international study tours.



Gold Project Award 02

Targets teams that excel in major development and implementation projects in areas such as product, marketing, technology, procurement, manufacturing, and functions. The evaluation dimension is the active practice of LAZZEN's core values (Customer Success, Responsibility, Initiative, Truth-Seeking, Self-Reflection, Openness, and Collaboration). The award establishes the Gold Project Award, with recognition methods including medals, financial incentives, OA system announcements, and offline conference commendations.

Cost Reduction Incentive Award 03

Encourages employees to propose technical improvement solutions to achieve cost reduction and efficiency enhancement. Evaluation criteria cover structural optimization, design changes, low-cost alternatives, material innovation, production process innovation, procedure improvements, low material consumption, energy efficiency, and improved material utilization. The award categories include Grand Prize, First Prize, Second Prize, Third Prize, and Wisdom Star Award. Recognition methods include monetary bonus and OA system announcements.

Mozi Expert Allowance 04

Promotes the development of a professional technical team under the Mozi Expert program, enhances the capabilities of technical engineers, and motivates professional engineers to advance toward the Mozi Expert designation. The allowance is granted to department heads of third-tier organizations and professional staff serving as Mozi Experts, distributed quarterly in the form of a financial supplement along with their salary.

Update and Optimization in Incentives for Scientific Research Projects

Talent Cultivation

To implement the product leadership strategy, LAZZEN recruits industry experts and builds a learning-oriented organization through LAZZEN University, which includes Edison Academy, Pangu Academy, Rock Academy, Ganjiang Academy, and Lean Academy. These initiatives continuously meet job demands and promote employee development to achieve research-driven goals. Specialized groups in structure, electromagnetics, and thermal fields conduct over 30 professional sharing sessions and host more than 6 Mozi Expert technical sharing events, helping employees broaden their expertise and enhance the Company's competitiveness.

In 2024, two postdoctoral researchers in the station achieved remarkable results. The Hybrid (250A) Solid-State Circuit Breaker project applied for seven invention patents. The project *Key Technology Research on Low-Carbon Energy Saving and Smart Living Equipment Based on AI* achieved its first-stage goal by applying for three invention patents and publishing two EI-indexed papers. These research outcomes provided new insights and technical support for LAZZEN's smart living and low-carbon energy-saving fields.



Learning-Oriented Organization Series Course Activities

Innovation-Driven Risk Assessment

LAZZEN continuously monitors risk management in innovation-led growth. To meet current and potential customer needs, we deeply analyze customer application scenarios. Every fourth quarter, we plan the strategy-to-execution (DSTE) process for the next year and the following three years. By using the "Five Views" method for market insights, we identify opportunity lists, detect new technology trends in the industry, and recognize technological shortcomings and potential risks. This enables the formulation of actionable key tasks and corresponding countermeasures to ensure the effective implementation of the strategy.

Risk Events	Risk Analysis	Response Measures
Global situation changes rapidly, and customer demands are continuously increasing, leading to a growing need for new products	Invest in enhanced R&D capabilities to respond to new products swiftly	Proactively deploy various new technologies, identify new technical advancements in the industry, and make sufficient preparations in advance
As customers' systems continue to upgrade and expand, the demand for new products becomes more urgent	Design and develop innovative products to meet customers' diverse needs	Anticipate customer demands for new products, continuously enhance existing technologies, and plan the development of various products in advance
In response to the increasing business demand, the original production base in Pudong, Shanghai, can no longer meet the production needs of customer products	Expand new production bases to produce more and better products to meet customer demand	The company has invested in building a state-of-the-art manufacturing facility super factory in Haiyan, Jiaying, for production

Innovation Risk Management Table of LAZZEN

CBB Common Technology Module

Built the structural CBB module for mechanisms, arc extinguishing, drawer seats, and accessories, by sharing and reusing CBB (Common Building Blocks), reduced redundant development efforts and enhanced R&D efficiency.

LAZZEN Series Product Platform

Established a platform for the "Three-Break One-Connect" product. The framework product achieves intelligence, optimized soft connections, and low power consumption, molded case products reduce power consumption, miniature circuit breakers achieve low rotational inertia mechanisms, and contactor products ensure contact conduction and operational reliability.

R&D Tools

Under the Integrated Product Development (IPD) process framework, a secondary development system was integrated to establish an optimized material library with over 800 items and a technical requirements library with 57 categories, enabling quick access to various knowledge bases for design, improving R&D efficiency by 30%.

Status of Scientific Research Platform

Disclosure Item	Unit	2024
R&D Investment Amount	RMB million	32469.74
R&D Investment as a Percentage of Business Revenue	%	7.66
Number of R&D Personnel	Number	594
Proportion of R&D Personnel	%	25.22

Intellectual Property

In 2024, LAZZEN enhanced and refined the intellectual property management framework, including the *Intellectual Property Management Manual*, *Intellectual Property Management Procedure*, *Intellectual Property Risk Management Procedure*, *Intellectual Property Reward and Punishment Measures*, and the *Technical Innovation Award Selection System*. Additionally, new regulations such as the *Intellectual Property Compliance Management Measures*, the *Intellectual Property Compliance Obligation Review Checklist*, and the *Intellectual Property Compliance Obligation Review Report* form were introduced to further streamline and strengthen the intellectual property management. These measures effectively mitigate intellectual property risks and encourage employees' innovation. To continuously enhance innovation quality and foster a research atmosphere, the Intellectual Property Department organized a Technical Innovation Award Selection and Technical Secret Review, strengthening the Company's core competitiveness.

LAZZEN prioritizes intellectual property protection through competitive analysis, product analysis, and patent monitoring to identify potential patent infringement risks, conducting monthly active monitoring of trademarks and trade names, along with establishing multiple channels for detecting potential infringement cases.



Intellectual Property Compliance Management System Certification

- 01** Enhance and optimize the relevant regulations on intellectual property compliance management, and implement internal departmental self-inspections for intellectual property compliance within the organization.
- 02** In the previous version of the document, the management regulations for intellectual property such as trademarks and copyrights were mostly classified within the "other intellectual property" category, lacking necessary specificity. These have been comprehensively articulated according to the system and company business requirements.
- 03** Establish clear definitions for the classification of trademark risk levels and their definitions, corresponding warning levels, implement detailed response strategy measures, and introduced formalized procedures for trademark usage risk assessment.
- 04** Systematic refinement to the evaluation criteria for the Technological Innovation Award.

Intellectual Property Risk Assessment

Patent Risk Assessment

- Regularly and automatically obtain newly published patents from key stakeholders and technical fields using patent search software.
- Conduct phased retrieval and evaluation of related patents aligned with project development stages.

Trademark Risk Assessment

- Embed usage risk assessment into the evaluation process for new trademark applications, alerting different levels of responsible personnel based on varying risk levels. Subsequently, we update the usage risk assessment conclusions and synchronize alerts according to changes in the trademark application review progress, conclusions, and other relevant factors.

Conduct Intellectual Property Early Warning and Risk Assessment

During the reporting period

LAZZEN conducted **8** intellectual property protection training sessions, including **3** sessions specifically designed for R&D personnel, covering approximately **60** participants.

Disclosure Items	Unit	2024
Number of Invention Patents Applied to Major Business	Number	348
Number of Invention Patent Applications During the Reporting Period	Number	127
Number of Invention Patents Granted During the Reporting Period	Number	207
Number of New Patents Granted During the Reporting Period	Number	356
Number of Patents Held	Number	1,779
Number of Copyrights Held	Number	0
Number of Trademarks and Registered Names Held	Number	701
Number of Software Copyrights Held	Number	60
Number of New Patents Filed Annually	Number	456
Number of New Copyrights Filed Annually	Number	0

Digital-Intelligent Ecosystem Products

In the context of the national strategy encouraging enterprises to transform traditional industrial organization models through digital intelligence, LAZZEN has comprehensively promoted intelligent transformation through the "Dual Intelligence, One Innovation" and "Dual Transformation, One Value Chain" strategies.

Intelligent Power Distribution

With the energy transition and the liberalization of the power market, the demand for intelligent power distribution will continue to grow, achieving more sophisticated, automated, and digitalized management. In terms of technological innovation, the development of technologies such as IoT, cloud computing, big data, and AI provides expanded application scenarios and business model innovations. LAZZEN actively promotes R&D in the field of intelligent power distribution and has achieved remarkable results by improving energy efficiency, reducing energy waste, and lowering carbon emissions, contributing to the goal of a low-carbon society. Additionally, advancements in intelligent power distribution enhance the reliability and stability of the power system, reduce the risk of power outages, and improve quality of life and production efficiency.

Breakthroughs in R&D in the field of intelligent power distribution



Smart Power Distribution Hardware and Software Projects

As a core technology project supporting LAZZEN's smart power distribution, smart energy, and safe electricity business development, this initiative facilitates the Company's transformation from a traditional low-voltage manufacturer to a digital energy service provider. Smart Power Distribution Magic Link Power software and NEA series intelligent brand cabinet hardware products offer customers safe, efficient, and carbon-reducing smart energy solutions, including smart power distribution, smart energy carbon, and safe electricity products.



Automatic Device Recognition Technology for Software System Gateway

Through the development of an IoT gateway automatic device recognition module, the gateway can automatically recognize device types, models, and quantities upon startup and automatically register them to the IoT platform. Once registration is completed, the devices immediately begin data collection and reporting, improving manual efficiency by 400%.



Precision Load Forecasting Technology

Using algorithm models tailored to various scenarios, this technology enhances the efficiency of processing massive data sets. It performs specialized modeling for holidays and non-holidays. The current model boasts an average accuracy of over 91% and has already been implemented in the system. Load forecasting is fundamental to energy planning, economic operation, and energy management.



Cloud-Based Big Data Load Identification Technology

By leveraging cloud-based big data, this load identification technology integrates local and cloud solutions. With a recognition speed of mere seconds, it can cover major household appliances, and new device data can be identified within two weeks. The technology has been applied in areas such as Pudong District in Shanghai and Baiyun District in Guangzhou, successfully identifying hazardous behaviors like electric vehicle home charging. The warning system links with relevant management departments to provide technical support for public safety.



Application of Cloud-Based Big Data Load Identification Technology

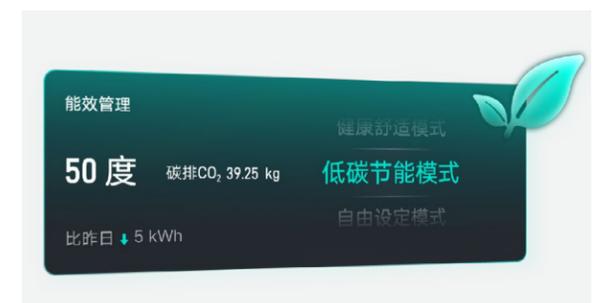
Smart Living

In 2024, LAZZEN introduced the "Comprehensive Household Power Management Solution" LAZZEN Magic Cube Tianqi Smart Home Comprehensive Box and the "Carbon-Neutral Residence Home" Cloud Residence Platform. These innovations enable sophisticated automated control of household electricity and low-carbon operation of appliances. At the Haiyan factory, smart living technology has been implemented across smart lighting, smart shading, and smart temperature control, enhancing efficiency and energy conservation.

LAZZEN independently developed the Cloud Residence Platform, adopting a comprehensive cloud-native architecture that facilitates seamless third-party ecosystem product integration. The platform focuses on green, low-carbon smart building scenarios, enables personalized business customization, and allows versatile deployment. While ensuring information security, it achieves cost control and reliability. In 2024, multiple large-scale projects were successfully implemented, the Open API was developed, and cloud-to-cloud integration with customer platforms was achieved.

Green Smart Living

By integrating smart devices and advanced algorithms, smart living achieves the goal of green buildings and carbon-neutral homes. Through integration with photovoltaic storage systems to residential renewable energy sources, smart devices collect data and optimize electricity consumption patterns to improve green power utilization. Collaborating with Fudan University on the Home Health Calendar and AI algorithms delivers the best living experience with minimal energy consumption. It offers three energy efficiency modes, including free setting, healthy comfort, and low-carbon energy-saving, helping users precisely manage energy consumption for significant energy savings and environmental protection. By integrating advanced technology and intelligent management, smart living not only enhances residential comfort but also achieves substantial energy-saving and environmental protection benefits.



Green Smart Living

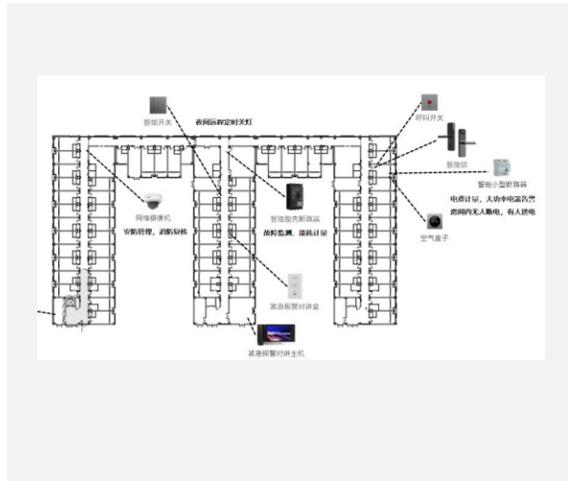
Haiyan Smart Living



Enable remote, zoned, and timed shut-down of public area lighting to effectively manage energy consumption.



Leverage smart circuit breakers to facilitate electricity metering, provide high-power appliance alerts, enable automatic power-off when the room is unoccupied, and trigger automatic power-on when occupied. After the restaurant closes, a one-click shutdown feature for smart circuit breakers, smart switches, and air conditioning panels guarantees energy saving.



Haiyan Smart Living-Dormitory Construction

Haiyan Factory Smart Living Design Blueprint



Guangzhou Energy-Saving and Low-Carbon Model Room Exhibition

LAZZEN has established an energy-saving and low-carbon model room in Guangzhou to showcase its current strategic achievements. By integrating the photovoltaic-energy storage-charging system and smart circuit breakers, LAZZEN has achieved intelligent management of the entire energy chain from production to consumption, providing users with a more sustainable and intelligent living experience. In the power generation segment, the model room is equipped with a photovoltaic-energy storage-charging system, with 16 BIPV (Building Integrated Photovoltaic) panels installed on the roof. The energy efficiency management module displays real-time power generation metrics. On the consumption end, smart circuit breakers are used to accurately monitor the electricity usage of each circuit, allowing customers to dynamically optimize their electricity usage patterns and achieve energy savings.



Whole-House Intelligent Control System



BIPV Roof Photovoltaic Panel

Scientific Ethics

To systematically address scientific ethics risks, LAZZEN ensures that all R&D activities and technology applications comply with ethical standards. LAZZEN continuously monitors and adapts to the latest ethical standards, laws, and regulations, and conducts ethical assessments before project initiation. We maintain a high level of transparency, promptly disclose R&D progress and ethical review results, and accept social supervision. This effectively prevents and addresses scientific ethics risks, ensuring compliant, healthy, and sustainable development of technological R&D.

We have achieved two significant outcomes in AI-related R&D, AI-based waveform analysis and electrical lifespan prediction software, and human pose estimation technology based on millimeter-wave and point cloud AI. The AI-based waveform analysis and electrical lifespan prediction software aims to predict the remaining service life of contactors through real-time monitoring and data analysis, enhancing equipment safety and reliability while reducing maintenance costs. The millimeter-wave radar point cloud-based human pose recognition technology offers high privacy and precision in home application scenarios. Millimeter-wave radar can detect patients' vital signs and activities with medical-grade accuracy without using cameras, ensuring user privacy.

Scientific Ethics Risks

Microwave radar technology, as a physical principle (detecting objects through microwave signals), does not directly involve ethical issues. However, its application may lead to a series of risks and challenges related to scientific ethics, including privacy invasion, data misuse, health risks, environmental impact, and social inequality. To avoid these ethical risks, the research institute has implemented a series of measures to ensure that the application of the technology does not harm individual rights or public interests, promoting social equity and environmentally sustainable development.

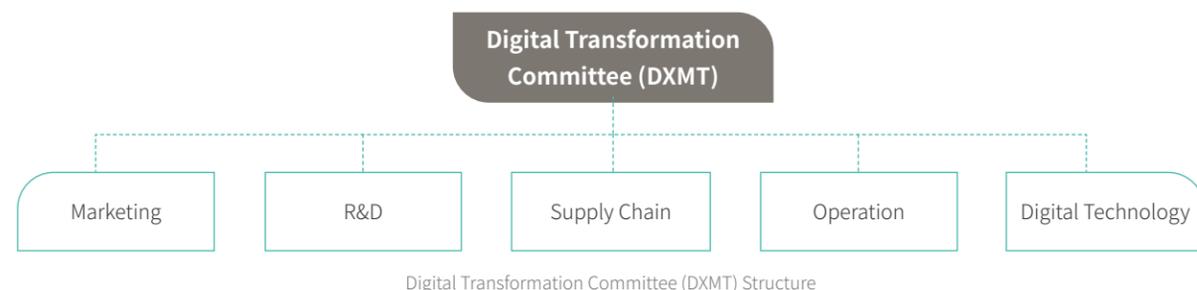
Potential Issues	Risk Type	Risk Analysis	Mitigation Measures
Privacy Issues	Monitoring and Privacy Invasion	Microwave radar can be used to monitor human activities. If such technology is widely deployed without control, it may infringe on personal privacy	<ul style="list-style-type: none"> Training academy organizes post-doctoral research personnel to consider ethical standards during the technology design and application phases Implement transparent supervision and review measures Strengthen data protection and privacy safeguards
	Data Collection and Usage	If radar devices collect sensitive data (such as location, behavior, and health status), strict compliance with data privacy regulations (GDPR) is required. Unauthorized collection, storage, or use of such data may lead to ethical issues, especially in cases of data misuse or leakage	
Misuse and Abuse	Social and Psychological Impact	Microwave radar can detect human behavior, such as movement, breathing, and heartbeat signals. If used for real-time tracking or large-scale surveillance, it may have profound social impacts and raise public concerns about privacy and freedom	

Scientific Ethics Risks Analysis of the Microwave radar technology

Smart Future Factory

LAZZEN is actively advancing its digital-intelligent transformation, steadily strengthening the information-based R&D capabilities, striving to improve the process platform, and adopting a data-driven operational model to continuously convert the achievements of digital construction. We established the Digital Transformation Committee (DXMT), which possesses management capabilities in digital transformation planning, investment, project decision-making, and architecture governance. The committee's specific responsibilities have been clearly defined to promote integrated digital construction and drive the implementation of the Company's digital transformation.

In line with the digital transformation plan and project construction, we developed the *Digital Transformation Committee Operating Mechanism*, formulating a specific work plan for digital transformation each year and holding committee meetings for review. In 2024, LAZZEN updated the relevant protocols and procedures of the operating mechanism and redefined the classification and grading standards for digital projects.



LAZZEN consistently upholds the vision of "Achieving Excellence in Low-Voltage Electrical Appliances and Building a New Smart Electrical Ecosystem". We are committed to transforming the LAZZEN Hangzhou Bay Super Factory into a sustainable, intelligent, and smart manufacturing park, integrating green manufacturing, intelligent manufacturing, and smart manufacturing to establish the largest intelligent manufacturing center in the low-voltage electrical appliance industry. Following the "Dual Intelligence, One Innovation" and "Dual Transformation, One Value Chain" business strategy, we continuously drive the digital-intelligent transformation of the Hangzhou Bay Super Factory through four key dimensions: smart and intelligent factories, production, logistics, and agile supply chain. The factory has implemented core advanced processes such as mold making, injection molding, stamping, welding, electronics, and electroplating, along with a fully digital shared system covering the entire process from design, quality, sales, production to logistics, propelling LAZZEN's high-quality development.

Application Systems	SAP, PLM, MES, WMS, etc.
Data Platforms	Mobile B1, Marketing Five Perspectives, Product Line Operations Command Platform, etc.
Tool Software	Solidworks, Moldflow, etc.
Basic Maintenance	Computers, Hardware, Servers, Firewalls, Penetration Testing

Overview of LAZZEN's Digital Project Classification

Smart Factory

The LAZZEN Hangzhou Bay Super Factory is driven by industrial internet data, introducing simulation technology, and leveraging digital twin technology to build a platform that demonstrates the factory's production capacity, achieving online and offline virtual-real synchronization, enabling real-time remote monitoring of the production process in the Haiyan component workshop, and realizing full transparency, measurability, and traceability across the entire factory.

In smart production, automated production lines are combined with cell lines, achieving mass customization and quick response to customer needs. By integrating 11 subsystems in smart logistics, on-time automatic material delivery is achieved. Additionally, through the collaboration of SRM (Supplier Relationship Management), QMS (Quality Management System), WMS (Warehouse Management System), MES (Manufacturing Execution System), and TMS (Transportation Management System), the agile supply chain is optimized, driving quality management and efficient collaboration across the supply chain, enhancing the factory's efficiency, flexibility, and market responsiveness, and supporting the Company's business strategy development.



Scope of Digital Twin Business — Haiyan Park, Spot Welding Workshop, Electronics Workshop, Electroplating Workshop

Function Module	Function	Remarks
Digital Inspection	Manual Inspection	Quickly locate the current equipment by clicking on the device or production line, and inspect using keyboard operation
	Automatic Inspection	Set different roaming inspection routes for different needs, such as visiting exhibition routes, process inspection routes and key equipment quick inspection routes
	Energy Data Access	Access and display data on energy sources such as water, electricity, gas, and heat
	Power Distribution Data Access	Access data from distribution boxes and cabinets, and display power data for buildings, floors, and workshops
	Environmental Monitoring	Monitor data on temperature, humidity, noise, etc., and trigger alarms when exceeding the set threshold
	SMS Notification	Configure personnel information for automatic SMS alerts for faults and warnings
	Fault Alarm	Configure personnel information for automatic SMS alerts for faults and warnings
	Surveillance Management	Integrated with electronic and electroplating cameras
	Video AI Analysis	AI analysis in the electronics workshop to check for proper attire
Equipment Management	Equipment Twin Animation	Determined by the data status of on-site equipment
	Basic Equipment Information Management	Manage the linkage between workshop, production line, and equipment
	Equipment Explosion Diagram	Schematic diagram of equipment disassembly
	Drawing Upload and Viewing	View associated drawings and documents for the equipment
Scene Configuration	Detailed Equipment Information Management	Continuously improve information on electronics and spot welding materials
	DIY Scene	Adjust the DIY scene when workshop equipment changes
Warehouse Logistics	Workshop AGV Logistics	Real-time display of AGV routes for electronics, spot welding, and electroplating
Operations Management	Various Reports	Flexible report configuration, displaying different types of reports for users with different permissions
Equipment Layout	Equipment Layout Configuration	Click on the relevant equipment in the layout diagram to jump to the scene location and display equipment details. The layout diagram can be dynamically generated
	Risk Four-Color Map	Real-time view of floor plans, safety channels, and routes

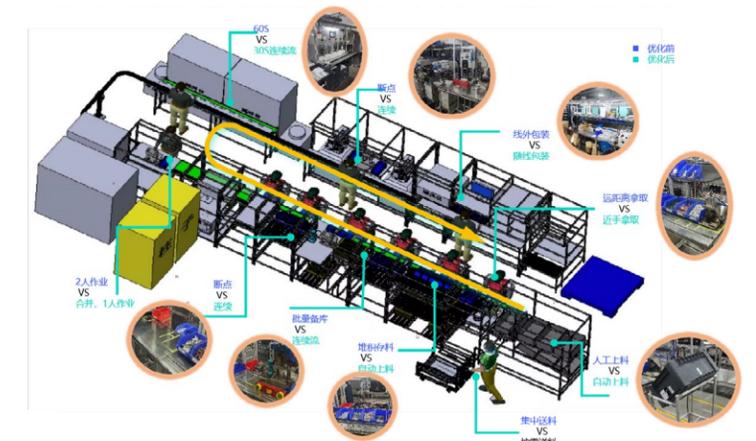
Digital Twin Business Functions

Intelligent Production

The finished product assembly workshop of LAZZEN's Hangzhou Bay Super Factory adopts a combination of automated production lines and cell lines to achieve mass customization and rapid response. This approach ensures the efficiency of large-scale production while accommodating the flexibility required for small-batch, multi-variety products, fully meeting customer demands. In 2024, the factory completed the upgrade of the Industrial Control 311 lines, Electromagnetic Leakage Prototype line, Frame 728 line, and 4 Molded Case 211 lines. These projects resulted in significant improvements in line balancing and UPPH values.

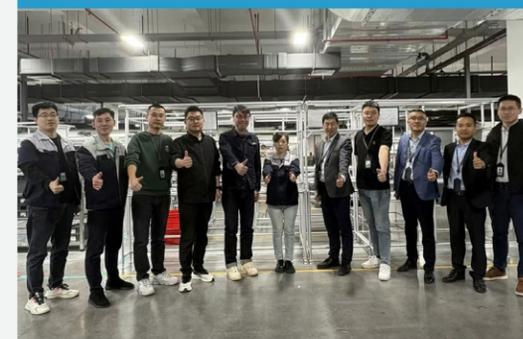
Lean Production Line Upgrade

During the reporting period, the Hangzhou Bay Super Factory advanced the lean production line upgrade based on product characteristics, from the perspectives of production lines, workstations, and tooling. This effort further optimized the Electromagnetic Leakage Prototype line by reducing and eliminating 12 types of non-compliance with lean production requirements, such as material transfer, inventory, waiting, and heavy lifting. As a result, the production line adapted to multi-variety, small-batch production, enhancing production flexibility.



Comparison of the Electromagnetic Leakage Prototype Line Before and After Lean Production Line Optimization

2024年微断二电磁漏电样板线改善团队留念



2024年工控 NDC1-2538 样板线改善团队留念



Prototype Line Improvement Team

Smart Logistics

LAZZEN Hangzhou Bay Super Factory integrates 11 subsystems for automatic delivery from the automated warehouse to various floors and workshops. By utilizing rail conveyor lines and AGVs, materials are delivered to the designated workstations with precise timing, creating an advanced logistics distribution system. The Company employs small packaging trains instead of manual hydraulic carts and has launched the AGV project for cross-workshop finished product (frame) warehousing, further enhancing logistics efficiency.



Small packaging train delivery



AGV POC testing



Agile Supply Chain

Through SRM, QMS, WMS, MES, and TMS systems, LAZZEN Hangzhou Bay Super Factory advances quality management, shares inventory and production data, and achieves efficient upstream and downstream collaboration. In 2024, LAZZEN completed 10 digital transformation projects, including two for quality advancement, two for logistics inventory and delivery, two for production data sharing, and four for efficiency optimization.

During the reporting period

The product quality PPM at LAZZEN Hangzhou Bay Super Factory decreased by

15.3%

The average product delivery cycle was shortened by

18.5%

The effective production efficiency per capita increased by

20.8%

Quality Forwarding

- SRM System (Supplier Relationship Management System)
- First Pass Yield Alarm

Logistics Inventory and Distribution

- VMI Material Vertical Warehouse Management (Vendor Managed Inventory)
- Development of Electronic Kanban for Haiyan Workshop Logistics Distribution

Production Data Sharing

- Workshop Kanban
- System Calculation for Inbound Caliber Cost, Price, and Quantity Differences

Efficiency Optimization

- SMS Performance System Optimization
- RPA Digital Employees (Robotic Process Automation)
- Electronic Workshop MES Optimization (Manufacturing Execution System)
- Long-Term Improvement Tracking and Optimization for Equipment Anomalies in EAM (Enterprise Asset Management)

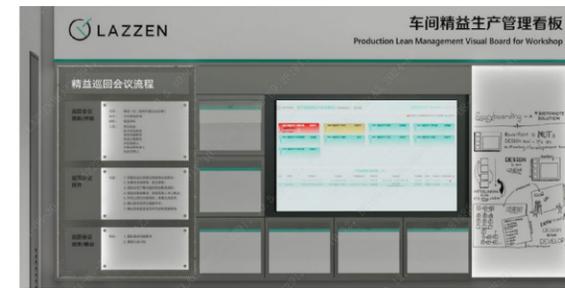
Workshop Logistics Distribution Electronic Display Boards

During the reporting period, LAZZEN addressed issues such as the lack of visual support for on-site-to-production line delivery, low delivery efficiency, and difficulties in data integration. The company implemented visual electronic display boards in each workshop, focusing on delivery achievement rates and making the delivery process more transparent. This system allows managers to monitor workshop delivery dynamics in real time, achieve vertical management across different levels, and provide long-term data support and improvements through display board data monitoring and statistics.



Project-based Logistics Distribution Display Board

By utilizing project-based logistics distribution display boards, delivery personnel are guided in their operations and assisted in logistics information analysis. The displays core delivery indicators, delivery efficiency metrics, and logistics distribution volumes. The system analyzes the data and pushes abnormal data alerts to the responsible personnel.



The workshop QCD (Quality, Cost, Delivery) visual management board rotates to display content related to efficiency, quality, delivery, and continuous improvement.



Honors and Certifications



2024 Zhejiang Provincial Future Factory



Intelligent Manufacturing Capability Maturity Certification

2024 Jiaxing Green Factory

2024 Jiaxing High-Tech R&D Center

2024 Typical Case of Industrial Wastewater Recycling

2024 Zhejiang Provincial Water-Saving Enterprise

02

Climate Change and Opportunities

Concept

LAZZEN actively responds to carbon peaking and carbon neutrality goals and addresses climate change by continuously implementing energy-saving and carbon reduction initiatives. We prioritize green and low-carbon development as a long-term goal, building a smart energy management platform to optimize energy management systems and improve energy efficiency. Through strengthening green ecological technology R&D and introducing new equipment, we expedite the green transformation and expands into the new energy market, providing customers with comprehensive low-carbon solutions and establishing a smart electrical zero-carbon ecosystem.

Our Actions

- Addressing Climate Change
- Energy Management
- Clean Technology Opportunities

Key Performance

Total greenhouse gas emissions: **19,841.75** tCO₂e

Clean energy consumption: **4,705.14** MWh

Supporting of the UN SDGs

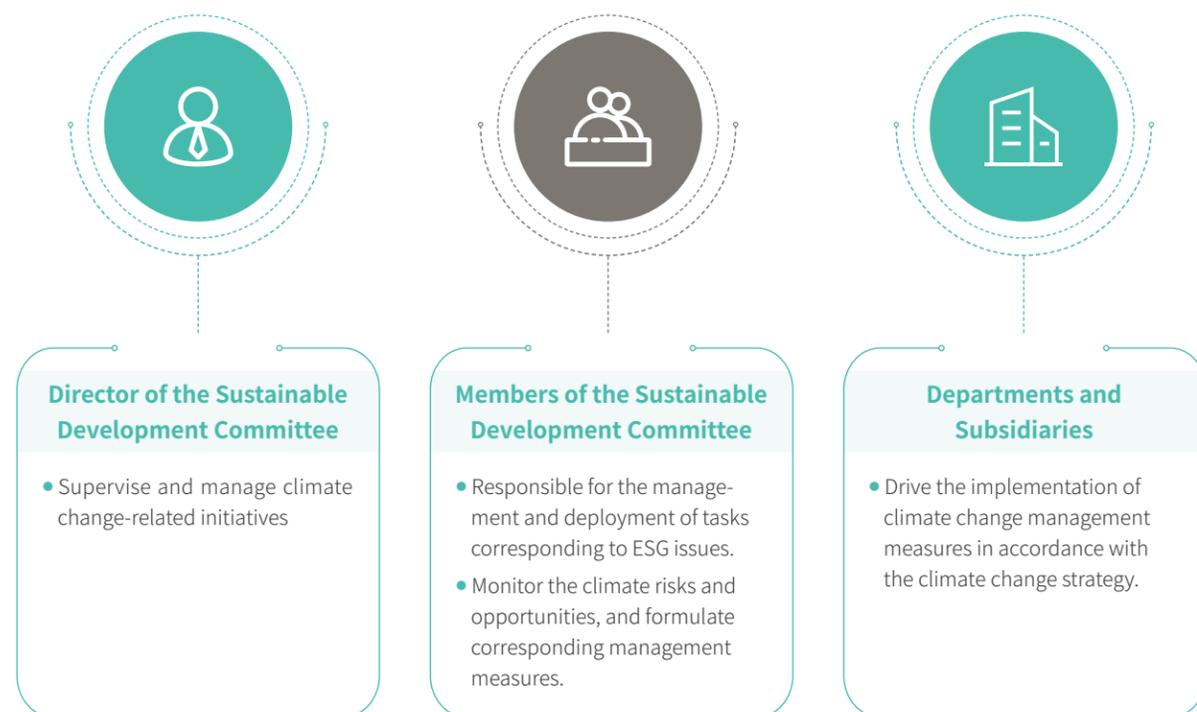


Addressing Climate Change

LAZZEN proactively tracks climate change and actively responds to the carbon peaking and carbon neutrality goals, emphasizing the capability to address climate changes and drive green and low-carbon transformation. We follow the *International Sustainability Standards Board's (ISSB) "IFRS S2 - Climate-related Disclosures* framework to analyze and manage climate change issues, continuously enhancing its climate change management structure and enhancing its response capacity

Climate Change Governance

LAZZEN has established a clear allocation of responsibilities for each organizational level under the Sustainable Development Committee framework, progressively refining production processes and equipment, advancing carbon emissions management, and reducing carbon emissions to holistically implement climate change governance.



Climate Change Governance Committee Structure and Responsibilities

Climate Change Strategy

LAZZEN remains committed to the green development philosophy, adopting the gradual reduction of carbon emission intensity as its long-term strategic direction. LAZZEN is dedicated to optimizing the energy structure by increasing the proportion of clean energy in total energy consumption, phasing down fossil fuel usage, and maximizing renewable energy adoption. Additionally, through technological upgrades and equipment retrofitting, the Company aims to enhance energy efficiency and reduce operational carbon emissions. Future initiatives include advancing zero-carbon factory projects and conducting carbon neutrality forecasting to address climate change challenges.

Climate Change Risk Management

In alignment with China's carbon peaking and carbon neutrality strategic objectives, LAZZEN has adopted a proactive approach to systematically identify, evaluate, and manage climate-related risks and opportunities. LAZZEN has categorized different risk types and developed corresponding countermeasures based on the impacts of climate change to better address these challenges.

During the reporting period, LAZZEN completed carbon inventory and verification for the 2023 baseline year and initiated the 2024 carbon inventory project to refine emission data for subsequent management. By 2025, LAZZEN plans to launch a zero-carbon factory initiative, continuing its focus on carbon reduction and further enhancing sustainable development capabilities.

Risk Type	Risk Description and Impact Analysis	Mitigation Measures
Physical Risk	Acute Risk Extreme weather events (e.g., heavy rain, typhoons, snowstorms, floods, and high temperatures) can lead to production interruptions, depreciation of fixed assets, labor loss, and increased facility maintenance costs, impacting product delivery	Establish a regular meteorological information tracking mechanism and develop emergency response plans for extreme weather and sudden environmental events; introduce a digital platform for real-time monitoring to provide early warnings of safety hazards
	Chronic Risk Global warming affects production processes, logistics, and office operations, leading to increased operating costs	Develop a climate change emergency response plan, continuously monitor climate change trends, and provide early warnings
Transition Risk	Policy and Legal Risk Increasing government requirements for climate-related information disclosure put pressure on compliance management; carbon emissions from production and operations need stricter control, and overseas business faces increased pressure from greenhouse gas regulations	Improve the carbon emissions and product carbon footprint management system, set climate change management targets, continuously optimize the energy structure and energy-saving measures, and strengthen green and low-carbon technology research and development; monitor domestic and international greenhouse gas emission regulations to respond to new laws and regulatory requirements in a timely manner
	Technological Risk The risk of failure when introducing energy-saving equipment or clean technologies and promoting low-carbon technology research to achieve carbon reduction	Continuously improve equipment efficiency, focus on low-carbon areas, conduct research in green and low-carbon directions, and establish fault tolerance mechanisms
	Market Risk Capital markets, customers, and other stakeholders are increasingly concerned about the company's carbon reduction actions, seeking green low-carbon solutions and requiring a green supply chain, which can impact the company's market share	Monitor changes in carbon market policies, proactively invest in green technology research and development, and implement green supply chain initiatives to meet customer and market demands
	Reputation Risk Stakeholders, such as customers, are increasingly concerned about the company's performance in addressing climate change. Failure to take proactive action may result in non-compliance with local regulations and stakeholder expectations, damaging the company's image and reputation	Continuously advance the green and low-carbon development path, optimize the company's environmental management system, enhance climate change response capabilities, strengthen negative public opinion monitoring, and actively address and rectify issues to reduce negative environmental impacts

Identification and Countermeasures for Climate Change-Related Risks at LAZZEN

Climate Change Indicators and Targets

LAZZEN actively engages in carbon inventory and verification work and sets corresponding climate change targets in line with the national goals of "Carbon Peak by 2030" and "Carbon Neutrality by 2060".

Year	Climate Change Target Description
2024	<ul style="list-style-type: none"> Conduct carbon emission data inventory and verification work Establish a Sustainable Development Committee to address climate change
2025	<ul style="list-style-type: none"> Disclose the LAZZEN Carbon Neutrality White Paper Set carbon neutrality targets
2030	<ul style="list-style-type: none"> Respond to the national "Carbon Peak" goal, with a gradual reduction in corporate carbon emissions year by year
2060	<ul style="list-style-type: none"> Respond to the national "Carbon Neutrality" goal, achieving a balance between carbon emissions and absorption



Greenhouse Gas Verification Certification

During the reporting period, LAZZEN and Liangxin Electric Appliances (Haiyan) Co., Ltd. conducted a carbon inventory.

Disclosure Item	Unit	2023	2024
Total Greenhouse Gas Emissions	tCO ₂ e	22,127.02	19,841.75
Scope 1 Greenhouse Gas Emissions	tCO ₂ e	712.38	1,125.37
Scope 2 Greenhouse Gas Emissions	tCO ₂ e	21,414.64	18,716.38

Greenhouse Gas Reduction

LAZZEN has implemented various carbon emission reduction management measures, including energy-saving diagnostics, technological innovation, motor replacement, and photovoltaic power station construction. LAZZEN also conducted efficiency testing and evaluation on key energy-consuming equipment to further achieve energy-saving and emission reduction management goals.

LAZZEN Supports the Construction of the Largest Single-Unit Desert Photovoltaic Power Station in China

During the reporting period, China's largest desert photovoltaic power station, the Xinjiang Green Development Midong District 3.5GW Photovoltaic Project, was successfully connected to the grid. The project is located in the Dongdao Haizi Desert Wetland area, covering approximately 200,000 acres. LAZZEN provided core electrical protection solutions for the project, including the NDWPG-4000HU frame circuit breaker and the NDM3A-320VH molded case circuit breaker. These products were applied to the low-voltage cabinets of the booster transformer substation, serving the photovoltaic grid connection protection function. The total installed capacity of the project reaches 3.5 million kilowatts, with an annual utilization of 1,740 hours, providing 6.09 billion kWh of clean electricity annually. This helps save 1.9488 million tons of raw coal and reduces carbon dioxide emissions by 6.0717 million tons per year. The project plays a significant role in supporting the national carbon peaking and carbon neutrality strategy, accelerating local energy structure optimization, and promoting the development of the electricity market.



Xinjiang Green Development Midong District 3.5GW PV Project



"First-Class Energy-Efficient Compressed Air Station"

The compressed air system is equipped with variable-frequency energy-saving air compressors, each paired with a waste heat recovery unit, and energy-saving adsorption dryers. Additionally, PLC technology is used for group control of all equipment in the compressor room, along with various energy-saving measures and devices. The system has been awarded the title of "First-Class Energy-Efficient Compressed Air Station" by the Shanghai Institute of Quality Inspection and Technical Research Institute.



Energy Efficiency Certification Plaque for the Compressed Air Station



Compressor Room

Product Carbon Footprint

LAZZEN conducts full lifecycle management for its products. To further address climate change and build a green supply chain, while enhancing the competitiveness in low-carbon and green products, LAZZEN will pursue carbon footprint certification for the NDB2-63 Miniature Circuit Breaker. The certification preparation work is expected to be completed by 2025.



NDB2-63 Miniature Circuit Breaker with short circuit protection, isolation function, and overload protection

Energy Management

The types of energy consumed in LAZZEN's production mainly include electricity, natural gas, steam, and tap water, with electricity and steam being the primary energy sources. The company adheres to the Energy Conservation Law, the *Energy Law*, the *Shanghai Energy Conservation Regulations*, and other relevant laws and regulations to implement energy management. LAZZEN continuously optimizes its energy management system by introducing new energy equipment and promoting energy-saving and emission reduction measures to enhance energy management efficiency.

Energy Governance

LAZZEN adopts a hierarchical energy management approach and has established and implemented an energy management framework, including the *Energy Management Manual* and *Energy Risk Management Measures*. The Company has formed an energy management team and developed an energy audit management framework and an energy measurement management framework. LAZZEN has successfully obtained ISO 50001 Energy Management System certification.



ISO 50001 Energy Management System Certification

Energy Management Strategy

LAZZEN adheres to the mission and vision of "Excelling in Low-Voltage Electrical Appliances and Building a Smart Electrical Zero-Carbon Ecosystem". We follow the energy management policy of "Customer-Oriented, Quality-Based, Scientific Innovation, Energy Conservation and Environmental Protection, Safety and Efficiency, Legal Compliance, Scientific Management, Continuous Improvement". To enhance energy management efficiency, we actively conduct energy audits. During the reporting period, LAZZEN analyzed energy usage, identified the energy efficiency level, and pinpointed issues and weaknesses in energy management and utilization. Through on-site testing and diagnostics, we identified energy-saving potential and proposed practical energy-saving measures and recommendations. This approach strengthens the Company's energy management capabilities, reduces energy consumption costs, improves economic benefits, and promotes sustainable economic and environmental development.

Additionally, the energy management team holds regular energy management meetings to analyze the impact of disposal processes and equipment operations on the comprehensive energy consumption of unit products. Relevant departments establish a key energy-consuming equipment ledger based on equipment model, power, operating time, and loss conditions, and implement effective monitoring. During the reporting period, LAZZEN developed energy-saving and consumption reduction plans for key energy systems, primarily focusing on power distribution systems, compressed air systems, air conditioning systems, and certain production equipment.

Energy Impact and Risk Management

To ensure stable energy supply, price stability, sustainable development, and the smooth operation of the energy sector, LAZZEN has established management systems such as the *Energy Risk Management Measures* and the *Risk and Opportunity Management Procedures* in compliance with the *Energy Conservation Law* and other relevant regulations. By implementing energy-saving and carbon reduction measures, LAZZEN strengthens its ability to manage energy-related risks. The Company regularly conducts energy monitoring and analysis, allocates energy quotas, and adjusts production plans and scheduling in real-time to further enhance its energy management risk resistance.

Energy Usage Monitoring and Regulation

1. Real-Time Monitoring and Analysis

Deployed the real-time energy consumption tracking module of the energy management system(EMS) to closely track energy consumption and usage data. Designated certified personnel to regularly inspect energy metering instruments and report any abnormalities promptly.

2. Energy Quota Allocation

Develop a dynamic energy quota allocation plan based on the importance of each workshop, production line, and urgent orders. Establish a supervision mechanism for energy quota usage.

3. Production Planning and Scheduling Adjustments

Collaborate with the planning and manufacturing departments to flexibly adjust production plans based on the severity and duration of energy shortages.

Energy Saving and Alternative Energy Utilization

1. Exploring Energy-Saving Potential

Adjust the operating parameters of production equipment to reduce energy consumption. Inspect and repair potential energy leakage points within the facility to minimize energy loss.

2. Utilizing Alternative Energy Sources

Under the premise of safety and environmental compliance, promptly activate alternative energy equipment to fill energy gaps. For processes that can utilize alternative energy, conduct temporary energy conversion.



External Communication and Coordination

1. Communication with Energy Suppliers

Negotiate for priority restoration or an increase in energy supply to the factory. Discuss the possibility of obtaining additional energy resources.

2. Reporting and Seeking Assistance from Relevant Authorities

Establish direct communication channels with local economic and information technology committees to ensure energy supply for the factory.

Emergency Support and Risk Prevention

1. Ensuring Key Equipment Operation

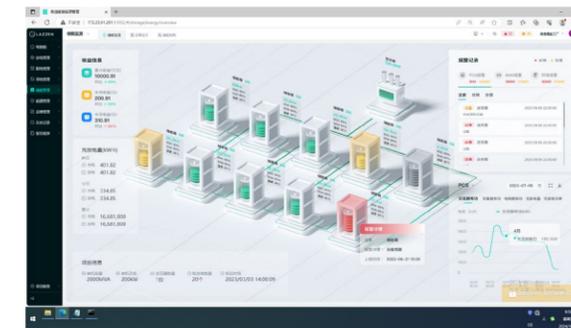
Form a cross-functional maintenance team to inspect energy equipment critical to safe production and key processes. Prevent equipment failures that could worsen energy shortages or cause safety incidents. Equip key equipment with backup power sources.

2. Risk Prevention and Emergency Drills

Develop corresponding risk prevention measures for various safety risks. Strengthen on-site safety management and monitoring. Regularly conduct emergency drills for energy shortages.

To enhance energy efficiency and promote transparency in energy management, LAZZEN has implemented an Intelligent Power Distribution Platform System and established a Smart Energy Management Platform. This system leverages industrial internet technology and integrates with smart parks, digital twins, and Manufacturing Execution Systems (MES). The platform features data measurement, operations management, energy consumption analysis, energy usage visualization, and system configuration. Using a layered and distributed system architecture, it enables real-time data collection from various energy consumption units within the facility. In case of abnormalities, the system triggers alerts, and cumulative data is analyzed to provide data-driven support for energy-saving and consumption reduction initiatives.

During the reporting period, the installation rate of primary, secondary, tertiary, and quaternary metering meters in the power distribution system reached 98%. With the Air Conditioning Intelligent Control System, total air conditioning electricity consumption in Q3 2024 decreased by 16% compared to Q3 2023.



Smart Energy Management and Energy Storage Management



Intelligent Air Conditioning Control System

Energy Management Indicators and Targets

2024 Energy Management Target	Achievement
Company's energy target: 0.0189 tce per 10,000 RMB	Achieved

Disclosure Item	Unit	2022	2023	2024
Total Energy Consumption	Tons of Standard Coal	-	3,091.86	3,743.39
Natural Gas	m ³	46,217	53,267.1	47,831.00
Steam	m ³	1,163.03	2,234	2,272.82
Electricity	MWh	33,223.41	39,710.90	33,621.47
Direct Energy Consumption	Tons of Standard Coal	-	20.00	63.62
Indirect Energy Consumption	Tons of Standard Coal	-	3,071.86	3,679.77
Energy Consumption Intensity	Tons of Standard Coal per Unit of Production	-	0.0189	0.0129
Clean Energy Usage	MWh	1,688.60	3,353.94	4,705.14

Clean Technology Opportunities

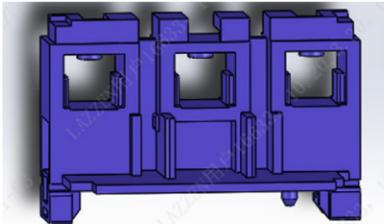
LAZZEN continues to accelerate its green transformation by strengthening green ecological technology R&D, expanding into the new energy market, and providing customers with high-efficiency, energy-saving products and low-carbon solutions, thereby building a smart electrical zero-carbon ecosystem.

Green Ecological Technology

The green innovation research covers various aspects, including materials, structure, and performance. The Company optimizes high-energy-consuming processes and energy-saving algorithms through new processes, new technologies, new equipment, and new energy solutions. Green ecological design principles are integrated into product development, and life cycle assessments are conducted to optimize lightweight and low-carbon solutions. As a result, LAZZEN's products have been recognized by the Ministry of Industry and Information Technology as "Green Design Products".

LAZZEN has established a green manufacturing management system team, responsible for improving equipment energy efficiency and developing photovoltaic projects while implementing clean production concepts. The Company prioritizes the use of non-toxic and low-toxicity raw materials and replaces oil-based paints with water-based paints for circuit board corrosion protection, significantly reducing VOCs, xylene, and acetone emissions. To further enhance clean production, LAZZEN has developed the *Clean-room Usage Specification* management document, adopted clean production processes, and selected advanced environmental protection equipment to prevent fugitive emissions of welding fumes. Additionally, traditional oil-based ink printing machines have been replaced with laser printers, significantly reducing the pollutants generated in the printing process.

As a result of these efforts, LAZZEN has been awarded the "National Green Factory" demonstration title.

Product Name	Product Picture	Technical Innovations
NDW2X-1600 Frame Circuit Breaker		Designed with a front-mounted panel structure and an optimized internal structure, reducing product size by 18%.
NDC3Z Contactor		The contact support uses high-temperature-resistant and eco-friendly materials to replace non-recyclable materials, which is expected to reduce non-recyclable material usage by 2,280 kg annually.

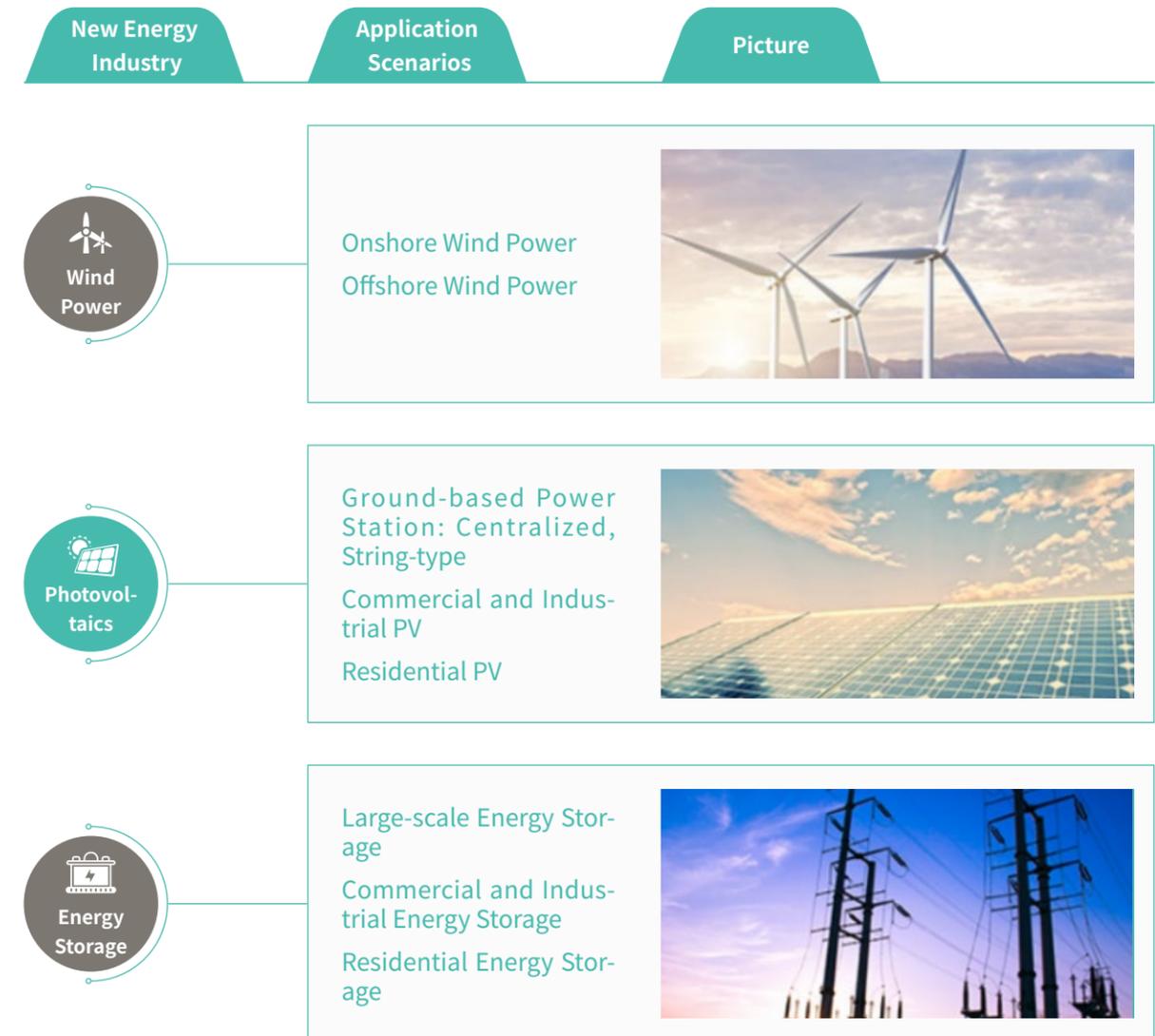
Green Environmental Technology Progress and Achievements (Partly)

Opportunities in New Energy Products

The global energy revolution is accelerating, with clean energy and smart grids emerging as key directions for future energy development. Guided by the "carbon peaking and carbon neutrality" goals, LAZZEN continuously evaluates its innovation capabilities in clean technology and explores development opportunities. The Company is expanding its presence in the new energy market, developing green, energy-efficient, and high-performance products as well as low-carbon solutions, thereby driving its green and low-carbon transformation. LAZZEN remains committed to providing customers worldwide with advanced and reliable smart electrical solutions, collectively building a clean, low-carbon, safe, and efficient future energy system.

In new energy research and development, the Company adheres to the principle of "saturating resource investment and ensuring a 25-year product lifespan" as its core philosophy. Focusing on key innovation areas in new energy product development, LAZZEN prioritizes customized product development, streamlines R&D processes by emphasizing key aspects, and ensures reliability through large-sample testing. During the new product development process, the Company deeply integrates into customer usage scenarios, maintaining close collaboration with clients to identify and resolve issues early, ensuring that new products are ready for mass adoption upon market launch.

Currently, LAZZEN's innovation in the new energy market revolves around two key aspects: optimizing power and functionality and enhancing product configuration combinations.





Nuclear Island
Conventional Island
Auxiliary System



AC Charging Pile
DC Charging Pile
Supercharging Pile
Battery Swap Station



Commercial Vehicle
Commercial Vehicle
Forklift



Inland River Vessel
Sea-going Vessel
Unmanned Electric Vessel



Green Hydrogen



LAZZEN's 2024 New Energy Product Deployment

LAZZEN Supports the Zero-Carbon Journey with Photovoltaic and Energy Storage Electrical System Solutions

During the reporting period, LAZZEN participated in the 17th International Solar and Smart Energy Exhibition. In recent years, LAZZEN has secured over 40% of the low-voltage electrical appliance market share in the new energy segment, contributing to the shipment of more than 200GW of new energy power generation equipment. This effort further advances industry technology and supports the achievement of carbon neutrality goals. For centralized photovoltaic (PV) applications, the Company has developed a 3.125MW large-unit solution and a 1+X modular small-unit solution. In string PV systems, LAZZEN has introduced highly efficient, reliable, and stable product solutions.

In distributed PV applications, LAZZEN has launched a live-line reclosing circuit breaker solution, a self-reset overvoltage and undervoltage protection solution, and an intelligent distribution area solution. For commercial and industrial PV demands, the Company has introduced grid-connected protection cabinet solutions for 50–400kW and 500kW–1MW applications, effectively meeting market needs.



LAZZEN participated in the 17th International Solar and Smart Energy Exhibition



The 4th-generation commercial nuclear power plant - Shandong Shidaowan Guohe Pressurized Water Reactor Demonstration Project, with an installed capacity of 3,000MW and a total investment of RMB 42.3 billion. LAZZEN provided two-stage and three-stage DC miniature circuit breakers and molded case circuit breakers, which were applied in booster stations, desalinated water systems, circulating pump rooms, and other systems.

03

Building a Green New Ecosystem

Concept

LAZZEN prioritizes environmental compliance management, actively assumes primary responsibility for ecological and environmental protection, and thoroughly implements resource control strategies. The company enhances water conservation measures, promotes green packaging and circular economy models, and ensures the lawful and compliant treatment of emissions and waste. LAZZEN continuously optimizes wastewater, exhaust gas, noise, and waste treatment processes while strengthening the supervision and control of hazardous chemicals, comprehensively improving its environmental compliance management efficiency.

Our Actions

- Environmental Compliance Management
- Resource Management
- Pollutant Emissions
- Waste Disposal
- Chemical Management

Key Performance

Total environmental protection investment: RMB : **1.7** million

No major administrative penalties imposed by ecological and environmental authorities due to environmental incidents

Non-hazardous waste disposal: **70.56** tons, with a **100%** recycling rate

Supporting of the UN SDGs



Environmental Compliance Management

LAZZEN strictly complies with national environmental protection laws and regulations, such as the Environmental Protection Law and the Environmental Impact Assessment Law. LAZZEN continuously refines the environmental management framework and organizational structure, clearly defining environmental management responsibilities at all levels to enhance environmental compliance capabilities.

Environmental Compliance Governance

Upholding the principle of environmental protection, LAZZEN has established a series of internal environmental management documents, including the *Environmental, Occupational Health, and Safety Management System*, the *Environmental Factor Identification and Assessment Management Procedure*, the *Resource and Energy Management Procedure*, the *Wastewater Discharge Management Procedure*, the *Exhaust Gas Emission Management Procedure*, and the *Emergency Preparedness and Response Management Procedure*. These documents form the foundation of the environmental management framework in 2024, LAZZEN revised its environmental management framework documents, updating primary responsible departments, adjusting applicable scopes, modifying specific departmental responsibilities, and incorporating relevant local standards.

Currently, LAZZEN is certified under the ISO 14001 Environmental Management Framework.



Environmental Compliance Strategy

LAZZEN fully implements ecological and environmental protection initiatives, adhering to the "energy-saving and environmentally friendly" compliance management policy. The Company continuously adopts new processes, technologies, and equipment to upgrade or replace high-energy-consuming industrial equipment, prioritizing energy-efficient and low-consumption products, equipment, and services to achieve energy conservation and resource optimization. LAZZEN designs and manufactures HSF (Hazardous Substance-Free) products, actively promoting HSF environmental concepts within its supply chain. LAZZEN continually enhances the environmental performance of its products, strategically planning and executing its environmental compliance management framework to strengthen overall environmental governance efficiency.

Environmental Compliance Risk Management

To address environmental compliance risks, LAZZEN has developed several policy documents, including the *Emergency Response Plan for Sudden Environmental Incidents*, the *Emergency Preparedness and Response Management Procedure*, the *Incident Investigation and Handling Management Procedure*, the *Risk and Opportunity Management Procedure*, and the *Company Environmental Analysis Management Procedure*. In 2024, LAZZEN updated the *Hazard Identification Management Procedure*, adding risk assessment methodologies and refining its descriptions. The *Emergency Preparedness and Response Management Procedure* was also revised to include additional types of natural disasters and changes in regulatory authority names.

LAZZEN has established an emergency response team (ERT) led by the EHS Safety Committee. This team consists of department heads or designated personnel from various departments. Each department regularly fills out and submits the *Risk and Opportunity Identification and Assessment Form*, while third-party organizations conduct environmental assessments and provide reports to continuously optimize environmental compliance and resource management processes.

To ensure legal and regulatory compliance, LAZZEN regularly conducts environmental risk assessments, using professional envi-

ronmental risk assessment tools and methodologies to quantify each compliance risk point. LAZZEN evaluates the likelihood of occurrence, potential impact, possible environmental incident types, and severity of consequences to determine key priorities for environmental management and develop appropriate countermeasures.

LAZZEN has established an environmental compliance emergency management framework based on the *Emergency Response Plan for Sudden Environmental Incidents* and related policies. An emergency rescue organization has been formed, and the Company has implemented environmental risk prevention and emergency response measures, including regular inspections, maintenance responsibility systems, and compliance with environmental risk control requirements outlined in project environmental impact assessments. Additionally, LAZZEN conducts at least two environmental risk and emergency management awareness and training sessions for employees each year, along with emergency drills for sudden environmental incidents to enhance preparedness and response capabilities.

Legal Review

- **Regulatory Policy Review:** Annually review and interpret newly issued or revised environmental laws, regulations, and policy standards at the national and local levels, focusing on changes that may significantly impact the company's production and operations.
- **Preliminary Risk Identification:** Based on the company's business scope and operational model, identify potential environmental risk areas from a legal compliance perspective, and compile a list of potential risk points as the basis for further in-depth assessment.

EHS Identification and Assessment

- The EHS department conducts a quantitative evaluation of each risk point, determining the likelihood of occurrence, potential impact level, possible types of environmental incidents, and the severity of consequences.

Internal Coordination and Communication

- **Cross-Departmental Communication and Collaboration:** The EHS department communicates the risk assessment results and response plans to all relevant internal departments through detailed briefings and training sessions. It also organizes cross-departmental meetings to facilitate joint participation in environmental risk management.
- **Integration into Daily Operations:** The results of environmental risk assessments and corresponding mitigation measures are integrated into the company's daily operations. This includes strategic planning, production scheduling, procurement decisions, and performance evaluations, with specific risk control indicators and operational procedures established accordingly.

Environmental Compliance Risk Assessment



Type of Environmental Incident	Specific Environmental Incident	Environmental Impact and Risk Response
Water Pollution Emergency Incident	<ul style="list-style-type: none"> Exceeding sewage discharge standards Sewage pipeline leakage causing river pollution River accidents Large-scale leakage of the sewage system 	If an accident occurs at the factory's sewage treatment station, wastewater may be discharged directly into Jiaxing United Sewage Treatment Co., Ltd. without proper treatment. The wastewater may contain excessive levels of COD _C , ammonia nitrogen, and heavy metals, exceeding the sewage plant's intake standards, potentially impacting Jiaxing United Sewage Treatment Co., Ltd.'s water quality
Air Pollution Emergency Incident	<ul style="list-style-type: none"> Fan failure Terminal treatment device failure 	If operations are not halted and repairs are not conducted promptly, exhaust gas concentrations could increase multiple times, potentially causing poisoning and affecting downwind areas at a considerable distance. Relevant equipment should be replaced in time to prevent malfunctions
Soil Pollution Emergency Incident	<ul style="list-style-type: none"> Leakage during the transfer of hazardous substances or solid waste Leakage during the storage of hazardous substances or solid waste 	If a solid waste leakage occurs within the factory premises, emergency measures such as closing the rainwater discharge valve, opening the emergency pool, and using emergency materials like sand and cotton cloth can be implemented to contain the impact within the factory area
Natural Disasters, Extreme Weather, or Adverse Meteorological Conditions	<ul style="list-style-type: none"> Natural disasters Extreme weather 	Based on long-term meteorological data from the company's and the park's location, the most likely extreme weather conditions in the area are high temperatures and strong winds. During extreme high-temperature conditions, LAZZEN implements preventive measures against high temperatures and strong winds to mitigate environmental risks

Risk Analysis for Environmental Incidents

"Zero-Waste City" Environmental Awareness Campaign

During the reporting period, LAZZEN organized an environmental awareness campaign themed "Zero-Waste City" for its employees. The event introduced the origins and development of "Zero-Waste Cities" and "Zero-Waste Factories", helping employees recognize their role as both participants and beneficiaries of zero-waste factory development. We emphasized the importance and necessity of adhering to circular economy principles and green development in production and operations, fostering the construction of a sustainable and eco-friendly environment.



Environmental Awareness Campaign

Environmental Compliance Indicators and Targets

No.	2024 Environmental Compliance Indicators and Targets	Achievement Status
1	Hazardous waste environmentally compliant disposal \geq 1 time	Achieved
2	Production exhaust emissions (hydrogen cyanide, sulfuric acid mist) comply with GB21900-2008 standards	Achieved
3	Fire hazards \leq 1 incident	Achieved
4	Chemical leakage incidents \leq 1 incident	Achieved

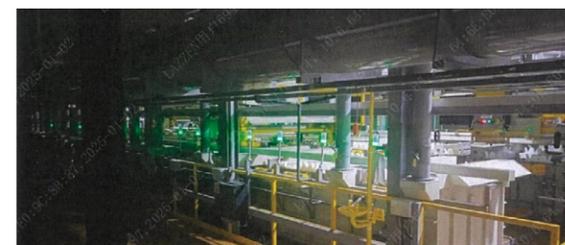
During the reporting period

The total environmental investment amounted to RMB **1.7** million. LAZZEN incurred no major administrative penalties from environmental authorities due to environmental incidents, with a total penalty amount of RMB **0**.

A total of **2,355** employees received environmental training. The total training duration was **24** hours.

Green Operations

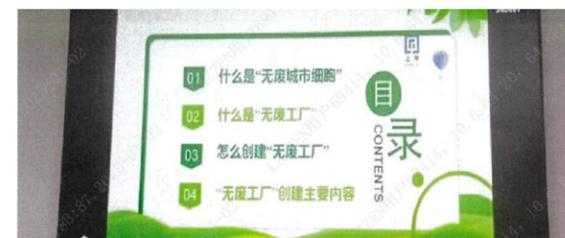
LAZZEN advocates for green operations and promotes a low-carbon lifestyle, consistently implementing ecological and environmental protection principles in its production and business activities. In the production process, LAZZEN utilizes advanced Italian fully automated miniature circuit breaker assembly lines and Asia's third largest automated silver electroplating production line, reducing the generation and hazardous impact of industrial solid waste while establishing a "dark factory" model to achieve energy conservation and consumption reduction. For green office practices, we encourage employees to implement environmental measures by promoting paperless operations. Meeting notifications, schedule management, expense reimbursements, and other processes are all completed through the OA electronic system, further reducing environmental impact and contributing to ecological protection. Additionally, we actively organize environmental training and activities, along with routine environmental awareness campaigns, to strengthen employees' sense of responsibility for environmental protection.



Energy-Saving Production Area – Fully Automated Silver Electroplating Production Line, Establishing a "Dark Factory" Model



Paperless Office with Electronic OA System



Zero-Waste Factory Awareness Campaign

Biodiversity

During the preliminary phase of Hangzhou Bay Super Factory construction, the regional ecological environment was assessed as non-sensitive, classifying it as a general area. LAZZEN strictly adheres to the Regulations on the Protection of Wild Plants and other environmental laws and regulations, advocating employee awareness of environmental protection. LAZZEN actively conducts environmental awareness campaigns and strictly follows internal environmental compliance management policies throughout its production and operations, minimizing negative impacts on biodiversity and the environment.

Resource Management

LAZZEN continuously optimizes its resource management system, emphasizing the protection and efficient use of water resources. LAZZEN implements various water conservation measures, prioritizes the use of eco-friendly packaging materials, and promotes resource recycling initiatives to enhance overall resource utilization efficiency.

Water Resources

LAZZEN adheres to the *Water Law of the People's Republic of China* and the *Water Pollution Prevention and Control Law*, emphasizing water resource protection, implementing water-saving initiatives, and continuously improving water resource management efficiency.

LAZZEN relies on two main water sources: municipal tap water and externally purchased steam. Tap water is primarily used for cooling system replenishment, pure water preparation, and domestic needs, while steam is mainly used for heating cleaning tanks in the electroplating process. Due to the significant proportion of water lost through evaporation, the water recycling rate is high, and wastewater discharge volume is relatively low.

Water Resource Management

LAZZEN has established a comprehensive water measurement and conservation management framework, including the *Water Usage Measurement Management System*, *Water Conservation and Usage Statistics System*, *Energy Measurement Equipment Management Procedure*, and *Maintenance and Inspection Management System*. Additionally, LAZZEN has formed a Water Conservation Leadership Team and a three-tier management network across leadership, departments, and workshop teams. Measures such as "daily inspections, monthly assessments, and incentive-based implementation" ensure accountability for water conservation efforts.

LAZZEN has fully implemented water conservation initiatives by developing a long-term water-saving mechanism. These efforts have supported the effective execution of water conservation programs. In 2024, LAZZEN successfully applied for and achieved recognition as a 2024 Zhejiang Province Water-Saving Enterprise and completed the water balance test for industrial enterprises in Jiaying City.



Water Usage Scenarios

Water Resource Management Strategy

LAZZEN strictly adheres to the national policies of resource conservation and environmental protection, striving to establish an environmentally friendly and green enterprise. By implementing the principles of cleaner production and circular economy, LAZZEN fully promotes the creation of a water-saving enterprise, advancing towards sustainable development.

Water Resource Risk Management

LAZZEN conducts water resource risk assessments and management to prevent water wastage and potential environmental impacts. To enhance water conservation management, LAZZEN has formulated various regulations, including the *Annual Water Conservation Work Plan*, *Water Usage Statistics System*, *Regular Maintenance System for Water-Saving Equipment and Pipelines*, and *Water Conservation Management Rewards and Penalties System*. By combining inspection guidance with performance assessments, each department is required to regularly inspect its water usage. The water conservation leadership team conducts three major inspections each month to identify any violations or potential water usage hazards, ensuring timely rectification or corrective measures within a specified period.

Water Conservation Plan	Water Conservation Measures
Reuse of Electroplating Rinse Wastewater	The electroplating workshop has adopted a counterflow rinsing process for secondary wastewater reuse. A newly purchased industrial wastewater filter will further enable multi-stage recycling, increasing wastewater reuse rates and reducing daily pure water consumption. The system can process up to 6 tons of wastewater per day to meet reuse standards.
Smart Control Retrofit for Air Conditioning Systems	The largest water-consuming unit is the air conditioning and cooling system. The cooling tower has already adopted an advanced closed-loop cooling system. Smart management systems have been installed in the ventilation system, and partitions have been added to office and production areas to prevent cooling loss, reducing cooling tower circulation and achieving significant water and energy savings.
Water Conservation Awareness and Education	LAZZEN actively promotes water conservation awareness through various initiatives, including displaying conservation slogans and organizing water conservation knowledge seminars. Posters and handbooks are distributed to educate employees on water-saving practices. Practical activities encourage employees to adopt water conservation measures in daily operations. A "Water Conservation Pioneer" initiative has been established, and strict reward and penalty systems are in place for individual or departmental water usage compliance.
Rainwater Recycling	LAZZEN is considering launching a rainwater collection project to reduce reliance on the municipal water supply. Once implemented, the system will provide a stable and sustainable water source for factory landscaping, toilet flushing, and floor cleaning, especially during dry seasons. Additionally, recycling rainwater will help reduce pollution of natural water bodies.
Installation of Water-Saving Valves	LAZZEN has upgraded workshop restrooms with water-saving valves, reducing fresh water consumption by an average of 4,000 m ³ per year.
Remote Monitoring System for Water Usage	Smart water meters have been installed at various water usage points to enable real-time monitoring and management of water consumption across the factory and its branches. This system has successfully identified and resolved multiple leakage issues, significantly reducing water waste. The system's alarm mechanism promptly detects abnormal water usage, preventing potential financial losses.

Water Conservation Improvement Plan

Water Resource Indicators and Targets

The water resource reuse rate is 99.23%, the indirect cooling water circulation rate is 99.66%, the steam condensate recovery rate is 97.8%, the wastewater reuse rate is 59.7%, and the drainage rate is 43.2%.

Disclosure Item	Unit	2022	2023	2024
Municipal Water Purchase	Tons	160,632	189,648	141,198
Total Circulating/Recycled Water	Tons	—	—	5,016
Total Water Consumption	Tons	—	—	146,214

Material Resources

LAZZEN has established management regulations for material resources, including the *Product Material Scrap Management Measures*, *Waste Management Procedures*, *Idle Material Prevention and Handling Management Measures*, and *Scrap Handling Process Business Guidelines*. In 2024, LAZZEN updated the *Product Material Scrap Management Measures*, adding branches for finished product scrapping, supplier discount processing, and resale of electronic materials. LAZZEN has built a recycling system for raw materials and packaging materials, proactively assuming responsibility for the recycling and resource utilization of discarded products. This ensures the effective circulation of obsolete products between manufacturers, consumers, recycling companies, and dismantling enterprises.

For material transportation within departments, LAZZEN uses environmentally friendly electric handcars, and all turnover tools are reusable plastic containers. Pallets are made of high-density reusable plastic. The automated sorting and warehouse storage system minimizes the use of corrugated paper, aligning with the green packaging philosophy.



RoHS and Recyclable Markings on Product Packaging

Circular Economy

LAZZEN adopts circular economy principles for idle materials and scrapped products, utilizing component dismantling and recycling, as well as inventory material discount sales.

If materials become unusable due to company-related reasons and need to be scrapped or resold, they can be processed at a discounted price through supplier negotiations. LAZZEN follows the Material Scrap Application Process to handle inventory write-offs. If scrapped products can be sold, they are processed in accordance with the *Scrap Handling Process Business Guidelines*. Additionally, LAZZEN provides multiple recycling and trade-in services through its official website and WeChat platform. Discarded products sent to the waste dismantling department are categorized based on component attributes and handed over to specialized third-party organizations for recycling and reuse, promoting a circular economy model.

Pollutant Emissions

LAZZEN complies with the *Environmental Protection Law*, *Water Pollution Prevention and Control Law*, *Air Pollution Prevention and Control Law*, *Soil Pollution Prevention and Control Law*, *Noise Pollution Prevention and Control Law*, and the *Pollutant Discharge Permit Management Measures*. LAZZEN implements pollutant discharge management in accordance with industry-specified emission standards and total pollutant discharge control indicators.

Pollutant Emission Control

In accordance with the requirements of the regulatory system and the pollutant discharge permit, LAZZEN has established a series of pollutant emission management frameworks, including the *Wastewater Discharge Management Procedure*, the *Waste Gas Emission Management Procedure*, and the *Noise Emission Management Procedure*. LAZZEN has wastewater treatment facilities and exhaust gas treatment systems, which undergo self-monitoring in strict accordance with pollutant discharge permit requirements. Additionally, qualified third-party monitoring agencies are commissioned to conduct environmental monitoring. In 2024, all environmental monitoring results met emission standards.

Furthermore, LAZZEN conducts risk assessment and analysis of pollutant emissions, formulating corresponding risk response measures and continuously enhancing pollutant discharge management and monitoring efforts.



Pollutant Discharge Permit of Liangxin (Haiyan)

Pollution Emission Target

No.	Pollutant	Emission Target	Achievement
1	Wastewater	Wastewater reuse rate reaching 40%–60%	Achieved
2	Exhaust Gas	Harmless treatment of exhaust pollutants	Achieved
3	Noise	Factory noise levels meeting <60 dB during the day and <50 dB at night	Achieved

Wastewater Treatment

LAZZEN has formulated the *Wastewater Discharge Management Procedure* to manage wastewater, conducting regular self-monitoring and source inspections. Wastewater is only discharged into the municipal pipeline network after being fully treated and meeting discharge standards at the sewage treatment station. Each year, a professionally certified third party is commissioned to test the wastewater, with results showing that all indicators are significantly below the limits set by the *Comprehensive Wastewater Discharge Standards*.

In wastewater treatment, LAZZEN adopts reclaimed water reuse measures. The unit wastewater discharge from the electroplating line has been reduced from 0.25t/m² to 0.23t/m², achieving the reuse of high-concentration acidic and alkaline wastewater. The reuse of silver plating rinse water reduces cyanide consumption, decreases the amount of silver ions in wastewater treatment, and allows silver recovery for reuse. Additionally, the grinding water recycling system reduces wastewater treatment by 6 tons per day, while also reducing grinding fluid consumption and achieving a recovery rate of over 60%.



Wastewater Treatment Facilities and Equipment

Indicator	Unit	2022	2023	2024
Total Wastewater Discharge	Ton(s)	144,568.8	170,683	124,482

Indicator	Unit	2024
Chemical Oxygen Demand (COD)	Ton(s)	0.116
Biochemical Oxygen Demand (BOD)	Ton(s)	0
Suspended Solids	Ton(s)	0
Ammonia Nitrogen	Ton(s)	0.002
Total Nitrogen (TN)	Ton(s)	0.026
Total Phosphorus (TP)	Ton(s)	0.001
pH	Ton(s)	6-9

Waste Gas Treatment

LAZZEN has formulated the *Waste Gas Emission Management Procedure*. In 2024, we added new requirements for the collection and treatment of waste gas from electroplating processes, as well as maintenance regulations for waste gas treatment equipment. Additional guidelines were established for employees working inside exhaust towers, and new local standards from Zhejiang Province were incorporated into emission regulations.

LAZZEN has implemented risk management for waste gas emissions and developed a series of mitigation measures to address the risk of excessive emissions. According to environmental protection acceptance monitoring by a professional third-party agency, all waste gas emission indicators meet the required standards.

Establish Routine Operation and Maintenance System for Air Treatment Facilities

Assign professional operation and maintenance personnel to conduct regular inspections, maintenance, and repairs of the facilities. Replace vulnerable components in a timely manner, record facility operation parameters and maintenance status to ensure continuous optimal performance.

Conduct Regular Self-Monitoring

Regularly entrust qualified third-party testing agencies to conduct comprehensive air quality monitoring in accordance with national standards. Ensure the accuracy and reliability of monitoring data and adjust air treatment processes and operational parameters accordingly.

Enhance Environmental Management and Emergency Measures

Strengthen environmental management in production processes, optimize production techniques to minimize air pollutant emissions. Develop emergency response plans for excessive emissions, such as reducing production loads or increasing air treatment chemical input and actively cooperate with environmental authorities in investigations and resolutions.

Measures for Mitigating Excessive Exhaust Emission Risks

LAZZEN has implemented multiple air pollution control measures, utilizing purification technologies such as ROC zeolite bed catalytic combustion and UV photolysis. During the reporting period, LAZZEN enhanced its exhaust gas collection by installing additional collection hoods for newly added positions in workshops involving exhaust emissions, ensuring a "one-position, one-hood" setup to maximize the collection area. For the DC workshop, the potting exhaust treatment system was upgraded from honeycomb activated carbon to granular activated carbon, increasing removal efficiency by over 15%. Additionally, for VOC-containing exhaust from coating processes, LAZZEN adopted an adsorption-catalytic combustion treatment process, achieving a treatment efficiency of 99.5%.



Exhaust Gas Treatment Equipment

Indicator	Unit	2022	2023	2024
Total Exhaust Gas Emissions	m ³	128,642,520	77,185,512	588,960,000

Indicator	Unit	2024
Particulate Matter	kg	2
Total Non-Methane Hydrocarbons	kg	991.008
VOC Emissions	kg	3,964.034

Noise Management

LAZZEN has established the *Noise Emission Management Procedure*. In 2024, we updated the regulations to include the primary noise-generating equipment and the noise emission standards for the Hangzhou Bay Super Factory.

LAZZEN conducts quarterly noise monitoring across the entire facility, setting management targets of <60 dB during the daytime and <50 dB at night, both of which have been achieved. In terms of noise control measures, we continue to optimize the plant layout, select low-noise equipment, enhance equipment maintenance, and implement effective noise reduction measures such as vibration isolation and soundproofing for high-noise equipment. For example, sound-absorbing cotton is installed inside air compressor baffles to ensure that factory boundary noise complies with emission standards. According to environmental acceptance monitoring conducted by a professional third-party agency, the factory's daytime and nighttime noise levels meet the requirements of the *Environmental Noise Emission Standards for Industrial Enterprise Boundaries*.

Soil Pollutants

LAZZEN regularly monitors and inspects soil conditions, prioritizing soil pollution management. All industrial wastewater pipelines are installed as overhead pipelines to prevent underground leaks that could lead to soil contamination.

According to environmental acceptance monitoring conducted by a professional third-party agency, the soil pollutant concentrations in the Company's area are all below the screening values for Category II land use specified in the *Soil Environmental Quality Standard for Construction Land Soil Pollution Risk Control (Trial)* (GB36600-2018).

Waste Disposal

LAZZEN complies with the *Solid Waste Pollution Prevention and Control Law*, the *General Industrial Solid Waste Storage and Landfill Pollution Control Standard*, the *Hazardous Waste Storage Pollution Control Standard*, and other relevant regulations to manage waste.

Waste Treatment

LAZZEN primarily generates solid waste such as used oil rags and gloves, hazardous chemical packaging waste, spent activated carbon, laboratory waste liquids, waste oil, and general packaging waste. LAZZEN has established the *Waste Management Procedure* and the *Waste Classification and Treatment Regulations*, which outline compliance requirements and disposal processes for general solid waste, hazardous waste, and food waste. In 2024, these regulations were updated to clarify departmental responsibilities and expand the classification of hazardous waste. LAZZEN ensures that all waste is legally and compliantly disposed of, preventing harm to the surrounding environment and human health while avoiding secondary pollution. Every year, the Company updates and submits its hazardous and solid waste management plans for approval by the local environmental authorities. Subsequent hazardous waste transfers are recorded and reported via the system platform.



National Pollution Source Monitoring Data Management and Sharing System

Waste Disposal Strategy

LAZZEN adheres to the principles of "resource utilization, reduction, and harmless disposal" in handling solid waste, fully implementing its environmental protection responsibilities.

Waste Disposal Targets

No.	Waste Disposal Target	Achievement Status
1	Legal disposal of hazardous waste >1 time/year	Achieved
2	Zero violations in hazardous waste disposal	Achieved
3	Negative or zero annual growth rate of general industrial solid waste intensity	Achieved
4	Negative or zero annual growth rate of industrial hazardous waste intensity	Achieved

General Waste

LAZZEN's general industrial solid waste, including plastic materials, packaging paper, plastic foam packaging, and metal waste, is recyclable. Every year, LAZZEN entrusts a professional third-party organization with sorting and disposal. The process involves collecting waste in workshops, transporting it to the general solid waste warehouse, packaging it, and then delivering it to paper mills for processing.

Hazardous Waste

The Company's hazardous waste includes waste cutting fluids, hazardous chemical packaging waste, wastewater sludge, and waste paint packaging barrels. Each year, LAZZEN signs hazardous waste disposal contracts with qualified third-party organizations. The entire waste transfer process is documented and verified through the national solid waste management system.

LAZZEN has implemented risk management measures for hazardous waste. These measures address potential risks associated with the collection, storage, transportation, and disposal of hazardous waste, such as leakage, soil and water contamination, and severe environmental pollution incidents.

- Improving Management Systems**
 Establish and refine hazardous waste management regulations, defining the entire process from generation to final disposal and assigning responsibilities.
- Enhancing Personnel Training**
 Conduct regular professional training for hazardous waste management personnel to ensure familiarity with waste characteristics, classification methods, packaging requirements, and emergency response measures.
- Optimizing Storage Facilities**
 Inspect and upgrade hazardous waste storage warehouses to meet national standards, ensuring leak-proof, loss-prevention, and rain-resistant features.
- Strict Supervision of Transport and Disposal**
 Select qualified and experienced hazardous waste disposal companies, establish detailed contracts, define responsibilities, and strengthen transport monitoring.
- Establishing an Emergency Response Mechanism**
 Develop emergency response plans, conduct regular drills, and enhance the company's ability to handle environmental emergencies to minimize losses and impacts.

Risk Management Measures for Hazardous Waste Leakage

In 2024

LAZZEN's non-hazardous waste recycling rate reached **100%**.

Item	Unit	2024
Total Waste Generated	Ton(s)	100.512
Total Hazardous Waste	Ton(s)	29.952
Total Non-Hazardous Waste	Ton(s)	70.56
Hazardous Waste Intensity	Ton/RMB 10,000	0.00008
Non-Hazardous Waste Intensity	Ton/RMB 10,000	0.00019
Recycled Waste Volume	Ton(s)	70.56

Chemical Management

LAZZEN has established various chemical management regulations, including the *Chemical Management Procedure*, *"Five Pairs" Management Framework for Highly Toxic Chemicals (Explosive and Drug Precursor Chemicals) in the Electroplating Manufacturing Department*, *Safe Operating Procedures for Hazardous Chemicals in the Electroplating Manufacturing Department*, and *Safety Procedures for Handling and Unloading Hazardous Chemicals in the Electroplating Manufacturing Department*.

LAZZEN has a dedicated hazardous chemical warehouse where chemicals are stored in designated zones based on their classification. The entire process, from storage and retrieval to usage, strictly follows the management requirements for highly toxic substances. Personnel responsible for managing highly toxic chemicals are required to have a thorough understanding of their handling procedures. Additionally, the storage management of highly toxic chemicals strictly adheres to the "Five Pairs" System, which includes, dual-person receiving and dispatching, dual-person bookkeeping, dual-person dual-lock storage, dual-person transportation and dual-person usage.

LAZZEN's hazardous chemical management is directly integrated into Zhejiang Province's Integrated Smart Governance Platform for Key Materials (Highly Toxic Chemicals), allowing for government-linked oversight. LAZZEN conducts regular monitoring and proactively reports safety hazards, actively undergoing government inspections. It submits self-inspection risk points on the safety production platform every month and ensures timely rectifications. Furthermore, LAZZEN actively organizes training and assessments on hazardous and highly toxic chemicals, conducts emergency response drills, and strengthens employees' awareness of safety measures and risk management.



Integrated Smart Governance Platform for Highly Toxic Chemicals

Emergency Drill for Hazardous Chemical Leakage in the Electroplating Workshop

During the reporting period, LAZZEN conducted an emergency drill for hazardous chemical leakage in the electroplating workshop. The drill simulated a malfunction of the water replenishment valve, causing the cyanide tank to overflow, with the liquid spreading to the adjacent spot-welding workshop. Relevant departments followed emergency response protocols to handle the incident in compliance with safety regulations. All personnel involved in the drill followed instructions and managed the situation safely. Each team member fulfilled their respective duties, successfully completing all drill tasks. This exercise significantly improved the efficiency of the emergency response team in handling hazardous chemical leakage incidents.



Emergency Drill for Leakage in the Electroplating Workshop



Highly Toxic Chemical Management Training



Company Chemical Safety Training



Emergency Drill for Anti-Theft and Anti-Robbery of Highly Toxic, Precursor, and Explosive Chemicals

04

Supply Chain Responsibility Management

Concept

LAZZEN upholds the concept of sustainable development by promoting corporate sustainability through supply chain management initiatives and has established a closed-loop lifecycle management framework for suppliers, enhancing supply chain collaboration efficiency while implementing differentiated supplier management measures. In terms of environmental protection, LAZZEN conducts regular reviews of suppliers' environmental initiatives, comprehensively evaluates their environmental performance, and builds a digital management framework to advance the development of a green supply chain, providing valuable insights for the industry's sustainable growth.

Our Actions

- Supplier Management
- Green and Sustainable Supply Chain
- Building a Stable and Secure Supply Chain

Key Performance

100% supplier compliance with the Supplier Integrity Agreement

100% of suppliers have signed contracts that include environmental and labor requirements

83% suppliers have undergone social impact assessments

120% suppliers have undergone social impact assessments

Supporting of the UN SDGs

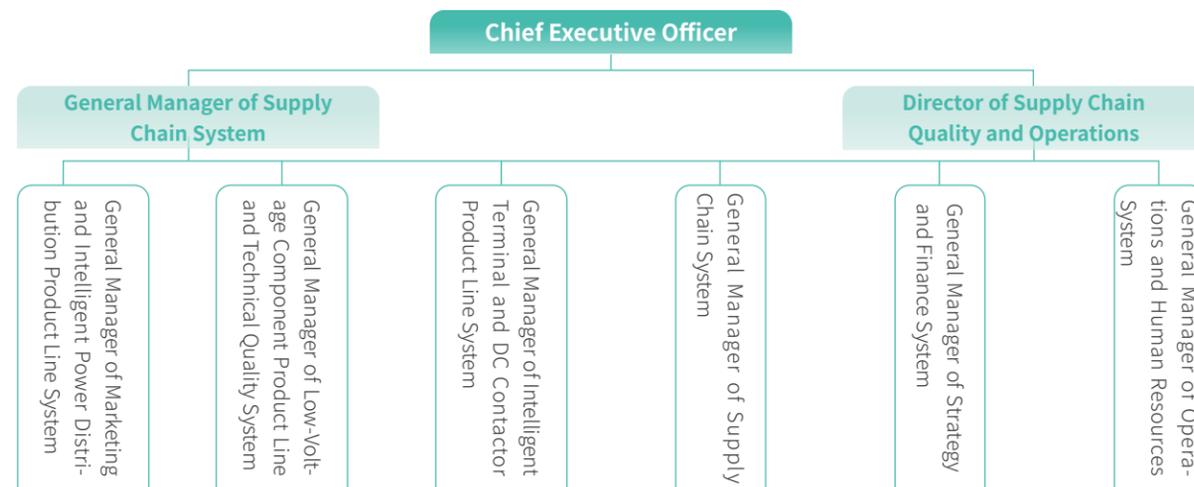


Supplier Management

Sustainable Supply Chain Governance

LAZZEN upholds the principles of sustainable development and is committed to building a stable and responsible supply chain. We have established a series of regulatory documents, including the *Supplier Admission Certification Management Procedure*, *Supplier Tiered and Graded Management Measures*, and *Supplier Performance Management Measures*, and have structured a Procurement Committee (PC) governance framework. In 2024, LAZZEN optimized the *Procurement Committee Management System* and updated the *Supplier Social Responsibility Commitment Letter*, incorporating provisions related to human rights, environmental safety, and relevant laws and regulations. These efforts drive the standardization and efficiency of supplier certification, auditing, and rating processes.

By refining supplier admission, performance evaluation, and tiered management rules, LAZZEN has enhanced the closed-loop lifecycle management of suppliers, improved supply chain coordination and fostered a sustainable procurement platform. LAZZEN has also formulated a supplier performance assessment framework, evaluating suppliers across four key dimensions—business, delivery, quality, and technology—to facilitate tracking and control. Suppliers are categorized into five levels: Strategic Suppliers, Preferred Suppliers, Qualified Suppliers, Restricted Suppliers, and Eliminated Suppliers. This differentiated management approach has improved efficiency and earned LAZZEN A-grade supplier certification from multiple partners.



2024 Procurement Committee Organizational Structure

Supplier System Certification List	
Quality Management System Certification (ISO 9001)	Environmental Management System Certification (ISO 14001)
Quality Management System Certification (IATF 16949)	Occupational Health and Safety Management System Certification (ISO 45001)
Intellectual Property Compliance Management System (GB/T 29490)	Hazardous Substances Management System Certification (IECQ QC 080000)
Information Security Management System Certification (ISO/IEC 27001)	Energy Management System Certification (ISO 50001)

Supplier System Certification List

As part of its ongoing digital transformation of supply chain management, LAZZEN obtained Shanghai Green Supply Chain Management Enterprise Certification in 2023 and advanced the SMS Performance System Optimization Project and Quality QMS & MES Optimization Project in 2024, reducing overall product delivery cycles by 35% and significantly enhancing supply chain efficiency and responsiveness.

Sustainable Supply Chain Strategy and Goals

LAZZEN is dedicated to building a green and sustainable supply chain. In terms of management strategy, the company assigns responsible experts to develop tailored strategies for different product categories.

LAZZEN has established green supply chain development objectives and formed a dedicated Green Supply Chain Management Department. LAZZEN has also developed a Green Information Platform, integrating fundamental information management, green production, green material management, supplier management, green design, and green logistics into a comprehensive digital system.

Sustainable Supply Chain Risk Management

LAZZEN collaborates with suppliers to comply with international environmental standards and corporate social responsibility regulations. The Company mitigates supply chain risks through the measures. Including diversified supplier strategy, regular supplier performance evaluations, emergency response planning, compliance agreements, enhancing supplier communication and cooperation, supplier development and improvement programs and implementation of advanced supply chain management frameworks. These initiatives ensure stable business operations and sustainable development, strengthening LAZZEN's resilience against market fluctuations and unforeseen events. By maintaining an industry-leading position and a strong corporate reputation, the company secures a solid foundation for long-term growth.

Sustainable Supply Chain Metrics



Green and Sustainable Supply Chain

To protect the rights and interests of both parties and ensure compliance in supplier management, LAZZEN requires suppliers to sign the *Confidentiality Agreement*, *Integrity Cooperation Agreement*, and *Environmental (RoHS) Agreement*. These agreements help safeguard fundamental rights and promote responsible business practices. During the supplier admission process, LAZZEN comprehensively evaluates environmental, social, and governance (ESG) factors. Suppliers are required to provide the *Supplier Social Responsibility Commitment Letter*, *Supplier Environmental Status Survey and Evaluation Form*, and *Environmental and Occupational Health and Safety Requirements Notice*.

In terms of environmental protection, LAZZEN regularly reviews suppliers' environmental measures. To thoroughly assess environmental performance, LAZZEN has established an independent *Environmental System Audit Form*, which evaluates suppliers across six key aspects: management systems, R&D, procurement, incoming material inspection, production, and logistics. This detailed assessment covers environmental management systems, hazardous substances control, and restricted materials to build a responsible supply chain system.

LAZZEN has implemented a supplier lifecycle management framework, a fully digitalized workshop management framework, an equipment lifecycle management framework, and a comprehensive quality management framework. These digital and process-based systems help reduce material consumption, improve energy efficiency, monitor the hazards of raw and auxiliary materials, and minimize waste generation. Additionally, LAZZEN has promoted the use of standardized returnable transit boxes, replacing traditional cardboard packaging for certain materials, further advancing sustainable packaging and delivery solutions.

Awards and Honors

Shanghai Green Supply Chain Management Certification

Best Energy-Carbon Synergy Exploration Trophy

Best Energy-Carbon Synergy Exploration Certificate

Transparent Procurement

To ensure an open and transparent procurement process, LAZZEN requires suppliers to sign an *Integrity Cooperation Agreement*, which explicitly regulates procurement practices. An audit and reporting hotline is also provided for supervision. Additionally, during holidays, LAZZEN issues integrity initiatives to all suppliers, firmly prohibiting any form of unethical behavior and maintaining a clean procurement environment.

Building a Stable and Secure Supply Chain

To ensure supply chain security, LAZZEN incorporates dual-source backups for critical materials and maintains both short-term and long-term supplier backup lists and also prioritizes contractor safety management by conducting regular safety training and supervision, including lean improvement and quality enhancement guidance for suppliers. Contractors are required to comply with occupational health and safety regulations during projects. Furthermore, LAZZEN performs regular safety inspections of contractors' facilities and equipment to prevent accidents, ensuring a secure and stable supply chain.

Launch of the Lean Quality Improvement Initiative

During the reporting period, LAZZEN launched a Lean Quality Improvement Initiative, leveraging lean management tools and methodologies to precisely identify and eliminate inefficiencies in the production process. This initiative aimed to comprehensively optimize workflows, leading to significant improvements in both product quality and production efficiency.



Lean Quality Improvement Initiative

To address identified issues, the Company developed 20 targeted improvement measures, covering areas such as equipment maintenance, operational standardization, and employee training. So far, 12 of these measures have been implemented.

Defect rate reduction:
from 4.5% to 1.2%

Shortened production cycle: from 12 days to 7 days

Lower production costs: reduced by 5%

Comprehensive lean training: 3 company-wide sessions, resulting in 30 improvement suggestions

Item	Unit	2022	2023	2024
Total Number of Suppliers	Number	271	257	272
Suppliers Signing the Integrity Agreement	%	—	100	100
Percentage of Suppliers Signing Contracts with Environmental & Labor Requirements	%	—	100	100
Number of Suppliers Assessed for Social Impact	Number	—	83	83
Number of Suppliers Assessed for Environmental Impact	Number	—	120	120
Number of Suppliers Certified for ISO 9001	Number	253	241	256
Number of Suppliers Certified for ISO 14001	Number	120	120	125
Number of Suppliers Certified for ISO 45001	Number	83	83	83
Number of Suppliers Identified with Actual or Potential Major Negative Social Impact	Number	0	0	0
Number of Suppliers Identified with Actual or Potential Major Negative Environmental Impact	Number	0	0	0
Total Number of New Suppliers	Number	18	15	15
Percentage of Locally Sourced Suppliers	%	—	13	13
Number of Suppliers Terminated	Number	—	29	0

05

Full Lifecycle Service

Concept

LAZZEN upholds the philosophy of "Customer Success at the Core, Quality as Our Honor", striving to become synonymous with industry-leading excellence. Certified for its Information Security Management System (ISMS), the Company has strengthened its defenses by establishing a comprehensive framework that covers device, network, data, and software/hardware security. This system integrates advanced security permission management capabilities and enforces granular data access controls. Additionally, LAZZEN has developed comprehensive contingency plans for information security emergencies and conducts regular network risk assessments, information security training, and emergency drills. These initiatives ensure the protection of customer data while enhancing employee awareness of security and privacy practices.

Our Actions

- Product Quality
- Customer Service
- Customer Privacy and Security

Key Performance

100% of the business scope is covered by quality management system certification

The product inspection pass rate has increased to **99.1%**

We conducted **3** information security audits

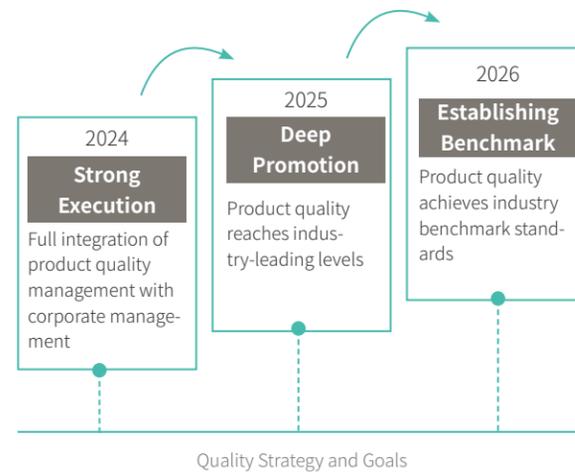
Supporting of the UN SDGs



Product Quality

Quality Management

LAZZEN adheres to the quality philosophy of "Customer Success at the Core, Quality as Our Honor", "Building Quality Competitiveness to Become the Industry Benchmark for High Quality", "Compliance with Processes, Doing It Right the First Time, and Continuous Improvement", and "Establishing IPD (Integrated Product Development)-Driven Quality Requirements and Standards to Form a Complete, Efficient, and Adaptive Quality Management System". LAZZEN upholds a quality culture centered on "Prevention First, Self-Management, Doing It Right the First Time, and Continuous Improvement", with a vision to achieve industry-leading competitiveness in product quality and strive to establish LAZZEN as the industry benchmark for high quality. Through relentless innovation and optimization, LAZZEN aims to enhance product quality and deliver exceptional products and services to customers and society. Currently, the Company is certified under the ISO 9001 Quality Management System.



Quality Management Indicators and Targets

No.	KPI	Target
1	Customer Audit First Pass Rate	100%
2	Customer Complaint Reduction Rate	-30%
3	PONC (Price of Non-Conformance) Reduction Rate	-6%
4	RoHS Complaint Issues at Client End	0
5	Defective Batch PPM Reduction Rate for Materials	-25%
6	Incoming Material Qualification Rate	98.50%
7	First Pass Rate for FAI (First Article Inspection)	48.50%
8	Reduction Rate of Level 3 Quality Issues	-30%
9	RoHS Non-Conformance Incidents for Incoming Materials	15

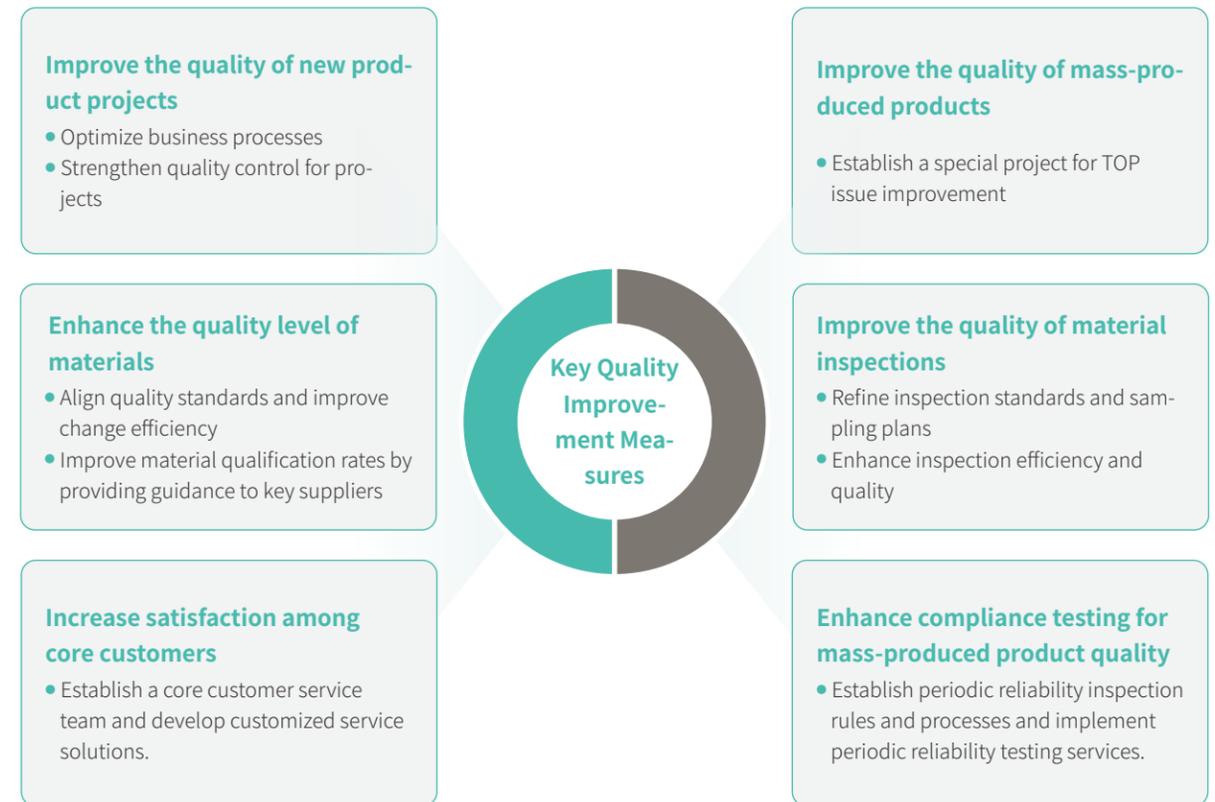
Product Quality Improvement

In 2024, LAZZEN implemented a continuous quality management mechanism, supplemented by QCC (Quality Control Circle) initiatives and improvement recommendations to optimize business processes, strengthen project quality control, and establish a TOP Issues Improvement Initiative.

Key Performance Indicators

Quality management framework certification coverage:
100%

Product sampling pass rate improved from **96.6%** in 2023 to **99.1%** in 2024.



Quality Risk Monitoring

To strengthen quality risk control, LAZZEN conducts incoming material inspection management through QMS to ensure the quality of incoming materials. On-site quality risks are effectively controlled through first article inspection, in-process inspection, warehouse entry inspection, and pre-shipment inspection. Regular monthly quality meetings and annual management review meetings are held to assess product quality risks, the performance levels and trends of quality objectives, and to determine quality improvement directions. At the same time, by conducting regular internal audits and inspections to identify areas for improvement in quality management across business departments, we promptly follow up on non-conformity corrections and enhance the consistency of operations and quality management processes, thereby comprehensively improving the Company's quality management level.



Quality Incentive Evaluation Activities



Quality Training

In 2024

LAZZEN organized a total of three quality incentive evaluation activities, with **218** candidates submitted. After evaluation, five individuals received first-level incentives, **14** received second-level incentives, and **127** received encouragement awards.

The Company conducted a total of **38** quality training sessions, including **32** internal instructor-led sessions and six sessions conducted by external instructors.

Product Recall

LAZZEN has established management systems such as the *Customer Return and Recall Management Procedure* and the *Non-Conforming Product Management Procedure*, creating a comprehensive after-sales issue resolution process and emergency response plan. These ensure that both standard and sample order returns and recalls are handled promptly, effectively, and reasonably, protecting both the Company's interests and the legitimate rights of customers. In 2024, LAZZEN revised the *Customer Return and Recall Management Procedure*.

Product Recall Process

- Customers submit quality replacement requests, complaints, and return applications.
- Non-quality returns: Information is audited and processed to issue recall notices; Quality-related returns: Information is audited, recall notices are issued, and on-site after-sales service is initiated.
- Count and confirm the quantity of returned products.
- Conduct a preliminary inspection of the returned products.
- Confirm the quality analysis and handling plan for the returned products. Based on three categories of quality issues—safety and major impact issues, batch issues, and general issues—decisions are made through meetings. Conduct a meeting for decision-making, complete product recall lists and notices, and initiate the recall process.
- Issue rework/repair plans for returned products and ship as needed.
- Disassemble or dispose of the returned products.

In 2024

The number of products recalled was

0

The sales revenue affected by recalled products was

0

The number of product recall incidents was

0

Customer Service

LAZZEN has established a comprehensive customer service system and an after-sales complaint handling mechanism to continuously enhance customer satisfaction. Additionally, LAZZEN strictly regulates distributor cooperation and actively organizes training programs to strengthen standardized management and improve market competitiveness.

Customer Service Management

To further improve customer service quality, LAZZEN has focused on building a well-structured management framework. This system includes a preemptive quality issue escalation and resolution mechanism, as well as an after-sales customer complaint handling mechanism. Through preventive management and rapid response measures, LAZZEN ensures that effective actions are taken before issues arise and that any problems are swiftly resolved. This approach provides customers with more reliable and high-quality products and services, ultimately enhancing customer satisfaction.

The *Customer Complaint and After-Sales Handling Management Procedure* outlines the responsibilities of distributors/offices, the Customer Technical Service Department, various technical support departments, the Process Quality Department, and other relevant departments. We also set clear guidelines for record-keeping and follow-up actions to ensure a structured and efficient customer service process.

In 2024

The overall customer satisfaction score was **93.11**.



LAZZEN After-Sales Service Five-Star Certification



Customer Appreciation Letter

Customer Service Honors and Awards

Honors and Awards



2024 Strategic Partner of the China Survey and Design Association Electrical Branch



2024 Excellent Supplier of Vertiv Technology



2023 Outstanding Partner of Sungrow Power Supply Co., Ltd.



2024 Quality Supplier of China Southern Power Grid



Shuoguang Award - Preferred Partner in Government Procurement for Construction



2023 Best New Supplier Award of Goldwind



Best Service Award at the Inovance Technology Supplier Conference



2023 Best Collaboration Award of Hopewind



2024 "Star Plan" Dealer After-Sales Elite Training

In 2024, LAZZEN launched a 5-day "Star Plan" dealer after-sales course. The course covered product knowledge training on molded case circuit breakers, dual power supplies, control isolation switches, frame and micro-circuit breakers, including theoretical learning, practical operations, fault case sharing, and examinations.



2024 "Star Plan" Dealer After-Sales Elite Training Class

Responsible Marketing

LAZZEN strictly adheres to national laws and regulations, including the *Advertising Law*, in managing the promotion of its products and services and develops appropriate promotional content and marketing methods for its products and services. LAZZEN has formulated a *Dealer Manual* that specifies areas of dealership, product pricing and sales conditions, after-sales service and guarantees, ensuring that cooperation between the dealers and the Company is conducted on a clear and fair basis. This helps build a stable and win-win dealer network, improving market competitiveness and achieving mutual development goals.

In 2024, LAZZEN conducted 25 channel policy briefings covering more than 230 dealers, 15 LCM system training sessions and 13 of-line briefings on performance indicator adjustments.



Channel Policy Briefings



"Insight to Innovation, Collaboration for Impact" Series

In 2024, under the theme "Insight to Innovation, Collaboration for Impact", LAZZEN organized 16 nationwide events covering fields such as smart power distribution, intelligent living solutions, energy storage, wind power, and electrical safety in healthcare facilities. From Ningbo to Xiamen, Beijing to Zhuhai, Shanghai to Tianjin, and the Xiong'an New Area, LAZZEN's footprint extended across China. Through brand salons, technical seminars, product showcases, and executive round tables, the Company engaged in in-depth exchanges with industry experts, academic institutions, and enterprise partners. These events focused on sharing cutting-edge practices in new energy technology applications, smart energy systems, and green hospital construction, while jointly exploring emerging industry trends and technological advancements.



Exclusive Smart Energy Roundtable at the Hangzhou Bay Super Factory



2024 LAZZEN Partner Summit: "Intelligence & Strategy, Shared Growth & Success"

LAZZEN Joins as a Council Member of the Campus Service Development Council (2024)



Symposium on Hospital Electrical Safety & Smart Facility Management, Discussing Innovative Solutions to Elevate the Smart Healthcare Portfolio



Customer Privacy and Information Security

LAZZEN strictly follows relevant laws and regulations, such as the *Data Security Law* and the *Cybersecurity Law*, to strengthen its information security defenses comprehensively. LAZZEN has established an information security management framework covering key areas such as equipment security, network security, data security, and both software and hardware security, ensuring multi-dimensional protection for information security. The internal digital platform is equipped with advanced security permission management functions to precisely implement data access control and permission allocation, effectively safeguarding data security and privacy. LAZZEN has obtained ISO 27001 Information Security Management System certification.

LAZZEN has established a comprehensive contingency plan for information security emergencies, covering critical domains such as network risk assessments, information security training, and simulated exercises. We conduct regular network risk assessments, systematically identifying and evaluating potential security threats through *Information Security Risk Assessment Forms* and *Annual Information Security Planning Documents*. Based on these evaluations, risk levels and impact scopes are determined, and corresponding response measures are formulated. To reinforce employees' awareness and technical proficiency, we organize mandatory information security training programs aligned with industry best practices. Additionally, quarterly simulated security breach drills are conducted to validate the efficacy of emergency protocols, ensuring swift and coordinated responses to incidents. This proactive approach guarantees the secure, stable, and uninterrupted operation of business-critical systems.

LAZZEN has implemented a multi-layered information security control framework, incorporating technologies such as aTrust VPN, WAF (Web Application Firewall), situation awareness systems, and enterprise-grade antivirus software, to comprehensively safeguard data, software/hardware, networks, and devices. Together, these measures form a robust barrier for information security and privacy protection.



01

Data Security: Ensure the security of end-user devices through Leagsoft's Access Control and Desktop Management Systems and Sangfor's Internet Behavior Management System and establish data backup and recovery mechanisms, including core business data backup in the headquarters server room, an off-site disaster recovery data center, and regular disaster recovery drills to ensure high availability and stability of data.



02

Software and Hardware Security: Implemented enterprise-grade ESCT antivirus software for centralized threat detection and removal and utilized Leagsoft's UniDesk system to control physical interfaces of terminal devices, preventing unauthorized external device access.



03

Network Security: Leveraged Sangfor Situation Awareness System for real-time monitoring and analysis of internal network threats, enabling timely incident response to maintain a secure internal environment and enforced switch ACL policies, firewalls, and bastion hosts to isolate production zones, office zones, and internet access points, ensuring secure access and auditability for critical business systems



04

Infrastructure Resilience: Equipped data centers with fire suppression systems, UPS power supplies, and climate control systems (constant temperature/humidity) and implemented strict access controls, emergency protocols for catastrophic failures, and regular drills to guarantee uninterrupted operation of business-critical systems.

Multi-layered Information Security Protection System



Red Team Penetration Testing at LAZZEN

To validate the effectiveness of its security defenses, LAZZEN conducted Red Team penetration testing to identify vulnerabilities and weaknesses in its security infrastructure. This initiative enabled the Company to develop improvement plans and mitigate potential security risks. Validated through simulated adversarial exercises, LAZZEN's security defense architecture demonstrated the capability to pinpoint attack sources, identify malicious actors, and successfully block attack attempts, ensuring the security and stability of business-critical systems.



In 2024

LAZZEN conducted
3 information security audits

06

Sustainable Compliance Governance

Concept

LAZZEN adheres to the philosophy of sustainable development, guided by Party-building principles, strictly complies with laws and regulations, and continuously improves corporate governance mechanisms. The Company strengthens risk control and compliance management, fosters an ethical work environment, and promotes adherence to business ethics among suppliers and distributor partners, contributing to a healthy and orderly commercial ecosystem.

Our Actions

- Sustainable Development Management
- Risk Control and Compliance
- Corporate Governance
- Business Ethics

Key Performance

LAZZEN conducted one training session for the newly appointed ESG Committee

The Company organized **39** investor communication activities

No cases of corruption lawsuits have occurred

Supporting of the UN SDGs



Sustainable Development Management

Guided by ESG principles, LAZZEN remains steadfast on its sustainable development path. It actively enhances communication and collaboration with stakeholders, incorporates diverse perspectives into decision-making, and ensures transparency in its sustainability strategies.

ESG Philosophy

Aligned with the national carbon peaking and carbon neutrality goals, LAZZEN integrates ESG practices into daily operations under the working guidelines of "Market-Driven Growth, Product Leadership, Quality & Efficiency Enhancement, and Performance Orientation". LAZZEN continuously refines its ESG strategy, implements targeted initiatives, and strives to maximize environmental and social contributions while achieving economic value.

ESG Governance Structure

LAZZEN has established a three-tier ESG management framework comprising governance, management, and execution layers. During the reporting period, the Company restructured its Sustainability Committee to optimize workflows and ensure the effective achievement of ESG objectives.

During the reporting period

LAZZEN conducted one training session for the newly appointed ESG Committee.

Awards and Honors



China Listed Companies Association
2024 Best Practice Case Award for Sustainable Development of Listed Companies

Awards and Honors



Southern Metropolis Daily
2024 ESG Innovation Pioneer Enterprise Award

2024 年公司可持续发展领域所获奖项

ESG Risk Identification

In developing its ESG management framework, LAZZEN systematically identifies ESG-related risks and opportunities tied to business operations. Through risk inventories and materiality assessments, the Company clarifies risk impacts and root causes, embeds ESG risk management into corporate governance, and enhances risk mitigation capabilities to ensure timely and effective responses.

Stakeholder Communication

LAZZEN prioritizes stakeholder rights and demands, maintaining close two-way communication and standardizing ESG information disclosure processes to address key concerns. By actively incorporating stakeholder feedback, the Company integrates sustainability into its operations and strategic planning, driving progress toward long-term ESG goals.

Stakeholder Groups	Topics of Interest Related to ESG	Engagement and Actions
Investors and shareholders	<ul style="list-style-type: none"> Corporate governance Risk management Information disclosure R&D innovation 	<ul style="list-style-type: none"> Earning release briefing Improving business performance Enhancing R&D and innovation
Government and Regulators	<ul style="list-style-type: none"> Compliance with laws Sustainable development Anti-corruption Employee rights protection Social welfare 	<ul style="list-style-type: none"> Daily communication Legal employment Social welfare
Customers	<ul style="list-style-type: none"> Product quality Customer service Customer privacy protection 	<ul style="list-style-type: none"> Improving product quality Timely resolution of customer issues
Suppliers	<ul style="list-style-type: none"> Responsible supply chain management Stable and secure cooperative relationships 	<ul style="list-style-type: none"> Contract compliance in accordance with laws Cooperation with integrity Improving systems and policies
Employees	<ul style="list-style-type: none"> Employee Employment Employee career development Occupational health Work safety 	<ul style="list-style-type: none"> Employee rights protection Enhancing communication channels Employee training and skill development Ensuring work safety
Community	<ul style="list-style-type: none"> Green production Community Welfare 	<ul style="list-style-type: none"> Social welfare Active communication and engagement with the community
Environmental	<ul style="list-style-type: none"> Environmental compliance management Resource management Pollutant and waste emission management Chemical management 	<ul style="list-style-type: none"> Environmental information disclosure and auditing Green factory

Material Issue Analysis

Based on the results of communication with various stakeholders and the own operational conditions, along with excellent industry cases, LAZZEN conducted in-depth research on the Shenzhen Stock Exchange *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)*, *Self-Regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange – Sustainability Report Compilation*, and *GRI Sustainability Reporting Standards*, among other related regulations. With reference to expert opinions and suggestions, the Company ultimately determined material issues matrix for 2024.

Identification	<ul style="list-style-type: none"> Conducted a retrospective analysis of the previous year's materiality topic pool by integrating Stock exchange regulations, industry development trends, and company-specific operational performance.
Evaluation	<ul style="list-style-type: none"> Assessed the importance of issues through ongoing stakeholder engagement in daily operations and centralized questionnaire distribution. Collected 113 valid questionnaire responses
Matrix Construction	<ul style="list-style-type: none"> Evaluated financial importance and impact importance based on questionnaire feedback, expert insights, and industry benchmarks to determine the material issues assessment results.
Disclosure	<ul style="list-style-type: none"> Finalize the 2024 materiality matrix based on the assessment results and disclose it after approval by the Board of Directors.

Material Issue Analysis Process



Corporate Governance

LAZZEN strictly adheres to laws and regulations to ensure the legal and compliant operation of its corporate governance structure. It places great importance on information disclosure, ensuring the authenticity, accuracy, and timeliness of the information, safeguarding investors' right to know, and communicating with investors through multiple channels to enhance their understanding and trust in the Company. Additionally, the Company adheres to the leadership of the Party, fully utilizes the political core role of the Party organization, and ensures that the company moves in the right direction of development.

Board Structure and Governance

Organizational Structure

In accordance with the *Company Law*, *Securities Law*, and other relevant laws and regulations, LAZZEN has established an internal control system for corporate governance, centered around the *Articles of Association*, with detailed guidelines such as the *General Meeting of Shareholders Rules*, *Board of Directors' Meeting Rules*, and *Board of Supervisors Rules*. This structure forms a decision-making and operational system with the General Meeting of Shareholders, Board of Directors, Board of Supervisors, and the management layer as the main bodies.

During the reporting period, LAZZEN revised certain provisions of the Articles of Association, improving governance clauses such as those for the General Meeting of Shareholders, Board of Directors, and Board of Supervisors. The Company continually improves its governance structure, standardizes operations, and enhances the quality of corporate governance, providing a favorable management decision-making environment and strong support for the Company's standardized development.



Board of Directors Composition



- 9 Board of Directors
- 1 Female Director
- 3 Independent Directors

Board of Supervisors Composition



- 3 Employee Supervisors
- 2 Female Supervisors
- 1 employee supervisor

Awards and Honors



China Listed Company Association
4A Award for Performance of Board Secretary

Awards Received During the Reporting Period

Investor Relations

Investor Engagement

LAZZEN places great importance on engagement with investors, always considering the protection of investor rights as an important responsibility. To this end, we continuously optimize the engagement mechanisms, actively expand engagement channels, and ensure the timeliness, accuracy, and transparency of information transmission. We enhance engagement with investors and shareholders through various channels, including General Meeting of Shareholders, earning briefings, roadshows, on-site research, and conference calls, ensuring the protection of shareholders' engagement and legal rights.

Key Performance Indicators

Investor Exchange Activities	Investor Relations Activity Records	Earnings Briefings
39 Session(s)	8 Time(s)	3 Time(s)
Interactive Platform Q&A with Investors	Telephone Communications	On-site Investor Visits & Conference Calls
61 Time(s)	60 Time(s)	39 Time(s)

Protection of Small and Medium Investors' Interests

LAZZEN actively communicates with the Shenzhen Stock Exchange's regulatory body to learn regulatory requirements and participates in seminars organized by the Small and Medium Investors Service Center to learn about listed company operations and methods for communicating with small and medium investors. Additionally, the Company maintains active communication with small and medium investors through the investor relations interactive platform to ensure smooth communication channels and effectively protect the interests of small and medium investors.

Information Disclosure

To ensure transparency in company operations and protect the legal rights of shareholders, investors, partners, and the public, and to ensure that they fully exercise their rights to information, we strictly adhere to national laws and regulations and regulatory requirements, upholding principles of integrity and compliance. We disclose information in a timely and compliant manner on designated websites.

During the reporting period

LAZZEN made **110** compliant disclosures of various announcements

Awards and Honors



Panoramic Network
Investor Relations Gold Award (2023)

Awards and Honors



Jinmen Finance
2024 Best Innovative Practice Award in IR Data

Awards for Investor Relations During the Reporting Period

Strengthening the Foundation Through Party Building

The Company's Party General Branch Committee consistently centers on core operational tasks, fully leveraging the Party organization's role as a fighting fortress and Party members' exemplary role as pioneers and models. By continuously enhancing Party-building efforts, it solidifies a robust political foundation and organizational support for the LAZZEN's sustainable and stable development.

Guided by the general requirements of "studying ideology, strengthening Party spirit, emphasizing practice, and creating new achievements", LAZZEN formulated an annual study plan, organizing in-depth study sessions on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the 20th CPC National Congress. Thematic education was carried out thoroughly, including developing implementation plans, organizing specialized Party lectures, and arranging visits to red education bases, to elevate Party members' ideological and political qualities and work ethics.

In 2024, LAZZEN organized 16 theoretical study sessions and 5 special discussions, covering 109 Party members in total.

Risk and Compliance

LAZZEN places high importance on the management of compliance, risk, and tax, striving to establish and improve corresponding management frameworks and operational processes to enhance risk prevention capabilities.

Compliance Management

LAZZEN closely integrates updates in laws and regulations, changes in regulatory requirements, and the evolution of the market environment to timely update compliance management framework documents. This ensures better adaptation to dynamic external changes and further improves internal management levels.

Regular Mechanism

- Annual review and update of laws, regulations, policies, and institutional documents related to ROHS, intellectual property, information security, EHS (Environment, Health, and Safety), and energy modules.



Revision of the *Company Law*

- Revise the Company's articles of association and related management frameworks in accordance with the revised *Company Law* in 2024.

Mechanism for Identifying Laws and Regulations with Significant Impact on Operations

Risk Control

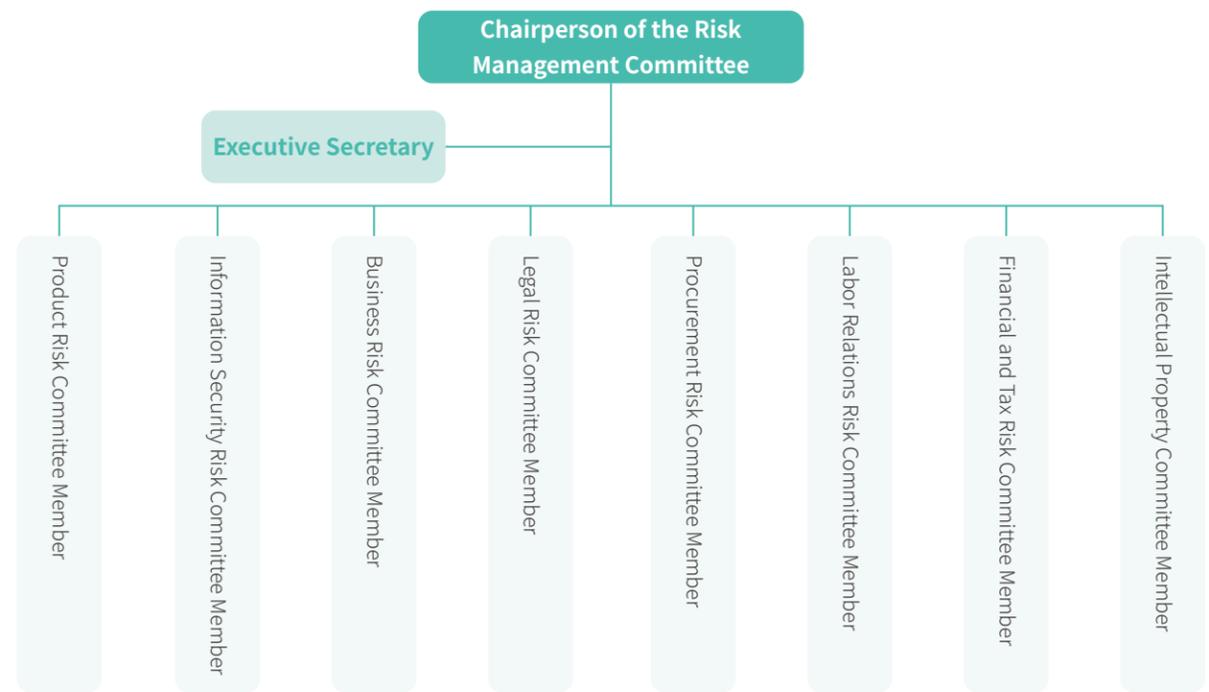
LAZZEN has established a comprehensive system for identifying, analyzing, and evaluating risks and opportunities, taking corresponding measures to strengthen internal controls, improve operational management, and enhance risk prevention capabilities, thereby promoting sustainable development.

Risk Governance

LAZZEN has built a "Three Lines of Defense" risk prevention framework, establishing a comprehensive and centralized audit supervision network to prevent major risk incidents and support the achievement of strategic goals. During the reporting period, the Company revised the *Enterprise Risk Management Framework*, adjusting the risk management organizational structure and responsibilities.



"Three Lines of Defense" for Risk Prevention



Risk Management Organization of LAZZEN

Risk Identification and Management

LAZZEN continuously identifies risks in key areas and implements risk prevention measures. Through performance evaluations, meeting follow-ups, and system processes, we ensure the formulation and implementation of risk response measures. Additionally, in accordance with the *Basic Standards for Enterprise Internal Control* and supporting guidelines, we prepare an internal control risk matrix based on actual conditions, regularly identifying, assessing, monitoring, responding to, and improving risks.

We update legal education articles monthly and provide legal and risk management training for new employees to enhance compliance awareness and risk prevention capabilities. This ensures employees are proficient in risk management processes, improving overall risk response levels.

Customer Payment Risk

- Conduct pre-assessment of customer creditworthiness, payment terms, order release, and commercial bill acceptance through the Cash Flow Management Committee. During the process, business, legal, and lawyers handle non-litigation collections. Post-event, initiate lawsuits to control risks and reduce bad debt risks.

Quality and RoHS Risk

- Regularly hold high-level quality monthly meetings. Assess risks in quality management systems through regulations, internal audits, and management reviews.

Information Security Risk

- For facial recognition expansion in the park, issue notices and organize consent agreements.
- Conduct internal self-inspections and hold Risk Management Committee meetings in response to software vendors' claims of pirated software usage. Implement resolutions through regulations and signed documents.

Labor Dispute Risk

- Conduct background checks on job candidates. Timely update employee handbooks. Properly handle relocation of Haiyan employees, including workplace changes and contract entity updates.

Intellectual Property Risk

- Establish an intellectual property compliance management system to define risk assessment processes, patent risk levels, and response strategies. Execute patent risk assessments through the IPD (Integrated Product Development) process. Annually review the effectiveness of risk control measures through internal and external audits of the intellectual property compliance management system and make timely improvements.

Annual Risk Identification Results During the Reporting Period

During the reporting period

LAZZEN experienced no negative incidents related to risk or compliance.

1	法知等距离 (2024年第11期) - 海外专利申请 (二) - 巴黎公约的申请	发件人: 杨林	发布单位: 知识产权部	发布日期: 2024-11-20	浏览量: 0
2	法知等距离 (2024年第10期) - 医疗器械设备采购合同风险控制	发件人: 丁博博	发布单位: 采购部	发布日期: 2024-10-14	浏览量: 0
3	法知等距离 (2024年第9期) - 关于合同解除条件的法律风险提示	发件人: 张明强	发布单位: 法务部	发布日期: 2024-09-12	浏览量: 0
4	法知等距离 (2024年第8期) - 新《公司法》五年内追认: 有哪些条件?	发件人: 刘博	发布单位: 法务部	发布日期: 2024-06-17	浏览量: 0
5	法知等距离 (2024年第5期) - 专利法第四次修改的主要内容	发件人: 张明强	发布单位: 知识产权部	发布日期: 2024-05-29	浏览量: 0
6	法知等距离 (2024年第4期) - 签合同时要关注的10个法律问题	发件人: 刘博	发布单位: 法务部	发布日期: 2024-04-03	浏览量: 0
7	法知等距离 (2024年第3期) - 专利申请及维护重要时间节点	发件人: 王慧娟	发布单位: 知识产权部	发布日期: 2024-03-26	浏览量: 0
8	法知等距离 (2024年第2期) - 关于合同的法律提示	发件人: 丁博博	发布单位: 采购部	发布日期: 2024-02-27	浏览量: 0
9	法知等距离 (2024年第1期) - 一文读懂商业秘密	发件人: 张明强	发布单位: 知识产权部	发布日期: 2024-01-31	浏览量: 0

Monthly Update Legal Education Articles

Internal Audit

LAZZEN has established a risk-oriented audit framework based on business cycles and key operational elements, fully utilizing existing audit resources to inspect key risks in business operations. We have formulated the *Internal Audit System* and the *Departure Audit Management Framework*. During the reporting period, we revised the *Internal Audit System*, adding principles for handling complaints and reports, clarifying approval processes for audit projects, introducing special audits and internal investigation workflows, and updating audit templates.

During the reporting period, the Audit Department established a "Audit & Business" dual-cycle model on top of the existing audit cycle, promoting the application of audit results and ensuring effective implementation of audit rectifications. This achieves "integration of business and audit", building a new ecosystem for enterprise risk management.



Overall Objectives of the Audit Work

Sales and Receivables Cycle

- Product Pricing, Special Price Management, Credit Limits
- Sales Orders, Freight Costs, Reverse Logistics
- Accounts Receivable, Other Receivables

Procurement and Payment Cycle

- Supplier Management
- Procurement Pricing and Allocation Ratios
- Accounts Payable

Finance (Monetary Funds Cycle)

- Financial Budgeting
- Monetary Funds, Notes Receivable
- Fundraising

Materials (Production and Inventory Cycle)

- Real Estate, Production Equipment, Office Equipment
- Inventory, Molds, Low-Value Consumables
- Scrap Materials

Human Resources (HR and Payroll Cycle)

- Production Safety
- Employee Benefits
- Payroll Accounting
- Labor Services

Internal Audit Governance Framework

Disclosure Item	Unit	2022	2023	2024
Risk/Audit Training	Time(s)	1	4	4
Total Employees Covered by Risk/Audit Training	Person	200	200	200
Management Covered by Risk/Audit Training	Person	0	50	15
Percentage of Management Covered by Training	%	0	100	20
Total Employee Learning Hours	Hour(s)	2	2	2
Employees Trained in Compliance	Person	250	1,500 ^[1]	100
Compliance Training Hours	Hour(s)	2	2	2

Note: [1]Employee compliance training numbers are for company-wide training in 2023, and management training in other years.

Tax Management

LAZZEN consistently adheres to the principle of tax compliance. To strengthen tax management and ensure lawful operations and honest tax payment, the Company has established the *Tax Management Framework*. This framework clearly defines the responsibilities and authorities of various departments and personnel in tax management, standardizing key processes such as tax registration, tax filing, invoice usage and management, tax planning, and archival management.

Improving Systems and Compliance Building

- Established a comprehensive tax management framework, clarifying management processes and responsibilities, and conducted dynamic risk assessments to formulate risk control measures.
- Adhere to lawful tax payment, ensuring the authenticity and completeness of tax-related documents, timely and accurate tax declaration and payment, and strict compliance with tax disclosure obligations, actively cooperating with tax regulatory authorities.

Responding to Policies and Enhancing Capabilities

- Continuously monitor and study national tax policies, regularly conduct internal tax training, and promote the deep integration of business, finance, and tax operations. Optimize tax-related processes and enhance the professional capabilities of its tax team to achieve rapid adaptation and compliant implementation of policy changes.

Leveraging Digital Risk Control to Optimize Efficiency

- Utilize digital tools to improve tax transparency and reduce compliance costs.
- Regularly conduct self-assessments of tax risks and collaborate with professional consulting firms to strengthen compliance reviews, ensuring standardized and secure tax operations.

Building Long-Term Mechanisms

- Committed to achieving the normalization and standardization of tax risk management. Establish a sustainable tax risk prevention and control mechanism through system improvement, technological empowerment, and personnel capability building, providing a solid foundation for the steady development of the business.



Tax Risk Response Measures

Business Ethics

LAZZEN upholds a strong sense of social responsibility and professional ethics, maintaining a zero-tolerance policy toward corruption, strictly enforcing anti-corruption policies to ensure integrity and transparency in its operations. LAZZEN firmly opposes all forms of monopolistic behavior and unfair competition, adhering to market competition rules and fostering a fair and just business environment.

Anti-Corruption

Anti-Corruption Governance and Strategy

LAZZEN strictly follows national anti-corruption and integrity policies by formulating the *Integrity and Compliance Management Measures* and establishing a comprehensive integrity management framework. A Sunshine Business Management Committee has been set up to promote a culture of integrity. Any violations of laws, regulations, or Company interests are subject to investigation and action to prevent fraud and corruption, fostering a healthy business environment and ensuring the stable development. In 2024, LAZZEN revised the *Integrity and Compliance Management Code*, further clarifying ethical conduct standards.

Guided by the principles of integrity and self-discipline, LAZZEN strengthen anti-corruption measures through institutional development, training, and supervision, aiming to build an ethical and transparent business environment to drive the Company's sustainable growth.

The Sunshine Business Management Committee oversees employee conduct, integrity practices, and relevant business activities. All employees sign the *Integrity and Compliance Commitment*, participate in anti-corruption training, and adhere to ethical work practices, ensuring that all operations are conducted with transparency.

During the reporting period, LAZZEN organized specialized training on *Prevention of Commercial Bribery* for key internal positions. The training provided insights into different forms of commercial bribery and their legal risks, continuously enhancing employees' awareness of anti-corruption measures.



Training on Prevention of Commercial Bribery



Sunshine Operation Management Framework

Anti-Corruption Risk Management

LAZZEN continuously strengthens anti-corruption risk management by improving institutional frameworks, enhancing supervision mechanisms, and standardizing business operation processes. Strict disciplinary measures serve as a strong deterrent, establishing a comprehensive Sunshine Business Management Framework that encompasses prevention, supervision, and post-incident handling, fostering an organizational culture where employees "No Unwilling to Corrupt, Unable to Corrupt, No Courage to Corrupt".

LAZZEN places great importance on complaints and reports, establishing strict handling procedures with clear response timelines. Additionally, a protection mechanism for whistleblowers has been implemented to safeguard their rights.



Initiative Letter for Integrity During 2024 National Day and Mid-Autumn Festival

	Unwilling to Corrupt	Unable to Corrupt	No Courage to Corrupt
Pre-Event Prevention	<p>Integrity Culture</p> <ul style="list-style-type: none"> Rule-Setting: clearly define "code of conduct red lines" Personnel Screening: conduct background checks for sensitive positions Organizational culture: Managers exemplify integrity Training and education: regular integrity and legal education Contractual commitments: sign <i>Integrity Commitment Letters and Integrity Agreements</i> 	<p>Establish Rules</p> <ul style="list-style-type: none"> Responsible Body: Sunshine Business Ethics Committee Policy Document: develop <i>Integrity Management Guidelines</i> Process Standardization: Replace individual discretion with process-oriented workflows Digital Controls: implement IT-driven operations to reduce human intervention 	<p>Rule of Law Education</p> <ul style="list-style-type: none"> Integrity Cases Presentation: conduct workshops on anti-corruption cases and reflection on economic crime cases Legal education: disseminate integrity case studies and learn from the experiences of economic offenders Public announcements: internally announce and circulate typical cases, and organize study sessions
In-Event Control	<p>Voluntary declaration</p> <ul style="list-style-type: none"> Gifts/Benefits: report gifts/benefits received proactively Conflicts of Interest: disclose conflicts of interest Family/Friend Ties: Declare relationships & cooperate with investigations 	<p>Internal Checks</p> <ul style="list-style-type: none"> System Alerts: embed data anomaly alerts into IT systems Departmental reviews: business units conduct self-inspections Rotation policy: rotate sensitive roles periodically 	<p>Audit Mechanisms</p> <ul style="list-style-type: none"> Audit Checks: regular/unannounced audits by Internal Audit Executive engagement: committee members engage partners regularly
Post-Event Supervision	<p>Whistleblower channels</p> <ul style="list-style-type: none"> Audit mailbox Complaints to the Sunshine Business Ethics Committee 	<p>Supervision and inspection</p> <ul style="list-style-type: none"> Investigative measures Internal investigations: commissioned by the committee chair External investigations: engage forensic experts or law enforcement 	<p>Penalties & Legal Action</p> <ul style="list-style-type: none"> Multi-Level accountability: individual, managerial, and leadership accountability Sanctions: warnings, termination, fines, restitution Legal consequences: referral to judicial authorities

Comprehensive Anti-Corruption Management Framework

- Audit Department delivered a keynote speech titled Transparent Cooperation, Shared Future at the Global Partners Conference, communicating to all partners the Company's commitment to transparent operations and the supplier code of conduct, which emphasizes "no gifts, no kickbacks, no unfair advantages, and zero tolerance for violations, with accountability for any breaches."
- Risk Control Department organized a specialized training session on Prevention of Commercial Bribery for key personnel, educating them on the various forms of commercial bribery and the associated legal risks.

- Audit Department revised the Integrity Management Guidelines, defining 3 core principles and 24 specific behavioral standards for ethical conduct.
- Audit Department organized an "Integrity and Self-Discipline: Sailing with Integrity" training for mid-level and senior managers, culminating in a collective Sunshine Business Pledge.
- Audit Department issued the Integrity as the Cornerstone, Integrity for the Festive Season ethical conduct guidelines during the Mid-Autumn and National Day holidays.

- Audit Department conducted a company-wide training and examination on the Integrity Management Guidelines, with all employees signing the Integrity Commitment Pledge.
- Audit Department launched a Supplier Integrity Self-Declaration and Audit Program, combining voluntary supplier disclosures with random audits to detect violations and deter misconduct.
- Audit Department reissued the Integrity as the Cornerstone, Integrity for the Festive Season guidelines during the New Year and Spring Festival holidays.

2024 Anti-Corruption Management Measures

Complaint and Whistleblowing Channels

- Board of Directors (written or verbal submissions)
- Email: audit@sh-liangxin.com



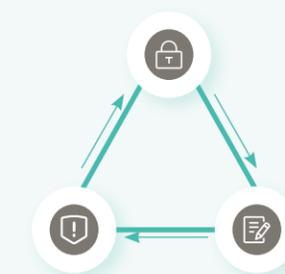
Timeliness of Complaint and Whistleblowing Handling

We complete investigations within one month, provide feedback to the Sunshine Business Ethics Committee and the reported individual(s), and issue the Audit Investigation Report. The maximum duration of the audit investigation shall not exceed three months. For complaints and reports that are complex and require high professional expertise, professional institutions may be engaged to conduct external investigations.

Handling of Complaints and Whistleblowing Cases

The Audit Department is obligated to maintain confidentiality regarding the information of complainants and whistleblowers. According to the *Internal Audit System*, any audit personnel who violate confidentiality principles or disclose whistleblower identities shall be subject to disciplinary actions and penalties.

Information related to complaints/reports is restricted to a strict need-to-know basis and investigations are conducted confidentially and are not disclosed publicly.



Whistleblower Protection Mechanism

We support anonymous complaints and whistleblowing reports, which are investigated and handled with the same rigor as real-name reports.

Anti-Corruption Management Indicators

During the reporting period

LAZZEN did not have any corruption-related lawsuits.

Disclosure Item	Unit	2024
Number of corruption lawsuits filed and concluded by regulatory authorities against the issuer or its employees	Case(s)	0
Number of anti-corruption and anti-bribery whistleblowing reports	Case(s)	2
Total number of directors covered by anti-bribery and anti-corruption training	Person	5
Percentage of directors covered by anti-bribery and anti-corruption training	%	55
Total number of management personnel covered by anti-bribery and anti-corruption training	Person	68
Percentage of management personnel covered by anti-bribery and anti-corruption training	%	100
Total number of employees covered by anti-bribery and anti-corruption training	Person	1,600
Percentage of employees covered by anti-bribery and anti-corruption training	%	80

Anti-Corruption Management for Suppliers and Distributors

LAZZEN upholds the principles of integrity, transparency, and openness in cooperation, establishing collaborative mechanisms with partners and suppliers while firmly resisting commercial bribery. To ensure compliance and ethical business practices, LAZZEN signs *Integrity Cooperation Agreements* with partners, explicitly stating the whistleblowing email address. Periodic inspections are conducted to reinforce the foundation of mutual trust and integrity. Additionally, suppliers are required to participate in anti-bribery training to promote stable and sustainable business development.

Supplier Integrity & Ethical Compliance Declaration Form

During the reporting period,

LAZZEN did not report any corruption-related lawsuits involving suppliers or distributors.

Integrity Cooperation Agreement

Anti-Monopoly and Fair Competition

To safeguard a fair and equitable market environment, foster orderly market dynamics, and promote constructive collaboration between LAZZEN and our partners, we are committed to building a healthy and sustainable market ecosystem that lays a robust foundation for long-term stability and growth. The contract between the Company and its distributors expressly requires both parties to adhere to the market maintenance provisions outlined in the Distributor Agreement and the Market Compliance Management Rules, safeguarding orderly market competition.

Market Maintenance Clauses in the *Distributor Agreement*

In 2024

all distributors have signed the updated Distributor Agreement incorporating anti-monopoly and fair competition provisions.

No incidents of monopoly practices or unfair competition violations were reported.

07

Uniting Hearts Toward a Shared Vision

Concept

LAZZEN strictly adheres to laws and regulations in the employee recruitment process, continuously improving the compensation and benefits system, expanding communication channels for employees, and optimizing the promotion and training processes to foster personal growth. We place great emphasis on employee welfare, actively organizing diverse activities to enhance employees' sense of belonging and overall happiness. We strictly comply with national laws and regulations regarding production safety and occupational health, ensuring the effective implementation of safety measures and improving the efficiency of safety production and occupational health management.

Our Actions

- Employee Management
- Work Safety and Occupational Health

Key Performance

Campus recruitment as a percentage of annual talent hiring **40%**

Average employee satisfaction scores **6.10** points out of 7

Employee work safety investment RMB **1.2432** million

Supporting of the UN SDGs



Employee Management

LAZZEN strictly adheres to the *Labor Law* and relevant regulations, safeguarding employees' legal rights, continuously optimizing the compensation system, clearly defining employee promotion pathways and training mechanisms, facilitating communication channels, providing a variety of employee benefits, and organizing diverse activities. LAZZEN The Company is committed to understanding and addressing employees' needs, increasing their satisfaction and sense of belonging.

Employee Employment and Rights

Employee Employment Governance

The company has established the *Human Resource Management Policy* and related regulations, including anti-discrimination clauses to eliminate unfair treatment. We adhere to the principle of equal pay for equal work, strictly prohibit any form of discrimination, and resolutely oppose child labor and forced labor, thereby safeguarding employees' legal rights and fostering a fair, respectful, and inclusive workplace.

All full-time employees must sign legally binding labor contracts upon onboarding to ensure standardized and compliant employment management. The internal recruitment and deployment processes follow the principle of "merit-based selection, competency prioritization; mutual consensus, seamless transition" to guarantee fairness and operational continuity. We encourage employees to recommend suitable candidates, with corresponding reward policies.

In 2024, we implemented clear policies and measures in talent acquisition and talent reserve, covering organizational management, personnel selection, performance management, and welfare subsidies. The regulations for recruitment-related expenses reimbursement and new employee training have been further refined.

Employee Employment Strategy

LAZZEN promotes continuous innovation and business growth by formulating precise talent acquisition and effective talent management strategies.

During the reporting period

Campus recruitment accounted for **40%** of the annual talent hiring.

Talent Acquisition

- Attract industry experts through social recruitment
- Select outstanding talents from top industry-aligned universities through management trainee programs

Talent Mapping

- Focus on building internal and external talent maps and talent pools, systematically managing and planning talent resources to ensure LAZZEN can continuously attract and retain talents

Employee Employment Strategy

Disclosure Item		Unit	2022	2023	2024
Labor Contract Signing Rate		%	100	100	100
Total Number of Employees		Person	2,270	2,594	2,355
By Gender	Male	Person	1,528	1,735	1,637
	Female	Person	742	859	718
By Employment Type	Labor contract employees	Person	2,261	2,561	2,259
	Labor dispatch employees	Person	0	0	66
	Other	Person	19	33	30
By Age	50 years old and above	Person	23	25	25
	30 to 50 years old	Person	1,514	1,692	1,697
	30 years old and below	Person	733	877	624
By Region	Employees working in Mainland China	Person	2,270	2,594	2,355
	Employees working in Other Countries	Person	0	0	0
By Education	PhD	Person	1	3	3
	Master	Person	109	119	142
	Bachelor	Person	1,185	1,182	1,188
	College	Person	279	406	348
College degree or below	College degree or below	Person	696	884	674
	Total number of junior employees	Person	1,998	2,332	2,116
	Total number of middle management	Person	257	246	228
	Number of female middle management	Person	49	46	34
	Total number of senior management	Person	15	16	11
	Number of female senior management	Person	1	1	1
By Employee Professional Category	Production personal	Person	813	989	888
	Technical personal	Person	582	787	657
	Sales personal	Person	598	649	586
	Financial personal	Person	35	31	24
	Management personal	Person	242	138	200
Foreign employees		Person	0	0	0
Minority ethnic group members		Person	6	6	6
Disabled employees		Person	0	0	1
Veterans		Person	0	0	0
New hires		Person	269	461	417

Employee Data

Financial Assistance for Employees in Need & Flexible Employment

LAZZEN provides targeted support for employees facing hardship, focusing on both professional and personal well-being. During the reporting period, the labor union implemented the 2024 Spring Festival Relief Program, assisting 5 employees in need.

To address flexible workforce demands, we adopted flexible employment models, including third-party task delegation and temporary labor contracts, to accommodate varying service durations and create more employment opportunities.

Employee Rights Governance

LAZZEN has developed management framework such as the *Performance Management System and the Compensation and Benefits Management System* to conduct scientific salary management based on employee performance evaluations. The compensation package includes three components: stock option, salary, and bonuses to ensure fair and equitable remuneration. A talent incentive and evaluation system are established, market-oriented and customer-centered, combining cash compensation and employee stock ownership. The Company continues to manage the sale of reserved shares in the employee stock ownership plan and performance evaluation.

In 2024, LAZZEN optimized the performance evaluation rules for the core team, incorporating ESG factors into the performance appraisal system for executives, further refining the management measures for employee compensation and performance to enhance the efficiency of employee rights management.

Employee Rights Strategy

LAZZEN implements a refined salary management strategy to cater to the specific needs and contributions of employees in different business lines. By considering factors such as job responsibilities, professional skills, work performance, and market salary levels, LAZZEN fully stimulates employees' work enthusiasm and creativity, promotes the stable development of talent, and helps the Company achieve its long-term strategic goals.

Democratic Communication

LAZZEN has established a labor union and employee representative congress, regularly convened Employee Representative Congress and implementing an equal consultation and collective contract framework. Through smooth democratic dialogue channels, we gather feedback from all employees and improve the VOS Voice Community to ensure the effective implementation of democratic management. We also actively promote the factory affairs disclosure framework, strengthen democratic supervision, and legally mediate labor disputes. Channels for employee complaints about salary performance, evaluation management, and other issues are provided to ensure the protection of employee rights and create a harmonious and stable work environment.



14th Session of the 7th Employee Representative Congress



In 2024, LAZZEN collected 226 employee requests through the VOS Voice Community and completed 40 suggestions.

Employee Satisfaction

In 2024, LAZZEN achieved an average employee satisfaction score of 6.10 out of 7 across seven dimensions, including leadership, relationships, purpose, structure, attitude toward change, useful mechanisms, and rewards.

Employee Promotion and Training

Employee Promotion

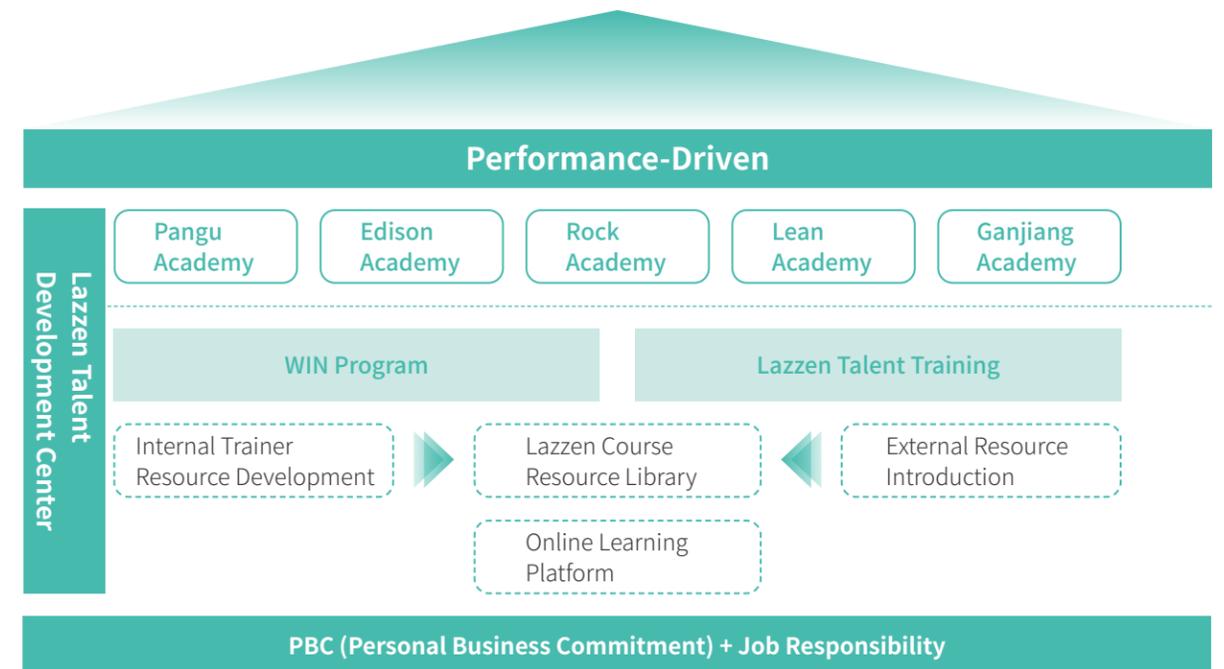
LAZZEN implements a dual-track career development path, covering both professional and management positions, allowing employees to make cross-channel promotions between different career paths. The promotion system clearly defines the qualifications for promotion and requires employees to demonstrate their capabilities and adaptability through a defense session. The evaluation standards are set based on the requirements of the training academy.

LAZZEN also implement a management rotation system for cadres to promote the comprehensive development and experience accumulation. When employees are promoted to new positions or move across levels, they are required to participate in a defense session. The frequency of these promotion defenses can be adjusted flexibly based on actual circumstances. We will continue to optimize employee promotion channels and management mechanisms in the future, providing employees with broader career development opportunities.

Employee Training

Talent Development Center is responsible for planning and managing training activities, dedicated to creating a team of internal and external experts as instructors. This center undertakes developing and implementing training courses, systematically cultivating a high-quality talent pool to support the Company's long-term development goals. Additionally, we focus on the training of reserved talent and continuous development after employees are assigned to new positions, ensuring that they can meet new job requirements and constantly enhance their skills.

Our internal training system is supported by the LAZZEN Training and Development Center, which consists of five specialized academies, each focusing on different functional areas. Training activities are planned and implemented on a monthly and quarterly basis, with a summary and review at the end of the year. We track the demand for new training programs in real time, managing and adjusting them according to the human resources system and specific regulations of each academy.



Employee Internal Training System

Disclosure Item		Unit	2024
Employee Training Investment		RMB'000	2,000
Total Number of Employees Trained		Person	39,241
Number of Training Sessions		Number	651
By Gender	Number of Male Employees Trained	Person	29,038
	Number of Female Employees Trained	Person	10,203
By Employee Category	Number of Junior and Middle Management Employees Trained	Person	39,153
	Number of Senior Management Employees Trained	Person	88
Total Training Hours for Employees		Hour(s)	47,175
By Employee Category	Total Training Hours for Junior and Middle Management Employees	Hour(s)	47,032
	Total Training Hours for Senior Management	Hour(s)	143
Total Number of Employees Who Received Performance Appraisal or Career Development Assessment		Person	1,565

New Employee Onboarding Training

During the reporting period, in order to help newly hired employees quickly familiarize understand the systems and processes, LAZZEN organized a comprehensive onboarding training program. Each session of the general training for new employees covered 16 training courses. A total of 3 sessions were held, with 150 employees participating in the training.



2024 LAZZEN WIN24 Management Trainee Onboarding Training Program

Employee Benefits and Activities

LAZZEN values employee benefits and activities, and cares about the physical and mental health of its employees. We contribute to housing provident fund and various social insurance programs, including pension insurance, basic medical insurance, unemployment insurance, work injury insurance, maternity insurance. We also regularly organize comprehensive physical check-ups for employees, ensuring 100% coverage.

LAZZEN organizes diverse cultural and sports activities and implements comprehensive welfare policies to strengthen employees' sense of belonging. We also pay attention to the needs of female employees by setting up two Nursing Rooms, providing a private, warm, and convenient space for pregnant and breastfeeding female employees. The rooms are equipped with air purifiers, water dispensers, and small refrigerators, reflecting LAZZEN's care for female employees.

Employee Benefits

- Social Insurance and Housing Provident Fund (Five Insurances and One Fund)
 - Shanghai Residency Permit
 - Subsidies for Club Activities
 - Team Building Expenses

Employee Benefits

 - Annual Employee Health Check-ups
 - Women's Care Programs
 - Financial Assistance and Donations for Employees in Need
 - Visits and Support for Sick Employees

Employee Benefits



Employee Birthday Benefits



Visit and Care for Retired Employees



Women's Day Activity

Employee Activities

LAZZEN places great importance on humanistic care, firmly believing that employees' well-being is inseparable from fostering a positive, efficient, and creative team. By actively organizing various activities, it enriches employees' cultural life in their spare time and nurtures their spiritual world.

Shaoguang Initiative

During the reporting period, LAZZEN invited employees and their families to the Shanghai headquarters and led them on a tour of the Hangzhou Bay Super Factory. This allowed employees and their families to experience the technological power brought by intelligent manufacturing and future factories, providing a close-up look at the path of product research, development, and production. This initiative deepened their understanding of the Company's culture and development history.



Shaoguang Initiative

Snake Dance Welcomes the New Year, Charting a New Chapter; Unity in Collaboration to Forge a New Landscape

In 2024, the "Opening Ceremony Banquet" celebration was scheduled for the morning of the eighth day of the first lunar month. Thousands of employees from the Shanghai headquarters, Hangzhou Bay Super Factory, Xi'an Research Institute, and national offices gathered to embark on a new journey. The event featured speeches, drum performance, a kickoff ceremony, the distribution of red envelopes, and other fun-filled activities.

With the sound of firecrackers ringing in the air, symbolizing prosperity and good fortune, Chairman Silong Ren, Director Ping Chen, and senior executives walked into the workshop to warmly engage with all employees, extending their blessings and greetings. Together with all members, they welcomed the new year with joy and determination, striving to create new stories and achievements in the year ahead.



2024 Opening Ceremony Banquet of LAZZEN

Work Production and Occupational Health

Work Safety

LAZZEN is committed to establishing and improving standardized work safety processes, enhancing the work safety responsibility system, and building smart work safety lines to optimize standardized processes and comprehensively ensure the safety of production operations.

Work Safety Governance

LAZZEN always adheres to the work safety policy of "safety first, prevention foremost, and comprehensive management". Based on the Work Safety Law of the People's Republic of China and other relevant regulations, a safety committee has been established, with clear responsibilities assigned at each level. The Company promotes standardized work safety processes, organizes annual safety months activities, and conducts regular work safety inspections.

LAZZEN continuously explores smart work safety production lines, integrating advanced technologies such as digital modeling, simulation analysis, and the Internet of Things (IoT) to establish dynamic digital twin virtual factories. We have introduced several high-precision imported devices, fully automated production lines, intelligent three-dimensional storage equipment, and smart inspection equipment to reduce safety risks faced by employees during production, creating a safe, digital, and intelligent production line.

Currently, Liangxin Electric Appliances (Haiyan) Co., Ltd. has obtained the Level 3 Work Safety Standardization Certificate (Machinery), and LAZZEN has passed the Level 2 Work Safety Standardization Certificate (Machinery).



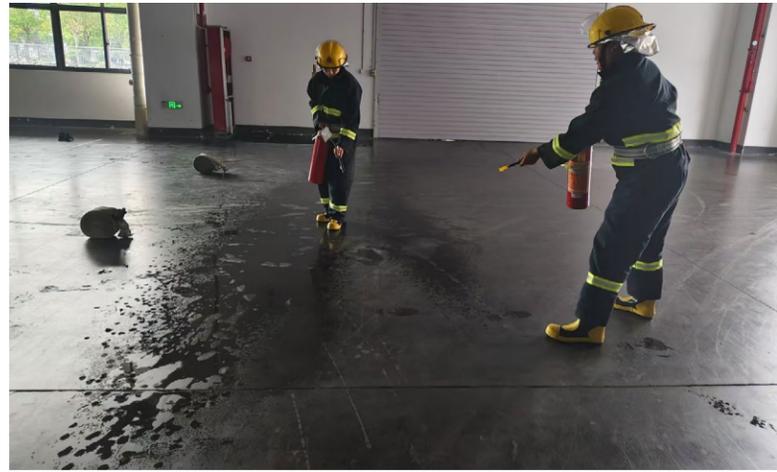
Work Safety Standardization Certificate

- 01** Regularly analyze the safety production situation, and determine the guidelines, goals, and indicators for safety production and occupational disease prevention.
- 02** Develop safety technical measures, occupational disease prevention plans, annual key work plans, and annual safety budget plans.
- 03** Define special funds, assessment, rewards, and penalties for safety production, occupational disease prevention, and fire emergency response; study, coordinate, and resolve major safety production issues; review solutions for major safety hazards and emergency rescue plans for production safety accidents and improve occupational health and safety management and emergency rescue systems.
- 04** Guide safety production and occupational disease prevention activities, conduct publicity and education, summarize safety production and occupational health work, promote advanced safety production and occupational disease prevention technologies and management methods, and recognize, commend, and reward outstanding departments and individuals in safety production and occupational disease prevention.
- 05** In accordance with national and local government approvals and company regulations, propose handling opinions for departments and personnel responsible for major safety production accidents within the company.
- 06** Investigate responsibilities for other safety production accidents within the company, discuss and decide on the handling of relevant responsible departments and personnel, and assist in major safety production matters.

Work Safety Risk Management and Emergency Response Plans

To minimize the potential consequences of emergencies, LAZZEN regularly conducts work safety risk assessments. For emergencies such as falls from height and mechanical injuries that may cause personal harm or result in losses for the Company, corresponding emergency preparedness and response measures have been developed.

In light of the irreversible impact on personnel injuries and property losses in emergencies, and to improve the response capabilities of personnel, enhance team collaboration, LAZZEN actively organizes specialized training and emergency drills. Specialized trainings include forklift safety, accident case warning and lectures, and training on occupational diseases and hazard factors. Emergency drills cover various emergency scenarios, such as natural disasters and public health incidents, focusing on operation, coordination, and communication skills to comprehensively improve the team's ability to handle complex situations, minimizing losses and injuries. Additionally, we organize employees to watch safety accident videos as warnings to prevent accidents and ensure comprehensive safety and health during production.



Emergency Training Scene

In 2024

LAZZEN conducted **14** safety production training sessions, **166** safety production inspections, **7** emergency drills, and **26** property fire drills.

A total of **17** employees received professional first aid training and obtained Red Cross First Aid Certificates.

Disclosure Items	Unit	2024
Safety production investment	RMB '000	1,243.2
Employee safety production liability insurance investment	RMB '000	30
Number of safety production accidents	Case(s)	0
Employee work injury insurance coverage rate	%	100
Employee safety production liability insurance coverage rate	%	100
Number of work injury accidents	Case(s)	5
Number of employees injured in work accidents	Person	5
Number of work-related fatalities	Case(s)	0
Number of employees who died due to work accidents	Person	0
Number of factory buildings certified under occupational health and safety management systems	Number	5
Number of employees who received safety training	Person	1,742
Total hours of safety training received by employees	Hour(s)	2,613
Contractors: Number of work injury cases	Person	0
Contractors: Number of work-related fatalities	Person	0

Occupational Health

LAZZEN places great emphasis on employees' occupational health, establishing a comprehensive occupational health management framework. We adopt measures such as occupational disease hazard factor detection, protective equipment optimization, and occupational health education and training to strengthen the occupational health protection capabilities.

Occupational Health Governance

LAZZEN places great importance on the employee safety and health, and has formulated various occupational health management documents, including the *Environmental and Occupational Health Requirements Notice*, the *Occupational Health Exit Physical Examination Waiver Statement*, and the *Environmental, Occupational Health, and Safety Management System*, while continuously updating hazard source identification documents. A well-established occupational health and safety production reporting system has been put in place. In 2024, the Company developed the *Occupational Disease Prevention Management Procedures and the Safety Inspection and Hazard Identification Management System*.

To improve the efficiency of occupational health management, we have taken multiple optimization measures. In 2024, we enhanced the distribution of labor protection supplies, installed AED devices, shortened the self-check period for safety management, and regularly organized training on violation case studies.

In 2024, we implemented employee health risk management during the onboarding process for new employees, requiring all new hires to provide physical examination reports before joining. The requirements for the reports are differentiated based on employee levels and age groups.

Currently, LAZZEN has obtained international safety system certifications, including ISO45001 and OHSAS 18001.



LAZZEN Occupational Health and Safety Management System Certification

Occupational Health Risk Management

LAZZEN actively conducts comprehensive identification of occupational health risk factors and intervenes at an early stage. Based on the Hazard Source Identification and Risk Assessment Form, daily inspections are performed to identify and assess hazardous sources in production and business activities. This ensures the timely discovery of potential safety hazards, proper record-keeping, and tracking of improvement status, effectively reducing occupational health and safety risks.

Risk Type	Management Method	Specific Measures
Safety Production Risk	Occupational Disease Prevention Management	<ul style="list-style-type: none"> Establish and implement an occupational disease prevention management framework according to regulatory requirements
	Noise Emission Management	<ul style="list-style-type: none"> Develop and execute a noise emission management framework to ensure compliance with relevant standards
	Labor Protection Equipment Management	<ul style="list-style-type: none"> Establish a labor protection equipment management framework and maintain clear issuance records Train personnel in each position to accurately collect, record, and correctly wear protective equipment The EHS department regularly inspects wearing compliance and accurately records and provides feedback for corrective actions by the responsible department
Emergency Incident Risk	Emergency Equipment and Training	<ul style="list-style-type: none"> Equipped 6 AEDs (4 in Shanghai, 2 in Haiyan) Conducted AED practical operation training for key personnel (security staff, cafeteria staff, equipment personnel, EHS related person in charge, etc.).
Safety Management Risk	Safety Hazard Inspections	<ul style="list-style-type: none"> The EHS department conducts daily on-site safety hazard inspections Promptly record hazards and report to the responsible department for rectification within a specified period
Occupational Health Risk	Occupational Health Examinations and Occupational Health Monitoring	<ul style="list-style-type: none"> Regularly conduct occupational health examinations for employees in hazardous positions Prohibit employees with contraindications from working in hazardous positions and transfer Perform regular occupational health monitoring in accordance with regulatory requirements

Occupational Health Risk Assessment and Management Measures

序号	活动/产品/服务	危险源	危险源分类	初始状态	评价结果
1	安全管理	新工人未经三级安全教育	行为性	将来/异常	
2	安全管理	特种作业人员未安排培训、复审	行为性	将来/异常	
3	安全管理	未设安全管理部或安全员	行为性	将来/异常	
4	安全管理	未制定安全操作规程	行为性	将来/异常	
5	安全管理	未制定定期安全检查	行为性	将来/异常	
6	安全管理	未制定安全管理制度或安全管理制度不全	行为性	将来/异常	
7	安全管理	未制定安全操作规程或安全操作规程不全	行为性	将来/异常	
8	安全管理	生产时固定架不合理	行为性	将来/异常	
9	安全管理	未提供劳动防护用品或防护用品不充足	行为性	将来/异常	
10	安全管理	未安排定期对作业人员定期体检	行为性	将来/异常	
11	安全管理	车间布局不合理	行为性	将来/异常	
12	安全管理	工位布置不合理	行为性	将来/异常	
13	日常办公	站评误碰了上管高	行为性	将来/异常	
14	日常办公	靠、磕碰	物理性	将来/异常	
15	日常办公	潜在的划伤	物理性	将来/紧急	
16	日常办公	潜在的触电	物理性	将来/紧急	
17	日常办公	潜在的火灾	物理性	将来/紧急	
18	所有设备、设施的使用	无接地或接地不良	物理性	将来/异常	
19	所有设备、设施的使用	电源线破损老化	物理性	将来/异常	
20	所有设备、设施的使用	局部照明未使用	物理性	将来/异常	
21	所有设备、设施的使用	安全电压	物理性	将来/异常	
22	所有设备、设施的使用	潜在的触电	物理性	将来/紧急	
23	所有设备、设施的使用	潜在的火灾	物理性	将来/紧急	
24	手持电动工具的使用	绝缘电阻不符合要求	物理性	将来/异常	
25	手持电动工具的使用	电源线长度超过6米或有接头及破损	物理性	将来/异常	

Hazardous Source Identification and Evaluation Table



Occupational Health Indicators and Targets

No.	Occupational Health Management Goals
1	No more than 1 incident of serious work-related injury (level 4 and above)
2	Zero occurrence of occupational diseases
3	Medical injury rate ≤ 1%

Disclosure Item	Unit	2024
Number of Employees in Occupational Disease Risk Positions	Person	503
Number of Employees Participating in Occupational Disease Medical Examination	Person	480
Number of Employees Diagnosed with Occupational Diseases	Person	0
Total Number of Employees Participating in Medical Examinations	Person	1,742
Percentage of Employees Participating in Medical Examinations	%	79.2

08

Collective Guardianship of Community Well-being

Concept

LAZZEN actively participates in industry activities, contributing to society through social welfare and industry collaborations, engaging in industry standard setting and government activities, and actively fulfilling its social responsibilities. We are focused on the well-being of vulnerable groups, actively promoting rural revitalization, leveraging our influence on further support industry transformation and the harmonious development of society.

Our Actions

- Industry Collaboration
- Community Welfare

Key Performance

Participated in **12** policy presentations

In 2024, the total charitable donations amounted to RMB **363,000**



Industry Collaboration

LAZZEN actively engages in industry collaboration and university-enterprise cooperation, actively participates in industry forums and government activities, attends industry conferences, and assists in drafting industry standards, promoting knowledge sharing and technological innovation to propel the progress and development of the industry.

Industry Exchange

To promote market activities in various industries and strengthen customer relationships, the Company actively organizes and plans large industry exhibitions, academic forums, and industry networking events based on the strategic objectives for 2024 to enhance the influence and market engagement.

In 2024, LAZZEN hosted 60 industry market events in total, including 11 large-scale exhibitions, 24 industry forums, and 25 industry networking salons.

Focusing on Green Energy and Exploring Future Mobility

During the reporting period, LAZZEN showcased several innovative technologies and products at the Shenzhen International Charging Pile and Battery Swap Station Exhibition. The highlights included the DC charging pile solutions in the charging pile industry, the PX distribution expert under the LAZZEN Magic Link Power™ smart energy management platform, and EX smart energy carbon. These efforts further enhanced the Company's influence in the industry.



International Charging Pile and Battery Swap Station Exhibition

LAZZEN Showcased at the Energy Storage International Summit and Exhibition ESIE 2024 and Promoting Clean Energy Development

During the reporting period, LAZZEN showcased the energy storage system component solutions, innovations for high-altitude and high-temperature, and high-humidity applications, and multiple compact new products at the 2024 Energy Storage International Summit and Exhibition, aiming at assist customers in optimizing energy usage and accelerating the development of clean energy, and driving the application of energy storage in various scenarios.

At the energy supply, transmission, and distribution ends, LAZZEN comprehensively demonstrated its layout in large ground-mounted energy storage systems, industrial and commercial energy storage systems, and household energy storage systems, providing one-stop safe, green, and efficient energy storage solutions to better meet the energy storage needs in industrial and commercial scenarios and contribute to the global low-carbon energy development.



2024 Energy Storage International Summit and Exhibition



Smart Building Sustainable Development Conference and the Human Habitat Technology and Innovation Forum



Meeting on the Low Voltage Circuit Breaker Selection Guidelines for Wind Power Converters



2024 Standards Promotion and High-Quality R&D and Standards Senior Training Class Sharing and Exchange



NEEU Board Meeting

Industry Associations

No.	Association Name	Nature and Participation
1	Shanghai Electric Power Industry Association	Member Unit
2	China Electrical Equipment Industry Association (General Association)	Director Unit
3	China Electrical Equipment Industry Association General Low Voltage Electrical Appliances Branch	Deputy Chairman Unit
4	Zigbee Alliance (CSA Alliance)	Participant
5	China Electrical Equipment Industry Association Electrical Accessories and Home Controllers Branch	Member Unit
6	China Smart Home Industry Alliance	Chairman Unit
7	China Survey and Design Association	Director Unit
8	Architectural Electrical Branch of China Architecture Society	Director Unit
9	New Energy Electrical Appliances Alliance	Deputy Chairman Unit
10	New Energy Storage Industry Association	Member Unit

LAZZEN Participates in the Industry Associations (Partial)

Government Activities

LAZZEN actively participates in government activities to ensure that the development is aligned with policies, striving for a win-win situation of both economic benefits and social value. During the reporting period, LAZZEN participated in 12 policy promotion events and 39 government inspections.



2024 Shanghai Climate Week · Pudong Forum – Green Development and ESG Construction for SMEs



2024 Shanghai Intelligent Manufacturing Development Project Policy Promotion

Formulation and Revision of National and Group Standards

Serial No.	Standard Number	Standard Name	Standard Type
1	GB/Z 44074-2024	Low-voltage Switchgear and Controlgear and Their Assemblies - Environmental Factors	National Standard
2	GB/T 14048.11-2024	Low-voltage Switchgear and Controlgear - Part 6-1: Multifunctional Electrical Converters (Switchgear)	National Standard
3	GB/T 14048.9-2024	Low-voltage Switchgear and Controlgear - Part 6-2: Multifunctional Electrical Converters - Control and Protection Switchgear (CPS)	National Standard
4	GB/Z 14048.24-2024	Low-voltage Switchgear and Controlgear - Part 7-5: Auxiliary Components - Terminal Blocks for Aluminum Conductors	National Standard
5	GB/T 6829-2024	General Safety Requirements for Residual Current Operated Protective Devices	National Standard
6	GB/Z 43963-2024	Guidelines for Electrical Clearance and Creepage Distances, and Solid Insulation Requirements for Equipment with Rated Voltages Above AC 1000V to 2000V, DC 1500V to 3000V	National Standard
7	24D204-3	Design and Installation of Substations Up to 20kV	National Standard
8	T/CECS 1574-2024	Guidelines for the Selection and Use of Low-voltage Circuit Breakers	Group Standard
9	T/CEEIA 694-2024	Technical Specifications for Green Design Product Evaluation - Conversion Switchgear	Group Standard
10	T/CEEIA 693-2024	Technical Specifications for Green Design Product Evaluation - Universal Circuit Breakers	Group Standard
11	T/CEEIA 782-2024	Low-voltage Semiconductor (Solid State) Circuit Breakers	Group Standard
12	T/CEEIA 783-2024	Lifecycle Assessment Rules for Low-voltage Electrical Products	Group Standard
13	T/CEEIA 784-2024	Carbon Footprint Evaluation Guidelines for Electrical Products - Low-voltage Electrical Products	Group Standard
14	T/ASC 50-2024	Smart Home Evaluation Standard	Group Standard

LAZZEN Participates in the Formulation and Revision of National and Group Standards in 2024

Community Welfare

LAZZEN actively participates in community welfare and rural revitalization activities, establishing strong cooperative relationships with local residents, government agencies, and community organizations. We are committed to improving people's livelihoods, supporting the vulnerable, and aiding those in need, and promoting the sustainable development of the social economy, and achieving the long-term strategic goals.

In 2024, we participated in the "Heart-to-Heart" and "Charity One-Day Donation" events, contributing to the charitable causes in Haiyan County, promoting the spirit of charity through concrete actions, and advancing charitable culture.

In 2024

The total charitable donations amounted to

363,000

 RMB

Yunnan Honghe Prefecture Livelihood Demonstration Project – Electric Vehicle Charging Project

During the reporting period, LAZZEN took part in the EV charging infrastructure construction project in Honghe Prefecture, Yunnan Province, contributing to solving local EV charging challenges. The project covers 13 counties and cities in the prefecture, with 70 charging stations already built and operational, and 30 more sites under survey and design, awaiting construction. The electricity usage of the charging stations is monitored by an intelligent distribution platform, enabling smart early warnings, quick fault analysis, and accurate fault location, further enhancing its convenience for the public.



Yunnan Honghe Prefecture Electric Vehicle Charging Infrastructure Construction Project

Tarim Oilfield Power Generation Side Energy Storage Station Project

In recent years, the energy storage industry has flourished, with various large-scale energy storage stations being constructed on the power generation side to serve as grid charging and backup facilities, thereby improving power generation quality. During the reporting period, LAZZEN's engineers traveled to Kashgar, Xinjiang, to participate in the Tarim Oilfield Power Generation Side Energy Storage Station project, embarking on a journey of energy storage and power distribution in the western region.

After completion, the energy storage station is expected to save around 206,000 tons of standard coal equivalent in clean energy usage, reduce carbon dioxide emissions by 745,000 tons, and lower carbon emission intensity by 35.26%.



Tarim Oilfield Power Generation Side Energy Storage Station Project

Independent Assurance Statement

AA1000 Independent Assurance Statement

To the Management and Stakeholders of LAZZEN:

Shanghai REALIZE ESG Corporate Services Co., Ltd. (hereinafter referred to as "REALIZE ESG") was commissioned by Shanghai Liangxin Electrical Co., Ltd. (hereinafter referred to as "LAZZEN") to conduct an independent limited assurance on the LAZZEN 2024 Environmental, Social, and Governance Report (hereinafter referred to as the "ESG Report") and to disclose the assurance results and conclusions to the readers and stakeholders of the ESG Report through this independent assurance statement.

Scope of Assurance

- The assurance period is limited to the information and data disclosed in the ESG Report from January 1, 2024, to December 31, 2024. Any related information outside the reporting period is not within the scope of this assurance.
- The assurance covers the data and information in the ESG Report related to LAZZEN and its subsidiaries, excluding data and information from LAZZEN's suppliers, partners, and other third parties.
- We assess the compliance of the ESG Report with the AA1000AS v3 principles of inclusivity, materiality, responsiveness, and impact, as well as the effectiveness and social impact of certain non-financial indicators.
- Information and data that have already been audited or verified by independent third-party organizations are not subject to repeated assurance.

Assurance Standard

REALIZE ESG adopted Type 2 moderate assurance under AA1000AS v3, which includes evaluating LAZZEN's compliance with the four AA1000AS v3 assurance principles: inclusivity, materiality, responsiveness, and impact.

Sources of Information

- Report title: LAZZEN 2024 Environmental, Social, and Governance Report
- Source: LAZZEN

Responsibilities and Statements

- LAZZEN is fully responsible for the preparation and content of the ESG Report. REALIZE ESG's responsibility is to perform assurance within the scope described and provide professional verification opinions and an independent assurance statement to the readers and stakeholders of the report.
- Based on the limitations of the assurance scope, REALIZE ESG conducted an independent limited assurance on the matters within the defined scope of the ESG Report in accordance with AA1000AS v3. REALIZE ESG assumes no legal or other responsibility for any other inquiries or for any other parties reading this assurance statement.
- Any questions related to this independent assurance statement will be addressed by LAZZEN.

Assurance Process and Tasks

To collect evidence and form conclusions, the primary tasks of REALIZE ESG are summarized as follows:

- Documenting key resource requirements, evidence collection, tasks, activities, deliverables, and timelines in an assurance plan.
- Understanding LAZZEN's overall ESG performance and related processes, verifying key organizational developments and policy implementation, and reviewing supporting evidence in the report.
- Conducting interviews and reviewing documents to understand LAZZEN's major stakeholders, their expectations and needs, and the channels of communication.
- Performing analytical review procedures on the ESG-related information, overall performance evaluation, and consistency verification to ensure consistency with the report's content.
- Verifying the report and process management related to the principles of inclusivity, materiality, responsiveness, and impact in AA1000 to confirm the applicability of this statement.
- Conducting sample checks on the reliability and quality of supporting evidence related to selected specific performance information and recalculating the selected specific performance information for verification.
- Performing other procedures deemed necessary by REALIZE ESG.

Independence and Verification Capability

- REALIZE ESG and LAZZEN are completely independent organizations, and all members of REALIZE ESG's verification team have no commercial relationship with LAZZEN that would lead to a conflict of interest. The REALIZE ESG verification team independently conducted this verification.
- The verification team of REALIZE ESG is composed of experienced ESG professionals who have undergone professional training on sustainability standards such as the Global Reporting Initiative (GRI) Standards, AA1000AS v3, ISO 14001, ISO 9001, ISO 26000, SA 8000, and the EcoVadis global supply chain rating. They possess a comprehensive understanding and practical experience with international guidelines, evaluation systems, and verification standards, thereby ensuring the capability to conduct the verification.

Limitations

- The verification process was conducted at the locations within the report's scope. During the process, REALIZE ESG adopted a sampling verification approach for the data and information in the report and only conducted sample interviews with internal stakeholders.
- Since there are no internationally recognized and universally applicable standards for assessing and measuring non-financial data, the use of different but acceptable information and measurement techniques may affect comparability with other organizations.
- The data and information covered in the report are limited to LAZZEN's data and information for the current year, while historical data is not within the scope of this verification.

Assurance Conclusion

- REALIZE ESG did not identify any instances of non-compliance with the principles of inclusivity, materiality, responsiveness, and impact as outlined in AA1000AP (2018) in LAZZEN's 2024 ESG report. The detailed verification results are as follows:

Inclusivity

The report reflects that LAZZEN has implemented the following actions: identifying stakeholders during business operations, understanding stakeholders' expectations and key concerns, communicating in a timely manner on material topics, and transparently disclosing the communication outcomes.

Materiality

LAZZEN collected stakeholder opinions, established a materiality analysis process, identified ESG topics relevant to the Company, and presented the evaluation results.

Responsiveness

LAZZEN responded to the material topics of concern to its key stakeholders and implemented corresponding policies, systems, and actions to address stakeholders' concerns.

Impact

LAZZEN demonstrated the capability to identify material topics and implemented a balanced and effective evaluation and disclosure approach. The Company has established a systematic process for monitoring, measuring, evaluating, and managing impacts, thereby enabling more effective decision-making and outcome management within the organization. The report fairly and objectively reflects the impact of material topics.



Verification Institution: Shanghai REALIZE ESG Corporate Services Co., Ltd.

Lead Verifier:

March 3, 2025, Shanghai, China

Key Performance Table

Economic Performance

Indicator	Unit	2024
Total assets	RMB	5,505,921,466.47
Net assets	RMB	3,977,356,624.49
Revenue	RMB	4,237,866,195.50
Net profit attributable to shareholders of the listed company	RMB	312,113,171.51
Basic earnings per share	RMB/share	0.28
Net cash flow from operating activities	RMB	456,407,177.54

Environmental Performance

Indicator	Unit	2024	
Addressing Climate Change	Total greenhouse gas emissions	tCO2e	19,841.75
	Scope 1 GHG emissions	tCO2e	1,125.37
	Scope 2 GHG emissions	tCO2e	18,716.38
Gas Pollutant Emissions	Total emissions of exhaust gas	m3	588,960,000
	Particulates	kg	2
	Total non-methane hydrocarbons	kg	991.008
	Nitrogen oxides	kg	0
	SOx	kg	0
	VOC Emissions	kg	3,964.034
Water Resource Usage	Municipal water consumption	Ton(s)	141,198
	Total Volume of Recycled/Reclaimed Water	Ton(s)	5,016
	Total Water Consumption	Ton(s)	146,214
Energy Consumption	Total Energy Consumption	Tons of standard coal	3,743.39
	Natural Gas	m3	47,831.00
	Steam		2,272.82
	Electricity	MWh	33,621.47
	Direct Energy Consumption	Tons of standard coal	63.62
	Indirect Energy Consumption	Tons of standard coal	3,679.77
	Energy Use Intensity	tce/unit	0.0129
Clean Energy Usage	MWh	4,705.14	

	Indicator	Unit	2024
Water Pollutant Emissions	Total Wastewater Discharge	Ton(s)	4,104
	Total Domestic Wastewater	Ton(s)	120,378
	Chemical oxygen demand (COD)	Ton(s)	0.116
	Biochemical oxygen demand (BOD)	Ton(s)	0
	Suspended matter	Ton(s)	0
	Ammonia nitrogen	Ton(s)	0.002
	Total nitrogen (TN)	Ton(s)	0.026
	Total phosphorus (TP)	Ton(s)	0.001
Waste Emissions	pH	-	6-9
	Total amount of waste generated	Ton(s)	100.512
	Total amount of hazardous waste generated	Ton(s)	29.952
	Total amount of non-hazardous waste generated	Ton(s)	70.56
	Density of hazardous waste	Ton/ RMB 10,000	0.00008
	Density of non-hazardous waste	Ton/ RMB 10,000	0.00019
	Amount of waste recycled	Ton(s)	70.56
Environmental Investment	Environmental investment	RMB '000	1,700
Environmental Compliance	Amount of significant administrative penalties imposed by ecological and environmental authorities due to environmental incidents during the reporting period	RMB '000	0
Environmental Protection Training	Total number of employees who received training	Number	2,355
	Total training hours for employees	Hour(s)	24

Corporate Governance Performance

	Indicator	Unit	2024
Corporate Governance	Number of disclosure reports	Number	110
	Number of board of directors meetings held	Number	10
	Number of board of supervisors meetings held	Number	10
ESG Governance	Number of ESG training sessions conducted	Number	1
	Number of employees covered by ESG training	%	30
Risk Compliance and Taxation	Risk/Audit training	Number	4
	Total number of employees covered by risk/audit training	Number	200
	Number of employees receiving compliance training	Number	100
Anti-Corruption	Total number of employees covered by financial and tax training	Number	30
	Number of concluded corruption litigation cases filed by regulatory authorities against the issuer or its employees	Number	0
	Number of reported anti-corruption and anti-bribery incidents	Number	2

	Indicator	Unit	2024
Anti-Corruption	Percentage of directors covered by anti-bribery and anti-corruption training	%	55
	Percentage of management personnel covered by anti-bribery and anti-corruption training	%	100
	Percentage of employees covered by anti-bribery and anti-corruption training	%	80
Investor Relations	Investor Exchange Activities	Session(s)	39
	Investor Relations Activity Records	Time(s)	8
	Earnings Briefings	Time(s)	3
	Interactive Platform Q&A with Investors	Time(s)	61
	Telephone Communications	Time(s)	60
	On-site Investor Visits & Conference Calls	Time(s)	39

Social Performance

	Indicator	Unit	2024
Innovation and R&D	Amount invested in R&D	RMB 10,000	32469.74
	Proportion of R&D investment to main business revenue	%	7.66
	Number of R&D personnel	Number	594
	Proportion of R&D personnel	%	25.22
	Number of invention patents applied to main business operations	Number	348
	Number of invention patent applications during the reporting period	Number	127
	Number of invention patents granted during the reporting period	Number	207
	Number of newly granted patents during the reporting period	Number	356
	Total number of patents held	Number	1,779
	Total number of copyrights held	Number	0
	Total number of trademarks and text registrations held	Number	701
	Total number of software copyrights held	Number	60
	Number of new patent applications filed annually	Number	456
	Number of new copyright applications filed annually	Number	0
	Employee Employment	Customer satisfaction survey results	%
Proportion of labor contracts signed		%	100
Total number of employees		Number	2,355
By Gender	Male	Number	1,637
	Female	Number	718

Indicator		Unit	2024
Employee Employment	By Employee Type	Full-time employee	Number 2,259
		Dispatched employee	Number 66
		Others	Number 30
	By Age	50 years old and above	Number 25
		30 to 50 years old	Number 1,697
		30 years old and below	Number 624
	By Education Background	PhD degree	Number 3
		Master degree	Number 142
		Bachelor degree	Number 1,188
		Junior college degree	Number 348
		Junior college degree and below	Number 674
	By Employee Category	Junior level	Number 2,116
		Total number of middle management employees	Number 228
		Number of female employees in middle management	Number 34
		Total number of senior management employees	Number 11
		Number of female employees in senior management	Number 1
	By Function	Production personnel	Number 888
		Technical personnel	Number 657
		Sales personnel	Number 586
		Financial personnel	Number 24
		Management personnel	Number 200
	Foreign employees	Number 0	
	Number of ethnic minority employees	Number 6	
	Number of employees with disabilities	Number 1	
	Number of demobilized military personnel	Number 0	
	Number of new hires	Number 417	
	Number of employees assisted through hardship support programs	Number 5	
Employee career development	Investment in employee training	RMB 10,000	200
	Total number of employees who received training	Number	39,241
	Number of training sessions	Number	651
	Total duration of training received by employees	Hour(s)	47,175
	Total number of employees who underwent performance evaluations or career development assessments	Number	1,565

Indicator		Unit	2024	
Work Safety	Investment in safety production	RMB 10,000	124.32	
	Amount invested in employees' safety production liability insurance	RMB 10,000	3	
	Number of safety production accidents	Number	0	
	Coverage rate of employees' work-related injury insurance	%	100	
	Coverage rate of employees' safety production liability insurance	%	100	
	Number of work-related injury incidents	Number	5	
	Number of employees injured in work-related accidents	Number	5	
	Number of fatal work-related accidents	Number	0	
	Number of fatalities in work-related accidents	Number	0	
	Number of factory buildings certified with occupational health and safety management systems	Number	5	
	Number of employees who received safety training	Number	1,742	
	Occupational Diseases	Number of employees in positions with occupational disease risks	Number	503
		Number of employees who participated in occupational health examinations	Number	480
Number of employees diagnosed with occupational diseases		Number	0	
Employee Health Examinations	Number of employees who participated in company-organized health examinations	Number	1,742	
	Percentage of employees who participated in health examinations	%	79.2	
Supply Chain Management	Total number of suppliers	Number	272	
	Number of suppliers that have signed integrity clauses	%	100	
	Percentage of suppliers with contracts including environmental and labor requirements	%	100	
	Number of suppliers that have undergone social impact assessments	Number	83	
	Number of suppliers that have undergone environmental impact assessments	Number	120	
	Number of suppliers certified with ISO 9001	Number	256	
	Number of suppliers certified with ISO 14001	Number	125	
	Number of suppliers certified with ISO 45001	Number	83	
	Number of suppliers identified as having actual and potential significant negative social impacts	Number	0	
	Number of suppliers identified as having actual and potential significant negative environmental impacts	Number	0	
	Total number of new suppliers	Number	15	
	Percentage of locally procured suppliers	%	13%	
	Number of suppliers with terminated cooperation	Number	0	
Amount invested in social welfare initiatives	RMB 10,000	36.3		

Indicator Index

Indices of Guidelines Topics in Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)

Dimension	No.	Topic	Clause	Chapter Reference
Environment	1	Climate response	Articles 21-28	Addressing Climate Change
	2	Pollutant discharge	Article 30	Pollutant Emissions
	3	Waste disposal	Article 31	Waste Disposal
	4	Ecosystem and biodiversity protection	Article 32	Environmental Compliance Management
	5	Environmental compliance management	Article 33	Environmental Compliance Management
	6	Energy utilization	Article 35	Energy Management Clean Technology Opportunities
	7	Water resources utilization	Article 36	Resource Management
	8	Circular economy	Article 37	Resource Management
Community	9	Rural revitalization	Article 39	Community Welfare
	10	Social contributions	Article 40	Community Welfare
	11	Innovation	Article 42	Innovation-led Growth
	12	Ethics of science and technology	Article 43	Digital-Intelligent Ecosystem Products
	13	Supply chain security	Article 45	Supplier Management
	14	Equal treatment of SMEs	Article 46	Corporate Governance Refer to 2024 Annual Report
	15	Product and service safety and quality	Article 47	Product Quality Customer Service
	16	Data security and customer privacy	Article 48	Customer Privacy and Information Security
	17	Employees	Article 50	Employee Management
Sustainability-related governance	18	Due diligence	Article 52	Sustainable Development Management
	19	Stakeholder engagement	Article 53	Sustainable Development Management
	20	Anti-commercial bribery and anti-corruption	Article 55	Business Ethics
	21	Fair competition	Article 56	Business Ethics

GRI Standards (GRI 1: Foundation 2021) GRI Content Index

GRI Standards	Disclosure	Chapter Reference
GRI 2: General Disclosures 2021	2-1	Organizational details About This Report About LAZZEN
	2-2	Entities included in the organization's sustainability reporting Refer to 2024 Annual Report

GRI Standards	Disclosure	Chapter Reference	
GRI 2: General Disclosures 2021	2-3	Reporting period, frequency and contact point About This Report	
	2-4	Restatements of information About This Report	
	2-5	External assurance Independent Assurance Statement	
	2-6	Activities, value chain and other business relationships About LAZZEN	
	2-7	Employees Employee Management	
	2-8	Workers who are not employees Employee Management	
	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 Refer to 2024 Annual Report	
	2-12	Role of the highest governance body in overseeing the management of impacts Corporate Governance	
	2-13	Delegation of responsibility for managing impacts Sustainable Development Management	
	2-14	Role of the highest governance body in sustainability reporting Sustainable Development Management	
	2-15	Conflicts of interest Business Ethics	
	2-16	Communication of critical concerns Sustainable Development Management	
	2-18	Evaluation of the performance of the highest governance body Refer to 2024 Annual Report	
	2-19	Remuneration policies Employee Management	
	2-20	Process to determine remuneration Employee Management	
	2-21	Annual total compensation ratio Refer to 2024 Annual Report	
	GRI 3: Material Topics 2021	2-22	Statement on sustainable development strategy Sustainable Development Management
		2-26	Mechanisms for seeking advice and raising concerns Sustainable Development Management
2-27		Compliance with laws and regulations Each Chapter Covers the Topic	
2-28		Membership associations Industry Collaboration	
2-29		Approach to stakeholder engagement Sustainable Development Governance	
2-30		Collective bargaining agreements Employee Management	
3-1		Process to determine material topics Sustainable Development Management	
GRI 201: Economic Performance 2016	3-2	List of material topics Sustainable Development Management	
	201-1	Direct economic value generated and distributed Key Performance Table	
	201-2	Financial implications and other risks and opportunities due to climate change Addressing Climate Change	
	201-3	Defined benefit plan obligations and other retirement plans Employee Management	
GRI 204: Procurement Practices 2016	201-4	Financial assistance received from government Refer to 2024 Annual Report	
	204-1	Proportion of spending on local suppliers Not Disclosed	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption Business Ethics	
	205-2	Communication and training about anti-corruption policies and procedures Business Ethics	
	205-3	Confirmed incidents of corruption and actions taken Business Ethics	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices Business Ethics	

GRI Standards	Disclosure	Chapter Reference
GRI 207: Tax 2019	207-1 Approach to tax	Risk and Compliance
	207-2 Tax governance, control, and risk management	Risk and Compliance
GRI 207: Tax 2019	207-3 Stakeholder engagement and management of concerns related to tax	Risk and Compliance
	207-4 Country-by-country reporting	Not Involved
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Not Disclosed
	301-2 Recycled input materials used	Resource Management
	301-3 Reclaimed products and their packaging materials	Resource Management
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management
	302-2 Energy consumption outside of the organization	Energy Management
	302-3 Energy intensity	Energy Management
	302-4 Reduction of energy consumption	Energy Management Clean Technology Opportunities
	302-5 Reductions in energy requirements of products and services	Clean Technology Opportunities
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Resource Management Pollutant Emissions
	303-2 Management of water discharge-related impacts	Pollutant Emissions
	303-3 Water withdrawal	Resource Management
	303-4 Water discharge	Pollutant Emissions
	303-5 Water consumption	Resource Management
GRI 304: Biodiversity 2016	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
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Addressing Climate Change
	305-2 Energy indirect (Scope 2) GHG emissions	Addressing Climate Change
	305-3 Other indirect (Scope 3) GHG emissions	Not Disclosed
	305-4 GHG emissions intensity	Not Disclosed
	305-5 Reduction of GHG emissions	Addressing Climate Change
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pollutant Emissions
	306-1 Waste generation and significant waste-related impacts	Waste Disposal
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Waste Disposal
	306-3 Waste generated	Waste Disposal
	306-4 Waste diverted from disposal	Waste Disposal
GRI 306: Waste 2020	306-5 Waste directed to disposal	Waste Disposal
	308-1 New suppliers that were screened using environmental criteria	Green and Sustainable Supply Chain
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Building a Stable and Secure Supply Chain
	401-1 New employee hires and employee turnover	Employee Management
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Management
	401-3 Parental leave	Employee Management
	403-1 Occupational health and safety management system	Work Production and Occupational Health
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	Work Production and Occupational Health

GRI Standards	Disclosure	Chapter Reference	
GRI 403: Occupational Health and Safety 2018	403-3 Occupational health services	Work Production and Occupational Health	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Work Production and Occupational Health	
	403-5 Worker training on occupational health and safety	Work Production and Occupational Health	
	403-6 Promotion of worker health	Work Production and Occupational Health	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Work Production and Occupational Health	
	403-8 Workers covered by an occupational health and safety management system	Work Production and Occupational Health	
	403-9 Work-related injuries	Work Production and Occupational Health	
	403-10 Work-related ill health	Work Production and Occupational Health	
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Management
		404-2 Programs for upgrading employee skills and transition assistance programs	Employee Management
404-3 Percentage of employees receiving regular performance and career development reviews		Employee Management	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Corporate Governance Employee Management	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Employee Management	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employee Management	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Employee Management	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Management	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community Welfare	
	413-2 Operations with significant actual and potential negative impacts on local communities	Not Involved	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Green and Sustainable Supply Chain	
	414-2 Negative social impacts in the supply chain and actions taken	Supplier Management	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product Quality Customer Service	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality Customer Service	
	417-1 Requirements for product and service information and labeling	Product Quality Customer Service	
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Product Quality Customer Service	
	417-3 Incidents of non-compliance concerning marketing communications	Product Quality Customer Service	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy and Information Security	

Feedback and Suggestions

Dear Reader,

Greetings!

Thank you very much for taking the time and attention to read the LAZZEN 2024 ESG Report. To provide you and other stakeholders with more valuable information and to effectively enhance the Company's ability and standards in fulfilling environmental, social and corporate governance, we sincerely welcome your opinions and suggestions.

Multiple-choice questions (Please check ✓ in the appropriate box)

1.What's your overall comment on this report?

Excellent Good Average Poor Bad

2.How does the report respond to and disclose the concerns of stakeholders?

Excellent Good Average Poor Bad

3.How do you think LAZZEN is performing in terms of economic responsibility?

Excellent Good Average Poor Bad

4.How do you think LAZZEN is performing in terms of environmental responsibility?

Excellent Good Average Poor Bad

5.How do you think LAZZEN is performing in terms of safety management?

Excellent Good Average Poor Bad

6.How do you think LAZZEN is performing in terms of employee responsibility?

Excellent Good Average Poor Bad

7.How do you think LAZZEN is performing in terms of community responsibility?

Excellent Good Average Poor Bad

8.How clear, accurate, and comprehensive are the information, indicators, and data disclosed in this report?

Excellent Good Average Poor Bad

9.Do you find the content arrangement and formatting of this report convenient for reading?

Yes No

Open-ended questions

Please provide your opinions or suggestions regarding LAZZEN fulfillment of social responsibility and this report.



LAZZEN